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The Netherlands

Poultry and Products

Semi-Annual

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Report Highlights: The Dutch poultry sector has been hard hit by a rebound in beef consumption, increasing competition from imports from Brazil and Thailand, and overcapacity. In response to these poor market conditions further consolidation is occurring within the Dutch poultry sector.

Includes PSD changes: No
Includes Trade Matrix: No
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Production: Dutch poultry production is expected to decline.
The year 2002 has been a dramatic year for the Dutch poultry sector. The average chicken farmer had a negative income of EURO 68,000. In 2001 and 2002, Dutch poultry production increased to meet increased EU demand following the BSE crisis. During 2002, however, beef consumption recovered and the industry faced strong competition from salted poultry meat from Brazil and Thailand. Dutch poultry production is expected to decline by about 2 percent in 2003.

Imports: Salted poultry meat imports from Brazil and Thailand restrained by tariffs.
Dutch imports of salted, and therefore low-duty, poultry meat from Brazil and Thailand surged during the past three years. In 2001, The Netherlands imported nearly 60,000 MT of salted meat from Thailand and Brazil. In that year, the EU imported about 225,000 MT of salted poultry meat, which is about 3.5 percent of the total EU market. The import of salted poultry meat has slowed since tariffs rates were amended in October 2002. Despite these tariff changes, it is expected that Thai and Brazilian products will continue to compete with EU poultry. First of all, there is a six month transition period for poultry meat with a salt content higher than 1.9 percent. During this transition and afterward, salted poultry imports may be mixed with domestically produced meat to alter the salt content. Given that a great deal of their imports are used in the preparation of processed foods and ready-to-eat meals, Brazil and Thailand might reportedly shift to exporting of cooked or baked poultry products. Quotas are reportedly regarded by local producers as the only solution that would provide effective protection for EU poultry producers.

Exports: Dutch poultry exports will have to compete with Brazilian production.
Dutch third country exports of poultry increased by more than 10 percent to a record of 272,000 MT in 2002. Russia is The Netherlands' main third country export destination. Due to the Russian ban on U.S. chicken, Dutch exports of chicken parts increased significantly to Russia during February - July 2002. Exports to the Ukraine also increased significantly.

Agreement on U.S. poultry exports to Russia, could force Dutch exporters to seek export opportunities in Africa and Asia. In addition, it appears possible that Russia will impose an import quota for EU poultry meat. Another blow to Dutch exports came when important third country export destinations, such as Lithuania and Saudi Arabia, closed their borders to Dutch poultry due to the MPA crisis.

Marketing: Consolidation continues.
In reaction to the strong competition, two Dutch companies, Plukon and Astenhof, will combine their operations. The goal of the consolidation is to improve their efficiency and bargaining power. The newly formed company will have a turn over of EURO 475 million, and will reportedly have a quarter of the poultry market in The Netherlands and Germany.