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Poland

Poultry and Products

Polish Poultry Meat Market Reaction to the Eventual Outbreak of the AI

2005

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Report Highlights: While it is too early to determine if there has been any impact on poultry production, demand for poultry products in Poland has fallen due to heightened awareness of avian influenza.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Warsaw [PL1]
[PL]

In Poland, there has never been an outbreak of Avian Influenza (AI). However, awareness of the disease has been raised and consumers are concerned about a possible outbreak. Consequently, consumers are seeking flu shots and reducing their consumption of poultry products.

As a result, poultry slaughterhouses and processing plants have reduced the number of agreements they have negotiated with large producers or have signed contracts with no fixed price for poultry. The farm-gate prices for chicken have decreased nearly 11 percent from 3.08 zls (\$.93) in August 2005 to 2.75 zlotys (\$.83) by the end of October 2005.

It is estimated that the impact of the reduction in consumer demand was much less for large poultry meat plants than for medium and small-scale processors. It is estimated that demand from large supermarkets for poultry meat products decreased by eight to ten percent. According to the largest distributor of poultry meat to medium and small retail shops in the Warsaw area, sales of poultry meat have dropped by 50 percent while sales of poultry meat products were reduced by 25 percent, as a result of consumer safety concerns.

Exports of processed poultry products have not been affected as foreign importers reduced imports from high-risk countries and continued to buy from countries like Poland, where there has been no outbreak of AI. Polish exports of poultry meat remain strong to major destinations like Germany and the UK.

Major fast food chains like McDonalds and KFC also have not reported major changes in sales of poultry meat based products. Producers of feathers and down have not been affected either, as the outbreaks of AI in China and Vietnam have enabled them to increase sales to the U.S. and Japanese markets. In October 2005, prices of compound feeds for poultry decreased by an estimated 2 percent from September 2005, which may reflect lower demand caused by a reduction of poultry meat production. According to industry contacts, it is too early to determine if there has been any impact on poultry production.

The major processors of poultry meat in Poland (Animex/Smithfield, Drosed and Indykpol) have take steps to protect against a potential outbreak of AI. For example, Indykpol, a turkey processing plant, does not allow workers to maintain poultry in their yards. Smaller processors have changed the names of their products to exclude the use of the word "poultry".

As a result of the approach of the end of the bird migration season, the Polish Ministry of Agriculture has recently relaxed restrictions on keeping poultry in enclosed areas. It was a positive signal to consumers that, at least for now, an AI outbreak in Poland is less probable. It may have a positive impact on poultry meat consumption during the holiday season.