

EU-MERCOSUR AGREEMENT

Impact on agricultural sectors

POULTRY



MERCOSUR

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Quota granted under the agreement + any other relevant market access considerations (ex Hilton quota)

- The proposed additional duty-free quota in the Mercosur agreement is 180 000 T cwe, divided half bone-in, half boneless.
- This equates to production levels of countries like Finland, Sweden and Denmark combined.

Current imports

- Brazil already benefits from 362 082 T of TRQ
- We already imported around 300 000 T of poultry meat from Brazil in 2023 (statistics of imports below)

EU-27 Imports of poultry meat from selected origins

In tons of carcass weight

	2020		2021		2022		2023		Jan-Jul 24		Compared to Jan-Jul 23
	tonnes	%	tonnes	%	tonnes	%	tonnes	%	tonnes	%	
Brazil	227,738	28%	251,887	32%	301,239	35%	290,169	32%	163,498	30.6%	- 11.1%
Ukraine	108,669	14%	102,892	13%	162,837	19%	231,777	26%	126,734	23.8%	- 11.9%
United Kingdom	293,914	37%	274,667	34%	210,851	25%	170,638	19%	112,979	21.2%	+ 33.8%
Thailand	131,374	16%	130,658	16%	131,216	15%	148,631	17%	92,801	17.4%	- 6.0%
China	17,017	2%	20,916	3%	32,864	4%	36,467	4%	25,810	4.8%	+ 15.2%
Argentina	3,273	0%	3,151	0%	4,096	0%	4,086	0%	2,939	0.6%	+++
Chile	14,382	2%	2,441	0%	466	0%	3,238	0%	2,847	0.5%	+ 80.7%
Other Destinations	8,404	1%	10,445	1%	11,076	1%	10,200	1%	5,885	1.1%	
Extra-EU	804,772		797,056		854,644		895,206		533,493		
% change			- 1%		+ 7%		+ 5%		- 1.6%		

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Evaluation of the impact on market share and price

- Existing poultry meat imports and future imports under the Mercosur agreement disproportionately target the most valuable and in-demand cuts for European consumers: chicken breasts. Since EU producers rely on breast meat sales to justify raising chickens, each 2 filets imported from abroad represent 1 chicken NOT raised in the EU.
- Brazil enjoys a significant competitiveness advantage of 30 to 40 % lower production costs². Increasing imports will therefore intensify market pressure on EU producers, impacting prices, particularly in the breast filet market, given its high demand in processing and catering.

¹ <https://circabc.europa.eu/sd/a/cdd4ea97-73c6-4dce-9b01-ec4fdf4027f9/24.08.2017-Poultry.pptfinal.pdf>

² https://avec-poultry.eu/wp-content/uploads/2018/12/WUR-report-2018-116-Competitiveness-EU-poultry-meat-PvanHorne_def.pdf

- Already 25% of breast meat consumed in the EU comes from non-EU countries (such as Brazil, Thailand, Ukraine, and China) and the EU will increase its dependence on third countries for breast meat.

Key market concerns (ex TRQ management, activation of safeguards, cumulative impact etc)

- With this additional proposed quota, we will import 1.1 million tons of poultry meat into the EU, out of a consumption of 12,2 M Tons (see table below). This means that imports will represent 9% of the EU's poultry meat consumption.

1. EU: Balance sheet for poultry meat ('000 tonnes carcass weight)

	2018	2019	2020	2021	2022	2023
	EU 28	EU 27				
Gross indigenous production	15,635	13,543	13,669	13,301	13,078	13,223
Export of meat	1,665	2,499	2,345	2,136	1,946	1,849
Import of meat	850	848	710	713	817	875
Consumption	14,813	11,886	12,029	11,869	11,945	12,244
Consumption per capita, kg	25.3	23.4	23.7	23.4	23.3	23.8
Self-sufficiency, %	105.5	113.9	113.6	112.1	109.5	108.0

Note: Partial provisional or estimated.

Source: EU-Commission, so the gross indigenous production is different to table No. 4.

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- This is a sizeable volume, and it comes at a time when trade deals are under renegotiation with Ukraine and Thailand, also significant poultry exporters.
- Historically, the EU decided to keep the management of the quotas for sensitive products under its control.

Also, the management of the TRQs for the new Mercosur quotas has to stay in the EU.

³ https://avec-poultry.eu/wp-content/uploads/2024/08/07082-AVEC-annual-report-2024_WEB.pdf

DIVERGENCE OF STANDARDS and MERCOSUR INDUSTRY STRUCTURE

Subject	Requirements in EU Legislation	Is it applicable to 3 rd countries?
Animal Welfare		
Specific welfare requirements on the farm for broilers Council Directive 2007/43/CE	Maximum stocking density for broiler chickens set by legislation (33-42kg /m²; according to prevailing factors) Permanent access to litter which is dry and friable on the surface Light intensity (20 lux) and lighting pattern (24 hour cycles, 6 hours darkness) set by legislation Maximum ammonia (20ppm), carbon dioxide and relative humidity levels apply if the higher stocking densities are used	
Welfare requirements in transport Regulation 1/2005	All animals must be fit to travel Maximum journey times (12 hours excluding loading and unloading time) are set by legislation Space allowances per bird during transport are specified according to liveweight Systems of authorization and certification are in place for drivers and attendants	
Animal Health		
<i>Salmonella</i> control on farms Regulation 200/2010 Regulation 200/2012	Legislation in place covering farms, hatchery, feed manufacture and processing; implementation through National Control Plans in each Member State Compulsory testing of breeders, and broilers; culling of breeding stock if found to be positive	
Avian influenza Regulation 429/2016 Regulation 687/2020 Regulation 689/2020 Regulation 690/202	Legislation in place for surveillance, control and emergency measures	Equivalence applies to 3rd countries but DG SANTE reports have revealed issues in 3rd countries: Thailand Brazil Argentina
Use of antibiotics Regulation 6/2019 Regulation 4/2019	Antibiotics can only be administered with a veterinary prescription and the quantity prescribed should be limited to the treatment. Preventive use of antibiotic is prohibited List of antibiotics that are exclusively reserved for human use	Residue monitoring plan for 3rd countries but DG SANTE audits show inconsistencies: Brazil

	Medicated feeds require a veterinary prescription, can only be prescribed for two weeks and cannot contain more than one antimicrobial substance	
	On-farm monitoring systems of antibiotic use and national surveillance of antibiotic use becomes mandatory	
Environment		
Environmental controls (Directive 2010/75 - currently under revision + Directive 2011/92 + Regulation 1069/2009)	All farms over 40,000 birds⁴ as well as all slaughterhouses with a carcass production capacity greater than 50 tonnes per day must have an environmental permit, based on the use of Best Available Techniques for all aspects of production	
	Environmental impact assessment is required for all new developments over 85,000 broiler places	
	Disposal of fallen stock by approved methods only; these exclude composting, on-farm burial and the use of disposal pits	
Feed		
Poultry feed Regulation 183/2005 Regulation 1372/2021 Regulation 1831/2003 (currently under revision) Regulation 1829/2003 Regulation 6/2019 Regulation 4/2019	Only specified animal by-products may be used Pork, fish PAPs only: no “cannibalism” rule + strong segregation rules	
	No antibiotic growth promoters can be used	An official declaration on the non-usage of AB as growth promoters from a Brazilian Veterinarian is requested starting from 2026
	Compounders must implement and maintain HACCP systems	
	Only approved additives and medicines may be used	
	Restricted list of GMOs approved for feed imports and cultivation in the EU	
Food safety		
General food hygiene Regulation 625/2017 Regulation 852/2004 Regulation 853/2004 Regulation 2073/2005	‘Farm to fork’ approach is adopted with procedures based on HACCP principles	Equivalence is requested to 3rd countries
	Hygiene requirements are in place for primary production (farms) and transport of live animals	Equivalence is requested to 3rd countries

⁴ <https://eippcb.jrc.ec.europa.eu/reference/intensive-rearing-poultry-or-pigs-0>

	Additional hygiene requirements set out for food of animal origin	Equivalence is requested to 3rd countries
	Food safety criteria require the absence of Salmonella Typhimurium and Enteritidis in neck samples; Process hygiene criteria for Salmonella and Campylobacter	Equivalence is requested to 3rd countries
Carcass decontamination	Use of approved substances only and at present, no decontamination treatments other than water are authorised for poultry in the EU	Equivalence is requested to 3rd countries
Quality		
Poultry Meat Regulation 1337/2013 Regulation 543/2008	Country of origin labelling required	Applies to 3rd countries only for fresh products (usually imports are used in processed products and catering, where there is no obligation on the origin)
	Class A is defined in legislation	
	Maximum water absorption percentages are specified for carcasses	Applies to 3rd country but inconsistencies do not lead to visible sanctions
	Maximum permitted water to protein ratio is specified in legislation for cuts.	Applies to 3rd country but inconsistencies do not lead to visible sanctions

Brazil's "National Champions Policy"

Between 2007 and 2013, Brazil's National Champions policy, led by BNDES, provided financial backing to key export-oriented companies, including JBS, BRF, and Marfrig. This support allowed them to acquire competitors, consolidate the market and expand aggressively on a global scale. As a result, JBS became the world's largest meat company, while BRF dominated poultry exports.

However, rapid growth led to challenges, including the 2017 "Operation Weak Meat" scandal, which exposed corruption and quality issues.

While Brazilian meat producers (especially in poultry) benefited from state-sponsored advantages leading to rapid global growth, their EU counterparts faced strict regulations and market fragmentation, limiting their ability to compete on equal terms. The key disparities in favor of Brazilian producers include:

- State-Backed Financial Power,
- aggressive Mergers and Acquisitions of competitors worldwide while EU firms faced tighter antitrust regulations,
- cost Efficiency & Scale compared to smaller-scale or family-run EU companies,
- access to key International Markets (Middle East, China, USA) using state support,
- Lower Regulatory Constraints.