



What's Ahead for U.S. Chicken Industry Exports?

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Key Points:

- *During the past 20 years, total U.S. chicken production has doubled in size, while the share of exports has grown fourfold to 19 percent.*
- *American consumers prefer white meat (breasts), and U.S. chicken integrators export much of the dark meat (legs and thighs) overseas, where it commands a price premium relative to its domestic market value.*
- *With prices of dark meat bolstered by overseas demand, U.S. integrators have been able to expand total chicken production as well as the domestic supply of white meat far beyond what they would otherwise have been in the absence of export markets.*
- *Since 2008, U.S. exports of chicken products have leveled off due to the deep global recession and sluggish recovery, higher feed costs, Russia's push to become self-sufficient in chicken production, and China's punitive countervailing tariffs.*
- *Brazil poses the most significant competitive threat to U.S. exports, with lower production costs than the U.S., limited exposure to declining Russian imports, and a wider range of products that can be exported at affordable prices.*
- *Trade disputes, tariffs, quotas, and non-tariff barriers continue to hamper U.S. chicken exports.*

Whither exports?

The U.S. chicken industry has grown dramatically during the past 20 years, and exports have contributed importantly to its success. From 1990 to 2011, domestic chicken production doubled in volume, while the volume of U.S. chicken exports surged nearly 500 percent. As a result, the share of exports to total U.S. production has grown fourfold to 19 percent. (See Exhibit 1.)

At the same time, the structure of the U.S. chicken industry has also evolved. Chicken processors have moved away from sales of whole birds to sales of a much more diverse and sophisticated product-line. Much of this change was driven by the intense competition for market share among the chicken companies. Chicken processors began to innovate beyond whole chickens and into sales of chicken parts. Along the way, they discovered that American consumers were willing to