



Poultry special focus: Spain

Global Forum-AGRI BENCHMARK

Julia Barrio



01

What is the impact of integration on costs and input supply?



02

What is the main impact of the current welfare strategies on production and profitability?



03

How will the Spanish poultry sector develop in the next 10 years?

The structure of the poultry industry

- Main characteristics of the sector



CHARACTERIZATION

TECHNICAL

Highly technical and advanced sector

GROWING

Increase in production and consumption

YOUNG

The Lowest Average age of Farmers in the entire agricultural sector in Spain

INTENSIVE

Intensive orientation

INTEGRATED

Large companies and vertically integrated in their great majority (90%).



GOBIERNO
DE ESPAÑA

MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN

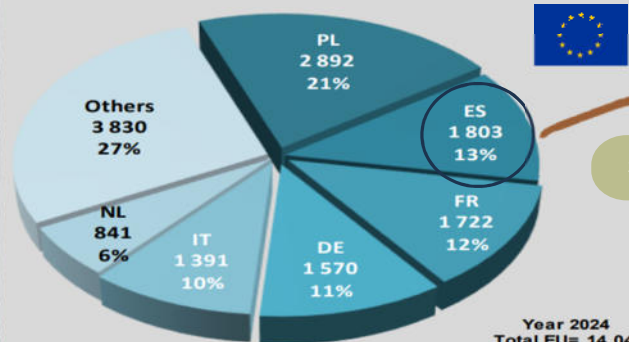
The structure of the poultry sector

GROWING

+6%

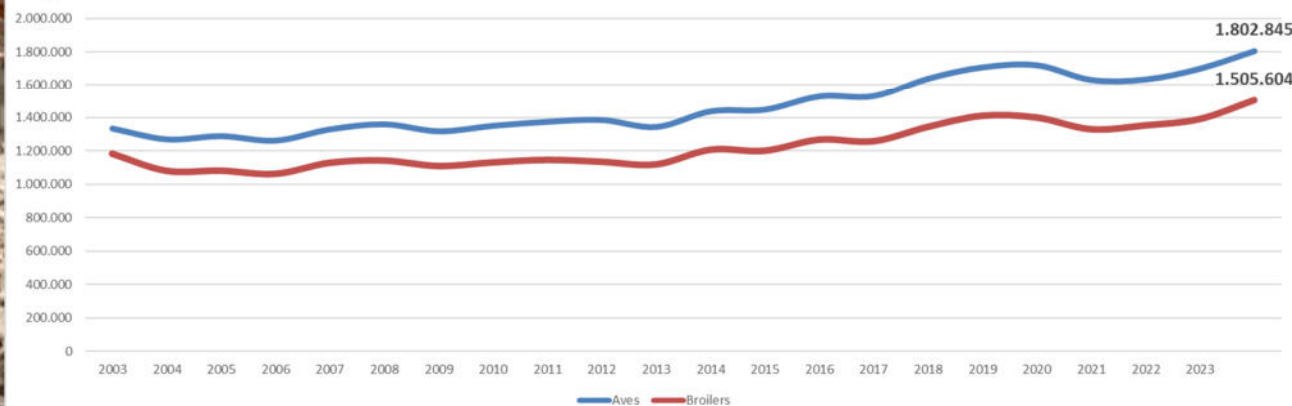
A data-driven view of the poultry sector

EU Main Poultry Producers (1000 Tonnes product weight)

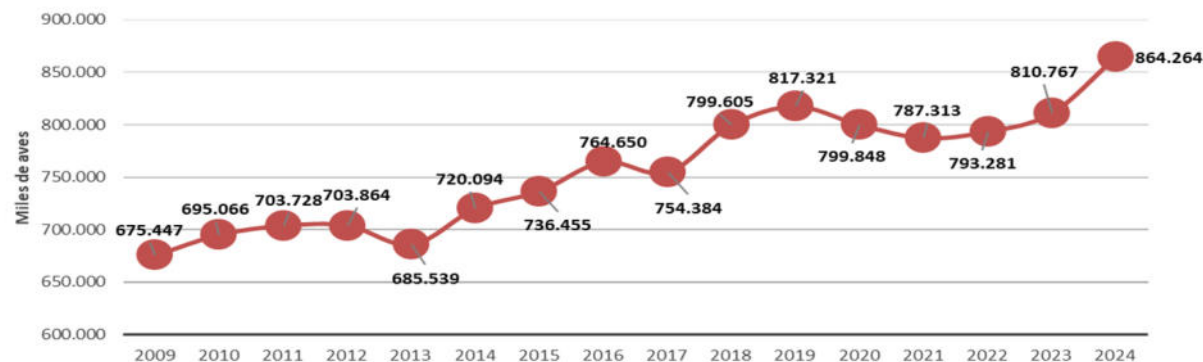


2^o largest producer

Evolution of poultry meat production in Spain 2003-2024 (Tonnes)



Evolution of the number of birds slaughtered 2009- 2024 (Thousands of birds)



83%

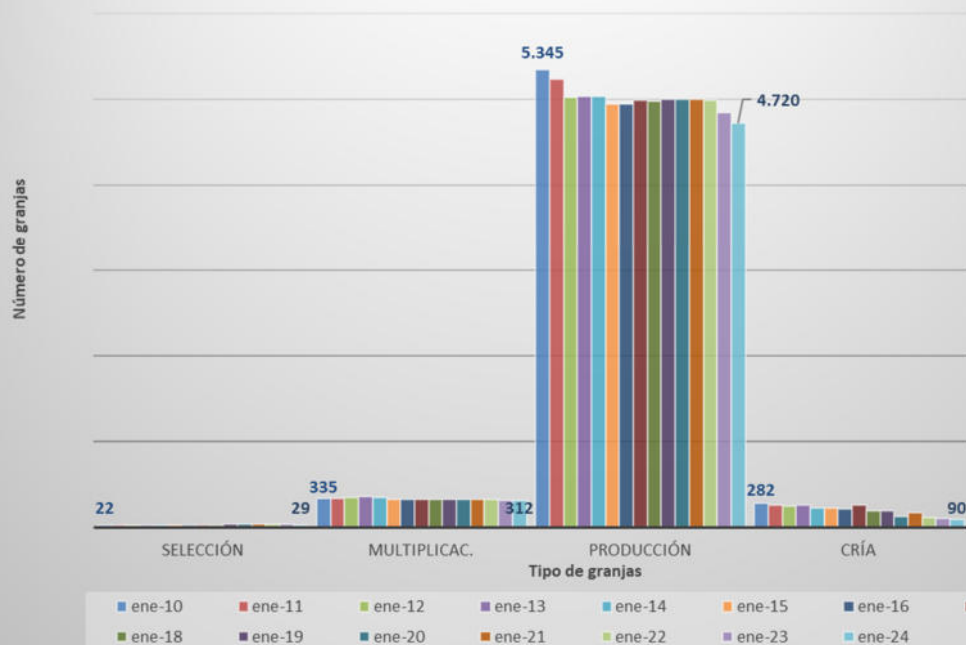
13%

The structure of the poultry sector

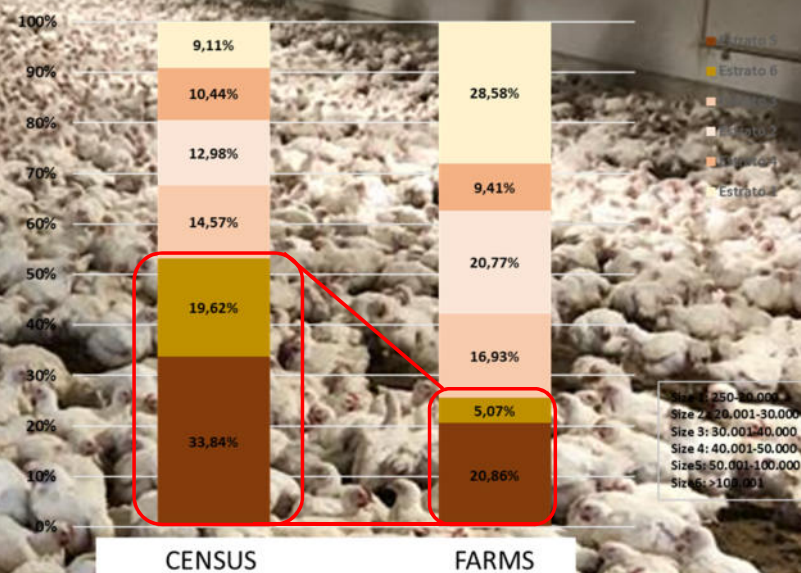
NUMBER OF FARMS

A data-driven view of the poultry sector

BROILER CHICKEN FARMS BY ZOOTECHNICAL CLASSIFICATION IN SPAIN: VARIATION JANUARY 2007 / JANUARY 2024



PERCENTAGE OF FARMS AND CENSUS* OF BROILER CHICKEN BY SIZE STRATA



GOBIERNO DE ESPAÑA

MINISTERIO DE AGRICULTURA, PESCA Y ALIMENTACIÓN

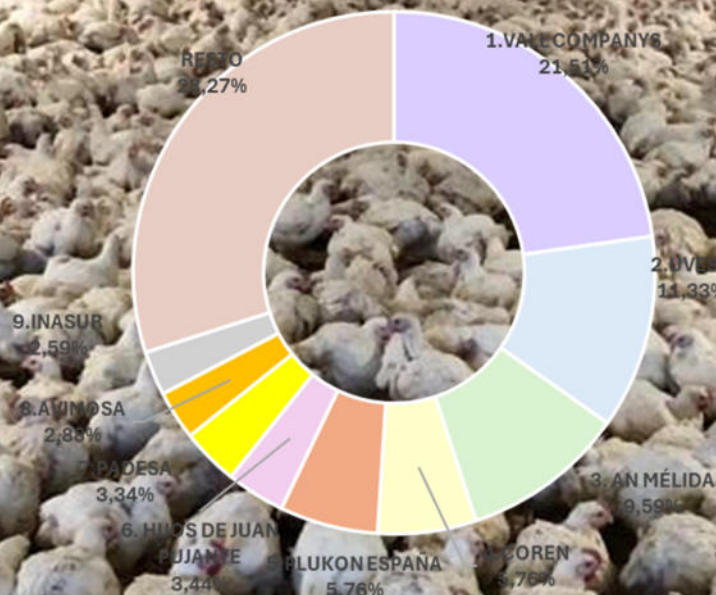
Structure: Chicken sector

- Intensive: focus on chicken meat
- 90% vertical integrated; rest horizontal integrated
- The two largest integrators account for 30% of production, and four integrators account for 50% of production

INTEGRATED

Integration explains the current structure of the sector...

THE MAIN POULTRY PRODUCERS COMPANIES 2023



GOBIERNO
DE ESPAÑA

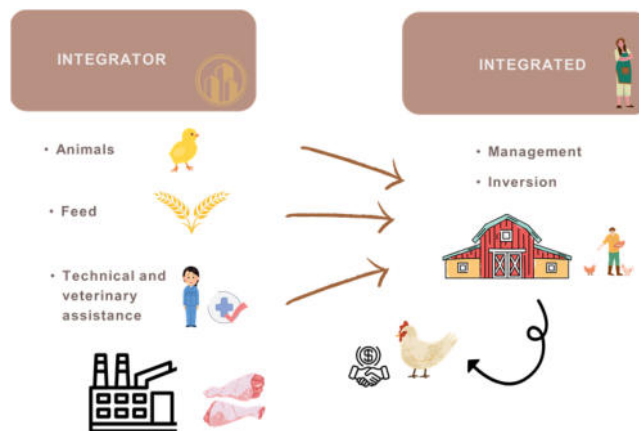
MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN

What is the impact of integration on costs and input supply?

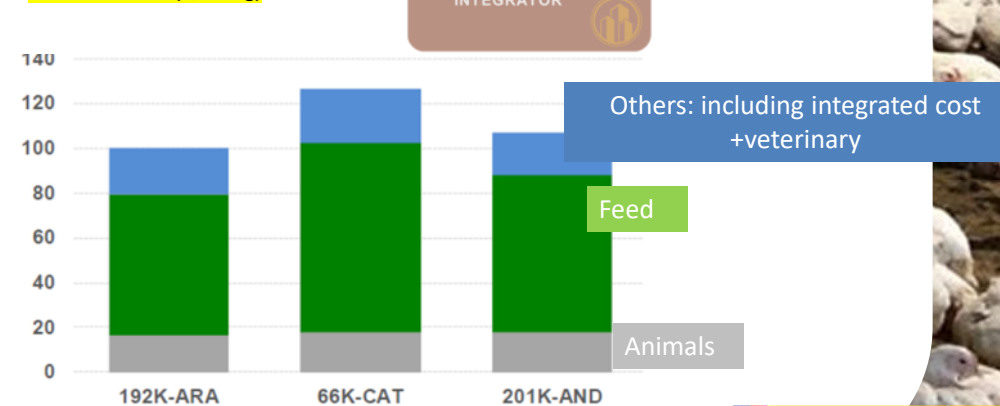
COST



- 1. Reduction in production costs:** By controlling the production stages internally, the company can reduce costs associated with intermediation and the purchase of inputs on the market, which lowers the unit price.
- 2. Economies of scale:** Integration allows for better planning and large-scale production, reducing the average cost per unit produced.
- 3. Better control over costs:** By having a complete view of the process, the company can optimize each stage, adjusting inputs, processes, and logistics to minimize unnecessary expenses.



Production cost (€/100kg)



What is the impact of integration on costs and input supply?

INPUT



4. **Standardization:** By producing or controlling inputs, it can guarantee quality standards that improve the health and performance of the birds.
5. **Flexibility and rapid response:** By having control over supply, the company can quickly adapt to changes in demand or market conditions, adjusting production and purchases without relying on external suppliers
6. **Lower exposure to market volatility:** Reduces the risk associated with price variations and availability of inputs in the market.



➤ Integration contracts. The integrated party is in a position of inferiority.

➤ Generational Renewal

The integrated party provides the investment, management, and assumes other costs that must be compensated.



02

What is the main impact of the current welfare strategies on production and profitability?



Regulation

- Applicable regulation



HIGHLY REGULATED SECTOR



ANIMAL HEALTH

Animal Health Regulation 2016/429
The animal health Law 8/2003

Farms registers, Location, distances,
manure management, zoosanitary visits,
isolation ...



ANIMAL WELFARE

Directiva 2007/43
RD 692/2010

Specific requirements for broiler such as -
Housing: densities, ventilation, feeders...
- Rearing conditions: formation, noise,
light...



ENVIROMENTAL

2 European Directives
National development regulations

Farms with a certain stocking rate: assess
emission rates, apply BATs, subject to
integrated environmental authorization...



POULTRY MANAGEMENT REGULATION

Royal Decree 637/2021
Integrates all these requirements into a
single standard



GOBIERNO
DE ESPAÑA

MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN

TO SUM UP WELFARE SITUATION

CURRENT LEGISLATION

FARM:

EU
Directiva 2007/43
RD 692/2010

Specific requirements for broiler
such as -Housing: densities,
ventilation, feeders...
Rearing conditions: formation
noise, light...

SLAUGHTER:

EU
Regulation 1099/2009
RD 37/2014

TRANSPORT:

EU
Regulation 1/2005
RD 990/2022

FUTURE LEGISLATION

Proposal

TRANSPORT

THERE IS A
PROPOSAL
BEING DEBATED
(CONSEIL)

Reduce density, times
temperatures in
transport....

FARM

SLAUGHTER

LABELLING

EFSA REPORT

DIRECT
INTERVENTION IN
THE VISION



PRIVATE INICIATIVES

EUROPEAN CHICKEN COMMITMENT (ECC)

Contacts food companies in
Europe to voluntarily promote the
commitment to improve animal
welfare.
Requirements similar to EFSA
recommendations.

OTHERS...



GOBIERNO
DE ESPAÑA

MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN



02

What is the main impact of the current welfare strategies on production and profitability?



Welfare strategies



TRANSPORT

02

What is the main impact of the current welfare strategies on production and profitability?



FUTURE REGULATION

- Among other aspects, one of the important points included in the proposal for Spain is the reduction of density and size in the transport of live animals.

3. Space allowance in area per animal [cm²] for poultry and rabbits transported in containers shall comply at least with the figures below:

	E	F
approximate	poultry	rabbits
live weight	k=290	k=270
1	290	270
1,5	380	354
2	460	429
2,5	534	497
3	603	562
3,5	669	622
4	731	680
4,5	790	736
5	848	789

This represents a drastic increase in the minimum space required per 1kg chicken, going from a range of 180-200 to 290 cm².



ESTUDIO DE IMPACTO
ECONOMICO SOBRE LA
PROPUESTA DE REGLAMENTO
RELATIVO A LA PROTECCIÓN DE
LOS ANIMALES DURANTE EL
TRANSPORTE Y SUS
OPERACIONES CONEXAS

DESCRIPCIÓN BREVE
Análisis del impacto económico
por las medidas de bienestar
animal expuestas en la
propuesta de Reglamento que
afectan a la cadena logística del
transporte de animales vivos.
AUTOR:
CETM ANIMALES VIVOS

Additional cost For 3 kg chickens transported

- In 8 layers of 25.3 cm: +25.49%.
- In 10 layers of 19.5 cm: +56.30%.

Day-old chicks would be the least affected with an increase of 4.00%.

Additional cost due to the modification of vehicle bodies for transporting poultry: could cost between €68,000 and €85,000 per semi-trailer.

European Chicken Commitment

Subject	Requirement
Animal welfare legislation	Full compliance with all EU animal welfare laws and regulation, regardless of the country of production.
Stocking density	A maximum of 30kg of liveweight per m ² .
Flock thinning (partial depopulation)	This is discouraged and if practiced it must be limited to one thin per flock.
Choice of breeds	Only breeds that demonstrate higher welfare outcomes are permitted. A list of suitable breeds is provided and the RSPCA Broiler Breed Welfare Assessment Protocol ⁶ is used as a reference. This includes a guide threshold value of 60g daily growth rate, based on bird age at a liveweight of 2.2kg.
Environmental standards	The following are specified: <ul style="list-style-type: none"> At least 50 lux of light, including natural light; At least two metres of usable perch space, and two pecking substrates, per 1,000 birds; For air quality, the maximum requirements of Annex II paragraph 3 of the EU Broiler Directive⁷ apply, regardless of stocking density; No cages or multi-tier systems.

Subject	Requirement
Stunning at the time of slaughter	Controlled atmospheric stunning must be adopted using inert gas or multi-phase systems, or effective electrical stunning without live inversion.
Compliance	This must be demonstrated via third-party auditing and annual public reporting on progress towards this commitment.

Source:

AVEC

Costs and implications of the European Chicken Commitment in the EU

Project no. 1011059

Figure 1 Cost of production (eurocents) for standard and ECC production per bird

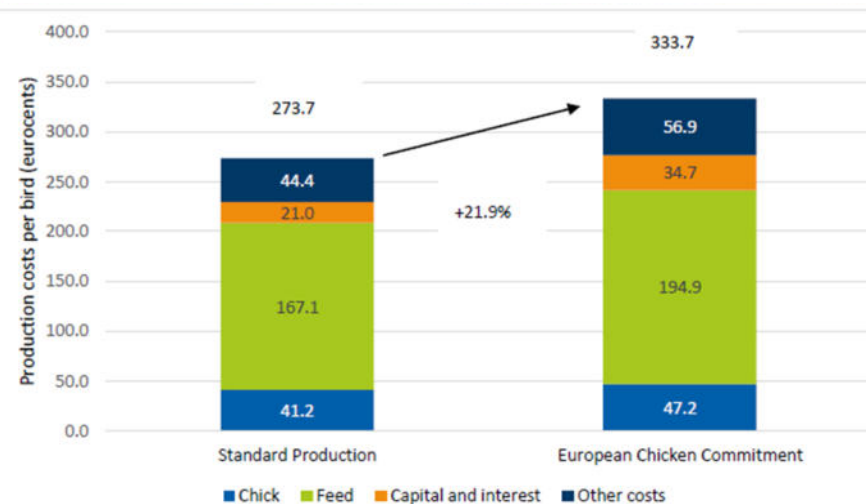
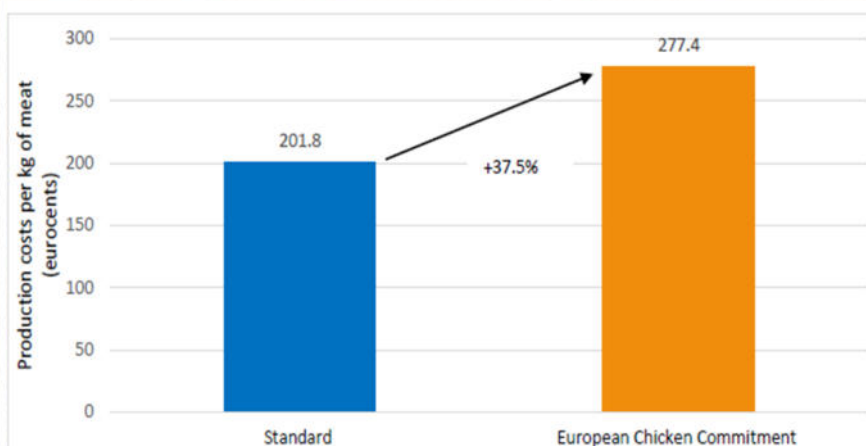


Figure 2 Cost of production (eurocents) for standard and ECC production per kg of meat



European Chicken commitment

Subject	Requirement
Animal welfare legislation	Full compliance with all EU animal welfare laws and regulation, regardless of the country of production.
Stocking density	A maximum of 30kg of liveweight per m ² .
Flock thinning (partial depopulation)	This is discouraged and if practiced it must be limited to one thin per flock.
Choice of breeds	Only breeds that demonstrate higher welfare outcomes are permitted. A list of suitable breeds is provided and the RSPCA Broiler Breed Welfare Assessment Protocol ⁶ is used as a reference. This includes a guide threshold value of 60g daily growth rate, based on bird age at a liveweight of 2.2kg.
Environmental standards	The following are specified: <ul style="list-style-type: none"> At least 50 lux of light, including natural light; At least two metres of usable perch space, and two pecking substrates, per 1,000 birds; For air quality, the maximum requirements of Annex II paragraph 3 of the EU Broiler Directive⁷ apply, regardless of stocking density; No cages or multi-tier systems.

Subject	Requirement
Stunning at the time of slaughter	Controlled atmospheric stunning must be adopted using inert gas or multi-phase systems, or effective electrical stunning without live inversion.
Compliance	This must be demonstrated via third-party auditing and annual public reporting on progress towards this commitment.

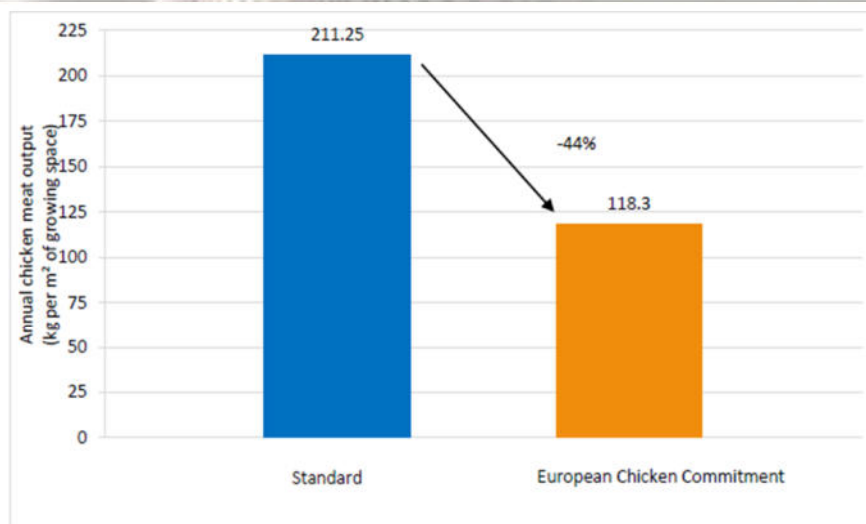
Source:

AVEC

Costs and implications of the European Chicken Commitment in the EU

Project no. 1011059

Figure 3 Comparison of annual meat output per square metre for standard and ECC production (kg)



The amount of meat produced annually per square metre of growing space is reduced by 44% in ECC production as shown in Figure 3. This is due to differences in stocking rates, cycle length and carcass yield.



03

How will the Spanish poultry sector develop in the next 10 years?



03

How will the Spanish poultry sector develop in the next 10 years?



OPPORTUNITIES

- Population growth
- Protein demand
- Different consumers:
Diversification
- Trade

CHALLENGES

- Avian flu
- International situation
- Image
- Generacion renewal





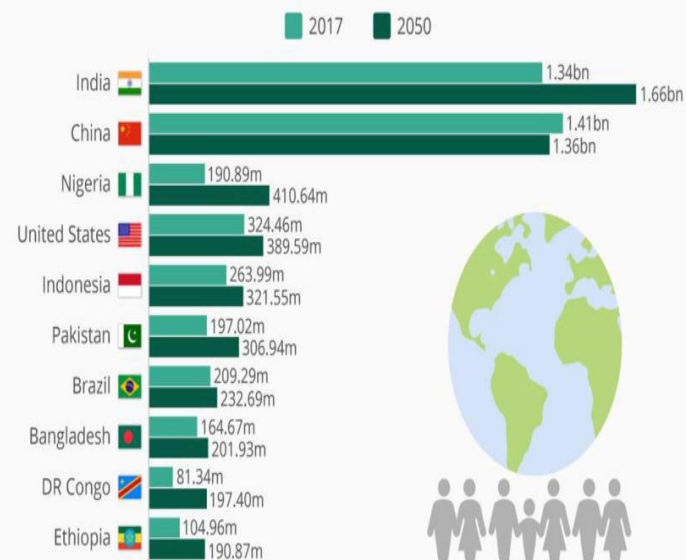
OPPORTUNITIES

Population is growing.....

Demand for protein is growing.....

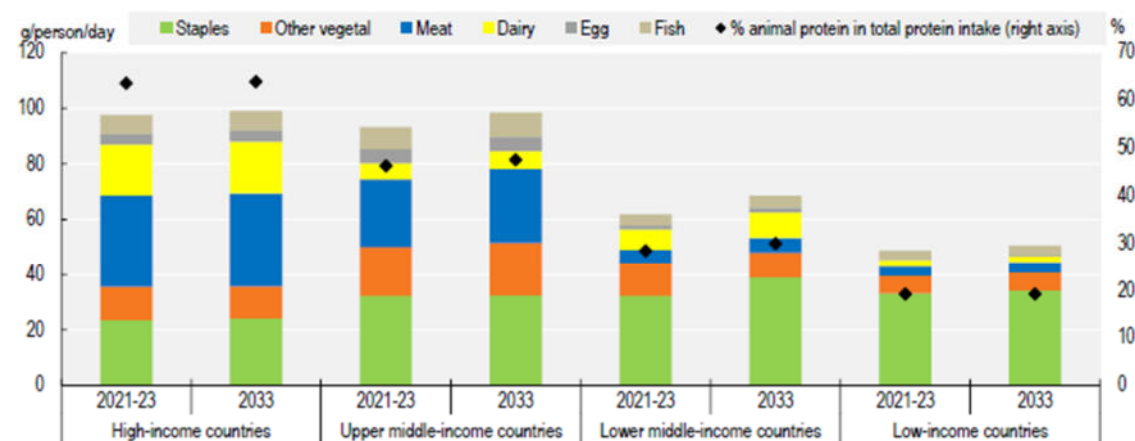
The World's Most Populous Nations In 2050

Population in 2017 and forecast for 2050



Source: Food and Agriculture Organization of the United Nations, ESA Working Paper No. 12-03, p. 131

Figure 1.9. Contribution of protein sources to total daily per capita food intake



Note: Staples include cereals, pulses, and roots and tubers. The 38 individual countries and 11 regional aggregates in the baseline are classified into the four income groups according to their respective per-capita income in 2018. The applied thresholds are: low: < USD 1 550, lower-middle: < USD 3 895, upper-middle: < USD 13 000, high: > USD 13 000.

Source: OECD/FAO (2024), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database), <http://dx.doi.org/10.1787/agr-outl-data-en>.

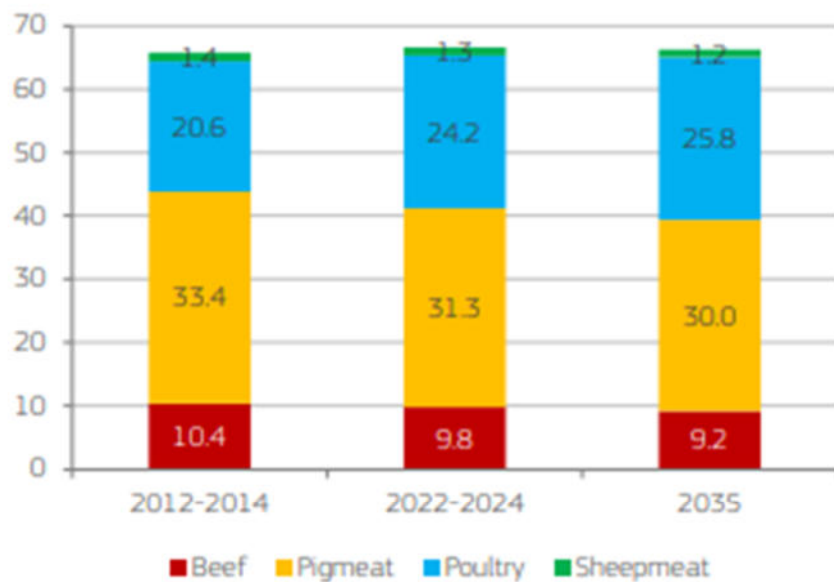


OPPORTUNITIES

Demand for poultry meat will grow...

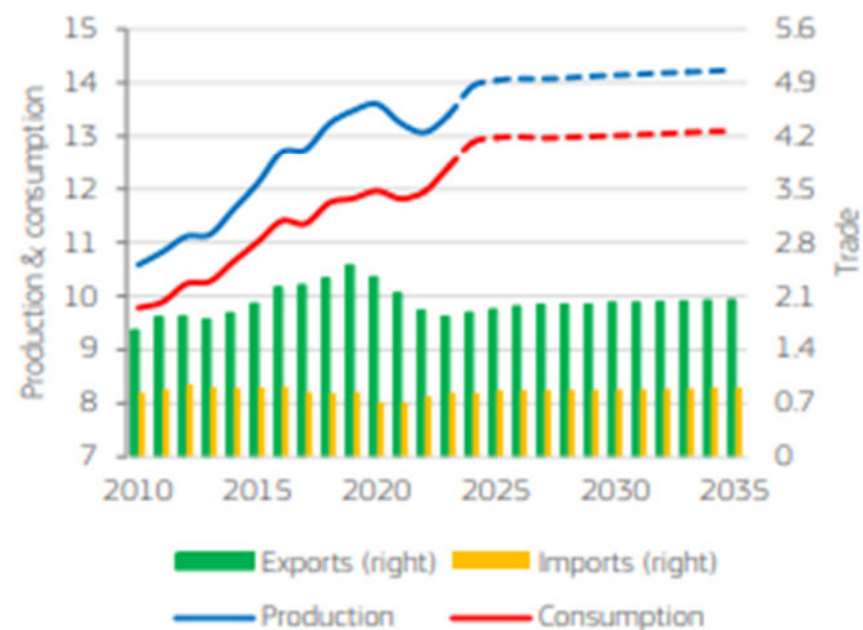
The production will grow

GRAPH 1.23 EU per capita meat consumption by meat type (kg)



Source: EC (2024), EU agricultural outlook, 2024-2035. European Commission, DG Agriculture and Rural Development, Brussel

GRAPH 4.7 EU poultry meat market balance (million t)



Source: EC (2024), EU agricultural outlook, 2024-2035. European Commission, DG Agriculture and Rural Development, Brussel



Fresh consumption

OPPORTUNITIES

Market dynamics in 2024 and before

After unprecedented shifts in the market between 2019 and 2023, 2024 was widely perceived as a year of stabilization in a challenging environment. Now is the time not only to reflect on 2024, but also to consider the state of affairs after the ups and downs of the past five years.

downtrading. While the net downtrading effect was small in 2024, this was due to a balance of some consumers trading down and others trading up. In 2024, 25 percent of consumers traded up by switching to more expensive alternatives, mainly driven by high-income consumers.

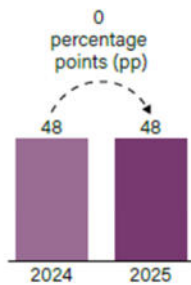
Diversification



Attitude¹ towards grocery shopping, EU net intent² of consumers, 2025 vs 2024, %

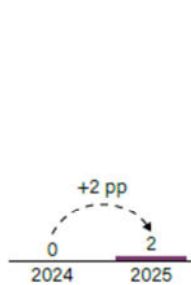
Price

Intention to look for more ways to save money remains high



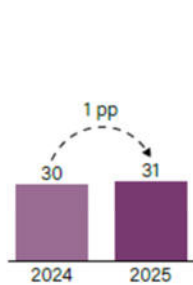
Quality

Intention to buy high-quality/premium food products is increasing



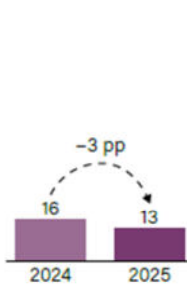
Health

Intention to focus on healthy eating and nutrition is increasing slightly



Sustainability

Intention to buy environmentally friendly products is decreasing



¹Question: Think about 2025. Are you planning to do more, less, or about the same of the following?

²Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity in 2025 vs 2024.

Source: McKinsey Consumer Survey 2025 (n = 11,525), 2024 (n = 11,591), Belgium, Denmark, France, Germany, Italy, Netherlands, Poland, Spain, Sweden, UK, sample to match general population age 18 and above

The State of Grocery Retail Europe 2025

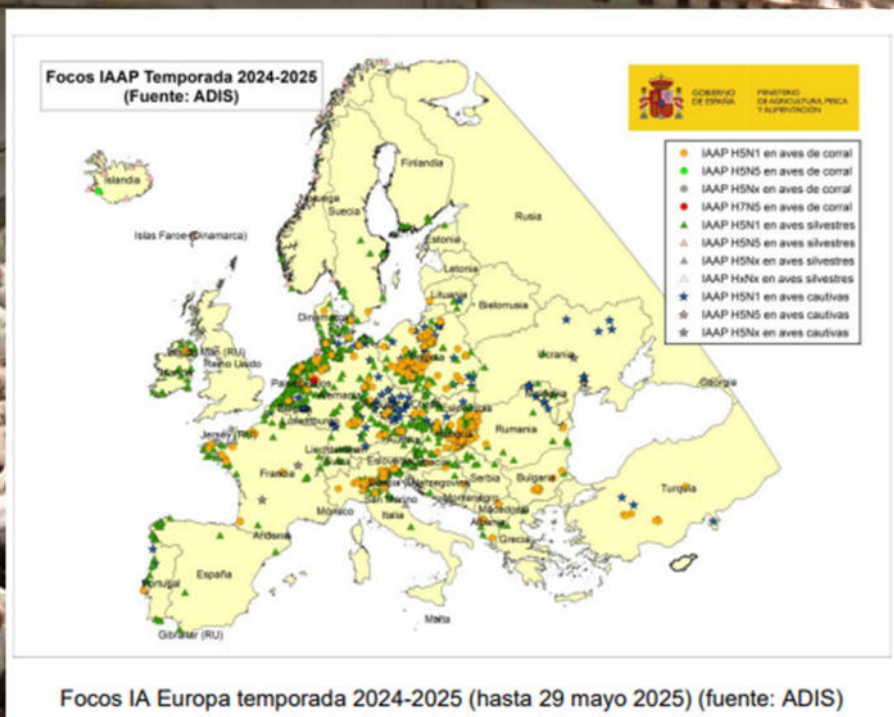
McKinsey
& Company

EuroCommerce
Retail & Wholesale

europanel

CHALLENGES

Avian flu

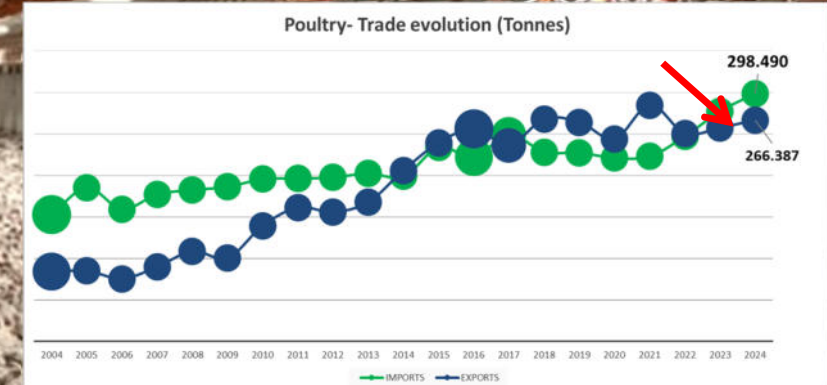
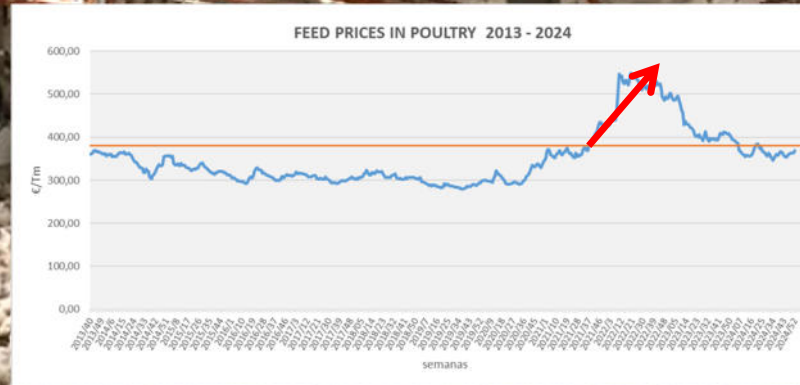


Royal Decree 637/2021

Highly regulated field. Focus on surveillance and biosecurity

CHALLENGES

INTERNATIONAL SITUATION ↔ DEPENDANCE ON RAW MATERIALS ↔ COMPETITIVENESS



COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS


A Vision for Agriculture and Food
Shaping together an attractive farming and agri-food sector for future generations

Priority will be given to raising global standards in international standard-setting bodies in areas critical for ensuring fair competition, particularly when it comes to plant protection products and animal welfare. The Commission will present in 2025 its line of action on deepening reciprocity to the Member States for further elaboration.



RECIPROCITY





To sum up....

The poultry sector in Spain is a sector that operates vertically, which leads to cost reductions thanks to economies of scale. This results in production in the sector being highly concentrated in a few companies.

The sector is heavily regulated at welfare level. However, in recent years, as part of the farm-to-Fork strategy, there are plans to develop new animal welfare regulations..

Currently, the European Commission has only presented its proposal on animal welfare during transport, which is still under discussion.

The future of the sector is expected to be favorable, with production growth thanks to increased domestic and foreign demand.

There are challenges for the sector in the future, such as avian influenza and addressing its competitiveness in product exports. In this regard, the European Commission is committed to working with international reciprocity of European standards.





THANK YOU!!

Global Forum-AGRI BENCHMARK



GOBIERNO
DE ESPAÑA

MINISTERIO
DE AGRICULTURA, PESCA
Y ALIMENTACIÓN