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China and Russia Are Snubbing American Chicken

U.S. poultry producers are suffering as leg and thigh exports wither

By [Shruti Date Singh](#)

For years, the U.S. chicken industry has boosted profits by selling white meat to Americans, who eschew darker cuts, and exporting tons of thighs, legs, and feet to China, Russia, and Mexico, where consumers are less fussy. That equation is now changing as China and Russia reduce imports and increase their domestic supplies, leaving dark meat piling up in the U.S.

Compounding the pain for producers such as Tyson Foods ([TSN](#)), Sanderson Farms ([SAFM](#)), and Pilgrim's Pride ([PPC](#)), feed costs are rising and bird prices have fallen. With production increasing as the big players jockey for position, investment bank Stephens says processors are losing an average of 12¢ on every pound they produce this year. Since last summer at least two producers, Townsends and Allen Family Foods, have filed for bankruptcy. "It's a bloodbath out there," says Tom Elam, president of consultancy FarmEcon in Carmel, Ind. "The industry has a real problem. Its export potential has dropped, and production is up."

Since the 1970s, Americans worried about fat have eaten ever more chicken breast. Today white meat accounts for roughly two-thirds of

the chicken consumed in the U.S., according to the National Chicken Council. That puts a premium on white meat: In July boneless, skinless breasts cost \$1.47 a pound wholesale, while legs ran 46¢ a pound, government data show. Dark cuts have long been “perceived as a lowbrow food,” says Melissa Abbott, an analyst at consumer researcher Hartman Group.

Beijing last year imposed tariffs on American chicken in retaliation for duties the U.S. placed on Chinese tires. That helped send exports to the mainland in 2010 plunging by 85 percent, to 103,485 metric tons, according to the USA Poultry & Egg Export Council. In Russia, sales took off in the early 1990s when President George H.W. Bush authorized shipments as economic aid—earning U.S. chicken the moniker “Bush legs.” Now, Moscow has cut import quotas for poultry as the government tries to wean the country from imported food. U.S. chicken exports to Russia fell 55 percent, to 331,540 metric tons, last year, the Poultry & Egg Council reports. Total U.S. chicken exports will fall 3.3 percent this year, the U.S. Agriculture Dept. predicts.

To make up for the lost exports, market leader Tyson has started adding dark meat to some of its nuggets, chicken patties, luncheon meats, and pizza toppings. The company, which says it makes roughly 20 percent of its chicken sales overseas, is trying to cool Americans’ ardor for white meat by shipping more thighs to retailers for the summer grilling season. “I don’t want to just sell breast meat, tenders, and wings in the U.S. and have to export everything else,” Donnie Smith, Tyson’s chief executive officer, said in a May interview. “Being able to generate demand for dark meat items is a key focus.” Smith also said he aims to raise more birds in Brazil, India, China, and other foreign countries for sale in those markets.

Pilgrim’s says it’s increasing exports of processed chicken products, not just raw dark meat. And Sanderson has made up for falling exports to

Russia with bigger sales to Mexico, other former Soviet Union countries, and Africa. Given the current level of production, that makes more sense than trying to sell thighs and legs to Americans, says Mike Cockrell, Sanderson's chief financial officer. "Pushing dark meat in the domestic market," he says, "would likely have the effect of displacing white meat sales."

The bottom line: *As exports of thighs and legs to Russia and China falter, some U.S. chicken producers are steering Americans toward dark meat.*

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