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Trade with Russia

Russian broiler meat imports are forecast to decrease by 12 percent in 2005 due to continued problems with implementing the poultry quota and strict restrictions on avian influenza. The 2004 broiler import estimate was reduced to 850,000 MT, a ten percent reduction from the last estimate and 15 percent below 2003, due to market issues.

In 2004, market access for exporters of meat to Russia has deteriorated compared to 2003. Government actions to decrease market access for imports and high feed prices forced prices for meat higher in the Russian Federation since mid-2003. The single biggest factor was the introduction of a 1.05 million metric ton quota on poultry meat and TRQ on beef and pork in 2003 (420,000 MT and 450,000 MT). Poor implementation of these measures has caused price swings due to traders' uncertainty about their ability to effectively cope with anticipated measures.

Russian Customs data shows that January and February were fully disrupted and March partially disrupted by the poor implementation of the quota and TRQs. Expectations of a good crop year will likely bring some relief as domestic producers cope with high feed costs, but will not permit domestic producers to fully relieve the price/supply crunch. The Russian Government has actively been involving itself in the meat market over the past year and various actions it has taken have combined to reduce feed grain availability and drive overall meat prices higher. Below is a brief outline of the events that have been shaping the Russian market since 2003.

- May/June 2003 – Introduction of quota on poultry meat and TRQs on beef and pork

- Late Fall/Winter 2003 – Mediocre grain harvest and poor fodder crop plus significant Russian grain exports

- Winter 2003/04 – Avian Influenza in Asia raises global poultry prices

- December 2003 – Rush to fill 2003 quota and TRQ in anticipation of subsequent problems issuing initial 2004 import licenses

- January/March 2004 – “Technical” problems allocating quota and TRQs leads to almost three months with significantly reduced meat and poultry imports

- June 2-8, 2004 – Russia temporarily halts all EU imports due to unsuccessful negotiations over a unified veterinary certificate

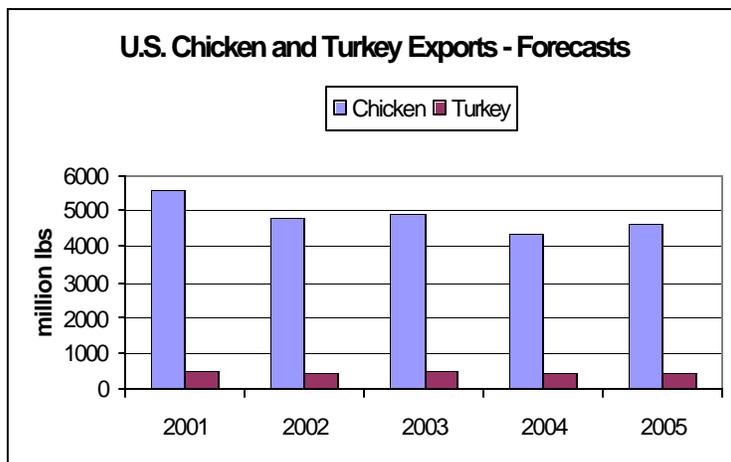
- Spring/Summer 2004 – Expectations of average crop production and little price relief for domestic feed grains as a strong poultry and swine sector maintain domestic demand growth.

- May- September 2004 – Re-inspection of plants in ten new European Union members.

The forecast for 2004 Russian imports assumes incomplete fill of the poultry quota. The main reason for this is the above-mentioned delay in distributing TRQ licenses in the first quarter of 2004. Other factors likely to eliminate complete quota fill is the process of re-inspection of new EU member plants in the late summer and strict avian influenza requirements.

While all importers holding a license have incentive to use it or lose it before the end of 2005, there are limitations in terms of storage space. There will also be difficulties because importers will all try to finalize shipments in December and this will push prices down. Importing a lot of product under these circumstances will likely be unprofitable and cause companies to forgo excessive late 2004 imports.

Source: USDA/FAS



Source: Economic Research Service

Brazilian Poultry Exports to Russia

	Sep 03/Aug 04		Sep 02/Aug 03	
	US\$ '000	Metric Tons	US\$ '000	Metric Tons
Whole Chickens	86,566	105,132	93,784	177,548
Cut Chickens	79,661	98,217	59,842	97,381
Turkey	14,510	9,508	11,544	10,920

Source: Brazil Ministry of Agriculture

U.S. Poultry Exports to Russia

	Jan-Aug 2004		Jan-Aug 2003	
	US\$ '000	Metric Tons	US\$ '000	Metric Tons
Chickens	308,513	423,701	201,944	418,004
Turkey	12,489	8,877	5,531	5,087

Source: U.S. Department of Commerce

Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending October 09, 2004		Year-To-Date		
TYPE	2004	2003 1/	2004 2/	2003
Liquid	144	459	12,719	13,223
Frozen	0	0	11	96
Dried	40	0	588	430
Total	184	459	13,318	13,749

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending October 09, 2004		Year-To-Date		
TYPE	2004	2003 1/	2004 2/	2003
Liquid	46	55	6,929	4,500
Frozen	0	43	1,368	2,852
Dried	0	0	1,853	983
Total	46	98	10,150	8,335

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

Week Ending October 09, 2004		Year-To-Date		
TYPE	2004	2003 1/	2004 2/	2003
Jumbo	0	17	378	370
Extra Large	1,150	1,635	149,604	22,892
Large	4,667	3,960	306,266	93,016
Medium	1,104	525	100,302	48,342
Ungraded	9,720	10,718	252,162	148,228
Misc	0	0	16,790	13,442
Total	16,641	16,855	825,502	326,290

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Source: USDA/AMS Poultry Programs, Market News Branch.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 9-Oct-04 (Preliminary)

U.S. FOWL SLAUGHTERED DOMESTICALLY

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
Head	1,270	1,512	2,782
Last Week	1,416	1,573	2,989
Same week yr ago	1,263	1,443	2,706
To-date/2004	54,574	54,002	108,576
To-date/2003	59,137	56,418	115,555

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
Head	185	8	193
Last Week	410	0	410
Same week yr ago	141	0	141
To-date/2004	9,641	99	9,740
To-date/2003	9,517	133	9,650

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
Head	1,455	1,520	2,975
Last Week	1,826	1,573	3,399
Same week yr ago	1,404	1,443	2,847
To-date/2004	64,215	54,101	118,316
To-date/2003	68,654	56,551	125,205

Source: USDA/AMS Poultry Programs, Market News Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Oct 15, 2004

CHICKEN	PRICES		VOLUME	
	(Cents per Pound)			
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

CHICKEN, WITH SKIN ADDED	PRICES		VOLUME	
	(Cents per Pound)			
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	16.00-17.50	18.00-19.00	182,000	-
WTD AVERAGE	16.75	18.60		
15-20%				
RANGE	13.75-22.00	11.00-18.00	3,305,600	1,918,400
WTD AVERAGE	17.70	12.74		
20% OR MORE				
RANGE	-	14.50	40,800	-
WTD AVERAGE		14.50		

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Oct 15, 2004

CHICKEN	PRICES		VOLUME	
	(Cents per Pound)			
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

CHICKEN, WITH SKIN ADDED	PRICES		VOLUME	
	(Cents per Pound)			
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	18.50	20.00-22.00	640,000	160,000
WTD AVERAGE	18.50	20.83		
15-20%				
RANGE	16.00-20.00	17.00-21.00	2,568,000	1,768,000
WTD AVERAGE	18.63	18.53		
20% OR MORE				
RANGE	-	17.50	120,000	-
WTD AVERAGE		17.50		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 15 OCTOBER 2004.

The white meat market was mostly steady to fully steady, firm on wing meat with skin. Demand was about fair for the limited supplies. Domestic trading was light on fresh scapula at 111-113. Fresh thigh meat was fully steady for the tight supplies, frozen thigh meat was adequate and steady at best. Light trading on tails at 28-29 and hearts at 24 cents. Export demand was light to instances good. Trading was active on fresh tom drums at 42 cents delivered. Livers traded at 21 cents delivered port. Interest was noted from Russia and Mexico.

FRIDAY, OCTOBER 15, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS		T	45.00	20	45.00	20
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS		R	26.70	92	27.09	132
MECHANICALLY SEPARATED 2/	20.00-20.50		20.25	80	22.32	348
THIGH MEAT - FROZEN	80.00		80.00	80	85.18	376

THURSDAY, OCTOBER 14, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		T	45.00	20
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS	25.00-28.00		26.70	92
MECHANICALLY SEPARATED 2/		T	22.94	268
THIGH MEAT - FROZEN	90.00		90.00	104

WEDNESDAY, OCTOBER 13, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		T	45.00	20
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		T	28.00	40
MECHANICALLY SEPARATED 2/		T	22.94	268
THIGH MEAT - FROZEN	82.50		82.50	40

TUESDAY, OCTOBER 12, 2004**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	45.00		45.00	20
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS	28.00		28.00	40
MECHANICALLY SEPARATED 2/	21.00-24.00		22.94	268
THIGH MEAT - FROZEN	83.00-89.00		85.32	152

*****NOTICE*****

ON MONDAY OCTOBER 11, 2004

THERE WAS NO EXPORT TRADING REPORTED DUE TO COLUMBUS DAY HOLIDAY

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.

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