



# INTERNATIONAL EGG AND POULTRY REVIEW

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## Mexico

Recently Mexico decided to allow imports of raw poultry from the following US states: California, Connecticut, Delaware, Maryland, Missouri, New Jersey, North Carolina, Pennsylvania, and Texas beginning October 4, 2005, according to sources from USA Poultry and Egg Export Council (USAPEEC.) In return, the US agreed to recognize several Mexican states as being free of exotic Newcastle disease, pending a visit from USDA officials in the next week. According to the agreement reached at a bilateral meeting in Mexico City held to discuss outstanding technical sanitary issues affecting poultry trade, both countries will meet again in mid-September to monitor progress of the agreements. Mexico is the fourth largest importer of US poultry and purchased US \$93 million worth of chicken and related products before the ban.

On August 9, 2005 both Ciudad Reynosa and Veracruz were eligible to be border crossing points for frozen chicken leg quarters and bovine edible offal products. Ciudad Reynosa and Veracruz will be two of sixteen crossing points and will need to have all imports meet tariff rate quota (TRQ) specifications and be in accordance with the Secretariat of Economy. Reynosa has been closed since December 28, 2004 for allowing product to enter the country via amparos (court injunctions,) a weak loophole in Mexican law allowing any Mexican to avoid compliance with government rules and regulations, and for allowing importers to avoid quantitative safeguard limits applying to chicken leg quarters.

## Production

Chicken meat production estimates for 2005 have been slightly reduced, due to the discovery of Low Pathogenic Avian Influenza in early March in northern Mexico (La Laguna area in the states of Durango and Cahuilla,) and the unusual hot temperatures in May and June affecting bird growth rates. However 2005 production is expected to recover in the second half of the year. Projections for 2006 show an increase similar to the last 20 years, due to favorable demand, effective marketing campaigns, strong financial positions among processors, and continued quality improvements. Producers also appear to be benefitting from the trade protection offered by the 2003 safeguard agreement on chicken leg quarters.

## Consumption

Chicken continues to distance itself from beef and pork in price and consumption, maintaining its position as Mexico's most affordable meat protein. Domestic consumption estimates for 2005 have been lowered, due to reduced supplies and stronger prices. In spite of this, industry sources expect prices to moderate into the second half of the year and for consumption near the border to increase, due to more affordable prices. For May, prices of leg quarters in Mexico City were about \$21 pesos/kg (US\$1.89/kg) compared with an average of \$11.50 pesos/kg (US\$1.03/kg) at the border.

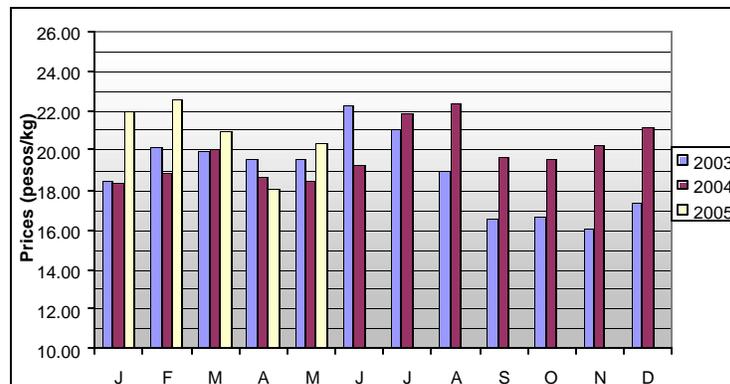
Projections for 2006 show an increase of nearly 5 percent in chicken meat consumption over 2005 as a result of population growth, the affordability of chicken in relation to other meats, increased consumer concerns regarding cholesterol and health issues, effective marketing, increased usage in processed food products, and improved product quality. Consumers continue to prefer dark meat to white meat and fresh whole chicken to parts, though interest in parts is slowly increasing mainly supermarkets servicing higher-income consumers.

## Trade

The US should reach its' TRQ for 2005 (102,010 MT) with Mexico, despite only filling 85 percent of it in 2004. Imports of cuts, mainly chicken leg quarters and mechanically separated chicken meat in 2006 are projected to increase five percent over 2005 levels as a result of increased demand from processors. Interest is growing among importers to diversify their suppliers and quantities of frozen chicken meat with other countries, as well as for reduced tariffs and sanitary restrictions with the potential exporters (i.e. Chile) in the event the US has another supply disruption. According to the tariff phase-out plan, Mexico will have duty-free access and eliminate import licenses required for US leg quarters by January 1, 2008.

Sources: USDA FAS & Various News Wires

### Chicken Leg Quarter Wholesale Prices in Mexico City 2003-2005



### Mexican Poultry Imports January - December 2004 (MT)

Chicken Leg Quarter	US	Chile	Other	Subtotal
Fresh/Chilled	32,157	0	0	32,157
Frozen	91,685	0	721	92,406
<b>Poultry Parts</b>				
Fresh/Chilled	608	0	0	608
Frozen	1,334	4,154	0	5,488
<b>Mechanically Deboned*</b>				
Fresh/Chilled	89,572	0	0	89,572
Frozen	41,160	32,160	0	73,320
<b>Whole Poultry</b>				
Fresh/Chilled	0	0	0	0
Frozen	34	0	1	35

\*Mechanically Deboned Chicken Meat

Source: USDA FAS

### Avian Influenza and the European Union

The EU commission convened in Brussels for a meeting of EU veterinary experts from all Member States to discuss the avian influenza situation this past week. It was agreed that Member States step up surveillance, review its' contingency plans, introduce awareness programs, provide adequate protection to poultry workers, and to consider flight routes of migratory fowl and vaccinations for at risk areas. However, a generalized ban on keeping all poultry outdoors was not considered proportionate to the current risk of disease spreading. A meeting for early September was scheduled to coordinate more intensified surveillance for which funding is available.

Sources: Various News Wires

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

**U.S./Canadian Live Poultry Slaughtered Under Inspection**

W/E 20-Aug-05 (PRELIMINARY)

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

Week Ending August 20, 2005	Year-To-Date			
	2005	2004 1/	2005 2/	2004
TYPE				
Liquid	408	604	11,445	9,885
Frozen	0	0	113	11
Dried	0	5	449	433
Total	408	609	12,007	10,329

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

Week Ending August 20, 2005	Year-To-Date			
	2005	2004 1/	2005 2/	2004
TYPE				
Liquid	61	429	4,648	5,953
Frozen	0	66	654	1,198
Dried	0	0	371	1,813
Total	61	495	5,673	8,964

**Inspected Shell Eggs**

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

Week Ending August 20, 2005	Year-To-Date			
	2005	2004 1/	2005 2/	2004
TYPE				
Jumbo	0	0	130	288
Extra Large	6,070	4,830	145,995	112,836
Large	1,620	12,328	228,392	241,699
Medium	2,490	2,226	70,549	80,381
Ungraded	3,600	3,096	65,548	185,190
Misc	0	0	7,753	16,790
Total	13,780	22,480	518,367	637,184

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.

**U.S. Fowl Slaughtered Domestically**

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,302	1,712	3,014
Last Week	1,187	1,720	2,907
Same week yr ago	1,657	1,298	2,955
To-date/2005	49,600	47,076	96,676
To-date/2004	44,931	43,552	88,483

**U.S. Fowl Slaughtered in Canada**

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	269	0	269
Last Week	240	0	240
Same week yr ago	123	0	123
To-date/2005	8,544	37	8,581
To-date/2004	7,956	90	8,046

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	1,571	1,712	3,283
Last Week	1,427	1,720	3,147
Same week yr ago	1,780	1,298	3,078
To-date/2005	58,144	47,113	105,257
To-date/2004	52,887	43,642	96,529

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.

Aug 26, 2005

**CHICKEN WITH SKIN ADDED**

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	23.00	61,200	-
WTD AVERAGE		23.00		
15-20%				
RANGE	17.75-29.00	15.00-25.00	1,382,400	896,000
WTD AVERAGE	20.73	18.67		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

\* 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.

Aug 26, 2005

**CHICKEN WITH SKIN ADDED**

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	21.00-21.50	21.00-22.00	620,000	260,000
WTD AVERAGE	21.43	21.63		
15-20%				
RANGE	17.00-22.50	16.00-20.00	1,612,000	832,000
WTD AVERAGE	20.38	19.28		
20% OR MORE				
RANGE	-	14.00-19.00	120,000	-
WTD AVERAGE		15.67		

\* 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 26 AUGUST 2005.**

The market tone on frozen wing meat with skin was mixed ranging from barely steady to fully steady, balance of white meat steady to firm with breast trim, tom breast meat and destrapped tenderloins in the strongest positions. Demand on frozen wing meat with skin light, balance moderate to good. Offerings of frozen wing meat with skin light to instances ample, balance light at best. A few reports starting to be noted of live weights starting to recover from the last heat wave in some parts of the country. Trading heavy on fresh and frozen tom breast meat for domestic shipments, balance slow to moderate. For domestic: fresh wing meat 84, fresh scapula 111, Grade A basted 8-10 lb. breasts 120 and 12-14 lb. breasts 150 cents delivered. For export: fresh thigh meat 88 cents delivered.

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>	<b>WEEKLY</b>	<b>WEEKLY</b>
<b>FRIDAY, AUGUST 26, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		R	48.00	40	48.00	40
WINGS FULL-CUT - TOMS		F	33.33	120		
WINGS, V-TYPE, TOM						
TAILS		R	25.50	40	25.50	80
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	28.00	R	28.00	40	28.00	40
		R	89.00	40	89.50	80
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>THURSDAY, AUGUST 25, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS	48.00		48.00	40		
WINGS FULL-CUT - TOMS		F	33.33	120		
WINGS, V-TYPE, TOM						
TAILS	25.50		25.50	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	89.00	R	26.00	80		
			89.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>WEDNESDAY, AUGUST 24, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS		F	49.53	600		
WINGS FULL-CUT - TOMS		F	33.33	120		
WINGS, V-TYPE, TOM						
TAILS	25.50		25.50	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	26.00	80		
		T	90.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>TUESDAY, AUGUST 23, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS		F	49.53	600		
WINGS FULL-CUT - TOMS		F	33.33	120		
WINGS, V-TYPE, TOM						
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	90.00	R	26.00	80		
			90.00	40		
<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>		
<b>MONDAY, AUGUST 22, 2005</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>		
DRUMSTICKS, TOMS		F	49.53	600		
WINGS FULL-CUT - TOMS		F	33.33	120		
WINGS, V-TYPE, TOM						
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	26.00	80		
		F	94.06	288		

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.