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## Trade Disruptions from Highly Pathogenic Avian Influenza

The current highly pathogenic form of H5N1 avian influenza was first identified in Hong Kong in 1998 and reappeared in China in 2001. In late 2003, the virus surfaced again and spread to poultry in several Asian countries throughout 2004. In 2005, the virus reached Europe and in 2006, H5N1 appeared in Africa.

Trade disruptions from H5N1 AI affected two of the world's major exporters of chicken meat, Thailand and China. Thailand's broiler industry depends heavily on exports and was hard-hit by the bans. China's exports are a small share of its chicken meat output, and the impact of bans on its exports was less significant nationally, although severe for producers focused primarily on the Japanese market.

In the 1990s, the principal driver of Asia's poultry meat trade was Japanese demand for imports supplied by China and Thailand. The Japanese place a higher value on chicken legs than on white meat, a factor exploited by the Asian exporters that supplied such products as de-boned legs. These de-boned products competed successfully against the bone-in legs long supplied by the U.S. Thailand also successfully developed a large export market to the European Union.

## Japan's Fiscal Year Frozen Broiler Imports, 2000 - 2005\*

FY	U.S.	China	Brazil	Thailand	Total
2000	85031	216,561	108,046	125,175	534,813
2001	72,409	146,883	141,715	175,774	536,781
2002	49,571	119,090	153,245	166,973	488,879
2003	41,094	42,435	193,955	146,252	423,736
2004	31,541	925	323,260	68	355,794
2005*	25,028	759	355,286	50	381,123

Fiscal Year is April - March

\*through January 2006

Source: Agriculture & Livestock Industries Corporation (ALIC)

China's chilled and frozen exports to Japan were halted for 3 months (July-September) in 2001 after an H5N1 outbreak in China. Late in 2003 and early in 2004, H5N1 AI appeared in all of Japan's large Asian suppliers, and their exports of chilled and frozen broiler meat ceased. South Korea, an emerging importer, also banned chilled and frozen poultry product imports from all major Asian suppliers.

A direct result of the outbreak was a large increase in Japanese imports from Brazil. Brazil had not experienced any AI outbreaks and, except for the U.S. bone-in legs, faced almost no competition for the frozen cut markets in Japan and smaller Asian importing countries. Brazil's exports of frozen broiler meat to Japan shot up from 109,000 tons in 2000 to 403,000 tons in 2005.

In another shift, Chinese and Thai poultry-exporting firms refocused on increasing production of prepared and preserved broiler cuts. The heat treatment for such further processed cuts kills the AI virus if it is present. The share of further processed cuts in Thai poultry exports rose from 28% percent in 2000 to 88% in 2004 and 98% in 2005

(China still ships chilled/frozen poultry meat to its Hong Kong Special Autonomous Region). Poultry meat exports from major Asian suppliers to Japan and South Korea are now almost 100% prepared and preserved meat. In contrast, Brazil ships almost entirely frozen, unprocessed chicken meat to Asia.

## Thai Poultry Exports in Metric Tons

HS Code	January - December			Jan-Feb	
	2003	2004	2005	2005	2006
Cuts 1/	370,351	26,548	4,534	138	686
Prepared 2/	126,984	174,268	234,902	31,450	38,673

1/ HS Code 0207 fresh, chilled and frozen poultry cuts  
2/ HS Code 1602 prepared or preserved poultry meat  
Source: Thailand Customs Department

## China Broiler Meat Exports, in metric tons

	January-December		January-November		% change 2005/04
	2003	2004	2004	2005	
World	404,895	262,105	228,561	326,567	42.88
Japan	223,130	148,027	127,523	174,923	37.17
Hong Kong	56,143	70,523	61,631	88,954	44.33

HS Codes: 020711, 020712, 020713, 020714 and 160232  
Source: GTA China Statistics

China's improved disease reporting system has helped sustain China's broiler meat exports, particularly to Japan, China's largest export destination. Japan and China reached a consensus that if the 35 plants registered by Japan for eligible exports are free of HPAI, Japan would not stop imports. In the past, when HPAI occurred in China, Japan suspended imports from the entire country. China's poultry exports to Japan and Hong Kong accounted for 81% (292,000MT) in volume and 86.5% (\$755 million) in value in 2005.

Source: Economic Research Service/USDA, Foreign Agriculture Service/USDA

## Broiler Situation, Selected Countries, thousand metric tons

	2001	2002	2003	2004	2005(p)	2006 (f)
<b>U.S.</b>						
Production	14,033	14,467	14,696	15,286	15,870	16,266
Exports	2,520	2,180	2,232	2,170	2,335	2,543
<b>Brazil</b>						
Production	6,567	7,449	7,645	8,408	9,360	9,840
Exports	1,226	1,577	1,903	2,416	2,739	3,230
<b>Thailand</b>						
Production	1,230	1,275	1,340	900	950	1,120
Exports	392	427	485	200	240	400
<b>China</b>						
Production	9,278	9,558	9,898	9,998	10,200	10,500
Exports	489	438	388	241	331	360
Imports	448	436	453	174	281	300

Source: Economic Research Service, USDA

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

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

W/E 08-Apr-06 (PRELIMINARY)

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

Week Ending April 08, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	258	359	2,814	3,978
Frozen	0	0	80	0
Dried	0	0	146	82
Total	258	359	3,040	4,060

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

Week Ending April 08, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Liquid	30	165	768	2,584
Frozen	4	7	264	316
Dried	0	0	41	300
Total	34	172	1,073	3,200

**Inspected Shell Eggs**

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

Week Ending April 08, 2006	Year-To-Date			
TYPE	2006	2005 1/	2006 2/	2005
Jumbo	0	0	150	33
Extra Large	2,370	5,300	19,320	69,770
Large	5,230	15,307	26,395	170,301
Medium	750	3,510	18,965	21,345
Ungraded	3,720	8,894	21,080	18,904
Misc	780	0	1,800	3,793
Total	12,850	33,011	87,710	284,146

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	1,185	1,552	2,737
Last Week	1,166	1,433	2,599
Same week yr ago	1,740	1,314	3,054
To-date/2006	16,948	20,204	37,152
To-date/2005	21,042	18,412	39,454

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

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	194	0	194
Last Week	339	0	339
Same week yr ago	362	0	362
To-date/2006	3,546	7	3,553
To-date/2005	4,226	11	4,237

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	1,379	1,552	2,931
Last Week	1,505	1,433	2,938
Same week yr ago	2,102	1,314	3,416
To-date/2006	20,494	20,211	40,705
To-date/2005	25,268	18,423	43,691

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.

Apr 14, 2006

**CHICKEN WITH SKIN ADDED**

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	16.00	16.00	101,200	-
WTD AVERAGE	16.00	16.00		
15-20%				
RANGE	12.00-22.00	12.00-15.00	1,393,200	640,000
WTD AVERAGE	12.83	12.82		
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.

Apr 14, 2006

**CHICKEN WITH SKIN ADDED**

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	15.00-15.50	521,000	-
WTD AVERAGE		15.15		
15-20%				
RANGE	14.75-19.00	11.00-14.00	1,888,000	1,208,000
WTD AVERAGE	16.97	12.59		
20% OR MORE				
RANGE	-	13.00	40,000	-
WTD AVERAGE		13.00		

\* 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**, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 14 APRIL 2006.

The market tone on tom breast meat was steady to instances firm, breast trim cautiously steady to steady, balance of white meat steady to firm. Demand on fresh tom breast meat was moderate to good with some buyers forced to buy additional loads due to the short holiday processor schedules, breast trim light to moderate, balance of white meat moderate to good. Offerings of breast trim mixed, balance of white meat short to instances adequate. The market tone on 4-8 lb. breasts was steady to fully steady with some buyer resistance noted at the higher asking price levels. Inquiry light to moderate for the light offerings. Trading was active on fresh tom breast meat for domestic shipments, balance light to moderate. For domestic: frozen -20% Mechanically separated turkey (MST) 21, tails 34, delivered May and 25 delivered June, frozen ground drum meat 65, fresh wing meat with skin 88-95, scapula 120-133.25, fresh breast trim 127 cents delivered. For export: fresh MST 21, ground thigh trim 40, fresh tom drums 44, tom defatted gizzards 57, fresh thigh meat 70 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, APRIL 14, 2006</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>	<b>WTD AVG</b>	<b>VOLUME</b>
					<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		R	45.50	40	45.75	80
WINGS FULL-CUT - TOMS	21.00		21.00	160	21.61	218
WINGS, V-TYPE, TOM						
TAILS	25.00		25.00	104	29.31	144
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	70.00		70.00	40	65.40	1,048

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>THURSDAY, APRIL 13, 2006</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	45.50		45.50	40
WINGS FULL-CUT - TOMS	22.50		22.50	40
WINGS, V-TYPE, TOM				
TAILS		W	40.50	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	70.00		70.00	80

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>WEDNESDAY, APRIL 12, 2006</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	46.00		46.00	40
WINGS FULL-CUT - TOMS	25.00		25.00	18
WINGS, V-TYPE, TOM				
TAILS	40.50		40.50	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	63.50-69.00		64.81	928

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>TUESDAY, APRIL 11, 2006</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		F	46.00	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		F	25.00	104
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	67.02	2,372

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>MONDAY, APRIL 10, 2006</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		F	46.00	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS		F	25.00	104
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	67.02	2,372

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.