



Russia

The United States (U.S.) and Russia reached an agreement on Friday, November 10, 2006 on Russia's eventual entry in to the World Trade Organization (WTO). However, talks continued to ensure the bilateral agreement was signed at a summit of the Asia-Pacific Economic Cooperative (APEC) forum in Hanoi, Vietnam. The agreement was signed on Sunday, November 19, 2006 in Hanoi, Vietnam during the APEC summit by Russia's Economy Minister German Greff and U.S. Trade Representative Susan Schwab before a meeting between Russian President Vladimir Putin and U.S. President George Bush. The U.S. was the last major country to achieve a bilateral agreement with Russia on its quest to join the WTO.

Russia, the largest economy outside the 149 member WTO, has been negotiating since 1994 for entrance first into the general Agreement on Tariff and Trade (GATT) and then to the WTO. With the completion of negotiations with the U.S., Russia has completed bilateral talks with 58 of the 60 member Working Party of the WTO. The 2 remaining countries Russia has to complete negotiations with are Moldova and Georgia – both of which Russia has trade disputes with.

After Russia has reached agreements with Moldova and Georgia, Russia must complete multilateral negotiations with the WTO as whole on a comprehensive working party report and protocol of accession. It is estimated to an additional 6 months to little more than a year for the process to be finished. The agreement must also be ratified the U.S. Congress and in Russia before membership is complete. Even though the U.S. Congress could not approve the agreement, they do not have the power to block Russia's accession to the WTO.

Besides approving the agreement, Congressional action is also necessary for the United States to grant Permanent Normal Relations (PNTR) to Russia according to WTO rules. In order to grant PNTR to Russia the Jackson-Vanik Amendment may have to be repealed. The Jackson-Vanik Amendment is contained in Title IV of the 1974 trade Act. It effectively denies unconditional normal trade relations to certain countries, including Russia, that had non market economies and that restricted emigration rights. Normal trade relations may be extended, on a conditional basis, to a country subject to the law only if the President determines that it complies with the freedom of emigration requirements of the amendment. Semi-annual reports on continued compliance of that country must be submitted to Congress. The President may also waive the requirements. Since 1994, Russia has been found in compliance with the freedom of emigration requirements. Ending the application of the Jackson-Vanik amendment to Russia requires legislation by Congress.

In signing the agreement, Russia has agreed to lower tariffs by about 3% on manufactured and agricultural products. However, Russia will maintain the right to extend U.S. quotas on U.S. meat after 2008 and the U.S. has agreed to let Russia inspect meat production facilities in the U.S.

However, previously Russia and the U.S. jointly inspected all pork or poultry facilities that wanted to export product to Russia. The process prevented exports from new plants, or plants needing to remedy a deficiency found during the joint audit, until the next joint inspection occurred.

Under the new agreement USDA's Food Safety Inspection Service (FSIS) is authorized to certify new facilities and/or facilities needing to remedy a deficiency found in the annual joint audit by USDA and Russian officials. If a facility fails a joint inspection it will be de-listed until it is recertified by FSIS. The agreement also implements a new process whereby the annual joint audits will review up to 50% of the newly certified facilities FSIS approved since the last inspection; up to 100% of the facilities that at the most recent (previous) joint inspection were found deficient but in the interim were approved by FSIS; and 10-15% of the other facilities currently eligible to export pork and poultry to Russia.

The need to inspect U.S. meat production facilities is a result of continued concern from Russia about the sanitary concerns used in imports of meat from Russia. Diseases of specific mention were pork and beef diseases flesh worm and mad cow. Russian Agriculture Minister Alexei Gordeyev has indicated that should there be violations or even suspicions of violations of the delivery of non-quality or dangerous products and they have the right to stop import of such products according to international veterinary standards.

The U.S. presently enjoys concessions under the Bilateral Meat Agreement signed in 2005 that will remain in force until 2009 when the Bilateral Access Agreement will come into force. The Bilateral Meat agreement allowed for quotas of 1.2 billion metric tons (MT) of poultry meat, 450,000 MT of beef and 502,000 MT of pork. Currently the U.S. has guarantees for about 75% of Russia's total poultry imports. The amount Russia imports from the U.S. may change in the future because they are presently engaging in discussions with both Columbia and Mexico that would allow them to export meat to Russia.

While negotiations were occurring for U.S. approval of Russia's entry into the WTO, poultry consumption of meat in Russia started increasing to 4% in June, 2006 after dropping following the outbreaks of avian influenza at the end of 2005. Poultry production also increased in the first 9 months of the year to almost 19%. The increase in poultry production almost reached the 1990 level of 180,000 MT. A mile stone that has not been reached since. Egg production increased 2.8% from January-July, 2006 over the same period last year to 22.6 billion eggs. Broiler production is expected to grow 18% in 2007 and turkey production is also growing with new production facilities being constructed. Meanwhile, poultry imports during January-August, 2006 period fell to 818,000 MT from 834,000 MT from the same period last year.

Sources: various news sources

INSPECTED EGG PRODUCTS-

U.S. & CANADA IMPORT/EXPORT TRADE

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

Week Ending November 11, 2006	2006		Year-To-Date	
TYPE	2006	2005 1/	2006 2/	2005
Liquid	303	357	10,580	15,862
Frozen	0	0	172	59
Dried	20	0	600	727
Total	323	357	11,352	16,648

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

Week Ending November 11, 2006	2006		Year-To-Date	
TYPE	2006	2005 1/	2006 2/	2005
Liquid	445	73	4,319	6,204
Frozen	5	0	899	586
Dried	0	0	66	371
Total	450	73	5,284	7,161

Inspected Shell Eggs

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

Week Ending November 11, 2006	2006		Year-To-Date	
TYPE	2006	2005 1/	2006 2/	2005
Jumbo	0	0	150	174
Extra Large	2,010	1,670	79,611	187,854
Large	2,396	2,360	153,650	326,155
Medium	2,454	892	78,366	106,113
Ungraded	2,880	12,114	212,738	209,500
Misc	0	0	6,975	9,753
Total	9,740	17,036	531,490	839,549

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./CANADIAN LIVE POULTRY SLAUGHTERED UNDER INSPECTION

W/E 11-Nov-06 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	955	1,600	2,555
Last Week	975	1,562	2,537
Same week yr ago	1,296	1,427	2,723
To-date/2006	48,740	67,182	115,922
To-date/2005	64,835	63,992	128,827

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	127	0	127
Last Week	110	0	110
Same week yr ago	165	0	165
To-date/2006	6,753	43	6,796
To-date/2005	11,723	60	11,783

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	1,082	1,600	2,682
Last Week	1,085	1,562	2,647
Same week yr ago	1,461	1,427	2,888
To-date/2006	55,493	67,225	122,718
To-date/2005	76,558	64,052	140,610

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.

CHICKEN WITH SKIN ADDED November 17, 2006

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	17.00	61,200	-
WTD AVERAGE		17.00		
15-20%				
RANGE	15.00-20.00	10.50-16.00	1,714,800	963,200
WTD AVERAGE	16.21	12.41		
15-20%				
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.

CHICKEN WITH SKIN ADDED November 17, 2006

FAT CONTENT	--- PRICES ---		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	16.00	16.00	293,000	52,000
WTD AVERAGE	16.00	16.00		
15-20%				
RANGE	15.50-21.00	12.00-16.00	2,424,000	1,664,000
WTD AVERAGE	16.66	13.74		
20% OR MORE				
RANGE	-	13.00-14.00	80,000	-
WTD AVERAGE		13.50		

* 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 INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 17 NOVEMBER 2006.

The market tone on tom bulk parts mostly steady. Demand moderate on tom drums, light to moderate on tom wings and light on tom necks. Offerings of tom bulk parts light to adequate. The market tone on rib breasts was mostly steady for the light buyer inquiry. The market tone on thigh meat and mechanically separated turkey was steady to barely steady with light buyer interest noted. Offerings available for most export destinations. For export: fresh tom drums 38-41 and fresh thigh meat 95 delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, NOVEMBER 17, 2006	RANGE	CODE 1/	PRICE	(000)	PRICE	(000)
DRUMSTICKS, TOMS	41.00		41.00	40	41.30	568
WINGS FULL-CUT - TOMS		R	32.00	144	32.89	352
WINGS, V-TYPE, TOM		W	48.19	676	48.24	1,404
TAILS		T	29.00	40	30.00	80
MECHANICALLY SEPARATED 2/	14.00-16.50		14.32	310	15.06	630
THIGH MEAT - FROZEN	95.00-99.00		96.67	120	95.25	504

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, NOVEMBER 16, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	39.00-39.50		39.38	160
WINGS FULL-CUT - TOMS	32.00		32.00	144
WINGS, V-TYPE, TOM		W	48.19	676
TAILS		T	29.00	40
MECHANICALLY SEPARATED 2/		T	15.09	92
THIGH MEAT - FROZEN	93.50-95.00		94.15	184

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, NOVEMBER 15, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	45.00		45.00	156
WINGS FULL-CUT - TOMS		M	33.50	208
WINGS, V-TYPE, TOM	47.50-48.50		48.19	676
TAILS		T	29.00	40
MECHANICALLY SEPARATED 2/		T	15.09	92
THIGH MEAT - FROZEN	95.00-96.00		95.40	200

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, NOVEMBER 14, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		M	40.09	212
WINGS FULL-CUT - TOMS		M	33.50	208
WINGS, V-TYPE, TOM	49.00		49.00	208
TAILS	29.00		29.00	40
MECHANICALLY SEPARATED 2/	14.00-16.50		15.09	92
THIGH MEAT - FROZEN		R	95.00	80

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, NOVEMBER 13, 2006	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	38.00-45.00		40.09	212
WINGS FULL-CUT - TOMS	33.50		33.50	208
WINGS, V-TYPE, TOM	48.00		48.00	520
TAILS	31.00		31.00	40
MECHANICALLY SEPARATED 2/	15.00-17.00		16.05	228
THIGH MEAT - FROZEN		R	95.00	80

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.