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Organic Poultry

World interest in organic farming has been rapidly growing for almost two decades and organic farming is practiced in over 100 countries. In 1999, the Codex Alimentarius Commission endorsed the Guidelines for Organically Produced Foods and FAO started its Organic Agriculture Program the same year. As of February 2006, 43 countries had operational regulations on organic agriculture and 16 other countries had programs in various stages of development.

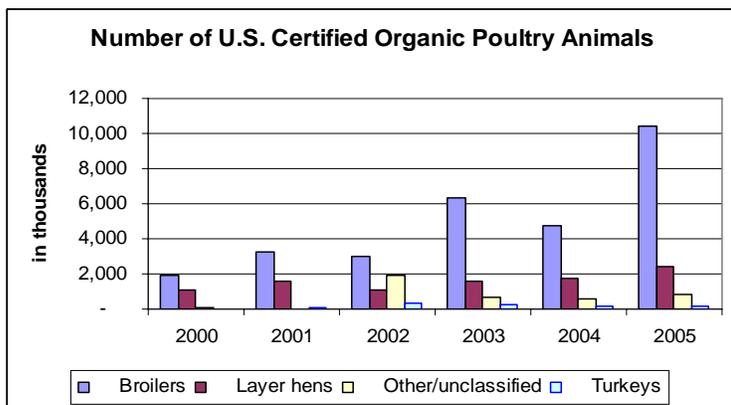
In 2003, EU-15 certified broilers and layers were over 9 million and 6 million respectively. France ranked first with 5.1 million broilers; the UK was second with 1.4 million broilers. France had 1.3 million laying hens. The farm gate premium for organic eggs averaged 132%, and ranged from 25% in Austria to 329% in Greece. In 2002 in Austria, only 6.6% of all eggs sold were organic. For the first four months of 2005 this share climbed to 16.5%. For January-April 2005, the average price per kilogram in Euros was 4.20, up 12.4% from the same period a year earlier and 57.7 % higher than the price of conventional eggs.

Eggs and poultry are now the fastest growing organic food products in the U.S., despite high costs and shortages of organic feed grains and other challenges in production and marketing. Organic poultry and egg sales are less than one percent of total sales, but organic egg sales are expected to increase nearly 40 percent and poultry sales to more than triple by the end of the decade.

U.S. Market Share for Organic Eggs, 2003

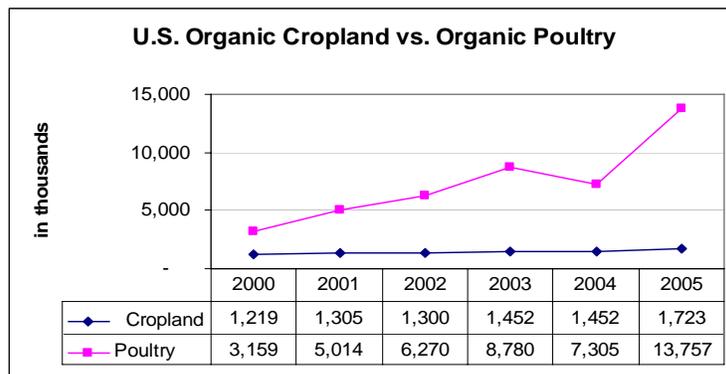
Top 10 companies	70%
Top 5 companies	55%
Top 2 companies	33%

Certified organic poultry meat nearly quadrupled in the U.S. between 2000 and 2005, to over 13 million certified birds. Even with the increase in production, the limited supplies compared to the growing demand resulted in average price premiums to first receivers (retailers, distributors, manufacturers) of 200 percent for organic broilers and 278 percent for organic eggs.



Production costs are also higher for organic eggs and poultry. Organic feed typically costs 50 to 100 percent more than conventional feed, and accounts for up to 70 percent of the cost of

raising organic chickens. Increasing demand and unfavorable growing conditions recently resulted in some shortages and even higher prices for organic grain and soybeans in the U.S.



Source: Food and Agriculture Organization of the United Nations; International Task Force on Harmonization and Equivalence in Organic Agriculture; USDA Foreign Agricultural Services; European Commission; USDA Economic Research Service; Stiftung Ökologie & Landbau (SÖL) - Foundation Ecology & Agriculture

Mexico and NAFTA

The North American Free Trade Agreement, which began in 1994, will reach full implementation in 2008. Next year, restrictions placed on U.S. poultry exports to Mexico will be eliminated. Mexican producers are braced for stiffer competition, especially with the current high corn prices. Prices in Mexico are considerably higher than U.S. poultry market prices. The National Poultry Growers Union (UNA) will try to focus on exploiting the difference between domestic and imported products, basically a "fresh vs. frozen" competition.

Source: USDA/FAS Attaché Report

Central American Poultry Export Quotas

An export trading company was created to administer CAFTA quotas for chicken leg quarters. The Central America Poultry Export Quota, Inc (CA-PEQ) was created in 2006 and the first two auctions for shipment were held in 2006. On February 27, 2007, the Department of Commerce amended the CA-PEQ Export Trade Certificate of Review to permit publication of the names of firms that have been awarded quota rights in the open-tender auction process.

In January 2007, TRQ certificates were awarded to six companies and in May 2007, TRQ certificates were awarded to three companies. Information is available at <http://www.ca-peq.org>.

TRQ Auction Awards Accepted Bids (per metric ton)

Year	Low	Average	Volume
2007 January	\$66.12	\$79.70	7,266 MT
2007 May	\$47.39	\$90.69	7,266 MT
2006 Total	\$25.00	\$69.95	16,896.45 MT

Source: Central America Poultry Export Quota, Inc; Federal Register; USDA Foreign Agricultural Service

**INSPECTED EGG PRODUCTS-
U.S. & CANADA IMPORT/EXPORT TRADE**

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

Week Ending May 12, 2007	Year-To-Date			
Type	2007	2006 /1	2007 /2	2006
Liquid	53	258	2,163	3,789
Frozen	0	0	7	125
Dried	40	0	209	187
Total	93	258	2,379	4,101

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

Week Ending May 12, 2007	Year-To-Date			
Type	2007	2006 /1	2007 /2	2006
Liquid	392	86	5,654	1,116
Frozen	0	4	190	373
Dried	40	0	391	41
Total	432	90	6,235	1,530

Inspected Shell Eggs

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

Week Ending May 12, 2007	Year-To-Date			
	2007	2006 /1	2007 /2	2006
Jumbo	0	0	0	150
Extra Large	720	1,906	13,469	30,886
Large	2,258	8,566	27,547	48,611
Medium	570	2,550	18,815	30,515
Ungraded	0	8,040	17,060	44,804
Misc	0	0	2,425	2,580
Total	3,548	21,062	79,316	157,546

/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 & Analysis

**U.S./Canadian Live Poultry Slaughtered Under Inspection
W/E 12-May-07 (PRELIMINARY)**

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,026	1,604	2,630
Last Week	1,232	1,324	2,556
Same week yr ago	1,226	1,509	2,735
To-date/2007	21,225	25,931	47,156
To-date/2006	22,631	27,417	50,048

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	293	0	293
Last Week	294	0	294
Same week yr ago	208	0	208
To-date/2007	4,286	14	4,300
To-date/2006	4,459	10	4,469

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	1,319	1,604	2,923
Last Week	1,526	1,324	2,850
Same week yr ago	1,434	1,509	2,943
To-date/2007	25,511	25,945	51,456
To-date/2006	27,090	27,427	54,517

Source: USDA AMS Poultry Programs, Market News & Analysis Branch

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

May 18, 2007

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ----		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	17.50	17.00	162,400	40,000
WTD AVERAGE	17.50	17.00		
15-20%				
RANGE	18.00-20.00	11.00-16.00	2,075,200	652,800
WTD AVERAGE	19.14	12.36		
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
FOB SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

May 18, 2007

CHICKEN WITH SKIN ADDED

FAT CONTENT	---- PRICES ----		---- VOLUME ----	
	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	17.00	17.00	501,600	261,600
WTD AVERAGE	17.00	17.00		
15-20%				
RANGE	15.00-21.00	11.00-16.00	1,930,400	850,400
WTD AVERAGE	17.81	13.78		
20% OR MORE				
RANGE	-	14.00	80,000	-
WTD AVERAGE		14.00		

* 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, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 18 MAY 2007.

The market tone on white meat was steady to firm, mostly steady to fully steady. Demand moderate to good. Offerings of fresh tom breast meat light to adequate, balance of items short to light. Some further processors continued to re-arrange schedules for the upcoming holiday weekend. Trading was active on tom drums for domestic and export shipments and on fresh tom breast meat for domestic deliveries, balance slow to moderate. For domestic: tails 27-32 mostly 27, mixed gizzards 73, fresh scapula 121, Grade A non-basted 8-10 lb. breasts 130 and 12-16 lb. 190 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, MAY 18, 2007	RANGE	CODE 1/	PRICE	(000)	WTD AVG	VOLUME
					PRICE	(000)
DRUMSTICKS, TOMS	52.00-53.00		52.25	424	51.95	574
WINGS FULL-CUT - TOMS		R	42.00	40	42.00	40
WINGS, V-TYPE, TOM	58.00		58.00	324,000	54.03	40
TAILS		W	27.00	40	28.20	100
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	88.00	W	26.00	40	26.00	40
			88.00	80	88.00	120

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, MAY 17, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	51.00-52.00		51.57	70
WINGS FULL-CUT - TOMS	42.00		42.00	40
WINGS, V-TYPE, TOM		T	54.00	40
TAILS		W	27.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	88.00	W	26.00	40
			88.00	40

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, MAY 16, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	50.00-51.50		50.75	80
WINGS FULL-CUT - TOMS		F	42.00	224
WINGS, V-TYPE, TOM		T	54.00	40
TAILS	27.00		27.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	26.00		26.00	40
		F	85.26	276

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, MAY 15, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		F	49.50	40
WINGS FULL-CUT - TOMS		F	42.00	224
WINGS, V-TYPE, TOM	54.00		54.00	40
TAILS	28.00-31.00		29.00	60
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	85.26	276

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, MAY 14, 2007	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		F	49.50	40
WINGS FULL-CUT - TOMS		F	42.00	224
WINGS, V-TYPE, TOM		F	55.00	260
TAILS		F	27.00	120
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	85.26	276

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.