AUGUST 11, 2009
VOL. 12 NO. 32

INTERNATIONAL EGG AND POULTRY REVIEW

ISSN 1522-5100

U.S. Department of Agriculture | Agricultural Marketing Service | Poultry Programs | Market News and Analysis Branch

U.S. – Korea Free Trade Agreement

The United States and the Republic of Korea signed a bilateral free trade agreement on June 30, 2007. Korea is a $1 trillion economy and is the United States' 7th largest trading partner. In 2008, U.S. goods exports to Korea were $34.8 billion. If approved, the Agreement would be the United States' most commercially significant free trade agreement in more than 16 years. This is the first U.S. FTA with a North Asian partner and could be a model for trade agreements in the rest of the region. The Agreement is currently pending Congressional approval.

Under the free trade agreement almost two-thirds ($1.6 billion) of current U.S. farm exports will become duty-free immediately. Other farm products will benefit from expanded market opportunities with tariff phase-outs or through tariff rate quotas.

Korean tariffs on imports of chicken cuts, including the dominant U.S. frozen leg import category, will decline from the current 20 percent to zero in 10 equal annual reductions with the exception of frozen breast and wings, which will decline in 12 equal reductions. Korean tariffs on frozen turkey cuts will decline from the current 18 percent in seven equal annual reductions. Korean tariffs on egg products (egg yolks are the key import item) will decline from the current 27 percent in 12 equal annual reductions.

Source: Office of the U.S. Trade Representative; USDA Foreign Agricultural Service;

EU – Korea Free Trade Agreement

The EU and South Korea launched negotiations for an EU-Korea free trade agreement in May, 2007. South Korea is the EU's eighth largest trade partner and the EU has become South Korea's second largest export destination. In 2008 EU goods exports to South Korea totaled €25.6 billion; EU imports from South Korea totaled €39.4 billion.

The EU and South Korea already have a Framework Agreement on Trade and Co-operation, which has been in force since April 2001, aimed at fostering growth of two way trade and investment. An Agreement on Co-operation and Mutual Administrative Assistance in Customs Matters has been in force since 1997.

In July, 2009 the two countries concluded negotiation for the free trade agreement. The EU and South Korea will meet to clarify the technical language and the next step will be a legal review. The agreement requires legislative approvals by both sides and is expected to go into effect sometime in 2010.

In 2007 imports of agricultural products from South Korea ranked 79, valued at 134 million Euros and accounted for .3% of total agricultural product imports. European exports to South Korea ranks 16, valued at 1,222 million Euros and 4.9% of total agricultural exports.

European Union Agricultural Product Trade in million Euros

	2003	%	2005	%	2007	%
World imports	78,666	8.4	85,085	7.2	93,725	6.6
Imports from South Korea	139	.5	105	.3	134	.3
Exports to South Korea					1,222	4.9

2007 EU Trade, Live Animals; Animal Products (H.S. Chapters 01-05)

	World Million Euro	South Korea Million Euro	Share of Total
Imports from	19,371	84	.43%
Exports to	13,669	402	2.94%

Source: EU Trade News Weekly Digest July 31, 2009; European Commission Trade Issues; news wires

South Korea: Imports of poultry meat and offal by country
Calendar year, in 1,000 metric tons

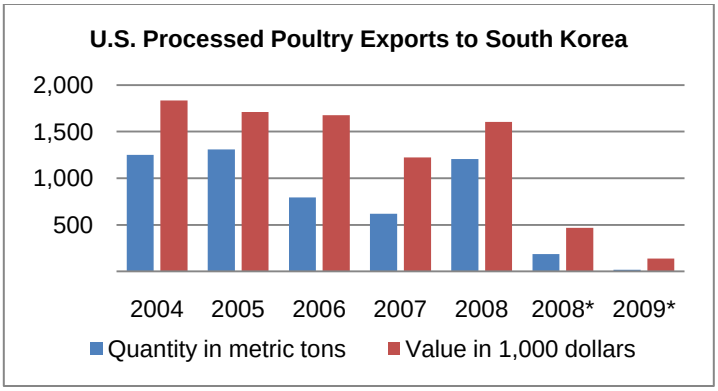
	2000	2001	2002	2003	2004	2005	2006	2007	2008
U.S.	60	54	68	49	4	23	43	24	37
Thailand	13	32	31	44	9	5	3	4	6
China	3	7	1	3	1	7	12	13	8
EU-27	0	1	1	0	20	26	5	2	3
Brazil	0	0	0	0	0	1	16	23	21
Others	1	1	1	0	0	0	0	1	0
Total	78	95	102	96	34	62	79	66	74

Source: USDA/Foreign Agricultural Service Attaché Report; World Trade Atlas, using official Korean import statistics. Includes fresh, chilled, and frozen products (HS 0207), which may be subject to an import ban because of avian influenza, and prepared meat (HS 16023, 160232, and 160239), which is not banned.

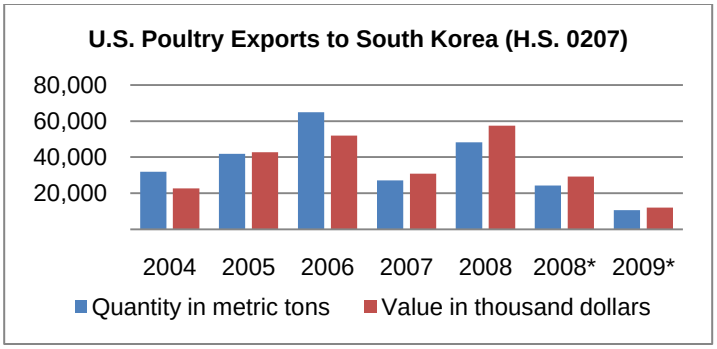
South Korea Production, Supply and Demand
Poultry, Meat, Broiler. In 1,000 metric tons

	2004	2005	2006	2007	2008	2009
Production	432	451	523	570	542	533
Total Imports	32	59	76	60	70	50
Total Exports	1	2	3	6	9	9
Total Domestic Consumption	463	508	596	624	603	574

Source: USDA/Foreign Agricultural Service



*January-May data. Processed poultry includes H.S. 160100, and 160223 Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics



*January – May data
Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

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

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

Week Ending Aug 01, 2009 Year-To-Date

Type	2009	2008 /1	2009 /2	2008
Liquid	240	0	6,494	396
Frozen	0	0	0	39
Dried	0	0	418	406
Total	240	0	6,912	841

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

Week Ending Aug 01, 2009 Year-To-Date

Type	2009	2008 /1	2009 /2	2008
Liquid	280	617	10,001	11,656
Frozen	4	22	208	349
Dried	0	0	0	393
Total	284	639	10,209	12,398

Inspected Shell Eggs

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

Week Ending Aug 01, 2009 Year-To-Date

	2009	2008 /1	2009 /2	2008
Jumbo	0	0	0	0
Extra Large	1,260	1,350	39,803	33,250
Large	3,330	1,640	82,862	39,703
Medium	1,550	60	33,137	24,791
Ungraded	11,634	2,310	159,253	217,634
Misc	0	0	6,218	1,562
Total	17,774	5,360	321,273	316,940

/1 Comparable Week, to-date figures may not total due to rounding.
/2 Includes revisions to previous week(s)
Note: Year to-date totals reflect comparable time periods.
Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

U.S./CANADIAN LIVE POULTRY- SLAUGHTERED UNDER INSPECTION

Week Ending 01-Aug-09 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	1,313	1,659	2,972
Last Week	991	1,655	2,646
Same week yr ago	1,420	1,747	3,167
To-date/2009*	38,832	44,771	83,603
To-date/2008*	42,365	48,173	90,538

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	----------Thousands----------		
Head	470	0	470
Last Week	303	0	303
Same week yr ago	450	0	450
To-date/2009*	8,954	19	8,973
To-date/2008*	10,074	38	10,112

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	1,783	1,659	3,442
Last Week	1,294	1,655	2,949
Same week yr ago	1,870	1,747	3,617
To-date/2009*	47,786	44,790	92,576
To-date/2008*	52,439	48,211	100,650

*Note: Year to-date totals reflect comparable time periods.

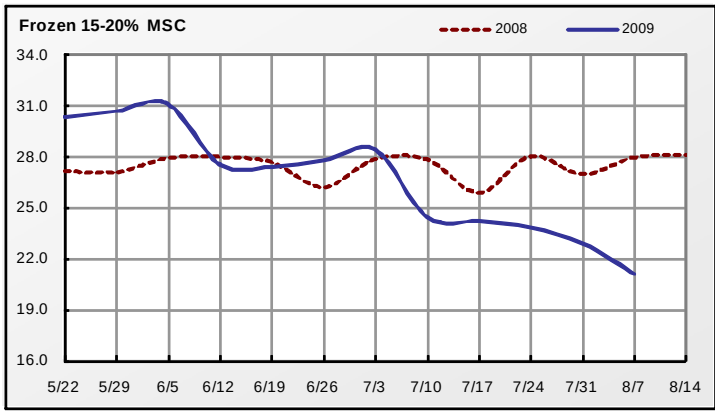
NATIONAL MECHANICALLY SEPARATED CHICKEN

(FOB Shipper Dock or equiv., negotiated prices in trucklot and less-than-trucklot volumes reported in thousand lb. quantities, cents/lb.; delivery within 2 weeks.)

The market tone was mostly barely steady to weak on all fat contents; undertone remains cautious and unsettled. Supplies of fresh and frozen 15-20% was adequate to available. The balance of fat contents was generally sufficient for needs. Cancellations continued to persist on regular contracts forcing more product onto the spot marketplace and creating challenges for most dealers. Raw material supplies were adequate to available with increased movement into other channels. Export and domestic demand was light to fair at lower trending prices. Schedules were normal. Frame values were barely steady to weak ranging mostly 7-9 cents FOB.

Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

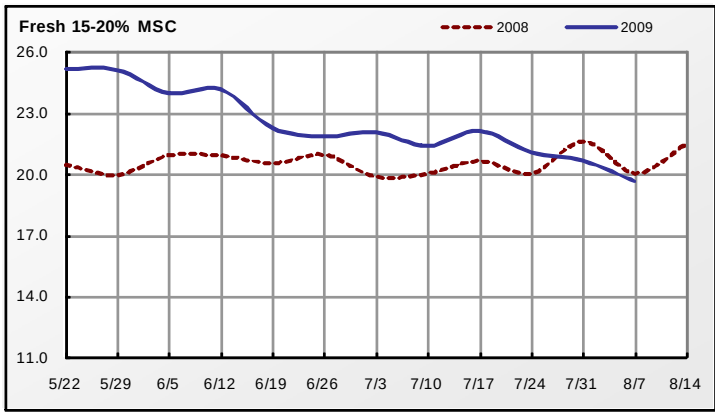
	Frozen			Fresh		
Fat Content	7-Aug-09	Last Week	Last Year	7-Aug-09	Last Week	Last Year
15% or Less						
Price Range	20.00		-	20.00 - 24.00	24.00	24.00-26.00
Wtd Avg Price	20.00		-	21.44	24.61	24.63
Volume Traded	216	-	-	250	232	321
Volume Exported	216	-	-	-	-	-
15-20%						
Price Range	17.00 - 26.00	19.00 - 29.50	26.00-30.00	17.00 - 23.00	17.00 - 24.00	18.00-25.00
Wtd Avg Price	21.11	22.90	27.93	19.64	20.67	20.06
Volume Traded	1,365	997	717	2,594	2,114	2,082
Volume Exported	1,225	877	676	490	449	265
20% or More						
Price Range	-	-	-	22.00	22.00	21.00
Wtd Avg Price			-	22.00	22.00	21.00
Volume Traded	-	-	-	82	41	122
Volume Exported	-	-	-	-	-	-



Monthly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

	Frozen			Fresh		
Fat Content	Jul 2009	Jun 2009	Jul 2008	Jul 2009	Jun 2009	Jul 2008
15% or Less						
Wtd Avg Price	-	-	30.00	25.39	28.55	23.72
Volume Traded	-	-	40	1,443	1,233	647
Volume Exported	-	-		163	216	-
15-20%						
Wtd Avg Price	24.66	28.18	27.53	21.53	23.08	20.16
Volume Traded	8,099	6,088	5,069	15,295	12,262	12,334
Volume Exported	7,299	5,371	4,269	4,769	4,692	2,830
20% or More						
Wtd Avg Price	-	-	-	22.00	22.00	-
Volume Traded	-	-	-	326	286	-
Volume Exported	-	-	-	-	-	-

Note: Volume exported refers to that portion of the total volume that is destined for export markets.



NATIONAL YOUNG TURKEY PARTS, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 07 AUGUST 2009.

The market tone on tom bulk parts and mechanically separated turkey was mostly steady with some spot strength noted on drums into export channels. Demand was light to moderate while offerings were adequate. The trade sentiment on white meat items and thigh meat was steady. Demand was slow to moderate with offerings adequate. Some renewed interest was reported with the continuation of the bonus breast meat purchase. Domestic trading centered on drums, necks and MST. Export trading was heaviest on drums and tom V-wings. Domestic: fresh wing meat 108, fresh scapula meat 108, frozen tails 27 cents delivered. Export: fresh tom breast meat 139, fresh tom drums 52, frozen hen drums 51-52, wing meat 95, tom necks 27, tom gizzards (hand cut, hand defatted) 95-98 cents delivered border or port.

EXPORT TRADING FRIDAY, AUGUST 07, 2009	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	52.00-65.00		54.82	1,066	53.45	1,590
WINGS FULL-CUT - TOMS		W	51.00	54	51.00	54
WINGS, V-TYPE, TOM	71.00-72.00		71.40	600	71.40	600
TAILS	24.00		24.00	162	24.44	182
MECHANICALLY SEPARATED 2/	30.00		30.00	80	30.00	242
THIGH MEAT - FROZEN	80.00-81.00		80.23	174	80.23	174

EXPORT TRADING THURSDAY, AUGUST 06, 2009	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	50.00		50.00	160
WINGS FULL-CUT - TOMS		W	51.00	54
WINGS, V-TYPE, TOM				
TAILS		W	28.00	20
MECHANICALLY SEPARATED 2/		W	30.00	162
THIGH MEAT - FROZEN		F	80.00	324

EXPORT TRADING WEDNESDAY, AUGUST 05, 2009	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	51.00		51.00	270
WINGS FULL-CUT - TOMS	51.00		51.00	54
WINGS, V-TYPE, TOM				
TAILS	28.00		28.00	20
MECHANICALLY SEPARATED 2/	30.00		30.00	162
THIGH MEAT - FROZEN		F	80.00	324

EXPORT TRADING TUESDAY, AUGUST 04, 2009	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	52.00		52.00	40
WINGS FULL-CUT - TOMS		F	49.60	270
WINGS, V-TYPE, TOM				
TAILS		F	28.12	134
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN		F	80.00	324

EXPORT TRADING MONDAY, AUGUST 03, 2009	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	50.00		50.00	54
WINGS FULL-CUT - TOMS		F	49.60	270
WINGS, V-TYPE, TOM				
TAILS		F	28.12	134
MECHANICALLY SEPARATED 2/				
THIGH MEAT - FROZEN		F	80.00	324

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.