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Russia Poultry Update

Poultry production in Russia rose 15% in 2007 and is projected to increase 10% in 2008 despite declining profitability in poultry production, due to rising input costs. Domestic turkey production is expected to increase 25% in 2008. Poultry meat consumption is forecast to grow 5% in 2008 as disposable incomes are increasing.

Russia is struggling to achieve balance between protecting domestic poultry producers and protecting consumers from rising food prices. In response, the Russian Poultry Union has demanded more support from the government in controlling grain prices and more protection from imports, even going as far as to ask the Ministry of Economic Development and Trade (MEDT) to impose an import duty on poultry that is 4 times higher than the current rate. On April 16, 2008 MEDT released the remaining 75% of the 2008 poultry tariff rate quota of which the US was allotted 901,400 MT for poultry. The 2008 poultry TRQ was based on the 2007 TRQ volume proportional to the average volume of poultry imported in 2005 and 2006. New companies that began importing in 2007 also received TRQ distribution in 2008.

According to GAIN Report RS8007, Russian Federal Customs Service published order No. 1642 extending the implementation date of the revised list of approved entry points authorized to handle meat imports to April 17, 2008. Many ports in the Russian Far East Customs Directorate and the North West Customs Directorate are currently missing from the list of approved entry points and are seeking inclusion. These ports handle more than 85% of Russian meat imports. It is hoped the 2 month extension will allow officials from both directorates to take the necessary actions to get their entry points added to the list.

On April 11, 2008 Russia reported 22 outbreaks of highly pathogenic avian influenza (HPAI) H5N1 in 6 of its federal subjects to the World Organization of Animal Health (OIE). The outbreaks occurred in the following federal subjects: Krasnodarskiy Kray, Kaluzhskaya Oblast, Moskovskaya Oblast, Respublika Adygeya, Rostovskaya Oblast, and Primorskiy Kray. The last reported occurrence of HPAI in Russia was in August 2006. Control measures are being taken. According to OIE, 252,300 birds were destroyed, 44,295 birds died, and 729,688 birds were deemed susceptible. Birds affected include backyard poultry, chickens, ducks, geese, turkeys, guinea fowl, pigeons, and layer and replacement chickens.

Russian export requirements for US poultry were recently changed May 2, 2008. According to USDA FSIS, fresh or frozen poultry meat derived from birds raised or processed in the State of North Carolina and slaughtered on or after May 3, 2008, is ineligible. Meat derived from birds slaughtered prior to May 3, 2008 is eligible. In addition, Russia also updated its list of eligible US plants to export poultry May 8, 2008.

Source: USDA Foreign Agricultural Service/USDA Food Safety and Inspection Service Library of Exports/OIE/Promed/Various News Wires

US Poultry Meat Exports to Russia (MT)

	CLQ	Ch Legs	Ch Other	MDT	Tky Legs	Tky Other
2004	639,710	10,734	56,541	5,813	1,173	1,698
2005	730,332	4,113	37,605	3,967	391	2,379
2006	676,642	5,134	24,442	3,555	1,027	6,128
2007	820,556	6,642	25,663	3,703	662	8,705
2008*	181,619	3,855	6,813	760	142	3,494

Note: 2008 data for January-March only. CLQ=Chicken Leg Quarters. Ch Legs=Chicken Legs excluding Leg Quarters. Ch Other=Other frozen chicken under HS0207. MDT=Mechanically Deboned Turkey Meat. Tky Legs=Frozen Turkey Legs with Bone. Tky Other=Other frozen turkey under HS0207. Source: USDA FAS

Russia

	Consumption		Population '000
	Per Capita (kg)	Domestic ('000 kt)	
1992	8.78	1,484	148,400
1995	10.86	1,830	148,490
2000	11.95	1,991	146,710
2005	16.65	2,710	142,776
2006	17.87	2,893	142,069
2007	18.21	2,932	141,378
2008	19.36	3,101	140,702
2009	20.41	3,254	140,041
2010	21.12	3,353	139,390
2015	24.43	3,786	136,010

Note: 2008 to 2015 are forecasts. kt=kilotons. Source: Population: US Census Bureau, International Database; Consumption: OECD and FAO Agricultural Outlook Database

Russia's Broiler Cut Imports HS 020714 (MT)

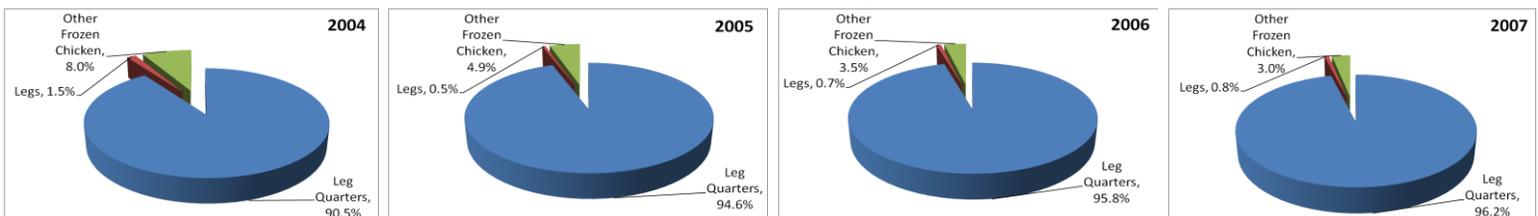
	2005	2006	2007	% of Total
US	581,369	635,880	638,591	79.0%
Brazil	114,851	95,978	96,006	11.9%
Germany	45,923	32,959	38,140	4.7%
France	7,049	5,707	9,254	1.1%
Belgium	9,222	14,466	8,003	1.0%
Netherlands	5,327	8,402	6,874	0.9%
Canada	7,839	1,860	3,884	0.5%
Finland	919	3,598	2,303	0.3%
UK	10,446	10,770	2,274	0.3%
Argentina	1,768	1,272	1,434	0.2%
Total Imports	790,728	816,075	808,439	

Russia's Turkey Cut Imports HS 020727 (MT)

France	25,499	22,075	17,202	37.8%
US	4,444	9,052	8,270	18.2%
Belgium	3,839	6,844	7,397	16.2%
Germany	4,633	8,118	6,197	13.6%
Brazil	7,993	9,290	3,909	8.6%
UK	694	5,759	1,386	3.0%
Total Imports	49,972	63,163	45,554	

Note: % of Total = Country's percentage of total Russian imports in 2007. Turkey import data from January-September only. Source: World Trade Atlas/USDA FAS

Percentage of US Broiler Meat Exports to Russia



Note: Frozen Leg Quarters HS0207140010; Frozen Legs excluding Leg Quarters HS0207140025; Other Frozen Chicken is all remaining frozen broiler meat exports under HS0207. Source: Department of Commerce, US Census Bureau, Foreign Trade Statistics/USDA FAS

INSPECTED EGG PRODUCTS-

U.S. & CANADA IMPORT/EXPORT TRADE

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

Type	2008	2007 /1	2008 /2	2007
Liquid	0	49	96	2,110
Frozen	18	0	39	7
Dried	0	0	196	169
Total	18	49	331	2,286

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

Type	2008	2007 /1	2008 /2	2007
Liquid	361	322	6,726	5,262
Frozen	3	58	237	190
Dried	40	0	160	351
Total	404	380	7,123	5,803

Inspected Shell Eggs

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

	2008	2007 /1	2008 /2	2007
Jumbo	0	0	0	0
Ex Large	2,239	720	10,179	12,749
Large	2,451	240	19,791	25,289
Medium	1,185	510	16,892	18,245
Ungraded	6,690	240	87,220	17,060
Misc	0	0	1,560	2,425
Total	12,565	1,710	135,642	75,768

/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 Branch

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

Week Ending 03 May-08 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
Head	1,226	1,756	2,982
Last Week	1,182	1,704	2,886
Same week yr ago	1,232	1,324	2,556
To-date/2008	24,950	27,318	52,268
To-date/2007	20,199	24,327	44,526

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
Head	412	11	423
Last Week	411	7	418
Same week yr ago	294	0	294
To-date/2008	5,788	30	5,818
To-date/2007	3,993	14	4,007

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
Head	1,638	1,767	3,405
Last Week	1,593	1,711	3,304
Same week yr ago	1,526	1,324	2,850
To-date/2008	30,738	27,348	58,086
To-date/2007	24,192	24,341	48,533

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

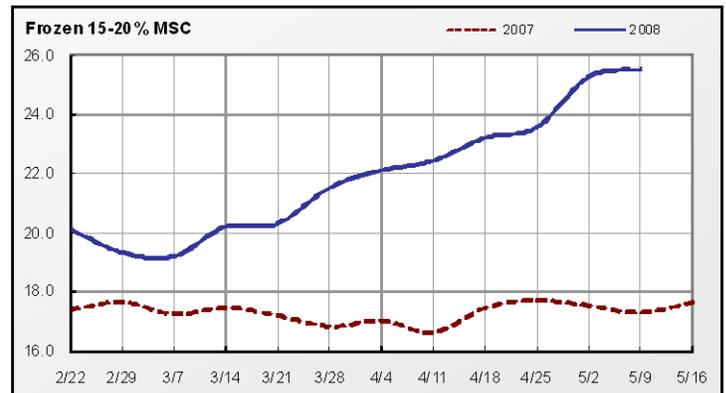
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 MSC market tone was mixed. Supplies of fresh 15-20% were adequate to more available this week with the remainder of categories in balance to well cleared. Frozen demand was fair to good. Supplies of raw materials were close with continued good interest from all users. Domestic movement was moderate. Export demand was moderate to good with most inquiry from Central American countries; Mexico steady. Schedules were mixed, ranging light to seasonally normal.

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

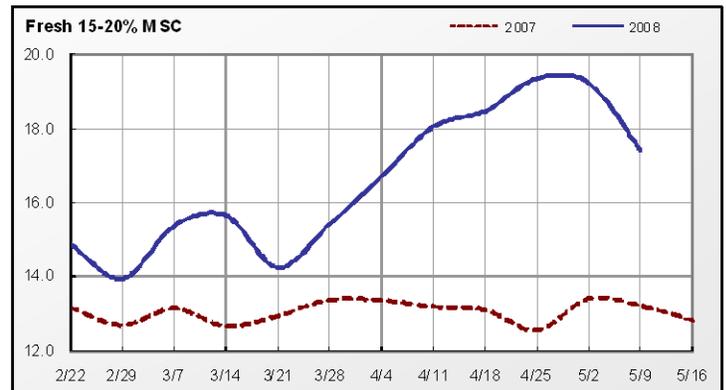
Fat Content	Frozen			Fresh		
	9-May-08	Last Week	Last Year	9-May-08	Last Week	Last Year
15% or Less						
Price Range	23.00 - 27.00	22.00	17.00-22.00	23.00 - 25.00	22.00 - 25.00	16.50-17.00
Wtd Avg Price	24.70	22.00	17.66	23.91	23.01	16.75
Volume Traded	94	53	301	202	201	320
Volume Exported	54	53	261	-	-	-
15-20%						
Price Range	21.00 - 28.25	22.00 - 28.00	15.50-21.00	11.00 - 27.00	15.00 - 26.00	11.00-16.00
Wtd Avg Price	25.50	25.27	17.65	17.40	19.23	12.82
Volume Traded	1,773	1,512	1,170	3,111	1,651	2,980
Volume Exported	1,713	1,472	988	612	501	613
20% or More						
Price Range	-	-	-	-	-	14.00
Wtd Avg Price	-	-	-	-	-	14.00
Volume Traded	-	-	-	-	-	120
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Apr 2008	Mar 2008	Apr 2007	Apr 2008	Mar 2008	Apr 2007
15% or Less						
Wtd Avg Price	20.77	18.77	17.13	21.89	19.04	16.57
Volume Traded	216	215	1,129	912	1,010	1,669
Volume Exported	216	215	1,049	-	-	-
15-20%						
Wtd Avg Price	22.69	20.43	17.36	18.04	15.08	13.06
Volume Traded	7,926	7,601	5,273	12,004	7,548	11,494
Volume Exported	6,493	6,640	4,253	3,263	899	1,224
20% or More						
Wtd Avg Price	-	-	-	18.43	17.00	14.00
Volume Traded	-	-	-	286	408	320
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 09 MAY 2008.

The market tone on fresh tom breast meat was steady to barely steady, breast trim steady to instances fully steady, destrapped tenderloins steady with increased strength noted, balance of white meat steady. Some increased demand was noted on fresh tom breast meat as some processors start working ahead for Memorial Day Holiday processing schedules. Improved interest was also noted on breast trim and fresh destrapped tenderloins, balance of white meat slow to instances moderate. Offerings of tom breast meat adequate to fully adequate, fresh destrapped tenderloins light to adequate with some substituting breast meat for tenderloins, breast trim short to light with buyers purchasing breast pieces instead of trim due to the tightness of product, balance of white meat adequate. Domestic trading was moderate on tom bulk parts and fresh mechanically separated turkey balance light. Export trading light to moderate. For domestic: tails 31, fresh tom necks 38, fresh tom wings 48, breeder wings 48, mixed defatted gizzards 80, fresh scapula 99-112 mostly 99-105.50, fresh breast trim 121-133 mostly 121 cents delivered. For export: fresh tom drums 53, tom defatted gizzards 92 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, MAY 09, 2008	RANGE	CODE 1/	PRICE	(000)	WTD AVG	VOLUME
					PRICE	(000)
DRUMSTICKS, TOMS	53.00-57.00		55.86	378	55.89	708
WINGS FULL-CUT - TOMS	48.00		48.00	165	48.00	165
WINGS, V-TYPE, TOM	60.25-61.00		60.56	264	61.93	800
TAILS	32.00		32.00	40	30.36	280
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		W	103.75	216	104.38	432
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
THURSDAY, MAY 08, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS	53.50-57.00		54.67	60		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM	61.00		61.00	104		
TAILS		W	31.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		W	103.75	216		
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
WEDNESDAY, MAY 07, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		T	53.00	54		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		M	63.00	432		
TAILS	31.00		31.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	103.00-105.00		103.75	216		
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
TUESDAY, MAY 06, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS	53.00		53.00	54		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		M	63.00	432		
TAILS	32.00		32.00	80		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		M	105.00	216		
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
MONDAY, MAY 05, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS	57.00		57.00	216		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM	63.00		63.00	432		
TAILS	28.50		28.50	120		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	105.00		105.00	216		

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.