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The European Union

Broiler production in the EU is expected to increase in 2008 while turkey production continues to slow. The EU-27 will be a net importer of broiler meat in 2008 and 2009 due to rising imports from Brazil and Thailand coupled with fewer exports to the Middle East. Broiler meat consumption is expected to grow 2% in 2008 and 1% in 2009; turkey meat consumption is expected to fall 2% in 2008 and continue its downward trend in 2009.

Broiler production is expected to increase in most Member States. In 2009, broiler production expected to grow only 1-2%, in line with consumption. The German broiler industry successfully promoted D/D/D origin labeling (born/raised/slaughtered in Germany) to the extent that slaughter companies in Germany are looking for new contract producers. Production in Benelux and France is buoyant driven by higher domestic demand and higher intra-EU exports, especially to Romania and Bulgaria where EU broiler meat is replacing banned U.S. imports. The U.S. lost a 100,000 MT market in Romania and Bulgaria after they joined the EU.

The poultry industry has been more successful at passing on higher feed and energy costs to retailers and consumers as broiler meat remains competitively priced compared to beef, lamb and pork. An abundant EU grain crop should result in lower feed prices in 2009. As meat prices stabilize, consumers may increase beef consumption at the expense of poultry.

EU-27 Poultry Meat Production and Consumption* In thousand metric tons

	2007	2008	2009
Broiler			
Production	8,250	8,400	8,495
Consumption	8,269	8,450	8,565
Turkey			
Production	1,790	1,760	1,750
Consumption	1,768	1,735	1,730

*Post estimates, not official data

Brazil and Thailand won a WTO case against an EU reclassification of "salted" chicken cuts, which had significantly raised the import duty. In July 2007, the EU created a new regime for imports of salted poultry meat, preparations of turkey meat and cooked chicken meat into the EU, primarily from Brazil and Thailand.

The new annual tariff rate quota (TRQ) for salted poultry meat (HS code 0210 99 39) at a bound rate of 15.4% was allocated as follows: 170,807 tons from Brazil; 92,610 tons from Thailand; and 828 tons from third countries. In addition, a TRQ for preparations of chicken meat (HS 1602 32 19) at a customs duty of 8% was created representing 79,447 tons annually from Brazil; 160,033 tons from Thailand and 11,433 tons from other countries.

The TRQs for salted poultry and preparations of chicken meat both filled in 2007 and are expected to fill again in 2008, with the exception of salted broiler meat from Thailand, which remains limited due to AI-related import restrictions. Some experts expect EU broiler imports to stabilize following the implementation of the tariff rate quotas; others believe that over-quota imports could increase if EU domestic prices remain high, despite an additional tariff rate of one Euro per kilogram.

Source: USDA FAS/Department of Commerce

Thailand and the EU

Thai poultry exporters are concerned that the EU import quota may limit export growth in the near future and have urged their government to negotiate with the EU to raise import quotas for cooked chicken. However, there is no current plan for quota negotiations between the Thai Government and the EU. Thailand has quota for 92,610 tons of salted poultry, but Thailand has only been able to export cooked products to the EU since 2004 due to detections of high path avian influenza.

The World Animal Health Organization (OIE) initiated the concept of compartmentalization to facilitate international trade. Thailand continues to pressure major importing countries, such as the EU and Japan, to accept the compartmentalization practice to allow Thailand to export raw/uncooked chicken meat, regardless of the Avian Influenza country status.

Trade sources in the Thai Broiler Processing Exporters Association reported that Department of Livestock Development (DLD) approved two Thai integrating companies to be qualified for a compartmentalization audit. OIE representatives reportedly verified the Thai system in mid 2008 and representatives from the DLD and the association have discussed compartmentalization initiatives as a pilot project with both Japan and the EU.

Cooked chicken exports to the EU have grown steadily over the past few years, since the EU banned frozen chicken in 2004 due to outbreaks of highly pathogenic avian influenza in Thailand.

Source: USDA FAS/Department of Commerce, news wires

China and the EU

The European Commission adopted the decision to allow poultry treated to a minimum temperature of 70 degrees Celsius (158 degrees Fahrenheit) to be imported from the Chinese Province of Shandong. This followed several inspection missions carried out by the Commission's services in China that showed the competent authorities in China, in particular in the Province of Shandong, are sufficiently well structured to deal with the animal health status of poultry.

Local media reported nine companies in Shandong had permission to sell heat-treated poultry to the EU. An official with the Shandong provincial department of trade estimated China's annual export of the heat-treated products would total 100,000 tons worth US\$1 billion. Shandong exported US\$ 430 worth of poultry meat last year, half of the national total. Its heat-treated poultry meat exports accounted for 60% of the country's exports.

The EU banned Chinese poultry in August 1996 due to sanitary and phytosanitary (SPS) concerns. Prior to the ban China's average annual poultry meat exports to the EU amounted to 50 thousand metric tons, according to about one-sixth of China's total poultry exports. The ban continued due to a series of problems related to drug residues and other health concerns. In 2004 the EU agreed to ease imports after China put in place a range of corrective measures, but the EU maintained a ban due to outbreaks of highly pathogenic avian influenza in China.

Source: Official Journal of the European Union; USDA Foreign Agricultural Service; news wires

INSPECTED EGG PRODUCTS-

U.S. & CANADA IMPORT/EXPORT TRADE

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

Type	Year-To-Date			
	2008	2007 /1	2008 /2	2007
Liquid	51	0	544	2,711
Frozen	0	0	39	25
Dried	4	1	410	448
Total	55	1	993	3,184

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

Type	Year-To-Date			
	2008	2007 /1	2008 /2	2007
Liquid	326	137	13,284	11,376
Frozen	0	0	398	263
Dried	0	0	393	659
Total	326	137	14,075	12,298

Inspected Shell Eggs

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

	Year-To-Date			
	2008	2007 /1	2008 /2	2007
Jumbo	0	0	0	0
Extra Large	1,920	1,110	43,450	31,669
Large	2,150	2,180	49,025	55,336
Medium	2,010	990	31,586	36,923
Ungraded	13,143	0	248,777	57,272
Misc	2,792	0	5,974	7,105
Total	22,015	4,280	378,812	188,305

/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 30-Aug-08 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,239	1,708	2,947
Last Week	1,401	1,875	3,276
Same week yr ago	1,034	1,563	2,597
To-date/2008	48,842	56,411	105,253
To-date/2007	39,056	50,877	89,933

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	203	0	203
Last Week	373	4	377
Same week yr ago	186	0	186
To-date/2008	11,476	50	11,526
To-date/2007	8,865	23	8,888

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	1,442	1,708	3,150
Last Week	1,774	1,879	3,653
Same week yr ago	1,220	1,563	2,783
To-date/2008	60,318	56,461	116,779
To-date/2007	47,921	50,900	98,821

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

NATIONAL MECHANICALLY SEPARATED CHICKEN

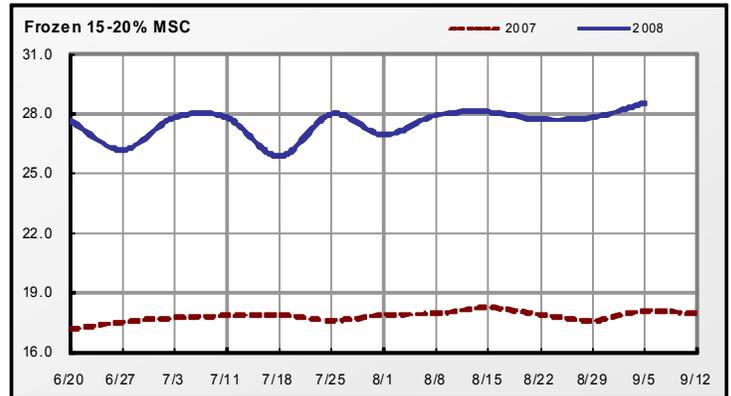
*****CORRECTION LAST WEEK'S FROZEN 15% OR LESS PRICE RANGE and MONTHLY 20% and MORE*****

(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 steady to fully steady. Supplies of fresh 15-20% were in good balance to adequate; frozen remained in close balance to tight and held with confidence. Demand for fresh and frozen product was fair to good. Supplies of raw materials continue tight. Domestic and export trading ranged fair to good, mostly fair to fairly good with most inquiry from Mexico, Central American and Asian countries. Schedules were seasonally normal. Frame values were steady trading mostly between 7 to 9 cents FOB.

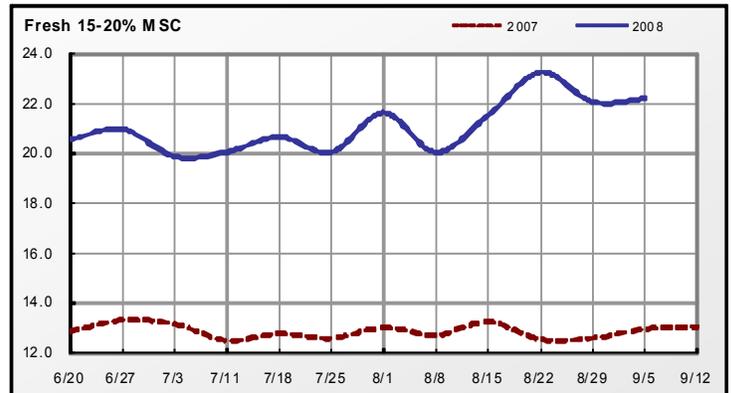
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	5-Sep-08	Last Week	Last Year	5-Sep-08	Last Week	Last Year
15% or Less						
Price Range	27.00	25.00 - 34.00	18.00	27.00 - 28.00	26.50 - 27.00	15.00-16.00
Wtd Avg Price	27.00	29.00	18.00	27.28	26.70	15.77
Volume Traded	160	320	262	283	200	345
Volume Exported	160	280	262	-	-	-
15-20%						
Price Range	24.00 - 32.00	24.00 - 31.00	16.00-21.00	20.00 - 27.00	18.00 - 27.00	11.00-16.00
Wtd Avg Price	28.55	27.84	17.94	22.23	22.08	13.05
Volume Traded	966	1,646	692	2,448	2,080	1,845
Volume Exported	734	1,246	612	523	667	694
20% or More						
Price Range	-	-	-	21.00	21.00	14.00
Wtd Avg Price	-	-	-	21.00	21.00	14.00
Volume Traded	-	-	-	82	80	80
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Aug 2008	Jul 2008	Aug 2007	Aug 2008	Jul 2008	Aug 2007
15% or Less						
Wtd Avg Price	29.00	30.00	18.35	25.52	23.72	15.94
Volume Traded	320	40	1,260	1,508	647	2,030
Volume Exported	280	-	1,097	-	-	-
15-20%						
Wtd Avg Price	27.61	27.53	17.96	21.74	20.16	12.77
Volume Traded	7,046	5,069	7,270	14,374	12,334	10,697
Volume Exported	5,761	4,269	6,564	2,757	2,830	2,336
20% or More						
Wtd Avg Price	***-***	-	-	21.00	-	14.00
Volume Traded	***-***	-	-	***522***	-	440
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 05 SEPTEMBER 2008.

The market tone on fresh tom breast meat and fresh destrapped tenderloins was about steady, frozen tom breast meat and destrapped tenderloins steady to instances weak, balance of white meat steady on frozen and steady to fully steady on fresh. Demand on fresh tom breast meat and destrapped tenderloins slow to moderate while frozen remained sluggish. Demand on the balance of white meat was light to moderate, best on fresh. Offerings of tom breast meat and destrapped tenderloins available, balance of white meat light to adequate with fresh in the best position. The market tone on 4-8 lb. breasts was steady. Demand light for the adequate offerings. The market tone on tom bulk parts was mostly steady. Demand moderate to good for domestic and export. The increased activity is resulting in better balanced inventories. The market tone on MST and thigh meat was at least steady, however, some spot unsettledness was noted on thigh meat. Demand light to moderate with supplies held with mixed confidence.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, SEPTEMBER 05, 2008	RANGE	CODE 1/	PRICE	(000)	PRICE	(000)
DRUMSTICKS, TOMS	48.00-53.00		50.64	1,688	50.97	2,668
WINGS FULL-CUT - TOMS		R	43.20	200	44.67	1,604
WINGS, V-TYPE, TOM	60.00		60.00	108	63.37	930
TAILS		R	48.00	40	45.33	120
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	103.50-104.0	F	24.00	54		
			103.90	196	104.57	344

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, SEPTEMBER 04, 2008	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	51.00-54.00		52.04	670
WINGS FULL-CUT - TOMS	42.00-45.00		43.20	200
WINGS, V-TYPE, TOM	60.00		60.00	120
TAILS	48.00		48.00	40
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	24.00	54
		W	105.46	148

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, SEPTEMBER 03, 2008	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	53.50		53.50	40
WINGS FULL-CUT - TOMS	42.00-46.00		44.86	1,134
WINGS, V-TYPE, TOM	64.00-66.00		64.75	648
TAILS	43.00-45.00		44.00	80
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	104.00-106.00	F	24.00	54
			105.46	148

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, SEPTEMBER 02, 2008	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	50.00		50.00	270
WINGS FULL-CUT - TOMS	45.00		45.00	270
WINGS, V-TYPE, TOM	61.00		61.00	54
TAILS		F	41.33	182
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	24.00	54
		F	102.00	216

~DUE TO LABOR DAY HOLIDAY~
NO EXPORT TRADING WAS REPORTED ON MONDAY, SEPTEMBER 01, 2008.

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.