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

Ukraine

Domestic Production

Ukraine's domestic poultry production in 2008 to 2009 grew 20% to 25%, which remains unchanged from last year's growth levels and is what is projected for next year as well. The growth is attributed to increases in incomes among low-income and middle-income consumers, existing domestic producers operations being fully operational, and by the restriction of imports in the end of 2007 and early 2008. Ukraine's poultry industry continues to be dominated by two large vertically integrated companies representing 70% of the country's production; however backyard poultry farming continues to be practiced as an alternative to the rural population though it is gradually diminishing.

Consumption

Poultry meat consumption continues to increase, due to rising incomes and a growing price differential between red meat and poultry items. Consumption in 2008 will continue to increase with growth expected in both retail (predominantly domestically produced chilled poultry) and further processing sectors (both imported frozen poultry and domestically produced poultry). Retail poultry prices remained relatively steady (\$4-\$6 per kilogram (kg)) despite red meat trade restrictions and increasing pork prices. After restrictions were lifted by the state in June 2008, imported products were well received by the less affluent and more rural populations at supermarkets. Additionally, it was interesting to note Ukraine's avian influenza (AI) outbreak back in January 2008 had no real significant influence on poultry consumption.

	Ukraine	US	World
Population	46	304	6,707
GDP Per Capita	\$6,900	\$45,800	\$10,000
GDP by Sector - Agriculture	9.1%	0.9%	4.0%
Per Capita Income	\$1,066	\$38,340	\$5,884
Per Capita Poultry Meat Consumption (kg)	14.25	46.44	11.25

Note: Population data is an estimate as of July 2008 and is reported in millions. All other data is for 2007. GDP = Gross Domestic Product. GDP by Sector = Gross Domestic Product composition by sector for agriculture. Source: CIA World Factbook/USDA Long Term Projections February 2008/OECD-FAO extracted September 30, 2008.

Export/Import Trade Situation

Despite the volatile trade environment in late 2007 and 2008, the revised 2007 trade estimates by FAS Kyiv were close to actual numbers. Though the trade forecast for the rest of 2008 and 2009 is subject to trade policy changes, it is certain shipments to Ukraine will be considerably higher than the previous year's levels and the poultry market will continue to be influenced and operated by supply and demand factors and not be limited by prohibitive tariffs.

The trade increases felt in June and July 2008 were a direct result of the GOU responding to intense criticism for high meat prices and high inflation after it eliminated import loopholes and Free Economic Zones (FEZs), imposed high import taxes, decreased imports triggering a supply shortage to the meat processing industry, and caused food prices to soar. It reacted by reopening the commercial poultry market and initiated the State Reserve as an appointed GOU buyer. As of August 1, 2008 the State Reserve had procured more than 60,000 tons of poultry for delivery through the end of the year.

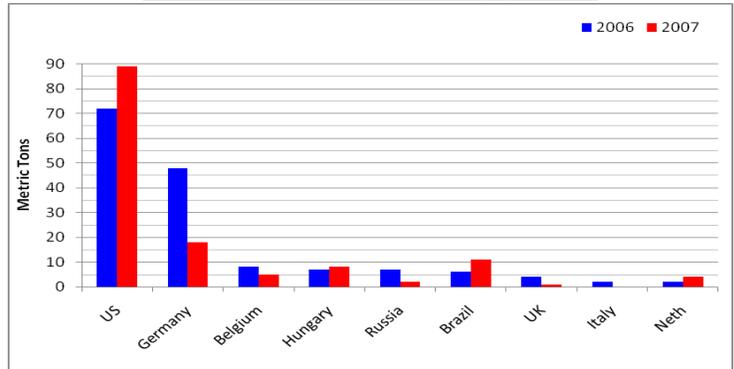
However the recent trade increases are not expected to continue due to a variety of reasons. First, Ukrainian ports will no longer be able to transship 25-30,000 tons of poultry per month due to a lack of cold storage facilities, nor will the Ukrainian market be able to accept such significant additional poultry volumes as declared by the

GOU. Consumers in Ukraine have become accustomed to chilled domestic poultry and view frozen imported poultry to be a step backwards and see the cheaper prices on frozen imported poultry to be reflective of the products quality. In addition, the State Reserve is not a business entity and will not be able to secure trading with Ukrainian retailers to sell all product contracted. Lastly, domestic producers lowered prices to consumers by 10% to 15% to retain consumer loyalty.

On a side note, Ukraine's domestic poultry producers have not only invested heavily in their operations, but they have also explored the export marketplace with its first exports to Kazakhstan in 2008. Despite a lack of profit yield and impact on domestic prices, it represents Ukraine's attempt and desire to establish market connections and a possible competitor to the US in the Former Soviet Union (FSU), Asian, and Russian markets. Furthermore Ukraine concluded WTO Accession talks in early 2008 after 14 years of negotiations. Ukraine ratified its Accession Protocol; however it rejected the WTO compliant Customs Tariff and failed to approve any compliant drafts. It did implement new WTO-agreed import custom duties with Order # 14/655-EP May 16, 2008, however the old Customs Tariff remains valid and an unresolved legal conflict.

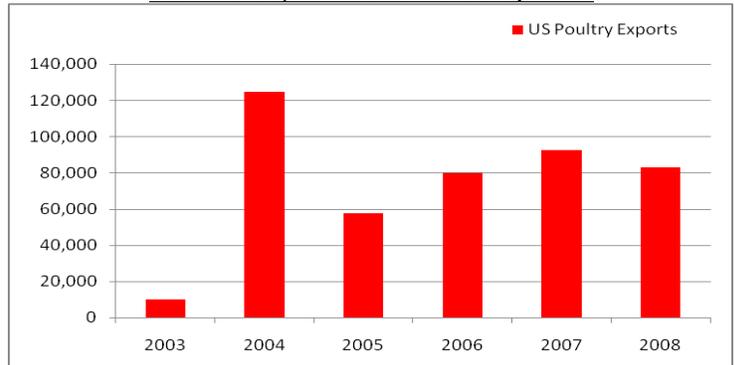
Note: GOU = Government of Ukraine. The State Reserve is a state institution responsible for storing a selected set of goods to satisfy the country's needs over special periods (i.e. war, emergency situations) as well as for stabilizing markets through commodity interventions during supply and demand imbalances or critical shortages. Source: USDA FAS/US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Ukraine's Poultry Meat Imports (Ready-To-Cook equivalent basis) HS 0207 and HS 16023 (1,000 MT)



Note: UK = United Kingdom; Neth = Netherlands. Source: Ukraine's State Statistics Committee

Total US Poultry Meat Exports to the Ukraine (HS 0207, HS 1602310030, and HS 1602320035) in MT



Note: 2008 data includes January-July, whereas the remainder is January-December. Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

**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	96	104	735	2,815
Frozen	0	0	39	65
Dried	0	0	444	489
Total	96	104	1,218	3,369

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

Type	Year-To-Date			
	2008	2007 /1	2008 /2	2007
Liquid	183	140	14,110	12,104
Frozen	5	10	414	276
Dried	80	40	553	739
Total	268	190	15,077	13,119

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	1,898	2,720	49,398	37,239
Large	4,530	3,300	58,025	58,950
Medium	2,220	1,650	35,966	42,509
Ungraded	15,132	14,520	289,319	75,638
Misc	0	0	5,974	7,105
Total	23,780	22,190	438,682	221,441

/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 20-Sep-08 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,179	1,890	3,069
Last Week	1,358	1,769	3,127
Same week yr ago	1,102	1,548	2,650
To-date/2008	52,471	61,594	114,065
To-date/2007	41,900	55,095	96,995

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	329	0	329
Last Week	357	0	357
Same week yr ago	303	0	303
To-date/2008	12,385	50	12,435
To-date/2007	9,827	26	9,853

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	1,508	1,890	3,398
Last Week	1,715	1,769	3,484
Same week yr ago	1,405	1,548	2,953
To-date/2008	64,856	61,644	126,500
To-date/2007	51,727	55,121	106,848

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

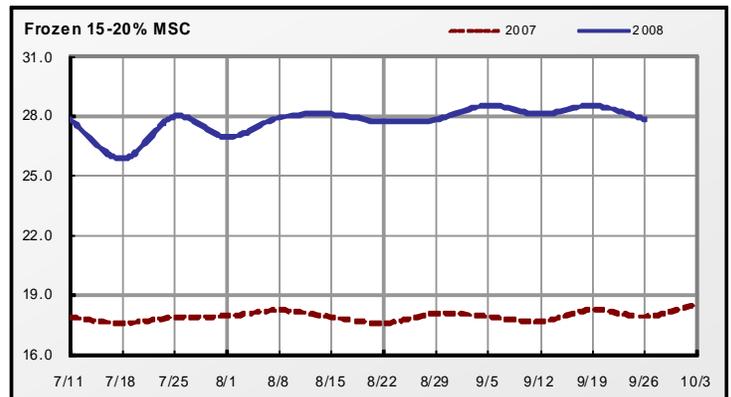
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 continues steady to fully steady. Supplies of fresh 15-20% were mostly adequate; frozen close. Demand for fresh and frozen product was fair to instances good. Supplies of raw materials remained tight. Domestic and export trading was fair to good with most inquiry from Mexico and Central American and Caribbean countries. Schedules were seasonally normal. Very few buyers and sellers have begun 2009 contract negotiation discussions these past couple weeks with little to report. The majority are waiting until October and November to begin, though it is on everyone's minds. Frame values ranged 7 to 13 cents FOB, mostly 8 to 10 cents FOB.

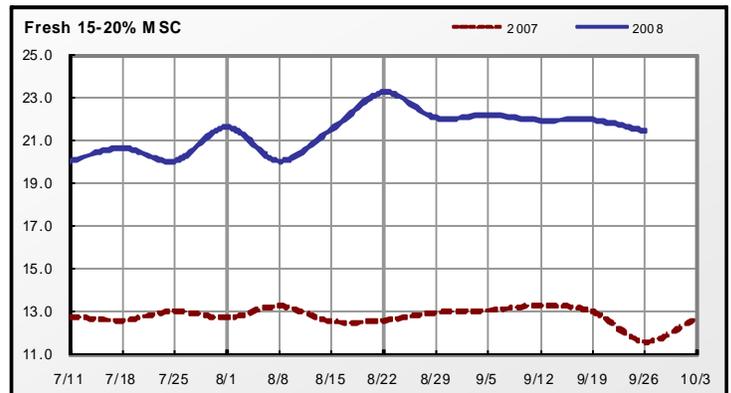
Weekly MSC Weighted Average Prices (cents/pound) and Volumes (1,000 pounds)

Fat Content	Frozen			Fresh		
	26-Sep-08	Last Week	Last Year	26-Sep-08	Last Week	Last Year
15% or Less			18.00-21.00	27.00 - 27.50	27.00 - 27.50	15.00-16.00
Price Range			18.40	27.14	27.13	15.89
Wtd Avg Price	-	-	302	282	302	354
Volume Traded	-	-	262	-	-	-
Volume Exported			25.00 - 30.00	25.00 - 35.00	16.00-21.00	17.50 - 27.00
Price Range	27.85	28.53	17.94	21.47	21.99	11.59
Wtd Avg Price	1,404	1,926	1,068	3,711	3,209	1,930
Volume Traded	1,364	1,726	988	1,155	1,223	654
Volume Exported			-	21.00	21.00	13.50-14.00
20% or More	-	-	-	21.00	21.00	13.75
Price Range	-	-	-	80	80	162
Wtd Avg Price	-	-	-	-	-	-
Volume Traded	-	-	-	-	-	-
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			18.35	25.52	23.72	15.94
Wtd Avg Price	29.00	30.00	1,260	1,508	647	2,030
Volume Traded	320	40	1,097	-	-	-
Volume Exported	280	-	-	-	-	-
15-20%			17.96	21.74	20.16	12.77
Wtd Avg Price	27.61	27.53	7,270	14,374	12,334	10,697
Volume Traded	7,046	5,069	6,564	2,757	2,830	2,336
Volume Exported	5,761	4,269	-	-	-	-
20% or More			-	21.00	-	14.00
Wtd Avg Price	-	-	-	522	-	440
Volume Traded	-	-	-	-	-	-
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 26 SEPTEMBER 2008.

The market tone on tom necks, tom breast meat and tenderloins was steady to instances weak, tom 2-joint wings steady to instances firm, balance of tom bulk parts steady to fully steady. Demand on tom necks was light, balance of bulk parts light to moderate. Offerings of parts and meats was mixed, ranging from light to adequate. Trading was slow to moderate.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, SEPTEMBER 26, 2008	RANGE	CODE 1/	PRICE	(000)	WTD AVG	VOLUME
					PRICE	(000)
DRUMSTICKS, TOMS	52.00-55.00		53.57	282	53.63	322
WINGS FULL-CUT - TOMS		R	44.00	108	44.00	148
WINGS, V-TYPE, TOM	62.00-68.00		64.00	378	64.00	378
TAILS	46.00-48.00		47.00	80	47.00	80
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	29.00		29.00	40	29.00	40
		W	103.30	134	103.21	188
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
THURSDAY, SEPTEMBER 25, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		W	54.00	40		
WINGS FULL-CUT - TOMS	44.00		44.00	108		
WINGS, V-TYPE, TOM		F	66.00	324		
TAILS		R	46.40	200		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	29.00	120		
		W	103.30	134		
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
WEDNESDAY, SEPTEMBER 24, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS	54.00		54.00	40		
WINGS FULL-CUT - TOMS	44.00		44.00	40		
WINGS, V-TYPE, TOM		F	66.00	324		
TAILS		R	46.40	200		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	29.00	120		
	103.00-104.00		103.30	134		
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
TUESDAY, SEPTEMBER 23, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		F	53.38	350		
WINGS FULL-CUT - TOMS		F	44.00	54		
WINGS, V-TYPE, TOM		F	66.00	324		
TAILS		R	46.40	200		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	29.00	120		
		M	103.00	54		
EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME		
MONDAY, SEPTEMBER 22, 2008	RANGE	CODE 1/	PRICE	(000)		
DRUMSTICKS, TOMS		F	53.38	350		
WINGS FULL-CUT - TOMS		F	44.00	54		
WINGS, V-TYPE, TOM		F	66.00	324		
TAILS		R	46.40	200		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	29.00	120		
	103.00		103.00	54		

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.