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U.S. Files WTO Case Challenging EU Restrictions on U.S. Poultry Exports

The U.S. filed a complaint with the World Trade Organization (WTO) challenging EU's ban on the import and marketing of poultry meat and poultry meat products processed with pathogen reduction treatments (PRTs) judged safe by both the U.S. and European food safety authorities. USTR Susan C. Schwab said "We have tried to address this issue through dialogue with the EU for more than eleven years, and neither the European Commission (EC) nor EU Member States have offered any legitimate, science-based reason for continuing to block our poultry."

The EU banned the use of PRTs for decontaminating poultry carcasses in 1997, but in March 2008 the European Food Safety Authority (EFSA) released an opinion that concluded there was insufficient evidence to conclude that PRTs used in the proposed conditions would lead to antimicrobial resistance. In May, 2008, the EC submitted a proposal to the Standing Committee on the Food Chain and Animal Health (SCoFAH), to allow the use of four antimicrobials for use in processing chicken carcasses. The proposal was rejected almost unanimously. In December 2008 was submitted again, and all EU Member States except the United Kingdom which abstained, voted against the proposal.

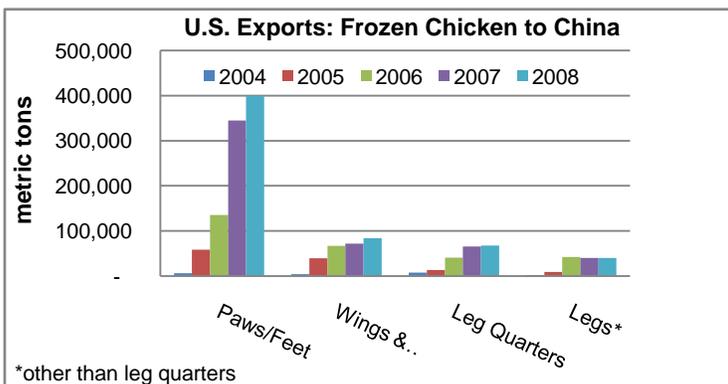
At the time the ban went into effect in 1997 the EU consisted of 15 Member States. The EU currently has 27 Member States. In 1997 U.S. poultry (HS 0207) exports totaled 2,473,128.4 metric tons. For the first 11 months in 2008 U.S. poultry exports totaled 3,651,599.6 metric tons. U.S. broiler exports in 2007 totaled 16 percent of production.

Source: U. S. Trade Representative press release; USDA Foreign Agricultural Service Attaché Report, USDA Economic Research Service; news wires

USAPEEC Hosts Banquet to Honor Chinese Poultry Traders

The USA Poultry & Egg Export Council (USAPEEC) hosted a reception dinner on January 9, 2009 in Guangzhou in appreciation of the invaluable Chinese traders of U.S. poultry products from around the country. Over 700 guests attended consisting of U.S. poultry exporters and Chinese importers as well as USDA/FAS officials.

According the China Customs data for January to November 2008, China imported 761,610 tons of poultry products valued US\$1.0 billion. The States sent over 555,703 tons valued US\$738 million.



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

Most U.S. products were chicken paws, followed by leg quarters and drumsticks, wingtips, chicken wings, turkey products and gizzards. Seventy percent of imported poultry cleared Guangdong ports such as Shenzhen port and Guangzhou port.

Insiders believe 2008 data reflects a large percentage of imported products still in stock because of recent low prices. Traders' lack of confidence in the 2009 market makes them hesitant to order big quantities for the rest of the year. According to interviewed Chinese importers, most (95-98 percent) traders suffered 20-30 percent profit losses in 2008. Chinese pork and poultry production increased in the second half of the year so imported poultry wholesale prices plummeted.

Current FOB prices (US\$ per pound)

- Paws (small):	0.40-0.50	- Paws (large):	0.70
- Drumsticks:	0.50-0.5	- Leg Quarters:	0.28-0.38

Many traders rely on "import declaration companies" to import and clear customs on their behalf. There are 73 Chinese companies which have poultry import quotas appropriated by the Ministry of Commerce (MOFCOM) as a means to control competitively priced imports. However, it is said that only 40 actually use quotas to import for themselves or for others. The rest just sell their quotas at RMB200-250 (US\$29-37) per ton to those without quotas. One trader said he was more concerned about getting enough quota than about price fluctuations. Outside of these 73, there are said to be 400-500 importers in China, 200 of which conduct business at Daluotang Wholesale Market in Guangzhou, the biggest for frozen poultry in China.

Brazilian, Argentine and European poultry products are smuggled into China via Vietnam. Rumors suggest 23 Brazilian plants are about to be allowed to enter China in 2009. In such case, U.S. products will face strong competition because Brazilian products are preferred due to cheaper prices, equal amount of meat compared to American product, less moisture because of air blast freezing system in processing, and better appearance, thanks to lower labor costs that enable hand cutting. Argentine products - paws in particular - are less competitive because they tend to be bonier.

China Imports of Poultry in metric tons

Rank	Country	CY2005	CY2006	CY2007	CY2008*
1	United States	208,299	407,456	534,284	555,703
2	Brazil	143,501	142,812	163,482	131
3	Argentina	24,188	27,701	02,090	179,6714
	Chile	2,502	9,116	4,080	15,956
5	France	2,062	1,260	0	10,149
--	World--	383,482	588,496	803,936	761,610

*CY 2008 is for Jan-Nov (Source: China Customs data)

Brazil's Ministry of Agriculture was in China in December 2008 negotiating with the deputy minister of AQSIP of China to start importing chicken meat from Brazil. Chinese inspectors had authorized several Brazilian plants to export China, but Chinese traders were unable to get licenses. China had suspended imports from Brazil out of concern exports were originating from plants not registered by AQSIP. Currently, only one Brazilian plant is eligible to export to China, but its export volume far exceeds its production ability. Brazil's manual cut and soldier layer packing of whole chicken wings are very competitive in the market industry.

Source: USDA/FAS Attaché Reports, new wires

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

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

Type	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Liquid	48	0	48	0
Frozen	0	0	0	0
Dried	40	0	40	0
Total	88	0	88	0

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

Type	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Liquid	365	304	722	634
Frozen	47	1	52	28
Dried	0	0	0	0
Total	412	305	774	662

Inspected Shell Eggs

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

	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Jumbo	0	0	0	0
Extra Large	0	0	292	0
Large	2,300	0	5,046	0
Medium	0	0	0	0
Ungraded	960	0	960	3,000
Misc	0	0	61	0
Total	3,260	0	6,359	3,000

/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

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

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

Type	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Liquid	0	0	0	0
Frozen	0	0	0	0
Dried	0	0	0	0
Total	0	0	0	0

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

Type	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Liquid	357	330	357	330
Frozen	5	27	5	27
Dried	0	0	0	0
Total	362	357	362	357

Inspected Shell Eggs

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

	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Jumbo	0	0	0	0
Extra Large	292	0	292	0
Large	2,746	0	2,746	0
Medium	0	0	0	0
Ungraded	0	3,000	0	3,000
Misc	61	0	61	0
Total	3,099	3,000	3,099	3,000

/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 17-Jan-09 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,324	1,963	3,287
Last Week	1,374	1,563	2,937
Same week yr ago	1,627	1,442	3,069
To-date/2009*	2,698	3,526	6,224
To-date/2008*	3,208	2,966	6,174

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	305	11	316
Last Week	224	0	224
Same week yr ago	360	0	360
To-date/2009*	529	11	540
To-date/2008*	533	0	533

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	1,629	1,974	3,603
Last Week	1,598	1,563	3,161
Same week yr ago	1,987	1,442	3,429
To-date/2009*	3,227	3,537	6,764
To-date/2008*	3,741	2,966	6,707

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

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

Week Ending 10-Jan-09 (Preliminary)

U.S. fowl slaughtered domestically

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,374	1,563	2,937
Last Week	984	1,054	2,038
Same week yr ago	1,581	1,524	3,105
To-date/2009*	1,374	1,563	2,937
To-date/2008*	1,581	1,524	3,105

U.S. fowl slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	224	0	224
Last Week	77	0	77
Same week yr ago	173	0	173
To-date/2009*	224	0	224
To-date/2008*	173	0	173

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	1,598	1,563	3,161
Last Week	1,061	1,054	2,115
Same week yr ago	1,754	1,524	3,278
To-date/2009*	1,598	1,563	3,161
To-date/2008*	1,754	1,524	3,278

*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 MSC market tone was steady to fully steady on all fat contents. Supplies were balanced to close. Raw materials remained tight with good inquiry. Demand and trading was moderate to fairly good with most export interest and activity from Mexico and Central American countries. Prices have been significantly higher than most of 2008 levels and have continued in the same fashion into 2009. Schedules were normal to reduced due to the MLK holiday and weather related issues earlier this week. Frame values were steady trading mostly between 10-11 cents FOB.

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

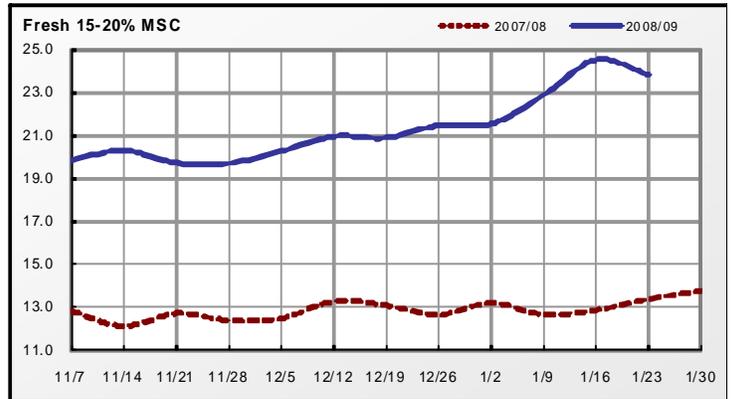
Fat Content	Frozen			Fresh		
	23-Jan-09	Last Week	Last Year	23-Jan-09	Last Week	Last Year
15% or Less			15.75	28.00 - 29.00	27.00 - 34.00	15.00-16.00
Price Range			15.75	28.32	28.93	15.70
Wtd Avg Price			54	255	440	402
Volume Traded	-	-	54	54	55	-
Volume Exported						
15-20%	26.00 - 30.00	24.00 - 34.00	16.00-21.00	21.00 - 28.00	23.00 - 29.00	11.00-16.00
Price Range	28.45	27.89	17.87	23.85	24.56	13.39
Wtd Avg Price	772	1,351	1,143	2,336	2,064	2,655
Volume Traded	421	1,151	980	490	144	1,224
Volume Exported						
20% or More				24.00	23.00	12.00
Price Range				24.00	23.00	12.00
Wtd Avg Price				80	41	82
Volume Traded						
Volume Exported						



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

Fat Content	Frozen			Fresh		
	2008	2007	2006	2008	2007	2006
15% or Less						
Wtd Avg Price	24.01	17.43	17.15	22.58	16.30	16.65
Volume Traded	3,136	14,689	9,357	13,790	20,970	21,039
Volume Exported	2,414	13,122	5,226	446	627	-
15-20%						
Wtd Avg Price	24.51	17.61	16.84	19.16	12.91	13.95
Volume Traded	78,815	81,625	83,485	140,572	126,860	80,067
Volume Exported	68,238	72,685	73,306	29,789	29,872	10,288
20% or More						
Wtd Avg Price	-	-	-	19.40	13.98	13.87
Volume Traded	-	-	-	3,408	4,690	5,767
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 23 JANUARY 2009.

The market tone on tom breast meat was steady to weak, balance of white meat steady to barely steady. Trading was slow. Offerings were fully adequate for the light demand. The market tone on bulk parts was steady to fully steady. Trading was slow to moderate. Offerings were light, instances moderate. For domestic fresh scapula 118 cents. Export: fresh tom drums 54 cents, frozen tom breast meat 140-145 cents including Russian approved, frys 80 cents, fresh mechanically separated turkey 27-28 cents, frozen scapula 114 cents, hand defatted gizzards 105 cents and hen defatted gizzards 86 cents.

FRI, JAN 23, 2009

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL (000)	WEEKLY WTD AVG PRICE	WEEKLY VOL (000)
DRUMSTICKS, TOMS	57.00		57.00	40	56.25	160
WINGS FULL-CUT - TOMS		R	51.00	121	51.50	161
WINGS, V-TYPE, TOM	59.00		59.00	108	57.20	270
TAILS	41.00		41.00	40	41.75	160
MECHANICALLY SEPARATED 2/	30.00		30.00	40	29.50	80
THIGH MEAT - FROZEN	103.00		103.00	40	103.00	120

THUR, JAN 22, 2009

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL (000)	WED, JAN 21, 2009 EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL (000)
DRUMSTICKS, TOMS	56.00		56.00	120	DRUMSTICKS, TOMS		R	54.15	208
WINGS FULL-CUT - TOMS	51.00		51.00	121	WINGS FULL-CUT - TOMS		T	53.00	40
WINGS, V-TYPE, TOM	57.00		57.00	108	WINGS, V-TYPE, TOM		T	54.00	54
TAILS	43.00		43.00	40	TAILS		T	41.50	80
MECHANICALLY SEPARATED 2/		T	29.00	40	MECHANICALLY SEPARATED 2/		T	29.00	40
THIGH MEAT - FROZEN	103.00		103.00	80	THIGH MEAT - FROZEN		R	100.00	54

TUE, JAN 20, 2009

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL (000)
DRUMSTICKS, TOMS		R	54.15	208
WINGS FULL-CUT - TOMS	53.00		53.00	40
WINGS, V-TYPE, TOM	54.00		54.00	54
TAILS	41.00-42.00		41.50	80
MECHANICALLY SEPARATED 2/	29.00		29.00	40
THIGH MEAT - FROZEN		R	100.00	54

NO EXPORT TRADING REPORTED ON MONDAY, JANUARY 19, 2008, DUE TO MARTIN LUTHER KING, JR HOLIDAY

1/ Codes for last significant trade (L.S.T.): M=Mon T=Tue W=Wed R=Thu F=Fri 2/ Product contains 15/20% fat with skin added.