



China Protests Poultry Import Provision in U.S. Budget Legislation

The Ministry of Commerce of the People's Republic of China posted a news release on March 13, 2009 concerning a "discriminative" U.S. measure on Chinese poultry imports. Zhang Xiangchen, deputy permanent representative of the Chinese WTO mission, stated he received "a specific instruction from Beijing to express the serious concern of the Chinese government about the U.S. Omnibus Appropriations Act of 2009."

A provision in the U.S. Spending bill – Section 727 of the Omnibus Appropriations Act 2009 - states "None of the funds made available in this Act may be used to establish or implement a rule allowing poultry products to be imported into the US from the People's Republic of China." The Act was approved by the U.S. House of Representative on February 25 and by the U.S. Senate on March 10.

On March 11 the Chinese WTO mission in Geneva sent a verbal note to the U.S. WTO mission. According to the note, the U.S. measure has triggered strong reactions in China, and the government is under increasing pressure from the poultry industries to "adopt related measures to poultry products imported from the United States." The note also said that China would raise complaints to the WTO and maintain the right of further measures. The European Union lifted its six year ban on Chinese cooked poultry products in 2008.

According to figures from the Chinese Ministry of Commerce, China imported 580,000 tons of chicken products from the United States in 2008, accounting for 73.4% of total chicken imports.

In 2007, the U.S. Congress prohibited USDA from moving forward on plans to issue a proposed rule allowing China's cooked poultry exports into the U.S. under Section 733 of the 2008 Omnibus Appropriations Act.

Source: Ministry of Commerce of the People's Republic of China; news wires

China Poultry and Poultry Products

FAS Beijing (Post) forecasts China's broiler meat production will rise two percent to 12.1 million metric tons (MMT) in 2009, down from earlier projections of 12.7 MMT. Production gains will be hampered by sluggish consumer demand as consumption of pork rises in response to sharply lower prices. Chinese pork production is recovering from the effects of blue ear disease in 2007 and 2008. Pork is the most popular animal protein and accounts for over 60% of China's total meat consumption.

Broiler Meat Supply and Demand, in 1,000 MT

	2007	2008	%chg	2009	% chg
Production	11,291	11,895	+5	12,133	+2
Imports	482	399	-17	399	n/c
Exports	358	285	-20	215	-25
Consumption	11,415	12,700	+11	12,317	-3

HS Codes: 020711, 020712, 020713, 020714 and 160232
Excludes chicken paws HS Code 02071422

Broiler consumption in 2009 is forecast to fall 3% to 12.5 MMT, compared to an 11% growth rate in 2008. Rising unemployment among migrant workers, a key market segment for low-priced chicken meat, will constrain demand. An estimated 20 million migrant workers became jobless in late 2008 due to the global economic slowdown.

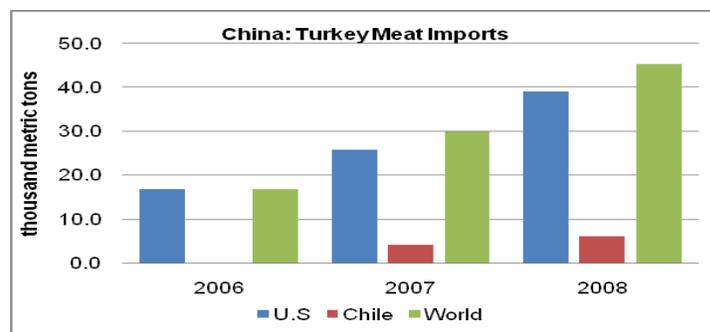
Total Chinese broiler imports in 2008, including paws, rose 2% to more than one million tons. Excluding paws, imports of broiler meat declined 17% to 399,000 tons. In 2009, U.S. exports to China will face stronger competition from Brazil and Argentina because of lower prices from South America and due to China's expected decision to resume direct imports from Brazil.

China Broiler Meat Direct Imports/Exports (Metric Tons)

	Imports (includes paws)		Exports		
	2007	2008	2007	2008	
U.S.	508,143	572,094	Japan	204,384	135,896
Argentina	102,090	192,252	Hong Kong	106,871	108,651
Chile	0	12,372	Malaysia	9,870	15,362
France	3	10,396	South Korea	11,767	6,627
Brazil	163,388	131	Bahrain	4,078	4,194
Other	15	6	Other	21,083	14,586
World	773,639	787,251	World	358,053	285,316

China's broiler exports are forecast to decrease by 24% to 215,000 MT due mainly to lower sales to Japan, which accounts for roughly half of total sales. Although the EU lifted its ban on Chinese poultry in late 2008, sale are just commencing. EU demand has been weak due mainly to comparatively high prices for Chinese chicken in the EU market.

Turkey meat imports are forecast to continue rising in 2009, up 10% to more than 50,000 tons. The U.S. accounts for nearly 90% of China's turkey meat imports. China's domestic turkey production is low, about 4,000 MT/year.



China's total poultry egg production is forecast to grow steadily by over three percent to 27.3 MMT base on a 4% increase in the previous year.

China Total Poultry Egg Production, in 1,000 metric tons

	2004	2005	2006	2007	2008	2009
Eggs	23,706	24,381	24,240	25,290	26,380	27,330

Source: National Statistics Bureau

After experiencing good profits in 2007 and the first half of 2008, slower economic growth and egg oversupplies pushed egg prices downward in the latter half of 2008. Current domestic egg prices are slightly below feed costs. China is a net table egg exporter with Hong Kong and Macau accounting for 90% of total export sales. China's exports in 2009 are expected to increase by five percent to 1.5 billion pieces.

Source: USDA/Foreign Agricultural Service, Attaché Report

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	47	49	719	49
Frozen	0	0	0	2
Dried	18	0	182	98
Total	65	49	901	149

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

Type	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Liquid	379	202	3,096	3,541
Frozen	0	18	98	191
Dried	0	0	0	0
Total	379	220	3,194	3,732

Inspected Shell Eggs

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

Type	Year-To-Date*			
	2009	2008 /1	2009 /2	2008
Jumbo	0	0	0	0
Extra Large	120	800	5,213	2,330
Large	3,220	2,300	14,608	5,050
Medium	0	750	4,410	4,770
Ungraded	7,518	3,680	29,280	33,790
Misc	0	0	501	0
Total	10,858	7,530	54,012	45,940

/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 07-Mar-09 (Preliminary)

U.S. fowl slaughtered domestically

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,183	1,430	2,613
Last Week	1,079	1,449	2,528
Same week yr ago	1,353	1,475	2,828
To-date/2009*	11,226	13,628	24,854
To-date/2008*	12,636	13,671	26,307

U.S. fowl slaughtered in Canada

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	386	0	386
Last Week	376	0	376
Same week yr ago	453	0	453
To-date/2009*	2,408	11	2,419
To-date/2008*	2,755	12	2,767

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. fowl slaughtered in the U.S. and Canada

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,569	1,430	2,999
Last Week	1,455	1,449	2,904
Same week yr ago	1,806	1,475	3,281
To-date/2009*	13,634	13,639	27,273
To-date/2008*	15,391	13,683	29,074

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

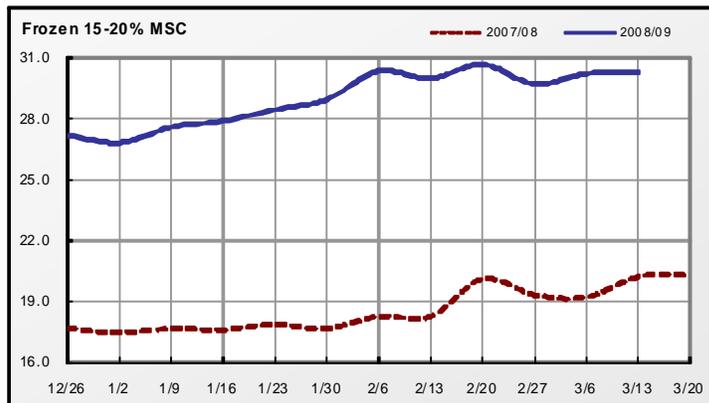
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 for all fat contents of MSC was steady to fully steady. Supplies of fresh 15-20% were adequate to closely cleared with some anticipated reductions in the coming months; tight on the remainder of fat contents. Supplies of raw materials were in close balance. Demand was moderate to good with some resistance noted at current price levels; most export activity into Mexico, the Caribbean, and Central American countries. Schedules were mixed.

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

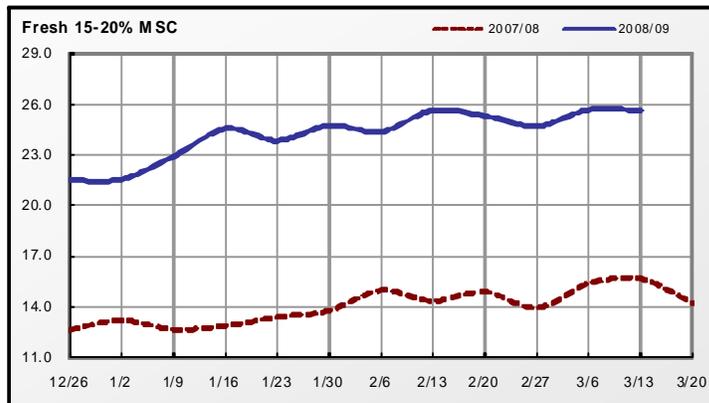
Fat Content	Frozen			Fresh		
	13-Mar-09	Last Week	Last Year	13-Mar-09	Last Week	Last Year
15% or Less			18.00	27.00 - 30.00	27.00 - 29.00	18.00-19.00
Price Range			18.00	27.00 - 30.00	27.00 - 29.00	18.00-19.00
Wtd Avg Price			18.00	28.48	27.87	18.70
Volume Traded	-	-	52	315	297	302
Volume Exported	-	-	52	53	55	-
15-20%	27.00 - 36.00	27.00 - 34.00	16.25-26.00	23.00 - 31.00	20.00 - 28.50	12.00-22.00
Price Range	27.00 - 36.00	27.00 - 34.00	16.25-26.00	23.00 - 31.00	20.00 - 28.50	12.00-22.00
Wtd Avg Price	30.32	30.23	20.22	25.62	25.67	15.65
Volume Traded	1,820	782	1,920	3,282	2,518	1,878
Volume Exported	1,500	728	1,560	938	490	82
20% or More	-	-	-	22.00	22.00	-
Price Range	-	-	-	22.00	22.00	-
Wtd Avg Price	-	-	-	22.00	22.00	-
Volume Traded	-	-	-	82	82	-
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Feb 2009	Jan 2009	Feb 2008	Feb 2009	Jan 2009	Feb 2008
15% or Less			20.40	28.22	27.67	17.58
Wtd Avg Price	-	-	20.40	28.22	27.67	17.58
Volume Traded	-	-	584	1,101	1,524	1,566
Volume Exported	-	-	264	214	274	-
15-20%	30.12	27.92	18.82	25.03	23.48	14.37
Wtd Avg Price	30.12	27.92	18.82	25.03	23.48	14.37
Volume Traded	6,505	5,100	8,143	14,414	12,494	11,547
Volume Exported	5,044	4,268	7,223	4,447	2,613	2,321
20% or More	-	-	-	23.00	22.99	18.03
Wtd Avg Price	-	-	-	23.00	22.99	18.03
Volume Traded	-	-	-	325	284	775
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 13 MARCH 2009.

The trade sentiment on white meat was steady to weak. White meat demand was light to moderate with best interest on destrapped tenders. Offerings were adequate to fully adequate, instances burdensome. The trade sentiment on thigh meat was steady to barely steady, at times weak. Demand was slow to moderate. Offerings were adequate to fully adequate. The market tone on bulk parts and MST was steady to fully steady. Demand was light to moderate with offerings were short to adequate. Trading was slow to moderate. Domestic: Frozen Grade A non-basted bone-in breasts 8-10 lbs. 130, 12- 16 lbs. 140, fresh tom necks 57, fresh scapula meat 118 cents delivered. Export: fresh thigh meat 104, frozen thigh meat (Russian approved) 110 cents delivered.

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, MARCH 13, 2009						
DRUMSTICKS, TOMS		R	63.00	40	63.00	40
WINGS FULL-CUT - TOMS	49.00		49.00	108	49.43	188
WINGS, V-TYPE, TOM						
TAILS	35.00		35.00	40	35.00	80
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	95.00		95.00	108	95.00	108
EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
THURSDAY, MARCH 12, 2009						
DRUMSTICKS, TOMS	63.00		63.00	40		
WINGS FULL-CUT - TOMS	50.00		50.00	80		
WINGS, V-TYPE, TOM						
TAILS	35.00		35.00	40		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
WEDNESDAY, MARCH 11, 2009						
DRUMSTICKS, TOMS		F	67.01	202		
WINGS FULL-CUT - TOMS		F	51.00	40		
WINGS, V-TYPE, TOM						
TAILS		F	35.00	120		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN						
EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
TUESDAY, MARCH 10, 2009						
DRUMSTICKS, TOMS		F	67.01	202		
WINGS FULL-CUT - TOMS		F	51.00	40		
WINGS, V-TYPE, TOM						
TAILS		F	35.00	120		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	38.00	40		
EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)		
MONDAY, MARCH 09, 2009						
DRUMSTICKS, TOMS		F	67.01	202		
WINGS FULL-CUT - TOMS		F	51.00	40		
WINGS, V-TYPE, TOM						
TAILS		F	35.00	120		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	38.00	40		

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.