



Europe Poultry Situation

The global financial crisis is expected to constrain growth in broiler meat production in the EU-27. EU poultry producers face high domestic costs of production due to higher feed and energy costs. A restriction on genetically engineered products, including a zero tolerance for unapproved varieties, affects the price of feed grains. Strict production methods, environmental restrictions and animal welfare measures add to the cost of production. The combinations of these factors result in significantly higher costs of production in the EU-27 compared to other world producers. EU decision makers are considering several mitigation strategies, such as an import policy requiring exporting countries to produce exports to Europe in conformity with European food production standards.

U.S. poultry imports remain blocked, due to restrictions on Pathogen Reduction Treatments (PRTs) that are commonly used in the U.S. and other countries. When the EU expanded to include Romania and Bulgaria the U.S. lost a 100,000 MT market due to EU sanitary regulations and the ban on the use of PRTs in processing plants.

In April 2008 the European Food Safety Authority (EFSA) published an assessment concluding the four antimicrobial treatment substances used in the U.S. do not represent a safety concern and proposed changes to EU regulations that would allow the importation and production of poultry meat processed using PRTs. However, the European parliament adopted a resolution calling on the Council to reject the Commission's proposal. In January 2009, the USTR requested that the World Trade Organization (WTO) undertake dispute settlement consultations with the EU on the PRT issue. As those consultations failed to resolve the dispute within 60 days, the U.S. is now entitled to request that a WTO panel be established to determine whether the EU is acting consistently with its WTO obligations.

EU-27 chicken meat consumption is expected to slowly grow in 2009 and 2010 in spite of the economic slowdown because chicken meat is likely to replace more expensive red meat. Turkey meat consumption is expected to decline in 2009 and 2010 as consumers shift away from turkey to chicken, which is perceived as tastier and more convenient to use.

Broiler Production and Consumption Top 5 EU-27 Member States, in 1,000 MT

	Production			Consumption			
	2008	2009	2010	2008	2009	2010	
UK	1,205	1,225	1,250	UK	1,453	1,485	1,520
Benelux*	1,125	1,125	1,120	Spain	1,088	1,095	1,085
Spain	1,082	1,080	1,070	France	885	887	890
France	934	925	920	Germany	855	865	870
Poland	760	800	800	Italy	683	688	690

*Belgium, Netherlands, Luxembourg

Imports of chicken meat continue to grow due to their lower prices. Brazil and Thailand are the largest suppliers, followed by Argentina and Chile. Brazil and Thailand have TRQs for salted poultry meat after a successful WTO case against the EU. The annual TRQ allocations for salted poultry meat (HS code 02109939) are 170,807 MT from Brazil; 92,610 MT from Thailand; and 828 MT from third countries with a bound rate of 15.4%. An additional TRQ for preparations of chicken meat (HS code 16023219) at a customs duty of 8% was created representing 79,447 MT annually from Brazil; 160,033 MT from Thailand; and 11,433 MT from other countries. The TRQs for salted poultry and preparations of chicken meat were both filled in 2008 and are expected to be filled in 2009, with the exception of Thailand, which has faced Avian Influenza import restrictions.

The EU is also looking at imports of processed poultry (HS code 16023230) which have roughly doubled yearly over the past six years, totaling 50,000 MT in 2008. The current ad valorem duty level is 10.9%, compared to a fixed duty of Euro102.4/100 kg net for out of quota imports of HS code 16023230. The in-quota tariff for HS code 16023219 is 8%. By adding non-meat product to processed poultry to bring the poultry meat content below 57%, exporters can extend low-duty poultry exports to the EU beyond the fixed quota level. It is being argued that this is a loophole inadvertently created in settling the "salted" poultry case and needs an urgent fix as imports under this line might reach 70,000 MT in 2009 if the import pattern observed in the first semester of 2009 continues

EU-27 (External Trade) Import Statistics

Commodity: HS 16023230, prepared or preserved meat or meat offal of fowls of the species Gallus Domesticus containing >= 25% BUT < 57% of poultry meat or offal (excluding of turkeys and Guinea Fowl, sausages and similar products, finely homogenized preparations put up for retail sale.

Annual Series: 2003 – 2008, in metric tons

							Jan-June	
	2003	2004	2005	2006	2007	2008	2008	2009
World	1,584	1,273	5,631	13,497	26,060	48,356	18,069	33,003
Brazil	21	758	4,131	11,484	19,338	35,603	13,572	25,514
Croatia	965	1,197	1,152	1,193	1,078	1,289	597	675
Thailand	562	394	324	741	5,490	11,297	3,846	6,707
Israel	4	17	21	8	49	154	50	94

Source: Global Trade Atlas

Exports face strong competition on the world market from Brazil, and the strong Euro is hurting trade. Primary destinations in 2009 are expected to be Russia (frozen cuts (legs) and MDM), Saudi Arabia (whole chicken), Ukraine and Benin (inexpensive cuts and MDM) and Vietnam is becoming an important market. EU-27 exports are expected to decrease slightly due to the partial ban by Russia on some EU poultry plants and the impact of global economic slowdown.

Broiler Extra Imports and Exports Top 5 EU-27 Member States, 1,000 MT

	Imports			Exports			
	2008	2009	2010	2008	2009	2010	
Benelux*	262	266	266	France	253	240	235
UK	178	175	170	Benelux*	210	205	205
Germany	108	110	110	Germany	92	90	90
Spain	32	35	35	Poland	34	30	30
France	30	29	30	Spain	31	30	30

*Belgium, Netherlands, Luxembourg

June 30, 2010 is the deadline before which EU Member States (MS) must implement Council Directive 2007/43/EC [1] of 28 June 2007. This directive lays down minimum rules for the protection of chickens kept for meat production and is usually referred to as the poultry welfare directive. As a general rule, this directive limits the stocking densities for poultry to 33 kg/m², although MS may still allow higher stocking densities under certain conditions. It is likely that, as a consequence of this new legislation, new labeling requirements for poultry imports will be adopted, as Article 5 of this directive specifically mentions that the EC will submit a proposal in this context before the end of 2009.

Source: USDA/FAS 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	297	48	8,310	783
Frozen	0	0	95	39
Dried	40	0	587	444
Total	337	48	8,992	1,266

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

Type	Year-To-Date			
	2009	2008 /1	2009 /2	2008
Liquid	382	452	12,866	14,418
Frozen	4	54	244	468
Dried	0	37	0	590
Total	386	543	13,110	15,476

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	2,780	2,855	57,553	50,963
Large	3,350	4,700	118,601	62,725
Medium	840	1,530	40,567	36,596
Ungraded	11,622	18,680	277,243	307,999
Misc	0	0	7,154	5,974
Total	18,592	27,765	501,118	464,257

/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 26-Sep-09 (Preliminary)

U.S. fowl slaughtered domestically

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	1,451	1,599	3,050
Last Week	1,203	1,608	2,811
Same week yr ago	1,277	1,783	3,060
To-date/2009*	49,144	57,234	106,378
To-date/2008*	52,643	62,254	114,897

U.S. fowl slaughtered in Canada

	Thousands		
	Light Hens	Heavy Hens	Total Hens
Head	306	7	313
Last Week	401	0	401
Same week yr ago	400	0	400
To-date/2009*	12,032	26	12,058
To-date/2008*	12,688	50	12,738

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	1,757	1,606	3,363
Last Week	1,604	1,608	3,212
Same week yr ago	1,677	1,783	3,460
To-date/2009*	61,176	57,260	118,436
To-date/2008*	65,331	62,304	127,635

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

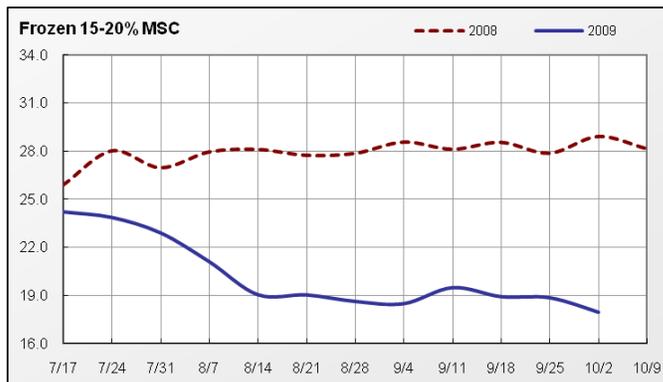
NATIONAL MECHANICALLY SEPARATED CHICKEN

(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 was steady to barely steady on all fat contents. Supplies of fresh and frozen 15-20% ranged adequate to available, mostly fully adequate. The remainder of fat contents were generally sufficient for current trade needs. Dealers were monitoring market conditions heading into contract season. Raw material supplies were available. Export and domestic demand was fair to moderate. Schedules were seasonally normal. Frame values were generally steady ranging mostly 7-9 cents FOB.

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

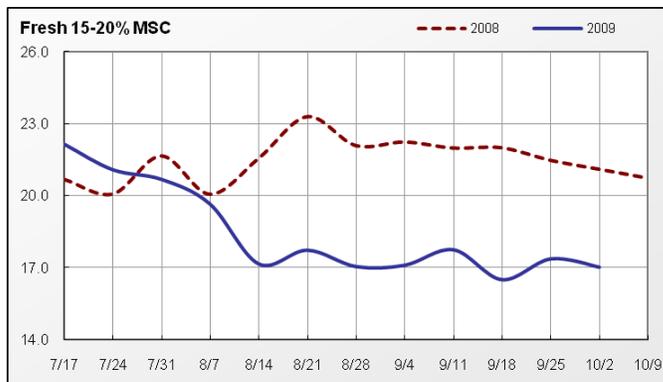
Fat Content	Frozen			Fresh		
	2-Oct-09	Last Week	Last Year	2-Oct-09	Last Week	Last Year
15% or Less						
Price Range			28.00	18.00 - 19.00	18.00 - 19.00	27.00-27.50
Wtd Avg Price			28.00	18.60	18.57	27.10
Volume Traded	-	-	80	202	282	201
Volume Exported	-	-	80	-	-	-
15-20%						
Price Range	15.00 - 22.50	17.00 - 22.50	26.00-32.00	15.00 - 21.00	15.00 - 21.00	18.00-27.00
Wtd Avg Price	17.95	18.85	28.90	17.01	17.36	21.10
Volume Traded	1,832	1,104	1,476	3,160	2,279	2,772
Volume Exported	1,472	1,104	1,116	1,020	245	992
20% or More						
Price Range	-	-	-	17.00	17.00	21.00
Wtd Avg Price	-	-	-	17.00	17.00	21.00
Volume Traded	-	-	-	82	41	40
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Sep 2009	Aug 2009	Sep 2008	Sep 2009	Aug 2009	Sep 2008
15% or Less						
Wtd Avg Price	-	20.00	29.00	19.07	20.20	25.52
Volume Traded	-	216	320	1,170	981	1,508
Volume Exported	-	216	280	-	-	-
15-20%						
Wtd Avg Price	18.86	19.34	27.61	17.21	17.77	21.74
Volume Traded	6,748	7,073	7,046	13,286	12,115	14,374
Volume Exported	5,848	6,532	5,761	3,773	2,774	2,757
20% or More						
Wtd Avg Price	-	-	-	17.80	19.66	21.00
Volume Traded	-	-	-	204	246	522
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 02 OCTOBER 2009.

The market tone on bulk parts was steady to fully steady, instances firm on tom full-cut wings. Demand was light to good with offerings were short to adequate, full-cut wings in the tightest position. White meat trade sentiment was steady to at times firm. White meat demand was light to moderate. Offerings were adequate. The market tone on thigh meat ranged steady to firm. Demand was moderate to good while offerings were short of needs. The trade sentiment on mechanically separated turkey was steady to barely steady. Demand was light to moderate. Offerings were adequate to fully adequate. Domestic: frozen Grade A non-basted breasts 12-14 lbs. 115, 14-16 lbs. 120, plant grade basted breasts 14-16 lbs. 110, 18-20 lbs. 125, fresh breast trim 130, frozen tails 28 cents delivered. Export: frozen tom breast meat over 6 mo. age 142, frozen tom breast meat under 3 mo. 138 to 160 cents delivered port.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, OCTOBER 02, 2009	RANGE	CODE 1/	PRICE	(000)	PRICE	VOLUME
DRUMSTICKS, TOMS	55.00		55.00	162	55.00	324
WINGS FULL-CUT - TOMS	71.00		71.00	162	71.00	162
WINGS, V-TYPE, TOM		F	73.31	804		
TAILS	28.00-34.00		30.33	120	29.56	156
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	96.00	W	23.00	108	23.00	108
			96.00	54	99.12	154

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, OCTOBER 01, 2009	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		W	55.00	162
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	73.31	804
TAILS		W	27.00	36
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		W	23.00	108
		W	100.80	100

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, SEPTEMBER 30, 2009	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	55.00		55.00	162
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	73.31	804
TAILS	27.00		27.00	36
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	23.00		23.00	108
	100.00-104.00		100.80	100

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, SEPTEMBER 29, 2009	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		F	56.50	160
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	73.31	804
TAILS		F	27.81	134
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	22.50	40
		F	94.00	54

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, SEPTEMBER 28, 2009	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		F	56.50	160
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	73.31	804
TAILS		F	27.81	134
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		R	22.50	40
		F	94.00	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.