



EU Ends Export Subsidy on Poultry

On July 18, the EU Commission decided to suspend export refunds for poultry meat. Commission Implementing Regulation 689/2013 sets all poultry meat export refunds to zero. The commission had been steadily reducing those refunds since 2012, falling from €325 per MT on July 20, 2012 to €217 per MT on October 19, 2012, and €108.5 per MT on April 19, 2013.

Export subsidies for other meats like pork and beef had already been reduced to zero; export subsidies for arable crop products were terminated some time ago. It is the first time since the 1970s that the European Union has stopped all export subsidies on agricultural products.

For the past few years, only exports of frozen whole broilers benefited of export refunds, and only to specific countries, i.e., Commonwealth of Independent States (Ukraine, Belarus, Moldova, Russia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan), Angola, Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, United Arab Emirates, Jordan, Yemen, Lebanon, Iraq and Iran.

France is almost the only EU exporter of frozen whole chicken to the above destinations, and these exports represent about 30 percent of the French chicken production. In 2012, France exported 242,000 metric tons of frozen whole chicken valued at \$441 million.

France (Customs) Export Statistics

Commodity: 020712, Meat and Edible Offal of Chickens, Not Cut in Pieces, Frozen, Calendar Year: 2010 - 2012

	Quantity in Metric Tons			%Share	%Change
	2010	2011	2012	2012	2012/2011
Saudi Arabia	116,071	148,108	147,297	60.94	-0.55
Yemen	39,576	37,997	34,389	14.23	-9.49
UAE	11,457	10,773	17,816	7.37	65.38
Oman	11,518	10,841	10,397	4.30	-4.1
Jordan	7,041	16,619	5,107	2.11	-69.27
Kuwait	1,386	433	2,566	1.06	492.2
Qatar	1,442	1,950	1,383	0.57	-29.09
Bahrain	1,501	1,708	1,277	0.53	-25.23
Russia	9,345	584	665	0.27	13.86
Angola	1,764	1,211	585	0.24	-51.72
Others	20,865	28,530	20,225	8.37	-29.11
World Total	221,966	258,754	241,707	100.00	-6.59

Only two French companies are exporting frozen whole broilers. The major one, DOUX, is under receivership after filing for bankruptcy in June 2012. It received €55 million (\$71.5 million) in refunds in 2012 out of a €650 million (\$845 million) in total sales and had expected to receive around €25 million (\$32.5 million) in refunds in 2013.

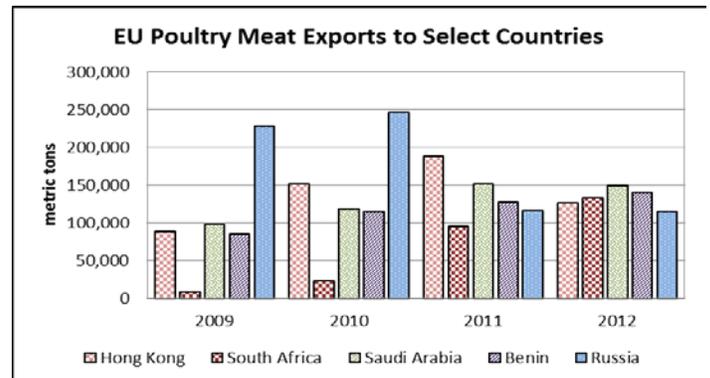
The other company, Tilly Sabco, is much more dependent on export refunds, having received €19 million (\$24.7 million) of EU support in 2012 out of €136 million (\$177 million) in total sales. Tilly Sabco had planned to receive €4 million (\$5.2 million) of EU refunds in 2013.

The Commission's decision generated an outcry in the French poultry meat sector, with the main French farmers' union (FNSEA) calling on to the French President to force the Commission to reverse its decision. Both Ministers of Agriculture Stéphane Le Foll and Minister for Food Industry Guillaume Garot criticized the decision. According to the Ministry, 10 Member States sided with France against the removal of the refunds, with only 12 supporting it. However, privately, most poultry experts and some officials acknowledge that the French position was unsustainable with only two companies benefiting from the EU refunds.

The Commission's recent decision means that DOUX will probably need to reduce its annual expenses by at least €10 million (\$13 million), mainly by not renewing purchase contracts with hundreds of farmers who supply the birds. Several slaughterhouses may also be at risk, with more than 2,000 jobs put in jeopardy. To protest the decision, Tilly Sabco has decided to temporarily suspend its operations and announced that it will take the Commission's decision to court. Experts note, however, that it has little chance of success, since the decision is legal in regards to EU rules.

In the longer term, poultry analysts believe the impact of the end of export refunds is somewhat exaggerated. The halving of those refunds in 2012 did not impact French broiler exports to Saudi Arabia or Yemen (and in early 2013 as well), even though FOB French export prices to Saudi Arabia went up from \$1,616 to \$2,211 per metric ton during the period. In the same 12-month period, Brazil FOB export price to Saudi Arabia went from \$1,706 to \$2,053 per metric ton.

French frozen chicken exports are well suited to Middle Eastern markets, which are looking for small birds (less than 1 kilogram, 40 days old at slaughter) which many competitors cannot supply. French exporters have a decades-long relationship with well-established importers and distributors to the point that some Saudi chicken importers proposed to support the DOUX Company when it went bankrupt in 2012. So, overall, the end of the EU export refund will not eliminate French frozen chicken exports to the Middle East (a 10 to 15 percent decline should be the maximum) but will certainly further weaken these exporting companies, which are already facing severe financial strain and very low operating margins.



Source: EU market situation for Poultry

The European Commission's web page for Agriculture and Rural Development noted that the EU is one of the world's top producers in poultry meat and a net exporter of poultry products. In 2012 poultry meat production reached 12.4 million tons, imports totaled 0.82 million tons, and 1.3 million tons were exported. France is the leading producer of poultry meat, closely followed by UK, Germany and Poland. Combined these four countries account for half of the EU production of poultry meat.

The EU imports high value products, mainly from Brazil (70%) and Thailand (20%). The average value of imports is 2.65 EUR/kg. Exports are of lower value (1.40 EUR/kg); half of exports go to five countries: Saudi Arabia, Benin, South Africa, Hong Kong and Russia.

Source: USDA GAIN Reports FR9143 and E80036; European Commission, Agriculture and rural development; news items

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

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

Type	Year-To-Date*			2012
	2013	2012 /1	2013 /2	
Liquid	0	0	2,303	726
Frozen	0	0	40	0
Dried	0	8	206	59
Total	0	8	2,549	785

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

Type	Year-To-Date*			2012
	2013	2012 /1	2013 /2	
Liquid	308	251	7,335	9,161
Frozen	45	8	859	783
Dried	0	0	4	0
Total	353	259	8,198	9,944

INSPECTED SHELL EGGS

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

	Year-To-Date*			2012
	2013	2012 /1	2013 /2	
Jumbo	0	0	0	0
Extra Large	2,610	600	73,761	56,441
Large	3,550	1,780	148,284	113,846
Medium	780	0	19,844	20,520
Ungraded	5,340	4,440	177,369	77,054
Misc	0	0	0	1,620
Total	12,280	6,820	419,258	269,481

/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 Aug 10, 2013 (Preliminary)

U.S. Fowl Slaughtered Domestically

	Thousands		Total Hens
	Light Hens	Heavy Hens	
Head	1,315	1,714	3,029
Last Week	1,240	1,670	2,910
Same week yr ago	1,021	1,922	2,943
To-date/2013*	49,239	46,825	96,064
To-date/2012*	49,183	50,537	99,720

U.S. Fowl Slaughtered in Canada

	Thousands		Total Hens
	Light Hens	Heavy Hens	
Head	372	0	372
Last Week	378	0	378
Same week yr ago	254	0	254
To-date/2013*	11,456	0	11,456
To-date/2012*	9,034	36	9,070

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

Total U.S. Fowl Slaughtered in the U.S. and Canada

	Thousands		Total Hens
	Light Hens	Heavy Hens	
Head	1,687	1,714	3,401
Last Week	1,618	1,670	3,288
Same week yr ago	1,275	1,922	3,197
To-date/2013*	60,695	46,825	107,520
To-date/2012*	58,217	50,573	108,790

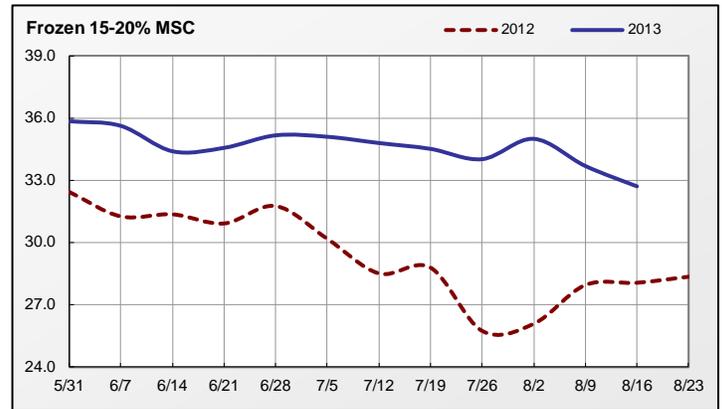
*Note: Year to-date totals reflect comparable time periods.

NATIONAL MECHANICALLY SEPARATED CHICKEN (F.O.B. Shipper Dock or equivalent; negotiated prices in trucklot and less-than-trucklot volumes reported in thousand pound quantities, cents/pound; delivery within 2 weeks.)

MSC prices are trending steady to weak on all fat contents. Domestic and export demand is light to moderate. Supplies are moderate to heavy. Schedules are normal. Industry has been making some preparations for the upcoming Labor Day holiday with slight increases in the production finished goods. The approaching 2013 contract season remains at the backs of most minds with industry watching the market closely for any developments and formulating a future strategy and position. Market activity is slow to moderate. Raw material supplies are moderate. Frame prices are steady trading between 12-15 cents FOB, mostly 13-15 FOB.

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

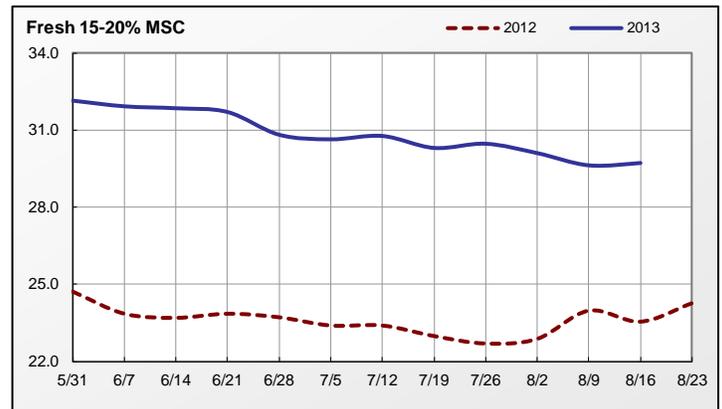
Fat Content	Frozen			Fresh		
	16-Aug-13	Last Week	Last Year	16-Aug-13	Last Week	Last Year
15% or Less						
Price Range	-	33.00	30.00	31.00 - 32.00	31.00 - 32.00	25.00-26.00
Wtd Avg Price	-	33.00	30.00	31.71	31.55	25.75
Volume Traded	-	40	40	143	224	163
Volume Exported	-	-	-	-	-	-
15-20%						
Price Range	30.00 - 36.00	29.00 - 37.00	26.00-31.00	27.00 - 34.00	27.00 - 34.00	20.00-26.00
Wtd Avg Price	32.72	33.70	28.07	29.73	29.64	23.55
Volume Traded	1,475	1,266	1,275	2,350	2,806	3,794
Volume Exported	1,315	1,186	1,155	163	408	408
20% or More						
Price Range	-	-	-	22.00	22.00	22.50
Wtd Avg Price	-	-	-	22.00	22.00	22.50
Volume Traded	-	-	-	41	82	82
Volume Exported	-	-	-	-	-	-



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

Fat Content	Frozen			Fresh		
	Jul 2013	Jun 2013	Jul 2012	Jul 2013	Jun 2013	Jul 2012
15% or Less						
Wtd Avg Price	34.00	34.00	-	32.65	32.66	25.76
Volume Traded	40	40	-	755	775	510
Volume Exported	-	-	-	-	-	-
15-20%						
Wtd Avg Price	34.61	34.82	27.83	30.56	31.54	23.15
Volume Traded	5,020	7,151	7,907	12,301	12,775	18,068
Volume Exported	4,740	6,588	6,091	1,142	1,265	1,591
20% or More						
Wtd Avg Price	-	-	-	22.00	22.30	22.20
Volume Traded	-	-	-	245	204	204
Volume Exported	-	-	-	-	-	-

Note: Volume exported refers to that portion of the total volume that is destined for export markets.



Source: USDA AMS Livestock, Poultry & Grain Market News (www.ams.usda.gov/lpsmarketnewspage)

NATIONAL YOUNG TURKEY PARTS

INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 16 AUGUST 2013.

The market on bulk parts was steady, instances firm. Demand moderate. Offerings was light. White meat and trims is steady to firm. Demand was moderate to good. Offerings was light. The thigh meat market is steady to firm. Demand moderate to good. Offerings light. Trading for parts was slow to moderate, with some items active into export channels. For domestic: fresh full cut wings 47 cents, fresh tom necks 44 cents, frozen tails 56-61 cents, fresh scapula 136.75 cents and fresh 18% and down mechanically separated turkey 40 cents delivered. For export: fresh tom drums 69 cents, fries 170 cents and fresh thigh meat 118.5 delivered to Border or port.

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
FRIDAY, AUGUST 16, 2013						
DRUMSTICKS, TOMS		R	74.75	432	75.00	540
WINGS FULL-CUT - TOMS		R	46.00	108	46.67	162
WINGS, V-TYPE, TOM	60.00-61.50		60.85	540	60.56	1,458
TAILS	56.50		56.50	120	56.14	440
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	37.00	R	37.00	40	37.00	40
			113.00	240	113.29	280
THURSDAY, AUGUST 15, 2013						
DRUMSTICKS, TOMS	72.00-80.00		74.75	432		
WINGS FULL-CUT - TOMS	46.00		46.00	108		
WINGS, V-TYPE, TOM	67.00		67.00	108		
TAILS	56.00		56.00	320		
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	113.00		113.00	240		
WEDNESDAY, AUGUST 14, 2013						
DRUMSTICKS, TOMS		T	76.00	108		
WINGS FULL-CUT - TOMS	48.00		48.00	54		
WINGS, V-TYPE, TOM	59.00-60.00		59.50	810		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		T	115.00	40		
TUESDAY, AUGUST 13, 2013						
DRUMSTICKS, TOMS	76.00		76.00	108		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		F	62.33	486		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN	115.00		115.00	40		
MONDAY, AUGUST 12, 2013						
DRUMSTICKS, TOMS		F	75.00	270		
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM		F	62.33	486		
TAILS						
MECHANICALLY SEPARATED 2/ THIGH MEAT - FROZEN		F	109.75	160		

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.):

M=MONDAY T=TUESDAY W=WEDNESDAY R-THURSDAY F=FRIDAY

2/ 15-20% fat with skin added.