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Industrial production of poultry is steadily outpacing small-scale producers in Russia. Several large Russian agricultural corporations are continuing to buy idle or inefficient farms in order to create nationwide production. These investment companies, often formed by oil companies, have significant resources that can finance the reconstruction and re-equipment of existing facilities. The largest farms now comprise the entire production cycle: feed, breeding, hatcheries, broiler production, slaughter and retail sales.

Russian broiler production is forecast to grow by ten percent in 2004, to 640,000 MT. The growth in broiler production would mark the seventh straight year of increased production and a 320 percent increase since the low point in Russian production in 1997. Turkey production is forecast to remain unchanged.

Low grain output in 2003 combined with high grain exports in 2002-2003 will result in short feed supplies in late 2003 and early 2004. Wheat makes up greater than 50 percent of the Russian poultry feed ration. Reduced local production and higher prices will have a large impact on profitability in the coming year. Some regions are already taking measures to ensure sufficient grain supplies for poultry farmers. In some of the southern regions of Russia, regional governments are recommending farmers pay land taxes with grain. This grain collection would then go into an emergency poultry feed fund.

Traditionally, Brazil exported whole birds and the U.S. exported leg quarters. The U.S. was allocated 75 percent of the quota while Brazil was allocated about 5 percent, so the structure of imports is expected to change. Imports of leg quarters will increase while imports of whole birds will fall. Imports of turkey meat are forecast to fall by 18 percent as importers choose to use quota licenses for chicken rather than turkey.

The poultry quota is being distributed through a licensing system that allows only historical importers to participate. If Company X imported two percent of Russian poultry imports from 2000-2002, the company will receive two percent of the Tariff Rate Quota (TRQ) licenses. Each company's import license is also restricted by country of origin. Each country's quota was also delimited by a mechanically deboned meat (MDM) breakout. A minimum of 25 percent of each country's total exports were required to be MDM. The final issuance of poultry import quota licenses went into effect on July 29, 2003. After the closing of the July date, about 80 percent of the poultry licenses had been distributed.

The Ministry of Economic Development and Trade (MEDT) plans to redistribute the 20 percent of the poultry quota that remains unclaimed. MEDT states that it intends to recalculate the MDM share of each country based on MDM's actual share of trade for that country during the reference period. This would decrease the MDM share for certain countries, including the U.S. Secondly, MEDT has stated that it will revise the historical importer list to include companies that imported in the first quarter of 2003.

Russian Frozen Poultry Imports, 2000-2003, Metric Tons

HSC Product	2000	2001	2002	2003					
				Jan.	Feb.	Mar	Apr	May	YTD
020714 Chicken cuts, offal	558,539	1,147,949	1,056,599	61,448	67,631	116,166	177,965	10,615	433,825
020712 Chicken whole	21,255	62,636	147,032	7,651	6,567	7,831	18,775	4,799	45,622
020727 Turkey cuts, offal	104,698	160,854	163,730	10,698	7,062	13,998	22,011	1,089	54,857
Other	3,407	3,318	7,677	319	208	323	242	67	1,160

Market Share of Main Poultry Meat Exporters to Russia, 2000-2003, (% of volume, Excluding MDM)

020714 (LQS & parts, excl. MDM)	Mkt. Share (% of Qty.)	2000	2001	2002	2003					YTD
					Jan.	Feb.	Mar	Apr	May	
1 United States		94.4%	95.1%	80.2%	51.3%	82.9%	76.7%	75.2%	64.4%	73.2%
2 Brazil		0.0%	2.9%	15.7%	45.8%	13.6%	21.4%	22.8%	18.6%	24.1%
3 Poland		0.1%	0.0%	0.1%	0.1%	0.3%	0.1%	0.2%	8.8%	0.4%
4 Germany		0.9%	0.7%	1.1%	0.9%	0.8%	0.3%	0.6%	4.3%	0.7%
5 Belgium		0.4%	0.4%	0.6%	0.5%	0.8%	0.4%	0.3%	2.6%	0.5%

Market Share of Main MDM Exporters to Russia, 2000-2003, (% of volume)

02071410 MDM	Mkt. Share (% of Qty.)	2000	2001	2002	2003					YTD
					Jan.	Feb.	Mar	Apr	May	
1 Belgium		5.2%	8.9%	12.9%	5.6%	5.0%	12.6%	3.1%	25.0%	6.8%
2 China		0.6%	5.3%	15.8%	38.8%	24.4%	21.5%	34.2%	16.7%	29.4%
3 Spain		0.5%	0.7%	0.9%	0.2%	2.3%	0.4%	1.3%	13.4%	1.3%
4 United Kingdom		16.3%	2.7%	16.4%	12.2%	19.7%	16.5%	15.3%	7.1%	15.8%
5 United States		35.1%	42.1%	5.4%	0.2%	0.0%	1.5%	4.4%	7.0%	2.1%

Source: USDA/FAS, World Trade Atlas

Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)
 Week Ending August 23, 2003 Year-To-Date
 2003 2002/1 2003 2002
NOT AVAILABLE

U.S. Imports From Canada, in Pounds (000) (Preliminary)
 Week Ending August 23, 2003 Year-To-Date
 2003 2002/1 2003 2002

Inspected Shell Eggs
U.S Exports To Canada, In 30-Dozen Cases (Preliminary)
 Week Ending August 23, 2003 Year-To-Date
 2003 2002 /1 2003 2002
 Comparable Week, to-date figures may not total due to rounding.

Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 16-Aug-03
 (PRELIMINARY)

U.S. FOWL SLAUGHTERED DOMESTICALLY

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	1,225	1,483	2,708
LAST WEEK	1,044	1,471	2,515
SAME WEEK YR AGO	1,764	1,523	3,287
TO-DATE/2003	50,688	45,560	96,248
TO-DATE/2002	58,263	45,188	103,451

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	127	0	127
LAST WEEK	205	7	212
SAME WEEK YR AGO	302	4	306
TO-DATE/2003	8,238	115	8,353
TO-DATE/2002	10,412	225	10,637

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
THOUSANDS			
HEAD	1,352	1,483	2,835
LAST WEEK	1,249	1,478	2,727
SAME WEEK YR AGO	2,066	1,527	3,593
TO-DATE/2003	58,926	45,675	104,601
TO-DATE/2002	68,675	45,413	114,088

SOURCE: USDA/AMS PLTRY PROGRAMS, MARKET NEWS BR.

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

29-AUG-2003

CHICKEN — PRICES — VOLUME —
 (Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED — PRICES — VOLUME —
 (Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	15.00	16.00-17.00	162,400	-
WTD AVERAGE	15.00	16.67		
15-20%				
RANGE	14.00-20.00	11.00-15.00	1,896,800	1,020,000
WTD AVERAGE	17.50	13.19		
20% OR MORE				
RANGE	-	11.00	40,800	-
WTD AVERAGE		11.00		

* INCLUDES THE STATES OF AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

29-AUG-2003

CHICKEN — PRICES — VOLUME —
 (Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED — PRICES — VOLUME —
 (Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	15.25-19.50	-	876,000	876,000
WTD AVERAGE	17.98			
15-20%				
RANGE	14.00-17.00	11.00-17.00	1,844,000	364,000
WTD AVERAGE	16.45	13.06		
20% OR MORE				
RANGE	-	11.00	41,000	-
WTD AVERAGE		11.00		

* INCLUDES THE STATES OF CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 29 AUGUST 2003.

The trade sentiment on fresh tom breast meat and fresh destrapped tenderloins was steady to firm, balance of fresh white meat steady to fully steady. Demand fair to good. Offerings tight to adequate and generally held with confidence. The undertone on frozen white meat was steady with increased confidence noted. Demand light for the mixed availability of supplies. Some processors were utilizing increased amounts of frozen breast meat internally due to the strong fresh market. The trade sentiment on tom bulk parts was steady to firm on drums and wings, necks steady. Demand fair for the limited supplies of drums and wings. Tom neck demand was light to fair for the adequate supplies. Trading centered on a fair volume of fresh tom breast meat delivered domestic, balance slow. For domestic: frozen mechanically separated turkey -90 days age 11-14.50 delivered pet foods, fresh wing meat 45 cents delivered. For export: fresh tom drums 32, scapula 51 cents delivered.

FRIDAY, AUGUST 29, 2003

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS	32.00		32.00	40	30.76	424
WINGS FULL-CUT - TOMS		W	25.00	40	25.00	40
WINGS, V-TYPE, TOM TAILS		W	26.00	54	25.80	262
MECHANICALLY SEPARATED 2/	19.00		19.00	40	22.07	380
THIGH MEAT - FROZEN	73.00		73.00	80	75.95	448

THURSDAY, AUGUST 28, 2003

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	30.00-31.50		30.50	120
WINGS FULL-CUT - TOMS		W	25.00	40
WINGS, V-TYPE, TOM TAILS		W	26.00	54
MECHANICALLY SEPARATED 2/	18.00		18.00	80
THIGH MEAT - FROZEN	70.00-74.00		72.00	160

WEDNESDAY, AUGUST 27, 2003

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	29.00-32.00		30.50	80
WINGS FULL-CUT - TOMS	25.00		25.00	40
WINGS, V-TYPE, TOM TAILS	26.00		26.00	54
MECHANICALLY SEPARATED 2/	24.00		24.00	208
THIGH MEAT - FROZEN	79.50		79.50	156

TUESDAY, AUGUST 26, 2003

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	30.50		30.50	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM TAILS	25.50-26.00		25.75	208
MECHANICALLY SEPARATED 2/	23.00		23.00	52
THIGH MEAT - FROZEN	82.00		82.00	52

MONDAY, AUGUST 25, 2003

EXPORT TRADING

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS		F	27.00	80
WINGS FULL-CUT - TOMS		F	20.00	52
WINGS, V-TYPE, TOM TAILS	19.00		19.00	40
MECHANICALLY SEPARATED 2/	17.00		17.00	80
THIGH MEAT - FROZEN		F	54.00	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.