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Trade Agreements

The global trade-negotiating process has accelerated over the years and with the failure of the WTO to come to any agreements at Cancun this process will only quicken. A growing network of bilateral and regional free trade accords have gained in their importance since the collapse of the global trade talks in Cancun, Mexico. For example, Singapore had already signed bilateral pacts with the United States, Japan, Australia and New Zealand. Now Singapore, Chile and New Zealand have completed the first round of negotiations for a three-way free trade agreement called the Pacific Three Free Trade Agreement.

In the Middle East, the Arab Gulf Cooperation Council (AGCC) expects to sign a free trade agreement with the European Union before the end of 2004, after a new round of negotiations in Riyadh in November. Also, the three NAFTA countries (Mexico, the U.S. and Canada) have proposed a trade agreement (designated MEFTA) to commence in 2008 to five Middle East countries (Kuwait, United Arab Emirates, Qata, Oman and Saudi Arabia).

China has been engaging in regional trade talks with Mercosur and cooperation with ASEAN has intensified. China and the ASEAN countries formally launched the ASEAN-China Free Trade Area (ACFT) in November, 2002. The next ASEAN+3 (China, Republic of Korea and Japan) summit will be Oct, 2003. The Shanghai Cooperation Organization (SCO) was formed in 1996 to improve relations between countries that border China. SCO (China, Kazakhstan, Russia, Tajikistan and Uzbekistan) has discussed becoming a free trade area.

Working towards a Free Trade Area of the Americas (FTAA), the U.S. has made an offer to Caricom, the 14 nations in the Caribbean basin. Negotiations for CAFTA (U.S. – Central American Free Trade Agreement) were launched in January 2003 and include Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Panama and the Dominican Republic were given the same offer as Central American countries. The U.S. offer to Andean countries was made to Bolivia, Colombia, Ecuador, Peru and Venezuela and the offer to Mercosur was made to Argentina, Brazil, Paraguay and Uruguay. Canada, Chile and Mexico are existing FTA partners with the United States.

Sources: BRIDGES Weekly Trade News Digest, U.S. Trade Representative, WTO, various news services

Japan: Frozen Broiler Imports (in tons)

2002	U.S.	China	Brazil	Thailand	Total
May	2,654	10,131	17,700	14,511	44,996
June	2,928	11,076	7,704	14,189	35,897
Year to date	19,663	52,426	95,392	102,572	270,053
2003					
May	3,124	6,770	13,443	12,338	35,675
June	2,264	52	14,128	14,191	30,635
Year to date	19,279	45,905	72,339	81,036	218,559

Source: ALIC Monthly statistics

WTO Peace Clause Set to Expire

The General Agreement on Tariffs and Trade (GATT) was created in 1948 as part of the postwar reconstruction. After the 1986-1994 Uruguay Round of negotiations GATT was replaced with the World Trade Organization, effective January 1, 1995.

The Uruguay Round included a specific Agreement on Agriculture (AoA). The AoA set out commitments which countries had to apply over a six-year implementation period (1995-2000), but which was to remain in force until a successor agreement was made. The AoA included Article 13, commonly called the "peace clause".

Article 13 protects countries using subsidies which comply with the agreement from being challenged under other WTO agreements. Without this "peace clause", countries would have greater freedom to take action against each other's subsidies, under the Subsidies and Countervailing Measures Agreement and related provisions.

Article 13 expires at the end of 2003 and is a significant factor in negotiations towards a new AoA. Some countries want it extended to ensure that they will not be challenged so long as they comply with their commitments on export subsidies and domestic support under the Agriculture Agreement. Others want it to lapse in order to see agriculture brought under general WTO disciplines.

The peace clause only applies if the level of domestic support for a commodity remains at or below 1992 levels. At Brazil's request, the WTO has already agreed to establish a dispute panel to rule on whether U.S. government subsidies for American upland cotton growers violate U.S. WTO commitments. Brazil claims the U.S. violated the peace clause by substantially increasing subsidies for U.S. cotton growers since 1992. If the peace clause expires, some fear a large volume of disputes may be filed with the WTO.

Source: WTO, BRIDGES Weekly News Digest, USDA/ERS, various news sources.

Japan Lifts Suspension of Poultry

Scattered outbreaks of Highly Pathogenic Avian Influenza (HPAI) in China and Europe resulted in bans on imports of poultry and poultry products earlier this year. Japan lifted the ban on Belgium, effective September 10, 2003. Japan had already lifted bans on poultry and poultry products from China (August 19), Germany (August 21) and the Netherlands (August 12).

Recently Japan placed a temporary import suspension on poultry and poultry products from Denmark on September 11 after confirmation of low pathogenic avian influenza at a duck farm in Denmark.

Source: Weekly updates of news from the Japanese Ministry of Agriculture, Forestry and Fisheries.

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

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

	2003		Year-To-Date	
	2003	2002/1	2003	2002
Liquid	362	494	12,616	14,978
Frozen	0	0	96	21
Dried	0	0	396	674
Total	362	494	13,108	15,673

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

	2003		Year-To-Date	
	2003	2002/1	2003	2002
Liquid	159	123	4,610	5,055
Frozen	118	53	2,772	2,769
Dried	40	40	984	3,969
Total	317	216	8,366	11,793

Inspected Shell Eggs

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

	2003		Year-To-Date	
	2003	2002 /1	2003	2002
Jumbo	17	33	339	1,307
Extra Large	510	1,250	21,867	29,060
Large	3,330	4,276	85,085	109,485
Medium	1,920	930	50,123	39,295
Ungraded	10,830	15,888	124,290	255,251
Misc	0	0	13,862	14,017
Total	16,607	22,377	295,566	448,415

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 20-Sep-03 (PRELIMINARY)

U.S. FOWL SLAUGHTERED DOMESTICALLY

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	1,280	1,611	2,891
LAST WEEK	1,153	1,418	2,571
SAME WEEK YR AGO	1,832	1,556	3,388
TO-DATE/2003	57,707	54,658	112,365
TO-DATE/2002	68,351	54,462	122,813

U.S. FOWL SLAUGHTERED IN CANADA

	LIGHT HENS	HEAVY HENS	TOTAL HENS
	THOUSANDS		
HEAD	302	0	302
LAST WEEK	288	8	296
SAME WEEK YR AGO	314	0	314
TO-DATE/2003	9,221	137	9,358
TO-DATE/2002	12,134	250	12,384

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	1,582	1,611	3,193
LAST WEEK	1,441	1,426	2,867
SAME WEEK YR AGO	2,146	1,556	3,702
TO-DATE/2003	66,928	54,795	121,723
TO-DATE/2002	80,485	54,712	135,197

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.

03-OCT-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	18.00	18.00	121,600	-
WTD AVERAGE	18.00	18.00		
15-20%				
RANGE	18.00-21.50	11.00-15.50	2,184,800	1,328,800
WTD AVERAGE	20.48	14.04		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, 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.

03-OCT-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	17.25-22.00	-	772,000	772,000
WTD AVERAGE	20.45			
15-20%				
RANGE	15.50-30.00	11.00-16.00	3,540,800	2,052,000
WTD AVERAGE	22.45	12.27		
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 3 OCTOBER 2003.

Trade sentiment on fresh tom breast meat was steady to barely steady. Demand light to fair for the adequate to fully adequate offerings. The undertone on destrapped tenderloins was steady to barely steady. However, some industry personnel are starting to watch with interest the continued strength in breast trim and scapula as those price levels approach the market level for destrapped tenderloins. Offerings of breast trim, wing meat and scapula from current production were light and held with confidence. Frozen destrapped tenderloin offerings adequate to fully adequate, frozen tom breast meat mixed. The undertone on frozen mechanically separated turkey was fully steady for the limited offerings, fresh steady for the light to adequate supplies. Trading light on all items.

FRIDAY, OCTOBER 03, 2003**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)	WEEKLY WTD AVG PRICE	WEEKLY VOLUME (000)
DRUMSTICKS, TOMS		R	42.71	147	42.63	815
WINGS FULL-CUT - TOMS						
WINGS, V-TYPE, TOM						
TAILS	22.00		22.00	40	22.00	80
MECHANICALLY SEPARATED 2/		R	32.00	40	32.00	40
THIGH MEAT - FROZEN		W	93.67	120	92.53	380

THURSDAY, OCTOBER 02, 2003**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	42.00-43.00		42.71	147
WINGS FULL-CUT - TOMS		R	30.15	92
WINGS, V-TYPE, TOM				
TAILS	22.00		22.00	40
MECHANICALLY SEPARATED 2/	32.00		32.00	40
THIGH MEAT - FROZEN		W	93.67	120

WEDNESDAY, OCTOBER 01, 2003**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	43.00-45.00		43.80	200
WINGS FULL-CUT - TOMS		R	30.15	92
WINGS, V-TYPE, TOM				
TAILS		W	23.25	120
MECHANICALLY SEPARATED 2/		F	33.50	40
THIGH MEAT - FROZEN	93.00-95.00		93.67	120

TUESDAY, SEPTEMBER 30, 2003**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	41.50		41.50	104
WINGS FULL-CUT - TOMS		R	30.15	92
WINGS, V-TYPE, TOM				
TAILS		W	23.25	120
MECHANICALLY SEPARATED 2/		F	33.50	40
THIGH MEAT - FROZEN		M	92.00	260

MONDAY, SEPTEMBER 29, 2003**EXPORT TRADING**

	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOLUME (000)
DRUMSTICKS, TOMS	42.00-43.00		42.29	364
WINGS FULL-CUT - TOMS		R	30.15	92
WINGS, V-TYPE, TOM				
TAILS		W	23.25	120
MECHANICALLY SEPARATED 2/		F	33.50	40
THIGH MEAT - FROZEN	92.00		92.00	260

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.