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BSE in North America

On December 23, 2003 Agriculture Secretary Veneman announced the USDA had diagnosed a presumptive positive case of Bovine Spongiform Encephalopathy (BSE). The 6 ½ year old Holstein cow was slaughtered on December 9 and tissue samples were taken as part of the USDA's targeted BSE surveillance system. Test results were returned on December 22 and retested on December 23. On December 25 the BSE world reference lab in Weybridge, England, confirmed USDA's preliminary diagnosis of BSE in a single dairy cow in Washington State. USDA and Canadian officials worked to verify traceback of the cow, which was thought to have been imported from Canada in 2001.

World reaction was swift. On December 25 over a dozen countries had some kind of ban on U.S. beef in place. As of December 30, 2003, Australia, Bahrain, Chile, China, Costa Rica, Hong Kong, Japan, Jordan, Kuwait, Malaysia, Mexico, Oman, Qatar, Russia, Singapore, the United Arab Emirates, and Zambia have notified USDA that they are suspending the importation of all U.S. beef meat products until further notice. Brazil, Colombia, Indonesia, South Africa, South Korea, Taiwan, and Venezuela have extended this ban to include all ruminant products. Bahrain, Japan, Kuwait, Oman, Qatar, Singapore, South Africa, Thailand, and South Korea have notified USDA that all shipments in transit will be refused entry upon arrival.

Russia will refuse shipments with an export certificate date of December 23, or after. While Indonesia, Taiwan, and the United Arab Emirates (UAE) will refuse shipments with an export certificate date of December 24, 2003, or after, the UAE will accept shipments already in transit which bear certificate dates prior to December 24. Egypt has not issued a ban on U.S. beef meat products, but it has suspended the issuance of import permits for U.S. beef and will permit entry of all shipments with an on-board date prior to December 25, 2003. Canada has implemented a number of interim import restrictions for U.S. beef meat products, but will continue to permit entry of boneless beef from cattle aged 30 months or less at time of slaughter.

U.S. Fresh, Chilled and Frozen Beef Exports, by Region H.S. codes 0201 and 0202, value in thousand dollars January through October Comparisons

	1999	2000	2001	2002	2003
North America	545,995	631,740	615,921	675,789	742,173
Asia	1,450,200	1,746,617	1,455,691	1,256,932	733,741
Others	151,030	88,107	68,427	84,687	98,914
World Total	2,147,225	2,466,464	2,140,039	2,017,408	1,574,828
Live Bovine Animal Exports					
World Total	125,324	223,574	227,511	109,431	54,482

The U.S. is the world's second largest beef exporter and the world's largest beef importer. Canada is the fourth largest beef exporter. Both countries' exports are frozen by international bans. Brazil, the third largest beef exporter, is banned from many foreign markets due to the presence of hoof and mouth disease in that country. Australia, the world's leading beef exporter, will be negatively affected because exports to the U.S. make up about 30 percent of its market. More U.S. beef will be available on the U.S. market due to the loss of exports, constraining Australian exports.

2003 Beef and Veal Statistics, in '000 metric tons

	Production	Consumption	Imports	Exports
Australia	1,946	717	N/A	1,250
U.S.	12,226	12,422	1,311	1,192
Brazil	7,530	6,460	70	1,140
Canada	1,210	1,047	280	425
World Total	49,789	48,800	5,151	6,400
N/A – not available				

The BSE (Bovine Spongiform Encephalopathy) crisis that erupted in Japan in September 2001, eroded consumer confidence in the safety of beef, both domestic and imported, and seriously damaged the entire beef industry in Japan. Overall beef consumption fell 20% in the first half of 2002 compared to the same period in 2001. Consumption of pork rose 8 percent and chicken increased 7 percent.

Japanese Per Household Consumption of Table Meat and Chicken

Period: January - June, 2002, Unit: Gram

	<u>Beef</u>		<u>Pork</u>		<u>Chicken</u>	
	Quantity	% Chg.	Quantity	% Chg.	Quantity	% Chg.
Jan. - Jun.	3,614	-22%	8,421	8%	5,943	7%

Unlike Japan, where a BSE outbreak resulted in a sharp decline in beef consumption, Canadian consumers responded to falling beef prices after BSE was detected in May 2003 and increased beef consumption.

However, lower beef prices and heavy beef promotion in the fast food sector limited consumption growth of broiler meat in Canada in 2003.

Sources: USDA/FSIS and FAS; U.S. Department of Commerce; various news wires

NOTICE: Inspected Egg Products - U.S. & Canada Export/Import Trade & Live Poultry Slaughtered Under Inspection Reports
will not be released due to Holiday observances in Canada. We will release the information as soon as available.

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.

CHICKEN 02-JAN-2004
— 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	-	-	-	-
WTD AVERAGE				
15-20%				
RANGE	15.25	10.00-14.00	1,096,800	607,200
WTD AVERAGE	15.25	10.79		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* 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.

CHICKEN 02-JAN-2004
— 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	15.50-16.00	15.00-16.50	1,304,000	884,000
WTD AVERAGE	15.79	16.43		
15-20%				
RANGE	19.00	11.00-14.00	1,156,000	260,000
WTD AVERAGE	19.00	12.48		
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 02 JANUARY 2004.

Market seasonally slow with only light trading reported. Offerings mixed due in part to the holiday week processing schedules. Frozen hen drums traded at 40 cents delivered port.

THURSDAY, DECEMBER 31, 2003 - NO EXPORT REPORTING DUE TO NEW YEAR'S DAY HOLIDAY

FRIDAY, JANUARY 02, 2004							WEDNESDAY, DECEMBER 31, 2003				
EXPORT TRADING	PRICE	L.S.T. CODE 1/	WTD AVG PRICE	VOL. (000)	WTKLY AVG PRICE	WTKLY VOL. (000)	EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL. (000)
DRUMSTICKS, TOMS		W	41.15	282	40.78	362	DRUMSTICKS, TOMS	40.00-42.00		41.15	282
WINGS FULL-CUT - TOMS							WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM							WINGS, V-TYPE, TOM				
TAILS							TAILS				
MECH. SEPARATED 4/		W	15.00	208	15.00	208	MECH. SEPARATED 4/	15.00		15.00	208
THIGH MEAT - FROZEN		W	78.50	40	85.00	40	THIGH MEAT - FROZEN	85.00		85.00	40

TUESDAY, DECEMBER 30, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL. (000)
DRUMSTICKS, TOMS	39.50		39.50	80
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECH. SEPARATED 2/		W	15.00	40
THIGH MEAT - FROZEN		T	78.50	79

MONDAY, DECEMBER 29, 2003

EXPORT TRADING	PRICE RANGE	L.S.T. CODE 1/	WTD AVG PRICE	VOL. (000)
DRUMSTICKS, TOMS		W	42.00	92
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM				
TAILS				
MECH. SEPARATED 4/		W	15.00	40
THIGH MEAT - FROZEN		T	78.50	79

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.