# Economic perspective for the egg industry

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# Part 1: international trade


I.

Global and regional development of egg trade

# Main trade flows in hen eggs

**Main trade flow (> 100.000 ton):**

**Netherlands→ Germany**

**Malaysia → Singapore**

**Minor trade flows (20-50.000 ton):**

**Spain → France /Germany**

**Netherlands → Belgium / UK**

**Poland → Germany**

**India → UAE**

**USA → China / Hong Kong**

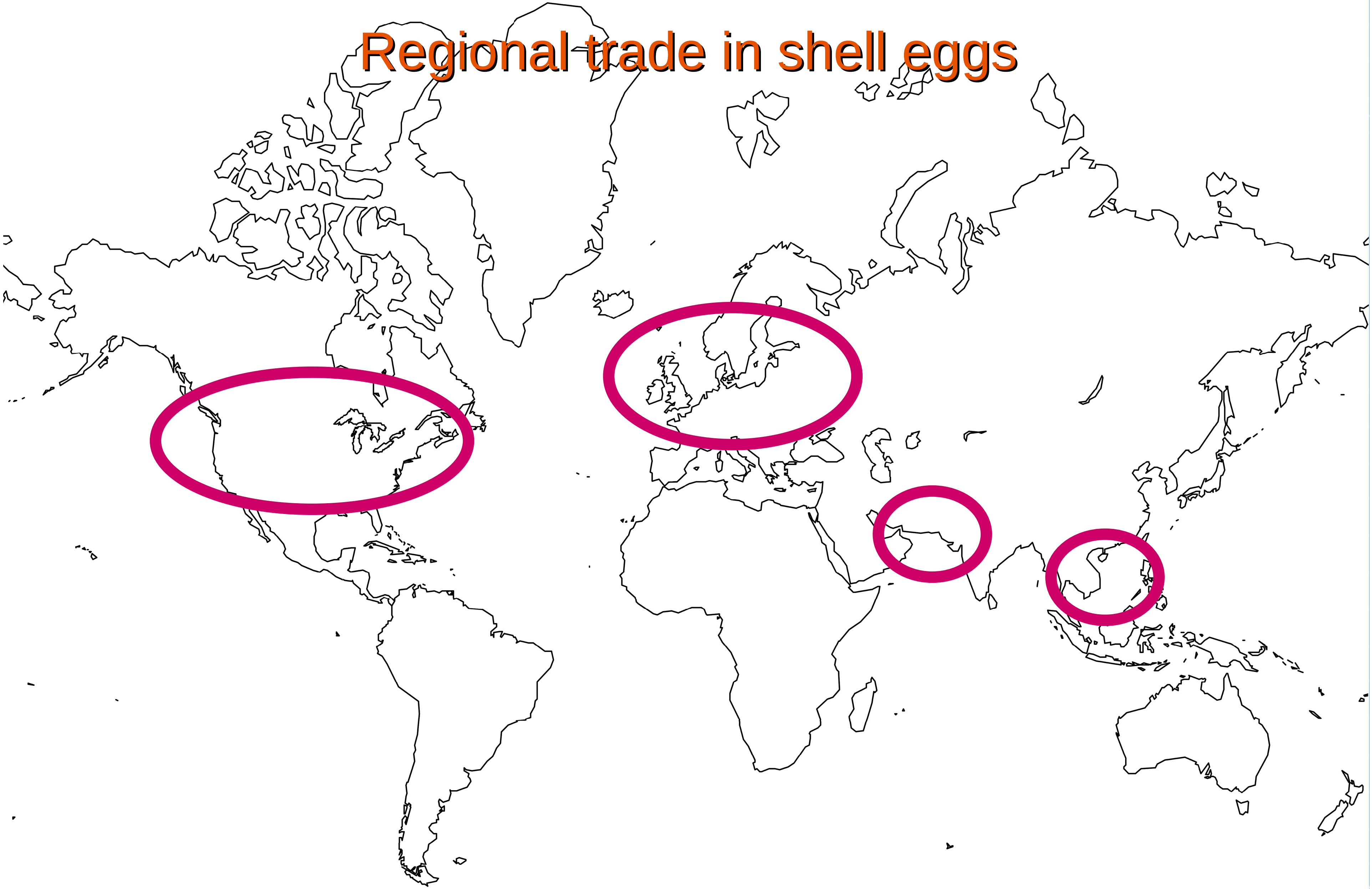
**Belarus → Russia**

GENERAL CONCLUSION: mainly neighbour to neighbour



Source: prof Windhorst / Data FAO

# Regional trade in shell eggs



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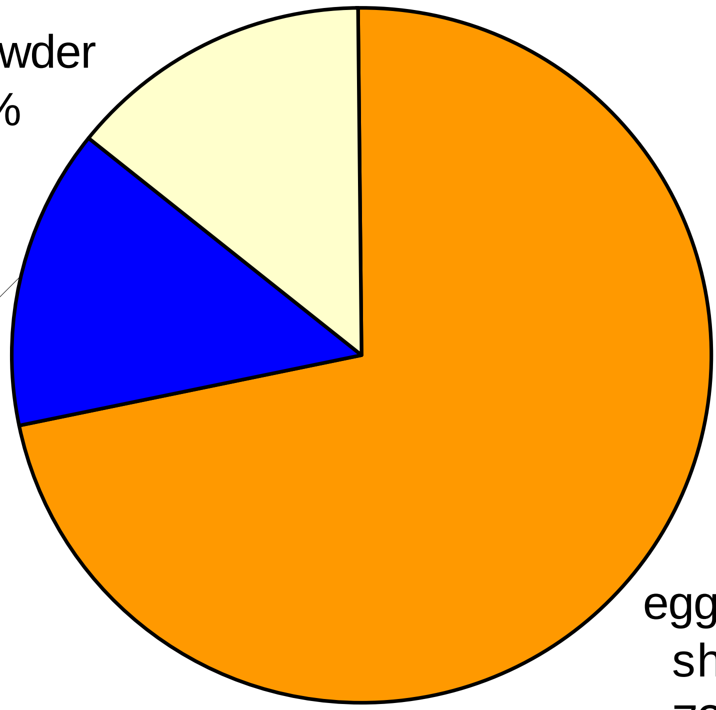
# International trade : 1.7 MT egg equivalent

(3% of the world production)




**+6.2 % per year**

**+6.2 % per year**

**+3.7 % per year**

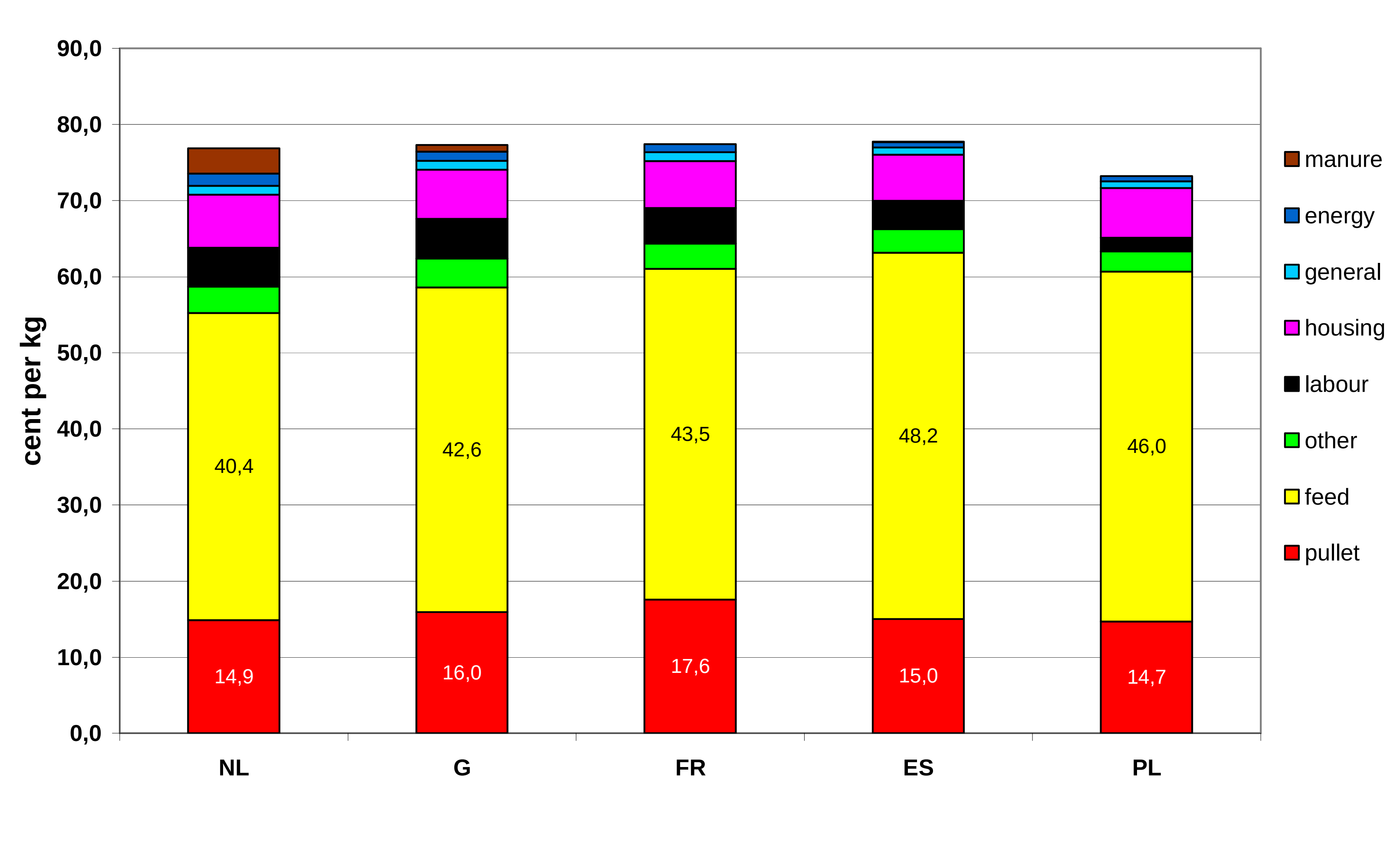
***Source: ITAVI from FAO data 2006***

# Conclusions 1: production and trade

- About 3% of eggs reaches the world market. To compare: in poultry meat 12%
- Production and trade in eggs is much more regional concentrated (compared to poultry meat with global trade flows from Brazil and USA).
- Main exporters are EU, China, USA, Malaysia and India
- End 2008 and beginning 2009 fluctuations in exchange rate → impact on international trade

# Part 2: International Competition

# Production cost Eggs in 2007 EU countries, Farm level (Ect/kg)

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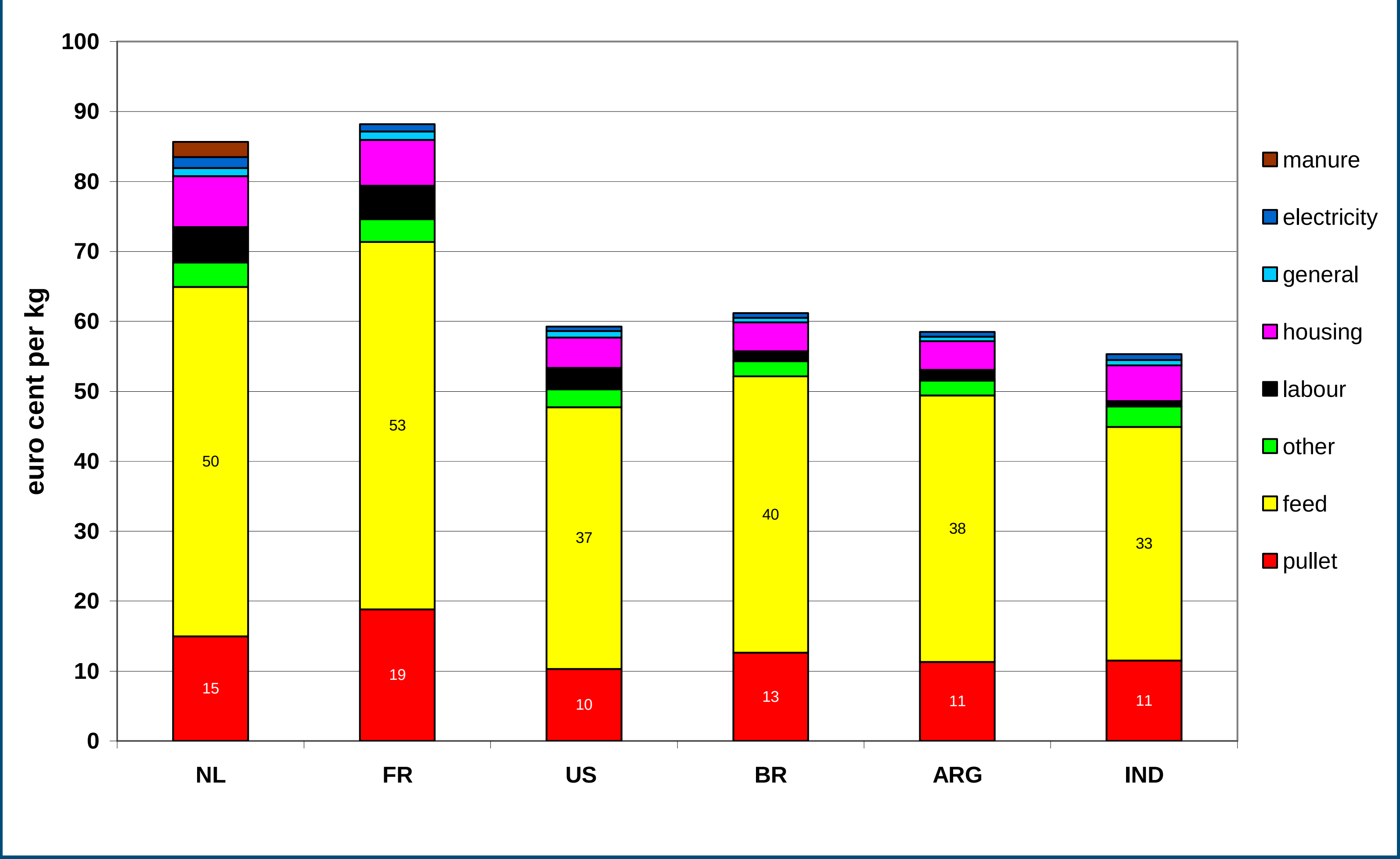
# Production cost Eggs in 2008 outside EU, Farm level (Ect/kg)

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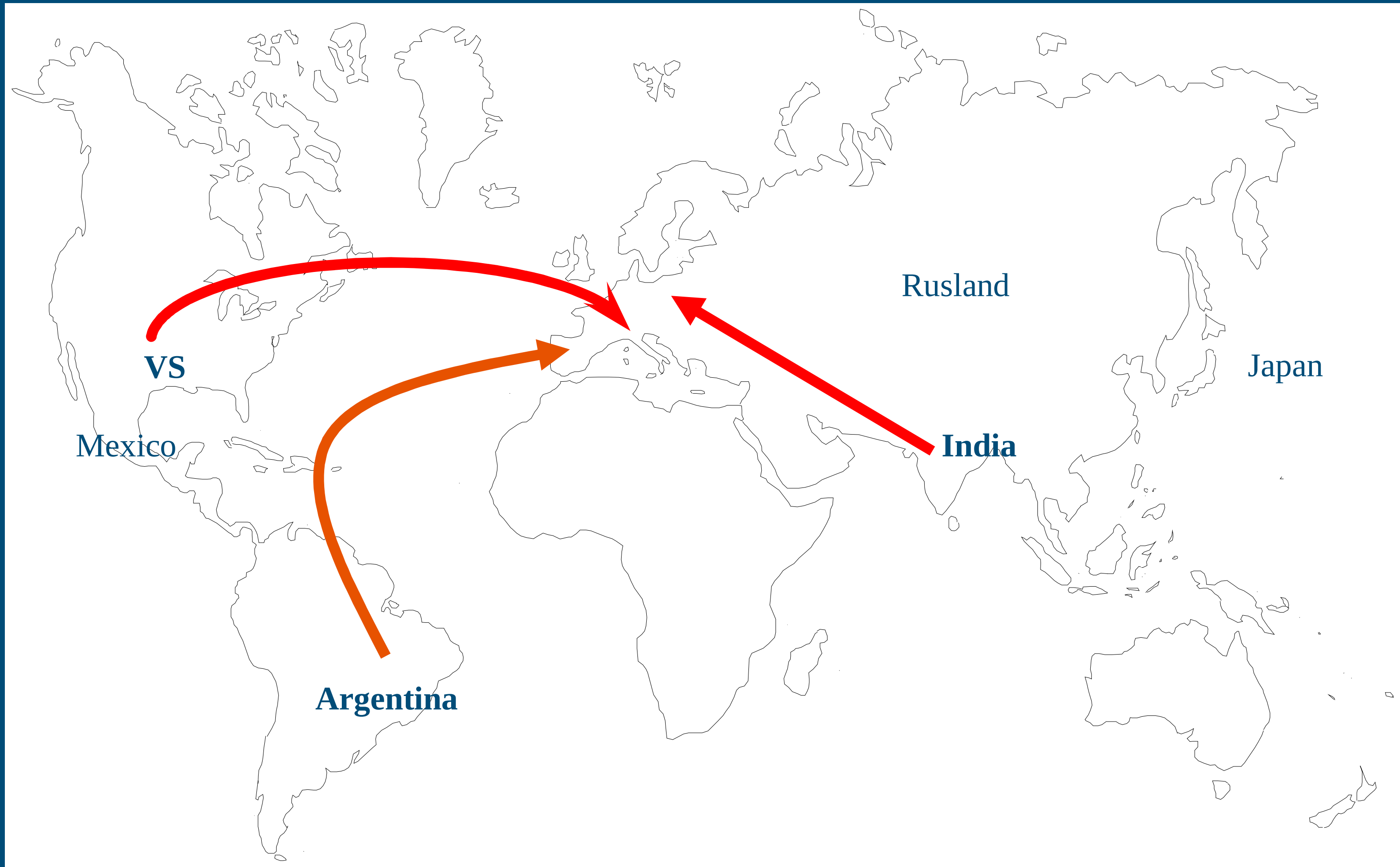
# EU Imports Eggs 2005 – 2009 (egg equivalent, DG Agri, 2010)

## EU Imports of Eggs :
## Trade figures *(COMEXT – tonnes egg equiv.)*

| Origins | 2005 | | 2006 | | 2007 | | 2008 | | Jan-Dec 09 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | tonnes | % | tonnes | % | tonnes | % | tonnes | % | tonnes | % |
| USA | 4 768 | 16.0% | 8 505 | 21.8% | 17 032 | 39.2% | 4 245 | 21.7% | 11 165 | 36.7% |
| Argentina | 7 595 | 25.5% | 8 008 | 20.6% | 8 318 | 17.4% | 6 552 | 27.8% | 7 899 | 26.0% |
| India | 9 453 | 31.8% | 12 730 | 32.7% | 12 012 | 25.1% | 6 617 | 25.9% | 5 776 | 19.0% |
| Mexico | 2 168 | 7.3% | 1 378 | 3.5% | 1 762 | 3.7% | 2 002 | 7.8% | 1 893 | 6.2% |
| Albania | | 0.0% | 95 | 0.2% | 2 077 | 4.4% | 2 209 | 8.6% | 1 659 | 5.5% |
| Israel | 178 | 0.6% | 898 | 2.3% | 911 | 2.0% | 655 | 2.7% | 711 | 2.3% |
| Brazil | 1 140 | 3.8% | 770 | 2.0% | 30 | 1.4% | 64 | 0.7% | 67 | 0.2% |
| Canada | 2 091 | 7.0% | 1 540 | 4.0% | 786 | 2.6% | 1 | 2.2% | 33 | 0.1% |
| EXTRA EU 25/27 | 29 742 | | 38 950 | | 44 724 | | 23 271 | | 30 409 | |
| % change | | | + 31% | | + 15% | | - 48% | | + 33.1% | |

# International trade towards EU in eggs / egg products

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# Regulations in the EU

- Animal Welfare
- Environment
- Food safety

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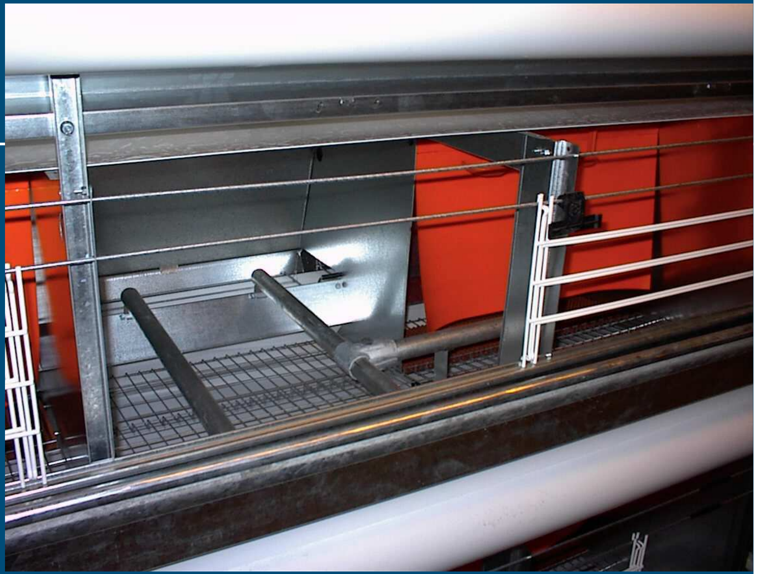
# Towards 2012 within EU



1. EU Directive welfare for laying hens

2003: Space allowance 550 cm2/hen

2012: Enriched cages with 750 cm2,
laying nest, perch, litter

2. EU: Beaktrimming before 10 days (ban in NL, G)

3. Netherlands and Germany: colony cage with 890 cm2 per hen.

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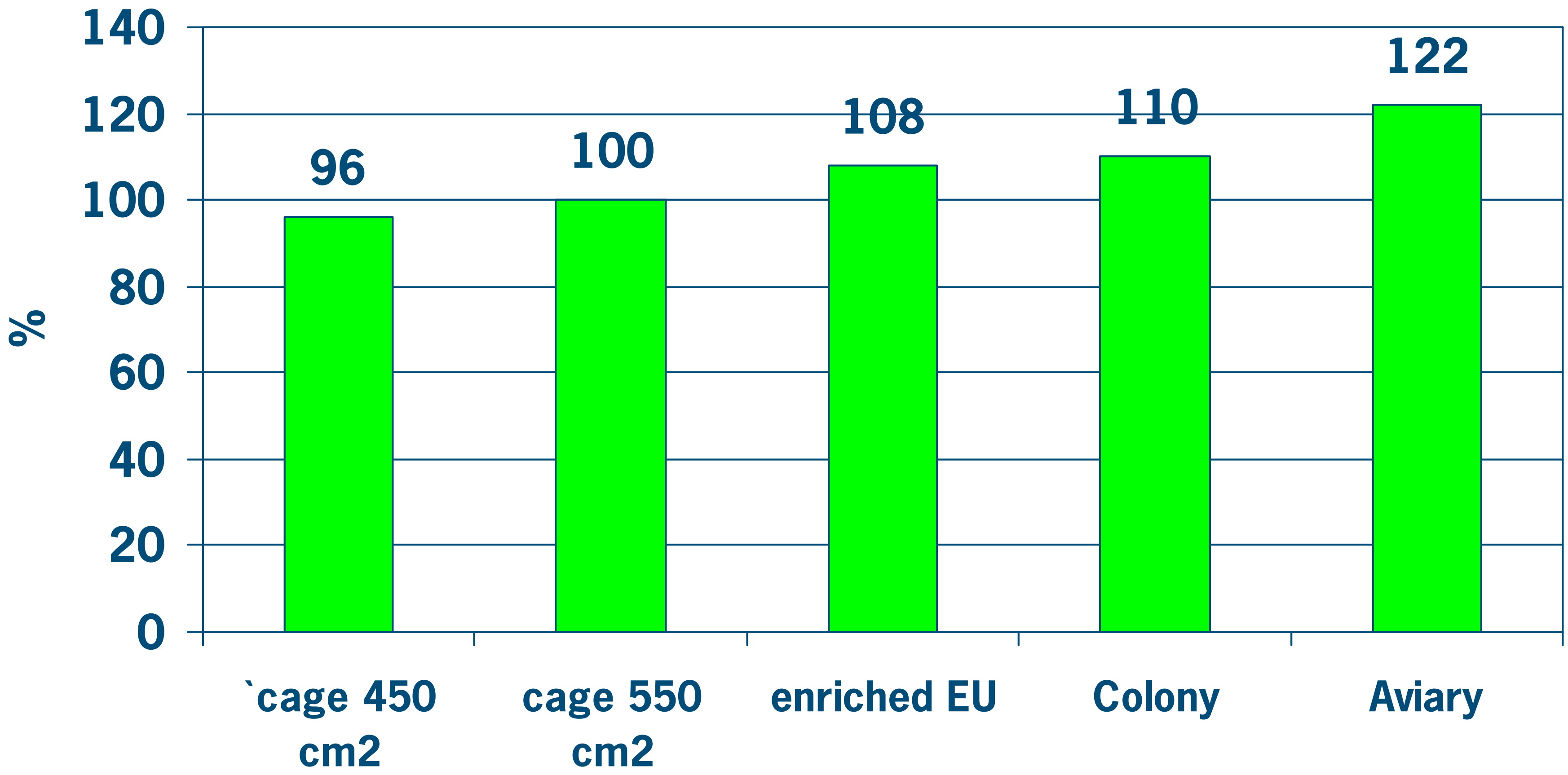
# Deep litter / Aviary system

# Meer space per hen, increase in production cost ….

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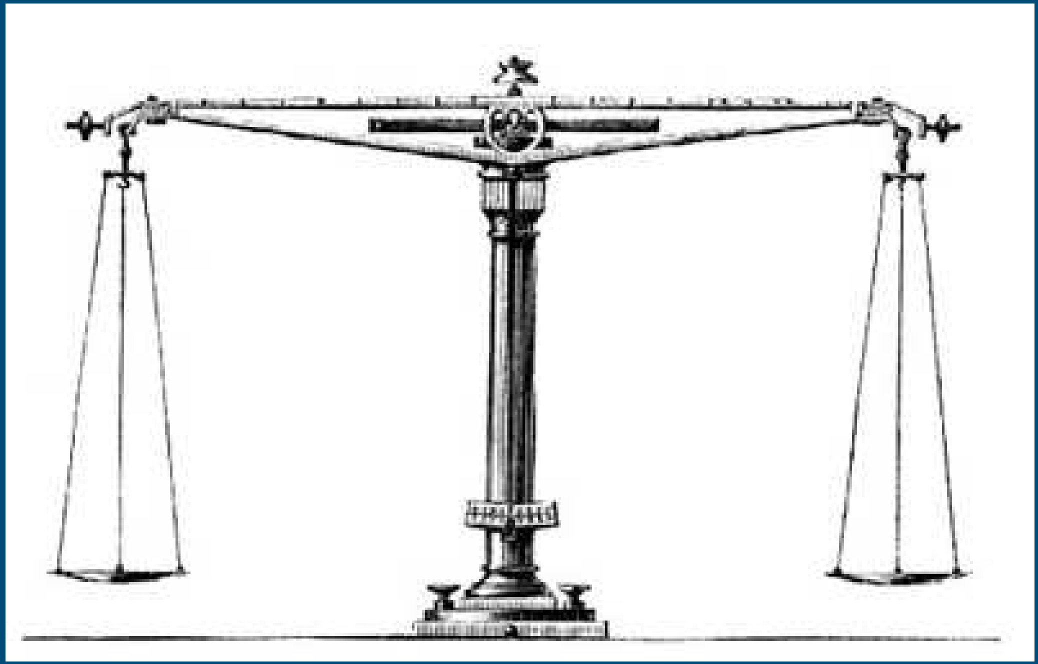
# Free trade: WTO agreement ?

* Doha:
  EU proposal to reduce import levies
* No agreement WTO

# Eggs: breaking and drying: whole egg powder

# Free trade                                    Fair trade



Increase in production cost in EU due to public concern

Lower import levies

# Conclusions: comparison production cost

- Within EU small differences in production cost
- Low production cost for USA, Brazil, Argentina and India ( 60 to 65% of EU level)
- Difference in animal welfare and foodsafety standards with non EU countries; especially for eggs.
- Cost increase eggs in EU towards 2012: + 10%
- WTO: lower import levies on eggs and eggproducts will weaken EU egg sector.

# Part 3: Projections 2015

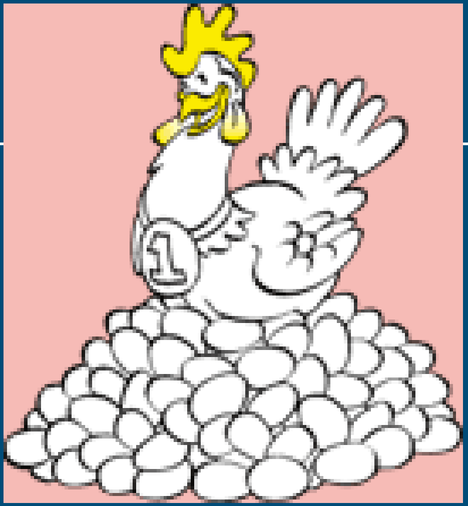
A projection of the regional Development of Egg production until 2015

Hans Wilhelm Windhorst
ISPA Institute, Vechta in Germany

IEC Statistical Analyst

London, 2008

# Factors



- Natural population
- Age structure of the population
- Urbanisation of a society
- Development of the gross national income

- These parameters + development 1995-2005

# Projected population development between 2005 and 2015 in the ten largest countries (in million)

| country | 2005 | 2015 | Change | Change (%) |
|---|---|---|---|---|
| China | 1313 | 1389 | 76 | 5.8 |
| India | 1134 | 1306 | 172 | 15.2 |
| USA | 300 | 329 | 29 | 9.7 |
| Indonesia | 226 | 252 | 26 | 11.5 |
| Brazil | 187 | 210 | 23 | 12.3 |
| Pakistan | 158 | 191 | 33 | 20.9 |
| Bangladesh | 153 | 180 | 27 | 17.6 |
| Nigeria | 141 | 176 | 35 | 24.8 |
| Russia | 144 | 136 | -8 | -5.6 |
| Japan | 128 | 127 | -1 | -0.8 |
| 10 countries | 3884 | 4296 | 412 | 10.6 |

# Projected additional egg demand in 2015 (1,000 ton)

| continent | Population change (mill.) 2005-2015 |
|---|---|
| Africa | 227 |
| Asia | 451 |
| Europe | -4 |
| N.America | 32 |
| S.America | 70 |
| Oceania | 4 |
| World | 780 |

# Projected development of egg consumption (kg/person/year)

| continent | 2005 | 2015 | Change |
|---|---|---|---|
| Africa | 2.4 | 3.2 | 0.8 |
| Asia | 9.1 | 10.0 | 0.9 |
| Europe | 13.4 | 13.9 | 0.5 |
| N.America | 15.0 | 15.3 | 0.3 |
| S.America | 10.2 | 11.2 | 1.0 |
| Oceania | 7.0 | 7.9 | 0.9 |
| World | 9.1 | 9.8 | 0.7 |

# Projected development of global hen egg production between 2005 and 2015

| continent | Production (1000 t) 2005 | Production (1000 t) 2015 | Additional demand (1000 t) |
|---|---|---|---|
| Africa | 2,203 | 3,683 | 1,480 |
| Asia | 35,917 | 43,992 | 8,075 |
| Europe | 9,823 | 10,135 | 312 |
| N.America | 4,985 | 5,751 | 766 |
| S.America | 5,711 | 7,024 | 1,314 |
| Oceania | 232 | 292 | 60 |
| World | 58,871 | 70.877 | 12,007 |

# Conclusions projections 2015

- Egg production will increase from 58.8 to 70.9 million ton between 2005 and 2015 (+20% is 650 mln layers)
- Egg demand will increase faster in less developed than in more developed countries
- 67% of the additional demand of 12 million ton in 2015 will arise in Asia
- The highest additional demand show China ( 6 mill. t.), India (1.2m), USA (0.6 m), Brazil (0.4 m) and Indonesia (0.4 m).
- Egg demand will decrease only in very few countries (Hungary, Greece, Japan).

# Discussion projections 2015

- Introduction and dissemination of HPAI
- Increasing feed cost (supported boom in bio energy) and impact on egg prices
- Impact of government policy (e.g Ban on conventional cages in EU).
- WTO agreement: free trade on egg products with shift to low cost countries.

→ In EU: High governmental impact on future developments in eggs sector (housing systems vs import tariffs).

# Thanks for your attention

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