

National Chicken Council 60th Annual Meeting

October 30, 2014

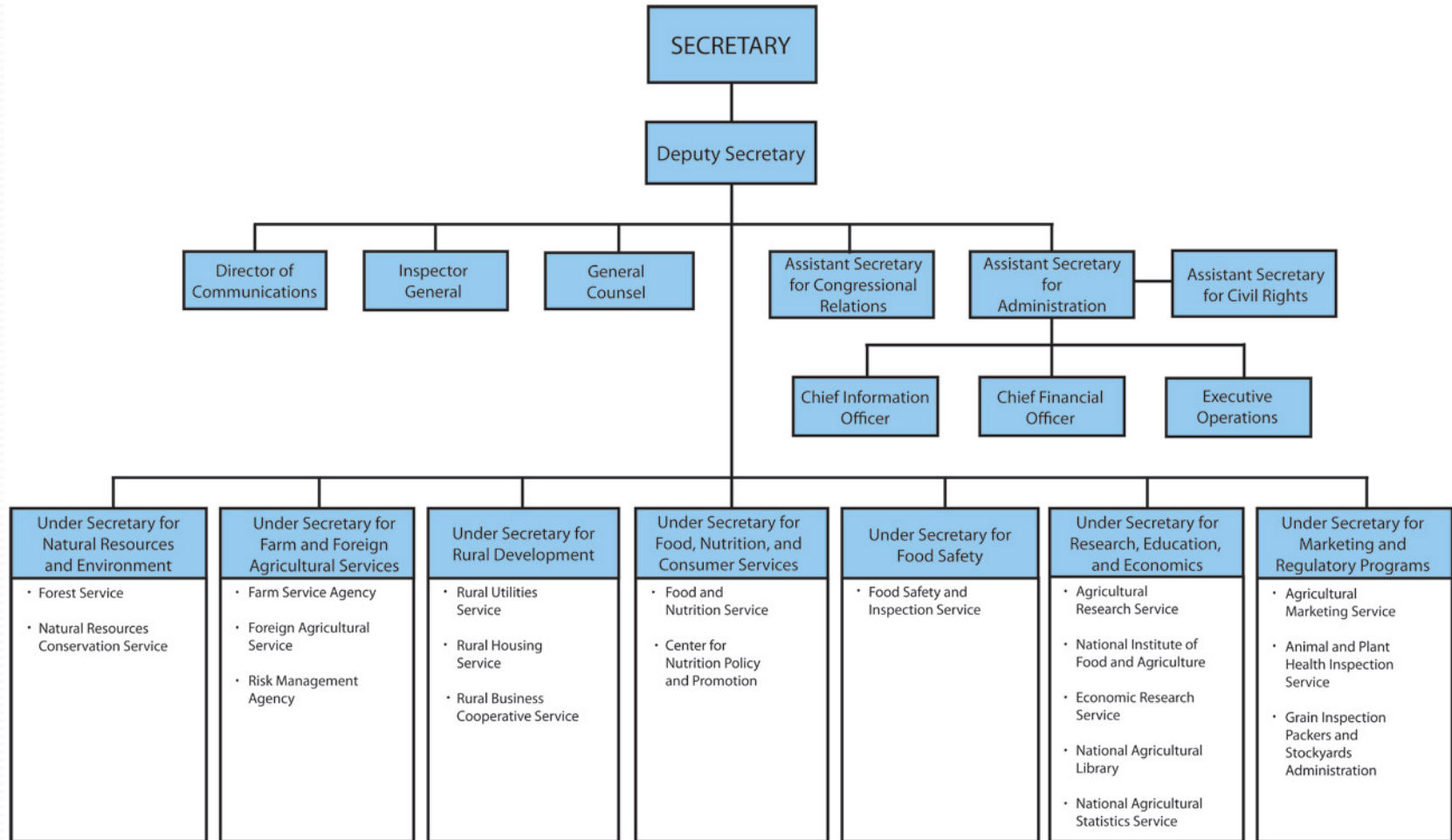
Dr. Craig Morris
Deputy Administrator
Livestock, Poultry, & Seed Program



Discussion Topics

- AMS and LPS Overview
- Market News
- Country of Origin Labeling Program
- Purchase Program Updates
- Special Purchases
- The Economic Landscape
- Animal Welfare
- Antibiotic Use Claims
- International Standards

AMS & LPS Overview



AMS & LPS Overview

- Part of USDA Marketing & Regulatory Programs (also APHIS and GIPSA)
- Mission: To facilitate the competitive and efficient marketing of agricultural products.
- Vision: We envision a marketing system that quickly and efficiently moves wholesome, affordable agricultural products from the farm to the consumer.

AMS & LPS Overview

U.S. DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

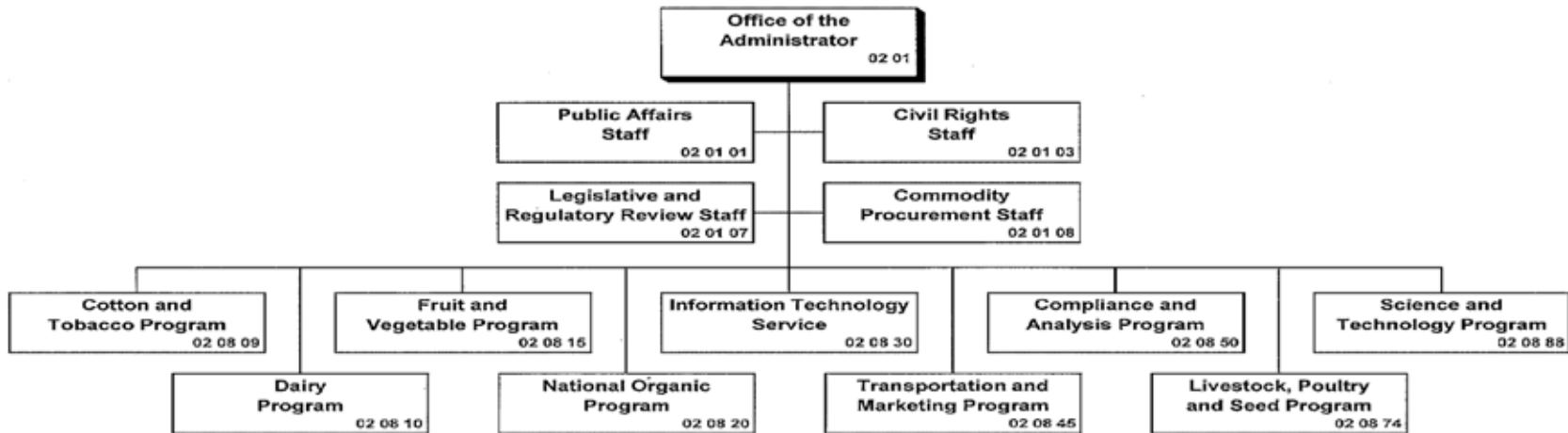
Supersedes AMS chart dated October 5, 2009

APPROVED:


Under Secretary for
Marketing and Regulatory Programs

DATE:

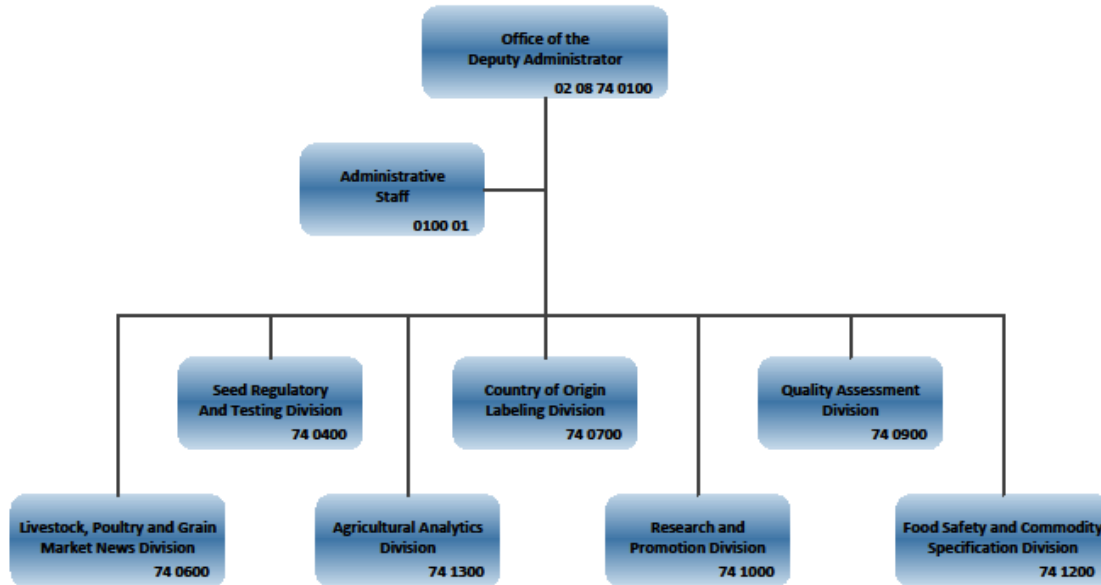
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The mission of the Agricultural Marketing Service is to facilitate the competitive and efficient marketing of agricultural products.

AMS & LPS Overview

**AGRICULTURAL MARKETING SERVICE
DEPUTY ADMINISTRATORS
LIVESTOCK, POULTRY AND SEED PROGRAM**



Market News

- Increased support and interest in the National Whole Broiler/Fryer Report, which began in 2012
- Organic broiler/fryer slaughter numbers reported on a weekly basis via the USDA Certified Organic Poultry and Egg Report
- LPGMN is currently getting set up to report local chicken retail feature pricing on our Weekly Retail Chicken Feature Activity report.

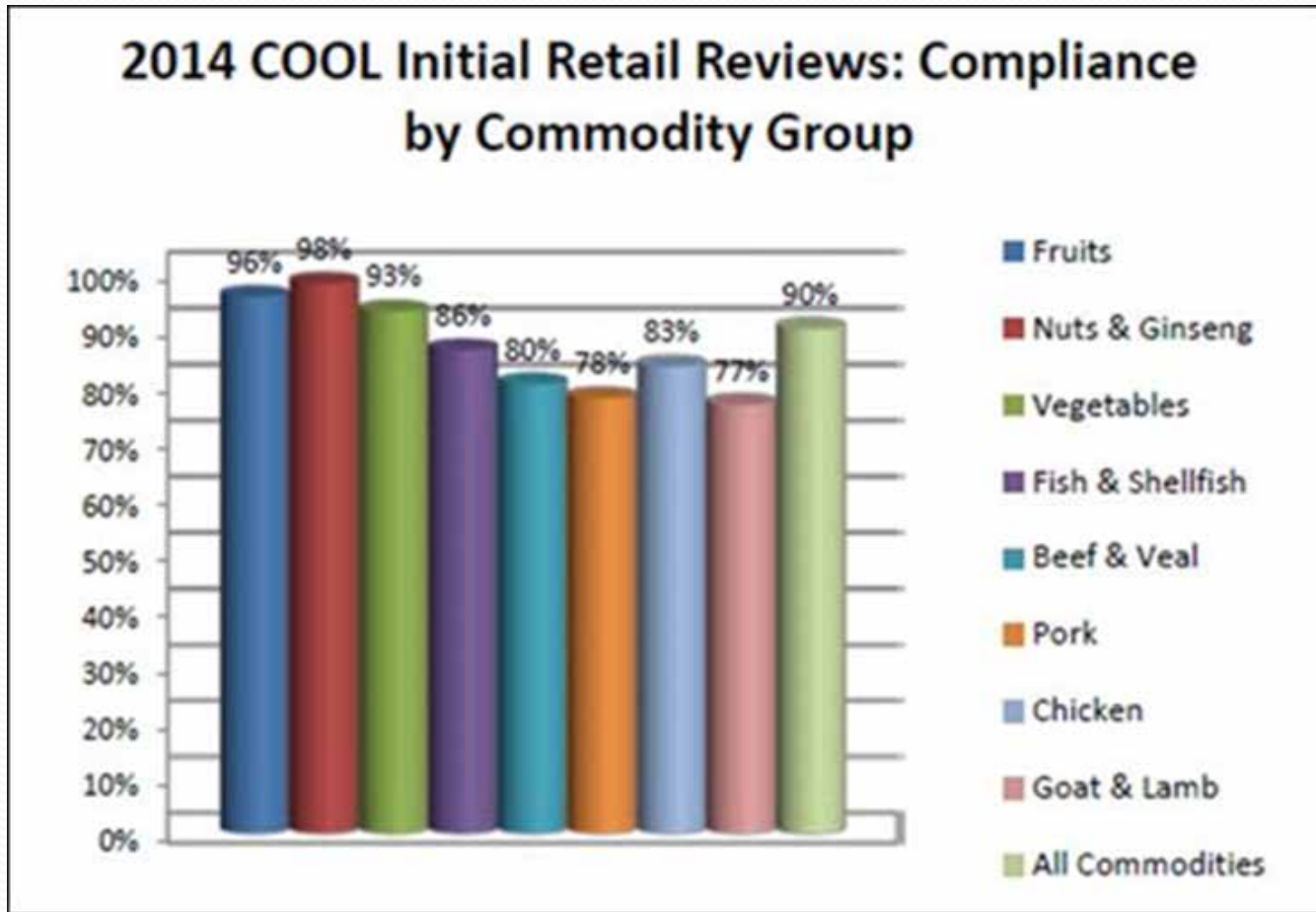
Market News

- **Monitoring the market for antibiotic free (ABF) chicken with the intent on possibly covering the weekly ABF chicken slaughter and pricing on ABF chicken**
- **Considering consolidation chicken parts reporting into one comprehensive report, which would include national prices either on a delivered or FOB basis**

Country of Origin Labeling Program

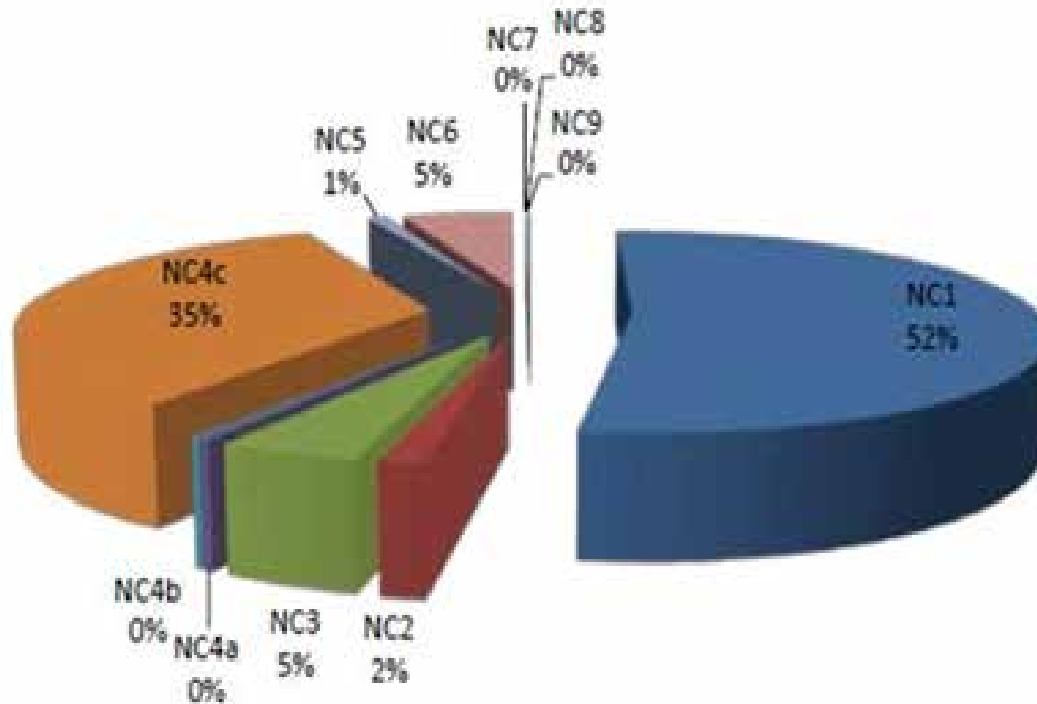
- Since implementing final rule in 2009:
 - over 25,408 retail stores reviewed for compliance;
 - approximately 684 covered commodities audited through chain of commerce consisting of 1,529 suppliers.
- Cooperative agreements with 49 states. Federal employees conducted retail reviews in Kansas in 2014.
- FY 2014 allocation to state agencies valued over \$2,100,000. (3,335 retail reviews assigned.)
- Substantial training efforts for approximately 350 State Officials.
 - Webinars
 - Workshops in CA., VA., and SC.

Country of Origin Labeling Program



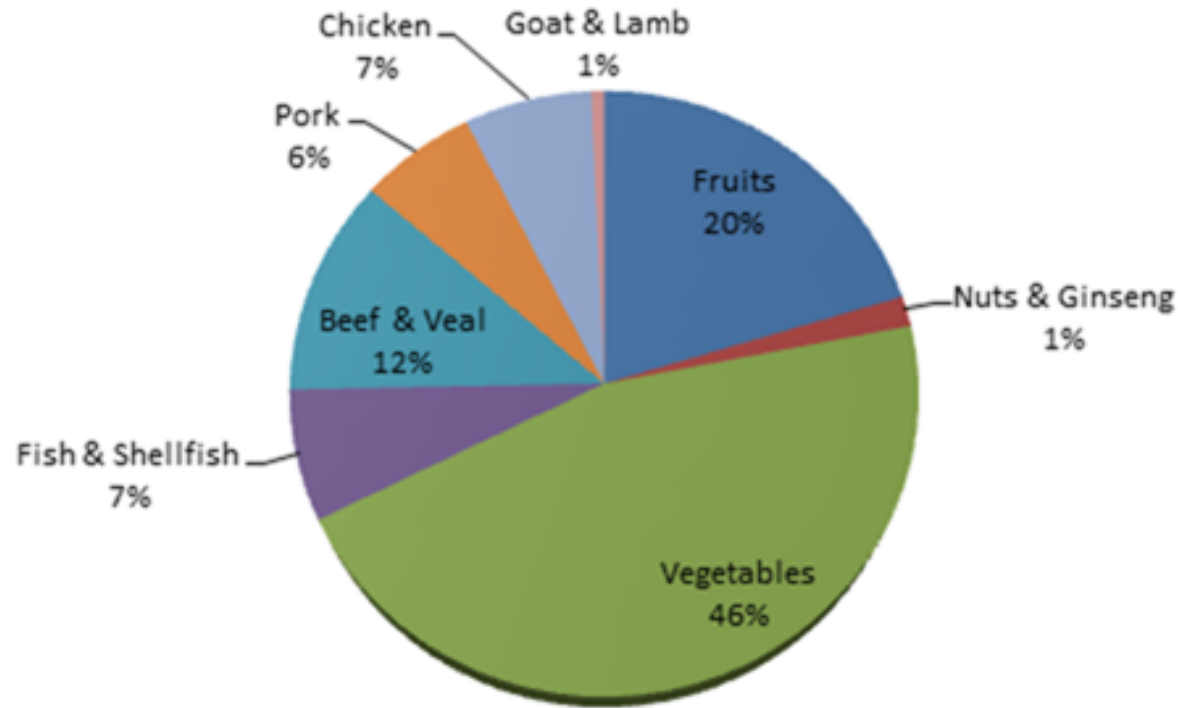
Country of Origin Labeling Program

2014 COOL Initial Retail Reviews: Non-Compliance by Code



Country of Origin Labeling Program

2014 COOL Initial Reviews: Commodity as a Percent of all Covered Commodities Reviewed



Purchase Program Updates

Chicken Product Purchases – FY 2012-2014

	FY 2014 (Thru Oct 10)		FY 2013		FY 2012	
	Cost	Pounds	Cost	Pounds	Cost	Pounds
TOTALS	\$260,300,878	254,567,800	\$322,233,225	333,658,900	\$281,891,143	318,042,727

Includes shelf stable chicken, chicken fajita strips, chicken and chicken products, and consumer pack whole chicken.

Purchase Program Updates

- **Further Processed Certification Program (FPCP)**
 - Applies to further processors of red meat and poultry
 - Standardized AMS acceptance procedures regardless of protein
 - Long term goal of reducing costs by having more staff trained and available for further processing work
 - AMS presence adds value and integrity to further processed donated poultry and red meat commodities

Special Purchases

- On August 22, 2014, the Secretary received a request by the NCC for surplus removal of \$50 million in chicken products under Section 32 Authority.
- On September 02, 2014, USDA announced its intention to purchase up to \$24 million in leg quarters with bids due September 12.
- USDA received offers from four vendors and two awards were made totaling 44,422,000 pounds valued at \$24 million.

Special Purchases

- Unit prices awarded ranged from \$0.4864 to \$0.6320 per pound for 4/10-pound leg quarters.
- Deliveries will be made between November 1, 2014 and February 28, 2015.
- Leg quarters will be delivered to Food Banks in all states except Alaska, and will be delivered to the District of Columbia, Puerto Rico, the Virgin Islands, and Guam.

The Economic Landscape

- Published monthly by LPS Agricultural Analytics Division.
- Distributed upon request and posted on website.
- Covers various commodities
- Analysis of production (current, annual, monthly comparisons, etc.)
- Prices (current, annual, monthly comparisons, etc.)
- Export status (participating countries, volumes, values, etc.)
- Includes special reports and features when necessary/available (e.g., holiday favorites; weather impacts; Super Bowl snacks.)



EGGS

Production
April table egg production totaled 580 million dozen, up 3 percent from April 2013. There were 967 million broiler-type hatching eggs produced, down 2 percent from last year. The broiler-type laying flock on May 1 was 53.5 million hens, even with 2013. Egg-type hatching egg production was 75 million eggs, down 6 percent from a year ago. Shell eggs broken totaled 186 million dozen during April 2014, up 4 percent from April a year ago, and 2 percent above the 183 million broken in March. On May 1, the number of birds in the table egg flock was 295 million, up 3 percent compared to a year earlier.

Price
Egg prices had their normal late spring bounce in May. After their inevitable post-Easter crash, the price of one dozen large Grade A eggs rose 15 cents during May, closing the month at 138 cents/dozen. The price of breaking stock followed suit, rising 16 cents during the month and ending at 112 cents/dozen. Liquid egg white prices have recently seen record highs. The average weekly price for liquid egg whites between April and mid-May (the latest available reported price) was 121 cents/lb, 79 percent above the 67 cents/lb average for the same period in 2013 and the last reported price of 127 cents/lb, is an all-time high value. Demand for egg whites has risen steadily as several fast food chains have added egg white-based menu items over the past year in response to a mini health craze driven by concerns over cholesterol in egg yolks. The price for liquid egg yolks, in contrast, has fallen sharply this year. In response to egg-white supply shortages and increased prices, the Netherlands currently has an equivalence request in process with the Food Safety and Inspection Service to allow it to export egg products to the U.S. The process is expected to be completed over the next 60 – 90 days.

International Trade
Table egg exports in April were 13.7 million dozen valued at \$15.5 million, up 13 percent in volume and 16 percent in value compared to March, but down 24 percent and 5 percent, respectively, compared to April 2013. Egg product exports in April were valued at \$14.3 million dollars, up 2 percent from March but down 2 percent from April 2013. Year-to-date, table egg exports are down 4 percent in volume but up 12 percent in value compared to the same period in 2013, while egg products are up 6 percent in value.

LAMB

Production
April lamb and mutton production rose to 15.2 million pounds, up 13 percent from both March 2014 and April 2013. Sheep slaughter totaled 221,000 head, 15 percent above last year. The average live weight was 137 pounds, down 3 pounds from April a year ago. Lamb and mutton in cold storage was 4 percent lower than the month before, but 25 higher than year earlier levels.

Price
Negotiated slaughter lamb prices (Domestic Prime & Choice, under 170 pounds) dropped more than \$10/cwt to \$145 at the end of May, and closed the month 10 percent below the historical average price for 2010-2012, but 21 percent below last year's price. The lamb cutover value fell \$9 in May to \$360, 29 percent higher than in 2013 and 1 percent higher than the 2010-2012 average. Leg of lamb prices dropped \$15 since the start of May to \$367 per cwt, less than 1 percent below the historical average, but 20 percent above the price in 2013. Boneless lamb shoulder meat fell \$20 through May to \$516 per cwt, however, this remains 17 percent above the 2013 value, and 32 percent above the 2010-2012 average.

International Trade
The export market for lamb increased 80 percent in volume to 246.7 MT from March to April, while value of exports increased 24 percent to \$1.4 million. Relative to 2013, this was a decline of 34 percent in volume and 9 percent in value. Canada and Mexico were the largest markets for U.S. lamb and mutton. The U.S. imported 9.9 thousand MT of lamb in April, worth just under \$74 million, an increase in volume and value of 5 and 4 percent, respectively, over March. On a year-over-year basis, lamb import volumes rose 19 percent, and in value, rose 30 percent. Australia and New Zealand were the U.S.'s largest importing countries.

There were 22 weekdays, 4 Saturdays and no holidays in April 2014.

Source: USDA AMS Agricultural Analytics Division
Any opinions expressed represent those of the authors for the limited purpose of this newsletter and do not represent the official position of the Department.

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Animal Welfare

- **37 PAACO Certified Auditors within LPS-QAD**
 - 17 Certified Poultry Auditors
 - 20 Certified Meat Plant Auditors
- **PAACO certified auditors continue to audit Perdue and Tyson complexes to the NCC Animal Welfare Guidelines under the USDA Process Verified Program**
- **UEP and NTF Animal Welfare Auditing**
 - Audit over 80% of all UEP certified members to UEP animal husbandry requirements for 15+ years
 - Audit turkey complexes to the NTF Guidelines since 2006

Animal Welfare

- ISO Animal Welfare Standard
 - AMS serves as chair to the U.S. Technical Advisory Group.
 - Technical Specification (TS) under development now.
 - The purpose of the TS is to improve the living conditions of animals raised for food production around the world through the following objectives:
 - to provide a management tool that facilitates the implementation of the AW principles of the OIE Terrestrial Animal Health Code (TAHC) (chapter 7.1);
 - to provide guidance for the integration and mutual recognition of additional provisions from public or private standards and relevant legislation, on condition that they meet at least the OIE TAHC.
 - to facilitate the integration of Animal Welfare principles in Business to Business relations between suppliers and customers.

Animal Welfare

- **ISO Animal Welfare Standard (Continued)**
 - U.S. led the drafting of the outline.
 - Outline out for public comment until December 6.
 - Outline components:
 - Introduction
 - Definitions
 - Main principles
 - AW gap analysis
 - Implementing AW plan
 - Evaluation and review
 - AW thresholds

Antibiotic Use Claims

- **Current ‘No Antibiotics Ever’ Process Verified Programs**
 - 9 broiler complexes listed
- **Chick-fil-A Announcement on February 11, 2014**
 - Plan to serve chicken raised without antibiotics in all Chick-fil-A restaurants nationwide within five years
 - All suppliers will need to be certified via the USDA Process Verified Program and be listed on the website
 - First time a quick service restaurant has committed to a 100 percent “No Antibiotics Ever” standard for poultry

Antibiotic Use Claims

- **School Food Focus(SFF)/PEW Draft Standard for Responsible Use of Antibiotics**
 - Seeks to minimize antibiotic use by allowing antibiotic applications, in very limited circumstances, for the treatment of certain illnesses in poultry while not allowing any non-medical use of antibiotics (e.g., for growth promotion or given in the absence of disease)
 - Audited by USDA-AMS, LPS under either the Process Verified Program or Quality System Assessment Program
 - Beginning with broiler industry

International Standards

- AMS serves as Vice Chair of UN's Specialized Section on the Standardization of Meat.
- AMS played an active role in organizing and facilitating sessions of the Meat Symposium held last month as part of the Specialized Section meeting.
- AMS developed Further Processed Poultry Standard that was agreed upon by delegates of the Specialized Section. The Working Party will consider adopting the standard as an official UN standard in November 2014.

Questions and Contact

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Livestock, Poultry & Seed Program

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...or visit us on the Web at: <http://www.ams.usda.gov/LPS>

Thank you!



United States Department of Agriculture
Agricultural Marketing Service

Livestock, Poultry and Seed Program