

Scottish Egg Producer Retailers Association

MARKET REPORT

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	Size	V. Large	Large	Medium	Small
Farm to Shop	Prices	£1.49	£1.25	£1.15	80p
Scottish Wholesaler	Colony F/R	£1.20 £1.50	90p £1.40	80p £1.30	
English Wholesaler	Colony F/R Colony F/R	£1.40 £1.70 £1.45 £1.45	£1.10 £1.50 £1.20 £1.45	95p £1.40 £1.15 £1.20	80p 80p 75p 85p
Packer / Producer Contracted average Price					
		Organic	FreeRange	Barn	Colony
		£1.20/£1.45	90p/£1.15	75p/95p	65p/85p
Producer / Consumer		V. Large	Large	Medium	Small
- Colony	Prices	£2.00	£1.85	£1.40	90p
- Free Range	Prices	£3.00	£2.35	£1.93	£1.05
Free-Range to Farm Shop	Prices	£1.75/£2.25	£1.31/£1.91	£1.15/£1.45	95p
Central Egg Agency	Colony F/R	£1.11 £1.43	96p £1.33	86p £1.23	65p 98p
Imported Continental Prices in Bulk					
Dutch Eggs	Barn	92p(-1p)	73p(-1p)	69p(-1p)	60p(-4p)
German			79p(-2p)	73p(-2p)	

The market, fairly quiet but that is expected as we are now in the transition period from summer to winter eating habits, but it is only a month till the clocks change and consumption starts to pick up, if prices can hold on till then, there is a bit of downward pressure on prices with a bit of discounting particular on Medium with some really cheap prices being kicked about, with a good possibility it's the same eggs.

The Transatlantic Trade and Investment Partnership (TTIP) appears to be progressing with a lot of pressure from politicians on both sides of the Atlantic, the article by Jan Cees Bron goes some way to explain what's going on and the repercussions as it is bound to affect our industry somehow.

In the end it comes back to politicians and negotiators in Brussels and the track record is very few of them understand the problems or the cost of production on food, agriculture is just a negotiable thing and the

people working in it cannot fodder in the big merry go round of keeping prices down and industrial output up and as a yard stick the Ukraine has been given associate EU membership and the back door open wide for their agricultural production which is possibly a bigger threat than the USA, but the Americans are the experts in product and that will be their target area.

We need lobbying of politicians, it is amazing how few understand the coding on eggs or the need for it to be carried onto products, it is the look of surprise when explained what it all means, like SCO on eggs produced in Scotland, so what hope is there for the rest of the UK when the school children are better informed than the decision makers.

Mark Williams of BEIC wearing his hat as chairman of the European Egg Packers and Traders Association has been lobbying to try and get special protection status for our egg industry on the grounds of our higher welfare standards which generate higher costs of production this will only work for a fairly short period as the Americans through their proposition 2 are improving their welfare standards, plus the Ukraine is possibly half way there already, quality of product and local image are going to be ever more important in this ever shrinking trading world with the sale of Volkswagens in the US higher up the politicians agenda.

EU and US mega deal sparks inflated emotions

The EU and the US are negotiating a free trade and investment agreement. Negotiations are also about import tariffs but mainly about sanitary and phytosanitary standards. In this two-part series, World Poultry examines this deal which can have far-reaching consequences for agriculture.

Daniel Rosario, European Commission's spokesperson for Agriculture and Rural Development, Ignacio Garcia Bercero, European Union chief negotiator for the Transatlantic Trade and Investment Partnership (TTIP), and Dan Mullaney, US TTIP chief negotiator, delivered at a press conference at the end of the 10th round of the TTIP negotiations at the European Commission headquarters in Brussels. If concluded, the TTIP would be the world's biggest trade deal, linking about 60 percent of the globe's economic output in a colossal market of 850 million consumers, creating a free-trade corridor from Hawaii to Lithuania.

US President Barack Obama and the President of the European Commission, José Manuel Barroso, announced a Transatlantic Trade & Investment Partnership (TTIP) in June 2013. An agreement that has to simplify trade and investment by US companies in the EU and vice versa. TTIP is a free trade agreement but for the first time, it is one with a strong investment component and additionally has the objective to merge different standards, including those relating to food safety.

According to the European Commission the agreement can yield the EU economy € 120 billion per year, and another € 90 billion for the US. Those figures are based upon countless assumptions, but as the European-American trade amounts to one third of the world trade and considering the distinct ambitions, the impact will in any case be enormous.

A controversial trade deal

TTIP is referred to by proponents as an 'economic NATO'; as an economic pillar in support of the Defence Treaty, meant to guard Western democracies against the evil world outside. Most of them refer purely to economic interests. Advocates say free trade is good because competition forces countries to focus on products that they can manufacture cheaper than others. The idea is that everything is thus produced in the most efficient manner and prosperity will grow.

Opponents characterise TTIP in a different way. Austria's largest and most opportunistic newspaper, Kronen Zeitung, summarises TTIP as "worse than IS and Ebola put together." Also a large number of NGO's in the EU take action against TTIP. They fear the breakdown of labour rights, companies that can reverse legislation through special trade tribunals, and pressure on standards that protect food safety and the environment.

And our farmers? TTIP is there for the big companies, critics say. Within the agribusiness those are Unilever, Monsanto and Cargill. The European family company would even be at risk if they have to enter the competition with the barbarian mega companies on the other side of the pond. The NGO's are just one step away from taking up position at the coast to stop industrial 'chlorinated poultry', 'hormone-filled hamburgers' and 'transgenic crops'.

Agriculture a key feature

Agriculture is likely to be an important component of TTIP. It is an area where both countries still use high tariff walls and numerous non-tariff barriers, such as requirements in the field of animal and plant health and food safety. The importance is underlined by the lobbying activities at the European Commission. Of the companies that lobbied, most are active in the agribusiness. The agribusiness visited the Commission more often than the telecom and IT sector, car industry and financial world combined. The EU and US are both large agricultural players and agriculture is historically protected.

In the reciprocal agricultural trade, the EU has had the upper hand since 1999. In 2012 the EU realised an agricultural trade surplus with the US of € 6 billion. Less than 10% of the EU's agricultural imports come from the US while about 13% of the agricultural exports go to the US. The percentages have dropped in recent decades, partly because of the emergence of other powers. For instance, the EU used to import virtually all soya from the US, while Brazil and Argentina are now the main suppliers. The US sell their soy mainly to China now.

Countries in East Asia and specifically China, have become important export destinations for both parties. The same goes for the small but wealthy Gulf States, Russia, India and some countries in Latin America and Africa. The transatlantic relationship is not insignificant. The US mainly buys processed foods from the EU and those come with nice margins. About 80% of the export of the EU concern processed products. On the other hand, the US especially export bulk products. The EU is home to some of the largest food processors worldwide, such as Nestlé, Danone and Unilever. Both parties have more than enough in offensive and defensive interests.

Tariffs in EU higher than in US

One thing that is not up for discussion within TTIP is the agricultural support issued through the Common Agricultural Policy of the EU or US Farm Bill. US negotiators do try to use the relatively high European agricultural subsidies in the discussions on the agricultural dossier. The time of butter mountains and wine lakes is over, as they say, but Europe still has some atonement to do. According to the OECD, subsidies in the EU account for nearly 20% of the farmers' income, against 7.5% in the US.

Traditionally, trade agreements mainly concern reductions in import tariffs. A distinction is made between official tariff rates and the tariff rates actually applied. For the time being, the cutting of import tariffs does not really get the officials from the EU and the US very excited. In the margin of a press conference in Brussels, the European chief negotiator Ignacio Garcia Bercero called it an 'easy' part of the negotiations. "Percentages are easily negotiated."

Average applied tariffs between the EU and USA for all trade in goods indeed amount to 'only' 3%. However, agriculture truly is a sensitive dossier and is protected both ways by relatively higher tariff barriers, in which the EU is the largest 'culprit' from a free trade point of view. For example, the US still uses high import tariffs for dairy (20%), sugar (19%) and vegetables (7.6%). For vegetables and meat American import tariffs are below 5%.

On the other hand, the EU applies import tariffs on meat and dairy of respectively 45 and 42%. Sugar producers in the EU are protected by an import wall of 24%. For vegetables there is also still a robust tariff rate of 8.5%. On average the US uses import tariffs of about 6.6% while the percentage is twice as high in the EU. The EU did cut down more than the US did over the past 10 years, partly because the EU has shifted to the right ideologically.

The French research institutes for agriculture and international economics, INRA and CEPII respectively, and the University of Munich were commissioned by the European Parliament to do research into the possible effects of TTIP. In doing so, they assumed immediate reduction of most tariff lines to zero and the phasing out of tariffs for the so-called sensitive products within a foreseeable future. Their conclusion is that trade is only stimulated by lowering import tariffs to a certain extent.

Harmonising standards

TTIP has the most potential with regard to the removal of barriers, such as sanitary or phytosanitary standards. The researchers looked at the trade deal between the EU and Canada for a reference. If 25% of that kind of barriers is removed, EU imports of American agricultural products will increase with about 120% up to 2025. In that scenario, agribusiness in the EU can export 60% more. So the US is the nett winner on the agricultural dossier.

In the best scenario according to research, the EU can increase the export of red meat with more than 400% while export of sugar (297%), white meat (289%), dairy (240%), grain (168%) and fruit and vegetables (90%) will grow significantly as well. The same sectors will benefit in the US, however here the start volumes with meat, sugar and cereals are a lot bigger.

The increase in EU dairy export to the United States reaches over € 2 billion in the prognosis. The Netherlands is among the countries that can claim a substantial portion of this additional export. The amount does however strongly depend on non-tariff barriers and geographical indications. So what are these barriers and how likely is it that many of them be removed? The EU is not exactly keen but in the US, the agricultural lobby believes it to be the main theme.

Trade policies

The EU only sparingly admits the import of transgenic crops from the US and bans various meat products for sanitary reasons. The EU does not accept that chickens be cleaned with chlorine, which is the normal procedure in a large part of the poultry industry. The EU also does not allow beef and pork that has been produced using growth-promoting hormones or antibiotics. The US describe these measures as unscientific or downright call them trade policy.

On the other hand, the EU also has something to say about the US. The American market for fruit and vegetables from the EU is not very open, according to EU officials. The Americans regularly have too

few people available for phytosanitary inspections, causing the crates on the docks to go to waste. In trade circles this phenomenon is called 'Japanese inspections': you regularly wait until products decompose. The US still refuses EU beef because of foot-and-mouth disease, and very specific product requirements make it difficult to sell to American dairy customers.

Part two to follow next week...

Jan Cees Bron

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