

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	£1.40 £1.70	£1.20 £1.45	£1.15 £1.20	75p 85p
	Colony F/R	£1.45 £1.45	£1.20 £1.45	£1.15 £1.20	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	£1.08(-3p) £1.45(+2p)	90p(-6p) £1.35(+2p)	80p(-6p) £1.25(+2p)	62p(-3p) 98p
Imported Continental Prices in Bulk					
Dutch Eggs	Barn	90p(-2p)	71p(-2p)	66p(-3p)	60p
German			77p(-2p)	71p(-2p)	

The market is steady but quiet, with most people sitting on the fence price wise, as demand will pick up, the differentials between Colony and Free Range is increasing partly through the special offers in the supermarkets and partly due to a slight drop in placings for Free Range, but the difference is necessary due to the higher cost of Free Range production.

Some of the big packers seem to be panicking slightly, but it is only a month till the clocks change and demand increases with the darker nights and these mornings are distinctly Autumnal already.

One reason for the lack of demand in Scotland is we are about to have the October school holidays and most parents cut back on expenditure if possible to fund the holiday period.

We are now into the autumn migratory period for wetland wildfowl coming down from the North and Siberia, the Geese are arriving on mass, but they are not the problem, it is the Quakers that appear to be the big hazard and carriers of AI and have the resilience to survive it's effects and become carriers, as

they are mostly nocturnal you might not be aware of them visiting your Free Range areas, let's hope for a mild winter.

We have included this week a more detailed account of the AI problems in the USA as if was not for the diligent of staff and vets plus our ministry's officials we might well be in the same position.

Their cost of AI figures are mind blowing , but it is America and everything is big, but it has obviously sent shock waves right through their entire industry, they will make changes and bounce back.

We also include part 2 on the TTIP which could affect our entire industry as with the beak trimming proposals it is politicians that make the decisions, many of whom give the impression that they are still struggling with their shoe laces.

What affect would zero tariff barriers have, it wouldn't directly affect the fresh shell egg market as there is local image and a good array of well-known brands plus our traceability and quality ID.

What it would affect would be products on the shelf, which would reduce the demand and prices for farm seconds and eggs for processing severely weakening the bottom end of the market and we are all aware in this country with the supermarket wars that the market is now led from the bottom up.

Lessons learned from the recent US HPAI epidemic

The last confirmed case of H5N2 highly pathogenic avian influenza (HPAI) was diagnosed in Iowa in a commercial layer complex on June 17th. All indications are that outbreaks of this strain - which emerged in early March in Missouri and later devastated flocks in Minnesota, the Dakotas, Iowa and Nebraska - have ended. Now it is time to draw conclusions.

Euthanasia and removal of hens from high-density cage units was a laborious manual process.

The United States Department of Agriculture-Animal Plant Health Inspection Service (USDA-APHIS) has issued regular weekly reports on progress in the control and disposition of cases. The approach used by APHIS has followed the conventional sequence as used by regulatory authorities, conforming to the recommendations of the World Organisation for Animal Health (OIE). This includes rapid presumptive diagnosis (antigen-capture immunoassay), immediate quarantine, establishing infected zones and outer control areas with structured surveillance for AI, confirmation of the diagnosis (PCR) and, to prevent further spread of the disease, euthanasia of flocks, with depletion and disposal by either incineration or in landfills, decontamination, testing and eventually restocking.

The fact that existing procedures weren't sufficient to cope with the crises and should be rethought is the main conclusion in hindsight. At a hearing called by the US Senate Agriculture, Nutrition and Forestry Committee on July 7th, the Chief Veterinary Officer of the USDA, Dr John Clifford, and the Director of the Southeast Poultry Research Laboratory (SEPRL), Dr David Swayne, provided testimony and responded to questions relating to the epidemiology, molecular biology and control of the disease and gave predictions of future events. Representatives of the turkey and egg production industry and an agricultural economist, Dr Thomas Elam, also provided perspective on the outbreak.

Shortcomings in procedures

The US poultry industry operated according to a standard of structural and operational biosecurity incapable of protecting flocks from the introduction of a highly pathogenic virus. The injudicious concentration of large complexes with up to five million hens in close proximity, based on financial expediency and least-cost production, was contrary to principles of sound conceptual biosecurity and exacerbated the losses sustained following the introduction of HPAI into a county. Even in the case of turkey farms with up to 20,000 birds, the proximity of units in limited areas, common ownership of adjacent farms and obvious deficiencies in biosecurity contributed to inter-farm spread.

According to an updated epidemiological study by Aphis, many of the turkey farms affected by H5N2 highly pathogenic avian influenza in the US this year had biosecurity in place, but the protocols were not being audited properly. Only 43% of the case farms were properly audited. “In the majority of cases, feed trucks, live haul loaders, pre-loaders and other items were shared by multiple farms,” said the study. “Wild birds, another possible route of disease transmission, were observed inside barns on 35% of the farms.”

Many of the lessons learned from the 2015 US outbreak will be applicable to other nations and subsequent outbreaks. Highly pathogenic avian influenza is now a world problem with implications both for domestic industries and trade. Accordingly, compliance with sound scientific and epidemiologic principles should be applied to prevent the deleterious results of catastrophic mortality and trade embargos. The application of regionalisation for commercial production and compartmentalisation for breeding stock should be reconsidered and applied. Acceptance of vaccination incorporating the DIVA approach should be regarded as a component of prevention and control.



Mallards and other migratory waterfowl are regarded as introducing the H5N2 reassortant virus to the Mississippi Flyway of North America resulting in the Spring epornitic.

AI devastation

The epornitic in commercial flocks in the upper Midwest, which extended from early April through mid June, is regarded as the most serious and expensive animal health emergency ever faced by the USDA. A total of 211 commercial farms were affected. Almost 7.5 million turkeys, with the majority comprising

growing birds close to slaughter, were destroyed; representing 7.5% of the inventory of turkeys during the period of the infection. A total of 38.5 million hens were depleted, corresponding to 10% of the US inventory. Approximately 85% of these birds were committed to the egg-breaking segment of the industry, resulting in a disproportionate impact on the availability and price of egg liquids. Concurrently, 3.5 million replacement pullets were affected, intensifying the loss experienced by egg producers. Since most of the infection occurred along the northern extremity of the Mississippi flyway, the states of Minnesota, Iowa, South Dakota, Nebraska and Wisconsin were most affected.

Economic Impact

Preliminary estimates of the cost of the 2015 HPAI epornitic can be classified according to affected segment. Losses experienced by owners of flocks, including integrators, individual farmers and independents, amounted to US\$1 billion for egg producers and US\$500 million for turkeys. These costs included loss of flocks for which indemnity of approximately US\$300 million will be received, the costs of cleaning and disinfecting and the loss of revenue before depopulation. Losses were more extensive among egg producing flocks, since the availability of pullets and the time taken to rear them, in addition to the need to phase in placements, could take as long as 18 months, severely impacting future cash flow.

Financial losses were experienced by suppliers to the turkey and egg industries and to communities impacted by plant closures and layoffs, which could amount to US\$500 million. Costs to control the disease incurred by the public sector (APHIS and states) will exceed another US\$600 million, in addition to indemnity payments. The cost to consumers as a result of increased prices for eggs and foods containing egg products will attain US\$2 to US\$3 billion, depending on the period over which higher prices will persist.

Last but not least, broiler producers, although completely unaffected, lost as much as US\$1.2 million in export revenue as a result of trade embargos imposed by some nations over the entire US, contrary to the World Organization for Animal Health (OIE) principle of regionalisation.

Epidemiology of the outbreak

A preliminary epidemiologic study was conducted by APHIS in conjunction with the Land Grant universities in affected states. An initial focus was on approximately 50 individual turkey farms that were affected in Minnesota. In addition, a few large complexes with laying hens were investigated in Iowa. It is the prevailing sentiment that the infection was introduced by migratory waterfowl into areas with a high density of poultry. Defects in biosecurity allowed virus to be introduced onto turkey farms and then later onto egg producing complexes with as many as three million hens. Molecular analysis of isolates demonstrated clusters of infection which were attributed to deficient structural biosecurity and lapses in operational biosecurity, resulting in inter-farm spread of the virus. There is evidence that, in the case of large complexes, the virus could be disseminated by air movement over at least 1 km. This observation is consistent with previous documented cases of the spread of velogenic Newcastle disease in the UK.

AI variant H5N2 was the predominant virus affecting flocks and was concentrated in the Mississippi flyway. Approximately 68 isolates were examined and characterised. In addition, laboratory-scale infection studies were undertaken demonstrating the equal susceptibility of turkeys and chickens. Viruses were similar (99% or more) across the entire genome. Within H5N2 viruses isolated from turkeys in Iowa, Minnesota, North Dakota, South Dakota and Wisconsin, changes in the HA1 protein (antigenic site) were demonstrated, which may have contributed to increased virulence. The amino acid substitutions detected could be sustained in small virus populations affecting poultry flocks, but it is unknown whether these changes will persist in the field.

Growing turkeys were severely affected when exposed to H5N2 HPAI. Flocks demonstrated a brief period of morbidity followed by acute mortality.

Control of HPAI

It is evident from the history of the outbreak, the testimony presented at the Senate hearing and industry conferences that the incidence rate of infections in Minnesota and Iowa, followed by Nebraska, coupled with the size of the affected in-line egg breaking complexes, overwhelmed the resources of APHIS in April and early May. Through innovation and a systematic response, involving the cooperation of federal and state agencies and the industries concerned, programmes to control the disease were intensified and became more effective. Considerable difficulty was experienced in euthanising and moving hens from houses containing multi-tier cage installations, since this is a laborious manual process. Disposal of carcasses was a second challenge facing APHIS. Initially, environmental regulations and concerns of legal liability restricted access to landfills. Following the intervention of the Secretary of Agriculture and the governors of affected states, jurisdictional disputes were resolved, emergency regulations implemented and disposal moved forward effectively.

Representatives of the egg and turkey industry were critical of the response of APHIS with respect to indemnity payments. The mortality rate from the infection was so rapid that any delay between provisional diagnosis and assessing the value of the flock markedly diminished payment for birds euthanised. This problem was resolved within weeks. Alternative procedures were developed, appropriate to the magnitude of the outbreak, and compensation was adjusted and will be reviewed retrospectively for cases in April and May.

Vaccination option dismissed

Despite the fact that the CEVA HVT-vectored H5 vaccine is available and approved in the US for administration to poults and chicks and also that a wide range of inactivated emulsion vaccines could have been administered to non-exposed flocks, the decision was made to forgo vaccination in the present outbreak. This was based mainly on the impact that vaccination would have on exports of broiler products. A number of trading nations informed the USDA that complete embargos would have been placed on the US with respect to breeding stock and products should vaccination have been introduced. Importers required the USDA to provide an assurance that there was no risk associated with the introduction of infection in the event of applying vaccination. Currently, USDA officials are working with their counterparts in importing countries to develop an acceptable protocol with regard to types of vaccines, including application of the DIVA principle, control of immunisation programmes and a defined exit strategy. The USDA has announced their intention of using vaccination should a future outbreak occur and, accordingly, will begin stockpiling vaccines.

Lessons for the future

Based on the experience gained with the current epornitic and the realisation that H5 viruses are introduced by migratory waterfowl, there is concern over a recurring outbreak in the fall of 2015. In addition, there is a likelihood that the H5N2 virus or some novel reassortant may be introduced by the northward migration of waterfowl in the spring of 2016. The APHIS has developed a 'doomsday scenario' in which the virus might be introduced into the Atlantic flyway which covers the mid-Atlantic states and the south-east. This area includes the major proportion of the egg, broiler and turkey production in the US. The worst case scenario calls for 500 affected farms and expenditure of over \$ 3 billion on control.

Undoubtedly, should the infection include the mid-Atlantic and southeast regions in any subsequent epornitic, vaccination will be employed as an adjunct to the traditional approach of depopulation and disposal. In his testimony Dr John Clifford noted "destruction is not a solution to disease." Updating and expansion of ARS research facilities budgeted for 2016 will probably be accelerated. The SEPRL will be

required to expand work on vaccine development, molecular epidemiology and diagnostic capabilities. Furthermore, new protocols have been developed to expedite depletion, disposal and indemnification. The egg industry is also discussing the possibility of a Federally-supported insurance programme given the possibility of future infections so economic impact on production level can be mitigated.

Simon Shane

EU and US mega deal sparks inflated emotions (2)

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 the second part of 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, deliver a press conference at the end of the 10th round of the TTIP negotiations at the European Commission headquarters in Brussels. The European Commission emphasised numerous times in all kinds of forums that the lowering of food safety standards is definitely not on the table. [Photo: ANP]

The negotiating teams of the EU and the US deny that TTIP will go into specific files, but that does not take away the fear. “The Americans don’t just want to bring their GM crops, chlorine poultry and hormone meat to the European market,” Jürgen Knirsch of Greenpeace summarises the fear of dozens of NGOs, “they want to overthrow the pillars of European consumer protection.” The criticism mostly comes from the EU, because to most people in the US, TTIP is not really a well-known topic, says Professor Hamilton.

'US afraid of lower standards in Vietnam or Malaysia'

“The US is afraid of lower standards in Vietnam or Malaysia. Europe is seen as equivalent.” Equivalent, but certainly not better. An analysis which, incidentally, is shared by Albert Jan Maat, chairman of LTO in the Netherlands and also president of the European farmers’ organisation Copa. “I think their system is often based on science more than ours, while companies that mess up are being dealt with faster and harder. Look at the chaos in Germany during the E. coli crisis.”

The European Commission emphasised numerous times in all kinds of forums that the lowering of food safety standards is definitely not on the table. According to the Commission, the only thing that is being discussed is cooperation in setting new standards and recognising that sometimes different regulatory pathways lead to the same outcome. The idea is that both the EU and the US generally produce safe products. In cases where food on both sides of the Atlantic is considered to be safe but is produced in different ways, deals are necessary to prevent a doubling of regulatory work. Also read part one of this article

Regulatory convergence already successfully applied

Professor Hamilton stresses that regulatory convergence, as the negotiators call it, is already successfully applied in the aircraft industry. The fight between Airbus and Boeing is widely reported in the media, said the American. But if an aircraft rolls out of the hangar in Seattle and has been tested in the US, it is allowed to take off and land throughout Europe. In the early stages American and European specialists agreed upon standards and where they differ, they tested on equivalence. "If you can come to agreements about airplanes, where security is very important, then why not about food?"

The EU and the US closed a deal on equivalence of standards for organic farming before. A product that has been certified as organic in the US may also be sold as organic in the EU and vice versa. Maat stresses also that the dividing line between the US and EU is fading. "A few years ago, all sorts of sustainability issues such as animal welfare were hardly taken seriously in the US. American supermarkets now refuse certain hormone meat, here and there labelling for transgenic products is applied and the market for beef and veal that does not come from a feedlot is growing."

Criticism premature

The persistent criticism is remarkable because even though negotiators from the EU and the US have met each other about 10 times for negotiations, there is still no agreement text or specific proposal. The official assignment is to realise as much progress as possible in 2015, but even if they have an agreement by November or December, it is yet to be submitted to the US Congress and to the European Council in the EU, the European Parliament and most likely to the parliaments of the 28 member states.

In the European bureaucracy, all the criticism is attributed to a lack of strong commitment from domestic politics. Brussels is traditionally the scapegoat for domestic politicians. Anti-Americanism also plays a role. It is not the first time that the EU wants a trade agreement. The EU negotiates with India and Japan and closed deals with, amongst others, Singapore, Canada and South Korea. An important difference is that this time, it cannot be taken for granted that the EU has the upper hand.

TTIP an instrument to perpetuate economic recovery

Whereas other countries usually insist on a trade deal with the EU, it was the other way around this time. "For the EU, TTIP is an instrument to perpetuate economic recovery," said Professor of Transatlantic Relations Daniel Hamilton of Johns Hopkins University in Washington DC. "In that sense, the EU needs TTIP more than the US does, which is also about to close deals with countries around the Pacific Ocean." These negotiations include Japan, Singapore, Malaysia, Vietnam, Chile, Peru, Australia and New Zealand. The European eagerness and a strong mistrust of 'Brussels', built up over the last few decades, feeds the fear that the deal will be more beneficial for the US than for the EU. It is up to the European negotiators to prove the contrary.

Jan Cees Bron



