

Global egg production is increasing

The market for table eggs and eggs for industrial processing continuously demonstrates a positive trend. Supply and demand is increasing although cost and returns are not always in balance. The IEC's annual review reports that major regional differences and structural changes characterise the current market situation.

By Wiebe van der Sluis

Global egg production continues to show a positive upward trend. The 2005 output was 64,394,000 tonnes increasing by 1.7% to 65,500,000 tonnes in 2006. The regional concentration, i.e. the contribution of the ten leading countries to the global production volume, decreased from 73.7 to 73.1%. China remains first and the USA second. India lost its third place to Japan due to outbreaks of avian influenza, which caused a loss in consumer confidence in poultry products and high economic losses of the industry. Russia surpassed Mexico to become the fifth largest egg producing country in the world. These developments can be concluded from the annual review published by the International Egg Commission (IEC).



Demand for eggs is increasing in most parts of the world, whereby the preference for white or brown shell eggs varies per country.

Professor Hans Wilhelm Windhorst, acting as IEC Statistical Analyst, showed in this review that the EU (25) egg production decreased from 6.76 million tonnes in 2005 to 6.69 million tonnes in 2006; a drop of 1.0%. This was not a homogeneous trend as some member

states showed a comparatively high decrease (Spain, France, Belgium, UK) whereas other states showed a moderate increase in production (Poland, Germany, Netherlands, Italy).

High increases in egg production were observed in Thailand, Mexico, Argentina

Figure 1 - Housing systems for laying hens in various IEC member countries

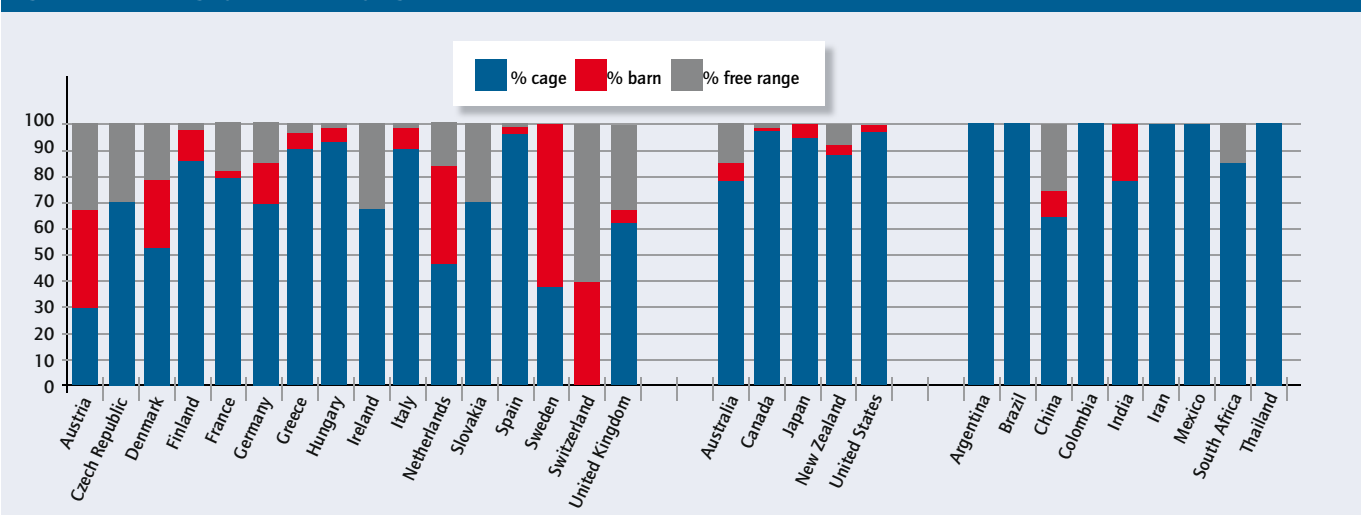


Table 1 - Egg production and prices in IEC countries

Country	Number of layers (million)	Shell egg production (x1000 tonnes)	Egg consumption per capita (total)	Self-sufficiency rate (%)	layers feed at farm gate (\$/T)	Prices cage eggs at farm gate (\$/Dozen)	cage eggs retail (\$/Dozen)	Cost to produce eggs at farm gate (\$/Dozen)
Argentina	27.6*	484.2	186	100	130.9	0.45	0.83	0.45
Australia	13.8	170.8	155	100	260	0.94	2.68	-
Austria	4.6	91	227	73	276.4	0.87	0.84	-
Belgium	-	232	200	110	229.9	0.48	2.35	-
Brazil	98.7	1,367.4	132	100	-	0.39	0.43	0.41
Canada	25.9	372.8	260	98	197.3	1.33	1.95	1.31
China	-	29	340	99	199.7	0.46	0.47	0.45
Colombia	35.2	525.4	205	100	322.7	0.71	1.06	0.64
Czech Republic	10.3	142	244	92	214.1	0.78	1.24	0.93
Denmark	3	67	270	91	239.2	-	4.03	0.67
Finland	3	56.1	138	116	301.5	0.56	2.14	0.90
France	46.5	908	251	95	-	0.62	-	0.70
Germany	36	752	206	71	-	0.75	-	-
Greece	-	94.5	132	98	-	1.06	-	-
Hungary	-	172.4	295	-	208.9	0.80	1.08	0.77
India	115.3	2,403.3	38	-	152.8	0.32	0.39	0.31
Iran	48	570	130	100	220	0.48	0.58	0.51
Ireland	1.9	34	171	80	245	0.90	1.23	1.17
Italy	-	808	219	101	307.5	1.23	3.32	0.93
Japan	136.9	2,420	324	95	473	1.25	1.39	1.05
Mexico	-	2,307	351	-	-	0.62	0.90	0.56
Netherlands	30.7	575	182	301	238.7	0.65	1.96	-
New Zealand	3	46	218	100	390	-	2.03	1.75
Slovakia	5.7	71	199	-	-	-	-	-
South Africa	21	342	124	100	201.2	1.02	1.28	0.62
Spain	44.3	770	196	117	-	0.69	1.81	-
Sweden	5.9	99	198	94	255.4	0.81	2.13	1.00
Switzerland	1.9	40	184	73	503.1	2.20	5.94	2.30
Thailand	35.6	623	150	100	264.4	0.54	0.70	0.62
United Kingdom	28.6	540	173	85	267.2	0.72	3.28	0.83
United States	288.1	4,736.9	256	102	150	0.47	1.31	0.44

*2005 figure Source: IEC Annual Review 07

and South Africa. Thailand's increase by 62.2% shows that the country is recovering from the dramatic impacts of the avian influenza outbreaks and resulting drops in demand.

Import versus export

Consumer confidence may return rather quickly after a major disaster – this can be seen in the figures from the Netherlands. Being the leading exporting country, with a 22.9% share of global trade, the Netherlands has more or less recovered from the AI outbreak in 2003. The total output and trade is still lower than before the outbreak but the whole industry has undergone a major change in structure. Flock sizes have increased and most of the cages have been replaced by aviary or outdoor production systems.

Germany remains as the major importer, with a 24.3% share of global trade volume. This is almost three times the volume of China sitting at number two. Most of the eggs imported by Germany originate from the Netherlands, whose conversion to non-cage production was highly appreciated by the larger German discounters and supermarkets.

Many European egg producers are facing problems as the deadline 2012 to convert from cages to alternative systems is approaching. Markos Kyprianou, the EU Commissioner for Health and Consumer Affairs urged the member states to hurry up because there will be no chance of delaying the deadline. His message was especially directed to countries in the southern and eastern part of the Union, where little or nothing has been done to replace the traditional cages.

Cage or non-cage production is predominantly a European issue, but seems to become a subject for discussion in other parts of the world too. The IEC review gives an overview of the percentage of hens housed in cage, barn or free-range systems in 30 countries (Figure 1). This overview shows a wide variation in housing systems used in these countries. Australia and New Zealand follow the EU trend, while China, India and South Africa show a rather high number of non-cage production systems, a figure which probably refers to non-commercial backyard egg production facilities.

Variation in costs and returns

IEC Economic Analyst, Peter van Horne, also collected a wide range of economical data from the IEC member countries. Table 1 is a shortened version of the extensive review per country. These 2006 figures once again show that there are huge differences in self-sufficiency and consumption per capita between various countries. Even more interesting is the variation in the farm gate price for layer feed as well as for eggs. The result is even bigger variations in the cost to produce eggs and therefore profitability. What is astonishing is the gap between the farm gate price and the retail price for cage eggs. Most interesting are the differences in China (US\$0.01 per dozen) and those for the UK (US\$2.56 per dozen). In China, the cost-price of eggs is still below the farm gate price, but in the UK farmers are losing US\$0.11 per dozen. Neither of these presents a healthy situation but it does show that there is still a lot of work to be done by the egg industry to improve the marketing structure as well as the market position of the producers in most countries. ■