

The Competitiveness of the EU Egg Sector in Relation to Trade Liberalisation

Presentation to CDG, Poultrymeat and Eggs,
on 10th March 2015

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Who are we?

- EUWEP

(European Union of Wholesale with Eggs, Egg Products and Poultry and Game)

- Made up of 3 organisations

- European Egg Packers and Traders Association (shell eggs)
- European Egg Processors Association (egg products)
- European Poultry and Game Association

- Represents the EU egg sector

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EU Egg Sector

- Successful
- Efficient
- Innovative
- Reactive to consumer demand
 - Free Range, Barn, Organic, Enriched Cage
- Responsible
 - Food safety, traceability, assurance schemes, animal welfare, environmental protection

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EU Imports of Eggs:

Trade Figures (*Comext - tonnes egg equiv.*) not incl. Hatching eggs

When EU production is high,
imports are low, and vice versa

	2010		2011		2012		2013		Jan-Dec 14	Compared to Jan-Dec 13
	tonnes	%	tonnes	%	tonnes	%	tonnes	%	tonnes %	
India	3.211	9,4%	1.554	7,5%	3.657	9,7%	3.856	18,9%	5.606 42,8%	+ 45,4%
USA	14.009	40,9%	5.960	28,6%	15.183	40,2%	6.853	33,5%	3.843 29,4%	- 44%
Argentina	7.937	23,2%	8.115	39,0%	10.162	26,9%	5.734	28,0%	1.434 11,0%	- 75%
Norway	1.722	5,0%	1.502	7,2%	1.474	3,9%	1.969	9,6%	1.210 9,2%	- 39%
Switzerland	337	1,0%	342	1,6%	332	0,9%	355	1,7%	609 4,7%	+ 72%
Israel	941	2,7%	547	2,6%	1.393	3,7%	349	1,7%	100 0,8%	- 71%
Others	6.087	0,2%	2.787	0,0%	5.528	0,0%	1.338	0,0%	282 2,2%	
EXTRA EU 28	34.244		20.806		37.729		20.454		13.083	
% change			- 39%		+ 81%		- 46%		- 36,4%	



Competitiveness of the EU egg sector

International comparison base year 2013

R.L.M. van Hone



Report commissioned by EUWEP

- Produced by
Agricultural Economics
Research Institute
(LEI), The Netherlands
- Independent Research
Institute (Part of
Wageningen University
and Research Centre)

This report updates
the reports published
in 2003, 2005 and
2012

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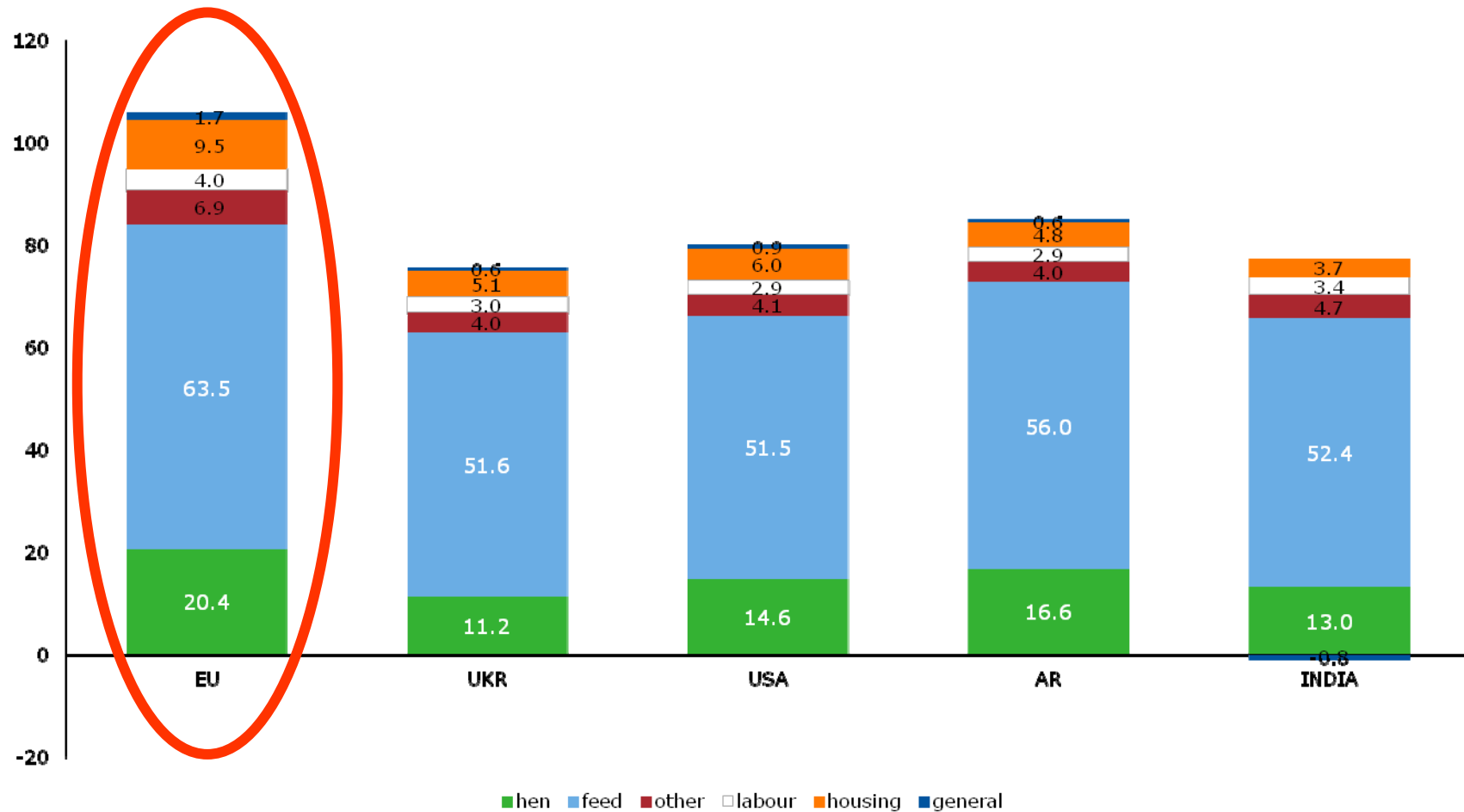
Content of Report

- Egg **production costs** during **2013** in selected EU and non-EU countries
- Egg **processing costs** during **2013** in selected EU and non-EU countries
 - EU member states - NL, FR, ES, IT, UK, PL, DK
 - Non-EU countries - Ukraine, USA, Argentina, India
- Legislation in the EU and the impact on production costs
- Production costs in 2012
- **Scenarios on future position** of EU shell egg and egg processing sectors
- Discussion and Conclusions

How was the report compiled?

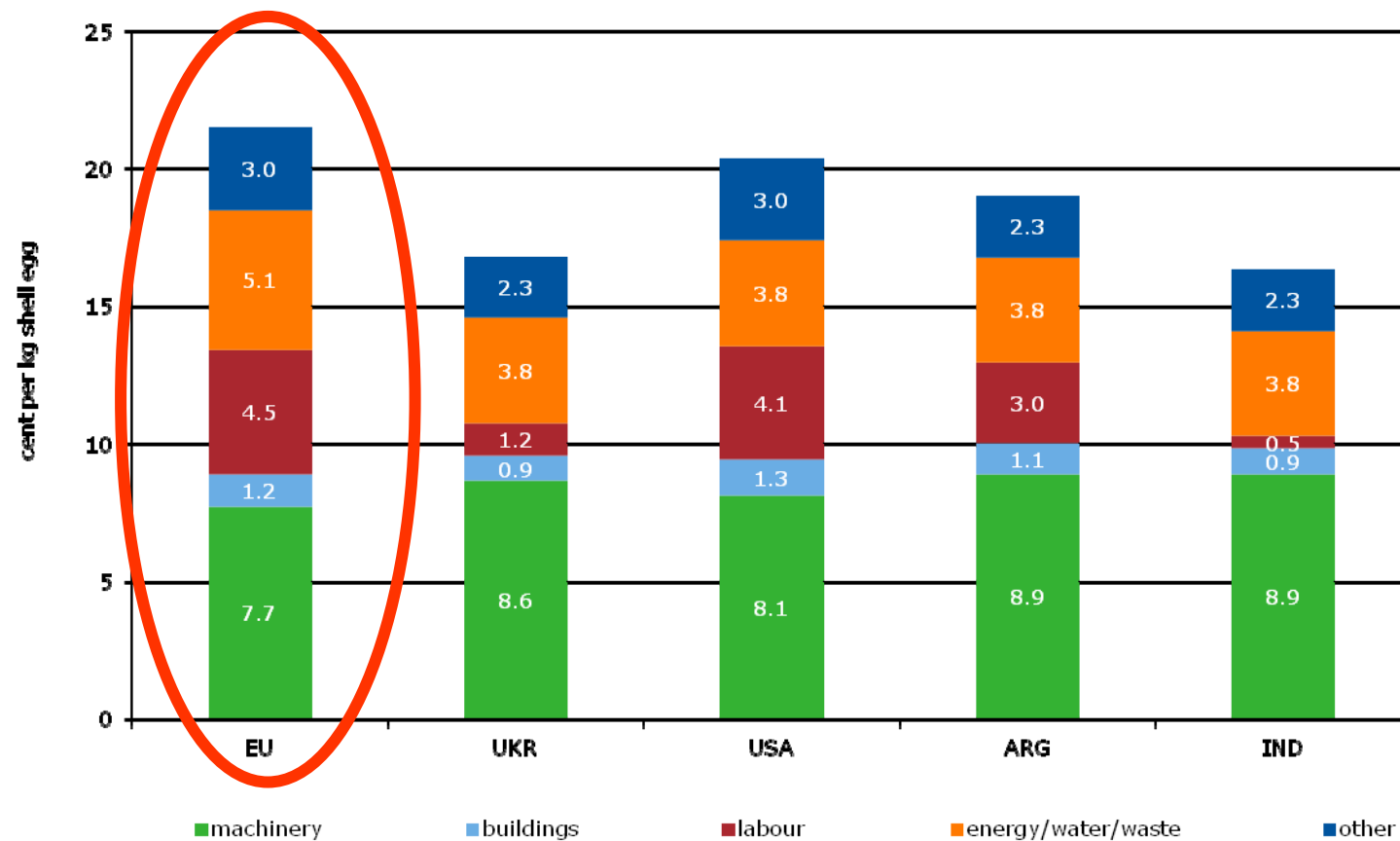
- Focus on:
 - Primary production
 - pullet, feed, housing, labour
 - Processing
 - plant, equipment, labour, energy
 - Transport cost to market

Production costs, shell eggs, 2013 (Eurocents/kg) in selected non-EU countries



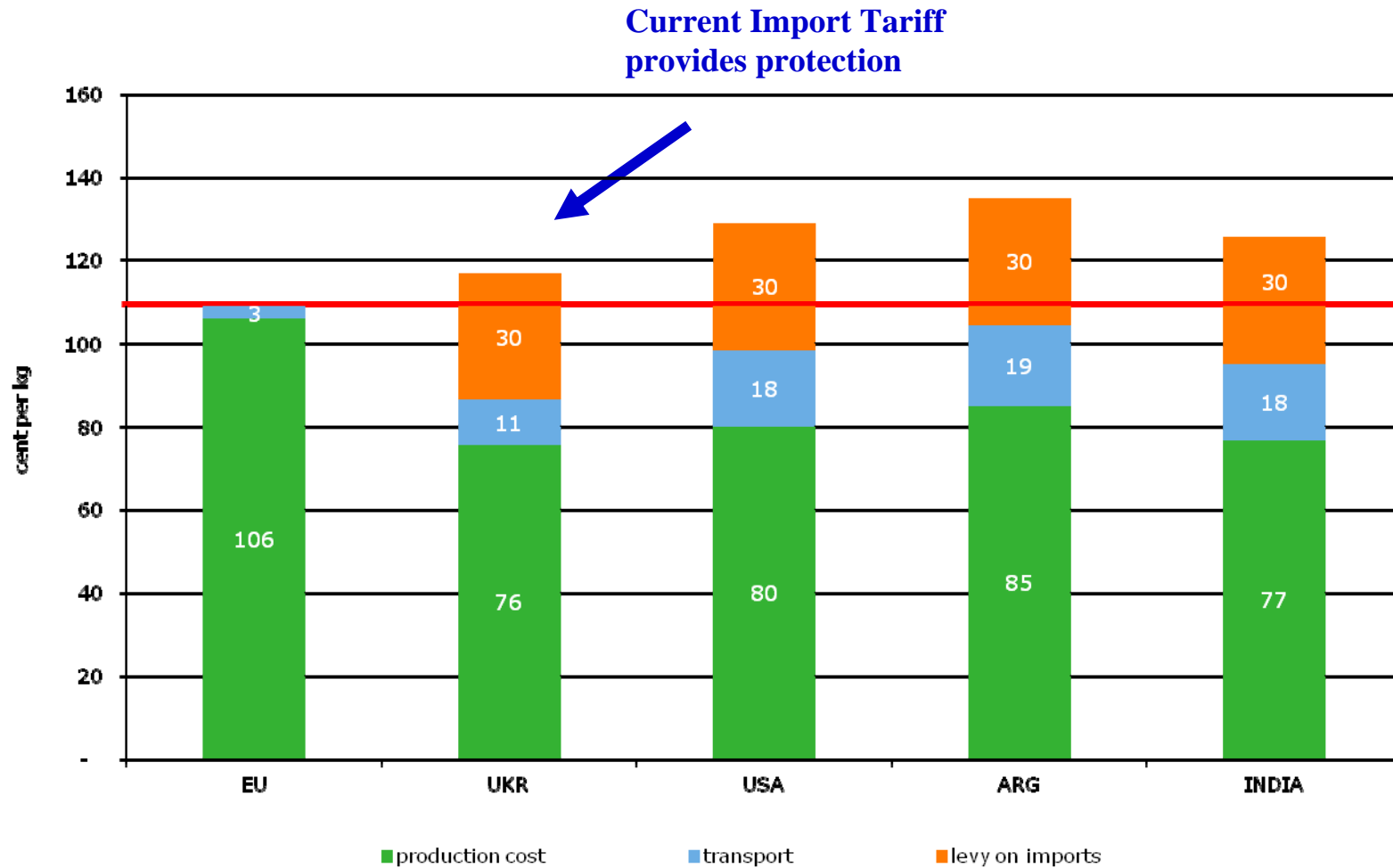
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Processing costs, whole egg powder, 2013 (Eurocents/kg) in selected non-EU countries



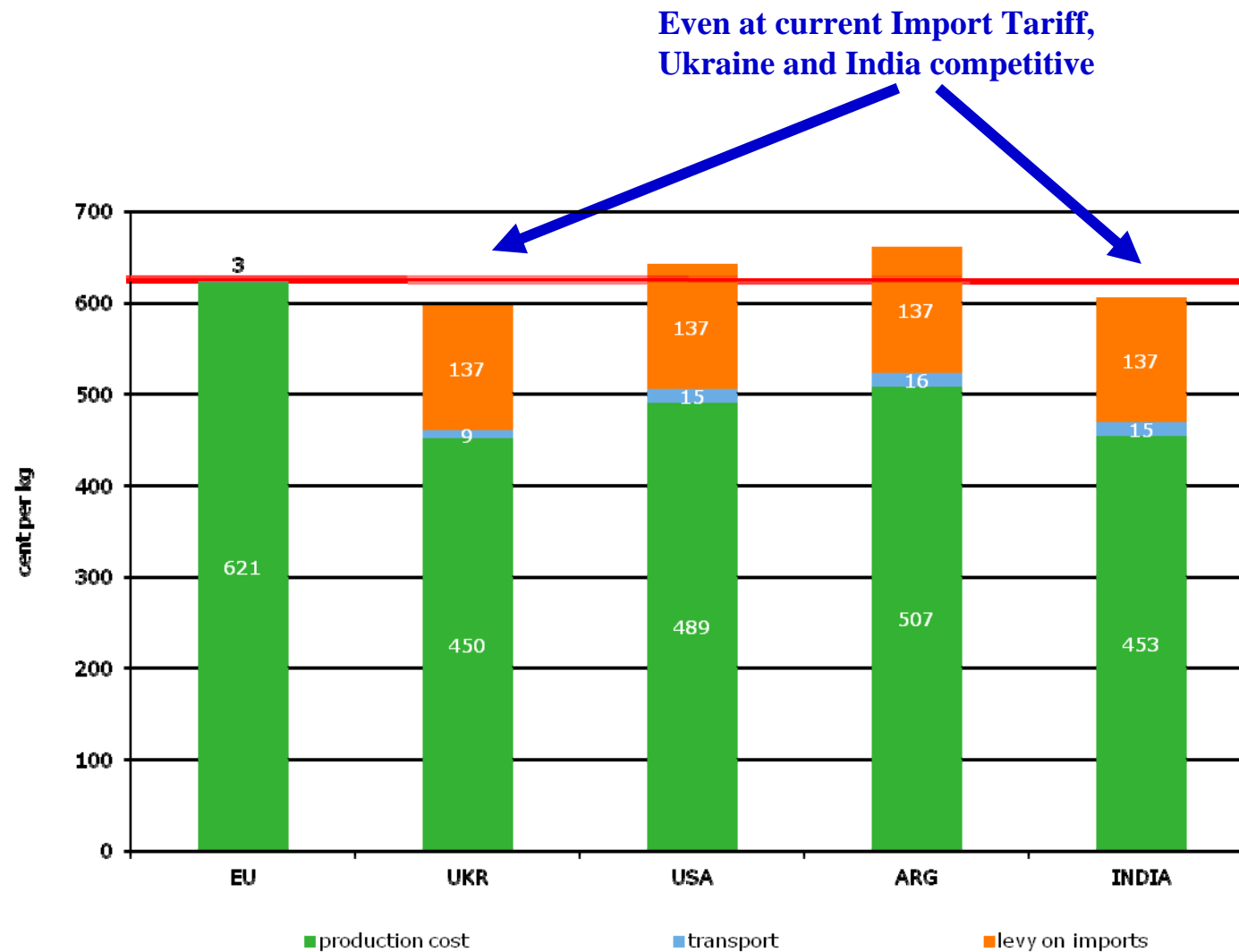
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Offer price **shell eggs** in Germany 2013 (Eurocents/kg)



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Offer price whole egg powder Germany 2013 (Eurocents/kg)

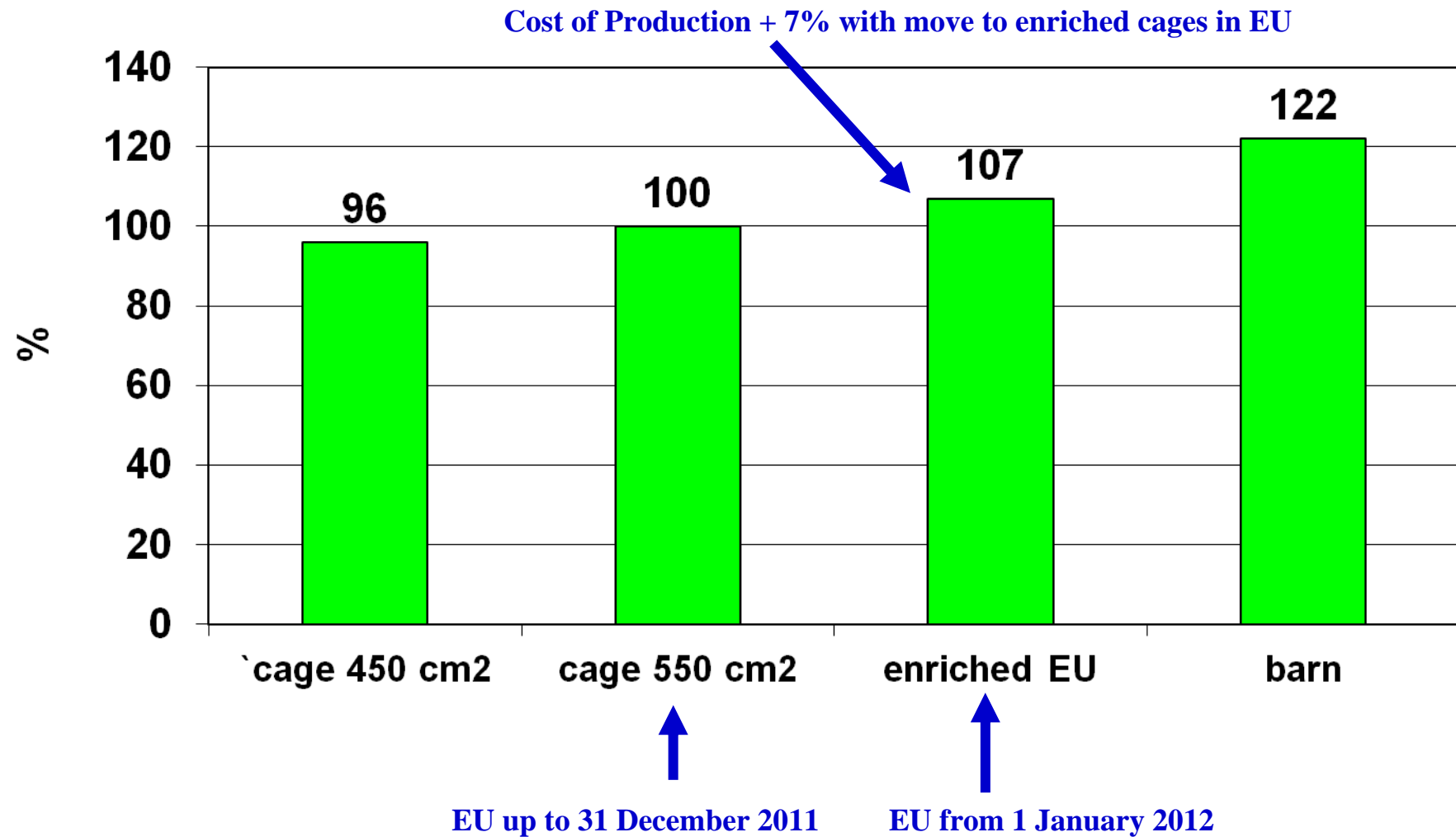


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EU legislation

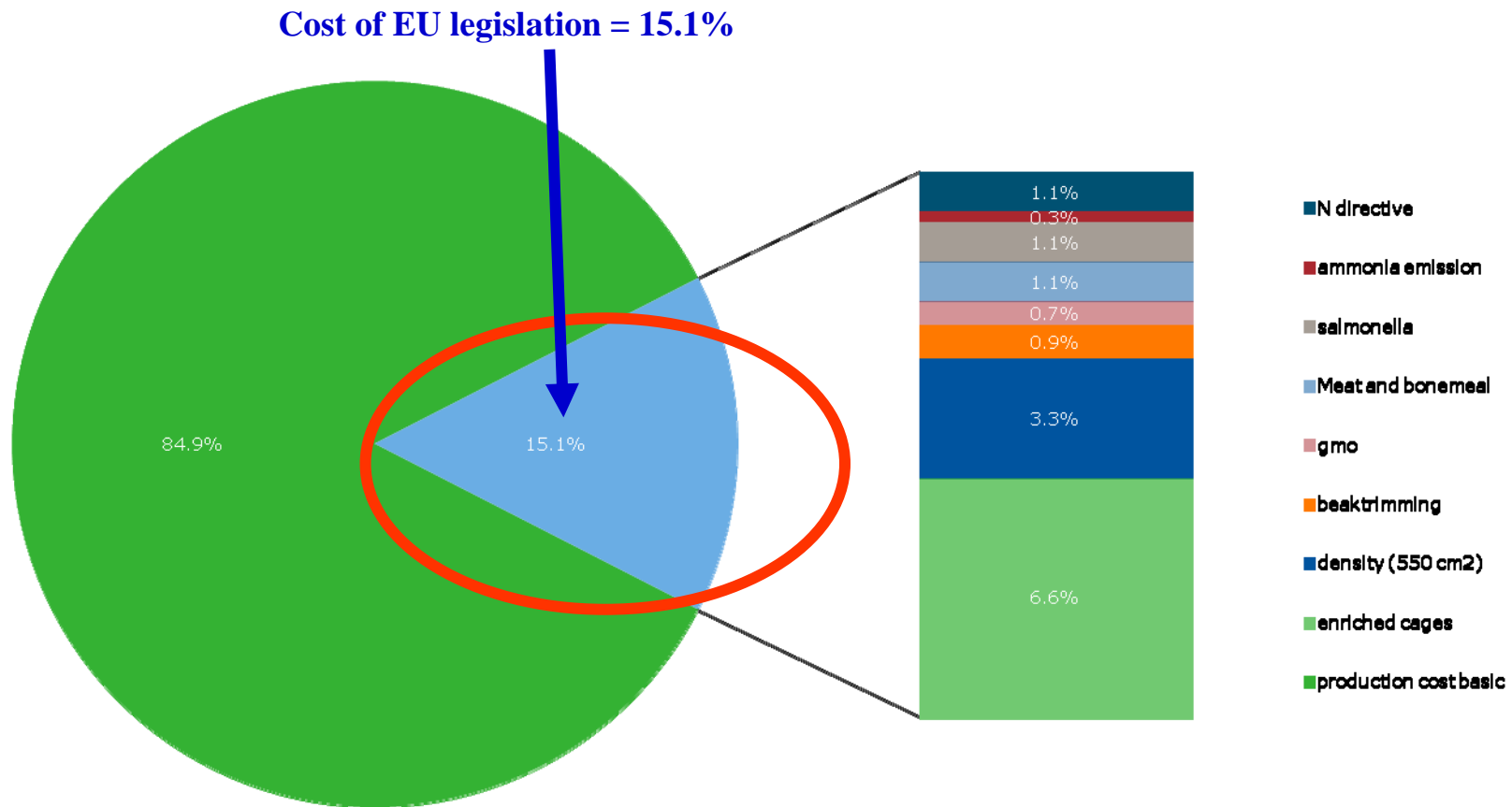
- Environment
 - Nitrate directive (max amount N on land)
 - Ammonia emission (National Emission Ceiling)
- Food Safety
 - Zoonoses Directive / Salmonella control
 - Ban on Meat and Bone meal (MBM)
 - Restriction on use of GM crops
- Animal welfare
 - Housing systems (Directive 98/58/EC)
 - Stocking density in enriched cages is 750 cm² per hen (since 2012)
 - Beak trimming legislation

EU legislation: 'housing systems'



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EU legislation in 2012: production costs of eggs



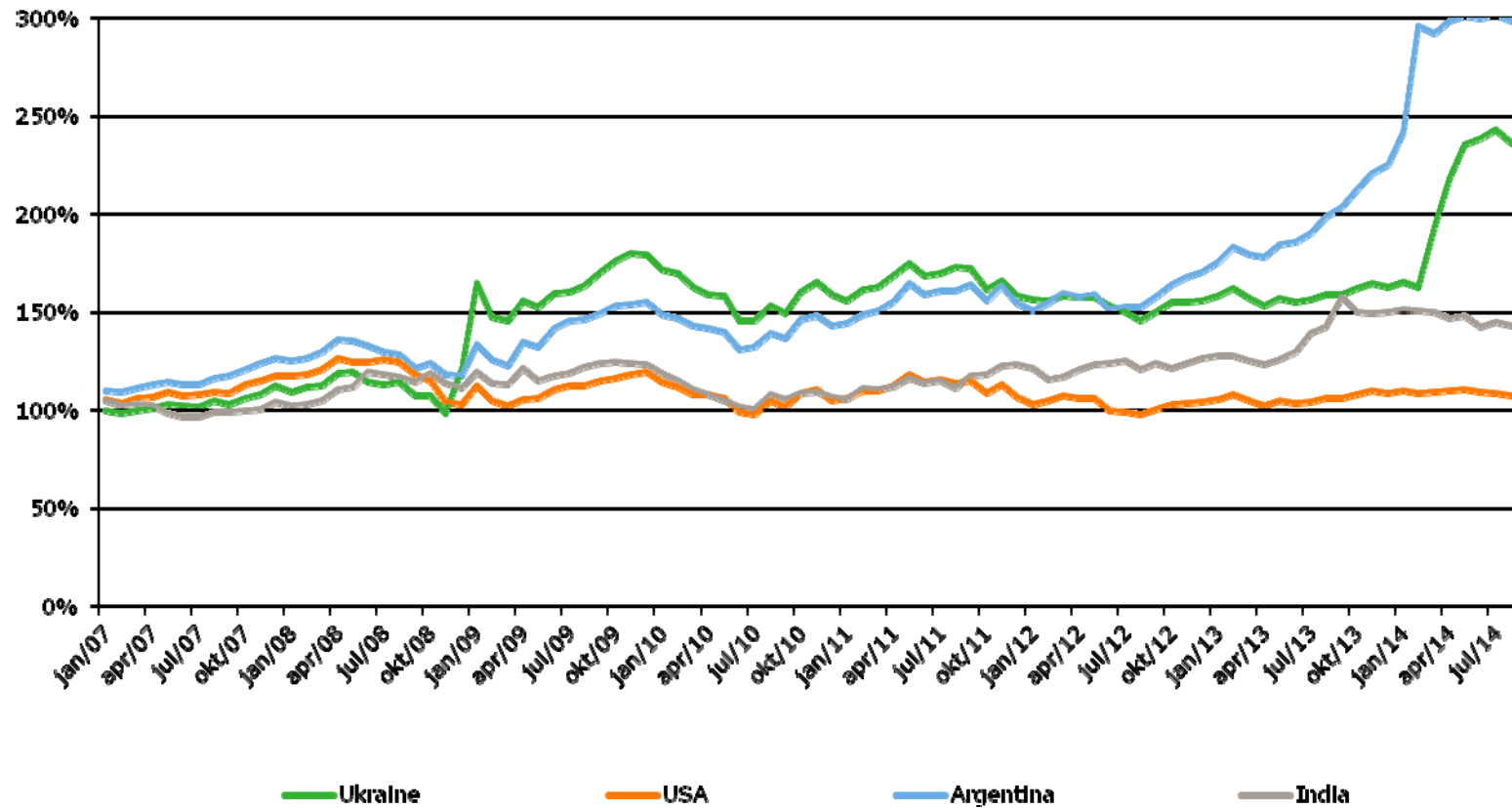
Scenarios for the future

- Import tariffs on eggs and egg products

Reduction as a result of;

- WTO multilateral agreement
 - Example 50% reduction in import tariffs
- Bilateral agreements
 - Removal of import tariff
- Exchange rates
 - large fluctuation
 - 10% change in exchange rate to Euro

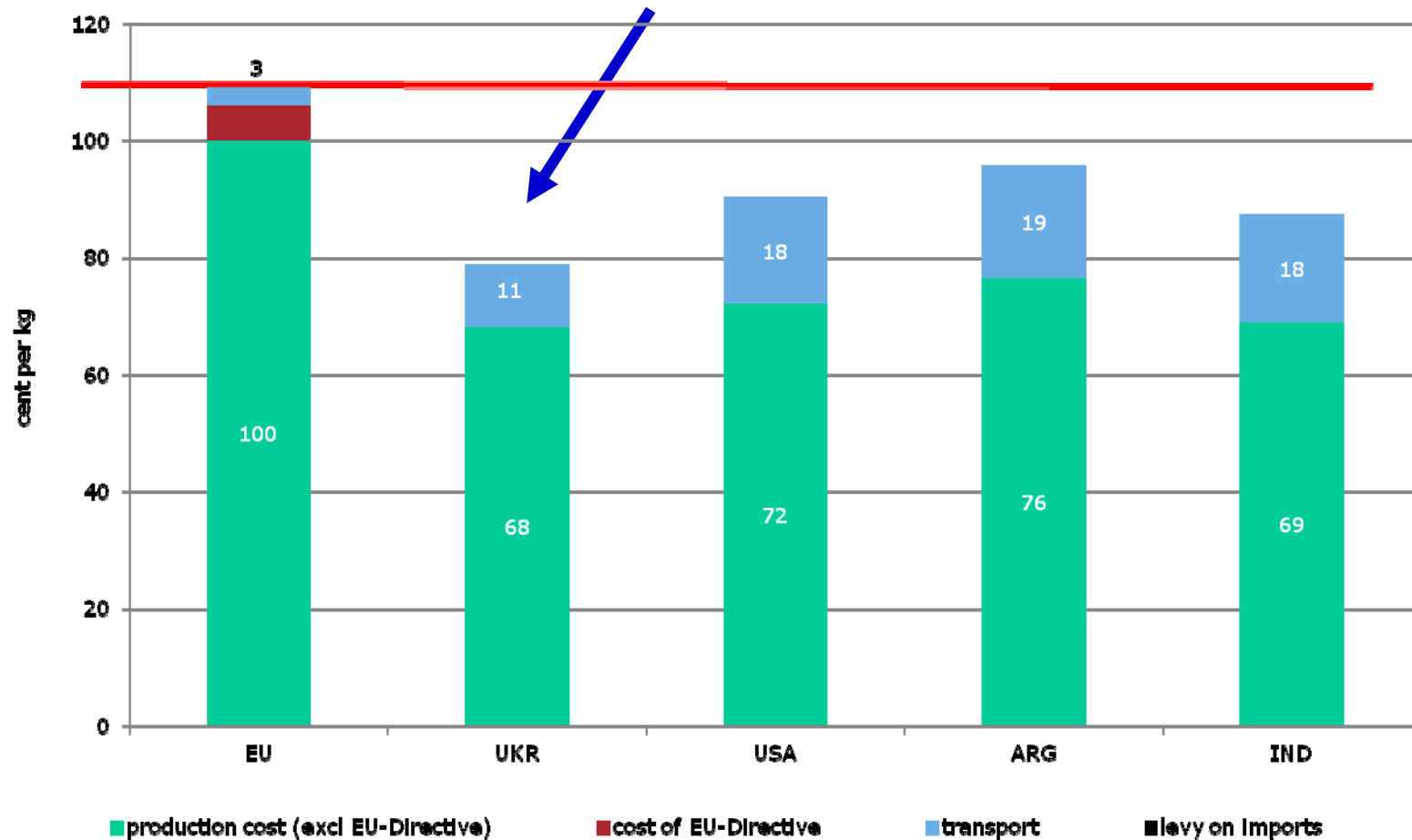
Exchange rates - currency of third countries to the euro



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Offer price **Shell eggs Germany 2013** (Eurocents/kg),
scenario 4 (zero import tariff & -10% exchange rate)

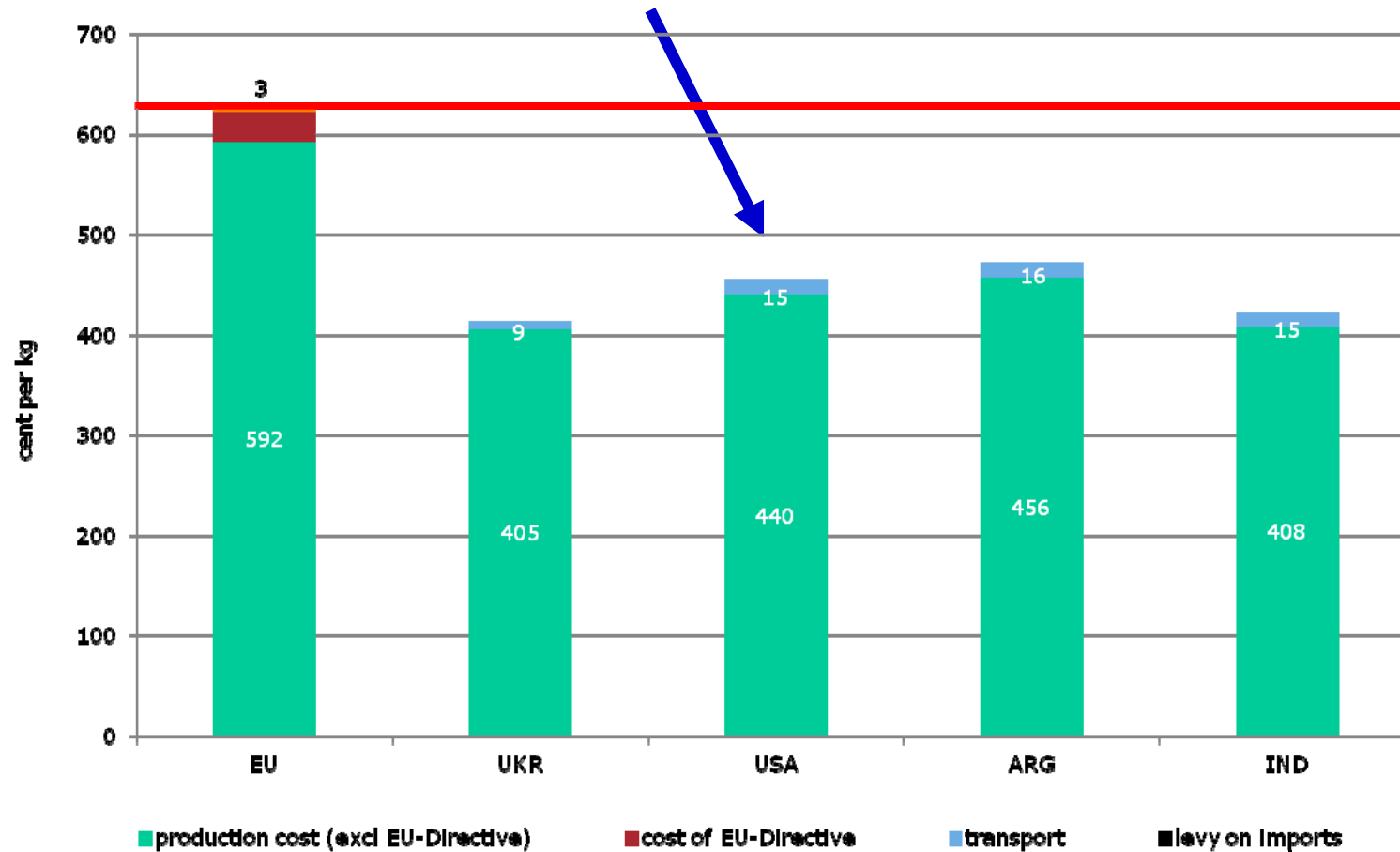
This is real situation. FTAs are for the removal of Import
Tariffs = EU becomes even more uncompetitive



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Offer price whole egg powder Germany 2013 (Eurocents/kg),
scenario 4 (zero import tariff & -10% exchange rate)

This is real situation. FTAs are for the removal of Import
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Conclusions

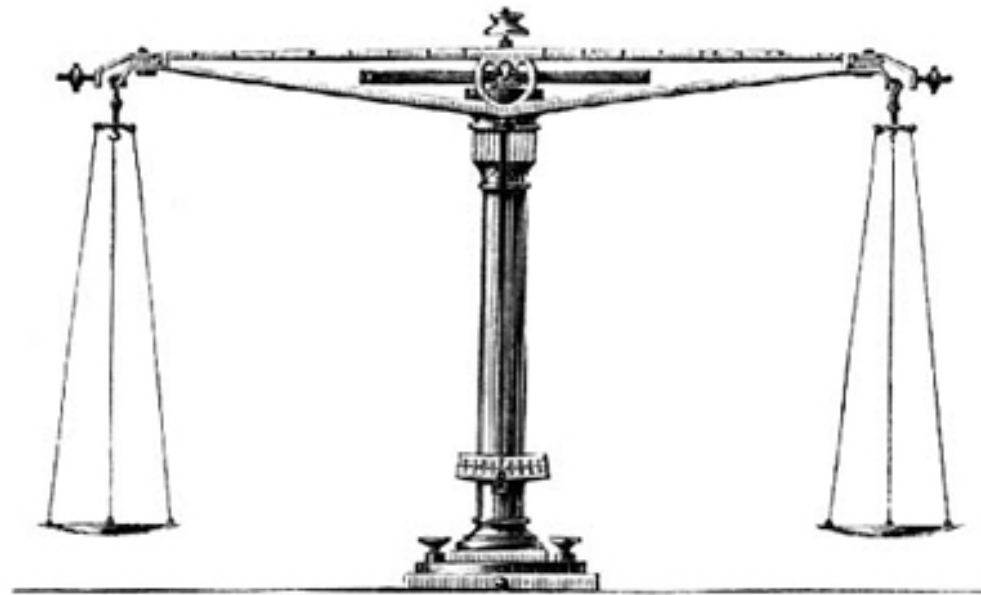
- In EU, relatively small differences in production costs
 - e.g. Spain = 97.8 eurocents/kg, Denmark = 115.9 eurocents /kg, compared to EU average of 106 eurocents /kg (2013)
- Third countries have lower cost at farm level
 - Ukraine (71%), USA (75%), Argentina (80%), India (72%), compared to EU average
- Import levies currently protect EU from large volumes of imports of eggs and egg products

Conclusions (2)

- Many pieces of EU legislation on environment, food safety and animal welfare
 - Some EU member states have additional national regulations
- In 2010, estimated costs of EU legislation was 9% of production cost
- In 2012, with change to enriched cages: estimated total cost of EU legislation was 15% of production cost

Free trade

Fair trade



Production cost in
EU due to public
concern

Import levies

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Conclusions (3)

- The Future
- Combination of increased cost as a result of EU legislation on housing systems and lower/elimination of import tariffs will further weaken the competitive position of the EU egg sector
- Fair competition?
 - In general, third countries keep hens at 350 - 400 cm² per hen in conventional cages. This is economic optimum
 - No, or minimum, legislation on environment and animal welfare

2013 situation and future perspective:

→ Weak and deteriorating competitive position for EU egg sector

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What do we need?

- Egg Industry has legitimate concerns - EU citizens wanted conventional cages banned, as considered cruel, yet EU allows imports of eggs and egg products from this system
- We seek 'Sensitive Product' status - to be afforded to the 'at risk' egg tariff lines
 - In particular, Dried egg and Liquid egg
- We need Animal Welfare standards to be included in all bilateral (and multilateral) trade negotiations
- Therefore, all imports to meet EU's high standards on;
 - Food safety
 - Environment
 - Animal Welfare
- This is 'fair trade'

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Thank you for your attention

For further information please contact
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