



GA Helps with Cypress Hen Disposal

The Georgia Department of Agriculture recently helped nine poultry growers in southeast Georgia dispose of laying hens following the bankruptcy of Cypress Foods, Inc., in Tampa, Fla. The bankruptcy left the growers with little or no supply of feed, with the cost of feeding the birds at thousands of dollars per week, depending on the size of the operation. According to Georgia Commissioner of Agriculture Tommy Irvin, the disposition of more than a million chickens left without adequate food following the bankruptcy of a Florida egg company has been completed.

The State Department of Agriculture advised, monitored and supervised the trustees of Cypress Foods, Inc., with the removal and disposal of approximately 1.2 million hens at nine farms in southeast Georgia.

Approximately 705,000 hens were sold to other poultry business entities, 40,000 were shipped to slaughter and 426,000 were humanely euthanized.

The company's bankruptcy left the egg producers with little or no supply of feed. Under the agreement the producers had with the company, the company supplied feed for the birds. Cost of the feed could be thousands of dollars per week depending on the size of the operation.

"Some producers tried purchasing feed themselves to keep the flocks alive until a solution could be found. We persuaded the bankruptcy judge to allow what little cash assets were available be used to remedy the situation," said Commissioner Irvin.

"We want to thank the Georgia Poultry Federation for helping rally support from the poultry industry and Wimpey Poultry, American Protein Inc., Claxton Poultry and Tim Ford for providing feed, workers or services to assist in resolving this problem," said Irvin.

Michael Foods Post Gain for Egg Products

The net sales ending December 31, 2001 for Michael Foods' Egg Products Division increased \$8.5 million, or 1%, to \$645.9 million from \$637.4 million for the year ended December 31, 2000. Sales growth for certain higher value-added products, such as pre-cooked patties and omelets, egg substitutes and hardcooked eggs, offset lower sales from commodity-sensitive lines such as dried products.

According to the annual report, "During 2001, shell egg prices declined by approximately 3% as reported by Urner Barry, resulting in narrow margins for frozen, short-shelf life liquid and dried egg products. As a result, we limited sales volumes for frozen products, in particular, because of the adverse pricing and margin environment. Sales of higher value-added egg products represented approximately 60% of the egg product division's sales in both 2001 and 2000."

Brock Miracle Eggs will not Resume Processing

Del Brock, owner of Brock Miracle Eggs, Fairview, Ala., has decided to get out of the egg processing business, following a fire on January 3 that destroyed the company's office, processing plant and two poultry houses.

According to Brock, the company is selling the eggs produced on the farm to three companies that have agreed to grade, inspect, process and ship them to retailers who are under contract with Brock. "We're strictly a nest-run business today," Brock said. "The chickens are laying the eggs, we crate them up and sell them to one of three processing plants. The eggs are just as good and the quality is just as good. The only difference is that we no longer grade them."

Buckeye Remains in the News

The Columbus (Ohio) Dispatch reported in late March (March 20) that the state appellate court ruled that the Ohio Environmental Agency illegally authorized Buckeye Egg farm to expand its flock in Wyandot County. A group who live near the farm sued the state claiming that the state EPA did not test air quality in 1998 before it granted permits to build two barns.

American Egg Board Update

The March meeting of the American Egg Board was held at the Atlanta Airport Westin Hotel on March 13 and 14, 2002. Chairman Dolph Baker, Cal-Maine Foods called the meeting to order at 7:30 AM. Present were members of the Board of Directors of AEB, Alternates, and Advisors as well as state representatives and other friends of AEB. Following Treasurer Ron Krieder's report and acceptance, Coke Anderson gave the Nominating Committee's report including the slate of officers for the upcoming year which was then approved and installed.

See *American Egg Board Update* on page 10

Past Chairman Dolph Baker gives up the gavel to incoming Chairman Richard Simpson.



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Nebraska Egg Council Officers

The officers of the Nebraska Egg Council for 2002 are shown (left to right):
Jeff Hain, Hain's Hen Haven, president;
Gerald Muller, M.G. Waldbaum, vice president;
Scott Kumm, Kumm's Kustom Pullets, secretary; and
John Black, Henningsen Foods, treasurer.



RADLO to Export to Cuba

In a historic agri-business development, Radlo Foods LLC, announced that it has agreed to supply ten million fresh shell eggs to Cuba projected to begin in April 2002. This will mark the first time since the Cuban Revolution in 1959 that an American egg production and export company will sell US eggs to the Caribbean island nation.

The agreement has been achieved in cooperation and support from the United Egg Producers of Atlanta, Georgia, the egg industry's trade association, and the New England Brown Egg Council, based in Augusta, Maine, representing New England's brown egg industry. The first shipment to Cuba will be New England brown eggs while on-going supplies of white eggs are expected to come from several states across the country.

Commenting on reaching this definitive agreement with Cuban officials over the past two months, David Radlo, President and owner of Radlo Foods, said that he felt privileged to be helping to re-establish a relationship between American egg farmers and the people of Cuba. "American agriculture needs expanding markets and Cuba needs our fresh wholesome food for its growing population," Radlo noted, "This is the sort of good news and international cooperation in which all of us can take pride."

The agreement came about as a result of Mr. Radlo traveling to Cuba along with a delegation of 25 other food producers and exporters two months ago. The trip was made possible by James Sumner of the U.S. Egg and Poultry Export Council. The Trade Sanctions Reform and Export Enhancement Act of 2000 re-authorized the direct export of food products to Cuba. It was a result of this Act that this agreement was reached.

CTB Considers Possibility of Sale or Merger

CTB International Corp., has announced that it has retained a financial advisor group to develop strategic alternatives available to the company to enhance shareholder value.

According to Chief Executive Officer Victor Mancinelli, CTB engaged the investment banking firms, Bear, Stearns & Co., Inc., and Credit Suisse First Boston Corporation, to assist in developing and evaluating alternatives to achieve greater shareholder value. "These alternatives may include a merger or sale of the company, or the decision to take no action," he said.

EU Looking into Methionine Price Fixing

The European Commission (EU) is investigating three firms for alleged price fixing in the methionine market. According to Amelia Torres of the EU, the Commission had been investigating five companies, but Novus International and one other had been cleared.

Torres would not identify the other four firms. However, published reports indicate that the other four firms are Mitsui & Co., and Nippon Soda of Japan, Rhone Poulenc of France, and Degussa-Huls AG of Germany. These firms were sued last summer in the U.S. by DuCoa LP investment fund and its general partner DVC for alleged price fixing of the animal feed ingredient.

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Degussa named John Dale Hostetler Honored with Golden Egg



Degussa has named John Dale vice president of the Health and Nutrition division's Feed Additives business unit. He has been with the firm for 13 years, serving most recently as director of sales for Feed Additives.



Eldon Hostetler, founder of Ziggity Systems (second from right) was honored by the Indiana State Poultry Association with the Golden Egg Award recognizing his lifetime achievement serving the poultry industry. With him are (from left) Paul Brennan, executive vice president of the association; Hostetler's sons Robert and Dale; his wife Esta; and Ralph Heine, past president of the association.

Five-Foot Eggs Crack the Iowa Market

To celebrate the fact that Iowa has become the number 1 producer of eggs in the US and to help raise funds for violence prevention programs, B.R.A.V.E. has organized *Iowa Eggstravaganza* featuring opportunities for the public to be photographed standing with a 5-foot designer egg.

Much like the cow decorating art kicked off in Chicago a couple of years ago, fiberglass eggs will be painted by local artists, sponsored by businesses and auctioned next year, said Deb Zimmer, a BRAVE founder.

The first eggs were introduced to the public in March.

Egg Industry Leaders to Meet May 13-16

The United Egg Producers will hold its legislative board meeting May 13-16 at the Washington Court Hotel in Washington, D.C. Topics discussed will include the industry check-off program, animal welfare, industry economics, environmental issues, food safety, egg exports, spent hen and commodity issues. Howard Helmer will be on hand for the Congressional Omelet Luncheon. For information, call UEP at 563-285-9100.

Administration may combine Agencies for Food Safety

Tom Ridge, homeland security chief, has stated that the Bush administration is looking at combining rival agencies with responsibility for keeping deadly toxins out of the food supply.

"We have to see whether the system that has developed over the past two decades is the one we need in the future," said Ridge. Currently, food inspection programs are divided between the USDA and the FDA, with the FDA inspecting most foods with the exception of meat and poultry, which are inspected by the USDA. "One of the questions

we need to answer is...whether or not we need multiple agencies dealing with food safety responsibilities," he said.

Ridge assured food industry officials they would be consulted as the administration considers consolidating the inspection system.

USDA Web Site to Link Distributors with Customers

A new on-line directory from the USDA will connect export distributors of U.S. food products with potential customers worldwide. The "Export Directory of U.S. Food Distribution Companies" provides a one-page entry on more than 70 companies, including the products they carry, the services they provide and contact information. The guide is produced by USDA's Foreign Agricultural Service and will be updated.

Avian Flu Discovered on Mexican Farms

Animal health authorities in Mexico announced late last month that avian influenza virus (AI) was detected on several farms in Nuevo Leon. According to a report by the U.S. Embassy in Mexico, emergency operations from the Secretariat of Agriculture (SAGARPA) and local producers were implemented to control and eradicate AI in the region by imposing strict quarantine and depopulation of affected farms.

Based on available data, out of 330 poultry farms in the state, four farms showed positive results of high and low path strains. At the time of the report, samples had been taken from 197 farms. Some isolated viruses are still under surveillance by SAGARPA laboratories. Animal health authorities are conducting a certification program to test and identify farms free of AI in order to release sanitary

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certificates to allow interstate movements of poultry and poultry products to other states recognized as free from AI.

Egg Cartons to Promote *Today* Show Concerts CD

For the second year in a row, the *Today* show, in conjunction with AEB, will release a CD of performances from 2001 entitled "The Best of the *Today* Concert Series, Volume 2." The collection features live performances by Jimmy Buffet, the Beach Boys, Gloria Estefan, Sting and others.

The CD will be promoted in egg cartons nationwide and will be available for purchase in many Albertson's stores. The carton promotion will allow egg purchasers to order the CD online at a savings of \$2 off the retail price. Egg producers who want to participate by including the CD promotional message in their carton should contact their carton supplier.

FDA Publication on Therapeutic Use of Antimicrobials

FDA has published a document written for use by producers of poultry. The agency states that all producers involved in poultry production should familiarize themselves with the principles of judicious therapeutic use of antibiotics to insure that a cooperative effort is established by the producer and veterinarian in the control and antibiotic treatment of bacterial diseases of poultry.

The document can be downloaded from the FDA

Internet site at <http://www.fda.gov/cvm/fsi/JUPOUL-PR.PDF>

Contaminated Animal Feed Supplements Recalled

The Food and Drug Administration has announced the voluntary recall of several animal feed products produced by Quali Tech Inc., a manufacturer based in Chaska, Minnesota. These products are protected minerals and mineral premixes. These products are added to feed to provide cattle, pigs, and other livestock with necessary micronutrients.

3Q Not Good for Cal-Maine

Cal-Maine Foods, Inc. reported results for the third quarter and nine months ended March 2, 2002. Net sales for the third quarter of fiscal 2002 were \$86.9 million compared with net sales of \$103.9 million for the same quarter of fiscal 2001. The Company reported a net loss of \$551,000, or \$0.05 per share, for the third quarter of fiscal 2002, compared with net income of \$4,788,000, or \$0.40 per share, for the same quarter a year ago.

For the first nine months of fiscal 2002, net sales were \$243.1 million compared with net sales of \$272.0 million for the same period a year ago. The Company reported a net loss of \$8.7 million, or \$0.74 per share, for the first nine months of 2002 compared with net income of \$6.4 million, or \$0.53 per share, for the same period a year ago.

UEP Outlines Certification

Egg producers were provided details for meeting United Egg Producers' animal welfare guidelines during a series of six, recently held, area meetings. Additionally, producers were given the opportunity to make an application for certification and be recognized as an Animal Husbandry "Certified Company".

Based upon a position adopted by UEP's Board of Directors in January, a company must commit to meeting UEP guidelines on 100% of their egg production facilities designated for the grocery and/or foodservice trade. The Board will revisit this requirement on or before UEP's annual meeting in October to determine if the certification will remain as a company status or changed to a house, farm or complex.

A number of questions have arisen regarding the facilities designated for the breaking or egg products trade. UEP's animal welfare committee and Board are expected to revisit the issue of certification for breaking and egg product facilities in the near future. In the meantime, companies within the breaking and egg products business may also want to use the certified company designation and, therefore, are invited to make an application for certification.

What conditions must a company meet in order to achieve the "certified" status? Until such time that the company has passed an annual audit, the company and egg processing plant will be given a provisional certification number that requires the company to meet a number of qualifications including those listed below:

1. Meet cage space allowance on schedule as identified below:

- All day-old-chicks hatched after April 1, 2002 will be placed in the layer house based upon a house average of 56 square inches per hen.

- All day-old-chicks hatched after October 1, 2003 will be placed in the layer house based upon a house average of 59 square inches per hen.
 - All day-old-chicks hatched after April 1, 2005 will be placed in the layer house based upon a house average of 61 square inches per hen.
 - All day-old-chicks hatched after October 1, 2006 will be placed in the layer house based upon a house average of 64 square inches per hen.
 - All day-old-chicks hatched after April 1, 2008 will be placed in the layer house based upon a house average of 67 square inches per hen.
2. Beginning on July 1, 2002, the company commits to meeting the guideline for beak trimming as each flock reaches the age at which time the trimming will be conducted.
 3. Beginning on July 1, 2002, the company commits to meeting the guideline for molting as each flock reaches the age at which time the molt will be induced.
 4. Beginning on July 1, 2002, the company commits to meeting the guidelines for handling and transportation for both pullets and spent hens as each flock reaches the age at which time this must occur.
 5. The company agrees to be audited annually by a 3rd party independent auditor to confirm that the company is meeting the guidelines.
 6. The company agrees to provide UEP with a copy of the audit results upon the completion of each audit.
 7. The company must recognize that passing the audit is necessary in order to maintain the certification status.
- Those egg producers unable to attend one of the area meetings are invited to call the UEP office requesting a copy of the application for certification and to ask any further questions. (from UEP's *United Voices*)

INDUSTRY NEWS

Grocery, restaurant sales climb in 2001

The nation's grocery stores ended 2001 with total dollar sales of \$434.4 billion, up just 3% from 2000, according to advance retail sales figures from the Bureau of Census. The gain fell slightly below consumer at-home food price inflation for the year. Total food and beverage store sales were up 3.3% to \$480.7 billion. Restaurant sales rose 4.7% to more than \$320.3 billion in 2001.

Edible Albumen Films for Frozen and Freeze Dried Chicken Products

University of Arkansas researchers (Hettiarachchy and Park) conducted a study to determine the potential of egg albumen-based films and natural antioxidants for increasing the shelf life of poultry products by reducing the rate of lipid oxidation in stored product. This was accomplished using an egg albumen coating treatment on diced chicken breast meat.

An albumen coating with or without added antioxidant was applied that adhered to or partially permeated the treated product. Advantages of this approach include utilization of industrial equipment currently available, a longer product shelf life, and consumer support for the use of natural versus synthetic antioxidants.

Data showed significant differences ($p < 0.05$) between coated, uncoated and antioxidant-treated samples in refrigerated storage over a seven day period. Due to low levels of oxidation in frozen and freeze dried samples, no significant differences were found in frozen and freeze dried product of the antioxidants tested. Vitamin E showed the best oxidation inhibition. Egg albumen coating showed the highest inhibition of oxidation overall including cooked samples.

Refrigerated chicken has an average shelf life of three - five days raw, or one-two days cooked. Albumen coating extended oxidative stability of raw chicken by 97 percent, doubling its oxidative stability. Egg albumen coating of cooked chicken increased oxidative stability nearly 10-fold over a seven day period. The use of vitamin E increased oxidative stability of cooked chicken five-fold. Rosemary antioxidant increased oxidative stability of raw chicken by 30 percent. Fenugreek did not significantly decrease oxidation over a seven-day period in cooked or raw poultry. (Project 430 sponsored by the US Poultry & Egg Association)

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INTERNATIONAL NEWS

Growth of Alternatives to Cages in EU Halted

While northern Europe leads the way in the production of eggs from non-intensive laying systems, there were signs in 2000 that the upward trend, which had been evident since 1997, had come to a halt and might have been reversed.

Even though it is obligatory for the member states to provide information on egg production systems to the Commission, no figures were available for Luxembourg, Greece, Spain or Portugal. However, the proportion of non-intensive production in these countries is likely to be small. On this basis it would appear that the proportion of EU layers in cages was unchanged between 1999 and 2000 at 92%, although this was down 2% on the 1997 level of around 94%. However, the actual number of layers housed in non-intensive systems actually declined by more than 1.25 million or 4% from 28.87 million to 27.60m.

According to a report in *Agra Europe*, Austria had the highest proportion of birds not in cages at 26% followed by Denmark with 23% and the UK with 21%.

While the trend has been upwards in most systems, it is noticeable that the number of birds kept on free range in Denmark in 2000, fell to its lowest level for the four years reviewed.

In 2000, free-range was the most popular alternative system with more than 14 million layers kept in this way. The deep-litter system came second with just over 10 million birds while fewer than three million birds were kept in percherries.

Alternative Layer Guides

Lohmann Tierzucht has issued two egg production management guides for alternative systems to cages, which highlight essential aspects and recommendations for feeding and management. Managers of alternative systems need to know the answers to problems that were common prior to the introduction of cage systems, under today's circumstances. The guides are available in English and German from Lohmann Tierzucht GmbH, PO Box 460, D-27454 Cuxhaven, Germany. Email: info@LTZ.de.

Good Outlook for EuroTier

A high level of participation is forecast for the international DLG exhibition for livestock and poultry management, EuroTier 2002, scheduled from November 12-15, 2002 in Hanover, Germany. According to the organizers, the German Agricultural Society, current stand application figures exceed 1200 exhibitors. "Egg handling" will feature among the species-specific themes presented jointly with exhibitors. At EuroTier 2000 there were 1227 direct exhibitors and 102 additionally represented firms, from 36 countries. The attendance reached 106,000.

Big Dutchman/UAE deal

Big Dutchman International GmbH has signed a partnership agreement with the Arab Poultry & Cattle Equipment Co (APCECO) in Fujairah, in the United Arab Emirates. APCECO will produce poultry equipment under license, Big Dutchman providing the know-how and technical assistance. The contract is valid for 10 years.

"APCECO has already invested approximately US\$6 million in a mod-

ern production plant and administrative buildings. We will first advise the company regarding building a sheet metal plant and we will then transfer our technical knowledge on housing and equipment for commercial poultry production as well as for breeding stock," said Bernd Kuhlencord who is in charge of Big Dutchman sales to the Middle East.

A further step in the cooperation will be to manufacture components for cages for layers as well as the production of certain plastic parts, as APCECO is looking to invest a further US\$7 million in production facilities.

Salmonella-free Eggs

In the UK, the British Egg Industry Council (BEIC) has announced further evidence of the success of the Lion Quality program in effectively eradicating salmonella in UK eggs.

Over the past two years, more than 150,000 Lion Quality eggs have been independently tested and all were certified salmonella free.

Andrew Parker, BEIC Chairman commented, "The new independent testing figures provide the most compelling evidence yet that the Lion scheme is responsible for a marked drop in salmonella in eggs."

Three out of four UK eggs are currently produced under the voluntary Lion Code of Practice, a comprehensive program incorporating the highest standards of food safety in eggs. The BEIC is calling for the government to ensure that two of its key elements - salmonella vaccination and a 'best before' date stamped on every egg - are imposed on all UK eggs.

American Egg Board Update

John Todd

From *American Egg Board Update* on page 1

The slate included Richard Simpson, chairman; Beth Schnell, Vice Chairman; Ron Kreider, Secretary; and Wayne Mooney, Treasurer.

Richard Simpson, Simpson's Eggs Inc. took over the chairman's gavel from Dolph Baker who had served for two years as AEB Chairman. Baker was thanked for the excellent job that he did and was presented a plaque by the Board members present. Secretary Beth Schnell, Sparboe Farms, presented the Executive Committee report consisting of the 2002 budget for AEB. The budget for 2002 will be just over \$24 million.

Jani Aronow, Aronow & Pollack Communications reported on the upcoming Eggstravaganza to take place on March 20 in New York City. Six TV moms will talk about their use of eggs and the recent AMA announcement of an egg a day will be enhanced at this event. The moms include celebrities Shirley Jones, June Lockhart and Marion Ross. Aronow assured the Board of excellent media coverage for this event and the Good Morning America Show will do a segment on the six celebrity mom's doing their thing for eggs.

Don McNamara reported on the activities of the Egg Nutrition Center. He again showed the various research projects that are being done throughout the country at leading universities. The proposed projects are now including new information recently acquired. In addition, a variety of food safety projects, including cooking studies are starting up. His message continues that eggs are becoming an increasingly positive factor in nutrition in the diet.

The report from the Foodservice Committee, chaired by John Demler, Demler Egg Ranch, was next on the agenda. Alice Heinze from AEB reported on the activities handled by that committee like the Foodservice advertising program, the merchandising guide and the egg safety and handling program. Other activities discussed included the school foodservice promotional program, the 2002 Foodservice Advisory Council and the Eggscetera Newsletter. They are also working with national foodservice chains to promote the use of eggs in their facilities. Included in the list of chains are Subway, Starbucks,



Treasurer Ron Krieder reports.



Jani Aronow, Aronow & Pollock, reporting on the upcoming "Eggstravaganza" in New York.



Beth Schnell, Chairman, Advertising Committee outlines plans for 2002.

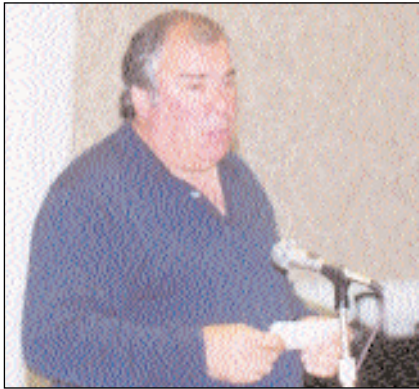
Wendys, Arby, Burger King, McDonalds and Taco Bell. John Howeth, Stephan and Brady, who handles the advertising and promotion for the foodservice committee, discussed the fact the foodservice industry was hurt by the attack on 9/11 but is now coming back. More people are eating out,

according to Howeth. The growth in this industry is being realized by QSR (Quick Service Restaurants). The mid-sized restaurants have suffered the most from 9/11. Howeth also discussed the AEB advertising program in foodservice publications which includes food safety and ingredient topics. The program is following the same strategy as in the past to convince food operations to include more egg dishes. A new recipe contest is underway through the Foodservice Committee.

Blair Van Zetten, Oskaloosa Food Products, reported for the Industry and Market Development Committee. Jim Wisner from Willard Bishop Consulting presented an updated version of his company's project, "Making the Case for Eggs". There is substantial new information available to show retailers how important egg sales and merchandising is to the overall sales and profit in the supermarket. As a former retailer, Wisner pointed out that an egg sale 6 or even 12 times a year would be beneficial to the store involved. There is a large amount of information available to retailers, including charts and graphs proving the benefits of increased egg sales to the entire store. Joanne Ivy gave her report on many activities worked on through this committee. Among the projects are Egg Products Marketing through advertising and promotions with related publications. Long articles are also appearing in these magazines relating to the use of eggs. Publications mentioned are *Baker* and *Snack and Food Products Design*. Also related to egg products is the creation of AEB's Food Manufacturers Workshops. This concept has been developed to increase the use of egg products in food manufacturing. John Howeth reviewed the 2001 media results and also gave an overview of the 2002 plans for food processing publications. Elliot Gibber, DeBEl Foods Corporation is the Further Processor Advisor to AEB.

Gene Gregory, United Egg Producers, reported on the AEB funded programs. Gregory focused entirely with the animal welfare. The molting project is moving along well and some positive results should be coming soon. This project is developing a process that

American Egg Board update



Arnie Riebli, Chairman of the Consumer Education Committee reports.

allows molting without feed withdrawal. Also, a training video is now available showing UEP animal husbandry guidelines, copies of which are being sent to all producers. Of utmost urgency is the fast track approach needed to set the guidelines in place. According to Gene, a June announcement should be made by the supermarket associations stating that the egg industry is certifying its producers in order to produce eggs under the animal welfare guidelines established by UEP. This will allow the producers to gradually reach compliance and to set up the audit. Producers are signing on and Gregory feels confident the industry will be well prepared when the announcement is made in June.

As part of the Industry and Market Development Committee report was an update by Jennifer Geck, USAPEEC, on the current activities by that organization to promote the export of eggs around the world. Their activities have taken them to Hong Kong, Mexico,

Korea, and the Middle East. They are targeting Russia for 2002 having good potential. USAPEEC attends many trade shows throughout the world.

Beth Schnell, Sparboe Farms, opened the meeting for the Advertising committee by introducing Ken Dowling of Grey Advertising. Grey has just completed a research project on current trends in the family and non-family meal patterns. As discovered previously, convenience is the key word and is over all other concerns. Breakfasts are eaten in a brief period of time, one person at a time and in many cases, is cold and portable. However, weekend breakfasts are different. They usually take 20 minutes to an hour, especially Sunday where eggs dominate the menu. The study also visited attitudes toward eggs. Actually, egg appeal comes from the other foods served with them. From this research, opportunity is created, according to Grey. A passion for eggs and how to cook them could be part of the opportunity. Industry should create a whole new way to use eggs emphasizing the convenience and fast food methods along with pushing the nutritional value. Using these strategies a new media plan will be presented at the September AEB meeting. In the meantime, the Today Show concert series will continue. The "Rocket Scientist" ad that was scheduled has been dropped due to a change of heart by the person that was originally going to give the testimony. The advertising budget is approximately \$9.4 million.

Consumer Education Committee Chairman Arnie Riebli, Sunrise Farms, introduced the ever-popular Howard

Helmer who reported on his activities for the past four months. Howard outlined the women's magazines that featured eggs in their editorial pages. Relating it to advertising dollars per page and reader numbers, he arrived at the equivalent advertising value of \$22 million and 240 million readers. Howard has also appeared on television with Sara Moulton and the Better Homes and Garden Show doing his thing, promoting eggs in a very entertaining way. Linda Braun from AEB also made an outstanding presentation on the activities from her office. Linda has appeared on Chicago TV and works with national newspaper food editors. She is preparing material for the May National Egg month which was very successful in 2001 promoting eggs in the press. Linda also works with the ongoing classroom projects which have been creating great response from schools.

The March AEB meeting was concluded with brief reports from USDA's Angie Snyder who, among other things, commented that Ann Veneman, Secretary of Agriculture, was indeed a supporter of the checkoff program which supports AEB. Elliot Gibber, Further Processor Advisor complimented and thanked AEB for getting the word out about further processed eggs. These products are about 30% of the egg industry. Lou Raffel, AEB President, closed the meeting stating that Chairman Simmons will be appointing new committee chairmen. The next meeting will be July 10-11 at the Ramada Airport in Chicago.

Focusing on Layer Welfare

WATT Summit IV: Part I, held prior to the UEP Annual Meeting provided a forum for lively discussion of welfare topics.

By Charles Olentine

The venue was sunny Lake Las Vegas last October but the tension in the atmosphere was palpable when over 100 attendees gathered to discuss bird welfare as it related to the commercial layer industry. The audience represented the full gamut of ideologies ranging from producers who support the status quo to those who seek the dismantling of the entire industry. The presence of representatives from such activist groups as Compassion Over Killing, United Poultry Concerns, FACT and the Humane Society of the US provided an audience that would not take the speakers' comments at face value. The mix of participants provided a variety of questions for the speakers and the dialog throughout the day was civil and engaging.

The 1-day program was organized to set the regulatory stage; to get input from manufacturers of cages on what to expect in the future; to review present production practices and see what lies ahead; and to get an appreciation of what the consumer expects.

Challenges in Europe

Since the conference was held soon after the tragic events of September 11, the lead-off speaker H. Windhorst, Institute for Spatial Analysis and Planning in Areas of Intensive Agriculture, University of Vechta, Germany, was unable to attend. He did, however, provide a paper outlining the challenges faced in Europe which was presented by Dr. Charles Olentine, *Egg Industry* magazine. Windhorst pointed out that in June 1999 the Secretaries of Agriculture of the European Union (EU) passed a new guideline for the keeping of laying hens which may not only have far reaching impacts on the future sectoral and regional pattern of egg production in the EU itself but also in other parts of Europe, adjacent production regions, and the United States.

Europe plays an important role in global egg trade. In 1999 almost 75% of all exported shell eggs for consumption had their origin in Europe and more than 62% of all imported eggs were destined for a European country. Up to the present date more than 90% of all layers in the EU are kept in cages. The new regulation prohibits the conventional layer cage from January 1, 2012 in all EU member states and the installation of such cages from January 1, 2003. Additionally, he pointed out the regulatory threats to the German industry concerning the outright banning of cages on an accelerated schedule from that of the EU.

*(Editor's note: These restrictions were, in fact, enacted by the German legislature the week following the Summit. In March, Germany started battery phase-out. The installation of battery cages for laying hens became illegal in Germany on March 13 when a new law on hen keeping came into force. This ban also applies to enriched cages, according to a report in *Agra Europe*. Existing cage units must be*

converted to non-cage systems by January 2007 and enriched cages which are approved by the European Union will no longer be permitted from January 2012. From 2004 it will be obligatory to state the method of production on the packaging. Also, every egg will have to be marked with a code that will identify the production method, country of origin and the producer's registration number. Starting this year, it is also possible for egg processors to state the production method on their products and market them as welfare friendly).

Table 1: Comparison of average production costs and returns for eggs in selected countries (Status: July 1st, 1998); data in US-\$ (Source: Hunton 1999, p. 41; own additions)

Country	Feed cost (39.6 kg)	Pullet cost (16 weeks)	Returns from egg sale (18 kg)	Loss/Profit per layer
Brazil	6.16	2.33	13.62	+ 5.12
Canada	6.01	2.89	17.30	+ 8.38
China	11.00	1.81	12.39	- 0.42
Finland	9.73	3.46	11.47	- 1.72
France	7.51	2.93	12.87	+ 2.42
The Netherlands	7.77	2.87	13.06	+ 2.43
India	7.00	2.48	14.01	+ 4.54
Japan	11.41	5.40	13.62	- 3.20
Russia	8.53	2.92	15.21	+ 3.76
Thailand	7.44	2.14	14.26	+ 4.69
United Kingdom	7.55	3.55	11.40	+ 0.30
USA	4.68	2.10	10.25	+ 3.48
Germany	8.71	2.89	12.94	+ 1.34

Windhorst's paper stated, "The impacts of the new EU guideline will be far reaching. Most of the egg producers are afraid that the EU will not be able to reach a result during the running WTO-negotiations which prohibits the import of shell eggs and egg products from countries that still allow conventional cages. This would mean that the production cost within the EU would be much higher than in non-EU countries. Some of them, for example, Turkey, the United States, Brazil, Ukraine, Belarus, or countries in North Africa could develop effective operations to supply the EU market with cheaper eggs and egg products."

He provided a table showing that the production costs for eggs differ considerably. Pullets are especially cheap in the United States and Canada; feed prices are low in Brazil, the United States, and Thailand. Although egg exports from Thailand to EU member states are not very likely, exports of shell eggs or egg products from the United States, Canada and Brazil seem to be possible, even though Brazilian producers are up to now only supplying the domestic market. An open question is what regulations will be found for the countries in Middle and Eastern Europe that have applied for a EU membership. If in these countries, especially Poland and Hungary, conventional cages should be permitted longer than in the EU,



Dr. Ron DeHaven, APHIS, and Bob Krouse, Midwest Poultry helped set the stage for the Summit with discussions on the federal role on animal welfare and how the industry is approaching the issues.

they might try to expand their egg production considerably in order to supply the market of Central Europe.

After providing economic scenarios of the various production systems in Europe, Windhorst concluded, "There will be layer cages in Europe in the future; in the EU it will be furnished cages, with the exception of Germany perhaps, where all cages will be prohibited. Eggs produced in alternative systems will gain market share but it is almost impossible at the present moment to predict what their percentage will be of total consumption. Egg production in the EU will decrease nevertheless and eggs as well as egg products from countries where layers are held in conventional cages will flood the attractive EU market, if their import cannot be prohibited, and the consumers and the food industry will buy these cheap eggs and egg products, also in Germany."

A US Regulatory Perspective

Dr. Ron DeHaven, Deputy Administrator, APHIS, provided a perspective of animal welfare issues from his agency's point of view. His office focuses on animal care as it relates to the administration of two laws: Animal Welfare Act and the Horse Protection Act. The latter law was enacted in 1970 as a means of eliminating the practice of "soring" in horses, focusing primarily on the gaited horses such as Tennessee Walking Horses. The Animal Welfare Act deals with monitoring welfare through animal dealers, animal exhibitors and animal transporters. It specifically excludes food and fiber animals. Dr. DeHaven provided illustrations from the press showing that animal welfare issues will be hot press.

Dr. DeHaven told the audience that there are no "on-the-farm" welfare regulations at the federal level, but that all states have some form of animal cruelty laws that covers farm animals. He also pointed out that most commodity groups have their own voluntary guidelines. Stated DeHaven, "The Humane Methods of Slaughter Act is the sole federal legislation covering the welfare of production farm animals. It is administered by the FSIS of USDA and covers only animals at the slaughter plant. It ensures humane handling and requires that an animal be stunned and unconscious before proceeding with slaughter. This covers all livestock but does not cover poultry."

He continued, "On January 1, 1990, *USA Today* included animal welfare in a list of major issues for the decade of the 1990's. Clearly they were correct, and, at least from my perspective, the greatest focus in the 90's was on the use of animals in biomedical research. It goes without saying that animal welfare is still very much an issue of national signifi-

cance today, and the use of animals in research is still looming very large. But from my vantage point, the most significant animal welfare issues of this decade will revolve around production farm animals."

He then went on to show that the driving force in animal protection today is through efforts by activists' organizations to exert pressure on food companies such as is being done with McDonalds, Burger King and Wendys.

On the international side, animal welfare will be a key issue in talks within the WTO. The issue encompasses battery cages for laying hens; gestation crates for sows; induced molting of hens; and humane slaughter of livestock.

Looking to the future, DeHaven pointed out the challenges. "In a meeting with senior USDA officials in the summer of 2000, Animal Rights International, a group lead by Dr. Peter Singer and founded by the late Henry Spira, brought 4 issues to the table. They were:

1. The need for more stringent enforcement of the HSA.
2. Opposition to induced molting.
3. Disease and welfare problems caused by genetic selection of broiler for rapid growth.
4. The need to better address downed, or nonambulatory, livestock in markets and at slaughter.

"The UEP guidelines aggressively deal with the issue of increasing cage sizes for laying hens. The welfare effects of gestation crates and induced molting are areas of ongoing and intensive research, and the UEP recognizes the need for more research which will eventually allow phasing out the practice of induced molting."

Industry Perspective

The first session was wrapped up by Robert Krouse, CEO, Midwest Poultry Services. He stated that industry had worked with McDonalds in the development of their standards and that the results should not be considered to have come out of a vacuum. United Egg Producers has worked closely with the American Meat Institute, Wendys and Burger King to make sure their standards are in line with what the UEP recommends. He also pointed out that if the industry reduced the number of birds per cage by one or two, the industry would not be able to supply all of its customers. Additionally, it would only slightly reduce the demands by the animal welfare groups.

Krouse has been extremely active working with UEP's animal welfare programs and pointed out that the industry is aggressively addressing the issues. He cited UEP's and AEB's funding of molting alternative research to the tune of \$70,000.

The Layer House of the Future

In an effort to take a look at the engineering aspects of cage design, a panel of five equipment manufacturers provided a broad overview of the issues facing the industry. All were in agreement that the recent actions of Burger King and McDonalds were just the beginning of the changes to be seen in the United States.

Focusing on Layer Welfare

Tom Lippi, Big Dutchman (now with Chorettime), set the stage for the discussion using a tripartite analogy whereby animal husbandry, economics and environmental considerations all play a role in focusing on the customer's needs. From an animal husbandry aspect, management of the birds, bird ergonomics (adapting equipment to bird behavior), safety from injuries by other birds or the equipment, health and sanitation, and legitimate welfare considerations all play essential roles.

On the economic side, initial capital cost, operating costs, efficiency and performance, product life and effect of cost of other components such as building design must be considered in selecting the cage program. Hand-in-hand with the economic aspects are the environmental considerations. These entail factoring in air quality, manure management, pest control, sanitation and bio-security, food safety and aesthetics.

He briefly outlined the new requirements for the EU. He went on to say that in the present American scenario there are four options:

- Continue using battery style cages, but reduce bird density to UEP guidelines.
- Go to enriched cages.
- Build an aviary or floor house.
- Go free range.

Jim Coble, Chore Time Equipment, was an ardent defender of the efforts of the industry to address bird welfare. He outlined the evolution of the current system of production and urged the audience to get proactive in telling the public how it is addressing the concerns for welfare.

Louie Huelsewiesche, Farmer Automatic, provided his perceptions of some of the ramifications of the new requirements in the EU. This "aesthetically pleasing" environment, creates:

- Increased production cost
- A bird that is not necessarily healthier
- Less eggs per hen house
- Increased feed consumption
- Increased bacteria contamination of eggs
- Increased labor
- A less competitive EU

He cited Frank Pace who stated, "Poor management can occur under any system, intensive or free range."

Huelsewiesche continued, "Many of the animal welfare issues can be handled within the current configurations. We do not need these extremes.

"The US industry is at a point where we can see our own future and shape it. Most likely the US will not reach these extremes (of the EU)."

Salmet's Kurt Lausecker outlined a number of disadvantages to the enriched cage system. Among them are the following:

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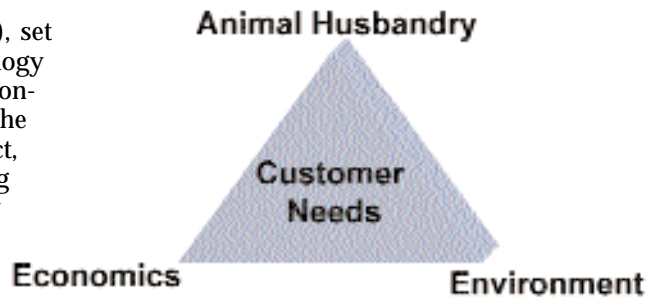
- Fewer birds per house are possible.
- Higher investment cost per bird is inherent.
- Higher operating cost per egg produced can be expected.
- Litter material is needed: sand causes wear and tear

on the distribution system and wood shavings and saw dust can create wetter manure and chemical contamination in the manure.

Littered area accumulates dirt and increases the number of eggs.

Birds eat litter material that can lower feed conversion and affect health.

Eggs are laid in the littered area.



In his discussion of the Voliere systems, a number of disadvantages were also noted. These include the following:

- Birds need to get used to the Voliere system during rearing.
 - It is more difficult to manage than a floor system.
 - Dead birds are harder to find.
 - Higher number of floor eggs cause more labor and higher egg loss.
- Birds are more difficult to catch.



The panel of cage manufactureres provided a look at the future in housing alternatives. Shown here (l to r) are: Tom Lippi, Jim Coble, Louie Huelsewiesche and Kurt Lausecker.

Focusing on Layer Welfare

Hans Odhner from Hellmann, concluded the cage design session by summing up a number of the factors that need to be considered when changing production techniques. For example, he presented data (Table 2) that

%	Battery	Floor-System	Free Range
Surface	11.3	28.	1.53
Inner Shell Surface	0.0	2.5	5.0
Yolk	0.0	0.6	3.1

showed pathogen frequency varied considerably when comparing production types.

Odhner pointed out that the history of banning cages has not yielded consistent or desirable results. In the 1980s the first regulations were passed for the European community, most importantly 450 cm², approximately 69 square inches per layer. Then, Switzerland banned cages altogether; Austria more or less too; England's supermarkets started pushing producers to produce more animal friendly, like McDonalds and Burger King are doing now; and Sweden, in 1988, announced a ban on cages starting in 1999.

Commented Odhner, "Something very important happened in 1997: Sweden realized that free range and on-floor systems were really not good alternatives to cages and politicians actually admitted to having made a mistake. The new goal is to find a solution that includes cages as well as welfare for the birds. While experimenting and searching for solutions (a lot of work in this field has been done by Dr. Abrahamson and Dr. Tauson), the ban of cages was postponed several times. Although the final layout is not set in stone, the general direction of the welfare cage is becoming visible pretty clearly in Sweden."

The situation in Europe, according to Odhner, reeks of politics. For example, in Sweden, Astrid Lindgren, the popular author of Pippi Longstocking, started going to war against cages as housing for layers. In 1988, the Swedish government banned cages as a birthday gift to her. The Netherlands focuses on the layer problem, not in the context of welfare but because of the problems with manure and intensive farming in a very small country short of land for manure dispersal.

Production Practices

The egg industry of today is far different from that of the

past and the rate of change will increase dramatically through the use of improved technology and genetics. Many of the issues regarding welfare today are currently being addressed through research and practical changes in production techniques.

Genetics and Welfare

"Welfare," according to Dr. James Arthur, Hy-Line International, "is optimized when the environment provides for the individual's genetically determined needs. Producers improve bird welfare by changing the environment to fit the bird's needs. Breeders improve welfare by changing the bird's needs to fit the environment."

Arthur went on to cite several areas where breeding and welfare concerns meet. Cannibalism was the first area that Arthur mentioned citing work done by Dr. Bill Muir at Purdue where White Leghorn hens were selected for survival and egg production. Housed in group cages by family, the hens were shown to have reduced cannibalism after seven generations of selection. Arthur also referenced research from Craig and Lee that demonstrated differences in mortality due to cannibalism between commercial strains of birds. The research also showed that beak trimming had a significant role in some strains (Figure 1). As a welfare concern, cannibalism has been shown to be greater in free range and floor housing environments than in cage systems.

Feather condition was cited by Dr. Arthur as another genetic trait that has welfare implications. Stated Arthur, "Feather damage may result from feather pecking and feather wear. This can lead to increased heat loss and injury to the skin. Further injury may be caused by panic reactions leading to trampling and clawing. Feather pecking may lead to cannibalism, but cannibalism may occur without previous feather damage. Feather pecking and feather wear can be reduced through direct selection. Feather pecking and feather wear may also be reduced through indirect selection on behavior and feed conversion."

The third area of genetics and welfare interaction involves general disease resistance stated Dr. Arthur. Cer-



Hans Odhner outlined a number of the political issues in Europe.

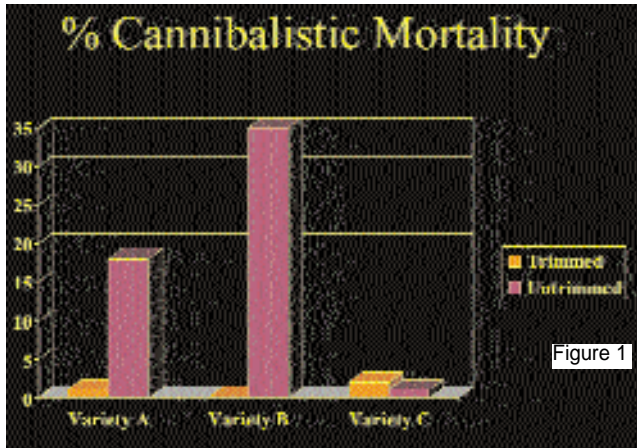


Figure 1

tain strains and breeds have been shown time and again to have different levels of resistance to a wide range of diseases.

Genetics can play an important role in adaptation to high and low cage density. Dr. Arthur showed data generated at North Carolina State under the direction of Dr. K. Anderson. In the test space per bird was 310 sq. cm. (48 sq. in.) and 413 sq. cm. (64 sq. in.). The studies showed varietal differences in adaptation to high cage densities and as a result, standards for cage stocking density should

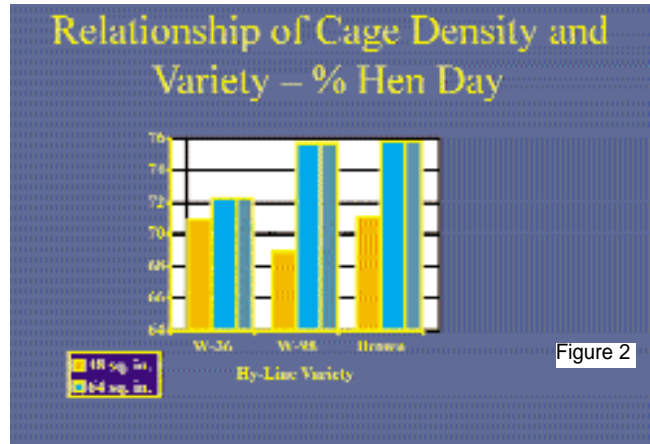


Figure 2

take into account body weight and, ideally, the bred-in behavior of different genetic (Figure 2).

Other areas of consideration for genetics and welfare include bone strength where genetic selection can increase bone strength but at the cost of shell strength and molting considerations where improved persistency and shell quality reduce the need for molting.

May *Egg Industry* features Part II of the Summit with discussions of beak trimming, molting and consumer attitudes.