

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Spain

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Eggs and Egg Products in Spain and Portugal

Report Categories:

Agricultural Situation

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Report Highlights:

The use of unenriched cage systems for laying hens in the EU is prohibited from January 1, 2012. The fact that Portugal and Spain did not reconvert a large share of their egg production capacity before this date is causing a shortage of eggs and egg products in these countries. This has created an opportunity for increasing U.S. exports of B class eggs and egg products to the Iberian Peninsula.

General Information:

The EU Welfare Directive for Laying Hens

[Directive \(EC\) 1999/74](#), issued on July 19, 1999, set the minimum standards for the protection of laying hens in the EU. After a transition period in which Member States were mandated to apply minimum provisions to rearing in unenriched cage systems, the use of these cages in the EU was prohibited from January 1, 2012. The fact that Portugal and Spain did not reconvert a large share of their egg production capacity before this date is causing a shortage of eggs and egg products in these countries. This has created an opportunity for increasing U.S. exports of B class eggs and egg products to the Iberian Peninsula.

Spain

Spain is the second producer of eggs in the EU with 904,000 metric tons of usable production in 2009 (DG Agri data). According to the Spanish Egg and Egg Products Inter-professional Organization (IMPROVO), the sector directly employs 15,000 people and indirectly maintains 60,000 jobs in the upstream and downstream links of the egg supply chain, such as feed production, packaging, transport and distribution, and egg product industries. The same source reports sector sales worth an annual 1 billion euros.

Spain exported 92,000 tons of eggs in 2011 to the EU-27, down from 259,000 tons in 2010. Exports to third countries remained constant at 8,000 tons. Imports totaled 9,000 tons in 2011, up from 7,000 tons in 2010, all from other EU countries.

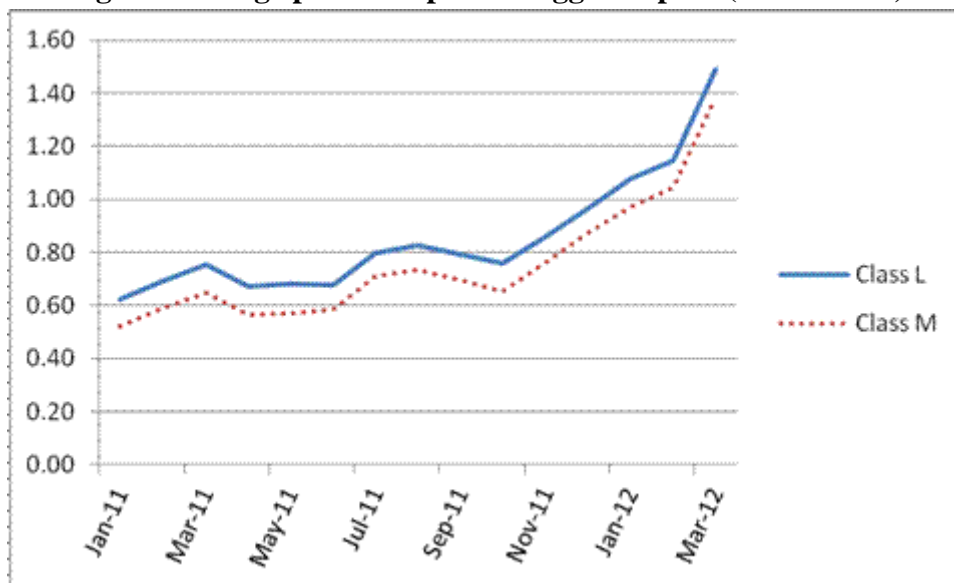
Directive (EC) 1999/74 was transposed into Spanish legislation by the [Royal Decree 3/2002 of 11 January](#). Growers waited until the end of the transition period to adjust fearing a loss in competitiveness from costs with the new production system. The fact that this coincided with the continuing credit crisis prevented many growers from investing in the adjustment so as to convert production units before January 1, 2012. In a study recently released by IMPROVO 55 percent of producers, accounting for 44 percent of production, said they will not adjust citing lack of financial support and low profitability of production.

As part of a road map to the adjustment of the laying hen sector the Spanish Ministry of Agriculture, Food and Environmental Affairs (MAGRAMA) signed an agreement with the Official Credit Institute (ICO) for the issuing of subsidized loans to the industry. Maximum support is estimated at 300 million euros for a total investment of 2,483,000 Euros in 2010-2011. Payment of these subsidies will be made until the end of the second quarter 2012.

Eggs and Egg Products in Spain and Portugal

As a consequence of the delay in implementing the new directive the market is facing a shortage of eggs and egg products for the industry. This is reflected in the steep increase in the price of eggs (Fig.1) and is a temporary opportunity for U.S. producers to export B class eggs (for use in the food and non-food industries) and egg products to Spain.*

Fig. 1 - Average producer price of eggs in Spain (Euro/dozen)



Source: Spanish Ministry of Agriculture, Food and Environmental Affairs (MAGRAMA)

Spain does not have a list of authorized establishments in place. Consequently, the importation of eggs and egg products to Spain can be authorized from any establishment located in a third country, territory, zone, or compartment for which there are no sanitary restrictions in place and that has a residue surveillance plan according to Directive 96/23/EC and, in particular, its article 29. However, it should be taken into account that some other Member States (MS) have established, for determined countries, their own lists of establishments authorized to export eggs or egg products. In those cases, when the final destination of the merchandise is one of those MS, it will be confirmed during the veterinarian controls that both eggs and egg products come from a listed and authorized establishment.

***Note:**

Third countries that wish to export table eggs to the EU need to have a national salmonella control program in place to comply with EU requirements. The equivalent guarantees of the exporting country must be submitted and approved by the EU Commission. To date the U.S. has not applied for EU approval, therefore for the time being the U.S. can only export eggs for processing and egg products to Spain and Portugal.

Eggs and Egg Products in Spain and Portugal

Portugal

Production of eggs in Portugal stood at 131,000 metric tons in 2010. The sales value is estimated by the National Institute of Statistics (INE) at 115.9 million euros, corresponding to 4.5 percent of the value of the national animal production and 1.8 percent of the value of the total agricultural production in the same year. Imports come only from other EU Member states and amounted to 10,300 metric tons in 2011, 3.2 percent above the previous year. Exports were constant at 11,300 tons, 85 percent of which to other EU Member States.

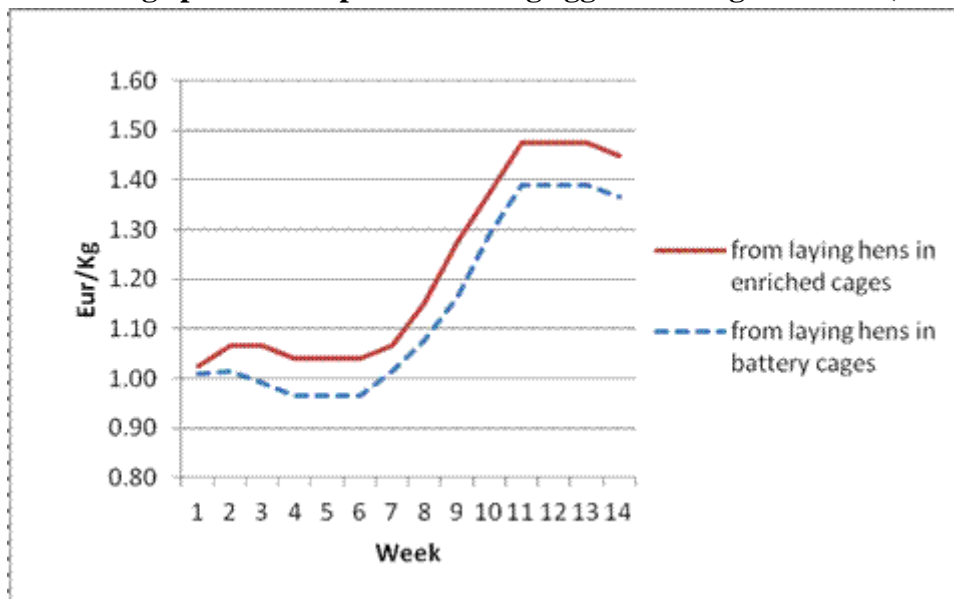
Directive (EC) 199/74 was transposed into Portuguese legislation by the Decree-Law 72-F/2003. When contacted, the National Association of Egg Producers (ANAPO) estimated that 45 percent of capacity is now reconverted to the new directive and that full reversion is not projected to occur before 2014. The Association is now in negotiations with the government to obtain support for the investments growers need to do.

Portugal defined a specific control plan to guarantee the fresh eggs for consumption that are placed on the market come only from improved cages or alternative systems. The Directorate General for Veterinary and Food (DGVA), in a summary of the adaption period for the full adoption of the new legislation, states that:

- From September 30, 2011 the placing of new egg-laying flocks in conventional cages is forbidden;
- Producers that on January 01, 2012 still have laying hens installed in conventional cage systems are not allowed to place fresh shelled eggs destined to final consumers on the market. Eggs produced by laying hens in conventional cages shall be mandatorily destined to the food industry that is authorized to that effect;
- In conformity with the EU Commission position, the destination of eggs referred to in the previous point shall only be authorized until July 30, 2012;
- The DGV[A] will continue to monitor and control the situation in a way as to assure the fulfillment of these requirements, and at the same time guaranteeing the differentiation of producers, products, and respective destination.

The price of eggs has been rising in the first quarter of 2012. Fig. 2 shows how prices increased by 126 percent in the first eleven weeks of 2012. The market showed signs of stabilization in weeks 12 and 13 and then fall on week 14 coinciding with the end of the Easter season.

Fig. 2 - Average production price of 60-68g eggs in Portugal in 2012 (Euro/kg)



Source: Portuguese Ministry of Agriculture, Environment, Sea, and Land Planning (MAMAOT/GPP)

As a consequence of the high prices a temporary opportunity exists for U.S. producers to export B class eggs and egg products to Portugal. The Portuguese authorities (DGVA) expect to be provided with information on the establishment of origin and be requested approval for importation before the eggs or egg products are shipped. The list of approved establishments is being built with each new request. If the final destination is another Member State then the Portuguese Border Inspection Post will need the authorization of this MS before allowing the products to be imported.