Dear U.S. Egg Producer / Exporter,

As we embark upon an ambitious agenda for 2019 egg exports, the team and I wanted to call your attention to the important work undertaken on the industry’s behalf in 2018 and to provide an update on the current state of U.S. egg exports.

Increasing exports of U.S. eggs and egg products is a strategic priority for AEB. Exporting is important to the entire egg industry — not just to those presently exporting. Egg exports offer new opportunities for our industry to increase demand and production of U.S. eggs while providing the world with high-quality products that are safe and reliable. Exporting also involves continuously developing and strengthening relationships and ensuring that markets are void of any trade barriers.

Overall in 2018, in partnership with the US Poultry and Egg Export Council (USAPEEC), AEB continued to strategically target key markets and regions in order to drive growth in the U.S. egg industry. Our export work is tracked and measured in a number of ways, including: export statistics; maintaining or opening new markets including removal of trade barriers; anecdotal advances in key target markets; and supporting new and additional egg export funding sources.

**Overall Egg Export Statistics**

The latest news from USAPEEC indicates that from 2015 to 2017, U.S. egg production increased by 11.8%, while exports increased by 12.9%, a positive offset of 1.1%. According to USDA 2018 trade data, total egg exports — table eggs plus egg products in shell egg equivalent — through October increased 1.4% to $202.2 million in value, although volume was 221.8 million dozen, a drop of
According to USAPEEC, the decrease in export volume can be attributed largely to relatively higher export prices and the strong U.S. dollar. It is important to note that egg export value is expected to increase by 1-2% in 2019. The top U.S. export markets for table eggs are Canada, Hong Kong, Mexico, U.A.E., Israel, and the Bahamas. The top U.S. export markets for egg products are Japan, Mexico, Canada, EU-28, South Korea, and the Philippines. These targets are generally aligned with AEB’s key egg target markets.

**Trade Barrier Work**

Efforts in 2018 to break down barriers and pursue export opportunities for eggs were effective. New egg export markets were opened for U.S. egg producers in South Africa, India, Tunisia, New Zealand and St. Lucia. The lifting of certain restrictions in South Korea as well as Avian Influenza regionalization for U.S. eggs also occurred. AEB and USAPEEC’s direct efforts to support the allowance of U.S. washed eggs into Mexico have gained real traction. It’s also anticipated that our joint efforts undertaken in 2018 will pave the way for egg product marketing openings in South Africa and Morocco in 2019.

On the trade policy front, 2018 government negotiations led to the creation of the U.S.-Mexico-Canada Agreement (USMCA) and eventual elimination of NAFTA. USMCA must now be ratified by the U.S. Congress as well as the Mexican and Canadian governments. On the horizon for 2019, the egg industry is urging USTR to expedite a new trade agreement with Japan, the U.S.’s number one market for U.S. egg products.

**Key Egg Target Markets — Anecdotal Results**

- **The Caribbean** – As a result of our 2017 Caribbean Reverse Trade Mission to Miami, the U.S. egg industry has three new buyers from the Caribbean, which has led to net new sales of U.S. eggs.

- **Japan** – Egg bakery chef contests in Japan drove new launches using U.S. eggs as an ingredient, including “Brioche Orange Bread” and “Meals of Eggs” at Japanese bakery chains.
• **Hong Kong** – Due to a hands-on chef seminar in Hong Kong, two out of six bakery chains expanded their usage of U.S. liquid egg products. In addition, a local QSR chain reported a 57% growth in the order of their Scrambled Egg Combo during a U.S. egg breakfast menu promotion sponsored by AEB.

• **Mexico** – One of Mexico’s largest foodservice distributors, with over 8,000 products, is now seeking additional egg products for their portfolio as a result of attending AEB’s Oct 2018 Miami Egg Reverse Trade Mission. Additionally, two distributors (foodservice & bakery) are now in search of U.S. egg products, while two manufacturing companies are in the process of developing high-value products using U.S. egg products as a main ingredient.

• **Middle East** – For the first time, AEB’s PR and media efforts garnered exposure and coverage for U.S. eggs on a local TV network and 18 story hits in online and traditional media during the Gulfood Show in Dubai, UAE. More than 78 leads generated from the show created new business opportunities for U.S. egg producers. Work in the Middle East market also led a Dubai trading company to increase their liquid egg imports (yolks and whole eggs) from 16 containers to more than 30 containers in 2018; 12 new companies became interested in U.S. egg imports in the foodservice sector; and grocery chain branches in Lebanon, UAE and Qatar have commenced importing U.S. frozen egg yolks. Due to focused promotional efforts of U.S. frozen eggs to UAE, our exports jumped by 237% in volume and 243% in value between January and October 2018 compared to 2017 figures.

• **South Korea** – The U.S. egg industry filled South Korea’s gap of egg supplies during their worst HPAI outbreak, leading to unprecedented levels of Korean imports of U.S. table egg and egg products. Continued marketing and promotion efforts in 2018 helped to not only maintain the U.S.’s enhanced volume vis-à-vis competitors, but also increase the U.S.’s market share against China and the EU-28 after South Korean’s AI recovery from 15% in 2016 to 68% in 2018. Four products featuring U.S. egg products were launched at four Korean bakery chains in 2018, while ten companies are currently testing U.S. egg products.

**Egg Promotional Funding & the Farm Bill**
In addition to AEB’s export funding, other commodity boards including soybean and corn fund USAPEEC programs that support egg export efforts. In FY2019, combined commodity board funding (AEB, soy, corn) will reach a new funding high, increasing to more than US$5 million. These additional funds will further help egg export endeavors.
Forty-five percent of USPEEC’s marketing promotion funds for U.S. eggs and poultry come from the Farm Bill’s MAP and FMD programs. Importantly, the recent Farm Bill passage in mid-December contained US$234 million earmarked for 2019 MAP and FMD program use. Additional FY2019 funding is also expected via a new short-term USDA marketing promotion program called the Agricultural Trade Program (ATP), designed to help lessen export deficits caused by the present trade wars.

Looking Ahead in 2019
We’ve already started the new year strong and have in place a defined 2019 egg export strategy, goals, activities and expectations with our partner, USAPEEC. We are now in the midst of:

- An export toolkit to use in the international markets
- Online training for international boots on the ground
- The Gulfood Trade show and Expo Culinaire 2019
- U.S. egg competitive research
- Market opportunity research for U.S. eggs in India
- Exploration of other new international market opportunities for eggs

In closing, if you aren’t yet exporting eggs or egg products and/or have questions regarding any of the 2018 market development information presented, I encourage you to please contact John Howeth or Susan Weller (below).

Looking forward to an eggciting new export year!

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