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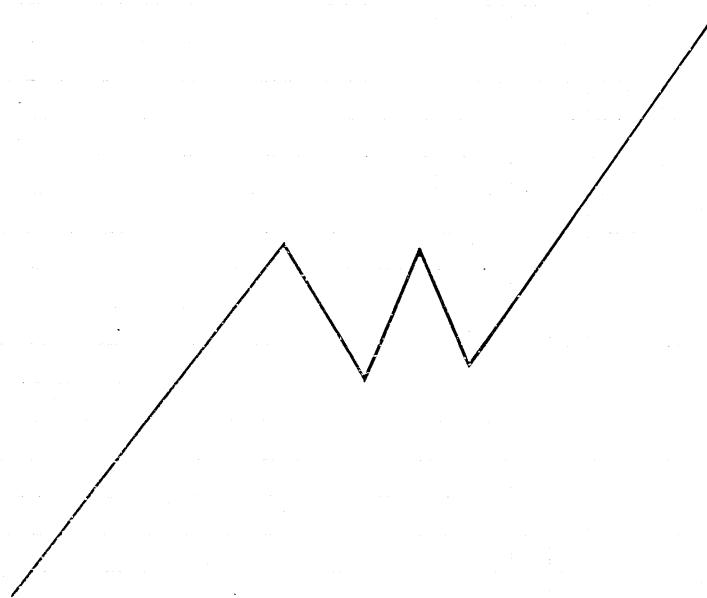
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Vol. 6, No. 4
OCTOBER 1967

PRICE 20c



QUARTERLY JOURNAL
ON AGRICULTURAL
ECONOMICS

Issued by the Department of Agricultural Economics and Marketing, Pretoria

Agrekon

VOL.6 No.4

OCTOBER 1967

Editorial Committee: A.J. du Plessis (chairman),
Dr. A.P. Scholtz, H.J. van Rensburg and O.E. Burger
Editor: Dr. A.J. Beyleveld
Technical editing: J. de Bruyn

REQUIREMENTS FOR CONTRIBUTIONS

Articles in the field of agricultural economics, suitable for publication in the journal, will be welcomed.

Articles should have a maximum length of 10 folio pages (including tables, graphs, etc.), typed in double spacing. Contributions, in the language preferred by the writer, should be submitted in triplicate to the Editor, c.o. Department of Agricultural Economics and Marketing, Pretoria, and should reach him at least one month prior to date of publication.

The Journal is obtainable from the distributors: "Agrekon", Private Bag 144, Pretoria.

The price is 20 cents per copy or 80 cents per annum, post free.

The dates of publication are January, April, July and October.

"Agrekon" is also published in Afrikaans.

Export of eggs from South Africa

by

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General Manager, Egg Control Board

The export of South African eggs commenced in 1915, although only small quantities were marketed overseas in those days. With the shortages experienced during the period of low production, from February to June, it was still necessary to import eggs regularly during the off-season.

During the normal plentiful production period, from August to December, production was substantially in excess of local requirements and surpluses had to be exported. The South African exports took place during the period of low production in the Northern Hemisphere and proved profitable for a number of years. Such exports were undertaken by Co-operative Egg Circles, wholesalers and a few large producers.

In the period 1915 to 1940/41 the quantities mentioned in Table 1 were exported during certain years.

TABLE 1 - Export of eggs in shell for years indicated

Year	Quantity 1,000 dozen
1915	179
1920	706
1925	2,392
1930/31	5,776
1935/36	3,529
1936/37	3,736
1937/38	2,530
1938/39	2,699
1939/40	3,090
1940/41	3,138

THE PERIOD 1942 TO 1953

In 1942, during the Second World War, when exports came to a standstill, the Government introduced an egg purchasing scheme to buy surpluses and thereby ensure an outlet to producers. This scheme was administered successively by the Food Controller, the Directorate of Food Supplies and Distribution and eventually by the Department of Nutrition.

In terms of this scheme surplus eggs which were properly graded, marked and packed were purchased from Co-operative Egg Circles, market masters, wholesalers and large producers. This scheme enabled producers especially those in the rural areas, to obtain better prices, as packers who were appointed in terms of the scheme, had to pay certain minimum prices on a quality and weight basis to producers.

Towards the end of the war eggs were sold under contract at predetermined prices to the British Government. As a result of an acute shortage of most kinds of foodstuffs, including eggs, excellent prices were obtained in Britain. Under those circumstances there was no necessity to look for other markets.

SINCE 1953 UNDER THE EGG CONTROL BOARD

After the establishment of the Egg Control Board in 1953 the Board had to undertake exports and had to arrange sales overseas through agents or directly to large importers.

During the first year exports were confined almost entirely to the United Kingdom, although small quantities were also disposed of in several African Territories. The rapid increase in egg production in the United Kingdom, mainly due to high Government subsidies, resulted in a sharp drop in prices towards the end of 1953.

The weaker market in Britain compelled the Egg Control Board to explore more outlets overseas. From 1954 the Board succeeded in disposing of large quantities of eggs in European countries. Markets were found first in Italy and Switzerland and since 1957 also in Western Germany. After a few years, however, those markets were also oversupplied, as a result of increased local production and a sharp increase in exports from various Eastern European countries.

During the last few years egg production in Western Germany increased rapidly, on account of encouragement and particularly financial assistance by the German authorities. Prices declined accordingly and imports decreased sharply. In Italy a similar situation developed.

THE EUROPEAN ECONOMIC COMMUNITY

With the introduction of regulations for eggs and egg products by the European Economic Community in July 1962, exports from countries outside the Six were further restricted. In terms of those regulations minimum prices (sluice-gate) are determined at which eggs and egg products and the normal import levies, high additional levies, payable by the importer, are fixed.

The additional levies at times are even higher than the ruling world market prices and have amounted to as much as 25 cents a dozen. Although it is now no longer a definite requirement that eggs and egg products may not be imported at less than the

sluice-gate prices, the additional levies are usually increased immediately in respect of third countries which sell eggs and egg products within the Community below sluice-gate prices.

The immediate effect of these regulations is that exports from third countries are almost entirely eliminated when the additional levies are fixed at such a high level. Exports of eggs to E.E.C. countries are thus limited to the short periods when the levies are drastically reduced during the period of low production within the Community.

The enormous expansion of production in Western Germany and Italy, mainly on account of protective measures and financial encouragement, affected not only countries outside the Community. Even Holland and to a lesser degree Belgium, suffered. The weaker position wherein Holland and Belgium found themselves with their exports to Germany caused heavy losses to producers in the two countries. During long periods of the year they received prices for eggs which were below production costs and at times even less than the actual feed costs. This enormous increase in production in Western Germany and Italy forced Holland and Belgium on account of much lower prices realised, to reduce egg production and exports drastically.

AGREEMENT WITH E.E.C.

Although South Africa's exports to Italy are at present almost entirely eliminated, the Republic's exports to Western Germany have thus far not been seriously hampered. During 1966 South Africa was the only country whose exports to Western Germany were larger than in 1965. The main reason for this was that after long negotiations an advantageous agreement was concluded with the European Economic Community during the fourth quarter of 1966.

In terms of this agreement, which still applies, the additional levy on South African eggs has been waived, but the Republic is not permitted to sell any eggs in the Community at prices below the sluice-gate prices. Such sales are naturally only possible when market prices in Western Germany are higher than the sluice-gate prices. With the present further increase in production in Germany, it will be most difficult to export eggs to that country even for short periods during the year.

It should be realised that production in the E.E.C. is being encouraged and protected further by the payment under certain conditions of export subsidies on eggs from the E.E.C. to third countries.

OTHER NEW MARKETS

During the past seven years additional overseas markets have been found for limited quantities of South African eggs in the Middle East and the Far East. In the 1966/67 season eggs were also exported to Austria and Canada.

The new outlet recently established for egg products in Japan is of great importance to the poultry industry in the Republic. Small quantities of eggs and egg products were also disposed of during recent months in certain territories in Africa and the East.

Since the establishment of the Egg Control Board the quantities quoted in Table 2 have been exported.

EXPORT OF EGG PRODUCTS

The export of frozen whole egg pulp to Britain, started on a small scale in 1952. On account of the shortage of eggs in the United Kingdom and Europe at that time high prices were obtained for egg pulp. At present, world market prices are almost 50 per cent lower than 15 years ago.

TABLE 2 - Export of eggs in shell, 1953/54 to 1966/67

Season	Quantity 1,000 dozen
1953/54	5,468
1954/55	4,413
1955/56	5,254
1956/57	8,731
1957/58	5,307
1958/59	4,570
1959/60	8,201
1960/61	9,156
1961/62	8,996
1962/63	9,648
1963/64	11,261
1964/65	8,223
1965/66	7,555
1966/67	9,690*

* Provisional

The weakening in the international trade in fresh eggs compelled egg exporting countries to produce more and more egg products for export and to export fewer fresh eggs. South Africa also had to follow this policy and consequently several thousand tons of egg products are now being marketed overseas every year.

Notwithstanding the low prices and heavy losses being suffered on the export of egg products, these often provide a better outlet than fresh eggs. With the limited export markets for eggs in shell it is more remunerative to convert a big percentage into products for export.

Even in the United Kingdom, which is the most important importing country for egg pulp, there has been such a heavy over-production of egg products in recent years, that the British Egg Marketing Board now finds it necessary to export huge quantities of egg pulp. The weaker and limited market in the United Kingdom also forced South Africa to explore other outlets for frozen egg pulp.

At times it has been possible to sell large quantities in Italy, but during the last two years the Italian market has been oversupplied with Chinese egg pulp. Prices

for the Chinese product in Italy and several other countries are very low and force most exporting countries out of these markets.

Limited quantities of egg pulp were sold in Canada and Switzerland during the 1966/67 season. During March 1967 a market was established for substantial quantities of frozen whole egg pulp in Japan for shipment from April 1967 until March 1968.

Although heavy losses are being incurred on the export of egg pulp, such exports enable the Board to dispose of surplus eggs in pulp form during those times of the year when only limited quantities of fresh eggs can be exported. By entering into long-term contracts for the delivery of egg pulp, the quantities of eggs in shell which must of necessity be exported, can be better controlled and consequently be disposed of more advantageously.

OTHER EGG PRODUCTS

A new development in South Africa in recent years has been the separation of the egg yolk and albumen. The albumen is being converted into powder and used mainly by confectioners in the Republic. Egg yolk is being exported in a frozen state.

In the past all surplus egg yolk was marketed in Italy, but during the 1966/67 season small consignments were also shipped to Japan and Western Germany. On a small scale egg yolk with the addition of 12% salt, was also exported.

Both whole egg and egg yolk powder were manufactured and exported in limited quantities to different overseas markets during the past twelve months.

According to present indications it will become necessary in future to convert more and more eggs into different kinds of products for export.

Since 1953 the quantities of eggs mentioned in Table 3 have been converted into pulp and powder.

TABLE 3 - Conversion of eggs into products, 1953/54 to 1966/67

Season	Quantity 1,000 dozen
1953/54	2,353
1954/55	903
1955/56	793
1956/57	2,222
1957/58	55
1958/59	1,089
1959/60	4,065
1960/61	2,534
1961/62	4,353
1962/63	4,493
1963/64	3,634
1964/65	2,495
1965/66	2,507
1966/67	5,400*

* Provisional

GENERAL

Because South Africa is situated far from the different overseas markets and as it is not always possible to obtain the necessary shipping facilities at the required time, exports from the Republic are considerably hampered. The high freight costs and other export costs amount to from 8 to 10 cents per dozen and even more.

A further serious problem is that shipping space must be booked from three to six weeks prior to the scheduled date of departure of the boats. Many eggs are purchased inland, where they have to be cooled and then transported by railway refrigerated trucks to cold storages at the ports of loading and cooled for a few days prior to shipment. After a journey of three to four weeks and even longer, the eggs then have to be transported by rail or road from the overseas port of discharge to the different markets. The result is that it often takes from four to six weeks after packing before the eggs reach the overseas markets.

This means that arrangements for the marketing of eggs must be made from seven to ten weeks prior to delivery of the product overseas.

Conditions on the world egg markets usually change from day to day and it is therefore most difficult under such circumstances to make final arrangements

for exports two months and longer in advance.

The keen competition on overseas markets demands that an exporting country should continually be well acquainted with conditions in the different importing and exporting countries. For South Africa it is consequently essential to visit and study overseas markets regularly, in order to be able to plan arrangements for exports well in advance.