



## IMPACTS OF BANNING MODERN CAGE EGG PRODUCTION IN THE UNITED STATES

Highlights from the report by Promar International, October, 2009

### STUDY PURPOSE AND METHODS

United Egg Producers is the national trade association and cooperative of America's egg farmers. Egg farmers use several different methods of modern production systems based upon market and consumer demand. These systems include Modern Cages, Cage Free, Free Range, and Organic, to name the most common. However, 95% of eggs in the U.S. today are produced in Modern Sanitary Cage systems, since that is what consumers purchase most often when given the choice at grocery retail stores. MSCs were adopted beginning in the 1950's and 1960's. Why did the farmers adopt these Modern Sanitary Cage systems? These Modern Sanitary Cages provide better assurances of food safety and egg quality; better control over the hens' environment including disease prevention; and lower consumer cost eggs.

UEP pursued this study to determine what the potential impacts would be if the most prevalent production system for eggs was banned in the U.S. Animal rights activists forced many European countries to ban Modern Sanitary Cage systems and animal rights activists have been pushing for a similar ban in several U.S. states.

United Egg Producers contracted with Promar International, Inc. for this report, Promar International, Inc. is an independent, nationally-respected agricultural economic consulting firm based in Washington, D.C.

### SUMMARY OF TOP FINDINGS

**CONSUMER SPENDING**—Consumers would be forced to spend \$2.6 billion more for eggs each year, a 25% increase over current spending levels, if they were forced to only buy non-cage eggs.

**IMPORTS AND FOOD SAFETY**-While the U.S. is a net exporter of eggs today, we would become a net importer of eggs if Modern Sanitary Cage systems were banned in this country (but not in neighboring countries). If as little as 10% of current domestic production and consumption were to be replaced by imports, this would amount to about 7 billion eggs.

**GOVERNMENT SPENDING ON FOOD ASSISTANCE FOR THE NEEDY**--Federal spending on food assistance programs for children and the needy would increase by \$169 million annually if the government could only purchase non-cage eggs for such programs as school lunch and breakfast programs, WIC and SNAP/Food Stamp Program. 35 million Americans already are in danger of hunger, according to the website for Feeding America, the nation's leading domestic hunger relief organization, and the need for food assistance has risen by 30% over the last year. Any consideration of the relative merits of changing public policy addressing how we manage farm animals and the associated increases in food costs must take into account what that means for the more needy and less well off among us. This is particularly so in these times of high unemployment and severe economic distress.

**ENVIRONMENTAL DEGRADATION**—The carbon footprint for the egg industry would expand dramatically if a ban of Modern Sanitary Cage systems is implemented. In addition to the extra fossil fuel needed to transport the 7 billion imported eggs each year into the U.S., 580,000 additional acres of cropland (plus fertilizer and pesticides) would be needed to feed hens in less-efficient non-cage production systems.

## **DETAILS OF STUDY RESULTS**

### **GOVERNMENT SPENDING ON FOOD ASSISTANCE FOR THE NEEDY**

- Significant amounts of eggs are purchased and used in the school lunch and breakfast program (\$47 million annually); Special Supplemental Nutrition Program for Women, Infants and Children (WIC -\$100 million); and the Supplemental Nutrition Assistance Program (SNAP-formerly the Food Stamp Program).
- Federal spending for food assistance programs would increase by \$169 million annually if the government could only purchase cage free eggs. Cage free eggs cost more than “regular” eggs that come from Modern Sanitary Cage systems currently used by almost all of America's egg farmers.

### **IMPORTS AND FOOD SAFETY**

- The U.S. is self-sufficient in supplying eggs for domestic consumption, and in fact is a net exporter of eggs.
- A ban on Modern Sanitary Cage systems would precipitate a dramatic increase of imported lower cost eggs into the U.S.
- If imports were to rise by 10% (which could prove to be an underestimate):
  - This would amount to 7 billion eggs, or about 25 eggs per person could come from countries like Brazil, Mexico and China.
  - The imports would be produced in countries that would have far lower food safety and animal welfare standards than U.S. egg farmers follow.
  - This surge in imports would seriously strain the ability of the U.S. government to inspect those additional imports for salmonella or other food safety contaminants.

## CONSUMER SPENDING

- American consumers would be forced to pay \$2.66 billion more each year for eggs than they currently do (a 25% increase), because of the higher cost of non-cage eggs.
- USDA statistics indicate that one dozen grade A “regular” eggs are advertised at retail for \$1.00 per dozen compared to \$1.59 per dozen for cage free (national average, 9/4/09). Free range and organic eggs usually are priced much higher than that.
- Non-cage eggs cost more because of the higher production costs. For the US egg industry as a whole, these increased costs would be:
  - Feed costs (higher amount of feed consumed by non-cage chickens)
  - Energy (higher energy requirements for non-cage systems, plus 580,000 more tilled cropland required for extra feed requirements)
  - Labor (Non-cage egg production systems require 4-times as many personnel to monitor and manage hens)
  - Land (400% more land would be needed by farmers to convert current modern cage systems to non-cage operations. In addition, 580,000 more acres of cropland would be required for the additional feed used in less-efficient non-cage production systems.
- Non-cage chickens also tend to have more diseases which need to be treated with expensive medicines, and they have double the mortality rates of birds housed in Modern Sanitary Cage systems.
- The right of consumers to make their own food choices ...whether they be “regular” eggs, cage free, organic or other would be severely limited, with the choice that 95 percent of American consumers currently make of their own free will (“regular” eggs) eliminated.

## ENVIRONMENTAL DEGRADATION

- Non-cage eggs have much higher environmental and carbon footprints compared to “regular” eggs.
- Cage free chickens require 15-25 percent more feed to produce the same number of eggs than chickens in Modern Sanitary Cage systems.
- An additional 7 billion pounds of corn and soybean meal would be needed to feed cage free chickens, requiring an additional 580,000 acres of cropland to be tilled for farmland, with resulting potential for habitat losses and other increased environmental impacts.
- U.S. egg farmers also would need to acquire 400 percent more farmland for their egg-laying operations if Modern Sanitary Cage systems (which typically are tiered up to 40-foot high) are banned.

## COMMUNITY FARMERS

- Eggs are produced commercially in 49 states.
- Nearly all 250 major commercial egg farmers in the U.S. are family owned or co-ops; there is only one public company.
- 95 percent of egg-laying hens in the U.S. currently are housed in Modern Sanitary Cage systems.
- The cost to farmers of converting their modern hen houses into cage free facilities would be \$7.5 billion. The availability of credit and local permits could be a major obstacle for many farmers.

# # #