



Issue Brief

Current Status and Implications of the HPAI Virus

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The ongoing highly pathogenic avian influenza virus (HPAI) is a major concern for the entire poultry industry in the U.S. The current outbreak is the largest the U.S. has seen, affecting approximately 46 million birds as of early June 2015. To date, positive cases have been confirmed mainly in commercial turkey and commercial egg layer operations located in the Upper Midwest states. New positive cases continue to be identified daily, albeit at a diminishing rate. Major broiler producing states in the Southeast have not been directly affected with the virus to date. As the industry works toward controlling the current outbreak in the U.S. and protecting against resurgence in the fall when migratory flight paths return south, improved biosecurity protocols and an understanding of trade implications related to a proposed vaccine strategy will be vital.

Current Situation

- Two strains of HPAI are affecting the U.S. - H5N2 and H5N8. These two are not the same HPAI strains which caused human infections in other parts of the world.
- HPAI has affected 12 percent of the egg layers in the U.S., about 35 million birds. Iowa, which has been hit hardest by HPAI, provides one of every five eggs consumed in the U.S.
- The majority of egg layers affected are for breaker egg production which supplies food processors with liquid eggs. With roughly one third of production lost, processors are faced with higher prices and forced to

compete with the carton market for available shell egg inventories. Consumers are currently faced with significant cost increases in shell eggs as well as other consumer goods that use eggs as an ingredient.

- Industry concentration, in both the number of birds in one location and the geography of egg layer operations, has contributed to the size and scope of the outbreak, elevating the financial impact of euthanization in an effort to control the spread of the virus.
- To date, HPAI has affected 2 percent of the turkeys in the U.S., about 7.5 million birds. Turkey prices are sharply increasing, with turkey breast meat prices nearing the all-time highs reached last year. Recent events will likely lead to further integration in the turkey sector as companies will increase their live animal ownership to mitigate the financial impact to individual producers.
- So far, the spread of HPAI has not had an inflationary impact on chicken prices, but rather the opposite effect. Leg quarters, a traditional export item, have experienced a significant increase in inventory levels and prices have adjusted in response to current bans by major importers of U.S. product.
- The top 10 importers of U.S. poultry have introduced varying trade restrictions at the county, state or national level. However, total nationwide poultry bans have been imposed by China and Southeast Asia.