

Health, animal welfare concerns shake US egg industry

June 1 2014, by John Biers

Rising consumer interest in healthy eating and animal welfare is beginning to scramble the US egg business.

The price of egg whites has nearly tripled to record levels since early 2013 following moves by McDonald's and other fast-food giants to introduce egg-white menu items to appeal to cholesterol-focused customers.

Meanwhile, egg producers are spending millions of dollars to add more hens for producing organic and cage-free [eggs](#). A catalyst behind that is a California law that takes effect in 2015 that aims to address inhumane conditions for the birds.

The shifts are the latest sign of the rising interest in the United States towards healthier and organic foods, evident in supermarkets and restaurants, including an initiative by leading retailer Wal-Mart to sell discounted organic foods in US stores.

Yet food experts say the trends should not be exaggerated, noting, for example, that industrial eggs remain the norm.

The organic chicken flock, which is by definition also cage-free, stood at five percent of the US market as of August 2013, while the total cage-free flock was 8.1 percent, according to the American Egg Board, a trade group.

The organic and cage-free markets "have plenty of room to grow, but as long as these eggs cost more—which they do—they are likely to remain small," Marion Nestle, an expert on food studies and public health at New York University, said in an email.

Boom in egg white demand

Industry players describe current conditions in the egg-white market as unprecedented.

"I've been in this business close to 40 years and it's never been like this," said Elliot Gibber, president of Deb El Food Products, which manufactures and distributes egg whites and other egg products.

Prices have surged since McDonald's in April 2013 introduced the Egg White Delight McMuffin, a move that was followed by new egg-white dishes at Dunkin Donuts and other leading chains.

"Everybody's sort of jumping on it," said Rick Brown, executive vice president at Usner Barry, a food price information service.

Part of the challenge is that demand for egg yolks, used in ice cream, mayonnaise, pasta and some other goods, has not kept pace with egg whites.

Deb El Food's Gibber said it is not profitable to boost [egg production](#) for the purpose of increasing egg-white supply.

"You can't just turn a button and make more egg whites," he said. "When the chicken lays the egg it comes out two-thirds egg white and one-third yolk."

But Deb El Food is building new hen farms to add about 50,000 more

birds that can produce organic eggs, as well as a couple of hundred thousand more cage-free birds. The firm currently has 2.5 million chickens.

Cal-Maine Foods, the largest producer and marketer of shell eggs in the United States, is building cage-free facilities in Texas and Kentucky and expanding an organic site in Kansas as part of a \$100 million investment.

"We're seeing more demand, particularly for our specialty eggs," said Cal-Maine chief financial officer Tim Dawson.

California voters approved in a 2008 referendum a law which requires egg producers to provide egg-laying hens cages that allow them to lay down, stand up, fully extend their limbs and turn around freely. A subsequent California law extended the requirements to producers in other states that sell eggs in California.

Egg producers and other parties have filed legal challenges to block the law from taking effect, but have thus far been unsuccessful.

Leading chains like Burger King and Dunkin' Donuts have announced plans to only use cage-free eggs.

Jennifer Fearing, a deputy director at the Humane Society in California, predicted specialty eggs would soon take up a bigger portion of the egg market.

"As people become more aware, they don't want to support abusive industries and abusive practice," Fearing said.

Cal-Maine's Dawson believes consumers should have the choice to buy cage-free and other specialty eggs, but he opposes legislative mandates.

"We don't support increasing restrictions on housing systems," Dawson said. "All of those restrictions generally increase the cost of producing eggs."

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