



Representative Samantha Vang
Chair, Agriculture Finance and Policy
Minnesota House of Representatives
545 State Office Building
St. Paul, MN 55155

Dear Chair Vang and members of the House Agriculture Finance and Policy Committee:

My name is Peter Forsman and along with my brother David we are a fourth-generation family-owned egg farm in Howard Lake, Minnesota. Our family has been farming a plot of land outside of Howard Lake since 1918. We have long been at the forefront of the egg industry in Minnesota, with Albert Forsman, our great-grandfather, managing a breeding flock in the 1920s and Grandpa Norman introducing the first hen cage system to Minnesota in 1959. Norman's son Gary Forsman, our dad, purchased the farm in 1972 and followed the traditional path of the family farm with mixed production: farming the land, raising hogs, and producing eggs. Today we farm corn and soybeans and have four egg farms located in Howard Lake, Cokato, Montevideo, and Litchfield. We care deeply about producing safe, nutritious, and affordable food for our family, our neighbors, our community, and our customers. That's why I am proud to be an egg farmer in Minnesota.

I sincerely appreciate the opportunity to provide this testimony to the House Agriculture Finance and Policy Committee. I am not an expert in animal diseases or commodity markets and pricing. However, I want to share with this committee important information from our industry's trade association, the American Egg Board, about Highly Pathogenic Avian Influenza (HPAI), or bird flu. I'll also offer some perspective on what's currently happening with egg prices in the grocery store.

Bird flu is an infectious respiratory disease that affects birds and poultry and can be devastating to commercial flocks. Importantly, the United States Department of Agriculture (USDA) confirms that avian influenza is not a food safety issue. It's important to note that bird flu is a global challenge; this is not an issue unique to the United States, the Midwest, or Minnesota. According to the World Organization for Animal Health and Food, the current global HPAI outbreak, first detected in 2021, is the largest in history, impacting Asia, Europe, Africa, and North America.

This virus is also more virulent than we've experienced with previous outbreaks. Animal health experts say this strain of HPAI is unprecedented in its ability to survive in wild birds and waterfowl, and that's why the disease is lingering.

In the U.S., HPAI was initially detected in wild birds in January 2022. The first detection in a commercial poultry operation was in February 2022 in an Indiana turkey flock. Since then, according to the USDA more than 58 million birds across 47 states have been lost to the disease. That number includes turkeys, broilers, egg-laying hens, pullets, and backyard flocks.

Those numbers likely would be much higher if not for the heightened biosecurity measures poultry farmers put in place following the 2015 HPAI outbreak, which lasted about six months and claimed more than 50 million birds. USDA and others credit enhanced biosecurity measures for essentially eliminating the farm-to-farm spread that marked the 2015 outbreak. According to experts, the primary introduction of HPAI into commercial flocks has been from wild birds and waterfowl. This is one of the reasons HPAI has been found throughout the United States.

As an egg farmer, I can tell that we take biosecurity very seriously on our farm. Caring for the health of our hens by preventing disease from getting onto our farm is our highest priority. We seek to protect our birds not only from HPAI, but low path avian influenza, Newcastle bronchitis, Coryza, and other diseases. Forsman Farms biosecurity policy and procedures include multiple structural elements that isolate our farm sites from the larger poultry industry and reduce our risk of contracting all strains of Avian Influenza as well as other contagious diseases of poultry. This includes, but is not limited to dedicated barn and site employees, full change in/change out so that the outside stays outside and the inside stays inside, dedicated technical experts such as electrician, HVAC, and network specialists, offline egg processing to limit traffic and visits to the farms, dedicated feed delivery trucks, dedicated handling specialists, and consistent daily biosecurity procedures.

Despite an egg farmer's best efforts, diseases sometimes make it onto a farm, and when that happens with HPAI, we partner with USDA and, in Minnesota, the Board of Animal Health, to use emergency depopulation methods to eradicate the virus swiftly. Birds do not recover from HPAI. There is no more gut-wrenching news for an egg farmer to be told to depopulate their farm. It's not just that our hens represent our livelihood, as farmers we genuinely care about our animals. Losing them to disease is devastating.

Nationally, the egg industry has lost more than 42 million egg-laying hens since February 2022. Fortunately, Minnesota egg farmers haven't been hit as hard as we were in 2015 when the state lost more than 4 million hens. Since February 2022, nearly 216,000 Minnesota hens have been impacted by HPAI.

While the national numbers are significant, context helps explain the impact. USDA estimates that we have more than 300 million egg-laying hens in production in the U.S. That's about 6 percent fewer hens than we would typically have in production, so we're recovering quickly, but we still have a ways to go.

The good news is that our national egg supply is robust and will continue to get even stronger. I can assure you that egg farmers, like my family, are focused on recovery and returning to normal by protecting our birds from bird flu and keeping grocery stores stocked with nutritious, affordable eggs.

Some might suggest that's easier said than done.

Egg shortages and egg prices have been in the news a lot lately. As I previously mentioned, I'm not an expert on economics or commodity pricing. However, I'd like to share some egg industry perspectives on supply and pricing. I'm also including a copy of a recent New York Times article that does an excellent job explaining why egg prices have increased.

Similarly, egg industry analysts suggest that some egg customers, including retailers and food manufacturers, may be changing their egg-buying behavior to guard against supply and price uncertainty, resulting in higher demand and tighter availability.

Those are just some of the factors impacting supply as well as wholesale and retail prices. The egg industry is subject to the same economic principles of supply and demand that dictate the prices of other goods.

Eggs are bought and sold on the commodity market, where farmers don't set the price of eggs – the market does. And, that market is experiencing violent disruption, which results in higher prices. Volatility and uncertainty created by inflationary pressures, the higher costs of feed, fuel, labor, and transportation, along with the continued impacts of bird flu, are all causes of the higher egg prices we are paying.

Fortunately, the recent Consumer Price Index reports show inflation cooling. In addition, wholesale egg prices peaked in late December and have been steadily decreasing following holiday demand for eggs; lower retail prices are expected to follow.

That good news on pricing and the egg industry's production resiliency are reasons for optimism.

Of course, no one can predict when the current HPAI outbreak will end or when egg prices will normalize. But I can assure this committee that Minnesota's egg farmers and egg farmers from across this country will remain vigilant in our efforts to protect our birds and ensure a stable supply of healthy, nutritious eggs.

Sincerely,



Peter Forsman,
Farmer
Forsman Farms