

McDonald's Plans a Shift to Eggs From Only Cage-Free Hens

By Stephanie Strom

Sept. 9, 2015

In a move that has significant implications for American and Canadian egg producers, the McDonald's Corporation is announcing that it will begin phasing out the use of eggs from hens housed in cages.

The company uses some two billion shell and liquid eggs annually, or a little more than 4 percent of the 43.56 billion eggs produced in the United States last year. With the national announcement last week of plans to sell some breakfast items all day long, the company expects to buy even more eggs. For example, the Egg McMuffin, which uses one egg per sandwich, is among the company's most popular menu items.

With less than 10 percent of the nation's laying hens housed as "cage free," it could take McDonald's as long as 10 years to reach its goal of having 100 percent come from hens in what are known as "aviary systems." Those allow chickens to move freely up and down tiers and among nesting areas inside barns.

As consumer demand and public pressure for such eggs has increased, the eggs have commanded a premium price. Retailers have marked them up less sharply recently to mitigate the impact of a deadly avian flu that has killed millions of laying hens this year. According to the United Egg Producers, a marketing organization for the egg business, shell egg production was down 9 percent in June, compared with June last year, to 7.41 billion eggs.

In California, where egg producers were required to provide more space for their birds by the beginning of this year, agricultural economists estimated that prices for eggs would rise 10 to 40 percent. Egg producers there argue, however, that retailers

add big markups to cage-free eggs that distort the actual increase in the cost of producing them.

Marion Gross, senior vice president for supply chain management at McDonald's, said the impact of its decision and similar moves by other major egg users would help bring down the price of cage-free eggs. "We believe over time that, with our scale, we will be able to mitigate cost impact on our system," she said.

The United Egg Producers said on Wednesday that it supported McDonald's move. "Recognizing that customers place value on having choices in the type of eggs they purchase, hens today are raised by our farmer members using a variety of housing and egg production practices," Chad Gregory, the organization's chief executive, said in a statement.

The timing of McDonald's announcement may be fortunate. Egg producers may convert barns still empty after the avian flu epidemic to cage-free operations. According to the Agriculture Department, 6.4 percent of the nation's laying hens were cage-free in March, before the avian flu hit, and major producers like Rose Acre Farms are switching at least some of their production to cage-free systems.

States, too, are enacting new regulations on how laying hens are kept. Voters in Massachusetts, for instance, will consider a ballot measure next year that would require all meat and poultry products sold in the state to come from animals living in more spacious housing. Massachusetts imports millions of its eggs from other states, so the measure would affect producers beyond its borders.

Consumer concerns about the way agricultural livestock and poultry are raised have increased, and food companies, restaurant chains and their suppliers have been scrambling to obtain antibiotic-free chicken, grass-fed beef and cage-free eggs.

Farmers and big agricultural enterprises like Cargill have responded, moving sows out of small stalls into group housing, and eliminating antibiotics important to human health from feeds.

McDonald's rival Burger King was one of the first major fast-food chains to pledge to use cage-free eggs, promising to have its supply chain converted by 2017, and companies like Unilever, General Mills and Sara Lee are working to use such eggs exclusively.

“We are a big purchaser of eggs in the U.S. and in Canada, and we have the scale behind us to be able to do these kinds of things,” Ms. Gross said. “It’s not always easy, but it’s a challenge we can work through.”

The Compass Group, Sodexo and Aramark, three large food service suppliers that the Humane Society of the United States estimates buy roughly one billion eggs a year in total, also have said they will use only cage-free eggs. And this year, Walmart established new guidelines for suppliers that, among other things, indicated it would show preference to those using cage-free hen housing.

Animal welfare advocates have long lobbied McDonald's to use cage-free eggs, arguing that because of its size, the company could have an enormous effect on the well-being of egg-laying hens. Most such birds currently live in cages with less space than a file drawer, although California requires producers in the state to give their hens more space.

“McDonald's announcement effectively ends any debate that there may have been over whether cages have a future in the industry,” said Paul Shapiro, vice president for farm animal protection at the Humane Society of the United States.

He said the move would affect about eight million laying hens.

Mr. Shapiro noted that McDonald's already used cage-free eggs in places like the European Union and Australia. The company announced this year that it would begin using chicken from birds raised without human antibiotics, and franchise owners were abuzz this summer over a photograph of Steve Easterbrook, the company's new chief executive, standing in a field chatting with the owner of a grass-fed cattle operation. (The company has not announced a move to grass-fed beef, however.)

McDonald's began studying the issue of housing for laying hens in 2010, as part of the Coalition for Sustainable Egg Supply, which recently published the findings of its research. Ms. Gross said some 13 million of the eggs currently used by McDonald's were cage-free.

Herbruck's Poultry Ranch, a large egg producer in Michigan, will be the first major egg producer to convert its barns to supply McDonald's. Herbruck's was already in the process of changing the housing for its hens to comply with an animal welfare law passed in Michigan in 2009.

"Cage-free" does not mean hens have outdoor access. Rather, they are free to run around barns outfitted with platforms, tiers and nesting spaces instead of being confined to cages. "This is truly a move from conventional housing to more enriched housing systems," Ms. Gross said. "There are no cages in these systems — it will be a significant change."

A version of this article appears in print on , Section B, Page 3 of the New York edition with the headline: McDonald's Is Planning to Stop Using Eggs From Caged Chickens