CARIBBEAN POULTRY ASSOCIATION

CARIBBEAN POULTRY MARKETS

&

BROILER PROCESSING SECTOR PROFILE

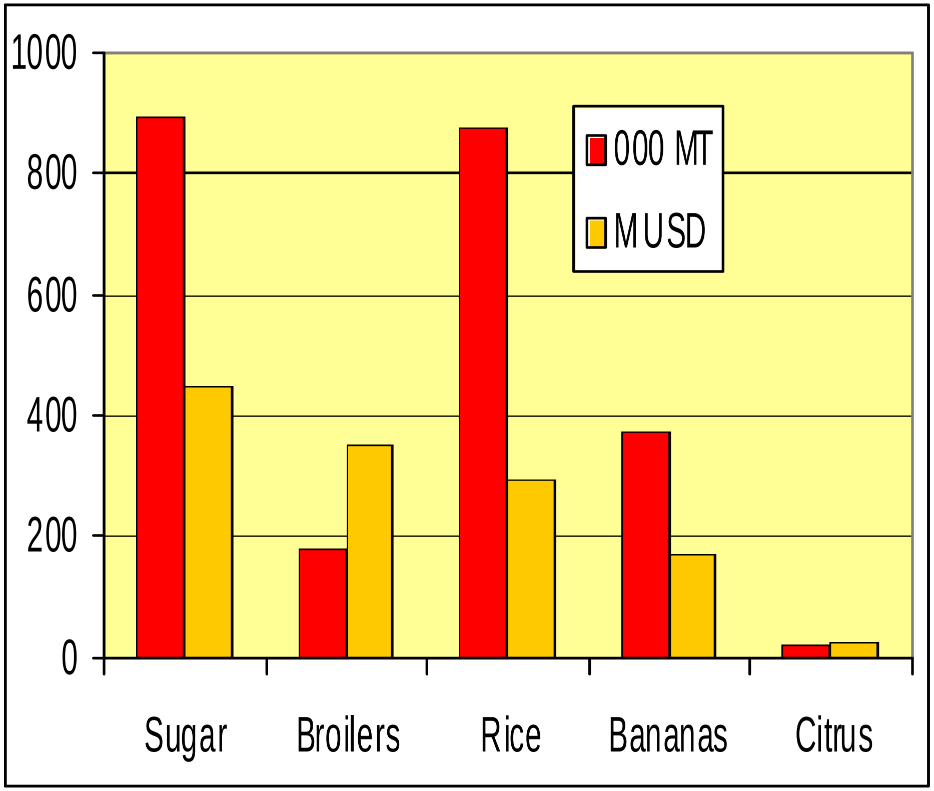
CARIBBEAN POULTRY MARKETS & BROILER PROCESSING INDUSTRY

- Contribution Of Industry To Region
- Caribbean Poultry Markets
- Caribbean Food Distribution System
- Poultry Processing Sector
- Supply of Live Birds
- Competitiveness
- Opportunities & Challenges

LARGE REGIONAL AGRO INDUSTRY

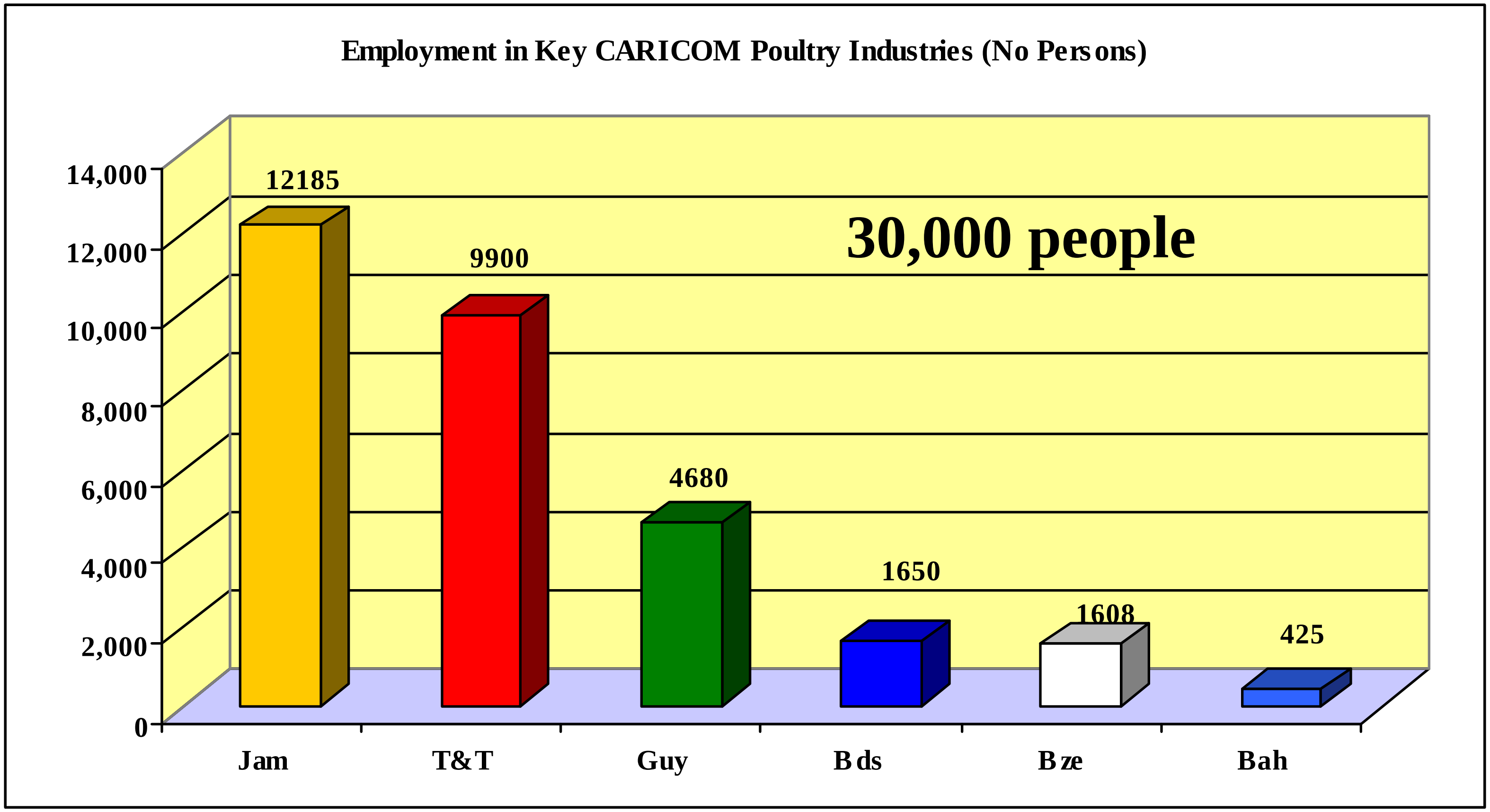
- **<u>EX FACTORY SALES</u>**
- Bahamas 1
- Barbados 1
- Belize 3
- Guyana 3
- Jamaica 2
- T & T 1
- Suriname 4

Sales Volumes & Values



25% Growth in 10 Years

KEY EMPLOYER IN ALL COUNTRIES



STRONG LINKAGES TO AGRO INDUSTRY SUPPORT FOR RURAL DEVELOPMENT

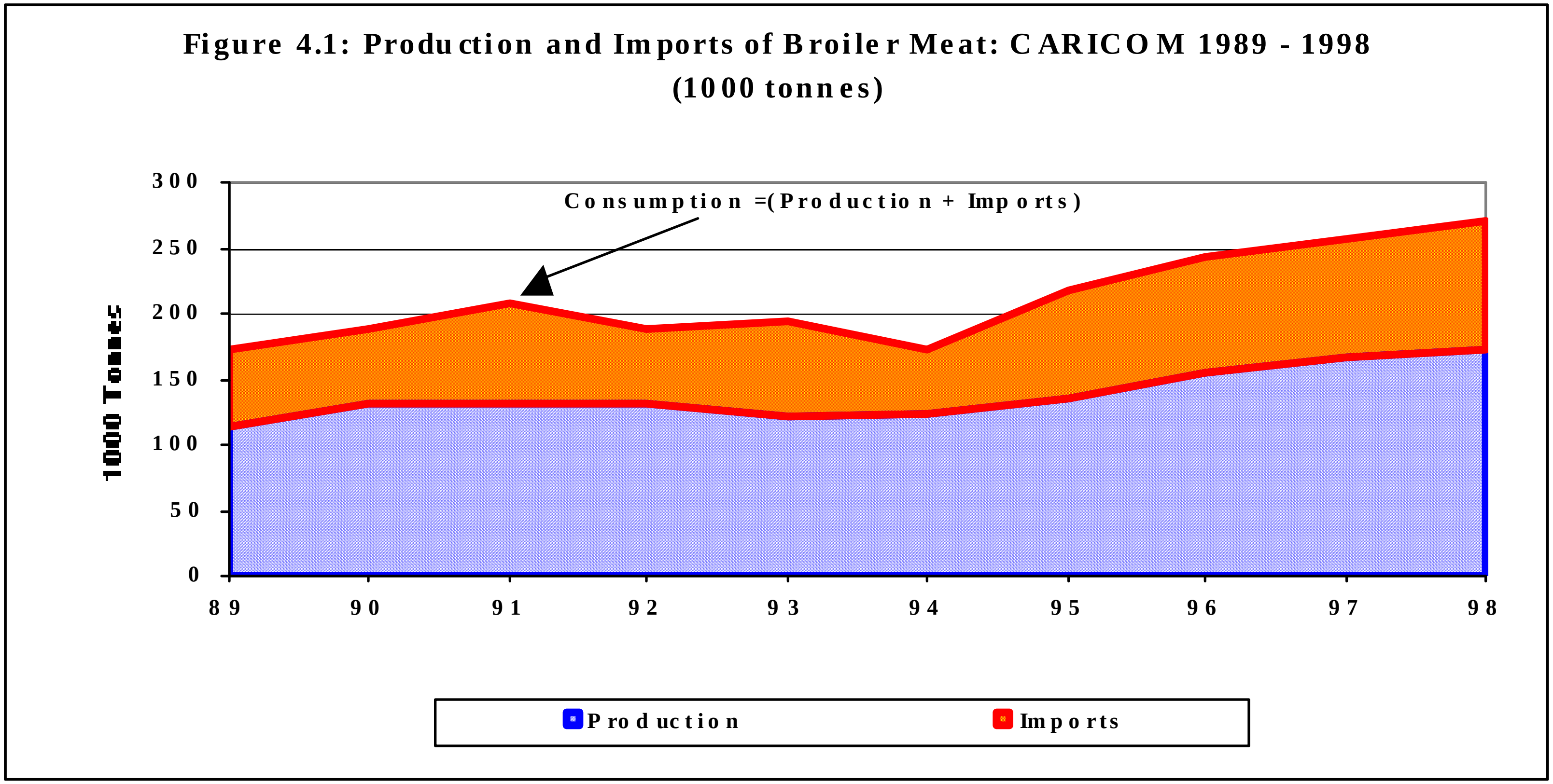
- **Linkages**
- Livestock Industry
  - FeedMills(30)
  - Soy bean Meal (3)
  - Protein Meals
  - Fats, Oils, Soaps
- Vegetable Industry
  - Rice - 24,000 Ac
  - Corn – 18,000 Ac
  - Manure – 11,000 MT

- Food Security/ Rural Development
  - 14,000 small farmers
  - 4,000 cottage processors
  - Food storage
  - Foreign Exchange
  - Rural Food Dist’n

CARIBBEAN POULTRY MARKET

- Market Size & Growth
- Consumers & Consumer Trends
- Product Mix

GROWING MARKET

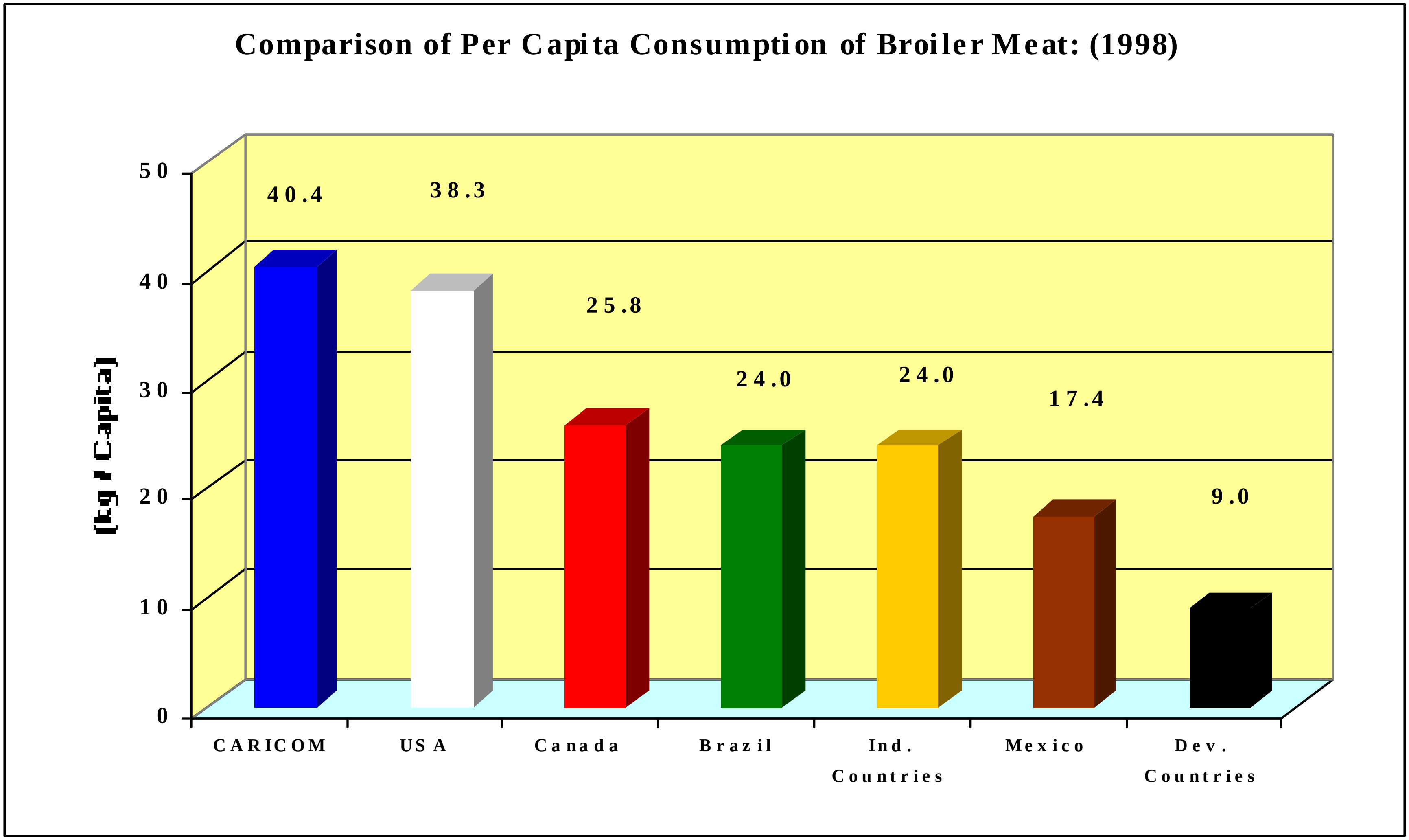


30% Growth in 10 Years

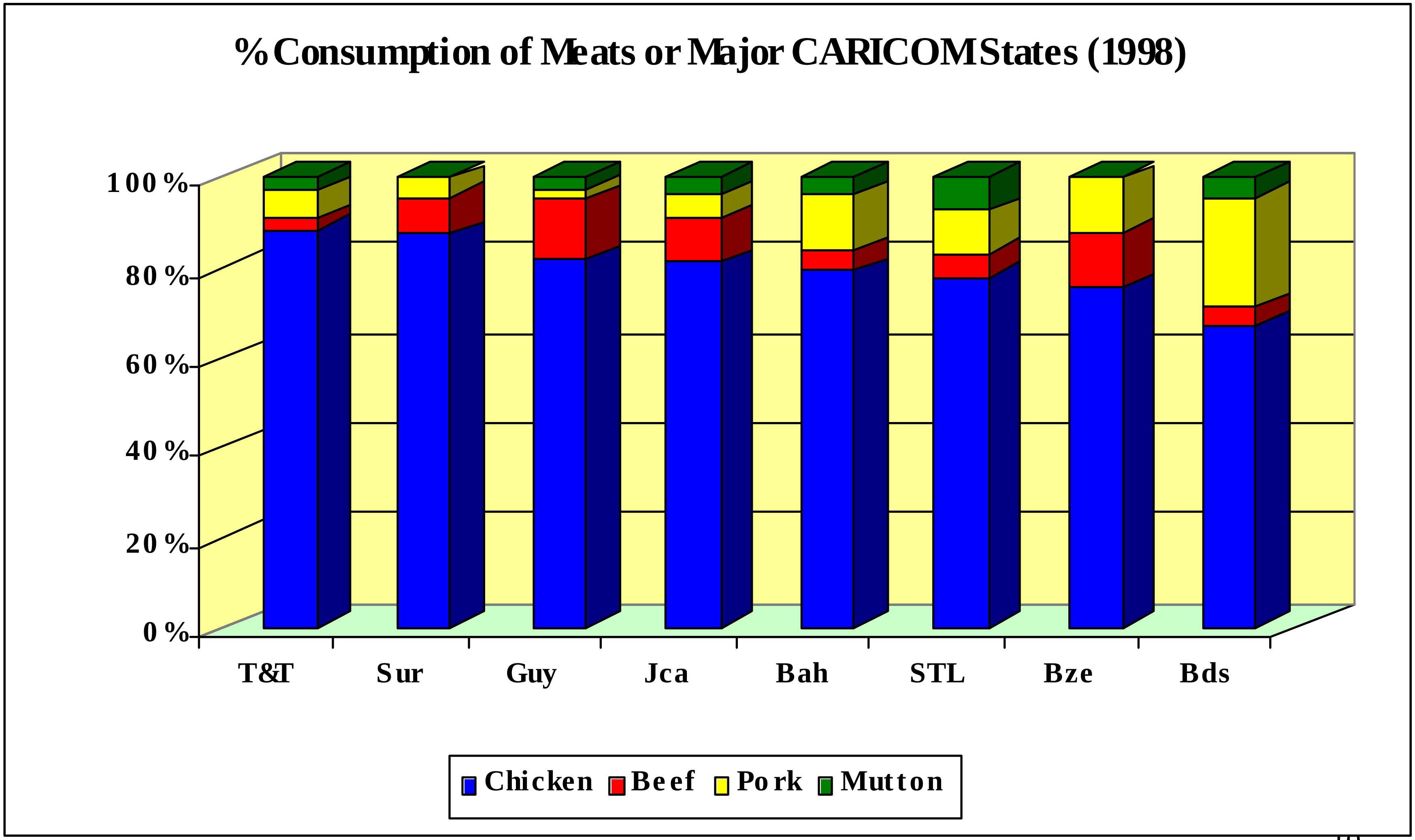
STRONG CONSUMER PREFERNCES /TRENDS

- Per Capita Consumption – 500 – 6,000 USD
- Rural Population – 10 – 50%
- Cultural Traditions
- Tourist Sectors – Long Term Growth
- Working Women – Increasing
- Cool Chain – Refrigeration Increasing
- Convenience – Microwaves Increasing
- Communication – Radio, TV, Cable
- Mobility – Deportees (Cars)

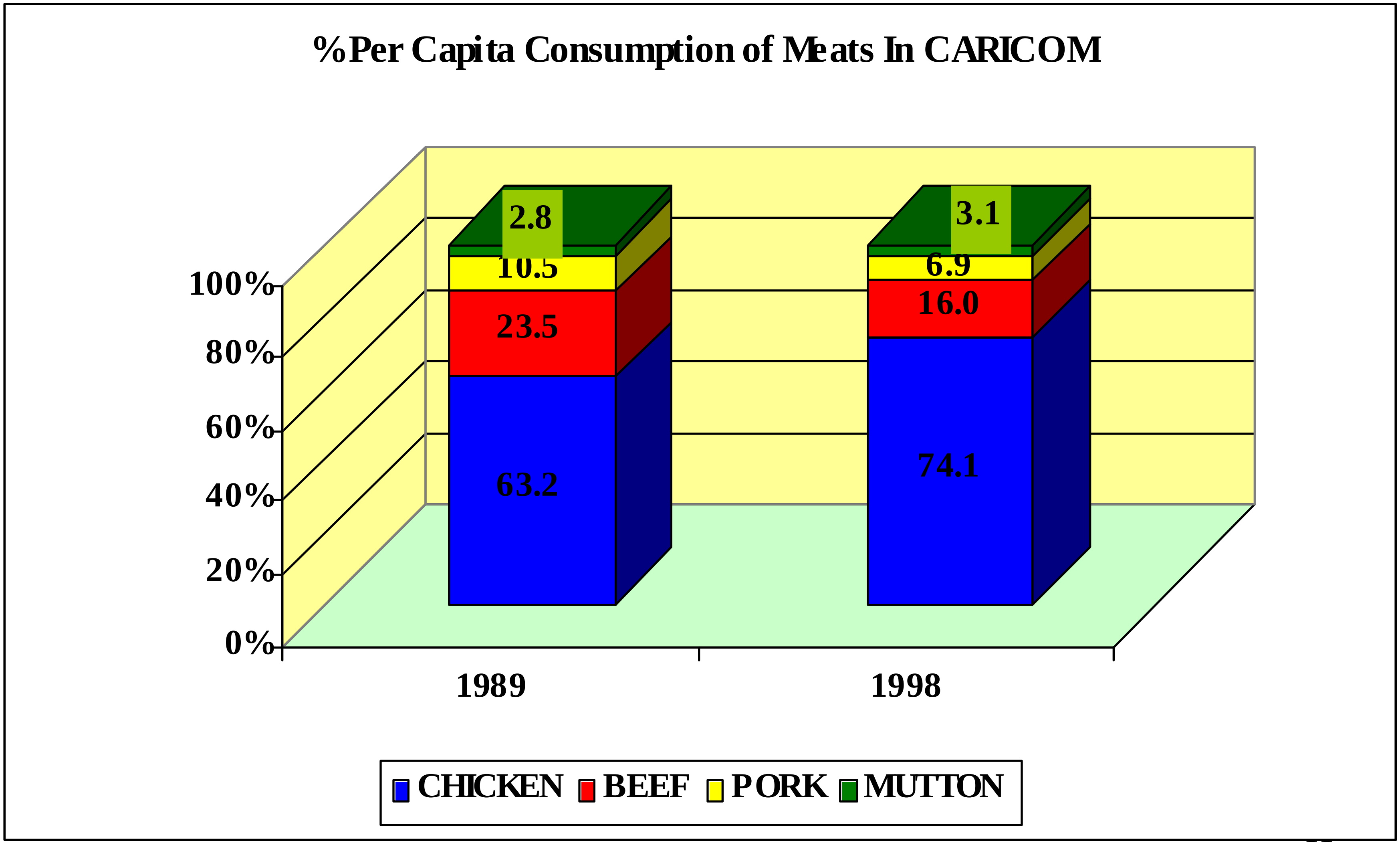
ONE OF HIGHEST CHICKEN CONSUMPTION LEVELS IN WORLD



IMPORTANT TO FOOD SECURITY: WITH CHICKEN BEING 80% OF ALL MEATS



AND BECOMING MORE IMPORTANT



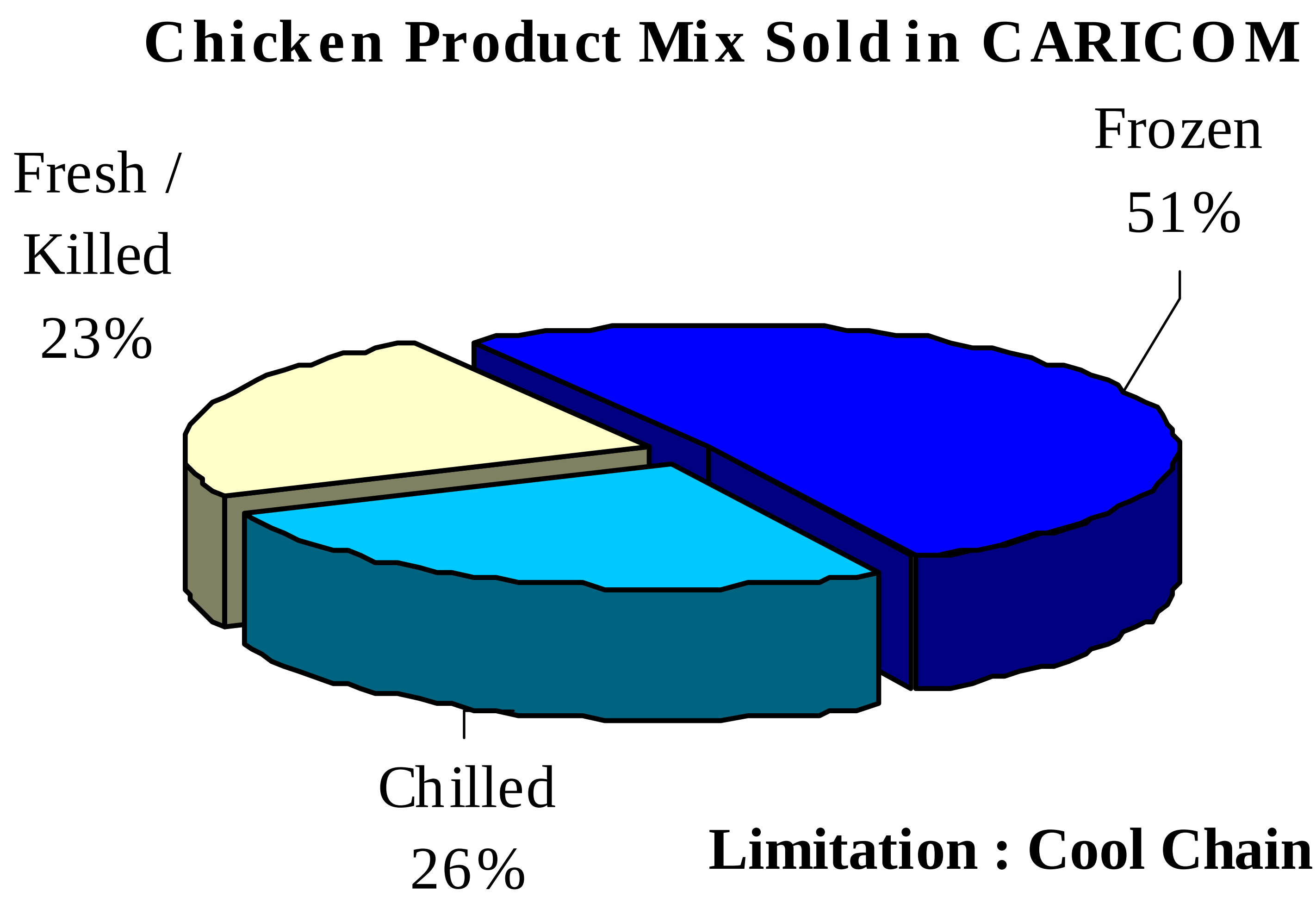
PREFERENCE FOR CHICKEN BUT NICHES FOR OTHER SPECIES

- Chicken
  - Young Chicken 95%+
  - Spent Hens Rural
  - Cornish Hens UpMarket

- Turkey - Seasonal, Imported Parts

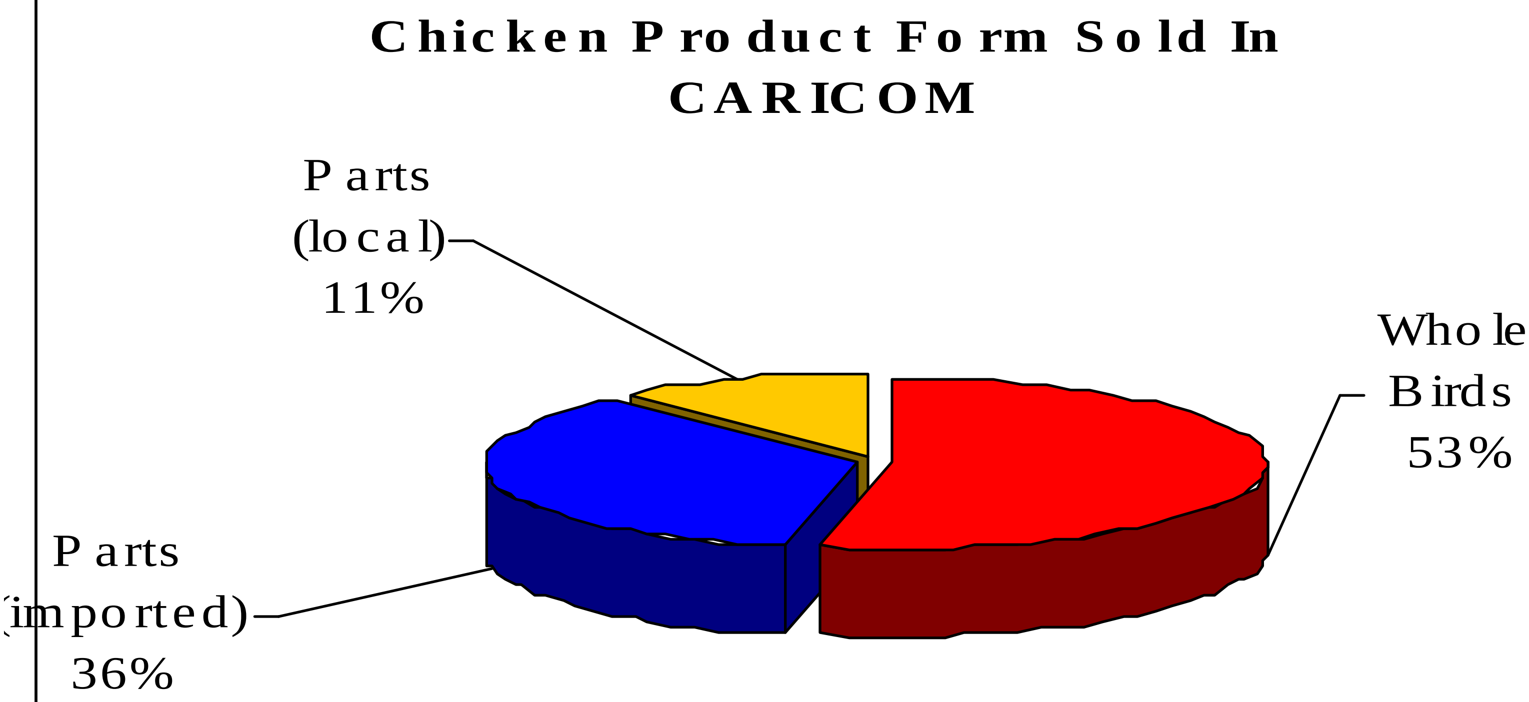
- Ducks - T&T, Guyana, Suriname

IMPROVING LEVELS OF CONVENIENCE



Limitation : Cool Chain

MODERATE BUT GROWING LEVELS OF CONVENIENCE IN PARTS



Industry : Very Strong Growth in Parts

CHICKEN SAUSAGES
HS TARIFF 1601

- Ready To Eat
  - Chicken Franks – Canned
  - Chicken Franks – Other
  - Other Sausages

- Produced in Jamaica, Barbados, T&T from Imported MDM 8000 – 15000 MT (3 - 5%)
- Major Traded Poultry Product in CARICOM 1500 – 2000 MT
- Opportunity for Value Added in Other Sausages

CHICKEN PREPARATIONS
HS TARIFF 0207/ 1602

- **Ready to Cook**
  - Seasoned Product –
    - Whole Bird
    - Parts
    - Patties
  - Formed Product –
    - Patties
    - Nuggets
    - Pop Corn
  - Battered
    - Fast Food
    - Caterers

- Seasoned Product Growth Driven By Supermarkets
- Formed / Battered/ Breaded Product Growth Driven by Fast Food

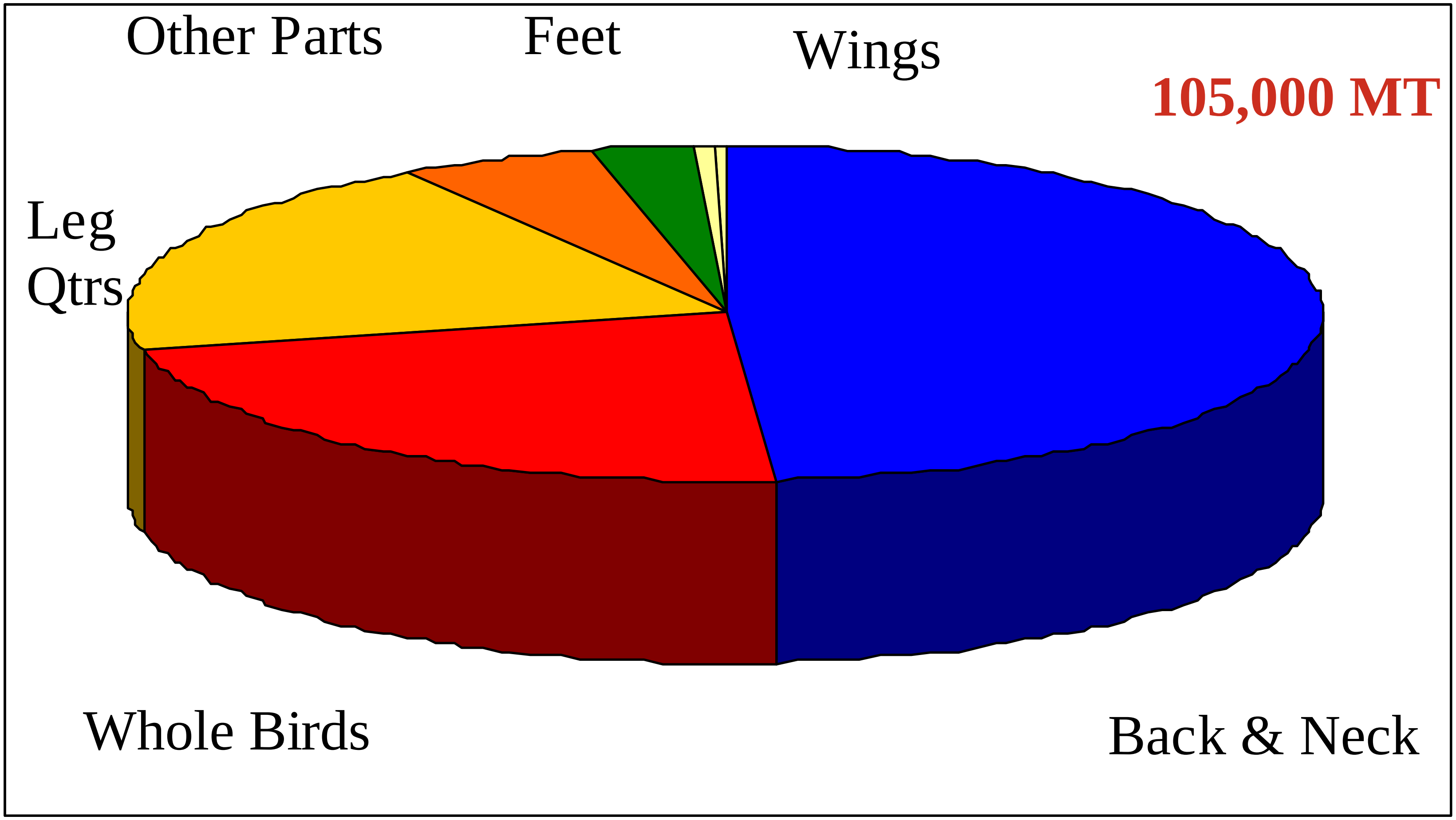
PREPARED CHICKEN MEALS
HS TARIFF 1602/ 2100

- Small but Fast Growing Category in Some Markets Supermarkets

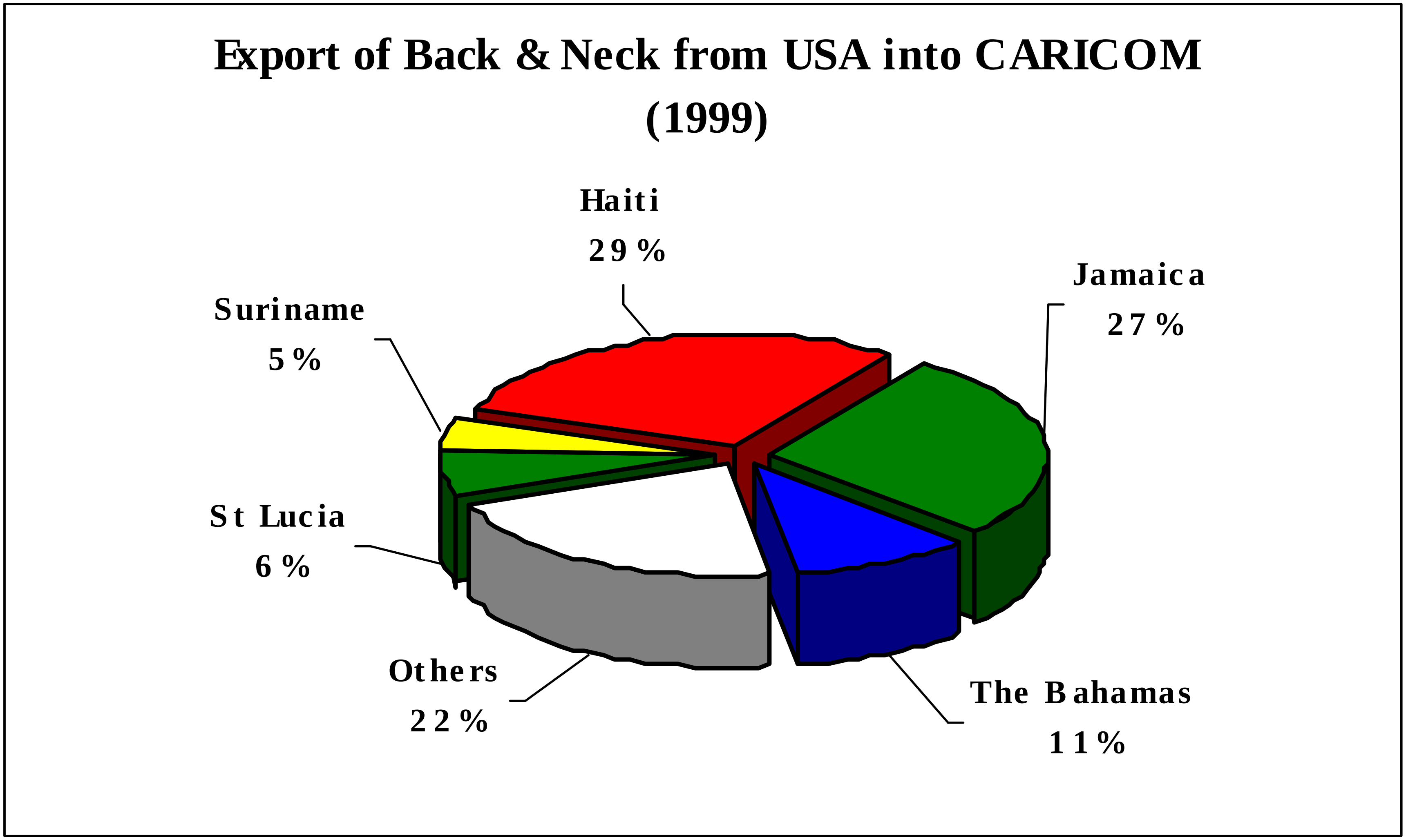
SUPPLY OF CHICKEN TO THE CARICOM MARKETS

- Local Production – 65% Consumption
  - 95%+ Local - T & T, Belize
  - 40%+ National – Jam, Guy, Bdos, Bah
  - 10% Local - OECS
- Imports – 35% Consumption
  - USA – 95%
  - Canada/ EU
  - Brazil – Grenada, Guyana, Suriname

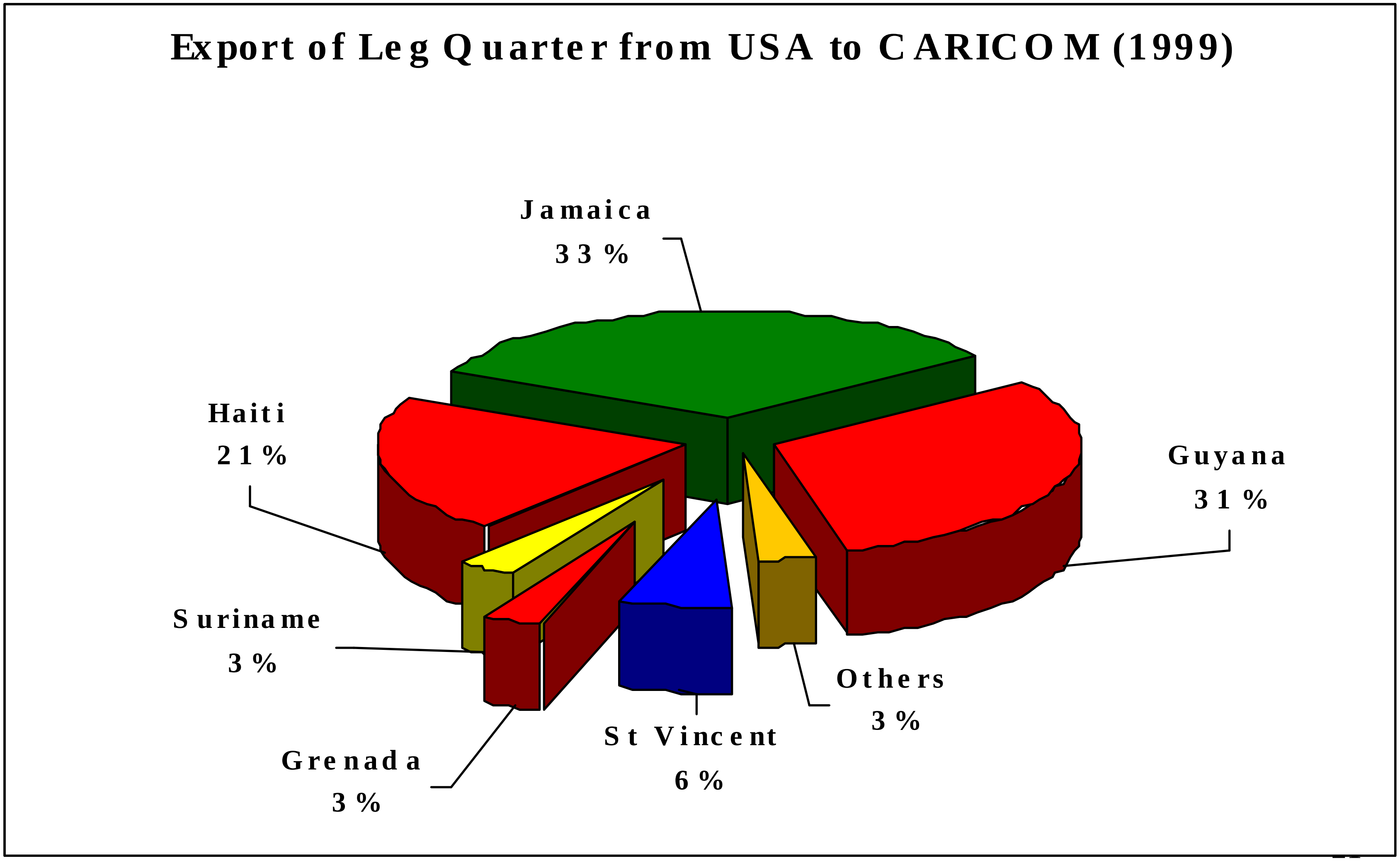
CHICKEN IMPORTS FROM THE US INTO CARICOM (1999)



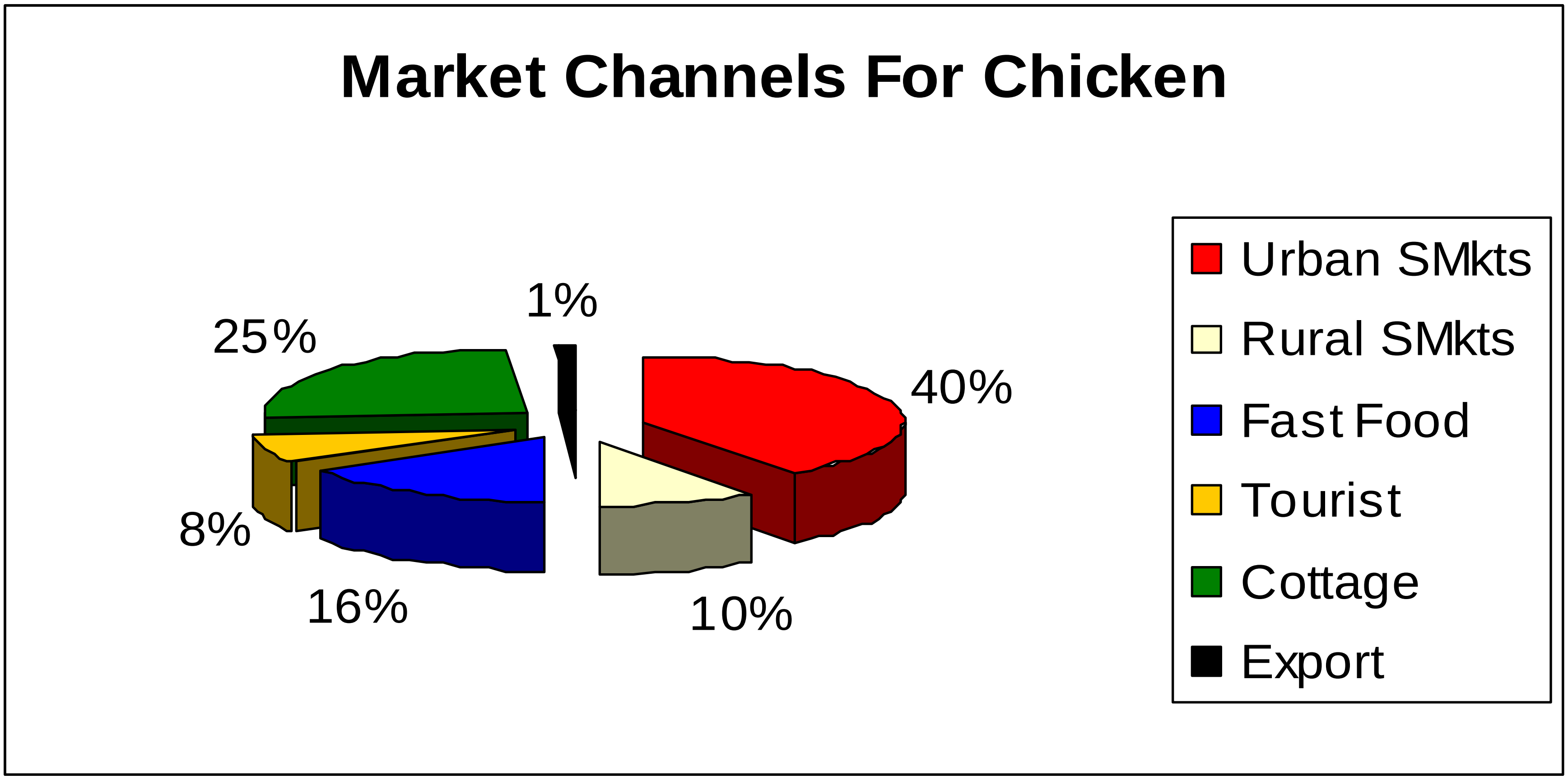
A LARGE PROPORTION OF IMPORTATION IS BACK & NECKS FOR LOW INCOME CONSUMERS



WITH LEG QUARTERS POSING A SPECIAL PROBLEM FOR THE INDUSTRY/ GOVTS



MARKET SEGMENTS IN THE CARIBBEAN



DISTRIBUTION OF LOCALLY PRODUCED CHICKEN IN THE CARIBBEAN

	Jamaica	Barbados	T & T	Guyana
SuperMkt	30	40	25	20
Fast Food	15	20	15	20
Rural Shop	18	10	10	7
Hotels	7	20	5	1
Cottage	30	10	50	50

GROWTH DRIVEN BY FAST FOOD CHAINS

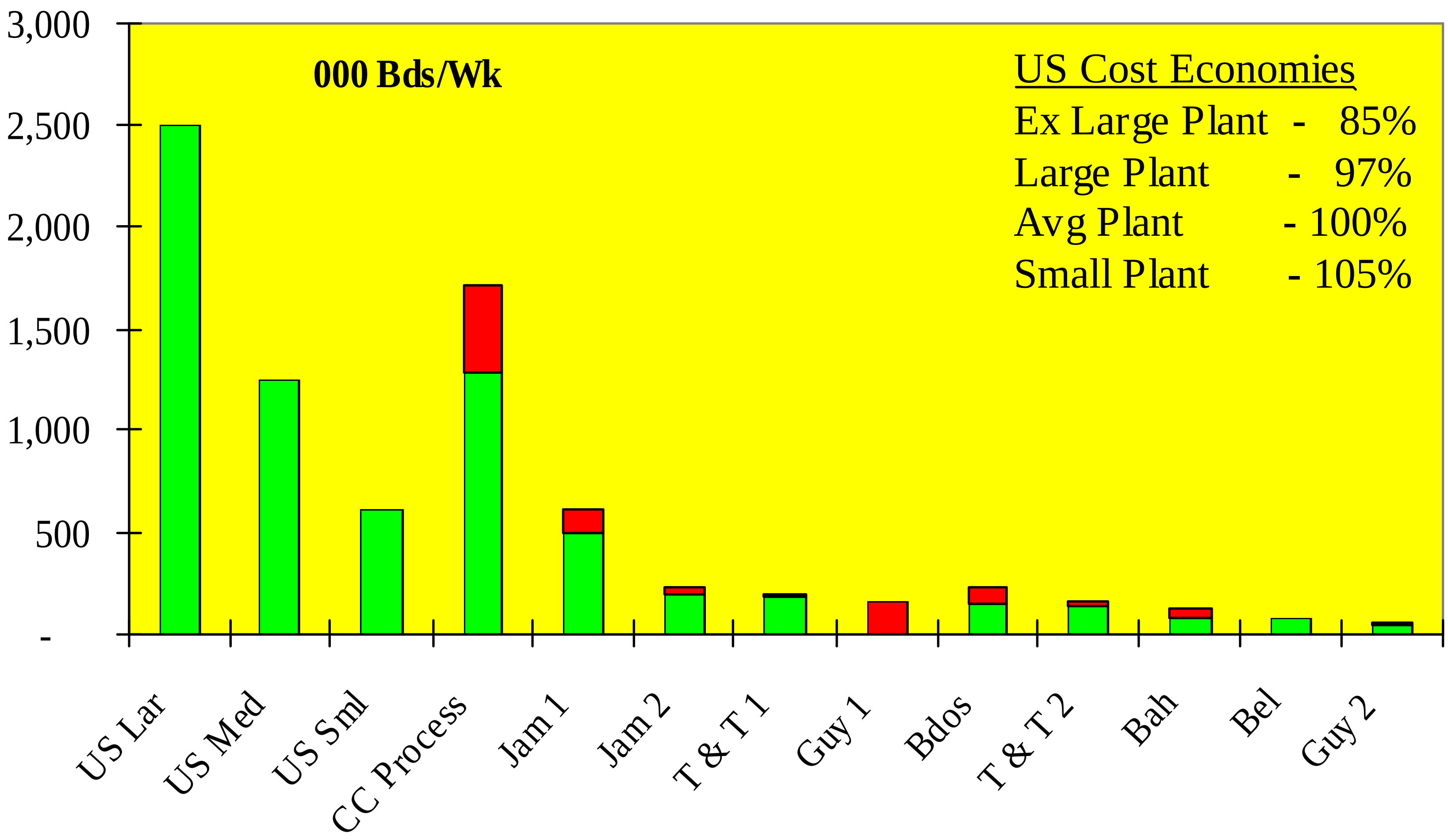
Growth of Fast Food Outlets in Trinidad and Tobago

Year	Franchise Restaurant				
	KFC	Royal Castle	Churches	Pizza Boys	McDonalds
1985	10	8	0	0	0
1990	15	10	0	2	0
1995	19	15	0	8	2
2000	39	35	0	20	4
2001	N/a	N/a	0	25	4
2002	45+	35+	2	N/a	0

BROILER PROCESSING SECTOR PROFILE

- Processing Plants
  - Scale
  - Automation
  - Factor Costs
  - Quality/ Safety/ Environment
  - Live Bird Supply

PROCESS PLANT SIZES & TECHONOLGY VARY - SCALE ECONOMIES ARE CHALLENGING



NB: Caricom on 1 Shift

FACTOR COSTS VARY SIGNIFICANTLY ACROSS THE REGION

Factor Costs In Key Countries

State	Labour (US/Hr)	Electricity (US/kWh)	Water (US/CM)	Diesel (US/USGal)	Interest Rate (%)	Loan Period (Yrs)
Bahamas	4.36	0.192	'n/a	1.76	9	?
Barbados	4.50	0.165	1.10	2.36	12	?
Belize	1.25	0.210	0.66	'n/a	18	?
Guyana	0.71	0.150	0.35	2.36	17	10
Jamaica	2.45	0.130	1.25	1.90	18	7
T&T	1.27	0.024	0.36	0.77	18	15

Source: Industry

SOME PROGRESS ON VOLUNTARY FOOD SAFETY, FOOD STANDARDS & ENVIRONMENTAL SYSTEMS

Caribbean Processing Plants In Process Of Implementing Voluntary Systems

State	Commercial Plants	HACCP	ISO 9002	Waste Rendered	Effluent Treatment	ISO 14000
Belize	3	0	0	1	0	0
Bahamas	2	0	0	0	0	0
Jamaica	2	2	0	1	1	0
St Lucia	2	0	0	0	0	0
Barbados	1	1	1	1	1	0
T & T	4	1	0	4	2	0
Guyana	2	0	0	1	0	0
Suriname	3	0	0	0	0	0

Source: Industry

COMPETITIVENSS IN REGULATORY FOOD SAFETY, FOOD STANDARDS & ENVIRONMENTAL SYSTEMS

Caribbean Processing Plants In Process Of Implementing Systems

State	In Plant Grading Inspector	Public Health Inspector	Govt Veter inarian	Micro brial Surveill ance	Residue Surveillance	Avian Health Surveillan ce	Environ -ment Regulators
Belize	0	PT	0	OC	0	B/Line	
Bah	0	0	0	0	0	0	0
Jam	0	2	0	OC	OC	2	Part
St Luc	0	0	0	0	0	0	0
Bdos	0	1	0	1	R	OC	0
T & T	0	2	0	OC	0	PT	0
Guy	0	0	0	0	0	0	0
Sur	0	0	0	0	0	0	0

Source: Industry

FARM AND HOUSING SIZES VARY SIGNIFICANTLY ACROSS THE REGION

Country	Commercial Farms No	Average Farm Size Sq Ft	Small Farms No
Bahamas	150	12,000	0
Barbados	400	8,000	0
Belize	250	4,000	0
Guyana	300	8,000	2,500
Jamaica	350	20,000	10,000
OECS	100	1,500	120
Suriname	7	8,000	175
T & T	500	15,800	500
CARICOM	1,967	10,894	13,295

Average US Broiler Farm Size is 56,000 sf with 75,000 Broilers

FARM TECHONOLGY VARIES SIGNIFICANTLY ACROSS THE REGION

Country	Average Farm Size	Tunnel Vent. %	Autmatic Feeders %	Nipple Drinkers %
Bahamas	12,000	50% Fans	60%	60%
Barbados	8,000	40%	50%	40%
Belize	4,000	0%	25%	90%
Guyana	8,000	2%	2%	2%
Jamaica	20,000	50%	50%	50%
OECS	1,500	0%	0%	0%
Suriname	8,000	0%	10%	0%
T & T	15,800	1%	50%	10%
CARICOM	9,900	-	-	-

95% Of US Farms Have Environmental & Automatic Systems

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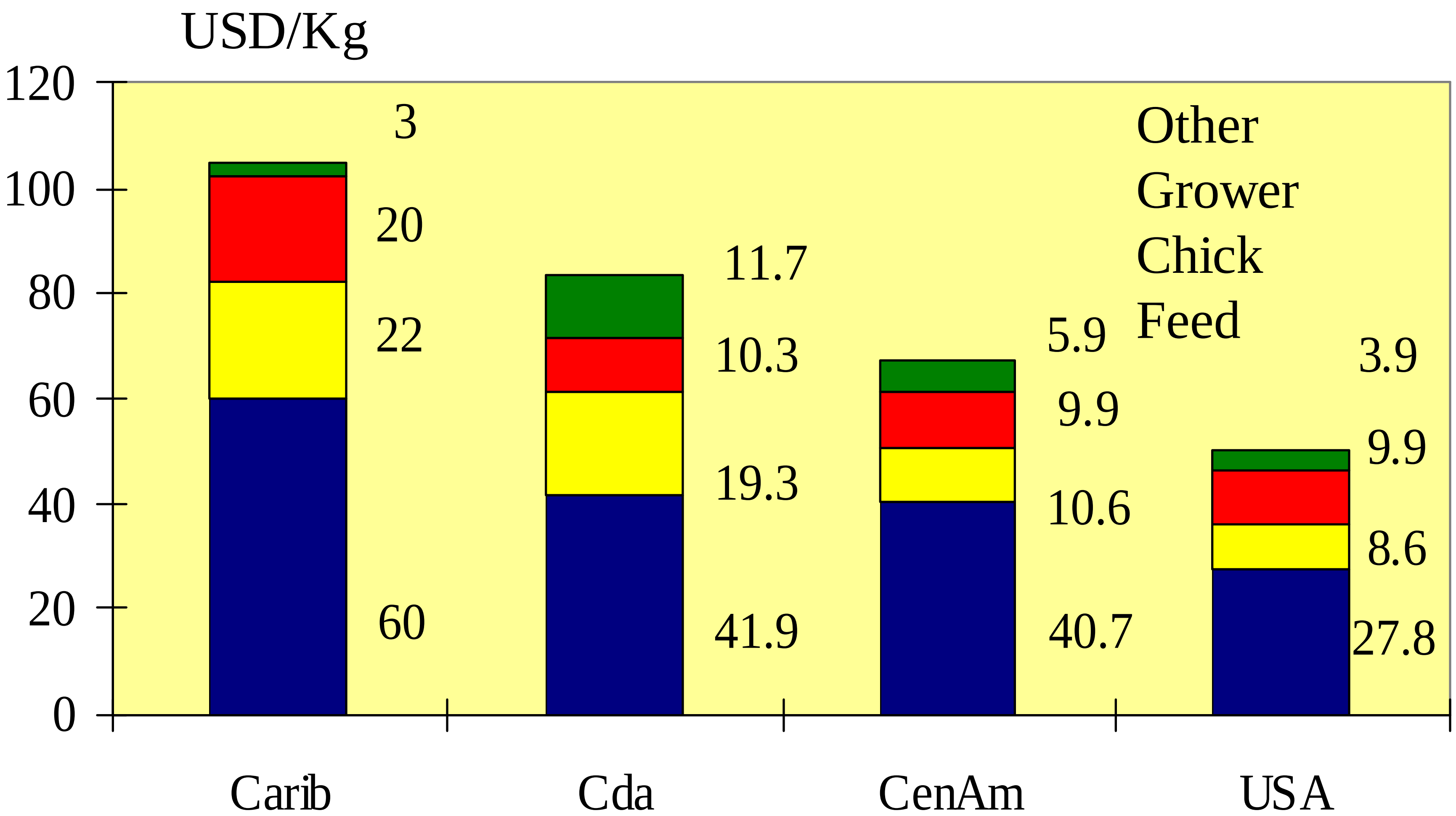
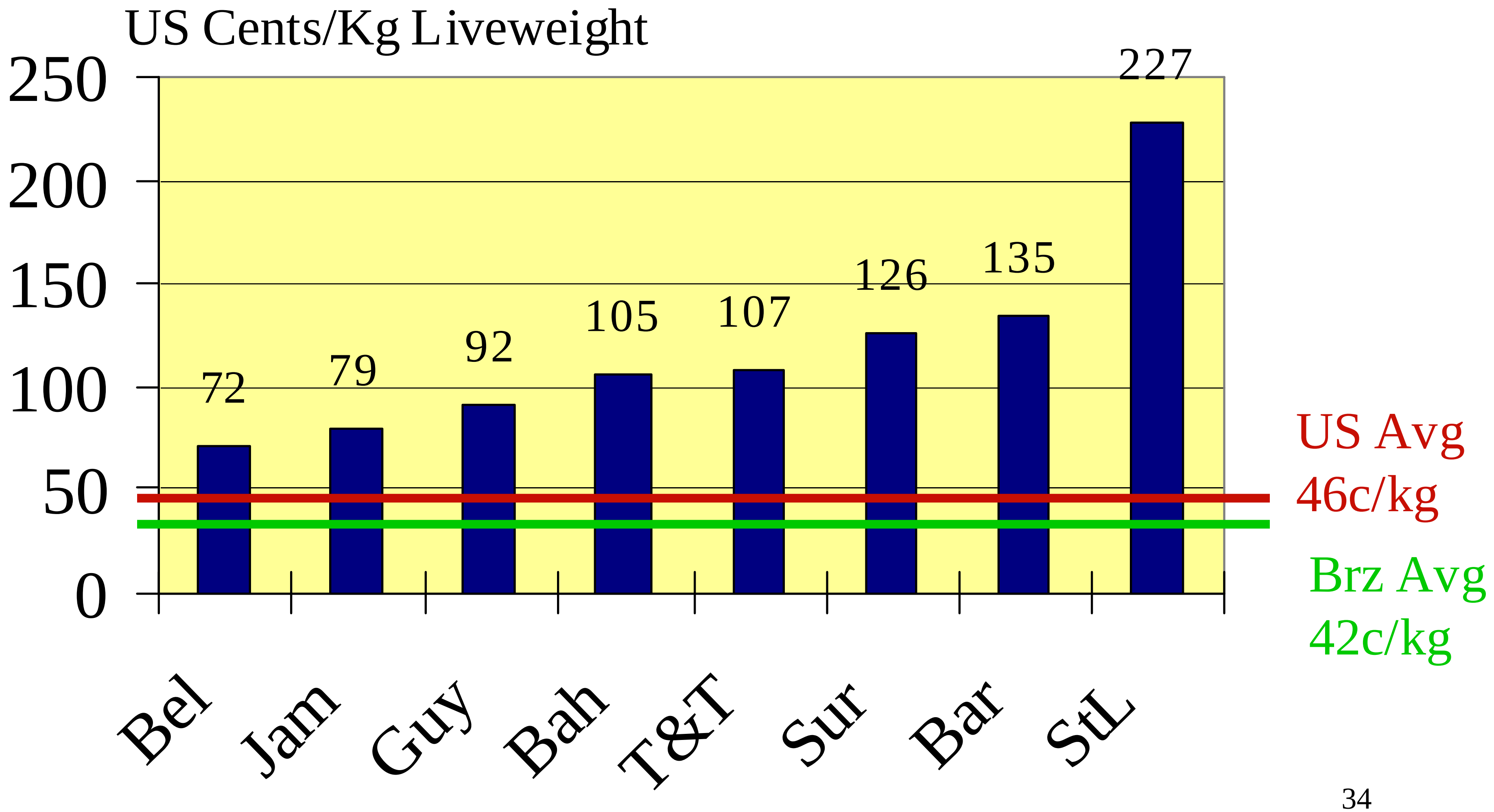
CARIB. LIVE BROILER COSTS HIGHER THAN CANADA, CEN. AMERICA & USA WHICH ARE HIGHER THAN BRAZIL

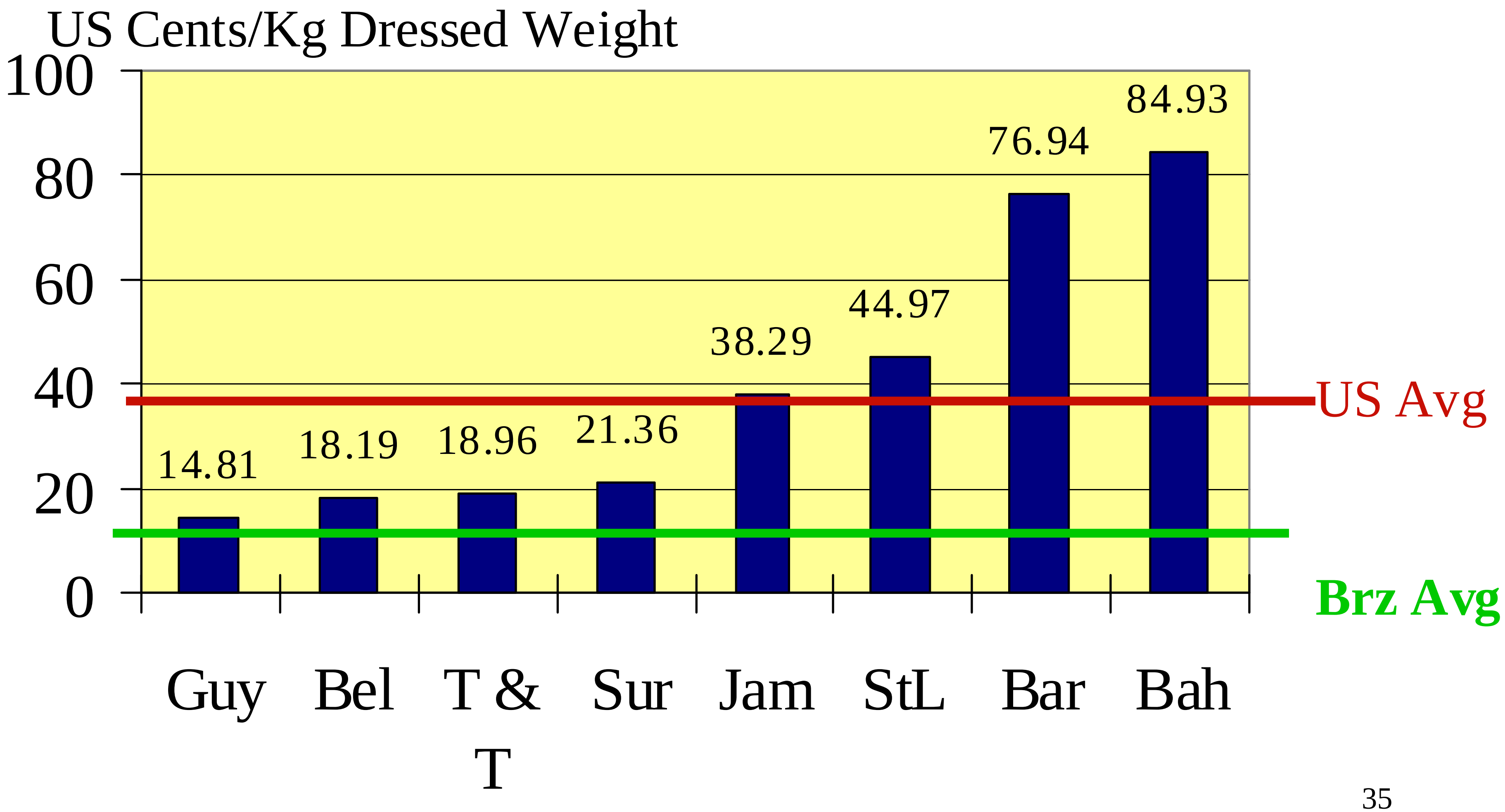


CARIBBEAN LIVE BROILER COSTS VARY & ARE HIGHER THAN USA AND BRAZIL



CARIB. BROILER PROCESSING COSTS LESS UNCOMPETITIVE THAN LIVE COSTS -

CARIBBEAN COST WITH USA & BRAZIL BENCHMARKS



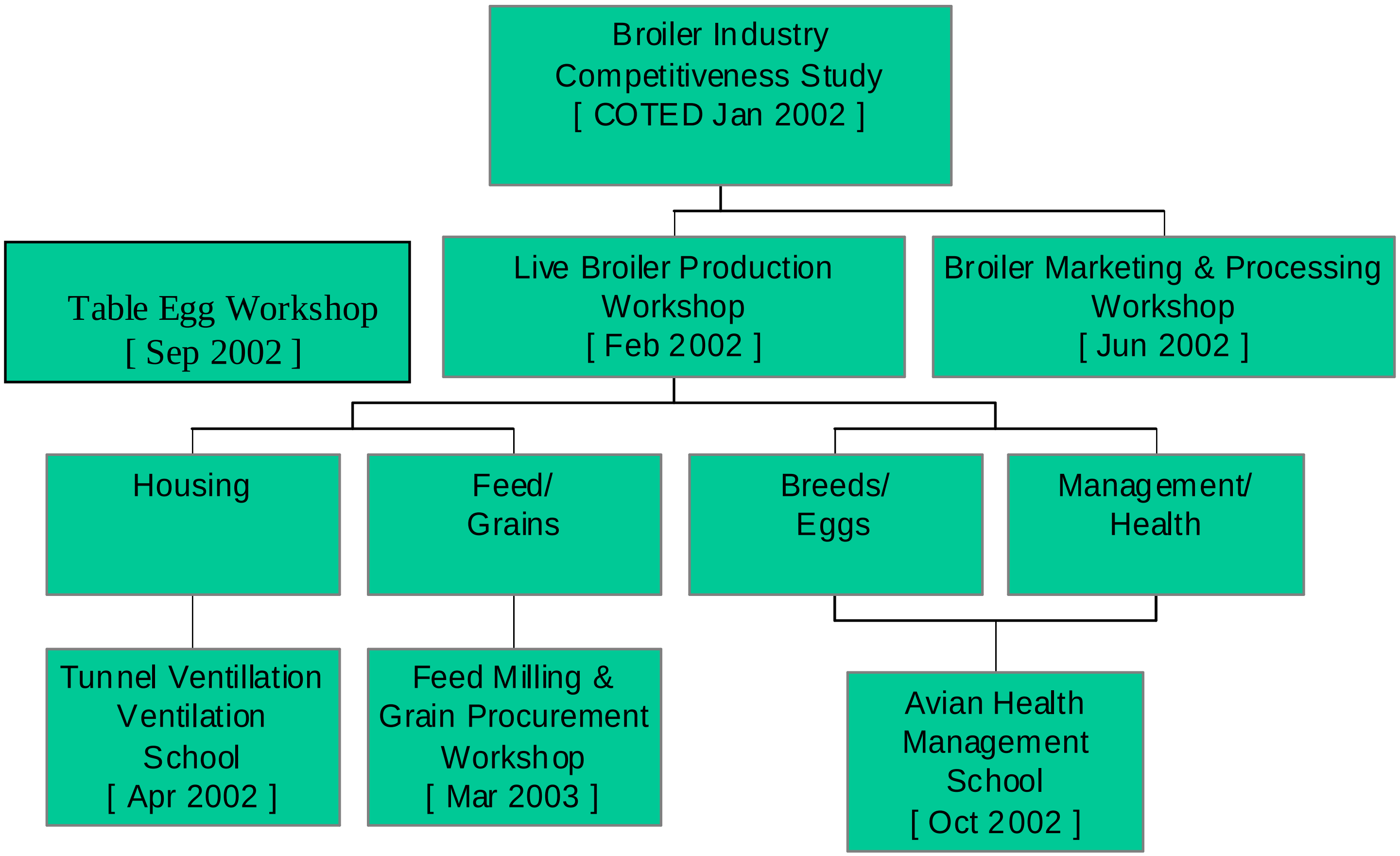
COMPETITIVENESS OF CARICOM GOVERNMENT SERVICES TO SECTOR

- **Legislation**
  - Product Grades & Labeling Standards
  - Food Safety
  - Avian Health
- **Regulatory Institutions**
  - National & Caribbean Animal Health & Food Safety Authority
  - Government Grades & Labeling Inspection
  - Government Food Safety Inspection – Plants, Farm, Port
  - Food & Avian Health Labs
- **Domestic Support - Competitiveness Improvement**
  - Training & Extension
  - Research
  - Feedstuffs Production
  - Fiscal Incentives Not Subsidies – Insurance, Financing, Disaster

CHALLENGES TO COMPETITIVENESS

- Small Scale
- Low Levels of Product Development
- Great Variation –
  - Scale & Efficiencies
  - Technologies
  - Factor Costs
  - Raw Material Endowments
- Few Voluntary Industry Programs
- Low Level of Government Services & Support

INDUSTRY DEVELOPMENT STRATEGY
Forging Consensus For Action



Public & Private Sector Collaboration

CARIBBEAN POULTRY INDUSTRY INTEGRATED IMPROVEMENT PROGRAM

- **<u>Development, Training, Implementation of Industry Specific Protocols</u>**
  - Grading & Labeling Standards
  - Broiler Processing Food Safety Protocols
  - On Farm Food Safety Protocols
  - Foodborne/ Avian Disease Surveillance
  - Hatchery/ Feedmill Sanitation
  - Good Agricultural Practices

INDUSTRY OPPORTUNITIES

- **Markets**
  - Growth – Per Capita
  - Distribution & Cool Chain Improvement – Fast Food/ Retailers
- **Product/Service Development**
  - Product - Deboned, Seasoned, Formed, Breaded, Cooked
  - Distribution, Information,
- **Operational Efficiencies**
  - Automation
  - Live Production
  - Feedstuffs – Corn and Rice
- **Investment High - 10-15 M USD/ Yr**
  - Value Added Plants – Bdos, T&T (2 New)
  - New Primary Processing – Sur, Guy, T&T, Jam, Bel
- **Caribbean Poultry Industry Integrated Improvement Program (CPIIIP)**

MARKET OPPORTUNITIES
Strategies For Key Broiler Market Segments

Urban Supermarkets

- Improve chill chain
- Increase value added
- Improve retail packaging
- Promote brands

[40%] - Growing

Food Service

- Increase chilled product
- Bulk, portion control
- Increase value added
- Improve safety
- Improve distribution

[15-20%] Growing

Tourist Hospitality/ School Feeding

- Increase chilled product
- Bulk, portion control
- Increase value added
- Improve safety

[5 - 10%] Stable

Rural Food Stores

- Improve cold chain
- Price sensitive retail packs
- Increase value added
- Improve retail packaging
- Promote brands

[10%] Declining

Rural Small Processors

- Improve facilities
- Improve quality, labels
- Improve food safety
- Consumer education

[25%] Stable

Export

- CARICOM - Ready to Eat & Formed seasoned product
- Cruise ships/ Other Carib., De-boned, formed, seasoned

[<1%] Growing

CPA OPPORTUNTIES & CHALLENGES

- Understand Consumers/Customers Needs
  - Variety, Convenience,
  - Quality, Safety
  - Price - Productivity & Cost
- Learn From Other Poultry Industries
- Industry Leadership Programs
- Public Sector/ Industry Collaboration