

FTAA POULTRY INDUSTRY

Opportunities & Challenges for CARICOM



Funded by:
Canadian International Development Agency
Caribbean Poultry Association

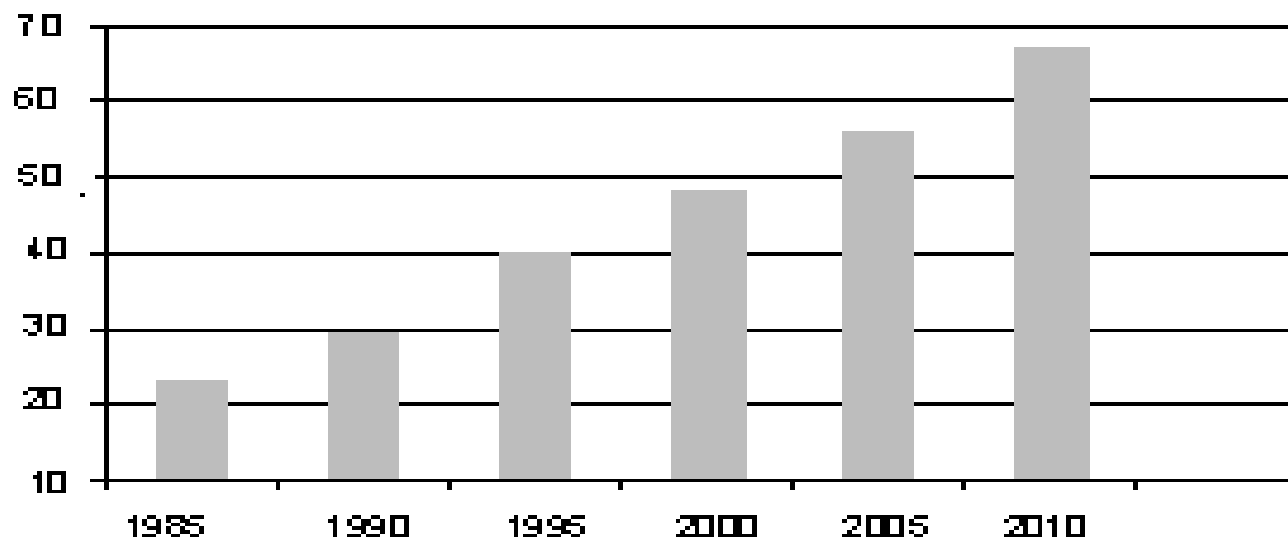
Contents

- **Global Poultry Industry**
- **FTTA Poultry Industry**
 - **Markets**
 - **Production**
 - **Trade**
 - **Competitiveness**
- **CARICOM Poultry Industry**
- **Recommendations**



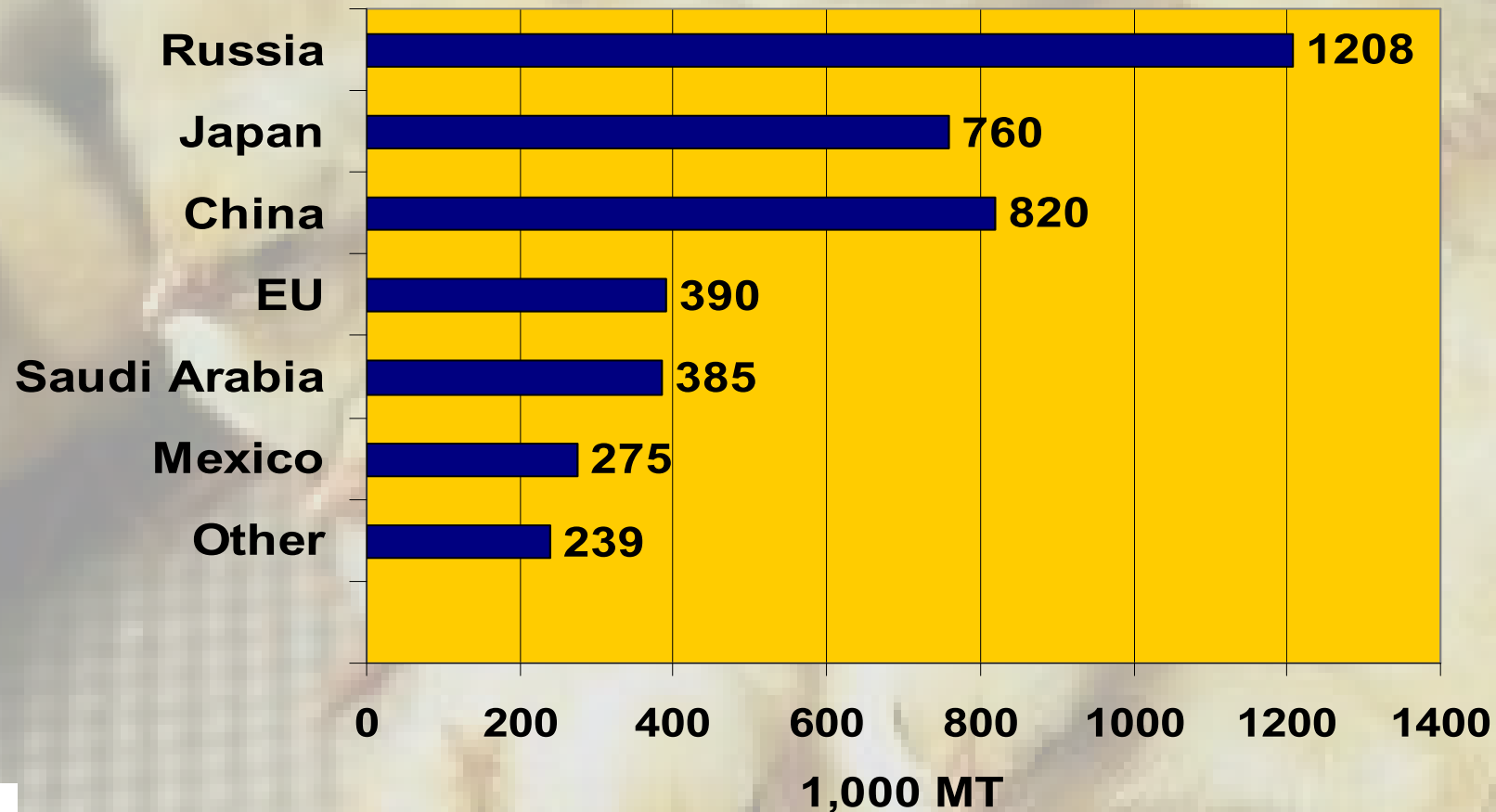
Strong Growth in Production and Consumption Projected Over next 10 Years

World Chicken Production (millions of metric tons)



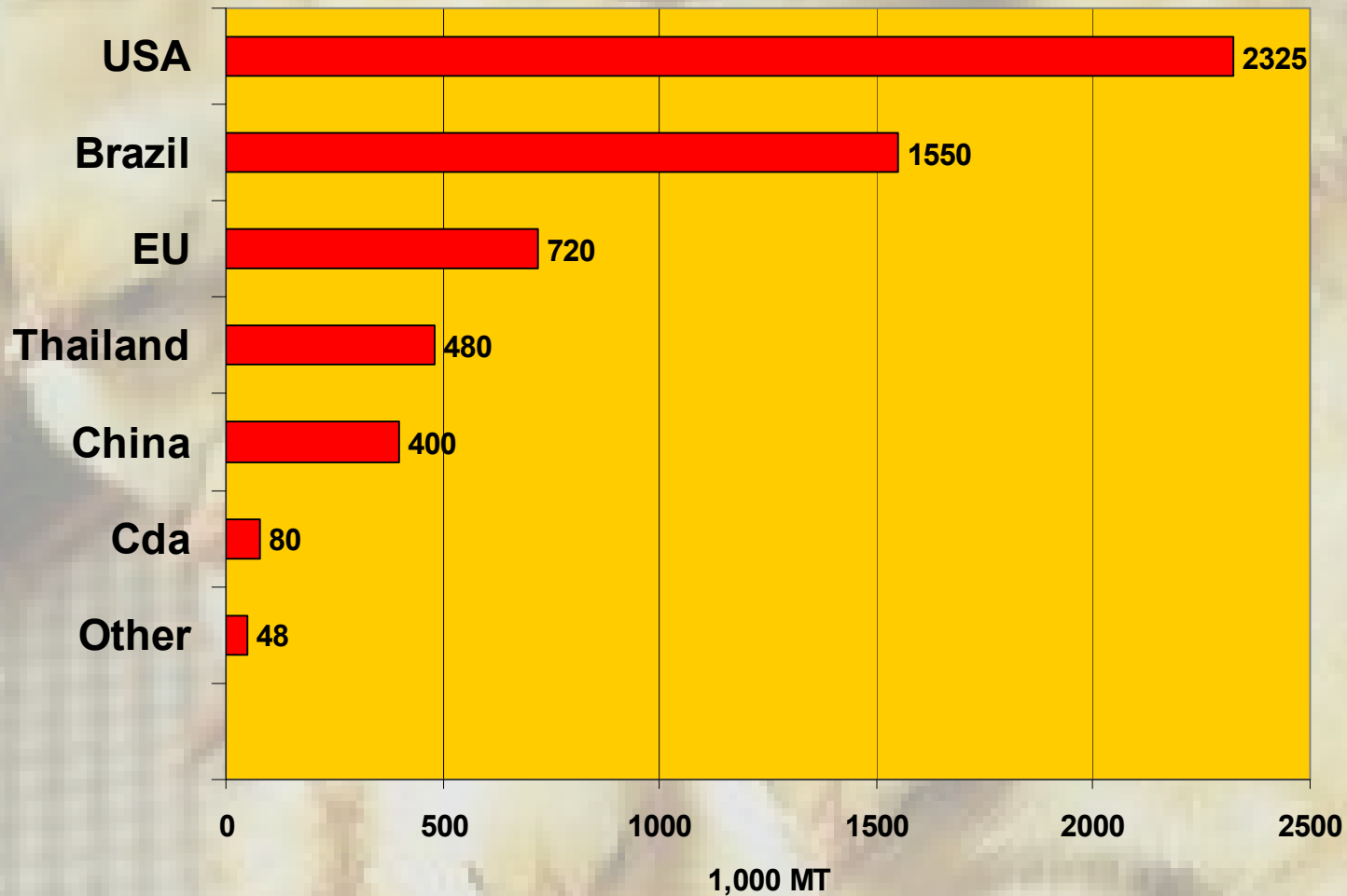
World Poultry Meat Imports, 2003

6 Largest Importers - 85% Global Trade

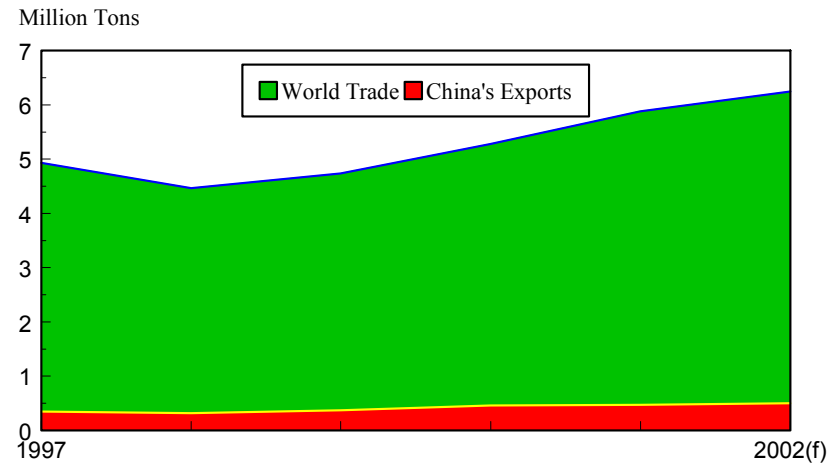
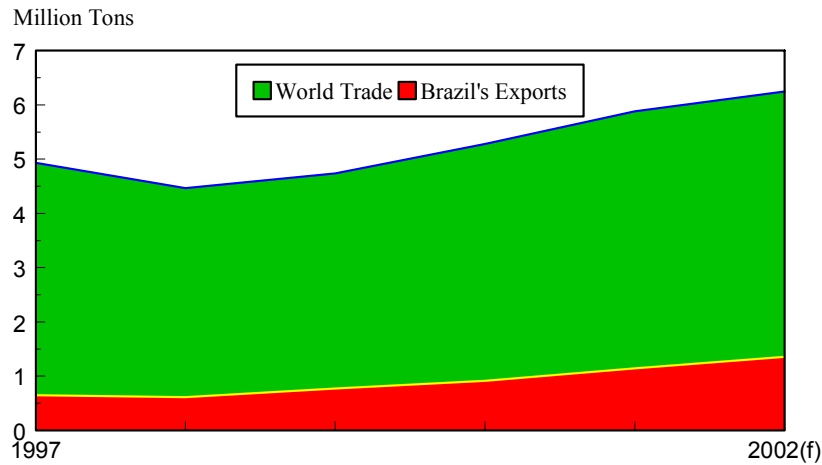
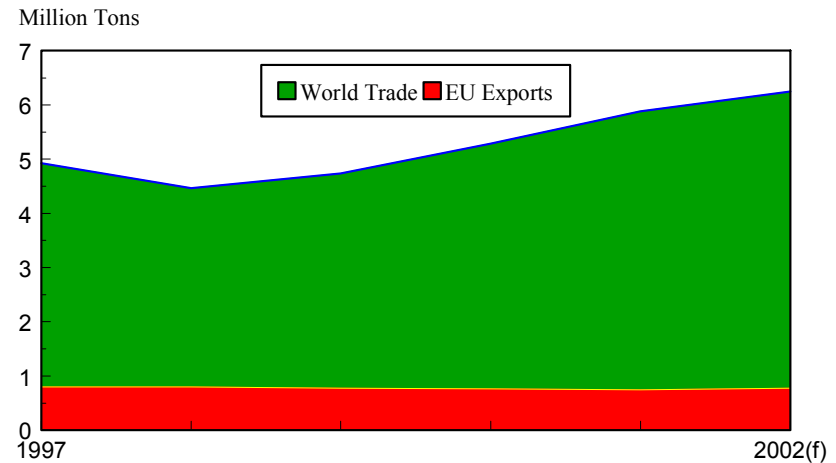
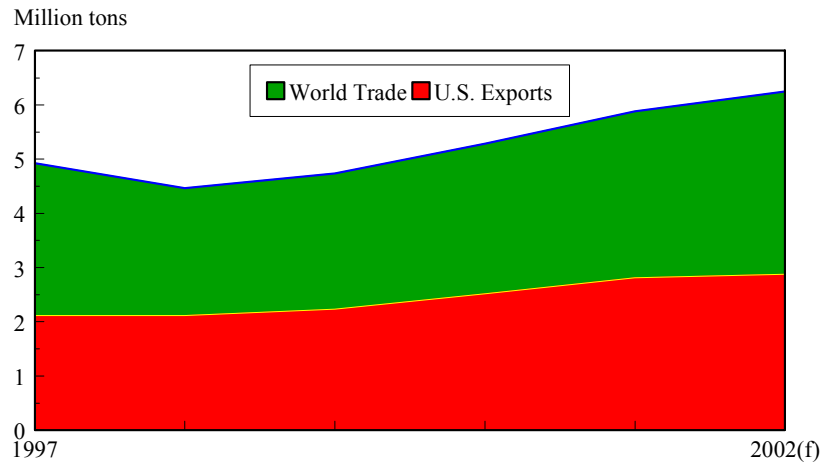


World Poultry Meat Exports, 2003

7 Largest Importers - 97% Global Trade

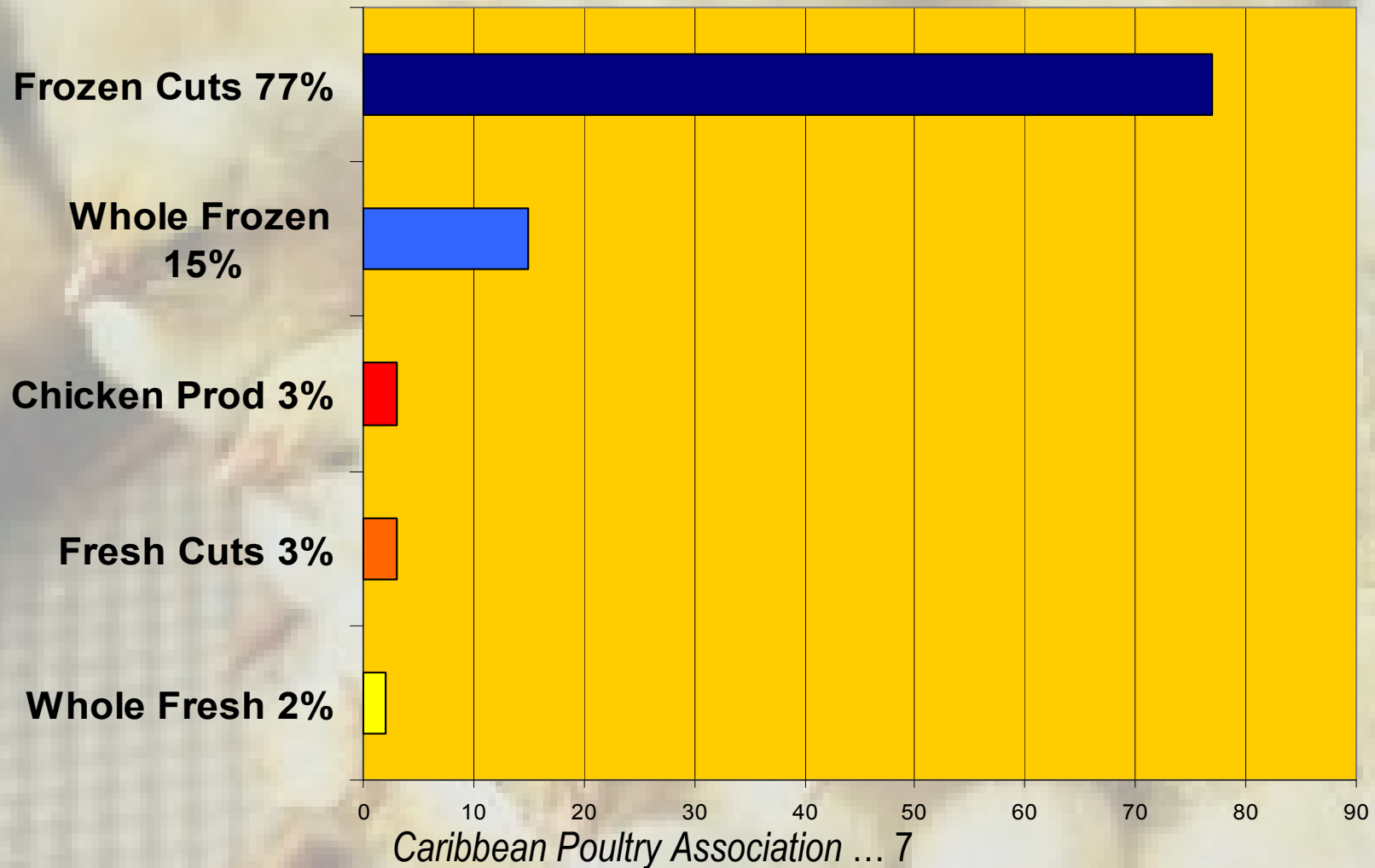


Major Broiler Exports and the Portion of Total Trade They Represent



77% Trade is in Frozen Poultry Cuts

5.8 Million Metric Tons - 2000



Diseases Impact Global Meat Trade

33% Trade Stopped in 2004

- Global Meat Trade 2003
 - Poultry 8.50 m MT
 - Beef 5.25 m MT
 - Pork 3.25 m MT
 - Sheep/Goat 1.00 m MT
 - Total 18 m MT 33 b USD
- **Diseases have stopped exports from 12 countries**
 - Totaling 33% Trade 6 m MT 10 b USD



Further AI Outbreak Impact

OIE/FAO/WHO Reports

- **Canada (2004)** – 19 m birds killed, 200+ m USD cost
- **Asia (2003/4)** – 10 countries. 100+ m birds killed.
 - China - Exports & consumption down by 20%+,
 - Thailand – Culled 25% all flocks,
 - Pakistan/ India – Broiler prices down 40 & pork prices increase.
 - Thailand/Vietnam - 24 humans died.
- **Holland (2003)** – Culled 25% flocks, 30 m birds, 89 humans infected.
- **USA/Virginia (2002)** – 200 farms ie 5 m birds affected, 140 m USD farmers cost. Export markets closed.
- **Chile (2002)** – Control cost 50 m USD, Exports lost 100 m USD, 17% increase of poultry price, especially low income households
- **Italy (2000)** – 413 farms infected, 14 m birds killed, 63 m US compensation, Cost to industry - 629 m US



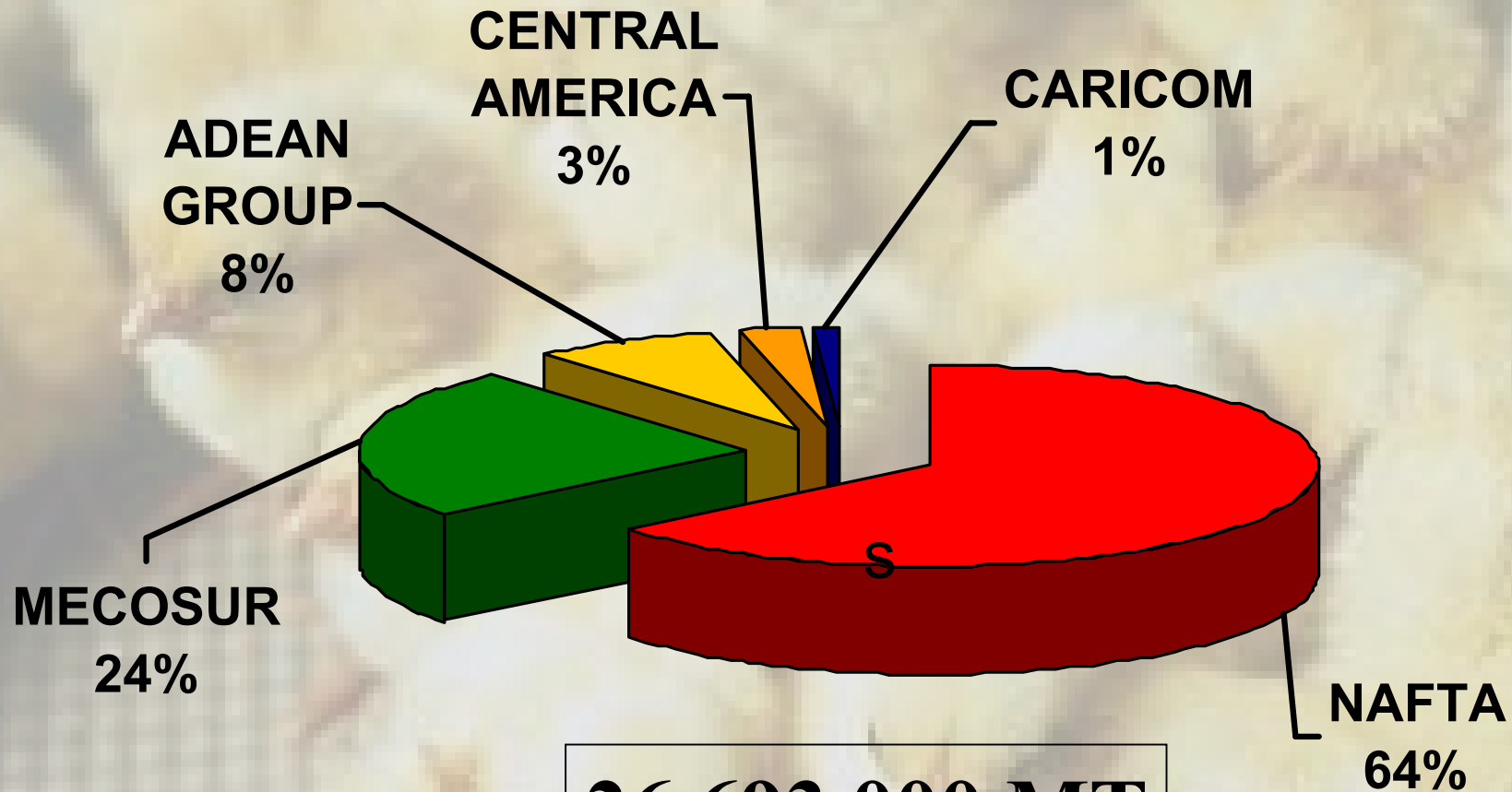
FTAA Broiler Industry

- FTAA Broiler Markets
 - Market Share
 - Per Capita Consumption
 - Market Structure/ Value Added
- FTAA Broiler Production
 - Growth
 - Market-Industry Size/ Firm Size
- Trade
 - Exports/ Imports
 - Market Access
- Price/ Cost Competitiveness
- Key Country Profiles
 - USA/ Brazil
 - C-Rica, Colombia



FTAA Poultry Meat Markets

CARICOM Has Smallest Share

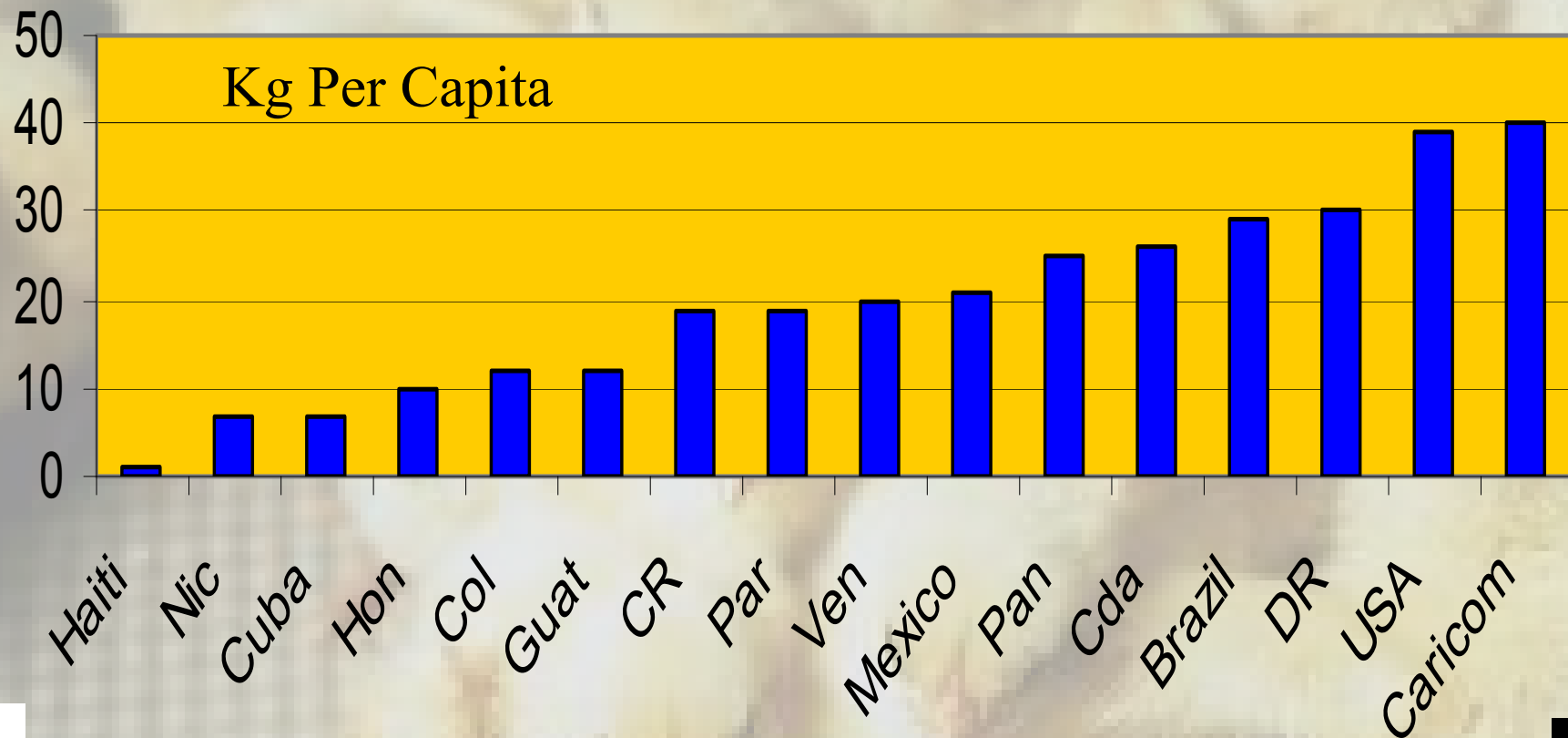


26,693,000 MT



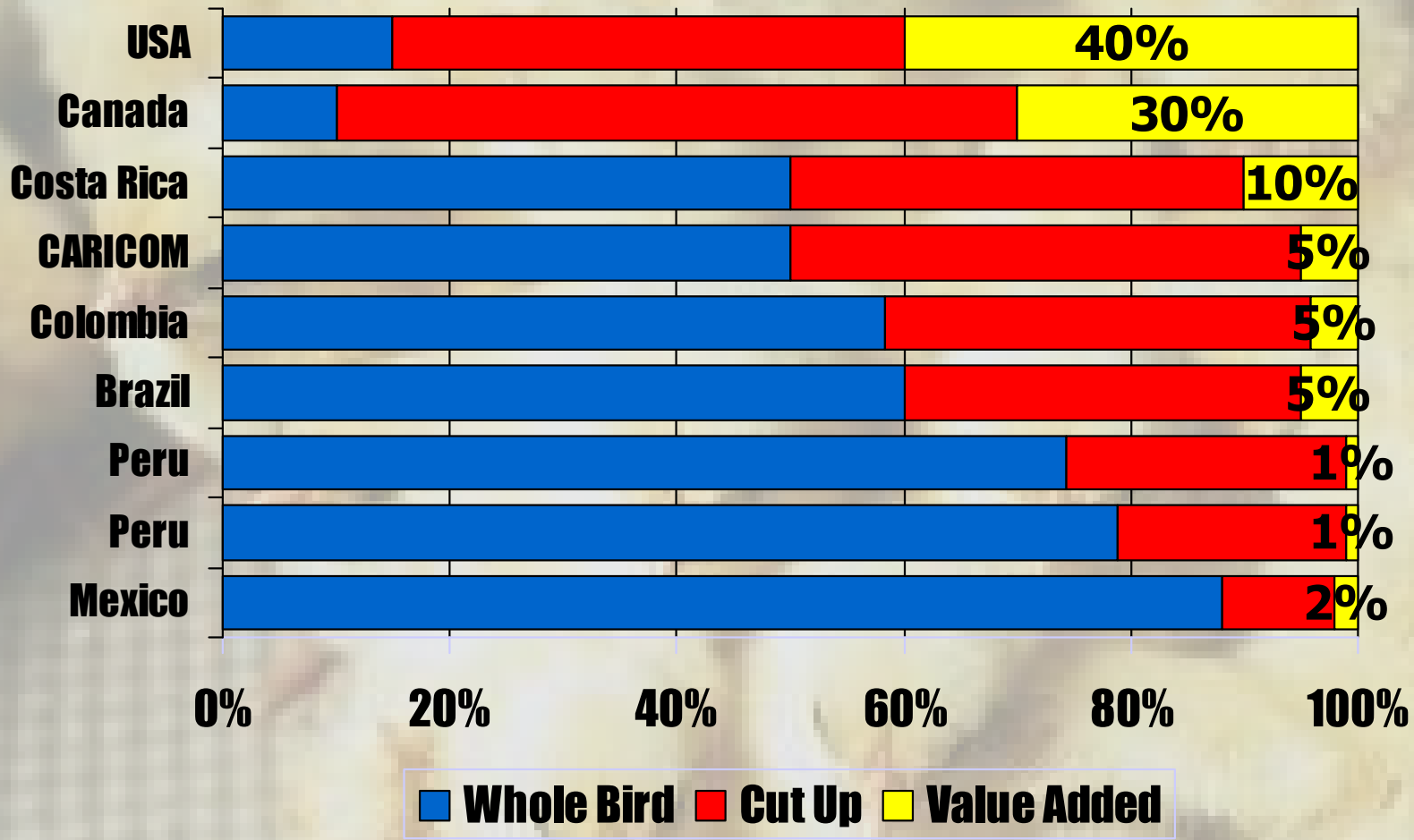
FTAA Poultry Meat Markets

CARICOM Highest Chicken Consumption

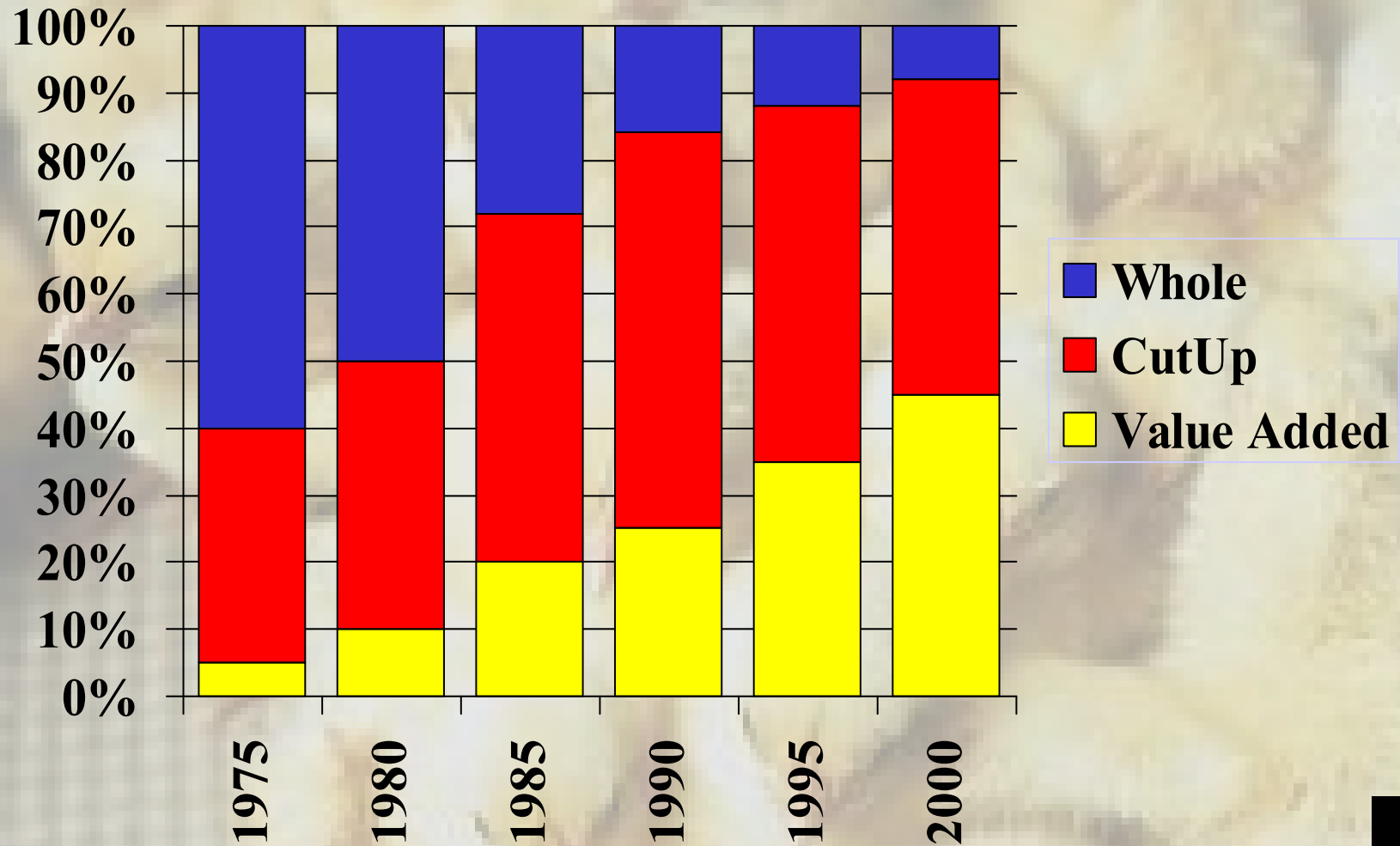


Key FTAA Poultry Meat Markets

Wide Range of Market Structure

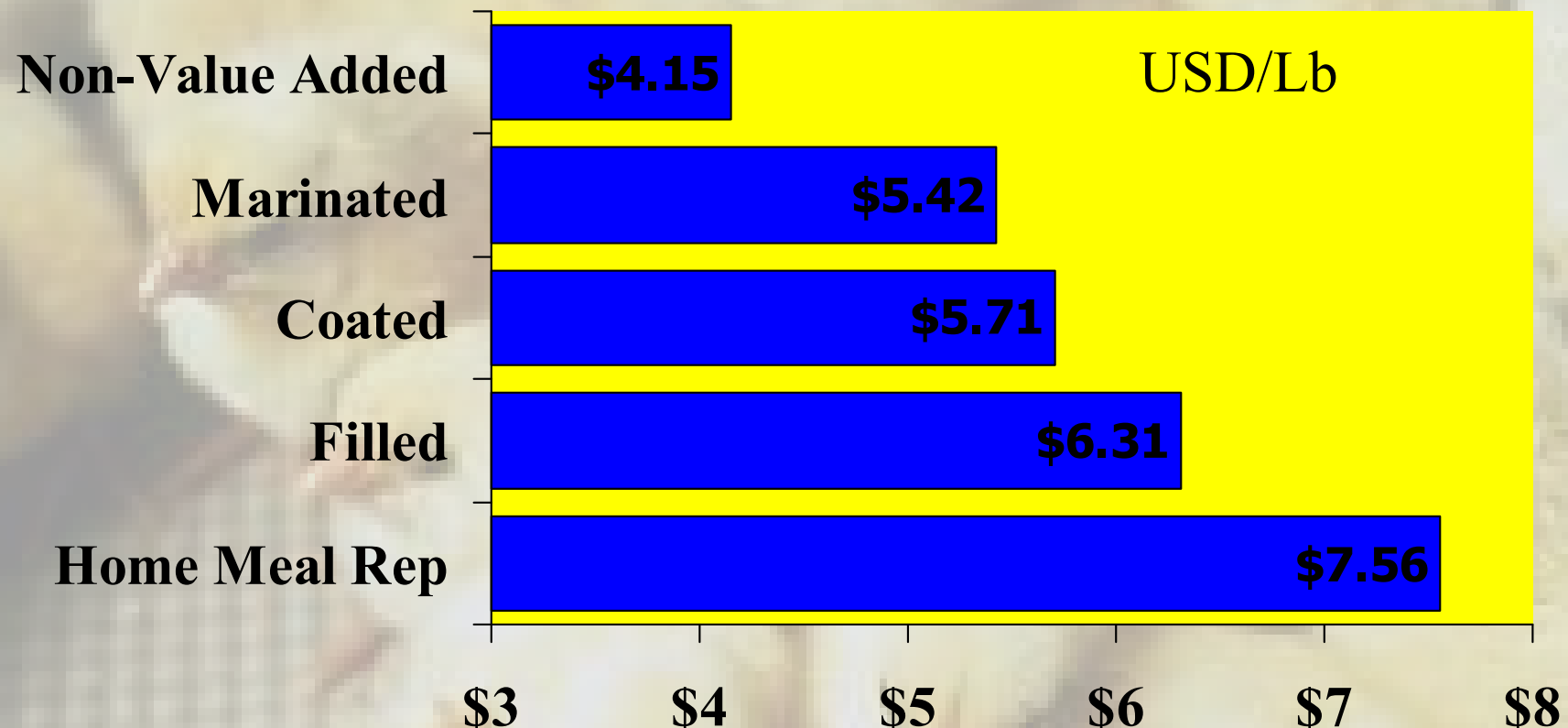


But it Took the US Poultry Industry 25 Yrs to Evolve to Value Added/Exports



US Poultry Meat Markets

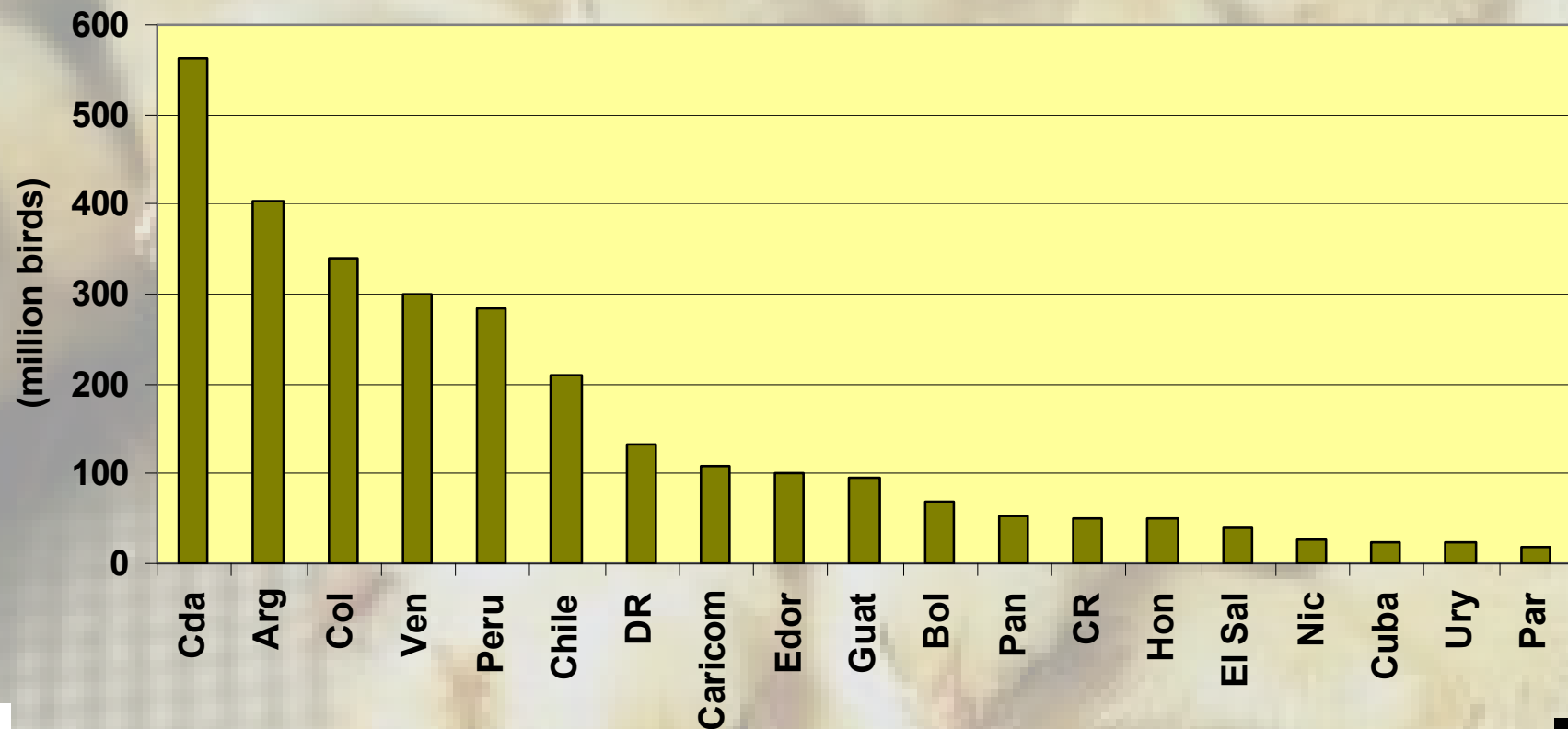
Value-Added Breast Meat Drives New Products



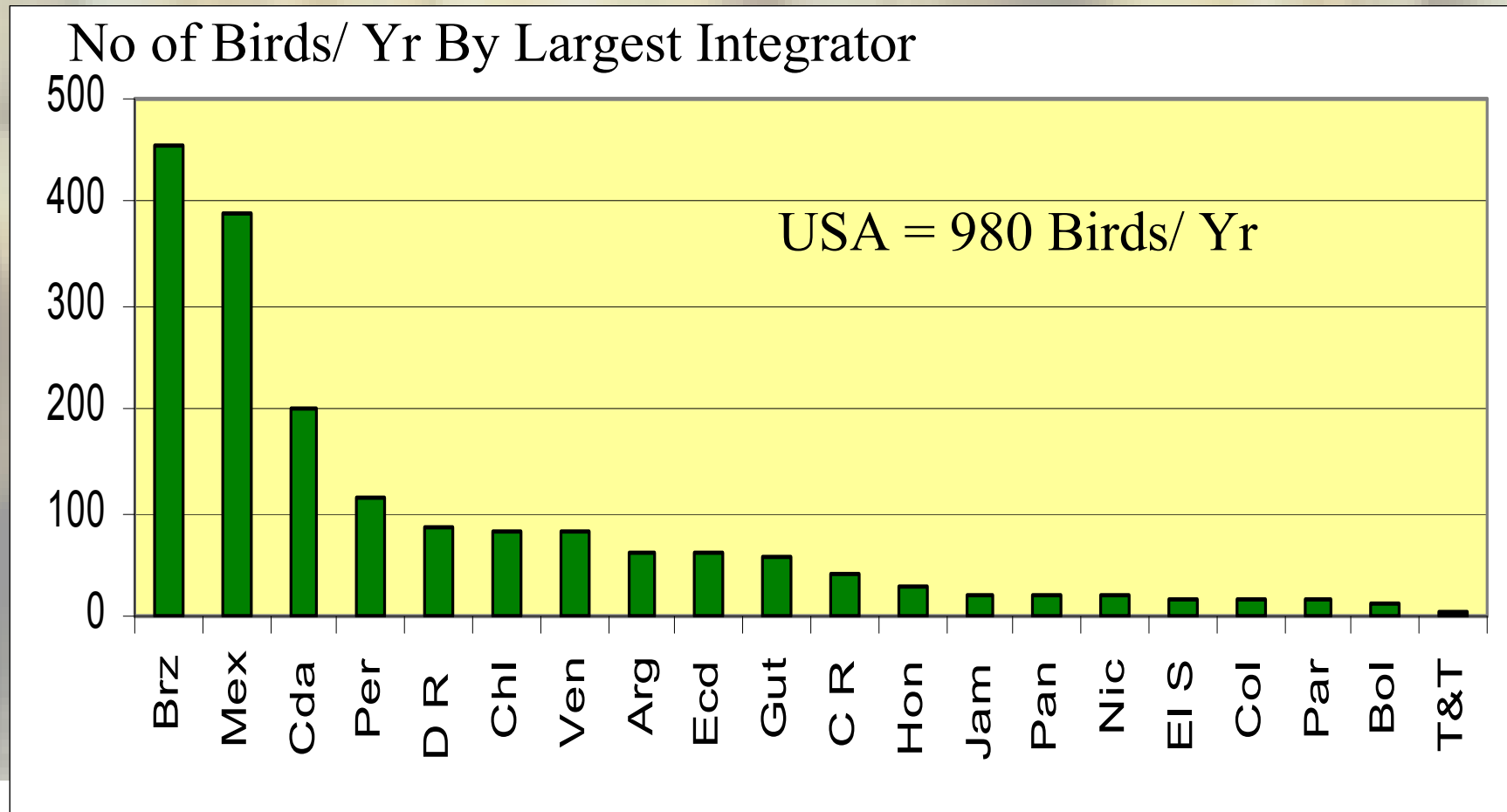
FTAA Poultry Industry

Vast Differences in Domestic Industry Size

USA - 8,600m birds, Brazil - 3,700m birds,
Mexico - 860m birds

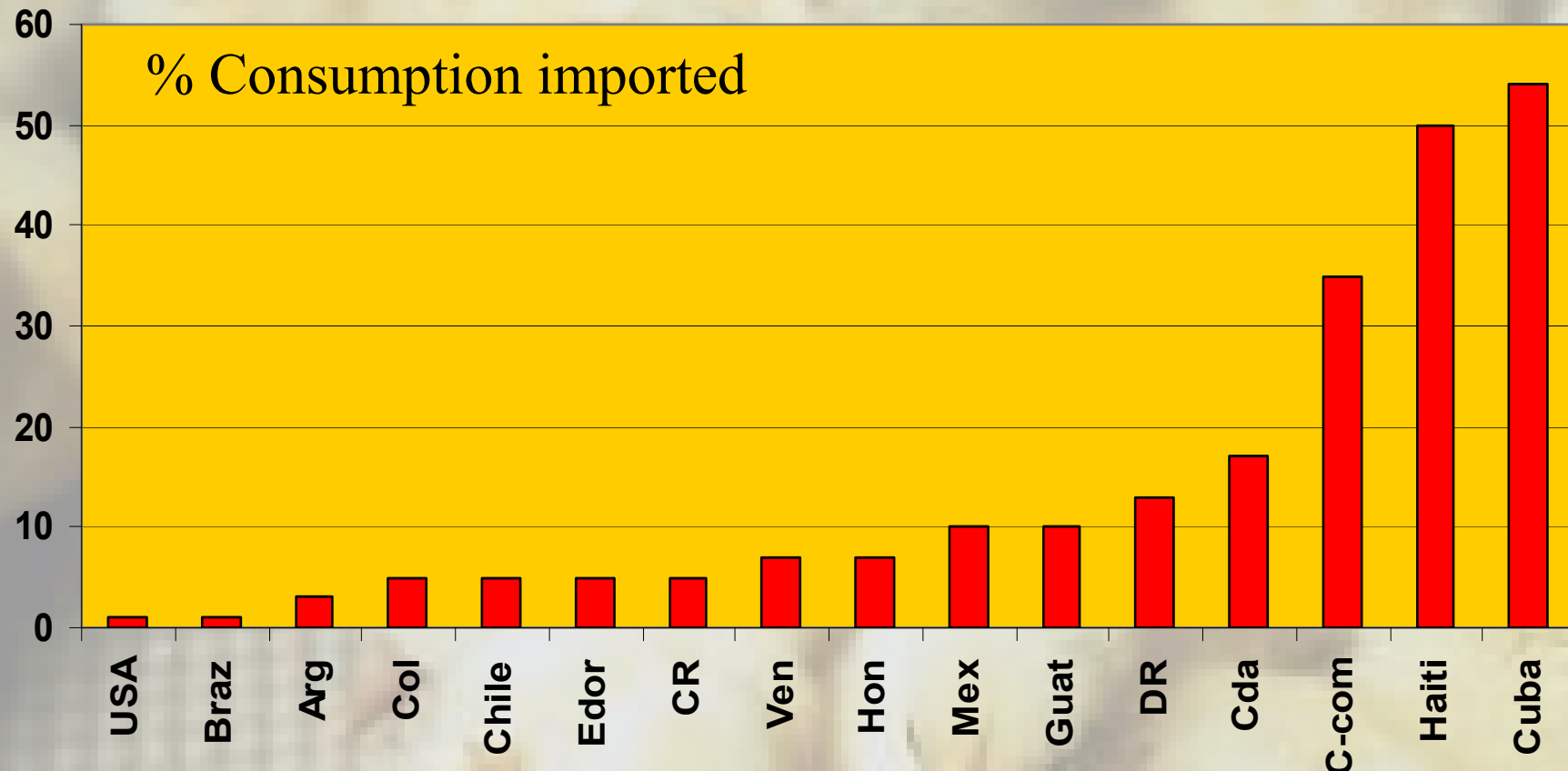


FTAA Poultry Industry Reflected in Firm Scale Economies

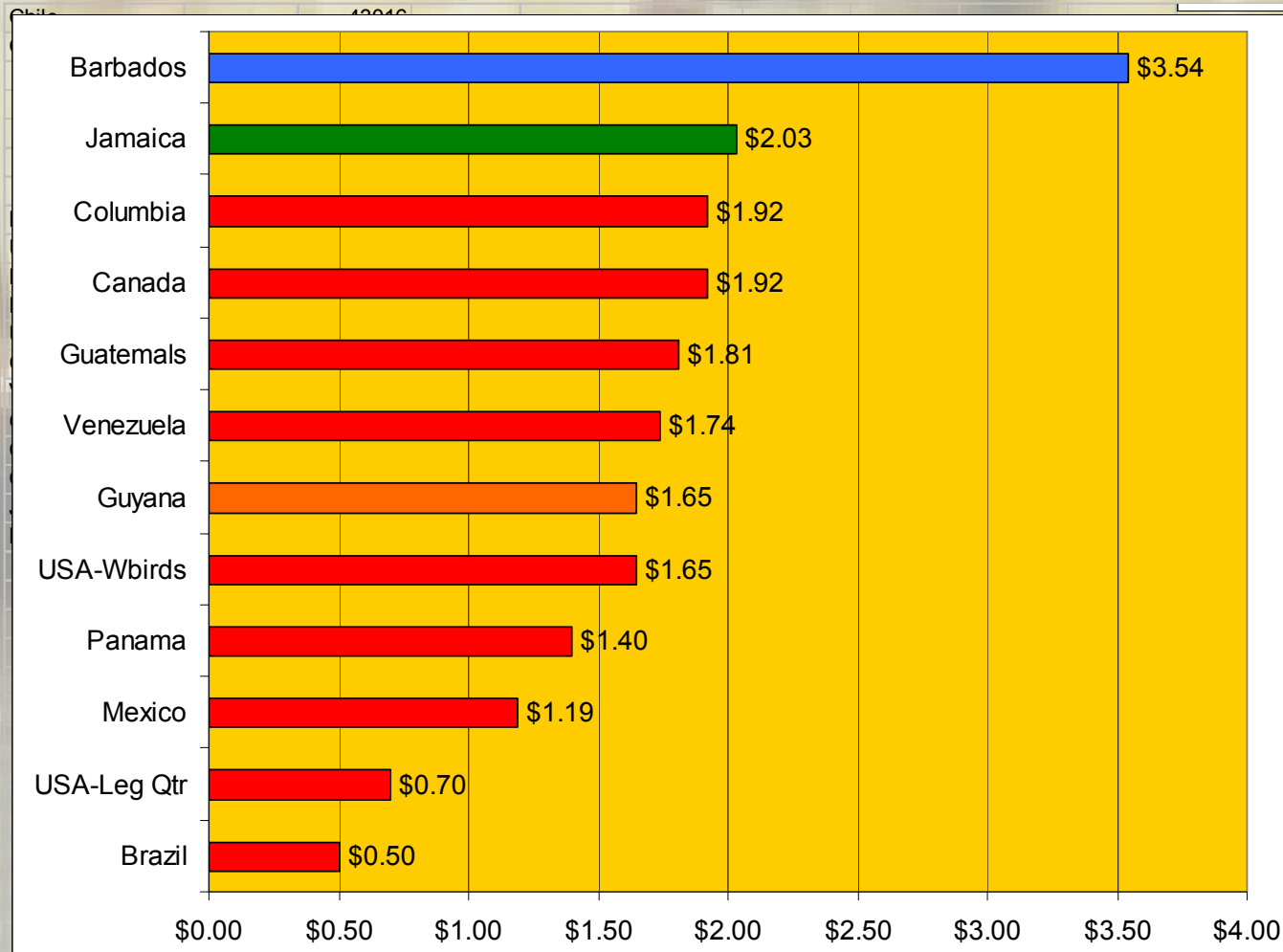


FTAA Poultry Meat Markets

Limited Access for Sensitive Industry



FTAA Poultry Industry W/Bird WOG Price/ Cost Competitiveness



Brazilian Production Costs

Whole Eviscerated Birds per Kilo

Year	Reales to Dollars	W/Birds WOG Local Currency (Reales/Kg)	W/Birds WOG US Currency (USD/Kg)
1998	1.10 to 1.00	1.1	1.00
1999	1.70 to 1.00	1.15	0.68
2000	1.80 to 1.00	1.40	0.78
2001	2.30 to 1.00	1.35	0.59
2002	3.90 to 1.00	2.00	0.51
2003	3.20 to 1.00		0.50



FTAA Poultry Industry

Ex-Factory Poultry Prices 1998-2003

	Brazil W/Bird US/Kg	USA Breast US/kg	USA W/Bird US/Kg	USA Leg Qtr US/Kg	Jamaica W/Bird US/Kg
Year	<i>Frozen</i>	<i>Frozen</i>	<i>Chilled</i>	<i>Frozen</i>	<i>Frozen</i>
1998	1.00	3.68	1.43	0.35	
1999	0.68	3.10	1.27	0.35	
2000	0.78	2.46	1.12	0.37	
2001	0.59	2.53	1.32	0.44	2.20
2002	0.51	2.52	1.23	0.39	2.10
2003	0.50	Na	1.28	0.40	1.90
2004	0.50	2.73	1.60	0.70	2.03



Trade Policy in FTAA

Two Positions on Tariffs

- **Simple/Specific Tariffs**

– USA	\$0.08/0.17 Kg
– -----	
– Brazil	11.5%
– Argentina	11.5%
– Paraguay	11.5%
– Uruguay	11.5%
– Chile	7.0%
– -----	
– Cuba	25%

- **Ceiling Bindings**

– Belize	110%
– Jamaica	100%
– T&T	100%
– Guyana	100%
– St Vincent	150%
– St Lucia	150%
– Dominica	100%
– St Kitts	55%
– Suriname	20%
– Haiti	5%
– -----	
– Bahamas	35%



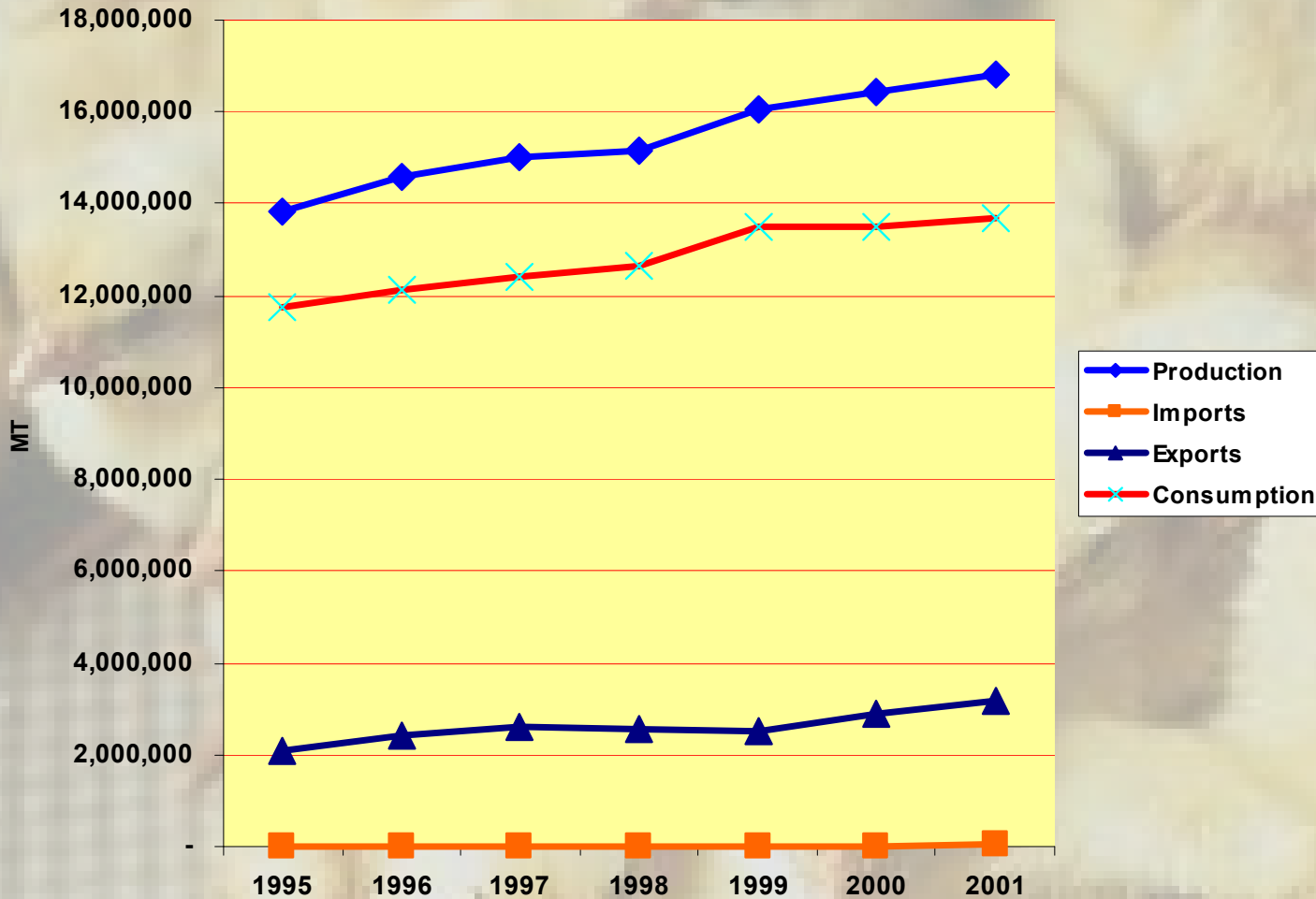
Trade Policy in FTAA

Tariff Rate Quotas Account for 15% Production

- Cda 249/5%
- Mex 240/10%
- Guat 45/15%
- El S 176/17%
- Nic 170/60
- CR 154/34%
- Pan 239/00?%
- DR 99/25%
- Bdos 201/00%
- Gda 100/00?%
- Col 113/20%
- Ven 135/40%

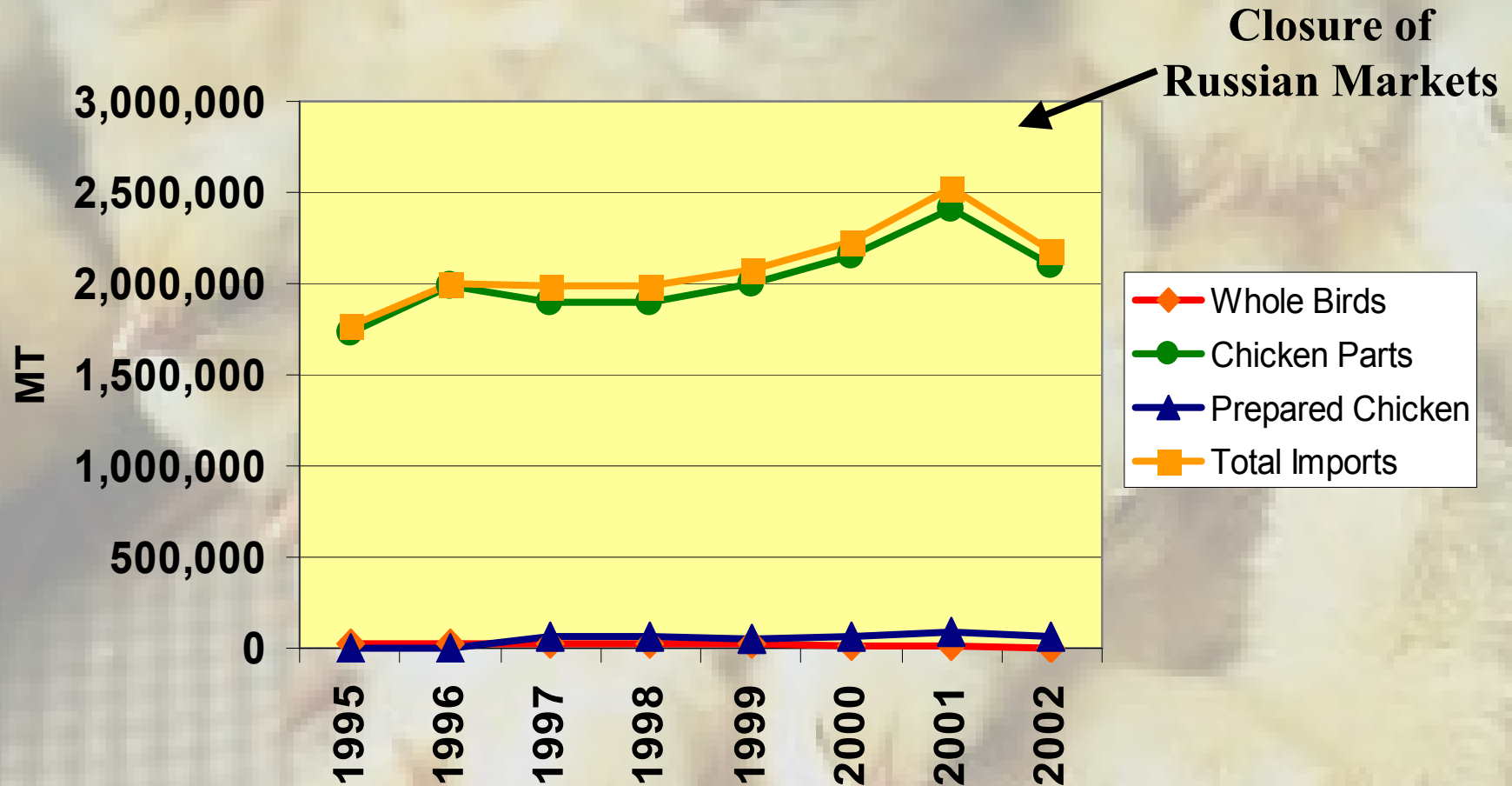


FTAA Poultry Industry USA Poultry Industry Profile



USA Broiler Meats Exports

Leg Qtrs - 80% of USA parts sales



USA Exports of Poultry Meat

CARICOM is Important Market To USA

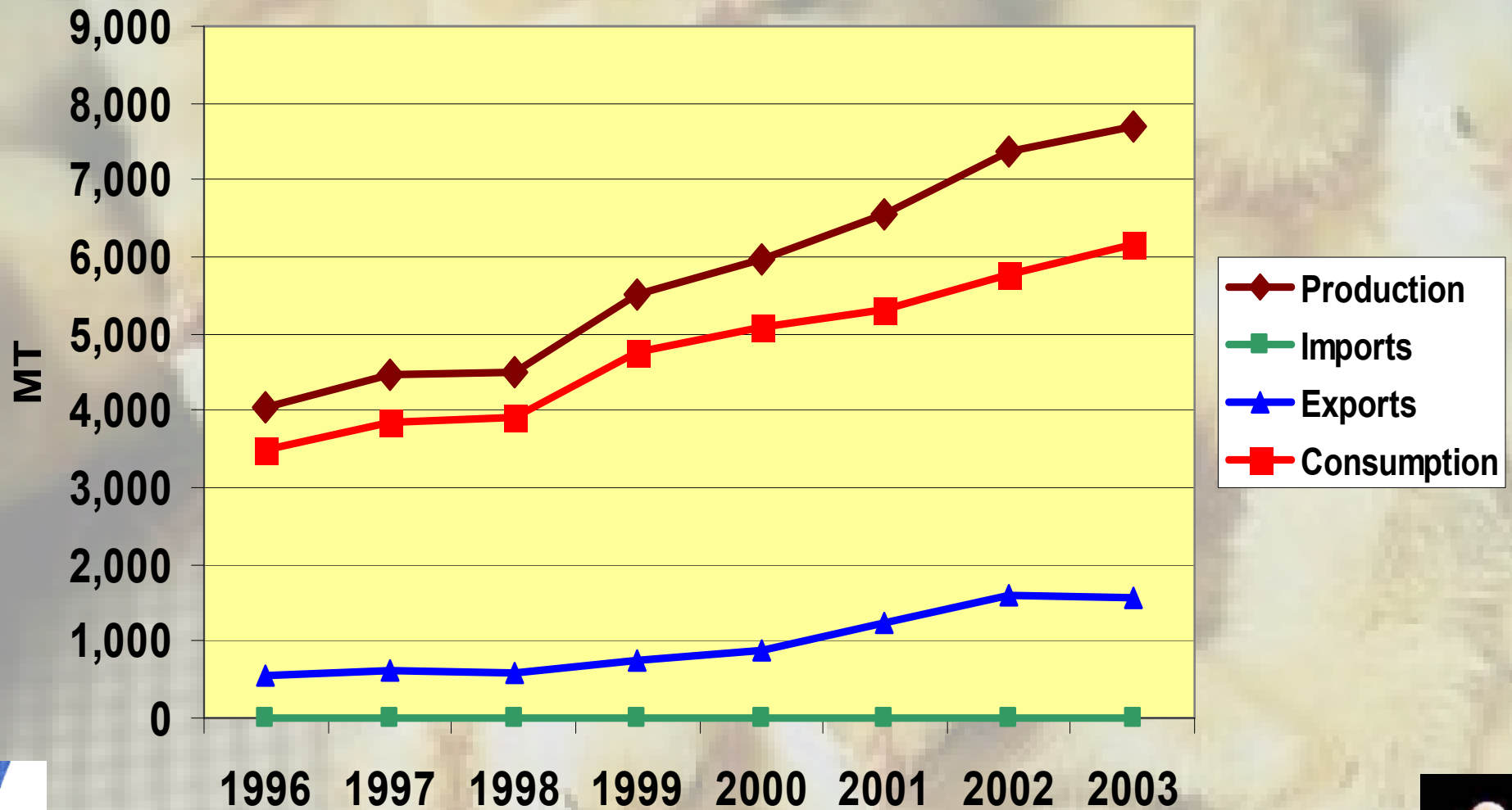
	1998	1999	2000	2001	2002
Cda/Mex	461,581	418,562	481,960	521,216*	440,470
Russia	723,973	407,522	458,544	748,086	440,411
China	343,849	386,057	323,290	250,403	233,671
Caribbean Islands	124,874*	114,144	86,257	92,087	101,529
Japan	138,566	136,248	131,593	147,619	70,404
EU	75,841	34,533	47,467	85,541*	63,843
Sub-Sahara Afr.	36,998	21,756	34,267	34,567	43,796
Middle East	41,033	37,011	39,432	50,395	42,935
Central America	22,888	24,392	31,830	39,063	42,440*
Asean Region	18,438	45,057	49,804*	40,911	37,468

**Denotes highest export levels since at least CY 1970*



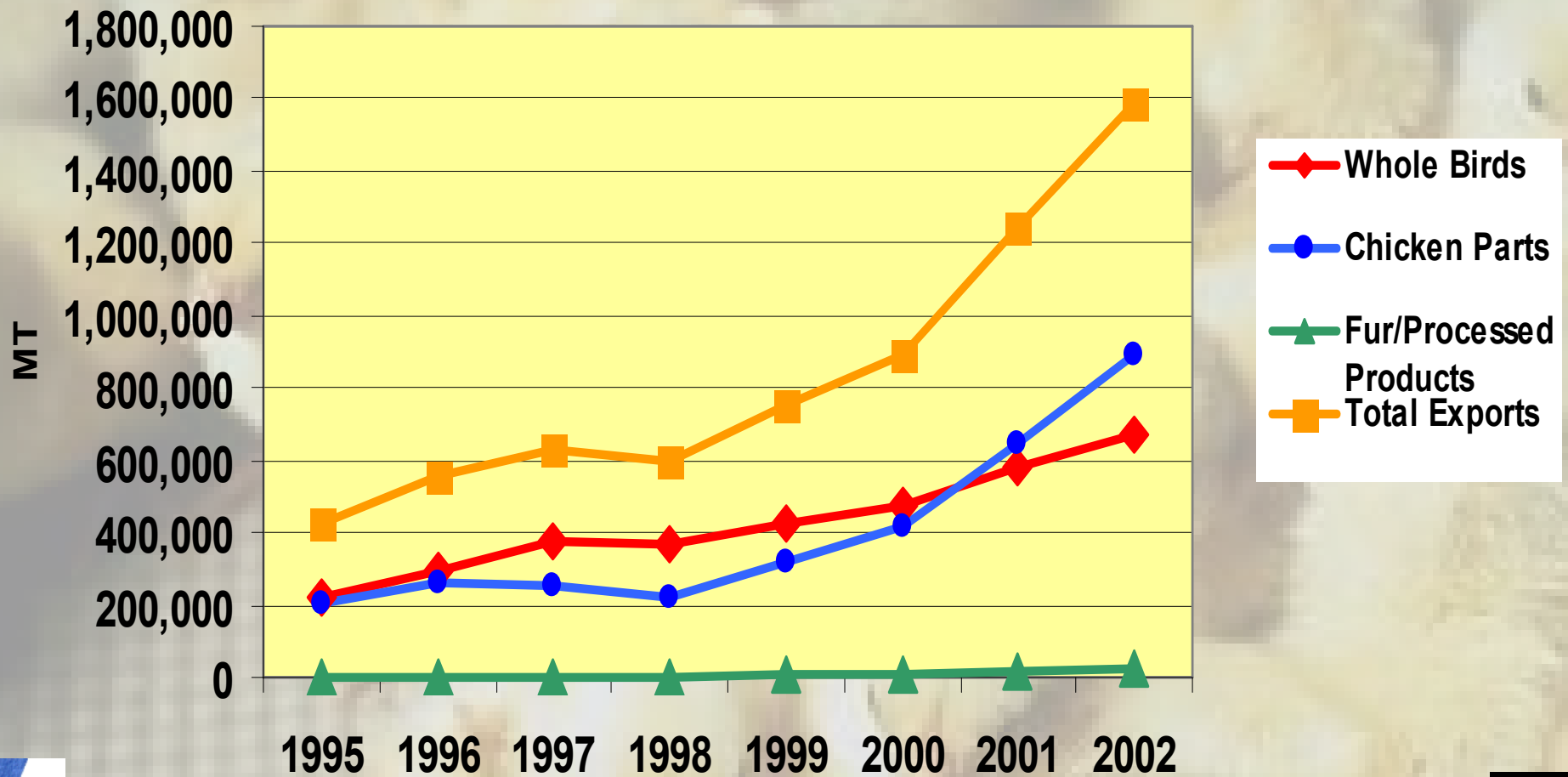
Brazil Poultry Industry Profile

100% Increase in 8 years



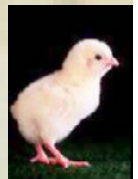
Brazil Broiler Meats Exports

Devaluation drives Brazilian Export



CARICOM

- Contribution of Poultry Industry
- Caribbean Boiler Meat markets
- FTAA Broiler Production
 - Growth
 - Market-Industry Size/ Firm Size
- Trade
 - Exports/ Imports
 - Market Access
- Price/ Cost Competitiveness



Caribbean Poultry Industry , 2003

- Broiler Sector
 - 450 m USD
 - 21,000 MT
 - 130 m birds
 - 30,000 people
 - 14,000 farmers
 - 90 factories
 - 30,000 Ac Corn
 - 25,000 Ac Rica
- Table Eggs Sector
 - 50 m USD
 - 28,672 MT
 - 43 m dozens
 - 5,000 people
 - 2,000 farmers

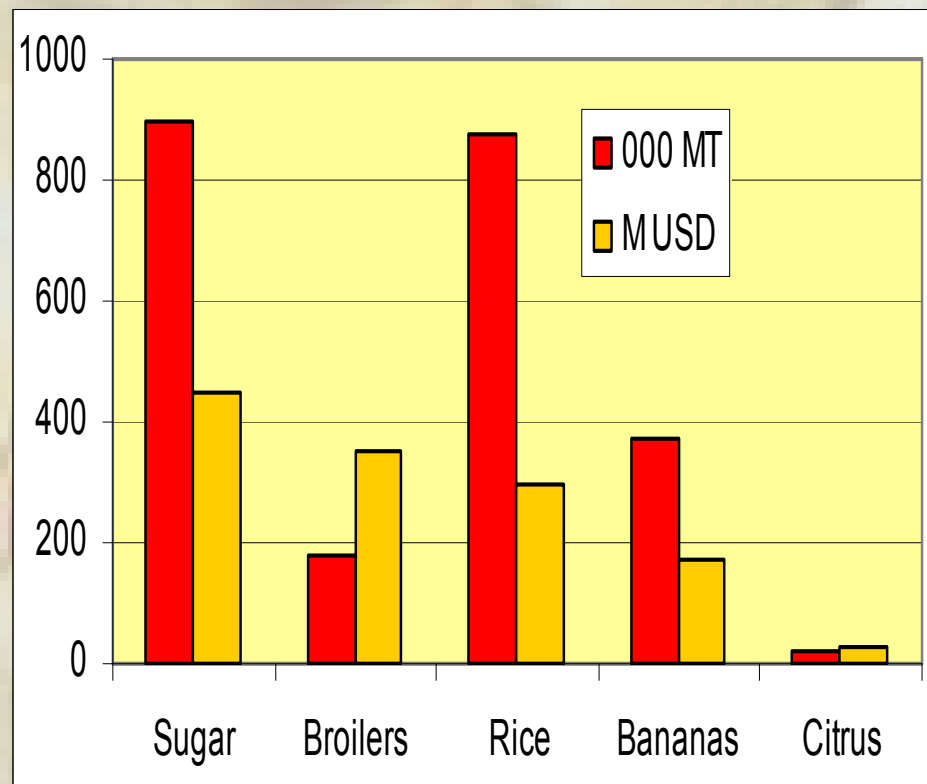


RELATIVELY LARGE REGIONAL AGRO INDUSTRY

• EX FACTORY SALES

- Bahamas 1
- Barbados 1
- Belize 3
- Guyana 3
- Jamaica 2
- T & T 1
- Suriname 4

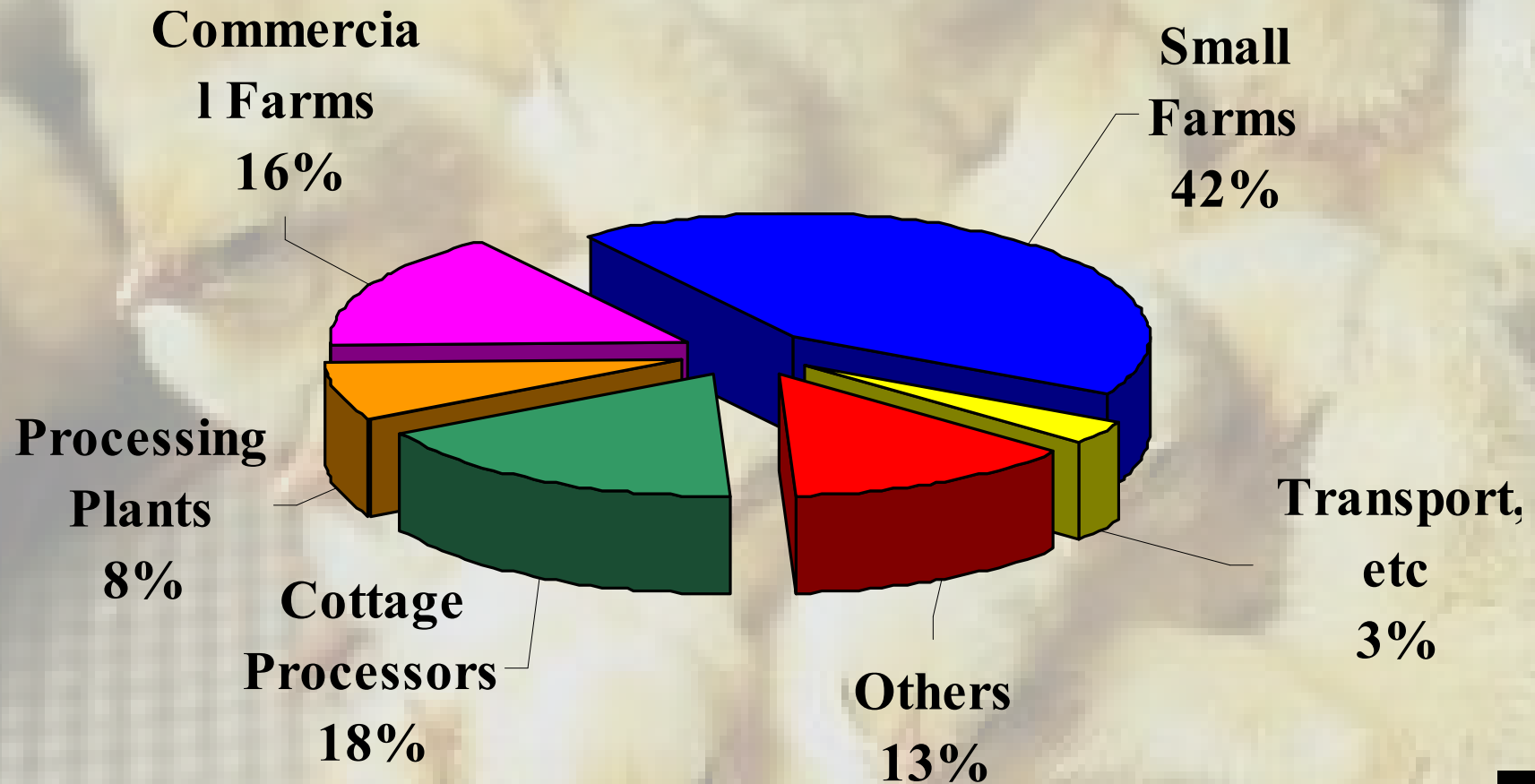
Sales Volumes & Values



25% Growth in 10 Years
Caribbean Poultry Association ... 31

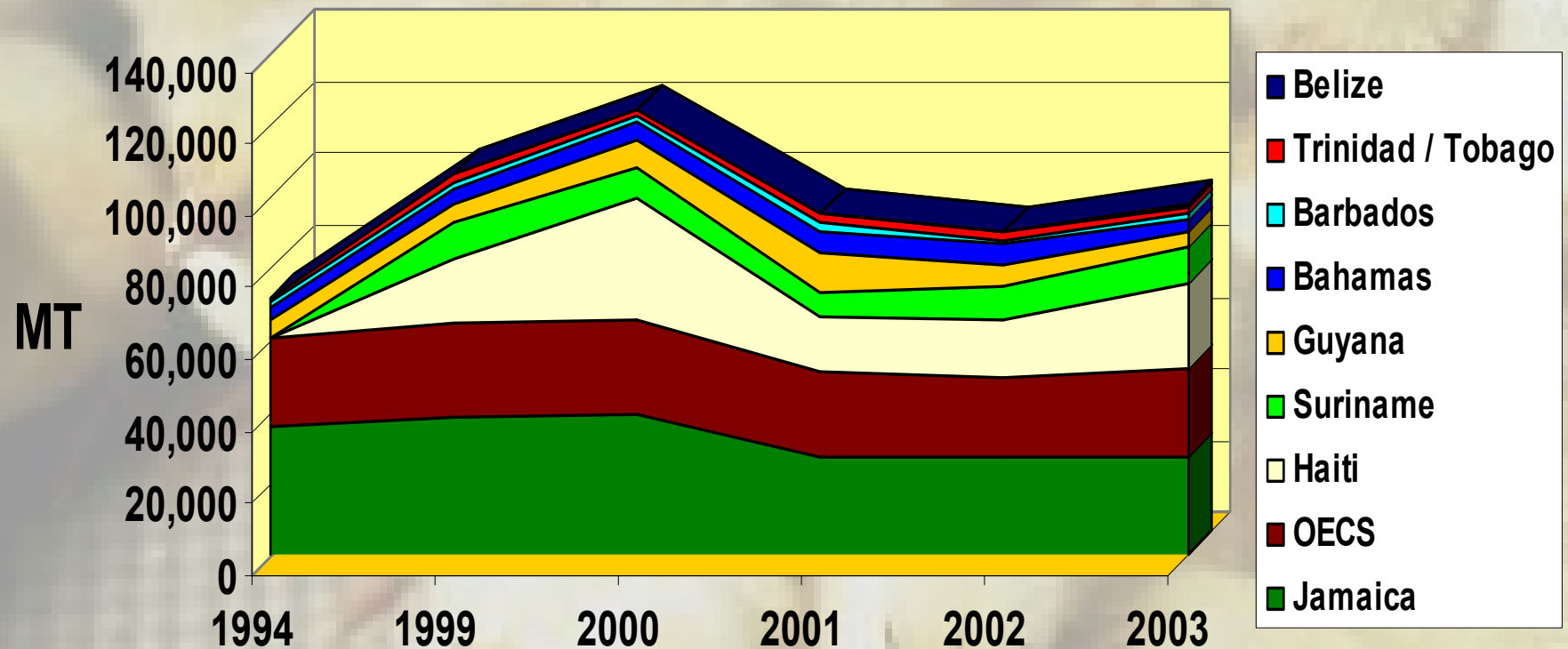


CARICOM Poultry Industry Rural Employment



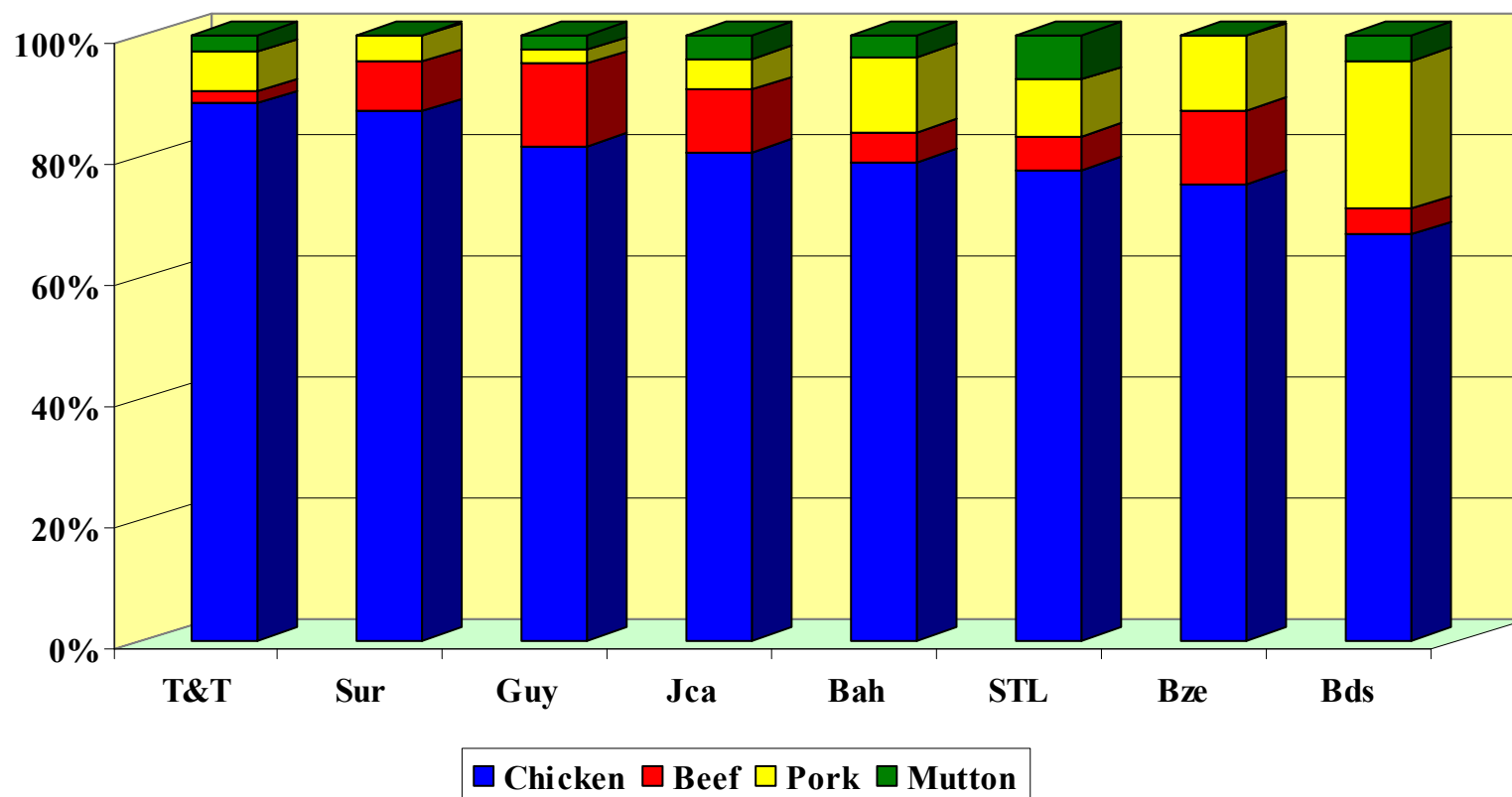
CARICOM Poultry Meat Imports

Declining - Trade Policy / World Prices

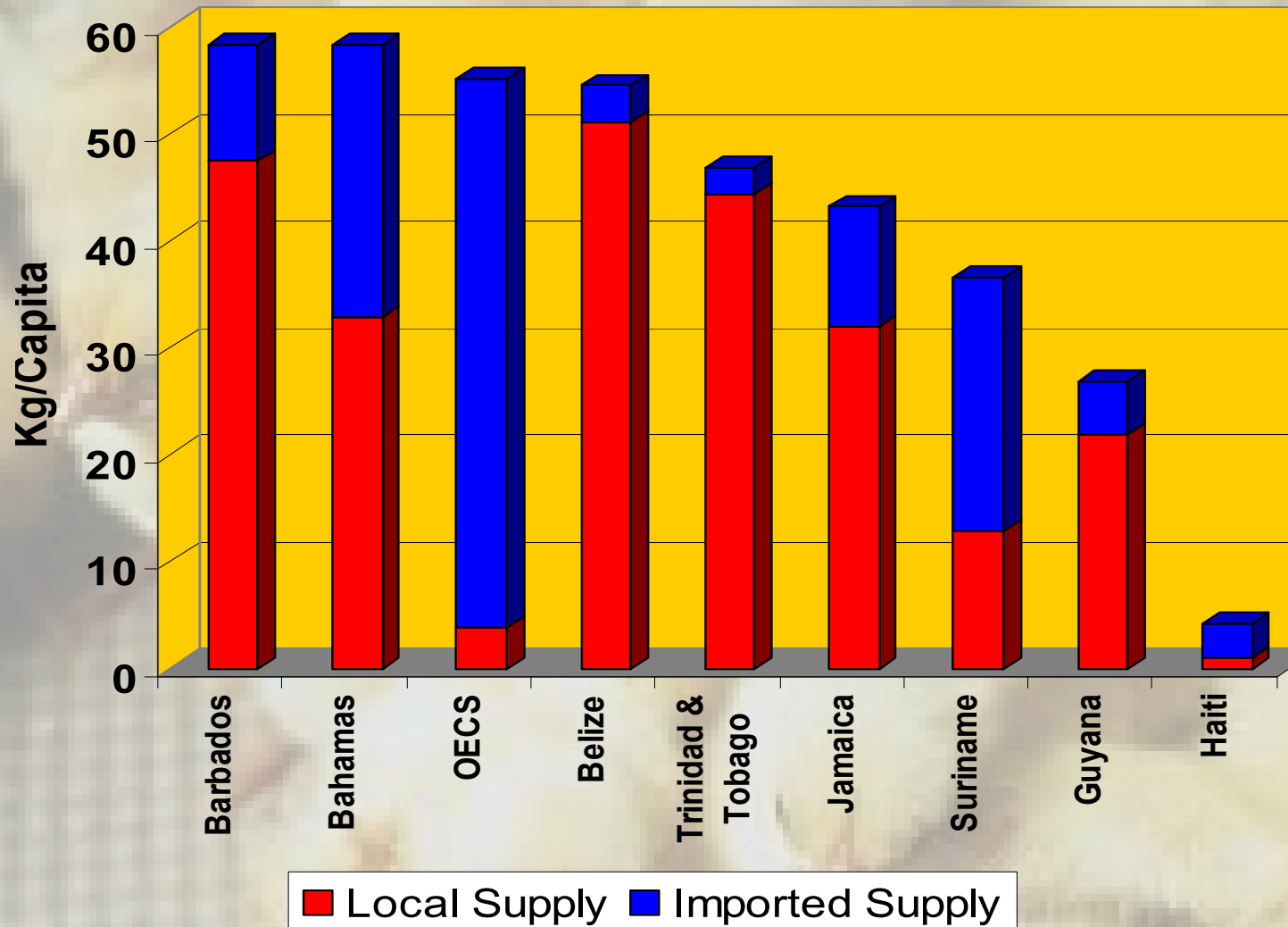


IMPORTANT TO FOOD SECURITY: WITH CHICKEN BEING 80% OF ALL MEATS

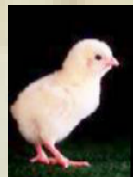
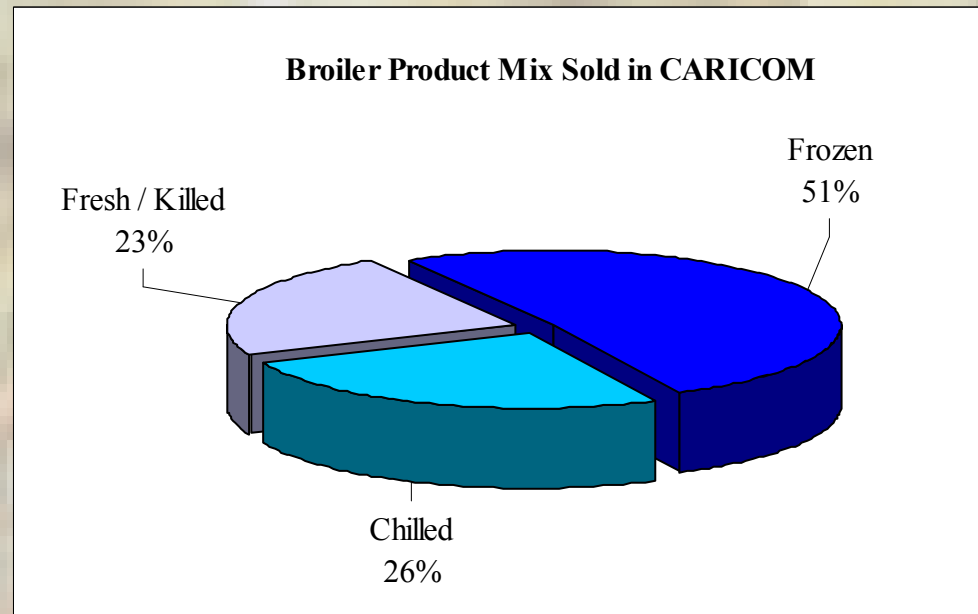
% Consumption of Meats or Major CARICOM States (1998)



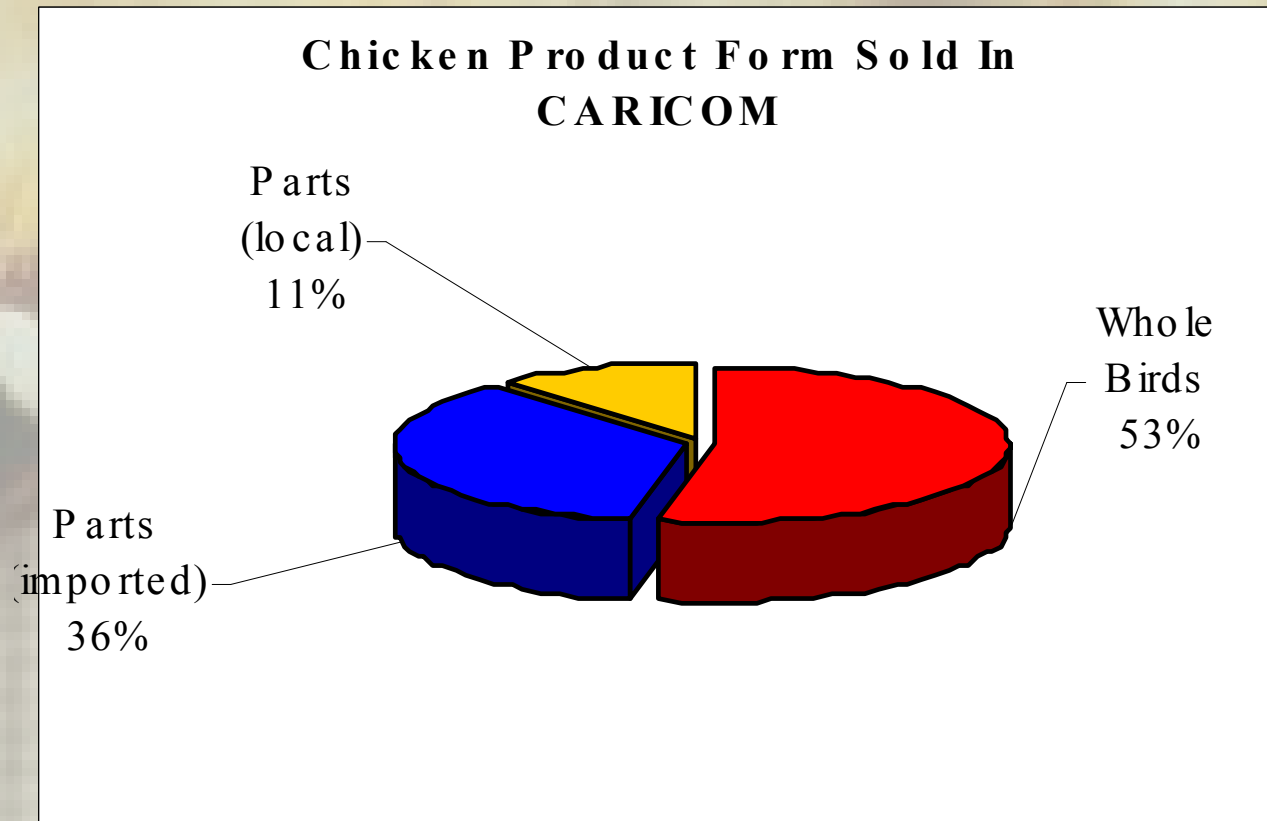
CARICOM Broiler Meat Consumption



IMPROVING LEVELS OF CONVENIENCE

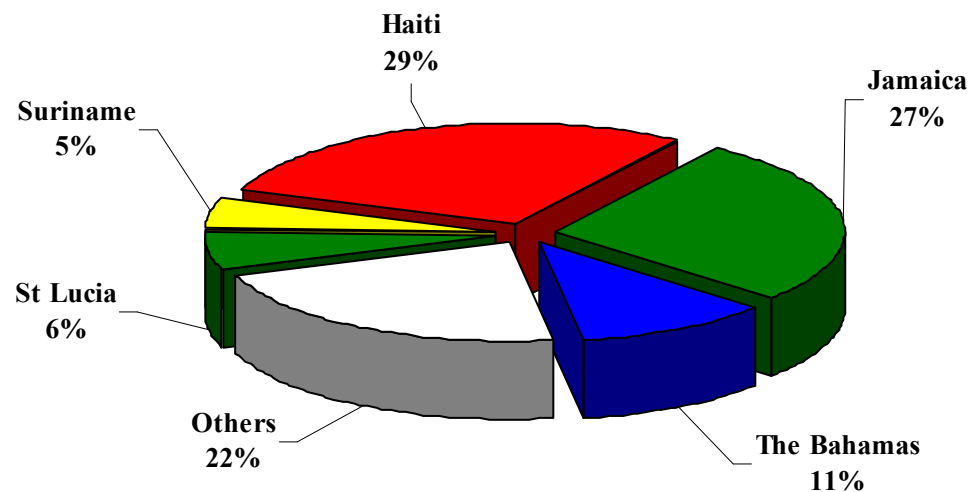


MODERATE BUT GROWING LEVELS OF CONVENIENCE IN PARTS



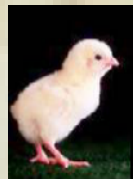
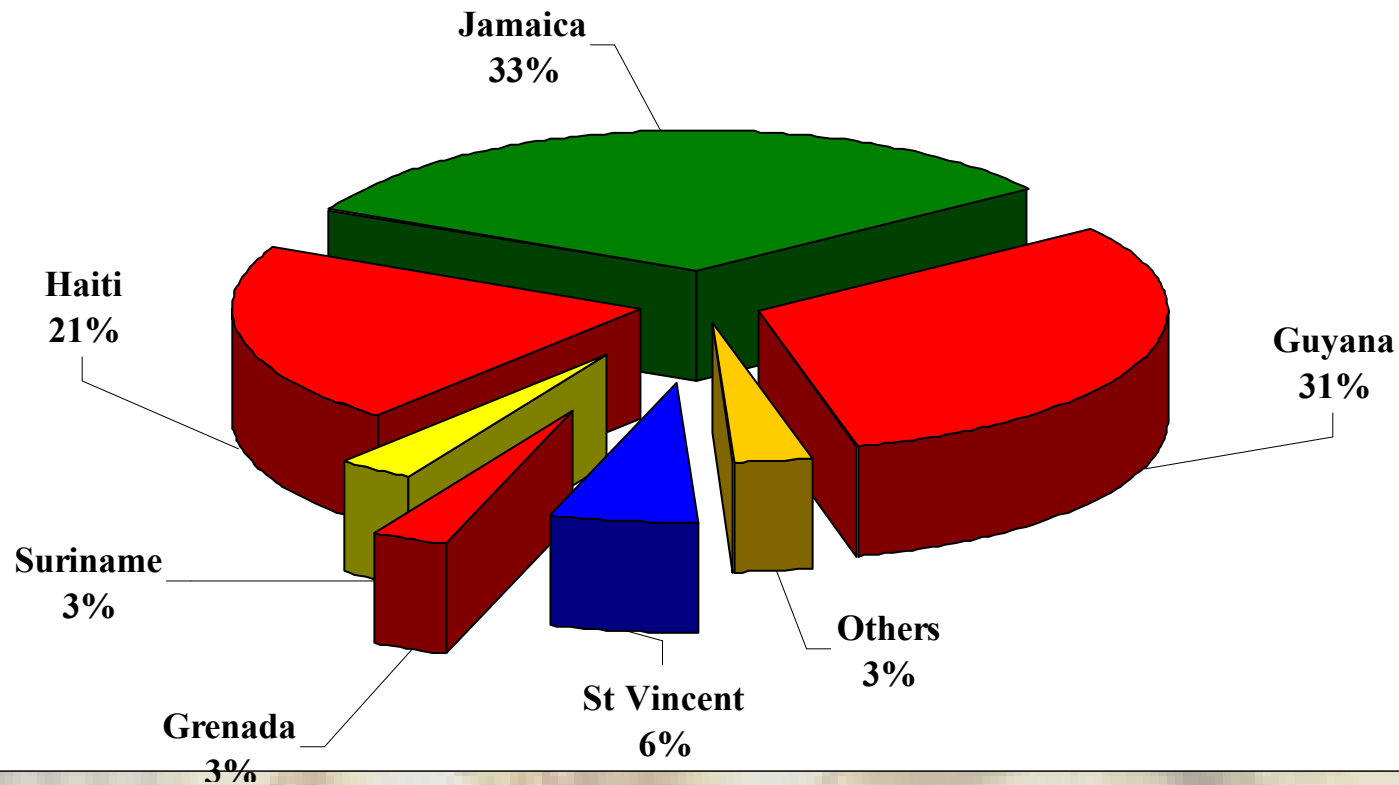
A LARGE PROPORTION OF IMPORTATION IS BACK & NECKS FOR LOW INCOME CONSUMERS

Export of Back & Neck from USA into CARICOM (1999)



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

Export of Leg Quarter from USA to CARICOM (1999)

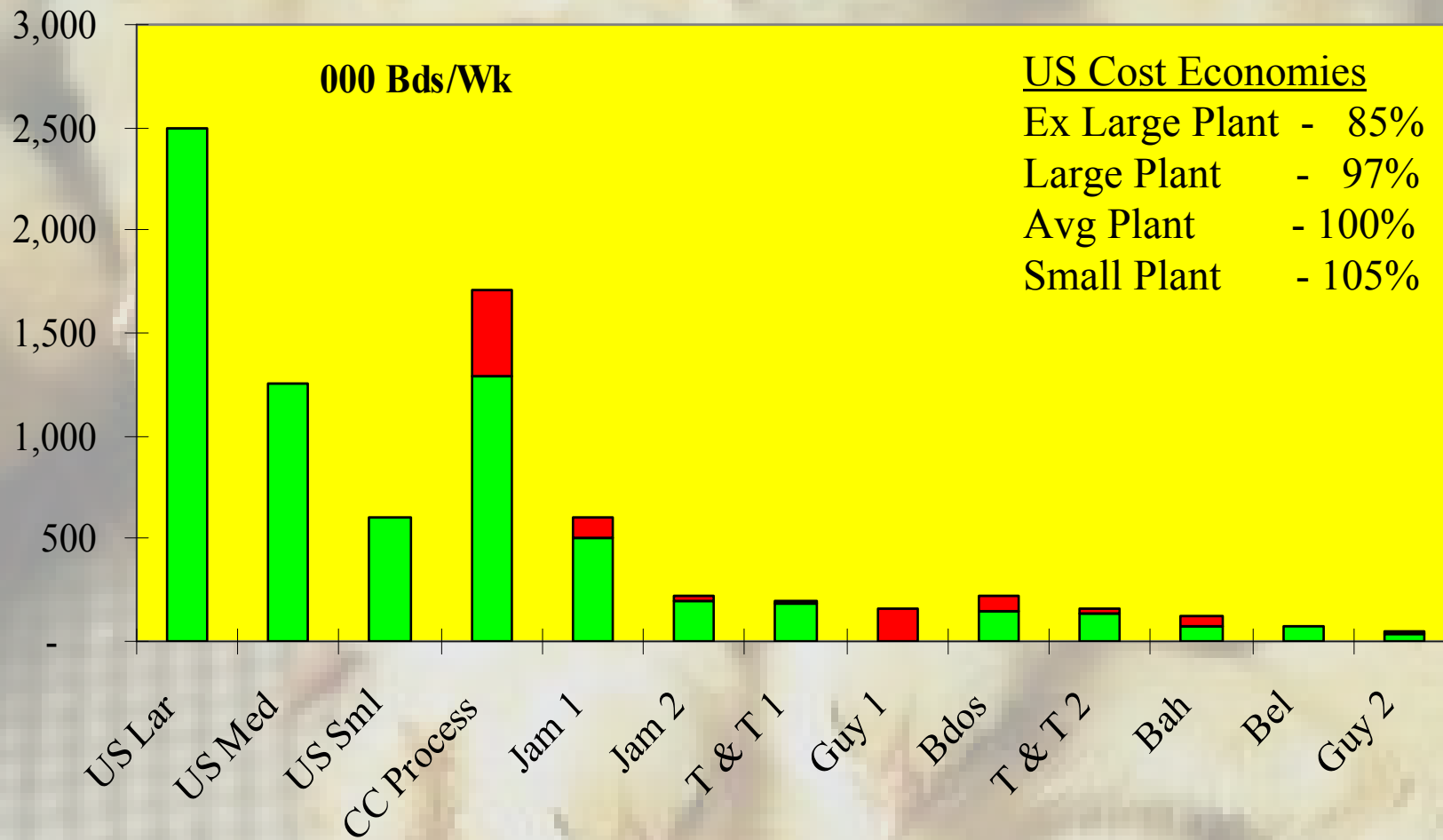


INDUSTRY STRUCTURE & PERFORMANCE

- Processing Plants
- Factor Costs
- Competitiveness



PROCESS PLANT SIZES & TECHONOLGY VARY - SCALE ECONOMIES ARE CHALLENGING



Caribbean Poultry Association **NB: Caricom on 1 Shift**



PROCESSORS HAVE BEGUN TO IMPLEMENT FOOD SAFETY, FOOD STANDARDS & ENVIRONMENTAL SYSTEMS

Caribbean Processing Plants In Process Of Implementing Systems

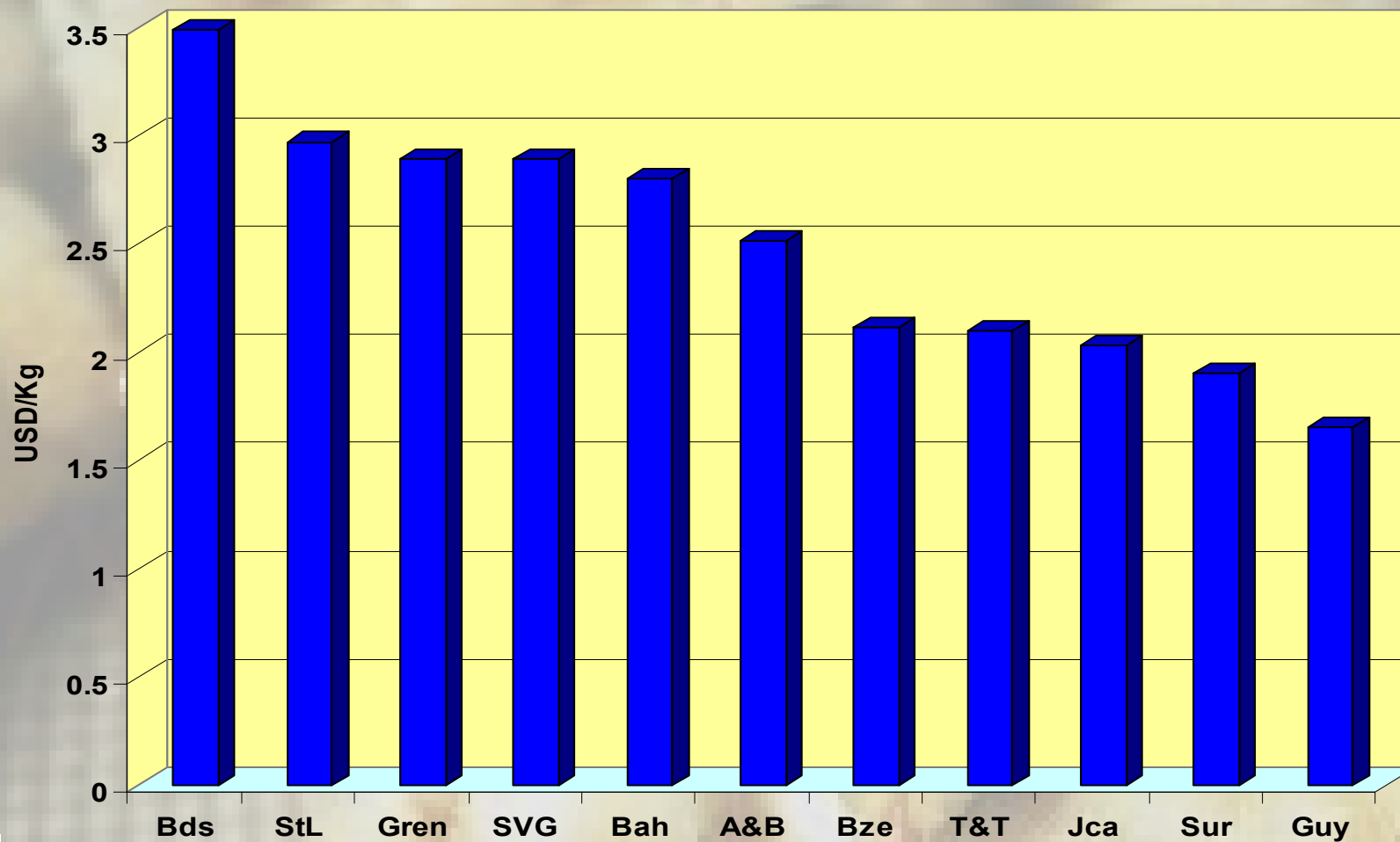
State	Residue Testing	HACCP	ISO 9002	Waste Rendered	Effluent Treatment	ISO 14000
Jamaica	0	2	0	2	2	0
T & T	0	2	0	3	2	0
Guyana	0	1	0	1	0	0
Barbados	1	1	1	1	1	0

Source: Industry



CARICOM Poultry Industry

Variation in Competitiveness



Competitiveness

- Productivity Improvements
 - Jamaica/ Barbados = top 5 – 25% co in US
- Cost Competitiveness
 - Average FTAA Industry
 - Brazilian Cost - 0.50US/ Kg
 - Brazilian Prices - 1.50US/Kg?
 - USA Leg Qtr - 0.35 – 0.70US/Kg
- Marketing Competitiveness
 - Chilled/ Precut/Safe
 - Caribbean Cuisine
- Food and Livelihood Security



CPA WORKPROGRAM

Caribbean Poultry Industry Integrated Improvement Program

- CPIIIP
 - Coordinated – UWI-SVM, Office in T&T
 - Funded – CIDA-CPEC/ Govt/ CPA
 - Technical Assistance – Canada, USA, EU
- Protocol Development
 - Food Safety & Animal Health/ Production Manuals
- Regional Schools – 3 Year
 - Processing/ Broiler & Egg Farming
- National Industry Improvement Programs
 - In Country/ In Firm Technical Assistance
- Feedstuffs Supply – Corn - Belize/ Rice – Guy/Sur



CPA WORKPROGRAM

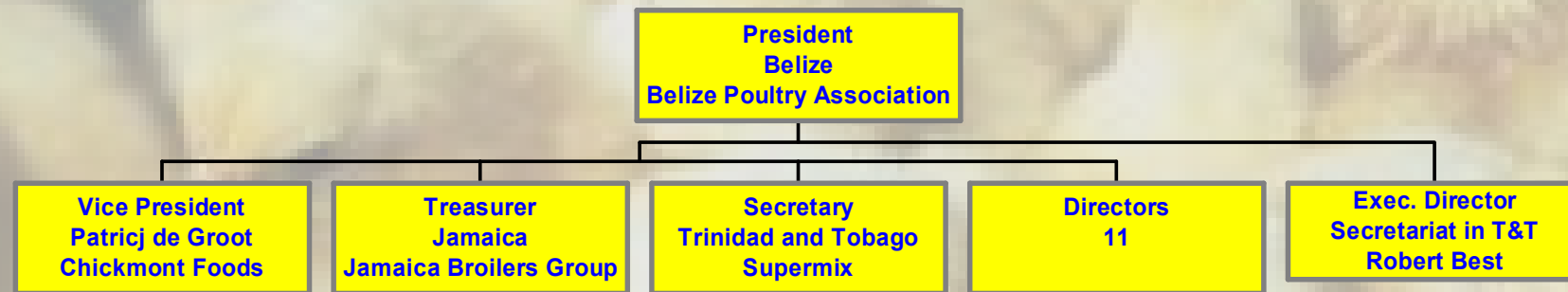
Trade Policy Advocacy

- Sensitive Industry Status
 - Contribution to Economy
 - Agro Industry Diversification & Linkages
 - Food & Livelihood Security
- Trade Negotiating Strategy
 - WTO/ FTAA/ EPA/ Bi Laterals (Cuba/DR/CR)
- Legislation & Institutions
 - Food Safety (6), Avian Health (3), Standards (3)
 - Carib. Agric Health & Food Safety Agency
- Food and Livelihood Security



BUT WHO IS THE CPA

Limited Liability Company - Jamaica, 2000
Financial Year - January – December



- Belize - Orlando Habet, Manager, BPA
- Bahamas - Godfrey Eneas???
- Jamaica - Keith Amiel, CB/ Cordia Thompson, JEFA
- OECS - Paul Bachuss??
- Barbados - James Paul, CEO, BAS
- T & T - Carl Khan, Chairman, LLPB
- Guyana - Ariston Lyte, GPPA
- Suriname - Subhas Ganpat, Manager ASPP

Caribbean Poultry Association ... 47



NATIONAL ASSOCIATION MGT
WILL MAKE THE DIFFERENCE



THANK YOU

Caribbean Poultry Association ... 48

