

SADC Poultry Liaison Forum



Open Session Meeting Report

Cresta Sango Conference Centre, Harare
12th December 2013



Hosted by the Zimbabwe Poultry Association

SUMMARY

For the first time, the Zimbabwe Poultry Association (ZPA) hosted the SADC Poultry Liaison Forum meeting on 12th December at the Cresta Sango Conference Centre in Harare. The Deputy Minister, Livestock, MoAMID, Honourable Paddy Zhandu officially opened this prestigious event which was attended by 194 people. He gave a spirited speech which highlighted efforts being made to improve the industry and noted the keenness of the public sector to engage and work together with the private sector to develop and grow the livestock industry. He also noted that government is reviewing contract farming initiatives to boost local grains supply and consequently improve the feed situation and prices. Emphasis was also made about the need for regulation and policing of permit issuance for poultry and products imports. Hon Zhandu also requested that industry stakeholders provide helpful information about activities that are detrimental to development as well as suggestions for the crafting of sound policies and effective strategies to drive industry advancement.

Presentations were also made on the potential of the local poultry industry, the Zimbabwe stockfeed situation, the informal local broiler producing sector and the South African poultry industry.

The afternoon session was closed for SADC delegates and was attended by Dr Ushewokunze-Obatolu. Discussions were focused on regional challenges faced by member countries and representatives gave updates on their poultry industries. Cheap illegal chicken imports from outside the region continue to be a challenge and members are investigating the tightening of border controls and sharing trade information. The International Standards Organisation (ISO) is drafting welfare standards and it is important that member states are aware of this and participate in this process. In Zimbabwe, the process is being facilitated by the Standards Association of Zimbabwe (SAZ). There was also discussion on disease control, in particular Newcastle Disease. Dr Charlotte Nkuna from the South African Poultry Association Poultry Disease Management Agency outlined measures South Africa has implemented to ensure efficient and effective disease risk management.

1. STOCKFEEDS INDUSTRY IN ZIMBABWE – AN UPDATE

Presentation by Mr Fungayi Mungate, Chairman, Stockfeeds Manufacturers Association of Zimbabwe

Mr Mungate highlighted how the stockfeed industry began, its successes and current challenges. The industry is believed to have started in the 1920's but was formalised in 1968 when the first Farm Feeds, Fertilisers and Remedies Act was enacted. The stockfeeds industry reached its height in the mid 1980's where it was exporting its surplus.

According to 2013 statistics, the industry is currently estimated to be producing 420 000 metric tonnes of feed, 75% of which is poultry feed. However, the prices of raw materials have been escalating thereby affecting viability. Of major concern is the shortage of non-GM maize from the local, regional and international markets and future supply of such maize for stockfeed manufacture. The industry is also facing other challenges which include inadequate supply of soya beans on the local market and a higher cost of sourcing raw materials relative to its regional counterparts. For the stockfeeds industry to operate at full capacity, Zimbabwe will have to become self sufficient in grains production and supply. Affordable finance must also be availed to stakeholders and there is also need for a conducive business and policy environment.

The Farm Feeds, Fertilisers and Remedies Institute recently reviewed the Act which has been circulated to industry for review and ratification. The industry is also in the process of engaging the Standards Association of Zimbabwe to update feed standards.

The government is reviewing contract farming initiatives to improve grains production and ensure adequate supply of raw materials to the industry as well securing a market for the producers. Vertical integration into protein production and backwards integration into grains production (contract farming) is being explored to address some of the industry challenges. There is a great potential for growth considering the country's relatively low protein consumption rate of per capita consumption of chicken being half of Zambia's and one-fifth of South Africa's.

Concern was raised about the price differentials of feed around the country and it was clarified that this is mainly attributable to the high cost of transporting feed from the manufacturing plant to the outlet. However some manufacturers are working on creating one price for a product across the nation and it is hoped that pricing models will be revised once local supply of raw materials improves.

2. SMALL-SCALE URBAN, PERI-URBAN AND RURAL BROILER PRODUCTION: STRUCTURE AND CONTRIBUTION

Presentation by Dr Chrispen Sukume, Senior Economist, Livestock and Meat Advisory Council

Dr Sukume highlighted the structure of the small-scale and peri-urban broiler industry, its potential, challenges and contribution to GDP and the presentation generated a lot of keen interest from stakeholders. The main purpose of conducting the study was to get an idea of how much chicken is being produced by the informal sector and how this sector is aligned to national policies in place.

Smallholder broiler production now accounts for nearly 50% of total broiler production. Because of the nature of the industry, characterised by a large number of small producers scattered all over the country, there are gaps in obtaining information on the number of families in smallholder poultry production, where production is occurring and the importance of the sector in women and youth economic empowerment. All this information is pertinent in guiding policy formulation.

Some of the findings of the study highlighted that between September 2012 and August 2013, small scale producers purchased 29 million day old chicks (DOCs). 35% purchased 25-100 chicks per month, 60% purchased 101-200 chicks and 5% purchased more than 200 chicks. 60% of total DOC purchases were made by women buyers suggesting that the sector is an important vehicle for women's empowerment.

Other findings highlighted that:

- The sector produced close to 43,200 mt of broiler meat in the 12 month period;
- 85% of which was from farmers raising 200 or less chickens at a time;
- It is estimated that there are 3,076,222 households in Zimbabwe, implying that this sector potentially contributed 14kg of meat to each household.

The sector is a ready market for feed manufacturers and chicken breeders and contributes to household nutrition, income and employment.

However the challenges facing the sector include disease control; the high cost of feed; the high cost of doing business; unreliable power supply and unfair trade practices such as the influx of cheap poultry products from other countries. There is need for collaborative efforts between the private and public sectors to develop this industry, including providing training and extension services, disease control and management and facilitating the availability of finance.

As the new livestock policies and strategies are developed, there is need to recognise that:

- Small scale broiler sector has the potential to achieve the food security, economic empowerment and employment creation in line with objectives of ZIM ASSET;
- There is immense opportunity for the public, civic and private sectors to pool resources and expertise to develop the sector;
- Collaborative activities must be coordinated.

The sector has great potential to expand, especially as the preliminary results from the PICES (Poverty, Income, Consumption and Expenditure Survey) 2011-2012 survey revealed that annual consumption of chicken is 4kg per capita. This is affected by the level of disposable income and the fact that Zimbabwe has traditionally always been a beef eating country.

Layer production was not included from the study and will be reviewed as more information becomes available. However it is estimated that 50% of the table eggs produced by the local market are from the small scale sector.

3. POTENTIAL OF THE ZIMBABWEAN POULTRY INDUSTRY

Presentation by Dr Gideon Gono, Poultry Breeder and Producer and former Governor of the Reserve Bank of Zimbabwe

Dr Gono began by requesting a minute silence be observed in memory of Mr Bill Irvine, one of the founding fathers of the poultry industry in Zimbabwe and in the region.

He then shared the vision of Lunar Chickens and also provided a brief background on how the business came about, highlighting the challenges faced and lesson learnt.

By engaging in poultry production, producers exploit opportunities to ensure food security and job creation. There is great potential for the industry to grow, considering the current low consumption per capita of 4-6kg of protein. As financial policy is a key aspect for the industry to realise its full potential, there is need to re-orientate loan schemes to better suit value chain dynamics, particularly of the production cycle, and to gain understanding of how long it takes to recoup investment. Imports of cheap protein are undermining local production and whenever an import is made, jobs are exported and government policy should be streamlined to curb practices which hamper progress. Also pertinent in realizing its full potential, is the need for

accurate industry statistics and information to guide policy makers as well as having extension services in place to train, build capacity and develop farmers.

Dr Gono concluded by expressing his wish to start a bank that will cater specifically for the needs of poultry value chain stakeholders.

4. OVERVIEW OF THE SA POULTRY INDUSTRY AND MEASURES TAKEN TO PROTECT THIS INDUSTRY

Presentation by Mr Kevin Lovell, CEO South Africa Poultry Association (SAPA)

Mr Lovell gave an overview of the demographics of the SA consumer population, the broiler and egg industries, their structure and measures taken to protect this industry.

In SA, milk is the most commonly consumed animal protein, followed by poultry. Per capita consumption of poultry meat in 2012 was 39kg and 145 eggs in 2011. The average live weight of a broiler bird is 1,8kg. The informal egg market constitutes 63% of the total market, 34% is produced by the formal market and 3% is attributed to exports and other egg products. In 2012, SA imported 19% of its chicken requirements.

One of the major challenges facing the industry is rising feed prices. The general issues and challenges in the broiler and egg industries include;

- High cost of capital;
- High feed prices;
- Volatile exchange rate;
- Inability to recover costs;
- Weak consumer demand;
- Export barriers;
- Regulatory framework;
- Soy tariffs; and
- GMO licensing.

To protect its industry, SAPA has cultivated good working relationships with government and built partnerships to create a comprehensive poultry strategy as well as carry out collaborative research. The Association also took time to look into WTO objectives versus bilateral trade measures to get a clear understanding of the distinction between fair and free trade as well as productivity versus competitiveness.

Mr Lovell highlighted the need to lobby both leaders in the Ministry as well as legislators to ensure that the country's regulatory environment encourages local production and ensures that foreign producers do not capitalise on the export market at the expense of local production.

Key Outcomes of the Forum

Despite the challenges being faced by the poultry and egg industries, there is a great potential for the industry to improve and to tap into new local and regional markets. For industry to realize its full potential there is need:

- To build and strengthen partnerships between public and private sector stakeholders as well as taking a collaborative approach in crafting and reviewing policies and legislation;
- To contribute to food security, income generation, job creation and livelihoods;
- To train, build capacity and put extension programmes in place to educate farmers and improve poultry management;
- To boost local production of grains, consequently improving feed prices and competitiveness of poultry production in the country; and
- To improve access to finance.