

THE ANIMAL FEED TO POULTRY VALUE CHAIN IN ZAMBIA

By

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Outline

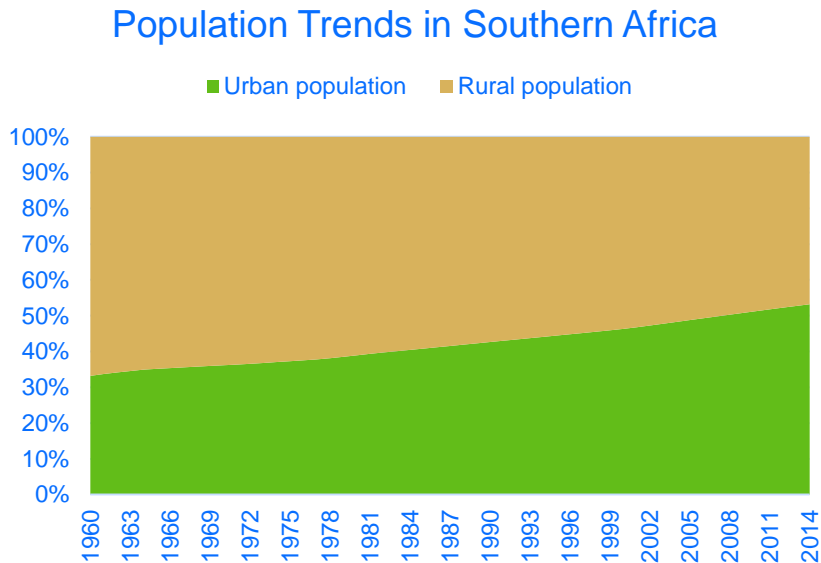
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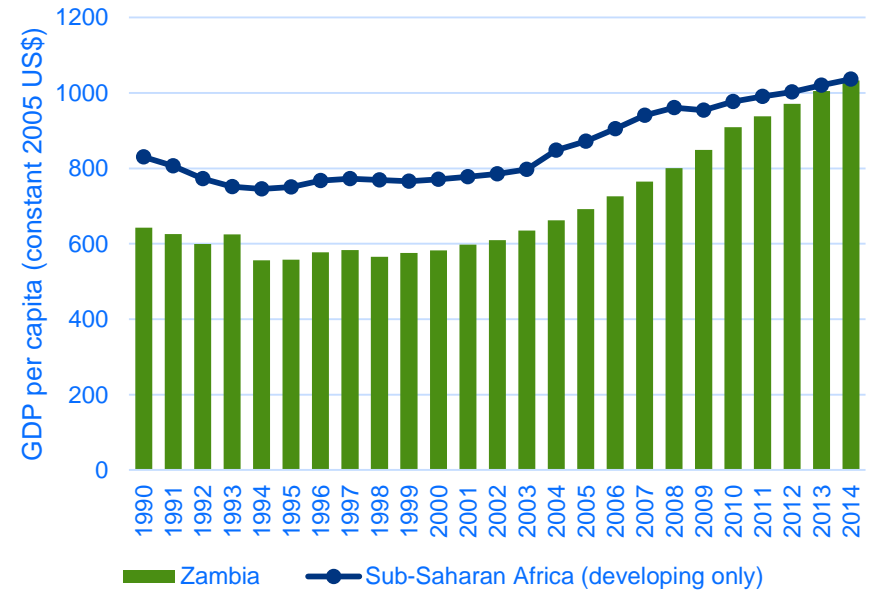
Rapid demographic and income changes in Southern Africa

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Population growth and Urbanization



Rising Incomes

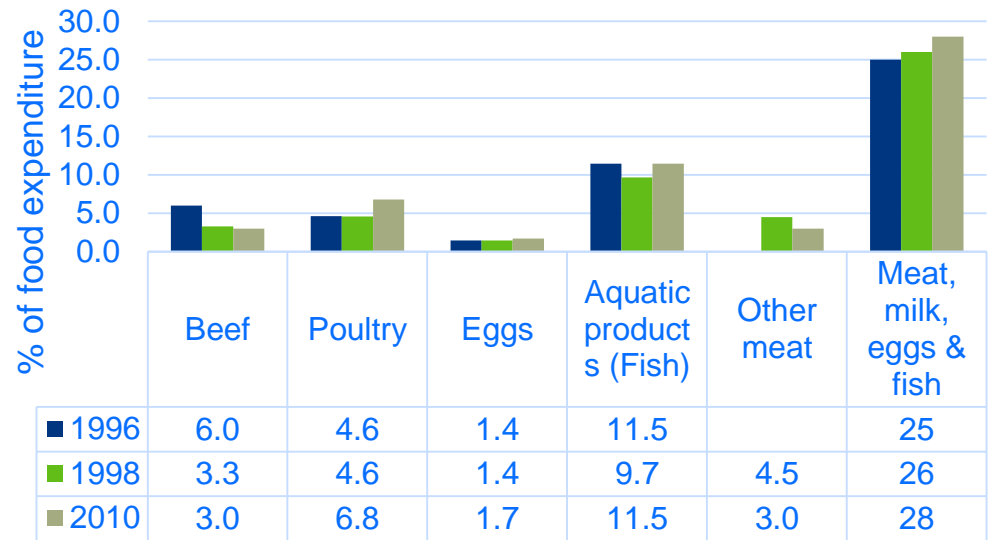


Source: World Bank

Trends are likely to lead to diversification to higher value commodities and industrialization

Increased demand for agricultural produce

Changing consumption patterns



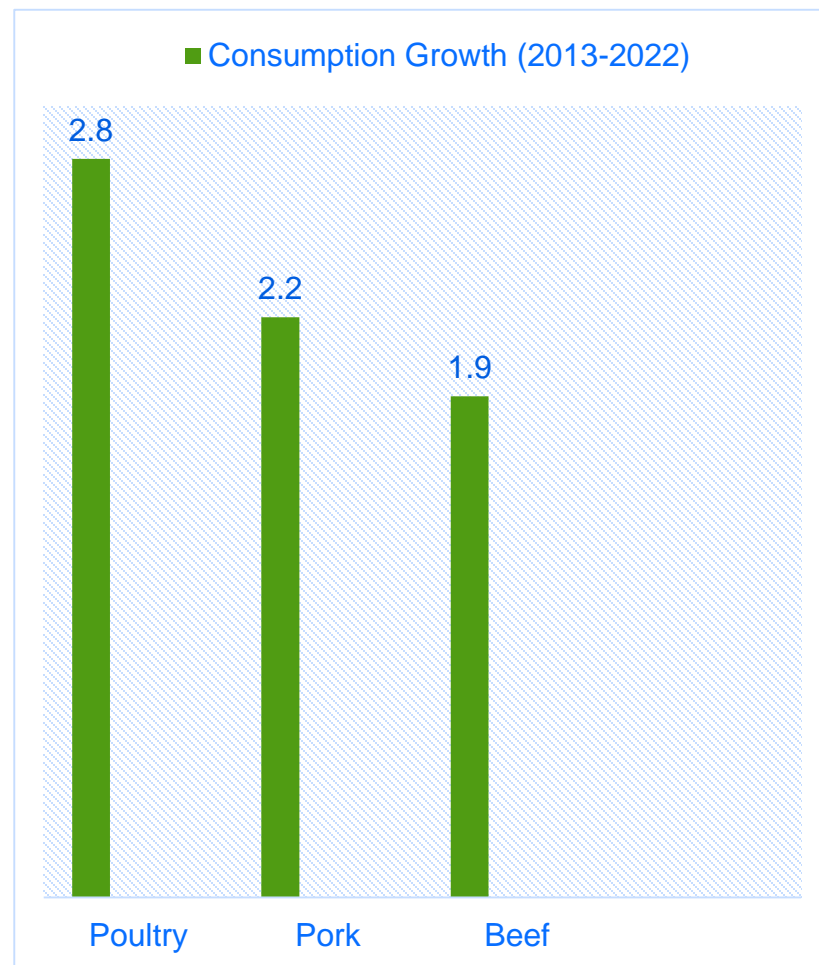
Source : Chisanga and Zulu-Mbata, (2016)

The poultry industry offers opportunities for industrialization and rural transformation

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It has exhibited rapid growth in many Southern African countries, with demand for poultry exceeding that of other products.

Its strong linkages with animal feed and feed inputs present opportunities for rural development.



Industry Overview-Zambia

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Animal feed to poultry value chain has evolved from very few players—to one involving several multinational companies

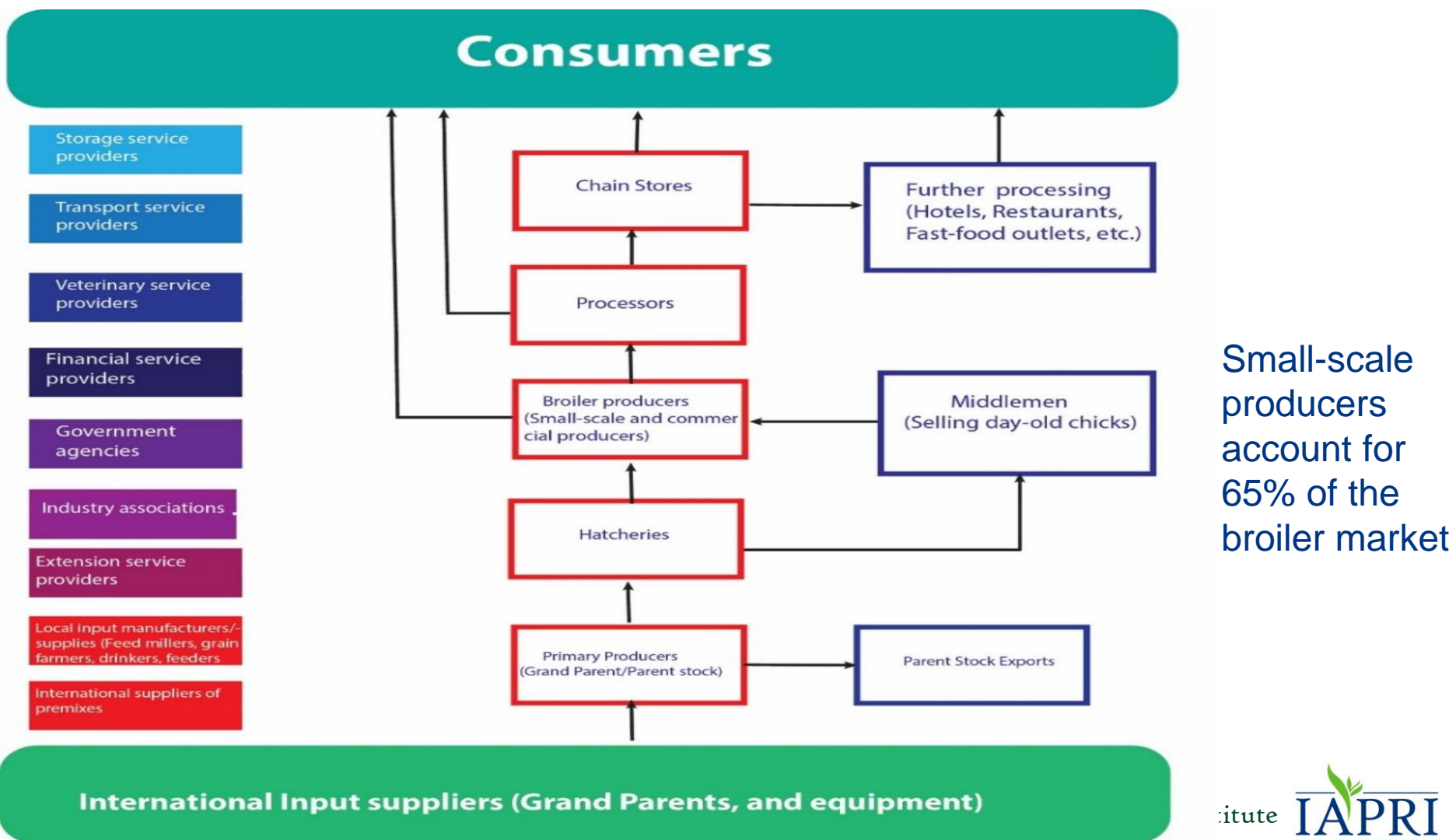
Rapid annual growth in the poultry industry averaging 8%

Triggered investments by existing and new firms in both animal feed and poultry

Competition has increased increasing product quality and driving product prices downwards

Broiler value chain

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Small-scale producers account for 65% of the broiler market

....Industry overview-animal feed

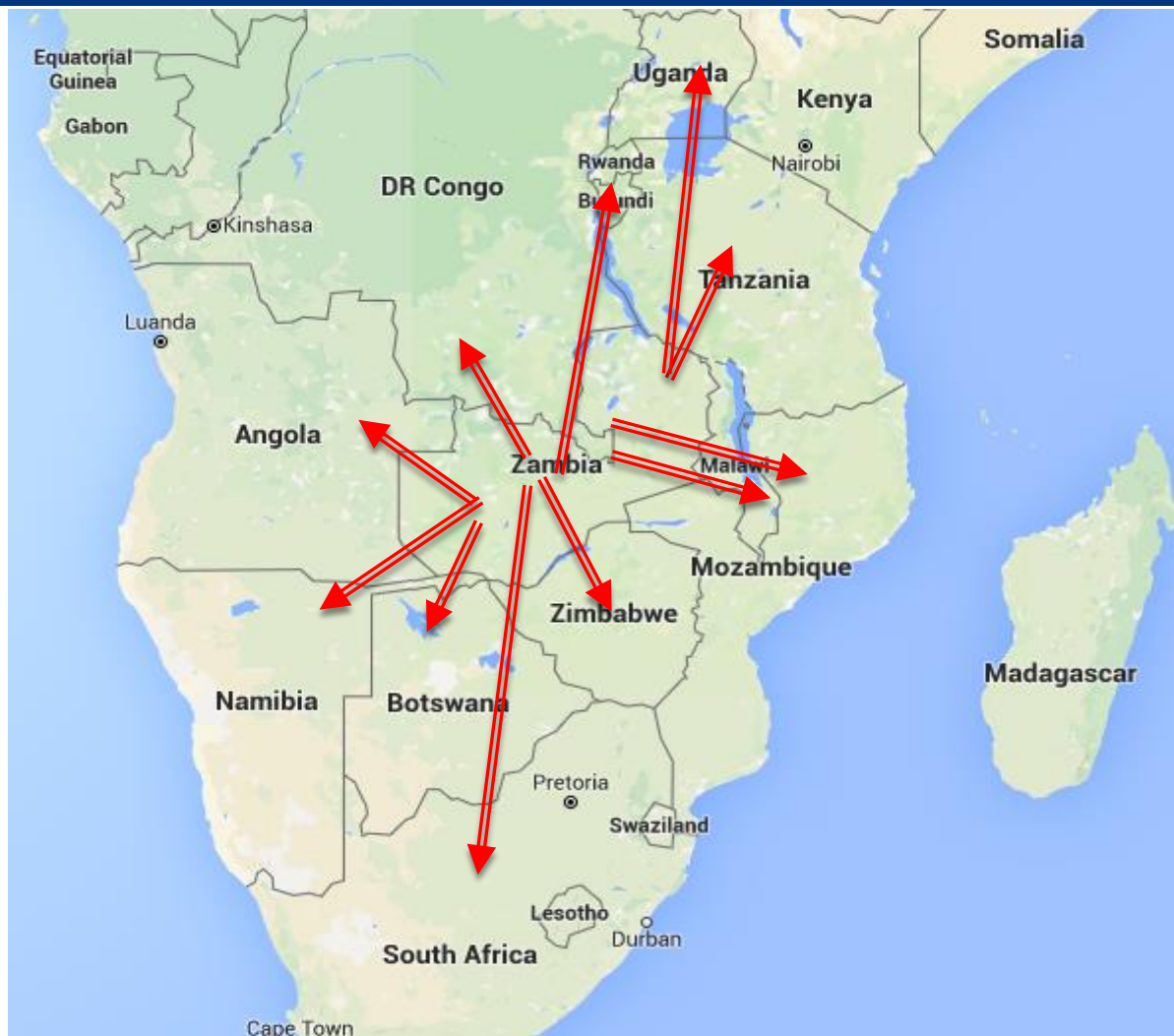
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- Growth of the poultry industry has triggered investments in animal feed
- Numerous players, some with forward linkages in the poultry value chain
- About 65-70% of produced animal feed is for poultry
- Capacity utilization is not maximum among some firms, implying the possibility of gains from full capacity utilisation



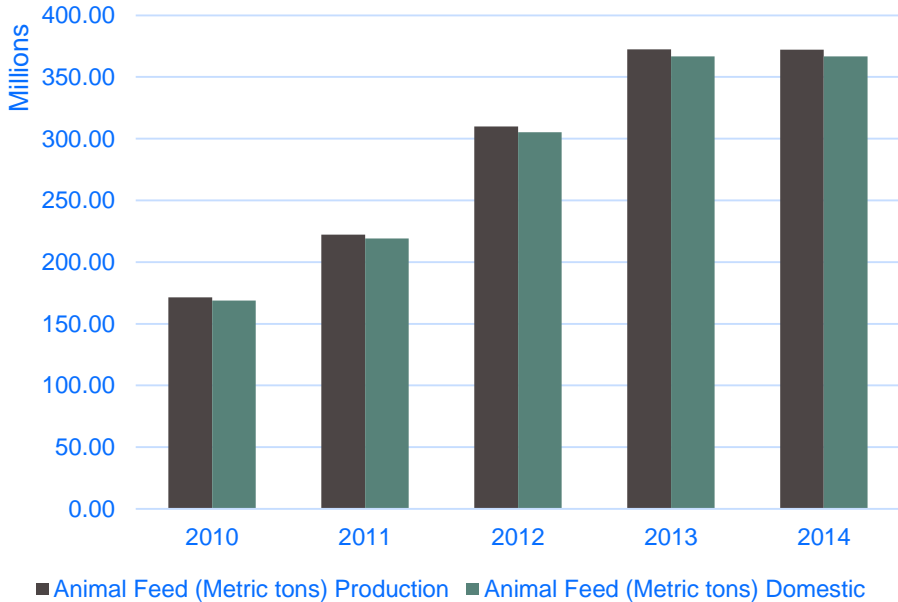
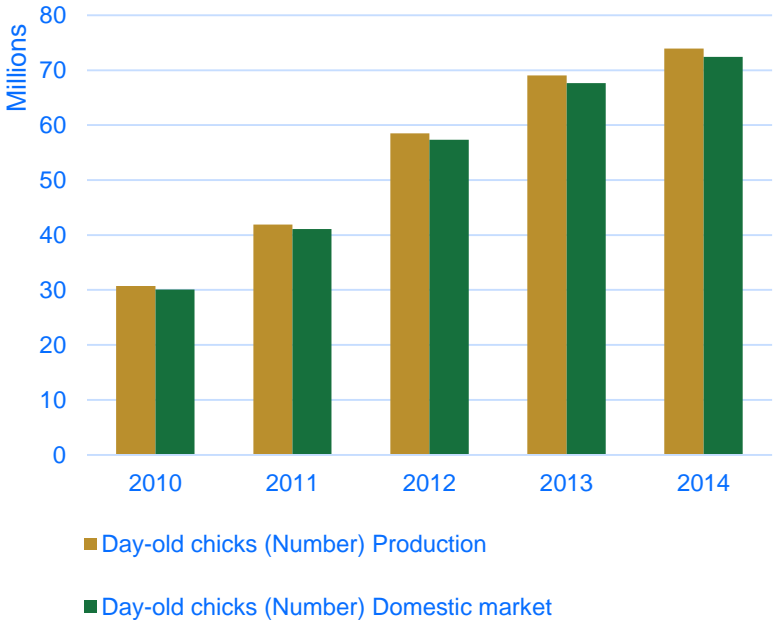
Opportunities for trade

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Low production levels and competitiveness limit exports

- Most output in the animal feed and poultry industries is locally absorbed rendering minimal exports.



Feed and Poultry Exports by Destination

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	Animal Feed	Day-old chicks and Hatching Eggs
Botswana	X	
Burundi	X	
Democratic Republic of Congo	X	X
Kenya		X
Malawi	X	X
Mozambique		X
Namibia	X	X
Rwanda	X	
South Africa	X	
Tanzania		X
Zimbabwe	X	X

- Table Eggs are exported to Angola, Ethiopia, Kenya, Malawi and Zimbabwe

Can Zambia Supply Southern Africa With Animal Feed and Poultry Products?

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- Animal feed and feed input production levels and productivity remain very low, but improving.
- Even poultry products are produced in small quantities.
- Worse, these may not compete with cheaper inputs coming into the region from other countries.
 - Except for exports to a few countries north of Zambia.
- There are some local threats to product competitiveness.

Threats to competitiveness in the feed to poultry value chain

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- Multiple currencies for maize and soyabeans trade
- Power shortages (short-term and recurring)
- Un-refunded VAT(16%)

- Low soyabean production levels and rising regional demand is pushing prices upwards
- FRA maize price policy greatly affects the price of maize both locally and regionally—this has the largest effect on poultry costs given its share in production costs

Conclusion

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Global demand for food is likely to be met through imports.

Agricultural productivity growth will be key to meeting this food demand and driving rural industrialization as it frees up labour from agriculture.

Existing challenges in the animal feed to poultry value chain limit the extent to which Zambia can participate in regional industrialization.

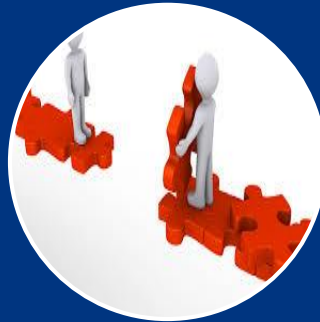
This leaves a large market in the region unexploited. With trade limited to countries north of Zambia.

Steps towards rural transformation and regional industrialization in poultry

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A good starting point is finding innovative ways of enhancing competitiveness of Zambian products.



Address existing industry issues that are creating inefficiencies.



Limit maize price volatility by reducing government's role in the maize market.



A long term solution: increase agricultural (maize and soy beans) productivity. Quickest avenue is via commercial production



Thank You

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For more information see our websites at:

<http://www.iapri.org.zm/>



The broiler value chain

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