MARKET STUDY ON INVESTMENT OPPORTUNITIES OF ZAMBIAN POULTRY SECTOR IN DOMESTIC AND REGIONAL MARKETS

Wed 8 July 2015
GOAL OF MARKET STUDY

To generate market intelligence on investment opportunities in poultry sector to improve competitiveness of Zambian poultry in domestic and regional markets – precursor to attract investment from Dutch businesses.
SPECIFIC OBJECTIVES

i. Identify best investment opportunities in poultry value chain

ii. Identify attractive segments based on current and projected demand

iii. Estimate size of poultry market in Zambia and market size in Katanga region of DRC

iv. Provide information on import tariffs and non–tariff measures on poultry products entering Zambia.

v. Estimate total value and quantity of imported poultry products
vi. Provide information on tariff and non-tariff conditions on poultry products entering DRC

vii. Identify opportunities in Zambia’s poultry industry that can be tapped by Dutch companies

viii. Identify other needs and services required by Dutch investors
Geographical location of Zambia
## Basic Data on Zambia

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Capital</strong></td>
<td>Lusaka</td>
</tr>
<tr>
<td><strong>Other main cities</strong></td>
<td>Ndola, Kitwe, Livingstone</td>
</tr>
<tr>
<td><strong>Area</strong></td>
<td>752,612 sq. km.</td>
</tr>
<tr>
<td><strong>Population</strong></td>
<td>13.1 million (CSO, 2010)</td>
</tr>
<tr>
<td><strong>Average annual growth rate</strong></td>
<td>3%</td>
</tr>
<tr>
<td><strong>Official Language</strong></td>
<td>English</td>
</tr>
<tr>
<td><strong>Monetary Unit</strong></td>
<td>Zambian Kwacha</td>
</tr>
<tr>
<td><strong>Exchange Rate</strong></td>
<td>1 Euro = ZK7.4 (June 2015)</td>
</tr>
<tr>
<td><strong>Annual Rate of Inflation</strong></td>
<td>7.1% (June 2015)</td>
</tr>
<tr>
<td><strong>GDP Growth Rate</strong></td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>GDP per Capita</strong></td>
<td>US$1,080.96 (2014)</td>
</tr>
<tr>
<td><strong>Zambia’s neighbours</strong></td>
<td>Democratic Republic of Zambia, Tanzania, Malawi, Mozambique, Botswana, Namibia, Zimbabwe and Angola</td>
</tr>
<tr>
<td><strong>Main industries</strong></td>
<td>Minerals mining (copper, cobalt, manganese), agriculture, tourism and manufacturing</td>
</tr>
<tr>
<td><strong>Natural Resources</strong></td>
<td>Land, water, woodlands, minerals</td>
</tr>
<tr>
<td><strong>Agricultural products</strong></td>
<td>Crops - Maize, Cotton, Wheat, Soya; Livestock – Cattle, pigs, goats and poultry</td>
</tr>
<tr>
<td><strong>Regional Bodies membership</strong></td>
<td>Southern African Development Community (SADC), Common Markets for East and Central Africa (COMESA)</td>
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Definitions of Study Concepts

**Poultry** refers to chickens, ducks, geese, pigeons, guinea fowls, rabbits and turkeys. For this study, it refers to commercial broilers and layers.

**Value Chain** refers to combination of organisations, people, activities, information and resources required to create a product or service and move it from supplier to customer. Poultry value chain includes primary and secondary producers, traders/sellers, service providers and consumers.

**Purposive Sampling:** The researcher chooses the sample based on what they think would be appropriate for the study. In this study, visiting districts along the line of rail as these are the poultry producing areas.
APPROACH AND METHODOLOGY

Review of relevant literature – PAZ Report presented to 2015 AGM, CSO Reports, ZRA Tax Booklets,
Face to face Interviews with key stakeholders using an open ended questionnaire
Visit to poultry and feed milling plants
Attended PAZ AGM held on 19 June 2015
Visited ZRA, CSO, MAL, MCTI stands at 2015 ZITF in Ndola to scout for required data
Field visits to Southern Province (Mazabuka, Monze, Chama, Kalomo and Livingstone) and Copperbelt (Ndola, Kitwe and Chililabombwe (Kasumbalesa Border with DRC) and Central province (Mkushi).
STUDY CHALLENGES

As bio-security measure, almost all poultry farmers targeted could not allow the researchers to visit their poultry houses

Non – existence of key poultry data even with main value chain players (especially Ministry of Agriculture and Livestock)
MAJOR PRELIMINARY FINDINGS

Main Poultry Value Chain Players

i. **Primary Producers** *(Breeders, Hatcheries and Feed Millers)*

- Hybrid Poultry Ltd
- Ross Breeders Ltd
- Tiger Feeds Ltd
- Zamchick Ltd
- Panda hill hatcheries Ltd
- Maize producers (small and commercial farmers)
- Soybeans producers (predominantly commercial farmers)
- Feeder Millers (e.g. National Milling, Pembe Milling, Choma Milling, Olympic Milling, Novatek, Tiger Feeds)
ii. Secondary Producers (*Poultry growers*)

Broiler farmers (small scale, medium & Commercial farmers and corporate entities)

Layer Farmers (small scale, medium & Commercial farmers and corporate entities)
iii. Importers/Wholesalers

Livestock Services Coop. Society Ltd

Corporate entities e.g. Zambeef
Commercial farmers
Processors

Copperbelt Chickens
ZamChick
Country Choice

Traders/Sellers

Open market sellers
Chain Stores
Small traders
Extension Service Providers

Ministry of Agriculture and Livestock
Livestock Services Co-operative Society
Breeders/Hatcheries/Feed millers

Training Providers

MAL Agricultural Colleges (NRDC, ZCA – Monze & Mpika, Co-operative College etc.)
University of Zambia & Mulungushi
Faith-Based Training Institutions (Eg Chipembi Farm College)
Poultry industry - related institutions

Zambia National Farmers Union
Poultry Association of Zambia
Transporters

Import and Export Facilitators/Regulators
Zambia Development Agency
Zambia Revenue Authority
Ministry of Agriculture and Livestock
Ministry of Commerce, Trade and Industry
Consumers

Household consumers
Hospitality industry (hotels & lodges) and Fast Foods
Institutions of learning (Colleges, Universities)
Foreign market (SADC and COMESA countries)
Possible investment opportunities in poultry

• Breeding and hatchery with improved technology
• Feed manufacturing with modern technology
• Slaughtering and processing equipment
• Supplying Pre – mix and additives
• Turn key projects in layer production
• Improved housing equipment (ventilation, climate control equipment)
• Alternative heating and brooding systems e.g. solar system
• Promoting production and processing (vertical integration) in poultry industry
## Poultry Market Size

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<tr>
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<tbody>
<tr>
<td>Broiler Consumption per Capita</td>
<td>4.8 Kg (PAZ Estimate)</td>
</tr>
<tr>
<td>Estimated Total National Demand</td>
<td>62.9 million Kg</td>
</tr>
<tr>
<td>Total Annual Production</td>
<td>81.4 million Kg</td>
</tr>
<tr>
<td>Estimated Export</td>
<td>18.5 million Kg</td>
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# Poultry Market Size

<table>
<thead>
<tr>
<th>Population</th>
<th>13.1 (CSO 2010)</th>
</tr>
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<tbody>
<tr>
<td>Egg Consumption per Capita</td>
<td>66 Eggs (PAZ Estimate)</td>
</tr>
<tr>
<td>Estimated Total National Demand</td>
<td>864.6 million Eggs</td>
</tr>
<tr>
<td>Total Annual Production</td>
<td>1.1 Billion Eggs</td>
</tr>
<tr>
<td>Estimated Export</td>
<td>235.4 million Eggs</td>
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Poultry Growth Projection

According to PAZ 2014 Annual Report, poultry growth achieved during the year under review was 8 – 10% per annum. This growth is due to the following factors:

• Increase in the population (growth rate of 3.0% per annum)
• Increase in income earning class (middle class)
• Changed taste for white meat
• Cheaper source of proteins compared to beef and pork
• Demand for dressed chickens
Estimation of poultry market in Katanga Region of DRC

Katanga Region originally covered 496,962 sq.km with estimated population of 10.5 people (2010 DRC Government).

Rich in natural resources with 34% of the world cobalt reserves and 10% of the world copper.

Also rich in zinc, lead, and uranium, gold and tin. Very little farming taking place in the region due to civil wars

Depends largely on agricultural products from neighbouring Zambia which are accessed through legal trade and smuggling
## Katanga Region Poultry Market Size

<table>
<thead>
<tr>
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<th>10.4 million (2010 Estimate)</th>
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<tr>
<td>Population of Katanga Region</td>
<td>10.4 million (2010 Estimate)</td>
</tr>
<tr>
<td>Egg production per capita</td>
<td>4 Eggs (FAO)</td>
</tr>
<tr>
<td>Estimated regional production</td>
<td>41.6 million eggs</td>
</tr>
<tr>
<td>Estimated regional consumption</td>
<td>83.2 million eggs</td>
</tr>
<tr>
<td>Estimated Shortfall</td>
<td>41.6 million eggs</td>
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<td>2.08 million Kg</td>
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Applicable import tariffs and non tariffs on poultry products entering Zambia

Imposed the following tariff and non-tariff measures on agricultural products

• Zero rating agric. products and supplies when exported
• Income tax reduced rate of 10%
• Reduced Customs Duty at 5% on pre-mixes, being vitamin additives for animal feed
• Farm improvement allowance at 100% on fencing, brick or stone wall and an allowance of K10,000.00 for farm occupied by farm workers

Being a member of SADC and COMESA has signed trade agreements for free trade with fellow member countries. However, reinforces stringent procedures by MAL (SPS certificate)
Katanga Region’s tariff and non – tariff conditions

• DRC is a member of regional economic bodies - SADC and COMESA which aim at enhancing trade among member countries and fostering economic integration. These regional bodies advocate for abolition of trade tariffs among member countries.

• However, non - tariff barriers in member countries such as import/export quotas and standards imposed. Stifle trade among member countries.
Investment opportunities that can be tapped by Dutch companies

Small and Medical scale Poultry farming sector
• Poultry farm equipment
• Ventilation and climate control equipment
• Non-gas heating and brooding systems
• Solar heating systems
• Water equipment, incl. water treatment equipment
• Feed manufacturing equipment (small and medium size)
• Poultry slaughter equipment (small and medium size)
• Hatching equipment (small and medium size)
• Poultry feed
• Poultry feed premixes and additives
• Poultry know-how
• Technical and economic hands on training
• Development of professional local training capacity
• Poultry drugs and vaccines
Investment opportunities that can be tapped by Dutch companies

Corporate poultry production sector
• Feed manufacturing equipment (large scale)
• Poultry slaughtering and processing technology
• Hatchery equipment (large scale)
• Premixes and additives
• Turn key projects, layers (cage systems; large scale)
• Day old chicks (layers)
• Professional education/training programs

Small scale, village chicken, production sector
• Simple heating systems (non gas systems)
• Small hatchery equipment (solar equipment)
• Simple feed formulation programs
• Development of applicable training/extension materials
Other needs and services by Dutch investors

• Skilled and competent personnel to operate imported and advanced technology in order to derive benefit from the added value of the technology
• Stable economy and predictable exchange rate
• Improved infrastructure (road network, power supply)
• Easy import and export procedures
• Availability of reliable poultry statistics (exports and imports)
Recommendations

• Implementation of Vertical integrated model in poultry industry
• Contract growing concept by commercial farmers and corporate entities
• Move from sale of live birds to processed broiler meat
• Improved poultry disease monitoring and control by MAL
• Establishment of centre of expertise in poultry in collaboration with all key players in the poultry industry
Conclusion

The Market Study has been an eye opener which has been characterised by lack of reliable data. However, there a number of business opportunities for the poultry market in Zambia and the Southern African Region. This will spur and sustain growth of the poultry industry in Zambia.
Thank you for your attention!