



***The Emergence of the
Poultry Industry & the Decline
of Poultry Imports in
Mozambique***

February 2011

Change in market share of broiler importers and AMA over the five years since TechnoServe began its USDA Food for Progress poultry program

2005

Importers: 67%

AMA Members: 33%

2010

Importers: 25%

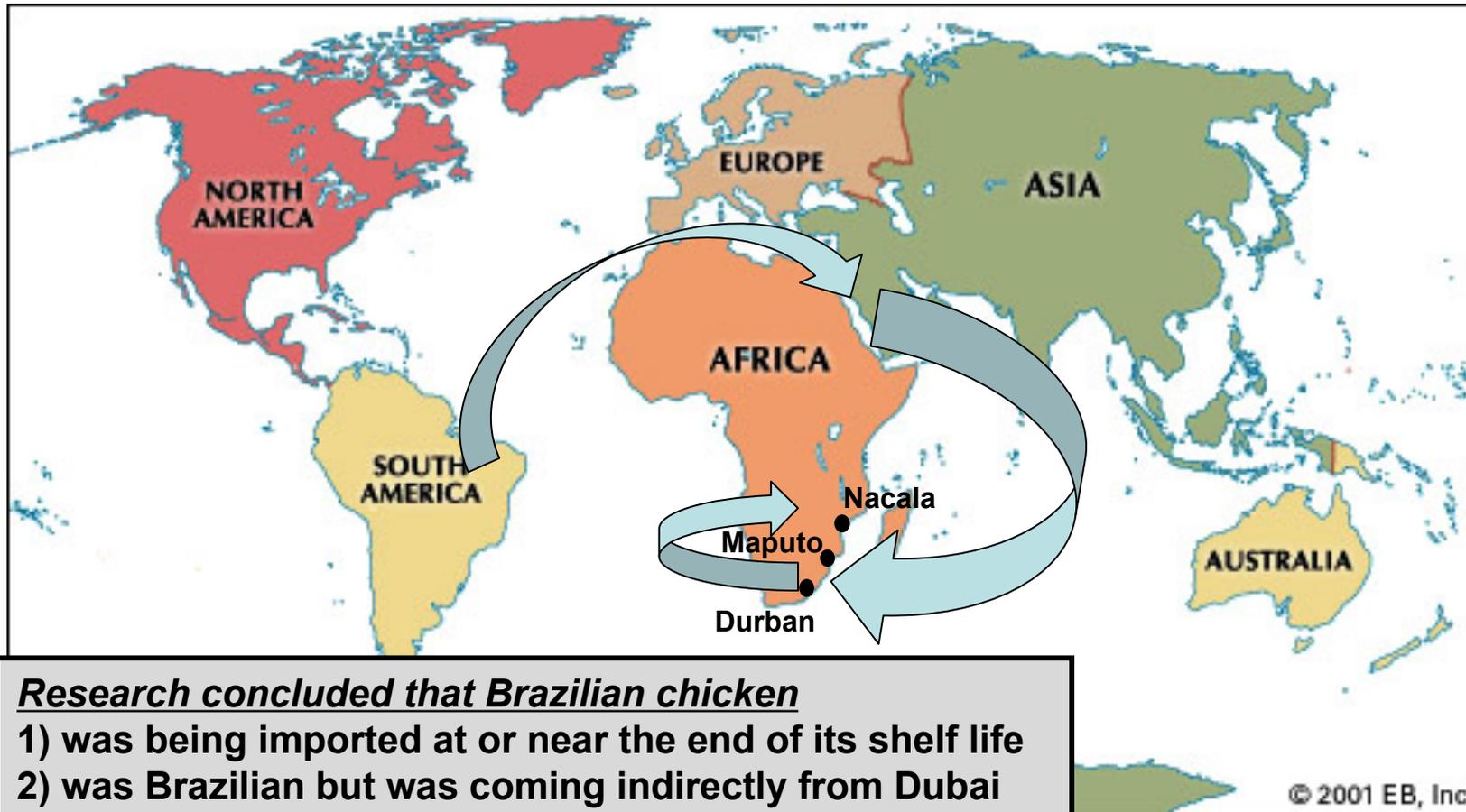
AMA Members: 75%

Expected poultry production for 2010-2012 as TechnoServe's USDA Food for Progress poultry program comes to an end

Year	Production (metric tons)	Imports (metric tons)
2010	41,144	5,186
2011	58,672	.0
2012	76,274	.0

Source: AMA (Mozambique National Poultry Association)

TechnoServe research in 2005 concluded most broilers were being imported illegally into Mozambique



Research concluded that Brazilian chicken

- 1) was being imported at or near the end of its shelf life**
- 2) was Brazilian but was coming indirectly from Dubai after sitting in supermarkets nearly a year or more, and**
- 3) was entering the country without the levy of existing import tariffs or VATs.**

The first step to address this was to create an industry association

The need for an industry association:

“We came from a situation where almost no pressure was coming from the production side, only from the importers. The importers would always demand; they would always say ‘I want this, I want that.’” They are not formally organized, she points out, “but they are always united. When they want something, they will push and they will get it.”

- *Veterinary Services and the orchestrator of the series of roundtable meetings*



“That first meeting was a nightmare. Someone wanted to beat up someone else; the other one didn’t want to give [his] figures because we are competitors, and so it was difficult to sit all together.”

- *Susana Luciano , Irvine’s Poultry*

Brief overview of A.M.A.’s inception

- **2005-2007:** Series of meetings organized across various provinces to establish an industry development group
- **March 2007:** A.M.A. is founded with Susana Luciano as the president
- **A.M.A. has continuously maintained its stance of supporting imports so long as import regulations are enforced**

Then A.M.A. began a national advertising campaign to promote the nutritional and food safety benefits of eating domestically produced chicken



Print, billboards, TV and other media
Were marketed throughout 21 Mozambican
cities beginning in June 2007

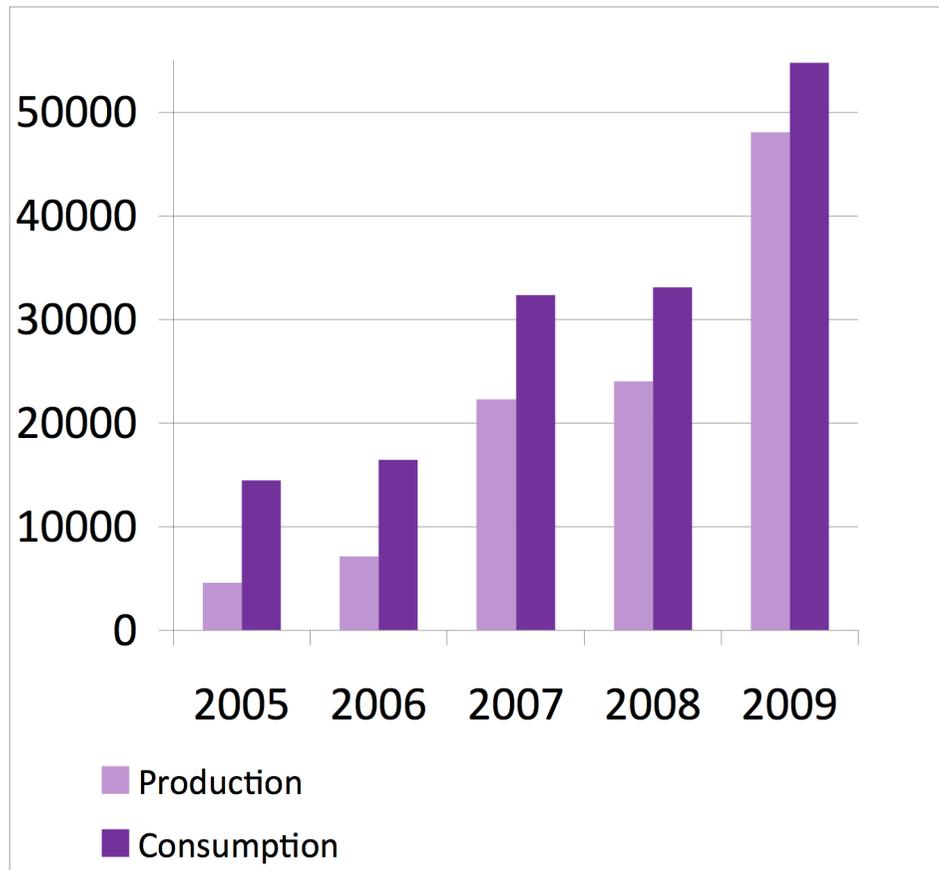
Nacional /Higest Advertisement



The success of A.M.A.'s commercials sparked
poultry companies to piggyback off the 3-D
animated idea

Poultry program increased not only national chicken production, but also demand

Tons/year



From 2006 to 2007, there was a considerable increase in production due to:

- (a) increased hatchery capacity in the North region
- (b) new hatchery companies starting in Maputo region
- (c) Center region's main producer increasing number of day old chicks by 60,000/week

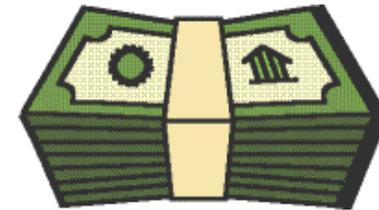
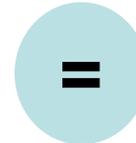
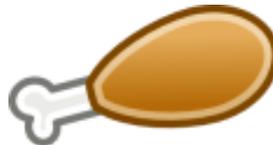
In 2009 alone, the poultry industry generated approximately US\$ 160 million for the entire value chain

That equals approximately MZN 4.3 billion

In 2009 48,061 tons of domestic chicken were consumed



The average consumer purchase price of chicken was around 90 MZN/kilo



Or approximately USD 160 million¹

Economic impact of at least 3 times more with indirect industries, increase in purchasing power, etc to cotton and production, generated US\$ 27 million² and 45 million³, respectively



¹ Using exchange rate of USD 1 = MZN 27 (in April/09 was USD 1= MZN 25, in December/09 was USD 1 = MZN 29)

² Source: National Institute of Cotton (IAM); <http://cafezambeze3.multiply.com/journal/item/10531/10531>

³ <http://nandiwe.blogspot.com/2010/09/mocambique-economia-cresce-com.html>

Poultry generated more than 70,000 jobs (FTEs) with additional 20,000 from reduction of imports*

Number of hired workers:

- Industry: 3,000 + 385
- Smallholder Family Poultry Farms: 5,000 + 333
- Smallholder Feed Grain Producers: 64,800 + 21,600
- Total: 72,800 + 22,318 = 95,118

Assuming 5 people per family, that's an improvement in 475,000 lives

Not including other supporting industries e.g. producers of plastics and packaging boxes, equipment, medicine, salesmen, etc) and service providers



* To produce additional 1000 tons/month
Source: AMA (Mozambique National Poultry Association)

Main industry development initiatives (TechnoServe + USDA Food for Progress + Private + Public Sectors)

1

Capacity building at various levels

Training

- TNS gave “training subsidy”¹ to larger poultry companies for each new small poultry farmer added in their extension program
- Government training (coordinated with TNS) of inspectors for abattoirs → each abattoir has a public inspector
- TNS training of production technicians for private and public sectors

Abattoir capacity

- TNS supported construction of abattoirs in the Center and South regions

Access to credit/financing

- Credit line of MZN 20 million created between government and partnership with major commercial bank to benefit 7 integrated companies and 44 poultry producers, with low interest rates (10%/year) - pilot rolled out in Maputo since Oct/2010, to be expanded to other provinces

2

Development of local input industries

3

Bio-security and disease prevention

Offer of TNS training subsidy continues in the new Agro Forestry program

¹ U\$ 500/family to cover training costs and U\$ 1000/first completed cycle

Main industry development initiatives (TechnoServe + USDA Food for Progress + Private + Public Sectors)



Increase internal production

- Increased the number of local soy producers, through partnership with other organizations and pilot year program of soy value chain development. In 2008/9, production of soy was 5,750 tons, and in 2009/10 season was already 7,300 tons, increasing domestic production of soy by 27%

Program now continued with Soy Program funded by Gates Foundation, with the objective of reaching 30,000 farmers in 3 crop seasons, producing 29,600 tons of soy

Main industry development initiatives (TechnoServe + USDA Food for Progress + Private + Public Sectors)

1

Capacity building at various levels

2

Development of local input industries

3

Bio-security and disease prevention

- Government active and passive disease vigilance - collection of sample sent to National Laboratory and South Africa; vaccination for Newcastle for small holders and monitoring of private sector vaccinations
- TNS supported bio-security investments of private companies (e.g. fences for Irvine's hatchery and new breeder flocks)
- The percentage of fertilized eggs produced in Mozambique went from 20% to 40%, reducing the need for imports, therefore reducing biohazard risk

Key challenges



- Decrease costs of production
- Increase abattoir capacity
- Reduce sales of live chicken

Local demand for soy still surpasses production

Further reduction of bio-security risks

AMA strategic plan going forward



- **Capture funds to finance AMA's executive staff through membership encouragement and other, e.g. surcharge on day-old-chicks**
 - **Continue to work with government to create a favorable legal and fiscal environment for poultry and feed grains**
 - **Work with Ministry of Agriculture to improve technical, legal and institutional assistance to small producers, e.g. strengthen ADAM and build lab for poultry/grain quality assurance and disease control/study**
- **Increase abattoir capacity in all regions**
- **Work with Public Works Ministry to improve roads access to domestic grain production areas, e.g. North and Center regions**
- **Promote reduction of sales of live chicken (due to health safety issues)**

One of the main competitive advantages of Mozambique is the potential to produce comparatively low-cost maize and soy

Thank you!

