Abstract

In 2001, poultry production in Egypt and other middle-income countries totaled 37.5 million tons, compared with 29.3 million tons in high-income countries and only 3.6 million tons in low-income countries. The interaction between Egypt's domestic production and imports of meat and feeds—and government policies and their effect on the poultry industry—provides an example that may be applicable to other middle-income countries. This study projects Egypt's poultry and egg consumption in 2010, estimates poultry numbers (live birds) needed to satisfy this demand, and projects the derived feed requirements for the sector. Results indicate that Egypt's poultry industry is highly dependent on feed imports, with a dependency rate approaching 100 percent for soybeans and 48 percent for yellow corn in 2010. As Egypt and other middle-income countries face the challenge of greater liberalization under the World Trade Organization, the efficiency of domestic poultry industries will influence consumers, producers, and exporters competing to sell products into these growing markets.

Keywords: Egypt's poultry industry, eggs, derived feed demand, elasticities, world meat consumption, world meat production, trade policy, middle-income countries, high-income countries, low-income countries, world consumption and production of meats and eggs

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Cover photos of live chicken and egg markets courtesy of Fawzi A. Taha.
Executive Summary

In 2001, poultry production in middle-income countries totaled 37.5 million tons, compared with 29.3 million tons in high-income countries and only 3.6 million tons in low-income countries. During 1961-2001, world poultry meat output increased nearly eight-fold, but output in middle-income countries rose more than twelvefold.

While income growth fuels rising demand for meat in middle-income countries, other factors often determine how that demand will be satisfied. Domestic and trade policies, as well as resource constraints, affect the mix between domestic production and imports of meat and feedgrains. Policies also shape the structure and efficiency of domestic industries. In some middle-income countries, Russia, for example, the removal of subsidies led to a significant reduction in domestic meat production, accompanied by increased meat imports. In China, growing demand has led to significant increases in feedgrain imports to support growing domestic production and some exports. Brazil, by contrast, has sufficiently expanded to allow growth in both domestic consumption and exports of both feedstuffs and poultry to world markets.

From this perspective, Egypt represents an interesting example of the interaction between domestic production and imports of meat and feeds in middle-income countries. Egyptian Government policies and their effect on the poultry industry provide valuable lessons applicable to other middle-income countries regarding policies and trends that could affect the poultry industry. Income growth in the 1980s, coupled with consumer subsidies and price controls, led to significant imports of poultry. By the end of that decade, however, subsidies of domestic production led to falling poultry imports and rising domestic production, along with rising feedgrain imports. Privatization of the poultry industry in early 1990s, in turn, fueled more efficient production and increased imports of feedgrains and soymeal, while producers were protected from import competition through high tariff barriers for imported poultry. In the early 21st century, Egypt—like many other middle-income countries—faces the potential challenge of greater liberalization under the WTO, and the efficiency of its domestic poultry industry will influence domestic consumers, producers, and exporters competing to sell either products or intermediate inputs into this growing market.

This study projects Egypt's poultry and egg consumption in 2010, estimates poultry numbers (live birds) needed to satisfy this demand, and projects the derived feed requirements for the sector. Econometric models provide estimates of the own-price, cross-price, and income elasticities used to project demand for poultry and eggs.

Although not one of the world's top consuming or trading countries in the poultry and egg market, Egypt accounted for about 30 percent of U.S. agricultural exports to the North Africa/Middle East region in 2001. Egypt has become increasingly dependent on foreign markets to meet its domestic demand for feed and food, particularly since the beginning of the 1990s. Demand for poultry and other livestock products has grown faster than Egypt's feed production, which contends with limited amounts of suitable pasture-land, arable land, and water. By 2010, Egypt will likely rely on imports for nearly all of its soybeans and 48 percent of its corn.

In 2002, Egypt's poultry producers imported feedstuffs for their flocks while high tariffs restrained meat imports. But full trade liberalization under World Trade Organization (WTO) rules could soon open the Egyptian market to imports of both feedstuffs and poultry meat from the United States and elsewhere.