

Factors Affecting Prospects for Egypt's Poultry Sector

Productivity is low in Egypt's poultry sector and great advances could occur with improvement in management practices, feed efficiency, and the adoption of new technology to achieve higher productivity. These include modernization of feed manufacturing plants and improvement of feed rations. Efficiency could increase further with increased private sector adoption of advanced production techniques and management skills. Also crucial would be substitution of recognized breeds of broilers and egg-layers for Balady breeds, which would reduce the amount of feed per bird and increase the number of broiler cycles per year, improving the offtake rate. Offtake is the proportion of inventory that goes to slaughter each year. Higher offtake rates contribute to higher levels of efficiency and reduced production costs. For example, a commercial-breed broiler in Egypt needs about 50 days to reach a live weight of 1.63 kg, consuming 3.8 kg of feed (dry-matter basis). In contrast, a Balady broiler needs 120 days to reach the same weight and consumes 8.1 kg of feed. Risk-averse farmers prefer to raise Balady breeds because they are more resistant to heat and diseases than commercial birds, and farmers are ready to pay for extra feed as a premium. Consumers also pay a price premium (10-15 percent) for Balady chicken. Currently, the broiler offtake rate in Egypt is low compared with other countries, but could rise by 20-30 percent.

Another possibility for the Egyptian poultry sector to improve performance would be to increase the average weight per bird. Consumers currently prefer a carcass weight of slightly over 1 kg. However, since changes in consumers' tastes and preferences progress slowly, current slaughter weights for broilers and other poultry types are assumed unchanged over the forecast period. Yet, heavier birds produced over a shorter time period would provide a major vehicle for increasing sector performance.

Finally, at the same time the poultry industry is expanding, Egypt is becoming more dependent on imports of yellow corn, soybeans, and soybean meal from world markets. Import demand for these commodities is projected to strengthen in the future, based on the increase projected for per capita demand for poultry meats and eggs as a result of continued economic growth. Egypt's increasing dependence on world markets could represent a substantial burden on its trade balance in the future.

All corn imports are yellow corn, and domestic cultivation of yellow corn is not anticipated to expand substantially from its current share of 3 percent of total corn production to meet rising future demand. Development of new corn hybrids and cultivation of high-yield varieties cannot be assumed, despite the country's fertile soils and dependable irrigation systems.

Factors that could reduce feed requirements per pound of meat for Egypt's poultry include breeding programs to improve characteristics of the traditional Balady birds and replacing Balady operations with commercial operations using imported breeds. In addition, better managers with improved resources are the ones most likely to shift from Balady to commercial poultry meat and egg production. Historical trends indicate that this is gradually happening, but it could be accelerated by introducing commercial breeds that have been developed over many years in the United States and Europe. Use of this genetic stock would lead to higher efficiency and lower production costs, particularly as improvement translates to lower total metabolizable energy and crude protein requirements.

Egypt's limited arable land and pastureland created competition between food crops for human consumption and feedgrains, oilseeds, and green fodder for animal feeding. Domestic and trade policies, as well as resource constraints, affect the mix between domestic production and imports of either meat or the feedgrains required to produce it. From this perspective, Egypt presents an interesting example of the way in which these factors interact. The country's "Economic Opening Era" of the early 1980s led to significant poultry imports. Subsidies for domestic production led to falling poultry imports and rising domestic production, along with feedgrain imports. The phasing out of government consumer subsidies and price controls that started in the late 1980s, coupled with the privatization of the poultry industry beginning in 1991, fueled more efficient production and significantly increased imports of feedgrains and soybean meal, but in an environment that offers producers substantial protection from competing imports. Now as Egypt—like many other middle-income countries—faces the potential challenge of greater liberalization under the WTO, the efficiency of its domestic poultry industry will be a topic of great interest to domestic consumers, producers, and exporters competing to sell either poultry products or intermediate inputs into this growing market. Currently, the country is a net food and feed

importer, as more than half of domestic food and feed consumption is imported. Egypt has become a large international buyer of agricultural commodities and the largest U.S. market in the Middle East, accounting for nearly a third of total U.S. agricultural exports to the Middle East/North Africa region in 2000. For

years, U.S. grains dominated Egyptian imports of wheat and corn, with market shares ranging between 71 and 92 percent during the 1990s [43]. Most imports from the United States consist of foodgrains, feedgrains, oilseeds, oilseed meals, vegetable oils, and livestock products.