

15th Poultry
Kn**wledge**
Day 21 NOVEMBER

SHAPING THE FUTURE OF INDIAN POULTRY SECTOR

How can India become a Major Poultry
and Egg Exporter
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Five Key messages

- ❖ Partnership is **ESSENTIAL**
- ❖ Trust and Credibility are **FUNDAMENTAL**
- ❖ Define target markets, **KNOW** your competition and your competitiveness
- ❖ You **MUST** be profitable
- ❖ It will not happen **OVERNIGHT**
- ❖ **AND A STRONG DOMESTIC MARKET IS VERY USEFUL!**



Partnership – Who are The Partners?

- ❖ Government – Policy, Diplomacy, Regulatory Agencies
- ❖ Trade Associations – Producers, Exporters (Sometimes ONE body like Brazil)
- ❖ Companies

- **I REFER TO THIS AS AN EXPORT INFRASTRUCTURE**



BRAZIL

- Strong association ABPA with independent CEO Ricardo Santin who has excellent transit at all levels of Government.
- Exports dominated by BRF, Seara (JBS), and 3 cooperatives
- Very little growth in past decade.
- Now HPAI is a potential danger



USA

- Strong association **USAPEEC**, for many years led by Jim Sumner
- Producers association is **National Chicken Council** (NCC)
- Some funding from USDA
- Often use State Department to help
- Very strong lobby in Congress



Trust and Credibility

- The Credibility of a country often depends on the **worst** player!
- We have seen what has happened when trust and credibility are eroded.
 - **Thailand** – Bird Flu in 2004. Kept out of key importing markets (and led to big increase for Brazil) of Japan and EU for raw meat exports for 10 and 8 years respectively. Had to change rapidly to further processing. Big Investment!
 - **China** – Melamine crisis in 2009 and “KFC Instant Chicken” in 2013 severely hit China market share for further processed products into Japan, opening opportunities for Thailand
 - **Brazil** – “Carne Fraca” scandal in 2017 is still affecting exports of some companies into the EU



Consequences of loss of Trust

- Approval of new **export** plants that used to be carried out by the government agencies such as MAPA in Brazil and DLD in Thailand now had to be done by EU auditors.
- So both MAPA and DLD are now much stricter in their control of exporting companies and **Third Party independent** auditing is often the rule. Thailand is a good example of strong independent auditing – From feed mills to processing and further processing AND today Social audits.



Now ESG will be an additional challenge



Know your markets and competition

- **Four big global exporters**

Brazil – Over 4.6 million metric tons of poultry meat exports to 151 countries. A low cost producer, with access to low grain costs and excellent technical performance.

USA – Over 3.8 MMT to over a 100 countries but only 15 important. Mainly export parts not popular with US consumers (leg ¼ and feet).

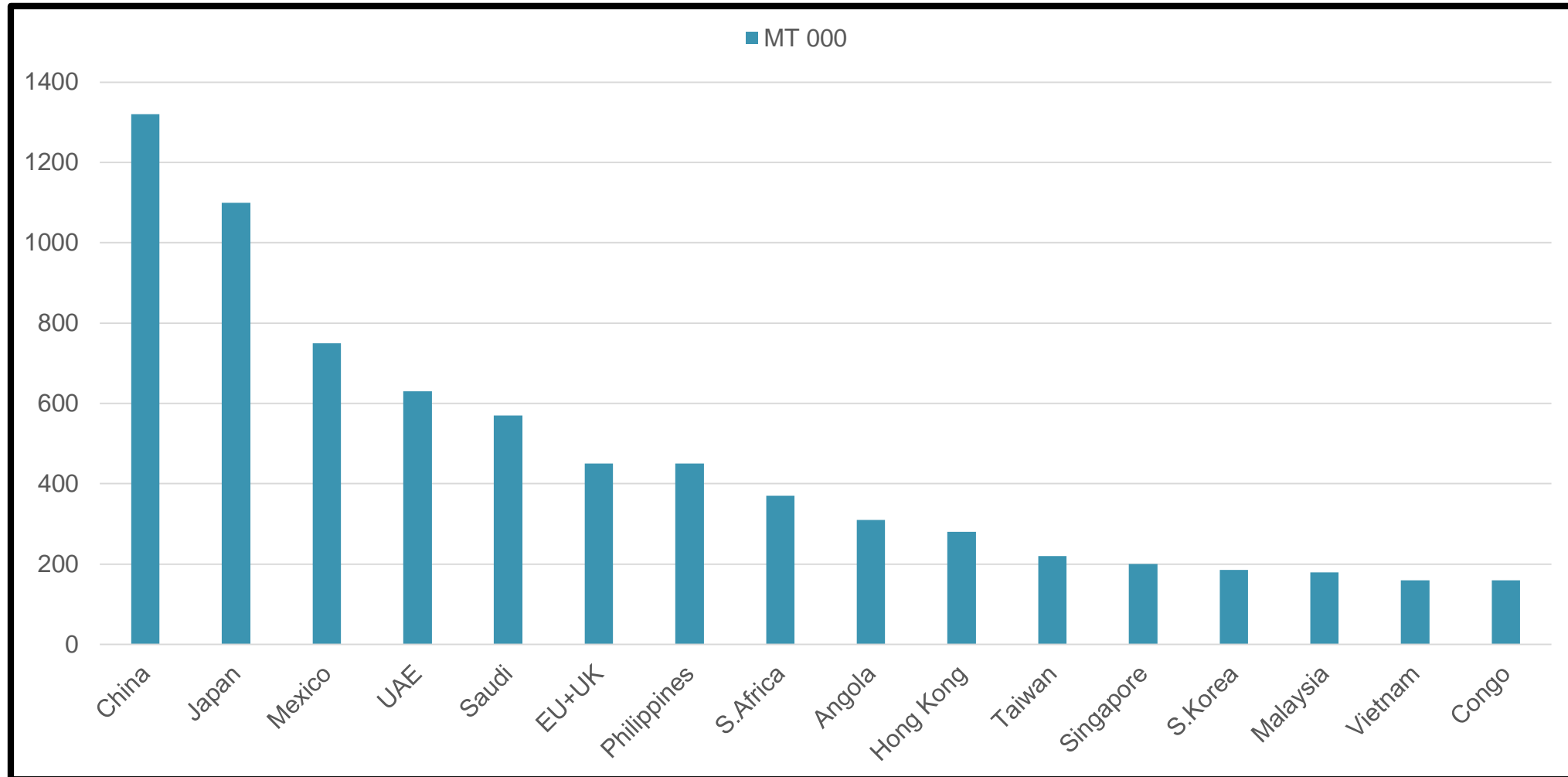
Thailand – Over 500,000 MT of further processed products mainly to Japan and EU. Two of three largest exporters are multinationals, Tyson and Cargill and there are many Japanese JV. Over 400,000 MT of raw products to Japan, EU, China and Malaysia.

Europe – 1.1 MMT, mainly exporting parts not popular in Europe

- **HOW BIG IS THE AMBITION OF INDIA?**



Main Importers 2022 in MT 000



SOURCES: intracen.org **and** Individual country customs websites where available

But previous graph has lots of data – but no information

China imports 49% mid wings 24% paws -- 43% from Brazil 26% from USA

Japan – Mostly Boneless legs for raw, complex products in further– **Raw** 75% Brazil 25%

Thailand Further 63% Thailand 35% China

Mexico – Mostly Chilled leg quarters from USA – Over 85% from USA

UAE and Saudi – about 75% whole birds and 25% breast meat. Brazil biggest market share



Recently the Confederation of Indian Industry has published an excellent paper:

VISION 2047

**INDIAN POULTRY SECTOR,
BUT FOR AN EXPORTER.....**

....the world is going to look very different in 2050

	2017 - %	2050 - %	MIILIONS
N.AMERICA	7.4	7.1	+ 120
S.AMERICA	5.5	5.1	+ 70
AFRICA/M.EAST	18.6	27.4	+ 1,200
EUROPE	11.1	8.4	- 38
ASIA	53.8	48.6	+ 578
OCEANIA	0.3	0.3	+ 6
JAPAN*			- 19
CHINA**			- 77
INDIA			+ 375
18 AFRICAN COUNTRIES			+ 750



and don't forget !
**MANY GLOBAL CONSUMERS
WILL JUST NEED
SOMETHING AFFORDABLE
TO EAT!**



**Not like this lady
who can afford to
choose.**



**What's in it? She
knows what she doesn't
want in it!**

**Where does it
come from?
How is it made?**

STARTED DEC

19

THE LAST FIVE YEARS HAS SEEN A LOT OF DISRUPTION
AND THIS HAS CHANGED THE TRADE ENVIRONMENT

A TALE OF THREE VIRUSES

STARTED AUG

18

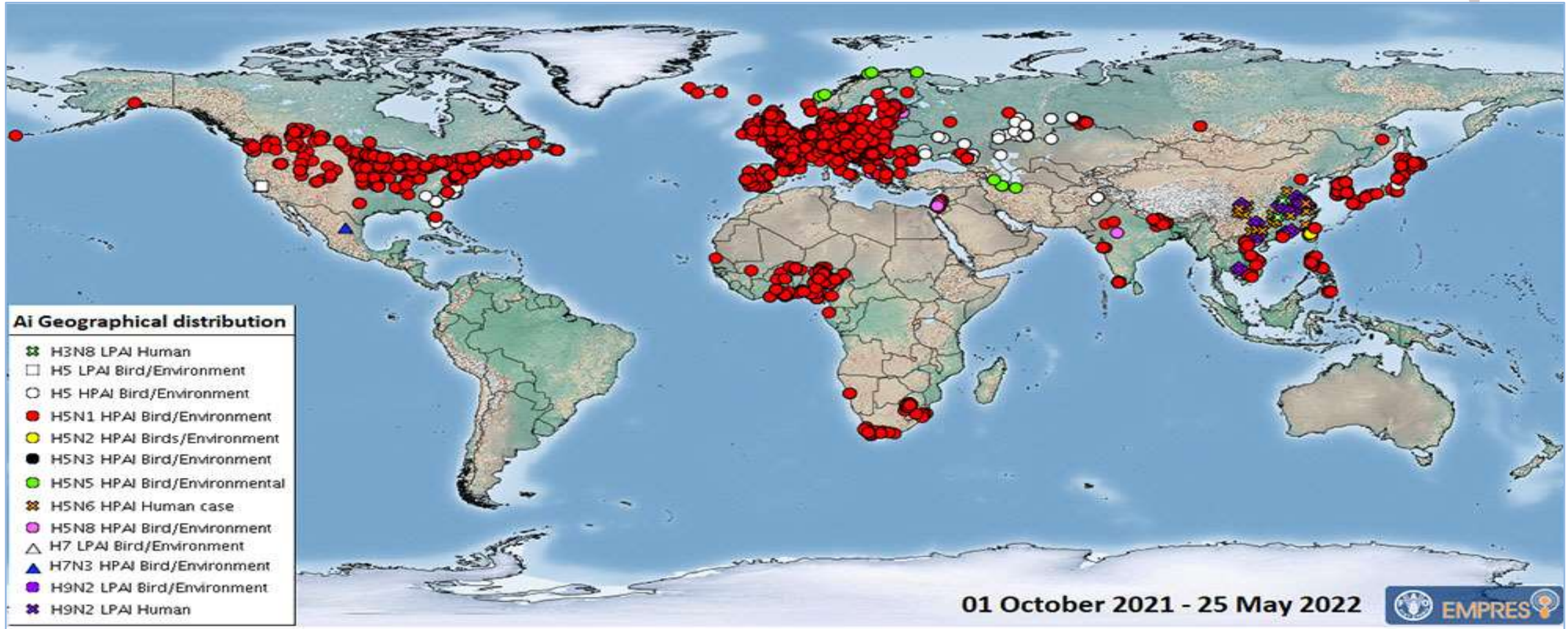


COVID CREATED THREE TYPES OF DISRUPTION

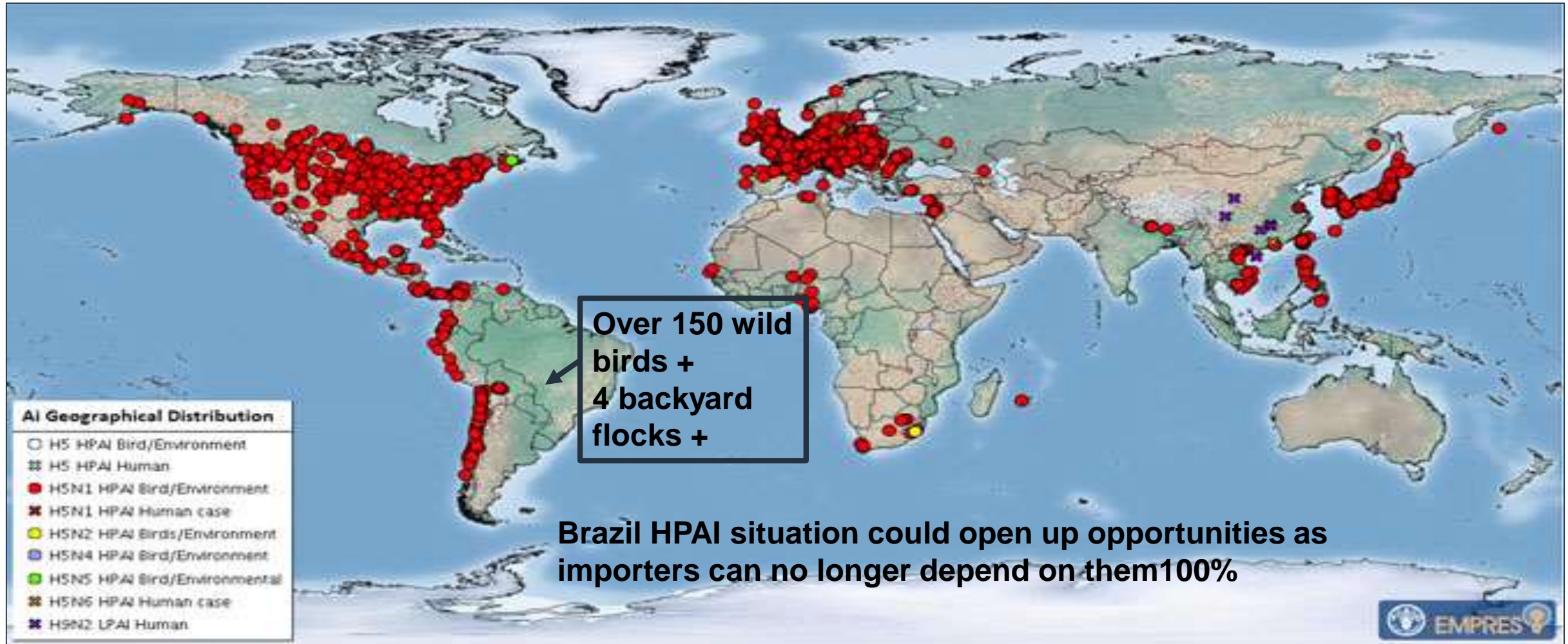


AND SOME ARE PERMANENT

HPAI May 22



HPAI Today



India - Current

- Currently exporting very little poultry meat with whole birds to Bhutan (100% market share), Bahrein (number 4 supplier), Maldives and chicken parts to Bhutan, Bahrein and Malaysia. **But major exporter of Dairy and Buffalo meat**
- Large investments will have to be made in processing plant capacities to become a major player. As more wet markets are closed these investments will be needed anyway.



India - Future

- **Decide what products (whole and/or parts) and what markets.** Companies must decide how big they want to be and over what period they want to achieve their target
- Main competition in gulf countries Brazil and Thailand – Need to be Halal. In South East Asia, Thailand is main competitor.
- **Companies will need to have more detailed plans to support the justifiable optimism to attract investors and/or arrange long term financing.**



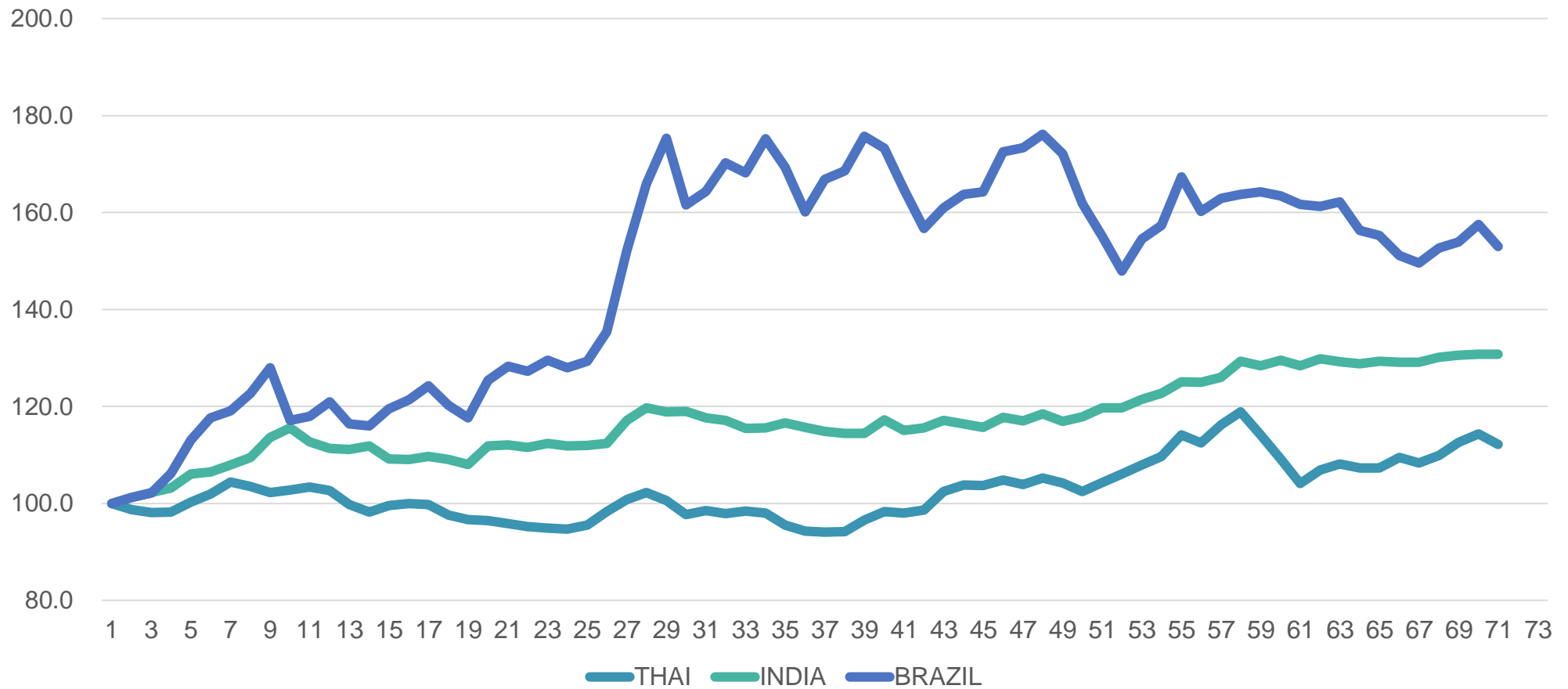
Challenges - Costs

	Brazil-Parana	Thailand	India
Maize per MT	12,300	21,600	19,250-23,000
Soybean Meal (48) per MT	40,600	49,000	46,500
Live Bird into Plant per KG	67	88	78-99

- Costs are in INR
- **Prices are usually based on C&F so need logistic costs to port – Thailand INR 37,000 per 40' container Brazil 66,400 and sea freight costs.**



Exchange rates (indices) 1/1/2018 = 100



Challenges – Bio Security-Food Safety-Innovation

Question – Will all importing countries accept audits carried out by Indian official agencies? India has over 700 KFC outlets and 350 McDonalds outlets so suppliers to these food service companies will have satisfied their high standards.

Keep abreast of all new technologies that are emerging with digitalization and use of artificial intelligence.



- Financial Challenges – (From an ex-banker!)

- Companies need a strong **Balance Sheet**.
- Not every year will be good. Certain to have at **least one bad** year in a decade.
- Will need access to **long term** finance.



DNA OF SPEAKER



50%.

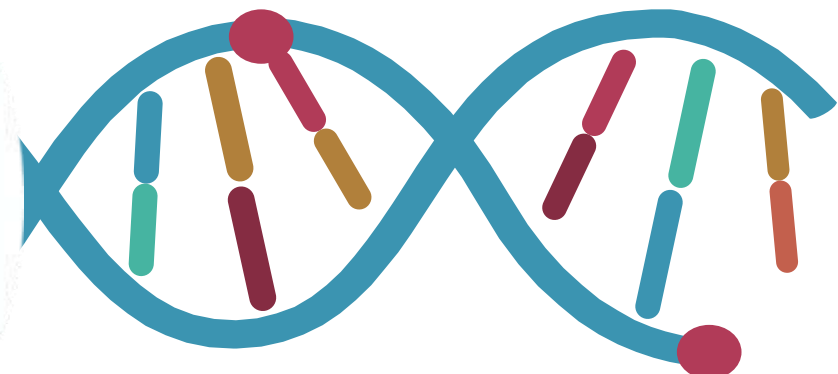
50%.



50% IS FINANCIAL



**GORDON'S
GENETIC
MAPPING.**



50% IS A CHICKEN

Thank You
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