Near east growth potential of poultry

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By
Ibrahim Soliman¹ and H. EL Issawi²

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There is considerable evidences for increasing the number of eggs and poultry projects in the near east countries during the next 20 years. The average daily intake of animal protein in this region is around 12.2gm/ person, while it reached 47gm in developed countries. The recommended daily requirement determined by the Food and Agriculture Organization of the United National is 29gm. A relatively high population growth rate, increasing income due to the shooting up of oil prices associated with high-income elasticity for animal products are major factors behind the increasing demand for animal protein between now and the end of this century. The rise in demand is far greater than what can be met from possible expansion in cattle, sheep, goats and buffalo production. In addition, the traditional poultry industry cannot develop quickly enough to fulfill the increasing demand for animal protein. Therefore, the only way in which the supply of animal protein could be increased to match the demand is through an expansion in intensive commercial poultry production.

A development program for 18 Near East countries has been drawn up by H. F. El-Issawi and I. Soliman which aims at raising average annual per caput consumption from current 4.4kg of poultry-meat and 56 table-eggs to 12.8kg and 128 eggs by the year 2000. Three regional projects are proposed to support the overall development program, which, being responsible for supplying feed ingredients and mix, breeding stock and equipment² to their specific regions.

A joint Arab fund of $3.5 million is required to finance the proposal over the period but it is pointed out that this represents less than 5% of the expected value of animal product, which will be imported into the 18 countries up to the year 2000. However, to make the proposed program effective, co-operation is required between the 18 countries to solve many problems, which will arise relating to trade, pricing and marketing policies of the commodities involved. Co-operation will also be required in the fields of training and veterinary services.

Only seven of the concerned 18 countries reached an annual average consumption of animal products are above the world averages. Such averages about 20kg of red meat, 5.5kg of poultry, 100kg of milk 18kg fish and 118 table-eggs. However, these countries depend, largely on imported...
animal products. They will continue to do so as long as the annual demand for these products is expected to grow at 6%, while the growth rate in production around 2-3% from 1977 to 2000. It is estimated that these 18 countries will spend about $76 million on imports to meet the growing demand for animal products until the year 2000.

The major element in a development program for intensive poultry production is the availability of funds to finance construction, modern technology and required infrastructure, in particular, that needed for processing and marketing the end products. The eighteen countries were classified according to their capability to finance the proposed program:

1) Completely auto-financed: Bahrain, Iraq, Kuwait, Qatar, Saudi Arabia, United Arab Emirates and Libya,
2) Partially auto-financed: Jordan, Lebanon, Oman, Syria, Egypt, Morocco and Tunisia. In these instances, only part of the necessary investment can come from these countries. The rest is provided from outside sources.
3) Completely outside financed here available funds from domestic sources are not capable to provide significant finance for poultry program. These countries are the Arab Republic of Yemen, Sudan and Somalia. The proposed poultry program would have to be totally financed from outside these countries.

The proposal envisaged the setting up of completely integrated broiler and egg Projects. Each broiler project would have a production capacity of about six million birds a year while each egg unit would produce 15 million eggs per year. Estimated investment costs for each broiler project built from 1980 to 1985 and 1985 to 2000 were $5.6 million and $8 million, respectively. The corresponding figures for each table-eggs enterprise were $1.5 million and $2.0 million for the same periods. Each project would include parent stock farms, a hatchery, production farms, a feed mill and processing plant in broiler project or egg-packing plant in layers project.

The estimated annual rate of return to investment would not be less than 21% from each project. The whole program would be supported by the aforementioned three regional plans. This proposed that:

1) The regional project dealing with feed may be located in Lebanon, or Tunisia or Jordan. Such supporting regional project could cut feed costs by 15-20% at current values. The preliminary estimate for the capital requirement for this regional project is about $200 million.
2) It is also suggested that the regional projects for grandparent stock farms for broilers and layers may be located in Iraq and/or Syria and/or Egypt at investment costs of about $190 million.
3) The third regional project to manufacture (under license) poultry equipment would be sited either in Syria, Lebanon, Iraq, Tunisia or Egypt at a cost around $135 million.

These three regional schemes could be established as joint ventures with international companies. Even though, the proposed program for the 18 countries would cost an estimated $8840 million up to the year 2000 (see tables 1 and 2) it represents only little more than 10% of the anticipated cost of imports of required to fill the gap between the cumulative home-produced animal products and demand for till the year 2000. Excluding the investment costs in the seven oil-producing countries, the total foreign Finance needed would be $2975.5 million for the sum of each country projects and $525.0 million for the three regional projects, reaching a total of $3500.5 million. The financial institutional framework for joint Arab co-operation for implementing the proposed development program already exists. There are several Arab funds provide financial support to development plans. There are also the Arab company for livestock development in Damascus (Syria) and the Arab authority for agricultural investment and Development in Khartoum (Sudan). These bodies could work together towards creating a joint Arab Authority to adopt and implement the proposed regional poultry programs.

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<th>Country</th>
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<th>Projected per-capita consumption (Kgs)</th>
<th>Additional production required (000) tons</th>
<th>Propose self-sufficiency Rate (%) In 2000</th>
<th>Investment costs requirements (million dollars)</th>
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(... values of less than one million dollars)
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### Table 3: Production Necessities Required For Proposed Development Program

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<th>Country</th>
<th>Total-Feed Requirements</th>
<th>Feed Requirements (G.O.) tons</th>
<th>Protein concentrates and Feed additives</th>
<th>Parent stocks requirement</th>
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(….) Broiler and/or laying hen farms do not provide significant economical scales as incentives for establishment of parent stocks,
References