

Analysis of The Strengths and Weaknesses of Poultry Meat Foreign Trade in Egypt

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ABSTRACT

The agricultural food market is considered one of the strategic markets, because it ensures the provision of food security for the country's population through products that contain animal protein, the most important of which is poultry meat. Poultry farming has great competitive advantages compared to raising large animals, because its production cycle is short (45 days) compared to fattening calves (6 months). Therefore, the capital cycle is higher and thus increased profitability compared to the production of red meat. An analysis of the market potential of poultry meat in Egypt compared to global trends has untapped niches in both local and foreign markets. The most important of which is the lack of self-sufficiency in certain areas of the country in this product, as well as the difference in standards for poultry meat consumption in Egypt compared to the leading countries in this industry, the low level of deep processing in most economic entities, the low share of meat from other countries, and the small export volume of poultry meat. In addition, through SWOT analysis, the strengths and weaknesses of this industry, its potential threats and opportunities, which are recommended to be taken into account when developing a strategy to improve the efficiency of this industry, while also taking into account contributing to the developments of this industry and working to further achieve economic feasibility and expand the possibilities of Target market for poultry meat.

Keywords: Poultry Meat, Foreign Trade, S.W.O.T. Analysis.

INTRODUCTION

The continuous growth and transformation of the livestock sector in general and the poultry sector in particular involves important opportunities for agricultural development, and the Egyptian poultry production sector is one of the secondary branches of the animal production sector, which in turn represents one of the main sectors of the Egyptian agricultural sector, and has great importance in increasing the sources of Egyptian national income, and achieving gains in terms of food security, and given the importance of developing the foreign trade sector for the production of Egyptian poultry meat, where Egypt ranked 71st globally among Exporters of poultry meat in 2021, with an export value of about \$ 2.83 million, distributed as follows, Oman (\$1.22 million), Kuwait (\$

675,000), the United Arab Emirates (\$424,000), Palestine (\$187,000), and Saudi Arabia (\$ 73.5,000), and Egypt imports poultry meat from the world by about (\$81.6) million, becoming the 66th in the world for the same year, distributed as follows: Brazil (\$47.8M), Thailand (\$26.8M), Ukraine (\$6.28 million), the United States (\$368,000), and Russia (\$148,000).

Because the poultry sector is subject to many risks, like any agricultural activity, it has been exposed during the past decade to several difficulties that led to a decline in production, causing fluctuations in its growth. The most recent of which was the detention of fodder in the ports due to the foreign currency crisis and the complications of bank releases, amid a government move to contain these crises, which now threaten an industry that employs more than 3 million workers, with a total investment of 100 billion pounds. Characteristics of S.W.O.T. Analysis: Helps S.W.O.T. through its focus on analysing strengths and weaknesses, identifying opportunities and risks, helping to communicate effectively between markets, and knowing the elements and characteristics of analysis.

Problem of Research:

The problem of the research lies in the fact that the poultry industry in Egypt faces many challenges including, production and marketing issues which prevent the optimal economic use of the resources invested in poultry industry. Exportation problems due to the decline in local production with the non-conformity of specifications for local products with the international standards.

Aims of Research:

The research aims to economically analyse the most important elements of Economic strength, weakness, opportunities, and challenges for the poultry meat sector in general and the Egyptian foreign trade of poultry meat worldwide during the study period (2017-2022).

Research method and data sources

This research is based on the descriptive and Quantitative analysis method to analyze and present various economic aspects in order to analyse the opportunities, possibilities, threats, and obstacles of the poultry meat sector in Egypt during the study period (2017-2022) and then employ them to identify future

solutions to advance this sector and develop Egyptian exports of poultry meat.

Analysis of the strengths and weaknesses of trade exchange between countries:

The S.W.O.T. It is the framework that is used to assess the country's competitive position, so that it identifies its strengths and weaknesses, and identifies opportunities and threats (Al-Zoghbi, 2005) to which you may be exposed. It is also called the S.W.O.T. or the SWAD analysis tool, and this analysis is not limited to projects only, but also includes several other areas such as marketing, human development, and business administration.

This analysis originates from Stanford University experts, which was conducted between 1960 and 1970 under the direction of Albert Humphrey, with the aim of identifying the causes of joint planning failures, the resulting economic problems and how to address them (Görener *et al.*, 2012). This analysis is also suitable for both short- and long-term business plans and is a baseline assessment of what a country can and cannot do, as well as the potential opportunities and threats it may face later. Development of production, consumption, exports and imports of poultry:

❖ The importance of Strengths and Weaknesses Analysis (S.W.O.T. Analysis):

Analysis S.W.O.T. the mission of helping countries improves their position in the market, as its importance stems from the fact that it works to:

1. To identify, maximize and exploit strengths, identify weaknesses, and work to correct and benefit from them (Al-Zoghbi, 2005).
2. Explore good opportunities and take advantage of them in developing their international markets, in addition to studying potential threats to the product, and working to avoid them.
3. Develop alternative, complementary plans, emergency arrangements and work on marketing strategies that are creative and distinctive (Ashton, 2001).
4. Preparing a risk management plan for the marketed product, which helps to measure the performance of the country compared to its competitors in the market.
5. Identify and identify tools that help develop the performance of the state, as it is an important tool to explore opportunities for success and where threats occur.

❖ Analysis elements of (S.W.O.T.) Analysis:

Analysis S. W.O.T. It is an abbreviation for four words in English, which represent the elements on which the analysis is based, and these elements relate to

the external and internal environment of the project, namely:

a) Internal factors affecting the movement of international trade:

Internal factors are represented in each of the strengths that would support and increase the volume and value of international trade, in addition to the weaknesses of the state that negatively affect the volume of international trade exchange, which must be developed and improved.

First: Strengths:

Strengths mean the core competencies of the country, the factors that may make the product more likely to succeed, and also include a strong brand, advanced technology, a high budget, and a strong customer base (Khalil, 1994).

Second: Weaknesses:

Weaknesses mean elements that can reduce country's suboptimal performance, and once weaknesses are identified, the management of the exported product market must take serious steps to reduce their impact and turn them into strengths.

b) External factors affecting the movement of international trade:

External factors include the most attractive opportunities to development of international trade exchange, in addition to the most important external threats and obstacles that prevent the increase in the volume of international trade exchange, which must be improved, so that the volume of international trade exchange can be increased.

First: Opportunities:

Opportunities are external factors that a country can exploit to enhance its power in the market, for example, if customs duties are reduced in a country, this is a good opportunity for the country to export its goods to new markets.

Second: Threats:

They are elements that can harm the product, and if these threats are identified, it is easier for the state to deal with them.

❖ Characteristics of S.W.O.T. Analysis:

First: Helps S.W.O.T. through its focus on analysing strengths and weaknesses, identifying opportunities and risks, helping to communicate effectively between markets, and knowing the elements and characteristics of analysis.

Second: Analysis of the strengths and weaknesses of the development of Egyptian poultry meat exports during the study period (2017-2022):

Below we will review the most important strengths, and the weaknesses, opportunities, and the threat of

(S.W.O.T. Analysis) to develop Egyptian poultry meat exports to the world as follows.

RESULTS

Evolution of production, consumption, exports, and imports of poultry meat:

The stability of food supplies and the possibility of obtaining them are linked to local production, foreign trade, and stocks. Local production is considered the basic foundation of food security (Osman and Abd EL-Moneim, 2022). The value of poultry production reached about 99.3 billion pounds, representing 37.3% of the value of animal production and 13.4% of the value of agricultural production in 2017-2021 (Central Agency for Public Mobilization and Statistics, 2021).

Table (1) displays an increase in the amount of poultry production from about 949 thousand tons in 2010 to about 2085 thousand tons in 2022, reflecting a 119% increase over the year 2010. By studying the general time trend of the development of the amount of poultry production during the period (2010-2022) (Table 2), the statistical significance of this relationship was proven, and it was found that the amount of poultry production has been increasing at an annual rate of approximately 5.5%. The significance of the model as a

whole was proven. The results also indicated that about 72% of the change in the amount of poultry production can be attributed to the element of time.

As for the per capita share, it increased from about 8.6 kg/year in 2010 to about 14.5 kg/year in 2022, representing a 68.6% increase since 2010. When studying the general time trend of the development of the average per capita share during the period (2010-2022) (Table 2), the statistical significance of this relationship was proven as well. The relationship shows that the average per capita share has been increasing at an annual rate of about 3.5%. The significance of the model as a whole was proven, and the results also indicated that approximately 57% of the change in the average per capita share can be attributed to the element of time.

Regarding poultry consumption, it increased from about 979 thousand tons in 2010 to about 2129 thousand tons in 2022, marking a 117.5% increase since 2010. When studying the directional relationship of the development of poultry consumption during the study period (Table 2), it was found that poultry consumption has been increasing at an annual rate of about 5.3%. The validity of the model as a whole was proven, and the results also indicated that.

Table 1. Development of the food balance for poultry in the Arab Republic of Egypt during the period (2017-2022)

year	Local production	Imports	Exports	Available for consumption	Per capita
	K tons	K tons	K tons	K tons	Kg /year
2010	949	35	5	979	8.6
2011	1001	35	2	1034	8.9
2012	1037	60	2	1095	9.1
2013	1187	48	1	1234	10.4
2014	1287	37	2	1322	10.5
2015	1028	99	8	1119	8.6
2016	1007	72	2	1093	8.2
2017	1044	102	5	1142	8.2
2018	1325	57	3	1371	9.7
2019	1758	73	2	1830	12.7
2020	2029	47	2	1951	13.3
2021	2245	48	2	2293	15.7
2022	2085	47	2	2129	14.5
Average	1383.2	58.5	2.9	1430.2	10.6

Source: Ministry of Agriculture and Land Reclamation, Economic Affairs Sector, Food Balance Bulletin, various issues.

Table 2. General trend equations for the development of production, consumption, and quantity of poultry exports and imports during the period 2017-2022

item s		α	β	R^2	F	% growth rate
Quantity of poultry production	K tons	741.7	76.5**	0.72	**28.7	5.5
The amount available for consumption		799.9	75.2**	0.75	**33.5	5.3
Per capita	Kg /year	7.6	0.4**	0.57	**14.65	3.5

**Significant at the probability level of 1%.

Source: Collected and calculated from the data presented in Table (1).

Internal effects of factors Egyptian poultry meat exports during the study period:

The internal factors are represented in each of the strengths that would support the development of poultry production in Egypt, as well as the weaknesses of this sector, which must be developed and improved, or alternatives found so that Egyptian exports of poultry meat to countries in the world can be increased.

The research relied on data issued by the Central Agency for Public Mobilization and Statistics, in addition to the Food and Agriculture Organization (FAO), as well as some Arab and foreign economic research and studies related to the subject of the research.

STRENGTHS OF POULTRY MEAT PRODUCTION;

First: (Strengths) for Foreign Trade of Egyptian Poultry Meat:

- (1) Egypt's Strategic Geographical Location: Egypt is considered one of the most important international trades. The Egyptian producer of poultry meat surpasses its Brazilian counterpart in two points, the most important of which are: the proximity of the distance to most important markets, specifically the Gulf and Europe, and the quality of Egyptian poultry.
- (2) Egypt has exported poultry products to many countries, and Egypt's exports of poultry products are booming in many countries, including Saudi Arabia and Kuwait, thanks to the quality of Egyptian products and their competitive prices.
- (3) Integration of the industry structure and the large volume of investments directed to it. Egypt currently produces 1.4 billion chicks annually. The rural sector produces about 320 million chickens, and Egypt produces about 14 billion table eggs. The poultry industry is labor intensive and employs about 3 million. Its investments 100 billion pounds.
- (4) The absence of monopolistic forces dominating the productive activities in the industry, as large

companies represent about 25% of the total volume of the poultry industry in Egypt, while small farms represent 75% of the industry's volume.

Second: The Weaknesses of the foreign trade of Egyptian poultry meat:

1. High levels of commercial and non-commercial risks, with no short-term credit facilities (less than 60 days), in addition to the appreciation of the dollar against the Egyptian pound.
2. High production costs, logistical costs and health challenges affect Egyptian poultry exports. The high prices of raw feed materials in the Egyptian market, as they are the backbone of the poultry industry and are closely related to the prices of yellow corn and soybeans globally, and as a result of the repercussions of climate change, where the price of a ton of yellow corn increased by 150%, as well as soybeans by 300%, which led to the cessation of many factories from meeting the market's needs of feed, which in turn led to the resort of many breeders to close their farms, as well as breeders of mother-producing herds of chicks, they disposed of herds. The low prices of chicks, which will lead to an almost complete cessation of the industry, which has led to a significant rise in the price of poultry meat (The World Bank, 2018).

External factors affecting the development of Egypt's poultry meat exports during the study period (2017-2022):

The external factors are both the available and the most attractive opportunities for the development of Egypt's exports of poultry meat, as well as the most important external threats and obstacles that prevent the increase of those exports, which must be developed and improved, so that the volume of Egyptian exports of poultry to the world can be increased during the study period.

First: Attractive of opportunities and areas of comparative advantage for the development of Egypt's poultry meat exports:

1. The agri-food market is considered a strategic market because it guarantees food security for the country's population an important aspect in the implementation of the new doctrine of food security is products containing animal protein, including meat, and poultry farming has significant competitive compared to other animal husbandry subsectors in terms of investment attractiveness, and purchase opportunities for the poultry meat, and processed products, and the nutritional characteristics (Roiter *et al.*, 2021).
2. GDP growth, middle class growth and population growth are the key contributing factors to the poultry meat consumption increase. In particular GDP growth in Egypt is expected to average 6% per annum in 2017-2026. According to OECD-FAO Agricultural outlook for 2017-2026, the total poultry consumption in Egypt will increase from 993 thousand tons in 2017 to 1 156 thousand tons in 2026 with per capita consumption staying around 9,2 kg during the whole period. This means that the total volume of poultry meat consumed in 2026 will be 14% more than the volume consumed in 2017. This forecast is very reserved and according to other experts' opinion annual consumption can easily grow between 3 and 7 per cent (FAO, 2017).
3. Commitment to the geographical distribution of slaughterhouses, as the transport, circulation of poultry requires availability of slaughterhouses and their readiness to receive production, which works to reduce the intermediate links between the breeder and the consumer and stabilize prices.
4. Encouraging and supporting small breeders to establish small or medium poultry farms through soft loans or grants, as small farms represent 75% of the volume of the poultry industry.
5. The poultry industry in Egypt is one of the most important food industries that succeeded in achieving self-sufficiency in the poultry meat production and achieving the highest returns from foreign exchange through export abroad, as well as its investment importance, as it absorbs a large number of labours, in addition to its rapid capital turnover, which made it at the forefront of the business that many resort to achieve quick profits.
6. Egypt can export poultry again after a hiatus of more than fourteen years, and after 14 Egyptian facilities were able to obtain accreditation from the World Organization for Animal Health proving that they are free of bird flu. In June 2020, ministry of Agriculture and Land Reclamation stated that the World Organization for Animal Health (OIE)

approving putting Egypt on a list of countries having facilities free of bird flu.

Second: The development threats of Egypt's poultry meat exports to the global market:

1. The presence of unfilled outlets in both domestic and foreign markets.
2. The adequacy of self-sufficiency in certain regions of the country of this product, and the standards of consumption of poultry meat compared to the leading countries. Egypt produces one billion and 400 million chickens annually, which ensures it achieves 100% self-sufficiency, as Egypt has 390,000 poultry grandmothers of the most qualified meat breeds in the world, which contributed to the production of 14 million mothers of chickens in Egypt through Egyptian workers, and the mothers are not imported from abroad.
3. The low level of deep processing in most economic entities, the low share of meat from other countries, the small export volume of poultry meat.
4. Different economic and financial policies and trade and transport insurance systems for each of the countries importing from Egypt, in addition to weak banking activities.
5. The technical specifications and requirements for Egyptian poultry meat products for countries importing from Egypt is non-conformity.
6. Lack of optimal management of economic resources in the development countries, especially the lack of interest in the cash crops they export in their initial form.
7. Lack of infrastructure development and slowdown in the establishment of poultry sector development projects in Egypt.
8. The advancement of poultry industry in Egypt requires building a database for all poultry production farms and building an accurate database on the inputs and outputs of the industry to contribute to development of feasibility studies for new projects.
9. Lack of coordination and marketing, and not all websites affiliated with the international organization have listed Egyptian companies between institutions allowed to export, and this hinders access to new customers.

Some Causes of drop in Local Production of Poultry in Egypt:

Poor feed quality control

The absence of efficient feed quality control associated with feed supply shortages gives an opportunity to provide lower quality feeds at higher

prices which raises production costs and diminishes the net economic return per unit of feed.

In Egypt it is assumed that the private sector offers better quality of feeds at higher prices than the public sector. However, the higher costs of feed purchased from the private sector result in the same economic return per ton of feed purchased from the public sector at lower costs which is assumed as lower quality feed. Accordingly, 'poor quality feed provided to farms contributes to low feed efficiency.

2. Low feed efficiency

From field surveys it was found that the average feed efficiency of broiler farms was 2.7 tons of feed per ton live weight. In developed countries it averages 2 kgs of feed or probably less. Therefore, it is possible to save 25% of the feed costs by improving feed efficiency, i.e. around 14% of the costs of production.

Causes of low feed efficiency are:

- 1) Poor feed quality control
- 2) Lack of large-scale enterprises
- 3) Lack of slaughter-house capacity. This marketing infrastructure leads to selling broilers at the proper time (optimum marketing weight) which reduces feed losses
- 4) Inconsistency of feed delivery to the farms
- 5) Lack of proper technology, such as automated feeding, etc ..., and
- 6) High mortality rates (the field survey showed an average of about 6.4% death rate, while it should not be more than 4%).

3. Shortage in the marketing infrastructure:

Automated broiler processing plants and associated cold storages with offal processing units are important parts of the marketing infrastructure for the broiler industry. It encourages stability in supply and demand and creates consistency and equilibrium in the market. Indirectly such aspects raise productivity by facilitating the sale of broilers at the optimum economic weight thereby reducing the feed consumed by the birds.

RECOMMENDATIONS

Due to the substantial growth of the poultry industry, which has now become the primary alternative source of protein accepted by investors in both the private and public sectors, as well as individuals, there is a notable shift in the economic and social dimensions of this sector. Given the current and future circumstances, it is imperative for the Ministry of Agriculture, agricultural faculties, and research centres to formulate a comprehensive agricultural development strategy. This strategy should encompass the enactment of laws and executive regulations aimed at addressing issues related

to poultry farming and fostering balanced growth within the sector.

To enhance Egypt's poultry meat exports in the global market, several key measures can be implemented. These include quality improvements in poultry products, the advancement of production techniques, enhancements in marketing and promotional efforts, the identification of trading partners in global markets, and the elevation of exports through the implementation of higher health and environmental standards. Export training and the development of export-related skills among farmers and exporting companies are also essential components of this strategy.

One effective approach to market control is the establishment of a poultry exchange, tasked with price determination while ensuring reasonable profit margins for traders and producers. Small-scale producers and intermediaries should consider organizing themselves into larger entities capable of safeguarding their interests within the poultry exchanges. Simultaneously, the formation of a supervisory committee to regulate the poultry industry system, in collaboration with the Poultry Producers Union and the private sector, is crucial. This collaboration can lead to market control, the development of new price control mechanisms, and the organization of marketing and foreign trade activities.

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المخلص العربي

تحليل نقاط القوة والضعف في التجارة الخارجية للحوم الدواجن في مصر

نجوى محمود أحمد قطب

استهلاك لحوم الدواجن في مصر مقارنة بالدول الرائدة في هذه الصناعة، وانخفاض مستوى الإنتاج بمعظم الكيانات الاقتصادية، وانخفاض حصة اللحوم من الدول الأخرى، وحجم تصدير ضئيل من لحوم الدواجن، من خلال تحليل SWOT تبين نقاط القوة والضعف في هذه الصناعة وتحدياتها وفرصها المحتملة، والتي يُنصح بأخذها في الاعتبار عند وضع استراتيجية لتحسين كفاءة هذه الصناعة، مع مراعاة المساهمة بتطورها والعمل على زيادة تحقيق الجدوى الاقتصادية وتوسيع إمكانيات السوق للحوم الدواجن.

الكلمات المفتاحية: لحوم الدواجن، التجارة الخارجية، تحليل S.W.O.T.

يعتبر سوق الأغذية الزراعية من الأسواق الإستراتيجية، لأنه يضمن توفير الأمن الغذائي لسكان البلاد من المنتجات التي تحتوي على البروتين الحيواني والتي من أهمها لحوم الدواجن. تتمتع تربية الدواجن بمزايا تنافسية كبيرة مقارنة بتربية الحيوانات الكبيرة، وذلك لأن دورة الإنتاج لها قصيرة (45 يوم) بالمقارنة بتسمين العجول (6 أشهر) بالتالي دورة رأس المال فيها أعلى وبالتالي زيادة الربحية مقارنة بإنتاج اللحوم الحمراء. أظهر تحليل SWOT إمكانات السوق من لحوم الدواجن في مصر بالمقارنة مع الاتجاهات العالمية وجود منافذ غير مستغلة في كل من الأسواق المحلية والأجنبية. أهمها عدم الاكتفاء الذاتي، كذلك اختلاف معايير