

Required Report: Required - Public Distribution

Date: September 03,2020

Report Number: AO2020-0008

Report Name: Poultry and Products Annual

Country: Angola

Post: Luanda

Report Category: Poultry and Products

Prepared By: Ricardo Dias

Approved By: Laura Geller

Report Highlights:

Post forecasts production to remain stable in 2021, as Angola will be unable to expand due to a lack of foreign exchange and the prohibition of GE feed products. Production consists of backyard chickens and a few commercial farms. With minimal production Angola relies on chicken meat imports which account for 88 percent of consumption. In 2019, Angola was the sixth largest importer of U.S. poultry meat by value (\$150 million). However, due to limited access to foreign exchange and reduced consumer purchasing power, Angola chicken meat imports have decreased significantly in 2020 but are forecast to stabilize in 2021. The United States is, and is expected to remain, Angola's largest supplier. Angola is now self-sufficient in egg production with an estimated one billion eggs produced per year.

Production:

Post forecasts production to remain stable in 2021 but unable to expand due to a lack of foreign exchange and the prohibition of Genetically Engineered (GE products). Despite these constraints the Government of Angola is seriously investing in national production as it seeks to diversify the economy.

Chicken meat production has been unable to aggressively expand due to the lack of access to affordable animal feed. Angola does not produce sufficient grains and oilseeds to support the poultry sector, so feed must be imported (Angola's maize production was estimated at 2.3 million metric tons in 2018 according to the FAO data). As Angola forbids the entry of GE products due to the lack of a National Biosafety Law, feed imports greatly increase the cost of production. Maize is very costly and domestic supply is limited.

Most production inputs need to be imported and the local currency, called the kwanza, devalued 391 percent between 2014 and 2019. Much of the devaluation took place in 2018-2019 when Angola unpegged its currency from the U.S. Dollar.

After the 2015 economic crisis and drop in global oil prices, it became more difficult to convert the local Angolan currency into foreign currency to purchase chicks (mainly coming from Netherlands), animal feed, equipment and vaccines. U.S. dollar transaction services have been unavailable in Angola since November 2016 because of a lack of compliance by commercial banks in Angola, which made the corresponding foreign banks cut ties with Angola.

In 2019, poultry meat production in Angola was estimated at 28,185MT by Ministry of Agriculture and Fisheries, a 3.7 percent increase from the previous year. Production consists mainly of backyard chickens and a few commercial farms. The National Association of Poultry Producers of Angola (ANAVI) estimates egg production between 65 million to 70 million eggs per month. The existing production infrastructure in the country is geared toward egg production, as it is a more competitive product to produce as opposed to chicken meat.

There are 3 types of poultry producers (both layers and broilers) in Angola:

- Subsistence (backyard with 5 to 15 chickens);
- Smallholders organized in 120 associates through ANAVI with between 1,000 - 50,000 chickens (mainly layers); and
- Private companies with the latest production technology (more than 50,000 layers). There are four commercial farms producing chicken meat; Aldeia Nova, Emirais Farm, Kikovo, and the Munenga Society for Aviculture.

Aldeia Nova is a public/private partnership between the Vital Capital Fund and the Angolan Government. The operation, located in the providence of Cuanza Sul, cultivates maize and soy for use in its feed mill to produce feed for the poultry operations. The poultry operation is a fully integrated egg

production system utilizing tenant farmers to manage small houses of 1,000 laying hen capacity. The project consists of 600 such units with a capacity to produce 400,000 eggs per day.

Aldeia Nova and Emirais produce day-old chicks for their own production and to sell on the local market. Both have a capacity of 10,000 day-old chicks per week. In addition to chicks, many of these private companies produce their own chicken feed with small factories, purchasing maize and soybeans locally and importing whenever the local market can't supply it. All the feed ingredients such as vitamin and mineral supplements and vegetable oil are imported.

There are a few large abattoirs and several small-scale ones serving local producers. The largest abattoir in Luanda province called Avikikuxi (<http://www.avikuxi.co.ao>) has the capacity to process 2,500 birds per hour and 80,000 birds per week. Sociedade Avícola da Munenga and Aldeia Nova also have their own abattoirs located Cuanza Sul Province.

ANAVI provides the cost of production for one egg at 30 kwanzas (US \$0.05), and live birds weighing 1,5 kg can cost between 900 to 1200 kwanzas (US \$1.50 to \$2) to produce. Some estimates note that it is four times more expensive per kilogram to purchase domestic chicken meat compared to imported chicken meat.

Map: Top 5 Locations of Poultry Production



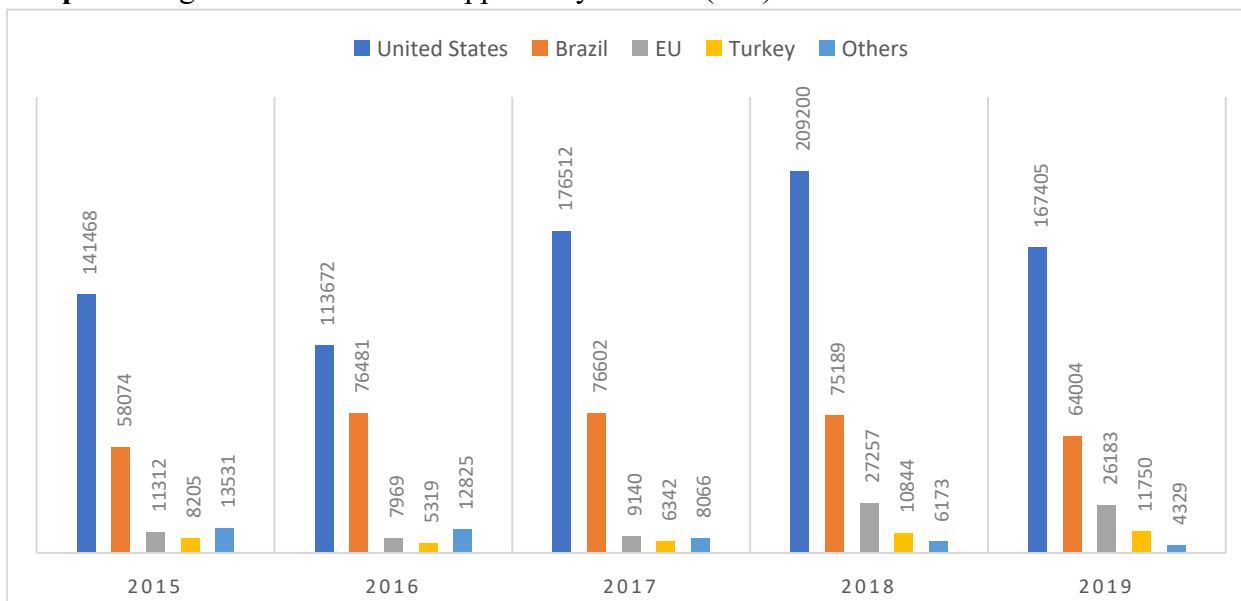
Consumption:

Consumption is expected to stabilize in 2021 after falling significantly in 2020. While imported chicken meat is the most affordable and consumed animal protein in Angola, demand has been depressed due to a reduction in consumer purchasing power based on the continuous devaluation of the Angolan kwanza. COVID-19's impact on oil prices has severely affected the economy as 99 percent of the Angolan revenues rely on oil exports. Consumption is now nearly a third lower than the high in 2019, a year in which Angolan consumers spent approximately US\$256 on poultry meat.

Imports and Exports:

Imports are forecast flat in 2021. Weak domestic demand on reduced purchasing power driven by economic challenges will stymie trade. Imports account for the majority (approximately 85 percent) of consumption. Angola imported 266,000 MT of poultry meat in 2019 with the United States as the largest supplier. In 2019, Angola was the sixth largest market for U.S. poultry products.

Graph 1: Angola Chicken Meat Suppliers by volume (MT)



Source: Trade Data Monitor

Under a recent import substitution scheme called PRODESI (see Policy Section below), the Angolan government seeks to reduce its reliance on imports. The government identified over 54 products (mainly agricultural) that must be proven by the importers that there is not sufficient local production before traders can import any product from the list. Poultry is on the list of products, but because demand is so high and production is limited, poultry imports have not been restricted. However, the new requirements have created additional bureaucratic hurdles for importers.

Many of the large-scale commercial importers have fully automated cold storage facilities, the largest of which has a storage capacity of over 15,000 tons and can hold 450 containers. These types of importers

are organized across the entire value chain, having created structures such as wholesalers, retailers and the creation of supermarkets. The organization of this type of business also includes logistics with trucks and refrigerated vans for distribution.

In April 2015, Presidential Decree No. 89/15 stated that eggs could only be imported if there was less than 28 days from production to entry into Angola. This measure effectively ended egg imports and increased domestic production. Since 2015, Angola domestic production of eggs has been increasing, and they country is now self-sufficient. Angola does not currently have sufficient local production to export poultry or poultry products. However, the Angolan government has created an agency called Angola’s Private Investment and Export Promotion Agency (AIPEX) that is supervised by Ministry of Economy and Planning. AIPEX is focused on increasing exports of products and services, facilitating more (internal and external) private investments, and accelerating the internationalization of Angolan companies. While poultry production will remain low for the foreseeable future, the Angolan government would like to increase production enough to eventually export poultry.

Policy:

In order to increase local production, the Angolan government created the Production Support, Export Diversification and Import Substitution Program (PRODESI) approved by Presidential Decree number 169/18 on July 20, 2018, to support economic diversification in the country. The main objective of the program is to reduce the country's high economic dependence on the oil sector. Another tool to boost production is the Credit Support Project (PAC) that was approved by the Council of Ministers on March 22, 2019 and is part of the PRODESI. PAC is an instrument to facilitate the financing of private investment projects in PRODESI's productive lines of goods and services. Additional information can be found at <https://prodesi.ao/>.

Table 1: PS&D table for chicken meat

Meat, Chicken Market Begin Year Angola	2019		2020		2021	
	Jan-19		Jan-20		Jan-21	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	28	28	28	28	28	28
Total Imports	266	266	200	200	175	200
Total Supply	294	294	228	228	203	228
Total Exports	0	0	0	0	0	0
Human Consumption	294	294	228	228	203	228
Other Use, Losses	0	0	0	0	0	0
Total Domestic Consumption	294	294	228	228	203	228
Total Use	294	294	228	228	203	228

Ending Stocks	0	0	0	0	0	0
Total Distribution (1000 MT)	294	294	228	228	203	228

References:

Angola Poultry

<https://www.fas.usda.gov/data/angola-angola-poultry>

Angola Becomes Third Largest Market US Poultry

<https://www.fas.usda.gov/data/angola-angola-becomes-third-largest-market-us-poultry>

Attachments:

No Attachments