

**Competition issues and regional integration in
soybean and animal feed to poultry markets
within and across Kenya, Malawi, Zambia;
and
Poultry farming in Malawi: the impact of input
prices on small producers?**

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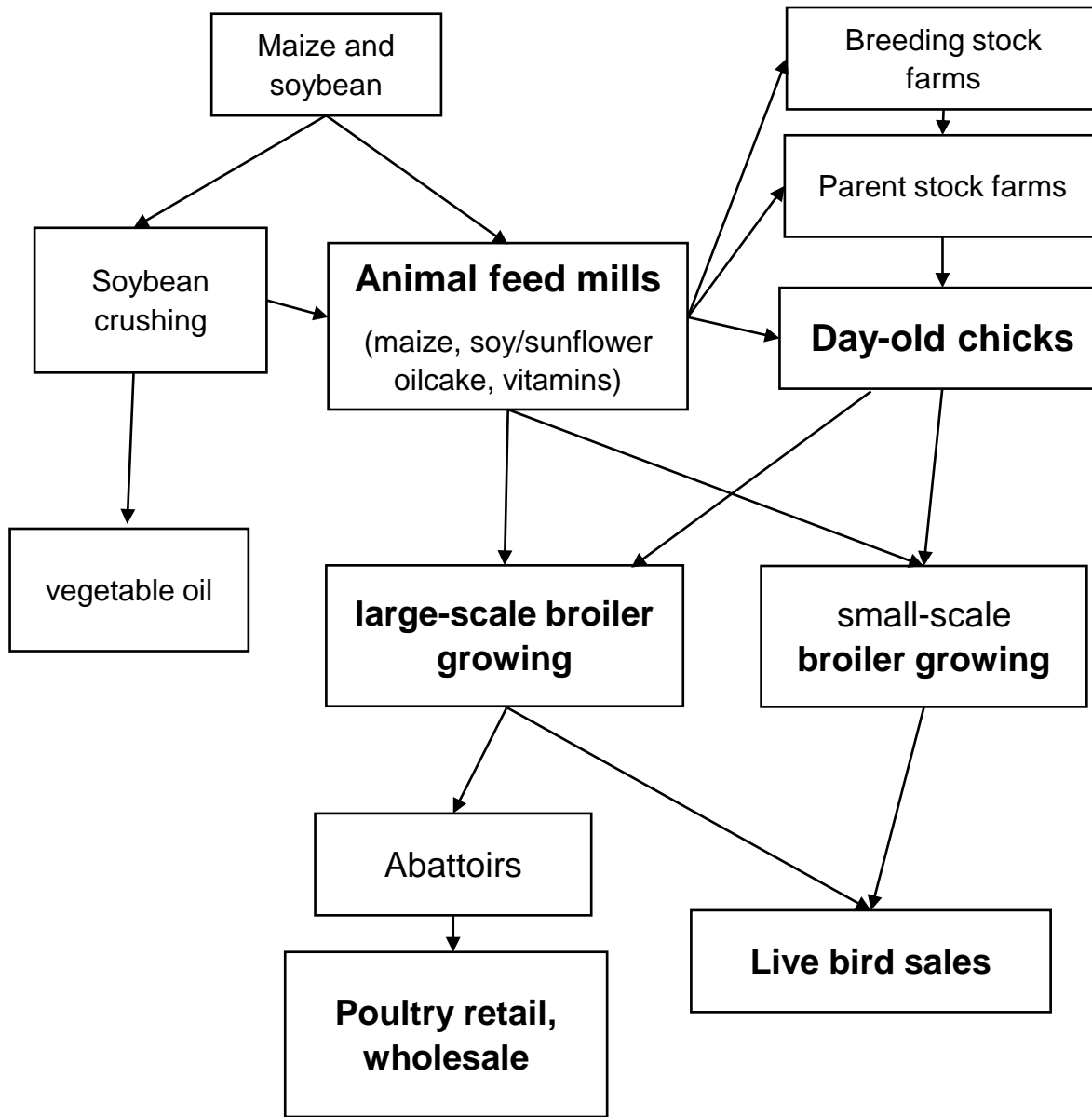
Malawi 2022

Introduction

- Poultry in high demand in the region, as the main source of protein & owing to high levels of economic growth and urbanisation
- With urban production growing over the last decade, poultry production represents an NB part of agro-processing with strong backward linkages to the production of maize and soybean for animal feed
- Countries with good conditions for producing the constituents of animal feed should have competitive poultry industries
- Low costs of agricultural products means a competitive cost base for poultry production
- BUT depends on the prices and processing of the inputs through the value chain



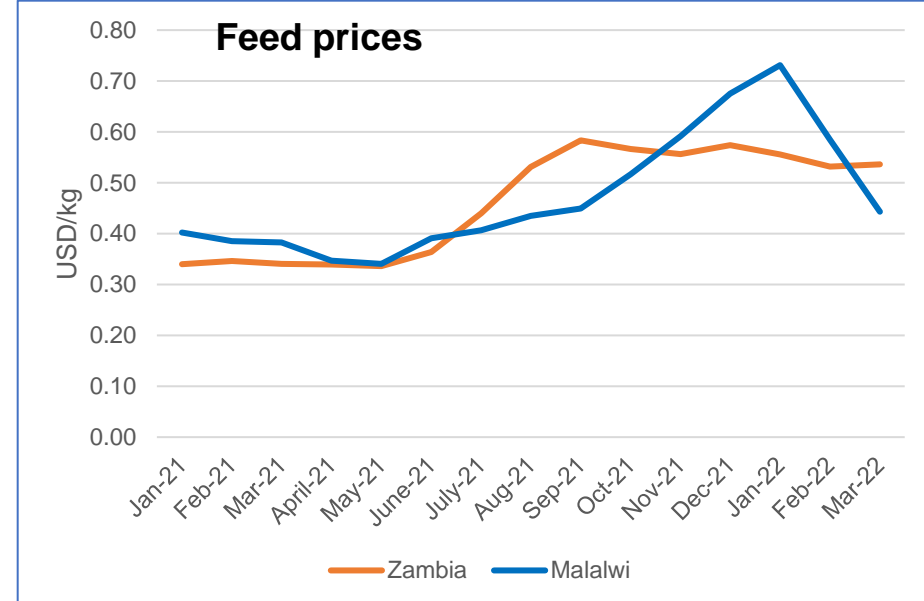
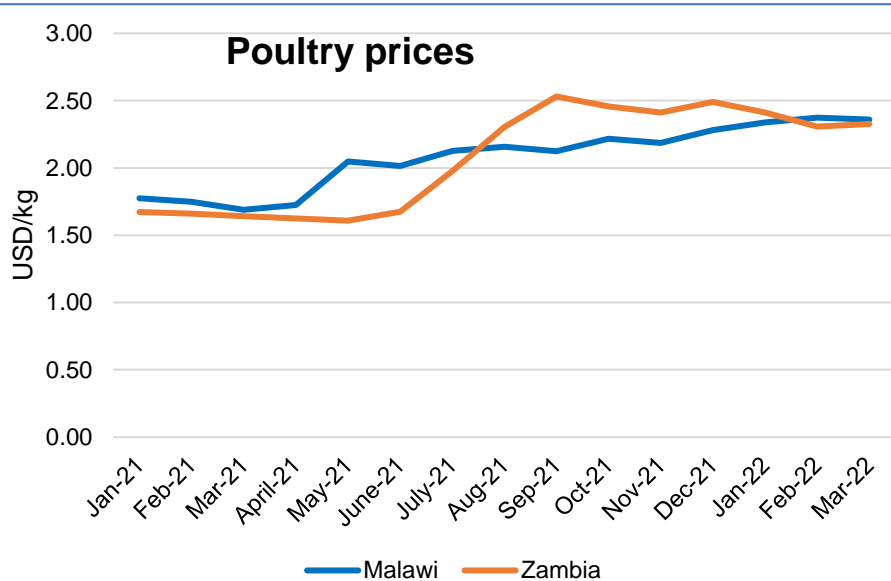
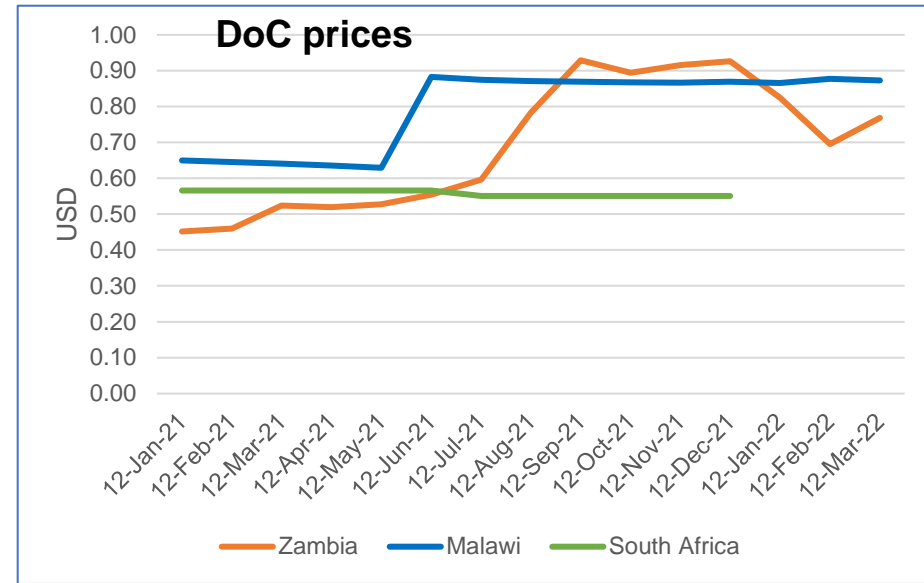
Poultry value chain: concentration & vertical integration



- Day-old chicks: highly concentrated
- Animal feed: few very large regional producers, integrated to crushing & milling
- Broiler production: concentrated with large integrated producers alongside small & medium producers
- Concentrated abattoirs; alongside live bird sales

Comparative outcomes

- Net importers of poultry
- Net exporters of soybean & oilcake
- Low maize prices; low soybean prices at harvest
- High & increasing DoC & Feed



Mergers and increasing concentration

- Large numbers of mergers across the region, including:
- National Foods Ltd and Pure Oil Industries bringing together ETG, Tiger Brands and Inncor Africa (Zimbabwe)
- ETG and Zamanita - ETG acquiring Cargills entire shareholding in Zamanita (Zambia)
- Central Poultry and Crown Poultry, SS Poultry and Dudu Estate (Malawi)



Understanding regional markets: multi-market contacts & common ownerships

ETG; Inncor/Irvines & Tiger Brands



ETG, Inncor & Tiger are common owners in Pure Oil, Zimbabwe

Other large integrated producers include:

Mount Meru: Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe, across trading, crushing, milling feed and oil

CP group: in Malawi, integrated through value chain

Conclusion

- Competitive markets are central to resilient and sustainable food value chains in the region - regional competition enforcement plays a key role
- The expansion of largescale multinational trading firms has not necessarily led to more efficient markets
- Clear role for strengthened regional competition enforcement; merger review and anticompetitive practices

