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Post: Luanda

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Report Highlights:

As the economic environment in Angola has improved, Angolan chicken meat imports also recovered, increasing 57 percent in 2021. Post expects 2022 imports will show slight year-over-year growth as well. In 2021, Angola was the world's seventh largest importer of U.S. chicken meat by value (\$125 million). Post forecasts production to increase slightly in 2023, but the country still faces challenges to expansion of its domestic industry, including a lack of animal feed production, veterinary medicine, chicken feedlots, and general infrastructure, as well as the prohibition of genetically engineered (GE) feed products.

Executive Summary:

Production: Post forecasts production to increase 16 percent in 2023, despite Angola’s challenges to expansion, including to a lack of animal feed production, veterinary medicine, chicken feedlots, and general infrastructure, as well as the prohibition of genetically engineered (GE) feed products. Chicken meat production in 2021 increased 22 percent year over year.

Consumption: Post forecasts chicken meat consumption will increase 2 percent in 2023 because of a small increase in domestic production. A projected economic recovery due to rising oil prices has started to stabilize the population’s purchasing power. Coupled with projected population growth, Angola could see an even greater rise in poultry consumption in 2023.

Imports: Post forecasts imports will be flat in 2023. Angola’s poultry market is being guided by price, as chicken meat is still one of the most affordable proteins in the country. Despite the country's economic recovery in recent months, the population is still facing financial difficulties. In late 2021, the Angolan government reduced the value-added tax (VAT) rate from 14 to 7 percent for a set of widely consumed essential goods, including eggs and chicken leg quarters, to strengthen the purchasing power of families.

Exports: Angola does not export poultry or poultry products.

Table 1: Chicken Meat Production, Supply, and Distribution

Meat, Chicken Market Begin Year Angola	2021		2022		2023	
	Jan-21		Jan-22		Jan-23	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	31	36	32	36		42
Total Imports	264	264	245	270		270
Total Supply	295	300	277	306		312
Total Exports	0	0	0	0	0	0
Human Consumption	295	300	277	306		312
Other Use, Losses	0	0	0	0	0	0
Total Domestic Consumption	295	300	277	306		312
Total Use	295	300	277	306		312
Ending Stocks	0	0	0	0	0	0
Total Distribution	295	300	277	306		312

Note: All data in 1,000 MT

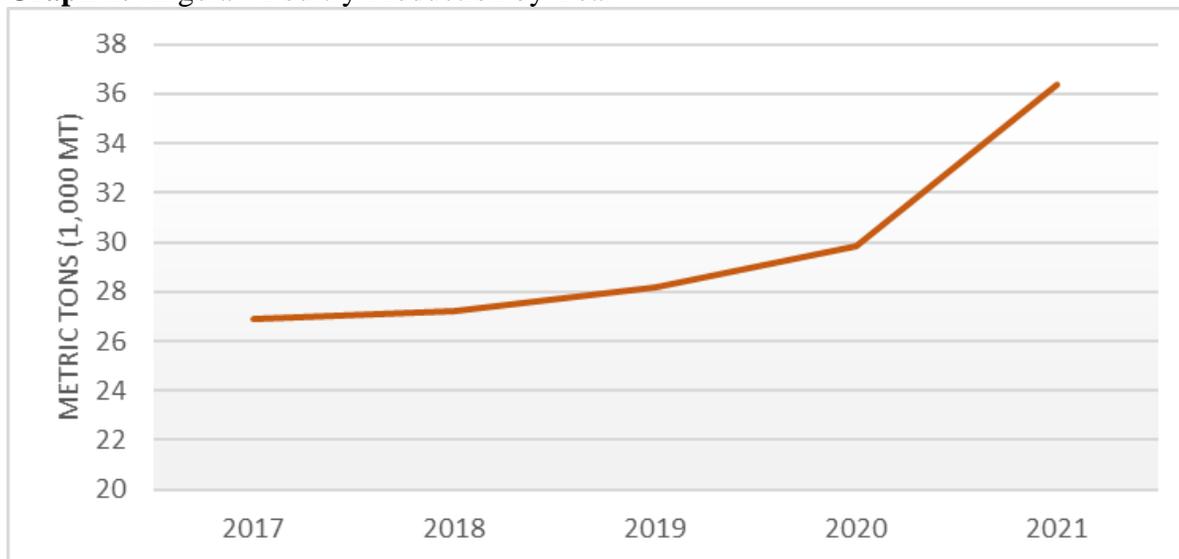
Production:

Post forecasts 2023 production to increase to 42,000 metric tons (MT), up 17 percent year over year. The increase is being driven by the appreciation of the Angolan currency since the beginning of 2022 due to rising oil prices. Since most production inputs need to be imported, the strengthening of the kwanza against the U.S. dollar has supported expanded purchases by poultry producers, and commercial banks have expanded lines of credit for the sector.

Expansion of Angola's poultry sector has faced steep challenges, including a lack of domestic animal feed production, insufficient availability of veterinary medicine, limited numbers of chicken feedlots, generally poor infrastructure, and the prohibition of imports of GE feed products. Despite these constraints, the Angolan government has expanded investment in national production as it seeks to diversify the economy. For example, in July 2018, the government launched the Production Support, Export Diversification, and Import Substitution (PRODESI) program, the main objective of which is to reduce the country's high economic dependence on the oil sector. Another tool to boost national production is the Credit Support Project (PAC), launched as an instrument to facilitate the financing of private investment projects in PRODESI's productive lines of goods and services.

Nevertheless, poultry production has been unable to aggressively expand due to the lack of access to affordable animal feed. Angola does not produce sufficient volumes of grain and oilseeds to support the poultry sector, so feed must be imported. Angola's cereal production was just 3.1 million MT in 2021, according to the Ministry of Agriculture and Fisheries. Thus, corn is very costly, and the domestic supply is limited. The country's grain and oilseed production has also faced abnormally dry weather, as well as the prevalence of locusts, which devastated the southern region of Angola and contributed to a 40 percent decrease in the production of some crops last year. As Angola forbids the entry of GE products due to the lack of a national biosafety law, non-GE feed imports greatly increase the cost of poultry production.

Graph 1: Angola's Poultry Production by Year



Data Source: Angolan Ministry of Agriculture and Fisheries

According to data released by the Angolan Ministry of Agriculture and Fisheries, poultry meat production in 2021 was 36,348 MT, a 21.7 percent increase from the previous year. Production consists mainly of backyard flocks of chickens and a few commercial farms. The same ministry reported in 2021 that 3,702 family farmers declared they owned 39,018 birds, resulting in an average of 11 birds per household. On the other hand, the 203 commercial farms bred 74,075 birds (average per breeder was 365 birds). After about 80 weeks, laying hens are also slaughtered, accounting for the large majority of Angola's chicken meat production, although the government does not report official statistics on this practice.

Existing production infrastructure in the country is geared toward egg production, as it is a more competitive product than chicken meat. The National Association of Poultry Producers of Angola (ANAVI) estimates egg production of 65 million to 70 million eggs per month.

Angola's chicken production types:

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

- Subsistence (backyard flock with 5 to 15 chickens);
- Smallholders organized in 120 associations through ANAVI, with 1,000-50,000 chickens (mainly layers); and
- Private companies using the latest technology for egg and chicken meat production (averaging more than 50,000 birds per chicken house): Aldeia Nova, Emirais Farm, Kikovo, and the Munenga Society for Aviculture.

Companies:

Aldeia Nova is a public/private partnership between the Vital Capital Fund and the Angolan Government. The operation, located in Waku Kungo in the province of Cuanza Sul, cultivates corn and soy for use in its feed mill to supply the company's fully integrated egg production system. Aldeia Nova utilizes tenant farmers to manage small houses with a capacity of 1,000 laying hens. The project consists of 600 such units with a capacity to produce approximately 400,000 eggs per day.

Fazenda Filomena, on the outskirts of Luanda, is a private company with the capacity to produce 800,000 eggs per day using the latest production technology.

Aldeia Nova and Emirais produce day-old chicks for their own production and 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 corn and soybeans locally and importing whenever the local market cannot supply. All other feed ingredients, such as vitamins, mineral supplements, and vegetable oil, are imported.

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

Costs and Inputs:

On average, the cost of production for one egg is around 50 kwanzas (US \$0.11), and live birds weighing 1.5 kilograms (kg) can cost 1,200 to 1,500 kwanzas (US \$2.70 to \$3.40) to produce. Some estimates note that it is four times more expensive per kg to purchase domestic chicken meat compared to imported chicken meat.

Map: Top 5 Locations of Poultry and Eggs Production



Consumption:

Consumption is expected to grow in 2023 on top of an increase in 2022. Post projects Angola's total domestic poultry consumption will reach 312,000 MT in 2023, up from 306,000 MT expected in 2022. According to industry data, poultry consumption between January and June 2022 showed a slight decrease of 2.4 percent year over year, but Post expects that accelerated consumption in the second half of the year will ultimately push the annual consumption volume above that of 2022. Imported chicken meat is one of the most affordable and widely consumed animal protein in Angola. Demand grew leading up to the presidential election in August 2022, as the government decreased taxes for food staples to combat price inflation and supply chain issues improved relative to the start of the year. In addition, the consumption of chicken meat usually increases during the holidays at the end of every year.

Chickens raised in backyards are a common ingredient in local dishes such as Moamba chicken with palm oil or Moamba chicken with peanuts. Angolans generally prefer the flavor of backyard chickens, as well as the birds' heartiness.

Image 1: Traditional Angolan Dish - Moamba Chicken with Palm Oil



Image 2: Traditional Angolan Dish - Moamba Chicken with Peanuts



Chicken Meat Market:

Most poultry imports are in the form of frozen chicken leg quarters in cardboard boxes of 10kg. The product is popular due to its relatively low price on the international market. However, chicken leg quarter prices have risen due to freight costs and low availability of stocks. Most chicken leg quarters are purchased by the informal market from wholesalers and resold in smaller quantities to the public by small neighborhood vendors. According to industry sources, the informal market prefers smaller size chicken leg quarters because they sell by the piece rather than by weight.

Retail sector sales typically target middle- and high-income families, who tend to prefer whole chickens (1.1 to 1.2kg) and other chicken cuts (for example, gizzards, wings, drumsticks, hearts, and chicken breasts). Chicken feet are very popular with the Chinese community in Angola.

Fresh chicken meat is not yet very popular in the retail sector because of the high prices charged at supermarkets. Cost can vary, but fresh chicken meat is generally two to three times more expensive compared to imported frozen whole chicken.

Imports:

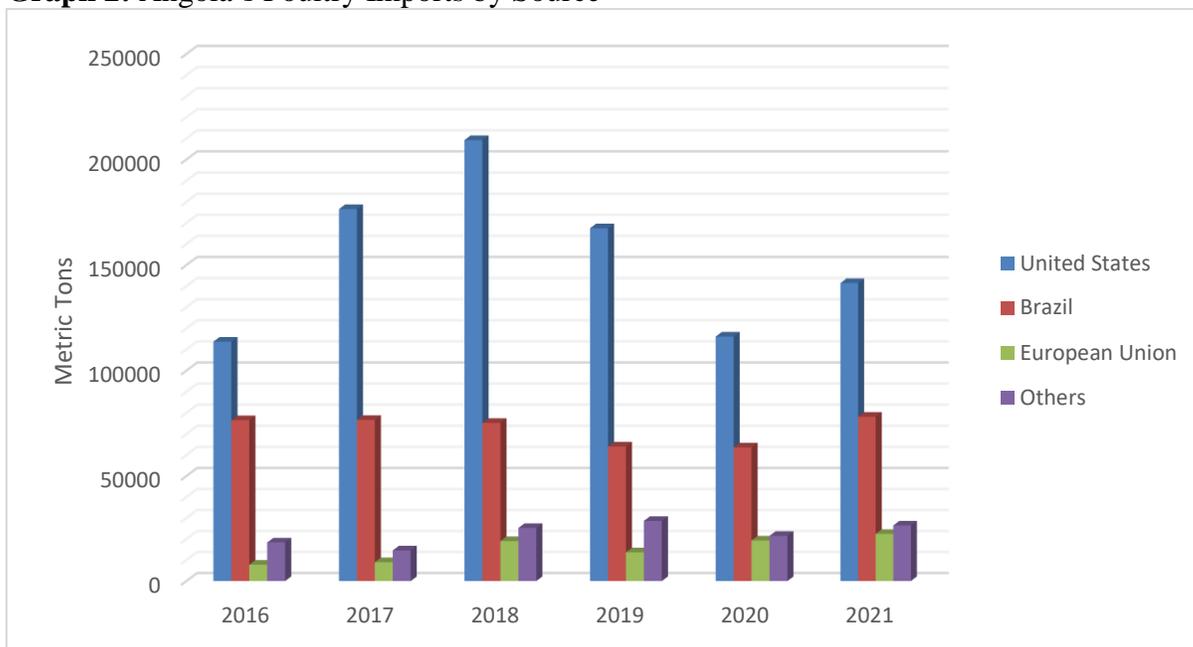
Post forecasts that 2023 imports will remain stagnant at the 2022 estimate volume of 270,000 MT. Angola's poultry imports are guided by price, though chicken meat is the most affordable animal proteins available in the country. Despite the country's economic recovery in recent months, the population is still facing financial difficulties. In late 2021, the Angolan government reduced the value-

added tax (VAT) rate from 14 to 7 percent for a set of widely consumed essential goods, including eggs and chicken leg quarters, to strengthen the purchasing power of families.

Angola imported 264,000 MT of poultry meat in 2021, with the United States as the largest supplier. Angola was the world’s seventh largest importer of U.S. chicken meat by value (\$125 million) in 2021.

Under the PRODESI import substitution scheme (see policy section below for more details), the Angolan government seeks to reduce its reliance on imports for a variety of products. The government identified 54 products (mainly agricultural) for which importers must prove that there is insufficient local production before they are granted an import permit. Poultry is on the list of products, but because demand is so high and production is limited, poultry imports have not been restricted thus far. However, the new requirements have created additional bureaucratic hurdles for importers.

Graph 2: Angola’s Poultry Imports by Source



Data Source: Trade Data Monitor (aggregated from official export data from each country)

Many of Angola’s large-scale commercial importers have fully automated cold storage facilities, the largest of which has capacity of over 15,000 MT and can hold up to 600 containers. These types of importers are vertically integrated across the entire value chain, having created wholesalers, retailers, and distribution channels with trucks and refrigerated vans.

Importers who distribute to smaller street vendors report that those customers prefer smaller chicken leg quarters, as they are less expensive and are resold to customers by the piece rather than by weight. In general, these small vendors prefer the black USDA-stamped 10kg cartons over the red USDA-stamped boxes because the black stamp indicates the box contains more pieces, albeit each piece is smaller than those in the red-stamped containers. The pieces are then sold individually at small roadside stalls.

Exports:

Angola does not export poultry or poultry products, as the country does not have sufficient production to even meet domestic demand. However, the Angolan government has created an agency called Angola's Private Investment and Export Promotion Agency (AIPEX) that is supervised by the Angolan Ministry of Economy and Planning. AIPEX is focused on increasing exports of products and services, facilitating more private investments (internal and external), 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 and eventually export.

Policy:

PRODESI

The Angolan government created the Production Support, Export Diversification, and Import Substitution Program (known by the Portuguese acronym 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. The Credit Support Project (known by the Portuguese acronym PAC) was approved by the Council of Ministers on March 22, 2019, as an instrument to facilitate the financing of private investment projects in PRODESI's productive lines of goods and services. Additional information (in Portuguese) can be found at <https://prodesi.ao/>.

Decree 23/19

Presidential Decree number 23/19, which was issued on January 14, 2019, was another attempt by the government to diversify the Angolan economy. President Joao Lourenco signed the decree with an aim to reduce Angola's heavy reliance on imports. The decree identifies 54 products, including chicken meat, that need to follow the guidelines below:

- Domestic production of the listed products will receive priority over imports.
- Only wholesalers and domestic producers are authorized to import. Retailers that sell directly to the consumer are not permitted to import.
- In order to be authorized to import, traders must demonstrate that they have consulted the domestic market about the availability of the goods that they wish to import.
- Authorized importers also must demonstrate one of the following:
 - o prior conclusion of contracts for the purchase of domestic production;
 - o the existence of initiatives aimed at direct or indirect investment or other forms of promotion of domestic production;
 - o the effective settlement of purchases made from national producers; or
 - o proof of their future liquidation.
- The ministry that governs the imported product issues a binding opinion to recommend the import authorization after verifying compliance with the requirements above.

Tax Decreases

At the end of 2021, the Angolan government reduced the VAT rate from 14 to 7 percent for a set of widely consumed essential goods. The move was an effort to increase the purchasing power of families in the face of price inflation. The list of products includes fresh and frozen meat, including pork, beef, goat, sheep and their offal, frozen and dried fish, chicken leg quarters, condensed and powdered milk, margarine, eggs, and beans. Other affected products include sweet potatoes, cassava, yams, onions, garlic, rice, corn, wheat, millet, soy, sugar, salt, corn flour, cassava flour, wheat flour, meat sausages, bread, and vegetable oil.

In August 2021, the Angolan government also reduced some import duties to stabilize and reduce the price of products for broad consumption by the population. The list of affected products included staples in the basic food basket (chicken leg quarters, rice, wheat, corn, vegetable oil, etc.).

Related Reports:

2021 Angola Poultry and Products Annual Report

October 4, 2021

<https://www.fas.usda.gov/data/angola-poultry-and-products-annual-0>

Angola Food and Agricultural Import Regulations and Standards (FAIRS) Report

October 18, 2021

<https://www.fas.usda.gov/data/angola-food-and-agricultural-import-regulations-and-standards-country-report>

Angola Becomes Third Largest Market for U.S. Poultry

April 16, 2019

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

Attachments:

No Attachments