

Required Report: Required - Public Distribution

Date: September 29, 2021

Report Number: AO2021-0004

Report Name: Poultry and Products Annual

Country: Angola

Post: Luanda

Report Category: Poultry and Products

Prepared By: Ricardo Dias

Approved By: Katherine Woody

Report Highlights:

Post forecasts production to increase slightly in 2022, despite Angola's challenges to expansion, including to a lack of animal feed, veterinary medicine, chicken feedlots, general infrastructure, and the prohibition of genetically engineered (GE) feed products. In 2020, Angola was the ninth largest importer of U.S. poultry meat by value (\$80 million). Due to the COVID-19 pandemic and reduced consumer purchasing power, Angola chicken meat imports decreased 45 percent in 2020 but are forecast to increase in 2021. The United States is still Angola's largest poultry supplier and is expected to remain so in the near future.

Executive Summary

Production: Post forecasts production to increase slightly in 2022, despite Angola's challenges to expansion, including to a lack of animal feed, veterinary medicine, chicken feedlots, general infrastructure, and the prohibition of genetically engineered (GE) feed products.

Consumption: Post forecasts that chicken meat consumption will increase in 2022 as a result of a projected economic recovery due to COVID-19 relief measures applied in 2020. Most businesses, both informal or formal, began reopening in mid-2021, and the population's purchasing power has started to stabilize.

Imports: Post forecasts that imports will increase in 2022. Despite weak domestic demand and reduced purchasing power driven by economic challenges that could stymie trade, Post expects to see increased imports in 2022 due to the upcoming presidential election. Imports have traditionally been incentivized during election years to keep prices stable and avoid food price inflation to the extent possible.

Exports: Angola does not export poultry or poultry products.

Table 1: Chicken Meat Production, Supply, and Distribution

Meat, Chicken Market Begin Year Angola	2020		2021		2022	
	Jan-20		Jan-21		Jan-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	28	30	28	31		32
Total Imports	200	213	175	230		245
Total Supply	228	243	203	261		277
Total Exports	0	0	0	0		0
Human Consumption	228	243	203	261		277
Other Use, Losses	0	0	0	0		0
Total Domestic Consumption	228	243	203	261		277
Total Use	228	243	203	261		277
Ending Stocks	0	0	0	0		0
Total Distribution	228	243	203	261		277
(1000 MT)						

Note: All data in 1,000 MT

Production:

Post forecasts 2022 production to increase slightly to 32,000 metric tons (MT), despite Angola's challenges to expansion, including to a lack of animal feed, veterinary medicine, chicken feedlots, general infrastructure, and the prohibition of genetically engineered (GE) feed products. Despite these constraints, the Government of Angola is significantly investing in national production as it seeks to diversify the economy. For example, the Angolan government launched in July 2018 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. 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 cereal production was 2.9 million MT in 2020, according to the Ministry of Agriculture and Fisheries.) 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. Thus, maize is very costly, and the domestic supply is limited.

Most production inputs need to be imported, and the local currency, called the kwanza, has faced steep devaluation since 2014. Much of the devaluation took place in 2018-2019 when Angola unpegged its currency from the U.S. dollar.

According to data released by the Angolan Ministry of Agriculture and Fisheries in 2020, poultry meat production in Angola was 29,860 MT, a 5.9 percent increase from the previous year. Production consists mainly of backyard chickens and a few commercial farms. The same Ministry reported that in 2020, 404 family producers of chicken declared 4,610 birds, resulting in an average of 11 birds per household. On the other hand, the 160 commercial producers reported 121,821 birds, with an overall average of 761 birds per producer.

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.

Angola chicken production types:

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

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

Companies:

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

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 is unable to meet demand. All other feed ingredients, such as vitamin and 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 called Avikikuxi (<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 also have their own processing facilities located Cuanza Sul Province.

Costs and Inputs:

On average, the cost of production for one egg is around 30 kwanzas (US \$0.05), and live birds weighing 1.5 kilograms (kg) can cost 900 to 1200 kwanzas (US \$1.50 to \$2) 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 2022 on top of a small increase in 2021. Post projects Angola's total domestic poultry consumption will reach 277,000 MT in 2022, up from 261,000 MT expected in 2021. 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 caused by the continuous devaluation of the Angolan kwanza and the negative impact of COVID-19 pandemic on the Angolan economy. According to the Angolan National Institute of Statistics (INE), the national poverty rate was estimated at 54 percent as of late 2020. COVID-19 has severely affected the economy, as 99 percent of the Angolan revenues rely on oil exports and global oil demand fell as countries began to impose stay-at-home orders last year. Poultry consumption between January to April 2021 rebounded to 86 percent of the level seen in the same period of 2020.

Chickens raised in backyards are normally consumed in the local dishes, for example Moamba chicken with palm oil or Moamba chicken with peanuts. Angolans appreciate 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



Imported chicken meat is mostly composed of frozen chicken leg quarters that are coming to Angola in cardboard boxes of 10kg. Due to the low price in the international market the chicken leg quarters were well accepted in the Angola market. Most of this product is purchased by the informal market from wholesalers.

The retail sector is another source of sales targeting the middle/high income families with whole chicken (1.1kg and 1.2kg) and other chicken cuts (for example, gizzards, wings, drumsticks, hearts, chicken breasts, etc.). Chicken feet are very popular with the Chinese community in Angola.

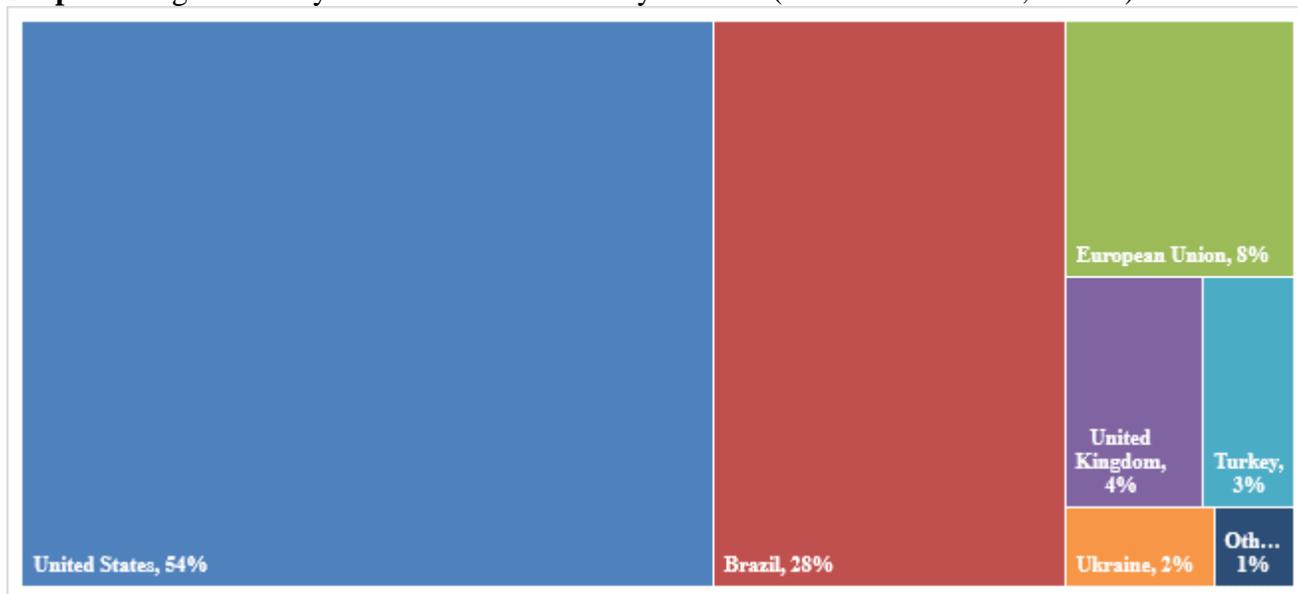
Fresh chicken meat is not yet very popular because of the high prices in the supermarkets. Cost can vary, but fresh chicken meat is generally two to three times more expensive compared with imported frozen whole chicken.

Imports:

Post forecasts that imports will increase to 245,000 MT in 2022, up from the 230,000 MT expected in 2021. Despite weak domestic demand and reduced purchasing power driven by economic challenges that could stymie trade, Post expects to see increased imports in 2022 due to the upcoming presidential election. The Angolan government has typically tended to allow a greater volume of imports during election years to ensure prices remain stable and the electorate do not face food shortages. In election years imports have more incentive. Imports account for the majority (approximately 85 percent) of

consumption. Angola imported 213,000 MT of poultry meat in 2020, with the United States as the largest supplier. In 2020, Angola was the ninth largest market for U.S. frozen poultry products.

Graph 1: Angola Poultry Market Share in 2020 by Volume (from a total of 213,000MT)



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

Under a recent import substitution scheme called PRODESI (see Policy Section below), 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 traders can be 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. 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 MT and can hold 450 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.

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's domestic production of eggs has been increasing, and the country is now self-sufficient. Angola does not currently have sufficient 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 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 enough to eventually export poultry.

Exports:

Angola does not export poultry or poultry products.

Policy:

In order to increase production, 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. Another tool to boost production is the Credit Support Project (known by the Portuguese acronym 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 (in Portuguese) can be found at <https://prodesi.ao/>

Presidential Decree number 23/19, which was issued on January 14, 2019, was another attempt by the government to diversify the Angolan economy. Through this decree, President Joao Lourenco takes aim at reducing 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:
 - prior conclusion of contracts for the purchase of domestic production;
 - the existence of initiatives aimed at direct or indirect investment or other forms of promotion of domestic production;
 - the effective settlement of purchases made from national producers; or
 - 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 paragraphs above.

References:

2020 Angola Poultry and Products Annual Report – September 3, 2020

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

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