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Pakistan Poultry

According to sources, Pakistan's commercial poultry industry got its start in 1964 in suburbs around cities such as Karachi, Lahore, Faisalabad, Rawalpindi, and Hyderabad. This industry has seen continued growth since then, due to various forms of government support, causing legal problems and the closure and relocation of numerous facilities.

The poultry industry (i.e. poultry farming, poultry processing, and poultry feed) was recognized to be part of the food processing industry and given special considerations accordingly, such as total or partial exemptions from import duties; sales tax; approval to export table eggs, day old chicks, and broilers on subsidized rates; and an income tax holiday for the industry's beginning years.

In view of this assistance, the commercial poultry industry prospered and expanded year to year. Since the 1960's there have been numerous setbacks to producers such as changes in government policies, low economic returns on products, substandard and costly feeds, an inefficient marketing system, a costly and inefficient distribution system, diseases (Avian Influenza in 1994, 2003, and 2004), and other natural causes. Despite these changes the industry has made great strides and is expected to grow domestically.

Currently, Pakistan employs a three-tiered system composed of poultry farmers, commission agents, and retailers. Commission agents usually get the produce from the farmers at low prices and earn large profits by selling the same products at a higher price to retailers, who turn around and mark up products to miffed consumers in wet markets.

The majority of losses occur as a result of birds dying of diseases and poor handling. Transportation is the most important component in Pakistan's marketing system. Commission agents and retailers use various forms of transportation to distribute products to markets (i.e. bicycle, motorcycle, wagon, and donkey carts.) Higher losses occur over longer distances, because of bumpy roads and the deficiencies in modern packing techniques.

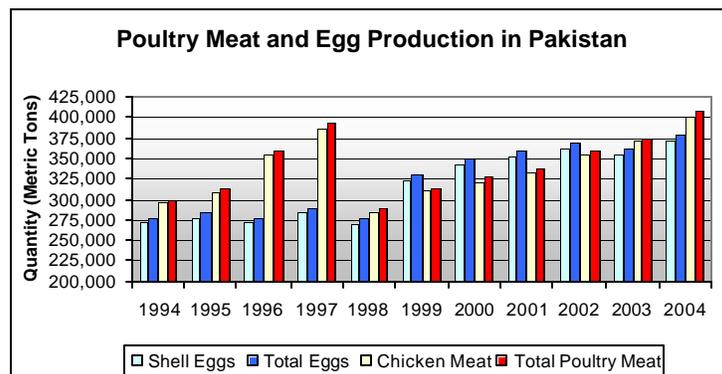
Domestic prices of poultry meat, broiler (live,) and eggs, which hit a nine-month high in December 2004. Due to Eid, a Muslim celebration marking the end of Ramadan, chicken meat suffered a 30 percent decline. While prices of most kitchen items in Pakistan remained stable in January 2005, retail prices of chicken meat dropped from 135 Rupees (Rs) per kilogram (kg) in December 2004 to 110 Rs by the end of January (15 percent decline.) Live chicken prices remained between 80 Rs and 85 Rs per kg. Prices of broiler chicken hovered between 68 Rs per kg and 75 Rs and largely remained stable. Eggs sold at 40 Rs per dozen in January and continued steady without experiencing any significant changes.

Pakistan entered into a preferential trade agreement, SAPTA, which is expected to grow with the mutual giving of some tariff concessions on specified items. However, poultry farming operations in Pakistan still depend solely on imports of all inputs, the bulk of which come from the

U.S. and the U.K. Yet a large trade potential exists for Pakistan with the SAARC nations (India, Iran, China, and Afganistan,) especially with India, if Pakistan's poultry industry made some improvements to its current systems.

In conclusion, Pakistan's poultry industry is looking forward and striving for modernization and improvements in product quality and price in order to be more competitive. To achieve this goal industry is pushing for: a modern packing and distribution system; improved roads; reasonable price levels for feeds and medicines; establishment of poultry coordination boards at both provincial and federal levels; a grading system at the producer level with price adjustments; a long run vaccination and deworming campaign; the construction of veterinary labs for drug residue testing; and improved sanitation conditions at both the production and processing levels.

Source: Pakistan Ministry of Food, Agriculture, & Livestock/Various News Wires/USDA FAS



Source: FAO

Prices of Eggs (Farm) per Case of 30 Dozen in Rupees (Rs) & Average Wholesale Rates of Live Broilers (Live Broiler per kg in Rupees)

| Month | Eggs | | | Broilers | | |
|----------|------|-------|------|----------|------|------|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Jan | 918 | 1025 | 1030 | 44 | 43 | 48 |
| Feb | 774 | 926 | 980 | 42 | 41 | 46 |
| Mar | 563 | 712 | 710 | 40 | 40 | 42 |
| Apr | 652 | 602 | 580 | 41 | 40 | 44 |
| May | 564 | 585 | 622 | 46 | 45 | 48 |
| Jun | 724 | 775 | 715 | 48 | 51 | 50 |
| Jul | 717 | 870 | 820 | 43 | 53 | 52 |
| Aug | 708 | 872 | 824 | 44 | 48 | 48 |
| Sep | 742 | 845 | 842 | 45 | 40 | 42 |
| Oct | 756 | 860 | 874 | 42 | 41 | 42 |
| Nov | 839 | 887 | 906 | 47 | 42 | 46 |
| Dec | 959 | 1040 | 1038 | 50 | 47 | 48 |
| Year Avg | 743 | 833 | 828 | 44 | 44 | 46 |
| % Change | +5.2 | +12.1 | -0.6 | +7.3 | 0.0 | +4.6 |

Source: Pakissan/Pakistan Ministry of Food, Agriculture, & Livestock

February 7, 2005: 1 Pakistan Rupee (PKR) = 0.01613 US Dollar (USD)

Inspected Egg Products-U.S. & Canada Export/Import Trade

U.S. Exports to Canada, in Pounds (000) (Preliminary)

| Week Ending January 29, 2005 | Year-To-Date | | | |
|------------------------------|--------------|---------|---------|------|
| | 2005 | 2004 1/ | 2005 2/ | 2004 |
| TYPE | | | | |
| Liquid | 158 | 0 | 827 | 342 |
| Frozen | 0 | 0 | 0 | 0 |
| Dried | 1 | 0 | 7 | 9 |
| Total | 159 | 0 | 834 | 351 |

U.S. Imports From Canada, in Pounds (000) (Preliminary)

| Week Ending January 29, 2005 | Year-To-Date | | | |
|------------------------------|--------------|---------|---------|------|
| | 2005 | 2004 1/ | 2005 2/ | 2004 |
| TYPE | | | | |
| Liquid | 255 | 165 | 834 | 524 |
| Frozen | 5 | 9 | 64 | 97 |
| Dried | 0 | 120 | 120 | 315 |
| Total | 260 | 294 | 1,018 | 936 |

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

| Week Ending January 29, 2005 | Year-To-Date | | | |
|------------------------------|--------------|---------|---------|-------|
| | 2005 | 2004 1/ | 2005 2/ | 2004 |
| TYPE | | | | |
| Jumbo | 0 | 0 | 0 | 50 |
| Extra Large | 0 | 0 | 0 | 750 |
| Large | 400 | 800 | 950 | 2,893 |
| Medium | 0 | 750 | 1,965 | 780 |
| Ungraded | 0 | 0 | 0 | 0 |
| Misc | 0 | 0 | 0 | 0 |
| Total | 400 | 1,550 | 2,915 | 4,473 |

1/ Comparable Week, to-date figures may not total due to rounding.
 2/ Includes revisions to previous week(s).
 Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
 Source: USDA/AMS Poultry Programs, Market News Branch.

U.S./Canadian Live Poultry Slaughtered Under Inspection

W/E 29-Jan-05 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

| | Light Hens | Heavy Hens | Total Hens |
|------------------|---------------------|------------|------------|
| | -----Thousands----- | | |
| Head | 1,307 | 1,024 | 2,331 |
| Last Week | 1,451 | 1,205 | 2,656 |
| Same week yr ago | 1,274 | 1,255 | 2,529 |
| To-date/2005 | 5,854 | 4,931 | 10,785 |
| To-date/2004 | 5,487 | 5,073 | 10,560 |

U.S. Fowl Slaughtered in Canada

| | Light Hens | Heavy Hens | Total Hens |
|------------------|---------------------|------------|------------|
| | -----Thousands----- | | |
| Head | 315 | 0 | 315 |
| Last Week | 359 | 0 | 359 |
| Same week yr ago | 221 | 0 | 221 |
| To-date/2005 | 1,403 | 0 | 1,403 |
| To-date/2004 | 1,219 | 18 | 1,237 |

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl slaughtered in the U.S. and Canada

| | Light Hens | Heavy Hens | Total Hens |
|------------------|---------------------|------------|------------|
| | -----Thousands----- | | |
| Head | 1,622 | 1,024 | 2,646 |
| Last Week | 1,810 | 1,205 | 3,015 |
| Same week yr ago | 1,495 | 1,255 | 2,750 |
| To-date/2005 | 7,257 | 4,931 | 12,188 |
| To-date/2004 | 6,706 | 5,091 | 11,797 |

Source: USDA/AMS Poultry Programs, Market News Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Feb 4, 2005

CHICKEN WITH SKIN ADDED

| FAT CONTENT | --- PRICES --- | | ---- VOLUME ---- | |
|-------------|----------------|-------------|------------------|--------|
| | FROZEN | FRESH | TOTAL | EXPORT |
| 15% OR LESS | | | | |
| RANGE | - | 19.00 | 20,400 | - |
| WTD AVERAGE | | 19.00 | | |
| 15-20% | | | | |
| RANGE | - | 12.75-20.00 | 958,800 | 81,600 |
| WTD AVERAGE | | 16.72 | | |
| 20% OR MORE | | | | |
| RANGE | - | 14.50 | 81,600 | - |
| WTD AVERAGE | | 14.50 | | |

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Feb 4, 2005

CHICKEN WITH SKIN ADDED

| FAT CONTENT | --- PRICES --- | | ---- VOLUME ---- | |
|-------------|----------------|-------------|------------------|-----------|
| | FROZEN | FRESH | TOTAL | EXPORT |
| 15% OR LESS | | | | |
| RANGE | 18.25 | 18.75-22.00 | 500,000 | 260,000 |
| WTD AVERAGE | 18.25 | 20.92 | | |
| 15-20% | | | | |
| RANGE | 16.00-22.00 | 16.00-22.00 | 2,470,000 | 1,630,000 |
| WTD AVERAGE | 18.46 | 18.52 | | |
| 20% OR MORE | | | | |
| RANGE | - | 13.25-19.00 | 160,000 | - |
| WTD AVERAGE | | 17.56 | | |

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 4 FEBRUARY 2005.

The market tone on fresh and frozen breast meat was barely steady to close to steady. A moderate volume of frozen breast meat traded at mostly steady prices, Fresh destrapped tenders were more available leading to a steady at best undertone, frozen destrapped tenders moved at lower trending values. Fresh and frozen breast trim and thigh meat were about steady. Fresh tom wings sold at 41.5, fresh wing meat 118 cents delivered. Retail sized bone in breasts were fairly tight for current shipment. Export trading was fair. Frozen thigh trim ranged 47-55 cents, fresh thigh meat 89 cents and fresh tom drums 37 cents.

FRIDAY, FEBRUARY 04, 2005

| <u>EXPORT TRADING</u> | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) | WEEKLY WTD AVG PRICE | WEEKLY VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|----------------------|---------------------|
| DRUMSTICKS, TOMS | 40.00 | | 40.00 | 40 | 37.10 | 354 |
| WINGS FULL-CUT - TOMS | | W | 38.00 | 40 | 38.00 | 40 |
| WINGS, V-TYPE, TOM | | | | | | |
| TAILS | 21.00 | | 21.00 | 120 | 22.39 | 372 |
| MECHANICALLY SEPARATED 2/ | 16.50-22.00 | | 18.46 | 184 | 18.65 | 404 |
| THIGH MEAT - FROZEN | | R | 86.00 | 60 | 81.53 | 204 |

THURSDAY, FEBRUARY 03, 2005

| <u>EXPORT TRADING</u> | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | 35.00-37.00 | | 35.40 | 100 |
| WINGS FULL-CUT - TOMS | | W | 38.00 | 40 |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | 23.00 | | 23.00 | 144 |
| MECHANICALLY SEPARATED 2/ | 18.00 | | 18.00 | 20 |
| THIGH MEAT - FROZEN | 86.00 | | 86.00 | 60 |

WEDNESDAY, FEBRUARY 02, 2005

| <u>EXPORT TRADING</u> | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | 37.00-39.50 | | 37.35 | 214 |
| WINGS FULL-CUT - TOMS | 38.00 | | 38.00 | 40 |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | 23.00-23.50 | | 23.13 | 108 |
| MECHANICALLY SEPARATED 2/ | 18.00-19.50 | | 18.90 | 200 |
| THIGH MEAT - FROZEN | 78.00-84.00 | | 79.67 | 144 |

TUESDAY, FEBRUARY 01, 2005

| <u>EXPORT TRADING</u> | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | | R | 39.00 | 240 |
| WINGS FULL-CUT - TOMS | | | | |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | | | | |
| MECHANICALLY SEPARATED 2/ | | R | 17.00 | 120 |
| THIGH MEAT - FROZEN | | | | |

MONDAY, JANUARY 31, 2005

| <u>EXPORT TRADING</u> | PRICE RANGE | L.S.T. CODE 1/ | WTD AVG PRICE | VOLUME (000) |
|---------------------------|-------------|----------------|---------------|--------------|
| DRUMSTICKS, TOMS | | F | 37.49 | 858 |
| WINGS FULL-CUT - TOMS | | | | |
| WINGS, V-TYPE, TOM | | | | |
| TAILS | | F | 23.00 | 162 |
| MECHANICALLY SEPARATED 2/ | | F | 19.00 | 80 |
| THIGH MEAT - FROZEN | | F | 87.00 | 40 |

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
 2/ Product contains 15-20% fat with skin added.