

arbor acres



broiler economics

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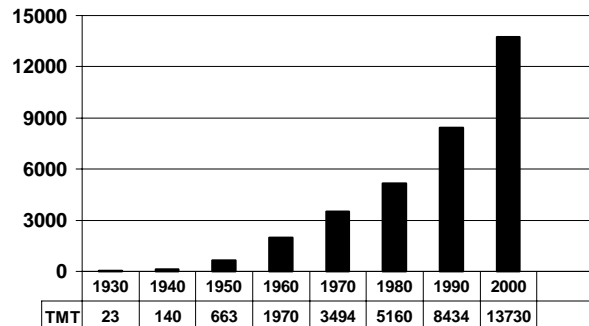
Past and Future Chicken Production

In the 1930's Jack Sloat, the owner of Hartford Poultry, had a problem. Brightly colored pinfeathers, inexpertly removed by Jack's broiler processing plant drew complaints from consumers. When Jack found out that Henry Saglio in nearby Glastonbury, Connecticut had an unusual white broiler, he contracted with Henry for chickens. That contract encouraged Henry to continue his breeding of white feathered chickens. When Henry Saglio entered the Chicken of Tomorrow contest sponsored by the A & P supermarket chain in 1948 it was with his Arbor Acres white feathered chicken. Although he finished second to a brightly colored chicken, he gained enough notoriety to launch his breed. The White Plymouth Rock breed of Arbor Acres and later hybrid versions of the breed now constitute a significant portion of the genetic base of the modern white feathered meat type chicken worldwide.

The United States was quick to incorporate the white feathered chicken into a rapidly growing vertically integrated industry in the middle of the 20th century. The new industry took advantage of advances in genetics, disease control and nutrition to rapidly reduce the cost of production. As can be seen on the nearby graph the cost of producing live chickens in the United States (in year 2000 dollars) declined from \$4.66 per kilo in 1940 to \$0.55 per kilo in 2000.

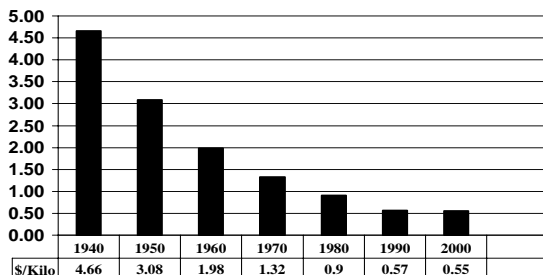
Thanks to the falling price of chicken meat production soared during the entire 20th century as more and more people could afford chicken meat. The broiler chicken industry became one of the fastest growing industries in the United States during the 20th century.

US Broiler Production
Ready-to-Cook Thousands of Metric Tons

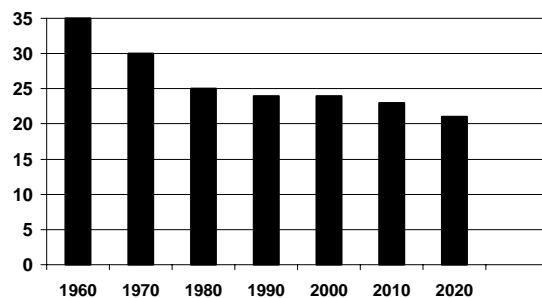


In 1960 the US chicken meat industry represented 35% of all the meat type chickens produced in the world. Since then, growth has increased in the rest of the world while slowing in the US. As a result, the percentage of total world chicken production represented by the US is dropping. By the year 2020 the US will have only 21% of world chicken meat production.

Inflation Adjusted Cost of Broiler
Live Production (2000 \$'s/kilo)



US % Share of World
Chicken Meat Production



Growth in the US did not stop but rather slowed down while growth accelerated in the rest of the world. As can be seen on the following chart, between 2010 and 2020 growth in the US is likely to be only 3 MMT over those ten years while growth in the rest of the world is likely to be 20 MMT.

Chicken Production
2010 - 2020 in MMT

	2010	2020	Tonnage Increase
Rest of the World	56	76	20
USA	17	20	3

Where will the Growth Take Place?

The best opportunities for growth in the consumption of chicken will be found in the middle income countries of Asia, the Middle East, Latin America and Eastern Europe. The supply for most of that consumption will be generated in the same countries where the chicken is consumed. Nevertheless, chicken trade will increase as a percentage of total chicken consumption. The most competitive countries will increase their production at the expense of the least competitive.

Competitive countries are those with low feed and labor costs. An imperfect way of ranking countries by feed and labor cost is to look at the availability of corn (maize) per capita and labor costs. The following is a ranking of the top 15 countries worldwide by the combination of the availability of corn and inexpensive labor. All of these countries can be expected to be competitive in the production of chicken meat. The top three countries suggest the possibility of Southeastern Europe becoming a powerful region for chicken production and exports. Notably absent from the list is Zimbabwe a country that previously ranked high on the list but has fallen completely off the ranking.

The 15 Highest Ranked Countries Based on Highest Per Capita Production of Corn Combined with Lowest Labor Costs

- #1 Romania:
- #2 Serbia:
- #3 Hungary:
- #4 South Africa
- #5 Brazil:
- #6 Ukraine:
- #7 Argentina:
- #8 China
- #9 United States:
- #10 Mexico:
- #11 Thailand:
- #12 Indonesia:
- #13 Philippines:
- #14 India:
- #15 Egypt:

A Pause in World Chicken Production Growth Coming to an End

Between 2000 and 2020 the world per capita consumption of chicken meat is likely to climb from 10 kg to 12 kg. With population rising from 6 billion to 8 billion the total production of chicken is likely to rise from 60 MMT to 96 MMT. Most of the growth will be between 2000 and 2005 and again between 2008 and 2020. The period between 2005 and 2008 represents a pause in consumption increases caused by the problems with bird flu and rising feed grain costs. There was another such period between 1980 and 1983 when consumption faltered because of high energy costs. By 2008 total world per capita consumption of chicken meat should be rising robustly once again.

World Chicken Per Capita Consumption in KG

