MALAYSIAN POULTRY INDUSTRY: PAST, PRESENT & FUTURE
The Past – Those were the days

1970 - 80’s
In the 90’s & early 00’s
WHERE ARE WE NOW?
Broiler Production Chain

**Raw Material**
- Grand Parent Stock
- Parent Stock
- Feed Milling

**Breeding & Growing**
- 10 interators produce ~70% of DOCs for sale internally and open market
- 13 non-integrators produce ~30% of DOCs
- Independent broiler farms (~30%)
- Indepedent mills

**Processing**
- 4 integrated players control 100% of production
- Integrated owned farms
- Integrated players have larger plants
- Non-integrator s typically with farms or secondary processors
- Traditionally slaughtered

**Distribution & Retail**
- Integrated players have larger plants (e.g. Ayamas, Farm’s Best, Dinding, Ayam A1)
- Integrator owned distributors
- Integetrator owned distributors
- Independent wholesalers
- Independent factories
- Independet wholesaler
- Restaurant
- Modern retail hyper & supermarket
- Wet markets dominate retail

All integrators have feedmills
Evolved from small back-yard operations into relatively modern, large-scale commercial operations.

Factors:
- High-quality poultry breeds
- Highly efficient integrated production systems
- Competent veterinary services
- Regulation and enforcement in place
Poultry sector is the biggest component of livestock industry in Malaysia.

Supplying about 81% of the total meat and almost 111% egg demand by the domestic market.

The industry supplies domestic demand and also exports, mainly to Singapore, Brunei DS, Hong Kong and Japan.
Principle source of meat protein (cheap) because no dietary prohibitions among local culture and religious norms.

Per capita consumption poultry products (among the highest in the world):

- 38kg. for chicken meat
- 19kg. of eggs (330 pieces)
<table>
<thead>
<tr>
<th>Types of Operation</th>
<th>No. of Companies</th>
<th>No. of Farms</th>
<th>Population (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Parent</td>
<td>4</td>
<td>4</td>
<td>0.90</td>
</tr>
<tr>
<td>Broiler Parent</td>
<td>23</td>
<td>79</td>
<td>11.35</td>
</tr>
<tr>
<td>Layer Parent</td>
<td>5</td>
<td>14</td>
<td>0.31</td>
</tr>
<tr>
<td>Comm. Broiler</td>
<td>Individual/Contract</td>
<td>+/- 2600</td>
<td>118.52</td>
</tr>
<tr>
<td>Comm. Layer</td>
<td>Individual/Contract</td>
<td>+/- 300</td>
<td>47.35</td>
</tr>
<tr>
<td>Parameters</td>
<td>Broiler</td>
<td>Layer</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------------</td>
<td>------------------------</td>
<td></td>
</tr>
<tr>
<td>DOC (m)</td>
<td>673.9 birds</td>
<td>37.95(pullets)</td>
<td></td>
</tr>
<tr>
<td>Broiler/eggs (m)</td>
<td>637.0 birds</td>
<td>9,103</td>
<td></td>
</tr>
<tr>
<td>Parent Stock Companies</td>
<td>23</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Grand Parent Stocks Companies</td>
<td>4</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>PS Standing population</td>
<td>5.66 m.</td>
<td>558,772</td>
<td></td>
</tr>
<tr>
<td>Breeds</td>
<td></td>
<td>Hisex, Lohmann Brown</td>
<td></td>
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<tr>
<td>DOC price (ex-farm)</td>
<td>0.90-1.95</td>
<td>2.00-2.50</td>
<td></td>
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<tr>
<td>Broiler/egg price (ex-farm)</td>
<td>3.20-5.50</td>
<td>29.50 cents</td>
<td></td>
</tr>
<tr>
<td>COP (RM/kg)</td>
<td>4.72-5.09</td>
<td>30.00 cents</td>
<td></td>
</tr>
<tr>
<td>Export live broiler/egg (m)</td>
<td>42.78</td>
<td>1,492</td>
<td></td>
</tr>
</tbody>
</table>
COMMERCIAL BROILER PRODUCTION
(MILLION BIRDS)

Value: RM6.03 billion (farm-gate)

Source: DVS (Malaysia)
COMMERCIAL EGGS PRODUCTION
(BILLION EGGS)

Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>Billions</th>
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<tbody>
<tr>
<td>2007</td>
<td>7.77</td>
</tr>
<tr>
<td>2008</td>
<td>7.52</td>
</tr>
<tr>
<td>2009</td>
<td>7.66</td>
</tr>
<tr>
<td>2010</td>
<td>8.29</td>
</tr>
<tr>
<td>2011</td>
<td>8.92</td>
</tr>
<tr>
<td>2012</td>
<td>9.1</td>
</tr>
<tr>
<td>2013*</td>
<td>12.27</td>
</tr>
</tbody>
</table>

Value: RM1.78 billion (farm-gate)

Source: DVS (Malaysia)
DAILY OUTPUT (2012)

- 1.75 million chickens (6.72 % Exported)
  - 70% of broilers go through wet markets

- 24.94 million table eggs (5.97 % Exported)
  - >99% of table eggs reach customers as fresh in-shell eggs

*Singapore is a captive market (~94.2%)
PROJECTION OF BROILER PRODUCTION (MILLION BIRDS) 2007 - 2015

Source: DVS (Malaysia)
PROJECTION OF COMMERCIAL EGGS PRODUCTION (BILLION EGGS)  
2007 - 2015

Billions

Table Eggs Production

Source: DVS (Malaysia)
Challenges

- **Free World Trade and Global Sourcing**
  (Unknown impact of Tarrification / AFTA)
  - Opens up the country to the dangers of importing products of below standards

- **Fierce Market Competition**
  - Any slack in demand or over supply will lead to producers selling below cost.
Challenges

- **Consumer Power and Choice**

  - Consumers are more educated and their expectations are higher; *Halal* products
  
  - Food poisoning and product shelf-life become challenges to producers and retailers.
Challenges

- **Fast Food/Catering Expansion**

  - The present work culture coupled with the growth of suburban, establishment of shopping complexes and food courts - the role of fast food restaurants is greatly enhanced.
Challenges

- **Growth of Hyper/Super-marketing**
  - Fast growing chains because of their comfortable environment, comprehensiveness and convenience.

- **New Technology**
  - Application of advanced technology in detecting very low levels of chemical and drug residues in poultry products.
Challenges

- **Traceability**
  - Due to consumer awareness, product identification and traceability are therefore important in QA programs.

- **Food Scares**
  - Disease outbreaks, sensational statements by politicians or media – cause consumers to stay away from the food products for a damaging period of time.
Challenges

- **Imports** and **Smuggling** affect supply/demand balance

- **Why?**
  
  a. Difficulty to get source locally in quantity and at reasonable price
  
  b. Deterring market for local producers
  
  c. Difficulty to stop smuggling
Challenges

Suitable and strategic production areas are becoming limited

- Development encroaching the existing production areas.

- Permanent Poultry Production Area?

- Justify/future land use, check with the local authorities

Regular conflict with Land and Local government
Challenges

- **The Disease**
  - A Global Challenge to Agriculture and Public Health
  - The Impact of the Disease and of its Control
  - Much is not Known of the Disease and its Origins *e.g.* HPAI
Challenges

- Environmental Pollution and Public Nuisance
  a. Flies
  b. Bad odor
  c. Dust
Challenges

- **Production Cost**
  - increase due to Feed Cost

- 70% of the production cost is on poultry feed.

- Competition for feed resources with global energy demands (bio-fuel production)

- Most of the feed raw ingredients are imported
Challenges

- **Poultry Welfare**
  - increasing concerned about the health and welfare of chickens kept for meat & eggs production.
  - GAHP – improved health & welfare
    - prevent diseases and mitigate any negative environmental impacts
Future Trends
Advance Technology Utilization
TRANSFORMATION OF POULTRY INDUSTRY

**PAST**
- Shed near housing area
- Unorganized farm
- Opened-house
- Pollution
- Ease in disease outbreak
- Heat stress

**INTERVENTION**
- Disease free status
- Tech. Advisory
- Integrated farming
- Market information
- GAHP
- Value-added products

**INPUT**
- Land & utility investment
- Farm Infrastructure
- Automations
- Processing plant
- Expert advice

**FUTURE**
- Zoning & Environment friendly
- Closed-house
- Cost effectiveness
- Improved productivity
- Increased production
- Quality & safe products

30 November 2013
WHERE DO WE WANT TO BE?
THIS IS WHAT WE NEED TO ACHIEVE... so that:

- Poultry farming and processing are in harmony with the environment
- Production efficiency is at par with the world standards
THIS IS WHAT WE NEED TO ACHIEVE... so that:

- Consumers are fully confident with local products which are free from residues and contaminants

- Our poultry products achieve the standards accepted by importing countries
Goals for the Poultry Industry

- To establish production and processing facilities
  - Ensure poultry products are safe and wholesome, and competitive
Goals for the Poultry Industry

To establish Quality Assurance programs

Dynamic, continuous improvement to meet the changing demands of the consumer and industry
Goals for the Poultry Industry

- To expand the practice of **product specification, identification and traceability**

- To conduct more **risk management**
  - To assess the validity of current QA
  - To provide a basis for future improvements
Goals for the Poultry Industry

- To create more trading partnerships and alliances for better coordination and effective action plans.
Important quality measures in the poultry industry

- Adequate attention and commitment to:
  - Environmental sanitation and waste management
  - Bio-security programs
  - Pest control programs
  - Statistical evaluation and risk assessment – identify the hazards
Important quality measures in the poultry industry

- **Animal welfare** – in farming and transportation

- **GAHP** – to ensure the birds are healthy and achieve the desired productivity

- **GMP** – with SOP must be comprehensive and practical; help to reduce rejects and wastage; thus increase yield
Important quality measures in the poultry industry

- **HACCP** – to keep hazards away therefore products are safe and wholesome

- Products **identification and traceability**

- **Continuous improvement** !!!— to prevent complacency
Important quality measures in the poultry industry

- **Training and manpower development** – essential for the development of the quality culture, business development and sustainable growth

- **Accreditation and certification** by regulatory authorities (SALT & VHM)

- **Management leadership**
Conclusion

Diligent and commitment from all the parties concerned are essential to further help the poultry industry move towards achieving the target envision of a country.