

## Regional focus

# Rough weather for animal feed industry in Pakistan

*If we look retrospectively at the development of the animal feed industry in Pakistan, it is revealed that this industry, which is so vital for the growth of the livestock sector, is still in bad shape.*

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In October 1989, the prime minister at that time, inaugurating the annual wheat sowing campaign among other things, stated that the federal government was planning to set up four feed institutes, one in each province, in order to ensure proper animal nourishment and health. To date it is not known whether any headway has been made in this regard.

However, an overview of the animal feed industry given here may perhaps serve as an eye-opener to the concerned authorities and cause them to become more cautious while working under the government.

The animal feed industry is broadly classified into two main categories: cattle feed and poultry feed. While the cattle feed industry has not yet developed to any sizeable extent, the poultry feed sector has expanded in an organised fashion.

Only some sporadic efforts have been made to tackle the cattle feed industry on commercial lines and with limited success. However, there is a growing realisation on the part of all concerned to develop this industry so that compound feed may be made available at reasonable prices to Pakistan cattle farmers. Research work is also in progress at the Pakistan Agricultural Research Council and at various provincial livestock research stations to develop various types of low-cost livestock feed through the application of modern knowledge of nutritious feeds and the use of the conventional feed resources.

### Poultry feed industry

A number of poultry feed mills of varying capacities have been established across the country, their main concentration being in the Punjab and Sindh provinces. A few of these poultry feed mills also occasionally engage in preparing composite livestock feeds.

The feed industry in the country made a strong start along scientific and commercial lines in the early sixties but remained confined to the manufacture of poultry feeds. Lever Brothers (a foreign-based company) were



**Poultry is the main livestock sector in Pakistan and over 90% of the feed produced is poultry feed.** (Photo: World Poultry)

the pioneers in this industry. They established their first-ever mill on scientific and commercial lines in 1963. After serving the poultry industry for a number of years in the initial stages of its development they had to abandon their feed manufacturing operations some time in the mid seventies. They could not withstand the competition given by the Pakistan feed mills, which sprang up in quick succession in the wake of great strides taken by the poultry industry.

These Pakistani mills flooded the market with low-priced products making it difficult for the foreign-based company to compete with them price-wise. The indigenous feed industry received a great boost with the transformation of rural poultry production into a commercial venture. The number of commercial poultry farmers continued to increase from year to year.

At present there are over 5,000 poultry farms in the country. Of these about 20% make their own feed while the rest draw their requirements from the commercially established feed mills. The importance of the feed industry in the development of poultry in the country may be gauged from the fact that feed alone accounts for 65-70% of the cost of poultry production.

### Capacity under-utilised

Along with the expansion of the poultry industry the number of feed mills has also increased over the years. From 27 feed mills producing 390,000 tonnes of feeds in 1980 they increased to 138 with a total capacity of 2.6 million tonnes in 2000.

**Table 1 - Feed milling in Pakistan**

Year	1968	1977	1980	1985	1990	1995	2000
Number of mills	2	17	27	51	114	147	138
Total capacity (tonnes)	48,000	247,000	390,000	850,000	2,811,000	2,650,000	2,660,000
Poultry feed (tonnes)	12,000	102,000	207,000	637,000	1,800,000	1,240,000	1,430,000

The poultry feed produced by the various commercial feed mills has no standard quality and the quality of various types of feeds produced has wide variations. It is felt that the quality of feed in general is deteriorating. This is disturbing the economics of the producers and hampers the growth and development of the industry.

The deterioration in quality is due to non-availability of good quality protein ingredients, shortage of coarse grains (constituting about 50% of total ingredients), and the absence of any quality control.

There is an under-utilisation to the extent of about 60% of the installed capacity of commercial feed mills. As a matter of fact feed mills regulate their production schedule according to the demand from the poultry farms. They do not produce in excess of ready demand as the shelf life of feed ranges from 10 to 30 days only. Even the ready demand fluctuates periodically with changes in weather and feed prices.

### Little variation in prices

Since there are no specified quality standards followed by feed mills and they produce average quality feed, there are no wide variations in the selling prices of the same type of feed. However, there are some differences in the prices of feeds produced by mills located in different regions, mainly due to differences in raw material prices. Some mills are able to obtain premium-selling prices because of better after-sale services.

Certain big mills located in the same region have formed into groups for mutual consultations in matters of common interests, including price fixing of their end products.

The poultry feed industry is producing a total quality of 1.4 million tonnes annually. This is just enough to satisfy the domestic demand. But with the unutilised capacity available at the existing mills, they can easily increase their production proportionately to the export demand as and when it is created. Assuming the existing mills are working at full capacity, another one million tonne of poultry feed may be available for export.

### Undeveloped cattle feed industry

With regard to cattle feed, this sub-sector of the feed industry has not developed to any sizeable commercial scale. There are just a few industrial units in Punjab which exclusively produce this category of animal feed.

Some of the poultry feed mills that have the requisite machinery and equipment also occasionally produce cat-

tle feed, but the total quantity produced is very small. It is estimated at 5,000 to 6,000 tonnes per annum and is purchased locally by livestock owners ignorant of the advantages of concentrated feeds and who resort to cheaper conventional feedstuffs. Moreover, the livestock population is scattered in small flocks over vast areas making commercial distribution a difficult task. This is also a limiting factor in popularising the use of mill-made livestock feed in the country.

### Future exports?

However, cattle feed could be manufactured for the export market. Some of the existing poultry feed mills have shown their eagerness to produce for export provided certain incentives and facilities are provided. They also claim to have the necessary machinery and technical know-how for the purpose.

Given that the cattle feed industry in the country is not being developed scientifically and commercially, the then prime minister's 1989 announcement of the governments plan to establish feed institutes in all the four provinces to look into the feed problems provided optimism. Besides other functions of the institutes under planning it is suggested that they may also work to establish a couple of cattle-feed manufacturing mills as pilot projects to produce feed for export only.

As the private sector is hesitant at present to invest in such ventures these may be established in the public sector for their eventual transfer to the private sector. In Turkey, for example, which is a major feed-producing country, two mills are primarily manufacturing for export and filling contracts with the Middle East up to 100,000 tonnes of finished feed annually.

The poultry feed industry is meeting the domestic demand satisfactorily, but the export capacity is yet to be developed. The existing poultry feed units may be motivated to produce for the export market by ensuring a regular and adequate supply of various ingredients, particularly coarse grains at reasonable rates and duty-free importation of certain types of sophisticated machinery not available domestically.

As a long-term measure it is necessary that some unconventional feed resources may be exploited to cut production costs of cattle feed. Research in this direction is being undertaken by the Pakistan Agricultural Research Council and other institutes. This may be sped up for application in the commercial production of cattle feed. ●