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An Appraisal Study for performance of Animal products Marketing system in Egypt

By

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INTRODUCTION

Marketing is the performance of business activities involved in the flow of goods and services which make the product acceptable to the consumer. Marketing performance is measured by the efficiency of business activities that add product value by providing the products in the form and place and at the time and price that the consumer wants. The business activities in marketing can be roughly classified as exchange functions (buying, assembling and selling), physical functions (storage, transportation and processing), and facilitating functions (standardization, financing, risk bearing and market intelligence) [1]. However, the common measures for assessing marketing performance are marketing costs and margins, product loss and waste in marketing as well as handling.

Food marketing performance in Egypt is important because a major part of family expenditure (about 54%) is spent on food [2] saving through lower-cost food or increase in the quality of food provided through marketing contribute to the well-being of the consumer. It is also important because many people earn their livelihood from the food system. Moreover, Egypt is becoming an

urban population with a market economy. This is paving the way for commercial production and processing of foods, particularly animal protein foods. This gives rise to the important need to develop new markets in urban areas especially for frozen poultry meat, cooled milk, packaged eggs and portion cuts of beef. The past problems of food supply are shifting to of distribution and from commodities to nutrition. As improvements in income and technology continue to become more general throughout the economy, more food is processed and packaged. A commercial animal foods production industry is emerging keyed to consumer preference for new products. At the same time, a national marketing system appears to be emerging with a number of animal food products as processed meats, cheese, and packaged eggs etc.

Marketing performance analysis system included in this study were for red meat, milk, poultry and eggs, towards justification for such products markets.

METHODOLOGY

In order to identify complex marketing problems, it is necessary to divide the marketing system into small definable components. Two basic methods were used for dividing the marketing system. The first was the institutional approach considers the nature and characteristics of various middlemen and related agencies and also the arrangement and organization of the marketing machinery. The second was the functional approach which divide the marketing system into exchange functions (buying, assembling and selling), physical functions (storage, transportation and processing) and facilitating functions (standardization, financing, risk bearing). The study discusses both approaches but emphasizes the institutional approach throughout.

Market performance was assessed using the following measurements: (1) costs and margins (price spread); (2) efficiency of processing; (3) standards and specification; (4) product promotion based on data collected from major processing plants for red meat (Meatland company) and for milk products (Misr Dairy company)

RESULTS AND DISCUSSION

1. RED MEAT MARKETING SYSTEM

Red meat is a commercial term that means the meat supply from ruminants such as cattle, buffalo, sheep, goats and camels. Pork, as commercial term, has been included as a part of red meat because its production is small and insignificant. However if pork meat is significant it will be classified as white meat.

1.1 Red meat market structure and share:

Red meat market structure (fig 1) shows that Egypt supply depends on import and local production. Imports of red meat accounted for almost one-third of the supply, and most of it in form of frozen meat. Local production is the main supply (two-thirds). Red meat production from cattle and buffalo is tied closely to milk production. The milk production system produces calves that are grown for slaughter (46.8%) and cull cows (8.2%); no longer fit for milk production, that are slaughtered [2]. Calves fed on growing rations are the main source of local production. Mainly they are the output of feedlot enterprises that depend on concentrated feed and roughages. They are available seasonally in the market according to their prices, low price season (May-June), moderate price (August-September) and high price season (December-January) [3]. Sheep and goats about (8.3%) of supply peaked during "El Adha Eid". Veal buffalo calves represent (2.5%), where the animals sold at 2 months of age at an average weight of 70-80 kg which yield about 40 kg carcass. The reason for selling young calves as veal to save suckled milk and also because buffalo meat is tough and has less consumer preference than from young calves.

From red meat market institutional point of view, market starts from whole sale stage which includes assembly, slaughtering and processing. The total number of livestock assembly markets has reached about 120 [4]. The central markets are located in the governorate capitals and supervised by city councils. The assembly markets are also found in small towns and villages

(Soliman1987) [5]. The market is usually held on a certain day of the week and the clients have to pay fees to the mangment to enter the market. Specialized market as a strict sense does'nt exist except camel market in Giza governorate, and semi-specialized dairy buffalo market in Damietta and Dakahlia governorates; and dairy cattle market in Menoufia governorate.

The livestock markets, or what so called " red meat markets" are served by three main types of agents . The first agent is represented by the wholesale traders and the local traders. The second type of agents are the brokers and middlemen who provide market services. The butchers are the third market agent who operate at retail level [6].(fig 1).

The number of official slaughterhouses has renched 300. recently, four utomatic slaughterhouses are located in Cairo, Alexandria, Giza and Ismailia governorates [4]. The official slaughterhouses handled the major part of red meat input (about 74%). The non-official slaughterhouses exist in Egypt and are called off-slaughter. The use off-slaughter is mainly to avoid inspection, slaughtering fees and to slaughter female animals by law is forbidden by the prevailing legislation.

With respect to meat processing plants, there are about 110 licensed ones of which 25 are qualified(7).Their production is estimated to about 65000 tons / year. These meat plants are basically using imported frozen meat, due to the high price of local red meat.

Retail and distribution stage includes several avenues i.e., cooperative outlets, supermarkets and groceries. butchers as well as institutions, resturants and hotels.

1.2 : Red meat market performance :

Market performance of red meat has been evaluted in terms of physical efficiency and institutional efficiency as presented in the following sections :

1.2.1. : Current economic policies : The policy supporting growing and conditioning of veal calves up to 400 kg was based on the assumption that veal

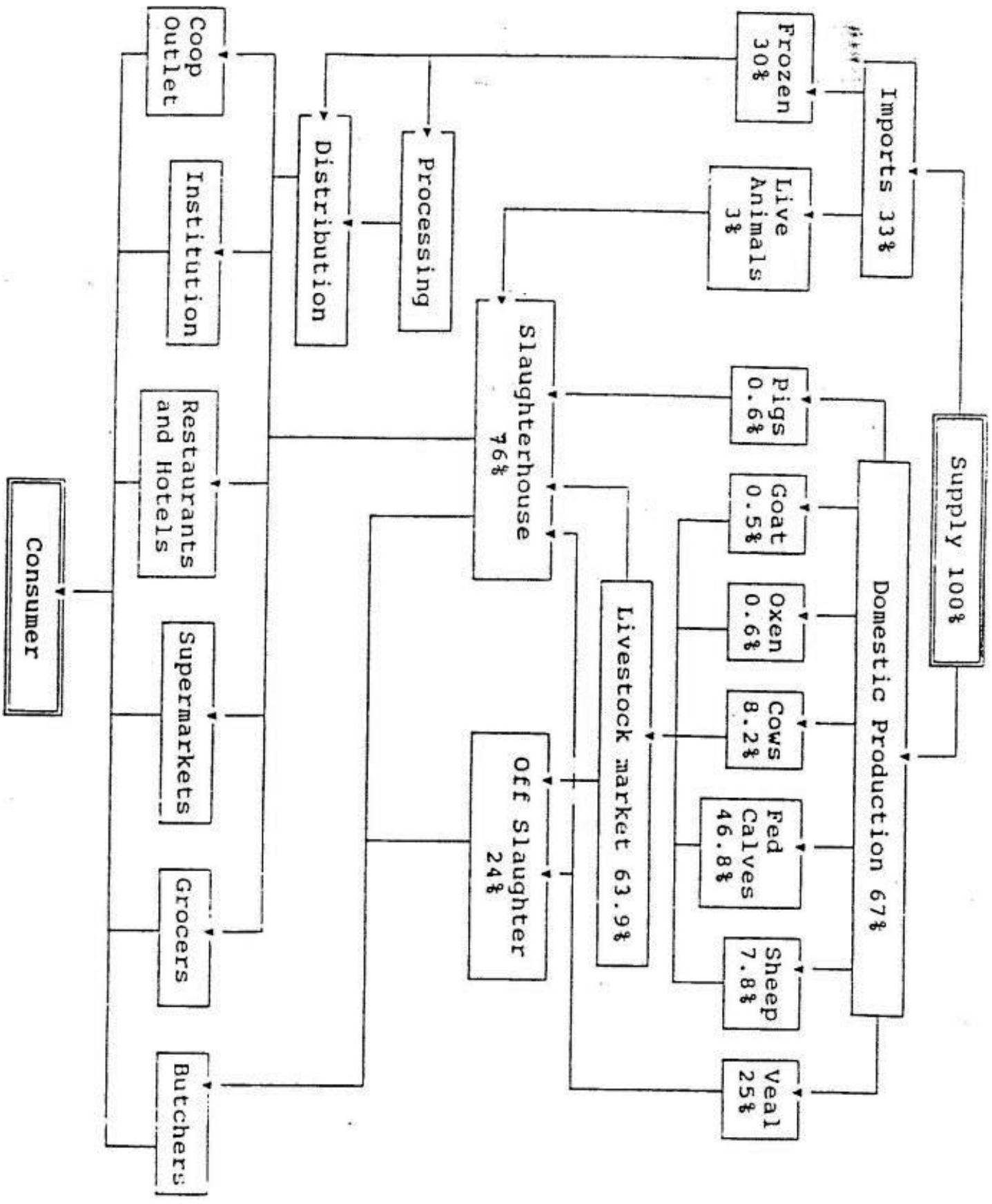


Figure (1) Red Meat Marketing System

calves will have a significant impact on the red meat market. Quick calculations show that this policy will provide the market with about 120,000 tons of meat, whereas, the market would receive only 30% to 40% of this quantity if veal calves are sold prior to the growing and conditioning stage (only 36,000 to 48,000 tons). Of note, is that under the young veal slaughtering system feed subsidies and loans to producers are not required. At present, growing and conditioning of veal calves is being supported with subsidized loans at 9% interest versus the current bank rate of 18%. These loans could probably have a much larger impact on animal protein food production if they were made available to the entire livestock and poultry industry including small and large producers.

1.2.2: Foreign trade policy : Trade policy has traditionally played a direct as well as indirect role in Egypt 's livestock economy. For example, the implicit export tax on cotton has discriminated against cotton production and encouraged alternative summer crops, which fit into a crop rotation using long season berseem. This policy led to more berseem (and more feed resources) than would have been the case under a cotton pricing regime with producer prices closer to border prices of wheat. Price policy also encouraged the planting of more profitable winter crops such as berseem. Increased producer prices for cotton and wheat since 1990 has corrected some of these distortions.

Subsidized exports of live cattle and beef from EEC have also put pressure on profits of local producers. however, subsidized imports of beef are welcomed and supported by processors and traders because of the substantial profits that can be accrued. Low cost imports are converted to high priced retail cuts and processed meats [8]. Most likely these subsidized imports will not be acceptable under GATT.

1.2.3 : Market information system : The lack of market technical information system is probably the largest barrier to operate an effective market

economy. The information that was available either out of date or misleading. Inventory estimates were based on projections between census points taken every ten years. Other than the census data no information on inventories was estimated based on statistically significant samples, and market trends and market analyses are not made [9,10,11].

1.2.4: Grading and labelling : The current grading of red meat, carried out by government officials, identifies the type of animal and its age and information stamped on the carcass. Further grading is carried out by butchers. Carcasses are divided into first and second grades of meat. This is done to distinguish the product for retail pricing. There are no standard measures for grading at this level. Also, consumers appear to prefer local production and fresh meat over imported frozen meat. However, tasting consumer willingness to pay for quality (grading market scenario) showed that urban consumer has little response to quality of fresh red meat, while in rural the response was high (12,13)

1.2.5 : Physical efficiency :

- **Slaughter houses** : Even though, the four modern slaughter houses located in big cities have inputs on the number of off-slaughter 1990's than 1970's (24% vs 47%) [14] yet the current uses of these slaughter houses reached 70%.
- **Meat processing plants** : Processed meat rely on imported frozen meat cuts, due to the high prices of local red meat, which is almost double that of frozen ones. Information collected in 1994 from one of the main processing plants (Meatland company in Ismailia) indicated that its actual utilization reached only 20% of the total capacity. Under-utilization of such industry is mainly due to low demand for processed meat. Minced beef represents the highest market share, about 50% of all processed products. This is controlled by consumer taste and purchasing power.

Meat processing industry tried to have more types of processed meat and at different sizes that enhance the marketing (market promotion). For example meatland company is producing 12 kinds of processed meat, but they are available in the market in about 53 different flavor blends, packaging forms, container sizes and methods.

1.3 : Price spread:

1.3.1: Processed meat : Table (1) presents wholesale and consumer prices for processed meat, according to different retail package, size and quality in Nov. 1993. The wholesale trader (company) share ranged from 5-22% of consumer pound , The least share was for slices beef home (1kg pack). While the highest was for Hot-dogs (processed under vaccum as 500 gr package). Meanwhile, the trader share can be varied according to sizes, packaging techniques used and packaging material of each product. However, it worth mentioning, that processed meat can be sold in different prices at retail level in different outlets in areas according to standard of living which need some sort of trading control.

1.3.2 : Fresh red meat (locally produced):Table (2) shows the percentage share of the consumer pound spent on red meat, that goes to each agent of the marketing stages in nineties.

The first and third types of agents are considered to be specialized one. Noteworthy is that the wholesale traders in this market cycle represents a sort of oligopoly. Some studies refer to 12-15 traders controlling both Cairo and Alexandria markets where 45% of meat is traded [12]. Brokers are handling the market information function which is provided to both the seller and the buyer. The existance of such brokekrs is partially due to the absence of marketing information system and to the dominance and oligopoly of the whole sale traders. This situation as well as the oligopoly-like conditions in the processing industry is probably limiting the development of the market.

Table(1) Wholesale and Consumer prices for Meat Processing in Egypt According to Different Retail Packag, Size and Quality in Nov. 1993

Agent Type	Wholesale price (LE)	consumer price (LE)	Wholesale share (LE)	%share of wholesale in consumer price	Remarks
<u>Grinding</u>					
Family grinding (1kg)	8.15	9.00	0.85	9	contain of 7 sizes
Grinding (450 gm)	8.12	9.18	1.06	12	
Grinding (350)	8.71	10.00	1.29	13	
Grinding fry flour (500 gm)	15.80	17.80	1.80	10	
Grinding beef home (250 gm)	4.80	5.80	1.00	17	
Grinding beef home soft (450 gm)	4.89	5.56	0.87	12	
Grinding beef home smooth	5.56	8.33	0.78	12	
<u>Burger</u>					
Burger(500 gm)	13.00	15.00	2.00	13	4 burger blends in different package and sizes
Burger cans(400 gm)	8.13	9.38	1.25	13	
Burger cans (800 gm)	7.81	9.06	1.25	14	
Burger beef home(500 gm)	11.60	13.60	2.00	15	
Burger cafetria beef home (1kg)	5.50	6.25	0.75	12	
Burger mexican(500 gm)	13.00	15.00	2.00	13	
Burger indian (500 gm)	13.00	15.00	2.00	13	
Burger cans mexican(400 gm)	8.13	9.38	1.25	13	
Burger cans indian (400 gm)	8.13	9.38	1.25	13	
<u>Sausages</u>					
sausage sharki (400 gm)	7.13	8.00	0.88	11	5 sausage blends in different package and sizes
sausage cans sharki(400 gm)	8.00	9.25	1.25	14	
sausage cans mix shar (400 gm)	8.00	9.25	1.25	14	
sausage cans orintal(400 gm)	8.00	9.25	1.25	14	
sausage beef home(400 gm)	6.13	7.13	1.00	14	
sausage markizy(400 gm)	7.75	8.75	1.00	11	
sausage cans markizy(400 gm)	9.00	10.00	1.00	10	
sausage sharki indian(400 gm)	7.13	8.00	0.88	11	
sausage sharki mixican(400 gm)	7.13	8.00	0.88	11	

(Continue)Table(1) Wholesale and Consumer prices for Meat Processing in Egypt According to Different Retail Packag, Size and Qualitu in Nov. 1993

Agent Type	Wholesale price (LE)	consumer price (LE)	Wholesale share (LE)	%share of wholesale in consumer price	Remarks
Minced					
minced (400 gm)	6.13	6.83	0.70	10	3 minced mixtures meat in different package & sizes
minced with rice(400gm)	5.50	6.25	0.75	12	
minced mixed cans(450gm)	7.22	8.33	1.11	13	
minced mouton cans(400gm)	8.13	9.38	1.25	13	
minced mouton (400 gm)	6.75	7.50	0.75	10	
minced beef home(400 gm)	5.75	6.25	0.50	8	
Cubic					
cubic (400 gm)	10.83	11.88	1.25	11	2 sizes
cubic beef home (400 gm)	6.75	7.50	0.75	10	
Slices					
slices (400 gm)	11.13	12.50	1.38	11	2 sizes
slices beef home (1kg)	8.75	7.15	0.38	5	
Liver					
liver beef home (400 gm)	6.38	7.50	1.13	15	2 sizes
liver beef home (400 gm)	2.50	3.00	0.50	16	
basterma small weight(1 kg)	11.00	14.00	3.00	21	2 sizes
basterma large weight(1kg)	13.00	16.00	3.00	19	
sausage smoked (500 gm)	17.60	20.00	2.40	12	2 flavor blends of two sizes
sausage smoked cocktail (1 kg)	8.70	10.00	1.30	13	
sausage smoked kremat (330 gm)	9.3	10.30	0.91	9	
hot dogs (1 kg)	8.8	10.00	1.20	12	2 packing form of two sizes
hot dogs facum (600 gm)	9.50	10.42	0.92	9	
hot dogs (500 gm)	16.00	20.00	4.00	20	
hot dogs facum (500 gm)	6.60	8.50	1.90	22	
hot dogs kromat (400)	9.38	10.63	1.25	12	
lanshoun slice (250 gm)	9.80	11.00	1.20	11	4 flavor blends
lanshoun slice with pepper (250g)	12.80	14.00	1.20	9	
with olive (250g)	12.80	14.00	1.20	9	
with red meat (250g)	12.80	14.00	1.20	9	
Tongue					
cooked (100 gm)	35.00	40.00	5.00	13	2 flavor smoked
smoked (250 gn)	40.00	48.00	8.00	16	

source : collected and calculated from a sample company in Ismailia Nov.93.

Table (2) Percentage of the consumer LE spent on red meat that goes to each agent of the marketing stages in 1992

Type \ Agent	Beef Feed lot%	Mutton %	Buffalo feed lot%	Buffalo veal %	cull cattle and Buffalo%
consumer	100	100	100	100	100
Retailer	9	23	6	10	7
wholesaler	11	10	8	12	5
producer	80	67	86	78	88

source: Calculated from Central Agency for Public Mobilization and Statistics (CAPMS), (1993) * Monthly Bulletin for consumer prices * several issues.

2. Milk Marketing System

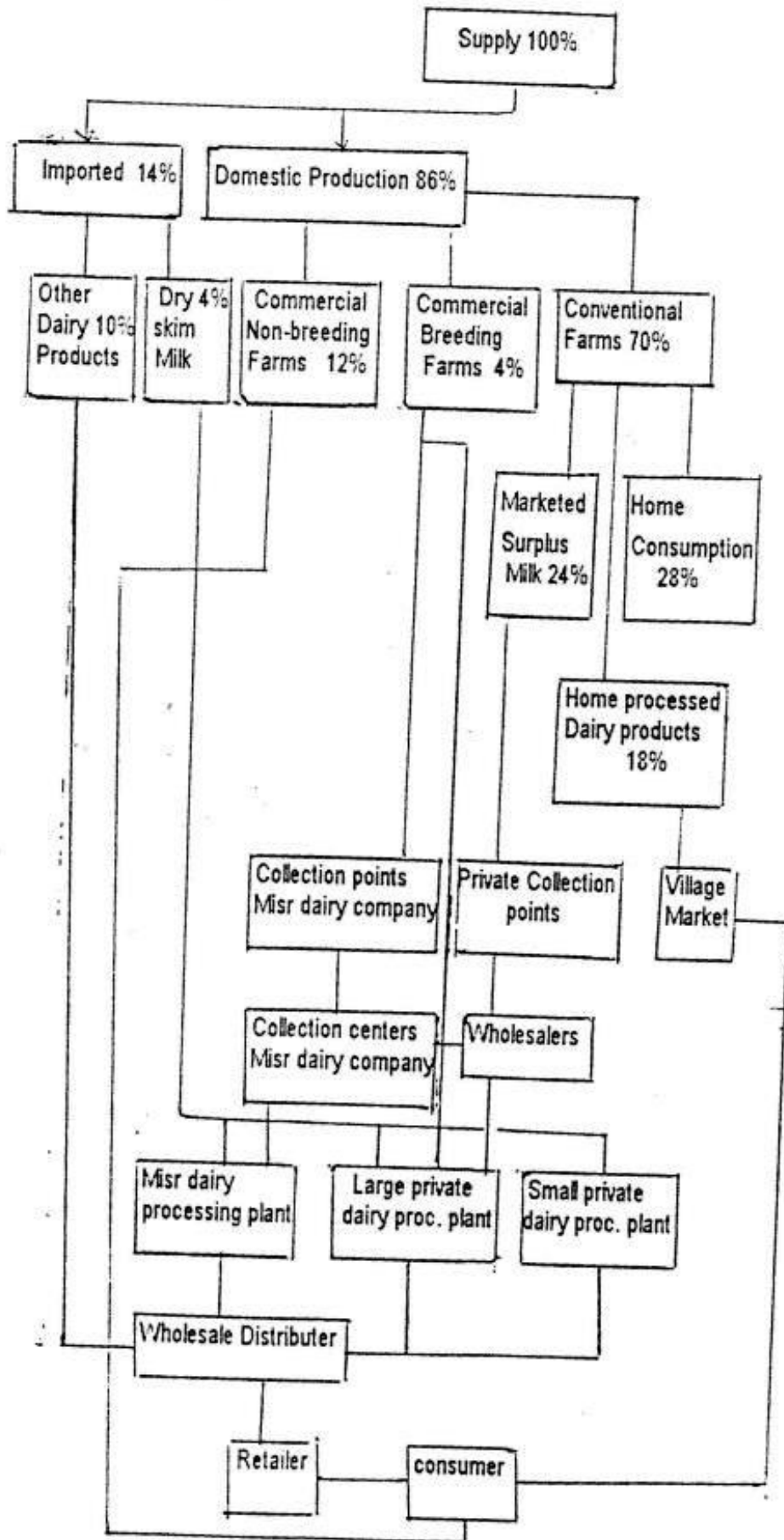
2.1: Milk market structure:

The milk market structure is presenting in figure (2). It shows that, there are two main supply sources of milk and milk products in Egypt, domestic production and importation. Domestic production accounted for 86% of the total milk supply and produced through three identified systems.

2.1.1: Conventional farm system: It contributed to the total supply by 70% (28% farm consumed + 18 % farm processed products + 24% marketed surplus that go through collection points.

2.1.2: Modern commercial farm system : It provided only 4% of milk supply which mostly directed to large processing plant through collection points and centers.

Figure (2) Milk Marketing System



2.1.3 : Traditional commercial farm system : It accounted for 12% of milk supply. This system usually located at the boarder of big cities e.g. Cairo and Alexandria to provide daily fresh buffalo milk to the urban consumer, almost from the farm to retailer or consumer without much complicated marketing stages. The share of milk marketed directly to the consumer is 7.2% of total supply and 4.8% by retailer. The marketable surplus (24%) and milk from modern commercial system (4%) are mainly delivered to collection points and / or wholesalers to provide dairy processing plant. The share of large dairy plant is about 6% of the total supply plus 1% dry skim milk used as milk equivalent . Small dairy processing firms consumed 22% from domestic production marketable supply plus imported skim milk in terms of liquid milk, which accounts for 3% of total milk supply. The end products of dairy processing plants reach consumer through wholesaler and retailer.

Imported milk in terms of milk equivalent accounted for 14% of which 4% as dry skim milk for industrial uses and other dairy products (cheese; whole dry milk) amounted for 10% of the total milk supply. All these products marketed through wholesales and retailers to the cosumer.

Table (3) referes to the value of imported milk and dairy products over the period 1988-1991. It indicated that the percentage of imported milk increased from almost 8% in 88/89 to 14% in 90/91. The value of butter also increased from 54% to 61% , while imported cheese (white.hard) decreased because the local products have increased over time.

Table (3) Structure of imported milk and dairy products in Egypt

period	1988/89		1989/90		1990/91	
	value Products ,000 LE	%	value ,000 LE	%	value ,000 LE	%
Milk	22865	7.6	88643	17.3	79586	14.4
Cheese :						
white	52172	17.4	78954	15.4	73392	13.3
hard	61581	20.6	71651	14.0	59236	10.8
butter	162860	54.4	273463	53.3	339264	61.5
Total	299478	100	512711	100	551478	100

source : CAPMAS, (1993). * Monthly Foreign Trade Bulletin of A.R.E. * several issues.

2.2 : Milk market performance :

The market contribution of the conventional farm system does not exceed 24% of the sytem's total marketable supply whereas 56% is directed to family consumption and producing home processed dairy products. The farm milk, which is obtained by primitive milking methods twice a day, is either boiled and consumed by the farmers or left unboiled for further processing. Cream, butter and fatless cheese known as Karish are the kinds of products that can be developed from unboiled milk. The disposition of milk is shown in figure 3.

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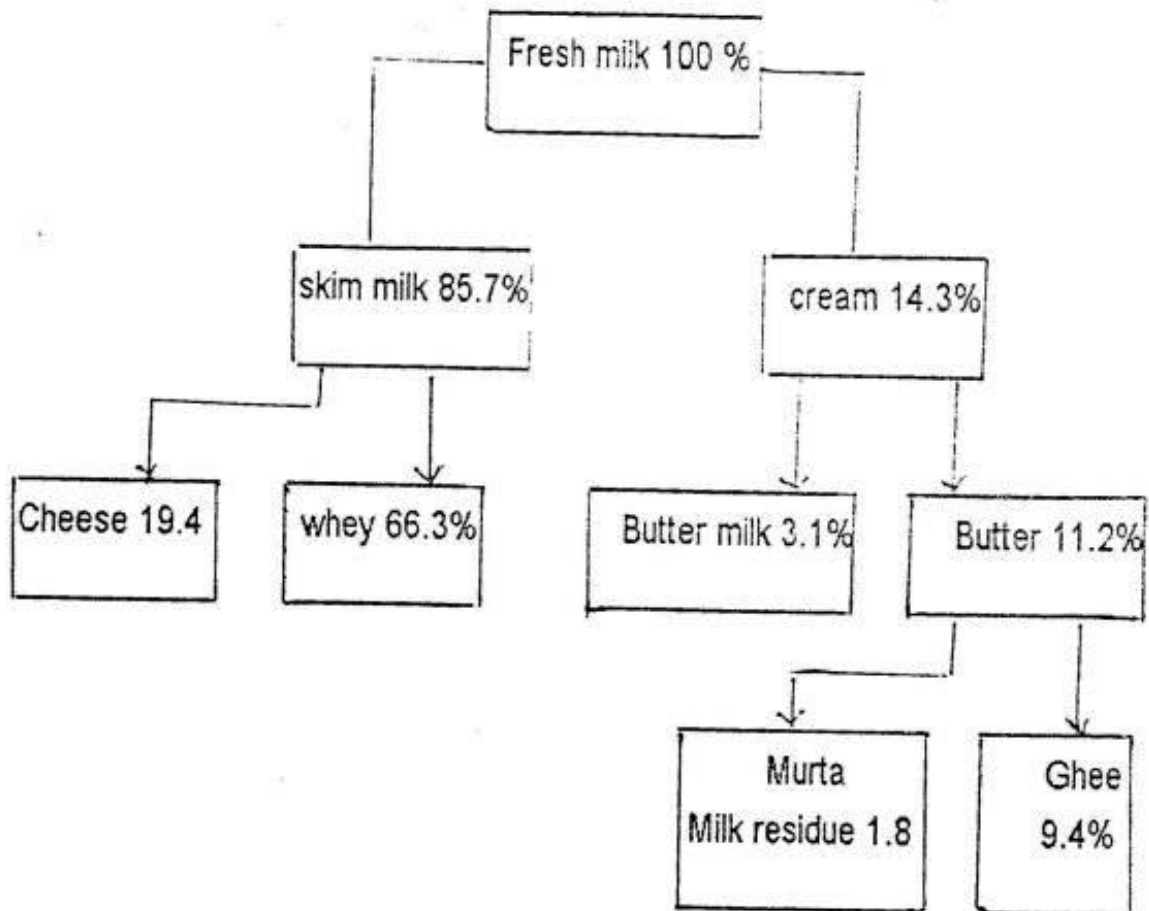
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	value Products ,000 LE	%	value ,000 LE	%	value ,000 LE	%
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Figure (3) Technical coefficient of milk processing on conventional farm system



source: Ibrahim Soliman & A.Ragab.(1985). " Labor use pattern for livestock operations with special emphasis on women role". Journal of Agri. Res.' Faculty of Agri.' Univ. of Zagazig. Zagazig Egypt. Vol. 12 No.2 : 540-565.

2.3: The milk marketable surplus :

The local surplus of milk produced is handled through collection points and wholesalers that are responsible for the collection of fresh milk from the small conventional farms. However, the collection points were not successful in performing their tasks due to a number of different factors.

The wholesalers depend on the middlemen who are responsible for collecting fresh milk from the farmers ensuring that the milk is in good condition and

before delivering it to the wholesale traders.

This system is facing a number of problems concerning milk production, collection, and last but not least, the distribution. The efficiency and significance of this source in the market mechanism is in question, particularly that the bulk output is mainly consumed by the family.

This sector faces many problems, which increase the cost of producing milk. The low productivity of dairy cows, together with the lack of standard breeding and health programs and poor management have contributed immensely to the problem.

Increasing this sector's contribution should start from the production process by minimizing the relevant costs. This will include the development of modern farm systems and the use of appropriate simplified construction for farm buildings. Efficient management and less intensive labor will positively affect the development of this sector. The marketing overheads could be better managed by controlling the manufacturing process, particularly the quality control standards and the establishment of the relevant supporting industry.

The commercial non-breeding farms are actually of a commercial nature than a breeding system, 75% of the production is handled through retailers who receive milk at farm gate and deliver it to the households in the big cities and 25% of the production is delivered directly by producers to the households.

This system could be the basis of a modern commercial breeding system if further developed. However, there are many problems that need to be considered : most importantly, is the lack of any control procedures over this milk.

2.4 : The market promotion of milk sector

The market promotion and marketing efficiency improvement of this sector relays upon important key issues :

2.4.1: To minimize marketing cost : (1) To overcome the production inefficiency leading to high cost; (2) establishment of supporting industry for packaging as related equipments; (3) use the most simple and cheap

processing technology to assure safe consumption of milk and milk products :
 (4) Development of quality control system and update standards and specification of milk products to assure the quality of the products in the market. Emphasis should be put to protect consumer economically and health-wise.

2.4.2 : To minimize production cost : It requires : (1) Development of a modern farm system rely upon highly production of cows not less than 15kg/day for 305 days [16]. (2) Appropriate simplified construction of farm buildings to minimize the fixed cost ; (3) Appropriate recommended farm scale of milking heads and less intensive labor and selection of efficient management to proceed with breeding and feeding conditions.

2.5 : Price spread :

Table (4) presents wholesale retail and consumer prices for milk products in Egypt according to different retail package, size and quality in Nov.93. The calculated percentage share of consumer LE at different stages showed that the share of the wholesale trader varied from 5-25% of consumer pound spent on 1 kg of products. This variation is mainly due to different types produced, different packages and quality. At retail level the share ranged between 3%, in hard cheese "Blue cheese", 1 kg package, up to 18% as in "labna" product of 225g package. At wholesale stage (industry), the share ranges from 5% for "romy cheese " 400gm package up to 25% as "Labna" product (225 g).

Generally, it was observed that large size dairy package (family size) had relatively lower prices which goes with the marketing promotion function.

3. Poultry marketing system

3.1 : Poultry marketing structure

Local poultry production in Egypt (95%) is the main market supply. The share of private sector farms reached 60%. whereas, the public sector farms' contribution was about 10%. The traditional household-type system

TABLE (34) WHOLESALE AND CONSUMER PRICES FOR MILK PRODUCTS IN EGYPT ACCORDING TO DIFFERENT RETAIL PACKAGE, SIZE AND QUALITY IN NOV'93

Type	LE Wholesale Price	LE Retail Price	LE Consumer Price	LE Wholesale Share	LE Retail Share	% Share of Wholesale in Consumer Price	% Share of Retail in Consumer Price
MILK							
Pasteurized milk, 3% fat (400gm)	1.04	1.08	1.25	0.21	0.18	17	14
Milk, 3% fat (400gm)	1.25	1.33	1.50	0.25	0.18	17	12
Milk, 3% fat (250gm)	1.44	1.55	1.80	0.36	0.24	20	13
YOGHURT							
Cow yoghurt, 3% fat (120gm)	2.42	2.50	2.92	0.50	0.42	17	14
Labna (225gm)	6.67	7.33	8.89	2.22	1.56	25	17
WHITE CHEESE							
Fresh white cheese, cans (1 kg)	4.25	4.40	5.25	1.00	0.85	19	16
Preserved white cheese, cans (1kg)	5.25	5.40	6.00	0.75	0.60	13	10
Fresh cheese, plastic package (700)	4.86	5.00	5.57	0.71	0.57	13	10
Preserved cheese, plastic package	6.07	6.21	7.00	0.93	0.79	13	11
KARISH CHEESE							
	4.00	4.40	5.00	1.00	0.60	20	12
ROMY CHEESE							
Romy cheese, large size (1kg)	10.50	10.50	11.25	0.75	0.75	7	7
Romy cheese packages (400gm)	11.25	11.38	11.88	0.63	0.50	5	4
Romy cheese (200gm)	11.50	11.75	12.50	1.00	0.75	8	6
CHEDDAR CHEESE							
Slices (1kg)	10.50	10.75	12.00	1.50	1.25	13	10
Slices (500gm)	10.50	10.80	12.00	1.50	1.20	13	10
Cheddar cheese (250gm)	11.00	11.40	13.00	2.00	1.60	15	14
BLUE CHEESE							
Blue cheese, large (1kg)	13.00	13.60	14.00	1.00	0.40	7	3
Blue cheese, pieces (70gm)	16.79	17.86	21.43	4.64	3.57	21	17
Blue cheese, piece (100gm)	20.00	21.50	25.00*	5.00	3.50	20	14
GHEE							
Ghee can (16.5kg)	6.97	7.27	7.58	0.61	0.30	8	4
Ghee can (8.5kg)	7.13	7.50	8.13	1.00	0.63	12	8
Ghee jar (900gm)	7.78	8.06	8.61	8.33	0.56	10	6
Ghee (ElMabrouka) (1kg)	7.25	7.60	8.00	0.75	0.40	9	5
Ghee (El Mabrouka) (2kg)	7.30	7.60	8.25	0.95	0.65	12	8
BUTTER							
Butter Blocat (10kg)	5.70	6.00	6.30	0.60	0.30	10	5
Butter Blocat (1kg)	6.00	6.15	6.50	0.50	0.35	8	5
Butter Blocat (250 gm)	6.50	6.80	7.50	1.00	0.70	13	9
Butter Blocat (500 gm)	6.60	6.80	8.00	1.40	1.20	18	15
CREAM							
Cream, 40% can (150gm)	6.00	6.00	7.00	1.00	1.00	14	14
Cream 40% can (400gm)	5.13	5.13	5.63	0.50	0.50	9	9
Cream 140% can (1kg)	4.25	4.35	5.00	0.75	0.65	15	13
COOKED CHEESE							
Cooked cheese (6 pieces)	9.11	9.64	11.43	2.23	1.79	20	16
Cooked cheese (6 pieces) (Sabah Alour)	8.29	8.93	10.71	2.42	1.79	23	17
Cooked cheese (6 pieces) (El Gamal)	8.75	9.17	10.42	1.67	1.25	16	12
Cooked cheese (6 pieces) (Karima)	10.42	10.83	12.50	2.08	1.67	17	13
w/olive & basterma (6 pieces)	11.25	12.08	14.58	3.33		23	17
Block (500gm)	6.80	7.00	8.00	1.20	1.00	15	13
Block (Block (2kg)	6.00	6.25	6.75	0.75	0.50	11	7
MORTA							
plastic package (1kg)	4.00	4.15	4.60	0.60	0.45	13	10
Plastic package (500gm)	4.50	4.70	4.50	1.00	0.80	18	15
MESH							
Large cans (20kg)	2.00	2.10	2.20	0.20	0.10	9	5
Package (1kg)	2.00	2.05	2.25	0.25	0.20	11	9
Package (500gm)	2.20	2.30	2.50	0.30	0.20	12	8
Jar (1kg)	2.80	2.90	3.25	0.45	0.35	14	11
Jar (500gm)	2.50	2.60	3.00	0.50	0.40	17	12

Source: Collected and calculated from a sample company in Ismailia, Nov'93

contributes 25%. Imports trape making up the balance 5%), Fig. 4.

3.2 : Poultry market performance

The common size for live-birds in the Egyptian market is 1.3kg. to 1.6 kg. This weight is reasonable for both the consumer and the producer.

The wholesale market is controlled by few traders, whose main interest is to increase their profit margin without playing a significant role in the industry. The traders work toward squeezing the margins of both the retailers and producers to a minimum level to ensure higher profit margins for themselves table 5. Surprisingly, the producers who play a significant part of industry, get lower profit margins. This oligopoly has been extended to reach the retail level where there are, in many cases, agents working for the wholesaler [17]. There are 19 processing plants owned by both public and private sector. The total capacity of slaughterhouses is about 110 million birds/year and has remained the same over the last 10 years. The slaughterhouses are not fully utilized due to several reasons. This is mainly because there is a preference by the consumer to buy live birds rather than dressed poultry. In addition, the high cost of transportation to the slaughterhouses where there is high possibility of death and losses and the noncompliance of some birds to the slaughterhouses specifications, are among the reasons of concern. Such problems could be overcome by a set of different rules that could guarantee a reasonable amount of incentives for the agents that are involved in the handling of dressed birds. This can be achieved through vertical integration among wholesale and production input suppliers such as chicks and feed.

The technical aspect is also one of the most important area that could help in paving the way to full utilization of the mechanical slaughter houses. In the production stage, it is important to produce birds homogenized in weight and size. Such measures will fit the handling transportation and slaughtering specifications.

As for the processing stage, applying the Good Manufacturing Practices

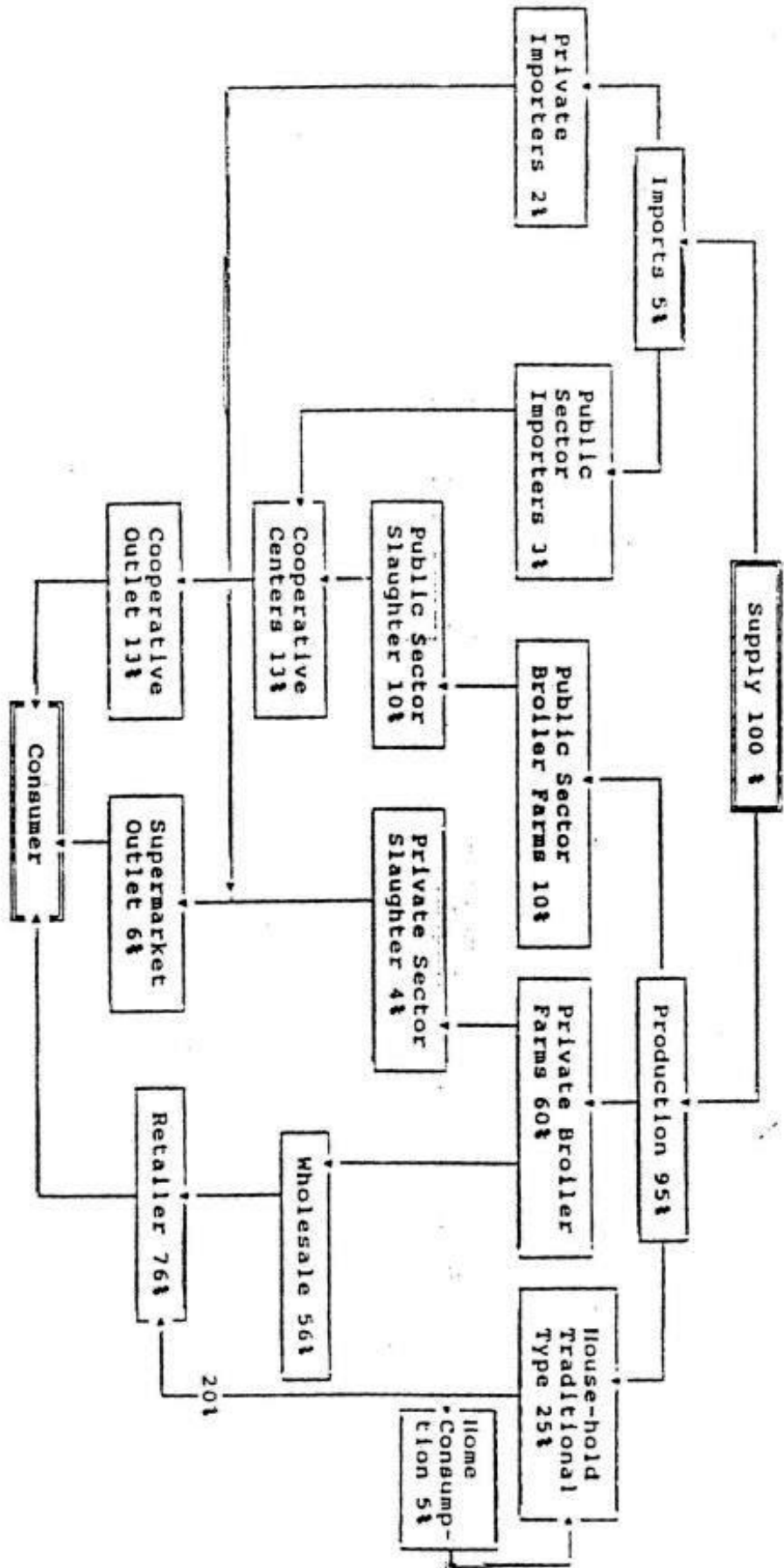


Figure (4) Poultry Marketing System

Table (5) Consumers LE spread for broiler-Table-egg in 1991

Item	commercial Broiler	Table Egg
Farm price p.t. /1kg	324	13.4
Retail price p.t. /1kg	368	18.8
Producer's share (%) of retail price	88	71.3
Marketing share (%) of retail price	12	28.7

source : calculated from : Central Agency for Public Mobilization & Statistics (CAPMS)

- (1) Monthly Bulletin for food items (1992)
- (2) Monthly Bulletin for retail prices (1992)

(GMP) is highly recommended. The implementation of the hazard Analysis Critical Control Points (HACCP) system from the point of receiving the chickens throughout the manufacturing process until they reach the consumer is an advanced step. HACCP is considered to be the most reliable and quick method of carrying out the necessary microbiological tests [18]

For the last 25 years the Egyptian poultry market has lacked two important factors that are the basis of the development of this industry. First, the Egyptian market should work toward reaching the level of mass production that guarantees small profit margins per unit of production. In the last 25 years and as previously described, the poultry production industry has provided high profit margins to small production units. The inefficient performance of the producers was covered by the intensive subsidy programs [19].

Vertical integration among successive stages of the industry is the second important factor that should be applied in the Egyptian market. The purpose of such structure is to shrink the marketing cost, to establish a marketing driven industry and create coordination and consistency in the various production and marketing stages. This consequently, will lead to more stable prices, particularly if associated with a horizontal integration which ensures a lower production cost due to the large production scale.

There are three different approaches for vertical integration.

First approach: comprehensive poultry complexes that include all the production stages starting from the hatcheries up to the distribution. (This represents 10% of the American market)

Second approach: Establishing marketing companies responsible for the distribution of both inputs and outputs. (This represents 30% of the American market)

Third approach: Contracted system between the different marketing stages. This system implies the existence of a main stage, which is usually the processing stage, that controls the transactions between the producers and the other end of the industry. In this system the government is usually responsible for the guarantee and the proper implementation of such contracts. (This represents 55% of the American market.).

A mixture of both vertical and horizontal structure will fit the Egyptian market. The horizontal structure is only here to back up and support the vertical integration. The government should consider some functions that are not expected to be fully provided by the private sector such as quality control, financing, veterinary services, marketing promotion, research and market information service.

4.: Table eggs marketing system

4.1 : Table eggs marketing structure:

Local table egg production in Egypt is covering the market demand. Importation of table eggs has completely stopped since 6 years ago. However, Egypt continues to import only fertile eggs for hatcheries in order to

produce layer chicks as well as broiler baby chicks [17]

Local table egg production depends mainly on the commercial industry sector, which represents 77% of the total supply. The other source of supply is traditional backyard production. This sector contributes only 23%. Until the late 1960's, this sector used to be the main source of egg supply in Egypt. However, this traditional type of production has become oriented to home consumption rather than a commercial business. Details of the table egg marketing system are shown in figure(5).

Output of the commercial sector has varied throughout different phases of development. In 1986, the capacity of this sector reached 5 000 million table eggs. With the phasing out of subsidies, there was a drop in production of table eggs. This has consequently reduced per capita consumption from about 80 eggs to 58 eggs in recent years. [5,17]

The table eggs producers operating in Egypt have established large compound enterprises. These compounds usually include a feed mill and hatcheries with a total capacity of 1 million eggs per year. In many cases they have their own distribution system without relying on wholesalers.

By analyzing the spread of the farm-consumer price over the different phases [5,20], we find that the cost shares are respectively, retail(4.8%), wholesale(5.0%), producer profits(5.5%), feedmill profit(6.8%), feed ingredient cost(30.8%), feed processing cost (7.2%) and the other production cost (39.9). This breakdown reflects marketing inefficiency. The feed mills under this system get nearly 7% margin, whereas the producer who bears the risk of the manufacturing process gets a margin of only 5.5%. This inefficiency is also presented in the cartel that exists between the largest producers who actually control both the prices and the supply in the market in the absence of vertical integration between the other producers.

Seasonality is affecting the prices of the table eggs. This is due to consumers' preference and experience. In winter the demand on eggs increases because of the cold weather and the beginning of the schools. In summer the demand for eggs will decrease.

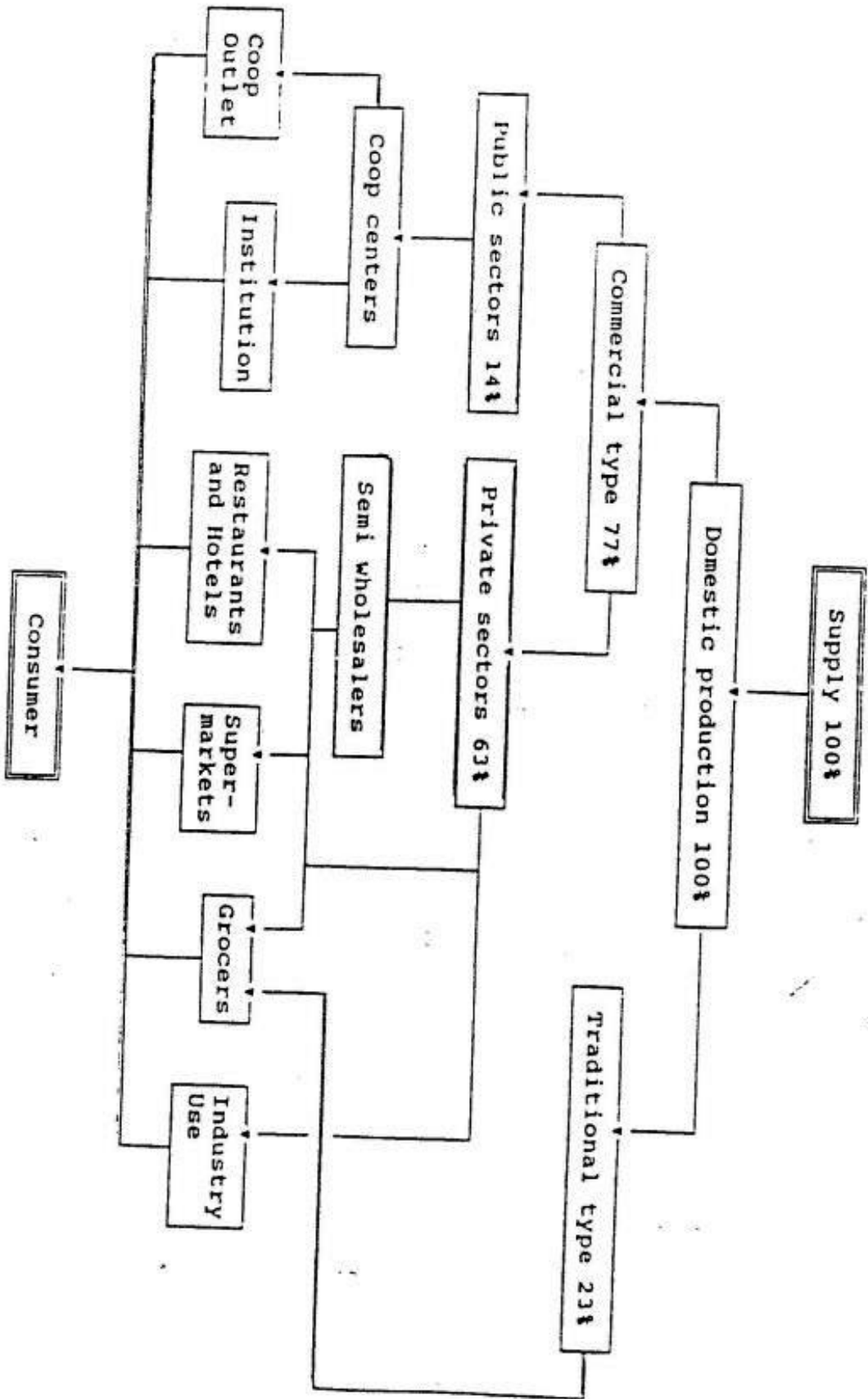


Figure (5) Egg Marketing system

4.2 Table eggs market performance:

The table egg industry needs efficient performance at certain stages of the marketing process, particularly in packing, handling and quality control.

4.2.1 Packing: The standard Egyptian egg unit is a carton tray of 30 eggs. The fact that the majority of the consumers tends to buy a package of less than 30 eggs increases the selling price. A change in the packing size is needed. One of the advantages of reducing the standard unit to a dozen eggs, as it is in most countries of the world, is to adjust the cost spread between the retailer and the other agents involved in the marketing process.

4.2.2 handling: This particular function requires certain facilities at either the wholesale or retail end-short-term storage. The negative results of lacking this storage function in the Egyptian market is felt particularly during the summer.

4.2.3 Quality: At this stage of development, the market identifies between the size and colors of eggs. Brown eggs suppose to have slightly higher prices than white ones. Also, large eggs are sold at relatively higher price than small eggs. On the other hand, there are some other areas that have not yet received proper attention. One of these areas is shell cleanliness and thickness. Uncleaned shell could lead to infections, such as Salmonella. Significant portion of the eggs available on the marketplace have thin shells and are more likely to be damaged or get infected easily. This problem is mainly due to the nutritional regime in the production stage.

Another area that needs more attention is freshness of eggs. This is the consumer's main concern. According to the international standards, the date of production should be labelled to give the consumer confidence in his purchase.

The small farmer project has successfully provided layer batteries with

around 96 layers of commercial strains. This kind of investment has given high returns on investment [21].

The government needs to supply certain services to support this sector. These marketing services are the marketing information systems for prices, projection of both demand and supply on a daily basis and marketing research. Financing the private sector to help it to develop the processing industry along with quality control procedures to meet with the international standards are also needed.

Summary

The study dealt with the marketing system of the major animal protein products, which are red meat, poultry meat, table eggs and milk. The system of each commodity was investigated as market structure, performance and policies. The study reached some major policy implications, that are recommended to reach more efficient, higher developed market for such economical and nutritional important group of food commodities.

It appears that the Government Of Egypt (GOE) is gradually setting in motion policies to enable a market economy environment. The GOE has eliminated subsidies, and put privatization and entrepreneurship into practice. As a result certain policies are needed to assure approaching the benefits of market economy, through speeding up the creation of a market economy environment and restructure the marketing system so that its performance can be resumed.

Most of the Animal Protein Products industry firms have not reached a size to take advantage of the economies of scale that can reduce costs which would compensate the impacts of elimination of subsidies. Both enough capital and efficient management are not available to develop markets and expand production so that greater economies of scale can be reached. Both regional and national regulations and local business attitudes prevent international investment and management from entering the industry. Therefore, horizontal integration (Cooperatives, complex companies) is needed to be competitive with international poultry business. Regulations that prevent ownership of land and ownership control of the business limit potential investment and management to local sources, should be reformed.

Vertical integration is another part of reorganization that will be required in attaining efficiency and lower cost animal protein food. The purpose of vertical integration is not only to shrink, but it also creates coordination between the various production and marketing stages. Another important point is that it can be a means of effective technology transfer. More specifically, modern international processing companies have integrated, either backward, through contracting, or forward through developing packaging, piece sales, cold storage and transportation.

The noncompetitive conditions of firm behavior appear at several levels of the animal protein food industry. Most wholesale markets are controlled by few traders who can affect price by adjusting supplies they make available to the market. These noncompetitive conditions also extend to the retailers, wholesalers, and butchers. Regulation for enforcement of anti-competitive behavior is needed to induce growth in commercial sector of such markets.

In most cases businesses indicated that they are not part of any business or industry organization that represent their interests with the government or that

provided market or technical information. There is a lack of business organizations in the animal protein food system, and the few available ones, are not part of the ongoing government committees that makes decisions concerning government interventions impacting upon their industry.

As urbanization continues markets are becoming larger and more developed, then traditional practices are no longer possible to keep market development. Eggs that are traditionally packed without protection cannot be transported long distances or distributed in congested areas without costly breakage. Also, to reach the larger growing markets, it will be, necessary, to distribute package chilled or frozen red meat cuts and poultry and pasteurized or UHT milk.

For most, if not all, animal food products there is informal traditional grading. However, this system is not uniform since there are no standards measures for grading. Both the consumer and producer would benefit if a uniform grading system was developed for each commodity.

The lack of market and technical information is probably the current largest barrier to operation of an effective market economy in the animal products marketing system. To make a market economy effective, programs will be necessary for implementing a national agricultural sample survey on an annual basis, and operating an agricultural marketing information system.

Under "GATT" implementation, It is important to assure that imports of milk, eggs, poultry and red meat are priced at full cost. in order to insure "fair competition" that will provide discipline to the development of the animal products system. It is required to develop "Anti-dumping" legislation to comply with GATT. In turn, this needs to have clear protest procedures and communications on import price decisions. It should be mentioned that this is not a basis for banning imports. A sustainable deficit of some products, particularly, red meat exists and the consumer welfare would be seriously disrupted without imports of red meat. Further, imports would stay as a source of less expensive meat for the poor that are at protein quality risk.

To further the development of the market economy and to be in line with the GATT, it will be also useful to lift the "pocket veto" on imports of some other products, such as poultry meat or probably table-eggs. Imports are necessary to cause a restructuring of the industry so that it is competitive at the world market level.

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تقييم الأداء للنظم التسويقية للمنتجات الحيوانية في مصر

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ملخص الدراسة

يهدف البحث الى دراسة النظم التسويقية للمنتجات الحيوانية الرئيسية المتمثلة فى اللحوم الحمراء، الدواجن، البيض واللبن، وذلك من خلال دراسة التركيب والأداء السوقى بالإضافة الى السياسات التسويقية. ونقد توصلت الدراسة الى بعض السياسات المقترحة والتي تعتبر توصيات هامة ومؤثرة فى مجال تنمية القطاع التسويقي خاصة مجموعات السلع الغذائية الحيوانية.

ولقد أوضحت الدراسة أن الحكومة المصرية قامت بتنفيذ عددا من السياسات التي ساعدت على تحويل السوق المصرى الى نظام اقتصادى حر، وذلك عن طريق خفض والغاء الدعم على السلع ومستلزمات الانتاج، ثم خصصت المشروعات العامة مع ترك الاسعار حرة لقوى العرض والطلب، وتقوية القطاع الخاص فى كل من التجاره الداخليه والخارجيه، مع ازالة القيود التي تحد من حركته فى شتى المجالات. الا انه قد لوحظ أن مشروعات الانتاج الحيوانى على وجه الخصوص ليست بالحجم الذى يسمح لها بالاستفاده من مميزات وفورات السعه، التي تنقل الى حد كبير من تكلفة الوحده بالقدر الذى يمكن من تعويض رفع أسعار المستلزمات الناشئ عن خفض الدعم، خاصة وان تلك المشروعات تفصلها الادارة المتميزة أو رأس المال الكاف. كما ان الظروف الانتقالية للاقتصاد المصرى والاقليمى والعالمى، لا تساعد على دخول الاستثمارات الاجنبية فى تلك الصناعات، بهدف رفع كفاءتها، مما يعنى انخفاض وضعف فرصة التكامل الافقى فى الصناعة، وزيادة أهمية وجود التكامل الرسمى فيها.

ويهدف التكامل الرأسى فى الصناعة الى أحداث التنسيق بين مراحل الانتاج والتسويق وهو وسيلة هامة لعملية نقل التكنولوجيا بالاستفاده من امكانيات شركات التصنيع الغذائى العالمية، أما عن طريق التعاقدات أو عن طريق أساليب التعبئة والتغليف والنقل والتخزين المبرد.

والمتابع لسوق المنتجات الحيوانية فى مصر بلا حظ ان ظروف المنافسة غير متوفرة خاصة فى مجال تجارة الجملة، حيث يعمل تجار الجملة فى الاسواق من خلال سيطرة عدد من التجار محدود للغاية، باستطاعتهم التحكم والتأثير على الاسعار، والتحكم فى الكمية المعروضة من السلع، الامر الذى يؤدى الى غياب المنافسة سواء على مستوى الجملة أو على مستوى التجزئة، مما يدعو الى ضرورة اعادة النظر فى السياسات المتبعة مما يساعد على تهيئة المناخ لخلق المنافسة الكاملة فى الاسواق.

ويعتبر عدم توفر منظمات رجال الاعمال المتعلقة بتلك الصناعة عاملا من عوامل عدم تطوير الاسواق، وحتى القليل من تلك المنظمات الموجودة فى مصر حاليا لا تشارك فى اللجان الحكومية التي تهتم بمستقبل هذه الصناعة.

ولقد أصبحت لأسباب تعريفية سببية ذات تناسب مع تقدم الحضارى والتكنولوجيا الحديثة ، لذا فإنه يجب ان تكون المراحل السابقة من إرسال أعذار وبحييز ونعيدة وتدرج الخاصة : باللحوم الحمراء ، الدواجن ، الثن والبيض تتسم مع لأسباب تعصرية الحديثة . حيث ان عملية التدرج على وجه الخصوص للمنتجات بحرية . تتسم بالنسبية وعبر رسسية حيث لتوحد مواصفات قياسية يمكن على أساسها إجراء تلك العملية . مما يجب ان مرحة واحدة إخاضعة لتحكم الشخصى ، والتي على أساسها يمكن تفر من المنتج والمستهلك أن يستنبط من جهة - مراعى نيا نظام سليم .

ويعتبر نقص المعلومات السابقة من تفر أحدثت انى تؤثر على كفاءة النظام التسويقى للمنتجات الحيوانية ، مما يضاف صعوبة وتلب سبب مبدئى بالعينة لجمع واعداد ثباتت تسوية سبب . وتشغيل نظام المعلومات سرفى سبب .

ويجب التأكيد ان سعر منتجات مسوردة مثل الثن ، البيض ، لحوم الدواجن واللحوم الحمراء تعادل تكاليفها الكلية وغير مدعومة لأنه فى ظل تطبيق اتفاقية (الجات) ، لا دعم للأسعار ، لذلك يجب من التشريعات التى تمنع الاغراق لسببى شاقا مع قواعد الجات . . ويلزم أيضا استمرار عملية استيراد بعض المنتجات ذات السعر المنخفض كالحوم الحمراء والبيض ، ولحوم الدواجن ، وذلك لضمان توفرها للفقراء الذين قد لإتعاملون مع انواعيات مرتفعة ثمن من تلك السلع .

ولكى يتم تنمية وتضوير اقتصاد السوق فى مصر حتى يتواءم مع شروط الجات فتح المفيد ان نزيل العوائق الحكومية الغير رسمية والغير معلنة التى تتخذها بعض الجهات ضد الأستيراد لبعض المنتجات الحيوانية ظنا منها حماية السوق المحلى مثل لحوم الدواجن وبيض المائدة لأن الواردات ضرورية لإعادة توجيه وهيكلة الصناعة المحلية نحو المدافسة الحقيقية على مستوى السوق العالمى .