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1993 North Carolina Poultry Industry Survey

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A Cooperative Project of the
North Carolina Poultry Federation
and
North Carolina State University
Department of Agricultural & Resource Economics
Poultry Science Department

November 1994

POULTRY INDUSTRY IN NORTH CAROLINA: 1993 SURVEY

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Executive Summary

The North Carolina poultry industry's final point sales exceeded the value of 2.3 billion dollars in 1993. Of that amount, 63 percent is attributed to broiler production and processing, 34 percent to turkeys production and processing, and 3 percent to commercial eggs. Poultry industry was the source of employment for 19,821 North Carolinians, generating a total annual payroll of 332 million dollars. In addition, the poultry industry made payments of almost \$215 million to 4,118 contract growers.

In 1993 the industry produced 586 million broilers which represents an increase of 5.5 percent over the previous year. Total live weight produced amounted to 3 billion pounds. Total processed weight was close to 2.4 billion pounds. The final point of sale value for the broiler complex equals 1.4 billion dollars, an increase of 5.4% over 1992. Payments to broiler contract growers increased 5 percent to \$147 million.

Turkey production in 1993 reached almost 65 million birds, an increase of over 11 percent from the previous year. Total number of turkeys processed was close to 53 million, and the processed meat production has reached 953 million pounds. Turkey complex recorded the final point of sale value of \$795 million, an 8.3 percent increase over 1992. There were 891 contract growers involved in turkey production collecting close to \$62 million.

Compared to 1992, the table egg industry experienced no significant change in 1993. Production remained at about 1.6 billion eggs with the market value of \$70 million.

Raleigh, North Carolina, November 17, 1994.

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assumed zero change in their production volumes in 1993. Overall, survey data included a total of 48 companies: 18 broiler producers, 18 turkey producers, and 12 egg producers. It is estimated that the collected data represents above 95 percent of the total North Carolina poultry industry production volume.

General Economic Indicators

The North Carolina poultry industry's final point sales grew on average 6.4 percent in the 1981-1993 period, exceeding the value of 2.3 billion dollars in 1993. Of that amount, 63 percent is attributed to broiler production and processing, 34 percent to turkeys production and processing, and 3 percent to commercial eggs. Survey results are summarized in Table 1 and Figures 1-6. Final point of sale value was calculated as the total market value of the processed products (broilers, turkeys and eggs), plus the market value of the intermediary production that left North Carolina before the product reached the processing stage (e.g.: breeder pullets, breeder hens, hatching eggs, hatched chicks, and live birds).

In 1993, the poultry industry was the source of employment for 19,821 North Carolinians, generating a total annual payroll of 332 million dollars. The largest number of people was employed by the broiler sector (67%), followed by the turkey sector (31%), and commercial eggs sector (3%). The employment numbers include only those individuals on the direct company payroll such as the individuals working in hatcheries, feed mills, and processing plants, as well as field supervisors, transportation workers, office personnel, and management. In addition, the poultry industry made payments of almost \$215 million to 4,118 contract growers. The largest number of contract growers is involved in broiler production (3,170),

assumed zero change in their production volumes in 1993. Overall, survey data included a total of 48 companies: 18 broiler producers, 18 turkey producers, and 12 egg producers. It is estimated that the collected data represents above 95 percent of the total North Carolina poultry industry production volume.

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In 1993, the poultry industry was the source of employment for 19,821 North Carolinians, generating a total annual payroll of 332 million dollars.¹ The largest number of people was employed by the broiler sector (67%), followed by the turkey sector (31%), and commercial eggs sector (3%). The employment numbers include only those individuals on the direct company payroll such as the individuals working in hatcheries, feed mills, and processing

¹ As a reference, North Carolina Employment Security Commission reported the 1993 poultry industry total employment of 23,296 with the total annual payroll in the amount of \$414.1 million. The ESC numbers include both full time and part time employees while the survey data may under-report part time workers. Also, the ESC poultry industry coverage may be somewhat broader than the survey's due to the SIC (Standard Industrial Classification) classification criteria. A firm is classified as a "poultry firm" if its output is more than 50 percent "poultry output".

plants, as well as field supervisors, transportation workers, office personnel, and management. In addition, the poultry industry made payments of almost \$215 million to 4,118 contract growers. The largest number of contract growers is involved in broiler production (3,170), followed by the turkey production (891), and commercial eggs production (57).

Broiler Complex

The largest and the most important commodity complex within the poultry industry in North Carolina is the broiler complex. Broiler production with four distinct technological stages (breeder pullets, breeder hens, hatcheries, grow-out) and broiler processing make up a completely vertically integrated industry. The broiler complex volume of production numbers are presented in Table 2. According to the 1993 survey results, the North Carolina poultry industry produced 586 million broilers², which represents an increase of 5.5 percent over the previous year. The total live weight produced amounted to 3 billion pounds with an average weight of slightly over 5 pounds per bird. The total processed weight in 1993 was close to 2.4 billion pounds or about 7.8 percent more than in 1992. The number of broiler contract growers has increased by 2.4 percent in 1993, while the total capacity of the chicken houses under contract increased only by 0.5 percent. The majority of the contract growers (79%) were involved in the grow-out phase.

The value of production for the broiler complex is presented in Table 3. The final point of sale value for the broiler complex in 1993 equals 1.4 billion dollars, an increase of 5.4% over

² This number can be compared with 615 million broilers for 1993 published by the North Carolina Agricultural Statistics.

1992. The final point of sale value was obtained as the sum of the total processed meat market value (\$1.4 billion) and the market value of the intermediary production that left North Carolina before the product reached the processing stage (breeder pullets, \$159 thousand; hatching eggs, \$13.4 million; and hatched chicks, \$31 million). Payments to broiler contract growers increased 5 percent in 1993, to \$147 million.

Turkey Complex

During 1993, turkey production in North Carolina grew both in volume and value. With 31 percent employment and 22 percent of contract growers, turkey complex controls 34 percent of the total poultry industry sales. The survey results are presented in Table 4-5. The production reached almost 65 million birds³, an increase of over 11 percent from the previous year. The total live weight produced amounted to 1.3 billion pounds. Average weight per bird decreased from 21 pounds in 1992 to 19.6 pounds in 1993. The total number of turkeys processed in the North Carolina processing facilities was close to 53 million, and the processed meat production has reached 953 million pounds, a 5 percent increase over 1992. The turkey complex recorded the final point of sale value of \$795 million, an 8.3 percent increase over 1992. There were 891 contract growers involved in turkey production (almost 3% more than in 1992), most of them in the grow-out stage. They have collected close to \$62 million in total contract grower payments, earning 5.4 percent more than in 1992.

³ The North Carolina Agricultural Statistics reports the number 62 million turkeys for 1993.

Commercial Eggs Complex

The smallest segment of the North Carolina poultry industry is the table eggs complex, accounting for only 3 percent of the total poultry industry final sales, 2 percent of employment, and 1 percent of contract growers. Compared to 1992, the table egg industry experienced no significant change in 1993. Production remained at about 1.6 billion eggs with the market value of \$70 million. There are 57 contract growers who earned slightly over \$6 million in contract payments. The egg complex survey results are presented in Tables 6-7.

Table 1: North Carolina Poultry Industry Survey:
SUMMARY

1992	Broilers	Turkeys	Commercial Eggs	Total
Number of firms (profit centers)	18	18	12	
Total number of employees	12,933	5,718	355	19,006
Total payroll, excluding contract payments	\$207,154,395	\$105,293,607	\$5,945,852	\$318,393,854
Number of contract growers	3,097	866	57	4,020
Total contract growers payment	\$139,627,880	\$58,556,091	\$6,085,658	\$204,269,629
Final point of sale value	\$1,368,051,496	\$734,134,024	\$65,680,882	\$2,167,866,402
1993	Broilers	Turkeys	Commercial Eggs	Total
Number of firms (profit centers)	18	18	12	
Total number of employees	13,376	6,076	369	19,821
Total payroll, excluding contract payments	\$211,682,530	\$113,138,637	\$7,039,402	\$331,860,569
Number of contract growers	3,170	891	57	4,118
Total contract growers payment	\$146,795,294	\$61,694,919	\$6,283,115	\$214,773,328
Final point of sale value	\$1,441,910,335	\$795,191,086	\$70,025,125	\$2,307,126,546

Table 2: North Carolina Poultry Industry Survey:
BROILER COMPLEX
 Volume of Production

		Breeder Pullets	Breeder Hens	Hatchery	Grow-Out	Processing
1992		(pullets)	(eggs produced)	(eggs set)	(broilers)	(broilers)
Number of contract growers		159	465		2,473	
Capacity of houses under contract (sq. ft.)		5,558,518	11,878,055		95,658,777	
Number of company farms/hatcheries/processing plants		7	11	17	3	13
Volume of Production	Number Pounds	6,927,929	1,049,882,636	627,672,273	555,219,523 2,766,478,969	556,210,229 2,178,629,622
		Breeder Pullets	Breeder Hens	Hatchery	Grow-Out	Processing
1993		(pullets)	(eggs produced)	(eggs set)	(broilers)	(broilers)
Number of contract growers		187	487		2,496	
Capacity of houses under contract (sq. ft.)		5,558,518	11,878,055		96,170,494	
No. of company farms/hatcheries/processing plants		7	11	18	22	13
Volume of Production	Number Pounds	7,369,392	1,102,389,650	638,465,065	585,675,483 2,955,754,456	578,545,695 2,348,150,019

Table 3: N.C. Poultry Industry Survey:
BROILER COMPLEX
 Value of Production

1992	Total	stays in NC		leaves NC	
			%	\$	% \$
Breeder Pullets					
Total contract growers payment	\$6,792,391				
Market value of pullets	\$42,129,495	97%	\$41,001,496	3%	\$1,127,999
Breeder Hens					
Total contract growers payment	\$21,292,036				
Market value	\$110,059,541	88%	\$96,841,519	12%	\$13,218,002
Hatchery					
Market value of chicks,hatched	\$84,327,953	55%	\$46,301,772	45%	\$38,026,182
Grow-Out					
Total contract growers payment	\$111,543,453				
Total farmgate value	\$669,813,197	100%	\$669,813,197	0%	\$0
Processing					
Total processed value	\$1,315,679,293				

Table 3 cont.: N.C. Poultry Industry Survey:
BROILER COMPLEX
 Value of Production

1993	Total	stays in NC		leaves NC	
		%	\$	%	\$
Breeder Pullets					
Total contract growers payment	\$6,755,780				
Market value of pullets	\$46,203,215	100%	446,044,240	0%	\$158,975
Breeder Hens					
Total contract growers payment	\$20,694,750				
Market value	\$114,014,492	88%	\$100,604,430	12%	\$13,410,062
Hatchery					
Market value of chicks hatched	\$85,226,980	64%	\$54,171,249	36%	\$31,055,731
Grow-Out					
Total contract growers payment	\$119,344,764				
Total farmgate value	\$782,348,515	100%	\$782,348,515	0%	\$0
Processing					
Total processing market value	\$1,397,285,567				

Table 4: North Carolina Poultry Industry Survey:
TURKEY COMPLEX
 Volume of production

1992		Breeders (eggs produced)	Hatchery (eggs set)	Grow-out (turkeys)	Processing (turkeys)
Number of contract growers		19		847	
Capacity of houses under contract (sq. ft.)		448,750		112,888,540	
Number of company farms/hatcheries/processing plants		88	7	29	6
Volume of Production:	Number	283,189,032	77,695,125	58,235,996	52,665,394
	Pounds			1,224,303,338	907,753,234
1993		Breeders (eggs produced)	Hatchery (eggs set)	Grow-out (turkeys)	Processing (turkeys)
Number of contract growers		19		872	
Capacity of houses under contract (sq. ft.)		448,750		115,242,540	
Number of company farms/hatcheries/processing plants		88	8	28	6
Volume of Production:	Number	293,662,068	84,052,658	64,748,715	52,718,374
	Pounds			1,268,595,954	952,857,621

Table 5: N.C. Poultry Industry Survey:
TURKEY COMPLEX
 Value of Production

1992	Total	stays in NC		leaves NC	
		%	\$	%	\$
Turkey Breeders					
Total contract growers payment	\$1,040,667				
Market value of eggs produced	\$20,860,645	98%	\$20,430,378	2%	\$430,267
Hatchery					
Market value of poults hatched	\$62,036,648	80%	\$49,876,648	20%	\$12,160,000
Turkey Grow-out					
Total contract growers payment	\$57,515,424				
Total farmgate value	\$449,048,075	83%	\$372,546,805	17%	\$76,501,270
Processing					
Total processing value	\$645,042,487				
1993	Total	stays in NC		leaves NC	
		%	\$	%	\$
Turkey Breeders					
Total contract growers payment	\$1,059,360				
Market value of eggs produced	\$20,746,596	98%	20,338,453	2%	\$408,143
Hatchery					
Market value of poults hatched	\$71,742,439	82%	\$58,942,439	18%	\$12,800,000
Turkey Grow-out					
Total contract growers payment	\$60,635,559				
Total farmgate value	\$466,034,473	83%	\$389,014,031	17%	\$77,020,442
Processing					
Total Processing market value	\$704,962,501				

Table 6: North Carolina Poultry Industry Survey:
TABLE EGGS COMPLEX
 Volume of production

1992	Breeders (eggs produced)	Hatchery (eggs set)	Production (table eggs)
Number of contract growers	0		57
Capacity of houses under contract (sq. ft.)	0		2,333,710
Number of company farms/hatcheries/processing plants	0	0	7
Volume of Production (number)	0	0	1,535,131,188

1993	Breeders (eggs produced)	Hatchery (eggs set)	Processing (turkeys)
Number of contract growers	0		57
Capacity of houses under contract (sq. ft.)	0		2,966,280
Number of company farms/hatcheries/processing plants	0	0	7
Volume of Production	0	0	1,585,179,828

Table 7: N.C. Poultry Industry Survey:
TABLE EGGS COMPLEX
 Value of Production

1992	Total	stays in NC		leaves NC	
		%	\$	%	\$
Commercial Egg Breeders					
Total contract growers payment	0				
Total market value of eggs	0				
Hatchery					
Market value of chicks	0				
Commercial Egg Production					
Total contract growers payment	\$6,085,658				
Total market value of eggs	\$65,680,882	64%	\$42,095,428	36%	\$23,585,454
1993	Total	stays in NC		leaves NC	
		%	\$	%	\$
Commercial Egg Breeders					
Total contract growers payment	0				
Total market value of eggs	0				
Hatchery					
Market value of chicks	0				
Commercial Egg Production					
Total contract growers payment	\$6,283,115				
Total market value of eggs	\$70,025,125	63%	\$44,100,413	37%	\$25,924,712

Figure 1:

NC Poultry Industry Survey: FINAL POINT OF SALE 1981-1993
In Billions of Dollars

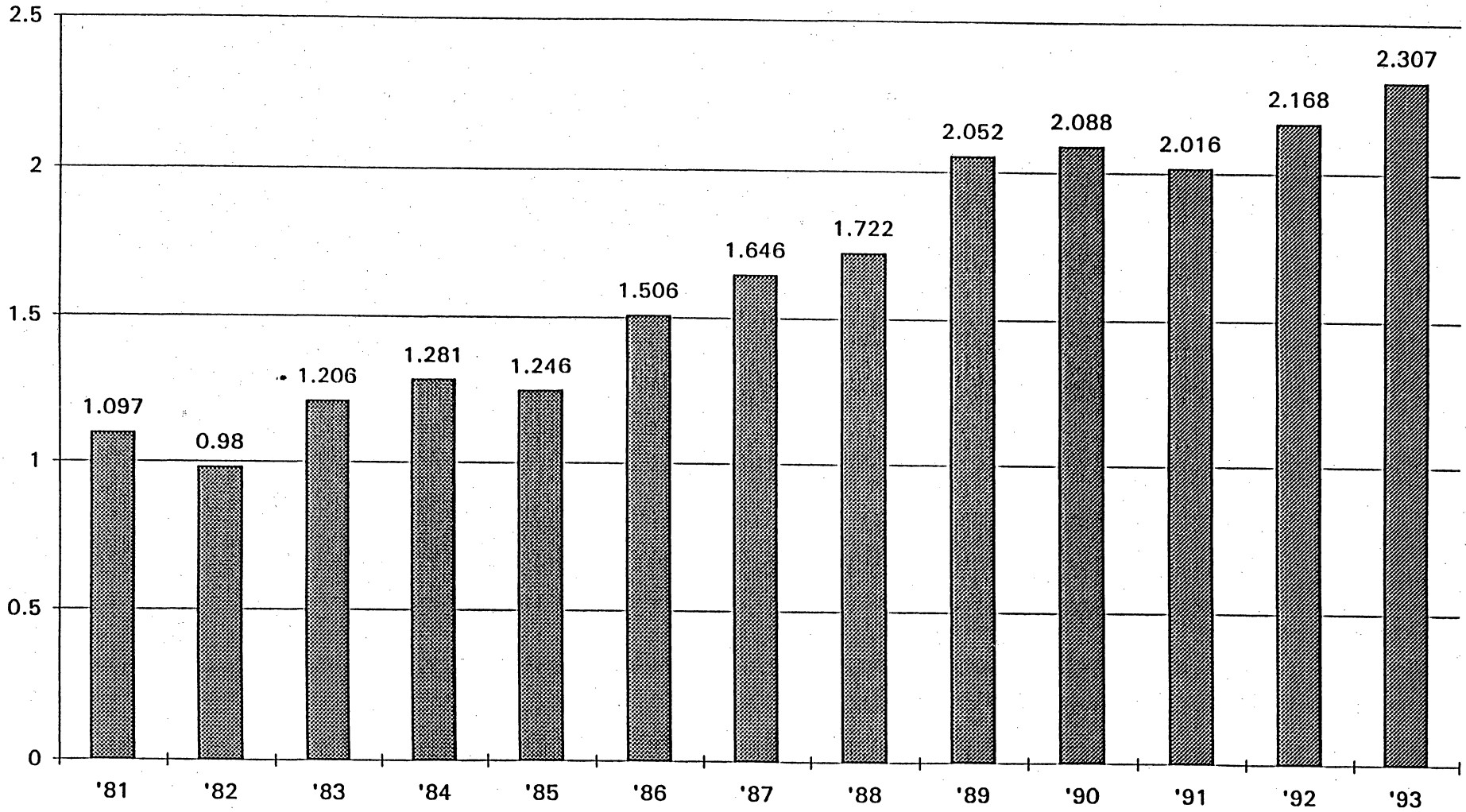


Figure 2:

NC Poultry Industry Survey: FINAL POINT OF SALE 1993
\$2.307 billion

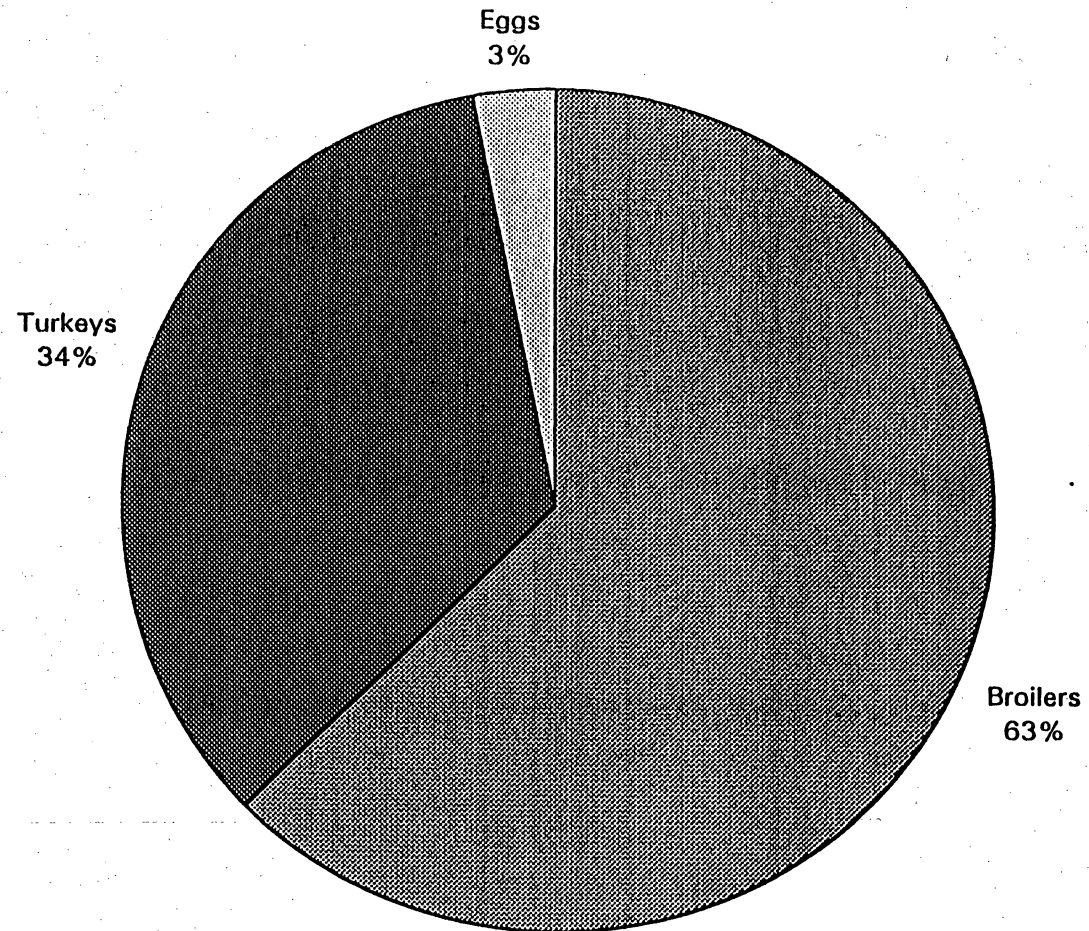


Figure 3:

NC Poultry Industry Survey: NUMBER OF EMPLOYEES 1981-1993

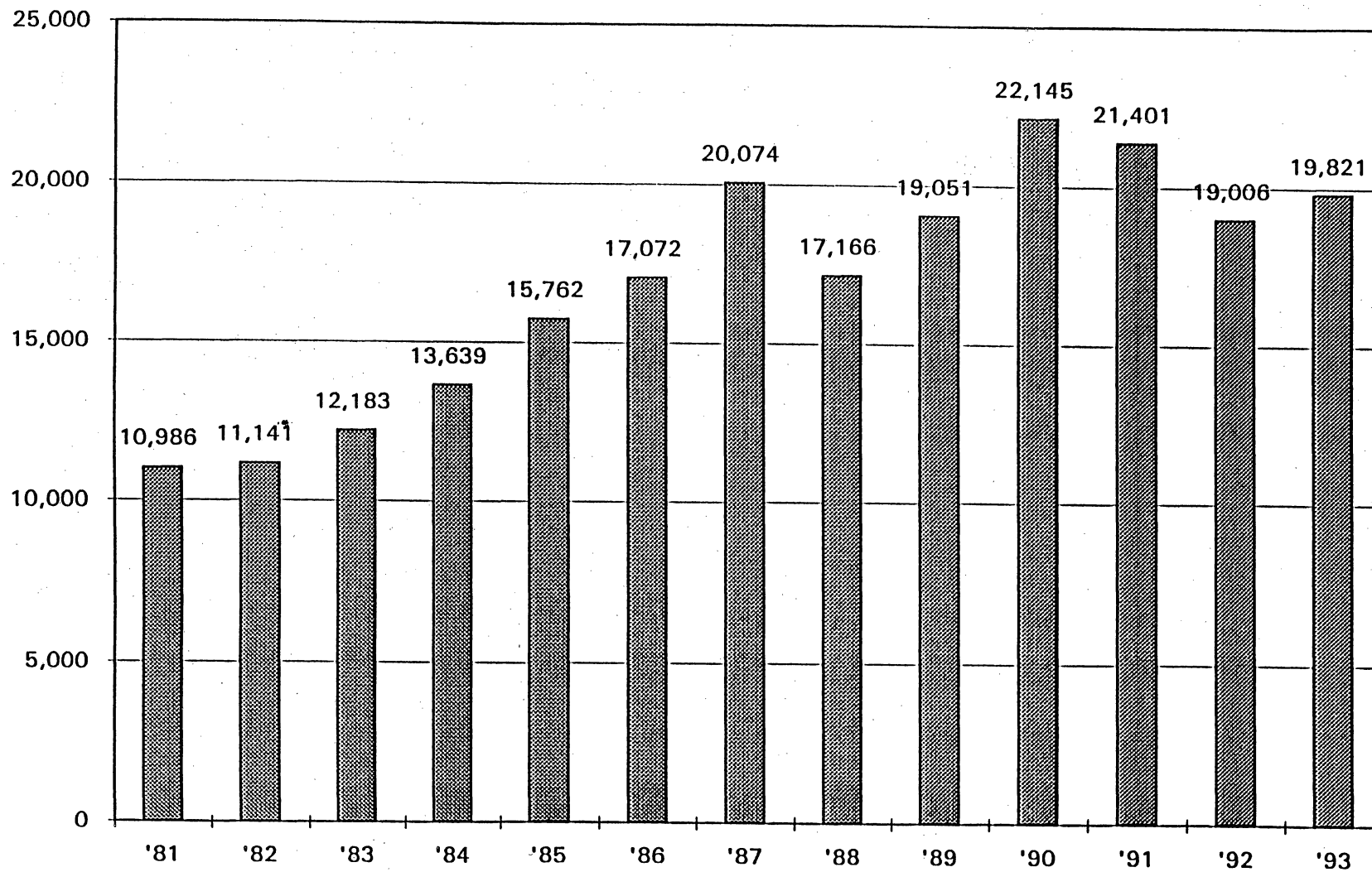


Figure 4:

NC Poultry Industry Survey: TOTAL NUMBER OF EMPLOYEES 1993
19,821

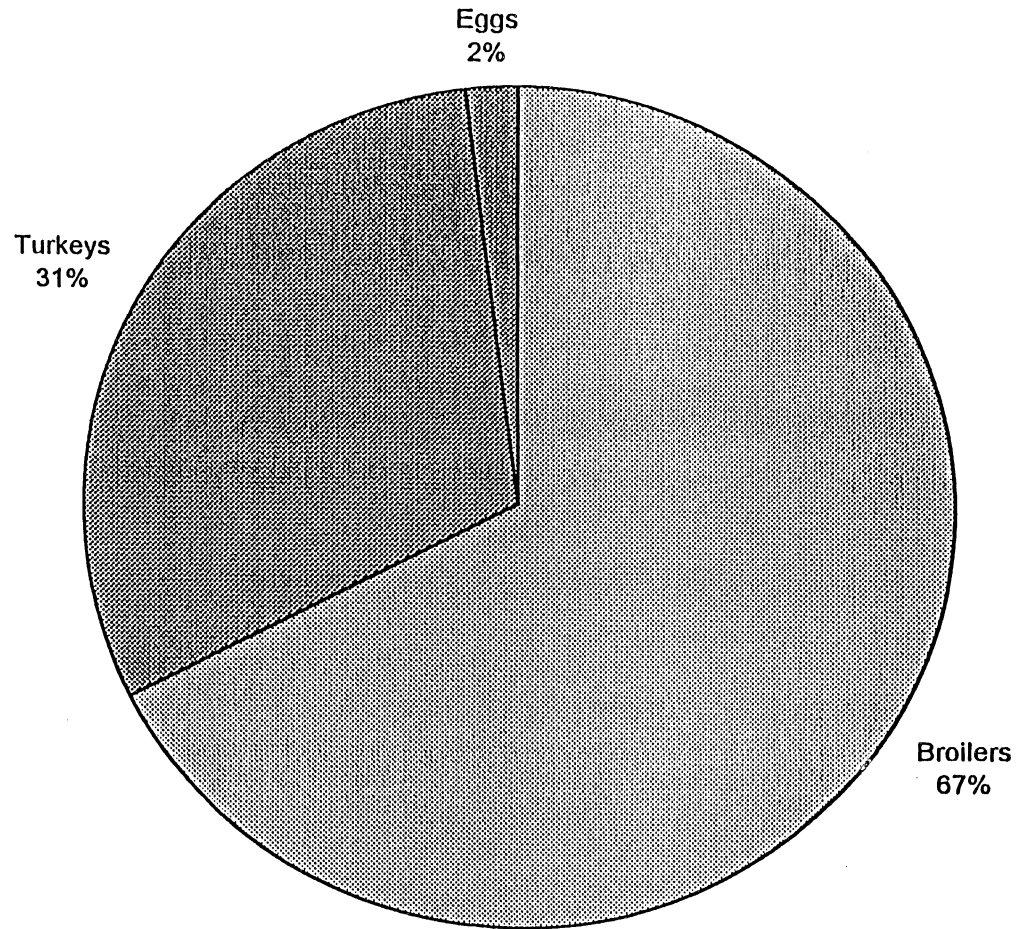


Figure 5:

NC Poultry Industry Survey: NUMBER OF CONTRACT GROWERS
1981-1993

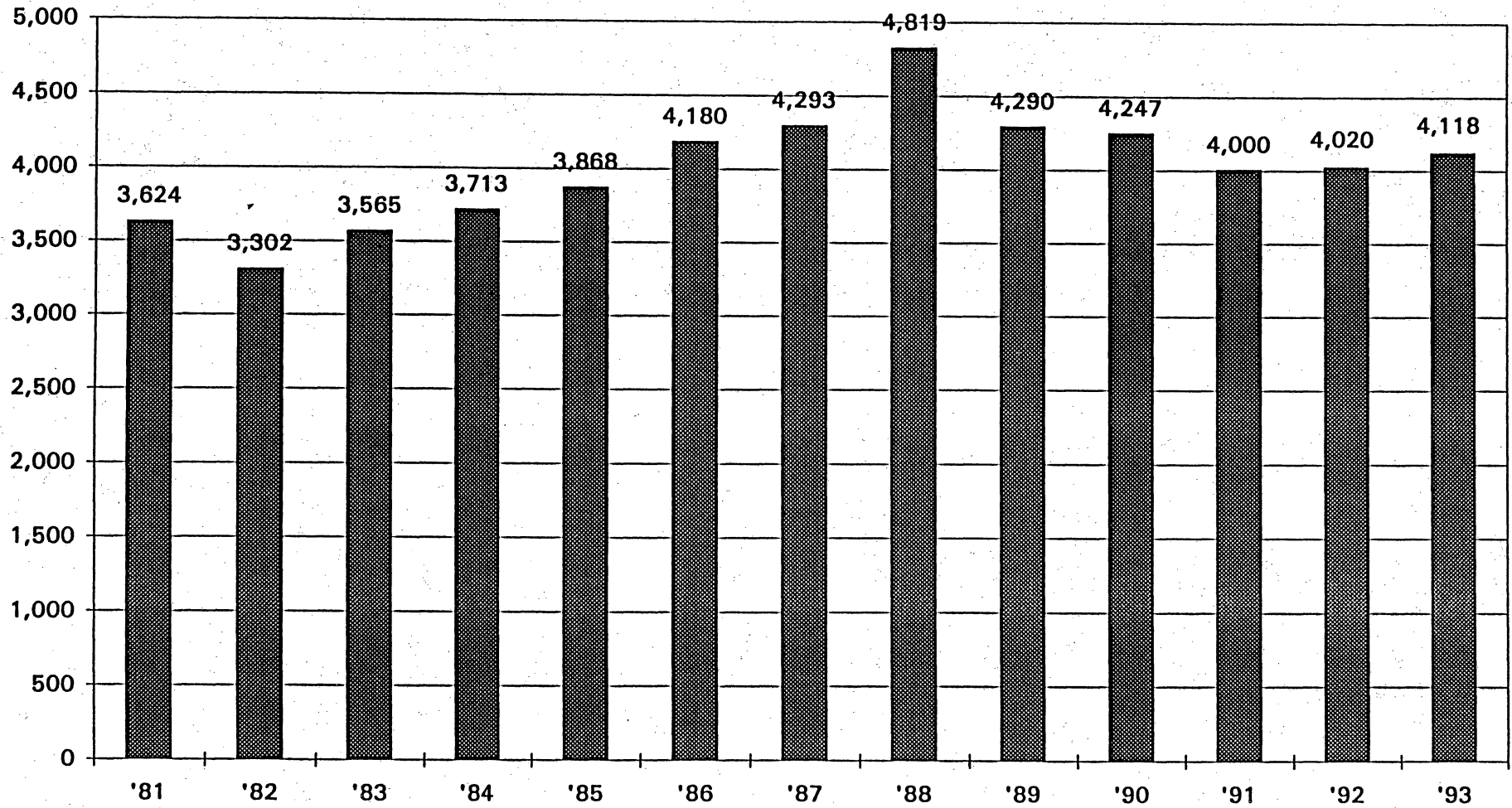


Figure 6:

NC Poultry Industry Survey: NUMBER OF CONTRACT GROWERS 1993
4,118

