

ROAD MAP
Egg Industry

THE LAYER INDUSTRY



- **3RD TOP AGRICULTURAL COMMODITY IN POULTRY AND LIVESTOCK**
- **WORTH 18.2 BILLION PESOS**
- **The sources of growth in poultry is chicken meat and eggs. Both registered 6.8% and 5.7% growths in volume, respectively.**
- **Duck meat and eggs hardly sustained positive growths.**

PRICES, PHILIPPINES, JANUARY-DECEMBER, 1998-2002

SUB-SECTOR	IN MILLION PESOS					GROWTH RATES			
	1998	1999	2000	2001	2002	1998-1999	1999-2000	2000-2001	2001-2002
LIVESTOCK	86,206.61	94,086.94	100,756.72	106,303.75	110,783.01	9.14	7.09	5.51	4.21
CARABAO	3,701.26	4,096.64	4,899.69	5,298.43	5,796.47	10.68	19.60	8.14	9.40
CATTLE	11,248.74	11,812.50	13,713.78	13,428.85	13,951.05	5.01	16.10	-2.08	3.89
HOG	68,205.55	74,727.35	78,682.23	83,393.29	86,723.52	9.56	5.29	5.99	3.99
GOAT	2,935.56	3,324.76	3,321.14	4,034.37	4,151.59	13.26	-0.11	21.48	2.91
DAIRY	115.50	125.69	139.88	148.82	160.38	8.82	11.29	6.39	7.76
POULTRY	66,216.03	66,279.57	75,232.54	85,635.25	88,612.97	0.10	13.51	13.83	3.48
CHICKEN	49,733.05	48,706.57	56,326.94	65,389.59	66,551.63	-2.06	15.65	16.09	1.78
DUCK	2,568.60	2,682.92	2,759.86	3,121.29	3,001.48	4.45	2.87	13.10	-3.84
CHICKEN EGGS	11,513.20	12,399.73	13,926.20	14,755.13	16,629.88	7.70	12.31	5.95	12.71
DUCK EGGS	2,401.18	2,490.35	2,219.54	2,369.24	2,429.98	3.71	-10.87	6.74	2.56
TOTAL	152,422.64	160,366.51	175,989.26	191,939.00	199,395.98	5.21	9.74	9.06	3.89

Source: BAS

Layer Industry, Growth Rate in Value of Production at Current Prices



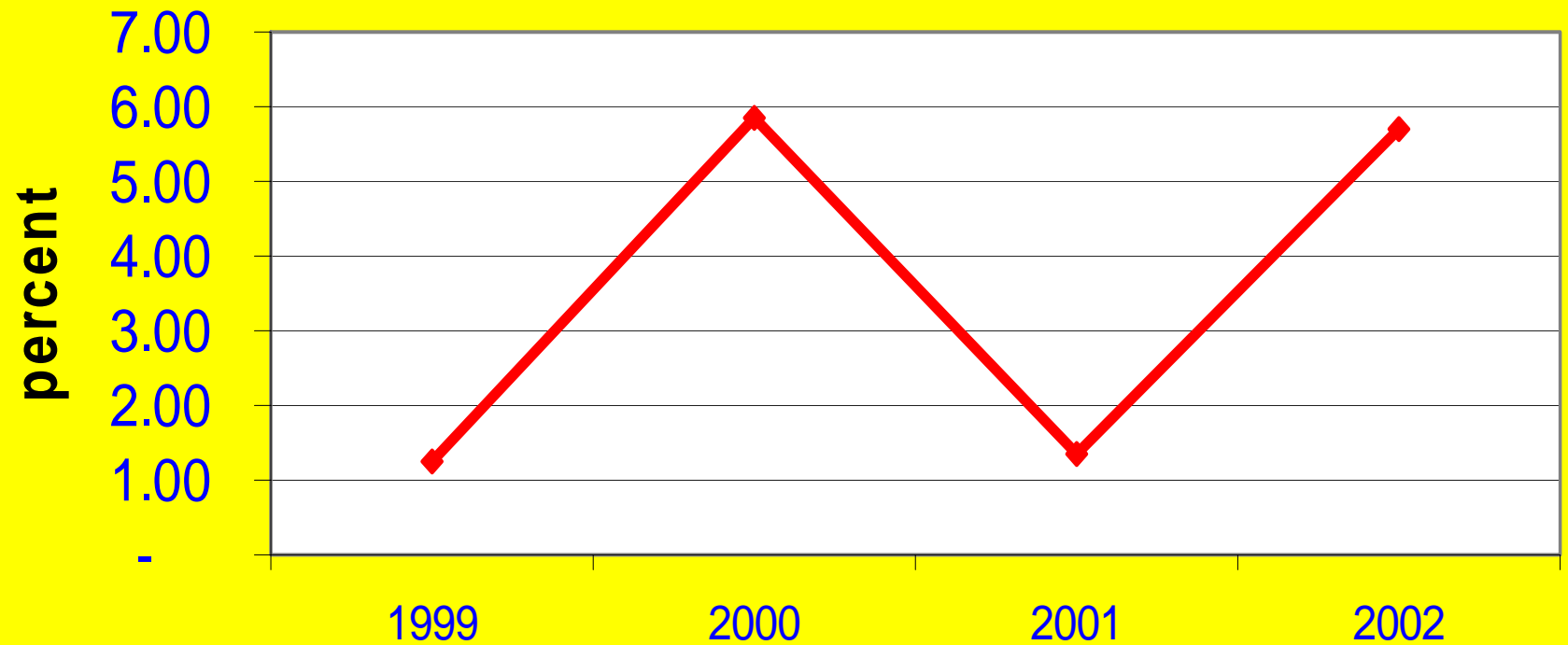
source: BAS

VOLUME OF PRODUCTION IN LIVESTOCK AND POULTRY,
PHILIPPINES, JANUARY-DECEMBER, 1998-2002

SUB-SECTOR	IN THOUSAND METRIC TONS					GROWTH RATES			
	1998	1999	2000	2001	2002	1998-1999	1999-2000	2000-2001	2001-2002
LIVESTOCK	1,861.64	1,940.62	1,998.73	2,056.22	2,147.01	4.24	2.99	2.88	4.42
CARABAO	113.05	118.95	123.98	125.14	132.40	5.22	4.23	0.94	5.80
CATTLE	260.81	271.24	271.56	261.16	261.06	4.00	0.12	-3.83	-0.04
HOG	1,406.59	1,466.68	1,517.79	1,584.52	1,667.76	4.27	3.48	4.40	5.25
GOAT	71.95	73.90	75.19	74.60	74.79	2.71	1.75	-0.78	0.25
DAIRY	9.24	9.85	10.21	10.80	11.00	6.60	3.65	5.78	1.85
POULTRY	1,250.88	1,262.92	1,346.16	1,452.94	1,542.31	0.96	6.59	7.93	6.15
CHICKEN	919.45	929.16	997.82	1,098.80	1,173.75	1.06	7.39	10.12	6.82
DUCK	51.29	51.23	51.49	53.52	54.11	(0.12)	0.51	3.94	1.10
CHICKEN EGGS	227.04	229.88	243.38	246.70	260.82	1.25	5.87	1.36	5.72
DUCK EGGS	53.10	52.65	53.47	53.92	53.63	(0.85)	1.56	0.84	-0.54
TOTAL	3,112.52	3,203.54	3,344.89	3,509.16	3,689.32	2.92	4.41	4.91	5.13

Source: BAS

Layer Industry, Growth Rate in Volume of Production



source: BAS

PERSONS EMPLOYED*

DIRECT EMP. (PRODUCTION) : 76,842

POST PRODUCTION: 1,769

TOTAL 78,611

ALLIED INDUSTRIES : 71,287

•corn farmers, feed manufacturers, veterinary drugs and ingredient suppliers, distributors, retailers, equipment manufacturers, haulers, truckers

TOTAL DEPENDENT TO LAYER INDUSTRY: 599,591

** does not include rice, coconut & cassava farmers*

Per Capita Consumption of Eggs, 2002

Philippines - 50

Thailand - 148

Indonesia - 54

Philippines Population = 84.5 million (NSO)

“An increase of 20 eggs in per capita consumption will require an additional 1.7 million pieces of eggs”

Current Scenario

FG Price of Egg(M)-P2.55-P2.90

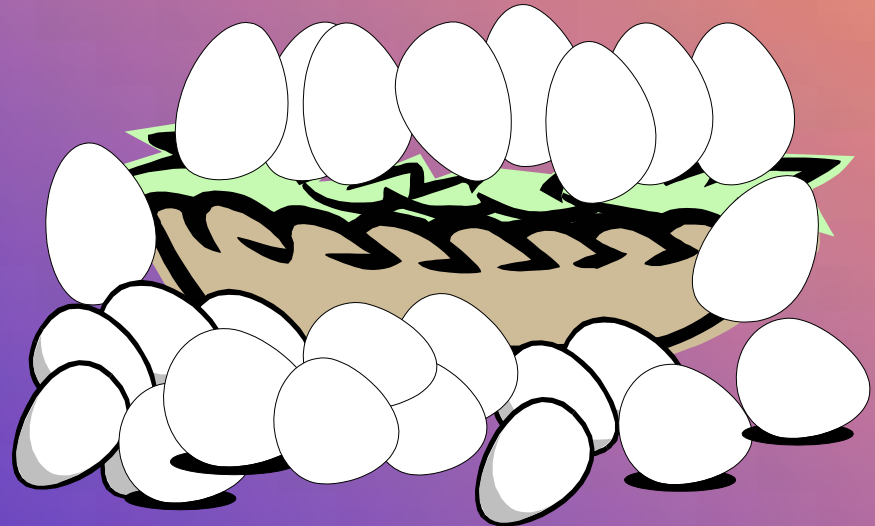
Corn Price - P9.70

Soya - P16.50

Cost of Production- P2.88

Feed Cost - P1.99

Feed Cost is 70% of the COP



Overview of the Egg Industry

Parameters	Where we were 3 years ago	Where we are now	Where we want to be (2004)	Remarks
Local Prod'n. ('000 MT)	243.38	260.82	271.65	Increase prod'n by 4.1%
Imports ('000 MT)	1.08	1.56	1.01	Decrease imports by 35%, fill in import needs thru the estab. of Liquid Egg Processing Plant

Source: BAS & NSO

Sources of Imported Processed Egg 1998-2002

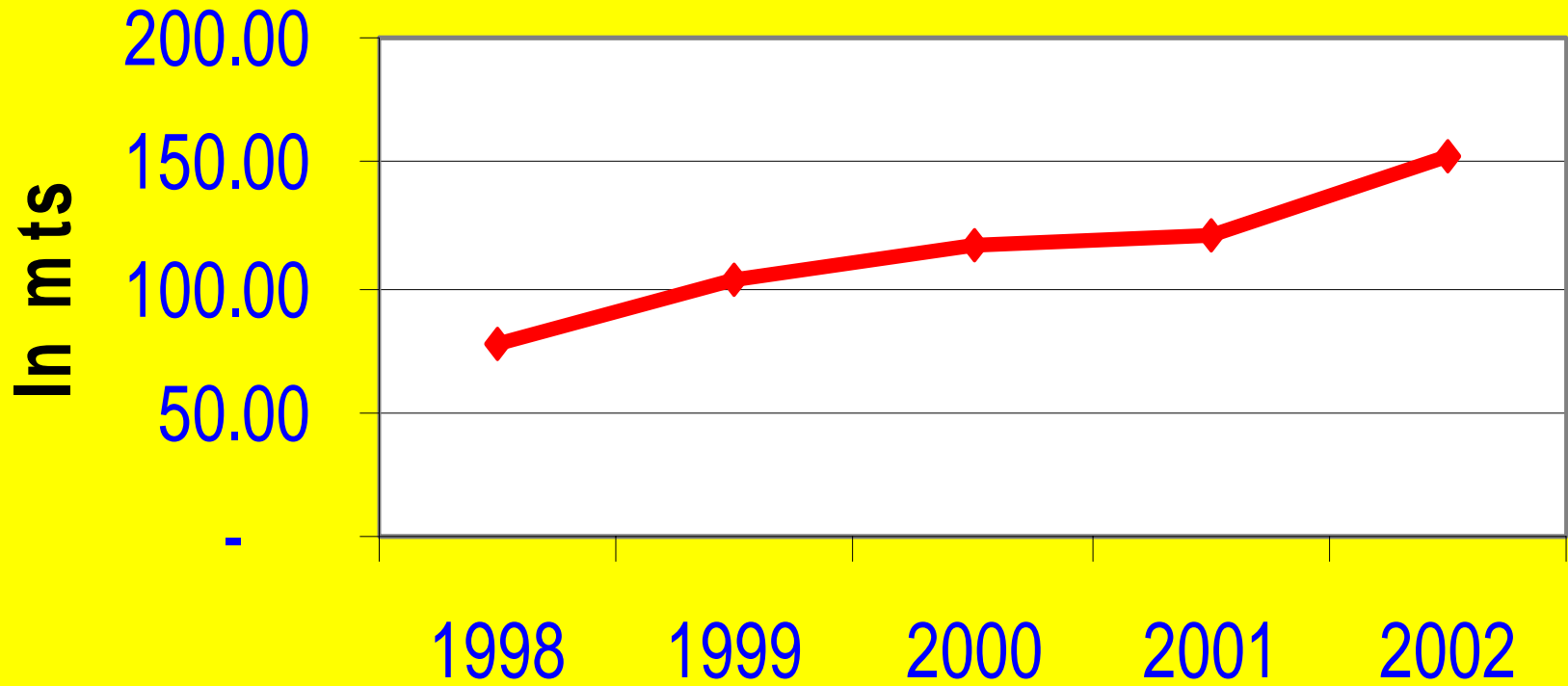
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|--------------|-----------------|
| 1. Australia | 9. Italy |
| 2. Belgium | 10. Japan |
| 3. Denmark | 11. Netherlands |
| 4. France | 12. New Zealand |
| 5. Germany | 13. South Korea |
| 6. Hongkong | 14. Thailand |
| 7. India | 15. UK |
| 8. Israel | 16. USA |

TOTAL EGG SUPPLY, Philippines, 1998-2002 (In Million Pcs)

Year	Local Production	Import	Total	% Importation
1998	4,128.0	76.4	4,204.4	1.9
1999	4,179.5	103.0	4,282.5	2.5
2000	4,433.3	117.3	4,550.6	2.6
2001	4,485.5	121.4	4,606.8	2.7
2002	4,742.4	151.6	4,893.9	3.2

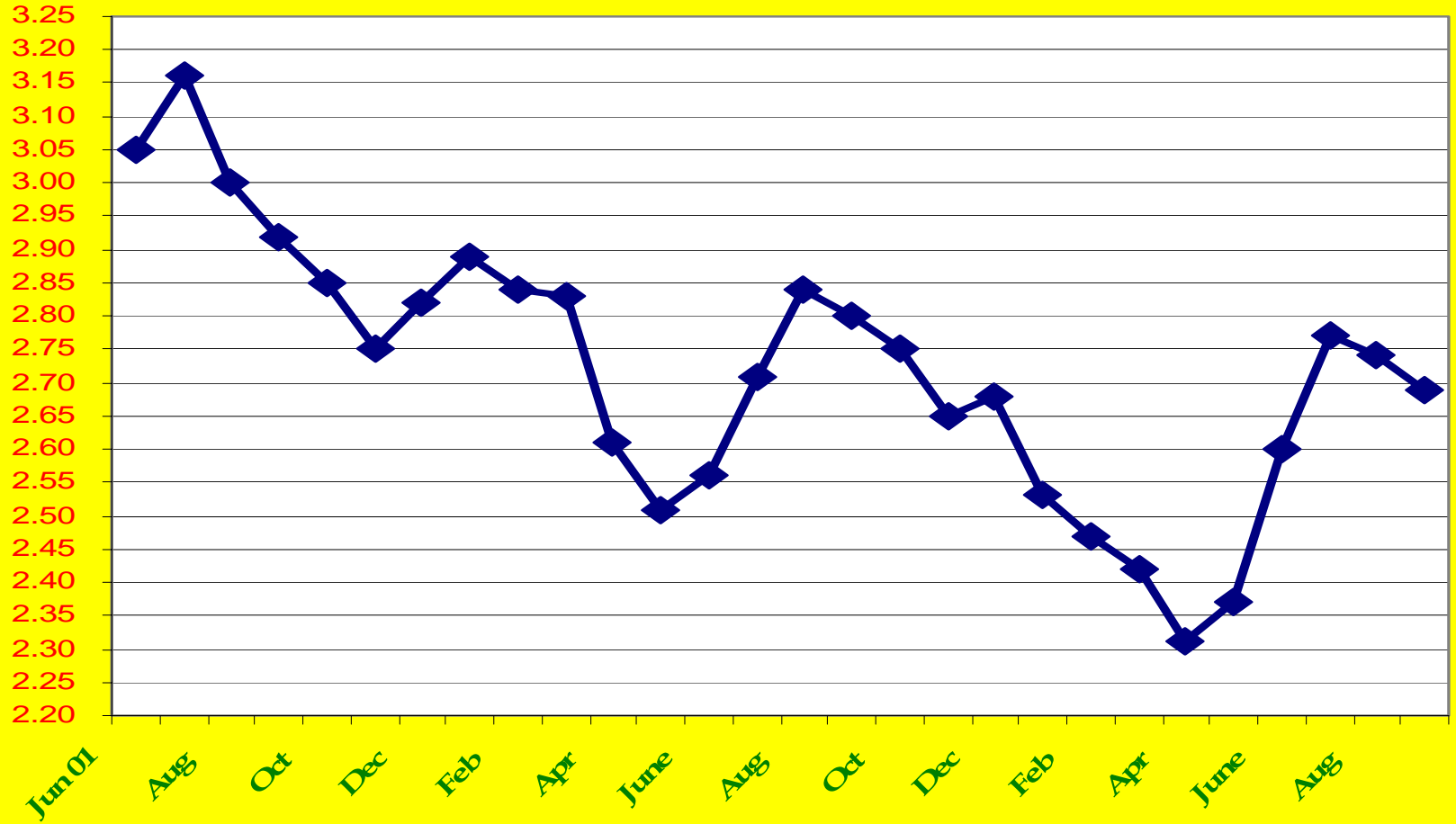
Source: NSO

Importation of Processed Egg



Source: NSO

Farm Gate Prices of Medium Eggs June 2001 to Sept 2003



Source: Datacon

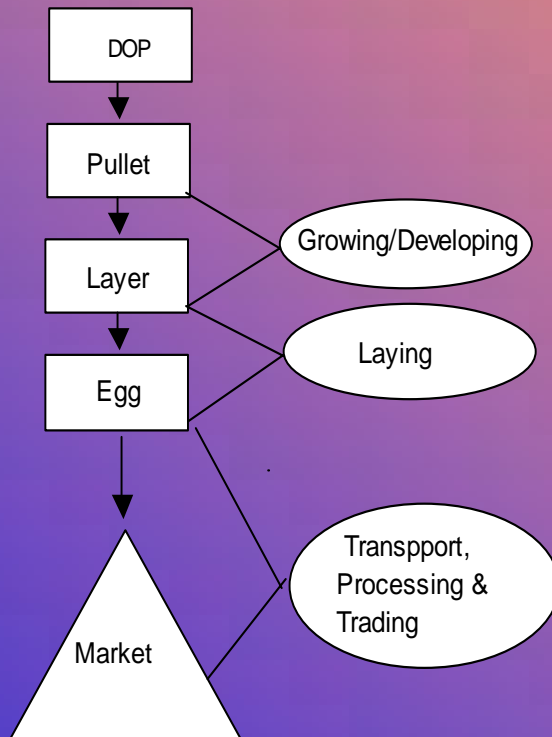
Problems of the Egg Industry

1. Low capita consumption
2. Increasing volume of imported processed egg
3. Low farm gate prices
4. High cost of production due to high cost of raw materials
5. High medication cost

STRATEGIES

- **Egg promotion thru tri-media, conduct of egg feeding program, and egg show**
- **Establishment of egg processing plant**
 - **To minimize importation, increase demand for fresh eggs, stabilize farm gate prices, and spur employment**
- **Industry self-regulation of parent stock importation**
- **Marketing tie-up with corn producers thru CMAP-NFA**
- **Egg producers to engage in corn production**
- **R & D to increase efficiency**
- **Identification of other feed sources**

TABLE EGG PRODUCTION SUPPLY VALUE CHAIN ANALYSIS



Layer Industry Master Plan, 2001 (Peso/egg)*

Production*		
Cost of pullet (DOC)	0.07	
Cost to Grow	0.42	0.49
Feeds	1.99	2.48
Medication	0.05	2.53
Direct Labor	0.05	2.58
Housing	0.09	2.67
Electricity	0.03	2.70
Interest Charges	0.04	2.74
Depletion	0.04	2.78
Admin. Cost	0.20	2.98
(Less) Culled Hen	(0.10)	2.88

Post-Production		
Transport & Handling to Mla	0.19	3.07
Processing		
Packing/Packaging	0.10	3.17
Losses	0.15	3.32
Trading Cost & Margins	0.12	3.44