

A photograph of a woman in a dark patterned shirt smiling at a market stall. She is surrounded by numerous chickens, some whole and some cut into pieces, displayed on a wooden table. Other people are visible in the background, suggesting a busy market environment.

Chicken Imports and the Beninese Poultry Sector

Analysis, impacts and next steps

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SUMMARY

Each year, Asia and Africa import large quantities of chicken that cannot be sold in Europe because of consumer preferences. Benin is a key African importer. Around 60 per cent of chicken sold at the country's urban markets has been imported. One special feature of these imports is that the majority of the poultry is exported onwards to Nigeria using informal channels. Strict restrictions prevent direct imports into Nigeria, which strongly fosters informal trade, especially as the demand for chicken is constantly growing in both Benin and Nigeria. Rapid urban population growth, rising income levels and changing eating habits are among the reasons for this trend.

A study carried out by the Center for Rural Development (SLE) at Humboldt University analysed chicken consumption patterns in Benin. 'Pragmatic young people' tend to value convenience and are very price-conscious, so they often buy pre-portioned and cheap imported chicken. Quality is more important to 'conscious older people', with the price being less significant. This group tends to opt for locally produced chicken. Furthermore, a large percentage of Beninese consumers would instead buy local meat if it were cheaper and pre-portioned.

The Beninese government and international development cooperation are supporting the local poultry sector. However, the sector's potential to create value and jobs and increase production cannot be tapped (yet) because cheap imported chicken currently dominates the market. As a result, there is no price incentive to boost local poultry farming.

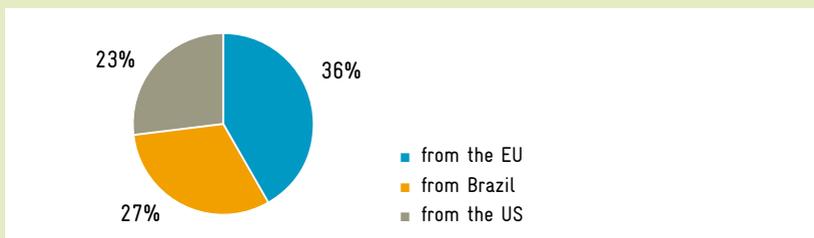
The following points are a options to facilitate change:

- Enhancing the political will to limit imports;
- Strengthening the poultry sector by working on expanding local value chains as well as processing, marketing and labelling activities;
- Applying a common external tariff in the Economic Community of West African States (ECOWAS) region;
- Making people in industrialised countries aware of more sustainable chicken consumption to avoid exports of cheap leftover meat.

BACKGROUND

In 2019, Africa had a poultry sector trade deficit valued at roughly USD 1.8 billion. Altogether, Africa imported approximately 2 million tonnes of chicken meat in 2019, about 36 per cent of which came from the EU-28, 27 per cent from Brazil and 23 per cent from the US.¹ Total EU-28 chicken exports worldwide almost doubled between 2003 and 2019. In the same period, the 28 EU member states saw their chicken exports to Africa triple. In 2003, Africa accounted for 26 per cent of total EU-28 chicken exports. Chicken exports to Africa have since grown at a much faster rate than global chicken exports: in 2019, chicken meats exports to Africa increased to 43 per cent of the EU-28 total.

Percentage of chicken imported to Africa in 2019



Source: ITC 2020

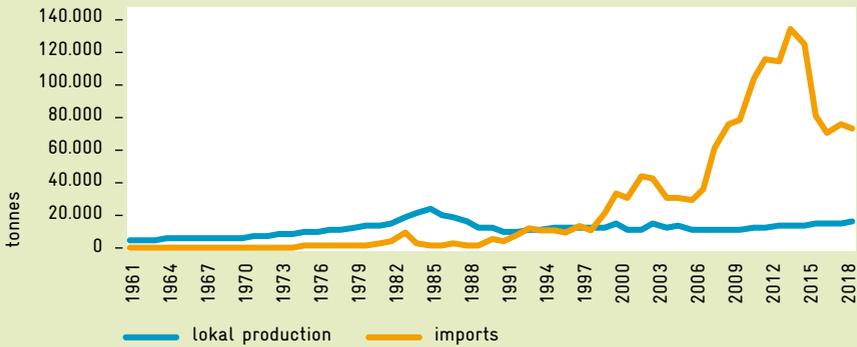
Benin is one of Africa's leading importers of frozen chicken, which mainly originates in the EU, the UK and the US. Benin primarily imports chicken parts that European consumers generally buy less because they usually prefer to eat chicken breasts.² Laying hens are exported as whole chickens. Their egg production drops sharply after around two years, and their meat is considered too tough. European producers are able to export chicken that is hard to sell at low prices since they are already making enough of a profit by selling chicken breasts and eggs in Europe.

Rapid urban population growth, rising income levels and changing eating habits lead to a consistent increase in chicken consumption in Benin. Local farming has not kept pace with these developments. Imports have been satisfying a significant proportion of demand for chicken since the end of the 1990s.

¹ ITC 2020

² <https://www.intracen.org/itc/market-info-tools/trade-statistics/>

Trend in imports and domestic chicken production in Benin since 1960



Source: FAOSTAT

This graph depicts the trend in chicken production in Benin and imports over the last 60 years. While production is growing slowly, imports have been increasing at substantial rates since 2000.

The above mentioned reasons are just part of the story: the strong growth in is primarily due to Benin's neighbour, Nigeria. In 2015, the FAO estimated that around 80 per cent of chicken imported into Benin is reexported to Nigeria using well-organised informal channels. This uncontrolled trade (smuggling) explains the partly strong volatility in imports.

The trade policy framework

Benin is a member of ECOWAS whose goals are to promote regional economic integration in western Africa and facilitate tariff-free trade within the region. ECOWAS has introduced a joint 35 per cent common external tariff (CET) on specific products. Chicken is one of these products. However, the CET is not being applied as planned: it was initially introduced in response to Nigeria's call for better protection by imposing higher duties. However, Nigeria is not enforcing the CET for e.g. for chicken. Instead, central bank constraints hamper chicken imports resulting in no official trade flows. This is tantamount to a ban on imports applying to both imports from ECOWAS member states and third countries. Therefore, Nigeria is not complying with joint ECOWAS agreements and fosters informal trade. On the other hand, demand for low-cost protein sources is consistently growing in the region's most populous country.



ANALYSIS

Steps taken by Nigeria and Benin to curb informal trade, such as closing borders³, have had limited impact in the past. These imports have a significant impact on Benin's poultry sector. Are these imports mainly harming the local poultry sector? Or are they a welcome, inexpensive source of protein for a growing population made up largely of people with little purchasing power – making a key contribution to food security? And when it comes to Nigeria: is Benin really interested in stopping informal trade at all?

Local chicken production

Poultry farming, especially chicken farming, is vital to Benin's agricultural sector. Many smallholders have a poultry flock, albeit they often consist of just a few birds. Local chicken production contributes around six per cent of agricultural gross domestic production (GDP), which makes up roughly one-third of the country's overall GDP.

Benin has two primary methods of production: traditional production of *poulet bicyclette*⁴ and modern farming of broiler chickens and laying hens. Many businesses take a hybrid approach.

Traditional production is based on local breeds, some of which have been improved. Farmers using traditional methods mostly keep fewer than 50 birds, which are fed either household food scraps or a local feed mixture. In many cases, these free-range chickens do not receive any kind of additional feeding. More than 500,000 people in Benin work in traditional chicken production.

Modern companies use improved and imported breeds with the primary goal of producing eggs. Laying hens are sold at the market once their productivity decreases due to age. It is estimated that the country has just a few hundred dedicated factory farms. More than half of producers using modern methods keep more than 1,000 birds feeding maize, mostly imported and locally grown soy. Chicken produced using modern methods is mainly sold close to special occasions, like Christmas, when potential sales are high. It is not regularly available outside these times.

³ In August 2019, Nigeria unilaterally closed borders to its neighbouring countries. However, the desired effect – an upturn in the country's economy – failed to materialise. In December 2020, Nigeria reopened its borders.

⁴ In English, 'bicycle chickens' – lean, often free-range chickens that do not receive supplementary feed. Several stories are offered about the explanation for this name. The most likely, though, is that it has to do with the way that these birds are transported hung upside-down on bicycle handlebars.

This policy brief is based on a study carried out in the 2020 post-graduate cycle at the Centre for Rural Development at Humboldt University in Berlin. The German research team worked together with a co-research team in Benin to survey 117 producers and 304 consumers at urban markets in Benin and interviewed many experts. The study report will be available to download on the SLE's website from mid-2021.

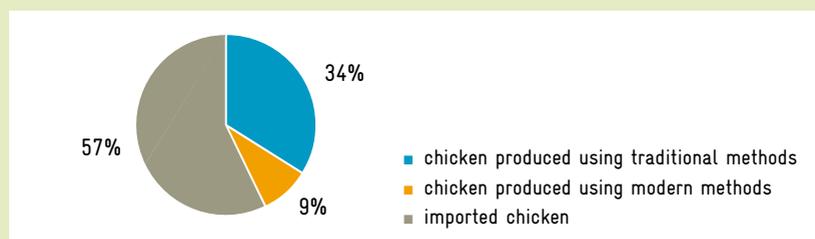
The local market

Chicken produced using traditional and modern methods, and imported chicken are all available on the Beninese market. Chickens produced locally are mostly sold alive and slaughtered and plucked on-site, while the imported chicken is sold plucked and frozen either whole or in cuts. Imported and cut-up chicken offered at the lowest price is often the only affordable option for low-income consumers.

Beninese market prices

National production cannot meet ever-growing domestic demand. In urban centres, locally produced chicken has a market share of just 43 per cent, with imported chicken making up the other 57 per cent. The variation in prices is substantial.

Chicken from different sources sold at markets in Cotonou



Nominal prices at urban Beninese markets (in kg, not including bones)

	Chicken produced using traditional methods	Chicken produced using modern methods	imported chicken
Price in FCFA	3.285	2.977	1.541
Price in EUR	5,01	4,54	2,35

Source: SLE survey in October 2020

Consumer preferences

Price is just one of several factors when consumers make buying decisions. Taste, convenience, freshness, availability, health issues and meat consistency are more relevant. Convenience relates to the availability of pre-portioned cuts. This criterion is closely tied to issues of time and price. Low-income consumers can buy small quantities of pre-portioned imported meat rather than a much more expensive whole live chicken. This is especially valid for young, low-income consumers living in small households. Just a quarter of them buys locally produced meat. Almost a third of all consumers would instead buy local meat but opt for imported poultry at the market for the outlined reasons.

Domestic chicken is perceived as a high-quality product that consumers are willing to spend more money on. Product quality is vital to higher-income and older people. This group will likely respond well to marketing that promotes local products. This kind of professional marketing does not happen in Benin at the moment. Ghana might serve as a good case. This country already successfully advertises using the slogan 'chicken made in Ghana'.

The people surveyed for the study were all among the group of people in a better financial position. Several reasons might explain why the survey did not map any very low-income households. None of the respondents reported household income that fell in this range. Potential reasons include the possibility that poor urban dwellers do not buy chicken or that the people surveyed did not answer truthfully. In Africa, (income) poverty tends to be hidden in rural areas where people are self-sufficient.

Some 304 consumers of all ages and income categories were surveyed at four big urban markets and in several supermarkets to better understand consumer preferences. A manual cluster analysis was used to group people. The influence of socio-demographic characteristics on different buying criteria - a statistically significant parameter - was first ascertained. The analysis revealed that a few characteristics, such as age or level of education, have a powerful and equally effective influence on how buying criteria are evaluated. Homogenous socio-demographic groups with specific buying criteria and consumer preferences were formed on this basis: 'Pragmatic young people', 'conscious older people' and 'thwarted discerning consumers'.



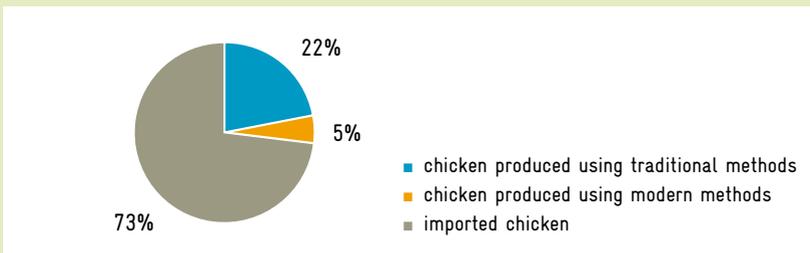
Consumer group: 'Pragmatic young people'

'Pragmatic young people' are consumers up to 35 years living in small households of fewer than four people with a household income of less than CFA 100,000 (~EUR 150) per month. Almost 20 per cent of consumers fall in this category reflecting the changing lifestyles of young urban people. This group is primarily attracted to inexpensive and 'pragmatic' products that do not take a lot of time and effort to prepare. Price, convenience and cooking time are the most important buying criteria. 'Pragmatic young people' are not very interested in production system reliability, transparency or the use of antibiotics and hormones. This is reflected in their purchasing habits: almost three quarters buy imported chicken. Nonetheless, many are convinced that Beninese chicken is of good quality and would buy it if cheaper and convenient.

“ Local chicken is too expensive and has less meat, but it is delicious. If it is plucked and sold at a lower price I will buy it. ”

(female consumer, between 18 and 35, single, low income)

Market share of products bought by 'pragmatic young people'



Source: SLE survey in October 2020

Consumer group: 'Conscious older people'

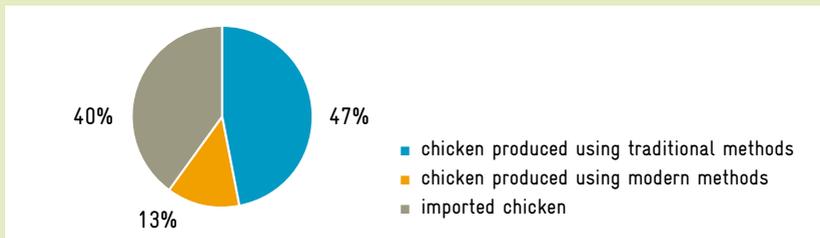
'Conscious older people' differ from 'pragmatic young people' by their socio-demographic structure: they are over 35 years old, live in households with at least four people and have a monthly household income of more than CFA 100,000 (EUR 150). Almost a quarter of urban consumers fall in this category.

"I always prefer live chickens so I can make sure that the meat has not been poorly preserved. And I never eat imported chicken. That is really important for how fresh the meat is."

(female consumer, over 35, large household, high income)

When making purchases, 'conscious older people' really value taste, health and freshness of chicken. Compared with the two other groups, they pay more attention to the production system and whether hormones or antibiotics have been used during production. Price hardly plays a role in their buying decision. Convenience is also less important to them than other consumer groups as they generally have domestic workers, who pluck and prepare chickens. 'Conscious older people' would rather buy live chickens and be present during slaughter to assure themselves of the products' freshness and quality. The majority of people in this group buy domestic chicken (47 per cent from traditional production methods, 13 per cent from modern production methods).

Market share of products bought by 'conscious older people'



Source: SLE survey in October 2020



Consumer group: 'Thwarted discerning consumers'

This group, which makes up no less than around 30 per cent of urban consumers, does not have any homogenous socio-demographic characteristics.

What unites them is the discrepancy between what they want and what they actually do: these consumers express a preference for domestic chicken but buy imported chicken. They would rather buy high-quality, pre-cut domestic chicken at a low cost. Product availability is crucial to them. Most would buy domestic chicken produced on modern farms if it was always available on the market.

Competition among product segments (cross-price elasticity)

40 per cent of consumers are attached to one product category and will not consume chicken at all if prices rise. This indicates a great degree of market segmentation within this group and less competition between the types of products. On the other hand, 60 per cent of consumers respond to market stimuli. Their buying decisions switch between local and imported meat, depending on the price and amount of pre-processing. This indicates that there is competition among products and that Beninese products have the potential to replace imported chicken. Consumers switch to domestic products if imported chicken prices increase.

Therefore, it can be said that imported chicken is to an extent pushing domestic chicken out of the market, thereby damaging the Beninese poultry sector.

CONCLUSION

The economic importance of imports

Chicken imports to Benin and re-exports to Nigeria through informal channels are a key source of income for the Beninese government and a significant part of the population. Reducing or banning imports would culminate in substantial losses in the near term. For the government, this relates to customs revenue from imported chicken. However, no official data is available on the exact magnitude of this revenue. Moreover, many informal and formal jobs would be shed, for instance, among retailers that import and sell on chicken.

It is important to note that a potential import ban, which policy-makers are not discussing at the moment, would have far-reaching consequences. The supply of affordable protein-rich food to poorer urban dwellers would be endangered, at least temporarily. After all, the Beninese poultry sector could not close the gap between supply and demand in the short term.

Political influence on chicken imports

It can be assumed that people who import chicken into Benin on a commercial basis have significant political influence through active lobbying. They have no interest in the government cutting imports, as Cameroon is doing, for instance. Since this is a susceptible political issue in Benin, it is difficult to obtain sound data and impressions about the political economy.

Negative price incentives from imports

Beninese producers believe that even significantly reducing the production costs would not make their prices competitive. They describe the situation as one of 'unfair competition' and 'dumping'. This is only partially true. Although European production companies can already make good profits in Europe by marketing the breast meat and eggs, and can therefore offer the hard-to-sell remaining chicken meat at very low prices, it is important to note that poultry production costs, especially feed costs, are lower in Europe than in Benin and other African countries. Due to these competitively low production costs, profit is still generated within the mixed costing. This is an important indicator, as dumping is defined as selling a commodity below the cost-covering price. The consumption habits of Europeans, which offer few utilization opportunities for parts beyond breast and drumsticks, further reinforce the low-cost export of leftover poultry parts.

Potential and risks of reducing imports

As consumer habits have shown, imports heavily influence demand for domestic products for a large number of consumers. The poultry sector's potential to create jobs in the medium and long term, to generate value and thus decrease its dependency on chicken imports has not been unlocked. The example of Cameroon indicates what a robust poultry sector can achieve.

Beninese public institutions and international donors offer joint services and programmes, including German development cooperation. These programmes and initiatives are good and worthy of continued support. However, their impact will remain limited if imported meat dominates the market and no political countermeasures are taken. When considering a voluntary reduction of EU exports to Benin, it is crucial to recognize that without a robust local sector other exporting countries, such as Brazil and the US, will fill the void. This scenario can already be observed in South Africa.

Options for the Beninese Government

A country like Benin and a community of states such as ECOWAS can take action and have the instruments to reduce chicken imports and strengthen the local poultry production. Cameroon is a good example though it is not bound by decisions made by a community of states such as ECOWAS. While there are no easy solutions, the political willingness to take action is essential. Value creation committees offer good openings to bring all stakeholders to the table, although players involved in the production, imports, re-exports, local trade and consumption have their interests that vary dramatically or are sometimes even in direct contradiction to one another. The Beninese government is not entirely backing the positions adopted by local producers. No sweeping measures to stem imports of chicken have materialised to date. Moreover, the needs of consumers in the 'pragmatic young people' category and the poor urban population have to be addressed to avoid social unrest in the event of rising prices or scarcer supply. Nonetheless, Benin should receive support in drafting a medium- and long-term strategies for its domestic poultry sector to tap the potential of local production for the country's development. Imports might be gradually decreased in the process. Informal cross-border trading with Nigeria must also be addressed at the ECOWAS level.

RECOMMENDATIONS

We recommend both national initiatives to promote local production and regional and international trade policy measures to strengthen the Beninese poultry sector.

At the private sector level

- For instance, the national poultry association should invest more in innovative marketing strategies and create a 'Made in Benin' label.
- Beninese producers should increasingly cater to the wishes of their clientele. Production, processing and marketing enterprises can gain market shares among many consumers by pre-portioning and attractively packaging local chicken.

At the national policy level

- Political will is essential for implementing measures to stem chicken imports. Regarding specific measures, it would make sense to increase the capacity and technical resources of people working for government institutions. For instance, continuing education on available policy instruments tailored to the country's foreign trade specialists or training for customs officials might be offered.
- The Ministry of Agriculture should foster dialogue between institutions along the value chain, such as private sector institutions and stakeholders involved in government trade policy. Options might include regional exchange formats, such as a multi-stakeholder platform - including international involvement.
- All local stakeholders in the Beninese value chain should be offered government support, e.g. training on production systems and veterinary care, facilitated access to loans, ensuring quality assurance, facilitating certifications, etc.
- Food safety employees should have the authority and technical resources to check imported poultry for bacterial exposure at any time.

At regional level

- Countries in the ECOWAS region have the political instruments to enforce a common external tariff. Displaying political will is crucial.

At international level

- Development cooperation partners can advise partner countries and regional development organisations (ECOWAS), at their request, about using trade defence measures that are available to them under WTO rules. They can also support countries and organisations as they carry out implementation programmes.
- People in western industrialised countries should also be made more aware of sustainable chicken consumption. Consumers often do not know the impacts that their consumption habits have on markets in developing countries.
- International development cooperation partners might contact European poultry associations to explore a joint approach. One possible way forward would be to provide technical support to gradually reduce exports while also building up local production structures in developing countries.



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