

Feinstein International Center, Tufts University
USAID Pastoral Areas Coordination, Analysis and Policy Support

Meat Market Assessment in the DRC
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Mission Report

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1. Background

One of the objectives of the USAID East Africa funded PACAPS program is to assess possibilities for initiating and/or expanding trade in livestock and livestock products between meat surplus and deficit COMESA Member States. Two meat deficit Member States (Mauritius and DRC) were chosen as potential target countries for live animal and meat exports from Kenya and Ethiopia, respectively. A joint market assessment was conducted in Mauritius in February 2009 by PACAPS, the Kenya Livestock Marketing Council and the DVS. Presentations were made on the findings of this mission including a mission report for interested parties in Nairobi.

This report summarizes the findings of the Ethiopian trade mission to the Democratic Republic of Congo (DRC), which took place between the 2nd and the 8th of August 2009. The mission consisted of Mr. Yacob Aklilu (of PACAPS/Tufts) and Mr. Belachew Hurissa (of SPS-LMM). Dr. Berhe Gebregziabher (Director, APHIS-MoARD), a member of the team from the Government side, could not join the mission due to last minute engagements.

2. Objectives

The DRC market assessment was intended to examine possibilities for potential meat exports from Ethiopia focusing on:

- SPS requirements;
- Assessing the level of demand for different meat and meat products including identification of gaps;
- Identifying competing countries, and;
- Drawing conclusions by assessing opportunities and challenges for Ethiopian exporters.

3. Imports of Livestock products into the DRC

The DRC has less than 1 million cattle due to the prevalence of tsetse and the destruction of the once productive ranches around Goma. As a result, the country relies on imports to meet nearly all of its red and white meat requirements. In 2008, the country imported a total of 270,675 MT of various livestock products including those of meat, offal, fish, eggs and dairy. Imports of frozen red and white meat and offal amounted to 245,526 MT. Of this, the share of frozen fish (mainly mackerel from Namibia) and to some extent canned fish was 55% at 136,000 tons. Beef and buffalo meat imports (about 13,000 tons) had a share of 5 percent while that of offal (of buffalo, cattle, swine and chicken) accounted for 21% at 51,000 tons. Meat and offal are imported mainly from Brazil, Argentina, Uruguay and India. Frozen poultry from Belgium, India, Italy and Cuba accounted a little over 17% of imports at 43,500 tons. Corned beef (of 250 grams size) accounted for about 2% of imports (close to 4,000 tons). The import data indicate:

- The total absence of chilled meat imports and the potential to develop a niche market along this product line
- Shortage of goat meat despite the preference for same by a segment of the population that can afford to purchase
- The substantial demand for fish, poultry and pork, frozen meat, beef and particularly offal as a result of the low purchasing capacity of the majority of the population.

4. Preferences and Meat prices in the DRC

Discussions with major importing firms revealed that the preference is for frozen beef and offal because of consumers' low income and the inability to pay for high quality and high value prime meat cuts. Of total red meat imported into the DRC in 2008, buffalo meat (which is relatively of low price) constituted 56% followed by canned meat (30%) and beef (13.5%).

Types and volume of frozen red meat imports (2008)

Meat types	tons	%
Beef	1,785.62	13.51
Buffalo meat	7,427.48	56.21
Various meat types	25.54	0.19
Canned meat	3,976.01	30.09
Total	13,214.65	100%

Prices of different products were obtained from importers through discussions and direct observations at retail outlets. There is great variation in prices depending on type, quality, source country, retail outlets etc. Retail price for prime meat cuts from US are as high as USD 47 plus/kg. Other frozen types are as low as \$7.8 per kg. Import prices for offal vary from \$7-800 per ton and between \$2,500 - \$3,500 for frozen boneless forequarters, hindquarters, Sirloin, fillets and other high end cuts (mainly of buffalo and to some extent, beef). Taxation and inland transport add up to 40% of the price of imports. In general, the bulk of red meat imports including offal are of low quality type to cater for the majority of the population, although small quantities of high end cuts are imported for up class markets. Kinshasa, the capital, with a population of 10 million (out of the total 65) is the major market followed by Lumumbashi.

Fresh meat is rare and expensive, and is sold in supermarkets and up-class restaurants. Fresh meat is sourced and air freighted from the eastern parts of the country mainly from around Goma. Bulls or cows fetch about \$200 per head at Goma but it takes time to collect from small farmers according to the commercial director of Groupo Ledyá, one of the companies dealing in fresh meat trade. More importantly, it is the prohibitive air freight cost, at \$2.83 per kg from Goma to Kinshasa, which makes fresh meat rather expensive. Of shoats, goat meat is preferred by the population and is considered to be a special class. Local raised live goats are sold between \$60 and \$100 in Kinshasa. Goat meat is consumed mainly in local *nyama choma* type bars, by a segment of the population that can afford to pay. Mutton is not common in Kinshasa and nearly all the importers met were not interested to import mutton. Meanwhile, although goat meat is popular in the DRC, none of the importers currently import goat meat (frozen or fresh) either because it is expensive or not available in volume. In the past, chilled meat used to be imported from Chad when there was direct air connection between N'Djamena and Kinshasa. Chilled meat sold in supermarkets consists of vacuum packed types imported from various sources.

5. Import and distribution structure

Some seven to eight large companies¹ are involved in importing fish, meat, dairy and poultry products into the DRC and many of these are engaged in importing other commodities as well. Most of these companies are owned by Asians of Lebanese, Pakistani and Indian origins while the rest are owned by Belgians or Congolese nationals. Import schedules take place on a

¹ These include, Congo Future, Orgaman, Sosimes, Inalca, Pelosoro, Sedec and Groupo Ledyá

weekly, monthly and/or quarterly basis from various sources. The mission held a meeting with four operators of these companies, namely Orgaman, Groupo Ledy, Congo Future and INALCA. With the exception of Groupo Ledy, the other three companies distribute wholesale to retailers who would in turn sell to caterers and individual customers. Groupo Ledy, on the other hand, distributes the meat through wholesale and retail outlets it owns in the city through a subsidiary company. It also supplies fresh meat to supermarkets sourced from Goma.

In general, importers are mainly interested in frozen buffalo meat and beef as the majority of the population can not afford to pay for fresh and high value products. However, as in any country, there is a small segment of the population that can afford to pay higher prices for fresh meat. Currently, this segment is served by supermarkets, restaurants and local live animal markets (selling mainly goats) at a price that seems so exorbitant for someone from the East African region. This segment is the one that deserves the special attention of Ethiopian exporters.

6. Opportunities for Ethiopian meat exporters

6.1 SPS requirements

In comparison to Middle Eastern countries, the SPS requirements in the DRC seems to be straightforward. According to Dr. N’lemba Mabela, the Director of Veterinary Services, the importer has to meet the following requirements.

- Importers should apply to the Animal Production and Health Directorate and need to provide business registration no. import schedules, source country, entry port etc.
- Products should be accompanied by certificates indicating freedom from BSE, FMD and rinderpest.

6.2 Transport

There are two possibilities for shipping meat from Ethiopia to the DRC.

6.2.1 *Air transport*: Ethiopian Airlines has 7 passenger and 2-3 cargo flights a week to and from Addis Ababa and Kinshasa. The airline flies 767 aircraft, the largest capacity craft it operates. It is possible to use both passenger and cargo flights to transport chilled shoats’ carcasses or prime cuts within 3:30 - 4:00 hours time. Freight cost varies between \$800 (on cargo flights) and \$1450 USD (on passenger flights) per ton. This airfreight cost is far cheaper when compared to the airfreight cost from Goma to Kinshasa.

ET flight schedules

Days	Passenger flight		Cargo
	Via Brazzaville	Direct	
Monday	√		
Tuesday		√	
Wednesday	√		√
Thursday	√		
Friday	√		√
Saturday		√	
Sunday	√		

6.2.2 *Sea transport*: According to MAERSK, meat transport from Ethiopia through Djibouti to DRC will require about 50 days including two transshipments at Jeddah (KSA) and Algecials (Spain)). Transport charge is USD 6,000 for 20' container of 14-17 tons capacity and USD 10,000 for 40' of 26-28 tons which is respectively USD 353-428 and 357-384 per ton. Adding land transport and port handling which is USD 97/ton for 20' container and USD 146 for 40' container, the total freight cost to the destination port will be respectively, USD 450-525 and USD 503-530 per ton. Sea transport is obviously cheaper than that of air transport but takes far longer impacting the shelf-life of the product.

6.3 Demand

The near total dependency of the DRC on imported frozen meat and offal affords a big opportunity for Ethiopian meat exporters provided they can compete on product, price, quality, quantity and consistency.

Meat imports into the DRC (2008)

Meat	MT	Import share (%)
Frozen Beef	1,786	
Frozen Buffalo meat	7,427	
Diverse types of frozen beef	26	
Corned beef (250 gram cans)	3,976	
Sub-total Beef and Buffalo meat	13,215	5
Frozen offal (organs)		
Of Bovine	23,776	
Of Swine	15,179	
Of Chickens	11,775	
Of other animals	1	
Sub-total	50,731	21
Poultry	43,621.	18
Fish		
Frozen fish	121,817	
Fresh fish	166	
Small frozen fish (capenta)	4,750	
Fresh small fish (capenta)	139	
Canned fish	9,553	
Sub-total	136,425	56
Sausages and burgers	1,563	0.63
Total red and white meat imports	245,555	

Source: Directorate de service de la production et Sante Animales

6.4 Willingness of DRC importers to buy Ethiopian meat

Perhaps the greatest opportunity for Ethiopian exporters rests on the willingness of DRC importers to buy Ethiopian meat. Of the importers the mission met with, Orgaman is interested in exploring possibilities for importing chilled goat meat and frozen beef cuts. Groupo Ledy, another meat importing company, is interested in joint venturing with Ethiopian exporters. As this company is contracted to supply fresh meat for the army, there is a possibility to strike a deal with this outfit if agreements can be reached on the nature of the proposed joint venture, price and consistency of supplies. Its 13 wholesale and retail outlets in Kinshasa will also provide Ethiopian exporters to reach the population that can afford to buy fresh meat (chilled goat carcasses or beef). INALCA is interested in exploring possibilities for importing frozen beef and will shortly be visiting Ethiopia to assess investment opportunities and to discuss with exporters. Congo Future is interested to try chilled beef from Ethiopia.

Summary of visited meat importing companies

Company	Area of operations	Products	Source countries	Interest to import from Ethiopia and conditions
Orgaman,	Import and wholesale	Frozen beef, chicken, fish, pork (4000 tons/month; beef 50 tons/week)	Argentina, Brazil	Sea transport, quality products & competitive prices. Willing to try fresh goats meat and frozen beef cuts
Congo Futur/Atlantic Trading company	Import and wholesale of various products	Beef and buffalo meat	Brazil, India	Interested to visit Ethiopia and try chilled beef
Groupe Ledyà	Import, local purchase, wholesale and retail	Frozen chicken (20 containers every quarter); fish (3000 tons/month); fresh meat from Goma	Namibia, Belgium, Goma (DRC)	Willing to joint venture with Ethiopian companies to market Ethiopian chilled meat products in the DRC
Inalka Perceter	Import and wholesale	Chicken, beef, fish(No 1 importer), corned beef	Argentina, Brazil, Holland, Italy	Agreed to visit Ethiopia and asses possibilities for investment

Despite repeated attempts, the mission was not able to meet with supermarket owners as they were either not present in the vicinities or engaged in other commitments. However, through discussions with senior employees, we were able to learn that such business entities are more interested in fresh/chilled meat rather than frozen. The mission believes that there is the potential to supply supermarkets with chilled meat.

6.5 Price

Our observation of wholesale and retail prices indicate that the price of both frozen and fresh meat is expensive in the DRC. At the same time, the mission was in no position to know the margins made by importers and retailers. Regardless, given the prevailing meat price in the DRC (listed below), it is tempting to say that one may be able to penetrate the market if deliveries can be made at 70% of the wholesale price, CIF Kinshasa.

Current wholesale/retail meat prices

Product types	Whole sale @ cold stores USD/kg	Retail prices/kg	
		Franc	USD
Frozen beef	7.80		
Fillet	12.00	12,000	15.38
Breast/ribs		7,000	8.97
Steak		10,100	12.95
Sirloin		13,800	17.69
T bone		13,900	17.82
Tongue		8,090	10.37
Hamburger		12,740	16.33
US prime cuts		36,936	47.35

Source: observations and information from importers

6.6 Chilled goat carcass exports

The preference for goat meat and the prevailing shortage in the DRC provides an opportunity for exporting chilled goat carcasses by air. Given the relative experience of Ethiopian abattoir owners in exporting chilled goat carcasses to the ME and the relative consistent supply levels

in country, there is the potential to develop and exploit this ‘specialized sector’ with a DRC partner engaged in wholesale and retail business.

7. Challenges

7.1 Low production and processing capacity of frozen beef

Most of the export abattoirs in Ethiopia are engaged in processing and exporting chilled goat and sheep carcasses with limited capacity to process frozen boneless beef. The volume of frozen beef and offal export from Ethiopia is basically too low to support the penetration of new markets, including the DRC. Based on the last three years average, current Ethiopia’s annual export volume can only meet the demand for beef and offal in the DRC by 2.7 and 1.7%, respectively. Admittedly, such level of production is a non-starter in particular for the frozen meat sector. Entering into the frozen meat market of the DRC can only be seriously considered following a substantial increase in beef production and processing capacity.

7.2 Sustainability of supplies

Even if the fabrication of frozen beef increases substantially, the consistency of supplying importers as and when required could be a potential challenge for Ethiopian exporters given their current production capacity and level of efficiency, transport and cold storage networks when compared with competitors from Latin America, Europe and India.

7.3 Price competitiveness

For DRC importers one of the major factors for shifting to Ethiopian sources will be obtaining attractive prices, quality and delivery frequencies. Competitiveness of Ethiopian products is looked at two scenarios by computing backward from wholesale prices and by comparing with Indian buffalo meat CIF prices.

Scenario of Ethiopian meat export prices based on the wholesale price in DRC

Particulars	Price (USD/ton)
Wholesale price at cold stores	7800
Less 30% profit margin (1800)	6000
Less 25% import taxes (1200)	4800
Less 10% inland transport and port handling (480)	4320
CIF price at port of DRC	4320
Less sea transport costs 357	3963
FOB price at Djibouti port	3963
Less port handling (15)	3948
Less land transport (82)	3866
Industry gate price	3866

Based on the backward computation above, the prevailing wholesale price in DRC which is equivalent to USD 7800 per ton will be equivalent to USD 3,866 at industry gate in Ethiopia. If the same product is to be airlifted, CIF price of Ethiopian export will be between USD 4,666 (on cargo flights) and USD 5,483 (on passenger flights) obviously higher by USD 346 and 1,163, respectively, than the prevailing CIF price of USD 4320/ton in DRC for frozen meat. On the other hand, available information indicates that chilled bone-in beef quarters are exported from Ethiopia to Congo Republic by air at USD 2500 /ton, FoB Addis airport, and

USD3950/ton, CIF Brazzaville (on passenger scheduled flights). This makes it doubtful if boneless beef can be exported from Ethiopia at a price of USD 3,866/ton, for the frozen meat market. This entails that Ethiopian exports should target the high end chilled beef markets run by supermarkets than the frozen meat sector.

7.4 Competition from other exporting countries/the Indian case

Frozen boneless Indian buffalo meat is imported into DRC at about USD 3100/ton CIF. Taking this price as a base and computing it back ward, the competitiveness of Ethiopian beef in that market has been analyzed. As indicated below, if export from Ethiopia will have to compete with that of Indian export prices, boneless beef from Ethiopia will have to be exported at the unlikely price of USD 2613/ton at industry gate.

Ethiopian prices based on Indian buffalo meat price

Cost components	Price (USD/ton)
CIF price	3100
Less sea transport costs (357)	2743
FOB price at Djibouti port	2743
Less port handling (15)	2728
Less land transport (82)	2646
Industry gate price	2646

7.5 Competition from domestic markets and live animal exporters

The rising domestic price of beef (local retail prices in Addis vary between USD 3,926 and 5,288 per ton depending on quality) and the growing trend in live animal exports pose serious challenges for initiating large-scale frozen beef exports from Ethiopia under the prevailing condition.

Conclusion

There are apparent challenges and opportunities for Ethiopian meat exporters to enter the DRC market. Admittedly, the frozen beef market in the DRC will not be accessible to Ethiopian exporters given the low beef fabrication capacity of the Ethiopian meat industry and high domestic prices. On-going trends indicate that the rising domestic price of beef and the growth in annual live animal exports could pose a serious challenge to frozen meat exports even with improved production levels. Entering the frozen beef market of the DRC requires operating on close or the same level of ‘economy of scale’ as Latin American or Indian exporters.

On the other hand, some possibilities exist to enter into the fresh/chilled meat market. For example, there is the potential to develop and exploit the market for chilled goat carcasses given the prevailing local price of goat meat in the DRC. According to one Ethiopian exporter, chilled goat carcasses can be exported at a price of USD 4,000/ton, CIF Kinshasa, if the current cargo rate (\$800/ton) can be maintained. This price can be attractive to importers and consumers in the DRC. There is also the possibility to supply supermarkets with relatively small quantities of chilled, vacuum packed meat cuts, given the prevailing price of meat cuts in the DRC and the interest shown by supermarkets to import chilled meat (as they used to from Chad). However, developing this market requires a dedicated partner in the DRC with a capacity to promote, wholesale and retail the chilled goat carcasses or meat cuts. Of the four importers met in the DRC, the mission recommends Grupo Ledyá as the ideal partner to work with. This group has shown interest to work in partnership with Ethiopian exporters through

joint venturing. Its' thirteen wholesale and retail outlets in Kinshasa will also provide the medium through which Ethiopian meat products can be promoted and marketed. The mission recommends that this group be invited to Ethiopia for negotiating a deal.

Acknowledgment

The mission would like to thank Ethiopian Airlines staff in the DRC for arranging and facilitating meetings with various companies and individuals and providing transport services, when required. Special thanks to Mr Gashaw (former Area Manager), Mr Yinesu (current Area Manager) and Mr Do-Ngoyi, Sales Representative, who made this mission possible.

ANNEX 1

Livestock products imported into the DRC in 2008 (tons)

No	Product types	Quantity (tons)	Shares by product types (%)	Shares of the total imports (%)
1	MEAT			
	Beef	1,785.62	13.51	
	Buffalo	7,427.48	56.21	
	Different types of meat	25.54	0.19	
	Canned meat	3,976.01	30.09	
	Sub-total	13,214.65	100	4.88
2	Offal			
	Cattle	23,776.22	46.89	
	Pig	15,179.37	29.94	
	Poultry/birds/	11,746.60	23.17	
	Other animals	1.06	0.00	
	Sub-total	50,703.25	100	18.73
3	Dressed chicken	43,621.03		
	Sub-total	43,621,03		16.12
4	FISH			
	Deep frozen	121,816.79	89.29	
	Fresh refrigerated (non Deep-frozen)	165.69	0.12	
	Fried dry	4,750.45	3.48	
	Fried fresh	138.94	0.10	
	Canned fish	9,552.85	7.00	
	Sub-total	136,424.72	100	50.40
5	MILK AND MILK PRODUCTS			
	Powder milk	13,098.25	68.49	
	Liquid milk	2,126.32	11.12	
	Baby formula	555.82	2.91	
	Butter	3,080.52	16.11	
	Cheese	134.5	0.70	
	Yogurt	119.3	0.62	
	Concentrated milk	8.21	0.04	
	Total	19,122.91	100	7.06
6	EGG AND EGG PRODUCTS			
	Refrigerated eggs	1,613.83	38.78	
	Mayonnaise	2,547.33	61.23	
	Sub-total	4161.16	100	1.54
7	SAUSAGES & Burgers	1,563.20		
	Sub-total	1,563.20		0.58
8	APICULTURE PRODUCTS			
	Honey	1.28		
	Sub-total	1.28		
9	Different food products	1,863.65		
	Sub-total	1,863.65		0.69
	Grand Total	270,675.84		100

Source: Animal Production and Health Department, Ministry of Agriculture

ANNEX II

Persons Met

	Name	Organizations
1	Rev. Henri Mbuya	La Congolaise Des Mines Comines
2	Dr. N'Lemba Mabela	Republique Democratique du Congo Ministere De L'Agriculture
3	Honore Njibikila Nkonka Kenabantu	Federation Des Entreprises Du Congo
4	Michel Demaeght	Groupe ORGAMAN
5	Hussein Tajeddine	Atlantic Trading Company
6	Claude BOSSIO WA BOSSIO	Groupe Ledy
7	Mr.Sam Amisi Idi	Federation Des Entreprises
8	Mr.Ammar Abd El Fettah	Ste Engraissement Doukala
9	Mr. Gashaw, Former Area Mnager	Ethiopian Airlines, Kinshasa
10	Mr. Yinesu, Area Manager	Ethiopian Airlines, Kinshasa
11	Mr. Do-NGOYI	Ethiopian Airlines, Kinshasa
12	Mr. Alemayehu Gebemariam	Catholic Relief Services