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## Cuban Poultry Industry

by LADB Staff

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[The author is editor of *Industria Avicola*, a monthly business magazine published by the Watt Publishing Co. for the Latin American poultry industry. The article is based on a trip to Cuba this spring.]

The Cuban poultry industry is in bad shape and has been for over a decade, since the collapse of the Soviet Union and Cuba's departure from the Soviet Council for Mutual Economic Assistance (COMECON). The bottom line is that, in 1990, the Cuban poultry industry was self-sufficient and today it is not. The industry is painfully aware of its shortcomings but has to rely on chicken and egg imports to cover the market.

In 1989-1990, when Cuba was still part of COMECON, its annual poultry production was 2.7 billion eggs a year, 117,000 tons of chicken meat, and 2 million tons of animal feed. Since 1990, egg production has dropped by 60%, chicken production by 20%, and feed production by 50%. The limiting factor is feed costs. Cuba has to import feed from China, which is expensive, and by the time it arrives its quality has deteriorated. Back in the COMECON days, Cuba got subsidized wheat shipments from Russia, so feed production was cheap.

The current high cost of grain means Cuban production costs are very high, and in the case of chicken production, too high to successfully compete with imports since feed accounts for 60% of the cost of producing a chicken. The Cuban poultry industry is looking forward to the day when the US embargo ends and it can import US corn and soybeans from Gulf of Mexico ports and lower production costs.

With a population of 11 million people, per capita egg consumption is 149 a year, compared with 234 in 1989. That rate of consumption puts Cuba in the middle of the pack as far as Latin American egg consumption goes. Cuba has 5 million laying hens in production and produces about 125 eggs per capita, so the rest is imported. The per capita consumption of chicken is 7.65 kilos per year, which puts Cuba very close to the bottom of the list for Latin America.

To cover demand, Cuba must import a major part of its supply some 60,000 tons of chicken a year, mostly from Brazil but also from Canada and Europe. From December 2001 through April 2002, Cuba produced no chickens at all, but will now resume production. Cuba had been producing about 25 million chickens or 20,000 tons a year compared with 117,000 tons in 1989. Pork is the meat that has the highest consumption in Cuba. The highly touted US chicken and egg exports to Cuba earlier this year were part of a total export package from the US authorized as humanitarian aid following the damage done by Hurricane Michelle in November 2001 (see *NotiCen*, 2001-11-29).

Hurricane Michelle did much damage to the poultry industry and has created an egg shortage for the time being. There are still news stories in the business press about US poultry and egg exports to

Cuba. However, the quantities are not really significant. For example a New England egg producer will be exporting 10 million eggs to Cuba in the near future. That sounds like a lot, but it really is not, since Cuba has a population of 11 million. Besides, those eggs will be destined entirely for the Cuban tourism industry, and not for the general Cuban population.

There are two markets in Cuba: subsidized and dollarized. The subsidized market is the wholesale market aimed at the Cuban people. They use the Cuban peso as currency (26 pesos to US\$1). Eggs, milk, and other basic foodstuffs are rationed and distributed through local grocery stores and public markets. Chicken is generally not available to the Cuban populace. Each egg costs 15 Cuban cents. A typical production cost is US\$0.04 cents per egg. Within the subsidized sector is what is called the social sector, which includes schools, retirement homes, hospitals, and military installations. This sector gets its share of both eggs and meat.

The dollarized sector works through government-run grocery stores where you can buy just about any supermarket product except eggs and fresh poultry meat. The truth is that the Cuban economy runs on the dollar and the poultry industry operates in dollars. With all the Cuban immigrants living in the US and sending money home, the dollar is the de facto currency.

The supermarket I visited had no eggs, no fresh poultry, and only some imported frozen chicken legs and thighs. Tourism is the driving force behind Cuba's attempt to reinstate chicken production. With 2 million tourists visiting Cuba a year, tourism is terribly important to Cuba. The Cuban restaurants that cater to the tourism industry do not like imported chicken. They want fresh Cuban chicken. So, as the broiler industry in Cuba gears up again, it will be for the exclusive use of the tourism industry.

The Cuban poultry industry is fairly unique in Latin America because it is state owned, and it is not in such bad shape as one might assume. There is one large poultry corporation, the Combined National Poultry Union, which runs everything. The Union has 28 different companies, including 15 poultry-production companies, one for each province. Each one concerns itself with producing enough eggs and sometimes chicken for the population of that province.

A couple provinces bordering Havana also help out with that market, since it is Cuba's largest, with 2 million people in the city and another million in the province. Among the other companies in the Union are those involved in feed production, feed premixes, raw materials, research, genetics, and production equipment. Cuba has its own poultry-genetics program, and its breeds of broilers and layers are closely equivalent to what is currently on the market in general, but they are a little hardier and more resistant.

The industry has a large genetic data bank that includes a great number of pure breeds. However, the industry admits it has gotten help from commercial genetic companies. Some installations are better than others. All the farms were constructed the same and date from the mid-1970s. They are in fairly good shape but have no climate-controlled chicken houses and no automatic equipment, as has become the standard in the rest of Latin America.

The hatchery I visited was up to date, well-maintained, and well-organized. The chicken processing plants, on the other hand, need a lot of help. The equipment is all Dutch equipment from the 1970s and is badly in need of an upgrade. That upgrade will be taking place later this year, thanks again to the Dutch. The Cuban poultry industry has always had the reputation of being very advanced scientifically and it combines this with sound poultry-management practices.

Even though the poultry industry in Cuba is a monopoly, with little commercial competition, it still strives to produce the highest quality product possible at the lowest cost.

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