

ASSIGNMENT

Find a country to export chicken to Dubai, from given list
| **Prioritise** – Low Cost.

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General Information

Poultry Export | QSR

In 2019 **Fresh chicken** export was valued at **US\$ 6.7 billion** globally.

In 2019 **Frozen chicken** export was valued at **US\$ 16.4 billion** globally.

Fresh Chicken export from USA in 2019 was **US\$ 566 million** a **25.7% dip** compared to previous year.

USA and **Brazil** share majority of the Frozen chicken export market with **US\$ 6.3 billion** and **US\$ 2.4 billion** respectively.

Brazil is the biggest exporter of **poultry products**.

Russia Considering to **increase** the export of **halal chicken** meat by 2021.

Factors & Requirements to be Analysed

Global | Domestic (Stakeholder requirements) Cost is considered as a Filter....

Major Constrains for export...

(Cost | Halal to be considered as major constrain – Country trade law & Stakeholder requirement)

Trade Relations

Exchange Rate

Inflation Rate

Export Quantity

Market Volatility

Transportation

Cost of feed/ production

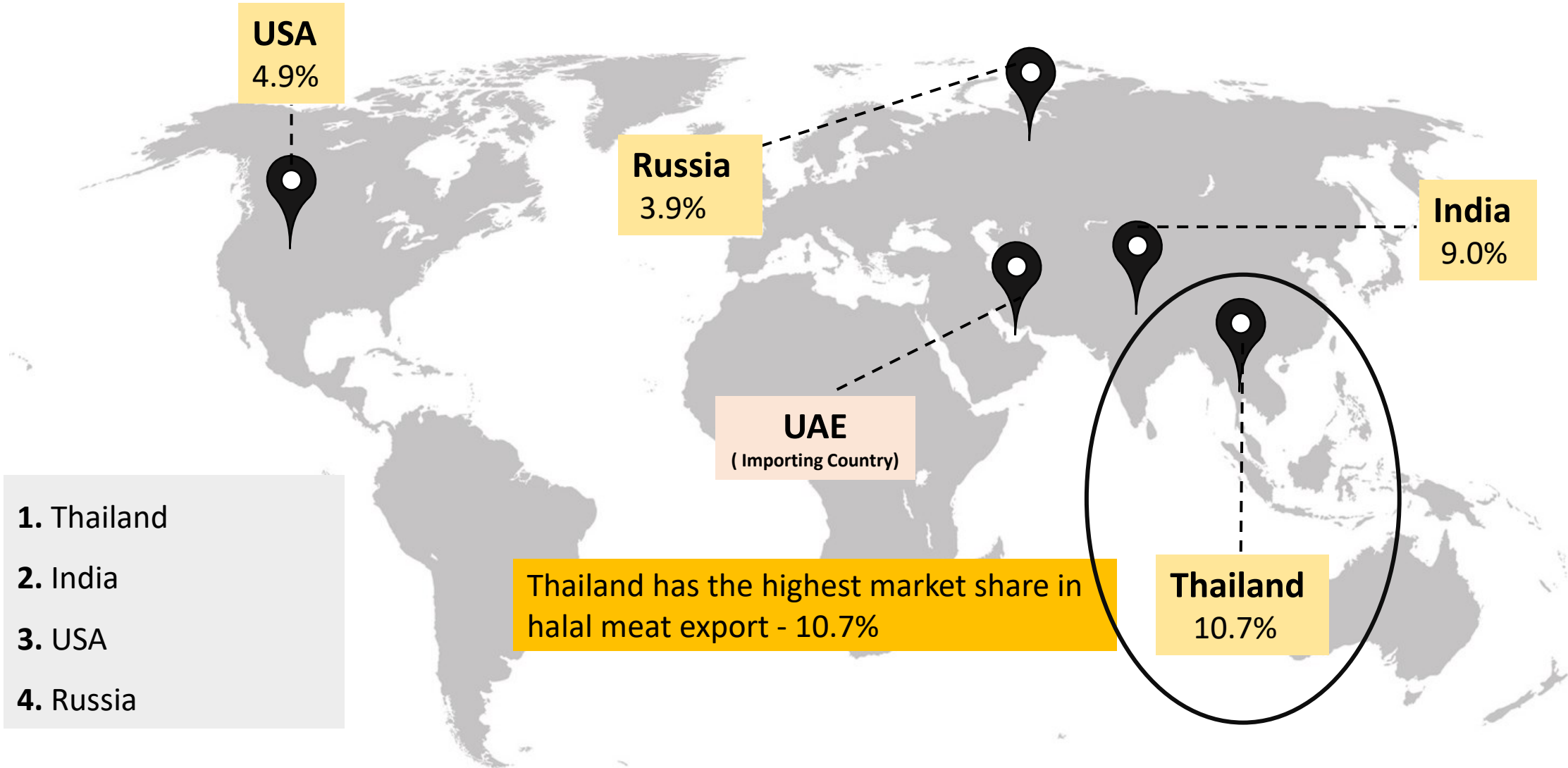
Risk

Halal

Political Scenario/
Economy

Halal Food Export Market Share

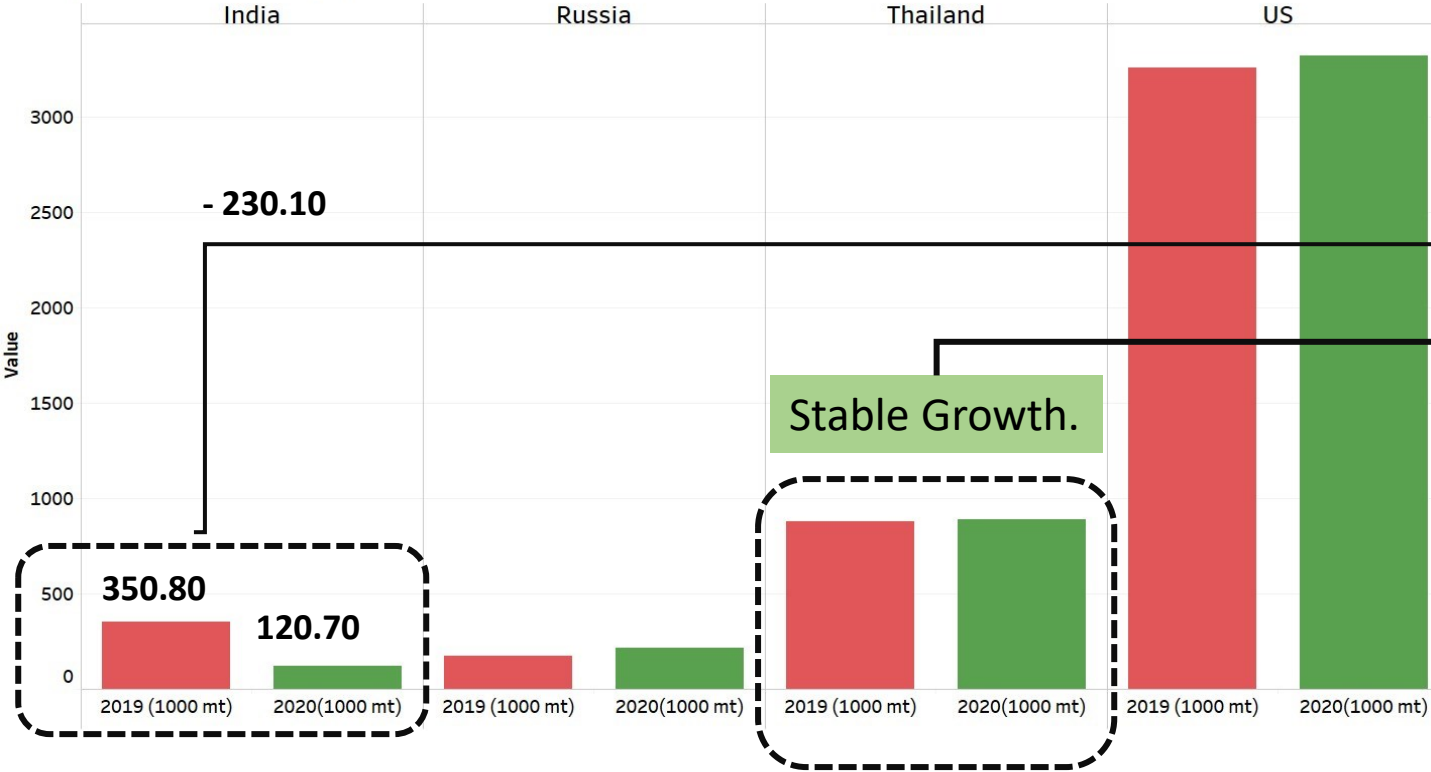
Only countries from stakeholder list is considered...



Poultry Products - Export Quantity

Significant change in Export quantity, raises concerns

Export Quantity (2019 vs 2020)



Countries (Export Quantity)	2019 (1000 mt)	2020(1000 mt)
US	3,259.00	3,325.00
India	350.80	120.70
Thailand	881.00	890.00
Russia	172.00	215.00

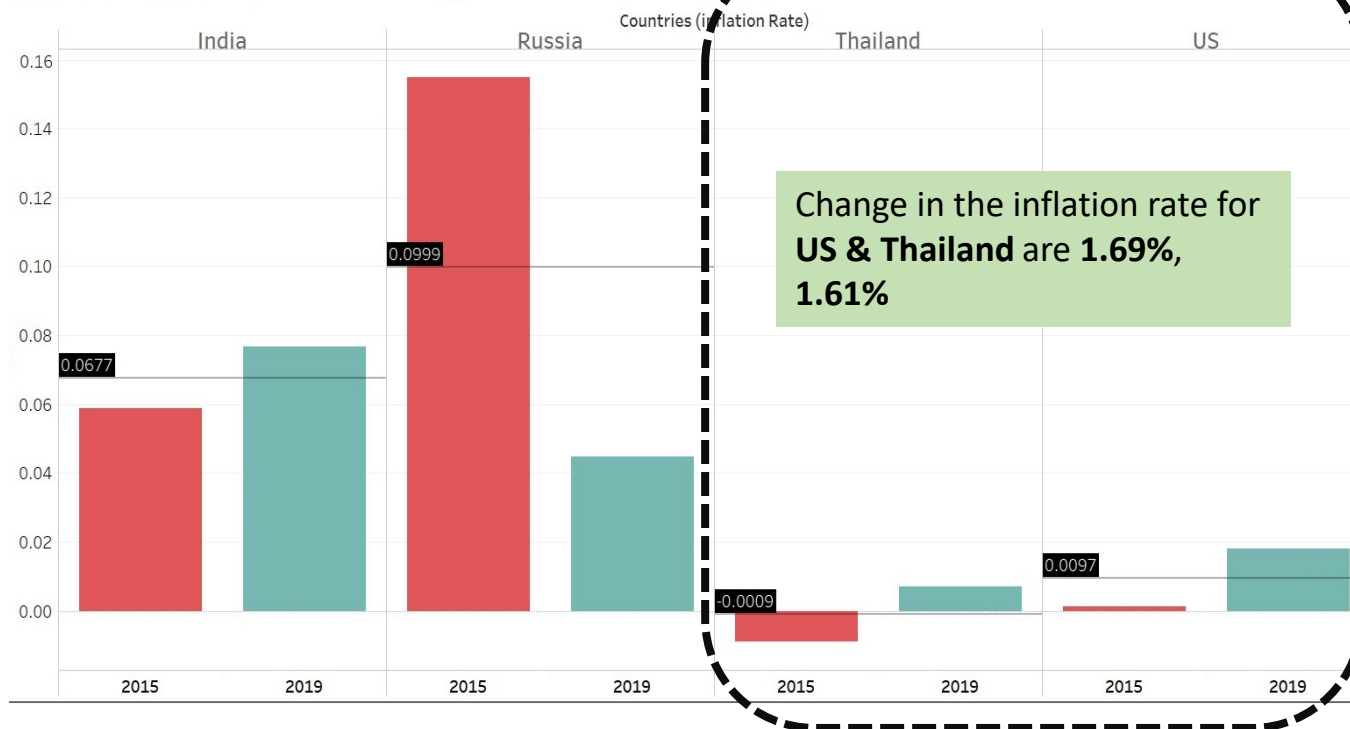
It is vivid that poultry export from India plunged to **-65.59%** in 2020. Where **Thailand & US** shows stable growth.

Here while all other countries seems to have increased their export in 2020 poultry product export in **India** have decreased more than half (**-65.59%**) which is a clear sign of **uncontrolled change in Market Conditions**.

Inflation Rate & Insights

Devaluation of Currency | Production Cost | Change in Wages

Inflation Rate (2015 - 2019)



Countries (inflation Rate)	2015	2019	Change %
India	5.87%	7.66%	1.79%
US	0.12%	1.81%	1.69%
Thailand	-0.90%	0.71%	1.61%
Russia	15.50%	4.47%	-11.03%

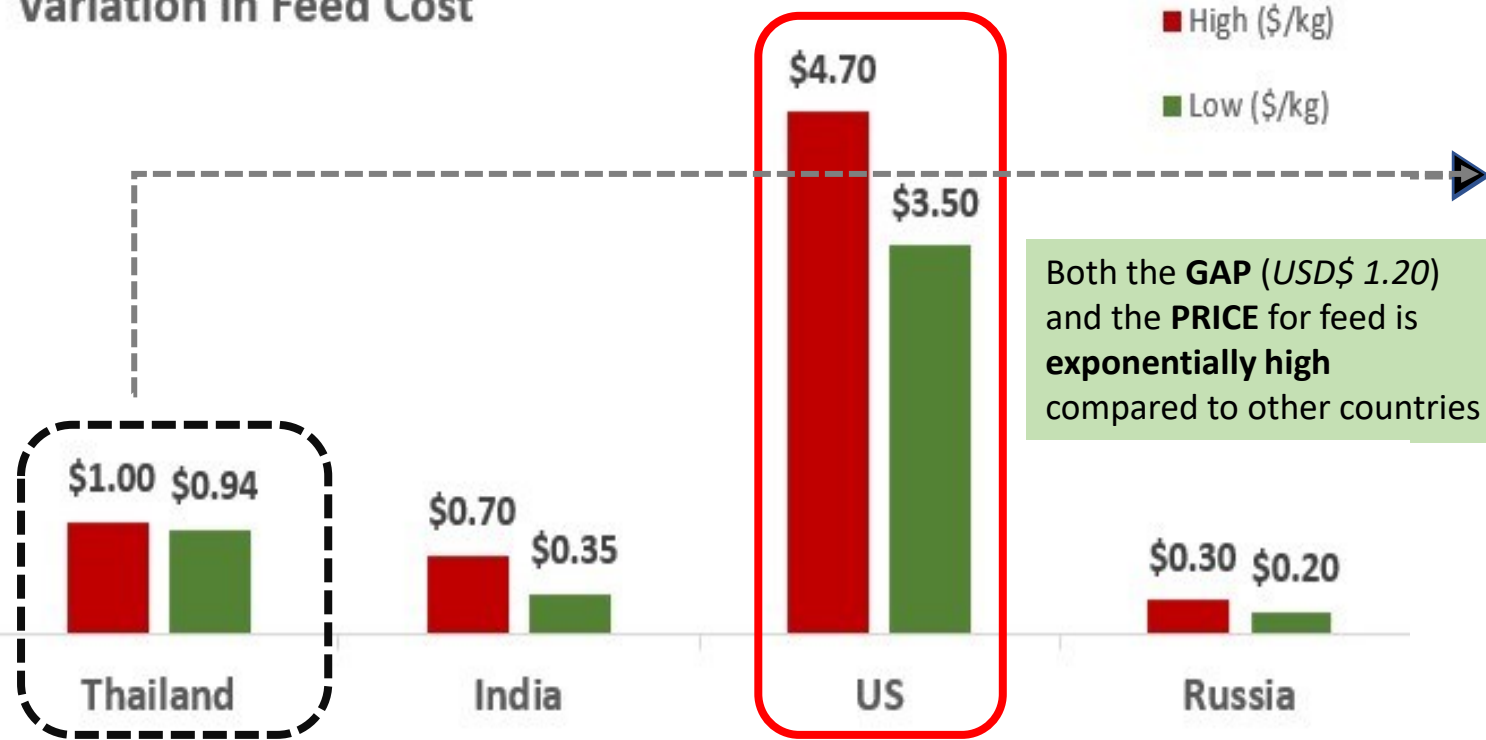
Even though **Russia** seems to have made a drastic change (-11.03%) in **4year** span, what is noticeable is **the volatility of the economic conditions**.

- Though **Thailand's** a negative inflation is not a positive sign, **the rate of change (1.61%)** shows **stability**.
- Inflation rate of **2%** or slightly below is **optimal condition** which is again satisfied [**Thailand**].

Cost of High Quality Feeds - Effects

Production cost – Incurred by companies to get quality chicken meat (High Standard Feeds)

Variation in Feed Cost



Countries (Cost Variation)	High (\$/kg)	Low (\$/kg)
Thailand	\$ 1.00	\$ 0.94
India	\$ 0.70	\$ 0.35
US	\$ 4.70	\$ 3.50
Russia	\$ 0.30	\$ 0.20

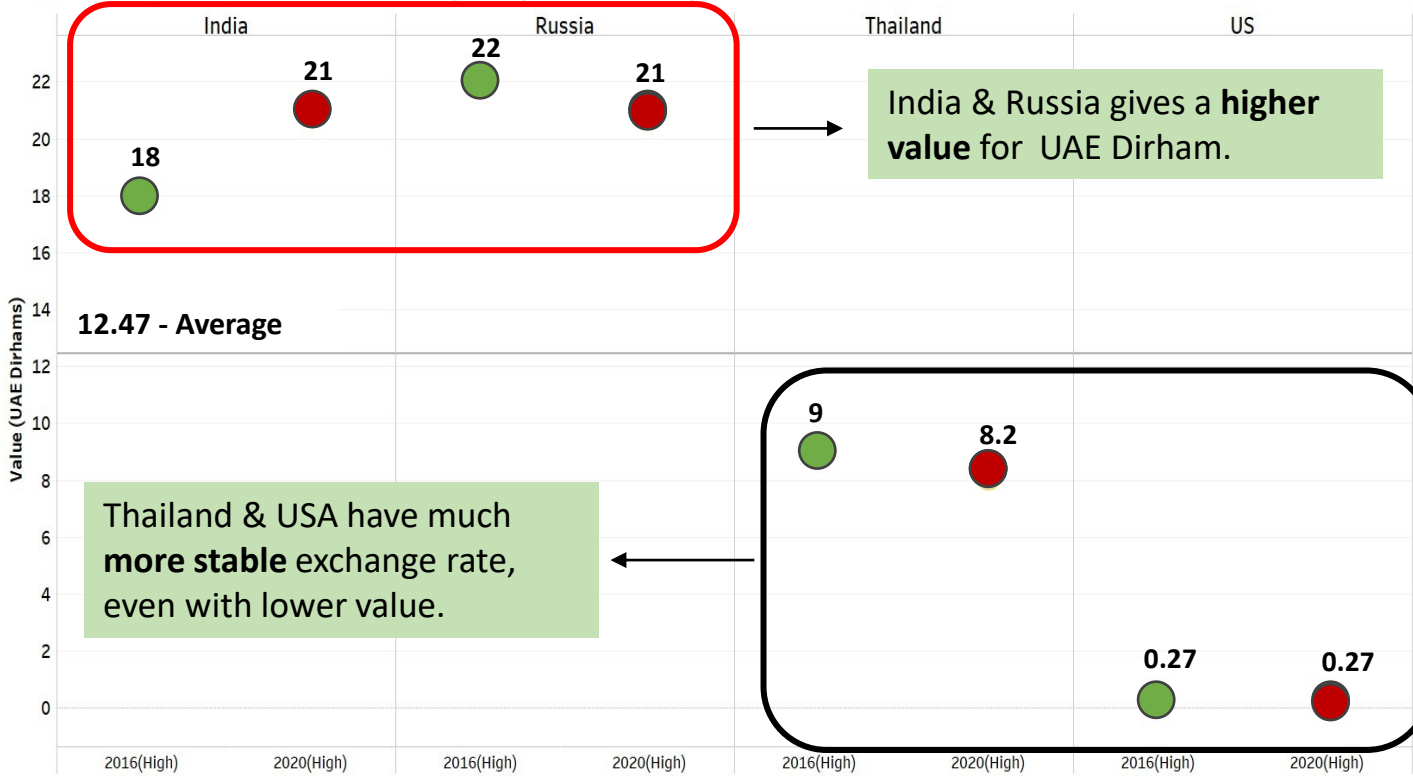
In terms of the cost Russia, Thailand & India seems to be the cheapest and **Russia to the cheapest** among all three.

- **Feed prices** are one of the major factors that **drives the production cost** which later effects the export rates.
- **Thailand is cheap** as well as **stable** when it comes to the cost, which always sways the **export prices and risk**.

Exchange Rate – Value | Stability of Currency

Volatility of the exporting countries currency, sways trade planning, cost & uncertainty

Exchange Rate Fluctuation (AED/Domestic)



Countries (Exchange Rate AED/Dom)	2016(High)	2020(High)	Change
Russia	22 Ruble	21 Ruble	-1
India	18 INR	21 INR	3
US	\$ 0.27	\$ 0.27	0
Thailand	9 Baht	8.2 Baht	-0.8

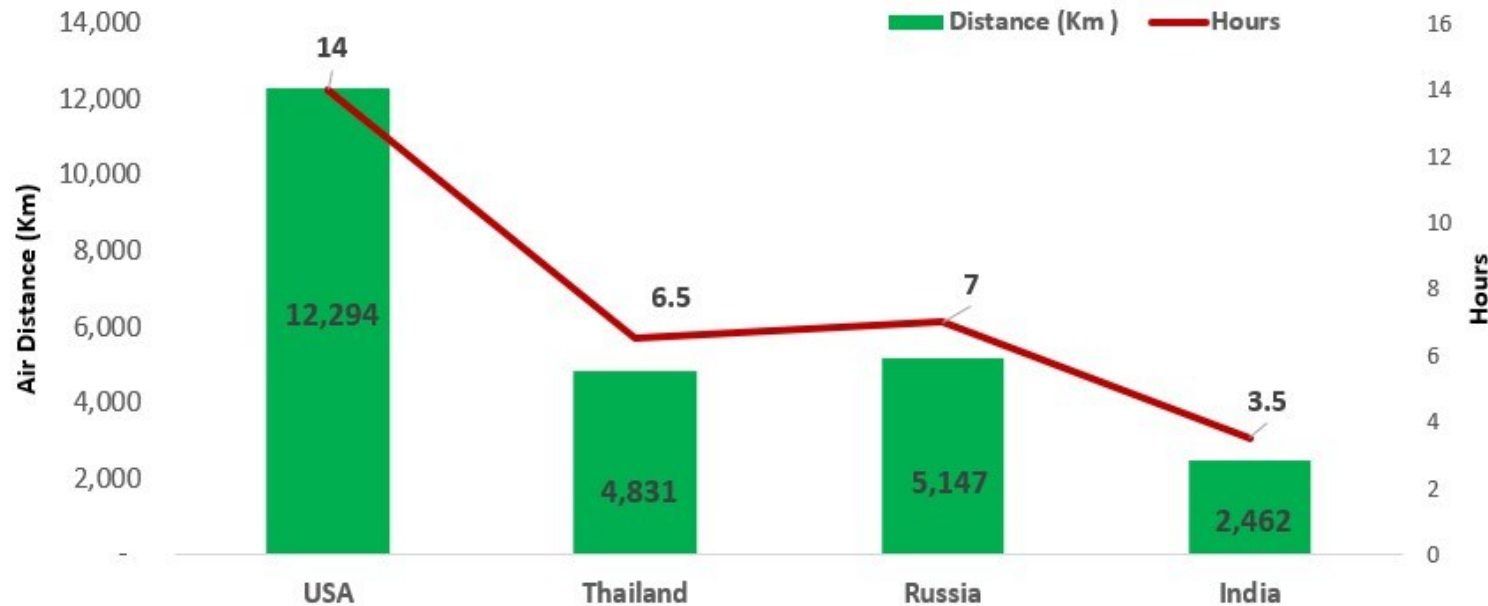
An optimal point will be a region where the **value & stability** (no drastic changes in the exchange rate) **co – exist**, **Thailand** lies within this realm **USA** even though stable gives very less value to dirham.

Higher value for the domestic currency is a positive sign but the **volatility of the exchange rate** cause unexpected changes in the **Cost of trade as well as Profit**. It will also effect the **Operational planning & Strategies**.

Mode of Export

Considering – Safety | Chargeable weight | Time (Air Transport is the better option)

Distance & Travel Time



- **Air travel** is considered.
- Distance in **Km**
- Considering main airports as hubs.

USA can be considered a **non viable** option considering the distance and time. Which leaves **Thailand, Russia & India** to be the best **preferable options** in terms of distance, Time and cost.

In terms of distance and time **India** is the best option and **Thailand** is the **2nd best option** .

Ship/Sea route can be used as mode of transport, but when looking at the **Chargeable weight (Air Transport)** and the distance from **the viable options (India, Thailand)** the cost can be **neglected** by weighing the **safety, Quick delivery & by planning the order and quantity**. [*Still Cost is comparatively lesser if sea rout is preferred*]

Most Viable Option – Considering Cost

Decision based on evaluating 5 Major factors that will sway the cost of export



THAILAND

When compared and evaluated closely within the **parameters** and **requirements (Cost)** with the attributes of other 3 countries **Thailand** stood out by **minimalizing risk** and attaining the **Stakeholder requirements**.

❖ Stable **growth** in the Chicken **export** | **Biggest Halal** exporter(10.7%).

❖ **Inflation rate** is close to **optimal** (2%), which shows the **production cost is stable**, Wages and domestic **Market environment is under control**.

❖ Government planning to **increase export** and also focus on meeting the domestic needs by **price control** .

❖ **Cost of Quality Feeds**, even though was the 2nd highest (\$1.00 - \$ 0.94) the **fluctuation** in the prices is **negligible** when looking at the average prices of all 4 countries.

❖ Even with the slightly high cost of feed the **export is increasing** and govt is taking **necessary action** to bring down the cost.

❖ **Stable** exchange rate & **value** for domestic currency .



THANK YOU