

CLUSTER PROFILE

MEAT PROCESSING CLUSTER, LAHORE



Turn Potential into Profit

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1. Introduction of Lahore

Lahore is the second largest city in Pakistan. The traditional capital of Punjab for a thousand years, it had been the cultural center of Northern India extending from Peshawar to New Delhi. This preeminent position it holds in Pakistan as well. Lahore is the city of poets, artists and the center of film industry. It has the largest number of educational institutions in the country and some of the finest gardens in the continent, had been the abode of great people, both in the spiritual as well as worldly realms. Lahore having been the seat of many imperial dynasties possesses interesting historical reminiscences. There is a fascinating and colorful panorama of extraordinary Mosques, Mausoleums, Fort, Gardens and the like. The grandeur of Lahore cannot be solely attributed to its buildings, gardens, monuments and other historical places. Rather it is its atmosphere and ambience, its moods of joy and sorrow, fairs and fests, pains and pleasures, and above all the colorful life of its people which actually render impetus to the spirit and soul of Lahore.

2. Description of the Cluster

2.1 *History & Background of Cluster*

The disease-free animals are procured from the livestock markets/farmers/feedlots/farms to produce quality meat. There is very little processing of the meat. The meat produced for the domestic market is sold as hot meat. Goat/sheep meat is marketed in villages by slaughtering one or two animals once in a week. In the small towns sheep/goat meat is directly marketed to the consumers from meat shops. Since the time gap between slaughter and the sale is very short, the deterioration of the quality of the meat is less. In the big towns and cities most of the meat is consumed on the same day or kept in a refrigerator in the households. Large ruminants (buffalo and cattle) are slaughtered in big towns and meat is sold directly to the consumers. Poultry meat is mostly sold by slaughtering the live birds in the presence of the consumers. However, there are a few modern processing plants where poultry is slaughtered; chilled and frozen birds are sold in big cities. The export of poultry meat is insignificant. The reasons are that mortality of birds is high, overhead inventories are abnormal. The greatest disincentive is that exporters find the prices quoted in importing countries are not favorable.

Currently, the requirement of meat is fulfilling by Livestock markets and farmers but need is to establish Commercial farming. Because of less number of commercial farms, we cannot fix the issue of animal health and its volatile

price. Another threat to our livestock sector is smuggling of animals to Afghanistan and Iran on large scale.

2.2 Description of Products

- Beef
- Chicken
- Mutton

2.3 Cluster Actors

Core Cluster Actors include the major stakeholders involved in value chain of meat processing from Farms to Packaging of the product. Major stake holders are given below.

2.3.1 Farmers \ Livestock Markets:

Suppliers of animal heads are in large number but commercial farming is negligible. There is an animal mandi also in Lahore. Calf fattening farms and dairy farms are in surrounding of Lahore to meet the need of raw material for this sector.

2.3.2 Slaughter House:

Majority of slaughter houses are not of international standard. Govt of Punjab has established an automated slaughter house which act as a common facility center. Beside this some private investors also established automated slaughter house for own meat processing in Lahore and Karachi. Elsewhere we find the traditional manual “Zibah Khana” only.

2.3.3 Machinery/ Equipment Suppliers:

Machines for meat processing are available in the market. Both local and imported machines are being used by meat processors. The contact details of the machine suppliers are given below:

Uniteck International (Pvt) Ltd.

Plot # 9, Holiday Park,
Musharafabad Raiwind,
Lahore.
Ph#042-53207426-7
www.unitechint.com

Bio Vet (Pvt

97 A Jail Road Opp Cricket House,
Lahore.
Ph # 042-7534508
Fax # 042-7534510

2.3.4 Packaging:

Meat is cut up in different pieces and minced as desired by customers. Usually it is packed in box covered by polythene and kept in and hygienic temperature.

2.4 Current Cluster Scenario

The emerging economies have become more affluent as they have sustained higher economic growth in recent years. Such affluence is impacting the consumption patterns of households including a dietary change towards higher quality food such as meat and dairy products. As a result, the production of these items is rising globally. In Pakistan however, the livestock and dairy sectors have received little or no attention despite the fact that it accounts for 58.33 percent of agriculture, 11.39 percent of GDP and affects the lives of 8.0 million rural families. Livestock sector of Pakistan grew by 3.43 percent in FY 2016-17 as compared to 3.36 in last year. In order to achieve higher sustained growth in agricultural value added, it is absolutely necessary to give due attention to the livestock and dairy sector to achieve multiple objectives, such as, the objectives of attaining food security and poverty reduction.

At present around 10 modern units are working in this sector providing direct employment to almost over 1000 persons with annual meet production of 30,000 Tons. Total Investment in modern setups is approximately Rs. 1,700/- Million. Beside this a lot of conventional meet suppliers are available in market. All these set-ups follow international safety standards.

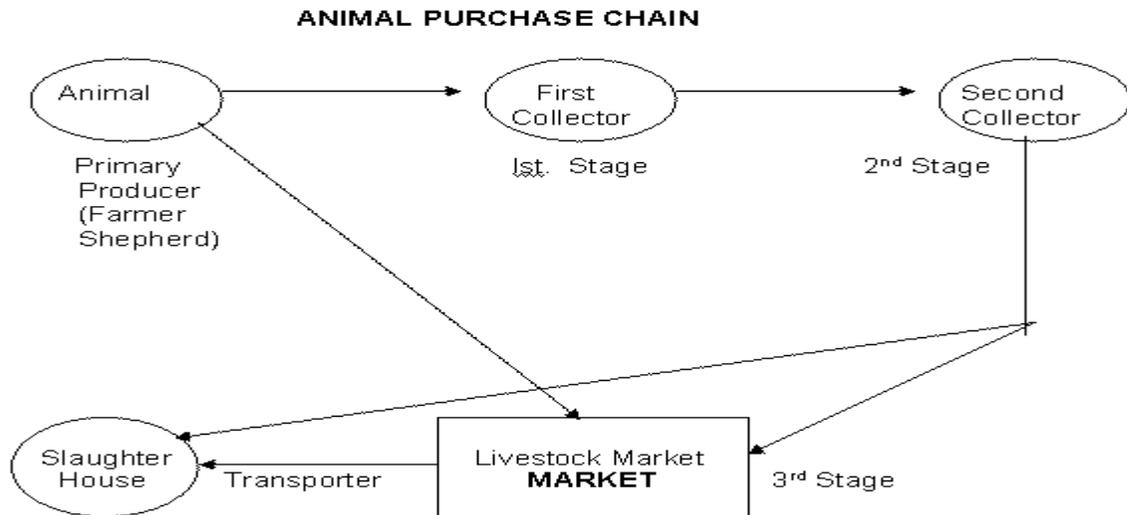
3. Analysis of Business Operations

3.1 Organization of Cattle Markets

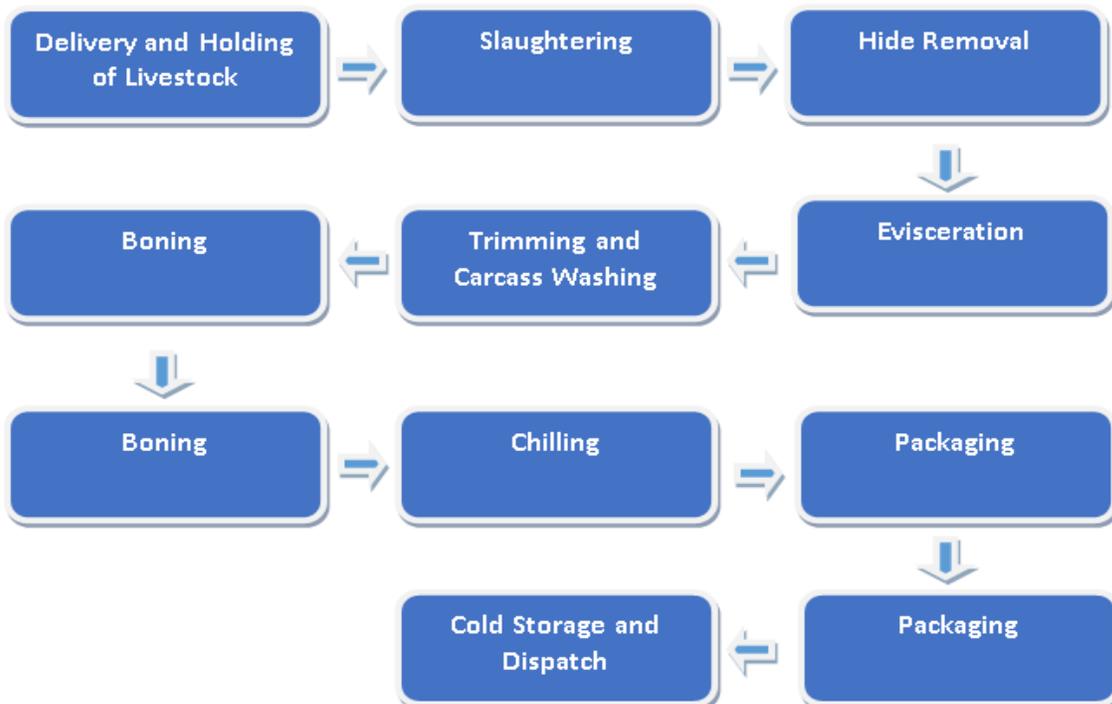
The meat animals are raised by the farmers, namely, sheep, goats etc. The farmers in small hold farming also raise the large animals. There are three stages through which the animal passes as has been shown in the figure below. At each stage, 15 – 25% cost is added till the animal reaches the slaughterhouse. This excludes the cost of transportation the surplus stock is sold to the primary trader in the village itself or it could be taken by the farmers to the weekly animal markets near the village where the secondary traders who are financially better off purchase the animals from the small collector. This trader also purchases the animals from the market to supply them to the main slaughterhouses for export. Usually, this should be the stage at which Municipal/State Government Veterinarian should carry out

examination of each animal to ascertain that it is fit for slaughter and also fit for human consumption.

The Government ought to modernize the cattle markets where end users should have an access to the farmers' animals rather than the involvement of the agents in between. There should be a weighbridge and purchase prices should be displayed. This will give proper price to the farmers.



3.2 Process Flow



3.3 *Major players*

K & N: January 1964, a young man Khalil Sattar still a college student, had the vision to foresee a need to establish a poultry farm. His interest led him to start a small broiler farm of 1000 chick. This was the simple, inspired and nationalistic beginnings of K & Ns with a single-minded objective of providing better nutrition for health and happiness of Nation. Currently K&N is the largest poultry value added supplier with presence in almost all metropolitan cities.

Syed Traders: Started their business back in 1995 and deals in meat processing and Dairy products.

Neat Meat: Formerly started with the Dairy farm and extended their business to neat processing with the name NEAT MEAT. They have their only one outlet in Defence and planned to expand to other areas of Lahore.

Besides these large players there are various other players i.e. Zenith Associates, Anis Associates, PK livestock, Abiden International and Ketco that are providing processed meat in the market.

3.4 *Quality Assurance*

Most of the meat processors are not following international quality standards. The demand of meat can be raised in international market by adopting ISO and HACCP quality standards. Few units who are dealing in export market are following all the international quality standards.

3.5 *Human Resource*

A large number of conventional butchers are available in market, who are not familiar with the quality standards of modern meat processing. A nominal on job training can transform them in skilled labor for this industry. Industry owners however feel that they feel difficulty in getting experts of meat processing as per International or modern standards.

3.6 *Key Success Factors*

Following key success factor for the growth of this sector:

- Effective distribution network and supply chain.
- Large scale of Product range
- Superior processing technology.
- Brand Building and marketing.

- Meat processing plants should follow world class sanitary and phytosanitary measures, the plants should be certified with HACCP (Hazard Analysis Critical Control Points), ISO-9002.

3.7 SWOT Analysis

Strengths

- Machinery (local and imported) is available.
- Labor force is available.
- Huge market of Muslim countries for Halal meat.

Weaknesses

- There is a shortage of R&D in this sector.
- Price of animal heads is volatile.
- Lack of control on demand and supply of Meat.
- Unawareness of Social Compliance and Environmental issues.
- Only few technical training institutes are available for this sector.

Opportunities

- Large export potential in Middle East, Asia and Europe.
- Rising demand of meat all over of the world.
- Adequate level of Marketing and Promotion may able the processors to promote their products at international level.
- International exhibitions on meat processing, is an opportunity to attract foreign buyers.
- The growth of meat processing sector is also evident.

Threats

- Unstable political condition discourages any investment in this sector.
- High international quality standards.
- No training institutes at national level to guide the industry towards new technology and product line.

4. Institutional Setup

4.1 *Entrepreneurs Associations*

All Pakistan Meat Exporters and Processors Association is representing this sector and playing their role for the development of meat processing in Pakistan. Their office is located at 177-B, Johar Town, Lahore.

4.2 *Govt. /Semi Govt. Support Institutions*

Government of Punjab has established Punjab Agriculture and Meat Company (PAMCO) in order to provide support to meat processor. PAMCO has installed their state of the art Slaughter house in Lahore may that meat retailers and processors could process their meat as per the international standards. This slaughter house is working as a Common Facility Center where farmers/butchers/exporters could take their live animals for slaughtering. Blast freezing plant is also available for export purposes.

Small and Medium Enterprises Development Authority (SMEDA): Small and Medium Enterprises Development Authority was formed in October 1998 with a sole purpose of developing SMEs in the country. It has a Regional business centers (RBCs) in various cities of Punjab including Lahore These RBCs provides following services to SMEs:

- Identification of Investment Opportunities
- Facilitation in arranging finance from financial institutions
- Training programs
- Marketing advice.
- Technical advice.
- Legal Services
- Business plan development.
- Common facilities centres.

Export Promotion Bureau (EPB): Export promotion bureau has a mandate to promote local products in international markets. It has reserved a special quota for SMEs (20%) in all the international trade exhibitions, trade delegations, trade conferences which it arranges.

4.3 *Private BDS Providers (Consultants)*

There are various business development service providers (BDSPs) that are offering services for developing, implementing and monitoring of meat

processing. These BDSPs render their services in a manner that is conducive to this cluster needs.

5. Issues and Problems

5.1 Energy Crises

The most crucial problem faced by the whole economy is energy crises. The meat Processing industry is an electricity intensive industry. Therefore, this industry is adversely affected due to electricity shortage.

5.2 Lack of Trained Work Force

Industry is facing lack of trained work force which cause raise in production cost. Industry requires a trained work force which could meet the international standards.

6. Investment Opportunities

The growing world meat market is presently valued at US\$844 billion per annum. Asia is a huge market for meat exporters. Japan alone imports meat worth nearly US\$6 billion. Countries like Saudi Arabia, Egypt and Iran are good prospects for Pakistan as they import Hilal meat. It is easier to capture the Middle East market, by only having better supply management and assuring quality standards at each level of the value chain. Meat is the second largest commodity, after milk, in Pakistan's agriculture sector. Livestock contributes 31 percent of the agricultural value-added produce. The size of the meat market in Pakistan at present is 2,185,000 metric tons and the demand is growing at almost 6% per annum while supply is growing at 1.8%. At present meat production and distribution is almost totally in the informal sector.

6.1 Setting up Large Breeding Farms

Large farms (buffalo, important local breeds with high demand, crossbred animals and exotic cattle breeds) can serve as primary source of sale of genetically superior animals for new farms, dairy colonies (which have high turn over of animals) and export.

6.2 Integrated Meat Production & Processing

Demand for red meat is increasing rapidly. The only way to meet the demand of mutton and beef in the country is conversion to feedlot fattening. Thus, feedlot fattening offers good investment opportunity. Furthermore, establishment of slaughterhouses and model butchereries with grading system

and commercial cuts will add value. Moreover, there is tremendous scope and need to establish slaughterhouse by-product plants for further profitability.