

**ITEM 8
NOTE TO THE AGM
REPORT OF THE PRESIDENT
01 JANUARY 2021 TO 31 DECEMBER 2021
AND
OUTLOOK FOR 2022**

Executive Summary:

On behalf of the Board, let me express our well wishes to all members, guests and participants in our 23rd Annual General Meeting.

Today, as we embark on furthering our long-term vision of a vibrant, self-sufficient industry providing food security for our region, we find ourselves at a crossroads, facing unforeseen challenges and, perhaps, looking on our businesses, industry and region as we have never before.

The effects of Covid-19 on families, companies and economies around the globe are well documented. What is less understood and unknown to the mass population are the challenges that face us specifically as an industry, such as:

- (i) Availability of genetics – egg availability, fertility, lead times and prices
- (ii) High priced grains – now trading at 10+ year highs and logistical challenges getting it
- (iii) Impact of inflation – due oil prices, freight, interest rates, raw materials, f/x and more
- (iv) Shift in government stance – an increased interest by governments to import

Over the past 24 months, these factors and more have led to us swinging from record breaking stock levels to being short on supply and back again. Plus, massive increases for numerous items in our supply chain, forcing us to increase our prices to the dismay of customers, consumers and even, governments.

The impact of these price adjustments on the general population is surely not lost on our membership.

However, with every challenge, comes new opportunity and this past year's approach to the CPA has forced much needed introspection of who we are as a group and what we want out of our membership. The fact that, overwhelmingly, the members want to work more closely together in the future gives me hope that we can get through this period and not only have stronger individual companies, but a better, more active regional industry and more impactful CPA to serve us all.

In my final year as the President, before it rotates, I sincerely look forward to finalizing the long term Strategic Plan, getting the regional impact study done, bringing new voices to the table and finally, meeting face to face to document a path for the next generation to take into the future.

It's been a pleasure to serve as the President for this past year. I genuinely look forward to the year to come and attach my report hereafter.

PRESIDENT'S REPORT:

This report is broken down into three parts:

- Global Context
- Regional Context
- The Future of the CPA

1. Global Context

The year 2021, like the year prior, the SARS-Cov-2 pandemic had a direct toll on human physical and mental health worldwide and the multiplier effect on economies across the world, has created tremendous challenges that the world is now experiencing.

However, there are many more issues at play across the globe that affect our regional industry, such as:

Availability of Quality Genetics:

The amalgamation of multiple players within genetics industry has resulted in 2 companies, Aviagen and Cobb, controlling approximately 80% of the genetic supply worldwide.

With the Cobb male lines having a problem, it has led to lower fertility rates, less fertile eggs, lower hatches, increased spiking, increased feed cost and overall an approximation of 5% lower efficiency throughout the value chain.

With no viable alternatives and with a waiting period of approximately 3 years for parent stock, high egg prices and less availability is estimated to be the norm for at least another year.

Avian Influenza - Current Status:

In their latest report for the year to 31 December 2021, the OIE have reported 538 new outbreaks of HPAI from Jan-June & 13 new cases from July to Dec. H5N8 was the main serotype in 491 incidents) & H5N1 in 13 incidents.

Deaths from the disease were 2 million birds with 13.5 million culled.

ASF in Asia:

Following the depopulation from African Swine Fever, the rapid rebuilding of the hog herds in Asia continue, placing enormous pressures on feed supplies and pushing up prices.

Corn imports by China in 2021 rose 152% Y/Y to 28.35 M MT exceeding the 17.5 M MT prediction of 2020. Soybean imports fell 4 M MT to 96.52 M MT. Wheat imports rose to a new record of 9.77 M MT up 16.6% Y/Y. China's meat production in 2021 rose 16.3% Y/Y to 88.9 M MT.

CARIBBEAN POULTRY ASSOCIATION

23rd Annual General Meeting

09 February 2022 - Virtual

Additionally, as China rebuilds from the ASF epidemic, their reliance on imported meats will start to decline placing pressures on exporters to find other markets for their goods.

Grain / Commodity Prices:

From the close on December 31, 2020 to the close on December 31, 2021, CBOT closing spot prices for corn, soybean meal, soybean and wheat changed by +24%, -0.1%, +0.4% & -1.8% respectively.

The following table summarizes closing CBOT Spot grain & oilseeds prices from 31 December 2020 to 31 December 2021

DATE & PARAMETER	CORN	SOYBEAN MEAL	SOYBEAN	WHEAT
Units	US\$/bu	US\$/short ton	US\$/bu	US\$/bu
31 Dec 2020 (Close)	4.9	431.9	13.054	6.73
2021 High	7.696	462.9	16.694	7.816
Date	07 May	12 Jan	12 May	07 May.
% Change on 2020 Close	↑ 24.5	↑ 43.5	↑ 39.3	↑ 8.0
2021 Low	5.222	317.5	11.57	5.186
Date	13 Oct	18 Oct	13 Oct	24 Sep
% Change between 2021 Low & High	47.4	45.8	44.3	50.7
31 Dec 2021 (Close)	6.074	431.4	13.1	6.606
% Change 31 Dec20 - 31 Dec 21	↑ 24	↓ 0.1	↑ 0.4	↓ 1.8

Poultry Stockpiles in the USA:

Even though reducing, the huge stockpiles of poultry products in USA frozen storage as reported by USDA/NASS must be of great concern to us in the region. USAPEEC has been promoting sales of these products within the region especially as major markets in Russia and China are presently closed to USA imports.

As at December 2021, USDA/WASDE Report #620 dated 12 January 2022 stated ending USDA stocks were estimated at:

- Frozen Broiler Meats : 760,000,000 lb. (882,432,000 lbs in Nov 2020)
- Frozen turkey meats : 195,000,000 lb. (194,441,000 lbs in Nov 2020)
- Total Poultry Meats : 990,000,000 lb. (1,079,449,000 lbs in Nov 2020)
- Frozen Egg products : 19,000,000 dozen (32,436,000 lbs in Nov 2020)

CPA members especially those in Barbados, Belize, Guyana, Haiti, Jamaica, Suriname & Trinidad & Tobago are asked to be vigilant and to take the necessary precautionary measures. These measures include keeping our policy makers fully up-to-date on any surges in imports and on the implementation of the CARICOM Poultry & Poultry Products Standard which will provide a measure of TBT defense.

2. Regional Context

CPA Response to the Coronavirus:

The poultry industry in the region was an early adopter of the WHO Coronavirus Guidelines even before those guidelines became Government mandatory requirements. Fortunately, due to our biosecurity requirements, our sector had additional guidelines at all our facilities beforehand.

Credit to all, as none of our facilities across the region had to close during this time.

However, lockdowns and restrictions on people movements & congregation especially at foodservice affected sales of chicken which led to inventory increases.

Caribbean Imports of Poultry Products:

Exports of broiler meat & egg products from the USA to the Caribbean Basin Agricultural Trade Office (CBATO) areas show:

- In the period Jan 2021 to November 2021, exports of broiler products in HS Code 0207 to the region rose from 70,332.5 MT in Jan – Nov 2020 to 75,334.6 MT
- In Jan-Nov 2021 (+7.1%) with the change in value from US\$93,882 K to US\$135,735 K (+44.6%).
- In the same period, the exports of eggs & egg products fell from 1,131.9 MT to 1054.6 MT (-6.8%) with values from US\$32,167 K to US\$33,427 K (+3.9%).

Note: The CBATO area includes Anguilla, Antigua/Barbuda, Aruba, The Bahamas, Barbados, Bermuda, Br. Virgin Is., Caribbean Netherlands (Bonaire, St. Eustatius & Saba), Cayman Is., Curacao, Dominica, Grenada, Guadeloupe, Martinique, Montserrat, St. Bartholomew, St. Kitts/Nevis, St. Lucia, St. Martin, St. Vincent & The Grenadines, Trinidad & Tobago, Turks & Caicos Is.

Note that Belize, Jamaica, Guyana & Suriname are not included in the CBAT listing.

COTED/CVO:

Matters that affected our sector in 2021 were:

- Presentation at the 53rd Meeting of COTED in November 2021 of the CARICOM-Secretariat document *Draft Policy Recommendations for Trade in Animals and Animal Products in CARICOM* which had previously been considered at the 52nd Meeting of COTED (1-2 June 2021), 21st Meeting of Caribbean CVO (28-29 July 2021) & 94th Special Meeting (COTED-Agriculture) (08 October 2021). No decisions taken on this matter.
- CPSO Presentation on Opportunities for the Expansion of the CARICOM Poultry Sector at the 94th Special Meeting of COTED-Agriculture & 53rd COTED. This presentation was

pretty much a re-hash of CPA presentations over many years to COTED Meetings. No decision taken.

- Presentation by the delegation from T&T to the 53rd COTED on disaggregating HS 0207.14 to allow the identification & distinction between boneless chicken legs, boneless chicken thighs & boneless chicken breasts from Mechanically Deboned Chicken also called Mechanically Separated Chicken also called Comminuted Meat. This has been referred to the meeting of Caribbean Customs Authorities.

Intra-Regional Trade:

The visit by CPA members from Barbados, Belize, Guyana, Jamaica and Trinidad & Tobago to the OECS Member States as was proposed one year ago could not occur because of the lockdowns & travel restrictions across the region due to the coronavirus pandemic.

**Members may wish to re-visit this matter as we await feedback from the CARICOM Secretariat.*

CPA 7th International Technical Symposium:

The Technical Symposium scheduled to be held in Trinidad & Tobago was delayed again due to the pandemic.

Regional Industry Activities:

- Belize exported first shipment into CARICOM via Grenada (Dec 2020)
- ECGC appoints new CEO – Mr. J. Robert Cato (Jan 2021)
- Proven Investments Ltd. acquired a 50.5% stake in Roberts Manufacturing from Massy Properties (Barbados) Ltd. (Jan 2021)
- CB Group will commission the region's first Air Chill processing plant at The Nest, their Eco-Industrial Park, in Summer 2022
- *(Please add other news for final minutes)*

3. Future of CPA

Perhaps the most significant achievement of the CPA during 2021 was the agreement and resolve of the members to continue with the CPA and to create a long term strategic plan for the future.

Through a process of due diligence, inclusive of surveys and virtual meetings, we have begun to shape the future.

The Survey:

From an engagement survey and questionnaire, the main findings were:

- 75% see the CPA as a vital partner in development
- 96% want us to work more closely together
- 88% say that the CPA is relevant and must continue
- 55% favour trading with each other
- 90% want the CPA to be more active
- All agree on the CPA becoming larger and more influential
- All agree on the delegation of one person from each member to assist the ED by providing country & member data to improve communications

The major recommendations arising from the meetings and surveys were:

- Implement the Impacts Studies ASAP
- Work to implement the standards
- Reactivate the publication *Things to Crow About*
- Work with industry suppliers to fund activities
- Implement the Captives Insurance project
- Work on sector PR

Strategic Planning Retreat:

The next step in completing a strategic plan is to have face to face meetings.

The previously planned meeting for January 2022 in Atlanta was cancelled and it is now being proposed that this be done in March / April 2022 in Guyana.

Major projects like the impact study, the ED succession plan and captive insurance are waiting on the completion of this Strategic Plan.

Gratitude:

On behalf of all members and the regional industry, a huge thank you to our Executive Director for his unwavering support and leadership. His commitment, loyalty to our industry and his competence in dealing with the vast and wide range of complex issues that confront us is more than we could ask for and we are fortunate.

Again, I thank you the members for giving me the opportunity to serve and look forward to meeting with you in person during 2022.

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Matthew Lyn, President

February 8, 2022