



Poultry Sector Analysis and Forecast – 2020



Revised (Post COVID)

DEPARTMENT OF ANIMAL PRODUCTION AND HEALTH

produced maize is used for poultry feed, a further 150,000 MT maize is needed to be imported to fulfill the minimum requirement for poultry feed production. However, to safeguard the local maize farmers, government had taken decision not to import maize but permit importation of wheat as an alternative.

The demand of maize for animal feed production is in rise with the growth of the poultry sector as well as with the latest development of dairy industry; especially the mega farms with imported cattle. The country is still failing to produce the required quantity locally. Therefore, encouragement of maize cultivation and introducing of technology to increase the production efficiency is essential to assure the sustainability of poultry production.

The soya bean production within the country is gradually reducing. Almost 100% of soybean meal is imported from which 92% is imported from USA at an average cost of Rs 72.85. The price of soybean meal is keep on rising due to the continuous depletion of LKR against USD.

Exports

Sri Lanka exports number of poultry products; mainly table eggs, hatching eggs, DOC, chicken meat and chicken feet. In 2019, all the importations increased by more than 50% compared to 2018. The sector has the potency for expansion but the high COP render the product less competitive at the international market. Further the government facilitation is required to explore and expand the export market and production chain certification. Further COVID 19 pandemic has created a huge opportunity to tackle export markets which needs to be harnessed for the benefit of the industry and the economy at large.

Guidance by

DR. S. S. P. Silva (Director/ Livestock Planning & Economics)

DR. (Mrs) K. A. C. H. A. Kothalawala (Livestock Economist)

Prepared by

Dr. (Miss) D. L. N. Kumudinie (Veterinary Surgeon/Livestock Economics)

Assistance

Mr. M. K. C. Nuwan Kumara (Livestock Development Officer)

Mrs. R. Wijesinghe (Statistician)

Miss. D. G. S. D. Seneviratne (Livestock Development Officer)

Division of Livestock Planning and Economics,

Department of Animal Production and Health

P.O. Box 13, Getambe, Peradeniya, Sri Lanka.

Tel: Director/LPE 081 2388850

General 081 2387060, 081 23888462 Ext - 213

Fax: 081 2388186

email: dapheconomics@gmail.com

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Poultry industry is the fastest growing livestock industry in Sri Lanka. For the year 2019, poultry contributed to 0.45 GDP which is 64% of the total contribution of Sri Lankan livestock.

In 2019, industry faced a major drawback as the local demand for chicken dropped significantly from the predicted local consumption. Drop in consumption in tourism and hospitality sectors happened after Easter attack could be considered as the main reason. Cost of production kept on increasing narrowing down the opportunity for reduction of product prices. Yet the poultry products are considered essential food items supplying animal proteins at a comparatively cheaper price. Domestic demand of chicken meat and eggs of the country is fulfilled through local production while small quantity of chicken meat is imported for airline caterings and foreign missions.

With the spread of SARS CoV2 (COVID 19) within the country, number of disease control measures has taken by the government. Suspension of live animal imports and imposing of curfew to control the outbreak affected all the nodes of the production chain. All the production estimates for 2020 has revised accordingly as per the measurable impacts. However, some of the impacts could not be assessed as some ground level information was inaccessible.

Broiler Sector

A total of three (03) grandparent (GP) farms are functioning in the country supplying parent birds of Hubbard Classic, Cobb 500, Ross 308 and Indian River strains to 34 parent farms. According to the forward plans submitted to DAPH, 80% of the total parent bird requirement would be supplied through local production while the rest imported for 2020.

Table 1. Comparison of Broiler Sector Performance for 2018 – 2020

Item	Unit	2018	2019	Change (2018 - 2019)	2020 est*	Expected Growth 2020
Grandparent and Parents						
Grandparent Farms	Number	3	3			
Parent Farms	Number	34	34			
Grandparent Imports	Number	28,986	37,116	28%	38,280	3%
Parent Local Production	Number	1,058,993	1,161,334	10%	1,168,348	1%
Parent Imports	Number	383,930	286,707	-25%	259,166	-10%
Total Parent Bird Availability	Number	1,442,923	1,448,041	0%	1,427,514	-1%
DOC Production	Million	156.99	167.49	7%	170.70	2%
DOC Issues	Million	156.24	163.96	5%		
Meat Production	'000 MT	214.20	224.01	5%	230.87	3%
Imports						
Chicken Meat	MT	237.02	229.55	-3%		
Exports						
Chicken Meat	MT	171.75	451.71	163%		
Hatching Eggs	Million	0.22	0.28	27%		
Day Old Chicks	Million	0.11	0.20	82%		

*Estimations are based on imports and stocking plans of breeder farms

In 2019, parent DOC importation was decreased by 25% while local production was increased by 10%. The net availability of parent DOC was therefore remained at 1,448,041 in 2019. Stocking plans of the parent farms were disturbed due to COVID 19 control measures of the country thus the new prediction of total DOC procurement for 2020 is estimated to be 1,427,514 which shows no

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growth in 2020 and will see a slight drop of 1% compared to 2019.

The commercial DOC production was increased by 7% in 2019 compared to 2018. The local market failed to absorb the total production thus 163.96 million DOC was sold reaching 5% growth.

New prediction for broiler DOC for year 2020 is estimated as 170.70 Mn. The projected chicken meat (Broiler & Curry chicken) production would be 230.87 ('000 MT) for the year with 3% growth compared to 2019 as depicted in table 2. Considering the human population growth the projected per capita availability of chicken meat would be 10.5 kg/year in 2020. The farm-gate price of live broiler ranged between Rs. 175.00 to Rs. 300.00 per/kg during the year 2019. Retail prices of chicken meat ranged from Rs. 451.25 to Rs. 535.00.

Table 2 - Monthly Procurement and Production Forecast 2020 - Broiler Sector

Month	Procurement of Parent Birds		Production of DOC (Mn)	Chicken Meat Production ('000 MT)
	Local	Import		
January	102,458	32,876	14.06	18.50
February	101,784	22,670	13.72	19.01
March	107,507	0	15.00	18.64
April	67,410	0	13.41	19.98
May	120,441	0	13.46	18.14
June	75,750	0	14.51	19.55
July	76,059	8,150	15.08	20.29
August	109,180	49,150	14.43	19.51
September	81,229	43,010	14.60	19.65
October	99,187	38,150	14.40	19.46
November	137,300	14,000	14.29	19.44
December	90,043	51,160	13.74	18.70
Total	1,168,348	259,166	170.70	230.87

**Estimates based on imports and stocking plans of breeder farms*

Layer Sector

Self-regulation of egg production initiated in 2018 with the control of parent DOC import quantities. The regulation takes place with the voluntary contribution of layer hatchery owners. DAPH plays a mediator role implementing the agreed import control. 94,811 layer parent DOC was imported in 2019 and it is expected to retain the layer parent imports around 90,000 in 2020. The predicted egg production is 2691.36 million with per-capita availability of 117.6 eggs considering the human population growth.

Table 3. Comparison of Layer Sector for 2018 - 2020

Item	Unit	2018	2019	Change (2018-2020)	2020 est*	Expected Growth 2020
Parent Farms	Number	11	10			
Layer Parent Imports	Number	68,511	94,811	38%	88,000	-7%
Pullet DOC Production	Million	7.59	8.09	6%	10.16	26%
Pullet DOC Issues	Million	7.53	7.98	6%		
Egg Production	Million	2,852.86	2,630.74	-8%	2,691.36	2%
Exports						
Table Eggs	Million	5.63	9.33	66%		
Pullet DOC	Million	0.004	0.015	275%		

**Estimations are based on imports and stocking plans of breeder farms*

The variability of the procurement of parent birds and forecasted pullet and egg production are depicted in Table 4.

Table 4 - Monthly Procurement and Production Forecast 2020 - Layer Sector

Month	Procurement of Parent Birds	Pullet DOC Production	Estimated Egg Production (Mn)
January	13,479	0.67	215.72
February	0	0.72	214.01
March	16,573	0.86	224.89
April	0	0.93	212.59
May	0	0.92	211.55
June	0	0.89	213.67
July	5,700	0.86	217.59
August	17,600	0.88	224.29
September	9,320	0.95	230.92
October	11,200	0.88	236.62
November	0	0.84	242.45
December	14,200	0.76	247.06
Total	88,072	10.16	2,691.36

**Estimates based on imports and stocking plans of breeder farms*

Poultry Feed Production Sector

Poultry feed production has reduced by 2% in year 2019 compared to 2018. The local production of maize; the main raw material for poultry feed has also reduced by 9% in year 2019. Importation of maize however had been restricted further and reduced by 2% in 2019.

Table 5. Comparison of Poultry Feed Production for 2018 - 2020

Item	Unit	2018	2019	Change (2018-2019)	2020 est	Expected Growth 2020
Commercial Feed Production	MT	771,773.76	799,697.91	4%		
Self-Mixed Feed Production	MT	487,566.24	436,904.10	-10%		
Total Poultry Feed Production	MT	1,259,340.00	1,236,602.01	-2%	1,280,586.82	4%
Maize						
Local Maize Production (Maha)	MT	242,935.00	220,425.00	-9%	310,497.00**	41%
Extent (Maha)	Ha	63,926.00	57,380.00	-10%	77,431.00**	35%
Local Maize Production (Yala)	MT	27,106.00	25,222.00	-7%	42,049.00**	67%
Extent (Yala)	Ha	6,969.00	6,070.00	-13%	10,731.00**	77%
Imports For Animal Feed	MT	98,342.23	95,999.38	-2%		
Soybean						
Local Soybean Production (Maha)	MT	1,186.00	304.00	-74%	131.00**	-57%
Extent (Maha)	Ha	720.00	191.00	-73%	86.00**	-55%
Local Soybean Production (Yala)	MT	1,304.00	1,893.00	45%	7,350.00**	288%
Extent (Yala)	Ha	791.00	723.00	-9%	4,021.00**	456%
Imports For Animal Feeds	MT	237,281.94	208,312.37	-12%		

**Estimates are based on DOC import plans, imports and estimated production of DOC*

*** Crop Forecast, Dept. of Agriculture (vol 01) Maha and (vol 01) Yala*

Feed cost is the biggest cost component of the cost of production of both chicken meat and eggs. Maize is considered as one of the high quality cereal for poultry feed which could be produced at a comparatively low cost. Insufficiency of maize for poultry feed production had been one of the major problems for both chicken meat and egg industries for several years. Unfortunately the issue remains the same for years restricting the growth of the industry. For year 2020, maize requirement is estimated to be in between 495,695 to 802,190 MT. Therefore, even if the total volume of locally