



Poultry Sector Analysis and Forecast – 2023

DEPARTMENT OF ANIMAL PRODUCTION AND HEALTH

May, 2023

Poultry sector is the leading livestock industry in Sri Lanka supplying animal proteins to the nation. The industry was self-sufficient and had huge export potential due to adoption of modern technology, maintenance of quality standards and being produced in a country historically free from highly pathogenic avian influenza (HPAI). Being an island is the biggest advantage of the country limiting the number of disease introduction avenues to import of poultry and poultry products and to introduction through infected migratory birds. Both avenues were successfully controlled by sound quarantine procedures followed in importation of poultry and poultry products as well as through island wide active surveillance for HPAI detection. SEDEP for HPAI (Sri Lanka Exotic Disease Emergency Plan) was followed since 2005 to prevent introduction of HPAI to the country which has been successful.

However, since 2020 poultry industry had to face unfavorable conditions continuously. First it was the movement restrictions applied to COVID 19 control, new normal situation of working amidst COVID 19 control measures and then the economic crisis in 2022. All these situations demanded more expenditure over the production chain while the consumer's affordability was reducing.

Being import dependent industry poultry had been drastically affected showcasing the impact of its biggest weakness. Import restrictions and insufficient foreign currency allocation reduced the supply of feed resources. Local production of feed resources were severely affected due to organic cultivation policy. Reduced supply increased the prices and provided opportunity for inferior quality goods and adulterations. As a result costs of production increased making the end product less affordable for the consumer while high operational cost pushed the producer to leave or scale down. Layer segment where the majority is small scale producers was worse affected making the local production insufficient for the 1st time in history after 1962. Broiler segment thrived so far mainly due to shorter production period and large scale production is predominant. However, the corresponding GDP values at current price for 2022 indicated 0.6 for chicken meat and .19 for egg securing 76% of livestock sector GDP mainly owing to increased market price.

There are number of supporting sectors of which the growth and stability is depend on the sustainability of the poultry sector. Animal feed industry and veterinary pharmaceutical industry and local maize cultivation are such highly dependent areas. Drowning of poultry sector collectively affect the direct and indirect occupation of all these segments in addition to loosing food security. This tragic situation faced in 2020-2022 period empathized the requirement of strong government policies for local industries to safeguard local production, secure livelihood and to reduce costs of production which should be immediately addressed. Unless we might witness the downfall of an industry which has been gradually build over decades.

Broiler Sector

Three (03) grandparent (GP) farms were continued operating supplying parent birds of Cobb 500, Indian River and Arbor acres strains. Thirty one (31) parent farms. According to the forward plans submitted to DAPH for 2023, 93% of the total parent bird requirement would be supplied through local production.

Table 1. Comparison of Broiler Sector Performance for 2021 - 2023

Item	Unit	2021	2022	Change (2021 - 2022)	2023 forecast - January*	2023 predicted production - May
Grandparent Farms	Number	3	3			
Parent Farms	Number	33	31			
Grandparent Imports	Number	30,052	33,564	12%	49,574	
Parent Local Production	Number	1,246,695	1,157,835	-7%	1,167,830	
Parent Imports	Number	264,914	89,836	-66%	269,615	
Total Parent Bird Availability	Number	1,511,609	1,247,671	-17%	1,437,445	
DOC Production	Million	176.92	162.06	-8%	165.10	146.92
DOC Issues	Million	173.86	160.88	-7%		
Meat Production	'000 MT	236.67	228.13	-4%	233.52	216.69
Imports						
Chicken Meat	MT	139.86	171.15			
Exports						
Chicken Meat	MT	718.26	1,804.66			
Hatching Eggs	Million	0.31	0.02			
Day Old Chicks	Million	0.08	0.10			

*Based on imports and stocking plans of breeder farms

In 2022, parent DOC importation was reduced by 66%. Local production was also reduced by 7% making the net availability to be reduced by 17% compared to 2021. The commercial DOC production was also reduced by 8%. Out of the 162 Mn DOC production 161 Mn had been purchased for meat production. Accordingly chicken meat production was estimated as 228.13 000MT with 4% reduction compared to previous year.

Day old chick price ranged from 123.63 in January to 219.91 in October in year 2022. The whole sale price of live broiler ranged between Rs. 585/kg in February to Rs. 1280/kg in September. The retail price of dressed chicken meat ranged from Rs. 761.00/ kg in February to Rs. 1472/kg in September.

According to the input plans of broiler GP and parent farms 165.10 Mn DOC production was forecasted with the production of 233.52 (000 MT) was predicted at the beginning of year 2023. However, the procurement of parent chicks were reduced during the 1st five months reducing the predicted production of both DOC and chicken meat. Accordingly 216.69 ('000 MT) chicken meat production is expected with 5% reduction compared to 2022.

Table 2 – Monthly Procurement and Production Forecast 2023 - Broiler Sector

Month	Procurement plan of Parent Birds		Production of DOC (Mn)	Chicken Meat Production ('000 MT)
	Local	Import		
January	102,080	17000	13.17	20.98
February	81,160	19,560	12.32	21.4
March	127,260	25,275	13.67	17.72
April	89,420	25,275	13.3	19.36
May	67,000	19,560	13.45	18.95
June	125,260	17,000	11.82	19.25
July	99,080	25,275	12.2	16.97
August	96,980	36,560	11.79	17.24
September	94,800	8,275	11.35	16.93
October	107,480	17,000	11.14	16.2
November	94,150	36,560	11.17	15.68
December	83,160	22,275	11.54	16.01
Total	1,167,830	269,615	146.92	216.69

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

Layer Sector

Eleven layer breeder farms were registered for the year 2022. However due to drastic changes brought about by the economic crisis, the availability of poultry feed and feed raw materials was reduced and the prices increased rapidly. Growing costs of layer birds increased by about 3 times the cost of previous year making it difficult for small holders to keep on farming. Closing of small holder farms and scaling down of large and medium farms reduced the demand for DOC. As the result 5 layer breeder farms suspended operations by March- June period culling layer parents immaturity. New importation also did not take place as planned. Out of the 5.3 Mn of layer DOCs produced by the breeder farms 4.9 Mn DOC were sold to commercial operation for table egg production. Annual egg production was amounted to 2089.7 Mn egg production.

In 2023, it was expected that the layer parent imports will remain around 100,000 with predicted egg production of 1928 Mn. However, the uncertainty of the future of the industry will badly affect the future plans as farmers are still reluctant to face the risks further.

Table 3. Comparison of Layer Sector for 2022 - 2023

Item	Unit	2021	2022	Change (2021-2022)	2023 forecast - January*	2023 predicted production - May
Parent Farms	Number	11	11			
Layer Parent Imports	Number	91,829	34,351	-63%	94,380	
Layer DOC Production	Million	10.14	5.3	-48%	5.95	6.01
Layer DOC Issues	Million	9	4.9	-46%		
Table Egg Production	Million	2,934.55	2,089.70	-29%	1,873.01	1,928.16
Exports						
Table Eggs	Million	4.14	17.92	333%		
Pullet DOC	Million	0.017	0.04			

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

The variability of the procurement of parent birds and forecasted layer DOC and egg production as per the original plan are depicted in Table 4.

Table 4 – Monthly Procurement and Production Forecast 2023 - Layer Sector

Month	Procurement of Parent Birds	Pullet DOC Production forecast (Mn)	Egg Production forecast (Mn)
January	18,500	0.51	158.47
February	3,500	0.38	170.65
March	5,280	0.49	174.42
April	12800	0.52	172.32
May	8,500	0.49	184.27
June	0	0.42	168.99
July	10,300	0.48	164.28
August	13,500	0.45	158.37
September	5,000	0.43	137.12
October	0	0.52	142.37
November	13,500	0.62	144.40
December	3500	0.7	152.52
Total	94,380	6.01	1,928.16

*Estimates based on imports and stocking plans of breeder farms

Poultry Feed Production Sector

Feed production was highly affected by the economic crisis the country faced in 2022. Out of the major feed raw materials only maize is produced within the country. Local maize production was drastically reduced in year 2022 which is presumed due to banning of chemical fertilizer and pesticides. Importation of 225,000 MT of maize was allowed to fulfill the demand for animal feed production. Importers had to struggle for obtaining foreign currency for importation hence most of the importation taken place in the latter part of the year. Usage of rice for animal feed was banned. Depreciation of LKR, lack of foreign currency and various import restriction tremendously affected the feed production, price and quality. As the result exponential rise of chicken meat and egg was observed.

With the predicted growth reductions of poultry industry it is estimated that 1,020, 168 MT poultry feed production is required for 2023. With the local production of 258,948 MT of maize, it is predicted that 153,020 MT of cereals need to be imported or locally make available for sustainable poultry industry.

Table 5. Comparison of Poultry Feed Production for 2021 - 2023

Item	Unit	2021	2022	Change (2021-202)	2023 forecast	Predicted Change (2022 - 2023)
Commercial Feed Production	MT	1,025,933	836,138	-18%		
Self-Mixed Feed Production	MT	258,295	259,846	1%		
Total Poultry Feed Production	MT	1,284,228	1,095,985	-15%	1,020,168*	-7%
Cereal						
Local Maize Production (Maha)	MT	435,159	236,928**	-46%	250,105**	6%
Extent (Maha)	Ha	97,122	77,980**	-20%	78,457**	1%
Local Maize	MT	40,291	22,112**	-45%	8,843**	-60%

Production (Yala)						
Extent (Yala)	Ha	10,696	6,179**	-42%	2,345**	-62%
Maize Import for Animal Feed	MT	4837.5	209,751***	4236%		
Wheat Import for Animal Feed	MT	206,701	30,596	-85%		
Oil Meal						
Local Soybean Production (Maha)	MT	123	341**	177%	1,363**	300%
Extent (Maha)	Ha	80	211**	164%	852**	304%
Local Soybean Production (Yala)	MT	3670	3,501**	-5%	57**	-98%
Extent (Yala)	Ha	1835	1,720**	-6%	27**	-98%
Soybean Meal Import for Animal Feed	MT	192,566	241,493***	25%		

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

** Crop Forecast, Dept. of Agriculture - vol 06) Maha and Vol (01) Yala

*** Annual report, VRA Chapter, DAPH

Import & Exports

In year 2022, chicken meat importation remained more or less the same as 2021. Exports of chicken meat (1,804 MT) and table eggs (17.92 Mn) showed significant rise in 2022.

Prepared by

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

Assistance

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

Guidance by

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

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
Subject: 081 23888462 Ext - 213

Fax: 081 2388186
Email: poultry@daph.gov.lk

May, 2023