Poultry Sector Analysis and Forecast – 2021

DEPARTMENT OF ANIMAL PRODUCTION AND HEALTH

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Poultry industry is the fastest growing livestock industry in Sri Lanka. For the year 2020, poultry contributed to 0.61 of nominal GDP (at current price) which is 64% of the total GDP contribution of Sri Lankan livestock.

2020 could be considered as one of the toughest year for poultry industry. With the spread of SARS CoV2 (COVID 19) within the country, number of disease control measures has taken by the government especially during its 1st wave. Suspension of live animal imports, imposing of curfew restricting all kind of movements, restrictions on feed raw material importation, social distancing in work place which reduces the available man power could be considered main factors affecting the production. Sales were drastically dropped during the period of 1st wave forcing the producers to shift to mobile sales. As the result, production has to be curtailed in varying degrees depending on the scale of production as well as the producer's ability to bear the economic shock.

Production and distribution of feed and feed raw materials were badly affected raising the cost of production the effect of which was observed to be continuing to 2021 as well. Cost of production kept on increasing as a result. The situation is forcing small and medium scale farmer to close down and large scale farmers to curtail production which ultimately will lead to reduced availability of chicken meat and egg in the market.

Broiler Sector

A total of three (03) grandparent (GP) farms are functioning in the country supplying parent birds of Cobb 500, Indian River and Arbor acres strains to 32 parent farms. According to the forward plans submitted to DAPH, 89% of the total parent bird requirement would be supplied through local production while the rest imported for 2021.

Table 1. Comparison of Broiler Sector Performance for 2019 – 2021

Item	Unit	2019	2020	Change (2019 - 2020)	2021 est*	Expected Growth 2021
Grandparent Farms	Number	3	3			
Parent Farms	Number	34	32			
Grandparent Imports	Number	37,116	30,792	-17%	35,385	15%
Parent Local Production	Number	1,161,334	1,244,146	7%	1,213,608	-2%
Parent Imports	Number	286,707	152,557	-47%	288,023	89%
Total Parent Bird Availability	Number	1,448,041	1,396,703	-4%	1,501,631	8%
DOC Production	Million	167.49	159.78	-5%	164.35	3%
DOC Issues	Million	163.96	158.22	-4%		
Meat Production	'000 MT	224.01	216.16	-4%	227.30	5%
Imports						
Chicken Meat	MT	229.55	157.28	-31%		
Exports						
Chicken Meat	MT	451.71	769.31	70%		
Hatching Eggs	Million	0.28	0.24	-14%		
Day Old Chicks	Million	0.20	0.05	-75%		

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

In 2020, parent DOC importation was decreased by 47% while local production was increased by 7%. Suspension of live bird importation during the 1st wave of COVID 19 could be identified as main reason for import reduction. As a result net availability of parent DOC was reduced by 4% to 1,396,703 in 2020. The commercial DOC production was also decreased by 5% in 2020 compared to 2019. Immature culling of parent flocks and destroying of hatching eggs and DOC taken place due to value chain disruption resulting an estimated loss of around 25,000 MT chicken meat production.

The market price collection system was disrupted in number of months due to lockdown of some areas in Colombo and NWP. According to available data, the farm-gate price of live broiler ranged between Rs. 212.50 to Rs. 360.00 per/kg during the year 2020 while retail prices of dressed chicken meat ranged from Rs. 463.75 to Rs. 548.89.

According to the input plans of broiler GP and parent farms 164.35 Mn DOC production is predicted for year 2021. Accordingly the projected broiler meat production would be 227.30 ('000 MT) for the year with 5% growth compared to 2020 as depicted in table 2. Considering the human population growth the projected per capita availability of chicken meat would be 8 kg/year in 2021. However, with the prevailing issues on poultry feed production it should be empathized that there is a high likelihood of further reductions in production compared to the predicted values.

Table 2 – Monthly Procurement and Production Forecast 2021 - Broiler Sector

Month	Procurement of Parent Birds		Production of DOC (Mn)	Broiler Meat Production ('000 MT)
	Local	Import		
January	85,832	18,830	13.97	18.66
February	55,314	58,321	13.66	18.85
March	108,284	28,064	15.96	18.98
April	112,325	9,333	14.33	21.67
May	137,344	23,581	14.55	17.28
June	92,176	25,563	13.34	19.4
July	111,883	13,411	15.31	19.39
August	92,550	23,060	13.89	20.71
September	115,810	17,150	13.4	19.05
October	93,010	30,500	11.45	18.98
November	120,010	31,210	12.73	16.39
December	89,070	9,000	11.76	17.94
Total	**1,213,608**	**288,023**	**164.35**	**227.30**

**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. This regulation takes place with the voluntary contribution of layer hatchery owners. DAPH plays a mediator role implementing the agreed import control. 101,700 layer parent DOC was imported in 2020 and 10.55 Mn of layer DOCs produced within year 2020. However, due to same reasons discussed under broiler sector immature culling of both layer parent and commercial layer flocks occurred resulting around 250 Mn egg production resulting 2435.96 Mn egg production at the end of the year.

It is expected that the layer parent imports will remain around 100,000 in 2021. The corresponding commercial layer DOC production is estimated to be 10.93 Mn. The predicted egg production is 3,180.80 Mn with per-capita availability of 113 eggs considering the human population growth. However the prevailing issues on poultry feed raw material supply have a more profound impact on layer sector therefore there is a high likelihood of experiencing low production compared to predicted values for 2021.

Table 3. Comparison of Layer Sector for 2019 - 2021

Item	Unit	2019	2020	Change (2019-2020)	2021 est*	Expected Growth 2021
Parent Farms	Number	10	12			
Layer Parent Imports	Number	94,811	101,700	7%	103,301	2%
Layer DOC Production	Million	8.09	10.55	30%	10.93	4%
Layer DOC Issues	Million	7.98	10.44	31%		
Egg Production	Million	2,630.74	2,435.96	-7%	3,180.80	31%
Exports						
Table Eggs	Million	9.33	2.58	-72%		
Pullet DOC	Million	0.015	0.012	-20%		

**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 are depicted in Table 4.

Table 4 – Monthly Procurement and Production Forecast 2021 - Layer Sector

Month	Procurement of Parent Birds	Pullet DOC Production	Estimated Egg Production (Mn)
January	0	0.78	240.30
February	7,623	0.86	249.22
March	27,332	1.01	254.69
April	14,607	0.92	261.04
May	0	0.85	262.66
June	0	0.86	265.90
July	0	0.95	270.67
August	10,154	0.84	273.90
September	2,641	0.94	275.49
October	15,200	0.96	274.83
November	1,969	1.03	276.14
December	4,000	0.93	275.97
Total	**83,526**	**10.93**	**3180.80**

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

Poultry Feed Production Sector

Poultry feed production has increased by 5% in year 2020 compared to 2019. The local production of maize; the main raw material for poultry feed has also increased by 21% in year 2020. Importation of maize was not permitted during 2020 adhering to the government policy of not importing crops that could be produced within the country. In place of maize, 119,245 MT of wheat was allowed to import as a substitute. However, use of wheat in poultry feed required advance manufacturing hence could not be considered as a suitable alternative for self-mixed feed producers.

Table 5. Comparison of Poultry Feed Production for 2019 - 2021

Item	Unit	2019	2020	*Change (2019-2020)*	2021 est	Expected Growth 2021
Commercial Feed Production	MT	799,697.91	933,314.85	16%		
Self-Mixed Feed Production	MT	436,904.10	291,056.90	-33%		
Total Poultry Feed Production	MT	1,236,602.01	1,299,141.57	5%	1,431,406	10%
Maize						

Local Maize Production (Maha)	MT	220,425.00	267,767.00	21%	436,063	73%
Extent (Maha)	Ha	57,380	66,486	15%	113,000	70%
Local Maize Production (Yala)	MT	25,222.00	45,753.50	81%		
Extent (Yala)	Ha	6,070.00	1,1763.00	93%		
Imports For Animal Feed	MT	95,999.38	26,932.06	-71%		
Soybean						
Local Soybean Production (Maha)	MT	304	130	-57%	57	-56%
Extent (Maha)	Ha	191	88	-53%	41	-53%
Local Soybean Production (Yala)	MT	1,893.00	7749.10	%		
Extent (Yala)	Ha	723	3449.70	%		
Imports For Animal Feeds	MT	208,312.37	198,706.91	95%		

**Estimates are based on DOC import plans, imports and estimated production of DOC*
*** Crop Forecast, Dept. of Agriculture - vol 05) Maha*

Feed cost is the biggest cost component of the cost of production of both chicken meat and eggs. High import dependency on supply of raw materials have a major impact on feed price. Maize; the main feed raw material that is produced locally is not sufficient to cater the demand. Amidst all struggle by the poultry producers for years maize importation is either not allowed or restricted. The locally produced maize is mostly purchased by maize collectors who plays and intermediate role increasing the market price. This phenomenon was more prominent in 2020 and early 2021 recording the highest market price on Rs 105.00/kg for yellow maize.

For year 2021, cereal requirement is estimated to be in between 530,000 to 900,000 MT. Therefore, even if the total volume of locally produced maize is used for poultry feed, a further 100,000 MT maize is needed to be imported.

Feed prices are on hike since September 2020. Almost 25% price increment has been recorded till August, 2021. This feed price escalation keep on increasing cost of production beyond the market prices especially for small and medium scale producers. Raise of cost of production will lead to tragic result compelling to closing down of small and medium scale operations. This might even led to collapse of the industry if timely interventions were not do.

Import & Exports

Sri Lanka exports number of poultry products; mainly table eggs, hatching eggs, DOC, chicken meat and chicken feet. In 2020, all the exports reduced considerably except chicken meat which increased by 70%. The high cost of production makes our products less competitive in global market thus it need to provide at least 0.3 USD rebate to promote exportation.

Though it is continuously on negative trend still some chicken products, feathers and egg products are imported to the country to address specific production and customer requirement.

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