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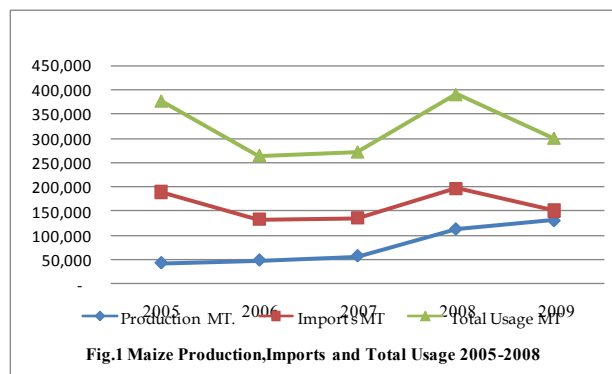


Fig.1 Maize Production, Imports and Total Usage 2005-2009

1. Imports and Local Production of Maize

Maize is one of the main feed ingredient in poultry production. Total maize requirement for animal feed production approximates 200 MT per annum. Sri Lanka has been importing nearly 90 % of its maize requirement for the animal feed industry at past. However, this scenario has been changed over the last two years due to strong government intervention on local production of maize. Maize production has been increased and importation has been decreased significantly after 2007 (Table 1).

Maize production was 129769 MT in 2009 (Source: Department of Agriculture), and it is estimated as the 90 % of the total requirement. The production increase was about 50 % in year 2008 and it was further increased by 16% in year 2009 compared to 2008. Although the maize productivity was recorded as 1.5 MT/ha for past few years it has been recorded as 2.2 in 2008 and 2.6 in 2009 (Figure 1).

Even though it is expected to get low market price of chicken with high local production and high productivity of maize it was experienced the very high unaffordable chicken price in last two years.

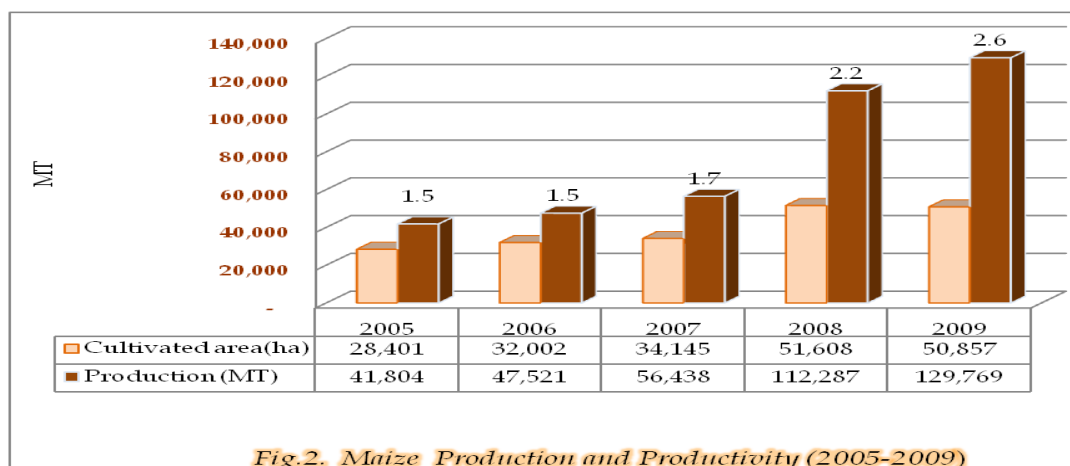


Fig.2. Maize Production and Productivity (2005-2009)

2. Cost of One Gram of Protein in Animal Products

Table 1. Comparison of cost of 1 g of protein in 2008/2009

Type of Animal Protein	Protein %	2008		2009	
		Price Rs/kg	Cost of 1 g of protein (Rs)	Price Rs/kg	Cost of 1 g of protein (Rs)
Chicken	22	320.00	1.45	350.00	1.59
Pork	16	300.00	1.88	400.00	2.50
Mutton	18.5	650.00	3.51	750.00	4.05
Beef	17	370.00	2.18	450.00	2.65
Eggs	12	178.60	1.49	250.00	2.08
Fresh Milk	3.7	40.00	1.08	50.00	1.35
Milk Powder	26.4	680.00	2.58	630.00	2.39
Fish (large)	26	450.00	1.73	520.00	2.00
Fish (small)	20.8	140.00	0.67	160.00	0.77

Different food items contain different level of proteins and price of the items show very large variability.

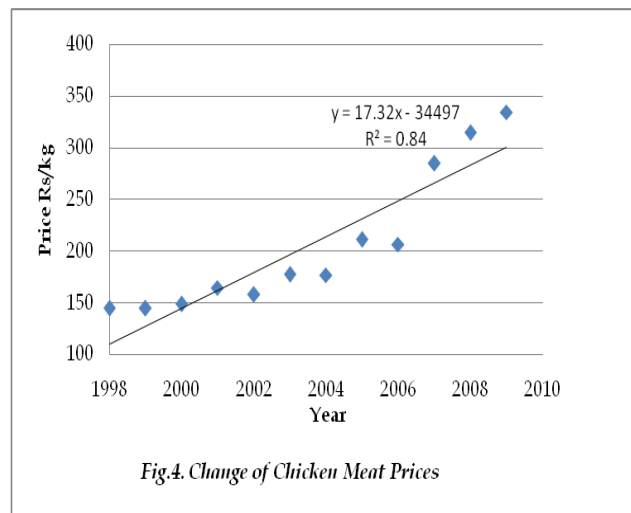
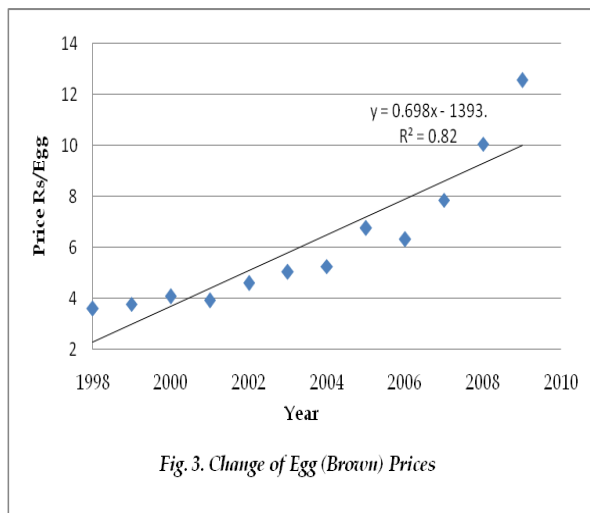
Protein percentage is highest in milk powder and large fish (eg. *Kelawalla*) and that of lowest in fresh milk among selected food items. The highest price/kg is recorded in mutton and the lowest price/kg is recorded in fresh milk in 2009 (Table 1).

Cost of one gram of protein is estimated based on average protein percentage of animal product and the prevailing price of the item.

Although the price of 1 kg of milk is recorded as the lowest price out of above selected items the small fish (eg. *Salaya*) is the cheapest source of protein (Table 1). Fresh milk is the second cheapest source of protein that is followed by Chicken. Despite the escalated prices of chicken since 2008, table 1 depicts that chicken is still a cheap source of protein in human diet.

The interesting point is to be highlighted that cost of a gram of protein from fresh milk was cheap (nearly half) compared to powdered milk, besides its high popularity.

3. Change of Chicken Meat Prices and Egg Prices Compared to Feed ingredient Prices



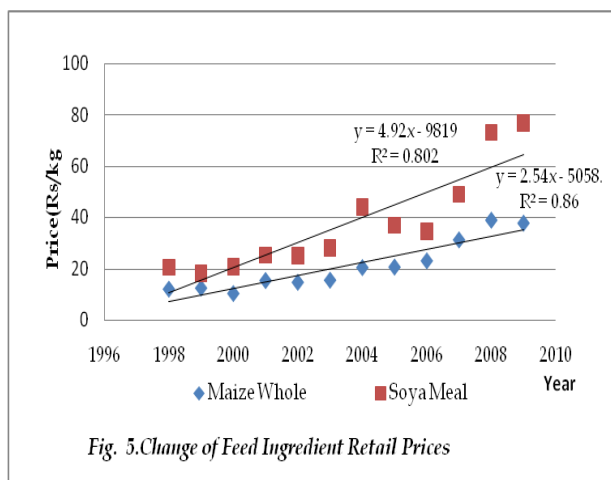


Fig. 5. Change of Feed Ingredient Retail Prices

Change of Chicken meat prices

Even though the chicken meat was one of the cheapest protein sources in Sri Lankan diet for past few years., it has been risen up to unaffordable range since mid 2009. On an average it has been risen by Rs. 17.32 in each year (figure 3) .

4. Poultry Industry; a vision to export chicken meat.....

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A phenomenal growth has been shown particularly in the broiler sector of the poultry industry in Sri Lanka over the past two decades or so. As a result, poultry products have become essential food items in Sri Lankan menus. Requirements of chicken meat and eggs are currently being produced domestically. Demand for chicken meat and eggs are generally high during the festive seasons of April and December. However, a very high demand for chicken meat and eggs has been observed within the country since the latter part of the year 2009.

This could have been attributed by several factors such as cessation of civil war in the country , returning of day -to day life into normalcy and increased tourist arrivals. However, both chicken meat and eggs were in short supply during festive seasons of end 2009 and this year. This has become an 'issue' concerned with consumers in the country. The government declared chicken meat as an essential food item in early 2007.

Change of Egg prices

Eggs too showed increase in price since 2009. It was increased by about 70 cents in each year since 2008 (figure 4).

Change of Feed Ingredients prices

Soya bean meal prices has increased by Rs.4.92 and whole maize prices has increased by Rs. 2.54 in each year since 1998 (figure 5).

The seventy percent of the cost of production of chicken meat and eggs is on feed prices. Therefore, high market price of chicken and meat could be due to feed prices . According to price change analysis it was clear that the existence of high price of chicken was due to high demand and may be due to low supply in the market.

Thus the poultry industry has a responsibility of supplying chicken meat at agreed prices throughout the year. Furthermore, any price revision in retail prices of chicken meat is subjected to prior approval from respective government authorities.

Domestic Maize Production and consumer prices of chicken meat and eggs

Feed cost account for nearly 65 to 70 percent of cost of production of chicken meat and eggs. Due to high import dependency of feed raw materials (i.e.: Maize, Soya bean meal) until recent past, compound poultry feed prices were subjected to frequent fluctuations mostly towards on upward trends. Therefore consumer prices of chicken meat and eggs are rated as high among most other countries in the Asian region.

Domestic maize production, a much needed requirement for the poultry industry, has shown a promising growth over the last few years or so due to government facilitation (figure 1).

Local production of maize has been increased and simultaneously, imports have been declined. Nearly 90 % of locally produced maize could be absorbed into the poultry feed production.

In order to benefit the poultry industry through increased local maize production, quality maize should be made available to poultry feed manufacturers at lower or equivalent prices than that of imported maize. Ultimately, consumers should have access to quality poultry products at affordable prices. Planned cultivation, quality improvement and pricing are the main factors that need to be addressed by the domestic maize industry. More coordination is therefore necessary in the future among government organizations both in the Agriculture and livestock sector together with maize producers and poultry industrialists to achieve our ultimate goal.... *chicken meat and eggs to consumers at affordable prices.*

Reasons attributing to present shortfall

Due to uncertainty prevailed in the poultry industry during the latter part of 2007, demand for commercial day-old chicks fell sharply. As a result procurement of broiler and layer parent birds by poultry breeder farms considerably dropped during 2008 and 2009. Prevalence of Bird flu (*Avian Influenza*) in exporting countries too contributed to drop in parent stock imports during the same period. Adding to this, expected broiler and layer chick production levels could not be achieved in 2009 possibly due to health related problems prevailed in some breeder farms.

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Table 2 . Procurement of Parent Stocks and Production

Item	2005	2006	2007	2008	2009
Grand Parents	10,611	19,676	16,938	14,231	13,880
Parent					
Boiler	681,899	795,727	829,967	812,250	777,848
Layer	74,027	78,137	82,387	52,772	55,107
DOC production (m)					
Boiler	73.7	73.3	79.9	80.72	77.54
Layer	6.7	6.3	6.6	5.9	4.7

Strategic planning is necessary

Anticipated expansion in different sub sectors (i.e.; tourist industry) and expected economic growth in the country would create a high demand for quality chicken meat and eggs at competitive prices. Learning from past experiences it is obvious that a forward planning is essential for the poultry industry to maintain an uninterrupted supply of quality chicken meat and eggs at affordable prices to meet current and the future demand in the country.

Being a highly dynamic sector, poultry industry needs a regular review Present and future requirement of chicken meat and eggs in the country should be assessed and procurement of parent birds , production of chicks and compound animals feeds , requirement of maize and other feed ingredients, investment opportunities in the sector need to be planned accordingly. Optimum production potentials need to be achieved from genetically superior present-day breeder and commercial birds.

Being an island with blessed with less risk factor involved in introducing devastating exotic (foreign) poultry diseases, it is high time that both poultry industry and the government should join hands **not only to supply quality and safe poultry products to the domestic market at affordable prices but also to exploit the**

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