



For immediate release

The South African Poultry Association releases report on Economic Impact of the 2017 Highly Pathogenic Avian Influenza Outbreak

The South African Poultry Association has today released the much awaited report on the Economic Impact of the 2017 Highly Pathogenic Avian Influenza (HPAI) Outbreak on the Poultry Industry. SAPA commissioned The Bureau for Food and Agricultural Policy (BFAP) to conduct the study in the last quarter of 2017.

“It was imperative that we quantify the economic impact of the outbreak such that we can craft a way forward that supports food security and the sustainability of the industry.” Said Dr. Ziyanda Majokweni of the Poultry Disease Management Agency.

The impact evaluation was conducted in terms of a retrospective, as well as forward looking analysis considering the following areas:

- Quantification of the number of birds lost / culled and the associated value of such birds;
- Quantification of the direct costs associated with the outbreak, including the cost of culling and disposal;
- Income foregone as a result of the reported outbreaks in the broiler and layer industry;
- Quantification of the impact on prices, the re-population strategy and the resultant impact on the value of production in the broader agricultural sector. This includes the impact on related industries such as feed grain production; and,
- Evaluate the possible impact on trade patterns as a result of HPAI becoming endemic to South Africa

In June last year DAFF reported the occurrence of the first outbreak of HPAI in commercial poultry in South Africa. They confirmed the strain to be H5N8. Since then there have been a number of outbreaks in the country with the Western Cape being the most severely affected.

“As per the report the total loss is approximately R1.87 billion if biological losses, direct costs and possible income foregone is considered. This is a huge loss to the industry. It should now be all hands on deck to assist the industry to build resilience to any future outbreaks.” Said Dr. Charlotte Nkuna Interim CEO of SAPA.

According to the report the total number of birds culled as a result of the outbreak is estimated at around 5.4 million birds with the layer industry having contributed around 4.7 million to this total. Approximately 700 000 birds were culled in the broiler breeder market.

The total biological loss associated with these numbers amounts to just over R 317 million rand. Of this approximately 75% accrues to the commercial laying industry and its various stages of production.

At the time of reporting affected companies had not as yet completely quantified their losses and as such direct costs associated with the outbreak are reported at approximately R40.5 million. This figure is expected to increase.

Income foregone has been the largest contributor to the losses relating to this outbreak and the total value is estimated at just over R1.5 billion rand, which includes income lost from egg sales, pullet sales, day old chick sales and broiler meat sales. Of the total loss, 81% accrues to the laying industry.

“It should be noted that the calculation related to income foregone are not an instantaneous loss and the impact would be spread over a period of more than 2 years,” said Tracy Davids, manager of the commodity markets division at BFAP.

SAPA will engage with key stakeholders on the report and its recommendations.

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