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Report Highlights:

Chicken meat production is forecast to decline from both white broiler and yellow broiler in 2024 due to import constraints the People's Republic of China (PRC) placed on avian genetics and related materials for Highly Pathogenic Avian Influenza (HPAI)-related reasons and for continued live poultry market closures. Imports are forecast higher to offset low domestic production.

EXECUTIVE SUMMARY

Production: Chicken meat production is forecast lower for from both white broiler and yellow broiler in 2024. White broiler production is expected to decline because of HPAI-related import restrictions that impact avian genetics and related products. Yellow broiler production is expected to decline as officials close live poultry markets. In 2024, chicken production from 817 broilers (i.e., a hybrid chicken variety) could witness further growth off a relatively small base.

Consumption: Both white and yellow chicken consumption is forecast to decline in 2024. Consumption of white broiler chicken products is forecast to decline because of domestic supply constraints and HPAI-related restrictions on chicken meat imports. Consumption of yellow broiler chicken products is forecast to decline mainly due to closures of live poultry markets.

Trade: In 2024, chicken imports are forecast to grow by 3 percent to 770 thousand metric tons (MT) in order to partially meet the supply gap of domestic chicken production. Chicken exports are expected to stay at similar levels in 2024.

PRODUCTION

Table 1. China: Production, Supply and Distribution for Chicken Meat

Meat, Chicken	2022		2023		2024	
Market Begin Year	Jan 2022		Jan 2023		Jan 2024	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	14300	14300	14300	14300	0	13870
Total Imports	633	633	725	750	0	770
Total Supply	14933	14933	15025	15050	0	14640
Total Exports	532	532	515	530	0	530
Human Consumption	14401	14401	14510	14520	0	14110
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	14401	14401	14510	14520	0	14110
Total Use	14933	14933	15025	15050	0	14640
Ending Stocks	0	0	0	0	0	0
Total Distribution	14933	14933	15025	15050	0	14640

All Units in 1,000 MT, unless otherwise specified

Not Official USDA Data

* Note: Chicken paws (HS 0207.14.22) are excluded from PSD calculations and trade numbers

Chicken Production to Decline in 2024

Chicken meat production is forecast to decline in 2024 as white broiler production is negatively impacted for HPAI-related import constraints and yellow broiler chicken production is negatively impacted by closures of live poultry markets.

HPAI-Restrictions Hamper Genetics Imports and White Broiler Production

White broiler chicken production in 2024 is expected to decline because of a lower inventory of the grandparent generation of chicken¹ in the last few months of 2022 and the first few months of 2023. The reduced inventory is caused by the application of PRC regulations covering genetics imports. The production of commercial white broiler chicken depends heavily on imported genetics of grandparent generation broilers. Since 2022, several major poultry genetics exporting countries, including the United States, notified HPAI detections and the PRC placed genetic import² controls on these suppliers. In 2023, the yearly average inventory of the grandparent

¹ The grandparent generation of breeding stock chicken is used to produce parent generation broilers, which are then used to produce commercial generation broilers. The commercial generation broilers are then used for chicken meat production.

² Note: China Customs data does not distinguish between imported genetics for layers and white broilers.

generation of breeding stock chickens was lower than 2022 levels. This is despite trade data indicating that in the first 7 months of 2023, genetics imports have rebounded, more domestically produced genetics have been adopted among the producers, and industry members are using techniques such as forced molting³ to expand breeding stocks cycle.

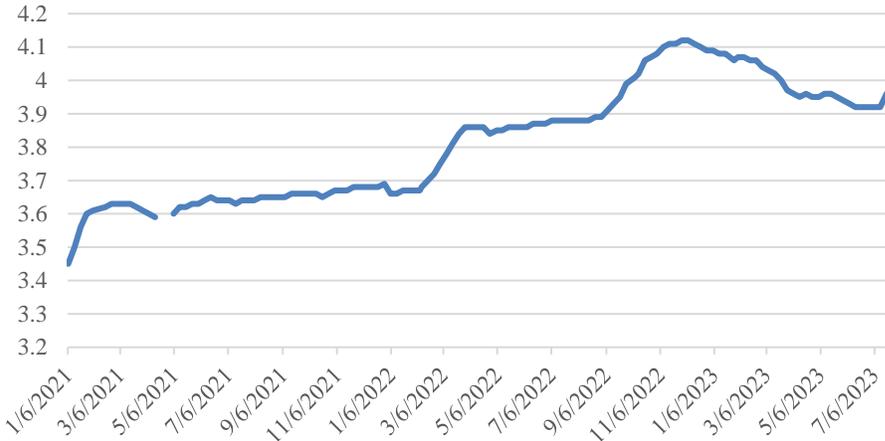
Rising prices for white broiler chicken during the first 7 months of 2023 enabled breeders, chicken processors, and vertically integrated facilities to be generally profitable despite the high cost of feed and chicks. Industry members are expected to continue to invest in and construct vertically integrated facilities that include feed production, breeding, slaughtering, chicken processing and cold storage in 2024. Some of these facilities are expected to be put into production in 2023 and 2024.

Yellow Broiler Production to Further Decline

In 2024, yellow broiler production is expected to continue to decline as most of the producers have reduced their production capacity due to losses in their business. Many small- and medium-sized yellow broiler producers, which account for the majority of the chicken market, have exited the market due to prolonged financial losses stemming from live poultry market closures and high feed costs (see **CHART 1**). Although some large-scale producers have plans to expand their production, production growth from large-scale producers is unlikely to offset production losses from small producers exiting the market.

In 2024, chicken production from 817 broilers could witness further growth. Compared to white broilers, the 817 broiler is less dependent on imported genetics. Compared to yellow broiler, 817 has higher production efficiencies. However, as 817 broilers only account for a small share of the chicken market, the production growth from 817 can only offset part of the production loss from declining yellow broiler production.

Chart 1. China: Broiler Feed Prices



Source: MARA. Units: RMB per kilogram.

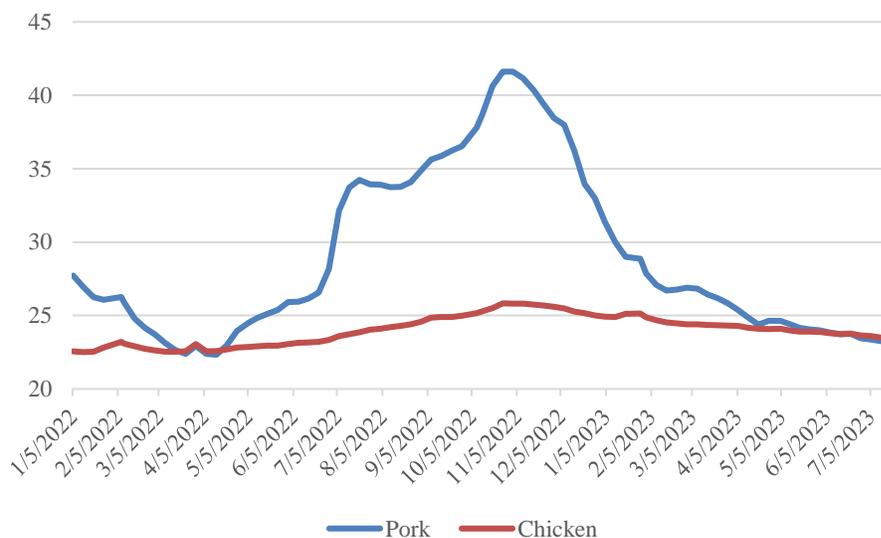
³Forced molting is a technique used in China, and other countries, to increase production of commercial broilers when access to high quality genetics are otherwise constrained.

CONSUMPTION

Consumption to Decline of Both White and Yellow Chicken

Chicken consumption in 2024 is forecast to decline by 3 percent to 14.1 million metric tons (MMT). Consumption of white broiler chicken products is forecast to decline mainly because the domestic white broiler meat supply is expected to decrease and the supply from imported chicken products has been disrupted by HPAI restrictions. Consumer demand in 2024 from the HRI sector, especially the institutional sector for company canteens and school cafeterias is expected to remain stable from 2023 levels. Declining pork prices through the first half of 2023 (see **CHART 2**) put pressure on chicken meat prices which remained relatively stable with a slight decline.

Chart 2. China: National Average Pork and Chicken Meat Prices



Source: MARA. Units: RMB per kilogram.

Consumption of yellow broiler chicken products is forecast to decline mainly due to the live poultry market closures which limit consumer access. To adapt to this trend, producers have started selling slaughtered yellow broilers. In remaining wet markets often found in smaller cities and rural areas, broilers are slaughtered and sold fresh the same day. In supermarkets, broilers are sold chilled with a shelf-life of 3-5 days.

Although the overall consumption of yellow chicken continues to shrink, industry sources report opportunities remain. For example, the market share of slow-growing broiler⁴ which is

⁴ Based on the growing speed, there are mainly 3 types of yellow broiler: 1. The fast-growing type: it takes 40-60 days from hatching to slaughtering. 2. Medium-speed-growing type: it takes 60-100 days from hatching to slaughtering. 3. Slow-growing type: it takes above 100 days from hatching to slaughtering.

considered to have more flavor and greater nutrition is expected to continue growing in 2024. Also, although the consumption of yellow broiler chicken products is concentrated in southern China, consumption in northern China is growing, too.

Fully or partially cooked chicken consumption is expected to increase as pre-prepared dishes that can be served in retail and HRI are becoming more common. The COVID pandemic expedited the development of the pre-prepared food segment and PRC policies support this initiative. In the PRC's 2023 No. 1 Document, authorities proposed developing the pre-prepared dishes industry which adds value and encourages greater economic activity for the food and agricultural sector. At present, processed chicken products are consumed mainly in affluent cities such as Beijing, Shanghai, and Guangzhou but will expand gradually to more cities.

Image 1. China: Yellow Broiler Chicken in Wet Market



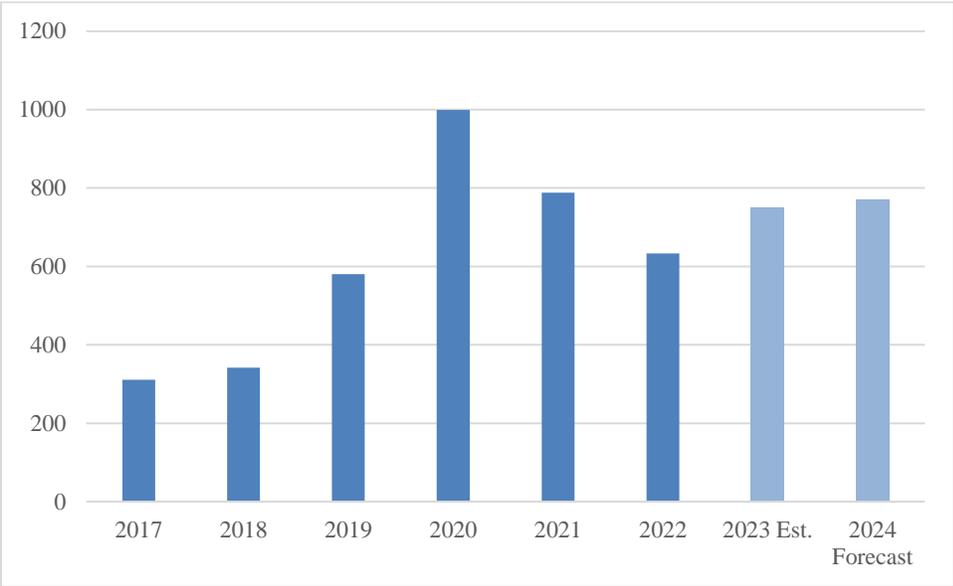
TRADE

Imports

China's Chicken Imports to Grow

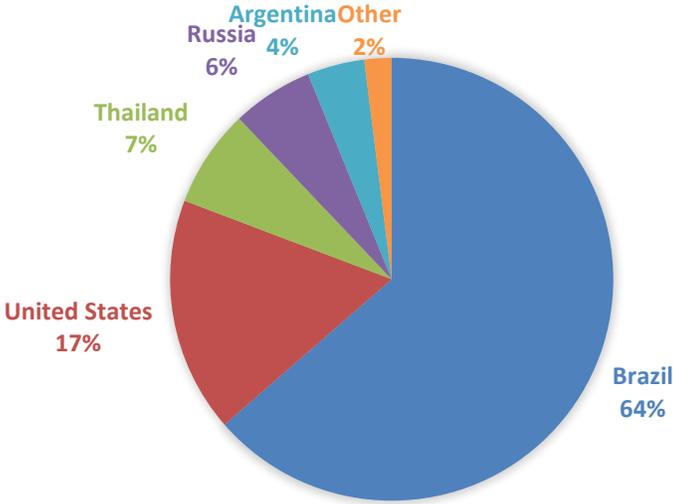
In 2024, chicken imports are forecast to grow by 3 percent to 770 thousand MT (see **CHART 3**) to meet the domestic supply gap. In 2023, driven by rebounding HRI demand, overall imports grew by 23 percent in the first half of 2023 despite HPAI-restrictions.

Chart 3. China: Imports of Chicken⁵ Products



Source: Trade Data Monitor, LLC and Post Estimates. Unit: Thousand Metric Tons.

Chart 4. China: Imports of Chicken Products in Jan – June 2023 (by Origin)



Source: Trade Data Monitor, LLC

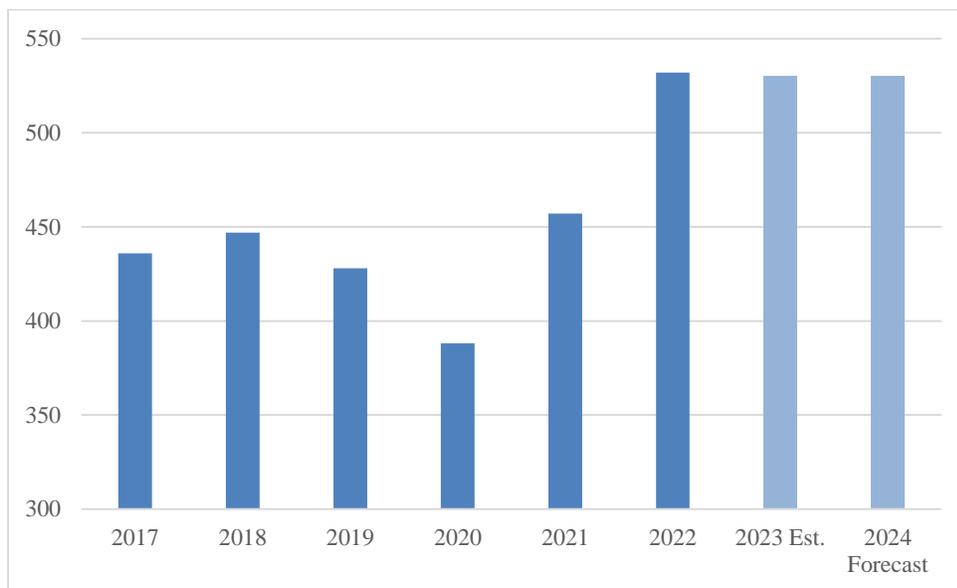
⁵ In this report, unless otherwise specified, chicken imports and exports refer to the following HS codes: 020711, 020712, 020713, 020714, and 160232.

Exports

China's Chicken Exports Remain Flat

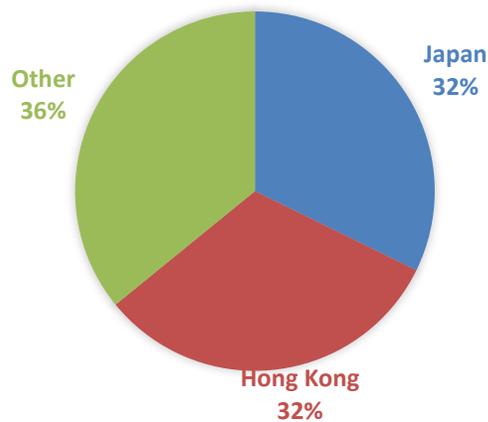
In 2024, China's chicken exports are expected to remain around 530 thousand MT, similar to 2022 and 2023 levels. China's poultry exports reached a record high in 2022 (see **CHART 5**). Japan and Hong Kong (see **CHART 6**) are the two major export destinations for poultry products from China. Although Japan and Hong Kong eased border controls and policies in late 2022 which was expected to support those markets HRI sectors, in the first 6 months of 2023, total export volumes declined.

Chart 5. China: Exports of Chicken Products



Source: Trade Data Monitor, LLC and Post Estimates. Unit: Thousand Metric Tons.

Chart 6. China: Exports of Chicken Products in Jan – June 2023 (by Destination)

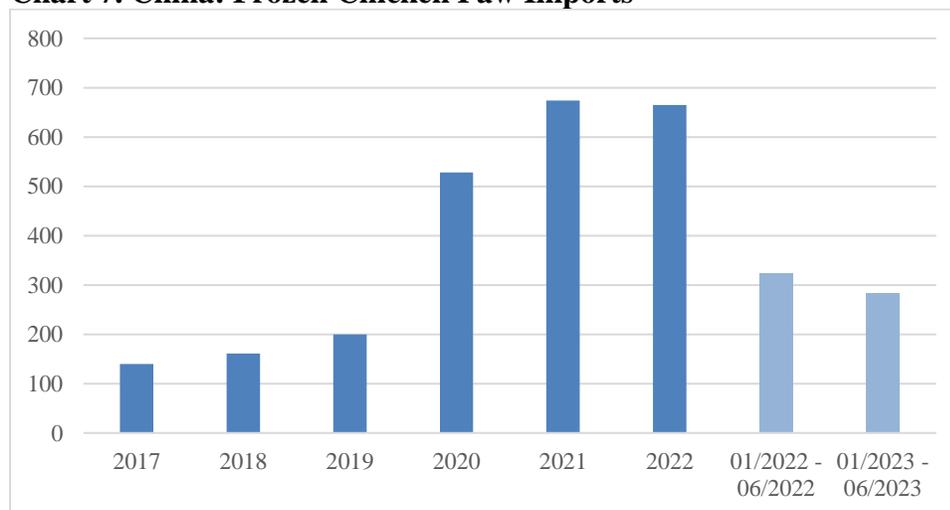


Source: Trade Data Monitor, LLC

CHICKEN PAWS

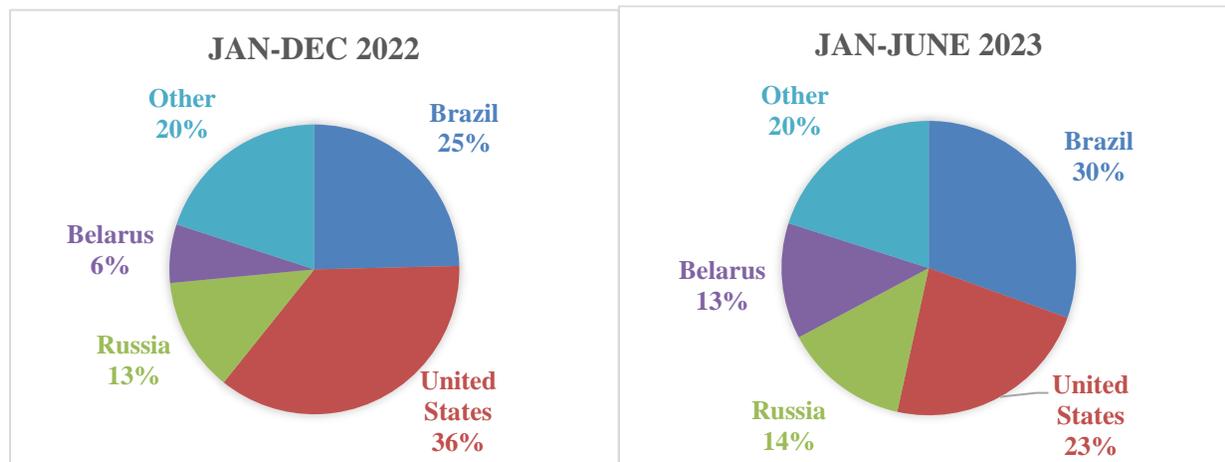
China’s chicken paws imports are mainly from Brazil, the United States, and Russia. In the first half of 2023, chicken paws imports declined by over 12 percent (see **CHART 7**) while imports from the United States declined by over 50 percent. Other suppliers such as Brazil, Russia, and Belarus took market share from the United States during this period (see **CHART 8**). Chicken paws are normally imported through ports in southeastern China and significant volumes are then shipped to southwestern China for further processing. Processors have developed a variety of snack foods with chicken paws such as pickled pepper paws, which are popular among consumers across the country. In recent years, new flavors are being developed such as “tiger skin” fried chicken paws and lemon-flavored deboned paws, which has led to increasing demand for imported chicken paw products in the market.

Chart 7. China: Frozen Chicken Paw Imports



Source: Trade Data Monitor, LLC. Unit: Thousand Metric Tons.

Chart 8. China: Chicken Paw Imports by Origin



Source: Trade Data Monitor, LLC

POLICY

China's Retaliatory Tariffs on U.S. Chicken Products

China maintains retaliatory Section 301 tariffs on to U.S. chicken products, amongst other U.S. agricultural goods. On February 18, 2020, the State Council Tariff Commission (SCTC) announced a tariff exclusion process for U.S. agricultural commodities impacted by the retaliatory Section 301-tariffs levied by China. Importers may apply for tariff exclusions which are approved on a case-by-case basis. These exclusions do not automatically extend to all importers. Please refer to FAS GAIN report [Updated Guidance on China's Retaliatory Tariffs and Tariff Exclusions Process for US Products](#) for more information on the exclusion process.

Many chicken importers have applied and received tariff exclusions. Previously, on February 6, 2020, SCCTC reduced the additional 301-tariffs on certain commodities, including all chicken products. This reduction was effective from February 14, 2020 (see **TABLE 2**). China also maintains retaliatory Section 232 tariffs on a broad range of U.S. agricultural products, which do not qualify for tariff exclusions. China's retaliatory Section 232 tariffs do not apply to chicken products.

Table 2. China: Tariff Schedule for U.S. Chicken Meat and Chicken Paws

HS Code (8-digit)	Product Description	MFN Rate	301	Add'l tariff (adjusted on Feb. 14, 2020)	Total Applied Tariff
		Jan 1, 2019	Jun 1, 2019	Feb. 14, 2020	Dec 15, 2019
02071100	Chickens, not cut in pieces, fresh or chilled	20%	25%	5%	50%
02071200	Frozen Whole Chickens	¥ 1.3/kg	25%	5%	30% + MFN
02071311	Fresh Or Chilled Cuts of Chicken, With Bone	20%	25%	5%	50%
02071319	Fresh or chilled cuts of chicken, other	20%	25%	5%	50%
02071321	Fresh or chilled wing of chicken (excluding wingtips)	20%	25%	5%	50%
02071329	Fresh or chilled offal of chicken, other	20%	25%	5%	50%
02071411	Frozen Chicken Cuts, With Bone	¥ 0.6/kg	25%	5%	30% + MFN
02071419	Frozen Chicken Cuts, Nes	¥ 0.7/kg	25%	5%	30% + MFN
02071421	Frozen Midjoint Wing of Chicken	¥ 0.8/kg	25%	5%	30% + MFN
02071422	Frozen Chicken Paw	¥ 1.0/kg	25%	5%	30% + MFN
02071429	Frozen Offal of Chicken, Nes	¥ 0.5/kg	25%	5%	30% + MFN
16023210	Preparations of Chicken, In Airtight Containers	5%		2.5%	7.5%
16023291	Other Prepared Chicken Breast Filets	5%	10%		15%
16023292	Other Prepared Meat of Chicken Legs	5%		2.5%	7.5%
16023299	Other Prepared Chicken, Chicken Offal or Blood	5%		2.5%	7.5%

Source: Customs Import and Export Tariff of China

Additional tariffs were adjusted on February 14, 2020, and additional exclusions granted March 2, 2020.

Attachments:

No Attachments