

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 9/18/2012

GAIN Report Number: 12054

China - Peoples Republic of

Poultry and Products Annual

Annual

Approved By:

Chanda Beckman

Prepared By:

Ryan Scott and Zhang Jianping

Report Highlights:

This report forecasts FAS/Beijing's estimates for 2013 and also includes revisions to date for 2012. China's broiler production in 2013 is forecast at 14.1 million metric tons (MMT), a three percent increase above the revised 2012 estimate because of rising domestic demand. Consumption in 2013 is forecast to increase by three percent above the revised 2012 figure to 13.95 MMT due to continued growth in domestic production and imports. Despite rising production in 2013, domestic demand for cheaper imported broiler meat will support a four percent increase in imports to 250,000 MT. Broiler exports in 2013 are forecast to remain flat due to slow economic growth, weak demand, and price competition in key markets.

Commodities:

Poultry, Meat, Broiler

Broiler PS&D table

Poultry, Meat, Broiler China	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	0	0	0	0		0	(MIL HEAD)
Slaughter (Reference)	9,910	9,910	10,369	10,350		10,650	(MIL HEAD)
Beginning Stocks	0	0	0	0		0	(1000 MT)
Production	13,200	13,200	13,730	13,700		14,100	(1000 MT)
Total Imports	238	238	233	240		250	(1000 MT)
Total Supply	13,438	13,438	13,963	13,940		14,350	(1000 MT)
Total Exports	423	423	445	400		400	(1000 MT)
Human Consumption	13,015	13,015	13,518	13,540		13,950	(1000 MT)
Other Use, Losses	0	0	0	0		0	(1000 MT)
Total Dom. Consumption	13,015	13,015	13,518	13,540		13,950	(1000 MT)
Total Use	13,438	13,438	13,963	13,940		14,350	(1000 MT)
Ending Stocks	0	0	0	0		0	(1000 MT)
Total Distribution	13,438	13,438	13,963	13,940		14,350	(1000 MT)
CY Imp. from U.S.	30	30	24	37		45	(1000 MT)
CY Exp. to U.S.	0	0	0	0		0	(1000 MT)
Balance	0	0	0	0		0	(1000 MT)
Inventory Balance	0	0	0	0		0	(1000 MT)
Production Change	5	5	4	4		3	(PERCENT)
Import Change	(17)	(17)	(2)	1		4	(PERCENT)
Export Change	12	12	5	(5)		0	(PERCENT)
Consumption Change	4	4	4	4		3	(PERCENT)
Imports Percent Consumption	2	2	2	2		2	(PERCENT)
Exports Percent Production	3	3	3	3		3	(PERCENT)
Population	1,336,718,015	1,336,718,015	1,343,239,923	1,343,239,923			(PEOPLE)
Per Capita Consumption	10		10				(KG)
TS=TD		0		0		0	

Production

China's broiler production in 2013 is forecast at 14.1 MMT, a three percent increase from the revised 2012 estimate because of continued demand for cheaper meat protein. The pace of growth for broiler production seems to be slowing due to higher feed prices.

With tight corn supplies in the United States (the lead supplier to China) and recent outbreaks of armyworms in China's key corn producing areas in North and Northeast China, prices for domestic and foreign corn supplies are expected to be considerably higher in 2012 and 2013. Corn accounts for about 65-70 percent of China's broiler feed; but with higher corn prices, many feed plants in China are changing feed ingredients such as substituting wheat for corn. Despite the possibility of higher wheat demand and prices, China's available wheat stocks are cheaper than domestic corn prices and may help relax feed cost burdens. Changing ingredients may slightly impact slaughter weight, but the growth for broiler production in 2013 is expected to be higher than other meat production. China's broiler industry is deemed to be more standardized and industrialized than other meat industries.

There are two types of broiler meats, western-bred broilers (white-feathered) and local-bred (yellow feathered). Western-bred broilers are produced in Northern China (north of the Yangtze River) and account for about 65 percent of China's total broiler meat production. Thirty-five western-bred broiler companies produce 60 percent of these supplies. These large companies have their own feed mills and transportation to purchase and pickup corn directly from farmers. Some of them also contract arable land from local governments to produce corn. Foreign investment mainly lies in the western-bred sector. A well-known U.S. company reportedly invested \$250 million to build a full-scale project in Anhui Province, including feed processing, hatching, bird raising and processing. This project is expected to start in mid-2013 with a broiler production scale estimated at 65 million birds a year.

Local-bred broilers are mainly produced in Southern China (south of the Yangtze River). Compared to western-bred birds, these birds are smaller in weight and have a longer growing period because they're raised in fields or gardens without a standardized "one-in and one-out" operation.

Change in 2012 PSD table:

FAS/Beijing revised its 2012 production estimate downward by 30,000 MT to 13.7 MMT, the result of lower slaughter weights and early bird slaughters during the heavy floods in July and August in key producing provinces such as Shandong.

Consumption

China's consumption in 2013 is forecast to increase by three percent above the revised 2012 figure to 13.95 MMT because of strong demand for cheaper meat protein.

Change in 2012 PSD table:

Post revised its 2012 consumption estimate upward by 22,000 MT to 13.54 MMT attributed to additional imports and fewer exports. Chinese consumers began to purchase more broiler meats than red meats in July and August when prices for broiler meats were \$2,657 per ton compared to the average pork price of \$3,616 per ton. The significant price difference prompted low-income consumers to shift to cheaper broiler meats. Overall, consumers are becoming more price-sensitive as China's Gross Domestic Product (GDP) growth dropped from 9.2 percent in 2011 to 7.6 percent in the second quarter of 2012. This is the first time China's GDP dropped below eight percent in the last 12 quarters.

Imports

Despite rising domestic production in 2013, domestic demand for cheaper imported broiler meat will support a four percent increase over the revised estimate of 250,000 MT in imports.

Change in 2012 PSD table:

FAS/Beijing revised its 2012 import estimate upward by 7,000 MT to 240,000 MT based on larger-than-expected shipments from the United States. When China implemented its anti-dumping (AD) and countervailing (CV) measures against U.S. broilers in 2010, export unit prices from South American countries climbed sharply in 2011, for instance, Brazil by 24 percent, Argentina 9 percent, and Chile 31 percent. With higher prices offered by

South American countries, some U.S. prices are competitive, and some Chinese traders are willing to pay the AD and CV tariffs to bring in higher quality U.S. broiler meats.

Exports

Broiler exports in 2013 are forecast to remain flat at 400,000 MT. China's exports to Japan, its largest export market, are expected to continue upward at a pace of five percent in both 2012 and 2013. Yet, increased exports to Japan will be offset by reduced exports to Hong Kong, China's second largest export market, mainly attributed to Brazilian competitive export prices of Brazilian product to Hong Kong. Moreover, China's exports to Malaysia, a traditional export market, will be strongly challenged by less expensive export prices from Thailand to Malaysia.

Trade Policies

1. China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and USDA agreed to use an Electronic Trade Document Exchange System (e-TDE) starting June 1, 2012 to pre-notify U.S. export health certificates. This system is used by more than 80 percent of U.S. exporting plants or companies.
2. AQSIQ will no longer accept transshipments through Hong Kong or Vietnam if the shipments were originally destined to Hong Kong or Vietnam because of food safety concern over different standards.

Price tables

China Retail Broiler Meat Prices On Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	14.90	14.06	14.15	16.32	17.65	8.15
February	14.69	13.88	14.38	16.71	17.46	4.49
March	14.51	13.74	13.98	16.33	17.04	4.35
April	14.80	13.71	13.77	16.32	16.99	4.11
May	14.72	13.66	13.72	16.45	16.73	1.70
June	14.51	13.50	13.76	16.95	16.74	-1.24
July	14.33	13.41	14.16	17.49		
August	14.29	13.73	14.73	17.94		
September	14.40	14.00	15.24	18.05		
October	14.29	13.94	15.40	18.00		
November	14.00	13.87	15.73	17.57		
December	13.87	13.83	16.02	17.39		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

China Retail Live Chicken Prices On Average, 2008-2012 (Year-to-Date)				
(RMB/KG, \$1=RMB6.3)				

MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	13.97	14.16	13.98	16.30	17.66	8.34
February	14.53	13.99	14.28	16.89	17.38	2.90
March	14.31	13.70	13.82	16.35	16.82	2.87
April	14.59	13.57	13.55	16.34	16.69	2.14
May	14.42	13.47	13.50	16.41	16.41	0.00
June	14.13	13.37	13.58	16.89	16.40	-2.90
July	13.89	13.28	13.93	17.38		
August	13.91	13.66	14.45	17.83		
September	14.15	14.00	15.03	18.05		
October	14.08	13.82	15.40	18.04		
November	13.84	13.71	15.60	17.32		
December	13.72	13.83	15.95	17.16		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

China Retail Chicken Egg Prices On Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	7.92	7.56	7.97	9.87	9.84	-0.30
February	7.98	7.43	8.09	10.07	9.18	-8.84
March	7.64	7.31	7.77	9.38	8.62	-8.10
April	7.52	7.44	7.57	9.20	8.41	-8.59
May	7.66	7.58	7.54	9.51	8.23	-13.46
June	7.84	7.57	7.68	10.07	9.29	-7.75
July	7.80	7.42	7.99	8.69		
August	8.04	7.86	8.66	9.47		
September	8.47	8.30	8.50	11.03		
October	8.15	8.04	9.05	10.66		
November	7.60	7.81	9.43	10.16		
December	7.50	7.86	9.63	9.88		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

China Broiler Chicklet Prices On Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	2.64	2.06	2.06	2.57	2.80	8.95
February	2.83	2.31	2.23	2.69	3.02	12.27
March	2.89	2.55	2.27	2.83	3.24	14.49
April	3.49	2.47	2.13	2.92	3.27	11.99
May	3.39	2.24	2.00	2.95	3.07	4.07
June	2.87	2.48	1.89	3.12	2.81	-9.94
July	2.45	2.03	2.26	3.26		
August	2.55	2.37	2.46	3.64		
September	2.77	2.32	2.51	3.76		

October	2.77	2.18	2.51	3.56		
November	2.42	2.08	2.68	3.29		
December	2.13	2.17	2.77	2.90		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

China Industry Feed Prices for Broilers on Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
	2008	2009	2010	2011	2012	% Change 2012/11
January	2.66	2.69	2.85	2.96	3.15	6.42
February	2.69	2.67	2.84	2.97	3.14	5.72
March	2.70	2.64	2.83	3.00	3.15	5.00
April	2.75	2.65	2.84	3.01	3.18	5.65
May	2.76	2.65	2.86	3.02	3.20	5.96
June	2.82	2.67	2.87	3.06	3.22	5.23
July	2.91	2.71	2.87	3.10		
August	2.91	2.75	2.89	3.13		
September	2.89	2.78	2.90	3.17		
October	2.84	2.78	2.91	3.17		
November	2.77	2.80	2.94	3.15		
December	2.70	2.83	2.96	3.14		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

(End report)