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China - Peoples Republic of

Livestock 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 for 2012. China's beef production in 2013 is forecast to increase less than one percent to 5.58 million metric tons (MMT), carcass weight equivalence (CWE).

Relatively low domestic production and rising demand by the middle class are expected to drive the 12 percent increase in beef imports to 34,000 MT (CWE). Beef exports are forecast to continue downward of nearly seven percent to 43,000 MT (CWE) because of higher export unit prices and less demand in Hong Kong and Japan. Live cattle exports will remain at 30,000 head because of level demand in Hong Kong and Macau. China's pork production is forecast to increase modestly by about two percent above the revised 2012 estimate to 52.65 MMT (CWE) because of a slower pace of increase in pig crop production and slaughter. Pork imports are expected to increase five percent to 840,000 MT (CWE) largely due to slower-than-expected growth in domestic production. Pork exports are forecast to decline seven percent to 200,000 MT (CWE) due to weak demand in export markets. Live swine exports will remain flat at nearly 1.6 million head.

Executive Summary

China's beef production in 2013 is forecast to increase less than one percent to 5.58 million metric tons (MMT) due to slightly higher calf production and slaughter. The government's subsidy to support beef cow production will no doubt help beef cow stocks and calf crop production in coming years. Total beef consumption is expected to shift upwards in response to steady imports and slightly higher domestic beef production. Beef imports are expected to increase 12 percent from the revised 2012 estimate to 34,000 metric tons (MT), carcass weight equivalence (CWE), driven by robust demand from the rising middle class. However, decreased consumption of lower-income consumers is offset by increased middle-class consumption. As a result, per capita consumption remains only about 4 kilograms (kg). Live cattle imports are forecast at 115,000 and 120,000 head in 2012 and 2013, up 21 percent and 4 percent, respectively, with breeding cows accounting for 90 percent, driven by strong demand for dairy genetic improvement. Beef exports will likely decline seven percent from the revised 2012 estimate to 43,000 MT given slow economic growth in export markets and high Chinese export unit price. Beef exports to Hong Kong, China's largest export market, are strongly challenged by Brazilian exports to Hong Kong because of competitive export prices, while exports to Japan will likely be dampened by Japan's relevant level consumption, higher stocks, and greater volume of imports of U.S. beef cuts. Cattle exports are expected to remain the same due to flat demand in Hong Kong and Macau, the only exports markets.

Pork production in 2013 is forecast to rise about two percent to 52.65 MMT. Concerns over low prices and oversupplies of swine and pork have triggered producers to slaughter some of their sow inventory, leading to a slight negative growth in sow beginning stocks in 2013. In response to less sow inventory, pig crop production in 2013 is only expected to increase only one percent to 690 million head. Floods in some swine producing provinces during July-August 2012 and higher feed grain prices are expected to cause smaller-than-expected slaughter weight. Total pork consumption in 2013 is forecast to increase modestly by two percent to 53.1 MMT. The slower pace of increases in pork production will likely drive imports by five percent to 840,000 MT (CWE). Strong demand for swine genetic improvement to raise efficiency attributed to higher feed grain prices are projected to drive 2013 breeding swine imports up 11 percent to 20,000 head. Pork exports are forecast to decline by seven percent due to considerably reduced exports to Hong Kong, China's largest export market, which is strongly challenged by competitively priced Brazilian exports to Hong Kong. Exports to Japan, the second largest export market, will likely be dampened by weak demand. These two markets account for over 70 percent of China's total exports. Live swine exports will remain at 1.61 million head due to level demand in Hong Kong and Macau, the only exports markets.

Data included in this report is not official USDA data. Official USDA data is available at <http://www.fas.usda.gov/psdonlineonline>

Cattle PS&D table

Animal Numbers, Cattle 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	
Total Cattle Beg. Stks	104,814	104,814	104,323	104,323		104,128	(1000 HEAD)
Dairy Cows Beg. Stocks	12,960	12,960	13,350	13,350		13,900	(1000 HEAD)
Beef Cows Beg. Stocks	46,480	46,480	46,200	46,200		46,250	(1000 HEAD)
Production (Calf Crop)	40,900	40,900	40,950	40,950		41,365	(1000 HEAD)
Total Imports	91	91	97	115		120	(1000 HEAD)
Total Supply	145,805	145,805	145,370	145,388		145,613	(1000 HEAD)
Total Exports	32	32	33	30		30	(1000 HEAD)
Cow Slaughter	0	0	0	0		0	(1000 HEAD)
Calf Slaughter	0	0	0	0		0	(1000 HEAD)
Other Slaughter	40,850	40,850	40,603	40,680		40,900	(1000 HEAD)
Total Slaughter	40,850	40,850	40,603	40,680		40,900	(1000 HEAD)
Loss	600	600	550	550		470	(1000 HEAD)
Ending Inventories	104,323	104,323	104,184	104,128		104,213	(1000 HEAD)
Total Distribution	145,805	145,805	145,370	145,388		145,613	(1000 HEAD)
CY Imp. from U.S.	0	0	0	0		0	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0		0	(1000 HEAD)
Balance	0	0	0	0		0	(1000 HEAD)
Inventory Balance	-491	-491	-139	-195		85	(1000 HEAD)
Inventory Change	-1	-1	0	0		0	(PERCENT)
Cow Change	0	0	0	0		0	(PERCENT)
Production Change	-1	-1	0	0		1	(PERCENT)
Production to Cows	69	69	69	69		69	(PERCENT)
Slaughter to Inventory	39	39	39	39		39	(PERCENT)
Slaughter to Total Supply	28	28	28	28		28	(PERCENT)
TS=TD		0		0		0	

Beef and Veal PS&D table

Meat, Beef and Veal China	2011		2012		2013		
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Slaughter (Reference)	40,850	40,850	40,603	40,680		40,900	(000 HEAD)
Beginning Stocks	0	0	0	0		0	(0 MT CWE)
Production	5,550	5,550	5,544	5,540		5,580	(0 MT CWE)
Total Imports	28	28	28	30		34	(0 MT CWE)
Total Supply	5,578	5,578	5,572	5,570		5,614	(0 MT CWE)
Total Exports	55	55	59	46		43	(0 MT CWE)
Human Dom. Consumption	5,523	5,523	5,513	5,524		5,571	(0 MT CWE)
Other Use, Losses	0	0	0	0		0	(0 MT CWE)
Total Dom. Consumption	5,523	5,523	5,513	5,524		5,571	(0 MT CWE)
Ending Stocks	0	0	0	0		0	(0 MT CWE)
Total Distribution	5,578	5,578	5,572	5,570		5,614	(0 MT CWE)
CY Imp. from U.S.	0	0	0	0		0	(0 MT CWE)
CY. Exp. to U.S.	0	0	0	0		0	(0 MT CWE)
Balance	0	0	0	0		0	(0 MT CWE)
Inventory Balance	0	0	0	0		0	(0 MT CWE)
Weights	136	136	137	136		136	(0 MT CWE)
Production Change	-1	-1	0	0		1	(PERCENT)
Import Change	-30	-30	0	7		13	(PERCENT)
Export Change	8	8	7	-16		-7	(PERCENT)
Consumption Change	-1	-1	0	0		1	(PERCENT)
Imports Percent Consumption	1	1	1	1		1	(PERCENT)
Exports Percent Production	1	1	1	1		1	(PERCENT)
Population	1,336,718,015	1,336,718,015	1,343,239,923	1,343,239,923		0	(PEOPLE)
Per Capita Consumption	4		4			4	(KG)
TS=TD		0		0		0	

Production

China's beef production in 2013 is forecast at 5.58 MMT, which is an increase of less than one percent. However, for the first time since 2008, production is projected to be larger than previous years because of increasing domestic demand and continued government support for beef cow production. Beef cow beginning stocks in 2013 are expected to reach 46.25 million head, which is slightly above our 2012 estimate of 46.2 million head and largely due to continuing increases in dairy cow production.

Beef production is expected to increase over the next couple of years because the government's continued support for production, genetic improvement, and expansion of larger sized commercial farms. The central government has been subsidizing beef cow genetic improvement over the past few years. This subsidy tripled from \$3.14 million (RMB20 million) in 2010 to \$9.43 million (RMB60 million) in 2011 and 2012. The 2013 subsidy is expected to be even higher. Large commercial cattle slaughterhouses are signing more contracts with cattle producers and offering better purchase prices than private cattle collectors. This approach helps ensure stable cattle supplies when there is limited production. Measures undertaken by the government and private industries are gradually proving to be successful, cattle growers want to learn how to gain higher profits through reproducing beef cows.

The central government also invested \$21.59 million (RMB136 million) to protect and improve natural grasslands in major cattle grazing areas in west China, including Inner Mongolia, Xinjiang, Qinghai, Gansu, Ningxia, Sichuan, and Tibet. The central government provides \$14.3 (RMB90) per hectare to herdsmen to prevent them from grazing animals on restricted grasslands. Herdsmen will also receive \$3.4 (RMB25) if they occupy each hectare with reasonable stocks.

The government is trying to guide herdsmen to operate in a sustainable way as China’s livestock production continues to face serious challenges. Additional land is difficult to obtain for large and modern farms to expand herd sizes; moreover, backyard farmers are withdrawing because of high production costs, short labor supplies, and rising demand for higher salaries. Rural laborers who can farm cattle have moved to urban cities. Official data shows that China’s population of national migrant workers reached 230 million in 2011, and 80 percent of these workers migrated from rural to urban areas.

Change in 2012 PSD table:

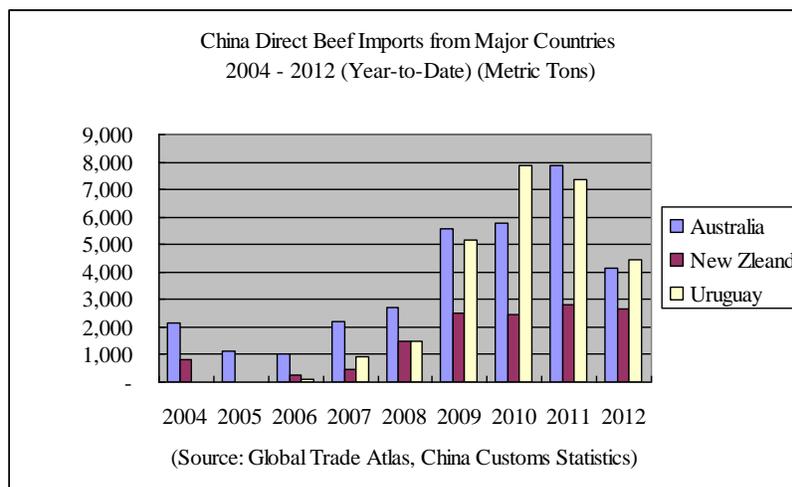
Post decreased its 2012 forecast for the national average carcass weight by one to 136 kilograms. Major floods in July and August affected small beef cattle producing areas and delayed feed deliveries, so cattle producers slaughtered animals early, thus resulting in a lower-than-expected carcass weight.

Consumption

Total beef consumption in 2013 is forecast at 5.57 MMT, a one percent increase from the revised 2012 estimate. Demand from the expanding Chinese middle class will lead to higher market prices for domestic fresh cuts or imported frozen premium cuts.

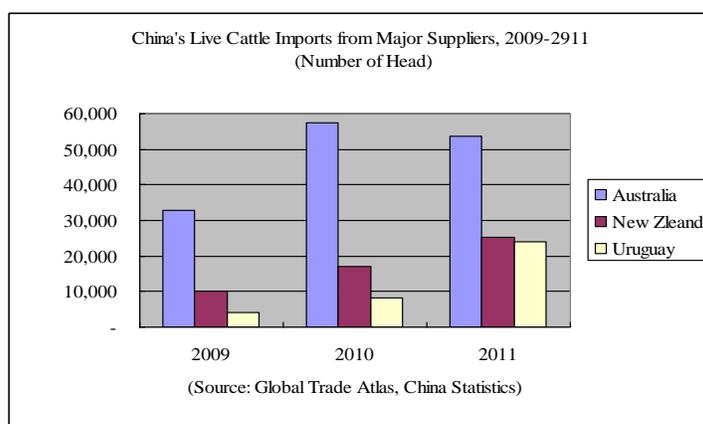
Imports

Beef imports in 2013 are forecast at 34,000 MT, carcass weight equivalence (CWE), a 12 percent increase from 2012 from the revised 2012 figure of 30,000MT, due to robust demand from the expanding middle class.



In 2012, Uruguay has replaced Australia as the largest beef supplier to China in 2012. From January to July, the imported beef unit prices from Australia and New Zealand increased 13 percent and 15 percent to \$7,152 and \$4,241 per metric ton respectively, while the unit price from Uruguay decreased seven percent to \$3,418 per metric ton. Given the price advantage, Uruguay's export volume surpassed Australia and New Zealand, reflecting China's wavering decision to import based on price or quality.

Earlier this year, China lifted its ban on Canadian boneless beef and bovine tallow on the conditions that the cattle is under 30 months old and that tallow is strictly used for industry purposes. Although shipments resumed in May 2012, Canadian imports are to continue via Hong Kong in 2012 as Chinese importers and Canadian exporters are still establishing terms and agreements. Traders in China note that Canada's direct shipments to China will be reflected in official 2013 trade data. Canada is the first country in North America to regain beef market access to China's beef market.



China's imports of live cattle in 2013 are forecast to increase over four percent to 120,000 head, largely due to continued demand from China's dairy industry. Over 90 percent of imports are dairy cows.

Change in 2012 PSD table:

The revised 2012 estimate for cattle imports is 115,000 head, an increase of 18,000 head. This adjustment is based on China's decision to postpone implementation of its new import regulation on breeding cows. China's Ministry of Agriculture announced stricter import requirements on animal pedigrees in November 2011, effective mid 2012, but later postponed to January 1, 2013. Importers are purchasing more because they're unclear how this policy will impact trade. Please see the Policy Section.

Exports

Beef exports in 2013 are forecast to decrease by seven percent to 43,000 MT from the revised 2012 estimate. Higher export unit prices and slower economic growth in key import markets such as Hong Kong and Japan are expected to continue in 2013. China's beef exports to Japan will likely be lower than previous years. Japan's beef consumption remains relatively flat with substantial beef stocks, and Japan is expected to import larger amounts of raw meat from the United States. China is restricted to only export cooked beef to Japan due to Japan's food safety requirements.

Change in 2012 PSD table:

Post lowered its 2012 estimate for China's beef exports by 13,000 MT to 46,000 MT largely due to slower-than-expected shipments to date to Hong Kong, China's largest export market. China's average export unit price to Hong Kong was roughly \$4,534 per metric ton from January-July 2012, while Brazil's unit price was \$140 cheaper at \$4,394 per metric ton. Brazil's price advantage over China is expected to continue in 2013.

Trade Policy

On November 25, 2011, China's Ministry of Agriculture published No. 1677 Announcement on new import requirements on breeding animals (beef cattle and swine), frozen semen, and embryos. Following requests from traders, MoA postponed implementation to January 1, 2013.

Summary of basic requirements:

- For import of live beef cattle, frozen semen and embryos, the importer should provide three generation pedigree (Parents, grandparents, and great grand-parents) on each individual animal for each shipment. The pedigree should be issued by the competent regulatory agency in a standard form, which should include the average breed performance testing records and breeding score.
- Imported animals or the genetic materials should be free of the diseases: CVM, Bovine Leukocyte Adhesion Deficiency (BLAD), MF, DUMPS, CN and AS. Exporters should clearly state the above mentioned genetic diseases and deficiencies in its pedigree documentation or stipulate in the sales contracts. Imports must comply with China's inspection and quarantine requirements.
- Importing agencies should provide an application form, contract, pedigree, and the license for doing businesses in breeding livestock and poultry to MOA. Simultaneously, the electronic or scanned copies of these documents should be sent via email to: zxjkps@caaa.cn, which is an email address to China's Animal Agriculture Association.

Summary of technical requirements:

- For selected live sires, the Estimated Breeding Value (EBV) or Estimated Selection Index should rank at the top 15 percent. The credibility of the genetic evaluation should at least be 60 percent.
- For selected live sires, the EBV or Estimated Selection Index should rank at the top 10 percent for their fathers. And for their mother, it should be ranking as the top five percent.
- For imports of live heifer, the EBV or Estimated Selection Index should rank at the top 20 percent for their fathers. And for their mother, the overall performance should be 110 percent higher than the exporting country's average production level, or ranking in the top 30 percent in genetic evaluation.

- For imports of frozen semen, the selected donor cattle should be verified sires after progeny testing. The EBV or Estimated Selection Index should rank at the top 10 percent. The credibility of the genetic evaluation should at least be 70 percent.
- For frozen embryo imports, the selected bulls should meet the requirements for import of semen as described above. Estimated Breeding Value (EBV) or Estimated Selection Index for the recipients should rank at the top 15 percent of the exporting country.

Some importers reported that although the new requirement was officially implemented in mid 2012, they were requested to implement at the beginning of the year. At the encouragement of traders, MoA delayed implementation until January 1, 2013. Although most importers believe exporters can meet the requirements, some are nervous of how the policy will impact trade and have increased imports in 2012.

Beef farm gate price table

China National Retail Beef Prices on Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
	2008	2009	2010	2011	2012	% Change 2012/11
January	29.11	33.90	34.08	35.72	41.38	15.85
February	31.40	33.72	34.54	36.41	42.03	15.44
March	31.42	33.13	33.86	35.78	42.00	17.38
April	31.55	32.81	33.45	35.59	42.26	18.74
May	31.73	32.60	33.24	35.63	42.79	20.10
June	31.82	32.53	33.16	36.19	43.68	20.70
July	31.92	32.46	33.30	36.91		-100.00
August	32.02	32.70	33.55	37.55		-100.00
September	32.39	32.96	33.89	38.29		-100.00
October	32.74	33.15	34.17	38.78		-100.00
November	32.98	33.35	34.65	39.15		-100.00
December	33.25	33.73	35.07	39.78		-100.00

Source: The Ministry of Agriculture collecting from over 400 markets of farm produce.

Swine PS&D table

Animal Numbers, Swine 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	
Total Beginning Stocks	477,115	477,115	473,340	473,340		466,644	(1000 HEAD)
Sow Beginning Stocks	47,500	47,500	49,280	49,280		49,250	(1000 HEAD)
Production (Pig Crop)	660,622	660,622	690,000	684,000		690,000	(1000 HEAD)
Total Imports	15	15	12	18		20	(1000 HEAD)
Total Supply	1,137,752	1,137,752	1,163,352	1,157,358		1,156,664	(1000 HEAD)
Total Exports	1,468	1,468	1,600	1,612		1,612	(1000 HEAD)
Sow Slaughter	0	0	0	0		0	(1000 HEAD)
Other Slaughter	661,944	661,944	681,490	688,100		688,300	(1000 HEAD)
Total Slaughter	661,944	661,944	681,490	688,100		688,300	(1000 HEAD)
Loss	1,000	1,000	1,000	1,002		800	(1000 HEAD)
Ending Inventories	473,340	473,340	479,262	466,644		465,952	(1000 HEAD)
Total Distribution	1,137,752	1,137,752	1,163,352	1,157,358		1,156,664	(1000 HEAD)
CY Imp. from U.S.	8	8	0	10		11	(1000 HEAD)
CY. Exp. to U.S.	0	0	0	0		0	(1000 HEAD)
Balance	0	0	0	0		0	(1000 HEAD)
Inventory Balance	-3775	-3775	5922	-6696		-692	(1000 HEAD)
Inventory Change	2	2	-1	-1		-1	(PERCENT)
Sow Change	-3	-3	4	4		0	(PERCENT)
Production Change	-3	-3	4	4		1	(PERCENT)
Production to Sows	14	13.9	14	13.9		14.0	(PERCENT)
Slaughter to Inventory	139	139	144	145		148	(PERCENT)
Slaughter to Total Supply	58	58	59	59		60	(PERCENT)
TS=TD	0	0	0	0		0	

Pork PS&D table

Meat, Swine 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	
Slaughter (Reference)	661,944	661,944	681,490	688,100		688,300	(1000 HEAD)
Beginning Stocks	170	170	180	180		200	(1000 MT CWE)
Production	49,500	49,500	51,600	51,400		52,650	(1000 MT CWE)
Total Imports	758	758	650	799		840	(1000 MT CWE)
Total Supply	50,428	50,428	52,430	52,379		53,510	(1000 MT CWE)
Total Exports	244	244	255	216		200	(1000 MT CWE)
Human Dom. Consumption	50,004	50,004	51,995	51,963		53,110	(1000 MT CWE)
Other Use, Losses	0	0	0	0		0	(1000 MT CWE)
Total Dom. Consumption	50,004	50,004	51,995	51,963		53,110	(1000 MT CWE)
Ending Stocks	180	180	180	200		200	(1000 MT CWE)
Total Distribution	50,428	50,428	52,430	52,379		53,510	(1000 MT CWE)
CY Imp. from U.S.	0	357	0	359		370	(1000 MT CWE)
CY. Exp. to U.S.	0	0	0	0		0	(1000 MT CWE)
Balance	0	0	0	0		0	(1000 MT CWE)
Inventory Balance	10	10	0	20		0	(1000 MT CWE)
Weights	75	75	76	75		76	(1000 MT CWE)
Production Change	-3	-3	4	4		2	(PERCENT)
Import Change	83	83	-14	5		5	(PERCENT)
Export Change	-12	-12	5	-11		-7	(PERCENT)
Consumption Change	-2	-2	4	4		2	(PERCENT)
Imports Percent	2	2	1	2		2	(PERCENT)
Exports Percent Production	0	0	0	0		0	(PERCENT)
Population	1336718015	0	1343239923	1343239923			(PEOPLE)
Per Capita Consumption	37		39			0	(KG)
TS=TD		0		0		0	

Production:

China's pork production is expected to reach 52.65 MMT, carcass weight equivalence (CWE), a two percent increase over the revised 2012 estimate. Sow beginning stocks in 2013 are expected to decline less than one percent to 49.25 million head. Pig crop production in 2013 is forecast to increase one percent to 690 million head, over the revised 2012 estimate of 684 million head.

The Ministry of Agriculture's target for swine production is to raise the percentage of commercial swine farms, but difficulties with obtaining land, tight grain supplies, and higher grain prices may constrain this plan.

Change in 2012 PSD table:

Similar to beef, FAS/Beijing lowered its 2012 estimate for pork production by less than one percent to 51.4 MMT. This downward shift is attributed to the damage caused by heavy flooding in key swine producing provinces (such as Sichuan, Jiangxi, Hunan and parts of Shandong and Guangdong). Heavy floods in July and August delayed feed delivery and caused producers to slaughter animals earlier than expected to avoid losses, despite lower weights.

FAS/Beijing also revised its 2012 estimate for pig crop production to 684 million head, which is 6,000 head lower than the initial estimate. China's 2011 decision to resume productive sow subsidy at \$16

(RMB100) per animal attracted a new round of investments from swine production operators, but the expansion of productive sow is slower than expected.

The 2012 Pork Story (to date):

During the first six months, many farmers held supplies in hopes of better prices. When the epidemic of piglet diarrhea occurred in January and February, many farmers believed that swine and pork prices would return to the record prices in 2012. On the contrary, new commercial piglet replacements met the demand from China's highest consumption season [during Chinese New Year in January and February]. Continued market demand and rumors of short supplies somehow caused piglet prices to soar 40 percent between January and May, but once again China's ongoing supply quickly dampened prices.

April: China's swine and grain ratio dropped below six, which is the swine farmer's breakeven point, meaning one kilogram of swine for six kilograms of corn.

May: The government held its first round of pork purchases from the domestic market to rebuild central reserves and help increase domestic prices. Swine and pork prices were raised and remained stable for a short timeframe.

By late June, pork and swine prices dropped 15 percent and 20 percent, respectively. The swine and grain ratio continued downward to one kilogram of swine to 5.6 kilograms of corn. Further concerns of lower prices caused farmers to slaughter part of their sow inventory to avoid losses.

July/August: Heavy floods in key producing provinces delayed deliveries of feed supplies, escalated feed prices, and encouraged producers to continue slaughters to avoid losses, even at lower weights. The central government also held its second round of pork purchases from the domestic market for state reserves. Summer is typically China's lowest season for pork consumption.

Consumption

China's 2013 consumption is forecast to increase by two percent to 53.1 MMT, but it's falling behind the previous years' pace of three to four percent growth. China's Gross Domestic Product (GDP) dropped from 9.2 percent at the end of 2011 to 8.1 percent and 7.6 percent in the first and second quarter of 2012, respectively. Rising unemployment rates among migrant workers in Guangdong, the largest migrant worker employment province, are expected to reduce per capita consumption by one kilogram in 2013.

Pork consumption is partly substituted for broiler meat, the less expensive meat protein in China.

Imports

Slow growth in China's domestic pork production may encourage additional opportunities for imported products. China's 2013 pork imports (including direct shipments and Hong Kong re-exports) are forecast to increase by five percent to 840,000 MT (CWE) from the revised 2012 estimate of 799,000 MT (CWE). The United States is expected to be the largest supplier, accounting for 44 percent of China's total imports.

Change in 2012 PSD table:

China's oversupply and low domestic prices are economic factors that typically slowdown imports, but direct shipments to China more than doubled compared to the same time the last year. FAS/Beijing's revised 2012 import forecast of 799,000 MT is 23 percent higher than the initial estimate based on the following reasons:

1. The global average unit price for imported pork (from January-July 2012) increased by 36 percent to \$1,880 per ton. The U.S. export unit price increased by 52 percent to \$1,765 per ton, which is cheaper than China's domestic pork prices. Reportedly, the import unit price for pork was 48 percent cheaper than domestic prices.
2. In May 2012, China signed a protocol that allows the United Kingdom to export pork and breeding swine to China.
3. Local processors are switching to imported pork products because constant reports of domestic food safety violation cases from well-known pork processing plants.
4. More direct shipments are shipping to China instead of Hong Kong.

Strong demand for genetic improvements will continue to drive breeding swine imports. Imports in 2013 are forecast to increase by 11 percent to 20,000 head. The United States is the largest supplier of breeding swine. China's Ministry of Agriculture (MoA) announced its new requirement for breeding animal imports effective June 1, 2012. MoA extended the implementation date to January 1, 2013. (Please see the Trade Policy section below.)

Exports

Pork exports in 2013 are forecast at 200,000 MT (CWE), a seven percent decline from the previous year. Similar to beef, continued higher export unit prices and weaker economic growth in key markets will likely constrain imports for Chinese pork products.

Live swine exports in 2013 are expected to remain at 1.61 million head as the previous year. Hong Kong and Macau remain the only export markets.

Change in 2012 PSD table:

FAS/Beijing lowered China's 2012 exports to 200,000 MT, due to slow demand from Hong Kong and Japan, China's top two export markets for pork and pork products. With a slight rebound in Japan's domestic pork production and additional imports of fresh pork from other countries, China is expected to export a lower volume of pork to Japan. In Hong Kong, China is facing export competition from Brazil due to more competitive prices.

Trade Policy

China General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the U.S. Department of Agriculture (USDA) agreed to use an electronic trade documentation exchange (eTDE) system to pre-notify export certificate information to AQSIQ as of June 1, 2012. The system is expected to smooth trade between both countries and prevent fraudulent export health certificates.

On November 25, 2011, MOA published its No. 1677 Announcement on new requirements for breeding swine and frozen semen imports. Similar to beef, most importers believe exporters can meet the requirements, some are nervous of how the policy will impact trade and have increased imports in 2012. A summary of the requirements is as follows:

Basic Requirements

- The live swine and the donor animal for frozen semen should meet its genetic line traits, performance quality and the requirements for breeding purpose.
- For imports of live swine and frozen semen, the importer should provide a three generation pedigree (Parents, grandparents, and great grandparents) for each pig for each shipment. The pedigree should be issued by the competent regulatory agency in a standard form, which should include the performance testing records and breeding score.
- Live pigs should be free of clinical signs of genetic diseases and lesions such as umbilical, scrotal hernia, one testicle, and cryptorchidism. The exporters should clearly state the above mentioned genetic diseases and deficiencies in its pedigree documentation or stipulate in the sales contract.
- To import live swine and frozen semen, the inspection and quarantine protocol should be followed.
- EBV for breeding male hogs should not be less than 120.
- For semen imports, the donor animal should be pure breeds, originating from pure bred farms. The EBV for the donor pigs for semen should not be less than 130.
- The importing institution should provide application form, contract, pedigree and the license for doing business in breeding livestock and poultry to Ministry of Agriculture. Simultaneously, the electronic or scanned copies of these documents should be sent via email to: zxjkps@caaa.cn

Pork, swine piglet price tables

China Retail Pork Prices On Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	25.53	21.25	19.31	22.17	27.83	25.53
February	26.08	20.62	18.67	22.97	27.36	19.11
March	25.56	19.30	17.32	23.09	25.79	11.69
April	25.68	17.60	16.21	23.39	24.36	4.15
May	24.71	15.68	16.09	23.97	23.31	-2.75
June	24.10	15.46	16.04	26.71	22.78	-14.71
July	23.58	16.27	17.54	29.31		-100.00
August	23.18	17.94	19.30	29.88		-100.00
September	22.59	18.97	20.11	30.35		-100.00
October	20.86	18.71	20.42	29.78		-100.00
November	19.46	18.47	21.33	27.94		-100.00
December	20.34	19.11	21.94	27.17		-100.00

Source: The Ministry of Agriculture collected from over 400 markets of farm produce.

China Retail Live Hog Prices On Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	16.50	13.41	12.05	13.88	17.65	27.16
February	16.70	12.70	11.14	14.35	17.10	19.16
March	16.83	11.63	10.06	14.78	15.83	7.10
April	16.87	10.35	9.53	15.05	14.80	-1.66
May	15.77	9.24	9.62	15.53	14.25	-8.24
June	15.35	9.33	9.64	17.54	14.05	-19.90
July	14.82	10.13	11.14	18.98		-100.00
August	14.47	11.38	12.19	19.33		-100.00
September	13.86	11.85	12.55	19.68		-100.00
October	12.50	11.47	12.78	18.93		-100.00
November	11.90	11.40	13.55	17.35		-100.00
December	12.91	12.09	13.79	17.15		-100.00

Source: The Ministry of Agriculture collecting from over 400 markets of farm produce.

China Retail Piglet Prices On Average, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11

January	29.66	20.06	17.41	18.65	30.21	61.98
February	30.62	20.11	16.60	19.46	31.50	61.87
March	35.29	19.75	15.61	22.81	32.66	43.18
April	38.23	18.27	14.74	24.99	32.24	29.01
May	36.11	15.41	14.77	26.71	31.56	18.16
June	34.55	15.08	14.39	31.11	30.55	-1.80
July	33.01	15.88	15.77	35.26		-100.00
August	30.94	17.74	17.61	36.28		-100.00
September	28.55	18.78	18.24	37.15		-100.00
October	23.44	18.14	18.21	35.84		-100.00
November	20.02	17.39	18.55	31.40		-100.00
December	19.42	17.55	18.64	29.43		-100.00
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

China Average Retail Industry Feed Prices for Swine Fattening, 2008-2012 (Year-to-Date)						
(RMB/KG, \$1=RMB6.3)						
MONTH	2008	2009	2010	2011	2012	% Change 2012/11
January	2.51	2.50	2.69	2.82	3.03	7.45
February	2.55	2.48	2.68	2.83	3.03	7.07
March	2.55	2.46	2.68	2.86	3.05	6.64
April	2.60	2.46	2.69	2.88	3.08	6.94
May	2.60	2.45	2.72	2.88	3.10	7.64
June	2.65	2.48	2.73	2.91		
July	2.73	2.53	2.73	2.96		
August	2.73	2.57	2.75	3.00		
September	2.71	2.62	2.76	3.04		
October	2.71	2.62	2.77	3.05		
November	2.57	2.64	2.80	3.03		
December	2.50	2.68	2.81	3.02		
Source: The Ministry of Agriculture collecting from over 400 markets of farm produce						

(End of Report)