

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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China - Peoples Republic of

Poultry and Products Annual

Annual

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Report Highlights:

Post forecasts that China's 2014 broiler production will increase by two percent to 13.7 million tons, due to an expected recovery from this year's H7N9 outbreaks in China. Post estimates that China's 2014 broiler consumption and imports will expand by four percent to 13.2 million tons and 270,000 tons, respectively. For the first half of 2013, sources report that the U.S. export price was reported at \$1,729 per ton, which is 44 percent cheaper than its South American competitors. Despite these favorable prices, U.S. exports are challenged by China's decision to reinstate a ban on Arkansas poultry and impose restrictions on Wisconsin poultry, due to low pathogenic detections in both states. Post forecasts that China's 2014 exports will reach 410,000 tons, nearly a three percent increase from the current 2013 figure.

Broiler PS&D table

Poultry, Meat, Broiler China	2012		2013		2014		
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	0		0	0		0	(MIL HEAD)
Slaughter (Reference)	10,350	10,350	10,520	10,100		10,150	(MIL HEAD)
Beginning Stocks	0	0	0	0		95	(1000 MT)
Production	13,700	13,700	14,050	13,500		13,700	(1000 MT)
Total Imports	254	254	270	260		270	(1000 MT)
Total Supply	13,954	13,954	14,320	13,760		14,065	(1000 MT)
Total Exports	411	411	400	400		410	(1000 MT)
Human Consumption	13,543	13,543	13,920	13,265		13,655	(1000 MT)
Other Use, Losses	0	0	0	0		0	(1000 MT)
Total Dom. Consumption	13,543	13,543	13,920	13,265		13,655	(1000 MT)
Total Use	13,954	13,954	14,320	13,665		14,065	(1000 MT)
Ending Stocks	0	0	0	95		0	(1000 MT)
Total Distribution	13,954	13,954	14,320	13,760		14,065	(1000 MT)
CY Imp. from U.S.	53	53	70	100		120	(1000 MT)
CY Exp. to U.S.	0	0	0	0			(1000 MT)
Balance	0	0	0	0		0	(1000 MT)
Inventory Balance	0	0	0	90		-95	(1000 MT)
Production Change	4	4	3	-1		1	(PERCENT)
Import Change	7	7	6	2		4	(PERCENT)
Export Change	-3	-3	-3	-3		3	(PERCENT)
Consumption Change	4	4	3	-2		3	(PERCENT)
Imports Percent Consumption	2	2	2	2		2	(PERCENT)
Exports Percent Production	3	3	3	3		3	(PERCENT)
Population	1,343,239,923	1,343,239,923	1,349,585,838	1,349,585,838		1,355,692,576	(PEOPLE)
Per Capita Consumption	10		10				(KG)
TS=TD		0		0		0	
Comments							
AGR Number							
Comments To Post							

Note: Post's estimates are not official USDA data, which can be found at <http://www.fas.usda.gov/psdonlineonline>

Production and Policies

Post estimates that China's 2014 broiler meat production will reach 13.5 million tons, a two-percent increase over the updated 2013 figure. Sources note that production is recovering from the H7N9 bird flu outbreaks (during March-May 2013), which infected 135 humans with 44 mortalities and brought a loss of \$9.68 billion (RMB60 billion) to the Chinese poultry industry. Despite confirmed H7N9 cases near Hebei in July and Guangzhou in August, domestic poultry consumption increased gradually in July. China, in partnership with the World Health Organization (WHO), identified the virus as a low pathogenic virus, which has helped consumers regain confidence in domestic poultry.

As of May 2013, China's Ministry of Agriculture and Ministry of Finance started to provide a one-time subsidy of \$8.00 (RMB50.0) per bird for grandparent-generation (GPG) for poultry breeds in production. Breeding poultry companies cannot reduce, suspend, or switch to other productions within six months after receiving the subsidy. Local governments are providing additional subsidies. For example, the Jilin provincial government reportedly provided \$1.61 (RMB10.0) per bird for GPG

breeding birds (in production) and \$1.29 (RMB8.0) per bird for parent-generation (PG) breeding bird (in production).

Changes to 2013’s slaughter and production estimates:

Post lowered its slaughter estimate by 420 million birds to 10.1 billion and reduced its broiler meat production estimate by 550,000 tons to 13.5 million. Weak consumption and low broiler meat prices caused some farmers to cull birds earlier than expected to avoid potential outbreaks and to save feed costs. As a result, farmers reported lower-than-expected carcass weight.

Prices

Broiler meat prices are returning to normal levels. Table 1 (on page 5) notes that China’s average poultry retail price (between April and July 2013) decreased by 4.5 percent as compared to the same period in 2012. Prior to the H7N9 outbreaks, the average retail price was 4 percent higher than the previous year.

China’s broiler meat recovery is currently challenged by low broiler meat prices and high feed prices (see Table 4). China’s Ministry of Agriculture reports that China’s average broiler feed price (during January-June 2013) increased by six percent as compared to the same period last year.

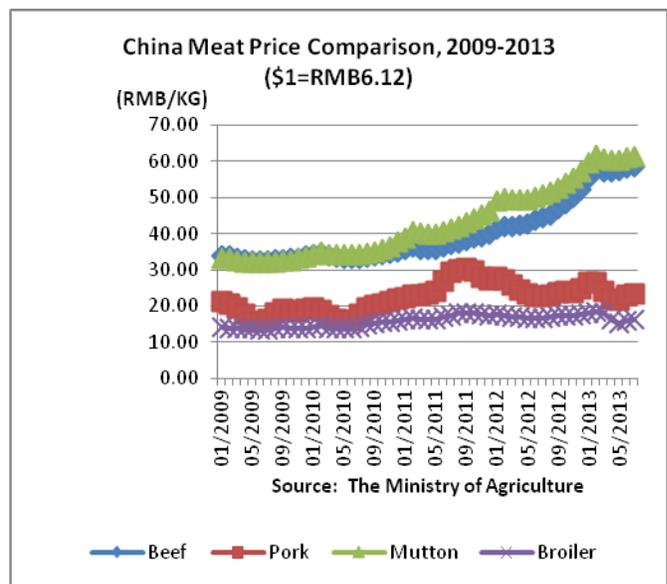
Consumption

Post estimates that China’s 2014 broiler meat consumption will increase by three percent to 13.6 million tons based on projected market recovery.

Change in 2013’s consumption estimate:

Post’s consumption estimate is revised downward by 655,000 tons to 13.2 million tons, due to changes in consumer demand for poultry products. Estimates for China’s total and per capita consumption are expected to be the lowest in the last three years. Several food safety and public health incidents impacted this year’s poultry consumption:

- The H7N9 outbreaks caused many restaurants and school canteens to change their menus that included poultry products. Many households in affected areas also cease from cooking poultry products.
- Negative media reports also surfaced about a well-known Shandong broiler company, Liuhe Co., which allegedly provided broiler materials containing harmful chemical residues to foreign fast food chain restaurants and local supermarkets.



- China's economic slowdown and increases in labor costs resulted in the shutdown of labor-concentrated factories in the Pearl River Delta. Rural migrant workers, who worked in that area, largely consumed broiler meats because of its cheap price, but low employment has resulted in fewer purchases of broiler meats.

Imports

Post forecasts that China's 2014 broiler imports will reach 270,000 tons, a four percent increase from its updated 2013 estimate.

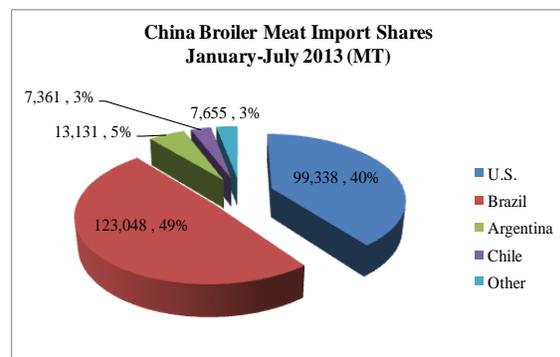
Post's 2014 import estimate is expected to be the highest over the past four years; however, this is far below the record high import level of 480,000 tons in 2007 before China imposed the antidumping and countervailing duties on U.S. poultry and poultry products. (See Trade Policies)

Brazil continues to be China's dominant supplier.

Brazil's rising export price of \$2,584 per ton (during the first half of 2013) lowered its market by 20 percent as compared to the same time last year. In the interim, U.S. export market share increased by 58 percent and its export price is now \$1,142 per ton.

Change to the 2013 import estimate:

Post revised its 2013 import estimate to 260,000 based on low consumption caused by the H7N9 bird flu outbreaks.



share

at

tons

Exports

Post estimates that China's 2014 broiler meat exports will increase by nearly three percent to 410,000 tons, due to higher consumer demand from Hong Kong, the second largest export market for China.

Trade Policy

On May 15, 2013, China's General Administration of Quality Supervision, Import Quarantine (AQSIQ) and Ministry of Agriculture (MoA) announced China's decision to lift its ban on Arkansas poultry.

That ban has been imposed since June 2008 due to an outbreak of H7N3 low pathogenic bird flu virus. A mere two months later, on July 22, AQSIQ and MOA reinstated the ban on Arkansas poultry due to a H7N7 bird flu outbreak in Scott County. They also banned Wisconsin poultry due to H5N2-B bird flu outbreak. Both events are considered low pathogenic avian influenza by international standards, and should therefore not carry international trade restrictions with them.

On August 2, 2013, the World Trade Organization (WTO) announced that a dispute settlement panel ruled that the anti-dumping (AD) and countervailing duties (CVD), imposed by the People's Republic of China since 2010 on chicken imports from the United States, are unjustified under international trade rules. For more information on the panel's findings, please review the public report at:

http://www.wto.org/english/news_e/news13_e/427r_e.htm.

Recommended GAIN Reports:

Soybean and Oilseed Update:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Update_Beijing_China%20-%20Peoples%20Republic%20of_8-29-2013.pdf

Grain and Feed Update:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Update_Beijing_China%20-%20Peoples%20Republic%20of_6-28-2013.pdf

Price Tables (based on RMB/KG, \$1=RMB6.18)

MONTH	2008	2009	2010	2011	2012	2013	% Change 2013/12
January	14.90	14.06	14.15	16.32	17.65	17.92	1.53
February	14.69	13.88	14.38	16.71	17.46	18.41	5.44
March	14.51	13.74	13.98	16.33	17.04	17.90	5.05
April	14.80	13.71	13.77	16.32	16.99	16.39	-3.53
May	14.72	13.66	13.72	16.45	16.73	15.32	-8.43
June	14.51	13.50	13.76	16.95	16.74	16.00	-4.42
July	14.33	13.41	14.16	17.49	16.71	16.40	-1.86
August	14.29	13.73	14.73	17.94	16.90		
September	14.40	14.00	15.24	18.05	17.28		
October	14.29	13.94	15.40	18.00	17.43		
November	14.00	13.87	15.73	17.57	17.50		
December	13.87	13.83	16.02	17.39	17.70		

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

MONTH	2008	2009	2010	2011	2012	2013	% Change 2013/12
January	13.97	14.16	13.98	16.30	17.66	18.01	1.98
February	14.53	13.99	14.28	16.89	17.38	18.58	6.90
March	14.31	13.70	13.82	16.35	16.82	17.84	6.06
April	14.59	13.57	13.55	16.34	16.69	16.03	-3.95
May	14.42	13.47	13.50	16.41	16.41	14.56	-11.27
June	14.13	13.37	13.58	16.89	16.40	15.40	-6.10
July	13.89	13.28	13.93	17.38	16.37	15.82	-3.36
August	13.91	13.66	14.45	17.83	16.58		
September	14.15	14.00	15.03	18.05	17.04		
October	14.08	13.82	15.40	18.04	17.22		
November	13.84	13.71	15.60	17.32	17.36		
December	13.72	13.83	15.95	17.16	17.68		

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

MONTH	2008	2009	2010	2011	2012	2013	% Change 2013/12
January	2.64	2.06	2.06	2.57	2.80	2.53	-9.64
February	2.83	2.31	2.23	2.69	3.02	2.84	-5.96
March	2.89	2.55	2.27	2.83	3.24	2.86	-11.73
April	3.49	2.47	2.13	2.92	3.27	2.19	-33.03
May	3.39	2.24	2.00	2.95	3.07	2.21	-28.01
June	2.87	2.48	1.89	3.12	2.81	2.35	-16.37

July	2.45	2.03	2.26	3.26	2.65	2.22	-16.23
August	2.55	2.37	2.46	3.64	2.60		
September	2.77	2.32	2.51	3.76	2.65		
October	2.77	2.18	2.51	3.56	2.68		
November	2.42	2.08	2.68	3.29	2.78		
December	2.13	2.17	2.77	2.90	2.87		

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

Table 4: China Industry Feed Prices for Broilers on Average, 2008-2013 (Year-to-Date)

	2008	2009	2010	2011	2012	2013	% Change 2013/12
January	2.66	2.69	2.85	2.96	3.15	3.35	6.35
February	2.69	2.67	2.84	2.97	3.14	3.36	7.01
March	2.70	2.64	2.83	3.00	3.15	3.38	7.30
April	2.75	2.65	2.84	3.01	3.18	3.37	5.97
May	2.76	2.65	2.86	3.02	3.20	3.34	4.37
June	2.82	2.67	2.87	3.06	3.24	3.37	4.01
July	2.91	2.71	2.87	3.10	3.24	3.38	4.32
August	2.91	2.75	2.89	3.13	3.31		
September	2.89	2.78	2.90	3.17	3.38		
October	2.84	2.78	2.91	3.17	3.36		
November	2.77	2.80	2.94	3.15	3.34		
December	2.70	2.83	2.96	3.14	3.34		

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

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