

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 3/3/2014

GAIN Report Number: 14012

China - Peoples Republic of

Poultry and Products Semi-annual

Semi-Annual

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Report Highlights:

Post forecasts China's 2014 broiler meat production at 12.9 million tons, a six percent decline from USDA's official estimate. Given ongoing H7N9 virus detections, sources note that China's 2014 broiler meat consumption will likely fall by six percent to 12.7 million tons. Weak consumer demand will also lower 2014 imports to 235,000 tons. Despite the untamed H7N9 virus, Post estimates that China's 2014 broiler meat exports will increase four percent to 430,000 tons. China mainly exports cooked/preserved products, which are not impacted by ongoing live bird virus detections. Hong Kong suspended live bird imports from Mainland China for four months, effective February 18, 2014.

Commodities:

Poultry, Meat, Broiler

Executive Summary

Post forecasts that China's 2014 broiler meat production will reach 12.9 million tons, a six percent decline from USDA's official estimate. This reduction is attributed to China's ongoing avian influenza H7N9 virus detections. Since January 2014, sources note that China's poultry industry has experienced a loss of at least RMB40 billion (\$6.5 billion), compared to the losses during the first half of 2013 reported at RMB60 billion (\$9.84 billion).

Post estimates that weak consumer demand will likely bring China's 2014 broiler meat imports to 235,000 tons, a 13 percent decrease from USDA's official figure of 270,000 tons. Despite ongoing virus detections in live poultry, China's 2014 broiler meat exports are estimated at 430,000 tons, an increase of four percent over USDA's official estimate. This unexpected increase is due to larger demand for China's cooked/prepared poultry products, which are reportedly not affected by avian influenza viruses. Furthermore, weak domestic broiler prices make exports more competitive.

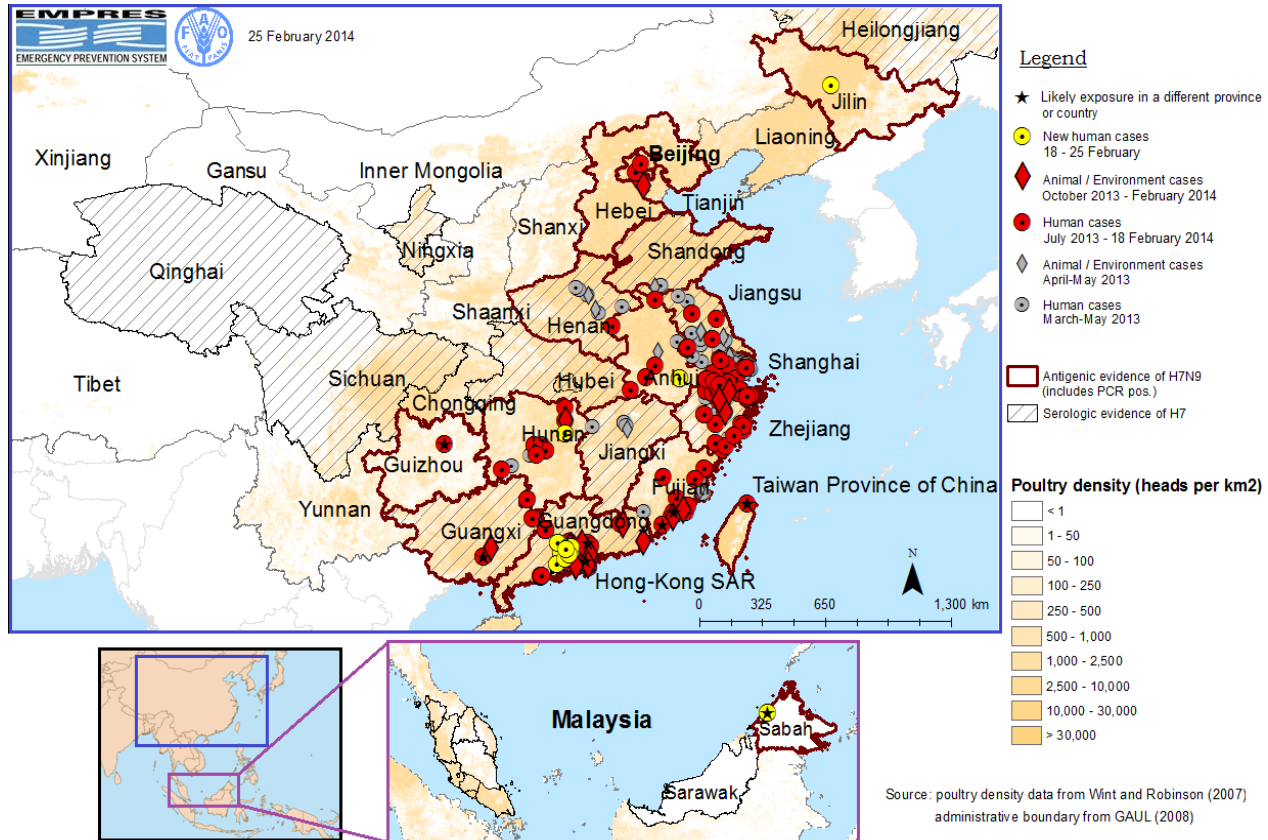
Regarding China's live bird exports, Hong Kong suspended live bird imports from Mainland China for four months, effective February 18, 2014.

On December 25, 2013, the Chinese Ministry of Commerce (MOFCOM) announced its re-investigation of China's anti-dumping/countervailing measures against U.S. broiler meat product exports to China.

Poultry, Meat, Broiler China	2012		2013		2014		
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	10,350	10,350	10,100	10,100	10,150	9,900	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	100	(1000 MT)
Production	13,700	13,700	13,500	13,350	13,700	12,900	(1000 MT)
Total Imports	254	254	260	244	270	235	(1000 MT)
Total Supply	13,954	13,954	13,760	13,594	13,970	13,235	(1000 MT)
Total Exports	411	411	415	415	415	430	(1000 MT)
Human Consumption	13,543	13,543	13,345	13,079	13,555	12,745	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	13,543	13,543	13,345	13,079	13,555	12,745	(1000 MT)
Total Use	13,954	13,954	13,760	13,494	13,970	13,175	(1000 MT)
Ending Stocks	0	0	0	100	0	60	(1000 MT)
Total Distribution	13,954	13,954	13,760	13,594	13,970	13,235	(1000 MT)
CY Imp. from U.S.	53	53	70	91	0	95	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)
Balance	0	0	0	0	0	0	(1000 MT)
Inventory Balance	0	0	0	100	0	-40	(1000 MT)
Production Change	4	4	-1	-3	1	-3	(PERCENT)
Import Change	7	7	2	-4	4	-4	(PERCENT)
Export Change	-3	-3	1	1	0	4	(PERCENT)
Consumption Change	4	4	-1	-3	2	-3	(PERCENT)
Imports Percent Consumption	2	2	2	2	2	2	(PERCENT)
Exports Percent Production	3	3	3	3	3	3	(PERCENT)
Population	1343239923	1343239923	1349585838	1349585838	1355692576	1355692576	(PEOPLE)
Per Capita Consumption	10		10		10		(KG)
TS=TD		0		0		0	

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

Map of China's H7N9 Confirmed Human Cases and Positive Findings



Information sources: human cases - WHO, National and Provincial Government websites; avian and environmental positive findings - OIE, National and Provincial Government websites and scientific literature.

Production

Post forecasts that China's 2014 broiler meat production will decrease by six percent to 12.9 million tons, compared to USDA's 2014 official figure. China's H7N9 avian influenza outbreak continues to weaken local live bird production. As noted in the map above from the Food and Agriculture Organization of the United Nations, this outbreak has affected several key coastal producing provinces, such as Guangdong, Zhejiang, Jiangsu, and Fujian. Since the beginning of 2014, sources note that China's poultry industry experienced losses of at least RMB40 billion (\$6.5 billion), compared to the 2013 losses which were reported at RMB60 billion (\$9.8 billion).

Guangzhou's largest poultry wholesale market announced that its January 2014 loss was RMB10 million (\$1.6 million). For the first time in nearly 40 years, this market's live bird sales (per day) dropped from 60,000 birds to 30,000 birds. Hangzhou, the capital city of Zhejiang Province, closed its major live bird markets on February 15, 2014. Other major cities in Zhejiang Province will follow suit starting July 2014. The reopening dates for Zhejiang's live bird markets have not yet been determined. In place of live-bird markets, sources note that processors are now providing more fresh/chilled broiler carcasses to local supermarkets and specialty shops. Ongoing virus detections may eventually shift the tradition of China's live bird market more towards fresh/frozen broiler meat products sold in supermarkets.

Policy

As previously noted, when the Chinese poultry industry experienced losses in 2013 of over RMB60 billion (\$9.8 billion) from the H7N9 outbreak, the government provided subsidies totaling RMB600 million (\$98 million) to its grand-parent generation (GPG) breeding sector. Although each GPG breeding farmer received RMB50 (\$8.13) per bird, this amount is far below the production cost of RMB600 (\$97.58). China's 2014 subsidy plan has not yet been announced.

On February 20, the Ministry of Agriculture issued a draft "National Eradication Plan against H7N9 Flu" soliciting opinions from various government agencies to strengthen China's government oversight of domestic live poultry markets and farms.

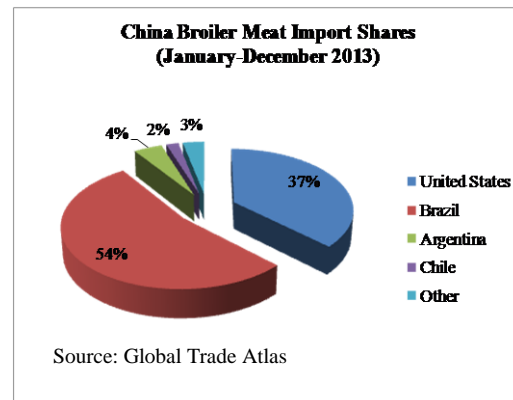
Consumption

Post forecasts China's 2014 broiler meat consumption at 12.7 million tons, a decrease of six percent from USDA's official estimate of 13.5 million. China's 2014 per capita broiler meat consumption is slightly above 9 kilograms, a slight decline from nearly 10 kilograms in 2013. Consumers are shifting from broiler meat to red meats and fish products.

Imports

Post estimates that China's 2014 broiler meat imports decrease to 235,000 tons, a 13 percent decrease from USDA's official figure of 270,000 tons. This reduction is attributed to continued weak demand caused by ongoing public health/food safety concerns the H7N9 virus detections.

Brazil, China's largest broiler meat supplier, was granted market access for additional broiler meat in 2013. China's second largest supplier, the United States, increased its U.S. 2013 export market share to 37 percent (from 12 percent in 2012) based on competitive broiler meat export prices compared with other major suppliers.



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Update on AD/CVD measures against U.S. broiler meat products

On December 25, 2013, the Chinese Ministry of Commerce (MOFCOM) announced its reinvestigation of China's anti-dumping/countervailing measures against U.S. broiler meat products, based on the World Trade Organization (WTO) ruling on the case.

Background

In September 2009, MOFCOM started an anti-dumping and countervailing investigation and prosecution procedure on U.S. broiler meat products. A year later, MOFCOM determined that China's broiler meat industry was harmed by the dumping and subsidies provided for U.S. broiler meat products exported to China. In August 2010, MOFCOM enforced an anti-dumping tariff at 50.3-105.4 percent

and, in September 2010, a countervailing tariff at 4-30 percent. Both enforcements were effective immediately and provided a duration of five years.

In November 2011, the United States appealed this case to the WTO's Dispute Settlement Board (DSB). The DSB expert group distributed its report to various WTO membership countries in August 2013, which concluded that China's measures violated the WTO rules in cost allocation of the dumped imports and analysis of price impact of industry injury, while it supported China's domestic industry recognition. In September 2013, this report was passed through the WTO dispute settlement mechanism. During that process, MOFCOM expressed that the Chinese side will evaluate the case, according to the WTO dispute settlement procedure.

Exports

Despite China's avian influenza outbreak, Post forecasts that China's 2014 broiler meat exports will increase by nearly four percent to 430,000 tons. This unexpected increase is attributed to rising demand in China's key export markets, such as Japan, Hong Kong and Malaysia. China mainly exports cooked/preserved broiler meat products, which are not believed to transmit avian influenza viruses. Weak domestic broiler meat prices also make China's exports more compelling to traders.

Hong Kong's Import Policy

Hong Kong implemented several measures to prevent the spread of the H7N9 virus. At the beginning of 2014, Hong Kong closed its broiler wholesale market and culled over 20,000 birds, after reports of confirmed H7N9 human cases and virus detections in Hong Kong's poultry wholesale market. Hong Kong then suspended live chicken imports from Mainland China for four months, effective February 18, 2014, to protect its domestic live bird markets. Hong Kong also prohibited live bird sales between January 28 and February 18, 2014. Based on these reported actions, Post believes that the tradition of China's live bird exports to Hong Kong may eventually shift more towards frozen broiler meat products.

Price Tables

China Retail Broiler Meat Prices On Average, 2008-2013 (Year-to-Date)							
(RMB/KG, \$1=RMB6.1)							
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	16.89	-0.06
September	14.40	14.00	15.24	18.05	17.28	17.33	0.29
October	14.29	13.94	15.40	18.00	17.43	17.45	0.11
November	14.00	13.87	15.73	17.57	17.50	17.40	-0.57
December	13.87	13.83	16.02	17.39	17.70		

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

China Retail Live Chicken Prices On Average, 2008-2013 (Year-to-Date)							
(RMB/KG, \$1=RMB6.1)							
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	16.35	-1.39
September	14.15	14.00	15.03	18.05	17.04	16.92	-0.70
October	14.08	13.82	15.40	18.04	17.22	17.15	-0.41
November	13.84	13.71	15.60	17.32	17.36	17.22	-0.81
December	13.72	13.83	15.95	17.16	17.68		

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

China Broiler Chicklet Prices On Average, 2008-2013 (Year-to-Date)							
(RMB/KG, \$1=RMB6.1)							
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	2.33	-10.38
September	2.77	2.32	2.51	3.76	2.65	2.64	-0.38
October	2.77	2.18	2.51	3.56	2.68	2.55	-4.85
November	2.42	2.08	2.68	3.29	2.78	2.65	-4.68
December	2.13	2.17	2.77	2.90	2.87		

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

China Industry Feed Prices for Broilers on Average, 2008-2013 (Year-to-Date)							
(RMB/KG, \$1=RMB6.1)							
	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	3.39	2.42
September	2.89	2.78	2.90	3.17	3.38	3.42	1.18
October	2.84	2.78	2.91	3.17	3.36	3.45	2.68
November	2.77	2.80	2.94	3.15	3.34	3.45	3.29
December	2.70	2.83	2.96	3.14	3.34		

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

End of Report