

China's Feed Industry in 2010

The gross output and output value of China's commercial feed continued to rise in the year 2010, while the structure of China's feed industry was further adjusted.



Keep rising

On the whole, the gross output and output value of the feed industry in China increased to some extent in 2010 in contrast with the previous year.

The gross output of commercial feed in China was up to 162 million tons in 2010, an increase of 9.4% over the previous year. This was also the sixth year in a row that the gross output of China's commercial feed exceeded 100 million tons.

Among all types of feed, the output of compound feed was 129.74 million tons, an increase of 12.5% over the previous year; the output of concentrated feed was 26.48 million tons, a drop of 1.4% compared to the previous year; and the output of additive premix feed was 5.79 million tons, which declined by 2.2% over the previous year.

The output of compound feed accounted for 80% of gross output, concentrated feed 16.6% and additive premix feed 3.4%. The ratio of compound feed, concentrated feed and additive premix feed was 23.6:4.9:1.

In 2010, the gross output value of China's feed industry was Rmb 541 billion, an increase of 14.8% over the previous year. Total business income was Rmb 523.3 billion, an increase of 14.1% compared to the previous year.

In gross industrial output value, gross output value of the commercial feed industry was Rmb 439.6 billion, an increase of 15.7% over the previous year. The gross output of feed additives was Rmb 36.5 billion, which increased by 14.2% compared to the previous year. The gross output of feed products from animal sources was Rmb 7.5 billion, representing an increase of 4.5%; and feed

Table 1 – Output of feed products nationwide in 2010

(Source: China Feed Industry Association)

Category	Compound feed		Concentrated feed		Additive premix feed	
	Output (10,000t)	On year-on-year basis (%)	Output (10,000t)	On year-on-year basis (%)	Output (10,000t)	On year-on-year basis (%)
Pig	4112	22.3	1498	-2.9	337	-0.2
Egg-laying Poultry	2320	12.3	572	-1.4	116	-0.2
Meat producing Poultry	4354	6.1	325	2.5	56	-0.9
Aquatic products	1474	3.3	6	-52.5	23	-10.5
Ruminants	493	28.7	215	15.1	20	-6.2
Other	222	15	32	-32	28	-22.1
Total	12974	12.5	2648	-1.4	580	-2.2

Gross output: the gross output of China's feed products was 162 million tons in 2010, an increase of 9.4% over the previous year.



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machinery and equipment was Rmb 3.5 billion, a drop of 37.8%.

In business income, the total business income of the commercial feed industry reached Rmb 478.7 billion, an increase of 15.3% over the previous year; feed additives were at Rmb 34.3 billion, an increase of 12.5%; feed products from animal sources were at Rmb 6.9 billion, an increase of 0.2%; and feed machinery and equipment were at Rmb 3.5 billion, a drop of 41.2%.

Industrial restructuring

The structure of China's feed products was further adjusted in 2010. Compound feed was on the rise as a whole. Concentrated feeds, except feed for meat-producing poultry and ruminants, declined to different extents. The additive premix feed took on a downward trend. In the perspective of variety, pig feed took the lead in the growth, while other feed varieties developed in a balanced way.

In compound feed, gross output of compound feed for pigs was 41.12 million tons, an increase of 22.3% over the previous year; compound feed for egg-laying poultry was 23.2 million tons, an increase of 12.3%; feed for meat-producing poultry was 43.54 million tons, an increase of 6.1%; feed for aquatic products was 14.74 million tons, an increase of 3.3%; feed for ruminants was 4.93 million tons, an increase of 28.7%; and other compound feed was 2.22 million tons, an increase of 15.0%.

In concentrated feed, the gross output of concentrated feed for pigs was 14.98 million tons, which declined by 2.9% over the previous year. The concentrated feed for egg-laying poultry was 5.72 million tons, down 1.4% compared to the previous year, feed for meat-producing poultry was 3.25 million tons, down 2.5%; feed for aquatic products was 60 thousand tons, down 52.5%;

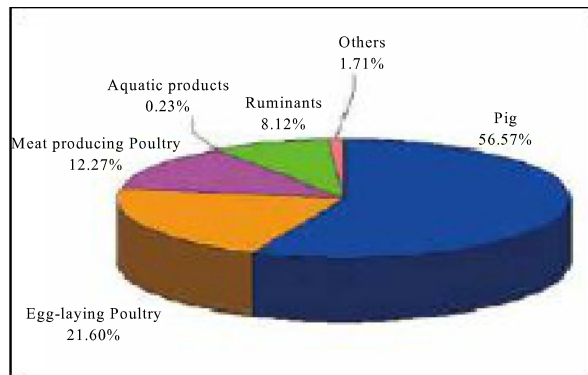
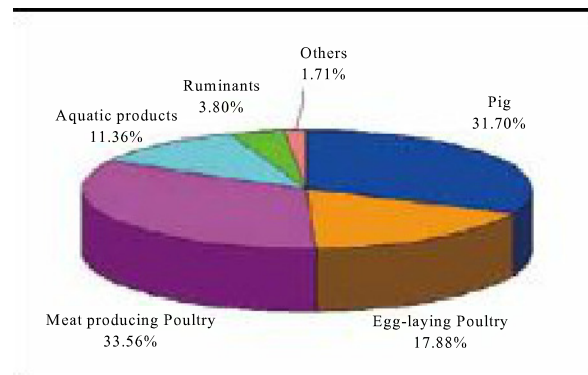
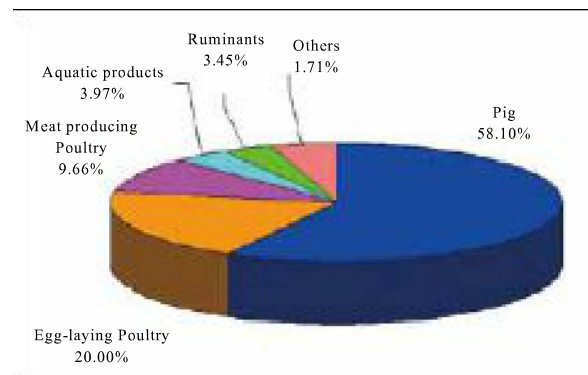


Chart 1: Structure of output of compound feed nationwide in 2010 (Source: China Feed Industry Association)



Concentrated feed



Additive premix feed

Chart 2: Structure of output of concentrated feed and additive premix feed nationwide in 2010 (Source: China Feed Industry Association)

feed for ruminants was 2.15 million tons, an increase of 15.1%; and other concentrated feed was 320 thousand tons, down 32.0%.

The gross output of additive premix feed for pigs was 3.37 million tons, down 0.2% over the previous year; the additive premix feed for egg-laying poultry was 1.16 million tons, down 0.2% compared to the previous year, feed for meat-producing poultry was 560 thousand tons, down 0.9%; feed for aquatic products was 230 thousand tons, down 10.5%; feed for ruminants was 200 thousand tons, down 6.2%; and other additive premix feed was 280 thousand tons, down 22.1%.

The output of pig feed was 59.47 million tons in 2010, an increase of 13.4% over the previous year. The output of feed for egg-laying poultry was 30.08 million tons, an increase of 8.9%; feed for meat-producing poultry was 47.35 million tons, an increase of 5.7%; feed for aquatic products was 15.02 million tons, an increase of 2.6%; feed for ruminants was 7.28 million tons, an increase of 23.1%; and other feed was 2.82 million tons, an increase of 2.1%.

Feed additives production

The output of additives such as amino acids and antioxidants decreased to different extents, while the output of some other additives increased at different growth rates. For example, due to the small base number, the increase in the output of zymin, conserving agents, anti-mildew agents and microorganisms was highest, exceeding 50%. Vitamins came next, which increased by 24.9% over the previous year.

In 2010, the gross amount of feed additive products was 5.723 million tons, which declined by 11.9% compared to the previous year. The gross amount of I type additives was 5.186 million tons, reduced by 14.7% over the previous year; and II type was 537,000 tons, an increase of 30.0%.

Amino acids: The gross output was 713,000 tons in 2010,

which decreased by 4.7% over the previous year. The output of I type amino acid was 707,000 tons, a drop of 4.9%; and II type was 6,000 tons (an increase of 46.8%). The output of lysine was 640,000 tons (containing 65% of lysine), which decreased by 5.9% over the previous year; domestic output of threonine was 65,000 tons in 2010, an increase of 13.8%; and output of tryptophan was 1,170 tons, an increase of 47.3%.

Vitamins: In 2010, the gross output of vitamins was 625,000 tons, which increased by 24.8% compared to the previous year. The output of I type vitamins was 514,000 tons, an increase of 82.6% over the previous year; and the output of II type was 111,000 tons, a drop of 49.3%. The domestic output of choline chloride was 405,000 tons in 2010, an increase of 7.8% compared to the previous year. The output of vitamin A was 4,000 tons, a drop of 53.0%; vitamin E was 32,000 tons, a drop of 20.6%; vitamin B1 was 202,000 tons, an increase of 35.5%; vitamin B2 was 9,000 tons, a drop of 70.8%; and vitamin C was 24,000 tons, an increase of 223.1%.

Enzymes: The gross output of enzymes was 85,000 tons in 2010, an increase of 59.7% over the previous year. The output of I type enzyme was 71,000 tons, an increase of 79.5%; and II type was 14,000 tons, an increase of 2.7%.

Antioxidants: The gross output of antioxidants was 39,000 tons in 2010, which declined by 13.3%. The output of I type antioxidants was 24,000 tons, down 22.6%; and II type was 15,000 tons, up 7.2%.

Feed Trade

Feed and relevant products export

Total value of export in 2010 was Rmb 17 billion (excluding the value of the export of single feed, Rmb 16.1 billion, an increase of 30.4% over the previous year). The export volume of feed products was 430,000

tons, which decreased by 25.8% compared to the previous year; the value of export was Rmb 1.2 billion, down 33.1%. The value of export of feed and relevant products, which was feed additives-oriented, increased significantly by 42.4%.

The export volume of feed additives was 590,000 tons, which increased by 42.4% over the previous year; the value of export was Rmb 13.6 billion, up 39.7% compared to the previous year. Export volume of methionine totaled 1,000 tons, which declined by 56% compared to the previous year; import volume of methionine was 107,000 tons, up 7.4% over the previous year. The export and import volumes of lysine were 147,000 and 7,700 tons, respectively, up 46.3% and down 73.5%, respectively, over the previous year.

For animal-derived feed, the export volume was 2,000 tons, an increase of 21.9% compared to the previous year, and the value of imports was 40 million Yuan, which declined by 2.4% over the previous year.

In single feed, the export volume was 520,000 tons, and the value of exports was Rmb 900 million.

In feed machinery, the export volume was 6,203 sets, which increased by 84.9% over the previous year; the value of exports was Rmb 1.2 billion, up 64.3% compared to the previous year.

Feed and relevant products import

In the full year of 2010, China's gross import volume of animal feed was at 102,072 tons, down 20.2% compared to the previous year; while the gross import volume of pet food reached 6,394.1 tons, up 247.7% over the previous year.

The gross import volume of finished feed additives was 28,697 tons, up 2.8% over the previous year; the gross

import volume of methionine reached 107,420 tons, up 7.3% compared to the previous year; and lysine was up to 7,661.5 tons, down 73.5%.

Feed ingredients depended on import

Protein is the feed ingredient that China lacks most. The dependency of China's feed industry on protein material has exceeded 70%. As the largest importer of protein material in the world, China needs to import 50 million tons of soybean, 1.2 million tons of fish meal and other protein resources each year that add up to about Rmb 150 billion (equivalent to USD22 billion).

Influenced by brisk meat demands at home, China has begun to import corn in large quantity for feed production in recent years. In 2010, China imported 1.6 million tons of corn, which was a record high for the past 15 years and was 17 times the import volume in 2009. An analyst from Rabobank said China was likely to become the largest corn importer in the world in five years and that corn import volume would probably increase from 1.3 million tons in 2010 to 25 million tons in 2015, and up to 60 million tons by 2020.


In April 2011, the International Grain Council gave its estimate for annual corn import volume to China by June 30, 2011, at 2 million tons, which was raised by 43%. The estimate before was 1.4 million tons. But China's corn import demand is far more than that. In July 2011, China ordered 533,400 tons of corn from the United States, which surpassed China's annual import volume of corn from the U.S. as estimated by the U.S. government. Therefore, some international grain traders upgraded their estimation about gross import volume of corn on a large scale, believing that China would purchase more than five million tons of corn from the U.S. Some international industry experts, including those from the U.S., thought the U.S. would become the largest exporter of corn to China within five to ten years.

Feed equipment production

Complete unit of feed machinery and equipment increased, but the production of single machines declined.

In 2010, the gross output of feed processing machinery and equipment was 26,302 sets, which decreased by 2,328 sets, or 8.1% compared to the previous year. Complete sets were 1,632, which increased by 76, or 16.6% compared to the previous year; and single machines were 24,670, which decreased by 2,404 over the previous year, at a decline of 8.9%. In the complete sets, the equipment with hourly production capacity

of more than 10 tons was 602 sets in quantity, which increased by 59 sets over the previous year, a growth rate of 10.9%. Hourly five - to - ten -ton equipment was 246 sets, which decreased by 86 sets compared to the previous year, a decrease of 25.9%, and hourly one- to five-ton equipment was 784 sets, which increased by 103 sets over the previous year, a growth rate of 15.1%.

In single machines, there were 12,528 sets, 6,148 mixer sets and 5,994 pelleting machine sets, which increased by 1,515 sets, 2,089 sets and 2,671 sets over the previous year, with growth rate of 13.8%, 51.5% and 80.4%, respectively. 



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Top Chinese feed enterprises



Charoen Pokphand Group

Charoen Pokphand Group, founded in 1921, is one of the largest and most influential enterprise groups in Southeast Asia. CP Group started its business in China in 1979 and has many plants (more than 100 feed plants, of which more than 70% are joint venture and cooperative enterprises). The company is spread across the country, including all provinces, cities and autonomous regions of China, except Tibet and Qinghai. The annual output has been more than seven million tons since 2002. It has annual turnover of more than Rmb 15 billion.



New Hope Group

New Hope Group was established in 1982 on the basis of South Hope Group. New Hope Group has joined with Shandong Liuhe Group, Beijing Kinghey Group and Hebei Xingda Group to increase its strength in the agriculture and husbandry industry. In 2009, the sales revenue of the group reached Rmb 51 billion, with total feed output of more than 10 million tons, which ranked first in the China feed industry. The annual slaughter and processing capability of chickens and ducks is 850 million, which takes the lead in the industry. The group has gained substantial development in cultivation, dairy and meat processing industries.

In 2010, the company sold 1.317 million tons of feed, which increased by 65,000 tons over the previous year, an increase of 5.19%. Income from major businesses was 3,567,734,300 Yuan, which increased by 265,234,200

Yuan compared to the previous year, for a growth rate 8.03%. The company gained gross profit of Rmb 284.8 million, up Rmb 7.9 million on a year-on-year basis, with a growth rate of 2.87%.



Guangdong Yuehai Feed Group

Guangdong Yuehai Feed Group is a high-tech enterprise that integrates research and development with production and marketing, and also does business in aquaculture feed, aquatic breeds and additive premix. The company is considered a large, quality aquaculture feed manufacturing base in China. The group has ten subsidiaries spread over Guangdong, Guangxi, Zhejiang, Jiangsu and other coastal regions. The annual production capacity of the group reaches 300,000 tons. The group now has 1,800 employees.



Tongwei Group Co., Ltd.

Tongwei Group is a large, private scientific and technological enterprise that gives priority to agriculture and new energy resources, and is a leading enterprise in the agricultural industrialization in China. The group has more than 110 branches and subsidiaries and more than 15,000 employees that spread across China and Southeast Asia. Tongwei, which is capable of manufacturing more than six million tons of feed each year, is the largest aquaculture feed and main livestock and poultry manufacturing enterprise in the world, the first listed agricultural company in Sichuan that has

tens of billions of sales revenue each year, as well as the largest listed enterprise in the field of agriculture, forestry, husbandry and fishery of China. The company's market share of aquaculture feed has reached 25%.

The sales revenue of Tongwei Group was up to Rmb 30.6 billion in 2010. In 2010, the group's gross commercial feed output was up to 156.08 million tons, which increased 5.4% over the previous year. The output of compound feed was 125.63 million tons, an increase of 8.9%; concentrated feed was 24.5 million tons, a drop of 8.9%; and additive premix feed was 5.95 million tons, an increase of 0.7%.



Shandong Liuhe Group

Liuhe Group was established in 1995. The group's major business involves feed production, food processing and livestock and poultry cultivation. The group is capable of manufacturing more than 11 million tons of feed and over 100 million day-old chicks each year, and slaughtering over 2.3 million head daily.

Through more than ten years of development, Liuhe Group has gone from a feed production enterprise to a large, leading enterprise in the industrialization of agriculture and husbandry. By the end of 2008, the group had more than 200 subsidiaries, including over 100 feed enterprises, over 50 animal byproducts processing plants, over 30 livestock and poultry cultivation farms and more than 40,000 employees. It is the largest supplier of poultry meat products in China. In 2008, the sales revenue of the group reached more than Rmb 32 billion; sales amount of feed broke through 7.4 million tons; and the group produced more than a million tons of poultry. In 2009, the total sales volume of feed exceeded 10 million tons throughout the year, with sales and

selling profit up to Rmb 20.9 billion and Rmb 1.13 billion, respectively.



Jiangxi Twins Group

The Twins Group is a large enterprise that specializes in feed production. The group now has 50 entities, including 44 manufacturing enterprises in Jiangxi, Guangdong, Fujian, Hunan, Yunnan, Sichuan, Chongqing, Hainan, Henan, Liaoning and more (17 provinces, regions and cities). The annual production capacity of the group is 5.5 million tons. The pig cultivation scale is 200,000 heads.



Wellhope Agri-tech Co., Ltd.

Wellhope Agri-tech Co. Ltd. was established in April 1995. It is a leading enterprise in agriculture industrialization, the vice-chairman unit of the China Feed Industry Association and one of the first enterprises in China that passed certification of the ISO9001 International Quality Management System and the HACCP Food Safety Management System. The company is now one of the largest top-ranking feed enterprises in the Northeast region of China. With respect to business scope, the company gives priority to feed and also deals in international trade, feed additive, feed machinery, cultivation equipment, further processing of agricultural products and more.

In 2007, the sales volume of the group broke through 1.1 million tons of feed, ranking among the top ten enterprises in the industry. In 2008, the sales value of the group broke through Rmb 5 billion; and sales value,

profit payments and tax turnover set a historic high. In 2009, the group had its sales volume reached 1.7 million tons of feed, with income breaking through Rmb 7 billion.



Hunan Zhenghong Science and Technology Development Co., Ltd.

Hunan Zhenghong Science and Technology Development Co. Ltd. is a large enterprise that specializes in production and marketing of feed products.

The company is a joint-equity enterprise that was listed early on the stock market after reorganization (known as the "first stock of China feed"). The company has 33 whole-funded, holding and shareholding enterprises in 16 provinces and cities, and 42 microcomputer control production lines. The company specializes in production of more than 120 varieties of the Zhenghong brand feed product (which offers feed for pigs, chickens, ducks, fish, cattle and sheep). The annual production capacity of the company is up to two million tons. The company has total assets of Rmb 1.8 billion, net assets of Rmb 1.2 billion and total disposable assets of Rmb 5 billion. It is ranked first in the "China Top 30 Feed Enterprises" for overall strength.

In 2010, the company maintained the momentum of steady development in the feed industry and gained business income of Rmb 1.37 billion, which grew by 4.97% over the same period in the previous year. Sales volume increased by 7% over the previous year.



Guangdong Haid Group

Guangdong Haid Group Co Ltd is a listed high-tech enterprise that integrates research and development with production and marketing of aquaculture and poultry feeds, and aquaculture premix and healthy cultivation, which are major businesses of the group as well. The group regards aquaculture premix, aquaculture and compound feeds for livestock and poultry as primary products, and it provides technical courses on cultivation to farmers. Haid Group has achieved production and marketing in national key aquaculture areas, and now has nearly 30 subordinate companies and six pilot experiment bases across the country. The group entered into the top 30 enterprises in 2005, and ranked among the top ten in the industry in 2007.

In 2010, the company's feed segment income increased by 52.4% , in which the sales volume of feed increased by 35.39%. The average price of products throughout the year rose by 12.44% over the previous year. The income from aquaculture compound feed grew at the highest rate. The growth rate of income from compound feed for fish and shrimp was above 60%. The income from aquaculture feed accounted for 58% of feed segment income, which rose substantially over previous years. The income from compound feed for livestock and poultry increased by 37%. The growth rate of pig feed was highest, up to 45%, which maintained double growth every two years. The income from duck feed increased by 39%, as the Guangdong duck feed market was influenced by the financial crisis in 2009, the sales of duck feed basically held the line with that of 2008. Both sales volume and income of duck feed increased in 2010. The income from chicken feed grew by 28%, in which the company still is on the leading edge in the Guangdong market.



Changchun Dacheng Industry Group

Changchun Dacheng Industry Group, established on September 12, 1996, is a wholly foreign funded enterprise. The business scope of the company involves deep processing of corn, processing of agricultural and sideline products, information consultation about corn, research and development and design. The primary products of the company include corn starch, albumen powder, protein feed, germ meal, corn oil, waxy starch, modified starch, lysine hydrochloride and lysine sulfate.

The sales-output ratio of the company is above 95%. In 2000, the output value of the company reached Rmb 2.3 billion; the company achieved sales revenue of Rmb 2 billion, gained profit of Rmb 30 million and paid taxes of Rmb 17 million.

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