

China's Pig Industry in 2010

For the year 2010, the number of slaughtered hogs and pork output in China slightly increased from 2009. Meanwhile, the proportion of standard scale cultivation keeps rising nationwide.



General introduction of China's swine industry in 2010

In 2010, the gross output of meat was 79.25 million tons, an increase of 3.6% from 2009. The pork output was 50.7 million tons, which increased by 3.7% over the previous year and accounted for 63.97% of gross output of meat nationwide. The slaughtered hogs all over the country reached 667 million head, an increase of 3.3% over the previous year. By the end of 2010, the amount of live hogs across the country was 453.8 million head, a decrease of 3.4% over the previous year; and the amount of fertile sows was 47.5 million head, a decrease of 3.3% over the previous year.

In 2010, the average price of hogs nationwide was 11.3 yuan/kg, which rose by 0.42% over the previous year; the average price of piglets was 16.54 yuan/kg, a decrease of 7.32% compared to the previous year; the average price of pork was 18.39 yuan/kg, an increase of 0.62% over the previous year. The average net profit from slaughtered hogs was about 130 yuan all year round, according to a report on the hog monitoring system from the Ministry of Agriculture of PRC. The proportion of standard scale cultivation keeps rising nationwide, it was estimated that the proportion of scale cultivation of hogs would reach 66%, an increase of 5% compared to 2009.

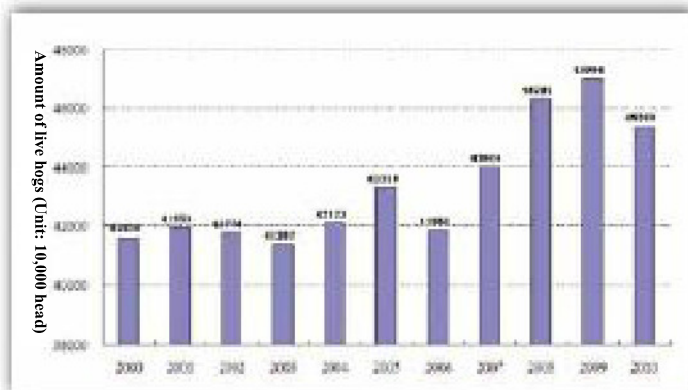


Chart 1: Total amount of live hogs nationwide from 2000-2010 (Source: MOA)

China hogs and meat production in 2010

1. Live hogs production

At the end of 2010, the amount of live hogs nationwide was 453.8 million head, a decrease of 3.44% compared to the same period of 2009 (see Chart 1). The amount of live hogs peaked in January, up to 455 million head.

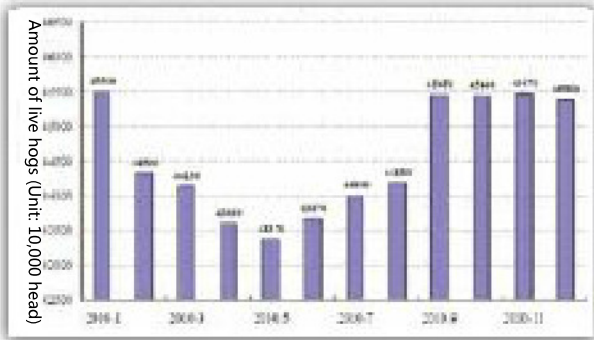


Chart 2: Total amount of live hogs nationwide in 2010
(Source: website of the Central People's Government of PRC)

Following a drop in the price of hogs and increased losses, the amount of live hogs gradually decreased nationwide, hitting a low point in May at 433.7 million head (see Chart 2). After that, following the rise in the price of hogs, the amount of live hogs gradually increased.

In 2010, influenced by the production efficiency of hogs, the amount of fertile sows nationwide fluctuated greatly. The downturn in the production efficiency of hogs and continuous loss in the first half of the year called for companies to optimize production and eliminate low yielding sows, and some farmers dropped out. Therefore, the amount of fertile sows decreased gradually and by August was reduced to 45.8 million head (see Chart 3). This was the lowest point throughout the year, a decrease of 6.34% compared to February 2010 (48.7 million head, which was the peak of stock fertile sows throughout the year).

2. Market volume of hogs

In 2010, the amount of slaughtered hogs was 667 million head nationwide, an increase of 3.3% over the previous year. This amount has been increasing for three years (see Chart 4). The slaughtering rate of hogs nationwide continued to increase, up 141.9%, an increase of 2.6% in contrast with the amount in 2009. However, compared to Canada, the United States and the European Union, the slaughtering rate of hogs in China was still at a lower level.

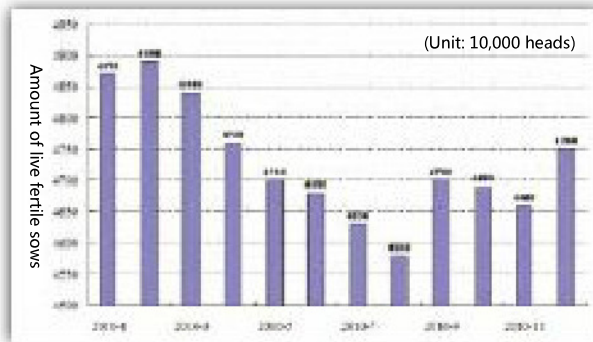


Chart 3: Total amount of live fertile sows nationwide in 2010
(Source: website of the Central People's Government of PRC)

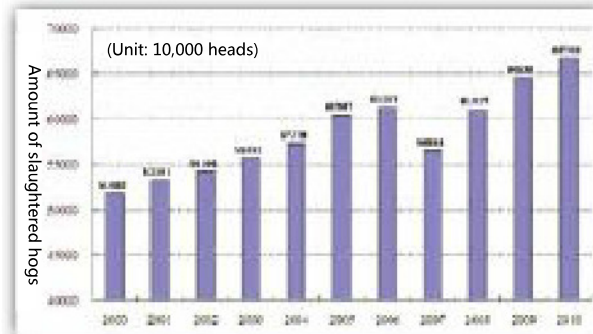


Chart 4: Total amount of slaughtered hogs in China from 2000-2010
(Source: National Bureau of Statistics of China)

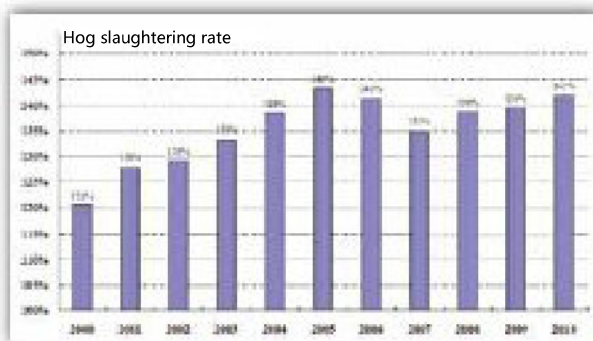


Chart 5: The slaughtering rate of hogs nationwide from 2000-2010
(Source: National Statistics Bureau of China)

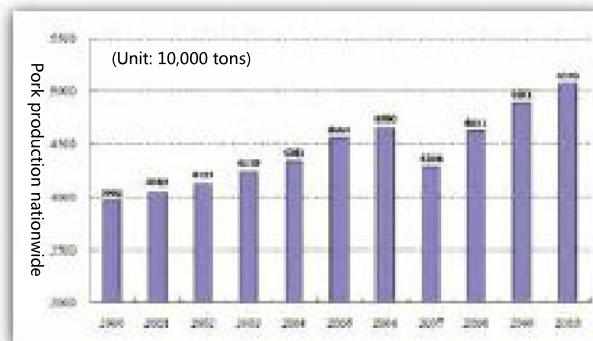


Chart 6: Pork production nationwide from 2000-2010
(Source: National Bureau of Statistics of China)

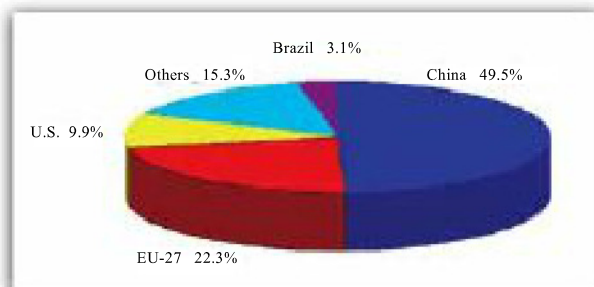


Chart 7: Pork production of main pork producing countries in 2010 (Source: USDA)

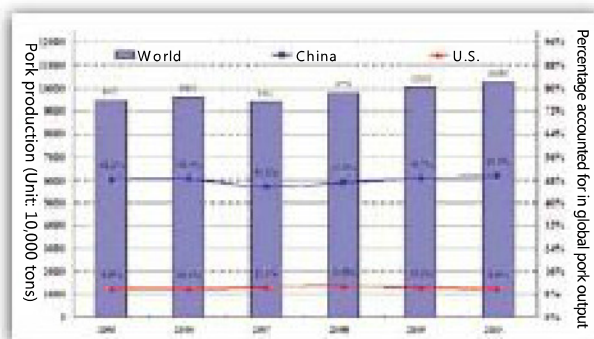


Chart 8: Pork production in the world and proportion of pork production in China and the U.S. from 2005-2010 (Source: MOA & USDA)

3. Pork production

In 2010, China's pork production was 50.7 million tons (an increase of 3.7% over the previous year), which accounted for 63.97% of gross output of meat nationwide (an increase of 0.6% over 2009) (see Chart 6). It has been increasing since 2008 (see Chart 5). In 2010, the gross output of meat across the world was about 103 million tons; China, the EU and the U.S. were the main pork producing areas. Pork production from China accounted for 49% (see Chart 7 and Chart 8).

China's import and export of swine products in 2010

1. Pork export

In 2010, the amount of pork exported from China was 110,100 tons, an increase of 26% over the previous year. The value of the export was USD332 million, increasing by 26.4% over the previous year. The average unit price of pork was USD3, 014.8 per ton, an increase of 0.3% compared to the previous year (see Table 1).

In 2010, China exported 104,100 tons of pork to Asia, which increased by 22.6%, valued at USD319 million, an increase of 23.8% over the previous year. The average unit price of pork was USD3, 066.1 per ton, which increased by 1%. The amount of pork exported to Africa was 212.1 tons, down 4.9% over the previous year, and was valued at USD543, 000, a drop of 3.3% over the previous year. The average unit price was USD2, 559, an increase of 1.6% over the previous year. Exports to Europe were at 5,782.3 tons, an increase of 154.6% over the previous year, and valued at USD12, 218,000, which increased by 175.7% compared to the previous year. The average unit price was USD2, 113 per ton, an increase of 8.3% compared to the previous year. Pork exported to South Africa was at 44.5 tons and valued at USD113,000. The average unit price was USD2, 535.6 per ton.

In 2010, among countries and regions importing pork from China, Hong Kong ranked the first in value at USD250, 843,000, an increase of 19% over the previous year. The import amount was 83,100 tons, an increase

Table 1 – Data on pork export from China from 2008-2010

(Source: Ministry of Commerce)

Item	Year	2008	On year-on-year basis	2009	On year-on-year basis	2010	On year-on-year basis
Amount of export (t)		82203.1	-38.5%	87393.8	6.3%	110126.4	26.0%
Value of exports (USD10,000)		27558.0	-2.9%	26272.1	-4.7%	33201.3	26.4%
Average unit price (USD/t)		3352.4	57.8%	3006.2	-10.3%	3014.8	0.3%

Table 2 – Hog export from China from 2008-2010

(Source: General Administration of Customs of the People's Republic of China)

Item	Year	2008	On year-on-year basis	2009	On year-on-year basis	2010	On year-on-year basis
Quantity(10,000 head)		164	2.02%	162.27	-1.05%	168.80	4.02%
Value (USD10,000)		38270.4	46.44%	33007.47	-13.75%	33854.08	2.56%

of 18.4%; the average unit price was USD3, 019.6 per ton, which increased by 0.5% over the previous year. Kyrgyzstan came in second in quantity at 12,421.2 tons (an increase of 42.2% compared to the previous year), which was valued at USD37, 516,000 (an increase of 36.8% compared to the previous year); the average unit price was USD3, 020.3 per ton, a decrease of 3.8% over the previous year. The third was Macao, to which was exported 4,548.1 tons (an increase of 18.7% compared to the previous year) valued at USD13, 343,000 (an increase of 18.7% compared to the previous year); the average unit price was USD2, 933.6 per ton.

2. Hog export

In 2010, total volume of hog exports from China was 1,688,000 head, an increase of 4.02% over the previous

year, and valued at USD339 million, an increase of 2.56% (see Table 2). Calculated based on 15 hogs equaling a ton of meat, the total hogs exported in 2010 were converted into 112,500 tons of meat.

3. Pork import

In 2010, the amount of imported frozen pork to China was 201,100 tons, an increase of 49% over the previous year, valued at USD209 million, which increased by 53.1% (see Table 3). The U.S., Canada and the EU were the main sources of pork import to China (see Chart 9).

4. Import of pork offal

In 2010, the import volume of pork offal totaled 700,000 tons, an increase of 78.3% compared to the previous year, a value of USD780 million, which increased by 105% over

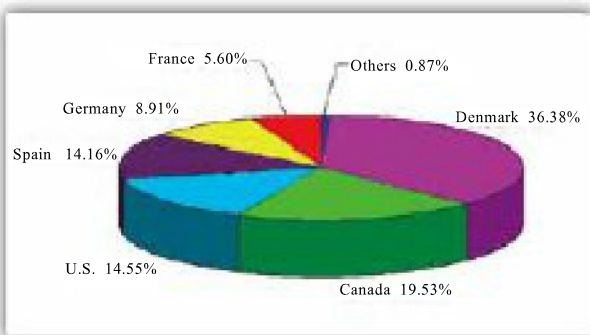


Chart 9: Percentage of import volume of frozen pork to China in 2010 (Source: General Administration of Customs of PRC)

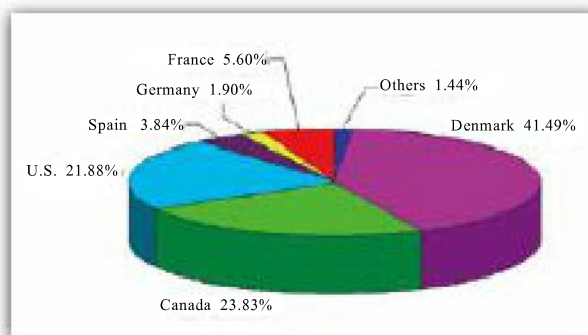


Chart 10 – Percentage of pork offal import volume to China in 2010 (Source: General Administration of Customs)

Table 3 – Import of frozen pork to China in 2010

(Source: General Administration of Customs of the People's Republic of China)

Item	Year	2008	On year-on-year basis	2009	On year-on-year basis	2010	On year-on-year basis
Amount of import (10,000t)		37.33	335.61%	13.50	-63.85%	20.11	48.99%
Value of imports (USD10,000)		52.35	325.01%	13.63	-73.96%	20.86	53.06%

Table 4 – Import of pork offal

(Source: General Administration of Customs of the People's Republic of China)

Item	Year	2008	On year-on-year basis	2009	On year-on-year basis	2010	On year-on-year basis
Import volume (10,000t)		12	/	39	225%	70	79%
Value of imports (USD100 million)		1.3	/	3.8	192%	7.8	105%

the previous year (see Table 4). China imported pork offal mainly from the U.S., Canada, EU countries, etc. (see the Chart 10).

In 2010, the hogs and hog products of China maintained favorable balance of trade, but import volume of hogs increased to a great extent, and the favorable balance of trade shrank. The value of favorable balance of trade was USD14, 622,700 throughout the year, which was reduced by USD354 million from 2009. Exports totaled USD1.013 billion, up 13.1% over the previous year. The export of hogs, processed pork and fresh frozen pork accounted for one third of the total volume of exported pork products. Imports totaled to USD999 million, an increase of 89.5%. The import of pork offal and fresh frozen pork accounted for 78.1% and 20.9%, respectively.

China's pork products, particularly those high value-added pork products were mainly exported to Asian countries and regions. The import volume of pork and pork byproducts to China has increased rapidly since 2007; pork byproducts accounted for more than 70% of import. China has become a net importer of pork products for the past four years.

The development of intensive production of hogs in China 2010

In 2010, the proportion of slaughtered hogs from culturists (intensive farms) with annual market volume of 50 head reached 66% (see Chart 11).

With the development of rural economy and adjustment of industrial structure in agriculture in recent years, a

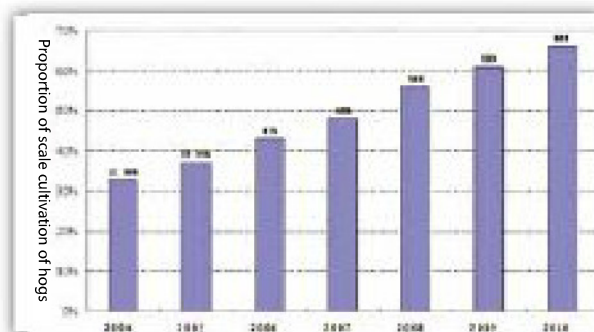



Chart 11: The level of intensive hog production from 2004-2010 (Source: MOA)

growing number of farmers are looking for work. The hog culturists are declining in number. According to statistics from the Ministry of Agriculture, the total number of culturists nationwide declined by 12.1% in 2008. The number of culturists with annual market volume of less than 50 head declined by 12.7% compared to the previous year. In 2009, the total number of culturists across the country dropped by 7.3% over the previous year; and culturists with annual market volume of less than 50 head declined by 7.7% in number.

In the meantime, the culturists with annual market volume of more than 500 head have developed very rapidly. The proportion of the culturists has increased greatly in both quantity and market volume. In 2008, the quantity of culturists rose by 31.7%, with the percentage of market volume in the total volume nationwide increasing 5.5%. In 2009, the quantity of culturists increased by 18.5%; and the market volume percentage rose by 4.4%, up to 31.7%. 

Top hog breeding enterprises



Guangdong Wens Food Group Co., Ltd.

Guangdong Wens Food group was established in 1983, with its base in Yunfu city, Guangdong Province. The main businesses are poultry breeding, pig breeding and cattle breeding, along with food processing and animal health.

The company invested in more than 110 subsidiaries in more than 22 provinces in China, including Guangdong, Guangxi, Fujian, Jiangsu and Zhejiang. The company slaughtered 2.5 million head of pigs in 2008, and the sales volume reached 15.8 billion RMB; the sales volume was 17.2 billion RMB in 2009. For 2010, the company slaughtered more than 5 million pigs and its sales volume reached 22 billion RMB.



New Wellful Co., Ltd.

New Wellful is located in Changsha city, Hunan Province. The company has several subsidiaries and cooperates with more than 60 registered export pig farms within Hunan Province.

There are more than 700,000 pigs breeding in the company, out of which 400,000 were exported to Hong Kong and Macao. In 2010, the company's operation revenue reached 877 million RMB, an increase of 52.64% from 2009; and the profit reached 24.766 million RMB, an increase of 17.63% from 2009.



Hainan Luoniushan Pig Breeding Co., Ltd.

Luoniushan Pig Breeding is based in Haikou city, Hainan Province. With a total investment of 650 million RMB, the company now has 10 breeding farms, five artificial insemination stations and one pig breeding testing center in Hainan Island.

In total, there are 11,000 sows and high-quality boars in the company, and it can produce 60,000 high-quality breeding pigs.



Shunxin Agriculture

Shunxin Agriculture is located in Beijing, and its main businesses include grain processing and sales, meat processing and sales, breeding and agri-tech development. Six branches and 18 subsidiaries are included in the company. Shunxin Agriculture is the first listed agriculture company in Beijing.

The operation revenue for 2010 was 6.268 billion RMB, an increase of 2.98% from 2009; total profit reached 347.3 million RMB, representing a growth of 41.7% from 2009; and the net profit was 265 million RMB, an increase of 65.21% from 2009.



MuYuan Breed Co., Ltd.

Located in Nanyang city, Henan Province, the Henan

MuYuan Breed Co., Ltd. (HNMY) was established in 1992. It has grown into a large breeding company with capital of 500 million RMB, 19 subsidiaries and covers more than 5,000 acres. It has a staff of 1,400.

Currently, the company has a feed mill that can produce 400,000 tons of feed annually, 20 large, modern pig farms and can slaughter 800,000 pigs every year. The company also has a meat processing facility, which can slaughter and process 1 million heads.



Hubei Tianzhong Stockbreeding Co., Ltd.

Tianzhong Stockbreeding has its base in Wuhan city, Hubei Province. The company now has 23 breeding pig farms in Hubei, Fujian, Jiangxi and several other provinces and also has two feed mills, two technology departments and an aqua breeding base.

Currently, the company has more than 25,000 sows and can produce 150,000 breeding pigs and 320,000 market pigs every year.



Henan Chuying Agro-Pastoral Co., Ltd.

Henan Chuying Company is in Xinzheng city, Henan Province. The company now has several businesses including feed production, pig breeding, pig production and technology development.

In 2010, the company sold 436,400 heads of piglets, which was 44.6% higher than 2009, and 199,300 head of market pigs, an increase of 49.92% from 2009. The operation revenue for 2010 was 682 million RMB, an increase of 26.22% from 2009; total profit was 124 million RMB,

39.74% higher than 2009; and the net profit was 123 million RMB, representing a growth of 39.24% from 2009.



TRS Group Co., Ltd.

TRS Group Co., Ltd is among the first Leading National Agricultural Enterprises. Over the past two decades , TRS Group has developed into an industrial chain operation integrating five production domains: breed improvement, safe feed production, healthy breeding, meat processing and brand chain stores, and it has more than 40 subsidiaries across the country. Meat product brand Tang Ren Shen and feed brand Camel have the “Top brand of China” and the “Reputed Trademark” . Meishen Seed is certified by NSR and achieves the same level of seed breeding as in the U.S.



Tianzow Breeding

Tianzow Breeding introduced 886 head of breeding pigs from Canada in 2008, as well as the technology for improving the genetics of pigs. The company has in a short time established several high-end pig breeding farms in Sichuan, Jiangsu, Hainan, Guizhou and some other main pig producing areas.



Zhejiang Jiahua Pig Breeding Co., Ltd.

Established in 1953, the Zhejiang Jiahua Pig Breeding company is located in Jinhua city, Zhejiang Province. The company now has 5,000 head of sows, and it can produce more than 30,000 head of breeding pigs and 60,000 head of market pigs every year.

(Companies listed in no particular order)

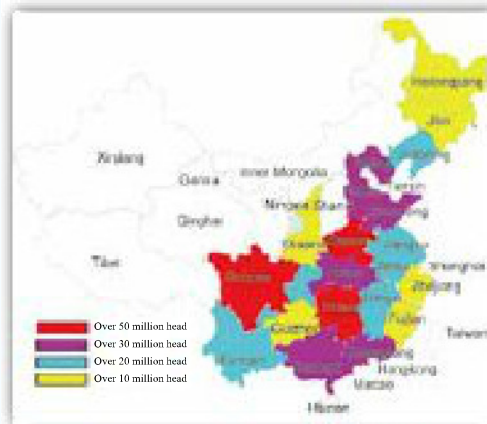
Appendix table and maps

1. Per capita pork consumption of the world's main pork consumption countries/regions

Unit: Kg/per person/year

Country	Rank	2007	2008	2009	2010
Hong Kong	1				
Belarus	2	39.1	44.9	42.1	47.5
EU-27	3	43.8	42.8	42.8	43.2
Mainland China	4	32.3	35.1	36.5	37.9
Taiwan	5	36.9	35.7	36.9	35.8
Switzerland	6	33.6	33.5	33.3	33.1
South Korea	7	31.1	31.4	30.5	31.6
U.S.	8	29.8	29	29.3	27.9
Norway	9	27.2	26.1	25.3	25
Canada	10	26.6	25.5	25.5	23.9

(Source: USDA)

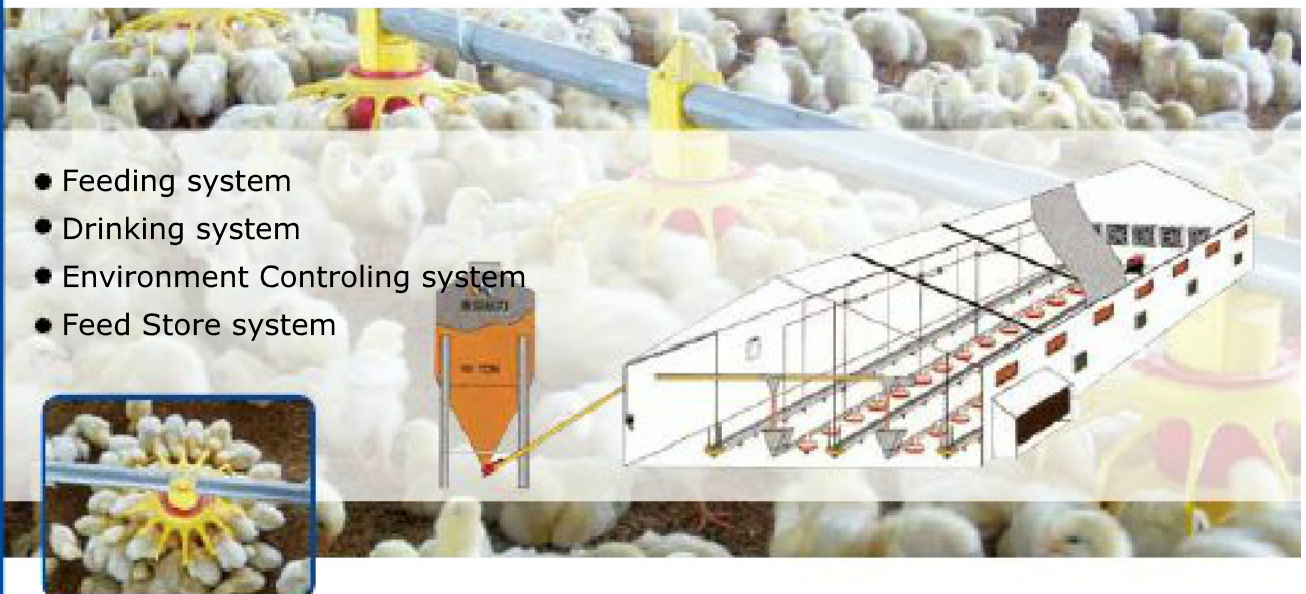


2. Distribution map of Chinese provinces with market volume over 10 million head in 2009



3. Distribution map of intensive production of hogs in Chinese provinces in 2009

(Source: CAAA)



- Feeding system
- Drinking system
- Environment Controlling system
- Feed Store system



Jinan Lionpower Poultry Systems Co., Ltd.

Add:92 Sushan Road Tianqiao District, Jinan City, Shandong Province, China.

Tel: +86-531-8576 0509 Fax: +86-531-8576 0386 Email: robinlau2009@yahoo.com.cn Web: http://www.cnlsp.com