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Report Highlights:

In 2023, poultry production is expected to remain stable at 14.3 million metric tons. White feather broilers' share of overall chicken production is expected to increase, while yellow feather broiler production is expected to decline. In 2023, imports (excluding paws) are expected to reach 750 thousand MT from lower 2022 rates. China currently restricts imports of select U.S. poultry and poultry products from several locations based on concerns over highly pathogenic avian influenza. China's exports in 2023 are expected to increase 5 percent to 575 thousand MT as demand resumes in mature and new markets.

EXECUTIVE SUMMARY

FAS China estimates for 2022 chicken meat do not vary from USDA Official estimates for production, supply, and distribution.

Production: In 2023, chicken production is expected to remain steady at 14.3 million metric tons (MMT). Demand for affordable chicken products, particularly white broiler meat, is expected to grow in 2023. Consumers' shift towards a more diverse protein diet will drive demand for white broiler products and drive increases in production. Yellow broiler production will be negatively affected by consumer price sensitivity and China's ongoing COVID-19 restrictions.

Consumption: In 2023, demand for poultry products, particularly white broiler products, is expected to increase from the institutional and retail sectors to reach 14.475 MMT, a 1 percent increase over 2022.

Imports: In 2023, imports of chicken meat (excluding paws) are projected to reach 750 thousand MT after declining in 2022. In 2022, highly pathogenic avian influenza (HPAI) outbreaks limited imports from multiple countries, including the United States – the second largest exporter of poultry products to China.

Exports: In 2023, exports of poultry products from China to Hong Kong, Japan and other markets are expected to grow by 5 percent to 575 thousand MT as demand by consumers in other countries returns to normal.

PRODUCTION

Table 1. China: Production Supply and Distribution for Chicken Meat

Meat, Chicken	2021		2022		2023	
Market Begin Year	Jan-21		Jan-22		Jan-23	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	0	0	0	0	0	0
Production	14700	14700	14300	14300	0	14300
Total Imports	789	789	650	650	0	750
Total Supply	15489	15489	14950	14950	0	15050
Total Exports	457	457	550	550	0	575
Human Consumption	15032	15032	14400	14400	0	14475
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	15032	15032	14400	14400	0	14475
Total Use	15489	15489	14950	14950	0	15050
Ending Stocks	0	0	0	0	0	0

All Units in 1,000 MT, unless otherwise specified

Not Official USDA Data

*Note: Chicken paws are excluded from PSD forecast estimates

In 2023, poultry production will remain stable at 14.3 MMT

China's chicken production includes white feather broiler (white broiler), yellow feather broiler (yellow broiler), spent hens and hybrid (817) chickens. China's National Bureau of Statistics and the Ministry of Agriculture and Rural Affairs (MARA) include a broader range of poultry in their poultry production estimates.

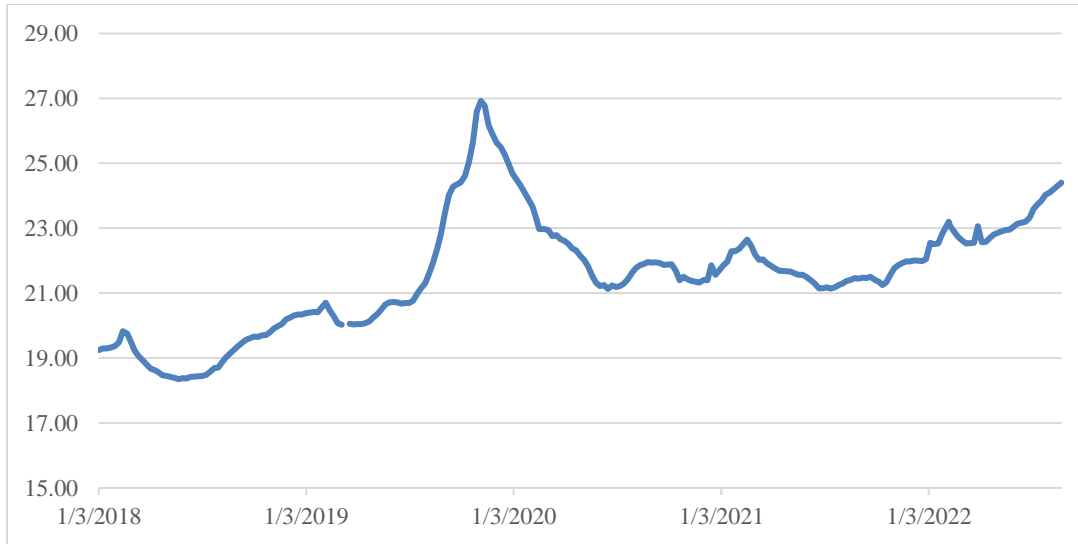
In 2023, China's poultry production is expected to remain stable at 14.3 MMT as increased production of white broilers displaces yellow broiler production. In 2023, affordable pork products and a less optimistic economic outlook will put additional pressure on consumer decisions to purchase white broiler meat over yellow broiler meat products, which are typically higher priced.

In 2023, sales of white broiler products at retail or through e-commerce platforms are expected to grow. Currently, consumers do not differentiate by brand or producer for white broiler products. On the other hand, yellow broilers are traditionally purchased live in wet markets – where consumers inspect and select birds for slaughter. Ongoing COVID-19 restrictions have limited consumer access to in-person purchases of live birds at wet markets.

Margins for poultry producers in 2023 are expected to improve slightly as prices climb (see **CHART 1**). Industry members expect this price to stabilize at a higher level in the future. The African Swine Fever (ASF) outbreak in 2018 and high pork prices caused many consumers to incorporate an increasing share

of poultry products into their daily diets. This shift in preference has remained the new normal, even as prices for pork products declined in 2021 and remained relatively stable in the first half of 2022.

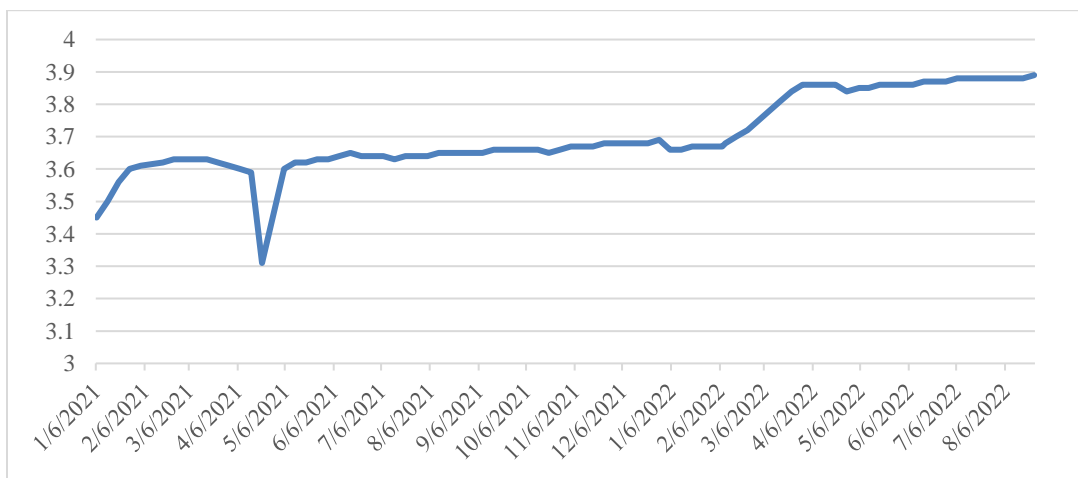
Chart 1: China: Chicken prices 2018 to 2022



Source: Ministry of Agriculture and Rural Affairs (MARA)

In 2023, stable but increasing broiler feed prices (see **CHART 2**) are expected to support white broiler production expansion among large-scale producers that have lower costs than small producers. However, poultry producers and slaughterhouses have reportedly been operating at a loss since late 2021 and are not operating at full capacity.

Chart 2. China: Broiler Feed Prices RMB/KG



Source: MARA

CONSUMPTION

Consumption expected to grow by 1 percent in 2023

In 2023, domestic poultry consumption is expected to grow by 1 percent. Consumers are expected to continue incorporating more poultry products into their diets. Institutional clients, such as school and company cafeterias, are expected to continue to incorporate poultry products into their dining options. Affordable domestic pork prices in 2023 are unlikely to affect the shift towards greater poultry consumption, especially as prices for poultry products are also expected to remain relatively stable in 2023. However, a less optimistic economic outlook and ongoing COVID-19 restrictions will put pressure on purchases of higher value poultry products, such as yellow broiler.

China's domestic COVID-19 restrictions expected to remain in 2023

In 2023, growth in consumption of chicken products will be affected by China's COVID-19-related restrictions. Large gatherings, conferences, and other events are expected to continue to face cancellations and postponements as China's zero-tolerance COVID-19 policies remain in effect.

In 2022, extended lockdowns of several major cities and nationwide logistical challenges due to road closures and onerous nucleic acid test requirements on truck drivers reduced availability of chicken products. According to NBS data, poultry meat consumption in 2022 is expected decline by 1.3 percent decline 2021.

MARKETING

Consumer behavior and preferences shifting for convenience and health

Improved processing technologies and ready-to-eat poultry products are boosting consumer interest in poultry products in China. Companies are expanding food processing facilities and investing in advanced technologies to produce the so called '3Rs': ready-to-use, ready-to-cook and ready-to-eat foods. Many consumers, particularly younger consumers in first and second tier cities¹, are embracing healthy eating trends such as cooking and dining at home at higher rates than before the pandemic.

TRADE

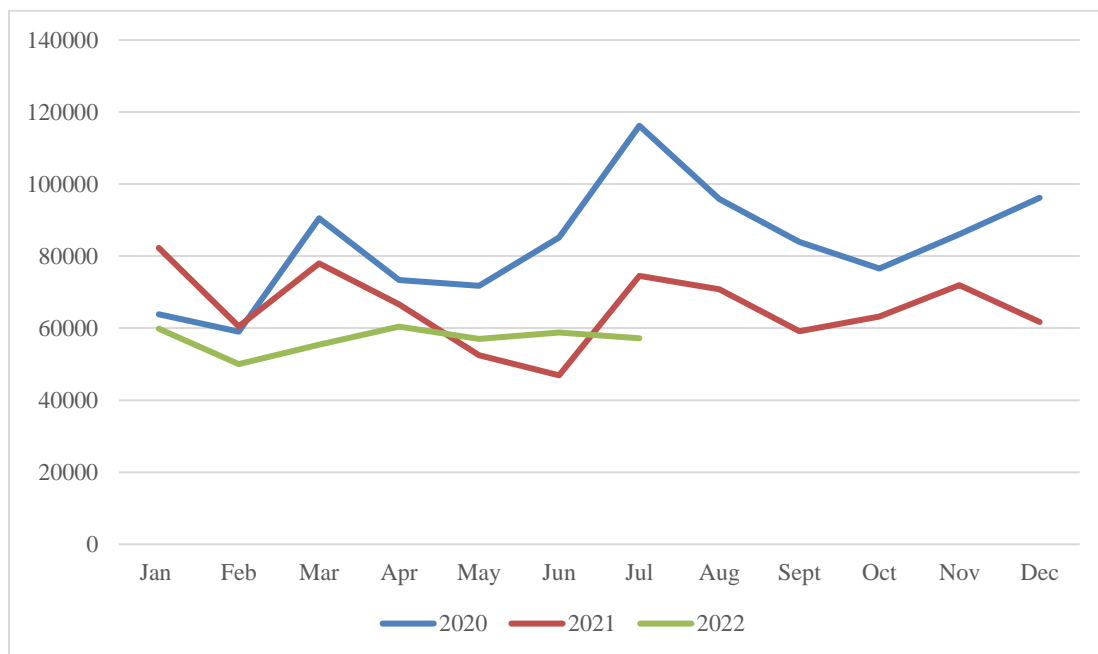
Imports of poultry products to reach 750 thousand MT, but below 2021 rates

In 2023, Chinese imports of poultry meat products are expected to rebound to 750 thousand MT, but further growth could be constrained by an evolving global animal disease situation (i.e., HPAI). In 2023, U.S. poultry imports are expected to be constrained by a strong U.S. dollar vis-à-vis other suppliers such as Brazil and domestic production.

¹ China analysts rank Beijing, Shanghai, Guangzhou and Shenzhen as "first tier" cities. There are nearly 100 second and third tier cities emerging across China.

In the first half of 2022, traders faced high prices for imported poultry products and temporary closures of cold storage warehouses (due to COVID-19 restrictions) where imported products were stored. These circumstances caused significant cash flow problems, placing downward pressure on imports in 2022. In 2023, Post expects cash flow problems will be resolved but that traders will remain cautious.

Chart 3: China: Monthly Imports of Chicken Products (MT)



Source: China Customs

Imports of poultry genetics in 2023 uncertain due to HPAI restrictions

In 2023, China’s imports of grandparent stock genetics remain uncertain due to ongoing HPAI restrictions, including restrictions on genetic stocks. In 2022, HPAI-related restrictions negatively impacted imports of U.S. grandparent stock. White broiler grandparent stock imports into China are overwhelmingly from the United States and New Zealand.

Domestic white broiler genetics available, but buyer confidence remains low

In 2023, imported genetics are expected to remain the dominant source for China’s commercial white broiler operations due to their reliably high-quality results and yield. For China to expand domestic breeding capabilities, continued investment, commercialization, and competitive results from domestic breeds will be necessary.

In 2021, three domestic varieties of broiler genetics entered the market: Fujian Shengnong’s “Shengze 901,” Guangming Agriculture and Husbandry’s “Guangming No. 2,” and Beijing Yukou’s “Wode 188.” Although some industry sources report that domestic genetics are commercially available, many sources

emphasize that farmers still strongly prefer to use imported genetics until several generations prove consistently that the domestic product generates at least comparable productivity and quality.

Exports to Make Gains in 2023

China's 2023 chicken exports are expected to reach 575 thousand MT as Japan and Hong Kong resume normal operations and demand builds in new markets. The European Union, the United Kingdom, and countries in Southeast Asia are expected to provide growth opportunities in 2023. In the first half of 2022, exports of chicken products from China saw a nearly 28 percent growth year-over-year.

In 2023, Hong Kong is expected to remain the largest market for China's exports of fresh/chilled chicken and processed chicken products. China's poultry product exports to Japan remain driven by local trends such as a demand for convenience manifest in value-added products, ready-to-eat products, and precooked products.

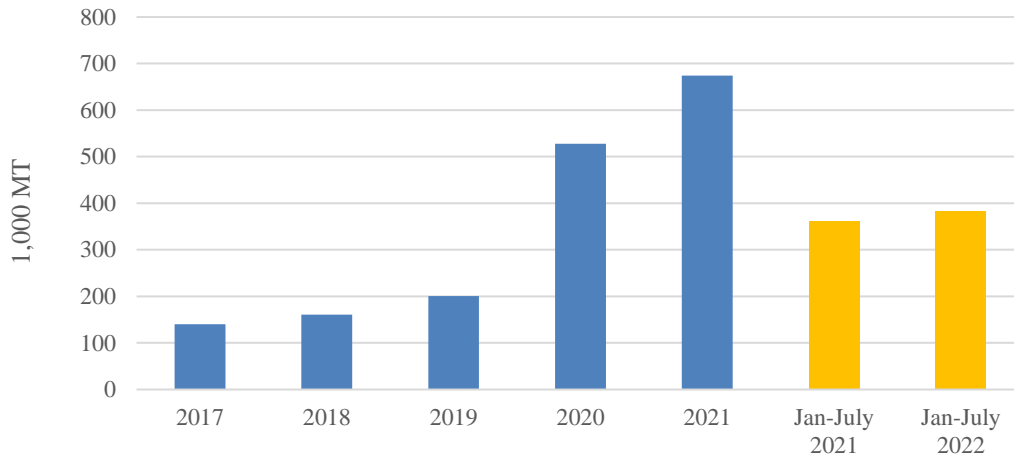
OTHER POULTRY PRODUCTS

Chicken Paws (Feet)

China's chicken paw (feet) imports have grown steadily over the last five years (see **CHART 4**) and the strong demand is expected to continue in 2023. However, with current HPAI restrictions on U.S. poultry products it is uncertain to what level the United States will be able to supply chicken paw products to China in 2023. The United States dominates China's chicken paw imports market with its unique "jumbo" paw which are preferred for their uniquely large size and consistently high quality.

From January to July 2022, nearly 384 thousand MT of chicken paw were imported into China. The United States continued to lead in this product category at 155 thousand MT, followed by Brazil at 96 thousand MT and Russia at nearly 48 thousand MT.

Chart 4: China: Chicken Paw Imports



Source: China Customs

Turkey Meat

In 2023, China’s imports of turkey products are expected to reach 20,000 MT, dominated by turkey cuts and edible offal, on higher imports from Russia and Chile. In 2022, exports of turkey products from the United States were affected by HPAI-related restrictions.

Attachments:

No Attachments