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Report Name: Perspectives on the Feed and Swine Sectors

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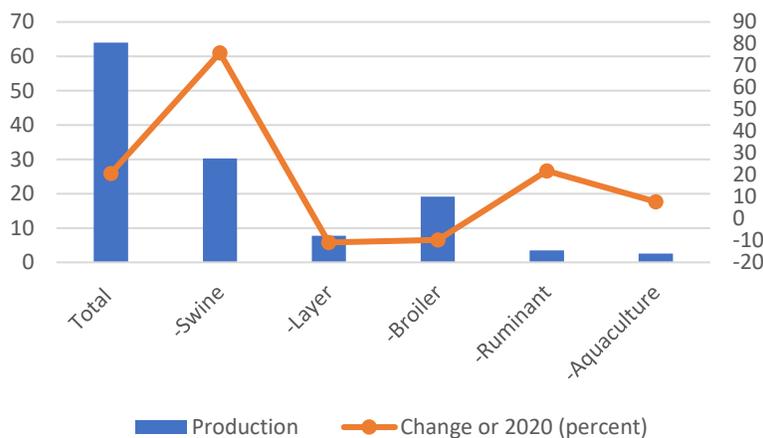
Approved By: Adam Branson

Report Highlights:

The China Feed Industry Expo and Conference took place in Chongqing April 18-20, 2021, bringing together traders, analysts, and government officials to share perspectives on the feed and swine sectors. Key topics addressed include grain traders' moves to diversify their suppliers, the impact of the latest outbreak of African Swine Fever (ASF), the accuracy of Chinese government data, and feed production trends. This report provides a selection of the opinions put forth at the event by government and industry representatives. FAS China perspectives are reflected in unofficial USDA GAIN reports.

The following are some of the perspectives expressed by Chinese government and industry participants attending or speaking at the 2021 China Feed Industry Expo and Conference. FAS China analysis of China's agricultural production and trade is provided through commodity reports in the USDA GAIN system.

Chart 1. China: Feed Production in the First Quarter of 2021
 (left axis – production in MMT; right axis – % change over 2020)



Source: MARA

Grain and Oilseed Imports and Consumption Patterns

Trading company representatives shared that they are diversifying their suppliers due to concerns about the U.S.-China bilateral relationship and potential supply chain disruptions. For example, they continue to import a substantial amount of whey powder from the United States but have added Europe as a supplier to reduce commercial and political risk. Traders also reported that they are importing record volumes of U.S. feedstocks, including soybeans, corn, and sorghum.

Due to high corn prices, feed companies indicated that they are substituting wheat and rice for corn. The substitution rate of wheat is reportedly as high as 30 percent in some areas.

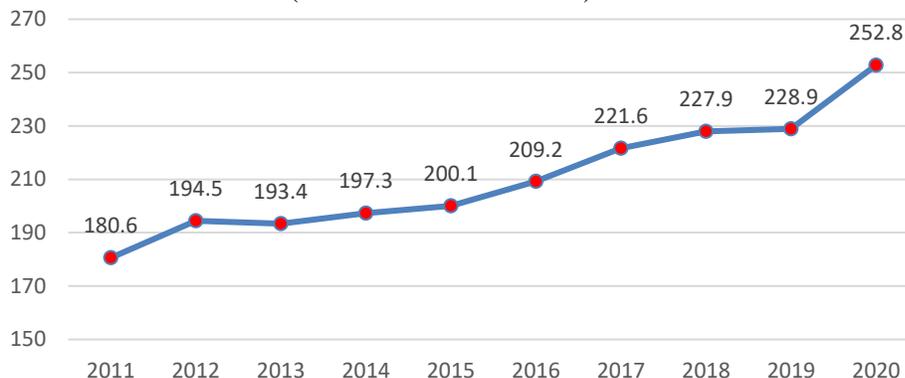
For the most recent FAS China analysis on China's grain and feed sector, see the USDA GAIN report [China Grain and Feed Annual](#) (dated April 16, 2021).

Feed Production

According to a speaker from the Ministry of Agriculture and Rural Affairs (MARA), China produced 252.8 million metric tons (MMT) of feed in 2020, up 10.4 percent from 2019. Out of China's total feed production, compound feed and concentrate feed production were 230.7 MMT and 15.2 MMT respectively, or 9.8 percent and 22 percent higher than in 2019. MARA attributed this increase to swine

herd recovery following the ASF outbreak, along with an increasing proportion of large-scale swine farms in the sector which is pulling along professional feed utilization.

Chart 2. China: Feed Production Trends
(2011 to 2020 in MMT)



Source: MARA

Swine Sector

ASF was a hot topic among exhibitors at the show, with reports that the disease has become more serious, especially in northern China. Contacts noted declines in the sow herds in Henan and Shandong provinces, with declines of 40 percent and 50 percent, respectively. Recent decreases in pork prices were attributed to producers selling their animals to reduce their risk of losses to ASF. Some farms reportedly sold their pigs underweight. Southwest China seems to be less affected by ASF according to trade contacts met during the expo.

The latest rounds of ASF outbreaks are expected to heavily impact small and family-sized swine farms. Sources suggested that they will find it difficult to survive, let alone expand their herds and operations, under the pressure of falling pork prices, high feed prices, and pig losses. At current prices, smaller farms will make no profit according to meeting participants. Although large companies will suffer from the outbreak, they have larger capital reserves to continue to invest so that they can expand their market share over smaller farmers. According to some sources, some companies that did not expand their operations during the last two years may choose to do so now. For example, one company whose parent company is a state-owned enterprise can raise funds to invest in swine production. The company said it missed the chance to grow its operations during the first outbreaks of ASF and has decided to increase investment during this round.

MARA Swine Statistics

The MARA speaker stated that its swine sector data is reliable, as it is gathered directly from the country's 178,000 large-scale swine farms (defined as farms with a monthly slaughter capacity of 500 head or more). MARA claimed that damage from the ASF resurgence has not been severe, but rather some regions suffered from piglet diarrhea in early 2021. According to MARA, this resulted in a month-on-month decline of 9.9 percent in the new-born piglet survival rate in January and an additional 1.3 percent in February. According to the MARA speaker, the survival rate increased month-on-month by 4.4 percent in March compared to February 2021.

According to MARA data, the national sow inventory had recovered to 95 percent of the pre-ASF level by the end of February 2021 and the hog inventory remains above 400 million head. Furthermore, large-scale slaughterhouses processed 14.2 million pigs in February, up by 71 percent year-on-year. MARA indicated that the number of new-born piglets was more than 30 million head in March 2021, compared to 16 million head in March 2020. Finally, MARA claimed that the hog herd is expected to recover to a pre-ASF level by June or July, and that the monthly hog slaughter number is expected to recover to a normal level by November.

For the most recent FAS China analysis on China's swine sector, see the USDA GAIN report [Delayed Expansion in Chinese Swine Herd](#) (dated April 29, 2021).

The Expo and U.S. Industry Presence

After cancellation in 2020 due to COVID-19 restrictions, the annual China Feed Industry Expo and Conference took place in April 2021 in Chongqing. According to the event organizer, the China Feed Industry Association (CFIA), the 2021 expo occupied over 60,000 square meters of exhibition space. The show was divided into 12 exhibition zones including, for the first time, a dedicated forage zone. CFIA reported that more than 500 domestic and international companies showcased their products and services at the show and about 30,000 visitors attended.

Fewer U.S. exhibitors participated in this year's show compared to previous years, partly due to COVID-19 travel restrictions. In addition, some U.S. companies indicated that they are becoming more interested in the China Animal Husbandry Expo (CAHE), as this show attracts more livestock companies that are the end users or potential end users of their products.

Attachments:

No Attachments.