

Voluntary Report – Voluntary - Public Distribution

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Report Name: Swine and Pork Market Interventions Ineffective at Managing Rising Prices

Country: China - People's Republic of

Post: Beijing

Report Category: Livestock and Products, Agricultural Situation

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Report Highlights:

Since September 8, 2022, the People's Republic of China (PRC) National Development Reform Commission (NDRC) has auctioned 127,100 metric tons (MT) of frozen pork reserves as an attempt to curb rising prices. However, despite numerous auctions and other PRC market guidance, domestic prices continue to rise. China is now entering the peak season for demand of pork and pork products. Imports of pork from January through August 2022 are down 62 percent compared to the same period in 2021.

Background:

In September 2022, news reports indicated that the NDRC implemented a program that would release 200,000 metric tons (MT) of pork from national, provincial, and municipal level reserves as an attempt to stabilize pork prices. Since September 8, 2022, the NDRC has auctioned 127,100 MT of frozen pork reserves at the national level (see TABLE 1). According to news and industry reports, PRC authorities have encouraged provincial and local governments to auction pork reserves at their administrative levels as well. The national auctions began as prices in September were starting to climb and in the run-up to the week-long National Day holiday that started on October 1, 2022, and the Chinese Communist Party's National Congress meeting that was held in mid-October.

More recent news reports indicate that the NDRC is asking private industry members in the swine sector to increase slaughter volume owing to concerns about domestic supplies and to make other adjustments to ensure volumes stabilize.

Despite these market interventions, swine and pork prices continue to rise and may trend higher as the country enters the peak season for demand of pork and pork products.

Between January and August 2022, PRC pork imports were down 62 percent compared to the same period in 2021. Import volumes for January through August equaled almost 1.3 million metric tons (see TABLE 2).

TABLE 1. China: Central Pork Reserve Sale Notices Since September 2022

Batch No.	Auction Date	Quantity (In 1,000 MT)
1	8-Sep-22	37.7
2	18-Sep-22	15.0
3	23-Sep-22	14.4
4	30-Sep-22	20.0
5	14-Oct-22	20.0
6	21-Oct-22	20.0
	Total Since September 2022	127.1

Source: Huashang Reserve Center

TABLE 2. China Pork* Imports from World (In 1,000 MT CWE)

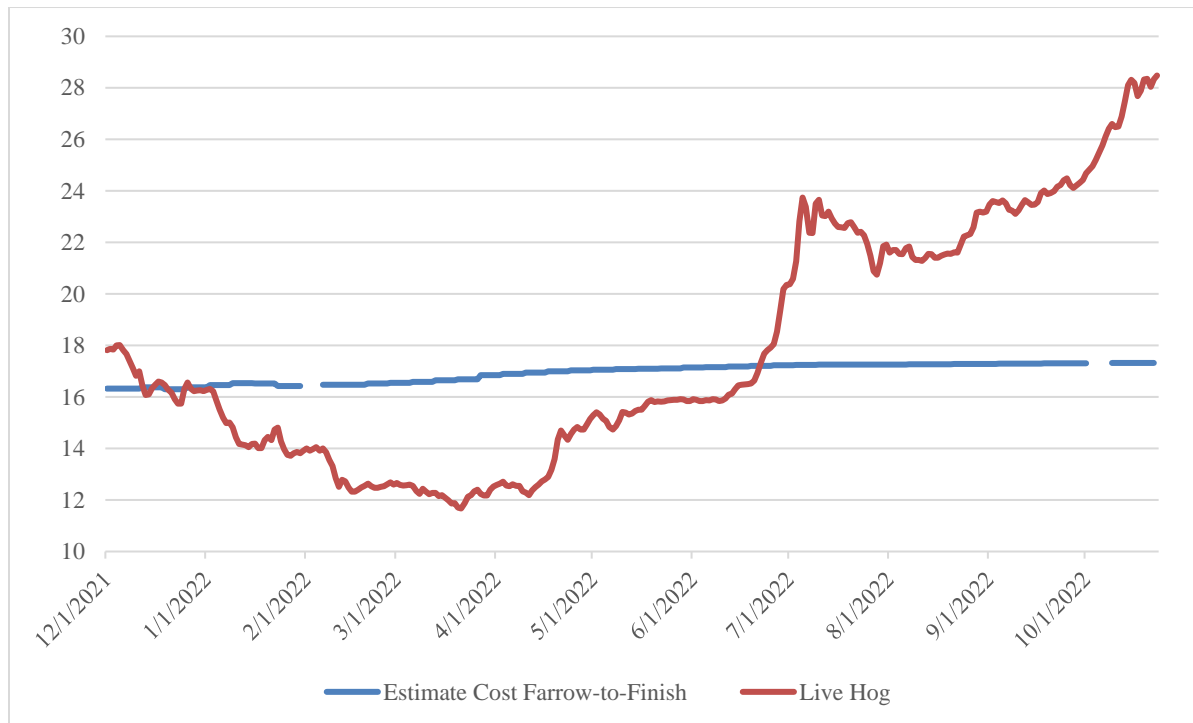
Partner	01/2021 - 12/2021	01/2021 - 08/2021	01/2022 - 08/2022
Spain	1,341	1,096	366
Brazil	705	465	310
Denmark	420	314	123
United States	454	386	89
Others	1,409	1,150	405
World Total	4,328	3,410	1,293

Source: China Customs, Trade Data Monitor

*HS Codes include: 020319, 020321, 020322, 020329, 021011, 021019, 160241, 160249

China's live hog price has been on the rise and exceeded the calculated farrow-to-finish¹ price in June 2022 for the first time this year (see CHART 1).

CHART 1. China: National Average Hog Price (RMB/KG)



Source: MARA and industry sources

For more information see the Livestock and Products Annual Report ([CH2022-0096](#)).

Attachments:

No Attachments.

¹ China's Ministry of Agriculture and Rural Affairs (MARA) calculates a "breakeven" price for hog producers, based on a corn-to-hog cash price ratio, which fluctuates depending on commodity prices. Industry estimates that the farrow-to-finish cost for hog producers has recently fluctuated between 15 RMB/KG (U.S. \$2.07) and 17.5 RMB/KG (U.S. \$2.41). The USD to RMB exchange rate was calculated on October 21, 2022, at 1 USD to 7.25 RMB.