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Pork Industry Quarterly Report

Updated until August 20th, 2021

- July hog price show sharp contrasts, *China total import meat of 854,000mt in July*; Jan – June total of 5.9mmt
- Japan, South Korea, Taiwan, Singapore, Philippines, Vietnam regulatory updates
- *Taiwan's pork imports surge from EU & Canada* and domestic hog prices hit new high of US\$1.39/lb, +16%
- *Philippines' domestic meat surplus starting in 2023*
- In 2021 H1, China's agricultural imports reached \$101.85 billion, up 39%
- China's live hog price averaged 15.14RMB/kg (1.06\$/lb) on Aug 15, down about 57% from last year
- China's *hog producer losses, covid impact restrain the consumption*
- Frozen products ban in northern market due to epidemic control of covid impact
- *Pork Price index for week of Aug 15th, pork price down 54%, corn up 22%*, 2019 – 2021 hog, pork average price
- Strict cold chain supervision and traceability system focus on imported protein food
- ASF prevention strengthened, encouraging "meat transfer"; some areas prohibit of "pig transfer"; *price range expand between south and north*
- 2016 - 2021 H1, July hog inventory, sow in stock, hog slaughtering and pork production
- 2021 Jan- Jul china *total meat import 5.93mmt vs pork meat import 350,000 tones*;
- 2021H1, pork meat production reached to 27.15mmts, increased by 35.9% YOY, *expect 2021 whole year production over 50mmts*
- 2021 H1 Grain imports, corn import up 318%
- 2021 July feed production increasing 13%, pork feed up 41.6%. From 2016-2020 China domestic Feed Price kept increasing led to higher cost
- NDRC issued Pork reserve adjustment plan to stabilize the Price; *pork/feed ratio become important reference*
- Top China domestic companies are losing profit in hog sales in July
- In July, *China total retail sales up 8.5%*, catering sales up 14.3%
- Pre-made dishes open up the *breeding-catering link*, digitalization sweep the catering industry
- *Meat consumption outlook in 2025*

July hog price show sharp contrasts

China total import meat of 854,000mt in July; Jan – June total of 5.9mmt

- July hog prices showed sharp contrasts again, with China and Vietnam well below last year's high levels – and China now below the 5-year average. While prices were sharply higher in most other countries, although most modest in EU, the top supplier to China. Japan's hog prices rebounded in June and July, and in yen terms were even last year's high levels
- EU exports to China fell in June but growth elsewhere(except UK) kept volumes just 2% shy of year-ago...pivot back to Japan and everywhere else
- China took 50% of EU-27 exports in June, down from a 64% share in June 2020.
- Mexico pork exports continued to grow, up 14% in H1. Japan remained the top market, but growth was to China, US, Korea and Canada
- Taiwan's pork imports surge from EU and Canada and domestic hog prices hit new high. Supermarket and ecommerce sales rose with covid lockdown in June, foodservice was a hard hit
- Brazil's pork exports were dominated by China, underpinning the 14% growth in the first seven months, to 651,000mt, of which 53% was China-bound, or 347,350mt, up 23%. July shipments to China at 50,785 mt were down only slightly from last year, despite higher Brazilian prices and lower Chinese pork prices.

Japan, South Korea Regulatory update

1# Japan Import documents

On May 31st, 2021, the Ministry of health, labor and welfare of Japan issued [Notice No. 0531](#). Based on the relevant provisions of the *food hygiene law*, when importing **livestock** and poultry **meat, organs and their meat products** for sale, there must be a **hygiene certificate** issued by the government of the exporting country or **add relevant copies**. If the contents of relevant supporting documents for the import of these products are incomplete, the embassy or the local government has recorded and added relevant certificates of relevant matters, which shall also be recognized.

2# Japan Veterinary drugs limited

In June 2021, the Ministry of Health, Labor and Welfare of Japan summarized the modified residue limits for veterinary drugs such as tetrodinium in pork products in recent years. The details of the modified limits are as follows.

	Pig muscle	Pig fat	Pig liver	Pig kidney	Edible parts of pigs
Terbutryn	0.01ppm	0.01ppm	0.01ppm	0.01ppm	0.01ppm
Aspoxicillin	0.01ppm	0.01ppm	0.01ppm	0.01ppm	0.01ppm
Oxacillin	0.01ppm	0.01ppm	0.01ppm	0.01ppm	0.01ppm
Oxabetrinil	0.01ppm	0.01ppm	0.01ppm	0.01ppm	0.01ppm
Spirodiclofen	0.02ppm	0.02ppm	0.1ppm	0.1ppm	0.1ppm
Norflurazon	0.1ppm	0.1ppm	0.5ppm	0.1ppm	0.1ppm

3# South Korea Veterinary drugs limited

On June 29th, 2021, the Ministry of Food and Drug Safety (MFDS) of South Korea issued a [partial amendment to Food Code](#) to amend the method of applying the veterinary drug standards to animal products (including cattle, **pigs**, chickens, milk, eggs) and aquatic products where **separate residue limits are not specified**, the positive list system is applicable (i.e. the uniform standard of **0.01mg/kg**).

Taiwan, Singapore Regulatory update

1# Taiwan Test method of veterinary drug

On May 24th, 2021, Taiwan issued a method for the determination of animal drug residues in food, which is for the multiple residue analysis of [antigenants](#) in muscle, viscera and eggs of livestock and poultry products.

2# Taiwan Import quarantine

On July 2nd, 2021, Taiwan [amended the *Quarantine Procedures for Imported Animal Products transported in Closed Containers*](#). For related enterprises exporting to Taiwan, if the original seals of their products are to be replaced within the territory of non-epidemic countries (regions), they should obtain the English certificate issued by the animal quarantine authorities, customs authorities, port authorities or relevant government departments of the non-epidemic countries (regions). In the case of replacement of the original seal on the means of transport, a certificate in English issued by the master or captain of the means of transport shall be obtained.

3# Singapore Product import source

On [April 1st](#), [June 1st](#) and [Aug 2nd](#), 2021, the Singapore Food Authority (SFA) released *the list of new farms and establishments applied to export to Singapore for 3 times*, including **frozen pork meat and/or pork offal's** from Japan, Belgium, Brazil, France, Germany; ham from Spain; chilled and frozen pork from Sweden, etc.

Taiwan's pork imports surge from EU & Canada and domestic hog prices hit new high of US\$1.39/1b, +16%

Taiwan supermarket and ecommerce sales rose with covid lockdowns in June and foodservice was hard-hit: according to moea, in July food service down 38.8%

- According to the Ministry of Economic Affairs (MOEA), sales in Taiwan's retail and food/beverage sectors in June posted the largest declines for the month in 22 years because of restrictions imposed to combat the COVID-19 outbreak.
- Retail sales slumped 13.3% year-on-year to NT\$266.4 billion (US\$9.5 billion) in June, while food and beverage sales nosedived 39.9% to NT\$38.3 billion, both the biggest drops for the month since these statistics were first compiled in 1999, MOEA figures showed. MOEA Department of Statistics deputy chief Huang Wei-Chieh attributed the plunge to bans on on-site dining and drinking at restaurants and stores and other restrictions imposed in mid-May under a Level 3 alert after COVID-19 cases surged to over 100 per day. Under the Level 3 alert, the government has repeatedly urged people not to leave their homes to go out unless necessary, leading to sharp declines in visits to department stores, convenience stores, and other retail businesses.
- Supermarket sales also rose 33.2% as people consolidated their shopping to minimize time spent outside. Convenience stores, which had to suspend dine-in services and sales of prepared foods to prevent the spread of COVID-19, saw their revenue decline 7.4% year-on-year to NT\$28.3 billion in June. The food/beverage sector also experienced a major downturn mainly because of the in-person dining ban, with sales in June falling 40.4% to NT\$31.6 billion from June 2020. The main beneficiaries of people staying home were e-commerce. The online retail sector saw sales rise 33.7% in June from a year earlier to NT\$25.5 billion.

PH: the Philippines' agriculture ministry said on Aug. 19 active cases of African swine fever were declining and confined to less than 1% of the nearly 3,000 villages that recorded outbreaks since the first cases were detected in 2019, Domestic meat surplus starting in 2023

- On Aug 20th, Reuters reports that the fall in infections and an on-going government-funded hog repopulation program had put the Southeast Asian country on track to be able to produce a domestic meat surplus starting in 2023, the ministry said. The Philippines, the world's seventh-biggest pork importer before local demand was hammered by the pandemic, has been hit hard by such outbreaks and [forced to ramp up pork importation to address an acute domestic shortage and temper food inflation](#).
- "(Active cases are) waning and confined now to just 22 villages," ministry spokesman Noel Reyes told a media briefing.
- The number of positive samples in August was the lowest over the last 12 months, government data showed.
- The government has launched a 29.6 billion pesos (\$586 million) programmed to boost local pork production focusing on pig repopulation, extending financial assistance to hog raisers, and strengthening biosecurity to control the spread of the virus
- Philippines' DA temporarily extends validity of SPSICs for imported meat to 90 days: Citing requests of stakeholders to extend the current 60-day validity of SPS Import Clearances (SPSIC) due to current global COVID situation, supply contraction of container vans, and other logistical difficulties, the DA has released Administrative Order No. 09, which extends the validity of SPSICs for imported meat to 90 days. The temporary extension will be in effect from August 10 to December 31, 2021. MITA appealed to the DA for the said extension, thru a letter sent to DA Secretary Dar, last June.

Source: https://www.da.gov.ph/wp-content/uploads/2021/08/ao21_s2021.pdf

Phillipines: DA, DTI maintain pork tariff cut benefitted consumers

- At a House hearing recently, DA Secretary Dar presented the effects of Executive Orders 133 and 144 which increased the minimum access volume for pork meat and adjusted the tariff rates on pork imports, respectively, on the prices of pork products in local markets.
- He said the prices of frozen pork ham is now at P220 per kilogram while frozen pork belly is now at P250 per kilogram. “We largely attributed this to EO 133 and 134 which reduced pork import tariff and increased pork imports allocation to bring down pork prices,” Dar told the lawmakers.
- On the other hand, DA director for Agribusiness and Marketing Assistance Service Dr. Ramon Yedra said the prices on local pork produce have also “dropped.” Based on DA’s survey last Monday, Yedra said the price of pork ham/shoulder now ranges from P300 to P330 per kilogram compared to its previous price which ranges from P340 to P350. The price of belly is now at P360 from previous price at P370 and P400 last January.
- Furthermore, DTI Undersecretary Ruth Castelo said that they were given accommodation by frozen meat importers to sell the products at lower prices because of the lowering of tariff rates. The Trade department has launched a program called "Presyong Rasonable Dapat" on frozen meats, which offered pork belly at P250 per kilogram, ground pork at P200 per kilogram, and pork shoulder for P220 to 230 per kilogram.
- In the same hearing, Dar also assured that efforts to help the livestock sector, which heavily dragged the performance of the country’s agriculture sector during the first half of the year, recover from ASF are in full force.

Other Asia Pacific Countries/ Regions Require Expiry Date to be Presented on the Label of Imported Prepackaged Meat and Meat products

Hongkong

Pre-packaged foods should be labelled with a "Use by" date if they are susceptible to microbiological concerns and may pose a ready-to-eat risk to human health after a short period of storage. In other cases, label "**Best before**" date.

Taiwan

The container or outer package of food should be marked with the expiry date. The expiry date is the end date by which a commercially available packaged food product can retain its value under specific storage conditions. Foods whose expiry date depends on proper storage conditions (e.g. cold storage, freezing, etc.) should be indicated on the label.

South Korea

Expiration date/Sell by date/EXP or E is required for meat products and packaged meat products (including import products).

Note: For raw materials that are simply processed and repackaged without changing the storage conditions without removing the outer packaging; For ready-to-eat meat products that are unpacked and repackaged and for packaged meat products that are repackaged, if you want to label the date of repackaging on the product, you should indicate the date of production and the period of circulation.

Japan

Pre-packaged processed foods sold directly to consumers must have a best-before date or expiration date. Fresh meat (raw meat of livestock and poultry) should also label best-before date or expiration date (shelf life under 5 days label best-before date, others label expiration date).

Singapore

Pre-packaged foods that required to be stored at a chilling temperature to maintain or prolong its durable life should be labeled with an expiration date. Raw meat, etc (raw minced or chopped meat and raw organs, but shall exclude processed or manufactured food products such as corned, cured, pickled or salted meat, smoked meat, hamburger meat and other burger meat) should also be labeled with the date of packaging.

Vietnam

The expiry date must be mandatory on the product label, which means that the product is fully fit for sale under the conditions specified on the label, and that the specific quality of the food product is maintained during this period.

Vietnam: Biggest port resume normal operations; ASF resurfaces in the Mekong region

- Vietnam's biggest port, Cat Lai, has resumed normal operations after being almost paralyzed for a week due to mobility restrictions in the south.
- Its ratio of uncleared containers is now back to the normal 85 percent, and it is again fully capable of receiving goods as the economy recovers, Truong Tan Loc, marketing director of Saigon Newport Corporation, its operator, said.
- The waiting time for a ship to dock is now under eight hours, which is considered very good for ports, said Bui Van Quy, director of the port.
- HCMC-based Cat Lai is exhorting businesses to quickly come and pick up their cargo.
- Companies that have been shut down due to Covid-19 will have their cargo transported to inland container depots for free.
- Cat Lai Terminal stopped receiving oversized and overweight cargo on August 5 after a container pileup due to travel restrictions and closure of companies due to Covid.
- If the outbreaks are controlled by the end of this quarter, the volume of goods passing through the port is set to increase by 5-7 percent this year.

ASF resurfaces in the Mekong region

- Bac Lieu province in Vietnam's Mekong Delta, has reported several outbreaks of ASF after being free of the virus for some time. The outbreaks occurred in several backyard farms, raising awareness once again on the importance of biosecurity. Nguyen Duy Hung, Head of Bac Lieu Province's Department of Livestock and Veterinary Medicine said the outbreak is under control. However, farmers in the Mekong region are concerned about the high risk of infection as they share a common water source.

In 2021 H1, China's agricultural imports reached \$101.85 billion, up 39%
Soybean take the lead, up 44%, Pork with +6%, beef +5%, Dairy +41%
All imports increased, except poultry lower poultry import values
Total meat import reached 5.95mmt, up 7% and valued \$16.billion, up 6%

Jan – June: 2021:

From Jan – June, import of

- Pork : 2,233,691mts, +8%
- Pork offal's : 605,000mts, -7.8%
- Poultry : 683,076 mts, + 3%
- Beef: 1,133,308, + 13.7%
- Lamb:: 243,000, 18%

China's imports of all cereals (corn, barley, sorghum, wheat, rice) soared, reaching 33.8mmt, 172% above year ago.

Brazilian soybeans have gained momentum and again surpassed US. US and Ukraine are the primary suppliers of corn to China

China's imports of US meat and poultry increased by 11%, to 753,280mts, value increased by 25% to \$2billion; Pork meat 272,384mt

In June:

China's imports from Spain were the lowest since Nov but were still up 24% yoy, Brazil were up 33%, Denmark up 19%; US down 32%, Canada down 54%, Chile down 11%, Mexico down 39%

China's live hog price averaged 15.14 RMB/kg on Aug 15, down about 57% from last year. In USD prices averaged \$1.06/lb and are below producers break evens. Dalian futures are in the range of 17.7 – 19 RMB/kg, just above producers break evens

- Some northern areas are affected by heavy rainfall. According to NDRC, the national hog/feed ratio in the first week of August was 4.96, a drop of .2% from previous month, It has entered the first-level warning range. The central and local governments may restart pork purchasing in the near future.
- On June 2nd, a prevention plan for adjusting pork market has been issued: if Hog/feed ratio from 5:1 – 6:1 lasts for 3 weeks; or sow stock decreased from 5% - 10% for 3 months, is categorized as 2nd-level-warning; And 1st-level-warning will be initiated if hog/feed ratio is lower than 5:1, or the stock of sows decreased 10% for 3 months consecutively.
- When it enters the 1st-warning category, china will launch the national reserve; Other indicators such as sow stock numbers, as well as the average pork lean meat price in 36 cities are also the factors to be considered.
- Besides, MARA has built a supervision system for 180,000 hog farms, which are over 500 heads per year/per farm, accounting for 60-70% total production in China.

China's hog producer losses, covid impact restrain the consumption

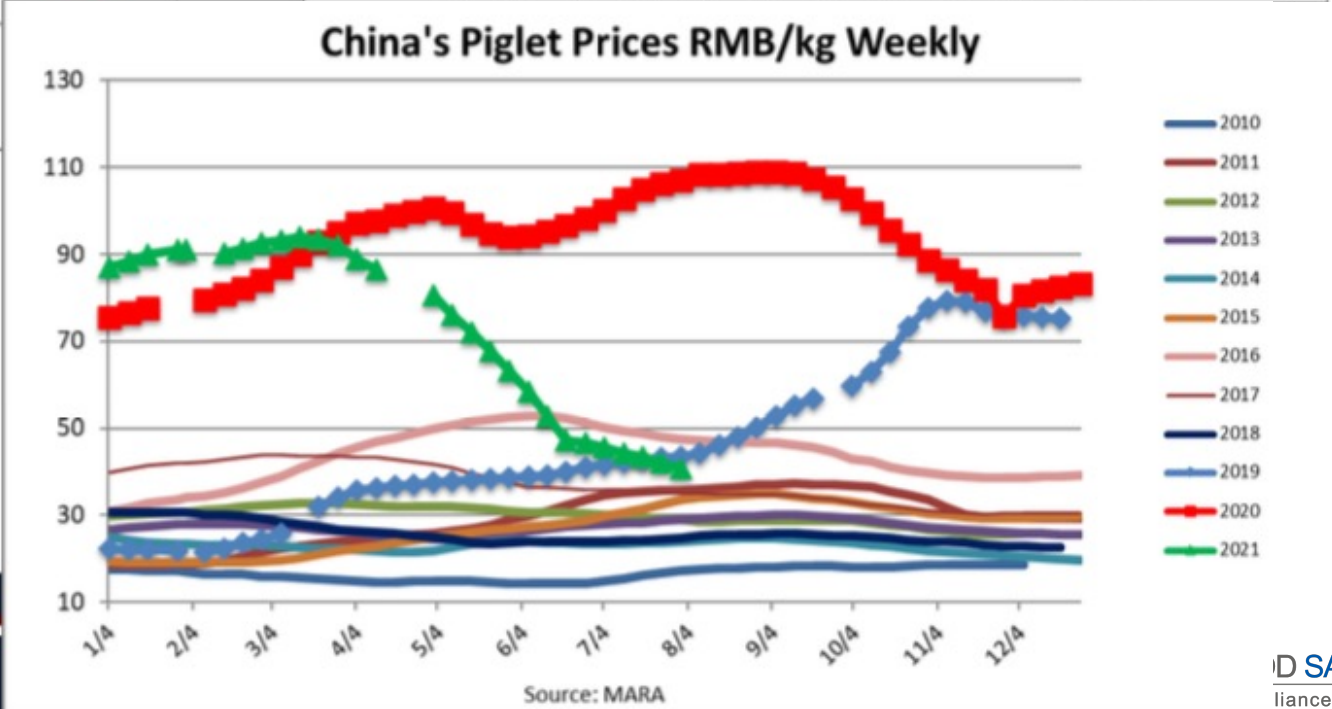
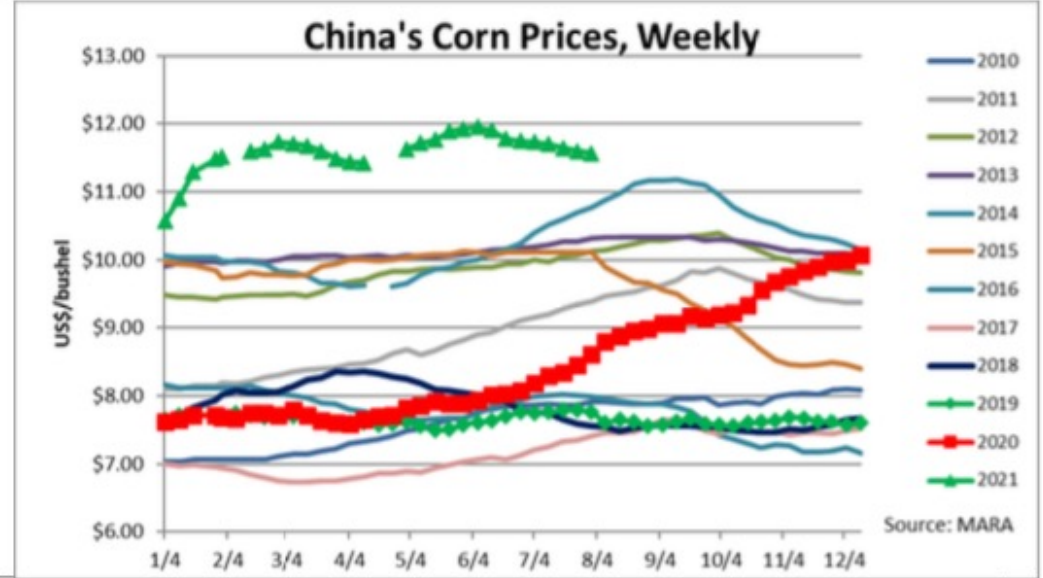
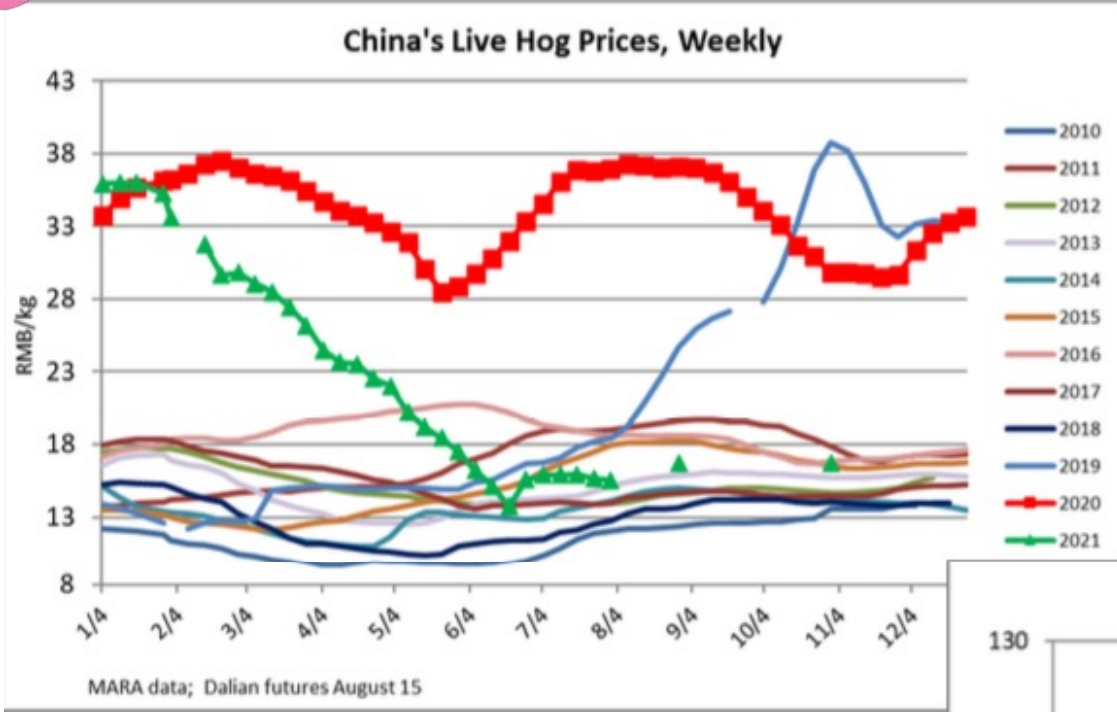
- Recently, the spread between the north and the south has enlarged significantly. The reason for the slight decline in the Northeast is mainly because the large-weight and over-sized hogs that were previously kept in the pens have been sold in large quantities during this period. There were still certain number of large-weight hogs that have not been sold in the northeast, and it is expected that the price of hogs in the northeast continues to remain weak.
- In the south, after the price of hogs rose, the number of market hogs increased, but there was no obvious improvement on the consumer side. Due to the severe situation in the prevention and control of the novel coronavirus epidemic in some areas in the south, some places issued documents restricting group meals, which had a certain impact on the catering industry.
- Even though six ministries' announcement on supporting hog industry brings certain confidence on hog raisers, the poor consumption continues to restrain hog prices. Besides, the increase in feed prices has also increased the burden on hog raisers.
- Recently, Shandong Provincial Animal Husbandry and Veterinary Bureau released the second quarter livestock and poultry breeding cost and income calculation, listing the details of various breeding costs.
- The break-even line of **farrow-to-finish model is 17.75 yuan/kg**, and the loss is about 162 yuan; the break-even line of **wean-to-finish is 24.37 yuan/kg**, and the loss is 956 yuan. At present, hog breeding is still in a state of overall loss. Contrast with: At present, the cost of farrow-to-finish model of most small-scaled farms is hovering between 14 yuan/kg, and Muyuan is currently about 14-16 yuan/kg. Among large-scaled companies, Muyuan is relatively the lowest cost enterprise. Zhengbang's current comprehensive cost is about 20-24 yuan/kg, New Hope's comprehensive cost is 22-26 yuan/kg, and Wen's comprehensive cost is relatively high at 28-32 yuan/kg.

A ban of frozen products in northern market due to epidemic control of covid impact; purchase volume by foodservice industry has dropped; unofficial estimation of 1 mmt imported frozen pork meat in cold store

- According to boyar's investigation, there is indeed a ban on the sale of frozen products in northern market. Besides, the areas such as Zhengzhou, Henan and Yangzhou, Jiangsu with stricter epidemic control, the catering industry has been suspended, and the frozen product market has been greatly hit. The sales of fresh products has increased, which is mainly due to the increase in household fresh pork purchase. The purchase volume by foodservice industry has dropped significantly
- The demand side is still negative for market transactions. Especially due to the impact of the novel coronavirus epidemic, many places have strict prevention and control supervision, and roads in some areas are blocked, which affects pork transportation and consumption. Traders were less motivated to replenish products and increase inventory. The shipment of pork carcass in the wholesale market is slow and there is a phenomenon of leftovers. The resurgence of epidemic delays the rise of hog prices again.
- Estimated as 1mmt of imported frozen pork meat in cold stores, published by (Qinbao Net) on Aug. 14th.
- The coming Mid-autumn festival and National day may push a little bit the price, but very limited. Cause on one side the continuously lowered price of pork meat has already dragged back some consumption; and the necessity for empty the stock will all affect the increase of the pork price.
- The light of the tunnel maybe at the end of 2021 and early of 2022, because the continued lower price from June 2021 positively also prohibits the willingness of breeders from increasing its stock, which consequently lower the slaughtering at the end of 2021 or early of 2022.

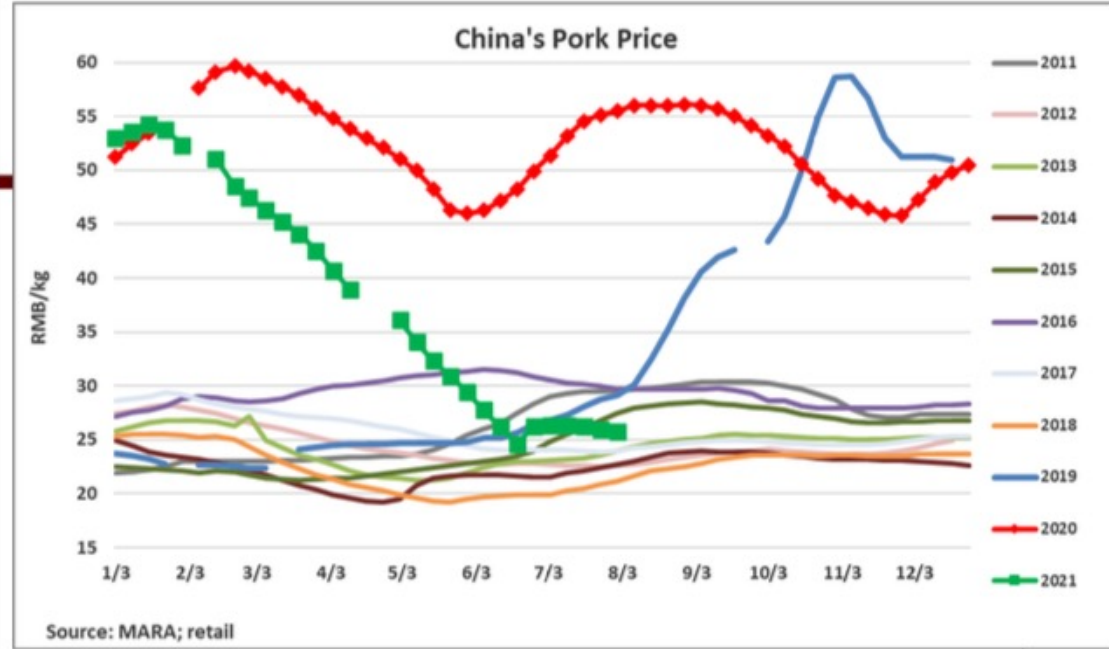


Week of August 15th Price Index

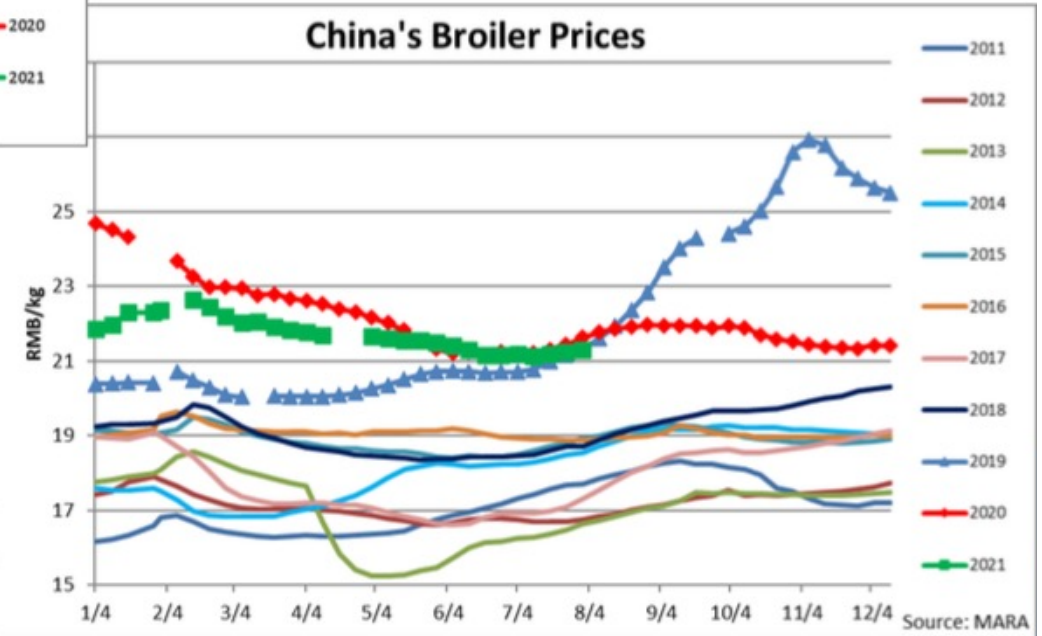


China's live hog price down 58%
Piglet down 62%
Pork down 54%
Corn up 22%
Soybean meal up 14%

Week of August 15th Price Index

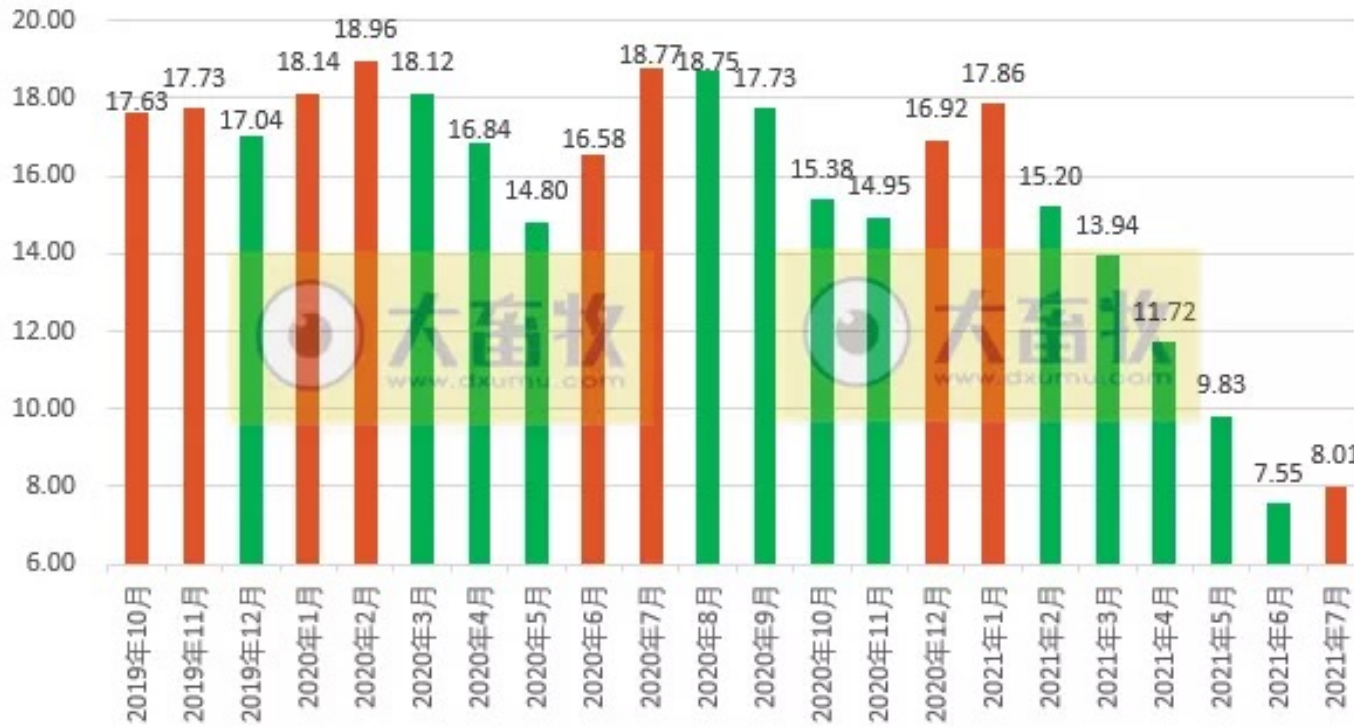


China's pork price down 54% and broiler prices down 2%

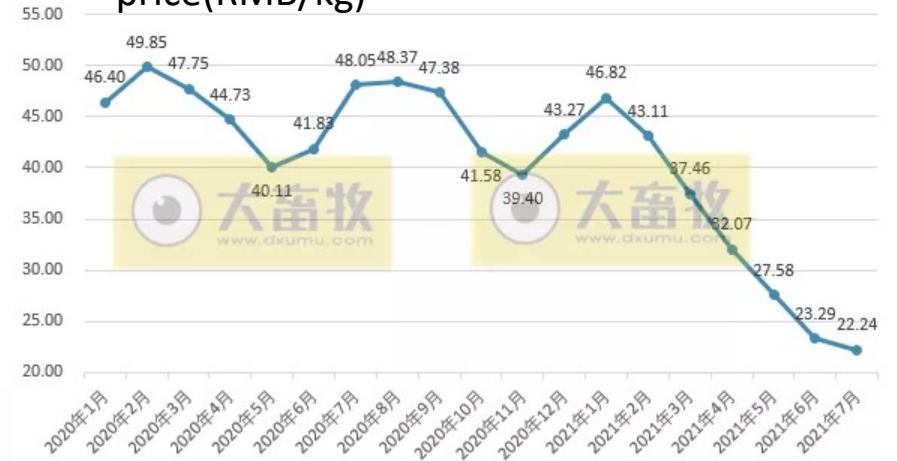


2019 – 2021 Hog average Price, wholesale market pork price

2019 - 2021 monthly hog average Price(RMB/kg)



2019 – 2021 wholesale market Pork average price(RMB/kg)



2019 – 2021 live hog vs pork meat vs piglet comparison price(RMB/kg)



China's Cold Chain Supervision System



Ms. Zhengyangyang, the total team is 60 people



The cold chain base with a capacity of 10mmts, mainly dealing with all imported food from EU and Latin America

- On August 12th, The CCTV Economic Channel reported on "Building a Strong Imported Cold Chain Food Epidemic Prevention Network" and reported on Binhai New Area and Tianjin Port cold chain food import companies, cold chain logistics companies, market supervision and management departments, and cold chain food sales companies working together to build a strong specific measures for the imported cold chain food epidemic prevention network.
- Tianjin Port is an important port for the import of cold chain food in China. Zheng Yangyang, a stevedores in a logistics cold chain base, has spent nearly 260 days and nights in the sealed control area of the base, also known as the "red zone", since November 2020, when the logistics cold chain base implemented the closed loop management of stevedores.
- After the disinfection is completed, the goods should be left standing for 30 minutes to allow the liquid medicine to play a role in disinfection. After that, the nucleic acid testing agency will sample the goods according to the required points. After the sampling is completed, the goods are wrapped and left to rest for 30 minutes, which is an operation process of warehousing.

Tianjin cold chain imported food traceability platform: photo 1-3
 All the consumers could scan the process: Three certificates and one code are strictly necessary – photo 4, 5
 Special cashier counter for imported product – photo 6

1



2



3



22 / 24



21 / 24



23 / 24



4

5

6

Cold Chain supervision still very strict

Heilongjiang: "closed loop" control of imported raw materials

- Recently, Heilongjiang government held a video conference on the epidemic prevention and control work of cold chain food industry enterprises across the province to urge municipal cold chain food industry enterprises to do a good job in epidemic prevention and control and traceability of imported raw materials.

Beijing: Strengthen the supervision of imported cold chain food

- Beijing Municipal Bureau of Market Supervision implied that it will strengthen the supervision of imported cold chain food. The frequency of nucleic acid testing in the agricultural market will be increased. New employees in the agricultural market, employees in imported cold-chain food, and sanitation and cleaners involved in imported cold-chain food, can only engage in operations and other activities in the market with a negative nucleic acid test within 3 days.

12 food production and operation units in Weihai, Shandong were suspended for rectification due to violations of cold chain food epidemic prevention and control requirements

- In the past few days, Weihai, Shandong's market supervision departments continued to increase the supervision and inspection of food production and business units, and "zero tolerance" for violations of imported cold chain food epidemic prevention and control requirements. A few days ago, 12 food production and business units have been suspended for rectification.

Honghu City, Hubei province issued the latest announcement on the prevention of imported cold chain food import risk

- In addition to the strict disinfection and complete certificates and traceability, the announcement also mentioned that smuggling of imported cold-chain food and impersonation of imported cold-chain food as domestic products will be strictly dealt with in accordance with the law

Price Gap further eexpand under Chinese government encouraging “meat transfer” instead of “pig transfer”

ASF prevention working plan issued in May

Guangdong take the lead, later followed by other provinces



- On August 15th, according to recent notice issued by Guangdong government on adjusting the transport measures for live pigs and live pig products meat” transfer instead of “pig transfer”, Guangdong stopped the transfer of pigs from outside the Central south district
- It was decided to stop the transfer of live pigs from slaughter that has passed the “point-to-point registration of live pigs from non-Central and Southern regions into Guangdong province from August 15th. It was decided to stop the transfer of live pigs from slaughter that has passed the “point-to-point registration of
- In early of 2019, Chinese government has planed this strategy by launching from Guangdong province, later followed by Fujian, Jinangxi, Hunan, Guangxi, and Hainan where aligned with the prevention of ASF in central south of China.
- In May 2021, ASF Prevention Working Plan Strengthened the “Meat Transfer” again, 5 areas were circled with leading by one province in each area to carry out this plan.

In July: Guangdong lead pork meat average Price, reach 24.9RMB/kg, up 5.5% MoM, down 52.5% YoY; Sichuan take the lowest price with 20.60 RMB/kg, up 5.5% MOM, down 59.5% YoY

North : in July pork meat average price 20.63RMB/kg, up 7.9% MoM, down 57.8% YoY

North-east: in July pork meat average price 19.14RMB/kg, up 4.1% MoM, down 59.2% YoY

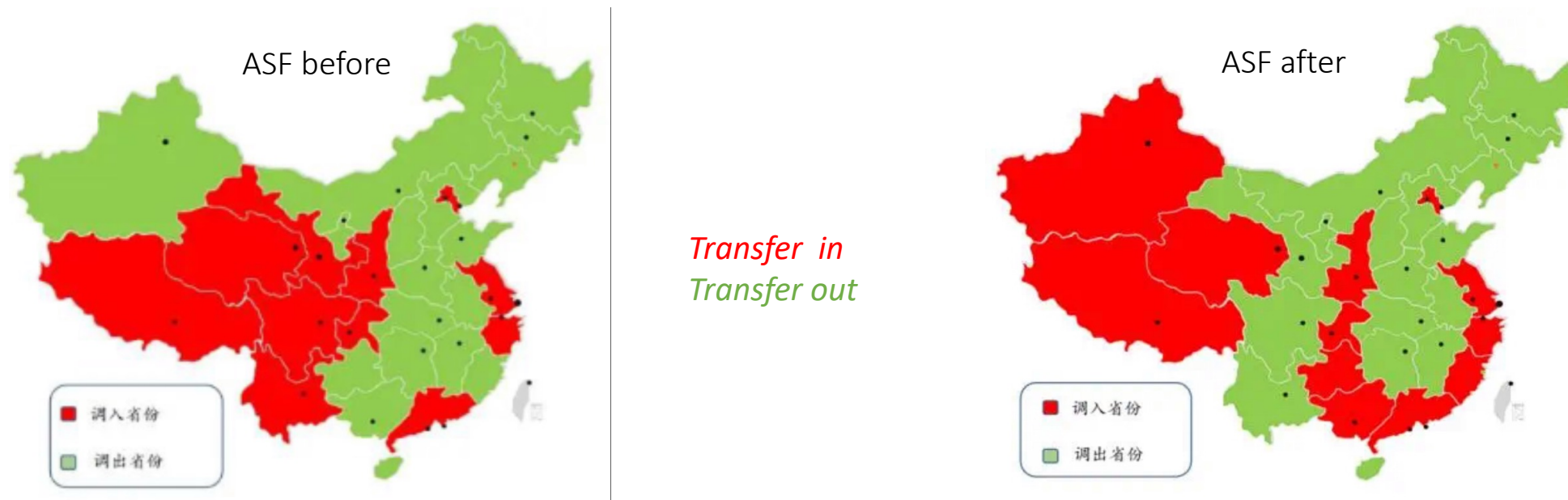


East of China : in July pork meat average price 21.63RMB/kg, up 8.2% MoM, down 56% YoY

Central China : in July pork meat average price 21.07RMB/kg, up 7.4% MoM, down 57.2% YoY

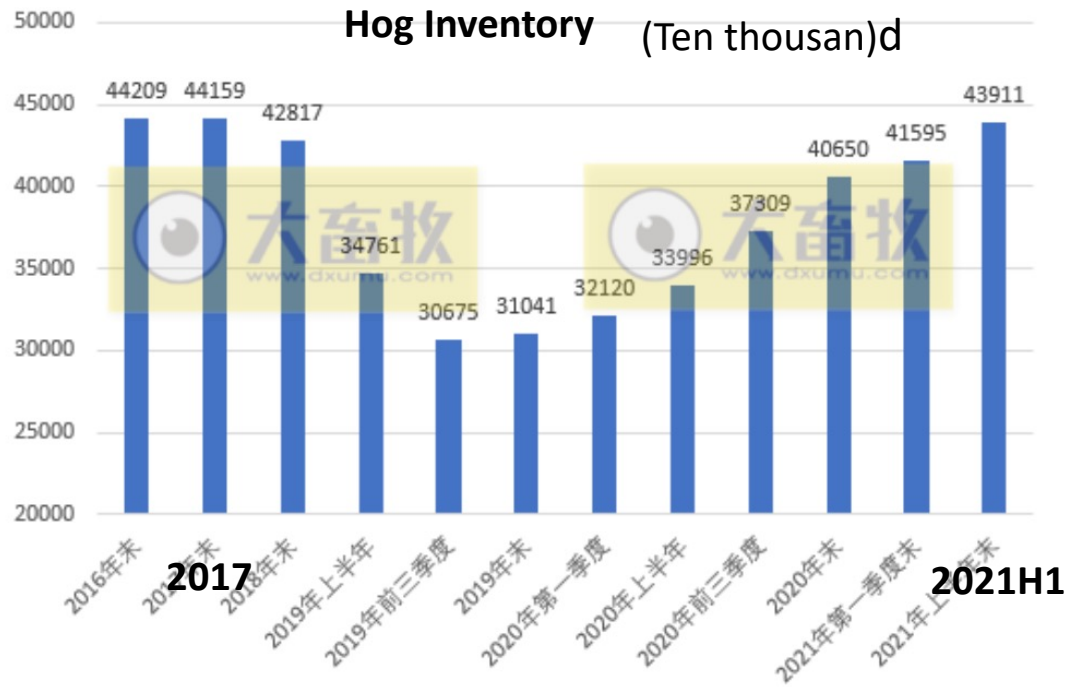
ASF before & after triggered change geographically and expand the price gap:

- China is still struggling with outbreaks of ASF in pig herds and is strictly adhering to the biosecurity measures taken.
- According to MARA, there have been 11 ASF outbreaks in eight provinces so far this year, resulting in 2,216 pigs being killed. According to official information, 13,500 animals were culled in 19 outbreaks last year. This means that the number of infections has fallen sharply, as more than 800,000 pigs were emergency killed in 99 epidemic cases in 2018
- Xinjiang, Guangxi, Fujian changed from "Transfer out" to "Transfer in"
- Yunnan, Gansu, Guizhou, Sichuan changed from "Transfer in" to "Transfer out"

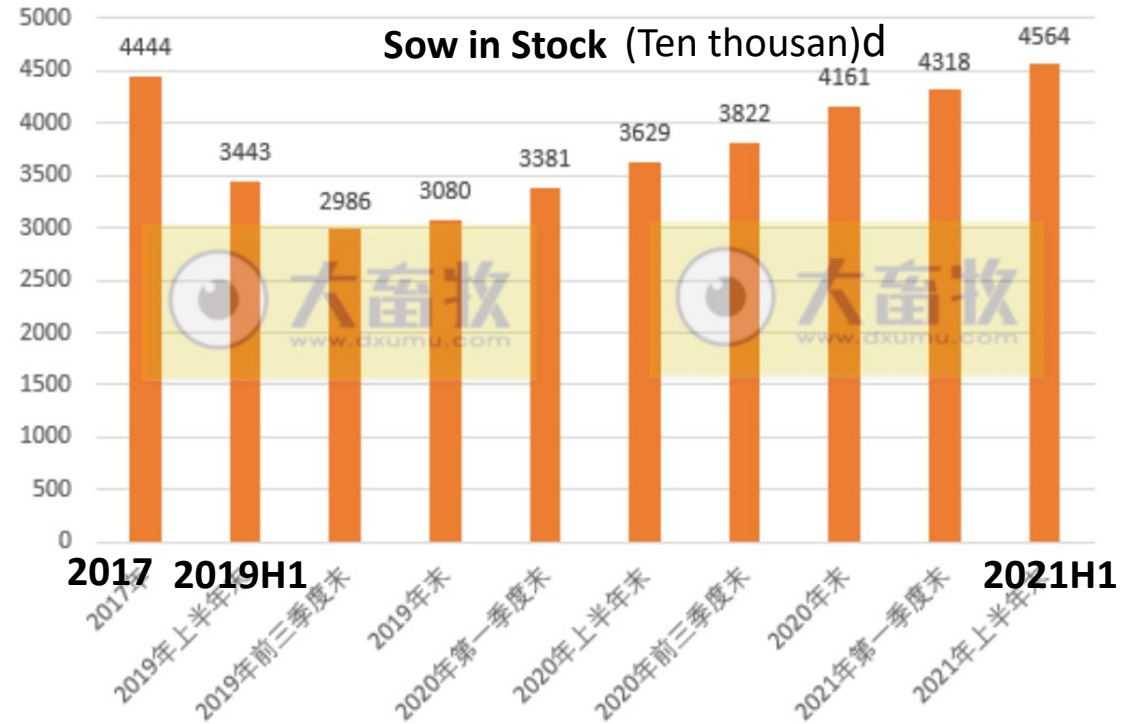


2021H1 Hog Inventory almost Reach to end of 2017; Sows in Stock Exceed Whole year of 2017, vs 2019H1 +32.5%, vs 2020H1 +25.7%
 In July, Sow in stock down 0.5% MoM, after a consecutive increase for 21 months. Hog inventory up +0.5% MoM,
 In July, Sow in stock reach 101% of end of 2017, hog inventory reach 100.2% of 2017

2016-2021年全国生猪存栏情况 (万头)



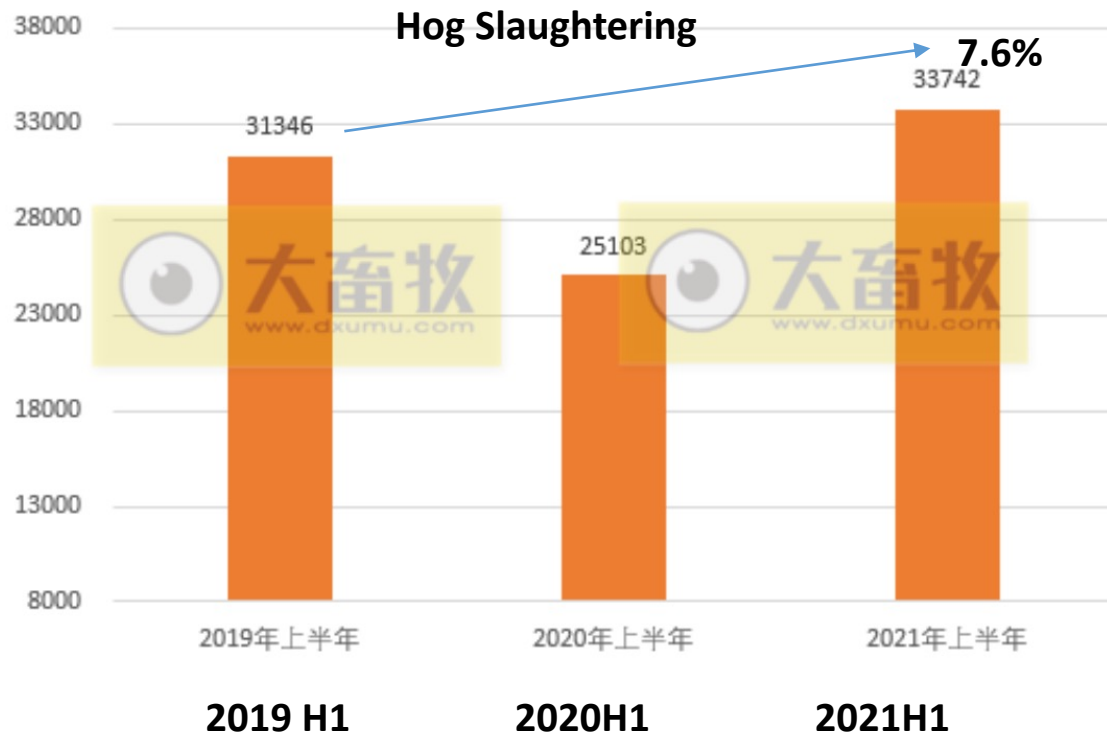
2017-2021年全国能繁母猪存栏情况 (万头)



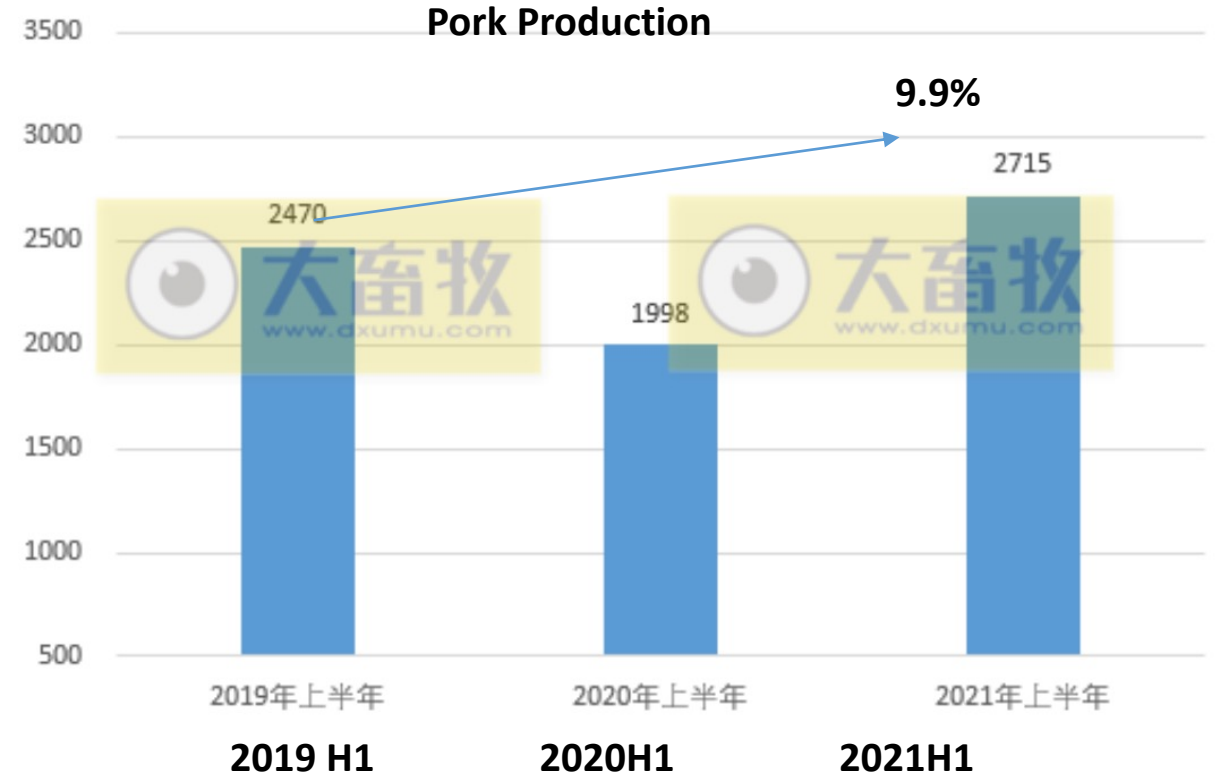
Data source: dxumu

2021H1 Hog slaughtering vs 2019H1: +7.6%
 2021H1 Pork production vs 2019H1: +9.9%

2019-2021年上半年全国生猪出栏情况 (万头)



2019-2021年上半年全国猪肉产量情况 (万吨)



Data source: dxumu

Historically China bought & sold Pork 9 Times from 2009 As National Reserve Action; China now bbuying after sselling 670,000 tons in 2020
 In July, China total bought 42,500 tones, although planned as 53,000tones

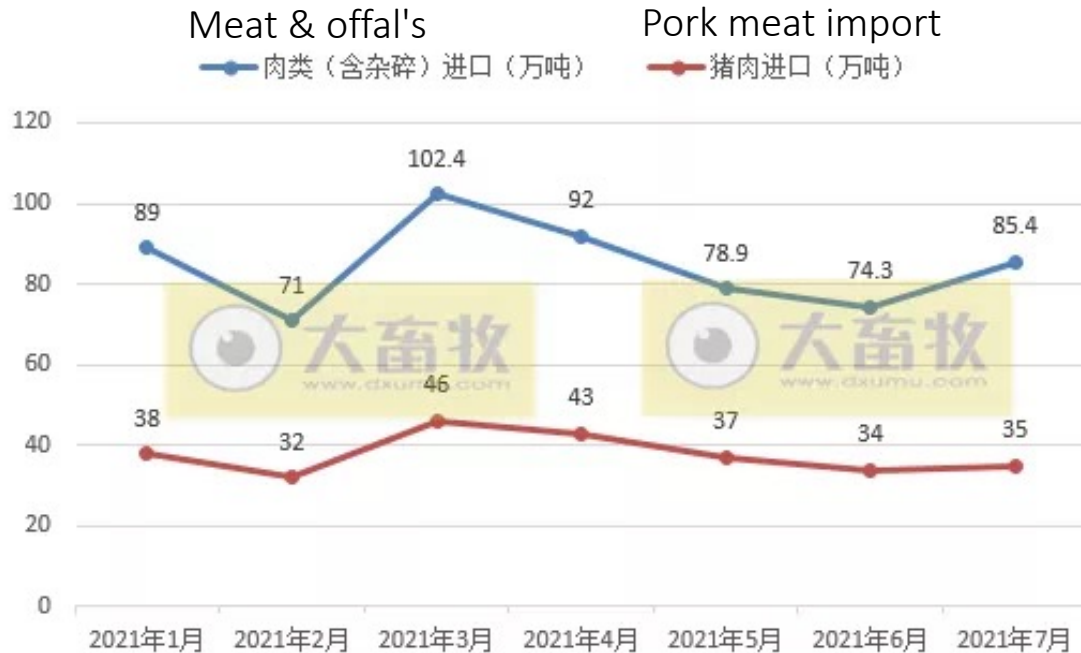
9 times of National Buying & Selling Action Based on hog/feed ratio level



Data source: Boyar

In July, China total meat import 854,000 tons, up 14.94%, Pork & pork offal's 470,000tons, + 4.44% MoM, -16.5% YoY; Pork meat 350,000 tones, +2.94 MoM, -18.6% YoY. 2021 Jan- Jul total meat import 5.93 mmt, pork meat 2.66mmt, +3.9% Mom

2021 Monthly Import (10 thousands tones)



2016 - 2021 Pork meat import (10 thousands tones)

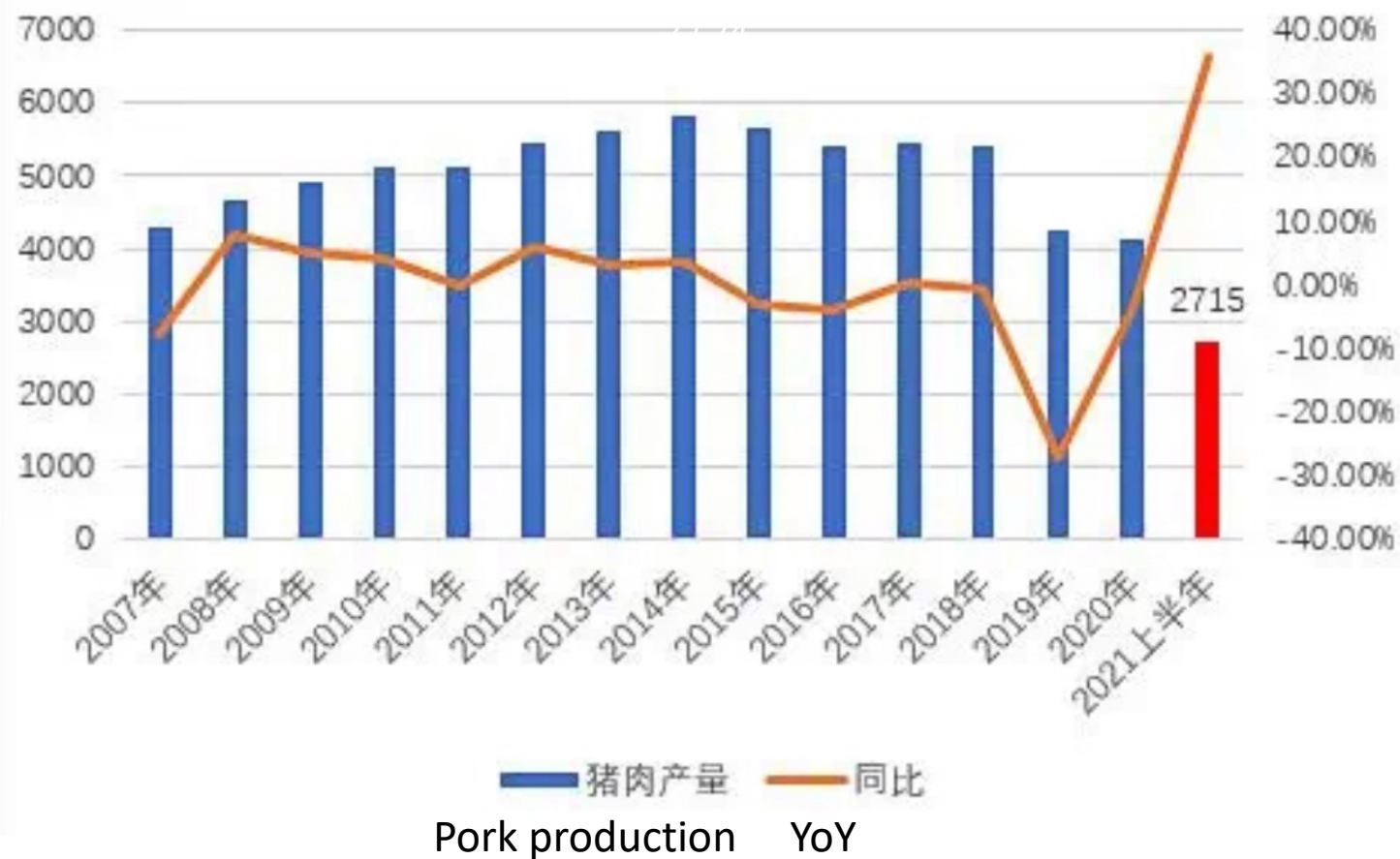


Data source: Daxumu

Chinese government from July in total purchased 42,500 tons of frozen meat, less than planned of 50,000 tons.

From August 9 to 15th, Pork vs Feed(mainly corn) ratio reached to 5.71:1

2021H1, pork meat production reached to 27.15mmts, increased by 35.9% YoY
Expect 2021 whole year production over 50mmts



2021H1 Import of Grain Increased 43.1%

Soybean: Pork Price Decrease, Affect Soybean Import : Increase by +8.7% only; USDA Adjusted Export from 2021 – 2022: 102mmts;

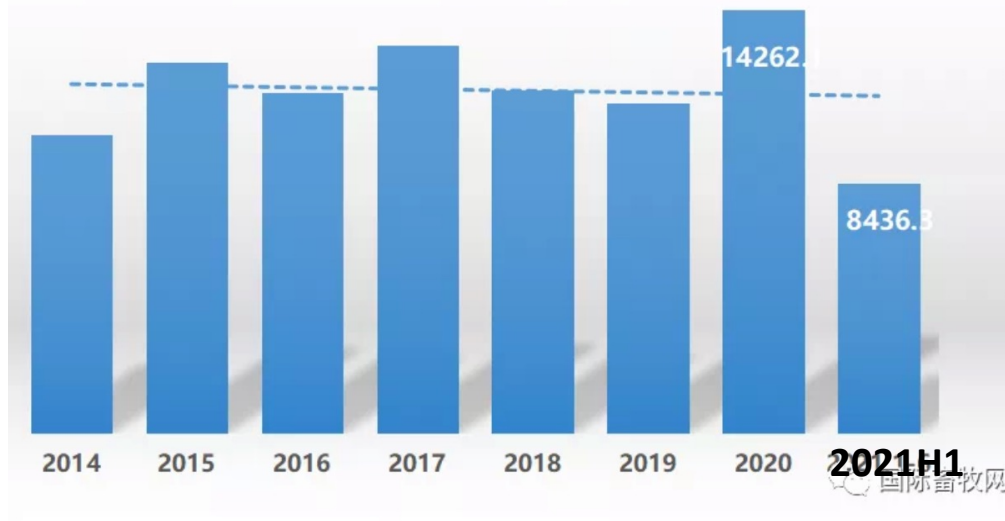
Corn: 2021H1 Import +318.5%, Exceed Total Import of 2020 with 4mmts; China Expects 2021 – 2022 total Corn Import with 20mmts (Less than USDA expectation: 26mmts); Feed Substitution Plan Pressing the Import

Wheat: 2021H1 Import +60.1%

Transportation Cost: i.e. International logistic of Soybean from US Increase by 108%, from Latin America Increased by 134%

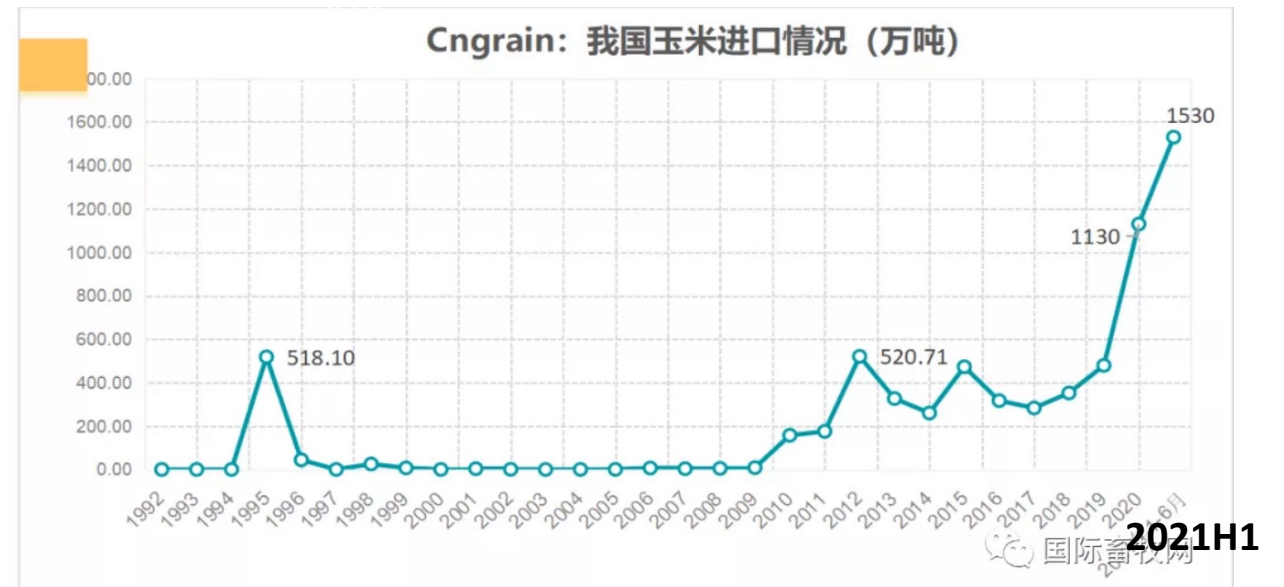
Total Grain Import (Ten thousand tons)

Cngrain: 我国粮食进口量 (万吨)



Total Corn Import (Ten thousand tons)

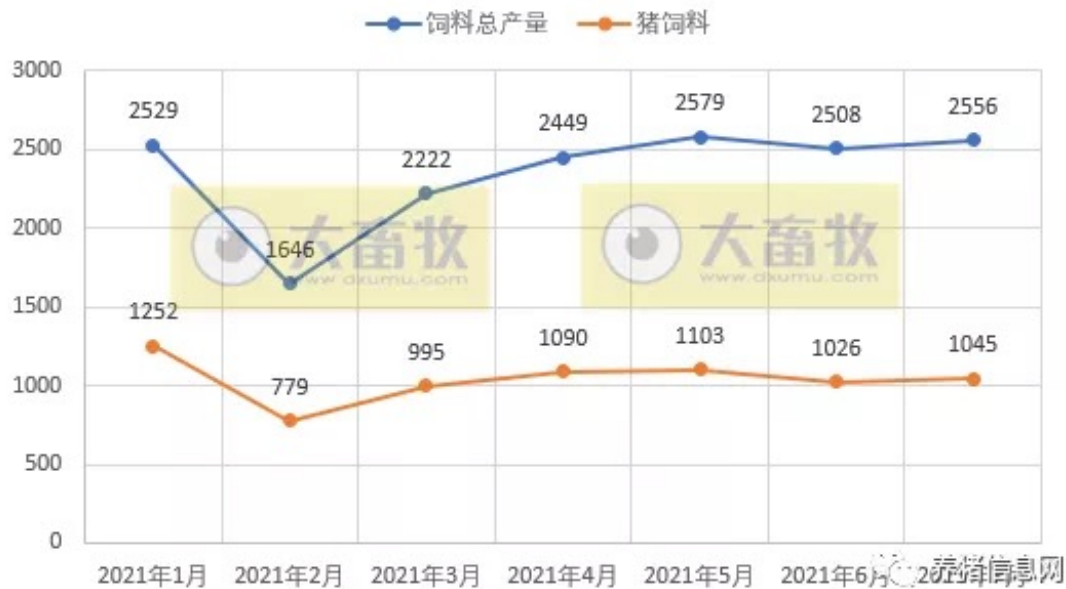
Cngrain: 我国玉米进口情况 (万吨)



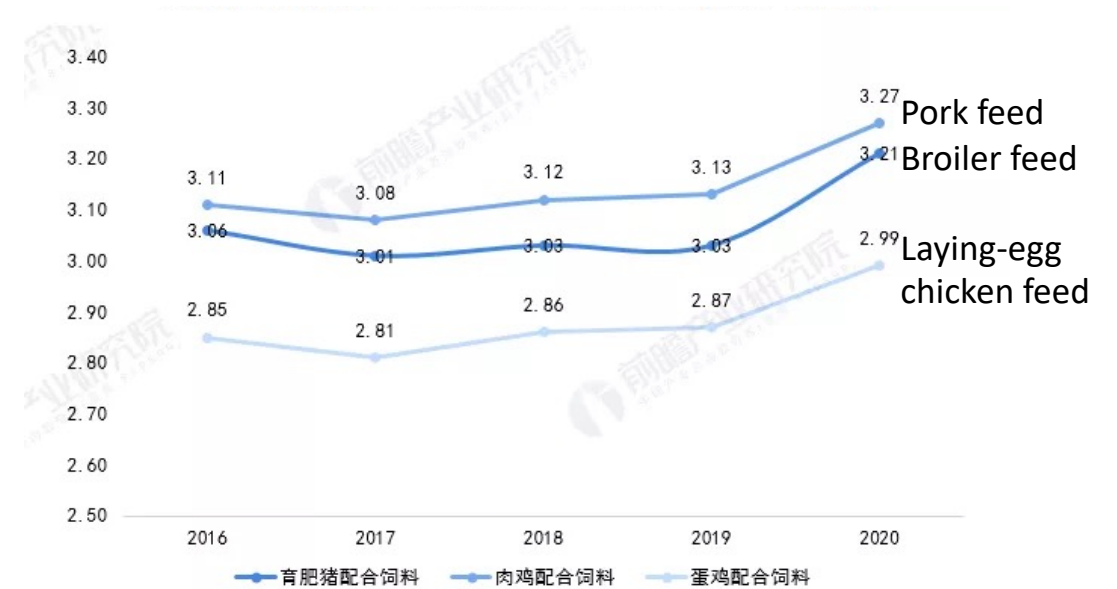
Data source: International Livestock

MARA issued Feed Production Report
 in July: total feed production reached 25.56mmts, increased 13.1% YoY.
 Pork feed reached 10.45mmts, increased 41.6% YoY
 2021 Jan – Jul: Total feed production reached 164.89mmts, pork feed reached to 72.91mmts, increased by 66.4% YoY
 From 2016-2020 Domestic Feed Price kept increasing led to higher cost

2021 Monthly feed production(10thousands tones)
 Total feed production vs Hog feed Production



2016 – 2020 feed average price RMB/kg



Data source: Daxumu and National Xumu

On June 9th, 2021 NDRC Issued Pork Reserve Adjustment Plan to Stabilize the Price. Pork/Feed(Corn) ratio as one main factor; 5:1 is the warning line
 From August 9 to 15th, Pork vs Feed(mainly corn) ratio reached to 5.71:1

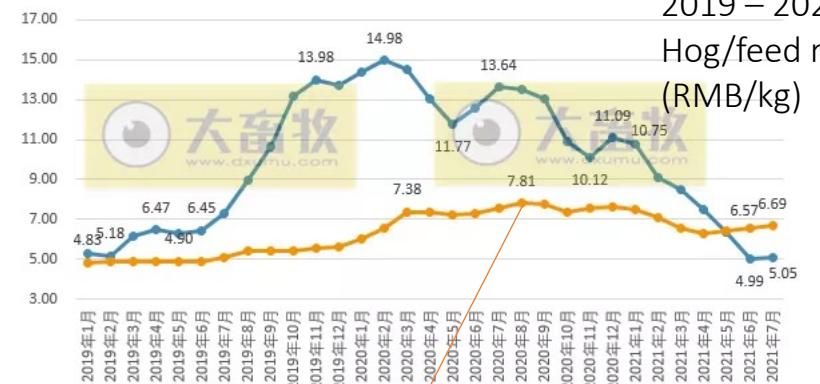
2020 - 2021 Monthly sales price of hog, corn, soybean (RMB/thousand tones)



2019 – 2021 Hog vs feed (RMB/kg)



2019 – 2021 Hog/feed ratio (RMB/kg)



2019 – 2021 Hog/feed ratio (RMB/kg) balance point

Top 11 China domestic enterprises issued the sales report:
 In July, total sales of hogs reach 8.39 million of heads, both revenue and outputs all down. In Jan – Jul, total sales reach 51.25 million of heads, account for 88.6% of 2020; In July, averagely hog breeding lost: RMB 584.2/head

The market hogs and revenue of top 11 enterprises in July

Company Name	2021 July Outputs (1000 heads)	MOM%	YOY%	2021 July Revenue (million yuan)	MOM%	YOY%
Muyuan	3011	-13.40%	65.80%	5207	-8.70%	-13.30%
Wens	1279	26.46%	73.10%	2266	28.68%	-32.84%
Zhengbang	1751	10.46%	92.03%	3302	8.25%	5.51%
New Hope	635	-1.78%	17.14%	1124	3.59%	-39.70%
Tianbang	284	-11.13%	-	560.1	2.67%	-
Tang Ren Shen	870	-44.70%	6.00%	164.79	-13.30%	-28.40%
Tian kang Bio	125	-1.66%	50.18%	195	-14.47%	-20.08%
Ao Nong	253	12.92%	149.09%	-	-	-
Da Bei Nong	460	61.81%	202.37%	829	67.81%	29.13%
COFCO Meat	354	32.58%	-	-	-	-
Jin Xin Nong	58	-23.89%	38.03%	82.8	-41.23%	-39.39%

2019 – 2021 monthly hog breeding expected profit (RMB/head)



Data source: Daxumu and hog breeding news

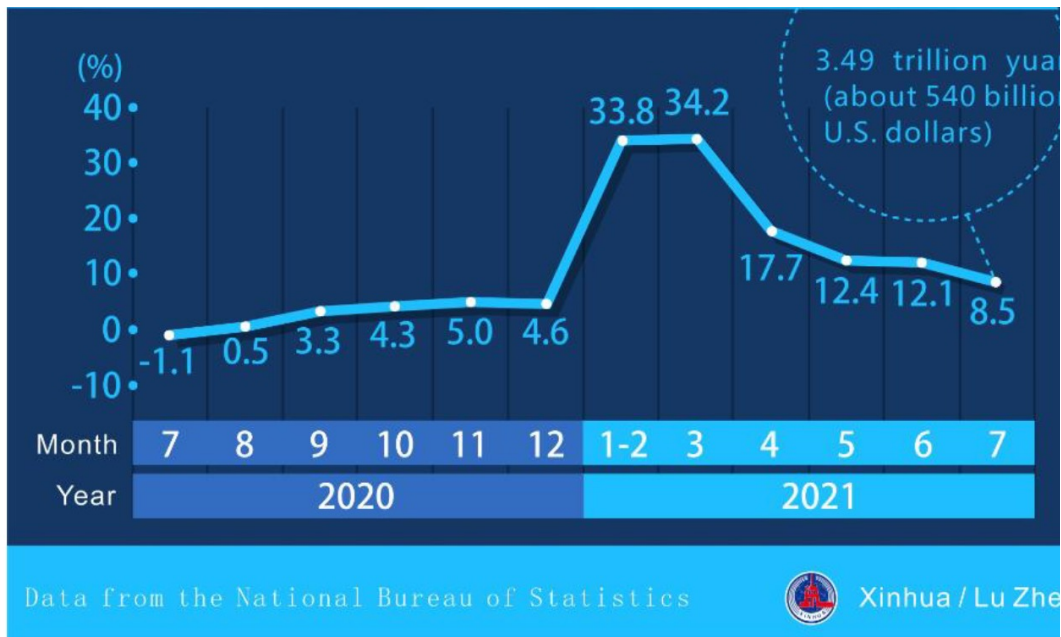
China's Retail Sales up 8.5% in July

China's consumption continued recovery momentum in July as domestic demand firmed up

Country's retail sales of consumer goods totaled 3.49 trillion yuan (540 billion US\$); Catering revenue was 375.1 billion yuan, an increase of 14.3% YoY

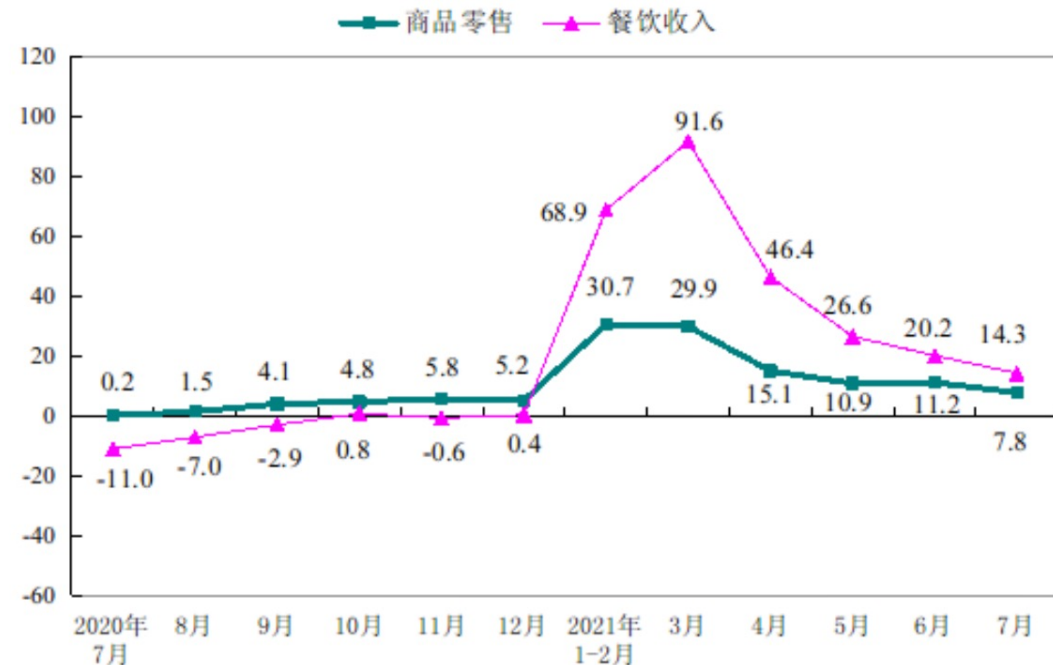
Pork price down 1.9% MoM, down 43.5% YoY

Retail sales of consumer goods



Retail revenue increase

Catering revenue increase



Data source: National Bureau of Statistics

Yonghui – biggest Supermarket Chain innovates and provides standardized pre-made dishes

Some pig companies are developing and promoting pre-made dishes

Other listed pig companies such as Tianbang shares, Wen’s shares, Tangrenshen and Delis all indicated their developing and promoting “pre-made” dishes to open up the “breeding-catering” link



- Pre-made dishes started in year of 2000
- Developed in recent years due to the necessity for frozen/fresh technics, logistics, central kitchen efficiency as well as post-covid effect
- According to Tianmao, sales of pre-made dishes increased by 16 times of last year
- According to Yonghui Supermarket, their sales volume increased 12% compared to 2020, and especially welcomed by young consumers.
- Another big Food-service restaurants of “Xibei”, with 200 restaurants around China, has made “pre-made” dishes as its important categories for on-line brand
- Pre-made dishes mainly coming from pork and poultry meat

Digitalization sweeps catering industry

Issued by Beijing-based research consultancy, said that digitalization is the current main trend in China's catering

large catering enterprises are increasingly investing in digitalization; small and medium sized companies ramp up efforts in digital transformation



Haidilao Catering save 37% with its digitalization

- Data from the National Bureau of Statistics showed that in 2020, despite challenges brought by COVID-19, China's catering industry totaled nearly 4 trillion yuan (\$616.8 billion) in business, on-line food orders surged 107.9%, digital catering took up an increasing share.
- Hotpot chain Haidilao launched a smart restaurant in Shanghai in April, apart from dish-serving robots, robotic arms are equipped in warehoused to arrange raw materials. From ordering to serving, the dishes are produced automatically. Haidilao said the system can save nearly 37 percent of back kitchen labor costs.
- "China's 14th Five-Year Plan (2021-25) clearly points out that digital transformation of the service industry will be further promoted. At present, the online and offline integrated development of the catering industry has become a general trend, and the trend has reshaped both the supply and demand sides," said the report.

China Diners rapidly realizing all meat isn't red

Rising awareness of health and wellness is behind the popularity

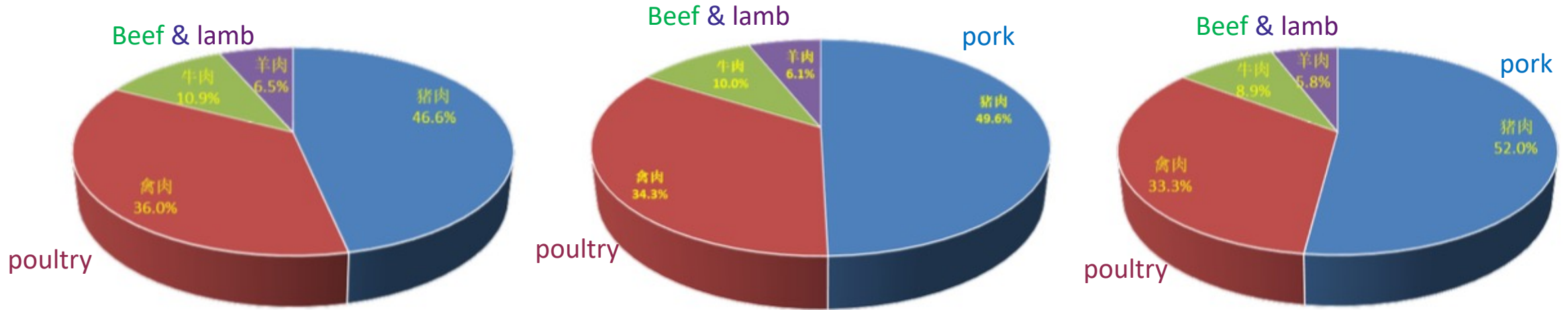
Chinese consumers are willing to try new food categories



Starbucks has brought plant-based products to Chinese consumers

- Rising awareness of health and wellness is behind the popularity of plant-based protein-rich foods among consumers because the mock meats available at restaurant chains or dairy products offered at stores and cafes.
- "There is the projection that global protein demand will increase by 70 percent over the next 30 years, which means we will need both animal proteins and alternative proteins to meet rising demand.
- Euromonitor International said China's meat substitute market rose from \$8.04 billion in 2015 to \$10.81 billion in sales revenue in 2020, and it projected the scale to reach \$14.15 billion in 2025.

Meat Consumption Outlook: Polarized Consumption between Pork and Poultry Forming from 2020 to 2025



2020

- Poultry production welcome its substantial increase, but not with expected volume during and after COVID-19
- Pork production decrease by an unprecedented volume

2021

- Pork production not increase as expected, propel increase of import in early months
- Poultry production increase slowly, channels need recovery and products need R&D

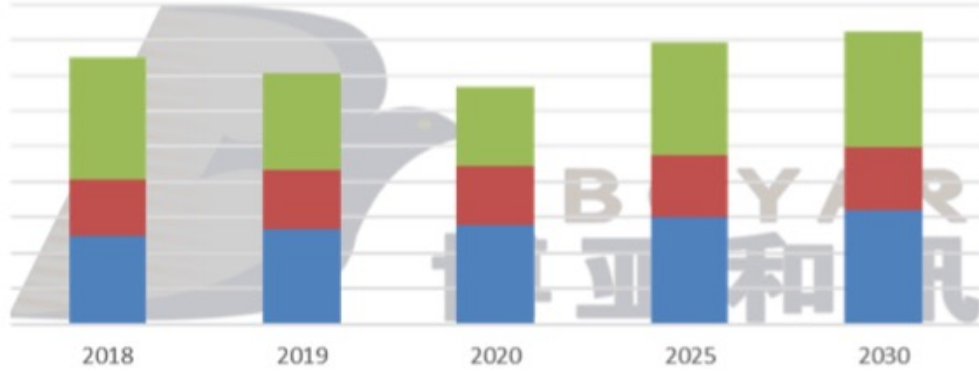
2025

- Meat production will be stable
- Structure adjustment are in place
- Polarized consumption situation between pork and poultry

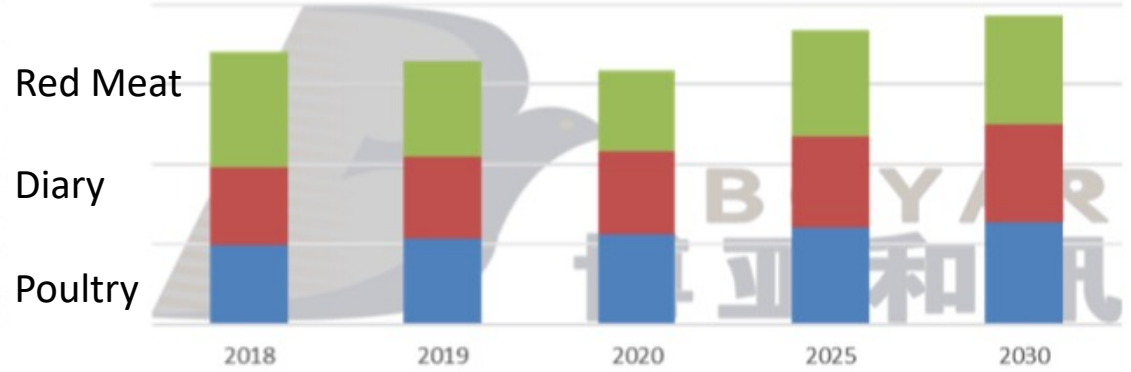
Data source: Boyar

Meat Production and Supply Structure, In 2025 meat production up to 100mmts, Pork accounts for 54%

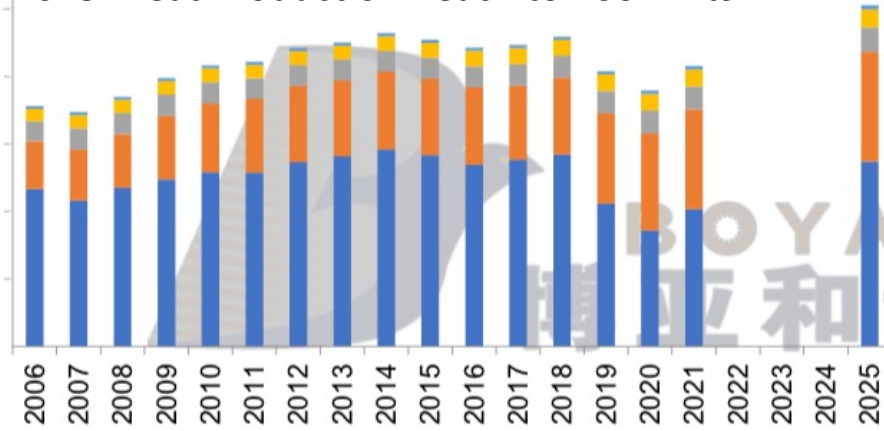
Meat Production Structure



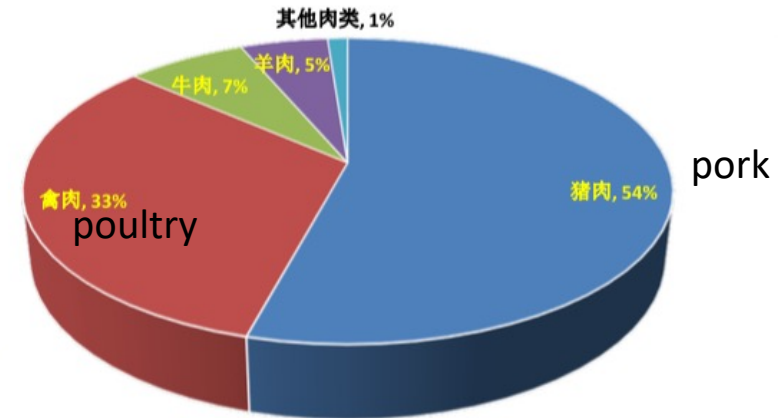
Meat Supply Structure



2025 Meat Production Reach to 100mmts



■ 猪肉 ■ 禽肉 ■ 牛肉 ■ 羊肉 ■ 其他肉类
 Pork, Poultry, Beef, Lamb & Others

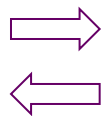


Pork production in 2025: 54.6mmts

Data source: Boyar

Our Services

★ I&E Compliance Consulting Service



- ✓ Feasibility Analysis
- ✓ Qualification compliance requirements
- ✓ Import inspection

★ Global Regulatory Database

Global Regulatory Database is based on laws, regulations and standard data, and realizes detailed management of basic data by establishing multi-dimensional attributes such as industry, region, and specialty.



Completely data



Visualized supervision system

★ Special Food Registration



Infant Formula



Foods for Special Medical Purpose



Health Food

★ Food Labeling Compliance Service

- ✓ Label review
- ✓ Label design
- ✓ Compliance analysis



★ “Three Novel Food” Registration



Novel Food Ingredient



Novel Food Additive or Expansion of Its Use Scope



Novel Food Contact Material (FCM)

★ Food Safety Public Opinion Monitoring



- ✓ Laws & regulations
- ✓ Hot spots
- ✓ Industry trends
- ✓ Random inspections