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## China, Peoples Republic of

### Poultry and Products

### Annual Poultry Report

### 2004

**Approved by:**

Maurice W. House  
U.S. Embassy, Beijing

**Prepared by:**

Casey E. Bean & Zhang Jianping

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**Report Highlights:**

Since February 7, 2004, China has banned imported US poultry and products. It still remains uncertain when China will reopen the market. During 2005 China's poultry production is forecast to recover to 9.9 MMT, about equal to the pre-avian influenza 2003 level. Until the Chinese Government permits imports of US poultry, poultry imported from Brazil and Argentina will continue to increase.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Beijing [CH1]  
[CH]

### Trade Policy Update

Since February 7, 2004, China has banned imported US poultry and products due to the outbreak of low pathogenic avian influenza in the United States. Concurrently, during January to March 2004, highly pathogenic avian influenza (HPAI) broke-out in over half of China's provinces. Then, in June another HPAI case occurred in Anhui Province.

When China completes its assessment of the US avian influenza situation, the government will likely revise its domestic law, a procedure involving the Ministry of Agriculture, the General Administration of Quality Supervision Inspection and Quarantine (AQSIQ), the Ministry of Health, the State Food and Drug Administration and ultimately the State Council.

During 2003 China requested USDA approval to export cooked poultry to the United States. The evaluation of China's poultry inspection equivalency began in March, and a Food Safety Inspection Service team visited China for 3 weeks during May and June. Then, during August and September a team of Chinese officials visited the United States to complete equivalency questionnaires. Once USDA's review is completed, a public comment period is required under the Federal Code of Regulations before final approval to import China's cooked poultry products is issued. This rule-making process will also take time.

### Poultry Production and Trade

Although China's broiler production in 2004 is recovering from the impact of HPAI in China, the overall level is forecast several percentage points below last year. FAS Beijing forecasts production in 2005 to increase 2-3 percent from 9.7 MMT to 9.9 MMT. Thus, broiler production during 2005 is forecast to recover to the pre-avian influenza 2003 level. According to trade contacts, China's poultry production in the first quarter of 2004 decreased 4 percent. After the government stamped-out HPAI in the affected areas and demand recovered, poultry production for the first half of 2004 recovered to a net decline of one percent. As a result, FAS Beijing adjusted downward broiler production from the previous PSD number of 10 MMT to 9.7 during 2004.

China's broiler imports during 2004 are forecast to fall 55 percent from 483,000 MT to 220,000 MT due to decreased US imports. Imports in 2005 are forecast to reach 300,000 MT due to a recovery in consumer demand. US poultry imports are forecast at zero in the 2005 estimate. Recovered domestic demand and the reopening of the Japanese market for cooked poultry will benefit China's poultry industry. Brazil and Argentina have filled some of the supply void since China imposed the ban on US products.

FAS Beijing uses the Global Trade Atlas (GTA) to derive trade figures for the PSD. This method avoids under-reporting of South America's exports to China because a significant volume of South American poultry is smuggled into China as a US product in order to enter the retail sector. By Chinese law, only US products are permitted direct access to the retail sector.

China will implement a new import meat quarantine regulation, effective November 1, 2004, that requires all meat and poultry products re-exported through Hong Kong be pre-inspected by a Hong Kong Inspection company and then sealed before being resent to the Mainland. The regulation is aimed to decrease smuggling activities. As a result, direct imports of poultry into the mainland may increase in the future.

China's broiler exports during 2005 are forecast to increase 13 percent to 490,000 MT due to demand from Japan and Hong Kong. End text of report.

## PSD Poultry PSD Table

Country

China, Peoples  
Republic of

Commodity

Poultry, Meat, Broiler

(1000 MT)(MIL HEAD)

Market Year Begin	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New] 01/2003	USDA Official [Old]	Post Estimate [New] 01/2004	USDA Official [Old]	Post Estimate [New] 01/2005	[New] MM/YYYY
Inventory (Reference)	0	0	0	0	0	0	0 (MIL HEAD)
Slaughter (Reference)	0	733	0	720	0	733	733 (MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	0 (1000 MT)
Production	10000	9898	10000	9700	0	9990	9990 (1000 MT)
Whole, Imports	0	0	0	0	0	0	0 (1000 MT)
Parts, Imports	454	483	220	220	0	300	300 (1000 MT)
Intra EC Imports	0	0	0	0	0	0	0 (1000 MT)
Other Imports	0	0	0	0	0	0	0 (1000 MT)
TOTAL Imports	454	483	220	220	0	300	300 (1000 MT)
TOTAL SUPPLY	10454	10381	10220	9920	0	10290	10290 (1000 MT)
Whole, Exports	0	0	0	0	0	0	0 (1000 MT)
Parts, Exports	388	388	310	440	0	490	490 (1000 MT)
Intra EC Exports	0	0	0	0	0	0	0 (1000 MT)
Other Exports	0	0	0	0	0	0	0 (1000 MT)
TOTAL Exports	388	388	310	440	0	490	490 (1000 MT)
Human Consumption	10066	9993	9910	9480	0	9800	9800 (1000 MT)
Other Use, Losses	0	0	0	0	0	0	0 (1000 MT)
Total Dom. Consumption	10066	9993	9910	9480	0	9800	9800 (1000 MT)
TOTAL Use	10454	10381	10220	9920	0	10290	10290 (1000 MT)
Ending Stocks	0	0	0	0	0	0	0 (1000 MT)
TOTAL DISTRIBUTION	10454	10381	10220	9920	0	10290	10290 (1000 MT)
Calendar Yr. Imp. from U.S.	0	170	0	170	0	0	0 (1000 MT)