



Ministry of Foreign Affairs

Report Pig farming in Northeast China

Commissioned by the Netherlands Enterprise Agency

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Introduction

It is a challenging time for the Chinese pig sector. In recent years, the sector was focused on containing the spread of the African swine fever. The global Covid-19 pandemic disrupted the recovery of the pig farming industry. In 2021 pork prices have declined, challenging the profitability of Chinese pig farms.

China's pig farming sector

China's pig farming mainly includes free-range farming and scale farming. Scale farming mainly includes two models: "company and farmers" and "company self-breeding". Since the increased pressure on environmental protection and the African swine fever in 2018, the free-range farming is about to exit the market. In addition, with the improvement of people's living standards, consumer demand for food, including meat and meat products, is constantly increasing. Now people are paying more attention to the quality of products, taste, and nutrition. Relying on consumer brands has become a clear trend in the market development.

Leading companies

The leading pig breeding companies in China are Wen's Group and Muyuan Group. In 2019, the output for hog production for Wens Group was 18.52 million and 10.25 million for Muyuan Group. Together, the two companies accounted 46.34% of the total number of hog production of the top 20 pig breeding companies in China in 2019. Among the 20 companies, the "company and farmers model" is represented by Wens Group, and the "company self-breeding model" is represented by Muyuan Group.

Numbers

By the end of 2020, the total number of hogs on inventory in China was 406.63 million, an increase of 31%; the pork production value was 41.13 million tons, a decrease of 3.3%; The total import value of pork in China was 4.39 million tons, an increase of 108.3%.

In 2020, the average price for the hog was 34.03 RMB per kg, an increase of 60.36 % than the year 2019; the average price for pork was 50.49 RMB per kg, an increase of 49.7%. The profit of one of the leading pig breeding companies in China Tianbang Group was 3.24 billion CNY, an increase of 3131%. Besides, the leading companies from other industries like Netease (IT) and Wanke Group (Real estate) are also going to invest in pig farms. However, since 2021, the pork price has declined. The costs of breeding are rising, which means that the profitability for pig farming companies in China is under pressure.

Pig farming in Northeast China

During the 13th Five-year plan, one of the major themes was the goal to improve environmental protections by moving swine production away from waterways and crowded urban populations, effectively shifting production to the West and Northeast of China.

The pig farming industry in Northeast China has several advantages:

1. The region is rich in resources (land, corn production region)
2. The region has cheaper and better-quality feed (corn)
3. The climate is suitable for pigs
4. Labor and material cost are relatively cheap.

Due to these advantages, the top 10 pig breeding companies have been investing in the pig sector in Northeast China since 2016.

Jilin Province

In Jilin province, most of the pig farms are small size, with about 1000-2000 hog in stock. During the 14th Five-Year Plan period (2021-2025), Jilin Province will start 50 million high-quality and safe hogs' projects. These projects will focus on upgrading standardized scale breeding, accelerating the construction of a good breeding system for hogs, developing harmless treatment, and resource utilization of manure.

The following projects are planned during the 14th Five-Year Plan in Jilin province:

1. The construction of 15 million pig farming industrial parks near Changchun city, with involvement of companies such as Muyuan, Aoxin, Huazheng, Jinluo and Jialong Group.
2. The construction of a 4 million pig farming industrial park in Jilin city, with involvement of companies such as Shangdong Delicious and Sino-Singapore Jilin food zone, etc.
3. The construction of a 10 million pig farming industrial park in Siping city, with involvement of companies such as Wens Group, Muyuan and Gaojin Group.
4. The construction of a 20 million pig farming industrial park in Songyuan and Baicheng city, with involvement of companies such as Muyuan, Zhengbang, COFCO, Qiquan and Dabeinong Group.
5. Companies including Yurun and Huaxi Xiwang have the intention to build the pig farms during the 14th Five-Year Plan.

Liaoning Province

Pig farming is the second largest industry in Liaoning's animal husbandry. In recent years, the output value of pig farming reached more than 30 billion CNY, for about 21% of the output value of the Liaoning animal husbandry. By the end of the third quarter of 2020, the stock of the live hogs in the market was about 11.928 million head, an increase of 21.9%. By the end of 2021, it is expected to have 12.43 million live hogs in the market, about 18% increase. In Liaoning province, most of the pig farms are also small size, with about 1000-2000 hog in stock.

The top 10 leading pig breeding enterprises have invested in Liaoning. Up to now, there are about 96 large-scale pig farms in operation and invested by leading pig breeding enterprises.

Currently there are 61 pig farms under construction. During the 14th Five-Year Plan period, the total planning of annual live hogs will be about 25 million. It is expected that by the end of the 14th Five-Year Plan, the annual number of live hogs in Liaoning province will exceed 40 million, and about 20 million hogs can be transferred out each year.

Laws and regulations

Regarding the laws and regulations on pig farming sector in China, there are several laws and regulations from the central and provincial government, such as the “Law on Animal Epidemic Prevention” and “Emergency Regulations for Major Animal Outbreaks” and “Regulations for Large-scale livestock and poultry farming companies on the Prevention and Control of Pollution” are from the central government. The “Regulations on the Livestock and Poultry Slaughter management” and “Regulations on the construction and management of non-specified animal epidemic areas” are from the provincial governments.

Opportunities

The pig farming industry in Northeast China faces various challenges for which they are looking to find expertise from abroad. In Jilin and Liaoning, the local pig farming companies are interested in disease (Swine fever) control technology and knowledge from the Netherlands; breeding technology; fattening technology and experiences from the Netherlands; further processing technology and the environmental protection technology, such as manure treatment, etc.

Contact

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Source:

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This is a publication of
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This publication was commissioned by the ministry of Foreign Affairs.

© Netherlands Enterprise Agency | June 2021
Publicationnumber: RVO-143-2021/RP-INT

NL Enterprise Agency is a department of the Dutch ministry of Economic Affairs and Climate Policy that implements government policy for Agricultural, sustainability, innovation, and international business and cooperation. NL Enterprise Agency is the contact point for businesses, educational institutions and government bodies for information and advice, financing, networking and regulatory matters.

Netherlands Enterprise Agency is part of the ministry of Economic Affairs and Climate Policy.