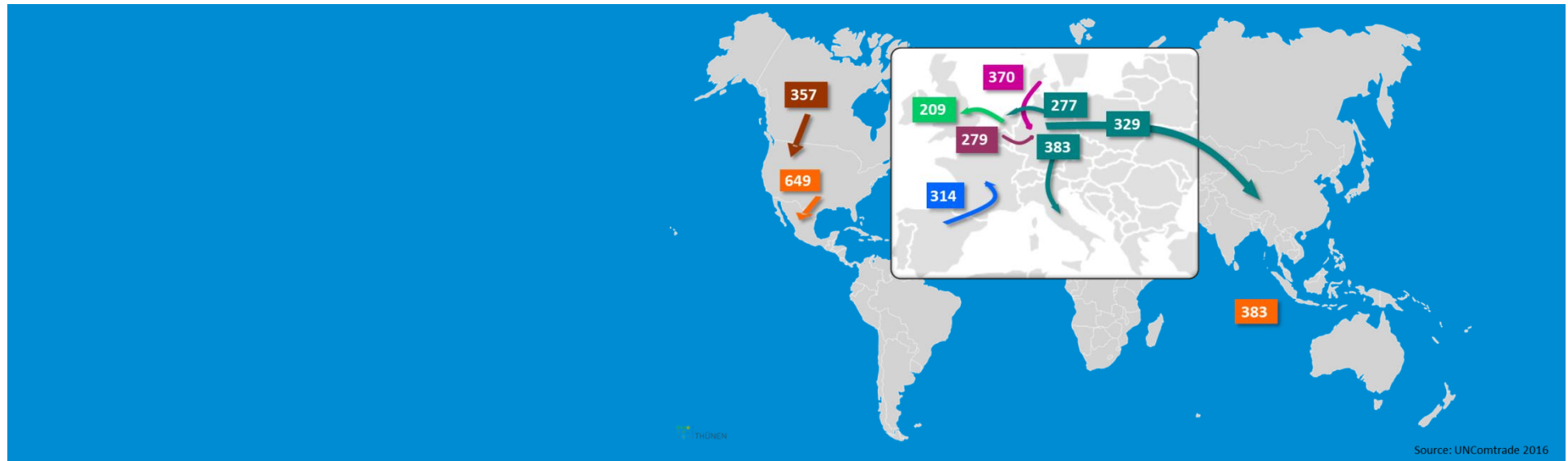


The competitive situation and perspective of Chinese pig production

agri benchmark InterPIG Pig Conference 2019

Dr. Claus Deblitz, Michael Groes-Christiansen



Source: UNComtrade 2016

Content

The networks behind

Global context

Results InterPIG

Results *agri benchmark*

Conclusion

The networks behind



agri benchmark Pig and InterPIG Conference 2019



agri benchmark and InterPIG

– 2 complementary networks

InterPIG

- Country average from farrow to finish

Data sources

- Averages from sometimes hundreds of farms
- Accounting and other data

Applications

- Int'l benchmarking

agri benchmark

- 1-n data sets of typical farms per country (Pig and non-pig enterprises)
- Sector data + country time series

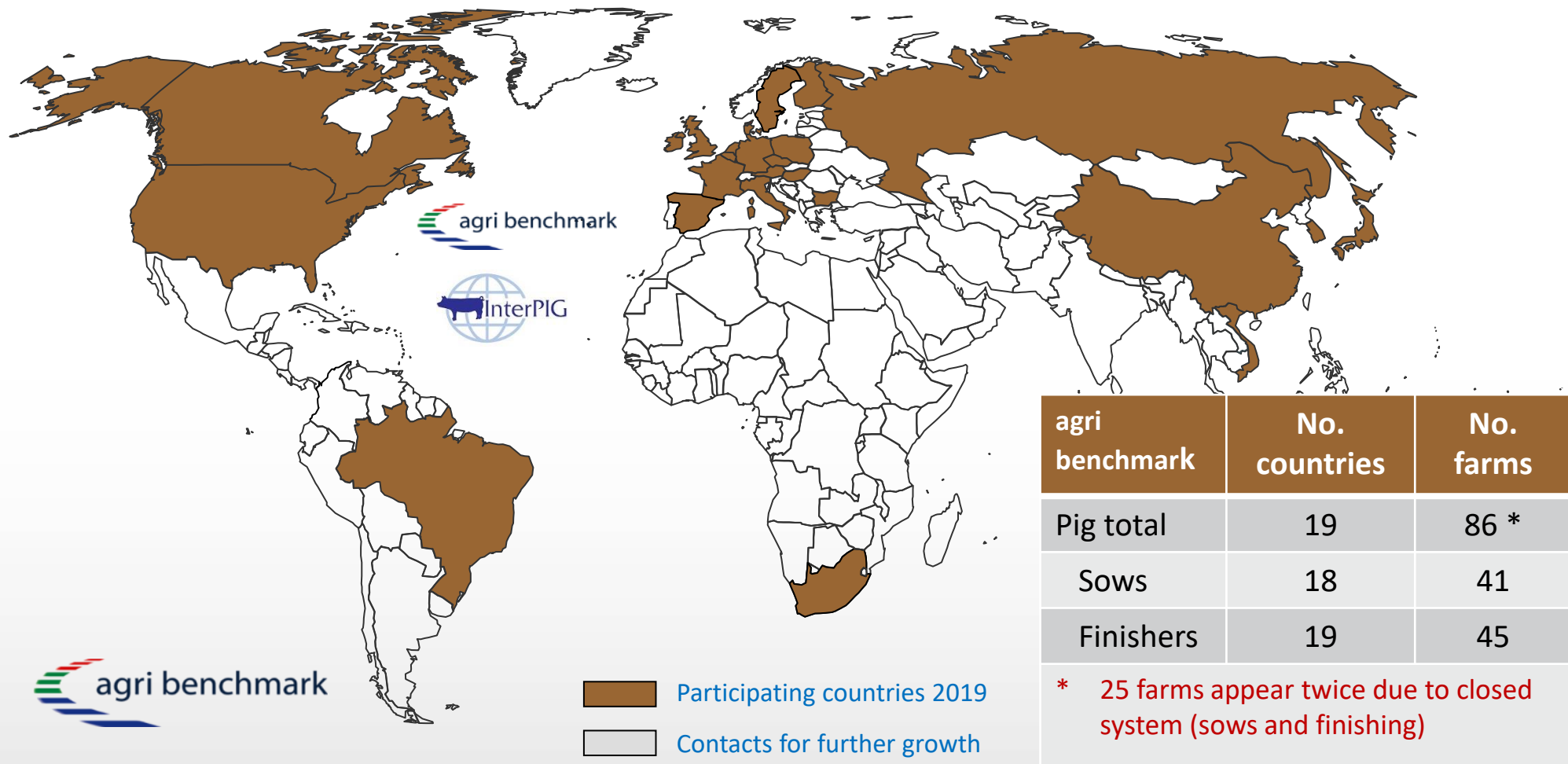
Data sources (based on SOP)

- Producers and local experts
- Regional statistics , accounting and other data

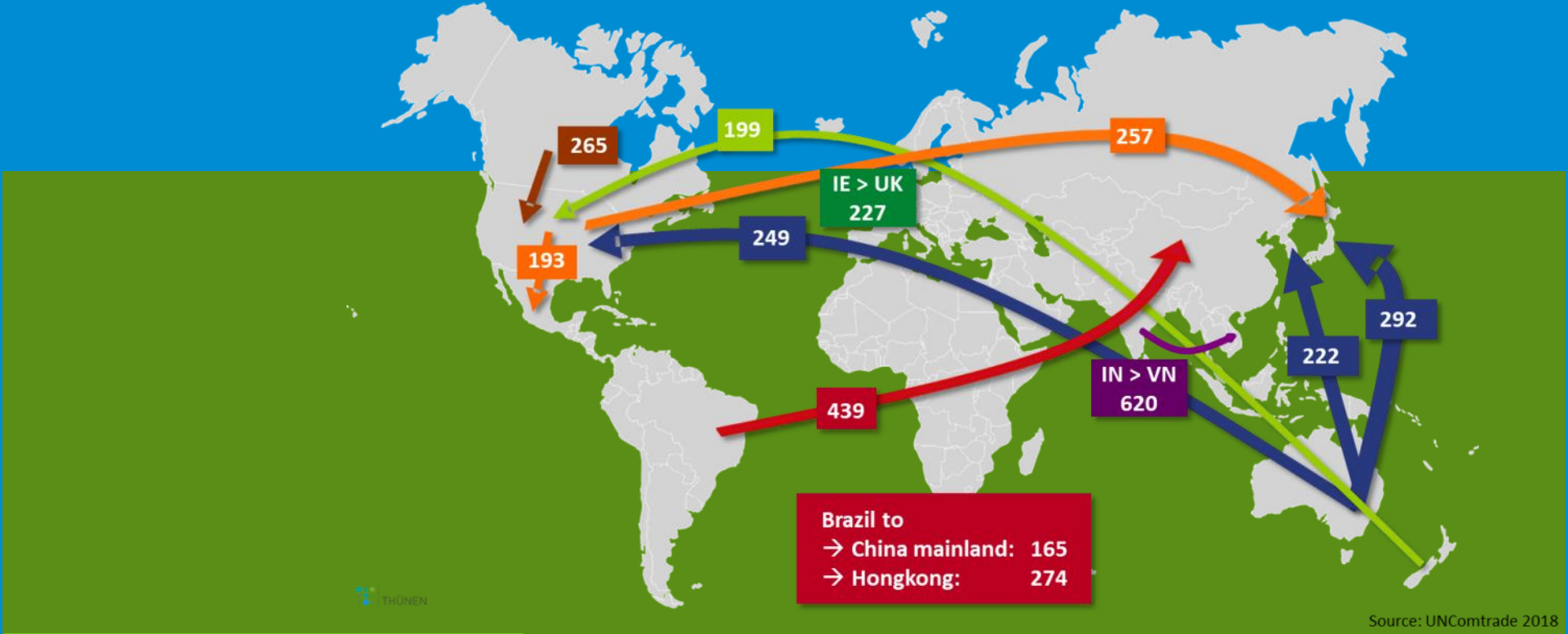
Applications

- Int'l benchmarking, farm strategy analysis, animal welfare, environment ...)

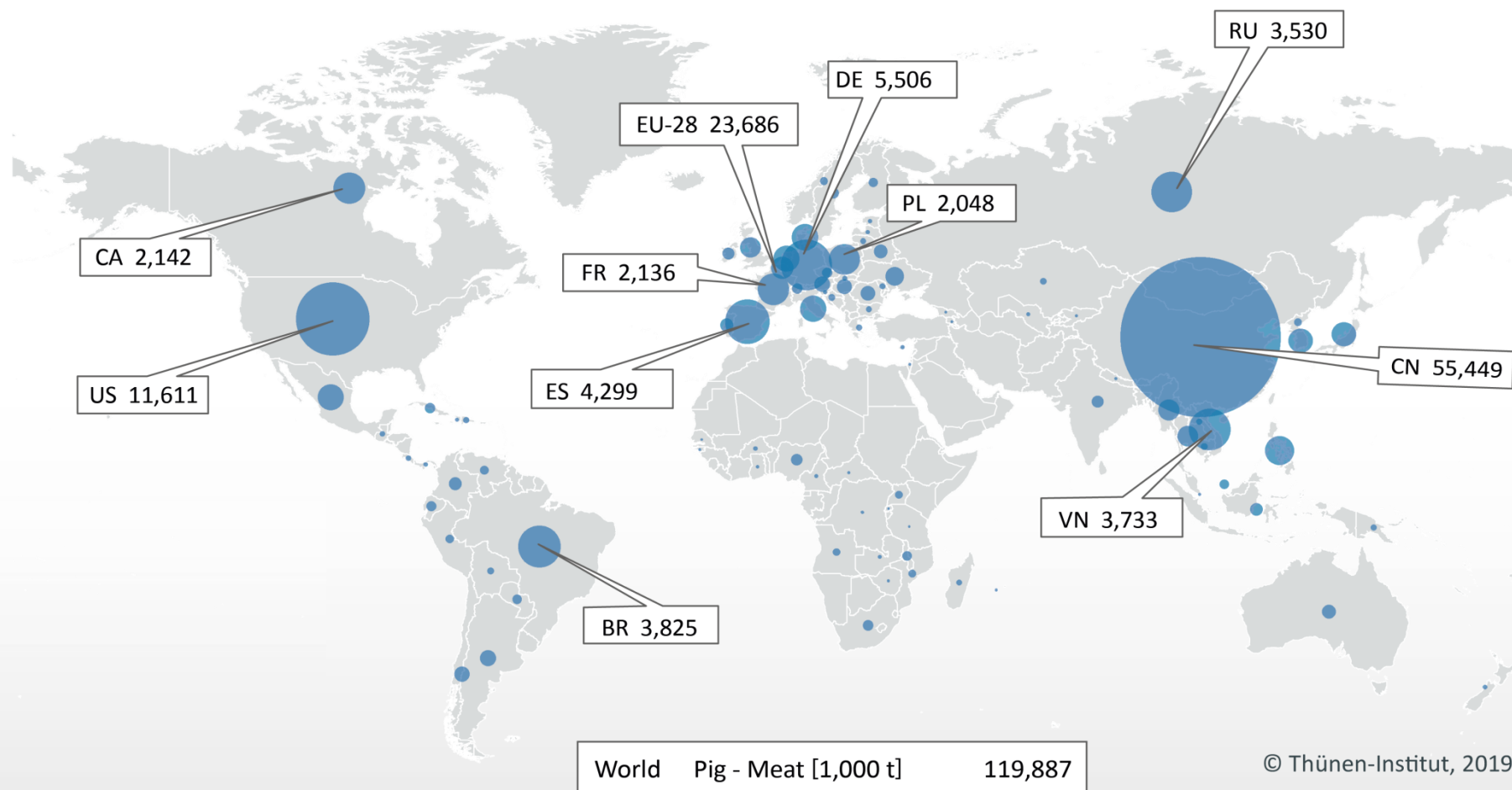
Countries in the *agri benchmark* Pig / InterPIG Network 2019



Market shares



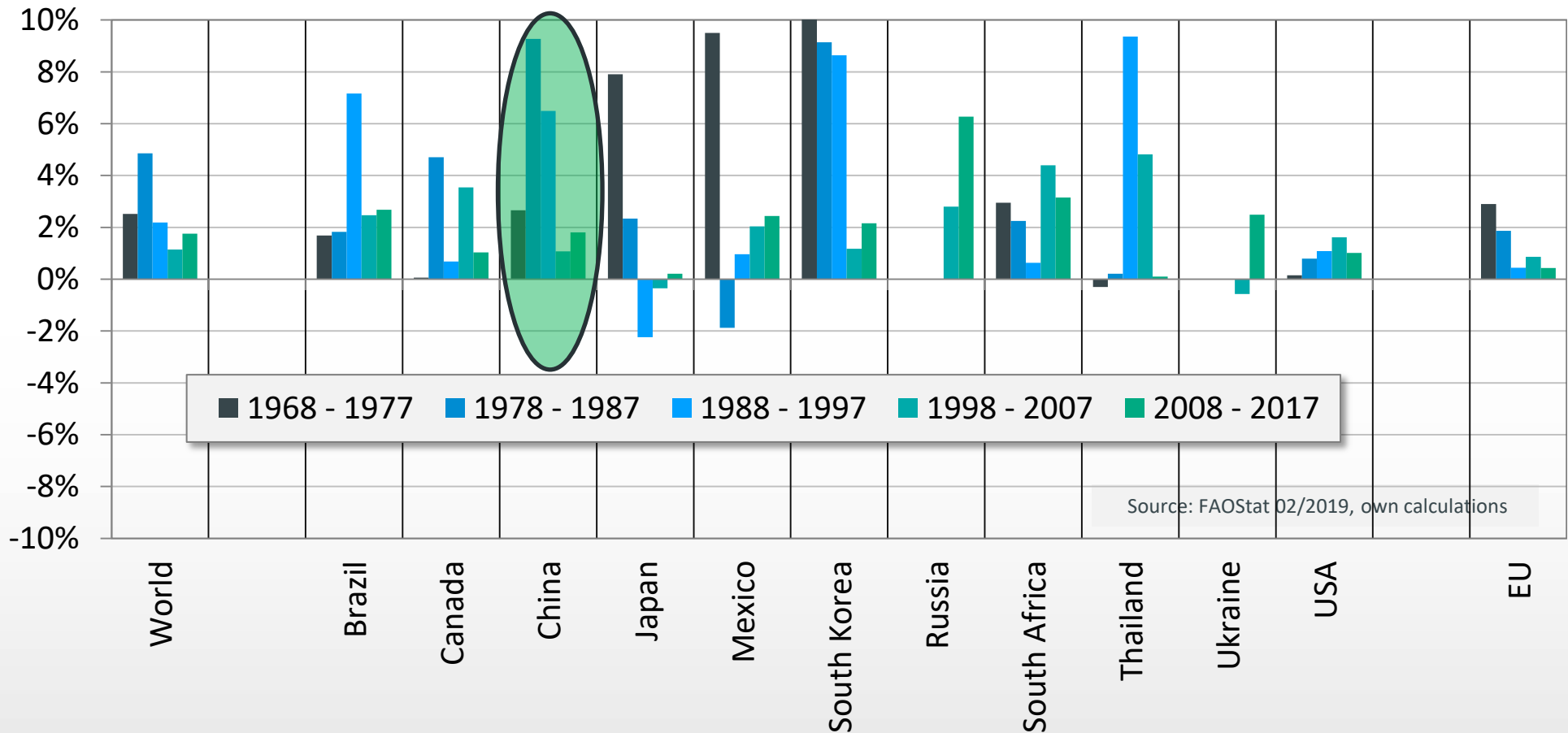
Global pig meat production 2017 ('000 t)



Annual pork production growth rates 1968-2017

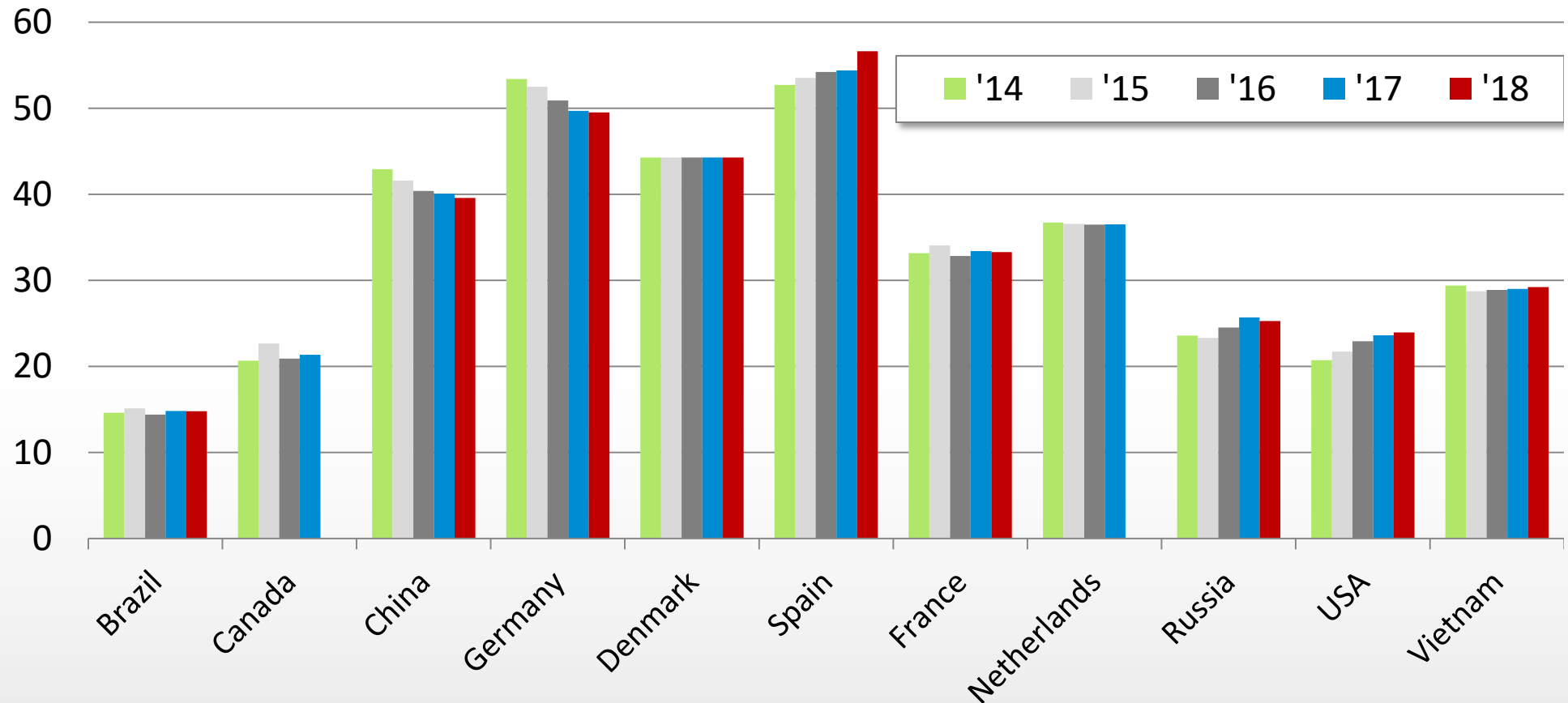
- selected countries

Percent



Per capita consumption changes in selected countries 2014-2018

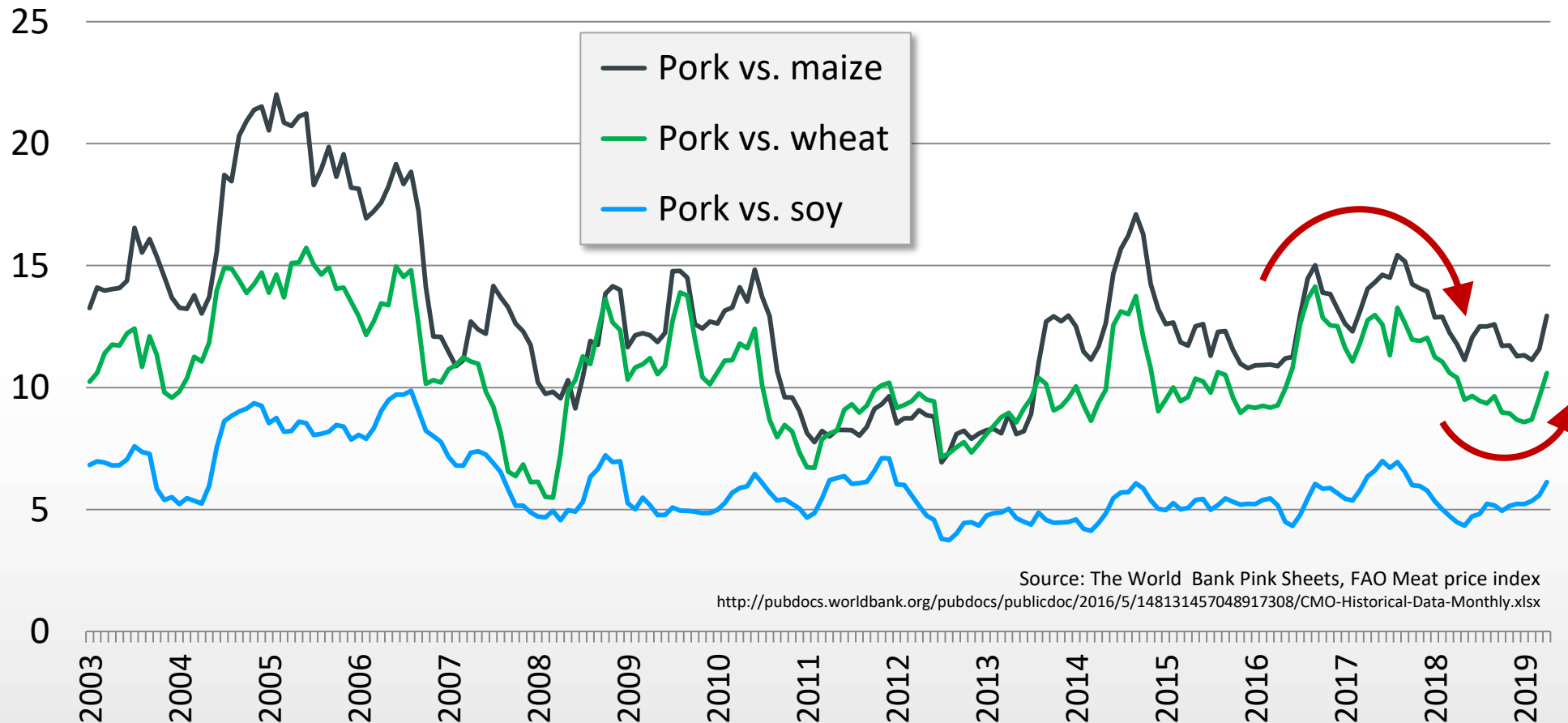
Kg pig meat per capita and year



Source: agri benchmark, national statistics

Pork – feed / grain price ratio recently improving

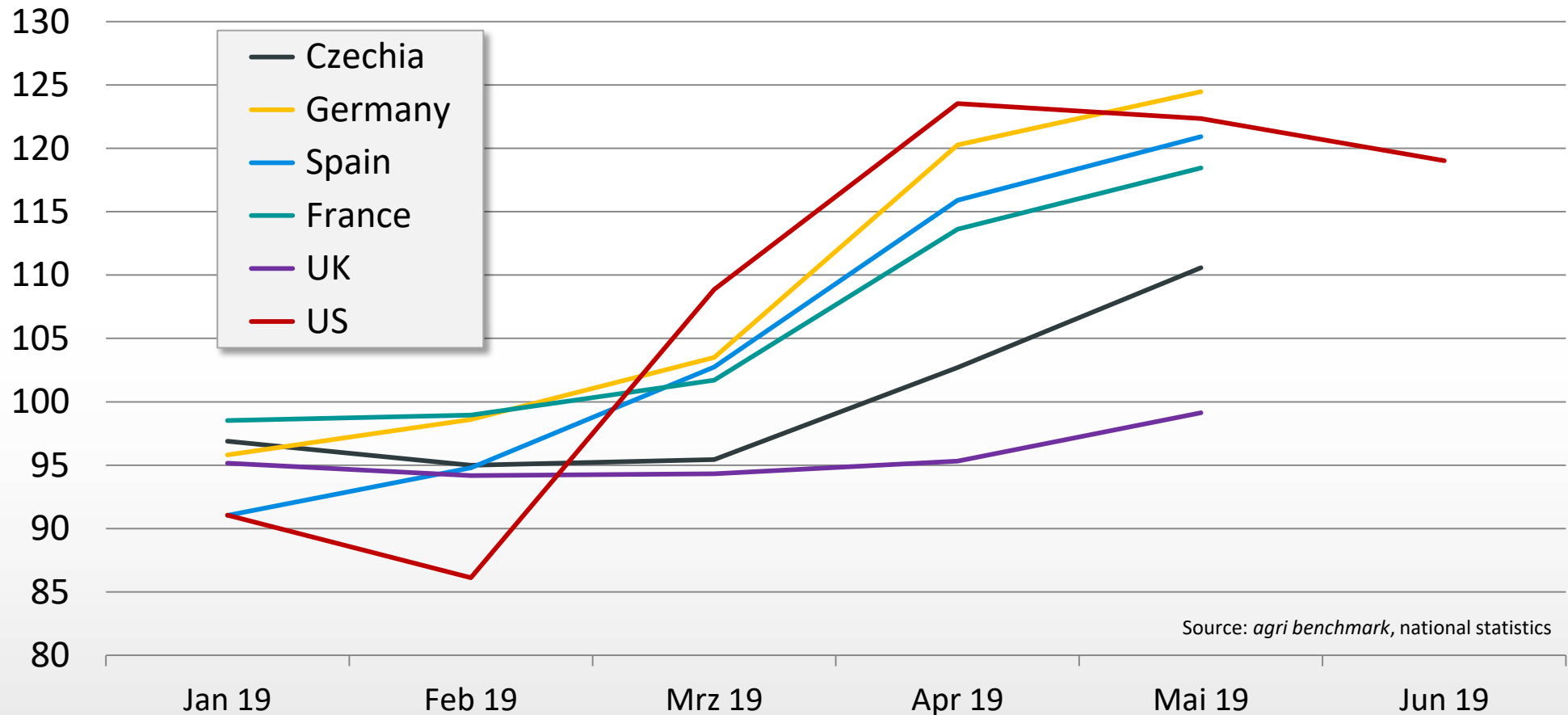
Based on USD per ton prices (until April 2019)



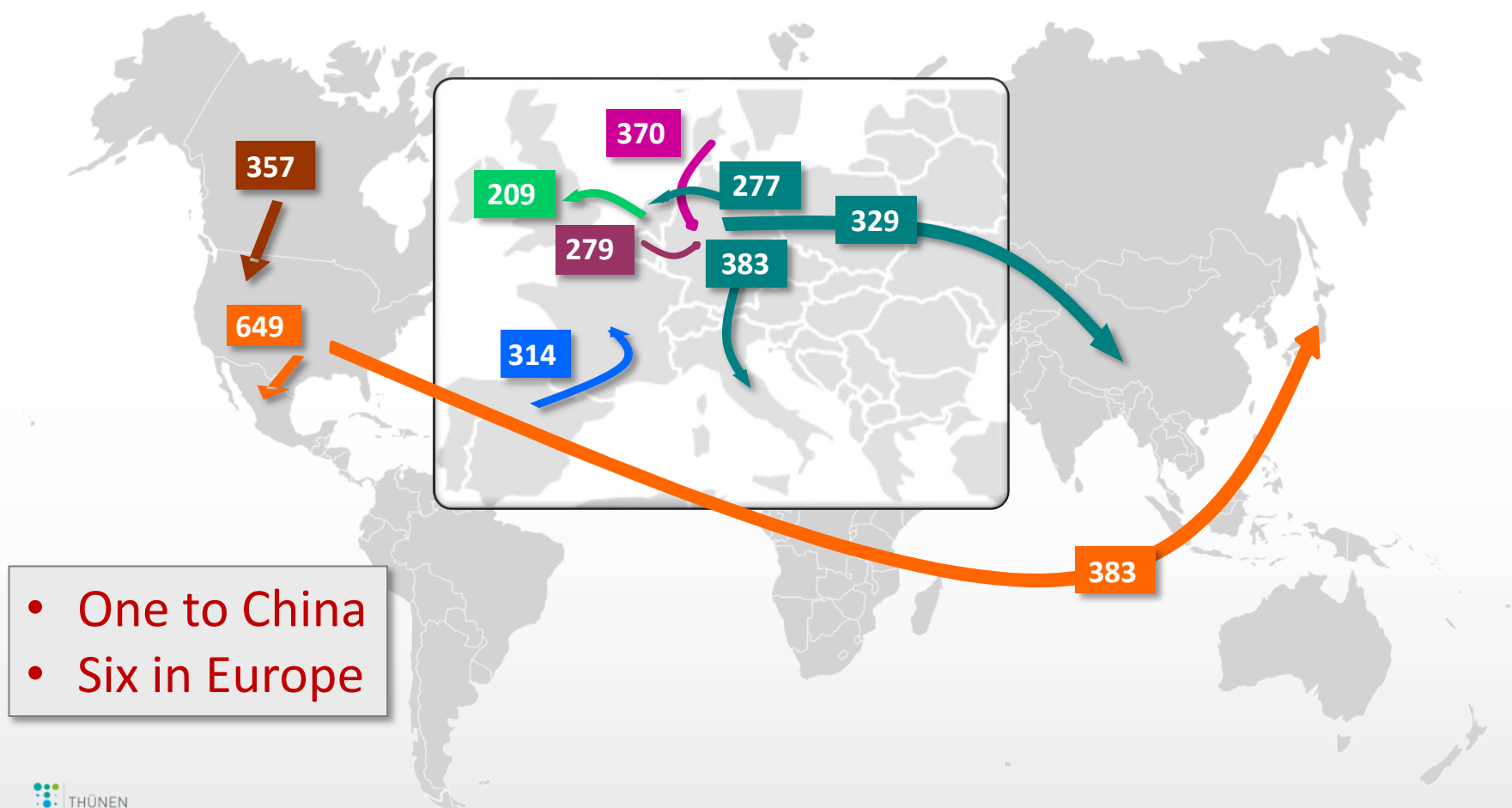
Pork prices for selected countries Jan-Jun 2019

Index 100 = average of the year 2018

Index based on national currencies

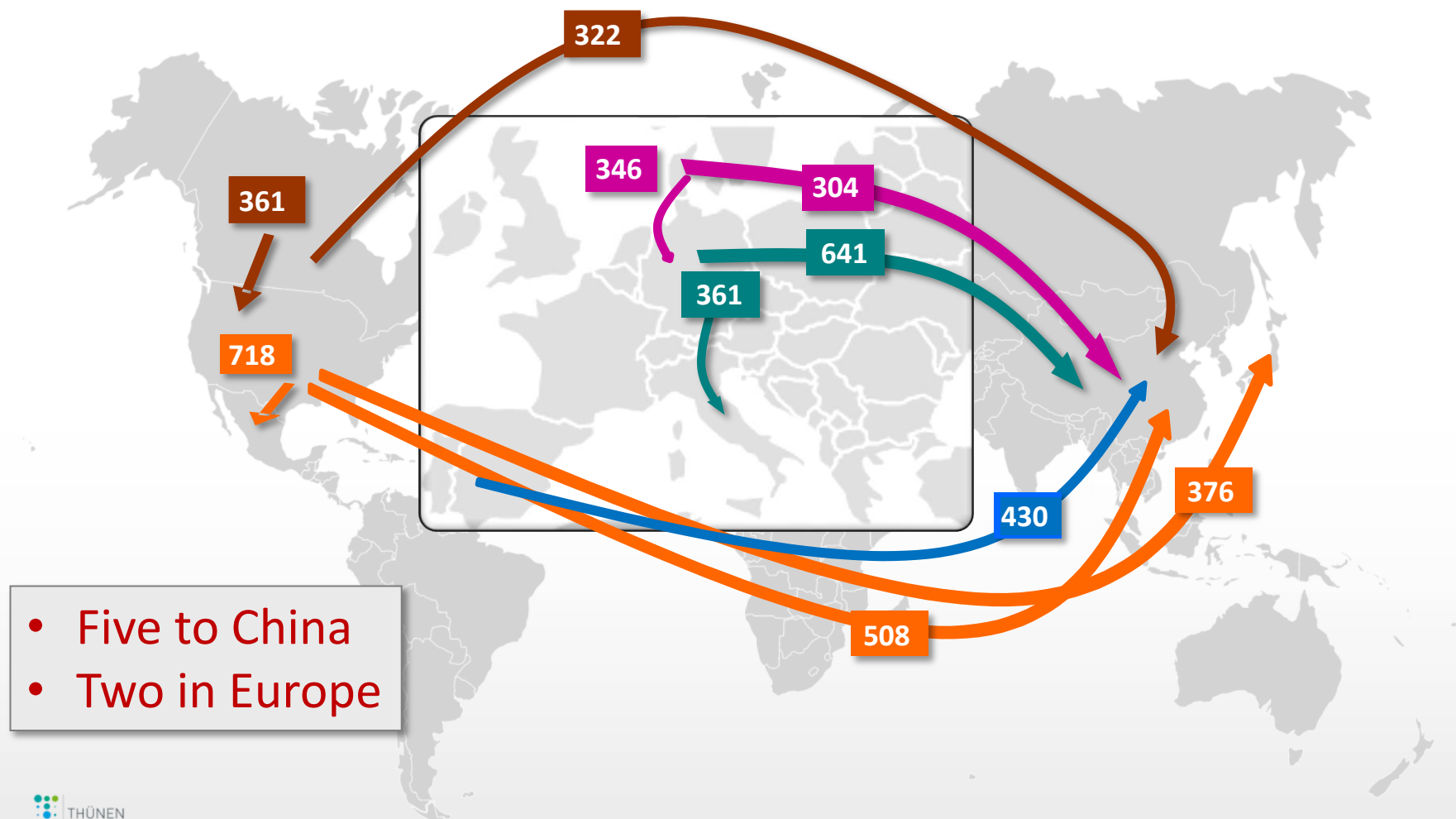


Top 10 pig trade flows 2014 ('000 tons)

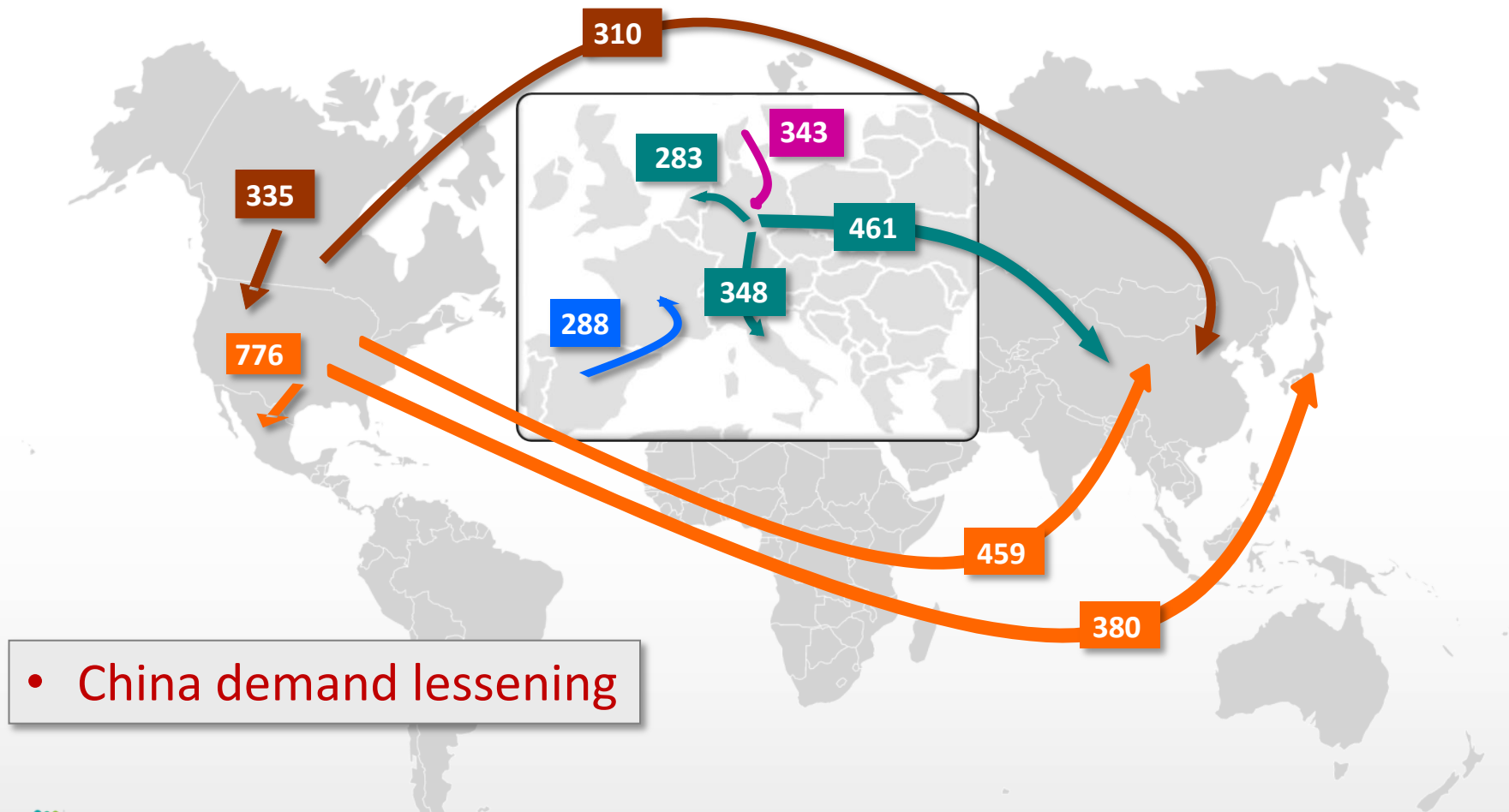


- One to China
- Six in Europe

Top 10 pig trade flows 2016 ('000 tons)



Top 10 pig trade flows 2017 (1,000 tons)



- China demand lessening

InterPIG results

Provisional (2018), not for publication



InterPIG provisional 2018 result and in the past

Prices on input

Some productivity levels

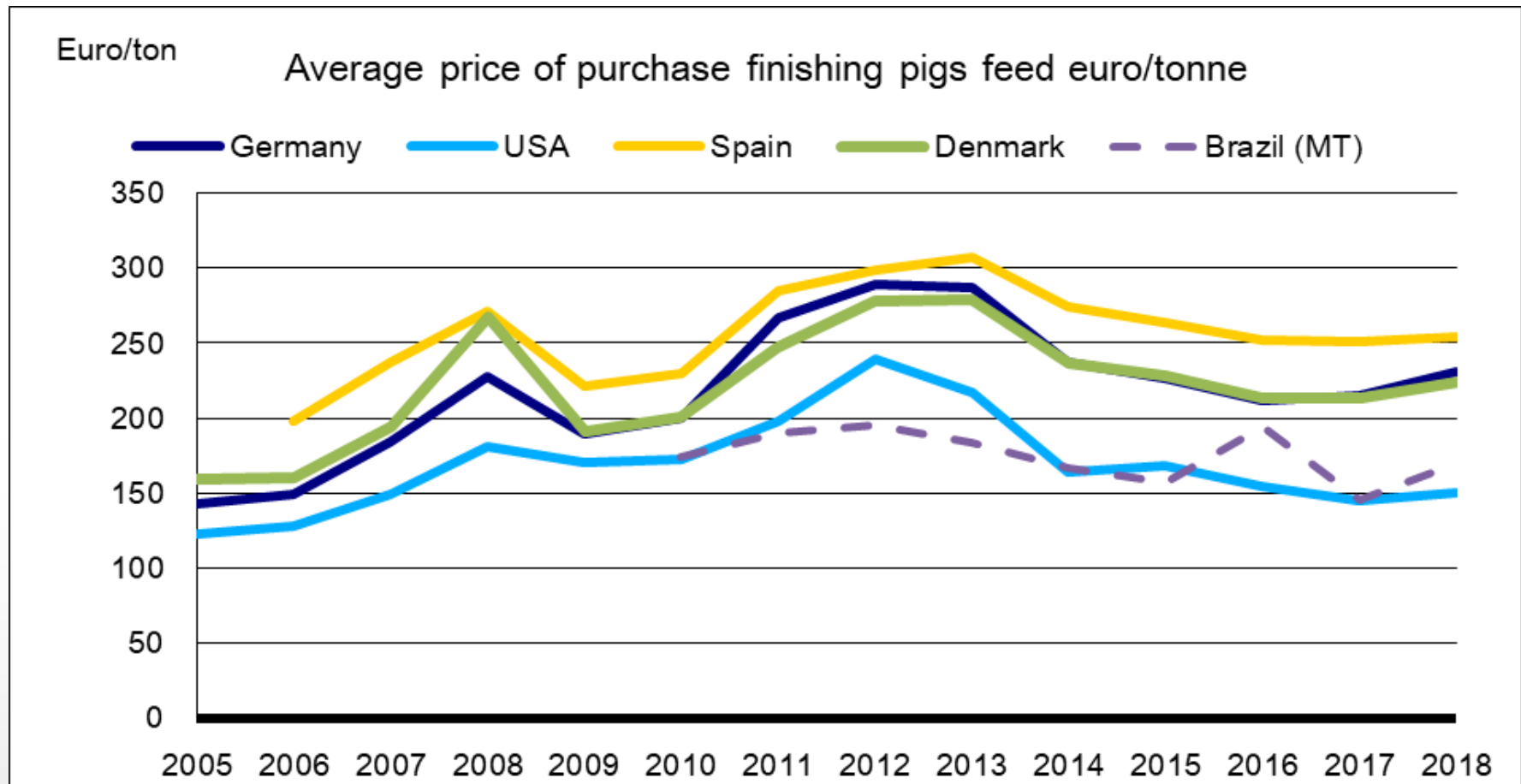
Production cost total

Payment

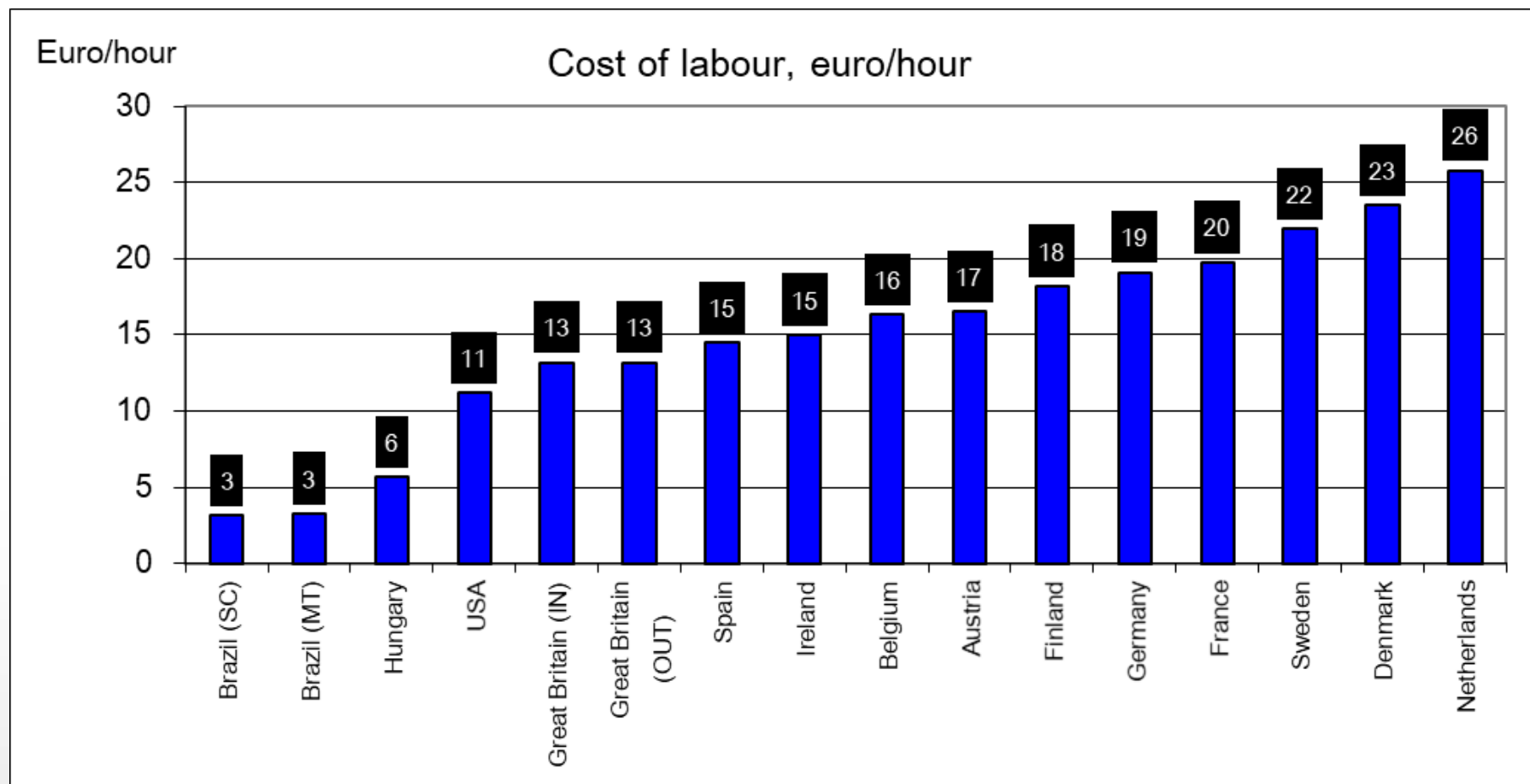
Production cost of 30 kg piglet

Conclusion InterPIG

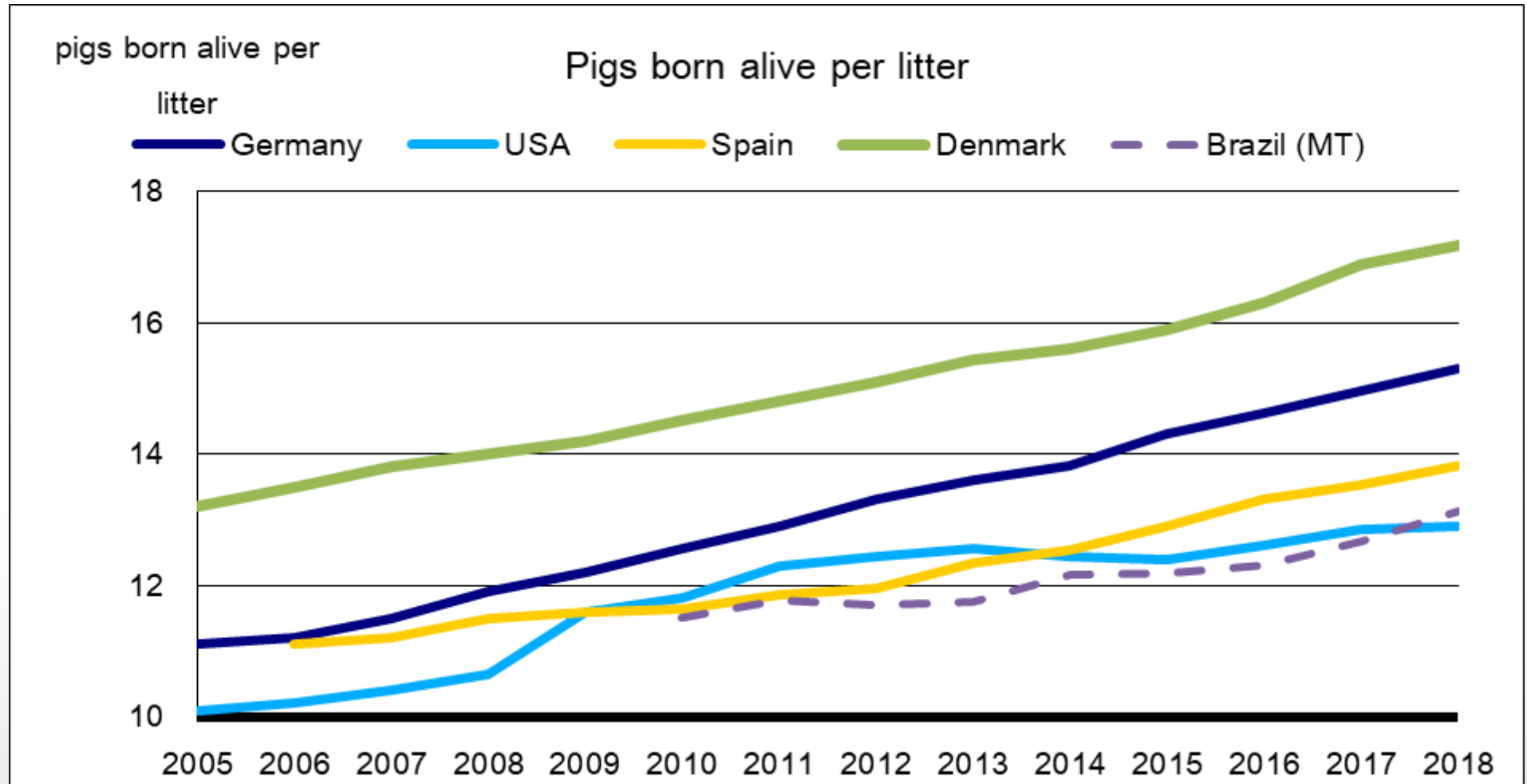
Feed Prices



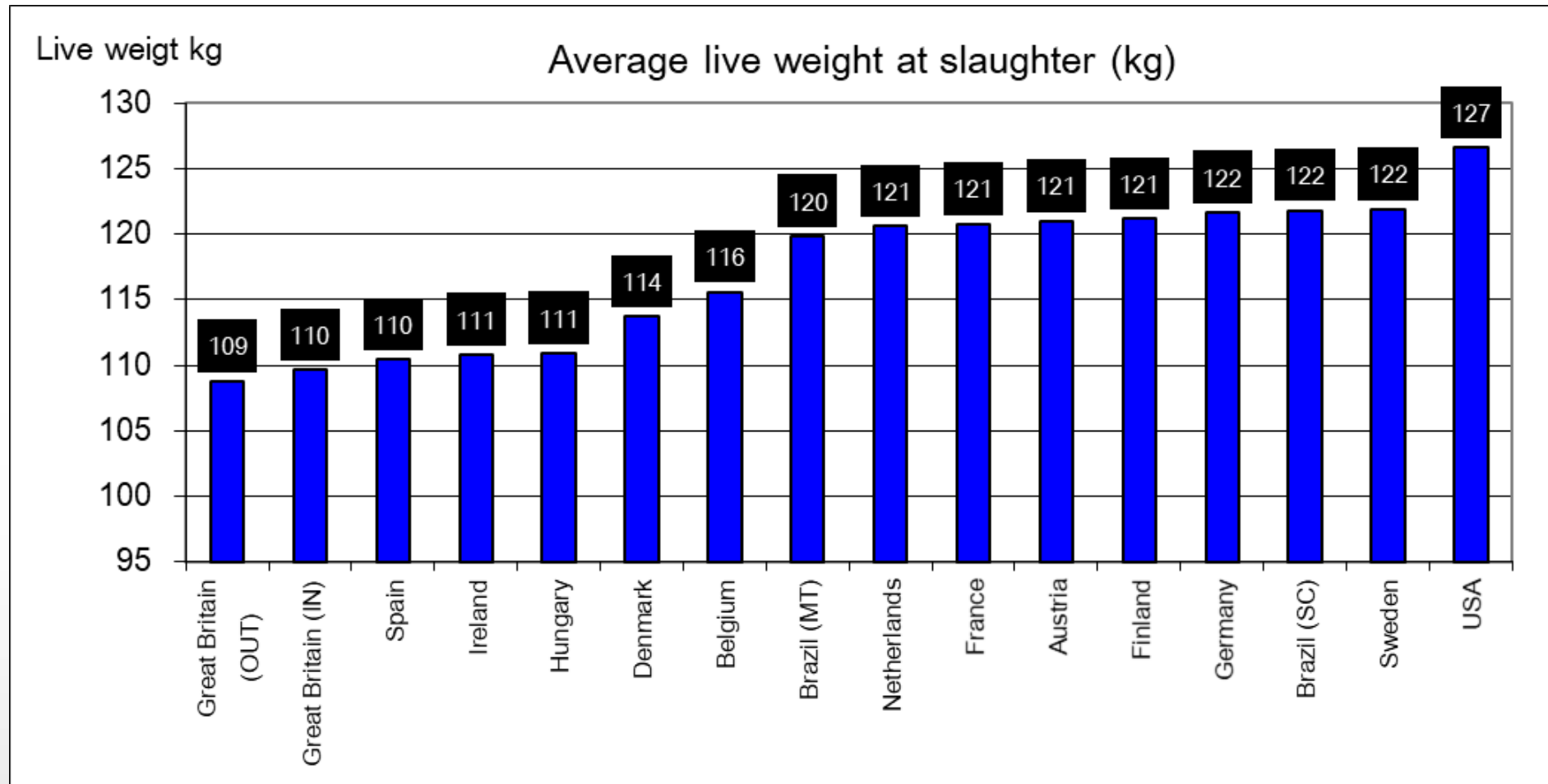
Cost of labour



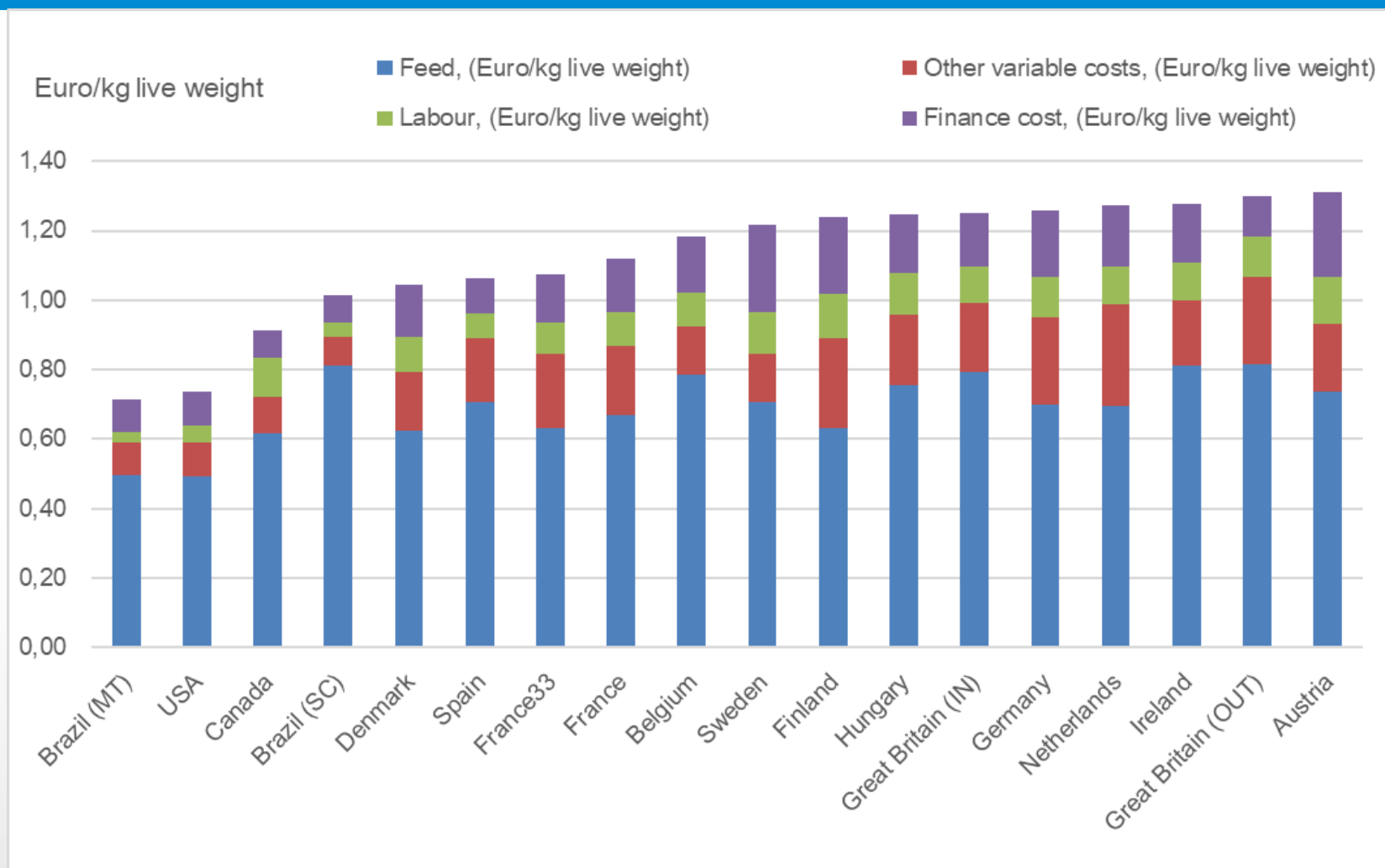
Pigs born alive per litter



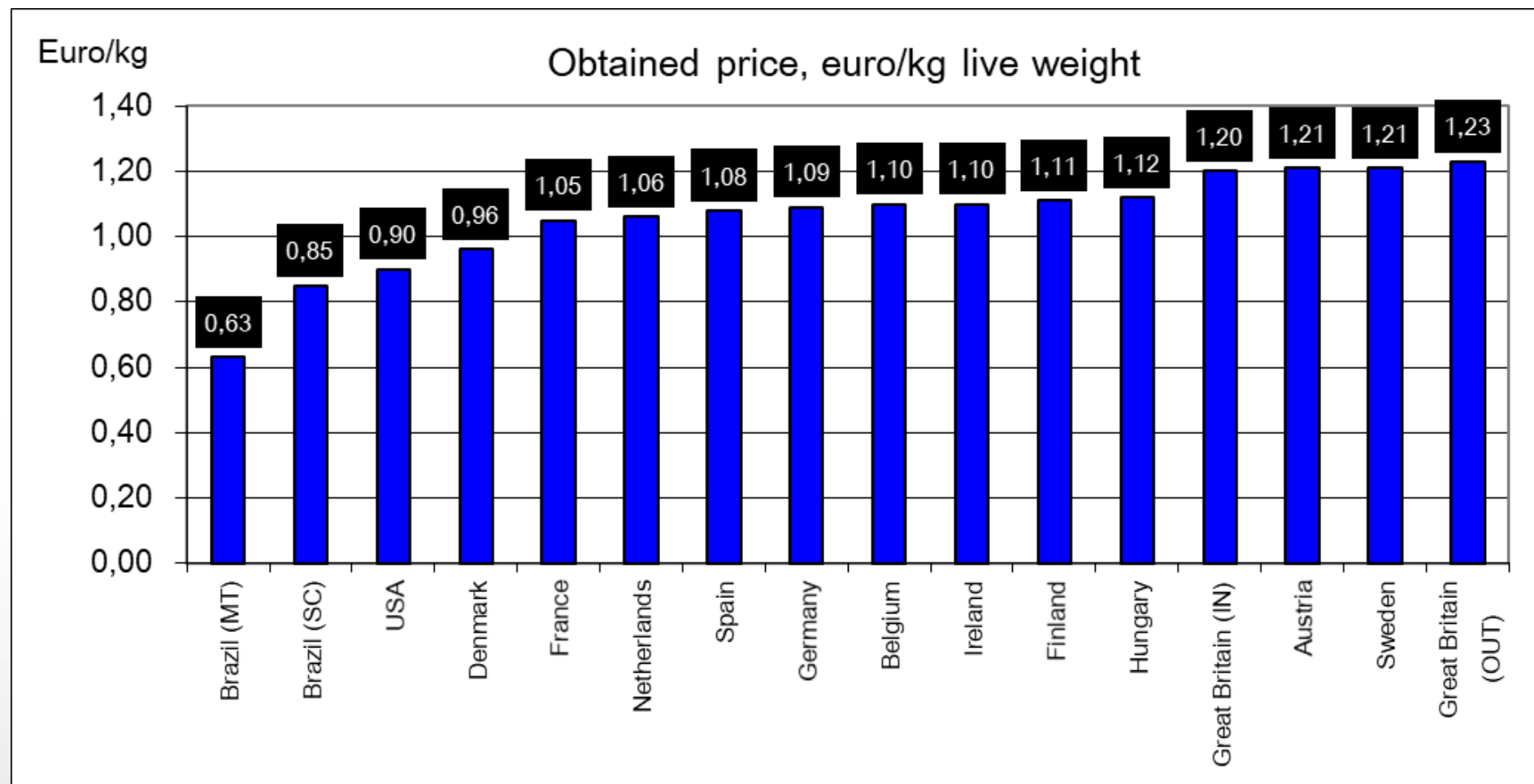
Live weight at slaughter



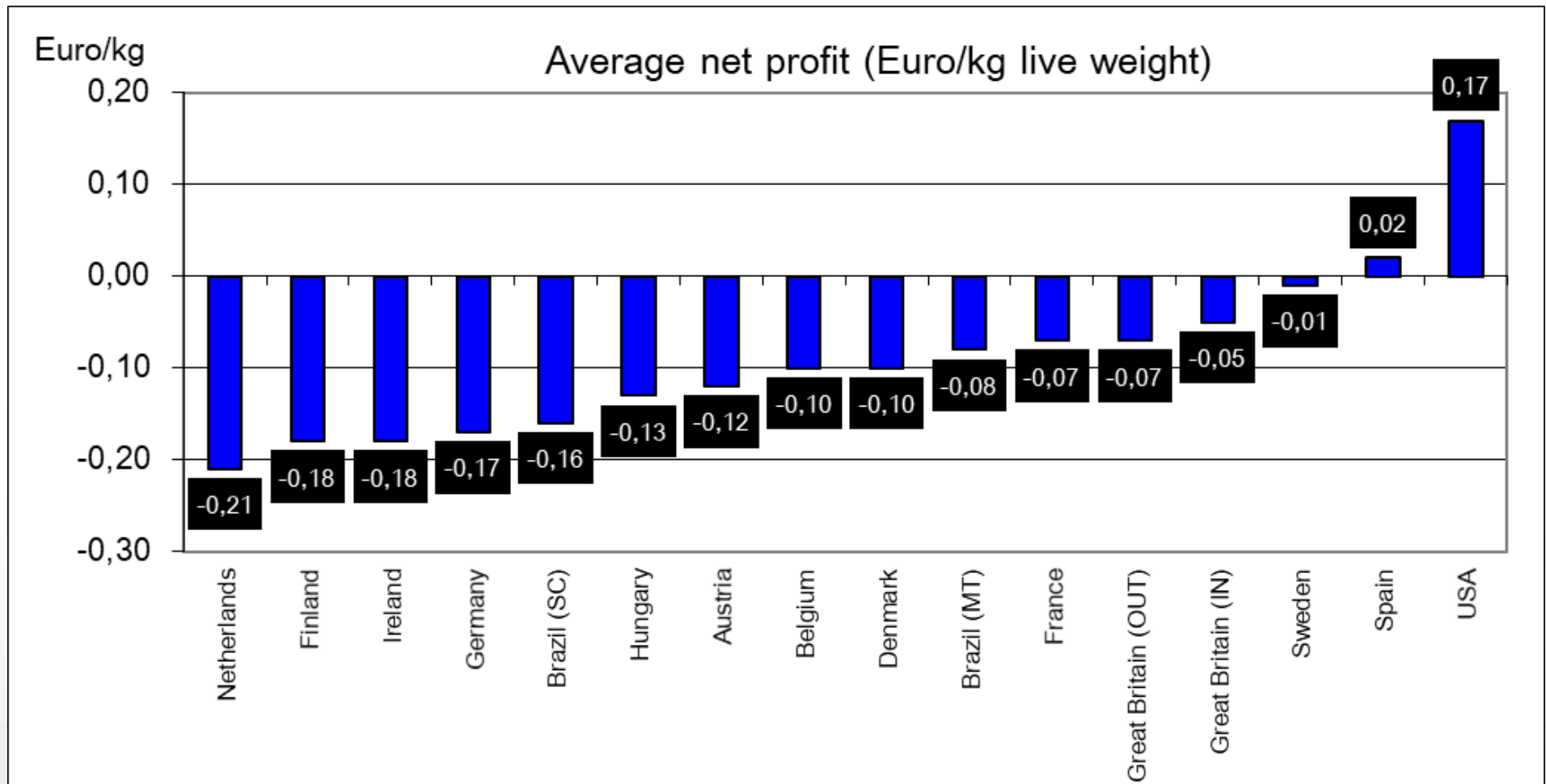
Total cost per kg live weight in Euro/kg



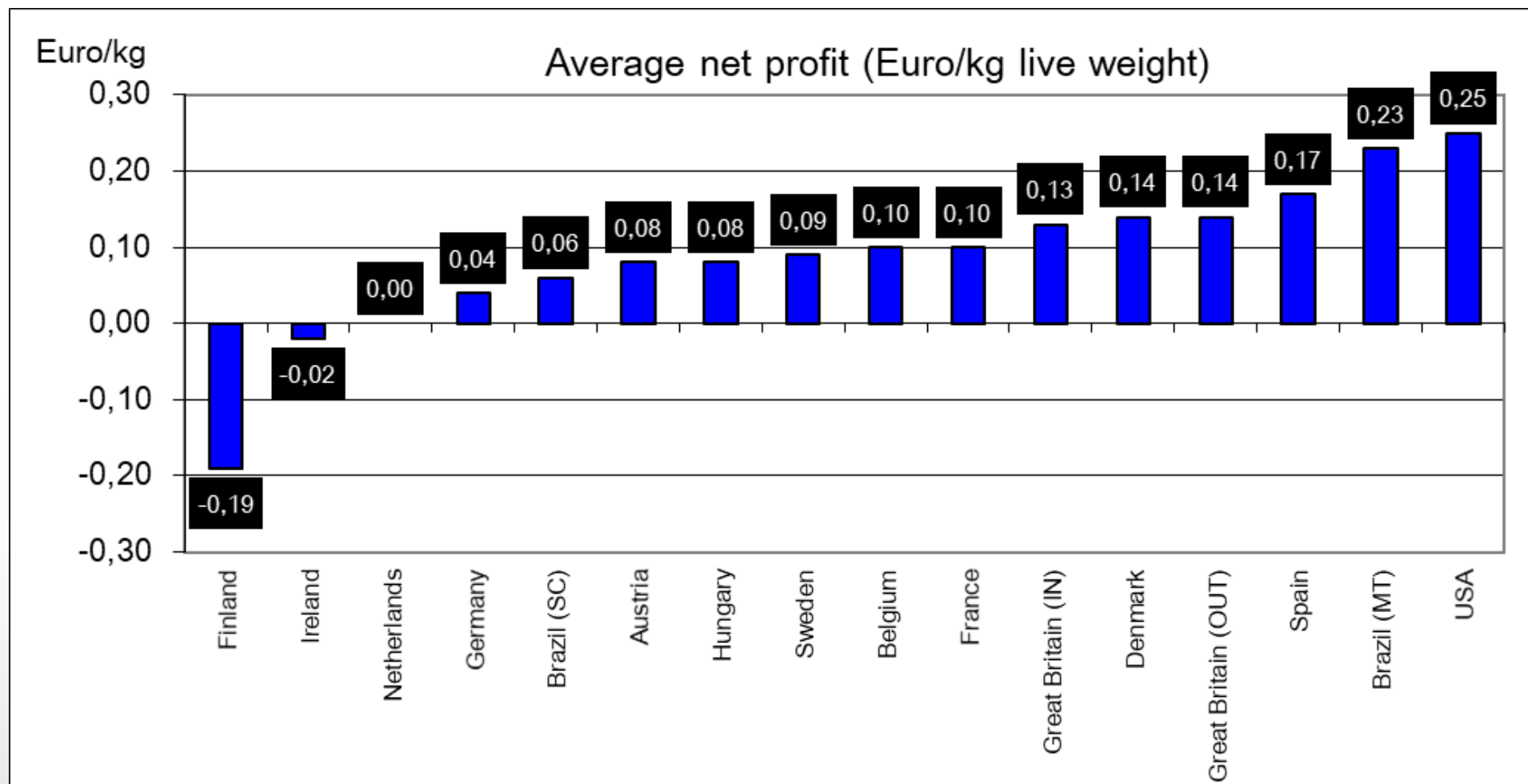
Obtained payment in 2018 per kg live weight



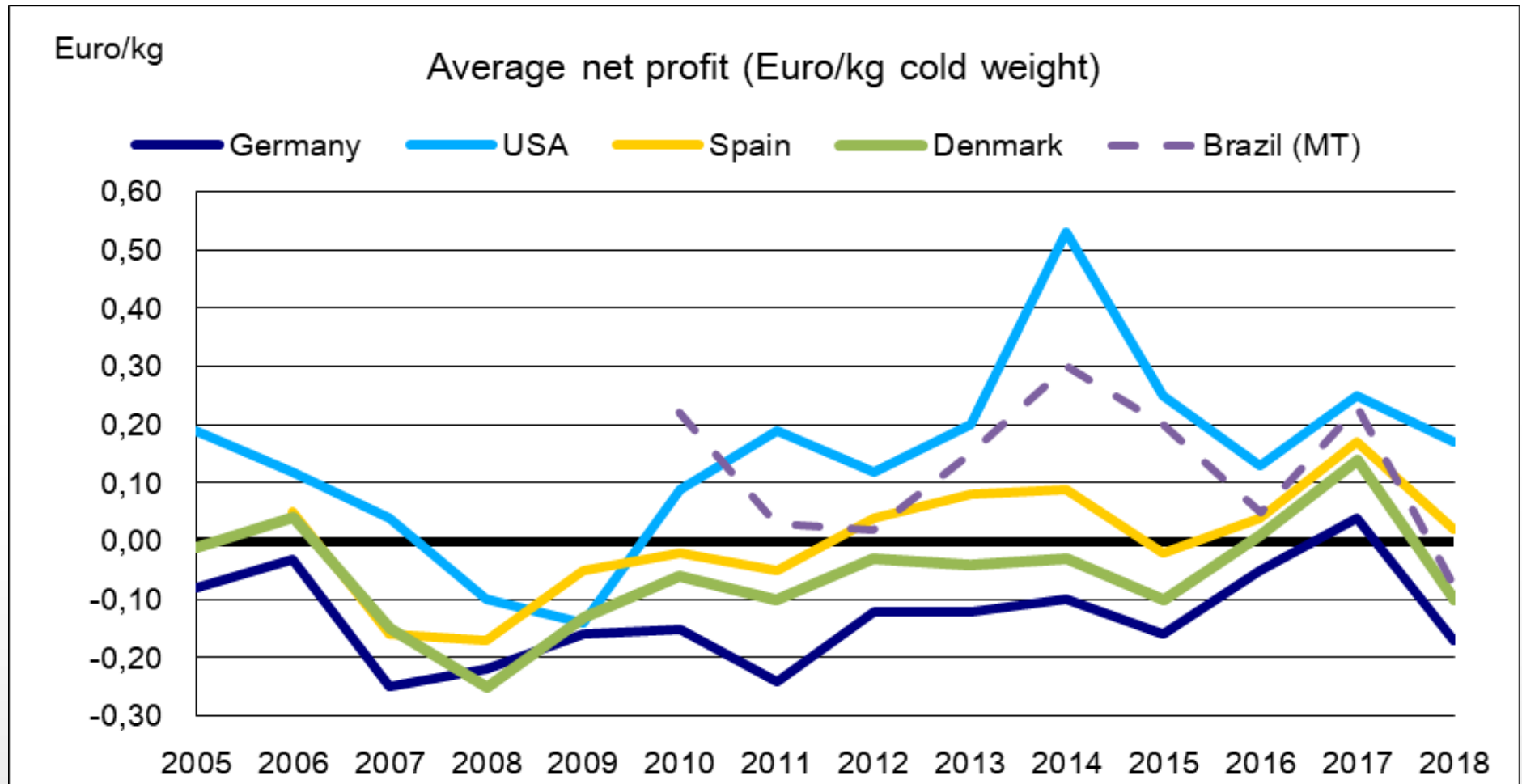
Profit 2018



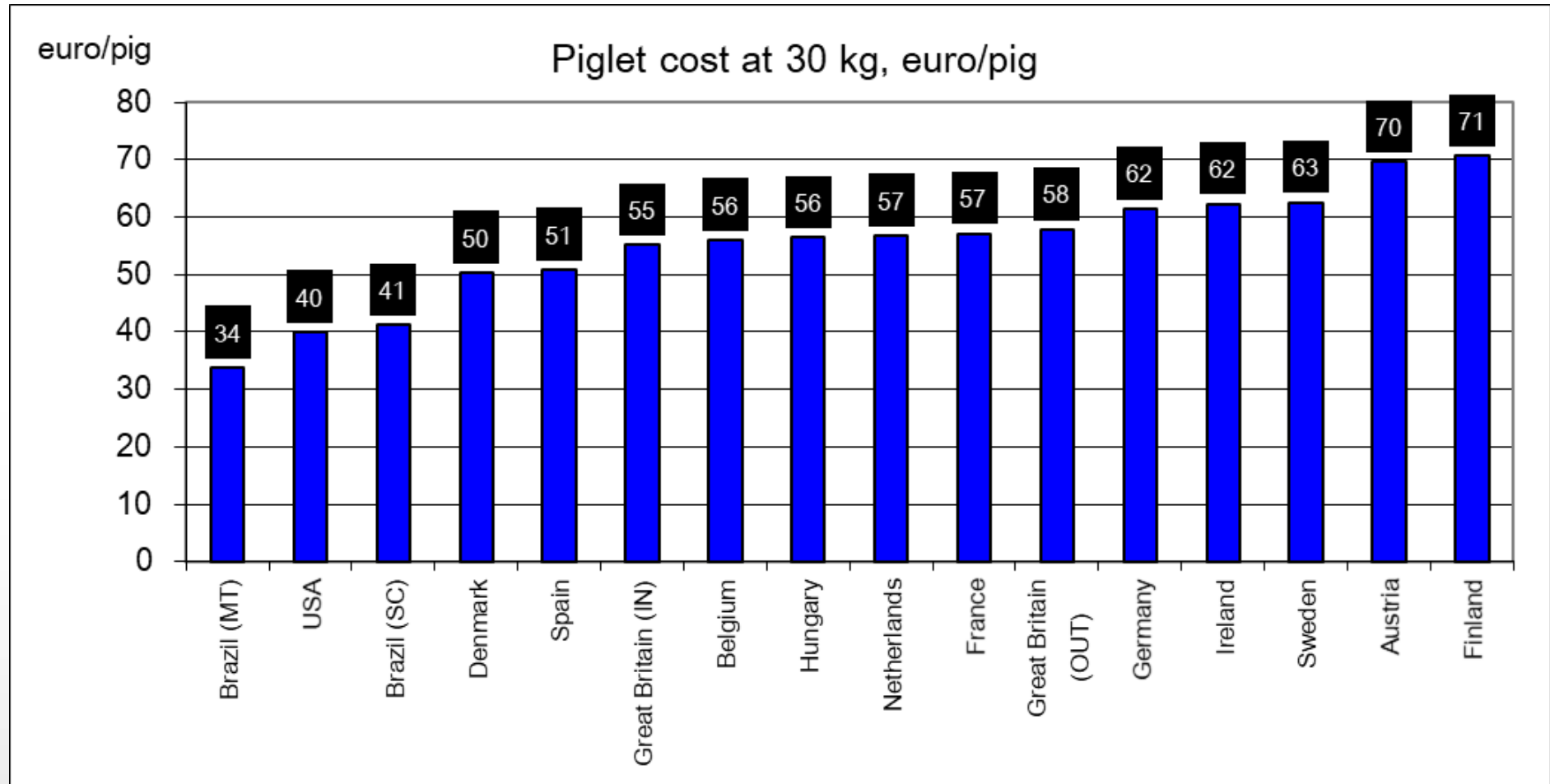
Profit in 2017



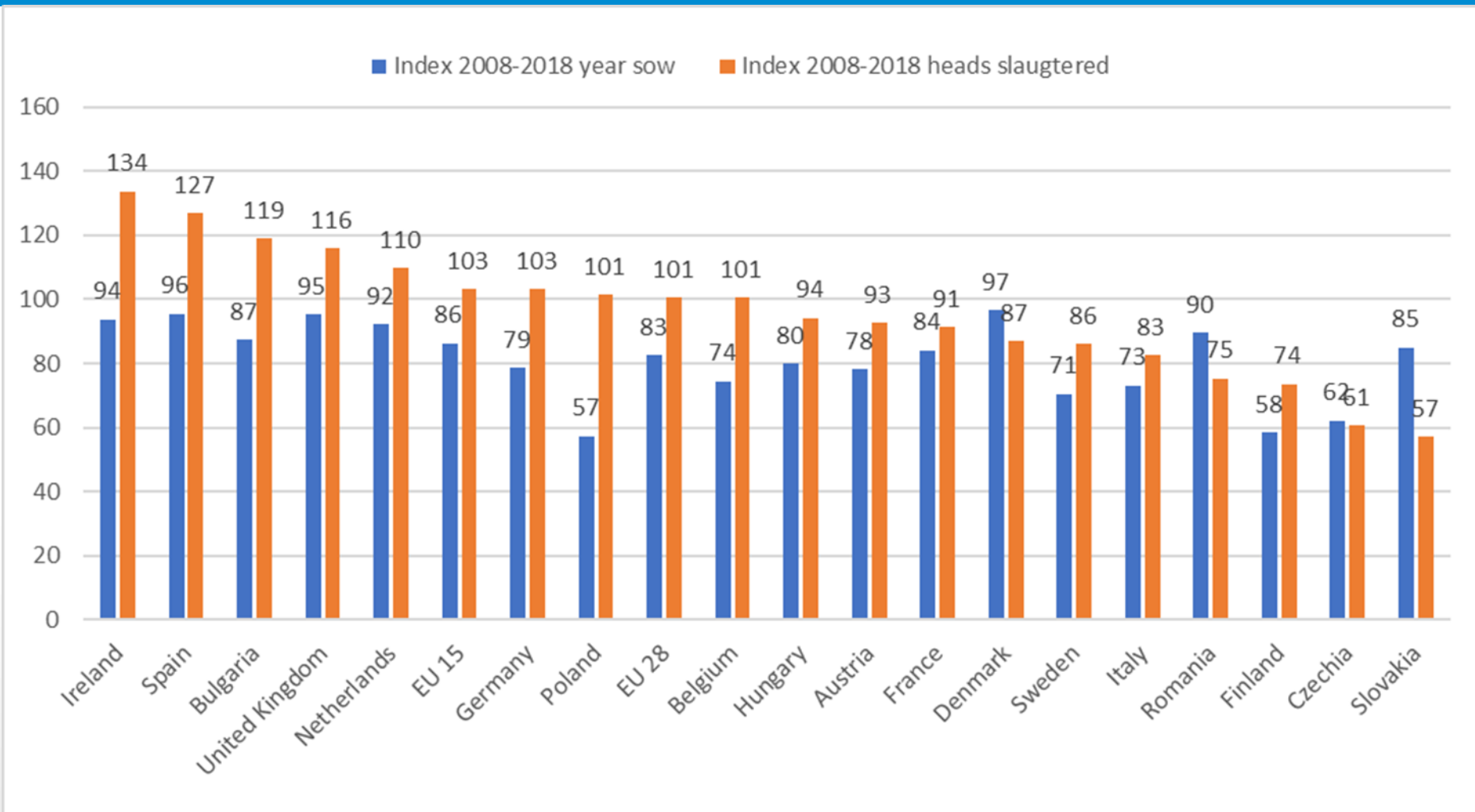
Net profit before taxes



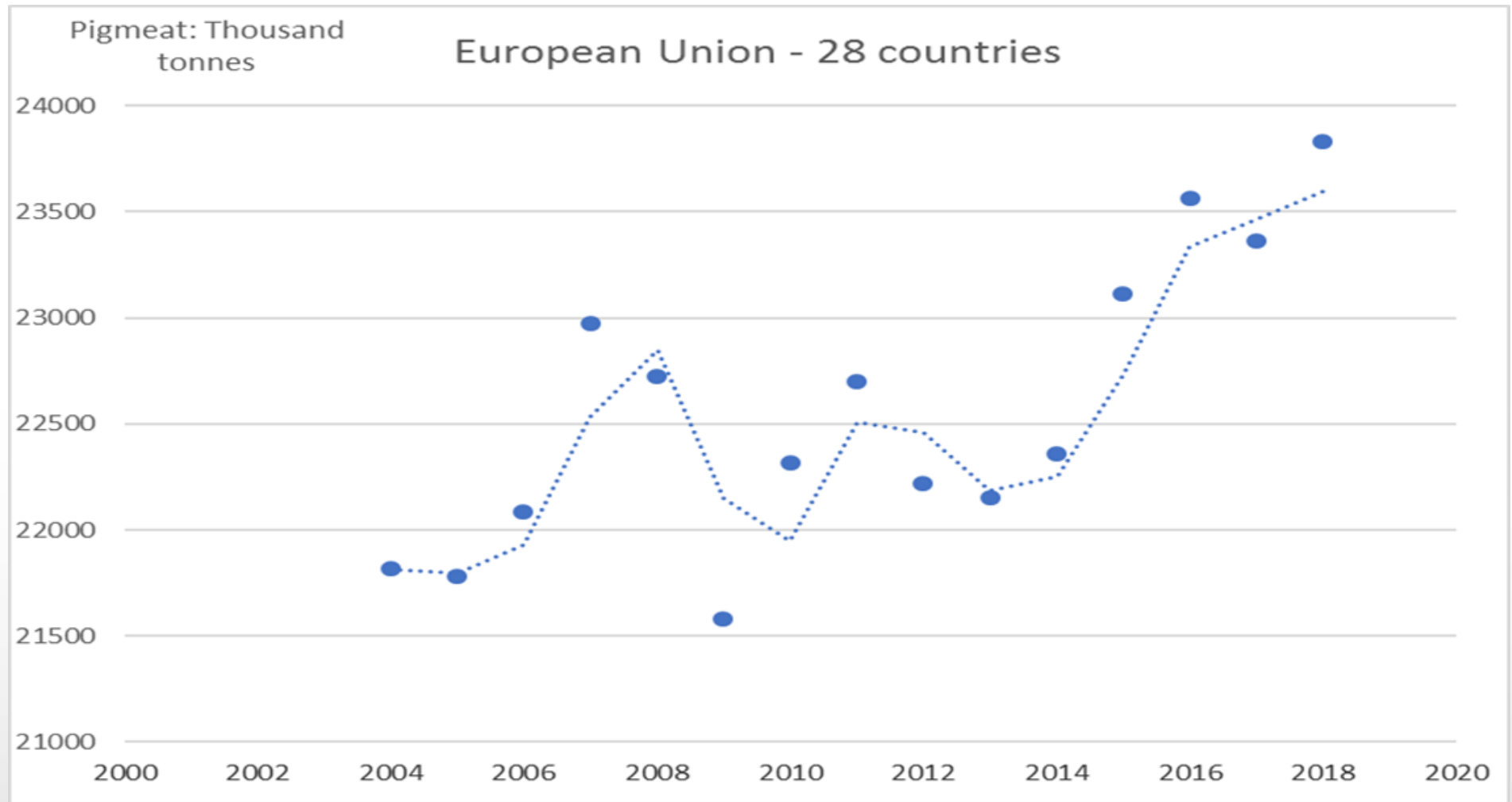
Production cost 30 kg piglet



EUROSTAT 10 years index sows and slaughterings



EU production in tonnes



Conclusion Profits

2017 a profitable year = increased production in EU

2018 not a profitable year = effect on 2019 as a whole?

Spain and USA is highly competitive on price of production and payment to the farmer

Conclusion InterPIG

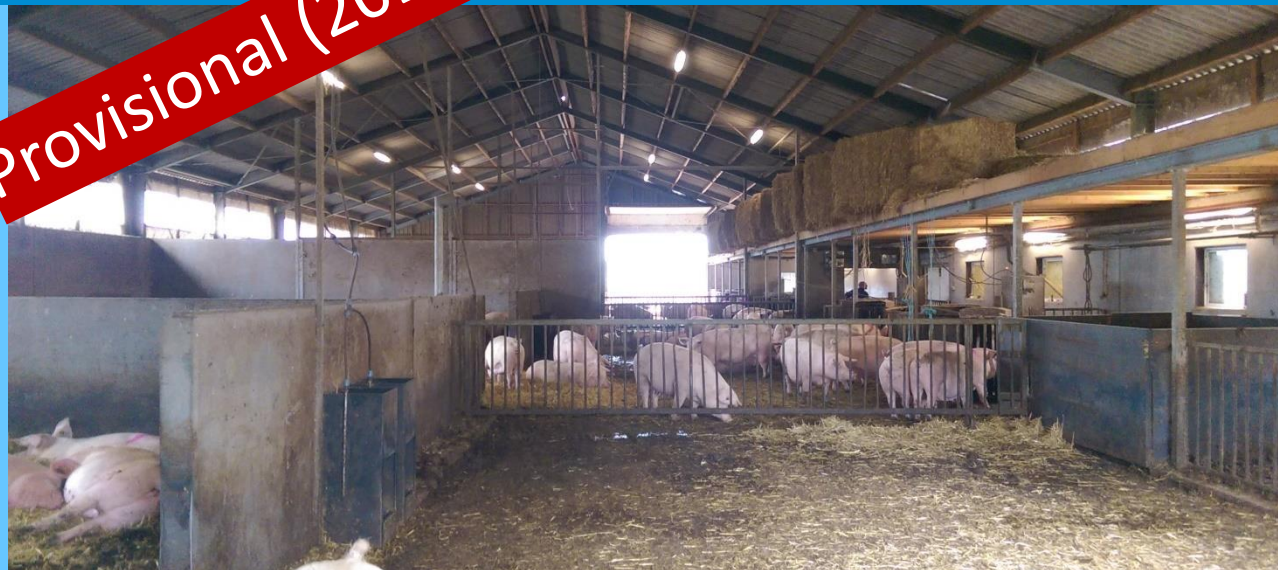
Some countries in Europe very cost efficient 30 kg production = export 30 kg live pigs to Germany and Poland

East Europe go back in sows numbers but could return (ASF mostly in Eastern Europe)

Increasing focus on environmental issues in Europe eg. Ammonia emissions from farms

agri benchmark sow results

Provisional (2018), not for publication



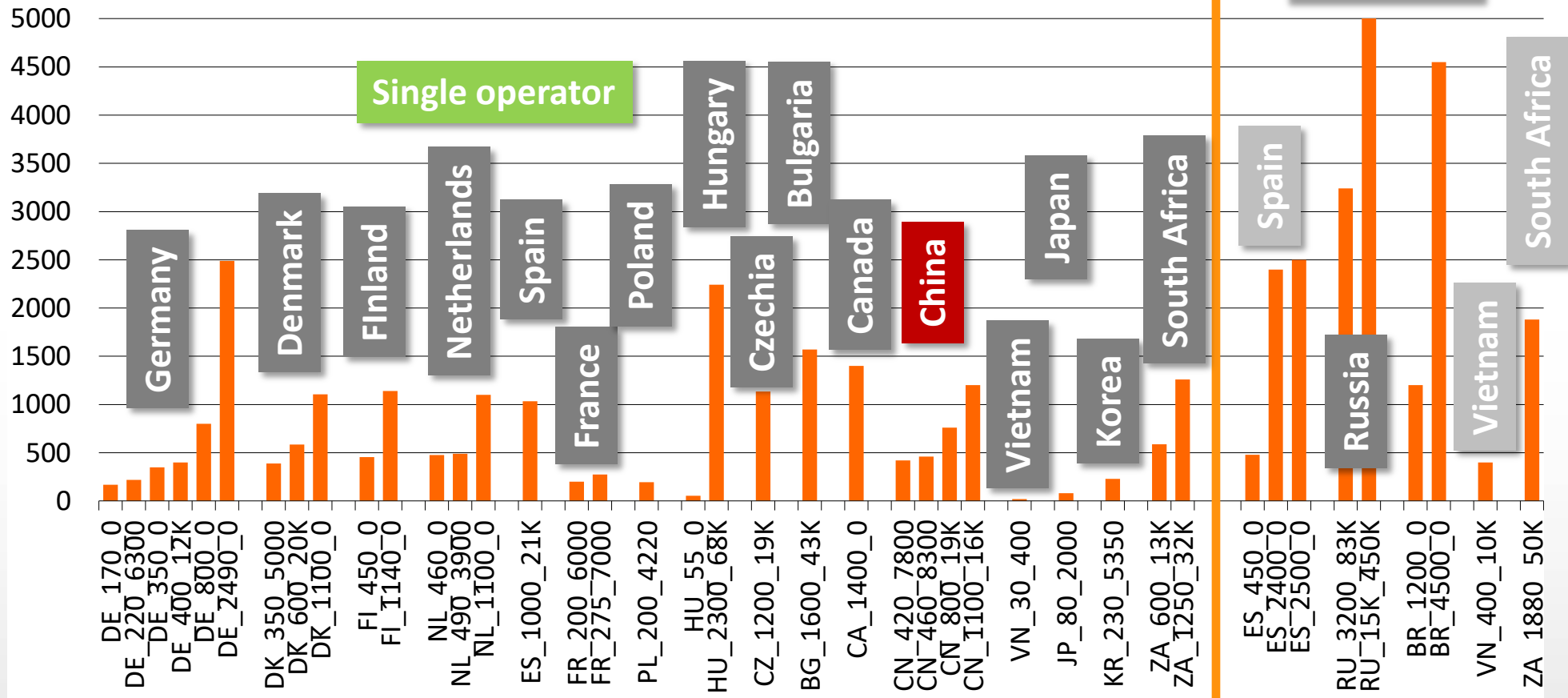
Chinese farms in the comparison

	Farm name 1)	Sows	Type of farm	Total Reared	Per sow Reared
		No.		No.	No.
Anhui	CN_420_7800	420	Single operator	3.162	19
Heilongjiang	CN_460_8300	460	Single operator	2.273	19
Henan	CN_800_19K	760	Single operator	7.109	23
Beijing	CN_1100_16K	1.200	Single operator	5.198	19

Farm name 1)	Finished pigs p.a. No.	Type of farm	Weights		
			Start LW	End LW	End CW
CN_420_7800	4.800	Single operator	40	160	120
CN_460_8300	8.300	Single operator	27	110	79
CN_800_19K	18.750	Single operator	25	122	95
CN_1100_16K	18.000	Single operator	23	120	91

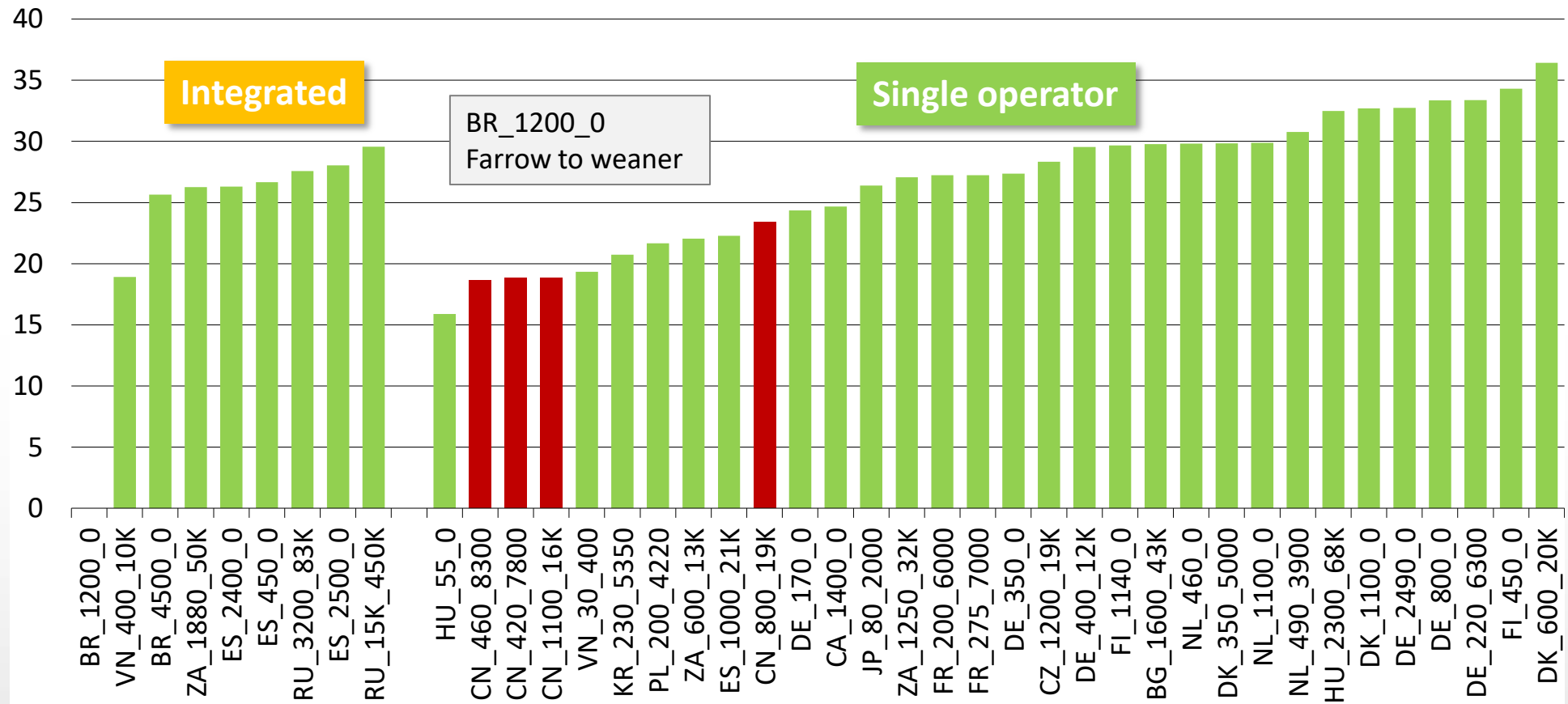
Number of sows

Number of sows



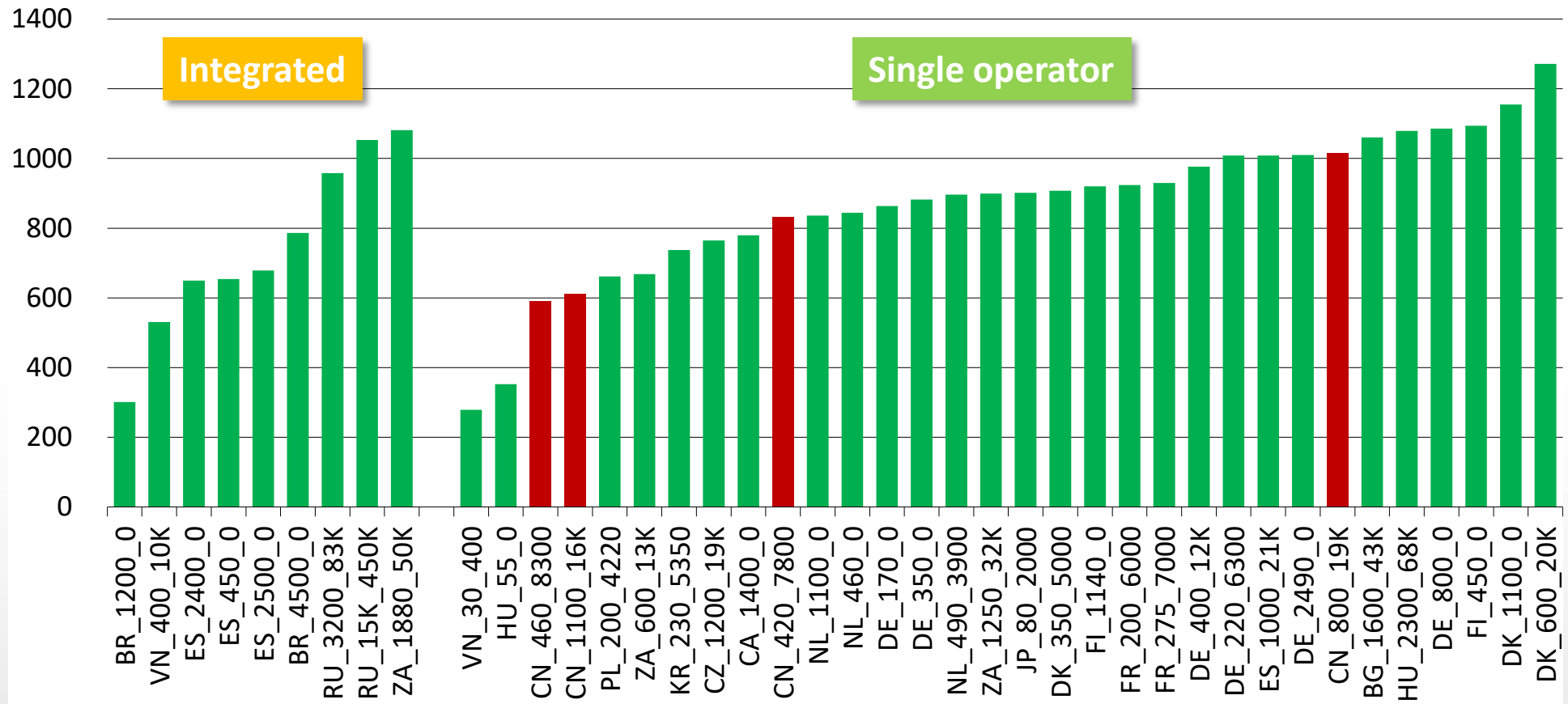
Number of reared piglets: Chinese farms are at the lower end ...

Number per sow and year



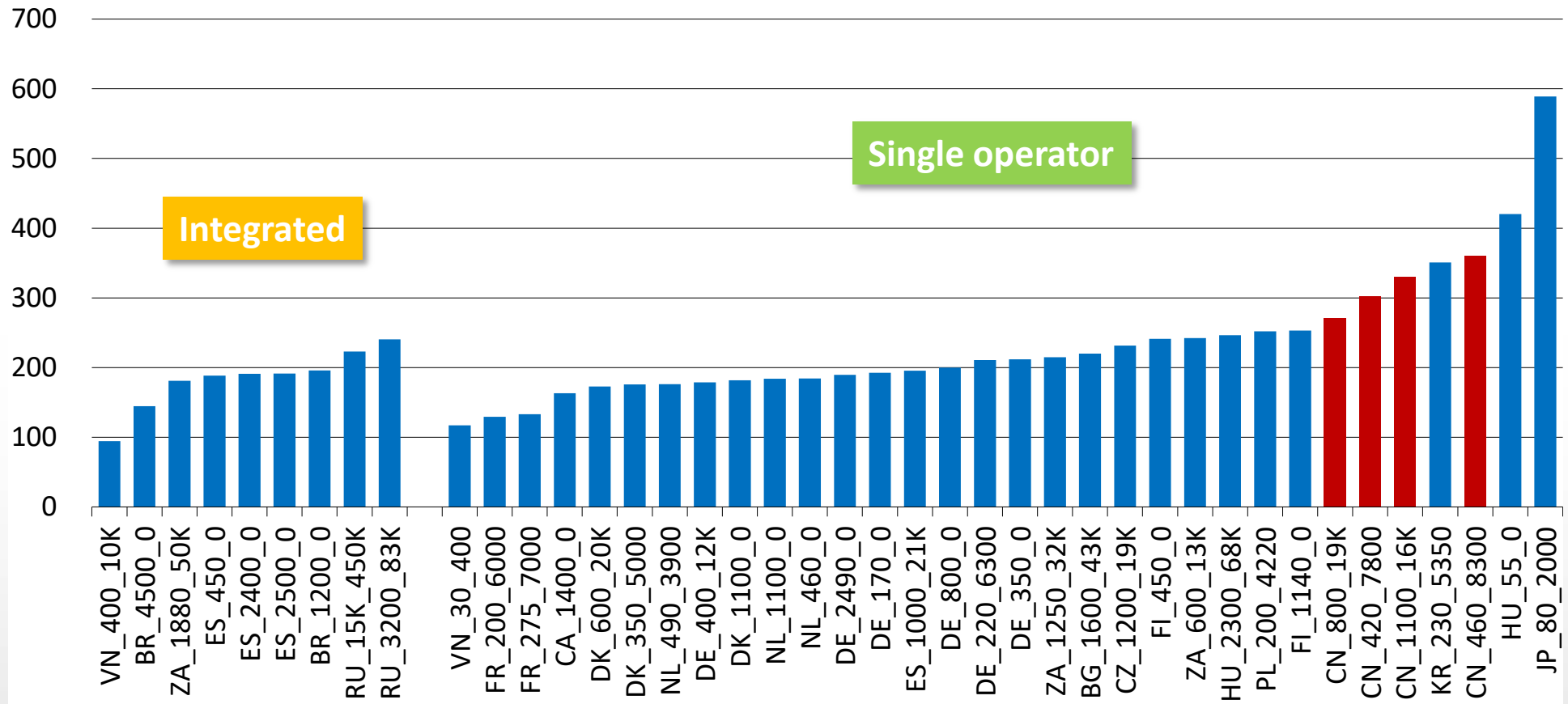
... and similar applies to total liveweight produced per sow and year

Kg liveweight per sow and year



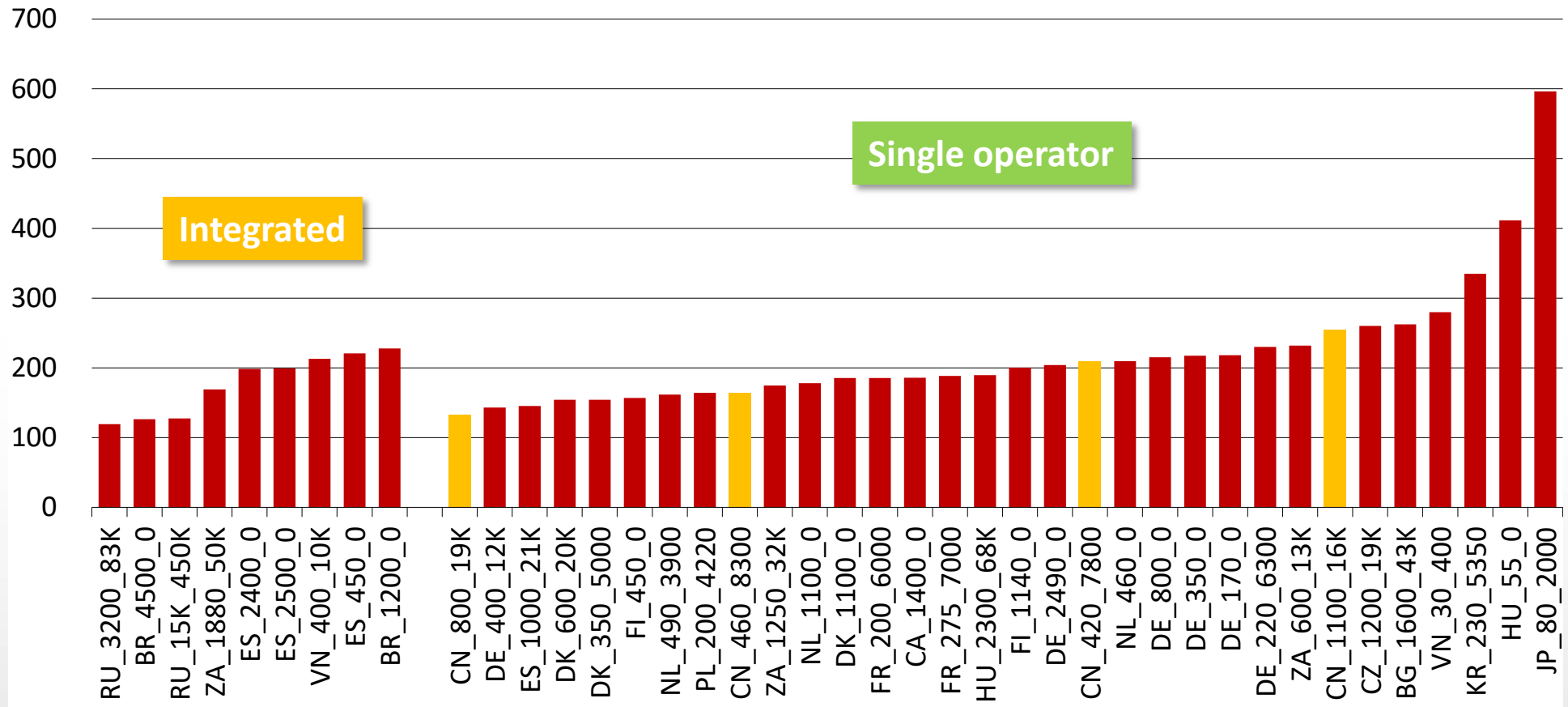
Piglet prices and total returns per sow and year are at the upper end in the Chinese farms

USD per 100 kg total liveweight



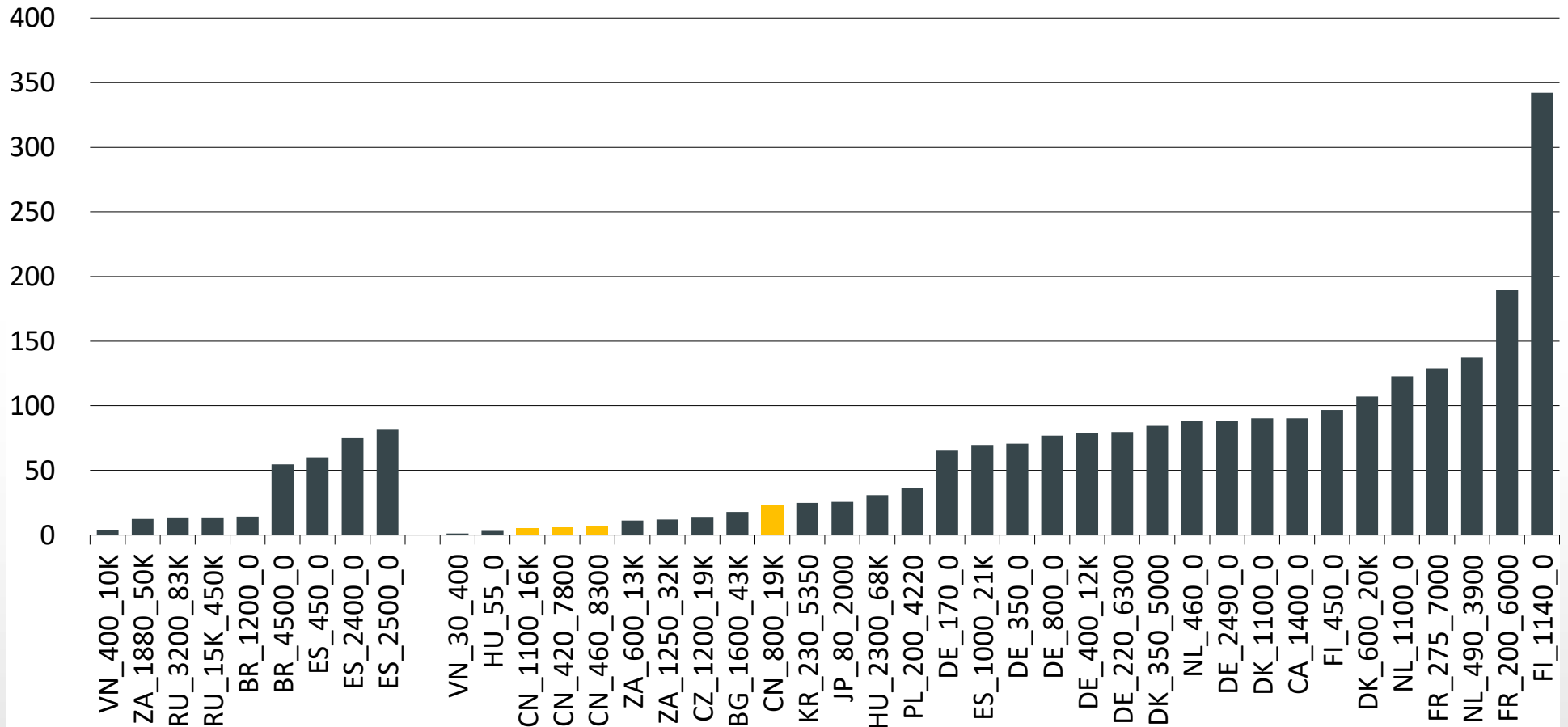
Chinese sow farms with a wide range of cost levels

USD per 100 kg total liveweight



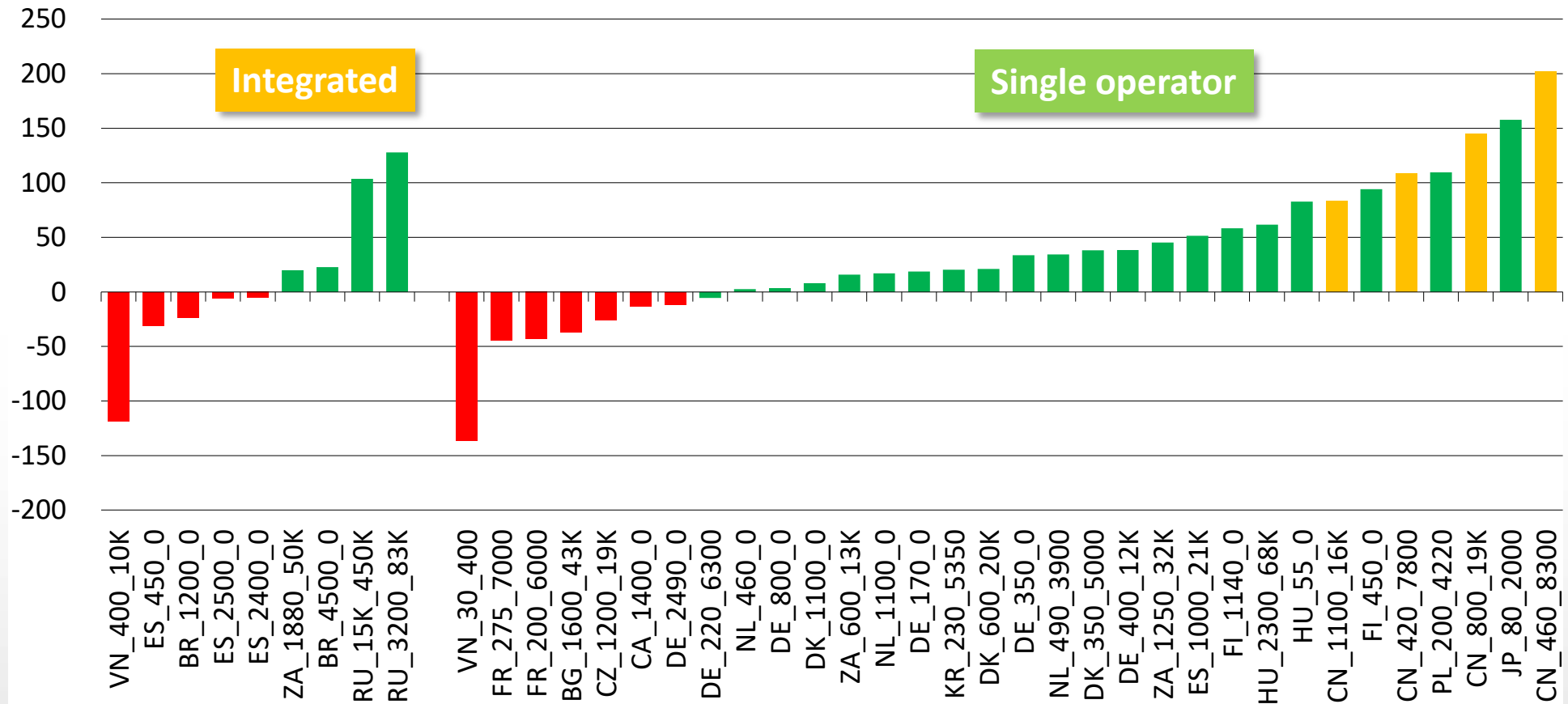
Chinese sow farms with very low labour productivity

kg liveweight per hour of labour input



Chinese sow farms belong to the most profitable

USD per 100 kg total liveweight



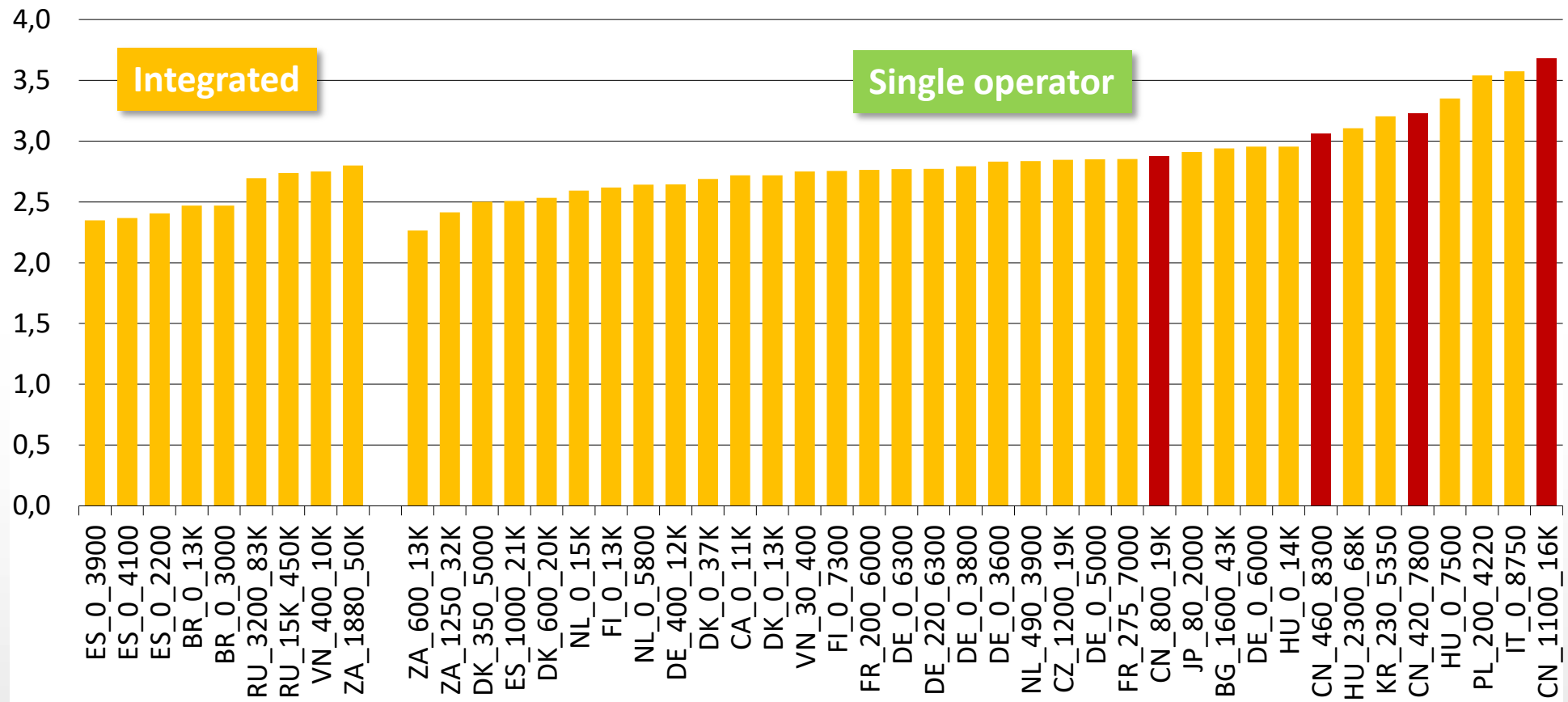
agri benchmark finishing results

Provisional (2018), not for publication



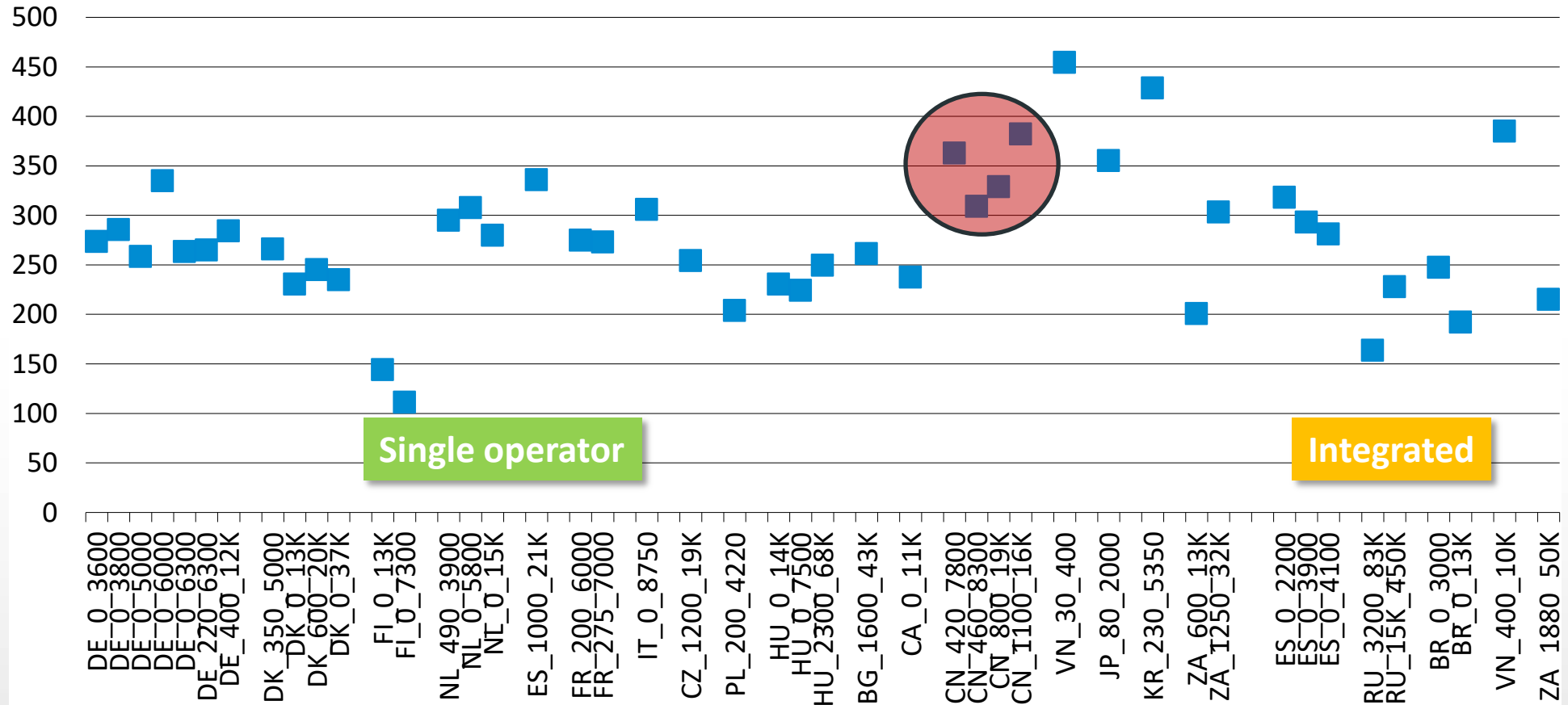
Feed conversion rates are a weak point of the Chinese farms ...

Kg feed per kg gain



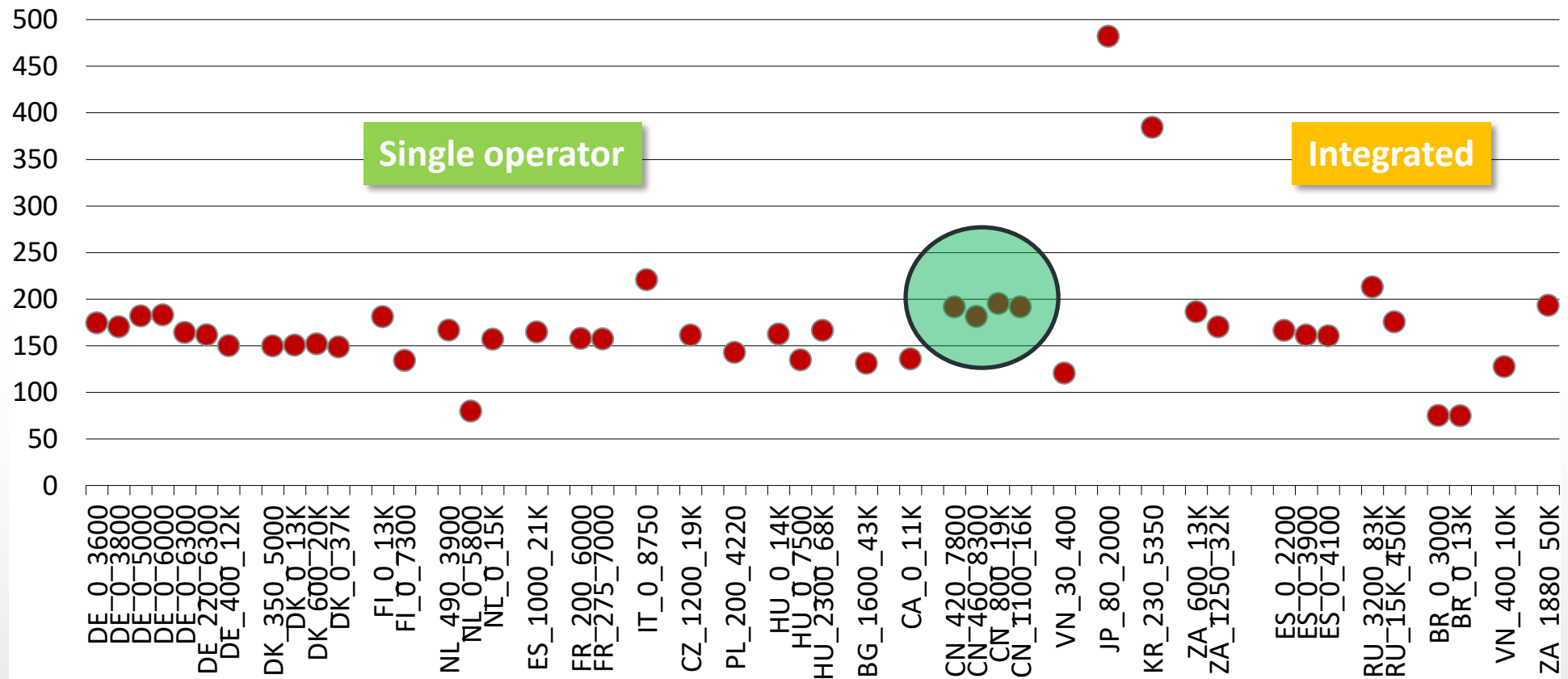
... especially as average weighted feed prices are relatively high ...

USD per ton



... pork prices rather moderate in 2018 ...

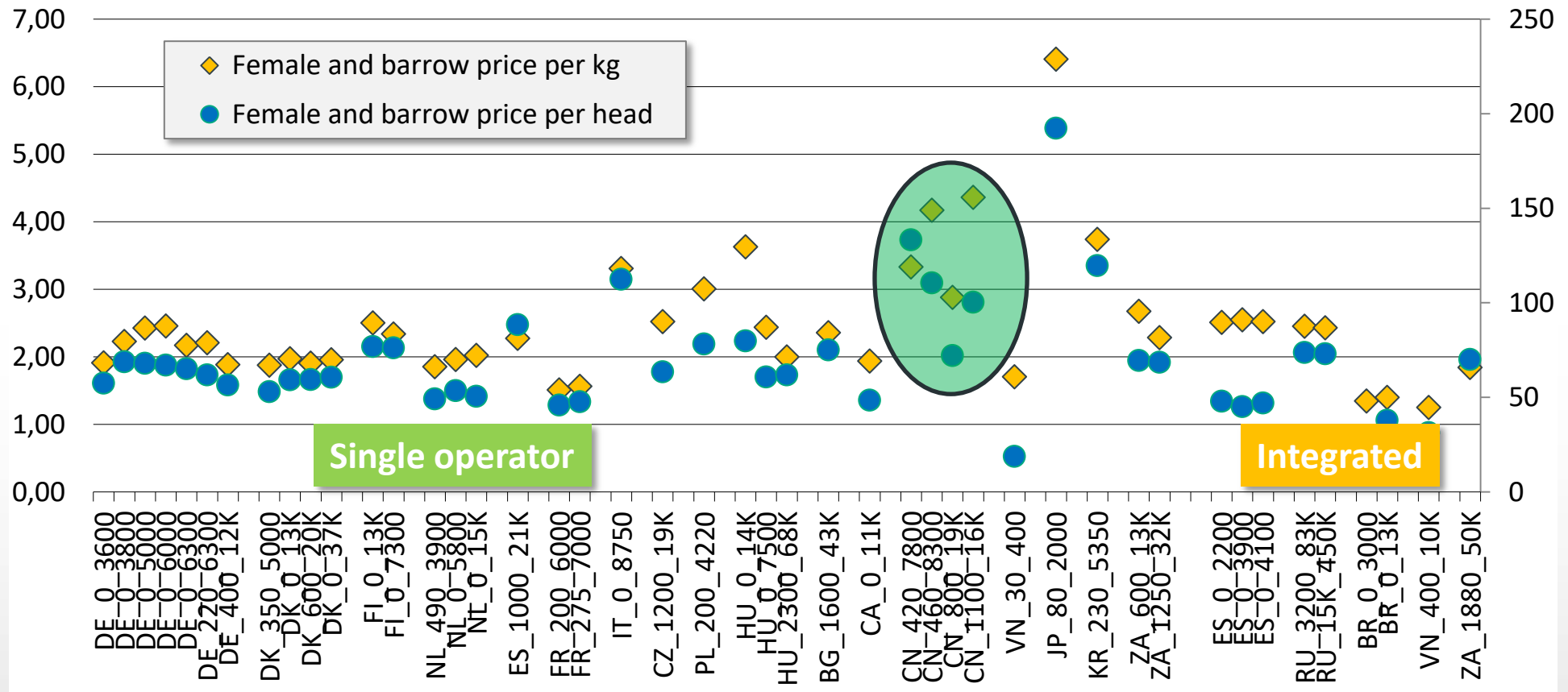
USD per 100 kg carcass weight



... and piglet prices elavated ...

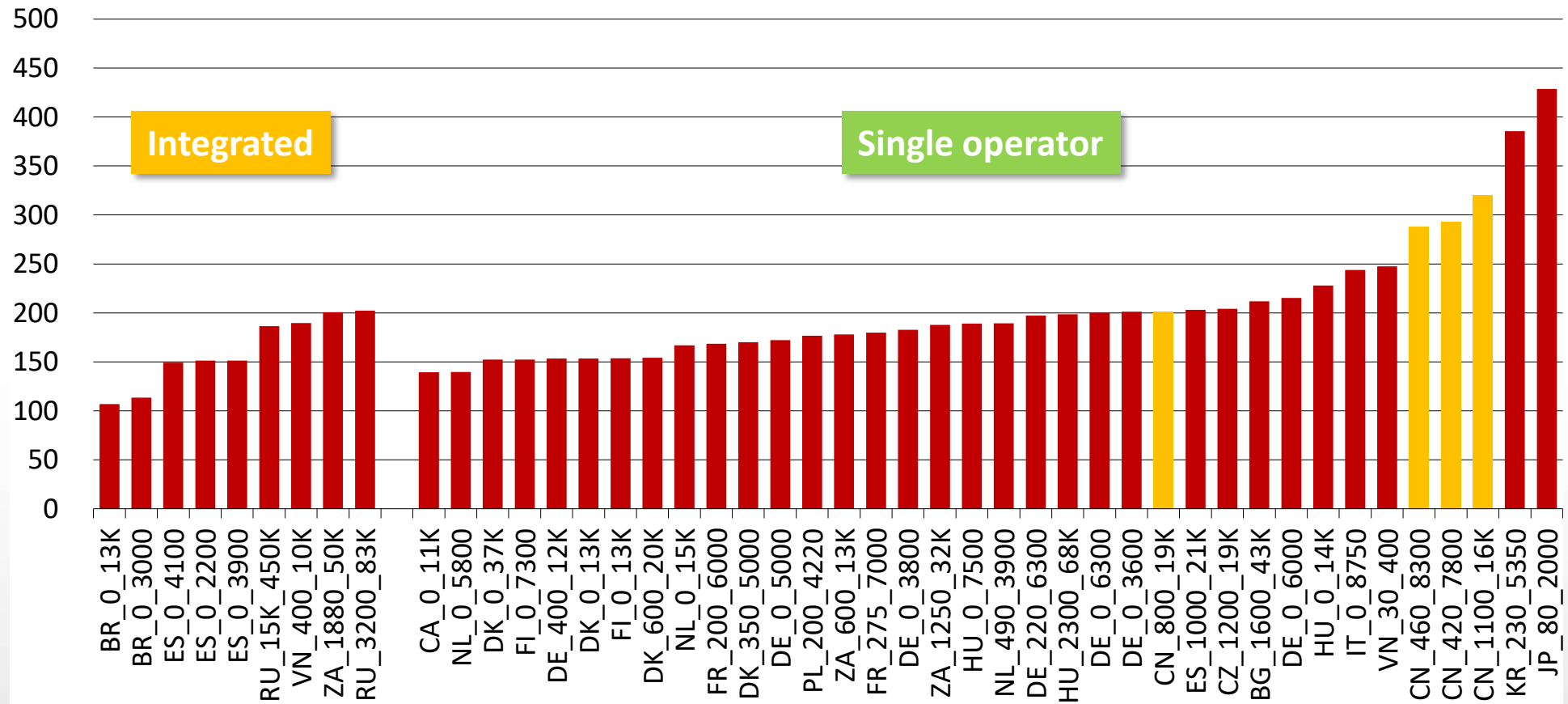
USD per kg live weight

USD per head



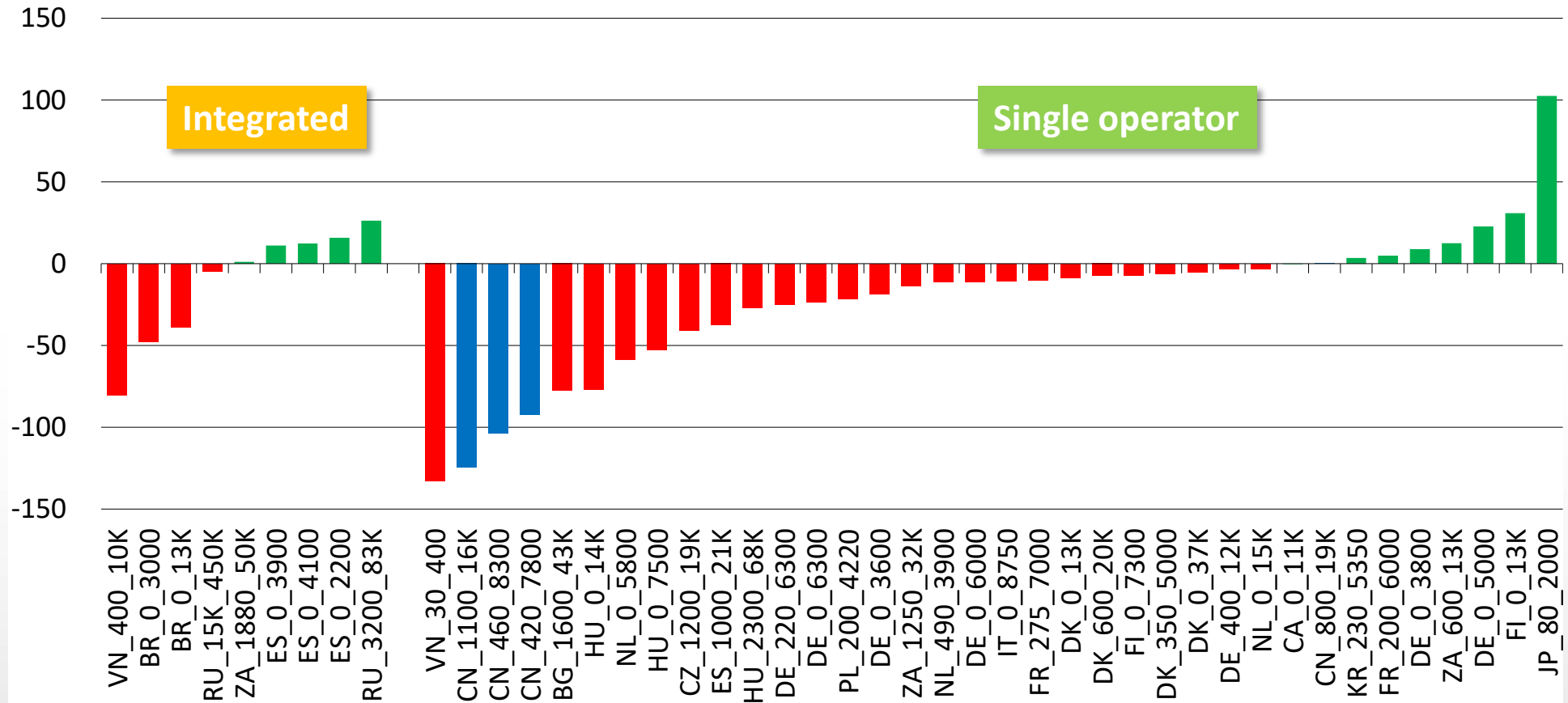
... resulting in high costs ...

USD per 100 kg carcass weight



... and low profitability

USD per 100 kg carcass weight



Summary and conclusions

Positive



- Biggest player in the world with high impact on world market
- High piglet (and pork) prices
- Strong domestic market
- High potential to develop towards a world leading industry

Less positive



- Relatively low productivity:
 - sows: rearing percentage
 - finishing: feed conversion
- High feed prices, relatively high costs
- Low labour productivity → with increasing wages problematic
- ASF
- Trade dispute with the US

How fast will be the transformation of the sector after ASF?

agri benchmark – passionate about facts



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