



Rijksdienst voor Ondernemend
Nederland

*Opportunity Report
Animal Husbandry Industry in Shandong Province*

NBSO Jinan

*>> Duurzaam, Agrarisch, Innovatief
en Internationaal ondernemen*



Colofon

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Shandong Province

Shandong Province (hereinafter Shandong) lies on the east coast of China; it covers a land area of 157,000 km² and has a coastline of 3,000 km, 1/6 of China's total. Shandong is the second most populous province in China with a total population of 97 million (2014).



From a business perspective, Shandong has been the third economic power in China in terms of GDP, after Guangdong and Jiangsu. Shandong is one of the leading agricultural provinces in China, especially in the production and foreign trade of vegetables, fruit, grain, aquatic products and meat.

Facts of Shandong Province

<i>Location</i>	on the east coast of China, facing the Korean Peninsula and the Japanese archipelago across the sea
<i>Geography</i>	Surface area 157,126 km ² (420km from north to south, 700km from east to west)
<i>Coast line</i>	3,345 km, 1/6 of nation's total
<i>Population</i>	97million (2014)
<i>Climate</i>	Average temperature 11-14°C Average precipitation 600-700mm
<i>GDP 2014</i>	5.94 trillion RMB (3 rd nationwide after Guangdong and Jiangsu)
<i>Main cities</i>	- Jinan (capital) - Qingdao (coastal city and financial center) - Yantai, Weifang, Zibo, Linyi, Dongying
<i>Per capita GDP 2014</i>	60,879 RMB
<i>Trade with NL 2014</i>	Export to NL 3.97 billion USD Import from NL 68 million USD
<i>Main trade partners</i>	Japan, Korea, EU, U.S., ASEAN, Russia, Brazil

Shandong Animal Husbandry Industry

The Animal husbandry industry is one of the pillar industries in Shandong and has been a leading province in China for over two decades. Shandong has a strong capacity in agricultural production e.g. grain, vegetable and fruit, which can continuously provide feed ingredients to the industry. Furthermore, Shandong itself represents a huge consumer market with nearly 100 million inhabitants. It is also one of top provinces in terms of foreign trade. With all these favorable factors, the Shandong animal husbandry industry witnessed tremendous growth in the past two decades.

Facts of Shandong Animal Husbandry 2014

Total value of Shandong Animal Husbandry Industry		241.8 billion RMB	No. 1 in China for 25 consecutive years
Meat/Egg/Dairy product	Meat output	7.58 million tons	No. 1 in China for 20 consecutive years
	Egg output	3.88 million tons	No. 2 in China
	Dairy output	2.89 million tons	No. 5 in China
	The total output of meat, egg, and dairy products accounts for 1/10 of China's total.		
Feed	Feed output	21.5 million tons	Leading in China
	Value	90 billion RMB	
	Number of feed producers	Over 1,000	
Veterinary Medicine	Value	6.5 billion RMB	Leading in China
	Number of producers	Over 270	
Export	Poultry Meat		Over 50% of China's total
	Rabbit Meat		Over 90% of China's total

Source: Shandong Animal Husbandry Bureau

Trends and opportunities

As a leading province in animal husbandry, Shandong has already made achievements in quality control, standardization and overall performance. At present, over 70% of the production is contributed by large scale enterprises, and 65% of the production complies with the set industry standards, which represents the top level in China. However, this is still improving as China's central government is calling for the transformation and upgrading in all industries, and agriculture (including animal husbandry) is regarded as one of the focal points. Some tendencies in this industry are ongoing and therefore it can be expected that business opportunities will arise for Dutch expertise.

1. Ensure quality and safety

Quality and safety have become a top priority after several severe scandals, for example using forbidden medicines or chemicals for breeding and using sick animals to make food products. Now, producing safe and good quality food products is a vital issue for every company. As this is related to many parts on the full industrial chain, for example feed and nutrition, animal health, farm management, processing, foreign companies who have expertise in these areas of expertise may find opportunities.

(Opportunities: providing knowledge and products related to animal health/comfort, feed, production equipment, etc.)

2. Upgrade to large scale operation

Since 10 years the Ministry of Agriculture of China began to select large scale enterprises in agro-business and entitled them as Dragon-head enterprises. These enterprises receive favorable policies and subsidies from the government. The aim is to set good examples of modern agriculture including animal husbandry. Now, there are more and more Dragon-head enterprises and investment capital from other business are flowing in agro-business. Therefore, it can be expected that animal husbandry enterprises are getting bigger and bigger, and their number will also increase in the future. This creates opportunities for foreign expertise, supplier of products and equipment which fit with large scale operation.

(Opportunities: providing equipment that can be used in large scale operations, and managerial know-how on large scale operations)

3. Sustainable animal husbandry

For a long time, animal husbandry is regarded as one of most polluted industries in China. Although improving, problems such as: how to integrate with other industries and make full use of valuable byproducts from the animal husbandry industry, in order to gain ecological-friendly and sustainable development, remain. (Opportunities: providing Chinese companies with knowledge and experience about sustainable development, and help them form an ecological-friendly system.)

4. Increasing international trade opportunities

Due to advantages in price, quality and increased market demand, Shandong's meat import has been growing tremendously. In 2015, Shandong imported 35,000 tons pork from the U.S. and 19,000 tons from the EU market, y-o-y growth of 56.4% and 69.6% respectively. These made up to 97% of Shandong total pork import, which is 55,000 tons with a total value of 720 million RMB. Foreign suppliers can take this opportunity to export not only meat but also byproducts to China, which are also very popular in China. For certain types of Dutch meat (such as beef and veal, poultry, pork bellies) there is still a ban on imports. For meat that can be imported company registration is required.

Foreign companies that want to export meat to China need to get approval from the Chinese authority – General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). Applicants can submit this online at <http://ire.eciq.cn> and follow the instruction. Paper documents will be needed after online examination. (Opportunities: export meat and byproducts to China)

5. Increasing awareness of animal welfare

Shandong is one of main exporters of meat and products in China. As more and more connections are built with international markets, awareness of animal welfare is rising. Companies, especially large scale operations and exporters, began to take measures to improve animal welfare as requested by their clients. (Opportunities: foreign companies who can help to improve animal welfare will find opportunities with large scale operations and exporters.)

Leading companies in Shandong

Many Dragon-head enterprises in the animal husbandry business can be found in Shandong, and several leading companies are listed below.

1. New Hope Liuhe

New Hope Liuhe Limited Liability Company was founded in 1998 and was issued and listed in 1998 at the Shenzhen Stock Exchange. The company based on agriculture and animal husbandry products, focuses on a steady development, with business involving in the feed, breeding, meat products and financial investment. Website: www.newhopeliuhe.com/en/AboutUs.aspx

2. Shandong Minhe Farming Co., Ltd.

The company is a Dragon-head company by the Agriculture Ministry of China, and the demonstration zone for standardized breeding and production of chicken and products. Website: www.sd-minhe.com/ch/asp/index.asp (Chinese only)

3. Linyi Xincheng Jinluo Farming Co., Ltd.

The company was established in 2008, with a registered capital of 350 million RMB. Main business of the company is pig breeding and feed production. Website: <http://muye.jinluo.cn> (Chinese only)

4. Shandong Yisheng Livestock & Poultry Breeding Co., Ltd.

The company is a public listed company that was established in 1990. It's one of main importers of breeding birds, boars, dairy cows in China.

Website: www.yishenggufen.com (Chinese only)

5. Qilu Animal Health

Qilu Animal Health is a subsidiary of Qilu Pharmaceutical Group. The company is dedicated in developing and manufacturing animal medicines, formulated feed additives and vaccines.

Website: <http://en.qiludb.com/>

Government Support

The Shandong government is very supportive of the animal husbandry industry. In 2010, the Shandong People's Government published the 'Action Plan for Accelerating Development of Modern Animal Husbandry Industry'. In that plan, eight key projects were mentioned including new species development, ecological breeding, animal health and disease control, quality and safety ensurance. Since then, detailed plans in line with the "Action Plan" were carried out, which brought incentive policies and funds to those enterprises that would transform and upgrade their current operation to a higher standard. In 2014, a total subsidy of nearly 1.5 billion RMB were paid in Shandong to support this industry.

Relevant authorities (national/provincial)

Chinese authorities below are related to the animal husbandry industry at national and provincial level. The websites are only in Chinese.

1. Ministry of Agriculture

Website: www.moa.gov.cn

Supervision on agriculture, including animal husbandry.

2. General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)

Website: www.aqsiq.gov.cn

Supervision on the quality of all commodities in the Chinese market; both locally made and imported from foreign countries. Responsible for granting foreign companies access to the Chinese market.

3. Shandong Animal Husbandry and Veterinary Bureau

www.sdxm.gov.cn

Supervision on animal husbandry, including dairy business.

4. Shandong Animal Husbandry Industry Association

Non-profit organization supervised by the Shandong Animal Husbandry and Veterinary Bureau.

www.sdxm.org

Trade Fair

The Shandong Animal Husbandry Expo

Website: www.xmblh.org (Chinese only)

Date for 2016: October 24-25

Organizer

Shandong Animal Husbandry and Veterinary Bureau

Shandong Animal Husbandry Association

Main catalogue

- Veterinary medicine and raw materials, drug additives, vaccines;
- Feed ingredients, feed additives, additive premix feed, special feed, etc.;
- Varieties of livestock and poultry;
- Animal husbandry machinery, including feed machinery, meat processing machinery, veterinary equipment, packaging machinery, etc. ;
- Livestock products, e.g. cold fresh meat, cooked meat products, dairy products, etc.

Shandong Animal Husbandry Expo has the longest history among similar events in China. The exhibition area is about 30,000 square meters and welcomes over 70,000 visitors to the fair annually. Shandong is a leading province in terms of the animal husbandry industry, as well as a huge consumer market. Therefore, the Netherlands Business Support Office (NBSO) would like to help Dutch companies to explore the fair in the coming session in October 2016.

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Sources

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Shandong Statistic Yearbook 2015

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