



Briefing Note – UK Access to the Chinese Market for Meat; inc. opportunities for poultrymeat

Date: July 2020

Introduction

This briefing note outlines the importance of access to the Chinese market for UK meat, particularly for poultrymeat. China is already an important export market for UK pigmeat, particularly recently due to increased prices and shortage in China due to African Swine Fever (ASF). Beef and sheepmeat access is progressing well, and beef is nearly over the line. Poultrymeat access remains stymied due to the AI ban. This note sets out information on the Chinese market for poultrymeat, in particular what access would mean to the UK poultry sector.

Veterinary Approval Being Sought

Poultry Meat	Beef	Sheepmeat
The UK previously had access to China for export of live poultry, however China banned the UK following the avian influenza (AI) outbreaks in the UK between 2014 and 2017. We have been working toward lifting this AI ban, including through a 2018 inspection visit in which Chinese officials looked at UK AI controls; the poultry meat sector (including the breeding companies) financed the inward mission in September 2018 to the tune of £50,000. The visit had a positive inspection report. However, the ban remains in place. Gaining access for poultrymeat, which the UK has not previously had, is contingent on this AI ban first being lifted, then going through the usual market access steps of application, questionnaires, potentially visits, agreement of an Export Health Certificate etc.	The UK is very close to gaining access for beef to China, with the final paperwork in the process of being finalised. When the first shipments go it will be a huge achievement following the lifting of the BSE ban and a successful visit, reflective of the work put in by Defra, UKECP and the industry	UK access to the Chinese market for sheepmeat is slightly behind beef, in 2019 a successful Scrapie study visit was hosted for the Chinese. China will look at its own scrapie protections before things can move forward.

Swine Fever and Coronavirus

With pork prices high in China due to the shortage caused by African Swine Fever (ASF) in the country, Chinese chicken meat production rose from nearly 12 million tonnes to nearly 16 million between 2018 and expected figures for 2020 (USDA).

Due to the price trends we can see below, consumers have been substituting pork for chicken, therefore we've also seen significant increases in import and therefore every day the UK doesn't have access for poultrymeat it is missing out on export opportunity and growth.

While pork remains the most consumed meat in China, the continued pork shortage in 2020 is predicted to see poultrymeat consumption as a more regular part of diets in China.

While coronavirus is expected to slow Chinese production somewhat due to impacts on labour and transport, as well as closures of food service, overall an increase in chicken consumption is still expected this year. Notably 'since the ASF outbreaks, the Chinese government also encouraged increased poultry consumption claiming that poultry meat is healthier and more sustainable (USDA 2020)'

Existing Import Partners – Chicken

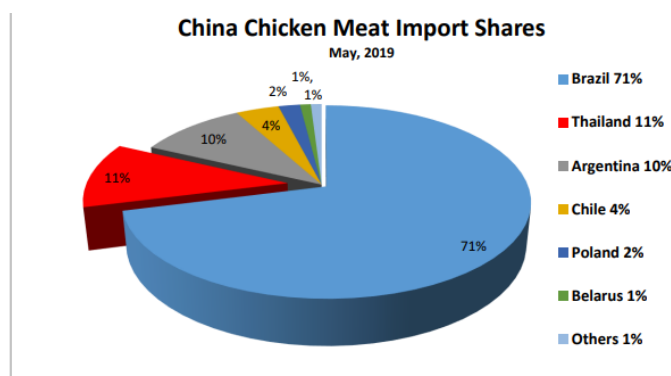
While coronavirus may impact imports in similar ways to domestic production mentioned above, they are still set to increase in 2020, by 16.4% compared to 2019.

Top Suppliers - 2019

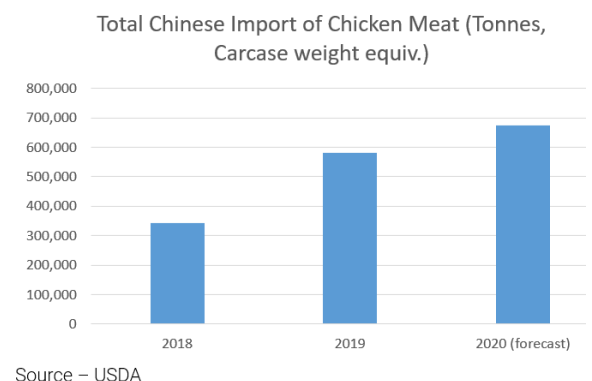
Brazil – largest supplier taking up +80% of the market over the last three years.

Argentina – next biggest supplier, supplying mainly frozen midjoint wings

Thailand - another top supplier – exports bone in chicken, midjoint wings and chicken paws





Source: China Customs



Source – USDA

Typical Chicken Cuts Imported to China

Midjoint wings	Chicken Paw
	
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The US - Re-entering Supplier

The US had been banned from exporting poultrymeat to China since 2015 due to avian influenza (AI), the ban was lifted in late 2019 and the market reopened. Chinese demand for US poultry is said to be high due to a high quality reputation and reliability of supply, according to USDA. The UK currently has an AI ban which work is ongoing to lift; the UK's poultry meat has a good reputation and we would welcome advancement so the UK can take advantage of the current demand in China outlined above.

EU Suppliers to the Chinese Market

According to GACC documentation [no EU country currently](#) has veterinary approval to export poultrymeat to China. Poland had been approved but following an outbreak of highly pathogenic avian influenza (HPAI) in Poland in December 2019 [China suspended approval](#). In 2018 and 2019 Poland supplied the vast majority of EU frozen chicken to China reaching over 18,000 tonnes in 2019: largely of wings, legs and bone-in cuts. These cuts are precisely the ones the UK is most in need of an export outlet for due to the UK consumer's preference for breast meat. Interestingly China is currently an exporter of processed poultrymeat to the EU. South Africa was previously a significant market for UK dark chicken meat but an AI ban was imposed in 2016 for all but cooked meat meaning the loss of an important market.

Value of the Market

Taking Poland as an example, as an approved EU country in 2019, the value of the Chinese market for frozen chicken meat can be seen. Based on Eurostat data, the graphic shows the estimated value per tonne of poultry exported from Poland to third countries. China has the highest value of any of the top seven markets.

Despite China only being Poland's 7th biggest 3rd country export market in 2019, it is significant because the value of the product per tonne is much higher in China.

Polish Frozen Chicken Meat Exports 2019 – estimated value per tonne in euros

ALL THIRD COUNTRIES	€809.4
UKRAINE	318.1
SOUTH AFRICA	918.0
HONG KONG	1,142.0
GHANA	728.7
CUBA	882.0
VIETNAM	939.7
CHINA	1,922.4

Source – Eurostat

UK Market Access – Value

If the UK were to gain market access to China for poultrymeat, it would provide a much-needed high volume outlet, as well as potentially being a higher value market for particular cuts compared to some other third countries. Currently major 3rd country markets for UK cuts of this type include Hong Kong, Philippines and Angola but supply outstrips current export market opportunities due to lack of veterinary approval. For certain products such as gizzards and paws, there is virtually no market in the UK and the only option is to export them, to avoid having to pay to have them rendered. The industry, as much as possible, would want to avoid this especially when certain cuts are considered a delicacy in other markets and in the interest of avoiding food waste.

According to BPC estimates, access to the Chinese market could be worth £279 million over five years of trade.

The EU remains an important market for UK poultrymeat generally. While the objective of the government is to negotiate a zero for zero FTA with the EU, members have expressed concerns about the imposition of export certification, veterinary checks, customs declarations and potential disruption to groupage¹ at the end of 2020 in relation to export to the EU post-Transition Period, particularly if an FTA is not in force in which case there would also be tariffs. Therefore, we think it is even more crucial to urgently obtain access to the Chinese market for poultrymeat to improve prospects for producers and exporters. Coronavirus has also led to disruption and financial difficulties for some companies, access to the Chinese market would provide a much needed boost.

UK Exports of Poultrymeat (0207) - 2019 - tonnes

	Tonnes	Euro
To EU-27	263,219	219,453,911
To 3rd Countries	119,956	117,692,324

UK production

Despite some disruption from coronavirus in the UK, processors have continued their work in keeping the nation fed. In fact, [in April 2020](#), compared to April 2019, total UK poultry meat production was up 2.2% at 187,520 tonnes, although UK broiler chick placings were down 1.0%.

¹ Groupage is a process whereby transport companies can minimise costs by doing multiple pickups and drop offs of product owned by multiple companies at different points, this is commonly used by SMEs and is cost effective. A significant amount of intra-community trade takes place using groupage, with pallets owned by multiple companies loaded in one truck or van. It is unclear how this will work once customs and veterinary paperwork are required.