

Snapshot of the Animal Feed Market in China

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1 July 2010

Introduction

The Chinese animal feed market is huge and recently at a stage of adjustments to upgrade. Since 1990, China's feed production maintained a compound growth rate of 6.92%. In 2006, its feed production had reached 110.59 million tons, accounting for more than 17% of world production, and has been listed the second internationally, just after the United States, for 16 years. In 2007, the national industrial feed output reached 123.11 million tons, up 10.81%. From 2002 to 2007, the National Feed Industry output was 1906 billion Yuan, 2100 billion Yuan, 2428 billion Yuan, 2742 billion Yuan, 2908 billion Yuan, and 3011 billion Yuan, with an average annual compound growth rate of 9.65%.

Until 2008, there were 13612 Feed Enterprises, of which 242 state-owned enterprises, 194 collective enterprises, 6957 private, 391 joint ventures, 5092 joint-stock enterprise, 153 Hong Kong, Macao and Taiwan enterprises, 282 foreign enterprises, and 301 other businesses. On a sales basis, top ten feed brands in China in 2008 and 2009 are:

	2008	Type of entity	Type of feed	2009	Type of entity	Type of feed
1	ZHENG DA	International Group	Feed grains and	ZHENG DA	International Group	Feed grains and

			processed products, coordinate feed and pre-mixed feed			processed products, coordinate feed and pre-mixed feed
2	XI WANG	Private enterprise	Coordinate feed	XI WANG	Private enterprise	Coordinate feed
3	TONG WEI	Group Co., Ltd.	Coordinate feed	TONG WEI	Group Co., Ltd.	Coordinate feed
4	ZHENG HONG	Co., Ltd.	Pig protein concentrates feed	LIU HE	Co., Ltd.	Pre-mixed feed
5	HAI DA	Group		HE FENG	Co., Ltd.	Coordinate feed
6	DA CHENG	Group	Concentrated feed	ZHONG MU	Co., Ltd.	Balanced oil emulsion powder, soya lecithin oil, soya lecithin powder, emulsified oil and fat powder
7	YUE TAI	Group	Concentrated feed	HAI DA	Group	Fisheries premix, concentrate

						s feed
8	LIU HE	Co., Ltd.	Pre-mixed feed	DA CHENG	Group	Concentrate d feed
9	SHUAN G BAO TAI	Group Co., Ltd.	Concentrate d feed	SHUAN G BAO TAI	Group Co., Ltd.	Concentrate d feed
1 0	HE FENG	Co., Ltd.	Coordinate feed	YUE HAI	Group	Coordinate feed

Among those top brands, “ZHENG HONG”, “TONG WEI” and design, “YUE TAI” and design, “LIU HE”, and “HE FENG” have been declared as well-known trademarks in class 31 by State Administration for Industry & Commerce or Provincial Intermediate People's Court. There are 7 non-ST listed companies in China, including “XIN XI WANG”, “TONG WEI”, “ZHENG BANG”, “ZHENG HONG”, “ZHONG MU”, “TIANG BANG” and “TIAN KANG”.

Regulations and Departments

I. PRC Agricultural Law

It was adopted by the Eighth National People's Congress on July 2, 1993, and amended by adopted the Ninth National People's Congress on December 28, 2002.

Governments at all levels efforts for reunification management of the agricultural and rural economic development. The State agriculture administrative department is in charge of national agricultural and rural economic development. The local agricultural administrative departments above the county level are in charge of the agriculture and

rural economic development within their administrative regions. And other relevant departments of local people's governments above the county level are responsible for the work of agricultural production and management services within their administrative areas.

According to *PRC Agricultural Law*, pesticides, veterinary drugs, feed and feed additives, fertilizers, seeds, agricultural machinery, livestock which may endanger the safety of production and operation on agricultural production materials, in accordance with relevant laws, administrative regulations, registration or licensing system shall be implemented on them.

II. Feeds and Feed Additives Administration Regulations

It was issued by PRC State Council on May 29, 1999, and amended also by PRC State Council on November 29, 2001.

Department of agriculture administration under the State Council is responsible for the national feed, feed additives management and can check randomly quality supervision and inspection on feed, feed additives. Feed, feed additive management departments in Local people's governments above the county level are responsible for the feed, feed additives management at their administrative area, may organize inspecting and checking randomly on feed and feed additives, and released results in conjunction with the product quality supervision department.

Content Summary of this Regulation:

1. For the newly developed feed, feed additives, its inventor, producer must put forward a new product approval application from the national administrative department of agriculture before put it into production.

2. As first import of feed, feed additives, it shall register and provide samples of the feed, feed additives and relevant information to the State administrative department of Agriculture.
3. The state implements of the test and other data protection to the applicant.
4. Issuing conditions for the establishment of feed, feed additives manufacturers and enterprises, and requirements on them.

Main elements of Feed and Feed additives Administration Regulations (Amendment for the draft) issued by State Council Legislative Affairs Office on Feb. 20, 2010:

1. Increase the time limit provisions of validation requirements, clear approval procedures, and standardize the nationwide panel of feed experts.
2. To ensure quality and safety of animal products and human health needs, increase monitor provisions to new feed and new feed additives, clear the main duties and obligations of management and production entities in the monitoring period.
3. Provisions to strengthen the management of production processes, and standard operating management and the use behavior on cultured segments.

III. New Feed and Feed Additives Management Regulations

PRC Ministry of Agriculture issued this regulation by the Order No in 2000. Its Amendment was issued by its Order of No. 38 in 2004.

This Regulation is formulated based on *Feed and feed Additives Administration Regulations*. It explains the meaning of new feed in *Feed and feed Additives Administration Regulations*, and illustrates in detail about how to put forward the approval of new products to the Ministry of Agriculture, how to submit application form and application documents for inventors and producers prior into production.

IV. Administrative Licensing and Regulatory Documents

1. Management Regulations on the Production Permit of Feed additives and additive premix feed

PRC Ministry of Agriculture issued this regulation by its Order No. 24 in 1999 and amended it by its Order No. 26 in 2003, No. 38 in 2004 and No.6 in 2007. It was formulated according to the Article 10 in Feed and Feed Additives Administration Regulations.

2. Management Regulations on the Product Approval Number of Feed Additives and Additive Premix

PRC Ministry of Agriculture issued this regulation by its Order No. 23 in 1999, and amended it by its Order No. 38 in 2004. It was formulated according to the Article 9 in Feed and Feed Additives Administration Regulations.

3. Registration Regulations on Importing Feed and Feed Additives

It was issued by PRC Ministry of Agriculture Order No. 38 in 2000, and amended by its order No. 38 in 2004.

Foreign production entities shall obtain product registration from the Ministry of Agriculture as it firstly sale it's feed and feed additives in China; feed and feed additives without product registration certificate shall not be sold and used in China.

V. Animal feed product safety and health management Regulations

It was examined and adopted by the Ministry of Agriculture on July 14, 2004 and amended by the No.6 Order of the Ministry of Agriculture in 2007.

The Ministry of Agriculture is responsible for the national management of animal feed products. Feed departments at local people's governments above the county level

are responsible for the administration of animal feed products at local area and on-site inspections of animal feed products manufacturers from time to time.

Content Summary of this Regulation:

1. This Regulation is formulated based on *Feed and Feed additives Administration Regulations*.
2. The establishment of animal feed production enterprise shall apply for "animal feed production enterprise safety and health certificate" form feed administration department of the provincial people's government before starting the process of the business registration.
3. Requirements on Production Management, Management, Import and Use of management.
4. Production enterprises should fill in the record production and management table, by the end of March each year before the provincial people's government feed management department.

VI. Management Regulations on Supervision, Inspection and Quarantine of Import and Export Feed and Feed Additives

It was issued by PRC General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) in 2009.

AQSIQ is management of national import and export inspection and quarantine and supervision of feed management. Agencies of AQSIQ around the country are responsible for the regional import and export inspection and quarantine and supervision of feed management.

This Regulation applies to the inspection and quarantine supervision and management on the import, export and transit of feed and feed additives.

It is worth noting that a number of city or provincial regulations also apply to this sector.

Conclusion

The animal feed market in China is managed under a legal system with registration, permit and supervision and inspection. The key administration government departments are the State Ministry of Agriculture and the feed administration departments at the provincial level. Investors need to tread carefully in this area, as the regulations are numerous and complicated, given the importance that China gives to food safety in China following recent scandals.