

Brazil–China: a strategic partnership on poultry meat

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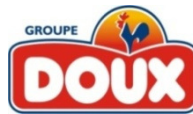




The Brazilian Poultry Association (UBABEF)

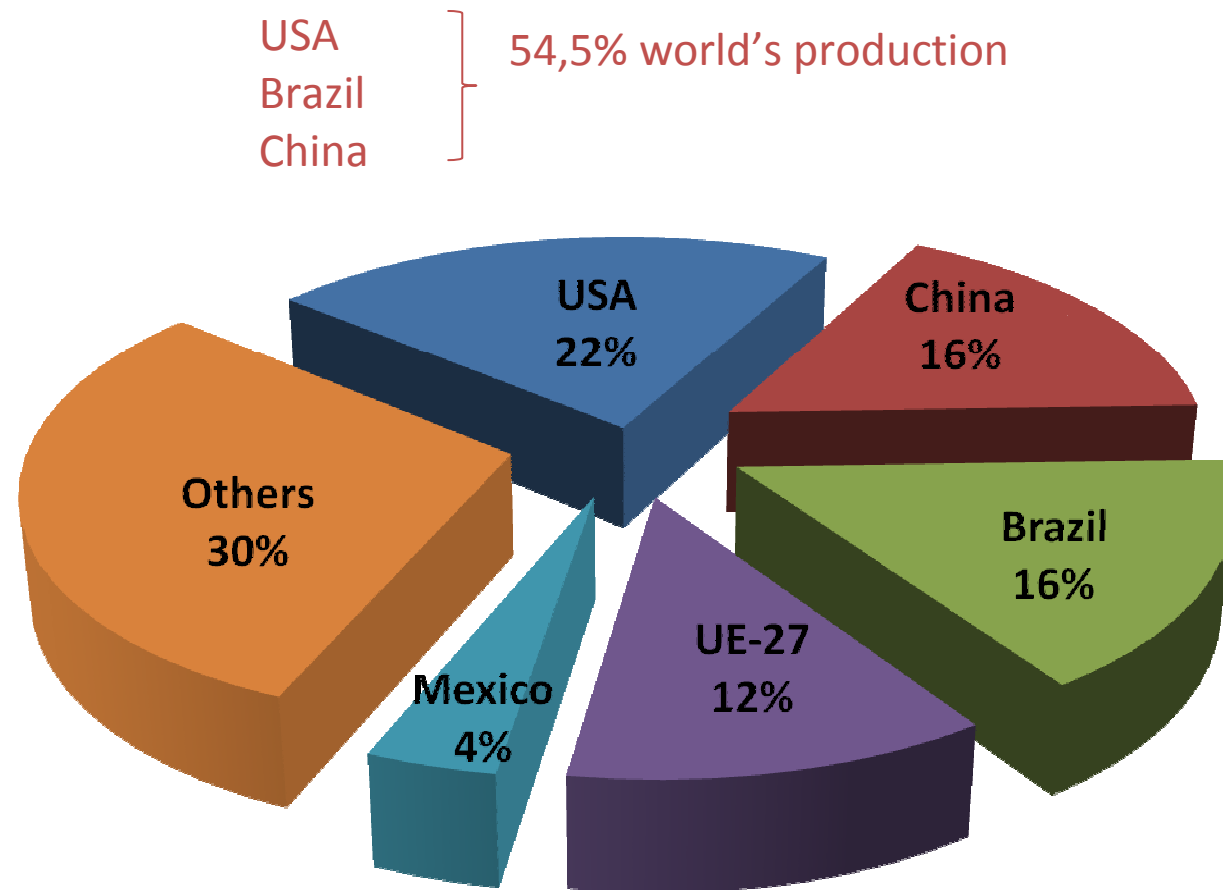
- **Result of the merger of UBA and ABEF**
- **Mission:** To promote Brazilian poultry in Brazil and abroad, in order to provide the world population with a healthy and high quality source of animal protein.
- **106 member companies**
 - Poultry Meat (Chicken, Turkey, Duck and others)
 - Eggs and Egg Products
 - Genetics

UBABEF Members – Poultry Meat Exporters



World Poultry Meat Production

World Major Poultry Meat Producers - 2010

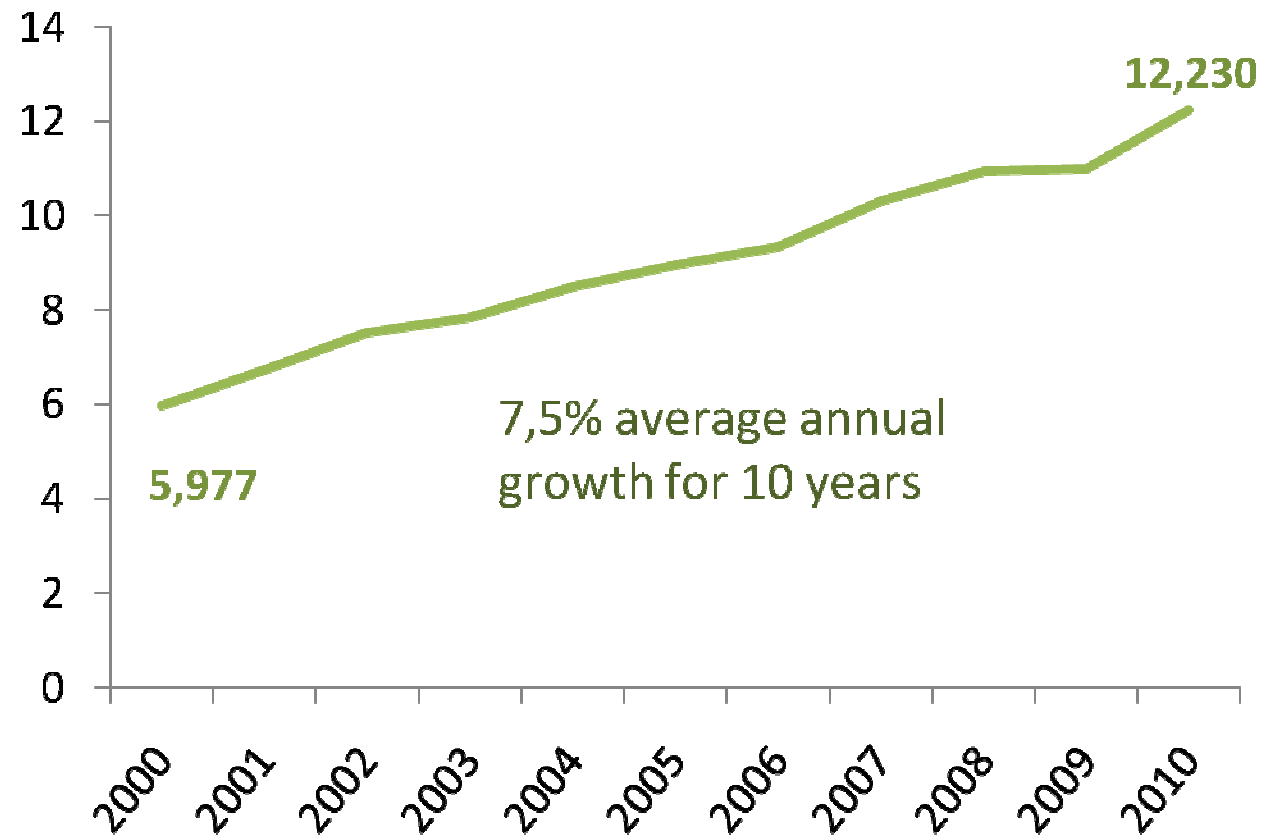


Source: USDA, UBABEF



Brazilian Poultry Meat Production

Evolution of the Brazilian Poultry Meat Production (1.000 MT)

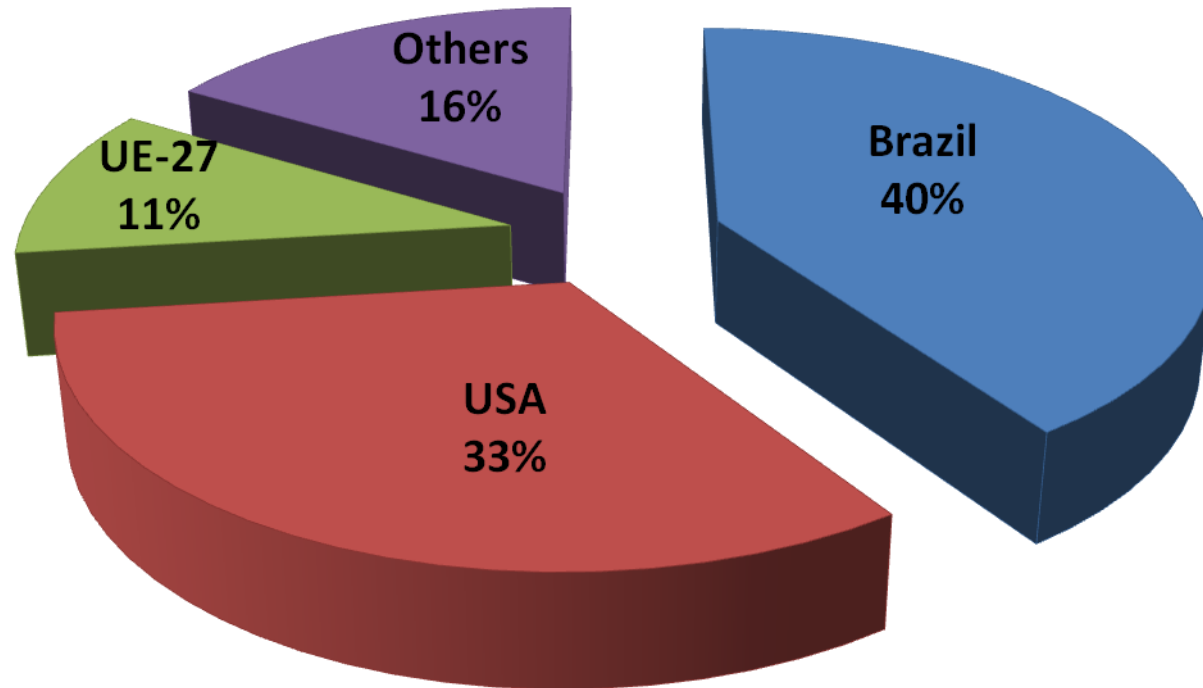


Source: UBABEF

World Poultry Meat Exports

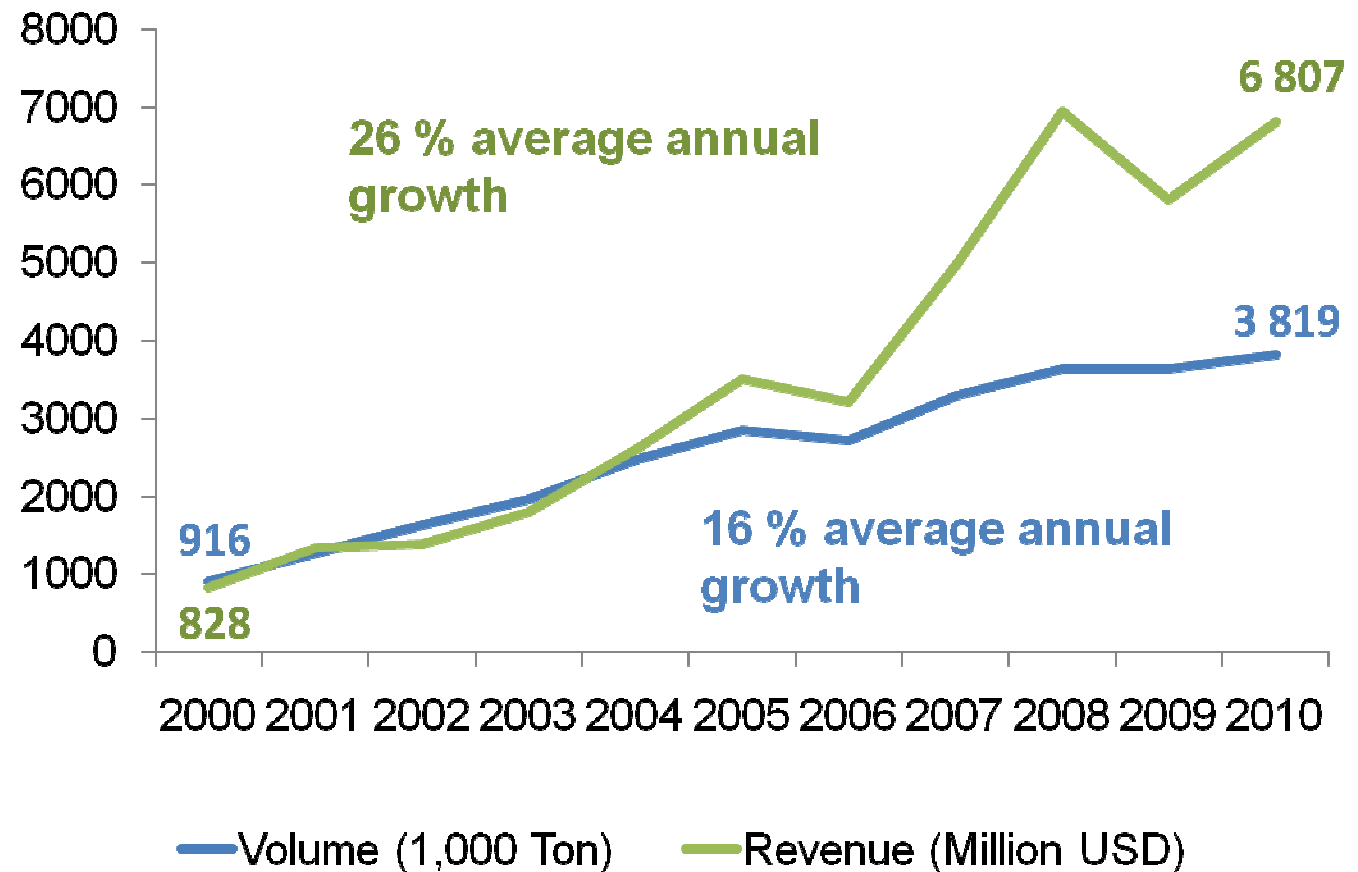
World Major Poultry Meat Exporters (2010)

Brasil
EUA } 73% of world's exports



Brazilian Poultry Meat Exports

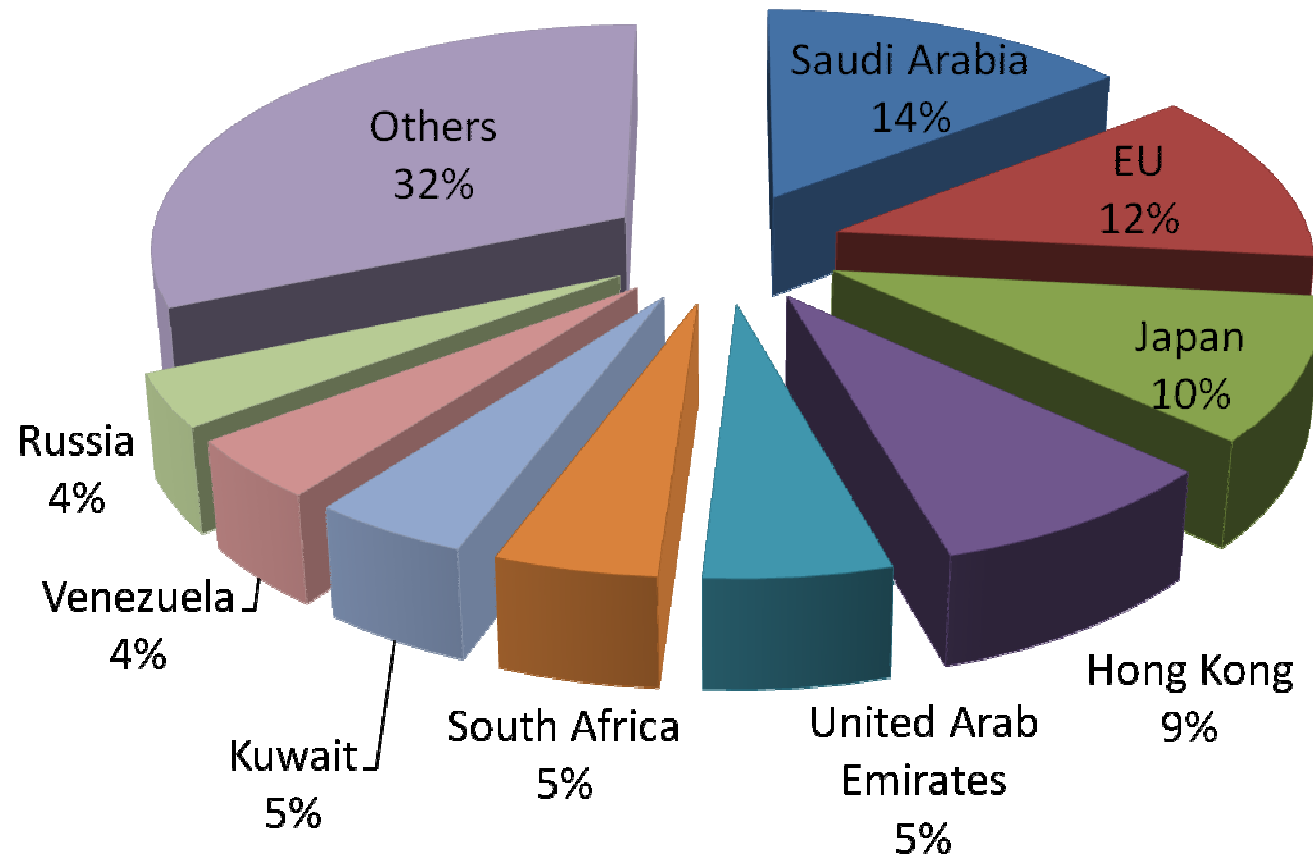
The evolution of the Brazilian Poultry Meat Exports since 2000



Brazilian Poultry Meat Exports



Main Destinations by Region (2010)





Where does this success come from?

Natural Resources

+

Grain Availability

+

Integrated Production

+

Sanitary Status

+

Flexibility and variety of markets

+

Investment in Technology

=

**One of the most advanced poultry
productions in the world**



The Integrated Production System

What is it?

- A partnership between:
 - **The Industry** (that supplies the day old chick, the feed, the vaccines and the veterinary control, and owns the slaughterhouse)
 - **The integrated producer** (small farmer responsible for the building the aviary and raising the chickens)
- Representing part of the brazilian poultry chain that generates around 4.5 million direct and indirect jobs.



The Integrated Production System

What does it generate?

- Better **quality and risk control**;
- **Creates jobs on the rural area**, mainly in small family owned farms,
- Links **thousands of small local producers** to the **global agribusiness**



The Future of the World Poultry Market

- The **population** will grow more in developing countries
- **GDP** growth will be higher in developing countries.
- Urbanisation rates in developing countries will increase, as well as the middle class.
- Middle class expansion will increase protein consumption, specially the cheaper ones.
- Environmental issues
 - i. Poultry production consumes less water than other proteins
 - ii. Poultry production demand less arable lands

The world will demand more poultry meat...



Forecast for the World Meat Consumption (1000 MT)

	2010	2019	%
Poultry	94.045	116.045	23%
Beef	64.254	73.573	15%
Swine	108.025	126.404	17%
Sheep	12.640	15.284	21%
Total	278.964	331.306	19%

Source: OECD/FAO Agricultural Outlook 2010-2019

...and Brazil is ready to supply it.



- Biomass Production Potential
- Water Availability
- Grains Availability
- Arable Land Availability

Source: UBABEF



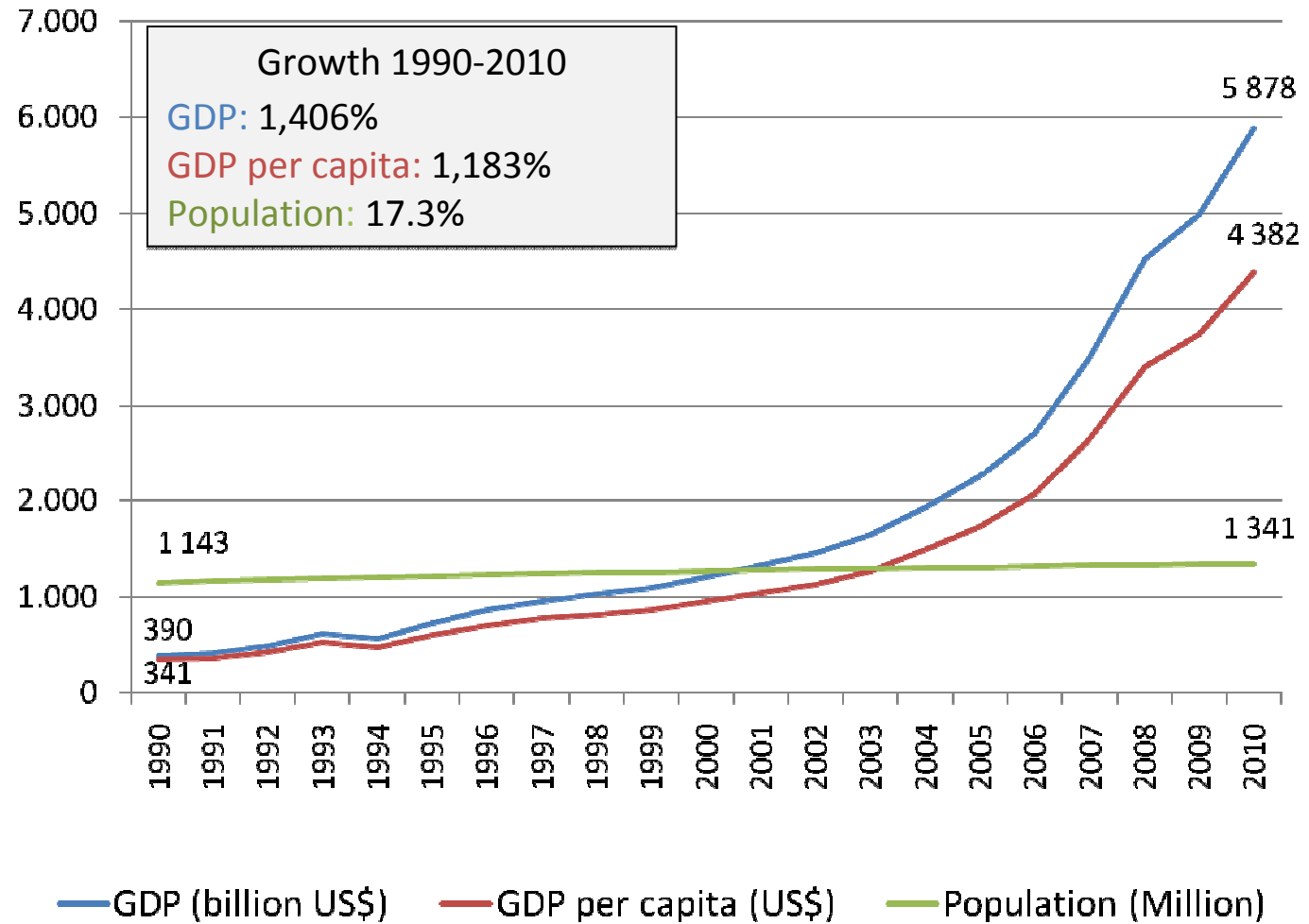
Main trade partners in Asia

Main Asian importing partners of Brazilian poultry meat (MT)

Partners	2009	2010	%
ASIA	942.593.755	1.007.667.743	6,90
Japan	307.856	386.476	25,54
Hong Kong	428.397	331.466	-22,63
China	23.989	121.522	406,57
Singapore	73.509	72.312	-1,63
South Korea	35.485	32.674	-7,92
Philippines	15.504	18.806	21,30
Azerbaijan	9.618	10.425	8,39
Vietnam	16.536	7.999	-51,63
Others	31.699	25.988	-18,02

Source: UBABEF, SECEX

GDP and Population growth in China



Source: IMF

Urbanisation in China



2009: No. of cities with

> 10 mln people: 3 (Beijing, Shanghai, Chongqing)

> 2 mln people: 36

> 1 mln people: 119

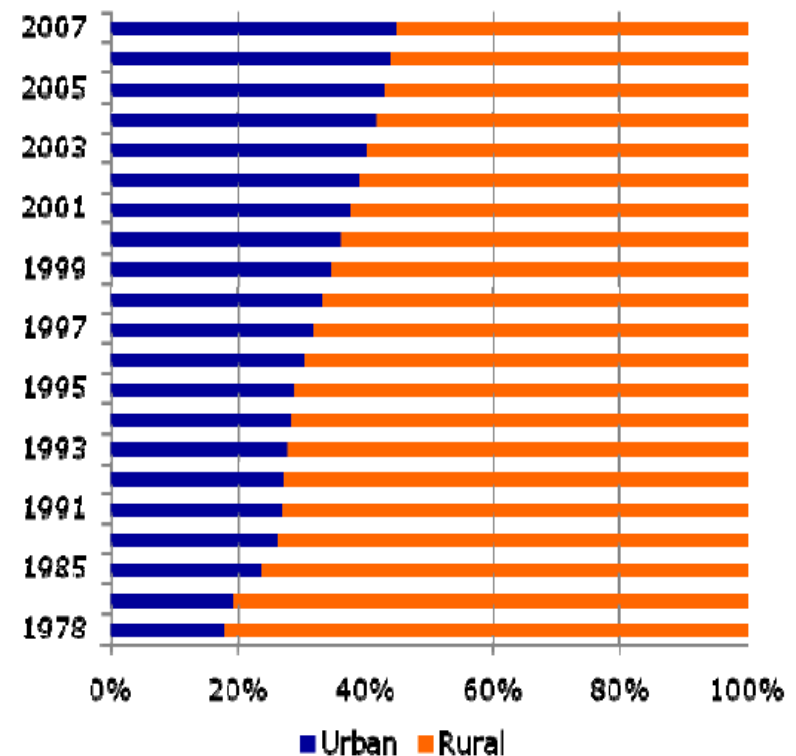
By 2025

> 10 mln people: 8 (Beijing, Shanghai, Chongqing, Guangzhou, Shenzhen, Tianjin Wuhan, Chengdu)

> 5 mln people: 23

> 1 mln people: 221

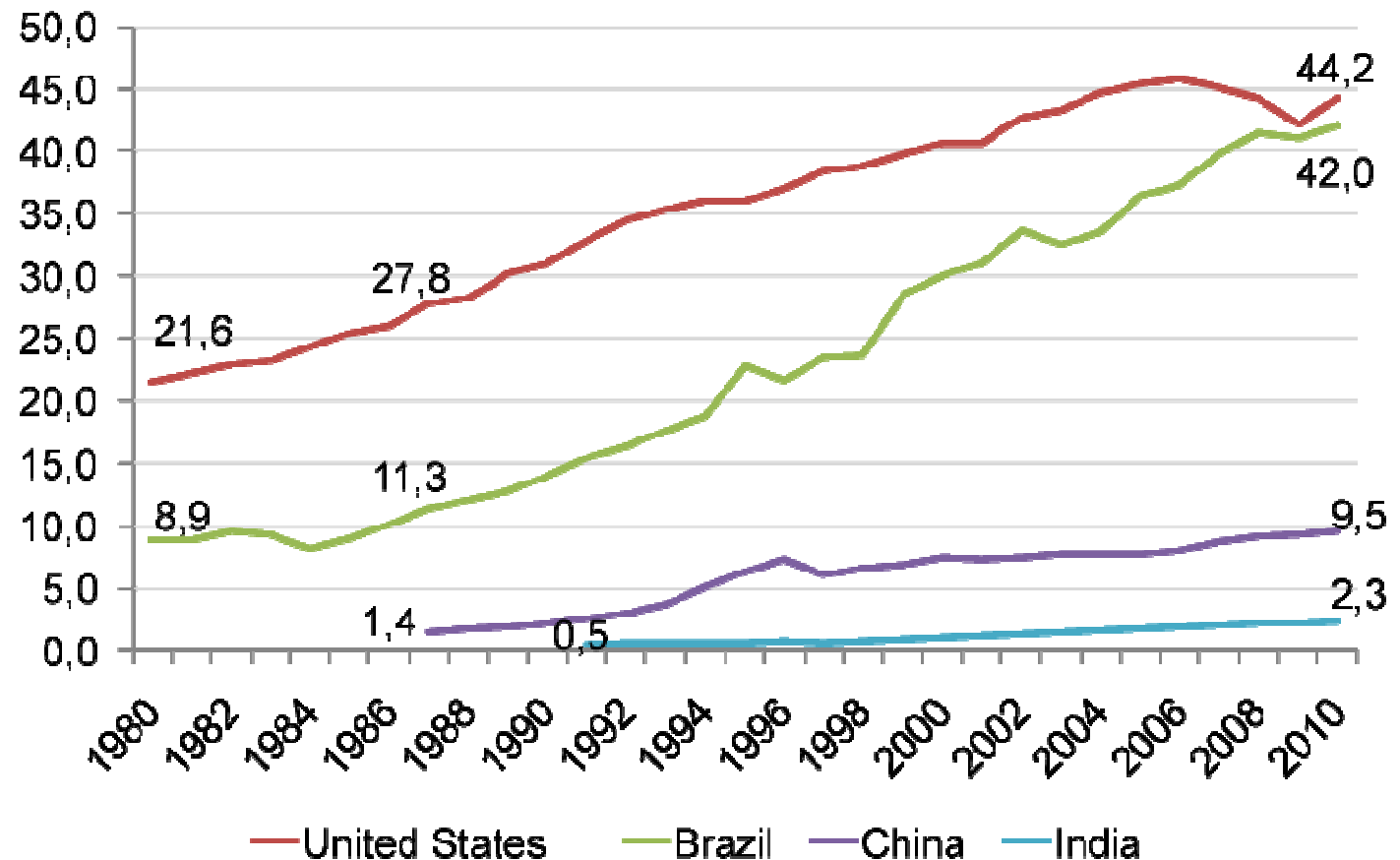
Rural / urban population balance in China
Source: China Statistics Yearbook





Perspectives for the demand for Poultry Meat in China

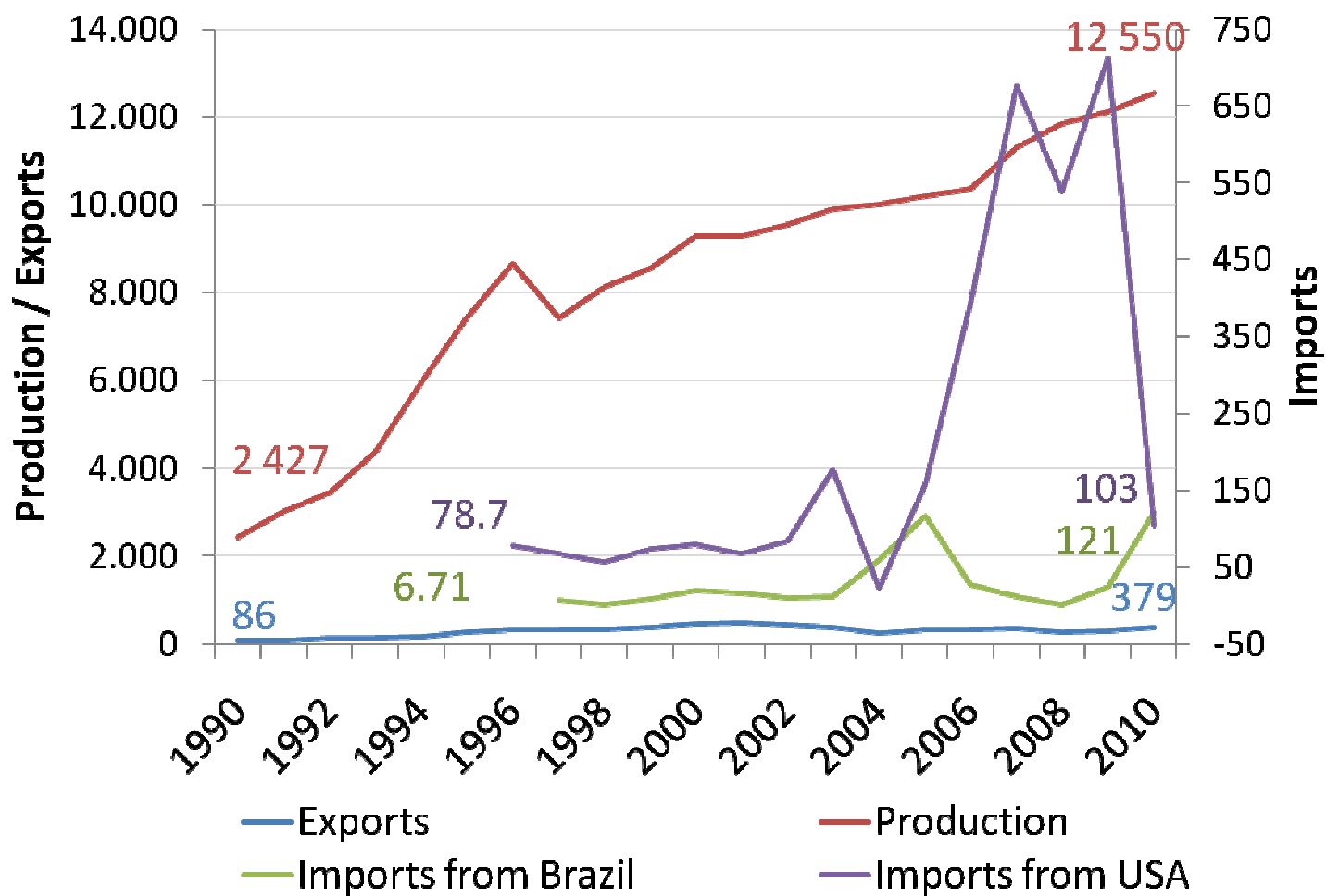
Per capita consumption
(kg/hab*year)



Source: USDA, COMTRADE, UBABEF



China Imports, Exports and Production of Poultry Meats (1000 Ton)



Source: USDA, COMTRADE



Brazil–China: cooperating for mutual benefits

- In 2004, a sanitary agreement for poultry meat was signed between Brazil and China, allowing trade to happen.
- Since 2009, 24 Brazilian exporting facilities were certified by the Chinese Authorities to export to China.
- Trade has been increasing gradually, but is close to its maximum capacity in Brazil as demand in China is growing and importers have been having a hard time to find more available products.



Brazil–China: cooperating for mutual benefits

- Increasing trade is the first step to direct investments and joint ventures.
- **For that to happen, a process of certification of more facilities is going on:**
 - **41 Brazilian slaughterhouses have recently responded to the Chinese Authorities' sanitary questionnaire and are waiting for the results.**
- Cooperation between Brazil and China in sanitary issues, product development and production techniques have huge potential.
- We believe there are many opportunities for both sides in this partnership! Brazilian Chicken processors look forward to increasing business with China!

Thank you!

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