
Research Report on China's Premix Feed Market



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Research Background

From year of 2003 to 2012 (10 years), the gradual improvement in the scale of China's livestock breeding and the increase of major premix target customers (including large farms, high-end farming enterprises and medium-sized farms mainly engaging in hog and egg poultry breeding) led to the steady growth of premix market in recent years. In 2012, the number of domestic premix manufacturing enterprises ran up to 3,067 and the output reached 6.2 million tons. The average growth rate during period between 2003 and 2012 was 5.6%.

By livestock and poultry species, in 2012, the output of premix for hog was 3.49 million tons, that for egg poultry 1.34 million tons, that for meat poultry 550,000 tons, for aquatic 260,000 tons, for ruminant 290,000 tons, and for others 270,000 tons. The above data show that the production of hog premix and poultry premix, reaching 538 million tons and accounting for more than 86% of the total production, is the main body of the premix production.

According to the statistics from the National Feed Work Office (NFWO) of Ministry of Agriculture, the 3,067 premix-producing enterprises in the whole nation were in the state of relative dispersion, in stark contrast to the concentration of formulated feed industry. The nationally well-developed veteran additive premix feed companies include ones such as DBN (Da Bei Nong Group), Tianjin Chiatai Feed Tech Co., LTD, Chia Tai Conti Group, Hunnan Jiuding Group, Guangdong Wangda Group and CAHIC, while enterprises in the second echelon represented by 8V Biology, ZUSF and Shandong Jinghua ES Agriculture maintained a relatively high growth rate. In view of the great potential for development in the premix market, multinational companies represented by DSM rapidly expanded premix business in China in recent years. It was ten years' time before DSM set up its second premix plant in China, and two years' time before the third one. The time interval between the fourth and fifth was only one year. In February 2013, DSM acquired Bayer's premix business in China. Cargill, Trouw Nutrition International and CP Group also actively invested in and

expanded premix business in China. In this report, BOABC will make an in-depth analysis on aspects such as the production capacity, production base layout, production and marketing, marketing strategy, product composition and level, and future planning of these enterprises so that the clients could have a comprehensive and detailed understanding of the entire premix market situation.

In contrast to intensive and large-scale farming in developed countries such as Europe and America, the feed industry in China is in the initial phase. In the future, moderately large-scale breeding enterprises will be the main body of the feed industry in China, and also the main target customers of the premix-producing enterprises. With the continuous improvement in the scale and intensification of China's aquaculture industry, the scientific and technological improvement of feed production will begin with the technological advances of the premix industry, and the premix companies will usher in huge development opportunities. *The License Conditions for Feed Production Enterprises* and *The License Conditions for Mixed Feed Additives Manufacturing Enterprises* issued by the Ministry of Agriculture came into effect from December 1st, 2012. The access conditions raised threshold for feed and feed additives enterprises, promoted enterprise integration, and encouraged corporate mergers and acquisitions so as to expand space for development of feed companies. The development process of the premix industry will be a survival of the fittest; the allocation of the industry resources will continued to be optimized. With the deepening of the premix industry consolidation, the market share of those large-scale premix enterprises with sound management system and corporate culture will continue to increase, and the strong trend of development of these enterprises will continue.

Grounding on the authoritative information from National Bureau of statistics of China, China Feed Industry Association, BOABC Database, and on the basis of China's current status of premix industry, this report conducts an in-depth research on China's production, consumption, and demand and supply situation of premix as well as major domestic premix enterprises. BOABC believes in that the report will function as an important reference for domestic and foreign investment companies, feed industry

associations, research institutions, domestic and foreign feed companies in their strategic decisions.

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