
Report on China's Veterinary Biologics Industry Investment



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Research Background

The scale of China's veterinary farming industry keeps on increase in a high-density farming pattern, which will make the prevention of veterinary epidemics in China become increasingly severe. As biological products are more and more widely used in veterinary farming industry, China's veterinary biologics industry develops rapidly. Since the breaking up of SARS in 2003 and the bird flu in 2004, China's veterinary biologics industry has seen increasing prosperity, and the market of veterinary biological products in China has also seen an average growth rate of over 30%, which is much higher than the average global growth rate of 8%. In October, 2010, the State Council passed through discussion the Vaccine Supply System Construction Plan, which said that the central finance would provide support to the production of vaccines demanded by the national immune plan, and arranged about 9.4 billion Yuan for the investment into key projects. Besides, the scope of free compulsory immunization supported by the government was also expected to get further enlarged. Supported by a series of favorable policies, China's veterinary biologics industry attracted the attention of much capital.

However, with the increase of China's veterinary biological products enterprises and the constant rise of cost in the aspects of production, circulation and marketing, the competition in China's veterinary biologics industry is also becoming increasingly fierce. Therefore, with such a condition, it is of great importance to have a comprehensive and overall learning of the market conditions of the industry. For example, what is the orientation of the national policies and regulations in the industry? What is the direction and structure of competition in the industry? What are the circulation channels of China's veterinary biological products? Which veterinary biological products enterprises are of investment value? How should we help the targeted enterprises make correct development strategies so that the enterprises may get ahead in the competitive veterinary drug market?

This report will provide a detailed analysis of the above questions and, on the basis of an exposition about the status quo of China's veterinary biologics industry in 2011, make an in-depth analysis of the development environment, enterprises structure and scale, as well as the circulation and marketing of China's veterinary biologics industry. Besides, the report will also make a detailed and objective analysis of the development trend of China's veterinary biologics industry, aiming to be of help to the scientific judgment of the investment value of China's veterinary biologics industry.

This report is written with meticulous care based on data from national authoritative departments and industry associations, including the National Bureau of Statistics, Development Research Center of the State Council, National Development and Reform Commission, General Administration of Customs, State Information Center, the Ministry of Commerce, the Ministry of Agriculture, China Institute of Veterinary Drugs Control, China Veterinary Drug Association and China Veterinary Agriculture Association, etc., and therefore conveys much scientific and far-sighted insight with the accurate and authoritative data. BOABC believed that this report will be an important reference for domestic and overseas investment companies, industry associations, research institutions, agent enterprises, production enterprise and trade enterprises engaging in veterinary health products in their strategic decision-making.

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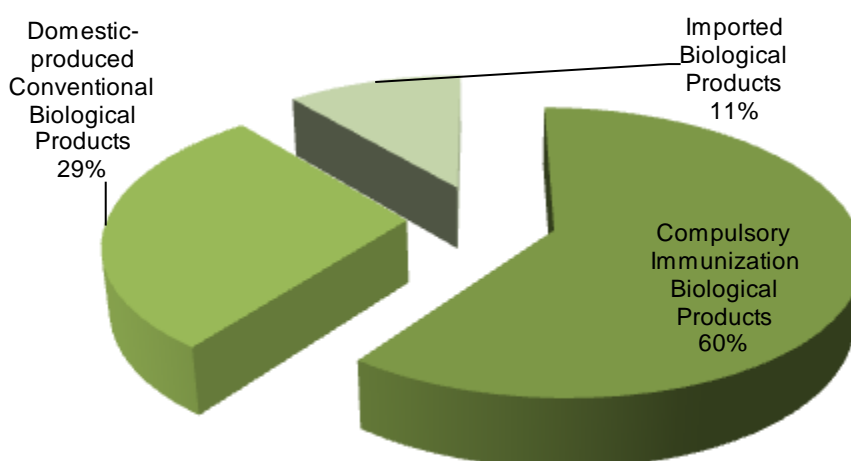
3 Market Scale and Development Trend of China's Veterinary Biologics Industry

3.1 Scale of China's Veterinary Biological Products by Types

3.1.1 Market Scale of Compulsory Immunization Vaccine

Based on special national conditions and policies, China's veterinary biological products market focuses on compulsory immunization vaccine. In 2011, total sales of compulsory immunization vaccines by animal health companies is RMB 4.729 billion, accounting for 60% of veterinary biological products.

Figure 3.1 China's Veterinary Biological Products by Types in 2011



3.1.2 Market Scale of Domestic-produced Conventional Vaccine

In 2011, total consumption of conventional vaccines by animal health companies is RMB 2.257 billion, accounting for 29% of veterinary biological products.

3.1.3 Market Scale of Imported Conventional Vaccine

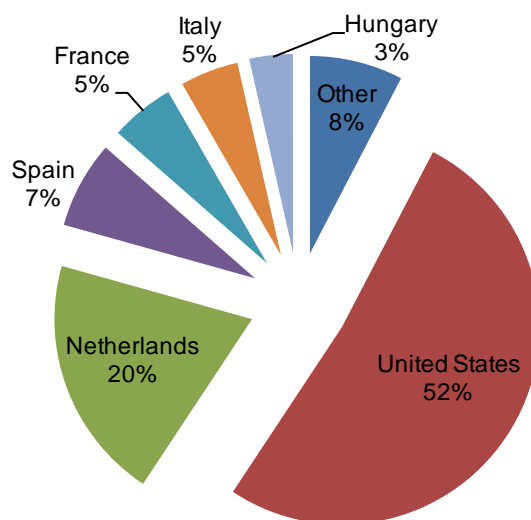
Import of veterinary biological products in 2011 was valued \$135 million, about RMB 874 million Yuan, accounting for 11% of total veterinary biological products. Market scale of imported veterinary biological products increased from US\$ 93.78 million in 2009 to US\$ 135 million in 2011, with an annual compound growth rate of more than 20%.

Figure 3.2 China's Imported Veterinary Biological Products Amount Growth Trend in 2009-2011



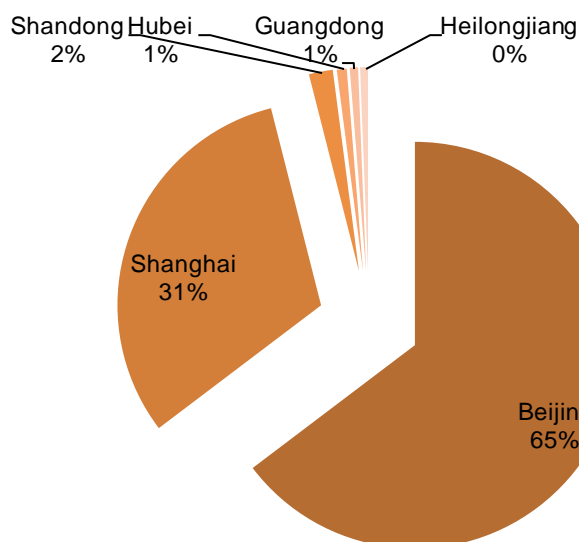
In terms of source of imports, in 2011 China's veterinary biological products are mainly imported from America, about RMB452 million, accounting for about 52% of total imports, and Netherlands, Spain, France, Italy, Hungary and other countries are other major sources following America.

Figure 3.3 Source Structure of China's Imported Veterinary Biological Products in 2011



In 2011, China's veterinary biological products import regions include Beijing, Shanghai, Shandong, Hubei, Guangdong and Heilongjiang, with Beijing and Shanghai accounting for 96% of total imported veterinary biologics. As a big vaccine-consuming province, Guangdong only imports about RMB 5.75 million, about 1% of the total imports.

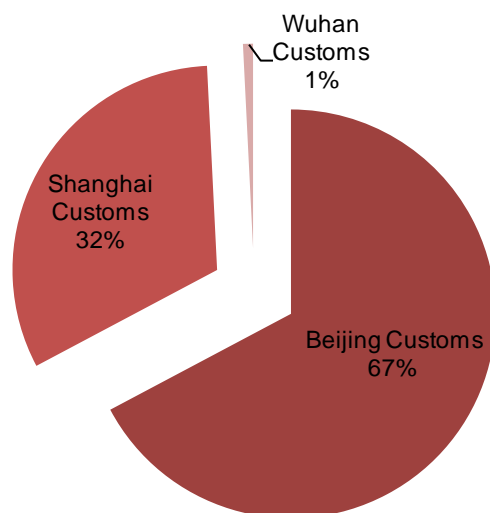
Figure 3.4 Import Provinces of China's Veterinary Biological Products in 2011



In 2011, China's imported veterinary biologics enters only through Beijing,

Shanghai and Wuhan customs, Beijing accounting for 67%.

Figure 3.5 Customs for China's Imported Veterinary Biological Products in 2011



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