

Emerging Asian markets provide opportunities

China is undoubtedly a key export market for both the UK and Europe and Asia is fast becoming the dominant region in the global pork trade. Japan and South Korea's markets have grown significantly in recent years and become key markets for EU exporters. There are also emerging markets, such as Taiwan, Vietnam and the Philippines. China, Japan and Korea are often looked at in detail but what opportunities do the emerging markets present in 2016 and beyond?

Taiwan has the highest level of meat consumption per capita in Asia, with pork at around 39kg per head. Much of this is served by domestic production, with self-sufficiency in 2013 around 93%. However, in 2013/14, Taiwan was hit with an outbreak of PEDv, which resulted in a loss of 150,000 piglets and a rise in the domestic pig price to a 10-year high. Since then, production in Taiwan has become more concentrated and will continue to do so as controls around pollution are tightened. Domestic production is vulnerable to inefficiencies, since feed conversion and sow productivity are significantly worse than for the world's major exporters. This presents an opportunity for UK and EU exporters.

Taiwan fresh/frozen pork imports

Total (tonnes, product weight)	2012	2013	2014
World	24,089	30,160	47,808
EU	4,719	2,380	24,170
Denmark	2,371	239	11,215
Netherlands	1,186	1,201	7,211
Hungary	796	360	2,738
Canada	13,223	19,321	16,822
United States	6,148	8,459	6,815

Source: Taiwan Directorate General of Customs

Pork imports to Taiwan doubled between 2012 and 2014. Data for January to October 2015 show pork imports continuing to grow, reaching 71,000 tonnes, up from 38,000 tonnes a year earlier. This is largely driven by EU and Canadian exports (although none from the UK yet). The rise in avian influenza cases and lower import prices have helped to drive this growth. Currently, pork containing Ractopamine is banned in Taiwan but there is talk of relaxing this, providing opportunities for US exporters. However, there is a large pushback from domestic producers against this U-turn.

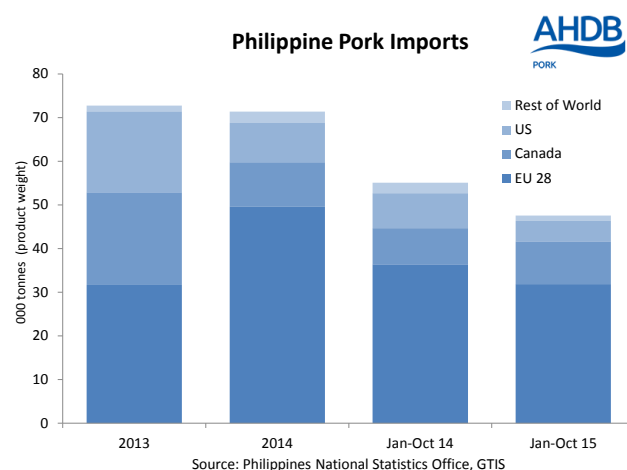
Vietnam also has high levels of pork consumption per capita. These are forecast to continue rising as the country's economy grows. At the same time, domestic production is increasing. Between January and June 2015, production was up 4%, compared with a year earlier, to 2.05 million tonnes. Pig prices were at a level that was profitable for producers. The USDA has forecast a 1% increase in pork production for 2016 but increases are likely to stay muted due to relatively

fragmented production – small livestock farms still account for 65-70% of all pigs marketed. With demand forecast to grow, coupled with an increased appetite for imported product and domestic supply not keeping pace with demand, the opportunity for imported pork should continue to grow.

Only patchy Vietnamese trade data is available for recent years but commentators suggest that there have been rising imports since 2014, albeit from very low levels. Market access is likely to be easier once the Trans-Pacific Partnership and EU-Vietnam Free Trade Agreements are ratified. Long term projections from OECD-FAO forecast pork imports to increase as a share of consumption from 4% to 7% by 2025, a projection which could prove to be conservative.

Domestic production in the Philippines increased in 2015 by over 4% to 2.12 million tonnes and has been rising steadily for a number of years. This looks set to carry on after the government said it was focusing its attention on developing the livestock and poultry industries, as they were less affected by the negative effects of El Nino.

This growth has meant that there was a drop in imports last year. For January-October 2015, there was a 14% fall in the volume of pork imported to the Philippines to 47,600 tonnes, compared with the same period in 2014. There were reduced volumes imported from both the EU and US. This could mean lower export opportunities to the Philippines as increased domestic production moves to meet a largely stable demand. However, the nature of local production means there are likely to be times when there is a need for more imports.



In summary, there could be export opportunities in these emerging Asian markets but they are not going to present the same scale as China, Japan and South Korea in the medium-term. Relatively high levels of pork consumption across the region have historically been largely satiated by the domestic supply. Growing GDP and population, along with changing consumer demographics will put further strain on relatively inefficient domestic production, creating a steadily growing need for imported pork to fill the gap.