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Report 2018

UVAS
UNIVERSITY OF VETERINARY AND
ANIMAL SCIENCES LAHORE

Executive Summary

The key objective of this report is to create awareness and provide information regarding the market of livestock animals and related products in China and export potential of Pakistani producers. This report will serve as a ground not only for the Pakistani exporters to understand the potential, preferences and trends of livestock product market of Malaysia but also will educate the Chinese importers to know the actual potential in Pakistani livestock industry and prevailing opportunities.

Based on unique geographical location, Pakistan's potential of livestock business is enormous with a friendly business environment. All these are the encouraging factors that favor the country to serve as an economic gate way for China, Russia, South Asia and East Asia especially after the China Pakistan Economic Corridor (CPEC). The nature has abundantly gifted the Pakistan with variety of livestock resources. Our livestock and poultry industry is progressing gradually and playing a key contribution towards economic growth. In 2017- 18, the share of livestock in GDP is 11.11% and its growth rate was 3.76%. Beside all the positive growth indicators, contribution of livestock sector towards export is not so encouraging. Thus, Pakistan needs to revisit its production strategy /capacity and export policies to significantly increase share of its export from Livestock and related industries.

Both the nations started trade in 1950 and Pakistan- China committee was established in 1982. China stands at the 2nd export destination of Pakistan. It's share is 7.7 percent in total export of Pakistan. United States stood at 2nd with a share of 16.7 percent. However, the bilateral trade of these nations are heavily focused in rice and cotton, which constitutes for 75 percent of total export of Pakistan to China.

China is the world's most importers of meat from Australia and New Zealand. Although, the import of chilled meat in China is increasing substantially. In recent



years market of chilled meat increased by 5% so it is the best opportunity for Pakistani Meat Exporters to discover a new market of 24 Million Muslims for Halal Products. SWOT analysis of Chinese meat market is conducted which would be very beneficial for new entrants of Beef Exporter of Pakistan. Modes of transportation from Pakistan to China through CPEC and resulting cost savings have been briefly discussed.

This report has been prepared to serve important purposes such as; the competitive environment for import of meat, to provide information about the structure of livestock market in China, market trends and opportunities for Pakistani meat exports, and outline of the regulatory framework for the livestock market in China.

In 2017, Pakistan's total meat export stood at 35,388 Metric tons and its worth is US \$221 Million (2017) which continues predominately the chilled carcass meat.

Pakistan has great potential of export of Livestock products and China can be one of the profitable markets for Pakistani exporters. However, no real database is available to guide relevant stakeholders to tap the available export potential. This market analysis report gives the detailed analysis of ongoing market trends in the supply demand gap and required strategies to successfully enter the Chinese market.



Potential of Pakistan in Livestock Production:

Based on unique geographical location, Pakistan's potential of livestock business is enormous with a friendly business environment. All these are the encouraging factors that favor the country to serve as an economic gate way for China, Russia, South Asia and East Asia especially after the China Pakistan Economic Corridor (CPEC). The nature has abundantly gifted the Pakistan with variety of livestock resources. Our livestock and poultry industry is progressing gradually and playing a key role towards economic growth. Agriculture is the strength of Pakistan's economy and livestock is the sub-sector of agriculture. Pakistan is at the top in south Asia for the contribution of livestock share in GDP of the country. Livestock contributes 58.9 percent of the agriculture sector in national economy. Livestock accounts for 11.11 percent of the total GDP. Pakistan has the 1st largest rural economy, 2nd largest sector of economy, 3rd largest herd of livestock and the 4th largest milk production (GOP, 2018).

Table 1: Estimated Livestock and Poultry Population

Years	Species (Million Heads)									
	Cattle	Buffalo	Sheep	Goat	Camels	Horses	Asses	Mules	Day Old Chicks	Poultry Birds
2014-15	41.2	35.6	29.4	68.4	1	0.4	5	0.2	862	932
2015-16	42.8	36.6	29.8	70.3	1	0.4	5.1	0.2	945	1,016
2016-17	44.4	37.7	30.1	72.2	1.1	0.4	5.2	0.2	1,037	1,108
2017-18	46.1	38.8	30.5	74.1	1.1	0.4	5.3	0.2	1,138	1,210

This data shows that Pakistan is enriched with a huge potential in livestock and poultry production. This livestock sub sector comprises of various industries like dairy, meat, leather and poultry. The annual production of major livestock and poultry products is given in following table.

Table 1: Estimated Production of Milk, Meat and Eggs

Years	Milk (000Tonnes)	Meat (000 Tonnes)				Eggs (Million No.)
		Beef	Mutton	Poultry	Total	
2014-15	52,632	1,951	671	1,074	3,696	15,346
2015-16	54,328	2,017	686	1,170	3,873	16,188
2016-17	56,080	2,085	701	1,276	4,061	17,083
2017-18	57,890	2,155	717	1,391	4,262	18,037

The table below shows the production of the byproducts form livestock & poultry industry of Pakistan during last 3 years.

Table 2: Estimated Production of Hide and Skin

Years	Hide (Million No.)				Skin (Million No.)					
	Cattle	Buffalo	Camels	Total	Sheep	Goat	Fancy	Lamb	Kid	Total
2014-15	7,816	7,447	105	15,368	11,132	26,359	15,569	3,306	12,263	53,060
2015-16	8,111	7,669	106	15,886	11,264	27,073	15,941	3,345	12,595	54,278
2016-17	8,416	7,897	108	16,421	11,397	27,807	16,322	3,385	12,937	55,526
2017-18	8,734	8,131	109	16,974	11,532	28,560	16,718	3,425	13,287	56,805

Above statistics shows a continuously growing trend in the production of livestock and poultry products. Currently, Pakistan is ranked number four in worldwide milk production. The strategic location of the country and potential of livestock sector creates a good export avenue for Pakistani livestock and poultry products. The major exports include animal casings, bone and its products, animal wastes, live animals, meat, dry milk, wool, hair, feeding stuff for animals and poultry.

Table 1: Recent Overall Livestock Products Export

Commodity	Export Value (Million Rs.)
Live Animals	840
Meat and Edible Offal	23,753
Fish and Crustaceans	40,256
Dairy, Eggs, Honey and Edible Products	7,250
Other Animal Products NES	2,366
Raw Hide, Skin and Leather	39,885
Articles of Leather	65,138
Furskin and Artificial Fur	14

South Asian Countries share of Livestock in National GDP

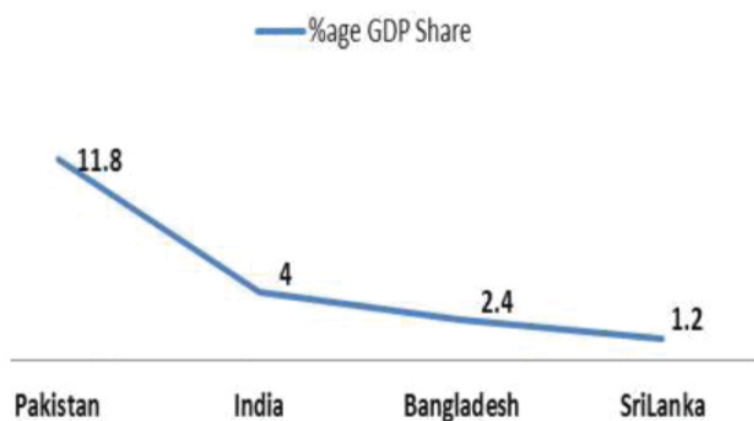
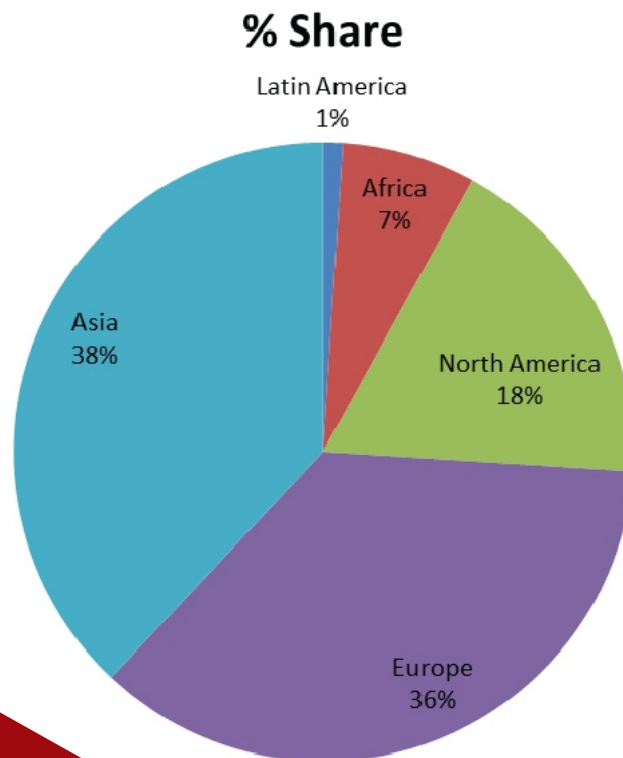


Figure 1 Source: Pakistan meat export strategizing the productivity enhancement

Overview of Economy of Pakistan

Pakistan is one of the “Next Eleven”, countries that have a potential to be among the world's large economies in the 21st century. Pakistan is 66th largest export economy in the world. In 2017, Pakistan shipped US\$21.9 billion worth of goods around the globe which shows a 6.5% growth as compared to 2016. The share of Pakistan' total export to Asian countries is 37.2%, share to Europe is 35.5%, share to North America is 17.8%, share to Africa 6.6% and the share of total export to Latin America is 1.4% (FBR, 2017).

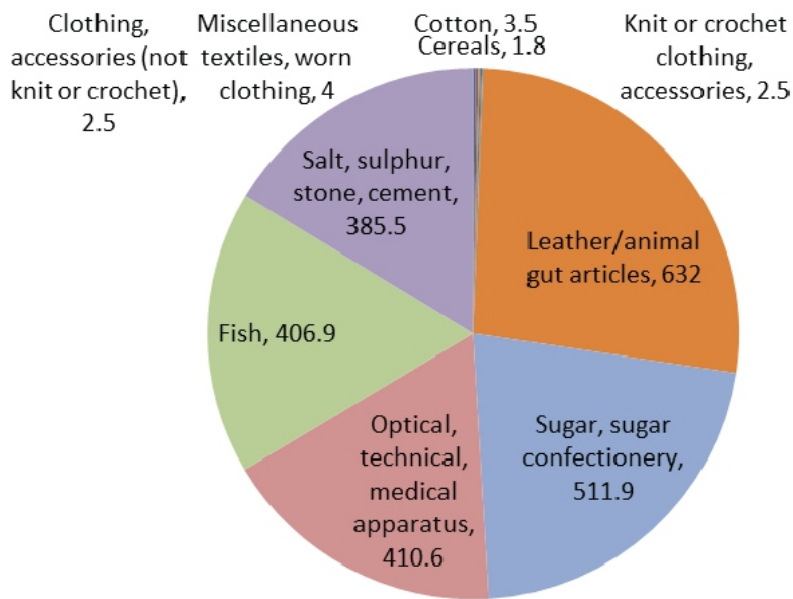
Figure 1: Export from Pakistan to Different Regions



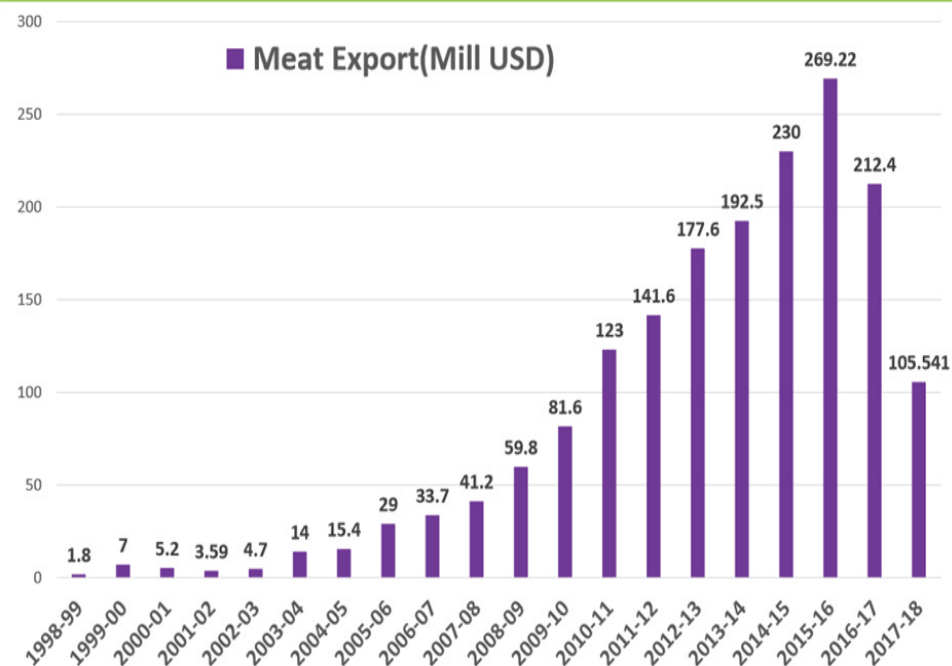
Top Exports by Pakistan:

Despite being enriched with geological position, climatic situations and enormous natural resources, Pakistan has been able to export only a couple of products to a limited number of markets. Below figure shows the top ten main exported items for the year 2017 along with its amount in billion dollars.

The share of top ten exported item is about 75.6 in overall export value from Pakistan. In exported items, fastest growth was shown by sugar and sugar confectionery 104.1%, fishery 21% and Optical, technical and medical apparatus 12.7% in year 2017. Export of salt, sulphur, stone and cement (down -14%) and leather and animal gut articles shows decreasing trend -14% and -2% respectively. In Pakistan imports were still very high i.e. US\$ 48.6 billion, resulting in a negative trade balance of \$26.7 billion for 2017. In 2017, GDP of Pakistan was \$303.99 B and GDP per capita was \$1470 which is expected \$1,641 in 2018. Pakistan ranked at 147th in world in 2016 on basis of per capita GDP. Pakistan is 5th largest country in the world having population of over 207 million (Anonymous, 2018b).



Pakistani Meat Export Trends (US\$ Million)



Source: The J. Anim. Plant Sci. 28(3):2018 (A.A Randhawa & A.H Shah)

At present, export of Pakistani livestock products is at low ebb, so there is dire need to work for new markets of Pakistani Meat.

Figure 2 Pakistan Meat export trends

An Overview :Pak-China Trade Relations

The trade relations started between Pakistan and China in 1950s, and have involved in various agreements so far. The first official bilateral trade agreement was signed between Pakistan and China in 1963. The joint Committee was established in 1982. It's main objective to facilitate technology and trade. Following the establishment of this committee, a new era of trade relations began. Both the nations signed MoUs and

multiple contracts. In this context, both the nations signed six MoUs on trade in May 2001 and had established collaboration on Gwadar seaport in May 2002; seven agreements in the areas of communication, energy and the trade sector in December 2004.

This paved the way for improving mutual cooperation on other important areas with 21 MoUs and agreements signed in April 2005 on infrastructure, energy, social sector, and defense. As a result, the trade between China and Pakistan increased from 1.07 billion US\$ in 1997 to 4.26 billion US\$ in 2005. The bilateral trade relations between these two countries got strengthened by signing an agreement (EPH) Early Harvest Program that started its working on January 1, 2006.

This Early Harvest Program was the key step to develop trade because both the nations wanted to provide improved market access to each other. This would be helpful to achieve important commercial interest on different items. Presently, the CPEC is being deliberated as a game changer for China and Pakistan.

This is a strategic network of energy, railways and roads projects, which is aimed to link China's Xinjiang province to the Pakistan's Gwadar port. It not only serves Pakistan in improving its supply side constraints but also serve short route for China as an alternative to the sea route that passes through Malacca Straits. This new route will be helpful for both the nations on enhancing trade interaction with the rest of the world (SBP Staff Notes: /17).

Major Exports to China'

China is the second largest export target of Pakistan and its share is 7.7 percent of the total export of Pakistan, after the United States (16.7 percent). However, exports of Pakistan to China greatly consist of rice and cotton, which includes 75 percent of the total export of Pakistan to China.

Cotton exports of Pakistan to China rose from 358 million US\$ in 2006 to 968 million US\$ in 2017 (SBP staff Note 04/17). Moreover, China is the top importer of cotton yarn from Pakistan followed by Bangladesh.

Additionally, in 2012, the rapid rise of rice imports in China was driven by low international prices and strong domestic demand. This made the way for Pakistan's

rice to enter Chinese markets. The share of the rice imports in China from Pakistan flew from 1.3 percent in 2011 to 24.4 percent in 2012 beating Thailand. Major export items include Cotton 61 percent, Rice 14 percent, Ores, ash and slag 5 percent, Fish and invertebrates 3 percent Others 17 percent. Other major Pakistani exports to China includes lag and ash, ores, raw hides & skin fish and other aquatic invertebrates etc. (Source: SBP Staff Notes: 4/17).

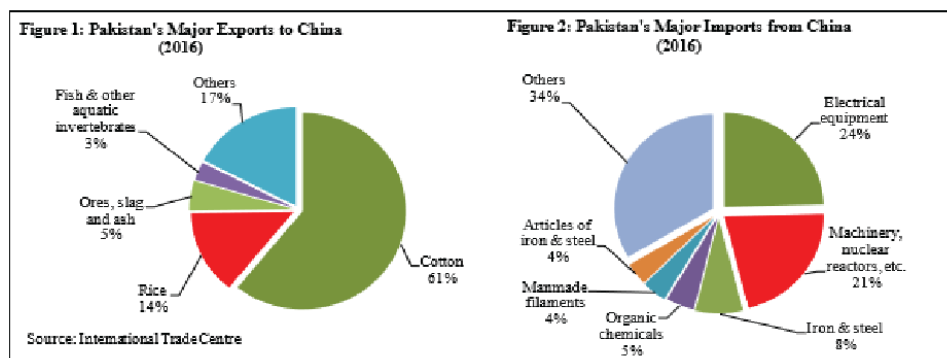


Figure 3 Pakistan Export & Import Data
Source: SBP Staff notes 4/17

Main Imports from China

29 percent of the total imports of Pakistan are from China, followed by the UAE 13 percent. These imports mainly include iron & steel, nuclear reactors, high-tech machinery, organic chemicals, electrical equipment and manmade filaments, etc. In fact, more than half of imports of electrical machinery and equipment of Pakistan come from China.

Figure 3 above shows a clear picture of the top import items that come from China. These items can be captured more suitably when looked at the import level data HS-2, when the agreement of FTA was signed in 2007 than there is important rise was showed in these products. For example, the top import items i.e. electronic and electric equipment from China increased by 68 percent of all imports. of that product

from the rest of the world.

The major import items include Electrical equipment 24 percent, nuclear reactors and Machinery etc. 21 percent, Iron & steel 8 percent, Organic chemical 5 percent, manmade filament 4 percent Articles of iron& steel 4 percent and Others 34 percent.

CPFTA: Significant Features

Pakistan signed free trade agreement (FTA) with China in 2006. The main objective of Consumer Protection Fair Trading Act (CPFTA) was to reinforce the friendship, diversify trade, encourage expansion (within the limitations of WTO), facilitate the movement of goods across borders, eliminate barriers to trade, create an agenda to enhance and expand the benefits to strengthen further bilateral economic cooperation and offer fair conditions of competition for trade. Moreover, this agreement was also intended to raise the living standard of masses, promote sustainable development consistent with environmental conservation, protection and create new job opportunities. The following are the important features of the CPFTA:

- The coverage and scope of CPFTA is limited to trade in goods only
- According to the Article III of the GATT 1994, each country allowed national treatment to the goods of the other country
- Each country could request for an additional review at any time, however the tariff reduction schedule was subject to review/revision (after every 5 years) or modification under certain conditions, which were part of the agreement.
- Each country was to slowly reduce its import customs duties on imported goods, with certain exemptions (which are the part of CPFTA)
- List of the charges and fees and changes agreed to be made available through a equivalent computer-based telecommunications network or Internet. However, all charges and fees on export/import of goods were not allowed to indirectly protect domestic goods or a taxation of exports or imports for fiscal purposes.

China offered Tariff Concessions:

China has approved concession 7,550 tariff lines of Pakistan after implementation of the agreement for the first 5 years. Out of these, around 35% of the products lie in the zero-rated category (within the three years of FTA implementation in 2007) such as marble, leather articles, medical appliance and cotton. Though, 15% products were given no concession, which include cotton, fish, plastic, textile and paper items.



Figure 4 Pak China Trade

Source: SBP Staff notes 4/17

Pakistan offered Tariff concessions

Likewise, Pakistan also offered 6803 tariff lines to china for the first 5 years. Electronic and electrical products, machinery and various raw materials critical to Pakistan's industrial sector were offered zero tariff lines. Though, woven fabrics, footwear, synthetic fibers and machinery products were granted no concession. Though in fact, Pakistan omitted (92 tariff lines), which mainly include drugs, alcohol, ammunitions and arms.

Agricultural Trade

There is a great potential due to fresh water resources and the shortage of arable land in China. The nation requires to import the crops which are land extensive crops (such as rice and wheat) to feed its population. The primary suppliers of China of agricultural imports include Australia, Brazil, United States, New Zealand, Argentina and Canada. China imports dairy products from New Zealand, soybeans from the US, meat from Brazil and fish and other aquatic invertebrates from Russia. Moreover increasing living standards have gradually increased the demand for agricultural imports. It is likely to increase trade opportunities for agro-based countries having significant potential in agricultural produce.

Conversely, China's demand for rice imports and cotton yarn is met by the emergent economies of Asia, like Thailand, Pakistan, India and Vietnam. The relative share of these products of China has observed some changes. Though until 2015, Pakistan has persisted to be the top seller of cotton yarn to China and until 2009, Thailand as leading rice exporter to China. Fortunately there is an increase in export price of Thai rice due to Thailand's rice pledging scheme in 2011, which produces export opportunities for other rice producer countries. Pakistan arose as the 2nd biggest seller of rice to China after Vietnam due to its low cost rice.

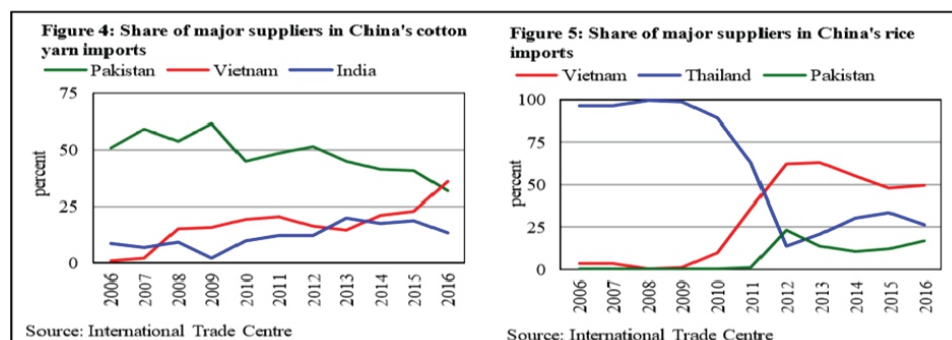


Figure 5 China Major shares in Cotton & Rice import

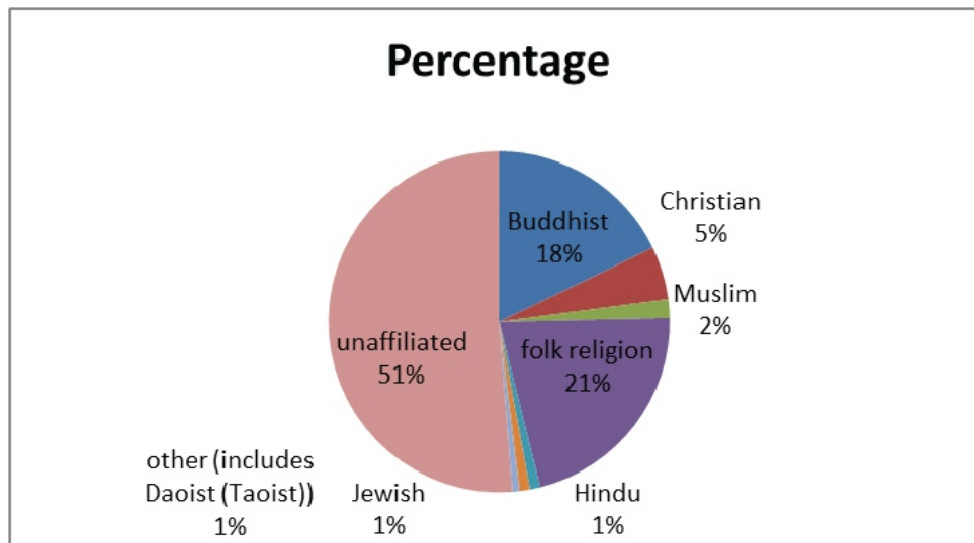
- Source: SBP Staff notes 4/17

Halal Market in China: Market Size and Purchasing Power

China, with population of 1.386 billion, is one of the most developed and stable state both politically and economically in East Asia. In China, the size of Muslim population is 24 million. Chinese citizens have average per capita income of approximately US\$ 1526.40 in 2018. The Muslim minorities have average per capita income of approximately US\$ 1000. So, the value of Halal market in China would be about approximately: $\text{US\$1,000} \times 24 \text{ million} = \text{US\$24,000 million}$ or 24 billion. Chinese population can be divided into eight major groups i.e. Buddhist (18.2%), Christian (5.1%) and Muslim (1.8%), folk religion (21.9%), Hindu (1%), Jewish (1%), Daoist (Taoist) (0.7%) and unaffiliated (52.2%).

Customer preferences

China Ethnic Population:



Source: <https://www.livepopulation.com/country/china.html>

Meat Consumption in China

China, with consumption of meat approximately at 8.5 million metric tons, is ranked second after the USA. The per capita retail consumption of meat is 57.7 pounds. The consumption of beef is approximately 11% of the total consumption of meat, the consumption of poultry stood at 15% and pork consumption is approximately 74%. The seafood and fish which are very popular in China and these values do not include.

Percentage of main meat consume in China % According to the place of residence

Meat Type	Urban Residence	Rural Residence
Sheep	39.9	26.0
Beef	32.6	27.2
Pork	25.6	16.0
Poultry	31.6	27.8

Table 2 Percentage of main meat consume in China % According to the place of residence

Source: American Journal of Food & Nutrition 2016

China A valued destination for Chilled Beef

China is Australia's fifth largest chilled beef export market after Japan, the US, Korea and the EU. (Source: GTA).

Chilled beef generally includes a small proportion of China's total beef imports. Imports of chilled beef comprised 1% of total direct beef imports by volume in 2017 (at 6,558 tones) but 2.4 percent by value. Share of the Australia is merely 5% in total import quantity of chilled meat in China and 9% by the value. It is an opportunity for Pakistani exporters to grab the market of chilled meat in China by their premium quality product.

The chilled beef of Australia is sold to both high-end restaurants and most of them are independent rather than chained establishments, and premium retail outlets, including e-retail. Same marketing strategy can be adopted to capture the market share and valued importers for your products.

Emerging competition

In 2017, again China has started opening up its chilled red meat market, allowing access to several new suppliers:

- China has approved 37 establishments of United States in 2017, and the exports have started since June
- China has approved 10 establishments of New Zealand in March 2017, firstly on a six-month trial basis and the export started in June
- China has announced an agreement to begin a trial to export chilled beef from Canada in December 2017
- A sanitary protocol has reportedly been accepted and Argentina in January 2018 for chilled bone-in beef..
- Now it is time for Pakistani Government to make a free trade agreement with Chinese Government to export Pakistani meat in Chinese market

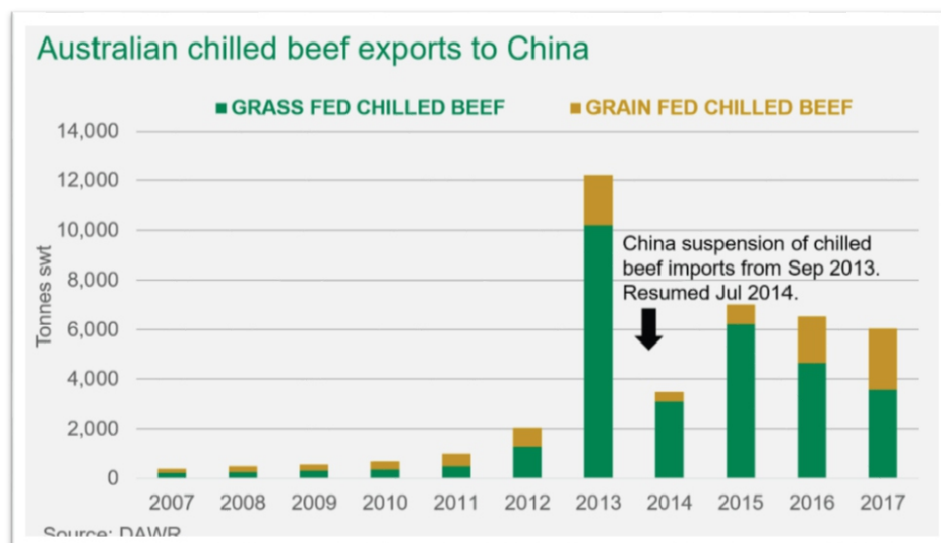


Figure 6 Australian Chilled Beef Export to China

Livestock Trade between Pakistan & China

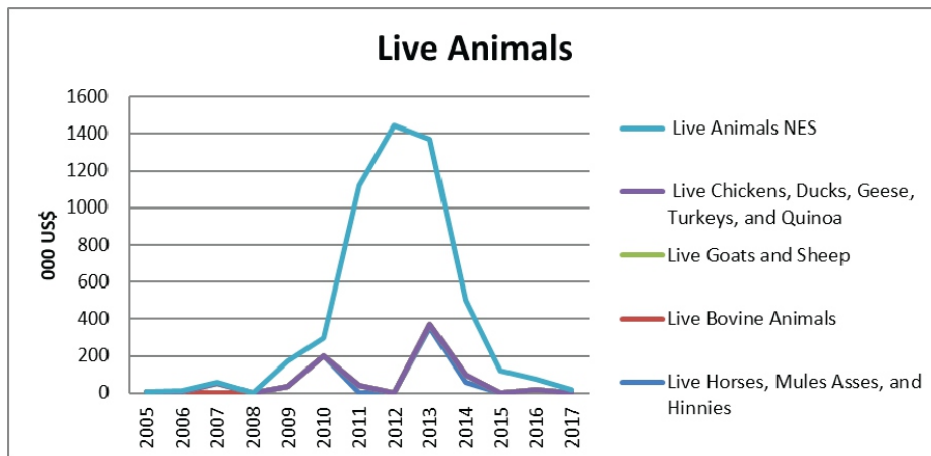


Figure 7 Export of live animals to china

The graph is showing that there is no export of small ruminants (sheep & goat) and a very negligible share of live chicken. The export of live horses shows a gradual increase from 2009 (i.e. 38000 U.S \$) to 2013 (i.e. 351000 U.S \$) but drops suddenly to 0 in the year 2017. The export of live animals NES shows an increase from 2009 (132000 US \$) but it drops to 21000 US\$ in 2017. The Export of live animals “Not Elsewhere Specified” remains vibrant from 2005 to 2017.

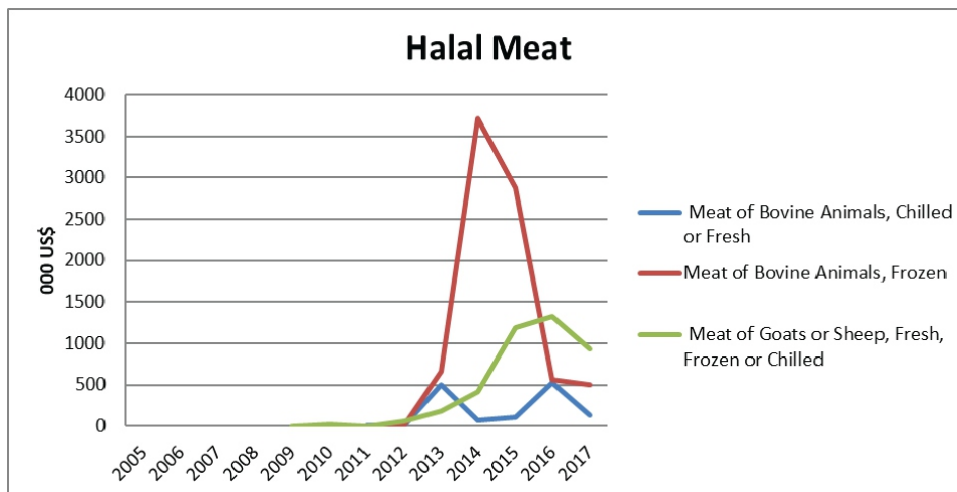


Figure 8 Export of Halal Meat to China

Halal meat includes the category of meat of bovine animals in fresh or chilled forms. This category shows the decreasing trend and the trade is maximum in 2013 which is 507000 US\$ but it drops to 133000 US\$ in 2017. The second category is meat of bovine animals in frozen form. It shows that the trade is maximum in 2014 which is 3716000 US\$ but drops suddenly to only 503000 US\$ in the year 2017. The third category includes the meat of sheep or goats in fresh, chilled or frozen forms. It shows that there is no trade till 2009 and after that there is an increase till 2016 and a sudden decrease in 2017.

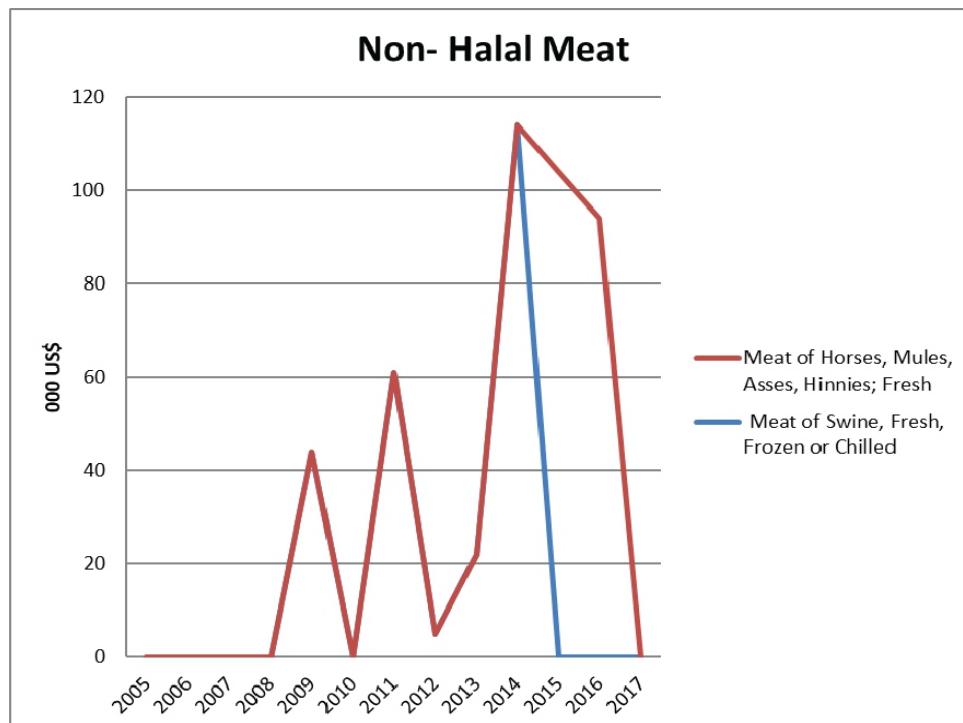


Figure 9 Export of Non-Halal Meat to china

Non- halal meat includes the category of meat of swine in fresh, chilled or frozen forms. This graph shows that there is no trade from 2005 to 2009 and after that the trade goes to 114000 US\$ in 2014 which has been highest but drops suddenly to 0 in the year 2015. The second category is meat of horses, asses, mules, hinnies as fresh meat, there is no significant trade except during the year 2015 and 2016.

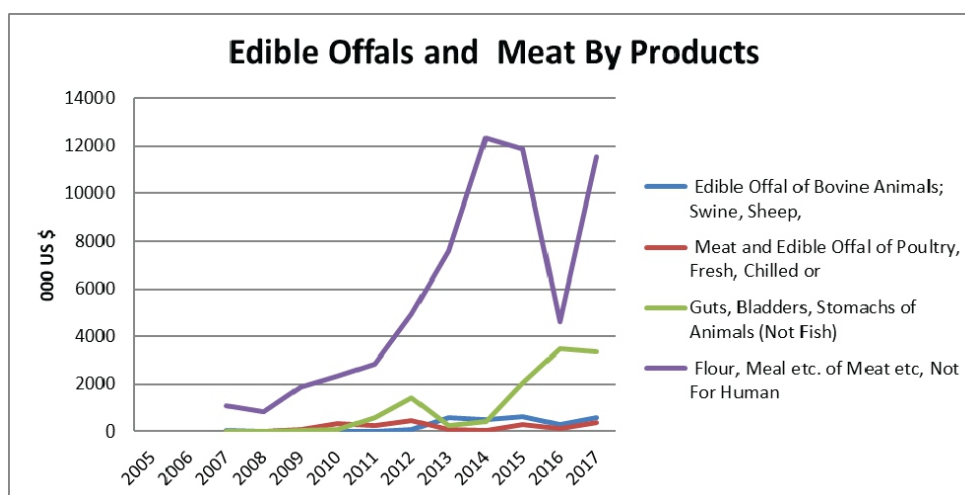


Figure 10 Export of Edible Offal's and Meat by Products to China

The graph shows that the trade of edible offal of bovine animals, swine, sheep remains insignificant till 2012 and then a sudden rise till 2017 except a decrease in 2016. The maximum export was in the year 2013 (595000 US\$). The second category is meat and edible offal of poultry, fresh or chilled. It shows that there is no trade till 2008. The trade is maximum during in 2017 (i.e. 350000 US\$). The third category is guts, bladders, stomachs of animals (not fish). It shows the fluctuating trend and the trade is maximum during 2016 (i.e. 3498000 US\$). The last category includes flour meal. It is maximum in the year 2014 (i.e. 12,359000 U.S \$) and then a decline was observed while in 2017 a slight increase was recorded.

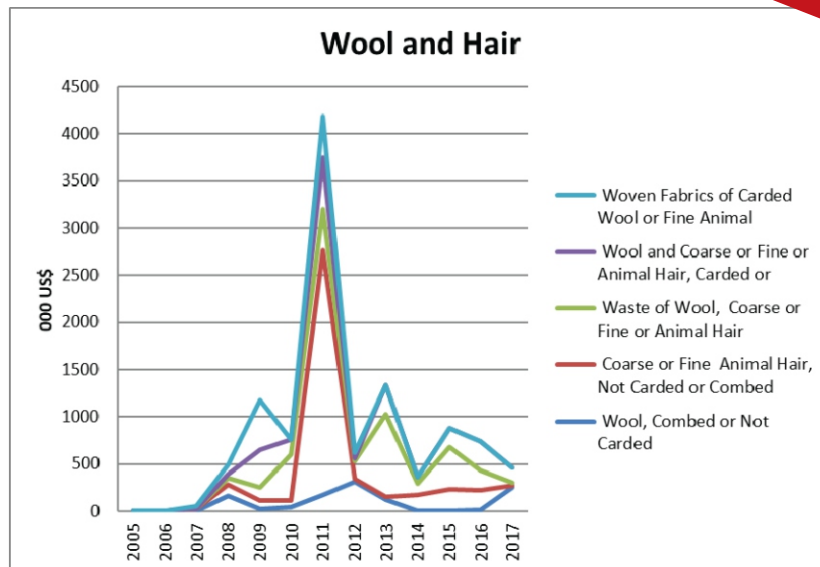


Figure 11 Trade of Wool and Hair to China

The graph shows the mutual trade data of wool and hair. The first category is wool, not carded or combed shows that the trade was maximum during 2012 (i.e. 307000 US\$) and during the remaining period its share is negligible. The second category includes fine or coarse animal hair, not carded or combed. It shows the decreasing trend and the trade is maximum during 2011 (i.e. 2597000 US\$). The third category includes waste of fine wool, fine or coarse animal hair. It also shows the decreasing trend and the mutual trade is maximum during 2013 (i.e. 875000 US\$). The last category includes wool and fine or coarse animal hair carded. It shows decreasing trend and the trade is maximum during the year 2011 (i.e. 545000 US\$).

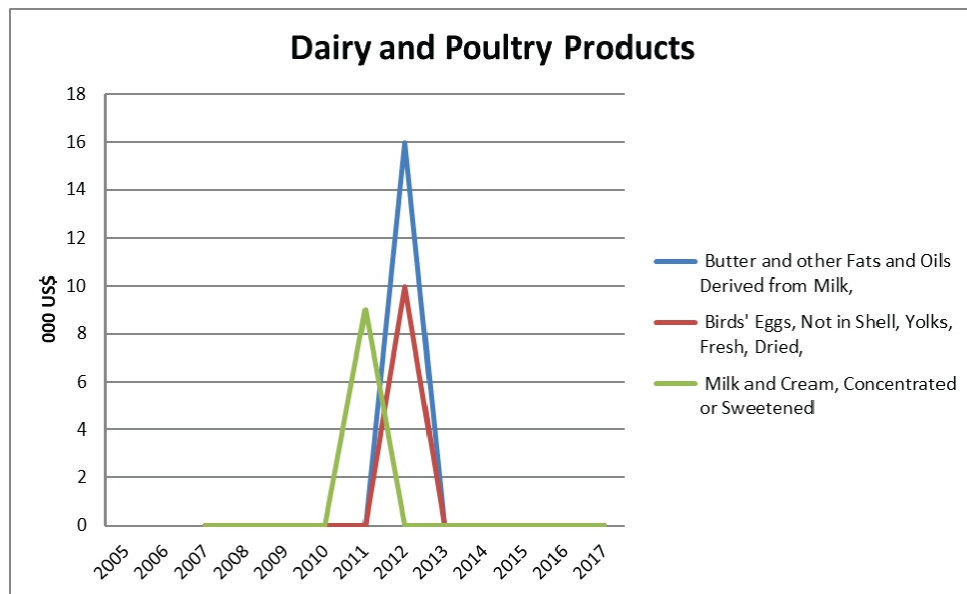


Figure 12 Trade of Dairy and Poultry Products

The graph shows the mutual trade data of dairy and poultry products. The first category includes butter and other fats and oils derived from milk. Its share is negligible and shows the decreasing trend and the maximum trade was during the year 2012 (i.e. 16000 US\$). The second category includes bird's eggs, not in shell. Its share is also negligible and the trade is maximum during 2012 (i.e. 10000 US\$). The last category includes milk and cream, concentrated or sweetened. It shows that there is no trade (i.e. 0 US\$) throughout the period except the year 2011 (i.e. 9000 US\$)

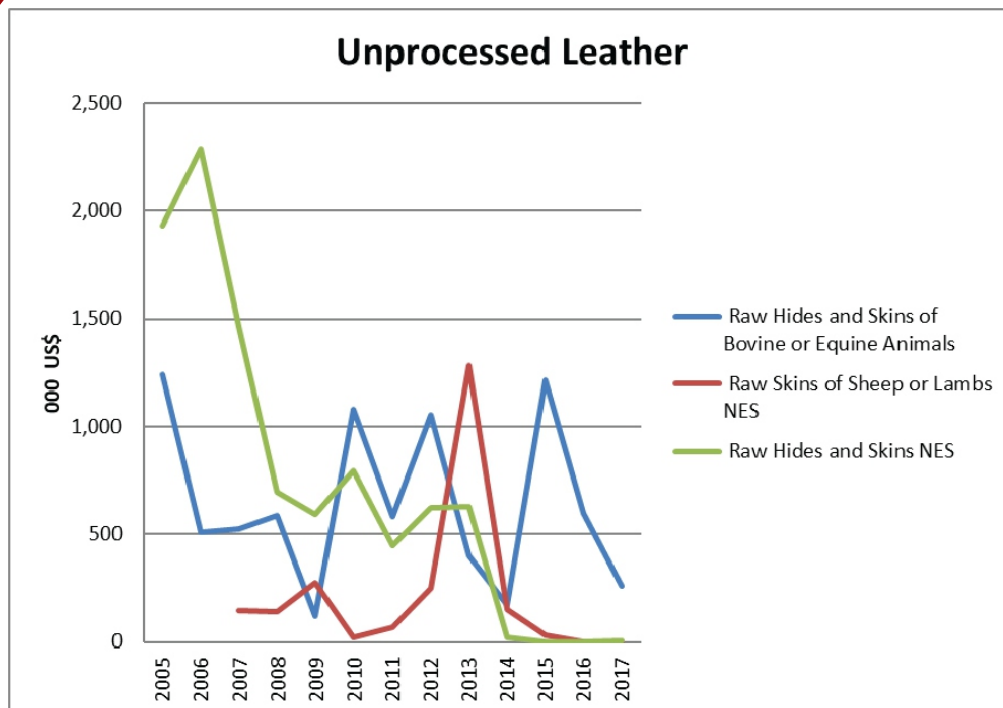


Figure 13 Trade of Unprocessed Leather to China

Unprocessed leather includes the category of raw hides and skins of bovine or equine animals. It shows that the trade is maximum during the year 2006 (i.e. 1244000 US\$). The second category includes raw skins of sheep or lambs. It's trade is maximum during 2013 (i.e. 1282000 US\$). The last category includes raw hides and skins. It shows the decreasing trend and the trade is maximum during the year 2006 (i.e. 2289000 US\$).

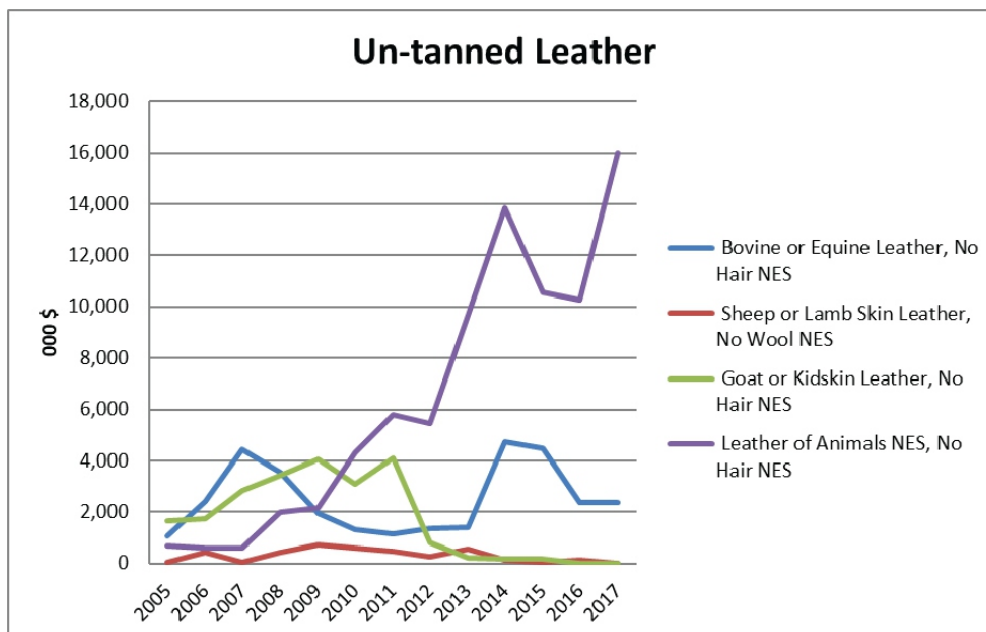


Figure 14 Trade of Un-tanned Leather to China

The first category includes bovine or equine leather. It shows that the trade is maximum during the year 2014 (i.e. 4736000 US\$). The second category includes sheep or lamb skin leather, no wool NES. It shows the decreasing trend and the trade is maximum during the year 2009 (i.e. 746000 US\$). The third category includes goat or kidskin leather category. It also shows the decreasing trend and the trade is maximum during the year 2009 (i.e. 4067000 US\$). The last category includes leather of animals which shows that the trade is maximum during the year 2017 (i.e. 15993000 US\$).

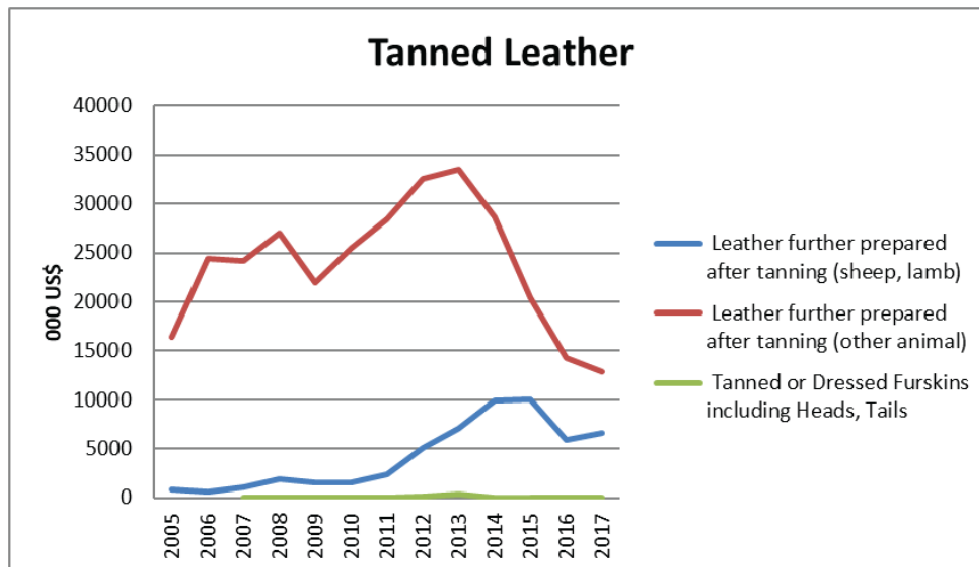


Figure 15 Trade of Tanned Leather to China

The first category includes leather further prepared after tanning. It shows the increasing trend from 2005 to 2008 and then decreases till 2010 (i.e. 1599000 US\$) and after 2010 it shows the increasing trend except in 2016. The maximum trade is during the year 2015 (i.e. 10071000 US\$). The second category includes leather further prepared after tanning. It shows the fluctuating trend and the trade is maximum during the year 2013 (i.e. 33500000 US\$). The last category includes tanned or dressed fur skins including heads, tails. It is almost static throughout the period and the maximum trade is during the year 2013 (i.e. 342000 US\$).

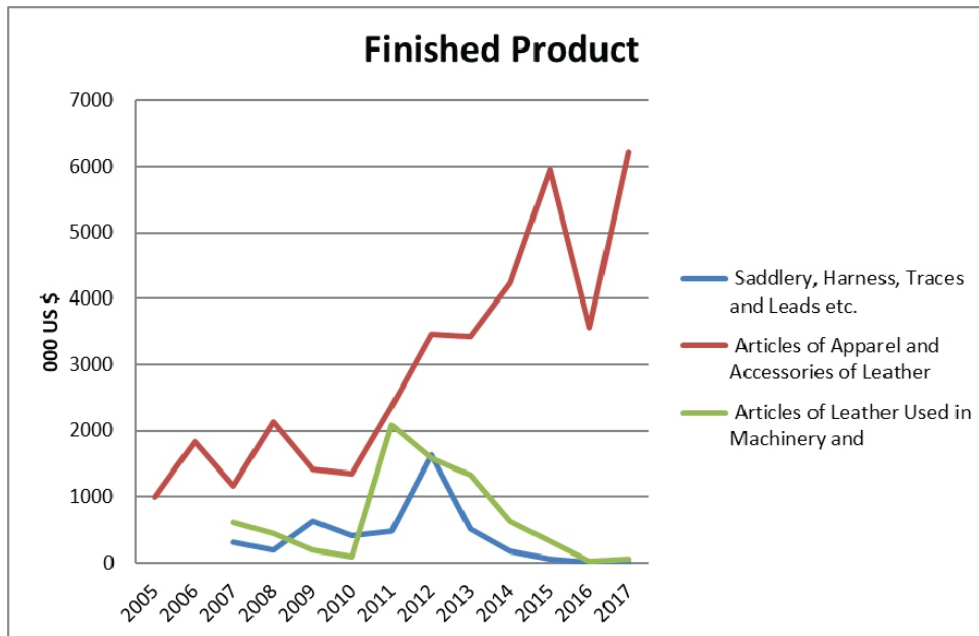


Figure 16 Trade of Finished Products to China

The first category of finished product includes saddler, harness, traces and leads. It shows that the trade is maximum during the year 2012 (i.e. 1636000 US\$) and after 2012 it shows the decreasing trend. The second category includes articles of apparel and accessories of leather. It shows that the trade is maximum during the year 2015 (i.e. 5948000 US\$). The last category includes articles of leather used in machinery. It shows that the trade decreases from 2007 to 2010 and after that it increases till 2011 which is highest 2090000 US\$.

SWOT Analysis of China Market

SWOT Analysis means strengths, weaknesses, opportunities and threats. We utilized SWOT analysis to explain the trade of meat Export between China and Pakistan.



Strengths

The strength of the Pakistan's meat in Pakistan's perspective depends upon the growth of the overall meat and meat products exports to China which have been substantially increased by indirect trade (through Vietnam & Taiwan) in enforcement year, even though we can say that the value of these exports are not significant as compared to imports of other agricultural commodities from China or even Pakistan's meat exports to the rest of the world. Imports from China's products into Pakistani market have gained unparalleled momentum climbing by US\$ 13 billion dollars from 2006 to 2017. In present scenario the strength of Pakistani meat in China market

can be discussed as

- Cheaper Labor cost
- Cheaper Meat of the region
- Huge animal population both dairy and fattening
- Contribution of livestock sector to GDP is at the top in South countries
- Meat production on locally grown fodder
- Easy means of transportation through CPEC
- Geographical location of Muslim localities in China
- Free trade agreements enabling environment for meat value chain strengthening

Weaknesses

Keeping in view the difference in sizes and volume of both economies, the enormous gap in the level of industrial development, their growth in world trade, and the relatively disproportionate trade contribution by both countries,

- Lack of fattening animal breeds.
- Insufficient feedlot fattening farms for export purposes.
- Indirect trade through Vietnam & Taiwan.
- Forward integration of Chinese importers into Pakistani market.
- Lack of Meat grading system.
- Quality Concerns Such as (Foot & Mouth Diseases)
- Labeling Compliances.

Opportunities

Recently, China & Pakistan made free trade agreements to invest US\$56 billion in Pakistan. The China Pakistan Economic Corridor (CPEC) contains many development deals, which are approximately 20 per cent of Pakistan's annual GDP (Andrew, 2017). This is foreign direct investment in Pakistan which will eventually increase as many other countries are also joining the CPEC. Therefore it is the best opportunity for Pakistani Government to add the agriculture sector in CPEC so that this neglected sector can be boosted as per its potential. Export of Pakistani Meat to

China and Central Asia through CPEC is the vital opportunity for Pakistani Meat industry. Total Muslim Population in China is 24 million and their Halal Consumption depends on import from central Asia. Pakistani meat is cheaper as transportation cost is very low and would be even lesser after CPEC.

- Target market of 24 Million Muslims
- CPEC as a gateway for the Export of Pakistani meat to world largest meat importing country China
- Gwadar Deep sea port is the cheapest port for the Export of Pakistani Meat
- Pakistan can expedite frozen meat marketing worldwide
- Value added processed meat products can increase the foreign remittances
- Pakistani meat exporters can develop their trade linkages with the rest of the central Asian countries

Free trade agreements are the attraction for new investors to invest in this sector and earn huge returns against their investment

China has taken over the control of Gwadar (strategic deep water seaport of Pakistan) that will be a key military & Economic hub for Beijing. China also funded about US\$ 2 billion for the village of Gwadar that will boost the fishing industry of Karachi as well.

Threats

Trade between Pakistan and China is in a variety of products ranging from raw material to semi-finished products providing high tech machinery and electrical products, Pakistan's raw material imports from China such as maize, yarn, soybean, plastic and rubber, canola organic chemicals. However, China is not providing any preferential treatment to Pakistani Exporters even in meat products that it is importing from the world in large volume such as Australia and New Zealand.

India is the largest exporter of Boneless meat to China which may squeeze the export opportunities

- Lack of Disease free zone
- Scarcity of live animals in the country
- Changing in the Import Policy of China, s Government
- African Meat is cheaper than Pakistani meat

How Pakistani Meat can be exported to China

Rules and Regulations on import may vary on types of food, and it is observed that these rules may not be consistently applied and enforced by different agencies, ports, custom departments and officers. Therefore, meat exporters are advised to allocate additional time and funds to resolve unexpected issues and work closely with reliable shipping agent

Some of the common laws and regulations that Pakistani meat exporting companies must comply with are: the inspection law for export/import commodities, the food safety law, (HACCAP and ISO 22000), imports/Exports regulations, animal Quarantine certificate and certificate of origin.

Step 1: Registration of Exporting Firm

As an overseas exporter and manufacturer of food, registration with the State Certification and Accreditation Administration (CAA) is mandatory for overseas exporters if the food product being exported is on the 'List of Food Imports Subject to Enterprise Registration'. Perishable commodities such as meat and vegetables require additional registration.

Onward, October 2015, it is mandatory for meat exporters to register every shipment of perishable products online with the Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) department for tracking purposes.

Step 2: Documentation of shipment

China has complex and strict documentation procedure for the majority of perishable commodities imported into the country. Before the arrival of shipment, importers are required to submit documents of shipment quality, origin, quarantine and import control, along with a commercial invoice and a detailed packaging list, among some other documents.

These documents are reviewed only after the arrival of shipment. Therefore, exports must confirm that all required documents are authentic and complete to avoid any delay and demurrage.

For ease of exporters, they may use the Harmonized System (HS) codes available on China Customs' website to check all features and details e.g. category documentation, licenses and the associated import tax rates, and testing requirements. The HS coding system is the international system used for

categorizing all products traded between countries.

General list of the required documents is mentioned below

- Commercial sale invoice
- A detailed packaging list
- Certificate from country of origin
- Bill of lading/ Airway bill
- Quarantine Certificate /Health certificate
- Expiry date of product (different for chilled & frozen meat)
- Certificate of bottling date (for drinks)
- Sample of Chinese label
- Label sampling
- Certificate of inspection

Pre-import licensing

Food products entering China do not need pre-import licensing. However, dairy or poultry products need to obtain the Automatic Import License issued by the Ministry of Commerce. Food items subject to import tariff quotas such as Meat (chilled & frozen), wheat, rice, and sugar are required to obtain the Agricultural Products Import Tariff Quotas Certificate.

Labeling compliance

Every food product imported in China must be labelled in simplified Chinese characters to complete the Customs clearance. In general, a label must provide following information:

- Complete name of food stuff
- Complete List of ingredients and percentage
- Name and address of Chinese agent, manufacturers or distributor
- Date of production, best before, end date, and guidance for storage
- Quality grade
- Country of origin
- Code of industry standard/National standard for the production
- Special instructions, if any

All labels must be approved by the Chinese Inspection and Quarantine Service (CIQS)

Food sanitary inspection and customs clearance

Once the shipment arrives in China, the food products are inspected by Customs officials for review of labeling requirements and relevant shipping documentation. The CIQ sanitary certificate is issued only if the documents are complete. This certificate is issued for every shipment.

If the documents of the shipment are missing, custom seizes it. Importer may either provide a CIQ declaration or provide the missing documents. To obtain a CIQ declaration, importer must provide the following documents: business license, quota certificate, importing license, an introduction to company, safety compliance declaration and product information in detail.

To export the meat and meat product, this process is more complex though the

Procedure is relaxed after successive exports. However, AQSIQ officials may still inspect labels and samples in every shipments.

Figure 17 Overview of Important steps for Exporting Food & Beverages products to China



Figure 17 Overview of Important steps for Exporting Food & Beverages products to China

Contact Detail:



Name	Designation	Contact	Address
Mr. Zhang Chunxiang	Ambassador (Principal Officer)	051-2877279/2275298	Diplomatic Enclave , Ramna 4 Islamabad
Mr. Mao Siwei	Counsellor	051-2877279/2275298	Diplomatic Enclave , Ramna 4 Islamabad
Mr. Liu Yueyun	Counsellor Administration	051-2877279/2275298	Diplomatic Enclave , Ramna 4 Islamabad
Mr. Shi Zhijie	Counsellor (Consular)	051-2877279	Diplomatic Enclave , Ramna 4 Islamabad
Mr. Liu Renqing	First Secretary (Scientific & Technology)	051-2822371	Diplomatic Enclave , Ramna 4 Islamabad
Mr. Liu Pei	Senior Col.	051-2651908/2652910	House 9, Street 18, F 7/2, Islamabad
Mr. Ma Changlin	Counsellor (Economic & Commercial Office)	051-2252426/2260947	House 11, Street 19, F-8/2, Islamabad
Mr. Shan Baoxiang	Counsellor (Cultural Office)	051-2279606/2820748	House 11, Street 2, F-7/3, Islamabad

