

PolicyPennings by Dr. Daryll E. Ray

## China imports US poultry: US flock size and corn demand virtually unaffected

In recent weeks, newspaper reporters have continued to write stories relating the current high prices for grains and oilseeds to increased meat consumption in China. While our readers may know better, it seems that the China meat story continues to have legs, or as we discovered on our recent China trip, feet. Chicken feet to be exact.

Readers of our recent columns will recall that China has been a net exporter of meats for the last 7 years and 14 of the last 18 years <http://agpolicy.org/weekcol/409.html>. When it comes to broilers, we noted that China was a net importer of a small amount. In 2006 China was a net importer of 21 thousand tonnes of broiler meat.

In 2007, net broiler meat imports came to 124 thousand tonnes. "Net" is used because China both imports and exports in the same year. According to USDA's Production, Supply, and Distribution (PS&D) database (<http://www.fas.usda.gov/psdonline/>), China imported 482 thousand tonnes of broiler meat in 2007 while exporting 358 thousand tonnes or net imports of 124 thousand tonnes.

The numbers were small enough that we thought little about them until we got to China. It was there that we were told that the major chicken part China imports from the US is chicken feet.

On our last night we were in a nice restaurant when they were setting up their evening "Happy Hour" buffet. After explaining what they were doing, our host suggested that we take a look at the buffet offerings. The first item on the buffet was you guessed it-chicken feet. It seems that chicken feet are a snack food eaten while sitting around talking and relaxing with friends.

That piqued our curiosity so we decided to look up the numbers when we got home. In checking out the USA Trade Online (USATO) site maintained by the US Census Bureau (<http://www.usatradeonline.gov/>) we found the NAICS (North American Industry Classification System) code for "Feet (paws) Of Chickens, Frozen"-0207.14.0045. Sure enough, China imports fro-

zen chicken feet from the US; 375 thousand tonnes of them in 2007. China's second largest broiler part import from the US is "Meat Of Chickens, Frozen, Nesoi" (Nesoi means Not Elsewhere Specified or Indicated-we looked this up using Google). In the Nesoi category China imported 101 thousand tonnes.

We should note that familiar edible chicken parts were "specified elsewhere." According to USATO, China imported 5.3 thousand tonnes of whole broilers in 2007. In addition, China's 2007 broiler meat imports from the US also included 110 thousand tonnes of legs and leg quarters (leg quarters are often on sale at our local supermarket for 39 cents a pound), 79 thousand tonnes of wings and wing tips, and 4.7 thousand tonnes of edible offal.

Chicken feet and Nesoi accounted for 476 of the 675 thousand tonnes of broiler imported by China in 2007, according to USATO. We can't account for the difference between the USATO total import number (675 thousand tonnes) and the total import number offered by PS&D (482 thousand tonnes), but the information we take from the numbers is the same.

It seems clear to us that the 476 thousand tonnes of chicken feet and nesoi imported by China did not result in a significant increase in the US broiler flock or corn fed to chickens. The exports of these parts may have resulted in less of them ending up in dog food, and the poultry processors may have profited from these export sales (28.6 cents a pound for chicken feet), but we see little impact on the total demand for US poultry output or the demand for corn.

Our goal in pointing this out is not to minimize the importance of export markets but to guard against conveying information that could be misinterpreted by farmers and commodity and farm organizations.

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Farmers should not have to go to China to learn that most of the upward trend in broiler exports to China has not resulted in increased demand for a larger US poultry flock or more corn or oilmeals to be fed.

Nor should farmers have to spend time in the government documents section of a university library to learn that, while China imports mostly chicken feet and Nesoi from the US, China exports chicken meat that compete with US broiler exports. And those competing exports do affect the number of chickens needing to be raised in the US.

The Chinese export prepared poultry meat; that is, China exports value-added products from its

large chicken flock. Of the 358 thousand tonnes of prepared poultrymeat China exported in 2007, 89 percent went to Japan, a major target of US export promotion efforts.

Information on international trade is free(ly available). Complete information is priceless. (Incomplete information can be misleading.)

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