



China's Laws and Regulations as well as Foreign Regulations on Access to Pet Food Market



Shanghai Animal Health Inspection Institute

Shanghai Veterinary Drug & Inspection Institute

Bian Rongxing

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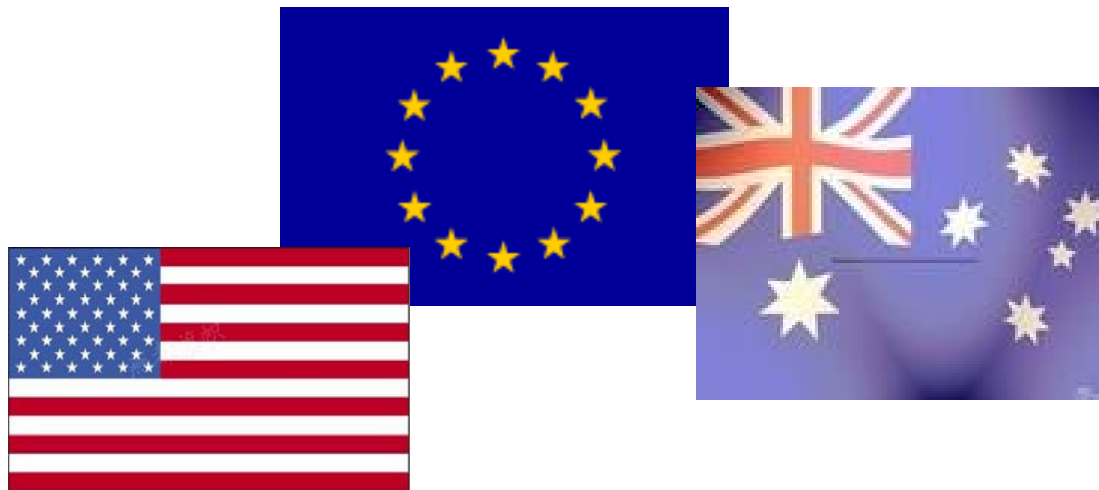
Definition of pet food:

- Association of American Feed Control Officials (AAFCO): commercial food for dogs and cats;
- Pet Food Regulations in Japan: food which provides nutrition for pets;
- **EU EC767/2009**: food prepared for animals which are not eaten but raised by human;
- **Regulation of China**: according to the Regulation, animal food refers to products industrially and processed manufactured for animals as food.

Compound feed refers to the food composed of multiple feed materials and food additives to a certain scale based on requirements for raising animals.



I. An Overview to and Regulations of Overseas Pet Food



The USA

- An overview to pet food industry

- ✓ Amount of pets is on the slow rise:

According to statistics of American Pet Association from 2009 to 2010, about 62% of families which equals to 77.5 million households have at least one dog or cat;

 About 95% of their nutrition comes from pet food.

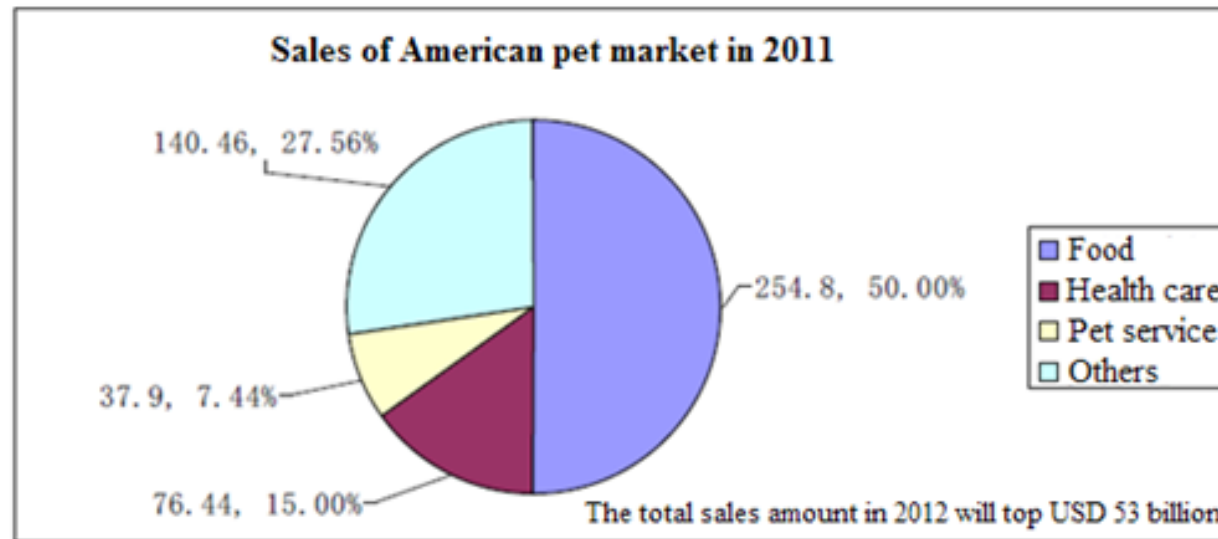
- ✓ Marketing channels

- Supermarkets
- Pet hospitals
- Pet shops

Prescribed pet food is prohibited in supermarkets.

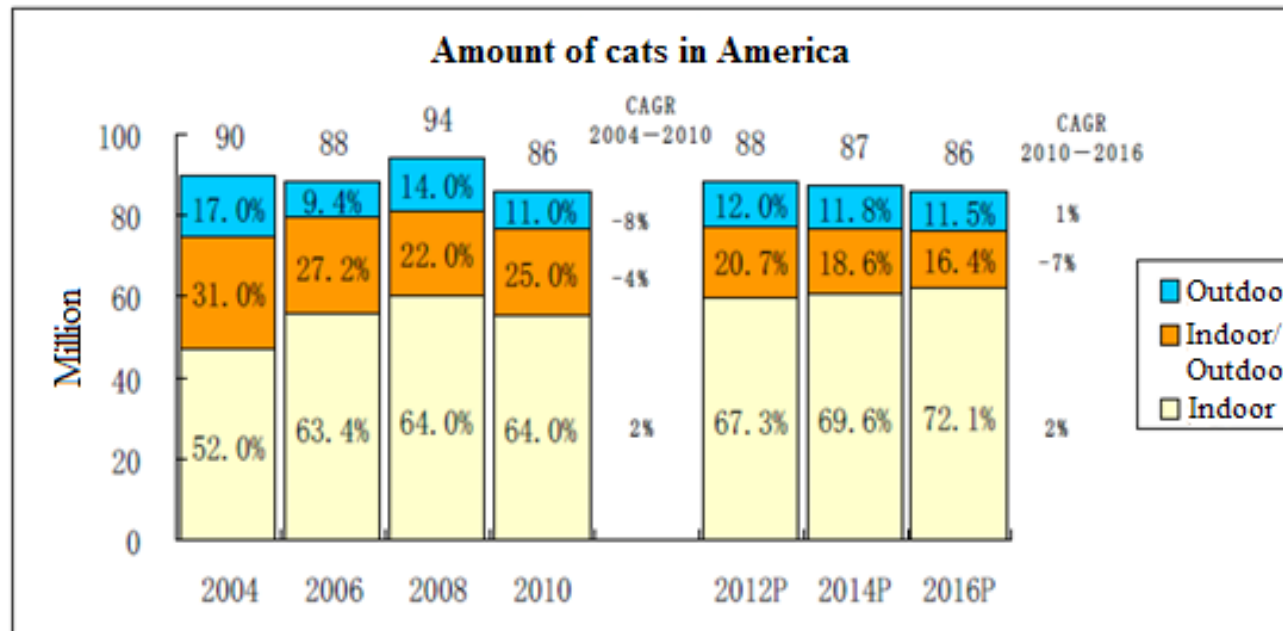


Sales of American pet niche markets in 2011

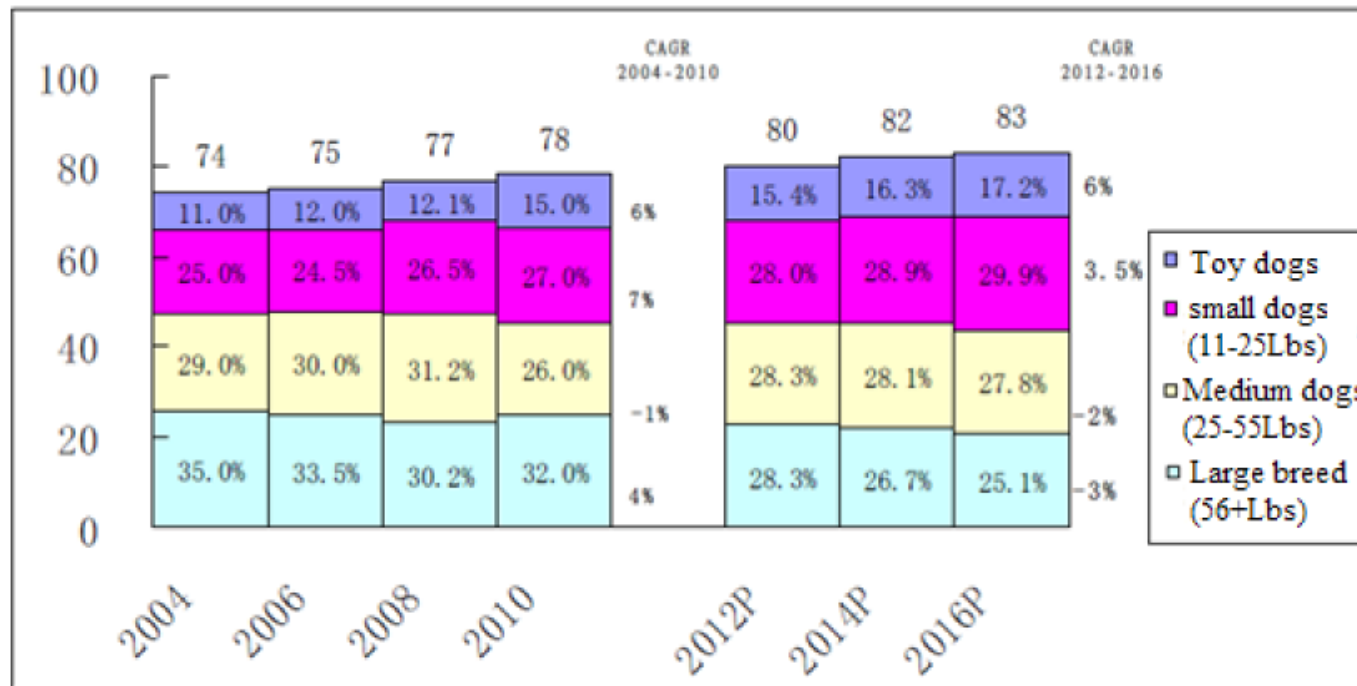


Americans have an expense of USD 50.96 billion on pets in 2011, which is 5.3% higher than that of 2010. Thereinto, pet food accounts for 50%, health care 15% and services including beauty, boarding, nursing and day care 37.9%, which arrive at USD 3.79 billion, 7.9% higher than that of 2010.

- ✓ Amount of cats in American: it is estimated to reach the level of 2010 in 2016 and domestic cats will continuously increase.



- ✓ Amount of dogs in America: the amount is estimated to go up steadily; small dogs and toy dogs are main increasing types.



✓ Various products with an increasing output from 2009 to 2011

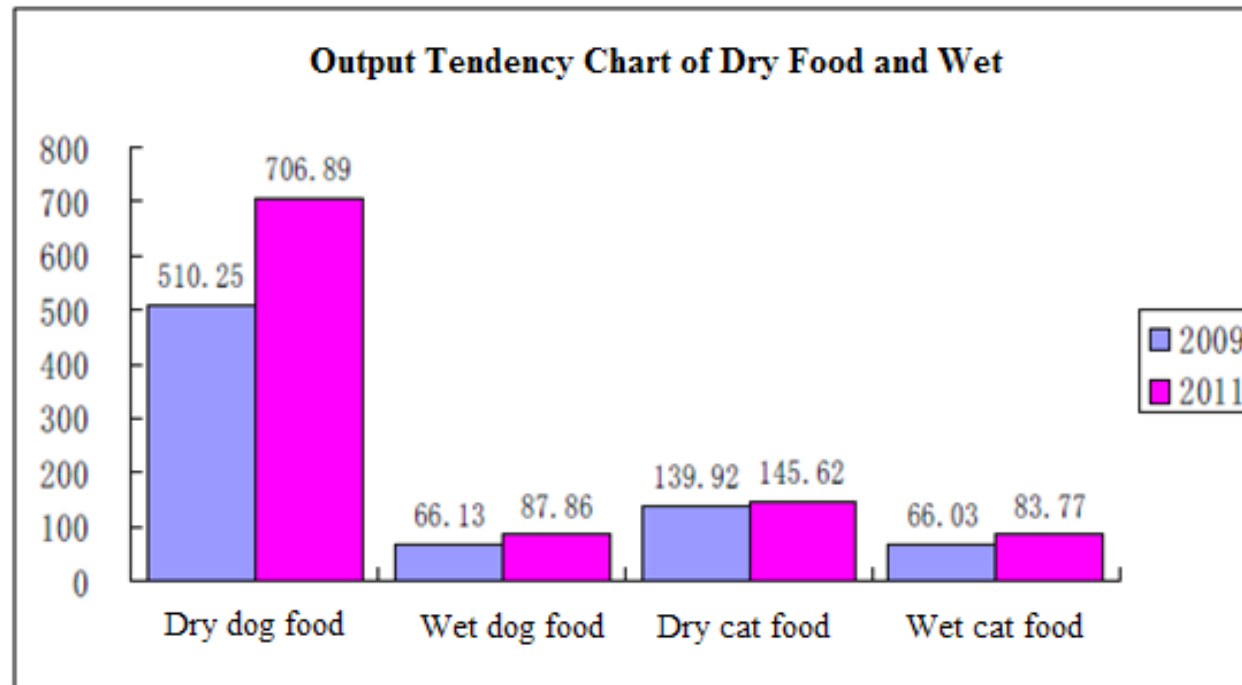
Products can be classified into 7 categories, including dry dog food, wet dog food, frozen food and snacks for dogs, dry cat food, wet cat food, frozen food and snacks for cats as well as other products.

Output of Pet Food in America (10 thousand tons)

Product Types	2009	2010	2011
Dry dog food	510.25	684.28	706.89
Wet dog food	66.13	87.75	87.86
Frozen food and snacks for dogs	14.16	25.14	26.38
Dry cat food	139.92	142.20	145.62
Wet cat food	66.03	82.20	83.77
Frozen food and snacks for cats	2.02	2.02	2.18
Others	2.69	16.60	9.00
Total	801.20	1040.19	1061.70

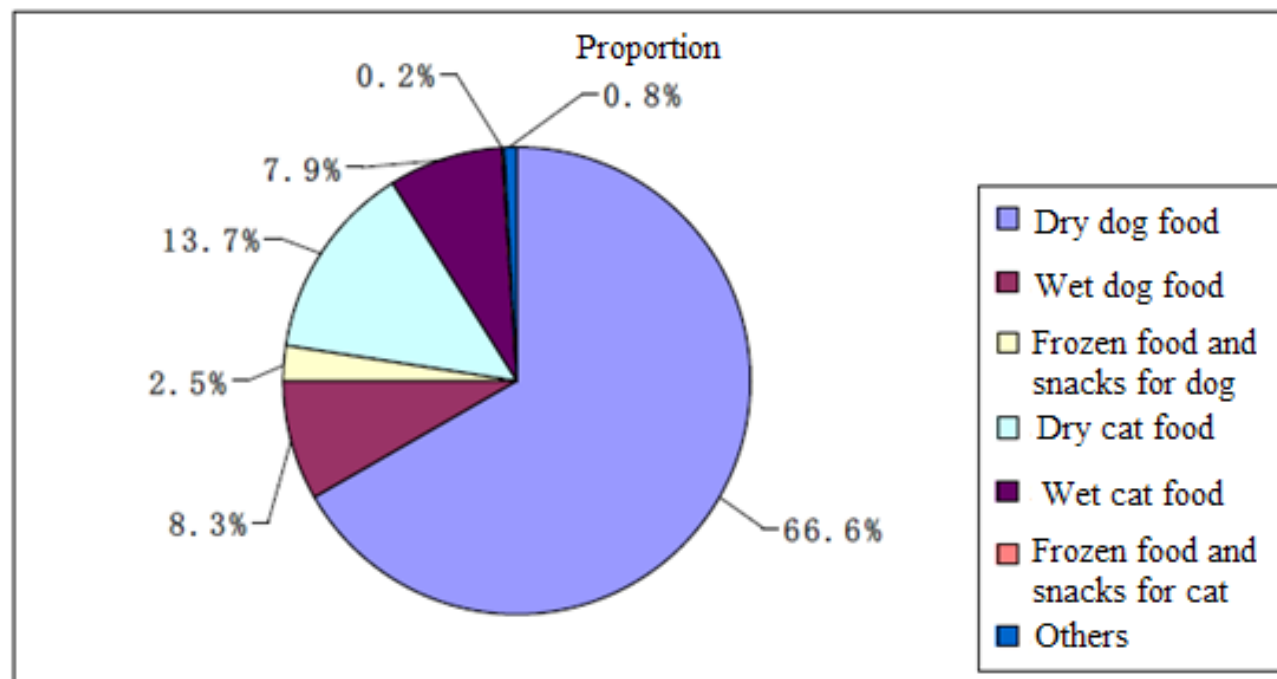
- Output of dry food goes up and wet food increases tremendously

Dry dog food and dry cat food in 2011 increase by 38.58% and 3.63% respectively while wet dog food and wet cat food increase by 32.86% and 26.86% respectively.

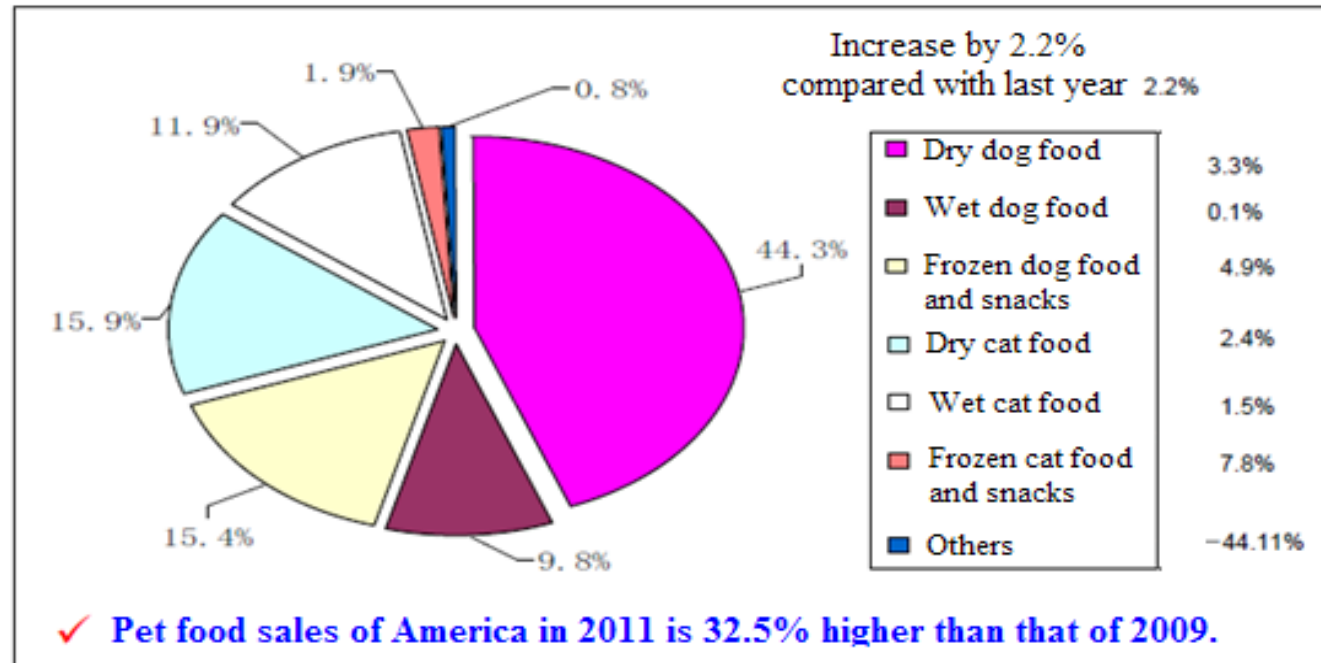


Dry food boasts largest share of all products

Output of pet food in 2011 is about 10.617 million tons. Dry food accounts for 80.3%, of which dry dog food about 66.6% and dry cat food about 13.7%.




Sales Quota for Various Pet Food of America in 2011



Dry food sales takes a share of 60.2%, of which dry dog food has the largest proportion of about 44.3% and dry cat food 15.9%.

● An Overview to American Laws on Pet Food

Supervision on pet food can be dated back to can regulations in 20th century and dry pet food regulations in 1950s.


- ✓ **Principles:** Comply with pet food relevant laws and regulations, i.e. federal and state laws on feed are applicable to various aspects of pet food;
 - ✓ **Concept:** ensure compatibility of tags and nutrition
 - ✓ **Supervision system:** performed by FDA and state governments.
- 

An Overview to American Laws on Pet Food


□ Classification of Pet Food

- Pet food: including only food of dogs and cats;
- Food of special pets: food for pets excluding dogs and cats, such as pet birds, fish, turtles, snakes, etc.

Key Food Safety Regulations in America

- Federal Food, Drugs and Cosmetic Act (**FFDCA**)
 - Federal Meat Inspection Act (**FMIA**)
 - Poultry Products Inspection Act (**PPIA**)
 - Egg Products Inspection Act (**EPIA**)
 - Food Quality Protection Act (**FQPA**)
 - Public Health Service Act
 - Administrative Procedure Act (**APA**)
 - The Federal Advisory Committee Act (**FACA**)
 - Freedom of Information Act (**FOIA**)
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Food Safety Authorities

- Department of Health and Human Health (**DHHS**)
 - -Food and Drug Administration (**FDA**)
 - -United States Department of Agriculture (**USDA**)
 - -Food Safety and Inspection Service (**FSIS**) and Animal and Plant Health Inspection Service (**APHIS**)
 - -Environmental Protection Administration (**EPA**)
 - Department of Treasury
 - -Custom Service
 - **DHHS**
 - -Centers for Disease Control (**CDC**)
 - -National Institutes of Health (**NIH**)
 - -Agricultural Research Service (**ARS**)
 - -National Marine Fishery Service (**NMFS**)
- 


An Overview to American Laws on Pet Food

■ FDA Food Safety Modernization Act

- New acts were introduced in 2011. Since introduction of feed laws of FDA in 1958, food safety in America has experienced an upheaval.
- New acts are applicable to:
 - ✓ Raw materials processing
 - ✓ Feed production
 - ✓ Pet food
 - ✓ Raw materials and raw materials import
 - ✓ Transportation

An Overview to American Laws on Pet Food

● Requirements for Import

- Every American importer shall perform risk inspection on foreign suppliers and examine food for any adulteration (Implemented since **January 2013**);
 - Details of inspection plan on foreign suppliers (Implemented since **January 2012**);
 - Establish a qualified importers plan of their own will to accelerate import. Enterprises of exporting country shall register international **SF/SF** options audited and certified by the third party (Implemented since **July 2012**).
- 

● American Pet Feed Laws and Regulations

■ Registration Regulations:


Canned pet food: in compliance with rules and standards of human low-acid food, i.e. 21 CFR Part 113; factories producing canned food shall register in FDA on production line and product specification.

Other pet food: neither production nor operation is allowed without registration in state feed control authorities;

New trend of FDA policies: *all pet food shall register in FDA!*



■ Raw materials relevant regulations:

- ✓ *Catalog of Authorized Feed Colorant (21 CFR, Parts 73, 74 and 81);*
 - ✓ *Catalog of Authorized Feed Additives in Animal Feed and Drinking Water (21 CFR, Parts 573);*
 - ✓ *Catalog of Generally Recognized Safety Materials (21CFR, Parts 582 and 584);*
 - ✓ *Definition and Catalog of Feed Raw Materials (AAFCO);*
 - ✓ *Limit for Inevitable Pollutants in Animal Feed and Packaging (21 CFR part 509)-PCBs;*
 - ✓ *Catalog of Prohibited Materials in Animal Feed (21 CFR part 589)-propylene glycol, cattle-derived material, etc.*
- 

■ Tags relevant regulations:

Federal regulations (21 CFR, Parts 501):

labeling requirements for all animal feed (including pet food) Description:

- ✓ Product name for correct identification of pet food;
- ✓ Net content (weight, size, volume or count);
- ✓ Name and address of producers, packers and distributors;
- ✓ List of all materials in descending order of weight ratio; general or common names of material used.
- ✓



Model regulation of Association of American Feed Control Officials (AAFCO):

Expressing requirements on tag labeling in following aspects:

- ✓ Terms and definition;
- ✓ Requirements of forms and labellings;
- ✓ Trademark and product name;
- ✓ Analysis on guarantee value;
- ✓ Composition of materials;
- ✓ Usage of drugs and additives;
- ✓ Claims on sufficient nutrition or nutritional purpose;
- ✓ **Energy requirement;**
- ✓ Explanation for feeding;
- ✓ Name and address of producers or distributors.

■ Association of American Feed Control Officials (AAFCO)
also lays down:

- ✓ Guides to nutrition standard in animal feed;
- ✓ Guide to function description of animal feed;
- ✓ Guide to assessment test on pet food;
- ✓ Good manufacturing practice of pet food;


.....



● Pet Feed Institution (PFI)

Founded in 1958 with 98% products in market of dog food and cat food produced by its members.

Function:


- ✓ promotes attention on and welfare of pets;
 - ✓ advocates quality improvement of pet food;
 - ✓ finance research on pet nutrition and significance of pets in human society;
 - ✓ publicize correct ways of pet feeding and nursing;
 - ✓ on behalf of pet food producing enterprises before federal and state governments.
- 

European Union

- **An overview to pet food industry**
- ✓ **Pet amount in 2011:** about 70 million families have pets, 24% of which have at least one cat and 27% have at least one dog.

Pet Amount of EU (10 thousand)

Type	Amount
Dog	6000
Cat	6400
Bird	3900
Aquarium animals	800 (about 8% households)
Small mammals	2400



✓ **Production and Sales of Animal Feed as well as Pet Relevant Service in 2011:**

Sales volume	7.5 million tons
Sales	13.5 billion euros
Pets relevant turnover	10.5 billion euros

Pet feed producing enterprises	650
Direct employees	50000
Indirect employees	500000

● An Overview to Pet Food Industry of EU

Trends


➤ Population and social causes:

- The amount of dogs has slightly decreased in mature market
- The amount of cats has increased slight
- Aquarium animals are decreasing
- The amount of pet birds and small mammals is stable

➤ Wet food and dry food

- Dry food is increasing while wet dog food takes an increasing proportion
- Wet food takes the leading position in cat food.

➤ High-end, standard, economical, with/without brand, snacks

- Distinct trends: either economical or high-end, both in growth
 - **30%-40%** products without brands, medium price and low standard
 - Snacks have seen an obvious growth
 - Some niche products (organic, Kocher, etc.)
- 

● EU Pet Feed Laws and Regulations


Objectives: guarantee sanitation, safety and quality of pet food;

Principles: comply with laws and regulations on animal feed;

Scope: feed for non-edible animals are within the range of pet food;


Legislation: keep simple.

Legislative proposals → First read → Second read →
Implementation

- ✓ Directly applicable to 27 member countries
 - ✓ Applicable to all countries
 - ✓ Applicable to specific people
- 

● EU Pet Feed Laws and Regulations

More than 100 pet food relevant laws and regulations which cover:

- ✓ Management rules on production and sales of pet food;
 - ✓ Requirements on pet food tags;
 - ✓ Rules on ads management of pet food;
 - ✓ Raw materials catalog and quality requirements;
 - ✓ Provision on usage of additives;
 - ✓ Health and sanitation measures on commerce and processing of meat product as well as specific health certificate;
 - ✓ Raw materials control, sampling of final products and analytical method;
 - ✓ Control measures on sanitation and safety, and provisions on management of tags claims.
- 

Regulations on Safety and Sanitation:

✓ Feed Hygiene Law (183/2005/EC):

Stipulates basic principles of safety products and safety of all feed (including pet food);

Advocates establishing good manufacturing guide of every member's own will in the feed chain among EU and 27 member countries.

✓ 2002/32/EC (poisonous and harmful materials in animal feed):

Stipulates requirements on control of harmful and poisonous materials in feed products within EU and limits of specific pollutants.

Including upper limit of such 50 poisonous and harmful materials in feed as hard metal, biotoxin, toxic chemicals, phytotoxin, pesticide, veterinary drug, etc.

Good Manufacturing Guide on Pet Food Safety of FEDIAF which was verified and formulated in 2007 will be updated in 2012/2013

Regulations on tag labeling:

General principles: clear, brief, accurate, authentic and honest information

✓ *Regulations on Feed Sales and Use* (767/2009/EC):

specifies content of mandatory labeling on pet food:

- Type
- Name
- License key
- Batch No.
- Net weight
- Additives
- Moisture content (in some circumstances)

Besides, tags of pet food shall be marked with toll-free number or other accessible contacts so that users may obtain information other than mandatory details:

- (a) Additives contained in pet food;
- (b) raw materials labeled by category.


EU is proposed to formulate standard code on good labeling of pet food



● (European Pet Food Federation, Fediaf)


Founded in 1970 with 650 enterprises from 27 national pet food federations.

Functions:

- ✓ Promote ideas exchange between 650 pet food manufacturing enterprises in Europe and increase their benefit;
 - ✓ Pay attention to legal frame of pet food production for safety, nutrition and tasty;
 - ✓ A competent partner of EU governing organs on legislation, politics and technology in pet food industry;
 - ✓ Recognize and promote important social roles of pets in human society;
 - ✓ Support and encourage responsible owners of pets.
- 

Australia

● Pet Food Market

- ✓ Australia is a country enthusiastic about animals. According to statistics, although Australia has only a population of **20** million, the amount of pets has arrived at **33** million which is far beyond its population and is toward steady.
 - ✓ Australia has the highest pet breeding ratio compared to other countries in the world. **64%** of Australian families have pets.
- 

Market Data of Total Retail Channels Retail (June 2011)
(tons/RMB 10 thousand)

Type	7/10/2004	7/11/2003	Growth%		7/10/2004	7/11/2003	Growth%
Wet dog food	112,739	113,943	1.07		344,725	350,300	2.1
Dry dog food	101,725	107,956	6.12		269,311	289,100	7.2
Frozen pet food	76,664	77,516	1.11		201,684	205,600	2
Snacks for dogs	8,688	9,220	6.13		158,661	169,800	7
Wet cat food and snacks	67,162	67,332	0.25		363,439	367,200	0.4
Dry cat food	31,100	31,819	2.31		155,549	155,400	-0.1
Total	398,079	407,786	2.44		1,493,368	1,537,400	2.95


Market Data Non-retail
stores (May 2011)

Type	Total dog food (tons)			Total cat food (tons)		
	Wet food	Dry food	Snacks	Wet food	Dry food	Snacks
Pet market	1,799	26,430	108	500	4,086	11
Agricultural Market	5,151	47,348	43	564	3,035	Two
Veterinary clinic	1,193	8,299	19	367	2,796	B.3
Total	5,143	82,077	170	1,431	9,917	16

Market Data Export (June 2011)		
Standard classification of export products in Australia	Amount (tons)	Value (AUD 10 thousand)
Pressure or vacuum sealed canned dog food, retail	38,337	78,779
Pressure or vacuum sealed canned dog food, for retail	3,540	6,266
Dog food or cat food (excluding cans and dry food), for retail	15,772	32,530
Dry dog food or dry cat food, for retail	69,121	99,222

Market Data Import (June 2011)		
HTISc description	Amount (tons)	Value (AUD 10 thousand)
Canned cat food, for retail	25,009	61,106
Canned cat food, for retail (excluding canned cat food)	44,545	122,736
Total	69,554	183,842

● **Australian Pet Food Laws and Regulation**

- Food Standards Australia New Zealand (**FSANZ**)
 - ✓ *Food Standards Code Australia New Zealand*
 - Pet Food Industry Association of Australia (**PFIAA**)
 - ✓ *Pet Food Manufacturing and Marketing Regulation*
- 

PFIAA *Pet Food Manufacturing and Marketing Regulation*

- Quality control system for pet food manufacturing and processing
 - Base on **HACCP** principle (mitted)
- Requirement for labeling, marketing and nutrition of pet food
 - ✓ Pet food name should clearly and exactly display the product type, features and special flavor which would not mislead consumers;
 - ✓ List the main ingredients and additives according to their content percentage in descending order. Encourage manufacturers to reveal complete ingredients details ;
 - ✓ Nutrition statement shall clearly show product usage or target information;
 - ✓ Mark clearly "pet food" or similar instruction;
 - ✓ Nutrition table: list minimum proportion and calories of protein and fat and related nutrition information of the product.
 - ✓ Shelf life labeling regulation;
 - ✓ New product label: only products first launched on the market in **6** months could be labeled "New Product".


PFIAA *Pet Food Manufacturing and Marketing Regulation*

- Related limits of pet food
- ✓ Nutrition requirement of cat and dog food
Please refer to American **AACO** pet nutrition requirement
- ✓ Limits of pesticide residue and veterinary medicine residue—please visit the website of Australia Pesticide and Veterinary Medicine Authority **APVMR**
- ✓ Limit of pollutants in the raw material heavy metal, chemical residue, environment pollution (such as dioxin), microbial pollution, mycotoxin, impurity and so on
- ✓ Limit of melamine

Adopt the **WHO** limit of melamine

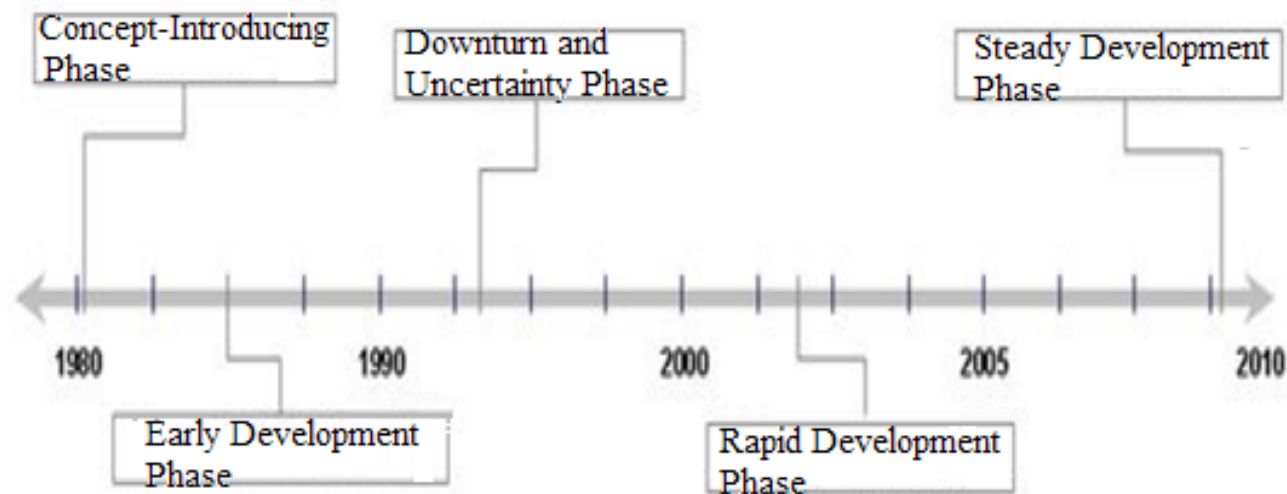


PFIAA Pet Food Industry Association of Australia

- registered in **1987**
 - A history of **25** years
 - Self-discipline through observation of code of practices
 - Established Australian Standard (March 2011)
 - Member of the custodian
 - Intimate cooperation with Australian Vet Association
 - Annual technical seminar
 - **55** members (manufacturers, retailers, supplier)
- 

II. An Overview to Pet Food and Standard Regulation System in China

- An Overview to Pet Food Industry: A history of **32** Years



An Overview to Pet Food in China

- ✓ Amount of pets is on a quick rise:
 - ✓ The biggest issue is that it is impossible to make statistics on the number of pet.
 - Pet number: according to unofficial data:
 - ✓ The current domestic dogs in China is around **100** million, companion dogs about **20** to **30** million, while pet dog of companion dog (normal vaccination, seeing the veteran and fed with dog food) is about **10** million.
 - ✓ The domestic cats are around **50** to **60** million, in which pet cats account for **8** to **9** million.
 - ✓ **800,000** dogs were registered in **2010** in Beijing, while the actual number being **1** to **1.1** million.
 - ✓ **400,000** dogs were registered in **2012** in Shanghai
 - Production volume of pet food: ?
- 

An Over View to Pet Food in China

According to the published data of Xiamen Feed Industry Conference in **April 2012**:

- There are over **60** domestic manufacturers producing pet food;
- Four categories: dry food, wet food, snacks and nourishment;
- Annual sales of RMB **3** billion.

An Over view to Pet Food in China

- The pet service market in China is extremely blooming.
 - ✓ There are **33** million families raising cats or dogs (survey results from Euromonitor International);
 - ✓ People keeping a pet has increased by **35%** since **2000**;
 - ✓ Pet service market volume would reach **1.2** billion dollars, approximate RMB **7.84** billion in **2012**;
 - ✓ The growth rate of markets relating to pet service has reached **46%** since **2007**.
- 

An Overview to Pet Food in China:

Top Ten Brands of Pet Food

Non-ranking!

Royal Canin	Royal Canin Pet Food, a world famous brand , is dated from 1923 in America and a subsidiary company of Mars, one of the biggest food manufacturers in the world
Purina	Purina Pet Food is a subsidiary company of Nestle, a global corporation founded in 1894 with hundred of year history
Pedigree - Whiskas	A subsidiary company of Mars, one of the world's biggest food manufacturers; top ten pet food brand
Natura	An American pet food brand, natural dog food and super quality material, a famous brand in the pet food industry Chinese general agent: Hong Kong Samvo Industry Co., Ltd.
Hill's	Dated from 1939 in America, providing pet food especially for pet with kidney disease, the leading brand in prescription diet. Hill's Pet Nutrition Co., Ltd.
Iams	Iams, dated from 1946 in America, pet food with microcrystallines dental scaling and balanced and comprehensive nutrition, a subsidiary company of P&G
Nature's Gift	APPE Australia Pet Food Corp, a member of Australia Pet Association, world famous brand, specializing in the animal protein pet food
Nory	Shanghai Nory Pet Appliance Corp, Chinese leading pet food brand with world prestige , top ten world food brand.
Care	Chengdu Care Pet Food Corp, a company with European and American technical background which specializing in the researching, manufacturing and marketing of pet food
Total Alimentos SA	A up-rising star in the pet food industry with great potential , professional pet food manufacturing and marketing company, Chinese general agent: Chinese Animal Husbandry Group.

● Chinese Feed Industry Laws and Regulation System

One fundamental law

Five department rules (administration measures)

Eleven normative documents (notice of Ministry of Agriculture)

Three mandatory national standards

Order of the State Council of the People's Republic of China

No. 609

Regulation on Administration of Feed and Feed Additives has been passed by the 177th executive meeting of the State Council on October 26th 2011, the revised *Regulation on Administration of Feed and Feed Additives* would take effect since May 1st 2012.

Premier Wen Jiabao
November 3rd, 2011

Regulations on Administration of Feed and Feed Additives

Promulgated by the State Council of People's Republic of China in Decree No.266 on May 29th, 1999, modified by the *State Council's Decision on the Modification of Regulation of Administration of Feed and Feed Additives* on November 29th, 2001, passed by the 177th executive meeting of State Council on October 26th, 2011.

Chinese Feed Industry Laws and Regulation System

- **Five department rules:**

- ✓ *Administration Measures of Feed and Feed Additives Production License* (No. 3 Decree of Ministry of Agriculture)
- ✓ *Administration Measures of New Feed and New Feed Additives* (No. 4 Decree of Ministry of Agriculture)
- ✓ *Administration Measures of Feed Additives and Additives Premixed Feed Product Approval Number* (No. 5 Decree of Ministry of Agriculture)
- ✓ *Administration Measures of Imported Feed and Feed Additives Registration* (Draft)
- ✓ *Administration Practices of Feed Quality and Safety* (Draft)

Chinese Feed Industry Laws and Regulation System

● Eleven normative documents

- ✓ *Catalog of Feed Ingredients* (No. 1773 Decree of Ministry of Agriculture)
- ✓ *Catalog of Feed Additives* (No. 1126 Decree of Ministry of Agriculture)
- ✓ *Practices of the Feed Additive Safety Usage* (No. 1224 Decree of Ministry of Agriculture)

- ✓ *Practice of Feed Medical Additives Usage* (No. 168 Decree of Ministry of Agriculture)
- ✓ *Notice of Supplement for Practice of Feed Medical Additives Usage* (No. 220 Notice of Ministry of Agriculture)

- ✓ *Catalog of Medicines Prohibited in the Feed and Animal Drinking Water* (No. 176 Notice of Ministry of Agriculture)
- ✓ *Substances Prohibited in Feed and Animal Drinking Water* (No. 1519 Notice of Ministry of Agriculture)
- ✓ *Notice of list of Veterinary Medicines and Other Chemicals Prohibited in Food and Animal* (No. 193 Notice of Ministry of Agriculture)

- ✓ *License Condition of Feed Manufacturing Enterprises* (Draft)
- ✓ *License Condition of Mixed Feed Additives Manufacturing Enterprises* (Draft)
- ✓ *Requirements on the Administrative License Application of Feed and Feed Additives* (Draft)

Chinese Feed Industry Laws and Regulation System

- Three mandatory national standards
 - ✓ *Feed Label* (**GB 10648**)
 - ✓ *Hygienic Standard for Feed* (**GB 13078**)
 - ✓ *Standard of Safety and Powder Ignition Proof of Feed Processing System* (**GB 19081**)

Chinese Feed Industry Laws and Regulation System

- *Feed Label Standard* (GB10648-1999)
 - ✓ Feed Name
 - ✓ Product Nutritional Analysis
 - ✓ Ingredient
 - ✓ Composition
 - ✓
 - ✓ Total 13 fundamental contents

Revised by National Feed Industry Standardization
Technical Committee, to be published

Chinese Feed Industry Laws and Regulation System

- *Hygienic Standard for Feeds* (GB13078-2001)

- ✓ Specify the limit of 17+5 toxic and harmful substances(elements) including lead, arsenic, mercury, cadmium, fluorine, mould, bacterium, salmonella, aflatoxin B1 and etc

- ✓ Note:

GB13078.1-2006 Limit of Nitrite in Feed

GB13078.2-2006 Limit of Ochratoxin A and Zearalenone in Feed

GB13078.3-2007 Limit of Deoxynivalenol in Compound Feed

GB21693-2009 Limit of T2-Toxin in Compound Feed

Revised by National Feed Industry Standardization Technology Committee, to be published

Chinese Feed Standard System

- By level: National Standard, Industry Standard, Local Standard, Company Standard
- By nature: Mandatory Standard, Recommended Standard
- By content: General Standard, Product Standard, Additive Standard, Material and Single Feed Standard, Test Approach, related standards

Existing Standard Catalog (Over 400 standards)

Download from China Feed Industry Information

www.chinafeed.org.cn

III. China Pet Food License System (Admittance)

1. Practice licensing on manufacturing and importing and strengthen supervision on marketing and usage

China Pet Food Administration Scope

Ministry of Agriculture Administration on the pet food only covers pet compound daily feed having not reached pet chews and other auxiliary food.

Mixed raw grain, can, biscuit, sausages and so on, special pet food: food for pet, except cat and dog, like rat, rabbit, pet bird, fish, turtle, snake, has not been part of pet food.

Issuance of Production License, Import Registration Certificate, Product Approval Number

- ◆ Ministry of Agriculture:
 - ✓ Issuance of production license on feed additive, mixed feed additive and additive premixed feed (second-grade examination)
 - ✓ Issuance of import registration certificate of feed and feed additives
- ◆ Feed administration department of government at provincial level
 - ✓ Issuance of production license on concentrated feed, compound feed, concentrate supplement and single feed (first-grade examination)
 - ✓ Issuance of product approval number of feed additive and additive premixed feed by which the applicant could process business registration by production license
- ◆ Valid date of production license/import registration certificate is five years. Please apply for renewal of registration six months before the expiry date.
- ◆ During production valid date, annual record management should be implemented and company would submit records material at the end of February.

Permissive Conditions for Production

Article 14: Feed and feed additives manufacturing company should comply with **Development Plan and Policy for Feed Industry**, and also meet the following requirements:

- (1) Adequate plant, equipment and storage facilities for manufacturing feed and feed additives;
- (2) Adequate professional technicians for manufacturing feed and feed additives;
- (3) Necessary product quality control branch, staffs, equipments and quality control system;
- (4) Production environment that conforms to national safety and hygienic requirement;
- (5) Pollution control measures that conform to national environment protection requirements;
- (6) Other conditions in the **Regulation of Administration on Feed and Feed Additives Quality and Safety** established by Agriculture Administration Department of State Council.

Permissive Conditions for Production

- ◆ Production area should be no less **than 1000 square meters**.
- ◆ Designed production capacity should **be no less than 10t/hr** and designed production capacity for enterprises engaged in young animal feed, breeding animal feed, aquatic seedling feed, special feed and pet food should **be no less than 2.5t/hr**;
- ◆ Complete set of processing units (including material cleaning, cutting, compounding, mixing and automatic packaging equipments) and complete dust removing and electricity control system; for particle feed, pelleting, expanding, cooling, grinding, grading, drying and other processing equipments should be provided;

Permissive Conditions for Production

- **Automatic control system is adopted in compounding and mixing sections** with compounding dynamic accuracy below **3‰** and static accuracy below **1‰**;
- Grinder, air compressor and high pressure fan adopt sound-proofing or muffling devices; noise-controlling level in manufacturing plant and workplaces conforms to relevant national rules;
- Production line should adopt dust removing equipment like pulse dust remover or better equipment; centralized dusting and spot dusting are applied simultaneously, while feed nose adopts spot dusting; dust concentration and emission concentration conform to relevant national rule.
- Execution date: Enterprises that acquired the certificate before **May 1st, 2012** should observe new rules after **July 1st, 2014**. Enterprises applying now would observe the above rules.

2. Administration on the Imported Pet Food (Import Admittance)

- ◆ Regulation: *Administration Measures of Import Feed and Feed Additives Registration* (Draft)
- ◆ Foreign enterprises, during their first export of feed and feed additives to China, should apply for import registration from the Ministry of Agriculture to acquire feed and feed additives import registration certificate;
- ◆ Feed and feed additives without import registration certificate are forbidden to be marketed and used in China.
- ◆ Application data (omitted)
- ◆ Validity of import registration certificate for feed and feed additive is **5** years;
- ◆ Renewal of registration: renewal of registration should be applied in **6** months prior to the expiry date;

Administration on the Imported Pet Food

- ✓ Application agency system: when foreign enterprises apply for import registration certificate for feed and feed additives, it should entrust its representative offices in China or other agencies (with agent qualification) in China;
- ✓ Sales agent system: when foreign enterprises have acquired the import registration certificate, it should in time set up or entrust sales agency or agent (with sales qualification) that conforms to the Article 22 of *Regulation*, and submit the record to Ministry of Agriculture in 30 days for file.

Application for import registration: three stages

Data preparation: requires long time

- 1. Data examination:** Data would be examined in **10** working days, and if it passes the examination, the next step is checking and testing of provided sample;
- 2. Quality Check:** Including quality standard and sample test in **3** months;
- 3. Issuance of import registration certificate:** After receiving the check and test report, Ministry of Agriculture would decide whether to issue the certificate in **10** days, the Ministry of Agriculture would publish the approved enterprises.

Administration on the Imported Pet Food

- ◆ Administration on package and label: **Package** should conform to relevant safety and hygienic rules in China, and be attached with **label** that conforms to the Article 21 in the Regulation.
- ◆ Administration on inspection and quarantine: Pet food should conform to relevant requirements of inspection and quarantine in China, and go through inspection and quarantine by the Entry-Exit Inspection and Quarantine Bureau, which would check its package and label at the same time. Pet food with nonconforming package and label shall not enter China.
- ◆ Supervision and random inspection: according to import inspection standard, Ministry of Agriculture and governments at provincial level should publish bad records.

IV. Problems to be Settled in China's Pet Food Industry



Problems to be Settled in Pet Food Industry

1. Problems to be settled in administration

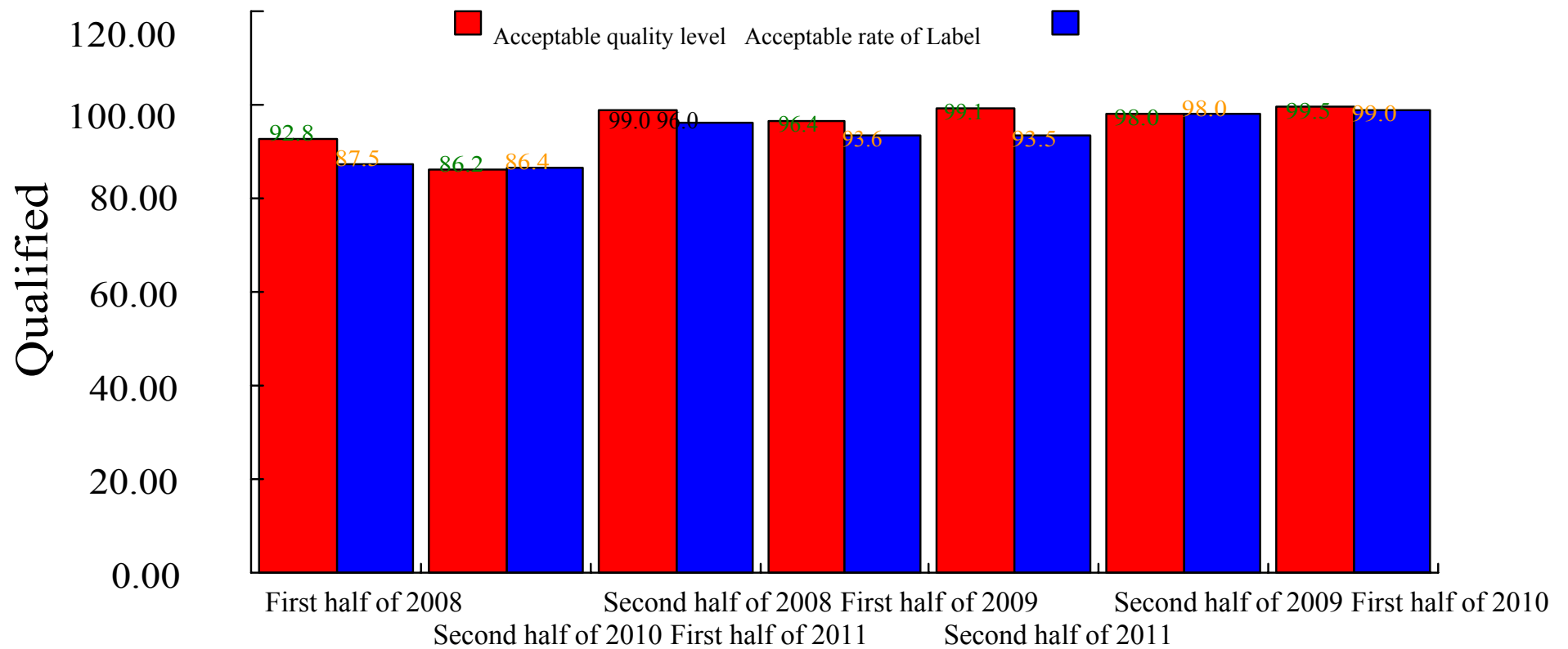
- How to define pet food? (auxiliary food like jerky, dog chews and so on)
- Should administration measures be established alone?
- Is Current feed material catalog and feed additive catalog meeting the need?
- How to establish the standard system?
- Relationship between the label standard and hygienic standard of pet food and those of animals for food?

Problems to be Settled in Pet Food Industry

2. Upcoming Challenges and Existing Problems

- Soaring pets bring risk of zoonosis, endangering the public safety. Laws limiting the pet keepers and controlling sudden illness would continually be introduced;
- Pet keepers' incompetence to recognize the labels during purchasing of pet food;
- Standards lack in the operation process, sales and circulation channel needs to be perfected;
- Quality of pet food from online shop and flower & bird market is difficult to guarantee.

Monitoring result of the quality of imported pet food



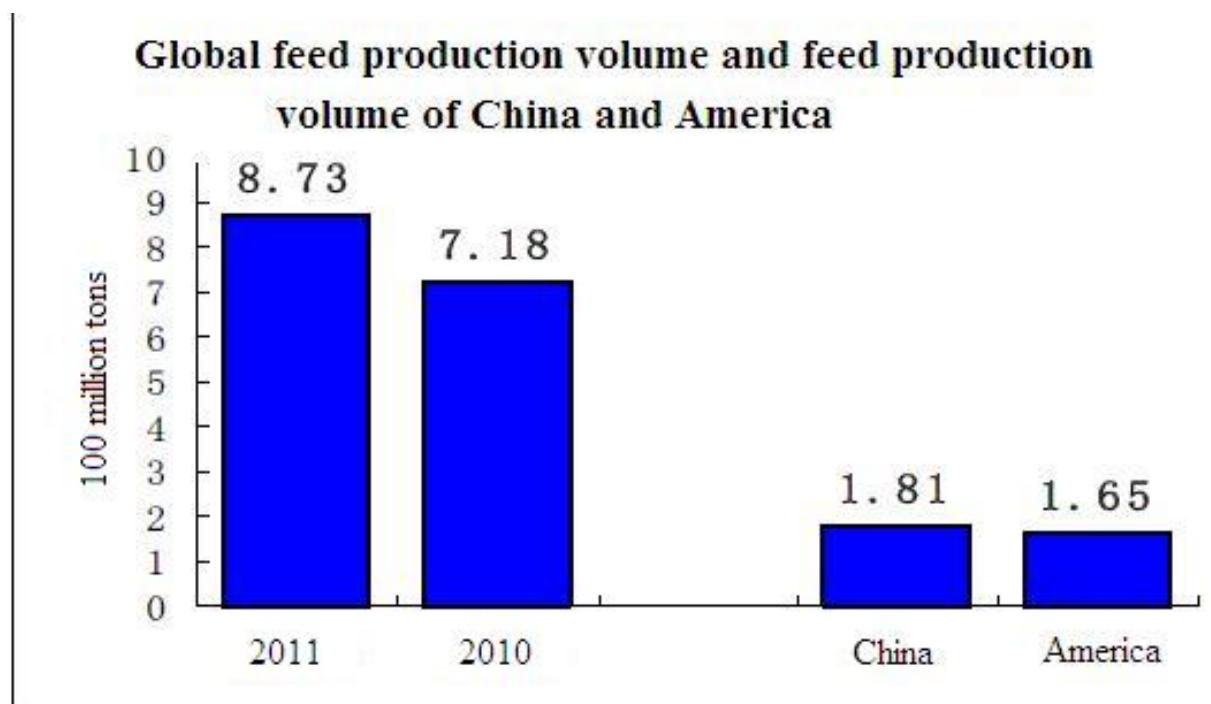
V. Management and Prospect of Pet Food Industry



1. Current Trend of Feed Enterprises in China

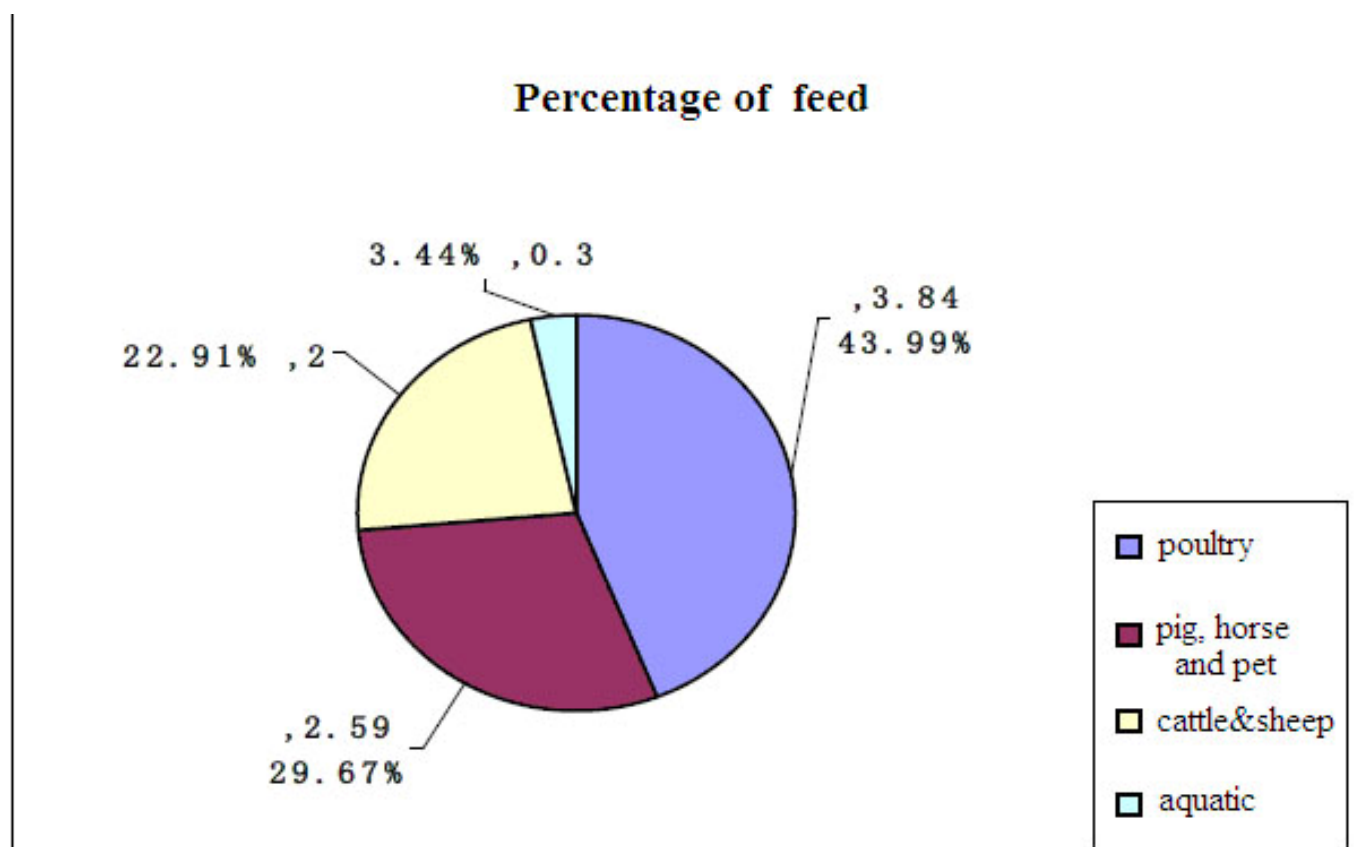
- (1) Expansionary growth strategy with strict and excellent internal control;
- (2) Vertical extension and in-depth specialization of industry chain
- (3) More emphasis on funds efficiency (turnover rate) and safe operation (cash flow);
- (4) Large enterprises expand nationally, while small enterprises take the lead in the local;
- (5) Large scale production, flattening of administration, concentration of marketing, automatic equipments, professional stuffs and upgrading of overall quality;
- (6) Increasing importance of core team and enterprise culture.

The global feed production volume reaches 871 million tons, of which China takes up 20%



Survey by Alltech covers all types of animal feeds in **132** countries

Alltech: Feed production volume for pig, horse and pet is steady while aquatic feed enjoys a rapid growth



Development Trend

Overall Judgment

- ✓ Feed industry is still growing and has a promising future;
- ✓ Enterprises shall face fierce competition and up and downs;
- ✓ Reorganization of the industry is a must and “standardization” is a difficult task.

Expectation of Chinese Pet Market in 5 years

- Relevant survey shows:
- ✓ Market volume of Chinese pet medicine would reach USD 123 million;
- ✓ Spending on pet food, medicines and other appliances would reach RMB 12.9 billion;
- ✓ Markets relating to pet service would increase by **64%** by **2017**.

2. Pet Food Committee of China Feed Industry Association

- Yichang, Hubei, **April 28th, 2011**
- National Feed Industry Standardization Technology Committee, Pet Food Workgroup is set up at the same time

Pet food standards issued and under developing

- Existing relevant standards:

2 mandatory standards:

GB 13078—2001 feed Hygienic Standard

GB 10648—1999 feed Label Standard

2 recommended standards:

GB/T 23185—2008 pet food dog chews

GB/T 22545—2008 dry pet food radiation sterilization technology

THANK YOU!

