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Report Name: China Trade Data Update - 1st Half CY2023

Country: China - People's Republic of

Post: Beijing

Report Category: Agricultural Situation

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Report Highlights:

The General Administration of Chinese Customs (GACC) trade data through the first six months of 2023 show an 8.3 percent increase in the total import value of agricultural commodities compared to the same period last year, and relatively flat exports over the same period. Import volumes were mixed, with significant increases in vegetable oils and soybeans, modest increases in meats and grains, and lower volumes of cotton, dried fruits and nuts, and logs and timber. The increase in agricultural imports comes amid concerns that the overall economy remains sluggish, with monthly economic data showing the post-Covid recovery has slowed.

Executive Summary:

The General Administration of Chinese Customs (GACC) trade data through the first six months of 2023 show an 8.3 percent increase in the total import value of agricultural commodities compared to the same period last year, and relatively flat exports over the same period. Import volumes were mixed, with significant increases in vegetable oils and soybeans, modest increases in meats and grains, and lower volumes of cotton, dried fruits, and nuts. Higher soybean and vegetable oil imports reflect China's rebounding demand for oils and soybean meal (SBM) following the end of China's zero-covid policy in December 2022 and lower prices. Imports of grains (driven by wheat imports) were up 3.6 million metric tons (MMT) in the first half of 2023 compared to 2022. Meat imports increased 10 percent on recovering demand in the HRI sector, however cotton imports dropped 55 percent on high stocks, weak textile and apparel demand, and lack of additional import quota. The overall increase in agricultural imports comes amid concerns that the broader economy remains sluggish, with monthly economic data showing the post-covid recovery is slowed by low consumption and retail sales, a troubled housing sector, and youth unemployment (ages 16-24) at a record high of 21.3 percent.

Table 1. China: Agricultural Import and Export Trade Data Comparison

(Jan. – Jun. 2022 to 2023)

Trade Flow	Commodity	Unit	Jan-Jun 2023		Jan-Jun 2022		Year-on Year % Change	
			Volume	Value (Millions of USD)	Volume	Value (Millions of USD)	Volume	Value
Import	Meat	1,000 MT	3,807	14,268.2	3,455	13,971.3	10.2	2.1
	Dried fresh fruits and nuts	1,000 MT	4,215	10,230.3	4,374	9,326.4	-3.6	9.7
	Grain	1,000 MT	83,395	45,375.7	79,777	42,407.8	4.5	7
	Soybean	1,000 MT	52,575	33,472.3	46,279	30,045.3	13.6	11.4
	Edible vegetable oil	1,000 MT	4,496	5,304.1	1,881	2,960.7	139	79.2
	Cotton	1,000 MT	580	1,311.3	1140	2,929.3	-49.6	-55.2
	Ag Total			124,045		114,557		8.3
	Fertilizer	1,000 MT	6,035	3,201.9	4,583	2,285.5	31.7	40.1
	Logs and sawn timber	1,000 cubic meters	34,616	7,224.9	35,227	8,401.8	-1.7	-14
Export	Aquatic products	1,000 MT	1,752	9,871.2	1,781	11,273.3	-1.6	-12.4
	Grain	1,000 MT	941	721.0	1,370	838.1	-31.3	-14
	Ag Total			47,713		46,936		1.7
	Fertilizer	1,000 MT	12,718	4,472.6	9,416	4,343.6	35.1	3

Source: General Administration of Chinese Customs

Commodity and Policy Insights:

The 2023 growing season in China has been challenged by extreme heat and areas of flooding. Widespread heavy rainfall in wheat growing regions and persistent drought in parts of the Southwest have taken their toll on both yields and crop quality. PRC President Xi Jinping called for strengthening farmland protection during a work conference of the Central Commission of Financial and Economic Affairs and another official stated the government would speed up efforts on preventing and mitigating

disasters to safeguard national food security. China recently expressed support at the United Nations for Russia to rejoin the Black Sea Grain Initiative and met with Ukraine officials in Beijing, pledging agricultural purchases. Russia suspended participation in on July 17. To date, China has been the single largest recipient of food and feed commodities under the program (see GAIN report [CH2023-0100](#)).

Wheat

At a press conference on July 21, the Ministry of Agriculture and Rural Affairs (MARA) acknowledged that China's summer grain output in 2023 dropped by 0.9 percent compared to the same period last year. Heavy rainfall has also resulted in significant quality issues (see GAIN report [CH2023-0101](#)). As a result of these factors and a greater than 80 percent fulfillment rate of the wheat TRQ during the first six months, Post expects wheat imports to hit a record high in 2023.

Corn and Sorghum

Corn imports declined 11% in the first half of 2023 on higher prices. Ukraine topped the list of exporters supplying corn to China, exporting 3.8 MMT (under the Black Sea Grain Initiative), followed by 3.5 MMT from the U.S. After securing an agreement to allow imports, Brazil climbed from zero exports to become China's third largest supplier, exporting 2.2 MMT. A positive outlook for Brazil's second crop corn may further drive imports in the second half of the year.

Sorghum imports, which are 90 percent U.S. origin and hit a record low last year, are off to a slow pace in the first half of 2023. With improved U.S. sorghum production for MY2023/24, China's imports are expected to rebound in the second half of the year.

Oilseeds and Vegetable oils

In the first half of 2023, China's soybean imports reached a record 52.6 MMT, up 13.6 percent in volume and 11.4 percent in value, respectively, from the previous year. Soybean imports from the United States reached 19.7 MMT, up 12.4 percent year-on-year. Imports of edible vegetable oils surged to about 4.5 MMT, up 139 percent in volume and 79 percent in value from the previous year. Higher soybean and vegetable oil imports reflect China's rebounding demand for oils and soybean meal (SBM) following the end of China's zero-covid policy in December 2022. Higher imports were also buoyed by lower prices for soybeans and palm oil, which facilitated higher inclusion rates in the animal feed and food processing sectors, respectively. Notably, the higher volume of soybean imports occurred at the same time China reached a record volume of domestic soybean production. Although vegetable oil demand rebounded significantly, overall volumes remain considerably lower than the 5.8 MMT imported in the first half of 2021.

Cotton

Cotton imports during the period dropped to 0.58 MMT, down nearly 50 percent from the previous year. Imports from the United States were 0.33 MMT, down 52.3 percent, while imports from Brazil were 0.13 MMT, down 55.2 percent, year-on-year. Lower imports reflect higher domestic cotton production

and stocks in 2022, weak domestic and overseas demand for Chinese textiles and apparel, and a lack of issuance of sliding-scale duty quota for imported cotton. The China Cotton Association (CCA) reported that in the first 6 months of 2023, yarn production declined 3.8 percent and yarn imports declined 6.8 percent. Weaker overseas demand and competition from third-country textile industries contributed to a decline in value of total textile and apparel exports to \$142.7 billion, down 8.4 percent year-on-year, with textile exports down 10.9 percent and apparel exports down 5.9 percent. In late July the PRC issued 0.75 MMT of additional import quota for 2023, raising expectations for higher imports in the second half of the year.

Meat

A recovering HRI sector helped meat imports grow in the first half of 2023, despite relatively high stocks. Although GACC data do not separate meat categories, based on the Trade Date Monitoring (TDM) data for the first 5 months of 2023, imports of beef, pork and chicken all increased. In the first 5 months of 2023, pork imports grew by 20 percent from the same period of 2022. Pork imports in the second half of 2023 could slow down with the weak domestic pork price and higher import inventory, but year-on-year growth is still expected. Beef imports grow by over 9 percent in the first 5 months of 2023 despite high inventories from 2021 and 2022 imports. With most imported beef bearing a 2-year shelf-life, sales of near expiration products could negatively impact imports in the second half of the year. Imports of broilers grew by 16 percent in the first 5 months of 2023, though growth is off a lower base in 2022 due to the HPAI outbreaks in major broiler supplying countries.

Dried fresh fruits and nuts

Fruit import volume and value both dropped in the first half of 2023, largely due to decline of low value fruits such as bananas and dragon fruit. Demand for high value fruit, such as durians and cherries, remained strong. Nut imports, especially almonds, macadamia nuts, and pecans, have increased this year on lower market prices. Import prices for almost all tree nuts have dropped significantly from the same period of 2022, according to TDM data.

Logs and Lumber

According to GACC data, China's logs and lumber imports declined 1.7 percent in volume and 14 percent in value due to weak market demand. Wood consumption is closely linked to the housing market and its demand for construction materials, flooring, furniture, and decorative items. According to the National Bureau of Statistics (NBS), new housing starts declined 39 percent in 2022 compared to 2021, and further declined 22.6 percent in the first five months of 2023. Concurrently, the wood products export market has softened, leading to a drop in prices and impacting the overall value of wood imports.

Seafood

Seafood imports reached a record 2.49 MMT, up 22.3 percent from the previous year, reflecting a continuing strong demand, particularly for high-value products. Imports from Ecuador, the United

States, and Russia all increased, up 60 percent, 27 percent, and 26.6 percent, respectively. Seafood exports declined to 1.75 MMT, down 1.6 percent from the previous year on slow overseas demand and strong domestic consumption.

Attachments:

No Attachments.