

Voluntary Report – Voluntary - Public Distribution

Date: February 17, 2023

Report Number: CH2023-0023

Report Name: Highlights of 2022 Record Agricultural Trade with the PRC

Country: China - People's Republic of

Post: Beijing

Report Category: Agricultural Situation, Agriculture in the News, Market Development Reports, MISC-Commodity, Trade Policy Monitoring

Prepared By: Adam Branson

Approved By: Adam Branson

Report Highlights:

In 2022, the total value of all U.S. agricultural and related products exported to the People’s Republic of China (PRC) reached a record \$40.9 billion, an increase of 14.5 percent compared to the previous year. The PRC was again the largest market for U.S. agricultural and related exports. The export values reached in 2022 come after significant effort to rebuild the market for U.S. agriculture since 2018 when exports were \$13.2 billion. Products in the “bulk” category like soybeans and corn dominate the percentage share of U.S. ag. exports though “consumer-oriented” products like beef, pork, poultry, dairy, and tree nuts play an increasingly important role. Top 5 U.S. export categories to the PRC in 2022 included soybeans (\$17.9 billion), corn (\$5.3 billion), cotton (\$2.9 billion), beef and beef products (\$2.2 billion), and coarse grains (\$1.8 billion). In 2022, the U.S. imported \$9.5 billion in agricultural and related products from the PRC, a 9.5 percent increase from 2021.

Background:

Note: The following report primarily uses U.S. Census Bureau trade data to capture important aspects of the agricultural trade relationship between the United States and the PRC. *Sections in italics reference China Customs data and are used for a reference of total PRC imports and exports of agricultural and related products with global trading partners.* The information in the two data series should be viewed separately and will be different, owing to the timing of trade (e.g., product exported from America in late November may not show up in PRC data until January or later in the following year once a product goes through customs clearance) and the nature of how the trade values are reported (e.g., declared export value in the United States or the country of origin and the value of product plus insurance, freight, etc. recorded in the PRC data or country of destination at the time of commodity entry).

Agricultural Trade Highlights in 2022 in the PRC

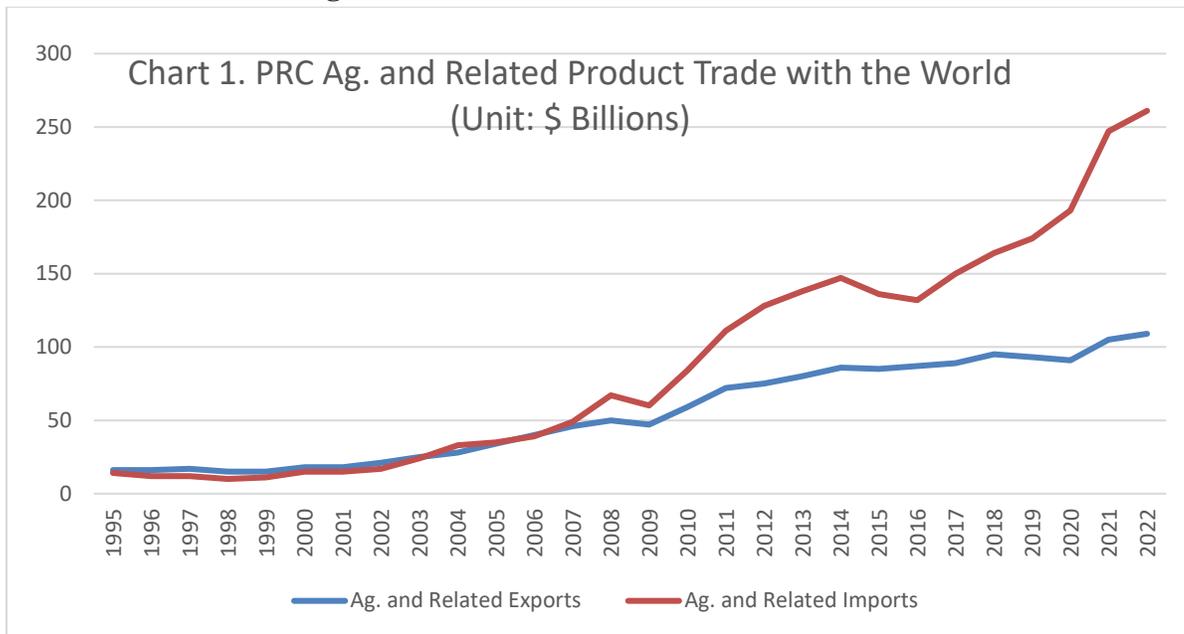
In 2022, the PRC imported \$261.4 billion in agricultural and related products from the world while PRC exports were \$108.9 billion. Though there is a significant difference in the PRC balance of trade, imported agricultural products comprise a relatively small share of food and agriculture products consumed in the PRC for most product categories as the country remains a large agricultural producer.

In 2022, despite various global trade disruptions (Russia's invasion of Ukraine), PRC domestic policy controls (e.g., the PRC's Zero-COVID policies that resulted in large lockdowns and extra costs and delays to trade), and other logistics challenges (e.g., higher freight rates and container availability), and, consequentially, higher commodity prices, the PRC's food and agricultural system was largely resilient and there was little to no interruption in agricultural production.

Still, however, food security and agricultural sustainability remain critically important issues that the PRC agricultural and agricultural policy sector are addressing and continue to place added emphasis. These themes were repeated in December 2022 and January 2023 policy proclamations coming out of Central Rural Work and Central Economic Work Conferences and in the Chinese Communist Party's (CCP) No. 1 Document. The CCP document published on February 13, 2023, calls for arable land protection and increasing corn production among other cross-cutting agricultural topics issues that are also important for other large agricultural producing economies and societies (e.g., supporting sustainability, promoting rural development, creating alternative revenue streams and supply chains).

PRC leaders often cite that the country has fed 1.4 billion people on 9 percent of the world's arable land. In recent years, too, PRC officials have often emphasized that the nation's food security, or "rice bowl," must be firmly in their own hands. Still most officials also recognize the important role of global agricultural trade as the PRC also participates in the trading environment while pursuing trade agreements and developing market access protocols that allow the PRC industry to source products from a diversified basket of agricultural product suppliers.

Chart 1. China: PRC Ag. and Related Product Trade with the World (Unit: \$ Billions)



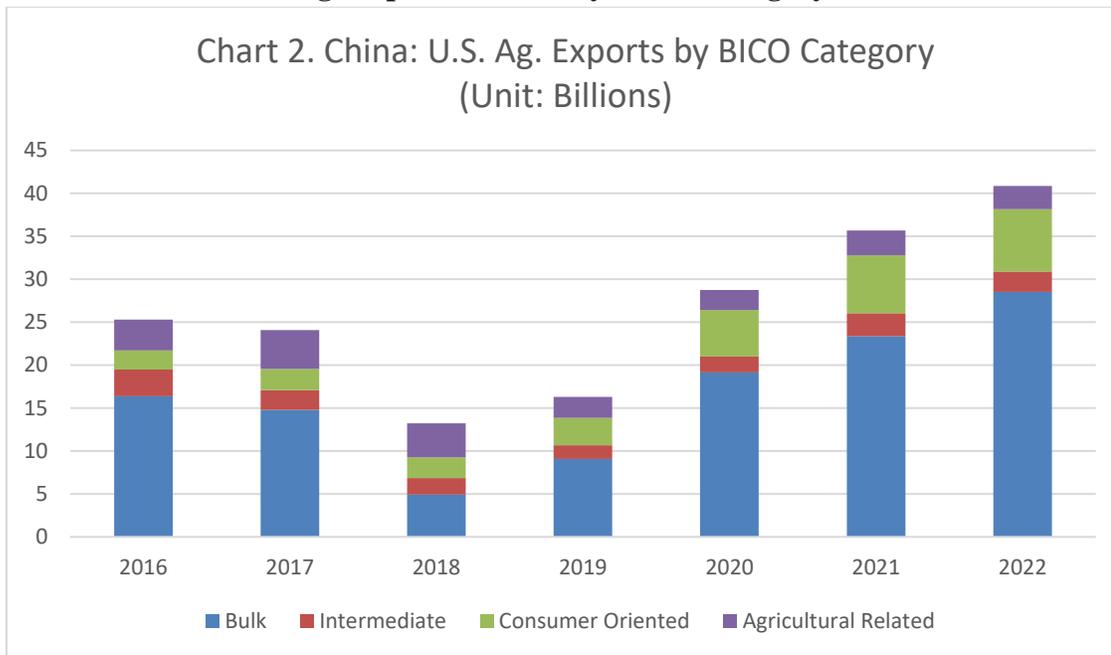
Source: Trade Data Monitor, LLC

2022 U.S. Agricultural and Related Product Export to the PRC Highlights

The PRC was the top destination for U.S. agricultural and related product exports for the third consecutive year. In 2022, the PRC was several billion in ag. exports over other top destinations like Canada (\$33.3 billion), Mexico (\$29.6 billion), Japan (\$16.2 billion), and South Korea (\$10 billion) owing to the significant value of bulk commodities exported to China. Total U.S. ag. exports to the PRC climbed 14.5 percent by value year over year (YOY).

Though the PRC is the largest market for U.S. agricultural and related exports, the largest overall supplier by value to the PRC, using China Customs data, remains Brazil. Using PRC Customs data, the top five suppliers of agricultural and related products were: Brazil (\$52.9 billion), the United States (\$43.8 billion), New Zealand (\$14.6 billion), Thailand (\$14.1 billion), and Indonesia (\$13.8 billion). Using China Customs data, the PRC's total import value of agricultural and related products in 2022 was \$261.4 billion). The PRC's single greatest food and agricultural import, probably one of its single greatest imports in the food and non-food category was soybeans. The top five imported food and agricultural products using China Customs data were: Soybeans (\$61.2 billion), Seafood Products (\$22.6 billion), Forest Products (\$21.9 billion), and Dairy Products (\$15.2 billion).

Chart 2. China: U.S. Ag. Exports to PRC by BICO Category (Unit: \$ Billions)



Source: U.S. Census Bureau Trade Data

Table 1. China: U.S. Ag Exports to PRC by BICO Category (Unit: \$ Billions)

	2016	2017	2018	2019	2020	2021	2022
Bulk	16.4	14.8	4.9	9.1	19.1	23.4	28.5
Intermediate	3.1	2.3	1.9	1.6	1.9	2.7	2.4
Consumer Oriented	2.2	2.5	2.4	3.2	5.4	6.8	7.3
Agricultural Related	3.6	4.5	4.0	2.5	2.4	2.9	2.7
Total	25.3	24.1	13.2	16.3	28.8	35.7	40.9

Source: U.S. Census Bureau Trade Data

Bulk Ag. Export Highlights

Among the largest gains in value for U.S. agriculture and related exports were bulk commodities with a 22.1 percent YOY change. However, the overall volume of bulk exports from the United States to the PRC decreased 3 percent from 55.6 million metric tons (MMT) to 53.8 MMT as higher commodity prices offset lower volumes. The top five leading bulk exports were soybeans (\$17.9 billion, 30.4 MMT), corn (\$5.2 billion, 16.1 MMT), cotton (\$2.9 billion, 1.2 MMT), coarse grains (\$1.8 billion, 5.2 MMT), and wheat (\$394 million, 875 thousand MT).

The PRC's import of bulk agricultural commodities, especially oilseeds and feed grains, has increased significantly in recent years according to China Customs data. The PRC has actively pursued market access protocols and worked to diversify its supplier base for feed products which its animal husbandry

(i.e., swine sector) and aquaculture sectors need. In many instances, the PRC is sourcing products from Northern and Southern Hemisphere (i.e., Mercosur) partners year round. With the exception of soybeans (\$61.2 billion in 2022), imports play a minor role in overall utilization/consumption in the domestic market. Corn (\$7.1 billion in 2022) from the United States, Ukraine, and most recently, Brazil, is an option for the feed industry while imports of other coarse grains like sorghum (\$3.7 billion) and barley (\$2.1 billion) are growing. Additionally, as commodity prices have risen, PRC importers are exhibiting increasing interest in varying feed rations with food and/or feed grains such as various wheat or rice type, including broken rice.

Intermediate Product Ag. Export Highlights

The value and volume of U.S. intermediate ag. exports to the PRC declined in 2022. Leading the group in overall value for the product category were hay (\$699 M, 1.7 MMT), hides and skins (\$507 M, 16.4 million pieces), and various other feeds, meals, and fodders (\$478 M, 504 thousand MT). U.S. export values of essential oils, planting seeds, distillers dried grains, vegetable oils, live animals, animal fats, and ethanol all declined significantly in the group.

Along with feed grains and oilseeds, the PRC is a significant importer of edible oils that are often used for the food manufacturing sector. In 2021 and 2022, a number of factors, including PRC Covid controls, impacted the economy. Import values were generally stable (\$37.1 billion in 2021 and \$37.7 billion in 2022) as higher commodity prices lifted import values but import volumes were down (201.5 MMT in 2021 and 179.3 MMT in 2022). Leading imports in this category in 2022 according to China Customs data include Palm Oil (\$6.7 billion), Vegetable Oils (\$6.6 billion), Industrial Alcohols and Fatty Acids (\$5.2 billion).

Consumer-Oriented Product Ag. Export Highlights

Recently, consumer-oriented products have seen a sizeable gain in value in U.S. ag. exports to the PRC, especially animal proteins like beef, pork, poultry and their variety products and even dairy and related products (e.g., whey and lactose). In 2022, the U.S. exported record values and volumes of beef (\$2.2 billion, 244 thousand MT), poultry (\$1.1 billion, 626 thousand MT), and dairy (\$801 million, 486 thousand MT).

According to China Customs, the PRC's consumer-oriented product imports in 2022 were nearly \$91 billion. Imports of beef and beef products in 2022 were \$18 billion with leading suppliers being Brazil (\$7.5 billion), Argentina (\$2.7 billion), and Uruguay (\$1.9 billion). Dairy product imports were \$15.2 billion in 2022, primarily Infant Foods/Formulas (\$4.5 billion), Unsweetened Milk Powder (\$3.1 billion), and Milk Powder less than 1.5 percent fat (\$1.4 billion). The PRC's leading suppliers were New Zealand, the Netherlands, Australia, France and the United States. Though the PRC's import levels on a value basis were flat from 2021 to 2022, imported volumes of dairy products declined 17 percent.

Though the United States gained market access recently for avocados and blueberries, there was no record of those U.S.-origin products exported to the PRC in 2022. As an aside, however, there were significant increases in imports of blueberries and related products as well as avocados from Peru and Chile according to China Customs data. The value of U.S. fresh fruit exports to the PRC fell from \$111 million in 2021 to \$87 million in 2022. Leading the fresh fruit category of exports in 2022 were fresh cherries (\$36 M, 4.2 thousand MT), oranges (\$26.9 M, 17.9 thousand MT), and various fresh apples (\$10.5 M, 7.3 thousand MT).

PRC imports according to China Customs of fresh fruit products increased 5 percent by value but dropped 12 percent on volume. Leading imports of fresh fruit were tropical products like Durian (\$4.0 billion), as well as cherries (\$2.8 billion, other fresh fruit (\$1.3 billion), bananas (\$1.2 billion), and mangoes or guavas (\$0.7 billion). Leading suppliers of tropical products were Thailand (Durian and Mango/Guava), Vietnam (Other fresh fruit and bananas), and the Philippines (bananas). According to China Customs data, Chile supplied nearly \$2.7 billion and nearly 360 thousand MT in cherries to the PRC in 2022, an increase of 42 percent by value and 19 percent by volume as the counter-seasonal nature of Southern Hemisphere products aligns well with Chinese consumer demand.

One of the most significant areas of growth in 2022 was for dog and cat food. The value and volume of U.S. pet food exports climbed from \$72.3 million to \$264.1 million YOY and from 19 thousand MT to nearly 61 thousand MT YOY. Along with the growing number of pet owners in the PRC feeding imported products to their animals, the sector is expanding and the United States is positioned to take advantage of the growing market owing to its market access protocols, some of which are unique.

As PRC Customs Data also tracks the large increase in imported dog and cat food from the United States, there were significant drops YOY in the value of dog and cat food imported from Canada (-54 percent), Australia (-16 percent), Germany (-75 percent), and Belgium (-25 percent). There were relatively small increase in PRC import values associated with pet foods from Thailand, New Zealand, and Austria.

It is also worth noting that even with the large, growing middle class in the PRC, U.S. beer and distilled exports were relatively flat YOY by value and wine, confectionary, and chocolate and cocoa product export values were lower, too.

As PRC policy measures related to Covid disrupted food service and food/beverage retail for much of 2022, it is not surprising that China Customs data shows that imports of other high value consumer products from all origins also declined. For example, the PRC's import values of beer from all origins declined 8 percent in 2022, wine declined by 15 percent, distilled spirits fell by 8 percent, chocolate and cocoa products declined by 8 percent, condiments and sauces fell by 13 percent, and similar single or low-double digit drops were witnessed in the trade figures, too. That said, many economists and trade specialists anticipate that the PRC economy will recover from its low growth rates seen in 2021 and

2022 and many contacts are optimistic that economic gains will materialize later in 2023 and spur greater demand and activity in the hotel/restaurant as well as retail sectors.

Agricultural Related Export Highlights

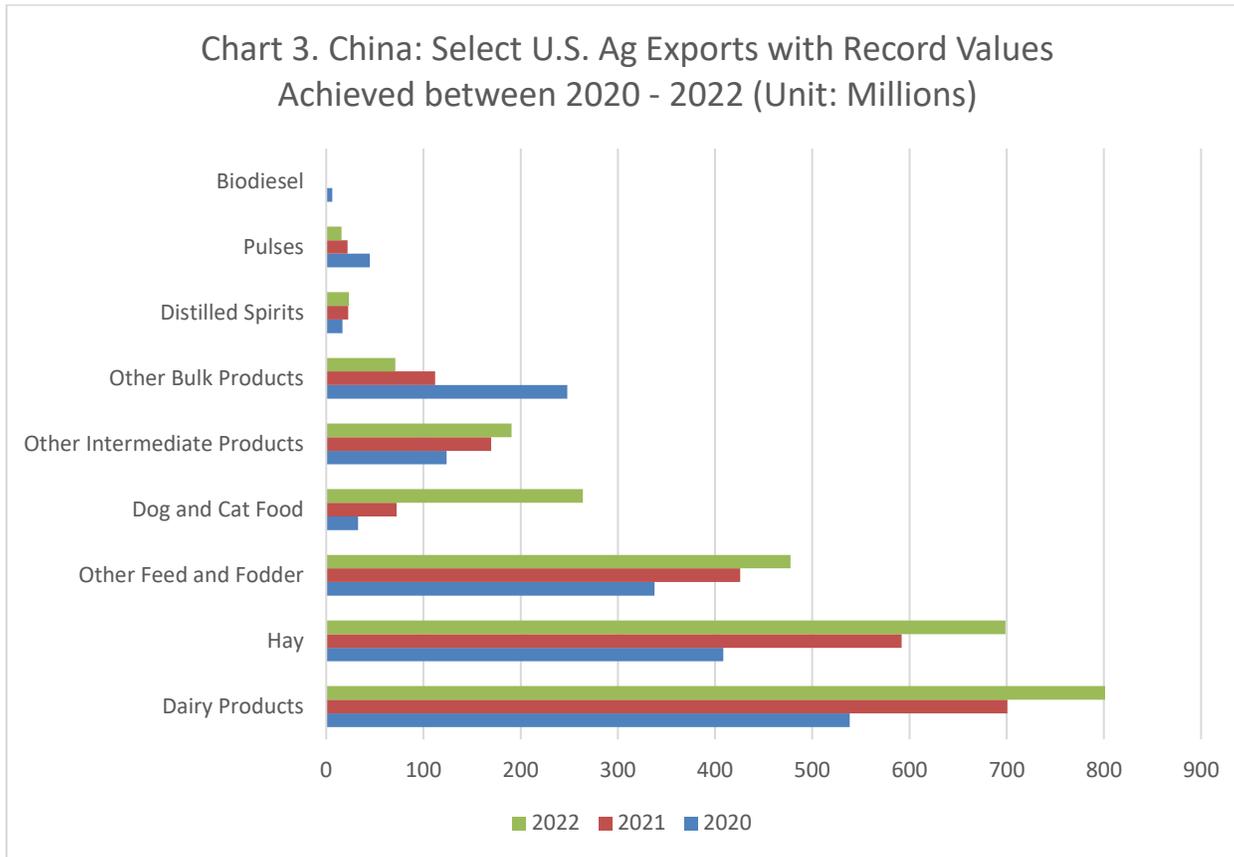
The PRC is the second largest market for U.S. forest and seafood product exports in the world. The PRC receives nearly 17 percent of U.S. forest products and 18.5 percent of U.S. seafood product exports. Exports in this category declined 7.5 percent in 2022. It is believed that many of the PRC's imports of forest and seafood products are further processed (logs to lumber or lumber to furniture and from whole fish to fish fillets or value-added and canned seafood products) and re-exported, but some products are increasingly consumed in China (e.g., live lobsters and Geoduck).

The PRC's global imports of seafood products reached \$22.6 billion in 2022, a 31 percent increase YOY while global imports of forest products fell 10 percent to \$21.9 billion YOY. Leading seafood suppliers were Ecuador (\$3.6 billion, 60 percent YOY growth), Russia (\$3.0 billion, 47 percent YOY growth, Vietnam (\$2.0 billion, 108 percent YOY growth), Peru (\$1.9 billion, -4 percent YOY decline), and India (\$1.4 billion, 38 percent YOY growth).

The nature of recorded China Customs data on forest product imports from the world is remarkably different from the type and nature of products the PRC imports from the United States. Leading forest products were: wood chips (\$3.8 billion), Ponderosa pines (\$2.8 billion), Spruce lumber (\$1.7 billion) and Spruce logs (\$1.5 billion), tropical lumber (\$1.7 billion) and tropical logs (\$1.6 billion), and Southern Yellow Pine lumber (\$1.7 billion).

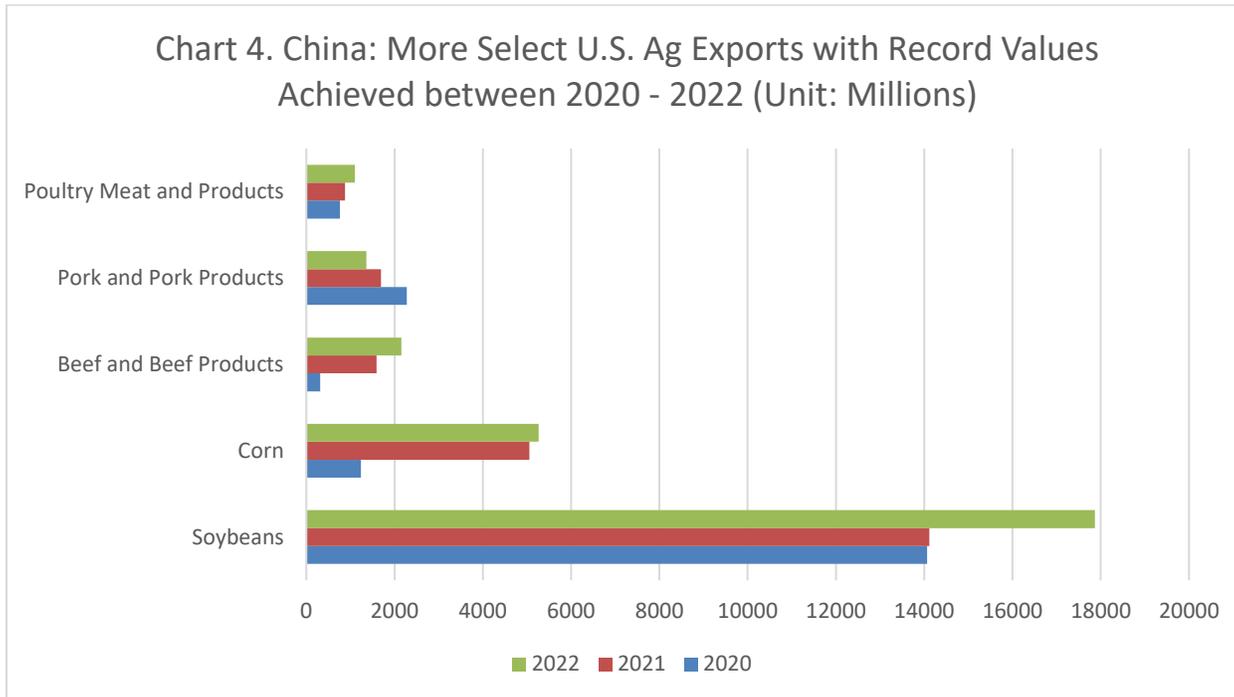
Charts 3 and 4 included product categories where the United States exported record values of goods in either 2020, 2021, or 2022. Owing to the large value of U.S. soybean exports to the PRC, the scale used for the commodities in Chart 4 is different from Chart 3.

Chart 3. China: Select U.S. Ag. Exports with Record Values Achieved between 2020 and 2022 (Unit: Millions)



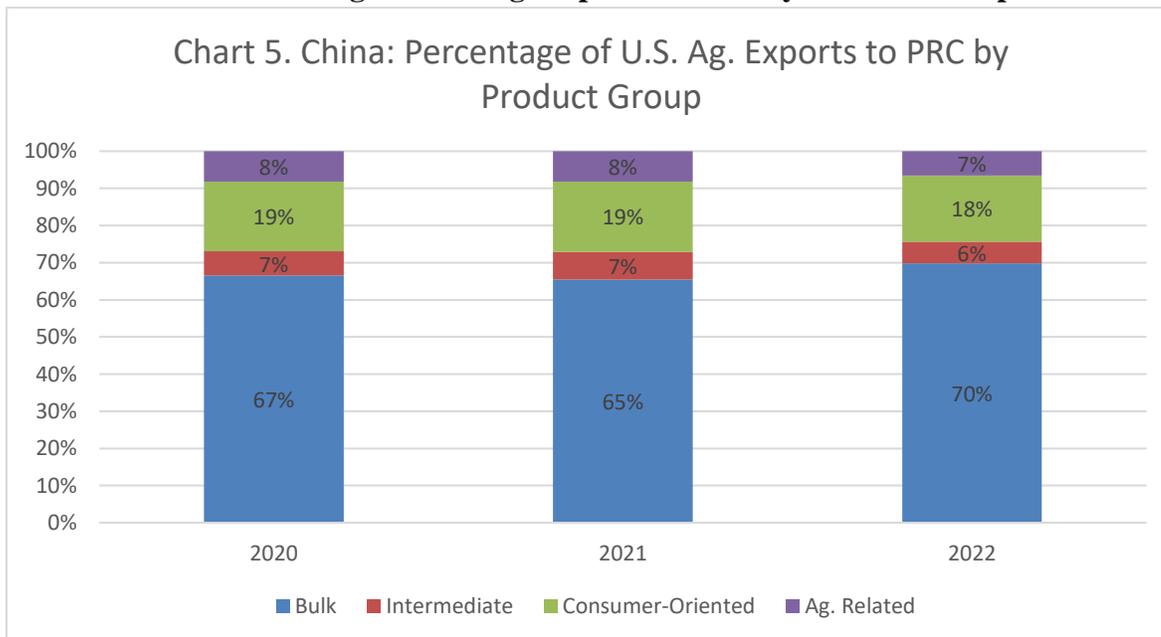
Source: U.S. Census Bureau Trade Data

Chart 4. China: More Select U.S. Ag. Exports with Record Values Achieved between 2020 – 2022 (Unit: Millions)



Source: U.S. Census Bureau Trade Data

Chart 5. China: Percentage of U.S. Ag. Exports to PRC by Product Group



Source: U.S. Census Bureau Trade Data

Table 2. China: Commodities Where the PRC was a Top Three Export Destination for U.S. Agricultural and Related Product Exports in 2022

	PRC Rank as U.S. Export Market	PRC % Share of U.S. Exports to World	U.S. to PRC 2022 Export Value (Millions)	% Change in Value from 2021	Comments
Corn	1	28%	5,260.4	4%	
Coarse Grains	1	84%	1,829.4	3%	Almost All Sorghum
Soybeans	1	52%	17,868.3	27%	
Cotton	1	32%	2,886.0	117%	
Tobacco	2	21%	177.7	5%	
Other Bulk Commodities	3	12%	71.0	-37%	Inshell Peanuts (\$63 M)
Hides and Skins	1	46%	506.9	-14%	Whole, Not Pre-tanned Cattle/Bovine Hides (\$490 M)
Hay	1	42%	698.8	18%	Alfalfa (\$689 M)
Other Feeds, Meals, and Fodders	2	12%	477.7	-66%	Poultry/Mixed/Other Feed and Feed Ingredients/Pre-Mixes (\$220 M), Meat and Offal Meals (\$139 M), Plant-Based Animal Feed and Fodder (\$83 M)
Planting Seeds	3	7%	120.9	-33%	Various Fescue, Bluegrass, and Ryegrass and other Grass Seeds (\$84 M)
Other Intermediate Products	3	8%	190.7	12%	Bovine Semen (\$93 M), Hops Extracts (\$16 M), Dairy Embryos (\$8 M)
Beef and Beef Products	3	19%	2,155.9	36%	Significant Value of Frozen Boneless Beef
Pork and Pork Products	3	18%	1,359.4	-20%	Frozen Pork Feet (\$471 M), Frozen Pork (\$438 M), Other Frozen Pork Offal (\$138 M)
Poultry Meat and Products	2	18%	1,097.7	25%	Frozen Paws/Feet (\$931 M)

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Dairy Products	3	8%	801.3	14%	NFDM, <1.5% FAT (\$196 M), Whey Protein Concentrate (\$138 M), Lactose (\$132 M)
Tree Nuts	2	9%	806.6	-17%	In Shell or Shelled Pistachios (\$474 M), Almonds (\$243 M), Hazelnuts (\$32 M)
Dog and Cat Food	2	11%	264.1	265%	
Forest Products	2	17%	1,697.5	-17%	Mostly Hardwood Lumber (Red and White Oak, Walnut, Cherry, and Ash) and Logs
Seafood Products	2	19%	993.6	15%	Live Lobsters (\$104 M), Frozen Squid (\$100 M), Frozen Pink Salmon (\$94 M)

Source: U.S. Census Bureau Trade Data and Post Analysis

2022 U.S. Import of PRC Agricultural and Related Product Highlights

Overall, the PRC was the third largest international supplier of agricultural and related products to the United States behind Canada (\$58.6 billion) and Mexico (\$44.9 billion) in 2022. U.S. imports of PRC agricultural and related products were \$9.5 billion, a 9.5 percent increase. Agricultural related forest products (\$2.9 billion) and seafood products (\$1.9 billion) as well as value-added consumer products like processed fruit and vegetables (\$1 billion) account for most of the United States' imports of PRC ag. products.

Though values remain lower from records achieved in 2018 (\$12 billion), a significant number of products achieved record import levels in 2022. This includes record U.S. import values of: 1) Other Feeds and Grain Products (\$37.7 million (M)); 2) Sugars, Sweeteners, and Beverage Bases (\$51.7 M); 3) Dextrins, Peptones, and Proteins (\$295 M); 4) Other Intermediate Products (\$380.7 M); 5) Nursery Products and Cut Flowers (\$61.3 M); 6) Chocolate and Cocoa Products (\$20.2 M); 7) Condiments and Sauces (\$134.6 M); 8) Baked Goods, Cereals, and Pasta (\$208.4 M); 9) Food Preparations (\$414.8 M); and, 10) Other Consumer Oriented Products (\$254.2 M).

Using China Customs data, the leading export destinations of PRC agricultural and related product were largely regional neighbors or destinations whose food processing industries had invested significantly in PRC-based manufacturing, including Japan (\$11.7 billion), Hong Kong (\$11.5 billion), the United States (\$10.4 billion), Vietnam (\$6.3 billion), and South Korea (\$6.3 billion). The total value, using China Customs data, of agricultural and related product exports to the world in 2022 was \$108.9 billion.

Top exported commodities using China Customs data remain products that are often processed and/or include items that were imported and have add value-added and traded to nearby regions such as seafood products like frozen squid (\$22.4 billion), forest products including wooden flooring and wooden handicrafts (\$15.1 billion), processed vegetables including canned mushrooms and vegetable mixes (\$9.5 billion), fresh vegetables including garlic and onions (\$6.1 billion), and other intermediate products (\$5.5 billion).

Attachments:

No Attachments.