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Report Highlights:

The economy of People's Republic of China (PRC) is facing headwinds for the remainder of 2023 that should continue into 2024 even though officials are exploring various stimulus efforts. The headwinds will impact consumption, production, and trade for both pork and beef. FAS China forecasts beef imports will decline in 2024 owing to flat demand and forecasts that pork imports for 2024 will remain relatively flat. Live cattle imports in 2024 are forecast to grow as Myanmar received official market access in July 2023.

EXECUTIVE SUMMARY

Swine Production: Swine production (pig crop) in 2024 is forecast to decline by 1 percent year-on-year (YOY) to 695 million head due to, on average, lower sow inventories in 2023.

Swine Imports: Live swine imports in 2024 are forecast to grow from 5,000 to 6,000 head with industry interest in herd expansion.

Pork Production: Pork production in 2024 is forecast to decline 1 percent to 55.95 million metric ton (MMT) from lower slaughter and lower inventory of fattened swine. Producers are expected to continue managing potential animal disease outbreaks without significantly affecting overall production volumes.

Pork Imports: Pork imports in 2024 are expected to stay at similar levels as recorded in 2022 and 2023.

Cattle Production: Calf production in 2024 is forecast to grow by less than 2 percent to 55.5 million head owing to marginal increases in the cow inventory in 2023.

Cattle Imports: Cattle imports in 2024 are forecast to grow to 250 thousand head from the estimated 230 thousand head in 2023 owing partially to Myanmar's new market access for beef cattle for slaughter. However, price pressure on domestic dairy and beef cattle is expected to curb interest by industry members to expand the livestock herd and could soften demand for imported cattle for breeding purposes.

Beef Production: Beef production in 2024 is expected to remain at historically high levels, but YOY growth may slow in response to economic conditions.

Beef Imports: Imports of beef for 2024 are forecast to decline to 3.32 MMT due to financial challenges facing importers, flat consumer demand, and higher production. Lower-priced grass-fed beef will continue to dominate the import market.

SWINE

Table 1. China: Swine Production, Supply, and Distribution

Animal Numbers, Swine	2022		2023		2024		
	China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks		449,220	449,220	452,560	452,560	0	435,000
Sow Beginning Stocks		42,000	42,000	43,000	43,000	0	42,000
Production (Pig Crop)		712,510	712,510	700,000	705,000	0	695,000
Total Imports		5	5	5	5	0	6
Total Supply		1,161,735	1,161,735	1,152,565	1,157,565	0	1,130,006
Total Exports		1,066	1,066	1,125	1,150	0	1,200
Sow Slaughter		0	0	0	0	0	0
Other Slaughter		699,950	699,950	710,000	713,610	0	705,000
Total Slaughter		699,950	699,950	710,000	713,610	0	705,000
Loss and Residual		8,159	8,159	7,855	7,805	0	7,000
Ending Inventories		452,560	452,560	433,585	435,000	0	416,806
Total Distribution		1,161,735	1,161,735	1,152,565	1,157,565	0	1,130,006
All Units in 1,000 Head							

Not Official USDA Data

PRODUCTION

Swine Production to Decline Slightly

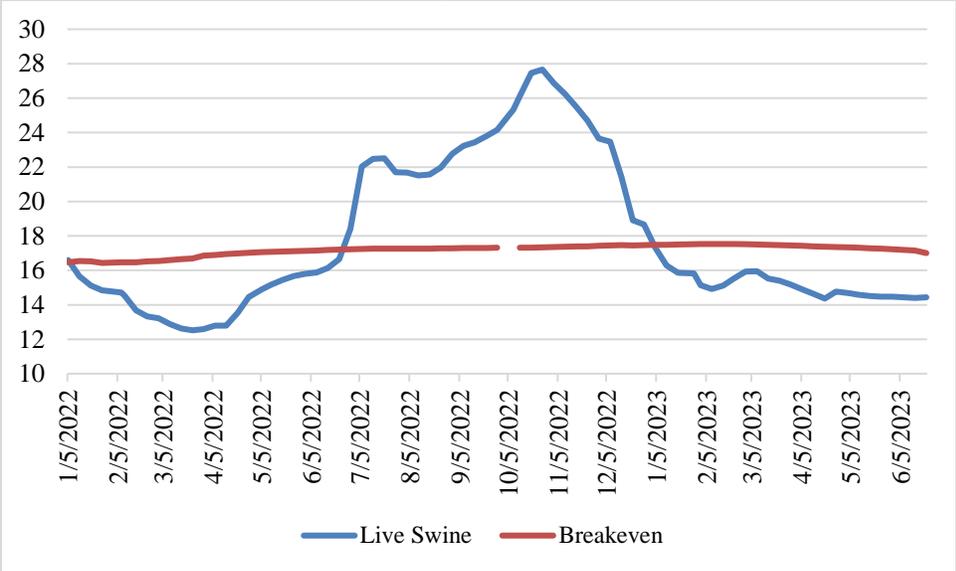
Swine production (pig crop) in 2024 is forecast to decline slightly more than one percent to 695 million head due to a lower sow inventory in 2023 compared to 2022. In 2023, low swine and pork prices (see **CHART 1** and **CHART 4**) caused losses across the swine breeding industry.

Some large swine breeding companies have high asset to liability ratios and sources report that many companies needed to sell swine to supplement cash flow. Some smaller producers are also accelerating swine sales as they exit the market. Since early 2023, industry members have been reducing production capacity (i.e., sow inventory)¹ and this is expected to last through the third quarter (Q3) owing to weak consumption driven by consumer tendencies such as reducing pork demand in the summer. The average sow inventory in 2023 is expected to be lower than 2022 and Post forecasts even lower swine production in 2024.

In 2023, low prices and culling as well as concerns over persistent and endemic animal disease occurrences, including African Swine Fever (ASF), contributed to “panic” sales that resulted in animals going to slaughter before ideal market weights. The disease situation is expected to persist in 2024 and will continue to influence slaughter numbers and slaughter weights.

In 2024, large-scale producers intend to continue vertical integration efforts to manage costs and capture greater profit across the value chain. A “swine cycle²” will continue to exist, but with less fluctuation as larger producers smooth out the volatility in the sector created when smaller producers exit or enter the market.

Chart 1. China: National Average Live Swine Price (RMB/KG)



Source: MARA and industry sources.

Note: “Breakeven” refers to estimated cost of farrow-to-finish

¹ Ministry of Agriculture and Rural Affairs (MARA) estimates that the 2022 ending/2023 beginning sow stocks are around 44 million head. The ending/beginning inventory does not represent the whole-year level and is one of many factors impacting overall swine production.

² Swine cycle refers to the market cycle that is created when high swine prices lead to producers expanding their herd which results in eventual price declines. Then, as prices fall, producers begin culling animals or sending them to slaughter which leads to a live swine price rebound.

Image 1. China: Swine Farm



Source: FAS China Contacts

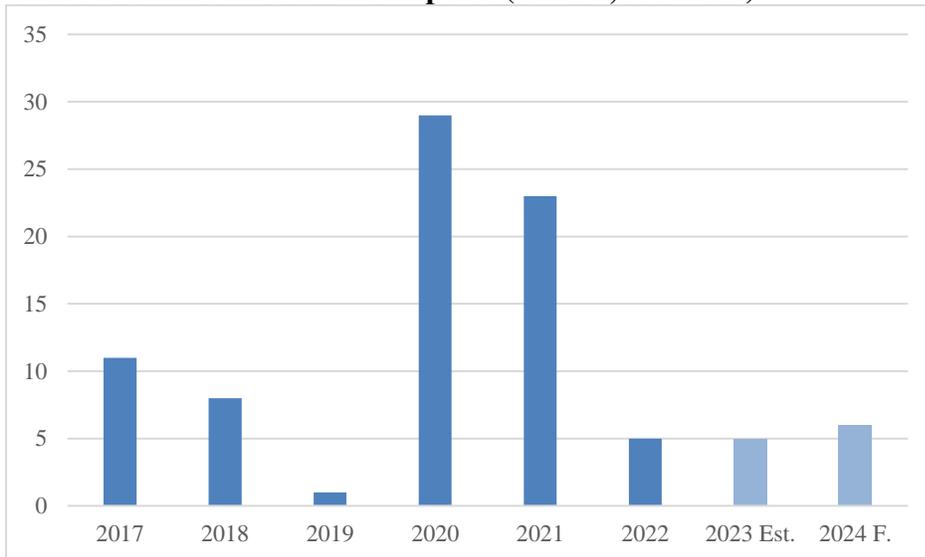
TRADE

Swine Imports

Live Swine Imports to Remain Low

In 2024, swine imports are forecast to grow from 5,000 to 6,000 head. This remains low in comparison with previous years (see **CHART 2**). Imported live swine are mainly for breeding purposes and are a tool to improve domestic herd genetics. The 2024 swine and sow inventory is expected to continue falling. If market conditions allow, industry members anticipate some producers will import swine to support another herd expansion even though current levels are above PRC official targets.³ In 2024, the major live swine suppliers are expected to remain the United States, France, and Denmark.

Chart 2. China: Live Swine Imports (Unit: 1,000 Head)



Source: Trade Data Monitor, LLC and Post Estimates

³ MARA has published notices stating its desired sow inventory is around 41 million head. In May 2023, MARA estimated the sow inventory at 42.58 million head.

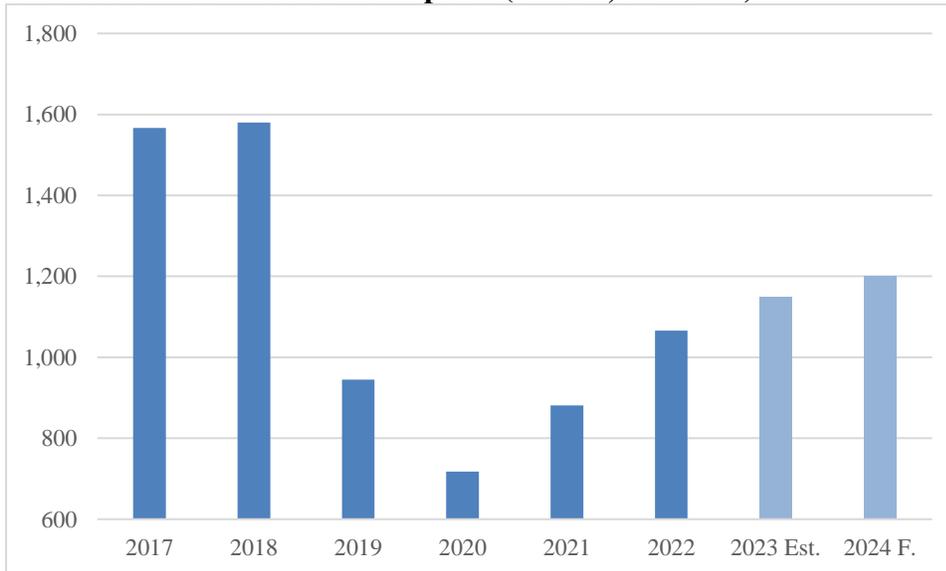
Swine Exports

Live Swine Exports – Flat to Marginal Recovery

The export of live swine in 2024 is forecast to grow to 1.2 million head, 4 percent higher than the 2023 estimate (see **CHART 3**). Hong Kong and Macao remain the sole destinations for the PRC’s live swine exports. Exported live swine is typically for immediate slaughter and consumed as fresh pork. Since border controls and policies for international travel from the PRC to Hong Kong and Macao eased in late 2022 and early 2023, the hotels, restaurants, and institutional (HRI) sector is expected boost demand for pork consumption.

The estimate for live swine exports in 2023 is revised to 1.15 million head with 8 percent YOY growth as pork consumption recovery is anticipated to follow the continual recovery of the HRI sector and tourism industry. Although data for the first 5 months of 2023 only suggests 3 percent YOY growth in PRC live swine exports, industry believes the second half of 2023 will witness stronger growth.

Chart 3. China: Live Swine Exports (Unit: 1,000 Head)



Source: Trade Data Monitor, LLC and Post Estimates

PORK

Table 2. China: Pork Production, Supply, and Distribution

Meat, Swine	2022		2023		2024	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	699,950	699,950	710,000	713,610	0	705,000
Beginning Stocks	0	0	0	0	0	0
Production	55,410	55,410	56,000	56,500	0	55,950
Total Imports	2,125	2,125	2,300	2,300	0	2,320
Total Supply	57,535	57,535	58,300	58,800	0	58,270
Total Exports	101	101	110	105	0	120
Human Dom. Consumption	57,434	57,434	58,190	58,695	0	58,150
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	57,434	57,434	58,190	58,695	0	58,150
Ending Stocks	0	0	0	0	0	0
Total Distribution	57,535	57,535	58,300	58,800	0	58,270

All Units in 1,000 MT CWE

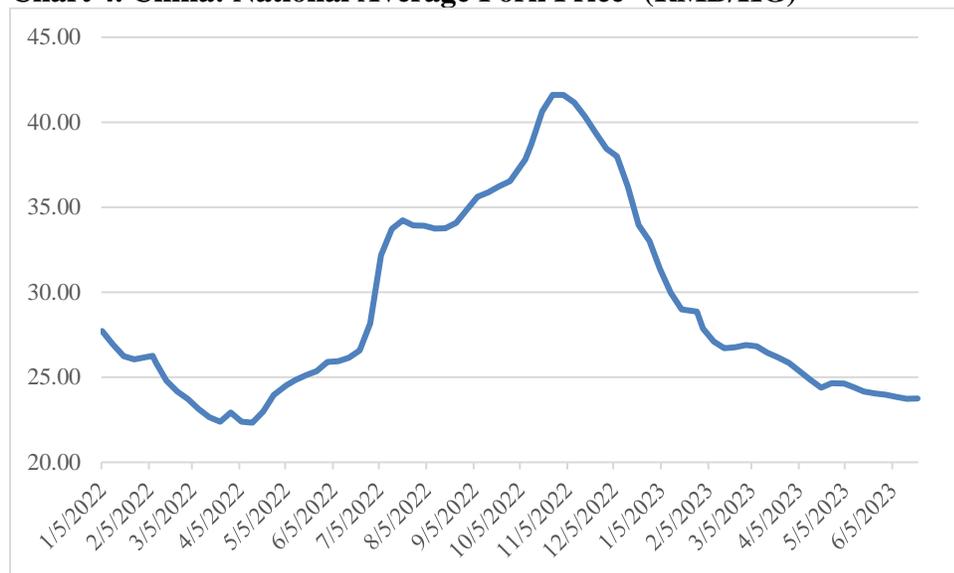
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PRODUCTION

Pork Production to Decline Slightly

Domestic swine slaughter is forecast to decline in 2024 which leads to a forecast decline of 1 percent in pork production to 55.95 MMT. In 2024, pork production is expected to remain at pre-ASF levels as producers manage animal disease outbreaks without significantly affecting overall production volumes. As there is no major demand incentive (see **Pork Consumption** below for more information), swine slaughter and pork production is expected to be based on the inventory of fattened swine. The inventory of fattened swine is expected to decline in 2024 as declining swine and pork prices (see **CHART 1** and **CHART 4**) and an endemic ASF situation led to additional slaughter of sows and underweight swine in 2023.

Chart 4. China: National Average Pork Price⁴ (RMB/KG)



Source: MARA

CONSUMPTION

Consumption to Remain at 2023 Levels

Pork consumption in 2024 is expected to decline 1 percent YOY to 58.15 MMT due to lower domestic production. Analysts expect the economy is expected to continue facing challenges in 2024. As such, HRI and retail demand for pork products is expected to remain at similar levels. In 2023, higher consumption was mainly from higher domestic supplies, however several COVID outbreaks across the country in 2023 and a slowing economy created weak demand and an oversupply of pork in the first half (H1) of 2023 (see **CHART 4**).

In 2024, the PRC is expected to continue to emphasize and prioritize stable pork prices. As of July 13, 2023⁵, the National Development and Reform Commission (NDRC) has announced two batches totaling 40 thousand metric tons (MT) of frozen pork purchases and suggested the slaughterer facilities increase their commercial pork inventories to prevent live hog and pork prices⁶ from further declines.

⁴ The pork price here refers to the average pork price collected by MARA from monitored traditional markets across China.

⁵ The actual amount of the first batch purchased was reportedly around 7,100 MT.

⁶ For more information on the National Development Reform Commission through the Merchandise Reserve Management Center please see 2021 China: Livestock and Products Annual Report FAS [GAIN CH2021-0101](#).

Image 2. China: Domestically Produced Fresh Pork Cuts in Wet Market



Source: FAS China Contacts

TRADE

Pork Imports:

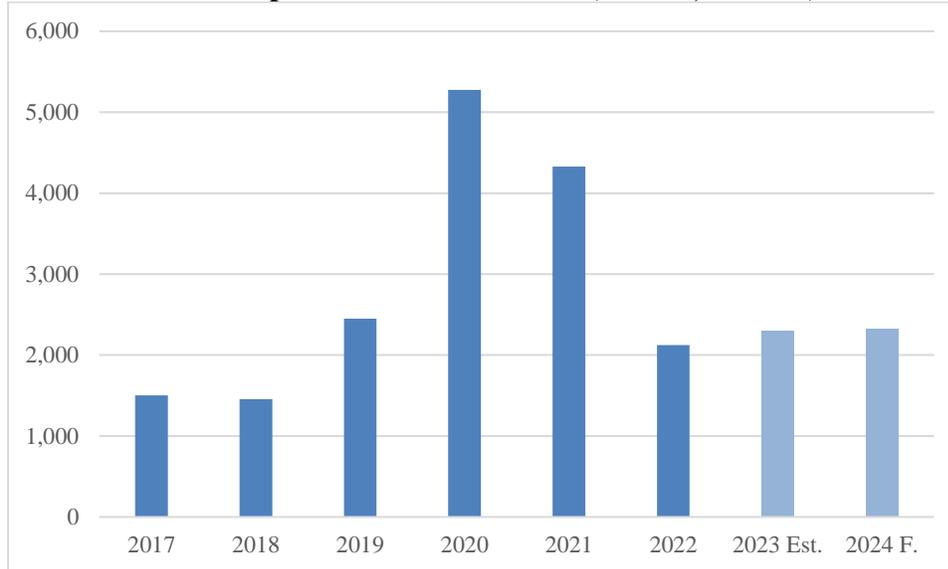
Pork Imports Stabilizing

Pork imports in 2024 are expected to grow to 2.32 MMT due to lower domestic production. Since China's pork production has recovered to the pre-ASF level of around 55 MMT in 2022 and 2023, pork imports have declined to 2.1-2.3 MMT (see **CHART 5**). Spain, Brazil, Denmark, the Netherlands, Canada, and the United States are expected to remain the PRC's major pork suppliers.

Pork imports in 2023 are estimated at 2.3 MMT with 8 percent growth YOY. The HRI sector continues recovering following the easing of the PRC's zero-COVID controls. Though there were wide-scale lockdowns in 2022 making a YOY comparison difficult, pork imports during the first 5 months of 2023 increased by more than 20 percent from the same period last year. Imports in the second half of 2023 could slow with weak domestic pork prices, sluggish economic activity, and reportedly higher inventories of imported pork.

In May 2023, the General Administration of Customs of the People's Republic of China (GACC) announced that French-origin cured pork products meeting PRC requirements will be allowed for import into China. This enables the PRC to diversify suppliers of cured pork products outside of Spain. However, the import volume of cured pork products is minimal compared to frozen pork and a relatively minor part of total pork import volumes.

Chart 5. China: Imports of Pork Products (Unit: 1,000 MT)



Source: Trade Data Monitor, LLC and Post estimates

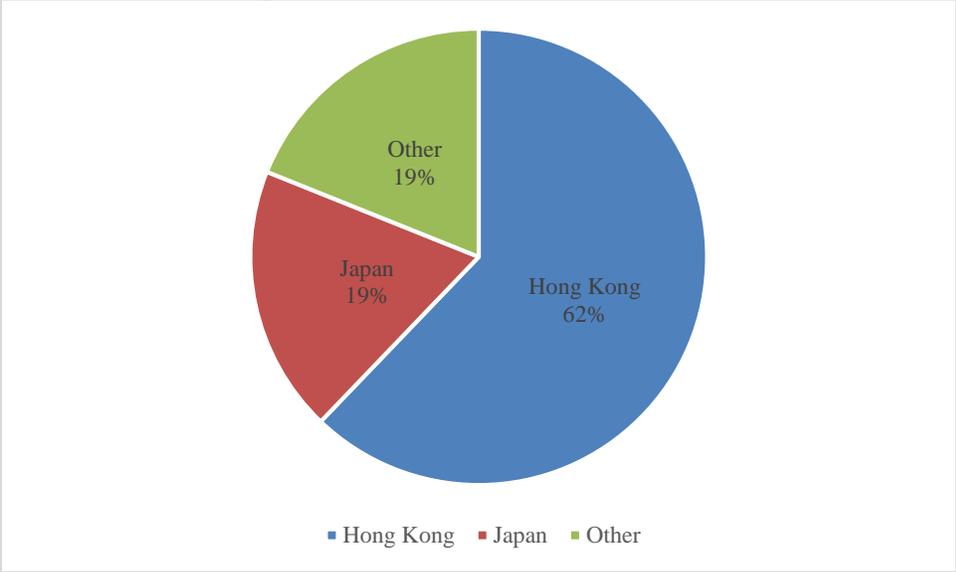
Pork Exports:

Pork Exports to Witness Continuing Recovery

In 2024, the PRC's pork exports are forecast to reach 120 thousand MT, an increase of 14 percent over 2023. Hong Kong and Japan are expected to remain the two major export destinations for pork products (see **CHART 6 and CHART 7**). Industry analysts report the continuing HRI recovery in the two destinations could support higher pork exports from China.

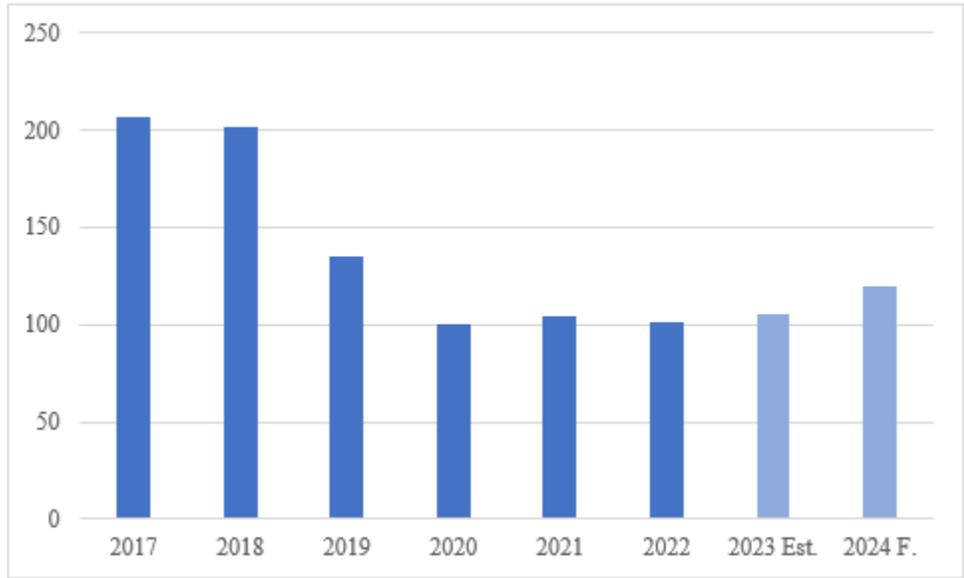
Pork exports in 2023 are revised to 105 thousand MT with 4 percent growth YOY. Despite the easing of border controls for Hong Kong and Japan in late 2022, PRC pork exports to the two major destinations declined in the first 5 months of 2023. Exports mainly consisted of prepared, frozen, and fresh pork to Hong Kong and prepared pork to Japan.

Chart 6. China: Exports of Pork Products in the first five months of 2023 (by Destination)



Source: Trade Data Monitor, LLC

Chart 7. China: Pork Exports (Unit: 1,000 MT)



Source: Trade Data Monitor, LLC and Post Estimates

CATTLE

Table 3. China: Cattle Production, Supply, and Distribution

Animal Numbers, Cattle	2022		2023		2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Total Cattle Beg. Stks	98,172	98,172	102,160	102,160	0	105,500
Dairy Cows Beg. Stocks	14,000	14,000	14,050	14,050	0	14,090
Beef Cows Beg. Stocks	53,800	56,200	54,000	57,600	0	58,500
Production (Calf Crop)	53,240	53,240	52,125	54,625	0	55,500
Total Imports	350	350	230	230	0	250
Total Supply	151,762	151,762	154,515	157,015	0	161,250
Total Exports	13	13	13	13	0	14
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	48,400	48,400	50,700	50,300	0	51,800
Total Slaughter	48,400	48,400	50,700	50,300	0	51,800
Loss and Residual	1,189	1,189	1,202	1,202	0	1,236
Ending Inventories	102,160	102,160	102,600	105,500	0	108,200
Total Distribution	151,762	151,762	154,515	157,015	0	161,250
All Units in 1,000 Head						

Not Official USDA Data

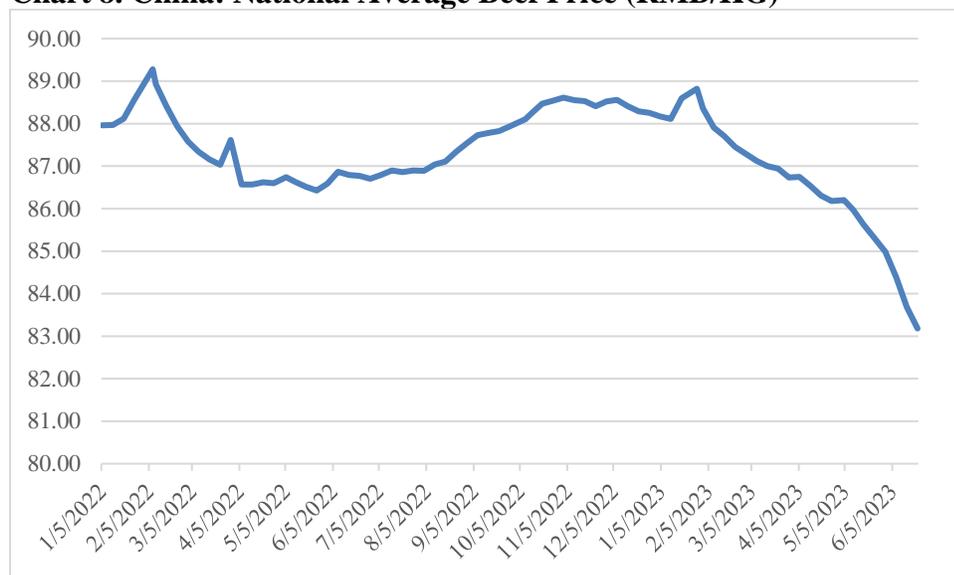
PRODUCTION

Cattle Herd to Grow at A Slower Pace

The 2024 forecast calf production is 55.5 million head. The cattle herd is expected to experience even slower growth compared to 2023. Overall efficiency per cow across the PRC's small and medium-scale farms, which dominate beef production, is not expected to improve. Large beef cattle farms are expected to remain the minority in 2024.

The beef cow beginning stocks forecast in 2024 is a slight increase due to declining beef cattle prices in 2023. With an abundant cattle inventory, beef cow numbers continued to grow. However, with the previous herd expansion and the slow economy, the market signals suggest an oversupply of beef cattle. Declining pork prices in 2023 and an increase in dairy cow culls put extra pressure on the beef supply, too. Both the beef cattle and the beef price declined since the beginning of 2023 (see **CHART 8**). Consequently, some cattle farms slowed restocking and, in some instances, slaughtered cows which made the cow inventory grow slower than the natural growth rate.

Chart 8. China: National Average Beef Price (RMB/KG)



Source: MARA

TRADE

Cattle Imports to Grow

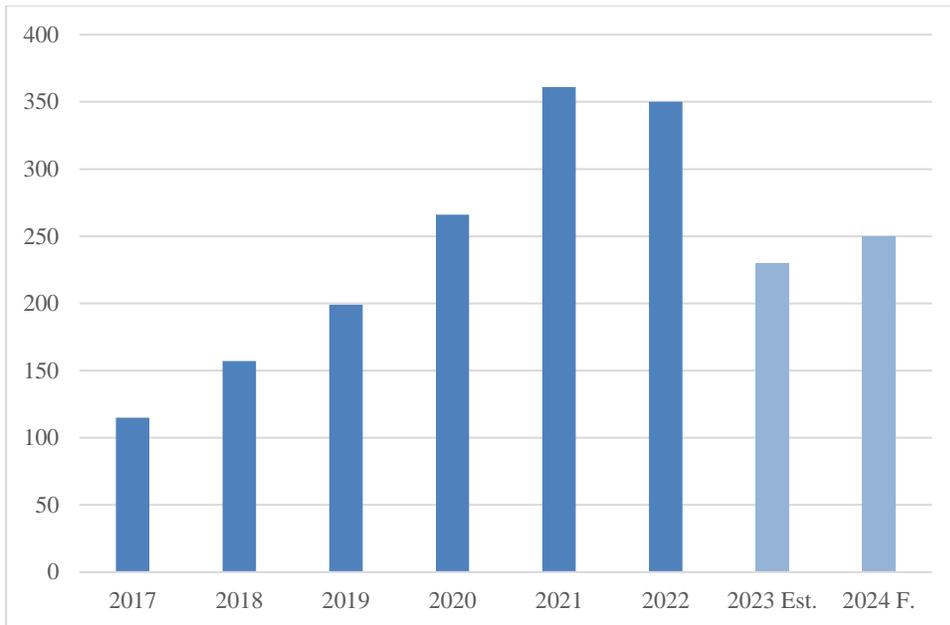
Cattle imports in 2024 are forecast to grow to 250 thousand head from the estimated 230 thousand head in 2023 (see **CHART 9**). The growth will mainly come from Myanmar. On July 14, 2023, GACC announced a change in the status of the foot and mouth disease situation and removed the ban on cattle from some areas of Guigai Township in the northern Shan State of Myanmar. The imported beef cattle from Myanmar will mainly be for slaughter use though coming into regulatory compliance and establishing export facilities may mean that Myanmar's export numbers do not reach capacity in 2024.

In 2024, the import of live cattle for breeding purpose is forecast to decline. Australia, Uruguay, and Chile remain the PRC's major suppliers for live cattle for breeding purpose. Australia mostly exports dairy cattle while Uruguay and Chile mainly export beef cattle. Breeders are becoming less motivated to use imported cattle to improve the herd genetics as dairy and beef cattle prices decline. Also, New Zealand has ceased export of livestock by sea since April 2023⁷, which has lowered the supply of available cattle imports. As the market cycles⁸ of both beef cattle and dairy cattle exist in China, the import of live breeding cattle for dual purposes could become a tool for managing market fluctuations.

⁷ <https://www.mpi.govt.nz/export/animals/live-animals-including-livestock/requirement-documents-for-exporting-live-animals/animal-welfare-export-certificates/live-sheep-and-cattle-export-voyage-reports/>

⁸ Market cycles here refer to the interaction between the supply cycles and the price cycles.

Chart 9. China: Live Cattle Imports (Unit: 1,000 Head)



Source: Trade Data Monitor, LLC and Post Estimates

BEEF

Table 4. China: Beef Production, Supply, and Distribution

Meat, Beef and Veal	2022		2023		2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Slaughter (Reference)	48,400	48,400	50,700	50,300	0	51,800
Beginning Stocks	0	0	0	0	0	0
Production	7,180	7,180	7,500	7,500	0	7,700
Total Imports	3,502	3,502	3,500	3,500	0	3,320
Total Supply	10,682	10,682	11,000	11,000	0	11,020
Total Exports	20	20	20	20	0	21
Human Dom. Consumption	10,662	10,662	10,980	10,980	0	10,999
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	10,662	10,662	10,980	10,980	0	10,999
Ending Stocks	0	0	0	0	0	0
Total Distribution	10,682	10,682	11,000	11,000	0	11,020

All Units in 1,000 MT CWE

Not Official USDA Data

PRODUCTION

Beef Production to Grow at Slower Pace

Beef production in 2024 is forecast to grow nearly 3 percent to 7.7 MMT. This suggests beef production will remain at historically high levels with a large herd of finished cattle ready for slaughter. Economic headwinds, however, remain a drag on growth as flat beef demand is expected under a slower economy. Beef production in 2023 is revised to 7.5 MMT with a YOY increase of 4 percent based on official data 2023 H1 data from the National Bureau of Statistics (NBS).

CONSUMPTION

Beef Consumption to Be Flat

In 2024, beef consumption is expected to maintain around 11 MMT. With less confidence on economic prospects, there is a trend in some beef consuming markets to begin “consumption downgrading” that could extend through 2024. Consumers in certain parts of the PRC and at certain socio-economic levels are unlikely to increase budget expenditures on high-priced foods such as beef. Lower-end domestically produced beef products may take market share from higher-end imported beef products according to industry contacts.

The HRI sector is expected to remain the major channel for beef consumption. Lower-priced domestically produced beef and beef imported from South America could become more popular in self-service barbecue and Chinese-style food restaurants. E-commerce beef sales are expected to grow due to convenience. For domestically produced beef, fresh beef still dominates the market, but chilled beef is likely to find more opportunities with the development of the e-commerce channel.

Image 3. China: Domestically Produced Chilled Beef Cuts in Modern Retail Market



Source: FAS China Contacts

Image 4. China: Domestically Produced Fresh Beef Cuts in Wet Market



Source: FAS China Contacts

TRADE

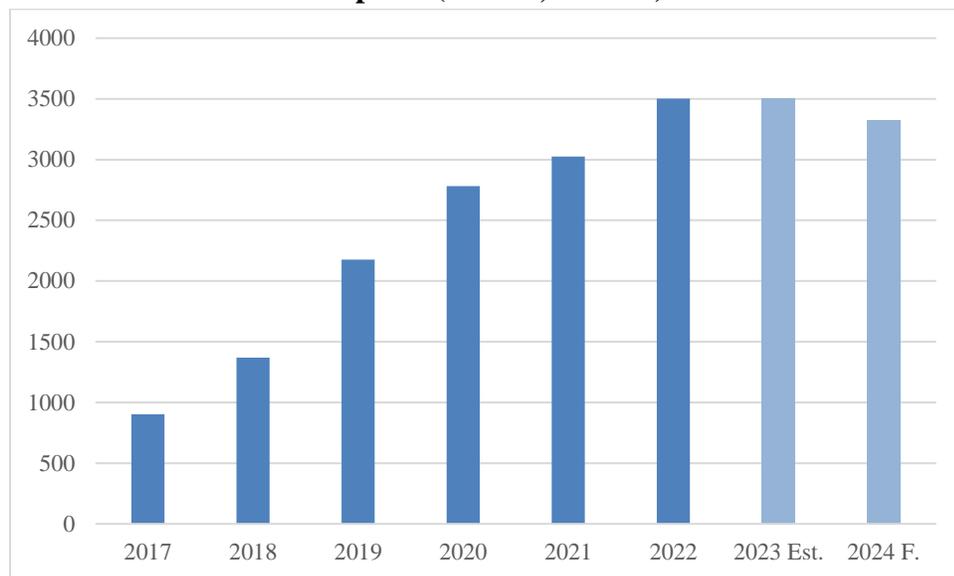
Beef Imports Likely to Decline

In 2024, beef imports are forecast to decline by 5 percent to 3.32 MMT (see **CHART 10**) as importers' financial challenges continue and flat demand persists. Sources suggest it is unlikely for importers to stock as much in 2024 as they did in the first half of 2023 when imports prices were lower. As of July 2023, the beef inventory in importers' warehouses, including the inventory carried over from 2022, is high. In order to recoup some of their investment, importers are selling below cost which is putting some beef importers in difficult financial situations.

With flat demand (see **Beef Consumption** for more information) and an expected increase in domestic production in 2024, the supply gap needing to be filled by imported beef is smaller. Lower-priced grass-fed beef imported from Brazil, Argentina, and Uruguay will continue to dominate the import market and these beef products are expected to be used in food processing facilities, lower-end restaurants, and canteens (i.e., institutional establishments).

There remains a market for beef imported from the United States, New Zealand, and Australia. Compared to South American beef, the beef quality from the three countries is perceived better and the supply is considered more stable. These beef products are typically served in retail and higher-end restaurants. Although some western-style food restaurants have started to show more interest on beef imported from Uruguay and Argentina, chilled beef from the United States, Australia, and New Zealand remains a high-end niche market product.

Chart 10. China: Beef Imports (Unit: 1,000 MT)



Source: Trade Data Monitor, LLC and Post Estimates

Image 5. China: Imported Frozen Beef Cuts in Modern Retail Market



Source: FAS China Contacts

POLICY

Retaliatory Tariffs on U.S. products

The tariff exclusion process introduced by the State Council Tariff Commission (SCTC) in March 2020 (see GAIN report [CH2020-0017](#)) remains in effect. The program allows importers to apply for tariff exclusions from China's Section 301 retaliatory tariffs on U.S. products, including pork and beef products (see **TABLE 5** and **TABLE 6** for specific tariff rates). However, the exclusion process does not apply to China's retaliatory Section 232 tariffs. U.S. pork products are among certain agricultural products that are still subject to China's Section 232 retaliatory tariffs.

Table 5. China: Tariff Schedule on U.S. Pork Products

HS Code (8-digit)	Product Description	Tariff Type, Implementation Date, and Percent			
		MFN Rate	232	301*	Total Applied Tariff
		Dec 15, 2021	Apr 2, 2018	Jun 1, 2019	Dec 15, 2019[1]
02031110	Fresh or chilled, suckling pig: whole or half-carcasses	20%		25%	45%
02031190	Fresh or chilled, other meat of swine: whole or half-carcasses	20%		25%	45%
02031200	Fresh Or Chilled Bone-In Hams, Shoulders & Cuts	20%	25%	25%	75%
02031900	Other Fresh or Chilled Swine Meat	20%	25%	25%	75%
02032110	Frozen, suckling pig: whole or half-carcasses	12%		25%	37%
02032190	Frozen Swine, whole or half-carcasses, Nes	12%	25%	25%	62%
02032200	Frozen Unboned Hams, Shoulders & Cuts Thereof Of	12% **	25%	25%	63%
02032900	Other Frozen Swine Meat	12% **	25%	25%	63%

Note: *Additional tariffs were adjusted on February 14, 2020, and additional exclusions granted March 2, 2020. ** Tentative tariffs canceled and MFN resumed on January 1st, 2022 (See GAIN Report [CH2021-0169](#)).

Table 6. China: Tariff Schedule on U.S. Beef Products

HS Code (8-digit)	Description	Tariff Type, Implementation Date, and Percent		
		MFN Rate*	301*	Total Applied Tariff
		Jan 1, 2020	Feb 14, 2020	Feb 14, 2020
02011000	Meat of bovine animals, fresh or chilled: whole or half-carcasses	20%	25.0%	45.0%
02012000	Fresh Or Chilled Unboned Bovine Meat (Excl. Carcasses)	12%	30.0%	42.0%
02013000	Fresh Or Chilled Boneless Bovine Meat	12%	30.0%	42.0%
02021000	Frozen Bovine Carcasses & Half Carcasses	25%	25.0%	50.0%
02022000	Frozen Unboned Bovine Meat (Excl. Carcasses)	12%	30.0%	42.0%
02023000	Frozen Boneless Bovine Meat	12%	30.0%	42.0%
02102000	Meat Of Bovine Animals, Salted, In Brine, Dried or Salted	25%	30.0%	55.0%
16025010	Preparations Of Bovine Animal Meat & Offal, In Air	5%	2.5%	7.5%
16025090	Preparations Of Bovine Animal Meat & Offal, Nes	5%	25.0%	30.0%

Note: *Additional tariffs were adjusted on February 14, 2020, and additional exclusions granted March 2, 2020.

Attachments:

No Attachments