

Voluntary Report – Voluntary - Public Distribution

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Report Name: Pulses - Kidney Beans and Dried Peas

Country: China - People's Republic of

Post: Beijing

Report Category: Agricultural Situation, Grain and Feed, Livestock and Products, MISC-Commodity

Prepared By: Chase McGrath and FAS China Staff

Approved By: Adam Branson

Report Highlights:

China's marketing year (MY) 2021/2022 (September – August) kidney bean production is estimated at 250,000 metric tons (MT), down 15 percent on lower area harvested. China's kidney bean exports declined significantly in the last several years due to a decline in quality and higher production costs. Dried pea imports in MY 2021/22 are estimated at 3.1 million metric tons (MMT), a 5 percent increase from MY 2020/21 driven by strong demand from the feed industry. Industry members report dried pea imports are price sensitive as the market looks for alternative feed products in the face of high domestic feed prices.

Background

Note: The term “Pulses” refers to the Food and Agricultural Organization (FAO) definition: Legumes dried for food and not devoted for oil purposes or harvested green (fresh). Examples include dried beans, peas, lentils, and other dried leguminous crops. This report focuses on kidney beans and dried peas, the two most traded pulse varieties.

PRODUCTION

Kidney beans

China’s MY2021/2022 (September – August) kidney bean production is estimated at 250,000 MT, down 15 percent on lower area harvested. Kidney bean planting area competed with corn and soybean planting over the last year in northeastern China as alternative crops were expected to provide farmers with greater margins. Until the past several years, kidney bean production was mainly export-driven, but exports have declined and farmers lack motivation for continued planting.

There are three major kidney bean producing areas in China:

- 1) **Northeast Kidney Bean Producing Area:** This area includes Inner Mongolia, Heilongjiang, and Jilin provinces. It is the largest kidney bean producing area in China and accounts for over 80 percent of total kidney bean production. The main varieties in this area include light speckled kidney beans, black kidney beans, navy beans, and purple speckled kidney beans. Planting occurs during mid-May to early June and harvest is during late August to early September.
- 2) **Southwest Kidney Bean Producing Area:** This area includes Yunnan, Guizhou, and Sichuan provinces. The main varieties in this area are large white and large dark kidney beans. Planting occurs during late April to early May and harvest is in August.
- 3) **North China Kidney Bean Producing Area:** This area includes Shanxi, Hebei, and Xinjiang provinces. The main varieties in this area are dark red kidney beans (British red) and Xinjiang round speckled kidney beans. Planting occurs during mid-May to early June and harvest is during August to September.

Dried peas

China’s MY2021/2022 dried pea production is estimated at 200,000 MT and is relatively stable from the production estimate for MY2020/21. Ningxia, Gansu, Yunnan, and Qinghai provinces are China’s major dried pea producing areas, accounting for over 70 percent of total dried pea production. There are two major dried pea producing areas in China:

- 1) **Northern Dried Pea Producing Area:** This area includes Shanxi, Inner Mongolia, Liaoning, Shandong, Gansu, Qinghai, Ningxia, Hebei, and Shaanxi provinces. Planting occurs during March to April and harvest is in July to August.
- 2) **Southern Dried Pea Producing Area:** This area includes Jiangsu, Zhejiang, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi, Chongqing, Sichuan, and Yunnan provinces. Planting occurs

after summer crops such as corn, tobacco, cotton, and sweet potatoes are harvested. Dried pea planting is usually from the end of August to early October and harvest is in late April to early May.

Consumption

Kidney Beans

Kidney beans are not a traditional food for Chinese consumers. However, in recent years, as people's awareness of diet diversification and balanced nutrition has increased, the consumption of kidney beans has shown an upward trend. Kidney beans use is for both the food processing sector and for household consumption. Household consumption, mainly making a porridge or adding with other grains, accounts for about 40 percent of total kidney bean consumption. Food processing accounts for the remaining 60 percent of use. Food processing use is largely for making bean paste, a sweetened natto, and for canning.

Dried Peas

Most of the locally produced dried peas are eaten near their production area. Imported dried peas are used by the food processing sector and the animal feed sector. Dried peas are processed into starch, protein, and fiber for food ingredients. Pea starch is used to produce vermicelli and other types of noodles, while pea protein and pea fiber are processed into health food products. As a price competitive alternative to soybean meal, imported dried peas are increasingly used in animal feed. Industry contacts indicate that dried pea usage in the feed sector is very price sensitive and only achieved when the price is very competitive.

Trade

Imports

Dried pea (HS code 07131090) imports in MY 2021/22 are estimated at 3.1 MMT, a 5 percent increase from the estimated 2.95 MMT imported in MY2020/21. The upward growth is driven by strong demand from the feed industry. China's dried pea imports increased rapidly during the last five years from the 856,176 tons in MY 2015/16 (see figure 1, below). Industry attributes the rapid increase in dried peas imports to the rapid growth of feed applications. As can be seen from Figure 2, the increase in import volume corresponds to the decline in import prices¹. The low price makes dried pea a very competitive feed ingredient. According to industry information, the price of soybean meal in the first half of 2021 was around U.S. \$550/MT², while the average price of imported peas during the same period was U.S. \$346/MT.

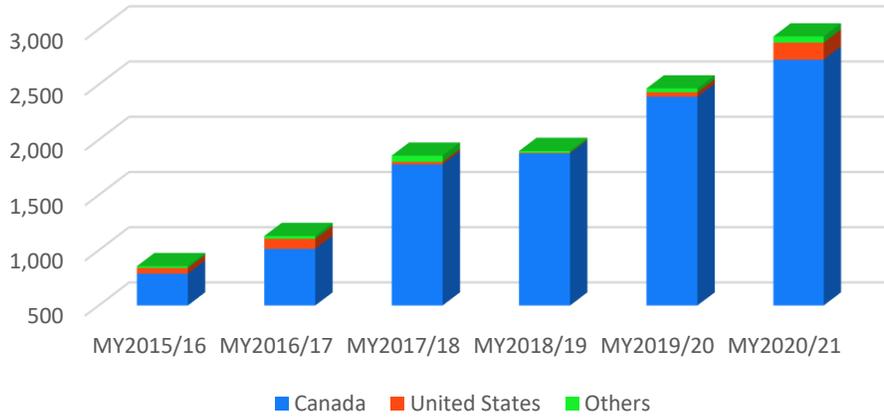
Canada continues to be the largest dried pea supplier to China, accounting for 93 percent of China's total dried pea imports in MY 2020/21 (see figure 1, above). American-origin dried peas account for about 5 percent of China's total imports.

In the first half of 2021, China's total pulse (HS code 0713) imports from the United States were valued at U.S. \$30 million, of which dried peas were U.S. \$21 million, followed by kidney beans at U.S. \$5 million and lentils at U.S. \$4 million.

¹ The main reason for the price increase in MY2020/21 is the rapid increase in international freight.

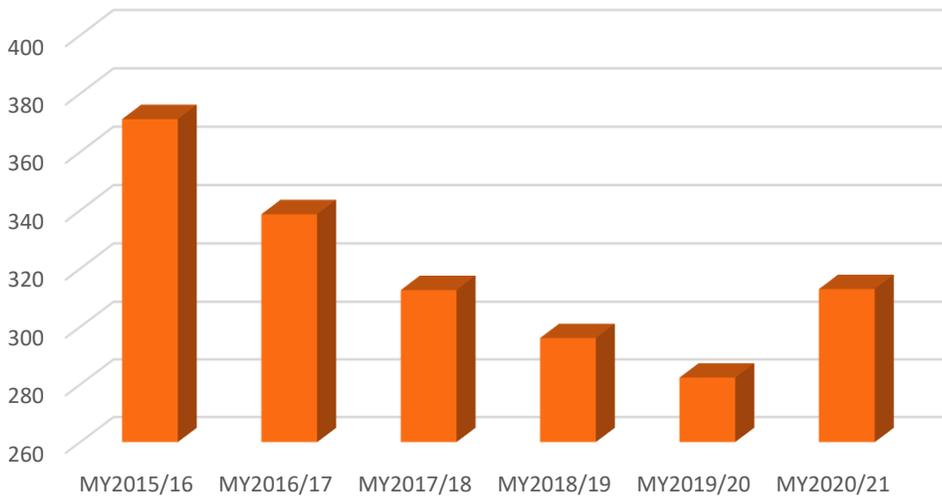
² The exchange rate in this report is US\$1=RMB6.5

Figure 1. China: Dried Pea Imports by Volume
(Volume: 1,000 MT)



Source: China Customs

Figure 2. China: Dried Pea Imports by Value (U.S. \$/MT)



Source: China Customs

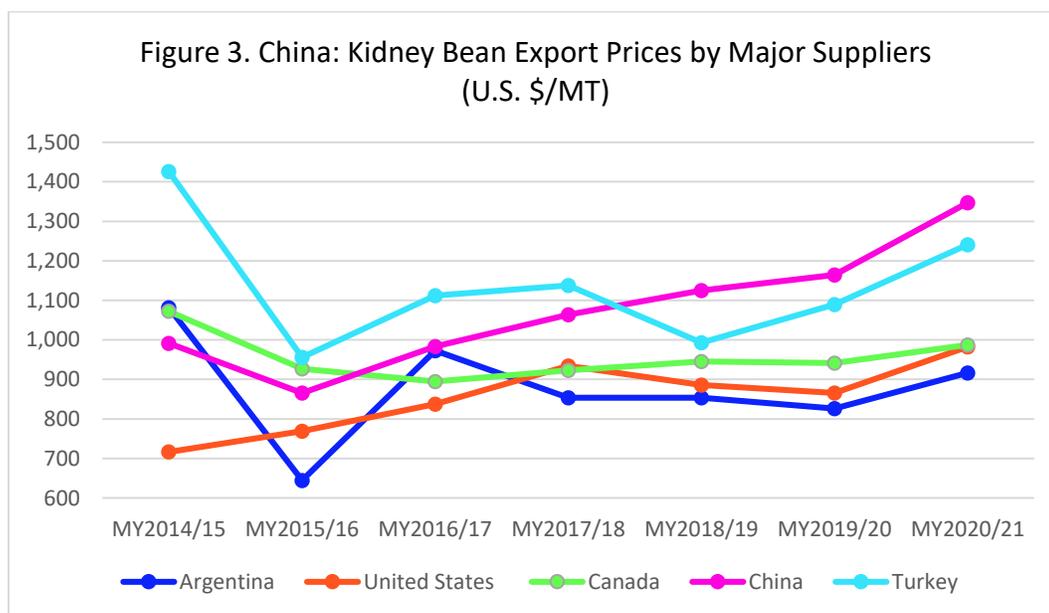
Tariff exclusions for U.S. agricultural commodities impacted by China's Section 301 retaliatory tariffs remain an option for importers. Section 301 retaliatory tariffs can be exempted (see table 1 below) if importers successfully apply for a and receive a tariff exclusion.

Table 1. China: Tariff Rates on Select U.S. Pulse Imports

HS Code (8-digit)	Description	MFN* Rate	Section 232 Tariffs	Section 301 Tariffs	Total Applied Tariff without an Exclusion
	Implementation Date	Jan 1, 2021	Apr 2, 2018	Feb 14, 2020	Feb 14, 2020
07131090	Dried Peas, Shelled	5.0%		27.5%	32.5%
07133390	Dried Kidney Beans	7.5%		30.0%	37.5%
07134010	Dried Lentils, Shelled	0%		25.0%	25.0%

Exports

China used to be the largest kidney bean exporter in the world. Exports in MY 2010/11 amounted to 910,484 MT, accounting for 49 percent of the global kidney bean exports. However, export volumes decreased to about 74,000 MT in MY 2020/21. Industry attributes the drop off in kidney bean exports to the decline in quality and rising prices (see figure 3, below). As a minor crop, kidney bean receives little investment in breeding, which results in serious variety degradation. In addition, kidney bean production costs have risen due to the rising price of land, chemical inputs, labor, etc., making kidney beans no longer competitive in the international market. Industry predicts China will become a net kidney bean importer.



Source: China Customs

Attachments:

No Attachments.