



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 2/17/2005

GAIN Report Number: CH5016

China, Peoples Republic of Agricultural Situation

World's Largest Farm Producer Now a \$6 Billion Market for the U.S.

2005

Approved by:

Maurice W. House
U.S. Embassy, Beijing

Prepared by:

Adam Branson and Casey E. Bean

Report Highlights:

China is the world's most populous nation and the largest producer (by volume) of agricultural products. Due to rising incomes, limited arable land, and strong import demand, China has become a \$6 billion market for U.S. agricultural and food products. USDA's Foreign Agricultural Service offices in China, in partnership with USDA Cooperators, play a major role facilitating trade and leading market access initiatives. This report provides background information on China's agricultural production and trade using reports from the United Nations Food and Agriculture Organization, the Chinese Ministry of Agriculture, the Chinese Customs Administration, the United States Department of Commerce Census Bureau, and the USDA.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Beijing [CH1]
[CH]

Table of Contents

Introduction	3
China is the World's Number 1 Producer and Consumer of Farm Products	3
China is a Major Importer of Agricultural Products.....	3
China is a Major Exporter of Agricultural Products	4
Future for United States Agricultural Exports to China.....	4
Post WTO Entry and Impact on China's Agricultural Trade.....	5
USDA China Office Contact Information and Report Access.....	6
USDA Cooperator Offices in China Contact Information	7

Introduction

China is the world's most populous nation and the largest farm producer, by volume. Due to rising incomes, strong consumer demand, and limited arable land for crop production, China has become the United States 4th largest overseas market for raw agricultural materials and food products. United States exports of agriculture, fisheries and wood products to China exceeded \$6 billion during 2004, representing 10 percent of all U.S. exports to the world, an increase of \$1 billion from the year before.

USDA's Foreign Agricultural Service offices in China, in partnership with the USDA Cooperators (see page 7) who have offices here, play a major role facilitating trade and leading market access initiatives. Although China's has emerged as a major importer of agriculture products, continued smooth trading relationships with the United States will hinge on USDA's continued cooperation with China's Government and private sector in the areas of market access, market intelligence, market development, foreign policy, crop production/research, food safety and capacity building.

This report provides background information on China's agricultural production and trade using reports from the United Nations Food and Agriculture Organization, the Chinese Ministry of Agriculture, the Chinese Customs Administration, the U.S. Department of Commerce Census Bureau, and the USDA.

China is the World's Number 1 Producer and Consumer of Farm Products

- China has one-tenth of the world's arable land and one-fifth of the world's population. On a per capita basis, China's arable land is one-sixth of the United States. In total arable land area, it is four-fifths of the United States.
- China is the world's #1 producer of vegetables and melons (50 percent world total), pork (48 percent), poultry eggs (45 percent), groundnuts (39 percent), apples (35 percent), paddy rice (31 percent), sheep and goat meat (30 percent), rapeseed (27 percent), primary fibers (24 percent), potatoes (23 percent), and wheat (15 percent).
- China is the world's #2 producer of maize (19 percent) and poultry meat (17 percent).
- China's is the world's #3 producer of citrus (13 percent), beef and veal (11 percent), bananas (9 percent), and sugarcane (7 percent).
- China's is the world's #4 producer of soybeans (9 percent)
- China's is the world's #5 producer of grapes (8 percent) and natural rubber (7 percent).
- China is the world's #1 consumer of rice, wheat, corn, pork, oilseeds, vegetable oils, and cotton.
- One of China's stated priorities for 2005 is increasing rural, namely farmer, incomes. The 2004 per capita rural and urban incomes were respectively \$353 (up 6.8 percent) and \$1135 (up 7.7 percent).

China is a Major Importer of Agricultural Products

- Using China Customs data, in 2004, China imported \$35 billion in agricultural, fishery, and forestry products. 2003 imports were \$25 billion.
- Using China Customs data, the United States was the #1 supplier, responsible for \$8.1 billion, 23 percent of China's total imports. Brazil (9 percent), Argentina (8 percent), Malaysia (7 percent), Australia (7 percent), Russia (7 percent), Thailand (6 percent), and the EU-25 (5 percent) were other major suppliers.
- Using United States Bulk, Intermediate, Consumer-Oriented, Forestry, and Fishery (BICO) export data, China imported \$6.1 billion in 2004 with a composition of: 69 percent bulk, 13 percent intermediate, 8 percent consumer-oriented, 6 percent forestry, and 4 percent fishery.

- From 1992 to 2004, using United States BICO data, United States agricultural exports to China increased nearly 900 percent. During the ten years from 1995 to 2004, United States exports grew 226 percent, faster than to any other major market.
- China was the number 1 destination for United States bulk agricultural exports (17 percent of world total), number 4 destination for intermediate agricultural (6 percent), forestry (7 percent), and fishery (7 percent) exports, and number 10 destination for consumer-oriented (2 percent) agricultural exports.
- China was the number 1 destination for United States soybeans, cotton, hides and skins, number 2 destination for wheat, number 4 for red meats, food preparations, and "other" intermediate products, number 5 market for dairy products, and number 9 destination for fresh fruit.
- In 2004, China accounted for 35 percent of all United States soybean exports, 33 percent of all cotton exports, 10 percent of all wheat exports, 30 percent of all hides and skins exports, 4 percent of all dairy exports, 10 percent of all hardwood exports, 6 percent of all softwood exports, 29 percent of all crab and crabmeat exports, and 11 percent of all salmon exports.
- Relatively speaking, China is still a small market. 2004 United States per capita exports to China were \$4.75. Per capita exports to other markets are much larger: e.g., South Korea-\$61, Japan-\$78, Mexico-\$86, and Canada-\$373.

China is a Major Exporter of Agricultural Products

- In 2004, China's agricultural exports were \$28 billion; this is double the amount of ten years ago.
- China is typically a net agricultural exporter. In 2003, China Customs data indicates imports outpaced exports by \$348 million, the first time since 1995. In 2004, imports outpaced exports by \$7 billion, a considerably wider volume. The export data, however, does not include any textile and furniture exports made from raw agricultural goods and thus, it is not a useful exercise to assume China has an agricultural trade deficit.
- Using 2004 export values, the largest exported goods included processed fishery and forestry products, animal meats and casings, and vegetables.
- Japan is China's number 1 agricultural commodity export destination (\$8.4 billion in 2004). The United States has been a top-5 destination for Chinese agricultural exports since 1995. China Customs indicates the United States imported \$3.8 billion in Chinese agricultural commodities in 2004.
- China has a competitive advantage in producing and then exporting several labor-intensive agricultural commodities; including fruits, vegetables, and finished products like frozen fish fillets and wooden articles.
- China is a competitor with the United States in several regional and other third country markets for swine and poultry meats, fruit, and occasionally corn and rice.

Future for United States Agricultural Exports to China

- China's overall gross domestic product (GDP) is growing faster than agricultural GDP. This often indicates agricultural imports will likely grow as domestic consumption outpaces domestic supply.
- The proportion of added value of agriculture in the GDP in 1990 was 28.4 percent, 20.8 percent in 1995, 15.8 percent in 2001, and 14.5 percent in 2002. Again, this is an indication that other sectors of the economy are growing faster than the food sector and could indicate that imports will grow.
- Tariff rate quotas (TRQs) for wheat, corn, cotton, and vegetable oils with China's World Trade Organization (WTO) accession could mean the government is more willing to accept greater bulk and intermediate imports.

Post WTO Entry and Impact on China's Agricultural Trade

- There are some agricultural trade policy concerns with China that remain in spite of its WTO accession:
 - China maintains a Quarantine Import Permit (QIP) is required prior to signing contracts to import a wide variety of agricultural commodities.
 - Certain terms and specifics of TRQ management remain undefined.
 - Some Chinese agencies do not understand China's WTO commitments or could be unwilling to fully cooperate.
 - Growing number of sanitary and phytosanitary (SPS) barriers and technical barriers to trade (TBT) as China integrates itself into the WTO.
 - Uncertainties on China's willingness to accept agricultural biotechnology.
 - Non-transparent system of value added tax collection system and tariff rebates for exported commodities.
 - Numerous unrealistic expectations from China's trading partners. Note: China did not join the WTO to import more commodities.
- There are numerous positives with China's WTO accession, of which, a few include:
 - China lowered tariffs on a broad range of agricultural commodities.
 - There is more certainty and greater clarity on the rules of trade.

USDA China Office Contact Information and Report Access

For reports about China's agricultural/food sector and market opportunities for U.S. agricultural products in China, please see the FAS website at www.fas.usda.gov (select "Attache Reports"). You may also contact the following offices.

AMERICAN EMBASSY
AGRICULTURAL AFFAIRS OFFICE
Mr. Maurice House, Minister Counselor
AgBeijing@usda.gov
U.S. Embassy – FAS
3 Xiu Shui Bei Jie, Beijing, 100600
Tel: (86-10) 65321953
Fax: (86-10) 65322962

AGRICULTURAL TRADE OFFICE BEIJING
Mr. LaVerne Brabant, Director
ATOB Beijing@usda.gov
Kerry Center South Tower, 24th Floor, Suite #2425
No.1 Guanghua Lu, Beijing, 100020
Tel: (86-10) 85296418
Fax: (86-10) 85296692

AGRICULTURAL TRADE OFFICE GUANGZHOU
Mr. Keith Schneller, Director
ATOGuangzhou@usda.gov
China Hotel Office Tower 14/F
Guangzhou, China 510015
Tel: (86-20) 86677553
Fax: (86-20) 86663388

AGRICULTURAL TRADE OFFICE SHANGHAI
Mr. Ross Kreamer, Director
ATOShanghai@usda.gov
Shanghai Center, Suite 331
1376 Nanjing West Road, Shanghai, 200040
Tel: (86-21) 62798622
Fax: (86-21) 62798336

ANIMAL AND PLANT HEALTH INSPECTION SERVICE
Dr. Eloisa Jones, China Director
Eloisa.F.Jones@aphis.usda.gov
Room 618, St. Regis Office Building
21 Jianguomenwai Ave
Tel: (86-10) 65323212
Fax: (86-10) 65325813

USDA Cooperator Offices in China Contact Information

ALASKA SEAFOOD MARKETING INSTITUTE
CALIFORNIA PRUNE BOARD
SUNKIST GROWERS
Shanghai
Mr. Robin Wang
SHANGHAI SHENG MING INDUSTRIAL CO. LTD.
29G, Shanghai Pufa Tower
588 South Pudong Road, Pudong, Shanghai 200120
Tel: (86-21) 68889835/ 68889836
Fax: (86-21) 58775839
Shengming@sh163.net

Beijing
Mr. Henry Yang
Room 3-302, No.13, Building 1, Beishatan
Chaoyang District, Beijing 100083
Tel: (86-10) 64867316
Fax: (86-10) 64867316

ALMOND BOARD OF CALIFORNIA
CALIFORNIA CHERRY ADVISORY BOARD
US DAIRY EXPORT COUNCIL
US POTATO BOARD
Shanghai
Mr. Daniel Chan
PR Consultants Ltd.
Room 436, Shanghai Center
1376 Nanjing Xi Lu, Shanghai 200040
Tel: (86-21) 62798668
Fax: (86-21) 62798669
Prc@prcon.com

Beijing
Ms. Shirley Jiang
Room C-1-602, Landmrk Crystal Apartment
No.5 LiangmaQiao Road, Chao Yang District
Beijing, 100600
Tel: (86-10) 64331265
Fax: (86-10) 64331265
shirleyj@prcon.com

Chengdu
Ms. Tracy Chang
Flat 9-A-12-70 Ruisheng Garden
36 Fang Cao Street, Chengdu 610041
Tel: (86-28) 85133491
Fax: (86-28) 85133491
tracyc@prcon.com

Guangzhou
Ms. Fiona Chen
Tel/Fax: (86-20) 34523281
fionac@prcon.com

AMERICAN FOREST & PAPER ASSOCIATION (AF&PA)
Beijing
Mr. Paul Boardman
605 CITIC Building
No. 19 Jianguomenwai Dajie, Chaoyang District
Beijing 100004
Tel: (86-10) 85263150
Fax: (86-10) 85263151
Cell phone: 1371-811-5752
boardman@afandpa-china.org

Shanghai
Mr. Xu Fang
Rm. 305, Bldg. A, Far East Int'l Plaza, 299 Xianxia Road
Shanghai 200051
Tel: (86-21) 62702222 x 320
Fax: (86-21) 62705555
xu_fang@afandpa-china.org

AMERICAN HARDWOOD EXPORT COUNCIL
Ms. Mabel Zhuang
Rm. 306, Bldg. A, Far East Int'l Plaza, 299 Xianxia Road
Shanghai 200051
Tel: (86-21) 62702222 x 316
Fax: (86) 21-6270-5555
Mabel_zhuang@ahec-china.org

AMERICAN LEGEND COOPERATIVE
CALIFORNIA WINE INSTITUTE
NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE
PET FOOD INSTITUTE
Shanghai
Ms. Barbara Lee
LEE'S MARKET MAKERS Inc.
Room A, 3rd Floor
No. 886, Tianbao Road, Shanghai 200086
Tel: (86-21) 65156497 / 55570142
Fax: (86-21) 65156498
Leesmarket@sh163.net

Beijing
Ms. Joanna Dai
Room 211, Xingxing Office Building
No. 72, No. 23 Yuan, Fuxing Road
Haidian District, Beijing 100036
Tel: (86-10) 68246925
Fax: (86-10) 68246927
leesbj@public3.bta.net.cn

AMERICAN SOYBEAN ASSOCIATION (ASA)
Beijing
Mr. Philip Laney, Country Director
Room 902, China World Tower 2
No.1 Jianguomenwai Avenue, Beijing 100004
Tel: (86-10) 65051830
Fax: (86-10) 65052201
beisoya@asachina.org

Shanghai
Ms. Claudia Chong
Room 1802, SITC
2201 Yunnan Road (W)
Shanghai 200336
Tel: (86-21) 62191661
Fax: (86-21) 62195590
claudiachong@asachina.org

AMERICAN WOOL COUNCIL
Ms. Kitty Gu
156 Tongji Xincun, Suite 401
Shanghai 200081
Tel/Fax: (86-21) 65023824
Kittygu@guomai.sh.cn

CALIFORNIA PISTACHIO COMMISSION
CALIFORNIA TABLE GRAPE COMMISSION
FLORIDA DEPARTMENT OF CITRUS
RAISIN ADMINISTRATIVE COMMITTEE
Shanghai
Mr. Louis Ng
Louis Ng & Associates Ltd.
Room 1305, Guo Li Building
No. 1465 Beijing Rd. (West), Shanghai 200040
Tel: (86-21) 62473840 / 62473841
Fax: (86-21) 62473448
lnash@sh163.net

Beijing
Ms. Marjorie Jiang
Tel: 13387875796
E-mail: lnadl@hotmail.com

Guangzhou
Mr. Louis Ng
Louis Ng & Associates Ltd
Room 720, Bai Yun Hotel,
367 Huanshi Dong Road,
Guangzhou, 510060
Tel: (86-20) 83333998 ext 720
Fax: (86-20) 83333998 ext 790
Admin@Lnahk.com.hk

COTTON COUNCIL INTERNATIONAL

Mr. Haiying Yuan
902, China Resources Building
No. 8 Jianguomen Beidajie
Dongcheng District
Beijing 100005
Tel: (86-10) 85191588
Fax: (86-10) 65181088
Haiying.yuan@edelman.com

COTTON INCORPORATED

Mr. Jiarong Wang
Unit 2309 & 2310, Plaza 66
1266 Nan Jing Road(W),
Shanghai 200040
Tel: (86-21) 62881666
Fax: (86-21) 62883666
Jwang@cottoninc.com

NATIONAL CONFECTIONERS ASSOCIATION

Mr. Michael Reilly
Global Goods and Services Inc.
Suite I, 25th Floor, 720 Pudong Ave.
Pudong, Shanghai China 200120
Tel: (86-21) 50366608
Fax: (86-21) 50366238
Email: mreilly@ggs-inc.com

NATIONAL RENDERERS ASSOCIATION, INC.

Mr. Wang Zheng
2-20 C, Tian Cheng Bldg., 96 Longkouxi Rd.
Tianhe, Guangzhou, 510635
Tel: (86-20) 85268086
Fax: (86-20) 87597710

USA POULTRY & EGG EXPORT COUNCIL

Beijing
Mr. Richard Hu
Room 419, Building A, Heqiao Mansion
No. 8A Guanghua Road, Chaoyang District, Beijing 100026
Tel: (86-10) 65811255
Fax: (86-10) 65812922
bjoffice@usapeec.org.cn

Shanghai
Mr. Carl Shi
1809-1810 Overseas Chinese Mansion
129 Yunnan Road(W), Shanghai 200040
Tel: (86-21) 62492625
Fax: (86-21) 62491653
shoffice@usapeec.org.cn

U.S. DRY PEA AND LENTIL COUNCIL

Ms. Corine Schweiger

TRACTUS

No. 1800 Zhongshan West Road,

22 Floor (A), Shanghai 200235

Tel: (86-21) 64400990 / 64400991 / 64400992

Fax: (86-21) 64403173

Email: corine@tca.sina.net

U.S. DRY FRUIT & NUTS PROGRAM

WUSATA HEALTHY FOOD PROGRAM

Ms. Constance Mo

Constance Mo & Associates

23B Yong Ming Mansion

Xi Zang South Road, Shanghai 200011

Tel: (86-21) 63677408

Fax: (86-21) 63677409

Email: mochina@vip.sina.com

U.S. GRAINS COUNCIL (USGC)

Mr. Todd M. Meyer, Country Director

Room 901, China World Tower 2

No. 1 Jianguomenwai Avenue, Beijing 100004

Tel: (86-10) 65051314

Fax: (86-10) 65050236

grainsbj@grains.org.cn

U.S. MEAT EXPORT FEDERATION

Shanghai Representative Office

Ms. Jina Gao

Room 1010, Central Plaza

No. 227 Huangpi Bei Lu, Huangpu District

Shanghai 200003

Tel: (86-21) 62494640

Fax: (86-21) 62495810

Shanghai@usmef.org

Beijing Consultant

Ms. Xiaofei Li

Room 06A, 6th Floor, Building No.52

Songyu Nanlu, Chaoyang District

Beijing 100021

Tel: (86-10) 87311328

Fax: (86-10) 87311339

lsleebj@eastnet.com.cn

Guangzhou Consultant
Mr. Steve Mo
Room A, 19th Floor, Junhui Building
No. 7 Tiyu Road West, Tianhe District
Guangzhou, 510620, China
Tel: (86-20) 38891812
Fax: (86-20) 38891920
canton@usmef.org

Shenyang Contractor
Ms. Louisa Liu
Room 4-4-2, No.100 Yan He Street
Huanggu District, Shenyang 110036
Tel: (86-24) 86742533
Fax: (86-24) 86745331
shenyang@usmef.org

U.S. NORTHWEST CHERRY GROWERS
Mr. Victor Wang
Room 304, Block 1, Fortuan Carden, 23 Shuiyin St.
Guangzhou, 510075
Tel: (86-20) 87601455
Fax: (86-20) 87611395
unipeace@public.guangzhou.gd.cn

U.S. WHEAT ASSOCIATES (USWA)
Mr. Andy Zhao, Country Director
Room 903, China World Tower 2
No. 1 Jianguomenwai Avenue, Beijing 100004
Tel: (86-10) 65051278
Fax: (86-10) 65055138
infobeijing@uswheat.org

WASHINGTON APPLE COMMISSION
Shanghai
Mr. Yan Li
Rm. 1002, No. 6, 2455 Nong, Xie Tu Road
Xu Hui District, Shanghai 200030
Tel: (86-21) 54244336
Fax: (86-21) 64271514
Liyan1_@163.com

Guangzhou
Mr. Victor Wang
Room 304, Block 1, Fortuan Carden, 23 Shuiyin St.
Guangzhou, 510075
Tel: (86-20) 87601455
Fax: (86-20) 87611395
unipeace@public.guangzhou.gd.cn

Disclaimer: This list is provided for convenient reference and as such does not imply discrimination towards or endorsement of any particular company or individual.