

Daily Livestock Report

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A recent USDA Foreign Agricultural Service (FAS) International Agricultural Trade Report details China as the world's largest agricultural import market and their changing demand profile. The report discusses a myriad of topics related to Chinese agricultural imports which can be accessed through the [FAS website](#). This DLR will focus on Chinese beef and pork trade with discussion on the Phase One Agreement.

China imports most of its beef due to limited beef production in the country. The report states that Chinese "beef and beef product imports have grown exponentially since 2012, with an annual trend of 48 percent, propelling it to surpass the United States and become the largest beef market in 2019 with imports at \$8.4 billion." The three main beef suppliers to China are Brazil, Australia, and Argentina with a combined market share of 67%. The report notes that "Brazil has been shipping record value of beef there [China]". U.S. beef exports regained access to the Chinese market in 2017 following a ban due to Bovine Spongiform Encephalopathy (BSE). Since then, U.S. beef exports have grown but still make up a small portion of China's total beef imports.

China's pork imports have more than tripled this year, largely due to continued ASF cases in their domestic herd causing reduced domestic supplies and elevated pork prices. The report states, "China is the world's largest pork market with imports of \$6.4 billion in 2019." The EU and the U.S. are primary pork suppliers to China with each capturing a market share of 63 percent and 16 percent, respectively, based on trade value. The number three supplier is Brazil which has, "managed to

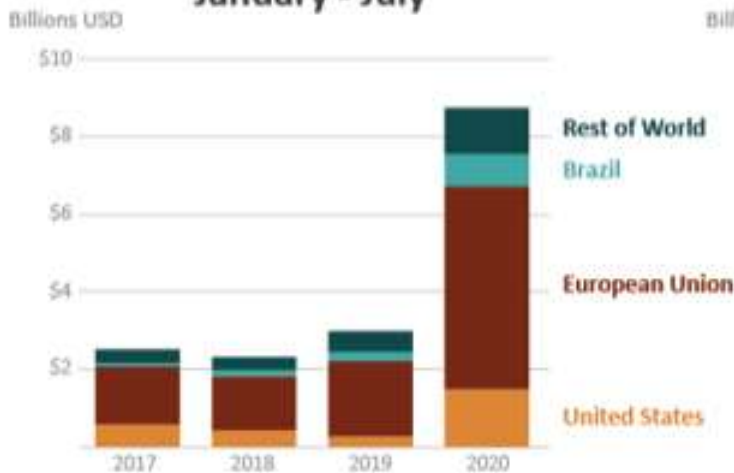
expand its market share from 3 percent in 2017 to 10 percent currently."

The report notes that on January 15, 2020, the U.S.-China Economic and Trade (Phase One) Agreement was signed. Eight days later the Chinese city of Wuhan went into lockdown from the outbreak of COVID-19. Under the Phase One Agreement, China has committed to purchasing \$12.5 billion of additional U.S. agricultural products over 2017 levels. According to the report, "from January-July, U.S. agricultural exports to China were still 16 percent (or \$1.3 billion) below the same period in 2017, largely due to the lagging soybean shipments."

The report concludes "China projects to have one of the fastest economic growth rates in the world, and the country expects to add 189 million middle-class households in the coming decade, which means rising demand for meat, dairy, and other food and beverages." But as the report also notes, "the trade data suggests that the biggest challenge facing U.S. agricultural trade with China thus far in 2020 is strong competition, especially from Brazil." As a result of the current economic conditions, Brazil has a more favorable exchange rate helping make Brazilian product more competitive in the Chinese market.

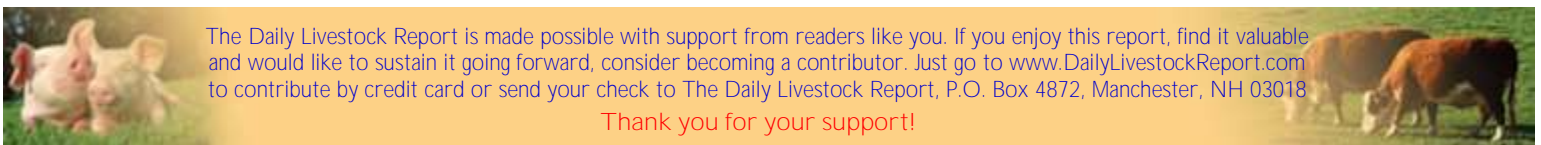
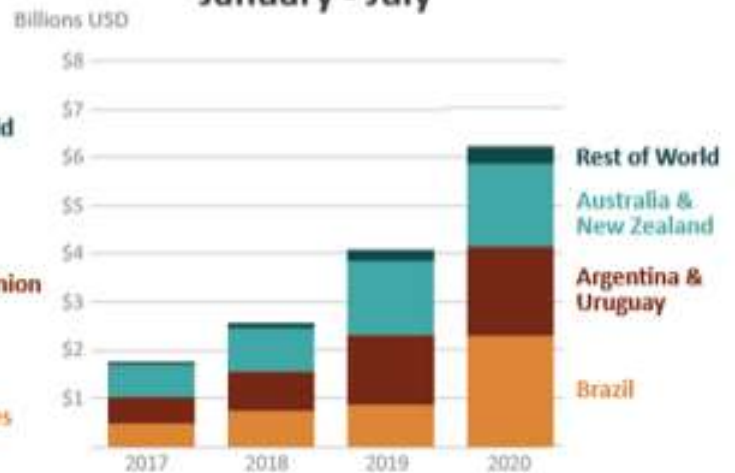
August trade data will be released today by USDA FAS. Weekly beef and pork export data show the aggregate of August and September exports to China are strongly above a year ago. Official monthly trade data will confirm or adjust those numbers.

China's Pork Imports, January - July



Source: Trade Data Monitor

China's Beef Imports, January - July



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