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Report Name: Alfalfa Demand in Northern China - Market Trends Challenges and Outlook

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Prepared By: ATO Beijing

Approved By: Victoria Dokken

Report Highlights:

China’s dairy industry faces persistent pressure from low milk prices and excess production capacity, prompting many farms to substitute imported forage with domestic hay, silage, or straw-based rations. Statistics show that China imported a total of 742,124 MT of alfalfa in the first nine months of 2025, 84 percent of which came from the United States, representing a decline of about 20 percent compared with the same period in 2024. Large-scale dairy operators continue to rely on premium imported alfalfa to support high-yield herds, while increasingly integrating domestic forage production.

Executive Summary

China's dairy industry is facing persistent headwinds in 2025 as high supply of milk and sluggish consumer demand continue to depress milk prices. This unfavorable market environment has weakened dairy producers' purchasing power and led to reduced demand for high-quality imported forages such as alfalfa, timothy hay, and oats. Trade tensions between the United States and China have further constrained forage imports.

In response, many dairy farms, particularly small and medium-sized operators, have turned to lower-cost domestic forages and feed substitutes. Meanwhile, large-scale dairies, including Yili, Mengniu, and Junlebao, continue to rely on premium, imported alfalfa for high-yield herds but are increasingly investing in domestic forage production and overseas sourcing channels.

Overall, China's alfalfa import market in 2025 reflects both short-term market adjustments and longer-term structural changes, with growing self-sufficiency in the northwest and sustained import demand from high-productivity dairy clusters in northern China.

Market Overview: Dairy Sector in China

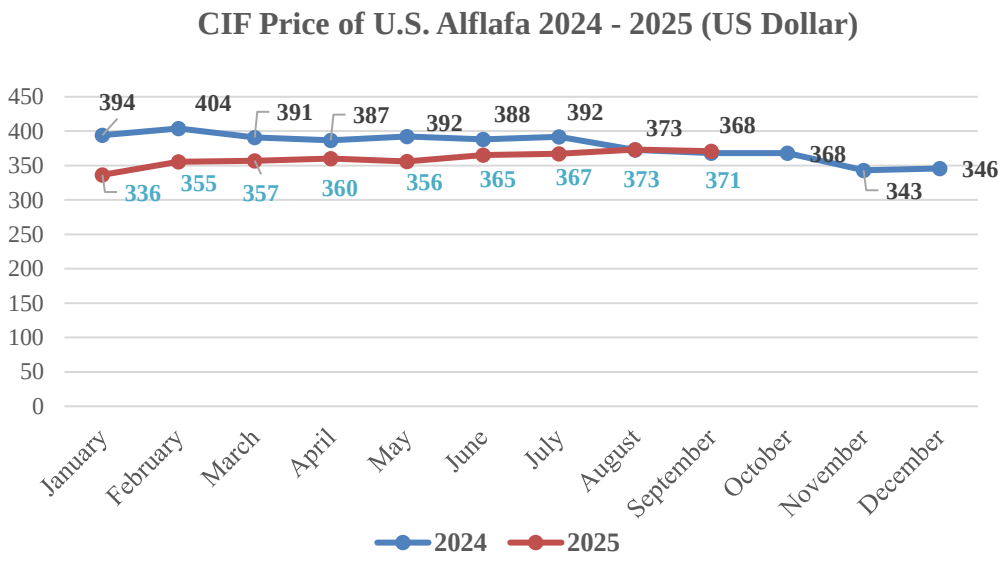
China's raw milk market has remained under pressure since 2023. According to the *Fresh Agricultural Products Supply and Demand Report* published by the Ministry of Agriculture and Rural Affairs (MARA) in July 2025, raw milk purchase prices fell for the 29th consecutive month. In July, average purchase prices in major dairy-producing provinces were about $0.45 per kilogram (3.24 yuan/kg)—a 1.8 percent monthly and 13.8 percent annual decline.

Despite these price pressures, national milk production reached 18.64 million MT (MT) in the first half of 2025, a slight 0.5 percent increase from the previous year. Hebei, Inner Mongolia, and Ningxia together accounted for nearly one-third of the national total with respective milk yield of 2.94, 2.93 and 2.36 million MT, underscoring the dominance of northern China in dairy output.

The northern provinces of Hebei, Inner Mongolia, Ningxia, Heilongjiang and Shandong remain China's key milk-producing regions. However, profitability has declined due to low milk prices and high feed costs. Large-scale producers have managed to sustain efficiency, while small and medium-scale farms face growing financial stress. The latest data shows China's dairy farming industry has become increasingly large-scale, with the proportion of farms housing over 100 cows reaching 78 percent nationwide in 2024—an increase of six percentage points from 2020. This trend continued into the first half of 2025 as major milk-producing regions further concentrated production. The shift toward large-scale operations accelerated after the 2008 melamine incident, when only 19.5 percent of dairy farms were large-scale. Production efficiency has also improved markedly, with the national average milk yield per cow reaching 9.9 tons in 2024 and most large-scale farms exceeding 10 tons. Regionally, Hebei and Inner Mongolia lead in scale and efficiency, with Hebei Province achieving a 100 percent large-scale dairy farming rate.

Alfalfa Trade and Price Dynamics

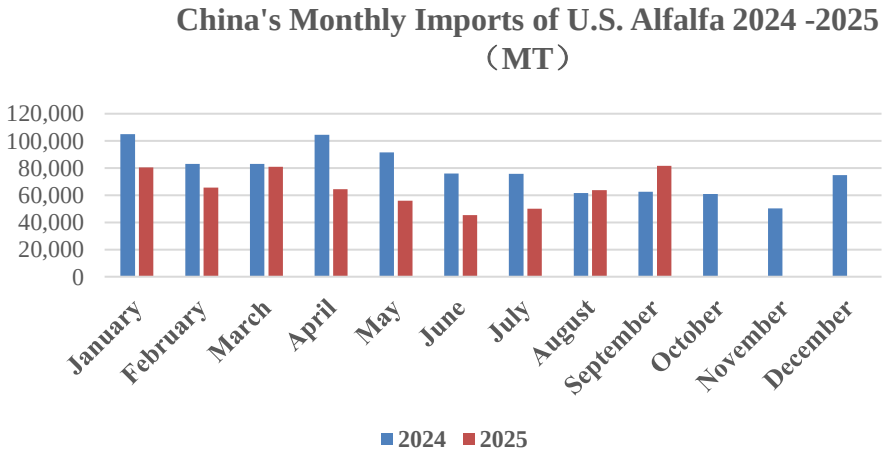
As of September 2025, China imported 588,290 MT of U.S. alfalfa, down 20.9 percent from the same period in 2024. Monthly imports fluctuated between 45,446 MT in June and 81,573 MT in September, with prices rising gradually from $336 per MT in January to $371 per MT in September, suggesting a tentative recovery driven by restocking ahead of winter.



Source: GACC Statistics

The United States remains China's dominant supplier, accounting for about 84 percent of total alfalfa imports in the first nine months of 2025. However, total alfalfa exports to China dropped 20 percent in volume and 30 percent in value, while China's oat hay imports slightly increased, indicating diversification in feed sourcing. China's imports of U.S. alfalfa dropped in 2025 compared with 2024, reflecting weak dairy demand and increasing domestic production. Imports were strong in early 2024, peaking in April at over 100,000 MT, but declined steadily thereafter. By 2025, import volumes fell sharply, hitting the lowest point in July before a modest rebound in September.

China also imported forage products from 12 other countries, with the major suppliers being Australia and Spain. Australia is the sole exporter of oat grass to China, totaling 161,204 MT in the first nine



Source: GACC Statistics

months of 2025, slightly up from 160,270 MT during the same period in 2024. Spain exported 64,530 MT of alfalfa to China in the first nine months of 2025, down from 84,726 MT in the same period of 2024. The remaining countries together accounted for less than 10 percent of China's total forage imports.

From 2020 to 2022, both volume and price rose sharply, driven by strong dairy expansion and limited domestic forage supply. Since 2023, however, import volumes have declined more than 35 percent, reflecting weaker market fundamentals. The average CIF price of imported U.S. alfalfa fell from $541/MT in 2022 to $359/MT in 2025, marking a return to pre-pandemic price levels. While prices show early signs of stabilization, total volumes remain significantly below the 2021–2022 peaks.

China's Imports and CIF Price (2020 - 2025)

	2020	2021	2022	2023	2024	2024	2025
Total Import (MT)	**1,185,351**	**1,433,911**	**1,401,520**	**897,906**	**929,480**	**743,375**	**588,289**
CIF Price (USD)	**368.54**	**395.46**	**541.28**	**514.1**	**381.4**	**388.68**	**359.48**

Source: GACC Statistics

Domestic Alfalfa Production in Northern China

Policies promoting forage self-sufficiency, as part of broader efforts under MARA's feed self-sufficiency initiative, along with subsidies for seed production, dehydration facilities, and land use and acquisition, have strengthened domestic alfalfa production and supply. These measures have also encouraged investment in large-scale commercial operations across major producing regions. In addition, the National Forestry and Grassland Administration (NFGA) announced a new plan to further expand domestic grass production for animal feed. The plan aligns with MARA's broader initiative to increase high-quality forage output and reduce the use of grain and soybean meals in feed formulations. Despite these efforts, imports of U.S. alfalfa—currently exempted from retaliatory tariffs but subject to strict inspection -remain essential for high-yield dairy herds.

According to the National Bureau of Statistics of China (NBSC), as of 2025 the country's total alfalfa planting area exceeded 2 million hectares, with output surpassing 10 million MT, making China one of the world's largest alfalfa producers. Within this total, approximately 6 million mu (about 400,000 hectares) are devoted to commercial alfalfa cultivation, producing around 3.7 million MT of marketable hay. This expanding commercial segment reflects growing industrialization in China's forage sector and supports the country's efforts to reduce dependence on imported hay.

Key alfalfa production bases are concentrated in northern arid and semi-arid provinces and autonomous regions, including Gansu, Inner Mongolia, Ningxia, Shaanxi, and Xinjiang. Among them, Inner Mongolia, Gansu, and Xinjiang are the top three producers of alfalfa hay in China with large areas for commercial operations. It is reported that those regions produce over 80 percent of China's commercial alfalfa hay.

- **Gansu Province** – The largest commercial production base, supplying major dairy regions in Hebei, Shandong, and Henan. The Hexi Corridor (Wuwei–Zhangye–Jiuquan) is the heart of alfalfa cultivation.

- **Inner Mongolia** – Dual role as producer and consumer; home to large-scale mechanized farms supplying Yili and Mengniu.
- **Ningxia** – Well-developed irrigation and processing facilities, exporting hay to nearby dairy provinces.
- **Xinjiang** – Expanding production supported by low land costs and improved logistics via rail.

Demand Patterns for Imported Alfalfa in Northern China

According to the 2025 China Dairy Data Report, the top ten milk-producing provinces are all located in northern, northeastern, and northwestern China. Among these, the northern region, including Inner Mongolia, Hebei, Shandong, and Henan, accounts for more than 40 percent of the country's total milk production.

Top 10 Milk Producing Provinces in 2024 （Million MT)

Province	Milk Production
Inner Mongolia	7.79
Hebei	5.63
Ningxia	4.57
Heilongjiang	4.44
Shandong	3.14
Henan	2.31
Xinjiang	2.19
Shanxi	1.46
Shaanxi	1.39
Liaoning	1.31

Source:2025 China Dairy Data Report

It is not a coincidence that, among China's top ten provinces by dairy cow inventory in 2024, eight are in the northern, northeastern, and northwestern regions. Inner Mongolia, Hebei, and Xinjiang rank as the top three provinces or autonomous regions with the largest dairy cow populations.

Top 10 provinces by dairy cow inventory in 2024

Province	Number of Cow
Inner Mongolia	1,631,000
Hebei	1,456,000
Xinjiang	1,250,000
Tibet	1,200,000
Ningxia	885,000
Heilongjiang	878,000
Sichuan	700,000
Shandong	659,000
Gansu	421,000
Henan	374,000

Source: 2025 China Dairy Data Report

The strongest demand for imported alfalfa comes from northern and northeastern China, where dairy herds are concentrated and land available for forage cultivation is limited. Key provinces and municipalities include Inner Mongolia, Hebei, Shandong, Henan, Tianjin, and Beijing. Statistics show that the total dairy cow inventory in these regions reached 4.27 million head, accounting for approximately 40 percent of the national total.

Hebei, with its dense dairy cluster spanning Shijiazhuang, Baoding, and Cangzhou, remains a leading importer of U.S. alfalfa to meet strong local demand. In Shandong, large-scale dairy farms concentrated in Binzhou, Jinan, and Linyi also drive steady consumption of high-quality forage. Henan's growing central dairy industry relies on imported alfalfa to supplement domestic supply shortages. The Beijing–Tianjin region, though smaller in scale, maintains a stable market for high-quality dairy and equine feed. In contrast, regions such as Inner Mongolia and Ningxia primarily produce alfalfa for local use, with only Gansu and Inner Mongolia supplying a notable portion of commercial alfalfa to broader markets.

Domestic Substitution and Cost Sensitivity

With current low milk prices, affordability has become a major consideration for dairy farms. Many producers are substituting imported forage with domestically sourced hay, silage corn, or straw-based rations to reduce costs. Only large-scale operators continue to rely consistently on imported alfalfa, primarily for high-yielding lactating cows. In Inner Mongolia, major dairy enterprises such as Yili and Mengniu maintain their operations with a combination of self-produced, domestic, and imported premium alfalfa. Hebei follows a similar approach, led by its largest dairy company, Junlebao, which also blends domestic and imported forage to support large-scale production.

According to industry reports, China's top five dairy companies—including Yourang Dairy and Youyuan Dairy under the Yili Group, Modern Dairy and Shengmu Dairy under the Mengniu Group, and Hebei Leyuan Dairy under the Junlebao Group—operate 224 large-scale modern dairy farms housing 1.54 million dairy cows, producing 9.2 million MT of milk annually. These large operations are the primary users of high-quality alfalfa hay, with most of their farms concentrated in northern and northeastern regions.

Meanwhile, the improving quality and logistics efficiency of domestic alfalfa are narrowing the gap with imported products. In northern China, the establishment of new dehydration and baling facilities has enhanced supply stability and boosted the competitiveness of local forage in meeting dairy sector demand.

Industry Implications and Outlook

The market downturn is accelerating consolidation. Small U.S. exporters and independent Chinese importers face growing challenges as major dairy companies increasingly secure direct contracts with large suppliers abroad. Smaller players must diversify into niche markets (e.g., equine feed, pet hay) or align with cooperative purchasing platforms.

- **Rising self-sufficiency**: Domestic alfalfa acreage continues to expand in Gansu, Ningxia, and Xinjiang.

- **Diversification of forage imports**: Growing interest in oat hay and timothy hay as complementary feeds.
- **Sustainability and quality**: Large dairy enterprises are emphasizing traceability and consistent quality, favoring integrated supply models.
- **Logistics optimization**: Tianjin Port has become the largest entry point for imported alfalfa, serving Hebei, Henan, and Shandong efficiently.

Despite recent declines, imported alfalfa will remain essential for high-performance dairy operations in northern China. As milk prices stabilize and consumption recovers gradually, demand is expected to rebound modestly. Long-term growth will depend on improvement in dairy profitability, stabilization of U.S.–China trade relation and continued modernization of forage production and logistics

Conclusion

China's dairy sector is undergoing structural transformation. Excess production capacity and weak demand have suppressed milk prices and reshaped the feed market, driving short-term reductions in alfalfa imports. However, long-term fundamentals such as rising per capita dairy consumption, industrial consolidation, and the pursuit of high-quality milk will sustain demand for premium forages. While domestic production capacity is improving, imported U.S. alfalfa remains a vital input for large dairy clusters in northern China. The market's future lies in efficiency, integration, and strategic partnerships between Chinese dairy firms and U.S. forage exporters.

For interested exporters, The China Dairy Exhibition is one of the most important annual trade shows organized by the Dairy Association of China (DAC) in the country, attracting all major dairy farms and companies. The event also hosts the annual dairy conference, making it a key platform for showcasing U.S. alfalfa products and connecting with potential clients. The Agricultural Trade Office at the U.S. Embassy in Beijing (ATO Beijing) is an overseas office of the U.S. Department of Agriculture's Foreign Agricultural Service. ATO Beijing maintains close collaboration with DAC and strong relationships with major dairy companies, positioning it to assist the U.S. forage industry in exploring and expanding its market presence in China.

Contact Information

For more information, please contact ATO Beijing:
USDA Agricultural Trade Office in Beijing
U.S. Embassy, Beijing, No. 55 An Jia Lou Road
Chaoyang District, Beijing
China, 100600
Tel.: 86-10-8531-3950
Fax: 86-10-8531-3974
Email: atobeijing@usda.gov

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