United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** December 09, 2025

Report Number: CH2025-0234

Report Name: Inside Pre-Prepared Food Surge in China and What It Means for American Exporters

Country: China - People's Republic of

Post: Beijing ATO

Report Category: Food Processing Ingredients, Livestock and Products, Poultry and Products

Prepared By: ATO Beijing

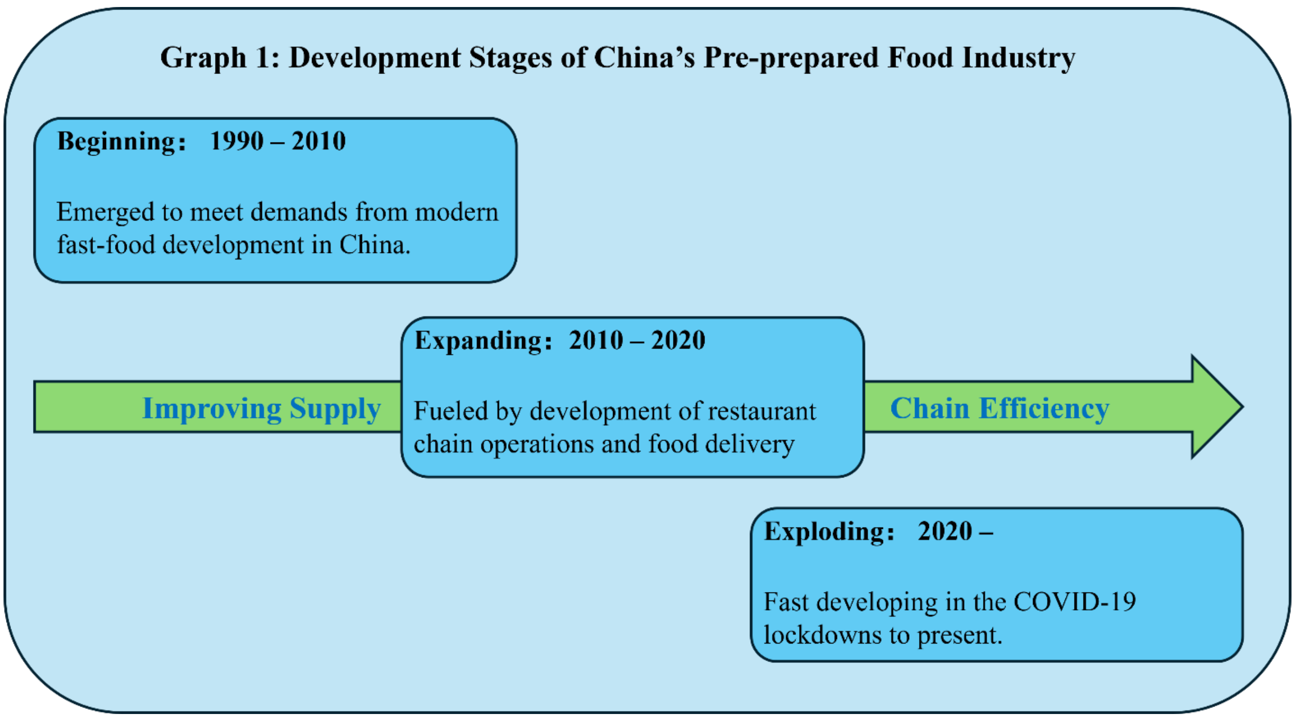
Approved By: Jadon Marianetti

Report Highlights:

China's pre-prepared food industry has evolved from a fast-food oriented, niche supply chain, into a logistical powerhouse that connects agriculture, processing, and retail. China's centrally located Shandong and Henan provinces have emerged as the most dynamic areas for food processing, with strong agricultural bases, modern industrial parks, and supportive government policies. The recent "Xibei Incident" has shaken consumer confidence in restaurant use of pre-prepared foods, accelerating a structural shift including focus on direct-to-consumer channels. As dining habits and perceptions change, opportunities are growing for high-quality imported ingredients, particularly meats and seafood, to expand their presence in China's pre-prepared food sector.

I. Overview of China's Pre-prepared Food Industry

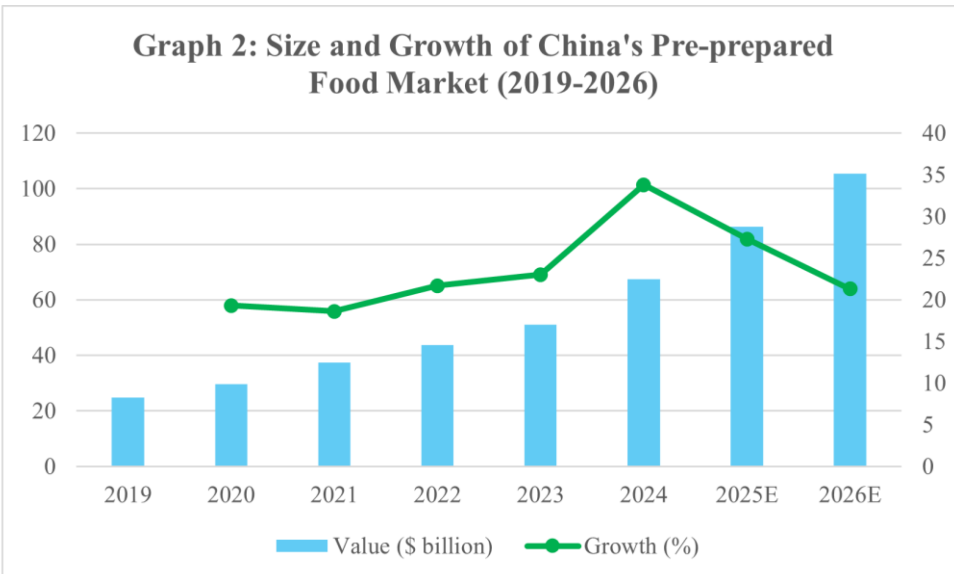
China's pre-prepared food industry began in the 1990s, initially developing with the rise of vegetable processing and distribution factories that supplied the new McDonald's and KFC outlets. After 2010, with the expansion of restaurant chain operations and food delivery businesses, the pre-prepared food sector entered a period of accelerated growth. During the COVID-19 lockdowns in 2020, home quarantine policies triggered explosive demand for pre-prepared foods, propelling the industry into another, unique, phase of robust expansion. In essence, the development of the pre-prepared food industry in China represents a process of "improving supply chain efficiency." as shown in Graph 1.



Source: ATO Beijing

Previously, China's food sectors – including agriculture, animal husbandry, retail, food service, food processing, and logistics – developed in a relatively fragmented manner, with limited collaboration across industries. The pre-prepared food strategy, however, brought these sectors under a unified framework, fostering a deeper understanding of the industry's structure, cooperative models, and growth potential.

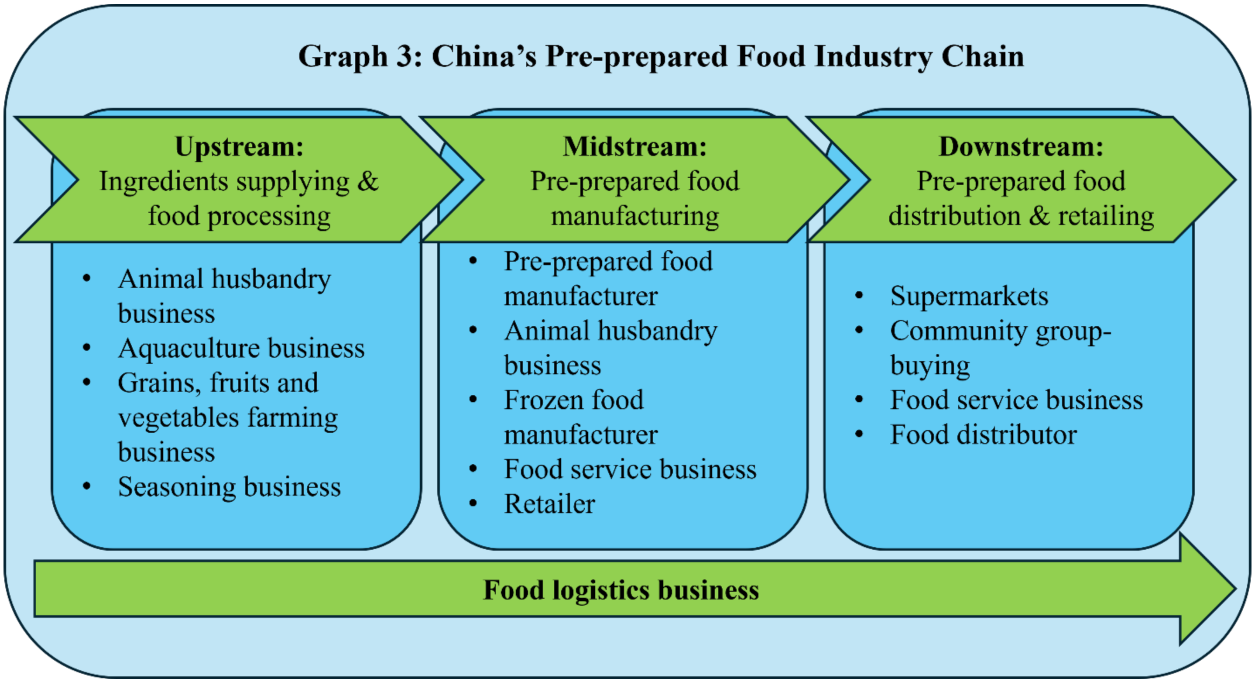
Since 2021, China's pre-prepared food industry has maintained an annual growth rate of over 20 percent, reaching 33.8 percent in 2023, as shown in Graph 2. The surge in 2023 was driven not only by growing demand from the food service and retail sectors but also by strong government support. That year, the central government incorporated the pre-prepared food industry into its strategic priorities for building a “modern food industry system,” encouraging integrated development across agriculture, cold-chain logistics, and the catering sectors. Following this national direction, several provinces, including Guangdong, Shandong, Henan, and Sichuan, introduced their own development plans and supportive policies for the pre-prepared food industry. Local governments subsequently implemented these strategies by establishing pre-prepared food industrial parks as well as providing tax incentives, preferential land use policies, and financial support, all of which collectively attracted significant investment. These developments made 2023 a milestone year for the industry’s expansion.



Source：Development Blue Book of China’s Pre-prepared Food Industry 2024-2025, iiMedia Research

Despite China’s sluggish macroeconomic performance and weakened consumer spending, the pre-prepared food sector is expected to maintain steady growth in 2025 and 2026. This resilience stems from the industry’s position within the broader food sector, a counter-cyclical industry characterized by rigid demand that remains stable amid economic fluctuations. Furthermore, continued chain restaurant expansion and the rising popularity of convenient home cooking continues to fuel demand. As a result, even under economic headwinds, the pre-prepared food industry remains one of China’s most dynamic sectors, supported by favorable policies, capital investment, and technological innovation.

As the market continued to expand, enterprises proactively broadened their business scope and sought wider partnerships across related fields. At the same time, governments at all levels introduced supportive policies, initiatives, and funding to integrate more companies into the industry. Consequently, cross-sector collaboration has become more diverse, coordinated, and efficient, driving the ongoing improvement and expansion of the entire industry.



Source: ATO Beijing

Development of the Pre-prepared Food Industry in Northern China

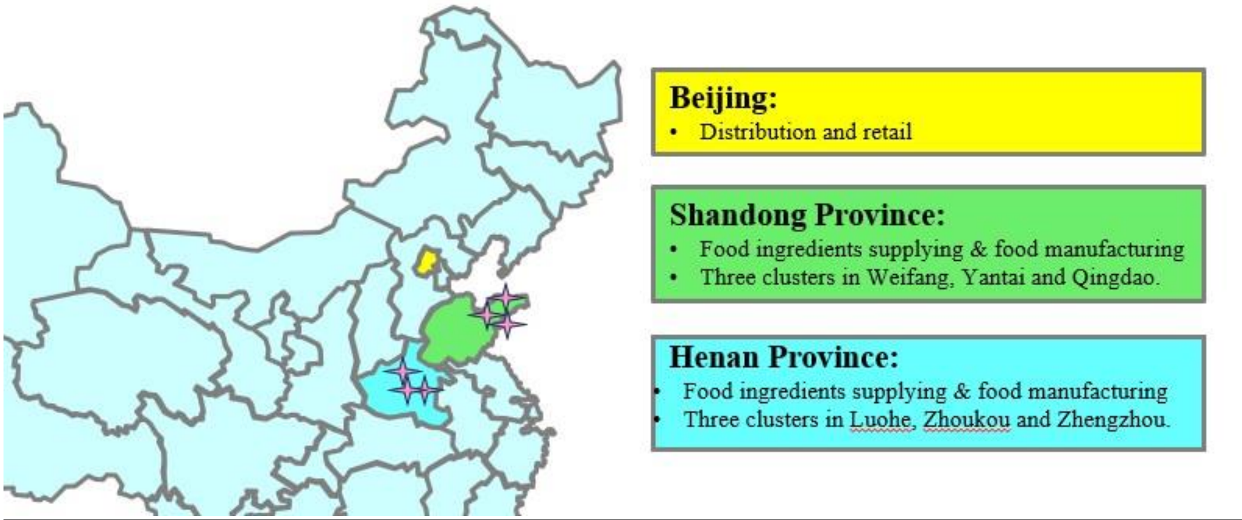
China's pre-prepared food industry is mainly concentrated in three regions: Northern China, the Yangtze River Delta, and the Pearl River Delta. Leveraging their strong agricultural and food processing foundations, Shandong and Henan have become the two most advanced provinces in Northern China for these industries.

Shandong Province

With its solid agricultural base, advanced food processing industry, and well-established cold-chain logistics system, Shandong has developed to be the largest and most mature province in China's pre-prepared food sector. The cities of Weifang, Yantai, and Qingdao form the industrial core belt.

Government investment in industrial parks which streamline the entire processing chain into one area may bring multiple advantages. Their proximity to major production areas for grains, vegetables, meat, and seafood reduces time and transportation costs; government incentives, such as tax breaks and preferential land-use policies, lower corporate operating expenses; additionally, the clustering of businesses along the value chain, including food processing, manufacturing, packaging, technical consulting, and logistics services, enhances efficiency and significantly reduces production costs. These combined factors are expected to continue driving the industry's expansion and sustainable growth.

Graph 4: Pre-prepared Food Industries in Northern China



Source： ATO Beijing

Henan Province

Benefiting from abundant agricultural resources and a superior transportation and logistics network, Henan has become the core region of central China's pre-prepared food industry. The province leads the nation in the production of grains, oils, meat, poultry, and vegetables, providing a stable raw material base for processing. The province aims to form an industrial cluster worth RMB 100 billion, or $14 billion, by 2026, focusing on raw material production bases, expanding cold-chain logistics, and strengthening food safety and traceability systems.

Over the course of development, Northern China's Shandong, Henan, and Beijing have cultivated a number of leading pre-prepared food enterprises. Shandong and Henan excel in farming and manufacturing, while Beijing, serving as the region's consumption and distribution hub, leads in marketing and retailing. Table 1 lists leading companies in Northern China's pre-prepared food sector.

Table 1: Pre-prepared Food Entities in North China

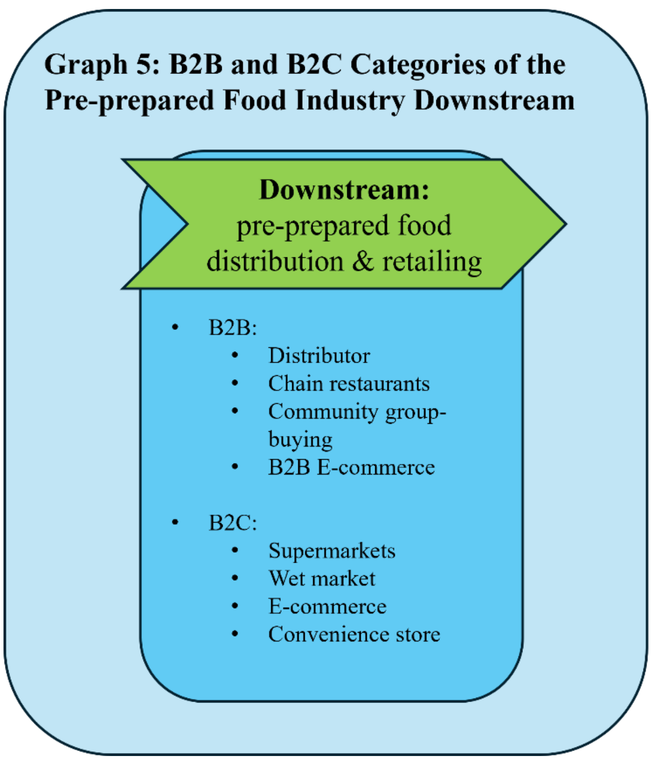
Business Category	Company	Province	Business
Food ingredients suppliers and food manufacturing	Hao Dang Jia	Shandong	Seafood manufacturing
	Long Da	Shandong	Swine farming and food manufacturing
	Lihoo's	Shandong	Seasoning
	Xian Tan	Shandong	White feather broiler
	Shuang Hui	Henan	One of the leading swine businesses in the world
Food manufacturing	Hifirst	Shandong	Quick frozen food
	Qian Wei Yang Chu	Henan	Pre-prepared food manufacturing for food service businesses
	San Quan	Henan	Quick frozen food
Food ingredients distribution and retailing	Guo Quan Shi Hui	Henan	Pre-prepared hot-pot ingredients retailer
	Hai Di Lao	Beijing	Hot-pot food service
	Mei Cai Wang	Beijing	To B food ingredients supplier
	Xiao Xiang Supermarket	Beijing	Retailer of Meituan.com

Source: ATO Beijing

II. Recent “Scandals” Impact China’s Pre-prepared Food Industry

The "Xibei Incident" in September 2025 marked a turning point for China’s pre-prepared food sector, sparking widespread consumer backlash against undisclosed use of pre-prepared dishes in restaurants. Xibei Restaurant Group, a prominent mid-to-high-end dining chain known for its “freshly made” philosophy, was exposed for using pre-prepared foods, essentially false marketing. This revelation led to a sharp decline in customer traffic and sales, forcing Xibei to implement self-rescue measures, such as price reductions, discount coupons, and shifting some dishes back to in-store preparation. Despite these efforts, public skepticism toward pre-prepared foods in restaurants persists, with many chains distancing themselves from such practices.

Figure 1: A public promise in a restaurant: We say NO to pre-prepared dishes.


Graph 5: B2B and B2C Categories of the Pre-prepared Food Industry Downstream

Source: ATO Beijing

The incident has reshaped the balance between business-to-business (B2B) and business-to-consumer (B2C) channels in the pre-prepared food industry. While B2B sales, which account for 70 percent of the market, have suffered credibility issues, B2C sales—driven by retail platforms, supermarkets, and e-commerce—are expected to grow as consumers increasingly enjoy home cooking. The primary B2C consumers are young, middle-income urban residents, especially women in first- and second-tier cities, who have limited time and rely heavily on food delivery.

Resistance to pre-prepared foods stems from misleading labeling and elevated restaurant prices, rather than the concept itself, creating opportunities for transparent and high-quality pre-prepared products in the B2C segment. This shift positions B2C sales as the primary growth driver for the industry moving forward.

III. Opportunities for Imported Ingredients in Manufacturing Pre-prepared Food

The rapid growth of China's pre-prepared food industry presents significant opportunities for expanding the use of imported ingredients. Three main factors drive this trend:

1. Domestic shortages. China faces insufficient supply of certain ingredients, such as chicken paws and beef tripe, which are heavily demanded in restaurants and snack markets. Imports are essential to meet this demand.
2. Cost-effectiveness. Even when domestic alternatives exist, imported products can be more price competitive. For instance, U.S. pork by-products often offer better value, particularly in coastal provinces like Shandong, where lower transportation costs enhance competitiveness.
3. Premium positioning. Some companies prefer imported ingredients, such as high-end beef and salmon, to elevate product quality and justify premium pricing. These products often target affluent consumers or are used in holiday gift boxes and festival meal kit.

Figure 2: Famous Cantonese cuisine: Tiger Skin Chicken Feet

Figure 3: Beef Tripe for Chinese cuisine

Table 2: Use of Imported Ingredients in China's Pre-prepared Food Industry

Purpose	Product	Application
Premium Products	Beef	Online retail ready-to-cook items, festive gift sets
	Pork	Online retail ready-to-eat products (e.g., bacon, sausages)
	Seafood (e.g., salmon, cod, crab)	Online retail ready-to-cook products
Better Cost-Performance	Pork by-products	Cooked meat and deli products
Insufficient Domestic Supply	Chicken paw	Cantonese cuisine like Tiger Skin Chicken Paw and snack foods e.g., pickled chicken feet
	Beef tripe	Hotpot ingredients

Source: ATO Beijing

Figure 4, 5 and 6: Applications of imported food ingredients: beef holiday meal kit, bacon, and ready to eat salmon

IV. Conclusion

Amid China's broader economic slowdown, the pre-prepared food industry stands out as a rare bright spot. Given China's vast consumer market, demand for imported ingredients continues to exist, particularly for products that offer better cost performance than domestic alternatives.

However, despite the ongoing growth of China's pre-prepared food industry, the present moment does present some challenges for U.S. products to enter the market. First, the Chinese Government's retaliation on U.S. agriculture products with heightened tariffs have eroded the price competitiveness of U.S. products and included heightened sanitary and phytosanitary inspections of U.S. products at Chinese ports. Examples include the suspension of U.S. beef export facility renewals which have mostly shut down U.S. beef exports to China, and stricter testing for drug residues in U.S. animal protein products like on poultry and poultry products for the few remaining states eligible to ship product to China due to the Chinese Government's refusal to lift high path avian influenza related restrictions on the majority of U.S. states.

Second, domestic supplies of animal proteins in China remain relatively abundant, leading to weaker demand for imported raw materials. Pork supply is currently at the peak of the production cycle, and low pork prices have undermined the price advantage of imported products. Poultry production is also in an expansion phase, with output in the first three quarters of 2025 increasing by more than 7 percent year-on-year, reducing reliance on imports.

Finally, the fallout from the Xibei incident has pushed the industry into a cooling-off period. Companies are reassessing their strategies and awaiting potential regulatory guidance from the government before moving forward with new initiatives.

Nevertheless, opportunities still exist for cost-competitive U.S. products, such as pork offal, chicken paws, and beef offal product that are in short supply domestically, some seafood products, and a limited volume of high-end beef. Especially if the Chinese Government reverses its retaliatory measures targeting some of those products.

U.S. ingredient suppliers seeking to better understand China's pre-prepared food industry and identify potential business opportunities may also consider attending key trade shows in China such as:

- Food and Drink Fair – Chengdu, Sichuan Province, March 26 to 28, 2026
- Liangzhilong China Food Trade Fair (CFTF) – Wuhan, Hubei Province, March 26 to 28, The show has emerged as a leading exhibition focused on food ingredients and is considered a must-attend event for ingredient suppliers exploring the Chinese market.
- Anuga Select China – Shenzhen, April 27 to 27, 2026
- Salon International de L'alimentation (SIAL) - Shanghai, May 18 to 20, 2026

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

Attachments:

No Attachments.