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Report Category: Food Processing Ingredients

Prepared By: ATO Shanghai Staff

Approved By: Hidemaru Shibata

Report Highlights:

In 2023, the United States remained the fourth largest exporter of consumer-oriented products to China, with demand for U.S. food processing ingredients, such as tree nuts, dried peas, dried fruit, ginseng, hops, and surimi, experiencing significant growth. Consumers' growing appetite for healthier and premium food will continue to encourage the expansion and development of China's domestic food processing industry. Demand for convenient pre-cooked foods is also increasing with sales channels diversifying due to shifts in consumer habits and consumption patterns.

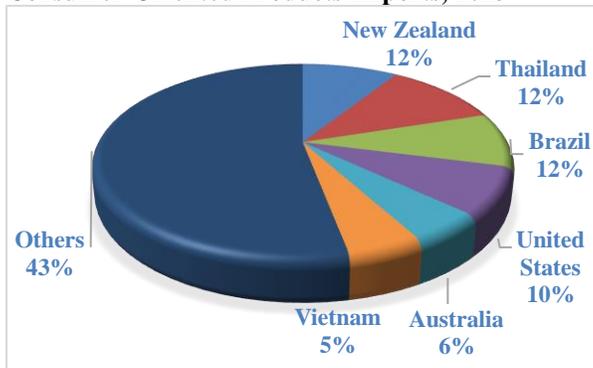
Executive Summary

China's gross domestic product in 2023 reached \$17.52 trillion (126.06 trillion yuan), showing an increase of 5.2 percent growth year-on-year, according to the National Bureau of Statistics (NBS). U.S. agricultural and related exports to China totaled \$31.6 billion in 2023, down 23 percent from \$40.8 billion in 2022, but China remained as one of the top markets for U.S. agricultural exports.

Imports of Consumer-Oriented Products

China's consumer-oriented product imports from the world in 2023 were nearly \$106.4 billion. In the same year, the United States was the fourth largest exporter of consumer-oriented products (including aquatic products) to China, at \$8.8 billion – a decrease of 6.4 percent from the previous year.

Consumer-Oriented Products Imports, 2023



Source: Trade Data Monitor, LLC

Food Processing Industry

China's food processing industry showed steady growth. In 2023, China's food production grew by 2.9 percent in value over the previous year. This was 1.9 percent higher than average industrial growth. In the next few years, China is expected to continue importing increasing volumes of food ingredients.

Food Retail Industry

COVID-19 fueled the expansion of online shopping in China with live-streaming and instant retail increasingly gaining popularity. Live-streaming shopping in 2023 exceeded \$514 billion, a 19 percent increase from 2022 and accounted for 17 percent of total e-commerce retail. China's food delivery market is also growing, reaching \$208 billion in 2023 and doubling in size over the last three years.

Food Service Industry

China's food service industry witnessed a robust recovery in 2023, especially the catering industry, with total revenues at nearly \$743 billion. Among the 15.73 million catering enterprises across China, more than 4.1 million were newly registered in 2023. In addition, a rapidly

increasing market for prepared food is driving food service market growth in China.

Quick Facts

2023 Imports of Consumer-Oriented Products

\$106.4 billion

Top 10 Imports of Consumer-Oriented Products

- | | |
|-------------------------|--|
| 1) Aquatic Products | 2) Beef & Beef Products |
| 3) Dairy Products | 4) Fresh Fruit |
| 5) Pork & Pork Products | 6) Soup & Other Food Preparations |
| 7) Processed Vegetables | 8) Poultry and Poultry products (ex. Eggs) |
| 9) Meat Products | 10) Tree Nuts |

NESOI*

*NESOI- not elsewhere specified or indicated. Includes offal, sausage products, etc.

Retail Industry Gross Sales

Total retail sales: \$6.55 trillion

Online sales: \$2.2 trillion (increased by 27.6 percent year-on-year)

Top 10 China Retailers (based on sales)

Wal-Mart; Yonghui; RT-Mart; CR-Vanguard; Wu-Mart; Hema Fresh; Jianhua; Jiayiyue; Zhongbai; Century Hualian

GDP/Population (2023)

Population: 1.409 billion

GDP (current \$): \$17.52 trillion

GDP per capita (current \$): \$12,621.72

Per capita food, tobacco, and liquor expenditure:

\$1,140 (7,983 yuan)

Sources: Trade Data Monitor, LLC, National Bureau of Statistics of China, and CCFA

SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> U.S. food ingredients are perceived as high-quality, safe, and offer a wide selection. 	<ul style="list-style-type: none"> Continued retaliatory tariffs on U.S. exports. China's full economic recovery is slower than expected after the pandemic.
Opportunities	Threats
<ul style="list-style-type: none"> Increasing health awareness and online purchasing, rebounding catering industry. The U.S.-China Phase One Trade Agreement expanded market access. 	<ul style="list-style-type: none"> Consumers increasingly trust domestic food production, processing, and safety. Perception of improved but uncertain U.S.-China bilateral relationship.

SECTION I. MARKET OVERVIEW

According to the People’s Republic of China (PRC) NBS, GDP growth in 2023 was 5.2 percent reaching \$17.5 trillion (126.06 trillion yuan), and per recent high-level meetings, the country is targeting 5 percent growth in 2024. Although the economy is rebounding from the COVID-19 pandemic, there remain some headwinds that challenge growth prospects. Still, imports of food ingredients are continuing to grow.

As the largest food importing country, China’s total food import value reached over \$140 billion in 2023. The food processing industry in China demonstrated its resilience after the three-year COVID-19 pandemic. As of 2023, China provided increased market access for imports of agricultural and food products from over 51 countries and regions, which demonstrated China’s continuing efforts to diversify its supply of food processing ingredients. However, the United States remains as one of the top exporters to China by value, accounting for 8.4 percent of China's total consumer-oriented goods imports in 2023.

Advantages and Challenges of Exporting Agricultural and Food Products to China

Advantages	Challenges
U.S. food and agricultural products are perceived as high-quality ingredients. A robust presence of U.S. food companies and Agricultural Trade Offices (ATOs) reinforce the reputation of U.S. products as safe and healthy.	China’s retail sales are recovering but at a slower-than-expected pace after the COVID-19 pandemic.
The U.S.-China Phase One Trade Agreement expanded market access and improved competitiveness for some U.S. exports.	Import requirements for food and agricultural products sometimes lack transparency, scientific justification, and consistent enforcement.
China’s total population declined in 2023, but the urbanization rate continued to grow to 66.1 percent, and resident per capita disposable income increased by 6.3 percent. A growing middle class creates a growing demand for consumption of imported food and agricultural ingredients.	Retaliatory tariffs against U.S. products are still in place, while 29 countries and regions have 22 free trade agreements with China.
Trade shows with USA Pavilions and educational seminars bridge the gap for importers unfamiliar with U.S. food and agricultural products.	A perception of an improved but uncertain bilateral relationship between the United States and China.

Consumers’ demand and purchasing behaviors have become increasingly diversified and more lifestyle-focused (e.g., eating healthier and enjoying at home meals), and a range of food sectors have either emerged or gained in popularity, including semi-prepared foods, plant-based foods/beverages, as well as light meals. Based on these trends, China’s food processing industry is continuing its adjustment to fulfill consumers’ demands by improving the quality and nutritional content of foods, introducing new food products, and shifting to more sophisticated processing methods.

China's diverse food industry continues to provide opportunities for automation and use of robotics, mainly due to the rise in labor costs over the past decade. Production facilities are increasingly adopting automation to their manufacturing as well as warehousing operations.

SECTION II. ROADMAP FOR MARKET ENTRY

Entry Strategy

Potential exporters may find the below entry strategy useful to enter the Chinese market, which is vast, fast-paced, and unique, with complex regulation and distinct market conditions.

1. **Attend trade shows in China** to gain market information, gauge interest in your product(s), observe competitors, and meet potential partners. Depending on the product, we recommend several exhibitions such as: Food Ingredients China, Food & Hotel China, SIAL China, Bakery China (Shanghai), China Bakery Exhibition (Guangzhou), China Fisheries & Seafood Expo, China International Meat Industry Week, and China Food & Drinks Expo (also known as Tang Jiu Hui). Other noteworthy shows can be found in the GAIN report [2024 China Based Trade Shows](#).
2. **Participate in State Regional Trade Group (SRTG) activities**, such as trade missions to China. Trade missions typically include site tours of processing facilities, one-on-one meetings with importers, exhibiting under a unified USA pavilion at trade shows, and attending exporter training and educational events.
3. **Work with state departments of agriculture and state trade promotion offices** and participate in their trade missions and activities like those organized by the SRTGs.

Import Procedures

U.S. exporters should visit FAS' Global Agricultural Information Network ([GAIN](#)) system for the latest reports from FAS staff on-the-ground around the world. Exporters may find the following FAS GAIN reports particularly useful:

- The [Exporter Guide](#) provides readers with market access information, entry strategies, import procedures, and market trends.
- The [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report](#) provides comprehensive information on product-specific regulations and standards and includes product testing, labeling, packaging, and production facility registration requirements.
- The [FAIRS Certificate report](#) offers a brief outline of the import certificates and other documents needed to import U.S. products into China.

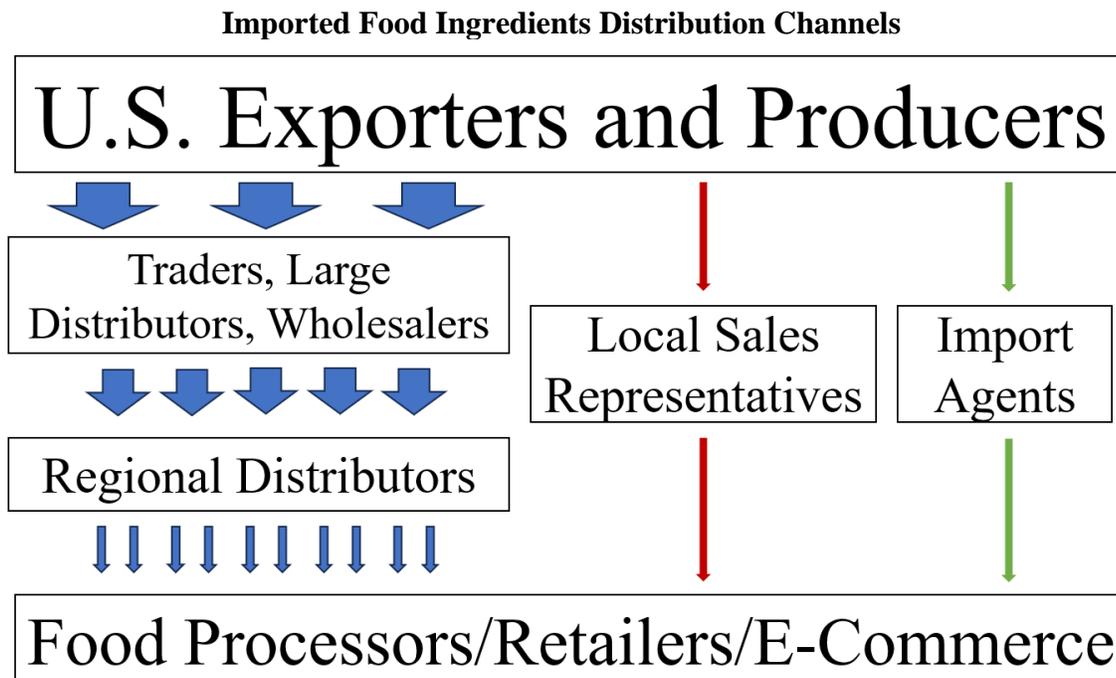
Facility Registration

Exporters should ensure that their facilities producing products for export to China comply with the various facility registration requirements under the purview of China's General Administration of Customs (GACC). U.S. exporters should follow procedures for exporting to China as outlined by relevant U.S. food safety regulators: [FSIS](#), [APHIS](#), and [FDA](#). Most processed food products will need to register in the China Import Food Enterprises Registration system; however, U.S. exporters of meat, poultry, dairy, infant formula, and seafood products should consult with either FDA or FSIS to understand their specific requirements. Please see the following GAIN report for more information:

[Decree 248 Guidance for U.S. Exporters](#). In addition, exporters of many plant and plant-based products and animal or animal-products must have facilities registered with GACC’s Department of Animal and Plant Quarantine. Exporters are encouraged to work with FAS, FSIS, FDA, and APHIS to ensure facilities are registered before exporting.

Distribution Channels

The structure of distribution channels for imported products is evolving. The figure below is an attempt to illustrate the various options. The distribution of traffic through the channels change depending on the economic situation and the introduction of new business models like e-commerce.



Note: Width of arrows denotes relative volume of trade.

Market Structure and Share of Major Segments

PRC statistics separate its industrial food production into three categories:

- **Food processing**, including primary processing activities such as rice milling, flour milling, oil refining, sugar refining, slaughtering, salt processing, feed processing, and aquatic product processing.
- **Food manufacturing**, consisting of packaged food, pastries and confections, dairy products, canned foods, fermented products, and condiments.
- **Beverage manufacturing**, which is the production of alcoholic beverages (i.e., distilled spirits, beer, and wine), soft drinks and tea.

Main Indicators of Food Processing Enterprises Above Designated Size in China, 2022 Unit:
Billions of U.S. Dollars (in 100 million of Yuan)

Sector	Number of Enterprises	Total Assets	Business Revenue	Total Profits
Processing of Food from Agricultural Products	24,289	\$515.8 (36,106)	\$766.1 (53,628.3)	\$26.1 (1,824.1)
Manufacture of Foods	9,489	\$346.6 (21,256.3)	\$289.8 (20,282.2)	\$23.6 (1,651.9)
Manufacture of Liquor, Beverages, and Refined Tea	5,765	\$320.7 (22,452.6)	\$210.5 (14,738.4)	\$43 (3,011.7)

Source: China Statistical Yearbook 2023

Company Profiles & Company Products

The size of China's food industry, and its thousands of companies, precludes a meaningful list of profiles. If you have an interest in a specific company, please contact one of the four ATOs in China.

Sector Trends

1. Growing Appetite for Import Food and Ingredients

With increased urbanization and more Chinese consumers with fast-paced lives, premium imported food and ingredients have increasingly become a feature on Chinese dining tables. As the sources and varieties continue to diversify, imports have emerged as a vital addition to China's wide range of food supplies. Meanwhile, domestic food processing enterprises are shifting from a global purchasing strategy to strategically establishing a worldwide supply chain with an emphasis on global manufacturing.

2. Health Concept Continuing

Local consumers are increasingly focused and aware of their health, choosing food and beverage products for their health benefits. The growing Chinese middle class is driving a lot of the growth in the demand for healthy foods with an estimated 57 percent reviewing nutrition information (e.g., fat, sugar, and calories) prior to purchasing a food or beverage product. Accordingly, the sales of imported food and drinks with healthy ingredients, such as food supplements and premium dairy products, are booming. Many food processing brands are capitalizing on this trend and producing new products that appeal to the health conscience consumers.

3. Rise of Pre-Cooked Meals

With more consumers living fast-paced, work-heavy lifestyles, the demand for convenient pre-cooked meal packs has increased. Although COVID-19 restrictions have been lifted, pre-cooked food products are continuing to see growth due to the shifts in consumer habits. The market size of this category was over \$70 billion in 2023, with a year-on-year growth rate of more than 20 percent.

4. Diversifying Sales Channels

A prominent trend in the Chinese food market is the importance of its diversified sales channels. On one hand, the Chinese food e-commerce market is predicted to reach \$148 billion in 2024 and account for 67 percent of the grocery e-commerce market. On the other hand, direct sales channels supported by interactive events, conference marketing, and traditional marketing campaigns through television and social media are expanding. Through the online-to-offline

(O2O) model, consumers are more likely to try the products in the physical stores and place orders online.

SECTION III. COMPETITION

U.S. agricultural products are sought by local importers and end-users for their high quality. Several key food ingredients exporting countries (e.g., Australia and New Zealand) have signed free trade agreements with China, making U.S. products less price competitive. Also, China is diversifying its sources for food processing ingredients by providing increased market access for imported agricultural and food products from over 51 countries and regions in 2023. For further information on competition, please read [China Hastens Ag Import Diversification](#), and [China reports expanded imports of agricultural, food products in 2023](#). A large number of U.S. products are affected by Section 301 retaliatory tariffs. In 2020, China established a process for importers to seek tariff exclusions on certain products. The list of excluded products has been renewed periodically.

SECTION IV. BEST PRODUCT PROSPECTS

Category A. Products Present in the Market with Good Sales Potential

Product Category	2023 China imports from United States (millions of USD)	2023 China imports from World (millions of USD)	Key Trends for China's Import in 2023
Heat-treated Chicken paws	\$46.45	\$46.45	U.S. products increased by 2,016 percent year-on-year; and U.S. products accounted for 100 percent of China's market share.
Almonds	\$106.70	\$202.70	30.9 percent growth year-on-year for U.S. exports to China, though China's total imports decreased by 6.8 percent.
Pistachios	\$392.27	\$457.08	78.7 percent growth year-on-year for U.S. exports to China, and China's total imports increased by 56.4 percent.
Prepared or Preserved Cranberries	\$33.77	\$57.68	19.3 percent growth year-on-year for China's total imports; 0.29 percent growth year-on-year for U.S. exports to China
Hops	\$10.61	\$49.40	3.2 percent growth year-on-year for U.S. exports to China, though China's total imports dropped by 6.9 percent.
Surimi	\$0.54	\$87.11	481.7 percent growth year-on-year for U.S. exports to China, though China's total imports dropped by 4.9 percent.
American Ginseng	\$18.19	\$92.74	45.2 percent growth year-on-year for U.S. exports to China, and China's total imports increased by 34.83 percent.
Dried Peas	\$36.17	\$1,045.83	431.9 percent growth year-on-year for U.S. exports to China, and China's total imports increased by 22.2 percent.

Source: Trade Data Monitor, LLC

Heat-treated Chicken paws

Over 90 percent of U.S. poultry product exports to China are chicken paws but only heat-treated. Although the Chinese market strongly prefers raw chicken paws, Highly Pathogenic Avian Influenza (HPAI) related restrictions prevent the export of raw chicken paws, and thus, only heat-treated chicken paws from U.S. facilities in areas with HPAI related bans are currently permitted for export to China per the terms negotiated between USDA and PRC counterparts. All U.S. states are eligible to ship heat-treated chicken paws, and so far, the United States is the only country that can export heat-treated chicken paws to China. As a result, many companies are turning to exporting heat-treated U.S. chicken paws that can be used in food processing. These products are mainly processed into ready-to-eat snacks. Challenges include local industry's concerns on cooked chicken paws and the appearance of final products after cooking/processing. However, competitive prices and industry efforts to improve processing techniques may help expand opportunities for these items.

Almonds, Pistachios, Cranberries

The daily consumption of nuts and dried fruits such as almonds, pistachios, and dried cranberries continues to grow in China. This demand is partially the result of the increasing popularity of private label brands for snack foods and mixed nut or dried fruit packaging. These products also perform well at retail outlets, various social media platforms, and other retail sales platforms. Small-sized packaging is in demand, such as handheld sizes or sizes below 50 grams which are popular on e-Commerce platforms for freshness, daily nutrient needs, and low unit retail prices.

Hops

China is the world's largest beer producer, with 35.6 million metric tons of beer produced in 2023. In the meantime, the craft beer market has continued to grow. Chinese industry estimates a 17 percent compound annual growth rate (CAGR) for China's craft beer consumption from 2022-2025. As China's craft beer market share within total beer consumption is still under 5 percent, compared to 24.6 percent in the United States, there is significant room to grow. Key imported ingredients for the craft beer industry, especially U.S. hops, can be widely utilized in the brewing process to develop distinct brews.

Ginseng

Effective November 9, 2023, American ginseng (*Panax quinquefolius*) has been approved for use as a food ingredient in China. The new policy could create new market opportunities for U.S. ginseng by-products such as prong, powder, and fiber, which could not be exported to China previously. Additional information can be found in the recent GAIN report [American Ginseng Officially Approved for Use as A Food Ingredient in China](#).

Dried Peas

Dried peas are being used for multiple purposes in food manufacturing, but China does not produce enough quality peas for snack usage, especially dried green peas. U.S. dried peas offer consistent quality and high food safety standards that would be a good opportunity to fulfill China's demand.

Surimi

With consumers' increasing demand for healthy proteins and a busy lifestyle that requires simple at-home preparation or on-the-go consumption, pre-prepared packaged seafood products, such as crabs

stick made by Alaska Pollock surimi or other fish surimi, have good potential. Pollock surimi from Alaska has superior quality and is in demand by the food processing sector to produce crab sticks and fish balls. Processed products are sold in retail for home consumption, convenience stores for on-the-go meals, and in Chinese hotpot cuisine.

Category B. Products Not Present in Market with Good Sales Potential

Domestic producers are constantly seeking opportunities to increase the competitiveness of their products. Ingredients that align with recent consumption and market trends such as convenience, health and functionality, and innovation show good sales potential.

Food processing ingredients from the United States are regarded as premium, high-quality products. However, China's vast food processing industry is increasingly able to meet their input demands through the domestic market. At the recent Food Ingredients China Show held in Shanghai March 20 – 22, 2024, many intermediate products such as starches, yeasts, flavorings, extracts, and edible oils, etc., were represented by China-based companies. Additionally, exports for some U.S. products ingredients such as tree nuts and dried fruits are facing significant challenges due to the growth in domestic production capabilities.

Category C. Product Not Present due to Significant Barriers

Chipping Potatoes

Chipping potatoes from Idaho, Oregon, and Washington were among several U.S. agricultural products that received new and expanded access under the U.S.- China Economic and Trade Agreement signed on January 15, 2020. China has strong demand for high quality chipping potatoes, which presents a market opportunity for U.S. potatoes. However, current barriers for U.S. chipping potatoes, such as PRC requirements on storage conditions and higher prices, are a disadvantage.

Raw Chicken Paws

China is by far the largest market for U.S. chicken paw exports, but those exports are currently restrained by HPAI restrictions. The PRC generally prohibits poultry imports from facilities in areas situated in or derived from birds processed or slaughtered in areas where there has been an HPAI positive detection. At present, numerous U.S. states are suspended from exporting raw poultry to China due to PRC HPAI bans. Some of those states should be eligible to be reinstated for export to China according to the protocol USDA signed with the PRC in 2021. To fulfill China's market demand, China may open its market for heat-treated poultry products to more countries. U.S. chicken paw suppliers are encouraged to explore the heat-treated market.

Non-GE, Food-Grade Soybean

Although non-Genetically Engineered (GE) food-grade soybeans can be imported, China follows a zero-tolerance policy toward the presence of biotech in a food-grade soybean shipment. If a trace amount of biotech soybeans is detected, the entire load will be denied entry. Expanding U.S. non-GE food-grade soybeans is contingent upon China approving a low-level presence policy to address incidental contamination.

Links to Top 10 Food Processing Companies by Revenue in China

Company Name	Category	Website
1. Kweichow Moutai	Liquor	https://www.moutai.be/
2. Inner Mongolia Yili Industrial Group Co., Ltd.	Dairy	www.yili.com
3. WH Group	Meat	https://www.wh-group.com/
4. China Mengniu Dairy Co., Ltd	Dairy	https://mengniuir.com
5. Master Kong Holding Co., Ltd	Varies	http://www.masterkong.com.cn
6. Yibing Wuliangye Liquor	Liquor	https://www.wuliangye.com.cn/
7. Wahaha Group	Beverage	https://www.wahaha.com.cn/
8. Shandong Luhua	Edible Oil	https://www.luhua.cn/
9. CR Beer	Liquor	https://www.crc.com.hk
10. Nongfu Spring	Beverage	http://www.nongfuspring.com

Source: 2023 FBiF China Top 100 Enterprises of Food and Beverage Industry

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Links to other government sources for data

International Trade Administration [Country Commercial Guides](#)

Reports on market conditions, opportunities, regulations, and business customs prepared at U.S. Embassies worldwide by the Commerce Department, State Department, and other U.S. agencies' professionals.

Links to FAS FAIRS report

[Exporter Guide \(2024\)](#)

[Food and Agricultural Import Regulations and Standards Country Report](#)

[Food and Agricultural Import Regulations and Standards Export Certificate Report](#)

Ministries Responsible for Food Policies and Import Policies

- **The Ministry of Agriculture and Rural Affairs of the People's Republic of China (MARA)**
MARA is the cabinet-level executive department of the State Council that is responsible for agriculture and rural affairs in the country. MARA implements the guiding principles, policies, and decisions of the Communist Party of China's (CCP) Central Committee on work related to agriculture, rural areas, and farmers. <http://english.moa.gov.cn/>
- **General Administration of Customs of the People's Republic of China (GACC)**
GACC, the headquarters of China Customs, is a key border agency of the People's Republic of China, with responsibilities of traditional customs, as well as border health checks, inspection, and quarantine for imported and exported animals, plants, and their products, imported and exported food safety, and commodity inspection. <http://english.customs.gov.cn/>

For more information about food and agricultural import regulations and standards, please reach out to our FAS China offices listed here: <https://fas.usda.gov/international-offices?id=420>

Attachments:

No Attachments