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**Report Highlights:**

Post forecasts little change in overall feed production in MY2023/24 but corn utilization in feed rations should rise while wheat and rice utilization should decline. Corn planted area is expected to lose ground to soy with government policies and subsidies emphasizing more soy production. Corn imports in MY2023/24 are forecast stable at 18 MMT while sorghum imports should return to higher levels with greater international supplies. Rice consumption and imports are forecast down as less broken rice is imported and used as a feed alternative.

## FEED OVERVIEW

China's MY2023/24 total feed and residual use is forecast to change little from MY2022/23, on anticipated stable hog and poultry feed demand. However, the proportion of corn mixed into rations is forecast to continue to rise.

Hog production (pig crop) in 2023 is forecast to decline 2 percent to 700 million head due to a lower, on average, sow inventory in 2022 compared to 2021. In 2022, low hog and pork prices forced many producers to reduce their sow inventories due to financial difficulties. The sow inventory rebounded in late 2022 following a recovery in hog prices.<sup>1</sup> While animal diseases, including African swine fever (ASF), are endemic and lead to higher production costs, the effect of ASF outbreaks on commercial production will be limited as producers appear to have adjusted production practices to manage outbreaks. In 2023, producers are expected to continue secondary fattening<sup>2</sup> when they expect prices to rise. With feed prices at high levels and persistently low pork prices, hog farms are unlikely to expand capacity in 2024.

Forecast 2023 cattle production remains unchanged at nearly 52.6 million head. Growth in the herd is expected to slow due to a marginal increase in the cow inventory in 2022 from 2021.

Forecast 2023 poultry production is nearly unchanged from 2022. Increased demand and expanded production capacity are expected to support slight growth in white broiler production. Yellow broiler production is expected to decline and will moderate overall production changes. Yellow broiler and white broiler chicken are priced and used differently. Price growth enabled poultry producers to be generally profitable in 2022. Industry members continue to invest in and construct vertically integrated facilities that include feed production, breeding, slaughtering, chicken processing and cold storage. Some of these facilities are expected to be put into production in 2023.

Please see FAS China's recently published semi-annual 2023 [Livestock](#) and [Poultry](#) GAIN reports for additional information on these sectors and the 2023 [Oilseeds](#) Annual.

**Table 1. China: FAS China Feed and Residual Estimates and Forecasts  
(Million Metric Tons)**

<b>Grain</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>
<b>Corn</b>	210	220	224	4
<b>Sorghum</b>	11	5	7	2
<b>Barley</b>	7.3	7	7	0
<b>Wheat</b>	35	31	30	-1
<b>Old Stock Rice (milled equivalent)</b>	25	20	15	-5
<b>Total</b>	288.3	283	283	0

Source: FAS China Analysis

<sup>1</sup> MARA estimates that the 2022 ending/2023 beginning sow stocks are around 44 million head. The ending/beginning inventory does not represent the whole-year level and is one of many factors impacting overall hog production.

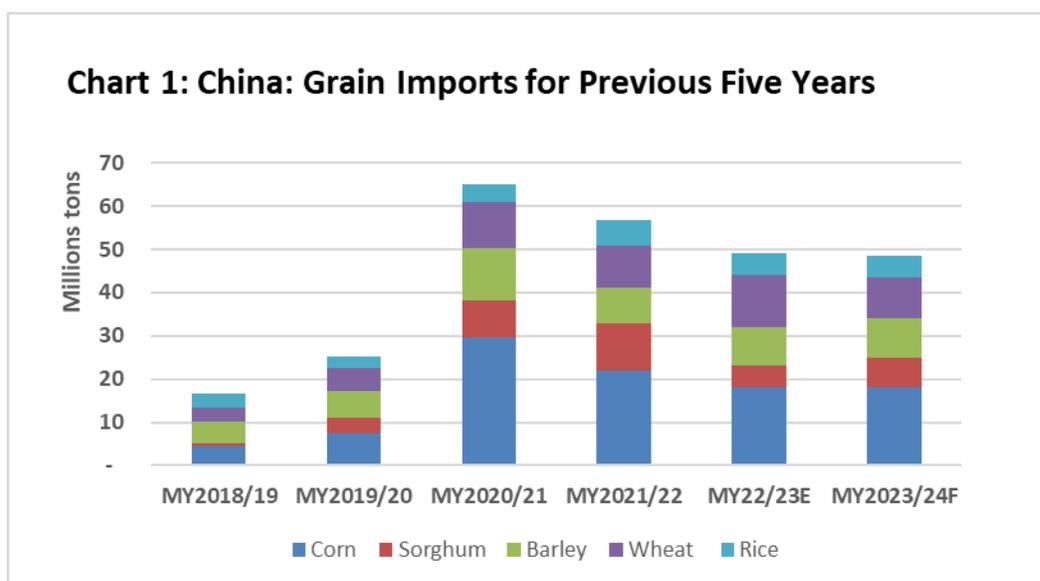
<sup>2</sup> Secondary fattening is the process of fattening standard weight hogs.

According to the latest China Feed Industry Association (CFIA) report, China’s nationwide industrial feed production totaled 302.2 MMT in calendar year 2022, up 3 percent year-on-year. Pig and poultry feed production accounted for 45 percent and 40 percent of total feed production, respectively, compared with 45 and 41 percent a year prior. Feed mills used 30 percent more corn in their feed rations in 2022 than in 2021. Use of wheat and barley were greatly reduced while use of sorghum, wheat bran, rice bran, and domestically produced DDGs increased significantly in 2022.

	Swine	Layers	Broiler	Aquaculture	Ruminants	Total
<b>2020 Production</b>	89.23	33.52	91.76	21.24	13.19	252.76
<b>2021 Production</b>	130.77	32.31	89.10	22.93	14.80	293.44
<b>2022 Production</b>	135.98	32.11	89.26	25.26	16.17	302.23
<b>Year-on-Year Increase (percent)</b>	4.0%	-0.6%	0.2%	10.2%	9.3%	3.0%

Source: China Feed Industry Association

## FEED GRAINS



Source: Trade Data Monitor LLC and FAS China Analysis.

### Corn

**Production** in MY2023/24 is forecast to increase by 0.3 percent to 278 MMT due to improved yields. This is despite lower planted area driven by government policy to expand soy area.

Post estimates MY2023/24 corn **planted area** will be reduced by 100,000 hectares due to expanded soy area. On February 13, the State Council published the 2023 “[No. 1 Document](#),” which annually provides broad guidance for resource allocation and development goals in China’s agricultural sector. The document sets the goal to increase soybean production by promoting intercropped planting of soybeans and corn to ensure maximum utilization of farmland. Soy-corn intercropping increased by 1 million

hectares (15 million mu) or 2 percent of total area in 2022 from 467,000 hectares (7 million mu) in 2021. MARA claims the model created 1.5-2.3 MT of more soybean production per hectare without compromising corn output. The document also requires enlarging the scope of soy-corn rotations from the Northeast to also include the North China Plain (NCP) in 2023. However, there has been no mention of soy subsidies in the NCP to incentive rotations there and, as the area is more suitable to corn, there likely will be little expansion in soy planting there.

**Image 1. China: Corn and Soy Intercropping in NCP**



In reaction to central government directives, northeast Jilin province announced its 2023 soybean subsidies will be \$480-705 per hectare (RMB 220-320 per mu) more than its corn subsidy. The subsidy for intercropping corn and soy (see image 1) could be as high as \$824 per hectare (RMB 350 per mu). Heilongjiang province’s corn-soy rotation subsidy will be \$330 per hectare (RMB 150 per mu) and will be paid after harvest and before planting the next year to verify the land has been rotated.

Year	Heilongjiang		Jilin		Liaoning		Inner-Mongolia	
	Corn	Soybean	Corn	Soybean	Corn	Soybean	Corn	Soybean
2016	154	119	182	162	179	112	170	45
2017	134	173	162	165-266	159	135-207	150	177-180
2018	25	320	94	224	100	145-200	15.64	200
2019	30	255	86	265	76	276	79	235
2020	38	238	65-80	245-500	60-70	245-260	90-100	245-250
2021	68	248	60-140	265-500	60-83	210-240	50-133	200-235
2022	28	248	50-94	333-500				320-400
2023	≤28	≥350	Soy is 220-320 yuan higher than corn				Soy is 260 yuan higher than corn	

Source: Provincial Governments

	2021	2022	Change
<b>Soybean</b>	32%	26%	-18%
<b>Corn</b>	55%	35%	-37%

*Source: Post Industry Sources*

Expected average returns to planting corn are still nine percent higher than soybeans in MY2022/23 despite government subsidies. At the same time, corn area in top corn producer Heilongjiang province is projected to decline as state-owned farms located there dutifully carryout central government directives to plant more soy. Corn area in some traditional corn growing areas in the NCP is forecast to remain stable.

		Corn (RMB per hectare)		Soy (RMB per hectare)	
		MY2022/23	MY2023/24	MY2022/23	MY2023/24
<b>Major Cost</b>	<b>Land Rent</b>	12,500	14,500	12,500	14,500
	<b>Seed</b>	900	1,000	600	578
	<b>Fertilizer</b>	3,565	3,565	1,100	1,060
	<b>Pesticide</b>	300	300	300	300
	<b>Planting</b>	1,000	1,000	1,000	1,000
	<b>Harvesting</b>	1,000	1,000	900	900
<b>TOTAL Estimated Cost</b>		19,300	21,400	16,400	18,400
<b>Subsidies</b>		420	420	3,720	4,920

*Source: Post Industry Sources*

Post estimates MY2023/24 corn yields will increase slightly based on historical trends.

Industry contacts believe commercial cultivation of genetically engineered (GE) corn is needed to achieve significantly higher yields. But commercial cultivation likely will not begin on any meaningful scale until MY2024/25 or later. While the No.1 document pushes for a corn yield improvement program it provides no details or funding.

Industry contacts report that MARA has designated around 267,000 hectares (4 million mu) of pilot areas to be planted with GE corn this year (MY2023/24) - likely in Inner Mongolia, Jilin, Hebei, and Yunnan provinces and four times more area planted than the previous year. Post believes the actual GE corn planted area will be much larger than official numbers. Please refer to the [Agricultural Biotechnology Annual](#) for more information.

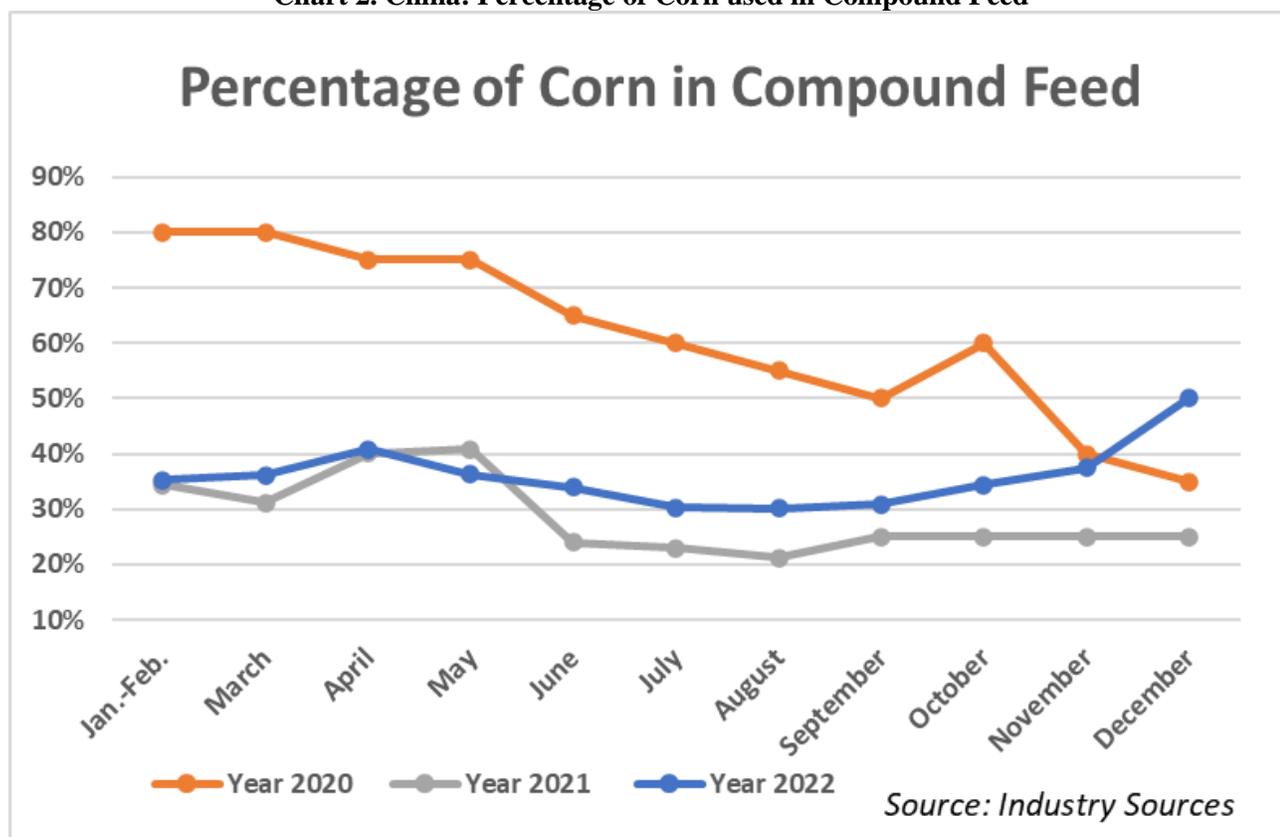
Fall armyworm (FAW) was spotted this year in all provinces except for Heilongjiang, Jilin, Xinjiang, and Qinghai. The northern frontier line that FAW reached was Inner Mongolia, the third largest corn producing province. In the past three years, MARA has declared they successfully limited FAW damage to under 5 percent of total production. According to a January 10, 2023, report from the National Agro-Tech Extension and Service Center (NATESC), there have been more serious occurrences this year of FAW to date in the Southwest, South, and Yangtze River Delta area. Thus far in 2023, FAW has been found in 3.3 million hectare (50 million mu) of land, compared with 2.4 million hectares (35.3 million mu) last year, accounting for 8 percent of total corn area.

Total corn **consumption** in MY2023/24 is forecast at 304 MMT, up 3 MMT from MY2022/23 as corn usage in feed rations continues to increase to more traditional levels.

### Feed Consumption

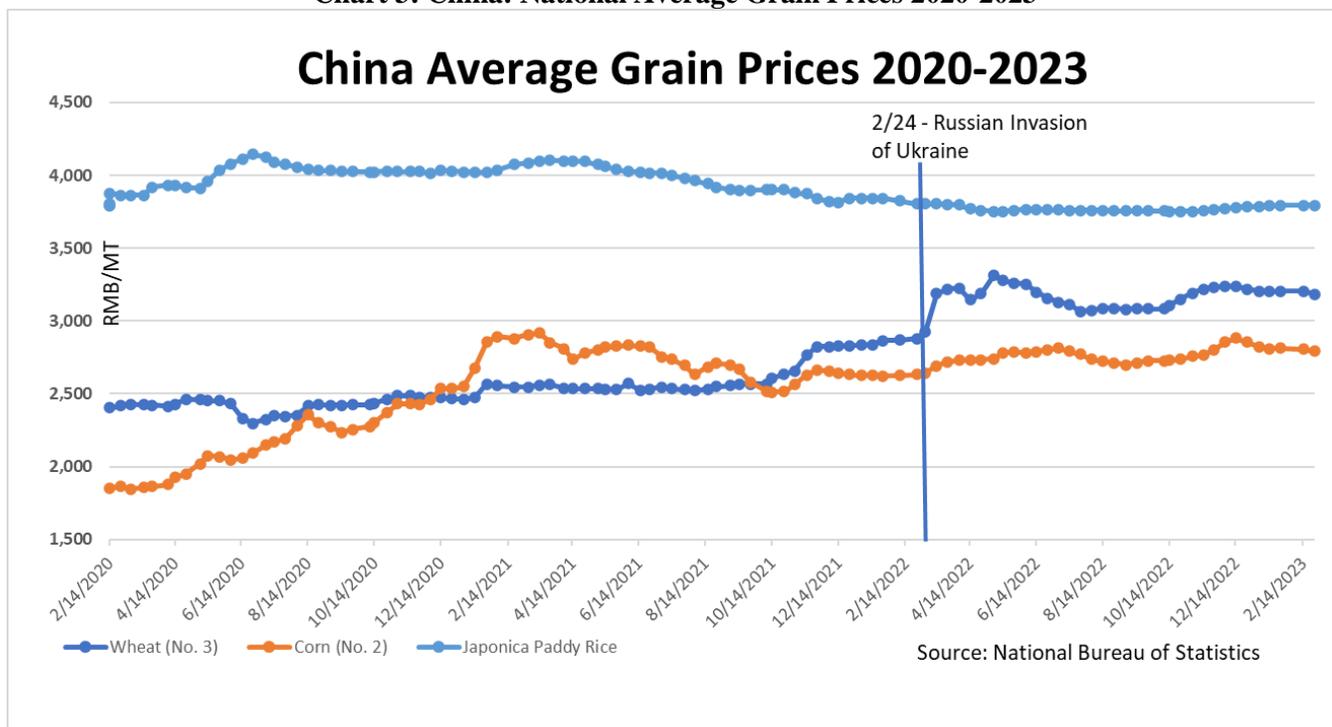
Corn consumption in feed is forecast to increase slightly in MY2023/24; the ratio of corn in feed rations is expected to be similar to the previous year. CFIA estimates feed mills nationwide used 30 percent more corn in 2022 in feed rations than the previous year. Wheat and barley inclusion fell while use of sorghum, wheat, and rice bran, and DDGs increased in 2022. Therefore, MY2022/23 corn feed consumption is expected to increase 5 percent, from MY2021/22 despite overall level feed production.

**Chart 2. China: Percentage of Corn used in Compound Feed**



Farmers with on-farm storage, typically poor and unprotected, have begun to sell stored corn as temperatures rise. Sales are also being driven by expectations that corn prices will fall. By early March, farmers in major production areas sold more than 60 percent of their corn, one percent more than last year. Prices in the Northeast remained at around \$384 (RMB 2,650) per MT. Prices in the NCP stayed at around \$413 (RMB 2,850) per MT, while prices in Southern ports were at \$435 (RMB 3,000) per MT. Average domestic corn market prices in MY2020/21 to MY2022/23 have been more than 30 percent higher than they were in MY2019/20.

Chart 3: China: National Average Grain Prices 2020-2023



### FSI (Food, Seed, and Industrial)

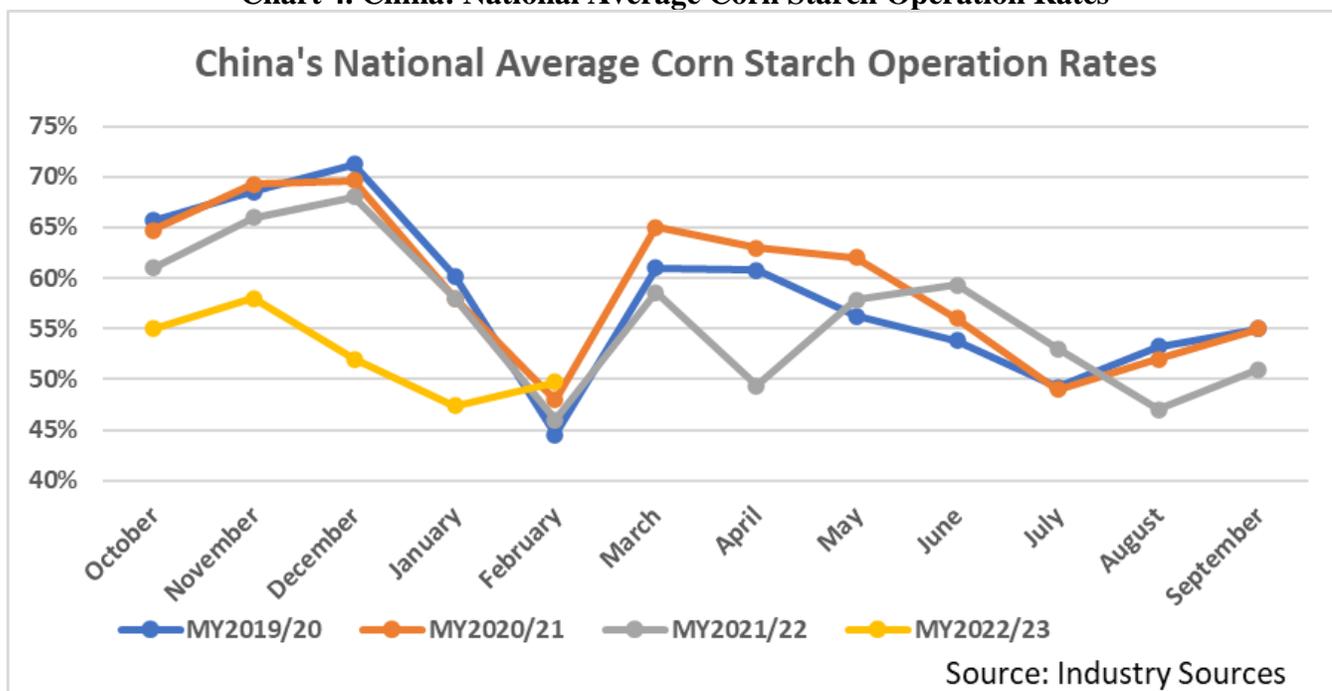
The processing sector (which includes ethanol, corn gluten meal, corn gluten feed, starch, and other processed products) is expected to grow slightly, but not significantly in MY2023/24. China's total corn processing capacity is approximately 120 MMT per year, among which 65 percent is in Heilongjiang, Shandong, and Jilin provinces. Expansion of China's corn deep-processing industry has effectively halted since 2020. Some attribute this to the increased focus on food security and self-sufficiency as political priorities.

Operational rates may rebound now that the Zero Covid policies have been abandoned, but profits remain weak. MY2022/23 North China average corn starch prices were around \$449 (RMB 3,100) per MT, compared with around \$464 (RMB 3,200) per MT for MY2021/22. With high corn prices, starch producer profits remained negative at  $-\$15-36$  (RMB  $-100-250$ ) at the end of February 2023. The starch industry was regularly disrupted by Covid controls in 2022, resulting in 10 percent lower operational rates than normal, at an average of 55 percent.

At the same time, the PRC unofficially banned corn starch exports in July 2022. Though no official documents or policies have been announced, several industry sources report being told by local and port officials the export ban is in place and they remain unable to export their product.

Ethanol production and demand are also expected to remain weak in MY2023/24 as continued high corn prices, and waning support for blending mandates, have led to unprofitability. In support of the central government's drive to maintain grain production and self-sufficiency, policy has called for "strictly controlling the corn-based fuel ethanol processing industry" since early 2022.

**Chart 4. China: National Average Corn Starch Operation Rates**



*\*Note: The Lunar New Year holiday when most plants shut down usually occurs in February but occurred in 2023 January 21-27 resulting in decreased operations this February. However, February 2023 operational rates were still down in February 2023 compared to the previous year even without the traditional holiday that would shut down plant for at least one week of the month.*

Post forecasts MY2023/24 corn **imports** at 18 MMT, the same as the MY2022/23 estimate, as the PRC continues to feed more corn and build stocks. Lower planted area for corn due to a shift to soy acres as well as persistent, high, domestic prices will drive opportunistic corn imports.

In 2022, China imported more than its 7.2 MMT corn Tariff Rate Quota (TRQ) for the third year in a row. The administration of China’s TRQ program has not changed, and imports in excess of the TRQ are likely again next year. Imports outside the TRQ carry a 65 percent tariff as opposed to one percent within quota - making outside quota imports prohibitive. The beneficiaries of the excess corn imports are all SOEs which do not need to pay the out of TRQ tariff as it is imported under a “special TRQ” issued only to SOEs. This is an unofficial and intentionally obscured process but is widely known among industry insiders.

With the arrival of the first vessel of Brazilian corn in early January 2023, China has reportedly ordered a total of 1.8 MMT Brazilian corn, with around 600,000 MT landed each month in the first quarter of 2023. Traders expect Brazil will export 5 MMT corn to China in 2023. To facilitate this trade, on February 7, 2023, the People's Bank of China signed a memorandum of cooperation with Brazil's central bank on establishing RMB clearing arrangements in Brazil to boost usage of RMB for cross-border transactions and facilitate bilateral trade and investment.

South American corn has been relatively lower priced compared to U.S.-origin corn. New crop Brazilian corn is reportedly quoted at \$375 (RMB 2,550) per MT after tariff (i.e., delivered duties paid or DDP) for July delivery and \$368 (RMB 2,500) per MT for 3rd quarter 2023. While March 2023 arrival U.S.

corn is quoted at \$399 (RMB 2,710) per MT DDP for March arrival and \$384 (RMB2,610) per MT DDP for June delivery. Corn prices in southern Guangdong province for domestic corn shipped from the Northeast averaged \$440 (RMB 2,990) per MT in the first quarter of 2023. However, Brazilian corn prices are increasing and much of the country's export infrastructure will be devoted to soybeans for the next several months.

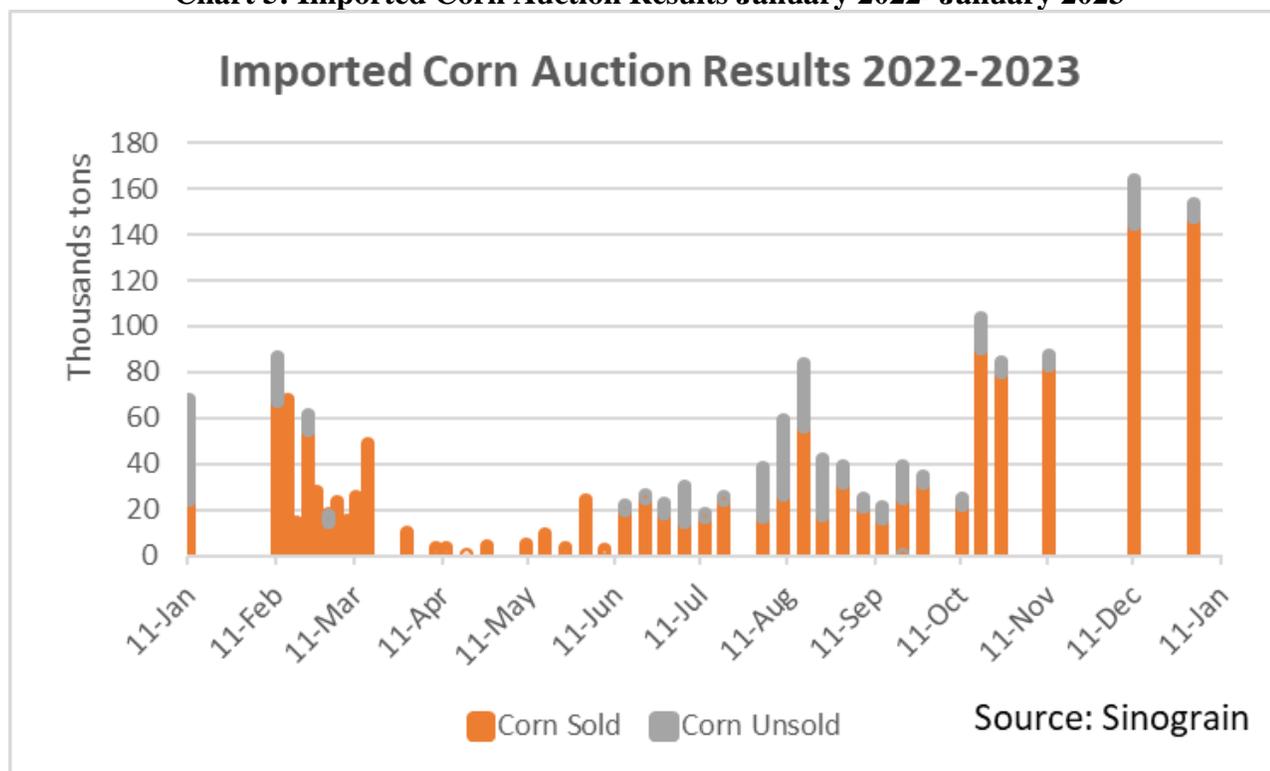
As PRC authorities continue to diversify the origins and suppliers for potential grain sources, officials agreed to temporarily waive a key clause in the phytosanitary protocol re-signed with Brazil in May 2022. Industry contacts report that this will allow PRC buyers to reduce dependence on the United States and replace supplies from its second largest supplier, Ukraine. China also granted market access for corn from Burma in February 2022. Though Burma is not a major corn exporter, there are now 112 Burmese companies registered to export corn to China and with the completion of the Chongqing-Lincang-Burma international railway in May 2022, Burmese corn be transported to central China via rail in 15 days. In addition, Corn and corn silage is currently entering through Yunnan's Mengding Quingshuihe port via truck.

The bulk of imported corn imported in the last year is believed to be stored in government reserves and not yet in the domestic market. Based on the incomplete data available from June 2021 through March 2023, Sinograin only offered 8 MMT of imported corn for sale, and of that less than 4 MMT was sold.

The PRC currently holds contracts for 6.8 MMT of U.S.-origin corn (excluding unknown destinations) for delivery in MY2022/23, and only 2.4 MMT in outstanding sales, 43 percent less than the same time last year despite recent large purchases. GACC data indicates only around 600,000 MT of U.S. corn exported to China each month of the fourth quarter of 2022, the lowest monthly volume in two years. With improved Mississippi river logistics and Dollar-RMB exchange rate, the PRC's purchase of U.S. corn recovered to more than 1 MMT each month in the first two months of 2023 and is expected to pick up in the second quarter 2023 as import margins are more than \$43 (RMB 300) per MT. Imported corn volumes for the first two months of 2023 were 5.3 MMT, up by 14 percent yoy. Of the 5.3 MMT, 2.4 MMT is from the United States, 1.5 MMT is from Brazil, and another 1.2 MMT is from Ukraine.

Production, logistics, and the volatility surrounding the Black Sea Grain Initiative (BSGI) continued to disrupt corn imports from Ukraine. The 8 MMT of corn the Ukraine shipped to China in 2021 made it the country's second largest corn supplier and imports dropped to 5 MMT in 2022. The March 2023 resumption of the BSGI deal allows the PRC to continue to import Ukrainian corn, which is reportedly quoted at \$379 (RMB 2,650) per MT for June 2023 delivery.

**Chart 5: Imported Corn Auction Results January 2022- January 2023**



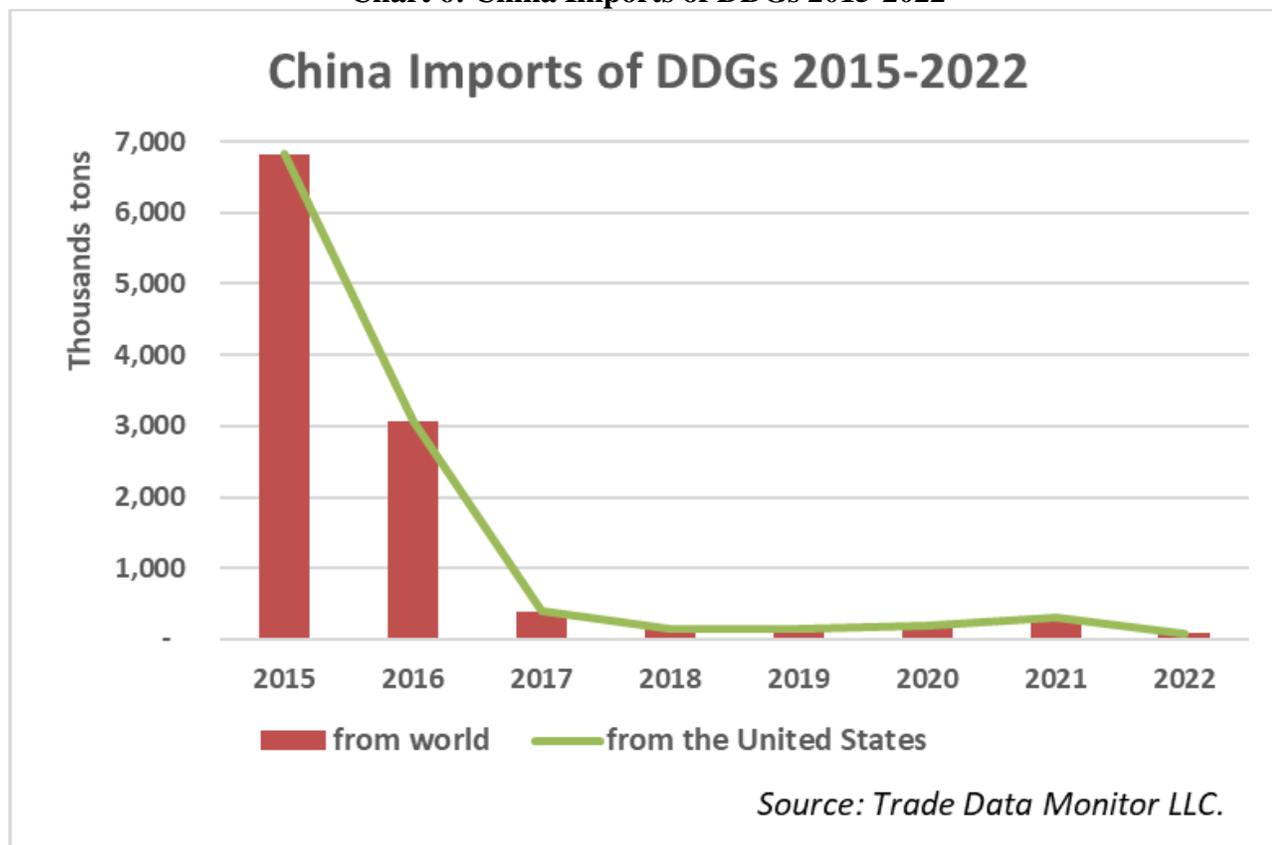
On January 11, MOFCOM issued Public Notices No. 1 and No. 2 of 2023. These announced affirmative determinations in the expiry reviews of the countervailing (CVD) and antidumping (AD) duty measures on the import of Distiller’s Dried Grains with or without Solubles (DDGS, under HTS 23033000) from the United States. As a result, from January 12, 2023, the General Administration of Customs of China will continue collecting duties on DDGS imports from the United States for another five years. The final AD and CVD rates remain unchanged from the existing measure. The AD rates of companies range from 42.2 to 53.7 percent. The CVD rates range from 11.2 percent to 12.0 percent. Please see [FAS China’s AD and CVD Measures on U.S. DDGS Extended Another Five Years GAIN](#) reports for additional information on DDGs AD/CVD duties.

**Table 6. DDGS Imported Through Ordinary Trade Versus FTZs in 2022**

HS Code	Commodity	Customs Regime	Quantity	Unit
23033000	Brewing or distilling dregs & waste	Ordinary Trade	0	MT
23033000	Brewing or distilling dregs & waste	Processing with Imported Materials	49,134	MT
23033000	Brewing or distilling dregs & waste	Customs Warehousing Trade	967	MT
23033000	Brewing or distilling dregs & waste	Entrepot Trade by Bonded Area	33,297	MT

Feed industry sources report that they prefer U.S. DDGS for its better quality, high protein content (ranging from 26 to 30 percent), as well as competitive prices. Landed DDGS imported from the United States to southern Chinese ports was quoted around \$404 (RMB 2,750) per MT for 2nd Quarter 2023 delivery to Free Trade Zones (FTZs) in China. In early March 2023, China's domestic DDGS prices are \$468 (RMB 3,180). Meanwhile, local corn prices range from \$397 (RMB 2,700) in the north to \$441 (RMB 3,000) in the south. China imported 83,398 MT of DDGS, a decrease of 73 percent, in 2022. These DDGs were imported to bonded areas to avoid tariffs.

**Chart 6: China Imports of DDGs 2015-2022**



Corn ending **stocks** in MY2023/24 are forecast at 199.3 MMT, down 10 MMT from MY2022/23, with higher feed use and lower imports. China's one-off purchases to fill reserves have reportedly accelerated since last fall, exceeding 200,000 MT each month. This contrasts with 20,000 MT per month for most of 2022. Procurement amounts have exceeded sales since last November - resulting in net gains. The state-owned grain stockpiler Sinograin announced plans to increase its grain storage capacity by 30 MMT from 2021 to 2023. At the end of 2022, 17.3 MMT of the capacity had been built, or was under construction.

## Corn Production, Supply, and Distribution

Corn Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	43324	43324	43070	43070	0	42970
Beginning Stocks (1000 MT)	205704	212704	209137	215137	0	209320
Production (1000 MT)	272552	272552	277200	277203	0	278000
MY Imports (1000 MT)	21884	21884	18000	18000	0	18000
TY Imports (1000 MT)	21884	21884	18000	18000	0	18000
TY Imp. from U.S. (1000 MT)	15174	15174	0	0	0	0
Total Supply (1000 MT)	500140	507140	504337	510340	0	505320
MY Exports (1000 MT)	3	3	20	20	0	20
TY Exports (1000 MT)	3	3	20	20	0	20
Feed and Residual (1000 MT)	209000	210000	216000	220000	0	224000
FSI Consumption (1000 MT)	82000	82000	81000	81000	0	82000
Total Consumption (1000 MT)	291000	292000	297000	301000	0	306000
Ending Stocks (1000 MT)	209137	215137	207317	209320	0	199300
Total Distribution (1000 MT)	500140	507140	504337	510340	0	505320
Yield (MT/HA)	6.291	6.291	6.436	6.4361	0	6.4696

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

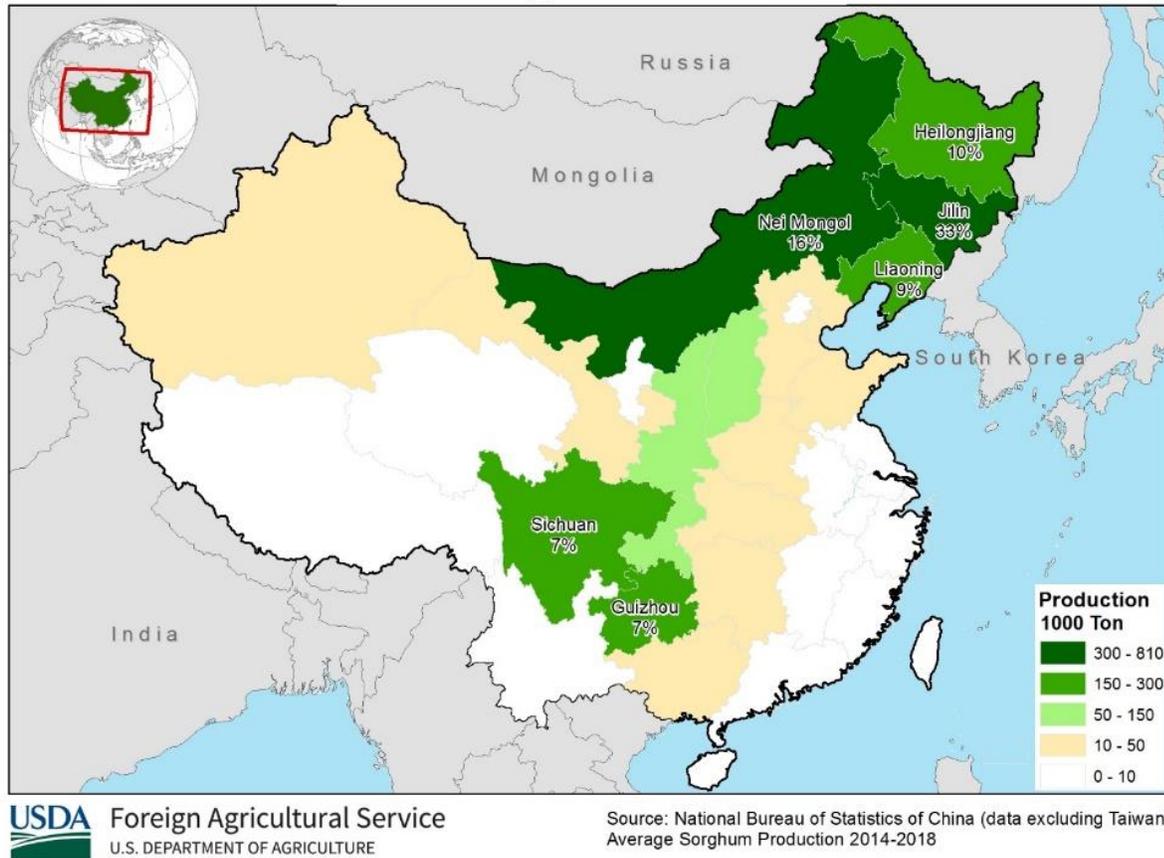
TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

## Sorghum and Barley

Post forecasts both sorghum and barley **production** will decline slightly in MY2023/24, as government policies continue to promote corn and soy planting. Lower international prices will also incentivize imports instead of domestic production. Northeast China is the principal sorghum production region in China, accounting for more than two-thirds of total production. Inner Mongolia province mainly produces sorghum for feed use. In Sichuan and Guizhou provinces, sorghum is almost exclusively grown for potable alcohol (i.e., *baijiu* 白酒) production, and primarily contracted early in the planting season.

Barley is mainly produced in highland provinces like Gansu and Qinghai. Sorghum and barley compete for production area with other crops. Unlike corn, sorghum and barley do not receive significant government support and imports are not restricted by an import quota.

## China: Sorghum Production



**Sorghum FSI use** for *baijiu* production is expected to rise in MY2023/24 as the economy reopens. NBS data showed Chinese *baijiu* production has declined over the past six years. In 2022, production was 6.7 MMT, down by 6 percent year-on-year, and almost half the 2016 peak. Although overall *baijiu* production fell the industry remains profitable. Mid-to-high-end brands report strong sales - particularly among top-tier brands. Higher-end *baijiu* brands claim to use a higher percentage of domestic sorghum.

**Sorghum feed consumption** is driven by prices of other grains and imports. Consumption in MY2023/24 is forecast to rebound from MY 2022/23 levels, but still below volumes from two years earlier. **Imports** are forecast to partly recover with increased U.S. production. U.S. production in MY2022/23 was less than half the 10-year average due to drought in the southwest - which pushed up prices and reduced China's sorghum imports. Although U.S. sorghum prices have declined from previous highs, they are still not price competitive. In early 2023, South American corn and U.S. corn were the most price competitive, followed by local corn.

As of March 9, China held only 1.1 MMT of U.S. sorghum contracts for MY2022/23 - 80 percent less than the same time last year. Industry contacts estimate less than 200,000 MT of U.S. sorghum will arrive in China in the 1<sup>st</sup> quarter of 2023. Australia and Argentina are most likely to capitalize on the vacuum. Australia's sorghum crop was reportedly 77 percent larger than average and Argentina's was 15 percent better than average. The shipping schedule shows 32,000 MT of Argentine sorghum was

shipped to the PRC in February, but industry sources reported that as much as 500,000 MT of Argentine sorghum departed for China in January and February 2023.

**Chart 7. China: Sorghum Imports 2018-2022**



Although Argentine and Australian sorghum prices are more competitive than U.S. sorghum, their export potential is limited according to trade contacts. In the first two months of 2023, sorghum imports were down by 79 percent at 326,506 MT, compared with 1.6 MMT last year.

**Table 7. China: Imported Coarse Grain and Substitute Prices in Major Ports**

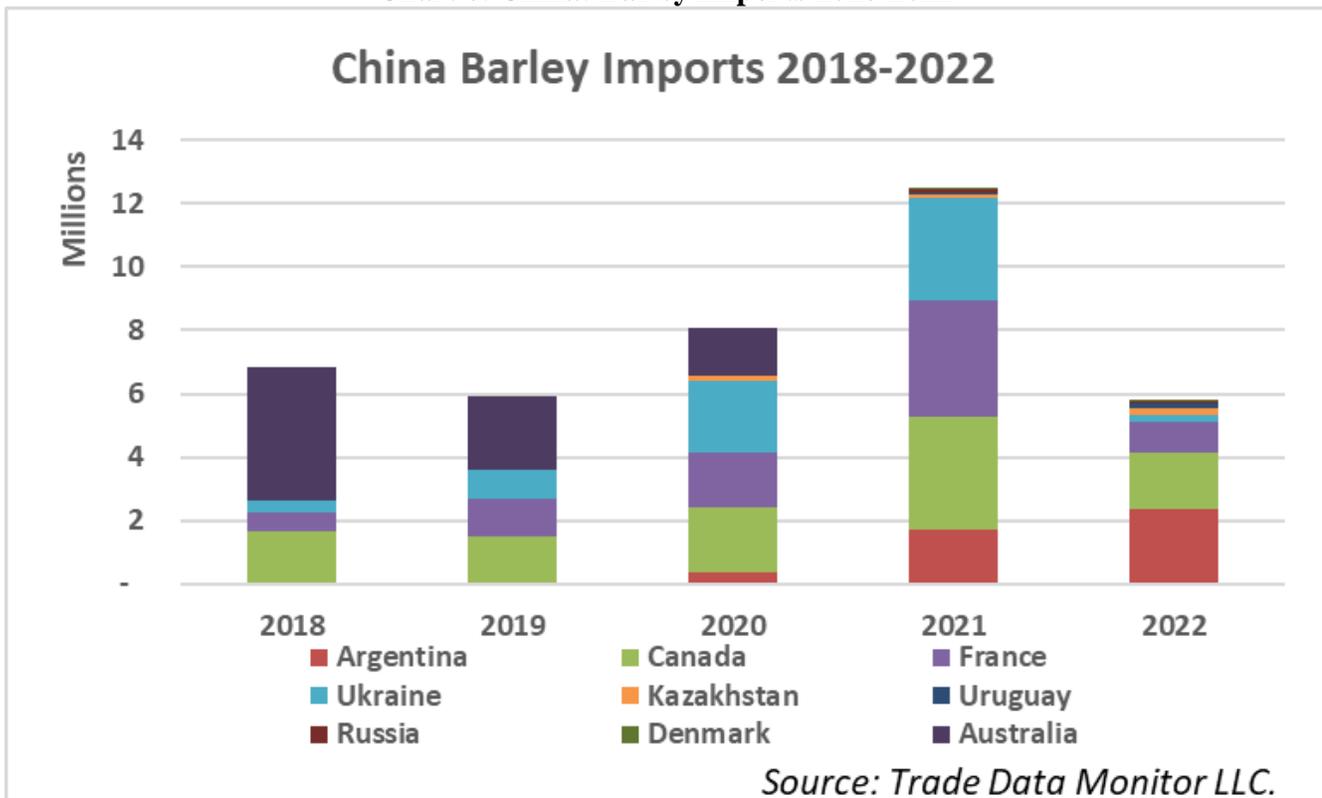
Grain	RMB Price	U.S. Dollar Price
Local Corn	2,990	\$433
Imported U.S. Corn	2,650-2,710	\$384-\$393
Imported Brazilian Corn (quote for mid 2023 delivery)	2,480-2,550	\$359-\$370
Imported U.S. Sorghum	3,117	\$452
Imported Australian Sorghum	3,006	\$436
Imported feed quality, French and Argentine Barley	2,800	\$407
Local Wheat	3,200	\$464
Imported U.S. Wheat	2,800-3,150	\$406
Local Auctioned Old Stock Rice	2,452	\$355
Imported Broken Rice	3,500	\$507
Imported U.S. DDGs (without AD/CVD)	2,750	\$399

Unit: RMB per metric ton, exchange Rate as of mid-March, 2023 U.S. \$1= RMB 6.9

Barley consumption and imports in MY2023/24 are forecast to maintain stable.

Different barley varieties are preferred in China for malting versus feed use, each with their own unique market dynamics. Barley consumption is primarily driven by major maltsters and large breweries who are often located on the coast and prefer cheaper imports with easy logistics. As a result, imports have limited prospects for significant expansion. NBS data reports that 2022 beer production was estimated up slightly by 1.1 percent. China’s beer industry is also undergoing a small but growing trend towards higher-end beer consumption. Industry sources project 2023 beer consumption to flatten as China’s population ages and growth potential diminishes.

Chart 8. China: Barley Imports 2018-2022



Feed barley prices in East and South China are driven by **imports** and positively correlate with corn prices. Currently, imported corn is more price competitive than barley. With Putin’s war in Ukraine that creates volatility in the Black Sea and an AD/CVD on Australian barley, PRC buyers turned to Argentina for barley imports for the first half of 2022 and then moved to Northern Hemisphere suppliers France and Canada for the second half of the year. French and Ukrainian barley were predominately used for feed while Canadian barley was mainly used for malting. Imports from Argentina increased notably from 66,000 MT in 2019 to 2.4 MMT in 2022, accounting for 40 percent of total imports. Buyers also reportedly booked several large vessels of French barley in January 2023.

While the PRC’s barley imports from Kazakhstan have increased in recent years (by 66 percent last year) it still only has three percent of the market. One advantage of Kazakh barley is that it can be

transported to China's central provinces via express railway. A Gansu province state-owned enterprise has signed a contract to import 500,000 MT of barley each year via train, which would be over four times import volumes in 2022. According to media reports, a train carrying 130 MT of Kazakhstan barley arrived in Jiangxi province (i.e., southern China) in February after a 20-day journey.

### Sorghum Production, Supply, and Distribution

Sorghum Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	630	630	630	630	0	620
Beginning Stocks (1000 MT)	269	269	255	255	0	225
Production (1000 MT)	3000	3000	3000	3000	0	3000
MY Imports (1000 MT)	10991	10991	4800	5000	0	7000
TY Imports (1000 MT)	10991	10991	4800	5000	0	7000
TY Imp. from U.S. (1000 MT)	6435	6435	0	0	0	0
Total Supply (1000 MT)	14260	14260	8055	8255	0	10225
MY Exports (1000 MT)	5	5	30	30	0	0
TY Exports (1000 MT)	5	5	30	30	0	0
Feed and Residual (1000 MT)	11000	11000	4800	5000	0	7000
FSI Consumption (1000 MT)	3000	3000	3000	3000	0	3000
Total Consumption (1000 MT)	14000	14000	7800	8000	0	10000
Ending Stocks (1000 MT)	255	255	225	225	0	225
Total Distribution (1000 MT)	14260	14260	8055	8255	0	10225
Yield (MT/HA)	4.7619	4.7619	4.7619	4.7619	0	4.8387

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Sorghum begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

### Barley Production, Supply, and Distribution

Barley Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	510	510	510	510	0	500
Beginning Stocks (1000 MT)	1374	1374	256	256	0	156
Production (1000 MT)	2000	2000	2000	2000	0	2000
MY Imports (1000 MT)	8282	8282	9000	9000	0	9000
TY Imports (1000 MT)	8282	8282	9000	9000	0	9000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	11656	11656	11256	11256	0	11156
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	7300	7300	7000	7000	0	7000
FSI Consumption (1000 MT)	4100	4100	4100	4100	0	4100
Total Consumption (1000 MT)	11400	11400	11100	11100	0	11100
Ending Stocks (1000 MT)	256	256	156	156	0	56
Total Distribution (1000 MT)	11656	11656	11256	11256	0	11156
Yield (MT/HA)	3.9216	3.9216	3.9216	3.9216	0	4

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

## Major Food Grains

### Wheat

MY2023/24 wheat **production** is forecast to be slightly higher than MY2022/23 levels on improved yield and steady planted area. Farmers are incentivized by decent yields and high returns despite rising input costs. A survey in Henan province, which accounts for one-fourth of China's wheat production, showed that input costs (seed, pesticide, and fertilizer) per hectare for MY2022/23 were \$1,260 (RMB 8,700), up by 18 percent. While gross income per hectare was \$3,345 (RMB 23,100), up by 45 percent. Average return per hectare was about \$ 2,085 (RMB 14,400), up by 69 percent than MY2021/22. According to a March MARA crop survey, there is more than 330 million mu (22 million hectares) winter wheat already in the field, similar to last year. Top producer Henan province reported its wheat sowing area stabilized at about 5.67 million hectares (85 million mu).

In early March, the winter wheat crop status was better than last year as spring planting was on time and inputs were supplied without issue. As of the end of March 2023, Southwest wheat is in the tillering and booting stage with 1<sup>st</sup> and 2<sup>nd</sup> class seedlings at 88 percent. Central and East wheat is in the reviving stage with 1st and 2nd class seedlings at 86 percent. NCP wheat is turning green. Current weather and precipitation are also favorable in the NCP. However, spring temperatures are forecast to be higher than average, which may trigger more occurrences of pests and rust.

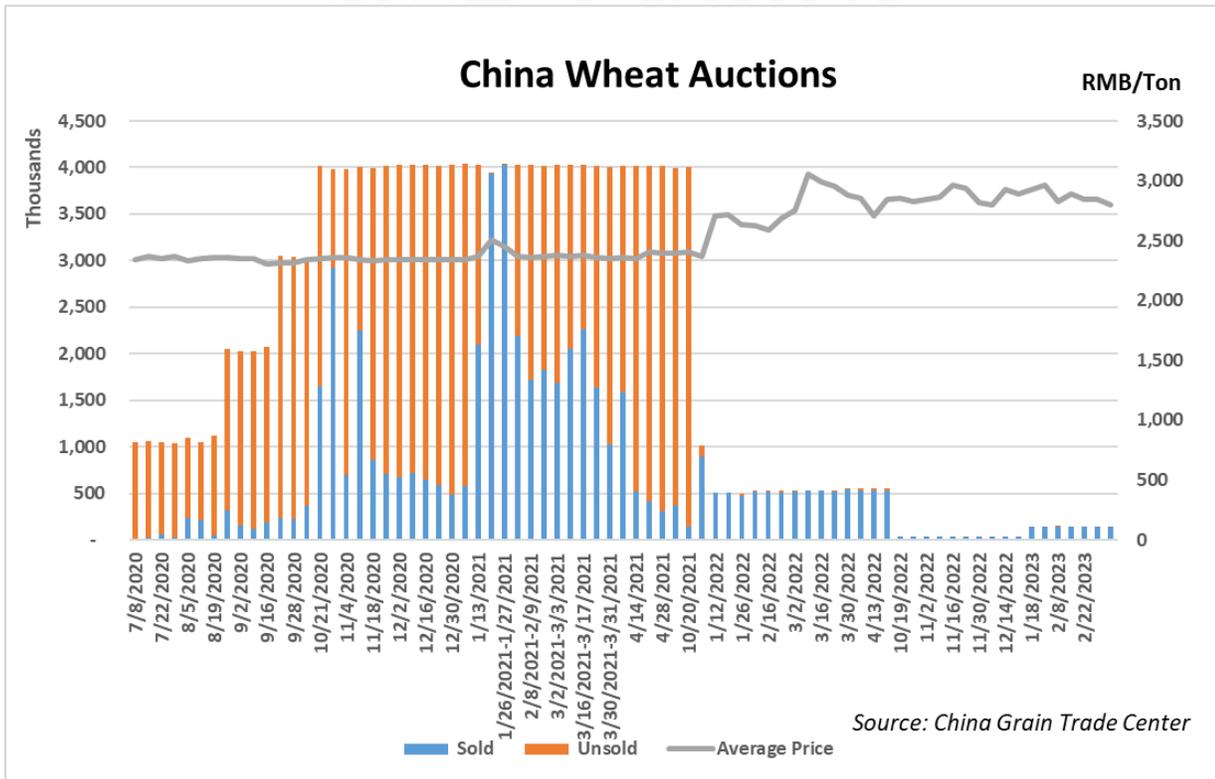
MY2023/24 total wheat **consumption** is forecast 3 MMT higher than USDA official estimates for MY2022/23 at 147 MMT on recuperated FSI use. Post forecasts MY2023/24 **feed use** will be unchanged from last year at 30 MMT. Wheat substitution of corn in feed will continue in 2023, but in much smaller volumes than MY2020/21. The burgeoning aquaculture breeding sector is expected to demand more wheat as feed.

The MY2022/23 State National Food and Strategic Reserve Administration's (SFSRA) wheat quality report indicates more than 96 percent of the newly harvested wheat was above 3rd class quality, and 63 percent met 1st class quality standards. A bumper harvest and good quality crop did not reduce wheat prices. New crop wheat started at \$435 (RMB 3,000) per MT in June 2022 and rose steadily to more than \$464 (RMB 3,200) per MT in early 2023. Wheat prices are higher than corn by over \$43 (RMB 300) per MT, pushing wheat out of feed rations.

As in the year before, minimum support price (MSP) wheat procurement was not conducted in MY2022/23 as market prices were well above the MSP price. Prices remained high due to uncertainties over PRC Covid policies, auctions, and global concerns.

The amount of MSP wheat offered by the government at auctions was greatly reduced - to less than 150,000 MT per week in MY2022/23. This is down from a high of 4 MMT per week on offer two years prior. MY2022/23 saw 59 MMT of wheat purchased mostly by private firms for short-medium term stocks This was 930,000 MT more than the year before.

Chart 9. China: Wheat Auctions 2020-2023

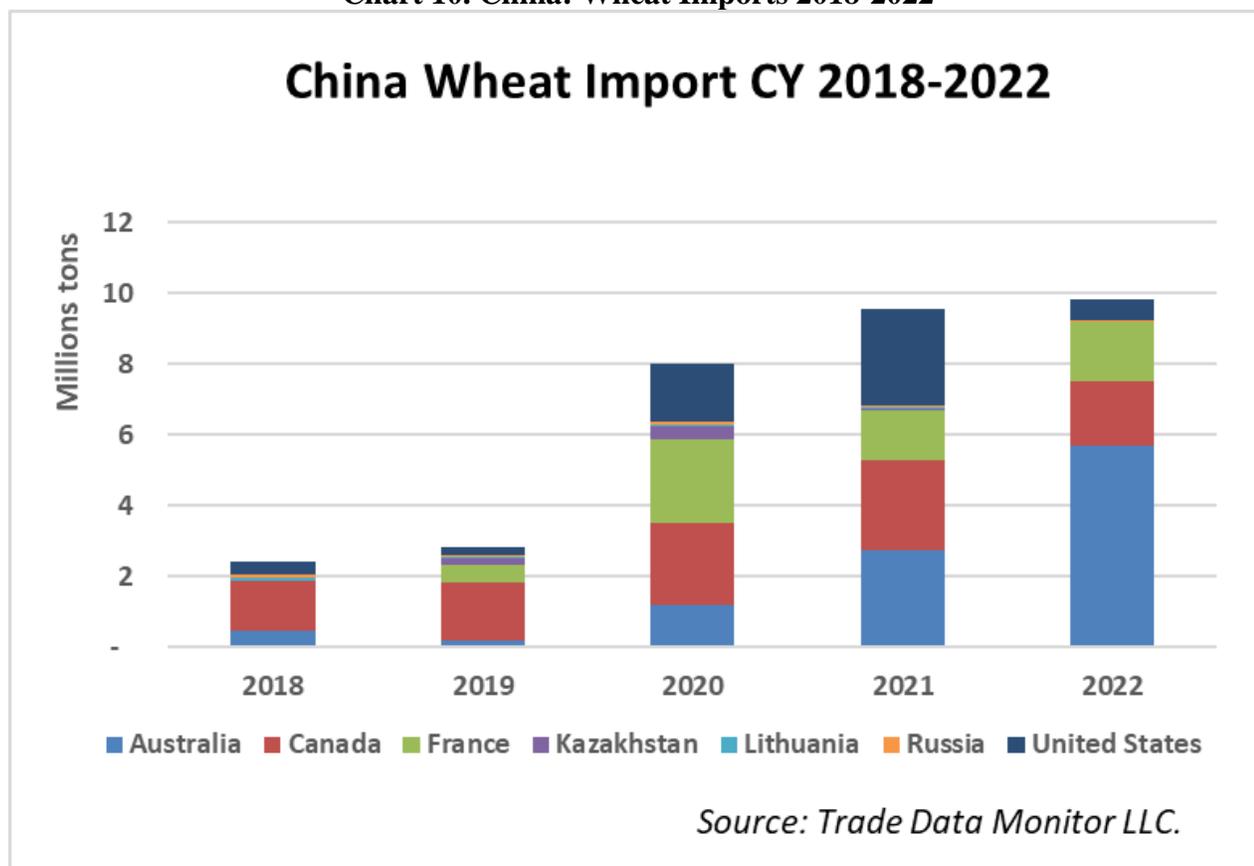


Post forecasts a slight increase in MY2023/24 wheat **consumption for food use**. Around 75 percent of harvested wheat used for flour production each year. Wheat flour consumption is directly linked with economic growth. With China reopening from COVID, PRC officials are focusing on recovering and expanding consumption. Officials recently set the 2023 GDP growth target at 5 percent which should support industry’s projection that flour mill operation rates increase by 5-8 percent to 48-52 percent of capacity. The diet of many young people in continues to shift to consumption of more convenient and on-the-go foods such as bread and bakery products - which will continue to drive growth in the coming year.

On January 1, 2023, China implemented the new National Standard for Wheat Flour (GB/T 1355-2021). The previous GB/T 1355-1986 Wheat Flour Standard had been in place for 36 years and was issued by the State Administration of Market Regulation at the end of 2021.

MY2023/24 wheat **imports** are forecast to decline 5 percent on lower feed use. While industry sources report feed mills in South China continued to use some low-price, low-quality imported wheat while domestic wheat prices increased, this is expected to diminish. On October 10, 2022, China set its TRQ for wheat imports in 2023 at 9.636 million MT, unchanged from previous years. However, China’s wheat imports have exceeded the TRQ for two years in a row. Australian wheat continues to gain import share due to its low price, while the U.S. wheat’s share fell by 77 percent due to lower production and the strong U.S. dollar.

Chart 10. China: Wheat Imports 2018-2022



From 2018-2020, China imported between 200,000 - 300,000 MT of wheat flour mainly from Ukraine, Russia, and Kazakhstan. However, the import volume was approximately 75 percent lower in 2021 and 2022. On November 1, 2022, GACC allowed the import of wheat flour from Belarus if it meets inspection and quarantine requirements.

Forecast MY2023/24 **ending stocks** are unchanged from MY 2022/23. Industry estimates place end of December 2022 temporary reserves at 42 MMT, slightly lower than last year. Of this 20 MMT is 2014-2018 crop, 16 MMT is 2019 crop and 6 MMT is 2020 crop.

On October 9, 2022, China's National Development and Reform Commission (NDRC) announced it will continue the [Minimum Support Price \(MSP\)](#) program in the major wheat producing regions in 2023. This includes Hebei, Shandong, Henan, Shaanxi, Anhui, and Jiangsu. The guarantee program requires the government to buy wheat from farmers at the minimum price when the market price drops below that level. The announcement states the factors under consideration in determining the MSP were overall grain production cost, market supply and demand, domestic and international market prices, and industry developments.

<b>Year</b>	<b>White Wheat</b>	<b>Red Wheat</b>	<b>Mixed</b>
<b>2015</b>	2,360	2,360	2,360
<b>2016</b>	2,360	2,360	2,360
<b>2017</b>	2,360	2,360	2,360
<b>2018</b>	2,300	2,300	2,300
	-60	-60	-60
<b>2019</b>	2,240	2,240	2,240
	-60	-60	-60
<b>2020</b>	2,240	2,240	2,240
<b>2021</b>	2,260	2,260	2,260
	+20	+20	+20
<b>2022</b>	2,300	2300	2,300
	+40	+40	+40
<b>2023</b>	2,340	2,340	2,340
	+40	+40	+40

Source: NDRC

The State Council approved a \$339 (2,340 RMB) per MT wheat (3rd class) MSP for 2023, which is 40 RMB higher than last year. The 2023 MSP policy was announced in the midst of MY2023/24 winter wheat planting. Since the policy launched in 2016, officials have revised the wheat MSP down twice, each time downwards by 60 RMB per MT for 2018 and 2019 wheat MSP, respectively. From 2020 to 2023, the MSP was adjusted up three times in a row, by 20 RMB, 40 RMB, and 40 RMB respectively.

### Wheat Production, Supply, and Distribution

<b>Wheat</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
	<b>Jul 2021</b>		<b>Jul 2022</b>		<b>Jul 2023</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Market Year Begins</b>						
<b>China</b>						
<b>Area Harvested</b> (1000 HA)	23568	23568	23519	23519	0	23520
<b>Beginning Stocks</b> (1000 MT)	139120	139120	136759	136759	0	139582
<b>Production</b> (1000 MT)	136946	136946	137723	137723	0	138300
<b>MY Imports</b> (1000 MT)	9568	9568	10000	12000	0	9500
<b>TY Imports</b> (1000 MT)	9568	9568	10000	12000	0	9500
<b>TY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	285634	285634	284482	286482	0	287382
<b>MY Exports</b> (1000 MT)	875	875	900	900	0	900
<b>TY Exports</b> (1000 MT)	875	875	900	900	0	900
<b>Feed and Residual</b> (1000 MT)	35000	35000	30000	31000	0	30000
<b>FSI Consumption</b> (1000 MT)	113000	113000	114000	115000	0	117000
<b>Total Consumption</b> (1000 MT)	148000	148000	144000	146000	0	147000
<b>Ending Stocks</b> (1000 MT)	136759	136759	139582	139582	0	139482
<b>Total Distribution</b> (1000 MT)	285634	285634	284482	286482	0	287382
<b>Yield</b> (MT/HA)	5.8107	5.8107	5.8558	5.8558	0	5.8801

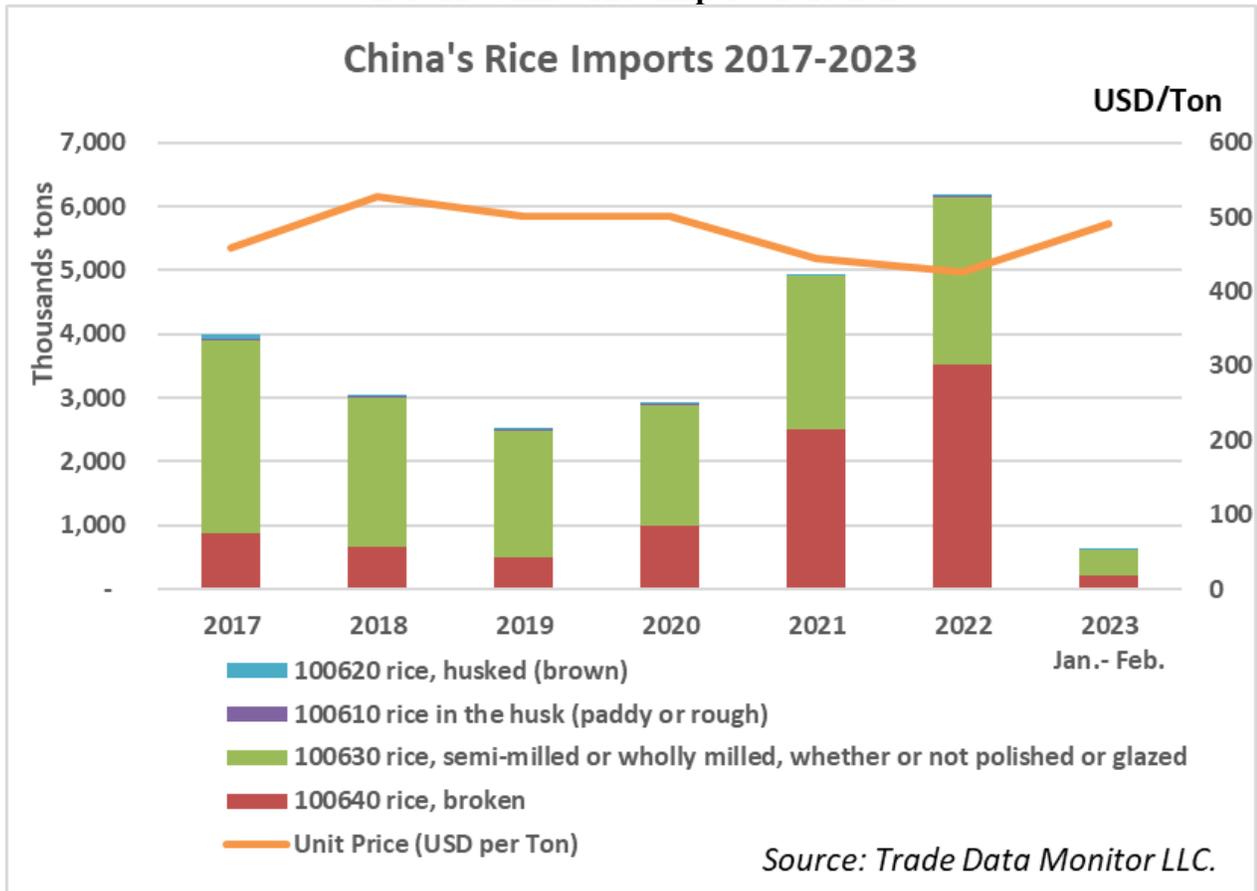
(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

## RICE

Chart 11. China: Rice Imports 2017-2023



MY2023/24 rough rice **production** is forecast at 212 MMT. This is up 4 MMT from MY2022/23, when severe drought hurt production, but is still down from previous years. Government policies encouraging soybean plantings should result in reduced rice area in Northeast China. Rice harvested area overall is expected to increase from MY2022/23 when severe drought led to crop failure in some areas.

As of early March, the early crop rice in South China has begun to grow seedlings. South China province officials have been motivating producers in their administrative areas to grow more rice. Central government policies call for more grain production, but their area is unsuitable for corn or soy. Various provincial governments have called for creative measures including ratooning of rice to boost production.

Provinces	Early Rice Planted Area	Increase from Last Year
Guangdong	13.03 million mu	60,000 mu
Hainan	1.64 million mu	45,700 mu
Hubei	1.91 million mu	16,000 mu
Anhui	2.58 million mu	0
Jiangxi	18 million mu	25% more seed sales

*Source: Various Industry Source*

MY2023/24 rice **consumption** is forecast at 150 MMT, down 5 MMT from MY2022/23 based on weaker demand for both feed and food use. China’s rice consumption is expected to decline, along with its population. In addition, the diet of many urban young Chinese is increasingly shifting to more include more Western-style and wheat-based foods and less rice.

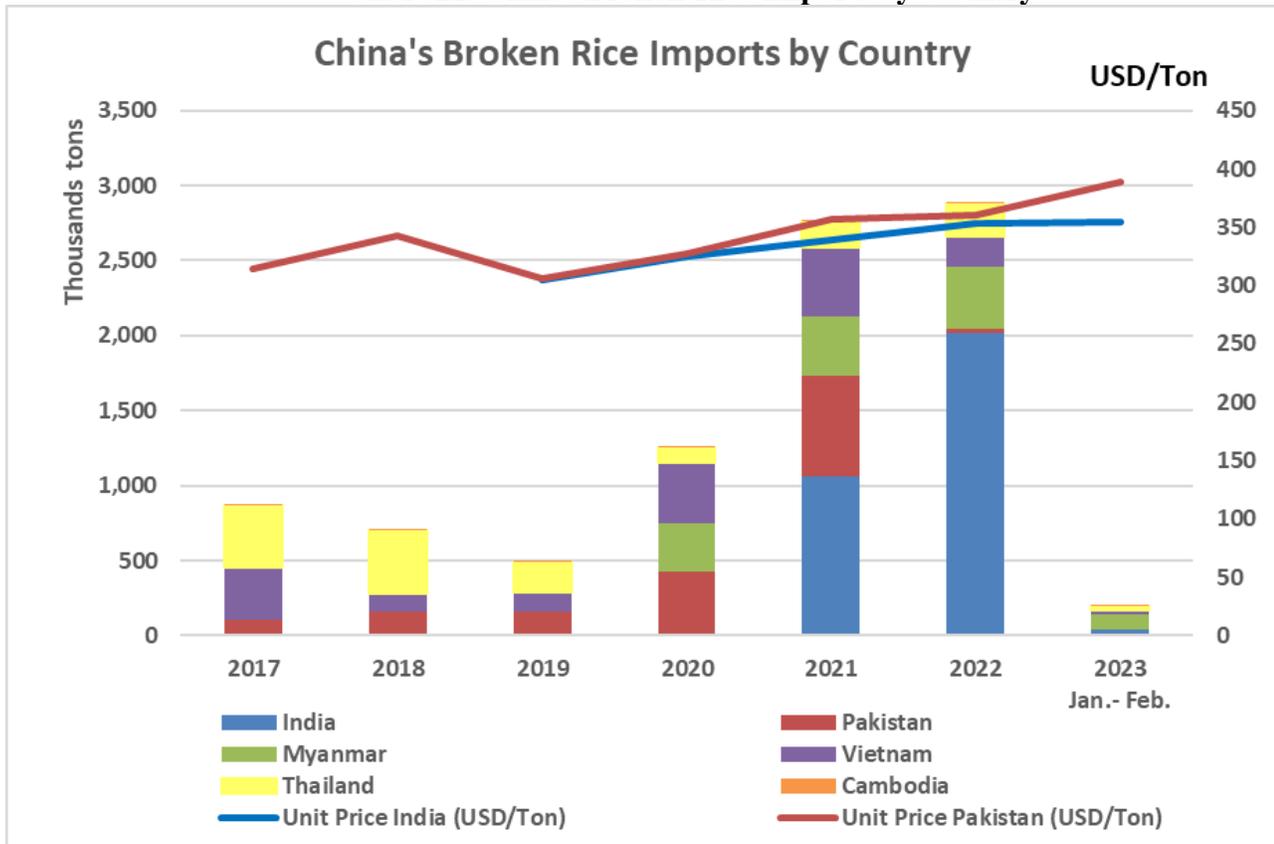
Auction Period		Amount Offered (MMT)	Amount Sold (MMT)	Notes
<b>2020</b>		14.5	9.2	
<b>2021</b>	March 31- October 28	48	15.6	-Floor price increased from RMB 1,300 to 1,500 per metric ton (MT) -Rice mixed with wheat to be used in feed -2 MMT rice offered each week
<b>2022</b>	March 10 to April 14	43.9	4.5	-Floor price remained at RMB 1,500 per MT -500,000—1 MMT rice offered each week
	May 15-September		24.6	-Floor price increased from RMB 1,500 to RMB1,600 per MT in Northeast and 1,700 per MT in South China -2 MMT rice was offered each week
Source: Post Industry Sources				

In the feed market, rice substitution for corn in feed rations will continue throughout 2023 but at a much lower rate than before. There are rumors that the PRC’s state-owned grain reserves launched the 2023 old stock rice auction program in March. Old stock rice reserves are believed to be depleted after several years of old crop rice auctions that were carried out to provide alternatives to persistently high corn prices. For more information, please refer to [January GAIN report: Offloading Old Stock Rice Through Annual Auction](#).

The total volume of old stock rice to be offered for auctions is rumored to be around 18 MMT, less than half the amounts on offer in 2021 and 2022. The 18 MMT to be offered in 2023 is likely the unsold rice that was on offer in the 2020-2022 auctions. Industry sources believe the auction includes 15 MMT of 2018 crop and 3 MMT of 2019 crop rice. Approximately 13 MMT will be sold in northeastern Heilongjiang province alone.

Similar to last year, the auctions are open to a limited number of participants. These could include six grain-related State-Owned Enterprises (SOEs), namely COFCO, Sinochem Holdings, China Animal Husbandry Industry Co., Ltd. (CAHIC), Beidahuang, China Co-op Group, and China Resources, and five major private feed and swine producers, including Wellhope, Muyuan Foodstuff, New Hope, Twins Group, and Haid Group.

**Chart 12. China: Broken Rice Imports by Country**



Source: Trade Data Monitor, LLC

MY2023/24 rice **imports** are forecast down 4 percent from MY2022/23 on lower consumption and less feed demand for broken rice. Since the last quarter of 2022, international rice price increases have outpaced domestic prices, reducing the profit margin on imports.

Broken rice imports in MY2022/23 will likely be constrained according to industry contacts. Reportedly, the Indian government also imposed a 20 percent export tax on rice exports starting September 2022.

China’s rice imports over the past five months have slumped by 30 percent. Imports of Indian broken rice dropped 70 percent month-on-month in February. February average unit prices of imported broken rice also increased by 16 percent to \$402, costing imported broken rice its price advantage over other feed grains.

Post expects that broken rice imports from India and Pakistan, which allow Chinese importers to avoid the TRQ, will not continue in the same large quantities in MY2023/24. Industry sources and news accounts suggest the imported rice was destined for feed use and the purchases were driven by the price advantage of imported rice over corn. Post anticipates future rice purchases will be based on rice prices found on the international market.

China imported 6.2 MMT of rice in calendar year 2022, an increase of 25 percent year-on-year due to a surge in low-priced broken rice imports which fall outside the TRQ and advantageous world prices. Growth came from the top three markets of: India, 2.2 MMT, up 100 percent, Pakistan 1.2 MMT, up 24 percent, and Thailand 767,539 MT up 28 percent.

**Chart 13. China: 2022 Rice Imports Market Share by Volume**



China’s rice imports in calendar year 2022 exceeded its 5.32 MMT TRQ for the first time in history. In line with historical trends, China is not expected to fill its short-to-medium grade rice TRQ in calendar years 2023 and 2024.

<b>Year 2022</b>	<b>Long-grain</b>		<b>Med/short grain</b>
<b>1006.3020, Long grain milled rice</b>	2,555,991	<b>10063080, med/short grain milled rice</b>	65,822
<b>1006.4020 Long grain broken rice</b>	2,967,274	<b>1006. 4080 med/short grain broken rice</b>	559,141
<b>1006.1081 Long grain paddy</b>	8,624	<b>1006.1089 med/short grain paddy</b>	542
<b>1006.2020 Long grain brown rice</b>	516	<b>1006. 2080 med/short grain brown rice</b>	0
<b>TOTAL</b>	5,532,405		625,505

*Source: China Customs data; unit in MT*

Post forecasts rice **exports** at 2 MMT in MY2023/24, down 9 percent from the previous year. China's top five export markets remained relatively unchanged except for a large drop in exports to Cote d'Ivoire. The top markets in 2022 were Egypt, Turkey, South Korea, Sierra Leone, and Papua New Guinea. China's rice exports are primarily driven by exporting low quality or old rice at low prices to reduce excess stocks.

	<b>Partner Country</b>	<b>Annual Imports (MT)</b>		<b>Share of China's Exports (%)</b>		<b>Change</b>
		<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021-2022</b>
						<b>Percent</b>
	<b>World</b>	<b>2,447,886</b>	<b>2,214,594</b>	<b>100%</b>	<b>100%</b>	<b>-9.53</b>
<b>1</b>	Egypt	250,000	481,200	10%	22%	92.48
<b>2</b>	Turkey	120,500	225,700	5%	10%	87.3
<b>3</b>	South Korea	226,094	196,893	9%	9%	-12.92
<b>4</b>	Sierra Leone	189,500	195,500	8%	9%	3.17
<b>5</b>	Papua New Guinea	148,293	186,494	6%	8%	25.76
<b>6</b>	Puerto Rico	84,000	105,000	3%	5%	25
<b>7</b>	Bulgaria	45,000	90,000	2%	4%	100
<b>8</b>	North Korea	0	74,866	0%	3%	0
<b>9</b>	Cote d'Ivoire	168,040	63,502	7%	3%	-62.21
<b>10</b>	Japan	61,560	61,110	3%	3%	-0.73
	All Others	1,154,896	534,328	47%	24%	-53.7

Source: Trade Data Monitor, LLC

China also has continued to donate rice as aid, though these amounts are paltry compared to total exports, see table 11. Note the PRC only reports official aid donations in value amounts, not by volume though many other aid donations could go unreported.

<b>Table 13. China: Rice Exports under Aid or Donation in 2022</b>		
<b>Commodity</b>	<b>Trading partner</b>	<b>U.S. Dollar</b>
Rice	Sri Lanka	7,164,341
Rice	Afghanistan	2,152,815
Rice	Gambia	1,539,782
Rice	Djibouti	1,151,433
Rice	Ethiopia	891,909
Rice	Guinea-Bissau	789,552
Rice	Somalia	606,662
Rice	Central African Republic	306,921
Rice	Mali	4,290
Rice	TOTAL	14,607,705
<i>Source: GACC</i>		

**Ending stocks** in MY2023/24 are forecast down by 2 percent from MY2022/23 due to increased production and less feed consumption.

China's MY2022/23 mid-to-late rice MSP procurement ended on February 28 with more than 13 MMT rice procured, slightly lower than last year due to lower production. China's regular MSP auction sold less than 700,000 MT of rice in 2022, and the old stock rice auctions to feed mills depleted over 50 MMT rice reserves from 2020 to 2022. China's rice reserves are believed to be cut by half from 2020 levels according to trade contacts. Sources estimate that the PRC has 57 MMT rice in MSP reserve of which, 15 MMT are 2018 rice, 17 MMT are 2019 rice, and 15 MMT are 2021 rice. If all the old stock 2018 rice can be sold via auction in 2023, China's MSP rice reserve will be lowered to around 40 MMT.

On February 27, NDRC announced the [2023 rice MSP price](#) for rice graded above a "3" on China's rice grade scale will be \$365 (2,520 RMB) per MT for early Indica rice, up by \$5.8 (40 RMB) per MT from 2022; mid-to-late Indica rice and Japonica rice MSP remain unchanged from 2022. Like the 2023 wheat MSP, which was announced last November, NDRC set a ceiling for the total MSP procurement amount for rice. [The 2023 ceiling](#) is unchanged at 50 MMT from previous years to include 20 MMT of Indica and 30 MMT of Japonica rice. The first 45 MMT can be purchased from any of the rice producing provinces, but the final 5 MMT, including 2 MMT Indica and 3 MMT Japonica, will be allocated among provinces based on unspecified needs criteria. The ceiling is, once again, much higher than the actual MSP purchase volumes in recent years.

**Table 14. China: Rice MSP Changes 2015-2023 (in RBM per MT)**

Year	Early Indica	Mid-to-Late Indica	Japonica
2015	2,700	2,760	3,100
2016	2,660	2,760	3,100
	-40		
2017	2,600	2,720	3,000
	-60	-40	-100
2018	2,400	2,520	2,600
	-200	-200	-400
2019	2,400	2,520	2,600
2020	2,420	2,540	2,600
	+20	+20	
2021	2,440	2,560	2,600
	+20	+20	
2022	2,480	2,580	2,620
	+40	+20	+20
2023	2,520	2,580	2,620
	+40		

Source: NDRC

**Rice Production, Supply, and Distribution**

Rice, Milled Market Year Begins China	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	29921	29921	29450	29450	0	29851
Beginning Stocks (1000 MT)	116500	116500	113000	113000	0	107000
Milled Production (1000 MT)	148990	148990	145946	145946	0	148800
Rough Production (1000 MT)	212843	212843	208494	208494	0	212571
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	0	7000
MY Imports (1000 MT)	5949	5949	5500	5200	0	5000
TY Imports (1000 MT)	6155	6200	5500	5200	0	5000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	271439	271439	264446	264146	0	260800
MY Exports (1000 MT)	2079	2079	2200	2200	0	2000
TY Exports (1000 MT)	2172	2250	2200	2200	0	2000
Consumption and Residual (1000 MT)	156360	156360	154946	154946	0	150000
Ending Stocks (1000 MT)	113000	113000	107300	107000	0	108800
Total Distribution (1000 MT)	271439	271439	264446	264146	0	260800
Yield (Rough) (MT/HA)	7.1135	7.1135	7.0796	7.0796	0	7.1211

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

## POLICY

### Tariff Rate Quotas

On September 30, 2022, the National Development and Reform Commission (NDRC) published [the 2023 TRQ Application and Allocation Measures for Grain and Cotton](#). For grain, the total quota and percentage allocated to State-Owned Enterprises (SOEs) remains unchanged from 2022. The 2023 measures continued to emphasize that the TRQs must be fully allocated, and both the state-owned and non-state owned TRQs must be fully utilized, based on market conditions. Starting in 2020, the policy included punitive measures for companies that receive import TRQ but do not fill the entire volume.

**Table 15. China: 2023 Tariff Rate Quota Policies for Grains**

Commodity	TRQ Volume (MT)	Private Allocation	State-Owned Enterprise Allocation	In-Quota Duty	Out-of-Quota Duty
<b>Corn</b>	7,200,000	40%	60%	1%	65%
<b>Wheat</b>	9,636,000	10%	90%	1%	65%
<b>Long Grain Rice</b>	2,660,000	50%	50%	1%	65%
<b>Medium-Short Grain Rice</b>	2,660,000	50%	50%	1%	65%

### Countries with Bilateral Phytosanitary Protocols

On February 20, 2023, GACC published the list, below, of countries/regions from which imports of grain and plant-sourced feed varieties are allowed into China.

[Table 16. China: Countries with Bilateral Phytosanitary Protocols](#)

Wheat	Australia, Canada, France, Hungary, Kazakhstan, Mongolia, Russia, United Kingdom, United States, Serbia, Lithuania
Corn	Thailand, United States, Peru, Laos, Argentina, Russia, Ukraine, Bulgaria, Brazil, Cambodia, South Africa, Hungary, Kazakhstan, Uruguay, Mexico, Serbia, Myanmar, <i>Kyrgyzstan*</i>
Barley	Argentina, Australia, Canada, Denmark, France, Finland, Mongolia, Kazakhstan, Russia, United Kingdom, Ukraine, Uruguay, United States
Sorghum	Argentina (for feed use), United States, Australia, Myanmar, Nigeria (for feed use), Mexico, <i>Uruguay*</i>
Paddy Rice	Russia
Milled Rice	Cambodia, India (both Basmati and Non-Basmati), Japan, Laos, Myanmar, Pakistan, Thailand, Uruguay, Vietnam, Taiwan, United States

Note: Countries with Bilateral Phytosanitary Protocols are permitted to export grains

\*Indicates new access in 2023

Source: China Customs

### China's No. 1 Country Document

On February 13, 2023, the Chinese Communist Party (CCP) Central Committee and the People's Republic of China (PRC) State Council published the 2023 "No. 1 Document," providing broad guidance for resource allocation and development goals in China's agricultural sector. Food security

remains a top focus. Priority is given to boosting production of grains and oilseeds and various policies to support farmer income and improvements in rural China. In keeping with the document's historical nature, considerable space is given to addressing rural concerns including poverty alleviation, property rights, governance, as well as social, economic, and ag-related industrial development. More information on the Number 1 Document can be found in [Top Ag Policy Document Outlines Key Agricultural and Rural Development Priorities](#).

**Attachments:**

No Attachments