

USDA Foreign Agricultural Service

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Global Agricultural Information Network

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China - Peoples Republic of

Oilseeds and Products Update

No Change in Sight for China's Lowering Soybean Demand

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Report Highlights:

Lower feed demand and smaller soybean imports in 2018/19 and 2019/20 are results of significant declines in China's sow and hog inventories due to African Swine Fever. On the other hand, MY 2019/20 soybean production is estimated at 16.8 million tons, up 5.7 percent compared to previous year, primarily due to increased government subsidies. MY 2019/20 vegetable oil imports are relatively unchanged.

Commodities:

Oilseed, Soybean
Oilseed, Rapeseed
Meal, Soybean
Meal, Rapeseed
Meal, Sunflowerseed
Oil, Soybean
Oil, Rapeseed
Oil, Palm

Production:**Estimated Domestic Soybean Production Shows Minimal Growth**

MY 2019/20 soybean production has been increased to 16.8 million metric tons (MMT), an adjustment of 400,000 tons and 5.7 percent above the MY 2018/19 figure. This is based on increased government subsidies, acreage expansion, and slightly higher expected yield. MY 2019/20 area is updated at 8.85 million hectares (MHa), up 5.4 percent from MY 2018/19.

China's National Grain and Oils Information Center also noted increases to MY 2019/20 soybean planting area in key provinces, such as Heilongjiang (the largest soybean-producing province), Jilin, Shandong, and Henan. MY 2019/20 soybean planting is complete. Soybean sowing and sprouting were facilitated by adequate rainfall in most Northeast provinces during the second half of May; however, low temperatures, wind, and hail, are expected to impact soybean development in parts of Inner Mongolia.

Growth in soybean area is largely attributed to subsidy increases for soybeans and decreases for corn. Promotion of intercropping and crop rotation (soybean and corn), along with enhanced technical extension, are expected to moderately facilitate soybean expansion and yield. In the long term, MARA's Soybean Revitalization Plan targets soybean areas of 9.33 MHa and 10 MHa by 2020 and 2022, respectively.

Lower Feed Demand Equates to Reduced Soybean Meal Use:

Reduced feed demand in MY 2019/20 is expected to directly translate into lower soybean meal (SBM) use for feed. MY 2019/20 SBM feed use remains at 63.6 MMT.

MY 2018/19 SBM feed use is lowered to 65.7 MMT, a decline of 3.3 MMT from MY 2017/18.

Trade

A Reduced Appetite for Soybean Imports:

China's soybean imports remain at 83 MMT in MY 2019/20, down from an estimated 84 MMT in MY 2018/19. China imported 42.4 MMT of soybeans during the first seven months of MY 2018/19, down by 8.2 MMT compared to the same period last year. Note: MY 2019/20 and MY 2018/19 estimates are significantly lower than the MY 2017/18 figure of 94.1 MMT.

Shifts Rapeseed and Sunflower Meal Imports:

China's MY2018/19 rapeseed imports from Canada are expected to fall to about 4 MMT, down from 4.7 MMT the previous year. In March 2019, China banned shipments from two large Canadian rapeseed exporters. Since then, Chinese importers have reportedly stopped signing new contracts for Canadian canola products. Meanwhile, China's imports of sunflower seed meal, mainly from Ukraine, are expected to surge in MY 2018/19 to 850,000 tons. The MY 2019/20 estimate remains at 900,000 tons. Both figures are substantial increases over the MY 2017/18 import figure of 200,000 tons, but overall impact to the protein meal market will likely be limited.

Increased Vegetable Oil Imports Could Potentially Meet Domestic Supply Gap

Lower soybean and rapeseed imports in MY 2018/19 and MY 2019/20 are expected to result in a smaller oilseed crush volume, thereby reducing the supply of domestically-produced vegetable oil. This reduction will create opportunities for additional vegetable oil imports, including palm oil, soybean oil, rapeseed oil, sunflower seed oil, and peanut oil.

Palm oil imports remain unchanged for MY 2018/19 and MY 2019/20. Imports reached 3.8 MMT in the first seven months of MY 2018/19, up more than 17 percent during the same period last year, based upon further increased use in China's catering industry.

Rapeseed oil imports remains unchanged for MY 2018/19 and MY 2019/20.

Oilseeds PSD Tables

Table 3. Soybeans

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oilseed, Soybean (1000 tons; 1000 Ha)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Area Planted	8,250	8,250	8,400	8,400	9,100	8,850
Area Harvested	8,250	8,250	8,400	8,400	9,100	8,850
Beginning Stocks	20,663	20,663	23,524	23,824	21,199	21,124
Production	15,200	15,200	15,900	15,900	17,000	16,800
MY Imports	94,095	94,095	85,000	84,000	87,000	83,000
Total Supply	129,958	129,958	124,424	123,724	125,199	120,924
MY Exports	134	134	125	100	125	100
Crush	90,000	90,000	86,000	85,500	86,000	82,500
Food Use Dom. Cons.	12,400	12,100	12,900	12,900	13,400	13,200
Feed Waste Dom. Cons.	3,900	3,900	4,200	4,100	4,300	4,100
Total Dom. Cons.	106,300	106,000	103,100	102,500	103,700	99,800
Ending Stocks	23,524	23,824	21,199	21,124	21,374	21,024
Total Distribution	129,958	129,958	124,424	123,724	125,199	120,924

Table 4. Rapeseed

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oilseed, Rapeseed (1000 tons;1000 Ha)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Area Planted	0	6,653	0	6,500	0	6,600
Area Harvested	6,653	6,653	6,468	6,500	6,600	6,600
Beginning Stocks	1,064	1,064	1,203	953	703	753
Production	13,274	13,274	12,850	12,900	13,100	13,100
MY Imports	4,715	4,715	4,000	4,000	4,100	4,100
Total Supply	19,053	19,053	18,053	17,853	17,903	17,953
MY Exports	0	0	0	0	0	0
Crush	17,300	17,500	16,800	16,500	16,600	16,600
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	550	600	550	600	550	600
Total Dom. Cons.	17,850	18,100	17,350	17,100	17,150	17,200
Ending Stocks	1,203	953	703	753	753	753
Total Distribution	19,053	19,053	18,053	17,853	17,903	17,953

Meal PSD Tables

Table 5. Soybean Meal

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meal, Soybean (1000 tons)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Crush	90,000	90,000	86,000	85,500	86,000	82,500
Extr. Rate, 999.9999	0.792	0.792	0.792	0.792	0.792	0.792
Beginning Stocks	0	0	0	0	0	0
Production	71,280	71,280	68,112	67,716	68,112	65,340
MY Imports	23	23	30	30	50	40
Total Supply	71,303	71,303	68,142	67,746	68,162	65,380
MY Exports	1,198	1,198	900	900	900	600
Industrial Dom. Cons.	1,100	1,100	1,150	1,150	1,200	1,200
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	69,005	69,005	66,092	65,696	66,062	63,580
Total Dom. Cons.	70,105	70,105	67,242	66,846	67,262	64,780
Ending Stocks	0	0	0	0	0	0
Total Distribution	71,303	71,303	68,142	67,746	68,162	65,380

Table 6. Rapeseed Meal

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meal, Rapeseed (1000 tons)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Crush	17,300	17,500	17,000	16,500	0	16,600
Extr. Rate, 999.9999	0.590	0.590	0.590	0.590	0	0.590
Beginning Stocks	0	0	0	0	0	0
Production	10,209	10,326	10,032	9,735	0	9,794
MY Imports	1,258	1,258	1,325	950	0	1,000
Total Supply	11,467	11,584	11,357	10,685	0	10,794
MY Exports	14	14	14	15	0	10
Industrial Dom. Cons.	468	450	473	450	0	450
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	10,985	11,120	10,870	10,220	0	10,334
Total Dom. Cons.	11,453	11,570	11,343	10,670	0	10,784
Ending Stocks	0	0	0	0	0	0
Total Distribution	11,467	11,584	11,357	10,685	0	10,794

Table 7. Sunflower Seed Meal

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meal, Sunflower Seed (1000 tons)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Crush	1,800	1,800	2,000	2,040	2,035	2,050
Extr. Rate, 999.9999	0.545	0.545	0.545	0.5451	0.545	0.5449
Beginning Stocks	0	0	0	0	0	0
Production	981	981	1,090	1,112	1,109	1,117
MY Imports	210	210	1,050	850	1,100	900
Total Supply	1,191	1,191	2,140	1,962	2,209	2,017
MY Exports	24	24	20	10	20	10
Industrial Dom. Cons.	62	0	62	0	62	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,105	1,167	2,058	1,952	2,127	2,007
Total Dom. Cons.	1,167	1,167	2,120	1,952	2,189	2,007
Ending Stocks	0	0	0	0	0	0
Total Distribution	1,191	1,191	2,140	1,962	2,209	2,017
SBM Equivalent	737	778	1,373	1,302	1,419	1,339

Oil PSD Tables

Table 8. Soybean Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Soybean (1000 tons)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Crush	90,000	90,000	86,000	85,500	86,000	82,500
Extr. Rate, 999.9999	0.1792	0.1792	0.1792	0.179	0.1792	0.179
Beginning Stocks	670	670	568	568	505	662
Production	16,128	16,128	15,411	15,305	15,411	14,767
MY Imports	481	481	900	1,200	1,100	1,800
Total Supply	17,279	17,279	16,879	17,073	17,016	17,229
MY Exports	211	211	125	100	125	100
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	16,500	16,500	16,249	16,311	16,391	16,529
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	16,500	16,500	16,249	16,311	16,391	16,529
Ending Stocks	568	568	505	662	500	600
Total Distribution	17,279	17,279	16,879	17,073	17,016	17,229

Table 9. Rapeseed Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Rapeseed (1000 tons)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Crush	17,300	17,500	16,800	16,500	16,600	16,600
Extr. Rate, 999.9999	0.39	0.39	0.39	0.39	0.39	0.39
Beginning Stocks	2,543	2,543	1,741	1,719	1,300	1,034
Production	6,747	6,825	6,552	6,435	6,474	6,474
MY Imports	1,067	1,067	1,350	1,300	1,400	1,500
Total Supply	10,357	10,435	9,643	9,454	9,174	9,008
MY Exports	16	16	17	20	15	15
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	8,600	8,700	8,326	8,400	8,159	8,400
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	8,600	8,700	8,326	8,400	8,159	8,400
Ending Stocks	1,741	1,719	1,300	1,034	1,000	593
Total Distribution	10,357	10,435	9,643	9,454	9,174	9,008

Table 10. Palm Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Palm (1000 tons)					
	2017/18		2018/19		2019/20	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2017		10/2018		10/2019
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	307	307	495	495	300	465
Production	0	0	0	0	0	0
MY Imports	5,320	5,320	6,150	6,100	6,700	6,500
Total Supply	5,627	5,627	6,645	6,595	7,000	6,965
MY Exports	32	32	30	30	30	30
Industrial Dom. Cons.	2,200	2,200	2,300	2,250	2,400	2,400
Food Use Dom. Cons.	2,900	2,900	4,015	3,850	4,270	4,050
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	5,100	5,100	6,315	6,100	6,670	6,450
Ending Stocks	495	495	300	465	300	485
Total Distribution	5,627	5,627	6,645	6,595	7,000	6,965