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## **China - Peoples Republic of**

**Post:** Shenyang ATO

### **Shenyang Directly Imports U.S. Beef for the First Time in 15 years!**

**Report Categories:**

Livestock and Products

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**Report Highlights:**

On January 18, 2018 Shenyang's Huashang Morning News on page 1 ran a feature article highlighting U.S. beef reports. Contrary to popular understanding, the article notes that U.S. beef is selling at prices at parity with domestic prices. This will be the first of a series of reports by the Shenyang ATO on U.S. beef. In late January, the Shenyang will visit Jilin and Heilongjiang Provinces to report on U.S. beef demand in five cities, including Changchun, Jilin City, Harbin, Daqing and Qiqihar. What follows below is a translation of the news story by ATO Shenyang Agricultural Marketing Specialist Rex Zhang.



BEGIN TRANSLATION

## Shenyang Imports U.S. Beef for the First Time in 15 years

ZHAO Wei Reporting

*Huashang Morning News, January 18, 2018*

On January 16, 2018 Shenyang's Exit and Entry Inspection and Quarantine Bureau (Shenyang CIQ) inspected and released 25 metric tons of U.S. beef to Yidu Cold & Fresh Storage here in Shenyang. This is the first time since 2003 that U.S. beef has directly entered Shenyang. In 2003, China banned U.S. beef due to the detection of Bovine Spongiform Encephalopathy (BSE) in the United States.

### Market Status

#### **Yidu Cold & Fresh Storage of Shenyang Imports U.S. Beef Cuts, Tongue and Tail**

On June 20, 2017 China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) announced that China would lift its ban on U.S. beef. The first shipment of U.S. beef arrived in China last August and was sold on-line in China. However, for Shenyang, the capital of Northeast

China's Liaoning Province, this is the first direct import of U.S. beef in the 15 years since 2003. The imports include U.S. beef tongue, tail, hooves, as well as various cuts, valued at roughly 1.6 million RMB (\$256,000). The beef was transported from Kansas to the Port of Long Beach and then shipped to the Port of Dayaowan in Dalian. Then it was trucked to Yidu Cold & Fresh Storage in Shenyang.

Local demand for beef has been growing quickly as Chinese New Year (in mid-February) is fast approaching. Yidu was eager to get the beef cleared and released as soon as possible. Shenyang CIQ helped to expedite clearance by briefing Yidu on the documentation and procedures. The two critical documents for bringing in the shipment were *Registration Procedure for Imported Commodities* and the *Procedure for Obtaining a License and Inspection for Import of Beef*. Shenyang CIQ had been extremely supportive and efficient in their quarantine inspection of this U.S. beef shipment.

### **Market Visit**

#### **Local Market Imported Beef Supply Is Ready and Distributors are Taking Preorders for U.S. Beef**

A reporter for the newspaper visited meat retailers yesterday and found that China's domestic beef is still dominating the beef market. The domestic beef retail prices are ranging from 40 to 80 RMB per kilo (\$2.80 to \$5.60 per pound) depending on the cut. The reporter added that although no U.S. beef was found in any supermarkets or wet markets, he did find a large amount of imported beef at a wholesale market. Labels on the packages showed the beef was from Australia, New Zealand, Canada, among other suppliers. When the reporter asked if any U.S. beef was available, one wholesaler responded "Yes, but it's in my warehouse. We will take preorders." The merchant then took out his cell phone and showed the reporter pictures of his stock. "These are all high-end American beef cuts, 58 RMB per kilo (\$4.00 per pound). It's even cheaper than domestic beef." Many wholesalers observed that right after the 2003 ban, smuggled U.S. beef could be easily found but China's law enforcement agencies since then have effectively cracked down on smuggling. China has also legalized beef imports from many other countries in recent years, less. Once the ban was lifted, U.S. beef sold in Shenyang came from other ports [such as Tianjin, Shanghai or Guangzhou].

### **China Beef Industry's Response**

#### **Beef Consumers Have More Choice and This May Push China's Processors to Improve Quality and Lower Prices**

China's beef market has grown sharply in recent years. According to China's Ministry of Commerce data, China imported 825,000 metric tons of beef in 2016, valued at roughly \$2.6 billion. That was 173 times China's volume in 2003.

The Meat Association of China has information that shows that most of China's beef is produced in Inner Mongolia and Shandong Provinces.

When U.S. beef last year returned to the China's market and was sold on line, China's beef producers and processors became worried. High-end beef suppliers are especially nervous due to U.S. beef's superior quality and better price. Mr. LIU Qiangde, Vice Secretary of the Cattle Industry Division of

China's Livestock Industry Association, stated that China's beef producers should not be so anxious because China have made great progress in terms of meat quality, market share, and market response.

Some domestic industry stakeholders have observed that China is a large beef consumer while the United States is a large beef producer. Restoration of U.S. beef imports will provide Chinese beef consumers with more choice. This may hopefully push China's beef producers and processors to find better ways to enhance China's beef quality and reduce prices. China's industry leaders added that China's beef market is developing quickly in terms of scale, brand development, and specialized processing, and these efforts in turn are leading to increased capacity. As Western-style beef consumption becomes more and more fashionable in China, imported beef, especially steak, will become more popular. With its competitiveness in price and quality, U.S. beef will expand the demand for beef in China.

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