

Voluntary Report – Voluntary - Public Distribution

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Report Name: US Pet Food Exports to China Surpass All Expectations

Country: China - People's Republic of

Post: Shanghai ATO

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Report Highlights:

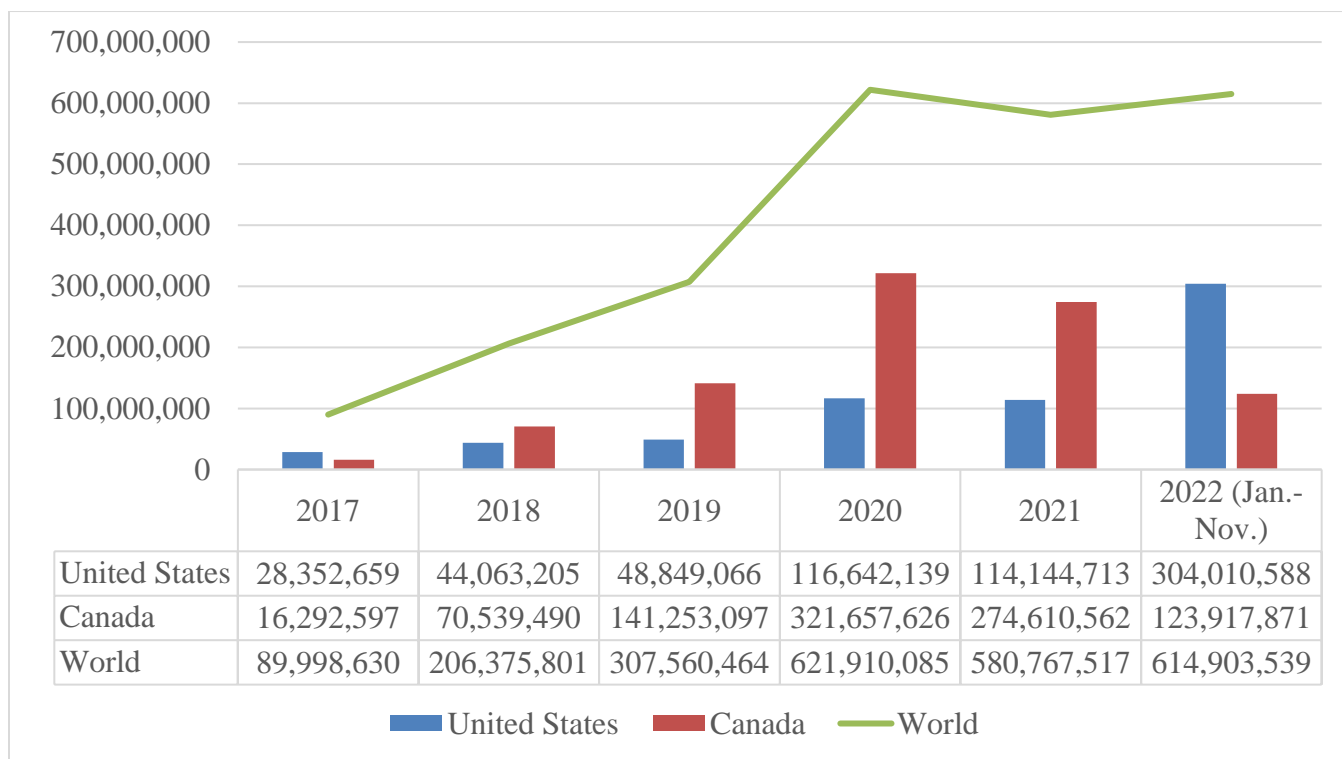
Since the implementation of the U.S.-China Phase One Economic and Trade Agreement in 2020, U.S. pet food exports to China have experienced significant growth. Earlier this year, the United States overtook Canada as the largest exporter of pet food to China. According to China's General Administration of Customs (GACC), U.S. pet food exports to China were valued at over \$304 million in the first eleven months of 2022, nearly a 200 percent increase accounting for almost 50 percent of total imports. In addition, the United States ranked first in both facility registration by GACC and feed product registration by China's Ministry of Agriculture and Rural Affairs (MARA).

U.S. Ranks as No.1 Pet Food Exporter to China

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Three years after the implementation of the U.S.-China Phase One Economic and Trade Agreement (Phase One), the United States has become the largest pet food exporter to China. According to GACC, China imported 44,026 metric tons (MT) of U.S. pet food (H.S. code: 2309.10, dog and cat food for retail sale) valued at \$304.01 million during the first 11 months of 2022. This is a 197 percent increase, compared to the same period of 2021.

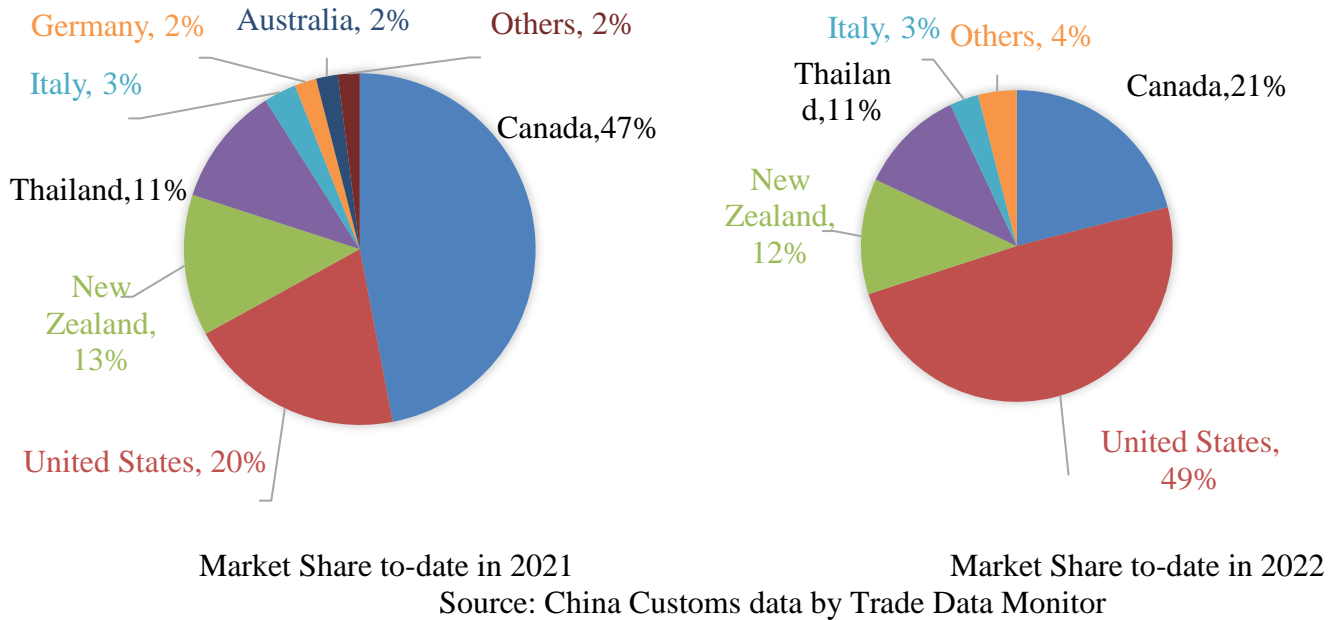
Chart 1: China’s Imports of Pet Food by Value US\$, 2017- 2021 and 2022 (January-November)



Source: China Customs data by Trade Data Monitor

The landscape of China’s import market shifted significantly in 2022. The United States now tops Canada as the No.1 pet food exporter to the China market. Imports from Canada declined over 50 percent to 24,271 metric tons (valued at \$123.92 million), while the U.S. market share increased to 49 percent in the first 11 months in 2022. In February 2022, avian influenza outbreaks in Canada led to China’s ban on the importation of Canadian pet foods containing poultry ingredients. As a result, multiple large international pet food enterprises (e.g., Acana) transferred poultry-related exporting capacity from Canada to facilities based in other countries, including the United States, thereby allowing their companies to maintain business with China.

Chart 2: Comparison of China's imported pet food market share by value in 2021 and 2022 (January-November)



Phase One Agreement Expands U.S. Pet Food Opportunities

1. Phase One Agreement Opens China Market for All U.S. Pet Food Ingredients

The Phase One trade agreement expanded China's market widely for U.S. pet food companies and producers of all the ingredients. The agreement removed long-standing ingredient and ruminant testing. It restored market access for U.S. poultry and poultry products, and U.S. beef and beef products, including their use in pet food.

Under the agreement, China agreed to allow the importation of U.S. pet foods with animal-origin ingredients from a 3rd-country if the ingredients are legally imported into the United States, meet U.S. domestic requirements for inclusion in pet food, and are traceable to the country of origin. Imported ingredients are allowed, except for certain ruminant materials. Sheep/lamb and goat ingredients must be of Australian/New Zealand origin. Bovine dairy, bovine gelatin, bovine collagen, and bovine tallow with maximum level of insoluble impurities of 0.15 percent by weight may be legally imported from any country. All other imported bovine materials must be legally imported from one or more of the following countries: Argentina, Australia, Chile, Columbia, Costa Rica, Mexico, New Zealand, Nicaragua, Panama, Paraguay, Peru, and/or Uruguay.

For more information on these changes and the facility registration processes, please see the Global Agricultural Information Network (GAIN) report CH2020-0097, [China: US-China Economic and Trade Agreement Brings Welcome Changes for US Pet Food Exporters](#), and the U.S. Department of Agriculture and U.S. Trade Representative [Fact Sheet on Pet food](#).

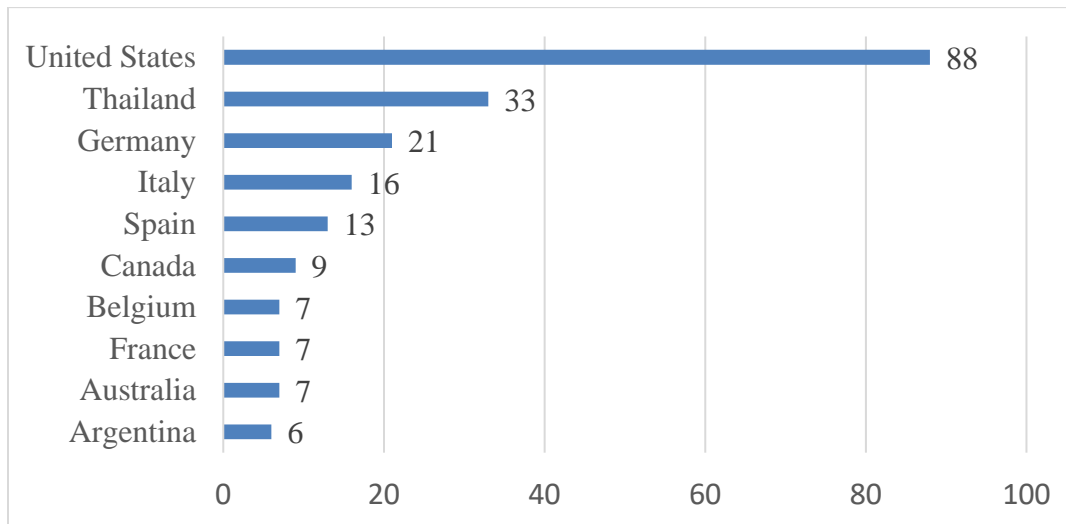
2. Number of Registered U.S. Pet Food Facilities ranked No.1

Per the requirements from China’s authorities, all imported pet food must have both the facility registration by China’s General Administration of Customs (GACC) and the feed product registration by China’s Ministry of Agriculture and Rural Affairs (MARA). After the implementation of Phase One Agreement, the number of registered U.S. pet food facilities progressively improved. As of October 2022, U.S. ranked No.1 in the registrations managed by both GACC and MARA.

(1) GACC Facility Registration

As of October 2022, GACC has approved pet food and pet food ingredients imports from 21 countries and regions. There are **88 U.S. facilities** registered with GACC, of which 25 were newly added or renewed their registration in 2022. This is a significant increase, as only 24 U.S. facilities were registered by GACC in 2020. By comparison, the United States’ main pet food competitor (e.g., Canada) retained nine approved facilities on the GACC list in October 2022.

Chart 3: GACC registered facilities by country, as of October 2022



Source: General Administration of Customs of the People's Republic of China

(2) MARA Product Registration

In 2021, MARA approved 635 SKUs (Stock Keeping Units) of imported pet foods to receive new or renewed feed registration; 117 of these were for US pet foods, ranking as Number 1.

In 2022, China’s MARA has approved 435 SKUs (Stock Keeping Units) of imported pet (dog/cat) foods, among which 132 were for the United States, ranking as No. 1 and surpassing that of 2021.

Chart 4: New and renewed MARA imported pet (dog/cat) foods registration in 2022 (updated December 29, 2022)

Date	Dec. 26	Sep. 28	Aug. 11	Jun. 23	Apr. 28	Mar. 25	Feb. 21	
MARA Notice	No. 629	No. 625	No. 586	No. 569	No. 553	No. 543	No. 527	Total
All regions	33	92	68	77	26	65	74	435
US	9	38	34	6	1	31	13	132
Canada	3	4	1	15	18	5	24	70
New Zealand	1	8	5	21	7	11	4	57
Thailand	10	8	10	12		12		52
Spain		11	1	18			10	40
Germany		10	14					24
Italy	10	3					11	24
Australia		2	3	1		3	1	10
Belgium						1	8	9
Austria		8						8
Taiwan						2	3	5
Argentina				4				4

Source: ATO Guangzhou (raw data from China's MARA)

China's Thriving Pet Food Market Brings Opportunities

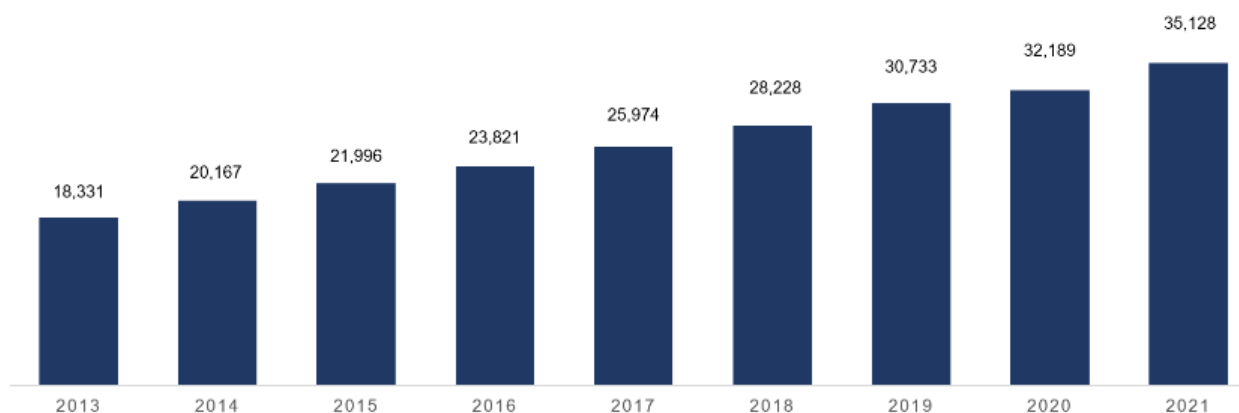
China's pet food imports are booming, despite the pandemic. According to 2022 China Pet Industry White Paper released by JD.com in September 2022, the number of pet households in China is expected to exceed 100 million in 2022, with a penetration rate of 20 percent, which is giving a big boost to the market for pet-related products, especially premium-quality pet foods. Although the penetration rate is only one-third of the European and American markets, the consumption level of pet households in China is already comparable to that of other countries.

Drivers of Pet Ownership in China

- Increased disposable income allowing more room in household budgets to buy pets, pet food and other pet-related products.
- An ageing population seeking animal companionship. In many cases, the older generation of Chinese have only one child, leading to an increased emphasis on treating pets as surrogate children.
- Millennial Chinese marrying later and placing greater importance on pets as family members.
- Residents under lockdown have increasing expenditures on pets. The annual consumption per pet in Chinese households was 2,041 yuan (\$286), accounting for 6.73 percent of total household expenditures, compared with 1.71 percent of U.S. household expenses.¹

¹ Data source: 2022 China Pet Industry White Paper

Chart 5: Disposable Income of Chinese Residents from 2013-2021 in Dollar Value



Source: iiMedia, designed by Daxue Consulting, 2013-2021 Disposable household income in China

E-Commerce Reshaping China’s Pet Food Market

According to the 2022 China Pet Industry White Paper, 71 percent of pet owners are accustomed to online shopping, while 37 percent of pet owners choose to spend offline. The online shopping trend has increased faster since the pandemic. In addition, elderly citizens prefer buying their products online, because it’s faster, more convenient, and requires less effort. In fact, the big pet food producers are striving to enter the world of e-commerce to solidify their brand name in the Chinese market.

The pet sector has become one of the four most-popular product categories in this year’s Double Eleven online shopping festival in China, along with toys, outdoor sports, and jewelry. JD’s released data showed that more than 500 pet-related brands doubled sales during the holiday in 2021. According to the latest statistics of e-commerce platforms, the sales of pet staple food reached 1.909 billion RMB (\$273 million) with a year-on-year increase of 38 percent. Cat and dog treats also achieved rapid growth, of which cat treats achieved 362 million RMB (\$51.7 million) with a year-on-year increase of 32.73 percent, and dog treats achieved 121 million RMB (\$17.3 million) with a year-on-year increase of 31.43 percent².

FAS China Presenting in Trade Events

In 2022, FAS China partnered with U.S. pet food industries and SRTGs presenting in multiple offline and online events, including business-to-business meetings, technical seminars, and tradeshows, to promote U.S. pet food sales to China, such as:

- [WUSATA’s Virtual China Pet Food Mission, August 16-19, 2022](#)
- [China International Companion Animal Food Ingredients Conference \(CAFIC\) in Suzhou on August 16, 2022](#)

² Data source: China Merchants Securities

Many Chinese buyers are eagerly seeking business partnerships with U.S. pet food suppliers, FAS China will continue to organize and present in more virtual trade events (VTEs) and trade events to support the market expansion of U.S. pet food in China market.

Recommended Trade Shows:

*Dates are accurate at publishing, but subject to change

Pet Fair Asia (www.petfairasia.com/en/)

- Shanghai, August 2023 (confirmation pending)

The One Pet Show (TOPS)

- Shanghai World Expo Exhibition and Convention Center, 5-7 May 2023

China International Pet Show (<http://en.cipscom.com/>)

- Shanghai, November 2023 (confirmation pending)

China Pet Fair (<http://www.chinapetfair.com/index.php?lang=en>)

- Guangzhou, March 2023 (confirmation pending)
- Chongqing, March 2023 (confirmation pending)
- Wuhan, May 2023 (confirmation pending)

Helpful Reports and Resources:

GACC Registration list:

- [Updated list of U.S. pet food producers \(88 facilities\) by China GACC. \(Updated October 2022\)](#)
- [GACC's updated list of prohibited animals/animal products importation from animal disease pandemic countries/regions \(Dated November 14, 2022\)](#)

MARA registration List

MARA relevant six notices regard approving the registration of imported feed products including pet foods in 2022

- [No. 527](#), issued on February 21
- [No. 543](#), issued on March 25
- [No. 553](#), issued on April 28
- [No. 569](#), issued on June 23
- [No. 586](#), issued on August 11
- [No. 605](#), issued on September 28
- [No. 629](#), issued on December 26

USDA GAIN Reports:

- [FAIRS Country Report](#) by USDA Foreign Agricultural Service (USDA/FAS GAIN report: CH2022-0038, dated April 20, 2022)
- [China: US-China Economic and Trade Agreement Brings Welcome Changes for US Pet Food Exporters](#) (Dated July 7, 2020)
- [Growing Opportunities for US Pet Food in the China Market](#) (November 19, 2020)
- [China: Update - US Pet Food is Poised to Expand in the China Market | USDA Foreign Agricultural Service](#) (Dated May 13, 2022)

This is a collaborative report between ATO Shanghai and ATO Guangzhou.

Attachments:

No Attachments.

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