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Report Name: Grain and Feed Update

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Post: Beijing

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Report Highlights:

Heavy rainfall in late summer led Post to increase Marketing Year (MY) 2023/24 corn production upwards by 4.2 percent. Post estimates corn feed and residual use at 223 Million Metric Ton (MMT) due to decreasing feed demand and low corn prices. Corn starch and ethanol production both regained profitability on low input prices. Post forecasts corn imports at a conservative 20 MMT due to increasing prioritization of domestic grain security and farmer and domestic corn trader outcries to protect farm incomes and buy Chinese grain. Wheat production is adjusted down slightly due to overly wet conditions in early summer just before harvest. Wheat is not expected to be price competitive with corn in feed rations for the remainder of MY2023/24. Post forecasts China's sorghum imports in MY2023/24 will be up only slightly from last year considering price disadvantages compared to barley and corn.

Executive Summary

Post adjusted China's MY2023/24 corn production up 4.2 percent from last year to 288.8 MMT due to greater planted area and higher yields. Yields were up in some areas owing to better, heavier rainfall in typically arid production areas. However, Post estimates an increase in corn feed and residual use (1 MMT higher than the September Grain and Feed Update at 223 MMT) due to decreasing feed demand and low corn prices. Corn starch and ethanol production both regained profitability on low input prices. Post forecasts corn imports at a conservative 20 MMT due to increasing prioritization of the PRC's domestic grain security policy and farmer and domestic trader outcries to buy Chinese grain to protect farm incomes. At the same time, the import of processed grain products such as corn meal and barley flour may increase as processing in bonded zones rebounds. Post forecasts China's sorghum imports in MY2023/24 will be up from last year but remain at a price disadvantage in comparison with barley and corn. Wheat production in MY 2023/24 is adjusted down 0.8 percent or 1.1 MMT from last year due to losses from heavy rain that hit key growing areas just ahead of harvest. Wheat is not expected to be price competitive with corn in feed rations for the remainder of MY2023/24. Milled rice production is adjusted to 144.6 MMT, down 0.9 percent or 1.3 MMT from last year owing to lower planting area despite higher yields. Domestic rice prices increased slightly in response to local production losses and high international prices, but industry sources shared that the domestic market remains relatively insulated.

MY2023/24 Grain Production Estimates Published

On December 11, the People's Republic of China (PRC) National Bureau of Statistics (NBS) published MY2023/24 estimates for grain production that indicate China's grain output in 2023 reached a new record of 695.4 MMT. Decreased rice and wheat output caused by floods and drought were offset by better-than-expected corn production.

Table 1. China: MY2023/24 Grain Acreage, Production, and Yield

	Acreage (Million Hectares)	Change from MY2022/23	Total Production (MMT)	Change from MY2022/23	Yield (Ton/Hectare)	Change from MY2022/23
All Grains	119.0	0.5%	695.4	1.3%	5.85	0.8%
Rice	28.9	-1.7%	206.6	-0.9%	7.14	0.8%
Wheat	23.6	0.5%	136.6	-0.8%	5.78	-1.3%
Corn	44.2	2.7%	288.8	4.2%	6.53	1.5%

Source: China NBS (Note: "All Grains" additionally includes all beans, potatoes, and several other minor crops that the PRC classifies as grains.)

TOTAL DEMAND for GRAIN as FEED and RESIDUAL

Post forecasts that China's MY2023/24 demand for grains for feed and residual use will decrease slightly from MY2022/23 as overall feed production reduces at pace with livestock reductions.

China Feed Industry Association (CFIA) data through November 2023 indicates total feed production began decreasing both month-on-month and year-on-year starting in September 2023. The trend has continued for three months in a row.

According to MARA’s official statistics, the total hog herd in September 2023 was 442.3 million heads, still about 1 percent higher than last September. However, the November sow inventory was 5 percent lower year-on-year after declining continuously month-on-month in the first eleven months of 2023. Sow reduction accelerated at the end of 2023 due to prolonged low swine prices resulting from ample hog supplies and weak pork demand, diseases including African Swine Fever (ASF), and pressure for companies to recoup cash flow. FAS China forecasts the hog herd in calendar year 2024 will decline by 4 percent year-on-year and pork production will drop by close to 2 percent due to lower sow inventories in 2023. Chicken production in 2024 is estimated to stay even due to lower grandparent inventory in 2023.

Table 2. China: Feed and Residual Demand Estimates by Marketing Year (MMT)

Grain	MY2021/22	MY2022/23	MY2023/24	Absolute Change
Corn	210	220	223	3
Sorghum	11	4.8	7	2.2
Barley	7.3	6.5	6	-0.5
Wheat	35	33	37	4
Old Stock Rice (Milled Equivalent)	25	20	11	-9
Total	288.3	284.3	284	-0.3

Source: FAS China (Note: Cassava and other minor corn substitutes not calculated)

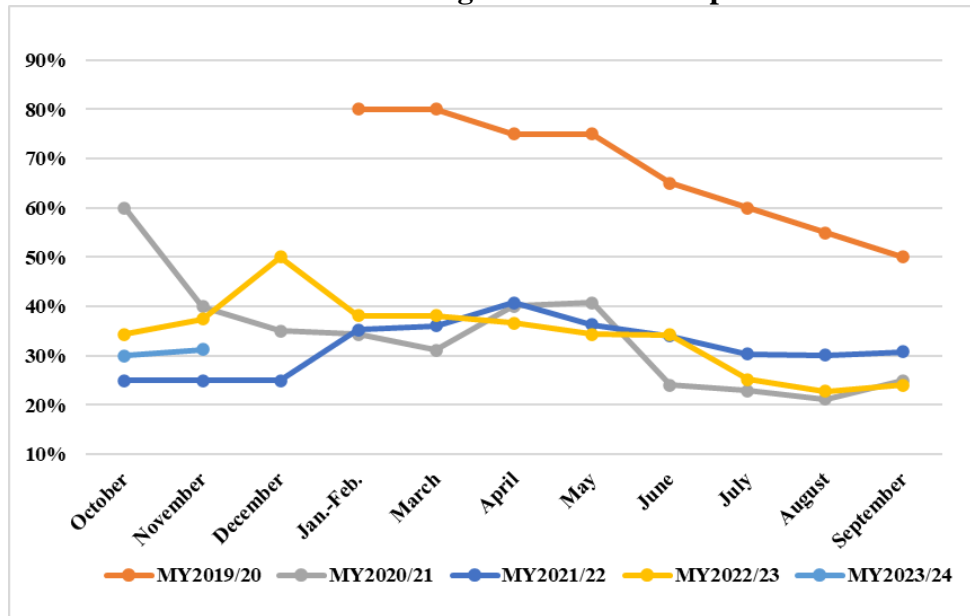
MAJOR FEED GRAINS

Corn

Post adjusts corn **production** in MY2023/24 up 4.2 percent or 11.6 MMT from last year to 288.8 MMT owing to higher area and yields, as rainfall in typically arid production areas increased in the Northeast (Note: For the purposes of this report, Northeast means Heilongjiang, Jilin, Liaoning, and Inner Mongolia). Chinese policymakers reiterated at an official December conference that the country will maintain at least the current grain planting area, accelerate the revitalization of the seed industry, and prioritize cultivating “high-standard farmlands” (those that are rich and fertile). On December 7, 2023, MARA announced that, for the first time, 37 genetically engineered (GE) corn seed varieties are officially approved for commercial production. On December 26, MARA announced the issuance of 85 seed production and operation licenses, including 26 GE corn and soybean seed production and operation licenses. (For more information, please see GAIN Report [China: China Issued First Batch of Genetically Engineered Corn and Soybean Seed Production and Operation Licenses.](#)) These GE seed varieties passed the final regulatory hurdle and are approved for commercial production use in China beginning in 2024. Industry sources indicate the amount of acreage sown with GE corn seeds in MY2023/24 is less than one percent of total area but could likely grow to 10 to 15 percent of total area by MY2025/26 or MY2026/27 if favorable conditions develop.

Post increased the MY2023/24 **feed corn and residual use** forecast by 1 MMT from its September estimate as feed mills are likely to mix more corn in rations on greater local supply, lower domestic prices, and lower imported corn prices. Feed mills reported more corn in rations in the fourth quarter of 2023. Compound feed was estimated to contain an average of 31 percent corn in the last quarter of 2023, 5 percent higher quarter-on-quarter and at a similar level to the last two marketing years.

Chart 1. China: Percentage of Corn in Compound Feed



Source: Industry Sources

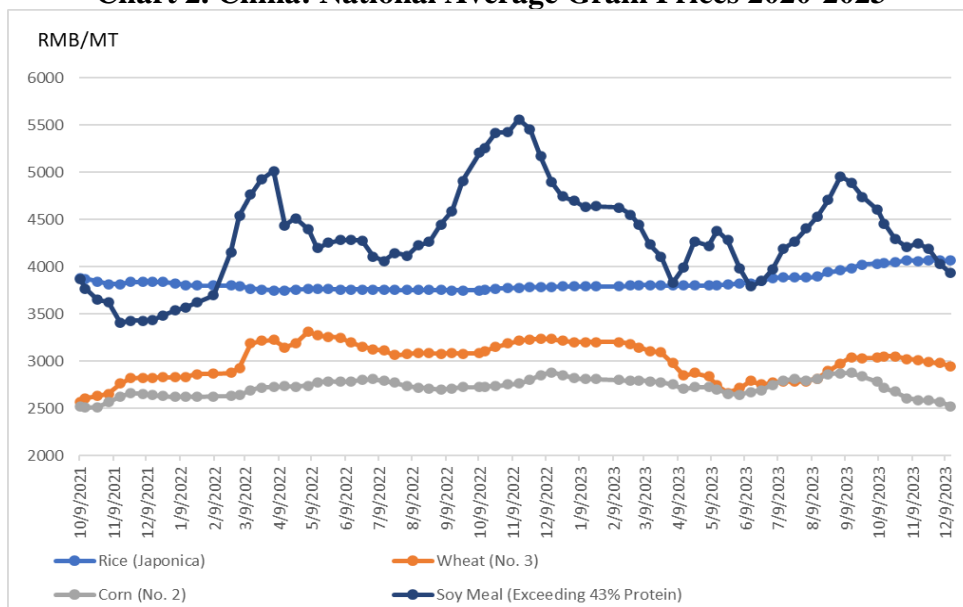
Image 1. China: Production Line of a Feed Mill in Henan



Source: FAS China

Starting in the fourth quarter of 2023, with corn available after harvest and with the prevalence of substitutes, there was downward pressure on domestic corn wholesale prices. NBS data shows corn prices at the end of 2023 averaged \$356 (RMB 2,526) per MT, down 12 percent from the September level of \$405 (RMB 2,878) per MT. PRC media reports have covered the drop-off in corn prices, which are now lower than prices in 2021, as causing low farm incomes, higher losses, and a strain on government resources. These reports are driving anxious farmers and domestic corn traders to post on social media, calling for Chinese buyers to buy domestic corn despite higher prices than for imported corn.

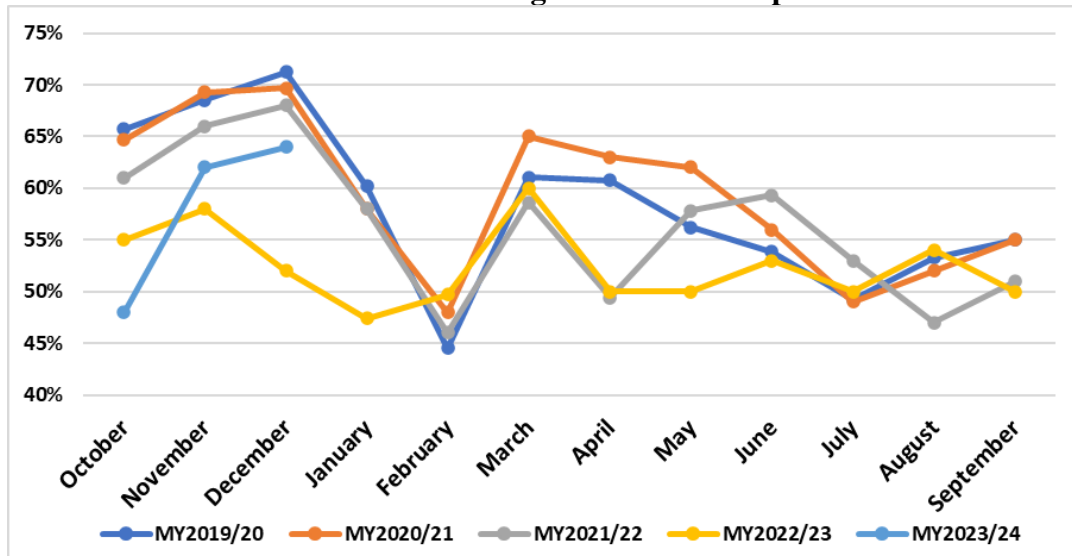
Chart 2. China: National Average Grain Prices 2020-2023



Source: National Bureau of Statistics

Post adjusted MY2023/24 **corn demand for industrial use** up by 1 MMT from its September Update. Industry data shows North China Plain (NCP, meaning the provinces Shandong, Hebei, and Henan for the purposes of this report) and Northeast corn starch profits recovered from around zero in August to \$25 (RMB 180) and \$36 (RMB 257) respectively per metric ton. Corn-based ethanol profits were below zero for most of 2023 but rebounded to above \$28 (RMB 200) per MT since August 2023. Corn starch plants operated at an average of 58 percent capacity in the last quarter of 2023, up 7 percent from the third quarter. Food and industrial ethanol plants are also expected to operate at a similarly high level of capacity in MY2023/24 compared to the last two years. Industry sources expect the corn processing industry to continue to be profitable in 2024 due to lower corn prices.

Chart 3. China: National Average Corn Starch Operation Rates



Source: Industry Sources

Note: Operations are halted each year during the February Lunar New Year holiday

Post forecasts MY2023/24 corn **imports** at 20 MMT, 3 MMT lower than USDA's official September estimate. Imported U.S. and Brazilian corn prices and imported barley prices are all below \$324 (RMB 2,300) per MT at South China ports. Imported U.S. wheat prices at East China ports are at similar prices to domestic corn at \$359 (RMB 2,550) per MT. However, as NCP corn prices decreased by \$70 (RMB 500) to \$ 352 (RMB 2,500) per MT within three months of the fall harvest and Northeast corn prices fell below cost, farmers began calling for the suspension of grain imports to protect farm incomes and ensure the stability of corn planted area for the sake of domestic grain security. (Note: More information about the PRC's new National Food Security Law is forthcoming in the GAIN system but an earlier draft is available at [CH2023-01701](#).) According to industry contacts, although PRC Customs data is unavailable, corn imports have been slowing down since mid-December and recent USDA Export Sales Reports on corn business with China have also shown little movement.

As of January 4, 2024, PRC buyers only hold contracts for 1.8 MMT of U.S.-origin corn (excluding unknown destinations) for delivery in MY2023/24, compared with more than 3.7 MMT last December. From June to the end of 2023, Brazil shipped a total 10 MMT of corn to China, replacing the United States as China's top corn supplier. China also reportedly procured 2 MMT of corn from Ukraine in December. Imported corn volumes for the first two months of MY2023/24 were 5.6 MMT, up 330 percent year-on-year. Of the 5.6 MMT, 5 MMT is from Brazil and 0.3 MMT is from the United States. Import arrivals of corn and other feed grains are expected to remain strong in the first quarter of 2024; industry sources expect that total feed grain import volumes could reach 7.5 MMT, including 3 MMT Brazilian corn.

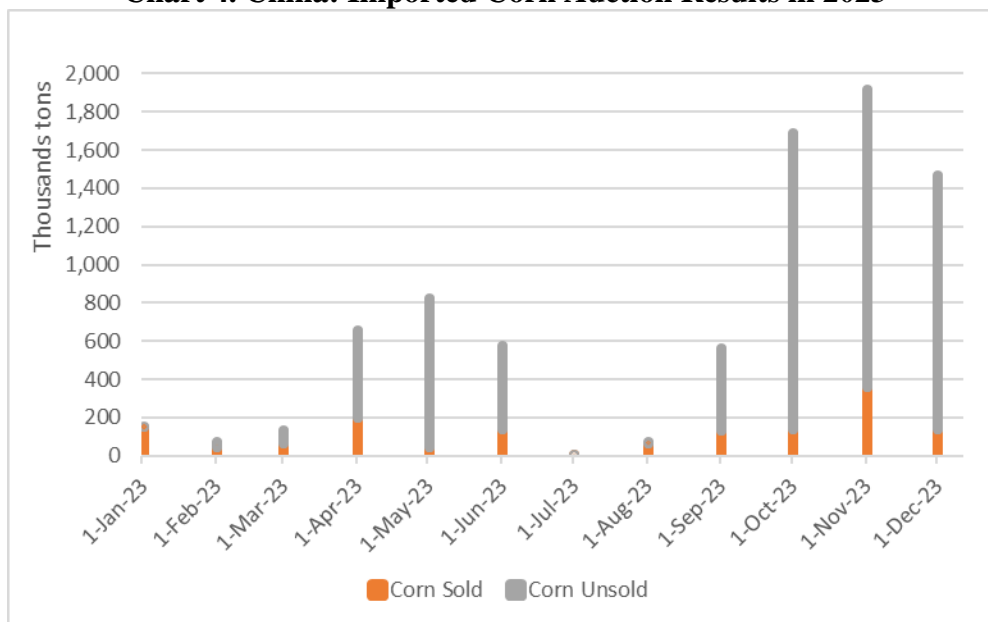
December grain commercial **stocks** at South China ports are reportedly at high levels. Guangdong reported over 1 MMT of corn stocks and over 660,000 MT of sorghum and barley stocks. If the current import pace were to continue, Guangdong ports in the first quarter of 2024 would potentially receive 4.5 MMT of imported corn, leaving little room for demand for

domestic corn or other substitutes. PRC buyers in early December have already cancelled 220,000 MT of Brazilian corn contracts and postponed shipping 2 MMT of French wheat, reportedly due to weak demand and stockpile inventory at ports.

To protect the domestic market, industry reports indicate that Sinograin launched procurement of 4.5 MMT of “Corn Reserve for Adjustment” in the Northeast, including 1.5 MMT in Jilin, 1.2 MMT in Liaoning, 1.5 MMT in Heilongjiang and 300,000 MT in Inner-Mongolia. Industry sources expect Sinograin to procure an additional 7.5 MMT of domestic corn after the 4.5 MMT procurement. There is speculation that the PRC government may be refilling its corn reserves in the context of abundant domestic and international grain supply and cheap prices.

On the other hand, Sinograin continued to ramp up its import corn offers, raising offered volumes to close to 2 MMT in November. The State Reserve also lowered its import corn auction price by \$7-14 (RMB 50-100) per MT in the second half of November to attract buyer interest. Overall, in the last quarter of 2023, Sinograin’s decision when prices were high to increase the supply of available corn came to fruition after prices had already dropped. Low interest persisted, revealing a bearish tone in the domestic market.

Chart 4. China: Imported Corn Auction Results in 2023



Source: Industry Sources

Market rumors indicate that PRC authorities will allow large feed mills to import corn for producing compound feed and export the feed with a 100 percent tax rebate in order to use up excess imported corn, prevent a feed industry crisis in the context of declining demand, ensure plants remain operational and employing staff, and support local agricultural development. According to industry contacts, export destinations would be mostly Southeast Asian countries. Many mills indicated that, with the support of local governments, they built or plan to build processing facilities in bonded areas and use imported corn to reduce costs.

Table 3. China: 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	44218	44218
Beginning Stocks (1000 MT)	205704	205704	209137	208137	206040	203028
Production (1000 MT)	272552	272552	277200	277200	288842	288842
MY Imports (1000 MT)	21884	21884	18711	18711	23000	20000
TY Imports (1000 MT)	21884	21884	18711	18711	23000	20000
TY Imp. from U.S. (1000 MT)	15075	15174	7539	0	0	0
Total Supply (1000 MT)	500140	500140	505048	504048	517882	511870
MY Exports (1000 MT)	3	3	8	20	20	20
TY Exports (1000 MT)	3	3	8	20	20	20
Feed and Residual (1000 MT)	209000	210000	218000	220000	225000	223000
FSI Consumption (1000 MT)	82000	82000	81000	81000	81000	82000
Total Consumption (1000 MT)	291000	292000	299000	301000	306000	305000
Ending Stocks (1000 MT)	209137	208137	206040	203028	211862	206850
Total Distribution (1000 MT)	500140	500140	505048	504048	517882	511870
Yield (MT/HA)	6.291	6.291	6.436	6.436	6.5322	6.5322

(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 China’s **sorghum imports** in MY2023/24 will be higher than last year but lower than the official USDA forecast due to price disadvantages compared to barley and corn. U.S. Export Sales to late December show China has contracted the purchase of close to 3.5 MMT of sorghum from the United States for MY2023/24, 165 percent higher than last year. However, with local corn prices down, the Delivered Duties Paid (DDP) price of U.S. sorghum landed at South China ports is at least \$28 (RMB 200) per MT higher than local corn. As a consequence of price competitiveness, China’s buying pace for U.S. sorghum is expected to slow down.

Post’s forecast of China’s **barley imports** is higher than USDA’s official forecast but lower year-over-year due to weak demand. After China ended anti-dumping tariffs on Australian barley on August 5, 2023, Chinese importers switched from U.S. to Australian barley for about 20 shipments of old crop barley. December through May is the peak season for Australian new crop barley exports. Industry sources expect China to buy up to 5 MMT of Australian barley in MY2023/24.

Mills in China’s west and central provinces are turning to Kazakhstan for barley, barley flour and feed-quality wheat flour. Barley prices at Xinjiang’s Alashankou, China’s border port with Kazakhstan, are below \$282 (RMB 2,000) per MT.

Russia and China signed a grain supply contract in October 2023 valued at \$25.7 billion (2.5 trillion rubles) over 12 years for the supply of 70 MMT of Russian grain, legumes, and oilseeds. Industry believes the contract amount is still of limited significance when divided by 12 years. In mid-December 2023, Russia started sending containers of soybeans and barley to China via the New Land Grain Corridor, entering China’s Inner Mongolian city Manzhouli through the Zabaikalsky grain terminal. Barley prices at Manzhouli are around \$282 (RMB 2,000) per MT.

Although Russia's grain exports to China increased to a record high in 2023, the total volume is still small compared to leading suppliers.

In late December 2023, U.S. corn was the most price-competitive grain at several of China's ports at \$314 (RMB 2,230) per MT, followed by imported barley and corn powder/ground corn, imported soft wheat and local corn.

Table 4. China: Imported Coarse Grain and Substitute Prices in Major Ports

Grain	RMB Price	U.S. Dollar Price
Local Corn	2,510-2,600	\$354-366
Imported U.S. Corn	2,230	\$314
Imported Corn Powder/Ground Corn	2,400	\$338
Imported U.S. Sorghum	2,670	\$376
Imported Argentine and Australian Sorghum	2,700-2,800	\$380-394
Imported Barley	2,300	\$323
Local Common Wheat	2,950	\$415
Imported U.S. Wheat	2,562	\$361
Local Brown Rice	2,750	\$387
Unit: RMB per metric ton, exchange Rate as of December 25, 2023 U.S. \$1= RMB 7.1		

Table 5. China: 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	630	630
Beginning Stocks (1000 MT)	269	269	255	255	288	288
Production (1000 MT)	3000	3000	3000	3000	3000	3000
MY Imports (1000 MT)	10991	10991	4863	4863	7700	7000
TY Imports (1000 MT)	10991	10991	4863	4863	7700	7000
TY Imp. from U.S. (1000 MT)	6474	6435	2436	2436	0	0
Total Supply (1000 MT)	14260	14260	8118	8118	10988	10288
MY Exports (1000 MT)	5	5	30	30	5	5
TY Exports (1000 MT)	5	5	30	30	5	5
Feed and Residual (1000 MT)	11000	11000	4800	4800	7700	7000
FSI Consumption (1000 MT)	3000	3000	3000	3000	3000	3000
Total Consumption (1000 MT)	14000	14000	7800	7800	10700	10000
Ending Stocks (1000 MT)	255	255	288	288	283	283
Total Distribution (1000 MT)	14260	14260	8118	8118	10988	10288
Yield (MT/HA)	4.7619	4.7619	4.7619	4.7619	4.7619	4.7619

(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

Table 6. China: 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	500	500
Beginning Stocks (1000 MT)	1374	1374	256	256	238	238
Production (1000 MT)	2000	2000	2000	2000	2000	2000
MY Imports (1000 MT)	8282	8282	8582	8582	8100	8200
TY Imports (1000 MT)	8282	8282	8582	8582	8100	8200
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	11656	11656	10838	10838	10338	10438
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	6500	6500	5900	6000
FSI Consumption (1000 MT)	4100	4100	4100	4100	4150	4150
Total Consumption (1000 MT)	11400	11400	10600	10600	10050	10150
Ending Stocks (1000 MT)	256	256	238	238	288	288
Total Distribution (1000 MT)	11656	11656	10838	10838	10338	10438
Yield (MT/HA)	3.9216	3.9216	3.9216	3.9216	4	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

Wheat **production** in MY 2023/24 is adjusted to 136.6 MMT, down 0.8 percent or 1.1 MMT from last year due to apparent losses from heavy rain that hit key growing areas just ahead of the harvest. Wheat acreage increased by 0.5 percent, but yields were down 1.3 percent.

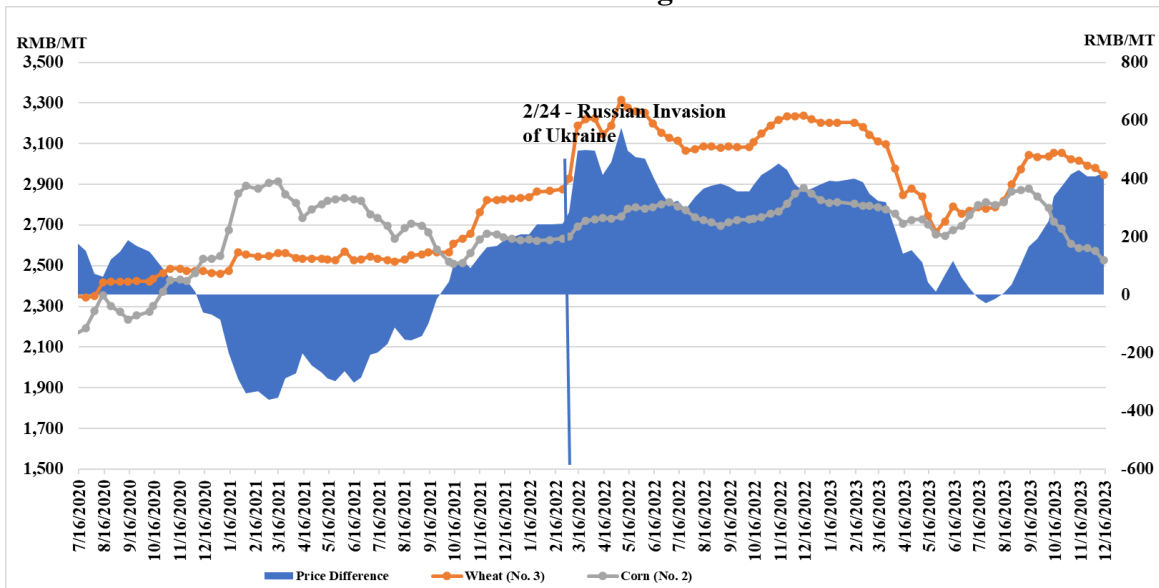
According to the “2023 Quality Monitor Report on New Crop Wheat” published by several major wheat producing provinces in November 2023, nationwide average wheat quality is worse than last year. Henan reported that only 64 percent of wheat harvested in 2023 was rated above third class, 35 percent less than in 2022. Similarly, the average test weight was 57.3 lb/bu (75.5 kg/hL), 2.5 lb/bu (4.6 kg/hL) lower than last year, and there were 35 percent more incomplete kernels year-on-year. The test weight of Hebei’s first-class wheat was 10.8 percent lower than last year. Rates of incomplete kernel and sprouted kernel among Hebei wheat were both 0.1 percent higher than in 2022. Hubei wheat recorded the worst quality in five years.

Post’s MY2023/24 wheat **consumption** for feed and fodder forecast is 4 MMT higher than the previous year and in line with USDA’s January update. Post anticipates that of 22 MMT of sprouted wheat from the eight major producing provinces, 20 MMT will go to feed use. Post’s analysis is that total wheat for feed use and residual will be 37 MMT.

After a few months of price stumbles due to massive substitution of sprouted wheat for corn in feed rations, local wheat prices moved upward to \$415 (RMB 2,950) per MT in December, close to a 10 percent jump from the 2023-year low that took place in summer. The wheat-corn price

gap continued to widen during the second half of year and is roughly U.S. \$56 (RMB 400) per MT. With corn prices continuing to fall, wheat is not expected to be price competitive with corn in feed rations for the remainder of MY2023/24.

Chart 5. China: Corn and Wheat Average Price Difference 2020-2023



Source: National Bureau of Statistics

MY2022/23 wheat **imports** are forecast at 12.5 MMT, the same as USDA’s January 2024 estimate. China imported record volumes of wheat in 2023, especially the fourth quarter of 2023, with rain damage to its crop and worries over dry weather in exporting nations fueling Beijing’s appetite to buy while prices were low. Imported wheat in the first eleven months of 2023 totaled 12 MMT, up 28 percent year-on-year. Imports once again exceeded China’s wheat tariff rate quota (TRQ) level of 9.636 MMT for calendar year 2023. Of the 12 MMT, 7 MMT was from Australia, 2 MMT from Canada and 90,000 MT were from the United States.

China aggressively purchased wheat at low prices in the fourth quarter of 2023. By late December, China had already purchased more than 2 MMT of four U.S. wheat classes, including 1.9 MMT of Soft Red Winter (SRW). The PRC state-owned enterprise COFCO announced direct imports of Canadian durum wheat for the first time for flour use in November. China also bought 2 MMT of Australian wheat for December delivery.

Chinese buyers reportedly also booked around 2.5 MMT of French wheat in October for shipment between December and March. However, France’s shipments could be less than planned with U.S. and Australian wheat quotes now cheaper for China. At the request of buyers, exporters have agreed to reschedule some of the cargoes planned for December 2023 to March 2024. Traders are waiting and watching to see if further postponements or even cancellations of shipments follow.

In late September, the National Development and Reform Commission (NDRC) set the 2024 Minimum Support Price (MSP) for wheat procurement at \$332 (RMB 2,360) per MT, up from \$330 (RMB 2,340) per MT in 2023. Domestic wheat prices remain above the government’s

MSP. The MSP was not triggered in 2023 and is once again not expected to be triggered in 2024. The increase in MSP remains too low to provide incentive for farmers to expand their wheat area, according to industry contacts.

Table 7. China: Wheat Production, Supply, and Distribution

Wheat 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)	23568	23568	23519	23519	23627	23627
Beginning Stocks (1000 MT)	139120	139120	136759	136759	138818	138818
Production (1000 MT)	136946	136946	137723	137723	136590	136590
MY Imports (1000 MT)	9568	9568	13282	13282	12500	12500
TY Imports (1000 MT)	9568	9568	13282	13282	12500	12500
TY Imp. From U.S. (1000 MT)	1075	1077	1480	1480	0	0
Total Supply (1000 MT)	285634	285634	287764	287764	287908	287908
MY Exports (1000 MT)	875	875	946	946	900	900
TY Exports (1000 MT)	875	875	946	946	900	900
Feed and Residual (1000 MT)	35000	35000	33000	33000	37000	37000
FSI Consumption (1000 MT)	113000	113000	115000	115000	116500	116500
Total Consumption (1000 MT)	148000	148000	148000	148000	153500	153500
Ending Stocks (1000 MT)	136759	136759	138818	138818	133508	133508
Total Distribution (1000 MT)	285634	285634	287764	287764	287908	287908
Yield (MT/HA)	5.8107	5.8107	5.8558	5.8558	5.7811	5.7811

(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

Milled rice **production** in MY 2023/24 is adjusted to 144.6 MMT, down by 0.9 percent or 1.3 MMT from last year owing to lower planting area despite higher yields. Domestic rice prices increased slightly in response to local production losses and high international prices.

Image 2. China: Rice Field in Guangxi Province in November 2023



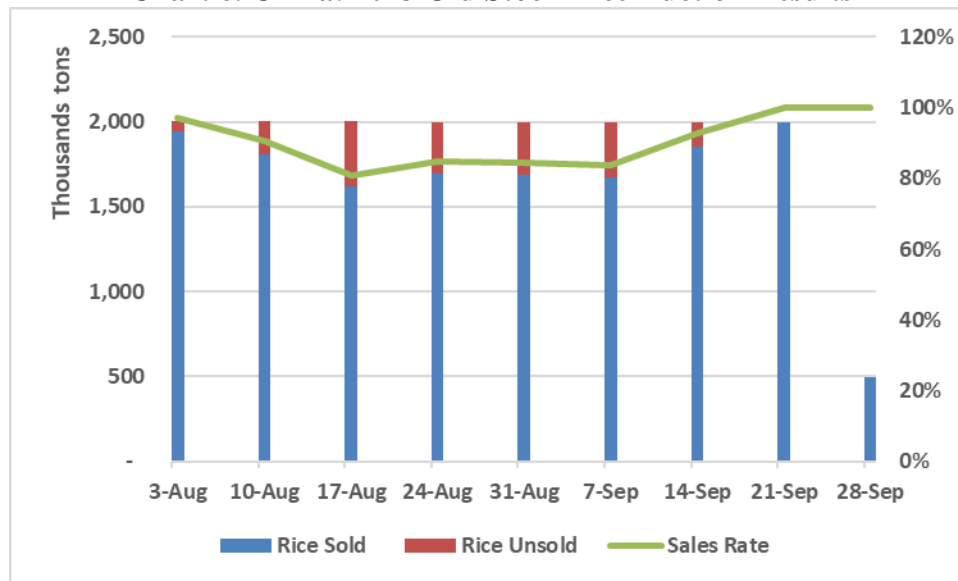
Source: FAS China

Post forecasts MY2023/24 rice **consumption** at 150 MMT, 5 MMT lower than MY2022/23, due to less old stock feed quality rice sold at auctions and less imports. The China National Grain and Oilseed Information Center (CNGOIC) estimates MY2023/24 paddy rice production is 4.4 MMT more than total consumption.

FAS staff learned at Jiangxi's Nanchang rice wholesale market that the rice sales continue to be slow and customers often opt for local varieties, Northeast Japonica rice, and imported Thai fragrant rice. Sellers who have been there since the market was built over 20 years ago said rice prices in China remain almost flat and that demand is sluggish.

Auctions of old stock rice (produced before 2017) to feed mills resumed on August 3 and ended on September 28 after nearly a year of suspension. The nine rounds of auctions offered 2 MMT of rice every week with a floor price of \$239 (RMB 1,700). The total amount offered was halved from last year. Eighty-six percent of the rice offered had been stored in Heilongjiang, with the rest stored in North and Central provinces. Of the 16.5 MMT of old stock paddy rice offered, 14.8 MMT sold. Industry sources estimated the price of old stock rice mixed with corn at about \$380-387 (RMB 2,700-2,750) per MT in northern ports, or \$394-401 (RMB 2,800-2,850) per MT in southern ports, which was no longer price competitive with domestic or imported corn prices by the end of 2023.

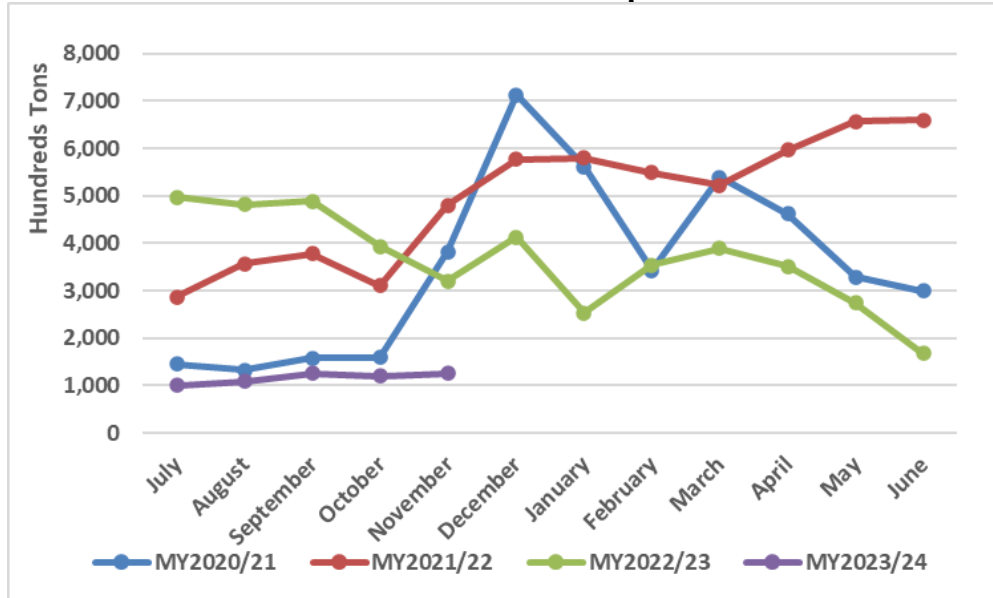
Chart 6. China: 2023 Old Stock Rice Auction Results



Source: Industry Source

Post further adjusted down rice **imports** for MY2023/24 to 2 MMT, 2.4 MMT lower than MY2022/23 due to India's export ban and high international rice prices. July to November 2023 rice imports decreased by 1.6 MMT, 73 percent lower year-on-year. Trade Data Monitor, LLC indicates a 1.1 MMT, or 83 percent reduction in broken rice imports from July to November 2023, primarily due to India's export ban.

Chart 7. China: China's Rice Import 2017-2023



Source: Trade Data Monitor, LLC

Table 8. China: Price Difference of Imported Rice and Domestic Rice

Rice Origin	Tariff Paid Price at Ports	Price Difference with Guangdong Early Indica Wholesale Price
Thai Rice (within 5% broken rate)	\$724 (RMB 5,146)	\$123 (RMB 876)
Vietnamese Rice (within 5% broken rate)	\$745 (RMB 5,295)	\$144 (RMB 1,025)
Pakistani Rice (within 5% broken rate)	\$675 (RMB 4,795)	\$74 (RMB 525)
Note: Exchange Rate as of January 11, 2024 U.S. \$1= RMB 7.1		
Source: Industry Source		

Chinese rice is price competitive in the international market, but this does not result in more exports. July to November 2023 rice exports decreased by 184,070 MT, or 17 percent lower year-on-year.

Though **rice stock** levels are not publicly available, industry consensus remains that rice volumes in the national reserve for food use are stable and sufficient.

As domestic paddy rice prices are steadily pushed up by international prices, 2023 MSP rice auctions were welcome, with 3.4 MMT rice sold via 27 auctions, 2.8 MMT more than last year. 2023 MSP was launched later and smaller in scale than last year. Total MSP rice procurement was 6.7 MMT less than 2022.

Images 3 and 4. China: Rice Wholesale Market in Jiangxi Province, December 2023



Source: FAS China

Table 9. China: 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	28949	28949
Beginning Stocks (1000 MT)	116500	116500	113000	113000	106600	106600
Milled Production (1000 MT)	148990	148990	145946	145946	144620	144620
Rough Production (1000 MT)	212843	212843	208494	208494	206600	206600
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	7000	7000
MY Imports (1000 MT)	5949	5949	4384	4384	2700	2000
TY Imports (1000 MT)	6155	6155	2600	2700	2800	2300
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	271439	271439	263330	263330	253920	253220
MY Exports (1000 MT)	2079	2079	1736	1736	2000	2000
TY Exports (1000 MT)	2172	2172	1600	1600	2200	2200
Consumption and Residual (1000 MT)	156360	156360	154994	154994	149920	149920
Ending Stocks (1000 MT)	113000	113000	106600	106600	102000	101300
Total Distribution (1000 MT)	271439	271439	263330	263330	253920	253220
Yield (Rough) (MT/HA)	7.1135	7.1135	7.0796	7.0796	7.1367	7.1367

(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

Attachments:

No Attachments