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## **Report Name:** Grain and Feed Update

**Country:** China - Peoples Republic of

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**Report Category:** Grain and Feed

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### **Report Highlights:**

China's 2020/21 feed and residual use for all coarse grains and feed-quality wheat are forecast to increase about 5 percent compared to the previous marketing year due to a projected recovery of swine production and strong expansion in the poultry and ruminant sectors. Corn production in 2020/21 is forecast down 4 percent from 2019/20 due to the impact of Fall Armyworm and reduced planted area. A regional corn shortage in the Northeast, increased feed demand, and insufficient corn imports have pushed up corn prices. In response, the government started liquidating the temporary corn reserve in May. China may rely on corn imports and stockpiled rice and wheat to meet feed demand in the coming marketing year. Wheat production in 2020/21 is forecast down by 1 million tons compared to the previous report due to adverse weather before harvest, while consumption is adjusted higher by 2 million tons based on higher feed-quality wheat consumption.

**Note:** The June 2020 Update compares estimates and forecasts to the April 2020 [Annual](#) for marketing years 2018/19, 2019/20, and 2020/21. FAS-Beijing projections do not represent official USDA forecasts.<sup>1</sup>

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<sup>1</sup> The global Trade Year (TY) for the follow grains is as follows: Corn, Sorghum, and Barley (October – September), for example, TY 2020/21 represents imports or exports from October 2020 to September 2021; Wheat TY 2020/21 is July 2020 through June 2021; Rice TY 2020/21 is January 2021 through December 2021). Marketing Year (MY) is determined by (1) Country and (2) Commodity.

## Summary:

China's 2020/21 feed and residual use for all coarse grains and feed-quality wheat are forecast to increase by 9.5 million tons, a 4.6 percent increase over 2019/20, based on projected swine restocking and strong growth in the poultry and ruminant sectors. Overall feed demand is forecast to recover to the 2017/18 level at around 214.5 million tons.

Corn production in 2020/21 is forecast down 4 percent compared to 2019/20 at 250 million tons, mainly due to the impact of Fall Armyworm and reduced planted area. Corn consumption is forecast down 2 million tons compared to the previous report as high corn prices and an inadequate supply of good-quality corn are expected to push mills to turn to wheat and sorghum. Corn prices have shot up in the North China Plain due to a regional supply shortage coupled with stockpiling and price speculation by traders outside of the region. In addition, robust hog sector restocking and insufficient corn imports have pushed up corn prices. In response to rising prices, the government began sales from the temporary state corn reserve in May, and is expected to auction off the remainder of the temporary reserve during 2019/20. Given that there are no indications the government will reduce the volume of other state-held reserves, the country may rely on grain imports and stockpiled rice and wheat to meet feed demand in 2020/21.

Forecast wheat production in 2020/21 is down 1 million tons from the previous report to 134 million tons due to adverse weather before harvest. Consumption is adjusted higher by 2 million tons based on higher feed-quality wheat consumption. Sorghum imports in 2020/21 are forecast at 4 million tons, 2 million tons higher than the previous report to satisfy robust feed demand from livestock and poultry restocking, especially in South China.

## FEED DEMAND

China's 2020/21 feed and residual use in total is forecast at 214.5 million tons, an increase of 9.5 million tons, or 4.6 percent over 2019/20, as a result of projected growth in feed demand for expanding swine and poultry production.

<b>FAS Beijing Feed and Residual Estimates and Forecast (Million Metric Tons)</b>				
<b>Grain</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Change</b>
Corn	184.0	180.0	188.0	8
Sorghum	1.5	3.9	5.0	1.1
Barley	2.4	3.1	2.5	-0.6
Wheat	20.0	18.0	19.0	1
<b>Total</b>	<b>207.9</b>	<b>205</b>	<b>214.5</b>	<b>9.5</b>

Government policies have put hog production as the number one priority in the agriculture sector. In April 2020, industry reported that 28 enterprises announced 76 billion yuan worth of investment in the hog industry. Since March 2020, China has seen 40,000 newly registered pig breeding companies, an indication of restocking efforts following the African Swine Fever outbreak that began in 2018. The

Chinese Academy of Agricultural Science (CAAS) 2020 China Agriculture Industry Development Report estimates that live pig production will recover to more than 80 percent of pre-ASF levels by the end of 2020. The Ministry of Agriculture and Rural Affairs (MARA) estimates that 2020 feed consumption will increase 2.8 percent year-on-year mainly due to strong hog restocking.

On the poultry side, according to a 1st quarter 2020 broiler industry report, the commercial chick supply was 1.08 billion heads, up 6.34 percent year-on-year. By early March, chick production was back to normal following a slowdown related to COVID-19. It is projected that 5.68 billion white chickens will be slaughtered in 2020, up 13 percent year-on-year. Although broiler and layer farms are reportedly losing money, overall slaughter of broilers in May was still increasing. With most school students returning to schools and restaurants reopening, poultry demand is recovering.

Experts at the 2020 China Agricultural Outlook Conference estimated 2020 total feed consumption will increase by 0.4 percent year-on-year to 227.2 million tons.

<b>China's 2020 Annual Feed Consumption Forecast</b>			
	<b>2019</b>	<b>2020</b>	<b>% change</b>
<b>Total Consumption</b>	226,360	227,220	0.4%
<b>Swine</b>	76,510	70,740	-7.5%
<b>Broiler</b>	84,580	90,700	7.2%
<b>Layer</b>	30,830	30,940	0.3%
<b>Aquaculture</b>	21,400	21,300	-0.4%
<b>Ruminants</b>	10,740	10,900	1.4%

**Source:** 2020 China Agricultural Outlook Conference; in 1,000 tons

## **Feed Grains**

### **PRODUCTION**

#### **Corn**

Forecast corn production in 2020/21 is unchanged from the previous report at 250 million tons, a 4 percent decline from the previous marketing year mainly due to the impact of Fall Armyworm (FAW) and reduced planted area.

As of May 28, FAW had affected 2.68 million mu land in 720 counties across 17 provinces. See FAS-China's June 2020 GAIN report titled "[FAW Expected to March into NCP in June](#)" for more information about FAW in China.

An industry-led field visit in May in Northeast China found that corn planted area in Liaoning, Jilin and Inner Mongolia remains stable. However, Heilongjiang's corn area was greatly affected by the COVID-19 epidemic, which pushed up labor costs by 40 percent and fertilizer and pesticide costs by about 15 percent. Corn seed sales in Heilongjiang also support a decline in area this year, as sales were only 50-60 percent of that of previous years. Additionally, grower subsidies for corn remain significantly lower than those for soybeans in 2020. Based on field visits, several industry sources reported that many farmers have switched from planting corn to soybeans this year in Heilongjiang. The spring planting in

Heilongjiang was delayed by two weeks due to adverse weather, which may result in reduced yield. A Northeast agricultural consulting firm forecast that 2020/21 corn area will be 15-20 million mu lower and production will be down by 6-8 million tons compared to the previous year. This production decrease represents a 12 percent year-on-year decline for Heilongjiang and about a 6 percent decline for the Northeast overall.

Industry reports indicate a 5 percent decline in Northeast China's 2019/20 corn production compared to 2018/19, a decrease of about 4 million tons. This was the largest reduction in production volume in at least a decade, and was mainly due to extremely frequent and heavy rains during summertime. Some counties experienced their worst storms in 70 years.

<b>2020/21 Estimates on Corn Supply, Demand and Year-on-Year Change</b>					
<b>Source</b>	<b>MARA</b>	<b>CNGOIC</b>	<b>CAAS</b>	<b>China Agricultural Outlook</b>	<b>JCI</b>
<b>Area</b>	41,693 (+1%)	41,070 (-0.5%)	41,470	41,320 (+0.1%)	41,601 (+3.42%)
<b>Production</b>	266,510 (+2.2%)	261,000 (0.1%)	260,000	267,000 (+2.2%)	253,393 (+5.1%)
<b>Consumption</b>	285,470 (+2.4%)	280,025 (+3%)	-	282,120 (+2%)	306,455 (+4.21%)
<b>Imports</b>	500 (+25%)	700 (+40%)	-	435 (+2.4%)	690 (+35%)

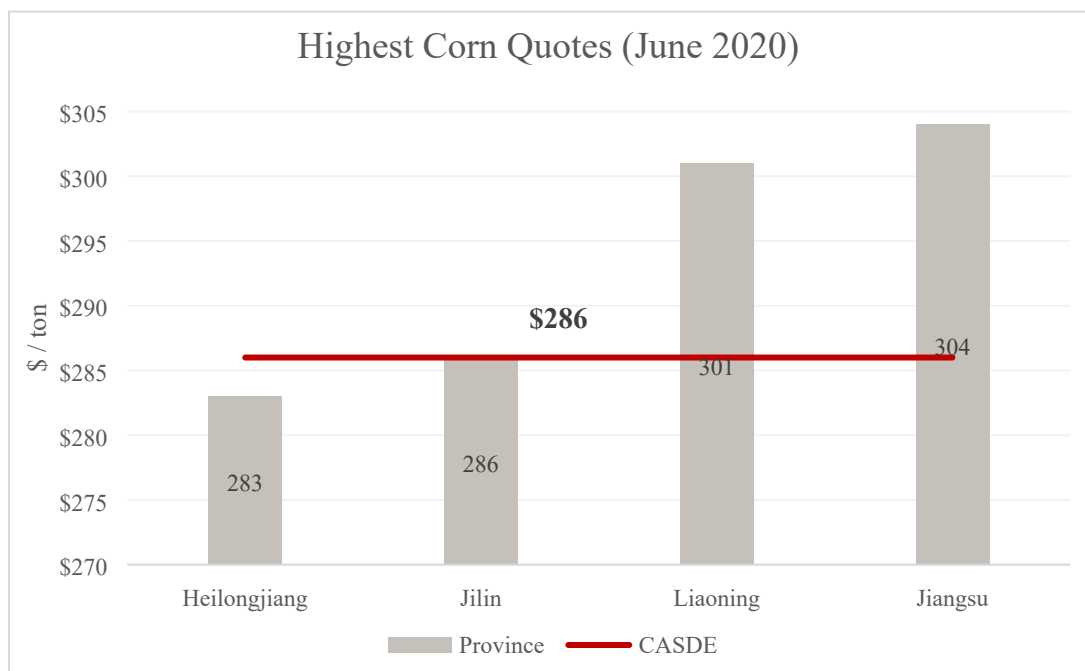
## **CONSUMPTION**

### **Corn**

Forecast 2020/21 corn consumption is down 2 million tons from the previous report at 278 million tons, signifying a downward trend in consumption due to high corn prices and an inadequate supply of good-quality corn. It is anticipated that mills will turn to wheat and sorghum to fill the gap from reduced corn consumption.

Corn prices have shot up to a four-year high in the North China Plain due to a regional supply shortage coupled with stockpiling and price speculation by traders outside of the region. In addition, robust hog sector restocking and insufficient corn imports have pushed up corn prices. In response to rising prices, the government began sales from the temporary state corn reserve in May, and is expected to auction off the remainder of the temporary reserve during 2020/21. As of late June, the government had held five auctions from the temporary reserve, with 100 percent of the amount offered at each auction sold, and at a high price premium. Northern China processors relied on these auctions to sustain deep-processing production, while Southern China farms and feed mills expedited the introduction of alternative grains to replace corn in their formulas. Given that there are no indications the government will reduce the volume of other state-held reserves (non-temporary central, provincial, and county reserves), the country may rely on grain imports (mostly corn) and stockpiled rice and wheat to meet feed demand in 2020/21.

Corn demand is strong, with feed use for pig farming up 30 percent compared with last year, and industrial use by the alcohol disinfectant sector up 44 percent, more than offsetting declines in use for other deep processing applications. In May, corn prices in Shandong province reached a 4-year high of 2,300 yuan per ton. Industry contacts attribute soaring domestic corn prices to robust demand for swine and poultry feed use, a shortage of good-quality corn, and inadequate imports. In addition, during the coronavirus-related domestic trade disruptions in early 2020, the government implemented a toll waiver to facilitate shipments from the Northeast to the South. This pushed up demand for domestic corn and contributed to higher corn prices. The policy was rescinded in early May, driving southern mills to switch from corn to alternative feed ingredients such as oilseed meals, locally produced DDGS, wheat, and sorghum.



Source: MARA; Industry Contacts

The China Starch Association estimates China will add 2.2 million tons of new corn starch capacity in 2020-2021, mostly in Northeast China. This represents approximately a 4.6 percent increase in total capacity to 45-50 million tons. Most corn processors are operating at a loss and at record low capacity. In early May, industry data reported that corn deep processing consumption increased by 43 percent month-on-month but was still down 13 percent year-on-year. Sublime China Information (SCI) data reported that China exported 243,400 tons of corn starch during the first quarter of 2020, up 14.7 percent quarter-on-quarter, or 85.1 percent year-on-year, with an average price of about \$340 per ton. The increase in exports during this time period was the result of plummeting local demand due to the coronavirus outbreak. Annual production is expected to increase slightly in 2020.

Industry projections put the 2020 corn consumption-production gap at 50 million tons. The auction of the remaining temporary reserve, which is estimated to be about 58 million tons, will cover the shortage this year. Industry projections also point out that in 2021, China will face a challenge satisfying the projected shortage. Increased imports, sales from the non-temporary government corn reserves (an

unlikely scenario), and substitution of temporary reserve wheat and rice are the main options to address the potential shortfall in 2021.

## **Sorghum**

Consumption is forecast at 7.7 million tons in 2020/21, up 2.2 million tons from the previous report, as China's tariff exclusion measures announced in March enabled southern feed mills to import feed sorghum from the United States at competitive prices. It is expected that China's antidumping and countervailing duties on Australian barley will promote imports of U.S. sorghum.

Currently, imported U.S. sorghum prices are much lower than domestic sorghum and corn prices. U.S. sorghum at South China ports is 2,050-2,400 yuan per ton duty paid (with the tariff exclusion) compared to 2,700-2,800 yuan per ton for local sorghum and 2,130-2,150 yuan per ton of corn. Roughly 70 percent of sorghum is imported for feed use, with the remaining 30 percent used to produce liquor.

Although China's liquor consumption was badly hit during the epidemic, it is recovering quickly. Top brand Wuliangye reported their sales recovered to 70 percent of normal year sales in April and 100 percent of normal year sales in May. Wholesale prices of other leading liquor brands are stabilizing and increasing as well.

## **Barley**

Forecast consumption in 2020/21 is down by 500,000 tons from the last report to 6.3 million tons on less feed use because of reduced imports. FSI demand remains unchanged. The China Alcohol Association reported that China's 2019 beer production was up 1.1 percent to 37.7 million kL. Beer consumption was up 0.8 percent to 37.8 million kL. Although industry estimated a 20 percent production cut in the first quarter of 2020 due to the coronavirus epidemic, 2020 annual beer production is not expected to be heavily impacted. Beer brewing companies saw their stock prices increase by more than 6 percent on June 4, as the government issued policies to promote street-vendors and the night dining economy.

## **TRADE**

### **Corn**

Imports for 2020/21 are forecast unchanged at 7 million tons, while 2019/20 imports are revised up by 500,000 to 6.5 million tons. Chinese Customs data show from January to April 2020, the country imported 2.14 million tons of corn, up 29.8 percent year-on-year. Several industry sources reported that about 6.6 million tons of China's corn tariff rate quota (TRQ) obligation have been allocated so far this year, and the sources indicated that 2.88 million tons of that amount were allocated to private companies. The China Oil and Foodstuffs Corporation (COFCO) reportedly bought about 500,000 tons of corn from the Ukraine and 1.5 million tons of from the United States. COFCO is expected to import another 1 million tons from all origins by September. After the Chinese New Year, some privately-owned feed mills in South China reportedly received TRQ allocations designated for import through state-trading enterprises. These allocations were reportedly limited to 500-1,000 tons per mill and must be imported through a state-owned entity. Although some feed mills have received a GMO processing permit, which is required in order to utilize GMO corn in production, some feed mills report that failure

to obtain this permit remains the main obstacle for feed mills to import U.S. corn. GMO processing permits are administered at the provincial level.

There are rumors within the industry that in late April the government discussed increasing the state corn reserves by 20 million tons to replenish the stockpile in the face of a deficit year. Industry believes that if the rumor is true, the source of the reserve increase could only be imported corn. The imports would increase the long-term supply in China and help press down domestic prices in the short term. To date, China has not taken steps to increase the state reserve.

Currently, imported corn prices are at least 10 percent lower than domestic corn. Industry reports that even with the 25 percent additional retaliatory tariff, U.S. corn is still 150-160 yuan per ton cheaper than domestic corn at northern ports, and 200 yuan per ton cheaper at southern ports.

### **Sorghum**

2020/21 imports are forecast 2 million tons higher than in the previous report at 4 million tons to accommodate the robust feed demand from livestock and poultry restocking.

Imports for 2019/20 are adjusted higher to 3.3 million tons, reflecting large purchases from October 2019 to date. Customs data shows the country imported 820,000 tons of sorghum from January to April, a large increase compared to the same period during the previous year. Chinese ports saw peak arrival of 12 boats (about 800,000 tons) of U.S. sorghum in May. Industry reports that an additional nine boats carrying 620,000 tons of sorghum will arrive in June. Finally, one boat carrying 70,000 tons will arrive in July.

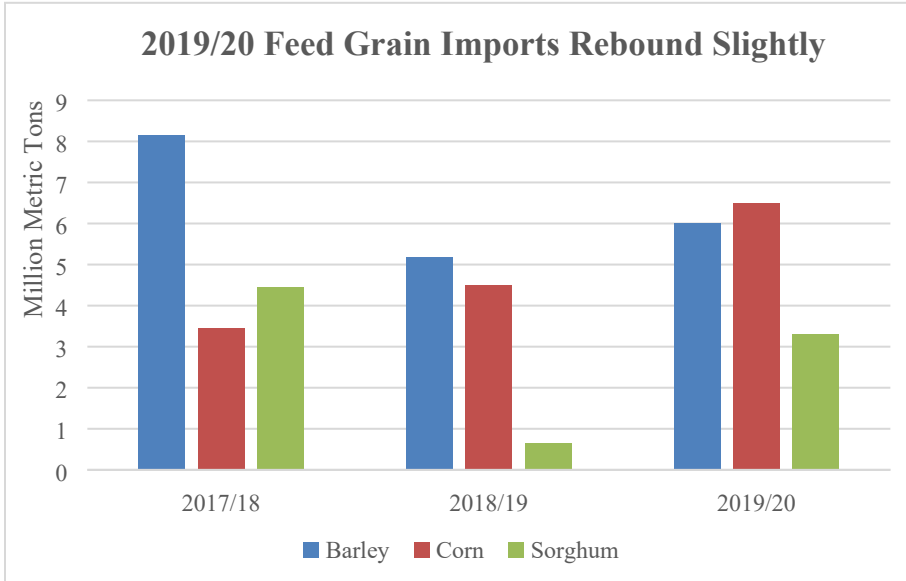
### **Barley**

Imports for 2020/21 are forecast 500,000 tons lower to 5.5 million tons due to import barriers on Australian barley. From January to April this year, China imported 1.43 million tons of barley, down 43.7 percent year-on-year.

China is heavily dependent on imported barley with 87 percent of supply made up of imports. Australia normally dominates the China market, with a greater than 30 percent import share. On May 18, the Ministry of Commerce announced anti-dumping and countervailing (AD/CV) duties on barley imports from Australia totaling 80.5 percent starting on May 19. The AD/CV duties will result in a decrease in Australian barley exports to China and importers will seek other sources and alternative grains to satisfy demand.

Brewing industry contacts report that it is unlikely they will be significantly affected by the AD/CV duties, as China's malt manufacturers have anticipated this outcome for some time and ramped up importing Australian barley right after it was harvested at the end of 2019. Argentina, Canada, and France are potential sources from which China could buy additional malting barley. Additionally, beer makers can revise their formulations to use other ingredients, such as rice and wheat to partially replace barley.

On May 13, the General Administration of Customs China published a notice giving U.S. barley market access to China. Trade contacts report discussions between U.S. exporters and Chinese importers are ongoing with some importers receiving a tariff exclusion to be able to enjoy the 3 percent MFN rate to import trial shipments of U.S. barley.



## STOCKS

### Corn

Stocks in 2020/21 are forecast 2.5 million tons higher than in the last report at 193.5 million tons, due to lower feed consumption.

The 2020 temporary reserve corn auction started on May 28, with most of the corn put up for sale harvested in 2015. All of the nearly 12 million tons of corn offered during the first three weeks of auctions (about 4 million tons offered per week) were sold, at an increasingly higher average selling price and price premium. In Heilongjiang, Grade IV corn, the lowest quality offered at auction, saw the highest price premium of over 200 yuan per ton, indicating there is great demand from local deep processors.

Industry rumors indicated that the volume offered in the coming weekly auctions will be halved to 2 million tons per week. The auction announcement that is normally published on Monday was delayed until Wednesday, triggering speculation that the temporary state reserve is dwindling. Industry sources expect corn prices will see a new peak in August/September this year.

Additionally, from May 25 to June 16, Sinograin offered 2.81 million tons in auction, all from the 2016 harvest. During that period, about 1.88 million tons were sold.



## Major Food Grains

### Rice

#### PRODUCTION

Forecast 2020/21 rough rice production is 212.1 million tons, down 714,000 tons from the previous report due to lower-than-expected area increase. Planted area is revised down by 300,000 to 29.9 million hectares.

Premier Li Keqiang said in his work report to the National People's Congress that farmers plan to plant 70 million mu (4.6 million hectares) of early rice this year, up by more than 3 million mu (200,000 hectares) from a year ago. State media reported that early rice area will rebound this year from a 7-year consecutive decrease in planted area. Hunan province increased the rice planting subsidy from 260 yuan at the beginning of the rice planting season to 420 yuan in April to further encourage early rice planting. State media reported Hunan and Jiangxi will increase early rice area by 1.5 million mu and Guangdong and Guangxi will increase early rice area by 500,000 mu. Early rice area in other provinces will be stable or slightly higher.

#### CONSUMPTION

2020/21 rice consumption is forecast unchanged from the last report at 150 million tons.

Industry reports that China's fuel ethanol plants started to use old stock rice as feedstock in 2018. From late April 2020, the corn shortage and high prices have forced some corn ethanol plants to once again turn to stockpiled rice as a feedstock. This has resulted in the market seeing mixed rice/corn DDGs products, with a price 150-200 yuan per ton lower than corn based DDGs.

According to media reports, China's corn and rice-based fuel ethanol production reached 4.3 million tons (5.4 billion liters) in 2019. Industry contacts believe a total of 6-8 million tons of old rice will be auctioned to ethanol plants during the two-year period 2020-2021, increasing the proportion of rice used for ethanol production and thereby decreasing pressure on the corn supply. The rice auctions would also open up storage capacity for grain imports, mostly corn.

<b>2020/21 Rice Total Distribution Estimates in milled basis (million tons)</b>							
<b>Source:</b>	<b>Total</b>	<b>Food</b>	<b>Feed</b>	<b>Industry</b>	<b>Export</b>	<b>Domestic+ Exports</b>	<b>Implied stocks growth</b>
<b>SCI</b>	146.3	98	13.3	22.4	2.1	135.8	10.5
<b>JCI</b>	142.73	121.45	2.1	8.75	2.73	135.03	7.7
<b>CNGOIC</b>	138.46	110.6	11.2	12.25	3.15	137.2	1.26
<b>MARA</b>	151.8	114.6	1.6	11.5	1.8	129.5	22.3

## TRADE

Forecast 2020/21 rice imports are unchanged from the previous report at 2.2 million tons. Chinese Customs reported that the country imported 750,000 tons of rice from January to April 2020, down 11.9 percent year-on-year. The decline was due to rising international rice prices caused by export restrictions, along with logistical problems brought about by the coronavirus pandemic.

The long-grain TRQ allocation is expected to be heavily subscribed, while the medium-short will likely again be undersubscribed. Through April 2020, long grain imports totaled 669,601 tons, while medium-short grain imports totaled 83,179 tons.

2020/21 exports are forecast down by 400,000 tons at 3.1 million tons based on the slowing growth of exports. 2019/20 exports are revised down by 400,000 tons at 2.8 million tons as January-April exports are down 7.8 percent. Rising international rice prices pushed up Chinese rice prices, so exports to price-sensitive markets, including many African countries, decreased.

## STOCKS

2020/21 ending stocks are forecast at 113.8 million tons, up 200,000 tons from the previous report due to lower exports.

Minimum Support Price (MSP) mid-to-late indica rice auctions resumed on April 17, one month earlier than in previous years to stabilize prices following panic buying due to the pandemic. The auction floor price has not changed from last year.

The National Grain Exchange Center published an announcement in May to adjust the temporary reserve rice auction floor prices. Compared with 2019 floor prices, floor prices for 2017 Japonica rice were adjusted down by 50 yuan per ton. Industry interprets this change to mean that Japonica rice destocking is an urgent task this year.

<b>Adjustments in MSP Rice Auction Floor Prices</b>			
<b>Early Indica</b>	<b>Production Year</b>	<b>Auction Floor Prices (Yuan per ton)</b>	<b>Change</b>
	<b>2019</b>	2435	-
	<b>2018</b>	2420	+20
	<b>2017</b>	2370	-30
	<b>2016</b>	2320	+20
	<b>2015</b>	1900	-
	<b>2014</b>	1800	-
<b>Mid-to-late Indica</b>	<b>2019</b>	2545	-
	<b>2018</b>	2540	+20
	<b>2017</b>	2490	-30
	<b>2016</b>	2440	+20
	<b>2015</b>	1900	-
	<b>2014</b>	1800	-

<b>Japonica</b>	<b>2019</b>	2625	-
	<b>2018</b>	2600	-
	<b>2017</b>	2550	-50
	<b>2016</b>	2500	-
	<b>2015</b>	2200	-
	<b>2014</b>	2000	-

Source: National Grain Exchange Center

## Wheat

### PRODUCTION

2020/21 wheat production is forecast at 134 million tons, down 1 million tons from the last report, due to weather damage before harvest. The National Food and Strategic Reserve Administration said on May 14 that winter wheat production is expected to achieve an overall bumper harvest again this year. However, industry reported the overall wheat quantity and quality are both worse than 2019/20, but better than 2018/19. In May, Shandong, Henan and Jiangsu experienced hail, rain and excessive wind before harvest. Shaanxi suffered the most serious stripe rust since 1990. South Hubei wheat was harvested weeks earlier than normal for fear of abnormal hot weather and continued drought in the North China Plain. Wheat protein and gluten levels were affected by the weather-impacted shortened growing season. Industry predicts a larger portion of wheat is not qualified to enter the reserve for food use and will go to the feed market.

### CONSUMPTION

2020/21 total wheat consumption is forecast at 127 million tons, up 2 million tons from the last report on higher feed use.

2020/21 feed use is forecast at 19 million tons, up 2 million ton from the previous report, based on comparatively higher volumes of feed-quality wheat being available. According to industry sources, the record high for annual feed use is 35 million tons. In a typical year, between 9 and 14 million tons of new crop wheat are used for feed.

2020/21 FSI consumption is unchanged from the previous report, having remained flat throughout the COVID-19 outbreak.

In 2019, when corn prices went above 2,100 yuan per ton during the summer, many mills bought sprouted wheat at the price of 2,100 yuan per ton and common wheat at 2,240 yuan per ton to replace corn. Currently Shandong feed mills are reportedly considering using sprout wheat to replace corn, as corn prices reached a four-year record of 2,300 yuan per ton in May, while the new season wheat crop in Hubei and Hunan entered the market in May at a price of 2,100-2,160 yuan per ton.

## **TRADE**

2020/21 wheat imports are forecast at 6.0 million tons, 1.5 million higher than the previous report based on industry indications about purchases. 2019/20 wheat imports are revised higher to 4.5 million tons based on market data.

Customs data indicate that China imported 1.63 million tons of wheat from January to April 2020, up 30.7 percent year-on-year. In the first 6 months of 2020, COFCO reportedly imported 1.2 million tons of Canadian wheat, 1 million tons of Australian wheat, 1.3 million tons of U.S. wheat, and a combined 1 million tons from France, Lithuania and Kazakhstan. COFCO's reported import price for U.S. wheat was less than 2,000 yuan per ton and is sold at 2,250-2,300 yuan per ton. Currently, the Chinese domestic common wheat price is about 2,240 yuan per ton. This year, Chinese private importers report that they did not receive TRQ reserved for importation through state trading enterprises (STEs) in the initial (or January 1) TRQ allocation. They report having used up the TRQ allocations designated for import through non-STE's. Many private importers indicated that they imported their TRQ allocation through COFCO, despite the fact that their allocation was designated for import through private trade, because of COFCO's ability to do bulk import shipments.

## **STOCKS**

2020/21 ending stocks are forecast to drop to nearly 163.8 million tons, down 800,000 tons from the last report, based on less production and higher feed wheat consumption.

Industry expects the government will enlarge China's grain reserve to prepare for the continuing impact of COVID-19. The MSP wheat procurement amount may reach 20-25 million tons in 2020/21, far less than the 37-million-ton ceiling that the National Development and Reform Commission set in the MSP notice.

## APPENDIX

### Countries and Regions with Bilateral Phytosanitary Protocols (in China)

**Note:** Countries and Regions with Bilateral Phytosanitary Protocols are permitted to export grains (new additions in *italics*)

Wheat	Australia, Canada, France (except for the Rhone-Alps region), Hungary, Kazakhstan, Mongolia, Russia (all districts), United Kingdom, United States, Serbia
Corn	Thailand, United States, Peru, Laos, Argentina, Russia, Ukraine, Bulgaria, Brazil, Cambodia, South Africa, Hungary, Kazakhstan, Uruguay
Barley	Argentina, Australia, Canada, Denmark, France, Finland, Mongolia, Kazakhstan, Russia, United Kingdom, Ukraine, Uruguay, <i>United States</i>
Sorghum	Argentina, United States, Australia, Myanmar, and Nigeria
Paddy Rice	Russia
Milled Rice	Cambodia, India (both Basmati and Non-Basmati) Japan, Laos, Myanmar, Pakistan, Thailand, Uruguay, Vietnam, Taiwan, United States

Source: China Customs

## PRODUCTION, SUPPLY, AND DISTRIBUTION TABLES

Corn Market Year Begins China	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	42129	42129	41280	41280	42000	41200
Beginning Stocks (1000 MT)	222525	222525	210319	216319	207069	214569
Production (1000 MT)	257330	257330	260770	260770	260000	250000
MY Imports (1000 MT)	4483	4483	7000	6500	7000	7000
TY Imports (1000 MT)	4483	4483	7000	6500	7000	7000
TY Imp. from U.S. (1000 MT)	319	319	0	0	0	0
Total Supply (1000 MT)	484338	484338	478089	483589	474069	471569
MY Exports (1000 MT)	19	19	20	20	20	20
TY Exports (1000 MT)	19	19	20	20	20	20
Feed and Residual (1000 MT)	191000	184000	186000	180000	189000	188000
FSI Consumption (1000 MT)	83000	84000	85000	89000	87000	90000
Total Consumption (1000 MT)	274000	268000	271000	269000	276000	278000
Ending Stocks (1000 MT)	210319	216319	207069	214569	198049	193549
Total Distribution (1000 MT)	484338	484338	478089	483589	474069	471569
Yield (MT/HA)	6.1081	6.1081	6.3171	6.3171	6.1905	6.068

(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 2020/2021 = October 2020 - September 2021

Barley Market Year Begins China	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	263	263	260	260	260	260
Beginning Stocks (1000 MT)	107	107	45	45	45	45
Production (1000 MT)	957	957	900	900	900	900
MY Imports (1000 MT)	5181	5181	5500	6000	5000	5500
TY Imports (1000 MT)	5181	5181	5500	6000	5000	5500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6245	6245	6445	6945	5945	6445
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)	2400	2400	2600	3100	2100	2500
FSI Consumption (1000 MT)	3800	3800	3800	3800	3800	3800
Total Consumption (1000 MT)	6200	6200	6400	6900	5900	6300
Ending Stocks (1000 MT)	45	45	45	45	45	145
Total Distribution (1000 MT)	6245	6245	6445	6945	5945	6445
Yield (MT/HA)	3.6388	3.6388	3.4615	3.4615	3.4615	3.4615

(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 2020/2021 = October 2020 - September 2021

Sorghum Market Year Begins China	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	720	720	750	750	730	730
Beginning Stocks (1000 MT)	105	105	58	58	318	318
Production (1000 MT)	3450	3450	3600	3600	3550	3550
MY Imports (1000 MT)	652	652	3300	3300	5000	4000
TY Imports (1000 MT)	652	652	3300	3300	5000	4000
TY Imp. from U.S. (1000 MT)	628	628	0	0	0	0
Total Supply (1000 MT)	4207	4207	6958	6958	8868	7868
MY Exports (1000 MT)	49	49	40	40	50	50
TY Exports (1000 MT)	49	49	40	40	50	50
Feed and Residual (1000 MT)	1500	1500	3900	3900	5800	5000
FSI Consumption (1000 MT)	2600	2600	2700	2700	2700	2700
Total Consumption (1000 MT)	4100	4100	6600	6600	8500	7700
Ending Stocks (1000 MT)	58	58	318	318	318	118
Total Distribution (1000 MT)	4207	4207	6958	6958	8868	7868
Yield (MT/HA)	4.7917	4.7917	4.8	4.8	4.863	4.863

(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 2020/2021 = October 2020 - September 2021

Rice, Milled Market Year Begins China	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	30189	30189	29690	29690	30200	29900
Beginning Stocks (1000 MT)	109000	109000	115000	115000	116500	116200
Milled Production (1000 MT)	148490	148490	146730	146730	149000	148500
Rough Production (1000 MT)	212129	212129	209614	209614	212857	212143
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	7000	7000
MY Imports (1000 MT)	3200	3200	2400	2400	2200	2200
TY Imports (1000 MT)	2800	2800	2300	2300	2200	2200
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	260690	260690	264130	264130	267700	266900
MY Exports (1000 MT)	2770	2770	2700	2800	3100	3100
TY Exports (1000 MT)	2720	2720	3000	2800	3200	3200
Consumption and Residual (1000 MT)	142920	142920	144930	145130	147100	150000
Ending Stocks (1000 MT)	115000	115000	116500	116200	117500	113800
Total Distribution (1000 MT)	260690	260690	264130	264130	267700	266900
Yield (Rough) (MT/HA)	7.0267	7.0267	7.0601	7.0601	7.0482	7.0951

(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 2020/2021 = January 2021 - December 2021

Wheat Market Year Begins China	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

<b>Area Harvested</b> (1000 HA)	24268	24268	23730	23730	24000	24000
<b>Beginning Stocks</b> (1000 MT)	131196	131196	139765	139765	150355	151755
<b>Production</b> (1000 MT)	131430	131430	133590	133590	135000	134000
<b>MY Imports</b> (1000 MT)	3145	3145	4000	4500	6000	6000
<b>TY Imports</b> (1000 MT)	3145	3145	4000	4500	6000	6000
<b>TY Imp. from U.S.</b> (1000 MT)	45	45	0	0	0	0
<b>Total Supply</b> (1000 MT)	265771	265771	277355	277855	291355	291755
<b>MY Exports</b> (1000 MT)	1006	1006	1000	1100	1000	1000
<b>TY Exports</b> (1000 MT)	1006	1006	1000	1100	1000	1000
<b>Feed and Residual</b> (1000 MT)	20000	20000	19000	18000	20000	19000
<b>FSI Consumption</b> (1000 MT)	105000	105000	107000	107000	110000	108000
<b>Total Consumption</b> (1000 MT)	125000	125000	126000	125000	130000	127000
<b>Ending Stocks</b> (1000 MT)	139765	139765	150355	151755	160355	163755
<b>Total Distribution</b> (1000 MT)	265771	265771	277355	277855	291355	291755
<b>Yield</b> (MT/HA)	5.4158	5.4158	5.6296	5.6296	5.625	5.5833

(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 2020/2021 = July 2020 - June 2021

**Attachments:**

No Attachments