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Report Highlights:

The General Office of the Chinese Communist Party (CCP) Central Committee and the General Office of the State Council jointly issued the "Special Action Plan to Boost Consumption" in March 2025. The Plan aims to stimulate consumer spending and expand domestic demand. These measures could stimulate household consumption on food including imported food. These measures are a high-level policy signal and, if implemented, could have an effect on food and agricultural product consumption.

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The General Office of the CCP Central Committee and the General Office of the State Council jointly issued the "Special Action Plan to Boost Consumption" in March 2025. The Plan aims to stimulate consumer spending and expand domestic demand. The Plan outlines 30 measures to boost consumption, including encouraging reasonable wage increases, promoting HRI (Hotel, Restaurant, and Institutional) services, establishing childcare subsidies and strengthening and expanding eldercare services. These measures could stimulate household consumption on food including imported food.

Overall Food Consumption

The Plan explicitly mentions actions to increase urban and rural residents' income. These actions aim to enhance residents' consumption capacity by promoting reasonable wage growth, broadening property income channels, and implementing multiple measures to increase farmers' income. The increase in consumption capacity can drive overall food consumption, including imported food.

Ingredients for HRI Services

The Plan mentions improving the quality of HRI services and supporting the development of local specialty dining. It aims to accelerate the establishment of community service outlets for shopping and dining. The Plan also seeks to expand cultural, sports, and tourism consumption by supporting the expansion of service projects at tourist attractions and increasing reception capacity. Additionally, it promotes “ice and snow consumption” by organizing ice and snow consumption seasons and constructing high-quality ice and snow-themed tourist and resort areas. An example of state-directed ice and snow tourism includes the famous Harbin Ice Festival, which Chinese media outlet report generates over $4 billion in revenue (with unverified estimates of public investments of over $500 million).

The prosperity of the HRI and tourism industries can directly drive demand for various food ingredients, including grains and oils, meats and seafood, dairy products and baking ingredients, vegetables and fruits, alcoholic beverages and drinks. From past experience, as China's HRI and tourism industries recover, the demand for high-end ingredients, including imported ingredients, may increase, especially for premium meats, seafood, dairy products, and alcoholic beverages.

Infant Food and Dairy Products

The Plan also guides eligible regions to include more flexibility for employees, migrant workers, and workers in new forms of employment, who are covered by basic medical insurance for employees, into the maternity insurance system. The plan proposes to establish a childcare subsidy system to ease the financial burden of parenting. Post forecasts that enhanced parenting support may reduce household childcare expenses and could drive growth in infant nutrition product consumption. If these actions were implemented, it may facilitate maternity care and support additional demand in prenatal and associated nutrition programs.

Once the subsidy system is implemented, Post forecasts that it will drive an increase in dairy consumption. The childcare subsidy will increase disposable income for families, especially for low-income households. The subsidy can alleviate the financial burden of raising children, increasing the tendency of families to spend on children's nutrition and food, particularly on dairy products such as infant formula, children's yogurt, cheese, and liquid milk.

However, the childcare subsidy policy alone may not be sufficient to reverse the trend of negative population growth in the short term, especially in first- and second-tier cities[1] with high living costs. If the population continues to decline, the dairy market - especially the infant formula sector - will remain under pressure. According to National Bureau of Statistics, by the end of 2024, the national population was 1,408.28 million, a decrease of 1.39 million from the previous year, with a natural growth rate of -0.99‰. China's population has shown negative growth for three consecutive years. If the childcare subsidy policy can be continuously promoted and combined with other supporting measures, it may gradually have a positive impact on increasing the birth rate in China's third- and fourth-tier cities, alleviating the population decline pressure in some areas.

Food for the Elderly and Patients

The Plan aims to improve medical and eldercare capabilities by increasing the basic pension for urban and rural residents and the financial subsidy standards for basic medical insurance for urban and rural residents in 2025. It also plans to appropriately increase the basic pension for retirees and launch special actions to stimulate healthy consumption. This means the Government would like to improve residents' awareness of healthy eating, which could stimulate consumption capacity of elderly, of high-nutrition, high-protein, and functional foods. Domestic consumption of beef, almonds, blueberries, health supplements (such as Omega-3 fish oil, American ginseng, protein powder), oats, quinoa, high-protein grain products, nutritional meal replacements, cheese, skimmed milk powder, and fortified dairy products may rise.

Attachments:

No Attachments.

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[1] Chinese cities can be classified based on indicators such as economic development level, population size, and concentration of commercial resources. They can be categorized into first-tier, second-tier, third-tier, fourth-tier, and so on. "First-tier" and "second-tier" cities typically have the highest levels of economic development. Examples of first-tier cities include Beijing, Shanghai, Guangzhou, and Shenzhen. Second-tier cities include Chengdu, Hangzhou, Chongqing, Suzhou, Wuhan, Xi'an, Nanjing, Changsha, and Tianjin.