

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## China - Peoples Republic of

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### **Pulse Annual**

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Grain and Feed

**Approved By:**

Michael Riedel

**Prepared By:**

Andrew Anderson-Sprecher and Zhang Lei

### **Report Highlights:**

China's market year 2014/15 kidney bean production is forecast to increase by 20 percent to 950,000 tons based on increased acreage and higher yield. China's MY2014/15 kidney bean exports are forecast to rebound to 500,000 MT, an approximately 60 percent increase from last year. China's MY2014/15 dry pea imports are forecast to increase 20 percent to 1.2 million metric tons driven by strong demand from the food processing sector.

## **Executive Summary:**

China's market year (MY) 2014/15 kidney bean production is forecast at 950,000 tons, approximately 20 percent higher than last year based on increased acreage and higher yield. As a result, kidney bean prices declined significantly. China's MY2014/15 mung bean and adzuki bean production is estimated at 600,000 MT and 270,000 MT respectively. China's MY2014/15 dry pea imports are forecast to increase 20 percent to 1.2 million metric tons driven by strong demand from the food processing sector. China's MY2014/15 kidney bean exports are forecast at 500,000 MT, approximately 60 percent higher than last year, as exports rebound in response to lower domestic prices and higher demand in key export markets.

## **Production:**

### **Pulse Production Overview**

China's MY 2014/15 total pulse production (October-September) is forecast to increase five percent to 4.2 million tons based on higher kidney bean production. Pulse production accounts for less than 1 percent of China's annual grain and feed output, and receives no production support from the central government.

### ***Kidney Beans***

China's MY2014/15 kidney bean production is forecast at 950,000 tons, approximately 20 percent higher than last year based on increased acreage and higher yield. Farmers increased acreage in response to higher kidney bean prices in MY 2013/14. Fluctuating corn prices also encouraged some farmers to choose planting pulses over corn. Yields improved due to good weather conditions in Northeast China, a major kidney bean producing area.

According to industry sources, higher production and weak market demand in MY2014/15 significantly lowered this year's kidney bean prices compared to last year. As of the end of November 2014, the price for black beans was around 4000-4100 RMB/ton, compared to 5,000 RMB/ton during the same period in last year. The price for speckled kidney bean is currently around 4,300 RMB/ton, while reaching as high as 8,500 RMB/ton last year. Buyers reacted to declining prices by waiting for prices to fall further, resulting in further downward pressure on price.

### ***Mung Beans***

MY2014/15 mung bean production is estimated at 600,000 tons, an approximately 20 percent decline from previous year due to declining acreage. Industry sources report that China's mung bean acreage has been declining over the past three years due to the low prices. Record production in MY2011/12 resulted in large stocks, depressing mung bean prices in the following years.

### ***Adzuki***

MY2014/15 adzuki production is forecast to remain relatively stable at 270,000 tons. According to industry sources adzuki acreage increased around 10 percent in MY2014/15 due to good prices, but this was offset by lower yields due to bad weather in major adzuki producing provinces such as Inner

Mongolia, Shaanxi, and Shanxi.

## **Consumption:**

### ***Kidney Beans***

Most kidney beans are exported and not consumed domestically. Beans that remain in China are primarily processed into paste. Industry contacts believe food manufacturers may substitute more kidney beans for wheat flour in noodles and breads in the coming year to increase fiber and protein content.

### ***Dried Peas***

In general, imported dried peas are mostly used for vermicelli, protein, starch, and feed production, while domestically produced dried peas are used for starch and other food processing. Industry sources report that out of the total dried peas in China (both imported and domestic) 40 percent are used in processed food, 25 percent are used to produce vermicelli noodles, 20 percent are used for feed, and 15 percent go to starch production.

### ***Mung and Adzuki Beans***

Mung and adzuki beans are primarily consumed domestically, although a small quantity is exported to neighboring Asian countries, such as South Korea and Japan. Mung bean and adzuki beans are traditionally used to prepare local porridge, especially during the summer. Adzuki and mung beans are also processed into bean paste, either for domestic pastry production or for export as an intermediate product.

## **Trade:**

### ***Imports***

MY2014/15 dry pea imports are forecast to increase 20 percent to 1.2 million tons as a result of strong demand from the food processing sector, mainly for vermicelli and protein production. Industry contacts report that since 2013 China's dry pea protein processing sector has developed rapidly due to high returns. In Shandong Province, the largest dry pea importer and processing region, five dry pea protein processing facilities were built in 2013. In 2014, construction began for another four facilities which are set to start production in 2015.

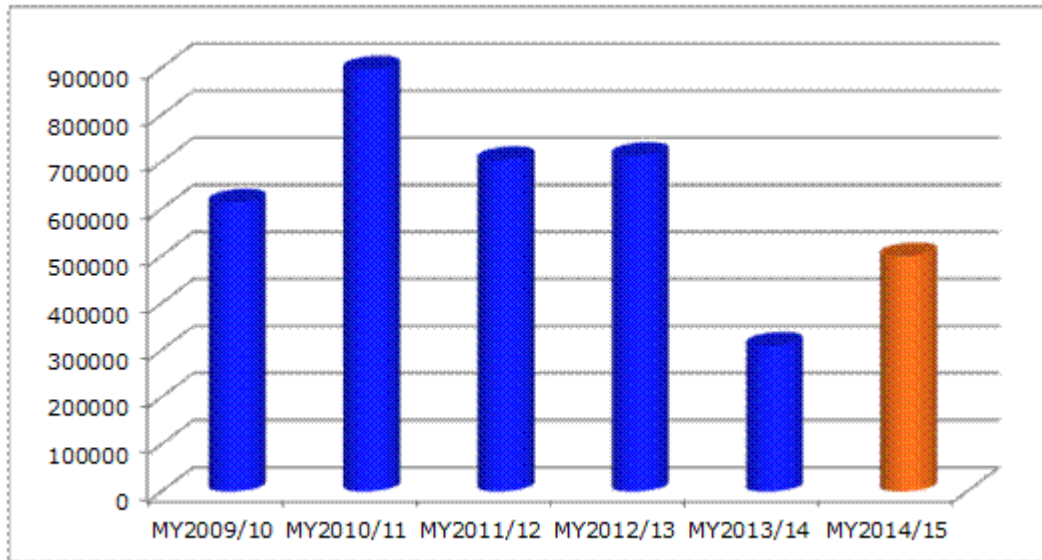
China's dry pea imports totaled 1.01 million tons in MY2013/14, a 25 percent increase from the previous year. Canada continues to be the largest supplier, accounting for 94 percent of China's total dry pea imports. The United States holds a 5 percent market share.

MY2014/15 mung bean imports are forecast to remain relatively stable at 14,000 tons; China imported 13,297 tons in MY2013/14. Burma continues to be the largest mung bean exporter to China, accounting for 91 percent of China's total mung bean imports in MY2013/14.

### ***Exports***

MY2014/15 kidney bean exports are forecast at 500,000 MT, about 60 percent increase from the previous year. The significant increase is considered as rebound given the extremely low exports in MY2013/14 (see figure 1 below). Industry sources report that kidney production in Brazil, historically the largest importer of Chinese kidney beans, is forecast down in MY2014/15 due to drought. However, strong kidney bean harvests in Argentina and the United States, two of China's main competitors, are expected to keep China's exports from returning to past highs.

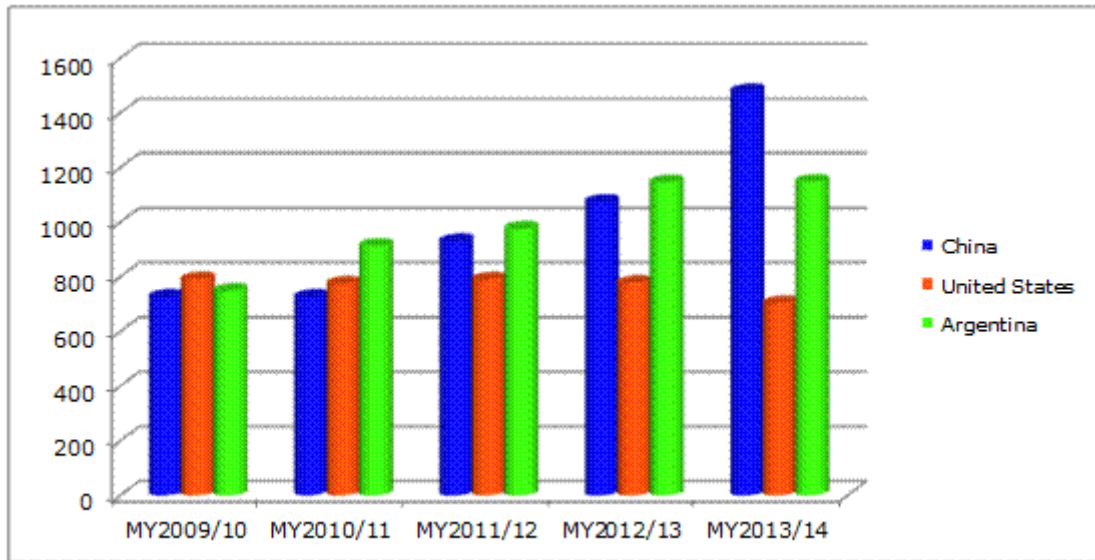
**Figure 1. China's Kidney Bean Exports in Tons**



Source: Global Trade Atlas, MY2014/15 data is Post's estimate

Kidney bean exports declined 56 percent in MY2013/14 due to lower production and weaker import demand in Brazil. The drop in production increased the price of Chinese kidney beans. According to Global Trade Atlas (GTA), the export price for kidney beans from China in MY 2013/14 increased 38 percent from previous year. Conversely, prices in other competing countries stayed about the same; kidney bean prices stayed stable in Argentina and declined slightly in the the United States (see figure 2).

**Figure 2. Kidney Bean Prices in Exporting Countries (USD/ton)**



Source: Global Trade Atlas

MY2014/15 mung bean exports are forecast at 95,000 tons, a 10 percent decrease from previous year due to lower domestic production. Japan and Vietnam are China's largest export market for mung beans, accounting for 68 percent of its exports in MY2013/14.

MY2014/15 adzuki bean exports are forecast at 55,000 tons, similar to the previous year. China's adzuki bean exports have been relatively steady over the past six years, fluctuating between 49-57 thousand tons. South Korea and Japan are the largest buyers of China's adzuki beans, accounting for 72 percent of China's adzuki bean exports in MY2013/14.

## Trade Tables

Table1. China's Dry Pea Imports (H.S. code: 071310)

Country (MT)	MY2011/12	MY2012/13	MY2013/14
Canada	645,071	762,218	952,050
United States	13,263	42,542	51,869
United Kingdom	4,639	5,456	6,153
Others	3,705	1,040	1,753
Total	666,678	811,256	1,011,825

Table2. China's Mung Bean Imports (H.S. code: 071331)

Country (MT)	MY2011/12	MY2012/13	MY2013/14
Myanmar	19,910	12,356	12,155
Australia	6,078	0	540
Thailand	4,242	1,319	352
Others	105	421	250
Total	30,334	14,096	13,297

Table3. China's Kidney Bean Exports (H.S. code: 071333)

Country (MT)	MY2011/12	MY2012/13	MY2013/14
Venezuela	84,010	56,896	49,347
Italy	38,839	41,783	41,176
India	47,145	66,850	40,054
South Africa	54,449	37,474	21,271
Yemen	17,489	17,593	18,112
Cuba	25,989	28,236	18,004
Turkey	24,277	15,952	13,862
Costa Rica	26,117	20,549	8,457
United Arab Emirates	8,260	12,866	7,204
United Kingdom	11,684	5,810	6,952
Brazil	128,257	248,439	6,940
Others	237,721	160,857	78,549
Total	704,237	713,302	309,921

Table4. China's Mung Bean Exports (H.S. code: 071331)

Country (MT)	MY2011/12	MY2012/13	MY2013/14
Japan	58,248	45,322	46,172
Vietnam	25,943	22,548	25,416
United States	10,219	9,719	9,094
Philippines	5,764	7,174	4,724
Korea South	2,721	5,167	3,914
Others	28,386	40,097	16,568
Total	131,281	130,028	105,894