

Voluntary Report – Voluntary - Public Distribution

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Report Name: US Pet Food is Poised to Expand in the China Market

Country: China - People's Republic of

Post: Guangzhou ATO

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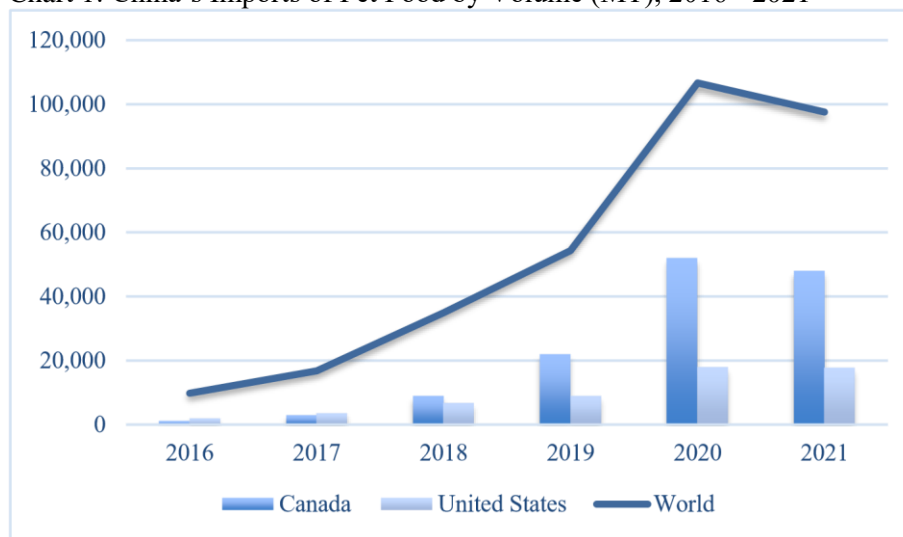
Report Highlights:

Ranked No.1 in 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), the United States accounts for 20 percent of Chinese imported pet food market share and is poised to expand. The market trends indicate that China's demand for imported pet food will continue growing. This report provides a market overview, registration and exporting information, relevant trade shows, and links to helpful reports and resources.

China’s pet food imports

According to China Customs data, China imported 17,595 metric tons (MT) of U.S. pet food (H.S. code: 2309.10, dog and cat food for retail sale) worth \$114 million in 2021, roughly equal to 2020 imports from the United States. However, after growing rapidly since 2016 (Chart 1), overall Chinese imports of pet food dropped 8.5 percent between 2020 and 2021 to 97,560 MT. Imports from Canada, the largest supplier to the Chinese market, declined about 7.5 percent to 47,895 MT (valued at \$275 million).

Chart 1: China’s Imports of Pet Food by Volume (MT), 2016 - 2021



Source: China Customs data by Trade Data Monitor

Table 1: China’s imports of pet food by volume (MT), 2016 - 2021

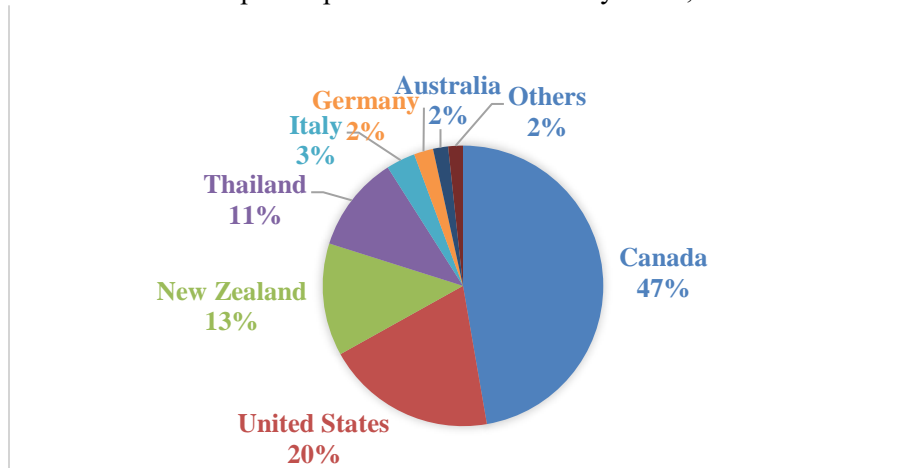
	2016	2017	2018	2019	2020	2021
World	9,813	16,767	34,920	54,310	106,672	97,560
Canada	983	2,874	8,876	21,900	51,849	47,895
United States	1,927	3,522	6,686	8,917	17,855	17,595

Source: China Customs data by Trade Data Monitor

Pet food imports by metric tons jumped by 98 percent between 2019 and 2020 due to several factors. In January 2020, China reduced the import tariff for pet food from 15 percent to 4 percent. After the COVID-19 pandemic began, pet owners sought out online sales platforms to purchase pet food; many imported products use this channel. Further, in February, China granted market access for U.S. pet food containing ruminant ingredients. Pet food imports from the United States about doubled in volume from 2019 to 2020.

The landscape changed in 2021, leading to a slight drop in overall sales. Costs rose because of logistical challenges and a sharp increase in freight prices. Furthermore, avian influenza outbreaks in Europe, including Germany, Belgium, and the Czech Republic, led China to ban pet foods containing poultry ingredients reducing overall imports. Besides these import woes, competition from domestic producers grew; production in China rose 17.3 percent between 2020 and 2021 to 1.13 million metric tons.

Chart 2: China's imported pet food market share by value, 2021



Source: China Customs data by Trade Data Monitor

Canada was the top supplier of pet food to China in 2021 with 47 percent market share by value (Chart 2). The United States ranked second with 20 percent.

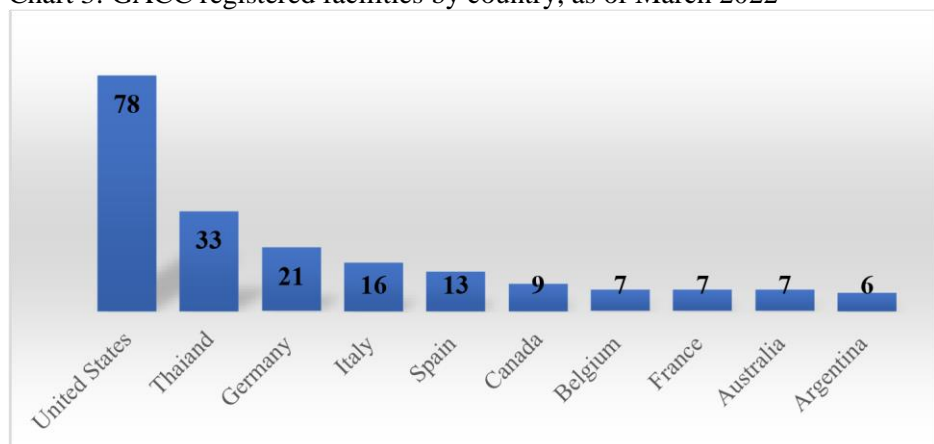
Import regulations - updates

All imported pet food must have **both** the (1) facility registration by China's General Administration of Customs (GACC) and the (2) feed product registration by China's Ministry of Agriculture and Rural Affairs (MARA). This is the same for product sold through cross-border e-Commerce (CBEC) and through normal trade. This requirement, effective starting September 2019, is now strictly enforced.

(1) GACC Facility Registration

China's GACC has approved pet food and pet food ingredients imports from 21 countries and regions. As of writing, there are 78 U.S. facilities currently registered with GACC. By comparison, the United States' main pet food competitor, Canada, has only 9 facilities approved on the GACC list. Each facility may produce a wide range of products.

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



Source: China's General Administration of Customs (GACC)

Though New Zealand represents 17 percent of pet food imports, companies are not registered with GACC. According to the New Zealand Petfood Manufacturers Association, there are 98 members listed on its official web page (petfoodnz.co.nz). Meanwhile, New Zealand has 6 registered facilities exporting ovine and caprine byproducts as well as 121 facilities exporting bovine, porcine, poultry (chicken including egg, duck, turkey), rabbit, venison, and fish/shellfish/aquatic as ingredients for China's domestic pet foods manufacturers.

On March 2, 2022, GACC published a list of prohibited animals/animal products by country related to disease outbreaks. Some ports/GACCs are banning dry pet food with poultry as an ingredient from countries with active outbreaks of highly pathogenic avian influenza. However, canned pet compound food (wet food), pet snacks and other commercially sterilized canned pet food are not affected by avian related epidemics and allowed to be imported into China.

According to [the recent notice updated on March 25, 2022](#) by Animal and Plant Health Inspection Service (APHIS)/U.S. Department of Agriculture, for pet foods certified with the new protocol (after June 15, 2020), poultry ingredients must be heat-treated or sourced from States other than Delaware, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Missouri, Nebraska, South Dakota, and Wisconsin.

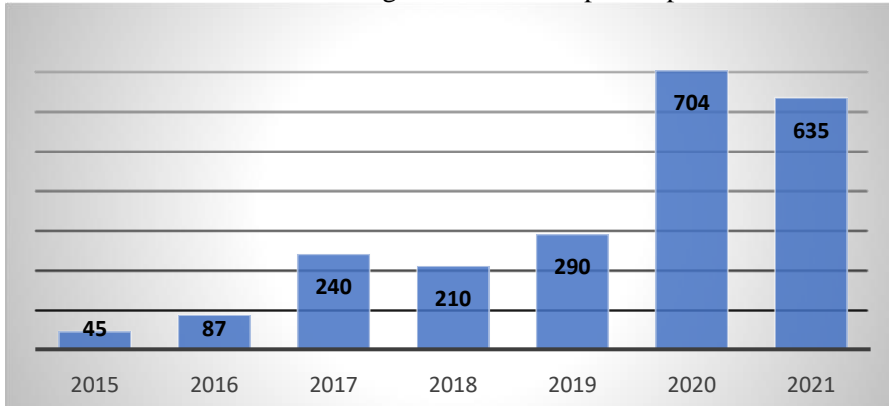
(2) MARA Product Registration

In April 2018, MARA issued [Notice No. 20](#) to streamline all pet food related regulations for domestic production and importation. As a result, all pet food imported through cross-border e-commerce (CBEC) must provide MARA feed registration, aligning this requirement with products through normal trade channels. This requirement, effective since September 2019, is now strictly enforced. The MARA registration must be renewed by the brand holder every five years.

In 2020, there were 704 SKUs of imported pet foods with an approved MARA feed registration, a historic record and more than double those in 2019 (total 290). The top six suppliers of pet food, by number of SKUs were Canada (125), New Zealand (121), Belgium (70), Italy (68), Germany (60) and the United States (54).

In 2021, MARA approved 635 SKUs of imported pet foods to receive new or renewed feed registration; 117 of these were for US pet foods, illustrating US industry’s strong interest in expanding product offerings to China. Other registrants included: Spain (99), New Zealand (74), Canada (70), Germany (69), and Thailand (45). Among the newly registered imported pet food products, 290 were for cats and 271 for dogs.

Chart 4: China’s MARA feed registrations for imported pet foods, 2015-2021



Source: China’s Ministry of Agriculture and Rural Affairs (MARA), compiled by FeedChina.net

In the recent releases on February 21 and March 25, 2022, MARA registered 44 SKUs of U.S.-origin pet foods, continuing as the leader. About 115 additional SKUs, including from Canada, Belgium, Italy, Spain, Thailand, France, Australia, Argentina, New Zealand, Malaysia, and Taiwan, also received registration. This number is estimated to continue growing throughout 2022.

Exporting Pet Food to China

Manufacturing facilities must be inspected and approved by APHIS Veterinary Services (VS) prior to export and annually to maintain approval to export. Please contact your pertinent VS Service Center for more information regarding the APHIS inspection and approval process. Manufacturing facilities must also be currently registered with the U.S. Food and Drug Administration.

New facilities will receive an APHIS approval number after APHIS inspection and approval. APHIS then submits the information to China’s General Administration of Customs (GACC), and GACC assigns the facility a Chinese approval number (NR-USA-XXX) and publishes the information on its website. A manufacturing facility must have both an APHIS and a Chinese approval number, and be listed on GACC’s website, for pet foods they produce to be eligible for export.

APHIS will submit facility updates to GACC monthly, and GACC will update its website within 20 working days of receipt. Once GACC updates its website, APHIS will notify the facility. It is the responsibility of the facility to confirm their information is listed accurately on the Chinese website and this may be verified through the Chinese importer.

In addition to the facility approval and registration process, the exporting company must complete a separate product registration process with China’s Ministry of Agriculture and Rural Affairs (MARA). Exporters are encouraged to work with their Chinese importers to accomplish this process. APHIS does

not verify product registration prior to endorsement of certificates, therefore it is the exporter's responsibility to ensure product eligibility prior to shipment.

NOTE: These requirements apply ONLY to pet foods defined as: commercially processed, finished food (including snacks, treats, or chews) intended for feeding to companion animals (e.g. dogs, cats, or other non-livestock species kept as household pets); includes dry, canned and wet, and semi-moist products.

For requirements for supplements or feed additives, please contact the U.S. Food and Drug Administration. More information may be found at on the FDA Website [here](#) and additional information [here](#).

For more information on exporting pet food to China [please visit the APHIS website](#).

China's pet food market trends

1. Macroeconomic Factors drive growth

According to Euromonitor, between 2010 and 2020, China's pet food market grew from \$719 million to \$6.72 billion with a compound annual growth rate (CAGR) of 25 percent. From 2021 to 2025, Euromonitor predicts the CAGR will reach 19.5 percent, supporting an expansion from \$8.23 billion to \$16.77 billion. The main macroeconomic factors driving this optimism are:

- China's household pet penetration rate is 20 percent; by comparison, Japan is 38 percent, and the United States is 70 percent.
- China's per capita GDP exceeds \$10,000 and is growing, giving customers the purchasing power for imported pet foods.
- Urban areas/ first and second tier cities have higher rates of pet ownership. China's urbanization rate is 65 percent and growing; by comparison, Japan is over 90 percent, and the United States is over 80 percent.
- Marrying later, particularly in big cities. As young people are choosing to stay single longer, many choose to get a pet. (The average age at first marriage in Shanghai is 34 for males and 32 for females.)
- The aging population grows steadily. Older people are also a key demographic of pet ownership. Currently, over 18 percent of the population (260 million) are over 60 years old.

2. Cat ownership is growing faster than dog ownership.

Euromonitor forecasts China's domestic cat population will grow from 95 million to 101 million with a CAGR of 6 percent between 2021 and 2025; the domestic dog population, by contrast is expected to grow from 98 million to 100 million with a CAGR of 2.5 percent. Cat ownership is growing faster because:

- Limited living space due to high property prices, especially in first and second tier cities.
- Cats cost, on average, less than dogs. Total expenses for cats are estimated at US\$750 per year, whereas dogs' expenses are approximately US\$953. About 40-45 percent of these expenses are for food.
- Higher work pressures, including longer working hours, lead to more inactive lifestyles where some become reluctant to walk a dog.

3. *Chinese pet owner profile:*

- More than 90 percent have collegiate education; by comparison, only 23 percent of working population completed college.
- Relatively high income: 1/3 earn over RMB10,000 (US\$1563) monthly and nearly 50 percent RMB4,000-10,000 (US\$625-1563) monthly.
- Younger: nearly 50 percent were born after 1990, among which 50 percent were born after 1995.
- Started owning pets in recent years: over 50 percent got a pet within the last 3 years, among which 20 percent got their pets in the past one year.
- They love pets! Over 85 percent of owners see pets as family members.

4. *Online shopping rules, but offline starts growing.*

- 75-80 percent of pet-related purchases are online, but offline purchases start growing.
- The demands for pet medical, beauty care, boarding, training, and photography are growing. It may influence pet food purchases, especially for functional foods, snacks, and nutrient supplements.
- Pet hospitals, which provide comprehensive services, are increasingly influential, particularly in 2nd and 3rd tier cities.

5. *Preference for foreign pet food brands, particularly for cat foods.*

- 40 percent of cat owners reportedly only feed foreign brands to meet protein requirements and ensure quality ingredients and nutrition
- For dog food, owners have a neutral attitude, using either foreign or domestic brands for staple/everyday foods.
- For natural foods, functional foods, and the foods containing dairy ingredients, foreign pet food brands dominate.
- For staple/daily foods, snacks, and nutrient supplements, Chinese domestic brands grow fast.

6. *China's domestic pet food industry is growing fast*

China's domestic pet food production is growing fast. According to the China Feed Industry Association, China produced 1.13 million tons of pet food in 2021, a year-on-year increase of 17.3 percent from 2020. According to industry sources, cat food accounts for 40 percent by value and dog food for 60 percent. 75 percent of production is for staple pet foods. The top five producing provinces are Hebei, Shandong, Shanghai, Anhui, and Zhejiang.

While domestic production is growing, it remains low by comparison. The United States produced 9.8 million tons of pet food in 2021, an increase of 12.5 percent over 2020. Canada produced 800,000 tons, an increase of 14.3 percent.

7. *Dry pet food and pet snacks are the primary purchase categories*

According to iiMedia Research survey in early 2022, dry pet food and pet snacks are Chinese pet food consumers' top two categories purchased. Around 63.4 percent of consumers prioritize dry food, followed by 57 percent prioritized on pet snacks. In comparison, dry pet food has more stable demand and high frequency purchase. Meanwhile, pet snacks are gaining demand because of rising disposable incomes and a desire to upgrade pet food offerings.

Trade shows:

*Dates are accurate at publishing, but subject to change

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

Main show (national): Shanghai, August 17-21, 2022

Subsidiary shows (regional):

- Beijing, TBD (postponed from March 25-27, 2022);
- Shanghai, TBD (postponed from April 15-17, 2022); and
- Guangzhou, December 16-18, 2022

The 26th China International Pet Show (<http://en.cipscom.com/>)

Guangzhou, November 17-20, 2022

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

- Guangzhou, March 4-6, 2022;
- Chongqing, March 18-20, 2022; and
- Wuhan, May 13-15, 2022

Helpful reports and resources:

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)

GACC Notices

- [All foreign pet food and pet food ingredient facilities](#) approved by China GACC (March 18, 2022)
- GACC's updated [list of prohibited animals/animal products importation from animal disease pandemic countries/regions](#) (in Chinese, Dated March 2, 2022)
- [Updated list of U.S. pet food producers](#) (78 facilities) by China GACC. (Updated Feb. 2020)

MARA Notices

- [MARA Notice 20](#) streamlining the pet food related regulations (in Chinese, Date: April 27, 2018)

APHIS Notices

- [China – Important information regarding trade bans and other](#) restrictions (Dated March 25, 2022); please visit [APHIS web site](#) for latest updates

Attachments:

No Attachments.