



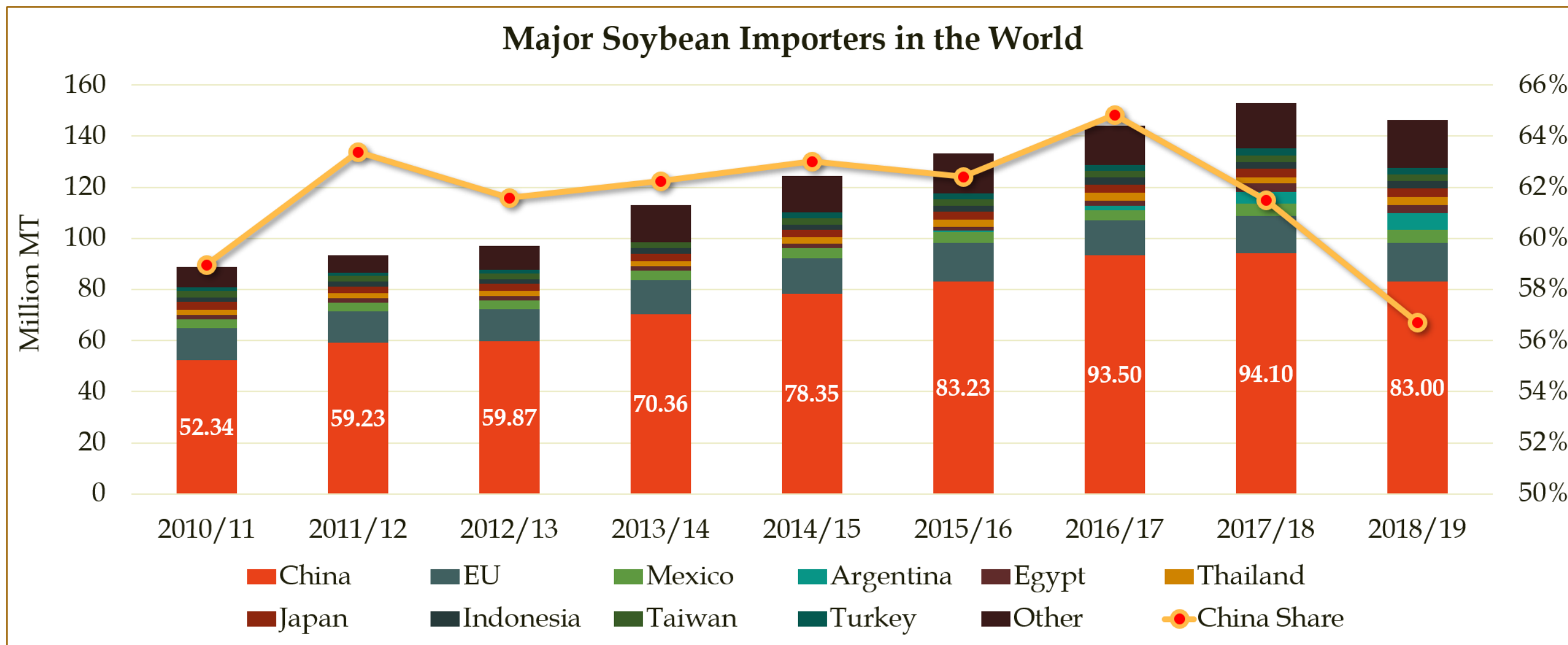
# CHINA-U.S. SOY TRADE UPDATE & IMPACT OF AFRICAN SWINE FEVER

*Xiaoping Zhang*

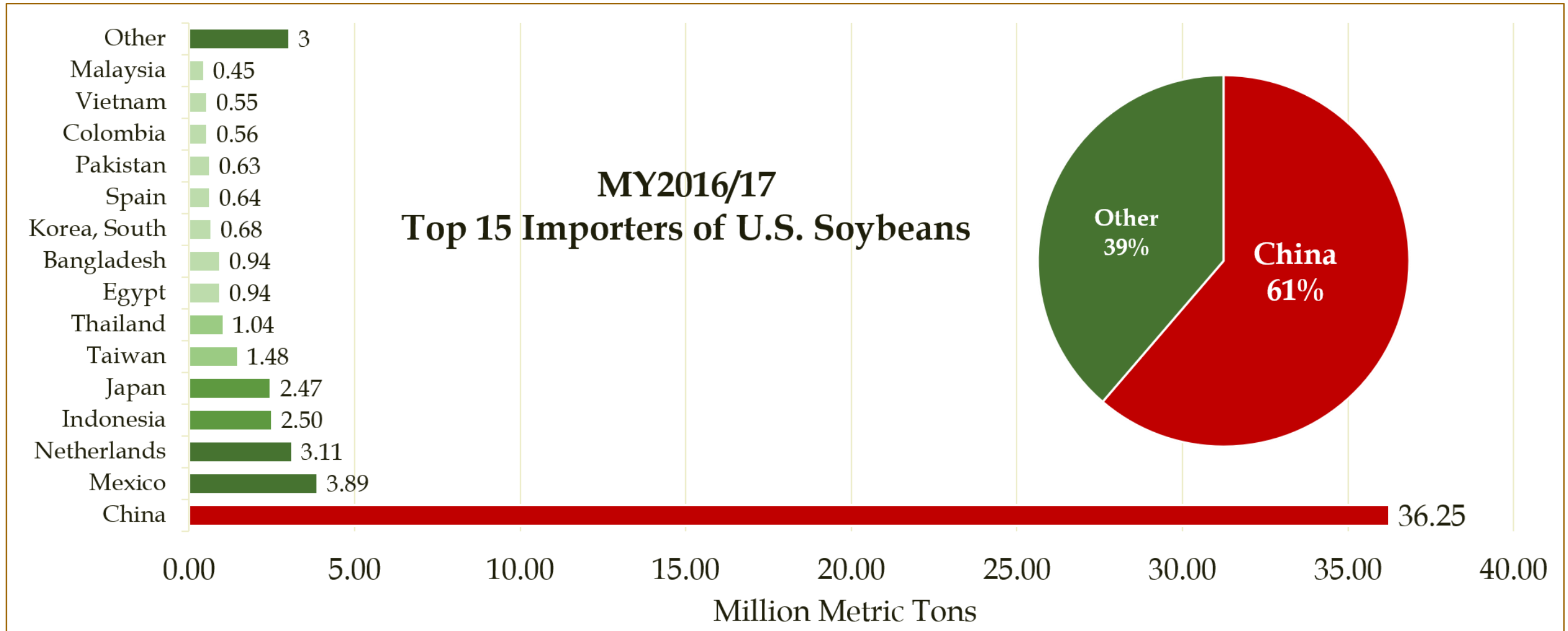
Greater China Regional Director

U.S. SOY FOR A GROWING WORLD

# China: World's Largest Soybean Importer



# China: #1 Destination of U.S. Soybeans



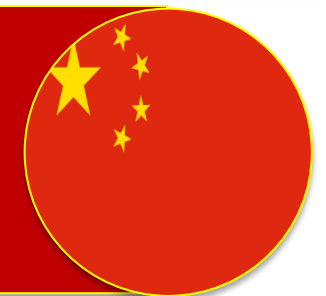


# Escalating Trade Frictions with Hiking Tariffs

## 2018



**10-25% Tariffs on  
US\$250 b. Worth of  
Chinese Products**



**5-25% Tariffs on  
US\$110 b. Worth of  
U.S. Products**

**2018/09/18**

**U.S.** announced its intention to raise tariffs on US\$200 b. worth of Chinese products from 10% to 25% starting from Jan. 1<sup>st</sup>, 2019 ...

**2018/03/23**

U.S. imposes 25% tariff on steel and 10% tariff on aluminum

**2018/04/02**

**China** imposes tariffs (15-25% ) to retaliate steel/ aluminum tariffs

**2018/04/03**

U.S. releases list of products (worth US\$50 b.) subject to 25% tariff

**2018/04/04**

**China** releases list of products (worth US\$50 b.) subject to 25% tariff

**2018/07/06**

U.S. imposes 25% tariff on 818 Chinese products (worth US\$34 b.)

**2018/07/07**

**China** imposes 25% tariff on \$34 b. worth of U.S. products

**2018/08/23**

U.S. imposes 25% tariff on 284 Chinese products (worth US\$16 b.)

**2018/08/24**

**China** imposes 25% tariff on \$16 b. worth of U.S. products

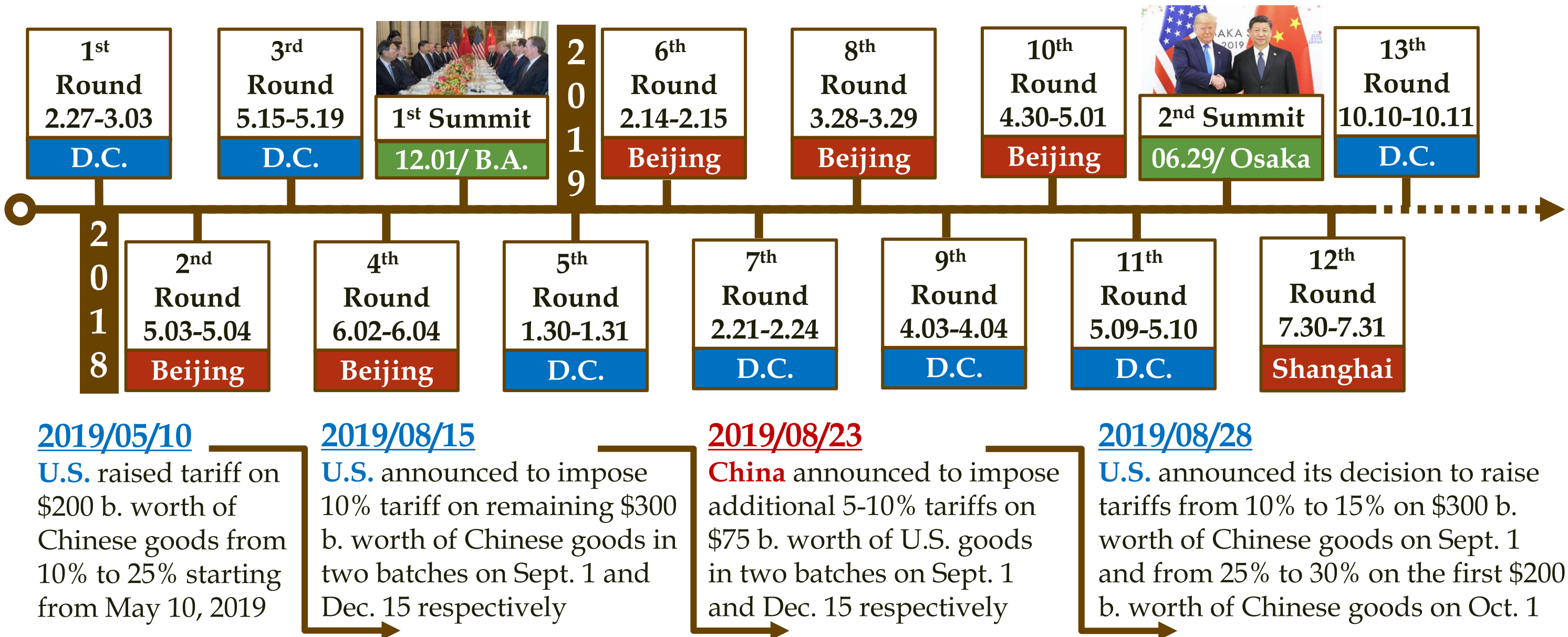
**2018/09/24**

U.S. imposes 10% tariff on US\$200 b. worth of Chinese products

**2018/09/24**

**China** imposes 5-10% tariff on US\$60 b. worth of U.S. products

# Efforts to End Trade Frictions

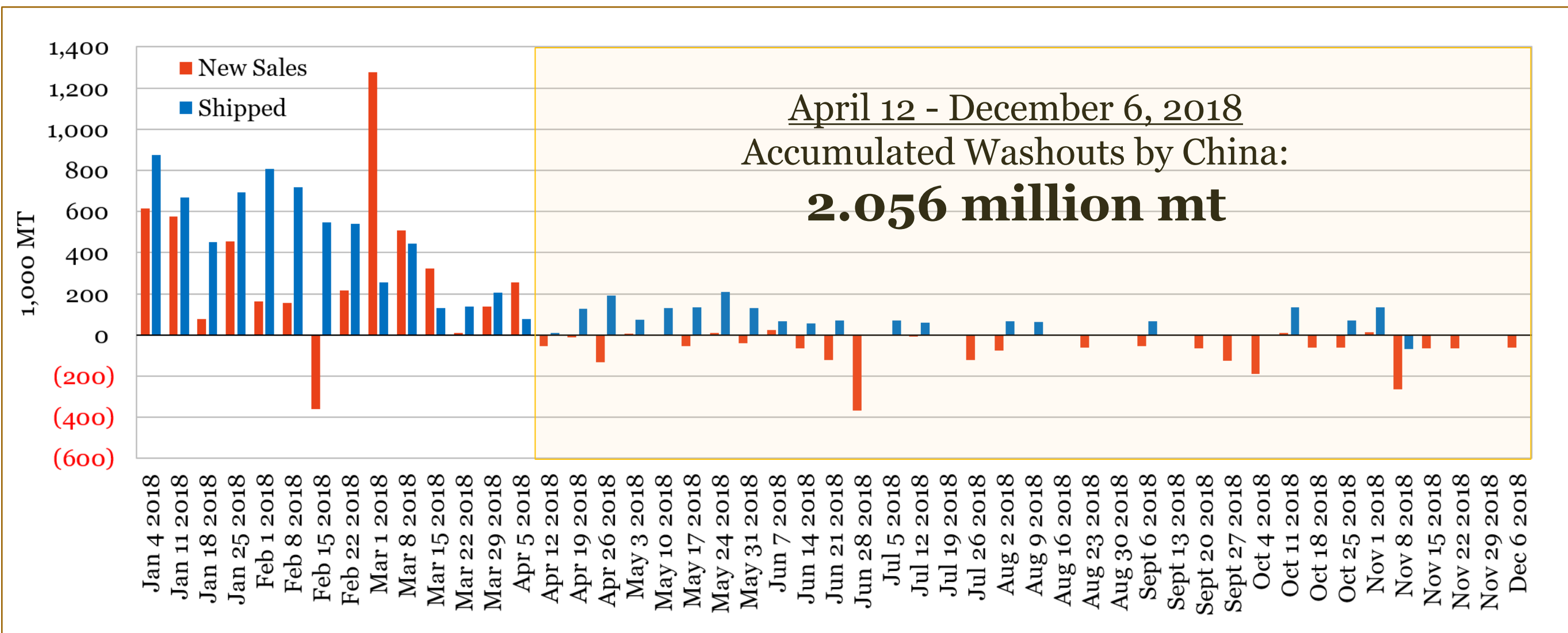


# What Might Be in Disputes ...



 Agriculture
  IPRs Protection
  Exchange Rate
  Financial Services
  Trade Expansion
  Technology Transfer
  Dispute Settlement

# Weekly Export Sales to China

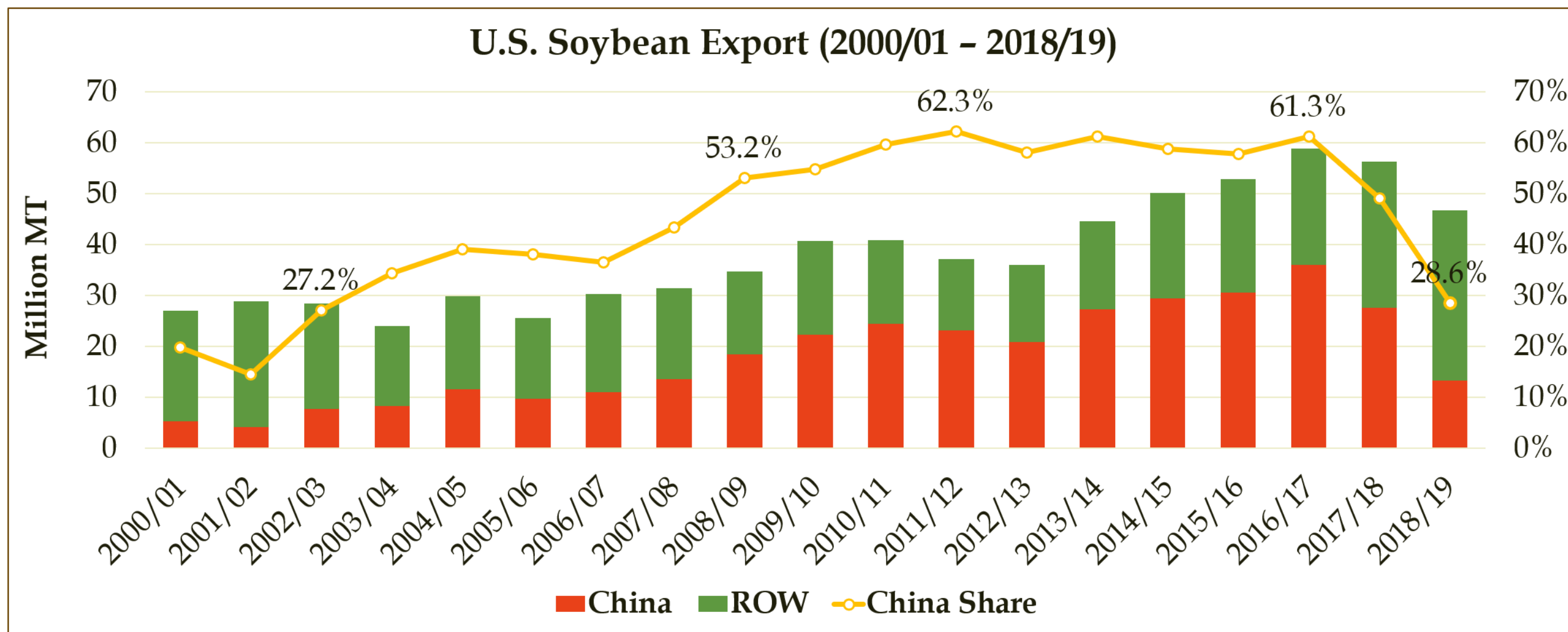


# Weekly Export Sales to China

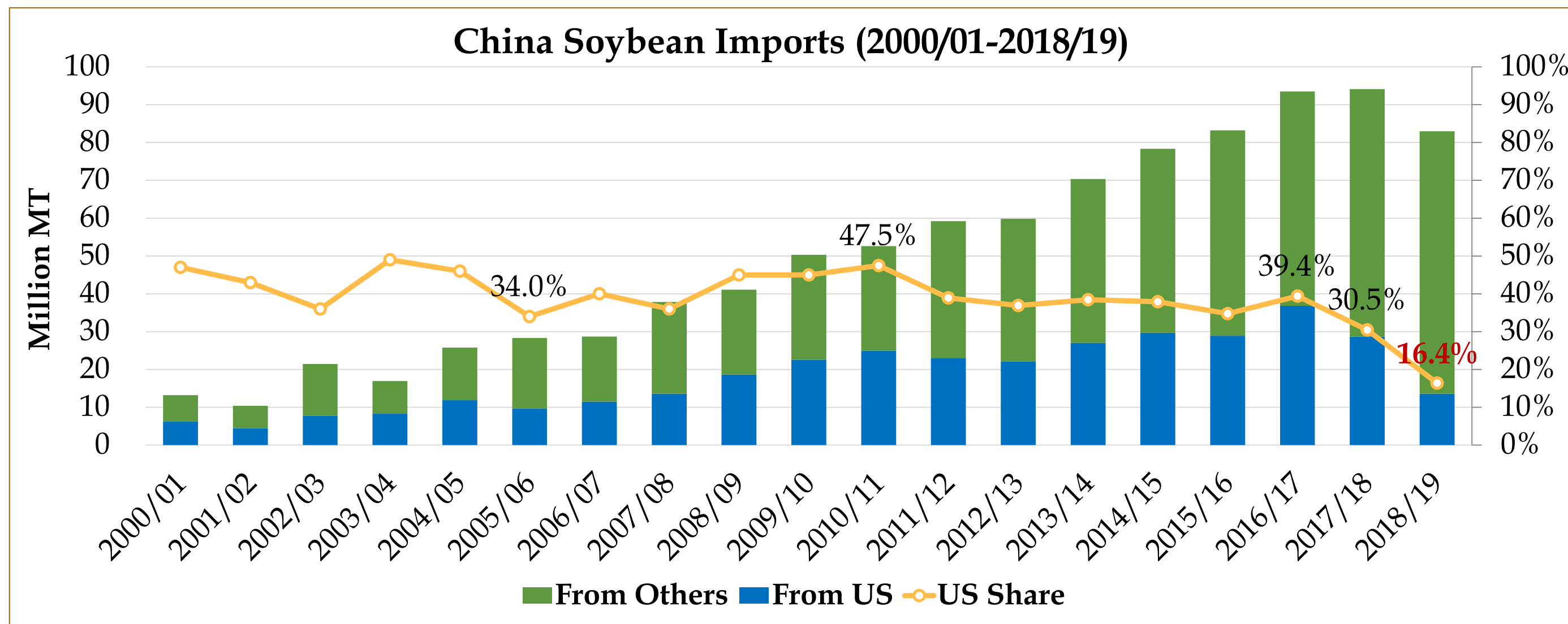




# Declining China's Share in U.S. Soy Export

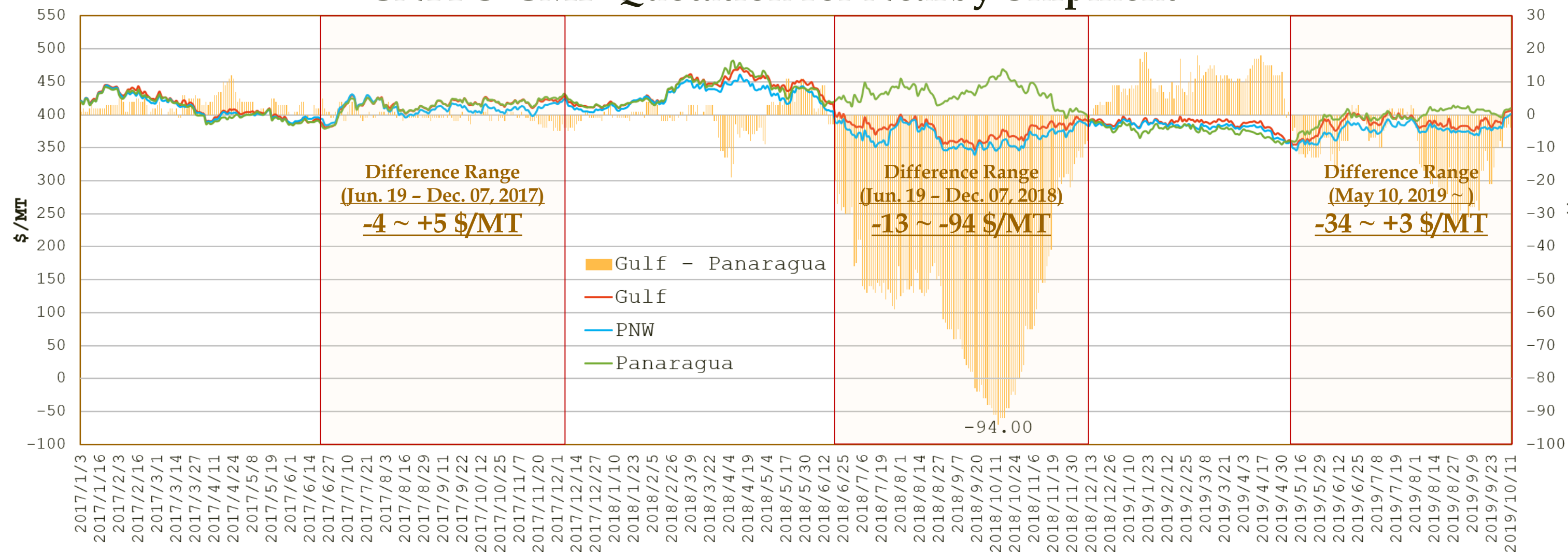


# U.S. Market Share Dropped to Record Low



# Landed Soybean Prices Distorted

## CNFFO CMP Quotation for Nearby Shipment



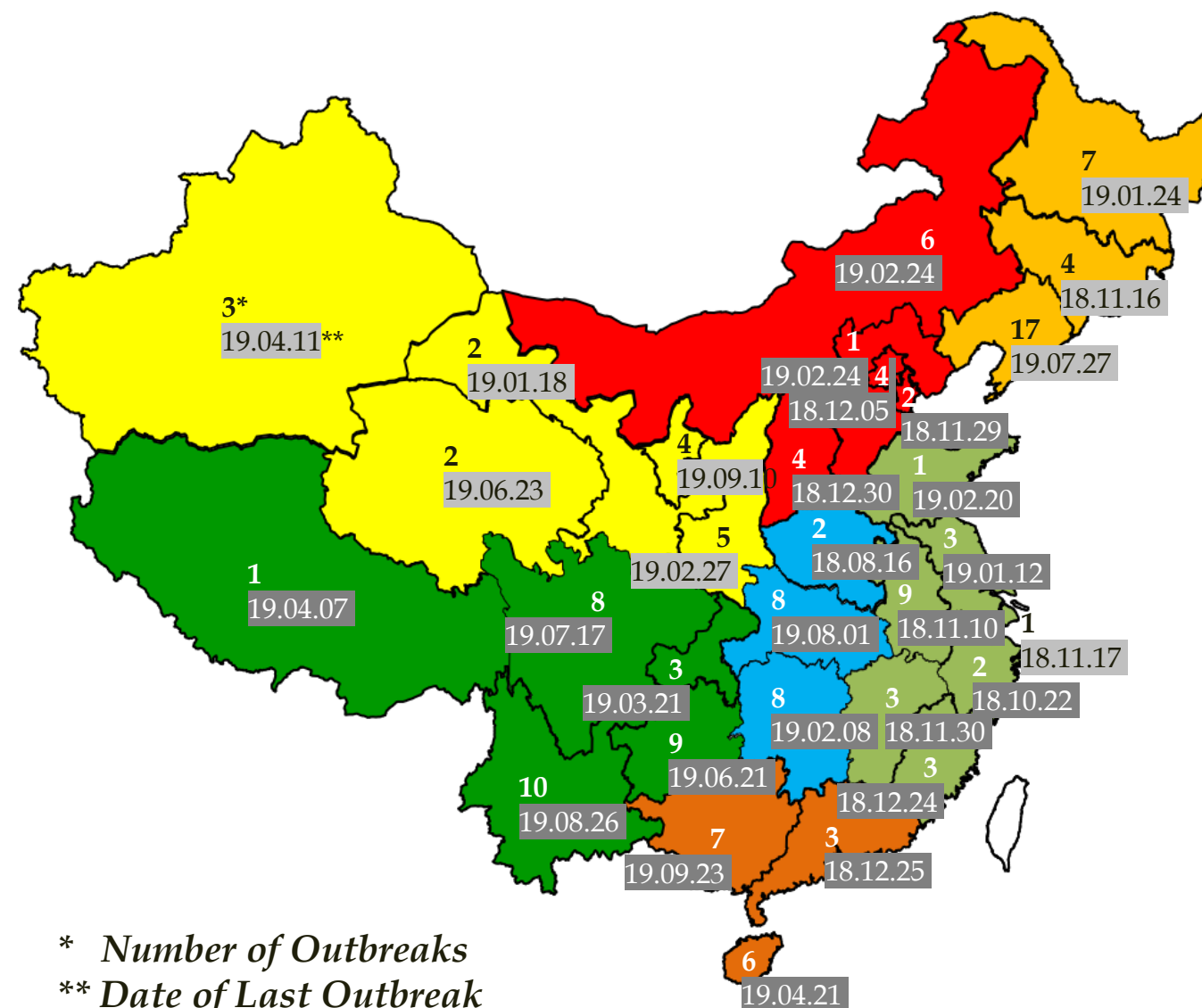
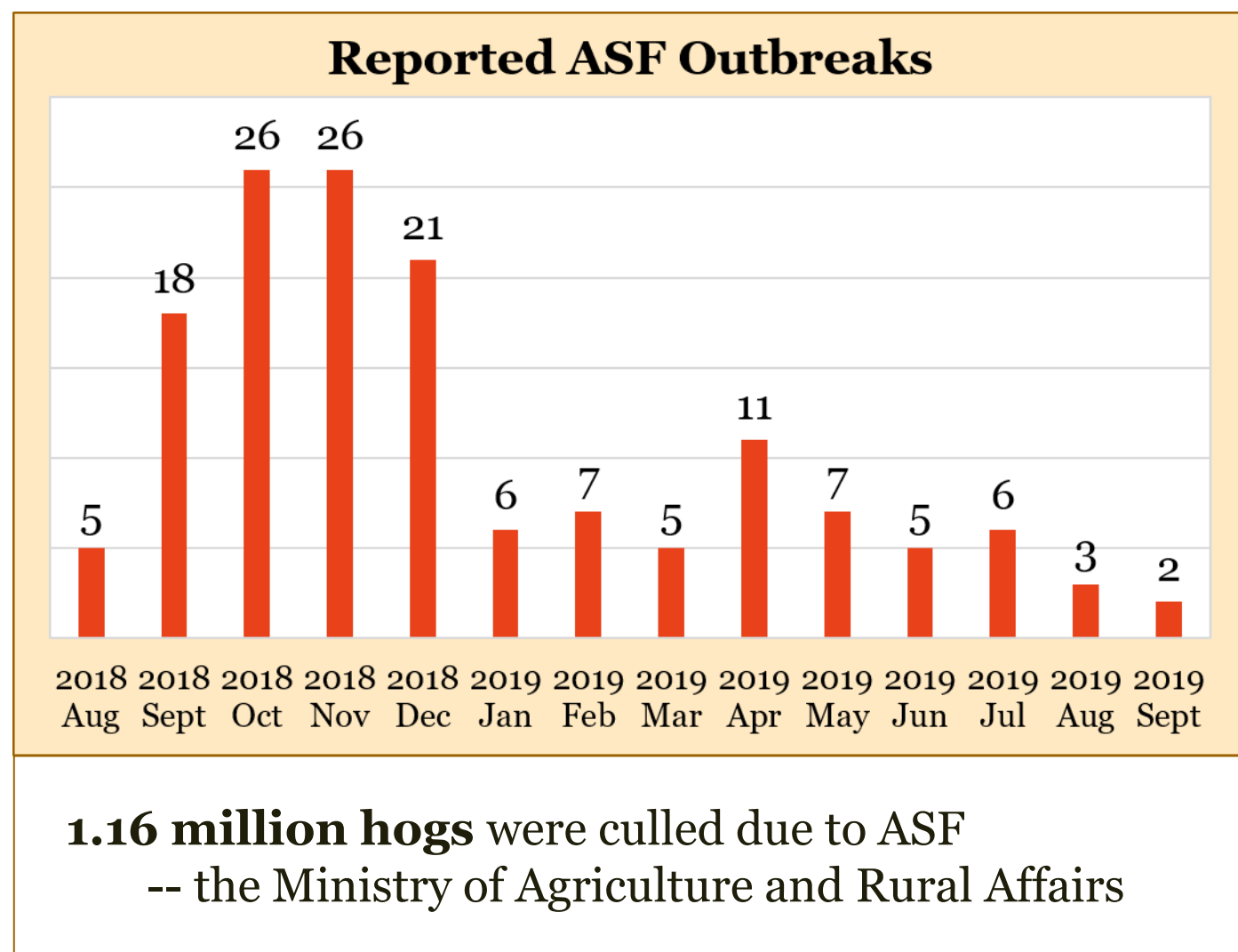
# Rebalancing Soy Supply & Demand

Million MT	SUPPLY			DEMAND				ANNUAL BALANCE
	Prod.	Imports		Food	Crush		Other	
		USA	Other		Dom.	Imports		
2016/17	13.60	36.84	56.66	14.15	1.20	90.50	0.85	0.39
2017/18	15.28	28.68	65.45	14.60	2.20	90.70	0.92	0.99
2018/19	16.00	13.60	69.40	15.00	2.80	83.70	0.92	-3.42
2019/20	17.10	20.00	68.50	15.15	2.00	86.50	0.95	-0.50
Replace U.S. Soy ?	<ul style="list-style-type: none"><li>Diversify Soybean Origination (+8.00)</li><li>Increase Dom. Production (+3.00)</li><li>Increase Imports of Other Oilseeds and Protein Meals (+2.00)</li><li>Auction from State Reserve (+3.00)</li></ul>			<ul style="list-style-type: none"><li>Lower Protein Level in Animal Diets and Reduce Soybean Meal Inclusion Rate (-14.00)</li></ul>				

**NGOIC predicts Crush Demand in 2018/19 will be reduced by 6.40 million metric tons**

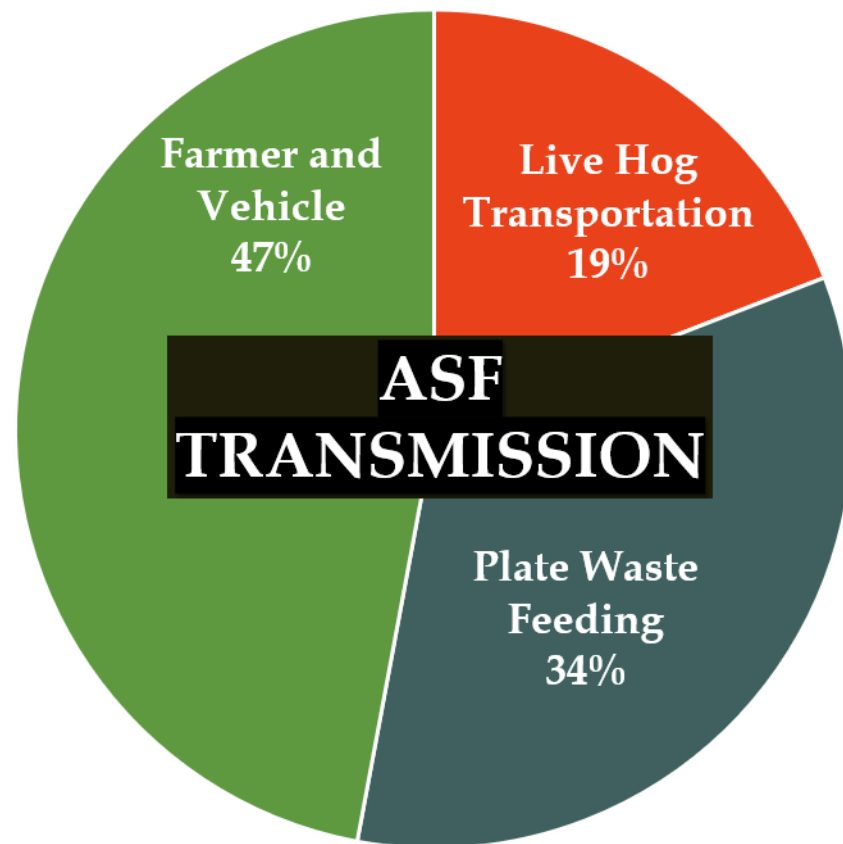


# Outbreaks and Spread of African Swine Fever



Source: Ministry of Agriculture and Rural Affairs, PRC

# Measures to Bring ASF under Control

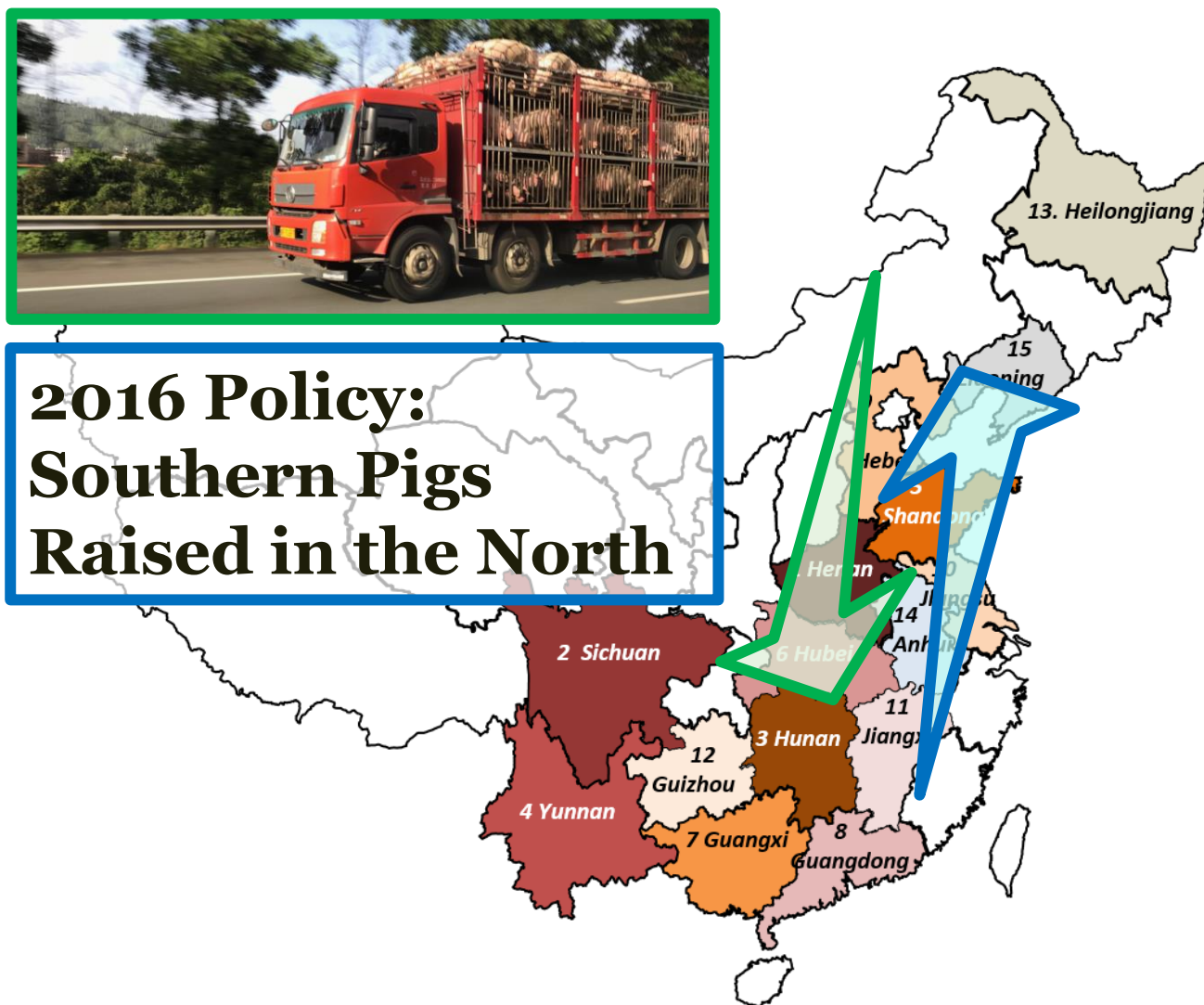


- Culling hogs on the affected farm and blocking the area in a radius of 3 KM from the farm;
- Raising the blockade 6 weeks after the completion of ASF treatment;
- Putting a 6-month ban on hog farming after blockade is raised;
- Banning plate waste from feeding hogs;
- Providing subsidies to confirmed ASF affected farm.

# Top 15 Hog Producing Provinces (2017)

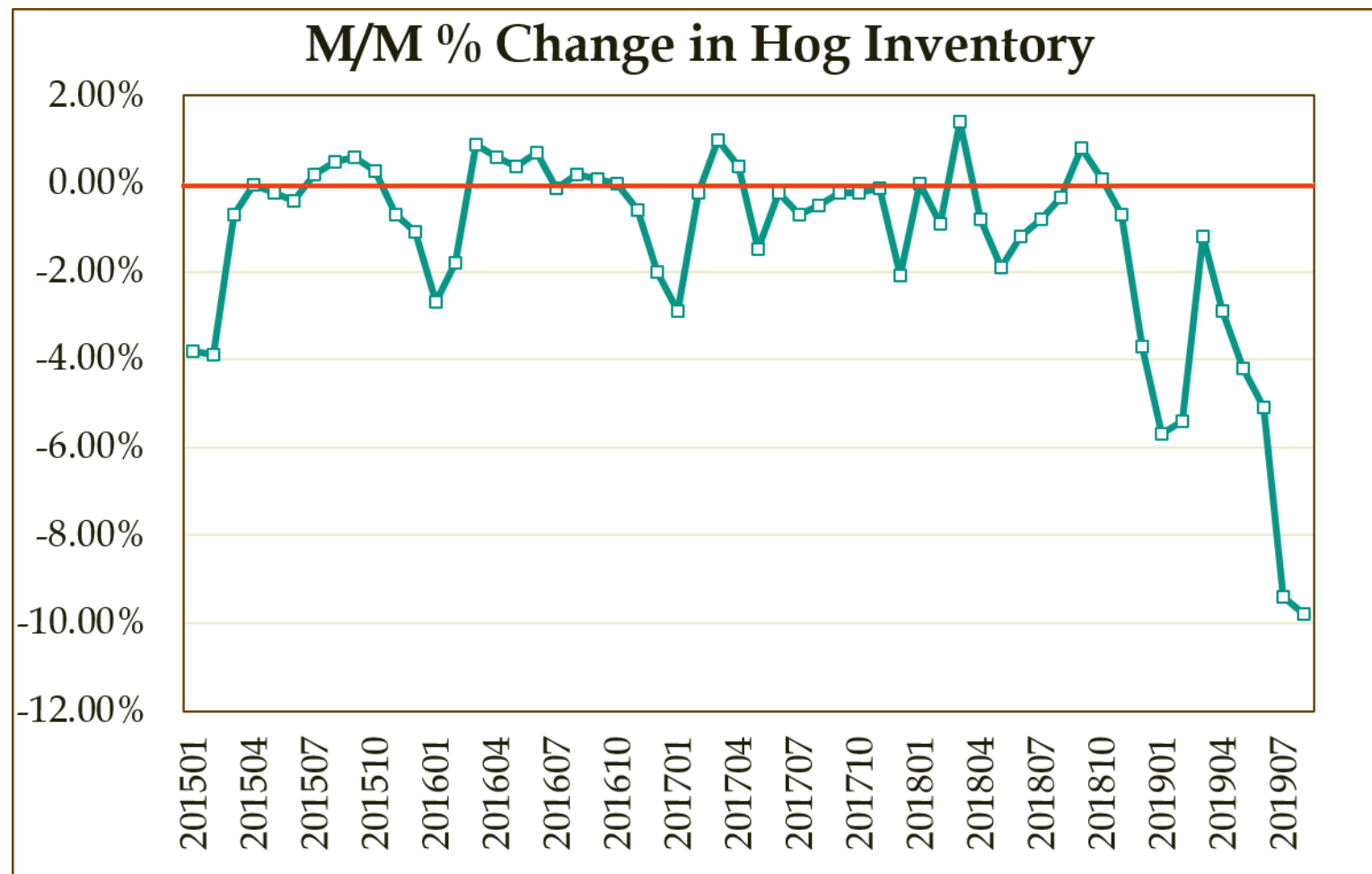


**2016 Policy:  
Southern Pigs  
Raised in the North**



	Province	Hog Inventory (million)	% of National Total
1	Henan	43.900	9.94%
2	Sichuan	43.766	9.91%
3	Hunan	39.681	8.99%
4	Yunnan	30.792	6.97%
5	Shandong	30.403	6.88%
6	Hubei	25.785	5.84%
7	Guangxi	22.937	5.19%
8	Guangdong	21.328	4.83%
9	Hebei	19.578	4.43%
10	Jiangsu	16.403	3.71%
11	Jiangxi	16.213	3.67%
12	Guizhou	15.969	3.62%
13	Heilongjiang	14.339	3.25%
14	Anhui	14.172	3.21%
15	Liaoning	13.080	2.96%
National Total		441.589	82.74%

# Hog Inventory Changes (2015-2019)



Note: Data collected by MARA at 4,000 locations in the Monthly Survey

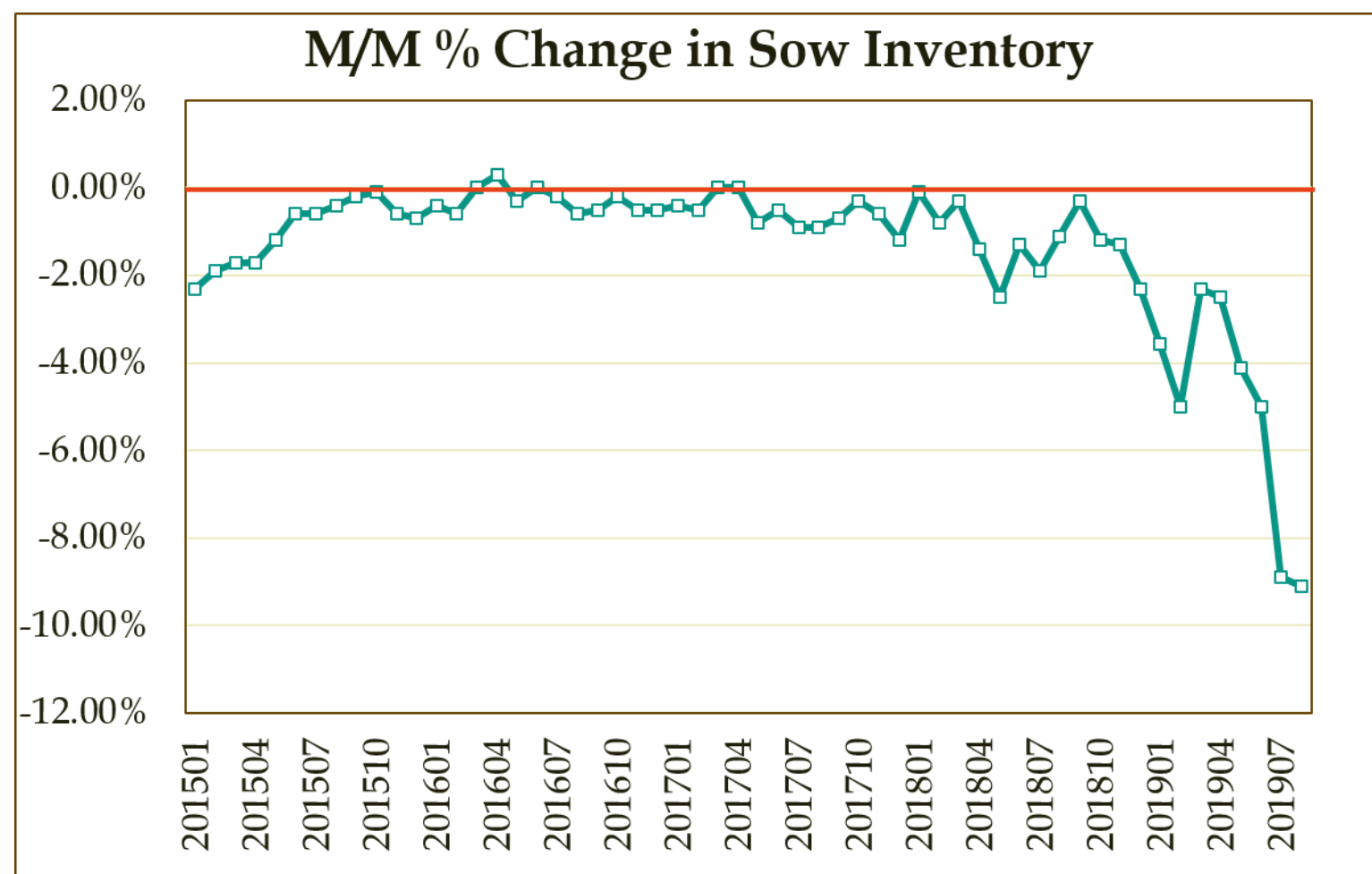
Year End	Inventory (m. head)	Y/Y Change	Y/Y Change*
2014	471.602	-1.5%	N.A.
2015	458.029	-2.9%	-9.0%
2016	442.092	-3.6%	-4.3%
2017	441.589	-0.1%	-7.0%
2018	428.170	-3.0%	-7.8%
2019	214.085	-50.0%	-36.4%**

\*Based on Month-on-Month Change released by MARA

\*\* Based on Month-on-Month Change as of Aug. 2019



# Sow Inventory Changes (2015-2019)

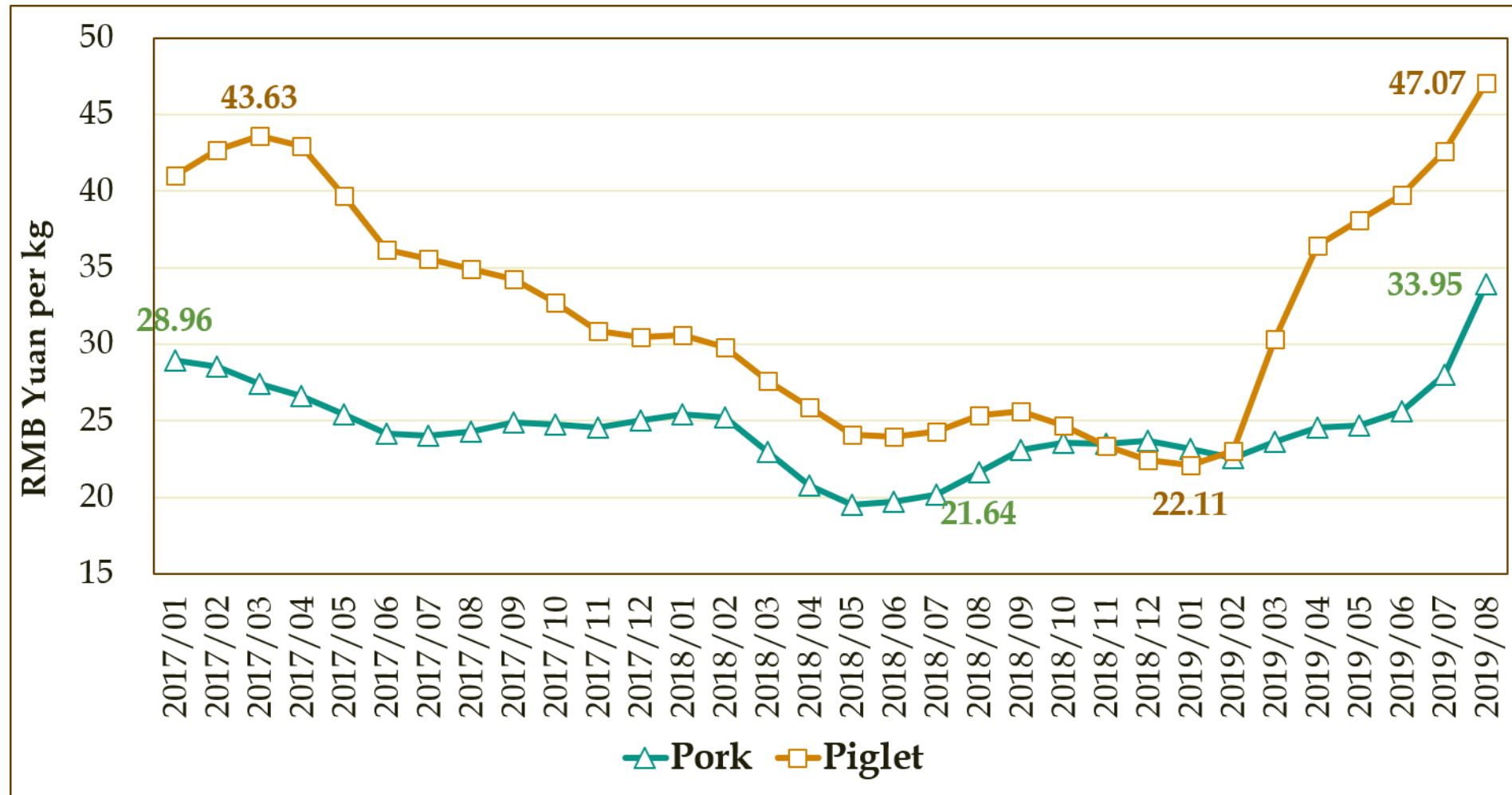


Note: Data collected by MARA at 4,000 locations in the Monthly Survey

Year End	Inventory (m. head)	Y/Y Change
2014	49.625	-3.3%
2015	43.974	-11.4%
2016	42.457	-3.4%
2017	39.655	-6.6%
2018	34.261	-13.6%
2019*	24.817	-34.2%

\*Calculation based on Month-on-Month Change released by MARA as of August 2019

# Pork and Piglet Prices (2017-2019)



Sept. 2019	Pork Price Yuan/kg	M/M Change	Y/Y Change
1 <sup>st</sup> Week	34.46	+7.6%	+75.5%
2 <sup>nd</sup> Week	35.47	+3.0%	+78.4%
3 <sup>rd</sup> Week	36.35	+2.6%	+80.9%
4 <sup>th</sup> Week	36.44	+0.3%	+80.1%
Avg.	35.68	+5.1%	+54.5%

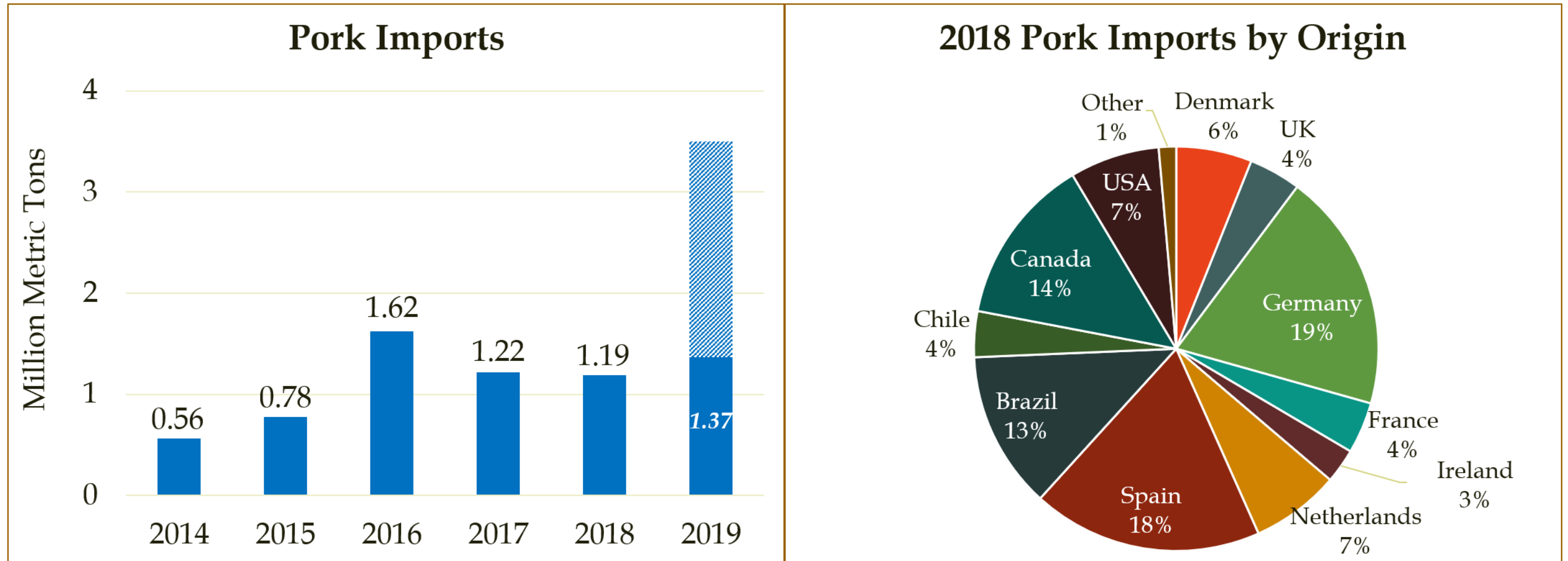
Data collected by MARA at 5,000 locations in the Weekly Survey

# Projected ASF Impact on Soybean Demand

	2014	2015	2016	2017	2018	2019 (a)	2019(b)
Hogs Slaughtered (m. head)*	749.52	724.16	700.74	702.02	693.82	485.67	416.29
Pork Production (m. mt)**	58.21	56.45	54.26	54.52	54.04	38.13	32.68
Yield/Hog (kg)	77.66	77.95	77.43	77.66	77.89	78.50	78.50
Feed Production (m. mt)**	86.16	83.44	87.26	98.10	97.20	79.70	68.04
Complete Feed (m. mt)	143.60	134.58	138.51	144.26	138.86	113.25	97.20
Feed Conversion Rate	2.47	2.38	2.55	2.65	2.57	2.97	2.97
SBM Inclusion Rate	15%	16%	18%	20%	20%	20%	20%
SBM in Swine Feed (m. mt)	21.54	21.53	24.93	28.85	27.77	22.65	19.44
Soybeans Equivalent (m. mt)	27.62	27.60	31.96	36.99	35.61	29.04	24.92

*(a) Fattened Hogs -30%, Swine Feed Production -18%; (b) Fattened Hogs -40%, Swine Feed Production -30%*

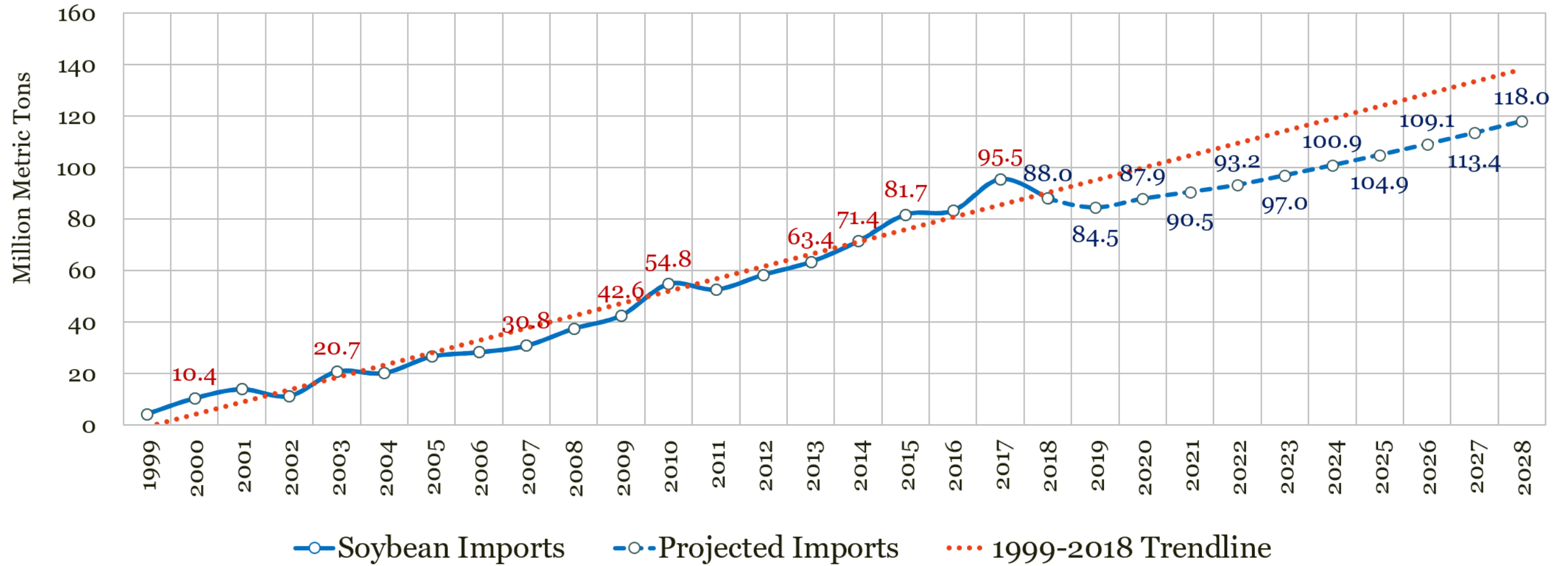
# China Pork Imports (2014-2019)





# China: Soybean Imports & Projection

Soybean Imports, 1999-2018 and Projection for 2019-2028







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