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China - Peoples Republic of

Oilseeds and Products Update

China's Soybean Imports Expected to Fall in MY18/19

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Report Highlights:

Due to the ongoing trade tension between the United States and China, Post forecasts soybean imports will fall by 1 million metric tons (MMT) to 94 MMT in MY18/19 and total oilseed imports will be down slightly to 100.2 MMT. However, oilseed consumption will continue to rise, bolstered by the persistent growth of demand for protein meal by the livestock industry. Post forecasts MY18/19 total oilseed consumption will increase by about two percent to reach 159.83 MMT. Demand growth will continue to drive both China's imports of oilseeds and government support to expand oilseed production.

Executive Summary

China's sustained growth in total oilseed consumption remains unbroken, driven by the steady expansion of the livestock industry as it transitions towards a large-scale production model. Oilseed consumption is forecast up to 159.83 million metric tons (MMT) in MY18/19, a two percent increase from the previous marketing year. In contrast, the forecast growth in soybean meal equivalent (SME) feed use for MY18/19 will slow down in comparison to MY17/18, with a forecast growth of 3.04 MMT this marketing year versus an estimated growth of 4 MMT the year before. China's swine sector was shaken this year by a drop in profits in the spring, followed by the country's first reported cases of African swine fever. The disease outbreak began in August 2018 in the heart of China's pig production area. These factors, along with a likely decrease in the soybean meal (SBM) inclusion rate in feed due in part to China's 25 percent additional tariff on U.S. soybean imports, will slow down total SME feed growth.

Based on the expected lower SBM inclusion rate and a moderate increase in imports of other oilseed products, MY18/19 soybean imports are forecast at 94 MMT, down 1 MMT from the previous year. The government of China is looking for ways to mitigate the effects of the trade friction with the United States by preparing for reduced soybean imports. Rapeseed imports continue to grow and are forecast to increase by 0.75 MMT to 5.4 MMT in MY18/19. In addition, total domestic oilseed production is forecast to increase by 0.13 MMT to 58.95 MMT in MY18/19, mostly due to China's agricultural support policy. The policy has led to greater soybean acreage and an expected 5.6 percent production increase this year. However, the growth in domestic oilseed production is constrained by limited arable land and continues to lag behind demand growth. Soybean imports will continue to be the main source fulfilling the growing demand for protein meal. Limited options will make it difficult to replace SBM with other protein meals through imports of alternative oilseeds or meals.

Note: Forecasting China's total oilseed demand remains a challenge because of difficulties in collecting reliable data. This is particularly true with data pertaining to area and production for peanuts and rapeseed, soybean use as food or feed, and total feed and livestock production, due to the dispersed cropping pattern in the growing regions outside of the northeast region. In addition, the volume of soybean and vegetable oil reserves is not publicly available. Moreover, March 2018 was the last month China published detailed monthly trade statistics on any platform. Since then, China has only put out trade data at the two – digit HS level, with some additional detail for soybeans, seriously affecting the verification of imports and exports.

Oilseeds Situation and Outlook

MY18/19 total domestic oilseed production is forecast at 58.95 MMT, virtually unchanged from the estimated 58.82 MMT in MY17/18. Despite the government's support for the expansion of soybean planting, the additional soybean production is almost offset by a forecast decline in rapeseed, peanut, and cottonseed production. Constrained by limited arable land, domestic oilseed production growth continues to lag behind demand growth.

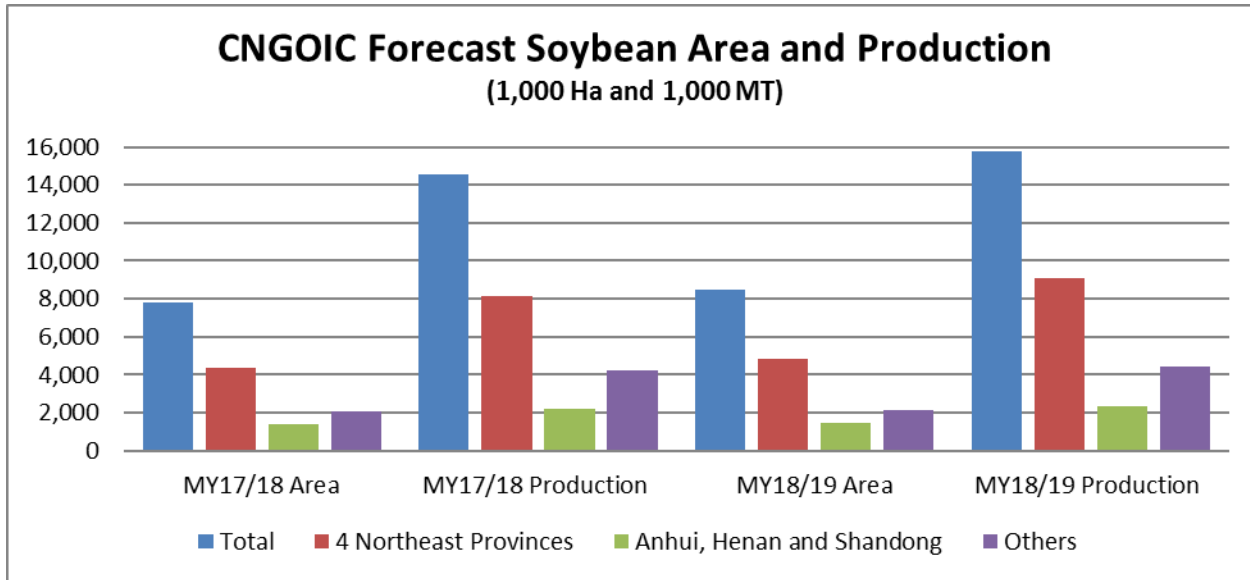
Soybean Production

The government's support drove moderate soybean growth in MY18/19

MY18/19 soybean acreage is higher due to the Chinese government's policy aimed at increasing domestic soybean production. Based on a planting area expansion of 0.6 MHa from MY17/18 and an expected average soybean yield, MY18/19 soybean production is forecast up at 15.2 MMT. This is an uptick in production of 0.8 MMT from Post's estimated 14.4 MMT in MY17/18.

During the past few years, farmers switched to corn planting in some areas where they traditionally planted soybeans because of higher profits. In an effort to stimulate domestic soybean planting, the Chinese government added a subsidy in 2018 to encourage farmers to plant soybeans or to rotate from corn to soybeans in the traditional soybean planting regions. The program covers 25 million Mu (1.67 MHa) in China's four northeastern provinces at a subsidy rate of RMB 150 per Mu (or \$355 per Ha). Along with this subsidy, farmers in the largest soybean-producing province, Heilongjiang, receive an additional government subsidy of RMB 350/Mu (\$833/Ha) for switching from corn to soybeans, and a subsidy of RMB 200/Mu (or \$476/Ha) for planting soybeans in a traditional soybean area.

In the August China Agriculture Supply and Demand Estimate (CASDE) report, MARA maintained its forecast MY18/19 acreage at 8.39 MHa, up 606,000 Ha or 7.8 percent from the previous year. MARA forecast MY18/19 soybean production at 15.37 MMT, up 0.82 MMT from the previous year. The growth of area is mainly driven by the increase in direct subsidies to farmers in Heilongjiang and Inner Mongolia Provinces in 2018. However, in an official briefing held in July, a MARA official said that soybean acreage will increase by 0.67 MHa to reach 8.47MHa in 2018. China's National Grain and Oilseeds Information Center (CNGOIC) echoed MARA's area forecast of 8.47 MHa. Based on a yield trend, CNGOIC forecasts soybean production at 15.8 MMT, up by 1.25 MMT from the previous year and the highest it has been since 2006 (See [GAIN CH18035](#)).



Source:

CNGOIC August Oilseed Report

As of mid-August, soybean growth is generally normal nationwide. Soybean planting in the northeast provinces faced high temperatures and low rainfall, while soybean sprouting in the central and west part of Heilongjiang Province encountered strong winds. However, excessive rainfall since mid-July was reported in Heilongjiang and parts of Inner Mongolia. According to the Chinese Meteorological Administration and the Heilongjiang Agricultural Commission, accumulated rainfall in the province averaged 48.6 mm from July 10 to 16, 72 percent higher than the normal level. Also, most of the province received heavy rainfall during the week starting July 23. A Heilongjiang industry source said the excessive rainfall will most likely impact crops along rivers, mostly corn and rice, with limited effects on soybeans.

Given that the province experienced drought during the soybean sowing month, moderately impacting the growth and number of soybean plants per area, the increased rainfall in July may actually facilitate crop growth. Based on remote sensing, MARA concluded that the relatively excessive rainfall in much of the northeast since mid-July generally provided adequate moisture, facilitating soybean maturation.

CASDE August Report on Growth of MY18/19 Soybeans in Northeast Provinces

%	Same	Better	Worse
Compared with MY17/18	75.7	12.2	12.1
Compared with Average Years	75.3	12.7	12.0

Soybean Stocks

Post forecasts that MY18/19 soybean ending stocks will be 19.04 MMT, slightly lower than the previous year based on the Chinese government's resumption of sales from the soybean reserve and the expected moderate decrease in soybean imports in MY18/19. In addition, the growth of the domestic swine sector continues to drive soybean meal use, offset by low swine profits from February through June 2018 (see page 10, Low swine profits will constrain the soybean meal consumption growth rate).

The Chinese government maintains an unknown volume of soybean stocks and vegetable oil reserves. While official Chinese statistics on stocks and soybean/vegetable oil purchases for the reserve are not publically available, sales from the reserves are usually through public auctions. On June 14, the Chinese government began almost weekly sales from the soybean reserve, including soybeans purchased in 2012 and 2013. As of August 22, out of the 4.5 MMT of soybeans offered in eleven auctions, a total of 1.29 MMT of soybeans, or 28.9 percent, were sold at a price slightly higher than the floor price of RMB 3,000 (or \$447)/ton. The low purchase rate at a relatively low price reflects the current weak demand for oilseed products.

U.S. Soybean Exports to China Subject to a 25 Percent Additional Tariff

On June 16, 2018, the People’s Republic of China’s Ministry of Finance (MOF) announced a revised list of U.S. products subject to an additional 25 percent tariff in response to the U.S. Section 301 action announced on March 22, 2018. The 25 percent tariff entered into force on July 6, 2018. U.S. oilseeds exporters should be aware that the new tariffs were effective July 6, and should check with local importers to verify changes in tariff treatment. Industry sources confirmed that U.S. soybean shipments that arrived at Chinese ports on July 6 or later were levied with the 25 percent additional tariff. As such, it is estimated that the price for U.S. soybean imports will increase by about RMB 750 (\$110)/ton.

HS Code	Product Name	MF N Rate	Additional 232 Rate	Applied Rate	Additional 301 Rate	New Applied Rate
	Enters Force on:	July 1	April 2	July 1	July 6	July 6
12019010	Yellow Soya Beans, Not For Cultivation	3	0	3	25	28
12019020	Black Soya Beans, Not For Cultivation	3	0	3	25	28
23033000	Brewing or Distilling Dregs and Waste	5*	0	0	25	30*

Note: U.S. DDGS are subject to an additional 87 percent antidumping duty

China’s Soybean Imports Expected to Fall in MY18/19

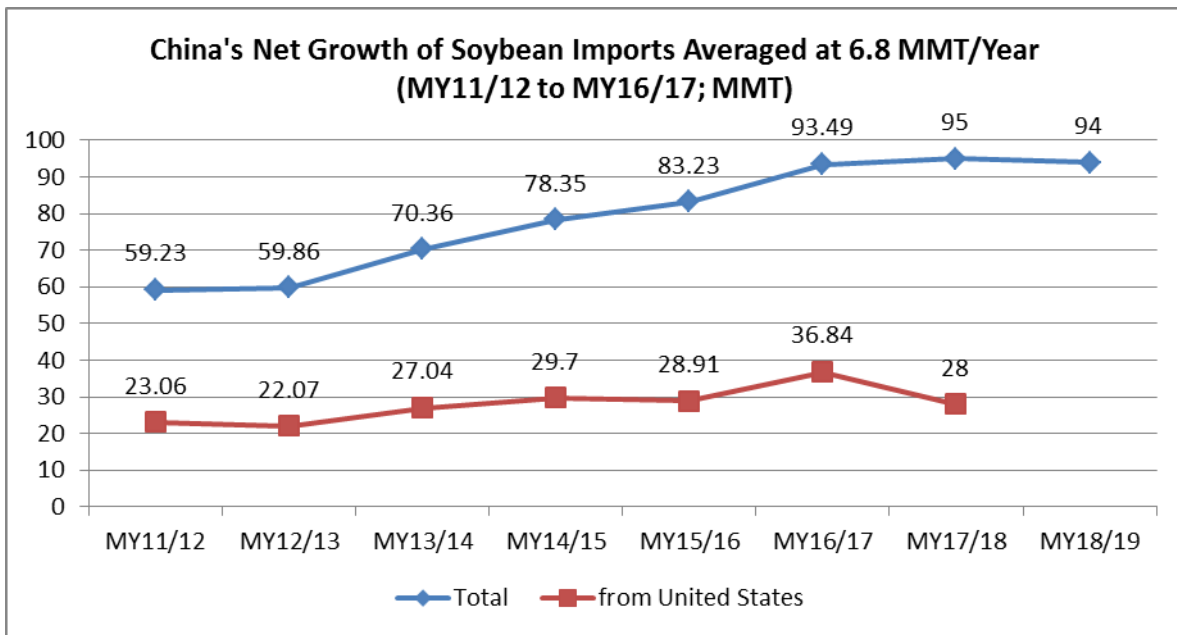
Post forecasts that China’s soybean imports are likely to fall to 94 MMT in MY18/19 from the estimated 95 MMT in MY17/18 due to the uncertainty surrounding the ongoing trade tension between China and the United States. This forecast is 1 MMT lower than USDA’s August forecast. China’s imposition of an additional tariff on U.S. soybeans is expected to drive up soybean meal prices and reduce the soybean meal inclusion rate in feed, as well as lead to an increase in the use of other protein meals in feed. Along with a moderate increase in domestic soybean production, these factors are expected to contribute to China’s lower soybean imports.

Challenged by a large amount of soybean imports from South America, U.S. soybean exports to China in MY17/18 are estimated at 28 MMT, significantly lower than the 36.8 MMT in MY16/17. MY18/19 U.S. soybean exports to China are difficult to forecast, but are expected to decline if the trade friction

between the United States and China is not resolved before the start of the U.S. soybean shipping season.

Preliminary statistics show China’s soybean imports in the first three quarters of MY17/18 hit 68.97 MMT, 2.1 MMT up from the same period in MY16/17. Chinese data sources vary in their estimates for total MY17/18 soybean imports, ranging from 93.9 MMT to 96 MMT. The forecasts for MY18/19 soybean imports range from MARA’s 93.85 MMT, to CNGOIC’s 95 MMT, to China JCI’s 98.5 MMT.

Based on the 25 percent additional tariff on U.S. soybeans, industry sources estimated import costs could rise by over RMB750 (\$110)/ton. Soybean imports in the last quarter of 2018 are expected to fall from the 24.1 MMT in the same period of 2017.



Source: GTA; data for MY17/18 and MY18/19 is FAS/Beijing estimates/forecasts

Rapeseed Production

MY18/19 rapeseed production is forecast at 13.95 MMT, down from the estimated 14.3 MMT in MY17/18. Farmers’ low profits and increased labor costs in the rapeseed-producing provinces of the Yangtze River region, including Jiangsu, Anhui, Hunan, and Hubei, contributed to the continued abandonment of rapeseed area. The lower MY18/19 production forecast is based on a planted area of 7 MHa, down from the 7.18 MHa in the previous year.

Rapeseed production is generally stable in the southwest provinces, including Sichuan, Guizhou, Yunnan, and Chongqing, where the local consumer preference for non-refined rapeseed oil continues. In most cases, the rapeseed that is produced is for home and neighborhood oil use. This trend is likely to continue in the near future and thus contribute to stable rapeseed acreage in those provinces. Rapeseed planting in the west provinces is forecast to fall slightly in MY18/19 due to low profits and the availability of other affordably priced vegetable oils.

China's National Bureau of Statistics (NBS) has not yet released total rapeseed production for MY17/18. CNGOIC estimates MY17/18 rapeseed production at 14.3 MMT, compared to the very low estimate of 5.14 MMT by an independent source. However, based on a smaller planted acreage of 5.86 MHa, down 2.2 percent from the previous year, and a slightly higher average yield of 2,022 Kg/Ha, NBS reported that the winter planted rapeseed production stood at 11.85 MMT for MY18/19, down 1.9 percent from the previous year. As such, total rapeseed production for MY18/19 is likely to reach 14 MMT, including the summer-planted crop in the northwestern provinces. An independent source forecast MY18/19 rapeseed production at 4.19 MMT, significantly lower than the CNGOIC's current forecast of 13.95 MMT. The various estimates for rapeseed production continue to impact the analysis of China's oilseed complex.

Rapeseed Trade

Rapeseed imports will continue to grow in MY18/19 in response to forecast lower soybean imports as a result of U.S.-China trade tension. MY18/19 imports are forecast at 5.4 MMT an increase of 0.75 MMT from the 4.65 MMT estimate for MY17/18. Canada supplied over 95 percent of China's rapeseed imports in 2016 and 2017.

Peanuts

Post forecasts MY18/19 peanut production at 17.8 MMT, down from the estimated 17.9 MMT in MY17/18, mainly due to a forecast smaller planted area. Post adjusted MY17/18 peanut acreage up to 4.95 MHa and forecast MY18/19 acreage down slightly to 4.9 MHa. This decrease was due to the lower peanut price in MY17/18 coupled with the government's additional subsidy for soybeans. Peanut acreage shrunk in all major producing-provinces, including Henan, Shandong, Hebei and Liaoning.

According to industry sources, China's rapid increase in peanut acreage and production resulted in low prices in MY17/18. Despite the lower prices, peanuts remained a relatively profitable crop in the major peanut-producing provinces, including Shandong, Henan, and Hebei. Farmers in Shandong province estimated that peanut profits in 2017 were about RMB 500/Mu (or \$1,190/Ha) higher than competing cropping patterns, including wheat/corn and wheat/soybeans. In 2018, the Henan Provincial Agriculture Department called for farmers to plant more peanuts, with a target total area of 22 million Mu (1.47 MHa), up 0.2 MHa over the previous year. The Province aims to achieve this target by expanding insurance and providing better technical extension services, including mechanization.

As of this report, the growth of MY18/19 peanuts is rated "good" in Henan, Shandong and Hebei provinces, with adequate moisture during the early plant stages facilitating crop growth. MY18/19 peanut yield is expected to be average.

U.S. Peanut Exports to China May Be Subject to a High Additional Tariff

On August 3, 2018, China's State Council Tariff Committee announced proposed supplemental tariffs on U.S. imports, covering \$60 billion worth of products. In the announcement, China stated that these tariffs were in retaliation for the August 2 announcement by the United States which considers imposing a 25 percent tariff on an additional \$200 billion worth of Chinese imports. China has stated that the proposed supplemental tariffs will be implemented immediately if the United States implements the additional 25

percent tariffs. The following table shows the list of peanut products affected by this Announcement. The U.S. industry is recommended to monitor the new developments, including the effective date.

HS Code	Product Name	MFN Rate	Additional Tariff Rate	New Applied Rate
12024200	Ground Nuts, Shelled, Whether Or Not Broken	15	20	35
12024100	Ground Nuts In Shell, Not For Cultivation	15	10	25
15081000	Crude Ground-Nut Oil	10	25	35
15089000	Ground-Nut Oil (Excl. Crude) & Fractions	10	25	35
20081110	Ground-Nut Kernels, In Airtight Containers	30	20	50
20081120	Roasted Ground-Nuts	30	10	40
20081130	Ground-Nut Butter	30	10	40

Cottonseed Production

Based on a forecast cotton area of 3.25 MHa, down three percent from the previous year, and forecast cotton production of 5.74 MMT, Post forecasts that MY18/19 cottonseed production will decrease to 8.9 MMT. This reduction is mainly because of reports of lower area due to low profits by farmers in the Yangtze River and Yellow River regions in MY17/18. The cotton area in Xinjiang, however, is expected to increase in MY18/19 and partly offset this decrease. Specifically, the Xinjiang planted area is forecast up by 0.6 percent to 2.36 MHa on estimated high earnings received in MY17/18. The planted area for all other provinces is forecast to decline by 11.5 percent to 0.88 MHa in MY18/19 in response to stagnant cotton earnings and facing an increase in corn prices in MY17/18. Drawing on its July 2018 survey, the China Cotton Association (CCA) forecasts the MY18/19 cotton area is 2.81 MHa, down 4.4 percent from the previous year, while total production is expected to fall slightly to 6.01 MMT from the 6.05 MMT in the previous year. The expert team of Chinese Ministry of Agriculture and Rural Affairs, however, forecast MY18/19 production is 5.65 MMT based on planted area is 3.29 MHa. According to industry source's conversion rate, forecast MY18/19 cottonseed production ranges from 9.31 MMT to 8.76 MMT.

The strong winds and cold weather impacted cotton planting in part of Xinjiang, but re-planting was completed with limited impact on the overall 2018 Xinjiang crop. As of August, the growth of cotton is rated as "good" nationwide as the temperature and moisture conditions remained normal for most of cotton-producing regions, together with less disease and insect infection cases, facilitating cotton growth.

Oilseed Meal Consumption Expected to Continue Growing in MY18/19

The forecast for MY18/19 total protein meal supply is 98 MMT, up 2.81 MMT from the previous year. Total SBM equivalent protein meal utilization in feed production is forecast at 93.52 MMT, up by 3.04

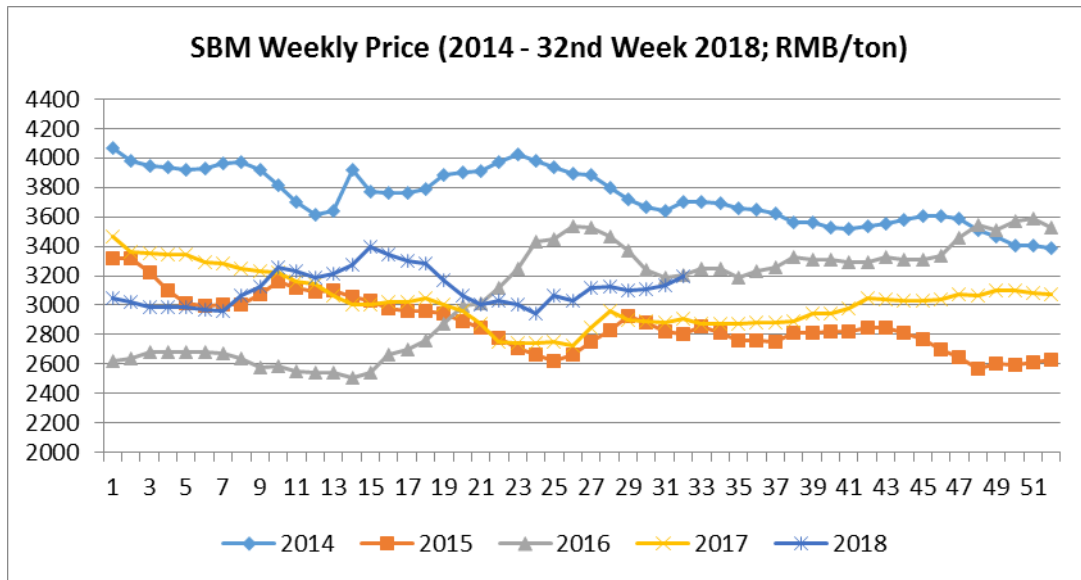
MMT from the previous year. SBM will continue to dominate feed use, accounting for over 76.7 percent of the protein meal used in MY18/19.

Excluding fish meal, Post forecasts MY18/19 total oilseed meal imports will be 2.31 MMT, up 0.73 MMT from MY17/18, mainly due to increased SBM imports and moderate growth of rapeseed meal imports. (See page 11, “China considers alternatives to soybean meal in feed.”) Forecast additional rapeseed imports will provide about 0.45 MMT of rapeseed meal for MY18/19. Forecast MY18/19 SBM exports are down to 0.5 MMT from the estimated 0.9 MMT for MY17/18, reflecting decreased SBM exports to Japan, Taiwan, and Korea in order to increase available SBM for domestic use. Together, the increased imports and decreased exports would add about 1.2 MMT of protein meal for domestic feed use in MY18/19.

Expanded large-scale swine production continues to drive meal use

Expanded large-scale swine production continues to consume more feed and use more protein meals in 2018 (See [GAIN CH18035](#)). According to CNGOIC, China’s total industrialized feed production is expected to hit 228 MMT in 2018, up by 8 MMT from the previous year. Feed production reached 220 MMT in 2017 as a result of advances in large-scale swine production and consistent high profits for swine, which lasted through the end of March 2018. High profits led to an increased soybean meal inclusion rate in feed formula from 2016 to 2017. MARA, however, released a lower industrialized feed production estimate of 210 MMT in 2017, up only 1 percent from 2016. Some provincial industry sources reported higher feed production in 2017 for their provinces. In Guangdong, feed production reached 29.7 MMT, up 5.2 percent, and in Shandong, production was up 13.6 percent to 29.4 MMT from 2016. Official data is not available, but one industry source reported total feed production reached 119.1 MMT in the first half of 2018, up 2.4 percent over the previous year. Post expects feed production to maintain this growth trend in 2018.

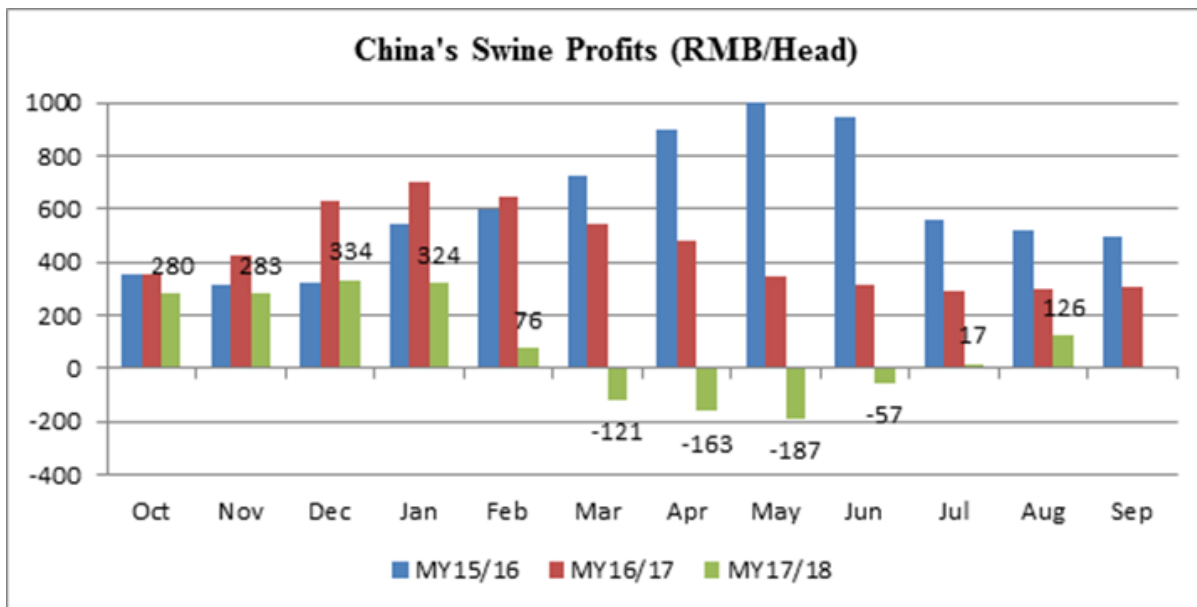
SBM use is expected to be impacted by an anticipated increase in price due to China’s imposition of a 25 percent additional tariff on U.S. soybean imports. Nonetheless, SBM will likely remain advantaged in terms of price and nutritional value. As indicated in the following chart, SBM prices have remained low since 2017. The SBM price exhibited a moderate recovering trend since late June in response to the U.S.-China trade friction. The current SBM price at about RMB 3,200/ton, however, is considerably lower than the average RMB 3,700/ton for 2014. The SBM prices are expected to increase in the first half of MY18/19 as soybean imports from the U.S. fall. Post forecasts that feed consumption of SBM will rise by 2.65 MMT in MY18/19 to 74.75 MMT, less than the 3.85 MMT net growth in consumption estimated for MY17/18.



Source: China JCI

Low swine profits will constrain the soybean meal consumption growth rate

The Chinese swine industry experienced a rapid re-structuring in MY16/17, resulting in a significant growth in pork production that has exceeded demand in 2018. While expanded large-scale swine production continues to drive soybean meal use, the growth rate of soybean meal use is expected to be restricted by the over-supply of pork and low swine profits. Swine profits plunged after the 2018 Spring Festival, with losses averaging RMB 200/head (\$32) and an estimated 78 percent of swine farms suffering losses (See [GAIN CH18035](#)). The following chart indicates swine profits turned positive in July 2018 and reached RMB126/head by mid-August.



Source: ChinaJCI

China's first outbreak of African swine fever

China reported four outbreaks of African swine fever (ASF) between August 1 and August 23, 2018. This is the first time ASF has been reported in China. ASF is a highly contagious disease that must be reported to the OIE. There is no vaccine and no treatment. Once a domesticated pig is infected, it usually experiences death within 2-10 days. Since China is the largest swine producer and pork consumer in the world, a major ASF outbreak can have a significant impact on China's food security and trade. The second, third, and fourth outbreaks, located in or near the heart of China's pig production, represent a significant escalation of the outbreak situation. (See [GAIN 18050](#)).

China considers alternatives to soybean meal in feed

According to media reports, the China National Development and Reform Committee (NDRC), anticipating high soy prices in late 2018 and beyond, is looking at ways to reduce reliance on soy protein in animal feed. The NDRC reportedly convened major feed producers to discuss how to reduce the use of soybean meal in feed, and is said to be working with industry to draft new feed formula standards, which would be industry guidance rather than mandatory.

Based on forecasts of reduced U.S. soybean imports in MY18/19, Chinese analysts have identified several potential measures that China may use to reduce soybean imports by 10 MMT in 2018. First, the promotion of low-protein feed formulas, based on the assertion by some local animal nutritionists that pig growth would be unaffected by a 3 percent reduction in feed protein content combined with the addition of certain essential amino acids. Some analysts suggest that through decreased feed protein level, SBM use could fall by 5 to 7 percent or the equivalent of several million MT of soybeans. Second, increased imports of other protein meals, including rapeseed meal (or rapeseed), cottonseed meal, sunflower seed meal, and palm kernel meal. Third, increased domestic oilseed production through promotion of planting rapeseed on idle winter soybean land, which Chinese analysts claim could add 10 to 20 MMT of oilseeds.

These potential measures face a number of challenges. Although the resumption of government subsidies and/or a high enough market price could lead to increased rapeseed and soybean production in regions with idle winter land, the government's past rapeseed subsidy program appeared to have a limited impact on acreage expansion. Soybean consumption could fall if feed mills and farmers choose a relatively lower SBM ratio and add other protein meals. However, no concrete results have been seen. Limited options will make it difficult to replace SBM with other protein meals through imports of alternative oilseeds or meals. Recent news reports indicate Brazil and Argentina are seeking market access to China for SBM, and China may expedite the market access procedures to allow SBM imports from these countries in 2019. Effective on July 1, 2018, China cut the tariff from 3 percent to zero for imports of soybeans and soybean meal from India, Bangladesh, South Korea, Laos and Sri Lanka. In early July 2018, China signed an agreement to import shelled sunflower seed from Bulgaria. A Chinese industry report in August 2018 indicated that the Russia government intends to cooperate with China in the far-east region to expand land for soybean planting by 1MHa. This may provide an additional 3 MMT of soybeans to the market in the long term. Additionally, the Chinese Embassy in Brazil suggested the establishment of joint soybean ventures to facilitate trade between the two countries. The following table shows China's 2017 imports of plant protein feed ingredients.

Plant Protein Feed Ingredients with Market Access to China

Product	Exporters with Market Access as of March 1, 2018	2017 Imports (1,000 tons)
Soybean Meal	Korea (fermented); Taiwan (fermented or extruded)	*64
Rapeseed Meal	Canada, Australia, Japan, Pakistan, Ethiopia, UAE	**965
Peanut Meal	Sudan	86
Sugar Beet Pulp	USA, Ukraine	***53
Palm Kernel Meal	Indonesia and Malaysia	517
DDGS	USA	****391
Sunflower Seed Meal	Ukraine	3
Total		2,076

*66% from India although no market access; **97.6% from Canada; ***88% from USA ****99.7% from USA

Fish meal consumption remains stable

Domestic fish meal production (including all aquatic protein feed) declined significantly in 2017 due to environmental restrictions leading to the closure of many small plants. Given the size of China's large-scale aquaculture production, which maintained normal growth in the first months of 2018, fish meal demand and imports are expected continue to be high at 1.25 MMT in MY18/19.

Domestic DDGS production could slow soybean import growth

China's domestic DDGS production has increased rapidly since MY17/18. An independent source estimated that as a result of the Chinese government's actions to reduce corn stocks, total domestic DDGS production rose by 22 percent to about 5.7 MMT in MY17/18. Given the government's subsidy for corn processing to reduce corn stocks, DDGS production could continue to grow, exceeding 8 MMT in 2019. An increase in the supply of DDGS could slow soybean import growth in MY18/19. Although the United States used to be the leading supplier of DDGS to China, imports of U.S. DDGS are no longer commercially viable, given China's July 6 imposition of a 25 percent additional tariff coupled with the anti-dumping duty on U.S. DDGS.

Oils Situation and Outlook

Post forecasts total oil supply for MY18/19 at 40.63 MMT, up from the estimated 40.05 MMT in MY17/18. Total food oil consumption is also forecast to increase in MY18/19 to 34.93 MMT, up 0.84 MMT from the previous year.

Industry insiders believe that Chinese food use oil consumption will maintain stable growth driven by increases in dining out and food processing in the coming years. NBS reported that total catering industry revenue increased 10.7 percent in 2017 from the previous year. Preliminary industry statistics data show similar growth in the first half of 2018.

While small, China's increase in production of specialty oils, including camellia oil and sesame oil, partly met the oil demand growth in MY17/18. This is expected to continue in the future. Sesame seed

imports for crushing are up 34 percent to 0.52 MMT in the first half of MY17/18. To make up for the decrease in soybean oil production, palm oil imports are forecast to rebound to 5.15 MMT in MY18/19 from the estimated 4.95 MMT in MY17/18. In mid-July, Chinese importers signed 1.21 MMT in palm oil import contacts with Indonesia suppliers during the 2018 CFNA Global Oilseeds Summit in Nanjing, China. Along with declining prices, the Malaysia palm oil export duty is expected to fall from 4.5 percent to zero in September 2018, potentially facilitating palm oil exports to China.

Total oil ending stocks are forecast at 3.38 MMT at the end of MY18/19 compared to the 3.6 MMT at the end of MY17/18. The Chinese government has reduced the state rapeseed oil reserve through public auctions, from an estimated 6 MMT in mid-2015 to about 1.5 MMT as of this report. This year's vegetable oils auctions started on June 27, 2018. As of this report, 833,000 tons of vegetable oils have been available in auctions and 180,000 tons, or 21.6 percent, have been sold. The average purchase price was about RMB6,000/ton for rapeseed oil and about RMB5,000/ton for soybean oil. Low purchase rate shows weak demand for vegetable oils in the marketplace.

PSD Tables

Table 1. Soybeans

PSD Table							
Country		China, Peoples Republic of					
Commodity		Oilseed, Soybean (1000 tons; 1000 Ha)					
		2016/17		2017/18		2018/19	
		USDA	Post	USDA	Post	USDA	Post

	Official	Estimate New	Official	Estimate New	Official	Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Area Planted	7,200	7,150	7,850	7,800	8,100	8,400
Area Harvested	7,200	7,150	7,850	7,800	8,100	8,400
Beginning Stocks	16,910	16,910	20,391	19,191	23,481	20,441
Production	12,900	12,900	14,200	14,400	14,500	15,200
MY Imports	93,495	93,495	96,000	95,000	95,000	94,000
Total Supply	123,305	123,305	130,591	128,591	132,981	129,641
MY Exports	114	114	110	150	100	100
Crush	88,000	89,000	91,000	92,000	95,000	94,000
Food Use Dom. Cons.	11,300	11,500	12,100	12,100	12,900	12,400
Feed Waste Dom. Cons.	3,500	3,500	3,900	3,900	4,200	4,100
Total Dom. Cons.	102,800	104,000	107,000	108,000	112,100	110,500
Ending Stocks	20,391	19,191	23,481	20,441	20,781	19,041
Total Distribution	123,305	123,305	130,591	128,591	132,981	129,641

Table 2. Rapeseed

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oilseed, Rapeseed (1000 tons;1000 Ha)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Area Planted	0	7,331	0	7,180	0	7,000
Area Harvested	7,331	7,331	7,200	7,180	7,100	7,000
Beginning Stocks	1,240	1,240	1,346	1,346	1,096	1,400
Production	14,546	14,546	14,400	14,300	14,200	13,950
MY Imports	4,260	4,260	4,650	4,650	5,300	5,400
Total Supply	20,046	20,046	20,396	20,296	20,596	20,750
MY Exports	0	0	0	0	0	0
Crush	18,100	18,100	18,700	18,296	19,000	19,100
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	600	600	600	600	600	600
Total Dom. Cons.	18,700	18,700	19,300	18,896	19,600	19,700
Ending Stocks	1,346	1,346	1,096	1,400	996	1,050
Total Distribution	20,046	20,046	20,396	20,296	20,596	20,750

Table 3. Peanuts

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oilseed, Peanut (1000 tons; 1000 Ha)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Area Planted	4,727	4,750	4,900	4,950	5,000	4,900
Area Harvested	4,727	4,750	4,900	4,950	5,000	4,900
Beginning Stocks	0	0	0	0	0	0
Production	17,290	17,280	17,800	17,900	18,100	17,800
MY Imports	295	295	250	300	300	350
Total Supply	17,585	17,575	18,050	18,200	18,400	18,150
MY Exports	689	646	720	700	750	600
Crush	9,050	9,059	9,400	9,550	9,575	9,500
Food Use Dom. Cons.	6,850	6,850	6,975	6,950	7,100	7,000
Feed Waste Dom. Cons.	996	1,020	955	1,000	975	1,050
Total Dom. Cons.	16,896	16,929	17,330	17,500	17,650	17,550
Ending Stocks	0	0	0	0	0	0
Total Distribution	17,585	17,575	18,050	18,200	18,400	18,150

Table 4. Cottonseed

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oilseed, Cottonseed (1000 tons; 1000 Ha)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Area Planted (Cotton)	3,100	2,950	3,400	3,355	3,350	3,250
Area Harvested (Cotton)	2,900	2,950	3,400	3,355	3,350	3,250
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	8,800	8,800	10,800	9,220	10,400	8,900
MY Imports	265	265	180	200	200	300
Total Supply	9,065	9,065	10,980	9,420	10,600	9,200
MY Exports	0	0	0	0	0	0
Crush	7,665	7,665	9,500	8,050	9,200	7,830
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,400	1,400	1,480	1,370	1,400	1,370
Total Dom. Cons.	9,065	9,065	10,980	9,420	10,600	9,200
Ending Stocks	0	0	0	0	0	0
Total Distribution	9,065	9,065	10,980	9,420	10,600	9,200

Table 5. Soybean Meal

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meal, Soybean (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Crush	88,000	89,000	91,000	92,000	95000	94000
Extr. Rate, 999.9999	0.792	0.792	0.792	0.792	0.792	0.792
Beginning Stocks	0	0	0	0	0	0
Production	69,696	70,448	72,072	72,864	75,240	74,448
MY Imports	61	61	130	130	30	800
Total Supply	69,757	70,509	72,202	72,994	75,270	75,248
MY Exports	1,111	1,111	900	900	900	500
Industrial Dom. Cons.	1,050	1,159	1,100	1,200	1,150	1,220
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	67,596	68,239	70,202	70,894	73,220	73,528
Total Dom. Cons.	68,646	69,398	71,302	72,094	74,370	74,748
Ending Stocks	0	0	0	0	0	0
Total Distribution	69,757	70,509	72,202	72,994	75,270	75,248

Table 6. Rapeseed Meal

PSD Table						
Country	China, Peoples Republic of					
Commodity	Meal, Rapeseed (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Crush	18,100	18,100	18,700	18,296	19,000	19,100
Extr. Rate, 999.9999	0.595	0.595	0.595	0.595	0.595	0.595
Beginning Stocks	0	0	0	0	0	0
Production	10,771	10,771	11,128	10,888	11,307	11,366
MY Imports	875	875	1,250	1,250	1,000	1,300
Total Supply	11,646	11,646	12,378	12,138	12,307	12,666
MY Exports	12	12	15	15	15	10
Industrial Dom. Cons.	450	450	450	450	450	450
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	11,184	11,184	11,913	11,673	11,842	12,206
Total Dom. Cons.	11,634	11,634	12,363	12,123	12,292	12,656
Ending Stocks	0	0	0	0	0	0
Total Distribution	11,646	11,646	12,378	12,138	12,307	12,666

Table 7. Fish Meal

PSD Table						
Country	China, Peoples Republic of					
Commodity	Fish Meal (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Catch For Reduction	1,100	1,200	1,100	1,100	1,100	1,000
Extr. Rate, 999.9999	0.396	0.363	0.400	0.364	0.409	0.364
Beginning Stocks	0	0	0	0	0	0
Production	436	436	440	400	450	364
MY Imports	1,583	1,583	1,200	1,200	1,100	1,250
Total Supply	2,019	2,019	1,640	1,600	1,550	1,614
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2,019	2,019	1,640	1,600	1,550	1,614
Total Dom. Cons.	2,019	2,019	1,640	1,600	1,550	1,614
Ending Stocks	0	0	0	0	0	0
Total Distribution	2,019	2,019	1,640	1,600	1,550	1,614

Table 8. Soybean Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Soybean (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Crush	88,000	89,000	91,000	92,000	95,000	94,000
Extr. Rate, 999.9999	0.179	0.179	0.179	0.179	0.179	0.179
Beginning Stocks	523	523	536	947	433	1,013
Production	15,770	15,949	16,307	16,486	17,024	16,845
MY Imports	711	711	450	500	700	650
Total Supply	17,004	17,183	17,293	17,933	18,157	18,508
MY Exports	118	118	135	120	125	100
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	16,350	16,118	16,725	16,800	17,600	17,345
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	16,350	16,118	16,725	16,800	17,600	17,345
Ending Stocks	536	947	433	1,013	432	1,063
Total Distribution	17,004	17,183	17,293	17,933	18,157	18,508

Table 9. Rapeseed Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Rapeseed (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Crush	18,100	18,100	18,700	18,296	19,000	19,100
Extr. Rate, 999.9999	0.390	0.390	0.390	0.390	0.390	0.390
Beginning Stocks	3,533	3,533	2,676	2,676	2,049	1,941
Production	7,059	7,059	7,293	7,135	7,410	7,449
MY Imports	802	802	1,000	950	1,000	1,000
Total Supply	11,394	11,394	10,969	10,761	10,459	10,390
MY Exports	18	18	20	20	20	20
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	8,700	8,700	8,900	8,800	8,650	8,700
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	8,700	8,700	8,900	8,800	8,650	8,700
Ending Stocks	2,676	2,676	2,049	1,941	1,789	1,670
Total Distribution	11,394	11,394	10,969	10,761	10,459	10,390

Table 10. Peanut Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Peanut (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Crush	9,050	9,059	9,400	9,550	9,575	9,500
Extr. Rate, 999.9999	0.320	0.320	0.320	0.320	0.32	0.32
Beginning Stocks	0	0	0	0	0	0
Production	2,896	2,899	3,008	3,056	3,064	3,040
MY Imports	111	112	110	110	110	120
Total Supply	3,007	3,011	3,118	3,166	3,174	3,160
MY Exports	8	6	8	5	8	6
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	2,999	3,005	3,110	3,161	3,166	3,154
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2,999	3,005	3,110	3,161	3,166	3,154
Ending Stocks	0	0	0	0	0	0
Total Distribution	3,007	3,011	3,118	3,166	3,174	3,160

Table 11. Palm Oil

PSD Table						
Country	China, Peoples Republic of					
Commodity	Oil, Palm (1000 tons)					
	2016/17		2017/18		2018/19	
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		10/2016		10/2017		10/2018
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	189	189	227	505	357	645
Production	0	0	0	0	0	0
MY Imports	4,881	4,881	5,050	4,950	5,250	5,150
Total Supply	5,070	5,070	5,277	5,455	5,607	5,795
MY Exports	13	13	20	10	30	0
Industrial Dom. Cons.	2,150	2,100	2,250	2,200	2,300	2,300
Food Use Dom. Cons.	2,680	2,452	2,650	2,600	2,950	2,850
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	4,830	4,552	4,900	4,800	5,250	5,150
Ending Stocks	227	505	357	645	327	645
Total Distribution	5,070	5,070	5,277	5,455	5,607	5,795