China - Peoples Republic of

Post: Guangzhou

U.S. Sugar Beet Pulp has Great Potential in Huge South China Feed Market

Report Categories:
Product Brief

Approved By:
Levin Flake

Prepared By:
ATO Guangzhou staff

Report Highlights:
On September 26, 2016, U.S. sugar beet pulp pellets gained market access into China. As China’s largest feed producing and feed ingredient importing region, South China has great market potential for U.S. sugar beet pulp. South China feed purchasers have already begun to inquire about this product, and it has a significant price advantage over domestic sugar beet pulp.
**General Information:**

<table>
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<tr>
<th>Commodity: Sugar Beet Pulp Pellet</th>
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<td>H.S. code: 2303.2000</td>
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<td>Tariff: 5 percent on CIF</td>
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<td>Value Added Tax (VAT): 13 percent on CIF with tariff</td>
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On September 26, China’s General Administration for Quality Supervision, Inspection and Quarantine (AQSIQ) announced the import protocol for U.S. sugar beet pulp, which for the first time ever can now enter the Chinese market. For details about this protocol, please see GAIN report CH16053 prepared by the Office of Agricultural Affairs in Beijing, China.

Sugar beet pulp is mainly used as a feed ingredient, with the Chinese swine feed and dairy feed sectors expected to have the strongest demand. Sugar beet pulp is sought after due to its high fiber content, which is beneficial to ruminant animals and helps to resolve digestion problems in sows (adult female swine) during pregnancy. South China has great market potential for U.S. sugar beet pulp. Guangdong Province is China’s largest feed producer and neighboring areas such as Guangxi and Hunan are also key livestock producers. Nearly 25 percent of all sows in China are located in South China and South China feed millers are receptive to new feed ingredients.

Since the import protocol was establish in September 2016, the U.S. Agricultural Trade Office (ATO) in Guangzhou has received several inquiries from feed traders and millers. ATO Guangzhou, in conjunction with the U.S. Beet Sugar Association, is working to help local importers understand import requirements, tariff and tax information, documentation requirements, as well as explore business opportunities with U.S. suppliers. Some importers have reported that trial orders of this product have already been placed.

**Competition:**
In China, sugar beets are mainly grown in the western region of Xinjiang and the northern region of Inner Mongolia (Neimenggu), far from South China feed producers. Sugar beets also used to be grown in Northeast China, but due to low sugar prices in recent years many farmers in this region have switched to growing other crops.

China’s sugar beet production is far smaller than U.S. production (last year U.S. beet sugar production was about 8 times as large as China’s) and most Chinese sugar comes from sugar cane (over 90 percent). China had previously exported some sugar beet pulp (over 100,000 metric tons in 2013) to Japan and South Korea, but with declining production in recent years, these exports have disappeared.
China Sugar Beet Production

Legend:
- Dark Red = 55% or more of total Chinese production (Xinjiang)
- Brown = 20% to 30% (Neimenggu)
- Orange = 10% to 20% (Hebei)

According to industry sources, Guangzhou dairy farms pay RMB 2,500 ($368) per ton for Chinese domestic sugar beet pulp, which is shipped from Xinjiang to the Huangpu port in Guangzhou and then transported by truck to farms. Industry contacts estimate that imported U.S. beet pulp could have a cost advantage of up to $40 per metric ton compared to domestic sugar beet pulp. This U.S. product price advantage is expected to create demand and encourage sugar beet pulp importation.

Contact information:
Agricultural Trade Office in Guangzhou
Email: atoguangzhou@fas.usda.gov
Web: www.usdachina.com