

# **Report on Global Agricultural Market and Trade 2023 (Spring)**

Agricultural Trade Early-Warning and Remedy Expert Committee  
Ministry of Agriculture and Rural Affairs

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## Executive Summary

In 2022, the global agricultural market and trade was hit by multiple adverse factors that were rare in recent years. Global weather extremes were frequent and strong, bringing serious damage to agricultural production in some major producing countries; the impact of geopolitical conflicts continued to spill over, leading to restricted flow of agricultural products and reduced accessibility to the international market; volatility in energy and financial markets increased production and trade costs; and trade restrictive measures on agricultural products repeatedly disrupted market expectations, triggering violent fluctuations in the international market.

Global agricultural trade underwent profound changes in 2022. **First, the total global supply of food and other important agricultural products slightly decreased, and the mismatch between supply and demand sometimes led to tightness.** This was the result of reduced global food production, and agricultural supply chains disrupted by such factors as earlier restrictions on food and edible vegetable oil to be exported out of the Black Sea region and agricultural export restrictions imposed by many countries. **Second, international market prices fluctuated considerably.** The FAO Food Price Index (FFPI) reached a record high of 143.7 points, 14.3% higher year-on-year. Major agricultural commodities experienced the sharpest price swings in many years. At the Chicago Board of Trade (CBOT), wheat and soybean quotes reached new record highs and corn quote the second highest level in 2022 H1, before they declined amid fluctuations in H2. Wheat, corn and soybean prices soared by 74.5%, 44.8% and 35.9% respectively in the year. **Third, China's export of agricultural commodities declined in volume but grew in value.** In 2022, China's agricultural imports reached a record high of US\$236.06 billion, up by 7.4% YoY. Among them, grain totaled 147 million tons, down 10.7%; edible vegetable oil 6.482 million tons, down 37.6%; cotton 1.927 million tons, down 10.0%; sugar 5.275 million tons, down 6.9%; meat 7.405 million tons, down 21.0%; and dairy products 3.272 million tons, down 17.1%.

In 2023, as the impact of Covid-19 moderates, global agricultural production, logistics transport, and trade order will gradually stabilize. The international agricultural market and trade environment are expected to improve, but uncertainties and destabilizing factors still deserve high alert. In particular, we need to pay close attention to the following three trends. **First, supply and demand on some food staples will tighten.** Supply and demand on rice, corn, beef and mutton will be tight, while that on wheat, soybean, cotton, edible vegetable oil, sugar, pork, and dairy products will ease. Global food production will decline this year

and is expected to drop 1%-2% YoY. Consumption will be flat or slightly down, trade volume recover, the overall supply and demand remain relatively tight. **Second, prices for most agricultural commodities will decline.** It is expected that in 2023 H1, in the international market, rice price will continue to rise, wheat be in a downward trend, corn fluctuate at a high level, soybean rise before it goes down, cotton run low, edible vegetable oil fluctuate downward, sugar hover at a high level, pork swing at a high level before it comes down, beef and mutton go up before they decline, and dairy products fall from a high level. **Third, China's import of major agricultural products is expected to plateau.** Rice import is expected to remain at a high level, with possible slight decline in total volume; wheat is expected to remain at a high level; corn may rebound from a high level; soybean will stabilize; cotton may increase slightly; edible vegetable oil will have moderate growth; sugar is expected to remain flat; pork will continue to decrease; beef is expected to slow down; mutton is expected to increase; and dairy will recover.

**Rice:** Global rice production in 2021/22 hit a record high, thus an ample supply; it is expected to decrease in 2022/23 due to droughts and floods in major producing countries. In 2022, international prices were generally on a high upward trend; they are expected to keep rising in 2023 H1, but there is not enough room for continuous upswing and there is a possibility of falling back. In 2022, China's rice imports reached another record high, with India and Pakistan its largest sources; imports are expected to remain large in 2023, but with limited room for growth.

**Wheat:** There was plentiful supply and increased consumption and trade volume in 2021/22; supply will continue to be adequate in 2022/23, while production and consumption slightly volatile. In 2022, international prices rose before falling; in 2023 H1, they are expected to decline amid fluctuations. In 2022, China imported 9.959 million tons of wheat, up 1.9% YoY; and is expected to maintain large imports in 2023 due to domestic and international price difference, coupled with rigid growth in domestic consumption and increased quota utilization.

**Corn:** Global production in 2021/22 reached a record high; however, production in 2022 fall was affected by earlier extreme heat and drought, and global production in 2022/23 is expected to decline by 5.3% YoY, thus a tight supply. In 2022, international prices fluctuated sharply and in April reached a new high since 2012; they are expected to swing at a high level in 2023 H1. In 2022, China imported 20.618 million tons of corn, down 27.3% YoY; imports are expected to increase in 2023 as domestic consumption of feed grain recovers.

**Soybean:** Global production declined in 2021/22, thus a tight supply; in 2022/23, driven by a strong recovery in Brazilian production, global production is expected to increase significantly, which will ease the

pressure on supply. In 2022 H1, international prices hit records one after another, and began to fall in H2, with annual prices at a historical high; in 2023 H1, owing to continued drought in the main producing countries in South America, they are expected to remain on the upward trend in the short term, but with Brazilian soybeans coming in large volume to the market, tight global supply and demand will gradually improve, with space possibly restrained for price hike. In 2022, China's soybean imports decreased by about 5.4 million tons compared with the previous year. In 2023, global supply and domestic consumption will rebound, while imports will stabilize as domestic production picks up.

**Cotton:** Global supply and demand was basically balanced in 2021/22 and would ease in 2022/23. Due to the Ukraine crisis as well as efforts in Europe and the United States to curb inflation, international prices were on a roller coaster in 2022; due to a slowdown in global economic growth and tightened financial environment, prices are expected to remain low, much lower than the same period last year. Due to weak domestic consumption and significantly higher international prices, China imported 1.927 million tons of cotton in 2022, down 10% YoY; cotton imports are expected to increase slightly in 2023 compared with the previous year due to adjustments to China's Covid-19 control policy and increased motivation of Chinese enterprises to import.

**Edible vegetable oil:** 2021/22 saw slight increase in global production, weak consumption, and sharp drop in trade volume; in 2022/23, production and consumption will grow in parallel, balancing supply and demand. In 2022, international prices fluctuated sharply and, in general, remained high; they are expected to decline amid fluctuations in 2023 H1. In 2022, China's imports of edible vegetable oil decreased before its rebound, with import volume down 37.6% YoY; they are expected to grow moderately to 8-8.5 million tons in 2023.

**Sugar:** In 2021/22, there were tight global supplies and slight gains in production, consumption and trade; supply will improve in 2022/23, as abundant rainfall will help raise sugar cane yield in Brazil and Thailand and more Brazilian canes are used for crushing. In 2022, international prices for raw sugar fluctuated in the range 17.5-21 US cents per pound, moving in a W-shape, and hit a six-year peak on December 23; they are expected to swing between 18.5-21.0 US cents per pound in 2023 H1. China's sugar imports in 2022 totaled 5.275 million tons, down 6.9% YoY, second only to the record high in 2021; they are expected to be flat in 2023, due to expected global oversupply, possible fall in prices and domestic production cuts in 2022/23.

**Pork:** Thanks to recoveries in China's production, 2022 saw an increase in global production, a drop in trade volume and balanced supply and demand. Due to large sow inventories in some major producing

countries, 2023 will probably witness a slight increase in pork production, continued fall in trade volume, and balanced supply and demand. Because of the crisis in Ukraine as well as rising prices in energy and feedstuff, international pork prices kept rising in 2022; they will fluctuate at a high level in 2023 H1 as the catering industry emerges from Covid-19 and considering seasonal factors. In 2022, China slowed down its pork imports both in speed and in volume, with volume more than halved compared with the previous year. Since China remains a large pork producer, pork imports will continue to decline, but not as sharply.

**Beef and mutton:** In 2022, global beef supply and demand was flat and balanced, and global mutton supply and demand was flat and relatively tight, with faster growth in trade; it is expected that supplies of both beef and mutton will be tight in 2023. In 2022, international beef and mutton prices surged before they declined; but U.S. beef prices kept growing due to notable reduction in its domestic production. International market prices in 2023 Q1 are expected to pick up due to a boost in holiday consumption, a traditional low season in slaughtering and post-Covid recovery in consumption. But the situation of Q2 will not be as rosy. In 2022, China's beef imports remained at a high level by volume, in contrast to a slower decline in its mutton imports; it is expected that China's beef imports will slow down in 2023 and its mutton imports will improve.

**Dairy products:** Affected by lower forage production due to unfavorable weather conditions, energy supply constraints and other negative factors, milk production in major export regions fell in 2022, with 3.4% YoY decline in global trade volume; in 2023, production is expected to recover, easing the tight supply. In 2022, international dairy prices rose and then fell, with a YoY increase of 19.6% in the annual dairy price index; it is expected that dairy prices will remain high but begin declining in 2023 H1, as milk production recovers and grows in major export regions. In 2022, China imported 3.272 million tons of dairy products, down 17.1% YoY; China's dairy imports are expected to rebound in 2023.

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