



## Market Analysis

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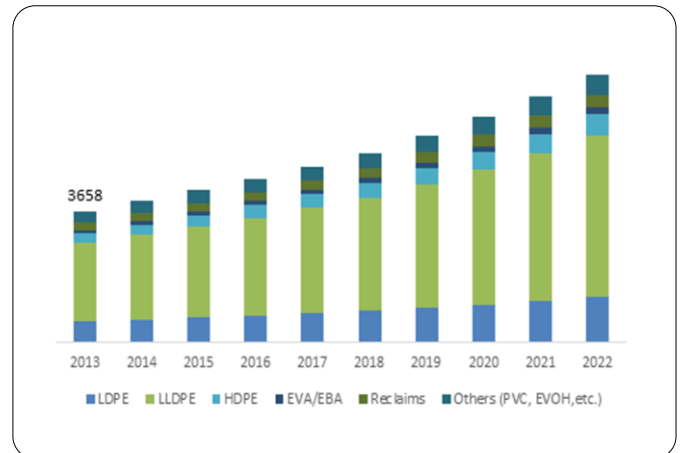
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#### Market Analysis

##### Agriculture in China:

The United States Department of Agriculture (USDA), through the Foreign Agricultural Service (FAS), operates six offices in the People's Republic of China for the purpose of expanding exports of U.S. agricultural, fishery, and forestry products. In 2018, China was the fourth largest market for U.S. food and agricultural exports at \$13.2 billion, a drop from its second-place status the year before. This represented a 45% decline from 2017 due to the additional tariffs on U.S. exports imposed by China in mid-2018. China continues to have a strong appetite for soybeans, cotton, pork and pork variety meats, hides and skins, forestry and fisheries products, and dairy products.

Prospects for a rebound in U.S. agricultural exports remain constrained by China's increasingly opaque and unresponsive legal system and the additional import tariffs China assessed on many U.S. food and agricultural products in response to the United States' 232 and 301 trade actions. For more information about the U.S. products affected by these trade actions, see the FAS Global Agricultural Information Network (GAIN) reports in response to the U.S. 232 trade action and U.S. 301 trade action. Every month China issues new entry requirements – certificates, registration, attestation – that do not necessarily increase product safety but push the onus of ensuring food safety away from Chinese food regulators. Often these new requirements are not notified to the WTO for public comment and are not announced until implementation is imminent. China's erratic rule-making also often subjects U.S. products to scrutiny that is not faced by domestic producers. China is also extending the scope of its food



regulations to cover products traded under new platforms which may begin to dampen prospects for e-commerce traded products.

##### Scope and importance

Economic growth and industrialization of a nation is inextricably linked to the continuous availability, access, diversity and modernization of its agriculture sector. Agriculture in fact plays a vital function in whole goals and endeavors to attain fiscal development. A lot of the present day's developed economies, initially struggled to make their agricultural sector stronger. The states at a priority basis supply monetary help to their farmers, researchers and scientists with plan to boost their agricultural inventions still further. Agricultural science is among the one of the best career options of a study and because of the lack of information and proper guidance, peoples usually under-estimate this field. Each and the every requirements and needs of creature including food, clothing and shelter are straightforwardly rewarded by agriculture. A continuous research work is involving in this field to provide the maximum necessities to ever-increasing population of the world. Essentially, the entire agricultural land expansion might be taken place in developing countries of the world. Consequently, the importance of agriculture to society impinges on our quality of life, food, nutrition, clothing and locality where peoples are living.

U.S. exports of bulk agricultural commodities saw the most dramatic drop in 2018, led by soybeans, which were down 75%. Sorghum, wheat, and corn shipments were also all

sharply lower, while cotton exports were down just 6%. Intermediate agricultural product exports were also down in 2018 compared to 2017, primarily as a result of reduced hides & skins, hay, and soybean oil exports. In contrast to bulk and intermediate exports, and despite the increase in tariffs, overall consumer-oriented exports continued to be relatively strong in 2018 and were down just 3%. Among consumer-ready foods, pork, dairy, and fresh fruit saw the largest declines year to year. The largest increases were for tree nuts (where a crackdown on border trade resulted in more nuts arriving directly from the United States), prepared food, and beef. Agricultural-related product exports were down slightly in 2018 as a result of smaller forestry and fishery product exports, although shipments of ethanol and distilled spirits increased.

China is allowing the formation of trade associations. Since the agricultural reforms of the 1970s, the country has encouraged the privatization of state-owned enterprises and the creation of new companies and services to support the agricultural and manufacturing sectors. However, attention to the creation of entities capable of independently representing businesses without government oversight has received little support. Chinese companies have been highly reluctant to voice their opinions regarding new regulations, standards, and incident enforcement. Now trade associations are beginning to appear at the provincial, regional, and national levels and may begin to play a more active role in food regulation and oversight. China's agribusiness is also following a parallel track of consolidating many small holdings and creating companies that are regionally or vertically integrated. This includes conglomerates that handle animal genetics and feed processing to process animal products and Chinese chain restaurants, bakeries, and coffee shops that span the entire country.

Consumers continue to exhibit concern for food safety, a driving factor for imports, which are seen as being more heavily inspected and generally safer than local products. The impact has been particularly strong for dairy products and seafood, and to especially include those products for children and food ingredients as Chinese manufacturers seek to avoid problems with locally sourced ingredients. Food safety is also driving a portion of e-commerce sales of imported food products. Many consumers consider imported food products purchased directly

from overseas through e-commerce channels to more authentic and safer than those purchased through traditional stores.

Since 2013, China has embarked on a comprehensive review of its food safety and agricultural standards, including an extensive overhaul of its National Food Safety Law. Due to the changing regulatory environment in China, U.S. exporters are advised to carefully check import regulations. Individuals and enterprises interested in exporting U.S. agriculture, fishery, and forestry commodities to China should contact the FAS offices as well as USDA Co-operator organizations.

Growing optimization of yield with increase in demand for superior quality crop will drive agricultural films market size in future. Industry growth will be driven by durability and transparency, which are key performance metrics. Ultra-thermic, ultra-violet blocking and Near Infrared (NIR) blocking are some of the key innovations. Global agricultural films industry share will be driven by limited arable land availability with occurrence of natural disasters. Additionally, an increase in the population base with rise in superior food quality demands will further complement the industry. These products not only increase the crop quality but enhance the yield.

The United Nations has estimated that the global population was 7 billion in 2012 and is expected to exceed 7.2 billion by 2015. Also, the total availability of arable land has reduced from 55% in 2000 to 45% in 2015, which was especially evident in Europe. Scarcity of arable land is anticipated to drive the market size in near terms.

Food production index is a mix of edible and nutrients. Threat towards crop damage from insects and limited availability of arable land encourage farmers to adopt mulching practice which may compliment the market in coming years. Sustainable Agriculture Network (SAN) and Alliance for a Green Revolution in Africa (AGRA) has introduced training programs for farmers to encourage implementation of new farm techniques which may boost the crop yield. Polyethylene films pose to be an environmental threat, as they are derived from petrochemical sources and are non-biodegradable in nature. Growth possibilities for new industry players in the business is technology innovation. The key trend would be to manufacture products which are biodegradable in nature, and made from plant extract.