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Report Highlights:

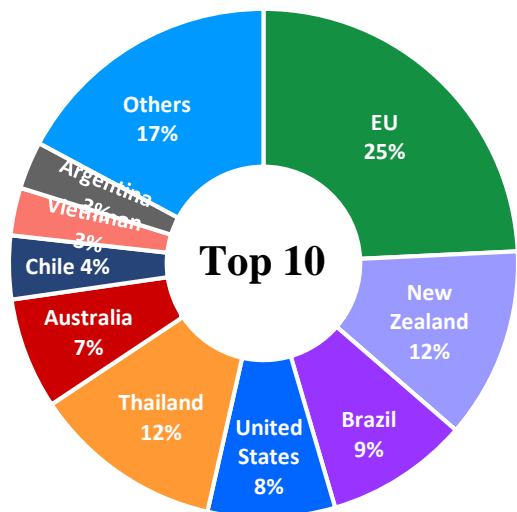
Despite pandemic challenges China remains a prime destination for imported consumer food products. The COVID-19 pandemic changed the country's retail landscape as e-commerce companies gained ground over traditional brick-and-mortar retailers. Online platforms also extended the reach of imported products into second-and third-tier cities. While the market offers opportunities, global supply chain challenges, and arduous registration requirements for imported products can dampen enthusiasm among some exporters.

Executive Summary

China's gross domestic product in 2021 reached RMB 114.4 trillion (US\$17.7 trillion), showing an increase of about RMB 13 trillion (US\$3 trillion) compared to 2020, or 8.1 percent growth year-on-year, according to the National Bureau of Statistics (NBS). U.S. agricultural exports to China totaled about \$33 billion in 2021, up from \$26.4 billion in 2020, again making it the largest market for U.S. agricultural exports. In 2021, imports of consumer-oriented food products from the world reached \$102 billion, an increase of 14.83 percent compared to 2020.

Imports of Consumer-Oriented Products

In 2021, China imported consumer-oriented agricultural products from the United States worth nearly \$7.9 billion.



Food Processing Industry

In 2021, China accounted for more than half of global food and beverage revenue. Production volume increased by 6.3 percent in 2021 despite continued COVID-19 lockdowns and outbreaks. Both food processing and manufacturing remain steady, and China imports the bulk of its higher-value products while relying on domestic production for the bulk of food processing ingredients.

Food Retail Industry

In 2021, the total retail sales of consumer goods increased 12.5 percent over the previous year. By retail format, convenience stores realized the largest increase in sales at 16.9 percent.

Quick Fact

2021 Imports of Consumer-Oriented Products
\$102 billion *

Top 10 Imports of Consumer-Oriented Products*

- | | |
|------------------------|---------------------------|
| 1) Seafood | 2) Dairy products |
| 3) Pork products | 4) Beef and beef products |
| 5) Meat products NESOI | 6) Poultry & products |
| 7) Tree nuts | 8) Distilled Spirits |
| 9) Wine & beer | 10) Bakery Products |

Retail Industry Gross Sales (USD \$ trillion)

Total retail sales: \$6.04
Online sales: \$1.81

Top 10 Supermarket Chains

CR-Vanguard, RT-Mart, Yonghui, Wal-Mart, Lianhua, Hema, Wu-Mart, Carrefour, Jiajiayue, Bubugao

GDP/Population (2021)

Population: 1.4 billion
GDP (current US\$): US\$17.7 trillion
GDP per capita (current US\$): \$12,551
Per capita food expenditure: \$1295
Sources: Trade Data Monitor (TDM) and the 2021 China Statistic Book

*Note: food and beverages; includes seafood.

SWOT

Strength	Weakness
U.S. food products are perceived as high quality and safe, offer a wide selection.	Increased tariffs and bilateral political uncertainty. COVID testing on outer packaging adds costs and risks.
Opportunity	Threat
<ul style="list-style-type: none"> Increasing health awareness Online and fresh grocery delivery. The U.S. – China Phase One Trade Agreement expanded market access. 	<ul style="list-style-type: none"> Consumers increasingly trust domestic food production, processing, and safety. Reduced disposable income caused by macroeconomic headwinds.

Section I. Market Summary

In 2021, the total retail sales of consumer goods increased 12.5 percent over the previous year. The COVID-19 pandemic profoundly affected the country's retail landscape as e-commerce companies gained ground over traditional brick-and-mortar retailers. E-commerce platforms leveraged customer data, advanced logistics, and delivery services to meet the needs of consumers who were either under travel and movement restrictions or apprehensive about venturing out to public shopping areas. Food and grocery retailers sought to shorten supply chains by strengthening direct sourcing capabilities from local farms and food manufacturers. Sales of food and grocery items on online platforms, and offline stores offering home delivery, multiplied with Hema Fresh and Sam's Club reporting huge sales increases with these platforms. Traditional hypermarkets lost market share to e-commerce platforms and retailers offering fast delivery services. Due to COVID-19 fears, online platforms also gained significant market share among senior citizens, who had previously been relatively more hesitant to shop online. For information about COVID-19's effects on e-commerce, see the USDA GAIN report, [COVID-19 Drives E-commerce in China](#).

Two sales formats have emerged recently: convenience stores and membership supermarkets. Convenience stores are close to the community, and consumers can purchase multiple daily purchases. Membership stores such as Sam's Club and Costco provide a diverse selection of Western-style large-packaged goods and enjoy great reputations for their high-quality sourcing. In November 2021, Sam's Club announced that the number of paid members in China had exceeded 4 million, and in the same year, Sam's Club launched another five new stores, including the Shanghai flagship store.

Food and Grocery Retail Trends

- **Retail digitization:** The pandemic accelerated retail digitization in China. Retail digitization refers to using technology in all facets of operations, including the consumer experience, delivery, logistics and supply chains, and consumer data.
- **Livestreaming:** E-commerce in China is highly developed, and COVID lockdowns propelled it even further. The real-time online selling phenomenon — also called "live commerce" or "livestreaming e-commerce" — took off in China after the onset of the pandemic in 2020.
- **Community Group Buying:** Stimulated by the pandemic, community group buying increased over 100 percent in 2020, with sales reaching \$10 billion. Industry forecasters expect community group buying could exceed \$150 billion by 2025. Community group buying involves an e-commerce company soliciting community leaders who take orders from friends, family, and neighbors.
- **Private Label:** Because of COVID-19, many retailers realized that the supply stability of brands, mainly imported ones, can be easily affected by forces outside their control. Global shipping disruptions and new regulations issued by the government on imported food products in response to the pandemic led to depleted inventories at Chinese retailers. As a result, retailers have increased their private label offerings, especially for beverages, tree nuts, dried fruits, and dairy products.

- **Plant-based Meat and Protein Products:** Chinese consumers are experimenting with plant-based meat alternatives. These products are sold in high-end grocery stores and online. For more information about the plant-based meat alternative market in China, see the USDA GAIN report, [Market Overview of Plant-Based Meat Alternative Products in China](#).
- **Clean labels:** More and more sophisticated Chinese consumers purchase foods with more clean labels, especially in first-tier cities. A clean label is a label on a food, not listing ingredients that may be perceived by consumers as undesirable.
- **Immunity Boost:** Food manufacturers are developing foods that purportedly boost the immune system using ingredients such as probiotics, vitamins, or other functional foods. The COVID pandemic increased interest in products that promote a more robust immune system.
- **Environmental guarantee:** Though it might be a new concept to many Chinese consumers, some food producers have started communicating their product's carbon footprint and the recyclability of their food packaging.
- **Ready-to-cook dishes:** Ready-to-cook dishes have gained popularity among Chinese consumers as COVID-19 outbreaks reduced dining in services. In 2021, many online retailers and grocery stores, including Meituan Maicai, Freshippo, and J.D. Super, reported a jump in their turnover of ready-to-cook meals.

Table 1. Advantages and Challenges of Exporting Food and Agriculture Products to China

Advantages	Challenges
U.S. agricultural products are generally perceived as high quality, and safe exporters can offer a wide selection of products.	The quality of domestic products continues to improve.
The United States is generally considered a trustworthy and reliable supplier.	Potential importers of U.S. products report uncertainty due to global shipping challenges, bilateral tensions, and increased government oversight (especially for imported products requiring refrigeration).
New retail distribution channels and improved logistics have increased the number of potential consumers of U.S. imports.	Consumers have easier access to locally produced products. Lower disposable incomes, especially among the second-, third-tier city, and rural consumers.
The U.S.-China Phase One Trade Agreement addressed non-tariff barriers to U.S. agriculture and seafood products, including meat, poultry, seafood, rice, dairy, infant formula, horticultural products, animal feed and feed additives, pet food, and products of agriculture biotechnology.	Higher tariffs relative to imports from other countries; a sensitive bilateral relationship.

Section II. Road Map for Market Entry

Entry Strategy

China is a set of complex, diverse, and fluid consumer and regional markets. Customers living in different regions have different diets and consumption habits. New-to-market exporters should conduct market research to identify target customers and distribution channels. They should take time to understand their products' relevant regulations and requirements. For general information about import procedures, please review the [FAS Exporter Guide](#). For those seeking specific import regulations, requirements, and certificates to export products to China, please check the [FAIRS Country Report - Food and Agricultural Import Regulations and Standards](#) and the accompanying [FAIRS Export Certificate Report - Food and Agricultural Import Regulations and Standards](#).

In April 2021, China Customs (GACC) announced the Regulations on the Registration and Administration of Overseas Producers of Imported Food, or GACC Decree 248. The regulation took effect on January 1, 2022, requiring all overseas food manufacturers, processors, and storage facilities to be registered with GACC to export to China.

For additional information, please see the USDA GAIN reports [Overseas Facilities Registration - Decree 248](#), [Decree 248 and 249 Status Update on Facilities Registration and Food Safety Measures](#), and [Introduction to Facility Registration Under Decree 248](#).

The regulatory environment is dynamic, with new measures implemented sporadically and often without notification. In addition, there is a potential for inconsistent interpretation of the regulations at various ports of entry and cold chain facilities. Additional information about China's COVID-19-related import measures is available in the [FAIRS Country Report – Food and Agricultural Import Regulations and Standards](#).

Due to the global pandemic, China implemented strict visitor and quarantine rules for international travelers making most short-term business travel impractical. Please refer to the [U.S. State Department's China travel page](#) for the most current information.

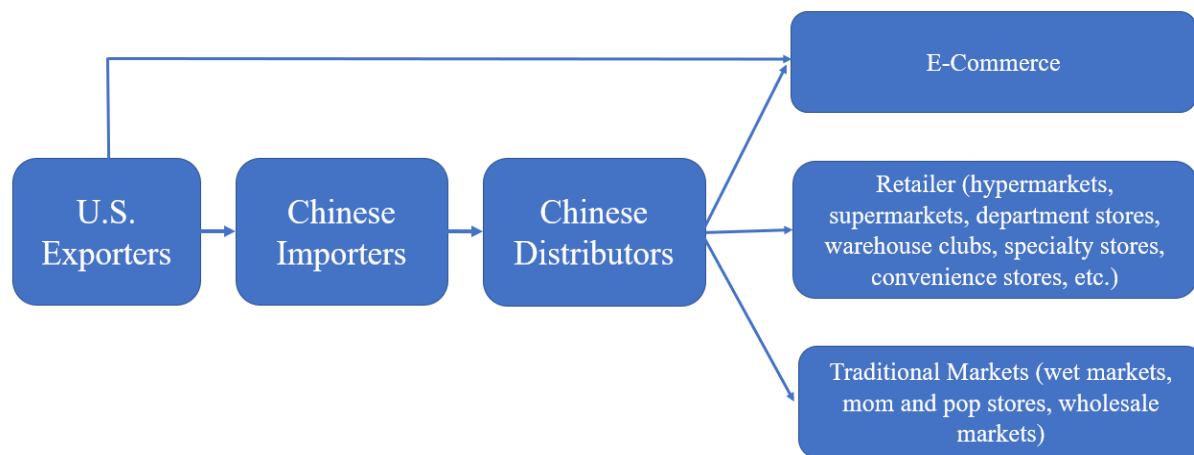
Working through a local business consultant may make sense considering continuing travel restrictions. Once restrictions are reduced or removed, exporters should consider attending retail industry trade shows, such as SIAL China, held in Shanghai each May, or China Shop, usually held each November in a different city and organized by the China Chain Store & Franchise Association.

Customs clearance procedures change frequently. When discussing potential sales, that exporters should consult with importers, distributors, and retailers to ensure that U.S. products comply with relevant Chinese rules and regulations. These contacts or their import agents should be able to explain and handle customs clearance, quarantine, labeling, and any licensing procedures. The [FAIRS Country Report - Food and Agricultural Import Regulations and Standards](#) and the accompanying [FAIRS Export Certificate Report - Food and Agricultural Import Regulations and Standards](#) are good sources for understanding customs requirements. However, in-country agents are best able to answer specific questions.

Market Structure

Food and agricultural products are sold and distributed through three main retail channels: e-commerce, offline (brick-and-mortar) retail, and traditional markets (Figure 1). Offline retail predominantly consists of hypermarkets (large urban stores combining grocery and home goods), supermarkets, department stores, warehouse clubs (e.g., Sam's Club and Costco), specialty stores, and convenience stores. Traditional markets still serve approximately 50 percent of the population daily, especially in rural and lower-tiered cities. The division between e-commerce and offline retail is quickly blurring as many e-commerce companies open offline grocery stores (the industry refers to this trend as "new retail").

Figure 1. Retail Distribution Channels



Company Profiles & Top Retailers

The sales revenue of the top 100 retailers in 2021 was \$134 billion, down 2.6% from 2020. Among them, 62 companies experienced negative sales growth, and the number of companies with negative growth nearly doubled from the previous year (32 companies with negative sales growth in 2020). Walmart returned to the number one position in the top 100 supermarkets ranking, rising from seventh at the end of 2020 to fourth in 2021, surpassing Yonghui Bravo stores, RT-Mart, and China Resources Vanguard.

Online retail played an essential role during the pandemic by ensuring the timely supply of daily necessities. In 2021, online retail sales reached \$1.87 trillion, up 14.1 percent compared to 2020. Five major e-commerce players carry various products, including consumer-packaged foods. Alibaba is considered the largest, followed by JD.com, Pinduoduo, VIP, and Suning (Table 3). Small players such as Miss Fresh reported financial difficulties in the highly competitive online retail environment.

Table 2. Top 10 Supermarket and Convenience Store Chains

Supermarket			Convenience Stores	
Company	Sales (\$ Billions)	Number of Outlets	Company	Number of Outlets
Wal-Mart	14.7	396	Yijie	27,600
Yonghui	14.7	1090	Meiyijia	22,394
RT Mart	14.6	602	Kunlun Haoke	20,212
CR-Vanguard,	11.6	3,245	Tianfu	5,808
Wu-Mart and Metro	8.9	1,162	Lawson	3256
Lianhua	8.3	3,254	Family Mart	2,967
Jiajiayue	4.7	928	7-Eleven	2,387
Zhongbai	3.4	880	Shizhu Zhishang	2,358
Carrefour	3.0	198	Jian Fu	2,021
Bubugao	2.9	343	Bian Li Feng	2,000

Source: China Chain Store & Franchise Association

Note: Supermarket data is from July 20,2022, and convenience store data is from 2021.

Table 3. 2021 China E-Commerce Platforms Top Five

Ranking	E-commerce Platform	2020 GMV (USD millions)
1	Alibaba	1,200,556
2	JD.com	38,631
3	Pinduoduo	246,588
4	Suning Yigou	61,569
5	VIP.com (Wei Pin Hui)	24,398

Source: China Chain Store & Franchise Association

Section III. Competition

In 2021, China's consumer-oriented food imports reached \$102 billion, an increase of 14.8 percent over the previous year. As the first major economy to rebound from the pandemic-related economic downturn, China imported significant quantities of seafood, beef, pork, poultry, tree nuts, fresh fruit, and dairy products in 2021. The United States is the third-largest supplier of consumer-oriented food products with an 8.8 percent market share, behind Thailand at 10.6 percent and New Zealand at 10.3 percent. China has signed 19 free trade agreements with 26 countries and regions. These agreements provide lower or no tariffs, giving certain imported products a competitive advantage over comparable U.S. products.

Table 4. Major Consumer-Oriented Imports by Category

Product	Supplier Market Share	Noteworthy Developments
Pork Imports \$10 billion	1. Spain: 31% 2. United States: 9.3%	U.S. pork and pork product exports decreased by 23% to \$1.6 billion in 2021 because of increased domestic supply. Pork products received expanded market access under the Phase One Trade Agreement .
Chilled Beef Imports \$0.6 billion	1. Australia: 48% 2. United States: 33%	U.S. beef and beef product exports reached a record high of \$1.3 billion in 2021. For more information about exporting U.S. beef to China, see the China: Beef - New To China Market Product Report . U.S. chilled beef has a significant market share and a very positive reputation in fine dining restaurants and supermarkets.
Frozen Beef Imports \$12 billion	1. Brazil: 39% 2. Argentina: 17% 3. Uruguay: 12% 4. United States: 9.4%	
Fresh Fruit Imports \$15 billion	1. Thailand: 41% 2. Chile: 15% 3. Vietnam: 6.7% 4. United States: 6.4%	U.S. avocados, nectarines, and blueberries were granted new or expanded market access under the Phase One Trade Agreement . For more information about exporting selected fruit exports, please review the New-to-Market Reports for California Haas Avocados , Fresh Nectarines , and Fresh Blueberries . U.S. fresh fruit export increased in 2021. Citrus, cherries, apples, and table grapes are the most popular fruit exports from the United States.
Poultry Imports \$3.5 billion	1. Brazil: 41% 2. United States: 31%	U.S. poultry and poultry product exports reached a record high of \$1 billion in 2021. For more information about exporting U.S. poultry and poultry products to China, see China: Poultry Meat- New To China Market Product Report .
Fish and Seafood Imports \$13.8 billion	1. Ecuador: 15.8% 2. Russia: 13.4% 3. Canada: 7.7% 4. United States: 7%	U.S. seafood and fishery products received expanded market access under the Phase One Trade Agreement . U.S. Seafood export market share in China increased in 2021.
Dairy Products Imports \$9.6 billion	1. New Zealand: 50% 2. Australia: 8% 3. Germany: 5.9% 4. France: 5.5% 5. United States: 5%	U.S. dairy products received expanded market access under the Phase One Trade Agreement . U.S. dairy exports to China steadily increased in 2021.

[Source: Trade Data Monitor](#)

Section IV. Best Product Prospects

The [Phase One Trade Agreement](#) included a commitment by China to make purchases of U.S. agricultural goods and address non-tariff barriers to U.S. agriculture and seafood products, including meat, poultry, seafood, rice, dairy, infant formula, horticultural products, animal feed and feed additives, pet food, and products of agriculture biotechnology. Tariff exclusions may lower the cost for Chinese importers of U.S. products. A [consolidated GAIN report](#) outlines the tariff exclusion process and a consolidated tariff rate table by HS code. NOTE: Chinese importers can only undertake the tariff exclusion process. However, U.S. exporters should be aware of the exclusion process, tariff rates, and how it may affect pricing.

Snack Foods: Imported snack foods, especially those perceived as healthy, such as tree nuts and dried fruits, are expected to increase as consumers renew their focus on healthy lifestyles.

Pet Food: Pet ownership continues to grow, and consumers are increasing their purchases of imported pet food. The Phase One Trade Agreement provided U.S. exporters with expanded market access. E-commerce has become the primary pet food sales platform.

Bakery Ingredients: The rapid growth of China's baking sector is driving demand for U.S. dairy products, tree nuts, edible oil, dried fruit, fillings, and other ingredients.

U.S. dairy products: Consumers are increasingly looking for nutritious products and incorporating more dairy and cheese into their diet. Retail packaged cheese shows promise.

Spirits, Beers, Wines: China's demand for imported beer, spirits, and wine has increased significantly over the past decade. 2021 witnessed the strong growth of China's importation of spirits and beer. The local spirits of China still dominate the market, while western spirits like whiskey and brandy have more and more influence on Chinese consumers' alcohol choices.

Table 5. Top Exports of U.S. Consumer-Oriented Food Products to China (\$USD Millions)

Product Category	2019	2020	2021	Year-over-year % change
Pork & Pork Products	781	2,143	1,660	-22.52
Beef and Beef Products	85	233	1,344	477.65
Seafood	1,055	978	1,180	20.69
Poultry & Poultry Products (ex.eggs)	0	750	1,093	45.67
Tree nuts	844	637	1,048	64.59
Dairy Products	423	553	725	31.01
Fresh Fruit	171	172	151	-11.87

[Source: Trade Date Monitor](#)

Table 6. Top Imports of Selected Consumer-Oriented Products from All Countries (\$USD Millions)

Product Category	2019	2020	2021	Year-over-year % change
Dairy Products	60,926	74,358	15,179	13.93%
Pork and Pork Products	6,394	14,549	12,759	-12.3%
Beef and Beef Products	8,355	10,286	12,642	22.9%
Fresh Fruit	8,589	9,307	11,992	28.85%
Seafood	18,001	14,916	17,254	15.68%
Meat Products NESOI	2,722	2,862	3,594	25.55%
Poultry Meat (ex. eggs)	2,014	3,501	3,513	0.35%
Tree Nuts	2,806	2,405	3,423	42.34%
Distilled Spirits	1,629	1,524	2,536	66.42%
Wine	2 503	1,906	1 815	-4.78%
Bakery Products	1,404	1,478	1,694	14.62%
Dog & Cat Food	308	622	581	-6.55%
Beer	820	695	710	2.21%

Source: Trade Data Monitor

Section V. Key Contacts and Further information

Organization	Address	Telephone/Fax/E-mail
FAS, Office of Agricultural Affairs, Beijing (Manages trade policy)	U.S. Embassy, Beijing, No. 55 An Jia Lou Rd., Chaoyang District, Beijing, China, 100600	Tel: (86-10) 8531 3600 Fax: (86-10) 8531 3636 AgBeijing@fas.usda.gov
FAS, Agricultural Trade Office, Beijing	U.S. Embassy, Beijing, No. 55 An Jia Lou Rd., Chaoyang District, Beijing, China, 100600	Tel: (86-10) 8531 3950 Fax: (86-10) 8531 3974 ATOBeijing@fas.usda.gov
FAS, Agricultural Trade Office, Shanghai	U.S. Consulate General Shanghai, Shanghai Centre, Suite 331, 1376 Nanjing West Road, Shanghai, China, 200040	Tel: (86-21) 6279 8622 ATOShanghai@fas.usda.gov
FAS, Agricultural Trade Office, Guangzhou	43 Hua Jiu Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong, China, 510623	Tel: (86-20) 3814 5000 Fax: (86-20) 3814 5310 ATOGuangzhou@fas.usda.gov
FAS, Agricultural Trade Office, Shenyang	Suite 1903, North Media Building, No.167 Qingnian Street, Shenhe District, Shenyang, Liaoning, China 110014	Tel: (86-24) 2318 1380 2318 1338 Fax: (86-24) 2318 1332 ATOShenyang@fas.usda.gov

Attachments:

No Attachments.