

China's hunger for soya more animal than vegetable

September 17 2013, by Bill Savadove



Pigs on a truck heading to market in Jiaying in China's eastern Zhejiang province on March 14, 2013. China is the biggest soya consumer in the world, but demand driven by the increasingly wealthy country's voracious appetite for meat and fish raised on the product, rather than tofu or soy sauce.

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When China began reforming its then state-planned economy just over 30 years ago meat was a less common sight on family dining tables.

But decades of spectacular growth have transformed the diets of the country's more than 1.3 billion people as much as its skylines and [transport networks](#).

Now around 80 percent of China's annual demand for soybeans—estimated at roughly 70 million tonnes last year—is crushed into meal to produce oil and feed for farmed animals and fish, analysts estimate.

Only about 20 percent is directly used for food, such as traditional tofu, soy milk, or the seasoning [soy sauce](#).

"The biggest demand is for soy meal, which is mainly used in animal feed," said Zhang Lanlan, an analyst at Sublime China Information Co., which runs a commodities website.

"Demand for oil and [animal feed](#) is increasing given China's [urbanisation](#) and population," she added.

Beijing has long been concerned over the world's most populous country's ability to feed itself—a fear that factored into the introduction of its controversial one-child policy—but it is hugely dependent on imports of foreign soybeans, which account for most of its consumption.

Last year, Chinese farmers grew around 12.8 million tonnes of soybeans, preferring alternative crops yielding better profits, while the country imported 58.38 million tonnes, up 11.2 percent from 2011, official figures show.



A man browses meat at a shop selling pork in Beijing on June 1, 2013.

According to consultancy Beijing Orient Agribusiness, the United States was China's top [soybean](#) supplier in 2012 with 44 percent of imports, closely followed by Brazil on 41 percent, and Argentina in third place with 10 percent.

The US Department of Agriculture (USDA) estimates China will import 63 million to 67.5 million tonnes for the current crop year, with domestic production stable at 12 million tonnes.

More than 90 percent of the soybeans grown in the US are genetically modified, according to USDA figures.

But while Chinese producers—who are concentrated in the northeast of the country—are barred from using GM seeds, Beijing allows the import

of 11 varieties of GM soybeans, including three approved in June.

Despite concerns over food safety following a series of scandals, there has been scant debate in China over GM foods.

"Imported genetically modified soybeans are safe to eat," the mouthpiece of China's Communist Party, the People's Daily newspaper, declared in a recent article. "People have no need to worry."

International soybean prices surged late last year but have fallen back in recent months and on China's Dalian Commodity Exchange, the benchmark soybean futures contract for November delivery closed at 4,499 yuan (\$735) per tonne on Monday.

Nonetheless demand for [soya](#) is holding up even as economic growth slows in China, analysts said.



A man arranges pork in a market in Hefei, east China's Anhui province on May 9, 2013.

Gross domestic product grew 7.8 percent in 2012, its slowest pace in 13 years, and expansion could weaken further this year.

But Gao Yanbin, an analyst at Jinshi Futures, said: "When the economy is so-so or slowing down, demand for agricultural products is definitely restrained, but this is not especially obvious.

"China's economic environment is bad but China's consumption of food is, on the contrary, increasing," he added.

Soya demand did suffer a setback earlier this year when China's outbreak of H7N9 bird flu killed more than 40 people and decimated poultry consumption.

But the poultry sector is now recovering, so purchases of the soy meal used in feed are picking up, analysts said.

The trend is set to continue. China's domestic soybean crushing industry has annual capacity of more than 100 million tonnes, analysts said—showing the Asian giant has an appetite for far more.

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