



MONTHLY REPORT

TRADE SERVICING

– WUSATA

November 2022



Monthly Trade Servicing Report

Market: China & HK Submitted by: China In-market Representative Month & Year: November 2022

Executive Summary

Following suit from Hong Kong, signs are growing that China is moving towards a reopening of the country from extensive COVID controls and restrictions in recent weeks. Places under intense lockdown and PCR test protocols, for example Guangzhou and Beijing, have both since relaxed or dropped policies that have been in place in the past three years of the pandemic. Looking forward to 2023, there is optimism that international travels will gradually return to normalcy, and this is key to the success of market activities such as trade missions and trade shows in China. With 2023 being the host year of HOFEX, Hong Kong's most important trade show for U.S. food suppliers, in addition to SIAL China, both held in May, the reopening will be critically important and it is suggested that potential participants pay close attention to the situation and prepare themselves for the latest local travel requirements.

Market Intelligence Update

China's Singles' Day shopping festival a bonanza for global brands

China's Singles' Day shopping festival, a carnival for online shoppers, has turned out to be a bonanza for global brands, as more Chinese consumers choose to spend more on imported goods and services.

Initial sales numbers from major e-commerce platforms showed robust growth for overseas brands, and also revealed changes in the taste of Chinese consumers as they focus more on their health, hobbies and quality of life.

A bustling fete for buyers and sellers alike, the Singles' Day shopping festival, also known as "Double 11" as it falls on Nov. 11, is proving to be another event besides the China International Import Expo (CIIE) to meet the country's strong appetite for imports.

"Double 11' is a big annual event for us. We cooperate with multiple e-commerce platforms, and various promotions are also in line with the shopping atmosphere of this festival," said Li Xiao, chief executive of Greater China for New Zealand's dairy giant a2 Milk.

"It's truly an opportunity for us," Li said, adding that the company's sales in China have witnessed strong growth in recent years.

Data from Chinese e-commerce giant JD.com showed that on its first day of presales for this year's shopping festival, the value of orders for products on its global brands platform surged 178 percent year on year.

Another major market player Tmall said that more than 1,600 new overseas brands participated in the "Double 11" festival for the first time, bringing thousands of limited editions of new products.

"Chinese consumers have a strong demand for imports, and global brands are paying more and more attention to the online shopping festival," said Yu Huanhuan, marketing director of Tmall Global.

Despite global headwinds, China's foreign trade has displayed strong resilience. Figures from China's General Administration of Customs showed on Monday that trade in goods logged steady expansion in the first 10 months of this year, climbing 9.5 percent year on year to 34.62 trillion yuan (about 4.79 trillion U.S. dollars).

China Looks to Move Away from Strict COVID-19 Restrictions as Imports, Exports Slow

Chinese leaders are considering steps toward reopening after nearly three years of tough pandemic restrictions.

Chinese officials have grown concerned about the costs of their zero-tolerance approach to smothering Covid-19 outbreaks, which has resulted in lockdowns of cities and whole provinces, crushing business activity and confining hundreds of millions of people at home.

But they are proceeding slowly, weighing potential costs of reopening for public health and support for the Communist Party.

The news comes as Chinese health officials over the weekend said that China would stick to its zero-COVID-19 strategy as the country reported its highest number of new infections in six months.

However, the Hang Seng index in Hong Kong climbed 2.7% on Monday, with investors seemingly still betting on a relaxation of restrictions, which turned out to be right.

China's growth in exports fell for the first time in more than two years in October, as demand declines on rising risks of a global recession.

The weakness in exports adds to the pressure on the economy, which is struggling due to the property market slump, persistent disruptions from

COVID-19 controls, and weak consumer spending.

Data released on Tuesday also show Taiwan's exports fell 6% in October, according to economists' estimates.

While the country's exports take a downturn, so have China's imports.

China soybean imports fall to lowest in eight years in October. China imported 4.14 MMT of soybeans in October, matching the lowest for any month since October 2014.

Chinese soybean imports plunged 46.4% from September and were 19.0% below year-ago as weak crush margins reduced demand.

Through the first 10 months of this year, China imported 73.18 MMT of soybeans, down 7.4% from the same period last year.

China's meat imports also slowed in October. China imported 630,000 MT of meat last month, down 20,000 MT (3.1%) from September and 30,000 MT (5.1%) less than last year.

China doesn't break down meat imports by class in its preliminary data, though the reduction was due to fewer pork imports.

Through the first 10 months of the year, China imported 6.03 MMT of meat, down 25.0% from the same period last year.

China GDP beats with a bounce in the third quarter

China reported Monday that third-quarter gross domestic product grew by 3.9% from a year ago, beating expectations.

The data was originally set for release on Oct. 18, but was delayed late on Oct. 17 with no explanation. China's Communist Party held its 20th National Congress from Oct. 16 to Oct. 22.

Analysts polled by Reuters prior to Oct. 18 had expected China to report GDP growth of 3.4% for the third quarter.

The officially released 3.9% year-on-year growth for the third quarter marked a pickup from 0.4% in the second quarter, bringing year-to-date growth to 3%.

That's still well below the official target of around 5.5%.

Covid controls on business activity, especially in the second quarter of the year,

have weighed on growth and prompted many investment banks to slash their full-year forecasts to around 3%.

The latest congress did not signal whether the Covid policy would soon end or continue.

China also released trade data for September on Monday after an unexplained silence on the figures, which had been expected out on Oct. 14.

Exports, a major driver of China's growth, beat expectations with an increase of 5.7% in U.S.-dollar terms in September. Analysts polled by Reuters had forecast a 4.1% increase.

However, imports in U.S.-dollar terms only rose by 0.3% in September from a year ago, missing Reuters' forecast of 1% growth.

Retail sales grew by 2.5% in September from a year ago, slowing from August and missing expectations of 3.3% according to the Reuters poll.

Within retail sales, those of catering fell by 1.7% in September from a year ago.

➤ ***Activities & Achievement***

This month's activity is mainly related to Specialty Drink Inbound Trade Mission and trader contact for Mainland China and Hong Kong markets.

Thank You!

Submitted by SMH, China/Hong Kong In-market Representative

