

China Market Report

Draft 2 Based on Survey Results

Agricultural Product Trends

In 2025, driven by multiple factors such as policy support, consumption upgrading, and scientific and technological innovation, the Chinese agricultural product industry presents the following key development trends.

I. Comprehensive Enhancement of Production Capacity, Dual Breakthroughs in Unit Yield and Quality

1. Steady Growth in Grain Output. The total grain output in 2025 is expected to reach 709 million tons. The outputs of rice, wheat, corn, and soybeans are expected to increase by 0.5%, 0.9%, 0.2%, and 2.5% respectively. Through the project of increasing unit yield on a large scale, the average unit yield of grains is expected to increase by 7.8%, reaching 421 kilograms per mu, and the contribution rate of unit yield to the increase in total output exceeds 80%.

2. Empowering Agricultural Production with Science and Technology. Biological breeding and smart agricultural equipment (such as drone-based plant protection and the agricultural Internet of Things) are being popularized at an accelerated pace. The market scale of the seed industry has exceeded 120 billion yuan, and the coverage rate of high-quality crop seeds has reached 96%. The pilot scope of transgenic technology has been expanded. The planting cost of corn has been reduced by 18%, and the unit yield has increased by 12%.

Agricultural Product Trends

II. Consumption Upgrading Drives Market Diversification and Quality Enhancement

1. Rising Demand for High-quality and Specialized Products. Consumers' willingness to pay a premium of 15%-30% for organic and green agricultural products. The area under organic certification has increased to 98 million mu, and the market scale has exceeded 80 billion yuan. The consumption of vegetables, fruits, meats, etc., is shifting towards being healthier and more convenient, and models such as pre-prepared dishes and community group buying are emerging.

2. Strong Demand for Fresh Agricultural Products. The scale of the fresh produce market reaches 3.2 trillion yuan, and the cold chain circulation rate has increased to 42%. However, there is still a need to strengthen the construction of pre-cooling facilities in the "first mile" (with a coverage rate of less than 40%).

Agricultural Product Trends

III. Optimization of the Circulation and Trade Structure, and Accelerated Digital Penetration

1. Explosion of E-commerce and New Retail Models. The online retail sales of agricultural products are expected to exceed 840 billion yuan (and may reach 2 trillion yuan by 2035). Models such as live streaming e-commerce and instant retail have promoted the increase in the proportion of online transactions. The scale of the cold chain logistics market reaches 550 billion yuan, and the cold storage capacity has increased to 220 million cubic meters.

2. Diversification of International Trade. The import volume of bulk agricultural products has decreased, but the import demand for special agricultural products (such as tropical fruits and aquatic products) has increased. In 2025, the import volume of barley reaches 11.32 million tons, the import volume of corn increases to 27.13 million tons, and the import volume of soybeans exceeds 100 million tons. At the same time, the export structure of agricultural products has been optimized, and the exports of vegetables, aquatic products, and dried and fresh nuts have increased.

Agricultural Product Trends

IV. Policy Support and Price Regulation Strengthen Industry Resilience

1. Capacity and Price Management. The Ministry of Agriculture and Rural Affairs has set a target of maintaining a stock of 39 million breeding sows to guide the matching of supply and demand. The adjustment of the minimum purchase price policy for grains provides support for the price floor. The prices of corn and wheat are expected to be stable with a slight decline, while the price of soybeans is under pressure but supported by costs.

2. Green Development and Standard Upgrading. The proportion of green agricultural subsidies reaches 60%, promoting ecological planting technologies. The target for the coverage rate of traceability of the quality and safety of agricultural products is increased to 80%, and the detection rate of pesticide residues is kept below 0.5%.

V. Reconstruction of the Industrial Chain and Deepening of Industrial Integration

1. Innovation of Upstream Production Factors. The average scale of family farms has increased to 200 mu. Cooperative services cover more than 65% of small-scale farmers, and the rate of return of the "company + cooperative + farmer" model has increased by 30%-50%.

2. Transformation of Downstream Circulation and Consumption. The information technology transformation of agricultural product wholesale markets is accelerating. The application of the Internet of Things and big data has improved the transparency of circulation. The vitality of the county-level economy has been enhanced, and the proportion of direct procurement from the production areas has increased.

Agricultural Product Trends

VI. Coexistence of Challenges and Risks

1. **Cost Pressure:** The increase in the costs of means of production, labor, and land, combined with the fluctuations in international grain prices, may drive up domestic prices.
2. **Homogeneous Competition:** Issues such as the low-price dumping on e-commerce platforms and the insufficient efficiency of cold chain logistics (the vacancy rate of some cold storage facilities exceeds 36%) still need to be addressed.

Conclusion

In 2025, China's agricultural product industry will develop around the four main themes of "simultaneous improvement in quantity and quality, consumption upgrading, digital and intelligent transformation, and green sustainability". Policy support and market mechanisms will work in tandem to propel agriculture's transition from the traditional model to a modern and international one. In the future, it is necessary to focus on the continuous contribution of scientific and technological innovation to unit yields, the filling of the gaps in cold chain logistics, and the dynamic response to international trade risks.

Forecast of the Tractor Market in China

The medium and large tractor market also faces favorable development opportunities. The prosperous development of the "Belt and Road" initiative, the deepening of RCEP regional cooperation, the rise of emerging markets such as Russia, India, Central Asia, ASEAN, South America, and Africa, especially China's tractor technological innovations and product iteration upgrades, as well as the increasing maturity and widespread application of high-end intelligent and green tractor technologies, will all serve as counteracting factors to negative influences, driving and supporting China's tractor export trade in 2025.

In the face of both opportunities and challenges, we need to closely monitor global economic trends and adjust strategies promptly to address potential risks and challenges. By promoting economic growth through technological innovation and green development, we aim to achieve sustainable and inclusive development goals.

Forecast of the Tractor Market in China

From a domestic perspective, the 2025 Central No. 1 Document emphasizes improving agricultural efficiency, increasing farmers' income, and revitalizing rural areas, clearly stating the need to enhance the level of agricultural mechanization. This provides ample space for the development of the tractor market. The demand for high-end precision seeders, water and fertilizer integration technologies for irrigation, and other agricultural machinery will increase, particularly in the large-scale yield improvement initiatives for food and oil crops, where the role of tractors is especially important.

The Scrap and Replacement Subsidy Policy: In 2025, the scope of agricultural machinery scrap and replacement subsidies will expand, which will promote the elimination of outdated machinery and accelerate the promotion and application of advanced, energy-saving, and environmentally friendly agricultural machinery, further driving the growth of the tractor market.

Forecast of the Tractor Market in China

With economic development, the rising cost of agricultural labor is affecting the agricultural machinery market. In developing economies like China, the proportion of the population dependent on agriculture has been declining over time, with large numbers of people migrating to urban areas, leading to a reduction in agricultural labor and an increase in labor costs. According to the principles of supply and demand economics, this will increase the demand for agricultural machinery, prompting more agricultural production processes to adopt mechanized operations to replace manual labor, thereby driving the development of the agricultural machinery market.

From the perspective of endogenous dynamics in the tractor market, firstly, it is in a growth cycle. Analyzing the cyclical changes in the medium and large tractor market since 2011 reveals that typically after a significant decline in one year, the market enters a 1-2 year recovery growth cycle. After experiencing a continued decline in 2023 and 2024, the rate of decline has clearly narrowed. We judge that the market has bottomed out, setting a relatively low threshold for a market rebound in 2025.

Forecast of the Tractor Market in China

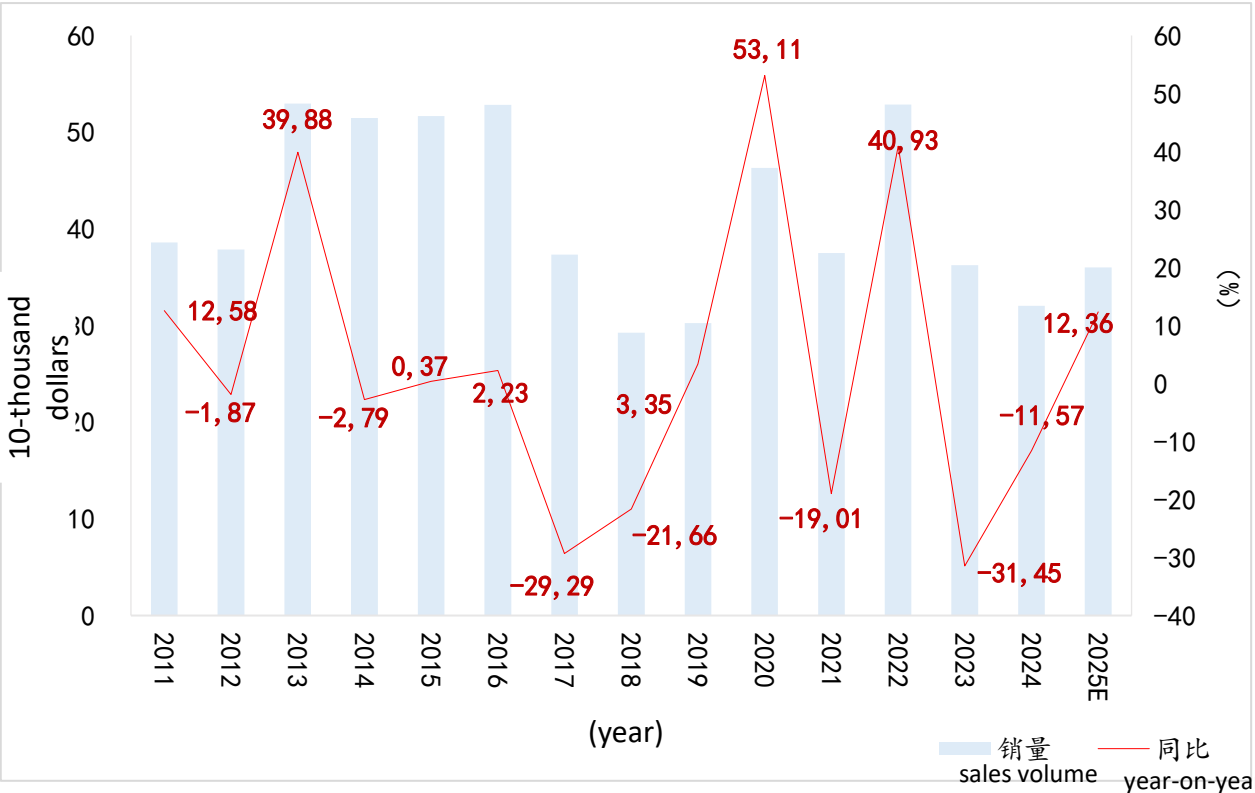
Secondly, two major drivers will play a key role in the 2025 market. The first is upgrades. On one hand, the tractor market is developing towards large, high-end, intelligent, and green machinery, becoming a key driver for market updates; on the other hand, it is expanding into hilly and mountainous areas as well as rice paddy regions, injecting new momentum into the market's growth in 2025. The second is products based on power-shifting technology, which will become the focus of competition in the medium and large tractor market in 2025 and will ignite new market demand.

Of course, China's tractor market has already entered the era of stock, with market saturation, decreasing rigid demand, becoming the biggest reality facing the tractor market in 2025. Disorderly competition will also become an obstacle to the upgrading of the tractor market.

Forecast of the Tractor Market in China

Based on the above analysis, we predict that the medium and large tractor market in China will likely stabilize and experience moderate growth in 2025. The expected annual sales volume is projected to be between 350,000 and 360,000 units, representing a year-on-year growth of approximately 10%.

The tractor export market is facing significant challenges and is filled with uncertainties. Under the impact of reciprocal tariffs imposed by the United States, the global economy will experience considerable shocks, leading to issues such as decreased demand and shrinking foreign trade, which are likely to become fundamental problems for many countries. These factors will have a substantial impact on China's tractor import and export trade. We anticipate that the growth of China's tractor import and export trade in 2025 will face considerable difficulties, with a high likelihood that tractor export trade will remain flat or even experience a slight decline.



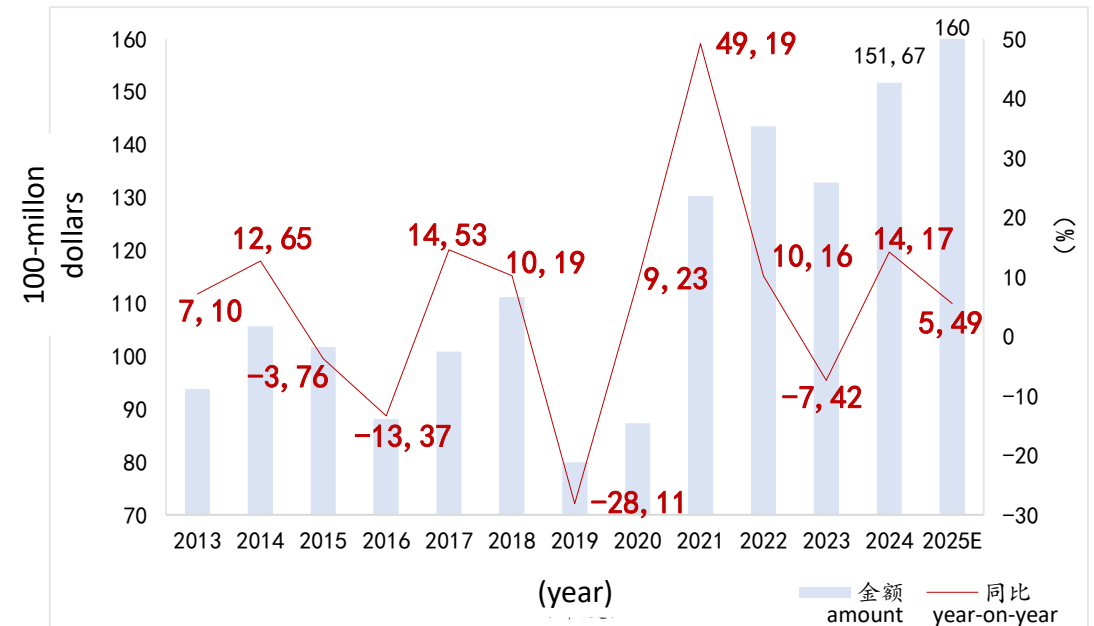
Forecast of China's Agricultural Machinery Export Value

From an international perspective, the analysis is as follows:

1. Global economic growth is expected to remain at a low level, with slow growth becoming the norm.
2. There is a significant divergence in growth rates among different economies.
3. The global economy is facing numerous challenges and uncertainties.
4. Geopolitical risks are on the rise.
5. International trade friction is increasing.

From a domestic perspective, the analysis is as follows:

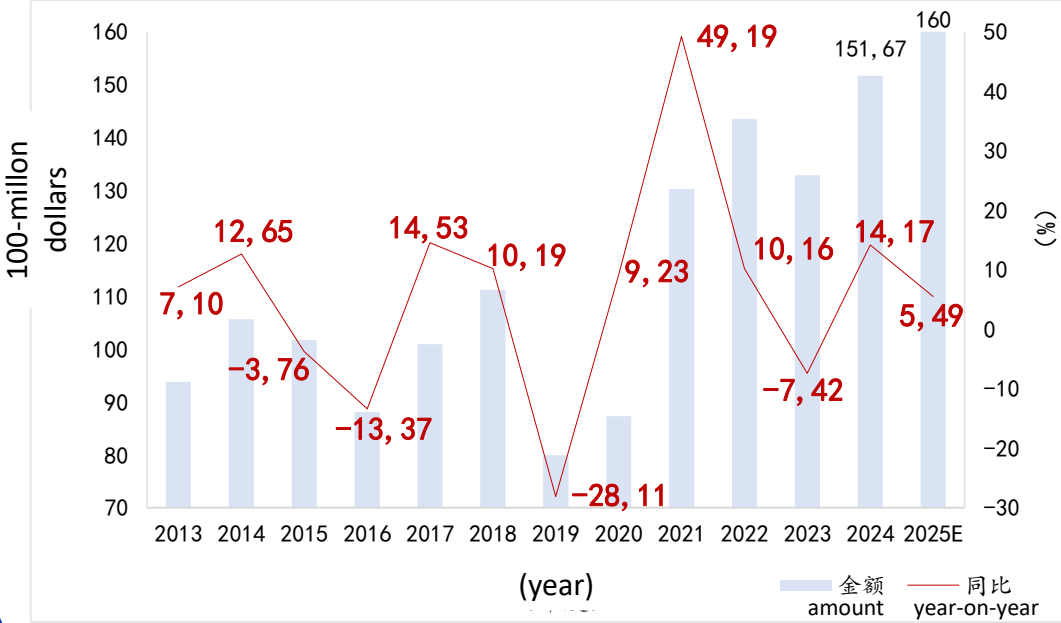
1. Domestic grain prices have remained at low levels for an extended period.
2. The industry faces homogenous competition.
3. There is insufficient technological innovation capability.



Forecast of China's Agricultural Machinery Export Value

In 2025, we predict that: On one hand, there will be a growing accumulation of positive factors for China's agricultural machinery exports. The foundation and support for steady growth are in place, and the market is in a growth cycle, making steady growth highly probable.

On the other hand, agricultural machinery exports will face challenges from factors such as geopolitical risks, trade friction, especially tariffs, and the sluggish global economy. Additionally, the "high base" formed by last year's significant growth will likely lead to a slower growth rate. We expect the total export value to be around 16 billion USD, with a growth rate fluctuating around 5%.



2025 Forecast for Other Agricultural Equipment

2025 Major Agricultural Machinery Market Forecast:

- **Tillage and Soil Preparation Equipment:** Year-on-year growth of approximately 5%.
- **Combine Harvesters:** Year-on-year growth of 5-10%.
- **Rice Transplanters:** Year-on-year growth of 5%.
- **Plant Protection Machinery:** Year-on-year decline of 5-10%.