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China Agricultural Newsletter

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Laws, Regulations and Policies

Rules simplified on forex use to boost outbound investment¹

China's foreign exchange regulator said on July 15 it would loosen its controls on overseas investment procedures and foreign exchange management of domestic companies to boost outbound investment.

In a statement on its website, the State Administration of Foreign Exchange (SAFE) said a regulation, which will take effect on Aug. 1, would simplify the examination and approval procedures for domestic companies with overseas investment plans.

Domestic companies would be allowed to register the source of their foreign exchange financing after their investment overseas instead of obtaining approval beforehand, according to the regulation.

The regulation would also allow domestic enterprises to finance overseas investment with domestic foreign exchange loans, purchases of foreign exchange with yuan, their own foreign currency funds and profits gained abroad.

Domestic companies would be able to transfer funds abroad before their overseas projects were established, after gaining approval from SAFE. The ceiling rate was 15 percent of the total project investment.

The regulation was aimed at offering more freedom to domestic companies on their forex use, investment and financing and to encourage them to "go out of China", said Liu Guangxi, director of the SAFE's capital account management department.

China's foreign exchange reserves hit a record 2.13 trillion U.S. dollars at the end of June, the People's Bank of China said on its website.

¹ Xinhua News July 15, 2009

Domestic needs get US\$133b lift²

China will spend 908 billion yuan (US\$133 billion) of its stimulus package to boost domestic demand this year, with 487.5 billion yuan coming from the central government.

Rural infrastructure and livelihood projects will consume 252.2 billion yuan, accounting for 27.8 percent of the total spending, and key infrastructure such as railways, roads and airports will eat up 213.4 billion yuan, the Ministry of Finance said in a statement.

About 10 percent of the spending will be used for medical, health and education, and 14.3 percent will be invested to rebuild earthquake-hit regions, the ministry said.

The funds are part of the country's 4-trillion-yuan stimulus package, of which the central government will provide 1.18 trillion yuan and the rest will come from local governments, policy loans and corporate bonds. Among the 1.18 trillion yuan, the central government spent 104 billion yuan in the fourth quarter of last year, and will spend 487.5 billion yuan this year and 588.5 billion yuan next year, according to the statement.

So far, 591.5 billion yuan of the 1.18 trillion yuan has been used, with 33.8 percent in earthquake-hit regions, 21.2 percent in rural infrastructure projects and 8.8 percent on affordable homes.

Rural financial services to be boosted³

China's banking regulator announced on July 29 a plan to set up financial institutions in 1,294 rural locations by 2011 to boost rural development.

The new outlets - 1,027 township banks, 106 lending firms and 161 rural mutual cooperatives - would be established in addition to the existing 118 rural institutions established since 2006, the China Banking Regulatory Commission (CBRC) said in a statement on its website.

The CBRC asked local banking regulatory bodies to encourage lenders to open rural financial institutions in selected areas where financial services are needed.

The existing 118 institutions comprise 100 rural banks, 7 lending firms and 11 rural mutual cooperatives. They had extended 5.5 billion yuan (US 804 million dollars) of credit to rural residents as of the end of June and 8.2 billion yuan to small and medium sized enterprises.

The CBRS would maintain its prudence in supervising rural financial institutions, ordering lenders to keep capital adequacy ratio no less than 8 percent at any time and provisions for

² Shanghai Daily July 27, 2009

³ Xinhua News July 30, 2009

asset losses above 100 percent. The regulator also said it would study preferential tax policies to encourage rural financial services.

Shanghai FDA eyes fast food after Taiwan scare⁴

Shanghai Food and Drug Administration (FDA) promised to tighten local inspections of edible oil after spot-checks in Taiwan at popular fast-food outlets such as McDonald's, KFC and Domino's Pizza found arsenic and a compound that's been linked to cancer in animal studies.

Arsenic was detected at two McDonald's and a Domino's, and acrylamide, a chemical compound that forms when certain carbohydrate-rich foods are fried, baked or roasted at high temperatures, was found at seven restaurants. The checks were carried out at three McDonald's, two KFCs, one Domino's and one Napoli pizza shop in Taiwan.

Shanghai's FDA said it had checked 185 samples of edible oils from local supermarkets and restaurants since 2008 and hadn't found any arsenic, though the inspections didn't include McDonald's or KFC.

"We have been on high alert after the arsenic issue surfaced in Taiwan and will broaden our inspections to enhance supervision," Gu Zhenhua, director of the Shanghai FDA's department of food inspection, said.

He said inorganic arsenic exists widely in the environment. The maximum content for inorganic arsenic in food is usually 0.1 to 0.5 parts per million, depending on the type of product. "China has no standards for acrylamide so far, but the government is doing research and developing regulations for it," Gu said. "We do regular checks for acrylamide to study local people's exposure to the chemical."

Tariffs for wind power projects standardized⁵

China has standardized tariffs for wind power projects to ensure profitability for the plants after a survey showed that some of them suffered losses.

The standard tariffs replace a public tendering system as the survey conducted by the nation's electricity regulator revealed that the wind power plants suffered low profit margins, or even losses, due to low utilization rates under the public bidding system.

With the change, the on-grid tariffs now charged by wind farms to grid companies are set at 0.51 yuan (7.5 US cents), 0.54 yuan, 0.58 yuan and 0.61 yuan per kilowatt-hour, varying by regions with different levels of resources, the NDRC said without elaborating.

⁴ Shanghai Daily July 9, 2009

⁵ Shanghai Daily July 27, 2009

Analysts said the new tariffs wouldn't boost the returns of wind farms, as they are largely the same as those that have been given to wind projects over the past one year.

Renewable energy buildings and projects in pilot areas to be subsidized⁶

Chinese government will give subsidies to renewable energy buildings and projects in pilot cities and rural areas.

Pilot cities would carry out projects and build buildings with renewable energy technologies and products, said the Ministry of Finance and the Ministry of Housing and Urban-Rural Development in a circular.

Every pilot city was expected to get between 50 million yuan (US 7.33 million dollars) and 80 million yuan in subsidies from the central budget.

Meanwhile, renewable energy products and technologies would also be introduced to the country's vast rural areas, said the two ministries in the circular.

The central government would channel money to local governments for installing renewable energy facilities to housings, schools and other public buildings. Solar energy water heater and solar radiators were highlighted by the two ministries.

Every pilot county was expected to get a maximum subsidy of 18 million yuan, said the circular.

Industry and Business Watch

China's economy bounces back with 7.9 percent growth in Q2⁷

According to National Bureau of Statistics, China's economy grew 7.9 percent in the second quarter of 2009. After growing by just 6.1 percent year-on-year in the first quarter, the slowest growth in more than a decade, expansion picked up pace again.

China's GDP grew by 7.1 percent in the first half of 2009 compared with the same period a year earlier, according to the bureau.

This put China back on track to achieve its goal of 8.0 percent growth for the year, despite the impact of the global financial crisis that hit its crucial export sector particularly hard.

However, the government warned pitfalls still lay ahead. Lu Zhengwei, an economist with the Industrial Bank, said: "Although private sector investment has picked up, growth still relies heavily on the central government's expansionary policies. Also there is no sign of China's trade performance turning better this year."

⁶ Xinhua News July 9, 2009

⁷ AFP July 16, 2009

China's exports dropped 21.4 percent year-on-year in June, the government said last week, the eighth straight monthly decline.

Premier Wen urges food safety amid economic growth⁸

Premier Wen Jiabao has urged local authorities to secure the country's food security in seeking commercial vigor and momentum to keep stable economic growth.

Wen made the remarks during a visit to northeast China's Jilin Province from July 25 to 27, saying the priority for local governments was to implement economic policies set by the Political Bureau of the Communist Party of China (CPC) Central Committee.

In visiting a village in Jiutai City, Premier Wen told local farmers that the government would gradually increase the purchase price of corn from farmers to encourage more production. Premier Wen said producing fuel ethanol with agricultural byproducts was necessary and encouraged a local company to make more technological breakthroughs to convert straw into grain alcohol. But he also stressed that government should prevent blind mass investment in the conversion business since the country's food security was always the top priority.

National check indicates grain reserve in good shape⁹

No losses were reported in China's state grain reserve as a three-month national check has just completed, said a senior official of the state grain reserve company.

Liu Xinjiang, deputy general manager of the China Grain Reserves Corporation, which manages the reserves, said on July 3 at an industry meeting on summer grain market in Nanchang that the grains were “well preserved”, and the real inventory and the book record match.

The nationwide check, which started on April 1, aimed to clarify the condition of the national grain reserves and further improve grain management.

500,000 tons of reserve soybeans, 2 mln tons of corn to be sold¹⁰

Chinese government will sell more soybeans and corn from its reserves this month, according to an announcement released by the National Grain & Oil Trade Center.

It will sell 500,000 tons of soybean on July 29 and two million tons of corn on July 28, the announcement said.

⁸ Xinhua News July 27, 2009

⁹ Xinhua News July 6, 2009

¹⁰ Xinhua News July 24, 2009

China sold 745,900 tons of corn, or 37 percent of the two million tons it planned to sell during the 3rd week of July, but failed to sell any of the 500,000 tons of reserve soybeans due to too high price compared to the domestic market.

To stabilize the grain market amid the global financial crisis, the Chinese government totally purchased 7.25 million tons of soybeans and 40 million tons of corn for state reserves since October of last year.

Early purchases indicate large U.S. soybean exports¹¹

New-crop sales of soybeans to China are now 3.29 million tonnes, which is an even larger number than in years when ceremonial purchases of U.S. soybeans by a Chinese delegation visiting the U.S. have accounted for a large share of early new-crop sales, said the U.S. Grains Council (USGC) on July 27.

Those ceremonial sales have not necessarily been a good predictor of China's actual imports of U.S. soybeans, but this year steady buying is presumed to indicate that U.S. exports to China will be quite large in 2009-10, the council said, citing recent export sales reports. Total U.S. soybean export commitments for 2009-10 delivery also are record large at 6.17 million tonnes and include 2.29 million tonnes to unknown destinations, a portion of which likely is to China, according to USGC.

The U.S. Department of Agriculture is forecasting 2009-10 soybean exports at 34.7 million tonnes, based on a lack of South American supplies that will leave the U.S. as the world's dominant supplier of soybeans this fall and winter, the council said.

Rice prices to keep stable in 2009¹²

Rice prices in China will remain stable this year with the government's persistent support for rice production and circulation, said Ren Zhengxiao, vice director of the State Administration of Grain.

Ren noted that China's rice market is now characterized by steady growth of both output and consumption, a mild slowdown of imports and exports, and prices growing moderately higher.

This year, the country saw its early rice planting area increase by 80,000 hectares over the last. The acreage of mid-term and late rice will hold constant.

According to Ren, China's rice output this year is promising to achieve a marginal gain over the last, while rice consumption is expected to hold steady in the following period.

¹¹ World-Grain.com July 28, 2009

¹² Asia Pulse July 6, 2009

To stabilize the rice market this year, China has largely increased rice's minimum purchase price and made efforts to improve the efficiency of rice circulation, Ren added.

Supply to continue exceeding demand for live pigs¹³

Although live pig prices have rebounded recently, supply will continue to exceed demand in the live pig market for some time, according to an analysis by the National Development and Reform Commission (NDRC).

Thanks to the timely launch of a contingency plan to prevent excessively low live pig prices, which involves disseminating early warning information, collecting frozen meat for centralized storage at 35 depots around the country and other measures, the situation of decreasing prices changed in early May.

Live pig market prices have consecutively increased over the past three weeks.

The average price of a live pig in 36 large- and medium-sized cities was 10.30 yuan per kilogram, 0.6 yuan higher than the average price when the contingency plan was launched, an increase of 6.18 percent, according to data released by the Price Monitoring Center under the NDRC on 24 June.

Pork exports increase in early 2009¹⁴

China exported 36,000 metric tons of pork during the first five months of 2009, an increase of 20% compared with the first five months of 2008, according to the latest statistics from China Customs.

Meanwhile, export earnings of pork reached US\$110 million, an increase of nearly 14% compared with 2008. However, falling production costs and H1N1 fears have reduced the median price per metric ton of exported pork by 5% compared to 2008 to US\$3,172.

In May, China exported 8,112 metric tons of pork, an increase of over 36% compared with the same month last year, but the median price per metric ton was only US\$2,980, a drop of over 14% compared with May 2008. The customs' data also shows pork imports to China declining.

China imported 55,000 metric tons of pork at US\$59 million during the first five months of 2009, a decrease of 66% in volume and 74% in value compared with the same period last year. The median price of imported pork was only US\$1,078 per metric ton, a drop of 22% compared with 2008.

¹³ ThePigSite News July 3, 2009

¹⁴ ThePigSite News July 23, 2009

Import action denied on US poultry¹⁵

China's vice minister of Commerce Chen Jian on July 2 denied talks that China would soon be blocking imports of US chicken into the country.

Chen said the import of chicken is regulated by an automatic approval system that has no specific limit on quantity. "According to our information, China's chicken imports are normal and orderly with stable prices," Chen said. Companies could decide to import chicken according to their need.

Reports by the Wall Street Journal stated that the USA Poultry and Egg Export Council said China had been telling US producers that import permits would not be issued for US poultry products, beginning July.

US and China poultry dispute continues¹⁶

The United States has blocked the creation of a panel of judges at the World Trade Organization sought by China to examine a US ban on Chinese poultry imports that China says breaks WTO rules. China immediately called for an extra meeting of the dispute settlement body on 31 July to approve the panel, which will be set up after that session.

At the heart of the dispute is the US Omnibus Appropriations Act for 2009, which specifies that none of its funds should be used to facilitate imports of Chinese poultry.

"While violating various WTO rules, the measure has severely undermined the stable development of Sino-US trade on poultry products, and damaged the lawful rights and interests of China's poultry industry," China's WTO delegation said in a statement to the dispute body.

But the US delegation said the US allows imports of poultry from all countries with whom Washington has agreed to respect each other's health and safety standards, but China challenged with the way the US was dealing with its request for such an agreement. "The US places great importance on ensuring that its measures relating to food safety are based on science and in compliance with US obligations under the WTO Agreement," it said.

China launched the trade dispute in April. Under WTO procedures the defendant in a trade row can block a dispute panel once.

US legislators wrote a ban on funding arrangements for Chinese poultry imports, such as setting up health checks at US ports, into the appropriations bill after a series of scandals about Chinese food and other products.

¹⁵ WorldPoultry.net July 3, 2009

¹⁶ Reuters July 22, 2009

On 9 July, the US House of Representatives passed an agriculture funding bill that would extend the ban until September next year.

US poultry producers support the Chinese position out of fear China could retaliate, blocking the biggest export market for the US industry, worth almost \$700 million a year. US trade groups say China has already stopped letting in some US chicken products.

Long-term contract to keep KFC in chicken¹⁷

YUM! Brands Inc. China Division, the owner of KFC, Pizza Hut and East Dawning, signed a sourcing contract with domestic suppliers for more than 5 billion yuan (US\$732 million) on July 15.

Under the new contract, Yum! will buy 280,000 tons of chicken from three domestic suppliers over the next three years.

This is the first time Yum! has signed a long-term supply contract with domestic suppliers. Sourcing contracts were previously signed every three or six months according to the varying market prices.

DaChan Food (Asia) Ltd, Fujian Sunner Development Co and Shandong Xinchang Group Co will supply about 50 percent of the chicken needed by KFC chains on China's mainland in the next three years.

The source price will be adjusted every six months, taking into account the costs of the chicken, which is based on major chicken feed such as soybean and corn.

“The new sourcing contract will ensure plenty of supply of quality chicken for KFC chains on China's mainland, which are in need of large amount of chicken, ” said Sam Su, president of Yum! Brands Inc. China Division.

Yum! Brands Inc now buys chicken from more than 30 domestic suppliers for its KFC products in China. Its consumption of chicken in China last year was 140,000 tons.

“The new partnership with Yum! gives us a reasonable profit and also makes us more confident to boost our own production plant, ” said Fu Guangming, president of Fujian Sunner Development Co. “By signing the long-term agreement, KFC gave up some negotiating power, and, as suppliers, we can focus on the production of chicken with good quality and high safety standard.”

Tyson and Xinchang deal approved¹⁸

After receiving the necessary government approvals, Tyson Foods Inc. acquired Shandong Xinchang Group as its 3rd Chinese joint venture, announced company officials on July 20.

¹⁷ Shanghai Daily July 16, 2009

¹⁸ Poultry International July 20, 2009

“We got the government approvals (the) week before last, and now we are legally in a joint venture with Xinchang with 60% share,” Joe Zhu, the marketing director of Tyson China, said.

The new venture - Shandong Tyson Xinchang Foods Company Ltd.,- is expected to produce 100 million birds every year and distribute frozen poultry products to China's wholesales channels.

With the help of the approval, Tyson can also benefit from Xinchang's new contract. Last week, Yum! Brands Inc. China Division signed about US\$732 million agreement with Xinchang Group and other two local suppliers for chicken purchasing.

Shandong Xinchang Group has integrated poultry operations in eastern China with estimated 2009 sales of US\$345 million. Its business includes poultry breeders, broiler production, feed mills, hatcheries and poultry processing.

Interest subsidy on loans extended for dairy producers¹⁹

China's dairy producers will see an extension of the period for subsidies on loan interest payments until the end of this year, said the Ministry of Finance in a statement.

The interest subsidies were originally extended from October to December 2008, and then prolonged to the end of March this year. The statement said the period would be prolonged again retroactively from March to the end of this year.

The subsidy to cover 3.105 percent of interest would remain unchanged, said the statement.

Loans used by dairy companies for buying milk from farms would be covered by the scheme.

The ministry did not give the cost of the interest subsidy, launched to support dairy producers after last year's melamine contamination scandal, which devastated the country's dairy industry.

COFCO teams up with Hopu Fund to buy 20% stake of Mengniu²⁰

China National Oils, Foodstuffs and Cereals Corp. (COFCO), the country's largest food importer and exporter, announced on July 6 it will team up with Hopu Fund to buy 20 percent of China Mengniu Dairy Co.

The two companies will invest 6.1 billion Hong Kong dollars (about US 800 million dollars) in Mengniu. The deal is so far the biggest one in the country's food industry.

¹⁹ Xinhua News July 27, 2009

²⁰ Xinhua News July 7, 2009

Through a special purpose vehicle (SPV), in which COFCO will own a 70 percent stake and Hopu the remaining 30 percent, both companies will subscribe to the shares at 17.6 HK dollars a piece. The SPV will become Mengniu's biggest shareholder.

As a long-term strategic investor, COFCO will have a right to nominate three nonexecutive directors on the board of Mengniu. It will not participate in the dairy company's daily operation, change its management, nor its strategic orientation.

Mengniu said in a statement to the Hong Kong stock exchange that it intends to use the proceeds from the share subscription to expand its existing operation.

COFCO is a key trader of grains in China and has built up substantial resources for distribution of food products within the country. It has partnered with Coca-Cola Co. in China to distribute Coke products and last year bought a 5-percent stake in Virginia-based Smithfield Foods Inc.

The Hopu Fund is a 2.5-billion-U.S. dollar private-equity fund raised by Goldman Sachs Group Inc.'s China partner Fang Fenglei and backed by Goldman and Singapore's Temasek Holdings Pte. Ltd.

Ice cream market hot for Dairy Queen²¹

International Dairy Queen Inc recently announced to open 500 more stores in China over the next five years as consumers are more inclined to counter recession with sweet treats in emerging countries.

The world's leading ice cream chain and its Chinese partner Shanghai Shida Catering Management Co Ltd. opened its 200th store in Xi'an, capital of Shaanxi Province on July 22.

The Minneapolis-based company came to China in 1992. But it was not until 2005 that the company started its rapid expansion. China is expected to be the company's largest market outside the US and Canada next year, John Gainor, its president and chief executive officer, said.

Dairy Queen added 100 stores in China since the second half of last year, covering the east coast area as well as inner provinces such as Hubei, Shaanxi and Sichuan.

Gainor said sales revenue in China rose 17 percent in the first half of this year from a year earlier. This compared to a 4 percent increase in mature markets such as the US and Canada.

²¹ Shanghai Daily July 23, 2009

Ying Wuwei, general manager of Shanghai Shida, said the fast expansion of Dairy Queen reflected the huge potential of the ice cream market in China and future store expansion would tap more second-tier cities such as Qingdao, Kunming, Zhengzhou and Chengdu.

Dairy Queen is the largest ice cream chain in China. Haagen-Dazs operates around 80 stores in China and Cold Stone Creamery plans to open 100 outlets over the next three to five years.

Bailian to merge supermarket arms²²

Shanghai Bailian Group, the country's largest retailer by sales volume, is merging its two supermarket chains to form a retail behemoth that can rival the size and clout of such foreign giants as Wal-Mart and Carrefour.

Bailian has proposed a merger of two well-known Shanghai supermarkets, Lianhua and Hualian, both of whom are ultimately controlled by Bailian but have been operating under separate managements and competing with each other, especially in their home city. Lianhua has 3,932 outlets, mostly in Shanghai, while Hualian has 1,946.

The merger, when complete, will increase the number of outlets under the direct management of Lianhua to 5,268 from 3,932, the company said. Of the total, 3,184 will be full-service supermarkets and the remaining will be neighborhood mini-markets.

According to figures from China Chain Store & Franchise Association (CCSFA), Lianhua has been ranked at the top of all domestic supermarket chains for 12 consecutive years, with 50 billion yuan of annual sales in 2008, up 8.2 percent from a year before.

Completing the merger of Lianhua and Hualian will bring Bailian a step closer to realizing the Shanghai government's goal of creating a behemoth in China's highly competitive retail industry.

PepsiCo increases food stake²³

PepsiCo opened a new plant on June 26 in Chongqing, a municipality in southwestern China, which is the soft drink giant's first overseas "green" plant designed to use 22 percent less water and 23 percent less energy than the average PepsiCo plants.

China is the largest overseas market for PepsiCo's beverage business. The company has built 22 bottling plants and a concentrates facility here, with total investments exceeding \$1 billion so far.

PepsiCo said it also plans to fund a variety of major capital programs to grow its manufacturing capacity in China, particularly in interior and western areas. Over the

²² China Daily July 1, 2009

²³ China Daily July 20, 2009

next two years, five new beverage manufacturing plants are expected to open in Kunming, Zhengzhou, Quanzhou, Lanzhou and Nanchang.

PepsiCo, meanwhile, announced plans to strengthen its local research and development capabilities and broaden its portfolio of Chinese-designed and developed products such as Tropicana juices, Lay's Lychee potato chips and Cao Ben Le ("happy herb" in Chinese) drinks.

In addition to manufacturing facility expansions, PepsiCo is increasing its investments in agricultural development. During the last 12 years, the producer of Frito-Lay snacks and Quaker foods has invested 200 million yuan (US 29.28 million dollars) to establish five farms in Inner Mongolia autonomous region and in Guangdong, Guangxi and Hebei provinces.

The food sector has become an important profit engine for PepsiCo. While food accounts for nearly 20 percent of PepsiCo's business in China, the company said China is the fastest-growing market for PepsiCo's food segment.

Applied Biosystems to help reinforcing new standards for food safety ²⁴

Applied Biosystems, part of Life Technologies Corporation (NASDAQ: LIFE), announced that it is assisting the Chinese government in reinforcing new standards for food safety in China.

As part of its effort to enhance ability to monitor the domestic food supply in addition to global exports, the Chinese General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) is deploying 40 AB SCIEX mass spectrometers to ensure accurate identification of contaminants. The mass spectrometers were developed by the Applied Biosystems/MDS Analytical Technologies joint venture.

Scientists in China are using this mass spectrometry technology to perform more advanced analysis of a wide range of food, including rice, corn, wheat, soybeans, fruits, vegetables and livestock products. These systems improve the capabilities of laboratories to scan for, identify and measure the quantity of contaminants in extremely small amounts, enabling government and industry to respond more swiftly to prevent the potential spread of contamination, while having high confidence in the results. As a result, China will be able to ensure more stringent food regulation compliance that will help protect consumers and avoid costly recalls of food products.

ADB offers 164 mln yuan loan to build wind farm in Inner Mongolia ²⁵

The Asian Development Bank (ADB) said it will offer a 164 million yuan (US 24 million

²⁴ Asia Pulse July 2, 2009

²⁵ Xinhua News July 7, 2009

dollars) long-term loan to a wind farm construction in China's Inner Mongolia Autonomous Region, a move to help cut greenhouse gas emissions.

The ADB's China office said the loan will go to a wind farm to be built by the Datang Sino-Japan Renewable Power Corporation, a joint venture between China Datang Corporation and Japan's Kyushu Electric Power, Sumitomo Corporation and Sumitomo Corporation Holdings.

The planned wind farm, which covers 12 square kilometers in Chifeng City of Inner Mongolia, would need a total investment of US 73 million dollars.

ADB said the project would be the first private wind farm to be financed by the bank in China. The loan is also aimed at promoting private investment in renewable energy in China, it said.

The project is expected to produce about 133 gigawatt-hours of electricity a year, and cut carbon dioxide emissions by 140,000 tonnes per year.

Statistics

China major meat sales price (July 2009)²⁶

Pork (Lean):

RMB 1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
A. 07/11/09-07/20/09	B. 07/01/09-07/10/09	C. 06/11/09-06/20/09	D. 07/11/08-07/20/08	(A-B)/B	(A-C)/C	(A-D)/D
20.88	20.68	19.76	27.94	0.97%	5.67%	-25.27%

Chicken:

RMB 1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
E. 07/11/09-07/20/09	F. 07/01/09-07/10/09	G. 06/11/09-06/20/09	H. 07/11/08-07/20/08	(E-F)/F	(E-G)/G	(E-H)/H
14.04	14.16	14.34	14.92	-0.85%	-2.09%	-5.90%

²⁶ China Animal Agriculture Association

Beef (Fresh Boneless):**RMB 1.00 yuan/kg**

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
I. 07/11/09-07/20/09	J. 07/01/09-07/10/09	K. 06/11/09-06/20/09	L. 07/11/08-07/20/08	(I-J)/J	(I-K)/K	(I-L)/L
33.54	33.58	33.56	33.52	-0.12%	-0.06%	0.06%

Egg:**RMB 1.00 yuan/kg**

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
M. 07/11/09-07/20/09	N. 07/01/09-07/10/09	O. 06/11/09-06/20/09	P. 07/11/08-07/20/08	(M-N)/N	(M-O)/O	(M-P)/P
7.26	7.24	7.50	7.54	0.28%	-3.20%	-3.71%