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## China Agricultural Newsletter – June 2010

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## Laws, Regulations and Policies

### **RMB exchange rate regime to be further reformed<sup>1</sup>**

The People's Bank of China (PBOC), China's central bank, has decided to proceed further with the reform of the Renminbi exchange rate regime to enhance the RMB exchange rate flexibility, a spokesperson of the central bank said.

The decision was made in view of the recent economic situation and financial market developments at home and abroad, and the balance of payments (BOP) situation in China, the spokesperson said in a statement.

In further proceeding with the reform, continued emphasis would be placed to reflecting market supply and demand with reference to a basket of currencies. The exchange rate floating bands will remain the same as previously announced in the inter-bank foreign exchange market, the spokesman said.

The PBOC will further enable market to play a fundamental role in resource allocation, promote a more balanced BOP account, maintain the RMB exchange rate basically stable at an adaptive and equilibrium level, and achieve the macroeconomic and financial stability in China, the spokesperson said.

### **Modern science & technology development in agriculture strengthened<sup>2</sup>**

Chinese president Hu Jintao attended the 15th Academician Conference of the Chinese Academy of Sciences as well as the 10th Academician Conference of the Chinese Academy of Engineering on June 7, 2010 in Beijing. He emphasized: "Science and technology are the basis of building an innovative country, speeding up the transformation of economic

<sup>1</sup> Global Times June 19, 2010

<sup>2</sup> China Youth Daily June 8, 2010

development. China should vigorously develop modern science and technology by developing high quality, efficient, and safe agriculture and related bio-industries; and ensuring security of food and major agricultural products."

President Hu also stressed that China will fully develop advanced breeding techniques to improve the quality, yield and disease resistance of agricultural products. He said that this will assure sustainable development and competitiveness of the nation's agricultural sector.

### **Sugar reserves to be sold for making up possible short supply<sup>3</sup>**

China's top economic planner and ministries of commerce and finance said the government would sell 100,000 tonnes of sugar from state reserves on July 6.

The stocked sugar was to be sold via public auction with the base price set at 4,000 yuan (US\$588.3) per tonne, said a statement by the National Development and Reform Commission (NDRC).

This would be the sixth auction of state sugar reserves since December 2009. To stabilize prices, the government sold 1.22 million tones of reserve sugar between December 2009 and April 2010.

China's sugar market was likely to see short supplies in the second half of this year, given the current low stock levels at sugar mills and marketing areas, said Liu Hande, vice chairman of the China Sugar Association. He predicted that China's current sugar supply was 13.22 million tonnes in comparison with the consumption of 14 million tonnes, and this gap could be filled by taking advantage of the state reserve.

### **Food safety pact signed with Japan<sup>4</sup>**

China and Japan reached a bilateral agreement on June 1 to improve food safety standards and restore confidence.

Under the pact authorities from both states are permitted to inspect one another's processing facilities when concerns are raised over the safety of food imports.

The document follows the 2007/08 dumplings scandal when 10 Japanese fell ill after eating pesticide-tainted gyoza dumplings imported from China.

Two countries have pledged to hold annual meetings and will form an action plan on food safety to resolve issues quickly and effectively.

### **Milk, meat imports from Japan banned<sup>5</sup>**

According to a report in the Guangzhou Daily, China's top quality watchdog, General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), and Ministry of Agriculture issued a ban on imports of cloven-hoofed animals and related products from Japan, to stop the foot-and-mouth disease spreading to animals in the country.

Although foot-and-mouth disease cannot cross to humans, buying or taking milk powders from Japan is forbidden, an unnamed official of Guangdong Entry-Exit Inspection and Quarantine

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<sup>3</sup> Xinhua News June 30, 2010

<sup>4</sup> Food Quality News June 1, 2010

<sup>5</sup> TheCattleSite News June 4, 2010

Bureau explained in the report. He also said Japanese milk powders with Chinese signs on the market were imported before the outbreak and can still be purchased.

The outbreak of foot-and-mouth disease was discovered in southern Japanese prefecture Miyazaki on April 20.

## Industry and Business Watch

### Farm produce and producer goods prices fall<sup>6</sup>

Prices of farm produce and producer goods in China's 36 large and medium-sized cities have dropped six weeks in a row, the Ministry of Commerce said on June 17, indicating easing inflationary pressure this month.

In the week ended June 13, farm produce prices dropped 0.4 percent in those cities from a week earlier while producer goods prices slide 0.9 percent, said the ministry.

Vegetable prices continued to fall last week with the wholesale prices of 18 kinds of vegetables tumbling 5 percent from a week earlier.

Food prices account for about one third of the weighting in China's consumer price index (CPI), a major gauge of inflation, and the falling farm produce prices will ease some inflationary pressure for the government.

CPI accelerated to a 19-month high at 3.1 percent year on year in May, exceeding the 3-percent government target for the year.

The falling producer goods prices indicate that the producer price index (PPI), a major measure of inflation at the wholesale level, may drop in the months to come.

PPI rose 7.1 percent year on year in May, up 0.3 percentage points from April's 6.8 percent.

### Stable summer grain output expected<sup>7</sup>

Ministry of Agriculture (MOA) projected the country's summer grain output this year would top 123 million tonnes, close to last year's level, despite losses caused by the severe drought in the southwest and extremely cold weather in the north earlier this year.

"Winter wheat has been harvested from 308 million Mu (20.5 million hectares), or 90.4 percent of the nation's wheat-growing farm land," Minister of Agriculture Han Changfu said during an inspection tour to north China's Hebei Province. Based on the yield so far, the output will be better than expected, Han said. He attributed the good results to an expansion of wheat cultivation - 520,000 Mu more than that of last year, and the increase of output in major wheat-producing provinces.

Due to the drought that ended only a few months ago, the southwestern provinces of Yunnan, Guizhou, and Guangxi Zhuang Autonomous Region would see summer grain production down by one third this year, Han said.

<sup>6</sup> Ministry of Commerce June 17, 2010

<sup>7</sup> Agricultural Daily June 24, 2010

However, overall summer grain production would be close to last year's level because 11 major summer-grain growing provinces had reported increases in yield, Han said.

China's grain yield in 2009 hit a record high of 530.8 million tonnes, representing the sixth consecutive year of output growth.

### **Dry weather threatens corn<sup>8</sup>**

China's corn crop could fall 168 million metric tons short if dry weather continues in the country's growing regions. According to experts, if China's central and northeastern areas do not get rain by the second week in July, the crop will be in peril.

The losses could make China a net corn importer for the second straight year, which would support global prices. China has purchased at least 715,000 tons of corn for delivery by Aug 31, according to US Department of Agriculture data, and more than 1 million metric tons may be bought in the next 18 months, the US Grains Council said.

### **August soybean purchases may decline on canceled orders<sup>9</sup>**

China's inbound shipments of soybeans may fall to 3.5 million to 4 million tons in August from about 5 million tons in previous months after some crushers canceled import plans on surging arrivals, a researcher with National Grains & Oils Information Center said.

The country's soybean meal demand may rise in second half because hog demand is expected to recover, lifting prices of the animal feed, said the researcher.

### **Work on new hybrid rice may be completed in 2012<sup>10</sup>**

Yuan Longping, known as the "father of hybrid rice", said that his team was working on a new version of high-yield hybrid rice and might complete it in 2012. The new hybrid, the phase-III super hybrid rice, was expected to yield 13.5 tonnes of rice per hectare, Yuan said.

The previous hybrid, the second-generation super hybrid, was released for commercial production in 2006, yielding 9 tonnes of rice per hectare, on average.

China is now planting 440 million mu (29 million hectares) of rice per year, with an average output capacity of 6.3 tonnes per hectare. Among the acreage, hybrid rice accounts for about 57 percent of the total, with an average output capacity of 7.2 tonnes per hectare. "The average yield of hybrid rice is at least 20 percent more than that of inbred rice, feeding 70 million more people annually," Yuan said.

China is faced with a challenging grain situation this summer because of strong rainfalls in the south during the summer harvest season. Other problems include droughts in northern grain production areas and lingering low temperatures in the south.

According to the Ministry of Agriculture, China needs to maintain an annual grain output of 500 million tonnes to feed the nation's 1.3 billion people.

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<sup>8</sup> Bloomberg Business Week June 25, 2010

<sup>9</sup> China Daily June 24, 2010

<sup>10</sup> Xinhua News June 20, 2010

"Hybrid rice will play a key role in ensuring food security worldwide in the new century," Yuan said. "If 50 percent of the world's rice paddies were planted with hybrids, rice production could be increased by another 150 million tonnes, and 400 to 500 million more people could be fed," he said.

Hybrid rice has also been commercialized in other countries, including India, Vietnam, the Philippines, Bangladesh and the United States. "For the benefits of the world's people, we are well prepared to help other countries develop hybrid rice," he said.

### **Farm mechanization takes hold<sup>11</sup>**

Figures from the Chinese Society for Agricultural Machinery reveal about 49.13 percent of farmland was plowed, planted and harvested by machinery by the end of 2009, nearly 7 percentage points higher than in 2007.

"The ratio is forecast to surpass 50 percent by the end of this year, and it might exceed 60 percent by 2015," said Bai Renpu, Professor with China Agricultural University. China had 1.826 billion Mu (about 122 million hectares) of farmland at the end of 2009.

Improved agricultural mechanization has eliminated the annual need for around 10 million farm labors in rural areas, said Bai. "Agricultural machinery has not only greatly improved the productivity of farming sector, but also supported to the country's ongoing urbanization and industrialization processes, with increasing numbers of farmers landing jobs in secondary and tertiary industries," Bai said.

China's primary-industry productivity nearly tripled over the past decade, increasing from 4,146 yuan per capita in 2000 to about 12,000 yuan in 2009, according to Bai.

China's rural population will shrink from 900 million to 400 million over the next 30 years as farmers migrate to cities, Han Jun, a rural economist with the State Council's Development Research Center, a leading governmental think tank, has forecasted.

### **Agro income grows as farms go "green"<sup>12</sup>**

Heilongjiang is now the largest green agriculture region in China, with the cultivation area, output and value all leading the nation. Development of green agriculture began 10 years ago and now is the mainstay of the agricultural economy and the most important contributor to growth in farmers' income.

Organic produce grown in the province totaled 29.2 million tons with a value of 71.7 billion yuan in 2009, growing 10.3 percent and 10.2 percent from a year ago.

With support from the government, the green agriculture industry has now developed a consolidated production chain with close ties between farmers, processors, wholesalers and retail outlets.

Last year more than 3.8 million hectares of farmland was used in green agriculture, an 11.4 percent increase from 2008. The expanded scale resulted in per capita additional income of 1,050 yuan to farmers, a rise of 9.3 percent from the previous year.

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<sup>11</sup> Xinhua News June 19, 2010

<sup>12</sup> China Daily June 7, 2010

Heilongjiang had 500 green food processing enterprises by the end of last year, including 63 large companies with a production value of more than 100 million yuan each.

They have fostered a number of nationally recognized brands for organic and pollution free agricultural products, including Beidahuang, Wandashan, Wuchang and Longdan.

There is an even bigger network of wholesalers for green farm products. Heilongjiang has 1,040 businesses that wholesale the products with outlets throughout the country and reaching 38 countries and regions in Europe, the Americas and Asia.

It is projected that cultivated land in green farming will surpass 4 million hectares this year, a rise of 5.9 percent from 2009. Produce and value are expected to reach 34.4 million tons and 75 billion yuan respectively, up 17.8 percent and 4.6 percent from last year.

### **Heilongjiang leases land to grow crops in Russia<sup>13</sup>**

Northeast China's Heilongjiang province has leased 426,667 hectares of land in Russia to grow crops, the provincial agriculture commission said.

As China's northernmost province, Heilongjiang shares a 3,038-kilometer-long border with Russia. The province has cooperated with Russia in agriculture, including farming, breeding and agricultural-products processing, the commission's statement said.

Mudanjiang, a border city in southern Heilongjiang, alone has 146,667 hectares of cropland in Russia, a 42 percent increase compared with the same time last year. The city also has 16 feed mills and two lipid-processing plants in Russia.

Heilongjiang is the largest commodity-grain production base in China. Its grain output totaled 43.5 billion kilograms last year.

### **Fears stirred for foreign giants eyeing grain market<sup>14</sup>**

A recent wheat-processing project by Singaporean agribusiness group Wilmar International Limited in Henan province has stirred fears that foreign giants are threatening China's grain and oil enterprises, a report by China Economic Weekly said.

This project, which includes wheat processing plants as well as railway and warehouse construction for wheat products, is in Zhengzhou, capital of Henan province. This move marks the group has further completed its grain industry chain in the province known for agricultural production.

Yang Peigan, chairman of a cereal and oil company in Henan, said the province's wheat processing companies are small and scattered, hardly a competitor for international groups.

"China's capacity for grain production and consumption are major attractions for foreign companies," analyzed Yang Zhengsheng, a researcher with the Henan provincial government, "they penetrate into all sectors in the industry chain with the aim of having a say in the pricing system."

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<sup>13</sup> Xinhua News June 1, 2010

<sup>14</sup> China Economic Weekly June 8, 2010

## **Inner Mongolia to sell breeding pigs to Mongolia<sup>15</sup>**

Inner Mongolia autonomous region has secured its first ever deal to export breeding pigs to the Republic of Mongolia, with a shipment of 60 animals set for August.

The supply contract signed between Dexin Animal Breeding Co Ltd in Ordos city, and its buyer in the inland country allows for the sale of 360 breeding pigs.

Zurgaan Khoshuu, an animal husbandry company in the Republic of Mongolia, will raise the animals in the suburbs of Ulan Bator.

Dexin is the first pig breeding center in Inner Mongolia, involving a total investment of 150 million yuan (US\$ 21.99 million). The center's first phase has been completed at a cost of 70 million yuan.

## **USGC offered technical workshops to China's swine industry<sup>16</sup>**

China's swine industry is in the midst of transitioning from backyard and small scale production to large scale production within confined facilities. With this transition comes demand for new feeding, production and health management techniques.

The US Grains Council (USGC) recently offered several workshops on the newly released National Swine Nutrition Guide and FORMULATOR, a least-cost ration balancing program. The workshops were designed to help workers improve their swine nutritional program and understanding of modern nutritional concepts. Dr Bob Thaler, professor of swine extension and nutrition at South Dakota State University, led several workshops, which attracted as many as 300 people from 25 provinces, including leading swine producers, feed millers and swine researchers.

The overwhelming interest in Dr Thaler's sessions reflects the modernization of China's system and its need for greater quantities of uniform, high-quality feedstuffs to make their operations work.

According to Dr Thaler, that's where US corn, sorghum, barley and distiller's dried grains with solubles (DDGS) come into play.

## **Zhongpin to open new pork plant in Jiangsu province<sup>17</sup>**

Zhongpin is to work on a new processing plant and a distribution centre to produce chilled and frozen pork and prepared pork products and to broaden its cold-chain logistics business. This will be Zhongpin's first production and logistics entry into the eastern China market, including Shanghai and the Yangtze river delta area.

The plant will be located in Jiangyan, Jiangsu province, and will be operated through a new subsidiary company named Taizhou Zhongpin Food Co., Ltd., with an initial registered capital of US\$7.3 million.

Construction will begin in August 2010 in two phases, with the production lines mainly for chilled pork and frozen pork and the related cold-chain logistics system to be completed in the first

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<sup>15</sup> ThePigSite News June 24, 2010

<sup>16</sup> ThePigSite News June 10, 2010

<sup>17</sup> ThePigSite News June 14, 2010

phase in the third quarter of 2011. The second phase, with the production lines mainly for prepared pork products, is expected to be completed in the first quarter 2012. The plant will occupy an area of 220 Mu (about 36 acres). Zhongpin will invest US\$63 million in the new plant, including the land use rights. About 60 percent of the plant's advanced equipment will be sourced globally. Zhongpin says it will install the world's most advanced production processes, quality assurance systems, integrated information technology systems, and cold-chain logistics in its plants and distribution systems to ensure the highest quality and safety of its products.

The plant's annual capacity will be about 130,000 metric tons, with chilled pork, including easy-to-cook pork, accounting for about 80,000 metric tons, frozen pork for about 20,000 metric tons, and prepared pork products for about 30,000 metric tons.

### **AgFeed announces stocking agreement<sup>18</sup>**

AgFeed Industries, Inc., one of the largest independent hog production and animal nutrient companies in China, announced an agreement on terms for the stocking of the first phase of the Xinyu production pod starting in the fourth quarter of 2010 with PIC (Pig Improvement Company), a division of Genus PLC.

This stocking will include 16,800 high health-breeding females and the Grand Parent stock to create a closed herd multiplication ("CHM") system. The CHM system is the best system available in China for maintaining high health production units.

AgFeed's production pod development in Xinyu is being pursued in partnership with local government as part of the strategy of AgFeed, Government & Farmer. Phase one of this development includes three 5,000 head sow farms and a boar stud to support future growth. Phase two of the Xinyu production pod will add two more 5,000 head sow farms bringing the Xinyu total to 25,000, capable of producing over 550,000 market hogs annually.

### **WTO against US ban on Chinese poultry products<sup>19</sup>**

An interim report issued by the World Trade Organization (WTO) says the United States import ban on China's poultry violates Sanitary and Phytosanitary Measures, or the SPS Agreement - which spells out how governments can apply food safety and animal and plant health measures - as well as most-favored-nation (MFN) treatment and general elimination of quantitative restrictions under the WTO legal framework.

The US can appeal against the decision, according to WTO rules, but the report will be considered the panel's final verdict if the US loses the appeal.

In April 2009, China filed an appeal with the WTO to protest a key clause in a US law, which prohibits Chinese exports of poultry. China argued that section 727 of the Omnibus Appropriations Act of 2009, which was signed into US law in March 2009, violates the rules of the world trade body.

According to the US law, no government funds should be made available for establishment or implementation of a rule allowing imports of poultry products from China - deemed a de facto ban on Chinese poultry products.

### **Jamesway offered technical sharing and education seminars<sup>20</sup>**

<sup>18</sup> Pig Progress.net June 17, 2010

<sup>19</sup> ThePoultrySite News June 17, 2010

Jamesway Incubator Company attracted over 175 guests to their incubation seminars, which were held in Beijing and Yantai city recently.

These seminars offered the opportunity for technical sharing and educational gain on incubation practices in the Chinese industry. Attendees ranged among many influential players in the market, including members from the largest GP broiler farm Yisheng and the largest GP layer farm Beijing Yukou.

Seminar topics included Breeder Management and the Effects of CO<sub>2</sub> on Chick Development by Dr. Keith Bramwell, Professor from the University of Arkansas; Good to Better Incubation and Improving Multi Stage Incubation by Jerry Garrison, Jamesway Consultant and Technical Advisor, and Heat Recovery Solutions for Platinum Machines by VP of sales and marketing Keith McGlone.

### **Sinofert aims for 100 superstores by 2012<sup>21</sup>**

Sinofert Holdings Limited, China's biggest fertilizer company, opened its first one-stop superstore selling agricultural production materials and technological and financial services to farmers in Pingdu city, east China's Shandong Province on June 18.

The new agricultural superstore, with an investment of 30 million yuan (US\$4.4 million), integrated retail, distribution, technology and finance services, the company said.

Farmers could buy all agricultural materials, including fertilizers, pesticides, seed and farm machinery, and obtain small loans and other financial or technological services in one go, said Feng Mingwei, deputy general manager of Sinofert.

He said Sinofert would expand the number of agricultural superstores to 100 across the country by the end of 2012.

With an annual production capacity of 10 million tonnes of fertilizer, Sinofert now has more than 2,000 distribution centers.

### **Raw milk prices rise<sup>22</sup>**

China's raw milk prices have risen about two percent. Fresh milk prices have gone from 2 yuan to 2.3 yuan per bag - an increase of 15 percent. The price of yogurt has risen from 1.6 yuan per cup to 1.9 yuan per cup, an increase of 18 percent. Recent increases in fresh milk prices are mainly due to the rise in raw milk prices.

Since last October, raw milk prices rose until stabilizing in March and April of this year; however, there continues to be a gradual rising trend.

The source of milk is the fundamental basis for milk enterprise development. Many parts of the country are showing signs of looting milk sources. After the "melamine incident" of 2008, many dairy farmers sold or slaughtered their cattle, resulting in a decline in raw milk supply. At present, the dairy market is staging a strong recovery, but companies are recovering much faster than dairy farmers, and supply and demand is imbalanced.

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<sup>20</sup> WorldPoultry.net June 1, 2010

<sup>21</sup> Global Times June 18, 2010

<sup>22</sup> TheCattleSite News June 14, 2010

If things continue in this way, the Chinese dairy industry will face an even greater crisis.

### **Pfizer to sell China swine vaccine unit for US\$50 mln<sup>23</sup>**

Pfizer is selling its swine vaccine business in China to Harbin Pharmaceutical Group for US\$50 million, a source with direct knowledge of the deal said.

The disposal was required by the Anti-Trust Bureau of China's Ministry of Commerce as a condition for approval of Pfizer's US\$68 million merger with Wyeth, which closed last October, said the source, speaking on condition of anonymity because the deal had not been announced yet.

The deal marked the first time China had ordered a foreign company to divest a locally-based business as a condition for approval of a merger with another foreign company, as part of a review under the country's anti-monopoly law that took effect in August 2008, the source said.

Other bidders for the asset included Novartis, Eli Lilly, Boehringer Ingelheim, and Agenix, the source said. Harbin Pharmaceutical, which counts Warburg Pincus among its major shareholders, manufactures and distributes generic antibiotics drugs in China.

### **Archer Daniels Midland eyes AgBank IPO<sup>24</sup>**

US food giant Archer Daniels Midland will invest up to US\$200 million at Agricultural Bank of China's upcoming share sale, in what could be the world's largest initial public offering.

The purchase would put the US company among several other major investors at the massive IPO next month, including the sovereign investment funds of Qatar and Kuwait, Britain's Standard Chartered bank and two Hong Kong tycoons.

The Qatar Investment Authority is set to be the single biggest investor as it plans to buy US\$2.8 billion worth of shares. The Kuwait Investment Authority will invest between US\$500 million and US\$1 billion in the sale.

Archer Daniels Midland will buy between US\$100 million and US\$200 million worth of AgBank shares.

ADM is one of the world's biggest food companies and produces goods ranging from cotton seed and peanuts to ethanol and animal feed.

AgBank - the last of China's big four lenders to list - plans to float its shares in Hong Kong and Shanghai next month. Recent estimates of the size of the offering have ranged from about US\$19 billion to about US\$28 billion.

### **VIV China 2010 reflects growth perspectives<sup>25</sup>**

The VIV China will be held in Beijing from September 6-8, 2010. The international world of suppliers and buyers active in China will come together at the NCIEC, located near the international airport.

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<sup>23</sup> Reuters June 1, 2010

<sup>24</sup> Seed Daily June 22, 2010

<sup>25</sup> Pig Progress.net June 28, 2010

Over 250 national and international exhibitors at VIV China 2010 will represent their solutions within the Feed to Meat chain. The organizers expect a strong representation of buyers from all over China.

China currently is front runner in the world in the field of growth opportunities for the animal production and processing industry. The country has huge potential for expanding its domestic agro-food industry as well as the production of the systems needed to support the industry.

Rising living standards not only lead to a greater consumption of meat and therefore the demand for feed, but also result in a greater diversity of meat consumption, which, in turn, has an impact on the types of feed produced.

While pig and poultry feeds dominate production, highest growth rates are being recorded for production of dairy and aqua feeds. This growth in demand for meat, and consequently feed, will present China with increasing challenges.

According to the Rabobank, there are already large regional variations in the availability of feed ingredients and, as demand rises, the country will have to look to importing more cheaply, processing more efficiently, or finding alternatives.

The market for graded eggs in China is also expanding rapidly. The ongoing urbanization results in more graded eggs in the supermarkets. Providing such a top quality eggs required is a niche in the market for the Chinese egg industry.

### **Wind power to blow strongly<sup>26</sup>**

China is expected to increase its total offshore wind-power capacity from 5,000 megawatts in 2015 to 30,000 megawatts by 2020, a senior official at a hydropower institute said.

"Shanghai as well as Jiangsu, Zhejiang, Shandong and Fujian provinces have already submitted their offshore wind power blueprints. Their combined offshore wind power capacity could reach 22,800 megawatts by 2020," said Wang Minghao, vice president of Hydropower Planning Research Institute, who spoke at the Offshore Wind China Conference.

The provinces of Liaoning, Hebei, Guangdong and Hainan as well as Tianjin and the Guangxi Zhuang Autonomous Region are also studying plans to develop offshore wind power projects, Wang added.

China is aggressively expanding its renewable energy consumption to reduce reliance on polluting fuels like coal and oil, and plans to increase the proportion of renewable energy to 15 percent of the country's overall energy mix.

The existing total capacity of China's offshore wind power generation was not revealed but power capacity rose by 63 megawatts in 2009, according to observers.

China's first offshore wind power demonstration project - Shanghai Donghai Bridge Offshore Wind Farm - has already been successfully installed with total installed capacity of 102 megawatts. It could meet the needs of over 200,000 Shanghai households when fully operational. It is also the first offshore wind farm outside Europe.

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<sup>26</sup> Shanghai Daily June 8, 2010

## Statistics

Agricultural produce average prices from 200 major production counties June 1-10, 2010<sup>27</sup>

Product	Grade/Unit	Price (CNY)	Percentage changes as compared to last period (% , May 20-31, 2010)
Corn	Unprocessed / kg	2.10	1.95
Soybean	Unprocessed / kg	5.11	0.45
Hsien rice	Unprocessed / kg	2.18	0.17
Japonica rice	Unprocessed / kg	2.67	0.54
Wheat	Unprocessed / kg	2.05	-0.32
Rapeseed	kg	4.15	-0.11
Peanut	Shelled / kg	9.69	0.20
Hog	Finisher / kg	9.67	-0.41
	Piglet / kg	13.84	-0.51
Broiler	Ready for slaughter / kg	11.61	0.57
Live cattle	Ready for slaughter / kg	16.62	-0.07
Live sheep	Ready for slaughter / kg	17.34	-0.04

<sup>27</sup> National Bureau of Statistics

## Major meat retail price June 2010<sup>28</sup>

### Pork (Lean):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
A. 06/11/10-06/20/10	B. 06/01/10-06/10/10	C. 05/11/10-06/20/10	D. 06/11/09-06/20/09	(A-B)/B	(A-C)/C	(A-D)/D
20.4348	20.4336	20.54	19.76	0.01%	-0.51%	3.41%

### Egg:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
E. 06/11/10-06/20/10	F. 06/01/10-06/10/10	G. 05/11/10-05/20/10	H. 06/11/09-06/20/09	(E-F)/F	(E-G)/G	(E-H)/H
7.70	7.58	7.56	7.50	1.58%	1.85%	2.67%

### Chicken:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
I. 06/11/10-06/20/10	J. 06/01/10-06/10/10	K. 05/11/10-05/20/10	L. 06/11/09-06/20/09	(I-J)/J	(I-K)/K	(I-L)/L
14.72	14.78	14.80	14.34	-0.41%	-0.54%	2.64 %

### Beef (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
M. 06/01/10-06/10/10	N. 05/21/10-05/31/10	O. 05/01/10-05/10/10	P. 06/01/09-06/10/09	(M-N)/N	(M-O)/O	(M-P)/P
34.14	34.26	34.28	33.54	-0.35%	-0.40%	1.74%

<sup>28</sup> China Animal Agriculture Association