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China Agricultural Newsletter – November 2010

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Laws, Regulations and Policies

State Council announced 16 measures to stabilize prices¹

China's State Council has released a notice ordering local governments and related ministerial agencies to take 16 measures to stabilize commodity prices.

The 16 measures are shown as follows:

1. Boost agricultural production.
2. Stabilize supply of agricultural products.
3. Reduce the delivery cost of agricultural products.
4. Ensure supply of fertilizers.
5. Coordinate coal, power, and oil and gas supplies.
6. Disburse temporary price subsidies.
7. Establish coordinated social-security mechanism linked with price rises.
8. Continue to implement the provisions for standardizing charges.
9. Actively and steadily push forward price reform.
10. Standardize management and processing of agricultural products.
11. Intensify supervision on futures and electronic transaction market of agricultural products.
12. Improve laws and regulations for price supervision.
13. Strengthen price supervision and inspection and anti-price monopoly law enforcement.
14. Enhance price information release system.
15. Hold provincial governors accountable for the prices of 'rice bags' and make mayors responsible for "vegetable baskets."
16. Establish inter-ministerial joint conference system for market price control.

Local governments and departments are required to boost production and ensure supply while checking irrational demand and punishing illegal activities that push prices up.

From December 1, road-toll stations are forbidden to collect fees from vehicles transporting fresh agricultural products, including vegetables, fruits, aquatic products, meat, eggs, and milk. Potatoes, sweet potatoes, fresh corn, and fresh peanuts are new items added to the free-from-road-toll list, as the notice said.

Food price rules to release²

¹ Xinhua News Nov. 20, 2010

² China Securities Journal Nov. 16, 2010

The Chinese government will release a series of adjustment measures to restrain rocketing food prices, the China Securities Journal reported, citing sources close to authorities.

The National Development and Reform Commission, China's economic and social development policy formulator, is likely to release some strict rules to stabilize food prices, the report said.

Measures such as price fixing plans, food price control systems in cities, public subsidies, and harsher punishment for hoarding and market manipulation activities will be introduced soon. Administrative intervention details will be included in the soon-to-be-released measures. When food prices see a continuous, excessive increase, the government will set a price ceiling to regulate the market, the report said.

The shopping basket program (a policy to guarantee vegetable supplies in cities) will be strengthened to make sure that vegetable self-sufficiency is high enough to prevent supply shortages. According to the new measures, if the rate of rising prices exceeds expectations, local governments will release subsidies to offset the hikes, the report said.

In addition, the price manipulation on cotton and corn will lead to more serious punishment, according to the report.

The prices of 18 staple vegetables rose 62.4 percent across the country during the first 10 days of November, compared to a year earlier.

Further concentration of farms in Five-Year Plan³

The proportion of standardized large-scale animal production is set to increase by 10 to 15 percent during the China 12th Five-Year Plan period (2011-2015).

At the National Meeting on Establishment of Standardized Demonstration Farms for Livestock and Poultry Production held in Yichang, Hubei Province, the Ministry of Agriculture (MOA) stated that by 2015, the proportion of large-scale production of major animals would be raised by 10 to 15 percent and the number of standardized farms would account for 50 percent of the total of large-scale farms; productivity of those standardized large-scale farms would be improved; the animal waste would be treated to reach the standards for discharge or utilized as a resource; and the quality and safety of animal products would be substantially upgraded.

To carry out the nationwide activity on establishment of standardized demonstration farms for livestock and poultry production launched by MOA early this year, the state has invested RMB 3 billion to support establishment and transformation of standardized pig and dairy cattle farms/farming areas and it has also allocated RMB 500 million of specialized funds to help the farms/farmers that apply standardized farming practices by offering rewards instead of subsidies.

All the local authorities have been working hard to develop this program into an image or a brand through well-organized implementation, increased financial input, enhanced technical guidance and advocacy for active participation of farms/farmers, ushering in a new climax for development of standardized large-scale animal production. So far, MOA has release the first list of 1276 standardized demonstration farms and granted them the plates for such an honor.

New policies to fully support agricultural equipment industry⁴

³ ThePoultrySite Nov. 9, 2010

According to information from the Ministry of Industry and Information Technology (MIIT), the draft for soliciting opinions for the "Agricultural Equipment Industry Development Policies" has been drawn up by the MIIT. The agricultural equipment industry is expected to be "fully" supported by government policies.

Agricultural equipment enterprises that comply with the industrial policies will enjoy a preferential tax rate of 20 percent for the enterprise income tax. Agricultural equipment enterprises that comply with state conditions for high and new technology enterprises will enjoy a preferential tax rate of 15 percent for the enterprise income tax.

In investment and financing, the government encourages key agricultural equipment enterprises raise funds through going public and issuing corporate bonds. Domestic financial institutions, particularly the policy banks, should give financing priority to large-scale agricultural equipment enterprises' projects.

In addition, small and medium-sized agricultural equipment enterprises will also enjoy state support for SME development policies.

To encourage agricultural equipment enterprises larger and stronger, the State encourages large enterprises or enterprise groups with advantages in technology, management, and capital to merge, acquisition or restructure agricultural machinery and accessories manufacturers.

Vegetable oil rules tightened⁵

Companies participating in state sales of vegetable oil can not buy more than 5,000 metric tons in a single purchase or volume that exceeds 30 days of usage, according to a note posted on the National Grain & Oil Trade Center website.

Companies must package the bulk oil they buy in a timely manner and bring it to market within 30 days. They may not resell oil in bulk that was bought from the government.

Purchases accumulated in one month may not exceed a 45-day supply, it said.

Fertilizer tariff hiked to stem exports⁶

China will impose a 110 percent tariff on some fertilizer exports in December in order to ensure adequate domestic fertilizer supplies for the coming spring, according to a statement released by the Ministry of Finance (MOF).

The new export tariff includes a 35 percent increase in the temporary tariff and 75 percent in a special tariff.

Those fertilizer affected by the new tariff include urea, diammonium hydrogen phosphate, ammonium dihydrogen phosphate, and the mixture of diammonium hydrogen phosphate and ammonium dihydrogen phosphate.

The MOF said the tariff hike seeks to curb fertilizer exports, ensure domestic fertilizer supplies for the coming spring and help control the rapidly rising prices of domestic agricultural products.

⁴ Shanghai Securities News Nov. 24, 2010

⁵ Xinhua News Nov. 25, 2010

⁶ Global Times Dec. 1, 2010

Prior to December, China had been implementing the slack season tariff for fertilizer. Under those rules, the exporter would pay a 7 percent tariff if the price is lower than RMB 2,300 per ton, and if the price is higher than RMB 2,300, the exporter would pay a 100 percent tariff for the difference between the price and the RMB 2,300.

Foreign, local firms' tax burdens unified⁷

China will charge foreign firms with operations two additional taxes - construction tax and education surcharge - in a measure taking effect Dec.1, according to a State Council announcement in late November.

The measure makes most of the taxes imposed on domestic and international companies equal. But it also means foreign enterprises' expenditures on local operations will rise by up to 10 percent.

Analysts said the effect on foreign investors is limited, and they must adapt to the new situations in China and regard it as a market rather than just a low-cost production center.

Early on in its reform and opening to foreign enterprise, China launched super-preferential tax policies for international companies in a bid to propel its economic growth, and the internationals were exempt from some taxes. Over the past few years, the preferential policies have gradually been phased out.

According to the Ministry of Commerce, China's FDI grew from January to October by 16 percent from a year earlier, and October is the 15th consecutive month that the FDI registered positive growth since the start of the financial crisis.

Rules regarding foreign firms' representative office registration⁸

China published a regulation on the registration administration of resident representative offices for foreign companies. The regulation, to become effective in March 1, 2011, includes rules on the registration, establishment, information change, cancellation of registration and legal responsibilities of the representative offices of foreign companies.

According to the regulation, such representative offices are not allowed to conduct business in China, but they can perform market surveys, product or service display and promotion and liaise on behalf of their parent companies.

A foreign company needs to apply to China's State Administration for Industry and Commerce or its local branches in order to register a representative office or change an office's name or address.

The foreign company must be in existence for at least two years before applying to establish a representative office.

Any representative offices that are found operating without valid registration or engaging in any profitable business operations may be subject to administrative fines of between RMB 50,000 (USD7,507) and RMB 500,000 (USD75,075).

⁷ China Daily Dec. 1, 2010

⁸ Xinhua News Nov. 26, 2010

Additionally, foreign companies are required to appoint one chief representative for their offices and can appoint one to three other representatives according to business needs.

The offices are required to submit an annual report to the registration authorities between March 1 and June 30. The report should include information about the parent companies, representative offices' operations, and their balance sheets, which must be audited by auditing firms.

The regulation will also apply to the representative offices set up on the Chinese mainland by companies from Hong Kong, Macao and Taiwan.

RMB 57 billion allocated to support education in rural areas⁹

Ministry of Finance announced it would allocate RMB 56.63 billion (USD8.46 billion) from the central government budget to support nine-year compulsory education in the country's rural areas in 2011.

In a break down, RMB12.94 billion would be used for textbook purchases, RMB33.53 billion for schools' general expenses, and RMB5.87 billion for allowances to students in boarding schools from poor families in the central and western regions. Meanwhile, RMB4.29 billion would be allocated for the renovation of classrooms and dormitories in these less developed regions.

More funds are expected to be allocated after approval next year by the National People's Congress, China's top legislature.

According to China's Compulsory Education Law, Chinese children are entitled to nine years of free education, covering primary and junior high schools.

A white paper released in September by the government showed that by the end of 2009, about 99.7 percent of the nation's school-age population had access to nine-year education, and 99.5 percent of all counties offered nine-year compulsory education.

Industry and Business Watch

Rural land disputes lead unrest¹⁰

About 65 percent of mass incidents in rural areas are triggered by land disputes, which are affecting rural stability and development more than any other issue, land experts said.

China's quick urbanization has provoked a new round of land seizures in rural areas to facilitate economic development, Yu Jianrong, a professor with the Rural Development Research Institute of the Chinese Academy of Social Sciences, said.

"Since the reform and opening-up, more than 50 million farmers have lost all their land and nearly half of them have no jobs or social insurance. This has caused social conflict," Yu said. Land disputes are mainly caused by forced land acquisition, low compensation and unfair appropriation of the compensation, Yu said.

⁹ China Daily Nov. 3, 2010

¹⁰ Beijing News Nov. 6, 2010

Land transactions have become a substantial contributor to local governments' revenue. For the past two decades, the difference between the land compensation paid to farmers and the market price of the seized land is about RMB 2 trillion (USD294 billion) for 14.7 million hectares, Yu said.

Zheng Fengtian, a professor of the School of Agricultural Economics and Rural Development of the Renmin University of China, said that due to the conflict between the shortage of land for construction required for quick economic development and the strict "red line" of 1.8 billion mu (120 million hectares) of arable land - the least amount necessary to feed the country's 1.3 billion population - local governments turn to rural homesteads for development.

Local governments from more than 20 provinces and autonomous regions across the country are forcing rural residents to move to high-rise apartment blocks to increase the amount of arable land since the Ministry of Land and Resources issued a new document on rural housing land in 2008. The document said local governments could increase arable land through housing land reclamation.

Zou Xiaoyun, deputy chief engineer of the China Land Surveying and Planning Institute, said many local governments are using the document to gain assets, which is not its intention.

8.5 million tons of grain reserve released on market¹¹

National Development and Reform Commission (NDRC) said that 8.5 million tons of state-reserved grain and cooking oil were released from Nov 23 to 26 to ensure market supply meeting the demand and to stabilize prices.

A total of 25.5 million tons of state-stockpiled grain and cooking oil had been released on the market since the end of October, the NDRC said. These stockpiles included 5.4 million tons of corn, 13.5 million tons of wheat, 6.3 million tons of rice and 300,000 tons of rapeseed oil.

Imports of corn and soybeans increased¹²

China's imports of corn and soybeans are soaring with the former increasing by 8,644 percent to 1.22 million tons in the first nine months of the year.

Previously China was almost a net exporter of corn but analysts predict this year imports will reach 1.65 million tons. Industry researchers said the country will boost its grain imports along with the nation's efforts in pushing forward urbanization.

The annual output for corn climbed to 166 million tons in 2008. Last year the output declined because of cold weather. However output this year may rebound to 2008's level, researchers said.

China is the world's second largest user of corn. Driven by rising living standards and consumption of meat, poultry and dairy products, the consumption of feed for livestock has increased, and now accounts for about 80 percent of the corn output. In addition, the deep processing sector for starch, citric acid and ethanol production consumes about 35 million tons of corn annually. A total of 4 million tons is used in making ethanol alone.

¹¹ Xinhua News Nov. 17, 2010

¹² TheCattleSite News Nov. 22, 2010

China has imported about 50 million tons of soybeans this year, a figure that will continue to increase, said researchers. The crushing industry tends to use imported transgenic soybeans because they are cheaper. As a result, China's traditional transgenic-free soybeans have encountered a shrinking market for years. The way forward for the domestic soybean industry lies in shifting to the production of edible soybean food such as tofu and other vegetarian produce and developing its own competitive edge in both the domestic and global markets, said analysts.

COFCO to return GM corn imported from US¹³

COFCO will return 5.4 tons of genetically modified (GM) corn imported from the United States after forbidden GM ingredients were spotted, the National Business Daily reported.

"The return of the shipload of corn is in process now, the GM ingredient MON89034 found in the corn is not allowed," according to the Shenzhen Entry-Exit Inspection and Quarantine Bureau. The corn arrived at Shekou port in Shenzhen in September, and the decision was made in October, sources said.

"The company is negotiating on returning, and the exporter bares the responsibility and the expense of the incident according to the contract," said Zhang Xinyue at COFCO's public relations department.

A spokesman of United States Department of Agriculture said the industry representative is negotiating with Chinese counterparts. COFCO imported the shipload of corn at prices below RMB 1,620 per ton, the newspaper said.

China allows 11 varieties of GM corn to be imported among more than 20 in the world.

Wholesale vegetable prices surge¹⁴

The Ministry of Commerce said average wholesale vegetable prices in 36 cities reached RMB 3.9 (USD 0.59) per kilogram, surged by 62.4 percent year-on-year in the first 10 days of November.

The data added to concerns about inflation after the National Bureau of Statistics announced a consumer purchasing index of 4.4 percent for October. Foodstuffs showed the strongest growth at 10.1 percent, the bureau said.

However, it said that in the first 10 days, price hikes of food products were not overdone, citing statistics in 50 cities, with the price of cucumbers showing the highest rise of 5.6 percent.

According to the Ministry of Commerce, the wholesale price of garlic shot up by 95.8 percent and that of ginger jumped 89.5 percent, compared with the same period last year.

In the meantime, increases in the price of solanaceous vegetables, including tomatoes, eggplants, chilies and bell peppers, were more conspicuous than those in leaf vegetables.

Seasonal increases, which were seen no earlier than October in previous years, took place in June, four months earlier than anticipated said the ministry.

¹³ National Business Daily Nov. 30, 2010

¹⁴ China Daily Nov. 16, 2010

A cluster of factors, including natural disasters, the increasing cost of vegetable cultivation, and speculation, caused the price hikes. Meanwhile, surges were also seen in the costs of labor, diesel and related factors in the transportation process.

Stockpiled pork, sugar sold to cut prices¹⁵

The government is trying to cool double-digit food price rises by releasing stockpiled frozen pork and sugar to boost supplies in markets, according to the Ministry of Commerce spokesman Yao Jian at a regular briefing.

Mr. Yao said the government also is taking steps to increase vegetable production, though he gave no details of that or the pork sales. Pork is China's staple meat and prices are closely watched to ensure poor families can afford it.

The price of sugar rose 1 percent in the first week of November over a week earlier, meat and eggs by 0.8 percent and cooking oil by 0.5 percent, according to the ministry.

The government maintains stockpiles of grain, frozen pork and some other staples in case of shortages. It released stockpiled pork in 2008 after shortages caused China's last spike in inflation.

China-EU Pig Summit briefing¹⁶

At the 2nd China-EU Pig Summit, organized by the German Agricultural Society (DLG) in association with the China Animal Agriculture Association (CAAA) and European Pig Producers (EPP) during the EuroTier exhibition in Hanover, Germany on Nov. 16-19, 2010, the following information have been conveyed.

Pork consumption rate

The average rate of consumption of pig meat per person in China may not increase above the present level between 2010 and 2020, said Dr. Ma Cheung, vice-secretary general of the CAAA. But the growth rate of 60 to 70 million people per year forecast for China's human population over this period would still take the total annual amount consumed to about 52 million tonnes by 2020.

Herd productivity is an issue for Chinese pig farmers, said Dr Ma. Out of the 65 million farms producing pigs in China, about 62 million are extremely small. But even changing the annual production of each smallholder by a single pig would mean 62 million pigs being added to or taken from the national total.

Consumption is equally susceptible due to the large numbers involved. Incidents such as the incorrect naming of the H1N1 influenza virus as swine flu and the decision by a Beijing community to have one meat-free day each week have shown how consumer perceptions can have a highly significant impact on the demand for pork.

Livestock production in China faces an increase of restrictions aimed at protecting the environment, Dr Ma reported. Most Chinese pork at present is produced in the East of the

¹⁵ ThePigSite News Nov. 16, 2010

¹⁶ PigProgress.net Nov. 29, 2010

country, but a move to more northern areas could be considered in order to gain better access to land and grain.

Pig breeding resources

New initiatives have been launched to improve China's pig breeding resources, said Dr Wang Lixian, head of the Swine Science Division at the Chinese Academy of Agricultural Sciences. After rather slow progress in the last ten years, the decision was taken in 2009 to re-launch the national swine genetic improvement program and in 2010 an expert group was formed to work with selected nucleus herds.

The plan is to focus on 50 nucleus farms with about 50,000 purebred sows for the 2010-2012 period and to double these numbers between 2013 and 2016.

Zhongpin expects hog prices trend to remain steady¹⁷

Zhongpin Inc., a leading meat and food processing company in China, commented on the outlook for hog and pork prices in China.

Since early October 2010, hog prices have maintained a slight rise and in that period have hit a high for the year to date. Pork prices have generally also risen during this fourth quarter of 2010.

Looking at the hog breeding sector, during the second half of 2010 the hog breeding industry in China is now profitable. Rising hog prices further increases breeders' profits and encourages farmers to replenish hog stocks. Currently in the hog market, supply and demand are essentially in balance. Therefore, the trend for hog prices is expected to be steady by the end of this year.

PCV vaccine developed in Henan¹⁸

A vaccine against porcine circovirus (PCV) has been successfully developed in Henan Province by Luoyang Pu-Like Bio-Engineering Co., Ltd.

According to the introduction, this PCV vaccine independently developed by China could create direct economic benefits of over RMB 1 billion and reduce the loss from the disease by over RMB 36 billion during the four years' protection period, and help the swine industry save vaccination expenses of RMB 3 billion each year.

PCVD is globally recognized as a major disease that jeopardizes the swine industry, and also one of the three major diseases that do harm to China's swine industry.

The vaccine has been granted the National Registration Certificate for New Veterinary Drug and the production approval document number as well as the approval to be marketed as a national-level new veterinary drug of the second category from the Ministry of Agriculture (MOA).

Bluestar Adisseo seeks HK\$1.56b in IPO¹⁹

Bluestar Adisseo, one of China National Chemical Corp (ChemChina) subsidiaries, is planning to raise as much as HK\$1.56 billion from an initial public offering (IPO), and is banking on its strong industry position to get good responses from investors.

¹⁷ PigProgress.net Nov. 25, 2010

¹⁸ ThePigSite News Nov. 5, 2010

¹⁹ China Economic Net Nov. 23, 2010

Currently, Bluestar Adisseo is the world's second largest producer of methionine. Its Vitamin A output ranks third in the world, and Vitamin E fourth.

The company will use 40 percent of the IPO proceeds to expand and improve its European plants, and another 40 percent to develop its feed business, according to a company statement.

The move will help Bluestar improve its technology and management, making ChemChina more multinational.

Bluestar is building a large plant in Nanjing to produce liquid methionine. The plant is expected to come on stream in the second half of 2012, with a capacity of 140,000 tons.

According to a new report from Global Industry Analysts released this year, China is the second largest manufacturer of animal feed, and one of the largest consumers of methionine in the world. However, China currently has no methionine producer, but estimated annual demand stands at 120,000 tons.

Alltech aims to triple animal nutrition sales in China in two years²⁰

Alltech, one of the world's largest animal nutrition companies, said it will quicken the pace of its investments in the China market and hopes to triple its sales in China within two years.

The company recently opened a new facility in Tianjin. After a USD12 million investment, the first phase of the plant can now produce four kinds of animal nutrition products with an annual output capacity of 30,000 tons. Another USD20 to 30 million will be injected within two years to expand production capability.

Pearse Lyons, Alltech's founder and president, said that to reach USD1 billion in sales in 2015, the company must be active in China, the world's largest and one of its fastest-growing markets, and ensure that local production is better adapted to the market.

Alltech has been in China for 16 years. According to Jiang Nan, general manager of Alltech East Asia, the trend in the animal husbandry industry will be to increase the scale of the operations and the quality of the breeding. She also said the bottleneck in the animal nutrition industry is a raw material shortage. So Alltech has started investing in technology to convert cellulose to energy, and use yeast and minerals more effectively.

Lyons said Alltech is the seventh-largest animal nutrition company in the world and will strive to become No. 3 within five years.

Seed time for almond industry²¹

China is expected to overtake Spain to become the largest export market for Californian almonds next year, with increasing awareness of healthy eating and rising purchasing power among consumers.

According to the Almond Board of California, export volume of almonds from the United States to China has increased from 10,000 tons in 2002 to 60,000 tons in 2009.

²⁰ China Daily Nov.30, 2010

²¹ China Daily Nov. 6, 2010

All the almonds sold on the Chinese market are from California, according to the board.

The board plans to invest more than USD5 million in the Chinese market during its next crop year (Aug 1 to July 31, 2011), to further boost sales expansion. The investment figure was less than USD1 million four years ago.

According to market research conducted by the board in May of this year, 49 percent of Chinese consumers said they are eating more almonds compared with the previous year, and 51 percent of them said they will further increase consumption in the next 12 months.

Most consumers in China consider almonds a holiday food and buy them as a gift, said Kristi Saitama, associate director of the board's Asia bureau.

In recent years, almond consumption has increased significantly in the Pearl River and Yangtze River deltas, where large numbers of affluent people reside, said Saitama. The next phase for consumption growth will focus on Northeast China, she added.

Starbucks to open China coffee farm, securing global supply²²

Starbucks Corp. signed a deal with the Yunnan provincial government to set up its first-ever coffee-bean farm in the world to cater to a rapidly growing population of coffee drinkers in China amid a global battle for quality coffee beans.

Starbucks Chief Executive Howard Schultz said the company will work with farmers to improve yields and incomes, and the first beans will be harvested in three years.

China's thirst for coffee is surging. Coffee sales climbed 9 percent last year to RMB 4.6 billion (USD694 million), according to research company Euromonitor International. Starbucks currently operates 400 stores in mainland China and has plans to open a thousand more in the coming years, Mr. Schultz said.

China is poised to become Starbucks' second-largest market behind the U.S. Fierce competition is brewing in China. McDonald's Corp. is rolling out new McCafés and adding coffee bars to some existing outlets across China. China Resources Enterprise Ltd, a Hong Kong-based company that currently operates 90 Pacific Coffee chains in Asia, has 1,000 new China outlets in its pipeline, according to the company. Costa Coffee, owned by Britain's Whitbread, PLC, is cranking out more than 250 new stores in the next three years.

Starbucks is hoping that the quality of its Yunnan-grown coffee will be good enough to sell globally. Until now, Yunnan's beans have been used only for lower-quality instant coffees. Nestlé, which has a 68% share of the instant market, started buying beans from Yunnan in the late 1980s. Since then, other leading coffee companies, such as Kraft Foods and Maxwell House, have been buying China's arabica.

China has over the past decade encouraged farmers to swap out tea for coffee to bring in higher revenue and tax dollars. The Yunnan government plans to increase the amount of land it allocates for coffee growing and plans to invest RMB 3 billion in the next decade to increase coffee production to 200,000 tons annually from 38,000 tons.

²² The Wall Street Journal Nov. 15, 2010

Coca-Cola to invest more in China as its potential No.1 world market²³

Coca-Cola, the world's number one soft drink producer, is to increase investment in China, which has a great potential to become its biggest market.

Muhtar Kent, Chairman and CEO of the Coca-Cola Company, said: "We continue to invest heavily, expanding our existing plans, expanding our distributions, warehouse, and our brands. Without a question China will become the first (market) because our business is about people. More consumers in China will mean more business", after announcing in Hohhot, the capital city of Inner Mongolia Autonomous Region, the opening and near completion of three new bottling plants in China.

The combined investments in the three plants in Hohhot, Luohe of Henan Province and Sanshui of Guangdong Province amount to RMB 1.6 billion (about USD240 million). The new investments are part of a three-year expansion program of Coca-Cola in China, which involves USD 2 billion, a latest display of the company's long-term commitment to its business in China.

China is now the third biggest market of Coca-Cola following the United States and Mexico.

VIV China back to biennial frequency²⁴

After careful consultation with exhibitors and visitors of VIV China, China National Animal Husbandry Service and VNU Exhibitions Europe, organizers of this trade exhibition in the animal husbandry industry have agreed to move VIV China back from a yearly to a biennial frequency.

Most stakeholders involved feel currently a two year cycle will fit market needs better. VIV China will take place in Beijing in the even years.

Dates of VIV China 2012 will be announced soon.

Statistics

Agricultural produce average prices from 200 major production counties Nov. 1-10, 2010²⁵

²³ Xinhua News Oct. 29, 2010

²⁴ PigProgress.net Nov. 15, 2010

²⁵ National Bureau of Statistics

Product	Specification/Unit	Price (RMB)	Percentage changes as compared to last period (% , Oct. 20-30, 2010)
Corn	Unprocessed / kg	2.10	0.29
Soybean	Unprocessed / kg	5.31	1.48
Hsien rice	Unprocessed / kg	2.26	0.82
Japonica rice	Unprocessed / kg	2.71	-0.61
Wheat	Unprocessed / kg	2.14	0.47
Rapeseed	kg	4.32	1.07
Peanut	Shelled / kg	10.47	1.76
Unginned cotton	Unprocessed / kg	10.82	15.86
Hog	Finisher / kg	13.06	2.77
	Piglet / kg	16.79	1.05
Broiler	Ready for slaughter / kg	12.04	1.22
Live cattle	Ready for slaughter / kg	16.91	0.85
Live sheep	Ready for slaughter / kg	18.43	1.34

Average food prices in 50 cities Nov. 1-10, 2010²⁶

Item	Specification/Unit	Current price (RMB)	Percentage changes as compared to last period (% , Oct. 20-30, 2010)
Rice	Japonica rice / kg	4.86	1.0
Flour	Strong flour / kg	4.38	0.5
Flour	Standard wheat / kg	3.57	-0.6
Soy products	Bean curd / kg	3.57	2.3
Peanut oil	Pressing /5 Lin barrel bulk	101.51	2.5
Soyabean oil	5 Lin barrel bulk / 5 Lin barrel bulk	56.45	3.5
Rape seed oil	Grade 1 in bulk / kg	11.92	3.5
Pork	Rump / kg	22.50	2.3
Pork	Belly meat / kg	21.43	2.0
Beef	Leg / kg	35.24	-0.1
Mutton	Leg / kg	39.32	2.1
Chicken	Frozen fresh chicken / kg	16.90	1.3
Chicken	Breast / kg	18.60	0.5
Ducks	Frozen fresh duck / kg	15.82	1.7
Eggs	Fresh eggs in bulk / kg	9.67	3.8

²⁶ National Bureau of Statistics

Major meat retail price November 2010²⁷

Pork (Lean):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
A. 11/11/10-11/20/10	B. 11/01/10-11/10/10	C. 10/11/10-10/20/10	D. 11/11/09-11/20/09	(A-B)/B	(A-C)/C	(A-D)/D
25.58	25.28	24.78	22.68	1.19%	3.23%	12.79%

Egg:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
E. 11/11/10-11/20/10	F. 11/01/10-11/10/10	G. 10/11/10-10/20/10	H. 11/11/09-11/20/09	(E-F)/F	(E-G)/G	(E-H)/H
9.68	9.40	9.12	7.70	2.98%	6.14%	25.71%

Chicken:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
I. 11/11/10-11/20/10	J. 11/01/10-11/10/10	K. 10/11/10-10/20/10	L. 11/11/09-11/20/09	(I-J)/J	(I-K)/K	(I-L)/L
16.38	16.10	15.96	14.44	1.74%	2.63%	13.43 %

Beef (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
M. 11/11/10-11/20/10	N. 11/01/10-11/10/10	O. 10/11/10-10/20/10	P. 11/11/09-11/20/09	(M-N)/N	(M-O)/O	(M-P)/P
35.00	34.84	34.64	34.06	0.46%	1.04%	2.76%

²⁷ China Animal Agriculture Association