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China Agricultural Newsletter – December 2010

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Laws, Regulations and Policies

Surveillance of agricultural product prices increased¹

National Development and Reform Commission (NDRC), China's top economic planner, ordered price surveillance authorities to keep prices of agricultural products stable over the coming New Year and Spring Festival holidays.

The NDRC said in a notice that relevant departments must work to maintain a free flow of fresh agricultural products. They should also lower costs of circulation and give subsidies to needy families. The notice also required the departments to crack down on hoarding of agricultural commodities. It also ordered them to keep an eye on prices for public services like accommodation and road tolls.

Despite government efforts to rein in prices, inflation is accelerating, causing Chinese consumers and enterprises to worry. The consumer price index jumped to a 28-month high at 5.1 percent year-on-year in November, exceeding the government's full-year target of 3 percent.

Grain purchasing prices to further raise²

The Ministry of Agriculture official said they will hike the minimum purchase price for grains and improve storage systems during the next five-year plan (2011-2015).

The Ministry's spokesman Chen Mengshan said in a press conference the agriculture development plan for the 12th Five-Year Plan has taken shape and major efforts will be made to ensure food security.

Chen also said China will further support new energy development, mainly biogas, in rural areas. China has been investing heavily in biogas development every year.

USD 15 billion to invest in farmland³

The government plans to invest more than RMB 100 billion (USD15 billion) over the next five years to ensure enough farmland to guarantee China's food security, the Ministry of Land and Resources said.

¹ Xinhua News Dec. 25, 2010

² Shanghai Securities Journal Dec. 9, 2010

³ Xinhua News Dec. 20, 2010

The investment will improve about 4 million hectares of land and replenish an additional 670,000 hectares of arable land in major grain producing areas. These are Hebei, Jilin, Heilongjiang, Jiangsu, Anhui, Jiangxi, Shandong and Hubei provinces, and the Inner Mongolia and Guangxi Zhuang autonomous regions.

The plan will add 10 million tons to China's annual grain capacity, the Ministry said.

China began improving its farmland's per-unit grain production capacity by upgrading the ecological environment for cultivation beginning in 2008. The move was made to alleviate food security concerns over shrinking arable land amid the country's rapid economic growth and urbanization.

The government has improved 4 million hectares of farmland and turned another 1.33 million hectares of reserve land into arable farmland, boosting its cultivated land productivity by about 10 to 20 percent, the Ministry said.

Billions to invest for water resources project⁴

China will intensify its construction of water conservation facilities with priorities given to improving irrigation infrastructure for grain security and projects against drought and floods, according to Chen Lei, Minister of Water Resources.

Both central and local authorities will increase investment for water conservation construction, including a 10 percent levy on income earned from the leasing of land. It is expected that about RMB 200 billion (USD30 billion) will be invested in constructing water conservation projects in 2011, with a year-on-year increase of 10 percent.

The funds will be used mainly on improving various water conservation facilities for mitigating disasters, renovating water supply for key and medium-sized irrigation regions and ensuring safe drinking water for 60 million rural residents.

Over the next 10 years, Chen said he hopes China can double its current average annual investment in water conservation construction.

The total investment in water projects over the past five years reached about RMB 700 billion, with a record amount of nearly RMB 300 billion being allocated by the central government.

Modern agriculture in NE region to boost⁵

China's central government pledged to support the northeastern region by boosting its development of modern agriculture.

A guideline, mapped out by the National Development and Reform Commission and the Ministry of Agriculture, was publicized by the General Office of the State Council on the central government's official website.

The guideline expects the region to harvest more than 100 million tonnes of grain annually by 2015. Northeastern China should catch up with developed countries in terms of land output rates and labor production rates, according to the guideline.

⁴ China Daily Dec. 25, 2010

⁵ Global Times Dec. 4, 2010

The northeastern region in the guideline refers to Liaoning, Jilin, Heilongjiang Provinces and the Inner Mongolia Autonomous Region.

Tax reform to speed up⁶

China's tax reforms could soon gather speed, as officials and experts vowed to accelerate "structural" tax reductions to ensure a fairer system during the coming five years.

The government is expected to cut individual income tax for low to middle-income groups, in addition expanding the range of value-added taxes and decreasing sales duties in the service sector. Meanwhile, policymakers may increase pilot programs for resource taxes and launch property taxes in selected cities soon.

Figures from the Ministry of Finance showed that the middle-income band, with a monthly income of between RMB 8,000 (USD1,198) and RMB 20,000 (USD2,995), has become a main pillar of revenue collection as taxpayers in the group contributed 22 percent of total individual income tax.

Companies would benefit from a reduction in the sales tax and an expansion of the range of value-added taxes in the service sector. These moves would lower their tax expenses and facilitate the development of tertiary industries.

Industry and Business Watch

546.41 million tons of grain output in 2010, up 2.9 percent⁷

Statistics released by the National Bureau of Statistics on December 3, 2010 show that China's grain output this year increase by 2.9 percent to 546.41 million tons, making 2010 the seventh consecutive year of higher output.

According to the announcement, of the total grain production, the summer grain output is 123.10 million tons that is 0.39 million tons less than the previous year, and the early rice 31.32 million tons, 2.04 million tons less. Preliminary statistics show that the autumn grain is 391.99 million tons, an increase of 1.801 million tons from last year. Consecutive years of good harvest have contributed to stable consumer prices.

In 2010, the grain planting area has reached 109.872 million ha or 0.8 percent up from year before. In the year, over 13 million ha of expanded corn planting area has led to increased output of 4.41 million tons.

In this year, grain yield is up to 4 973 ton per ha, which is 103 kg per ha higher than the previous year. Thanks to higher yield, the total grain output has increased by 1.118 million tons.

Risk looms despite good harvest⁸

Although the country's grain harvest achieved its seventh consecutive increase this year, the risk of decreased output looms, a leading official has warned.

⁶ China Daily Dec. 21, 2010

⁷ Ministry of Agriculture Dec. 6, 2010

⁸ China Economic Net Dec. 28, 2010

Central Rural Work Leading Group Deputy Director Chen Xiwen published a signed article in *Caijing* magazine in December, highlighting concerns that the country's agricultural production has been increasingly threatened by rapid industrialization and urbanization.

While domestic grain output from 13 major production areas in 2009 exceeded 397 million tons and accounted for 77 percent of the total, only 33.6 million tons of grain, or 6.5 percent of nationwide production, came from the seven most populous municipalities and provinces, including Beijing, Shanghai, Zhejiang and Guangdong - areas that consumed more than 97 million tons of grain, the article said.

Earlier this month, the Office of State Flood Control and Drought Relief Headquarters revealed a wheat planting area of 3.87 million hectares had been plagued by a drought caused by higher temperatures and water shortages along the Yellow and Huaihe rivers' floodplains. The drought-affected area accounted for 19 percent of the country's winter wheat planting base.

China imported 42.6 million tons of soybeans in 2009, which was three times the nationwide output, or more than half of the world's soybean trade volume. Soybean imports are estimated to reach 48 million tons this year.

"As more soybeans are imported, domestic prices may be greatly affected by the world market, leading to a series of price fluctuations among related agricultural products," Chen said in the article. "There will not likely be a shortage of agricultural products next year, but price fluctuations will be an increasing public concern."

Govt plans for output losses due to climate change⁹

China has been working to reduce the risk of decreasing grain harvests caused by global warming in coming decades.

Estimates placed the losses suffered by 2030 at between 5 percent and 10 percent if climate change continues, Chinese Academy of Agricultural Sciences Deputy Dean Tang Huajun said. The threats climate change generates include shrinkages of arable land, water shortages and extreme weather, Tang said.

The country plans to boost annual grain output to 550 million tons by 2020, a 50 million ton increase over 2007. "But the output of the country's three main foods - rice, wheat and corn - may suffer a 37 percent decline in the second half of this century if the government fails to take effective measures to address climate change's impact," Tang said.

Experts have said current monitoring suggests global warming will lead to changes in the locations in which these three staples are planted. Rising temperatures have already caused the planting area for winter wheat, which is more vulnerable to extreme weather, to shift up to 200 kilometers northward. The rice planting area has significantly increased in the northeastern provinces of Liaoning, Jilin and Heilongjiang.

A research project, looking at root and tuber crops as means to ensure adequate food supplies, is under way.

⁹ People's Daily Dec. 28, 2010

The government in February signed an agreement with the International Potato Center, a Peru-based research institute, to open a major research center in Beijing. "Part of the center's mission is to develop varieties that grow quickly and can adapt to regions throughout China," Xie Kaiyun, a leading potato scientist at the International Potato Center's Beijing office, said.

The State Council announced earlier this year that it will provide subsidies to farmers who grow high-yield seed potatoes.

More grain reserve put on market¹⁰

China's state grain reserve released 8.6 million tons of grain on to the market from Nov 29 to Dec 3 to ensure market supply and stabilize prices, said the National Development and Reform Commission (NDRC).

The figure was up by 136,000 tons from the amount the previous week, with market prices seeing small declines and trade shrinking visibly, the NDRC said. The reserve included 1.8 million tons of corn, 4.5 million tons of wheat, 2.1 million tons of rice and 296,000 tons of soybean.

Previous figures showed a total of 25.5 million tons of stockpiled grain and cooking oil had been released on to the market since the end of October.

The NDRC said the reserve grain put on the market had begun to be effective in ensuring supplies and stabilizing prices.

Corn coming into the market during the 1st week of December was traded at RMB 1,843 (USD276.8) per ton, down RMB 9 from the previous week, and rice at RMB 1,960 a ton, down RMB 1, while wheat prices rose RMB 1 to trade at RMB 1,900 per ton. Meanwhile, the contraction in trade volume indicated an ample supply of grain on the market, it said.

Corn trade fell by 85,000 tons to 340,000 tons from the previous week, while that of wheat dropped by 448,000 tons to 627,000 tons and rice by 259,000 tons to 416,000 tons.

Due to high import volumes, no soybeans were sold on the market, said the NDRC.

Efforts ease produce's path to marketplace¹¹

China is stepping up efforts to simplify the means of bringing agricultural products to the marketplace to reduce costs and address rising inflation.

These efforts will also help international retail giants such as Wal-Mart and Carrefour optimize their purchasing systems in China and ease the way for exports of agricultural products, said officials.

The 12th Five Year Plan (2011-2015) sets as a goal that consumers in medium and large cities will be able to buy one-third of their fresh produce at supermarkets, as opposed to the current 15 percent, said Minister of Commerce Chen Deming.

¹⁰ Xinhua News Dec. 9, 2010

¹¹ China.org.cn Dec. 30, 2010

With the fiscal support of the central government, the Ministry of Commerce and the Ministry of Agriculture jointly launched a pilot program in 2009 that has been making it easier for international and domestic supermarkets to purchase directly from farmers.

In the past two years, supermarkets in China have signed contracts with farmers totaling RMB 5 billion yuan (USD755 million), reducing the average cost of bringing agricultural products to marketplace by 10 to 15 percent.

Han Changfu, minister of agriculture, said the program was effective in fighting price increases in agricultural products throughout October and November, with vegetable prices remaining relatively stable in supermarkets. The program has helped train farmers in brand-building and the income of those involved rose on average about RMB 4,000, according to the statistics.

About 2,000 companies have participated in the initiative, including Wal-Mart, Carrefour and the domestic supermarket Wu-Mart.

Chen called on big retailers to purchase more produce directly from farmers in second- and third-tier cities and said such programs will help introduce international quality-certification systems to these areas to improve food safety.

As of November, Wal-Mart, the world's biggest retailer, had set up 62 produce-purchasing bases in 18 Chinese provinces and cities. It now buys agricultural products from 730,000 farmers nationwide.

Carrefour, the second-largest retailer, has set up purchasing centers in 19 cities and established cooperation with more than 300 production bases.

China's total retail sales rose by 18.4 percent year-on-year to RMB 13.92 trillion in the first 11 months, according to the National Bureau of Statistics.

Rabobank: Food prices to surge next year on Chinese Demand¹²

Farm-commodity prices including corn will extend rallies next year driven by increased demand from emerging markets including China, the world's most populous nation, and higher energy costs, according to Rabobank Groep NV.

There was "rampant demand" for agricultural commodities from China, and rising corn prices may drive gains in other grains, according to a report from analysts at the bank. Surging crude-oil costs, low global food stockpiles and a weakening dollar may also bolster prices, the report said.

Rabobank's predictions add to forecasts that food costs may surge next year, potentially raising inflation and paving the way for a reprisal of the bull market in 2008, when prices surged to records. Increased Chinese purchasing of global crops is "reshaping" some farm commodity markets, the report said.

"Corn will drive the grains complex" next year, with China importing as much as 8 million metric tons, the report said. "We look for higher energy prices in 2011 to be a catalyst for higher agricultural prices."

Corn imports into China may gain to a record next year and the country was working to start shipments from Argentina, the U.S. Grains Council said on Dec. 15. China may purchase as

¹² Bloomberg Dec. 22, 2010

much as 15 million tons of corn from overseas by 2015, according to a forecast from Shanghai JC Intelligence Co. in July.

Demand from China for more foodstuffs from overseas may match the country's recent increase in soybean purchases, the report said. Soybean imports, which were 10 million tons 10 years ago, may reach 57 million tons in 2010-2011, the report said, citing a U.S. Department of Agriculture forecast. Such a projected volume of imports is "staggering," the report said.

"China now accounts for 60 percent of global soybean imports, in addition to approximately 20 percent of world-traded soybean oil," the report said. "Such tremendous growth is likely to be replicated in other commodities as China's shifting consumption patterns increase demand."

Energy prices may gain, raising the attractiveness of biofuels made from farm commodities and boosting fertilizer prices, the report said. "Higher energy prices have an effect on sugar and corn prices," it said.

Crude oil may climb to more than USD100 a barrel by the second half of 2011 as global demand growth "remains strong," according to a Dec. 13 forecast from Goldman Sachs Group Inc.

December soybean shipments may decline 2 percent¹³

China's soybean imports may decline to 5.3 million tons in December, compared with about 5.4 million tons in November, according to the Ministry of Commerce.

Inbound soybean oil shipments may total 195,000 tons in December compared with 99,100 tons last month and palm oil arrivals may be 214,100 tons, down from 341,800 tons, the ministry said in a statement on its website.

Vegetable prices fall for fifth week¹⁴

Prices of vegetables in China fell for a fifth week since the start of November this year, as combined price declines reached 17.4 percent during the period, a report by the Ministry of Commerce said Dec. 14.

For the week of Dec. 6-12, prices of 18 types of vegetables in 36 major cities were down 3.6 percent compared to the previous week, and down by 4.5 percent year on year, the report showed.

The report said the price fall was partly due to policies by the government to encourage vegetable planting. Figures from local government departments showed planned increases in the size of farmland for growing vegetables this winter. Guangxi and Hainan would increase the size of planting areas by 9.1 percent and 8.8 percent, respectively, compared to last winter. Meanwhile, Yunnan and Guangdong provinces also planned to raise the size of planting areas by 7.1 percent and 2.8 percent, respectively.

The report also said local governments have been working to maintain the stability of vegetable prices by further strengthening the link between production and sales.

US-China trade talks to tackle IPR and beef¹⁵

¹³ Xinhua News Dec. 8, 2010

¹⁴ Gov.cn Dec. 14, 2010

¹⁵ China Daily Dec. 14, 2010 Poultry e-News Dec. 16, 2010

The two-day US-China Joint Commission on Commerce and Trade (JCCT) annual meeting tried to ease tension and seek more cooperation in bilateral economic development, especially in IPR protection, trade and investment policies.

A wide range of topics - from IPR, trade, agriculture, telecommunication, medical devices, investments and travel - have been covered in addition to a review of the progress made by more than a dozen working groups.

China has been trying to get the US to recognize its market economy status for years through this platform and it remained on the top of its agenda. China also urged the US to relax exports of high-tech products and give its investors fair treatment when they do business in the US.

The JCCT meeting resulted in several initiatives and resolutions, including seven new agreements covering agricultural issues. Agricultural collaboration, soybean exports, statistics and promotion of investment in the US were among the topics discussed, and the beef market was of particular interest to both countries. "I am pleased with the progress made today towards resolving our differences on beef access," said Agriculture Secretary Tom Vilsack. "Technical talks will resume as soon as possible with the goal of re-opening China's market in early 2011. This is a vital outcome for our farmers and ranchers, underscoring the importance of the JCCT in providing a forum for our stakeholders."

In addition to agriculture, the JCCT covered intellectual property rights enforcement, neutral technology standards, clean energy and government procurement.

Zhongpin to build a new pork plant¹⁶

Zhongpin Inc., a leading meat and food processing company, announced that it would build a new 100,000-metric ton pork processing plant as well as a R&D, test, and training complex in its home city of Changge, Henan province.

The new facility will add 100,000 metric tonnes of capacity for prepared pork products, including Chinese-style, western-style, half-cooked, and easy-to-cook pork products. Adjacent to the production facility will be a new center for advanced R&D, test, training, and other support functions.

Zhongpin plans to invest USD58.5 million on the construction. More than 80 percent of the production equipment will be internationally sourced. Zhongpin consistently selects the best and most advanced equipment, processes, and integrated information systems for its plants. The payback period for the project is expected to be about 5.75 years.

Construction for the first phase of 50,000 metric tonnes for prepared pork products is scheduled to start in the first quarter 2011 and be completed by the third quarter 2011, and the second phase, also with an annual capacity of 50,000 metric tonnes for prepared pork products, is expected to be completed in the fourth quarter 2012. The R&D, test, and training center is also expected to open by the fourth quarter 2012.

Tianli Agritech acquires tenth hog farm¹⁷

¹⁶ PigProgress.net Dec. 14, 2010

¹⁷ ThePigSite News Dec. 17, 2010

Tianli Agritech, Inc., a leading producer of breeder hogs and market hogs based in Wuhan city, announced that it has entered into an agreement to purchase the assets of Hengdian Farm, a 20,000 head annual production capacity hog farm located in Wuhan city and owned by Wuhan Taida Breeding Co. Ltd.

The agreement calls for payment of approximately USD1.4 to 1.6 million to the seller to be finalized upon the transfer of equipment. The company expects to close the transaction by the end of December 2010.

Tianli have acquired and integrated multiple farms over the past four years. After upgrading the farm equipment and completing the cleansing process, Tianli will populate the farm with high-quality breeding stock. It is expected the breeders will arrive in February, enabling the initial production to be brought to market in the fourth quarter of 2011. Once it reaches full operating capacity in 2012, it will generate annual revenue of approximately USD4.5 million at current market prices, with a targeted operating margin of approximately USD1.8 million.

Through this acquisition, Tianli will acquire the rights to 462 acres of land, 30 buildings and a variety of associated equipment. Tianli plans to invest approximately USD500,000 to upgrade the farm's facilities and transfer its breeding stock to the Hengdian Farm. It is expected Tianli total annual hog production capacity would increase by approximately 36 percent to 150,000 hogs.

Danish breeding pig farm set up¹⁸

Danish-owned Scandinavian Farms has started construction of a new pig breeding farm in Jiangsu province. Scandinavian Farms Ltd. is a Danish-owned project development company within food and agriculture, which is established in China and based on competitive technology and know-how from Denmark.

The project is the first large-scale Danish investment in Chinese agriculture and is based on the concept "safe pork" and "farm-to-table" principles, for which Danish pig production is world-known.

Scandinavian Farms is owned by the two founders, Peter N. Rasmussen and Martin Hjort Jensen, together with a group of Danish investors from leading companies within agricultural technology and the feed industry. The subsidiary company, Scandinavian Pig Breeding Technology, which is going to run the breeding farm, is owned by Danish pig producers.

The project in Jiangsu is the first of its kind and will clear the way for several other projects in the future from which both China and Denmark can benefit.

2 flour additives may be banned¹⁹

China's health authority is soliciting public views on a proposed ban on two popular flour-bleaching agents that could take effect by next December.

A draft published on the Ministry of Health's website would ban benzoyl peroxide and calcium peroxide, because abuse of the two chemical whitening agents has recently triggered growing public concern.

¹⁸ ThePigSite News Dec. 15, 2010

¹⁹ China Economic Net Dec. 17, 2010

The ministry will seek public input until Dec 30. But an ongoing online poll by sina.com.cn has shown 91 percent of 36,600 respondents supported the ban.

"If the draft is approved, we will also ban importing flour containing the two additives," an official with the ministry's information office said. The ministry also said many developed economies, including the United States, Canada, Japan, Hong Kong and Taiwan, permit benzoyl peroxide's use.

China has allowed benzoyl peroxide use since 1986. It is currently legal in the country to use up to 60 milligrams of the additive per kilogram of flour, which is 20 percent lower than the 75-mg level recommended by the Codex Alimentarius Commission, an international organization that develops food standards.

"Nearly all flour you find in the country's markets contains whitening additives," said Sang Liwei, a food safety lawyer in Beijing and representative of the nonprofit Global Food Safety Forum. "Chinese consumers are used to buying white flour. And the additives raise flour's extraction rate, which lowers production costs," he said.

Benzoyl peroxide and calcium peroxide are strong oxidants that accelerate leavened dough's rise and bleach wheat flour.

But some experts have said they pose health risks. "The oxidants could damage flour's nutrients, such as beta-carotene," China Agricultural University Professor Li Lite said. The overuse of oxidants in food can increase cardiovascular disease risks, he explained. "Its influence can be seen only after long-term consumption," he said.

Recent inspections have found flour producers often overuse the chemicals.

Fertilizer giant Yihua to invest USD5 billion in new Xinjiang project²⁰

Hubei Yihua Chemical Industry Co Ltd, Asia's largest fertilizer producer, will invest RMB 33 billion (USD5 billion) in a coal chemical project in the Xinjiang Uygur autonomous region during the next five years.

The investment will involve the construction of a 1.2 million kilowatt thermal power plant and projects with an annual production capability of 1.2 million tons of synthetic ammonia, 2 million tons of urea, 1.8 million tons of calcium carbide, 1 million tons of caustic soda, 1.2 million tons of PVC, 2 million tons of semi-coke and 600,000 tons of alumina.

Altogether the company plans 10 major projects worth more than RMB 40 billion in several western regions, including Xinjiang, according to an earlier statement. Total sales from those projects are expected to exceed RMB 45 billion, it said.

The ammonia and urea production lines will come into operation in October next year, and others will be finished by the end of 2012.

ChemChina buys control of Makhteshim²¹

²⁰ China Daily Dec. 22, 2010

²¹ Bloomberg Dec. 28, 2010

China National Chemical Corp. (ChemChina) offered to buy a controlling stake in Makhteshim-Agan Industries Ltd., the largest maker of generic agricultural chemicals, in a deal valuing the Israeli company at USD2.4 billion.

ChemChina agreed to acquire 7 percent of Makhteshim from Koor Industries Ltd. and offered to buy all the publicly traded stock to bring its stake to 60 percent. The purchase price, based on current dollar exchange rates and taking into account some employee options, is 19.98 shekels a share.

Under the deal, Koor would receive a USD960 million non-recourse loan, which will be backed by Makhteshim shares, and may be redeemed in cash or in shares.

The transaction is likely to be completed by the third quarter of 2011, pending approval by Makhteshim shareholders and Chinese regulators, the Israeli company said.

ChemChina, the nation's second-biggest chemical company, has RMB 158.7 billion (USD24 billion) of assets. The state-owned company, with 10 listed subsidiaries in industries ranging from pesticides to plastics, tried to buy Australia's Nufarm Ltd. in 2007 to create the world's largest supplier of generic farm chemicals before the deal collapsed.

Generic companies like Makhteshim produce copies of top-selling insecticides once patents have expired. Makhteshim, which sells its crop-protection products in more than 100 countries, has a 5 percent market share in the global crop-protection market, according to the company's website. Its products include herbicides, insecticides, and fungicides. Makhteshim operates manufacturing plants in Israel, Brazil, Colombia, Spain and Greece.

Anti-dumping investigation into U.S. distiller grain imports started²²

China has started an anti-dumping investigation into U.S. shipments of dried distillers' grains, an animal feed ingredient, adding to tensions in ongoing trade disputes.

The government will probe for unfair trade practices on products imported in the year ended June 30 after receiving complaints from four domestic ethanol producers, the Ministry of Commerce said.

"This case against U.S. DDGS probably isn't an isolated incident and must be observed in the context of the two sides' trade relations," Li Qiang, managing director at Shanghai JC, said by phone. "The investigation outcome may not support the charge because prices of imported DDGS have been higher, so it'll be difficult to establish damages based on price,"

Imports of DDGS may jump nearly fivefold to over 3 million metric tons this year, according to Li. Still, the probe "may not have significant impact beyond the initial concern."

The investigation comes after the U.S. filed a complaint at the World Trade Organization against China over support for its wind-energy manufacturers. A government fund for wind manufacturers requires recipients to use domestically made parts, violating WTO rules, the U.S. Trade Representative's office said. China responded by saying its policies were in line with the regulations.

²² Bloomberg Dec. 28, 2010

Last month China said it would extend an anti-dumping probe on U.S. sports utility vehicles and large sedans and in October it said it would consider appealing a WTO decision to reject the bulk of its complaints against U.S. duties on imports of steel pipes. On Dec. 6, China said the U.S. will levy anti-dumping charges for five years on wax candles imported from China.

The Ministry will begin the investigation on Dec. 28 and will likely conclude the probe within a year. The probe may be extended under exceptional circumstances to June 2012, it said.

Nearly 70 percent of crop straws and stalks used²³

The Ministry of Agriculture (MOA) organized a nationwide survey on use of crop straw and stalk resources and released a report on Survey and Evaluation of Crop Straw and Stalk Resources Nationwide. According to the findings of the survey, up to now the utilization rate of crop straws and stalks has reached 69 percent. Of the total amount of straws and stalks that are made use as feed, fuel stuff (including new types of energy generated from straws and stalks), fertilizer, culture medium for edible fungus, and paper making are 211 million tons, 129 million tons, 102 million tons, 15 million tons and 16 million tons, respectively, or 30.69, 18.72, 14.78, 2.14 and 2.37 percent, respectively.

According to the report, the amount of collectable straws and stalks is 687 million tons, of which corn stalks, rice and wheat straws are 265 million tons, 205 million tons and 150 million tons, respectively.

Seed Intellectual Property Rights Alliance founded²⁴

In order to strengthen the protection for intellectual property rights in the seed industry and improve the overall competitiveness of China's seed industry, China Seed Intellectual Property Rights Alliance was officially established in Beijing on Nov. 30 under the initiative of the Ministry of Agriculture.

This Alliance was initiated by 53 influential agricultural research and teaching institutions, companies and social groups in the country. Its aim is to carry out IPR transfer, cross licensing and coordinate application through multiple cooperation approaches, such as resource sharing, collaborative action and self-disciplined mutual assistance, on the basis of equality and mutual benefit, and thus promote clustering of IPR toward the industrial technical system, realize added value and win-win results, enhance the core competitiveness of the seed industry and boost agricultural development.

This Alliance will establish a well-designed seed IPR information sharing system to provide its members with accurate and scientific information and early warning on IPR, introduce IPR information and technology from other countries, and guide the investment in forward-looking seed research activities and the application of research results in the industry. It will also set up a seed IPR management system to offer its members support for IPR management affairs, such as investigation for establishment of projects, examination of research results and assessment of IPR value. In addition, it will build an electronic IPR trading platform to provide comprehensive services on patents, plant variety rights, germplasms and biological materials, such as exhibition and introduction, value assessment, auction and mortgage financing.

²³ Ministry of Agriculture Dec. 16, 2010

²⁴ Ministry of Agriculture Dec. 1, 2010

Statistics

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

Product	Specification/Unit	Price (RMB)	Percentage changes as compared to last period (% ,Nov. 20-30, 2010)
Corn	Unprocessed / kg	2.13	0.35
Soybean	Unprocessed / kg	5.39	0.34
Hsien rice	Unprocessed / kg	2.37	1.29
Japonica rice	Unprocessed / kg	2.83	0.84
Wheat	Unprocessed / kg	2.18	0.32
Rapeseed	kg	4.49	0.85
Peanut	Shelled / kg	10.75	0.47
Unginned cotton	Unprocessed / kg	10.14	-7.84
Hog	Finisher / kg	13.73	0.82
	Piglet / kg	17.09	-0.33
Broiler	Ready for slaughter / kg	13.39	-0.13
Live cattle	Ready for slaughter / kg	17.15	0.35
Live sheep	Ready for slaughter / kg	19.25	1.22

Average food prices in 50 cities Dec.11-20, 2010²⁶

Item	Specification/Unit	Current price (RMB)	Percentage changes as compared to last period (% , Dec. 1-10, 2010)
Rice	Japonica rice / kg	5.03	0.4
Flour	Strong flour / kg	4.51	0.5
Flour	Standard wheat / kg	3.77	0.1
Soy products	Bean curd / kg	3.62	0.3
Peanut oil	Pressing /5 Lin barrel bulk	107.08	1.1
Soyabean oil	5 Lin barrel bulk / 5 Lin barrel bulk	57.51	-0.2
Rape seed oil	Grade 1 in bulk / kg	12.22	0.1
Pork	Rump / kg	23.17	-0.2
Pork	Belly meat / kg	22.38	-0.4
Beef	Leg / kg	35.43	-0.2
Mutton	Leg / kg	41.80	2.1
Chicken	Frozen fresh chicken / kg	17.23	-0.1
Chicken	Breast / kg	19.00	0.0
Ducks	Frozen fresh duck / kg	16.25	-0.1
Eggs	Fresh eggs in bulk / kg	9.76	-0.3

²⁵ National Bureau of Statistics

²⁶ National Bureau of Statistics

Major meat retail price December 2010²⁷

Pork (Lean):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
A. 12/11/10-12/20/10	B. 12/01/10-12/10/10	C. 11/11/10-11/20/10	D. 12/11/09-12/20/09	(A-B)/B	(A-C)/C	(A-D)/D
25.72	25.76	25.58	23.40	-0.16%	0.55%	9.91%

Egg:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
E. 12/11/10-12/20/10	F. 12/01/10-12/10/10	G. 11/11/10-11/20/10	H. 12/11/09-12/20/09	(E-F)/F	(E-G)/G	(E-H)/H
9.72	9.80	9.68	7.74	-0.82%	0.41%	25.58%

Chicken:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
I. 12/11/10-12/20/10	J. 12/01/10-12/10/10	K. 11/11/10-11/20/10	L. 12/11/09-12/20/09	(I-J)/J	(I-K)/K	(I-L)/L
16.68	16.66	16.38	14.54	0.12%	1.83%	14.72 %

Beef (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
M. 12/11/10-12/20/10	N. 12/01/10-12/10/10	O. 11/11/10-11/20/10	P. 12/11/09-12/20/09	(M-N)/N	(M-O)/O	(M-P)/P
35.04	35.00	35.00	34.26	0.11%	0.11%	2.86%

²⁷ China Animal Agriculture Association