



China Agricultural Newsletter – March 2011

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Laws, Regulations and Policies

New regulations on land rehabilitation issued¹

China's State Council enacted the Regulations on Land Rehabilitation, which took effect on Mar. 11. The new regulations, which have been drafted with the purpose of "treasuring land highly, making a rational use of land and protecting land effectively", cover measures taken to reclaim land destroyed by construction, production or natural disasters and to make the land usable again.

The new regulations are also aimed at reinforcing management of land rehabilitation activities and improving the social, economic and ecological benefits of land use.

The new regulations stipulate land damaged by construction should be rehabilitated by the companies or people held accountable for the damage. Government authorities at county level and above will be responsible for land damaged by natural disasters.

The new regulations also offer incentives for land rehabilitation, including tax refunds on farmland occupancy to companies or people that have rehabilitated land.

MIIT, NDRC drafting new regulations on food safety²

The Ministry of Industry and Information Technology (MIIT) and the National Development and Reform Commission (NDRC) are currently drafting a set of new regulations to improve food safety in China, according to a report by Shanghai Securities News.

The report said that in order to achieve better food safety, the two ministries are working on two guideline regulations: the 12th Five-Year-Plan for the food industry, including detailed development roadmap for sectors of processing meats, potatoes and grains; and the Implementation of Measures of Key Tasks to Improve Food Safety in 2011, which include setting access requirements to industries of concentrated fruits and vegetable and grape wine, closing down backward production facilities and technologies and tightening supervision into the abundance on standards.

¹ Xinhua News Mar. 12, 2011

² Shanghai Securities News Mar. 28, 2011

Recent issues like excessive use of (harmful) additives in pig feeds to produce more lean meat have sparked people's concern over food safety and instilled a necessity for "safer food", Liu Jiawei, analyst of Dongxing Securities, said.

Food tracking system expands³

China will double the number of cities in a pilot program that traces certain foods back to their source if a quality issue arises, officials from Ministry of Commerce (MOFCOM) said.

The system only tracks common Chinese staples, pork and vegetables, produced in the country, and the pilot program was launched by MOFCOM to track the quality of pork and vegetables in 10 cities across the country.

The program has proven successful quickly tracking down tainted meat last week when pork from Jiyuan Shuanghui Food Co, a subsidiary of Henan Shuanghui, was found to include a banned chemical, clenbuterol.

Yao Jian, a spokesperson with the ministry said: "The ministry plans to include 10 more cities into the program to further advance the quality tracking system for pork and vegetables. The key to the program is establishing a reverse tracking system up and down the food chain from farm production to the whole distribution system including grocery stores and dining tables in 20 cities", without specifying the names of the newly added cities.

So far, the system includes 168 designated slaughterhouses and 93 large wholesale markets in 10 cities across the country, he added.

China, EU to blend food quality norms⁴

China and the European Union are discussing integration of their respective food quality standards after identifying 10 food products bearing a quality mark in each other's market, said Dacian Ciolos, an EU commissioner.

"We are now negotiating with China to build up a mutual regulatory system for granting Geographical Indication marks," said Ciolos. "With this program, we hope to introduce more quality-guaranteed European agricultural products into China, and vice versa."

Geographical Indication, or GI, is a sign used on products to show its specific geographical location or origin.

Under the EU-China program, the yellow-blue labels guarantee quality, tradition, good taste, authenticity as well as high environmental and animal welfare standards, said Ciolos.

The pilot program, initiated in 2007, has started to bear fruit. Last year, 10 European food products, including Scottish farmed salmon, Stilton cheese and Prosciutto di Parma bearing the GI mark were allowed to be sold in China. Ten Chinese products, including the famed Longjing tea produced in Hangzhou, Zhejiang Province, Shaanxi apples and Zhenjiang vinegar, bearing the GI stamp were sold in EU supermarkets.

³ Global Times Mar. 23, 2011

⁴ Shanghai Daily Mar. 22, 2011

The next step may well be negotiating a future comprehensive bilateral agreement to integrate the current respective GI systems.

Huge recalls under way as pork scandal continues⁵

Supermarkets across the country were busy recalling meat products and taking packages off the shelves as a result of the growing scandal in which the banned clenbuterol was found in pork produced by an affiliate of China's largest meat processor Shuanghui Group.

The ongoing recall began on Mar. 17 when Shuanghui Group ordered its branches to recall all meat products processed by its Jiyuan affiliate. By Mar. 19, more than 2,000 tons of meat products and 70 tons of fresh meat had been recalled, the company said. But it did not reveal the total amount of the products that needed to be recalled.

The company suffered a major setback when China Central Television (CCTV) revealed that Jiyuan Shuanghui had purchased pigs that had been fed with the illegal additive clenbuterol. After the scandal broke on CCTV, the provincial authorities in Henan conducted urine tests on 1,512 pigs at nine pig farms. It said 158 pigs tested positive.

In addition, 271 kilograms of feed in the province that was found to contain the additive was destroyed. Three senior officials from the animal husbandry bureaus in the province were suspended from duty in the aftermath of the revelations. Another 27 officials in the province were in police custody or had been sacked or suspended.

A central government taskforce was established to oversee the local government of Henan Province to crack down on illegal production.

Dairy products inspection strengthened⁶

At least 20 percent of domestic companies will be kicked out of the dairy market at the end of this month following the latest inspection by the central government of China's fresh milk and infant formula producers, official sources revealed.

To help Chinese companies win back a bigger share of the domestic market, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) ordered its local branches to re-inspect dairy enterprises that had already obtained production licenses. The deadline to do so is March 31.

According to data released in late February by four provinces and an autonomous region that had completed the re-inspection - Fujian, Guangdong, Shaanxi, Sichuan and Ningxia - all but Sichuan saw 30 percent of its dairy companies fail. Those companies will have their licenses revoked by the government. In Sichuan, less than 20 percent of dairy enterprises failed.

The Dairy Association of China under the Ministry of Agriculture forecast that more than 20 percent of the country's dairy companies, accounting for about 10 percent of the market, will have their licenses revoked when the re-inspection finishes this month.

⁵ ThePigSite News Mar. 21, 2011

⁶ www.gov.cn Mar. 28, 2011

The obligation for every company engaged in dairy production in China to re-apply for licenses was imposed in November by AQSIQ, the Ministry of Industry and Information Technology, and the National Development and Reform Commission.

"Local quality supervision departments, especially those in major dairy producing areas, should speed up the inspection. Dairy producers who failed to pass the quality inspections will be forced to shut down," Li Yuanping, an AQSIQ spokesman, said recently.

According to the order, dairy companies must have equipment that can test for 64 additives, including melamine. The equipment will cost the companies RMB 3 million yuan (US\$456,000) to RMB 4 million yuan each.

China has more than 800 dairy companies at present. About one third of them had finished the application process by Feb 24, according to AQSIQ. The application deadline was postponed to the end of March, instead of March 1, as the original order in last November required.

Seed price and quality supervision strengthened⁷

As the demand for seeds used in agricultural production is in the peak period, seed prices in some areas this year have shown a trend of significant rise, due to the impact of adverse factors such as increasing prices of means of agricultural production and the abnormal climate. The National Development and Reform Commission (NDRC) and the Ministry of Agriculture (MOA) jointly issued an urgent circular, requiring that competent departments of agriculture and pricing should pay greater attention to and intensify the work regarding seed price and quality supervision and control in the new situation, in order to ensure sufficient supply for agricultural production.

The circular requires to set up a sound system for monitoring and reporting seed prices, take a timely, comprehensive grasp of the information about its overall supply and demand, mix of seed varieties, the source of supply and marketing models, promptly release the information to the public with respect to market supply and demand, quality evaluation and prices, and give farmers scientific guidance on their selection and use of seeds.

The circular stresses to effectively strengthen supervision and control of seed prices, i.e. developing emergency plans for supervision and control of seed prices, setting rational guiding prices, and adopting intervening measures, when necessary, in accordance with the law, to prevent significant fluctuation of prices. In addition, it calls for greater efforts in supervision of purchase, wholesale and retail of seeds, investigating and dealing with illegal pricing acts in accordance with the law.

Targets set for agricultural mechanization development in 2011⁸

A circular issued recently by the Ministry of Agriculture (MOA) sets individual targets of agricultural mechanization development nationwide in 2011 for the competent departments of farm machinery in each province, autonomous region and municipality.

The following five targets for 2011 set by MOA are to increase a. an overall mechanization level by 2 percentage points to about 54 percent; b. mechanized level of rice planting by 3 percentage points to 23 percent; c. mechanized harvest level of corn by 5 percentage points to over 30

⁷ Ministry of Agriculture Mar. 11, 2011

⁸ Ministry of Agriculture Mar. 17, 2011

percent; d. 15 million mu of farmland for preservation operations and complete mechanized farmland preparations for 14.83 million mu of farmland; and e. one million farmers for training who have just purchased farm machineries.

MOA asks all the local departments concerned to fulfill their targets through strengthening leadership, clarifying responsibility and striving for implementation. To this end, it is required for specific measures, progress schedules, management of performance and supports as well as policy measures, techniques, innovation and extension, well-organized technical service for mechanized farming operations, quality control, human resource development, integration of resources. By doing so, favorable environment and conditions for realizing targets set for agricultural mechanization in the country will be created.

RMB 250b yuan to invest in rural public projects⁹

China plans to set aside over RMB 250 billion yuan (US\$38.06 billion) for construction of public projects in rural areas in the five years to 2015 to improve rural public services, government officials said.

In 2011, the central government plans to allocate RMB 16 billion yuan to its award and subsidy mechanism for village-level public projects, Zhang Shaochun, vice finance minister, said during a video work conference.

The government will attach greater importance to construction of farmland irrigation and water conservancy projects in the five-year period, according to the conference.

China's government award and subsidy system for village-level public projects was launched in 2008 in the provinces of Heilongjiang, Yunnan and Hebei and was further expanded to 27 provinces by 2010.

In the past three years, central and local governments invested RMB 47.7 billion yuan in the program and around 630,000 public projects were built in villages nationwide, including road network construction, water canal building and trees planting.

Industry and Business Watch

Government vows to ensure bumper grain harvest in 2011¹⁰

The Chinese government vowed to take all necessary measures to ensure a bumper grain harvest for the eighth consecutive year.

China aims to keep its 2011 grain production over 1 trillion jin (500 million tonnes) while maintaining the grain planting acreage at last year's level, after the country has seen seven straight years of bumper harvests, said a State Council circular.

Efforts should be made to boost grain production and ensure food supply, so as to rein in inflation, maintain economic development and social stability, said the circular published on the official website of the Chinese government.

⁹ China Daily Mar. 17, 2011

¹⁰ www.gov.cn Mar. 23, 2011

The severe winter-spring drought in major wheat belt, less enthusiasm for wheat cultivation and rising production costs have complicated the grain production situation this year, said the statement.

To achieve good harvests this year, the Chinese government is promoting advanced farming techniques and efficient irrigation methods, it said.

Meanwhile, China will further develop high-yield grain crops, provide technical support to farmers, guarantee sufficient supplies of agricultural production materials, enhance market supervision, and strengthen efforts in disaster prevention and reduction, it said.

To encourage grain production, the government will offer additional funds to major grain-producing counties, provide subsidies for small irrigation and water conservancy projects, promote production technologies and increase subsidies for grain producers.

China's grain output rose 2.9 percent last year to 546.41 million tonnes, marking the seventh consecutive year of growth.

Urbanization “threatens food security”¹¹

Blind and excessive land exploitation in China's urbanization may partially contribute to the sharp decrease of the country's arable land and pose a threat to food security, Yang Weimin, secretary-general of the National Development and Reform Commission, the top economic planning body, has warned.

Yang said the country has approved more than 1,500 national- and provincial-level industrial development zones, the area of which account for nearly 1 million hectares. "But not all places need to massively boost industrialization and urbanization. For example, we should leave major agricultural and ecological areas as they are and limit their urbanization," he said.

Newly built urban areas in China had grown by 50 percent since 2000, while the urban population increase by only 26 percent during the same period, Yang said, which means the country's speed in urbanizing land almost doubles the rate for the urbanization of the population.

Chen Xiwen, director of the office of China Central Committee's Leading Group on Rural Work, said that China's arable land had declined by 8.3 million hectares in the past 12 years partly as a result of the country's urbanization.

Drought set to drag on longer¹²

The drought hitting agricultural areas might continue well into March because of predicted warm weather and no effective precipitation in the forecast, Chen Zhenlin, spokesman for the China Meteorological Administration said.

"If the proper air conditions exist, weather manipulation measures will be carried out in local provinces," Chen said.

¹¹ People's Daily Mar. 28, 2011

¹² China Daily Mar. 1, 2011

However, the size of the area affected by the drought is significantly smaller as a result of rain and snow that have fallen since Friday, the State Flood Control and Drought Relief Headquarters said on Monday.

Farm produce prices to see declining¹³

China's farm produce supplies have increased amid warming weather and the country will see a decline in prices soon, according to the Ministry of Commerce.

Supplies of necessities are adequate following the country's traditional Spring Festival, so prices are expected to fall steadily, Yao Jian, spokesman of the Ministry of Commerce, said at a regular news briefing.

Government efforts to support agricultural production, especially during the drought period, will help stabilize the supply of both grain and cooking oil, he said, adding that prices of these products will remain stable.

Major farm produce prices have been dropping since the beginning of February, according to the ministry. During the week ending March 20, wholesale prices of 18 vegetables in 36 major cities fell 3.4 percent from the end of January. Retail prices of eggs went down by 3.0 percent.

Grain prices “will be stable”¹⁴

Ample reserves will ensure stable grain prices, according to Zhang Ping, head of the National Development and Reform Commission (NDRC).

Some 100 million tons of wheat currently in storage, and stockpiles of other grains, account for 40 percent of the country's annual consumption, Zhang said at a news conference. Since last October, most parts of central and eastern regions, the key wheat-producing areas, have suffered severe drought. As a result, doubts surfaced over grain self-sufficiency.

But according to leading agriculturists and meteorologists the drought has had a limited effect on crop production. "The affected areas for winter wheat are less than one-third of the total, and the average output of winter wheat only accounts for 22 percent of the country's total grain output," said Chen Xiwen, director of the office of China Central Committee's Leading Group on Rural Work. Also, snow and rain in late February and early March, as well as irrigation, have helped ease the drought, Chen said.

During the news conference, Zhang spelled out a series of measures to curb rising food prices, including increasing subsidies for major grain-growing areas, better managing food reserves and reducing food transport costs.

Grain official calls for curbs on corn exports¹⁵

China should restrict exports of corn as well as downstream products, including starch and alcohol to ensure ample corn supplies for feed mills, Bao Kexin, the head of the China Grain Reserves Corporation (Sinograin), said. Sinograin manages the central government's grain reserves.

¹³ China Economic Net Mar. 22, 2011

¹⁴ China Daily Mar. 7, 2011

¹⁵ Reuters Mar. 6, 2011

The expansion of the corn processing industry as well as exports of corn products should be strictly controlled so to maintain the country's grain security, Bao said. "China has limited farmland. Corn shall be used mainly for animal feed and large volumes used for industry should not be allowed," he said.

China has ordered some corn processing plants to stop buying from farmers in the corn areas in the northeast since late last year to make way for purchases by Sinograin.

But prices offered by Sinograin were lower than prices by processors, making it difficult for Sinograin to fill state silos.

Bao also urged to reduce exports of meat and eggs, which also affect grain demand as part of efforts to keep more for domestic consumption.

Experts: Soybean self-sufficiency could be raised¹⁶

With enormous potential and a growing market, China will be able to raise its self-sufficiency rate in soybeans to 30 percent within three years, said Liu Denggao, vice-president of the China Soybean Industry Association.

China imported 54.8 million tons of soybeans in 2010, the largest in its history, compared with 15.2 million tons of domestic production, General Administration of Customs data showed. The country's self-sufficiency rate currently stands at 22 percent.

"To raise the self-sufficiency rate to 30 percent in soybeans is achievable with greater policy supports from the government and increasing production capabilities," Liu said. There is additional 2 million hectares of farmland that could be used for close proximity planting of soybeans, which will help boost the country's production levels. "To develop our full potential, the government should come up with a plan for industry development, focusing on better organizing soybean farmers, improving infrastructure in rural areas and upgrading agricultural machinery and storage facilities," he said.

The US Department of Agriculture released an outlook report for US agricultural trade on Feb 24, saying China is forecast to be the top market for US exports at US\$20 billion in the fiscal year 2011, and "record exports to China for the first quarter of the fiscal year were dominated by soybeans, which made up 77 percents of exports".

Heilongjiang Beidahuang Nongken Group seeks more overseas expansion¹⁷

Heilongjiang Beidahuang Nongken Group, the country's largest agricultural company, plans to expand its overseas business.

The group's chairman Sui Fengfu said it plans to acquire 200,000 hectares of farmland in Russia, the Philippines, Brazil, Argentina, Australia, Zimbabwe and Venezuela in 2011.

The group had invested more than RMB 250 million yuan (US\$38 million) in overseas projects between 2005 and 2010. While the expansion plan is global, practices differ in different places, Sui said. "In Venezuela and Zimbabwe, the group mainly provides machinery and laborers, and takes about 20 percent of the harvest in return," Sui explained. "In Australia, it is mainly through

¹⁶ China Economic Net Mar. 16, 2011

¹⁷ China Daily Mar. 14, 2011

the acquisition of local farmland. In Brazil and Argentina, the business model involves renting land." The group is continuing its operation in Russia, where it rents land for soybean cultivation, and has expanded into Mongolia.

The group will also work on the development of new varieties of such crops as corn and rice to boost output in the Philippines. "We first worked with local universities to develop new varieties for planting trials. Then we set up companies to deal with the high-yield seeds," Sui said.

New Hope Group seeks to expand further¹⁸

New Hope Group, one of the largest suppliers of meat, eggs and dairy products in China, provides more than 200 million poultry and half a million tons of milk, processes 8.5 million pigs each year. Last year, it sold 1.4 million tons of feed - the third highest in the world - and achieved revenue of more than RMB 60 billion yuan (US\$8.82 billion). The Group now employs 66,000 people and operates more than 400 factories in China and abroad.

Now the group is looking further afield, joining forces with the Zhongshan-based Agria Corp to buy a 50.1 percent stake of PGG Wrightson, New Zealand's largest agricultural services provider, with its grass seeds business ranking first in the southern hemisphere. The aim is to promote the seed industry development of New Hope Group, Mr. Liu Yonghao, President of New Hope Group, said.

This is New Hope Group's first venture overseas through an acquisition or merger. As early as 1996, New Hope expanded overseas and now operates 12 feed factories in Viet Nam, Cambodia, the Philippines, Indonesia and Bangladesh.

Mr Liu said: "Our target in the next five years is to build our company into a world-class feed producer and agribusiness operator."

To achieve this, he is seeking more international experience and wants to learn from success stories overseas such as those from the United States. "The US is the major producer and exporter of soybean and corn, while China is the major importer," he said. "And the US possesses advanced agricultural technologies and complete industrial chains, which are worth learning for Chinese."

Mr Liu says that over the next five years, New Hope will build 15 to 20 more factories overseas, generating sales of more than RMB 2 billion and profits of RMB 200 million.

AgFeed stocks hogs in Da Hua farm of Guangxi¹⁹

AgFeed Industries, Inc., an international agribusiness company with operations in the U.S. and China and one of the largest independent hog producers and manufacturers of animal nutrients in China, announced that it has begun the stocking of its western-style hog farm complex in the city of Da Hua, Guangxi Province.

The delivery of live animals to AgFeed's first western-style hog production pod in Da Hua represents a milestone for the introduction of advanced western style techniques, technologies and methods for the production of hogs in China. The initial Da Hua production pod will now transition from construction mode to production mode.

¹⁸ ThePigSite News Mar. 14, 2011

¹⁹ PigProgress.net Mar. 2, 2011

Netease CEO's pig farm settles in Zhejiang²⁰

Chinese Internet tycoons are showing growing interest in agriculture. A pig farm project started by Netease CEO William Ding nearly two years ago finally settled down in Anji County, Huzhou City, Zhejiang Province.

The piggery will cover an area of 800 square kilometers. Mr Ding's assistant Zhou Jiong revealed that the pig farm was designed by experts from the School of Architecture under Tsinghua University. Since all preliminary work has finished, it will soon start construction.

"Our aim is to build a Netease pig breeding demonstration base and to make it easy for others to copy our success. We do have a long-term plan for the pig farm," Zhou Jiong stressed. It seems both Ding and his company are taking the pig breeding project very seriously.

JSR breeding pigs make it to Guangzhou²¹

Over eight-hundred high health, genetically advanced breeding pigs have successfully touched down in Guangzhou, China. The animals were transported from the UK onboard a specially chartered 747 aircraft on behalf of JSR Genetics.

The pigs are the first shipment to Guangzhou Animal Husbandry Company (GZAH), based in Guangzhou city, which will stock a new breeding Nucleus farm. The pigs were JSR Genepacker GGP Gilts and JSR Geneconverter GGP Boars, and all arrived safely into their Chinese isolation.

China is home to half the world's pigs and pork consumption is growing as the Chinese choose to eat more meat. This is therefore the most important world market for JSR and will be the major source of growth for the company over the next 10 years, said Paul Anderson, International Sales Director, JSR.

Mr Wen Wei Long of the Guangzhou Animal Husbandry Company comments, "We are satisfied that JSR not only provide world class genetics but also the on-going technological support we need to fully realize the potential of our investment here in Guangzhou."

Broiler production to rise 4 percent in 2011²²

China's broiler meat production is expected to grow by 4 percent in 2011, according to a report by the U.S. Department of Agriculture's Foreign Agricultural Service, reaching 13 million metric tons by the end of the year.

In addition, China's broiler meat imports will decline 20 percent to 230,000 metric tons, following a 28 percent drop in 2010 due mostly to sharply lower imports from the U.S. resulting from China's measures of anti-dumping duties beginning February 2010 and countervailing duties effective in August 2010 on U.S. broiler products. The country's broiler exports will increase 8 percent to 410,000 metric tons following strong 2010 sales.

Financial leasers thrive in agriculture²³

²⁰ PigSiteNews Mar. 24, 2011

²¹ PigProgress.net Mar. 29, 2011

²² WattAgNet.com Mar. 23, 2011

²³ China Daily Mar. 3, 2011

Assets of China's financial leasing companies totaled RMB 310 billion yuan (US\$47.15 billion) in 2010, up from RMB 160 billion yuan the previous year, and their net profits after tax rose to RMB 3.7 billion yuan in 2009, from RMB 1.1 billion yuan in 2008, playing an increasing role in promoting agriculture.

After the government approved banks setting up financial leasing companies in 2007, banks were shareholders in nine of the 17 companies by the end of 2010. The companies lease often-costly agricultural equipment, helping farmers to save their cash flow.

The ICBC Leasing Co made a deal for more than 60 cotton pickers worth RMB 70 million yuan in Xinjiang Uygur autonomous region, the largest agricultural leasing deal last year. ABC Leasing Co reached a strategic cooperation agreement with the Xinjiang Production and Construction Corps to provide services for farmers.

Cai Esheng, vice-chairman of the China Banking Regulatory Commission, said that financial leasing can contribute greatly to the agricultural sector. "These leasing companies can cooperate with agricultural equipment manufacturers and agricultural product processing companies to find more business opportunities", he said.

Cong Lin, vice-director at the Financial Leasing Committee of the China Banking Association, said the agricultural industry has great potential because the mechanization rate of crops is now 49 percent and will grow to more than 60 percent by 2020, according to industry estimates.

Outstanding loans to farmers from rural lenders hit RMB 2 trln yuan²⁴

China's rural cooperative financial institutions played a vital role in providing financial services to farmers in 2010, China's banking regulator said.

The institutions' outstanding loans to farmers hit RMB 2 trillion yuan (US\$304.88 billion) last year, accounting for 78 percent of such loans issued by the country's banking system, the China Banking Regulatory Commission said in a statement.

The rural cooperative financial institutions helped boost agricultural output, increase the income of farmers, promote rural economic development and manage inflationary expectations, the statement said.

Further, the nation's rural cooperative institutions issued RMB 782.5 billion yuan of new loans to the rural sector last year, accounting for 29.7 percent of the total agricultural loans from the country's banks.

As of the end of last year, China had 2,954 rural cooperative financial institutions with 75,856 outlets, whose total assets exceeded RMB 10 trillion yuan.

Starbucks brews major expansion plan²⁵

Starbucks Corp said it will expand its business in China by opening more outlets in second- and third-tier cities and bring in new product lines to seize the instant-coffee market.

²⁴ Xinhua News Mar. 21, 2011

²⁵ China Daily Mar. 9, 2011

"We will open 1,500 stores in China by 2015. Kunming in Yunnan province and Hefei in Anhui province are among the cities where we have decided to open this year," Wang Jinlong, Starbucks China president, said.

Wang said they chose Kunming because the company's first global coffee bean farm is located in the province.

From September 2010 to January this year, Starbucks opened stores in six cities, Changsha, Jinan, Fuzhou, Xiamen, Huizhou and Shangyu, totaling more than 800 stores in 35 cities. It is setting up a research and development center in Shanghai and will focus on creating new tea products to be sold in China.

Besides outlet expansion, Starbucks also announced it will introduce its instant coffee, Starbucks "VIA", to all stores in China starting in April. The "VIA" coffee has two flavors and is sold at RMB 25 yuan (US\$3.81) for a three-stick package and RMB 88 yuan for a 12-stick one.

According to Euromonitor International, sales of instant coffee in China last year jumped 13 percent to RMB 5.1 billion yuan. Swiss food company Nestle SA dominates China's instant-coffee market with a 70 percent market share.

Statistics

Average food prices in 50 cities Mar.11-20, 2011²⁶

Item	Specification/Unit	Current price (RMB)	Percentage changes as compared to last period (% , Mar. 1-10, 2010)
Rice	Japonica rice / kg	5.36	0.2
Flour	Strong flour / kg	4.93	0.6
Flour	Standard wheat / kg	4.02	0.5
Soy products	Bean curd / kg	3.71	0.0
Peanut oil	5 Lin barrel bulk / litre	21.95	-0.1
Soyabean oil	5 Lin barrel bulk / litre	11.82	0.1
Rape seed oil	Grade 1 in bulk / kg	12.28	0.1
Pork	Rump / kg	24.46	-0.1
Pork	Belly meat / kg	23.83	0.3
Beef	Leg / kg	36.69	-0.1
Mutton	Leg / kg	44.13	-0.5
Chicken	Frozen fresh chicken / kg	17.51	0.2
Chicken	Breast / kg	19.42	0.5
Ducks	Frozen fresh duck / kg	16.47	-0.2
Eggs	Fresh eggs in bulk / kg	8.89	-2.4

²⁶ National Bureau of Statistics

Major meat retail price March 2011²⁷

Pork (Lean):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
A. 03/01/11-03/10/11	B. 02/11/11-02/28/11	C. 02/01/11-02/10/11	D. 03/01/10-03/10/10	(A-B)/B	(A-C)/C	(A-D)/D
26.68	26.72	27.08	22.42	-0.15%	-1.48%	19.00%

Egg:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
E. 03/01/11-03/10/11	F. 02/11/11-02/28/11	G. 02/01/11-02/10/11	H. 03/01/10-03/10/10	(E-F)/F	(E-G)/G	(E-H)/H
9.34	9.60	10.16	7.76	-2.71%	-8.07%	20.36%

Chicken:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
I. 03/01/11-03/10/11	J. 02/11/11-02/28/11	K. 02/01/11-02/10/11	L. 03/01/10-03/10/10	(I-J)/J	(I-K)/K	(I-L)/L
17.18	17.22	17.54	14.98	-0.23%	-2.05%	14.69%

Beef (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
M. 03/01/11-03/10/11	N. 02/11/11-02/28/11	O. 02/01/11-02/10/11	P. 03/01/10-03/10/10	(M-N)/N	(M-O)/O	(M-P)/P
36.10	36.18	36.86	34.76	-0.22%	-2.06%	3.86%

Mutton (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
Q. 03/01/11-03/10/11	R. 02/11/11-02/28/11	S. 02/01/11-02/10/11	T. 03/01/10-03/10/10	(Q-R)/R	(Q-S)/S	(Q-T)/T
44.86	45.16	45.60	37.80	-0.66%	-1.62%	18.68%

²⁷ China Animal Agriculture Association