



China Agricultural Newsletter – April 2011

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Laws, Regulations and Policies

More subsidies to boost agriculture¹

China will inject an additional RMB 18.01 billion (USD 2.8 billion) this year into subsidies aimed at boosting agricultural production, the Ministry of Finance said.

A total of RMB 140.6 billion, including the newly allocated amount, will be used to increase farm production through subsidies in 2011, up 14.7 percent from a year earlier, the ministry said.

The amount includes RMB 15.1 billion of direct subsidies to grain growers, RMB 86 billion of general subsidies for purchasing agricultural supplies, RMB 22 billion for growing superior crop varieties and RMB 17.5 billion for purchasing agricultural machinery, it said.

Under the subsidy program, farmers growing superior grain varieties such as rice, wheat, corn, cotton, soybean and winter rape will receive subsidies from RMB 10 to 15 per Mu (0.07 of a hectare).

Also, it will offer farmers discounts of around 30 percent on agricultural machinery purchased, with the maximum subsidy ranging from RMB 50,000 to RMB 200,000 per item.

The central government has decided to allocate a total of RMB 988.5 billion in general assistance to agriculture, farmers and rural areas for 2011, a year-on-year increase of 15.2 percent.

Limits set on processors' corn purchases²

China is taking steps to limit consumption in the biochemical and sweetener industry to ensure supply for livestock farmers, said three people who received a government document on the matter.

Processors will be barred from buying more corn than their consumption level in 2009 and the government will increase value-added taxes on corn-based products, said the people.

¹ Xinhua News Apr. 7, 2011

² Beijing Review Apr. 19, 2011

China's demand for corn-derived products, ranging from pharmaceutical supplies to alcohol and sweetener in beverages, is outpacing growth in livestock consumption. The introduction of tightening measures showed the country's demand for corn has exceeded production, underlying growing needs for imports, according to Wanda Futures Co.

Financial institutions were ordered to stop providing companies with loans to purchase corn until the end of June, according to the document, dated April 8, cited by the people.

The government will increase surveillance of large companies to ensure their operations conform with directives, and local authorities were ordered to root out processors with small or inefficient operations, they said. The government will stop accepting new license applications for buying grain, they said.

Large industrial processors anticipated the tightening moves and stocked up on supplies, Wang said. As of April 5, companies and traders bought 74 million metric tons of corn in major production regions, more than twice the amount in the same period last year, according to data by the State Administration of Grain. The data indicate supply is mostly in the hands of traders and little is held by farmers, Wang said.

Industrial corn processors such as state-owned China National Cereals, Oils and Foodstuffs Corporation (COFCO) Ltd often outbid livestock farmers because they profit more from the grain they buy, Wang Licai, vice-chairman of the China Starch Industry Association, said.

Industrial use of corn this year through Sept 30 may jump 11 percent to 50 million tons, or about 29 percent of China's total consumption, according to a forecast by China National Grain & Oils Information Center. Livestock feed demand will grow by 6 percent to 105 million tons, 61 percent of the total, the center's data show.

Whether the nation's consumption can be met without more imports also depends on the prospects for this year's crop, which is expected to be planted this month.

China's state reserve managers are believed to have bought 1 million tons of US corn last month, when prices plunged following the earthquake in Japan, Wang said.

Action taken to halt produce price slump³

The Chinese government announced that it has launched an emergency program to protect farmers from produce price slumps and stabilize the produce market.

Ministry of Commerce (MOFCOM) said in a statement that local authorities are being urged to take measures to help farmers sell produce after a large harvest brought down vegetable prices in many areas of China, including the national capital of Beijing.

Produce is being sold at surprisingly low prices in some regions, causing huge losses for farmers. According to data from the MOFCOM, the average prices for 18 types of vegetables plunged 9.8 percent from April 11 to 17.

Local authorities should encourage large supermarkets to directly purchase produce from farmers to keep prices at reasonable levels and set up special sales counters for vegetables that have faced price slumps, according to the statement.

³ China Economic Net Apr. 27, 2011

The ministry also encourages cuts for marketplace booth fees to aid farmers who have suffered from the price drops, and has asked companies to build temporary reserves for vegetables that have been affected by the price cuts.

The ministry has called for enhanced price monitoring and improved communication between farmers and produce dealers.

Local governments should establish a long-term system that protects the interests of farmers and fulfills demands for produce, said the statement.

151 materials blacklisted use in food and feed

China has blacklisted 151 materials forbidden or abusable in food and feed over the past nine years, according to figures released by the food safety committee under the State Council.

The materials include 47 inedible materials likely to be added illegally to food, 22 food additives easily to be abused and 82 substances forbidden in feed and drinking water for animals.

The government has posted these materials on the website of China's Health Ministry (www.moh.gov.cn) and the website of the Agriculture Ministry (www.moa.gov.cn).

The Health Ministry began to publicize the list of forbidden food additives in 2008, and the Agriculture Ministry began listing substances forbidden in feed and drinking water in 2002. According to Chinese law, criminals producing and selling toxic or hazardous food could face a penalty as severe as capital punishment.

China is waging a prolonged and stringent fight against the illegal use of additives in food, with Vice Premier Li Keqiang promising "a firm attitude, iron hand measures and more efforts" in dealing with the problem.

The State Council, the Ministry of Health, and the State Food and Drug Administration also publicized detailed measures to combat the problem, saying they will intensify supervision, upgrade safety limits, and greatly increase penalties for violators.

These moves came after a series of food safety scandals, including steamed buns dyed with unidentified chemicals, the use of "lean meat powder" and the use of illegal cooking oil known as "gutter oil," emerged.

New health food regulation effective soon⁴

A new health food regulation, designed to strengthen supervision and control of industry irregularities, is expected to go into effect by the end of this year, said an official with China's top food and drug safety watchdog State Food and Drug Administration (SFDA).

Liu Pei, director of the policies and laws department of the SFDA, said the regulation concerns the "examination, approval, production and market supervision of health food" and will help authorities deal with problems such as use of illegal additives, incorrect media reports and exaggerated promotion.

⁴ Global Times Apr. 26, 2011

Liu said government departments, including those related to agriculture, food quality inspection, industry and commerce, health, food and drug safety should join hands to ensure food safety "from the farmland to the dining table."

To ensure safe use of drinks, food and medicine, the SFDA will also be promulgating new regulations concerning recalls of medical facility and adverse drug reaction prevention in the near future.

Cotton reserve system built for boosting production⁵

The Chinese government announced that it will initiate a cotton purchasing and reserve program starting this fall to boost domestic cotton production.

To build the reserve, the government plans to purchase standard cotton at RMB 19,800 (USD 3,018) per ton from Sept.1 this year to Mar.31 next year, according to a statement from the National Development and Reform Commission, the country's top economic planner.

According to the program jointly established by eight ministries and institutions, China National Cotton Reserves Corporation will be responsible for purchasing cotton during the seven-month period when market cotton prices fall below the state purchase price for five working days. On the other hand, the company can sell cotton reserves when necessary.

The latest survey from the China Cotton Association showed that due to rising costs and lower economic efficiency, China's cotton growth acreage is estimated to increase only 5.1 percent year on year to 5.4 million hectares this year, down from the previous estimation of 9.8 percent in January.

System assessing government food safety supervision to be adopted⁶

At a press conference in Beijing, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the China Association for Quality announced that they consider the adoption of a system to assess the efficiency of the quality supervision and inspections undertaken by local government as their primary task in 2011.

The announcement said the country will also establish a means this year of reporting the results of quality analyses in a timely manner.

Media reported that fewer than half of the 2,862 county quality inspections centers in China - about 1,100 in total - are capable of carrying out food-safety tests. That means the new assessment system may not work well in areas that lack much of the equipment needed to conduct quality tests.

Wu Jinsheng, director of the technology department with the administration, said the government will spend enough to double in the next five years the number of counties that are capable of conducting food safety tests.

Anti-dumping duties imposed on EU potato starch⁷

⁵ Xinhua News Apr. 1, 2011

⁶ ThePigSite News Apr. 1, 2011

⁷ Xinhua News Apr. 19, 2011

China's Ministry of Commerce said it will impose anti-dumping duties on potato starch imports from the European Union (EU), effective April 19.

The duty rates will depend on the dumping margin, or the difference between the average value in the product's country of origin and the export price, the ministry said.

Netherlands' ABEVE has a dumping margin of 12.6 percent, and France's Roquette Freres S.A. and other EU companies have a margin of 56.7 percent, said the ministry.

Potato starch is mostly used in the food industry in China.

Industry and Business Watch

Agriculture sector faces rising costs in 2011⁸

China's agriculture sector is expected to face increasing pressures from rising costs in 2011, according to China's Rural Economy (2010-2011), a report released by a leading think tank Chinese Academy of Social Sciences (CASS).

Fertilizer prices, which increased during the fourth quarter last year, were likely to keep rising this year while stock feed prices are also likely to rise, the CASS said.

The CASS report also predicted grain prices, especially of corn, to continue to trend upwards in 2011. Further, the report urged greater efforts to stabilize agricultural production costs, by increasing supply and tightening market regulations.

China's annual grain output is estimated to reach 550 million tonnes in 2011, the report said.

On foreign trade, the report said imports and exports of China's agricultural products are both expected to slow in the medium and long term. Statistics from the Ministry of Agriculture showed that China's export volume of agricultural products registered an average of 13.2 percent annual growth from 2002 to 2010.

According to the report, China has maintained a high rate of grain self-sufficiency. In 2010, China's domestically-grown rice, wheat and corn is estimated to have accounted for about 99.8 percent, 98.9 percent, and 99.1 percent of the total domestic grain market share, the report said.

NDRC expects food prices to stabilize⁹

China's consumer prices are likely to remain high in the second quarter of this year, but food prices, the main driver of the country's inflation, are predicted to stabilize, said a senior official from the National Development and Reform Commission (NDRC).

Soaring prices for commodities in the international markets, including crude oil, iron ore, and grains, may continue to fuel the nation's inflation in the second quarter, said Zhou Wangjun, deputy head of the pricing department of the NDRC.

⁸ People's Daily Apr. 20, 2011

⁹ ThePoultrySite News Apr. 21, 2011

"Food prices tended to be stable and some even declined in March, signaling the government's measures to rein in prices have taken effect," Zhou said.

The nation's consumer price index (CPI), the main gauge of inflation, climbed to a 32-month high of 5.4 percent in March, according to data from the National Bureau of Statistics (NBS). Food prices, which account for about 30 percent of the CPI basket, increased by 11 percent in March from a year earlier, the same amount as the year-on-year rise in the first two months of this year, indicating a stabilizing trend, the NBS said.

The Chinese government has made stabilizing prices a key task in the first year of the 12th Five-Year Plan (2011-2015). The authorities have stepped up efforts to postpone price rises of utilities, increased support for grain producers and took administrative measures to control prices.

The output of oil seeds may increase by 2 percent to more than 33 million tons in 2011 from a year earlier, and the output of meat is likely to grow by 3.5 percent to at least 82 million tons, helping to counter food price increases this year, the CASS report said.

In the first three months of this year, the total output of pork, beef, mutton and poultry increased by 1.8 percent year-on-year to 21.42 million tons, according to the data from the NBS released on 15 April.

Chief Vet confirms need for modernization¹⁰

China's Chief Veterinary Officer Yu Kangzhen recently has emphasized the tasks on development of the animal husbandry and veterinary services.

Mr Yu said that accelerating development of modern agriculture and transformation of the pattern of agricultural development was a major task in terms of the work on agriculture and rural economy during the 12th Five-Year Plan period. The key to transformation of the pattern of agricultural development was great efforts in development of specialized, standardized, large-scale and intensive agricultural production and operation.

Therefore, he said, it was necessary to give high priority to expansion of standardized large-scale animal farming in the process to transform the development pattern of animal husbandry; work hard at formulation of standards, demonstration, mechanism innovation and publicity; make breakthrough in difficult issues, such as manure disposal, farming records management and biosafety disposal of animals dying of diseases; and effectively strengthen the capacity for market supply of animal products, reduce the incidence of major animal diseases and improve the quality and safety of animal products.

Soybean imports increased due to record pig numbers¹¹

China may boost international soybean purchases 33 percent to 66.9 million metric tons by 2014, a 16.6 million-ton increase, due to doubled meat consumption, particularly pork, established over the last two decades.

Almost half the world's pork comes from China, which has 689 million pigs and will be responsible for all of 2011's increase in global supply, according to the U.S. Department of

¹⁰ ThePigSite News Apr. 18, 2011

¹¹ WattAgNet.com Apr. 21, 2011

Agriculture. "U.S. farm trade with China may double in the next five years," said Michael Swanson, the senior agricultural economist in Minneapolis for Wells Fargo & Co. A significant part of this trade will include soybeans.

China is expected to import 57 million metric tons of soybeans in the 12 months to October 2011, more than twice the amount five years ago and 60 percent of the global total, according to the USDA. As domestic agricultural output failed to keep pace with demand in 2010, China's imports jumped 34 percent to USD17.52 billion. Pork accounts for about 75 percent of Chinese meat demand.

EU starts investigation on China soy protein¹²

The European Commission has announced it will initiate an anti-dumping investigation on soy protein imports from China.

Solae Europe SA, representing soy protein producers in the Union, submitted a complaint to the Commission on March 7, claiming soy protein imports from China have caused material injury to EU producers in terms of prices and quantity.

The Commission is to investigate the alleged products with CN codes ex 2106 10 20, ex 2106 90 92, ex 2309 90 10, ex 2309 90 99 and ex 3504 00 90.

The Commission said it may limit the exporting producers who will be investigated by selecting a sample and will request Chinese exporters to submit information on their status.

Information exporters will have to submit will include contact information, turnover and exporting volumes to the EU. Companies will have to submit to the commission within 15 days of the date of publication of the notice.

Crackdown campaign on contaminated pig feeds launched¹³

Ministry of Agriculture (MOA) said that the government would launch a one-year crackdown on illegal additives in pig feed which have proven to be toxic to humans.

The campaign would also involve the Food Safety Commission Office under the State Council as well as ministries of information and technology, public security, commerce, and health, along with the State Administration for Industry and Commerce, the General Administration of Quality Supervision, Inspection and Quarantine, and the State Food and Drug Administration.

The illegal production, selling and use of clenbuterol would be severely punished, and measures would be taken to block clenbuterol-tainted pork from entering the market, according to the MOA.

The campaign would also focus on the monitoring of pig-raising and other steps in pork supply chains, such as purchasing and slaughtering, to ensure safety of pork products.

Brazil to get first access to China pork market¹⁴

China will authorize three Brazilian pork producers to start exporting meat for the first time, according to Brazil's agriculture ministry.

¹² 21st Business Herald Apr. 21, 2011

¹³ ThePigSite News Apr. 1, 2011

¹⁴ China Economic Net Apr. 12, 2011

Chinese inspection officials who were in Brazil five months ago visited 13 of the 26 local meatpackers seeking access to China's pork market.

China is Brazil's largest importer of soybeans and iron ore. In the past three years, Brazilian exports to China - principally bulk commodities - have grown 214 percent, Brazil's agriculture ministry said.

Camargo estimated Brazilian exports to China could reach 200,000 tons of pork a year. Brazil currently exports 540,000 tons of the meat across the globe.

The Chinese officials did not specify which three companies it planned to clear for imports, but Brazil has several large pork processors, such as Marfrig and Brasil Foods.

German pork imported again¹⁵

Following the dioxin scandal which took place in Germany earlier in the year, where animal feed was found to be contaminated with the poisonous chemical dioxin, China placed a ban on pork products and eggs from Germany.

China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) has recently announced it will again permit pork and poultry products coming from Germany, effective immediately.

China "allows the imports of edible pork products and egg products from Germany, which were produced after 14 March 2011 and met the laws and regulations," according to the AQSIQ.

Local breeds to promote rearing¹⁶

Over 500 participants, including officials from the National Animal Husbandry Service (NAHS), Anhui Bureau of Animal Husbandry and Health, Xuancheng city and Jixi county governments as well as experts and farmers' representatives, attended a ceremony of Present Farmers with Quality Breeds, held by the Ministry of Agriculture in Jixi county of Anhui province.

At the ceremony, companies engaged in quality breeds industry and relevant research institutes presented farmers with a total of 20,300 heads of quality breeds such as Wannan Black (pig), Jinghong No.1 layer, Wan long-hair rabbit and queen bees of Yi bee as well as over 300 sets of books, periodicals and DVDs about animal farming. Experts from Anhui and other provinces were invited to give lectures and on-the-spot technical advice. In addition, three technical service groups were organized to provide house-to-house technical advice for animal farming households and enterprises.

These activities aim at greater efforts for genetic development and the establishment of multiplication systems for quality breeds. To this end, NAHS will organize breeding enterprises to present with and introduce 16 breeds of livestock and poultry, 100,000 technical books, manuals and leaflets in 10 provinces and autonomous regions including Anhui, Liaoning and Jiangsu, with benefited farms and farm households of 25,000. By doing so, 100,000 farms and farm households would be involved through demonstration. Quality breeds to be presented would be worth over RMB 2 million and bring economic benefits of some RMB 20 million.

¹⁵ PigProgress.net Apr. 20, 2011

¹⁶ ThePoultrySite News Apr. 8, 2011

Tianli Agritech begins selling branded pork¹⁷

Producer of breeder hogs and market hogs based in Wuhan City, China, Tianli Agritech has entered into an agreement with An Puluo Foods, which allows Tianli to manage fresh pork retail counters located in 32 supermarkets in Greater Wuhan.

The company's agreement with An Puluo Food Corporation Ltd. gives Tianli the exclusive use rights for An Puluo's existing marketing channels and new channels established in the future that allows Tianli to sell Tianli-An Puluo™ branded pork.

An Puluo currently has 32 meat counters in Greater Wuhan in supermarkets such as Wal-Mart, Zon100 and RT-Mart.

USGC offered swine health training to swine producers¹⁸

The US Grains Council (USGC) has recently offered a technical training program aiming at helping Chinese swine producers improve the diagnosis and control of common swine diseases.

The on-farm training, conducted by Dr. Robert Morrison of the University of Minnesota, provided experience with clinical trial design, hypothesis tests and statistical methods for some of China's most advanced swine producers.

Morrison found significant room for improvement and wide interest in conducting trials directed at improving swine health. Participants were especially concerned about porcine circovirus (PCV) and hog cholera.

"We expect the mortality and farrowing rate will be improved on the farms where we were engaged," said Jason Yan, USGC technical program director in China. "Swine producers in China conduct many on-farm trials, but few of them design their experiments using proper statistical methods."

Poultry imports from Netherlands banned¹⁹

China has banned the imports of poultry products from the Zeeland province of the Netherlands where an outbreak of H7N1 bird flu virus was reported on March 22, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) said.

Any poultry and poultry products by mail or carried by tourists from the Netherlands will be returned or destroyed, officials from AQSIQ and the Ministry of Agriculture said in a joint statement.

Poultry and poultry products, if found from the Netherlands on ships, flights or trains that stop in China, will be sealed, the statement said.

The imports ban came into effect beginning April 3.

Tainted lamb fears surface after tests²⁰

¹⁷ ThePigSite News Apr. 8, 2011

¹⁸ PigProgress.net Apr. 1, 2011

¹⁹ ThePoultrySite News Apr. 4, 2011

²⁰ China Daily Apr. 6, 2011

The latest food safety scare flared when clenbuterol was allegedly detected in live sheep that had been sold in North China.

In the latest scandal, 198 sheep awaiting slaughter and processing in Hebei province were suspected of having been fed the banned additive, the food inspection authority in Hebei said. The sheep had previously been bought from Qingyun county in Shandong province.

The authority said a spot check indicated that two of the sheep tested positive for clenbuterol. All 198 animals were subsequently impounded. Two farm managers were taken into police custody and further investigation is under way, Qingyun county government said.

The government also dispatched 10 work teams to carry out strict checks at sheep farms in the county.

Steady growth for seafood industry²¹

The next five years could be an explosive period for China's seafood industry and could offer big investment opportunities.

Zhu Changliang, vice-chairman of the seafood branch at the All-China Federation of Industry and Commerce, said that seafood accounts for 40 percent of the country's restaurant trade. By 2015 it is expected to grow to 60 percent, he added.

China is the world's biggest seafood producer, providing 70 percent of the global total worth USD 100 billion with about USD 20 billion in exports.

According to the China Daily, with fluctuating exchange rates the value of the export market could reach nearly USD 46 billion.

There are more than 10,000 companies in the seafood production industry now in China, but most of them are small players and the next step for the industry will be the consolidation of these companies.

Milk producers promise to hold prices stable²²

Thirty-five major dairy producers have vowed not to raise prices after government economic planners urged manufacturers to hold down consumer prices.

According to an announcement from the Dairy Association of China, several dozen dairy producers, including the major producers like Inner Mongolia Yili Industrial Group, Inner Mongolia Mengniu Dairy (Group) Co, Beijing Sanyuan Foods Co, as well as Nestle China and Tetra Pak China, all vowed to keep prices stable. They were urged by the National Development and Reform Commission to do so. Earlier reports said that foreign dairy brands like Switzerland's Nestle and Netherland's Friso milk powder had raised products prices in China by an average of 20 percent.

The association's announcement on its website suggests dairy producers should offset soaring raw materials costs by improving efficiency or diversifying their product offerings.

²¹ TheFishSite News Apr. 18, 2011

²² Global Times Apr. 25, 2011

Industry analysts said that for now the dairy industry can still digest rising cost pressure, even after the country's CPI climbed to a 32-month high of 5.4 percent in March.

"The industry enjoys a profit margin of about 20 percent on average," said Chen Haowen, food industry research manager with Frost & Sullivan. Chen Lianfang, an industry watcher with Beijing Orient Agribusiness, said: "The price of raw milk is about RMB 3.2 (USD0.49) to RMB 3.5 per kilo, but retail prices of milk could be around RMB 8 per kilo."

But considering the rising costs of distribution, labor and a potential increase in raw milk prices, analysts said that there is still a good chance for dairy producers to raise their prices in the future.

Nutreco teams up with MAFIC to research swine nutrition²³

Nutreco starts a research partnership with China's Ministry of Agriculture Feed Industry Centre (MAFIC), who is a part of the China Agricultural University in Beijing, China's leading university on animal nutrition.

This new cooperation between Nutreco R&D and MAFIC is the start of a long term research programme on swine and poultry nutrition with researchers from MAFIC and Nutreco R&D working together on several joint projects. In this way, Nutreco and MAFIC can share nutritional knowledge for mutual benefit.

Furthermore, it offers Nutreco additional opportunities to expand its international research network and to conduct highly qualified research. The strategic partnership supports Nutreco's focus on innovation and the company's strategy to strengthen its position in emerging markets such as China.

CAAS sets up joint lab of agri-sciences with Brazil Embrapa²⁴

China-Brazil Joint Laboratory of Agricultural Sciences was established at the Chinese Academy of Agricultural Sciences (CAAS) on April 13, 2011. This is the first laboratory set up with a Latin American country for agricultural sciences in China. The cooperation between CAAS and Embrapa from Brazil will encourage application and commercialization of technological achievements. It will commit agricultural sustainability and improve international influence for both countries, as well as to ensure food security and stimulate economic development of other developing countries.

At the opening ceremony, Huqu Zhai, president of the CAAS, said that the joint lab will promote bilateral development in genetic resources, biotechnology, renewable energy, food processing technology, animal husbandry and veterinary, agricultural ecology, environmental science, grassland science, and also training on communication of researchers. In addition, another joint lab will be set up in Embrapa in 2012.

China set to increase use of biofuel²⁵

China can become a leader in the production of second-generation (2G) biofuels, made from agricultural waste instead of foodstuffs, such as sugar, starch and vegetable oils, said a senior

²³ PigProgress.net Apr. 15, 2011

²⁴ Crop Biotech Update Apr. 20, 2011

²⁵ Xinhua News Apr. 28, 2011

executive from one of the industries' leading companies. That's as the nation attempts to improve energy efficiency and reduce reliance on fossil fuels.

"The United States is the biggest producer of first-generation (1G) biofuels. Regarding 2G production, no other country has shown leadership, so maybe China will move faster on this because it has been put on the political agenda," said Michael Christiansen, president of Novozymes (China) Investment Co Ltd, referring to the nation's 12th Five-Year Plan (2011-2015).

The Denmark-based Novozymes is the largest provider of industrial enzymes and market leader in enzyme technology for biofuels. Christiansen said Novozymes has a market share of about 50 percent in China in 1G biofuel production, but more opportunities will be created as the nation's new Five-Year Plan places a heavy focus on 2G production, although detailed plans are not yet available.

The nation has announced plans to reduce CO₂ emissions by 40 to 45 percent by 2020. It's expected that energy consumption of non-fossil fuels could account for more than 11 percent of the country's total energy consumption by 2015.

Currently, Chinese annual biofuel production stands at 2 million tons, he estimated.

Food security concerns have led the government to restrict grain-based ethanol production and to promote non-grain-based fuel ethanol production instead, according to a report by the World Economic Forum (WEF) in June 2010.

In May 2010, Novozymes, China National Cereals, Oils and Foodstuffs Corporation, and China Petrochemical Corporation announced the construction of a 10,000 ton-capacity demonstration plant for commercial-scale production of advanced biofuels from corn stover - the leaves and stalks of maize plants - which will begin this year.

China's use of biofuel ethanol will reach 12.7 billion liters by 2020, while automotive ethanol gasoline usage will be 100 percent, and annual consumption of biodiesel will reach 2.3 billion liters, according to the targets set by the National Development and Reform Commission.

Statistics

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

Item	Specification/Unit	Current price (RMB)	Percentage changes as compared to last period (% , Apr. 1-10, 2010)
Rice	Japonica rice / kg	5.37	-0.2
Flour	Strong flour / kg	4.93	-0.2
Flour	Standard wheat / kg	4.07	0.3
Soy products	Bean curd / kg	3.72	0.0
Peanut oil	5 Lin barrel bulk / litre	21.97	0.3
Soyabean oil	5 Lin barrel bulk / litre	11.65	0.0
Rape seed oil	Grade 1 in bulk / kg	12.33	0.0
Pork	Rump / kg	24.43	-0.2
Pork	Belly meat / kg	23.90	0.0
Beef	Leg / kg	36.90	0.0
Mutton	Leg / kg	43.83	-0.4
Chicken	Frozen fresh chicken / kg	17.55	-0.3
Chicken	Breast / kg	19.30	-0.2
Ducks	Frozen fresh duck / kg	16.61	-0.1
Eggs	Fresh eggs in bulk / kg	8.90	0.0

²⁶ National Bureau of Statistics

Major meat retail price April 2011²⁷

Pork (Lean):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
A. 04/11/11-04/20/11	B. 04/01/11-04/10/11	C. 03/11/11-03/20/11	D. 04/11/10-04/20/10	(A-B)/B	(A-C)/C	(A-D)/D
26.86	26.88	26.94	20.72	-0.07%	-0.30%	29.63%

Egg:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
E. 04/11/11-04/20/11	F. 04/01/11-04/10/11	G. 03/11/11-03/20/11	H. 04/11/10-04/20/10	(E-F)/F	(E-G)/G	(E-H)/H
8.88	8.94	9.06	7.52	-0.67%	-1.99%	18.09%

Chicken:

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
I. 04/11/11-04/20/11	J. 04/01/11-04/10/11	K. 03/11/11-03/20/11	L. 04/11/10-04/20/10	(I-J)/J	(I-K)/K	(I-L)/L
17.26	17.24	17.12	14.76	0.12%	0.82%	16.94%

Beef (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
M. 04/11/11-04/20/11	N. 04/01/11-04/10/11	O. 03/11/11-03/20/11	P. 04/11/10-04/20/10	(M-N)/N	(M-O)/O	(M-P)/P
36.08	36.06	35.96	34.38	0.05%	0.33%	4.94%

Mutton (Fresh Boneless):

RMB1.00 yuan/kg

Average Sales Price (Street markets & Supermarkets)				Var. Percent		
Q. 04/11/11-04/20/11	R. 04/01/11-04/10/11	S. 03/01/11-03/20/11	T. 04/11/10-04/20/10	(Q-R)/R	(Q-S)/S	(Q-T)/T
44.36	44.50	44.62	37.82	-0.31%	-0.58%	17.29%

²⁷ China Animal Agriculture Association