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Policies

Bigger farms reap bigger fortunes upon rural land reform

[Xinhua, 04-02-2014] As the owner of one of the largest family farms in Xuancheng City, Anhui Province, Zan Xiaoma has been both elated and deflated by his farmland.

Through planting rice on some 2,000 mu (133 hectares) he rents from those who abandoned farming to seek fortunes in the cities, Zan pockets over 1 million yuan (164,000 U.S. dollars) every year. Profit notwithstanding, his large-scale farming has reached its limit as he lacks funds and confidence to expand his business further.

"Financial support does not come easily for big family farms," Zan said. "Besides, I don't dare invest much in infrastructure as my leases with other farmers are usually only for 5 years. Nobody can assure me as to what will happen when the leases expire," he added.

With new rural reform to be rolled out soon, Zan sees solutions to his problems and dreams of a bigger fortune still.

China's rural reform started in 1978 in a village of Anhui, with the introduction of the household contract responsibility system, which ended communal farming. Unlike the bottom-up system of 36 years ago, progress today needs more planning at the top, said Wang Weiguo, a law professor at China University of Political Science and Law.

After more than three decades of breakneck economic expansion, China's urban-rural divide is alarming, a problem China's leadership is addressing through a more fair land policy.

With food security and the economic potential of rural and ex-rural residents foremost in their minds, authorities are promising more property rights for farmers. These include transfer and mortgage of land-use rights, and the ability to take shares in large farming entities, according to a document released after the Third Plenary Session of the 18th Communist Party of China Central Committee last November.

Click [here](#) for details

Market to play bigger role in agri-product pricing: NDRC

[Xinhua, 06-02-2014] China's top economic planning agency said Thursday that it would let the market play a more decisive role in the pricing mechanism of agricultural products in 2014.

The National Development and Reform Commission (NDRC) said it would "explore and try to push forward" reforms that would "decouple" the pricing regime of agricultural products from government subsidies.

China will set up a target price system for agricultural products in which low-income consumers would be subsidized when prices are too high and producers would receive subsidies when prices are too low, the NDRC said.

Currently, the government resorts to stockpiling and a "minimum purchase price" supported by government subsidies to regulate pricing.

The country will let the market play a "more decisive" role in the pricing of agricultural products "under the precondition that the benefits of farmers are protected," it added.

The NDRC will select products and regions in 2014 to carry out the reforms on a pilot basis.

Click [here](#) for details

China to allow private investors to establish rural commercial banks

[Xinhua, 06-02-2014] China will allow private investors to establish rural commercial banks to inject more funds into the countryside and boost rural development, according to the China Banking Regulatory Commission (CBRC).

Private investors have long been shareholders in rural commercial banks, but they have not been allowed to start them.

The CBRC said China is committed to financial innovation in rural areas to better serve agricultural development.

China had a variety of small and medium-sized financial institutions in rural areas by the end of 2013, including 468 rural commercial banks, 1,803 rural credit cooperatives and 1,071 village or town-level banks.

Experts said the move will also boost competition in the financial sector and deepen China's financial reform.

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Chinese lenders urged to plow new fields

[People's Daily, 07-02-2014] China is encouraging private enterprises to initiate setting up small and medium-sized rural financial institutions, signaling the government's determination to revitalize the countryside by further opening up the rural financial industry to private capital, according to a report by Xinhua News Agency.

"The China Banking Regulatory Commission is endeavoring to increase the proportion of private capital in rural financial institutions," a person who works for it told Xinhua. "The move is to be carried out on two principles: giving priority to local investors, such as leading private enterprises and major farm owners, and diversifying the stock structure."

Small and medium-sized rural financial institutions are established mainly through private investment to facilitate the development of rural areas, farmers and agriculture. They are made up of several types of financial institutions including rural commercial banks, rural cooperatives and village banks, among others, serving as an important channel for private capital to enter the banking industry.

China had 468 rural commercial banks, 1,803 rural cooperatives and 1,071 county banks by the end of 2013, according to the commission's statistics.

Rural cooperatives are the major credit provider, accounting for 70 percent of the loan balance.

Rural commercial banks, many of which transformed from rural cooperatives, held 6.3 trillion yuan (1.04 trillion U.S. dollars) in total assets and 78.3 billion yuan in after-tax profits by the end of 2012.

However, the rural financial industry remains the weakest link in China's financial reform in spite of its widespread network.

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China to improve population's nutrition

[Xinhua, 10-02-2014] China's central government on Monday issued a guideline to develop the nation's food industry, vowing to establish systems to improve people's nutritional intake.

In a notice issued on the government's official website, the government said it will establish systems to guarantee supply of quality food, and a system guiding people to improve their nutrition.

The guideline said that although the production capacity of food has been strengthened and people's diet and health has improved, China's food production cannot meet demand for nutrition.

The government vowed to establish mechanisms to monitor people's diets, strengthen supervision and information analysis, and intervene in areas or among groups where people are suffering from bad nutrition.

Lack of micronutrients and an excess of fat should be addressed, the guideline urged.

It set goals for the food industry and nutritional health, saying that by 2020, China's annual grain output will be maintained at 550 million tons or above, the food industry's annual growth rate of added value will stay at 10 percent or above, and the annual grain consumption per capita will be 135 kg.

The average daily energy intake of people should be between 2,200 to 2,300 kilocalories, with at least 50 percent of energy provided by grain, and energy provided by fat comprising no more than 30 percent, the guideline added.

It also called for publicity about nutrition and health, and strengthened guidance for the people.

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Mainland Chinese urged to drink more milk as part of national nutrition plan

[SCMP, 12-02-2014] Mainlanders will be urged to drink more milk and get fewer calories from traditional staples in a national plan to improve food supply and nutrition.

China's dairy industry has yet to fully regain the confidence of consumers following a 2008 scandal in which dairy supplies were adulterated with melamine to boost protein levels, causing six babies to die and tens of thousands of others to fall ill.

The China Food and Nutrition Development Plan for 2014-2020, issued on Monday by the State Council, aims to raise average milk consumption to about 100 millilitres a day by 2020, up from the 15ml per day under the 2000-2010 plan.

The other specific food named for development was soya bean, the cultivation of which in the major production region of Heilongjiang fell by half in the past nine years. China, once self-sufficient in soya bean cultivation, is the world's largest importer.

The plan was drafted due to "the inability of food production to meet nutritional requirements, the coexistence of malnutrition and overnutrition, and the lack of public knowledge on nutrition and health", a council statement said.

He Jiguo, dean of the nutrition and food safety department at China Agricultural University, said the plan's emphasis on dairy was due to mainlanders' traditionally low intake of calcium. Soya bean products were targeted because they have the highest protein content of plant foods.

"The point for the dairy sector is that it must address the management of milk processing, to rebuild public trust," He said, referring to lingering concerns over safety. Supporting the soya

bean sector was necessary because "China lags behind other countries in seed breeding and processing technology."

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China scythes grain self-sufficiency policy

[FT, 12-02-2014] China has given up one of its most sacred tenets and effectively abandoned its policy of being self-sufficient in grain as its population outpaces the ability to grow its own food.

Beijing has increasingly imported grains and food but has maintained an ideological emphasis on producing as much domestically as possible. For the first time however it has now set a grains output target well below domestic consumption rates, implying a move away from that ideological commitment to producing all the grains it needs – which has been central to Communist party thinking for decades.

The new policy stance, included in guidelines issued by the state council, or cabinet, this week, instead placed a greater emphasis on the quality, rather than just the quantity, of what is produced.

The guidelines call for grain production to “stabilise” at roughly 550m tonnes by 2020, below the 2013 harvest of 602m tonnes. “While putting emphasis on food quantity, pay more attention to food safety and quality,” the document said, in a shift in tone and emphasis.

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China will not import large quantities of food

[People’s Daily, 21-02-2014] China's grain output reached 602 million tons last year, while according to the recently released China Food and Nutrition Development Program (2014-2020), as of the end 2020 China's grain output will stabilize at 550 million tons or more. Why is the target far below the current output? Zhang Hui, deputy director of the development planning department under the Ministry of Agriculture, gave the following explanation.

550 million is a bottom-line goal

The target of 550 million tons or more is mainly based on the following three factors.

First, the grain in the program refers mainly to cereals. So the target means the output of cereals will reach at least 550 million tons.

Second, it is a bottom-line goal. In 2013, China's grain output reached 602 million tons. Within these figures the total output of wheat, corn and rice amounted to 543 million tons. So the goal is a lower limit target. No upper limit was set in the program.

Third, the goal represents a continuation of China's planning targets released in 2008 and 2009, which set 540 million tons and 550 million tons respectively as the goal in 2020.

Self-sufficiency of grain to secure China's basic demand

China is a populous country and solving the problem of feeding more than one billion people has always been a top priority in ensuring national security. The volume of cereals traded on the international market represents only half of the volume consumed in China. There are therefore limited food resources China can import. Therefore, self-sufficiency of grain is the strategic base for ensuring national food security.

China will not import large quantities of food in the future

Imported grain in 2013 reached 15 million tons while imported soybeans reached 60 million tons, Zhang attributed this to the following two factors.

First is domestic demand. With the improvement in levels of consumption, people have increasing demands for food diversity and food quality.

Second, prices of grain on the international market are relatively lower.

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China announces pork purchase scheme

[China daily, 19-02-2014] The Chinese government announced on Wednesday a pork purchase plan to stabilize depressed prices, as production of live pigs remain high.

The move will prevent excessive decline in prices of live hogs, stabilize husbandry and protect farmers, the National Development and Reform Commission (NDRC), China's top economic planning body, said on its website.

The NDRC forecast that prices will drop further in the coming months when consumption is traditionally low, and advised farmers to adjust the scale of their business depending on market prices.

Prices of live hogs have fallen since mid-December. Wholesale prices fell 1.1 percent in the first two weeks of February year on year after a 1.9 percent drop in January, the statement said.

Pork is the staple meat in China, and plays a major role in calculating inflation. Inflation rose 2.5 percent year on year in January, with prices of pork down 4.3 percent.

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China is model of agriculture development: IFAD president

[Xinhua, 20-02-2014] China's agricultural development, featured by emphasis on sustained policies and long-term investment, is a model for developing countries, said Kanayo Nwanze, president of the International Fund for Agricultural Development (IFAD) on Wednesday.

In an interview with Xinhua at the 37th annual session of IFAD governing council, Nwanze said China's investment in rural development, and smallholder agriculture in particular, makes it "the model of the all developing countries."

"If you look at this country in 1980, China had famine that caused people struggling to survive. By 2000, you had already feeded yourselves; by 2010, you had become the second largest economy of the world," he said.

Positive transformation in Chinese rural areas is a result of investment in agriculture and rural area development in the long run, said Nwanze.

He noted that the Chinese authorities are paying attention to food quality.

"China is going beyond the food quantity issue, and toward the food quality problem, in terms of environment and nutrition. That's sort of issue requiring higher level of governance," said Nwanze.

China joined the Rome-headquartered international institution in 1980.

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Provinces work on plans to enhance farmers' land rights

[Caixin, 20-02-2014] Several provincial governments have announced plans to clarify and enhance the land rights of farmers after Beijing vowed to deepen land ownership reform.

The province of Hebei, which surrounds the capital, said it would focus this year on a plan that involves completing a registry of rural landholdings. Analysts say this is necessary groundwork before farmers can have more freedom regarding the land they live on and use to grow crops.

The plan will cover farmers' contractual rights to use publicly owned land and their rights to the land they live on and the land collectively owned for farming or construction purposes, the government said.

It also aims to establish a county-level market for farmers to sell their rights to using publicly owned land. In addition, it permits farmers to use the contractual rights as collateral for a loan, a step analysts say will make it easier for farmers to borrow even though they do not own the land.

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Labor shortage looms in eastern China

[Xinhua, 21-02-2014] "Wanted: lots of male and female workers," reads a banner hanging outside the Zhejiang Hiye Electronics factory in Shaoxing of East China's Zhejiang province.

"If you introduce me to one worker, you can get 200 yuan (\$32.79)," said Hu Kefei, the company's board chairman.

Offering such finders fees is common around now, the high season for recruitment as factories scramble to cope with labor shortages left by staff failing to return after Lunar New Year homecomings. This year, however, manning production lines seems to be an even harder task than before.

New official data has confirmed the difficulties, especially for factories in the relatively industrialized east, as more migrant workers are opting for central or western China, where wages are lower but so are living costs.

Meanwhile, many workers are turning to employment in or close by their hometowns rather than working in distant provinces.

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China to focus on family farms in drive to commercialise

[SCMP, 27-02-2014] China aims to set up more large-scale family farms as it tries to commercialise a vast agriculture sector battling inefficiency and a dwindling workforce, the government said on Thursday.

China's last big rural reform in the early 1980s gave households the right to lease collectively-owned land, but the minimal returns earned from small plots forced millions to flee to the cities in search of work.

"With the migration of a large number of rural labourers to cities, the question of who will farm has become the outstanding issue," Zhang Hongyu, a rural policy director at the agriculture ministry, told reporters.

Now Beijing is trying to encourage rural families to stay in the countryside by boosting incomes in line with urban ones, and large family farms have been identified as the most effective route, Zhang said.

"Family farms, which keep family members at their core, have become effective forces in leading the development of modern agriculture."

By the end of 2012, there were around 877,000 larger family-owned farms covering 11.7 million hectares of land, with each farm measuring about 13 hectares on average, Zhang said.

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Chinese farmers look to more land reform

[Xinhua, 26-02-2014] While tens of thousands of rural Chinese have flocked to big cities for higher salaries, Lei Yingguo's decision to pursue green agriculture in the country has paid off, if only financially.

Lei was laughed at by his peers when he began large-scale rice cultivation at Xiushi Town in east China's Jiangxi Province in 2005, a time when most rural Chinese were deserting their contracted land for cities.

Lei's eco-farm, with an annual net income of about 500,000 yuan (81,600 U.S. dollars), was the result of China's reformed land policy in 2004, which encouraged farmers to develop large-scale farming.

Lei is one of the beneficiaries of the 2004 reforms, but rising land rent and a shortage of advanced planting techniques have hampered his dream of expanding the farm's business from planting to breeding and grain processing.

He has new expectations for 2014, set to be a landmark year for the implementation of a reform master plan covering a spate of policies ranging from land use to anti-corruption.

"I expect favorable measures in fund-raising and government support in planting techniques during the upcoming two sessions," Lei said, referring to China's annual meetings of the national legislature and political advisors. The meeting of political advisors is set to open on March 3, and the meeting of the national legislature will open on March 5.

According to Chinese law, urban land is owned by the state and rural land is under collective ownership. Farmers can use the land but have no right to sell or develop it for real-estate use.

But they are entitled to lease their land to other farmers or to rural cooperatives and share the profits of such cooperatives.

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SPP vows crackdown on food, environmental crimes

[Xinhua, 27-02-2014] The Supreme People's Procuratorate (SPP) is planning an eight-month crackdown on environmental and food safety crimes after detaining a total of 13,495 suspects for such offenses last year.

That number, all of whom were detained with prosecutors' warrants, showed a year-on-year rise of 12 percent, figures from a Thursday press conference showed.

Pollution has become a hot issue for the Chinese public as a week of severe smog in Beijing only ended on Thursday. Meanwhile, cases of food made with shoddy ingredients continue to be discovered on a regular basis.

According to senior SPP official Wan Chun, a nine-month campaign against slack investigation and prosecution was launched in April of last year. It led to thousands of criminal cases related to people's livelihoods being transferred from police and other law enforcement organs to prosecutors.

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China leads int'l wildlife crime bust

[Xinhua, 10-02-2014] Tonnes of illegal animal products have been seized and over 400 suspects arrested in an China-led sting against international wildlife crime, authorities said on Monday.

The operation cleaned up over 350 cases, capturing more than 3 tonnes of ivory and its products, over 1,000 hides, 36 rhino horns and a large number of other wildlife products, said the China Endangered Species Import and Export Management Office.

The operation, codenamed Cobra II, was co-organized by China, the United States, South Africa, the Lusaka Agreement Task Force, the ASEAN Wildlife Enforcement Network, and the South Asia Wildlife Enforcement Network.

The global crackdown was supported by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the World Customs Organization, and Interpol. A total of 28 countries participated between Dec. 30, 2013 and Jan. 26, 2014.

China's authorities, including forestry, customs, police, judiciary and quarantine departments, put more than 100,000 staff on the operation, and uncovered over 200 cases involving more than 250 suspects.

China sent enforcement staff to Kenya for the first time, to arrest an ivory trafficking suspect and host lectures on wildlife protection.

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China under pressure in meeting emissions targets

[Xinhua, 11-02-2014] China is facing pressure in meeting the emissions cut targets set in its pollution control plan by 2015, an environment official said Tuesday.

Speaking at a press conference in Beijing, Zhai Qing, deputy minister of environmental protection, said China currently records 24 million tonnes of Chemical Oxygen Demand (COD), a measure of organic pollutants in water, per year, while the total annual volume of ammonia nitrogen emissions stands at 2.45 million tonnes.

Experts have estimated that China's water environment will undergo fundamental improvement only after the above figures are cut by 30 to 50 percent, Zhai said.

In the country's 12th Five-Year Plan (2010-2015) for environment protection, China vowed to cut COD and sulfur dioxide emissions by 8 percent and ammonia nitrogen and nitrogen oxide emissions by 10 percent compared with 2010 levels.

"Emissions of COD, sulfur dioxide and ammonia nitrogen have dropped by over 7 percent in the past three years, basically as scheduled, but nitrogen oxide emissions only dropped by about 2 percent, which has created great pressure for emissions-cutting tasks in 2014 and 2015," said Zhai.

The performance for the first half of 2011 was even more disappointing, as nitrogen oxide emissions rose by 6.17 percent year on year.

But Zhai said he still believes the five-year reduction target will be met under the support of local authorities.

China will also strive to pull three million excessively polluting vehicles from the roads, he added, while authorities are currently working on an action plan to combat water pollution and protect soil.

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Chinese consume too much food from animals

[China Daily, 13-02-2014] Chinese people appear to be eating more food from animals than they actually need, and this "compensatory consumption of food" may not change until the 2020s.

Wang Dongyang, deputy director of the Institute of Food and Nutrition Development under the Ministry of Agriculture, made the remarks at a media workshop on Wednesday. The workshop examined the new government guideline to develop China's food supply and nutrition.

The guideline was jointly issued on Monday by several government departments, including the Ministry of Agriculture and the National Health and Family Planning Commission.

"The guideline aims to help guarantee the supply of quality food and improve people's nutrition," Wang said.

The guideline sets goals for the food industry and nutritional health. By 2020, China's annual grain output will be 550 million metric tons or above, and the food industry's annual growth rate will stay at 10 percent or above, the guideline says.

The annual consumption per capita of meat by 2020 will be 29 kg, while eggs will be 16 kg and dairy products will be 36 kg, it said.

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Vice minister stresses commercial seed industry

[Xinhua, 13-02-2014] China's Vice Minister of Science and Technology Zhang Laiwu on Thursday stressed the need to reshape the country's seed industry through commercial and innovative elements.

China's seed industry is still weak and related enterprises are small and poorly organized, Zhang said at a press conference hosted by the State Council Information Office.

Addressing this situation is imperative, he said.

"Food security in China should be safeguarded by the Chinese people themselves," Zhang said, pledging further efforts to treat salinized land and promote dry-land farming and water-saving agriculture to tackle the issue.

"However, it does not mean a refusal of international resources and cooperation," he added.

Zhang said the ministry will advance a program to send "agricultural technical commissioners" to the country's rural areas to develop the agricultural sector, including the modern seed industry.

"Anyone who is running a business in this sector and bringing professional scientific and technological knowledge to the rural areas, the agricultural industry and farmers may be regarded as a 'commissioner,' which can also be called a 'professional farmer,'" the official said.

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Hunan to revitalize contaminated land

[China Daily, 17-02-2014] Provincial government team to study pollution from heavy metal industry

Hunan province, a major industrial hub, aims to rehabilitate polluted land in a green project drive to combat the effects of heavy metal contamination.

While much has already been done to revitalize the Xiangjiang River, including shutting down nearby polluting factories, major challenges still exist for the province, which is also a major rice producer.

Hunan will launch pilot projects to rehabilitate polluted farmland and adjust crop varieties, Du Jiahao, governor of the province, said in a work report to the third session of the 12th Hunan Provincial People's Congress last week.

Peng Xiuli, deputy director of the rural work department of Hunan province and a member of the Hunan Provincial Committee of the Chinese People's Political Consultative Conference, told China Daily that the government has assembled a team of experts to investigate and study pollution caused by the heavy metal industry, and special funding has been allocated.

Peng said the government is planning measures to cover three aspects - changing the crops on the polluted farmland; reducing land pollution through scientific measures; and enforcing the treatment of slag, or industrial waste.

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China to spend \$330 billion to fight water pollution

[Reuters, 18-02-2014] China plans to spend 2 trillion yuan, or \$330 billion, on an action plan to tackle pollution of its scarce water resources, state media said on Tuesday.

China has a fifth of the world's population but just 7 percent of its water resources, and the situation is especially precarious in its parched north, where some regions have less water per capita than the Middle East.

The plan is still being finalized but the budget has been set, exceeding the 1.7 trillion yuan (\$277 billion) China plans to spend battling its more-publicized air pollution crisis, the China Securities Journal reported, citing the Ministry of Environmental Protection.

It will aim to improve the quality of China's water by 30 to 50 percent, the paper said, through investments in technologies such as waste water treatment, recycling and membrane technology.

The paper did not say how the funds would be raised, when the plan would take effect, or what timeframe was visualized, however.

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China to finance new farming practices

[Xinhua, 21-02-2014] China will offer customized financial services to new farming practices to push agricultural modernization, China's central bank said on Friday.

Financial institutions should give more credit support to innovative farming entities such as family farms and agricultural cooperatives by adjusting loan rates, maturity length and collateral, according to a statement released by the People's Bank of China.

The move is designed to promote moderate-scale farming operations and modern agriculture by easing financing difficulty for farmers.

Loans' maturity length can be extended up to 10 years if farmers plant fruits, trees and other crops with long growth cycles, the statement said.

Diversified and innovative financing choices will be offered to meet different farming business needs, with support focusing on production materials and machinery purchase, land contracts and other infrastructure development.

Qualified family farms may enjoy specially designed approaches in the inter-bank market to sell bonds to investors publicly or privately, the statement added.

Last December's central agricultural work conference and the No. 1 central document on agricultural development issued in early January both highlighted the promotion of new farming business models and the need to encourage diversified agriculture practices.

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Can the World Feed China?

[Lester Brown, EPI, 25-02-2014] Overnight, China has become a leading world grain importer, set to buy a staggering 22 million tons in the 2013–14 trade year, according to the latest U.S. Department of Agriculture projections. As recently as 2006—just eight years ago—China had a grain surplus and was exporting 10 million tons. What caused this dramatic shift?

Since 2006, China's grain use has been climbing by 17 million tons per year. For perspective, this compares with Australia's annual wheat harvest of 24 million tons. With population growth slowing, this rise in grain use is largely the result of China's huge population moving up the food chain and consuming more grain-based meat, milk, and eggs.

In 2013, the world consumed an estimated 107 million tons of pork—half of which was eaten in China. China's 1.4 billion people now consume six times as much pork as the United States does. Even with its recent surge in pork, however, China's overall meat intake per person still totals only 120 pounds per year, scarcely half the 235 pounds in the United States. But, the Chinese, like so many others around the globe, aspire to an American lifestyle. To consume meat like Americans do, China would need to roughly double its annual meat supply from 80 million tons to 160 million tons. Using the rule of thumb of three to four pounds of grain to produce one pound of pork, an additional 80 million tons of pork would require at least 240 million tons of feedgrain.

Where will this grain come from? Farmers in China are losing irrigation water as aquifers are depleted. The water table under the North China Plain, an area that produces half of the country's wheat and a third of its corn, is falling fast, by over 10 feet per year in some areas. Meanwhile, water supplies are being diverted to nonfarm uses and cropland is being lost to urban and industrial construction. With China's grain yield already among the highest in the world, the potential for China to increase production within its own borders is limited.

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As China imports increasing quantities of grain, it is competing directly with scores of other grain-importing countries, such as Japan, Mexico, and Egypt. The result will be a worldwide rise in food prices. Those living on the lower rungs of the global economic ladder—people who are already struggling just to survive—will find it even more difficult to get by. Low-income families trapped by food price inflation will be unable to afford enough food to eat every day.

The world is transitioning from an era of abundance to one dominated by scarcity. China's turn to the outside world for massive quantities of grain is forcing us to recognize that we are

in trouble on the food front. Can we reverse the trends that are tightening food supplies, or is the world moving toward a future of rising food prices and political unrest?

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International Relations

China sugar imports seen by RCMA beating forecasts second year

[Bloomberg, 09-02-2014] Sugar imports into China, the world's second-biggest buyer of the raw variety, will probably beat traders forecasts for a second year in the 2013-14 season, according to trading company RCMA Commodities Asia Pte.

China may import 3.6 million metric tons of sugar in the 12 months started Oct. 1, Jonathan Drake, chief operating officer at the Singapore-based trader, said in an interview yesterday when the Kingsman conference in Dubai started. That's little changed from a year earlier. While the U.S. Department of Agriculture expects Chinese imports at 2.8 million tons this season, Kingsman, a unit of McGraw Hill Financial Inc.'s Platts in Lausanne, Switzerland, forecasts the Asian nation will bring in 2.7 million tons in the period.

"People have got themselves in such a bearish frenzy that they are not talking the same language on China," said Drake, former Cargill Inc. head of sugar trading. "Maybe it's affecting people's awareness that China is probably going to import similar quantities to possibly more than last year. What would you do if you just built a new refinery?"

Raw sugar futures traded on ICE Futures U.S. in New York declined in the past three years, the longest losing streak in more than two decades. Prices, down 4.1 percent this year, slid as supplies outpaced demand. The global sugar surplus will be 4 million to 5 million tons this season, according to Drake.

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China's Bright Food eyes Europe acquisitions

[FT, 10-02-2014] China's Bright Food is on the acquisition trail in Europe, visiting London, Dublin, Brussels and Barcelona, as part of the state-controlled group's drive to double its international presence within the next three years.

Ge Junjie, vice-president of the group that has majority stakes in the UK's Weetabix breakfast cereal and French wine merchant Diva Bordeaux, said Bright Food wanted to secure joint ventures, strategic partnerships and acquisitions.

Bright Food aims for international assets to account for 25 per cent of its total assets in three years' time, from 12 per cent today, Mr Ge told the Financial Times.

His comments come amid an uptick in overseas acquisitions by Chinese companies to gain access to more advanced technologies and management and to secure a competitive advantage in an increasingly competitive domestic market.

Chinese outbound mergers and acquisitions activity has risen from \$1bn in terms of deal volumes a decade ago to \$50bn in 2013, according to Deutsche Bank, a year that included Shuanghui International's \$4.7bn takeover of US pork producer Smithfield Foods.

Click [here](#) for details

Chinese food-and-beverage acquisitions set to continue

[SCMP, 10-02-2014] The recent spree of overseas acquisitions is just the start as Chinese firms gobble up food and agricultural companies to build up global market share and acquire technological know-how that can be utilised back home, say analysts.

According to National Australia Bank (NAB), the value of overseas purchases by Chinese food-and-beverage sector companies between 2010 and 2013 was over US\$9 billion.

In a high-profile deal, Shuanghui International last year bought Smithfield Foods in the US for US\$4.7 billion, creating the world's largest pork producer. Rebranded as WH Group, the firm has announced plans for a Hong Kong listing later this year.

Other major deals recently include the US\$1.9 billion purchase of British-based breakfast cereal group Weetabix by Bright Food and the US\$1.7 billion acquisition of New Zealand firm Oceania Dairy by Inner Mongolia Industrial Group in 2012.

The acquisitions include seafood suppliers, vineyards and infant formula manufacturers. The breadth of target companies reflects a wider trend among Chinese agri firms to control the whole supply chain to avoid food scares.

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Agricultural suppliers see Hong Kong as door to big business

[China Daily, 12-02-2014] For Wen Xiaoyan, shipping live fish to the Hong Kong Special Administrative Region not only confirms the product quality but could lead to further business opportunities.

Wen is the director of Santai Eco Fishery Ltd, based in Dongguan, Guangdong province. The company supplies 1 metric ton a day of jade perch, a medium-sized freshwater fish normally found in Australia, to high-end supermarkets in Hong Kong.

“If the product passes the quality and safety tests in Hong Kong, it will be much easier to pitch them in other areas of China,” she said.

Wen’s viewpoint is shared by other farm owners, who regard gaining certification to export agricultural products to Hong Kong as a means to access other high-end agricultural markets.

The Chinese mainland supplies the majority of food at the Hong Kong market. Live pigs, cattle, sheep, birds, aquatic animals and fruit are some of the major products imported from the mainland, according to the General Administration of Quality Supervision, Inspection and Quarantine.

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Lamb imports soar as former favorite cuts get the chop from shoppers

[China Daily, 14-02-2014] China's hunger for lamb and mutton has pushed the country to import more of it recently with trade partners that help the nation keep up with domestic demand for the high-protein, low-fat meat.

Thanks to China's higher earnings and increasingly diverse diet, mutton has become popular.

Last year, the country imported 259,000 metric tons of mutton - mainly Australia and New Zealand - which was a 109 percent increase over the previous year, according to the General Administration of Customs.

Ding Shengjun, senior researcher at the Academy of State Administration of Grain, said Chinese consumers have taken to lamb, and the meat can be found at hot pot, halal and other restaurants across the country.

"Urbanization is another key factor that has shifted Chinese diets from containing mostly grains to one that includes more meat and dairy products," Ding said.

Consumers, he said, are "not only interested in buying lamb chunks as before" but are purchasing different parts of the sheep, a trend that has surged in recent years.

Australia, one of China's major suppliers, shipped 10,092 metric tons of sheep shoulder chops and 27,026 metric tons of mutton sweetbreads to China in 2013, both up more than 50 percent from a year earlier.

Chinese demand for Australian leg of lamb jumped 72 percent year-on-year to 6,390 metric tons last year, according to customs data.

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Chinese, Indians put value on environment in buying food: New Zealand study

[Wellington, 17-02-2014] Consumers in emerging markets like China and India are paying greater attention to aspects of imported food production such as environmental quality and animal welfare than previously thought, according to a New Zealand study out Monday.

Research by Lincoln University found 58 percent of Chinese and 55 percent of Indian respondents rated environmental quality as important when buying food, compared with just 29 percent in New Zealand's traditional export market of Britain.

They also found 42 percent of Chinese and 50 percent of Indians rated animal welfare as very important compared with 34 percent of British respondents, Xinhua news agency reported.

"As income grows, consumer behaviour changes. Product attributes other than price start to play a greater role in consumer decision-making," Professor of Trade and Environmental Economics Caroline Saunders said in a statement.

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UK Pig Meat Company Sets Its Sights on China

[PigSite, 18-02-2014] Britain's leading food solutions business, Tulip Ltd, is pushing ahead with ambitious plans to build upon trade links with the Chinese pig meat market.

The company started exporting pork products to China in 2012 following a successful UK trade mission in 2011, which culminated in a landmark deal signed in May 2012, worth approximately £50 million to the UK's pork export sector.

The initiative to increase its export volumes has seen Tulip invest over £22m upgrading its Ashton and Spalding facilities with a further £15 million currently being invested at the Westerleigh site. This will enable the business to increase exports to China and Hong Kong from 12,000 tonnes in 2013 to over 15,000 tonnes during the coming year.

Tulip Chief Executive Officer Chris Thomas said: "We are all very excited by the opportunity the Chinese market offers the Tulip business.

"We already export over 41,000 tonnes of pig meat globally, however, we see potential for enormous future growth in the Chinese market. As the UK's leading pork processor we are extremely well placed to make the most of upcoming opportunities.

"We have and are continuing to invest in our UK processing operation to meet the demands of our ambitious growth plans for our export business. We believe this will allow additional facilities to gain approval from China during 2014."

Tulip currently exports a range of up to 16 products including pork tongues, heads and tailbones, and is close to agreeing the supply of pig trotters to add to its expanding portfolio.

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China, UK discuss yuan clearing bank in London

[Reuters - Global Times, 20-02-2014] The British and Chinese governments are in active discussions about setting up a clearing bank in London for the yuan, the Chinese currency, Britain's finance minister George Osborne said Thursday, a milestone that will put the city in a leading position to offer yuan trade business in Europe.

Taking a leaf out of Hong Kong's blueprint in being the leading offshore yuan hub after the establishment of Bank of China (Hong Kong) as a clearing bank, the authorities are pressing ahead with having one for the city of London.

The move will help expand the Chinese currency's footprint beyond Hong Kong, where more than 80 percent of yuan trade settlement transactions are handled and foster greater confidence among European companies to adopt the yuan, also known as the renminbi, as a currency for trade.

"The UK and Chinese governments are in active discussions now about the appointment of a RMB clearing bank in London, recognizing London's role as the Western center of offshore yuan trading," Osborne said Thursday while speaking at the British Chamber of Commerce Hong Kong.

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Cofco of China Taking Control of Nidera to Boost Food Supply

[Bloomberg, 28-02-2014] Cofco Corp., China's largest food company, agreed to buy 51 percent of Dutch grain trader Nidera BV to expand food supplies to the world's most populous nation.

State-owned Cofco will extend its trade network by tying up with Nidera, which has annual sales of more than \$17 billion, the Chinese company said in an e-mailed statement. The closely held Dutch trader has "strong platforms" for procuring grain in Brazil, Argentina and central Europe, the company said.

The deal values Rotterdam-based Nidera at about \$4 billion including debt, said a person with knowledge of the matter who asked not to be identified as the details are private. Cofco didn't say how much it paid for the stake in the Dutch company, which trades grains, oilseeds, vegetable oils, meal and bio-energy products. HSBC Holdings Plc advised Cofco on the deal.

China is seeking to secure food supplies as rising incomes encourage people to eat a protein-rich diet, adding to pressure on land, water and farming resources. The country, the biggest buyer of soybeans, is poised to allow more agricultural imports in a shift in policy that would aid exporters from the U.S. to Ukraine, two people with knowledge of the plan said this year.

Purchasing the Nidera stake "is in line with the strategy of making Cofco a global-standard company," the Chinese food and grain company's Chairman Frank Ning said in the statement.

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