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## Policies

### Highlights of China's Central Economic Work Conference

[Xinhua, 11-12-2014] China's leaders and senior officials concluded the three-day Central Economic Work Conference Thursday 11<sup>th</sup> December. The government will strive to keep economic growth and policies steady and adapt to the "new normal" of slower speed but higher quality.

#### *The New Normal*

- Chinese economy has entered the new normal, featuring a shift from high speed growth to a medium-to-high one.
- The focus of economic growth will be shifting from quantity and speed to quality and efficiency.
- Economic momentum is increasingly driven by new engines rather than old ones.
- The new normal has not changed the strategic importance of a period that will see great achievements, nor the fundamentals of the Chinese economy.

#### *The New Tasks*

- China should focus on boosting economic growth quality and efficiency.
- China should develop new growth points, as the country is full of new growth points and enormous potentials.
- Transformation of the agricultural sector should be accelerated. Good solution to issues concerning the agricultural sector, countryside and farmers are among the top tasks of the Party.
- Regional integration and development policies should be improved
- Continue improving people's livelihood with necessary and timely support.

#### *Reform and Opening Up*

Efficiency and quality of outbound investment will be improved, sectors with a competitive edge will be encouraged to go overseas, and the internationalization of the yuan will be boosted in steadily.

Click [here](#) for details

### China to advance agricultural modernization

[Xinhua, 23-12-2014] China concluded a tone-setting central rural work conference on Tuesday 23 December, vowing to push forward agricultural modernization through reform and innovation.

The country pledged to make more efforts to speed up agricultural modernization in order to unleash farmers' consumption potential and spur investment in rural infrastructure.

An expanding agricultural sector will also forge new engines to propel China's economic growth, according to the statement.

"Food security is China's top priority during the agricultural modernization process. China will keep cereal largely self-sufficient and staples absolutely safe," the statement read.

China will guide orderly transfer of management rights of rural lands and development of new agricultural entities in hope of boosting scale management.

China will roll out more preferential policies and beef up financial support to underpin rural development.

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### **China seeks new growth by modernizing agriculture**

[Xinhua, 24-12-2014] China will tap into its vast rural regions and large rural population next year in an effort to inject new vitality into a slowing economy.

A national rural work conference that concluded Tuesday 23 December delivered the message that the government will push forward agricultural modernization in order to spur economic growth, adjust the economic structure and improve people's livelihood.

China's expansive countryside remains underdeveloped compared to richer urban regions in terms of infrastructure. Zheng Fengtian, a professor of agricultural studies at Renmin University, said the government will continue to speed up investment in rural regions, covering areas such as water facilities and public services infrastructure.

Top policymakers at the meeting said that the modernization drive will help unleash farmers' consumption potential and spur investment in rural infrastructure, adding a growing agricultural sector will nurture new sectors, new business models, and fresh momentum for growth.

Analysts said the country will advance the agricultural sector through integration with other industries, such as processing, storage, logistics, tourism development, and e-commerce.

Chinese e-commerce giant Alibaba announced in October that it will invest 10 billion yuan over the next three to five years to build 1,000 operating centers in county seats and up to 100,000 service outlets in villages in order to expand its presence in the rural market.

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### **Remaking rural economy- Experts suggest e-commerce and large-scale farming**

[Global Times, 24-12-2014] The country's agricultural sector needs to adapt to the "new normal" of lower growth rates and focus on economic restructuring and modernization. The Central Rural Work Conference, concluded in Beijing on Tuesday 23 December.

The main items on the agenda for 2015 are maintaining grain production growth while improving quality, and boosting ongoing economic transformation and restructuring in the agricultural sector.

"The most urgent task [for agricultural modernization] is to greatly boost development model transformation and restructuring," the conference's statement said.

While mapping out policies for 2015, the statement said that China is vowing to push forward agricultural modernization through reform and innovation.

Ma Wenfeng, an analyst with Beijing Orient Agribusiness Consultant Co, said on Tuesday that the key to developing a modern agricultural sector is encouraging large-scale farming and relying on technological progress.

Li Guoxiang, a researcher with the Rural Development Institute of the Chinese Academy of Social Sciences (CASS) suggested the agricultural sector should use e-commerce to sell its products.

According to the Tuesday statement, farmers are encouraged to form new agricultural entities in an innovative way to achieve economies of scale.

To facilitate associating farmers and their lands, China will guide transfer of management rights of rural lands to new agricultural entities, the statement said.

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### **Lawmakers highlight rural reform, agricultural modernization**

[Xinhua, 27-12-2014] China's lawmakers on Saturday 27<sup>th</sup> December called on the government to update rural land-use policies to modernize and streamline the agriculture sector.

In China farm land is collectively owned by villages rather than individuals. A rural household can sign a 30 year contract to obtain the right to use a plot of land, as long as it is not used for any other purpose than farming.

Although farmers have the right to transfer their land rights to others, there has been an unspoken rule discouraging this practice. As a result, arable land is divided into small plots and farmed by individuals.

Many argue that this has a negative impact on efficiency and makes it difficult to modernize agricultural processes.

According to the State Council, although China's grain output increased for the 11th-consecutive year, reaching 67.1 billion kilograms in 2014, agriculture struggles with the effects of pollution, low efficiency, increasing labor costs and thin profits, resulting in rural communities missing out on public service reform measures.

Lawmakers also asked the government to pay more attention to water conservation and rural education.

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### **National grain output in 2014 announced**

[NBS, 08-12-2014] According to the result of nationwide sampling survey of agricultural production households and comprehensive statistics of agricultural holdings conducted by National Bureau of Statistics (NBS) in 31 provinces (autonomous regions, municipalities) of China, the total grain sown area, yield per unit area, and total grain output in 2014 are as follows:

I. The total grain sown area stood at 112,738.3 thousand hectares, an increase of 782.7 thousand hectares year-on-year, up by 0.7 percent. Of which, the sown areas of grain (mainly includes corn, rice, wheat, barley, sorghum, buckwheat, and oats) was 94,622.8 thousand hectares, increased 854.1 thousand hectares over last year, and an increase of 0.9 percent.

II. The grain yield per unit area amounted to 5,385 kg/ha, an increase of 8.4 kg/ha year-on-year, promoted 0.2 percent. Of which, the yield per unit area of grain was 5,889.4 kg/ha, decreased 4.8 kg/ha over last year, and down by 0.1 percent.

III. The total grain output accounted for 607.099 million tons, increased 5.16 million tons year-on-year, and a growth of 0.9 percent. Of which, the total output of grain was 557.269 million tons, increased 4.577 million tons over last year, and a growth of 0.8 percent.

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### **Extra efforts needed to save more food**

[Xinhua, 04-12-2014] While the exact amount of food loss and waste in China is unknown, a study shows that roughly 19 percent of grains produced in the country is lost or wasted. For perishable foods such as vegetables and fruits, the percentage of loss and waste could be even higher. Annually, about \$32 billion worth of food, which could feed 200 million people a year is lost, according to China's State Administration of Grain.

Food loss and waste put pressure on the country's agriculture system. In China, agriculture is often the most intensive user of scarce resources and a main contributor to greenhouse gas (GHG) emissions. For example, agriculture is responsible for about 70 percent of China's water use, and under a business-as-usual trajectory, the country could face a 25 percent water supply gap by 2030. And accounting for 20 percent of the country's total GHG emissions, China's agriculture sector emits more GHGs than any other agriculture system in the world.

So, how can China reduce food loss and waste? Through a comprehensive approach.

In China, more food is lost in the processing and storage stages than at the retail or consumption level. China can tackle the challenge by investing in food-preservation technologies and infrastructure, changing policies and promoting greater consumer knowledge about food wastage.

China loses 27.5 million tons of food a year because of poor storage and transportation.

Policies to promote the right prices of foods and natural resources that reflect the true cost to the environment and climate are an important step toward encouraging sustainable production and consumption practices. For a more efficient food system in China, subsidies that promote overuse of natural resources and increase carbon emissions should be phased out.

Changing behaviors and culture regarding food waste at the dining table, particularly in restaurants, is important.

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### **China likely to miss 2014 GDP growth target**

[China Daily, 13-12-2014] Economic growth in China will slow to the lowest level since the global financial crisis of 2008 during the fourth quarter, leaving little chance of any rebound in industrial production and fixed-asset investment growth, economists said on Friday, 12<sup>th</sup> December.

Due to the worse-than-expected economic indicators, GDP growth in the fourth quarter may fall below the 7.3 percent level seen in the third quarter and fail to reach the full-year target of 7.5 percent, experts said.

"It is likely that the government will ease the monetary policy further to stimulate domestic demand, which has remained sluggish for most part of the year," said Liu Ligang, chief economist of the ANZ Bank in China.

The government confirmed that the overall policy stance for next year will remain largely unchanged but will see some tweaks such as further strengthening of the "proactive fiscal policy" and keeping the monetary policy more balanced between tightening and loosening.

Louis Kuijs, chief economist in China at the Royal Bank of Scotland, said: "We expect policymakers to combine tightening up regulations on shadow banking and containing the associated risks with cutting benchmark interest rates further and lowering reserve requirement ratios in 2015" .

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### **China to recognise 'animal welfare' for the first time in milestone law change**

[SCMP, 16-12-2014] The law is to be toughened to give more protection to wild animals on the mainland, according to a news website report.

A wildlife protection law introduced in 1988 is to be amended so that China recognises the concept of "animal welfare" for the first time, an expert working on the panel revising the legislation told the Shanghai-based news website Thepaper.cn.

Professor Chang Jiwen, an academic at the Chinese Academy of Social Sciences' Institute of Law, was quoted as saying that the tougher laws would help protect many species around the country.

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## Science, Technology and Environment

### **Expansion of pollution monitoring on the way**

[China Daily, 02-12-2014] China intends to create a monitoring system to oversee all types of pollutants in all areas and demand more effective action from protection teams, top environmental officials said on Monday.

"The focus of reform in ecological and environmental systems will be to build and improve a stringent pollution prevention and control mechanism, environmental evaluation process, administration system and early warning system," said Zhou Shengxian, minister of environmental protection, on Monday 1<sup>st</sup> December in Beijing.

Through reform and innovation, governments will have access to the whole picture of pollution through a unified monitoring platform covering pollution in the air, soil, rivers and oceans, regardless of its source, he said.

Stronger regulations will enable environmental protection authorities to supervise more independently of local governments, which often hide their pollution problems in the pursuit of economic growth.

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### **Heavy metal pollution in Hunan soil exceeds China's limits by 1,500 times**

[SCMP, 02-12-2014] More than 1,500 times the permitted level of heavy metal has been found in soil in China's south-central Hunan province, according to an unofficial environmental study.

Among the heavy metals found in the soil, the amount of cadmium was 200 times more than that permitted by China's soil environmental quality standard, China Economic Weekly reported, quoting the findings by non-profit organisation Changsha Shuguang Environmental Charity Development Centre.

The centre, set up in August last year, spent more than 500 days collecting samples from more than 10 cities along the Xiang River. Its findings – the largest unofficial research into the region in recent years – were published on November 15.

The authorities have not made any official response to the report.

In April, a national survey on soil pollution found that national soil pollution was 16.1 per cent higher than the quality standard, and that the main pollutants were mercury, cadmium, arsenic and lead.

According to the Ministry of Environmental Protection's website, a detailed survey on soil pollution in Hunan had been completed as early as July 2009, but was not released.

Hunan's non-ferrous metal mines generate almost 50 million tonnes of waste a year. Of the more than 160 types of minerals that have been discovered in the world, 140 – including

tungsten, antimony, bismuth, zinc, lead and tin – can be found in the province, which has a mining history that spans over 2,000 years.

Waste water from mining is often used to irrigate farmlands, and the water, which contains cadmium among other pollutants, has been poorly managed amid rapid development.

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### **Excess heavy metals endanger agriculture: experts**

[China Daily, 08-20-2014] Severe soil contamination threatens agricultural safety in some parts of China, the Economic Information Daily reports, citing experts at the 4th China Forum on Environmental Remediation Development Strategy.

Some areas face heavy soil contamination, especially where heavy polluting enterprises, derelict industrial land, industrial parks, centralized disposal sites for solid waste, oil producing regions, mining areas, sewage-irrigated areas and arterial highways are located.

The main pollutants are cadmium, arsenic, lead, mercury, chromium and copper, said Wei Fusheng, an academic from the Chinese Academy of Engineering.

The China National Environmental Monitoring Centre (CNEMC) recently sampled 4,910 point locations in vegetable cultivation areas, 1,188 of which were polluted, accounting for 24.3% of the sampled locations. Of all pollutants, heavy metal pollution accounted for 17.5%.

A 2011 investigation of soil around 284 factories, mines and enterprises conducted by the CNEMC showed that the quantity of clean land, mildly polluted land, moderately polluted land and heavily polluted land were 68.1%, 13.1%, 3.3% and 13.5%, respectively.

The Ministry of Agriculture, also in 2011, made a survey of 2.372 million mu of paddy fields in 88 counties of four heavily polluted regions in Hunan, Hubei, Jiangxi and Sichuan provinces. The results showed that polluted land accounted for 67.8%, or 1.608 million mu. The top six pollutants were cadmium, arsenic, nickel, copper, mercury and chromium.

Experts say that soil remediation should be achieved through tougher laws and higher environmental standards.

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### **Chinese tests find quarter of drinking water 'substandard'**

[Reuters, 07-12-2014] Almost a quarter of purified drinking water tested by China's top safety watchdog was substandard, with many products found to contain excessive levels of bacteria, the official Shanghai Daily newspaper said.

The findings underline the challenge to controlling supply chains in China, after a slew of food safety scares over the past year from donkey meat products contaminated with fox to heavy metals found in infant food.

The China Food and Drug Administration (CFDA) found excessive bacteria in purified water products from China's biggest drinks maker, the newspaper said.

Consumers in China either boil water for drinking or rely on bottled or barreled water due to high levels of pollution in waterways.

The CFDA checked 2,088 batches of purified drinking water and found that 23 percent were substandard, the Shanghai Daily said. Most failed the tests for excessive levels of bacteria.

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## **China looking to curb fertilizer, pesticide use**

[Reuters, 05-12-2014] China, the world's top producer of rice and wheat, is seeking to cap the use of chemical fertilizers and pesticides that have helped to contaminate large swathes of its arable land and threaten its ability to keep up with domestic food demand.

China is the world's top consumer of pesticides but almost two thirds of pesticides are wasted, contaminating both land and water, an environment official said last year.

"We need to be determined to control the use of fertiliser and pesticides," said chief economist at the agriculture ministry Bi Meijia.

Zhejiang province in eastern China plans to cut the use of nitrogen fertiliser by 8 percent in the next three years, Bi said, and the whole country could cap the growth in use of fertiliser and pesticides by 2020.

Still, China is aiming to remain self-sufficient in its staple crops, even as it moves to control pesticide and fertilizer use, Bi and another agricultural official said.

China's grains production is closely watched by global markets as any decline in output could boost demand for imports by the rapidly urbanizing country.

China will look to import any products in short supply on the domestic market but inbound shipments are not expected to increase substantially, Bi said.

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## **Chinese environmentalists accuse 1,000 companies of polluting**

[McClatchyDC, 09-12-2014] Environmental groups in China issued a report detailing more than 1,000 companies that they say regularly exceed emissions standards, an attempt to "name and shame" Chinese industries that contribute to the country's notorious air pollution.

Some of the industries "are in repeated violation of discharge standards and so have become a serious source of risk," according to the report, which was released by the nonprofit Institute of Public and Environmental Affairs and two other nongovernmental organizations.

Alleged violators include highly profitable publicly traded companies in China, including Kingboard Chemical Holdings Ltd., Aluminum Corp. of China and SinoChem Cokechem Co., a subsidiary of SinoChem International.

On any given day, much of eastern China is smothered in gases and particulates from factories and plants that health officials say contribute to tens of thousands of deaths yearly. By putting a spotlight on publicly traded companies that they say contribute to the smog, Chinese environmentalists hope shareholders will pressure corporate executives to speed up the installation of pollution controls and conversion to cleaner fuels.

Ma Jun, the director of the Institute of Public and Environmental Affairs, said Beijing's recent pollution-control efforts during the Asia-Pacific Economic Cooperation conference showed that bluer skies were possible. The quick reduction in smog demonstrated that China's air pollution could be reduced much more quickly than the 30 or 50 years some experts have predicted, he told a news conference.

"Although the APEC blue was short, it gives us great hope," Ma said.

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## **China aquaculture farmers demand compensation over oil spill**

[Xinhua, 09-12-2014] A trial involving 21 aquaculture farmers demanding compensation from ConocoPhillips China and the China National Offshore Oil Corp. (CNOOC) over an oil spill in 2011 began Tuesday 9<sup>th</sup> December.

The sea cucumber farmers from Leting County of Hebei Province demanded a compensation of 148 million yuan (23.9 million U.S. dollars) to cover their economic losses and litigation costs, according to the Tianjin Maritime Court.

They claimed that the oil spill, which was not made public at first, led to the death of a large amount of their sea cucumbers, with losses amounting to 140 million yuan.

The Penglai 19-3 oilfield, jointly owned by CNOOC and the Chinese subsidiary of U.S. oil giant ConocoPhillips, experienced a severe oil leak in mid 2011. Spills in the oilfield polluted more than 6,200 square km of sea water, with 870 square km heavily polluted.

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## **Farmers rewarded for not burning crop stalks**

[China Daily, 09-12-2014] Cui Min, a 62-year-old farmer in the village of Lianhua, Yonghe, in Bin county, Heilongjiang province, recently finished harvesting his corn in much the same way he has for the past 40 years.

This year, however, after the harvest, he left the cut stalks standing in the fields instead of burning them. "I signed a deal with a local company," Cui said. "They will pack the crop stalks and carry them away. In return for the crop stalks, they will also plow my fields before sowing in the spring."

The company, Heilongjiang Longneng Weiye Environment and Technology Shares, was set up in 2010. Its business mostly consists of recycling crop stalks from the countryside and household garbage from cities and towns.

"We invested 3 million yuan (\$488,000) to buy five straw packing machines and have established a base for the collection, storage and transportation of crop stalks in Bin county," said Chen Linhua, assistant general manager of the company. "The crop stalks will be made into eco-fuel or used to produce electricity.

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## **Water conservation promoted in China's Hebei**

[Xinhua, 11-12-2014] North China's Hebei Province is promoting water-saving agriculture and improved urban water supplies.

A differential pricing scheme for tap water will come into force for urban residents in Hebei next year. Urban households will pay more if the volume of tap water they use exceeds the basic allowance.

By February next year, the province will have invested 7.4 billion yuan (1.2 billion U.S. dollars) in water saving irrigation, which can reduce groundwater exploitation by 760 million cubic meters.

Agriculture accounts for more than 70 percent of water use in Hebei. Hebei will cut excessive industrial capacity in iron and steel, cement and glass, all major consumers of water. Currently, more than 90 percent of urban households in Hebei have water saving instruments.

The usable water resource in Hebei is about 15 billion cubic meters each year, about 5 billion cubic meters short of the requirement. Projects diverting water from the Yangtze and Yellow rivers, the country's longest and second longest, will ease Hebei's water shortage, but cannot completely solve the problem, according to the official.

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### **Yangtze water not a cure-all for Beijing's thirst**

[Xinhua, 12-12-2014] Beijing is looking to water from the Yangtze River to ease its drought, but experts say the ambitious water diversion project is not a cure-all for capital's thirst.

The landmark middle route of the 500-billion-yuan (81-billion U.S.-dollar) project started supplying water to Beijing Friday 12<sup>th</sup> December. It will pump 9.5 billion cubic meters of water each year from the Danjiangkou reservoir in central China's Hubei Province to the northern provinces of Hebei and Henan as well as Beijing and Tianjin, benefiting some 100 million people.

About 1.05 billion cubic meters of water from the Hanjiang River, the Yangtze's largest tributary, will be running from Beijingers' taps each year through 1,400 km of pipelines and canals.

With Yangtze water piped in, Beijing will have 150 cubic meters per person, an increase of 50 percent, according to figures provided by the Beijing water authority.

Beijing needs at least 3.6 billion cubic meters of water a year to supply its 20 million residents and to keep local businesses running, but its own water supply was only 2.1 billion cubic meters annually in the past decade.

Despite the increase in water supply, the water diversion project is by no means a final solution to ease Beijing's water shortage, said Sun Guosheng, chief of Beijing's office of the South-to-North Water Diversion Project.

Sun said the government should use the price leverage to encourage all of society to save water. "To save is to survive," he said.

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### **China aims to boost "super corn" yield**

[Xinhua, 11-12-2014] China aims to boost yields of a "super corn" through research on inbred corn lines, according to the research team.

The "super corn," coded "Denghai 618," was cultivated by Li Denghai, a well-known corn breeder in Shandong Province. Its yield hit a record high of 1,335.8 kg/mu (15 mu is equal to one hectare) in a 10-mu experimental field and 1,151.6 kg/mu in a 100-mu experimental field this year.

Guo Jiucheng, deputy head of the Shandong Provincial S&T Bureau, said that Li's research aims to improve the corn's yield to 1,350 kg/mu by 2020 and 1,400 kg/mu by 2025.

Li said he will select wild corn plants for the research to help boost the yield.

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### **China's e-commerce giants eye rural market**

[Xinhua, 21-12-2014] China's leading e-commerce giants have stepped up expansion of online retail business in rural areas in hopes of tapping the new territory to offset a saturated urban market.

JD.com Inc., a Nasdaq-listed firm, announced this week they would set up a county-level operating center in south China's Guangdong Province.

The move followed the e-commerce decision to open a physical shop in a small northern county in Hebei in Nov. to help farmers purchase home appliances via its online shopping store.

Plagued by poor transport and less purchasing power, rural buyers remained mostly untouched by the wave of online shopping that swept across China in recent years.

However, the situation is changing as the burgeoning market in villages has shown great potential and intrigued the country's major e-commerce businesses.

A report published by a research center under Alibaba Group, China's largest commerce company, forecast the value of the rural online sales market will grow to 180 billion yuan (29.4 billion U.S dollars) this year and 460 billion yuan in 2016.

Rural buyers on Taobao.com, Alibaba's online sales website, made up nearly 10 percent of total sales of the site in the first quarter of this year, up from a proportion slightly higher than 7 percent two years ago.

Other e-commerce giants Alibaba and Suning are also striving to grab a lion's share of the market, and the former has gained one step ahead.

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### **China's new farmers are using e-commerce to transform agriculture**

[SCMP, 15-12-2014] Tech-savvy young people are transforming the agricultural industry by using e-commerce to improve the safety and quality of local produce.

Du Qianli completed his postgraduate studies at Zhengzhou University in 2008. Unlike most of his classmates who became white-collar workers, Du returned home to a remote village in the Taihang Mountains, where he set up an online shop selling local produce. Today, Du's shop at Taobao.com, the mainland's leading e-commerce platform, earns him a profit of more than 100,000 yuan (HK\$126,530) a month.

Du is just one of a flock of well-educated, technology-savvy young people who have moved to rural areas to become "new farmers" in recent years.

Unlike traditional farmers who work small plots without access to market information, the new farmers take advantage of the internet and envision agriculture with social responsibility, creativity and a better sense of the market, says a report on this emerging group by Alibaba's research arm AliResearch.com.

Such new farmers - estimated at about one million - make up the increasing number of people selling farm produce through online shops and have changed the way agricultural produce is being distributed, says AliResearch's Chen Liang .

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### **E-commerce to play key role in poverty relief**

[China Daily, 25-12-2014] China will push forward the use of e-commerce platforms to more than 60,000 impoverished villages in the next five years to aid its relief effort, a senior official said on Wednesday at a conference in Beijing on national poverty alleviation.

Liu Yongfu, head of the State Council Leading Group Office of Poverty Alleviation and Development, said the country will encourage residents in poor rural areas to open stores on major e-commerce platforms to distribute their agricultural produce.

The authority will select 1,500 poverty-stricken villages in 2015 for a e-commerce pilot project, Liu said.

The e-commerce program is part of the authority's effort to help those with the most pressing needs and to make the most efficient use of poverty reduction funds.

The authority will sign more agreements with e-commerce platforms to encourage more of them to join the poverty relief effort in the rural areas.

Several leading e-commerce companies in China have already announced plans to boost their infrastructure and facilities in rural areas to further explore the untapped market.

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### **Modern tech 'can bolster self-sufficiency'**

[China Daily, 18-12-2014] China can make considerable progress in food self-sufficiency if it uses methods like consolidation of farmlands and encourages use of modern machinery, technologies and good practices for agriculture, said a report published by Rabobank.

"Bigger farms would allow best practices to be applied with more efficiency across China. Chinese food and agricultural companies should also invest more in research and development to develop farm input products that can boost yield and sustainability," said Sam Gao, an analyst with the food and agribusiness research and advisory department at the Shanghai branch of Rabobank Nederland.

Chinese enterprises have already been moving up the supply chain in the global market by acquiring farmland in overseas markets, contracting local labor and owning equipment and facilities to have better bargaining power in pricing, said Wang Aochao, director of the food and agribusiness research and advisory department of Rabobank Nederland's Shanghai branch.

Analysts said technology will be major driver for China to realize a green, sustainable and fair-trade path for agricultural development.

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## **Trade and Business**

### **UK launches simplified biz visa scheme for Chinese**

[China Daily, 12-12-2014] UK Visas & Immigration has launched a new visa scheme named "Select Business Scheme UK" (SBS UK) which can "greatly simplify" the process for inviting Chinese business partners to Britain.

According to China-Britain Business Council's (CBBC) announcement, SBS UK dramatically simplifies the business visa application process by allowing representatives of Chinese businesses to provide just three documents when applying for a visa: an application form, an invitation letter and a letter of employment.

It is now available to members of CBBC, the British Chamber of Commerce in China (BCCC), the Confederation of British Industry (CBI) and companies referred by UK Trade & Investment (UKTI), said CBBC.

Britain now receives more Chinese investment than any other European Union country and is also the fourth most popular destination for Chinese investment worldwide.

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## **China, US to act on food issues**

[China Daily, 18-12-2014] Senior Chinese and US officials stressed on Wednesday 17<sup>th</sup> December the importance of bilateral agricultural cooperation to ensure food security in both countries and around the globe.

Chinese Vice Premier Wang Yang said agricultural cooperation has always been an important part of China-US relations. He said the cooperation has been riding a fast track since the beginning of the 21st century, as demonstrated by fast-growing agricultural trade, booming investment and increasing agricultural technology cooperation.

He emphasized that while China has made phenomenal achievements in agricultural development in the last more than 30 years of reform and opening up, it also faces many new and serious challenges. "Maintaining a sustainable agricultural development has become a tougher challenge," he said.

The vice premier noted that the answer is to switch the agricultural development model by speeding up technological innovation in agriculture, and developing a path of modern agriculture characterized by high yield, safe products, savings in resources and environmental friendly.

He said China's agricultural modernization will primarily be based on self-reliance, but added that international cooperation is indispensable.

US Secretary of Agriculture Tom Vilsack said the collaboration in agriculture between the two countries dates back to the 1970s and has over the years grown richer, broader and deeper with tremendous benefits for both countries.

China is now the largest export market for the US, with \$26 billion of exports in 2014, up 11 percent from the previous year and doubling in the past five. China is also the largest international market for US food and agricultural products, accounting for 20 percent of all US farm exports, according to Vilsack.

Similarly, Chinese agricultural exports to the US have increased significantly, growing over 50 percent in the last five years.

He cited the fruitful cooperation in hosting thousands of scientific and technical exchanges, countless delegations, and co-authoring numerous published papers, and described the cooperation as having helped "enhance agriculture for growers and consumers around the world."

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## **US, China aim to talk more on biotech**

[Chicago Tribune, 17-12-2014] With China gobbling up nearly 20 percent of U.S. farm exports, the two countries agree they should do a better job of working together on farming practices, including improving collaboration on biotechnology.

U.S. Secretary of Agriculture Tom Vilsack and Chinese Vice Premier Wang Yang, speaking at a U.S.-China trade meeting in Chicago on Wednesday, each said such efforts are critical as they work to ensure that there is enough food to feed the world's growing population.

U.S. agricultural and food companies pay close attention to China. While the pace of its economic growth has slowed, the country and its 1.3 billion residents are a booming market for U.S. agricultural products. But China's barriers to imports of some U.S. genetically modified crops have disrupted seed companies' plans for new product launches. So any

changes in China's acceptance of biotechnology products could have a major impact on planting in the United States.

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### **China approves delayed GMO imports as US ties warm**

[Reuters, 18-12-2014] China has approved the import of a genetically modified corn strain it blocked last year, causing market turmoil, and has given clearance to biotech soybeans that had been waiting years for clearance, in a sign of improving relations with the United States.

U.S. Agriculture secretary Tom Vilsack said that China approved imports of American-grown Viptera corn developed by Swiss-based Syngenta, known as MIR 162, as well as shipments of biotech soybeans developed by DuPont Pioneer and Bayer CropScience.

Industry sources and analysts said China's change of heart was down to a warmer political climate between Beijing and Washington since the Asia-Pacific Economic Cooperation (APEC) forum last month, where the two announced a joint plan to limit carbon emissions and made breakthroughs on eliminating duties on technology products.

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### **France seeks to wean cows off soybeans as China dominates demand**

[Bloomberg, 16-12-2014] France will pay farmers to grow faba beans and other crops that can add protein to livestock rations as Europe's largest beef producer seeks to cut its dependence on imported soybeans, where China's rising demand threatens supply.

The government will allocate 49 million euros (\$61 million) a year to pay a premium for sowing protein sources such as peas or sweet lupine, Agriculture Minister Stephane Le Foll said at a news conference in Paris today.

"The flow of protein feed to Asia is becoming greater and greater. For Europe, security of supply is not guaranteed in the long term." Le Foll said.

France grows about 60 percent of the protein crops eaten by its cows, pigs and poultry, importing the rest, while Europe is about 35 percent self-sufficient, according to the agriculture ministry. China gobbles up about 60 percent of global soybean exports, driving up prices, the ministry said.

The EU will import 12.75 million metric tons of soybeans and 19.8 million tons of soybean meal in the year through September 2015, the U.S. Department of Agriculture predicts. China may take 74 million tons of soybeans, or 66 percent of global imports, and 50,000 tons of meal, the data show.

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### **Heinz opens state-of-the-art infant cereal factory in China**

[Business Wire, 02-12-2014] H.J. Heinz Company CEO Bernardo Hees joined Chinese Government Officials today to celebrate the opening of the Company's largest infant cereal production plant in the world. The 80,000 square meter state-of-the-art factory, located in Foshan City, Guangdong Province, ushers in a new chapter for Heinz's growth in China, a longstanding strategic location for the Company. The grand opening and commencement of production at the factory today coincides with the 30<sup>th</sup> anniversary of Heinz's presence in China, where the Company operates six other facilities. The factory will create 200 new jobs for the Foshan region and position Heinz to significantly increase production in the country.

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## **Nestle launches first coffee center in SW China**

[Xinhua, 12-12-2014] Global food giant Nestle opened its first coffee center on Friday 12<sup>th</sup> December in southwest China's Yunnan Province, which will train local farmers and boost coffee consumption in a nation of tea lovers.

The center, located in Pu'er City, is expected to be the largest training base in China for coffee farmers, agronomists and business professionals. It will have a quality assurance coffee laboratory and an integrated handling and storage facility. Nestle will buy about 10,000 tonnes of coffee beans from Pu'er during the 2014-2015 season, said Christian Schmid, executive vice president of the Nestle Greater China region.

Yunnan is the largest center for coffee plantations in China, its bean output accounts for over 98 percent of the national total. The province produced nearly 100,000 tonnes of coffee in 2013. Pu'er is also a famous production base for a variety of fermented dark tea.

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## **China green lights South African apple imports**

[FreshFruitPortal.com, 04-12-2014] After years of negotiation and dealing with technical issues, the export protocol allowing South Africa to ship apples to China has been approved and signed.

The protocol was signed by the South African Minister of Agriculture, Forestry and Fisheries Senzeni Zokwana and China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) director general Zhi Shuping on 4<sup>th</sup> December during a state visit to the Asian country.

The South African Apple and Pear Producers' Association (SAAPPA) said in a release this culminated an eight-year process between the two countries and would enable the industry to expand its 'ever broadening marketing footprint'.

It added that tapping into this market had been a major industry priority for more than a decade, and should also act as a springboard to more effectively access other Asian markets.

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## **Chilean fruit with Chinese brand popular online**

[Xinhua, 12-12-2014] The first harvest of Chilean blueberries under the Chinese brand Joyvio have begun online sales in China, with obvious popularity in the December shopping frenzy.

Hundreds of Chinese fruit lovers purchased the blueberries on Friday, reassured by a smiling image of Jorge Heine, Chilean ambassador to China, who appeared on a major C2C e-commerce platform to promote his country's produce. Along with Heine, eleven other ambassadors and other diplomats have positioned themselves as spokespeople for their national products on Taobao.com, the world's biggest shopping site.

Producer of the blueberries, Joyvio Group, is the agriculture arm of tech giant Lenovo Holdings Ltd., and the first Chinese company to have invested in Chilean fruit. Created in 2012, Joyvio has so far acquired five Chilean fruit producers, formed a strategic partnership with Subsole, one of Chile's biggest fruit companies, and established its own production bases there.

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## **Retail traditions hit a wall at Wal-Mart China**

[CaiXin, 08-12-2014] As e-commerce spreads in China, Wal-Mart face mounting pressure to adjust their business approach as well as update their attitudes.

Basic retail real estate costs in China are rising fast. A recent report said that rental costs for commercial space in China rose an average 3 to 5 percent every year between last few years. Rents have been climbing more than 10 percent annually in some premium business locations. Retail industry labour costs have been rising an average 10 percent annually in recent years. And these costs have been rising even while retail industry growth has been slowing for the past seven years in a row.

The report cited China's current economic slowdown and e-commerce competition as reasons for the cooling growth among traditional retail companies.

To adapt, Wal-Mart is directing more resources toward after-sale deliveries, particularly door-to-door free delivery services for customers within two kilometers of a store. It also plans to team up with product suppliers to sponsor promotions and price items according to what e-commerce retailers offer.

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### **Gansu's vegetables being exported abroad for the first time**

[China daily, 15-12-2014] When Gansu province exported 50 tons of its onions and 30 tons of its peppers to Kazakhstan in early December, via the China-Kazakhstan Khorgos border center, in the neighboring Xinjiang Uygur autonomous region, it marked the first time for Gansu to see its vegetables leaving the country without having to resort to middlemen.

This meant greater profits for the farmers, with the exports valued at 370,000 yuan (\$60,200), after passing through Gansu's Entry-Exit Inspection and Quarantine Bureau quality check. To guarantee that the Gansu goods were not going through middlemen, there was an agreement signed by the Gansu and Xinjiang Entry-Exit Inspection and Quarantine Bureaus in October, where the Xinjiang bureau promised to make the customs clearance more convenient for neighboring products as one way of supporting trade along the Silk Road Economic Belt, between northern China and western Asia, with Chinese government support.

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### **Exporters enter domestic market, raise China's food quality**

[China Daily, 17-12-2014] After exporting all its products to the Japanese market for eight years, Genseida Food Co Ltd started to sell domestically this year.

Genseida is based in Anqiu, a county-level city in Weifang in East China's Shandong province. The company accounts for 20 percent of Japan's ginger trade and about 33 percent of its peeled garlic. Genseida launched its first product on the Chinese market in May - a type of fermented garlic flavored with chocolate.

Other Shandong-based agricultural exporters are also exploring the domestic market.

Shandong government is building demonstration areas across the province to help agricultural exporters enter the domestic market, in a bid to elevate the nation's overall food quality. Shandong will apply international standards to the agricultural sectors of aquatic products, meat products, vegetable, fruits, peanuts and edible oils by 2017.

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