

China Agri-food News Digest

January 2013

Contents

.....	1
Policies.....	1
Lawmakers urge efforts to improve China's farmland.....	1
China to boost agricultural modernization: vice premier	2
China must invest abroad for food security, forum told	3
Can Chinese save face and save money?	3
China's rice imports won't endanger world food security	4
China cracks down on food safety before holiday	5
Food self-sufficiency no longer option for China.....	5
Science and Technology	7
China to boost biotech industry	7
RCUK and Chinese Ministry of Science and Technology build stronger links	7
China to boost seed industry	8
International Relations	9
Program to improve Africa's agriculture	9
China-Denmark Milk Technology Cooperation Center Started Operation	9
Chemical residue in NZ milk raises concerns.....	10
France to boost agri, food exports to China.....	10
China, U.S. resolve dairy certificate issue	10

Policies

Lawmakers urge efforts to improve China's farmland

BEIJING, Dec. 26, 2012 (Xinhua) -- Chinese lawmakers on Wednesday suggested more efforts were needed on improving and protecting the quality of the country's arable land.

Members of the Standing Committee of National People's Congress made the suggestion at a panel discussion on a State Council report about land administration, which was submitted to the top legislature for deliberation.

Lu Yongxiang, vice chairman of the NPC Standing Committee, suggested the government invest more money to upgrade medium or lower-yield farmland, which accounts for about 70 percent of the country's arable land.

Efforts should be made to improve soil and irrigation and restore polluted soil in order to boost both agricultural production and ecological benefits, he said.

China applies the principle of "reclaiming the same area of land as is used."

Users shall be responsible for reclaiming the same area and quality of cultivated land they use for construction of non-agricultural projects, the Land Administration Law stipulates.

.....

China's per capita arable land is only about 1.35 mu, lower than half of the world average. High-yield farmland only accounts for 30 percent of the total arable land and the country has little backup resources available, according to the report.

To ensure grain security, the country has drawn a "red line" of 1.8 billion mu (120 million hectares) as the official minimum of arable land to feed the world's largest population.

However, with rapid urbanization and massive infrastructure construction, the country is already edging dangerously close to the tipping point, with just 1.82 billion mu available as of 2011, figures from the report showed.

More details see: http://news.xinhuanet.com/english/china/2012-12/26/c_132065487.htm

China to boost agricultural modernization: vice premier

BEIJING, Jan. 15 (Xinhua) -- China's stepped-up urbanization should benefit agricultural modernization, and the two will complement each other, Vice Premier Li Keqiang said Tuesday.

Urbanization will promise the largest potential for domestic demand, while agricultural modernization is an essential foundation of, and crucial support for, all economic and social growth, Li said.

He made the remarks while chairing a meeting at the Academy of State Administration of Grain (ASAG) after visiting the academy's grain storage laboratory and food safety laboratory.

"China's reforms commenced from the countryside about 30 years ago. We will still rely on reforms and innovation to keep and manage 'the country's granaries' and promote the 'new four modernizations,'" Li said.

The "new four modernizations" are industrialization, informatization, urbanization and agricultural modernization.

.....

China's grain demand-supply relationship is in a tight balance and it has not been changed, as grain harvests are largely determined by climate, Li said.

In the future, grain consumption will continue to rise. No one can shoulder the burden of feeding more than 1 billion people and "we can only rely on ourselves," Li said.

Global grain prices have been running high and will continue to do so in the future, and China's agricultural foundation, especially its grain foundation, should not relax, Li said.

The Chinese Academy of Social Sciences on Tuesday released the Annual Report on China's Urban-Rural Integration 2012. It says a great amount of rural labor forces are moving to cities, and an inadequate labor force is gradually becoming a key factor hampering the country's grain output.

Official figures show that China's grain output in 2012 rose 3.2 percent year on year to 589.57 million tonnes. However, the country faces a tightening grain supply amid increasing demand driven by population growth.

At a rural work conference in December, Minister of Agriculture Han Changfu said China has increased its imports of farm produce to meet domestic needs, and the country plans to encourage more industrial and commercial enterprises to invest in the agriculture sector.

More details see: http://news.xinhuanet.com/english/china/2013-01/15/c_132104904.htm

China must invest abroad for food security, forum told

Tuesday, 22 January, 2013.

China must invest overseas to ensure its food security, said speakers at the recent Asian Financial Forum.

"China and India have to open to global markets like Australia, Africa and Latin America, and invest in these countries' agricultural production for food security," said Fan Shenggen, the director general of the International Food Policy Research Institute.

By 2020, China would need to import 100 million tonnes of grain each year, Fan said. Last year, it imported three million tonnes of rice, three million tonnes of wheat and 60 million tonnes of soya beans.

China accounted for 60 per cent of the world's trade in soya beans, said Frank Ning Gaoning, the chairman of Cofco, China's largest food conglomerate. It also had a US\$27 billion annual food deficit.

State-owned Cofco acquired Australia's Tully Sugar in 2011.

.....

Cofco plans to spend more than US\$10 billion on overseas mergers and acquisitions in the next five years, according to mainland media reports.

During the five-year plan to 2015, it would focus its overseas investments on the US, Australia and Southeast Asia, the reports quoted Jiang Hua, a Cofco board member, as saying.

.....

In China, 5 to 14 per cent of the nation's 1.3 billion people are undernourished, according to the UN.

Rierson estimated 4 to 5 per cent of China's gross domestic product was lost every year due to malnutrition.

Children undernourished in their first three years risked having physically and mentally stunted lives, Rierson said. "This has massive economic impact."

More details see:

<http://www.scmp.com/business/economy/article/1133255/china-must-invest-abroad-food-security-forum-told>

Can Chinese save face and save money?

BEIJING, Jan. 23 (Xinhua) -- China's latest call for greater frugality among officials and citizens may be impeded by the nation's entrenched culture of "face."

Face is a big thing for Chinese, both traditionally and fundamentally. The concept, loosely defined as a notion of one's reputation rooted in pride and self-esteem, can be best observed at China's banquets, where the idea that "excessive dishes mean great hospitality" remains a guiding principle.

Uneaten food allows hosts to "gain face," as they would otherwise be considered stingy or lacking in finances if diners ate everything on the table.

Chinese revelers, many of whom are officials, throw extravagant feasts in restaurants to flaunt their wealth or show hospitality to their guests.

Although an average person might throw a banquet and pay for everything himself, he would hesitate before packing up the leftovers, as this could cause him to lose face in front of his guests.

Meanwhile, the face culture is so engrained in Chinese society that many would be embarrassed to host a feast on the cheap.

So, when Xi Jinping, China's top leader, on Tuesday told the 82 million members of the ruling Communist Party of China (CPC) to honor frugality and curb the rampant waste created by banquets, face-loving officials and consumers surely let out some groans and grumbles.

Xi's call came amid China's full-fledged frugality campaign, which has come down hard on China's officials accustomed to extravagances.

They bade farewell to red carpet greetings, fresh floral arrangements in conference halls and welcome banners and balloons -- things that used to give them face -- in December, when the CPC told them to abstain from ostentatious ceremonies.

The pervasiveness of the face mentality at feasts make sense, as China used to endure periods of food shortages. Prior to the country's rise as the world's second-largest economy, hosts gained face from the belches of their satiated dinner guests.

However, it seems out of place in today's China, where it is no longer difficult for most Chinese households to provide ample food for their guests. Whether guests have been entertained rarely hinges on the amount of food left on plates.

More Chinese have gone from eating just to fill up their bellies to appreciating food, and they are also giving special attention to the healthiness and refinement of their diets.

China's frugality drive is unlikely to gain traction as long as the face culture prevails, which will continue to generate a great deal of waste.

According to China Central Television (CCTV), an estimated 200 billion yuan (32 billion U.S. dollars) worth of food -- enough to feed about 200 million people for one year -- goes to waste in China each year.

This figure is astonishingly high in a country where 128 million people live on less than 1 U.S. dollar a day, and those worried about face should turn their concerns to those with empty stomachs.

More details see: <http://english.peopledaily.com.cn/90882/8105207.html>

China's rice imports won't endanger world food security

BEIJING, Jan. 25 (Xinhua) -- China's rising rice imports last year will not alter the supply-and-demand balance in the domestic rice market or threaten global food security, the Ministry of Agriculture said on Friday.

China's rice imports more than quadrupled from the previous year to reach 2.32 million tonnes in 2012, marking the largest amount of such imports since 2000, the latest customs data showed.

Because the imports only accounted for a small share of international rice trade, as well as domestic production and consumption, they will not have an obvious impact on the global grain market or affect the domestic rice market, said a statement issued by the ministry.

China's rice imports accounted for 6.2 percent of global rice trade and 1.6 percent of domestic rice output last year, the ministry's figures showed.

Just 7.7 percent of global rice output was traded last year, according to data from the UN Food and Agriculture Organization.

Meanwhile, China's grain output rose for the ninth consecutive year last year, with rice output up 1.6 percent year on year, which has contributed toward making rice supplies generally sufficient, according to the statement.

The ministry said China's rice imports, which used to be dominated by Thai rice favored by high-end consumers, increased last year, as domestic flour and wine makers have turned to overseas markets for cheaper rice.

Rice prices in China started to outpace those in Vietnam and Pakistan last year due to a stronger yuan and steady price hikes in the domestic market, it said.

Customs data showed that 66.7 percent of China's rice imports were from Vietnam, 25 percent from Pakistan and 7.6 percent from Thailand last year, respectively.

More details see: http://news.xinhuanet.com/english/china/2013-01/25/c_132128341.htm

China cracks down on food safety before holiday

BEIJING -- The Ministry of Public Security on Friday announced a new crackdown on food safety crimes amid the approach of the Chinese Lunar New Year.

Food safety crimes remain rampant and food risks are expected to surge during the Spring Festival holiday in February, according to Huang Ming, vice minister of public security.

The ministry will focus on cases involving quality problems among cooking oil, spirits, meat and folk specialty foods during the holiday in order to ensure food safety, said Huang.

The ministry will also join hands with authorities of food safety, agriculture and quality control to cut off sources of food safety risks stemming from agricultural and animal husbandry practices by eliminating the use of illegal additives in pesticides and feed.

Huang also urged local authorities to improve relevant policies and fix loopholes in daily food safety supervision.

More details see: http://www.chinadaily.com.cn/business/2013-01/26/content_16176866.htm

Food self-sufficiency no longer option for China

China's pursuit of self-sufficiency in food output is no longer possible as soaring demand and rapid urbanisation stoke appetites, a top government farm official said, in comments that appear to be the most direct yet to rule out achieving this aim.

China's soaring imports of agricultural products remain a sensitive topic for the ruling Communist Party, which has traditionally put self-sufficiency and food security at the top of its agenda. It also fears a spike in imports could hurt the vast farming population and raise the spectre of rural unrest.

Chen Xiwen, director of the Chinese Communist Party's top policy making body for rural affairs, told a forum at the weekend that food supplies would come under increasing pressure as incomes improved, and China needed to boost production, but it could not turn back the clock when it came to imports.

"During the process of urbanisation, we must pay attention to modern agricultural development and to farm product supplies, but of course, we certainly cannot pursue self-sufficiency," he said, noting that last year's import volume amounted to around 12 per cent of China's total food demand.

He said the question of food supply required close attention to ensure that urbanisation did not stop or reverse course.

Since China embarked upon its modernisation programme in 1978, around 260 million farmers have moved to the cities. China's total rural population fell by 80 million between 1982 and 2010, census data shows.

Debate on role of imports

Chen's comments are part of a debate in the central government about the role imports should play in feeding China's increasingly prosperous population, especially as its cities expand and farmland and rural labour dwindle.

China's plan for development in agriculture over the five years to 2015 retained the aim of self-sufficiency in agriculture production, setting a target of 95 per cent of supplies to be sourced domestically.

But with the country increasingly dependent on the international market, a top government researcher has urged Beijing to ease controls on farm product imports.

"For a country with 1.3 billion people, it is impossible to rely on ourselves to guarantee all farm products supplies," Han Jun, the head of the rural department of the Development Research Centre, a cabinet think tank, told a forum last week.

"To ensure grain security and supplies of major farm products does not mean that we should go back to the way of self-sufficiency," he said.

He said China should loosen controls over corn imports and rely more on the global market for cotton, sugar and soybeans.

Demand for corn in China, already the world's second largest consumer, is set to rise sharply. Corn is used in livestock breeding, and rising incomes are expected to boost consumption of meat, dairy and eggs.

China's grain and soybean imports topped 70 million tonnes for the first time last year, with imports of vegetable oil also reaching 8.45 million tonnes. Imports of farm products accounted for 12 per cent of domestic consumption last year, said Chen.

China's farm trade deficit last year increased 44 per cent on the year to US\$49.19 billion, the agriculture ministry says.

Cereal imports rose 157 per cent on the year to 13.98 million tonnes, with a total value of US\$4.79 billion, while imports of livestock products reached US\$14.9 billion, up 11 per cent.

China is expected to remain mostly self-sufficient in rice and wheat. It is the world's largest consumer and producer of the staples, whose global trading volumes are small.

China's farm ministry said over the weekend that supplies of rice remained sufficient, and that price issues accounted for the rise in imports last year, rather than increasing demand.

More details see: <http://www.scmp.com/news/china/article/1137897/food-self-sufficiency-no-longer-option-china>

Science and Technology

China to boost biotech industry

BEIJING - The Chinese government will give a boost to the biotechnology industry in order to tackle problems related to population growth, food safety, energy conservation and environmental protection, the State Council said Sunday.

The government aims to double the share of GDP that the sector's value-added output accounts for by 2015 from the 2010 level, according to a biotech industry development plan unveiled by the State Council, or China's cabinet.

The sector will see its output surge at an average annual rate of more than 20 percent from 2013 to 2015, according to the plan.

The government also plans to improve the sector's innovation and technological prowess to make it a pillar industry by 2020.

New medicines, crops, biofuels and environmental technology are needed to protect the health of an aging population, ensure food safety and save energy, the plan says.

The government is targeting an annual production value of 150 billion yuan (\$23.8 billion) by 2015 for the biofuel sector, according to the plan.

The sector's overall output has risen at an annual average of more than 20 percent since 2006, reaching 2 trillion yuan in 2011, according to the plan.

The sector is one of seven emerging industries that the government is aiming to promote over the next few years in order to turn domestic consumption and technological innovation into driving forces for the economy.

The other sectors include advanced materials, alternative energy, new-generation information technology, high-end equipment manufacturing, new-energy cars, energy conservation and environmental protection.

The government has set a goal of ensuring that the sectors' combined value-added output will account for 8 percent of the GDP by 2015.

More details see: http://www.chinadaily.com.cn/business/2013-01/07/content_16090132.htm

RCUK and Chinese Ministry of Science and Technology build stronger links

Research Councils UK (RCUK) and the Chinese Ministry of Science and Technology (MOST) have today (14 January 2013) announced the projects to be funded under their *China-UK Cooperation Programme in Global Priorities*.

This ground-breaking initiative is the first time that RCUK and MOST have jointly funded a programme of research. RCUK will be investing around £1million with matching funding being made available by MOST for the projects funded under the three thematic areas of healthy ageing populations; energy; and food security.

.....

The projects funded include:

- *Streptococcus suis* in the pig meat supply chain: from genomics to control strategies - Alexander (Dan) Tucker, University of Cambridge; Rui Zhou, Huazhong Agricultural University

- Epidemiological and immunological perspectives and prophylactic potential of *Mycobacterium bovis* and *M. paratuberculosis* co-infection in cattle - Paul Barrow, University of Nottingham; Xiangmei Zhou, China Agricultural University
- New pest resistance in rice by breeding and GM for constitutive and inducible levels of defence homoterpenes - John Pickett, Rothamsted Research; Kong Ming Wu, The Institute of Plant Protection, Chinese Academy of Agricultural Sciences
- Biomaterials for joint soft tissue repair: Improving health in older age -Pete Twigg, University of Bradford; Qi Wang, Sichuan University

Additionally, in the 2013 financial year the following 2 projects shall be funded by solely one funder on the side of their respective investigators:

- Development of a new generation of oncolytic viruses that are systemically deliverable and more effective for cancer treatment - Nicholas Lemoine, Barts Cancer Institute, Queens University Belfast; Yaohe Wang, Zhengzhou University. This will be funded by MoST.
- Coordinated operation strategies of distributed energy resources in smart distribution networks - Furong Li, University of Bath; Chengshan Wang, Tianjin University

More details see: <http://www.rcuk.ac.uk/media/news/2013news/Pages/130114.aspx>

China to boost seed industry

China has vowed to boost its seed industry over the next decade to ensure grain stocks grow, amid fears that limited arable land and water may become constraints for agricultural production.

The five main staples - rice, wheat, corn, soybean and potato - and 15 varieties of cash crop have been listed as important fields for cultivating new varieties by 2020, according to a development plan by the General Office of the State Council.

Production bases for staple seeds will be established in northwestern and southwestern regions, as well as Hainan province, by 2015, the plan says.

China recorded grain output of more than 589 million metric tons in 2012. It was the ninth consecutive year of increased grain harvests, the Ministry of Agriculture said.

The use of top-quality seed varieties have contributed to bumper grain harvests in recent years, such as the planting of super hybrid rice, Ma Shuping, an official in charge of seed management at the ministry, told a news conference on Monday.

But insufficient innovation, weak market competitiveness among domestic seed companies and loopholes in seed management still hamper the seed industry's development, she said.

"It's urgent for China to breed more new varieties of agricultural products to break the shackles of resource constraints for future grain growth," she said.

Statistics from the ministry show the country now has 6,296 seed companies, down from 8,700 in 2011. Of the companies, 59 have registered capital of 100 million yuan (\$16 million).

"It's good to see that the number of small seed companies with substandard products has decreased gradually," Ma said. "The government will continue to give more support to big producers who have the capability to undertake scientific research in the future."

Meanwhile, China saw 25 registered joint ventures and foreign-owned companies in its seed market - four companies are in corn seeds, one in cotton seeds, and others are developing business in vegetable and flower seeds, according to the ministry.

China's imports of agricultural seeds also remain at about 15,000 tons every year, including vegetable and beet seeds, the ministry said.

.....

More details see: http://www.chinadaily.com.cn/business/2013-01/29/content_16184372.htm

International Relations

Program to improve Africa's agriculture

A four-year program jointly launched by the UK and China will start this year to help African countries to improve their agricultural production capacity in a major effort to eliminate hunger.

With a UK investment of 10 million (\$15.9 million) and the Chinese contribution of expertise, the program will facilitate the transfer of agricultural technology to low-income countries in Africa and Asia. Pilot projects will be first established in Malawi and Uganda.

Thanks to the input of advanced technology and supportive policies, China's grain output realized a ninth consecutive year of growth since 2004, Niu Dun, vice-minister of agriculture said at the second Africa-Britain-China Conference on Agriculture and Fisheries in Beijing on Monday.

"In addition to realizing self-sufficiency in grain, China has helped other developing countries, especially in Africa, to improve agricultural productivity and food security in recent decades," he said.

Since the 1950s, China has dispatched nearly 10,000 agricultural technicians to Africa and built more than 240 agricultural projects in African countries, according to the Ministry of Agriculture.

"Further cooperation with African countries, such as in the freshwater fishery and deep processing of agricultural product industries, will be strengthened in future," Niu said.

African participants also called for more technology and knowledge transfers to help the countries in term of the sustainable development of agriculture.

For instance, annual fish production in Malawi now is estimated at 90,000 metric tonnes mainly from natural sources while annual aquaculture production is only 3,600 tonnes, according to the Ministry of Agriculture and Food Security of Malawi.

.....

More details see: http://usa.chinadaily.com.cn/world/2012-11/13/content_15923701.htm

China-Denmark Milk Technology Cooperation Center Started Operation

The China-Denmark Milk Technology Cooperation Center started operation on **November 26, 2012**. It is the first milk cooperation project of the two countries. The project will be executed by COFCO, Mengniu Dairy and Arla Foods. Senior government officials from the two countries also attended the ceremony.

Investment of RMB 220 million will be made to fixed assets, R&D, expert employment, etc. in five years. The first phase is the investment of RMB 19 million made to build standardized demonstration ranchland. It will introduce advanced experience in pasture construction and management from Denmark to improve the health of cows and the quality of raw milk. The project also cooperates with Denmark FOSS and New Zealand Fonterra to develop new milk testing equipment to improve efficiency and precision.

Denmark has Europe's largest and most time-honored dairy company whose products are of high quality and for the high end market. The demand of dairy products of China has been greatly increasing since its opening. Introduction of cows of fine breed and advanced technology,

experience and equipment is instrumental to upgrade and growth of China's dairy industry and consumption market.

More details see: <http://www.cofco.com/en/about/news/22718.html>

Chemical residue in NZ milk raises concerns

Tests are being urged on dairy products imported from New Zealand to see whether they have traces of a toxic chemical, despite reassurances from the country that such products are safe.

Low levels of dicyandiamide, or DCD, were found in dairy products in New Zealand, according to Chinese media reports on Friday.

DCD residue got into the milk as farmers in the country applied the chemical to pastures to prevent nitrate, a fertilizer byproduct that also is harmful to health, from getting into rivers and lakes.

Although it has a low toxicity, large doses of DCD can kill mice, said Dong Jinshi, executive vice-president of the International Food Packaging Association and an expert in food safety.

....

New Zealand agricultural authorities on Friday reassured dairy consumers in China that its products are safe, Xinhua News Agency said.

Ravensdown and Ballance Agri-Nutrients Ltd, the two New Zealand makers of agricultural chemicals, announced on Thursday they had suspended sales of DCD amid fears the residues could harm the country's valuable international dairy trade.

A New Zealand Ministry for Primary Industries spokeswoman told Xinhua on Friday that DCD residues had not affected dairy products exported to China.

"There is no food safety issue, and this is a voluntary suspension of a product applied to pastures. It is a proactive step to ensure New Zealand's export markets, including China, remain confident in the high quality of New Zealand milk products," she said in an e-mail.

More details see: http://www.chinadaily.com.cn/china/2013-01/26/content_16176122.htm

France to boost agri, food exports to China

France plans to boost its exports of food and agricultural products to China, while consolidating cooperation in sectors such as nuclear power and aviation, French Minister of Foreign Trade Nicole Bricq said on Monday.

"The focus of my visit is to explore the new trade areas of agriculture and food processing after strengthening cooperation in nuclear power and aviation. We hope to boost trade in dairy and meat products, as well as wine, with China," Bricq said at a news briefing in Beijing.

.....

On Jan 14, Bricq and Guillaume Garot, the French minister for agriculture and food, set up the Asian Committee to promote exports of French food products as world demand is expected to expand 25 percent by 2022 and Chinese imports will grow 10 percent annually.

More details see: http://www.chinadaily.com.cn/cndy/2013-01/22/content_16150883.htm

China, U.S. resolve dairy certificate issue

Chinese and U.S. regulators approved a dairy certificate ensuring that the flow of U.S. dairy goods into the largest dairy importer in the world continues unabated.

“U.S. dairy exports to China are on pace to clear \$400 million in 2012,” says Tom Suber, president, U.S. Dairy Export Council (USDEC). Primarily funded by U.S. dairy farmers through their checkoff investment, USDEC leads industry efforts in resolving overseas dairy regulatory affairs issues and developing export markets. USDEC staff worked closely with Chinese officials and a U.S. inter-agency regulatory team to secure this particular deal.

“With the certificate question settled, we expect U.S. dairy export value to China could more than double by 2017,” he says. “Some or all of those sales could have been lost had it gone unresolved.”

The issue dates back to early 2010 when China revised its dairy certificate as part of sweeping efforts to upgrade domestic food safety.

“Credit goes to China for keeping its market open throughout the certificate negotiation and review process,” says Matt McKnight, senior vice president, market access, regulatory and industry affairs, USDEC. “It is not always the case that a country is so willing to work with a major supplier to find mutually satisfactory ways to get the regulatory assurances it requires. They said, in essence, as long as good faith negotiations were moving forward, the market would stay open. If the United States became nonresponsive or if talks fell apart, China could have closed its doors.”

More details see:

<http://www.usdec.org/files/PressReleases/USDECNewsRelease-ChinaUSresolvedairycertificateissue.pdf>

**For more information about UK China Sustainable Agriculture Innovation Network (SAIN), please visit:
<http://www.sainonline.org/English.html>
If you have any further enquiries, please contact: y.lu@uea.ac.uk**