

### Contents

<b>Policies .....</b>	<b>2</b>
China rises to new rural challenges .....	2
Farmland protection concerns Chinese lawmakers.....	2
China to spend 10 pct more on farm subsidies in 2014 -minister.....	3
China pledges harsh measures on food safety .....	3
China to toughen environment law, hold polluters accountable.....	4
Pollution and food safety to top legal agenda this year, Zhang tells NPC delegates.....	4
China unveils landmark urbanization plan .....	4
Chinese authorities upgrade food waste fight .....	5
Grain harvests 'can't be taken for granted' .....	5
China invests 36 bln yuan in rural education.....	6
<b>Science, Technology and Environment.....</b>	<b>6</b>
Agriculture feels the choke as China smog starts to foster disastrous conditions .....	6
China produces genetic map of Tibetan barley.....	7
Agriculture Minister eats GM food.....	7
China GMO research funding slides - parliamentary adviser.....	8
Only 3 of 74 Chinese cities meet air quality standard .....	8
Preparations begin for mass production of H7N9 vaccine .....	9
H7N9 detected in south China poultry farm .....	9
Climate change fuelled storms, rising seas cost China \$2.6bn in 2013 .....	10
Appetite for Change: social, economic and environmental transformations in China's food system .....	10
Food safety in China: A mapping of problems, governance and research .....	11
<b>International Relations .....</b>	<b>11</b>
New Zealand PM to Offer Food Safety Assurances in China .....	11
Australia suggested to play larger role in Asian food security .....	12
Integrated logistics key to promote agri-food exchange between China, Italy.....	12
Rabobank: Hybrid import and domestic agricultural development model to support China's food demand.....	13
The Chinese want their own Cargill .....	13
EU, China end wine dispute ahead of Xi's European tour .....	14
China develops taste for British food.....	14
Dutch expertise to boost Chinese dairy sector .....	15
UK welcomes new guide to investing in Britain produced by China's NDRC think-tank ..	15
Food exporters losing out in China .....	16
France and China should take the lead in forging Sino-EU relations, says Xi Jinping .....	16
Nestlé opens China institute for food safety .....	17
China food safety scholarships announced .....	17

## Policies

### China rises to new rural challenges

[Xinhua, 02-03-2014] Mouths being fed is a priority for Chinese leaders. But it is a daunting task due to urbanization and more farmers deciding to abandon their fields to seek fortunes in cities.

China's grain output stood at a record 602 million tonnes in 2013, up 2.1 percent year on year, marking the 10th consecutive year for growth in grain production.

Though authorities have vowed to make more efforts to ensure "absolute" security of staples and maintain grain self-sufficiency, there is limited room for grain production to keep rising before the country has to find solutions to a host of problems.

For starters, lured by better employment and salaries, as many as 260 million farm workers have left the countryside for cities. A side effect of the exodus is a vast amount of land being left uncultivated.

The trend is not easy to reverse as countryside youths tend to follow suit and embark on their urban journey when they are old enough. A recent poll showed that only 7.7 percent of the new generation of farm workers is willing to work the fields of their fathers.

That cities keep growing and encroaching on farmland only adds insult. China faces an uphill battle to keep 1.8 billion mu (120 million hectares) of arable land, an amount considered as a "red line" minimum to ensure food security.

To rise to these challenges is not easy, but with consistency and ingenuity seen in the country's policies, China's growth story can continue.

Click [here](#) for details

### Farmland protection concerns Chinese lawmakers

[Xinhua, 04-04-2014] According to the second national land survey results in December, 3.3 million hectares of land was not suitable for plantation due to varying degrees of pollution.

China has pledged to keep 1.8 billion mu (120 million hectares) of arable land, an amount considered as a "red line" minimum to ensure food security.

Authorities, however, face an uphill battle because of worsening soil and water pollution, urbanization, and land transfers for non-grain crops.

Some delegates said they were haunted by the situation, as they gathered for the National People's Congress (NPC) in Beijing for the annual session of China's top legislative body.

"According to my knowledge, the acreage of farmland is not declining. But the balance is coming from people developing barren land in deserted mining areas and other places with less sunshine and fresh water. This is not making up for the loss of fertile farmland," said NPC deputy Chen Wenfu.

"The actual decline in farmland quality poses a potential threat to the country's food security and we should be clear about the risk," said Chen, also an academician with the Chinese Academy of Engineering.

Illegal land seizures are another concern.

To curb land seizures, local authorities should pay a heavy price for allowing illegal grabs, said Xiao Xingzhi, a professor at the Dongbei University of Finance and Economics.

Click [here](#) for details

## **China to spend 10 pct more on farm subsidies in 2014 -minister**

[Reuters, 06-03-2014] China will increase its 2014 budget for farming subsidies by 10 percent from last year's 1.6 trillion yuan (\$261.09 billion), a top government official said on Thursday, even as critics argue that subsidies play a limited role in boosting food production.

Maintaining food security is one of China's top priorities for this year, as rapid urbanisation and pollution threaten to swallow up arable farmland.

Beijing aims to step up its annual grain output by providing subsidies to farmers and investing in rural infrastructure, after more than 200 million migrant workers moved to cities, slashing the rural workforce and boosting food demand.

The government has increased direct subsidies paid to farmers who plant crops from 11.41 yuan (\$1.86) per mu in 2004 to more than 90 yuan per mu in 2012.

However, many farmers have switched to more profitable cash crops such as fruit or vegetables, or simply abandoned their land to earn higher incomes in the city.

China also said it would work over the rest of the year to deepen reforms to allow the transfer of land to increase farmers' property earnings.

China's regulations give farmers the right to use, but not directly sell or mortgage land. Land must first be acquired by a local government before being used for development.

China, which produced 602 million tonnes of grain last year, has set a target to raise grain production capacity by 50 million tonnes each year.

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## **China pledges harsh measures on food safety**

[People's Daily, 06-03-2014] Ding Na has lost confidence in the farm produce sold in neighborhood markets following a spate of food scares.

Frustrated at the potential negative health effects of high levels of pesticide residue and hormones on vegetables and in meat for her little boy, Ding, a government employee in Beijing, has turned to organic food.

Four years ago, the 33-year-old started buying organic food in supermarkets. A year ago, she began to order vegetables, meat and eggs from an organic farm in the suburbs of Beijing.

"Of course, the cost is much higher, but we just spend the money to buy a sense of safety."

Beijing resident Liu Mingxi is also haunted by food safety. Liu has downloaded three apps to her mobile phone to find advice on safe things to eat. She also buys organic fruits and vegetables at a farmers' market held during the weekends.

Ding and Liu are not alone. According to a survey conducted by people.com.cn ahead of the annual sessions of the national legislature and political advisory body, which kicked off this week, food and drug safety came in third on a list of hot issues, outranked only by social security and the anti-corruption crackdown.

Young urban residents are increasingly turning to green and organic food. Many young parents even go to the trouble of buying infant formula from overseas.

China's food industry has faced a crisis of confidence amid a series of food scares in the past eight years, including cancer-causing turbot fish, melamine-tainted milk powder, dyed steamed buns, cadmium-tainted rice and clenbuterol-contaminated pork.

Click [here](#) for details

## **China to toughen environment law, hold polluters accountable**

[Reuters, 09-03-2014] China will toughen its environmental protection laws to target polluters, according to a high-level policy report released on Sunday, paving the way for possibly unlimited penalties for polluting and the suspension or shutdown of polluters.

The revised law would hold "polluters accountable for the damage they cause and having them compensate for it", said the report, delivered by Zhang Dejiang, who sits on the seven-member Politburo Standing Committee as one of the country's most powerful politicians.

Premier Li Keqiang declared a "war on pollution" in a report during the country's annual parliamentary session on Wednesday, but critics say the statement amounts to mere rhetoric without legal reforms to back it up.

The environment has emerged as one of Beijing's key priorities amid growing public disquiet about urban smog, dwindling and polluted water supplies and the widespread industrial contamination of farmland.

Sources with ties to the leadership told Reuters in February that amendments to China's 1989 environmental law would expand the environment ministry's powers significantly and allow regulators to suspend and shut down repeat offenders.

Click [here](#) for details

## **Pollution and food safety to top legal agenda this year, Zhang tells NPC delegates**

[SCMP, 10-03-2014] China's top lawmaker vowed yesterday to push forward legislation in areas of key public concern, including pollution and oversight of officials' conduct.

National People's Congress (NPC) Chairman Zhang Dejiang made his comments while delivering his annual work report to delegates, echoing Premier Li Keqiang's remarks to open the annual congress last week.

Zhang, who ranks third in the all-powerful Politburo Standing Committee, said combatting pollution would be one of the top priorities to be addressed this year by the NPC, through legislation and oversight, as public dissatisfaction over environmental degradation in China intensified.

"We will revise the Environmental Protection Law and the Air Pollution Prevention and Control Law to improve environmental protection and management so that emissions of all pollutants are strictly supervised," Zhang said.

"[We will] enforce the strictest systems for protecting the environment by controlling pollution at the source, holding polluters accountable and ensuring that they compensate for the damage they cause," he said.

The NPC also plans to revise the Food Safety Law, another leading cause of public concern. Li had earlier vowed to apply the strictest possible oversight and accountability to prevent food contamination.

Click [here](#) for details

## **China unveils landmark urbanization plan**

[Xinhua, 17-03-2014] China on Sunday unveiled an urbanization plan for the 2014-2020 period in an effort to steer the country's urbanization onto a human-centered and environmentally friendly path.

Urbanization is the road that China must take in its modernization drive, and it serves as a strong engine for sustainable and healthy economic growth, according to the plan released by the Central Committee of the Communist Party of China (CPC) and the State Council, the country's cabinet.

"Domestic demand is the fundamental impetus for China's development, and the greatest potential for expanding domestic demand lies in urbanization," according to the National New-type Urbanization Plan (2014-2020).

At present, the proportion of permanent urban residents to China's total population stands at 53.7 percent, lower than developed nations' average of 80 percent, and 60 percent for developing countries with similar per capita income levels as China. ( Registered urban population, or those who hold a "hukou" under China's household registration system, accounted for only 35.7 percent in total population by the end of last year, data from the National Bureau of Statistics (NBS) showed.

An increasing urbanization ratio will help raise the income of rural residents through employment in cities and unleash the consumption potential, according to the plan.

Click [here](#) for details

### **Chinese authorities upgrade food waste fight**

[China Daily, 19-03-2014] China's anti-waste campaign is being brought to the boil as central authorities issued a long and detailed circular calling on officials and the public to fight against widespread food waste.

The eight-point document, released by the General Office of the Communist Party of China Central Committee and the General Office of the State Council, is aimed to curb official extravagance at dinner tables and develop frugal diet habits among the public as well as make better use of leftovers and food materials.

With a large population and limited land resources, China has been facing a tight food supply-demand balance for a long period of time, but food waste remains rampant due to ostentatious lifestyles and lack of supervision, according to the circular.

The document outlines measures prohibiting too much money being spent on food among officials.

Officials are told to control the amount they spend on dinners in public affairs, and promote simple, healthy and economical dining.

Government departments, organizations and state-owned enterprises must publicize the amount they spend on dining for public supervision, according to the circular.

"Authorities are not allowed to organize banquets or guzzle under the name of convening meetings and training," it said.

China's anti-waste battle has been gathering steam since late 2012, when the new leadership announced "eight requirements" to improve Party work style and stamp out extravagance and bureaucracy.

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### **Grain harvests 'can't be taken for granted'**

[China Daily, 19-03-2014] China has seen a decade of growth in its grain harvests, but it needs to be more vigilant about the possibility of a weak harvest and improve the farming environment, said the country's top agricultural authority.

"Even though China had its 10th consecutive year of increased grain output in 2013, the government must take another round of decisive measures to curb farmland and water source contamination this year," said Chen Xiwen, deputy chief of the Central Rural Work Leading Group.

China is under pressure to fix its worsening farming environment, which has been affected by polluted soil and water, as well as the heavy use of fertilizers and pesticides - for example, cadmium-contaminated rice was found in Hunan last year.

The declining quality of arable land amid extensive urbanization and industrialization means it has become difficult to sustain growth in grain output.

Chen said the future of the farm sector hinges on stronger efforts to prevent contamination of farmland and water sources. Environmental remediation, including the removal of heavy metal contamination in rural areas, will be the government's top priorities this year.

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### **China invests 36 bln yuan in rural education**

[Xinhua, 20-03-2014] China has invested more than 36 billion yuan (5.8 billion U.S. dollars) since 2010 on improving educational facilities in rural areas, according to the Ministry of Education (MOE) on Thursday.

A project was launched four years ago aimed at strengthening rural compulsory education in central and western China. The central government has provided 21.9 billion yuan, with 14.5 billion yuan coming from local governments.

The money was used to improve teaching labs and multimedia teaching facilities, as well as for the purchase of books benefiting 165,200 primary and secondary schools, said the ministry.

Money has also been spent on music and painting equipment.

Children in rural and mountain areas can now enjoy music and painting courses just like their peers in cities, said the MOE.

The ministry said they have been promoting education fairness by narrowing the gap between rural and urban education resources.

Some students who transferred to cities for a better education are now returning to local rural schools, the MOE said.

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## **Science, Technology and Environment**

### **Agriculture feels the choke as China smog starts to foster disastrous conditions**

[SCMP, 25-02-2014] Worsening smog on the mainland is blocking natural light and could spell disaster for agriculture, scientists have warned.

He Dongxian, an associate professor with China Agricultural University's College of Water Resources and Civil Engineering, said an experiment in Beijing over recent months showed a drastic slowdown in the photosynthesis process, which allows plants to thrive.

Applied on a larger scale, such a slowdown could affect agriculture, which contributes 10 per cent to GDP. Farm output was likely to be affected by serious air pollution in winter and spring, with the prices of agricultural products expected to rise.

The warning comes as choking air is blanketing a quarter of the mainland and scientists say they are already seeing the detrimental effects. In He's tests, chilli and tomato seeds, which normally take about 20 days to grow into seedlings under artificial light in a laboratory, took more than two months to sprout at a greenhouse farm in Beijing's Changping district.

Membranes and pollutants sticking to the greenhouse's surface cut the amount of light available to the plants by half, He said.

Depriving plants of light means photosynthesis - the process by which plants convert light to chemical energy - can barely be sustained.

Most seedlings at the farm were weak or sick. "They will be lucky to live at all. Now almost every farm is caught in a smog panic," He said, adding that the poor seedling quality would cut agricultural output this year.

And if the smog persisted or intensified, the country's food supply would face devastating consequences, He warned.

Click [here](#) for details

### **China produces genetic map of Tibetan barley**

[China daily, 03-03-2014] Chinese scientists said on Monday that they have sequenced the entire genome of highland barley, an achievement that can help cultivate better breeds of Tibet's staple food and increase yield.

The genome mapping project, which the scientists said has produced the world's first genetic map of highland barley, was launched in 2012 by researchers with Tibet's Academy of Agricultural and Animal Husbandry Sciences and BGI Tech Solutions in Shenzhen.

"We have completed a draft sequence of an old barley variety native to the Tibet plateau," said Nyima Tashi, deputy dean of the Lhasa-based academy.

The study assembled 3.89 billion of the estimated total of 4.5 billion base pairs of the chemicals that make up DNA in the highland barley genome, and included 39,197 protein coding genes, said Nyima Tashi, who was also the chief scientist in the two-year research project.

Nyima Tashi said the team hoped having a map of all the genes in highland barley would enable breeders to cultivate better varieties of the cereal crop and increase yield.

Highland barley, known in Tibetan as "ne," has been grown on the Qinghai-Tibet Plateau for nearly 4,000 years.

It makes up 70 percent of all cereal crops in southwest China's Tibet Autonomous Region, home to the world's leading barley production base as well as a center for barley diversity research.

The barley is used to make tsamba, beer, flour, cakes and noodles.

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### **Agriculture Minister eats GM food**

[China Daily, 06-03-2014] Agriculture Minister Han Changfu told a press conference at the second session of the NPC on Thursday that he eats genetically modified (GM) food, mainly soybean oil.

He said that although Chinese transgenic research lags behind that of developed countries, international advanced level has been reached in some fields, such as genetically modified cotton which has a 95 percent share of the domestic market.

It effectively controls bollworm damage and reduces the application of pesticides, ensuring the development of the cotton industry and farmers' incomes.

Han said that China has established laws and regulations which cover transgenic research, production, processing, marketing and import licensing as well as mandatory product identification.

"Transgenic technology is a new concept to many people so it's understandable that some are worried about it. It needs time for people to get to know and accept it," he said.

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### **China GMO research funding slides - parliamentary adviser**

[Reuters, 10-03-2014] Chinese research funding into genetically-modified organisms (GMO) has fallen by 80 percent over the last four years, a member of a parliamentary advisory body said, as Beijing faces public unease over a technology it has been promoting to boost food security.

The government has urged its scientists to take a global lead in GMO, although it has been reluctant to commercialize GMO crops given public concerns over health risks.

Safety approvals for pest-resistant Bt rice as well as phytase corn, designed as a more environmentally friendly feed for pigs, were completed as early as 2009. But the world's largest buyer of imported GMO soy and cotton has not approved commercial production of GMO grains.

It has also delayed approval of new strains of imported GMO corn such as the MIR162 variant developed by Syngenta.

China's spending on GMO research has fallen to around 400 million [yuan](#) (\$65.38 million) in 2013, down from as much as 2 billion yuan in 2010, Ke Bingsheng, president of the [China](#) Agricultural University, said in an address to Premier Li Keqiang during last week's annual session of parliament.

Ke said agriculture technology, particularly GMO, was crucial for a rapidly urbanising [China](#) to increase food production from its shrinking farmlands and water resources.

"GMO technology is extremely important to increase yields and efficiency," Ke said, according to a transcript of his speech made available by his university.

Ke said public debate over the technology had become muddled.

"GMO is a scientific issue, but it has become complicated. No countries have the same misunderstandings (as China) over the issue," Ke said in his speech.

The agriculture minister said China currently only permitted the growing of GMO cotton and papaya.

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### **Only 3 of 74 Chinese cities meet air quality standard**

[SCMP, 09-03-2014] Just three of 74 major cities recorded met national air quality standards throughout last year, a senior environmental official revealed yesterday in Beijing.

Only Haikou in Hainan, Lhasa in Tibet and Zhoushan in Zhejiang met new standards.

Shenzhen was among the 10 cities with the best air quality.

Wu Xiaoqing, deputy minister for environmental protection, said the smog-plagued Beijing-Tianjin-Hebei area experienced air pollution on more than 60 per cent of days last year, the worst in the country.

Annual average levels of PM2.5 - tiny pollutant particles smaller than 2.5 microns that can penetrate deep into the lungs - reached 106 micrograms per cubic metre in the region, more than 10 times the World Health Organisation's safety limit of 10. The area also has seven of China's 10 most polluted cities.

Other built-up regions - city clusters in the Yangtze and Pearl River deltas - also registered chronic smog problems.

Wu said China was paying a "heavy, massive" environmental price for economic growth.

"Our measures to curb air, water and other types of pollution may somewhat stall the growth of our gross domestic product, but this is what we have to do," he said.

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## **Preparations begin for mass production of H7N9 vaccine**

[Global Times, 11-03-2014] China has prepared the H7N9 vaccine seeds for mass production in case human-to-human transmission occurs, a deputy to the National People's Congress (NPC) said Monday.

China has manufactured some vaccine products and they could be used on high-risk groups, Zhong Nanshan, NPC deputy and member of the Chinese Academy of Engineering, said at a press conference at the annual parliamentary session.

Zhong, a pulmonologist, is the lead scientist who helped China battle SARS in 2003.

"China did a good job in 2009 when about 100 million people were vaccinated for the H1N1 virus," said Zhong, while stressing the effectiveness of vaccines when it comes to inter-human transmission.

In February, the Shanghai Public Health Clinical Center announced that they have developed a genetically engineered vaccine for the H7N9 bird flu virus and have now entered the clinical trial application phase.

H7N9 cases were reported in several places in China and it has a mortality rate of 30 percent, Zhong said, adding that if the virus transmutes, it could lead to a larger outbreak.

There has been no H7N9 inter-human transmission so far and cases are still mostly sporadic, Zhong said, adding that no accurate transmission route has been discovered.

However, from the view of epidemiology, over 80 percent of patients were infected at poultry markets, Zhong said, adding that unlike H5N1, the H7N9 virus only infects people, not poultry.

It makes more sense for people to slaughter all the poultry in the case of H5N1 as both human and the poultry are infected, said Zhong, adding that for H7N9, slaughtering all the poultry is less appropriate and would affect the food industry that involves millions of people.

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## **H7N9 detected in south China poultry farm**

[Xinhua, 20-03-2014] The H7N9 bird flu virus has been found in a poultry farm in the southern city of Zhuhai in Guangdong Province, the provincial agriculture department confirmed on Thursday.

Samples from live chickens were collected from Zhuhai Jinfeng Poultry Co., Ltd. in Doumen District and tested positive for H7N9 by the provincial center for animal disease control, the department said.

The department sent experts to the company and disposed of more than 80,000 live chickens. It also provided five tonnes of disinfectant.

The samples were then sent to the Ministry of Agriculture's national laboratory and tested positive again for the virus on Tuesday, according to a statement from the department.

Gong Guifen, secretary general of China Poultry Industry Association under the China Animal Agriculture Association, said finding the H7N9 virus in a poultry farm may heavily impact the industry.

Since the H7N9 influenza outbreak in March 2013, the country's poultry industry has suffered losses worth more than 40 billion yuan (6.7 billion U.S. dollars) after the closure of poultry markets.

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### **Climate change fuelled storms, rising seas cost China \$2.6bn in 2013**

[Rueters, 20-03-2014] Climate change fuelled storm waves and rising sea levels cost China 16.3 billion yuan (\$2.6 bln) and killed 121 people in 2013, the State Oceanic Administration (SOA) said.

China is the world's biggest emitter of greenhouse gases which scientists say is driving climate change.

Southern Guangdong province was hit hardest, recording 7.4 billion yuan worth of damage, the SOA said in a new report. Storm waves caused 94 percent of the destruction, it said.

Climate change-linked rising, warmer seas cause more frequent storms and typhoons, flood coastal areas, contribute to coastal erosion and saline farmland, said SOA.

Average sea-levels in China have risen 2.9 millimetres on average every year since 1980, faster than global sea-level rises, said SOA.

"Sea temperature, air temperature, air pressure and monsoons are the main causes of the irregular sea-level changes," it said.

Temperatures in coastal zones in China have increased by 0.34 degrees Celsius per decade since 1980 and sea surface temperatures by 0.18 degrees, it said.

China plans to put in place a number of policies to protect itself from rising seas, which threaten megacities such as Guangzhou, Shanghai and Tianjin.

The government will solidify embankments in vulnerable areas, build submerged breakwater constructions and convert some coastal farmland.

China also aims to cut its greenhouse gas emissions per unit of GDP to 40-45 percent below 2005 levels by 2020.

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### **Appetite for Change: social, economic and environmental transformations in China's food system**

[FCRN, 03-03-2014] FCRN report **Appetite for Change** provides a detailed and integrative analysis of the dramatic changes in China's food system over the last 35 years, and explores

the linkages among the environmental, health, economic and cultural trends that are emerging.

The major changes include:

- A large increase in the volume and diversity of foods produced, with particularly rapid growth in the livestock, aquaculture and horticultural sectors, and a rapidly growing food processing sector
- Changes in supply chains, including a gradual scaling up of production operations and various forms of horizontal and vertical integration in some supply chains
- Growth of new forms of food retailing, including the emergence of supermarkets, convenience and fast food catering sectors
- Greater international engagement, including imports (notably soy for livestock feed) and growing horticultural and aquaculture exports, as well as inward investment by overseas manufacturers and retailers and outward investment in food production and processing overseas
- Rapid growth in incomes and urbanisation have led to significant changes in what people eat: diets are more diverse, consumption of animal products and processed foods has risen substantially, and there has been a growth in eating out of the home.

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### **Food safety in China: A mapping of problems, governance and research**

[FORHEAD, 06-03-2014] Food safety has become an issue of great concern in China over the last few years. Media reporting has tended to focus on extreme cases of poisoning from food additives or contamination by heavy metals, but food safety encompasses a wide range of problems that occur at different points in the chain from the production to the consumption of food. The risks involved vary widely from product to product and present very different kinds and levels of threat to human health from sources including bacteria, viruses and parasites, chemicals, growth hormones and veterinary drugs.

This report examines what we know from research in the natural, medical and social sciences about the nature and causes of these problems, and about the current state of policy and societal responses. It aims to inform the more effective use of existing knowledge and the development of a more integrated and problem-oriented research agenda.

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## International Relations

### **New Zealand PM to Offer Food Safety Assurances in China**

[Xinhua, 03-03-2014] New Zealand Prime Minister John Key said Monday that he will visit China this month to assure Chinese leaders and the public that New Zealand food products are safe after last year's global botulism scare.

"My visit provides an opportunity to brief China's leaders on the outcomes of the government inquiry into the Whey Protein Concentrate Contamination Incident," Key said in a statement.

"I will be able to report to China's political leadership, and assure Chinese consumers, that the inquiry delivered a strong endorsement of the New Zealand food safety system."

New Zealand and China were on track to achieving the shared goal of doubling two-way trade to 20 billion NZ dollars (16.7 billion U.S. dollars) by 2015, he said.

Last year, two-way trade totaled 18.2 billion NZ dollars (15.2 billion U.S. dollars), up 25 percent on the previous year.

The New Zealand government announced last month that it had set up a working group to improve dairy product traceability in the wake of Fonterra's global recall last August of whey protein concentrate mistakenly suspected of containing a botulism-causing bacterium.

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### **Australia suggested to play larger role in Asian food security**

[Xinhua, 11-03-2014] Australia will benefit from and can play a larger role in providing high-quality food to Asia, especially to those fast developing nations like China and India, said a report by the Economist Intelligent Unit (EIU) launched Tuesday here.

The report, commissioned by chemical and seed company DuPont, considers scenarios for economic growth in the agricultural and food sector over the next decade, providing an outlook to 2030 that points to a situation where real per-capita food consumption could increase by 79 percent for developing countries, and could more than double in China and South Asia.

Under the core scenario, by 2030, China will import 59 percent of all food exports from Australia, up from 12 percent in 2007. Even under a slower economic growth scenario, China will buy a significant share, or 42 percent, of all Australian food exports.

The report, titled Fortifying Australia's Role in Asia Food Security, predicts that as Chinese people become more affluent, China's food self-sufficiency may be reduced from 97 percent to 87 percent.

Agriculture has been an important area in the Free Trade Agreement (FTA) talks between Australian and China. The talks have been running since 2005 and are now at the final and critical stage.

Click [here](#) for details

### **Integrated logistics key to promote agri-food exchange between China, Italy**

[Xinhua, 17-03-2014] The recent launch of a project to export Italian agri-food products to China has developed a model of "integrated logistics" between the two countries that creators said can ease and optimize bilateral exchange.

Chinese logistics company Shanghai Haibo, which is a subsidiary of China's second-largest food group Bright Food, and Shanghai-based incubator and consulting firm Qiaolab signed an agreement at the weekend to create "the first Chinese hub in Italy" in the northern city of Bergamo.

The project, which also has the objective to import Chinese products to Italy in a second phase, was based on an innovative way of working to promote commercial exchange in a high-potential sector, Qiaolab CEO Alberto Fattori said.

Italian entrepreneurs currently have to find a distributor or a partner in the Chinese market to sell their products in China, often with complex perspectives. "The question was 'how to move products from one to the opposite side of the world more efficiently and put them on the market in a direct way?' Our answer was: integrated logistics," Fattori highlighted.

Agri-food products generally travel to China by cargo ship, which only allows exportation of those ones with a long shelf-life. "But most Italian products have to be consumed in a short time and need special conservation conditions. Integrated logistics is the model that permits to make distribution and sales plans in advance so that it is also convenient to carry out air transportation," the CEO explained to Xinhua.

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## Rabobank: Hybrid import and domestic agricultural development model to support China's food demand

[Rabobank, 13-03-2014] In China, the issue of food security is driving the development of a hybrid model and changing the way in which the region will feed itself in the long-term. China's food security will ultimately rely on the professionalisation of its agricultural system through the infrastructure of research, education, and farm extension services, supplemented with the import of lower value feed grains from the US and Brazil as China continues to buy and build a global supply chain.

"Output efficiency of domestic crops in China have been significantly hindered in previous years", states Rabobank analyst, Dirk Jan Kennes. "China's farming industry is characterised by an unsustainably high level of nitrogen fertiliser (N-fertiliser) usage, and inefficiently low crop uptake of fertiliser nutrients (N-uptake). Its low agricultural production efficiency is also due to lower average arable land area per farm (restricting machinery usage) and relatively low-level farmer knowledge".

China's agricultural production is set to see a number of effective improvements under Government land reform policies. Farmers will have the opportunity to transfer collective land to large-scale, professional farms. In turn, this 'professionalisation' will encourage more operational economies of scale. For example, the development of family farms focussing on agricultural activities with greater economic value like intensive food-grain production in rotation with high added-value crops like potatoes, onions, and livestock farming.

In conjunction with this, governments, institutions, firms and farmers in China have been actively exploring ways to use fertiliser effectively, and some best practice standards have already been formulated. However, China's fertiliser application rate is still accelerating and the current low levels of N-uptake means it is absorbed into the environment causing soil and water acidification, contamination of surface and groundwater resources, and rising greenhouse gas emissions. Imports of low-value grain from markets with better N-uptake and lower fertiliser input can supplement China's domestic supply.

Feed grain imports can significantly improve the efficiency of the pork value chain, for example. The input of N-fertiliser per unit of pork production in China is 3.5 times greater than in the US. Importing the Dutch agricultural model of technology-intensive livestock farming as well as the N-fertiliser-to-corn efficiency from the Americas can significantly narrow the fertiliser to production output gap in China; and by doing so, China could also save more than 174,000 tonnes of nitrogen fertiliser inputs, 11 million tonnes of corn and nearly 1.75 million hectares of land greatly limiting environmental damage.

"China's interest in acquiring and developing agricultural know-how as well as its initiative to buy-and-build a leading global agricultural trading house supports its agricultural development and is allowing it to make the best of both worlds", states Kennes.

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## The Chinese want their own Cargill

[Bloomberg, 20-03-2014] For years, China's automakers, oil and gas players, and technology companies have pursued their global ambitions by acquiring foreign companies. Now Chinese agriculture is getting its turn. On Feb. 28, China's largest food processor and grain trader, Cofco, originally known as China National Cereals, Oils and Foodstuffs Corp., announced it would buy 51 percent of Dutch grain trader Nidera. The investment gives the state-owned company access to port terminals, grain elevators, and processing facilities for

soybean, wheat, and corn in Argentina and Brazil, as well as Nidera's seed business. It's "in line with Cofco strategy to become a global player in the agricultural industry," said Frank Ning, its U.S.-educated chairman, in a statement.

Days later the industry was talking about Cofco's probable next move outside its home market: purchasing the agricultural commodities trading operation of Hong Kong-based Noble Group. Two years ago, "Cofco announced it had a \$10 billion war chest for future overseas deals. So now it is using that money to do deals left and right," says Teng Bingsheng, a professor of strategic management at Cheung Kong Graduate School of Business in Beijing. "I wouldn't be surprised if we see a [Noble] deal soon." Teng notes that China's sovereign wealth fund is Noble's second-biggest shareholder. Cofco declined to comment on a possible purchase of Noble assets or say how much it paid for its Nidera stake. Noble has only said it is talking to a consortium about a joint venture.

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### **EU, China end wine dispute ahead of Xi's European tour**

[Reuters, 21-03-2014] China and the European Union have reached a deal to end a dispute over European wine exports to China, the latest sign of improving ties and just days before China's president visits Europe.

Beijing opened an inquiry last year into whether Europe was selling wine in China at unfairly low prices. The move was widely seen in Europe as retaliation over EU efforts to hit Chinese solar panels with punitive import duties.

The solar panels dispute was resolved, but China had pressed ahead with the wine case, saying it was a separate issue despite European expectations that the inquiry would also be dropped.

Paris was especially eager to see the probe called off. It remained an obstacle in trade relations between the two countries before next week's visit by Chinese President Xi Jinping to the French capital as part of a European tour.

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### **China develops taste for British food**

[FT, 20-03-2014] British food exports to China leapt by 82 per cent last year driven by a near-doubling of sales of pork and salmon, making the country the UK's second most important market for food outside the European Union.

The Food and Drink Federation, the industry body, said the value of British food and soft drinks exports to China had risen by £92m to £201m in 2013, compared with the previous year, underscoring the British government's export drive aimed at reducing the UK's trade deficit.

The rise was spurred by the 2011 decision of the Chinese food safety agency to allow the import of salmon and pork from the UK for the first time. Exports of pork rose by 92 per cent and of Scottish salmon by 90 per cent.

"There is a strong demand for pork in China and consumers like parts of the animal that we don't consume, such as whole pig head and trotters," said Terry Jones, head of communications at the FDF.

Salmon exports had been fuelled by a growing Chinese middle class who have an appetite for the fish, he said. But he cautioned: "Although a lot of effort has gone into exports to China, it

remains a difficult country for small food companies because of its size and the difference in laws between provinces.”

China has become the UK’s 11th largest food and soft drink export market but the value of exports is still small compared with the UK’s two largest markets – Ireland and France. They spent, respectively, £3.2bn and £1.5bn on British food imports last year. Three-quarters of food and drink exports are to the EU.

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### **Dutch expertise to boost Chinese dairy sector**

[Government of Netherlands, 22-03-2014] Dutch businesses will supply knowledge to innovate and boost Chinese milk production. During Chinese President Xi Jinping’s state visit, both countries will sign an agreement on investments in product quality, safety and sustainability. Wageningen University is also working closely together with the Chinese Academy of Agricultural Sciences in this field, including cooperation in the areas of food quality and food security. The agreements are estimated to amount to a total of at least €20 million.

‘The Netherlands ranks as one of the global leaders in the export of agricultural knowledge, and this cooperation only underlines this,’ Minister for Agriculture Dijksma said. ‘Dutch businesses will use their knowledge and expertise to supply 1.3 billion people with good quality milk products. That is something we can be very proud of.’

On Sunday 23 March 2014, the Minister received the Chinese President and his wife together with King Willem-Alexander and Queen Maxima at the world famous Keukenhof flower garden. At China’s request, presentations were held on high quality agricultural technology, such as LED lighting to make tomatoes grow faster, and about new developments in the field of automated milking.

China aims to increase milk production to 40 billion kilos in the coming years with the aid of Dutch expertise. It has asked the Dutch government for knowledge investments as our country is a world player in milk production, processing and logistics. Over the coming years Dutch production will grow to 13 billion kilos, with a large part intended for export.

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### **UK welcomes new guide to investing in Britain produced by China's NDRC think-tank**

[GOV.UK, 25-03-2014] Minister for Government Policy Oliver Letwin today welcomed strong UK-China cooperation on bilateral investment at the launch of “Chinese Enterprises Investment Guide to the UK” (“the Guide”), produced by an influential National Development and Reform Commission (NDRC – China’s Central Planning Ministry) think-tank with the support of the British Embassy in Beijing. The guide is the first of its kind to be written for Chinese companies looking to invest overseas.

The Guide forms part of the implementation of China’s ‘Going Out’ strategy, which recognises the important role overseas investment by Chinese enterprises can play in supporting China’s economic development and reform.

The guide was informed by a week long study trip to the UK by representatives from the relevant Chinese government and research institute. Meetings were held in London, Birmingham, Cambridge and Oxford with Chinese companies already operating in the UK, a wide range of UK professional services companies and UK government officials.

The guide is targeted primarily at Chinese companies who have yet to invest in Europe, and Chinese government officials that are involved in supporting China's "Going-Out" strategy. 5,000 copies of the guide will be printed initially and distributed around China. It is expected that the guide will be updated every couple of years to ensure it remains relevant.

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### **Food exporters losing out in China**

[Australian, 25-03-2014] Australian farmers are in danger of losing their place at the table in China, with overall growth numbers for Australian food exports masking a sharp decline in market share that will require heavy investment to reverse, food manufacturers have warned.

The Australian Food and Grocery Council said an analysis of food imports across the region for the past 20 years showed that Australia's share of China's food imports had more than halved to just 3.3 per cent, lost to more aggressive and better organised competitors.

The council said the decline in the market share in China was mirrored in other countries in the region such as Indonesia that have also been more successful in winning market share with their neighbours.

"Competitor countries as diverse as France, Indonesia and New Zealand are killing us," Gary Dawson, chief executive of the council, writes exclusively for *The Australian* today.

"All are growing their share of the Chinese market, while ours is falling.

"If we continue to lose market share in China and other growing economies to our north, the optimistic predictions of a dining boom to follow the current mining boom will wind up being just hot air."

Mr Dawson said the industry would require heavy investment -- much of it from offshore - to capture the market opportunities, and pointed to the massive spending on resource extraction and processing as an example of the approach the industry needed to take.

"We will need to be very accommodating of foreign investment because it is a huge task that we are facing," Mr Dawson said.

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### **France and China should take the lead in forging Sino-EU relations, says Xi Jinping**

[SCMP, 26-03-2014] France and China should take the lead in growing Sino-European relations, President Xi Jinping said yesterday, ahead of his arrival in Lyon for a three-day tour expected to include announcements of scores of major trade deals.

France lags behind some European neighbours, most markedly Germany, in trade and investment links with China but has worked hard to catch up and accords in the aviation, nuclear, space, agriculture and urban development sectors are expected to be unveiled.

In an article published in *Le Figaro* ahead of his arrival in the eastern city of Lyon overnight, President Xi Jinping described the two nations as "comprehensive strategic partners" in a relationship that would continue to lead Sino-EU relations.

The president and his wife Peng Liyuan were welcomed at the start of their three-day visit by Foreign Minister Laurent Fabius at the Lyon-Saint Exupéry Airport, Xinhua reported.

In the article he called for stronger bilateral co-operation over agriculture, finance, digital technology and other emerging trade areas.

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## Nestlé opens China institute for food safety

[CGT, 26-03-2014] As part of efforts to strengthen Nestlé's food safety research in China, the company has opened a food safety research center in Beijing.

The Nestlé Food Safety Institute (NFSI) will work closely with authorities to help provide the scientific foundation for food safety policies and standards.

The support will include early management of food safety issues and collaboration with local universities, research institutes and government agencies on food safety issues.

It will also promote scientific communication and help run food safety training programs.

"The inauguration underlines Nestlé's commitment to food safety and is also another important highlight in the story of Nestlé's successful and long-standing presence in China," says the company's Chief Technology Officer Stefan Catsicas. "I am in no doubt that the work of the Nestlé Food Safety Institute will contribute to creating shared value for Nestlé shareholders and for society in China," he adds.

The NFSI was unveiled by Nestlé CEO Paul Bulcke, Dr Chen Junshi of the Chinese Academy of Sciences and Swiss Ambassador Jean-Jacques De Dardel.

Food safety and consumer trust are key priorities for Nestlé. The new Food Safety Institute will help meet China's growing demand for healthy and safe food, one of the top three concerns among Chinese consumers.

Click [here](#) for details

## China food safety scholarships announced

[NZ Government, 26-03-2014] Food Safety Minister Nikki Kaye today announced \$900,000 has been allocated towards a new food safety scholarship programme with China.

"The Prime Minister confirmed this scholarship programme during his recent visit to China," Ms Kaye says. "I am pleased to announce both the funding and some of the detail of the programme.

"The scholarship programme is being developed in partnership between New Zealand's Ministry for Primary Industries (MPI) and the China Food and Drug Administration (CFDA). It is the first initiative of the Food Safety Cooperation Agreement signed in November last year (2013).

"It is my expectation that the Joint Food Safety Commission will meet in the next couple of months to agree implementation of this programme."

The programme will be delivered through Massey University and will give Chinese Food and Drug Administration officials a detailed insight into New Zealand's food safety risk management systems.

The scholarship will be formally launched in the second half of this year and will run for three years.

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