

# China Agri-food News Digest

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## Policies

### **Farmers see hope of city life in *hukou* reform**

[China Daily, 03-08-2013] For Min Jia, the relief concerning his son, 5, is palpable.

"I have worried for such a long time about where he will attend primary school next year," said the 29-year-old farmer from the Haoxi ethnic Hui township in Qingchuan county, Sichuan province.

Min has worked with a property management company in Guangyuan city, which administers Qingchuan, for about 10 years. His son, Min Jianhong, lives with him in a small apartment the family rents in Guangyuan.

But as neither Min nor his son have a *hukou* (residence permit) in Guangyuan, Min has been worrying that his son could only attend a rural primary school in their home township in Qingchuan which is about two hours' bus ride away.

"Thanks to a new government policy, however, I have found hope my son might get a *hukou* in Guangyuan and attend a school in the city next year," Min said.

Min's hope originates from a policy announced on Tuesday by the Sichuan provincial department of public security.

The policy stipulates that those who have secure jobs can apply for a *hukou* in large, medium-sized and small cities and towns.

The policy also applies to their spouses, children and parents who live together. The children include those who were born outside marriage.

In 1958, the government adopted the *hukou* system, which stopped people flowing freely between the city and countryside.

Thanks to economic reform and opening-up policies in the late 1970s, the control of the migration of the rural population into the city was lessened.

Farmers have the freedom of movement to work in the city. But without a *hukou*, their children cannot study in city schools.

Click [here](#) for details.

### **Food and drug system reform to finish this year: People's Daily**

[BEIJING, Aug. 8, Xinhua] China will complete its reform of local food and drug administration systems by the end of this year to better ensure food and drug safety, according to a Thursday report from the People's Daily.

A unified supervision and management system will be formed to encompass state- and local-level food and drug administration systems across the country by the end of this year, Zhang Yong, head of the China Food and Drug Administration (CFDA), said in an interview with the People's Daily.

He said 10 provincial regions in China have already completed these reforms.

State-level food and drug administration system reform was completed by the end of May, according to the report.

Click [here](#) for details

### **New green policy gives industries a big boost**

[BEIJING, Aug. 12, Xinhua) China will speed up development of the energy-saving sector and make it a pillar of the national economy by 2015, top policymakers said on Sunday.

The State Council vowed in a statement to spur technological innovation, expand demand for energy-saving products and boost the environmental-protection service industry.

According to the State Council, the value of the energy-saving industry's output will reach 4.5 trillion yuan (\$728 billion) by 2015, an average annual growth of 15 percent.

Wang Xiaokun, an energy analyst at Sublime China Information, a Chinese commodities consulting firm, said the policy gives clear direction to the industry and brings opportunities to investors, including private companies.

The government will play a leading role and allow non-State capital to invest in energy-saving projects.

"The government encourages low-carbon and energy-saving development, which means business opportunities to the suppliers for such industries," said Wang. "For instance, the equipment manufacturers for power plants and grid will benefit from the policy."

Ren Junming, a commentator on Xinhuanet.com, said the policy is significant in terms of expanding domestic demand and promoting upgrading of traditional industries.

China will invest 1.8 trillion yuan in the renewable energy industry during the 12th Five-Year Plan (2011-15) and spend another 2.3 trillion yuan on energy-saving and emissions reduction, Xie Zhenhua, deputy director of the National Development and Reform Commission, said in late July.

China has committed to reduce its carbon emissions per unit of GDP by 40 to 45 percent by 2020 from the 2005 level and raise its non-fossil energy consumption percentage to 15 percent of its energy mix.

From 2006 to 2012, China's energy consumption per unit of GDP was reduced by 23.6 percent, equivalent to a reduction of 1.8 billion metric tons of carbon emissions. Market share of high-efficiency energy-saving technology and equipment will rise from the current 5 percent to 30 percent by the end of 2015, Xie said.

"Facing the promising green and low-carbon markets, related companies should increase their investments in research, development and the application of low-carbon technology to strengthen their competitiveness in the global market," said Xie.

Click [here](#) for details

### **'No worry' on wheat imports**

[China Daily, 13-08-2013] China's growing wheat imports could soon make it the world's top importer, although such a change is not expected to push global wheat prices higher, industry experts said.

Frost in spring and wet weather in May and June will cut China's wheat output by 2.6 million metric tons to 118 million tons in wheat-producing provinces such as Henan, Anhui, Jiangsu and Shaanxi this year, said a report released by the foreign agricultural service of the US Department of Agriculture.

China has long maintained its food security by producing 95 percent of its grain consumption. However, the nation's growing demand for wheat imports is causing some concern that China is likely to replace Egypt to become the world's largest wheat importing nation.

But Ding Shengjun, a senior researcher at the Academy of the State Administration of Grain, said China's rising wheat imports aim to refurbish its inventories, which are aging and need to be replaced with better quality wheat.

Click [here](#) for details.

### **China gives agricultural modernization 500 mln yuan boost**

[Xinhua, 16-08-2013] The Chinese government has allocated 500 million yuan (81.2 million U.S. dollars) to promote agricultural modernization, the Ministry of Finance announced Friday.

The money will mainly be used to promote large-scale farming; support farmers in joint partnership, family farms or cooperatives; and to boost agriculture-related technological innovation.

The money will be channelled to eight provinces, including Jiangsu, Anhui, Shandong and Hunan.

In April, the State Council - China's cabinet - rolled out its first major reforms in agriculture since its inauguration, floating schemes to accelerate modernization.

The development of modern agriculture practices is "an important strategic mission" that will sustain economic growth, increase income for farmers and improve people's well-being, according to a statement issued by the State Council in April after an executive meeting presided over by Premier Li Keqiang.

Click [here](#) for details

### **Farmers toiling in careers**

[China Daily, 17-08-2013] Become a farmer to make more than a banker? US investment guru Jim Rogers once predicted that farming could be the best job this century.

But farmers in Guangdong province, one of China's richest regions, have a different view, if a recent survey is any indication.

Slightly more than half of the rural respondents in Guangdong province said farming is not the way to get rich, and 59 percent said farming cannot continually improve their lives.

The findings, experts said, reflect the growing wealth gap in the world's second-largest economy amid fast urbanization and population migration.

Only one-third of those polled said farming could improve their income, according to the survey by the Guangzhou Public Opinion Research Center, which interviewed 1,500 villagers across the province in June.

Rural families with members working in non-farming sectors earned an average of 49,668 yuan in 2011, while rural families engaged in farming reported an average income of 21,905 yuan, according to a report issued by the Center for Chinese Rural Studies of Central China Normal University last year.

The increasing wealth gap has prompted more farmers, especially young people, to migrate to cities.

As more people are moving to cities, the government is promoting family farming, under which a small number of farmers, usually from one family, are encouraged to rent large tracts of farmland.

Click [here](#) for details

### **Beijing pushes for bigger family farms to boost efficiency**

[SCMP, 17-08-2013] Farmland split into individual plots during the reform years is being joined back together with Beijing's blessing, and the results are promising

On most days, Li Junxiang can be found walking amid the fruit trees and vegetables he grows on two hectares of farmland in Xinglong county in the northeast of Hebei province.

Li left behind his work of doing odd jobs to rent land from his fellow villagers after learning of a directive the Communist Party issued on February 1 - one that may help ease the mainland's problems with food quality.

Three decades ago, as part of national reform efforts, authorities split collectively owned farmland into small plots for individual families, in the hopes "ownership" would encourage them to grow food.

But as the mainland grapples with food safety problems, shrinking arable land and an increasing demand for food, central authorities are reversing that earlier move, suggesting that villagers merge plots into "family farms" to allow for higher-yielding agricultural practices.

There is no official definition of family farm, and the ministry is encouraging local governments to arrive at their own standards regarding size and output. Authorities in Hubei , Jiangsu and Shandong have issued regulations, according to mainland media reports, and dozens of lower-level governments have followed with detailed rules.

Click [here](#) for details

## Science, Technology and Environment

### **Lingering drought in south China damages agriculture**

[Xinhua, 7 August 2013] Wang Xiong has had the worst harvest in a decade due to the lingering heat wave and drought that has hit many parts of China this summer.

The 56-year-old farmer in Xinglong Village, Qiyang County, Hunan Province, is expected to reap only 10 percent of harvest compared with previous years as his 2 mu (0.13 hectare) of paddy rice, 1 mu of peanuts, 1 mu of sorghum and 1 mu of mung bean and corn all withered up.

Only a third of the 662 mu of paddy rice in the village survived the drought thanks to a nearby stream, which is expected to dry up within ten days if the drought continues.

Lingering drought since July has caused severe damage to agricultural products, leaving millions of people and cattle short of drinking water.

The current heat wave has swept 13 provincial-level areas across China, leaving about 5.95 million people and 1.72 million heads of livestock lacking drinking water, according to a Ministry of Civil Affairs report on Monday.

About 4 million hectares of farmland have been affected by the drought as of Monday, according to the State Flood Control and Drought Relief Headquarters.

A total of 326 rivers have been cut off, 65 reservoirs dried up and 1,100 others with dead storage levels in Hubei Province, dubbed "the land of a thousand lakes," as of Tuesday.

In Hunan Province, which produces 13 percent of China's paddy rice, 913,333 hectares of farmland have been affected and 1.49 million people as well as 860,000 cattle lack drinking water, according to the provincial flood control and drought relief headquarters.

Click [here](#) for details.

### **Human to human transmission of H7N9**

[BMJ 2013; 347:f4730] Since the new avian influenza virus, H7N9, first emerged in China, a primary concern has been whether it might spread between humans. The vast majority of the 133 confirmed cases reported so far seem to be epidemiologically unconnected, with many patients reporting a recent history of exposure to live poultry, which are suspected to be a

main reservoir for the virus. Although an earlier study did report two family clusters of H7N9 cases, it was unclear whether these clusters resulted from person to person transmission or simply from exposure to a common animal source of infection.

In the linked paper (doi:[10.1136/bmj.f4752](https://doi.org/10.1136/bmj.f4752)) by Qi and colleagues, a detailed investigation into one of these clusters provides the strongest evidence yet of H7N9 transmission between humans. The index case, a 60 year old man, was likely to have been infected at a nearby live poultry market, and subsequently developed a severe and ultimately fatal respiratory illness. His 32 year old daughter, who provided prolonged bedside care for her father before his admission to intensive care, later also became fatally infected. With no indication that the daughter was exposed to live poultry within the days before becoming sick, along with almost 100% genetic similarity between the viruses isolated from each patient, the evidence points to transmission from father to daughter.

Click [here](#) for details

### **Cashing in on health scares, China online food sales boom**

[Reuters, Beijing, 12-08-2013] Chinese consumers are responding to a powerful new marketing tactic that plays to a widespread fear of food contamination - the promise of safe groceries sold online.

Pledging produce direct from the farm, vendors have found food is becoming one of the fastest-growing segments of Internet retailing as they cash in on scares from cadmium-tainted rice to recycled cooking oil.

The trend is adding momentum to a Chinese online retail boom driven by a rapidly expanding middle class, with companies such as COFCO Ltd and Shunfeng Express betting that a decent slice of a 1.3 billion population will pay for the peace of mind they say their services offer.

"I think people are willing to pay a higher premium than in the West. In other markets, like the UK, food e-commerce is about convenience. Here, there's going to be a higher quality and safety premium," said Chen Yougang, a partner at consultancy McKinsey.

Click [here](#) for details

### **Private label goes to Asia: Share in India and China expected to hit 25-30% by 2030**

[Rabobank, 12-08-2013] The expectations for private-label growth in Asia are high. In a new report, Rabobank estimates that by 2030 India and China, the main Asian food retail markets, will have closed in on the private-label share currently seen in Europe (28 percent). At the moment, Asian food retailers may not need to or may not be able to fully commit to private label. But that is about to change. Lessons from eastern Europe show that private-label growth is likely to accelerate when private-label market share enters a 5 percent to 8 percent threshold bracket. Countries such as China and particularly India are nearing this threshold in modern food retail.

Rabobank analyst Sebastiaan Schreijen commented: "It took 50 to 60 years for private label to reach a market share of over 40 percent in the likes of the UK and Switzerland. Central and eastern European countries such as the Czech Republic and Hungary took only about 20 years to reach half that level. With the maturation of modern retail markets in India and China, all the criteria for private-label growth will be met. The question is not whether private label in Asia will catch up with European levels, but when. Currently, we anticipate it will only take 15-20 years for countries such as India and China to catch up with the standard European private-label penetration rate of 28%."

Even though China—with its well-advanced roll-out of modern food retail—seems to hold a better hand of cards, Rabobank expects private-label to gain the most in India in the coming years. Apart from the low penetration of modern retail in India, the impact of the other bottlenecks will be limited. Private-label growth is also expected to accelerate in the wake of anticipated market reforms in the country.

Click [here](#) for details

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[China Daily, 12-08-2013] China will speed up development of the energy-saving sector and make it a pillar of the national economy by 2015, top policymakers said on Sunday.

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Click [here](#) for details

### **Foot-and-mouth disease confirmed in Tibet**

[BEIJING, Aug. 13, Xinhua] An outbreak of foot-and-mouth disease has been confirmed in cattle in southwest China's Tibet Autonomous Region, the Ministry of Agriculture announced on Tuesday.

On Aug. 5, one village in Qamdo Prefecture reported that 14 head of cattle showed symptoms of the disease. The national laboratory test results released on Tuesday confirmed that the cattle were infected with type-O foot-and-mouth disease, the ministry said.

Local authorities have sealed off and sterilized the infected area, where 57 head of cattle have been culled and safely disposed of, according to the ministry.

Foot-and-mouth disease is a contagious and sometimes fatal viral disease that affects cloven-hoofed animals, including domestic and wild species within the family Bovidae.

Click [here](#) for details

### **Too much aluminium in third of Chinese diets**

[People's Daily, August 25, 2013] More than 30 percent of Chinese people's diets contain more aluminum than recommended, research has found.

Excessive ingestion of aluminum can lead to neurological and respiratory problems and affect bone development.

Some 40 percent of excess aluminum in Chinese diets is found in flour, according to research by nutritionist and food safety expert Chen Junshi for a food safety forum.

Baking powders, such as alum, added to flour are mainly to blame, say experts.

While they help make flour products look and taste better, they are overused by some Chinese food manufacturers.

However, as aluminum-free baking powders are more expensive, many manufacturers are reluctant to change.

While the World Health Organization recommends a weekly intake of no more than 2 milligrams per kilogram of body weight, 32.5 percent Chinese people ingest levels above this, researchers found.

Some 44 percent of the excess amount comes from flour, followed by steamed bread (24 percent) and fried dough sticks (10 percent) — a traditional snack for breakfast.

People in northern China — who traditionally prefer flour-based products such as noodles — absorb four times as much aluminium as those in the south, the study found.

Northern Chinese have an average aluminum consumption of 2.9mg/kg of body weight — almost 1.5 times the recommended amount.

And 43 percent of children aged between four and six eat 2.6 times the maximum recommended amount, Guangzhou Daily reported.

Click [here](#) for details

### **Modelling crop risk in China**

[Lloyd's, 28-08-2013] Lack of data is a big challenge for crop modellers in emerging markets.

Over the next decade, as countries such as China, India and Brazil focus on feeding their massive populations, crop insurance is expected to play an increasingly important role. It is estimated that global agricultural production will need to increase as much as 60% by 2050 in order to meet people's growing need for food.

“There's an increasing demand for getting a lot of crop production in China to feed the animals that are being demanded by the consumers in China,” says AIR's assistant vice president Jack Seaquist.

Agricultural insurance premiums nearly tripled between 2005 and 2011 to an estimated \$23.5bn. North America remains the largest buyer of crop insurance, but China is quickly catching up.

“China is already the second largest agriculture market in the world, behind the US,” says James Few, chief executive of Aspen Re. “It overtook Europe recently which is a sign of really dramatic growth in that marketplace. Agriculture is already a very sophisticated and significant market in China and it's expected to get bigger.”

For global re/insurers looking to grow their presence in these markets there are numerous challenges to overcome.

### **Dearth of data**

Underwriting agricultural risks is highly technical, a process that is increasingly aided by the use of crop insurance models. But it is difficult for experts to come up with models in markets that lack the necessary data that would aid their development.



“The challenge is always data... simply, do you know enough about the risk?” explains Julian Roberts, executive director of agribusiness and weather risks at Willis. “If you’re used to underwriting in North America then you will be accustomed to a fabulous wealth and depth of data on which you can crunch numbers; equally there are some mature models upon which you can rely.”

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### **Chinese crop model**

Cat modeller AIR Worldwide recently developed a cat loss model for China which provides a probabilistic approach for determining the likelihood of losses to the country’s major crops: corn, cotton, rapeseed, rice, soybeans and wheat. Drought, floods and typhoons are the leading cause of loss in China.

The model captures the severity, frequency and location of adverse weather events, taking into account weather variables (such as rainfall and temperature), soil conditions and crop-specific parameters.

“It was quite a bit different in China and quite a bit more complex than in the US,” explained Seaquist in an interview with BestDay. “It also has an issue of there not being a lot of data about the crop insurance programme.”

Click [here](#) for details

## **International Relations**

### **Chinese thirst for dairy imports brings hope for EU farmers**

[Reuters, 01-08-2013] The sight of China's companies and even tourists buying up European baby milk products has given farmers a glimpse of what could be the export upside of an at times feared opening up of Europe's dairy market.

China's overseas quest for infant formula, the result of a deep distrust of domestic supply dating back to a deadly contamination scandal in 2008, has been embraced by Ireland as an outlet for the extra milk it plans to produce when the European Union scraps its 30-year-old limits on output in 2015.

Amid pastureland in the country's southeast, Glanbia Ingredients Ireland, a joint venture between food group Glanbia and a dairy cooperative, has been busing in potential overseas buyers to present the single biggest Irish dairy investment, a planned 150 million euro milk powder plant.

This drive for foreign supply, in a Chinese infant formula market projected to double in value to \$25 billion by 2017 according to research firm Euromonitor, comes at a welcome time for EU producers preparing to emerge from a milk quota system.

For the first time since quotas were introduced in 1984, to halt chronic oversupply resulting from the production-focused farm subsidies of the time, EU countries will have the scope to increase freely their output.

Click [here](#) for details

### **Grain looks to China**

[The Land, 01-08-2013] All eyes in the grain market are on China and how it plans to meet what could be a hefty shortfall in wheat production.

The US Department of Agriculture (USDA) has tipped China will need to import about 8.5 million tonnes of wheat to fill the gap - up about 5.3mt on last year - in what will likely be its biggest import program in almost 20 years.

The USDA is putting China's wheat crop at about 121mt.

But global grain forecast FCStone told this week's Australian Grains Industry Conference in Melbourne it expects production will fall short of that and that even bigger imports could be needed.

Other market players at AGIC suggested the shortfall could be as big as 20mt and result in imports as high as 10mt.

Click [here](#) for details.

### **China to invest \$2.6 billion in Ukraine's agriculture**

[blackseagrain, 05-08-2013] Ukraine's State Food and Grain Corporation and China's Xinjiang Production and Construction Corps (XPCC) have signed a memorandum on cooperation in supporting priority projects in agriculture. Chinese investment in Ukraine's agricultural sector will reach more than \$2.6 billion.

This was announced at a meeting between Ukrainian farmers and XPCC representatives in Kyiv on August 3.

Chairman of the Board of Directors at KSG Agro Sergiy Kasianov, who will participate in the investment program, named the amount of investment unprecedented for domestic agriculture.

"The implementation of investment programs with Xinjiang Production and Construction Corps will help realize a number of initiatives set out in the National Action Plan. The issue concerns the creation of new jobs at agricultural enterprises, the provision of citizens with high-quality food, and an increase in the export potential of the Ukrainian agricultural sector," Kasianov said.

Click [here](#) for details

### **Baijiu consumption stimulates imports of US sorghum**

[China Daily, 07-08-2013] Increasing alcohol consumption in China tied to the nation's economic expansion is raising the imports of sorghum from the United States. The grain is used to make baijiu, a traditional Chinese spirit.

The International Grains Council said China's imports of US sorghum may be even greater than US farm officials thought. Agrimoney.com reported the council as saying that so far for 2013 to 2014 it has received orders for 400,000 tons of sorghum, most of which will be shipped through November to southern China.

The popularity of baijiu in China, where only about 2 percent of the volume of spirits drunk are foreign-made, has captured the attention of spirit companies looking to raise their presence in the densely populated nation.

Last week, London-based Diageo Plc, the world's largest drinks company by sales, moved to increase its ownership of baijiu joint venture Shui Jing Fang. Diageo, the maker of Johnnie Walker Whisky, said Chinese authorities gave it the go-ahead to buy the remaining 47 percent stake it didn't already own in joint venture partner Sichuan Chengdu Shuijingfang Group, also known as SJF Holdco, for 233 million pounds (\$357.6 million).

The deal increased Diageo's stake in Shui Jing Fang as a whole to 39.7 percent from 21 percent while converting the baijiu venture into a foreign enterprise wholly owned by Diageo.

Diageo, which competes in China with France's Pernod Ricard SA, has been increasing its stake in the baijiu business for several years to raise its profile in emerging markets. In general, European drink makers have expanded into emerging markets such as China in recent years as sales of premium spirits slow in recession-plagued Europe.

Click [here](#) for details.

### **Tesco in talks with China Resources Enterprise**

[BBC, 09-08-2013] China Resources Enterprise (CRE) is in talks with the UK retailer Tesco about merging their hypermarkets and supermarkets in China.

The venture would combine Tesco's 131 stores in China with CRE's almost 3,000 stores, called Vanguard, to create what they say would be the leading multi-format retailer in China.

State-run CRE would control 80% of the new chain while Tesco would have 20%.

Tesco and CRE both confirmed the talks in stock market statements. They warned that there was no guarantee the deal would be concluded.

CRE said that the venture would bring together its "deep understanding of local customers, established nationwide infrastructure and proven track record as a partner with Tesco's global retail expertise, international sourcing scale and supply chain capabilities".

Click [here](#) for details.

### **Chinese pesticide producers eye US**

[China Daily, 15-08-2013] In the world of the "Big Six" agriculture chemical (ag-chem) companies, marketing your product is like trying to find shelf space on the cereal aisle dominated by a handful of brand names, but that's what Chinese pesticide producers are looking to do - compete.

These days, the Dow Chemical Company, Syngenta AG, Monsanto Company, Bayer AG, BASF SE and E.I. Du Pont De Nemours and Company are producing the majority of their ag-chem products in China, according to Telisport Putsavage, a pesticide industry expert and environmental counsel at Sullivan & Worcester law firm in Washington, DC.

On the other hand, the Chinese government expects to see an increased effort by domestic ag-chem companies to sell their own brands of products in the US to increase China's market share of the industry.

"One of the difficulties for any company, particularly offshore companies looking to enter into the US, is figuring out a way to break into distribution," Putsavage said. "These products do not go to the farmers and they don't even go directly into farm retail stores. They all go through distributors."

In 2011, China's largest generic ag-chem company, ChemChina, with nearly \$32 billion in annual sales, put up \$2.4 billion to acquire the world's largest generic ag-chem producer, Israel-based Makhteshin Agan Industries.

Pesticide companies have played a key role in driving the growth of China's chemical production output, which surpassed that of the US for the first time in 2010.

Click [here](#) for more details

### **Co Tyrone pork on fast boat to China**

[Belfasttelegraph, 16 August 2013] Pigs heads and trotters processed in Co Tyrone will be exported to China as soon as pigmeat firm Karro Group gets the go-ahead, the Belfast Telegraph can reveal.

Karro Food Group -- formed after a management buy-out of the pork division of Vion -- is targeting China, Japan and the US in a push to increase exports already worth up to £70m per year.

Karro, based in Yorkshire, is awaiting export clearance from the Chinese government for its main slaughtering plant in Cookstown -- home of the 'sizzling' sausages named after the town.

A company spokeswoman said heads and trotters -- and pigs' cheeks which are sought after as a delicacy -- would be sent from Cookstown as soon as they get the nod from China.

She said: "We have all the paperwork achieved from Northern Ireland's Department of Agriculture and Rural Development and from the UK's Department of Environment, Food and Rural Affairs, and are just waiting for the rubber-stamp from the Chinese authorities."

Click [here](#) for details

### **Nigeria to supply China with 3.2m tonnes of dry cassava chips- Minister**

[Premium Times, 23-08-2013] The Minister of Agriculture and Rural Development, Akinwumi Adesina, said on Friday that Nigeria had secured a contract to supply China with 3.2 million tonnes of dry cassava chips.

Mr. Adesina stated this in a paper entitled: "The Value Chain Roadmap", which he delivered at the ongoing 9th All Nigeria Editors Conference holding in Asaba, Delta State.

He said arrangement was ongoing with the African Import/Export Bank to finance the processors of the product with a loan facility of \$40 million (N632m) to meet the terms of the contract.

Mr. Adesina said that Nigerian farmers and processors would make as much as \$800 million (N128 billion) from the contract.

Click [here](#) for details

### **Scare or no scare, customers have little choice but Fonterra**

[Reuters, 29-08-2013] - However much China and other big customers strive to rely less on Fonterra after a global food contamination scare this month - now downscaled to a 'false alarm' - the New Zealand firm's grip on the global dairy trade is unlikely to be loosened.

While many countries such as India, China and the United States produce more milk, New Zealand, a small island nation of 4.5 million people, exports more than 90 percent of its output and controls a third of the global dairy trade. Most of those exports from what is dubbed the 'Saudi Arabia of milk' come from Fonterra Co-operative Group Ltd , which is owned by its 10,500 farmer suppliers.

China, New Zealand's biggest customer, is particularly exposed. Annually, it spends around \$1 billion on imported milk powder, used in infant formula, sports drinks and confectionary, with some 90 percent of that coming from New Zealand.

While Chinese firms increasingly look overseas to secure supply - building processing plants in France, the Netherlands and New Zealand, for example - the country's milk formula market alone is set to double to \$25 billion by 2017, and will likely remain dependent on Fonterra.

Click [here](#) for details

### **China, Africa to strengthen agriculture cooperation**

[Xinhua, 29-08-2013] China and Africa see broad prospects for future agricultural cooperation and the two sides will work to establish a mechanism to advance cooperation in the sector, said an official white paper released Thursday.

"The Chinese government attaches great importance to its mutually beneficial agricultural cooperation with Africa, and works hard to help African countries turn resource advantages into developmental ones," says the paper on Sino-Africa Economic and Trade Cooperation published by the Information Office of the State Council.

"In the future, China will advance agricultural cooperation with Africa in all respects while ensuring that this cooperation puts both parties on an equal footing, is mutually beneficial, and advances common development," the paper says.

It will work to establish and improve a mechanism for bilateral agricultural cooperation, and strengthen Sino-African cooperation in the sharing of agricultural technologies, resource varieties and agricultural information, the processing and trade of agricultural products, agricultural infrastructure construction, and human resource training, says the white paper.

China will also work to deepen Sino-African cooperation within the frameworks of the United Nations Food and Agriculture Organization (UNFAO) and the International Fund for Agricultural Development, according to the paper.

Click [here](#) for the full text of the White Paper

### **Mexico exports 100% blue agave tequila to China**

[BBC, 30-08-2013] Mexico's agriculture ministry says drinks firms have shipped their first load of top quality tequila to China.

More than 70,000 bottles of the 100% blue agave tequila were loaded onto a container, due to arrive on the Chinese market in a month.

China banned finest quality tequila over fears of high methanol content. But President Xi Jinping lifted the ban after a visit to Mexico in June.

Tequila firms hope to make China their second biggest market after the US.

Mexican officials say they expect to send 10 million litres of tequila to China over the next five years.

Click [here](#) for details

### **Chinese chicken processors are cleared to ship to U.S.**

[NY Times, 30-08-2013] The Department of Agriculture on Friday approved four Chinese poultry processors to begin shipping a limited amount of meat to the United States, a move that is likely to add to the debate over food imports.

Initially, the companies will be allowed to export only cooked poultry products from birds raised in the United States and Canada. But critics predicted that the government would eventually expand the rules, so that chickens and turkeys bred in China could end up in the American market.

"This is the first step towards allowing China to export its own domestic chickens to the U.S.," said Tony Corbo, the senior lobbyist for Food and Water Watch, an advocacy group that works to promote food safety.

The U.S.D.A.'s decision follows years of wrangling over the issue, and comes as Americans are increasingly focused on the origin of their food.

Click [here](#) for details

**For more information about UK China Sustainable Agriculture Innovation Network (SAIN), please visit: <http://www.sainonline.org/English.html>**

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