



UK-China
Sustainable Agriculture
Innovation Network

China Agri-food News Digest

November 2013 (Total No 11)

Contents

Policies.....	2
Li Keqiang calls for modern agriculture development	2
Chinese land reform: A world to turn upside down.....	2
Proceed cautiously on land reform	3
Chinese land reform at crucial stage	3
Xinhua Insight: Rural reform, step by step	4
Anhui experiments with sales of rural land in 20 counties.....	5
China to balance urban, rural development	6
Family planning policy to be improved	7
China expects to meet food needs after easing child-birth limit.....	7
Gov't inputs 805m yuan for agriculture	7
Science, Technology and Environment	8
Fourth case of H7N9 bird flu confirmed in China in 3 weeks.....	8
Tuna center opens in Dalian to develop fishing industry	8
Bleat of the hybrid ushers in new era.....	8
Scientists chafe at GM snub by Gansu city	9
Chinese state media kick into high gear to ease GMO food fears	10
Foreign vegetable seeds threaten native industry	10
Cleaning up: China reform plan tackles pollution	11
Farmers wonder if tree-planting subsidy will be chopped down.....	11
China's grain output likely to rise again.....	12
China to standardize animal and poultry husbandry	12
International Relations.....	13
New Zealand, China strengthen food safety cooperation	13
Fears for Scottish salmon farming after China production targets missed	14
China approves Brazilian corn imports –papers	14
Coca-Cola says to invest over \$4 billion in China in 2015-2017	15
Denmark aims to increase its food exports to China after signing deals	15
British food firms seek to tap Chinese market.....	16
Sino-Dutch dairy center opens.....	16
China to provide Africa with US\$1tr financing.....	16
Australian kangaroo exporters look to hop into meat-hungry China.....	17
China major target market for Mongolian organic produce	17
EU, China to cooperate on food, agriculture and biotechnology research	17
China's Bright Food says looking at listing Weetabix, Manassen.....	18

Policies

Li Keqiang calls for modern agriculture development

[People's Daily, 06-11-2013] Chinese Premier Li Keqiang has urged efforts to push forward comprehensive reforms in the country's first approved pilot sites of agricultural modernization.

Li made the call during an inspection tour that took him to the cities of Tongjiang, Fuyuan and Harbin in northeast China's Heilongjiang Province from Nov. 4 to Nov. 6.

He stressed the importance of deepening reform in accelerating modern agriculture, which calls for innovation in agricultural production and operational systems, making sure that rural people's rights and interests are preserved.

He urged the public and governments at all levels to strive for better market regulations and price controls so as to realize food security.

In April, the State Council, China's cabinet, rolled out its first major reform in the sector, experimenting with schemes to accelerate modern agriculture.

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 Li.

The experiments are restricted to Heilongjiang Province, one of the country's top grain production regions in northeast China.

Large-scale farming is supported by the government, as farmers are encouraged to grow their joint partnerships, family farms or cooperatives.

Click [here](#) for details

Chinese land reform: A world to turn upside down

[Economist, 02-11-2013] Mortgaging a village home is a sensitive issue in China. A nervous local official has warned residents of Gumian, a small farming community set amid hills and paddies in Guangdong province, that they risk leaking state secrets if they talk to a foreign reporter about the new borrowing scheme that lets them make use of the value of their houses. They talk anyway; they are excited by what is going on.

Urban land in China is owned by the state, and in the 1990s the state allowed a flourishing property market to develop in the cities. That went on to become a colossal engine of economic growth. But rural land, though no longer farmed collectively, as it was in Mao's disastrous "people's communes", has stayed under collective ownership overseen by local party bosses. Farmers are not allowed to buy or sell the land they work or the homes they live in. That hobbles the rural economy, and the opportunities of the farmers who have migrated to the cities but live as second-class citizens there.

.....

Around the time that the 1978 plenum was talking of its support for people's communes, a group of impoverished farmers in Anhui province secretly decided to divide up their village farmland into privately managed plots. Eventually, in 1981, the party gave its explicit blessing to the "household responsibility system", as it called this once sacrilegious approach to farming. By then nearly half of villages were practising it. The following year work officially began on dismantling the communes. Far-reaching reform had ensued from the plenum, but from the bottom up. The same could happen again.

Click [here](#) for details

Proceed cautiously on land reform

[Caixin, 04-11-2013] Changing current land policies and overhauling the hukou, or household registration system, are considered two necessary and complementary reforms to China's urbanization efforts, and important measures to release the so-called reform dividend. Hopes are high that the coming third plenary session of the Communist Party's 18th Central Committee will unveil land reforms.

The country's land falls into two categories: urban land belongs to the state and rural land belongs to the collective. Land reforms mostly involve rural land, especially that designated for construction purposes that is not allowed to be directly traded on the market.

A recent State Council think tank proposal to the party meeting, dubbed the **383 Plan**, charts out a roadmap for land reforms. This means giving farmers the right to transfer, manage and mortgage land; allowing collective land to trade as the equal to state land and setting up a pricing mechanism based on a unified market; and giving market-price compensation to farmers whose lands are expropriated by the government. The 383 Plan did not spell out land privatization, but it clearly articulated many people's hopes that rural construction land will be allowed to trade directly on the market.

This could be an ideal plan, but how likely is it to be adopted? Previous policy changes, in 1952, 1962, 1978 and 2005, were difficult to push forward because land is the foundation of Chinese farmers' livelihoods. The new reform, aimed at shifting rural land to urban land, involves a large amount of money. Meanwhile, many interests are intertwined. This is a dangerous situation to say the least.

Click [here](#) for details

Chinese land reform at crucial stage

[Xinhua, 08-11-2013] Anticipation of land reform is running high in China, where a unique land system has hobbled urbanization.

Whether farmers will be granted the right to more money through trading their land is key to revitalizing the rural economy and speeding up urbanization the government has been pushing for years.

Details of land reform are widely expected to emerge from the upcoming plenary session of the 18th Communist Party of China Central Committee.

The land system is a fundamental institution that affects a country's overall economic development. The ruling party's decisions on the land reform will change the current land laws and regulations, said Zheng Fengtian, vice dean of the School of Agricultural Economics and Rural Development at Renmin University of China.

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

Since the 1990s, the property market has flourished in cities and has been a major engine of growth, while ownership rules for rural land have not changed in decades, constricting rural development.

Urbanization means hundreds of millions of farmers leaving the land to work in cities. As the profits from farming are far less than income from working in the cities, much land is now left uncultivated.

Aware of the problems, the government has experimented with new systems for rural land transfer in many regions. Currently, farmers can only lease their land to other farmers or to rural cooperatives.

.....

Restrictions on land transfer limit the rent farmers can make from their land. With no right to trade the land, those who move to the cities often live precariously, contribute little to domestic demand and do not enjoy the privileges of urban resident because of their rural origins.

With no hukou (urban household registration) in Beijing or other big cities, migrants cannot buy houses or register cars, nor avail themselves of medical care and education.

Dismantling the hukou system would allow farmers transplanted to cities to exchange rural property rights for a more secure foothold in the metropolis. It could also provide the boost to consumption which the Chinese leadership so craves.

.....

While farmers cannot trade their land, the law allows the government to acquire land for public use after compensating occupants, and then legally change the land use, transferring the title to real estate developers at a substantial profit. This is currently a major source of finance for some local governments.

Compensation to farmers is often insubstantial, and bred simmering discontent and friction between farmers and local governments. Compensation for one mu of land is usually between 30,000 yuan and 50,000 yuan in villages while the profits at auction could be millions of yuan.

"Local government profiteering not only threatens food security but drives farmers to protest," said Zheng Fengtian.

A lot of farmland has been requisitioned in the past decade, generating enormous earnings for local governments while leaving farmers almost excluded from the revenues. The priority is to improve the farmers' share by formalizing their rights of ownership, he said. Farmers have the right to use land but no specific tenure of ownership.

Click [here](#) for details

Xinhua Insight: Rural reform, step by step

[Xinhua, 16-11-2013] Like many migrant workers, Huang Ying, 45, has scant interest in the outcome of China's top-level reform meeting, but when told about possible changes concerning her land in the countryside, she knows what's in her best interest.

"I would not sell my land even I were allowed to, but leasing or mortgaging it would be good," the gardener in Haikou, capital of south China's Hainan Province, told Xinhua on being told that farmers will soon have more liberty with their land-use rights.

In China, urban land is owned by the state and rural land is normally under collective ownership. While gradual reforms since 1987 saw the trading of urban land evolve into a vigorous property market that became a major growth driver, land in the countryside remains largely static.

Under China's land regulations, farmers only have rights to use, but cannot directly sell or mortgage, land. They must first be acquired by a local government before being used for development.

The policy usually results in disputable land takings with meager compensation for farmers, and for those like Huang who want to make a living in the cities, restrictions on land transfer mean they have to start afresh on their urban journey.

That is set to change.

LAND REFORMS

China's new leadership has determined to build a fairer mechanism to narrow the urban-rural divide and maintain social stability during its urbanization drive.

Among the key reform decision publicized on Friday by the Communist Party of China Central Committee, integrated development in villages and cities is a major highlight.

China is to build a unified market for urban and rural construction land, meaning land used for non-agricultural purposes. Previously, the official wording is to "gradually" achieve such a unification.

On the precondition that the scale of farmland is guaranteed, farmers will also be allowed to transfer and mortgage their land-use rights, or turn the rights into shares in large-scale farming entities, according to the document.

The CPC also pledged to give farmers more property rights, and set up a trading market for the transfer of land-use rights to promote an open, fair and orderly platform.

Although the latest policies point in the right direction, plenty of work remains to be done, analysts cautioned.

The biggest barrier is land registration, without which the land market cannot function.

According to China's No.1 central document announced earlier this year, the government aims to complete the registration of management rights of contractual land in five years.

Until that work is completed, the rural land transfers as experimented in some areas in Guangdong and Anhui is unlikely to be rolled out nationwide, analysts said.

RIGID HUKOU SYSTEM

Another key barrier holding back China's urbanization process is the rigid hukou system, or household registration system, which is tied to one's place of residence and is used to obtain access to basic welfare and public services.

The system has prevented migrants like Huang from gaining equal access to services in cities, disadvantaging them to a more vulnerable position.

Although China's urban population exceeded its rural population for the first time last year, with city-dwellers accounting for 51.27 percent of the population, a considerable portion of them have no official city hukou.

Friday's document promised to gradually allow eligible rural migrants become official city residents, accelerate reform in the hukou system to fully remove restrictions in towns and small cities, gradually ease restriction in mid-sized cities, setting reasonable conditions for settling in big cities while strictly controlling the population in megacities.

Click [here](#) for details

Anhui experiments with sales of rural land in 20 counties

[Caixin, 15-11-2013] The government of Anhui Province issued a decree on November 12 to allow rural land designated for construction in 20 counties to be sold, another experiment in changing China's rigid rural land policy.

The experiment in the eastern province of Anhui also allows farmers in the 20 counties to sell the land designated for them to build their houses on, expanding farmers' source of income.

The country's land is divided into rural and urban usage. The law says rural land is owned by the collective and it must be expropriated by governments before it can be sold on the market. The experiment in Anhui, as well as a recent move in Shenzhen, in the southern province of Guangdong, in early November to put a parcel of rural land onto the urban market, represents an attempt by local governments to end their own monopolies.

The Anhui decree allows rural land owned by the collective that is designated for construction to be sold. It can then be used for a range of purposes: industrial, commercial or tourism development or construction of housing for farmers. The county collectives in the eastern province can sell or lease this land, or use it as equity investment in development projects.

In addition, the decree asks collectives to explore ways to distribute the returns on the land, and to increase farmers' share of compensation for land taken by the government.

Urban land designated for construction can be sold or mortgaged, but similar rural land cannot be used by entities outside the village. The third plenum of the Communist Party's 18th Central Committee, which closed on November 12, said a unified market for rural and urban construction land should be formed.

Anhui's approach can be seen as one way of figuring out a way to do that. Reform ideas in China are often tried out in a small area, then expanded if they work well.

Click [here](#) for details

China to balance urban, rural development

[Xinhua, 15-11-2013] China will improve the mechanisms for coordinating urban and rural development in an effort to allow farmers to share the fruits of the country's modernization.

"The country's dual urban-rural economic structure is the major obstacle for integrating the development of urban and rural areas," said the Communist Party of China (CPC) Central Committee in a key reform roadmap released on Friday.

The dual urban-rural economic structure refers to the different growth patterns in cities and rural areas that lead to a wide urban-rural gap, a chronic problem in China.

China must set up a new type of industry-agriculture and urban-rural relations in which the industrial sector promotes agriculture, urban areas support rural development, agriculture and industry benefit each other, and urban and rural development is integrated, according to the document.

The country must grant farmers equal opportunities of participation in its modernization drive and share the benefits from modernization.

While implementing and improving the most strict policies of arable land protection, the country will grant farmers rights to possess, use, benefit from and transfer their contracted land, as well as the right to use their land ownership as a collateral or guarantee, the document showed.

Farmers will also be allowed to use their land right to become a shareholder in the industrialized operations of agriculture.

The document also made it clear that China will grant more property rights to farmers and promote the equitable exchanges of production factors between cities and rural areas and balanced distribution of public resources.

Click [here](#) for details

Family planning policy to be improved

[China Daily, 12-11-2013] China is to fine-tune its 30-year-old family planning policy, a spokesman for the nation's top population authority says.

But any step taken must serve to maintain a low birth rate while satisfying individual families' desire to have more children, the National Health and Family Planning Commission spokesman said.

China's social and economic development as well as demographic changes will also be considered in relation to any policy changes made, Mao Qun'an said at a regular news conference on Monday.

He added that fine-tuning the current policy has always been high on the commission's agenda.

Click [here](#) for details

China expects to meet food needs after easing child-birth limit

[Bloomberg, 16-11-2013] China will meet population targets even after easing its one-child policy, avoiding heightened pressure on food and health-care resources, a government official said.

The plan to allow parents to have two children if either is an only child won't trigger a surge in births in the short term as relatively few couples fulfill the criterion, Wang Peian, deputy director of the National Health and Family Planning Commission, said in a statement on the government website today.

The population will remain "significantly" below the 2020 target of 1.43 billion used for food and public service planning, Wang said.

"We can say confidently that implementing the birth policy will not bring huge pressure on food security, health-care, education, jobs and other basic public services," Wang said in the statement. The policy will help keep China's labor force at a reasonable size, and ease the speed of population aging, he added.

China's population will peak "well" below 1.5 billion in about 2033, Wang said.

The Communist Party's leaders announced the plan to ease the one-child policy with other reforms such as the expansion of farmers' land rights after a four-day conclave in Beijing this month.

Each of China's provinces will be allowed to decide when to implement the new rule based on local conditions, Wang said, without giving any specific dates.

Click [here](#) for details

Gov't inputs 805m yuan for agriculture

[China Daily, 02-11-2013] The Ministry of Finance on Friday said the government has recently allocated 805 million yuan (\$131.11 million) to boost agricultural industrialization.

The investment aims to support new agricultural management systems and industrialization of competitive products.

Of the total, 460 million will go to leading enterprises that can help drive agricultural growth and 345 million will go to a program to support each county on one special local product.

The fund will cover 28 provinces, autonomous regions and municipalities including Beijing, Hebei and the Inner Mongolia, as well as three cities listed independently in the state plan, including Dalian, Ningbo and Qingdao.

Click [here](#) for details

Science, Technology and Environment

Fourth case of H7N9 bird flu confirmed in China in 3 weeks

[SCMP, 07-11-2013] A new human case of H7N9 bird flu has been confirmed in Zhejiang province, the fourth on the mainland in three weeks, but scientists said it was too early to know whether they represented a major outbreak.

Hong Kong's Centre for Health Protection has been notified by the National Health and Family Planning Commission that a 64-year-old woman became ill on October 30 and was in critical condition.

No public announcement about the case had been made by the commission or state media as of last night. The World Health Organisation said it had been notified of the new case from the health commission.

"We expect to continue to see a small number of sporadic cases. To date, there is no evidence of sustained human-to-human transmission," said Dr Bernhard Schwartlander, the WHO representative in China.

Schwartlander said whether the H7N9 virus could actually cause a pandemic was unknown, although "in principle, [it] carries a risk".

The third new human H7N9 bird flu case, a three-year-old boy in Dongguan who was confirmed as having contracted the virus on Tuesday, was in a stable condition and expected to be discharged from hospital soon. He had not developed a fever.

The child had gone to a wet market with poultry stalls, but did not have contact with the fowl.

Click [here](#) for details

Tuna center opens in Dalian to develop fishing industry

[China Daily, 07-11-2013] The Tuna Trade Center of Northern China has been founded in Dalian, a coastal city in Liaoning province, Dalian Evening reported on Thursday.

The center, approved by China Ocean Fisheries Association in July, will create more job opportunities and help develop other related industries, said Miao Lianshan, general manager of the center.

Japan is the world's largest consumer of tuna, accounting for one-third of the total global annual consumption. Tuna caught in or near China is mainly exported to Japan, but consumption of tuna in China is also growing quickly.

Click [here](#) for details

Bleat of the hybrid ushers in new era

[China daily, 07-11-2013] Transfer technology is producing a type of sheep that flourishes in the harsh conditions of Qinglong county, Guizhou province, while lifting many local farmers out of poverty. Sun Yuanqing reports.

Fan Shunhua's day is a successful one when he hears the bleating of newborn lambs. Fan has experienced the happy sound more than 140 times this year and expects 60 more such

occasions by year-end. With 400 Qinglong sheep in the sheepfolds, Fan rarely has a moment's rest. He goes out in the morning to collect grass, feeds the sheep several times a day and checks their health before going to bed.

"It is not easy to raise 400 sheep, but it's going very steadily. I actually regret not starting it earlier," Fan says.

Previously a mason with no stable income in Qinglong county in the southwestern province of Guizhou, Fan started raising sheep in 2011 along with many townsmen.

Qinglong sheep, a hybrid of local and foreign sheep, have become a way out for Qinglong county, a typical karst area plagued by rocky desertification and poverty.

A local sheep gains about 35 kg a year, but a Qinglong hybrid can gain 50 kg in half a year. And the quality of meat is better. The local sheep feed only on browses, while the hybrid ones can eat almost anything grown on the ground.

Click [here](#) for details

Scientists chafe at GM snub by Gansu city

[SCMP, 12-11-2013] In a rare open challenge to Beijing by a local government, the relatively small and remote city of Zhangye, Gansu province, has slapped a ban on genetically modified (GM) crops, products and technology.

No GM seeds, from cotton to papaya seed, are allowed to be produced or sold in the city of nearly 1.2 million, according to a new government regulation. Zhangye's sudden stance was all the more remarkable because Beijing has authorised planting of more than a dozen GM crops.

Under pressure from rapidly increasing food consumption, Beijing has used its mouthpieces, such as the *People's Daily* and China Central Television, to promote public understanding and acceptance of GM technology.

Scientists dismissed Zhangye's ban as "illegal" and the result of "ignorance" of basic science. But many environmentalists hailed the city's defiance and encouraged others to follow suit.

Chen Kegong, Zhangye's party secretary, recently defended the ban on the front page of the *Zhangye Daily*.

Chen said GM food could be used by rival countries as a biological weapon to "conquer China without a fight" - an argument long favoured by some hawkish Communist Party members - and that Zhangye's policy was to ensure food safety and the "national revival".

Professor Huang Dafang, a plant geneticist at the Chinese Academy of Agricultural Sciences, challenged the move.

"The State Council has never given local government power of choice over GM products," he said. "China is a centralised country. The local government must respect and obey Beijing's orders."

He said Zhangye was a large centre for corn seed production and the government might have imposed the ban to protect local businesses.

Once Beijing approved GM corn products developed by mainland scientists, the traditional seed industry might suffer heavily as GM producers claim their products have higher resistance to diseases and need less pesticide, reducing costs.

"If Zhangye has an issue with that, they should report it to the central government," Huang said. "[It seems] they have kept the Ministry of Agriculture in the dark. The party secretary will face consequences for his action."

Click [here](#) for details

Chinese state media kick into high gear to ease GMO food fears

[Reuters, 13-11-2013] China's state media are working overtime to persuade the public that genetically modified food is safe, apparently softening up the population for a policy switch to allow the sale of such food to ensure its 1.35 billion people have enough to eat.

In the past 30 years, China's urban population has jumped to about 700 million from under 200 million, driving up demand for meat and staples such as rice that scientists say only GMO can satisfy.

Imported GMO soybeans are already used as feed for animals but winning acceptance for the more widespread use of GMO may be a hard sell in a country frequently in the grip of food scares -- just this year over baby milk powder and chemicals in chickens, for instance.

GMO food faces opposition even at the top levels of Chinese bureaucracy, with a senior national security official likening it to opium.

But state media is taking up the fight: on Monday, Communist Party mouthpiece the People's Daily rejected rumours that eating GMO food could alter human DNA, and news agency Xinhua ran an investigation last week debunking tales that GMO corn consumption had reduced sperm counts.

Zhang Qifa, known as China's "father of GMO rice", recently criticised the Ministry of Agriculture for refusing to approve strains that have cost billions of yuan in research over the past decade.

Beijing granted safety certificates for its first genetically modified rice in 2009 but has so far refused to authorise commercial production until the public is onside.

Click [here](#) for details

Foreign vegetable seeds threaten native industry

[Xinhua, 15-11-2013] Facing increasing competition from foreign companies, vegetable seed researchers and producers in China should focus more on innovations if they are to avoid the country's food security being compromised, industry insiders have warned.

"Foreign companies occupy about one-fifth of the domestic vegetable seed market valued at about 10 billion yuan (1.6 billion U.S. dollars) each year. And their share continues to increase," said Sun Deling, vice president of the Academy of Agricultural Sciences in Tianjin, one of China's centers for seed production.

Foreign firms entered the Chinese vegetable seed market in the late 1980s. After decades of development, they have almost monopolized the standard and high-end seed market, added Sun, stressing the implications this has for the security of the country's vegetable seed industry.

"More than a decade ago, the most expensive cauliflower seed was 200 yuan per kg. But now, seeds of the vegetable sell for 15,000 yuan to 20,000 yuan per kg among foreign companies," he said.

Premium seeds fetch high prices. Foreign players occupy about 80 percent of the domestic high-end seed market, according to Ma Dehua, general manager of Derit Seed Co. Ltd. in Tianjin.

For example, a type of tomato seed imported from Britain sells for 330 yuan per gram on Chinese online shopping platform Taobao. The price is even higher than that of gold in the Chinese market.

Click [here](#) for details

Cleaning up: China reform plan tackles pollution

[WSJ, 15-11-2013] The Chinese Communist Party on Friday laid out in broad strokes at least three areas where it plans to combat the severe environmental degradation currently choking China. The country will allow freer markets to efficiently distribute resources, harshly penalize heavy consumers and polluters, and improve monitoring and accountability.

The question now whether Beijing is willing to follow through.

A number of episodes in recent months have added to growing public concern over the environment in China, including severe air pollution in January in Beijing and several other places, as well as the discovery of cadmium-tainted rice in supplies in the southern province of Guangdong. Environmental degradation is now seen as a threat to China's social instability and a key component in economic reform.

In the economic and political roadmap released Friday, China said it wants to introduce a system that will lead to more compensation for environmental damage. The country will gradually introduce a tax for the use of almost every natural resource, and the fees are aimed at those who exploit, damage and pollute the country's natural resources. Those who cause environmental damage may also be held "criminally responsible," it said.

The document's emphasis on using markets to combat pollution appears to reflect wider thinking among current party leaders that liberalizing markets can solve many of the country's economic problems. Inefficient resource allocation in the state-dominated economy is among the reasons why China's environmental woes have climaxed in recent years, environmental experts say.

Click [here](#) for details

Farmers wonder if tree-planting subsidy will be chopped down

[Caixin, 19-11-2013] Hundreds of millions of peasants are wondering whether to plant trees or crops on their farmland next year, as key government subsidies are set to expire.

Starting this year, subsidies to peasants for growing trees on their farmland – subsidies that have been around for almost 15 years – are scheduled to be phased out in the 25 provinces and regions involved. It is unclear whether the government will extend them.

Since they were introduced, natural vegetation has reappeared on 139 million mu (or 9.3 million hectares) of severely desertified land and steep slopes that had been used to grow crops.

All of this was backed by the government's subsidies. And without them, it seems inevitable that farmers will reclaim a vast amount of land for agricultural use.

The tree-planting campaign took root in 1999. Devastating floods the previous year exposed the hazards of deforestation and desertification driven by expanding farmland. To curb further deterioration of the environment, the government launched its "farmland-to-forest" policy, reversing a trend that saw the country's area of farmland expand for nearly half a century.

The policy has also changed the lives of 124 million peasants. By the end of 2011, every household that agreed to have farmland transformed into forest has received an average of more than 7,000 yuan in government subsidies. The sum may seem small, but for most peasants the payments were significant.

The money allowed many to look for other ways of making a living by, for example, breeding livestock, growing crops between areas planted with trees and going to work in cities. In general, peasants welcomed the policy.

Then things began to change after the turn of the century. From 2000 to 2006, the country's grain output steadily declined, shifting the focus away from protecting the environment to securing enough food.

An article on the website of the State Forestry Administration reflected the subtle change in attitude. The farmland-to-forest project was initiated under unique historical conditions, it said, but grain output had been declining since 2000.

This meant a renewed emphasis was placed on the amount of farmland the country had. In 2007, the State Council, the country's cabinet, ordered the project suspended, but, to soften the blow, it kept paying the subsidies to previous recipients.

Now most of those subsidies are set to expire. The problem is, however, without continued financial support, the gains may be undone.

Click [here](#) for details

China's grain output likely to rise again

[Xinhua, 22-11-2013] China is likely to see another bumper year of grain production, making 2013 the 10th year in a row of increased output, the Ministry of Agriculture predicted on Friday.

It will be the first time the country has achieved 10 consecutive years of rising grain harvests since the founding of the People's Republic of China in 1949, the government agency said in a statement.

The ministry said this year's harvest, despite various challenges, including weather and pest disasters, was achieved with the help of supportive government policies, technology and disaster control efforts.

The country's grain output this summer, mostly wheat, hit a record high of 132 million tonnes, according to the National Bureau of Statistics. In 2012, its grain output climbed 3.2 percent from a year earlier to 589.57 million tonnes.

As the world's most populous nation and the largest grain consumer, China has stepped up efforts to ensure its food security, including boosting agricultural technology to increase land yield and guaranteeing the area of arable land.

Click [here](#) for details

China to standardize animal and poultry husbandry

[Xinhua, 26-11-2013] Chinese authorities will standardize the breeding and raising of poultry and livestock because husbandry-generated pollution has become a major problem in the countryside, according to a regulation signed by Premier Li Keqiang.

The regulation on preventing husbandry-generated pollution, which was publicized on Tuesday, will take effect on Jan. 1. It is expected to help reshape the industry and prevent avian influenza.

Poultry and livestock production has been inconsistent with environmental protection in the country's rural areas, according to a statement jointly released on Tuesday by the Legislative Affairs Office of the State Council, the Ministry of Environmental Protection and the Ministry of Agriculture.

The worsening rural environment can be largely blamed on the expansion of poultry husbandry factories, said the statement.

The level of decontamination of husbandry waste remains low and this has led to wasted resources and environmental pollution, it said, adding that the industry has become the nation's major source of agricultural pollution.

The regulation orders municipal and county governments to make plans to build facilities to comprehensively utilize the wastes and safely dispose of them. In heavily polluted regions, some poultry farms may be relocated or shut down.

The regulation requires local authorities to provide incentives to centralize and standardize development of husbandry, and vowed to support recycling and decontamination of waste.

It also orders that untreated waste should not be released directly into the environment.

Meanwhile, poultry and livestock farms must build facilities to store waste, treat sewage, and to process manure and the methane produced from waste resources, under the regulation.

Click [here](#) for details

International Relations

New Zealand, China strengthen food safety cooperation

[Xinhua, 01-11-2013] The food safety regulatory agencies of China and New Zealand on Friday signed an agreement to strengthen cooperation in food safety and quality.

The Food Safety Cooperation Arrangement between New Zealand's Ministry for Primary Industries (MPI) and the China Food and Drug Administration (CFDA) was signed in Wellington by CFDA Vice Minister Liu Peizhi and MPI deputy director general Carol Barnao.

The agreement will see the establishment of a Joint Food Safety Commission, which would allow MPI and the CFDA to meet annually to help build a better understanding of how each other's food safety systems worked.

New Zealand Food Safety Minister Nikki Kaye said the agreement would encourage cooperation and the sharing of knowledge in the fields of food safety, risk management, food standards and regulations.

The agreement would further build on the strong relationship between the two countries, particularly in the agricultural and food sectors.

The agreement comes in a year which has seen New Zealand food exports to China hammered by MPI export certification bungles and dairy contamination scares, including the false alarm over Fonterra's botulism.

Click [here](#) for details

Fears for Scottish salmon farming after China production targets missed

[Guardian, 04-11-2013] The Scottish salmon farming industry is struggling to meet a controversial target to rapidly increase production to help feed China's growing appetite for fresh and smoked salmon.

The Guardian has established that Scottish salmon producers have fallen way behind their goal of increasing production by 60,000 tonnes, or 50%, by 2020 to help meet surging demand for the fish from China's middle classes. Scottish ministers now admit that hitting the target is a "challenge".

It is central to a major deal to become one of China's preferred suppliers, struck in January 2011 by Alex Salmond, the first minister, just as China signed parallel deals to lend two giant pandas to Edinburgh zoo and take a major financial stake in Grangemouth oil refinery.

In the weeks before that agreement, the Beijing government had dropped Norway as China's preferred salmon supplier in retaliation for the decision by the Oslo-based Nobel organisation to award the Nobel peace prize in 2010 to the jailed Chinese dissident Liu Xiaobo.

Scottish ministers soon promised that Scotland's fish-farming industry would rapidly expand production to 210,000 tonnes a year by 2020, to help meet Chinese demand. That is equivalent to China's total salmon consumption in 2009, which has since grown substantially.

Salmond started his fourth trade visit to China on Saturday, where he is promoting Scottish salmon and seafood. Scottish seafood producers are also flying out to China for a major trade fair on fisheries and seafood this week, to bolster the sales push.

Before leaving, the first minister said salmon exports to the Far East had leapt from 2% to 19% of all overseas sales already this year: more than half has been sold to China, with sales there now worth £20m annually.

Yet that sharp increase in exports could stall.

After hitting less than half that growth target in 2011 and 2012, Scottish salmon production is expected to fall by 10,000 tonnes this year to roughly 152,500 tonnes, the largest annual fall in nearly a decade, after being hit by a series of disease outbreaks and production stoppages.

Environmentalists now fear the missed targets could lead to salmon farmers renegeing on stricter environmental standards which they recently accepted, after the industry came under intense pressure to deal with disease outbreaks, marine pollution from toxic veterinary chemicals and surges in infestation by sea lice parasites.

Click [here](#) for details

China approves Brazilian corn imports –papers

[Reuters, 06-11-2013] China has agreed to allow imports of Brazilian corn, providing a key market for surging production that has left a surplus of the grain in the Latin American farming giant local media said on Wednesday.

An official agreement will be signed with Brazilian officials in coming hours, local papers Valor Economico and Folha de S. Paulo said, reporting from China. Agriculture ministry representatives in Brasilia said they could not confirm the reports.

China mostly imports corn from the United States but allowed its first major shipment from Argentina in August. Brazil had been working to address China's phytosanitary concerns and prove that there is no risk of bugs or fungi to its local crop.

Although China is the world's No. 2 corn producer after the United States and should produce 210 million tonnes of the grain this season, it is expected to expand its imports of the grain to feed its growing middle class.

In the 2012/13 season, China imported 3 million tonnes of corn, an amount that should rise to 7 million in the 2013/14 season, according to the U.S. Agriculture Department.

Click [here](#) for details

Coca-Cola says to invest over \$4 billion in China in 2015-2017

[The Economic Times, 09-11-2013] The Atlanta-based company is also open to acquisitions in China and may consider deals with complementary businesses, such as makers of juices or plantprotein drinks like almond milk, David Brooks, president of Coca-Cola's Greater China and Korea business unit, said in an Nov. 6 interview in Shanghai.

"You will see an absolute increase in investment on an annual basis and on a three-year basis," Brooks said, commenting on the company's future plan for China. Coca-Cola is investing \$4 billion in the country for 2012-2014.

The US soda maker is ramping up its China investment as the company and its bottlers seek to double global revenues to \$200 billion in the 10 years to 2020. While it is the country's largest soft-drink maker, it faces competition from companies including PepsiCo Inc. and the local Hangzhou Wahaha Group as it seeks to expand in the most populous nation. PepsiCo, the world's second-largest soft-drink maker, is stepping up its push into China.

The company has also opened new factories and sought to expand distribution through a tie-up with Tingyi Cayman Islands Holding Corp. Competition in China's beverage industry is intense and the sector is one with "low growth and weak profitability," analyst Jean Chan from Sanford C. Bernstein & Co. wrote in a Sept. 25 report. Sales are typically driven by promotions, she said.

Click [here](#) for details

Denmark aims to increase its food exports to China after signing deals

[Global Times, 12-11-2013] Denmark has signed a batch of agreements with China on supplying quality foods and strengthening food safety, Karen Hækkerup, the minister for Food, Agriculture and Fisheries of Denmark, said in Beijing on Tuesday.

Hækkerup's four-day visit to China, which started on Sunday, marks the first meeting between the two countries' ministry-level officials in the food sector since Hækkerup took office in August.

"We are eager to strengthen cooperation and benefit from China's further openness," she told the Global Times during a media briefing.

A total of six agreements were signed during her visit including bilateral cooperation in the dairy, pork, poultry, organic food and animal science sectors.

Hækkerup also aims to further diversify food exports to China.

She noted that a ban on Denmark's poultry exports to China has been already lifted by China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ).

The two sides will further negotiate on the issue with the aim of increasing poultry exports.

AQSIQ, China's quality watchdog, lifted a two-year ban on exports of poultry products from Denmark in March 2008, after Denmark eliminated the H5N1 bird flu virus.

Click [here](#) for details

British food firms seek to tap Chinese market

[Xinhua, 15-11-2013] British food companies are eager to tap into the Chinese market, the Department for Environment, Food and Rural Affairs (DEFRA) said Thursday in a statement.

The statement came as DEFRA Secretary Owen Paterson was leading a delegation of 35 British food and drink businesses to attend a food and hotel exhibition in Shanghai in a bid to tap into the huge Chinese market.

"I'm in Shanghai to bring some more great British products to Chinese buyers and help get more of British food and drink onto your supermarket shelves," the statement quoted Paterson as saying.

Noting that there is huge potential for further growth on the back of China's growing demand for high quality British brands, he said he would "be doing all I can to promote our products and make it easier for aspiring British entrepreneurs to strike new export deals with China."

The food and drink industry contributed a staggering 96.1 billion pounds (153.8 U.S. dollars) to Britain's economy last year, employing nearly 4 million people, according the DEFRA.

The DEFRA and the the UK Trade & Investment department recently launched an international export action plan to encourage more food and drink companies to venture into overseas markets by supporting businesses at home and championing British food abroad.

In recent years, Britain has made big efforts to cash in on its global reputation for quality food and drink, increasing exports by nearly 50 percent in the past decade.

Click [here](#) for details

Sino-Dutch dairy center opens

[Xinhua, 16-11-2013] The Sino-Dutch Dairy Development Center will help China's dairy industry make better-quality products with limited resources, said experts and officials attending the center's opening ceremony in Beijing on Saturday. It is founded by the China Agricultural University, Wageningen University in the Netherlands and Dutch dairy company FrieslandCampina to improve China's dairy chain by sharing Dutch expertise through training farmers and students. It will open a demonstration dairy farm in Beijing to introduce advanced technology.

Click [here](#) for details

China to provide Africa with US\$1tr financing

[SCMP, 18-11-2013] The central government, including state-owned banks, will provide US\$1 trillion of financing to Africa in the years to 2025, says Zhao Changhui, the chief country risk analyst at Export-Import Bank of China (Eximbank).

Eximbank, a leading lender to overseas Chinese projects, will account for 70 to 80 per cent of that US\$1 trillion, which will include direct investments, soft loans and commercial loans, Zhao said at the recent Africa Investment Summit in Hong Kong.

"We have plenty of money to spend," he said. "We have the budget for major projects. China has US\$3.5 trillion of reserves, which cannot just buy US treasuries. We need to use part of them in overseas investments.

"Africa for the next 20 years will be the single-most important business destination for many Chinese mega corporations."

The US\$1 trillion of future financing was a big increase from China's previous financing of Africa, Zhao said without giving exact numbers. Last year, Eximbank provided tens of billions of dollars to Africa.

Click [here](#) for details

Australian kangaroo exporters look to hop into meat-hungry China

[Reuters, 19-11-2013] Once considered pet food, kangaroo meat could soon be sold to China as a luxury product, to encourage Chinese consumers to do something few Australians will - eat it.

With a booming middle class, China's appetite for meat is expected to rise nearly 17 percent over the next eight years, the World Trade Organization says.

Exporters do not yet have permission to sell kangaroo meat to China but recent comments by Australian officials have put the industry in a bullish mood.

"This is something that ticks a whole range of boxes," Agriculture Minister Barnaby Joyce told the Australian Broadcasting Corp.

"I'm going to try and look at further discussions with the Chinese because I think there is a big prospect for a market there."

Wang Jun, the owner of a small restaurant in Beijing, said he would be keen to try kangaroo.

"Why not? As long as it is delicious," Wang said.

Click [here](#) for details

China major target market for Mongolian organic produce

[SCMP, 21-11-2013] Mongolian agricultural officials envision their organic meat and vegetables being served on Chinese dinner tables and are looking to foreign investors for help in making this a reality.

"Usually, the money coming into Mongolia is for mining. There is never much interest in the agricultural sector ... But we see great potential," Duursakh Luvsandorj, a department director at the Ministry of Industry and Agriculture, said on the sidelines of the Hong Kong Mongolia Investment Summit recently.

With additional capital investment, the sector can move from merely exporting raw materials such as milk, cashmere and meat to processing value-added agricultural products as well, Luvsandorj said.

If successful, the shift would allow Mongolia to retain a greater share of revenues and possibly develop food brands with wider international appeal.

According to ministry data, Mongolia has 41 million head of livestock, including sheep, goats and camels, worth US\$7.15 billion. The country supplies 21 per cent of the world's unprocessed cashmere.

Only 10 per cent of animal products are processed locally, with the remainder sent to Russia or China. In some cases, the final product is then imported back into Mongolia.

Click [here](#) for details

EU, China to cooperate on food, agriculture and biotechnology research

[EU, 21-11-2013] The EU and China have launched today the first EU-China flagship initiative for research and innovation with the signature of a Letter of Intent on Research and Innovation Cooperation in Food, Agriculture and Biotechnology (FAB) between the

European Commission and the Chinese Academy of Agricultural Sciences (CAAS). This new initiative will ensure concrete, substantial and balanced joint research and innovation cooperation activities on selected priorities of common interest. It was announced during the 1st EU-China Innovation Cooperation Dialogue (see [joint statement](#)).

Under the terms of the Letter of Intent, the EU and China will:

- Harness their respective Research and Innovation Programmes (EU Horizon 2020 and ASTIP - Chinese Agricultural Science and Innovation Programme) to increase funding and improve mechanisms for cooperation;
- Design and implement joint and coordinated research programmes and support joint collaborative research projects and activities based on identified common challenges and shared objectives;
- Reinforce their position of searching for innovative solutions to address the common challenges of global food security, quality and safety and help in finding a sustainable model of agriculture, developing a sound bio-economy and, ultimately, improving their trade relations;
- Work on the following priority areas of common interest: 1) food related science including food waste, 2) sustainable agriculture, including integrated pest management and bio-control, low-input and organic farming systems, water and soil management, 3) animal health and sustainable livestock production systems, 4) urban agriculture to contribute through urban greening to the Urbanization Partnership, 5) biotechnology, including new sources of biomass.

Click [here](#) for details

China's Bright Food says looking at listing Weetabix, Manassen

[Reuters, 25-11-2013] China's state-owned Bright Food (Group) Co Ltd said on Monday it plans to list British cereal maker Weetabix and Australia's Manassen Foods along with other foreign assets it had acquired over the past few years.

Bright Food said it has not set a timeframe for the proposed listings or give details about the value of any offer. "When we acquired these assets, we already had plans for them to list overseas," company spokesman Pan Jianjun said.

The Shanghai-based company has bought several overseas food firms in recent years as it seeks to expand its global reach and competitiveness.

Bright Food bought 60 percent of Weetabix last year in a deal that valued the firm and its iconic British brand at \$1.94 billion, including debt.

Weetabix's net profit has doubled so far this year due to lower costs and robust sales in North America, Pan said, adding that Bright was considering listing it in Hong Kong or Britain. He gave no further details.

The Chinese firm also bought Australia's Manassen, acquired New Zealand's Synlait Milk Ltd and is in talks with Tnuva, Israel's biggest food manufacturer and distributor.

Bright Food owns four mainland-listed companies including Shanghai Jinfeng Wine Co, Shanghai Haibo Co, Shanghai Maling Aquarius Co and Bright Dairy & Food Co.

Click [here](#) for details

This issue of *Digest* is compiled by Yuelai Lu of SAIN Secretariat (UK). For more information about SAIN, please visit: <http://www.sainonline.org/English.html>. If you have any further enquiries, please contact Yuelai Lu at: y.lu@uea.ac.uk