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Policies

Heilongjiang pilots grain banks

[Chia Daily, 12-06-2014] Northeast China's Heilongjiang province has launched a pilot project allowing farmers to deposit their grain in bank.

Two pilot grain banks offer the service free of charge. Farmers can withdraw or discount their deposits anytime, and can buy more grain from the banks. The pilot project is part of agricultural reforms in the province, allowing farmers to pick the right time to sell their labor fruits and maximize profits.

An online transaction platform is also being undertaken, on which farmers can sell grain to any bidder.

Heilongjiang is one of the most important commodity grain bases in China.

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China unveils plan to consolidate dairy industry

[Caixin, 13-06-2014] Beijing has vowed to form 10 strong domestic dairy companies by the end of 2018 which combined will account for more than 80 percent of the country's total market share, according to a document jointly issued by four central government departments on June 13, Caixin reported. The plan also includes building three to five of the big 10 into leading baby formula providers with annual revenue of more than 5 billion yuan. Both the central and local governments will contribute capital into the initiative to facilitate the consolidation of existing dairy firms, the announcement said without disclosing how much the budget would be. China's dairy industry has been repeatedly hit with scandals, which have severely damaged consumer confidence and hurt the image of the industry abroad.

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China's coffee market taking time to brew

[Xinhua, 11-06-2014] Data from China Coffee Association Beijing (CCAB) showed that coffee consumption growth in the country is increasing at an annual rate of 15 percent, which is about seven times more than the average world growth rate.

According to the association, the figure may continue to expand at a pace of 15 to 20 percent annually, making China the most attractive coffee consumption market by 2020.

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Guideline to accelerate China's household registration reform

[People's Daily, 16-06-2014] A new central government guideline is set to step up reform of China's household registration system and mark a new step in its urbanization drive, Shanghai Securities News reported.

The State Council, China's Cabinet, will issue the guideline soon, said Chen Xiwen, deputy director of the Central Agricultural Work Leading Team, a top decision-making body for agriculture-related work.

Having been approved by the central leading team for "comprehensively deepening reform," the guideline is awaiting deliberation by the Political Bureau of the Communist Party of China Central Committee, Chen said, without disclosing any of its details.

China's permanent urban residents accounted for 53.7 percent of the total population in 2013, with the number of migrant workers at 270 million.

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Red line proposed for China's grain reserves

[Xinhua, 19-06-2014] Chinese policymaker Zhao Shuanglian has enough reform on his plate already, but still insists a red line be added to national grain reserves as a matter of urgency.

"China has red lines on arable land and water resources, it needs to draw one on national grain reserves too," said Zhao, chairman of China Grain Reserves Corp.(Sinograin), manager of China's central grain and edible oil reserves.

Zhao knows that central grain reserves are the best way to keep China's rice bowls in Chinese hands. He wants to begin stockpiling domestic grain and appropriate imports to build national grain reserves which cover about 20 percent of national consumption by 2020.

Wheat, rice and corn will account for 85 percent of the inventory, while the reserves of edible oil and oil seeds can meet the demand of one fourth of consumption, according to Sinograin.

About 80 percent of grain warehouses will be filled by domestic production and the rest will be covered by imports, Zhao said.

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China chews over food safety penalties

[Xinhua, 23-06-2014] A revision to China's Food Safety Law had its first reading on Monday and pledges tough sanctions for offenders, promising the strictest food safety supervision system.

The current law has been somewhat effective in improving food safety, but the situation remains severe, said Zhang Yong, head of the food and drug administration, when briefing the lawmakers.

The existing system is not effective, penalties are comparatively light and it does not deter offenders, Zhang said.

The draft revision to the food safety law was submitted to the bi-monthly session of the Standing Committee of the National People's Congress (NPC), China's top legislature, which will run through Monday to Friday.

The bill is considered a move to realize the promise the current leadership made at the third plenary session of the 18th Communist Party of China Central Committee, which is to establish the strictest ever supervision system on food safety.

This is the first revision attempt since the law took effect in 2009.

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China to shore up grain purchase, storage

[Xinhua, 25-06-2014] China will step up efforts to purchase and store grain and build more granaries as its grain output rises, according to an official statement on Wednesday.

In 2014 and 2015, the country should build new grain-storage facilities capable of holding 50 billion kg of grain, concentrating them in its northeast and south, said the statement, issued after a State Council executive meeting presided over by Premier Li Keqiang.

The meeting concluded that China should innovate in financing for granary construction by guiding social capital to participate in the process.

It should also support the construction of storage buildings with drying facilities by farmer cooperatives and major specialized farming households in the main grain-producing areas.

In 2013, China's grain output rose 2.1 percent from a year earlier to 601.94 million tonnes, marking the 10th consecutive year of growth.

China implements a policy of national grain purchase and storage in an effort to adjust total grain supply stabilize the grain market and make reserves for natural disaster and other emergency cases.

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Decades-old farm subsidy system to be phased out

[China daily, 26-06-2014] China is moving to replace decades-old agricultural subsidies with a more flexible pricing mechanism, as domestic harvests in the world's largest grain importer are expected to see their 11th consecutive year of growth.

Experts say the change will not endanger food security nor result in steep price drops in major agricultural products.

Decisions to scrap the minimum purchasing price for rice, the temporary storage policy for soy and cotton and other agricultural subsidy policies were made on Wednesday at a State Council executive meeting led by Premier Li Keqiang.

Under the new policy, the government will set up a target price for each kind of major agricultural product. Farmers will receive subsidies from the government when the market price is below the target, while low-income groups will receive subsidies when the market price sours.

The reform, which aims to restore a market-oriented pricing mechanism, as domestic grain prices are usually above the global price, will be conducted first from selected areas and particular types of agricultural products.

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Science, Technology and Environment

China poised for 11th year of bumper harvest

[Global Times, 17-06-2014] China's agriculture minister Han Changfu said Tuesday that the country is poised for a record bumper harvest this summer, with an increase in grain output for the 11th straight year.

The announcement should allay worries about China's ability to feed its 1.3 billion people amid soaring soybean imports in recent years.

China's grain self-sufficiency rate stood above 97 percent in 2013 and cereal imports reached 14 million tonnes, accounting for less than 2.6 percent of the country's cereal output, according to the MOA.

More than 80 percent of winter wheat has been reaped by farmers this summer, according to ministry data.

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Chinese leaders urge support for vocational education

[Xinhua, 23-06-2014] Chinese President Xi Jinping on Monday urged the nation to intensify its efforts to develop vocational education.

Xi said vocational education is an important part of both the national educational system and developing a skilled labor force, in an instruction to a two-day national work conference on vocational education, which was convened on Monday.

He stressed vocational education must be valued because it is an important path for young people to achieve success and could stimulate employment and start-ups as well as foster technical skills.

The president urged the nation to create an environment that will give full play to one's talent.

The nation should strive to nurture hundreds of millions of highly competent laborers and skilled technical workers, according to Xi.

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Growing pains of China's agricultural water needs

[BBC, 24-06-2014] China's scarce water supply is being wasted as crops grown in water-stressed provinces are exported to wet, rainfall-rich areas, a study reports.

Farming accounts for about 65% of water use in China and the limited resource is coming under pressure from rapid urbanisation and industrialisation.

Officials have called the nation's water shortage a "grave situation" and called for strict water controls.

The findings appear in the *Proceedings of the National Academy of Sciences*.

The study focused on four major food crops - soya, wheat, rice and corn (maize) - and three livestock groups: ruminant, pork and poultry.

Together, these products accounted for 93% of China's domestic food supply in 2005, according to figures from the United Nations.

The team - involving scientists from the US, Japan and China - assessed the volume of water used by different provinces to produce these crops and livestock, including the volume from rainwater and irrigation systems.

They concluded: "China's domestic food trade is efficient in terms of rainwater but inefficient regarding irrigation, meaning that dry, irrigation-intensive provinces tend to export to wetter, less irrigation-intensive ones.

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China to develop high-standard farmland to ensure output

[People's Daily, 28-06-2014] China is to develop 800 million mu (53.3 million hectares) of drought and flood resistant farmland by 2020 in an effort to ensure output, agriculture minister Han Changfu has disclosed.

Restrained by land and water resources, China should rely on technology and new varieties of seed to extract maximum yields, Han emphasized at a training session on grain output.

With shrinking arable land and widespread land pollution, ensuring output to meet the demands of over a billion people is a very high priority.

A red line guarantees that arable land shall never shrink to less than 120 million hectares, and in 2013, grain output increased by 2.1 percent to hit more than 600 million tonnes, the 10th straight year of increased production.

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China accounts for 41.75 pct of Vietnam's rice export in 4 months

[Xinhua, 05-06-2014] China remained Vietnam's largest rice importer in the first four months of 2014, accounting for 41.75 percent of Vietnam's rice export, said Vietnam's Ministry of Agriculture and Rural Development (MARD) on Thursday.

According to the MARD's latest report, during the January-April period, China imported some 913,957 tons of Vietnamese rice, worth 392.46 million U.S. dollars, up 2.39 percent in volume and 4.94 percent in value year on year.

In the period, Vietnam's average rice export price enjoyed a year-on-year increase of 4.4 percent to hit 456.19 U.S. dollars per ton, said the MARD.

In May, Vietnam sold 591,000 tons of rice worth 259 million U.S. dollars to overseas markets.

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Australian cattle farmers seek Chinese investment

[Xinhua, 09-06-2014] Aboriginal landowners in northern Australia are working with a Chinese company in an effort to attract investors and boost their cattle industry, local media reported on Friday.

Ten of Australia's largest Aboriginal cattle stations are joining forces in the hope of winning Chinese investment and creating jobs, the ABC reported.

"We do have a vision and it's the same vision of running a profitable cattle station and we just need that support towards getting it to that stage," said Anthony Watson, a senior Aboriginal elder.

The Aboriginal Pastoral Co-op is working close with Chinese consortium ASF Group to attract foreign investment.

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China, Britain issue joint statement, pledge to forward cooperation

[Xinhua, 17-06-2014] China and Britain agreed to work together to push forward bilateral cooperation in growth, reform and innovation, according to a joint statement issued here on Tuesday.

The document, issued after the annual meeting between visiting Chinese Premier Li Keqiang and his British counterpart David Cameron, underlined that since the establishment of the China-Britain comprehensive strategic partnership a decade ago, bilateral relations have made significant progress.

China and Britain agreed that their comprehensive strategic partnership has become an indispensable element of each other's foreign policy agendas, the document said.

China and Britain stand ready to expand economic and trade cooperation and promote development in each other's markets. They renewed their commitment to the joint target of 100 billion U.S. dollars by 2015.

The two countries stressed the importance of mutual investment in promoting respective long-term economic growth and employment. Britain welcomed Chinese investment in infrastructure such as transportation and energy, particularly nuclear, high-speed rail, offshore wind power and photovoltaic projects.

Both sides agreed to establish a strategic partnership on infrastructure and committed to working together to support further collaboration between Chinese and British companies on more projects.

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Negotiations begin for £120m China beef and lamb export deal

[GOV.UK, 19-06-2014] British beef and lamb could be heading to China in a new agreement that could be worth up to £120m to the UK economy each year.

Owen Paterson welcomed a new agreement between Defra and the Chinese authorities to begin negotiations on opening export routes for British beef and lamb suppliers to China, achieved during UK and China trade talks hosted by the Prime Minister and the Foreign Office.

This landmark agreement is the first time that talks have opened since restrictions relating to BSE were imposed on British beef and lamb in the 1980s.

Environment Secretary Owen Paterson said:

This landmark agreement will be a great boost to British food exporters, a major part of our long-term economic plan, and could be worth millions to our economy. British beef and lamb is excellent quality so I welcome the opportunity to begin talks with the Chinese government to open trade routes for these great products once again.

With UK food and drink exports soaring to £18.9bn in 2013 – a marked increase from 2009's figure of £16.4bn – this agreement is the latest step in four years of record food and drink export growth.

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Small businesses to brighten China's economic prospects

[ECNS, 20-06-2014] As China's economy runs out of steam, small businesses could bring back vitality to the pursuit of growth.

The People's Bank of China, the country's central bank, announced this month a 0.5 percentage point cut in the reserve requirement ratio for banks lending to small firms, desperate for capital. Companies of this type account for over 70 percent of market entities.

The cut could provide 350 billion yuan (57 billion U.S. dollars) in loanable funds and have a significant effect on the real economy if used properly, Xiang Songzuo, chief economist at the Agricultural Bank of China, estimated.

Small firms already enjoy tax breaks, reduced admin fees and relaxed market access. The effects of those policies can be seen in a software park in south China's Hainan Province, which, with local government support on finance, land and administrative approval, has attracted over 300 companies, mostly small startups. A 30 percent tax refund is available for companies paying less than 300,000 yuan in annual taxes for three years after they enter the park.

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Chinese investment in Britain sees rapid growth

[Xinhua, 20-06-2014] Chinese investment in Britain was 33 times higher in 2012 than 1999, Britain's official data showed on Thursday.

The average annual growth rate of foreign direct investment (FDI) from Chinese companies was 31 percent over the period, said the Office for National Statistics (ONS).

"The portion of FDI stocks in the UK held by countries in Asia and Africa has increased over time, along with the portion of UK FDI stocks in Africa. This suggests growing links between the UK and these economies," said an ONS statement.

The Americas and Europe were the traditional sources of FDI in the Britain, which make up 91 percent of the stock of FDI in the Britain, ONS said.

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China initiates direct trading of RMB/Pound

[CCTV, 20-06-2014] Standard Chartered Bank China said on Thursday that it had received approval from China's central bank, the People's Bank of China, to be in the first batch of market makers for direct trading of yuan against British pound.

The bank made its first yuan-pound direct trading deal with the Bank of China on China's interbank foreign exchange market after the opening of Thursday's trading.

Direct trading between the RMB and the British pound has been started in what's being seen as a significant step forward in the internationalization of the Chinese currency. Direct trading ends the need for companies to convert pounds or yuan into a third currency when making payments.

A central parity of the yuan against the pound will be announced daily by the central bank. The currency is expected to gain further traction due to guarantees of international trade denominated in the RMB by Britain's trade finance body, UK Export Finance.

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Global meaning of China-UK cooperation

[People's Daily, 23-06-2014] China and Britain have recently signed dozens of government or non-government agreements, totaling more than 30 billion U.S. dollars and covering energy, finance, high-speed rail, nuclear power and other fields. This reflects the results of a policy of the two parties complementing each other's strengths to the mutual benefit of both. It has profound global significance because of the extent of cooperation and the two countries' status.

UK cooperation with China is not just limited to the economic and trade fields.

This year marks the 10th anniversary of the establishment of the Sino-UK comprehensive strategic partnership. In international affairs, Sino-UK ties have seen increasing co-operation. The two countries cooperate well in world organizations including the UN Security Council and G20, and on international issues such as climate change and free trade.

China expects to work together with Britain to plan new routes, lay new track, add new energy and push bilateral relations forward, which will also contribute to world peace and development.

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Chinese cotton firm harvests a bumper crop in Africa

[China daily, 30-06-2014] Agricultural company makes big splash with unique business model.

The days of foreigners managing vast plantations, highlighted in movies such as Out of Africa, have long gone.

Today, most international agricultural companies have left the planting to local farmers, and focus instead on buying the harvest, and China's largest agricultural company in Africa is now making significant inroads into the market.

China-Africa Cotton Development Ltd is a joint-venture between Qingdao Ruichang Cotton Industrial Co, China-Africa Development Fund and Qingdao Fuhui Textile Co.

Established in its current form in 2008, the company dates back to the 1970s, when Chinese workers built Tazara Railway. Few people knew that two textile companies were gifted to Zambia as well, one built by Qingdao Ruichang.

By the end of last year, China-Africa Cotton had grown a presence in Malawi, Mali, Mauritius, Mozambique, Tanzania, Zambia and Zimbabwe, and its main stakeholder, China-Africa Development Fund, had invested \$60 million in its operations.

Its assets had grown to \$128 million in 2013 from \$22 million in 2008, and its profits had hit \$6.5 million.

It is now the second-largest cotton processing company in Zimbabwe, after the local State-owned company.

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