

Season's Greetings from SAIN Secretariat

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Policies

Six directions of the Central Economic Work Conference

[China daily, 20-12-2016] Chinese leaders concluded the Central Economic Work Conference, an annual meeting that decided the country's economic direction for the next year, in Beijing on Friday, 16 December. The six points agreed by the leaders are:

1. New normal

New normal is the general logic of China's economic work at present and in the years ahead. The stage of new normal calls for changes in speed of growth, economic structure and growth drivers.

2. Progress with stability

Seeking progress while maintaining stability is a key principle for governance and also a methodology for economic work.

3. Supply-side reform

Next year will be a year to deepen the supply-side structural reform.

4. New development concept

It is imperative to adopt and implement the new development concept, namely the concept of innovative, coordinated, green, open and shared development.

5. Improving quality and efficiency

The core of economic work is improving the quality and efficiency of economic development, according to the conference.

6. Combination of policies

Ensuring that continuity and stability of macro-level policy is maintained, industrial policy is targeted at different sectors, micro-level policy injects dynamism into the economy, the reforms deliver results, and basic living standards are met through social policies.

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National Rural Work Conference held in Beijing

[MOA, 22-12-2016] The National Rural Work Conference was held in Beijing on Dec. 19-20, 2016. The Conference required intensified efforts to implement decisions of the most recent Central Economic Work Conference and the Central Rural Work Conference, with a major agenda to review agricultural and rural developments in 2016 and map out plans for 2017.

The Conference identified the following areas as the rural work priorities in 2017.

- (1) Pressing ahead with structural adjustment.
- (2) Boosting green development.
- (3) Promoting innovation-driven development.
- (4) Advancing rural reform.
- (5) Ensuring steady grain production.

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China to improve farmers' income, agricultural product quality

[Xinhua, 20-12-2016] A central rural work conference has stressed the need for better quality and efficiency in agriculture, focused on farmers' incomes and produce quality.

The two-day meeting stressed product mix, management and regional planning as top priorities in supply-side agricultural structural reform.

China has plenty of ordinary produce, but very few high-quality, branded agricultural products, so market-oriented reform must meet new consumer demands.

The government will promote better and safer agricultural products, more cost-effective resource allocation and technological managerial innovation.

The government will continue to ensure zero growth of fertilizer use and work of a subsidy mechanism to encourage green agriculture.

Efforts will be made to develop technological solutions to agricultural productivity and to reform rural property rights, creating new entities in production and services.

Corn production will be further cut, and more high-quality dairy farms built. Specialty produce with local characteristics will be encouraged.

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State Council rolls out big plans to improve environment during 2016-2020

[Gov.CN, 05-12-2016] China will strengthen efforts to improve environment quality and enhance environment governance during the 13th Five-Year Plan period (2016-2020), according to a plan issued by the State Council on Dec 5.

The major target of the plan is to actualize an overall improvement of the country's environment with green practices in production and daily life, less pollution, and stable biological diversity.

To enhance green development, efforts will be made to promote supply-side structural reform, reducing outdated overcapacity and improving energy efficiency.

Technology innovation will play a leading role in green development and environment protection.

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China to tighten green products regulations

[China daily, 07-12-2016] China will establish a unified system for the standardization, certification and identification of 'green' products by 2020, China's top certification and accreditation authority announced on Wednesday, 7th December.

Such a system is expected to guide production and consumption of green products, regulate the market and significantly improve the quality of environmentally-friendly products made in China, according to a statement from the China's Certification and Accreditation Administration.

Different authorities with varying standards were currently in charge of certification and identification of green products in China, resulting in problems for consumers such as a lack of credibility.

The unified system will cover products related to environmental protection, energy conservation, water conservation, low carbon and organics.

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NE China province to ban GM crops

[Xinhua, 16-12-2016] Farmers in northeast China's Heilongjiang province, China's top grain producer, will be prohibited from growing Genetically Modified (GM) crops, according to a provincial regulation passed on Friday, 16th December.

The regulation will become effective on May 1, 2017.

Growing of GM corn, rice and soybean will be banned, while illegal production and sales of GM crops and supply of their seeds will also be prohibited.

The new regulation also bans illegal production, processing, sale and imports of edible GM farm produce or edible farm products that contain GM ingredients. It requires all GM food be sold in a special zone, clearly indicated in stores.

The decision comes after 91.5 percent of responses in a survey in the province in October raised objections to GM crops.

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China to promote public-private partnerships in agriculture

[Reuters, 19-12-2016] China's government said it will promote public-private partnerships in its agricultural industry, the latest step to open up and modernize the nation's vast farming sector.

Two key government bodies, National Development and Reform Commission (NDRC), China's top economic and industrial planner, and the Ministry of Agriculture, said in a joint statement they would support private capital being injected into areas of the sector such as crop and livestock protection, infrastructure development and improving the quality of farmland.

Finding new ways to fund rural economic growth would help develop one of the nation's largest industries, which has been reliant on government cash until now.

The aim would be to promote supply-side structural reform in agriculture, along with "sustainable and healthy" development of agriculture.

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Fast-track growth of central China

[Xinhua, 07-12-2016] China is publishing a five-year guideline on invigorating development of its six central provinces in advanced manufacturing, modern agriculture, new type of urbanization, further opening-up, as well as ecological conservation.

The new guideline was approved at the State Council's executive meeting on Wednesday 7th December.

China's central region comprises six provinces, including Henan, Shanxi, Hubei, Anhui, Hunan and Jiangxi. These areas have rich land and agriculture resources and are abundant in human resources while being well-developed industrial base.

The central government has placed heavy emphasis on the region's development. Premier Li has highlighted time and again on the area's rich potential, and the need for further reform and innovation to achieve sound growth.

China's previous guideline on central region's development, issued in 2006, has achieved significant results. Over the decade, the region has become China's heartland for food and energy raw material production, as well as a rising hub of modern manufacturing and transportation.

In 2015, the region contributes 20.3 percent of China's total GDP, while the figure was only 18.8 percent in 2005.

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New measures to increase rural incomes

[Gov.CN, 06-12-2016] The State Council has rolled out measures to increase rural residents' income, with innovation to help them cultivate new business.

The circular put forward a target of doubling farmers' per capita income by 2020 from 2010.

The government will invest more in agricultural infrastructure construction concerning agricultural technology and power grid upgrading in rural areas. Also, more private capital will be encouraged to flow into rural areas, according to the circular.

Efforts will be made to improve subsidy policies for farmers, help maintain farmland capacity and moderate grain management to secure income. In addition, cultivating special agriculture and good brands will help set up incentives.

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China provides world with 58 bln USD in development aid in six decades

[Xinhua, 01-12-2016] China has provided approximately 400 billion yuan (about 58 billion U.S. dollars) in development aid to 166 countries and international organizations over the past 60 years, said a white paper issued Thursday, 1 December.

According to the white paper titled "The Right to Development: China's Philosophy, Practice and Contribution," the world's current second largest economy has trained more than 12 million personnel from developing countries, and dispatched over 600,000 people to aid development in other countries.

The white paper noted that China has absorbed about 23 percent of exports from the world's least developing countries since 2008, adding that it will set up a South-South Cooperation Fund to improve economic growth and standards of living in the developing countries.

It will also increase its investment in the least developing countries, write off certain countries' debts, establish an International Development Knowledge Center, and further the Belt and Road Initiative, an infrastructure and trade network proposed by China in 2013, the white paper said.

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China's Belt and Road Initiative delivers promising initial results

[China daily, 19-12-2016] After a little more than three years, China's Belt and Road Initiative, envisioned as an infrastructure and trade network connecting Asia with Europe and Africa along ancient trade routes, is delivering promising early results on trade and investment.

So far, a total of 52 overseas economic and trade cooperation zones have been established between China and countries along the routes, while more than 1,400 major projects are in the pipeline.

China said it will press ahead with the Belt and Road Initiative as one of three major strategies, along with Beijing-Tianjin-Hebei coordinated development and the Yangtze River Economic Belt Initiative, according to a statement issued after the Central Economic Work Conference, during which Chinese leaders and senior officials gathered to map out priorities for 2017.

The Belt and Road Initiative, also known as the Silk Road Economic Belt and the 21st Century Maritime Silk Road, was put forward by China in 2013.

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Science, Technology and Environment

Political advisors discuss ways to better spread agro-science

[Xinhua, 08-12-2016] China's political advisors on Thursday 8th December discussed ways to improve the country's system of disseminating agricultural science and technology during a bi-weekly consultation session.

Though great progress has been made in spreading agro-science, the current system has yet to adapt to new missions brought by supply-side structural reform in agriculture and new requirements resulting from the transformation of agricultural development modes, members of the Chinese People's Political Consultative Conference (CPPCC) National Committee said at the session.

They called for accelerating reform of the system to provide stronger support for the agricultural modernization drive.

Agricultural universities and research institutes should be encouraged to play a bigger role in agro-science dissemination, they said, also suggesting better involvement of market entities in the process.

They also urged greater guidance and supervision over dissemination services, as well as deepened reform of agricultural research institutions to promote agro-science dissemination and innovation.

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Goat with superfine wool cloned in China

[Xinhua, 18-12-2016] The world's first cloned goat bearing superfine cashmere wool was born in north China's Inner Mongolia Autonomous Region, the Bayannur city government announced Sunday 18th December.

The goat was born and will be raised in a base for animal husbandry research conducted by experts from agricultural universities and academies in Inner Mongolia and southwest China's Yunnan Province.

The cashmere fiber from the goat is less than 13.8 micrometers thick, much finer than the average of 15.8 micrometers grown by the famous Erlang Mountain goats in Inner Mongolia.

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Rooftop hydroponic systems in cities produce vegetables that are cheaper and healthier than rural farms

[QZ, 14-12-2016] On a 1,600-square-foot-rooftop in Guangzhou, China, 14 hydroponic tanks produce hundreds of pounds of vegetables a year, with a potential profit of over \$6,000 annually. The hydroponic tanks are part of study that shows residents and developers in Guangzhou that their rooftop space might be worth some green.

A paper published this past July the journal *Agronomy for Sustainable Development* reports that growing leafy greens in rooftop hydroponic systems can not only produce a steady supply of vegetables—it can also be cheaper than buying store-bought alternatives.

Rooftop farming could also create jobs and reduce the carbon footprint of transporting foods into cities. Those are essential side effects, considering the rapid urbanization currently underway in China.

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Digital path to economic transformation

[China daily, 15-12-2016] Thanks to its rapid development over the past few years, digital economy has become a new driver for China's economic transformation and upgrading.

Digital economy is also facilitating the transformation and upgrading of China's traditional industries. The application of new equipment and new technologies such as industrial robots, 3D printers, drones and other artificial intelligence is gaining momentum, and the application of big data, cloud computing and internet of things continues to expand.

Many Chinese companies such as Huawei and Gree have climbed up to the mid or high levels of the global industrial chain while seven, including Tencent, Alibaba and Baidu, are among the world's top 20 internet enterprises.

Digital economy in China is likely to keep growing at a fast pace in the coming years, and will thus have a profound impact on the country's economic transformation and growth.

The size of digital economy will expand further, as China's total information consumption is expected to reach 12 trillion yuan (\$1.74 trillion) by 2025, and the total volume of e-commerce transactions will reach 67 trillion yuan.

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China issues guideline on wetland protection

[Xinhua, 12-12-2016] The State Council issued a guideline on wetland protection and restoration on Monday 12 December, promising to maintain wetland area above 800 million mu (53 million hectares) by 2020.

Wetlands will be increased by 3 million mu and the protection rate raised above 50 percent, the guideline said.

Wetland will be divided into three categories according to location, ecological function and the biodiversity. Different protection measures will apply to different types.

Wetland protection will be included in local government evaluation, but the central government will draw up a plan for wetland protection and restoration and spending will increase.

China's wetlands measure 804 million mu, accounting for 5.58 percent of the country's land area, according to Zhang Jianlong, head of the State Forestry Administration.

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China punishes more officials after environmental inspections

[Reuters, 14-12-2016] China has punished nearly 700 more regional officials for inadequately protecting the environment in the latest round of rolling inspections, the state news agency Xinhua reported.

The central government sent seven teams to areas including Beijing, Shanghai and southern Guangdong province in November, following a first round of inspections into official efforts to protect the environment elsewhere in China.

The latest inspection teams looked into 1,893 cases and imposed fines of 66 million yuan (\$9.56 million) in 1,479 cases, Xinhua said in a report.

China's environment ministry was given authority earlier this year to investigate regions and enterprises without prior warning, and was empowered to summon any local government or company official to account for their actions.

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China actively implements intl environment conventions

[China daily, 01-12-2016] China has been actively honoring its commitments to various international conventions that propel environmentally-friendly development, said a white paper issued Thursday.

According to the white paper titled "The Right to Development: China's Philosophy, Practice and Contribution," China became the first country in the world to formulate and implement a national strategy to cope with climate change.

China has made significant efforts in moving the Paris Agreement on greenhouse gas emission mitigation toward adoption and taking effect, it said.

According to the white paper, by the end of 2015, total forest acreage in China had reached 208 million hectares, covering 21.66 percent of China's total land area, and the country has 2,740 nature reserves, covering a total area of 147.03 million hectares.

Since 2006, China's energy consumption per 10,000 yuan (around 1,450 U.S. dollars) of GDP has decreased by 34 percent, saving 1.57 billion tons of coal equivalent, more than half of the energy saved by the whole world in this period, the paper noted.

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Trade and Business

China's grain output dips over shrinking planting area in 2016

[Xinhua, 08-12-2016] China's grain output dipped in 2016 as its planting area shrank and per unit yield edged down, official data showed Thursday, 8th December.

National grain output stood at about 616 million tonnes in 2016, down by about 5.2 million tonnes, about 0.8 percent, compared with last year, according to the data released by the National Bureau of Statistics.

Grain planting area has shrunk by 315,000 hectares, while the per unit yield dropped by 30.7 kilograms per hectare.

Facing unbalanced supply and demand among grain varieties, many areas reduced corn planting in favor of soy and used the grain for feedstuff and oil.

The reduction in the planting area impacted high-yield grain, and severe national extreme weather such as drought and heavy rain also dented grain productivity.

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China sees huge potential in agriculture investment

[Xinhua, 08-12-2016] China's agriculture sector is attracting growing investment amid government efforts to push integrated development in rural areas, official data showed on Thursday 8th December.

In the first three quarters, China's agriculture investment surged 21.8 percent year on year, outperforming the 8.2-percent gain in overall fixed asset investment, according to the National Development and Reform Commission (NDRC).

Most of the investment is from private investors.

NDRC official attributed the rapid growth to government efforts to drive new types of agriculture-related businesses in rural regions.

China released a set of guidelines last week encouraging people to explore business opportunities in the countryside.

New agribusinesses, including large-scale farming, farm produce processing, leisure agriculture, rural tourism, as well as producer and consumer services, are priorities of the policy support measures.

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Over 5.7m rural Chinese return from cities to start businesses

[Xinhua, 01-12-2016] More than 5.7 million rural Chinese have returned from cities to their hometowns to startup businesses, Vice Minister of Agriculture Chen Xiaohua said Thursday, 1 December.

Among them, 4.5 million people are rural migrant workers who used to work in urban areas away from home, while the rest are mainly fresh graduates and retired soldiers who left home for education or service, Chen said at a press briefing.

Meanwhile, rural China has attracted 1.3 million urban people, including scientists and technicians, from their homes in cities to participate in rural entrepreneurship, Chen said.

The data was released after the government released a set of guidelines encouraging people to explore business opportunities in the countryside.

By rolling out a number of new support policies, the government expects such people to inject new energy into the rural economy and increase farmers' incomes by introducing modern technology, systems and management.

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Reducing poverty in China by connecting farmers to markets

[WB, 09-12-2016] China's poorest province, Guizhou, stands land-locked in the southwest of the country with a population of 40 million. Roughly 40% of residents belong to ethnic minorities and 28% live below the national poverty line. To help reduce poverty, a World Bank-funded project established 38 new farmer cooperatives that connect them to markets and give them access to more modern agricultural commodity value chains.

The \$140.51 million Guizhou Rural Development project was financed by a World Bank loan of \$100 million, with additional technical expertise from the Investment Centre of the UN Food and Agriculture Organization (FAO).

The initiative complements the Chinese government's poverty alleviation program for agricultural industrialization, which aims to develop local agriculture-based industries through the development of economic opportunities for rural poor households in partnership with various stakeholders in the value chain.

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China FDI growth slows, ODI increases

[Xinhua, 15-12-2016] Foreign direct investment (FDI) in the Chinese mainland slowed in the first 11 months, while outbound direct investment (ODI) increased, official data showed Thursday, 15th December.

FDI rose 3.9 percent year on year to reach 731.8 billion yuan (about 113.79 billion U.S. dollars) during the January-November period, slightly retreating from the 4.2 percent gain posted for the first ten months, the Ministry of Commerce said at a press conference.

Foreign investment to the service industry continued strong growth, rising 8 percent year on year to 513.3 billion yuan. FDI in high-tech services was particularly strong, nearly doubling from a year earlier to reach 88.14 billion yuan.

Thursday's data also showed China's non-financial ODI increased 55.3 percent year on year to reach 161.7 billion U.S. dollars in the January-November period.

In November alone, ODI jumped 76.5 percent to reach 15.74 billion U.S. dollars.

The strong momentum has raised concerns about capital outflows at a time when the Chinese currency is under depreciation pressure.

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Chinese buy President Xi and David Cameron visit pub

[BBC, 05-12-2016] A village pub made famous by the visit of China's President Xi Jinping and then Prime Minister David Cameron has been bought by a major Chinese firm.

SinoFortone has bought The Plough at Cadsden, near Princes Risborough in Buckinghamshire.

Mr Cameron took Mr Xi there during the state visit to the UK in October 2015.

SinoFortone is involved in the new London Paramount theme park development and the proposed Crossrail 2 route through London.

It is also involved in new metro systems in Abu Dhabi and Kuwait.

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Chinese develop taste for foreign food

[Shanghai Daily, 15-12-2016] Due to online shopping services, Chinese now have much better and faster access to food from around the world, prompting changes in the local food industry.

Consumer demand for imported food is spurred by online shopping. With a few simple clicks, people can get almost anything from around the world delivered to their doorstep.

According to the Ministry of Commerce, there are more than 5,000 cross-border shopping websites, with total trade value estimated at 6.5 trillion yuan (US\$945 billion) in 2016. Annual growth of over 30 percent is expected in the next few years, and food is a major category on these websites.

Although retailers in physical stores are facing difficulties due to online shopping, imported food sales are on the rise. Data released by a chain store research institute in Shanghai shows sales of imported food surged to US\$54.8 billion in 2015, up 70 percent year-on-year. Up to 60,000 types of food from 143 countries and regions were imported to China last year.

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China's Bright Food hires Goldman to sell cereal maker Weetabix

[Reuters, 20-12-2016] China's Bright Food Group has hired Goldman Sachs to sell the breakfast cereal maker Weetabix in a deal that could value the famous British brand at roughly 1 billion pounds, according to three sources familiar with the matter.

The sale process is expected to start in January, the sources said, less than five years after the Chinese company agreed to take control of the 84-year-old business, which has seen the majority of its union workers voting on Monday to strike over new working conditions.

The sale comes after Bright Food has struggled to crack the Chinese market, where many consumers tend to eat hot breakfasts rather than cold cereal. The overwhelming majority of Weetabix sales still come from its slower-growth domestic market.

The business has not grown significantly since then, the sources said, estimating a similar price again based on current earnings before interest, tax, depreciation and amortization of 130 million pounds.

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China looks to Canada to improve cattle genetics

[Producer, 08-12-2016] A recent agreement to exchange information on cattle genetics, beef marketing and technology could be the beginning of a sound relationship between Canada and China.

A memorandum of understanding over four years between the Canadian Beef Breeds Council and the Beef Cattle Research Center of China Agricultural University was signed in November.

Chinese producers are not likely to set up breed associations but want to find ways to incorporate genomics into their selection.

China wants to improve its domestic cattle herd, although it is unlikely to ever be self-sustaining. Imports of beef from countries such as Canada will continue.

Canada was allowed to ship live animals to China until BSE closed borders, but imports are now restricted to beef.

Embryos and semen are permitted, but the government handles imports and distributes the products to farms rather than breeders.

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Cargill opens innovation center in China to create food of the future

[Foodingredientsfirst, 05-12-2016] Cargill has pulled together its resources and expertise across broad areas in food, including animal protein, edible oils, sweeteners, starches, cocoa, and texturizing solutions, to start Cargill ONE, an innovation center designed to create innovative food products and new flavors for its customers in China.

Situated in Shanghai, Cargill ONE employs nearly 50 researchers, scientists, nutritionists and chefs who will work with customers to develop nutritious and safe food that meet the changing tastes of consumers.

Cargill ONE is Cargill's first innovation center in Asia that brings together so many of its different product lines. It will focus on three main areas of innovation: taste and flavors, food ingredients and menus that appeal to changing consumer demand.

The rapid socio-economic development in China is quickly changing the diet of the Chinese consumer and the way they view their food.

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