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## China, Peoples Republic of

### Agricultural Situation

### Newsflash I.17

### 2006

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**Report Highlights:**

This report provides a news synopsis of trade policy and agriculture/commodities in China. Trade policy includes: Canada will soon resume beef exports. Agriculture/Commodities include: Ministry of Agriculture Food Safety Survey; Direct subsidies will benefit 225,000 dairy cow households; Inner Mongolia completed compulsory vaccination of 42.6 million poultry; China will begin to export cattle to Mongolia; China's dairy production has grown 10 times its size in the last 10 years; Farmers' average cash income increased 11 percent in the first three quarters of 2006; China's GDP will reach \$410 billion by 2010; Vegetable oil imports decline despite elimination of TRQ; China will auction 800,000 MT of sugar reserves on Oct.13; Shanghai will develop agricultural brand names during the 11th five-year plan period (2006-2010).

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Beijing [CH1]  
[CH]

## Trade Policy

### Canada will soon resume beef exports

The president of the Canada Beef Export Association, Ted Haney, announced exports to China will resume by the first half of 2007. Haney emphasized that China market is Canada's most valued beef export market. By 2015, Haney forecast beef exports to China, Hong Kong, and Taiwan combined would reach 70,000 MT. (China Food Newspaper, 10/26/2006, ZJP)

## Agriculture/Commodities

### Ministry of Agriculture Food Safety Survey

The Chinese Ministry of Agriculture (MOA) conducted a market survey for agricultural chemical residues in vegetables, meat, and aquatic products in select producing cities. The survey results showed large compliance with food safety requirements as follows: 94 percent of vegetables did not exceed chemical residues, 98 percent of meat products did not exceed clenbuterol and sulfonamides residues, 99 percent aquatic products did not exceed chloramphenicol residues, and 95 percent did not exceed malachite green residues. (China Food Newspaper, 10/25/2006, ZJP)

### Direct subsidies will benefit 225,000 dairy cow households

The Chinese government announced it would subsidize approximately \$12 billion (RMB100 million) for dairy cow genetic improvement in 22 provinces. These subsidies will raise 225,000 dairy farming household incomes to \$641 (RMB 5000). In 2005, the Chinese government subsidized approximately \$1.92 million (RMB 15 million) for Holstein cow production in 4 provinces including Hebei, Inner Mongolia, Heilongjiang and Shangxi. (Farmers' Daily, 10/25/2006, ZJP)

### Inner Mongolia completed compulsory immunization on 42.6 million head of poultry

The autonomous region of Inner Mongolia completed compulsory immunization on 42.6 million head of poultry (100 percent) in an effort to prevent the spread of highly pathogenic avian influenza (HPAI) – H5N1. On September 27, there was a reported HPAI-H5N1 outbreak in Baotou City. As a result, 30,000 birds were culled. (Farmers' Daily, 10/25/2006, ZJP)

### China will begin to export cattle to Mongolia

China will export 83 Holstein dairy cattle to Mongolia for the first time. China expects to export a larger number of cattle in the next three years. (China Food Newspaper, 10/10/2006, ZJP)

### China's dairy production has grown 10 times its size in the last 10 years

According to China's dairy and dairy product industries, China's dairy cow inventory reached over 12 million head in 2005, with purebred Holstein cattle accounting for a one-third of the total inventory. Additionally, the World Dairy Federation (IDF) reported that 50 percent of the global dairy production increase in 2005 was attributed to China. The China Dairy Association (representing raw milk production) forecasts that China's total milk production will reach 40 MMT by 2010. In 2005, China's dairy product production was 12.04 MMT, 10.5 times higher than 1995. The output value of the dairy product industry also grew 10.6 times higher to \$11 billion (RMB 89.1 billion). (China Food Newspaper, 10/26/2006, ZJP)

**Farmers' average cash income increased by 11 percent in the first three quarters of 2006**

According to China National Statistics Bureau (NSB) average cash income for farmers was \$354 (RMB 2,762) for the first three quarters in 2006, increased by 11.1 percent over the same period in 2005. Average disposable income for urban residents was \$1,128 (RMB 8,799) up 10 percent over the same period in 2005. Per capita expenditure was \$831 (RMB 6,480). (China Economic Daily, 10/26/2006, ZJP)

**China's GDP will reach \$410 billion by 2010**

Experts of the China National Development and Reform Commission (NDRC) forecast that China's GDP will reach \$410 billion (RMB 3,200 billion) by 2010. Additionally, per capita GDP will reach \$2,400 (RMB 3,000). (The People's Daily, 10/10/2006, ZJP)

**Vegetable oil imports decline despite elimination of TRQ**

A total of 201,000 MT of vegetable oil, valued at \$94.26 million, were imported through the southern port of Shenzhen, down 13 percent and 20 percent, respectively, from 2005 according to Chinese customs statistics. China eliminated tariff rate quotas (TRQ) for vegetable oil in the beginning of 2006, and the current import tariff for edible oil is set at 9 percent. Despite their lower cost, vegetable oil imports are declining. This is largely due to China's expanding crushing capacity, which has resulted in increased soybean imports. (China Quarantine Times, 10/09/2006, WBG)

**China will auction 800,000 MT of sugar reserves on Oct. 13**

China will auction 800,000 MT of raw sugar reserves on October 13 in a bid to stabilize sugar prices, according to a statement issued by the National Development and Reform Commission (NDRC), The Ministry of Commerce (MOC) and The Ministry of Finance (MOF). The base price is set at \$425 (RMB 3,400) per MT. (NDRC web site, 10/11/06, WBG)

**Shanghai will develop agricultural brand names during the 11th five-year plan period (2006-2010)**

Shanghai has set 82 standards for crop seeds, production environment, production procedures, and inspection methodology in order to promote development of the local agricultural sector and improve quality-testing standards for chemical residues in feed and livestock products. During the 11th five-year plan period (2006-2010), the municipal government will develop 20 brand names for local agricultural products and cultivate 10 products with independent geographic indications. (Xinhua News Agency, 10/24/06, JJY)

