USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Voluntary Report - public distribution

Date: 4/26/2004

GAIN Report Number: CH4012

China, Peoples Republic of

Grain and Feed

Edible Bean, Pea, and Lentil Situation

2004

Approved by:
Ralph Gifford
U.S. Embassy, Beijing

Prepared by:
Casey E. Bean, Adam Branson, and Junyang Jiang

Report Highlights:
During 2004 China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 6 MMT. As the result of strong demand in overseas markets, China's pulse exports have increased nearly 300 percent over the past six years. Japan, South Korea and South Africa are China's key export markets. In particular, the quality and export competitiveness of kidney and mung beans continues to improve. As a result, exports exceeded $300 million in value last year. On the import side, China's demand is rising for feed grade dry peas processed for noodle production. Two pulse industry trade and marketing events are scheduled in China during 2004. In order to grow demand for snack foods containing pulses, strengthened marketing efforts are needed.

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

Table of Contents

Summary

This is the first FAS China combined report on China's edible beans (mung, adzuki and kidney), dry peas, and lentils. Hereafter, these commodities are referred to as pulses. The most recent edible bean report was included in the 2002 Grain and Feed Annual Report (CH2010) while the most recent report on lentils was in 1998 (CH8618). This pulse report adjusts trade data to reflect the October to September marketing year.

During 2004 China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 6 MMT. As the result of strong demand in overseas markets, China's pulse exports have increased nearly 300 percent over the past six years. Japan, South Korea and South Africa are China's key export markets. In particular, the quality and export competitiveness of kidney and mung beans continue to improve resulting in exports exceeding $300 million in value last year. On the import side, China's demand is rising for feed grade dry peas processed for noodle production. Two pulse industry trade and marketing events are scheduled in China during 2004. In order to grow demand for snack foods containing pulses, strengthened marketing efforts are needed.

Pulse Production Increases Fueled by Export Opportunities

China's 2004 pulse production is forecast to reach 6 million metric tons (MMT), representing one percent of China's nationwide grain and feed production, a slight increase from last year's 5.7 MMT. Although no official data has been published since the late 1990s, we estimated that total pulse acreage and output has gradually increased. Post forecasts this trend will continue because pulses are well adapted to China's poorly irrigated land and pulse export opportunities continue growing. Pulse export prices increased over the last five months, likely encouraging northern China growers to increase plantings this spring.

Pulses are grown primarily in China's northeast, northwest and central/southern inland provinces. Estimating production and yields from these vast, rural areas is extremely challenging for Chinese agricultural officials. Additionally, most pulse production is intercropped and multi-planted with major grains, making accurate analysis of planted acreage and production even more difficult.

2002 Estimated Pulse Production
(1,000 Metric Tons)

Total	Broad Bean	Mung Bean	Kidney Bean	Adzuki Bean	Peas	Lentil	Others
5,910	1,500	1,200	1,000	400	900	45	865

Note: Estimate based on State Statistics Bureau, Ministry of Agriculture, and trade source data

The competitive strength of China's pulses stems from inexpensive labor, land and irrigation costs. Although there is no Chinese government support program for pulse production, the declining financial support for other major crops in recent years has encouraged growers to plant minor commodities, including pulses, in hopes of higher returns on labor-intensive crops.

Export demand for adzuki, mung, and kidney beans greatly influences Chinese pulse production. Recently, as incomes rise in large and mid-size urban areas, consumer preference for a diversified and healthy diet, including pulses and products processed from pulses, has increased domestic demand. County agricultural bureau offices in Yunnan, Shanxi and even some state owned farms in northeast China now encourage farmers to plant pulses for export markets and for local consumers as a healthy food.

Pulse Prices Erratic But Recently Increasing

Due to a comparatively small export market and no official production data, pulse traders and farmers face an unpredictable market. No official farm gate prices exist; thus, the only available price data is from China Customs recorded trade. Customs data shows erratic pulse import prices and, over the past few years, substantial pulse export volume increases with declining average pulse export prices.

Since October 2003, pulse prices have increased along with other major grains. China Customs data recorded FOB import prices for dry peas climbing US $90/MT since October. Import prices for most other beans remain flat or stable, while volume is down (see Trade Price Table, page 8). For exports, FOB prices for mung beans grew US $80, adzuki beans US $350, kidney beans US $80, broad beans US $130, and lentils US $50.

Kidney Bean Situation

China publishes no official statistics of kidney bean acreage or output. According to trade sources, production during the 1990s ranked third in the world after India and Brazil. Total Chinese kidney bean acreage was estimated then at 600,000 hectares and production at 820,000 MT. Post estimates current kidney bean production at almost 1 MMT centered largely in northeast and southwest China, and nationwide production is forecast to continue rising in the future.

Kidney bean planting and harvesting in China is labor intensive with little mechanization. Harvested products are primarily graded for export to the European market. In 2003, wet weather hurt crop quality in the key production regions of northeast China. Prices did not fall, however, as China's other grain prices climbed steadily during the last quarter of the year.

Dry Pea Situation

As with kidney beans, China releases no official production statistics for dry peas. In the 1990s, production estimates for Chinese dry peas were 1 million hectares with yields of 1 MT per hectare. According to experts, poor-yielding pea acreage was converted to grasslands and forests in recent years, bringing overall dry pea production down to 900,000 MT in 2002. Peas are still primarily grown in Yunnan, Xinjiang, and Heilongjiang with some production in the central Chinese provinces of the Loess Plateau. Northern and central pea planting often takes place in March or April with harvest in July or August, while southern planting takes place in September through November with harvest the following April or May.

Dry pea imports account for nearly all of China's pulse imports during the past few years. Dry peas, mostly feed grade yellow or non-green pea varieties from Canada, are imported by food processors in northern China, primarily in Shandong Province, for vermicelli production. The noodles, traditionally made from mung bean, are a popular food dish in China that can also be made from dry peas. The high price of mung beans has forced vermicelli processors to substitute cheaper feed peas. They produce white-colored or translucent vermicelli from the starch of yellow or non-green dry pea varieties. Trade sources estimate that Shandong vermicelli production is over 150,000 MT. Overall, demand for dry peas, mung beans or broad beans that are processed into starch is estimated at 400,000 metric tons.

Industry sources state China's dry pea imports will grow if vermicelli processor demand continues rising in the coming years. Thus far, dry pea marketing is focused on the food processing industry. As a result, more marketing and technical assistance is needed to in

order to develop snack foods based on pulses. Along with increased food processing sector demand, sources indicate growing pea sprout consumption will drive up pea import demand.

Lentil Situation

Current production appears lower than previous post estimates of Chinese lentil production at 80,000 MT. China does little research and development in lentil production, despite improvements in other crops. Lentil production is centered in the Loess Plateau of Shanxi, Shaanxi, Gansu, Qinghai, and Ningxia and in southwest China. Total lentil area is about 50,000 hectares (Ha). Nationwide, yields range only from 0.3 MT/Ha to 0.5 MT/Ha. However, some southern growing regions in Yunnan have yields reaching 2.0 MT/Ha. Central China planting occurs in March or April with harvest in July or August. Southern production along the Yunnan and Tibet border with Myanmar and India is planted in September through November with harvest the following May or June.

Pulse Imports Fall, While Exports Climb

In China, strong export demand is the driving factor for increased pulse production during the past few years. Kidney and mung beans are the key pulses. According to Customs data, China's kidney bean exports during October 2002 to September 2003 (MY 02/03) reached 666,000 MT, nearly double from two years before. Additionally, mung bean export volume nearly tripled from two years ago. Most exports depart China from the northern Chinese ports of Qingdao or Tianjin, while most imports land in Qingdao or Shanghai.

Processed Pulse Exports Remain Strong and Growing

China exports large amounts of Adzuki bean paste (HTS 20059092) to Japan and South Korea. However, adzuki paste trade is aggregated with "other processed products" (HTS 20059099), totaling $61 million (MY02/03), making it difficult to determine the exact value. Exports of processed pea, bean and noodles (made from bean starches) totaled US $56,000, US $17.5 million, and US $60 million.

Pulse Stocks

As with any grain or feed in China, no official stock figures are available for pulses. Consistent with previous USDA pulse reports, post estimates stocks at zero (see the PSD table on page 7). However, trading companies reportedly store small volumes of dry pulses near port cities in northern China where it is drier and less costly for storage. Most pulse products exit China from Qingdao or Tianjin for markets in Japan, South Korea, and most recently South Africa. Therefore, China's pulse stocks are centered around the ports of Qingdao and Tianjin.

Combined Tariff and VAT Rate Puts Pulse Effective Import Duty into Double Digits

Though as part of China's WTO Accession in 2001 the country agreed to lower tariff rates on certain agricultural commodities, the effective tariff rates are still in the double digits. China slightly reduced tariff rates for several pulse commodities, e.g., a 1.8 percent tariff decrease for adzuki beans, a 0.6 percent reduction for chickpeas, broad beans, other legumes, and other beans, and a 0.3 percent reduction for kidney beans. After 2004, no further tariff rate reductions are scheduled for pulse crops. The below table summarizes the 2004 tariff, VAT, and effective rates for certain pulse products.

2004 Tariff Rates for Certain Dried Leguminous Vegetables				
HTS #	Description	Tariff	VAT	Effective

0713.1090	Peas (Pisum sativum), other	5%	13%	18.65%
0713.2090	Chickpeas (garbanzos), other	7%	13%	20.91%
0713.3190	Beans (Vigna mungo, Hepper or Vigna radiata), other	3%	13%	16.39%
0713.3290	Small red (adzuki) beans (Phaseolus or Vigna angularis), other	3%	13%	16.39%
0713.3390	Kidney beans, including white pea beans (Phaseolus vulgaris), other	7.5%	13%	21.48%
0713.3900	Beans, all other (Vigna spp. And Phaseolus spp.)	7%	13%	20.91%
0713.4090	Lentils, other	7%	13%	20.91%
0713.5090	Broad beans (Vicia faba var. Major) and horse beans (vicia faba var. equina, Vicia faba. Minor), other	7%	13%	20.91%
0713.9090	Other dried leguminous vegetables	7%	13%	20.91%
Note: Dried leguminous vegetable seeds all have a zero percent tariff but 13 percent VAT that may be waved.				

Two Pulse Trade and Marketing Events in China During 2004

China's first national Coarse Food-Grain and Beans Trade Fair jointly sponsored by the State Grain Administration and the Jiangsu Provincial government is scheduled from May 15 to 17, 2004 in Nanjing, Jiangsu Province. The trade fair is aimed to promote domestic producers and traders. Sponsors will also announce the establishment of China's first coarse food grain and beans sub-council.

In addition, the International Pulse Trade and Industry Confederation (IPTIC) annual meeting will convene in Beijing from June 10-12, 2004. Both events should lead to increased knowledge about China's pulse sector.

Interested U.S. companies can contact the Agricultural Affairs Office in Beijing for further information. In general, U.S. companies can also contact USDA's Agricultural Trade Offices in Beijing, Guangzhou, and Shanghai for information and guidance on promoting and marketing U.S. pulse products.

ATO Beijing	ATO Guangzhou	ATO Shanghai
Mr. LaVerne Brabant	Mr. Keith Schneller	Mr. Ross Kreamer
Tel: 86-10-8529-6418	Tel: 86-20-8667-7553	Tel: 86-21-6279-8622
Fax: 86-10-8529-6692	Fax: 86-20-8666-0703	Fax: 86-21-6279-8336
Email: ATOBeijing@usda.gov	Email: ATOGuangzhou@usda.gov	Email: ATOShanghai@usda.gov

Pulses PSD Table

Country	China, Peoples Republic of						
Commodity	Pulses				(1000 HA)	(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Area Harvested	0	3823	0	3900	0	3950	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	5910	0	5700	0	5950	(1000 MT)
TOTAL Mkt. Yr. Imports	0	58	0	160	0	180	(1000 MT)
Oct-Sept Imports	0	58	0	160	0	180	(1000 MT)
Oct-Sept Imports U.S.	0	1	0	10	0	30	(1000 MT)
TOTAL SUPPLY	0	5968	0	5860	0	6130	(1000 MT)
TOTAL Mkt. Yr. Exports	0	1124	0	1200	0	1350	(1000 MT)
Oct-Sept Exports	0	1124	0	1200	0	1350	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	0	4844	0	4660	0	4780	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	5968	0	5860	0	6130	(1000 MT)

Trade Price Tables

China's Average Pulse Import and Export Prices ($/MT) over certain periods														
HTS	Description	Imports							Exports					
		02	03	03	03	03	04	04	02	03	03	03	03	04	04
		Jan.	Jan.	Oct.	Nov.	Dec.	Jan.	Feb.	Jan.	Jan.	Oct.	Nov.	Dec.	Jan.	Feb.
071310	Peas	180	240	190	210	220	240	280	180	260	230	190	230	240	230
071320	Chickpeas	200	NA	180	NA	NA	NA	NA	290	310	220	NA	NA	NA	NA
071331	Beans, Mung	230	380	880	430	390	500	NA	400	360	360	380	410	420	440
071332	Beans, Adzuki	540	NA	NA	120	NA	350	120	520	420	410	490	600	700	760
071333	Beans, Kidney	290	460	NA	NA	360	390	NA	400	340	320	350	380	370	400
071339	Beans, Other	790	700	NA	730	NA	730	NA	500	270	260	280	300	300	330
071340	Lentils	NA	NA	260*	NA	NA	NA	NA	280	250	240	240	260	240	290
071350	Beans, Broad/Horse	NA	NA	NA	NA	NA	NA	NA	350	330	220	300	330	250	350
071390	Legumes	500	1040	570	560	600	550	570	200	250	270	290	300	400	380
*Aug. 2003															
Source: China Customs															

Trade Statistics
Imports

China Pulse Imports from the World in Metric Tons by October to September Marketing Year								
		MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY02/03	MY03/04
	--World--						Oct - Feb	Oct - Feb
071310	Peas	57,049	78,868	143,040	133,923	48,342	14,211	22,238
071320	Chickpeas	171	145	3	2,016	0	0	999
071331	Beans, Mung	1,345	4,123	3,710	2,260	374	118	43
071332	Beans, Adzuki	127	192	741	1,230	810	0	76
071333	Beans, Kidney	138	123	202	557	148	69	60
071339	Beans, Other	2,533	139	132	198	20	6	6
071340	Lentils	379	238	105	428	147	25	0
071350	Beans, Broad/Horse	49	2	10	22	0	0	0
071390	Legumes	6,737	9,505	12,498	11,819	8,506	1,739	4,462
Source: China Customs								

China Pulse Imports from the World in US $Millions								
HS	Description	MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY02/03	MY03/04
	--World--						Oct - Feb	Oct - Feb
071310	Peas	12.526	16.643	25.661	26.512	11.068	3.070	4.603
071320	Chickpeas	0.026	0.026	0.007	0.407	0.000	0.000	0.177
071331	Beans, Mung	0.443	1.199	1.035	0.598	0.151	0.040	0.018
071332	Beans, Adzuki	0.056	0.044	0.243	0.182	0.085	0.000	0.010
071333	Beans, Kidney	0.028	0.064	0.079	0.269	0.114	0.074	0.023
071339	Beans, Other	0.522	0.067	0.050	0.064	0.014	0.004	0.005
071340	Lentils	0.070	0.042	0.021	0.078	0.027	0.005	0.000
071350	Beans, Broad/Horse	0.014	0.001	0.021	0.004	0.000	0.000	0.000
071390	Legumes	3.329	10.436	7.122	5.841	7.498	1.731	2.538
Source: China Customs								

China's Dry Bean, Dry Pea, and Lentil Imports by Origin in US $ Millions								
Rank	Country	MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY02/03	MY03/04
							Oct - Feb	Oct - Feb
	--World--	17.015	28.521	34.239	33.955	18.957	4.924	7.374
1	Canada	8.453	12.907	23.347	23.947	8.541	2.201	4.138
2	India	2.207	9.400	6.538	5.030	7.175	1.605	2.333
3	United Kingdom	1.869	1.425	0.683	1.533	1.293	0.740	0.337
4	Pakistan	0.000	0.298	0.069	0.378	0.108	0.094	0.184
5	United States	0.608	0.281	0.415	0.283	0.359	0.061	0.122
6	Australia	0.241	1.254	1.221	0.723	0.702	0.059	0.080
7	New Zealand	1.432	0.694	0.240	0.381	0.174	0.019	0.054
8	Taiwan	0.348	0.566	0.083	0.105	0.184	0.038	0.047
9	Thailand	0.315	0.270	0.226	0.278	0.157	0.055	0.035
	All Others	1.542	1.427	1.417	1.297	0.265	0.051	0.044
Source: China Customs								

Exports

China Pulse Exports to the World in Metric Tons by October to September Marketing Year								
		MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY02/03	MY03/04
	--World--						Oct - Feb	Oct - Feb
071310	Peas	4,464	5,963	3,036	3,884	6,671	2,254	2,672
071320	Chickpeas	210	234	2,646	4,724	3,947	3,572	2
071331	Beans, Mung	297,095	119,906	98,257	166,982	276,254	154,210	75,916
071332	Beans, Adzuki	63,145	66,096	53,774	77,366	62,441	32,876	34,576
071333	Beans, Kidney	254,899	285,485	361,019	430,121	665,626	304,499	237,362
071339	Beans, Other	18,744	10,051	10,772	16,268	25,014	9,820	13,722
071340	Lentils	23,934	19,143	13,509	13,378	37,283	19,757	13,907
071350	Beans, Broad/Horse	95,110	112,728	66,747	21,253	24,901	10,942	19,720
071390	Legumes	32,283	28,762	25,169	22,982	21,420	7,664	11,646
Source: China Customs								

China Pulse Exports to the World in US $Millions								
HS	Description	MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY02/03	MY03/04
	--World--						Oct - Feb	Oct - Feb
071310	Peas	1.018	1.333	0.772	0.720	1.555	0.537	0.590
071320	Chickpeas	0.145	0.092	0.872	1.386	1.197	1.053	0.000
071331	Beans, Mung	114.870	58.360	55.100	69.374	103.403	54.697	30.146
071332	Beans, Adzuki	29.050	32.174	26.902	30.229	25.107	12.753	20.905
071333	Beans, Kidney	99.748	111.353	131.376	166.450	219.442	104.385	86.894
071339	Beans, Other	6.024	3.939	4.460	6.266	7.413	2.946	3.888
071340	Lentils	5.616	4.510	3.200	3.597	9.295	4.841	3.510
071350	Beans, Broad/Horse	21.002	29.573	18.389	7.140	7.254	3.346	5.218
071390	Legumes	9.221	7.690	7.087	6.555	6.478	1.906	3.636
Source: China Customs								

China's Dry Bean, Dry Pea, and Lentil Exports by Destination in US $ Millions								
Rank	Country	MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY02/03	MY03/04
							Oct - Feb	Oct - Feb
	--World--	286.693	249.024	248.159	291.717	381.143	186.464	154.786
1	Japan	61.045	61.256	57.355	51.842	49.905	21.923	22.639
2	South Africa	14.036	11.616	6.890	4.301	28.560	17.122	19.995
3	Korea, South	14.835	15.829	13.300	12.527	10.994	5.075	11.468
4	Italy	12.279	9.366	15.164	16.651	14.527	8.740	10.932
5	India	50.340	14.755	4.219	12.928	39.262	29.183	8.835
6	Cuba	0.000	26.912	24.251	22.396	52.966	24.712	7.497
7	Vietnam	5.649	1.960	4.146	8.927	10.660	6.397	6.845
8	Venezuela	4.170	0.007	2.217	7.772	5.755	1.391	5.667
9	Pakistan	11.939	8.153	11.579	8.880	9.098	6.391	4.909
	All Others	112.399	99.170	109.039	145.494	159.415	65.528	55.999
Source: China Customs								