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Edible Bean, Pea and Lentil Situation

2005

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Report Highlights:

China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 5.8 MMT in 2005--an increase of 8 percent over the previous year due to higher kidney bean prices. During 2004, the government's policy changes favoring grain and oilseed production led to increased acreage of corn, wheat, rice and soybeans, while pulse acreage declined. Pulse farmers receive little direct support from the government. But growing export demand from Japan, South Africa, South Korea, Cuba and Italy has driven China's kidney bean expansion in recent years. On the import side, dry peas are the key pulse, and most are processed for vermicelli production. China's vermicelli production will continue rise as demand grows from both domestic and overseas markets for Chinese dishes.

Includes PSD Changes: Yes
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Summary

During 2005 China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 5.8 MMT, an increase of 8 percent over the previous year due to higher kidney bean prices. In 2004, the government's policy shift in grain production led to increased acreage of corn, wheat, rice and soybean. As a result, pulse acreage declined from the previous year. Pulse farmers receive little support from the government. Growing demand overseas is the main factor driving expansion of China's kidney bean industry. Japan, South Africa, South Korea, Cuba and Italy are China's top five export markets.

On the import side, dry peas comprise the majority of China's total pulse imports. China's dry peas are mostly processed into vermicelli used in Chinese dishes domestically and in overseas Chinese communities.

China's Pulse Production Will Recover in 2005 Due to Higher Kidney Bean Prices

China's pulse's production is forecast to reach 5.8 million metric tons in 2005, a half million metric tons higher than the estimate for 2004. Regarded as a minor crop, pulse production accounts for only one percent of China's annual grain and feed output. The forecast rise in kidney bean production is the main factor behind the increase in pulse production in 2005.

China's kidney bean producers are particularly aware of export demand. Last year, in response to higher grain prices and government support for grains, farmers planted more rice, wheat and soybeans. As a result, pulse acreage declined. The decline in both acreage and production in 2004 pushed wholesale prices upward for kidney beans and other pulses. Trade sources estimate that in 2005, farmers will plant more kidney beans in major producing regions such as the northern provinces of Heilongjiang, Jilin and Inner Mongolia.

According to trade contacts, overall kidney beans prices in 2004 was more than 20 percent higher than in 2003. Customs data on kidney beans does not show prices on bean varieties, but the overall value of pulse exports rose 17 percent during October 2004 to March 2005 period to \$221 million, and total amount of pulse export rose seven percent during same period to 520,000 Metric tons (see table on page 5).

Customs data shows that more than 80 percent of the kidney beans are exported through the two northern ports of Dalian and Tianjin.

As mentioned in previous report, low production cost for pulses in China will continue keep the kidney beans export-competitive in the years to come.

FAS Beijing Estimates Pulse Production in 2004 and 2005—Despite Lack of Official Data

Estimating China's pulse production remains a challenge since official figures do not exist. At the end of February each year, the National Statistical Bureau (NSB) releases the data on grain production for the previous year, including more specific data on major crops including rice, wheat and corn during mid May. Based on this data, FAS Beijing estimates output of minor crops like pulses. At this time, the NSB has not released its data on the major crops this year. Thus, post's estimate on pulses in 2004 were based on a wide range of contacts including the China Chamber of Commerce, Ministry of Agriculture and trade sources.

During 2005 China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 5.8 MMT, an increase of 8 percent over the previous year due to higher kidney bean prices.

2004 Estimated Pulse Production (1,000 Metric Tons)							
Total	Broad Bean	Mung Bean	Kidney Bean	Adzuki Bean	Peas	Lentil	Others
5,300	1,800	1,100	600	350	950	40	460
Note: Estimate based China Chamber of Commerce, Ministry of Agriculture and trade sources							

Processed Pulse Exports Continue to Grow

China exports large amounts of adzuki bean paste to Japan and South Korea. In the past, Adzuki paste fell in the same category as other processed products. To better monitor trade of this product, China customs started to use HTS (20059092) exclusively for adzuki paste trade in 2004. According to the customs data, China's adzuki paste exports totaled 12,421 metric tons valued at \$26.4 million in 2004 with exports to Japan alone reaching \$25 million. The lack of previous data makes it difficult to judge its growth rate, however, trade sources estimate that China's Adzuki paste trade will continue to grow.

Pulse Stocks

No change from FAS Beijing's previous 2004 pulse report. 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. 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.

Dry Pea Situation

Dry pea imports account for nearly all of China's pulse imports during the past few years. Dry peas, mostly food 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 beans, are a popular food dish in China that can also be made from dry peas. China's vermicelli processing industry is concentrated in Yantai City, Shandong Province.

Currently, the dry pea industry has no industry association representing its interests in China and abroad, though there are pulse associations. However, a trade source reports that the provincial government is coordinating with processors to establish a vermicelli association this year. According to local media reports, there are 140 processors in Yantai. As a favorite ingredient in Chinese dishes such as hot pot, demand for vermicelli from both domestic and overseas markets is forecast to continue rising.

China's Vermicelli Exports Will Continue Rising

Customs data shows that China's vermicelli exports have risen steadily in terms of both quantity and unit price in recent years.

China's Vermicelli Exports By Major Ports in Metric Tons							
Rank		MY98/99	MY99/00	MY00/01	MY01/02	MY02/03	MY03/04

0	All Districts	57,321	68,863	72,161	70,030	71,837	73,518
1	Qingdao	23,056	45,570	46,952	44,795	47,524	45,349
2	Tianjin	10,437	14,060	15,560	18,466	16,267	16,134
	All others	23,827	9,233	9,649	6,769	8,045	12,035

Source: China Customs

Vermicelli Average Export Price at Major Ports in US \$/Metric Ton over certain periods							
	1st Qtr 02	1st Qtr 03	3 rd Qtr 03	1st Qtr 04	3rd Qtr 04	4th Qtr 04	1st Qtr 05
All Districts	810	880	910	1000	1190	1010	1240
Qingdao	1020	980	930	1010	1190	950	1340
Tianjin	510	520	510	520	540	560	560

HS:19023020

Source: China Customs

China's grain prices rose 26.4 percent in 2004, according to the NSB. The price hikes in grain have forced vermicelli processors to substitute cheaper peas. Processors produce white-colored or translucent vermicelli from the starch of yellow or non-green dry pea varieties. China's vermicelli output during 2004 ranged from 150,000 to 200,000 metric tons. Overall demand for dry peas, mung beans or broad beans that are processed into starch is estimated at 400,000 metric tons in 2004. The industry sources estimate that the sector's growth rate could be over five percent annually in the coming years.

Regarding opportunities for U.S. dry peas exports to China, marketing activities by the U.S. industry would help Chinese vermicelli processors become more familiar with U.S. dry pea varieties. Additionally, the higher price of U.S.-origin dry peas remains a challenge to future sales in China. According to one Chinese trade source, the offered U.S. dry pea price is usually \$10 or 20 higher than that of Canadian origin.

Majority of China's Pulse Are Consumed Domestically

Except for kidney beans whose production is driven by export opportunities, the majority of China's pulses are consumed domestically, as shown by the trade table and post's estimate on pulse production.

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

China's Tariff and VAT Rate in 2005 are unchanged from 2004.

2004 Tariff Rates for Certain Dried Leguminous Vegetables				
HTS #	Description	Tariff	VAT	Effective
0713.1090	Peas (<i>Pisum sativum</i>), other	5%	13%	18.65%
0713.2090	Chickpeas (<i>garbanzos</i>), other	7%	13%	20.91%
0713.3190	Beans (<i>Vigna mungo</i> , Hepper or <i>Vigna radiata</i>), other	3%	13%	16.39%
0713.3290	Small red (<i>adzuki</i>) beans (<i>Phaseolus</i> or <i>Vigna angularis</i>), other	3%	13%	16.39%
0713.3390	Kidney beans, including white pea beans (<i>Phaseolus vulgaris</i>), other	7.5%	13%	21.48%
0713.3900	Beans, all other (<i>Vigna</i> spp. And <i>Phaseolus</i> spp.)	7%	13%	20.91%
0713.4090	Lentils, other	7%	13%	20.91%
0713.5090	Broad beans (<i>Vicia faba</i> var. Major) and horse beans (<i>vicia faba</i> var. <i>equina</i> , <i>Vicia faba</i> . 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, and 13 percent VAT may be waived.
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Two Pulse Associations and Their Marketing Events in China During 2005

There are two pulses associations in China. The first is the Sub-Chamber of Pulse & Beans (<http://www.cccfna.org.cn>) under the China Chamber of Commerce for Imports & Export of Foodstuffs, Native Produce and Animal By-Products. The sub chamber, set-up in 2002, is composed of pulse traders and domestic processors. As a semi-official association under the Ministry of Commerce, the chamber coordinates and guides the business activities of the member enterprises for import and export of pulses and beans. The sub-chamber will hold its annual gathering and exhibition in Xian, Shaanxi province in August 2005. The dates will be announced by the Chamber.

The Sub-Council of Coarse Grains and Beans is under the China National Association of Grain Sectors. The sub-council, set-up in 2004, is composed mainly of domestic grain traders and provincial grain associations. In May 2004, the council staged its first trade fair on coarse grains and beans in Jiangsu Province. The council plans to stage the second trade fair in Kunming, Yunnan Province on August 26-28, 2005. China National Association of Grains Sector and Yunnan Provincial Grain Administration will jointly sponsor the event. The trade fair is aimed to promote domestic producers. Both events should lead to increased knowledge about China's pulse sector.

Interested U.S. companies should contact the Agricultural Affairs Office in Beijing for further information. 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.

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Tables

1) Pulse PS&D table

Pulses	China, People's Republic				(1000 HA)(1000 MT)		
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2003		10/2004		10/2005	MM/YYYY
Area Harvested	0	3586	0	3300	0	3600	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	5882	0	5300	0	5800	(1000 MT)
TOTAL Mkt. Yr. Imports	0	74	0	150	0	160	(1000 MT)
Oct-Sept Imports	0	74	0	150	0	160	(1000 MT)
Oct-Sept Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	0	5956	0	5450	0	5960	(1000 MT)
TOTAL Mkt. Yr. Exports	0	806	0	700	0	850	(1000 MT)
Oct-Sept Exports	0	806	0	700	0	850	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	0	5150	0	4750	0	5110	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	5956	0	5450	0	5960	(1000 MT)

Trade and price tables

2) China's Average Pulse Export Price (\$/MT) over certain periods

China's Average Pulse Export Price (\$/MT) over certain periods								
	Description	Jan 2003	Jan 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	Mar 2005
071310	Peas	260	240	260	280	300	240	380
071320	Chickpeas	310	NA	NA	NA	NA	NA	160
071331	Beans, Mung	360	420	540	570	590	670	610
071332	Beans, Adzuki	420	700	750	760	750	690	770
071333	Beans, Kidney	340	370	370	390	390	350	400
071339	Beans, Other	270	300	400	450	450	560	530
071340	Lentils	250	240	280	300	300	300	320
071350	Beans, Broad/Horse	330	250	390	390	330	410	420
071390	Legumes	250	400	500	580	510	820	620
Source of data: China Customs								

3) China's Average Pulse Import Price (\$/MT) over certain periods

China's Average Pulse Import Price (\$/MT) over certain periods								
	Description	Jan 2003	Jan 2004	Nov 2004	Dec 2004	Jan 2005	Feb 2005	Mar 2005
071310	Peas	240	240	190	200	210	220	220
071320	Chickpeas	NA						
071331	Beans, Mung	380	500	310	300	370	290	310
071332	Beans, Adzuki	NA	350	NA	270	600	4,160	NA
071333	Beans, Kidney	460	390	NA	520	1,070	660	860
071339	Beans, Other	700	730	730	720	NA	NA	NA
071340	Lentils	NA						
071350	Beans, Broad/Horse	NA						
071390	Legumes	1,040	550	1,100	1,050	1,000	940	910
Source of data: China Customs								

4) China Pulse Imports from the World in Metric Tons by October to September Marketing Year

China Pulse Imports from the World in Metric Tons by October to September Marketing Year							
	Description	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 03/04	MY 04/05
	--World--					Oct-Mar	Oct-Mar
	Pulses	160,442	152,453	58,347	74,443	30,756	81,329
071310	Peas	143,040	133,923	48,342	47,129	23,761	65,722
071390	Legumes	12,498	11,819	8,506	14,469	5,232	8,611
071331	Beans, Mung	3,710	2,260	374	10,052	232	6,715
071332	Beans, Adzuki	741	1,230	810	1,571	463	72
071320	Chickpeas	3	2,016		999	60	199
071339	Beans, Other	132	198	20	88	9	10
071333	Beans, Kidney	202	557	148	100	999	0
071340	Lentils	105	428	147	35	0	0
071350	Beans, Broad/Horse	10	22	0			
Source: China Customs							

5) China Pulse Imports from the World in US \$Millions

China Pulse Imports from the World in US \$Millions							
	Description	MY00/01	MY01/02	MY02/03	MY03/04	MY03/04	MY04/05
	--World--					Oct-Mar	Oct-Mar
	Pulses	34.239	33.955	18.957	23.501	8.372	24.584
071310	Peas	25.661	26.512	11.068	10.846	4.985	13.542
071390	Legumes	7.122	5.841	7.498	9.134	3.048	8.578
071331	Beans, Mung	1.035	0.598	0.151	3.053	0.076	2.089
071332	Beans, Adzuki	0.243	0.182	0.085	0.202	0.057	0.209
071320	Chickpeas	0.007	0.407	0.000	0.177	0.023	0.159
071339	Beans, Other	0.050	0.064	0.014	0.040	0.007	0.007
071333	Beans, Kidney	0.079	0.269	0.114	0.038	0.177	0.000
071340	Lentils	0.021	0.078	0.027	0.011	0.000	0.000
071350	Beans, Broad/Horse	0.021	0.004	0.000	0.000	0.000	0.000

Source: China Customs

6) China's Pulse Imports by Origin in Metric Tons

China's Dry Bean, Dry Pea, and Lentil Imports by Origin in Metric Tons							
Rank	Country	MY00/01	MY01/02	MY02/03	MY03/04	MY03/04	MY04/05
						Oct-Mar	Oct-Mar
0	--World--	160,442	152,453	58,347	74,443	30,756	81,329
1	Canada	139,426	129,112	43,366	45,442	23,486	64,803
2	India	10,361	10,183	8,040	13,190	4,730	8,260
3	Myanmar	4,623	2,847	485	9,351	240	4,359
4	United Kingdom	2,241	5,203	3,898	1,721	921	626
5	Vietnam	40	1,031	790	1,561	458	0
6	Pakistan	100	800	120	960	440	180
7	Thailand	551	731	337	583	71	120
8	Australia	1,094	378	312	466	36	46
9	New Zealand	549	742	269	379	141	107
10	United States	359	315	568	344	123	339
	All Others	1,099	1,111	163	446	112	2,489

Source: China Customs

7) China's Pulse Imports by Origin in US \$Million

China's Dry Bean, Dry Pea, and Lentil Imports by Origin in US \$Million							
Rank	Country	MY00/01	MY01/02	MY02/03	MY03/04	MY03/04	MY04/05
						Oct-Mar	Oct-Mar
0	--World--	34.239	33.955	18.957	23.501	8.372	24.584
1	Canada	23.347	23.947	8.541	9.111	4.447	12.893
2	India	6.538	5.030	7.175	8.359	2.791	8.263
3	Myanmar	0.878	0.556	0.121	2.737	0.077	1.398
4	United Kingdom	0.683	1.533	1.293	0.804	0.381	0.367
5	Australia	1.221	0.723	0.702	0.654	0.080	0.106
6	Pakistan	0.069	0.378	0.108	0.594	0.227	0.192
7	United States	0.415	0.283	0.359	0.305	0.124	0.243
8	Thailand	0.226	0.278	0.157	0.300	0.042	0.064
9	New Zealand	0.240	0.381	0.174	0.216	0.074	0.055
10	Vietnam	0.019	0.100	0.076	0.189	0.055	0.000
11	Taiwan	0.083	0.105	0.184	0.114	0.053	0.086
	All Others	0.520	0.642	0.067	0.119	0.020	0.918

Source: China Customs

8) China Pulse Export to the World in Metric Tons by October to September Marketing Year

China Pulse Export to the World in Metric Tons by October to September Marketing Year							
	Description	MY00/01	MY01/02	MY02/03	MY03/04	MY03/04	MY04/05
	--World--					Oct-Mar	Oct-Mar
	Pulses	634,927	756,959	1,123,558	805,806	485,157	518,455
071333	Beans, Kidney	361,019	430,121	665,626	469,418	279,110	361,494
071331	Beans, Mung	98,257	166,982	276,254	157,482	92,367	67,284
071332	Beans, Adzuki	53,774	77,366	62,441	68,266	41,845	30,761
071350	Beans, Broad/Horse	66,747	21,253	24,901	30,531	23,035	17,013
071340	Lentils	13,509	13,378	37,283	33,520	17,128	24,842
071390	Legumes	25,169	22,982	21,420	17,790	13,059	7,927
071339	Beans, Others	10,772	16,268	25,014	22,344	15,536	6,382
071310	Peas	3,036	3,884	6,671	6,391	3,075	2,705
071320	Chickpeas	2,646	4,724	3,947	62	2	48

Source: China Customs

9) China Pulse Exports to the World in US \$Millions

China Pulse Exports to the World in US \$Millions							
	Description	MY00/01	MY01/02	MY02/03	MY03/04	MY03/04	MY04/05
	--World--					Oct-Mar	Oct-Mar
	Pulses	248.159	291.717	381.143	321.706	188.634	220.566
071333	Beans, Kidney	131.376	166.450	219.442	170.274	103.468	137.164
071331	Beans, Mung	55.100	69.374	103.403	68.255	37.996	38.050
071332	Beans, Adzuki	26.902	30.229	25.107	49.722	26.779	22.894
071350	Beans, Broad/Horse	18.389	7.140	7.254	8.955	6.359	6.364
071340	Lentils	3.200	3.597	9.295	8.770	4.366	7.393
071390	Legumes	7.087	6.555	6.478	7.215	4.458	4.667
071339	Beans, Other	4.460	6.266	7.413	7.030	4.527	3.259
071310	Peas	0.772	0.720	1.555	1.470	0.681	0.767
071320	Chickpeas	0.872	1.386	1.197	0.015	0.000	0.008

Source: China Customs

10) China's Pulse Exports by Destination in US \$Million

China's Dry Bean, Dry Pea, and Lentil Exports by Destination in US \$Million							
Rank	Country	MY 00/01	MY 01/02	MY 02/03	MY 03/04	MY 03/04	MY 04/05
						Oct-Mar	Oct-Mar
0	--World--	248.159	291.717	381.143	321.706	188.634	220.5655
1	Japan	57.355	51.842	49.905	63.221	32.66704	38.19593
2	South Africa	6.890	4.301	28.560	27.528	23.71342	7.998265
3	Korea, South	13.300	12.527	10.994	24.232	13.92529	12.11836
4	Cuba	24.251	22.396	52.966	20.295	7.496527	16.14125
5	Italy	15.164	16.651	14.527	19.072	13.18774	13.53493
6	India	4.219	12.928	39.262	13.481	10.68045	8.145233
7	Venezuela	2.217	7.772	5.755	12.916	6.488995	16.42192
8	Vietnam	4.146	8.927	10.660	12.118	7.641393	4.353693
9	Algeria	1.167	2.167	13.486	12.000	4.343814	6.923972
10	Pakistan	11.579	8.880	9.098	8.194	5.167443	7.02498
11	Belgium	5.004	7.741	8.695	7.160	4.331828	6.212834
12	United States	7.003	12.184	6.988	7.094	3.373393	6.058993
13	Philippines	3.589	9.122	11.086	6.661	4.975616	1.981586
	All Others	92.276	114.280	119.159	87.734	50.64104	75.4536

Source: China Customs