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China, Peoples Republic of

Grain and Feed

Corn Trade Update

2005

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Report Highlights:

China's corn exports for MY04/05 are estimated at 7 mmt, 1 mmt higher than post's previous estimate. The near record corn output of 130 mmt in 2004 resulted in lower than expected domestic prices. To prevent the domestic price from falling, the government increased support for corn exports in 2005. The increased VAT rebate and other subsidies from both central and provincial governments for corn export played a decisive role in maintaining Chinese corn competitiveness in MY04/05. The forecast for MY05/06 corn export is unchanged at 3 mmt. As happened in MY04/05, government decisions in MY05/06 have not been made clear ahead of the fall harvest. Whether to expand support for corn exports will be a key factor in determining Chinese corn's competitiveness.

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

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Preliminary official data showed China's corn output in 2004 reached 130.3 mmt, representing a rise of 12.5 percent over the previous year.

	In 1,000,000 MT	Growth Rate
Corn	130.3	12.5%
Wheat	91.95	6.3%
Rice	179.1	11.5%

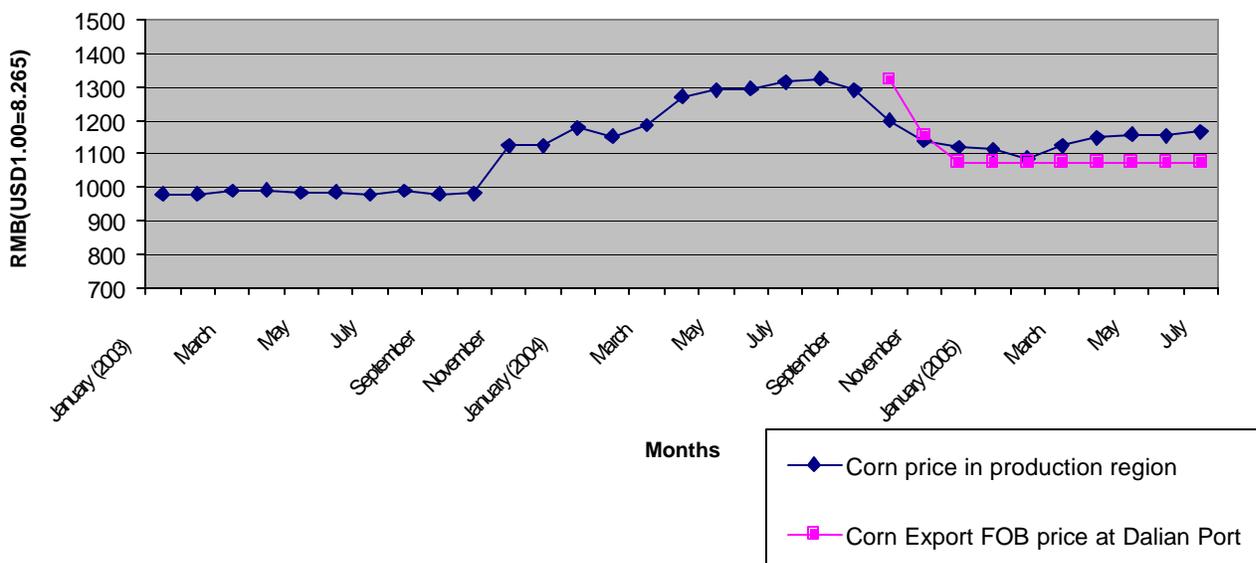
Source: State Grain Administration's report on grain output in 2004

The increased VAT rebate has helped maintain the competitiveness of Chinese corn export. Customs data shows that the average monthly export prices (in FOB) at northeastern Dalian port were lower than the average corn prices in production region. Northeastern port Dalian exported more than 85% of China's total corn export in MY04/05.

China Corn Export Price (FOB in US\$/ Metric Ton)									
Port	Oct 04	Nov 04	Dec 04	Jan 05	Feb 05	Mar 05	Apr 05	May 05	Jun 05
Dalian	160	140	130						

Source: China Customs

China's Corn Domestic Price and Export Price in MY04/05



Source: National Grain & Oil Information Center, China Customs

Because of the government support and the favorable ocean freight rate for Chinese corn, corn exports reached 4.9 mmt in the first half, according to Chinese Customs data.

China's Corn Export in MY 04/05 (to date) in 1,000 metric tons				
Oct-Dec 04	Jan-Mar 05	Apr-Jun 05	Jul-Sep 05	MY Total
435	1,709	3,215		5,359
HS 100590, Source: China Customs				

Trade sources estimate that during the third quarter in 2005, total amount of corn shipments ranges around 1.5 mmt.

Average corn wholesale price in production region and consuming region

China: Average Corn Wholesale Prices		
(RMB/ Metric Ton, USD 1.00 = RMB 8.27*)		
	Production Region/1	Consuming Region/2
National Average		
January (2004)	1178	1355
February	1153	1318
March	1185	1355
April	1270	1415
May	1290	1408
June	1293	1413
July	1315	1440
August	1325	1460
September	1290	1435
October	1200	1385
November	1140	1305
December	1120	1300
January (2005)	1113	1275
February	1088	1243
March	1125	1273
April	1148	1290
May	1158	1285
June	1155	1283
July	1165	1293

* Exchange rate: USD1.00=RMB 8.10 since July

/1 Heilongjiang, Jilin, Shandong and Henan

/2 Tianjin, Fujian, Jiangxi and Hubei

Source: National Grain & Oil Information Center

End of report