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Report Highlights:
This report provides news synopsis of trade policy and agriculture/commodities. Trade policy news include: a risk alert system for exported agricultural products; animal/poultry imports from banned countries; CQC food packaging standard enforcement; regulation on endangered animal and plant imports and exports. Agriculture/commodities news include: 2006 survey results overestimate planted acreage for cotton; unreliable cotton stats; drought imperiling soybean growth in Heilongjiang; new National Livestock Technical Standardization Committee; 2006 1st quarter livestock production; market access system for all food by end of 2006; China’s 1st quarter agricultural trade deficit to reach $1.23 billion; new foot and mouth disease cases.

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

MOFCOM Begins Risk Alert System for Exported Agricultural Products

The Chinese Ministry of Commerce (MOFCOM) and the Native Produce and Animal Byproducts Division of the China Chamber of Commerce for Import and Export of Food Stuffs have officially started a Risk Alert System for Exported Agricultural Products by releasing a Risk Assessment Report on Exported Agricultural Products to Japan. This report is a response to Japan’s implementation of the “Positive List System” for its imported agricultural products covering 302 kinds of foods, 799 kinds of agricultural chemicals, and 54,782 kinds of maximum tolerance standards. The Positive List System will make China’s agricultural exports to Japan much more difficult. The risk assessment report indicates that China’s exports of meat products, vegetables, fruits and fruit products, aquatic products, edible mushrooms or fungus, tea and cereals to Japan will be the most affected commodities. The risk assessment report’s aim is to help Chinese exporting companies reduce trade losses. (China Food Newspaper, 5/29/2006, ZJP)

Imports of Animal and Poultry Products from AI or FMD Countries Banned

The Chinese Ministry of Agriculture (MOA) stated that China now bans both live poultry and poultry product imports from Botswana and Denmark due to outbreaks of highly pathogenic avian influenza (HPAI) in the two countries since May 2006. Additionally, MOA and the Chinese quarantine authority, AQSIQ, jointly issued announcements banning imports of poultry and poultry products from Cote d’Ivoire, Cameroon, Burma, Burkina Faso and Germany due to HPAI since the beginning of this year, also banning live animals and animal products from Argentina and Egypt due to outbreaks of foot and mouth disease (FMD) in those countries. (Farmers Daily, 5/29/2006, ZJP)

CQC Food Packaging Standard to be Mandatory

China Quality Certification (CQC) is a professional certification office within China’s General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). It has 45 branch offices inside and outside China. In the past CQC’s standard was voluntary; it will become mandatory this year. (China Food Newspaper, 5/26/2006, ZJP)

Regulation on Endangered Animal and Plant Imports and Exports Announced

On April 29, 2006, the State Council announced that the Regulation of the People’s Republic of China on the Import and Export of Endangered Animals and Plants will become effective on September 1, 2006. (The People’s Daily, 5/27/2006, ZJP)

Agriculture/Commodities

Survey Results Overestimated 2006 Planted Acreage for Cotton

The National Cotton Market Monitoring Network conducted a survey on planted acreage for cotton in May, and the results showed the actual acreage for 2006 was estimated at 5.268 MHA, up by 4.02% from the previous year, but lower than what the March planting intention survey indicated. The survey also showed that the Yellow River region saw the highest growth at 6.27%, followed by the Yangtze River region at 2.84% and the Northwest region at 1.18%. The current bearish cotton price, the governmental subsidies to grain crops and better returns from other cash crops resulted in a fall in planted acreage for cotton. (CNCotton.com, 5/30/06, WXP)
Cotton Traders Complain the Cotton Statistics Unreliable

As a result of supposedly inaccurate estimated 2006 cotton shortage of about 4 MMT, cotton imports surged in the first months of 2006. Now, overstock is a problem for cotton traders. Many traders complained that the cotton statistics data are calculated based on industry production figures and that this unreliable information led traders to overreact. Because of the complexity of cotton production and consumption and yarn production statistics, traders wish the Chinese government will establish an more objective statistics and forecast system. (Agri.gov.cn, 5/30/06, WXP)

Drought Threatens Soybean Growth in Heilongjiang

Since May 2006, the weather in Heilongjiang, particularly in the Northwest region, remained dry and windy; soybean growth was affected as a result of inadequate soil moisture. Industry sources also reported that the 2006 planted acreage for soybeans in Heilongjiang dropped by at least by 10% from 2005, because of the decreased farm-gate soybean price and increased prices for fuel and fertilizer. (ChinaJCI.com, 5/31/06, WXP)

National Livestock Technical Standardization Committee Set Up

The newly established China National Livestock Technical Standardization Committee held its first meeting on May 30, 2006. It consists of 57 members with the secretariat located at the General Livestock Station at MOA. Its work covers standardization in livestock, poultry, bee, special economic animal stocks and gem plastics, feeding and management, cultivation environment, animal product quality, classification, processing and safety, animal livestock cultivation facilities, veterinary equipment, grass seeds, grass products, grassland construction, and biological protection. (Farmers Daily, 5/31/2006, ZJP)

2006 1st Quarter Livestock Production

Swine and pork: Swine inventory and slaughter increased 2.24 percent and 3.76 percent respectively from the same period of 2005. Pork production increased 4.58 percent.

Cattle and beef: Cattle inventory and slaughter increased 1.53 percent and 3.16 percent respectively. Beef production increased 1.72 percent.

Sheep/goat and sheep/goat meat: Sheep/goat inventory and slaughter increased 3.62 percent and 4.59 percent respectively. Sheep/goat meat production increased 6.79 percent.

Poultry meat and eggs: Poultry meat production increased 1.6 percent and poultry egg production increased 2.61 percent.

Milk: Milk production increased 19.44 percent and cow milk production increased 19.05 percent. (Farmers’ Daily, 5/30/2006, ZJP)

QS Labels Required for all Foods by End of 2006

The QS labeling system will be expanded to apply to 28 food categories covering a total of 525 types of foods by the end of this year, according to a recent conference hosted by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). All food manufacturers must have their production process and products certified by AQSIQ before the products can be sold on the market. Sales of foods without a certification (a QS label) are prohibited. The mechanism, established in 2001, thus far is limited to 370 types of food. (China Inspection and Quarantine Times, 5/31/2006, WBG)
China’s Agricultural Trade Deficit Widening to $1.23 Billion in 1st Quarter

China imported $10.5 billion worth of agricultural products in the first four months of this year, up 27% from the same period last year and 14.5% higher than export growth, leaving a deficit of $1.23 billion in agricultural trade in the 1st quarter. Among the major imported goods, cotton and soybeans are the top two commodities: cotton imports increased by 3 times from last year to $2.17 billion and soybeans increased to $2.15 billion. Experts believe China will maintain its strong momentum of importing raw agricultural commodities in the future. China’s trade deficit in agricultural trade was recorded at $1.14 billion in 2005. (International Business Daily, 6/1/06, WBG)

New foot and mouth diseases in China

On May 29, 2006, the Ministry of Agriculture (MOA) received reports from the Hubei Provincial Veterinary Bureau and the Gansu Provincial Veterinary Bureau, confirming outbreaks of foot and mouth disease (FMD), Asian 1 strain, in Changyang County of Hubei Province and in Jiayuguan City of Gansu Province. Altogether, there were 48 exposed cattle, of which 10 were infected. In total, 48 cattle, 32 pigs and 7 sheep and goats were culled. (Disease Notification from MOA, 5/30/2006, ZJP)