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China, Peoples Republic of

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Edible Bean, Pea and Lentil Situation

2006

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Report Highlights:

China's edible bean, pea and lentil production is forecast to reach 4.5 MMT in 2006—an increase of 28 percent from the previous year due to higher kidney bean prices. Responding to price increases, farmers are expected to raise the pulse acreage by about 20 percent in 2006. China pulse exports are forecast to rise 6 percent to reach 850,000 metric tons in MY06/07 as a result of the predicted increase in production. China's dry pea imports are forecast to continue rising, resulting from the growing consumption of vermicelli both domestically and in export markets.

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Table of Contents

Summary	3
Pulse Production Forecast Up.....	3
Processed Pulse Exports Continue Growth.....	4
Pulse Stocks Insignificant.....	4
Dry Pea Situation	4
The Maximum Level of Selenium in Food to Restrict Dry Pea Imports in 2006	5
China's Vermicelli Exports	5
Majority of China's Pulse Consumed Domestically	6
Tariff and VAT Rate	6
Tables.....	8
1) Pulse PS&D table	8
2) China's Average Pulse Export Price (\$/MT).....	9
3) China's Average Pulse Import Price (\$/MT)	9
4) China Pulse Imports in Metric Tons.....	10
5) China Pulse Imports in \$Millions.....	10
6) China's Pulse Imports by Origin in Metric Tons.....	11
7) China's Pulse Imports by Origin in \$Millions	11
8) China Pulse Exports in Metric Tons	12
9) China Pulse Exports to the World in \$Millions.....	12
10) China's Pulse Exports by Destination in \$Millions	13

Summary

China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 4.5 MMT in 2006—an increase of 28 percent from the previous year due to higher kidney bean prices. During 2005, the Chinese government's policy favored grain and oilseed production; consequently, the acreage for corn, wheat and soybeans rose while pulse acreage declined. Pulse farmers receive no support from the government. The reduced kidney bean production has resulted in price increases for a variety of pulses, including white and red kidney beans. Responding to price increases, farmers in Northeastern and Northwestern China are expected to increase the pulse acreage by about 20 percent in 2006. China's pulse exports are forecast to rise 6 percent to reach 850,000 metric tons in MY06/07 as a result of the predicted increase in production. China's pulse exports in MY05/06 are estimated at 800,000 metric tons, 5 percent lower than the previous year. On the import side, China's dry pea imports are forecast to continue rising, as a result of increased consumption of vermicelli both domestically and in export markets.

Besides for use in vermicelli production, imported dry peas are used for processing various types of instant noodles in coastal regions, where the imported peas are more competitively priced than the domestically produced peas.

Pulse Production Forecast Up

China's pulse production is forecast to reach 4.5 million metric tons in 2006, a million metric tons higher than the estimate for 2005. Regarded as a minor crop, pulse production accounts for less than one percent of China's annual grain and feed output. The forecast increase in kidney bean production contributed the most to the increase in overall pulse production in 2006.

In 2005, in response to higher 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 2005 pushed wholesale prices upward not only for kidney beans but also for other pulses.

Trade sources estimate that the prices for some kidney bean varieties such as white kidney beans and red kidney beans increased by 20-30 percent in 2005. Responding to higher bean prices, farmers will plant more kidney beans in the major pulse producing regions: Heilongjiang, Jilin, Inner Mongolia, and Northwestern China.

There is no Chinese government agency monitoring the domestic market prices of pulses. Customs data on kidney beans do not show prices on bean varieties, but the average kidney prices in January 2006 were 22 percent higher than the same period during the previous year. Customs data show that kidney bean exports accounted for more than half of China's pulse export value in MY04/05 and MY03/04; the northern ports of Dalian and Tianjin export more than 80 percent of the kidney beans.

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

Estimates on China's 2005 Pulse Production Down

Official figures do not exist for China's pulse production. At the end of February each year, the National Statistical Bureau (NSB) releases the data on China's overall grain production for

the previous year. More specific data on major crops including rice, wheat and corn is released in mid May. Based on this data, FAS Beijing estimates output of minor crops like pulses. Post's estimate on pulses in 2005 was based on a wide range of contacts including trade sources, China's Chamber of Commerce and Ministry of Agriculture.

China's 2005 edible bean, pea and lentil production estimate is at 3.5 MMT, a reduction of 28 percent from the previous year due to reduced acreage for pulse crops in major grain producing regions.

2005 Estimated Pulse Production (1,000 Metric Tons)							
Total	Broad Bean	Mung Bean	Kidney Bean	Adzuki Bean	Pea	Lentil	Others
3,500	1,200	650	700	300	500	30	120
<i>Note: Estimates based on trade sources, China's Chamber of Commerce and Ministry of Agriculture</i>							

Processed Pulse Exports Continue Growth

China exports large amounts of adzuki bean paste to Japan and South Korea. In the past, adzuki bean paste fell into 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 84,364 metric tons and were valued at \$62.4 million in 2005, and 12,421 metric tons and \$26.4 million in 2004. Trade sources estimate that China's adzuki paste trade will continue to grow in the coming years.

China Adzuki Bean Paste Export by Destination in 2004-2005					
Rank	Country	2004 (metric tons)	2004 (US \$million)	2005 (metric tons)	2005 (US \$million)
0	World	37,470	26.42	84,364	62.40
1	Japan	35,186	25.04	79,961	59.29
2	Korea, South	1,805	1.04	3,203	2.20
3	Hong Kong	218	0.14	498	0.34
4	United States	139	0.11	360	0.30
<i>Source: China Customs</i>					

Pulse Stocks Insignificant

There is no change from FAS Beijing's previous 2004 pulse report. No official stock figures are available for pulses. Consistent with previous USDA pulse reports, Post estimates stocks at zero. 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, Cuba, and other countries.

Dry Pea Situation

Dry peas accounted for nearly all of China's pulse imports over 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 dish in China that can also be made from dry peas. China's vermicelli processing industry is concentrated in Yantai City, Shandong Province.

While the Chinese pulse industry has representative associations, the Chinese dry pea industry does not. Provincial governments began trying to coordinate with processors to establish a vermicelli association. There are a significant number of vermicelli producers, including over 140 processors in Yantai alone, because of strong local demand for vermicelli in many Chinese dishes and increased demand from foreign markets. As such, production and exports are forecast to continue.

In addition to use in vermicelli production, imported dry peas are used in the production of various types of instant noodles in coastal regions, where the imported peas are more competitively priced than their domestically produced counterparts peas.

The Maximum Level of Selenium in Food to Restrict Dry Pea Imports in 2006

China published and put into effect a new national standard Maximum Level of Contaminants in Food (GB 2762-2005) on October 1, 2005. The standard stipulates the maximum levels of selenium, lead, mercury, cadmium, arsenic, aluminum, and other food contaminants. The maximum level of selenium in cereals is 0.3mg/kg. The maximum level of selenium is unchanged and has been in place since 1991.

In March of 2006, the Chinese General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) issued a warning notice on imported dry peas from Canada and the United States. According to the notice, the selenium content in two U.S. shipments of dry peas exceeded the maximum level. The notice required China Inspection and Quarantine (CIQ) officials to strengthen the inspection of imported dry peas and to deny entry to those shipments with a content exceeding the maximum level of selenium.

Trade sources report that they are very cautious now about importing Canadian and U.S. dry peas. Post looks to industry to discern whether these standards will be problematic for U.S. products and to coordinate with Post on the issue. Industry is encouraged to consult with Post should there be more selenium problems with U.S. exports to China as Post will be monitoring for future trade problems.

China's Vermicelli Exports

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							
		MY99/00	MY00/01	MY01/02	MY02/03	MY03/04	MY04/05
0	All Districts	68,863	72,161	70,030	71,837	73,518	87,522
1	Qingdao	45,570	46,952	44,795	47,524	45,349	55,894
2	Tianjin	14,060	15,560	18,466	16,267	16,134	13,481
	All others	9,233	9,649	6,769	8,045	12,035	18,147

Source: China Customs

Vermicelli Average Export Price at Major Ports in \$/Metric Ton over Certain Periods							
Region	1st Qtr 02	1st Qtr 03	3rd 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
HTS #: 19023020							
Source: China Customs							

The grain price increases in recent years 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 2005 was between 150,000 and 200,000 metric tons. Overall demand for dry peas, mung beans and broad beans that are processed into starch is estimated at 400,000 metric tons in 2005. Industry sources estimate that the sector's growth rate could be over 5 percent annually in the next few years.

Regarding opportunities for U.S. dry pea exports to China, marketing activities by the U.S. industry would help Chinese vermicelli processors become more familiar with U.S. dry pea varieties. During the previous market years, Canadian dry peas accounted for most of China's dry pea imports. According to trade sources, the price of U.S. dry peas has not been as competitive as that of Canadian dry peas.

Majority of China's Pulse 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 of pulse production.

Tariff and VAT Rate

China's Tariff and VAT Rate in 2006 are unchanged from 2005, except for the ASEAN countries. Under a free trade agreement between China and southeastern Asian countries, the import tariff rate on pulses from these countries was reduced to zero in 2006.

2005 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. Equina, <i>Vicia Faba</i> . Minor), other	7%	13%	20.91%
0713.9090	Other dried leguminous vegetables	7%	13%	20.91%
<i>Note: Dried leguminous vegetable seeds all have a zero percent tariff, and the 13 percent VAT can be waived in certain circumstances.</i>				

U.S. companies can 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.

ATO Beijing	ATO Guangzhou	ATO Shanghai
Mr. LaVerne Brabant	Mr. Keith Schneller	Mr. Ross Kreamer
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Tables

1) Pulse PS&D table

Pulses	China, People's Republic of				(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2004		10/2005		10/2006	MM/YYYY
Area Harvested	0	3200	0	3000	0	3600	1000 HA
Beginning Stocks	0	0	0	0	0	0	1000 MT
Production	0	4920	0	3500	0	4500	1000 MT
TOTAL Mkt. Yr. Imports	0	202	0	240	0	260	1000 MT
Oct-Sept Imports	0	202	0	240	0	260	1000 MT
Oct-Sept Import U.S.	0	0	0	0	0	0	1000 MT
TOTAL SUPPLY	0	5122	0	3740	0	4760	1000 MT
TOTAL Mkt. Yr. Exports	0	849	0	800	0	850	1000 MT
Oct-Sept Exports	0	849	0	800	0	850	1000 MT
Feed Dom. Consumption	0	0	0	0	0	0	1000 MT
TOTAL Dom. Consumption	0	4273	0	2940	0	3410	1000 MT
Ending Stocks	0	0	0	0	0	0	1000 MT
TOTAL DISTRIBUTION	0	5122	0	3740	0	4760	1000 MT

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

China's Average Pulse Export Price (\$/MT)								
HTS#	Description	Jan-04	Jan-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
071310	Peas	240	300	400	420	340	330	690
071320	Chickpeas	NA						
071331	Beans, Mung	420	590	560	540	600	580	690
071332	Beans, Adzuki	700	750	610	510	510	480	500
071333	Beans, Kidney	370	390	400	430	450	440	480
071339	Beans, Other	300	450	430	500	460	550	530
071340	Lentils	240	300	330	340	330	340	350
071350	Beans, Broad/Horse	250	330	370	390	400	410	420
071390	Legumes	400	510	450	470	480	630	660
<i>Source: China Customs</i>								

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

China's Average Pulse Import Price (\$/MT)								
HTS#	Description	Jan-04	Jan-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
071310	Peas	240	210	200	200	190	190	190
071320	Chickpeas	NA	NA	NA	660	NA	NA	NA
071331	Beans, Mung	500	370	NA	990	500	NA	360
071332	Beans, Adzuki	350	600	1,970	270	270	NA	NA
071333	Beans, Kidney	390	1,070	NA	NA	NA	330	200
071339	Beans, Other	730	NA	NA	720	NA	1,010	1,040
071340	Lentils	NA	38,000	5,640	600	NA	NA	NA
071350	Beans, Broad/Horse	NA						
071390	Legumes	550	1,000	1,000	1,010	1,010	1,030	1,010
<i>Source: China Customs</i>								

4) China Pulse Imports in Metric Tons

China Pulse Imports in Metric Tons							
HTS#	Description	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05	MY05/06
						Oct-Mar	Oct-Mar
	Pulses	152,453	58,347	74,443	202,081	81,329	252,502
071310	Peas	133,923	48,342	47,129	170,524	65,722	239,011
071390	Legumes	11,819	8,506	14,469	18,290	8,611	12,447
071331	Beans, Mung	2,260	374	10,052	12,640	6,715	315
071333	Beans, Kidney	557	148	100	330	199	126
071332	Beans, Adzuki	1,230	810	1,571	272	72	80
071339	Beans, Other	198	20	88	25	10	510
071320	Chickpeas	2,016		999	0	0	8
071340	Lentils	428	147	35	0	0	5
071350	Beans, Broad/Horse	22	0	0	0	0	0

Source: China Customs

5) China Pulse Imports in \$Millions

China Pulse Imports in \$Millions							
HTS#	Description	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05	MY05/06
						Oct-Mar	Oct-Mar
	Pulses	33.955	18.957	23.501	58.161	24.584	60.023
071310	Peas	26.512	11.068	10.846	35.239	13.542	46.754
071390	Legumes	5.841	7.498	9.134	18.103	8.578	12.462
071331	Beans, Mung	0.598	0.151	3.053	4.133	2.089	0.122
071332	Beans, Adzuki	0.182	0.085	0.202	0.426	0.209	0.124
071333	Beans, Kidney	0.269	0.114	0.038	0.226	0.159	0.031
071339	Beans, Other	0.064	0.014	0.040	0.033	0.007	0.521
071320	Chickpeas	0.407	0.000	0.177	0.000	0.000	0.006
071340	Lentils	0.078	0.027	0.011	0.000	0.000	0.003
071350	Beans, Broad/Horse	0.004	0.000	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 Import by Origin in Metric Tons							
Rank	Country	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05 Oct-Mar	MY05/06 Oct-Mar
0	World	152,453	58,347	74,443	202,081	81,329	252,502
1	Canada	129,112	43,366	45,442	168,595	64,803	227,200
2	India	10,183	8,040	13,190	17,928	8,260	11,888
3	Myanmar	2,847	485	9,351	9,519	4,359	621
4	Indonesia	11	0	0	2,559	2,313	0
5	United Kingdom	5,203	3,898	1,721	841	626	1,675
6	Thailand	731	337	583	541	120	46
7	Australia	378	312	466	535	46	208
8	United States	315	568	344	485	339	9,871
9	New Zealand	742	269	379	299	107	67
10	Taiwan	66	108	100	187	81	84
	All Others	2,866	965	2,867	594	276	842

Source: China Customs

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

China's Dry Bean, Dry Pea, and Lentil Imports by Origin in \$Millions							
Rank	Country	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05 Oct-Mar	MY05/06 Oct-Mar
0	World	33.955	18.957	23.501	58.161	24.584	60.023
1	Canada	23.947	8.541	9.111	33.427	12.893	43.744
2	India	5.030	7.175	8.359	17.638	8.263	12.232
3	Myanmar	0.556	0.121	2.737	3.146	1.398	0.179
4	Australia	0.723	0.702	0.654	0.802	0.106	0.113
5	Indonesia	0.003	0.000	0.000	0.753	0.679	0.000
6	United Kingdom	1.533	1.293	0.804	0.495	0.367	0.734
7	United States	0.283	0.359	0.305	0.493	0.243	2.052
8	Japan	0.033	0.010	0.014	0.430	0.220	0.119
9	Thailand	0.278	0.157	0.300	0.278	0.064	0.024
10	Taiwan	0.105	0.184	0.114	0.249	0.086	0.099
	All Others	1.464	0.415	1.103	0.451	0.266	0.728

Source: China Customs

8) China Pulse Exports in Metric Tons

China Pulse Exports in Metric Tons							
HTS#	Description	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05	MY05/06
						Oct-Mar	Oct-Mar
	Pulses	756,959	1,123,558	805,806	849,142	518,455	517,416
071333	Beans, Kidney	430,121	665,626	469,418	587,558	361,494	369,654
071331	Beans, Mung	166,982	276,254	157,482	123,383	67,284	74,851
071332	Beans, Adzuki	77,366	62,441	68,266	54,667	30,761	26,811
071340	Lentils	13,378	37,283	33,520	33,637	24,842	16,694
071350	Beans, Broad/Horse	21,253	24,901	30,531	25,955	17,013	14,127
071390	Legumes	22,982	21,420	17,790	11,288	7,927	5,630
071339	Beans, Others	16,268	25,014	22,344	8,865	6,382	8,655
071310	Peas	3,884	6,671	6,391	3,739	2,705	994
071320	Chickpeas	4,724	3,947	62	48	48	0

Source: China Customs

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

China Pulse Exports to the World in \$Millions							
HTS#	Description	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05	MY05/06
	World					Oct-Mar	Oct-Mar
	Pulses	291.717	381.143	321.706	376.002	220.566	236.018
071333	Beans, Kidney	166.450	219.442	170.274	224.389	137.164	159.970
071331	Beans, Mung	69.374	103.403	68.255	75.013	38.050	42.695
071332	Beans, Adzuki	30.229	25.107	49.722	42.823	22.894	14.504
071340	Lentils	3.597	9.295	8.770	10.124	7.393	5.518
071350	Beans, Broad/Horse	7.140	7.254	8.955	9.812	6.364	5.672
071390	Legumes	6.555	6.478	7.215	8.208	4.667	3.134
071339	Beans, Other	6.266	7.413	7.030	4.526	3.259	4.150
071310	Peas	0.720	1.555	1.470	1.100	0.767	0.376
071320	Chickpeas	1.386	1.197	0.015	0.008	0.008	0.000

Source: China Customs

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

China's Dry Bean, Dry Pea, and Lentil Exports by Destination in \$Millions							
Rank	Country	MY01/02	MY02/03	MY03/04	MY04/05	MY04/05 Oct-Mar	MY05/06 Oct-Mar
0	World	291.717	381.143	321.706	376.002	220.566	236.018
1	Japan	51.842	49.905	63.221	68.279	38.196	27.522
2	Cuba	22.396	52.966	20.295	40.790	16.141	14.364
3	Korea, South	12.527	10.994	24.232	24.055	12.118	10.994
4	Italy	16.651	14.527	19.072	18.852	13.535	15.229
5	Venezuela	7.772	5.755	12.916	18.315	16.422	14.868
6	Algeria	2.167	13.486	12.000	13.800	6.924	5.978
7	Pakistan	8.880	9.098	8.194	13.726	7.025	11.765
8	India	12.928	39.262	13.481	12.461	8.145	15.062
9	United States	12.184	6.988	7.094	11.650	6.059	6.979
10	South Africa	4.301	28.560	27.528	11.052	7.998	20.610
11	Turkey	22.395	19.456	4.886	10.936	10.455	9.360
12	Belgium	7.741	8.695	7.160	9.327	6.213	6.285
13	Netherlands	5.190	4.740	5.373	7.810	4.751	4.055
	All Others	104.743	116.709	96.254	114.948	66.583	72.949

Source: China Customs