



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 8/25/2006

GAIN Report Number: CH6073

China, Peoples Republic of

Agricultural Situation

Newsflash I.13

2006

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Report Highlights:

This report includes a news synopsis of trade policy and agricultural/commodities in China. Trade policy includes: Five-Year-Plan provides greater quality of agricultural exports, China suspends poultry imports from the State of Pennsylvania, China eliminates rail construction tax for exported grain Agricultural/Commodities includes: FGHY forest planting growing fast in Guangxi province, Log imports from Fujian Putian port rapidly increased in the last three months, China rejects U.S. milk powder exports due to excessive nitrate levels, China's dairy production growing fast in the first half of 2006, Sugar output in MY06/07 expected to exceed 10MMT

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

Trade Policy

Five-Year-Plan provides greater quality of agricultural exports

On August 24, 2006, the Ministry of Commerce (MOFCOM) released the first Five-Year-Plan (2006-2010) for agricultural exports with a greater focus on quality. China's agricultural exports dropped from 8 percent of China's total exports in 1995 to 4 percent in 2006. By 2010, China projects agricultural exports will reach US\$38 billion with a 7 percent annual increase. (People's Daily, 8/24/2006, ZJP)

China suspends poultry imports from the State of Pennsylvania

The Ministry of Agriculture (MOA) and the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) jointly suspended poultry imports from Pennsylvania due to an outbreak of low pathogenic avian influenza, H5N2 strain, on July 12, 2006. The suspension became effective August 17, 2006. All poultry product produced or shipped in the State of Pennsylvania after this date will be returned or destroyed. (China Food Newspaper, 8/24/2006, ZJP)

China eliminates rail construction tax for exported grain

The National Development and Reform Commission (NDRC) recently eliminated rail construction tax for all exported grains (including feed grains) effective August 20. The current rail construction tax is 0.03 RMB (US\$ = 8RMB) per metric ton per kilometer. (NDRC web site, www.ndrc.gov.cn, 8/24/06, WBG) COMMENT: This measure will not significantly impact trade.

Agriculture/Commodities

FGHY forest planting growing fast in Guangxi province

Guangxi's fast-growing-high-yielding (FGHY) forest expanded rapidly in recent years driven by the market demand resulting from the fast development of local paper and the wood-based panel industry. Support policies such as tax cuts and logging priority greatly contributed to the expansion. Guangxi's annual logging quota during the 11th Five-Year amounts to over 13 million cubic meter, positioning it as the top producing forestry products province in China. Guangxi plans to plant 10 million mu of FGHY forests during the 11th Five Year. (China Green Times, 08/21/2006, ZL)

Log imports from Fujian Putian port rapidly increased in the last three months

Fujian Putian is the only port that accepts untreated Alaska logs in China. According to local sources, log imports from Putian port totaled 50,000 m3 from May to July. Another 50,000 m3 are expected to arrive to port shortly. Local industry indicated that Alaska log imports increased rapidly in the first half year of 2006. (Chinawood, 08/23/2006, ZL)

China rejects U.S. milk powder exports due to excessive nitrate levels

The General Administration of Quality Supervision Inspection and Quarantine (AQSIQ) has instructed Inspection and Quarantine Offices (CIQs) at entry ports to strictly inspect nitrite levels in imported milk powder. China recently found 3 shipments (102 MT) of imported milk powder from the United States containing nitrates in excess of maximum residue limits. The first two shipments have already been shipped back the United States and the last shipment will soon be returned. The 102,000 kilograms of milk powder produced by West Farm Inc. has an estimated worth of US \$200,000, according to AQSIQ. AQSIQ officials reported that samples from the three batches of imported milk powder were found to contain 2.8 mg, 4.4 mg, and 2.7 mg of nitrite for every kilogram of milk powder, exceeding the allowable nitrite limit of two mg per kilogram. The Chinese importer intended to use the milk powder as raw material for chocolate production. (China Food Newspaper 8/24/2006)

China's dairy production growing fast in the first half of 2006

China total dairy production from Jan-Jun, 2006, reached 7.37 MMT, a 24-percent increase over the same period in 2005. Fluid milk production made the largest gain to 6.32 MMT, up 27 percent from the previous year. (China Food Newspaper, 8/24/2006, ZJP)

Sugar output in MY06/07 expected to exceed 10 MMT

Sugar output in MY 06/07 is expected to exceed 10 MMT as a result of increased area for sugar beet and cane in major production provinces. In response to a rise in sugar prices, planted area for sugar cane and beet has risen respectively in southern and northern China. The cane area in Guangxi, Yunnan, Guangdong and Hainan rose 12 percent in 2006 and the beet area in northern China also by 22 percent in 2006. MY05/06 sugar output was 8.82 MMT, according to the Chinese Sugar Association. (China Food News paper, 8/24/2006, JJY)