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Increasing Food Prices

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Report Highlights: On April 16, China's National Bureau of Statistics announced that the CPI for the first quarter of 2008 grew eight percent. This increase was partially a result of a 21 percent increase in food prices, which account for about one third of China's CPI. These increases are mostly attributed to cost-push inflation, increased consumption, and greater demand for food products throughout China. Short global agricultural commodity supplies, devastating winter storms, and animal diseases have also contributed to sharp increase in food prices over the last year in China. The central government has responded with various measures to decrease producer costs and maintain domestic supplies, leading to a generally increased level of government intervention in the market.

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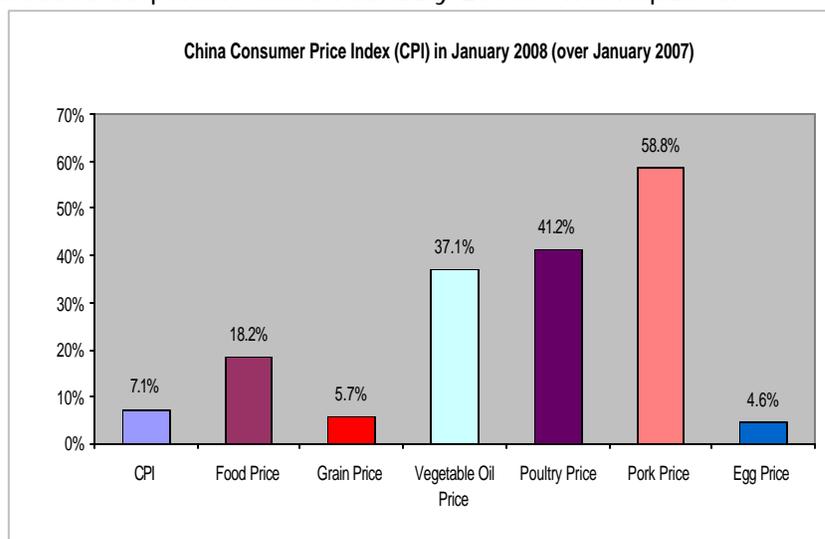
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Rising Food Prices in China

On April 16, 2008 China's National Bureau of Statistics announced that the Consumer Price Index (CPI) for the first quarter of 2008 grew eight percent, compared with 2.7 percent in the first quarter of 2007, and well above the government's target of 4.8 percent. Food prices, which account for about one-third of China's CPI, rose 21 percent in the first quarter of 2008 compared to a year ago. These increases can mostly be attributed to inflationary pressures resulting from global commodity (food, energy, and raw materials) price rises. However, this trend is compounded by China's rising incomes and the pressure resulting from an overall increase in consumption. Urbanization of prime arable land and supply shortfalls in certain food categories because of animal diseases and winter snowstorms have also contributed to rising inflation. In February, China's inflation rose to 8.7 percent, its biggest jump in 12 years. Producer prices also continued rising, up six percent in January. This cost-push inflation was driven by the increase in the cost of raw materials, farm labor, and fuel and transportation costs. Premier Wen Jiabao has said the primary task for China this year is to curb inflation and maintain food prices.

Higher prices for staple goods like pork, wheat, and soybeans have the most widespread impact throughout the country. Pork prices increased 69 percent in February 2008, with beef and lamb not far behind. Wholesale prices for corn and wheat flour have increased an average of 18 and 9 percent, respectively, from 2006 to 2007. Similarly, the price of soybeans increased 35 percent. However, price increases are not confined to staple foods in China. In Beijing's Xinfadi Primary Product Market, the largest wholesale food market in the city, the price of cabbage has increased 50 percent since February 2008. The impact of higher food prices is more severe in China's rural areas and for poor urban consumers, where families spend around half of their income on food.

Food price increases are impacting China's restaurant sector as well. Fast food chains McDonald's and KFC, the largest chain restaurants in China, have raised prices for a number of products. In February 2008, KFC raised the price of a sandwich to 13.5 Yuan (nearly \$2), citing "the continuous increase of raw material, labor, water, and electricity costs." (China Daily March 26, 2008)



Variety of Contributing Factors Lead to Increasing Government Intervention

There have been a variety of external and internal factors that have led to this inflationary situation, but the general Chinese response has been to increase governmental involvement in the market in order to protect the perceived public interest. This increased control and intervention reverses moves over the past several years toward more openness in domestic markets and trade. It is uncertain if this is a short-term response to inflation and global prices or will be a longer term trend.

The main market factors influencing prices have been: 1) tight grain supplies (especially exportable supply); 2) higher commodity price transmitted through rising vegetable protein and oil imports; 3) animal disease outbreaks; 4) winter 2008 storms; and 5) increasing cost

of various farm inputs. China's response to the inflationary challenge has included: 1) disincentives for food and grain exports; 2) fertilizer and farm input export taxes; 3) investment restrictions; 4) increased farm subsidy and insurance programs; 5) farm tax reductions; 6) Renminbi appreciation; 7) food price caps; 8) consumption subsidies; and 9) increased national stockholding.

Each of the following sections will briefly summarize these factors and reference the previous GAIN report that contains the original or full information. Table 1 at the end of the report details wholesale market prices for the key agricultural commodities in China.

Supply and Demand Factors

Corn and Grain Supplies Not Immediate Concern

Considering the high level of overall production in grains in China, the country is fairly isolated from global markets and prices because China neither exports nor imports a significant percentage of any grain product. This situation is a result of high transportation costs and poor logistics to export terminals, high and increasing domestic demand, and government incentives for local use. Nonetheless, China retains a fairly fine balance between supply and demand in many grains.

China's corn production was adversely impacted by persistent drought in May-July 2007, resulting in a six percent decrease in MY07/08. Increases in the livestock sector and expanded industrial use have also put pressure on domestic corn supplies, resulting in higher prices. This situation also prevented Chinese corn exporters from exporting significantly more corn to nearby South Korean or Japanese markets at the current high international prices. MY07/08 corn and wheat prices are up 18 and 9 percent, respectively, over the previous year. The average rice price has been slightly lower than the previous year. (See GAIN Report CH8001).

Historically, China has been extremely apprehensive about reducing its stocks or strategic reserves, out of fear it could lead to social unrest. In its transition from a state planned economy to a market economy, the central government has reacted in the past by implementing price controls to curb inflation and prevent higher prices.

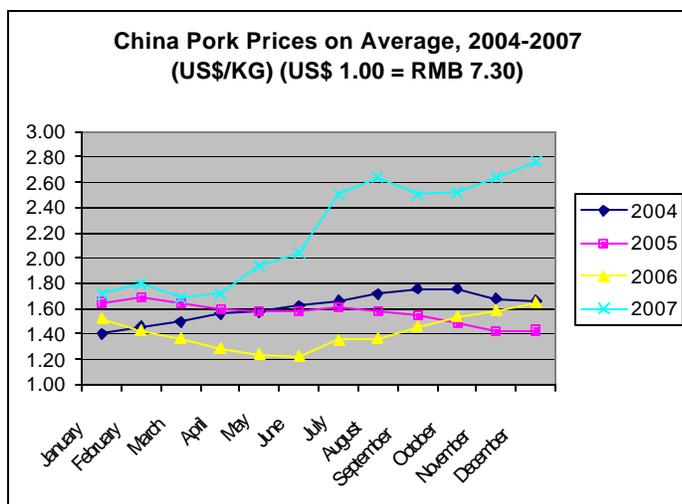
China As Oilseed and Vegetable Oil Price Taker

China's increasing level of dependency on imports for oilseed and vegetable oils means that its domestic markets are guided by international prices. In soybeans in particular, the high level of imports means that China has influence on the international market although it remains a price taker. The influence of international prices in oilseeds and vegetable oils on domestic markets clearly makes Chinese leaders uncomfortable, resulting in many of the recent policy changes.

In 2007, China's soybean prices increased in response to the global price surge for grain and oilseeds. At the end of 2007, the China National Grains and Oils Information Center reported that wholesale prices for soybeans, soybean meal, and oil soared by 62, 70 and 45 percent, respectively from January 2007. (See GAIN Report CH8010).

Animal Diseases Contribute to Higher Food Prices

In May 2007, an outbreak of Porcine Reproductive and Respiratory Syndrome (PRRS, or Blue Ear Disease) caused a loss of an estimated 40 million pigs and resulted in a pork price increase of 45 percent compared to 2006. High prices also caused a shift in consumption as Chinese cut consumption and altered their diet to include more poultry, beef, and soy products. The high pork prices and strong demand fueled U.S. pork exports to China, which increased 73 percent from January to July 2007.



Since 2003, Highly Pathogenic Avian Influenza (HPAI) outbreaks in China have impacted poultry production. However, the outlawing of live poultry wet markets, the implementation of other regulations governing production and reduced HPAI outbreaks in 2007 have kept broiler prices below pork prices. China's average year-on-year wholesale broiler price in 2007 climbed 31 percent, to U.S. \$1.30 per kilogram, while the live chicken price went up by 39 percent, to \$1.45 per kilogram (See GAIN Reports CH8013 and CH8014).

Impact of Winter Snow Storms

In January and February 2008, China experienced its worst winter storms in 40 years. The severe weather affected roads and railways, disrupting supply channels in cities, villages, and especially remote areas. The weather also damaged or destroyed crops and transportation delays resulted in food shortages on store shelves. Temporary price increases of over 100 percent were experienced in some of China's 12 southern provinces hit by the storm.

Power disruptions and coal shortages created problems for China's southern animal and poultry farms. The storms killed 63.1 million poultry birds, 4.09 million pigs, 393,000 cattle, and 1.38 million sheep and goats. There were 2,028 breeding animal and poultry farms impacted by the disaster.

The storm also caused damage to the spring 2008 rapeseed, fruit, and vegetable crops. While the MY08/09 rapeseed planted area is forecast at 7.1 MHa, up eight percent over the previous year, harvested area is forecast to be only 6.7 MHa because of storm damage. China's MY08/09 citrus production is expected to decrease by 10-15 percent as a result of freezing temperatures during the storms. In Liaoning province, an estimated 500,000 tons of vegetables rotted before reaching consumers. The same was true in the southern provinces, where most of China's vegetables are produced. In total, the storms resulted in economic losses totaling RMB 151.7 billion (\$21.4 billion).

Increasing Cost of Farm Inputs

Water Quality & Quantity

There is no official regulation of water prices in China and the lack of a price mechanism leads to overuse of water in some areas for agriculture. Before 1985, most consumers were not charged for water use and it was viewed as being a universally-owned commodity. Agriculture and industry were not encouraged to invest in water treatment or water conservation infrastructure. Recent reforms to water policy are slowing beginning change, but experts suggest that water is still purchased at close to 10 percent below cost for fear of slowing economic growth. The larger concern is a chronic shortage of water in China's Northern provinces. A decreasing water table and the encroaching of the Gobi Desert present serious availability concerns for China's agriculture. Water for agricultural use accounts for $\frac{3}{4}$ of China's total volume consumed and is priced at 0.03 Yuan (40 cents) per cubic meter, according to the World Bank. Water quality is also an issue due to the high level of industrial pollution and lack of appropriate sanitation facilities.

Labor Shortages Increasing

The February 21, 2008 census published by the National Statistics Bureau states that industrialization and urbanization have attracted more than 131.8 million rural laborers to cities, with male labor accounting for 64 percent of the total, causing a falling labor supply in the countryside. According to the Green Book on Population and Labor published by the China Academy of Social Sciences in 2007, three-fourths of Chinese villages have no extra youth to emigrate to cities. Even for those who stay on the farm, paid work in the village is often more attractive than farming.

On January 1, China's new Labor Contract Law (LCL) went into effect. The LCL compliments China's 1994 Labor Law and the Trade Union Law, amended in 2001. Its purpose is to promote the use of labor contracts to better protect the legal rights of workers. To that end, the LCL breaks new ground in non-competition clauses, collective consultation and contracts, tightening rules on part-time and temporary workers, and regulates labor contracting agencies. This law may attract even more rural labor to urban areas because it mandates a package of benefits and salaries that farms have difficulty matching. The law also requires employers to provide proper benefits and salaries, which may increase costs further.

Government Policy Changes

Government Intervention to Curb Inflation

Premier Wen Jiabao has said the primary task for China this year is to curb inflation and maintain food prices. At the National Party Congress meeting in March 2008, Ministry of Agriculture Vice Minister Wei reiterated the Central Government's commitment to guarantee food security and keep food prices down. In January, the Central Government announced a series of measures to "reduce inflation expectations of the public." These measures included a freeze on the price of gasoline, natural gas, and electricity, as well as price controls for a number of staple products including cooking oil, pork, eggs, instant noodles, milk, and grains. China is also expected to put more imported meat from strategic reserves on the market to curb meat prices and support consumption. The government insists this intervention is only a means to stop "unreasonable price hikes," and has promised to subsidize companies to offset any loss they suffer as a result of government intervention.

Renminbi Appreciation

As part of its effort to curb imported inflation, China has allowed the Yuan to rise 4.18 percent against the dollar in the first quarter of 2008, compared to a rise of seven percent during 2007. To help control lending that contributes to China's overheating economy, the Central Bank announced on April 16 it will raise commercial banks' reserve requirement ratio by 50 basis points to 16 percent, up from 10 percent a year ago. The central government has increased interest rates six times since January 2007, and although the CPI's rate of increase has slowed slightly since February 2008, economists believe the overall inflation rate remains very high.

Disincentives for Grain Exports and Grain-Based Biofuels

Effective December 20, 2007, the Chinese Ministry of Finance and State Taxation Administration jointly published a notice removing the export rebate on wheat, paddy rice, rice (milled), corn, other cereals, soybeans, and their derived flour byproducts. The removal covers 84 products with HS codes ranging from 100110 to 120810. Prior to December 20, 2007, most of these agricultural products were entitled to a 13 percent rebate of their declared value at exporting ports. This export subsidy constituted the bulk of the profit for grain traders. In early January 2008, the central government announced it would also levy provisional export taxes on grains and their flour products to further discourage exports. These policies are designed to address concerns over rising domestic food prices and

criticism that food exports might be contributing to inflationary pressures (See GAIN Report CH7093 and CH8001).

In addition to the removal of the export rebate and the new taxation measure, the Chinese government also announced that exports of wheat, corn, and rice flour products would be subject to export license management beginning January 2008. The license regime is intended to cap the export volume of such products in case flour product exports were still viable despite the high export tax rate. Post estimates that the combination of recent policy shifts will greatly reduce China's exports of grains and flour products in MY07/08 and for as long as the policy remains in place.

Rising international fuel prices in 2006 propelled a leap in China's ethanol exports, which rose over 500 percent from 2005. Chinese government concerns that the development of export oriented ethanol plants might lead to domestic grain shortages led to the elimination of the 13-percent VAT rebate on ethanol exports, in January 2007, which resulted in an 87 percent drop in ethanol exports in 2007. The government also stopped approving new corn biofuels processing plants in 2007 and 2008 and continues to limit ethanol exports. Essentially, ethanol production plants were the government's scapegoat to tighter domestic supplies and higher world prices for corn. Protecting against a major grains shortage seems to be the central government's chief imperative in the agricultural sector.

New Fertilizer Duties

In an April 17 posting on its website, the Ministry of Finance (MOF) announced the State Council Tariff Committee will impose a 100 percent special export duty on fertilizer and related material exports between April 20 and September 30, 2008. This will affect 32 tariff lines including phosphoric acid, ammonia, nitrogen, phosphate, potash, and compound fertilizer. This is the second such action in 2008. On February 15, the government imposed export duties on four kinds of fertilizers. MOF stated that runaway exports resulted in domestic supply strain and price increases as demand began to soar in tandem with the spring planting. The tariff increase is intended to help restrain rising prices and guarantee an abundant grain harvest for the year. Over the last 10 years China has transitioned from being a net importer of phosphate fertilizer to being a net exporter. The United States has been the hardest hit by this shift, since it previously supplied 95 percent of China's phosphate imports.

Restrictions on Investment

On December 1, 2007 the State Council's "Industrial Catalog for Foreign Investment (2007 Amendment)" became effective. It is designed to provide information for Chinese and foreign companies regarding governmental investment and industrial policy. Specifically, it provides guidance for investments that the Chinese Government favors, discourages, or bans.

The new investment catalogue shows China's continued concern about foreign participation in the food sector and its perceived impact on food security. Three particular areas are a concern for U.S. companies: seed production and development, soybean processing, and distribution services. China has incrementally increased the threshold for development and production of conventional seeds and continues to completely ban investment in the genetically enhanced seed business. Restrictions on the seed industry seem contradictory to China's aim of increasing agricultural productivity, but China's agriculture establishment sees this as a way to protect the many small domestic firms and technology from competition from multinational companies. The addition of soybean processing to the catalogue shows the government's concern over consolidation in the crushing industry and the multinationals strong position with efficient, modern crushers located in the more logistically advantageous coastal provinces. Lastly, distribution services restrictions may limit the ability of retailers to

develop their own solutions to delivery or storage problems, particularly as they move farther into second and third-tier city markets.

Subsidies and Other Support for Staple Products

Farm Machinery for Grains

In 2007, the central government provided \$267 million (RMB 2 billion) for the purchase of farm machinery, up 230 percent from 2006. This program covered two thirds of agricultural counties nationwide, though some of the criteria for distribution and usage remains unclear. Complementing central government funds, the provincial governments provided \$173 million (RMB 1.3 billion) in 2007, up 14 percent from the previous year. The subsidy offsets the cost of purchases by reimbursing the farmer or compensating the seller for 20 to 30 percent of the purchase price. The subsidy mainly supported the mechanization of wheat harvesting and rice planting. In 2007, the government also started trials on mechanized corn harvesting.

Fuel and Fertilizer for Grains

In 2007, a comprehensive subsidy on fuel and fertilizer for grain farmers totaled \$3.6 billion (RMB 27.6 billion), up 120 percent from the previous year. The program, started in 2006, intends to partially compensate farmers for price increases in fuel, fertilizer, and other agricultural inputs. According to the Ministry of Finance, the comprehensive subsidy averaged about \$14.50 per farm household in 2007.

Seed and Machinery for Oilseeds

In 2007, the government initiated a new plan to boost domestic oilseeds production, including soybeans, rapeseed, and peanuts. According to the Ministry of Agriculture, the soybean area receiving seed and machinery subsidies (\$20-30/Ha) expanded to 2.7 MHa in MY08/09 from the 670,000 Ha in MY07/08.

Insurance for Pork Production

From July 1, 2006 – June 30, 2007, the government provided RMB 50 (\$7) cash for swine farmers for each producing sow, which benefited approximately 46.89 million head. The project was expanded to RMB 100 (\$14.10) from July 1, 2007 – June 30, 2009. The government also provided subsidies for producing sow insurance, with the premium for each head costing RMB60 (\$8.5) and the government paying 80 percent of that cost. In 2007, China invested RMB 2.5 billion (\$352 million) to support standardized animal production. The same amount will be spent in 2008. To ease farmers' cash flow and encourage stable pork production, the bank loan pay-back period was extended from one to three years for swine farmers with difficulties.

Elimination of Agricultural Tax

Since 2004, the government has begun reducing agricultural taxes on farmland to help encourage production, while simultaneously introducing direct payments. Prior to 2004, there was a seven percent tax on all agricultural production. In 2006, the government announced that all provinces had eliminated the agricultural tax.

National Stocks

While stock levels are considered a national secret by the Chinese government and this issue remains a very difficult problem in forecasting supply and demand. However, in 2007 and 2008 Chinese government sources have repeatedly announced additional purchases of agricultural commodities for public stockholding. These announcements suggest that public stocks of soybeans, soybean and other vegetable oils, sugar, and meat are increasing.

Post forecasts ending stocks for MY08/09 to be 35.4 MMT, down 1.4 MMT, from the previous year as domestic consumption outpaces production. Although the National Statistical Bureau (NSB) surveyed stock levels of government entities, the survey data was not made public and is, at best, incomplete. Prior to 2007, the central government provided export supports to provinces holding national corn stocks, but to help control China's domestic grain supply these export incentives have been abolished. (see GAIN report CH7015). Post forecasts that ending stocks for wheat in MY08/09 will be 42.6 MMT, up by 2.5 MMT, from the previous year as a result of four straight years of bumper harvests. Ending stocks are forecast to reach 38.6 in MY08/09.

Price Controls & Consumption Subsidies

Finally, the Chinese government has tried to impose price controls and subsidize consumption. For some commodities, merchants must ask permission from the central government before raising prices. At the same time, there are many different consumption subsidies across the country that variously target students, orphans, the elderly or others.

U.S. Government Response

USAID's activities in China are limited to assisting certain disadvantaged communities, a regional HIV/AIDS program in Guangxi and Yunnan provinces, and support for American Schools and Hospitals abroad. While inflation and increasing food prices are regularly addressed during Country Team and Econ Cluster meetings, no specific group has been established to work on these issues.

Agricultural Crop Sown Area in Million Hectares

Year/Crop	Rice	Wheat	Corn	Soybeans	Cotton	Rapeseed	Tubers	Peanut	Vegetables	Sunflower
2002	28.2	23.9	24.6	9.6	4.2	8.5	9.9	5	17.4	NA
2003	26.5	22	24	9.5	5.1	8	9.7	5.4	18	1.2
2004	28.4	21.6	25.4	9.6	5.7	7.3	9.5	4.7	18.5	0.9
2005	28.8	22.8	26.4	9.6	5.1	7.3	9.5	4.7	17.7	1
2006	29.3	23	27	9.3	5.4	6.9	9.5	4.6	18.2	1
*2007	29.3	23	27.5	8.6	5.5	6.5	9.5	4.6	18.2	1

Source: State Statistics Bureau. *Estimates by USDA and FAS/China.

Outlook for Production

Total sown area for all crops is expected to remain generally stable at more than 150 million hectares. Grains and oilseeds account for the largest share, though the planted area for vegetables and other horticultural products is increasing. Many of China's farmers use multiple cropping, which demands enormous year-round agricultural resources - water, seeds, fertilizer, and labor. China's central government estimates that the 2008 sown area for grain crops will increase by three MHa over 2007, mainly because of the government's efforts to increase the national grain supply and contribute to the national reserve. Additionally, a decline in soybeans and rapeseed production because of lower farmer profits the previous season will also contribute to an increase in grain plantings in China. Total sown area for all crops is unlikely to fluctuate dramatically because of the limited availability of arable land. However, the planted area designated for individual crops may vary slightly from year to year in response to the market situation.

Agricultural Crop Yields in Metric Ton per Hectare

Year/Crop	Rice	Wheat	Corn	Soybeans	Cotton	Rapeseed	Peanut
2002	6.2	3.8	4.9	1.7	1.2	1.5	3
2003	6.1	3.9	4.8	1.6	1	1.6	2.9
2004	6.3	4.3	5.1	1.8	1.1	1.8	3
2005	6.3	4.3	5.3	1.7	1.1	1.6	3
2006	6.2	4.55	5.4	1.7	1.25	1.8	3.2
*2007	6.2	4.6	5.4	1.6	1.25	1.7	3.2

Source: State Statistics Bureau. *Estimates by USDA and FAS/China.

Monthly Wholesale Price Data

Monthly Wholesale Ag Product Average Prices In RMB/KG								
Year	Month	Rice	Corn	Wheat	Soybeans	Beef	Pork	Poultry
2006	Jan	2.37	2.33	2.27	3.34	16.63	11.09	7.85
	Feb	2.28	2.31	2.22	3.27	17.21	10.80	7.85
	Mar	2.43	1.96	2.23	3.23	16.46	9.96	7.61
	Apr	2.33	1.88	2.16	3.28	16.76	9.57	7.62
	May	2.38	2.12	2.20	3.38	16.42	9.42	7.73
	Jun	2.42	1.88	2.14	3.26	16.14	9.30	7.46
	Jul	2.22	1.87	2.02	3.13	16.38	10.41	8.25
	Aug	2.28	1.97	2.13	3.48	16.56	10.93	8.39
	Sep	2.38	2.01	2.23	3.30	16.84	11.66	9.06
	Oct	2.36	1.72	2.12	3.01	16.31	11.75	9.33
	Nov	2.42	1.94	2.28	3.21	16.21	12.49	9.49
	Dec	2.45	2.08	2.29	3.23	16.63	13.18	9.24
2007	Jan	2.52	2.21	2.40	3.58	17.43	13.71	9.10
	Feb	2.52	1.94	2.28	3.44	17.83	13.61	9.75
	Mar	2.61	2.02	2.27	3.48	17.17	13.01	9.95
	Apr	2.61	2.01	2.28	3.43	17.52	14.80	10.31
	May	2.60	1.89	2.29	3.44	17.60	15.61	10.60
	Jun	2.67	1.73	2.26	3.49	18.61	16.48	11.83
	Jul	2.76	1.75	2.29	3.45	19.50	20.07	11.72
	Aug	2.74	1.88	2.36	3.78	20.75	20.02	12.28
	Sep	2.79	1.93	2.39	3.80	21.46	18.60	11.80
	Oct	2.76	1.94	2.36	4.12	22.28	18.43	11.46
	Nov	2.76	2.19	2.42	4.72	23.53	20.02	11.02
	Dec	2.76	2.21	2.55	5.00	24.83	21.75	11.11
2008	Jan	2.81	2.12	2.54	5.18	27.59	23.24	11.70
	Feb	2.79	2.23	2.59	5.63	28.83	23.24	11.94
	Mar	2.73	2.65	2.56	6.23	27.84	23.04	12.08

Monthly Wholesale Ag Product Average Prices (cont.)						
Prices in RMB/KG						
Year	Eggs	Vegetables	Fruits	Soybean Oil	Palm Oil	Vegetable Oil
2006	4.69	2.42	5.41	5.95	4.56	6.32
	4.57	2.01	4.41	5.87	4.55	6.14
	4.37	2.18	4.27	5.83	4.69	6.34
	4.34	2.00	4.10	5.79	4.73	6.38
	4.40	1.60	4.01	5.80	4.78	6.47
	4.51	1.08	3.82	5.83	4.88	6.23
	5.14	0.85	4.21	5.78	4.80	6.38
	5.63	0.97	3.58	5.81	4.48	6.61
	6.08	1.29	4.55	6.00	4.68	6.69
	5.94	1.14	3.97	5.83	4.61	7.16
	6.02	1.41	6.35	6.59	5.16	7.62
	6.26	1.73	4.95	6.92	5.82	7.88
2007	5.85	1.67	4.60	7.49	5.88	8.76
	6.24	1.96	4.81	7.51	6.30	8.43
	5.92	1.93	3.96	7.32	7.23	8.05
	6.51	1.57	3.47	7.43	7.43	8.30
	6.79	1.50	3.29	7.70	7.79	8.47
	6.50	1.22	3.00	8.19	7.72	9.00
	6.39	1.44	2.54	8.18	7.82	9.19
	6.99	1.57	2.53	8.73	8.17	9.49
	7.01	1.53	3.43	8.89	8.45	9.80
	6.77	1.81	3.30	9.05	8.50	9.98
	6.44	1.72	4.80	9.79	9.03	10.67
6.22	1.87	7.02	10.28	9.33	11.31	
2008	6.40	2.36	5.80	11.64	10.63	12.22
	6.16	2.38	5.00	13.24	12.03	13.11
	6.10	2.34	4.65	15.14	11.85	14.80

Note: Vegetables price is the average prices of potato and tomato

Fruits price is the average price of apple, banana, ya pear and strawberry

Source: Ministry of Agriculture