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China, Peoples Republic of

Agricultural Situation

Weekly Hongbao

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Report Highlights:

This report provides a synopsis of Trade Policy and Agricultural/Commodities News in China. Trade Policy News includes: 1) Focus: Food Security by National Audit Office and Agricultural/Commodities News includes: 1) Frozen Pork Reserves Put on Market 2) Rapeseed Production Up 3) Push to Maintain Arable Land Levels 4) Soybean Production Costs Up in Heilongjiang Province 5) USAPEEC Contributes to China Earthquake Fund

Includes PSD Changes: No
Includes Trade Matrix: No
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Trade Policy

Focus: Food Security by National Audit Office

On July 2, the President of the National Audit Office (AOC) stated that during the remainder of 2008 the AOC will focus on food security issues. The objective is to maintain social stability. (Source: MOA Website, 07/07/08)

Agricultural/Commodities

Frozen Pork Reserves Put on Market

Due to sustained increases in pork prices and growing market demand for protein, the Ministry of Commerce released 10,000 metric tons of frozen pork from the strategic reserves. (Source: MOC website, 07/02/08)

COMMENT: The release suggests growing market pressures due to the devastating March earthquake and the summer storms which have seriously depleted pork inventories.

Rapeseed Production Up

According to the Ministry of Agriculture (MOA), 2008 rapeseed production is expected to reach 11.85 MMT, up 400,000MT from the previous year and the highest in the last three years. The increased production is mainly attributable to increased planted area in response to the high oilseeds prices and MOA's subsidy for rapeseed production (at US\$21 per hectare). (Source: Grain and Oilseeds Daily, 06/24/08)

Push to Maintain Arable Land Levels

On June 25, an official from the Ministry of Resources and Land stated that the protection of arable land for grain security is of the highest importance today. The stated objective was maintaining arable land resources at 120 million hectares (1.8 billion Mu). (Source: Grain and Oilseeds Daily, 06/24/08)

Soybean Production Costs Up in Heilongjiang Province

Based on a field survey conducted by the Dalian Commodity Exchange, soybean production costs in Heilongjiang Province have increased sharply driven by increased prices for seeds, fertilizers, pesticides, labor, and land rental. The survey showed the combined production costs exceeded \$587 *per hectare*, up 48 percent over 2007 and costs *per metric ton* are expected to reach \$550 (with land rental rate increases included), up 23 percent over 2007 (Source: Shanghai Securities News, 06/24/08)

USAPEEC Contributes to China Earthquake Fund

On June 27 at a meeting with the General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ), the following announced donations to the Earthquake Fund: the USA Poultry and Egg Export Council (USAPEEC), \$100,000, Tyson's, \$50,000, Fieldale Farms, Keystone Foods, Mountaire Farms, Peco Foods, OK Foods, Sanderson Farms, Simmons Foods, Lamex Foods, MetaFoods, Interra International, Intervision Foods, and Case Farms, \$5,000 each, Sellari Enterprises, \$1,000, and Radlo Foods, \$536.