

Voluntary Report – Voluntary - Public Distribution

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Report Name: China Announces 2020 Wheat Minimum Support Price at 2019 Level

Country: China - Peoples Republic of

Post: Beijing

Report Category: Agricultural Situation, Grain and Feed

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Report Highlights:

On October 12, 2019, the Government of China announced the Minimum Support Price (MSP) for wheat. The 2020 wheat (3rd class) MSP is RMB 2,240 (\$320 USD) per ton, the same level as 2019.

Recent Policy Review:

On October 12, 2019, China's National Development and Reform Commission (NDRC) announced it will continue the Minimum Support Price (MSP) program in the major wheat producing regions in 2020. This includes the provinces of Hebei, Shandong, Henan, Shaanxi, Anhui, and Jiangsu. The guarantee program requires the government to buy wheat from farmers at the minimum price when the market price drops below that level. The [announcement](#) states the factors under consideration in determining the MSP were overall grain production cost, market supply and demand, domestic and international market prices, and industry developments. The State Council approved, a 2,240 RMB (\$320) per ton wheat (3rd class) MSP for 2020, which remains unchanged from 2019. The 2020 MSP policy was announced one month earlier than last year, while MY2020/21 winter wheat plantation was already underway. Since the policy launched in 2006, China has revised the wheat MSP twice, each time downward by \$8.6 (60 RMB) per ton for 2018 and 2019 wheat MSP, respectively.

In a separate "Notice on Improving Wheat MSP Policy" issued on the same date, NDRC for the first time set a total MSP ceiling which caps the volume it will buy from farmers under MSP each year. For 2020, the cap is set at 37 million tons. The Notice stated the move was aimed at making further improvements to the grain minimum price purchasing. However, the ceiling cap is much higher than the actual MSP volume in past years. Official data shows by September 25, 2019, China procured more than 68 million tons of wheat, of which only about 20 million was via the MSP.

Attachments:

No Attachments.