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China, Peoples Republic of

Grain and Feed

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Report Highlights:
The 2000 crop for all major grains has declined due to reduced planted area and bad weather. Combined with exports, particularly of corn, smaller production will allow the government to reduce stocks. WTO entry will open markets to an extent but the Government wants to maintain a significant degree of self-sufficiency in grains.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Beijing [CH1], CH

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Summary

Changes in government procurement policy in the last two crop years are finally showing some fruit in reducing excessive government grain stocks. Starting in 1999, the Government lowered official procurement prices and allowed local grain bureaus considerable latitude in buying below official prices based on failure to meet quality standards. In addition they completely eliminated the key official price for low-quality early rice. As a result prices for all grains dropped sharply in 1999 and early 2000 causing farmers to reduce 2000 planted area. Combined with below normal dry weather, this meant lower 2000 production for major grains, with particularly pronounced drops for wheat and corn.

For the first time in several years production will exceed consumption for most grains in the 2000 marketing years for all major grains. Prices have risen in recent months although still not to the levels of 1998 and early 1999. With better prices, government grain bureaus can now procure and sale without fear of increasing stocks, but prices are still not high enough to allow sales of old high-priced stocks. To address this problem, the Government has taken two actions. First, primarily for corn, they have granted subsidies on exports which cover the difference between old-grain procurement and storage costs and export price. Also, the Government has until recently allowed auctions of old grain at less than procurement prices, again subsidizing losses.

Chinese winter wheat planted area has declined for the 2001 crop, but high prices for corn will very likely lead to increases in area this year. The rice planted area will likely remain unchanged. Surprisingly, after the costly problems the Government faced in recent years due to overproduction, some agencies of the central Government are beginning to suggest that cuts in grain production may have gone to far. The Government is concerned about farmers income and are still very much wed to the idea of self-sufficiency in grains, albeit the standard now appears to be 95 percent self-sufficiency.

This concern of self-sufficiency and maintaining farmers income also colors trade. China's WTO-entry has been delayed at least until the last half of 2001 because of complicated final negotiations. However when China does enter they have committed themselves only to allow overall grain imports at this 5 percent level of total consumption. The commitment for wheat will be roughly 8 percent, but this will be balanced by lower commitments for corn and rice. So, in the long run it may be relatively difficult to protect the wheat market but the Government will have an easier time keeping corn and rice prices above world levels.

Wheat

I. Situation and Outlook

China is making some progress in reducing what have become extremely large government stocks of wheat . In the 1999 marketing year, the Government changed its procurement policy significantly. It dropped its official procurement price and allowed local grain bureaus to set rigid standards that meant much wheat was rejected or paid prices well below protected prices. They also allowed special auctions of old crop wheat (as much as 4 or 5 years old) at prices well below what it was procured at, allowing grain bureaus to cover the loss with government subsidies. Although this depressed prices, it allowed the Government to keep its stocks from growing much during the 1999 marketing year despite a good crop. For the 2000 crop, the lower prices helped reduce planted area and this combined with sub-par weather meant production turned out to be some 10 percent smaller than in 1999.

Prices continued to drop until the summer of 2000. In August, the Government suspended auctions of old crop wheat. The official word was that these auctions were stopped because of of widespread improprieties, but the large cost of writing off the old debts combined with the smaller 2000 crop, could very well have played a part as well in the decision. With the 2000 crop reduced, the auctions suspended, and the Government continuing to severely restrict imports, prices rose through December. Significant increases in government sales of domestic wheat and a 250,000 MMT auction of old imported wheat in December has kept prices stable for the last 2 months. With the price increases over the last six months, prices now are back to the level of a year ago but still $20/ton off highs of 2 or 4 years ago. For the first time in several years the market price has moved above the official procurement price and the grain stations are finding it profitable to procure and sell wheat.

It appears that stocks are lean outside the government system. So what happens for the rest of the marketing year depends much on government actions. Despite the auctions, government analysts and informal surveys indicate that considerable stocks of wheat remain from 2 to 4 years ago when procurement prices were high. The Government has instituted a new policy over the last year allowing new crop to be rotated in for this old crop so there is not as much danger of spoilage as before. However, as just noted, prices now are generally $20 below the level they were when this old what was procured. The Government could sit on these old stocks waiting for the price to rise to a level that will allow sales without loss or they could take the more costly tack of allowing further auctions. They have already announced a sale of 720,000 MT of imported wheat for February and March. This was imported in 1996.

Likely entering into government calculations, as well, is the country's impending entry into the WTO. Although this has been delayed as final negotiations drag on, entry is now expected sometime in late 2001. This will mean that China will initially need to annually import 7 million tons of wheat given current domestic and world prices. China would probably like to have some flexibility in its stock situation in order to keep this wheat from hurting domestic prices too much. So getting stocks to a minimal level before WTO entry is doubtlessly a priority.

II. Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	28855	28855	27000	27000	0	26000
Beginning Stocks	27900	35000	25248	36280	14248	24980
Production	113880	113880	102000	102000	0	104000
TOTAL Mkt. Yr. Imports	1010	942	1500	500	0	4000
Jul-Jun Imports	1010	942	1500	500	0	4000
Jul-Jun Import U.S.	0	190	0	200	0	2000
TOTAL SUPPLY	142790	149822	128748	138780	14248	132980
TOTAL Mkt. Yr. Exports	542	542	500	300	0	300
Jul-Jun Exports	542	542	500	300	0	300
Feed Dom. Consumption	5000	5000	2000	5000	0	5000
TOTAL Dom. Consumption	117000	113000	114000	113500	0	114000
Ending Stocks	25248	36280	14248	24980	0	18680
TOTAL DISTRIBUTION	142790	149822	128748	138780	0	132980

CHINA'S WHEAT IMPORTS BY MONTH (1,000 Metric Tons)					
	1997	1998	1999	2000	
January	164	29	11	107	
February	110	27	5	53	
March	72	407	27	115	
April	209	240	43	169	
May	253	389	9	176	
June	30	42	47	49	
July	43	53	56	107	
August	68	16	17	36	
September	227	22	34	32	
October	271	82	65	8	
November	246	36	21	22	
December	168	147	74	3	
JAN-DEC TOTAL	1,860	1,490	409	877	
	(97/98)	(98/99)	(99/00)	(00/01)	
JUL-JUN MY TOTAL	2,156	498	936	208	1/
1/ year to date Source: PRC Customs HS Code: 1001.1000, 1001.9010, 1001.9090 (f:\shared\lotus\grnfd\wheat\whtmthim.wk4)					

CHINA'S WHEAT IMPORTS BY ORIGIN, MY 1999/2000 (1,000 Metric Tons)						
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	MY 99/2000	% Share
	1999	1999	2000	2000		of Total
Canada	40	39	207	348	634	67.3%
United States	59	80	26	25	190	20.2%
Australia	15	41	41	21	118	12.5%
Other	0	0	0	0	0	0.0%
TOTAL	114	160	274	394	942	100.0%

Source: PRC Customs
HS Code: 1001.1000, 1001.9010, 1001.9090
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	CHINA'S WHEAT IMPORTS BY ORIGIN, MY 2000/2001					
		(1,000 Metric Tons)				
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	MY 00/01	% Share
	2000	2000	2001	2001	Year to Date	of Total
United States	84	20			104	49.8%
Canada	64	5			69	33.0%
Australia	28	8			36	17.2%
Other	0	0			0	0.0%
TOTAL	176	33			209	100.0%
Source: PRC Customs						
HS Code: 1001.1000, 1001.9010, 1001.9090						
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CHINA'S AVERAGE WHOLESALE MARKET WHEAT PRICES (Renminbi Per Metric Tons, USD 1.00=RMB 8.27)			
MonthLY	White Wheat	White Wheat	Red Wheat
National Average	Grade 2	Grade 3	Grade 2
January (1998)	1500.87	1451.23	n/a
January (1999)	1470.00	1464.19	n/a
January (2000)	1275.00	1148.71	n/a
February	1260.00	1148.89	1110.00
March	1293.00	1124.17	1100.00
April	1350.00	1116.67	1100.00
May	1230.00	1117.65	1040.00
June	1194.00	1132.07	1036.00
July	1324.55	1116.82	1055.00
August	1176.67	1127.67	1113.33
September	1180.18	1084.35	1147.50
October	1176.30	1110.00	1135.00
November	1177.78	1147.04	1070.00
December	1201.18	1113.82	1280.00
January (2001)	1186.00	1130.48	1273.33
Source: National wholesale market prices reported by Zhengzhou wholesale grain market. f:\shared\lotus\grnfd\wheat\whtprc00			

III. Structural and Long Term Issues.

Production

For the second year running government analysts report that the planted area for 2001 winter wheat has fallen. To a small extent this was due to wet weather at planting time, but more importantly, prices through planting remained well off the levels of 2 to 3 years ago. Emergence for the winter wheat apparently went well and snows have been above average this winter but it is still too early to predict an above average year for yields. Although prices for alternatives like vegetables, rapeseed, garlic, peanuts and ginger have in general fallen, provincial government economists say these alternatives are still more profitable for many farmers and they expect further reductions in wheat planted area in coming years. Recent news articles quoting central government sources, however, are already suggesting that the reduction in grain area in recent years has already gone far enough if not too far.

An important factor in the current wheat production situation is irrigation water. About 70 percent of Chinese wheat receives some sort of irrigation. In recent years as both agricultural and urban demand on water has increased, the aquifer in the North China Plain has been drawn down dramatically and demand on available river and reservoir water is reaching its limit. As a result, irrigation water has become significantly more costly. So, in addition to the drop in prices, more costly water could be prompting farmers to move to crops which can give more value per unit of water used than wheat. With the possible exception of rapeseed, this includes nearly all the alternatives farmers are already moving to, fruits, vegetables, peanuts, garlic, etc., plus some emerging new alternatives like cut flowers and nursery products.

Another major concern for Chinese wheat is quality. The system of state grain procurement focusing on quantity has encouraged farmers in the past to care less about quality. A continuing increase in private buying and selling of wheat as well as tougher quality standards at government buying stations is forcing farmers to look more to quality. The Government is also actively encouraging new varieties of wheat aimed at increasing the amount of wheat available for western-style baked goods. So far the program has focused on high-protein, high gluten varieties. More of this wheat is being grown and it is bringing a better price for farmers. However millers report that this wheat still does not completely satisfy their needs and blending with imports is still required.

Concerns about quality along with a desire to avoid the large government stocks of recent years has also prompted a new policy toward payments to local grain bureaus. The Government each year pays grain stations 60 RMB($7.25) per ton to cover storage costs. In addition the Government covers all the interest cost on the loans that the government grain bureaus take out to procure wheat. Now, these subsidies will not be allowed unless the grain meets certain quality standards. The program should free the Government from the role of purchaser of last resort. It should also promote development of higher quality wheat.

Consumption

China is different from most East Asian nations in that its consumption of wheat is already considerable. Indeed its total consumption is the greatest in the world and its per-capita consumption is some 70 to 80 percent of U.S. consumption. This is due to traditional steamed bread and dumplings found mainly in Northern China. However in recent years as incomes have risen, consumption of these traditional foods has declined in favor of vegetables meat, rice, and western-style wheat products. In the North, per capita wheat consumption has dropped.

In the South, however, where rice is the traditional staple, the story is different. Here, the pattern is more typical of other East Asian countries. Rice is the traditional staple of choice, and increasing incomes means less staple consumption in favor of meats , vegetables and wheat-based products--particularly western-style wheat products. So, per capita consumption is probably growing. What is difficult to say though is the net effect of these regional trends. It was felt in earlier reports that these regional trends canceled each other and wheat consumption was growing at roughly the rate of population growth, but the persistence of high stock levels in China suggests the growth in consumption

may not be that high. The wheat table in this report accordingly reflects changes in consumption and MY 1999 beginning stocks.

What is clear however is that the type of wheat China needs is changing and will continue to change. The growth area in wheat consumption is in western-style breads, cakes, and pastries. This requires a different type of wheat than is used for traditional Chinese baked goods. Very generally this means that China needs more high-protein and low-protein wheat and less medium-protein wheat. As noted in the production section the effort is being made to produce these wheats but it appears that, to some extent at least, millers still need imported wheat.

Trade

The imports of wheat in MY 2000 are even more anemic than in MY 1999. The Government has allowed a minimum of imports to help reduce both domestic-wheat stocks as well as what are turning out to be surprisingly large remaining stocks of wheat imported in the middle 1990's. By the end of March, the Government will have auctioned more than a million tons of old imported wheat within just four months.

Final negotiations on China's entry into WTO have dragged on much longer than expected. The most optimistic entry date is September, 2001, well after the marketing year begins. If the market justifies it, China will after entry, be obligated to annually import, at 1 percent tariff, well over 7 MMT of wheat. Given current world prices, this will at least initially be the case and MY 2001 imports should jump. By 2004, this quota is scheduled to grow to 9.636 MMT. The Government however will have the first right to import 90 percent of this amount, the remainder will be for private traders. This final quota represents over 8 percent of total consumption, so it should work to keep domestic prices near world levels.

Very likely much of the new imports under the WTO entry should be low-protein and high-protein wheat which is currently difficult to find in domestic wheat production and which have recently represented the bulk of imports. As noted in the consumption section, it is these wheat varieties which are seeing the greatest growth as they are key to the western-baked goods which are the most important growth sector for wheat. How well China will be able to adjust its own production to meet this specialized growth is vital to the makeup and volume of future imports.

Corn

I. Situation and Outlook

After years of increases, it appears that exports and a short 2000 crop may finally be leading to a significant decline in stock levels. Massive procurement at high protected prices ran up government stocks of corn to very high levels by the end of the 1998 crop year. In 1999 however the Government significantly modified its procurement policy. For the 1999 crop, the various provincial procuring agencies, with blessings form the central Government, set much lower protected prices and used strict quality standards and other devices to limit procurement. Although much was made of preparing China for WTO entry, the huge expense of the procurement program probably was the main factor driving this change. This had a strong impact on market prices which feel steadily through April of 2000. This drop in prices led to smaller planted area, and this, combined with unusually dry weather in Northeast China and late season excessive moisture in some parts of the North China Plain, has led to nearly a 25 percent drop in the 2000 crop. Although the Government dramatically reduced procuring of 1999 crop, they were unable to sell much stock, since generally grain bureaus cannot take losses on domestically-sold corn and much of what was on hand was high-priced corn from previous years. So, when it became apparent that the 2000 crop was going to be short, prices began rising despite large Government stocks. Unlike in previous years market prices have continued to rise steadily through the harvest and up until the present.

Prices should at least maintain these levels through the rest of the marketing year as consumption is good and and no new sources of corn are expected to become available. Domestic prices are still well below what they were during the big procurements of 2 to 3 years ago so grain bureaus still need to hold corn against these procurements. The government export subsidy program has taken significant pressure off of government stocks with some 15 MMT of exports over the last year and a half At the same time, delayed entry to WTO has allowed the Government to cut-off any significant imports despite end-users continual requests. So the Government stock situation is probably not to a point where they are even considering taking a loss by domestically selling corn being held against old procurements. Government grain bureaus have in the last year been allowed to swap new procurements for old on the books, so spoilage is less of a concern than before.

Government analysts at the provincial level tend to believe that planted area will fall in 2001. However with prices for corn rising and alternative prices staying flat or even falling, some rebound in planted area seems likely, if not to the 1999 level. In fact recent articles are quoting the central Government as saying that maybe grain production has fallen too much in recent years and admonishing provincial governments for advocating further cuts. Higher planted area will mean, with normal weather, that 2001 production will be up significantly. Entry into the WTO will mean an increase in imports, and at current prices, it will also mean the Government cannot export since the Chinese reportedly have agreed to abandon all export subsidies after joining. In these circumstances, 2001 production plus imports will nearly equal anticipated consumption, and it will be difficult for the Government to reduce

its stocks any further if necessary. So, if the government stocks are not already near desired levels, a return to subsidized exports before WTO entry is a definite possibility. The Government keeps stock numbers and stock policy secret, so it is difficult to predict what actions they will take. However when and how much they are willing to export will likely be very sensitive to price. Currently China is not heavily in the market, however a significant increase in world prices could bring it back.

II. Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	25904	25904	24000	24000	0	24500
Beginning Stocks	51560	51560	52911	52911	34061	33061
Production	128086	128086	105000	105000	0	120000
TOTAL Mkt. Yr. Imports	100	0	150	150	0	5000
Oct-Sep Imports	100	0	150	150	0	5000
Oct-Sep Import U.S.	0	0	0	100	0	4000
TOTAL SUPPLY	179746	179646	158061	158061	34061	158061
TOTAL Mkt. Yr. Exports	9935	9935	4000	5000	0	500
Oct-Sep Exports	9935	9935	4000	5000	0	500
Feed Dom. Consumption	90000	90000	93000	93000	0	95000
TOTAL Dom. Consumption	116900	116950	120000	120000	0	123000
Ending Stocks	52911	52911	34061	33061	0	34561
TOTAL DISTRIBUTION	179746	179796	158061	158061	0	158061

CHINA'S CORN IMPORTS BY MONTH
(Metric Tons)

	1997	1998	1999	2000	
January	0	0	18	0	
February	0	99	17	43	
March	145	52,501	18	42	
April	14	4	1	14	
May	1	2,204	58	2	
June	0	20,052	20,012	63	
July	0	52	50,079	79	
August	34	7,500	0	3	
September	0	36,170	0	80	
October	61	20	0	0	
November	0	23,894	0	60	
December	180	108,125	41	0	
JAN-DEC MY TOTAL	435	250,621	70,244	386	
	(97/98)	(98/99)	(99/00)	(00/01)	
OCT-SEP MY TOTAL	118,823	202,242	367	60	1/

1/ year to date
HS Code: 1005.1000, 1005.9000
Source: PRC Customs
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CHINA'S CORN EXPORTS BY MONTH (Metric Tons)					
	1997	1998	1999	2000	
January	17,111	335,765	119,190	210,003	
February	57,106	428,867	83,508	589,488	
March	166,125	405,198	272,908	1,219,532	
April	291,204	580,188	53,149	530,920	
May	560,793	240,079	171,438	350,985	
June	919,882	401,390	304,349	962,939	
July	607,266	304,729	551,192	1,557,699	
August	711,398	334,601	212,649	1,582,611	
September	555,530	432,336	346,007	740,849	
October	734,155	351,911	305,648	914,163	
November	766,926	371,899	518,836	832,127	
December	1,209,076	499,614	1,365,144	993,483	
JAN-DEC TOTAL	6,596,572	4,686,577	4,304,018	10,484,799	
	(97/98)	(98/99)	(99/00)	(00/01)	
OCT-SEP MY TOTAL	6,173,310	3,337,814	9,934,654	2,739,773	1/
1/ year to date HS Code: 1005.1000, 1005.9000 Source: PRC Customs (f:\shared\lotus\grnfd\corn\crnmthex.wk4)					

CHINA'S CORN QUARTERLY IMPORTS BY ORIGIN, MY 1999/00
(Metric Tons)

						% Share of
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	MY 1999/00	MY Imports
	1999	2000	2000	2000	Total	
U.S.	40	80	60	0	180	62.5%
Australia	0	0	0	80	80	27.8%
Other	1	5	19	3	28	9.7%
TOTAL	41	85	79	83	288	100.0%

Source: PRC Customs
HS Code: 1005.1000, 1005.9000
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CHINA'S CORN QUARTERLY IMPORTS BY ORIGIN, MY 2000/01
(Metric Tons)

						% Share of
	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	MY 1999/00	MY Imports
	2000	2001	2001	2001		Year-to-Date
Australia	60				60	100.0%
U.S.	0				0	0.0%
Other					0	0.0%
TOTAL	60				60	100.0%

Source: PRC Customs
HS Code: 1005.1000, 1005.9000
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CHINA'S QUARTERLY CORN EXPORTS BY DESTINATION, MY 1999/2000
(Metric Tons)

	Oct-Dec 1999	Jan-Mar 2000	Apr-Jun 2000	Jul-Sep 2000	MY 1999/00	% Share of MY Exports
South Korea	753,546	1,238,076	901,212	2,351,004	5,243,838	52.8%
Malaysia	596,045	342,354	332,262	720,142	1,990,803	20.0%
Indonesia	276,503	0	236,082	344,960	857,545	8.6%
Philippines	52,970	41,795	121,692	130,518	346,975	3.5%
Thailand	71,000	99,678	84,122	89,179	343,979	3.5%
India	77,345	51,640	55,343	43,457	227,785	2.3%
Iran	103,175	110,992	0	0	214,167	2.2%
Vietnam	30,046	60,432	66,511	27,743	184,732	1.9%
Bangladesh	99,395	14,712	32,872	36,603	183,582	1.8%
Sri Lanka	44,299	27,619	0	40,239	112,157	1.1%
Japan	37,538	23,512	4,697	40,216	105,963	1.1%
North Korea	47,574	5,666	9,400	14,332	76,972	0.8%
Cuba	0	0	0	26,101	26,101	0.3%
Other	193	2,546	650	16,665	20,054	0.2%
TOTAL	2,189,629	2,019,022	1,844,843	3,881,159	9,934,653	100.0%

Source: PRC Customs
HS Codes: 1005.1000 and 1005.9000
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CHINA'S QUARTERLY CORN EXPORTS BY DESTINATION, MY 2000/01
(Metric Tons)

	Oct-Dec 2000	Jan-Mar 2001	Apr-Jun 2001	Jul-Sep 2001	MY 1999/00 Year-to-Date	% Share of MY Exports
South Korea	1,533,292				1,533,292	56.4%
Malaysia	703,975				703,975	25.9%
Indonesia	250,040				250,040	9.2%
North Korea	148,084				148,084	5.4%
Japan	42,189				42,189	1.6%
Singapore	19,589				19,589	0.7%
Vietnam	8,355				8,355	0.3%
Sri Lanka	6,212				6,212	0.2%
Russia	4,480				4,480	0.2%
Hong Kong	4,404				4,404	0.2%
Bangladesh	1				1	0.0%
Thailand	0				0	0.0%
Cuba	0				0	0.0%
Other	0				0	0.0%
TOTAL	2,720,621	0	0	0	2,720,621	100.0%

Source: PRC Customs
HS Codes: 1005.1000 and 1005.9000
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CHINA'S AVERAGE WHOLESALE MARKET CORN PRICES (Renminbi Per Metric Tons, USD 1.00=RMB 8.27)	
MonthLY	Yellow Corn
National Average 1/	Grade 2
January (1998)	1300.13
January (1999)	1243.15
January (2000)	956.59
February	926.88
March	916.25
April	910.88
May	913.33
June	916.64
July	929.65
August	950.79
September	964.30
October	970.59
November	973.52
December	1,012.93
January (2001)	1,048.57
Source: National wholesale market prices reported by Zhengzhou Wholesale Grain Market f:\shared\lotus\grnfd\corn\crnprc00	

III. Structural and Long Term Issues

Production

Corn production in China continues to be a very labor intensive, very small-scale industry. The typical farmer has roughly one-half hectare of land for production. Under the Chinese system land is leased to individual farmers based on family size. The first round of leases were granted in the late 1970's for 20 years. A new round of leases were completed over the past several years. These later leases are typically for 30 years. Farmers pay for their leased land with a proportion of their production or a cash equivalent is also usually allowed. This arrangement inhibits achieving economies of scale, however farmers find ways to aggregate through informal sharing of labor or sub-leasing. Mechanization, particularly for tilling is also replacing human labor and draft animals. Typically, one or two farmers in a village will own a small tractor and they will cultivate the other farmers land for a fee. It is also apparent that labor is migrating from agricultural to service and industrial jobs in the cities. Often one or two members of a family will go to work in the city sometimes only on a seasonal basis. They often return money to the rest of the family on the farm.

There is considerable scope for improving both corn yields and quality. The past 20 years have seen a remarkable increase in yields in China prompted both by adoption of a more rational economic system and of production innovations. However China's reported corn yields still lag well behind those of the United States and other countries. Further, recent evidence that arable land has been underestimated for years suggests that these reported yields are overstating real yields. Probably then farmers do have some scope for yield improvement by introduction of new varieties and better agronomic practices. The Ministry of Agriculture has an extension service but it, as almost all government agencies, has budget problems and it is clear that farmers' knowledge of best practices is often inadequate. Some farmers will clearly understand, for instance, the benefits of something as basic as rotating soybeans with corn but many others will not. The pace of information dissemination can be slow but still it is occurring and will continue to push up yields.

The Government and the marketplace are also pushing changes in quality. Since past procurement policy was so heavily based on quantity, farmers in the Northeast growing region adopted longer varieties which would often not be fully developed by the time frost hit. This meant that moisture levels were very high but because procurement policies paid little attention to quality this did not matter to the farmer. In fact adopting shorter varieties would mean they would lose money since weights would be lower even if nutritional value was higher. In 2000, farmers were lucky because the first frost was unusually late so moisture levels came in well below average. Although lucky with the current crop, the Government is pushing ahead with plans to move the procurement standard in the Northeast form 18 percent moisture to 14.5 percent moisture. The Government also is promoting the development of higher-oil varieties, in the hopes of increasing farmers' income.

Quality improvements are also being enhanced by the increased role of direct private sector purchases in the corn market. Private direct purchases from the farmers have existed for sometime, but their legal status has always been murky. Recently the provinces, perhaps burned by the losses they have accrued in recent years from their grain bureaus trading, are making these activities legal. Increasingly

also, the local grain bureaus are more and more acting like private companies, purchasing and selling with an eye to making a profit. With tacit government approval they are winking at official protected prices and using quality standards to set prices or even outright reject corn.

Several factors will continue to constrain planted area. First, attractive prices for alternatives and improved agronomic practice will lead to substitution. Although some rotation of legumes with corn takes place, considerable scope for increased rotation exists. Currently China is one of the largest importers of soybeans while it exports corn. Considering the benefits of rotating, this is hard to explain, but policy which liberalized soybean imports while continuing to protect corn could have played a significant part. Last year when corn prices collapsed farmers responded by planting more soybeans. The future depends much on government policy. Prices for corn have risen above world levels once again. WTO entry will mean significantly increased imports of corn but unlike soybeans there will be limits. It is quite possible in the future, if corn imports are restricted only to the WTO commitment, that the relation between domestic corn and soybean prices will be greater than that ratio on world markets and that many Chinese farmers will continue to find it profitable to mono-crop corn.

The trend toward vegetables, fruits, peanuts, garlic and other products which the Government calls "cash" crops replacing corn and other grains production is well-established in China. Recently prices for many of these alternatives have not been as attractive as in the past. Still government analysts maintain that margins for these alternatives are still better than for grains. Farmers as well continue to express interest in these alternatives.

The second big factor constraining corn planted area is environmental concerns. As with wheat, production in China's second major corn production area, the North China Plain, is facing rising irrigation costs. Because of seasonal precipitation patterns, the long term impact on corn should be less than on wheat. Still farmers can be expected to reduce corn area due to irrigation cost, giving impetus to the trend to fruits, vegetables and other crops which offer a better return per unit of water used. The Government is also looking to better control erosion by taking some land out of production. This will reduce corn area particularly in hilly or mountainous areas where farmers currently raise corn on extreme slopes.

Consumption

The long term prospects for continued growth in corn consumption are very good. The Chinese livestock industry can be expected to continue to grow strongly in coming years. Per capita incomes are still low in China, and prospects are good for continued strong overall GDP growth which will lead to greater per-capita consumption of meat and fish. It also appears that feed fed to livestock and fish in China is moving away from low-grade byproducts to the corn-soybean rations typical in the United States. Currently Chinese consumption of feed grains is not even one-fifth that of the United States.

The Government is pursuing new uses for corn. Most notable is ethanol. Provincial officials often speak of developing new ethanol production facilities but nothing has yet been finalized. China has obvious air pollution problems and officials from corn-producing regions are lobbying hard for government-mandated use of ethanol in gasoline. However, such mandated use is still not required

anywhere in China.

Trade

The Government has used its export subsidy primarily as a means to attack large stocks. This subsidy is generally only applied to make up for storage cost and debt amassed on corn procured at high prices ($140/ton or more) several years ago. So when prices dropped after the Government changed its procurement policy in 1999, the "subsidized" export price was actually well above the prevailing domestic price for a considerable period of time. In recent months though domestic prices have risen above export prices.

Most traders expected that China would stop using these subsidies to export once contracts made early in 2000 were fulfilled. However in December and early January when international prices rallied, China once again entered the market and contracted 500,000 - 800,000 MMT. Despite continuing rising domestic prices and 15 MMT tons already exported over the last year and a half, the Government is still worried enough about its stocks that it is willing to fork over for subsidies. However their willingness to subsidize is limited. This last round of sales is roughly $5-10/ton higher than it was last year. According to newspaper reports the current offering price for Chinese exports is another $5 higher at $110/ton.

As noted in the wheat section, China's entry into the WTO will be delayed at least until September 2001. When China enters the WTO, it will initially be required to import over 5 million tons annually under a tariff-rate quota system. This is scheduled to increase to 7.2 MMT which will account for about 6 percent of current consumption. This should have some moderating impact on Chinese prices, but with domestic consumption continuing to steadily increase, it is quite possible in coming years that even with the full amount of imports, domestic prices will remain above world levels. This makes China's commitment after entering the WTO to completely eliminate agricultural export subsidies very important. China's main corn-producing area in Northeast China is significantly closer to Korea and Japan than it is to the biggest Chinese consuming areas in the South. An ability to use export subsidies to these countries would potentially negate the market-opening effect of the tariff rate quota.

To the extent that Chinese prices continue to track or fall below world prices after WTO entry, Korea and Japan will continue to be important Chinese corn-export markets, even if China imports heavily in the South. In fact officials in the Northeast have every intention of developing these markets for the long term. They have worked hard to develop corn that is more competitive particularly with U.S. corn. The Government is seeking to develop new varieties and build better cleaning, handling and export facilities. Also, if something like the Starlink controversy gives China a price advantage in a particular market, China always has the option of exporting in the North and importing in the South to take advantage.

Rice

I. Situation and Outlook

For the CY 2000 crop, both rice area and production went down by a large margin. However the area devoted to high-quality varieties continued to increase. Low-quality early rice area dropped by 10.9 percent. High-quality early rice area reached to 50 percent of the total early rice area, and late rice area, all of which is considered high-quality, increased. Farmers replaced their low quality early rice with corn, oilseeds, vegetables or other more profitable crops. Despite area increases, late rice production declined due to bad weather.

The major factor for early rice area's decline was government procurement policy changes. Government stocks by the end of CY 1999 were so large after years of procurement at high prices, the Government needed to reform its policy. For the MY 2000 crop, all provincial grain bureaus except that in Zhejiang, a minor producer, stopped buying low quality early rice varieties at protected prices By early September 2000, the nine main early-rice-producing provinces together only procured 6.35 MMT, 2.62 MMT less than the previous year. For other varieties, the Government lowered protected prices and bureaus paid lower prices or even outright rejected rice for low quality. For the MY 2001 crop, the Government has announced even tougher standards for quality. Rice that does not meet the standard will not receive full protected prices. With these changes and continued attractive prices for alternatives, rice production will likely continue to decline in the next couple of years.

The weather in CY 2000 was worse than in CY 1999. It is estimated that droughts, winds, low temperature and rainstorms caused about 7 percent decrease in late rice production. Late rice moisture was higher and the amount of moldy rice rate was greater than the same period of CY 1999.

Wholesale rice prices in the first eight months of CY 2000 decreased about 20 percent and then went up gradually. The prices were pressured downward not only by changes in procurement policy, but also by the government rice auctions in the first six months of 2001. Wholesale rice prices started picking up in September after the Government stopped auctioning old grains and it became clear the rice crop would decline.

Industry analysts estimate that there is potential for early rice prices to go up further in the first half of CY 2001.. Still early rice planted area in CY 2001 is likely to fall further as the government policy changes in early rice procurement has hurt farmers enthusiasm.

II. Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Harvested	31284	31284	30000	30600	0	30550
Beginning Stocks	27289	31000	26225	32224	19525	27474
Milled Production	138936	138936	133000	133000	0	132000
Rough Production	198480	198480	190000	190000	0	188571
MILLING RATE (.9999)	7000	7000	7000	7000	7000	7000
TOTAL Imports	200	239	250	250	0	260
Jan-Dec Imports	200	239	250	250	0	260
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	166425	170175	159475	165474	19525	159734
TOTAL Exports	3200	2951	3200	2000	0	3000
Jan-Dec Exports	3200	2951	3200	2000	0	3000
TOTAL Dom. Consumption	137000	135000	136750	136000	0	137000
Ending Stocks	26225	32224	19525	27474	0	19734
TOTAL DISTRIBUTION	166425	170175	159475	165474	0	159734

CHINA'S MONTHLY RICE IMPORTS
(Metric Tons, Milled Basis)

	1997	1998	1999	2000	
January	63,875	24,359	34,684	16,771	
February	23,630	20,940	19,346	1,675	
March	8,144	41,548	18,206	19,627	
April	12,379	39,333	13,651	4,994	
May	17,366	3,696	209	5,054	
June	14,360	1,262	276	3,374	
July	16,014	4,731	876	69,587	
August	16,381	22,062	12,642	5,260	
September	66,059	15,854	23,029	9,943	
October	28,831	28,421	12,025	6,597	
November	21,323	8,015	7,090	21,634	
December	37,984	33,755	26,088	74,082	
TOTAL	326,346	243,976	168,122	238,598	1/

1/ Year to date
HS Codes: 1006.1010, 1006.1090, 1006.2000, 1006.3000, 1006.4000
Source: PRC Customs
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CHINA'S MONTHLY RICE EXPORTS
(Metric Tons, Milled Basis)

	1997	1998	1999	2000	
January	15,675	49,699	276,026	184,949	
February	28,649	174,875	104,966	373,666	
March	36,779	139,919	181,847	256,707	
April	36,779	162,847	92,631	256,710	
May	109,943	289,397	136,522	156,500	
June	91,682	403,323	238,835	289,436	
July	0	421,783	255,738	319,778	
August	85,398	376,800	362,255	308,783	
September	138,870	484,433	279,023	207,750	
October	113,084	343,569	383,265	227,791	
November	38,325	322,352	149,414	208,499	
December	123,078	576,692	244,649	160,817	
TOTAL	818,261	3,745,689	2,705,171	2,951,386	1/

1/ Year to date
HS Codes: 1006.1010, 1006.1090, 1006.2000, 1006.3000, 1006.4000
Source: PRC Customs
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CHINA'S RICE IMPORTS BY ORIGIN, CY 2000
(Metric Tons, Milled Basis)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	CY 2000 Year-to-Date	% Share of CY Imports
Thailand	38,052	13,320	84,628	102,034	238,034	174.7%
U.S.	20	39	39	257	355	0.3%
Other	0	65	124	22	211	0.2%
TOTAL	38,072	13,424	84,791	102,313	238,600	175.1%

Source: PRC Customs
Hs Codes: 1006.1010, 1006.1090, 1006.2000, 1006.3000 & 1006.4000
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CHINA'S RICE EXPORTS BY DESTINATION , CY 2000 (Metric Tons, Milled Basis)					
					CY Total
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Year-to-Date
Cote d'Ivoire	80,428	231,891	402,356	154,954	869,629
Indonesia	373,977	111,468	42,483	13,975	541,903
Cuba	43,625	70,100	41,180	70,605	225,510
Russia	58,577	69,616	44,697	41,910	214,800
Iraq	66,900	0	15,000	87,573	169,473
South Korea	43,016	0	0	88,016	131,032
Malaysia	32,400	31,549	44,198	10,960	119,107
Libya	13,650	53,350	17,000	0	84,000
Japan	26,901	13,594	8,801	17,095	66,391
Philippines	2,705	143	61,052	325	64,225
Romania	10,500	3,000	48,840	0	62,340
Tanzania	0	31,244	12,750	11,000	54,994
North Korea	11,289	17,348	16,911	7,177	52,725
Turkey	11,515	16,970	14,000	0	42,485
Mauritius	12,000	12,500	13,200	0	37,700
Mozambique		7,350	24,700	0	32,050
South Africa	180	13,139	164	370	13,853
Kenya	0	39	13,318	0	13,357
Hong Kong	1,941	2,526	2,087	3,737	10,291
Kazakstan	953	1,440	1,563	4,602	8,558
Bulgaria	4,000	0	4,000	500	8,500
Congo	0	6,990	1,060	0	8,050
Guinea	6,776	16	0	8	6,800
Myanmar	4,014	140	0	2,572	6,726
Ukraine	3,000	0	0	3,000	6,000
Mongolia	1,005	550	1,520	1,774	4,849
Burundi	0	3,009	0	0	3,009
Sierra Leone	3,000	0	0	0	3,000
United States	118	382	374	88	962
Other	2,852	4,292	5,056	76,864	89,064
TOTAL	815,322	702,646	836,310	597,105	2,951,383

Source: PRC Customs
HS Codes: 1006.1010, 1006.1090, 1006.2000, 1006.3000 & 1006.4000
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CHINA'S AVERAGE WHOLESALE MARKET RICE PRICES
(Renminbi Per Metric Tons, USD 1.00=RMB 8.27)

Monthly National Average 1/	Early Indica Grade 2	Late Indica Grade 2	Japonica Special Grade	Japonica Standard 1
January (1998)	1243.12	1328.73	2166.00	1806.03
January (1999)	1275.00	1245.56	2600.00	2354.35
January (2000)	1032.50	1050.00	2000.00	1894.67
February	1027.50	1098.75	1940.00	1918.89
March	1030.00	1064.71	2060.00	1895.00
April	1036.00	1072.00	n/a	1874.50
May	1023.33	1036.00	1970.00	1873.13
June	1006.67	1031.67	1960.00	1870.00
July	1000.00	1042.73	2080.00	1903.33
August	1000.00	1046.00	1860.00	1917.50
September	966.67	1008.00	2173.33	1918.24
October	1000.00	1017.14	2040.00	1873.13
November	1000.00	1081.43	2020.00	1924.17
December	1027.50	1120.00	2040.00	1910.45
January (2001)	1021.43	1088.18	2120.00	1935.00

1/ The prices are average rice prices of main national grain wholesale markets.
Source: National wholesale market prices reported by Zhengzhou Wholesale Grain Market.
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III. Structural and Long Term Issues

Consumption

In marketing year 2000, for the first time in many years rice production will be less than consumption. Per capita rice consumption appears flat, though overall rice consumption is growing gradually because of population growth. Given, large stocks, it appears to be growing more slowly than previously thought, and consumption and MY 1999 beginning stock numbers in the PSD table have been adjusted accordingly.

Industry analysts estimate that about 85 percent of China's polished rice is consumed by humans. Per capita annual rice consumption is 96 KG and total annual rice consumption. The consumption development trend shows that as income increases, consumers eat more meat, aquatic products, vegetables and dairy products, but less staple food. There is also a shift to quality. High-quality Japonica rice, grown mainly in the North, is becoming more and more popular. Many consumers in the South have switched from early indica rice to more flavorful Japonica rice.

Five percent of polished rice is used for seed and industrial use (breweries, medicines, rice flour for food industry, etc). Brewery consumption of rice should go down or remain the same in MY 2000 as barley replaces rice in many brewers' formulas. Rice consumption by the food industry will go up as the economy turns better.

It is possible that the Government and media have exaggerated the degree to which low quality early rice demand is dropping. Cheap early rice is still in demand for industrial use and popular among low income customers.

Another 5 percent of rice is used for feed. Experts expect to see feed consumption exceed 5 percent in the future. One of China's agricultural strategies is to develop the livestock industry. Early rice should become a good feed source as consumers shift to better quality rice..

Stocks

The rice stock situation is better now after production fell in CY 2000. In the past few years, China's rice stock was about one-fifth of its total rice production every year. Most of the stock is low-quality early rice. In government stocks, very little is popular high quality rice. The Government is now trying to gradually replace low-quality rice with high-quality rice in its stocks.

Trade

China's rice imports increased by 42 percent in CY 2000 over CY 1999. Almost all was fragrant Thai rice. The dramatic increase of imports was due to China's rice production drop and consumers' stronger demand for flavorful rice. Rice imports will remain the same as last year or increase slightly if China joins the WTO in CY 2001. When China joins the WTO, it is obligated initially to import nearly 3 MMT per year if market prices justify it. By CY 2004, this quota is scheduled to increase to 5.32

MMT.

Rice exports in CY 200 increased 9 percent from CY 1999. Cote d'Ivoire replaced Indonesia as China's primary rice importer. China seems likely to continue the strategy to export surplus production in order to cut stocks and strengthen domestic prices. With the stock situation improved, China's export will stay flat or decline in coming years.

Sorghum

Situation and Outlook

The sown area to sorghum in 2000 decreased from 1999. The drop in production in 2000 was even worse due to serious drought in the North. Unless the drought continues this year, production should be better in 2001 as planted area should be about the same or slightly higher as prices are relatively good.

Much of the sorghum production is used for Chinese hard liquor called "bai jiu". Most of this is under contract with liquor manufacturers. Consumption of "bai jiu" appears to be declining as younger people particularly are finding other liquor's more attractive. This will hurt demand for sorghum in the long run. Sorghum is also used as feed. Although the per hectare yield of sorghum is lower than that of corn, its low water-use character could help boost production in coming years as water supplies in northern China are stretched.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Sorghum				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	950	979	950	955	0	960
Beginning Stocks	221	405	234	400	150	150
Production	3950	3242	3000	2800	0	3180
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Oct-Sep Imports	0	0	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4171	3647	3234	3200	150	3330
TOTAL Mkt. Yr. Exports	18	17	30	18	0	20
Oct-Sep Exports	18	17	30	18	0	20
Feed Dom. Consumption	1500	1240	970	970	0	1000
TOTAL Dom. Consumption	3919	3230	3054	3032	0	3070
Ending Stocks	234	400	150	150	0	240
TOTAL DISTRIBUTION	4171	3647	3234	3200	0	3330

CHINA'S SORGHUM EXPORTS BY MONTH
(Metric Tons)

	1997	1998	1999	2000	
January	138	537	803	451	
February	200	2,165	301	536	
March	4,748	253	1,942	2,169	
April	32,396	44	3,922	2,415	
May	16,680	48	419	407	
June	19,933	2,036	255	2,650	
July	3,852	5,107	105	167	
August	6,851	89	3,024	3,194	
September	8,810	2,212	137	384	
October	15,431	893	2,478	281	
November	840	2,612	1,277	623	
December	2,106	2,611	1,956	3,477	
JAN-DEC TOTAL	111,985	18,608	16,619	16,754	
	(97/98)	(98/99)	(99/00)	(00/01)	
OCT-SEP MY TOTAL	30,868	17,024	18,084	4,381	1/

1/ year to date
HS Code: 1007.0010, 1007.0090
Source: PRC Customs
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CHINA'S QUARTERLY SORGHUM EXPORTS BY DESTINATION, MY 1999/2000
(Metric Tons)

	Oct-Dec 1999	Jan-Mar 2000	Apr-Jun 2000	Jul-Sep 2000	MY 1999/00 Year-to-Date	% Share of MY Exports
Taiwan	4,401	1,628	4,513	3,036	13,578	74.0%
South Korea	1,521	1,074	780	509	3,884	21.2%
Belgium	0	298	0	0	298	1.6%
Japan	41	88	32	125	286	1.6%
United States	0	3	4	0	7	0.0%
Other	18	65	143	77	303	1.7%
TOTAL	5,981	3,156	5,472	3,747	18,356	100.0%

Source: PRC Customs
HS Codes: 1007.0010 and 1007.0090
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CHINA'S QUARTERLY SORGHUM EXPORTS BY DESTINATION, MY 2000/2001
(Metric Tons)

	Oct-Dec 2000	Jan-Mar 2001	Apr-Jun 2001	Jul-Sep 2001	MY 2000/01 Year-to-Date	% Share of MY Exports
Taiwan	3,013				3,013	68.8%
South Korea	1,270				1,270	29.0%
Malaysia	34				34	
Belgium	0				0	0.0%
Japan	54				54	1.2%
United States	6				6	0.1%
Other	4				4	0.1%
TOTAL	4,380	0	0	0	4,380	100.0%

Source: PRC Customs
HS Codes: 1007.0010 and 1007.0090
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Barley

Situation and Outlook

Barley planted area increased in 2000 as growing beer demand kept prices attractive. However bad weather has caused production to fall. In MY 2000 barley imports also increased on rising demand for brewing. For various reasons, barley production has declined for 3 years, causing the price to increase. It is estimated that in 2000 the stocks in beer and malt operations decreased by 40 percent compared to 1999. So it is expected to barley production for beer will increase in 2001, as will imports.

Different from our previous estimations, barley used as feed accounts for nearly 20 percent of barley consumption . Almost all imported barley is used for beer production. Australia is still the largest barley supplier. Barley imports from the United States were not allowed until 2000 because of the TCK fungus.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Barley				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	1000	840	800	880	0	900
Beginning Stocks	753	459	453	450	303	310
Production	3000	2866	2800	2755	0	3050
TOTAL Mkt. Yr. Imports	2200	1960	2400	2250	0	2400
Oct-Sep Imports	2200	1960	2400	2250	0	2400
Oct-Sep Import U.S.	0	0	0	100	0	200
TOTAL SUPPLY	5953	5285	5653	5455	303	5760
TOTAL Mkt. Yr. Exports	0	6	0	1	0	3
Oct-Sep Exports	0	6	0	1	0	3
Feed Dom. Consumption	700	900	500	900	0	1000
TOTAL Dom. Consumption	5500	4829	5350	5144	0	5400

Ending Stocks	453	450	303	310	0	357
TOTAL DISTRIBUTION	5953	5285	5653	5455	0	5760

CHINA'S BARLEY IMPORTS BY MONTH
(Metric Tons)

	1997	1998	1999	2000	
January	176,489	39,900	152,551	131,482	
February	60,850	108,730	197,501	104,004	
March	228,266	186,945	226,176	116,147	
April	307,960	55,875	174,692	286,784	
May	248,311	141,060	210,360	392,182	
June	176,891	287,396	111,767	93,228	
July	125,669	40,505	156,203	135,475	
August	32,727	52,702	120,747	88,207	
September	126,762	155,850	155,025	132,635	
October	13,601	124,564	272,156	161,456	
November	131,908	85,167	228,840	127,952	
December	244,747	240,445	262,757	204,554	
JAN-DEC MY TOTAL	1,874,181	1,519,139	2,268,775	1,974,106	
	(97/98)	(98/99)	(99/00)	(00/01)	
OCT-SEP MY TOTAL	1,459,219	1,955,198	2,243,897	493,962	1/

1/ year to date
HS Code: 1003.0010, 1003.0090
Source: PRC Customs
(f:\shared\lotus\grnfd\others\barely\blymthim.wk4)

CHINA'S QUARTERLY BARLEY IMPORTS BY ORIGIN, MY 1999/2000
(Metric Tons)

	Oct-Dec 1999	Jan-Mar 2000	Apr-Jun 2000	Jul-Sep 2000	MY1999/00 Year-to-Date	% Share of MY Imports
Australia	458,539	148,269	293,276	154,547	1,054,631	47.0%
Canada	128,755	73,611	139,682	86,207	428,255	19.1%
France	93,123	93,730	283,278	99,301	569,432	25.4%
Denmark	51,151	36,023	55,957	0	143,131	6.4%
United Kingdom	32,145	0	0	15,997	48,142	2.1%
Spain	0	0	0	0	0	0.0%
United States	0	0	0	261	261	0.0%
Other	40	0	1	3	44	0.0%
TOTAL	763,753	351,633	772,194	356,316	2,243,896	100.0%

Source: PRC Customs
HS Codes: 1003.0010 and 1003.0090
(f:\shared\lotus\grnfd\others\barley\blyqi9.wk4)

CHINA'S QUARTERLY BARLEY IMPORTS BY ORIGIN, MY 2000/2001
(Metric Tons)

	Oct-Dec 2000	Jan-Mar 2001	Apr-Jun 2001	Jul-Sep 2001	MY2000/01 Year-to-Date	% Share of MY Imports
Australia	372,532				372,532	75.4%
Canada	81,500				81,500	16.5%

France	39,930				39,930	8.1%
Denmark	0				0	0.0%
United Kingdom	0				0	0.0%
Spain	0				0	0.0%
United States	0				0	0.0%
Other	0				0	0.0%
TOTAL	493,962	0	0	0	493,962	100.0%

Source: PRC Customs
HS Codes: 1003.0010 and 1003.0090
(f:\shared\lotus\grnfd\others\barley\blyqi0-1.wk4)

CHINA'S QUARTERLY BARLEY EXPORTS BY DESTINATIONS, MY 1999/2000
(Metric Tons)

	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	MY 1999/00	% Share of
	1999	2000	2000	2000	Year-to-Date	Imports
North Korea	190	270	18	12	490	79.5%
United States	0	0	0	0	0	0.0%
Other	0	10	20	96	126	20.5%
TOTAL	190	280	38	108	616	100.0%

Source: PRC Customs
HS Codes: 1003.0010 and 1003.0090
(f:\shared\lotus\grnfd\others\barley\blyqe9.wk4)

CHINA'S QUARTERLY BARLEY EXPORTS BY DESTINATIONS, MY 2000/2001
(Metric Tons)

	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	MY 2000/01	% Share of
	2000	2001	2001	2001	Year-to-Date	Imports
North Korea	60				60	100.0%
United States	0				0	0.0%
Other	0				0	0.0%

TOTAL	60				60	100.0%
Source: PRC Customs HS Codes: 1003.0010 and 1003.0090 (f:\shared\lotus\grnfd\others\barley\blyqe0-1.wk4)						

Edible Beans

Situation and Outlook

Unfortunately, Chinese analysts pay little attention to minor crops such as edible beans, so analysis regarding edible beans is rarely found. It is estimated that the average production of edible beans accounts for one fourth of total beans. Production has been increasing steadily in recent years. Greater diversity with increasing diets is pushing up consumer demand. Even though the price of mung bean decreased at the end of CY 2000 due to the collapse of some speculative futures buying, the long term trend for prices is positive. Farmers have found beans an attractive alternative as the Government has lessened its price supports for grains. Long term production should continue to increase.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Beans				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	3900	3170	4400	3230	0	3320
Beginning Stocks	0	0	0	0	0	0
Production	6000	4860	6800	4695	0	5040
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Jul-Jun Imports	0	0	0	0	0	0

Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6000	4860	6800	4695	0	5040
TOTAL Mkt. Yr. Exports	2000	672	2800	623	0	690
Jul-Jun Exports	2000	672	2800	623	0	690
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	4000	4188	4000	4072	0	4350
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	6000	4860	6800	4695	0	5040

CHINA'S QUARTERLY BEANS EXPORTS, MY 1999/2000
(Metric Tons)

	Jul-Sep 1999	Oct-Dec 1999	Jan-Mar 2000	Apr-Jun 2000	MY 1999/2000	% Share of MY Exports
Kidney	50,450	59,086	84,595	92,572	286,703	46.1%
Mung Bean	30,245	53,695	26,906	27,453	138,299	22.2%
Broad Bean	15,704	72,610	22,597	14,456	125,367	20.1%
Adzuki Bean	8,326	16,463	17,126	18,002	59,917	9.6%
Other	2,732	4,771	3,046	1,688	12,237	2.0%
TOTAL	107,457	206,625	154,270	154,171	622,523	100.0%

SOURCE: PRC Customs
(f:\shared\loutus\grnfd\other\beans\bnsqe9.wk4)

CHINA'S QUARTERLY BEANS EXPORTS, MY 1999/2000
(Metric Tons)

	Jul-Sep 2000	Oct-Dec 2000	Jan-Mar 2001	Apr-Jun 2001	MY 2000/2001 Year-to-Date	% Share of MY Exports
Kidney	48,512	62,639			111,150	52.7%
Broad Bean	3,064	35,398			38,462	18.2%
Mung Bean	11,852	21,598			33,450	15.8%
Adzuki Bean	14,505	11,872			26,377	12.5%
Other	546	1,094			1,640	0.8%
TOTAL	78,479	132,601			211,080	100.0%
SOURCE: PRC Customs (f:\shared\loutus\grnfd\other\beans\bnsqe0-1.wk4)						

CHINA'S ADZUKI BEAN EXPORTS BY DESTINATION
(Metric tons)

	1997	1998	1999	2000
Japan	16,990	21,655	27,351	25,635
South Korea	6,851	16,730	21,221	23,466
Taiwan	337	2,586	3,524	2,829
Malaysia	3,537	3,334	2,475	2,813
Philippines	4,015	3,043	2,053	2,490
Hong Kong	1,611	2,848	2,421	2,113
Singapore	2,288	1,549	869	802
United States	583	635	784	677
U.K.	100	220	293	210
Canada	75	98	153	63
Pakistan	0	60	0	0
Others	376	680	449	407

TOTAL	36,763	53,438	61,593	61,505

SOURCE: PRC Customs
HS Code: 0713.3210, 0713.3290
(f:\shared\lotus\grnfd\bnazkexp.wk4)

CHINA'S MUNG BEAN EXPORTS BY DESTINATION
(Metric Tons)

	1997	1998	1999	2000
Japan	43,193	39,122	46,968	40,499
United States	7,801	8,982	9,916	8,144
Vietnam	965	4,076	12,895	7,645
South Korea	3,064	2,987	6,606	7,199
Taiwan	4,645	3,664	6,921	4,466
Netherlands	4,031	4,486	4,546	4,171
Hong Kong	0	3,342	4,045	3,730
Canada	1,971	2,396	2,411	2,496
United Kingdom	3,445	1,825	2,027	2,479
Philippines	1,100	3,251	14,930	1,760
France	878	1,010	913	1,289

Belgium	902	873	526	758
Malaysia	240	2,861	7,091	457
Indonesia	240	3,347	14,428	393
Germany	88	189	341	363
Russia	25	1	407	350
Singapore	2	415	2,967	110
U.A.E.	0	324	3,271	12
India	19	35	192	0
South Africa	0	4,154	7,234	0
Pakistan	0	25,098	136,398	0
Bangladesh	0	0	1,227	0
Others	897	1,841	2,778	1,489
TOTAL	73,506	114,279	289,038	87,809

SOURCE: PRC Customs
HS Code: 0713.3110, 0713.3190
(f:\shared\lotus\grnfd\beans\bnmngexp.wk4)

CHINA'S KIDNEY BEAN EXPORTS BY DESTINATION
(Metric Tons)

	1997	1998	1999	2000
Cuba	99,031	0	987	68,483
Pakistan	17,460	17,640	30,791	25,741
Italy	16,036	18,431	18,684	25,471
South Africa	45,046	42,462	29,418	22,810
India	12,746	11,829	22,971	18,717
Iraq	15,780	28,806	3,000	17,754
Turkey	30,450	6,292	4,298	12,539
Japan	12,799	11,654	11,313	11,330
Angola	10,139	1,852	3,413	11,055

Colombia	14,759	5,270	5,473	10,750
Yemen	4,437	5,527	10,168	9,436
South Korea	4,170	2,725	7,203	7,871
Belgium	11,525	8,492	7,352	6,918
Taiwan	3,727	4,423	5,304	4,824
Netherlands	2,243	3,031	2,513	3,849
Egypt	947	2,249	6,915	3,743
Portugal	5,244	5,770	7,332	3,526
Spain	3,777	2,487	3,795	2,441
Philippines	1,649	566	2,664	2,351
France	2,622	1,150	1,688	1,718
United Kingdom	1,028	1,813	4,886	1,661
Lebanon	1,069	1,121	974	1,558
Israel	1,235	319	398	466
United States	305	263	636	349
Hong Kong	2,039	937	795	336
Brazil	7,512	17,708	10,236	44
Venezuela	0	10,532	2,299	0
Other	30,822	7,649	9,353	5,518
TOTAL	358,597	220,999	214,859	281,259
SOURCE: PRC Customs HS Code: 0713.3310, 0713.3390 (f:\shared\lotus\grnfd\beans\bnkidexp.wk4)				

CHINA'S BROAD BEAN EXPORTS BY DESTINATION
(Metric Tons)

	1997	1998	1999	2000
Egypt	19,765	2,713	130,655	52,602
Japan	7,673	6,428	8,122	6,956
Indonesia	2,992	619	1,621	3,114
Yemen	3,596	3,046	1,353	2,645
Italy	28,216	2	7,586	2,540
Mexico	0	0	1,618	2,164

Thailand	1,086	1,073	1,121	1,689
Saudi Arabia	207	248	1,812	1,299
Jordan	591	424	613	440
Kuwait	458	426	159	345
United States	70	9	3	259
Philippines	281	80	100	252
U.A.E.	0	0	2,899	250
Malaysia	471	88	31	79
Singapore	240	60	281	61
Hong Kong	332	1,156	4	24
Canada	21	1	5,149	20
Other	3,504	1,203	1,612	778
TOTAL	69,503	17,576	164,739	75,515

SOURCE: PRC Customs
HS Code: 0713.5010, 0713.5090
(f:\shared\lotus\grnfd\bnbrdexp.wk4)

CHINA'S OTHER DRY BEANS EXPORTS BY DESTINATION
(Metric Tons)

	1997	1998	1999	2000
Japan	3,005	4,075	3,275	2,991
Indonesia	540	0	2,468	2,347
South Korea	1,327	1,908	3,544	1,643
Pakistan	342	145	1,263	605

Italy	2	472	442	424
India	0	740	776	313
Taiwan	1,035	1,315	610	253
Hong Kong	453	719	137	159
Malaysia	94	198	617	128
Singapore	176	275	92	100
Netherlands	64	99	9	50
Belgium	0	790	523	16
United States	26	100	43	5
S. Africa	249	619	785	0
Philippines	264	255	0	0
Yemen	0	700	0	0
Brazil	0	84	1,991	0
Others	119	700	1,006	340
TOTAL	7,696	13,194	17,581	9,374
SOURCE: PRC Customs HS Code: 0713.3900 (f:\shared\lotus\grnfd\bnothexp.wk4)				