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## China, Peoples Republic of

### Agricultural Situation

### Weekly Hongbao

### 2009

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**Report Highlights:**

This report provides a news synopsis of trade policy and agriculture/commodities in China. News includes: 1) AQSIQ Announces another 52 Registered Overseas Cotton Suppliers 2) China's Congress to Strengthen Food Safety Laws 3) Xinjiang to Plant More Grain Crops and Less Cotton 4) Arable Land Decreased Further in 2008 5) Consumer Prices Increase During January in Beijing 6) China's Aquatic Product Export Value Hit Record Levels and 7) Government sets Three Year Target for Growth of Textile Exports

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

**AQSIQ Announces another 52 Registered Overseas Cotton Suppliers:**

China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) published the second list of 52 registered overseas cotton suppliers with names and countries. In the beginning of February, AQSIQ announced the first 11 registered cotton suppliers. AQSIQ requested that, effective March 15, 2009, all inspection agencies conduct inspection for cotton imports from these suppliers according to AQSIQ's "Administrative Measures (for trial implementation) on Quality Credit Assessment of Overseas Cotton Suppliers." (Source: China Cotton Association Website, 02/26/09)

**Congress to Strengthen Food Safety Laws:** In the wake of the melamine incident, the National People's Congress this week submitted what is now the fourth draft of the Food Safety Law. One of the new adjustments to current food safety law draft will be the consolidation for food safety supervision. Currently more than 10 departments are involved with food safety and under the draft law that number would be reduced to five departments: Ministry of Health, Ministry of Agriculture, AQSIQ, Ministry of Commerce, and State Food and Drug Administration. (Source: FAS/Beijing, China Daily and other local press, 2/27/09)

FAS/Beijing Comment: Reducing the number of agencies with jurisdiction over the food industry will be a positive step for establishing responsibility for monitoring of food safety, though clarifying lines of authority will also be necessary. Also noteworthy is how celebrities, athletes, and organizations who endorse products will also be held liable for any safety issue related to these products.

**Xinjiang to Plant More Grain Crops and Less Cotton:** An additional 10,000 hectares of land will be dedicated to grain production in Xinjiang, following adjustment of land utilization in 2008. A trial production model of planting two consecutive crops, such as potato and corn, has started in northern Xinjiang compared with the traditional model of just planting one cotton crop. The provincial government laid out new agricultural strategies that include reducing cotton area, maintaining fruit cultivation area, supporting livestock production, and expanding grain planted areas. (Source: Ministry of Agriculture web site, 02/25/09)

**Arable Land Decreased Further in 2008:** According to data released by the Ministry of Land Resources on Thursday, China's total arable land decreased to 121.7 million hectares at the end of 2008, down nearly 20,000 hectares year-on-year. Although much lower than the 39,000 hectare reduction recorded in 2007, data indicates that land quality in some areas is declining due to construction. The relatively small arable land reduction is attributed to the central government's strict policy on protection of arable land. The Chinese government maintains it will not allow the nation's arable land to fall below 120 million hectares. (Source: China Economic Times, 2/27/09)

FAS/Beijing Comment: Currently China feeds 10 people/Ha of land which is twice the global average of 4.4 people/Ha. Most of China's land is non-arable, comprised of desert, dry lands, and mountain regions leaving 14 percent of land suitable for cultivation. Although the rate at which arable land is disappearing has slowed, it remains very close to the government's 120 million hectare bottom line.

**Consumer Prices Increase During January in Beijing:** Prices for Beijing urban consumers increased by 0.7 percent in January y/y. Prices for grains increased 4.7 percent; while meat, poultry, and animal product prices rose by 2.8 percent; vegetables increased 7.0 percent; seafood increased 17.7 percent; tobacco increased 0.8 percent; liquor increased 9.4 percent. However, the price of oil fell by 8.7 percent. (Source: *Beijing Statistical Information Net*, 02/25/09)

**China's Aquatic Product Export Value Hit Record Levels:** In 2008 China's aquatic product trade reached 6.85 MMT and was valued at \$16 billion, up five and 11 percent, respectively over the previous year. The export value hit a record \$10.6 billion accounting for 26 percent of total agricultural export products, the largest in value of all other export products. Exports to ASEAN countries grew rapidly to \$640 million, up 66 percent over the previous year. Japan, the United States, the European Union, and Korea are the major export destinations, accounting for 72 percent in value. Aquatic product imports for domestic consumption and fish meal imports also increased. (Source: MOA website, 09/27/09)

**Government sets Three Year Target for Growth of Textile Exports:** According to *Global Insight* and various news reports, in the textile stimulus plan announced February 12, the Chinese government outlined a three year target for textile exports to grow eight percent, beginning in 2009. The industry believes the government is trying to give greater policy support to help the textile industry maintain stabilization through regular production and employment. The global economic slowdown has significantly impacted China's textile exports, as reflected by a mere 4.7 percent increase in 2008. Given the importance of the textile industry in supporting China's work force, the industry is expecting more policy support soon. (Source: Global Insight, ATO/Guangzhou, and local press, 02/25/09)