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China, Peoples Republic of

Agricultural Situation

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Report Highlights:

This report provides a synopsis of Trade Policy News in China. Trade Policy News includes: 1) Textile/Apparel VAT Rebate Increased

Agricultural/Commodities News includes: 1) Oilseed Production Up 2) COFCO Suspended Sweet Sorghum Ethanol Pilot Project 3) Chairman of Grain Group Arrested

Includes PSD Changes: No

Includes Trade Matrix: No

Annual Report

Beijing [CH1]

[CH]

Trade Policy

Textile/Apparel VAT Rebate Increased

On July 30, 2008, the Ministry of Finance announced that, effective August 1, 2008, the VAT rebate for exports of some textile/apparel products would be adjusted upward by two percent, from the previous 11 percent to 13 percent. This change in VAT rebate covers major cotton textile products including: HS Code 5205110000-5212250090, 5306100000-5311009099, all products under HS Code Chapter 56, 60, 61 and 62, and some products under HS Code Chapter 44, 50, 51, 54, 55, 59 and 63. (Source: <http://www.chinatax.gov.cn>, 07/30/2008)

Commodities

Oilseed Production Up

China's National Grain and Oils Information Centre (CNGOIC) released its August estimates for domestic oilseed production; the 2008 soybean production is estimated at 17.5 MMT, up 37 percent over 2007. This is based on an 11 percent expansion of planted area from 8.7 million hectare (MHa) to 9.65 MHa. The 2008 rapeseed production is estimated at 11.5 MMT, up about 8 percent 900,000MT over 2006. This is based on an increased planted area, up 13 percent over 2007. (Source: CNGOIC Oilseed Report, 08/06/2008)

COFCO Suspended Sweet Sorghum Ethanol Pilot Project

China National Cereals, Oils and Food Stuffs Corporation (COFCO) unexpectedly suspended a pilot project to produce ethanol from sweet sorghum in Hebei Province. In March 2007, COFCO and British Petroleum (BP) set up sweet sorghum pilot projects in Huanghua, Hebei; Yangxi, Shandong; and Wuyuan, Inner Mongolia. In April 2008, COFCO sent a letter to Huanghua stating they would temporarily suspend the project due to it not being in line with the company's development strategy. (Source: www.sina.com.cn, 07/26/2008)

Chairman of Grain Group Arrested

Liu Xianlu, the former chairman of Jilin Grain Group, was arrested and charged with corruption and embezzlement. Authorities have increased inspections of the grain stockpile amid soaring food prices. A source said Liu, 63, a delegate to the tenth National People's Congress, was charged with embezzling more than USD14.6 million (RMB100 million) and collecting several hundred thousand dollars in bribes during his tenure at the grain group. A source said, "it is a serious case because it involves food, an essential part of people's sustenance." The source also said, "what's worse, several major grain warehouses in the country were recently found to have been hollowed out by illegal trading." Jilin Grain is one of the largest companies and the largest exporter in Jilin province, one of the major corn-producing areas. State-owned food companies control a large percentage of grain procurement, storage, processing, and distribution. (Source: Chinese Language Media)