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China, Peoples Republic of

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Report Highlights:
China's total grains output rose in MY06/07 over the previous year as a result favorable weather and increased acreage. Increased acreage was in response to higher market prices supported by government programs. Corn production in MY07/08 is forecast at 143 million metric tons (MMT) and corn imports in MY07/08 are forecast at 800,000 MT, driven by growth in the livestock sector and expanded industrial use. Wheat production in MY06/07 is estimated to be 103 MMT, up 6 percent, and rice production for MY06/07 is estimated at 181 MMT, up slightly from the previous year. In MY06/07 and MY07/08 China is estimated to be a net wheat and rice exporter, due to three straight years' increase in grain production and declining consumption.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

China's total grains output increased in MY06/07 over the previous year as a result of strong market demand, government incentives to increase acreage and improve yield, and good weather. Since China's short supply and imports of 10 million metric tons (MMT) wheat in 2003, the Chinese government has encouraged grain production through a series of policies, including direct payments, price supports, export incentives, and tax breaks.

China will continue to implement national objectives to increase farm income, insure adequate calories for their population, and, as an extension, maintain self-sufficiency in rice, wheat and corn. The current government support programs are expected to continue or expand to meet farm income objectives, but this may collide with declining food grain demand, even while feed grain and industrial use for corn grows.

Corn production for MY06/07 is estimated at 142 million metric tons (MMT), up 5 percent from the previous year. Corn production in MY07/08 is forecast at 143 MMT and, assuming world corn decline, China is forecast to import 800,000 MT in MY07/08, driven by growth in the livestock sector and expanded industrial use. Wheat production in MY06/07 is estimated to be 103 MMT, up 6 percent, and rice output for MY06/07 is estimated at 181 MMT, up slightly from the previous year. Due to three straight years' of increased food grain output, in MY06/07, China is estimated to be a net exporter for wheat and rice.

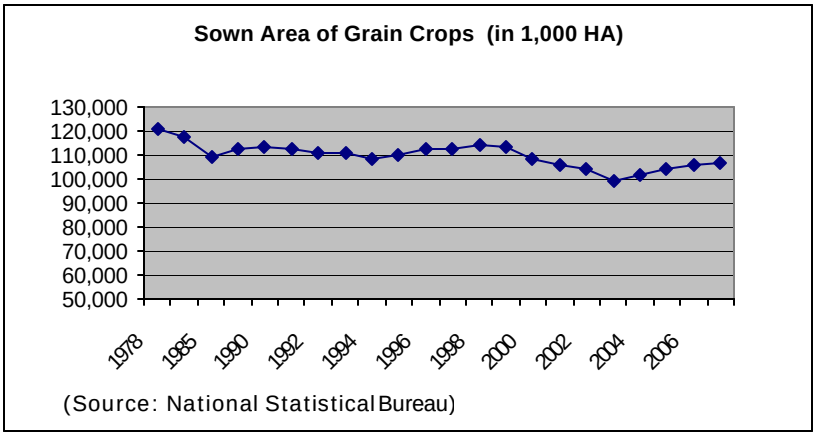
This year Post has incorporated better intelligence into earlier analysis of corn production and consumption. This will lead to better year-on-year production estimates and some adjustments as a result of previously unreported production and production areas.

Grain Production, Consumption and Trade

While China began liberalizing production and distribution of grains and oilseeds in 1997, China has retained its long-term self-sufficiency objective for food grains, and defined food grains to include rice, wheat and corn. The growing demand for corn by livestock and industrial users has led to discussions in Chinese think tanks that China's self-sufficiency objective should be limited to rice and wheat. Meanwhile, declining demand for wheat and rice combined with production support policies have increased stocks. Post predicts that it will take at least two to four years to realign production practices with increased domestic demand for corn and decreased domestic demand for wheat and rice.

Grain Area and Yield

Since China's short supply and imports of 10 MMT wheat in 2003, the Chinese government has implemented a series of policies to protect the arable land and encourage grain (defined as cereals, beans and tubers) production. Under the 11th (2006-2010) five year plan the objective is for annual sown area of grains to be at least 100 million hectares (Ha) and to increase average grain yield*



(Source: National Statistical Bureau)

* Post has found that due to problems with survey and reporting methodology, certain National Bureau of Statistics data, including grain yield is not consistent with Post's intelligence. As such, NSB yield data is included in the following table but not used as the basis of production estimates.

one percent annually. Meeting this 100 million Ha objective includes double cropping rice in southern China and intercropping winter wheat with corn in northern China. In the past five years, rice, corn and wheat sown area averaged 78% of total sown area of grains.

Corn

This year Post has incorporated better intelligence into earlier analysis of corn production and consumption. This will lead to better year-on-year production estimates and some adjustments as a result previously unreported production and production areas.

Prior to 2004, agricultural land taxes collected by the provincial government were passed on to the central government for redistribution in support of central government policies. In varying degrees, depending on the province (and commodity), provincial governments would hide land (locally known as "black land") and hence some tax receipts, and feed them into provincial coffers. Beginning in 2004 and implemented over a 3-year period, this agricultural tax, and the incentive to hide production and production acreage, has been eliminated. Additional tax reforms now provide incentives to declare agricultural land to receive production support (see Policy section).

The Heilongjiang province reputedly had the greatest amount of “black land’ in China. When the agricultural tax was removed in 2005 in Heilongjiang, according to the provincial statistical data, corn acreage and production jumped 27% and 31% (MY05/06) respectively over the previous year. Post estimates that production in Heilongjiang in MY05/06 was up about 8 percent, over the previous year, suggesting that these production increases are mostly composed of the inclusion of black land.

This example reflects a historical tension between the central and provincial governments. This tension continues to influence provincial reactions to central government policies. For example, provincial governments seek to maximize central government incentives by underreporting grain acreage and production volumes in grain surplus years and over-reporting in short years.

Post believes that recent reporting of previously unreported black land production has masked recent increases in production and consumption numbers and that in the years prior to MY04/05, China’s corn production and consumption are understated.

Production

Corn production for MY06/07 is estimated at 142 MMT, up 5 percent from previous year. Favorable weather and increased acreage contributed to the high yield. Corn acreage in MY06/07 is estimated at 27 million Ha. Corn production in MY07/08 is forecast at 143 MMT, 1 MMT higher than the previous year. Yields are forecast to be higher than average but lower than the previous year. Corn area for MY07/08 is forecast to up slightly over the previous year as farmers shift to corn in response to higher corn prices.

Post analysis concludes that MY05/06 crop was down slightly from the previous year and has adjusted post's previous estimate up 1 MMT to 135 MMT. Post does not accept Chinese official reporting of 139.3 MMT. According to the official report, this record production increase was the result of a 2.5 percent increase in yield, favorable weather conditions and increased acreage. Based on Post intelligence, Post concludes that actual production was down from the previous year and the increased production number reflects an adjustment based on reporting of previously unreported acreage (black land).

Consumption
Corn is used in China as feed, for industrial production of sugar, starch and biofuel, and for food, accounting for 72, 20, and less than one percent of domestic use, respectively. The rest is seed and losses. Historically, exports have provided a relief valve for excess production.

Feed consumption
Post estimates the feed corn consumption increases at 3.5 percent in both MY06/07 and MY07/08. This increase closely tracks increases in meat, especially pork and poultry, production, taking into account increased efficiencies in feed and feed substitution as corn price increases close the gap between corn and (imperfect) substitutes like rice and wheat.

China's meat production has averaged a growth rate of 4.8 percent annually during the last five years. Post concurs with an estimates by the National Statistical Bureau that despite swine fever and bird flu, meat production is up 4.5 percent to 80 MMT and poultry egg production is up 3.0 percent to 29.50 MMT in 2006. (See GAIN CH7014.)

Post estimates that efficiencies from better feed mixes have meant that feed corn use has been slightly below meat production increases. According to an annual survey on household and commercial farms by National Development and Reform Commission (NDRC), the overall use of grains and other crude protein ingredients in feed per unit of meat production has been down an average of almost one percent per year over the past ten years as a result of improved feed formulation and additives. Post forecasts this trend will continue.

In MY06/07, responding to price increases in corn, some poultry and swine farms in northern and central China have substituted wheat and early season rice into their feed mix, slightly reducing the growth rate for feed corn use. While mostly limited to provinces with an oversupply of lower-quality wheat and rice, the trend is likely to continue.

There is no national tracking for the use of feed corn. The Ministry of Agriculture's (MoA) China Industry Feed Association tracks industrial feed, estimated up 3 percent in CY2006 to 110 MMT. Post believes the unusually low growth rate, reportedly attributed to swine fever and avian influenza, is overstated. Corn content is estimated between 55 and 65 percent of industrial compound feed. Industrial feed is estimated at between 50 and 65 percent of total feed use.

China: Feed Production by Type (1,000 tons)

	Total	Compound	Concentrate	Premix
2003	87,120	64,280	19,580	3,260
2004	96,600	70,310	22,240	4,060
2005	107,000	77,610	24,980	4,780
2006	110,000	NA	NA	NA

Source: China Feed Industry Office

Industrial and feed corn is principally used for poultry and pork production. Pork and poultry production facilities fall into three categories: industrial farms, making up approximately 20-30 percent of pork production and 60-70 percent of poultry production; large farms, making up as much as 20 percent of pork production; and backyard farms, accounting for the rest of production. Industrial production mostly relies on compound feed, and by some accounts, pork and poultry output by commercial (industrial and large) farms accounted for half of China's total production in MY06/07. Generally, the smaller the farm, feed is increasingly concentrate or premix combined with raw feed.

Industrial Use

Industrial use of corn includes the production of starch sweetener, industrial and food starch and ethanol; Post estimates that corn consumption for all industrial uses totaled 30 MMT in MY06/07, up by about 5 MMT from the previous year. China's starch and ethanol sectors have grown more than 15 percent annually over the last five years. See separate Ethanol section.

While corn is currently the principal ingredient for these sectors, actual corn use depends on the relative costs of corn substitutes, including wheat, rice, sweet potatoes and cassava. In response to the Chinese government's concerns about a supply shortage of corn, China has included tariff elimination on dry cassava chips in recent free trade agreements with Thailand and other ASEAN countries. As a result of implementation in 2006, imports are up 48 percent from the previous year. Industry estimates are that the imported dry cassava chips used in the starch and ethanol sectors was equivalent to more than 4.5 MMT of corn in CY2006.

China's Cassava (071410) Imports from the World by Metric Ton 2000-2006						
	2001	2002	2003	2004	2005	2006
Total Imports	**1,950,043**	**1,760,294**	**2,368,260**	**3,442,412**	**3,335,415**	**4,950,435**
Thailand	1,629,870	1,425,371	1,874,362	2,734,389	2,695,576	3,864,203
Vietnam	156,996	212,878	453,132	522,296	411,573	941,274
Indonesia	163,155	122,040	40,766	185,728	228,265	144,784

Starch Production

The total corn used for starch manufacturing reached about 18 MMT in MY06/07, up 15 percent from the previous year. Approximately 50 percent of cornstarch production is used for sweetener and the rest is used in the industrial and food processing sectors including papermaking, textile production, and food-grade starch, including monosodium glutamate. Cornstarch accounts for 85 percent of total Chinese starch production.

Corn Trade

Imports of corn are estimated at 100,000 metric tons (MT) in MY06/07. Assuming a good U.S. harvest and soften in late summer, in MY07/08 Post forecasts 800,000 MT of imports driven by increased feed consumption from the meat and poultry sectors and increased demand from industrial sectors. Corn exports during October-December 2006 were 800,000 MT. Corn exports for MY06/07 are estimated at 4 MMT. Corn exports for MY07/08 are forecast at 1 MMT.

Imports

In the summer of 2006, domestic Chinese prices for corn climbed and prices in corn deficient areas exceeded international prices. In response, domestic feed milers and starch sweetener manufacturers imported corn from the U.S. for the first time in ten years. The short supply and price differentials between traditional corn surplus regions in northeast China and corn deficit regions in the north and south, led feed millers in the south and sweetener manufacturers in the north to import U.S. corn by cargo and container. U.S. corn was only competitive in north China because it was processed and re-exported hence eligible for a (13 percent) value added tax (VAT) rebate. Even after harvest, Chinese domestic corn prices remained high, but high international prices precluded subsequent imports into China. In January 2007, the landed price of U.S. corn in Guangzhou (southern China) was about RMB 500/ton ($65/ton) higher than the price of local corn.

Exports
Corn exports during October-December 2006 were 800,000 MT. Corn exports for MY06/07 are estimated at 4 MMT. Corn exports for MY07/08 are forecast at 1 MMT. Rising domestic corn demand for feed and industrial use and the limited ability to expand production will limit future exports. China's corn exports mostly go to South Korea, Japan and Southeast Asia countries.

The Chinese government manages corn exports. The NDRC, the State Administration of Grain (SAG), the Ministry of Finance and the Agricultural Development Bank jointly determine the export quota based on the supply and demand situation. In October 2006, the government issued 4.5 MMT of corn export quota, valid through February 2007. An estimated 4.0 MMT has been contracted under this export quota. Post forecasts that under the current short supply situation the Chinese government will not issue additional quota for corn exports in CY2007.

Corn export in MY06/07 were eligible for a 13 percent value added tax (VAT) rebate worth $17 per MT. The rebate is based not on the export price, but on a base price. The actual export price has historically exceeded the base price. In 2005 the government increased the base price to RMB 1,100 ($133) per ton, from RMB 860 ($104), making the rebate in 2005 RMB 143 ($17/ton), up from RMB 114/ton ($14/ton) in 2004. The rebate in MY06/07 is unchanged from the previous year.

Stocks
While stock levels are considered a national secret by the Chinese government, Post estimates ending stocks for MY06/07 are 29.5 MMT and forecasts ending stocks for MY07/08 are 22.9 MMT as domestic consumption outpaces production. Previously, the National Statistical Bureau (NSB) surveyed the stock levels of government entities, but survey data was not public and is incomplete, at best.

Most corn stocks are held in the northern production provinces of Heilongjiang, Jilin and Inner Mongolia. Central or provincial governments pay the storage costs, estimated at an approximate annual cost of RMB 100 (US12.8) per ton. Because of the cost of transportation to bring the corn down to users in the south, these provinces have successfully lobbied the central government to provide export support (see VAT rebate discussion in the Export section above) and transportation subsidies. Grains transported by rail are exempt from a RMB 0.033 per ton per kilometer "construction fee" charged to other products transported domestically.

DDGS
Domestic distillers dried grains with solubles (DDGS) production is an outgrowth of China's ethanol production and is mostly consumed by swine, and dairy cattle or incorporated into feed production. Post estimates China's production of corn based DDGS is 2.4 MMT in MY06/07. Though lower in protein content than protein meals, DDGS is a substitute for soybean and other oilseed meal and is substituted when it is the low cost alternative. Except around corn ethanol plants, most feed millers, livestock and poultry farms are not familiar with the use of DDGS. The limited availability of DDGS and varying quality (depending on the price and availability feedstock) made it difficult for feed millers to incorporate into their feed production, however.

Regulatory Oversight
While the domestic ethanol industry and feed mill sources report that domestic production and sale of DDGS are basically unregulated, imports must have a feed import registration and a biotech safety certificate.

The State Council's 2001 Management Regulation on Feed and Feed Additive requires DDGS, as a feed product, to be registered with Ministry of Agriculture (MoA). (See GAIN CH6083 on Feed Registration.) MoA approved its first feed import registration for DDGS in May 2006. While MoA has not received other applications, subsequent applications should not be complicated. Registrations, once complete, are valid for five years. As a feed, under a 2001 China Taxation Administration and Customs Administration rule, imported DDGS would be exempted from a 13 percent value added tax (VAT). (See separate section on VAT.)

In addition, U.S. DDGS exporters must apply for a biotech import safety certificate from MoA. The application procedure is the same as required to import biotech products, including soybeans and corn. Exporters need to take a copy of the safety certificate, issued to the seed companies, to MoA's GMO Office and request an import safety certificate. Post does not forecast any obstacles with the MoA certification process. (See GAIN CH5069.)

Market Opportunities

While there are opportunities for U.S. DDGS exports to China because of the higher quality of U.S. DDDS compared with domestic product, feed miller acceptance and competitive pricing will be critical.

The U.S. DDGS production process and more consistent inputs mean that the U.S. product has a higher protein level than domestic DDGS. Except for areas in the north around corn ethanol plants, feed millers and industrial farm complexes are not familiar with the relatively new product. Future marketing would require developing an understanding of the nutritional value and use requirements.

Wheat

Wheat, like other grains, are considered lower risk, stable, income crops when compared with vegetables, rapeseed, and cotton. Winter wheat planting area accounts for more than 90 percent of the total wheat planting area in China and is usually double-cropped with corn. Compared with rice and corn, wheat production adopts a much higher rate of mechanized planting and harvesting.

Production

Post estimates wheat production in MY06/07 is 103 MMT, up 6 percent from the previous year. Good weather and MoA's production support programs contributed to good yields and crop quality better than the previous year. The acreage in MY06/07 is estimated to be 23.3 million Ha, up 2 percent from the previous year.

The planted area in MY07/08 is forecast to be 23.2 million Ha, down slightly from the previous year. Wheat production in MY07/08 is forecast to be 101 MMT, 2 MMT down from the previous year. The drought on northern China plains hindered the wheat planting during November 2006. In northern Shandong province the drought even caused some wheat farmers to miss the planting season and, according to provincial agricultural department officials, planting area is forecast down 5 percent from the previous year. The wheat acreage in Shandong accounts for 14 percent of national total wheat acreage in MY05/06. The lack of winter rainfall and warmer weather is forecast to reduce yields for the MY07/08 crop.

Consumption

Overall wheat consumption has been declining gradually. As incomes rise, consumers replace carbohydrates with protein. By some estimates, per capita food-grain consumption declined by over 1 percent annually in MY05/06 and MY06/07. According to the National Statistical Bureau, in home per capita consumption of grain in rural households dropped to 209 kg in 2005 from 250 kg in 2000 and in home per capita annual consumption of grain by

urban households dropped to 77 kg in 2004 from 82 Kg in 2000, annually down about 3 and 1 percent, respectively. Post estimate that this decline will continue.

As urban demand for traditional wheat products (Chinese steamed bread) declines in favor of convenience foods, including instant noodles, biscuits and bakery products, wheat quality is becoming more of a factor for millers. Unlike traditional homemade or home-style Chinese food products, flour for processed foods requires specialized gluten content and consistent quality. As flour millers' attempt to satisfy these requirements by blending imported wheat with lower-quality domestic wheat, import demand is expected to increase.

The flour millers' purchase imported wheat either directly or at auctions held by SinoGrain, or their provincial counterparts. Imported wheat purchased at these auctions is usually kept for three or four years before sale. Even after three or four years, however, the quality is still better than that of domestic wheat.

Trade

Wheat imports for MY06/07 were down 600,000 metric tons (MT) from the previous marketing year to an estimated 700,000 MT as a result of good harvest in MY06/07 and an oversupply in the domestic market. Wheat imports in MY07/08 are forecast at 500,000 MT, 200,000 MT lower than the previous year.

Most of China's wheat and flour exports go to nearby Asian countries. Because of production declines in major wheat supplying countries, China's wheat exports in MY06/07 are estimated at 2 MMT, 600,000 MT higher than the previous year. In addition to flour-grade wheat exports, more Chinese feed-wheat exports are expected in response to the rising international price for feed grains. In MY06/07, feed wheat exports are estimated to account for half China's total wheat exports.

Stocks

While stock levels are considered a national secret by the Chinese government, Post estimates that ending stocks for MY06/07 and MY07/08 will be 35.3 and 35.8 MMT, respectively. Previously, the National Statistical Bureau (NSB) surveyed the stock levels of government entities, but survey data was not public and is incomplete, at best.

Rice

Production

Total rice production is estimated at 181 MMT (unmilled) in MY06/07, up slightly over the previous year. Estimated area planted is 29 million Ha, up one percent (increased mostly through double cropping) over the previous year. Early-season rice production is estimated at 31.8 MMT, unchanged from the previous year. Because of a slight increase in area and higher than average yields, late-season rice production is estimated at 149 MMT, up by less than one percent from the previous year.

Rice production for MY07/08 is forecast at 183 MMT, up slightly from the previous year. The government's price support program (see Policy section) has guaranteed reasonable returns for rice farmers. Rice acreage in MY07/08 is forecast at 29.4 million Ha, up slightly from the previous year.

Consumption

MY06/07 consumption is estimated at 127.8 MMT (milled), down slightly over the previous year. Indica rice varieties have been a predominant staple food for the population in southern China, while Japonica rice varieties are traditionally popular in northern China where people also favor wheat flour based staple foods. As discussed in the wheat section, surveys show

per capita in house grain consumption (including rice and wheat) is declining by over 1 percent and this trend is projected to continue.

In addition to food use, low quality early rice varieties and stale rice reserves are used to feed swine and poultry at both commercial farms and in rural households. In MY06/07, because of a higher corn prices, Post estimates an increased use of rice and wheat for feed. In the ethanol sector, low priced indica rice has replaced some corn feedstock use in MY06/07. While there is no reliable data on the feed use of rice, Post's estimates are that approximately 10 MMT (unmilled) rice annually is used for feed.

Trade

As of 2006, China has signed import quarantine protocols for rice with Thailand, Uruguay, Vietnam and Pakistan. Most import varieties were indica and Thailand and Vietnam ware principal suppliers in CY2006. Currently, Japan is also negotiating an import quarantine protocol to export rice to China.

Rice imports for MY06/07 are estimated at 900,000 metric tons. Rice imports for MY07/08 are forecast at 900,000 metric tons, unchanged from the previous year.

Rice exports in MY06/07 are estimated at 1.4 MMT. Rice exports in MY06/07 are forecast at 1.5 MMT. Since 2004, the government has tightened controls on rice exports. From 2000 to 2003, China exported about 2 MMT yearly. At that time, most of China's rice exports were low quality indica exported to African countries. As rice stock levels have fallen, these exports have declined. China also exports Japonica varieties to Japan, Russia and South Korea. These exports are small in volume but highly profitable, and are forecast to continue.

Stocks

While stock levels are considered a national secret by the Chinese government, Post estimates that ending stocks for MY06/07 are 35 MMT, and are forecast to be unchanged in MY07/08. Previously, the National Statistical Bureau (NSB) surveyed the stock levels of government entities, but survey data was not public and is incomplete, at best.

Barley

Increased domestic demand and tight world supply is pushing up international prices and opening new export opportunities for U.S. barley to China. MY06/07 barley area is estimated at 880,000 Ha, up 3 percent over the previous year principally as a result of increased demand from the brewery sector and a short supply in the international market. Production is estimated at 3.5 MMT, up 2.5 percent over the previous year. Post forecasts that both barley area and production in MY06/07 will increase slightly over the previous year, as a result of continued increased demand, especially from the brewery sector.

Gansu province is the largest and highest quality barley producer in China and Post estimates its barley production at 700,000 MT, accounting for 22 percent of total production. Producers in Gansu are price takers, and because of the short supply internationally, provincial prices are up 6 percent from the previous year to 1,700-1,750 RMB/MT ($218/MT).

Barley in China is mostly used for brewing. Domestic barley production is inadequate to supply the expanding brewery industry. Industry sources estimate that China's beer production in 2006 will exceed 33 million kilolitres with a growth rate of over 5 percent. The sector's total demand for malting barley is estimated at around 4 MMT annually. However, as a result of a poor crop in Australia, China's MY06/07 imported barley is estimated at 2 million, down 10 percent from the previous year. Barley imports in MY07/08 are forecast up slightly as the global supply rebounds. If international stocks remain short and prices remain

high, however, feed barley or other grains could be substituted, despite the potential impact on beer quality.

Currently, neither MoA nor provincial authorities cover barley, nor is it a crop with production assistance.

China's Beer Production (in 1, 000 liter)					
2003	Growth	2004	Growth	2005	Growth
25,405	6%	29,480	16%	31,260	6%

Sorghum

Post estimates sorghum production is up almost 10 percent in MY06/07 to 2.8 MMT, and area up almost 4 percent to 590,000 Ha, over the previous year. MY07/08 sorghum area and production is forecast up slightly from the previous year. Sorghum is mostly planted on marginal land with no irrigation.

While some sorghum is used for feed, the majority, approximately 2 MMT, is used for hard liquor (ethanol-based) production. Production of sorghum-based hard liquor is estimated at 3.5 MMT for MY06/07, up 6 percent from the previous year. Hard liquor consumption is forecast to rise as consumer incomes rise and effective marketing campaigns by distillers promote the gift-giving of traditional Chinese alcohol. Promotions include significant prime time TV advertisements in recent years.

Currently, neither MoA nor provincial authorities cover sorghum as an important feed grain, nor is it a crop with production assistance.

China Hard Liquor Production in 1000 MT					
Year	2001	2002	2003	2004	2005
	8,167	7,396	6,475	3,117	3,350
Growth Rate	71.5%	-9.4%	-12.5%	-51.9%	8%

Source: National Statistical Bureau

Ethanol

Total ethanol production in MY06/07 is estimated at 7 MMT. About 50 percent of total ethanol production is based on grains (mostly corn, but including sorghum, wheat and rice) with the remainder based on tubers, including cassava and sweet potatoes. Corn based ethanol production is estimated at 2.4 MMT in MY06/07, including approximately 1 MMT of fuel ethanol.

Total ethanol production is divided between approximately 1.3 MMT of fuel ethanol, 2 MMT of ethanol for food alcohol production and the remainder for surgical and industrial use.

Fuel Ethanol

The government strictly manages fuel ethanol sector. Currently, only four licensed plants can market their products as fuel ethanol. Fuel ethanol must be sold to one of the two state-owned oil companies.

Estimated fuel ethanol production in MY06/07 is 1.3 MMT, with approximately 1 MMT based on corn as an input. Fuel ethanol production in China is set to expand almost 1 MMT per year for the next five years, but corn will not be a significant part of this expansion. Future plants will mostly be based in the south or west and use either sweet sorgum, tubors, or sugar cane. (See Biofuel Report CH6049 and CH6114.)

Total grain consumption in MY06/07 by the fuel ethanol sector is estimated at about 4 MMT, of which about 3 MMT is corn. Both central and provincial governments have invested heavily to support the fuel ethanol sector. State media reports that the government offered RMB 1,800/ton ($225/ton) as a subsidy for corn-based ethanol in 2005. In 2006, the government reduced the subsidy by an average of RMB 300/ton ($37.5/ton) for the four plants signaling the government's intention to curb the expansion of grain based ethanol production.

Ethanol Exports

Up over 500 percent from the previous year, the rising international fuel price in 2006 propelled a big jump in China's ethanol exports. Chinese government concerns that the development of export oriented ethanol plants might lead to domestic grain shortages led to eliminating the 13% VAT rebate on ethanol exports, effective January 2007. The elimination of the VAT rebate will slow future exports.

China Ethanol Export in 2004-2006 (in 1,000 MT)

		2004	2005	2006	% Change
Group	Ethanol	82,375	137,873	865,112	527.47
220710	ETHYL ALCOHOL, UNDENAT,	77,857	134,856	825,113	511.85
220720	ETHYL ALCOHOL & OTH SPIRITS DENATURED ANY STRENGTH	4,519	3,018	39,999	1,225.66

Source of data: China Customs

Policy

China's national security objectives include increasing farm income, adequate calories for their population, and by extension, self-sufficiency in key commodities. Prior to market liberalization, the party apparatus controlled all production, distribution and trade. Price supports for key commodities were substituted for market control and remain for key commodities: rice and wheat.

China liberalized production and distribution first in produce, in the late 1980s, and in grains and oilseeds beginning in 1997. Even after liberalization, however, China retained its long-term self-sufficiency objective for food grains, and defined food grains to include rice, wheat and corn. While the growing demand for corn by livestock and industrial users has led to discussions in Chinese think tanks that China's self-sufficiency objective should be limited to rice and wheat, Post predicts that his will take at least two to four years and will coincide with a disaster induced domestic supply shortage, like a major crop failure.

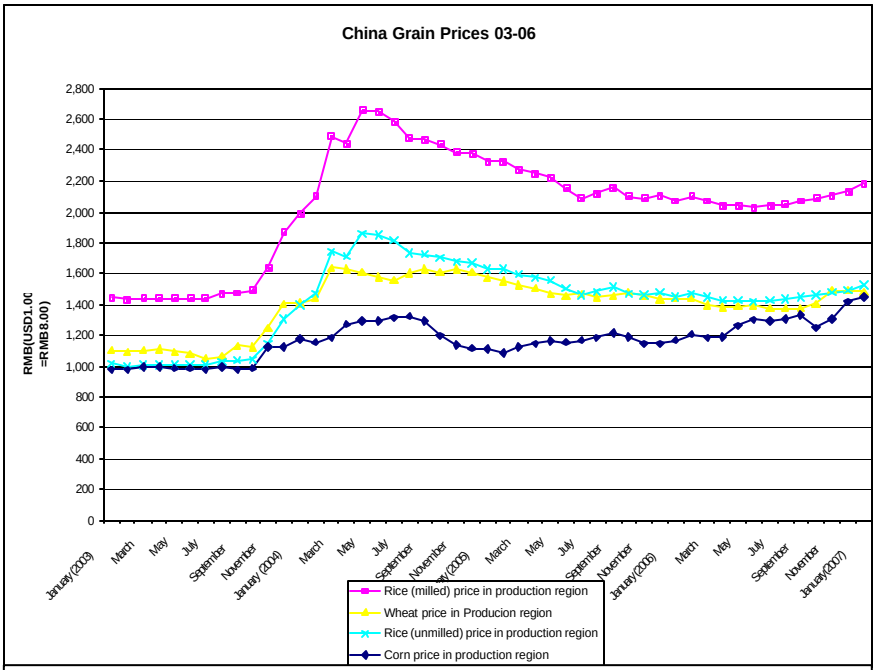
In 2001, concurrent with China's accession to the World Trade Organization (WTO), China adopted policies in grain production and trade, including seed subsidies and tariff rate quotas. In 2003, China was short wheat and imported 10 MMT. In response, China implemented a series of policies, effective 2004, including the elimination of taxes on agricultural land (discussed above with respect to corn production), direct payments to grain farmers, adjustment in the price support programs, and in 2005, a subsidy for the purchase of farm machinery. In 2006, in addition to the existing value added tax (VAT) exemption for farm use of seed and fertilizers, China added a direct subsidy for farm use of fuel and fertilizers.

Since 2004, the No. 1 Decree of the central government has been support of the rural community and improved farm income. Most recently, in 2006, this was incorporated by the National People's Congress in the 11th five-year plan which includes the specific the objective of increasing farm income. MoA has included maintaining the annual sown area of grains

above 100 million Ha and increasing average annual grain yield to one percent as a component part of meeting this objective.

Grain Prices and Farmer Income

Average prices have been up for corn, wheat and rice in MY06/07, 16, 3.3 and 3.4 percent, respectively, over the previous year. The current market prices for wheat and rice are just over their floor prices and are driven by government auctions of grain purchased in MY06/07 and before. (See Price Support below.)



Note: Prior to 2004, when prices rose above RMB 1,000 SinoGrain or its provincial counterparts sold accumulated excess stocks keep commodity prices stable and low while liquidating stocks.

While lower than their urban counterparts, in 2006, net per capita farm income rose 7.4 percent to RMB 3,587 ($460), according to the National Statistical Bureau. The per capita non-farm income rose 17 percent year on year to RMB1,375 ($176). For grain farmers, the average net profit/Ha (wheat, corn and rice) in 2006 is estimated to be higher than 2005 due to rising grain prices. See table.

Net Profit for Grain Farmers (in US $/Ha) in 1997-2005									
Year	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net Profit/Ha	191	144	46	-6	71	9	62	356	236
Source: National Development & Reform Commission									

Grain Support Programs

China's rice, wheat and corn self-sufficiency objective is implemented using direct payments, seed subsidies, tariff rate quotas (discussed separately), price support programs (in the case of rice and wheat), subsidies for farm machinery, and subsidies for farm use of fuel and fertilizers. In MY06/07, these policies have produced a slight oversupply of rice and wheat, leading to some exports, which will continue in MY07/08. Corn production has been mostly driven by the growing domestic demand for corn from livestock and industrial users. This demand is estimated to outstrip supplies in MY06/07, drawing down stocks and drawing in imports, and is forecast to do the same in MY07/08.

The grain direct subsidy (payment to the grain farmer), seed subsidy, farm machinery subsidy, comprehensive subsidy and other financial awards to major grain producing counties totaled RMB 39.37 billion ($5.05 billion) in 2006, according to the state media. In addition, government investment in rural infrastructure in 2006 totaled RMB 53 billion ($6.8 billion). In 2007, government spending on the agricultural sector is expected to be

Government Support Programs in 2006 (in RMB)				
	Direct Payment	Seed Subsidy	Machinery Subsidy	Fuel/fertilizer Subsidy
2006	14.2 billion	4.1 billion	600 million	12.5 billion
2005	13.2 billion	3.9 billion	300 million	NA

higher than the previous year. The budget will be approved and announced after National People's Congress in March.

Direct Payments
In 2004, the central government offered a program of direct payments to grain growers, implemented at the discretion of the provinces. Implementation varies by province, with some providing the subsidy based on planted area and others based on quantity produced. The average program payment is $18/ha, slightly less than $9 per average farm household in 2004. In 2005 and 2006, the payment averaged about $10 per farm household.

Seed Subsidy
In 2001 MoA implemented the seed subsidy program for wheat and has subsequently expanded it to corn, rice and soybeans. The combined value of the seed subsidy for wheat, rice, corn and soybean was RMB 4.07 billion ($521 million) in 2006, up 5 percent from 2005. The program is intended to expand production through improved seed quality. Funding is principally provided through MoA and implementation is at the provincial level.

Implementation varies by commodity and province, but basically falls into two categories: direct payments or discounted seeds. As a direct payment it is an income support mechanism where the farmer is provided between RMB 10-15/mu ($19-23/Ha) to purchase seed, but what the farmer actually does with the payment is not monitored.

Alternatively, the subsidy is provided for farmers to purchase high quality seed at commodity prices. The subsidy is approximately RMB 10/mu ($19/Ha) and may take the form of a payment to the seed company to provide a specific type of seed at commodity prices, or a reimbursement to the farmer for seed purchased. In Henan, the provincial government identifies the preferred wheat varieties and seed companies offer discounted prices. After the sale, the seed company receives a subsidy of approximately RMB 1/kg of wheat seed. (Seed wheat usage averages 10 kg/mu (150 Kg/Ha) in Henan.)

Winter Wheat Seed Subsidy Program

	Total Subsidy (RMB)	Provinces	Area Covered
2004	100,000,000	6	50%
2005	1,000,000,000	11	54%
2006	1,000,000,000	11	54%

Price Support Programs
In 2006, the central government continued it prices support program for major producers of rice and wheat. Provinces benefiting from a rice price floor were Jilin, Heilongjiang, Anhui, Jiangxi, Hubei, Hunan and Sichuan. Provicnes benfitting from a wheat price floor were Hebei, Jiangsu, Anhui, Shandong, Henan and Hubei.

The floor price is set every year by NDRC in collaboration with the Ministry of Finance, the State Administration for Grain (SAG), the China Agricultural Development Bank (CADB), and MoA. Implementation is by SAG and the quasi-governmental SinoGrain Corporation, and funded by loans from CADB. Loans are recovered by commodity sales later in the marketing year or in subsequent marketing years. Post concurs with state media reports that the floor price on wheat and rice will remain unchanged in 2007.

Rice Floor Price Program
If prices drop below the price floor, farmers in the designated provinces may sell their grain to SinoGrain, a state enterprise responsible for holding grain reserves, or its provincial counterparts, at the floor price. After the July 2006 harvest, SinoGrain and its subsidiaries purchased 3.63 MMT of early indica rice and 4.9 MMT late season indica rice in four major rice producing provinces (Jiangxi, Anhui, Hubei and Hunan). The price level for Japonica never fell below the floor price during the marketing year.

As of February 7, 2007, the government has held 29 auctions and sold about 9 MMT of rice, including some rice from MY05/06. All sales were above the government set floor price. With 40 percent of total rice production used on-farm, these government purchases accounts for 60% and 30% of the total marketable rice crop in the region.

After harvest, farmers have 4 months to exercise their option to sell at the price floor. The floor prices for early indica (unmilled) and Japonica (unmilled) are RMB 1,400/ton ($173/ton) and RMB 1,500/tons ($186/ton), respectively. Stored rice can be sold off at auctions at SinoGrain's discretion. The 2006 price floor for rice was unchanged from 2005. The price floor for 2007 is forecast to remain unchanged.

Wheat Floor Price Program

In 2006, for the first time, the government publicly announced a floor price for wheat in the six major wheat-producing provinces. The program works like the rice program and because the market price fell below the floor price at harvest time, most wheat farmer sold to the government. Post estimates that the government purchased 80 of commercially available wheat (with approximately 10 percent remaining on the farm), in MY06/07. CADB loans for the purchase were RMB65.9 billion ($8.45 billion).

The government began auctioning stocks in Oct 2006 and by February 1, 2007, the government had held 12 auctions and sold 7 MMT of wheat purchased in 2006. All sales were RMB 1440-1630, above the government set floor price.

After harvest, farmers have 4 months to exercise their option to sell at the floor price. The prices vary slightly by variety. During June-September 2006, SinoGrain and its subsidiaries purchased 41 MMT of wheat at an average floor price of RMB1,420/ton ($182/ton) in the six eligible provinces.

Subsidy on Farm Machinery

The central government provided RMB 600 million ($77 million) in 2006 for the purchase of farm machinery, up 100 percent, and the program covered 1,126 counties, up from 500 counties from the previous year. Complementing central government funds, the provincial governments provided RMB 110 million ($14 million) in 2006, up 38 percent from the previous year. According to MoA, in 2007, program funding will be expanded and the program will be extended to two thirds of agricultural counties nationwide.

The program offsets the cost of purchases by reimbursing the farmer or compensating the seller for 20 to 30 percent of the purchase price. In 2006, the cost-sharing program stimulated expenditure for farm machinery to over RMB 4.5 billion ($577 million). The program is implemented at the provincial level and local governments decide on machines and models eligible for the subsidy. Mostly the subsidy has supported the mechanization of wheat harvesting and rice planting. In 2007, the government will continue trials on mechanized corn harvesting.

Comprehensive Subsidy on Fuel and Fertilizer

In 2006, government implemented a comprehensive subsidy on fuel and fertilizer for grain farmers. According to Ministry of Finance, the comprehensive subsidy was RMB 12.5 billion ($1.6 billion). Payments averaged about $6.6 per farm household. The program is intended to partially compensate farmers for price increases in fuel, fertilizer and other agricultural inputs.

Elimination of Agricultural Tax

Since 2004, the government began reducing agricultural taxes on farmland (simultaneously introducing direct payments). Prior to 2004 there had been a decades old 7 percent tax on agricultural production. In 2006, the government announced all the provinces eliminated the agricultural tax.

Tariff Rate Quotas

Upon membership to the World Trade Organization (WTO), China established Tariff Rate Quotas (TRQ) for wheat, rice, corn, and several other commodities. These quotas were phased in and reached final levels in 2004. The percentage of the quota reserved for non-state-owned enterprises is 10, 40 and 50 percent for wheat, corn, rice (short and long grain), respectively.

2006 Grain Tariff Rate Quota (TRQ): Allocation and Fill Rate (Metric Tons)				
Commodity	**TRQ**	**Imports**	**Fill Rate**	**State Enterprise Share**
Wheat	9,636,000	625	1%	90%
Corn	7,200,000	62,186	1%	60%
Rice	5,320,000	719,000	14%	50%

VAT Exemptions: Hidden Protections

Farm Inputs: Certain categories of farm inputs are exempt from VAT. Seed, irrigation fees, and most fertilizers, representing at least one quarter of inputs, are VAT-free have an imputed VAT value of 13 percent. (See GAIN CH7018)

Farm Sales: The following are considered VAT-free agricultural products: All products sold from agricultural producers where agricultural producers are individuals or organizations handling agricultural production. Certain state trading enterprises that buy from the farm and sell to primary processors, like feed or flower mills, are considered to be handling agricultural production. Others may associate with these state trading enterprises or operate in the black market, aggregating farm production and effectively acting as farmer agents.

Producer exceptions-imputed VAT: Buyers of products from farmers may claim 13 percent of these products' value as a purchase VAT. This exemption protects processors from paying the VAT that farmers are exempt from (and from double payment of VAT for farm inputs that were not VAT-free).

Producer exceptions-domestic feed: Domestic feed products VAT-free. This includes mixed feed, compound feed, premix feed, feed concentrate, bran, DDGS, oilseed meal (excluding soybean meal), fishmeal and bone meal. Domestic feed grains are exempt under the "farm sales" rule. Feed additives are subject to VAT.

Import Exemptions: The following 15 imported feed ingredients are VAT-free. All other feed ingredients are subject to (normally a 13 percent VAT).

List of VAT Exemption on the imported Feed Ingredients				
	HS Code	Commodity Name	Legitimate VAT	Effective VAT
1	23012010	Fish Meal	13%	Exempted
2	23012090	Other Aquatic Residue	13%	Exempted
3	23021000	Bran, Sharps and other Residue of Corn	13%	Exempted
4	23022000	Bran, Sharps, other Residue of Corn of Rice	13%	Exempted
5	23023000	Bran, Sharps, other Residue of Wheat	13%	Exempted
6	23024000	Other Grain Residue	13%	Exempted
7	23033000	DDGS	13%	Exempted
8	23050000	Peanut Meal	13%	Exempted
9	23061000	Cotton Seed Meal	13%	Exempted
10	23062000	Flax Seed Meal	13%	Exempted

11	23063000	Sun Flower Meal	13%	Exempted
12	24064000	Rapeseed Meal	13%	Exempted
13	23070000	Wine Lees	13%	Exempted
14	12141000	Alfalfa Meal,Pellet	13%	Exempted
15	12149000	Alfalfa, others	13%	Exempted

Statistical Tables

PSD tables

Table 1. Corn PSD Table

Country
China, Peoples Republic of

Commodity Corn (1000 HA)(1000 MT)(MT/HA)

	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Area Harvested	26358	26200	26358	27000	26250	27000	0	0	27200
Beginning Stocks	36555	40555	36555	35255	39575	33890	33355	35575	29490
Production	139365	134000	135000	143000	132000	142000	0	0	143000
MY Imports	62	20	62	100	1000	100	0	0	800
TY Imports	62	20	62	100	1000	100	0	0	800
TY Imp. from U.S.	115	0	115	0	600	0	0	0	0
Total Supply	175982	174575	171617	178355	172575	175990	33355	35575	173290
MY Exports	3727	4000	3727	4000	2000	4000	0	0	1000
TY Exports	3727	4000	3727	4000	2000	4000	0	0	1000
Feed Consumption	101000	99000	99000	103000	100500	102500	0	0	106000
FSI Consumption	36000	32000	35000	38000	34500	40000	0	0	44000
Total Consumption	137000	131000	134000	141000	135000	142500	0	0	150000
Ending Stocks	35255	39575	33890	33355	35575	29490	0	0	22290
Total Distribution	175982	174575	171617	178355	172575	175990	0	0	173290

Table 2. Wheat PSD Table

Country
China, Peoples Republic of

Commodity Wheat

(1000 HA)(1000 MT)(MT/HA)

	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Harvested	22792	22850	22792	23400	22950	23300	0	0	23200
Beginning Stocks	38819	42116	38819	34890	39116	34890	35590	37116	35390
Production	97450	97000	97450	103500	97500	103000	0	0	101000
MY Imports	1018	1300	1018	700	1300	500	0	0	400
TY Imports	1018	1300	1018	700	1300	500	0	0	400
TY Imp. from U.S.	407	500	407	0	500	150	0	0	100
Total Supply	137287	140416	137287	139090	137916	138390	35590	37116	136790
MY Exports	1397	800	1397	2500	800	2000	0	0	1500
TY Exports	1397	800	1397	2500	800	2000	0	0	1500
Feed Consumption	3500	2000	3500	4000	1600	4500	0	0	4000
FSI Consumption	97500	98500	97500	97000	98400	96500	0	0	95500
Total Consumption	101000	100500	101000	101000	100000	101000	0	0	99500
Ending Stocks	34890	39116	34890	35590	37116	35390	0	0	35790
Total Distribution	137287	140416	137287	139090	137916	138390	0	0	136790

Table 3. Rice PSD Table

Country
China, Peoples Republic of

Commodity Rice, Milled

(1000 HA)(1000 MT)(MT/HA)

	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Area Harvested	28847	29000	28847	29200	29200	29200	0	0	29400
Beginning Stocks	38931	38144	38931	36829	33144	36327	36629	29944	35027
Milled Production	126414	127400	126414	128000	129000	127000	0	0	128000
Rough Production	180591	182000	180591	182857	184286	181429	0	0	182857
Milling Rate (.9999)	7000	7000	7000	7000	7000	7000	0	0	7000
MY Imports	700	500	719	800	800	900	0	0	900
TY Imports	700	500	719	800	800	900	0	0	900
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	166045	166044	166064	165629	162944	164227	36629	29944	163927
MY Exports	1216	800	1237	1200	800	1400	0	0	1500
TY Exports	1216	800	1237	1200	800	1400	0	0	1500
Total Consumption	128000	132100	128500	127800	132200	127800	0	0	127100
Ending Stocks	36829	33144	36327	36629	29944	35027	0	0	35327
Total Distribution	166045	166044	166064	165629	162944	164227	0	0	163927

Table 4. Barley PSD Table

Country
China, Peoples Republic of
Commodity Barley

(1000 HA)(1000 MT)(MT/HA)

	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Area Harvested	850	850	850	880	880	880	0	0	860
Beginning Stocks	197	327	197	261	372	361	311	417	401
Production	3400	3400	3400	3500	3500	3500	0	0	3400
MY Imports	2217	2100	2217	2000	2200	2000	0	0	2100
TY Imports	2217	2100	2217	2000	2200	2000	0	0	2100
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	5814	5827	5814	5761	6072	5861	311	417	5901
MY Exports	3	5	3	0	5	10	0	0	10
TY Exports	3	5	3	0	5	10	0	0	10
Feed Consumption	1400	1400	1400	1200	1400	1200	0	0	1100
FSI Consumption	4150	4050	4050	4250	4250	4250	0	0	4450
Total Consumption	5550	5450	5450	5450	5650	5450	0	0	5550
Ending Stocks	261	372	361	311	417	401	0	0	341
Total Distribution	5814	5827	5814	5761	6072	5861	0	0	5901

Table 5. Sorghum PSD Table

Country
China, Peoples Republic of
Commodity Sorghum

(1000 HA)(1000 MT)(MT/HA)

	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007
Area Harvested	570	550	570	590	520	590	0	0	600
Beginning Stocks	156	156	156	186	141	185	206	136	265
Production	2546	2300	2546	2580	2200	2800	0	0	2850
MY Imports	10	10	9	15	15	10	0	0	12
TY Imports	10	10	9	15	15	10	0	0	12
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	2712	2466	2711	2781	2356	2995	206	136	3087
MY Exports	26	25	26	25	20	30	0	0	25
TY Exports	26	25	26	25	20	30	0	0	25
Feed Consumption	400	400	400	450	200	470	0	0	540
FSI Consumption	2100	1900	2100	2100	2000	2270	0	0	2340
Total Consumption	2500	2300	2500	2550	2200	2740	0	0	2880
Ending Stocks	186	141	185	206	136	225	0	0	182
Total Distribution	2712	2466	2711	2781	2356	2995	0	0	3127

Price Tables
Table 6. Corn Price Table

China's Average Corn Wholesale Prices		
(Renminbi Per Metric Ton, USD 1.00 = RMB 8.27)		
	Producing Region/1	Consuming Region/2
National Average		
January (2005)	1113	1275
February	1088	1243
March	1125	1273
April	1148	1290
May	1158	1285
June	1155	1283
July	1165	1293
August	1185	1335
September	1215	1340
October	1190	1308
November	1145	1265
December	1143	1283
January (2006)	1165	1318
February	1203	1345
March	1180	1338
April	1188	1333
May	1263	1380
June	1298	1435
July	1295	1425
August	1310	1443
September	1330	1473
October	1250	1440
November	1305	1440
December	1415	1568
January (2007)	1450	1585
/1 Heilongjiang, Jilin, Shandong, Henan		
/2 Tianjin, Fujian, Jiangxi, Hubei		
Source: China National Grain and Oils Information Center		

Table 7. Wheat Price Table

China Average Wheat(Grade2) Wholesale Price		
(Renminbi Per Metric Ton, USD 1.00 = RMB 8.00)		
National Average	Producing Region/1	Consuming Region/2
January(2005)	1,570	1,703
February	1,553	1,683
March	1,530	1,667
April	1,503	1,637
May	1,470	1,607
June	1,453	1,580
July	1,473	1,587
August	1,445	1,527
September	1,455	1,533
October	1,475	1,533
November	1,455	1,533
December	1,435	1,517
January (2006)	1,438	1,493
February	1,438	1,493
March	1,400	1,500
April	1,378	1,497
May	1,388	1,493
June	1,393	1,507
July	1,375	1,520
August	1,375	1,527
September	1,375	1,527
October	1,403	1,513
November	1,490	1,547
December	1,490	1,667
January(2007)	1,485	1,660
/1 Heilongjiang, Shandong, Henan,Shanxi		
/2 Beijing, Tianjin,Fujian		
Source: China National Grain and Oils Information Center		

Table 8. Rice Price Table

China's Average Retail Rice Prices		
(Renminbi Per Metric Ton, USD 1.00 = RMB 8.27)		
	Milled Indica	Milled Indica
National Average	Grade 1	Grade 1
	Producing Region/1	Consuming Region/2
January (2005)	2,330	2,420
February	2,330	2,410
March	2,280	2,430
April	2,250	2,320
May	2,230	2,260
June	2,150	2,240
July	2,090	2,130
August	2,120	2,090
September	2,160	2,100
October	2,100	2,100
November	2,090	2,090
December	2,110	2,110
January (2006)	2,070	2,160
February	2,100	2,170
March	2,070	2,150
April	2,040	2,130
May	2,040	2,120
June	2,030	2,130
July	2,040	2,140
August	2,050	2,160
September	2,070	2,170
October	2,090	2,220
November	2,110	2,250
December	2,130	2,290
January	2,180	2,320
/1Anhui,Jiangxi,Hunan,Hubei		
/2 Guangdong, Guangxi, Zhejiang, Fujian		
Source: China National Grain and Oils Information Center		

Trade Tables
Table 9. Corn Trade Table

China Corn Exports by Destination, MY 2005/2006 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Korea, South	1,100,643	1,535,708	20,897	782	2,658,030
Japan	244,123	236,322	17,919	1,748	500,112
Malaysia	50,300	200,376	15,750	0	266,426
Indonesia	0	0	0	0	0
Korea, North	8,131	11,550	4,755	15,121	39,557
Niger	0	0	0	0	0
Philippines	0	58,274	0	0	58,274
Thailand	0	0	0	0	0
Bangladesh	34	0	0	0	34
Myanmar	0	0	0	0	0
Others	54,224	148,852	1,346	142	204,564
Grand Total	1,457,455	2,191,082	60,667	17,793	3,726,997
Source: China Customs					
HS Codes:10051000,10059000					

China Corn Exports by Destination, MY 2006/2007 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Korea, South	417,263				417,263
Japan	177,345				177,345
Malaysia	147,511				147,511
Indonesia	54,045				54,045
Korea, North	7,790				7,790
Niger	500				500
Philippines	3				3
Thailand	0				0
Bangladesh	0				0
Myanmar	0				0
Others	0				0
Grand Total	804,457				804,457
Source: China Customs					
HS Codes:10051000,10059000					

China Corn Imports by Origin, MY 2005/2006 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Laos	1,890	2,190	0	0	4,080
Vietnam	332	0	0	0	332
United States	277	59	663	56,274	57,274
Myanmar	100	200	0	0	300
Peru	34	17	17	52	120
France	5	1	0	0	6
Chile	0	0	1	0	2
Philippines	0	3	0	3	6
Argentina	0	0	4	8	12
Australia	0	0	3	3	6
Others	0	45	2	1	48
Grand Total	2,639	2,515	691	56,341	62,186
Source: China Customs					
HS Codes:10051000,10059000					

China Corn Imports by Origin, MY 2006/2007 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Laos	2,740				2,740
United States	2,012				2,012
Myanmar	700				700
Vietnam	150				150
Peru	50				50
Germany	11				11
Philippines	6				6
India	0				0
Chile	0				0
France	0				0
Others	0				0
Grand Total	5,670				5,670
Source: China Customs					
HS Codes: 10051000,10059000					

CHINA'S CORN IMPORTS BY MONTH							
(Metric Tons)							
	2000	2001	2002	2003	2004	2005	2006
January	0	18	2,449	4	34	20	2433
February	43	271	378	3	3	113	77
March	42	901	3,237	7	89	138	6
April	14	8,938	42	11	3	154	232
May	2	2,215	23	2	41	37	184
June	63	2,301	6	1	104	0	274
July	79	716	2		44	69	94
August	3	7,384	55	4	683	321	52150
September	80	7,156	75	14	1,062	483	4097
October	0	312	21	0	141	339	2025
November	60	4,328	19	54	0	217	2767
December	0	1,569	15	20	104	2,083	877
JAN-DEC TOTAL	386	36,109	6,322	120	2,308	3,975	65216
	(00/01)	(01/02)	(02/03)	(03/04)	(04/05)	(05/06)	(06/07)
OCT-SEP MY TOTAL	29,960	12,476	101	2,137	1,581	62,186	* 5,669
* year to date							
HS Code: 1005.1000, 1005.9000							
Source: PRC Customs							

CHINA'S CORN EXPORTS BY MONTH						
(Metric Tons)						
	2001	2002	2003	2004	2005	2006
January	607,625	229,842	570,290	574,731	485,419	413,848
February	745,158	770,204	1,765,212	443,422	119,673	1,005,517
March	938,043	1,100,590	1,596,104	16,068	1,103,745	771,717
April	251,214	855,122	551,026	72,177	529,075	40,086
May	469,940	271,409	392,106	358,111	765,548	16,658
June	124,939	257,892	1,818,844	165,090	1,920,091	3,923
July	505,799	1,034,190	1,446,253	157,186	1,092,704	5,508
August	345,695	1,652,001	1,182,624	55,373	594,601	5,487
September	547,941	977,675	1,396,462	40,614	543,503	6,798
October	327,458	1,268,340	1,531,617	48,572	400,797	73,467
November	471,514	1,349,379	858,522	43,284	467,947	261,589
December	662,658	1,906,864	3,280,392	343,533	588,711	469,401
JAN-DEC TOTAL	5,997,984	11,673,508	16,389,452	2,318,161	8,611,815	3,073,999
	(01/02)	(02/03)	(03/04)	(04/05)	(05/06)	(06/07)
OCT-SEP MY TOTAL	8,610,555	15,243,504	7,553,303	7,589,748	3,726,997	* 804,457
* year to date						
HS Code: 1005.1000, 1005.9000						

Table 10. Wheat Trade Table

China Wheat Imports by Origin, MY 2005/2006 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	April-Jun	Total
Australia	89	128	99	33	349
United States	106	142	42	90	380
Canada	245	49	3	54	351
Korea, South	2	3	1	2	8
Italy	1	1	1	1	3
Vietnam	0	0	0	0	1
Thailand	0	1	1	0	2
Japan	3	3	2	3	12
Indonesia	0	0	0	0	1
Hong Kong	0	0	0	0	1
Others	2	2	1	1	5
Grand Total	450	328	150	185	1,113
Source: China Customs					
HS Codes:10011000,10019010,10019090,11010000,19021900,19023030,19023090, 19024000					

China Wheat Imports by Origin, MY 2006/2007 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	April-Jun	Total
Australia	69	106			176
United States	51	8			60
Canada	37	0			38
Korea, South	2	2			3
Italy	1	1			2
Vietnam	1	1			2
Thailand	0	1			1
Japan	3	3			6
Indonesia	0	0			0
Hong Kong	0	0			0
Others	1	1			1
Grand Total	166	124			290
Source: China Customs					
HS Codes:10011000,10019010,10019090,11010000,19021900,19023030,19023090, 19024000					

CHINA'S WHEAT IMPORTS BY MONTH						
(1,000 Metric Tons)						
	2001	2002	2003	2004	2005	2,006
January	16	172	40	42	794	48
February	57	27	4	105	452	4
March	28	16	54	120	664	98
April	84	156	46	439	321	72
May	7	38	31	789	242	62
June	8	57	5	1,236	303	51
July	34	50	5	748	174	50
August	18	17	47	654	190	49
September	71	64	112	859	86	67
October	26	40	16	1009	163	76
November	201	17	34	640	93	33
December	222	7	79	628	72	15
JAN-DEC TOTAL	772	661	473	7,269	3,555	625
	(01/02)	(02/03)	(03/04)	(04/05)	(05/06)	(06/07)
JUL-JUN MY TOTAL	1,038	375	3,024	7,314	1,113	* 290
* year to date						
Source: PRC Customs						
HS Code: 1001.1000, 1001.9010, 1001.9090, 1101.0000, 1902.1100, 1902.1900, 1902.3030, 1902.3090, and 1902.4000						

China Wheat Exports by Destination, MY 2005/2006 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	April-Jun	Total
Philippines	73	75	47	231	426
Hong Kong	35	35	32	35	137
Korea, North	40	35	27	34	136
Indonesia	14	9	10	21	54
Korea, South	10	12	11	17	50
Thailand	10	6	4	13	33
Vietnam	11	1	0	20	32
Mongolia	1	2	2	11	17
Japan	2	3	3	3	11
Bangladesh	0	0	0	0	0
Others	22	25	23	25	94
Grand Total	220	202	158	409	990
Source: China Customs					
HS Codes:10011000,10019010,10019090,11010000,19021900,19023030,19023090, 19024000					

China Wheat Exports by Destination, MY 2006/2007 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	April-Jun	Total
Korea, South	135	286			422
Vietnam	8	105			112
Philippines	159	85			243
Indonesia	9	67			76
Korea, North	35	35			71
Hong Kong	34	35			69
Bangladesh	0	26			26
Thailand	14	9			23
Japan	3	8			10
Mongolia	3	5			9
Others	24	31			54
Grand Total	423	692			1,115
Source: China Customs					
HS Codes:10011000,10019010,10019090,11010000,19021900,19023030,19023090, 19024000					

CHINA'S WHEAT EXPORTS BY MONTH (1,000 Metric Tons)						
	2001	2002	2003	2004	2005	2,006
January	24	56	86	94	41	61
February	32	173	133	164	38	52
March	41	71	166	105	52	45
April	34	107	104	127	42	203
May	66	98	308	169	80	143
June	81	177	191	103	80	63
July	106	101	232	63	103	118
August	113	114	240	95	45	125
September	135	87	291	52	72	180
October	57	120	422	106	40	67
November	115	41	195	83	47	351
December	125	85	417	62	115	273
JAN-DEC TOTAL	929	1,230	2,785	1,223	755	1,681
	(01/02)	(02/03)	(03/04)	(04/05)	(05/06)	(06/07)
JUL-JUN MY TOTAL	1,333	1,536	2,559	793	989	*1,114
* year to date						
Source: PRC Customs						
HS Code: 1001.1000, 1001.9010, 1001.9090, 1101.0000, 1902.1100, 1902.1900, 1902.3030,1902.3090, and 1902.4000						

Table 11. Rice Trade Table

China Rice Imports by Origin MY 2005/2006 (Metric Tons)					
Country	Jan-Mar	April-Jun	Jun-Sept	Sep-Dec	Total
Thailand	227,232	122,021	139,767	189,693	678,712
Laos	800	100	400	3,025	4,325
Vietnam	7,457	15,255	10,928	1,910	35,550
Pakistan	23	0	0	103	126
Myanmar	140	0	0	100	240
India	0	0	21	16	37
United States	0	0	0	1	2
Taiwan	1	0	1	1	3
Italy	0	0	0	0	0
Uruguay	0	2	14	0	16
Grand Total	235,652	137,379	151,130	194,849	719,010
Source: China Customs					
HS Codes: 10061011,10061019,10061091,10061099,10062010,,10062090					
10063010,10063090,10064010,10064090					

China Rice Exports by Destination MY 2005/2006(Metric Tons)jn					
Country	Jan-Mar	April-Jun	Jun-Sept	Sep-Dec	Total
Cote d'Ivoire	20,200	29,542	44,571	121,467	215,780
Liberia	42,726	21,779	16,503	88,566	169,574
Puerto Rico (U.S.)	25,000	24,134	25,510	26,630	101,274
Benin	0	0	0	23,000	23,000
Russia	50,294	21,825	54,775	21,604	148,498
Korea, North	6,380	3,866	12,943	15,291	38,479
Japan	34,344	14,695	17,551	13,327	79,918
Mozambique	0	0	0	13,200	13,200
Philippines	120	0	12,700	12,301	25,121
Vietnam	652	1,141	0	8,515	10,307
Others	122,277	184,690	58,885	45,895	411,747
Grand Total	301,993	301,672	243,438	389,796	1,236,899
Source: China Customs					
HS Codes: 10061011, 10061019, 10061091, 10061099, 10062010, 10062090, 10063010, 10063090, 10064010, 10064090					

CHINA'S MONTHLY RICE IMPORTS						
(Metric Tons, Milled Basis)						
	2001	2002	2003	2004	2005	2,006
January	45,834	14,139	98,410	73,217	68,586	106,306
February	19,676	520	16,494	42,906	24,147	52,320
March	18,482	5,311	21,073	39,703	38,600	77,026
April	11,452	6,100	24,334	90,010	43,443	61,766
May	6,360	37,890	9,134	64,139	20,078	31,455
June	10,658	38,864	8,298	65,197	28,007	44,157
July	14,645	28,455	4,140	77,082	26,822	41,202
August	17,517	10,420	9,304	32,884	31,411	31,025
September	23,579	19,040	2,420	62,978	40,224	78,904
October	17,323	4,575	1,564	67,399	38,483	52,811
November	23,970	16,389	5,608	55,694	50,584	45,570
December	75,795	56,165	57,791	90,501	103,581	96,468
TOTAL	285,290	237,868	258,570	761,710	513,966	719,010
HS Codes: 1006.1011, 1006.1019, 1006.1091, 1006.1099, 1006.2010, 1006.2090,1006.3010, 1006.3090, 1006.4010, 1006.4090						
Source: PRC Customs						

CHINA'S MONTHLY RICE EXPORTS						
(Metric Tons, Milled Basis)						
	2001	2002	2003	2004	2005	2006
January	118,568	113,566	131,654	211,346	73,325	132,225
February	118,544	128,683	308,722	258,362	92,508	103,195
March	130,057	112,122	124,402	231,601	35,508	66,573
April	225,259	85,502	129,579	23,229	36,104	107,292
May	115,528	62,387	135,023	4,522	80,091	101,494
June	199,023	153,893	314,393	10,127	84,496	92,886
July	176,445	121,934	248,894	16,483	59,461	79,838
August	111,027	242,846	233,489	6,597	41,595	88,380
September	138,345	290,741	254,628	14,844	29,428	75,221
October	114,068	203,786	201,805	22,781	28,138	108,215
November	150,179	135,495	294,212	25,890	45,042	114,142
December	265,454	332,127	233,397	70,235	66,109	167,439
TOTAL	1,862,497	1,983,082	2,610,198	896,017	671,804	1,236,899
HS Codes: 1006.1011, 1006.1019, 1006.1091, 1006.1099, 1006.2010, 1006.2090 1006.3010, 1006.3090, 1006.4010, 1006.4090						
Source: PRC Customs						

Table 12. Barley Trade Table

China Barley Imports by Origin, MY 2005/2006 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Australia	155,088	459,787	464,136	461,633	1,540,644
Canada	144,242	235,636	107,616	32,946	520,439
Germany	0	0	0	0	0
Japan	0	0	0	0	0
Lebanon	0	0	0	0	0
China		0	0	0	0
Taiwan	0	0	0	0	0
Belgium	0	0	0	0	0
Denmark	0	0	0	0	0
United Kingdom	0	0	0	0	0
Others	140,976	14,790	0	0	155,766
Grand Total	440,305	710,212	571,752	494,579	2,216,848
Source: China Customs					
HS Codes:10030010,10030090					

China Barley Imports by by Origin, MY 2006/2007 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Australia	287,436				287,436
Canada	84,094				84,094
Germany	1				1
Japan	0				0
Lebanon	0				0
China	0				0
Taiwan	0				0
Belgium	0				0
Denmark	0				0
United Kingdom	0				0
Others	0				0
Grand Total	371,530				371,530
Source: China Customs					
HS Codes:10030010,10030090					

China Barley Exports by Destination, MY 2005/2006 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Korea, South	1,062	0	371	1,855	3,287
United States	0	0	7	7	15
Taiwan	0	0	0	0	0
Vietnam	0	0	0	0	0
Belgium	0	0	0	0	0
Thailand	0	0	0	0	0
Russia	0	0	0	0	0
Canada	0	0	0	0	0
Australia	0	0	3	0	3
Bahrain	0	0	1	0	1
Others	0	0	3	0	3
Grand Total	1,063	0	385	1,862	3,310
Source: China Customs					
HS Codes: 10030010,10030090					

China Barley Exports by Destination, MY 2006/2007 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Korea, South	3,290				3,290
United States	12				12
Thailand	1				1
Vietnam	0				0
Taiwan	0				0
Russia	0				0
Canada	0				0
Korea, North	0				0
Hong Kong	0				0
Japan	0				0
Others	0				0
Grand Total	3,304				3,304

Table 13. Sorghum Trade Table

China Sorghum Imports by Origin, MY 2005/2006(Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Myanmar	2,054	2,396	772	3,675	8,897
India	2,054	2,396	772	3,675	8,897
Japan	0	0	0	0	0
Philippines	0	0	0	0	0
Korea, South	0	0	0	0	0
South Africa	0	0	0	0	0
Argentina	0	0	0	0	0
Brazil	0	0	0	0	0
Mexico	0	0	0	0	0
Uruguay	0	0	0	0	0
Others	0	0	0	0	0
Grand Total	2,054	2,396	772	3,675	8,897
Source: China Customs					
HS Codes:10070010,1007009					

China Sorghum Imports by Origin, MY 2006/2007(Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Myanmar	2,188				2,188
India	0				0
Japan	0				0
Philippines	0				0
Korea, South	0				0
South Africa	0				0
Argentina	0				0
Brazil	0				0
Mexico	0				0
Uruguay	0				0
Others	0				0
Grand Total	2,188				2,188
Source: China Customs					
HS Codes:10070010,10070090					

China Sorghum Export by Destination, MY 2005/2006(Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Taiwan	6,457	6,741	5,595	1,036	19,829
Japan	92	210	82	134	517
Korea, South	1,528	1,327	699	464	4,018
Philippines	0	0	0	0	0
Singapore	42	84	195	236	557
Belgium	0	0	0	0	0
Bahrain	0	0	0	0	0
Netherlands	0	0	144	191	334
Thailand	0	21	21	21	63
Saudi Arabia	0	22	0	0	22
Others	33	105	155	98	391
Grand Total	8,152	8,510	6,890	2,179	25,731
Source: China Customs					
HS Codes: 10070010,10070090					

China Sorghum Export by Destination, MY 2006/2007(Metric Tons)					
Country	Oct-Dec	Jan-Mar	April-Jun	Jun-Sept	Total
Taiwan	6,152				6,152
Japan	3,212				3,212
Korea, South	1,650				1,650
Philippines	301				301
Singapore	171				171
Belgium	71				71
Bahrain	58				58
Netherlands	48				48
Thailand	42				42
Saudi Arabia	24				24
Others	17				17
Grand Total	11,747				11,747
Source: China Customs					
HS Codes: 10070010,10070090					