Outlook on Grain Market in China

HIGHLIGHTS

– CHINA’S ARABLE LAND REMAINS STEADILY ABOVE 121 MILLION HECTARES FOR PAST THREE YEARS;
– CHINA’S GRAIN OUTPUT INCREASED 3.2% IN 2012 TO 589.57 MILLION TONS;
– CORN OUTPERFORMS WHEAT AS THE LARGEST GRAIN VARIETY IN CHINA;
– CHINA GREEN FOOD EXPO SHANGHAI 2012 ATTRACTED NEARLY 1,000 DOMESTIC AND FOREIGN PURCHASERS;

According to the recent findings of the Ministry of Land and Resources, China’s total area of arable land has been kept steadily above 121.6 million hectares for the past three years2. Maintaining steady arable land minimizes the risk of land losses. Some of the most important objectives of the Chinese government include the improvement of the quality of the farmland and to increase grain production.

The latest data from the National Statistical Office of China suggests that the country’s grain production is constantly increasing3. The National Bureau of Statistics (NBS) of China reports that China’s grain output increased 3.2% in 2012 from 2011 to 589.57 million tons, marking the ninth consecutive year of growth. According to the NBS, corn output increased 8% to 206.12 million tons in 2012 from a year earlier, while rice and wheat output increased 1.6% and 2.7% to 204.29 million tons and 120.58 million tons, respectively. These numbers show that corn has replaced wheat as the largest grain variety in China.

The China Green Food Expo Shanghai 2012, which was held from Dec 14th to Dec 17th, attracted 603 exhibitors within 1,141 categories of products, and nearly 1,000 overseas and domestic purchasers4. The main focus of the Expo was the promotion and development of pollution-free food, green and food and farm produce of geographical indications (GI), as China endeavors to enhance the quality of farm produce and to ensure food safety for domestic consumption. Ma Aiguo, Director-General of Bureau of Quality & Safety Supervision for Agro-products of MOA, emphasized that the nation has to strive to develop its organic food industry, grow more organic crops and promote cooperation between producers and distributors.

The U.S. Grains Council 2012 China Corn Harvest Tour projects another good Chinese corn crop, driven both by higher yields and an increase in planted acreage. “The U.S. drought and short 2012 crop is pressuring buyers in all sectors,” said USGC President and CEO Tom Sleight. “But corn trades in a global system, and the safety net is the capacity of other producers to step up. The United States is by far the world’s largest corn producer and exporter, but in a tough year for U.S. corn, it is a relief that the world’s number two producer (China) is having a good year.”5

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