

Grains and Oilseeds Sector in China

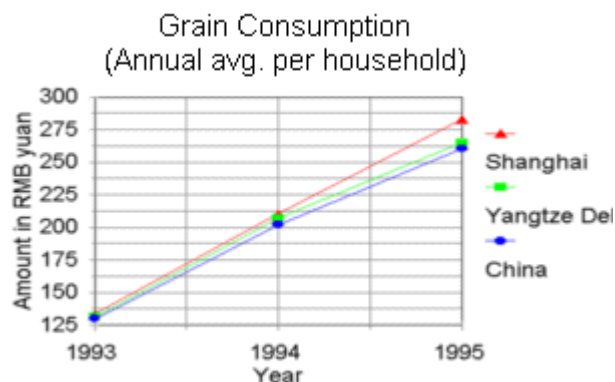
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Department of Foreign Affairs and International Trade

Grains

China represents Canada's largest export market for Canadian milling wheat. Canada supplies approximately 40% of the Chinese wheat import market (a share which is only paralleled by the United States) and is expected to maintain that share. Between 1994 and 1996, China imported over 10 million tonnes of wheat. For Canada, this has translated into a market of about \$1

billion. Grain consumption is projected to rise faster than production which will likely cause grain exports to decrease and imports to increase. Projected imports for the next 5-10 years average approximately 17 million tonnes per annual.



Oilseeds

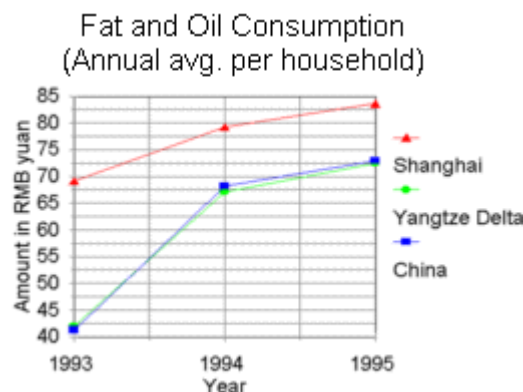
The oilseed market in China holds some significant opportunities for Canadian companies. The market has seen substantial growth over the last six years. From 1991-1995, oilseed consumption has increased by 34% to 11 kg per person. The fact that this is still only about 30% of the consumption of Taiwan or Hong Kong (35 kg) indicates that there is still a lot of potential for growth in the next few years.

Canada has played a substantial role in exporting oilseeds to China. Imports of Canadian oilseeds have increased from \$6.3 million in 1993 to over \$68 million in 1995. Canada has also exported over 200 tonnes of food quality soybeans to China in both 1995 and 1996, surpassing \$1 million in value. It is estimated, that over half of the 31,000 tonnes of food quality soybeans that were exported to Hong Kong, ended up in the Chinese market.

In the past, China has been a major exporter of soymeal and rapeseed meal, but this has slowed in recent years. A boost in domestic meat production in China may provide Canadian companies with opportunities to introduce canola meal as a replacement for soymeal in some regions. Canola oil exports from Canada to China has increased yearly from 5,000 tons in 1993 to 35,000 tons in 1996.

Consumer Consumption

With highest income per capita in China, it is not surprising that the people in the Shanghai area are the biggest consumers of grain and oil in China. As mentioned in the above, in 1995, every Chinese person consumes an average of 11 kg per person. When compared to other places such as Taiwan and Hong Kong, which consumes an average of 35 kg per person, there is a lot of room for growth in China. The average consumption in Shanghai is about 1.5 times that of China.



Oil is used extensively in almost all types of Chinese cuisine. The tradition has been using animals fats, particularly lard, as the main source of cooking fats and oil. However, as people become more aware of their health and diet, many Chinese have begun to use vegetable oils for their cooking. Deep fried dishes are a favourite among Shanghainese, which is another reason for the higher consumption of oils in the Shanghai area.

As for grains, the demand for various grains will increase in China as more and more farm lands are being used for urban development. The rising living standards in China will also increase the consumption of grains.

Grain & Oilseed Importers in the Yangtze Delta Region

The following are large, state-owned importers at provincial level with the special import and export licence issued by the local government within their region.

1. Mr. CAO Yong Shu, Deputy General Manager
China National Cereals, Oils & Foodstuffs Import & Export Corporation
Shanghai
Cereals & Oils Branch
11 Han Kou Lu
Shanghai 200002
Tel: (86-21) 6321-9760 Fax: (86-21) 6324-8856
2. Mr. YANG Yong Chang, Manager
Shanghai Oil & Fats Co. Import and Export Branch
479 Zhong Shang Nan Lu
Shanghai 200010
Tel: (86-21) 6378-2204 Fax: (86-21) 6378-2205

3. Mr. YU Guo Zhong, General Manager
Jiangsu Provincial Cereals, Oils & Foodstuffs Import and Export (Group)
Corporation
528 Tai Ping Nan Lu
Nanjing 210001
Jiangsu Province
Tel: (86-25) 220-2999 Fax: (86-25)220-1906
4. Mr. ZHU Zi Chun, General Manager
Zhejiang Provincial Cereals, Oils & Foodstuffs Import & Export Co. Ltd.
102 Feng Qi Lu
Hangzhou 310006
Zhejiang Province
Tel: (86-571) 515-7532 Fax: (86-571) 515-2514
5. Mr. WANG Zhong Yang, General Manager
Jiangxi Provincial Cereals, Oils & Foodstuffs Import & Export Corporation
60 Zhan Qian Lu
Nanchang 330002
Jiangxi Province
Tel: (86-791) 622-3237 Fax: (86-791) 622-3843
6. Mr. ZHANG Wei Gen, General Manager
Anhui Provincial Cereals, Oils & Foodstuffs Import & Export Corporation
256 Jin Zhai Lu
Hefei 230061
Anhui Province
Tel: (86-551)265-3731 or 265-5534 Fax: (86-551)265-2831

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