

China and US Grain (by LaVell Winsor) www.growingfortomorrow.wordpress.com/

I recently had the opportunity to travel to Beijing, China with USSEC (United States Soybean Export Council).

It's next to impossible to think about the grain markets and not think about the impact that China has. China and the U.S. are very important to one another in agriculture. This is particularly true for U.S. soybeans as 25-30% of the U.S. soybean crop is exported to China.

China's Population

The reason that China influences the U.S. markets so much is because they have such a large population to feed. China's population is nearly 20% of the world population. With this mass quantity of people, food security is one of the top priorities. From a very simplistic view, keeping people fed helps tremendously in keeping peace. This was my basic understanding prior to my trip, but as with most things, it's much more complex than this basic assumption.

Movement of people from rural to urban areas

Because the rural areas are very poor and it's difficult to provide services to remote areas, the Chinese government has a goal to encourage people to move from the rural areas of China into the cities. The plan is to move 25% of the rural population to the urban areas over the next several years. *Think about this* - this is like moving the entire population currently located on East Coast to the Midwest!

The thought process is that if the people are in urban rather than remote areas then better services can be offered such as nutrition and education. Along with moving into the urban areas is improved incomes. This is not unlike the migration from farms to the cities that the US witnessed during the 1920's to the 1950's. The first thing that comes along with higher incomes is higher quality nutrition, almost always first in the form of protein. This is why there has been a dramatic increase in the consumption of pork and chicken in China over the past decade. Pork and chicken are both large consumers of soy meal in their feed ration.

Impact on U.S. Farmers

China is a very important buyer of U.S. grains, and particularly U.S. soy. Because of their importance, this bears repeating - twenty-five to thirty percent of the entire U.S. soybean crop goes to China - even though China is the fourth largest producer of soybeans in the world.

There is an overcapacity of crushing capacity in China. However, soy is considered a staple product - in terms of the oil used for cooking and the meal in livestock feed. Because soy is a staple product, the government would prefer to have overcapacity than under. This is the breakdown of who owns the crushing capacity: state owned 30%; private Chinese firms 40%; and international corporations 30%.

China's largest agriculture export to the U.S. is aquaculture.

Chinese Farms

Farms in China are about 2.5 acres each. The majority of the farm work is manual with very few farms having mechanization. Some of the farmland would be difficult to farm by machine.

There are no personal property rights in China. The government owns the land and the tenant farmers have long-term leases of 30 years. As I understand it, the one who has the land leased is allowed to sublet the land to another.

Not Enough Farm Land

There is not enough farm land in China to produce all the food needed to feed their people. They look at wheat and rice as being staple foods to feed the people, so the government allocates enough acres to be mostly self-sufficient in wheat and rice production. Then there are enough acres left to be mostly self-sufficient in either corn or soybeans. Looking at the tonnage of production per acre of each of these crops, it makes more sense for them to try to be self-sufficient in corn. They look at it as importing land and water and saving on freight by importing soybeans. Another advantage to importing soybeans is that there are reliable suppliers in both North and South America and differing growing seasons.

Soy foods are commonly eaten in China. My understanding is that all the soy foods consumed are grown in China and is non-GMO. However, with the population and the increase in future incomes, eventually, they may need to import soybeans for food as well as feed.

GMO Concerns

Although the internet is different than it is in the U.S. with many popular U.S. websites blocked, the Chinese people certainly have access to their own sites on the internet. They also have celebrities and bloggers who help mold the opinions of the people. With that, people in China have heard many of the same concerns around GMO production that we see in the U.S.

The people are very health conscious. They want to know what the long-term impacts of eating GMO foods are. They have concerns about whether or not GMOs cause cancer, infertility issues, or allergies.

Why I was in China

I was one of four U.S. farm moms who went to China. We met primarily with younger women to discuss how and why we raise GMO crops on our farms. We talked about what U.S. farms are like. We also shared about why we feel that GMO crops are safe to consume and how GMOs have helped our farms and by extension have helped the environment. We also talked about some of the things that we think will be important in the future with GMOs. Below are a few good websites on the safety of GMOs.

As a farmer, my opinion is that the most important thing that you can do to is to listen for opportunities to talk to people who are not from a farm background about any concerns that they may have about modern agriculture.

Corn Harvest

We were mostly in Beijing, but one day we did travel outside the city to visit the Great Wall. Along our drive to the Great Wall, we did see some corn that had been harvested along the side of the road. The kernels were still on the cobs, and the entire ear was drying down. It was covered in plastic that day as it had been raining lightly throughout the day. On the return flight home, I sat next to a man who worked for a large agribusiness company. He told me that the farmers in China will harvest corn at the half milk line stage which, of course, is much earlier than when the U.S. farmer would harvest. He said that the average corn yield in China is 80 bushels per acre (similar to where the U.S. was in 1980).

You'll notice in the picture that the corn kernels have not been removed from the cobs. He said that they will allow the corn to dry down on the cobs then some sort of machine will come through and remove the kernels from the ears. The kernels will eventually be picked up and the cobs will be burned as fuel for the family's fire during the cold months. I would love to see the farms first hand!



Take Aways

The reality of this trip was that I learned more about the Chinese market in my six days over there than I have in the past several years of studying the markets. China is fascinating to study because of their ancient history impacts on today and from the mere population and the

challenges that presents. Because China is so important to U.S. agriculture exports it's important for U.S. farmers to understand them.

If you would like to hear about the other things I learned while in China, and the importance of this trip on U.S. agriculture, read about the rest of the adventures on my blog www.growingfortomorrow.wordpress.com/

Resources for GMOs.

GMO Answers <http://gmoanswers.com/>

CommonGround <http://findourcommonground.com/food-facts/gmo-foods/>

Best Food Facts <http://www.bestfoodfacts.org/>



LaVell Winsor joined Loewen and Associates as a consultant / broker in January 2011. She graduated from Colorado State University in 1997 with a degree in Agri Business. LaVell started her career with Cargill and spent over 10 years working for Cargill in various roles. The first 2 years were spent training to be an elevator manager. After a temporary assignment in Kansas City, LaVell was moved to Topeka and spent 5 years as a Farm Marketer where her primary focus was to help farmers with their marketing. She obtained her commodity brokers license in 2003, and spent her last 3 years working with Cargill's advisory service.

Most recently, she spent 3 years serving as a Farm Financial Analyst for Kansas State Research & Extension. Her primary focus was to assist families who are transitioning their operation from one generation to the next. At Kansas State University, LaVell's work centered around farm financial analysis.