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### **China Outlines the Responsibilities of the State Administration of Grain and Reserves**

**Report Categories:**

Policy and Program Announcements

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**Report Highlights:**

In March 2018, the Chinese State Council announced a governmental reorganization aimed at improving efficiency and customer service. China's State Administration of Grain (SAG) has been renamed as the State Administration of Grain and Reserves (SAGR), a vice-ministerial agency affiliated with the National Development and Reform Commission (NDRC). SAGR will consolidate responsibilities for the stewardship of strategic reserves of corn, wheat, rice, oilseeds, natural gas, and petroleum from SAG, NDRC, the National Administration of Energy (NEA), the Bureau of Commodity Reserves, the Ministry of Commerce (MOFCOM), and the China Grain Reserves Group Ltd. Company (Sinograin). On September 11, 2018, the State Council published the "Regulations on the Allocation of Functions, Internal Bodies, and Staffing of the State Administration of Grain and Reserves," which outlines SAGR's organization, functions, and division of responsibilities with other ministries. This report contains a summary of the regulations and an unofficial translation.

#### **Executive Summary**

In March 2018, China's State Council announced a government reorganization aimed at improving efficiency and customer service. The reorganization established the State Administration of Grain and Reserves (SAGR), consolidating the functions of the State Administration of Grain (SAG) with parts of the National Development and Reform Commission (NDRC), the National Administration of Energy (NEA), the Bureau of Commodity Reserves (formerly affiliated to NDRC), the Ministry of Commerce (MOFCOM), and the China Grain Reserves Group Ltd. Company (Sinograin), a state-owned enterprise.

On September 11, 2017, China's State Council published the "Regulations on the Allocation of Functions, Internal Bodies, and Staffing of the State Administration of Grain and Reserves," which outlines SAGR's organization, functions, and division of responsibilities with other ministries when inter-agency coordination on issues is needed.

In terms of management of strategic reserves, SAGR is responsible for the coordination of China's strategic and emergency material and energy resources, which includes: organizing and carrying out the storage, rotation and routine management of strategic reserves such as grain, oilseeds, cotton, and sugar, as well as energy resources such as petroleum and natural gas. In terms of grain, China holds wheat, corn, and rice in government-held reserves: for emergency disaster relief; a domestic price support mechanism for grain producers; and as a price inflation management mechanism for consumers. Sinograin will remain responsible for the management of central grain and cotton reserves as part of the Central Government's grain and cotton policies. Historically, the volume and distribution of China's government-held reserves have been managed a matter of national security. Under the SAGR, it is expected that China's strategic reserves will remain a state secret.

Article 3 (Points 9 and 10) and Article 4 of these regulations outline the division of responsibilities for developing regulations, standards, and laws related to grain quality standards, hygiene requirements; design, investment, supervision, and inspection of grain storage and distribution infrastructure; procurement, storage, and rotation of strategic reserves; monitoring and surveillance of strategic material reserves; safeguarding of distribution (transportation), storage, and processing facilities; and foreign cooperation and technical exchanges. NEA will submit a plan to incorporate petroleum and natural gas reserves into the national reserves program administered by SAGR.

The SAGR is led by one Administrator (Vice Minister-level) and four Deputy Administrators.

The SAGR has nine departments including: the Department of Foreign Affairs, the Department of Grain Reserves, the Department of Material Reserves, the Department of Energy Reserves, Department of Regulations and Restructuring, the Department of Planning and Construction, the Department of Financial Audit, the Department of Safe Storage and Science and Technology and Enforcement Supervision Bureau.

This GAIN report contains an unofficial translation of the SAGR announcement on September 11, 2018 about the "Regulations on the Allocation of Functions, Internal Bodies, and Staffing of the State Administration of Grain and Reserves."

The original provisions are available in Mandarin Chinese on the State Administration of Grain and Reserves website at: <http://www.chinagrain.gov.cn/n787423/c1248877/content.html>

**UNOFFICIAL TRANSLATION OF  
STATE ADMINISTRATION OF GRAIN AND RESERVES**

**“Regulations on the Allocation of Functions, Internal Bodies, and Staffing of the State Administration of Grain and Reserves”**

Source: Official State Administration of Grain and Reserves Website [www.chinagrain.gov.cn](http://www.chinagrain.gov.cn)  
September 11, 2018

**Article 1** These Regulations are formulated in accordance with the *Decision* of the *CPC Central Committee on Deepening the Reform of Party and State Institutions* and the *Plan for Deepening the Reform of Party and State Institutions* adopted at the third plenary session of the 19<sup>th</sup> CPC Central Committee and the *Plan for Restructuring the State Council* adopted at the first session of the 13<sup>th</sup> National People’s Congress.

**Article 2** The State Administration of Grain and Reserves is a vice-ministerial level bureau affiliated with the administration of the National Development and Reform Commission.

**Article 3** The State Administration of Grain and Reserves shall implement the guidelines, policies, decisions, and arrangements of the Party Central Committee on grains and material reserves, and adhere to and enhance the centralized and unified leadership of the Party on the work of grain and material reserves during the performance of its functions. Its main functions are as follows:

- (1) Drawing up the laws and regulations, as well as departmental rules, on the administration of nationwide grain distribution and material reserves. Studying and bringing forward the reform plan for the grain distribution and material reserve system, and organizing its implementation.
- (2) Studying and bringing forward the national strategic material reserve plan and the suggestions on the catalog of varieties in the national reserves. In accordance with the overall development plan of the State reserves and the variety catalog; organizing and carrying out the purchase, storage, rotation, and routine management of the national strategic reserves and emergency reserves; performing relevant use plans and directives.
- (3) Administering the State reserves of grain, cotton, and sugar, being responsible for the administrative management of the central grain and cotton reserves. Monitoring the changes in the supply and demand of international and domestic grains and strategic materials as well as making forecasts and giving early warnings about those changes; undertaking the concrete macro-control work of the nationwide grain distribution, and undertaking the routine assessment against the grain safety governor responsibility system.
- (4) Drawing up relevant technical standards and specifications on the storage management of grains and material reserves, and organizing their implementation. It is responsible for the supervision and administration of the grain distribution and safe production in the processing industry; it is also responsible for the supervision of safe production in the units that maintain the State reserves.

- (5) It is uniformly responsible for the construction and administration of the reserve infrastructure in line with the overall development plan for the State reserves. Drawing up the construction plans for state reserve infrastructures and grain distribution facilities and organizing their implementation; administering the projects invested by the State regarding reserve infrastructure and grain distribution facilities.
- (6) It is responsible for the supervision and inspection of the government and enterprise reserves under its administration and the fulfillment of reserve policies as well. It is responsible for the supervision and inspection of grain distribution, and for the grain quality safety in the chain of grain purchase, storage, and transportation; and for the supervision and administration of the hygiene of unprocessed grains; organizing and conducting inspections of grain stocks throughout the country.
- (7) It is responsible for the management of the grain distribution industry; formulating industrial development plans and policies; drawing up the relevant standards for grain distribution and material reserves and the grain quality standards; working out relevant technical specifications; and supervising their implementation. It is responsible for the foreign cooperation and grain exchanges and material reserves.
- (8) Performing other tasks assigned by the CPC Central Committee and the State Council.
- (9) Transformation of functions.
  1. Bringing the decisive role of the market in resource allocation into full play, further streamlining the administrative examination and approval, reducing links, simplifying procedures, improving efficiency, and substantially lowering transaction costs.
  2. Reforming and improving the reserve system and the mode of operation; reinforcing central reserves; improving local reserves, further playing the role of guidance for the government reserves; encouraging enterprise and commercial reserves; promoting the formation of a coordinated development pattern in which the central reserves complement the local reserves, and the government reserves complement the enterprise reserves.
  3. Intensifying market analysis and prediction and early monitoring warning, fully using big data and other technical means; strengthening dynamic monitoring; improving the risk resistance ability of reserves; enhancing the role of reserves in safeguarding national security; stabilizing social expectations; and guiding the market.
  4. Strengthening supervision and administration; innovating the means of supervision; fully promoting “dual random and public disclosure” and “Internet + supervision”, sparing no effort to enhance safety production; supervising the purchase, storage, and rotation of the reserve entities in accordance with the overall development plan of the State reserves, the variety catalog, and use directives; ensuring adequate purchase, sound storage, smooth deployment, and effective use of State reserve materials.
- (10) Division of related functions.
  1. Division of functions with the State Development and Reform Commission and the National

Energy Administration. The National Development and Reform Commission shall draw up a plan and aggregate planning for the central grain, cotton, and sugar reserves and other strategic material reserves. The National Energy Administration shall draw up a strategic reserve plan for petroleum and natural gas, putting forward suggestions on the purchase, storage, and use of the State reserves of petroleum and natural gas, which, after being reviewed and approved by the National Development and Reform Commission, shall be reported to the State Council for approval. The State Administration of Grain and Reserves is responsible for purchase, storage, and rotation and shall, in line with the use directives given by the National Development and Reform Commission, organize implementation according to the procedures.

2. Division of functions with the Ministry of Emergency Management. The Ministry of Emergency Management is responsible for administering reserve requirements and allocating central relief materials; organizing the formulation of reserve plans, accounting of reserves, and maintaining standards for the central relief materials; and determining the annual procurement plan in collaboration with the State Administration of Grain and Reserves, issuing use directives as required. The State Administration of Grain and Reserves is responsible for the purchase and storage, rotation, and routine management of the central relief materials according to the central relief material reserve plan, accounting of temporary reserves and standards, and the annual procurement plan, and shall organize allocate reserves according to the procedures of and in line with the use directive of the Ministry of Emergency Management.
3. Division of functions with China Grain Reserves Group Ltd. Company (hereinafter, “Sinograin”) Sinograin is specifically responsible for the operation and management of the central grain and cotton reserves stored and is responsible for their quantity, quality, and storage safety. The State Administration of Grain and Reserves shall carry out supervision, inspection, and annual assessment or the implementation of the Central Government’s grain and cotton policies and the administration of the central grain and cotton reserves. The capital construction plans for projects invested in by the Central Government as transmitted by the National Development and Reform Commission and the State Administration of Grain and Reserves shall be organized to be implemented by Sinograin.

**Article 4** The State Administration of Grain and Reserves has the following internal bodies (deputy department level):

- (1) General Office (Department of Foreign Affairs): It is responsible for the routine operation of the Administration and undertaking works such as security, confidentiality, letters and visits, and publicity about governmental affairs. Organizing research on major issues of grain and material reserves, undertaking news announcements. Carrying out foreign exchanges and cooperation on grains and material reserves; managing the foreign affairs for the Bureau and its directly affiliated units.
- (2) Department of Grain Reserves: Studying and putting forward suggestions on the grain purchasing and marketing policies and the minimum purchase price principle and organizing their implementation; drawing up the guiding criteria for access to the grain

- purchase market; studying and putting forward plans for the purchase, sale, importation and exportation of the central grain, cotton and sugar reserves and organizing their implementation; administering the rotation plan. Directing and coordinating the policy-based grain purchase and marketing and the administration of local grain reserves; drawing up the construction and development plan for the national grain market system and organizing its implementation. Putting global statistical work under its centralized management; undertaking the monitoring, and statistics of the grain, cotton, and sugar markets as well as the early warning of changes in said markets.
- (3) Department of Material Reserves: Drawing up strategic material reserve policies, rules, and regulations, and organizing their implementation; studying and putting forward suggestions on the improvement of the strategic material reserve system and on the strategic material reserve planning and plans; organizing and carrying out the purchase and storage, rotation, and routine management of the strategic material reserves. Undertaking the statistics work on the strategic material reserves.
  - (4) Department of Energy Reserves: Drawing up the policies and the rules and regulations on the purchase, storage, rotation, and routine management of crude oil, processed oil, and natural gas and organizing their implementation; fulfilling relevant use plans and directives. Undertaking the statistics work on relevant reserves.
  - (5) Department of Regulations and Restructuring: Undertaking the reform of the grain distribution and material reserve system; organizing and drawing up laws and regulations as well as rules on the administration of grain distribution and material reserves; undertaking the legality review of normative documents; and undertaking the administrative reviews, administrative responses, and other work.
  - (6) Department of Planning and Construction: Studying and putting forward suggestions on the overall development plan of State reserves and the variety catalog; organizing the formulation of grain distribution, processing, and material reserve infrastructure construction plans; bringing forward suggestions on the investment orientation, scale, and arrangements of the central government investments and the financial investments in grain distribution and material reserves. Organizing the fund application, project examination, and approval of the relevant projects according to the prescribed authorities and directing their implementation' undertaking the information on the building of grain and material reserves.
  - (7) Department of Financial Audit: Drawing up the regulations and measures for financial management, assets management and audit supervision and organizing their implementation; preparing departmental budgets and final accounts; being responsible for managing relevant funds; undertaking internal audits; being responsible for the supervision and administration of the State-owned assets of its affiliated unit.
  - (8) Department of Safe Storage and Science and Technology Undertaking the supervision and administration over the safe storage and safe production of its affiliated material reserve units; undertaking the supervision and administration over the grain distribution

and safe production in the processing industry. Formulating the storage management policies and regulations on grain and material reserves and organizing their implementation. Formulating the policies and regulations on the central relief material reserves; organizing and implementing the purchase, storage, rotation, and routine management of the central relief materials. Organizing and drawing up the relevant standards on grain distribution and material reserves and the grain quality standards; formulating relevant technical specifications and supervising their implementation; directing the technological innovation and technical transformation for grain distribution and material reserves.

- (9) Enforcement Supervision Bureau: Drawing up the supervision and inspection regulations on grains and material reserves and organizing their implementation; supervising and inspecting the quantity, quality, and safe storage of grain and material reserves; and the implementation of regulations and policies such as relevant laws, regulations, and rules. Exercising lawful supervision and annual assessment on the implementation of the Central Government's grain and cotton policies and the administration of the central grain and cotton reserves. Establishing and improving the reserve accountability system; organizing the investigation, supervision, and handling of major cases according to law; organizing and directing the supervision and inspection of grain purchasing and marketing activities. Undertaking the assessment of the governor's responsibility regarding grain safety.
- (10) Party Committee (Personnel Department): Responsible for the party-public work of the institutions and the directly affiliated units in Beijing; directing the party-public work of the material reserve system. Undertaking the personnel, organization, establishment and wages of personnel in the institutions, systems, and directly affiliated units; directing the building of industrial talent teams and their education and training.
- (11) Office of Retired Personnel: Responsible for the administration of retired personnel, and the direction of the administration for retired personnel from the system and direct affiliated units.

**Article 5** The State Administration of Grain and Reserves has a personnel quota including 205 (including 1 mobile establishment, and 36 retired personnel establishments) staff. There are 1 Director, 4 Deputy Directors; 33 positions of department chiefs and deputy department chiefs (including 1 chief engineer; 1 full-time deputy secretary of the Party Committee); 2 inspection specialists at full-departmental level; and 3 leading positions at the Office of Retired Personnel.

**Article 6** The setting and functions of the institutions under vertical administration of the State Administration of Grain and Reserves shall be stipulated separately.

**Article 7** The setting, functions, and establishment of the institutions affiliated with the State Administration of Grain and Reserves shall be stipulated separately.

**Article 8** These Regulations shall be interpreted by the State Commission Office of Public Sectors Reform, and the amendment(s) hereto shall be made by the State Commission Office of Public Sectors Reform according to prescribed procedures.

**Article 9** These Regulations shall enter into force as of July 30, 2018.

**END UNOFFICIAL TRANSLATION**