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U.S.-China grain inspection pilot program comes to South China

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Summary: On July 5, 2012 ATO Guangzhou staff joined the Embassy Beijing's Agricultural Attaché Meador and staff to visit a large soybean oil crusher and major bulk grain port in South China to gain a better understanding for the grain inspection procedure throughout the logistic chain. Embassy Beijing is planning a dual grain inspection pilot program, which will include grain inspectors from USDA's Federal Grains Inspection Service and national quarantine and inspection bureau (AQSIQ) in fall 2012. The program aims at increasing the mutual understanding of grain inspection practices and systems to further strengthen Chinese inspectors' confidence on the quality and safety of U.S. bulk grain shipments. The program will include aspect such as managing inspection procedures for treated beans, foreign materials, as well as the measurements for protein and moisture contents are all major areas of focus for this program.

On July 5, 2012 ATO Guangzhou staff joined the Embassy Beijing's Agricultural Attaché Meador and

staff to visit a large soybean oil crusher and major bulk grain port located in South China's Guangdong Province to gain a better understanding and a detailed appreciation of grain inspection procedures throughout the supply chain. Embassy Beijing is planning a dual grain inspection pilot program which will include grain inspectors from USDA's Federal Grains Inspection Service and the national quarantine and inspection bureau (AQSIQ) this coming fall 2012. The program aims at increasing the mutual understanding of grain inspection practices and systems to further strengthen local quarantine and inspection bureau (CIQ) personnel's confidence on the quality and safety of U.S. bulk grain shipments entering China's ports. The program will include an exercise for loading grains vessels in the States and conclude with the unloading of the vessel in a port in Mainland China. The managing inspection procedures for treated beans including sampling methodology, analysis of foreign materials, measuring protein and moisture contents are all major areas of focus for this program. This is the second time this type of inspection training program has been arranged for China's officials.

Not only are U.S. soybeans the largest agricultural export to China and the world, but they are an essential source of high protein animal feed as well as high quality vegetable oil which together with pork and rice are the national staples. Soybean importation is tied to China's food security. ATO Guangzhou has played a pivotal role in ensuring the smooth importation of U.S. soybeans through periodic support of the trade, engagement with quarantine and inspection officials, intervention in trade related issues such as a high content of treated beans, several quality inspection seminars co-sponsored by FGIS and Post Emerging Market Program (EMP) funds and last month through a series of biotechnology seminar aimed at three large inspection bureau (Guangdong Provincial CIQ, Shenzhen CIQ and Xiamen CIQ). The biotechnology seminar was co-sponsored with Post EMP funds and contributions from traders, biotechnology companies as well as the American Soybean Association International Marketing and the U.S. Grains Council. According to local CIQ officials our South American competitors do not provide the same type of trade servicing activities, seminars, training, and communication exchange programs the U.S. government and industry undertake.

South China ports and the local trade play a prominent role in the importation of U.S. bulk grains mainly because Guangdong Province's economic prosperity and superior infrastructure. For example Guangdong has held the highest national GDP for four consecutive years and has had the longest period of development of any other region in Mainland China (34 years since the period of Opening and Reform). According to WTA statistics, in 2011 South China ports imported a total value of \$3.2 billion in U.S. soybeans (or 27 percent of the total U.S. soybean exports to China) and \$273 million worth in U.S. corn (or 60 percent of the total U.S. corn exports to China). The major South China ports for bulk grain imports are Xinsha and Yangjiang under the supervision of the Provincial Guangdong CIQ and Chiwan port also located in Guangdong province but under the supervision of Shenzhen CIQ.

Given South China's importance in bulk grain trade, Post strongly recommends Embassy Beijing includes inspectors from Guangdong and Shenzhen CIQ in the program. We also hope a South China port is designated as an inspection port for the upcoming dual inspection program.