

Domestic grain prices stay stable

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Domestic grain prices have remained stable amid hikes in international prices, official figures have showed.

Wheat prices on the Chicago Board of Trade surged more than 140 percent in March, while rice prices jumped more than 80 percent.

Average grain retail prices on the Chinese domestic market, by contrast, registered slight growth, from 4.14 yuan (59 cents) per kilogram from the beginning of January to 4.19 yuan by the end of March, statistics from the Ministry of Commerce showed.

The government's efforts to ensure food supply in the country, including restrictions on grain-consuming bio-ethanol projects, was behind the stable prices, analysts said.

The central government vowed this year to spend more than 562 billion yuan (\$80.4 billion) to support farms and the rural sector, 130.7 billion yuan more than last year.

The authorities also decided in March to spend another 25.25 billion yuan (\$3.61 billion) in addition to this year's rural budget, mainly to subsidize farmers' purchasing of seed, diesel, fertilizers and other production materials.

Similarly, the Ministry of Railways last month ordered railway authorities in the northeast provinces to improve efficiency and send 10 million tonnes of grains out of the grain-rich region to the south from May 1 to June 30, in a bid to ease supply imbalances and stem price rises.

The authorities have also been actively developing alternative energies.

The National Development and Reform Commission (NDRC) stopped approving bio-ethanol projects using corn and wheat in May last year, and planned to adapt four grain-consuming projects to use non-grain materials such as cassava and straw.

"Corn is an important feed material in China, and developing corn-consuming bio-ethanol would affect the supply of meat and eggs," said energy expert Han Xiaoping.

The government would rather use non-grain plants that commonly grow in the wild and salt land to produce bio-ethanol, so as not to take away farmland and reduce grain production, the NDRC said.

Currently, the country is producing 750,000 tons of bio-ethanol annually, and it is scheduled to boost output to 5 million tons by 2010.

Apart from restricting grain-consuming bio-ethanol projects, the country is actively promoting alternative and clean power, such as nuclear, wind and solar energies.

Twenty-six million households in the country's rural areas were using methane for cooking and heating by the end of last year, and another 5 million households will join the group this year.

China ranked second worldwide in energy output and consumption last year.

Almost half of the country's crude oil demand depends on imports.

The international energy crisis is seen as likely to pressure China to scale up its development of alternative energies.

But, as Agricultural Minister Sun Zhengcai said recently, any problem in food and agriculture would be perilous to a country with 1.3 billion mouths to feed.

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