Research Report on Wheat and It’s Processed Products Industry in China
Chapter 1 Wheat Production in China .......................................................... 1
  1 Status of Wheat in Grain Crops ............................................................... 1
    1.1 Status of Wheat Production in Grain .................................................. 1
    1.2 Causes for Decline of Wheat Acreage since 1997 ............................... 4
  2 Regional Layout of Wheat ................................................................. 5
    2.1 Wheat Region in the North .............................................................. 8
      2.1.1 Status of Spring Wheat ............................................................ 9
      2.1.2 Regional Layout of Spring Wheat ............................................. 11
    2.2 Layout of Winter Wheat ............................................................... 13
      2.2.1 Status of Winter Wheat ........................................................... 14
      2.2.2 Regional Layout of Winter Wheat in the North ............................ 16
    2.3 Winter Wheat Region in the South ................................................ 17
      2.3.1 Regional Layout of Winter Wheat in the South ............................ 17
    2.4 Wheat Production by Province from 2001-2009 ................................ 18
      2.4.1 Wheat Production by Key Provinces ......................................... 18
      2.4.2 Wheat Acreage of the Country and Main Provinces from 2001-2009 ...... 19
      2.4.3 Wheat Yield of the Country and Main Producing Provinces from 2002-2007 20
  3. Quality Wheat ...................................................................................... 21
    3.1 Categorization of Wheat ................................................................. 21
    3.2 Features of Quality Wheat ............................................................... 22
      3.2.1 Strong-gluten Wheat ................................................................. 22
      3.2.2 Weak-gluten Wheat .................................................................. 23
    3.3 Balance of Supply and Demand of Quality Wheat ............................... 24
    3.4 Regional Layout of Quality Wheat .................................................... 24
    3.5 Quality of Main Varieties of Main Wheat Regions ............................... 26
      3.5.1 Features of Wheat Quality and Regional Classification of Quality .... 26
      3.5.2 Strong-gluten Wheat Region in Northern North China ................... 26
      3.5.3 Strong-gluten and Medium-gluten Wheat Region in the Northern Part of the Yellow River-Huaihe River .............................................. 27
      3.5.4 Medium-gluten Wheat Region in the Southern Part of the Yellow River-Huaihe River .......................................................... 28
      3.5.5 Medium-gluten and Weak-gluten Wheat Region in the Midstream and Downstream of the Yangtze River ........................................... 28
      3.5.6 Wheat Region in Sichuan Basin and Yungui Plateau ....................... 29
  4 Elements Affecting Wheat Acreage ........................................................ 30
    4.1 Cost-benefit of Wheat Planting ......................................................... 30
      4.1.1 Sowing Cost ............................................................................... 30
      4.1.2 Return and Profit from Wheat Sowing ......................................... 31
      4.1.3 Government Support to Agriculture and Profit Margin of Wheat Sowing ......... 32
      4.1.4 Rate of Return from Wheat Sowing and Changes of Acreage .......... 33
    4.2 Impact from Changes of Cultivated Land to Wheat Acreage ................ 33
Chapter 2 Wheat Consumption in China

1 Ration Consumption of Wheat
   1.1 Composition of Ration Consumption of Wheat
   1.2 Wheat Consumption by Households
   1.3 Consumption by Eating outside Home
   1.4 Flour Consumption by Food Processing

2. Elements Affecting Wheat Consumption
   2.1 Impact from Changes of Income to Grain Consumption
      2.1.1 Changes of Income of Urban and Rural Residents
      2.1.2 Correspondence between Rising Income and Change of Grain Consumption
   2.2 Rapid Development of Catering Industry Results to Shrinkage of Household Consumption
   2.3 Rapid Growth of Food Industry Led to Rapid Growth of Grain Consumption
   2.4 Rising Population Brings Rising Ration Consumption

3 Wheat Consumption as Seed

4 Feed Consumption of Wheat

5 Changes of Wheat Consumption by the Processing Industry

6 Foreign Trade of Wheat
   6.1 Foreign Trade of Grain
   6.2 Foreign Trade of Wheat
      6.2.1 Policy on Wheat Import and Export
      6.2.2 Import and Export of Wheat
      6.2.3 Wheat Import and Export by Month in 2005
      6.2.4 Wheat Import and Export analysis
      6.2.5 Export Market of Wheat
      6.2.6 Wheat Import by Company, 2009

7 Wheat Supply and demand Balance from 1992/93-2010/11

8 Wheat Price Trend and Factor Analysis
   8.1 Price Trend
   8.2 Wheat Supply and Demand Status and Annual Price
   8.3 Currency Value and Wheat Price
   8.4 CPI and Wheat Price Index

Chapter 3 Wheat Circulation in China

1 Gross Commercial Volume of Wheat from 2002-2009
2 Lowest Procurement Price Policy and Selling Progress
   2.1 Lowest Procurement Price Policy from 2006-20010
   2.2 Wheat Procurement at Lowest Procurement Price
   2.3 Procurement Volume at Lowest Procurement Price and Regional Layout in 2006.63
Chapter 4  Current Status and Development Direction of Flour Industry...69
  1 Basic Policy and Regulations .............................................69
    1.1 Policy for Entering into the Industry ............................69
    1.2 Impact from the Food Safety Law on Flour Processing Industry ...69
    1.3 Preferential Policy for Flour Processing Industry .................69
  2 Basic Status of Flour Processing Industry ..........................70
    2.1 Flour Processing Volume and Capacity ............................70
    2.2 Capacity of Companies Covered by Data ............................71
    2.3 Equity Structure of Companies Covered by Data ....................72
    2.4 Flour Production and Capacity Operating Rate .....................73
    2.5 Evolution of Product Structure ....................................74
    2.6 Evolution of Efficiency of Flour Industry .......................75
  3 Regional Layout of Flour Companies ..................................76
    3.1 Flour Companies in Different Regions in 2004 ......................76
    3.2 Regional Layout of Companies Which Produced Over 100,000 Tons Flour in 2005 78
    3.3 Layout of Capacity and Production of Flour Companies in 2006 ...80
    3.4 Brand Construction of Flour Industry ..............................80
  4 Flour Production in the Nation and Main Provinces from 2006-2009 ...82
    4.1 Flour Production in the Nation ......................................82

Chapter 5  Consumption of Flour as Food in China......................87
  1 Total Consumption of Flour as Food ....................................87
  2 Flour Consumption in Rural Areas ....................................88
    2.1 Per Capita Consumption at Home ....................................88
    2.2 Flour Consumption of the Rural Areas ..............................88
    2.3 Per Capita Flour Consumption by Region ...........................89
    2.4 Gross Flour Consumption of Rural Areas by Region ................90
  3 Consumption of Special Flour by Urban Households ..................90
    3.1 Per Capita Flour Consumption by Residents at Home ...............90
    3.2 Gross Flour Consumption in Urban Areas ..........................91
    3.3 Flour Consumption by Urban Residents of Different Regions .......91
  4 Flour Consumption by Catering Industry .............................94
    4.1 Gross Consumption by the Catering Industry ......................94
    4.2 Composition of Flour Consumption by Catering Industry ..........94
  5 Flour Consumption by Food Industry ....................................95
    5.1 Rapid Growth of Food Made of Flour ................................95
    5.2 Flour Consumption by Food Industry ................................96
    5.3 Composition of Flour Consumption by Food Industry ...............96
  6 Composition of Consumption of Flour as Food .........................97
  7 Waste in Food Consumption ............................................98
Chapter 6 Influential Flour Enterprises in China

1 Hebei Wudeli Flour Group
   1.1 Group Profile
   1.2 Capacity
   1.3 Sales Revenue

2 Flour Department of COFCO
   2.1 Group Profile
   2.2 Capacity
   2.3 Sales Revenue

3 Flour Department of Jinmailang Food Co., Ltd.
   3.1 Group Profile
   3.2 Capacity
   3.3 Sales Revenue

4 Beijing Guchuan Food Co., Ltd.
   4.1 Group Profile
   4.2 Flour Production Capacity
   4.3 Sales Revenue

5 Jiangnan Flour Group Co., Ltd.
   5.1 Group Profile
   5.2 Capacity
   5.3 Sales Revenue

6 Fada Flour Group
   6.1 Group Profile
   6.2 Capacity
   6.3 Sales Revenue

7 Zhengzhou Jinyuan Flour Co., Ltd.
   7.1 Group Profile
   7.2 Capacity
   7.3 Sales Revenue

8 Shandong Luwang Group Co., Ltd.
   8.1 Group Profile
   8.2 Capacity
   8.3 Sales Revenue

9 Guangdong Suifeng Food Co., Ltd.
   9.1 Group Profile
   9.2 Capacity
   9.3 Sales Revenue

10 Anhui Wanwang Flour Group Co., Ltd.

8 Flour Price and Profit-generation Ability of Processing Industry
   8.1 Trend of Flour Price
   8.2 Annual Sales Revenue and Processing Profit
   8.3 Scaled Economy of Flour Processing Companies
   8.4 Operational Cost of Different Regions and Different Products
Chapter 7  Famous Foreign-funded Flour Companies

1. Yihai (transliteration) Group ........................................ 118
   1.1 Group Profile .................................................. 118
   1.2 Capacity ....................................................... 118
   1.3 Sales Revenue ................................................ 119

2. Flour Business of Nanshun (transliteration) Group ........................................ 119
   2.1 Group Profile .................................................. 119
   2.2 Capacity ....................................................... 119
   2.3 Sales Revenue ................................................ 120

3. Flour Business of Taiwan Dacheng Group ..................................................... 120
Chapter 11  Wheat Germ Oil Industry .................................................................143
  1 Basic Functions of Wheat Germ Oil ..............................................................143
  2 Wheat Germ Oil Production ..............................................................................143
  3 Main Producers of Wheat Germ Oil .................................................................143
     3.1 Anyang Mantianxue Protein Co., Ltd..........................................................143
     3.2 Anyang Jingsen Natural Product Co., Ltd. ..................................................144
     3.3 Tianjin Jianfeng Natural Product R&D Co., Ltd...........................................144
  4 Processing Technique and Raw Materials of Wheat Germ Oil .......................144
  5 Wheat Germ Oil Supply in the Coming 10 Years .............................................144
  6 Demand for Wheat Germ Oil in the Coming 10 Years .....................................145

Figure & Table
Fig 1.1 Wheat Production and Acreage from 1978-2009 ........................................1
Fig 1.2 Structure of Production of the Three Cereals, 2009 ....................................2
Fig 1.3 Comparison of Production of the Three Cereals from 1991-2009 ................2
Fig 1.4 Wheat Production and Proportion in the Three Cereals from 1991-2009 ..........3
Fig 1.5 Structure of Acreage of the Three Cereals, 2009 .......................................3
Fig 1.6 Wheat Acreage and Proportion in Cereals ................................................4
Fig 1.7 Comparison of Acreage of the Three Cereals from 1978-2006 ....................4
Fig 1.8 Regional Layout of Wheat Production .....................................................5
Fig 1.9 Comparison of Wheat Acreage in the Three Producing Regions from 2001-2010...6
Fig 1.10 Wheat Acreage of the Three Producing Regions and Structure, 2009 ..........6
Fig 1.11 Comparison of Production of the Three Wheat Regions from 2001-2010 ........7
Fig 1.12 Comparison of Production of the Three Wheat Regions , 2009 ....................7
Fig 1.13 Comparison of Yield of the Three Wheat Regions ....................................8
Fig 1.14 Acreage of Wheat Region in the North and Proportion in National Total ..........9
Fig 1.15 Production of Wheat Region in the North and Proportion in National Total, 2001/02-2010/11 ........................................................................................................9
Fig 1.16 Acreage of Spring Wheat and Proportion in Total Wheat Acreage , 1998-2010 ...10
Fig 1.17 Production of Spring Wheat and Proportion in National Total Wheat Production..10
Fig 1.18 Comparison of Production and Acreage of Spring Wheat .........................11
Fig 1.19 Regional Layout of Spring Wheat, 1996-2010 ..........................................11
Fig 1.20 Regional Layout of Spring Wheat Acreage, 2009 ......................................12
Fig 1.21 Regional Layout of Spring Wheat Production, 2009 ................................12
Fig 1.22 Comparison of Average Yield of the Country and Main Spring Wheat Regions in Different Years ..............................................................................................13
Fig 1.23 Comparison of Yield and Trend of the Country and Main Spring Wheat Regions.13
Fig 1.24 Acreage and Proportion of Winter Wheat from 1996-2010 ....................15

TEL: 8610-64402118  FAX: 8610-64402039  Address: Room 1108,Golden Tower, No.1 Xibahe South Road, Chaoyang District, Beijing, P.R.China, 100028

VII
Fig 1.25 Production and Proportion of Winter Wheat from 1996-2010 ........................................ 15
Fig 1.26 Comparison of Proportion of Production and Acreage of Winter Wheat from 1996-2010 ................................................................. 16
Fig 1.27 Acreage of Winter Wheat Region in the North and Proportion in National Total ... 16
Fig 1.28 Production of Winter Wheat Region in the North and Proportion in National Total from 2001/02-2007/08 ...................................................... 17
Fig 1.29 Winter Wheat Acreage in the South and Proportion in National Total ............ 18
Fig 1.30 Winter Wheat Production in the South and Proportion in National Total ........ 18
Fig 1.31 Compositions of Labor Cost and Fees for Wheat Sowing, 1978-2009 .............. 30
Fig 1.32 Wheat Cost and Composition, 2008................................................................. 31
Fig 1.33 Changes of Wheat Sowing Cost and Profit, 1978-2010 .................................... 31
Fig 1.34 Subsidy for Agricultural Production ................................................................. 32
Fig 1.35 Impact from Government Support to Return from Wheat ............................. 33
Fig 1.36 Comparison between Return from Wheat Production and Acreage ............ 33
Fig 1.37 Total Area of Cultivated Land by the End of the Year and Annual Rate of Land Reduction, 2000-2030 ....................................................... 34
Fig 1.38 Annual Shrinkage of Cultivated Land and Composition ............................... 34
Fig 1.39 Wheat Acreage and Proportion in National Area of Cultivated Land .......... 35
Fig 1.40 Relationship between Wheat Acreage and National Macro Economy ......... 36
Fig 1.41 Relationship between Wheat Acreage and Global Macro Economy ............ 37
Fig 2.1 Total Ration Consumption of Wheat, 2000-2016 ............................................. 38
Fig 2.2 Composition of Ration Consumption Volume of Wheat ................................. 39
Fig 2.3 Ration Consumption by Rural Households and Growth Rate, 1990-2016 ........ 39
Fig 2.4 Ration Consumption of Wheat in Urban Areas and Growth Rate, 1990-2016 ...... 40
Fig 2.5 Wheat Consumption by Catering and Bakery Chain Enterprises, 2000-2016 ..... 40
Fig 2.6 Flour Consumption by Food Processing, 2000-2016 ..................................... 41
Fig 2.7 Per Capita Disposable Income or Urban and Rural Residents and Growth Rate, 1996-2009 ................................................................. 42
Fig 2.8 Per Capita Grain Consumption of Urban and Rural Residents at Home, 1996-200843
Fig 2.9 Consumption of Accommodation and Catering Sector in GDP .................... 44
Fig 2.10 Comparison between Consumption by Accommodation and Catering Sector and GDP Growth .............................................................. 44
Fig 2.11 Proportion of Food Industry in GDP, 1952-2009 ............................................. 45
Fig 2.12 Comparison of Food Industry with GDP Growth ............................................ 46
Fig 2.13 Population Change from 1978-2016 .............................................................. 46
Fig 2.14 Seed Consumption of Wheat, 1992-2016 ....................................................... 47
Fig 2.15 Feed Consumption of Wheat, 2000-2016 ....................................................... 48
Fig 2.16 Changes of Wheat Consumption by Processing Industry, 1995-2016 ............ 48
Fig 2.17 Net Import of Grain, 1980-2009 .................................................................. 49
Fig 2.18 Import and Export Quantity of Wheat, 1980-2016 ........................................ 51
Fig 2.19 Comparison between Wheat Import/export Quantity and Price ................. 51
Fig 2.20 Wheat Categories for Import, 2000-2016 ....................................................... 53
Fig 2.21 Year-end Stock and Security Coefficient of Wheat Crop Year .................... 54
Fig 4.14 Flour Production of Main Provinces, 2001-2009..................................................84
Fig 4.15 Composition of Annual Flour Production of Main Provinces, 2001-2009 ........84
Fig 4.16 Production and Annual Growth Rate of Main Flour Companies in 2009 ..........85
Fig 4.17 Production of Main Flour Companies and Proportion in National Total in 2009 ....85
Fig 4.18 Wheat Shortage for Processing of Main Provinces in 2009 .................................86
Fig 5.1 Per Capita Flour Consumption of Residents, 2006-2016 .......................................87
Fig 5.2 Consumption of Flour as Food, 2000-2016...............................................................88
Fig 5.3 Changes of Per Capita Flour Consumption of Rural Areas, 1990-20016 ............88
Fig 5.4 Gross Flour Consumption in Rural Areas, 1990-2016 ............................................89
Fig 5.5 Per Capita Flour Consumption of Rural Areas by Province ..................................90
Fig 5.6 Gross Flour Consumption in Rural Areas ..................................................................90
Fig 5.7 Per Capita Flour Consumption of Urban Residents, 1990-2016 .............................91
Fig 5.8 Gross Flour Consumption by Urban Residents, 1990-2016 .................................91
Fig 5.9 Per Capita Flour Purchasing Volume by Urban Residents of Different Provinces, 2007-2009.................................................................92
Fig 5.10 Gross Flour Consumption by Urban Areas of Different Provinces ........................93
Fig 5.11 Total Consumption Expenditure on Flour by Urban Residents in Different Provinces .................................................................93
Fig 5.12 Gross Flour Consumption by Catering Industry and Food Industry, 2003-2016 ...94
Fig 5.13 Composition of Flour Consumption by Catering Industry .................................94
Fig 5.14 Changes of the Composition of Flour Consumption by Catering Industry, 2002-2009 .................................................................95
Fig 5.15 Production of Food Made of Flour of Different Categories, 2000-2009 ..........95
Fig 5.16 Gross Flour Consumption by the food industry from 2000-2016 .........................96
Fig 5.17 Composition of Flour Consumption by Flour-food Industry, 2000-2016 ..........96
Fig 5.18 Composition of Total Flour Consumption, 1990-2016 ..........................................97
Fig 5.19 Composition of Monthly Flour Consumption Volume, 2004-2009 .......................98
Fig 5.20 Composition of Proportion of Monthly Flour Consumption, 2004-2009 ..........98
Fig 5.21 Trend of Annual Flour Price ..................................................................................99
Fig 5.22 Trend of Monthly wholesale Price Flourand Wheat ...........................................99
Fig 5.23 Sales Revenue and Processing Profit of Flour Industry, 2003-2009 .................100
Fig 5.24 Processing Profit from Each Ton of Wheat and Profit Rate .................................100
Fig 8.1 Flour Import and Export, 2000-2009 ...............................................................123
Fig 8.2 Comparison of Monthly Flour Import and Price, 2005-2009 ............................123
Fig 8.3 Origins of Flour Import, 2009................................................................................124
Fig 8.4 Destinations of Flour Export in 2009 .................................................................125
Fig 10.1 Wheat Starch Production of Large-scale Companies, 2000-2016 ....................131
Fig 10.2 Wheat Gluten Production of Large-scale Companies, 2000-2016 ....................131
Fig 10.3 Market Price of Domestic Made Wheat Gluten, 1999-2009 .............................133
Fig 10.4 Price of Wheat Starch & wheat flour, 2003-2009 .............................................134
Fig 10.5 Profit of Wheat Starch and Gluten Processing Industry ......................................135
Fig 10.6 Comparison of Import/export Quantity and Price of Wheat Gluten .................136
Fig 10.7 Destinations of Wheat Gluten Export in 2009 ..................................................137
Table 1.1 Wheat Production of the Country and Main Regions from 2001-2010 ..........19
Table 1.2 Wheat Acreage of the Country and Main Producing Regions from 2001-2010 ...20
Table 1.3 Wheat Yield of the Country and Main Producing Regions from 2001-2009....21
Table 1.4 Quality Standard of Wheat of Different Grades (GB 1351—2008) ..................22
Table 1.5 National Standard on Quality Wheat – Quality of Strong-gluten Wheat .......23
Table 1.6 National Standard on Quality Wheat – Quality of Weak-gluten Wheat ..........23
Table 1.7 Balance of Quality Wheat ........................................................................24
Table 1.8 Acreage of Quality Wheat in the Country and Main Regions, 2005-2009 ....24
Table 1.9 Production of Quality Wheat, 2005-2009 .................................................25
Table 1.10 Yield of Quality Wheat in the Country and Main Regions, 2005-2009 ....25
Table 1.11 Conventional Indices of Wheat, 2006-2008 ..............................................26
Table 1.12 Rheological Characteristic Indices of Wheat, 2006-2008 .........................26
Table 1.13 Conventional Indices of Strong-gluten Wheat Region ............................27
Table 1.14 Rheological Characteristic Indices of Strong-gluten Wheat Region .........27
Table 1.15 Conventional Indices of Strong-gluten and Medium-gluten Wheat Region ....27
Table 1.16 Rheological Characteristic Indices of Strong-gluten and Medium-gluten ....27
Table 1.17 Conventional Indices of Medium-gluten Wheat Region in the Southern Part ....28
Table 1.18 Rheological Characteristic Indices of Medium-gluten Wheat Region ........28
Table 1.19 Conventional Indices of Medium-gluten and Weak-gluten Wheat Region ......28
Table 1.20 Conventional Indices of Wheat Region in Sichuan Basin and Yungui Plateau ...29
Table 1.21 Conventional Indices of Wheat Region in Sichuan Basin and Yungui Plateau ....29
Table 1.22 Rheological Characteristic Indices of Wheat Region ..............................29
Table 1.23 Rheological Characteristic Indices of Strong-gluten Spring Wheat Region ..30
Table 1.24 Rheological Characteristic Indices of Strong-gluten Spring Wheat Region .30
Table 1.25 Subsidy for Elite Wheat Varieties and Subsidized Area ..............................32
Table 2.1 Import Tariff on Wheat, 2003-2010 ............................................................49
Table 2.2 Origins of Wheat Import, 2004-2009 .........................................................51
Table 2.3 Importing Provinces of Wheat, 2004-2009 .................................................52
Table 2.4 Customs Offices of Wheat Import, 2004-2009 ...........................................52
Table 2.5 Destinations of Wheat Export, 2004-2009 ...............................................53
Table 2.6 Customs Offices for Wheat Export, 2004-2009 .........................................53
Table 2.7 Wheat Import by Key Companies in 2009 ...............................................54
Table 2.8 Supply and Demand Balance of Wheat, 2000-2010 ................................55
Table 3.1 Lowest Procurement Price for Wheat of 3rd Grade, 2006-2010 ...............61
Table 4.1 Regional Layout of Companies Which Produced over 100,000 Tons of Flour in 2004 .................................................................76
Table 4.2 Grain and Oil Processing Companies of Over 100,000 Production in 2004 and Regional Layout ...........................................................................77
Table 4.3 Regional Layout of Companies Which Produced Over 100,000 Tons of Flour in 2005 .........................................................................................78
Table 4.4 List of Large-scale Wheat Flour Processing Companies in 2005 .................................. 79
(over 100,000 tons production) ................................................................................................. 79
Table 4.5 List of Famous Wheat Flour Brands in 2004 ............................................................... 81
Table 4.6 Regional Layout of Famous Brands in 2007 ................................................................. 81
Table 4.7 List of Famous Wheat Flour Brands in 2007 ............................................................... 82
Table 5.1 Investment and Production Index of Flour Companies of Different Scales .......... 101
Table 5.2 Comparison of Operational Cost of Flour Processing Companies in Different
Regions in 2007 .......................................................................................................................... 101
Table 6.1 Flour Production Capacity and Quantity of Sub Companies of Wudeli Group ... 102
Table 6.2 Composition of Capacity of Sub Companies of Wudeli Group .............................. 102
Table 6.3 Annual Sales Revenue of Wudeli Group, 2004-2009 .............................................. 102
Table 6.4 Flour Processing Capacity and Quantity of Sub Companies of COFCO Flour
Department ................................................................................................................................. 103
Table 6.5 Composition of Capacity of Sub Companies of COFCO Flour Department ..... 103
Table 6.6 Annual Sales Revenue of COFCO Flour Department, 2004-2009 ..................... 103
Table 6.7 Capacity of Flour Department of Jinmailang Food, 2004-2009 ......................... 104
Table 6.8 Capacity Layout of Flour Department of Jinmailang Food ................................. 104
Table 6.9 Annual Flour Sales Volume and Revenue of Flour Department of Jinmailang Food,
2004-2009 .............................................................................................................................. 104
Table 6.10 Flour Capacity of Guchuan, 2004-2009 ................................................................. 105
Table 6.11 Flour Capacity Layout of Guchuan ............................................................... 105
Table 6.12 Annual Flour Sales Volume and Revenue of Guchuan, 2004-2009 ............. 105
Table 6.13 Capacity of Jiangnan Flour Group Co., Ltd., 2004-2009 ................................... 106
Table 6.14 Capacity Layout of Jiangnan Flour Group Co., Ltd., 2009 .............................. 106
Table 6.15 Annual Flour Sales Volume and Revenue of Jiangnan Flour Group Co., Ltd.,
2004-2009 .............................................................................................................................. 106
Table 6.16 Flour Processing Capacity of Fada Group, 2004-2009 ......................................... 107
Table 6.17 Layout of Flour Processing Capacity of Fada Group in 2009 ......................... 107
Table 6.18 Flour Sales Revenue of Fada Group, 2007-2009 ................................................. 107
Table 6.19 Flour Processing Capacity of Zhengzhou Jinyuan Flour Co., Ltd., 2004-2009 107
Table 6.20 Layout of Processing Capacity of Zhengzhou Jinyuan Flour Co., Ltd. in 2009 107
Table 6.21 Sales Revenue of Zhengzhou Jinyuan Flour Co., Ltd. ........................................ 108
Table 6.22 Flour Processing Capacity of Luwang Group, 2004-2010 .............................. 108
Table 6.23 Layout of Flour Processing Capacity of Luwang Group in 2010 ...................... 108
Table 6.24 Sales Revenue of Luwang Group, 2007-2009 ......................................................... 109
Table 6.25 Capacity of Suifeng Food Co., Ltd., 2004-2009 .................................................. 109
Table 6.26 Capacity Composition of Suifeng Food Co., Ltd. in 2009 .................................... 109
Table 6.27 Sales Revenue of Suifeng Flour Co., Ltd., 2007-2009 ........................................ 109
Table 6.28 Flour Capacity of Wanwang Group, 2004-2009 ............................................... 110
Table 6.29 Layout of Flour Capacity of Wanwang Group in 2009 .................................. 110
Table 6.30 Sales Revenue of Wanwang Group, 2006-2009 .............................................. 110
Table 6.31 Capacity of Henan Dacheng Grain and Oil Group Co., Ltd., 2004-2009 ....... 111
Table 6.32 Layout of Capacity of Henan Dacheng Grain and Oil Group Co., Ltd. ......... 111
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 6.33</td>
<td>Sales Revenue of Henan Dacheng Grain and Oil Group, Ltd.</td>
<td>111</td>
</tr>
<tr>
<td>Table 6.34</td>
<td>Capacity of Shandong Lisheng Group</td>
<td>112</td>
</tr>
<tr>
<td>Table 6.35</td>
<td>Capacity Layout of Shandong Lisheng Group, 2009</td>
<td>112</td>
</tr>
<tr>
<td>Table 6.36</td>
<td>Flour Sales and Profit of Shandong Lisheng Group</td>
<td>112</td>
</tr>
<tr>
<td>Table 6.37</td>
<td>Capacity of Jiangsu Yinhe Flour Co., Ltd., 2004-2009</td>
<td>113</td>
</tr>
<tr>
<td>Table 6.38</td>
<td>Capacity Layout of Jiangsu Yinhe Flour Co., Ltd. 2009</td>
<td>113</td>
</tr>
<tr>
<td>Table 6.39</td>
<td>Capacity Layout of Jiangsu Yinhe Flour Co., Ltd., 2006-2009</td>
<td>113</td>
</tr>
<tr>
<td>Table 6.40</td>
<td>Flour Processing Capacity and Sales Revenue of Fujiade Investment Holding Co., Ltd.</td>
<td>114</td>
</tr>
<tr>
<td>Table 6.41</td>
<td>Layout of Flour Processing Capacity of Fujiade Investment Holding Co., Ltd.</td>
<td>114</td>
</tr>
<tr>
<td>Table 6.42</td>
<td>Capacity of Tianjin Lijin Grain and Oil Group, 2004-2009</td>
<td>115</td>
</tr>
<tr>
<td>Table 6.43</td>
<td>Capacity Layout of Tianjin Lijin Grain and Oil Group in 2009</td>
<td>115</td>
</tr>
<tr>
<td>Table 6.44</td>
<td>Sales Revenue of Tianjin Lijin Grain and Oil Group in 2009</td>
<td>115</td>
</tr>
<tr>
<td>Table 6.45</td>
<td>Flour Processing Capacity of Beidahuang Fengyuan Wheat Group, 2005-2009</td>
<td>115</td>
</tr>
<tr>
<td>Table 6.46</td>
<td>Layout of Flour Processing Capacity of Beidahuang Fengyuan Wheat Group in 2009</td>
<td>115</td>
</tr>
<tr>
<td>Table 6.47</td>
<td>Flour Sales Revenue of Beidahuang Fengyuan Wheat Group, 2005-2009</td>
<td>116</td>
</tr>
<tr>
<td>Table 6.48</td>
<td>Capacity Development of Sichuan Renji Group, 2003-2009</td>
<td>116</td>
</tr>
<tr>
<td>Table 6.49</td>
<td>Capacity Layout of Sichuan Renji</td>
<td>116</td>
</tr>
<tr>
<td>Table 6.50</td>
<td>Asset and Sales Revenue of Sichuan Renji Group, 2003-2009</td>
<td>117</td>
</tr>
<tr>
<td>Table 6.51</td>
<td>Flour Processing Capacity and Sales Revenue of Tianshan Flour, 2004-2009</td>
<td>117</td>
</tr>
<tr>
<td>Table 6.52</td>
<td>Layout of Flour Processing Capacity of Tianshan Group in 2009</td>
<td>117</td>
</tr>
<tr>
<td>Table 7.1</td>
<td>Flour Processing Capacity and Quantity of Sub Companies of Yihai Group, 2006-2009</td>
<td>118</td>
</tr>
<tr>
<td>Table 7.2</td>
<td>Composition of Capacity of Yihai Group Sub Companies, 2009</td>
<td>119</td>
</tr>
<tr>
<td>Table 7.3</td>
<td>Processing Capacity Being Built and to Be Set up of Yihai Group, 2009</td>
<td>119</td>
</tr>
<tr>
<td>Table 7.4</td>
<td>Flour Sales Revenue of Yihai Group</td>
<td>119</td>
</tr>
<tr>
<td>Table 7.5</td>
<td>Capacity of Nanshan Group Flour Section</td>
<td>119</td>
</tr>
<tr>
<td>Table 7.6</td>
<td>Capacity Layout of Nanshun Group Flour Section in 2009</td>
<td>120</td>
</tr>
<tr>
<td>Table 7.7</td>
<td>Sales Revenue of Nanshun Group Flour Section</td>
<td>120</td>
</tr>
<tr>
<td>Table 7.8</td>
<td>Flour Processing Capacity and Quantity of Sub Companies of Dacheng Group</td>
<td>120</td>
</tr>
<tr>
<td>Table 7.9</td>
<td>Capacity Composition and Layout of Sub Companies of Dacheng Group in 2009</td>
<td>120</td>
</tr>
<tr>
<td>Table 7.10</td>
<td>Flour Sales Revenue of Sub Companies of Dacheng Group</td>
<td>121</td>
</tr>
<tr>
<td>Table 8.1</td>
<td>Import Duty on Flour, 2003-2010</td>
<td>122</td>
</tr>
<tr>
<td>Table 8.2</td>
<td>Origins of Flour Import, 2004-2009</td>
<td>124</td>
</tr>
<tr>
<td>Table 8.3</td>
<td>Destinations of Flour Export, 2004-2009</td>
<td>125</td>
</tr>
<tr>
<td>Table 8.4</td>
<td>Top 10 Companies in Flour Import in 2009 and Import Quantity</td>
<td>125</td>
</tr>
<tr>
<td>Table 8.5</td>
<td>Top 10 Companies in Export</td>
<td>126</td>
</tr>
<tr>
<td>Table 10.1</td>
<td>Production Capacity of Top 5 Companies in Wheat gluten Output in 2005</td>
<td>130</td>
</tr>
<tr>
<td>Table 10.2</td>
<td>Production Capacity of Top 4 Companies in Wheat Gluten Production in 2007</td>
<td>130</td>
</tr>
<tr>
<td>Table 10.3</td>
<td>Wheat Gluten Consumption in 2009</td>
<td>132</td>
</tr>
<tr>
<td>Table 10.4</td>
<td>Consumption Volume of Wheat Starch in 2007</td>
<td>134</td>
</tr>
</tbody>
</table>
Table 10.5 Import Duty and VAT on Wheat Starch, 2003-2010.................................136
Table 10.6 Import Duty and VAT on Wheat Gluten, 2003-2008..................................136
Table 10.7 Wheat Gluten Export to Different Countries, 1995-2009...............................137
Table 10.8 Wheat Gluten Import from Different Countries, 1995-2009...........................138
Table 10.9 Wheat Starch Import from Different Countries, 1995-2009..............................140
Table 10.10 Wheat Starch Export to Different Countries and Regions, 1995-2009............141
Chapter 1  Wheat Production in China

Currently, over 45% of the Chinese residents take wheat as the main ration, whereas wheat accounts for over 80% in the ration in wheat producing regions north to Qinling Mountain and Huaihe River, and over 90% for the rural areas.

At present, grain growers in the country are mostly middle aged and old people between 45-60 years old who are not capable to be migrant workers. They are weak in the society and the change of wheat price decides the change of their income level.

1 Status of Wheat in Grain Crops

1.1 Status of Wheat Production in Grain

Wheat production rose gradually from 58 million tons in 1978 to over 100 million tons. 1997 saw a historical record of 120 million tons and there was a slide for 5 consecutive years afterwards till 86.48 million tons in 2003. There was continual bumper harvest for six consecutive years from 2004-2009 and the production hit 113 million tons in 2009.

The wheat growing status in 2010 has not been positive, there were draughts in the Southwest and it is hard to see another growth of harvest in 2010.

Fig 1.1 Wheat Production and Acreage from 1978-2009
From the perspective of production, wheat is the third largest grain crop. Wheat production made up 25.18% in the total of the three types of cereals (rice, wheat and corn) from 1978-2008, whereas it fell to 24.45% in 2009.

**Fig 1.2 Structure of Production of the Three Cereals, 2009**

![Pie chart showing the structure of production of the three cereals in 2009 with rice at 41.60%, wheat at 24.45%, and corn at 33.95%.]

**Fig 1.3 Comparison of Production of the Three Cereals from 1991-2009**

![Bar chart showing the production of rice, wheat, and corn from 1991 to 2009 with a scale from 0 to 50,000 MT.]

Wheat is the only grain crop growing in winter in the Yellow River-Huaihe River-Haihe River grain producing region - the largest grain production region in China. Wheat acreage plays a decisive role in raising land utilization rate and in guaranteeing food security.
The average of multiple years reflects wheat acreage accounts for 33.85% of the total of the three types of cereals, larger than the production proportion. Wheat acreage is larger than corn and is the 2nd largest grain crop. Wheat acreage in the total of the three cereals fell to 28.28% in 2009.

Wheat acreage is large and the growing cycle is long, but wheat yield is lower than corn or rice. There is great significance to further raise the wheat yield in ensuring food security.
Fig 1.6 Wheat Acreage and Proportion in Cereals

Fig 1.7 Comparison of Acreage of the Three Cereals from 1978-2006