

## Pioneer exec sees China as potential grain market

TIPTON, IND. — A nationwide emphasis on improving the diet of its citizens will transform the People's Republic of China from a feed grain exporter to a significant importer by the next decade—and American farmers are in a good position to supply that grain, participants in a United States Feed Grains Council (USFGC) trade mission to that country learned recently.

Trade team members were USFGC officers, feed grain producers, USDA Foreign Agriculture Service officials, and several farm media members.

"This trade mission gave participants a comparison of what the Council has done to build demand for feed grains in Japan with the tremendous potential in China," says Bob Wichmann, president of the Eastern Division of Pioneer Hi-Bred International, Inc.

In China to dedicate the first joint venture with the National Feedstuffs Corporation, trade team members learned that a premix feedmill located in Nanjing is the first of 400 similar feedmills to be built in the next five years. Approximately 20 feedmills are under construction now.

"The Council supplied technology and equipment, and the Chinese government supplied the other resources to help put together this pilot feedmill which will be used to train people for additional mills the government plans.

"With the government's desire to improve the diets, animal protein is going to be very important, but the Chinese have a severe shortage of premix feedmills to handle the increased livestock production planned in their five year program," Wichmann explains.

China currently has the feedmill capacity to utilize 12 million tons of coarse grains each year—up from one million tons in 1980. This capability will rocket to 50 million tons by 1990 if animal production increases as planned.

Although the Chinese now export grains because they need foreign currency and do not have the storage capacity, roads and railways necessary to move grain from northern crop to southern animal production areas, they expect to be purchasing feed grains within a short period. China has the potential to purchase 530 million bushels of grain each year under its current program.

Wichmann says there was very little time for sightseeing during the trade mission, which was sponsored in part by a grant from Pioneer Hi-Bred International, Inc.

"The biggest part of our time was spent with members of the Chinese government. Most of the time we talked about the potential we have to supply their country with the feed grains we felt are going to be necessary as a result of their desire to improve the diets of the Chinese people."

Chinese leaders expressed concern with the growing protectionist movement in the United States and impending restrictions on textile imports during those discussions, he notes.

"It was a concern to them that protectionism would enter into it and that certainly would be detrimental to us developing a strong trade relationship. We also were made aware that the strong U.S. dollar had an affect on the price of our commodities; that our commodities were not as competitive in the world market as they had been."

Wichmann says the USFGC trade team countered by stressing America's track record in assisting Japan and other countries with agricultural development.

"China is looking at a substantial amount of production by 1990 and beyond, and there are few countries that could be as consistent a supplier of quality grain as the United States. And hopefully, our government will make a commitment to reduce the budget deficit and would not always be in the position where our commodities would be higher priced than commodities from other countries."

Trade team members left the

country feeling positive about the future for American feed grain sales.

"Many of us felt that there was a tremendous potential, but it was going to take time and patience. The Chinese gave us the impression they are eager for technology and eager for help. Hopefully, the country that can supply that and can develop a good relationship with many of those key people will be in a position to see that trade expand.

"If the government can come close to reaching that five year goal, there would be a real incentive for us to continue to work hard to be the one that supplies the bushels they'll need," Wichmann concludes.



Bob Wichman

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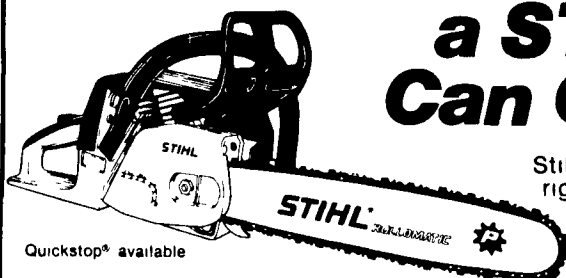
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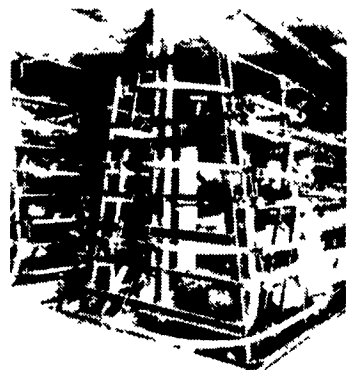
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