THE PAULSON INSTITUTE
U.S.-CHINA AGRIBUSINESS INVESTMENT PROGRAM

Spring 2013 Newsletter

An integral part of The Paulson Institute's program on cross-border investment, our agribusiness programs aim to support America's dynamic agriculture sector, sustain innovation, and create jobs in the United States.

The Institute is a nonprofit organization but with unique convening power in the United States and China. Over the past six months, we have launched a suite of programs and activities aimed at further encouraging trade and facilitating investment in both directions, including Chinese direct investment in U.S. agribusiness.

Our initiatives are taking a hard look at past successes and failures. We are developing investment models, bringing investors together in commercially sensible but also politically realistic ways, and looking for creative ways to overcome institutional and informational barriers to investment in both countries.

Why agribusiness? Changing supply and demand patterns are pulling the U.S. and Chinese agriculture sectors together. The United States offers large-scale, consolidated, and efficient agricultural production, as well as cost and supply comparative advantages. And China's vast population is becoming a consumption engine for foodstuffs. Demand for higher quality, more quantity, and greater diversity in agricultural products is rising rapidly in China.

Statistics show this trend clearly. In FY2011, China became the top market for U.S. agricultural goods, purchasing some $20 billion in U.S. agricultural exports. U.S. government statistics claim that the value of U.S. farm exports to China supported more than 160,000 American jobs in 2011, on and off the farm across a variety of sectors. The Institute encourages a level playing field in China for U.S. firms, stronger market access, and the removal of significant tariff and non-tariff barriers to American investment. But as bilateral trade has expanded, direct investment from China in U.S. agribusiness has lagged—even though China has become a consumption engine for U.S. products. America's dynamic agriculture sector likewise needs new sources of investment, including potentially from China, to sustain growth, encourage innovation, and strengthen the creation of jobs.

American Competitiveness Dialogue with Nebraska Governor Heineman

On February 13, 2013, the Institute held its first "American Competitiveness Dialogue" with Governor Dave Heineman (R-NE), who hosted Institute chairman Hank Paulson at the state's 25th annual Governor's Agriculture Conference in Kearney. The two spoke to a large audience of Nebraska processors, farmers, ranchers, and others from the state's number one industry. Discussion focused on the future of American economic competitiveness, the role of foreign

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investment in generating opportunities for states like Nebraska, and the prospects for enhanced trade and investment with China, in particular.

Heineman and Paulson discussed four questions: (1) How is the world economy changing, and what will this mean for the United States? (2) What does the United States need to do—at the federal, state, and local level—to compete? Specifically, what kinds of choices do Americans need to make to ensure that their businesses are strong and competitive? (3) What is the "right" role for foreign investment, and how can American business take advantage of the fact that foreign countries and firms want to invest in the United States but make sure that they create jobs for American workers, farmers, and ranchers while protecting U.S. national security? (4) How does China fit into the global foreign trade and investment picture? Put differently, what does the rise of 1.4 billion people as consumers, including as consumers of Nebraska farm products, mean for the state? What are some specific trade and investment opportunities with China?

The Governor's Agriculture Conference is a marquee event in Nebraska, offering an annual opportunity to talk about the state's leading industry. The theme for the 2013 event in Kearney was "A Platform for Nebraska Agriculture's Future," with discussion of subjects such as agricultural research, livestock development, federal policy, weather, and, in the Governor's dialogue with Paulson, American competitiveness, foreign investment, and economic interchange with China.

Paulson Institute Partners with Nebraska

Paulson Institute agribusiness programs involve participants from across the U.S. farm states. These efforts will grow in coming months. But in the Institute's first six months of agribusiness investment programming, Governor Dave Heineman and U.S. Senator Mike Johanns, a former U.S. Secretary of Agriculture, have helped to build a vital partnership between the Institute and the state of Nebraska. "Nebraska is a prime example of a state positioned to be an active part of this cooperative relationship," says Greg Ibach, Director of the Nebraska Department of Agriculture, a presenter at the Institute's December workshop in Beijing and also a member of its high-level experts advisory group on agribusiness investment. "We are an efficient producer of a variety of commodities. So with the appropriate Chinese partners, Nebraska could further process these commodities into quality foods that will help China meet the nutritional needs of its population." Nebraska is America's top producer of commercial meat—a growing Chinese need as per capita income rises and the country's dietary requirements and nutritional demands change. The Institute will publish an investment study focused on meat later this year, authored by Dermot Hayes of Iowa State University. But beyond the question of meat, Nebraska is the number five exporter of agricultural products among U.S. states and thus has room to grow with other commodities as China's calculations about imports and overseas investment continue to evolve. 100 Chinese corporate representatives have attended the state's reverse trade missions, and Ibach and his colleagues are holding follow-up discussions as a result of the Institute's December workshop in Beijing. "As the most populous country in the world, China already is an important part of Nebraska's trade economy," Governor Heineman told a December press conference in Lincoln. "The Paulson Institute is another avenue for outreach and continued development of our relationship with China."

Beijing Workshop: "Promoting Investment and Cooperation in Agribusiness"

The Paulson Institute, the Chinese Ministry of Agriculture, and the China Agricultural Association for International Exchange jointly convened a workshop in Beijing on December 7, 2012 to explore opportunities for cross-investment in agribusiness. Hank Paulson, Chairman of the Paulson Institute, co-chaired the workshop with China's Vice Minister of Agriculture Niu Dun, bringing together CEOs and senior executives of leading Chinese and international companies, national and state-level agriculture leaders, representatives from investment banks and private equity firms, and agribusiness consultants, among others. Participants

included Vice Chairman Han Jun of the State Council Development Research Center and the CEOs of some of Asia's leading agribusiness and investment companies, including Kuok Khoon-hong, chairman and CEO of Wilmar, Ning Gaoning, chairman and CEO of COFCO Group, Gao Xiqing, President of China Investment Corporation, Zhong Kaimin, chairman and CEO of Beijing Deqingyuan Agricultural Technology, Fred Hu, founder and managing partner of Primavera Capital,

and John Zhao, CEO of Hony Capital. At the request of Nebraska Governor Dave Heineman, chairman of the National Governor's Association, Nebraska's agriculture director, Greg Ibach, represented the state.

The workshop, "Promoting Investment and Cooperation in Agribusiness," examined past successes and failures, and explored potential investment models in the agribusiness sector.

Other participants included a range of leading executives and officials from the following: Accenture, Archer Daniels Midland, Argonne National Laboratory, Bunge, Cargill, Goldman Sachs, McKinsey and Company, the State of Nebraska, Rabobank, Wilmar International, the Ministry of Agriculture, the Development Research Center of the State Council, China Investment Corporation, China Development Bank, Primavera Capital Group, Hopu Capital, Hony Capital, COFCO Group, the State Administration of Grain of China, the Export-Import Bank of China, Guangdong Wens Group, New Hope Liuhe Group, Beijing Deqingyuan Agricultural Technology, Zhengbang Group, Gifore Agricultural Machinery, China National Agricultural Development Group, China National Seed Group (Sinoseeds), Hisenor Group, Bright Food Group, and Beijing Tianshan-Cofine Stockbreeding.

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Institute Forms High-Level U.S.-China Agricultural Investment Experts Panel

The Paulson Institute and The Chicago Council on Global Affairs have jointly convened the U.S.-China Agricultural Investment Experts Group, which held its inaugural meeting in Chicago on October 15, 2012.

Members are American practitioners and thought leaders from industry, the capital markets, business schools, research laboratories, land grant universities, state governments, industry councils, and agribusiness consultancies. The Group will meet periodically in Chicago to discuss opportunities and constraints in U.S.-China agriculture-related cross-border investment, examine successes and failures, and explore potential investment models. Members will also provide peer review on studies and reports.

"The United States and China are missing opportunities to benefit from one another's strengths," said former U.S. Treasury Secretary Hank Paulson, chairman of The Paulson Institute. "We need a level playing field and stronger market access in China for U.S. firms, to remove significant tariff and non-tariff barriers, and to overcome obstacles to American investment. But we also need more investment from China to help create and sustain American jobs."

Paulson added, "China leads the world in foreign holdings of U.S. Treasury securities but earns low returns on those holdings. So it would be to the benefit of both countries if China also put some of those dollars to work in higher-return investments that create jobs in the United States."

"U.S.-China agribusiness trade is booming but investment has lagged," noted Marshall M. Bouton, president of The Chicago Council on Global Affairs. "With Chinese consumption growing, this is an especially opportune time to explore opportunities across the value chain."

Members of the U.S.-China Agricultural Investment Experts Group

- **Henry M. Paulson, Jr.**
  Chairman, The Paulson Institute
  Former U.S. Treasury Secretary and Chairman and CEO, Goldman Sachs
- **Marshall M. Bouton**
  President, The Chicago Council on Global Affairs
- **Tim Andriesen**
  Managing Director, Agricultural Commodities, CME Group
- **Mark Bemis**
  President, Corn Business Unit, Archer Daniels Midland
- **Paul Conway**
  Vice Chairman, Cargill
- **Tom Dorr**
  Former President, U.S. Grains Council
- **Lisa Eakman**
  Executive Director, Global Agriculture and Food Initiative, The Chicago Council on Global Affairs
- **Evan A. Feigenbaum**
  Vice Chairman, The Paulson Institute
- **Stan Garbacz**
  Department of Agriculture, State of Nebraska
- **John Ginascol**
  Vice President, Global Supply, Abbott Nutrition
- **Nick Giordano**
  Vice President and Counsel for International Affairs, National Pork Producers Council
- **Lutz Goedde**
  Principal, Agriculture and Food Chains Practice, McKinsey and Company
- **Ray Goldberg**
  Moffett Professor of Agriculture and Business, Emeritus, Harvard Business School
- **Dermot Hayes**
  Pioneer-Hi Bred Chair Professor in Agribusiness, Iowa State University
- **Greg Ibach**
  Director, Department of Agriculture, State of Nebraska
- **Deborah Lehr**
  Vice Chairman, The Paulson Institute
- **Leo Melamed**
  Chairman Emeritus, CME Group
- **David Nelson**
  Managing Director, Rabobank
- **Philip Nelson**
  Scholle Chair Professor of Food Processing, Emeritus, Purdue University
- **Daniel Price**
  Managing Director, Rock Creek Global Advisors
- **Daniel Rosen**
  Managing Partner, Rhodium Group
- **Michael Smart**
  Vice President, Rock Creek Global Advisors
- **Seth Snyder**
  Section Leader, Argonne National Laboratory
- **Craig Thorn**
  Partner, DTB Associates
- **Eric Trachtenberg**
  Director, Food and Agriculture Sector, McLarty Associates
- **William Westman**
  Vice President, International Trade, American Meat Institute

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Forthcoming Investment Papers from The Paulson Institute

The Institute will publish three agribusiness-related investment studies this quarter:

U.S.-China Meat Processing Opportunities, Dermot Hayes, Pioneer Hi-Bred International Chair in Agribusiness, Professor of Economics, Iowa State University

U.S.-China Advanced Biofuels Opportunities, Seth Snyder, Section Leader, Argonne National Laboratory; President, Council for Chemical Research

Major Trends and Investment Opportunities in U.S. and Global Agriculture, Lutz Goedde, Principal, Agriculture and Food Chains Practice, McKinsey and Company

Paulson Institute Voices

Four members of our high-level Agricultural Investment Experts Group discuss opportunities and constraints on inbound Chinese FDI in U.S. agribusiness.

Dermot Hayes

Pioneer Hi-Bred International Chair in Agribusiness, Professor of Economics, Iowa State University

China now imports the output of more than 70 million acres of soybeans, cotton, and coarse grains. It had already had an enormous influence on world commodity markets. Given the resource constraints in China and the rapid pace of economic growth, Chinese food imports will continue to grow at a very rapid rate.

So far, the bulk of Chinese imports have been land intensive crop products that have not generated much employment in the US outside of production agriculture. [But] there is enormous opportunity for China to move into importing value-added products, such as meat and poultry. This move would be a win-win situation because the United States can deliver these products to China at a much lower cost than China can produce them itself. It would create employment in the United States and add to farm income.

China and the United States are perfect trade partners in that the U.S. has land resources and China has abundant labor. Their consumers also complement each other because they prefer different parts of the animal. China could be self-sufficient in pork loins and chicken breasts and yet import enormous amount of pork and chicken feet. When China imports the "parts" it needs, it sometimes drives down the break-even prices for the pieces of the animal preferred in the United States.

China has resisted this natural move up the value chain in part because it is concerned about food self-sufficiency. For products as important as food protein, this concern is valid. China-U.S. trade will not reach its potential until this problem is addressed.

"There is enormous opportunity for China to move into importing value-added products, such as meat and poultry … [T]he United States can deliver these products to China at a much lower cost than China can produce them itself. It would create employment in the United States and add to farm income."

One way to help alleviate this concern is to allow China to have some control over the production process or to provide China with an ironclad guarantee that the food will arrive regardless of the political and economic situation. Under similar circumstances, Japanese firms made purchases of pork production and pork processing plants in the United States, as well as grain hauling and storage. Japanese ownership of U.S. real estate was controversial at the time but the real estate remained in the U.S. Any Chinese purchases of agricultural resources will also be controversial.

The potential size of the Chinese market is enormous even relative to the size of the U.S. domestic market. This means that whenever China buys, it can cause large price increases and vice versa. This volatility is not good for China and it is not good for the U.S. either. An alternative might be to use long-term forward or swap agreements that allow the U.S. producer to ramp up production at a fair, market driven, stable price. This would also give China ownership of the product at an early stage and, in so doing, reduce the incentive for the Chinese government to participate in trade disputing programs, such as antidumping, and the use unscientific sanitary barriers.

Eric Trachtenberg

Director, Agriculture and Food Sector, McLarty Associates

The U.S.-China relationship is a central part of the future global food and agricultural economy. While other suppliers such as Brazil, the former Soviet Union, and Sub-Saharan Africa are expected to continue increasing production, the United States will likely remain as one of the world's most important agricultural exporters. On the demand side, China's growing wealth and limited arable land and water resources have made it into the world's biggest net food importer. This makes it vital for both countries to work together.

In the years ahead, bilateral trade and investment will become increasingly important in both countries. In many ways, the fit is natural because of the resource complementarities between them. The key to success is to boost these synergies and create efficiencies arising from differences in land, labor, and capital endowments. At its best, the adoption of sound policies in Beijing and Washington can facilitate the emergence of a more productive food and agricultural relationship.

China needs to accept that food security is not equal to self-sufficiency. Instead of counting on domestic food production, this newer food security vision will need to be built on the availability of safe and affordable local and imported products. It recognizes that China needs food from all sources efficiently to feed its population. Dependence on imports is not tantamount to weakness

– even the United States is one of the world's largest food importers.

The United States, for its part, needs to understand China's desire to move up the value chain by developing its agricultural science and technological capacity. It also needs to reassure Chinese opinion leaders since they associate markets with inflation, price volatility, or other conditions that could create political instability. Above all, this vision should emphasize China as a reliable supplier and investment destination.

The key to success is a win-win approach that demonstrates how cooperation meets the goals of both governments. Common-sense action items include collaboration on scientific research, water, animal production, food processing, and disease issues. Progress on these challenges along with increased trade and investment can make the positive case for working together.

> *"China needs to accept that food security is not equal to self-sufficiency."*

As befits a relationship between two great powers, reciprocity is critical. China could be more welcoming by ending its restrictions on inward investment and trade. Meanwhile, the United States also needs to adhere to its own stated principles by being more welcoming of Chinese investment and trade.

While investment into China attracts most of the attention, there are several promising channels for Chinese investment in the U.S. food and agricultural sector. Some of these include: 1. Purchases for food security reasons. 2. Stakes in U.S. firms, for access to management practices and technology. 3. "Investment investors," who aim to diversify portfolio performance.

Such channels offer the potential to strengthen the U.S.-China relationship while boosting investment in U.S. agriculture. Larger investment in U.S. agriculture would not only boost capital access for U.S. farmers but would bring them deeper integration with the world's largest emerging market. This would not only be positive for the bilateral relationship but good for global agriculture and food supplies – and consumers everywhere.

Seth W. Snyder

Section Leader, Argonne National Laboratory; President, Council for Chemical Research

Advanced biofuels are an emerging industry with strong growth opportunities in both the United States and China. The American advanced biofuels industry is more mature but, due to the growth in fuel usage, China is a larger market opportunity. At the current development stage, both countries will use regional biomass feedstocks to produce advanced biofuels to serve regional markets. Advanced biofuels offer an opportunity for collaboration in technology development and deployment. As we move down the experience curve, production economics will improve in both countries and financing will become more available.

Advanced or "drop-in" biofuels avoid the volumetric limitation (blend wall) that first generation biofuels, ethanol, and biodiesel, have had to date. In addition, advanced biofuels expand the sector to include heavy vehicles and aviation. The United States is the world leader in production of conventional biofuels. First generation biofuel production is relatively mature technology. China uses similar technology and, similar to what has happened in the United States, is near the "blend wall"—in other words, the maximum amount of ethanol and biodiesel that can be blended in the fuel supply.

"Advanced biofuels offer an opportunity for collaboration in technology development and deployment."

The United States is the leader in advanced biofuels technology. Production is currently at the pioneer plant scale. Commercial production is started in 2012 and substantial market growth is expected in 2013 and 2014.

China can rapidly learn from the U.S.—and enable the expansion of businesses formed in the United States. China is expanding fuel use and is actively seeking solutions to energy security. Advanced biofuels can meet a significant fraction of the increased fuels demand. One of the largest risk factors for the U.S. is that commercial financing has proven to be a challenge due to uncertainty of implementation of RFS2 (renewable fuel standard). So with a market pull from China, and possible financing from China, the United States can move down the experience curve, independent of policy gyrations in the U.S.

The potential size of both the American and Chinese markets is enormous—think about the scale of the crude oil market. With technology maturation and financing, both countries can meet significant fractions (upwards of 30 percent) of their liquid fuel needs with sustainable, and largely domestic, feedstocks. These investments will enable both countries to provide some stability to fuel prices, avoid supply and price disruptions from unstable markets, and decrease greenhouse gas emissions. Agriculture will be a critical factor in the success of the advanced biofuels industry. Biomass feedstocks will need to be supplied by using less productive land and increasing yields. This is a technology opportunity.

A similar opportunity is available for biogas. Biogas is a natural gas that is produced from the waste products from agriculture and urbanization. Again, biogas uses regional feedstocks for a regional product, and therefore can be developed in collaboration. With rapid urbanization and centralization of agriculture, biogas is becoming a significant commercial opportunity in China.

Thomas Dorr

Former President and CEO, U.S. Grains Council

Because of the rapidly emerging middle class, opportunities to increase agriculture and food production, processing, marketing, and distribution abound throughout East Asia, and particularly in China. And regardless of how you calculate this new demand, it is unusually large and unanticipated. Such new demand is sure to generate multiple investment opportunities in new food production and process systems. It is highly unlikely that China and other East Asian countries will simply replicate the development of the commodity-based agricultural and food model so successfully developed by the industrialized world, particularly the United States.

After World War II, 20th century global agricultural production and trade policies were, among other things, focused on large numbers of impoverished and undeveloped Asian consumers. It was assumed that they would continue to be erratic and inconsistent purchasers of staple food products. But this has turned out not to be the case. Thirty plus years of exponential economic growth throughout Asia, particularly China, suggests that sustained new buying of value-added higher quality protein foods, specifically meat, poultry, dairy, and high-quality produce products, is here to stay and will continue to grow.

"New demand is sure to generate multiple investment opportunities in new food production and process systems."

This new buying power suggests that billions of dollars of new food products will be sold to these markets in a sustained year-over-year manner. (It is important to recognize the concept of "sustained" new demand.) If, as has historically been the case, 15 percent of the food dollar is composed of farm gate purchases, the other 85 percent will be invested in new processing, packaging, and distribution systems.

For example this will require the development of new infrastructure. Panama is set to complete a decade-long effort to build a new lock and dam in late 2014, and the Port of Miami/Dade has or is about to let a contract to deepen its port 50 feet in order to accommodate the post-Panamax container freighters. These new vessels will be capable of holding upwards of 16,000 containers versus the maximum today of approximately 5,000. The Miami/Dade port will open in late 2014. Thus these two investments alone will have a dramatic effect on the kinds of value added food products that can be shipped throughout Asia.

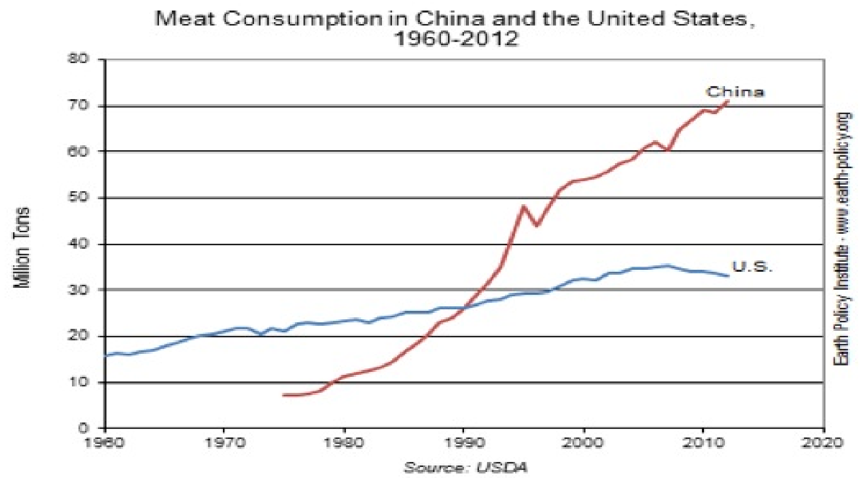
Investments in a greater understanding of Asian dietary expectations, as well as new regulatory and food safety systems of trust, will be essential. It will be important to make certain we in American agribusiness have a sharp "China" ear. All this will lead to a host of new production, processing, packaging, and distribution opportunities in order to serve these new international consumers.

If we are to be successful in capturing portions of these new opportunities, it will be imperative that policymakers and investors remember that the "Customer is King." If we do so, the opportunities, including with China, are enormous.

China's Changing Appetites

For decades, the Chinese government has been preoccupied with how to provide enough food to roughly 20 percent of the global population on just 8 percent of the world's total arable land. And in attempting to meet that need, China has had some spectacular failures, not least policies that led to the notorious Great Leap Famine of the late 1950s. But market reforms under Deng Xiaoping in the late 1970s and 80s have produced significant "reform dividends" for China's agricultural sector. The legacy of that period has allowed Chinese farmers to produce food at a much larger scale through efficiency gains, imported foreign technology, and research and development (R&D) funding for agro science. The initial burst of reforms had a dramatic effect on productivity. Domestic production for most agricultural commodities has grown at 4 percent a year since 1985, outpacing population growth.

But while these past successes have helped China to maintain food self-sufficiency, sustaining that sufficiency will be very challenging over the next decade. That is because China's food demand is set to rise significantly as consumption and dietary behaviors change with the ballooning of a middle class. In particular, Chinese will consume more meat. Over the last three decades, the country's economic miracle has led to a quadrupling of meat consumption, which now stands at 71 million tons, or twice American meat consumption. One statistic that underscores this point is that China alone now consumes 60 percent more meat than the entire world did in 1950.



Source: Earth Policy Institute

"China alone now consumes 60 percent more meat than the entire world did in 1950."

The rise in meat consumption will continue to have considerable knock-on effects on soybeans and corn demand since they are used as feed. And this story also extends beyond pork—Chinese are also drinking more milk and eating more eggs, requiring more cows and chickens, all of which will demand more feed. Thus China—the country that first domesticated the soybean—now finds itself about 75 percent dependent on imports, eroding any sense of food security for that crop. Such demand has affected markets from Brazil to United States, both of which now export large volumes of soybeans to China.

China has also influenced global markets by importing millions of tons of rice in 2012, a crop for which the country had succeeded in raising yields. While the import boost may have been driven by government efforts to refill strategic rice reserves, the decision could have also have flowed from an unexpected spike in Chinese demand. For instance, the U.S. Department of Agriculture projects that China will account for half of the growth over the next decade in global demand for coarse grains used to raise livestock. By 2021, China may well account for 80 percent of the growth in global demand for soybeans.

A burgeoning middle class and attendant consumption changes will become even more powerful drivers of Chinese food policy. These forces will also mean that China presents a significant opportunity for agricultural exporters who produce the specific mix of commodities that China wants and needs. But the reality of rising Chinese demand for meat and foodstuffs also implies that China will likely have to recalibrate its notion of "food security." Accepting greater dependence on the global market, no longer attempting to become self-sufficient in every commodity as a matter of national policy, and tolerating a growing reliance on imports will become necessary. Food is not just any commodity. It is a human necessity. Any government, including China's, is sensitive to having a dependable and stable supplier. So as a dependable supplier, the United States is poised to benefit in new ways from China's changing market demand for food.

Damien Ma, Fellow, The Paulson Institute

Stories We're Watching

"**China seeks extra testing of U.S. pork for feed additive**" (*Reuters*) Feb 19, 2013.

China wants a third party to verify beginning March 1 that U.S. pork shipped to the country is free of a feed additive, ractopamine, used to promote lean muscle growth. The reasons for China's timing and motives for additional verification on the additive were unclear, but stirred speculation ranging from a political agenda to protection of that country's pork industry. Or, the Chinese may be on the verge of achieving their goal of building a strong domestic hog production industry to the point to where they can be more selective about the type and amount of product they will allow in.

"**China must invest abroad for food security, forum told**" (*South China Morning Post*) Jan 22, 2013.

China must invest overseas to ensure its food security, said speakers at the recent Asian Financial Forum. "China and India have to open to global markets like Australia, Africa, and Latin America, and invest in these countries' agricultural production for food security," said Fan Shenggen, director general of the International Food Policy Research Institute. "Food crises can lead to political and economic uncertainty," said Colin Chartres, a former director of the International Water Management Institute.

"**10 China predictions for 2013 from a McKinsey executive**" (*MarketWatch*) Jan 16, 2013.

Investment in overseas agriculture the "next big thing." China's trade deficit in agricultural goods reflects its increased demand for basic cereals to feed its expanding livestock population … [I]nvestment in commodities and premium agricultural products will reach a tipping point in 2013.

"**COFCO sows seeds of further overseas growth**" (*China Daily*) Nov 15, 2012.

China National Cereals, Oils and Foodstuffs Corp (COFCO) plans to accelerate its expansion program abroad to meet growing demand at home. The state-owned food processing giant is looking to expand its network of investments in the "world's major production areas" for agricultural goods, namely South and North America, Australia, and Russia. COFCO is already one of the sector's most active overseas investors. Domestically, COFCO is also investing heavily in improving its operations.

"**DQY rules the roost in modern poultry industry**" (*China Daily*) Sept 11, 2012.

Earlier this year, the company inked a deal with American meat supplier Smithfield Foods to jointly set up biofuel plants to use waste from more than 20 million pigs on Smithfield's farms to generate electricity.

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