

## China expects to boost imports of protein-rich wheat

**BEIJING** (January 07, 2015) : Chinese wheat buyers are likely to step up imports of higher quality grains to meet a domestic shortfall even though total overseas purchases are forecast to tumble this year due to bumper production at home, analysts and traders said. China, the world's biggest wheat producer and consumer, has seen output climb to record levels in recent years, but it faces a shortage of the high-protein wheat it needs to meet growing appetite for noodles, bread and other baked products as incomes rise. "Hard red spring wheat is in extremely short supply here in the domestic market because China's own production of high-quality wheat was not satisfactory despite higher output," said an analyst with an official think-tank who declined to be identified. More demand for high-protein wheat could bolster prices for spring wheat traded on the Minneapolis Grains Exchange, which have risen 2.2 percent this week, as well as supporting hard red winter wheat futures in Kansas, up 1.5 percent. China has bought about 120,000 tonnes of hard wheat in the past few days, European traders said on Monday. The origin is unclear but may include some Australian and US wheat. "We are seeing more business being done to China in containers and bulk than we have seen in a long time," said one grains trader in Sydney. "The Australian dollar has weakened and it is attracting business," he added. The Aussie hit its lowest in over five years on Monday. "There is plenty of feed wheat or average quality around, but if you are looking for high-protein wheat you will have to pay a premium," said a Singapore-based trader.

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**CONTROL** China exerts control over import volumes by issuing quotas that limit how much wheat buyers can take from overseas. In the coming weeks, it is expected to issue a 2015 quota-level unchanged from last year's 9.6 million tonnes. Private mills are likely to bid keenly for the 10 percent they are expected to be allocated. China's overall wheat imports are forecast to fall by around 60 percent to about 3 million tonnes in 2014/15 from a year ago, China National Grain and Oils Information Centre has estimated, thanks to all-time high production. In addition to higher output, China's overall appetite for wheat is likely to take a hit as authorities suspend buying for state reserves after a bumper harvest refilled stocks. China's wheat imports more than doubled to 6.77 million tonnes in 2013/14 from a year after adverse weather damaged crops in key producing regions. But the country is expected to churn out a record 126 million tonnes in 2014/15, up from 122 million tonnes a year ago, the National Bureau of Statistics has said. Beijing will offer 2 million tonnes of domestic wheat from state reserves this week.

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