



# Corn Products China News

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**GUARANTEED EXCLUSIVE ANALYSIS**



## China's Corn Processing Industry Blooming

China's corn processing industry has been growing amazingly in recent years, with the annual growth rate (AGR) of 15% from 2000 to 2006, and the growth rate is expected to exceed 20% from now to 2010. The total industrial consumption of corn achieved 35 million tonnes in 2006, up 40% year on year, and the number is predicted to amount to at least 75 million tonnes in 2010, accounting for 40% of the total corn consumption. However, China's rapidly developing corn processing industry is faced with problems. First, the kinds of corn products are very few in China, only 400, accounting for less than 12% of all the kinds in the world. Moreover, the backward technology and so many small-scale plants have both become barriers restricting the development of China's corn processing industry. Fostering a group of leading corn processing companies with updated technology is highly necessary. **This is the very time for investing in and developing corn processing business in China.**

Corn deep processing products have a great market potential in China in the following aspects:

- Cornstarch and its derivatives occupy the largest proportion of corn products, up to 80%. And 80% of the demand for cornstarch is from food industry. The fast growing food industry, with AGR of 20%, will boost the development of corn processing sector.

In 2006, the cornstarch output in China was 11 million tonnes, while the demand was 19 million tonnes. In the next few years, the demand will increase with AGR of 20%.

- The output of starch sugars, including glucose, maltose syrup, HFCS and sorbitol was 5.6 million tonnes in 2006, increasing rapidly with AGR of about 30% from 2002. And the AGR will be about 25% in the next few years. Meanwhile, China has become the largest sorbitol producer in the world, and China's sorbitol production capacity exceeded 1 million tonnes in 2006. With the ban on the use of diglycol in toothpaste, demand for sorbitol used in toothpaste will swell since 2007.

- Biodegradable corn products including PHA, PHBV and polylactic acid (PLA) are also a very promising field of corn processing, with the encouragement by government policies on environmental friendliness. The demand for biodegradable materials in China was up to 6.5 million tonnes in 2006, and 19.5 million tonnes of starch was needed. The demand for biodegradable materials in China will increase to 13 million tonnes in 2010, valuing RMB150 billion, with AGR of 20%.

What's to be noted is the field of fuel alcohol. Though the demand and output of fuel alcohol with corn had been growing very rapidly in the past

years, with the total output of fuel alcohol from corn soaring from 70 kilotonnes in 2003 to 1,320 kilotonnes in 2006, cautions should be taken towards investment in fuel alcohol with corn in China. That's because the production of fuel alcohol with grain including corn may threaten the food safety in China. And the price rise of grain in 2007 in China proved that fuel alcohol has become a contributing factor. So Chinese government becomes increasingly tight in approving such projects (see *the renewable energy source long-term plan*). The AGR of fuel alcohol output, therefore, is expected to drop to 6% from 2007 to 2010.

Foreign companies attracted by the fast-growing demand, low labour cost and big profit of corn processing industry in China are increasingly concerned with the price fluctuation. The foreign companies can invest in China's corn processing industry directly or by cooperation with Chinese companies, to occupy the expanding Chinese market, and even to supply their customers in Europe, Southeast Asia, Japan and South Korea.

**Corn Products China News** brings you the latest information on new price fluctuation, new market trends and intelligence, new legislations and policies, new technologies, new area dynamics and new corn supply that are shaping the market.

**Main Contents**
**➤ Price Fluctuation Analysis**

Offer the latest price of corn products and corn including forward price, spot price, wholesale price, FOB, procurement price and so on. Analyse the driven force, influence and relationship of the fluctuating price.

How to organise:

- **Figures or tables** to show the price fluctuation: When it falls? When it rises? What is the degree of price rise or drop? (see Table 1 below)
- **Influencing factors** to the price including cost, corn supply, policies and so on
- **Impact** of the price fluctuation
- **Relationships** among the prices of different corn products
- **Price trend** in the future

**➤ New Technology & New Products & R&D**

Discover new promising corn products, and new applications of traditional corn products, and their latest technological progress, and research development. Analyse what the sales and production are and why some certain corn products have a potential market.

How to organise:

- **Introduction** of a new technology or a new corn product or a new project in research
- **Why it is promising?**---Reasons of companies or associations or research institutes
- **Current situation** of product promotions in the market or its production in companies or its research process
- **Companies strategies** to popularise it for the future

**➤ Market & Company Dynamic**

Cover the updated information on corn processing industry. Analyse what the impact of a new investment is, how and why the demand and consumption of corn products such as HFCS, sodium glutamate and citric acid change, and forecast the trends in the future.

Cover market spotlights and large projects, which will have long-time impacts. Analyse how policies, events and other factors affect the market trend.

Cover the openings of new production lines, company expansions, merger, cooperation, closures and stories behind such movements, and in-depth interviews with large Chinese corn products producers. Analyse their strategies for the future and the impact of these commercial activities.

How to organise:

- **A latest event** occurred in markets or companies
- **Driven forces** behind the event including policies, corn supply, demand from various uses and so on, and how they affect the event
- **Potential and current influence** of the event
- **Companies responses, actions and strategies or associations opinions**
- **Market trend** for the future

**➤ Competitiveness Analysis**

Analyse the competition between corn products and other non-corn products, for instance, fructose and sucrose; the competition between the same products from different sources, for instance, fuel alcohols from corn and from cassava; the competition between new corn products and the old ones.

How to organise:

- **Comparisons** between several products: cost, price, market share, advantages and disadvantages and so on
- **Why choose these products?** --- their similarity, uniqueness and prevalence
- **Current situation** of them: which is dominant, which is promising and which is declining
- **Viewpoints** of companies or associations or experts
- **Development trend** of them in the future

**➤ Corn Supply**

Cover the supply of corn and analyse the influencing factors including natural disasters, events, import & export, corn harvest, corn stock and corn's relationship with wheat and soybean, and how they influence the development of corn

processing sector.

How to organise:

- **A new event or the changes of some influencing factors** including policies, natural disasters, corn harvest and so on
- **Influence on corn supply** brought by the event or changing factors
- **How they affect the production of corn products?** --- opinions from companies and associations
- **Trend of corn supply** in the near future

➤ **Corn Product Uses Monitoring**

Provide breaking news on corn product uses including food industry, chemical industry, pharmaceutical industry, plastics and textile industry, construction industry, papermaking industry and so on. Analyse how they influence the demand and development of corresponding corn processing sector.

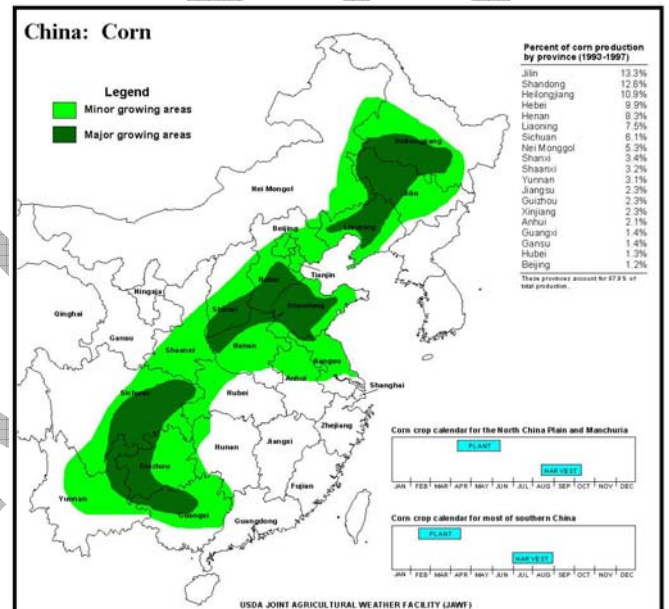
How to organise:

- **An updated event in corn product uses** including food industry, chemical industry, pharmaceutical industry, plastics and textile industry, construction industry, papermaking industry and so on.
- **Driven forces** behind the event and how they affect the event
- **Potential and current influence** on corn processing sector: supply & demand, import & export and so on
- **Corn processing companies responses, actions and strategies or associations opinions**
- **Market trend** for the future

Table 1: Prices of corn and some corn products in China from June to August 2007

(RMB/ton)	1st June	15th June	1st July	15th July	1st August	15th August
<b>Corn</b>	1,480	1,500	1,500	1,450	1,430	1,420
<b>Cornstarch</b>	2,200	2,400	2,400	2,350	2,270	2,250
<b>Glucose</b>	4,700	4,800	4,800	4,800	4,750	4,700
<b>Citric acid</b>	6,000	6,000	6,500	6,500	6,500	6,400

Source: CCM International Limited



ahead of the competition

### What is the scope?

- **Corn**
- **Cornstarch**
- **Starch sugar** including glucose, glucose syrup, maltose syrup, maltodextrin, HFCS, etc.
- **Sugar alcohols** including sorbitol, isomaltitol, maltitol, and so on
- **Modified cornstarch**
- **Fermented products** including enzyme preparations, sodium glutamate
- **Bioproducts** including fuel alcohol (or ethanol), lysine, threonine and tryptophan, amino acids, vitamins, food gums and organic acids, e.g. lactic acid, citric acid, itaconic acid.
- **Feed products** including corn gluten meal, steepwater, corn gluten feed and so on
- **Others** including polylactic acid, inositol, corn oil etc.
- **Uses of corn and corn-based products** include food and beverage, feed, pharmaceutical, plastics and textile, construction, chemical, paper-making, and etc.

### Why to subscribe?

- To trace the price trend of corn and corn products, for calculating the cost impact
- To grasp the latest information of supply and demand of various corn products in Chinese market
- To help make investment decision: where and when to invest?
- To seize the market development in China and abroad, and take the opportunity to occupy the market
- To know government policies and legislations, and better understand the direction of corn products development, to analyse the investment risks
- To discover what Chinese companies are seeking for investment
- To understand the new status and trend of import and export of corn in China
- To gain the new intelligence on corn supply and natural disasters in China
- To keep track of your competitors' actions in China

### Who needs to subscribe?

- **Corn products producers** paying close attention to corn supply, planning to invest in China or looking for Chinese partners
- **Producers of food ingredients, starch sugar, fuel alcohol, cornstarch, corn oil and feedstuff** looking to develop Chinese market of corn products
- **End-users** in the food, pharmaceutical, paper making and packing industries
- **Equipment suppliers** targeting China with high quality production and processing machinery and lines and testing and quality control systems
- **Research institutes** who desire to know the market development of corn products
- **Analysts and consultants** trying to gain insight into China's fast-growing market for corn products

### Methodology

#### ➤ Telephone interview

Telephone to production bases, producers, traders, distributors, end-users, associations, governments and so on to gain first-hand information.

Establish long-term cooperative relationships with domestic companies including producers, traders, end-users and so on. CCM would provide them free advertisement or free intelligence, and they offer the latest information on prices, company strategies at the same time.

#### ➤ Face-to-face interview (site visit)

Carry out a face-to-face interview with experts, record the talk and make in-depth analysis & comment. Before the interview, CCM would clearly line up the topics. Introduction to the development of one well-known enterprise is also available. Establish friendly relations through telephone or face-to-face interviews for long-term cooperation.

#### ➤ Database

CCM would buy some data from CIQ, associations and other

organizations to create a database about corn products and corn prices, and data on production and consumption, import and export and so on for the past 5 years.

➤ **Internet**

Register to be a member of some authoritative, professional or well-known websites, to obtain the information available to members only.

Use internet resources to discover new applications of corn products, new company dynamics, current events, new policies and so on.

➤ **Expert consulting**

Establish long-term friendly relationships with experts within the industry via payment or information exchanges, and they would termly contribute stories to CCM.

➤ **Exhibition**

Attend some exhibitions to obtain updated information on new line openings, new technologies, new equipments launches, new company development and so on.


➤ **Investigation**

CCM would make investigations into some companies, analyse the trend of production and consumption.

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