

# Comparing commodities in india , china and usa assignment



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Question: Compare the price of commodity (chicken, cooking oil, rice)

between China , India and USA. 1. CHICKEN • India According to Times of india “ NEW DELHI: The bird flu scare sent prices of poultry products plummeting by about 60 percent on Wednesday with the birds being sold for as low as Rs. 12 per kg in the Gazipur wholesale market in east Delhi. While poultry products certified by administration-deputed veterinary doctors was being sold for Rs 20-25 at Gazipur, the uncertified supply being sold outside the range of vision of the vets was available for a mere Rs 12 per kg. The sales have gone down drastically and we cannot return the chicken to farms therefore we are forced to sell them at cheaper prices,” said Alam, who had parked two tempos carrying chickens at the fishery wing of Gazipur, the largest wholesale fish and poultry market in north India, to sell them illegally. Express India- New Delhi Wholesale chicken prices have increased by about 14 per cent in last one month to Rs 74 a kg on account of poor supply and are likely to rise further, market experts have said.

At present, dressed live weight broiler in the Ghazipur wholesale market costs Rs 74 a kg, which is about Rs 9 more than what it was last month, Fish Poultry & Egg Marketing Committee Chairman Babu Khan Salmani said. Salmani said that supply from Rajasthan, a major supplier, has decreased. In the retail market, prices of dressed live weight broiler have also jumped by Rs 20 over the last month to cost Rs 140 a kg at present. Poultry Federation of India spokesperson Ricky Thapar attributed the increase in prices of broiler to the rising mercury. Farmers are going for less broiler as the intense heat has raised input prices. Housing of poultry has dropped by 30-40 per

cent as cost of fans and installing sprinklers has gone up,” he said. Thapar further said that wholesale prices of dressed live weight broiler could see a jump of about Rs 30 to cost up to Rs 110 a kg next month. Pointing out that shed temperature in a poultry farm should remain only between 30-34 degree Celsius, Thapar said that farmers’ electricity cost is increasing. “ Moreover, demand is not coming down, because of which realisation for farmers is high. Increasing demand :- In spite of propaganda raised by organizations promoting vegetarianism and in spite of threat of salmonella and cholesterol, world poultry industry is expanding, as the population is increasing. Per capita consumption is also increasing. Not only that, many countries which are not traditionally poultry - growers are giving incentives to their poultry industry. Indian Government is also giving incentives to this industry by giving incentives to small poultry farmers as well as poultry industry in organized sector as poultry industry generates employment and also provides proteins to masses.

Traditionally many poor people are raising poultry in their back yards. These rustic chickens and eggs fetch higher price in local market. There is a good market for such organic products in developed countries. They call it “ free range birds “. • China The China Post reports that “ Consumers who like to go to large wholesale stores offering imported products for bargain prices were stunned by the skyrocketing chicken prices. Officials at the National Animal Industry Foundation (NAIF) said the price of imported chicken, mostly from the United States, went up by NT\$1 or NT\$2 per kilogram each month starting in January.

The price has increased by almost 60 percent so far this year, from NT\$23 per kg to NT\$37. Consumers complained that the retail price for chicken drumsticks has gone up to NT\$15 per piece from NT\$10. Executives at large wholesale stores said the NT\$10 price for drumsticks was only offered occasionally as a promotional price. NAIF officials attributed the sharp rise to the sustained increases in grain and oil prices on the world market. Officials at the Cabinet-level Council of Agriculture (COA) said that the demand for imported chicken has reduced as the price almost rose to an equal par of locally produced chicken.

Taiwan opened imports to American chicken in 2005 and import volume reached 74, 000 metric tons for the first year. The figure rose to 95, 000 tons the following years. But the import shipment dwindled to only 33, 000 tons in the first eight months of the year. Total imports for the whole year will be less than half of last year's figure, the officials estimated. Despite its loss of competitiveness price wise, the higher priced import chicken has helped lift the price of local fowl and spurred prices at fast food chains, including fried chicken stores.

COA officials said they were concerned that this could set off an upward price spiral for relevant products like processed meat products as well as food and beverages at restaurants. Facing the mounting price pressure and consumers' complaints, officials at the Fair Trade Commission (FTC), another Cabinet-level government agency, vowed they will continue close monitoring of what they called unreasonable price hikes, especially the practice of "joint price setting" by suppliers. Most consumers expressed a lack of confidence in FTC officials' ability to rein in the galloping prices. China's low

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price strategy is bound to threaten the local poultry industries in these importing countries. It can be expected therefore, that the governmental authorities in these countries will do their part in preventing the access of China's poultry products into their markets, as far as possible. So far, technical barriers have been used against China's export of poultry products. Even if China should one day overcome these technical barriers by meeting all standards stipulated by these countries, further obstacles in the form of anti dumping objections can be expected. • USA The U. S. poultry industry is the world's largest producer and second largest exporter of poultry meat. With almost 18 percent of total poultry production being exported, the U. S. poultry industry is heavily influenced by currency fluctuations, trade negotiations, and economic growth in its major importing markets. Domestic and export demand for meat and dairy products was severely affected by lower incomes and higher unemployment rates in 2009. Meat consumption and exports declined and prices for livestock, poultry, and milk fell. The outlook for 2010 and beyond depends on the strength of the economic recovery.

If incomes increase and consumer confidence returns, demand for meat and dairy products will strengthen. Meanwhile, livestock producers have scaled back production in response to the large losses many experienced in 2008 and 2009. The combination of stronger demand and limited supplies should result in at least some price recovery in 2010. In spite of declining cattle numbers and beef production, cattle prices fell sharply in 2009 because of very weak demand. Reduced beef production and recovery in demand are expected to result in higher cattle prices for the next several years.

Eventually, improved profitability encourages another modest expansion of beef production, and cattle prices level off. Higher feed costs in 2008 and weak demand in 2009 contributed to two straight years of large economic losses to pork producers. The combination of reduced production and recovery in demand should result in higher hog prices in 2010 and 2011. As with beef, a return to profitability results in renewed growth in pork production in later years. In the poultry sector, low returns resulted in a sharp decline in broiler production in 2009, the first decline in decades.

This steep reduction in supplies helped keep broiler prices from dropping as much as cattle and hog prices, and positioned the sector for resumed growth in 2010. One important concern for the broiler sector is the recent suspension of imports by Russia, a major US export market. Also of concern to the poultry sector in particular and the meat sector in general are future levels of US meat consumption. After decades of growth, per capita meat consumption began to level off after 2004 and to decline after 2007.

Projected meat consumption expands slowly after 2012 but remains well below the 2004 peak. Recovery in the global economic situation pushes livestock and poultry prices relatively higher over the projection period. The poultry price strengthens over the next decade, growing 1.8 per cent annually and reaching a record high of \$91.5/cwt in 2019. Chicken markets provided a glimpse at value issues facing all meat products during a recession, as typically lower-valued wing prices eclipsed those of boneless skinless breasts in 2009.

With its lower-priced protein, chicken is in the best position relative to beef and pork to survive tight consumer budgets. However, breast prices must increase for the industry to succeed in the long run. Prices will increase upon economic recovery but not as much as prices for beef and pork. During the past decade, about 30 per cent of all chicken exports were destined for Russia. Russia is currently banning chicken treated with chlorine, the production process used in virtually all US plants. If the ban is not resolved quickly, a surplus of dark meat chicken will pull down other chicken part prices. . RICE • India NEW DELHI: The government on Thursday raised the minimum support price of paddy by Rs 50 per quintal to Rs 1000 per quintal in what may push up its food subsidy bill, pegged at Rs 55,578.18 crore in the current fiscal. The Cabinet Committee on Economic Affairs chaired by Prime Minister Manmohan Singh also increased the minimum support price of pulses by up to Rs 700 to touch Rs 3,170 a quintal. The government expects this would encourage more farmers to cultivate pulses, which is the main source of protein for most Indians.

However, as farmers are already getting more than the MSP for their pulses in most states and the Central government itself does not procure pulses to prevent distress sale, this move is unlikely to give sowings a significant push. The MSP for paddy (common variety) has been increased to Rs 1,000 per quintal from Rs 950 last year, while the new MSP for Grade A variety stands at Rs 1030 per quintal from Rs 980. However, the net benefit to farmers will be nil as they were given a bonus of Rs 50 per quintal last year over an above the MSP. The government may announce a bonus later when procurement starts in October.

The government procured 33 million tonne rice last year. India's total rice production is around 98 million tonne. The food inflation for the week-ended May 29 stood at 16.74% and the government has been devising ways to tackle it. " To discourage exports and control domestic food costs Indian government has raised the minimum price for exporting rice. India exports about 4-5 million tonnes of rice annually. Non-basmati rice rate has gone up from \$500 a tonne to \$650 (Rs 26,000 rupees). Basmati rate has gone to \$900 (Rs 36,000 rupees). Earlier, there was no fixed minimum price for export of basmati rice.

India could lose its status as second major producer and exporter of rice because India's rice output is forecast to fall by 10 mn tonnes this year to 90 mn tonnes after a recurrence of drought after seven years. A report brought out by the Associated Chambers of Commerce and Industry in India (ASSOCHAM) titled Rice Report of 2009 warns that India might become a net importer of Rice by 2020 in case it fails to maintain 1.75% per annum growth in its yield for next 10 years. The rice yield growth in India at current rate is estimated at 1.18% and needs to be accelerated at 1.75% consistently for a decade, otherwise at 1.8% growth rate, India's rice production would reach at levels of 108 million tones by 2020 against its projected requirement of 118 million tonnes • China China Daily says " GUANGZHOU - The price of rice in most shops in this Guangdong provincial capital have increased 10 percent in the past month due to the severe drought in southwestern China. Huang Weijuan, a Guangzhou housewife, said she spent 55 yuan (\$8) to buy a bag of rice in Taojin agricultural bazaar



in the city's Yuexiu district over the weekend. But the price for the same bag of rice, which weighs 20 kg, was about 50 yuan a month ago," Huang said.

And the price of courgette, a vegetable which mainly grows in Yunnan province, is now selling at 5 yuan per kg in the bazaar, up 0.5 yuan from last month, Huang said. "The price of many foods and vegetables have gone up in the past month and I worry that prices will keep increasing," she said. "I've heard in the media that the drought in southwestern China will not ease up until May," she said. According to a report from Guangzhou-based Yangcheng Evening News, some traders have been investigated for trying to corner the market for rice and Chinese herbs in case of a future price hike in Guangzhou.

And relevant departments have promised to launch an investigation and punish those who illegally raise prices. A grocery boss who only gave his family name as Mo said he had to raise the price of rice because his costs have grown in the past month. Zeng Xingfu, deputy director of the price supervision center under the Guangdong provincial bureau of prices, however, refuted the drought in southwestern China had led to the price hike for rice, vegetables and other foods in the southern province. Southwestern China, including Yunnan and Guizhou provinces that have been hardest hit by the drought, is not a major grain production base in the country, and the provinces in southwestern China are not the major source regions for Guangdong's grains," Zeng said. He said Guangdong mainly purchases grains from bordering Hunan and Jiangxi provinces. "The drought in southwestern China will not result in the fluctuation of grain prices in the

whole country as China achieved bumper grain harvests six years running up to the end of 2009," he added.

BEIJING, Nov 27 (Reuters) - China has approved its first strain of genetically modified rice for commercial production, two scientists involved in the approval process told Reuters on Friday, potentially easing the way for other major producers to adopt the controversial technology. The approval of the locally-developed rice, as well as China's first GMO corn, shifts the global balance of power in food trade and could prompt other countries to follow suit, experts said. It will also enable China, the world's top producer and consumer of rice, to grow more of its staple food amid shrinking land and water resources. USA In the United States, rice farming is a high-cost, high-yielding, large-scale production sector that depends on the global market for almost half its annual sales. Although the United States ships rice worldwide, the Western Hemisphere is the largest market for U. S. exporters. New York post reports " The price of staple foods has been rising at an accelerating rate across the world, driven by what the United Nations has called a " perfect storm" of rising demand from developing countries such as China and India, the impact of climate change and policy responses by governments.

Exploding global demand, poor yields and droughts have driven up prices throughout the world - and the impact is quickly being felt at home. The price of a 20-pound bag of rice has increased to \$16 from \$9 in New York over the past year and is poised to soar even higher. " I try not looking at prices anymore because it's very disgusting," said Louise Maniloff, 87, of Roosevelt Island, who shops only when her grocery store offers seniors a <https://assignbuster.com/comparing-commodities-in-india-china-and-usa-assignment/>

10% discount. Selina Chen, 40, of Flushing, Queens, traveled to Edgewater, N. J. , Wednesday in the hopes of finding a better price for rice. “ We try to buy extra,” she said. But we don’t really have a choice. We have to eat. ” Sam’s Club and Costco – the two biggest U. S. warehouse retail chains – are limiting how much rice customers can buy because of what Sam’s Club called “ recent supply-and-demand trends. ” Sam’s Club will permit customers to buy only four, 20-pound bags at a time of imported jasmine, basmati and long-grain white rice. The chain declined to say if this is the first time it has restricted sales of bulk foods. USA Rice Federation spokesman David Coia insisted there is no rice shortage in the United States, “ even though there is a perception there. Coia said the wholesale chains have been hit because small restaurants and grocery stores are stocking up at the big stores to avoid rising costs. “ They see the prices going up in foreign markets,” so they try to save money by buying in bulk, he said. In Chinatown, at Bangkok Center Grocery, one of the main suppliers of Thai food products in the city, manager Tom Pongsopon said the price of a 25-pound bag of jasmine rice at his store has gone up to \$20 from \$15 in a matter of months. “ We have enough for now, but I’m not sure about the future,” he said.

Relentless demand from developing countries and poor crop yields have pushed rice prices up 70% this year – raising concerns of severe shortages of the staple food for almost half the world’s population. The increases have followed jumps in the price of wheat, corn and soybeans that have added to Americans’ growing grocery bill and led to violent food riots in poor countries, including Haiti, Senegal and Pakistan. Most of the rice eaten in the

world is consumed within 60 miles of where it was grown, said Nathan Childs, an economist and rice expert with the U. S. Department of Agriculture. U. S. production of long-grain and medium-grain rice is strong, and the global crop is larger than ever, Childs said. But with several major exporters, including India and Vietnam, shunning foreign sales to control prices at home, the price of rice has been climbing to new heights. “ Most suppliers have raised the price,” said On Le, manager at Monster Sushi in Chelsea. “ Everything has gone up, and that means less customers. ” Currently, the different types of rice have an average reference price equal to US\$ 6. 5 per hundredweight in the domestic market (10. 71 cents per pound for the long grain paddy rice and 9. 1 cents per pound for the short and round grain). 3. COOKING OIL • India NEW DELHI: Cooking oil has crashed by Rs 5 per kilo as steep losses burst a bubble in the oilseeds market, bringing cheer to consumers and the government battling food inflation. Soyabean oil is now available for Rs 45/kg, down from Rs 50/kg at the beginning of 2010. But for cooking oil companies, faced with idle factories and poor demand, business remains tough. Soyabean prices climbed sharply in the new marketing season, starting October 1, touching Rs 25/kg by December-end, as companies raced to buy raw material for their factories.

Since India has the capacity to crush four times this year’s soya crop of 8 million tonne, large companies try hard to corner as much beans supply as possible, which inflates their price and leads to a disconnect from soya meal and oil prices. Farmers encashed the boom by offloading more than half their crop in the first quarter of the new season. However, once they bought over-priced beans, companies found no takers for equally expensive soya oil and

meal. Closest rival, palm oil, prices dropped in line with international commodity markets, leaving soya oil out-priced.

Simultaneously, there were few export orders for soya meal as India was outbid by chief competitors Brazil and Argentina. Mills were able to crush only half the high-cost beans they had bought till December. “ Factories suffered heavy loss in crushing, which forced most to slow down operations. Once the crushers stopped buying beans, prices cooled automatically. That brought down oil and meal prices as well,” said the head of a large trading company in New Delhi. But even at the new bean price of Rs 20. 50/kg, crushers stand to lose 50 paisa/kg or Rs 500/t (\$10/t). If you crush 50, 000 tonne, you lose Rs 2. 5 crore. That’s more than a season’s earnings. Prices need to correct further,” said an industry watcher. The industry is hopeful that once beans touch Rs 18/kg, meal export will increase. India, meanwhile, may become increasingly desperate to crush and sell soya products over the next six months. There is pressure on the largest players to improve capacity utilisation and average realisation. Otherwise, high-cost inventory may eat into next season’s profit. “ Soya factories would need to crush more than 5 million tonne between January and September.

If we are not able to compete with Brazilian meal and Indonesian palm oil in the next few months and rapidly finish our beans, India could be left with a record-high mountain of up to 1 million tonne beans at the start of 2010-2011 season,” said an industry consultant in Mumbai. Vegetable oil imports by India, the second-biggest user after China, dropped for a sixth month in June as rising domestic inventories deterred buyers. Purchases fell to 732, 232 metric tons from 780, 679 tons a year earlier, the Solvent Extractors’ <https://assignbuster.com/comparing-commodities-in-india-china-and-usa-assignment/>

Association of India said today in an e-mailed statement. Stockpiles were at 1. 1 million tons on July 1 from 1. 075 million on June 1, the group said. Imports may jump as much as 24 percent to 2. 6 million tons in the quarter ending Oct. 31 to meet demand during the festival season • China The price of cooking oil in China will see a 10 percent increase in this new round of consumer goods price hikes due to soaring prices of raw materials, according to the Beijing Times. The price hike is mostly because of a supply shortage of raw materials and an increase in prices of soybean oil in the international market, said a manager with Keery Oils & Grains, identified only by his surname, Shu.

Keery Oils & Grains owns some of China's famous cooking oil brands, such as Arawana. Shu also said that prices of raw materials increased around 1, 000 yuan per ton (US\$130. 72), up more than 10 percent year-on-year. Statistics from the Beijing Glorious Land Wholesale Market, a specialized edible oil market show that on May 30, the first-grade unpackaged soybean oil was priced at 8, 800 yuan per ton, up 3, 500 yuan, or 66. 04 percent from the same period last year, while the fourth-grade unpackaged soybean oil sold at 8, 400 yuan per ton, up 3, 300 yuan, or 64. 71 percent year on year.

Prices of small-package cooking oil also saw an increase in recent months. Currently, the average wholesale price of a 5-liter container of cooking oil increased by nearly 40 percent compared with a year earlier. Guchuan Edible Oil, a major cooking oil supplier in Beijing, has decided to raise its 5-liter cooking oil to a price of 43 yuan per bottle, an increase of 10 percent, according to Zhang Yanling, general manager of the company. Within less than 10 years China's import dependence has increased substantially  
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because domestic production could not keep up with the accelerating consumption, partly resulting from a decline in arable area caused by wind erosion and rising land requirements for infrastructure, housing and industry) and insufficient yields per hectare. The import dependence in the oilmeal sector is likely to increase to 71% this season, up steeply from 48% three years earlier and 23% in 2001/02. Adding the meal equivalent of the net imports of the individual oilseeds to the net imports of oilmeals we arrive at total net imports of oilmeals of 41. 7 Mn T. • USA References