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2019 Sino-German Agribusiness Conference held in Beijing

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"New Developments, New Opportunities": 2019 Sino-German Agribusiness Conference held in Beijing

The 2019 Sino-German Agribusiness Conference was held on 14 June 2019 in the Kunlun Hotel, Beijing. Being the 5th dialogue event since the establishment of the Sino-German Agricultural Centre (DCZ) in 2015, it has developed into an important bilateral dialogue mechanism for agribusiness partners of the two countries. The thematic and strategic headline for the 5th Conference was "New Developments, New Opportunities" for achieving a sustainable agricultural and rural development. The conference was jointly sponsored by the Chinese Ministry of Agriculture and Rural Affairs (MARA) and the German Federal Ministry of Food and Agriculture (BMEL). About 250 participants representing Chinese and governmental officials of MARA, BMEL, the German Embassy in China, Chinese and German food and agribusiness enterprises, agricultural policy research institutions and technology research institutions, Chinese and German public media and news agencies attended the conference.

The Opening Session

Mr. Qu Dongyu, Vice Minister of MARA, and Ms. Julia Klöckner, Minister of BMEL, attended the conference opening session and delivered welcome speeches. On behalf of MARA Mr. Qu Dongyu welcomed his German counterpart Julia Klöckner at her second official visit to China within one month and the German business delegation headed by Ms. Klöckner. After a brief review of the Sino-German agricultural cooperation, Mr. Qu addressed and highly valued the importance of agricultural cooperation between the two countries. "Being two important economies, China and Germany are among the biggest trade partners in the world. China and Germany complement each other in many aspects in the agricultural sector" said Mr. Qu.

In her welcome speech Ms. Klöckner expressed her sincere thanks to the Chinese government for inviting her and her delegation. She also highlighted the importance of the Sino-German agricultural cooperation and the role of the DCZ in the agribusiness cooperation of the two countries. Further, she appreciated the two thematic areas of the conference, namely sustainable agriculture and environmentally friendly animal husbandry, which are in full alignment with the Chinese and German governmental development agenda. After a brief introduction to German policies and practices in sustainable livestock production she concluded that sustainable agricultural development is an issue related not only to ecological and environmental sustainability, but also to economic and social sustainability.

The Keynote Session: The Macro Environment and Policy Framework for Sino-German Agricultural Cooperation

The major purpose of the keynote session was to give participants, particularly the representatives of agribusiness enterprises from Germany, an opportunity to understand the Chinese macro environment and policy framework for the Sino-German agricultural cooperation. The following keynote speakers delivered contributions:

(1) Prof. Dr. Ye Xingqing, Director General, Rural Economic Research Department of the Development Research Center (DRC) of the Chinese State Council delivered a keynote speech on challenges faced by Chinese agriculture and the way out. He first reviewed the

achievements of Chinese agriculture in the past 70 years which ensured the food supply for the growing population. He also presented the four challenges faced by Chinese agriculture, namely: (i) Unsustainability of the current production pattern which is based on high chemical inputs, fertilizers and pesticides; (ii) Small-scale and household-based farming pattern is restricting a further increase of the production and productivity; (iii) Increasing production costs and lower marginal profits of crop and livestock production; (iv) The margin of governmental policy support to domestic products is facing the challenges of international trade partners. Dr. Ye pointed out that coping with these challenges will be an opportunity for the Sino-German cooperation in terms of technology transfer, trade in agricultural products and agribusiness collaboration.

(2) Dr. Yang Zhenhai, Director General, Animal Husbandry and Veterinary Department of MARA, presented the current situation of Chinese animal husbandry and some inspirations from German experiences. His presentation emphasized the following areas: (i) Overview of the development of livestock production in the past four decades. Remarkable achievements were made in the total production and market supply capacity; (ii) Efforts made in environmentally friendly animal husbandry in China include: upgrading the production scale and productivity; restructuring and optimizing the production structures and regional/spatial distribution of products to reduce the pressure on resources and environment; treatment and reuse of animal waste to reduce the water and soil pollution by large animal farms; (iii) China got to know the following principles from Germany: effective and strict enforcement of relevant environmental policies and standards; designing and operating animal farms based on recycling and balancing nutrients and organic matter between crop/feedstuff and livestock raising; effective cross-sectoral coordination mechanisms in formulating and implementing relevant environmental policies and standards.

(3) Mr. Li Yong, Deputy Director General, Department of Investment Promotion, Chinese Ministry of Commerce (MOFCOM), introduced the bilateral investment and cooperation between China and Germany since the opening-up policy of China. Statistic figures revealed that in the past fourty years which are characterized by the fast development of Chinese economy, China and Germany developed into two of the largest trade and investment partners. The Sino-German cooperation in automobile industry is a good example thereof. In 2018, Germany had more than 7000 companies in China, and China could count about 2000 Chinese enterprises in Germany. The total trade volumn of the two countries reached 183.9 billion USD, the 110-fold of that in 1978. China is the 3rd largest trade partner for Germany. China will further open-up the import market and international investment market through improving the international trade policies and the environment of commercial cooperation. Mr. Li also introduced the MOFCOM Agribusiness Promotion Committee which provides commercial and investment cooperation services to Chinese and foreign enterprises.

(4) Mr. Liu Guangming, Division Director, Department of Policy and Reform, MARA, presented the Chinese rural land system and reform of land use rights. Mr. Liu participated in the DCZ Agricultural Policy Dialogue and visited Germany in 2018. He gave an overall review on the reform of the Chinese rural land system in the past fourty years and the current land use rights contracting system. Chinese rural land tenure can be classified into three types of land tenure arrangements, namely **“collective land ownership”** held by the village committee, **“household contract land use right”** held by the rural villagers, and **“land management rights”** held by the

lessees, the actual land users, such as large farmers, agricultural enterprises, cooperatives, etc. These special land tenure arrangements have been institutionally assured by the PRC Land Laws and relevant governmental land policies. For instance, in the past four decades, the household land contracting period was extended from 15 years to 30 years and further prolonged to 75 years, which serves as an incentive for actual land users to invest into the land infrastructure. The separation of "three rights" will allow the land transfer and circulation from small-scale farmers to cooperatives and large land managers who will pay the rental fees or share the profit with small farmers. Such kind of unique land tenure applied in rural China will increase the land productivity and encourage the investment by the land users. This land tenure will enlarge the farm scales and further speed up the adoption of modern agricultural technologies, such as digital agricultural technology, precision farming technologies, etc.

Session 1: Cooperation on sustainable agricultural development

This session provided a platform for sharing the experiences and best practices in sustainable agriculture. Eight speakers from German and Chinese agricultural enterprises and production parks exchanged their experiences in applying sustainable agricultural technologies and producing environment-friendly agricultural inputs.

(1) Mr. Jan-Hendrik Mohr, Chief Executive Officer, Business Unit Grain, CLAAS KGaA GmbH, Germany, shared the business cooperation experiences of his company in developing and manufacturing agricultural machines in China. He first reviewed the history and development of business cooperation with China. In 2005, CLAAS established its Beijing Office in China, in 2014 CLAAS founded the Agricultural Machinery Company in Gaomi of Shandong for producing agricultural machines for the Chinese market. The company recruited about 1000 Chinese employees. Following an explanation of the CLAAS machinery products, Mr. Mohr highlighted current challenges faced with in the Chinese market, such as market demand reduction caused by the African Swine Fever and agro-product import from other countries, change of the crop structures and increased market competition by the Chinese domestic machinery companies. He also mentioned the chances and opportunities in the Chinese market, such as the regulation of the machinery market by the government, the increasing demand for high-horsepower machines, the restructuring of the dairy and grain production sector, environmental protection regulations of large animal farms, etc., which will increase the demand for agricultural machines.

(2) "Build a Rural-Urban Dual Channel to Make Rural Life Better." Mr. Zhang Ziyou, Senior Expert, Rural Affairs Department, Alibaba Group, presented activities of Alibaba's e-commerce in promoting rural development. Being the largest e-commerce company in the world, Alibaba set up a rural e-commerce department in 2014. Through collaboration with local governments, Alibaba established an e-commerce network covering 1095 counties and 30,000 villages. The network created jobs for eight million youths who returned to their hometowns. In addition, in 2017 Alibaba established a Poverty Alleviation Fund with a total capital of 10 billion CNY for supporting poor women, rural health care, education, ecological construction and rural e-commerce. The fund has already supported about 200 poor counties in China, and about 1000 agricultural product brands have received support from the fund. Through this fund about 40 million jobs were created, directly and indirectly. Through the Alibaba e-commerce construct, a good rural-urban logistic infrastructure is established or still improved, thus shortening the

commodity circulation chain.

(3) Dr. Alexandra Brand, Chief Sustainable Officer, Syngenta, shared the experiences of her company in agricultural digitalization. She first introduced the special features of Syngenta as a Chinese owned Swiss Company with a global footprint. Through the acquistion by SinoChem, Syngenta can play a stronger role in helping China to cope with the challenges faced by Chinese agriculture. Digital technologies have been developed and applied in biological pest control, such as the use of drones for the application in pesticide spraying, precision agriculture and digital farming as well as in e-commerce. Further, she showed the major outcomes and achievements made by Syngenta. In 2017, Syngenta established 121 reference farms and 267 benchmark farms in China with a focus on corn, rice and potato by introducing sustainable agricultural practices. The soil conservation programme benefited about 36,666 ha farmland in China, and about 10,391 ha farmland could profit from the biodiversity conservation programme.

(4) Ms. Julia Harnal, Vice President, Global Sustainability & Government Affairs, Agricultural Solution, BASF SE, presented examples of sustainable agriculture of BASF in China. The history of BASF's cooperation with China can be traced back to 130 years ago. Today in China the company counts 25 wholly owned subsidiaries, 9 joint ventures, 27 production sites and 24 sales offices, and 9,317 Chinese employees. She presented the major concept and elements of BASF sustainable agricultural solutions in China, which comprise the Sustainable Solution Portfolio, Sustainability Assessment, Sustainability in Practice and Contribution to Climate Protection. In 2019 BASF will launch a Sustainable Insecticide Innovation Programme for Chinese farmers which will both benefit the farmers and the environment.

(5) Dr. Gao Yong, Vice President, Bayer China Limited, presented the relevant activities of Bayer headlined "Sustainable Agriculture: the key to ensure healthy, safe and affordable food". Dr. Gao first introduced the goal of Bayer in the field of agricultural sustainability and the mission "Science for a Better Life" with advances in the sectors of health and nutrition. The mission will be achieved through an innovative chemical and biological crop protection, seeds and traits, digital technologies and services. Bayer can refer to a cooperation in China dating back more than 120 years and is nowadays actively contributing to agricultural sustainability in China by providing tailored solutions and services in seeds, chemical crop protection, biological protection and technical services. Further, Bayer CropScience in China is involved in the Sino-German Crop Production and Agritechnology Demonstration Park and established a partnership with the National Agricultural Technology Center (NATEC), MARA, for the training of Chinese farmers.

(6) Mr. Liu Hanwu, Chairman, Debont Co., Ltd, first introduced his company and the major products. Debont Co., Ltd is a Chinese Machinery Manufacturing Group producing different types of agricultural machines, such as crop cultivation machines, irrigation machines, dryers and silos, forage fodder harvesters, paddy machines, digital and smart agricultural equipment, etc. Besides machinery manufacturing, Debont also produces agricultural engineering facilities and invests into agricultural trade. Debont has established five R&D and Production Centers in China and in Italy. Mr. Liu said: "We emphasize the building of R&D innovation platforms, the deepening of the cooperation between industry and universities or research institutes, and the promotion of technological innovation and application of scientific and technological achievements, and have established the whole system of integrating technical equipment

research, trial production, testing and large-scale production". After an overview of the development of the domestic machinery market and having predicted the future market demand, Mr. Liu made some suggestions for the Sino-German cooperation in the machinery sector.

(7) Mr. Johannes Buschmeier, Managing Director of AFC, introduced the Sino-German Crop Production and Agritechnology Demonstration Park (DCALDP). The objective of the DCALDP is to support the development of Chinese agriculture through transferring practical knowledge about sustainable cultivation methods & modern agricultural technology through education and on-farm demonstration. 9 German agribusiness partners involved in this project demonstrate machinery and provide extension services to promote sustainable agriculture. The current second phase of DCALDP has three major components: field trials and demonstration for sustainable crop production; skill and theoretical training at the Huanghai Farm via Training of Trainers (ToT), training in Germany; knowledge dissemination and public relations. After showing field trials and demonstration results, Mr. Buschmeier shared two lessons with the participants: (i) Field documentation and cost control are key factors in economic decision making to prevent misleading management in arable farming; (ii) Cost control is essential for every branch of cultivation in order to find the most economic and ecological crop rotation for the future. Finally, he invited the participants to attend the 2019 DCALDP Field Day on 15 June in Jiangsu Province.

(8) Mr. An Yonghui, Deputy Director, Yangling Agricultural High-Tech Industries Demonstration Zone (AHTDZ) Laision Office in Beijing, presented the activities of the Yangling Demonstration Zone in pursuing a sustainable and modern agricultural development. AHTDZ, as a national modern agriculture demonstration programme, was established in 1997 with the mission of demonstrating innovative technologies and piloting modern agricultural production models. In the past twenty years, AHTDZ received policy and financial support from 22 national ministries and the Shaanxi provincial government. The Zone provides an integrated platform for agricultural production, education and R&D. To date, several demonstration parks have been constructed for enterprises and research institutions, such as an agribusiness and trade demo park, a seed breeding demo park, a biological and pharmaceutic demo park, a food processing demo park or an agricultural engineering equipment manufacture demo park. In addition, the Zone also hosts 70 agricultural high-tech R&D institutes with about 7000 researchers.

Session 2: Cooperation on environmentally friendly sustainable animal husbandry

Environmentally friendly sustainable animal husbandry is a key topic within the Sino-German agricultural cooperation. The objective of this session was to share successful activities and experiences of Sino-German agribusiness partners in recent years.

(1) Dr. Stephan Lange, Head of Animal Health of Greater China, Boehringer Ingelheim Co., Ltd, shared his company's experiences in the Sino-German animal health cooperation. As a family enterprise, Boehringer Ingelheim entered into the Chinese animal health market in 1994. The company has invested 200 million euros in China since then. China is the second largest market for the company. Currently, the company is employing 900 Chinese staff members for serving the Chinese market and setting up offices and R&D and production bases in Beijing, Nanjing, Taizhou, and is planning to set up a production base in Qidong. Besides the

production and supply of veterinary pharmaceutical products, the company provides training to young Chinese staff on animal health and veterinary services, introduced the integrated health management (IHM) concept as a holistic solution for animal disease control and prevention as well as the application of digital technology in animal disease diagnosis. Boehringer Ingelheim cooperates with Chinese partners in the areas of veterinary training and education; disease control, extension of IHM and holistic solutions in animal health.

(2) Mr. Fu Kaixing, President of Beijing Liuma Technology Co., Ltd, presented the best practice of a modern pig enterprise run by Liuma Company. The modern pig farm is located in Shanxi Province, with the construction and operation of the pig farm being supported by the Sino-German Cooperation in the Pig Husbandry Project and the National Animal Husbandry and Veterinary Station of MARA. After illustrating the functional design and physical layout of the pig farm, Mr. Fu systematically described the integrated strategy, procedures and engineering and veterinary countermeasures applied in prevention and control of African Swine Fever (ASF) on Liuma's demonstration swine breeding farm. The results of ASF prevention and control pilot showed a good practical example of epidemic disease management in modern large swine production farms.

(3) Dr. Sven Grupe, Team Leader of the Sino-German Animal Husbandry Cooperation Project and Consultant of ADT Project Consulting GmbH, presented the objective, components and achievements of his project. The project has 19 Chinese animal husbandry enterprises as partners. For achieving the project goal of "demonstrating an environmentally friendly sustainable animal husbandry model" the project designed four major intervention components, namely: Farm-level demonstration and service on swine and dairy farms through support by many German business partners; Training seminars and workshops for partners and enterprises; Treatment and application of manures and waste generated in swine and dairy farms, circulation of nutritions between animal husbandry and crop/fodder production; Study on climate change and impact on livestock production. He also illustrated best practices piloted in the project.

(4) Mr. Walter Benz, President and Managing Director, Big Dutchman, shared some best practices in environmentally friendly animal husbandry in the German livestock industry. His presentaton focused on the following three aspects: (i) Smart Farm Management (BFN) and FarmBookPro APP applied for livestock farm management. He demonstrated the best practice of applying digital and ICT technologies to animal farm management; (ii) Manure treatment solutions and air treatment system with illustrations of Big Dutchman produced equipment and facilities; (iii) Improved animal welfare applied in chicken farms. His presentation provided good examples of applying modern digital technology and modern equipment and machines in animal farming for achieving an environmentally friendly and sustainable animal husbandry.

(5) Mr. Ning Zongba, Assistant to General Manager, Beijing Kinpeng Global Husbandry Techology Co., Ltd, introduced the business scope of his company and shared the concept and achievements of application of a smart animal farm management system. Kinpeng's business focuses on animal health, animal welfare, environmental protection and ecological and sustainable animal husbandry. He illustrated the Kinpeng Turnkey Project Version 6.0 e+Intelligence Eco-Farm which mainly uses the smart and digital technologies in designing, constructing and operating the swine, dairy, beef, sheep and chicken farms. He also introduced the concept of "Circulating Eco-Agriculture with Integration of Crop Production,

Animal Breeding and Processing". Under this concept, the Kinpeng company has already set up demonstration farms in Yunnan, Jiangsu, Shanxi and Xinjiang provinces.

(6) Mr. Jin Dongjiang, Vice Mayor of Zhumadian City, Henan Province, presented the concept of the China (Zhumadian) International Industrial Park for Agro-Product Processing. After an overview of the park, Mr Jin pointed out that the park poses a couple of investment advantages, for instance, a very good ecosystem and resource endowment of the fringe regions, the convenient geo-transportation location, well-developed infrastructure, the large agricultural farming area in the surrounding regions for supplying materials, rich crop genetic resources, well-established industrial processing clusters within the park and high market potentials. The park has already finished the physical infrastructure construction with a well-designed spatial layout. The Zhumadian city government formulated preferential investment policies for attracting domestic and international agricultural enterprises. A large number of agribusinesses and processing enterprises have already settled down in the park.

Panel Discussion Session: Who learns what from whom?

The panel discussion session gave Chinese and German partners an interactive dialogue opportunity to share their opinions on sustainable agriculture and environmentally friendly sustainable livestock development and to deliver their suggestions for the Sino-German agribusiness cooperation. Invited panelists were Prof. Li Yumei from the China Agricultural University, Mr. Gao Yong from Bayer China, Mr. Zhang Ziyou from Alibaba, Dr. Stephan Lange from Boehringer Ingelheim, Mr. Liu Hanwu from Debont and Dr. Alexandra Brand from Syngenta. For answering the question "Who learns what from whom?" all panelist agreed on the necessity of a Sino-German mutual learning and cooperation in pursuing a sustainable agricultural development in both countries.

The panelists concluded that China and Germany as important economies and trade partners are facing similar challenges of environmental pollution caused by crop and livestock production and of providing high-quality and safe food for the consumers. In order to cope with these challenges and find solutions, both countries need to share experiences and best practices with each other. There are many common interests and complementarities between the two partner countries.

Finally, the panelists suggested the continuation and intensification of the Sino-German cooperation in the development of digital and smart agricultural technologies, the cooperation in the development of an environmentally friendly livestock production, the technology development and machinery manufacture, in the fields of e-commerce, food quality and safety, adaptation of agriculture to climate change, as well as a further intensification of the policy dialogue.