



Feeding the Masses: The Agricultural Sector in China, 2012



CHINA

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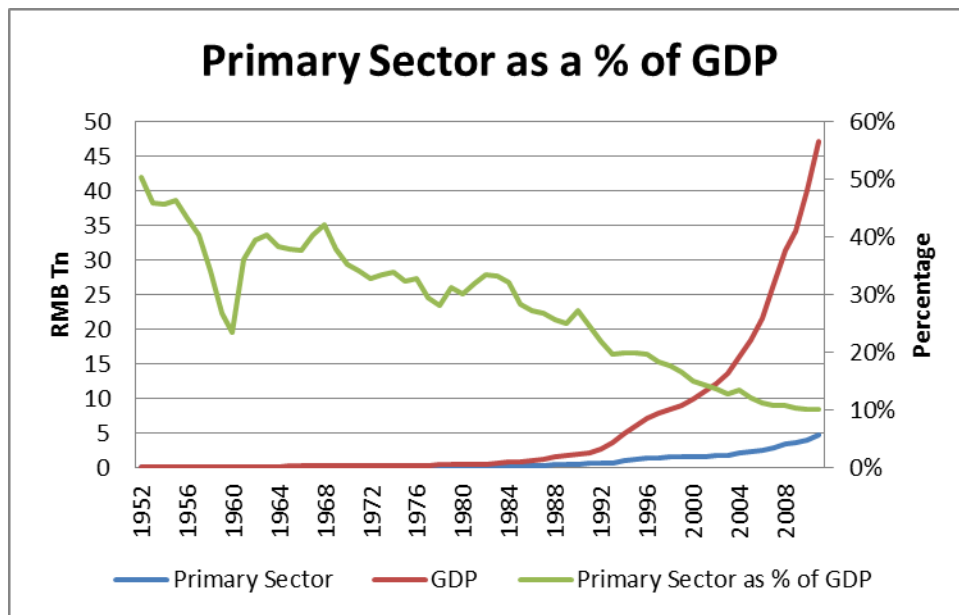
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Feeding close to a quarter of the world’s population with less than one tenth of the world’s arable land is not an enviable task. The rapid growth of the Chinese economy and per capita incomes in recent decades has brought about higher levels of food consumption especially in meat products and has also brought about increased reliance on imported agricultural products including meat, soy beans to feed its population. China has become a primary importer of US agricultural products second only to the European Union.

The higher agricultural productivity can be seen when looking at the trend against total GDP. While the output of the primary sector (mostly agriculture) grew between 1980 and 2011 increased during the same interval, its importance in the economy decreased from 50% of the GDP in 1952 to only 10% in 2011 (fig 1).

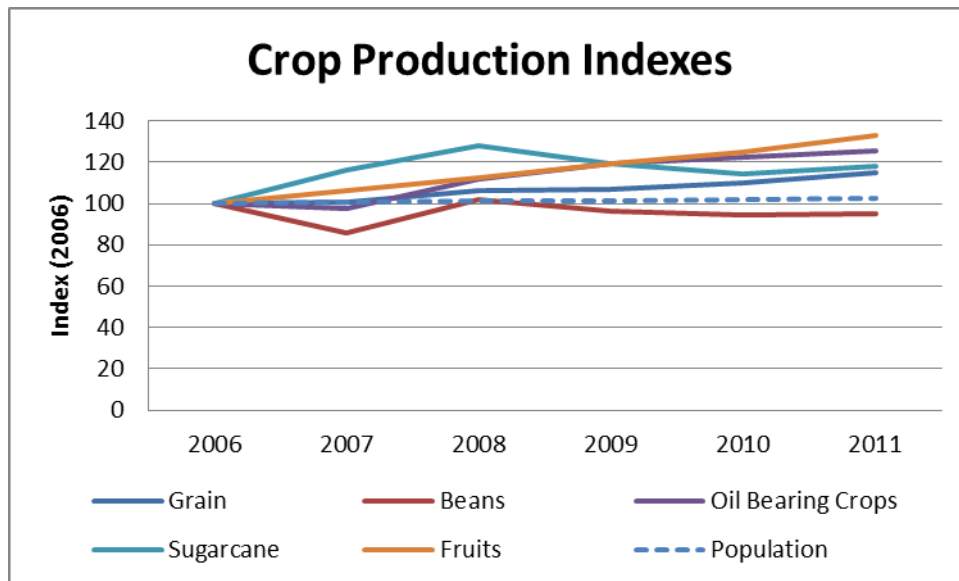
Fig 1



Source: National Bureau of Statistics

The production of fruits enjoyed one of the highest growth rates among farm crops (fig 2). In recent years in particular, the production of beans is the only crop that recorded a growth rate lower than the country's population growth.

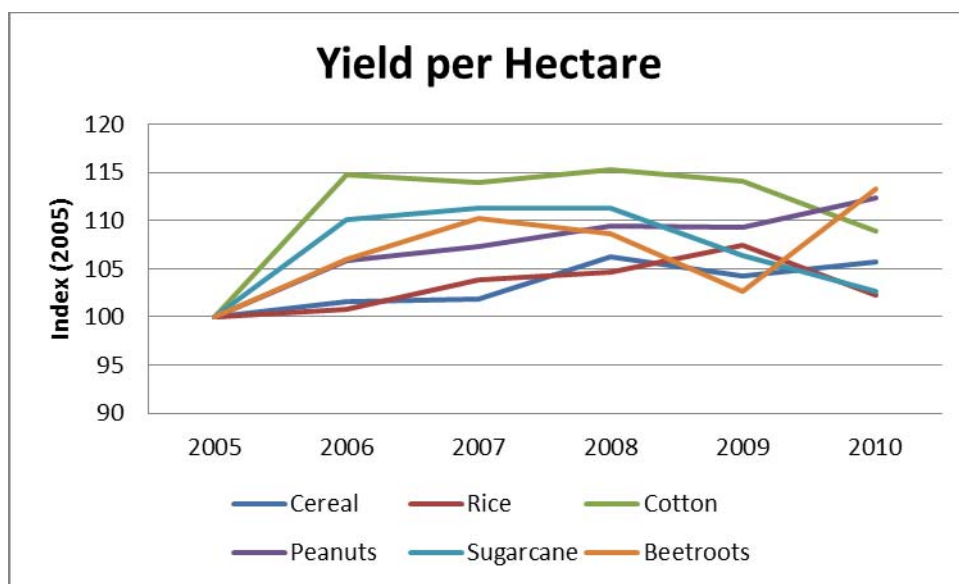
Fig 2



Source: National Bureau of Statistics

Between 2005 and 2010, technological improvements and weather conditions contributed to increased yields per hectare for many selected crops (fig 3).

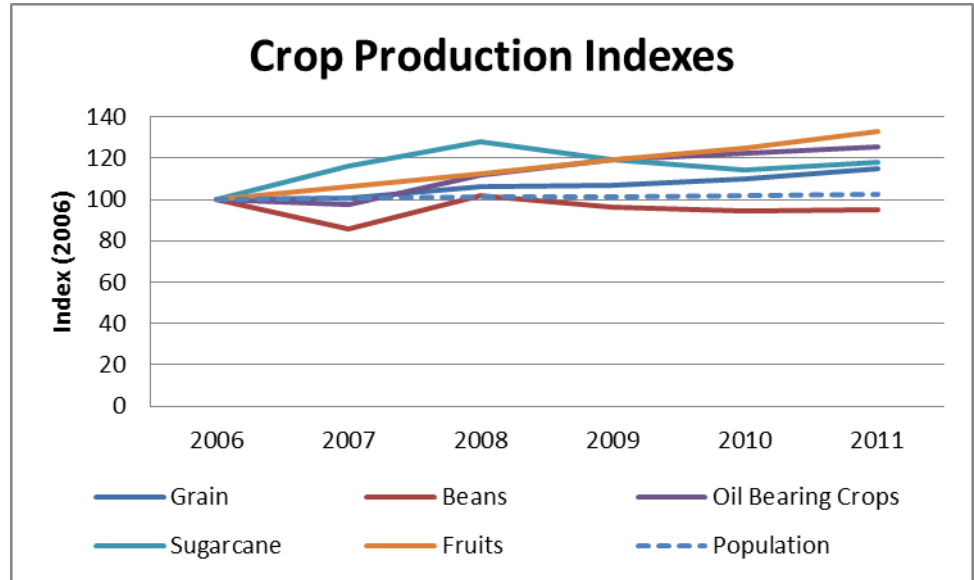
Fig 3



Source: National Bureau of Statistics

Due to limited arable land, sown areas for some products have experienced negative growth rates, including fiber, rice and oil bearing crops, as farmers switched to more profitable crops, such as cotton, vegetables, and sugar (fig 4).

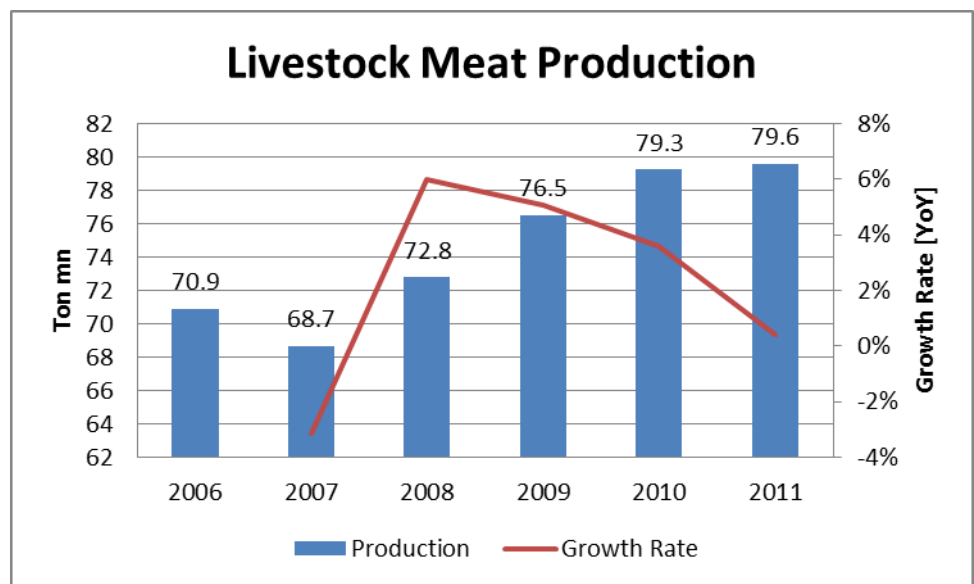
Fig 4



Source: National Bureau of Statistics

With the exception of 2007, a year of floods in southern China, the livestock meat production recorded solid growth between 2006 and 2011 (fig 5). In 2011, 79.6 million tons of meat was produced, an almost 9-million increase compared to 2006.

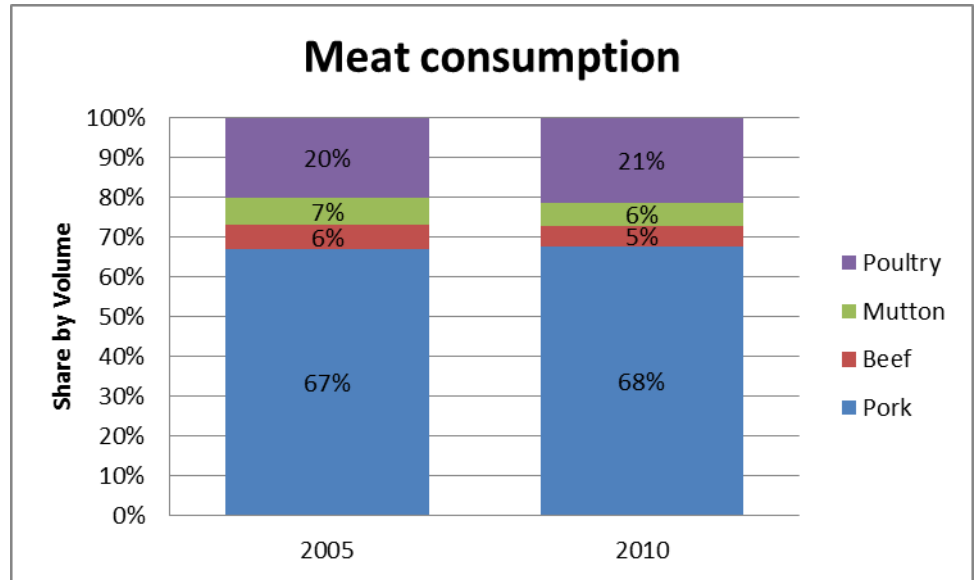
Fig 5



Source: National Bureau of Statistics

Consumption trends within meat have favored pork and poultry over mutton and beef. In 2010, 68% of the meat consumed by volume was pork, China’s favorite meat, a 1-point increase compared to 2005 (fig 6).

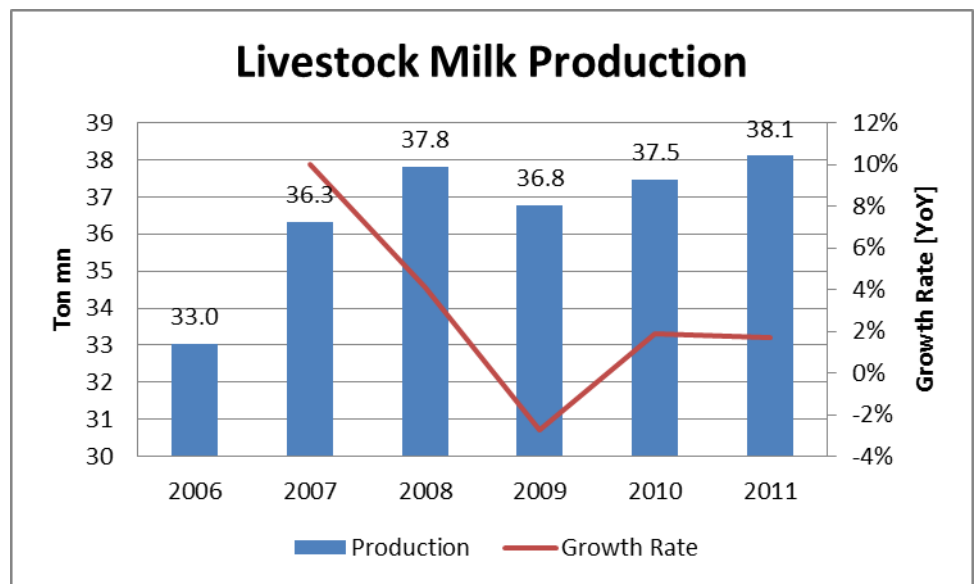
Fig 6



Source: National Bureau of Statistics

Milk production which had been growing suffered a setback in 2009, possibly due to the tainted milk scandal, but production gradually recovered in the following years to reach 38.1 million tons last year (fig 7).

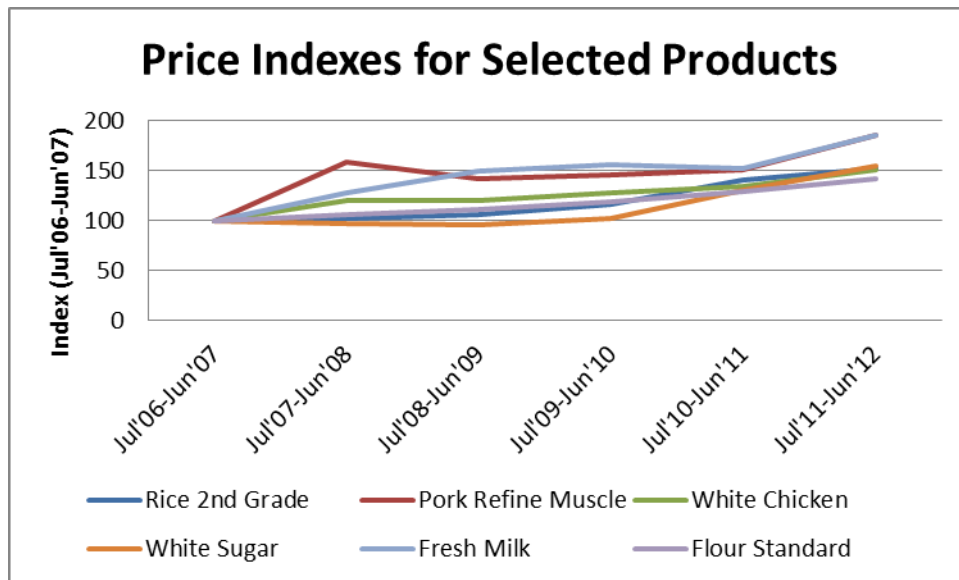
Fig 7



Source: National Bureau of Statistics

From a list of selected commodities, fresh milk, pork meat, and tomatoes were the items that experienced the highest price increases between July 2006 and June 2012 (fig 8). At the other end of the spectrum, flour and chicken recorded the lowest price increases during the same interval.

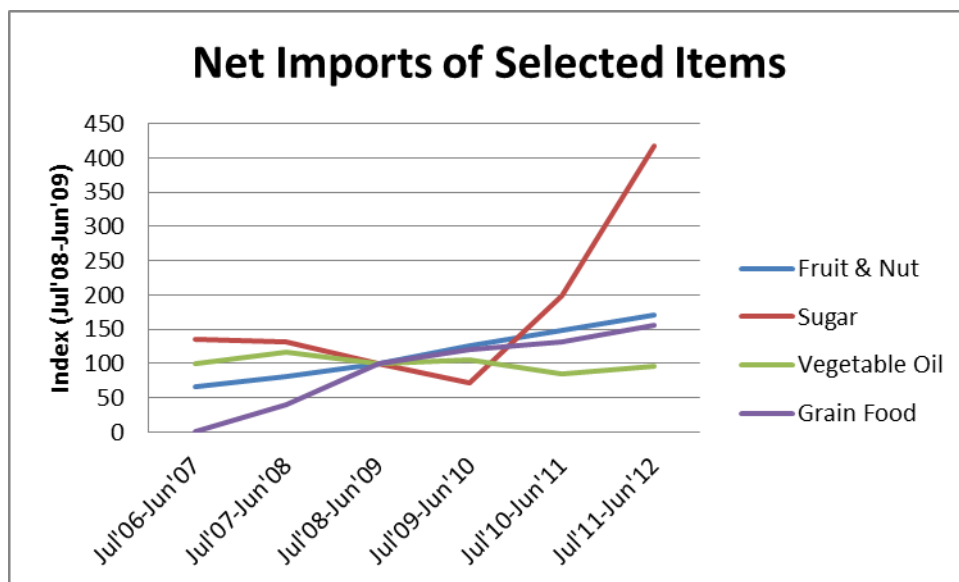
Fig 8



Source: Price Monitoring Center, NDRC

China became a net importer of Fruit & Nut, Sugar, Vegetable Oil, and Grain Food, among other items (fig 9). Sugar imports increased more than four times in the past two years as a result of a higher per capita consumption and lower sugarcane yields.

Fig 9



Source: General Administration of Customs

The world's most populous country, China has committed over the last eight or so years to increased productivity in domestic agriculture as a way to curtail food price inflation. Earlier this year, China's Cabinet or State Council released its first policy on this topic and emphasized significant investments in technology in areas such as Bio technology and farming practices to enhance productivity. Between such investments and a slowing Global and Chinese economy it is likely that Chinese agriculture will regain some of its lost luster.