Food Sovereignty in China

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How to Feed China?

- Introduction: Precarious National Conditions
- Reform: Short-term gain, long-term pain?
- Chinese Agriculture under the WTO
- People’s Food Sovereignty
Intro: Precarious National Conditions

China has (占世界總量、人均per capita)

19% of world’s population (per capita: 0.08 ha.

7% of world’s arable land (1/3 of world’s per capita)

7% of world’s water supply (1/4 the world’s per capita)

In China agriculture...

10% of GDP

40% of China’s total employment (the World Bank)

12% of China’s land area is arable. (the World Bank)
1949-1979 (Mao Era)

How was production & distribution organized?

Goals: National Self-Sufficiency, Long-term strategy

(自力更生、手裡有糧、心裡不慌)

• Collective ownership of productive resources
• Collective production (集體所有、集體生產)
  (《Red Flag Canal》, 2’30”-3’35”)
• Labor intensive (building 80,000+ reservoirs)
• Distribution: each according to his need + each according to his labor
  (按需分配+按勞分配)
• Food: semi-public good (半公共品＋半商品)
• Unified Purchase & Marketing System (統購統銷)
1949-1979 achievements

**Rice Yield:**
By 2004 China’s rice yield was high by international standards, on a par with South Korea, close to Japan.

**Wheat yield:**
Surpassed Argentina in 1975, Canada in 1981, USA in 1983/4

### Table 7.4 The growth of land productivity, 1952–2005 (growth of grain yields per annum)

<table>
<thead>
<tr>
<th>Period</th>
<th>System</th>
<th>Growth of yields</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952–55</td>
<td>family farming</td>
<td>2.1</td>
</tr>
<tr>
<td>1955–81</td>
<td>collective farming</td>
<td>3.2</td>
</tr>
<tr>
<td>(1965–81)</td>
<td></td>
<td>(3.4)</td>
</tr>
<tr>
<td>1981–2006</td>
<td>family farming</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Sources: SSB (2000a: 40); ZGTJNJ (2007: 474 and 478).
1949-1979 problems

- Lack of balance between industry and agriculture (Cold War)
- “Scissors Gap” between prices (工農業產品剪刀差)
- Surplus labor problem (農業勞動力剩餘)
- High land productivity, low labor productivity (畝產高、人均產出低)

Therefore: Low income for farmers (農民收入低)

NO worries if you can’t fully follow the content here.
Reform: Short-term Gain, Long-term Pain?

De-collectivization: reduced the scale of production
Marketization: 去集体化，生产规模缩减，市场化
Increased short-term grain purchase price (short-term)
Reduced capital investment in agriculture (long-term): 1979: 11.6%, 1981-1995: 6.2%, 3.2%, 3.0%


1994: maintaining grain market stability shifted from state to provincial governors (省长负责制)
Reform: Short-term Gain, Long-term pain?

Land loss:
1981-1985: loss of 5-7 million mu each year
1996-2006: 124 million pu (12.4 million pu per year)
2006 State Council: 1.8 billion mu red line 18 億畝紅線
Loss in fertility (土地肥力、土質下降)

- 1976-87: area that used organic fertilizer 農家肥、生態肥 reduced by 60%;
- Pesticides 殺蟲劑 and herbicides 除草劑 increase 10% annually
- Unit use of fertilizer in China 2.5-3 times world’s average
Reform: Short-term Gain, Long-term pain?

Loss of irrigated land: 灌概能力下降:
BF1980: irrigated land grew by 8 -10 million mu a year
45% of area irrigated (some areas 80%)
AF 1980: no new irrigation built, malfunction of the old

Loss of natural forest: more than 100 million mu
Loss of pasture land: 1 billion mu
Increasing desertification: 沙漠化
Reform: Short-term Gain, Long-term pain?

“San Nong” Crisis (三農危機) in the 1990s
三農: 農業、農村、農民
stagnant income, declining public services, overstuffed but inefficient local government, rampant corruption, declining community solidarity, degraded environment, and expanding protests and demonstrations.

“農民真窮，農村真苦，農業真危險”

Gov. responses (政府迴應): eliminating rural taxes in 2006, increasing investment in rural infrastructure
取消農業稅，增加農村基礎設施投入
Reform: “Comparative Advantage” and Food Security

Policy of food security (糧食安全): Rice, Corn, Wheat: self sufficiency 自給率 rate 98%. Overall self-sufficiency (including beans): below 90%.

2001 reform divide China (31 Provinces/cities) into: Food consumption regions (主銷區): industrialization, urbanization, market-driven

Beijing, Shanghai, Tianjin, Zhejiang, Guangdong, Fujian, Hainan

Quick Conversion of Fertile Land 把良田變成工業區

Food insufficiency irreversible 糧食缺口不可逆
Strategic agricultural production areas
Reform: “Comparative Advantage” and Food Security

Food production regions (13主產區):

No surplus: Sichuan, Jiangsu, Hubei, Sichuan
Decreasing productive ability: Liaoning, Shandong, Jiangxi, Hunan, Hebei
Surplus-producing: Heilongjiang, Jilin, Neimenggu, Henan, Anhui

Face Difficult choices:
Local Government: imitating coastal regions, development via “land enclosure” (圈地)
Local Farmers: become migrants in food consumption regions
Reform: “Comparative Advantage” and Food Security

Balanced Regions (11平衡區): tipping to insufficiency

Desire “leap frog” development via “land enclosure”
通過圈地實現跳躍式發展

Appropriation of best agricultural land in the regions

Food security via comparative advantage is failing.
Grain (in)sufficiency map (China)
Half Provinces are not self-sufficient
過半省份難以自給
How to Have Food Security?: Debate

View 1:
We can always buy food on the international market. Government subsidy for food production is a waste of tax-payers money. Therefore, we need less gov. intervention, more market.

View 2:
Food should be not commodity, but should be a public good. It needs government subsidy.

What do you think? ?
Chinese Agriculture under the WTO  
(Since 2001)

Conditions set for China’s accession to the WTO are:

- tariff reduction for agriculture products（降低關稅）
  (2001) 23%--(2005) 15%， lower than world’s average 62%
- establishing “tariff rate quota system” for sensitive products（進口關稅配額）
  agreed to extremely low quota tariff rates（同意極低進口關稅）
  (1% for wheat, corn, rice, cotton; 9% for soybean oil)
- set large initial quotas (minimum quantities)（設立較大配額）
Chinese Agriculture under the WTO

- Limits on domestic support for agri. producers,
  限制對國內生產者的補貼
  China (2000-03): 6% of producer’s income,
  US: EU: OECD, Japan: 20%, 34%, 31%, 55%

  Divisive issue causing the collapse of WTO negotiations in 2003

- Abolishing subsidies for agricultural exports.
  取消農產品出口補貼
Chinese Agriculture under the WTO

Case 1: The Sugar production in Guangxi (Oxfam)

Situation: 18 million poor, growing sugar cane to improve income (14%), 39 counties, 11 m. People

Before WTO: import decided by China

After WTO: decided by “tariff rate quota system”

1st year: quota 1.6 m. ton (20% of China’s total prod.)
2004: quota 1.94 m. ton

Tariff: within quota: 20% for raw, 30% white, above quota: 76%
Price of sugar dropped 38% (2001-2003)

<table>
<thead>
<tr>
<th>Year</th>
<th>World Sugar Price</th>
<th>Chinese Sugar Price</th>
<th>Difference (Chinese - World)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>2,610</td>
<td>3,890</td>
<td>1,280</td>
</tr>
<tr>
<td>1998</td>
<td>2,111</td>
<td>3,480</td>
<td>1,369</td>
</tr>
<tr>
<td>1999</td>
<td>1,658</td>
<td>2,502</td>
<td>844</td>
</tr>
<tr>
<td>2000</td>
<td>1,816</td>
<td>3,045</td>
<td>1,229</td>
</tr>
<tr>
<td>2001</td>
<td>2,075</td>
<td>3,611</td>
<td>1,536</td>
</tr>
<tr>
<td>2002</td>
<td>1,519</td>
<td>2,663</td>
<td>1,144</td>
</tr>
<tr>
<td>2003 (截至 8 月)</td>
<td>1,712</td>
<td>2,229</td>
<td>517</td>
</tr>
</tbody>
</table>

Source: Guangxi Sugar Network

Reproduced from樂施會. 2003. 「苦澀的糖—中國糖業面對的不公平貿易」. Hong Kong: Hong Kong乐施會.
EU: biggest exporter of white sugar (42% of world)
Not b/c its cost of production is cheaper (sugar beet)

Table above: cost of production compared: EU, China (Guangxi), Thailand, Brazil, USA.
Chinese Agriculture under the WTO

• EU:
  High tariff for sugar import: 140% (cf 5% for others)
  High subsidy export: 2001-2002: US$1.57 billion (13 billion ¥) subsidy for export of 7 m. ton of sugar

Consequences:
• Suppress the price in China & the world
• Lower farmers’ income (¥ 1.29 b), job loss (110,000)
• Loss & closure of domestic enterprises (2003, ¥ 7.6 b)
• Loss of local gov. revenue (¥ 236 m.) for community development
• Affect China’s policy on sugar industry, kill its development and export potential
## Chinese Agriculture under the WTO

### Case 2: beef farmers, middle man, and Walmart

<table>
<thead>
<tr>
<th>Entities</th>
<th>Farmers 養殖戶</th>
<th>Fucheng 福成 (中間商)</th>
<th>Walmart</th>
<th>Gov. Tax 政府稅收</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit ￥ / Head 每頭牛</td>
<td>413</td>
<td>402</td>
<td>1505</td>
<td>277</td>
<td>2597</td>
</tr>
<tr>
<td>% of total</td>
<td>16%</td>
<td>15%</td>
<td>58%</td>
<td>11%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Case 2: beef farmers, middle man, & Walmart

Profit Distribution

- Walmart: 58%
- Farmers: 16%
- Fucheng: 15%
- Gov.: 11%
Case 2: beef farmers, middle man, and Walmart

Note:

1. It takes 1 year for farmers to raise a cow, but at most one week for Walmart to sell it
2. Cost of production is mostly born by farmers (cost of Fucheng is 1/10 of cost for farmers)
3. Fucheng caused land concentration (via coercion)
4. Fucheng workers have few benefits (day-wage, no holidays)
Chinese Agriculture under the WTO

Case 3: The Tragedy of Chinese Soybean (video on BB)

Tariff for soybean cut to 3%
2003 soy imports = 20.74 m. tons (doubling w/in 3 years)
2005 soy imports = 26.5 million tons, 1.6 times domestic production. Most of the imports are genetically modified (GM) soy from the US, Brazil and Argentina.
2010 soy imports = 80% of domestic consumption.

Millions of Chinese peasants affected!

Soybean import and price (2006-2012)
• Farmers have little say in the price of inputs
Eg: 2010, the input price for every mu of soy growing - 165.08 yuan, in 2011, the cost increased by 13.99%

At least 2/3 of the profit from agricultural products lie outside farming
Global Food Riots and Precarious Access to Food

Global Food Riots: in 30 countries in 08 (2 m. CBS News)

40 yrs: world popu. doubled, prod. grew 2.5 times

Popu. Hungry: 1970: 200m, mid-70s: 400m, 1980: 500 m.
   2003: 850 m., 2007: 1 billion...

Popu. mal-nourished: 1 billion

5 million children die of hunger every year.

2007: grain harvest grew 4%, 2.3 billion tons

2008: price of rice grew 75% in 2 months

   price of wheat grew 150%

Can the we let market handle our access to food?
What is food sovereignty

✓ Sovereignty for the people and the state, regional self-determination: people and state should have the independent right to decide for their food production

✓ Sovereignty for food producers: The rights for producers to control and manage means of production

✓ Rights of consumers: have secure access to healthy, culturally appropriate food

✓ Ecological diversity / Biodiversity

✓ Right to protest: protest against the super transnational corporations and the hegemonic power they have on food / food production / food circulation