

China's Agricultural Policy Digest

China has enjoyed a miraculous economic performance since the 1980s, with fast and uninterrupted growth. What the outside world usually missed, however, is the unprecedented speed of both China's domestic economic structural shift and its impact on the world economy. For instance, China transformed from a major exporter into the biggest importer of agriculture products within only 15 years since 2004. During the **Forum of China Africa Cooperation 2021**, China announced it plans to import 100 bn worth of agricultural products from Africa in 3 years (See CAPD June). Can Africa meet the demand? What is the entry point for African countries to tap into this new market? What do African exporters need to know when negotiating with Chinese companies? CAPD serves to equip you with knowledge regards China's agriculture policies, starting with the 101 of China's latest agriculture performance in production and trade.



Harvesters work in the fields in Hebei province, China. Photo by Xinhua News Agency

China has been gradually opening up its agricultural sector since joining the World Trade Organization in 2001. The level of marketization and internationalization of agriculture in the country has increased substantially. In 2021, China's total grain production approached 683 million metric tons despite the difficulties of the COVID19 pandemic. Beyond that, China's agricultural sector has also solidified the nation's efforts to reduce poverty by acting as a "stabilizer" for the growth of the rural economy. Meanwhile, China has emerged as the world's biggest market for agricultural products.

Section 1: China's Agricultural Production in 2021

In 2021, the global economy showed a recovery trend, while the geopolitical landscape became unstable, energy prices fluctuated, and supply chains were interrupted. Although the global grain output reached a record high, the prices of global grain and other major agricultural products were greatly increased. Similarly, China's agricultural production is steadily progressing and improving, as grain output has reached another record high.

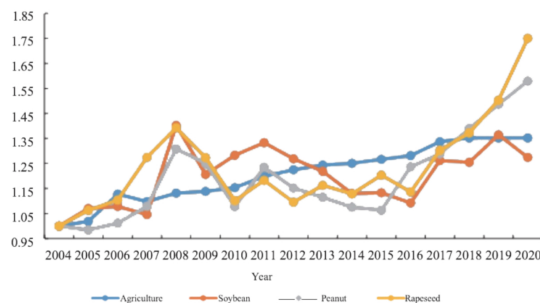


Combine harvesters harvest wheat in Xingtai, Hebei, China. Photo by Xinhua News Agency

In 2021, the total national grain output (mostly rice and wheat) was 682.85 million metric tons, with a 2.0% yearly growth. The annual grain output reached a new high and has remained above 650 million metric tons for seven consecutive years.

In 2021, the area planted in rice decreased slightly, while the yield and total output continued to increase. The planted area, yield, and total output of wheat all increased year on year. The planted area and total output of maize increased year-on-year, while the yield decreased slightly. The output of rice, wheat, and maize reached 213 million metric tons, 137 million metric tons, and 273 million metric tons, respectively.

The total output of oilseed crops dropped. In 2021, soybean production dropped significantly, with the planted area, yield, and total output all declining, the output reached 16.4 million metric tons, which declined by 16.33% year-on-year. Rapeseed production remained stable, and peanut planting area, yield, and total output increased simultaneously.



China's TFPI agriculture and three major oilseed crops, 2004 – 2020 Chart from: CHINA AGRICULTURAL SECTOR DEVELOPMENT REPORT 2022

The total output of the three major oil crops (i.e., soybean, rapeseed, and peanut) reached 47.9 million metric tons, which declined by 7.62% year on year.

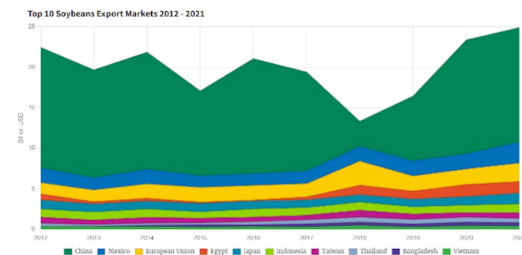
Moreover, the production of meat, milk, and aquatic products kept growing, egg production declined slightly. The production of other important agricultural products remained stable, while the output of cotton and sugar crops declined.

Section 2: Agricultural imports and exports of China

Rising income and living standards, increasing urbanization, and food safety concerns have fueled China's agricultural imports. As incomes rose, the average Chinese diet changed to include more meat, dairy, and processed foods, while grain consumption declined.

From 2000 to 2019, per capita consumption of poultry meat increased 32 percent, soybean oil consumption more than quadrupled, and fluid milk intake more than tripled. China is now the world's largest agricultural importer, surpassing both the European Union (EU) and the United States in 2019 with imports totaling \$133.1 billion.

From 2000 to 2020, China's agricultural trade volume increased from US\$26.85 billion to US\$246.83 billion, with an average annual growth of 11.7%. The export value increased from 15.62 billion US dollars to 76.03 billion US dollars, with an average annual growth rate of 8.2%; the import value increased from 11.23 billion US dollars to 170.80 billion US dollars, with an average annual growth rate of 14.6%.



In 2021, the United States exported 27.4 billion soybeans, of which China received \$14.1 billion. Source from USDA

The global ranking of China's agricultural product import and export volume and import volume has risen from 12th to 2nd, and the ranking of exports has risen from 10th to 5th.

China's agricultural product import and export volume from 2000 to 2020

Unit: US\$100 million

Year	Total import and export	Export value	Import value	Surplus
2000	268.5	156.2	112.3	43.9
2001	277.9	159.8	118.1	41.7
2002	304.3	180.2	124.2	56.0
2003	401.4	212.4	188.9	23.5
2004	510.6	230.9	279.7	-48.8
2005	558.3	271.8	286.5	-14.7
2006	630.1	310.3	319.9	-9.6
2007	775.9	409.7	366.2	43.5
2008	985.5	583.3	402.2	181.1
2009	921.3	395.9	525.5	-129.6
2010	1219.6	494.1	725.5	-231.4
2011	1556.2	607.5	948.7	-341.2
2012	1757.7	632.9	1124.8	-491.9
2013	1866.9	678.3	1188.7	-510.4
2014	1945.0	719.6	1225.4	-505.8
2015	1875.6	706.8	1168.8	-462.0
2016	1845.6	729.9	1115.7	-385.8
2017	2013.9	755.3	1258.6	-503.3
2018	2168.1	797.1	1371.0	-573.9
2019	2300.7	791.0	1509.7	-718.7
2020	2468.3	760.3	1708.0	-947.7

(Source: Ministry of Agriculture and Rural Affairs of The People's Republic of China)

Since 2004, China's trade in agricultural products has shifted from net exports to net imports, and the trade deficit has continued to expand since 2009. China's imports are mainly land-intensive agricultural products and high-protein agricultural products. Exports are mainly labor-intensive agricultural products. In the past 20 years, the export volume of aquatic products has increased from 119 million tons to 3.75 million tons, and the export volume of fruits and vegetables has increased from 3.1 million tons and 6.0 million tons in 2004 to 4.9 tons respectively. The export volume of tea increased from 228,000 tons to 349,000 tons.

For China, total coarse grain imports for 2022/23 are forecast at 37.9 million tons, down 5.0 million from a year ago and below the record 50.5 million reached during 2020/21. China's internal market prices for animal feed remain higher than the world market, following a surge in prices among major exporting countries. Maize imports are expected to drop by 5.0 million tons to 18.0 million with a decline in imports from Ukraine. Barley imports are projected at 10.0 million tons and sorghum at 9.5 million.

Obviously, China's huge demand for agriculture products provides a long-awaited opportunity for African agriculture to tap into international trade, to alleviate farmers' income and attract international investment in a significant way. Meanwhile, there is also a risk, that the huge demand might also distort incentives in Africa's agricultural sector, especially regards crops choices and protection of small-holder farmers, if African countries failed to coordinate with China and among themselves. ***The next CAPD will focus on, specifically, China's import performance and policies of agricultural goods from Africa. In depth analysis will keep on following in the future on this subject.***

Source:

China Agricultural Sector Development Report 2022;

United States Department of Agriculture, World Agricultural Supply and Demand Estimates;

United States Department of Agriculture, China: Evolving Demand in the World's Largest Agricultural Import Market;

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