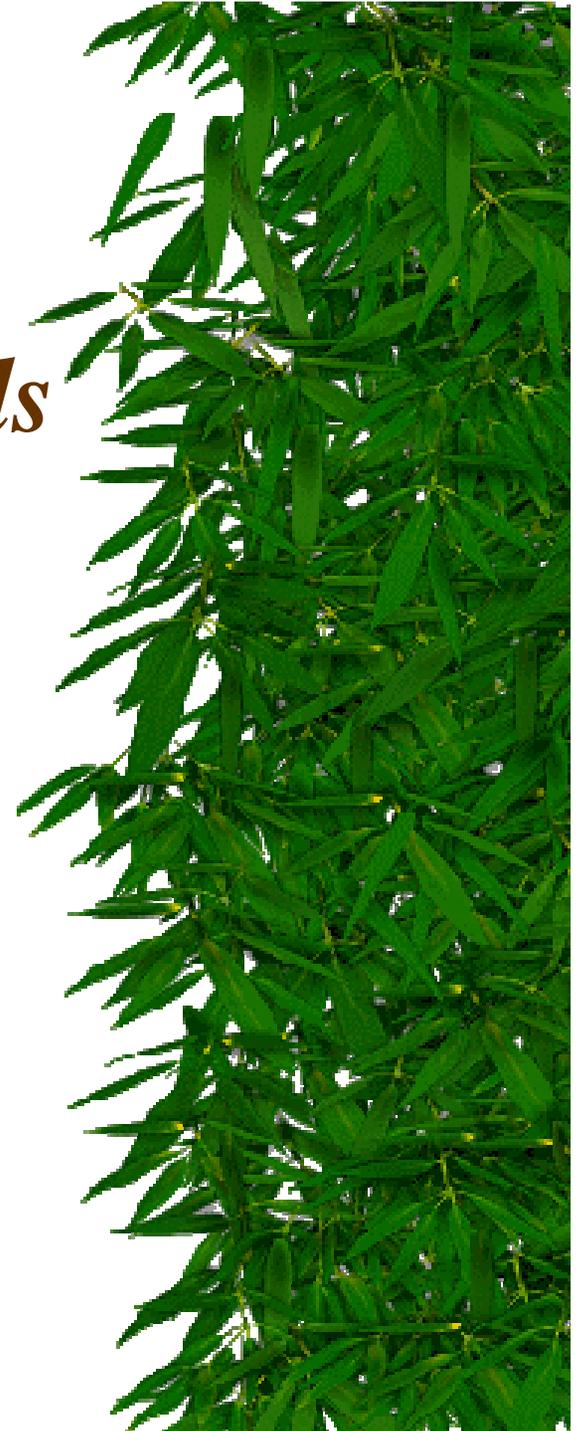


# *China's Grains and Oilseeds Situation*

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# Why China Important?

## China's Grain and Oil Trade Have Been Significant and Volatile Since 1980:

**Wheat imports: from 0.5 to 15 mmt;**

**Soybeans imports: from 0 to 21 mmt;**

**Corn exports: from 0 to 16 mmt;**

**Rice exports: from 0 to 2.6 mmt**

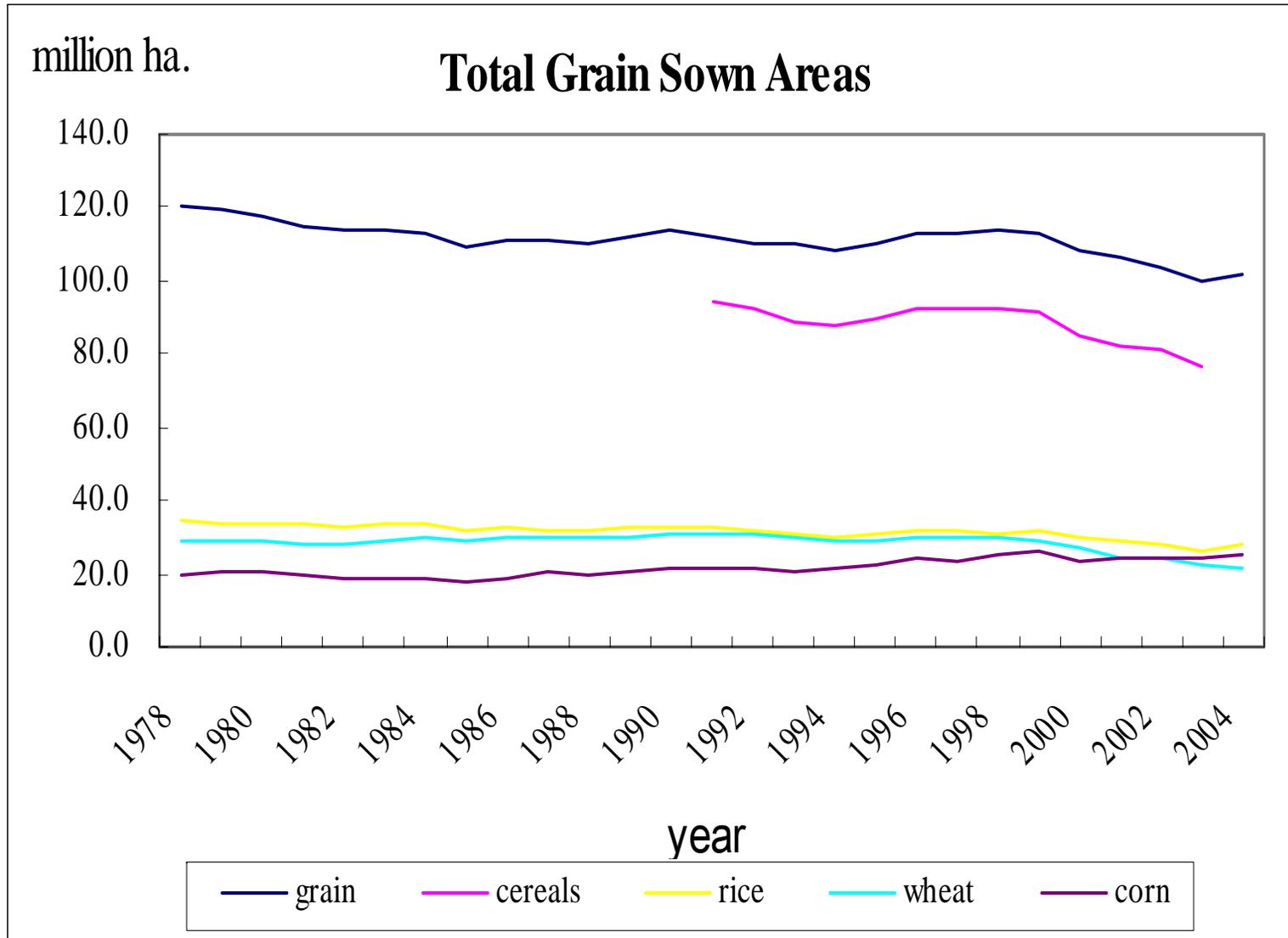


# Outline of Presentation

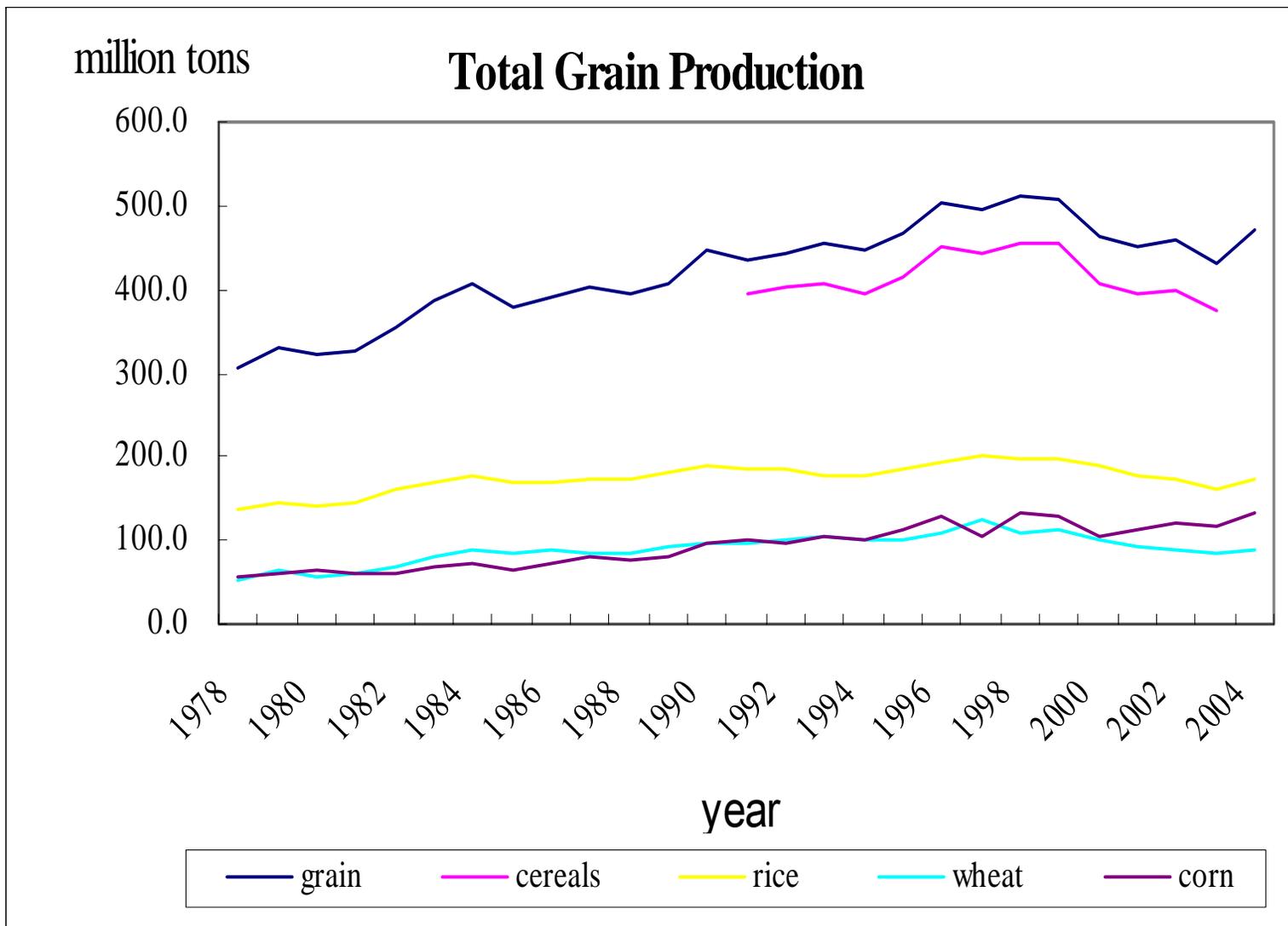
- ★ **Importance of China's Grain and Oil Situations**
- ★ **Past Trends in China's Grain and Oil Production and Trade**
- ★ **Role of Grain Reserve Stocks**
- ★ **Prospects for 2005 and Beyond**



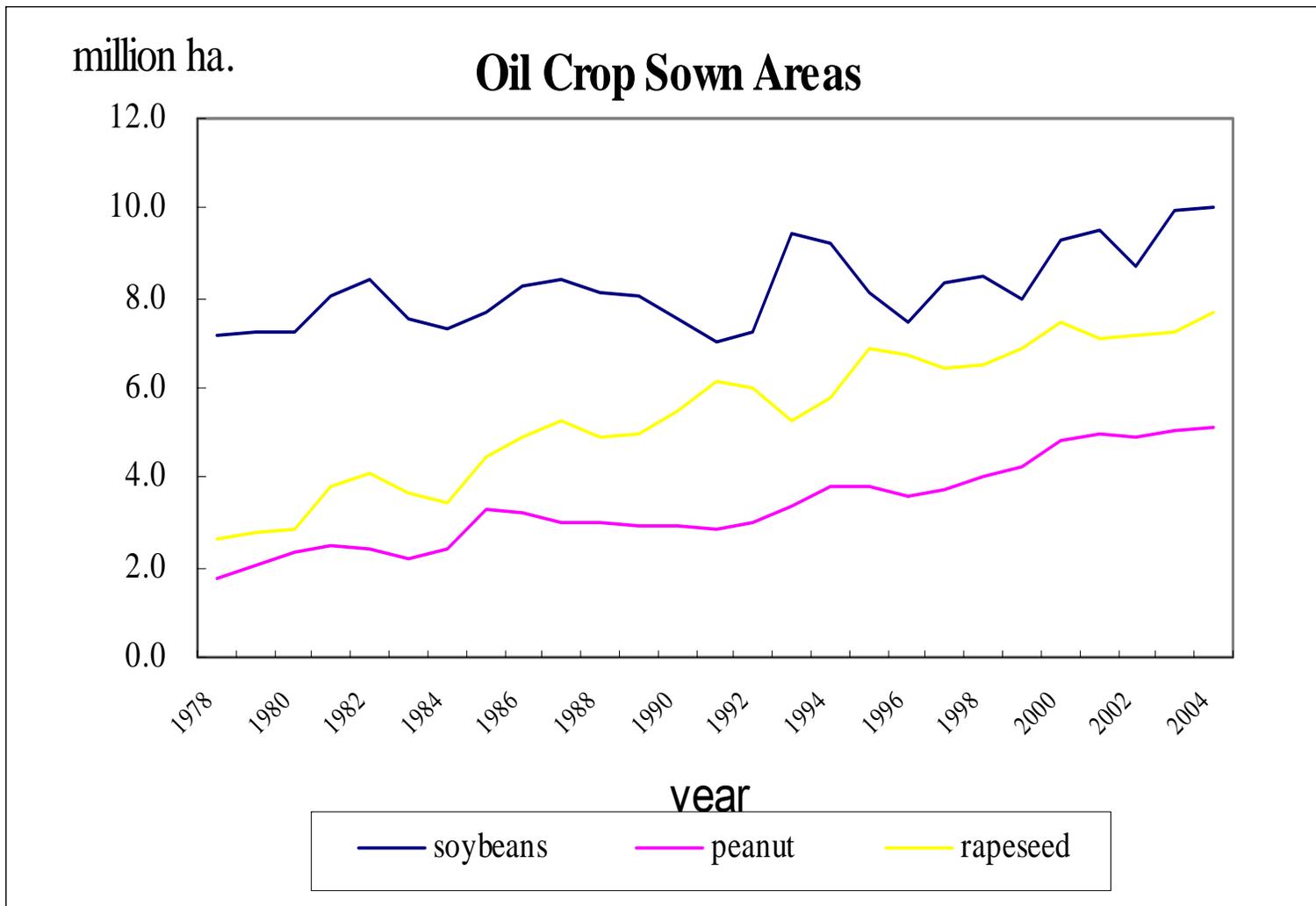
# Past Trends



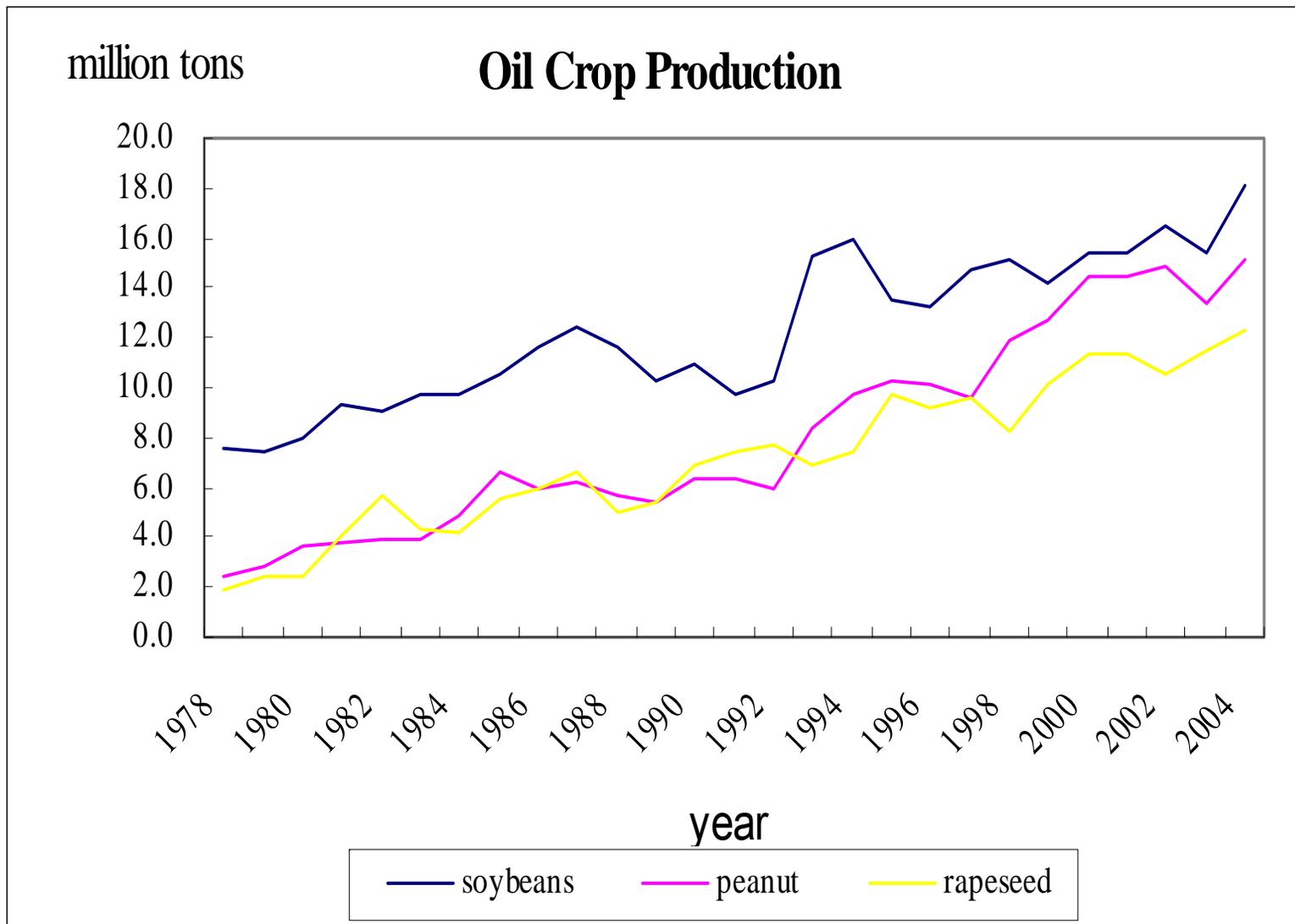
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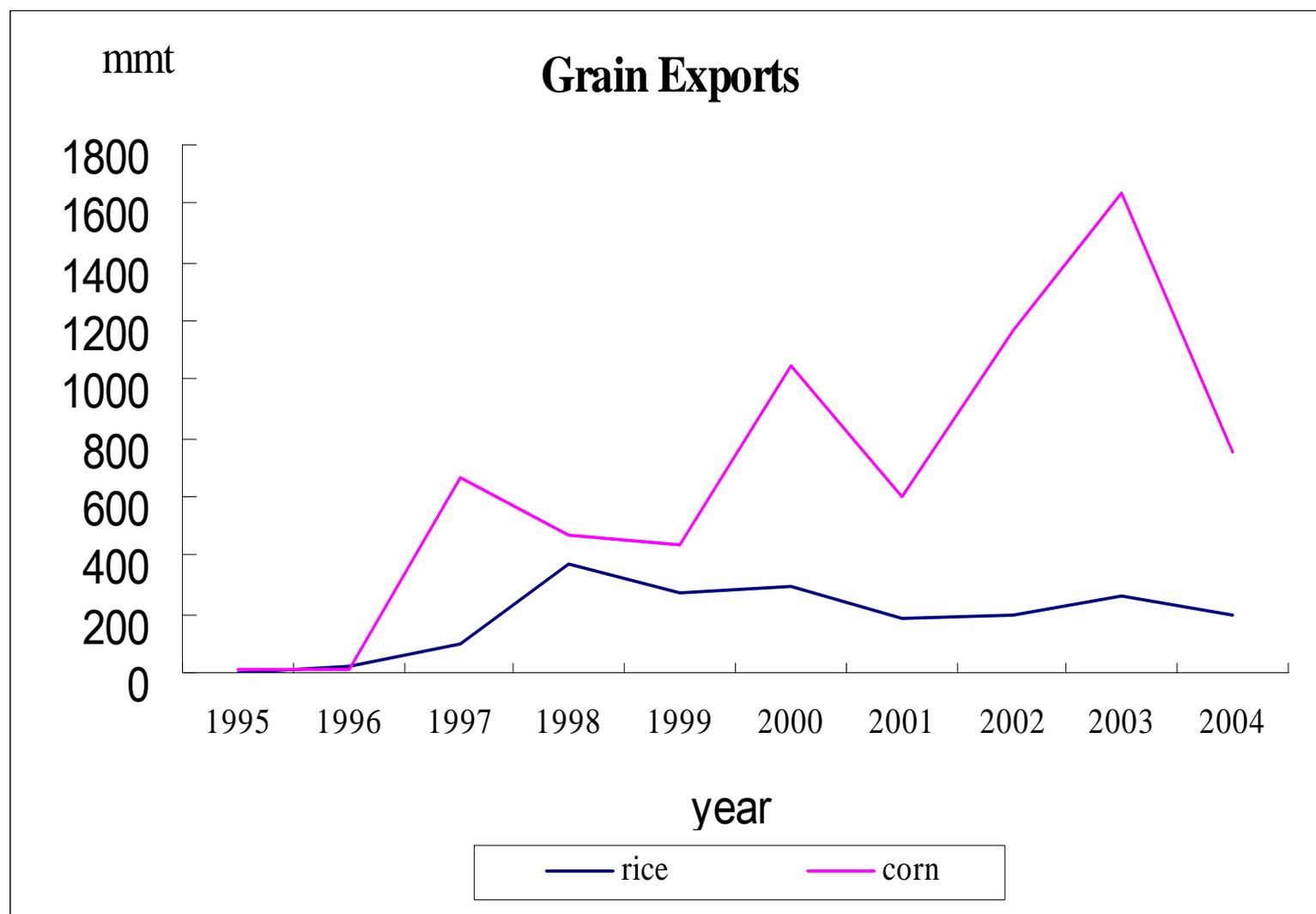
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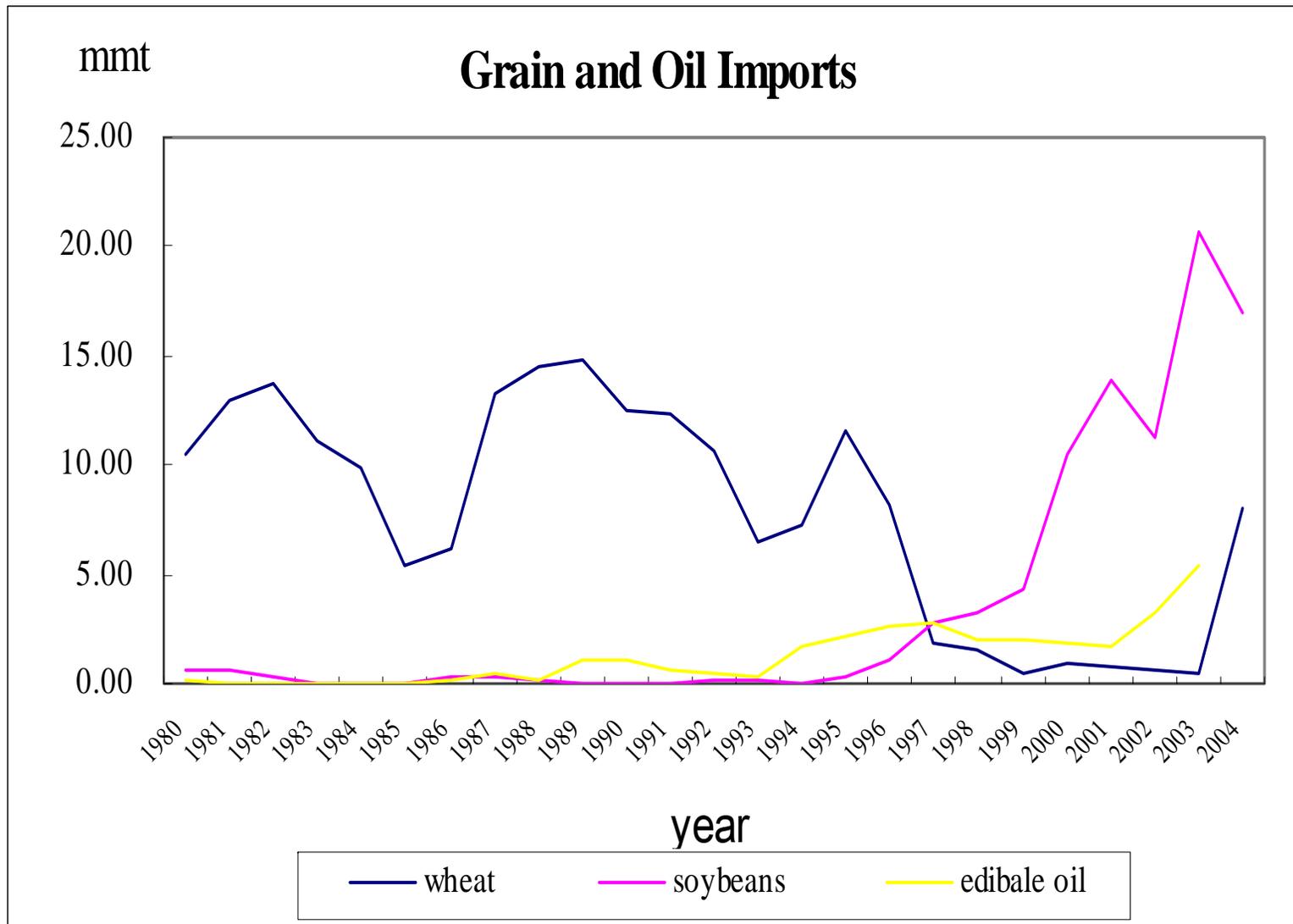
# Past Trends



# Past Trends



# Past Trends



# Role of Reserve Stocks

- ★ **According to China National Grain & Oil Information Center estimates, China's cereals (rice, wheat and corn) reserve stocks have reduced significantly in the new century:**

<b>2000/01</b>	<b>30.6 mmt</b>
<b>2001/02</b>	<b>45.1 mmt</b>
<b>2002/03</b>	<b>52.3 mmt</b>
<b>2003/04</b>	<b>61.7 mmt</b>
<b>2004/05</b>	<b>15.7 mmt</b>
<b>Total</b>	<b>205.4 mmt</b>



# Role of Reserve Stocks

## Changes in Reserve Stocks, mmt

	2000/01	2001/02	2002/03	2003/04	2004/05	Total
<b>Corn</b>	<b>-15,166</b>	<b>-11,210</b>	<b>-13,640</b>	<b>-10,104</b>	<b>5,500</b>	<b>-44,620</b>
<b>Wheat</b>		<b>-14,218</b>	<b>-17,146</b>	<b>-19,357</b>	<b>-6,442</b>	<b>-57,163</b>
<b>Rice</b>	<b>-6,267</b>	<b>-19,645</b>	<b>-21,612</b>	<b>-32,316</b>	<b>-15,569</b>	<b>-79,840</b>
<b>Soybeans</b>	<b>2,115</b>	<b>-2,327</b>	<b>3,394</b>	<b>-1,743</b>	<b>73</b>	<b>1512</b>

Source: China National Grain and Oil Information Center.



# Role of Reserve Stocks

- ★ **Future trade clearly depends on production, consumption and accumulative change in stocks;**
- ★ **Are estimates of CNGOIC accurate?**

**Imports data reliable;**

**Production data relatively reliable;**

**Consumption data questionable;**

**Stock data questionable**



# Role of Reserve Stocks

- ★ **Assumptions for simulation:**

**Accumulative consumption in 1993-2003 equals to the sum of total production and net import during the same time period;**

**The growth rate of consumption is relatively fast at early stage and gradually decline.**

- ★ **Scenario I**

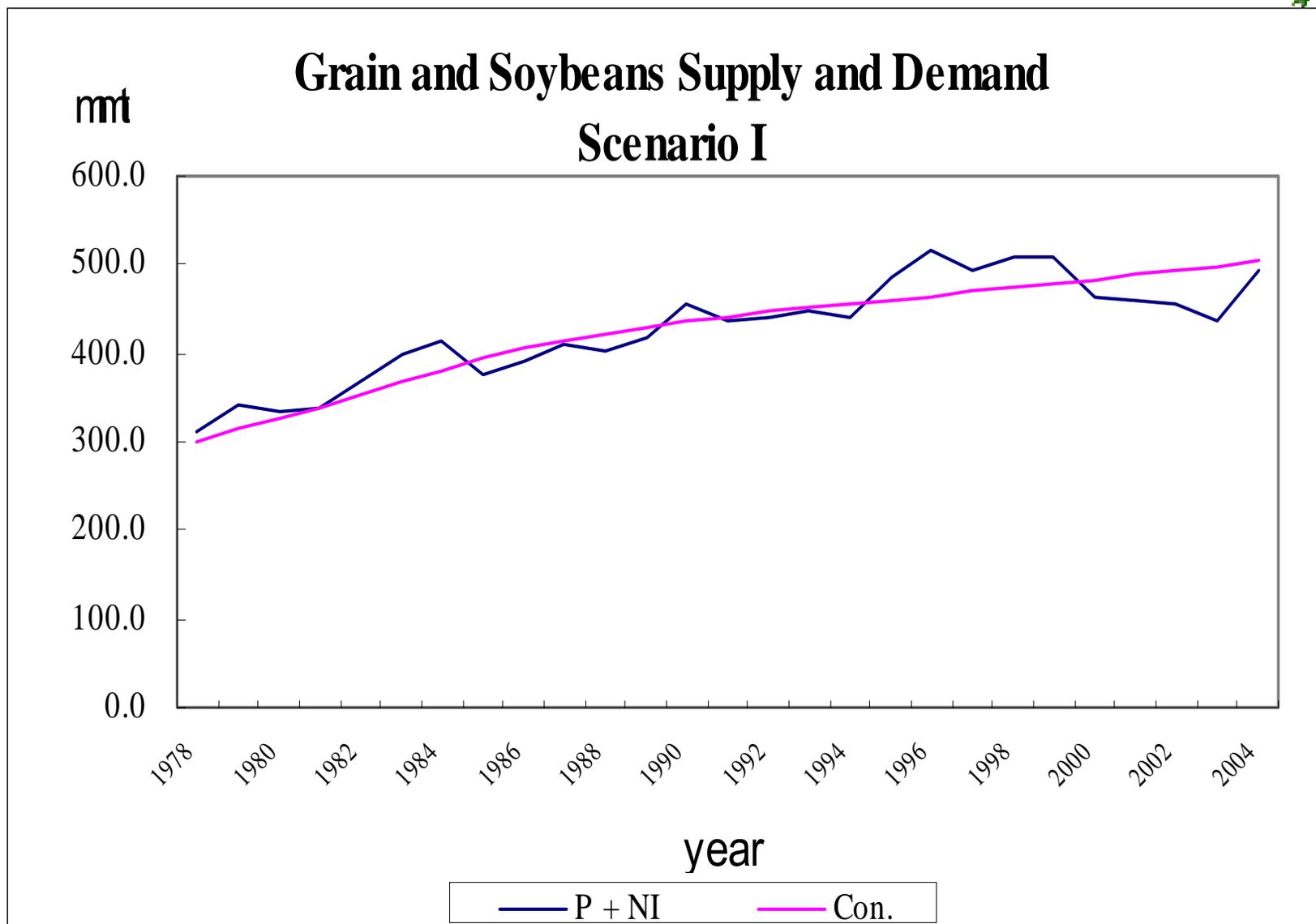
**1978-85, 4%; 1985-90, 2%; 1990-2004, 1%**

- ★ **Scenario II**

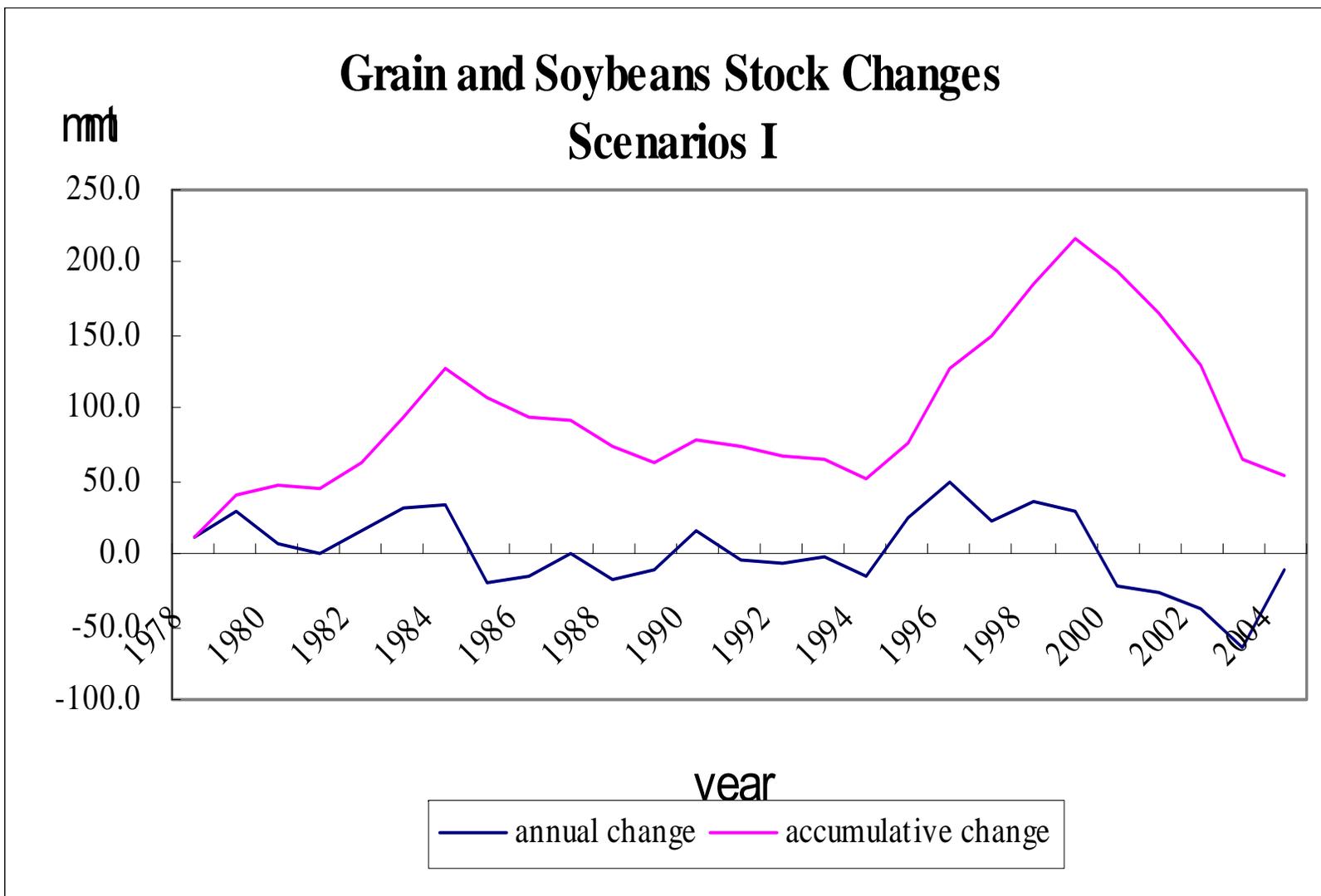
**1978-85, 4%; 1985-93, 2%; 1993-2004, 0.5%**



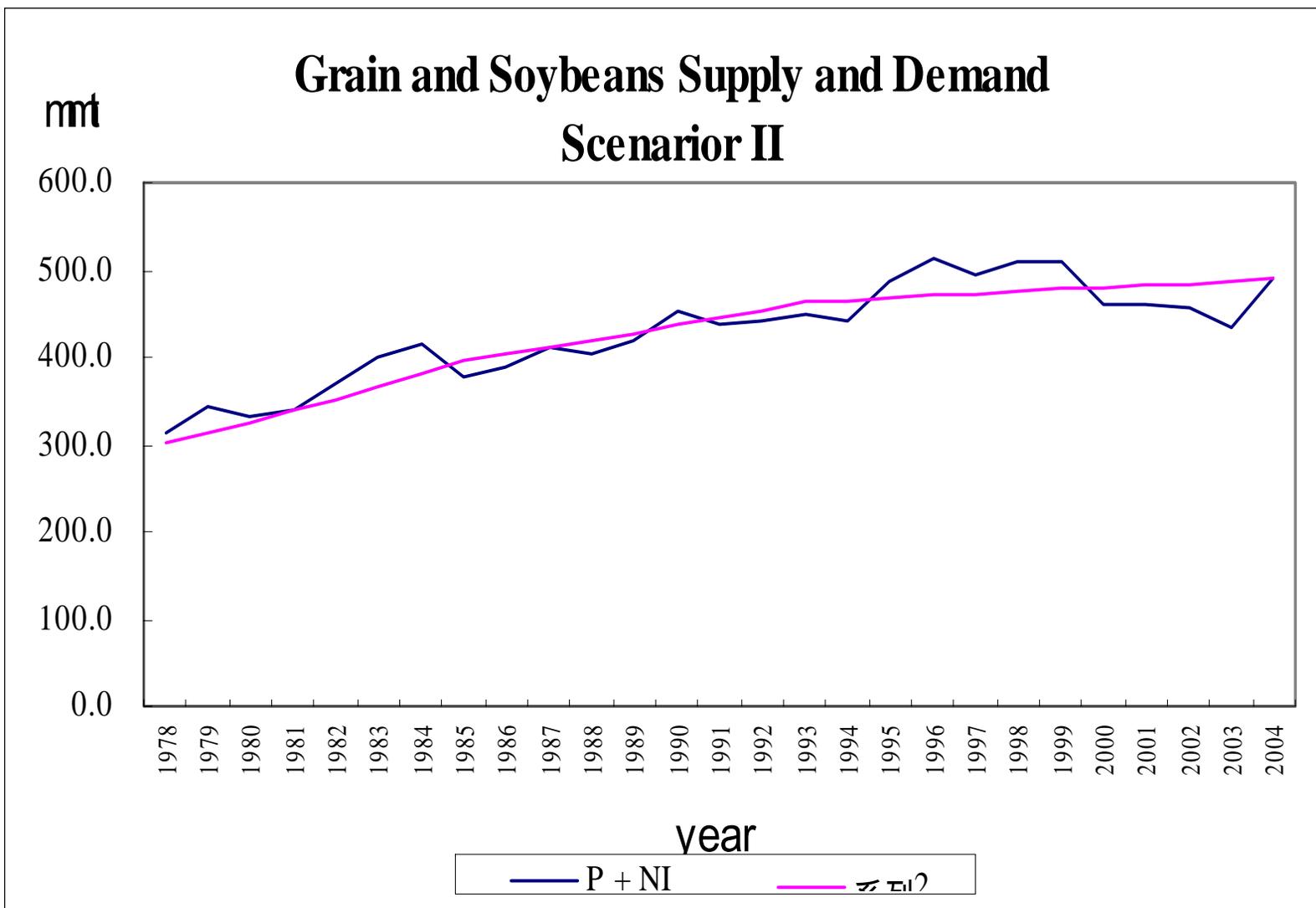
# Role of Reserve Stocks



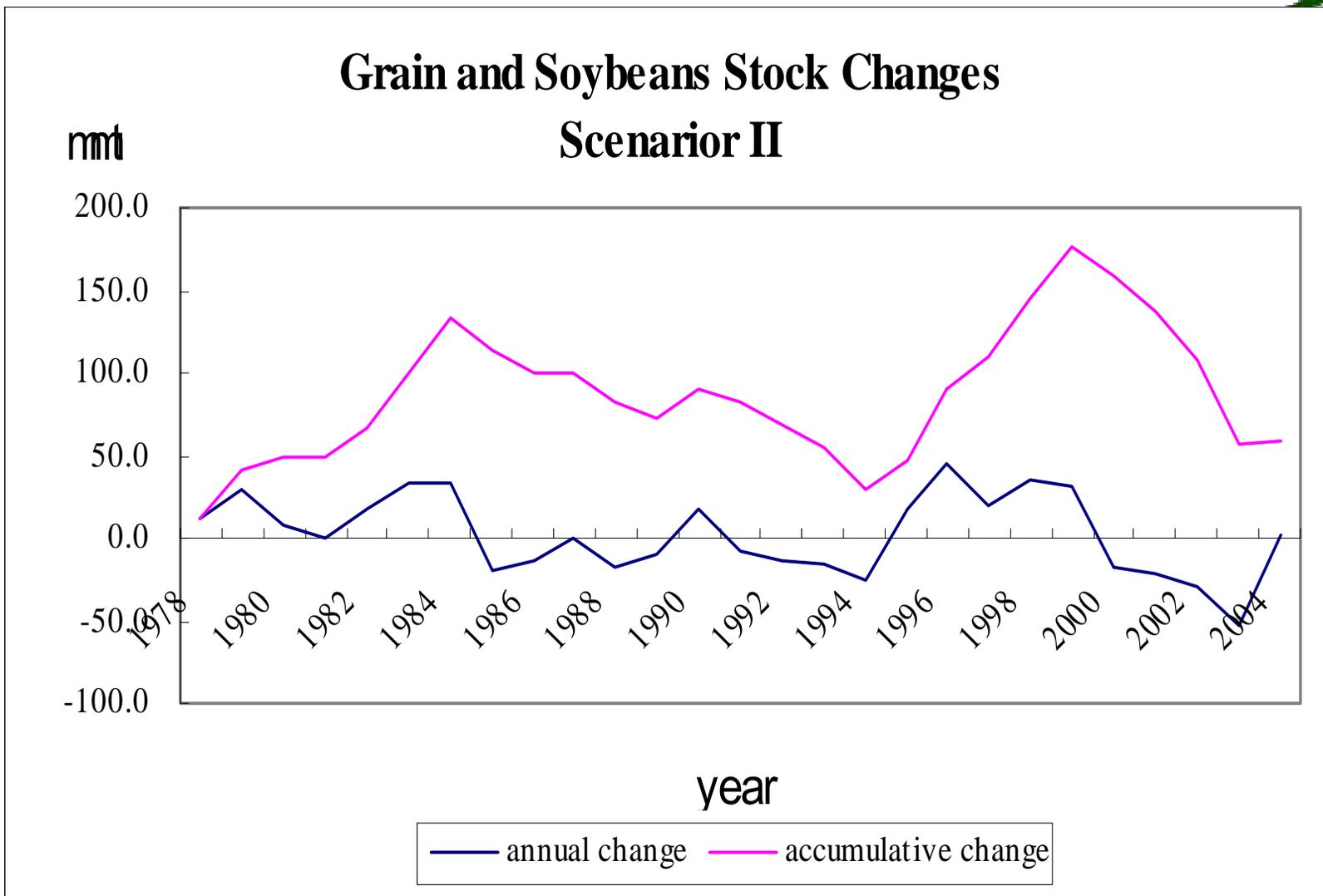
# Role of Reserve Stocks



# Role of Reserve Stocks



# Role of Reserve Stocks



# Prospects for 2005 & Beyond

- ★ **Prospects for 2005**

  - Production may increase by 10 mmt**

- ★ **Scenario I**

  - Consumption may increase by 5 mmt**

  - Imports may increase by 6 mmt, if no further change in stocks**

- ★ **Scenario II**

  - Consumption may increase by 2.5 mmt**

  - Imports may decrease by 10 mmt, if no further change in stocks**



# Prospects for 2005 & Beyond

## ★ Prospects for 2005

### **2004 Imports:**

wheat 8 mmt; soybeans 19.5 mmt; rice 1 mmt

### **2004 Exports:**

corn 4.5 mmt

### **2005 Imports:**

wheat 2-3 mmt, as winter wheat area has increased by 1.5 million ha.



# Prospects for 2005 & Beyond

## ★ **Factors Stimulating Grain Production in 2004 & 2005**

**Price surge since Oct./Nov. 2003;**

**Direct payment to grain producers;**

**Deduction/elimination of agricultural tax;**

**Subsidy to purchases of farm inputs**



# Prospects for 2005 & Beyond

## ★ Prospects for the Future

### **Production increases by 10 mmt every year?**

Market prices have stabilized, and may decrease in the future under freer trade;

Agricultural tax eliminated, is the quantity of direct payment going to increase by several times shortly and continuously afterwards?

What will contribute by public investment in agricultural R&D?

### **Consumption increases by 5 mmt or more?**

Population growth, age structure, employment structure, income growth, income distribution, social security programs?



Thanks!

