

World Bank study: China becomes dependent on imports to feed its population. Really?

The World Bank report, *2003 Global Economic Prospects: Realizing the Development Promise of the Doha Agenda*, concludes that under a “pro-poor” scenario “a deal to lower global trade barriers could add more than \$500 billion a year to global incomes by 2015, lifting 144 million people out of poverty.” In a previous column we reported that, by our calculations, this scenario models a drop in crop production in the European Union (EU) of between 50% and 70% for crops like oilseeds, wheat and other grains.

These numbers are breathtaking and, at the very least, would represent a 180 degree departure from the food self-sufficiency original *raison d'être* of the European Common Agricultural Program (CAP). Such model results tend to be debatable, if not unreasonable, because they flow from the pursuit of a single objective: least-cost food production—totally ignoring the nature of agriculture and the unique importance of food in societies worldwide.

In this column let's see what the World Bank's food-cost minimization model would predict for the world's largest developing country, China and its 1.3 billion people.

Under the “pro-poor” scenario, the World Bank shows total Chinese agricultural production dropping by 5%. This appears relatively insignificant until one looks further into the numbers. A researcher at the Center for Chinese Agricultural Policy estimates that under trade liberalization the animal agriculture sector in China will grow at a compound rate of 2.28% annually above the baseline. This would suggest an increase in livestock production of 22% above baseline by 2015.

If Chinese total agricultural production is projected to go down while livestock production is expected to go up, crop production must be taking the hit. In fact, given available numbers, crop production would have to drop by over 20% from the baseline.

The net result of this more than 20% drop in crop production is twofold.

First, under this scenario, China would become a net importer of as much as 20% of its consumption needs for seeds and grains. Here again we are talking about a 180 degree flip in attitude about food policy; this time a change in food policy by, arguably, the most food-security-conscious country in the world, China.

Second, with 50% of its 1.3 billion citizens directly engaged in agricultural production, a drop in crop production of more than 20% would put one whale of a lot of people out of work, some would say upwards of 100 million in addition to the 100 million currently displaced rural workers.

Given the level of agricultural research going on in China and the pronouncements by Chinese government officials concerning future agricultural production intentions, it is also possible that China may be a larger net exporter in 2015 than it is today, trade liberalization or not.

If there is anything we have been good at during the last decade or two, it's underestimating the ability of the Chinese to produce, store and export.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT's Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://agpolicy.org>.