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Food Security in China: Whither the Self-sufficiency Policy?

By Zhang Hongzhou

Synopsis

There is a need to identify the key food security threats to the country at different stages.

Commentary

FOR DECADES, China has embarked on a policy of achieving self-sufficiency in grain, influenced by the painful history of periodic famine and out of the distrust towards the international market during the cold war era. In 1996, China introduced its first White Paper on its grain issues, which committed the country to achieve 95 percent grain self-sufficiency rate.

Amid the 2007/2008 global food crisis, China announced its first-ever *Mid to Long Term Grain Security Plan (2008-2020)*. The plan reiterated the goal of raising the country's grain self-sufficiency rate above 95 percent. As domestic production is falling short of the rapidly rising demand, in early 2014 the Central Government introduced a new food security strategy - *domestic supply with "moderate imports"*.

Two Major Changes in Food Security Strategy

Although self-sufficiency is still at the centre of China's food security strategy, there were two major changes. For one, the definition and the boundary of grain have been revised. The top priority has shifted from ensuring grain (rice, wheat, corn, soybean, root tubers and coarse grains) self-sufficiency to ensuring basic self-sufficiency in cereals (wheat, rice and corn) and absolute security of the staples (rice and wheat).

In other words, this new food security strategy demands optimal allocation of resources to safeguard supplies of the country's staples- rice and wheat. For the other, "moderate imports" officially forms part of the national food security strategy, which calls for "more active utilisation of international food market and agricultural resources to effectively coordinate and supplement domestic grain supply".

Notwithstanding these positive changes, it could be extremely difficult, if not impossible, for China to maintain absolute security in staples or 100% self-sufficiency in rice and wheat, given its factor endowments and WTO commitments. As a result, in recent years, not only liberal economists but also some senior party officials have been pressuring the government to abandon the concept of self-sufficiency and embrace a market-oriented food security strategy.

For instance, in April 2015, Minister of Finance Lou Jiwei openly questioned the logic of self-sufficiency policy. He said that China can rely on the international market to ensure national food security. Also, Ning Gaoning, the then Chairman of China's biggest food company - the COFCO Group, said at the 2015 China Development Forum that the only solution to food security is free trade.

Market Approach to Food Security

From an economic perspective, a market-oriented approach to achieve food security is, undoubtedly, the best option. However, considering the fact there are serious flaws with the current global food regime, relying on the international market entirely to feed the nearly 1.4 billion population is too big a risk for the Chinese government to take.

Furthermore, given the close links between regime legitimacy and self-reliance on food, ditching the concept of self-sufficiency altogether is not a politically feasible option for the Chinese Communist party. In view of the above, to better safeguard China's food security, a comprehensive food security strategy is needed. This new food security strategy should start with mapping the key threats to China's food security and safeguarding measures during three different stages namely a) normal or peace time, b) food crisis, c) full-scale war.

Firstly, during normal condition or peace time, China's food demand will be met via domestic production and imports. Moreover, the international food prices will remain relatively low and stable. Food security at the national level will not be a big issue. Therefore, the policy focus should be on how to deal with food security challenges at regional, local and particularly individual consumer level, as well as ensuring the quality and safety of food.

The overriding food security objective should be on reducing poverty in both rural and urban areas. In rural areas, the best approach to alleviating poverty is via revitalising the agricultural sector. This can be done by allocating the key agricultural resources according to the region's comparative advantages and supporting farmers to grow crops which generate highest returns. In urban areas, the government should build appropriate social protection network to guarantee urban poor's access to affordable, safe and nutritious food.

Secondly, given the inherent weaknesses of the current global food system, including the thinness of grain trade, over concentration of grain exporters and proneness to external shocks, major fluctuations in world food supply or food crisis cannot be ruled out. During this stage, the key risk to China's food security will be soaring food import costs and even temporal difficulties to acquiring food from the international market.

Mitigating Risks

To mitigate these risks, a global agricultural policy should be adopted, and this global agricultural policy should include the following five major components: agricultural import diversification, overseas agricultural investment, global agricultural cooperation, forming strategic trading partners and building global agricultural commodity exchange centers.

Third, in times of war, which could lead to total collapse of the global food market, China would not be able to import food from abroad and thus, it will have to produce food to feed its nearly 1.4 billion population. The key task for the Chinese government during this stage is how to ensure food self-sufficiency. However, the question remains as to how to calculate the food self-sufficiency rate during this stage.

As pointed out by some food security experts, in times of war, the general public will not be able to maintain the normal consumption patterns with items such as pork, beef, mutton, seafood and wine while most of the population will have to live on subsistence level of food with rice, wheat, corn and potato in the plate. Hence, the subsistence level of human consumption, instead of current domestic consumption, should be taken as a target amount to achieve food self-sufficiency.

To prepare for the worst case scenario, the Chinese government needs to do two things: The first is to maintain sufficient strategic food reserve which can meet the country's food needs based on subsistence consumption level during the stage that new food products are produced. The second is to protect the key agricultural resources, particularly arable land and fresh water so as to develop agricultural potential which can be quickly utilised to produce enough food for the country in times of war.

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