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# The Future of China's Grain Market

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***In this report...** USDA's Economic Research Service projects that China's demand for grain will outpace domestic supplies in the next 10 years. By the year 2005, China will become a net importer of 32 million tons of grain. (All tons in this report refer to metric tons.) In the last two decades, China's trade with the rest of the world and the United States expanded dramatically. China has participated in international grain trade both as a buyer and as a seller. Since both China and the United States have large agricultural economies and both are major grain producers, a natural question is: in future decades how will the grain trade develop between these two economies? Will China's farmers be able to produce enough grain to keep pace with population increases and increased demand for feed grains to produce meat, eggs, and milk products for consumers?*

A number of institutions in and outside of China have examined these questions and have produced a wide range of projections (fig. 1). For example, China's Academy of Science estimates that imports could reach 45 million tons. (USDA definition of grain includes wheat, rice (on a milled basis), corn, sorghum, millet, barley, and oats. This definition is referred to as (USDA definition) throughout the rest of this report.) The Worldwatch Institute projects that China's import needs by 2030 could reach from 207 million tons to 369 million tons (USDA definition).

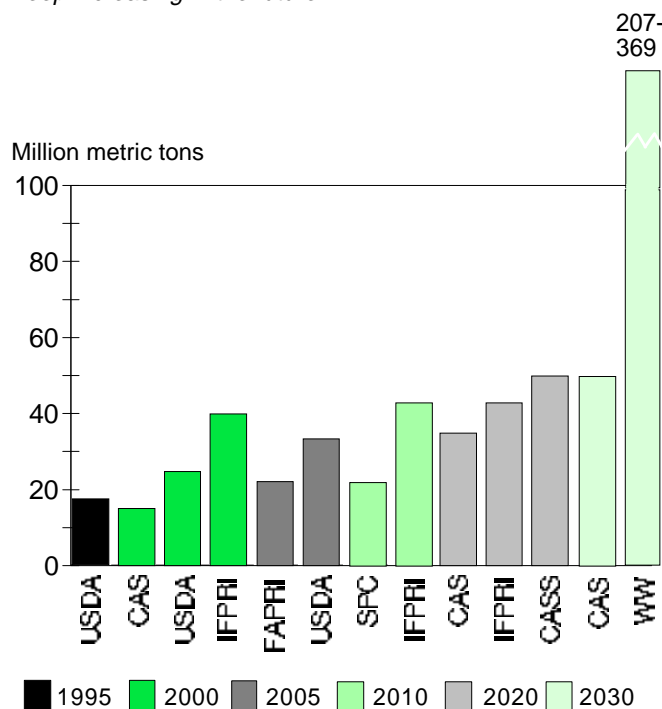
As a major grain exporter, U.S. agriculture has a vital interest in the development of China's grain import demand. The following types of questions need to be addressed: To what extent can China's farmers increase grain production? What economic and policy constraints are they up against? As economic development occurs in China and incomes rise, will consumers demand more livestock products? How large could grain imports be? Will the government of China

be willing to rely more heavily on the world market for imports? This paper examines these issues and presents USDA's views on the future grain demand and supply situation in China out to the year 2005.

Figure 1

## Estimates of China's future grain imports

*Different projections show that China's grain imports will keep increasing in the future.*



USDA = U.S. Department of Agriculture.  
CAS = China's Academy of Science.  
IFPRI = International Food Policy Research Institute.  
FAPRI = Food and Agricultural Policy Research Institute.  
SPC = China, State Planning Commission.  
CASS = Chinese Academy of Social Science.  
WWI = Worldwatch Institute.  
Sources: (4, 7, 19, 20, 21, 24, 27, and 51).\*

\*Numbers in parentheses refer to sources listed in the References at the end of this report.