

**FOOD SECURITY IN CHINA (II):
RATIONALE AND RECENT
POLICIES**

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Executive Summary

1. Since 2008, food security has received renewed attention in China with the adoption of the Medium and Long-term Plan for National Food Security 2008-20. In 2013, key principles to guide food security policies were highlighted. In 2014 and 2015, the Central Document No. 1 emphasised food security as a priority and the importance of enhancing grain production.
2. This indicates Beijing's awareness of a potential grain crisis. Primarily the strategic grain reserve is used to address physical interruptions in grain supplies in order to prevent a food crisis.
3. China's food security has two major concerns – food availability and food accessibility. In 2013, the production of all three main grain crops (rice, wheat and corn) either reached or was close to their historical peak, while per capita grain possession was at a historical high. This indicates that China's food supply is self-sufficient and on a consistent basis.
4. Food accessibility witnessed a different trend. After 2003 China's consumer price index embarked on a monotonic increasing path and accelerating from 2008. Grain retail price increased correspondingly, weakening food accessibility for consumption. This development has attracted Beijing's renewed attention to food security and aroused considerable interest in re-building its grain reserve.
5. China's post-1978 efforts towards food security could be divided into two phases. Before 2003, food security policies swung between two extremes – production and fiscal balance. The government's first priority was to maximise grain output to secure food supply. However when fiscal difficulties arose from good harvests, policies will centre on keeping fiscal balance by reducing production.
6. In 2003, heavy fiscal pressure forced the Chinese government to abandon its grain monopoly and follow up with a comprehensive marketisation programme. China's grain price quickly rebounded towards international level, triggering surging grain

output. This indicates that after 2003 the market has secured food availability in China; the question of food accessibility remains.

7. Weakened food accessibility had alarmed the central government, causing it to intervene in the grain market to enhance overall food security. As most monopolist instruments were abolished in the 2003 reform, the central turned to the use of grain reserve.
8. The grain sector in China now is largely market-oriented, depending solely on grain reserve to ensure food accessibility. Challenges include the cost of establishing and maintaining the grain reserve; the influence of grain price fluctuation brought by the international market; and finally, the inequality of domestic grain accessibility for low-income households in China.