

CHINA'S FOOD SELF-SUFFICIENCY AND FOOD TRADE DEPENDENCY

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Executive Summary

1. Chinese leaders have long taken as gold the belief that food security would strengthen the legitimacy of the ruling government.
2. Chinese President Xi Jinping's recent tour to the national seed production research base in Hainan reflects his belief of "feeding Chinese people with Chinese food", particularly after concerns of new tariffs on agricultural product imports from the United States.
3. China's rapid economic growth, ongoing urbanisation and shrinking food sector have contributed to the decision to import more land-intensive agricultural products.
4. In 2016, China's agricultural product imports focused on non-staple food crops and products, especially soybeans and feed mills (i.e. DDGS or dried distillers grains with solubles), for feed industries to support the dietary transition of its population.
5. Next to soybeans and DDGS is the import of sorghum. As a major substitute of maize in its energy feedstuffs, China's cancellation of temporary storage policy for maize in 2016 had led to a large fluctuation in sorghum imports.
6. China's current food import heavily relies on Brazil and the United States. Sino-Brazilian food trade is relatively simple, focusing on oilseeds (i.e. soybean) and food-related products (i.e. edible oil and sugar).
7. With the United States, its agricultural trade shows a diversified pattern (i.e. soybeans, sorghum and DDGS), which is heavily feed-industry oriented.
8. According to the calculation of some Chinese social scientists, China's 2016 food-import-equivalent virtual land use overseas totalled 59 million hectares, reaching 44% of China's total farmland availability (135 million hectares).

9. To substitute its agricultural imports with domestic production would require a reallocation of farmland from food to feed grain cropping, presenting a challenge to China's food self-sufficiency.
10. Agricultural imports reflect domestic scarcity of per capita land resources. China's export of more labour-intensive industrial products and import of cheaper land-intensive agricultural products may alter the country's bargaining power in trade negotiation.
11. As a major US food importer, China's reaction to the China-US trade issues may have to take into consideration its overall food dependency on trade and its manufactured product exports with the United States.