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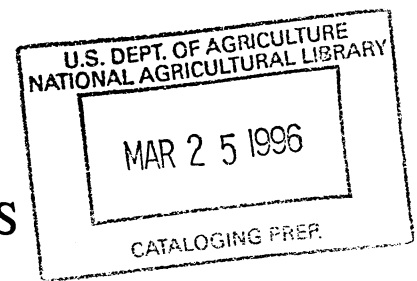
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DEVELOPING COUNTRIES
AND
INTERNATIONAL AGRICULTURAL TRADE

A Conference Sponsored by S-224 Regional Research Project

Quality Hotel of Arlington
Arlington, Virginia
April 8-9, 1991

Fred J. Ruppel
Program Coordinator

Stanley M. Fletcher
S-224 Chair

Received By. /
Indexing Branch

THE IMPACTS OF CHINA'S EVOLVING AGRICULTURAL POLICIES AND PRACTICES ON WORLD AGRICULTURAL COMMODITY MARKETS

Shwu-Eng H. Webb and Catherine Halbrecht
*Economic Research Service, U.S. Department of Agriculture and
University of Delaware*

China is the world's largest producer of both pork and grains, accounting for nearly 30 and 20 percent of global output, respectively, in recent years. With 22 percent of world population, China is also the largest consumer of agricultural products. Any change in China's agricultural production and consumption will have significant impact on the world agricultural markets. What happens to agriculture in China is of great interest to the world agricultural community.

The 1979 economic reforms have brought increasing liberalization to agricultural production. However, the Government still intervenes heavily. In this paper, producer subsidy equivalent (PSE), and consumer subsidy equivalent (CSE) measures are used to evaluate government intervention in China's agriculture over the decade of the 1980's. These PSE/CSE measures are compared with an economic efficiency index which reflects comparative advantage of producing various agricultural commodities. This index will be used to evaluate how China's agricultural policies distort its agricultural production, and how these distortions affect trade.

We then compare the effects of wheat and rice policy distortions by province. Crop production, acreage and price data from 1979 to 1988 are used to estimate provincial wheat and rice production functions. These estimated production functions are then used to estimate the impacts on China's wheat imports and rice exports if trade barriers were removed and producers of these two commodities in China could respond to international prices.