

*China's Supply/Demand Balance and
and Forecast Trade Potential in Meats*

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Overview

6 Background & Justification

6 Methodology

6 Results

6 Conclusions & Implications



Background & Justification

- 6 Economic Growth & Market Reform in China**
- 6 Population Diversity & Changing Consumer Tastes & Preferences**
- 6 Changing Self-sufficiency Policy & Potential for Market Growth**



Background & Justification

6 Trends in Consumption and Production

6 Natural Resources

**6 Transportation and Regional
Disparities in Production**



Methodology

- 6 Regression Analysis Was Used to Estimate Parameters**
- 6 Forecast Production, Consumption, & Net Trade**
- 6 Beef, Pork, Poultry & Fish**
- 6 Analysis Time Period: 1980-1998**
- 6 Forecast: 1999-2010**



Methodology (cont.)

6 Model Specification:

6 Meat Production = Meat Production_(t-1)
Animal Production, Slaughter,

and Prices

6 Meat Cons = Meat Cons_(t-1) Prices

6 Net Trade Was Estimated as Residual



Methodology (cont.)

- 6 Assumptions:**
 - 6 Family Planning Continues**
 - 6 Open Market Trend Continues**
 - 6 Continued Growth Path**
- 6 Price Proxies Estimated Using Moving Average**



Results

- & R-squares Ranged from .91-.98**
- & Pork Consumption: Positive Price Coeff.**
- & Fish Consumption: Positive Price Coeff.**
- & Planned Economy & Rapid Consumption Growth**

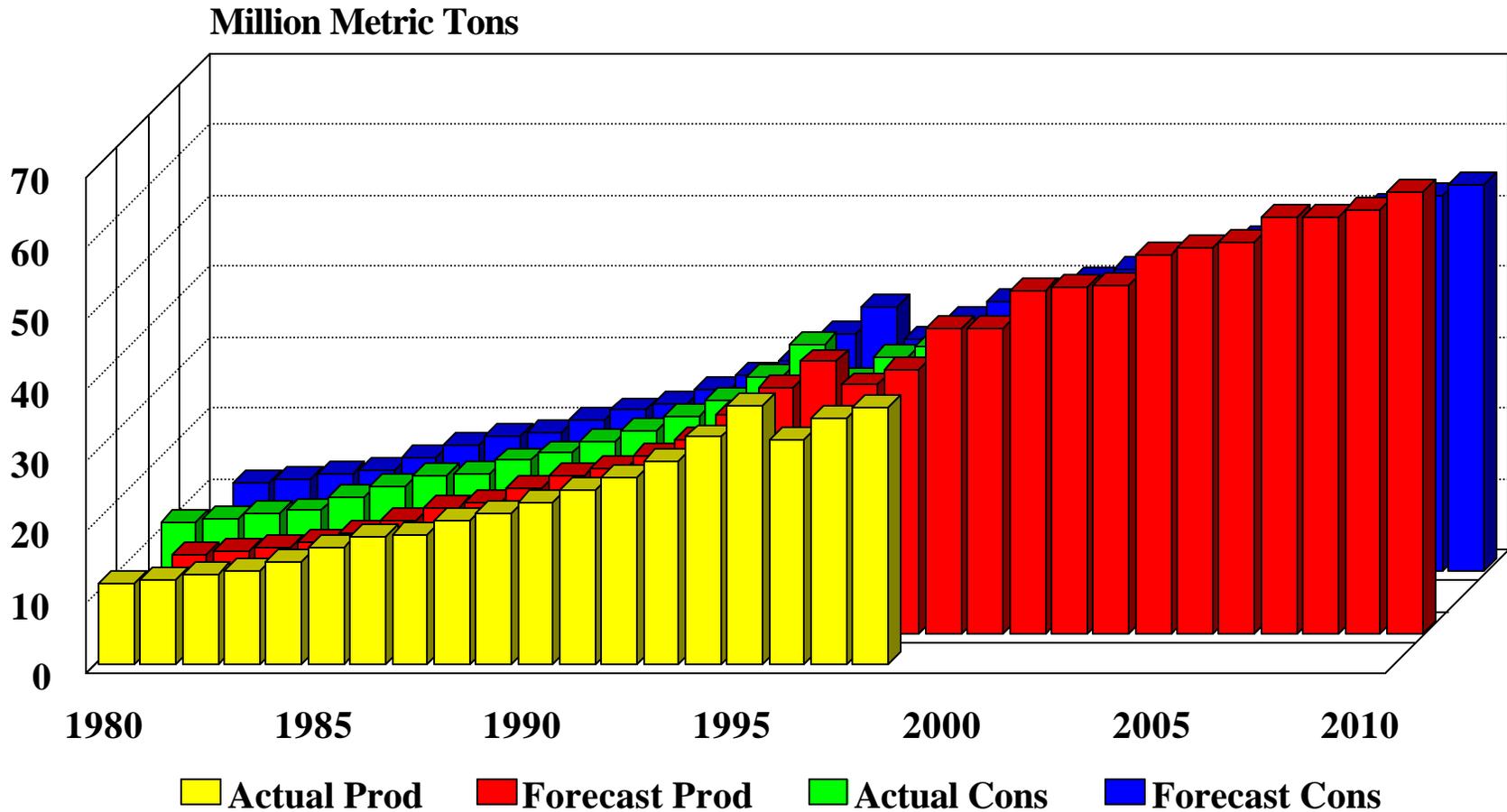


Results for Pork

- & Pork Production Exceeds Use by 8.7 million metric tons/year**
- & China Remains a Net Exporter of Pork**
- & Per capita Pork use rises from 30 kg to 38 kg**



Forecast of China Pork Production and Consumption

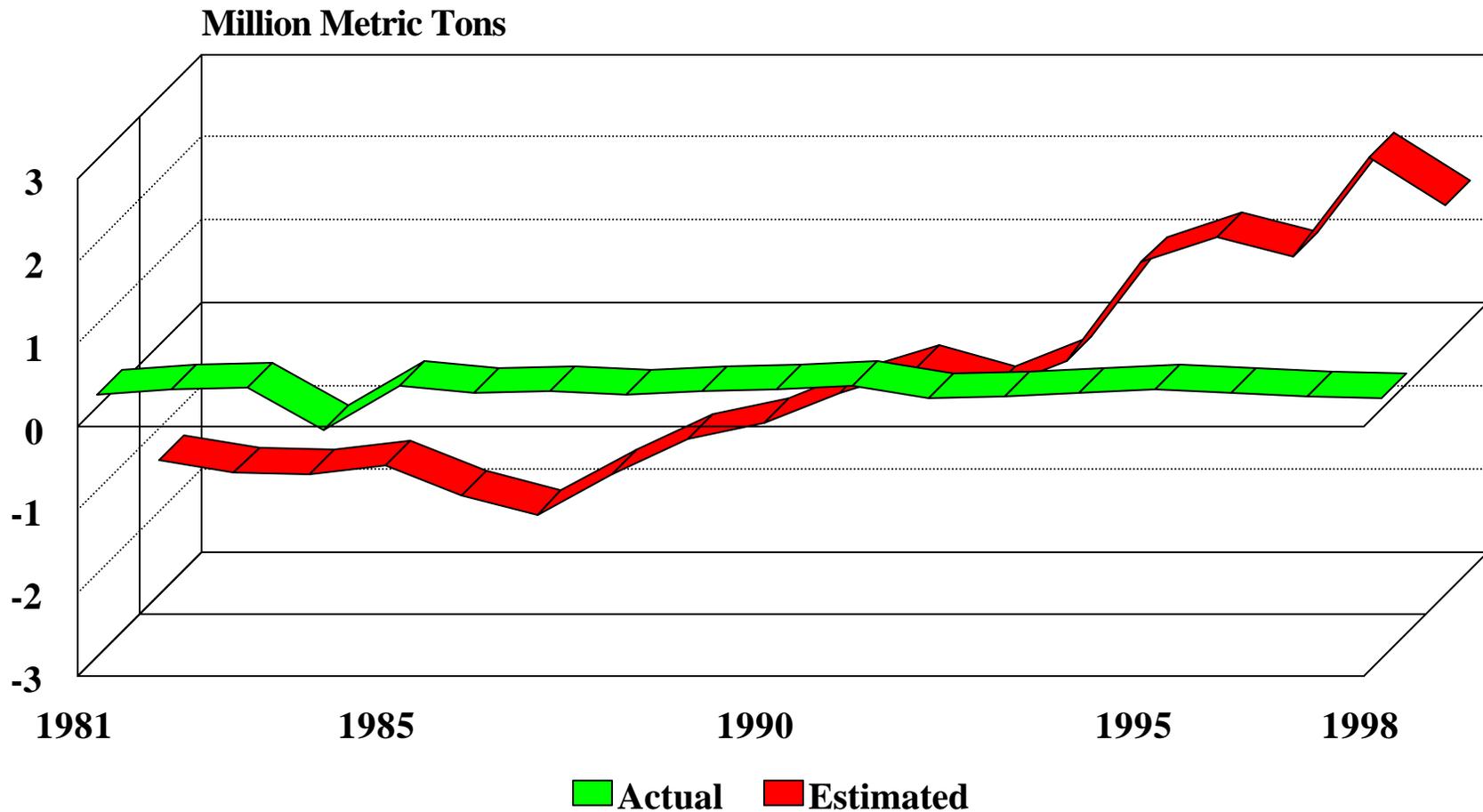


Source: *Economic Analysis and Forecasts of Meat Supply/Demand Balance in China*
for Professional Paper, Dept of AGECE, Texas A&M University

, by Yanhong Chen

Chinese Net Pork Trade

Actual vs. Estimated, 1981 - 1998



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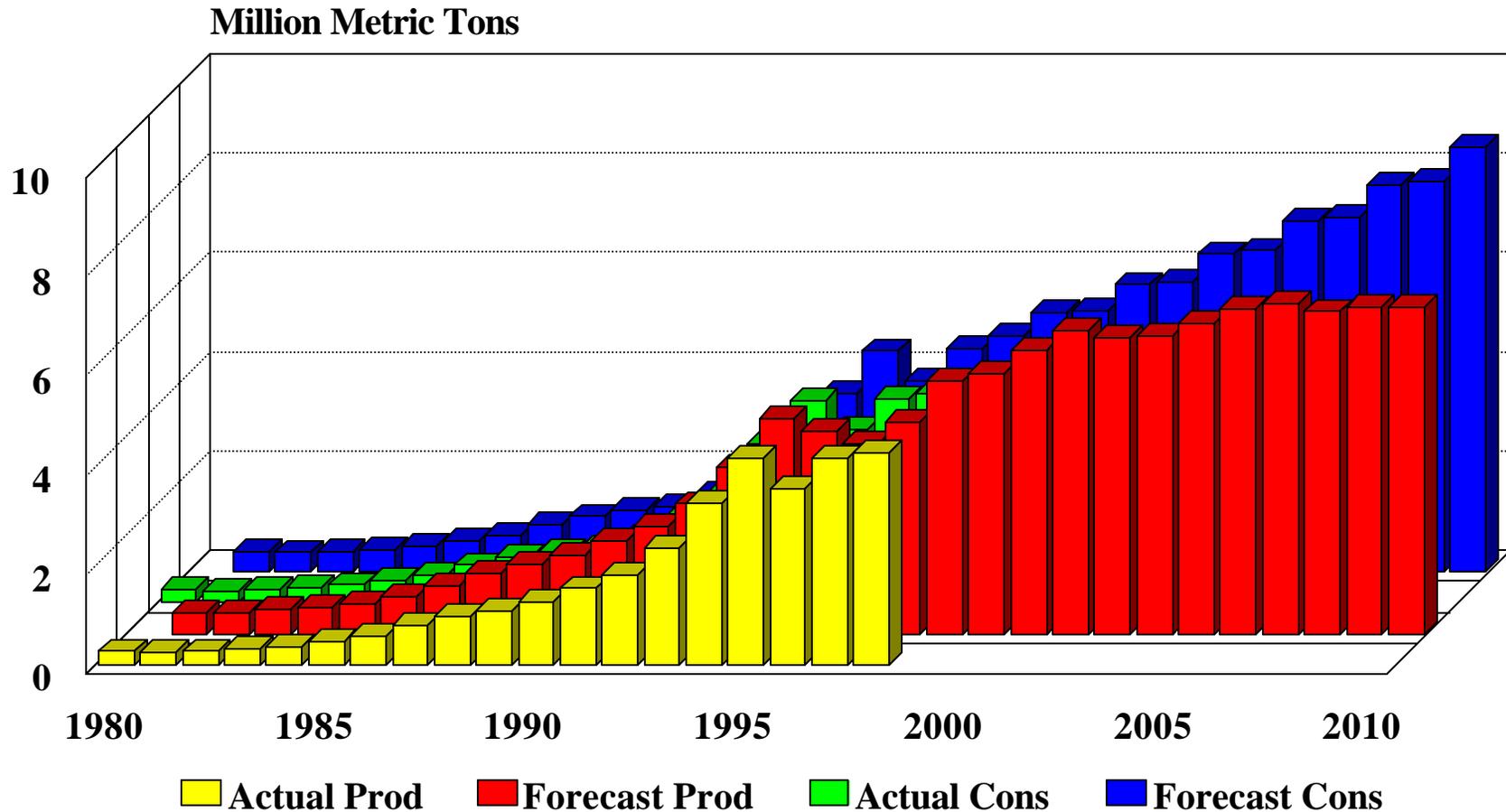
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Results for Beef

- & Net Beef Trade Rises from +209,000 mt to -2.3 mmt/Year by 2010**
- & China becomes a Net Importer in 2003 & Remains so thru 2010**
- & Per Capita Consumption of Beef Rises from 3.6 kg to 6.2 kg**



Forecast of China Beef Production and Consumption

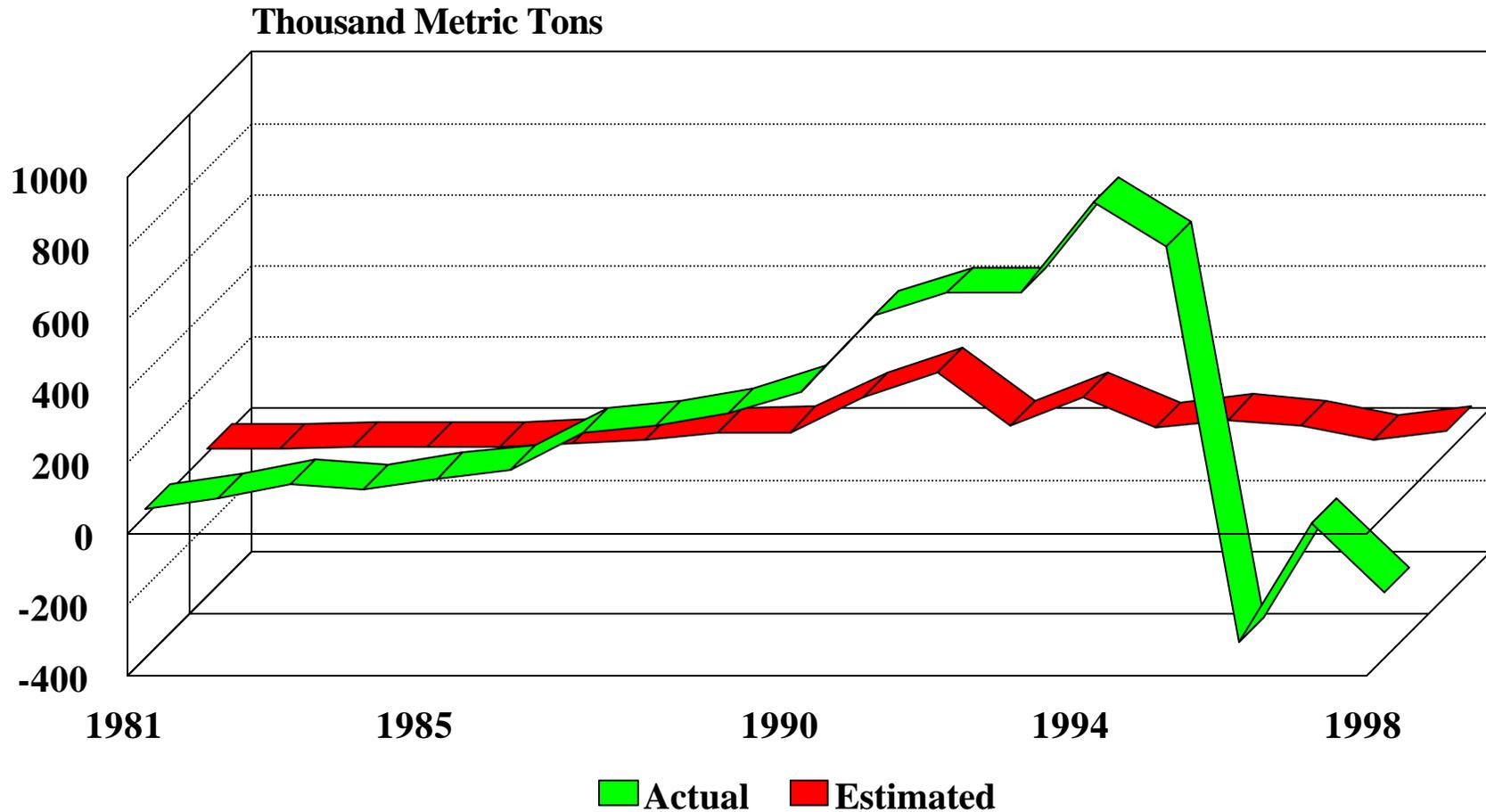


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Chinese Net Beef Trade

Actual vs. Estimated, 1981 - 1998



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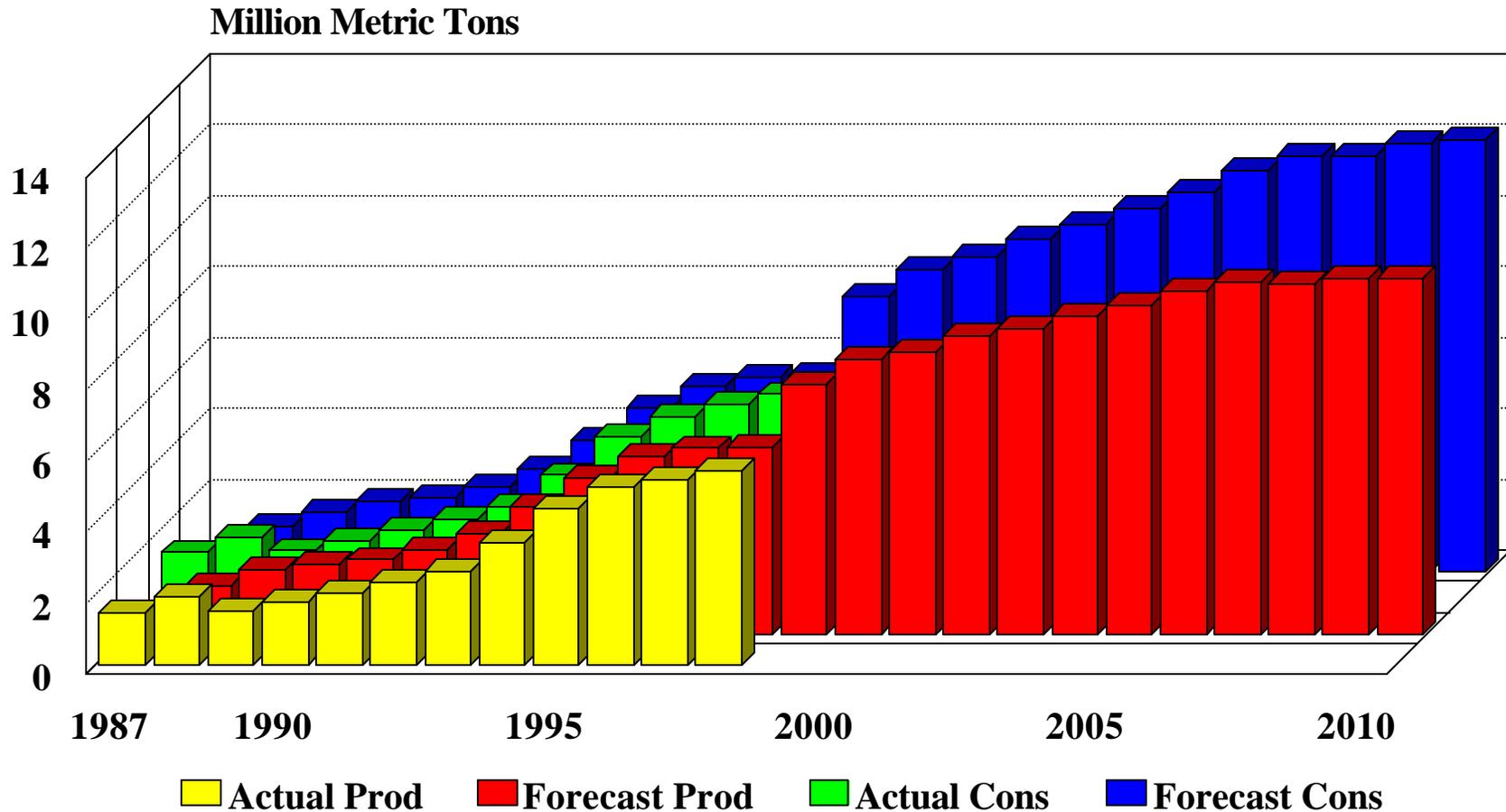
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Results for Poultry

- & Net Poultry Trade Rises from -736,000 mt to -2.1 mmt/Year by 2010**
- & China Remains a Net Importer Forecast Period**
- & Per Capita Consumption of Poultry Rises from 6.1 kg to 8.5 kg**



Forecast of China Poultry Production and Consumption

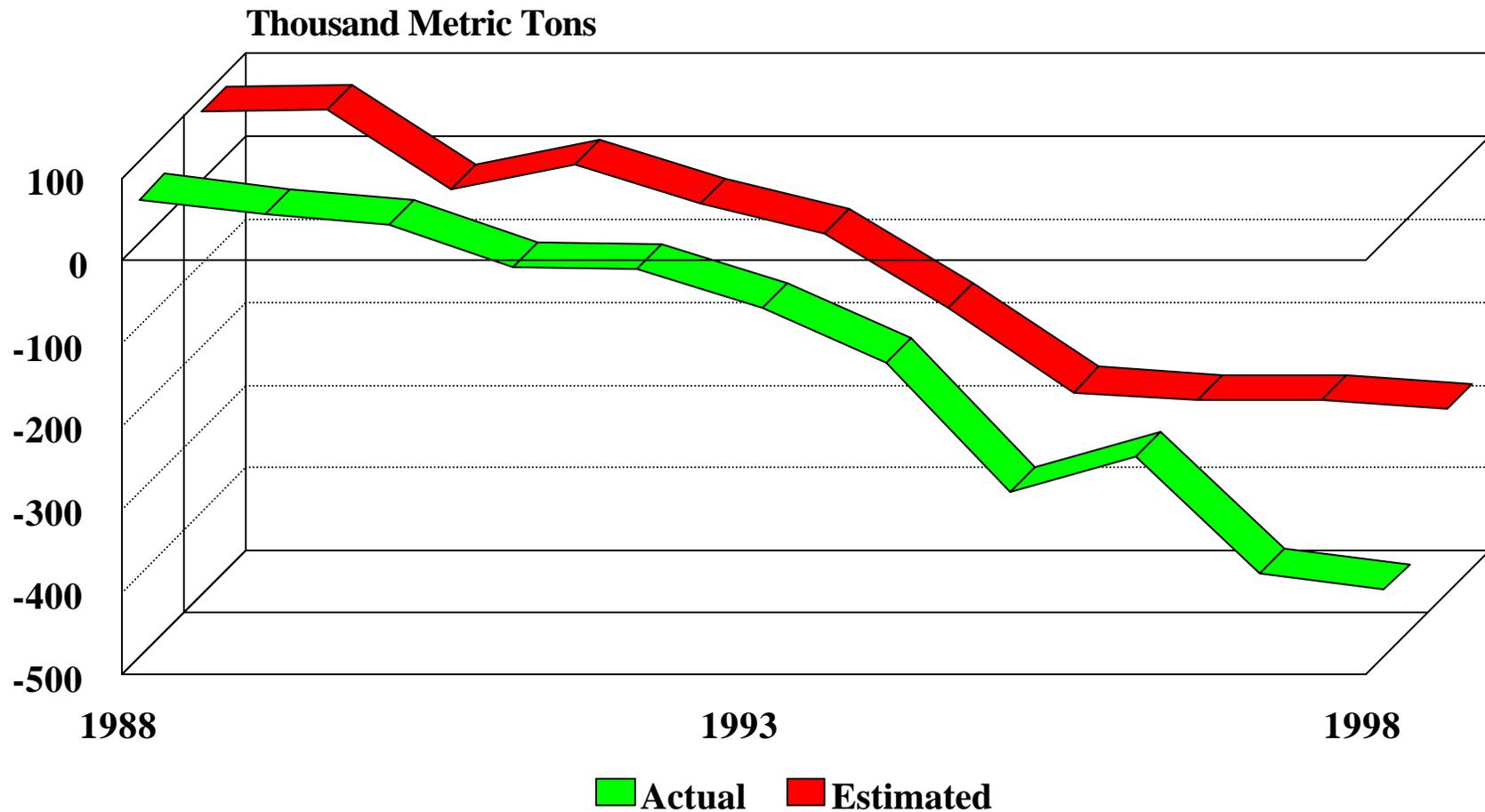


Source: *Economic Analysis and Forecasts of Meat Supply/Demand Balance in China*
for Professional Paper, Dept of AGECE, Texas A&M University

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Chinese Net Poultry Trade

Actual vs. Estimated, 1988 - 1998



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for Professional Paper, Dept of AGECE, Texas A&M University

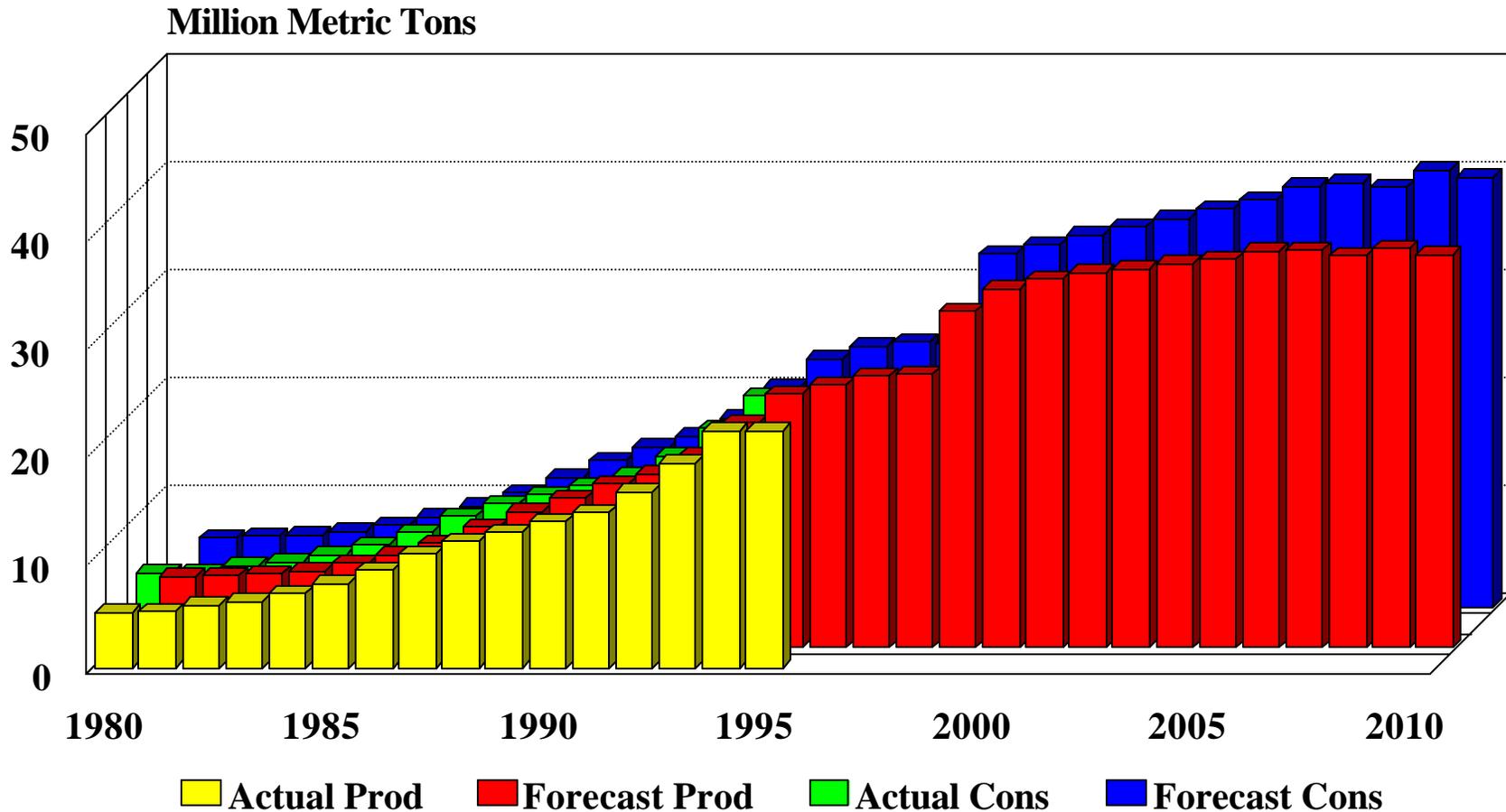
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Results for Fish

- & Net Fish Trade Rises from -1.5 mmt to -3.4 mmt/Year by 2010**
- & China Remains a Net Importer Forecast Period, but Imports Decline in 2000-03**
- & Per Capita Consumption of Fish Rises from 20 kg to 28 kg**



Forecast of China Fish Production and Consumption

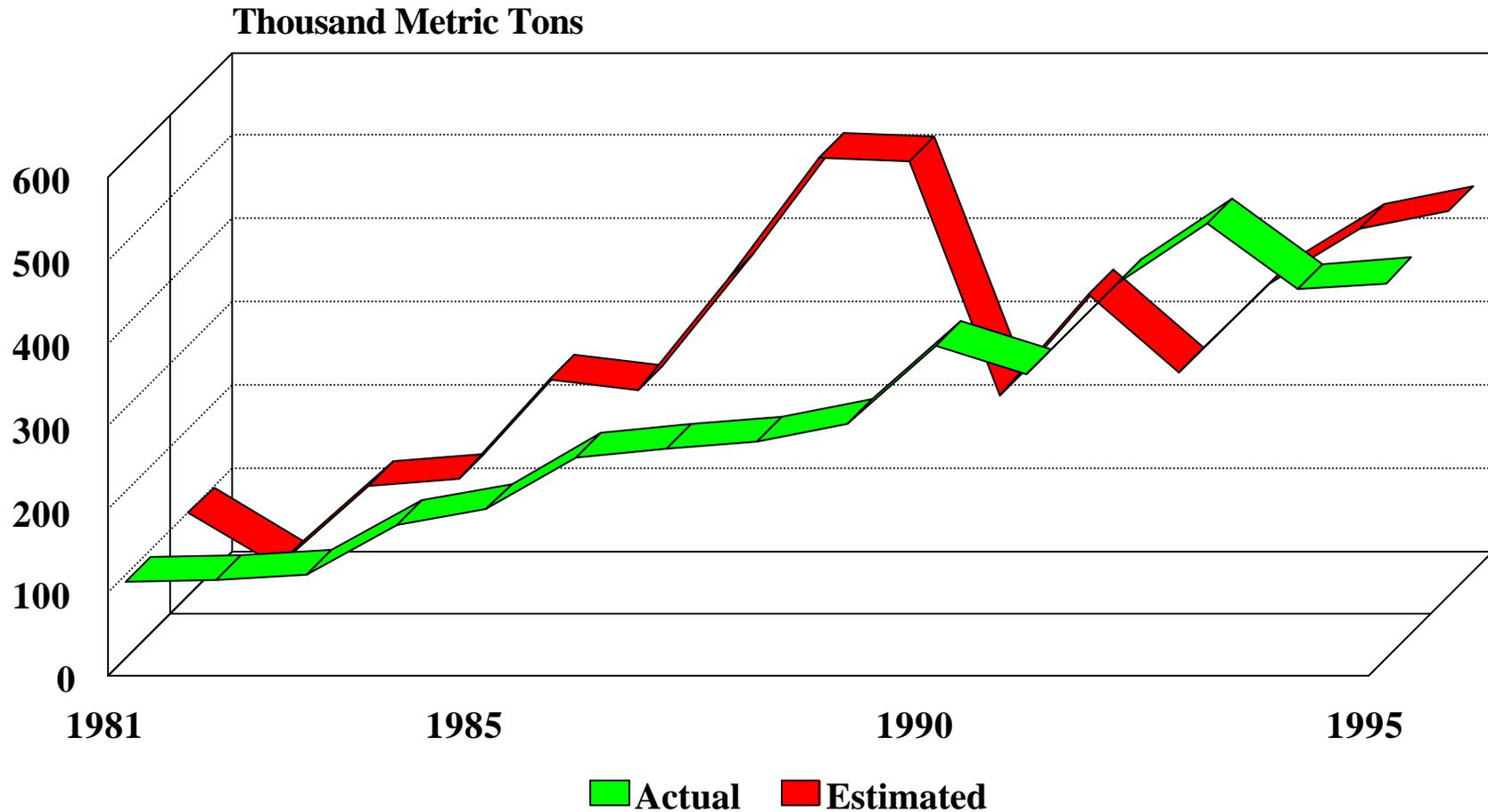


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Chinese Net Fish Trade

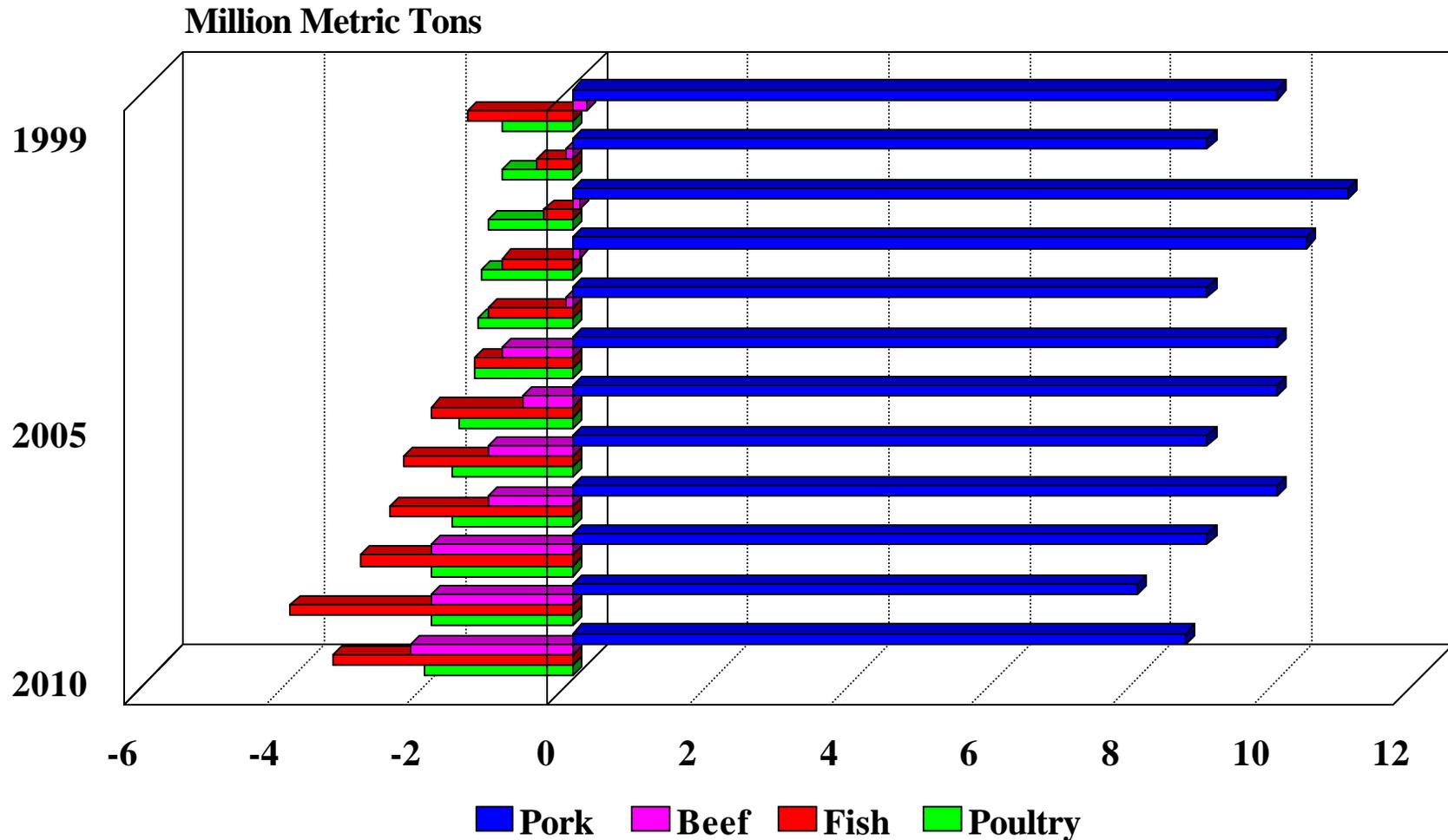
Actual vs. Estimated, 1981 - 1995



Source: *Economic Analysis and Forecasts of Meat Supply/Demand Balance in China*
for Professional Paper, Dept of AGECE, Texas A&M University

, by Yanhong Chen

China Net Trade Forecasts for Meat 1999 - 2010



Source: *Economic Analysis and Forecasts of Meat Supply/Demand Balance in China*
for Professional Paper, Dept of AGECC, Texas A&M University

, by Yanhong Chen

Conclusions & Implications

- & Forecasts Indicate Potential for Beef, Poultry, & Fish**
- & China Remains Net Exporter of Pork Bringing Total Meat S/D in Balance**
- & Forecasts Represent Upper Bound Due to Policy to Manage Production through Price Manipulation**



Conclusions & Implications

& Disparities Between Rural/Urban and Inland/Coastal Production and Consumption Need to Be Modeled

& Improved Data for Prices, Incomes, and Regions Would Improve Forecasts

& Forecasts Also Improved by Consistent Government Policies

