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COPY NO./EXEMPLAIRE NO.:

58

INTELLIGENCE
REPORT

BULLETIN DE
RENSEIGNEMENTS

NO. IR/BR 14/83	DATE: 31 August 1983 1e 31 août 1983
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CHINA: Developments in the Farm Sector
and the 1983 Grain Harvest

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CHINE: évolution du secteur agricole et
récolte céréalière de 1983

SÉP 16 1983

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CHINA: Developments in the Farm Sector and the 1983 Grain Harvest*

Summary

1. Under the influence of new price and other incentives offered to farmers, average grain production for the period 1979-1982 was about 332 million metric tons (mmt), up over 40 mmt compared with the average of 289 mmt for 1975-1978. This significant rise in production has been achieved in the midst of a massive movement of about 60 million full time farm workers out of traditional field agriculture. While the reduction of the field labour force has been compensated for primarily by improved productivity resulting from greater incentives, increased private acquisition of equipment for farm use has also been helpful.

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2. Recent official Chinese comment on the 1983 wheat crop indicates that production may be up by about 10 percent to 75 mmt, a record level. Prospects for a rice crop exceeding last year's record level of 161 mmt do not appear to be favourable. The possibility of a 1983 grain crop greater than last year's total of 353 mmt could be determined by the harvest of coarse grains. Grain imports this year will probably remain in the 15-16 mmt range including about 14 mmt of wheat. Growing urban and rural populations, demand for improved grain rations and attempts to improve meat supplies suggest that grain imports are likely to remain at current levels for most of the 1980s. Canada shipped 4.2 mmt of wheat to China for the year ending 31 July 1983 and has a contract for 2.1 mmt for delivery between August 1983 and January 1984. Canadian grain trade with China is conducted under a three year agreement, which commenced August 1982, calling for shipments of 10.5-12.6 mmt over three years.

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* Edited text of full Report released to NATO.
(Version française au verso)

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CHINE: évolution du secteur agricole et récolte céréalière de 1983*

Résumé

1. Grâce au nouveau prix payé et à d'autres formes d'encouragement offertes aux agriculteurs, la production céréalière moyenne a été d'environ 332 millions de tonnes métriques (mtm) pour la période 1979-1982; elle a donc été supérieure par plus de 40 mtm à la moyenne de 1975-1978 (289 mtm). Cet accroissement considérable de la production a été réalisé à un moment où quelque 60 millions de travailleurs agricoles à temps plein abandonnaient les travaux des champs. Bien que la diminution de la main-d'oeuvre agricole ait été compensée principalement par la hausse de la productivité qu'a suscitée l'accroissement des stimulants, l'augmentation du nombre de particuliers faisant l'acquisition de matériel agricole a aussi joué un rôle en ce domaine. (CONFIDENTIEL)

2. Selon un commentaire récent des autorités chinoises, il se pourrait que la récolte de blé de 1983 augmente de 10 % et atteigne le niveau record de 75 mtm. Il semble peu probable que la récolte de riz dépasse le niveau record de l'an dernier, soit 161 mtm. Les céréales secondaires pourraient être l'élément qui permettra à la récolte céréalière de 1983 de dépasser le niveau total de l'an dernier, soit 353 mtm. Les importations de céréales, cette année, s'élèveront probablement encore à 15 ou 16 mtm (14 mtm pour le blé). L'accroissement des populations urbaines et rurales, la demande de meilleures rations de céréales et les efforts en vue d'améliorer l'approvisionnement en viande donnent à penser qu'elles se maintiendront vraisemblablement aux niveaux actuels pour la plus grande partie des années 80. Le Canada a expédié 4,2 mtm de blé à la Chine au cours de l'année se terminant le 31 juillet 1983, et un contrat prévoit qu'il en livrera encore 2,1 mtm entre août 1983 et janvier 1984. Le commerce céréalier du Canada avec la Chine se fait dans le cadre d'un accord triennal qui a pris effet en août 1982 et qui prévoit l'envoi de 10,5 à 12,6 mtm au cours de cette période. (CONFIDENTIEL)

*Le texte révisé du Bulletin a été communiqué à l'OTAN.

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Report

The Farm Sector

3. China's agricultural sector is now in the fifth year of the tenant farm system. Under this system the state has reduced its direct controls over farming: individual farmers are now allowed extensive freedom regarding the types of crops they may grow, may purchase equipment and other farm capital goods for their private use and, subject to annual contracts covering taxes in kind and supplementary state levies, may dispose of their surplus output as they wish. Land remains public property but is assigned by state supervised production teams for the use of individual families. (CONFIDENTIAL)

4. Under the influence of new price and other incentives offered to farmers, average grain production for the period 1979-1982 was about 332 mmt, up over 40 mmt compared with the average of 289 mmt for 1975-1978. The average production of wheat for 1979-1982 was close to 62 mmt, up about 14 mmt compared with 1975-1978. This significant rise in production

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has been achieved in the midst of a massive movement of farm workers out of traditional field agriculture.

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5. About 60 million farm workers have apparently left full time field jobs since 1978 and now work mainly in poultry, fish and animal farming, other specialized undertakings, and largely rural factories. This represents about 20 percent of the work force of the former rural communes and suggests that field work connected largely with grain and industrial crops may be carried out by a full time labour force which now numbers about 240 million.

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6. While the reduction of the field labour force has been compensated for primarily by improved productivity resulting from greater incentives, increased private acquisition of equipment for farm use has also been helpful. For example in 1978 no farmer owned a tractor. At the end of 1982 nearly one million, largely light, tractors were privately held.

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7. It has long been recognized that Chinese farms were overmanned except at peak harvest periods

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when threshing and grain haulage increased workloads. It was not clear, however, what reduction in manning levels might be made without reducing output. In the event, while the output of grain has shown a remarkable increase compared with 1978, the number of full time field workers has been reduced by approximately 20 percent. Output per field worker has risen from 1017 to 1470 kilograms, an increase of 45 percent.

(CONFIDENTIAL)

The 1983 Grain Harvest

8. Recent official Chinese estimates of the 1983 wheat crop indicate that production may be up by about 10 percent to 75 mmt, a record level. The rise in production is attributed to a two million acre rise (866,000 hectares) in the area sown to wheat (and barley, since the Chinese do not normally distinguish between the two grains). Small increases in supplies of fertilizers and other farm chemicals probably helped as well. Although the harvest of winter wheat (85 percent of total wheat output) has been completed,

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spring wheat harvesting continues in some areas. The prospects for the spring wheat crop are evidently good and the harvest is expected to exceed last year's figure of 8.25 mmt. (CONFIDENTIAL)

9. It is not yet clear how much damage the heavy and prolonged rains in July may have done to wheat, standing or in process of being harvested and stored. Early comment indicates that damage was low. Final statistics regarding wheat output will probably not be available until the end of the year.

(CONFIDENTIAL)

10. Prospects for a rice crop this year which exceeds last year's record level of 161 mmt do not appear to be favourable. Continuous spring rains in some parts of southern China delayed the transplanting of early rice, and the crop in many areas was further affected by the wet weather which followed. The bulk of the early rice crop was harvested by early August; yields may be down with the result that total output could be below last year's level of possibly 55 mmt. Most of the acreage which carried early rice will now be carrying transplanted late rice. The successful

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development of this crop depends to a significant extent on how short the time is between the reaping of early and the transplanting of late rice, as well as the specific transplanting dates. Serious delays at this point reduce the possibility of full maturation of the late rice crop. Official concern had been indicated earlier regarding field turnaround time and recent comments on this suggest a later than normal date for transplanting late rice. (CONFIDENTIAL)

11. In the event that rice production drops--but wheat production rises--the possibility of the total 1983 grain crop exceeding last year's crop could be determined by the harvest of coarse grains (corn, sorghum, millet), potatoes and soybeans. Last year, these miscellaneous grains and "grain converts" represented about one-third of total grain production, or some 124 of 353 mmt. The corn and potato crops, which last year accounted for 70 percent of all coarse grains and 25 percent of total grain, are grown throughout central and southern China. While these crops could have been damaged by heavy rains early this summer they are more tolerant of excess water and could benefit from any favourable later summer weather.

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Internal State Grain Procurement

12. If the total 1983 grain crop remains close to the 1982 level, then we expect that internal state grain purchases will be close to 20 percent of the total or 70 mmt. Of this amount, at least 14 mmt will likely be wheat, most of which will be sent to urban areas for use in factories or food processing plants, although some will be used to augment consumption in grain deficient rural areas. (CONFIDENTIAL)

Outlook for Imports

13. Grain imports this year will probably remain in the 15-16 mmt range of which close to 14 mmt will be wheat. Wheat imports should therefore continue to represent about 50 percent of China's total urban wheat supplies. Canada shipped 4.2 mmt of wheat to China for the year ending 31 July 1983 and has a contract for 2.1 mmt for delivery between August 1983 and January 1984. Canadian grain trade with China is conducted under a three year agreement, which commenced August 1982, calling for shipments of 10.5-12.6 mmt over three years. China also has grain import agreements with

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Argentina, Australia, France and the United States calling for wheat (and corn) deliveries in the 1983-84 period.

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14. The substantial rise in China's grain harvests since 1978 has provided significant additions to human consumption levels; the number of people with inadequate caloric intake has apparently declined considerably. The Chinese diet is still based largely on grain, however, and average consumption of meat is small. Growing urban and rural populations, demand for improved grain rations, and attempts to improve meat supplies suggest that grain imports--now limited only by port capacities--are likely to remain at current levels for most of the 1980s. (CONFIDENTIAL)

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