

# China's food economy benefits small, poor farmers

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Beijing, China - January 7, 2009 - One of the most significant changes in China's agricultural economy over the past fifteen years has been the rise of horticulture. During this same time period, modern supply chains have also emerged. A new study in the *Review of Agricultural Economics* reveals that the recent changes in China's food economy have contributed to an improvement in poverty reduction and betterment of small farmers. However, there exists a great challenge to ensure delivery of a safe product.

Jikun Huang, Yunhua Wu, Huayong Zhi, and Scott Rozelle used a dataset that they collected themselves in 2007 of a representative sample of fruit farmers in Shandong province to describe the emergence of the production and marketing structures. The researchers explored who is entering the different types of market channels and whether these channels guarantee food safety.

Results show that small and poor farms are able to sell into traditional marketing channels. There is no evidence that poor households are getting less access to horticultural markets. To the extent that modern chains have penetrated into rural China, there exist no distinguishable differences in terms of size or wealth level.

However, ensuring the safety of China's apples and grapes is a challenging task. According to their survey, there are almost no contractual relationships between buyers and producers. Almost all transactions are in cash and done on a spot-market basis. Because of this,

it would be difficult for any shipment of fresh or processed fruit that originated from the farms to be tracked back to the farm. After selling their output into the market, farmers in China 's horticulture economy are free from all accountability.

Source: Wiley

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