

Adaptation to Climate Change, Grain Food Security, and Economic Growth in China:

A Multi-Regional General Equilibrium Analysis

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1. Background

In fifty to one hundred years, weather conditions will remain a principal factor affecting China's agricultural production and Chinese farmers' livelihood. Climate change's implications for grain food security is and will in many years remain a highly important research area among China's researchers and policy makers.



Recognizing the significance of climate change research, Chinese government has included in the National Key Basic Research Initiatives (973 Initiatives) a research project (grant number: 2010CB951500), entitled "The Impact of Climate Change on China's Grain Production System and Adaptation Mechanisms." Launched in 2010, the project contains four major components: 1) simulative forecasting of temporal dynamics of China's staple grain production under climate change scenarios; 2) simulative forecasting of spatial patterns of China's staple grain production under climate change scenarios; 3) system evaluation and policy analysis of climate change's impact on China's staple grain production; and 4) climate change's impact on the spatial distribution of China's grain food production and adaptation mechanism.



It is not difficult for us to study the economics policies and strategies of food security

The difficult is how to resolve the two Adaptation

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Food production to adapt to climate change



Sherman Robinson (IFPRI), Economics of Climate Change Adaptation: Ethiopia





Ye et al. (2012)

Table 1. Changes in climatic conditions under two emissions scenarios

Year	A2 Scenario ^①			B2 Scenario			
	Temperature increase/℃	Precipitati on increase/ %	CO ₂ /(µmol/L) Carbon dioxide	Temperat ure increase/℃	Precipit ation increas e/%	CO ₂ /(µmol/L) Carbon dioxide	
2020	1.4	3.3	440	0.9	3.7	429	
2050	2.6	7.0	559	1.5	7.0	492	

Note: ①A2 and B2 were published by IPCC as the Special Report on Emissions Scenarios (SRES). The "A2"is high emissions Scenario, "B2" is medium-low emissions Scenario.



Table 2. Yield projections of China's three staple grains (unit: kilograms)

	A2 Scenario			B2 Scenario			
Year	Rice	Wheat	Maize	Rice	Wheat	Maize	
2009	6585.3	4739	5258.5	6585.3	4739	5258.5	
2015	6994.6	4700.5	5305.2	6986.7	4737.6	5320.3	
2020	7047.8	4667.3	5394.4	7173.4	4686.8	5468.4	
2025	7100.9	4634.1	5483.5	7360.1	4636.1	5616.4	
2030	7239.6	4765	5550	7308.9	4733.8	5602.8	
2035	7378.4	4895.9	5616.5	7257.7	4831.6	5589.1	
2040	7521.1	5032.3	5684.2	7207	4932.5	5575.6	
2045	7668.1	5174.4	5753.2	7156.9	5036.5	5562.1	
2050	7815	5316.5	5822.1	7106.8	5140.5	5548.5	

Note: The results account for the fertilization effect of CO2.



2.Methodology and Data Sources

China's Multi-Regional Computable General Equilibrium database contains 176 sectors. The database was derived from the 2007 national and provincial input-output table and regional trade data, covering 31 provinces and autonomous regions. Some data variables were constructed with a top-down approach, dividing proportionally the national values into individual regions. Other variables were constructed with a bottom-up approach, combining the regional CGE models to obtain the national values with the weighted average of regional variables.





		Demand Matrix							
		1	2	3	4	5	6		
		Production	Investment	Household Consumption	Exports	Governmen t Purchases	Inventory		
	Dimensi on	I	I	1	1	1	1		
Intermediat e Input	C′ S	V1BAS	V2BAS	V3BAS	V4BAS	V5BAS	V6BAS		
Distribution al Input	C´S´N	V1MAR	V2MAR	V3MAR	V4MAR	V5MAR	V6MAR		
Indirect Tax	C′ S	V1TAX	V2TAX	V3TAX	V4TAX	V5TAX	V6TAX		
Labor	М	V1LAB	C = Number of products						
Capital	1	V1CAP	I	= Nu	mber of sectors	3			
Land	1	V1LND	S =	2 (Domestically p	roduced or imp	oorted)		
Production Tax	1	V1PTX	O =		Number of employment types				
Other Input	1	V1OCT	M =	= Nu	mber of distribu	itional inputs			



	Production Matrix		Tariff Vector
Dimension	I	Dimensio n	1
С	MAKE	С	V0TAR

Figure 2. Multi-Regional CGE model input-output table



Figure3. The schematic illustration of the MRCGE database



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3.1 Principles of policy simulation

The sectorial production function is assumed to be the Leontief for all regions, implying output is determined by the minimum input. The inputs include primary factors and intermediate inputs, returns to scales is assumed to be constant, and no substituation is allowed between intermediate inputs. The input bundle used in simulation is expressed as

xprim(i,d) = xtot(i,d) * atot(i,d) * aprim(i,d)

where atot(i,d) is the technological parameter of all inputs in sector i of region d, aprim(i,d) is the technological parameter of primary inputs in sector i of region d, xtot(i,d) is the output of sector i of region d, xprim(i,d) is the bundle of primary factors. The simulation was conducted with respect to changes in the technological parameter of all inputs, atot(i,d). When that parameter decreases, ceteris paribus, the output in sector i will increase.



Simulation scheme 1: Under the A2 (high emissions) scenario, in 2030 the production of rice, wheat, and corn will be 9.94%, 0.55%, and 5.54% higher than the production under the baseline scenario. In 2050, they will be 18.67%, 12.19%, and 10.72% higher.

Simulation scheme 2: Under the B2 (medium-low emissions) scenario, in 2030, the production of rice, wheat, and corn will be 10.99%, -0.11%, and 6.55% higher than the production under the baseline scenario. In 2050, they will be 7.92%, 8.47%, and 5.51% higher.



Table 3. Production change under climate change scenarios

	A2 scenario			B2 scenario			
Year	Rice	Wheat	Corn	Rice	Wheat	Corn	
2030	9.94 %	0.55%	5.54 %	2.91%	2.91%	6.57%	
2050	18.6 7%	12.19%	10.7 2%	10.87%	10.87%	24.02%	

Note: The results account for the fertilization effect of carb



4.Simulation results

4.1 Future trends of grain food production

Under the A2 (high emissions) climate change scenario,



Forecasts of grain food production under A2 climate change scenario 中国农业科学院农业经济与发展研究所









Forecasts of grain food production under A2 climate change scenario.

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Under the B2 (medium-low emissions) climate change scenario,







Forecasts of grain food production under B2 climate change scenario under B2 climate scenario under B2 climate scenario under B2 cl









4.2 Future trends of grain food price



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4.3 Future trends of grain exports



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maize export (ton)





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4.4 Future trends of grain imports







IMPORT (UNIT :tops) Rice import(ton)





4.5Future trends of household grain consumption



A2---Maize 2007 114.8 115.9 720.4 149.1 318.5 502.5 432.4 435.4 206.4 932.7 686.9 328 278.3 200.5 1662 429.2 377.9 740.9 416.5 41.4 150.9 584.3 125.2 249.1 6.47 183.2 95.91 14.03 37.35 147.2

Consumption (unit: ten thousand







4.6 Future trends of economic growth



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A2--Real GDP 2007 A2--Real GDP 2030 A2--Real GDP 2050



Macroeconomic indicators gerege

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B2--Real GDP 2050 9358.9 5055.5 13762 5754.6 6122.2 11065 5330.1 7128.6 12197 25808 18810 7413.5 9266.7 5538.8 26046 15053 9285.1 9259.8 31128 5992.6 1226.5

■ B2--Real GDP 2007 ■ B2--Real GDP 2030 ■ B2--Real GDP 2050

5. Concluding remarks and policy Roman

recommendations

Climate change will increase grain production, strengthening economic growth.

Climate change will increase grain production, bringing in more economic growth to major grain producing regions.

Yield growth differs in magnitude under different climate change scenarios.

Since many uncertainties remain in future economic and environmental conditions, grain food security should continue to be watched closely.



