

Impact of Change in Food Consumption Pattern on Agricultural and Food

Productions in China

Shuai Zhong

(Graduate School of Life and Environmental Science, University of Tsukuba, Japan)

Abstract: Base on a standard general equilibrium model for China Marco-economy, this study estimated the impact on agricultural product and food market caused by the changes in consumption patterns to more meat and less grain by household group, including rural and urban household, constrained by the fixable amount of total available water. The change in consumption patter for household group would achieve a higher level in the household's welfare and not make water scarcity become more serious. These findings were against some existed studies stating that this change would exacerbate water scarcity. Previous studies in China supported our findings and mentioned that the water dependency of meat production is less than grain production because of pork, which would not employ much water into productive process, accounting about 75% of total consumption of meat products. In detail, when this change only occurred in rural household rather than in urban household, both rural and urban household would be benefited with more increment in welfare. Nevertheless, the decline in grain demand would suppress almost all of the agricultural and food production as well as their import and export with the only a few exceptions of livestock, meat and processing of forage.

Key words: food consumption; agriculture; food product; China; CGE model **JEL codes:** D58, E27, Q11, Q25

1. Introduction

Many studies state that water availability is a major constraint for China's production of grain and other food. An official survey reported a change in both rural and urban household consumption patterns to more meat and less grain: from 1992 to 2002, the demand of meat had increased by 33.45% and the demand of grain had decreased by 8.59% (Zhang et al., 2008). Surveys have found that changes in household food consumption are occurring more rapidly and on a larger scale in China's major cities than in rural areas. Therefore the meat production that believed to employ more water than grain production had increased. However, systematic analyses of the above issues are rarely found in the literature. The hypothesis is that the growth of meat production would consume more water than before, and would worsen water scarcity and finally the gap between water demand and supply would be increased due to the fixed volume of total available water. In this study, we construct a general equilibrium model for China to consider above hypothesis and measure the impact on the agricultural economy, food industry and rural and urban households.

Shuai Zhong, Ph.D. candidate, University of Tsukuba; research areas: CGE model, agricultural economy, environmental economy. E-mail: zhongshuai0714@gmail.com.

2. Effect of Changes in Food Consumption Patterns on Water Scarcity

China is one of the 13 countries in the world with the most severe water scarcity; the total supply is less than 2 156 000 L per head per year, which is less than a quarter of the average world supply (Xie, 2009). A study stated that annual water shortage in agriculture amounts to 30×10^{10} m³ in China (Fan et al., 2012). Liu and Savenije (2008) reported that the per capita water requirement for food has increased from 225 m³cap⁻¹y⁻¹ in 1961 to 860 m³cap⁻¹y⁻¹ in 2003. This increase is largely due to the increased share of meat products within individual/household diets in recent decades. Therefore, they believed that changes in food consumption patterns could exacerbate the problem of water scarcity.

3. Methodology: A Computable General Equilibriu M (CGE) Model

(1) Previous CGE models of agricultural production

By relying on Social Accounting Matrices (SAM), CGE models aggregate industries and products to a high level (Palatnik & Roson, 2012). Based on an extension CGE model, including bio-fuel sectors, Okiyama and Tokunaga (2010) identified policies that promoted and popularized bio-fuels as favorably contributing to farmers' incomes in Thailand. This model was also used to examine the effects of expanding grain-based fuel ethanol production in China on the Chinese economy (Ge & Tokunaga, 2011).

(2) Modeling framework and data

The basic data for this analysis comes from the SAM of China's macro-economy (see appendix 3). The data sources include "Input-Output Table of China-2007" (NBS, 2009) and a series of yearbooks provided by China's official departments (NBS, 2013). The model is a standard CGE model as defined by Hosoe et al. (2010). The market structure for each product is presented in Figure 1. The sectors were spilt by focusing on five agricultural goods and 12 food products (see appendix 1). Households are split into rural and urban groups. Direct tax, enterprise, and stock change are added (all functions are listed in appendix 2).

A water block is introduced to model the water constraint. Water supply in study is represented by "production and distribution of water" from Input-Output Table of China 2007. The row "WAT" captures the water demand of different sectors. Total amount of water supply equal the summation of water demand of each sector. To fix the total amount of water supply, we introduce an endogenous valuable "water gap" (see "water block" in appendix 2) to describe the gap of water demand and supply, and the value of "the water demand of stock change" (see appendix 3, the cell "WAT-STC") to present the initial amount of it, what assume that external water resource is always available. Because water pricing has not been implemented for political reasons (Rong, 2011), the water price we present in this model is then set by the market at the level that makes water demand compatible with supply. In this setting, water supply is assumed to be completely inelastic (vertical). The valuable 'water gap' is going to measure the difference between water demand and supply.

We impose the small-country assumption for China, which implies that the world prices (in dollars) of imports and exports are exogenously determined. The elasticity of substitution used in the constant elasticity of substitution function (Armington assumption) and the constant elasticity of transformation (CET) function are taken from previous studies by Zhai and Hertel (2005) and Willenbockel (2006). The import tariff of each sector is taken from estimates by Li and Lejour (2000) (see Appendix 1).



The domestic prices of imports and exports are in Chinese Yuan. For simplicity, in the base year, all of the prices are assumed to equal one. The wage of labor is exogenously fixed as the numeraire price index. The total amount of savings is exogenous, as is investment; Hicksian equivalent variations (EV) measure household welfare changes: if EV is positive, the simulation increased welfare, and if it is negative, the simulation decreased welfare. On the consumption side, the consumption behaviors of rural and urban households are defined by Cobb-Douglas utility function. And Government consumption expenditure and investment are also assumed to be Cobb-Douglas with respect to all commodities.

4. Empirical Application and Simulation Results

(1) Simulation Design

The consumption pattern changes used in our simulations are estimated based on the results of a national survey provided by official database. From 2007 to 2010 for urban and rural household, the total consumption of gain had decreased by 5.08% and meat had increased by 8.66% (see Table 1). Simulation S1 assumes that only urban households' change their consumption patterns, S2 assumes that only rural households do so and S3

assumes that both household types do so simultaneously. We set the consumptions of grain and meat in 2010 as the target and assume that the productive conditions of agriculture and food are stable from 2007 to 2010.

			Urban h	ousehold			Total change (from 2007)				
Consumption Item (kg)	2000	2005	2007	007 2010 Change (from 2007) 2000		2000 2005 200			2010 Change (from 2007)		
Grain	82.31	76.98	77.6	81.53	5.06%	247.7	206.94	197.74	179.83	-9.06%	-5.08%
Meat	25.5	32.83	31.80	34.72	9.18%	18.3	22.42	20.54	22.15	7.86%	8.66%
Pork	16.73	20.15	18.21	20.73	13.84%	13.28	15.62	13.37	14.40	7.73%	11.25%
Beef and Mutton (kg)	3.33	3.71	3.93	3.78	-3.82%	1.13	1.47	1.51	1.43	-5.17%	-4.19%
Poultry	5.44	8.97	9.66	10.21	5.67%	2.81	3.67	3.86	4.17	8.13%	6.38%

Table 1 Per Capita Annual Purchases of Gain and Meat of Urban and Rural Households

Source: China Statistical Yearbook 2008 and 2011 (NBS, 2013).

Precisely in model, the change in food consumption pattern is achieved through changing the value of parameter $\alpha_{i,l}$ (see appendix 2, "Household block") to represent the change in the consumption preference of household (see Table 2).

Simulations	Explanations	Changes in the parameters of model				
S1: Urban change only	Grain increase by 5.06%; Meat increase by 9.18%	$\alpha_{grain, urban household} \times 1.0506;$ $\alpha_{meat, urban household} \times 1.0918$				
S2: Rural change only	Grain decrease by 9.06%; Meat increase by 7.86%	$\alpha_{grain, rural household} \times (1 - 0.0906);$ $\alpha_{meat, rural household} \times 1.0786$				
S3: S1 and S2 combined	The above two cases occur simultaneously	$\alpha_{grain, urban household} \times 1.0506;$ $\alpha_{meat, urban household} \times 1.0918$ $\alpha_{grain, rural household} \times (1 - 0.0906);$ $\alpha_{meat, rural household} \times 1.0786$				

Table 2 Simulation Design

Note: "Grain" means grain products from grinding of grains industry; "Meat" means meat products from meat industry.

(2) The results of the simulation analysis

(a) Macroeconomic effects in each case

None of the simulations predicted a significant effect on national gross domestic product (GDP) (see Table 3); the worst effect occurred when both rural and urban households changed their consumption patterns (S3), and the decrease was only -0.031%. Furthermore, the change in rural household consumption improves welfare in both rural and urban households.

We observed that the water gap narrowed whether the change in consumption patterns occurred in urban households (S1), rural households (S2), or both (S3). This result was surprising and conflicted with many previous studies that reported that consumption of more meat and less grain would exacerbate water scarcity. A few previous studies in China supported our result; for example, Rozelle and Rosegrant (1997) reported that pork, which does not take as much land or water as beef to raise, accounts for approximately 75% of China's meat consumption. Table 3 shows that pork still occupies the most import position in total meat consumption to both rural and urban household in 2007 and 2010.

Change in values	S1	S2	S3	
GDP (%)	-0.028	-0.003	-0.031	
Total consumption by household (%)	0.197	0.014	0.211	
Total consumption by government (%)	-0.017	-0.001	-0.018	
Total investment change (%)	-0.010	-0.001	-0.011	
Total import (%)	-0.023	-0.002	-0.025	
Total export (%)	-0.016	-0.002	-0.018	
Exchange rate (%)	-0.024	-0.003	-0.027	
CPI (consumer price index, %)	-0.023	-0.003	-0.026	
Capital return (%)	-0.047	-0.006	-0.053	
Welfare of rural household (10 million yuan)	-19.487	165.718	146.080	
Welfare of urban household (10 million yuan)	2062.948	13.117	2076.532	
Price of water (%)	-0.026	-0.003	-0.029	
Water gap (%)	-1.130	-0.116	-1.246	

Table 3 Macroeconomic Effects in H	Each Case
------------------------------------	-----------

(b) The change in Agriculture and food productions, export and import

For households, a change in rural consumption patterns (S2) almost does not impact all of agricultural and food prices compared to the obvious change of prices in urban consumption patterns (S1) and a change in both (S3) (see Figure 2).





The another main difference between S1 and S2 is: in S1, crop and grain increase in the domestic output, import and export along with livestock, meat and processing of forage; in S2, fishery and refining of vegetable oil do so. S1 also shows that for the urban household's demand of food, when the increase in meat is higher than in grain, nearly all food production is stressed due to the decrease in their prices (see Figure 3).

For production in S3, the negative effect of the decrease in wheat demand is much higher than the positive effect of the increase in meat demand. Therefore, nearly all agricultural and food production sectors suffer losses, with the exceptions of livestock, meat and processing of forage. Thus, grain plays a more crucial role in food and agricultural production then meat does. Additionally, imports and exports of agricultural goods and food products only increase for livestock, meat and processing of forage (see Figure 3).



Figure 3 Changes in Output, Import and Export of Agricultural and Food Products in Each Case

5. Conclusion

Change in consumption pattern is a series of events to both of urban and rural household, but in this study we only focused on the various preferences of grain and meat and assumed that others stabilized. The results show that this change contributes to water savings. In the case that the consumption pattern change to more meat and less grain occurs in rural households (S2), both rural and urban households are better off and also the prices of agricultural and food products will not be impacted obviously. However, the positive effect of the increase in meat demand does not sufficiently offset the negative effect of the decrease in grain demand; thus domestic agricultural and food production and imports and exports decrease, with the exceptions of the sectors of livestock, meat and processing of forage (S3). Therefore, grain production is more important to the agricultural and food production.

Acknowledgements

The author would like to thank Professor Yuko AKUNE, Professor Suminori TOKUNAGA and Doctor Mitsuru OKIYAM for their helpful comments and providing me the original GAMS code used to build prototypical static CGE model.

References:

- Fan M., Shen J., Yuan L., Jiang R., Chen X., Davies W. J., and Zhang F. (2012). "Improving crop productivity and resource use efficiency to ensure food security and environmental quality in China", *Journal of Experimental Botany*, Vol. 63, No. 1, pp. 13-24.
- Ge J. and Tokunaga S. (2011). "Evaluating the effects of expanding grain-based fuel ethanol on Chinese economy using a computable general equilibrium model", *Studies in Regional Science*, Vol. 41, No. 1, pp. 195-218.
- Hosoe N., Gasawa K. and Hashimoto H. (2010). *Textbook of Computable General Equilibrium Modeling: Programming and Simulations*, Palgrave Macmillan, pp. 81-118.
- Liu J. and Savenije H. H. (2008). "Food consumption patterns and their effect on water requirement in China", *Hydrology and Earth System Sciences Discussions*, Vol. 12, No. 3, pp. 887-898.
- NBS (2009). "Input-output tables of China 2007 (in Chinese)", Beijing: National Bureau of Statistics.
- NBS (2013). China Statistical Yearbook 2008, 2011 (in Chinese), National Bureau of Statistics, available online at: http://www.stats.gov.cn/tjsj/ndsj.
- Okiyama M. and Tokunaga S. (2010). "Impact of expanding bio-fuel consumption on household income of farmers in Thailand: Utilizing the computable general equilibrium model", *Review of Urban & Regional Development Studies*, Vol. 22, No. 2-3, pp. 109-142.
- Palatnik R. R. and Roson R. (2012). "Climate change and agriculture in computable general equilibrium models: Alternative modeling strategies and data needs", *Climatic Change*, Vol. 112, No. 3-4, pp. 1085-1100.
- Rong F. (2011). "Governing water in China: Implications from four case studies", Working Paper, School of International Relations and Pacific Studies, University of California, San Diego.
- Rozelle S. and Rosegrant M. W. (1997). "China's past, present and future food economy: Can China continue to meet the challenges?", *Food Policy*, Vol. 22, No. 3, pp. 191-200.
- Willenbockel D. (2006). "Structural effects of a real exchange rate revaluation in China: A CGE assessment", MPRA Paper, available at: http://mpra.ub.uni-muenchen.de/920.
- Xie J. (2009). Addressing China's Water Scarcity: Recommendations for Selected Water Resource Management Issues, World Bank Publications.
- Li X. and Lejour A. (2000). "The sectoral impact of China's access to the WTO—A Dynamic CGE analysis", Department of Economics and Finance, City University of Hong Kong.
- Zhai F. and Hertel T. W. (2005). "Impacts of the Doha Development Agenda on China: The role of labor markets and complementary education reforms", World Bank Policy Research Working Paper 3702.
- Zhang X., Dagevos H., He Y., Van der Lans I. and Zhai F. (2008). "Consumption and corpulence in China: A consumer segmentation study based on the food perspective", *Food Policy*, Vol. 33, No. 1, pp. 37-47.

Арре	Appendix 1 Sector Abbreviations and 1 arameters for import and Output Functions									
	Sectors	Abbreviation Used in paper	Tariff rate (%)*	Armington Elasticity, σ _i **	CET Elasticity, Φ _i ***					
	Crops	CRO	7	2.2	3.6					
	Forestry	FOS	0	2.5	3.6					
Agricultural goods	Livestock	LIS	0	2.2	3.6					
	Fishery	FIS	0	1.3	3.6					
	Services in Support of Agriculture	SSA	0	2.2	3.6					
	Grinding of Grains	GOG	11.3	2.6	4.5					
	Processing of Forage	POF	11.3	2.6	4.5					
	Refining of Vegetable Oil	RVO	11.3	3.3	4.5					
	Sugar	SUG	11.3	2.7	4.7					
	Meat product	MEP	11.3	2.2	4.5					
	Processing of Aquatic Product	PAP	11.3	2.8	4.5					
Food and tobacco products	Convenience Food	COF	11.3	2.8	4.5					
	Dairy Products	DAP	11.3	2.8	4.5					
	Flavoring and Ferment Products	FFP	11.3	2.8	4.5					
	Other Food Products	OTF	11.3	2.2	4.5					
	Alcohol and Wine	ALW	11.3	1.2	4.7					
	Soft Drinks and Purified Tea	SDT	11.3	1.2	4.7					
	Tobacco	TOB	11.3	1.2	4.7					
	Mining	MIN	2.5	2.8	4.6					
	Textiles	TET	11.5	4	5.4					
	Wood products	WOP	9	3.4	4.6					
	Other Manufacture	OTM	9.4	2.8	4.6					
	Electricity	ELE	2	2.8	3.8					
	Gas manufacture, distribution	GAS	0	1.9	3.8					
	Production and Distribution of Water	WAT	0	2.8	3.8					
Water and other sectors	Construction	CON	0	1.9	3.8					
	Traffic, Transport and Storage	TTS	0	1.9	2.8					
	Wholesale and Retail Trades	WRT	0	1.9	2.8					
	Hotels and Catering Services	HCS	0	1.9	2.8					
	Research and Comprehensive Technical Services	RCT	0	1.9	2.8					
	Management of Water Conservancy	MWC	0	1.9	2.8					
	Environment Management	ENM	0	1.9	2.8					
	Other Services	OTS	0	1.9	2.8					

Appendix 1 Sector Abbreviations and Parameters for Import and Output Functions

Source: (Willenbockel, 2006**; Li and Lejour, 2000*; Zhai and Hertel, 2005***).

Appendix 2 Equations in Model

1. Domestic production

1.1 1st stage

1.2 2nd stage

$$\begin{split} Y_{j} &= b_{j} \cdot \sum_{h}^{n} F_{h,j}{}^{\beta_{h,j}} \\ F_{h,j} &= \beta_{h,j} \cdot p y_{j} \cdot Y_{j} / p f_{h} \\ X_{i,j} &= \alpha x_{i,j} \cdot Z_{j} \\ Y_{j} &= \alpha y_{j} \cdot Z_{j} \end{split}$$

$$pz_j = \alpha y_j \cdot py_j + \sum_i \alpha x_{i,j} \cdot pq_i$$

2. Enterprise

$$RN = \sum_{h} pf_{h} \cdot RFN_{h}$$

3. Government

$$\begin{split} \text{TdH}_{l} &= \text{taudH}_{l} \cdot (\sum_{h} \text{pf}_{h} \cdot \text{FF}_{l,h} + \text{PCINDEX} \cdot (\text{TEGH}_{l} + \text{TENH}_{l}) + \text{epsilon} \cdot \text{FRH}_{l}) \\ \text{TdN} &= \text{taudN} \cdot (\text{RN} + \text{PCINDEX} \cdot \text{TEGN} + \text{epsilon} \cdot \text{FRN}) \\ \text{Tz}_{j} &= \text{tauz}_{j} \cdot \text{pz}_{j} \cdot \text{Z}_{j} \\ \text{RG} &= \sum_{h} \text{pf}_{h} \cdot \text{FG}_{h} \\ \text{Tm}_{i} &= \text{taum}_{i} \cdot \text{pm}_{i} \cdot \text{M}_{i} \\ \text{Tm}_{i} &= \text{taum}_{i} \cdot \text{pm}_{i} \cdot \text{M}_{i} \\ \text{pq}_{i} \cdot \text{Xg}_{i} &= \mu_{i} \cdot \begin{pmatrix} \sum_{l} \text{TdH}_{l} + \text{TdN} + \sum_{j} \text{Tz}_{j} + \text{RG} + \text{epsilon} \cdot \text{FRG} + \sum_{j} \text{Tm}_{j} - \text{Sg} \\ -\text{PCINDEX} \cdot (\sum_{l} \text{TEGH}_{l} + \text{TEGN}) \end{pmatrix} \end{split}$$

4. Saving

$$\begin{split} Sp_{l} &= ssp_{l} \cdot (\sum_{h} pf_{h} \cdot FF_{l,h} + PCINDEX \cdot (TEGH_{l} + TENH_{l}) + epsilon \cdot FRH_{l}) \\ Sg &= ssg \cdot (\sum_{l} TdH_{l} + TdN + \sum_{j} Tz_{j} + RG + epsilon \cdot FRG + \sum_{j} Tm_{j}) \\ Sn &= ssn \cdot (RN + PCINDEX \cdot TEGN + epsilon \cdot FRN) \end{split}$$

5. Household block

5.1 Consumption

$$pq_i \cdot Xp_{i,l} = \alpha_{i,l} \cdot (\sum_h pf_h \cdot FF_{l,h} + PCINDEX \cdot (TEGH_l + TENH_l) + epsilon \cdot FRH_l - Sp_l - TdH_l)$$

5.2 Utility values and Hicksian equivalent variations

$$U^{0} = \prod_{i} X p_{i,i} e^{\alpha_{ii}}$$
$$U^{1} = \prod_{i} X p_{i,i} e^{\alpha_{ii}}$$
$$EV = \frac{U^{1}}{\prod_{i} \alpha_{i,i} \alpha_{i,i}} - \frac{U^{0}}{\prod_{i} \alpha_{i,i} \alpha_{i,i}}$$

6. Price Index

$$\text{PCINDEX} = \sum_{i,l} pq_i{}^1 \cdot XP_{i,l}{}^0 / \sum_{i,l} pq_i{}^0 \cdot XP_{i,l}{}^0$$

7. Investment

$$pq_{i} \cdot Xv_{i} = \Lambda_{i} \cdot \left(\sum_{l} Sp_{l} + Sn + Sg + epsilon \cdot Sf - \left(\sum_{nwas} pq_{nwas} \cdot Xst_{nwas} + pq_{was} \cdot REWAS\right)\right)$$

8. International trade

$$pe_{i} = epsilon \cdot pWe_{i}$$

$$pm_{i} = epsilon \cdot (1 + taum_{i}) \cdot pWm_{i}$$

$$\sum_{i} pWe_{i} \cdot E_{i} + Sf + \sum_{h} NFD_{h} + \sum_{l} FRH_{l} + FRG + FRN = \sum_{i} pWm_{i} \cdot M_{i}$$

9. Import and export

9.1 Armington function for the distribution of demand for import and domestic products

$$\begin{split} \eta_i &= (\sigma_i - 1)/\sigma_i \\ Q_i &= \gamma_i \cdot (\delta m_i \cdot M_i^{\eta_i} + \delta d_i \cdot D_i^{\eta_i})^{1/\eta_i} \end{split}$$

$$\begin{split} \mathbf{M}_{i} &= (\frac{\gamma_{i}^{\eta_{i}} \cdot \delta \mathbf{m}_{i} \cdot \mathbf{p} \mathbf{q}_{i}}{\mathbf{p} \mathbf{m}_{i}})^{\frac{1}{1-\eta_{i}}} \cdot \mathbf{Q}_{i} \\ \mathbf{D}_{i} &= (\frac{\gamma_{i}^{\eta_{i}} \cdot \delta \mathbf{d}_{i} \cdot \mathbf{p} \mathbf{q}_{i}}{\mathbf{p} \mathbf{d}_{i}})^{\frac{1}{1-\eta_{i}}} \cdot \mathbf{Q}_{i} \end{split}$$

9.2 Transformation (CET) function for the distribution of export and domestic sale

$$\begin{split} \phi_i &= (1+\Phi_i)/\Phi_i\\ Z_i &= \theta_i (\xi e_i \cdot E_i{}^{\phi_i} + \xi d_i \cdot D_i{}^{\phi_i})^{\frac{1}{\phi_i}}\\ E_i &= (\frac{\theta_i{}^{\phi_i} \cdot \xi e_i \cdot (1+tauz_i) \cdot pz_i}{pe_i})^{\frac{1}{1-\phi_i}} \cdot Z_i\\ D_i &= (\frac{\theta_i{}^{\phi_i} \cdot \xi d_i \cdot (1+tauz_i) \cdot pz_i}{pd_i})^{\frac{1}{1-\phi_i}} \cdot Z_i \end{split}$$

10. Marketing clear conditions

$$\begin{split} Q_{nwas} &= \sum_{l} Xp_{nwas,l} + Xg_{nwas} + Xv_{nwas} + \sum_{j} X_{nwas,j} + Xst_{nwas} \\ &\sum_{j} F_{h,j} + NFD_h = \sum_{l} FF_{l,h} + FG_h + RFN_h \end{split}$$

11. Water block

Total water supply would be fixed, in case the gap presenting the difference between water demand and supply, "WATGAP", was introduced

$$\sum_{i} X_{was,i} + \sum_{l} Xp_{was,l} + WATGAP = \overline{WATT}$$

12. GDP

$$\text{GDP} = \sum_{h,j} p f_h \cdot F_{h,j} + \sum_j \text{Tz}_j + \text{Tm}_j$$

Notation for sectors and time

i, j Goods

h, k Factors

l, w Households

0, 1 Periods in benchmark and propose change

nwas Non-water sectors

was Water sector

Endogenous Variables

(1) Price variables

pf_h Price of the h-th factor

- py_j Price of the composite factor in the j-th firm
- pq_j Price of the i-th composite good (Armington good)
- pd_i Price of i-th domestic good

epsilon exchange rate

- pe_i Price of the i-th export good in terms of domestic currency
- pm_i Price of the i-th import good
- pz_i Unit cost for the j-th firm's output at 2nd stage

(2) Quantity Variables

- Y_j Composite factor of the j-th firm
- $F_{h,j}$ The h-th factor used by the j-th firm at 1st stage
- $X_{i,j}$ The i-th intermediates of the j-th firm at 2nd stage
- Xv_i Demand for the i-th investment good
- Xp_{i.1} The l-th household consumption of the i-th good
- Xg_i Government consumption of the i-th good
- Sp₁ The l-th household savings
- Sg Government savings
- Sn Enterprise savings

- Q_i The i-th Armington composite good
- M_i The i-th import good
- D_i The i-th domestic output
- Z_i Gross domestic output of the j-th firm
- E_i Exports on the i-th good
- WATGAP Gap between water demand and supply
 - (3) Value variables
 - TdH₁ Direct tax revenue of the l-th household
 - TdN Direct tax revenue of enterprise
 - Tz_i The j-th production tax balance (production tax subsidies)
 - Tm_i Import tariff of the i-th good
 - RN Revenue from enterprise's endowment
 - RG Revenue from government's endowment
 - PCINDEX Price index
 - GDP Gross domestic product

Exogenous Variables

Xst _i S	tock change	•
--------------------	-------------	---

- NFD_h Net revenue of factor from foreign demand
- FF_{l,h} The h-th factor endowment of the l-th household
- FG_h The h-th factor endowment of government
- RFN_h The h-th factor endowment of enterprise
- Sf Foreign saving in US dollars
- FRH₁ Foreign revenue of household
- FRG Foreign revenue of government
- FRN Foreign revenue of enterprise
- pWe_i Export price in US dollars
- pWm_i Import price in US dollars
- WATT Total water supply
- TEGH₁ Transfer receipts from government to 1-th household
- TENH₁ Transfer receipts from enterprise to 1-th household
- TEGN Transfer receipts from government to enterprise
- Parameters
- σ_i Elasticity of substitution (domestic good or import)
- Φ_i Elasticity of transformation (domestic good or export)
- η_i Transformation substitution elasticity parameter
- ϕ_i Transformation elasticity parameter
- $\alpha_{i,l} \qquad \mbox{ The i-th share parameter in the l-th household's utility function }$
- $\beta_{h,i}$ The h-th input share parameter in production function at the 2nd stage
- b_i Scale parameter in production function at the 2nd stage
- $\alpha x_{i,i}$ The i-th input intermediate requirement coeff. by j-th firm
- αy_j Composite factor input requirement coeff. by the j-th firm
- μ_i Government consumption share
- Λ_i Investment demand share
- δm_i Share parameter of the i-th import goods in Armington function
- δd_i Share parameter of the i-th domestic goods in Armington function
- γ_i Scale parameter in Armington function
- ξe_i Share parameter of the i-th domestic goods in transformation function
- ξd_i Share parameter of the i-th export goods in transformation function
- θ_i Scale parameter in transformation function
- ssp₁ Average propensity for private saving of the 1-th household
- ssg Average propensity for gov. saving
- ssn Average propensity for enterprise saving
- taudH₁ Direct tax rate for the 1-th household
- taudN Direct tax rate for the enterprise
- tauz_j Production tax rate for j-th firm
- taum_i Import tariff rate for i-th good

Impact of Change in Food Consumption Pattern on Agricultural and Food Productions in China

	CRO	FOS	LIS	FIS	SSA	MIN	GOG	POF	RVO	SUG	MEP	PAP	COF	DAP	FFP	OTF	ALW
CRO	21086505	245502.12	19772186	1375381	1415443.1	7709.4646	25657773	15055462	19888436	2953843.3	285946.95	150693.94	1157423.8	289316.44	2595093.3	21313269	5360247.4
FOS	75607.476	1208970.4	43451.748	69757.512	66142.466	771879.48	172602.76	44.507793	3346.586	15519.913	429.08129	384.1641	18477.38	72326.974	130301.56	601615.68	17538.764
LIS	399618.94	19754.626	13231699	44152.406	539959.9	1414.3379	324.34296	947135.89	799086.79	39271.637	27450488	0	163050.32	5315323.2	194389.46	5063993.7	152514.2
FIS	243.7502	99.367872	9003.7874	1597427.2	59696.081	268.8303	0	1642051	132974.6	4486.9272	122971.86	13334471	24356.78	21956.98	36609.472	931032.36	23936.462
SSA	4135684.1	571858.51	1128987.1	937362.41	737071.23	0	0	0	0	0	0	0	0	0	0	0	0
MIN	160169	16953.741	110755.75	29503.944	13471.126	21882623	30100.655	62615.107	277669.33	26891.592	16546.284	10219.263	97138.705	128004.14	97912.096	355219.81	187220.11
GOG	1311841.7	700.18074	7260392.1	492829.67	154215.94	0	1329037.8	2691016.7	290637.44	34125.529	24982.824	126516.02	2583687	5428.9414	428719.5	3858747.7	2327811.2
POF	1011122.1	2968.5038	30170236	4905616.9	426220.83	0	0	1586006.4	0	0	417329.34	248474.04	0	0	0	2408.2778	0
RVO	109191.11	8217.4808	784499.37	92815.118	119414.29	2904.712	277272.03	2220249.9	8829539.7	19266.094	539140.7	477328.56	756321.61	140276.42	295169.17	3602897.3	103328.19
SUG	216.05017	9.3006238	184.51695	2.3123986	0	0	0	0	0	598782.19	31836.279	63582.81	60043.06	265566.11	156658.46	1581592.5	136341.61
MEP	0	0	0	0	0	0	0	298554.06	0	0	4452349.8	207173.04	390937.61	30701.32	67196.931	962135	0
PAP	0	0	5192.9644	16106.163	0	0	0	2225497.1	0	0	0	2415279.8	48707.645	32647.499	83575.872	628363.94	22682.92
COF	0	0	0	0	0	0	0	0	0	0	0	0	326623.5	0	0	0	0
DAP	0	0	0	0	0	0	0	0	109120.87	0	0	0	30878.564	1896811.9	22261.505	981384.24	21397.247
FFP	0	0	0	0	0	0	0	94582.056	46264.144	1778.6853	210692.76	112065.54	533289.88	44957.218	946073.32	601495.46	132223.84
OTF	0	0	0	0	39298.456	0	192841.7	2649066.2	366787.47	46323.414	977494.73	675476.49	827576.99	562040.51	958314.67	5449312.1	394801.46
ALW	25676.36	1774.8788	15942.094	3394.0186	27013.69	2249.3475	0	39859,165	0	0	5277.5893	9442,9776	10644.703	14693.172	32101.441	110940.78	2205107.1
SDT	1596.2894	2421.5954	1007.3444	309.2199	7340.0699	136893.1	35230.257	33397.561	35844,992	6995.1337	40226.953	793.94151	2336.8773	29557.51	3336.0811	96499.097	6553,5503
тов	0	0	0	0	25098.113	503499.46	51552.852	61874.34	74350.056	13171.17	82851.133	37474.369	23901.749	31570.651	17273.604	125924.53	45677.543
TET	14623 261	25596 614	31413 783	5747 1375	194218 16	1365185.8	68872 221	44550 791	46762 778	12722 309	26888 757	16479 73	20686 383	23380 716	38963 077	146962.85	99582.54
WOP	202740 38	33605 444	84076 84	120367.06	51530 658	1485265	22345 287	18160 081	10777 499	1729 637	26547 134	14449 01	11086 772	32701 867	11056 859	149863.4	74096 26
отм	39363487	2105420.3	2029685.3	4022856.3	2151903	70945599	1032072.2	1645373 5	1271545 5	320124.3	1307623.4	1106051.6	1162028	2125778 3	1248401 7	6701153.9	3605343.4
ELE	3553636	52758 751	420560.81	335170.58	2151505	23407062	716525 14	362/01 03	370010 11	125600.98	183715 76	154028 36	151216.47	184532.66	103888 21	1223506.3	360762 64
CAS	10222 400	504 71215	420500.81	2517 6620	1552 4117	692947.65	12020 402	2221 1422	5615 0012	6022 7175	6057 2427	5700 126	15025.056	12186 502	195888.21	72802 424	42110 668
WAT	22021 282	394./1313 7257.6491	10010 864	0202.0097	1552.4117	401226 42	27615 54	28612.020	27022 705	2222 2422	0037.3437	25508 055	1001 0272	12126 477	10920.293	12004 208	43119.008
WAI	22931.283	/35/.0481	10919.864	9203.0087	404/8.401	401326.43	27615.54	28013.939	27932.705	3223.3422	218/8.005	25508.055	1901.9372	13120.477	2700.012	22061.744	41821.198
CON	93195.298	43/8.8008	3921.231	4165.9842	3610.1289	270149.34	/040.9810	7539.5203	5/41.2134	2555.1082	9090.5211	4030.8548	2/08.9516	5407.2129	2789.013	23801./44	13169.027
115	4105508.9	4140/1.85	13/0491.8	848031.79	853120.88	12113700	948443.54	/54350.95	823542.59	250210.98	094307.18	5800/9.01	304280.75	542185.9	390174.39	2/88833.8	1252157
WRT	2506388.1	214801.4	3672097.9	578937.1	252368.77	32/1456.2	765532	944250.04	/5/229.62	133841.51	1357440.1	580263.3	293958.2	44/014.57	362390.36	1868851.9	/53663.28
HCS	456630.84	138275.2	164808.44	113048.22	419651.9	3249000.7	156289.66	173535.41	103624.99	26039.136	143913.92	114845.34	/3820.199	129042.23	/4149.0/	492315.38	309603.6
RCT	2313969.1	249/18.8/	810273.64	178985.26	255330.36	2236670.4	60724.619	129789.47	3/299.902	123/6.67	104521.09	51130.489	24467.226	50338.93	24599.489	284112.56	180485.4
MWC	565715.6	14021.133	45629.798	91710.024	115502.41	31472.858	0	0	0	3054.5181	357.65865	136.90993	0	134.74234	283.72366	1345.9229	3221.8798
ENM	126081.7	1647.9458	17250.659	1638.4551	9065.2258	323797	3076.4684	2242.0909	1268.9076	5091.2244	4925.4967	5664.2516	1637.9098	2307.535	5649.0031	16896.09	20099.642
OTS	4869570.9	526404.11	2031321.9	1393885.5	1182982.1	10627133	601248.54	624375.54	650883.19	280473.84	906938.37	631702.43	371297.64	769059.24	615210.52	3218674.8	1440652.2
LAB	151544213	12115730	74125305	25947006	8084016.1	48631487	2888913.5	3306109.2	3104129.6	427300.11	3489224.7	2695611.6	655922.37	773645.93	608651.06	4383735.3	2638099.3
CAP	7985534.3	635786.18	3894127.9	1360472.5	421526.73	64203005	3277407.2	2801707.8	3774395.5	569186.78	2485553.8	1833334.8	1319926	1582492.9	1123789.6	7826970.6	4292371.7
DIT																	
NTP	478020	0	0	0	0	25163431	1471828.9	783246.96	1281171.7	382005.56	1726666.8	1126458.9	516089.45	679522.18	483953.97	3390404.6	3170804.9
TRF	974865.53	0	0	0	0	2521677	42411.476	11625.679	584464.95	44899.269	215939.32	300464.08	1623.1308	72407.269	9277.0691	184450.32	100801.19
RUH																	
URH																	
GOV																	
ENT																	
INV																	
STC																	
ROW	13926650	6565406.1	1625679.6	150754.82	36252.663	100867081	375322.79	102882.11	5172256.2	397338.66	1910967.5	2658974.1	14363.989	640772.29	82097.957	1632303.7	892045.92
тот	261491516	25185406	162875680	44730755	17926253	395197753	40226992	41351588	48883610	6764941.3	49281788	29781294	12058337	16966214	11352396	80687962	30431282

Appendix 3 Social Accounting Matrix of China Marco Economy

(Appendix 3 continued)

Impact of Change in Food Consumption Pattern on Agricultural and Food Productions in China

	apa	TOP	-	won	0.000	EV E					mma			D.CTT			0.772		
GD O	SDT	TOB	TET	WOP	OTM	ELE	GAS	WAT	· C	CON	TTS	WRT	HCS	RCT	MWC	ENM	OTS	L	AB
CRO	3031672	638116/3.7	2412/109	812001.85	10574151	3754.903	917.67699	0	1.	374483.4	3787943.8	53769.314	2495672.	248155.5	94925.4246	61079.8	/6259438	9.5	
FOS	92146.79	9.8599833	30576.242	12324748	/841/31.9	633.09819	131.05106	0	1	218517.8	/831.0193	0	201008.7	61614.02	90	0	117769	.14	
LIS	360546.2	20	13488026	0	10419550	0	236.21126	0	0		544.57578	16498.296	/231511.	2 147594.10	50	14807.6	/9355/03	.87	
FIS	24617.71	60	193413.58	35778.821	166888.1	0	39.96175	0	0		1087.2235	61/5.9032	/842055.4	97/52.86	50	0	152558	.41	
SSA	0	0	6253083.9	30949.8	28486.392	20	0	0	0	01 (077 5	0	0	0	0	0	0	0	0.0	
MIN	149920.2	/596/1.938	1863066.8	593152.43	3053/388	63669/115	6241526.4 0	0	1.73 8	916077.5	1506235.6	84025.229	468497.8	15082.00	+25927.711	518/2.1	53 199/30	57	
GOG	139862.0	90	14482.307	36614.792	148/45.81	0	0	0	0		1//69.586	/20/6.012	23/1///.	0 15983.00.	20	0	240470	.57	
POF	0	0	0	0	625/5.120	0	172 10204	0	5 (02 0)	7100 103	0	308/2.931	0	0	0	0	0	74	
RVO	1391/2./	40	833778.39	156893.14	4511158.8	3932.8734	1/2.18204	104.8	12200	/108.193	20/93.75	248239.99	4968/49.	2 14480.74.	298.51/968	9/9/.6/	38636978	. 76	
SUG	1636214	80	0	0	283423.30	0	27.485312	46.90	13380		/49.562/3	0	153312.9	50	0	0	30634.8	10	
MEP	0	0	/920095.2	0	516276.7	0	0	0	0		10221.657	26921.846	/3/2684.	2 1685./13	30	23069.6	35 52/14.2	18	
PAP	24377.80	90	0	0	412108.10	0	0	0	0		4881.5451	8204./144	8168997. 540480 C	28342.42	0	0	23 18/893	.82	
DAD	0	20.5947464	0	0	1210.054/	0	0	0	0		296/23.38	0	549489.0	0	0	0	23323.2	4/	
DAP	1004950	52.584/404	0	0	75205 422	+ U	0	0	0		254.90355	0	1775020	0	0	0	/383/.4	101	
FFP	39439.43	5 598.81/05	0	0	/5305.433	0	0	0	0		038.10807	0	1//5030.	0	0	0	0	2.0	
ALW	617056 1	74040 2700	610840.0	1/95.040/	1031491	579 65202	50 102159	0	0	54169 42	(2422 282	26604 000	4982102	03007.29	16650 200	7322.11	10 194502	5.9 7 2	
AL W	1202961	74940.3799 570170.016	602270.61	146654 57	5272822.4	202442 22	14200 667	16614	9. C 1012	04400.75	754026 97	242428 50	2528220	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	642 4704	12042.9	012/0030	7.5	
TOP	20500 52	279170.910 27462000	664400 77	184514.00	5502028 1	622511.4	14599.007	16219	2 2 0 6 1	072026 2	54920.87	1022527.9	1678600	04014 21	27622 221	7625 59	25 02 4974	2.9	
TET	59509.55	82408090 4142104 74	100117752	2281066	26576286	1026145.5	110112.04	6627	7 206 2	691404.0	0200428	2520020.1	10/8099.	409244.0	14212 772	105071	2234874	5.9 42	
WOR	40140.06	720705 174	519902 72	21860102	203/0380	1030143.3	110115.90	18521	1.525 1	0061007	2392438.3	1196090	277212 4	408544.9	14313.773	103971.	77082207	+5 2 4	
OTM	5172911	05062446 7	58642121	21780205	1 007E±0	1662/0.23	057000 20	1594	759 62	45675190	06014808	20572019	5741260	12886600	402495.008	47107.1	1204110	2.4 591	
FLE	396148 7	7105781 2	6748770 2	2463700 7	11003064	0112017	184713	23110	, 30.05	271060.0	3506077 6	4382615 2	3760724	447003 14	584893 894	105184	58 153 127	35	
GAS	16067.94	812796 996	184822 33	2403770.7 47647 887	3862755	330935 92	491212.48	38280	7536	7811 385	318729.94	72750 963	417108.4	13175 86	5129 88691	6712.86	11507804	46	
WAT	41366.40	121911 024	404365.46	110055 14	36671591	599255 70	8121 4335	40881	17 28 2	32625 1	247509 38	230025 52	503668 0	89736.66	214127 014	11203 7	36157966	17	
CON	8795 895	513837 754	98445 881	25351 807	979746 59	96013 493	6554 8329	14053	2 156 5	980359.8	998403.98	902395.63	373619.6	139464 1	228541 472	100277	53 976534	9.9	
TTS	1002849	9650901.05	7783258 5	3348097 7	76643043	3594803 3	263864.82	10292	23 32 4	7742283	21623598	25745293	1949336	1694193	67828 407	101947	06237755	20	
WRT	849510.4	890989 14	6410770.3	2205490.7	73207573	2345982.1	156906.69	74149	9 415 1	4665872	3573987.6	18767727	4133123	654343 9	123803.95	78110.0	86172286	86	
HCS	228360.7	3222624.62	1827362.5	555669.16	16878926	796284 98	39980 894	9013	3 751 5	561411.4	3842666.5	6848143 5	1216257	5 1836540	796938 888	97906.8	31385746	47	
RCT	216389.0	1178726.5	1012483.8	203970 71	20265796	2057170 1	19284 644	1677	3 29 5	695229.2	398794.03	1783279.2	27275 84	2507496	730443 811	22299.2	33241344	29	
MWC	24177 60	50	2905 4324	707 00056	456481.04	346311.85	3184 1567	58358	36 24 0	0,022,2	0	0	0	0	208740 19	0	0	>	
ENM	5526 552	520990 375	334577.03	14128 695	723930.53	3 153003 41	1118 4857	6651	91383	0919 372	95398 039	° 90241 152	。 60878 47	5 11799 44	5831 0553	。 66698 9	° 73163258	86	
OTS	1771028	1836499.83	14391515	3586421.4	10986373	318525264	429208	92190	01 62 2	1058785	28777011	45687796	10451549	3062922	338742.6	678297	8133931	204	
LAB	1759117	94177017	37411997	10377523	23420586	920980548	930961.08	24428	855 74	4053207	37837386	41886090	15378831	14856995	1460009.2	1711396	.6255584	097	
CAP	3292416	44278124.6	32990403	10350072	35672214	655684336	1132746	22899	958.15	3077633	94544054	89392906	34130727	10776822	1617122.8	1097351	314013	473	
DIT																			
NTP	1589867	15817359	19060066	5401906.4	15771626	511433636	156732.67	74781	11.9 1	8003673	13862761	42045373	6157651.	2180256	66375.675	71479.8	31 502224	13	
TRF	23887.58	413430.397	1471857.2	223334.79	44512386	3526.6053	0	0	0		0	0	0	0	0	0	0		
RUH															1			1	77073722
URH																		9	26699469
GOV																			
ENT																			
INV																			
STC																			
ROW	211394.5	5118853.07	12798759	2481497.7	47555967	5176330.26	0	0	2	212627.1	10631808	0	5233456	6229250	0	0	361874	17	
TOT	2690403	4 39028762	446969899	112644138	4.079E+0	9315039741	11082895	11788	8262 6	29429979	327632921	288325411	15338781	358879940	4638332.8	6188830	.5 1.143E	+091	.104E+09
	C	AP	DIT	NTP	Т	RF	RUH	_	URH	(GOV	ENT	INV	7	STC	ROW	7	TOT	
CRO							29090841	l	249484	489 ()		0		10444576	5415	578	2614	91516
FOS							226823.8	2	189595	5.63 ()		0		-430386.46	3425	8.688	2518	5406
LIS							16964396	5	253755	559 ()		106	71736	22929950	5368	42.18	1628	75680
FIS							5311403.	8	945339	91.2 0)		0		2831622.3	6723	83.73	4473	0755
SSA			1				0		0	-	3416229.6	_	0		685917.44	622.5	0982	1792	6253
MIN							873463.1	1	604441	1.55 ()	_	0		-412624.78	6400	504.6	3951	97753
GOG			-				4573232.	8	693332	27.5)	_	0		1988472.6	7534	\$6.33	4022	6992
POF			-				0		84457.	522 ()		0		2013735.8	3895	53.82	4135	1588
RVO			-				4688659		830535	54.1 ()		0		5484366.5	4559	39.15	4888	3610
SUG							467394.1	9	365909	9.26 ()	_	0		51/097.07	2153	15.68	0/64	941.3
MEP							6886002.	3	158959	958 ()		0		2365040.7	1802	069.8	4928	1788
PAP							1019146.	4	/28351	11.1 ()		0		1505269.7	5659	268.2	2978	1294
COF			+				3590652.	/	593036	52.2)		0		9/0355.62	3708	JS.03	1205	8337
DAP			+				140/036.	4	yoob52	20.4 (,	-	0		94/246.2	2562	82.72	1096	0214
rrP OTE			-				1581262.	с с	44/235	20.2)	-	0		023819.75	2607	28.11	1135	2390 7062
			-				65/4/04. 2870025	0	383933 714744	5U3 (,		0		5509457.4 1016542	0496	578.3 12	2042	1902
ALW							2121610	7	/10/00	10.6	,	-	0		1910342	1019	12	2600	1202
TOP							2131010. 5426024	0 8	5198/4 124720	+7.0	,)	-	0		3443050.0	1918	54.5	2090- 2002	+U34 8762
TET			+				1201525/	0 1	491222	300	,)	-	0		1000520.0	10/4	85320	1702 1160	69800
WOP							1027016	, Q	414509	89.5	,)		110	27624	-2420202.2	2424	1658	1126	44138
nor			1	1			102/010.	/	11300	57.J	,	1	110	2,02t		2424	1020	1120	

(Appendix 3 continued)

Impact of Change in Food Consumption Pattern on Agricultural and Food Productions in China

OTM					25158781	96377100	0		372350398	-4091233.5	622688980	4.079E+09
ELE					5074715.2	18454891	0		0	-12311087	651130.47	315039741
GAS					467087.71	2752837.4	0		0	575146.86	0	11082895
WAT					516099.44	2704988.6	0		0	-301335.71	0	11788262
CON					0	9318748.3	0		588465912	7557010.9	4088746.8	629429979
TTS					5593112.3	17915135	16214816		2632806.2	696676.29	39829759	327632921
WRT					20602804	56874280	0		18821092	4815034	40075644	288325411
HCS					12972839	44507053	0		0	3490237.5	7365234.4	153387813
RCT					0	0	14508702		0	257053.23	260535.85	58879940
MWC					0	0	2021972.2		0	117679.93	0	4638332.8
ENM					62407.078	564611.04	1744996.3		0	14194.33	0	6188830.5
OTS					63198734	236182832	314002470		49589132	9914486.9	45138477	1.143E+09
LAB											3300190.7	1.104E+09
CAP												1.175E+09
DIT					26813448	113162352		77237366				217213166
NTP												385187233
TRF												51313329
RUH	304497279						6781657	18056596				506409254
URH	128170543						84294899	40060849			29528978	1.209E+09
GOV	44920324	217213166	385187233	51313329							-126195.98	698507856
ENT	697189731						20605400				16233339	734028470
INV					236423365	373238642	234916714	598673660			-3.15E+08	1.128E+09
STC									73439677			73439677
ROW												688892218
TOT	1.175E+09	217213166	385187233	51313329	506409254	1.209E+09	698507856	734028470	1.128E+09	73439677	688892218	1