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China's Regional Disparities: Experience and Policy

Shenggen Fan
International Food Policy Research Institute
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Why this panel discussion

- Rapid economic growth in China has not benefitted everybody equally.
 - The Gini coefficient has reached 0.50, high than most of the countries in the World.
 - Regional inequality and rural urban/divide are central to increased inequality.
 - Inequality has become a top development agenda among scholars and policymaking circle.
 - The government has asked for advice to tackle this problem for its next 5 year plan
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Per capita GDP in 2008



The recent financial crisis poses both challenges and opportunity

- The past growth has been mainly driven by export from coastal China.
- China's coastal area has become more integrated to the global economic system
- The western China has also benefited through migration
- The recent financial crisis had hit the coastal area very hard due to reduced imports from US, Japan and Europe.
- It is the western provinces that have shown higher growth than the national average.

Stimulus package: a strong regional focus

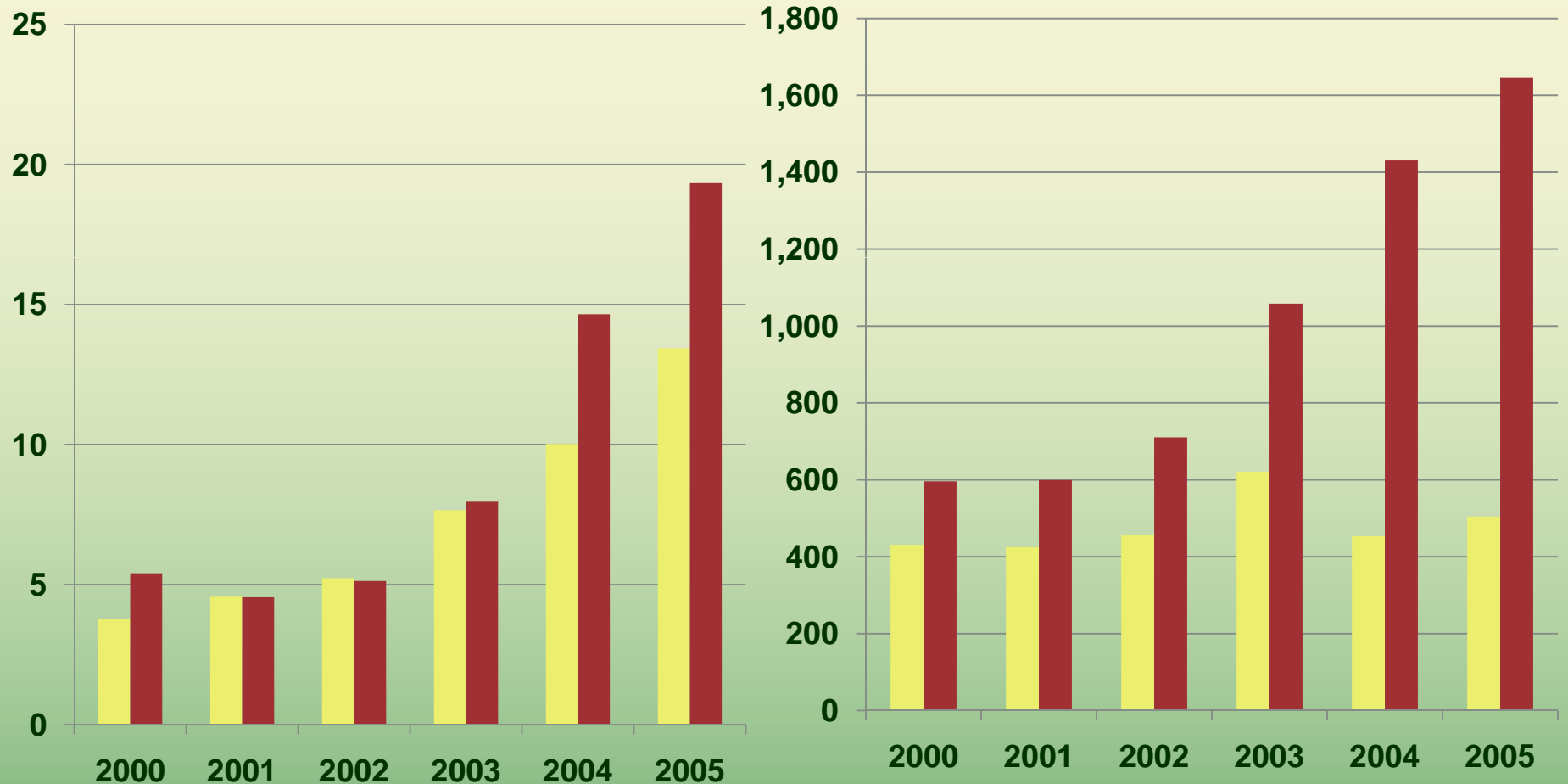
- Total of \$586 billion for 2009 and 2010, or 15% of its yearly GDP
- with \$106 billion for agriculture.
- Strong focus on infrastructure, medical service and income support for western China
- The initial evidence has shown that it has worked.
- GDP grew at 6.1% for the first quarter and 7.9% for the 2nd quarter.
- It is the western China that has experienced even faster growth.

China's growth pattern has global implications

- In 2007 China accounted 27% of the global growth.
- China transition from export oriented to domestic driven growth will offer export opportunities for many countries including developing countries.
- China is the largest importer of cotton and soybean.
- China's imports of agricultural products have also increased.

Total Trade from Africa to China (\$ billion)

Total Agricultural Trade from Africa to China (\$ million)



■ Imports ■ Exports

Questions remain

- What would be trade-offs between overall national growth and more regional balance growth
- Can we find win-win policies?
- How can we go beyond GDP and income to include other development indicators like health, education or even happiness?