

Factors Decomposition of Household Consumption on Agricultural Products in China: an Output Approach

Topic: Sustainable production and consumption 1

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After experiencing the Asian financial crisis in 1997 and being a member of WTO in 2002, the usage of Chinese agricultural output has become more diversified. And the part as the final products for household consumption also has great changes. What are the reasons behind such changes? Drawing essence from De Boer (2008), this paper combines Montgomery decomposition with Input-Output technique, and decomposes determinants of Chinese residential consumption on agricultural products into scale effect, technological effect, structure effect and aggregate effect. The paper finds that: Firstly, in general technological effect had a remarkable role in upgrade of consumption structure of agricultural products; Secondly, primary agricultural products are more susceptible than processed agricultural products; Thirdly, globalization in the mid term caused consumption scale effect to have larger impact on consumption of agricultural products, but in the long term aggregate effect of final consumption demand had a stronger role; Fourthly, among processed agricultural products, consumption on alcohol and drink manufacturing sectors were more susceptible in the mid term, and the sugar producing sector and the food, oil and feedstuff processing sector were more susceptible in the long term.