

Specialization, Market Integration and Agribusiness Development in China: A Study based on Chinese Regional Input Output Tables in 1997, 2002 and 2007

Topic: Structural change and dynamics 1

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Agribusiness in China has experienced great transformation in the past 20 years. On one hand, regional agribusiness benefits from comparative advantage under further specialization; on the other hand, the ongoing market integration in China makes potential market room for agribusiness. The structure and efficiency of agribusiness were improved in this process of specialization and market integration. However, we still know little about the quantitative relationships of agribusiness and its components among provinces in China, and have few evidences on the impact of specialization and market integration on regional agribusiness development. In this paper, we estimate the value added of agribusiness and its components using methods from Yan et al.(2011) based on Chinese regional Input-Output Tables in 1997, 2002, and 2007, to study the relationships among regional agribusiness through convergence test by variance coefficient(VC)method. The conclusions are: firstly, the share of value added of agribusiness in GDP converges among provinces, and the VC in 1997, 2002, and 2007 are 0.103, 0.088, and 0.079 respectively; secondly, the agricultural distributing sector has diverged in China with VC 0.020, 0.054, and 0.081 in year 1997, 2002, and 2007 separately, while agricultural input sector, agricultural producing sector, and agricultural processing sector are all experiencing certain degree of convergence. Finally, market integration plays an important role in enhancing converging in agribusiness, while specialization in agricultural distributing sector enlarges the disparity in China.