The Agricultural and Food Marketing Association for Asia and the Pacific (AFMA Asia)

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1 March 2025

To Whom it may concern

The Agricultural and Food Marketing Association for Asia and the Pacific (AFMA Asia), an intergovernmental organization in association with the Food and Agriculture Organization of the United Nations (UN FAO), underscores the critical role of the private sector in advancing and accelerating the efficient attainment of the United Nations Sustainable Development Goals (UN SDGs). AFMA Asia emphasizes the imperative to strengthen know/edge, foster comprehensive understanding, and institutionalize collaborative frameworks to propel sustainable development efforts.

In pursuit of this mandate, AFMA Asia has strategically facilitated collaboration in the domains of sustainability knowledge and sustainable finance to bolster the Sustainism Initiative--a multisectoral collaborative platform designed to unite stakeholders across industries, governments, and civil society in advancing sustainable development. Sustainism serves as a conduit for knowledge-sharing and aims to heighten global awareness of the urgency and significance of integrated sustainability practices.

The Sustainism Initiative is dedicated to functioning as a pivotal instrument for partner organizations, enabling the effective and timely achievment of the UN SDGs through structured engagement with expert networks specializing in diverse facets of sustainable development, including environmental stewardship, social equity, and economic resilience.

For additional details regarding the Sustainism Initiative and its contributions to advancing sustainable and responsible business practices, kindly direct inquiries to the Director of the Sustainism Initiative.

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联合国粮食及农业组织

Food and Agriculture Organization of the United Nations

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Our Ref.: AFMA Your Ref.:

14 January, 2016

To Whom It May Concern

This is to inform that the Agricultural and Food Marketing Association for Asia and the Pacific (AFMA) was established by the Food and Agriculture Organization (FAO) of the United Nations. Therefore, AFMA is an association with FAO. It is an inter-government non-profit organization that aims to promote information exchange on agricultural marketing among government, private company, institute and any individuals who involve in the agricultural business. AFMA has its own constitution and own authorities to approve financial and any administrative matters.

Should you have any enquiries about the Association, please directly contact AFMA Executive Director.

Sincerely yours,

Adnan Quereshi
Chief Administrative Officer

Annexes*

* The papers contained in annexes 1 to 4 have been formatted to comply with FAO guidelines, but the contents of the annexes have been reproduced exactly as submitted by the respective authors. Annexes 5 and 6 have also been formatted to comply with FAO guidelines but the contents of the two annexes have been reproduced exactly as submitted by the Meeting organizers.

Annex 1. Note on agricultural marketing and food security in Asia: issues and priorities

P. R. Mathema

1. INTRODUCTION

First of all, I would like to extend my sincere thanks to FAO Regional Office for Asia and the Pacific for giving me an opportunity to participate in "Mini Roundtable Meeting on Agricultural Marketing and Food security in Asia" and share my experiences with distinguished specialists in the field of agricultural marketing and food security in Asia.

I am indeed pleased to congratulate Dr S. S. Acharya, Consultant for his comprehensive review paper on "Agricultural Marketing in Asia and the Pacific: Issues and Priorities." Dr Acharya has identified major issues in agricultural marketing hindering development of agricultural sector and affecting the food security of majority of rural-urban people including vulnerable groups in the Region. He has clearly identified some priorities areas to be addressed in order to improve agricultural marketing and ensure food security in Asia.

I would like to share my experiences and add on some important issues and priorities areas.

2. ISSUES AND PRIORITIES

2.1 Marketing - a service industry

i. Issue

Agricultural marketing is still given a low priority as compared to production in the national agricultural development plan in many developing countries of Asia. Also, agricultural marketing is not considered as a service industry. Hence, the stakeholders in marketing do not receive facilities and supports as other industry counterparts.

ii. Priority

Agricultural marketing should be accorded with a high priority in the national agricultural development plan to attain sustained agriculture development in order to ensure food security at national, regional, sub-regional and household level. Marketing services should be legally backed as a part of service industry so that necessary facilities and supports can be ensured to marketing stakeholders particularly the private sector.

2.2 Legislation on marketing

i. Issue

There are many acts, rules and regulations in practice in many developing countries since late nineteen fifties which are either redundant or contradictory and inconsistent which lead to the government intervention time to time creating more market distortion which had hampered the private sector participation in marketing and market development.

ii. Priority

The existing legislation, rules and regulations should be critically reviewed in the light of new marketing policies and trade regulation at home and in international field. Accordingly, the existing rules and regulation need to be amended and/or made null and void to make them conducive to newly emerging marketing and trade polices of the respective nations. Particularly in the newly emerging countries with market economy in Asia, new appropriate organization need to be developed to introduce new mechanisms for effective enforcement of new rules and regulations.

2.3 Improvement of agricultural marketing in mountain areas

i. Issue

A large percentage of population of many developing nations of Asia live in the mountains. They have very limited access to markets leading to very slow growth of mountain agriculture. Their subsistence farm production is not adequate to feed their families. Hence, a large majority of mountain people is deprived of physical as well as economic access to food.

ii. Priority

Improved access to market through development of physical and institutional infrastructures especially agricultural roads, improved farm storage, rural agro-industries, mountain farm development and promotion of non-farm rural enterprises.

2.4 Development of marketing policies and strategies in countries in transition

i. Issue

Countries in transition to liberalize market economy lack appropriate agriculture marketing policies, strategies and programs, conducive to new national economic development policies and programs.

ii. Priority

Develop new agriculture marketing policies and strategies in line with new national development goals and policies.

2.5 Improvement of urban food marketing

i. Issue

There is a lack of proper understanding of urban food marketing system, particularly in the least developed nations of Asia, which has been a major constraint in achieving food security in rapidly expanding cities in Asia.

ii. Priority

City and local authorities should, among others, conduct studies on food marketing system for its improvement in order to ensure urban food and nutrition security.

2.6 Integrated food security information system

i. Issue

Many developing countries have established agricultural marketing information services under the public sector. However, in most cases, the existing services provide information on prices and market arrivals which are used mostly by the government agencies, research institutions to act upon price stabilizations policies and programs, and to some extent assist farmers and traders in their production and business planning. It is to be mentioned here that marketing analysis and forecasting services is very poor in most of the least developed countries due to absence of an adequate technical capability. The marketing information should cover other areas relevant for ensuring and managing food security programs.

ii. Priority

Agricultural marketing information services should be fully integrated with the national food security information system wherever in existence. The marketing information service should be relevant to small farmers and traders in particular.

2.7 Marketing support services

i. Issue

Whatever marketing supports from the government and the semi-government agencies are provided these are more in the area cereal crops in particular. However, there is inadequate support to improve marketing of specialized high-value and high-risk crops.

ii. Priority

Promote specialized and selective activities including low interest loan to support particularly small farmers and traders to encourage and promote farming of high-return and high-risk crops and their successful marketing which assist in increasing cash income, thereby enhancing household food security.

2.8 Micro level marketing studies

i. Issue

There were a large number of agricultural marketing studies conducted by the Government agencies, universities, research institutions and donor agencies. Most of these are on macro level or commodity or organizational basis. Very few macro level integrated marketing studies are done in many developed countries, which are directly relevant to solve the marketing problems at the grass root level and also assist in ensuring food security at the village level.

ii. Priority

Priorities should be given to micro level problem-oriented integrated marketing research with full community participation.

2.9 Development of agricultural marketing extension services

i. Issue

In many developing countries, agricultural marketing extension services is either non-existence or given the least priority in agricultural development program. Hence, particularly small farmers and traders have very little access to improved marketing know-how and information.

ii. Priority

Agricultural marketing extension services should be accorded a high priority. It is to be integrated with marketing research and linked with production extension services.

2.10 Development of human resources

i. Issue

More emphasis in marketing physical infrastructure development rather than the development of human resources for marketing and management improvement is continuing, leading to improper and inefficient use of facilities.

ii. Priority

Priorities should be given to human resource development to manage marketing services, market management and to promote trader's skill and knowledge. Initiation should be made for the development and strengthening of agricultural marketing training intuitions at the sub-regional level in Asia.

2.11 Supply stabilization for food security

i. Issue

Maintaining food grain reserve stock to cope with food shortages due to natural calamities and shortfall in domestic production is an expensive operation. Equally, management of buffer stock for price stabilization is expensive and often becomes ineffective particularly in small and the least developed countries due to among others, greater market integration with big neighbouring countries.

ii. Priority

Food reserve stocks at sub-regional level in Asia should be developed and/or strengthened to meet emergency needs of member nations. The stock should be maintained at suitable locations of the sub-region.

2.12 Institutional development

i. Issue

Institutions for the promotion, regulation and advisory services to improve marketing including market centre development and management through private and cooperative sectors participation are either with poor resources or old-modeled in many developing countries of the Region.

ii. Priority

Develop marketing institutions as per the changing needs for agricultural development and trade through organization of appropriate new institutions or/and changes in the structure, priorities and functions of the existing institutions.

3. PRIORITIES FOR FAO’S PROGRAM OF WORK IN AGRICULTURAL MARKETING AND FOOD SECURITY

i. Assist member nations to make detailed reviews of existing agricultural marketing policies and strategies and the working of marketing organizations, and recommend policies and strategies along with improvements in the working of marketing organizations in the light of new agriculture and trade policies.

ii. Assist member nations to develop new agricultural marketing policies and strategies in line with new national economic development policies in countries in transition to liberalized market economies.

iii. Assist member nations to formulate a detailed overview of the marketing situation in the mountain region of Asia.

iv. Assist member nations to design agricultural marketing extension services, prepare extension materials and train market stakeholders and extension agents.

v. Assist member nations to review existing legislation affecting agricultural marketing, and recommend appropriate features for amendment of existing acts, rules and regulations or formulation of new legislation for the promotion of private sector participation in marketing and market development.

vi. Assist in conducting studies to promote specialized and selective marketing activities to support and encourage the small farmers and traders to undertake high-return and high-risk crop enterprise.

vii. Assist in development of food security information system with integrated sub-systems (marketing, crop monitoring and forecasting and nutrition).

viii. Assist the development of agricultural marketing training institutions at sub-regional level in Asia.

ix. Assist in review of the food grain supply stabilization programme in the least developed nations and recommend measures.

Annex 2. China's new stage of agricultural development and the emerging policy trends

He Yupeng and Xi Yinsheng

During the *Ninth Five-Year Plan* period (1996-2000), China's agricultural development manifested some fundamental changes from the past in oversupply of farm products and slowdown of farm income growth, which in turn called for strategic agricultural policy adjustment to deal with these challenges. Given the fact that China is joining WTO soon, the policy adjustment will not only have to meet domestic needs for further agricultural development to support sustained overall economic growth but also be in line with the WTO rules to secure a fuller integration into the world economy. This paper reviews China's agricultural development in the past five years and highlights the emerging policy changes both as a result of and a starting point for the agricultural development.

1. AGRICULTURAL TRANSITION TO A NEW STAGE OF DEVELOPMENT

The total agricultural output reached 1421.2 billion RMB yuan in 2000, an 18.5 per cent increase over 1995 with an average annual growth rate of 3.5 per cent compared to 8.3 per cent of an average annual GDP growth rate at the same period. Despite the growth in total agricultural output, the share of agriculture in GDP declined from 20.5 per cent in 1995 to 15.9 per cent in 2000. The labors employed in agriculture, though as big as 355.75 million, went down from 52.2 per cent of total in 1995 to 50.0 per cent in 2000. The contribution of agriculture to market and foreign exchange also shrank. (table 1). The declining share of agriculture in total economy together with sharp increases in the non-agricultural sectors and particularly in the township and village enterprises (TVEs) (table 2) showed that China is underway of acceleration of industrialization. However, this does not imply agriculture is negligible in and insignificant to the overall economy. The full availability of inexpensive food and raw materials from and large share of employment in agriculture strongly supported the national economic growth and social stability in the past years.

The period witnessed an oversupply of almost all agricultural products. Output of major products except cotton increased drastically. The average annual grain production in the period was 449.23 million tons, 10.48 per cent more than that of 449.23 million tons in the *Eighth Five-Year Plan* (1991-1995) period; Oil-bearing crops 24.47 million tons, 31.3 percent more than that of 18.65 million tons; Sugar crops 86.75 million tons, 8.1 per cent more than that of 80.27 million tons; Fruit 55.32 million tons, 80.3 per cent more than that of 30.68 million tons; Meat 55.05 million tons, 36.4 per cent more than that of 40.35 tons; Aquatic products 37.45 million tons, doubled than 18.78 million tons.(table 3)

Table 1. Status of Rural Economy in National Economy (%)

Year	199	199	199	199	199	199	199	199	199	200
Proportion of added value of agricultu	24.5	21.8	19.9	20.2	20.5	20.4	19.1	18.6	17.6	15.9
Proportion of farmer labor in total labor	59.7	58.5	56.4	54.3	52.2	50.5	49.9	49.8	50.1	50.0
Proportion of rural consumer retail sal consumer retail sales of the whol	51.9	50.2	42.0	40.6	40.0	39.6	39.0	38.9	38.7	38.2
Proportion of agricultural product expo exports	15.8	14.5	13.7	12.9	9.4	8.4	8.2	7.5	6.9	6.3

Sources: Abstract of China Statistical Yearbook 2001, China Agricultural Development Report 2001, China Rural Statistical Yearbook 2000

Table 2. Output Value of TVEs ((100 million yuan)

Year	1985	1990	1995	1996	1997	1998	1999	2000
Value adde	772	2504	14595	17659	18914	22186	24883	27156

Source: China Agricultural Development Report (1996-2001), Ministry of Agriculture, PRC

Table 3. Output of Major Agricultural Products (thousand tons)

Yea	Grain	Cotto	Oil-bearing cr	Sugarcar	Fruits	Mea	Aquatic produ
1991	435290	5680	16380	84190	21760	31440	13508
1992	442660	4510	16410	88080	24400	34310	15571
1993	456490	3740	18040	76240	30110	38420	18230
1994	445100	4340	19900	73450	35000	44990	21432
1995	466620	4770	22500	79400	42150	52600	25172
1996	504540	4200	22100	82290	46530	59150	32881
1997	494170	4600	21570	93870	50890	52690	36018
1998	512300	4500	23140	97900	54530	57240	39065
1999	508390	3830	26010	83340	62380	59490	41224
2000	462180	4420	29550	76350	62250	61246	42785

Source: Abstract of China Statistical Yearbook 2001

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With the total production increased sharply, the *per capita* holding of agricultural products also rose. The average annual *per capita* holding of grain was 399.9 kilograms, 18.6 kilograms more with a growth rate of 4.9 per cent than that in the last *Five-Year Plan* period. Oil-bearing crops 19.7 kilos, 3.9 kilos more with a growth rate of 24.6 percent; Sugar crops 70.1 kilos, 2.5 kilos more with a growth rate of 3.8 per cent; Fruit 44.5 kilos, 17.4 kilos more with a growth rate of 75.3 per cent; aquatic products 30.1 kilos, 14.2 kilos more with a growth rate of 89.4 per cent. (Table 4).

Table 4. Per Capita Output of Major Agricultural Products (kg/year)

Year	Grain	Cotton	Oil-bearing crops	Sugarcane	Fruits	Aquatic products
1991	378.3	4.9	14.2	73.2	18.9	11.7
1992	380.0	3.9	14.1	75.6	20.9	13.4
1993	387.4	3.2	15.3	64.7	25.6	15.5
1994	373.5	3.6	16.7	61.3	29.4	17.9
1995	378.4	3.8	17.6	63.4	32	19.3
1996	414.1	3.5	18.2	68.7	38.2	23.1
1997	401.7	3.7	17.5	76.3	41.4	29.3
1998	412.4	3.6	18.6	78.8	43.9	31.4
1999	405.5	3.1	20.7	66.5	49.8	32.9
2000	366	3.5	23.4	60.4	49.3	33.9

Source: Abstract of China Statistical Yearbook 2001

Table 5. The Engle Coefficient for Urban and Rural Residents (%)

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Rural Househol	57.6	57.6	58.1	58.9	58.6	56.3	55.1	53.4	52.6	49.1
Urban Househo	53.8	52.9	50.1	49.9	49.9	48.6	46.4	44.5	41.9	39.2

Source: China Statistical Yearbook 2001

The consumption structure also improved with a declining share of food expenses in the living. The Engle Coefficient for urban and rural residents dropped from 0.50 and 0.59 to 0.39 and 0.49 respectively. (table 5)In food consumption, the average annual grain consumption for urban and rural people declined from 97 and 258.9 kilos to 82.3 and 249.5 kilos respectively, while consumption of animal products increased. (table 6)The changing diet structure implied that demands for food grain dropped and for feed grain increased.

Table 6. Per Capita Food Consumption of Urban and Rural Residents (kg)

Yea	Grain		Vegetabl		Edible oil		Pork, bee mutton		Poultry		Aquatic Products	
	Rura area	Urba area	Rura area	Urba area	Rura area	Urba area	Rura area	Urba area	Rura area	Urba area	Rura area	Urba area
199	256.0	127.9	127.0	132.2	5.7	6.9	12.2	22.2	1.3	4.4	2.2	8.0
199	251.0	111.5	129.1	124.9	5.9	6.7	11.8	21.4	1.5	5.1	2.3	8.2
199	266.0	97.8	107.4	120.6	5.7	7.1	11.7	20.8	1.6	3.7	2.5	8.0
199	257.0	102.0	109.0	121.0	5.7	7.7	11.0	20.2	1.6	4.1	3.0	8.5
199	258.9	97.0	104.6	118.6	5.8	7.6	11.3	19.7	1.8	4.0	3.4	9.2
199	256.2	94.7	106.3	118.5	6.1	7.7	11.9	20.4	1.9	5.4	3.7	9.3
199	250.7	88.6	107.2	115.2	6.2	7.7	12.7	19.0	2.4	6.5	3.4	9.3
199	249.3	86.7	109.0	113.8	6.2	7.6	13.2	19.2	2.2	6.3	3.6	9.8
199	247.5	84.9	108.9	114.9	6.2	7.8	13.9	20.0	2.5	4.9	3.8	10.3
200	249.5	82.3	112.0	114.7	7.1	8.2	14.6	20.1	2.9	7.4	3.9	11.7

Note: The per capita food consumption of urban families refers to the quantity of the main commodities purchased in the whole year.

Source: China Agricultural Development Report 2001, Ministry of Agriculture, PRC

The oversupply of agricultural products resulted in a downward pressure on prices of them, among which the decline of grain prices in terms of purchase price, retail price and consumer price was most salient.

Table 7. Classified Purchasing Price Indices (PPI) of Farm and Sideline Products

Previous year = 100

Ye ar	GP PI[1]	PPI for grai n	PPI for wh eat	PPI for rice	PPI for cor n	PPI for soyb ean	PPI for edible plant oil and oil-bearing	PPI for cott on	PPI for fresh vegeta	PPI for sug ar	PPI for livestock and poultry	PPI for aquat ic
199	104.	105.	109.	104.	95.4	128.2	96.6	103.	102.0	118.	103.3	103.4
199	95.5	90.2	89.0	88.2	94.2	100.1	104.8	99.8	91.6	97.6	101.8	91.7
199	92.0	96.7	95.8	96.7	101.	85.2	97.7	88.8	91.7	89.5	86.9	93.9
199	87.8	87.1	88.9	87.7	86.3	81.8	84.8	69.8	94.9	80.4	88.5	92.5
200	96.4	90.2	81.8	90.2	89.9	105.8	93.6	121.	99.9	88.8	99	100.5

Source: China Agricultural Development Report 2001, Ministry of Agriculture, PRC
[1] General Purchasing Price Index

Table 8. Classified Retail Price Indices of Farm and Sideline Products

Previous year = 100

Yea	Grai	Rice	Whea	Corı	Soybea	Oil and	Meat and e	Aquatic prod	Flesh vegeta
199	107.	100.	108.6	94.3	121.2	92.1	106.4	105.6	118.4
199	92.1	84.9	101	93.6	106	101.6	101.3	101.2	99.5
199	96.8	99.7	94	110.	92.6	100.7	92.6	94.2	100.3
199	96.4	98.6	97.9	86.2	84.1	94.4	93.6	93.6	100.4
200	90.1	86.2	90.6	81.6	107.5	86.2	102.7	102.7	105.3

Sources: Abstract of China Statistical Yearbook 2001, China Agricultural Development Report 2001, Ministry of Agriculture, PRC

Table 9. Classified Consumer Price Indices of Farm and Sideline Products

Previous year = 100

Year	Grain	Oil and fa	Meat	Eggs	Aquatic produc	Flesh vegetab
1996	106.5	92.1	104.5	116.5	106.0	119.7
1997	91.1	101.5	105.5	79.3	100.2	100.0
1998	96.9	100.0	90.9	100.9	93.9	99.9
1999	96.9	94.5	90.7	91.6	93.3	100.7
2000	88.6	86.8	98.5	84.5	101.7	105.5

Source: Abstract of China Statistical Yearbook 2001

The purchase price index of agricultural products in 2000 declined 25.6 per cent over that of 1996. State purchase prices of wheat, rice, corn and bean at the end of 2000 *vis-a-vis* 1996 dropped 38 per cent, 32.5 per cent, 25.6 per cent and 26.2 per cent respectively. Prices of cotton, oil-bearing crops, vegetable, sugar crops and livestock products declined. As a result, the retail and consumer prices of agricultural products also declined.(table 7-9).

In contrast to the bumper agricultural harvests, farm income growth has been stagnated since 1997, partly due to the downward agricultural prices. The income growth rate in 1996 was 9.0 per cent, then it slowed down to 4.6 per cent in 1997, 4.3 per cent in 1998, 3.8 per cent in 1999, and 2.3 per cent in 2000. It is noteworthy that the farm income generated from the cropping sector even decreased from 1998 to 2000, which dragged down the farm income. (table 10)As a result of the creeping growth of farm income, the rural market share of consumer goods in 2000 declined to 38.2 per cent, a 5-percentage-point decrease over that of 1995, which in turn contributed to a sluggish market of industrial products.(table 1).

Table 10. Per Capita Net Income of Rural Residents

Year	199	1992	1993	1994	1995	1996	1997	1998	1999	2000
Per capita net income of rural (yuan)	708.	784.	921.	122	1577	1926	2090	2162	2210	2253
Growth rate %	2.0	5.9	3.2	5.0	5.3	9.0	4.6	4.3	3.8	2.1
Net income source from plant	323.	337.	438.	590.	775.1	924.4	943.0	927.	882.1	783.6

Source: Abstract of China Statistical Yearbook 2001, China Statistical Yearbook (1992-2000)

It is concluded based on the above facts that the country's agricultural development has transited from a stage of scarce economy to one of supply-demand balance, where oversupply exists in the year of bumper harvest. Agricultural development from now on has not only been constrained by resource endowment but also by market conditions. Therefore, China's agriculture has entered a new development stage in which the strategic adjustment of agricultural structure is in urgent need.

2. POLICY CHANGES IN THE NEW AGRICULTURAL DEVELOPMENT STAGE

As a result of the historical change of the country's supply-demand situation of farm products, the goal of China's agricultural policy has been diversified from that of production only to that of multi-dimensioned facets including quantity and quality enhancement, farm income growth, and ecological and environmental conservation. To meet these adjusted goals of agricultural policy, a series of measures has been implemented since the late 1990s.

2.1 Strategic structural adjustment of agriculture

As agricultural production is increasingly constrained by market forces, the agricultural structural adjustment has been conducted in a way that aims at farm income growth. The measures include:

i. Protection of grain production capability in structural adjustment

Though there has been an oversupply of grain products in recent years, the government has put much attention to grain production in the structural adjustment process by protecting its producing capability through measures including safeguarding basic cultivated land (128 million hectares), purchasing the surplus of farmer's grain at a protective price, improving rural infrastructure, and raising productivity of the low-and-medium output farmland.

ii. Upgrading the quality of agricultural products

Though the quantity of agricultural products in general exceeded market demand, the quality, to greater or lesser extent, can not satisfy the demand and remained a bottleneck for further growth. A series of policy measures including the program of variety promotion, technology advancement as well as improvement in market information, product standard and safeguard systems has been lunched.

iii. Development of animal husbandry and aquaculture

With the income grows, there is a potential market demand for meat products. The structural adjustment encouraged development of animal husbandry and aquaculture through strengthening breeding, vaccine and feedgrain systems.

iv. Development of agri-processing industry

The development of agri-processing will not only increase added value to agricultural products but also provide off-farm job opportunities, both will generate more income for the farmers. The agricultural vertical integration from the production through marketing to processing has been encouraged to develop the agri-processing sector.

v. Regionalization of agriculture

The regionalization of agriculture will be in line with the comparative advantage principle, according to which the coastal area will develop export-oriented agriculture, the central inland area will concentrate on commodity grain production, and the west inland area will develop pasture and forestry.

vi. Urbanization through the development of small towns and TVEs

As seen in the above, about 50 per cent of the labors in agriculture only shared 15.9 per cent of GDP. To accelerate the urbanization process will help to adjust the asymmetry between employment and industrial structures in rural areas. Relevant policies include concentration of TVEs in small towns and cities so that a scale effect can better work and reforms in household registration (*hukou*) system to facilitate rural-urban migration.

2.2 Pricing policies

The government tried to push forward the structural change through economic measures rather than administrative measures. After the liberalization of cotton market, grain market in 1999, the grain markets in eight coastal provinces have been liberalized in 2001. For the grain market, it was made clear that spring wheat in Northeast China and part of North China, early indica rice in the South, and corn in the Yangtze area and the South withdrew from protection price coverage since 2000, and corn and rice in North China were not protected any more since 2001. These measures will help to facilitate the agricultural structural change and regional specialization process based on the comparative advantage principles.

2.3 Development of West China

To conserve the environment of ecological-fragile West, the country adopted a policy to return the cultivated land on mountain slopes for forestry and pasture uses with a subsidy of grain ration and money from the state revenue. The subsidized amount of grain for cultivated land returned to forestry and pasture is 150kg per *mu*(0.067 hectare) in upper reaches of the Yangtze River, and 100kg per *mu* in middle and upper reaches of the Yellow River. In 2000, the program covered 340 thousand hectares of the cultivated land, and during *Tenth Five-Year Plan* period (2001-2005), 2.31 million hectares more have been put under the program with a budget of 100 billion *yuan*.

3. POLICY PERFORMANCE

The agricultural structure has been transformed to some extent through the implementation of the adjustment policies.

3.1 Grain sown acreage declined

The grain sown acreage in 2000 was 108.46 million hectares. Its share in cropping sector declined from 73.9 per cent in 1996 to 69.4 per cent in 2000. Cotton sown acreage declined from 3.1 per cent to 2.6 per cent, while those of oil-bearing crops, vegetable and fruit rose from 8.2 per cent, 7.7 per cent and 5.6 per cent to 9.9 per cent, 9.7 per cent and 5.7 per cent respectively.(table 11)

Table 11. Composition of Areas Sown to Farm Crops (%)

Yea	Grain cro	Oil-bearing cro	Cotto	Sugar cro	Vegetabl	Orchar
1991	75.1	7.7	4.4	1.3	4.4	3.6
1992	74.2	7.7	4.6	1.3	4.7	3.9
1993	74.8	7.5	3.4	1.1	5.5	4.4
1994	73.9	8.1	3.7	1.2	6.0	4.9
1995	73.4	8.7	3.6	1.2	7.1	5.4
1996	73.9	8.2	3.1	1.2	7.7	5.6
1997	73.3	8.0	2.9	1.2	7.3	5.6
1998	73.1	8.3	2.9	1.3	7.9	5.5
1999	72.4	8.9	2.4	1.1	8.5	5.5
2000	69.4	9.9	2.6	1.0	9.7	5.7

Source: China Agricultural Development Report 2001, Ministry of Agriculture, PRC

3.2 Quality enhanced

Benefiting from the restructuring policy, quality of grain, oilseed and livestock products has been enhanced. In 2000, the quality wheat accounted for 18 per cent of the total wheat sown acreage, quality rice 46 per cent, quality corn 18 per cent, quality bean 45 per cent, and quality oil-seed 57 per cent. In 2000, the amount of a kind of quality hog named *san yuan* increased by 5 per cent as compared with previous year, which accounted for 35 per cent of the total breeding hogs.

3.3 Regionalization

In 2000, the grain sown acreage in coastal areas decreased by 2.8 million hectares, accounting for 60.6 per cent of the total reduction. Winter wheat in the south to Yangtze and spring wheat in northeast decreased by 889 thousand and 709 thousand hectares respectively, accounting for 72.6 per cent of total wheat acreage reduction. Wheat production began to concentrate in north China, Yellow-Huai River area and northwest, accounting for 53.8 per cent of the total wheat sown acreage, 1.4 percentage higher than previous year. Bean in northeast increased 1.1 million hectares, accounting for 81.7 per cent of the total increase of the sown acreage. Oilseed concentrated in the mid-and-lower reach of the Yangtze river with 0.4 million hectares more than previous year, accounting for 67.7% of total increase. Furthermore, during the past three years, more than 1.67 million hectares of cultivated land have been returned to forestry and pasture in west China under the "*grain-for-forest*" program.

4. OPPORTUNITIES AND CHALLENGES OF THE WTO ENTRY

China will become a member of WTO next year. The WTO accession means a fuller integration of China’s agricultural economy into the world trading system, which will be challenging to the country’s land-intensive agricultural production but be benefiting to the labor-intensive economic activities. Obviously, the government’s policy of strategic adjustment in agricultural structures is in line with the WTO rules. If the domestic policy changes are seen as measures of deepening reforms, the WTO entry then are regarded as widening opening-up, which will provide momentum in realizing domestic policy goals. It is also in need that domestic reforms be accelerated to meet the challenges of more market access to foreign products for which China do not have a comparative advantage but employs a large farm population.

Annex 3. Association of Food and Agricultural Marketing Agencies in Asia and the Pacific (AFMA) - a brief introduction

M. R. Satyal

1. INTRODUCTION

The Association of Food and Agricultural Marketing Agencies in Asia and the Pacific (AFMA) is a regional network of food marketing agencies sponsored by the Food and Agriculture Organization of the United Nations (FAO) and the governments of the respective member agencies. AFMA was set up in February 1983.

AFMA is an autonomous body governed by an Executive Committee and General Assembly. An Executive Committee is elected every two years to plan strategy, formulate a budget and determine and implement the activities to be undertaken. The Executive Committee Meeting is held every year while the General Assembly meets every two years. It operates under membership contributions and financial support from the international agencies like FAO, UNDP and others. The member institutions joined AFMA on payment of an entry fee of US$ 500 and payment of an annual membership fee of US$ 3,000.

The Secretariat of AFMA is based in the FAO Regional Office for Asia and the Pacific (RAP), Bangkok. It also receives technical backstopping from appropriate officers of FAO. It is not only based on RAP premises, but also has been receiving such administrative support as secretarial assistance and use of communication facilities.

2. MEMBERSHIP

AFMA draws all of its members from the foodgrains and fruits and vegetables marketing sector.

The membership in the Association is open to:

i. National and State/Provincial-level governments through appropriate ministries, department and other institutions which are involved in planning and policy formulating, management and regulatory functions and other supporting functions, such as grading, inspection, etc., for food and agricultural marketing system;

ii. National and State/Provincial-level government departments, statutory bodies, government corporations or apex cooperative associations which are responsible for food and agricultural marketing;

iii. National-level institutions which are involved in training and research in food and agricultural marketing; and

iv. Private sector food and agricultural marketing enterprises and associations which have made significant contributions in this field, on recommendation of the Executive Committee member of the respective country can become associate member on payment of the same rates as full members. The associate members can take part in all AFMA activities. However, the associate members will not have the voting rights and they will not be represented in the Executive Committee.

3. OBJECTIVES

The objectives of the Association are:

i. to stimulate economic and technical cooperation among food marketing institutions in the Region for the improvement of food marketing system in the respective countries;

ii. to establish among its members a machinery for systematic interchange of information and experiences regarding various aspects of food marketing activities; and

iii. to establish and maintain appropriate relationship with FAO of the United Nations and other international and regional organizations pursuing similar or related objectives.

4. FUNCTIONS

For the purpose of achieving its objectives, the Association performs the following functions:

i. Exchange of information and experiences among the food marketing institutions in the countries in Asia and Pacific Region, on policies, programmes, projects and technologies on food marketing;

ii. Training of senior level policy makers and middle-level managerial and technical staff on various policies, programmes, management and technical aspects of food marketing system;

iii. Technical and economic cooperation among food marketing institutions in countries of the Region in planning, initiating, implementing and evaluating specific policies, programmes and/or project activities to improve food marketing system; and

iv. Other functions which are required to achieve above objectives.

5. ACHIEVEMENTS

AFMA has a regular programme of training, workshops and seminars, expert consultations and roundtable meetings and also supports other types of TCDC interchange, such as fellow exchange programme, expert exchange programme and group study tours.

It organizes about 4-6 regional seminars/workshops/consultations on various aspects of food and agricultural marketing every year. AFMA started operation with full administrative and funding support of FAO. It continued during 1986-1991 with an FAO/UNDP Project which co-funded many training programmes. Since then, AFMA operations have been funded mainly from internal sources, with ‘seed money’ support from FAO.

AFMA regional activities are organized in various member countries on a voluntary rotation basis. After receiving offers from the members to host a particular activity, the host country is decided by the Executive Committee based on the strengths and weaknesses of that particular country on the specific subject to be discussed. Most members now pay for all local hosting costs. Some of them also cover part of travel costs on some occasions and full travel costs on others. Some members also make additional cash contributions beyond their membership dues.

6. MEMBERS

At present there are 25 members from 13 countries. They are Bangladesh (1), China (1), India (6), Indonesia (2), Malaysia (2), Myanmar (1), Nepal (2), Pakistan (3), Philippines (2), Republic of Korea (2), Sri Lanka (1), Thailand (1) and Vietnam (1). The member agencies from Nepal are: the Nepal Food Corporation and the Salt Trading Corporation Ltd.

https://www.fao.org/4/ad639e/ad639e06.htm?utm

With such strong support from its member agencies AFMA was able to collaborate with the FAO to organize 75 training courses, seminars and workshops, expert consultations, study tours and a number of fellow exchange programmes and expert exchanges or about six activities per year. These activities for the last 18 years centered around the short term training courses of 6-10 days. Most of the programmes were developed for the senior level officers and chief executives of the national food marketing agencies. The programme benefited, more than 1,900 senior officers of AFMA member agencies so far.

To help the Six Centrally Planned Economies-in-Transition namely Cambodia, China, Lao PDR, Mongolia, Myanmar and Vietnam in their efforts to strengthen their marketing reform process, FAO entrusted the task of implementing a training project to AFMA. AFMA has successfully organized the five training seminars involving 120 senior level marketing officers and policy makers.

Now after 18 years of its activities basically concentrating on the exchange of information and technology we are taking stock of our past achievements and discussing on the future course action. Recently a new direction was given to its activities and many changes were made in terms of its scope, commodity coverage, membership eligibility, constitution and by-laws, members responsibility and so on. Its future course of action will be focused more towards promotion of international and regional trade.

7. MAJOR CONSTRAINTS

AFMA generally has no difficulty funding local costs of regional training activities including provision of board, lodging, local transportation, meeting rooms and lecturers. The member agencies are always ready to host the meeting and bear the local costs. In fact there have been more offers to host the training courses than could be taken up. The main constraints was travel funds for participants. At least half the members are unable to cover air travel costs of their participants. The second constraint is the lack of funds to recruit international consultants. In the past, FAO was the main source to finance the international travel of participants and recruit lead resource persons for the training courses. But the level of funding support from FAO has been reduced drastically recently. The indication is that such support will be further eroded except for some technical expertise under TCDC. This means, AFMA needs to finance its activities mainly from internal resources, which is not an easy task.

Recently the number of AFMA members has declined slightly. The decline in membership is not due to lack of their interest in AFMA activities but mainly due to the closure of the existing institutions at home in pursuance with the government's policy of structural adjustments and market liberalization and privatization. AFMA is now pursuing the private sector institutions to join AFMA as its regular member. It will amend its Constitution shortly to accommodate the private sector as its full member.

Annex 4. Agricultural marketing and food security

Ning Pribadi

1. SUGGESTED INITIATIVES FOR FAO

i. Improve government (esp.district and provincial) capabilities in carrying out facilitative roles for promoting efficient agribusiness, and better food security, with emphasis on capacity building programs.

ii. Maintenance of cross-country info network, on key elements:

- Production, stocks, imports, exports of staple and major food commodities
- Trends in real price
- Estimated marketable surplus
- Successful policy measures to enhance efficient food marketing.

iii. Conduct comprehensive review of current of ag-mkt policies and mkt system; capacity bldg for policy formulation and implementation

- Lessons on how efficient distribution system could contribute to promote household food security
- Lessons on effective mkt policies and support for promoting food business; help government to learn good and poor marketing policies
- Help developing countries' capability to identify measures for obtaining a same level playing field with developed countries at the AoA/WTO.

iv. Support reduction of farmers' price risks

- Support price with minimum distorting effect
- Facilitate micro traders/processors/enterprises at most regions to purchase food at peak season to prevent significant price drops.

v. Undertake capacity building and give support for developing marketing system

- Lessons for developing well functioning markets
- Improve regional governments capacity in mobilizing private initiatives in building all levels of markets
- Promote collaboration between gov't and private, in assessing the need and in developing mkt infrastructure.

vi. Give support for technology assessment and development

- Improve research institutions' capacity in responding effectively the need of food producers and processors to increase competitiveness
- Promote collaboration between public and private research institutions.

vii. Give support for developing alternative mkt channels

- Enhance business collaboration among farmers, traders, processors.

viii. Give support for safety nets for food insecure

- Effective program for subsidized food (delivering subsidized food in production centers often put pressure to local market price; causes disincentive to food producers who mostly small farmers)
- Improve capability of poor groups to enter labor markets or developing own business
- Developing local community capability in conducting surveillance and early response to emergency food insecurity
- Facilitating the low incomes building their capacity to help themselves in food security.

ix. Give support and conduct capacity building for assessment of requirements human resource training in agribusiness and agricultural marketing

- Develop collaboration the real agribusiness enterprises might be more effective.

x. Give support for developing local buffer stocks

- Capacity building for the poor communities and less infrastructure regions to develop local buffer stocks.

2. FOOD SECURITY CONDITION, INDONESIA, 2000

2.1 Key indicators

i. National Food Availability:

- Energy 2,992 kcal/cap/day (120% of r.d.a.)
- Protein 80 grams/cap/day (140% of r.d.a.)

ii. Household Consumption:

- Energy 1,849 kcal/cap/day (82% of r.d.a., 1999)
- Protein 48 grams/cap/day (97% of r.d.a., 1999).

iii. Nutritional Status:

- Undernourished, children under five: 24.9 %
- Severe undernourished, children under five: 7.7 %
- Anemia, pregnant women: 50.9 % (1999).

iv. Problem: Household access to food, physically and economically.

2.2 Poverty incidence

i. Total Population: 203.5 millions (2000).

ii. Under poverty: 18.2 % (1999)

55% in agricultural sector, of which 75 % food crops.

iii. Rural population: 62%, of which 60% consists of net consumers (small farmers, agriculture and informal workers).

iv. Urban population: 38%, of which 96% consists of net consumers (services sector, informal workers). Problems: Limited income, food insecure.

2.3 Agriculture marketing system

i. Limited infrastructure, only to some parts of the regions/islands.

ii. Under decentralization scheme, regional policies and regulations tend to incur high cost (government income).

iii. Informal levies, strong cartels.

iv. Small farmer products competitiveness are weak (esp. food crops, livestock), imports tend to increase.

v. No barriers to imports, exempt tariffs, even on rice as staple food.

Annex 5. Mini roundtable meeting on agricultural marketing and food security in Asia

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Annex 6. Mini roundtable on agricultural marketing and food security

1-2 NOVEMBER 2001

VENUE: CONFERENCE ROOM 207, FAO RAP, BANGKOK,

PROGRAMME

Thursday, 1 November 2001	
08:30	Registration
09:00 to 10:30	**OPENING SESSION**
	· **Chairperson: R. B. Singh (FAO)**
	· Welcome by Ralph Houtman (FAO)
	· Opening Address by R.B.Singh, (FAO)
	· Presentation of Theme paper "Agricultural Marketing in Asia & the Pacific Acharya (FAO)
10:30 to 10:45	Coffee Break
10:45 to 12:00	**SESSION II**
	· **Chairperson: Bruce Tolentino (Philippines)**
	Presentations (followed by discussions) by:
	1. C.Y. Lee (Korea)
	2. P.R. Mathema (Nepal)
12:00 to 13:30	Lunch
13:30 to 16:00	**SESSION III (with coffee break)**
	· **Chairperson: C.Y. Lee (Korea)**
	Presentations (followed by discussion) by:
	1. Arayan Trangarn (Thailand)
	2. Xi Yinsheng (China)
	3. M. R. Satyal (AFMA)
Friday, 2 November 2001	

8:30 to 10:00	**SESSION IV**
	· **Chairperson: Sakol Ooraikul (Thailand)**
	Presentations (followed by discussions) by:
	1. Bruce Tolentino (Philippines)
	2. Suphat Wibulseth (Thailand CP Group)
10:00 to 10:30	Coffee Break
10:30 to 12:00	**SESSION V**
	· **Chairperson: P.R. Mathema**
	Presentations (followed by discussion) by:
	1. Ning Pribadi (Indonesia)
	2. Sakol Ooraikul (Thailand)
12:00 to 13:00	Lunch
13:00 to 16:00	**SESSION VI: CLOSING SESSION**
	· **Chairperson: R.B. Singh (FAO)**
	· Presentation of Summary of Discussions by S.S. Acharya (FAO)
	· Further Discussions
	· Observations by Edward Seidler (FAO)
	· Closing Remarks by R.B. Singh (FAO)
	· Vote of Thanks by Ralph Houtman (FAO)