

A New Engine for Grain Supply-Side Structural Reform: Reflections and Explorations on Developing Specialized Branded Grain (Postprint)

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Abstract

Grain supply-side structural reform represents a key component of agricultural supply-side reform, with the development of specialized branded grain serving as a new engine for advancing this reform. This paper elucidates the nexus between specialized branded grain development and grain supply-side structural reform, and based on actual survey data from Anhui Santai Flour Co., Ltd., examines the economic, social, and ecological benefits of developing specialized branded grain. On this basis, this paper proposes policy recommendations for developing specialized branded grain.

Full Text

Developing Special Brand Grain: Perspectives and Policy Implications

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Abstract

The supply-side structural reform of grain constitutes a crucial component of agricultural supply-side reform, with the development of special brand grain serving as a new engine for this transformation. This paper elucidates the relationship between special brand grain development and grain supply-side structural reform, analyzes the economic, social, and ecological benefits based on field research data from Anhui Santai Flour Co., Ltd., and proposes policy recommendations for developing special brand grain.

Keywords: supply-side structural reform of agriculture, special brand grain, comprehensive benefits

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Introduction

Advancing supply-side structural reform in Chinese agriculture is a systematic endeavor that must begin with grain supply-side structural reform, whose primary task is ensuring national grain security and effective supply of high-quality grain products. Since the reform and opening-up, China has achieved tremendous success in grain production, including twelve consecutive years of output growth from 2003 to 2015. However, parallel developments have revealed persistent problems: rapidly rising production factor costs and declining comparative benefits; structural mismatches between supply and demand, leading to excessive reserve stockpiles and fiscal pressure; domestic-international price inversions that cripple market regulation functions; and escalating demands for quality safety amid tightening environmental constraints on grain production. The fundamental contradiction in the grain industry has shifted from insufficient aggregate supply to a coexistence of structural over-supply and inadequate effective supply [1].

To address these challenges, the Central Rural Work Conference held in Beijing in December 2015 explicitly called for strengthening agricultural supply-side structural reform to improve the quality and efficiency of the agricultural supply system. The goal is to ensure adequate supply quantity while aligning variety and quality with consumer needs, thereby forming a rational and robust effective supply system. This conference sounded the clarion call for agricultural supply-side reform. Since the 18th Party Congress, General Secretary Xi Jinping has emphasized grain security, stating: “The Chinese people’s rice bowl must be firmly held in our own hands at all times, and it should be filled primarily with Chinese grain. With 1.3 billion people to feed, we must stabilize grain production ourselves. Grain should also be branded, as this yields better prices and benefits.” This guidance charted the course for grain industry supply-side structural reform. The 2017 No. 1 Central Document, *Opinions of the CPC Central Committee and the State Council on Deepening Agricultural Supply-side Structural Reform and Accelerating the Cultivation of New Drivers for Agricultural and Rural Development*, mandated deepening supply-side structural reform as the main thread, addressing prominent structural and institutional contradictions through supply-side and institutional innovations.

As a major agricultural and grain-producing province, and the birthplace of rural reform, Anhui has taken the lead in exploring special brand grain development, establishing it as the new engine of grain supply-side structural reform.

The Rationale for Special Brand Grain Development

Industrial Transformation and Upgrading

From the perspective of grain industry transformation mechanisms, developing special brand grain responds to market demand by using consumption to drive processing, distribution, and production. This approach promotes regionalized layout, scaled cultivation, standardized production, and industrialized operation, facilitating a shift from extensive management focused solely on output growth and resource consumption to intensive development that balances quantity and quality, emphasizes competitiveness, prioritizes agricultural technological innovation, and ensures sustainability. This represents the inevitable path toward moving the grain industry to the mid-to-high end.

Special brand grain encompasses two dimensions: first, *special-purpose grain* that satisfies specific needs, such as strong gluten wheat for bread production, as opposed to general-purpose grain for food, feed, or industrial use; and second, *branded grain* recognized by consumers through brand identity, such as “Beidahuang Rice” or “Haomaizi China Flour,” which obtains broader markets and higher economic returns through superior brand marketing, qualitatively differentiating it from generic or self-processed grain.

International examples illustrate this model’s success. Australia primarily cultivates special low-gluten “Australian Standard” wheat, whose flour features low gluten content, white color, and fine texture suitable for biscuits and low-gluten bread. Berkshire, UK, produces wheat specifically for Bath buns—a tea bread that can only be made from Berkshire wheat—creating a refined upstream-downstream industry chain and strong regional brand effect. US durum wheat serves as the global standard for Italian pasta flour, exemplifying specialized branded production. As a major wheat producer, China lags behind these countries in developing regional public brands for special wheat, urgently requiring region-specific efforts to leverage comparative advantages and create distinctive wheat brands. Anhui Province, located in China’s north-south climate transition zone, should focus on building high-quality special wheat production bases north of the Huai River, vigorously developing medium-strong gluten special brand wheat.

Ensuring Effective Grain Supply

Under new circumstances, China’s agricultural production, particularly grain supply, faces fundamentally changed contradictions characterized by coexisting cyclical, structural over-supply and insufficient supply. Developing special brand grain adopts a “consumption-oriented” approach, using special variety promotion and quality structure optimization as entry points to reduce excess inventory, focusing on cost reduction and efficiency gains to lower production costs, and integrating primary, secondary, and tertiary industries to address weaknesses. This transforms grain from generic-only to a coexistence of generic, special-purpose, and branded grain, achieving structural dynamic balance. The

goal is to improve grain supply system quality and efficiency, ensuring not only adequate quantity but also diversified, quality varieties that meet personalized consumption upgrades, thereby forming a rational and robust effective grain supply system [2].

Driving Technological Innovation

International experiences from the US, UK, and Australia demonstrate that promoting special varieties and applied technologies can meet diversified market needs while effectively reducing production costs, thereby protecting and improving total factor productivity in grain. Special brand grain development aims to ensure effective supply of quality and safe grain and increase farmer income, focusing on improving quality, efficiency, and competitiveness while emphasizing cost reduction, premium quality, safety, and green development. The production and processing of special brand grain requires new technology development and application to enhance agricultural sci-tech innovation capacity, collaborative innovation, and transformation speed. Given China's reality of large population and limited land, reforming traditional generic grain production and developing special brand grain under the supply-side structural reform background urgently demands increased sci-tech content in grain production, particularly in special variety breeding, green prevention and control, and agricultural intelligence.

Comprehensive Benefits: The Anhui Case Study

Anhui's pilot program has demonstrated that special brand grain development creates an "enterprise circle-industry circle-product circle" trinity modern ecological grain industrialization model. This promotes further optimization of grain structure, strengthens product market competitiveness, improves the agricultural ecological environment, and powerfully advances farmer income growth, grain efficiency gains, and enterprise profit increases (Table 1).

Table 1: Benefit Comparison of Special Brand Wheat Development at Anhui Santai Flour Co., Ltd.

Indicator	General Wheat	Special Brand Wheat	Change
Flour price (yuan)	2.40	2.72	+13.3%
Farmer income per mu (10k yuan)	0.15	0.159	+6.0%

Indicator	General Wheat	Special Brand Wheat	Change
Large specialized household annual income (10k yuan)	7.5	10.42	+38.9%
Cost per mu (10k yuan)	0.75	0.705	-6.0%
Pesticide use per mu (g)	1200	600	-50.0%
Effective irrigation rate (%)	65	85	+20.0%

*Note: Calculated based on 1,000 jin yield per mu; **based on 500 mu per large household. Data source: Calculated from field research data (July 2017).*

Policy Recommendations for Developing Special Brand Grain

Reforming Financial Subsidy Policies

The central government should establish special guidance funds for special brand grain development, increasing subsidies for physical technology services in key supply chain segments. Projects for land consolidation, agricultural comprehensive development, farmland water conservancy construction, and the 100-billion-jin grain production capacity enhancement initiative should be integrated to prioritize high-standard farmland construction for special brand grain. Agricultural machinery subsidies should prioritize equipment for special brand grain production, such as grain dryers. Major grain-producing counties with outstanding achievements in special brand grain development should receive awards.

Strengthening Financial Support Mechanisms

The Agricultural Development Bank and other financial institutions should increase lending support for brand operation core enterprises in purchasing, storing, and processing special brand grain. Government-funded agricultural guarantee companies should prioritize loan guarantees for special brand grain producers, while other policy-based guarantee companies should allocate annual quotas specifically for such entities. For large-scale special brand grain operators, agricultural policy yield insurance standards should be increased, with premium supplements for the enhanced coverage provided by fiscal authorities at all levels. Pilot programs for special corn revenue insurance should be launched, with timely initiation of similar pilots for special brand wheat and rice.

Improving Price Formation and Storage Systems

China currently implements minimum purchase price policies for rice and wheat, grading acquisitions by generic quality without distinguishing varieties or brands, resulting in mixed quality and failure to reflect premium pricing. Following national unified deployment, Anhui is actively yet prudently advancing grain price formation mechanism reform to give full play to market forces in resource allocation, promptly activating minimum purchase price execution plans for wheat and rice. This leverages the dominant role of state-owned grain enterprises in storage while encouraging diversified entities like industrial leading enterprises to conduct market-based grain purchasing. However, grain market pricing and storage system reform is significant and far-reaching, requiring national-level top-level design rather than provincial initiatives. The state should launch policy-based acquisition pilots for special grain and branded grain to explore pathways toward market pricing and “price-subsidy separation.” Correspondingly, grain-producing provinces should receive additional special funds for grain circulation infrastructure, prioritizing construction of dedicated storage facilities for special brand grain to enable variety-specific storage and promote premium pricing and graded management.

Innovating Grain Production and Management Systems

Exploring the establishment of regional planting systems for special brand grain requires demarcating suitable cultivation zones, strengthening production base certification, reinforcing geographical indication trademark management, and piloting origin designation for special brand grain. Whole-process control of production and operation should be strengthened through policy-guided regulation of grain varieties, variety ratios, and planting densities, with strict standards for environmental monitoring, soil protection, and cultivation management. Integrated pilot programs for production and circulation management should be implemented, with a single department overseeing infrastructure construction, production, circulation, processing, and final assessment to achieve integrated pre-production, mid-production, and post-production management.

Accelerating Breeding of Superior Regional Varieties

Developing special brand grain requires superior variety support, making it crucial to construct a modern seed industry system integrating enterprise-based, site-supported, and industry-university-research collaborative breeding, propagation, and promotion. In recent years, Anhui has established a special brand grain collaborative innovation alliance involving agricultural universities, research institutions, and superior breeding units. By selecting domestic and international premium varieties and applying conventional breeding, quality breeding, and molecular breeding technologies, the province has bred new regional varieties featuring high yield, stable production, multi-resistance, wide adaptation, high efficiency, and premium specialization. Superior seed breeding bases for special grain have been established. Crop variety approval methods

should be revised to shift from yield-only assessment to evaluation equally emphasizing yield, quality, and specialization.

Implementation and Concluding Remarks

In autumn 2016, Anhui organized special brand wheat production in 41 counties (cities, districts) across the province, with contracted planting area reaching 5.3 million mu, emphasizing that developing special brand grain constitutes an important component of the provincial governor responsibility system for grain security and incorporating it into year-end comprehensive evaluation metrics for county governments. In 2017, the province selected 41 counties (cities, districts) to pilot special brand rice production, implementing contracted production area of 3 million mu. The requirements included establishing at least one demonstration alliance for branded grain industrialization and several alliances of different scales; owning, creating, or introducing more than one regional rice brand; and forming replicable, promotable new models and mechanisms for modern ecological grain industrialization.

Anhui's pilot program for special brand grain development has pioneered a new path for optimizing grain supply-demand structure, improving production technology levels, and advancing industrial transformation. Serving as the new engine for grain supply-side structural reform in the current and future periods, its approach offers important reference value for major grain-producing regions nationwide. The policy recommendations proposed herein carry exploratory significance for safeguarding national grain security, increasing farmer income in grain functional zones, and advancing grain production and circulation institutional reform.

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Note: Figure translations are in progress. See original paper for figures.

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