

**AN ECONOMIC ASSESSMENT OF RED MEAT
DEMAND IN THE PEOPLE'S REPUBLIC OF
CHINA**

By

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Abstract

Continuing income growth and the development of the Chinese economy during the 1990s and the expectation that it will continue to the year 2000 are likely to produce a considerable change in Chinese food consumption patterns which are moving from a staple starchy food diet to one that includes high protein livestock products. Given an increase in demand and the possibility of a constrained domestic supply, demand for red meat may not be met in China. The present study is designed to examine this possibility.

Changes in demand and consumption for red meat are explained by changes in prices and income within a complete demand system. Panel data from 1979 to 1992 are used to study to determine the demand relationships for pork, beef and mutton in China. The SUR technique was adopted as an appropriate least square estimator of the Double Logarithm model of retail demand for red meat and the Slutsky symmetry restrictions were imposed. Projections on demand for red meat between 1993 and 2000 are undertaken using a standard method.

It was found that both the effects of changes in prices and income are significant in determining the demand for red meat in China. The income elasticities are positive and less than one, which suggests that pork, beef and mutton are necessities in China. Based on the estimated equations, red meat demand in China is projected to reach 55.4 million tons by the year 2000, an annual growth rate of 8.6 per cent. It was also found that regional disparities in the demand for red meat would become more significant towards the year 2000. The findings of this study imply that China may be confronted by the dilemma resulting from a domestic deficit of supply and an excess of demand for red meat. Both external and internal avenues are suggested in order to alleviate this difficulty.

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