BACKGROUND

Capturing the impact of the COVID-19 pandemic on China’s rural and agricultural economy offers an opportunity to ascertain how much influence it has had on rural farmers and how their coping strategies and the government’s mitigation measures helped ease the economic impacts on the lives of people living in rural areas. China adopted a series of urgent control measures, such as lockdowns of cities and population centres, travel restrictions, closure of farmers’ markets and roadblocks throughout the country, during the first two months of the pandemic. These measures had a tremendous impact on China’s agricultural economy, a critical sector providing a livelihood to 200 million smallholder farmers.

Thus, analytically ascertaining the impacts of the COVID-19 pandemic on China’s agricultural economy and exploring the Chinese government’s emergency measures to ease these impacts are of great value to the ongoing response to the pandemic. Therefore, this study, which is the result of meta-analysis of various survey and research papers, offers urgently needed lessons and policy recommendations while the pandemic continues to play havoc across the globe. It can assist policymakers in formulating effective policies and can also provide insights into prevention efforts to respond to similar infectious diseases in the future.
The rural people of China, the first region affected by the COVID-19 pandemic, had an extremely challenging year in 2020. The pandemic posed a great threat to their lives, well-being and livelihoods. The country was about to celebrate the eradication of extreme poverty, but the pandemic threatened to reverse years of hard work and success.

The empirical findings are as follows:

- The impact of the first phase of the COVID-19 pandemic on China’s agricultural economy was mainly reflected in crop production, supply of agricultural products, livestock production, farmers’ income and employment, economic crop development, sales of agricultural products, leisure agriculture development and trade in agricultural products. Cooperatives and enterprises in the primary sector were less affected by the pandemic than those in the secondary and tertiary sectors but still faced major challenges, including the rising cost of agricultural materials, financing difficulties, logistics and distribution disruptions, labour shortages and order cancellations.

- The coping strategies adopted by rural people included the use of savings and borrowing from friends and relatives. Pig producers were forced to sell pigs and small piglets to avoid additional fattening and increasing costs. Vegetable growers switched to alternative channels, such as e-commerce. Local markets took precautionary measures to avoid additional food losses and waste.

- The government’s immediate countermeasures included resuming agricultural production and farming, providing financial support, stabilizing agricultural production and product supply, promoting sales of agricultural products, providing subsidies, providing technological guidance and field management, and providing direct cash to poor farmers to reduce poverty. The strategy indicates that more tailored policies should be implemented to mitigate the shocks of the COVID-19 pandemic on China’s agricultural economy in the future.
LESSONS LEARNED

A systematic and coordinated approach is needed to contain the pandemic’s negative impacts, as the disruptions in agrifood and the rural economy are multifaced, ranging from disruptions in supply, consumption, finance and employment to food access and availability. The following lessons can be drawn from the mitigation measures and coping strategies undertaken by the government, enterprises and farmers.

- Ensure continued access to and availability of food, particularly for the most vulnerable households, casual workers, unemployed migrants, and those relying on remittances and smallholder farming. Targeted transfers to vulnerable households – allowing them to sustain the quality and quantity of their diets – seem essential to prevent a rise in food insecurity. This would call for a systems approach to integrating crisis management with the national system of poverty monitoring. Additional focus should be placed on creating diversified off-farm income-generating opportunities by strengthening cooperatives and local entrepreneurship, and promoting the digital economy, services, tourism, logistics, transport and construction.

- Resuming agricultural production and farming should be prioritized, as it proved productive in the case of China, where priority was given to speed up the resumption of production of major agricultural enterprises, such as agricultural material producers, agricultural product processors, distribution enterprises, slaughtering enterprises, new agricultural operators and other production enterprises. The government has encouraged local businesses, cooperatives and family farms to employ local labourers.

- Providing financial support proved one of the central policies to help enterprises cope effectively with the impact of the COVID-19 pandemic. Specific measures included offering subsidized loans to agricultural firms and deferring loan repayment deadlines for small and medium-sized enterprises. Subsidies and coupons to boost rural tourism and consumption also proved effective.

- Stabilizing agricultural production and the supply of products is another important way to guarantee people’s livelihood. In areas affected profoundly by the pandemic, measures to eliminate labour shortages, speed up the resumption of livestock production and ensure the supply of livestock and poultry products, and ensure smooth delivery of raw materials and products proved very effective and helped avoid significant economic damage.

- Increasing the capacity of logistics and distribution, including storage and cold chain, is fundamental to coping with crisis. The “Green Channel” policies effectively cushioned the disruption of the agrifood chain in the early stages of the pandemic by reducing transport barriers and ensuring the availability of and trade in essential food products. The benefits of the policies for stakeholders need to be systemically assessed by region, sector and position in the supply chain.

- The presence of e-commerce and social media in China’s rural economy during the pandemic helped mitigate the negative effects and facilitated innovation and the transformation of agribusiness. The e-commerce platform enabled commodity aggregation and made information readily available for searching. The pandemic opened up transformative opportunities for social media companies to develop new hybrid businesses in the rural economy.
POLICY IMPLICATIONS

From this meta-analysis, the following policy implications can be identified that can effectively promote and improve the stable development of the rural economy when dealing with a pandemic:

- Special care could be paid to compensate farmers and agricultural enterprises for their lost income resulting from the COVID-19 pandemic. Policies could involve providing short-term subsidies for agricultural inputs, establishing a system for reporting and registering for compensation for damage to agricultural production, and increasing policy-based financial support to agricultural enterprises.

- The agricultural supply chain could be made more efficient by establishing an emergency agricultural stock mechanism to strengthen the smooth supply of key agricultural products – for example, storing an appropriate amount of meat and eggs to prepare for future meat shortages – and encouraging agricultural enterprises to build agricultural product processing systems.

- Along with policies to foster technological innovation and other development in the agriculture sector, policies for off-farm income-generating opportunities could be given special attention to maintain diversified rural livelihoods, encompassing, for instance, rural tourism and services, easy logistics, transport, local entrepreneurship and cooperatives, the digital economy.

- Strengthen the market early-warning and response systems, especially by enhancing crisis management capability. An integrated policy mechanism is needed to improve agricultural product distribution centres, as well as small, medium-sized and large wholesale markets. Encouraging investment in storage and logistics facilities to ensure food availability and access, especially in crisis circumstances, is another important policy tool.

- Prioritize financial support for enterprises that provide employment opportunities for migrant workers, ease the procedures for enrolling employees, and facilitate access to loans and tax reductions. Local tourism can be supported with more local promotion and awareness-raising approaches.

- Policy evolution is needed for social safety to protect those who are most affected and most vulnerable. Targeted transfers to these households seem essential to prevent a rise in food insecurity. Awareness of agricultural insurance and social insurance increased and received greater support in the crisis. Social insurance includes basic pension insurance and basic medical insurance for rural residents. Social welfare mainly focuses on elderly people, children, and persons with disabilities; it covers housing subsidies for the renovation of dilapidated houses in rural areas.

- Strengthen international cooperation for the prevention and control of COVID-19 by evolving pro-trade policies. Strengthen trade consultations with major agricultural trading partners, preventing them from using the pandemic as a means of introducing technical trade barriers, adopting measures tailored to local conditions to carry out border trade, and ensuring that ports are no longer unilaterally closed. The relevant import enterprises should be planned, arranged and mobilized as early as possible to ensure the smooth operation of agricultural markets.

- It is necessary to ensure the effective and timely implementation of policies. There is a need to establish multisectoral cooperation in the implementation of policies to increase implementation efficiency.