

DLG Article on Chinese Agricultural Associations

Introduction

DLG's Component within German-Sino Agricultural Centre (DCZ) deals with „Coordination with Agro-Food industry“. There is the identified need to have a clearer partner structure on the Chinese business side to deal with project issues and their articulated interests. Chinese business associations and a selection of their member companies are suggested to fill out this role. Based on the analysis of four important agribusiness associations¹, the actual state and perspectives of those associations are pointed out in this article including possibilities for collaboration.

The Chinese agribusiness sector is in general represented by numerous associations². On the national level these associations are all linked in a stronger or lighter way to MoA. There is a reform process underway in which associations shall be disconnected more from MoA in order to improve their decision-making and services. This applies especially for the “more mature agricultural subsectors”, which need less guidance from state side. There are several factors that spur this process, i.e. the intention to bring a stronger dynamic into the sector, eventually cost cutting aspects of MoA towards independent financing structures. The visited associations among themselves represent all three possible states of independency, i.e. totally official, semi-official and totally independent. Nevertheless, none of the visited associations is totally independent from the government. Via financial contributions and being former MoA staff in charge of leading positions, MoA retains influence in the associations.

Characteristics of visited Agribusiness Associations

Dairy Association of China (DAC)

DAC is a governmental approved institution and a legal person, which applies to all visited associations in this analysis. It considers itself a semi-official association, which implies an increased level of independency from government (MoA) in decision-making. The secretary general is a retired former director from MoA, which seems to be common practice in Chinese associations. Currently, they have 626³ members, mainly big dairy companies and are operating with a staff of 25 persons.

DAC is offering a wide range of services to its members, i.e. representation of interests to the government including suggestions for regulations, information⁴ and coordination of dairy companies e.g. in governmental standards, training measures within the governmental project Dairy Herd Improvement (DHI), organizing the China Dairy Exhibition as a annual trade fair in different Chinese cities, three technical publications, the organization of technical events, excursions and extension (i.e. holding speeches on conferences). Services are often linked to application of standards coming from MoA and related control mechanisms. Their training programme DHI methodologically is implemented in a very traditional way setting up ex-cathedra teaching unities for large groups.

¹ Dairy Association of China (DAC), China Feed Industry Association (CFIA), Chinese Association of Animal Science and Veterinary Medicine (CAAV) Chinese Agri-products Marketing Association (CHAMA)

² 58 on MOA's website

³ Divergent data on their website which is citing 385 members

⁴ Basic information for dairy industry (whole value chain) and upcoming trends

DAC's main interest in collaboration with DCZ refers to questions of genetic improvement of China's dairy herd both related to importation of sperm, embryos and living animals. Modern technology for dairy factories and technical assistance in the whole production and converting process is of vital interest too. Sustainability and agricultural residues, an important topic in the Agricultural Policy Dialogue (APD) component, is recognized as very interesting to DAC and their member companies as well.

China Feed Industry Association (CFIA)

CFIA is directly linked to MoA's National Animal Husbandry Service (NAHS) and defines itself as an implementing and extension body for MoA's politics. It is still a totally official association, with one director (Mr. Liu) for both organizations in personal union. The reform process of disconnecting CFIA more from MoA and NAHS is under way and shall be accomplished in the year 2018.

The association is organized in three levels countrywide, i.e. national- or central- (20 staff), regional- or provincial- (10 staff / province in 18 provinces), and city- or township level, where more staff is available for extension services. The national level is headed by the director and his deputy subdivided in seven divisions. An intensive information flow with regional and city level is going on to coordinate the implementation of association's tasks and services. CFIA counts with 400 members from the feed industry on.

CFIA services are diverse. It organizes the China Feed Industry Exhibition (in April each year). Quality control of products in feed plants and product portfolio control is their main task, orienting industry plants to production volume of each product line aligning with MoA's (NAHS) political guidelines. As technical support they are orienting members in pasture management and animal breeding.

The overall objective and interest of CFIA is the fast development of animal husbandry in China with a preference in shifting from pork to cattle production, because of the more healthy character of beef in human alimentation. The necessity of structural change aspiring larger farm structures is recognized to reach this goal. Further interesting topics for CFIA are poverty reduction, food security (related especially to production increase in milk and eggs), learnings Europe's experiences with a dairy quota system and the German Cooperative System, reducing imports of soya through explicit expansion of fodder production (grass, maize) and silage making, and again, DCZs current topic, the reduction and management practices of organic residues.

Chinese Association of Animal Science and Veterinary Medicine (CAAV)

CAAV is a very traditional association and was founded in 1936 with a history ranging over 80 years. The association considers itself totally independent from Chinese government and receives no public funding from MoA. They represent 38 branches with 50.000⁵ members, mostly from agricultural universities and research institutions, but also from business companies (400 members) mainly from pharmaceutical and feed industry and also some pig and poultry companies. There are 31 independent provincial associations, with whom they stay in close contact and support them from the national level. The CAAV central secretariat is serving the 38 branch associations, which all have their own management boards. These boards must be approved by CAAV and they report to the national secretariat.

⁵ Divergent data on their website which is citing 20.000 members

Main services are the organization of scientific conferences and events (e.g. 5th of September 2016 world poultry congress in China). Fees for participating conferences and events are a major source of income. In 2015 about 110 events with 200,000 participating guests from all over the world were organized. The 38 branch associations submit proposals for events to CAAV secretariat, which has to evaluate and approve them and then put them into practice. Other services are contracted research and consulting, especially for the veterinary and animal nutrition sector (60-70%), organizing excursions to other countries, scientific publications in their own magazines and a public education programme on animal nutrition held on exhibitions.

CAAV's interests in DCZ derive from a quite scientific point of view. Assuming that, technology for pig farming, handling of animal residues (manure) and veterinarian antibiotics in farmland are their main interests in collaborating with DCZ. APD's current sustainability and animal residue topic is considered by CAAV as well chosen.

Chinese Agri-products Marketing Association (CHAMA)

CHAMA is, as the other associations, a legal person approved by the government and was set up in the year 2002. It counts actually of a total of ca. 800 members, which are all large-scale wholesale markets for agricultural products with national or regional influence. Like the Feed Association, CHAMA is a totally official association linked strongly to MoA via the Development and Service Center for Quality Farm Products. CHAMA's national office comprises of 10 permanent staff members, regional structures are not existent. Mr. Liu's work as Secretary General for the association is part time, his first workplace is MoA. The reform process of disconnection from MoA will take place in that organization as well however the interview partner didn't mention a clear date for next steps.

The association is coordinating their members for the government, i.e. getting data from them on a daily basis to maintain a market information system serving for agricultural producers, wholesale markets and distributors. The system is accessible via Internet and informs mostly about prices of agricultural products specified according to regions. The members, i.e. wholesale markets, collect the price data for the association. CHAMA is beginning to broaden the system to inform about product quantities, but this is still in its initial stage.

Certification of organic products is a governmental function where CHAMA is involved as well. Financing originates mainly from governmental funding, other sources were not mentioned.

CHAMA's interests are mainly about wholesale markets in Germany and Europe and on quality management and traceability of food in the EU, which is a stronger upcoming interest of Chinese consumers and MoA. China has begun with first steps towards such a system.

Chart 1 Characteristics of visited associations.

Chart 1: Characteristics of Visited Associations (Bold = topics already considered by DCZ and decentralized projects)

Associations Criteria	Dairy Association of China (DAC)	Feed Industry Assoc. of China (CFIA)	Chin. Association of Animal Science and Veterinary Medicine (CAAV)	Chinese Agri-Products Marketing Association (CHAMA)
Status of Independency from MoA	Semi-official	Totally-official	Totally-independent	Totally-official
Members (No.)	Dairy industry (626 or 385)	Feed industry (400 on central level) ..	Agricultural universities, research Institutions (50.000 or 20.000) business companies (400)	Wholesale markets, distributors (800)
Services for Members	Representation of interests to the government, information/ coordination of dairy industry Organization of dairy exhibition, publications, training (DHI), excursions, speeches	Quality control, Control of product portfolio (quantity), feed industry exhibition (April), TA in pasture management and animal breeding	Organizing scientific conferences (110 in 2015 with 200,000 participants), contracted research, consulting, excursions, scientific . publications, representation	Market information System-prices, (quantities) coordination of members for the government, (certification of bio-products)
Financing	MoA (e.g. DHI), advertisement in own publications, publications, dairy exhibition, membership fees	MoA, feed industry exhibition	Events / conferences, contracted research, consulting, excursions, (government, membership fees)	Government (MoA)
Thematic Interests for Cooperation -Strategically -Technically	Genetic improvement, agricultural residues-sustainability Technology for dairy industry, farm technology, technical assistance	Fast development of animal husbandry , shift to more cattle / beef, import reduction of soya by shifting to farm produced silage (grass, maize) , structural change, food security, EU milk quota system, German cooperative system, agricultural residues	From scientific viewpoint: Technology for pig farming, agricultural residues (manure) , veterinarian antibiotics in farmland	Wholesale markets in Europe, EU quality management of food and traceability system, food safety

Conclusions

The associations play an important role in the Chinese agricultural sector. They offer a wide range of services to their members. The definition of services is meant in a somewhat different way compared to the understanding in Germany or other Western countries.

In China associations serve state-owned and private companies alike. Currently, services offered range from information dissemination, coordination of subsector industries (members), to control of quality and product portfolio (quantity). Contacts to their members seem to be quite close - as demonstrated by a good information basis about subsectors current situation.

All visited associations and companies showed their interests to participate in DCZ activities. Nobody mentioned possible restrictions to such collaboration. The range of ability for cooperation seemed somehow differentiated among associations. CFIA and DAC presented a high ability for further integration into project measures due to their structure, services and interests in cooperation. CAAV is considered in the middle range and CHAMA on middle to low level, but with a potential to become more suitable if topics regarding food sector will gain importance in DCZ activities.

Important business sectors for DCZ on Chinese side are machinery, animal husbandry, perhaps food in the future, being reflected in the representation and involvement of German business side. In order to get a complete picture representing all three project-relevant subsectors of Chinese associations, Chinese Agricultural Machinery Association (CAMDA) in particular ought to be further analysed in the same manner as the other four visited associations.

The described reform process in China's association landscape perhaps opens in the long run a window for association partnerships between Germany and China, if interests regarding this are realistic in both countries

Arno Boerger
Zhang Lee
Frederik Tipp