Chapter 4: Modernizing Agriculture and Rural Development

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"TRANSFORMATION AND PROMOTING RURAL ECONOMY"
This book presents an overview of Asia’s growth and transformation in the last 50 years and discusses key policy lessons that can be drawn from the region’s experiences.

It provides a summary of underlying factors that can explain Asia’s development performance, as well as the large variations across the region and time periods. In particular, the book focuses on the roles of technology, markets, and policies in several areas including human capital development, trade and investment, infrastructure, macroeconomic stability, poverty reduction, gender equality, environmental sustainability, development finance, and regional cooperation and integration.
2. Asia’s food problems in the 1950s

1. Going back over 5 decades, after the second World War
2. Many Asian countries tried to promote industry.
3. Their view on agrarian economies was pessimistic.
4. Indeed, experts warned about food shortages given explosive population growth, stagnant grain yields, and near-exhaustion of farmland.
5. Agriculture was seen as an inferior partner in development.
6. However, after some struggles, the policy priority gradually shifted to “Get Agriculture Moving.”
3. Land Reform: Experiences and Lessons

The early success of land reform in East Asia motivated other countries to follow, but reforms progressed slowly with mixed results.

*Lessons:*

(i) The need for serious commitment at the top,
(ii) Simple and clear technical design of enactments,
(iii) Effective organization among beneficiaries, and
(iv) the provision of necessary support services to beneficiaries.
3. Land Reform: Experiences and Lessons

Looking ahead:

(i) Concern about fragmented and small farm sizes, and malfunctioning land market.

(ii) How to consolidate land and introduce mechanization?
4. Green Revolution

1. It is a package of modern farming practices: high-yielding varieties (rice and wheat), modern inputs, and improved irrigation systems.
2. In the mid-1960s, some countries adopted supportive policies, followed by others.
3. By the mid-1980s, many countries achieved rice self-sufficiency. Then, trade expanded.
Continuing issues on:

(i) the role of public policies (including input subsidies and price supports) to allow markets to function better, and

(ii) The need to sustain farm productivity by continuing research support, agricultural mechanization, and sustained public investment.
5. Changing food consumption and product diversification

**Figure 4.2: Food Consumption Patterns, Developing Asia, 1961–2013**

(average kilocalories/person/day)

Increased:
- Fruits & Vegetables
- Animal Products

6. Agricultural trade and food value chains

**Figure 4.5a: Rice Trade**

- **India**
- **People’s Republic of China**
- **Thailand**
- **Viet Nam**

**Figure 4.5b: Vegetables Trade**

- **India**
- **People’s Republic of China**
- **Thailand**
- **Viet Nam**
7. Expanding the rural nonfarm economy

1. Nonfarm income helps rural households to increase income and diversify income risks.

2. There are fewer Asian rural households specializing exclusively in agriculture.

3. The rural nonfarm sector provide jobs in rural areas, slow rural-urban migration, promote more equitable income distribution, and reduce rural poverty.
8. Looking Ahead

Asia’s agriculture and rural economies have gone through changes, and the progress has been uneven.

1. Technology remains a key driver of productivity growth
2. Land reform and administration remain ongoing
3. Improved food value chain and agribusiness supports trade
4. Food safety and nutrition standards must be enforced
5. Remaining ag. price distortions should be addressed
6. Emerging challenges need to be addressed
7. Agricultural and rural development need to be integrated