

## Chapter 2

# Particularity and Research Significance of the Western Region

### 2.1 Geographical Range

China is divided into an eastern region, a northeast region, a central region, and a western region (Fig. 2.1) according to the economic development level (GDP per capita) of each region and in line with the division method of National Bureau of Statistics of the People's Republic of China issued in June 2011. The eastern region covers 10 provinces and municipalities, namely, Beijing, Tianjin, Hebei, Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Guangdong, and Hainan. The northeast region covers three provinces, namely, Heilongjiang, Liaoning, and Jilin. The central region covers six provinces, namely, Shanxi, Henan, Hubei, Hunan, Anhui, and Jiangxi. Finally, the western region covers 12 provinces, municipalities, and autonomous regions, namely, Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Tibet, Inner Mongolia, and Xinjiang.

The western region is the most backward region in terms of economic development in China, and the most concentrated place for minorities. The results calculated by the author according to related research findings and statistics show that the minority population in the western region is about 100 million people, accounting for 80 % of the total minority population in Mainland China (123 million). Furthermore, the minority population accounts for about 22 % of the total population in the western region (380 million). The rest are Han Chinese.

### 2.2 Particularity and Research Significance

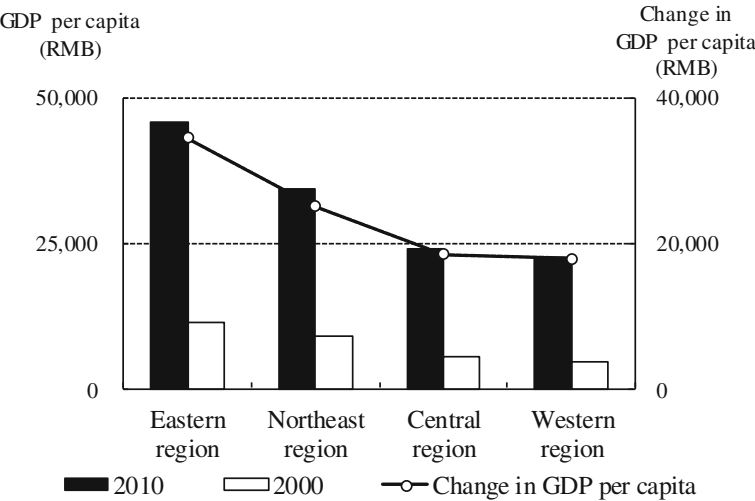
Figure 2.2 shows economic development levels (GDP per capita) and development trends in different regions. The change of GDP per capita in the figure refers to the difference of GDP per capita in 2010 and 2000, which shows that the GDP per capita in the eastern region is RMB 45,700, being the greatest in China. The GDP



**Fig. 2.1** Map of China

per capita in northeast region is RMB 34,200, ranking in the top 2, while the GDP per capita in the central region is RMB 24,100, ranking in the top 3 and the GDP per capita in the western region is RMB 22,500, being the lowest. In addition, the largest increment of GDP per capita is still achieved by the eastern region, which has the most developed economy and increased RMB 34,400 during 2000–2010, followed by the northeast region with RMB 25,000 and the central region with RMB 18,400. The western region increases the least in terms of GDP per capita, namely, RMB 17,800. In other words, the more developed the economy is, the greater it will increase. This means that economic development is greatly backward in the western region as compared to that in the eastern region, northeast region, and central region. As a result, the formation process and an analysis on the reasons for vegetable circulation structure in western cities, which focus on the wholesale market of agricultural products, would be conducive to understand and master the difficulties for developing vegetable bases around western cities.

Table 2.1 shows the trend of change in proportion of vegetable consumption of four western capital cities to local vegetables, namely, Hohhot (Inner Mongolia Autonomous Region), Xi'an (Shaanxi Province), Chengdu (Sichuan Province), and Guiyang (Guizhou Province). Local vegetables here refer to vegetables produced in all administrative regions/provinces of these cities.



**Fig. 2.2** GDP per capita and the change in each region of China. *Source* China Economic Statistical Yearbook 2011 and 2001. *Note* The change in GDP per capita = GDP per capita of 2010 – GDP per capita of 2000

**Table 2.1** Changes in trends of self-provided vegetables in four western capital cities (Unit: %)

|      | Chengdu | Xi'an | Guiyang | Hohhot |
|------|---------|-------|---------|--------|
| 2010 | 40–42   | 30–30 | 22–33   | 20–30  |
| 2000 | 52–60   | 35–49 | 44–50   | 35–40  |
| 1990 | 63–100  | 63–60 | 59–67   | 60–60  |

*Source* Interviews and surveys of operators and wholesalers in the wholesale market (September 2014)

The Table 2.1 shows that among the four western capital cities we investigated, the city with the largest self-vegetable provision in 2010 was Chengdu, accounting for 40–42 %, while the rest of the three cities accounted for 20–30 %. This proved that vegetables for these four western capital cities were sourced from other places. Moreover, the table also reveals that the self-provision of vegetables for these cities remarkably declined. In 1990, the self-provision rate of vegetables in each city was very high, with the least being 59 %. However, the self-provision rate of vegetables decreased constantly along with the development of economy and society, reaching 60 % at most in 2000. Especially in 2010, the self-provision rate of vegetables declined to 42 % for the city with the highest rate and 20 % for the city with the lowest rate.

Hohhot is selected for our case study. As shown in Table 2.1, the self-provision rate of Hohhot sharply declined from 60 % in 1990 to 20–30 % in 2010. Such data shows a very similar level and trend in terms of self-provision of vegetables in Hohhot as compared to the other three capital cities. Therefore, we can infer that the formation and analysis on the reasons for the vegetable circulation channels to

center on the wholesale market of agricultural products in Hohhot would be conducive to understanding the difficulties and reasons behind vegetable bases developing in surrounding western cities.

Therefore, the results of the case study in Hohhot greatly reflect the changes of the vegetable circulation structure in China's western region.

## 2.3 Survey Area

Hohhot, a capital city of the Inner Mongolia Autonomous Region, is about 500 km away from the capital in a crow-fly distance, and it enjoys very convenient transportation. Hohhot is the transliteration of Mongolian, which means "a green city". According to the economic statistical yearbook of Hohhot, the permanent residence of Hohhot in 2010 was 2.87 million, with over a 70 % (2 million) population dwelling in downtown. In 2010, the total vegetable consumption in Hohhot was 520,000 tons, including 75 % of vegetable transported from Shandong Province, Hebei Province, and other eastern regions.

Table 2.2 shows the changes in trend of the vegetable supply and demand in Hohhot. First, we can see that the economic development of Hohhot has expanded its population from 1.86 million in 1990 to 2.09 million in 2000 and 2.87 million in 2010. Second, the income per capita has increased to RMB 4045 in 2000 and RMB 19,014 in 2010 from RMB 825 in 1990. With the increase in income and population, the vegetable consumption in Hohhot rapidly grew from 340,000 tons in 1990 to 380,000 tons in 2000 and 520,000 tons in 2010. As a result, the Hohhot Municipal Government did not only reinforce the management on vegetable bases (land),<sup>1</sup> but also increased the fiscal subsidy to greenhouses from RMB 3000 in 1990 to RMB 7000–12,000<sup>2</sup> in 2007 per mu (1 mu = 667 m<sup>2</sup>) to cope with the insufficient supply of local vegetables. However, the vegetable production in Hohhot did not increase. On the contrary, it dropped from 200,000 tons in 1999 to 140,000 tons in 2000 and 130,000 tons in 2010, while the number of vegetables transported from other places increased from 140,000 tons in 1999 to 240,000 tons in 2000 and 390,000 tons in 2010. This has led to a sharp drop in the proportion of local vegetable consumption to overall vegetable consumption, namely, dropping from 60 % in 1990 to 35–40 % in 2000 and 20–30 % in 2010. In addition, the proportion of local vegetable consumption to overall vegetable consumption in Hohhot shrank from 90 % in 1990 to 85 % in 2000 and 70 % in 2010, which includes the peak season of local vegetables from July to September.

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<sup>1</sup>The purpose is to prevent using agricultural land for residential buildings.

<sup>2</sup>The subsidy for a thick-wall greenhouse is RMB 12,000/mu and RMB 7000/mu for other common greenhouses.

**Table 2.2** Trends of the vegetable supply and demand in Hohhot

|      | Total population<br>(10,000 persons) | Disposable income<br>per capita<br>(RMB/Year) | Vegetable consumption<br>(10,000 tons) | Vegetable consumption |                   |                     |
|------|--------------------------------------|-----------------------------------------------|----------------------------------------|-----------------------|-------------------|---------------------|
|      |                                      |                                               |                                        | Local vegetables      |                   | Nonlocal vegetables |
|      |                                      |                                               |                                        | (10,000 tons)         | Peak season       | (10,000 tons)       |
| 1990 | 186*                                 | 825*                                          | 34                                     | 20<br>【60】            | July–Sept<br>[90] | 14                  |
| 2000 | 209*                                 | 4045*                                         | 38                                     | 14<br>【38】            | Jul–Sept<br>[85]  | 24                  |
| 2010 | 287*                                 | 19,014*                                       | 52                                     | 13<br>【25】            | Jul–Sept<br>[70]  | 39                  |

*Source* Hohhot Economic Statistical Yearbook and interviews and surveys of operators in the wholesale market for agricultural products (October 2011)

*Note*

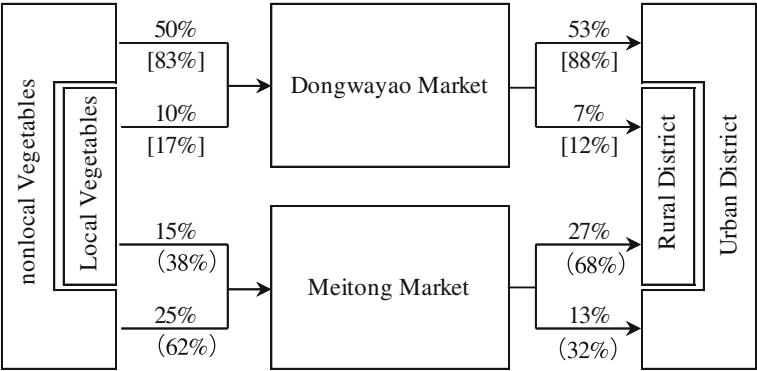
1. “\*” refers to that the data are from Hohhot Economic Statistical Yearbook while the rest are from our interview and survey
2. “【】” refers to the proportion of vegetable consumption to local vegetables, which is the average value from the interview of wholesale market operators and wholesalers
3. “[ ]” refers to the proportion of Hohhot vegetable consumption to local vegetables from July to September

## 2.4 Overall Architecture of Vegetable Circulation

The interview and survey with operators in Dongwayao Agricultural Byproduct Wholesale Market in Hohhot shows that over 90 % of vegetables consumed within the administrative area of Hohhot are from wholesale markets of agricultural products. As of October 2014, there are four vegetable wholesale markets in Hohhot, namely Dongwayao Agricultural Byproduct Wholesale Market (hereinafter referred to as “Dongwayao Marketplace”; est. 1986), Huidong Wholesale Market (hereinafter referred to as “Huidong Marketplace”; est. 1999), Meitong Logistics Center (hereinafter referred to as “Meitong Marketplace”; est. 2006), and Shuangshu Agricultural Trade and Wholesale Market<sup>3</sup> (est. 2008), among which Dongwayao Marketplace and Meitong Marketplace have been identified respectively as the agricultural ministry designated marketplaces by the Ministry of Agriculture and the “200 Marketplaces<sup>4</sup>” by the Ministry of Commerce. These two marketplaces account for over 99 % of vegetable consumption in Hohhot.

<sup>3</sup>As very few vegetable transactions have been conducted at Shuangshu Agricultural Trade and Wholesale Market since its establishment, the chapters and sections below will ignore the effect of this marketplace on vegetable circulation.

<sup>4</sup>The “200 Marketplaces” Project refers to a policy that has been implemented by the Ministry of Commerce since 2006 to reform and cultivate 100 wholesale marketplaces of large agricultural products and 100 large logistics enterprises to enhance the safety of agricultural products and promote the large-scale circulation of agricultural products.



**Fig. 2.3** Hohhot’s vegetable circulation. *Source* Interview with the manager of Dongwayao market (October 2011). *Note* The proportion in trading volume of vegetables for Dongwayao is denoted by “[]”; the proportion for Meitong Market is denoted by “()”; and the remaining percentage is the proportion of the two markets in the vegetable consumption of Hohhot

Figure 2.3 shows the overall architecture of vegetable circulation in Hohhot. First, the circulation channel with Dongwayao Marketplace as the center accounts for 60 % of vegetable consumption in Hohhot, including 83 % for vegetables from outside sources (i.e. 50 % of vegetable consumption in Hohhot) and 17 % for local vegetables (i.e. 10 % of vegetable consumption in Hohhot). In regard of supply regions, Dongwayao Marketplace mainly sources to Hohhot’s downtown area, taking up 88 % in annual transactions of Dongwayao Marketplace. The remaining 12 % is sourced to rural areas in Hohhot. Second, the circulation channels with Meitong Marketplace as the center accounts for 40 % of vegetable consumption in Hohhot, including 62 % for vegetables from outside sources (i.e. 25 % of vegetable consumption in Hohhot) and 38 % for local vegetables (i.e. 15 % of vegetable consumption in Hohhot). Regarding supply regions, Meitong Marketplace mainly supplies rural areas in Hohhot, taking up 68 % in annual transactions of the Meitong Marketplace. The remaining 32 % is sourced to Hohhot’s downtown area. Finally, regarding the proportion of the local vegetable circulation occupied in each wholesale marketplace, Meitong Marketplace takes up the majority, namely, 60 %, while Dongwayao Marketplace takes up 40 %. In other words, Dongwayao Marketplace is the largest market for nonlocal vegetable transactions in Hohhot and mainly supplies the downtown area. Meitong Marketplace is the largest market for local vegetable transactions and mainly sources to rural areas.

However, it is worth noting that before Meitong Marketplace was put into operation in 2006, Dongwayao Marketplace was not only the largest market for nonlocal vegetable transactions in Hohhot, but also the largest transaction market for local vegetables. According to interviews and surveys of operators in Dongwayao Marketplace, 99 % of local vegetables were circulated through Dongwayao

Marketplace before 2006. In addition, Dongwayao Marketplace is the oldest vegetable wholesale market in Hohhot, and one of the 24 designated marketplaces of the Ministry of Agriculture nationwide in 1995. As a result, the analysis on the evolution process and its reasons for Dongwayao Marketplace being the center of the vegetable circulation structure is the core of this book.

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