



Waves: the founding myth of China and the way ahead

A Presentation for the TFI FOT Conference

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China's founding myth



A history deeply connected with water



Da Yu Xia, 2070 BC



Qin Shi Huang, ~230 BC



Mao Tse-Tung, 1945-76 AD



Xi Jinping, 2013 AD – now



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The 13th 5-year plan

Major demographic trends

China and the Global Value Chain

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A quick look at the 十三五



The 13th 5-year plan: word mining

China's 12th Five Year Plan



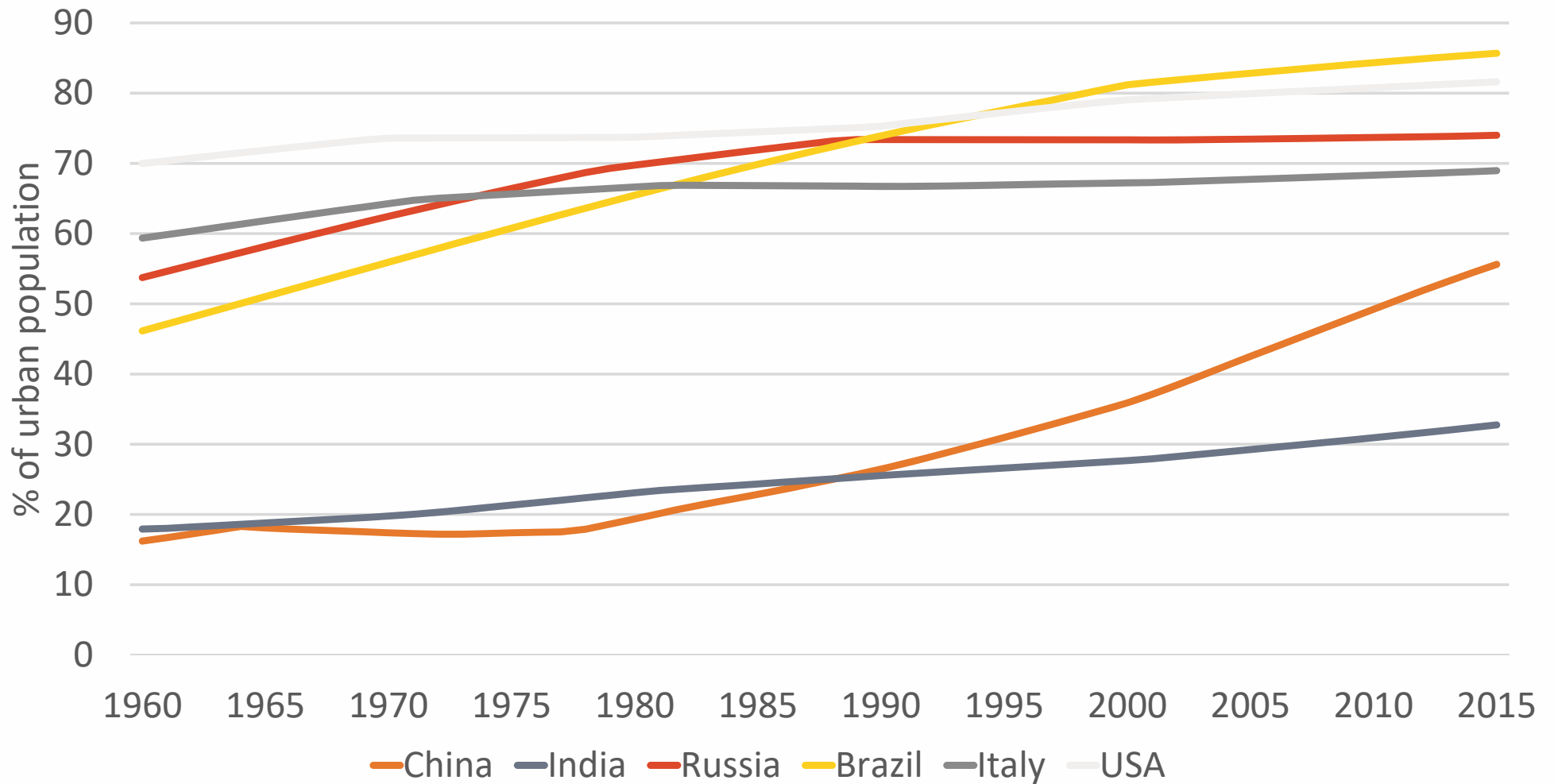
China's 13th Five Year Plan



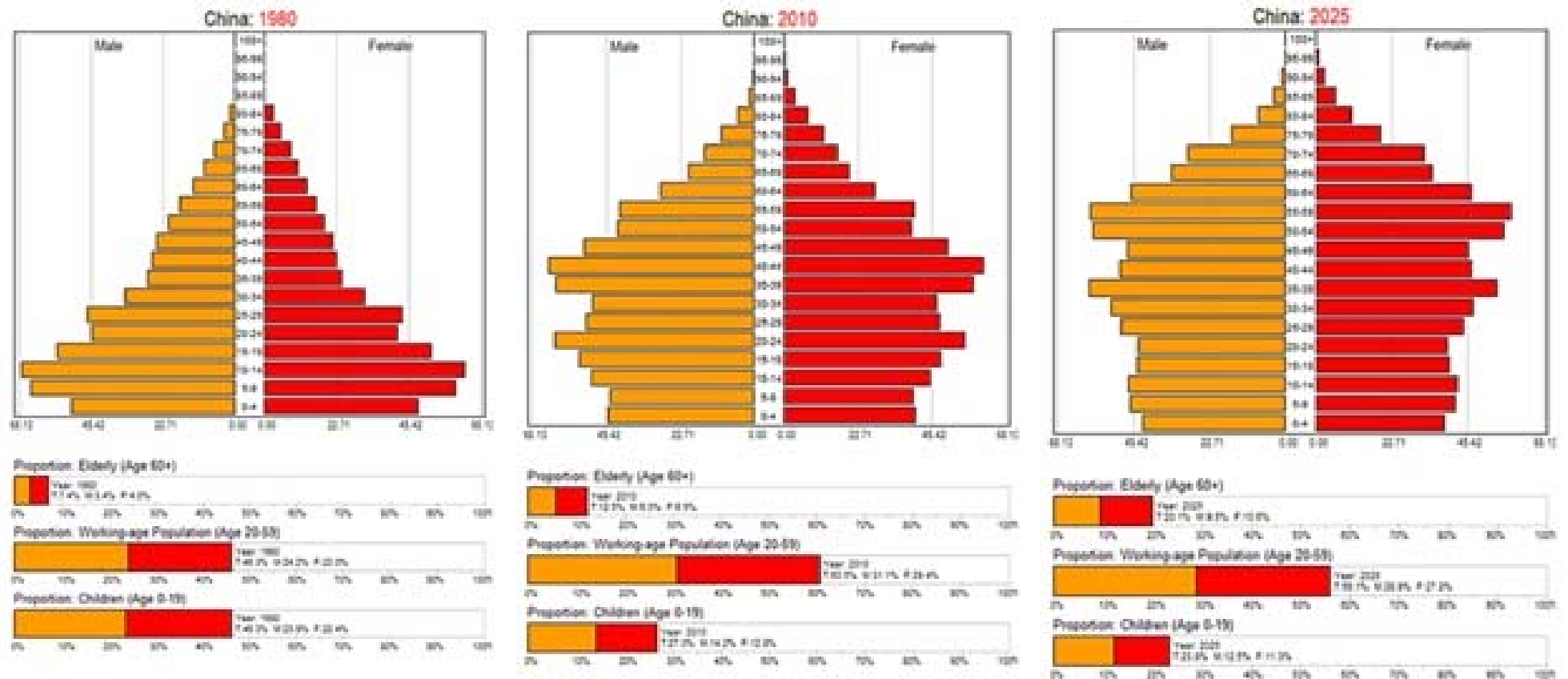
The people of the People's Republic of China



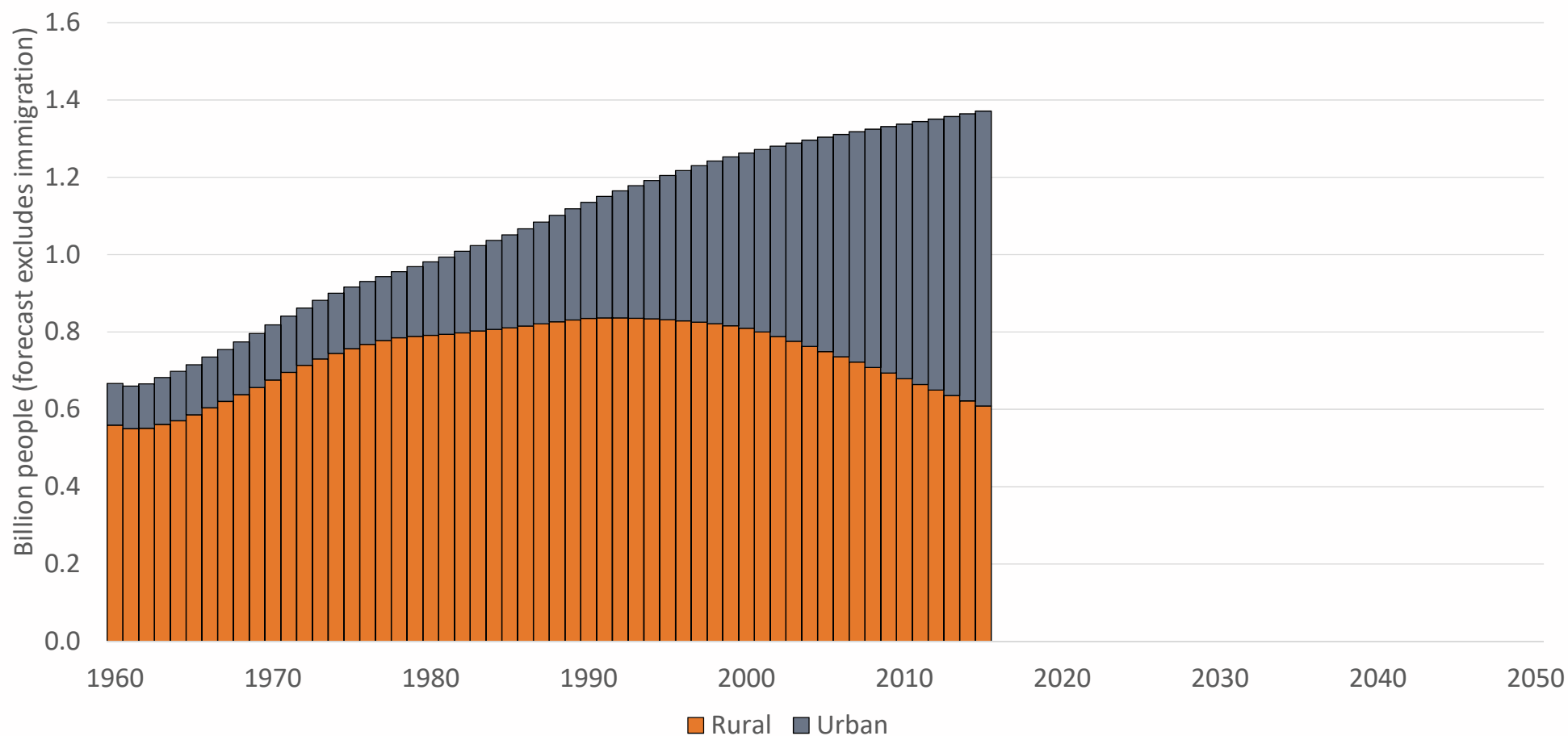
Increasing urbanization



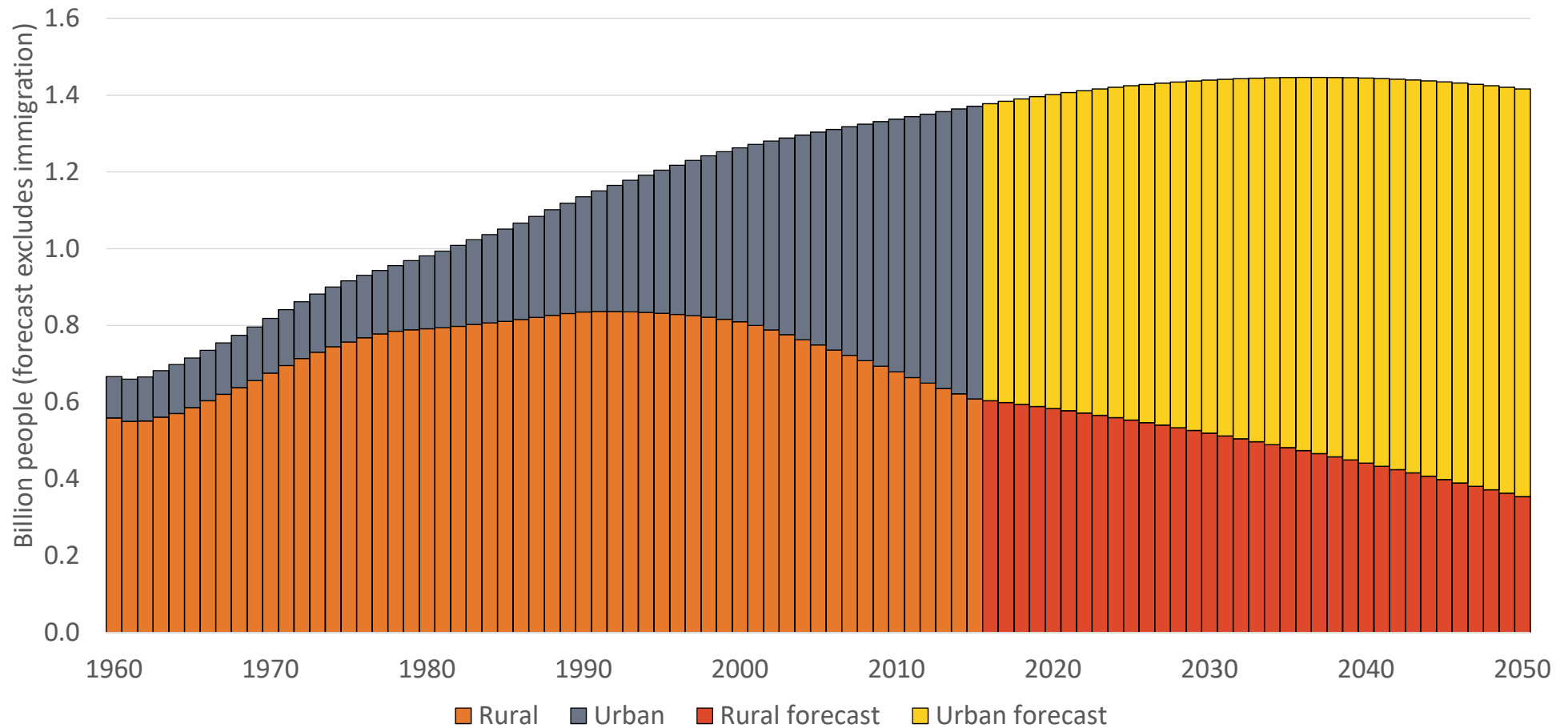
Following the Florida model? From pyramid to pagoda



The impact of urbanization and ageing



The impact of urbanization and ageing

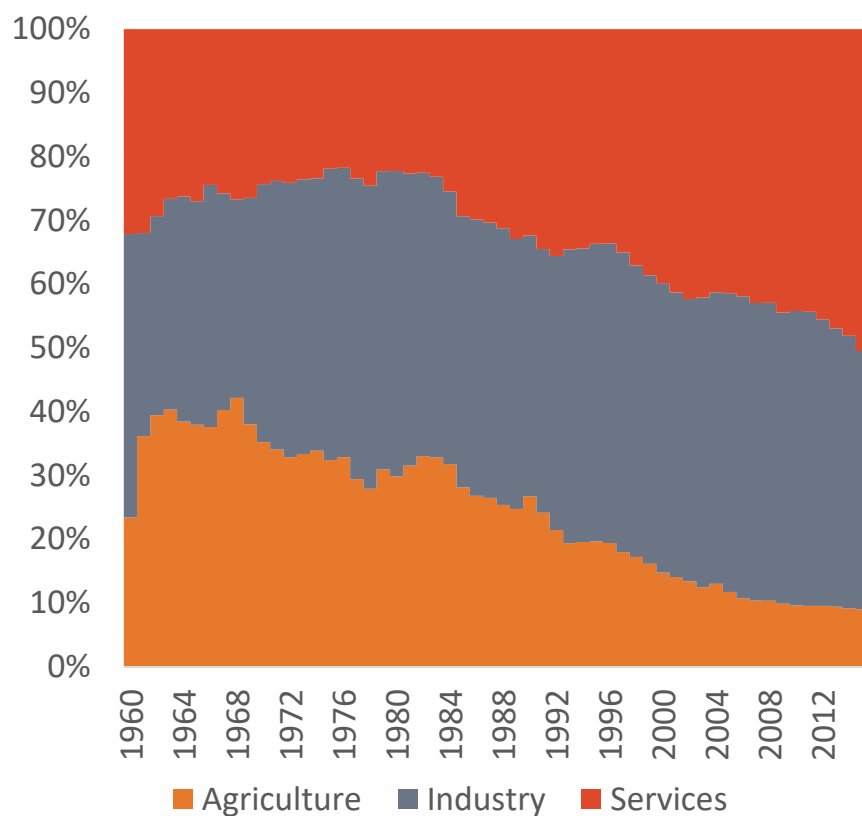


China's position in global value added

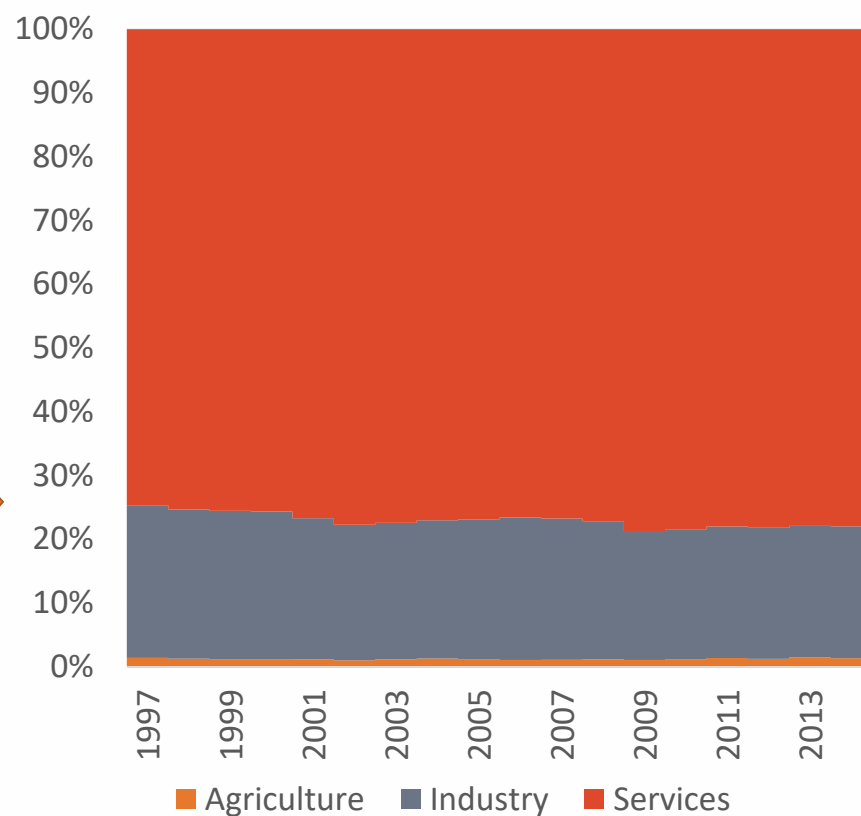


The long way ahead to services

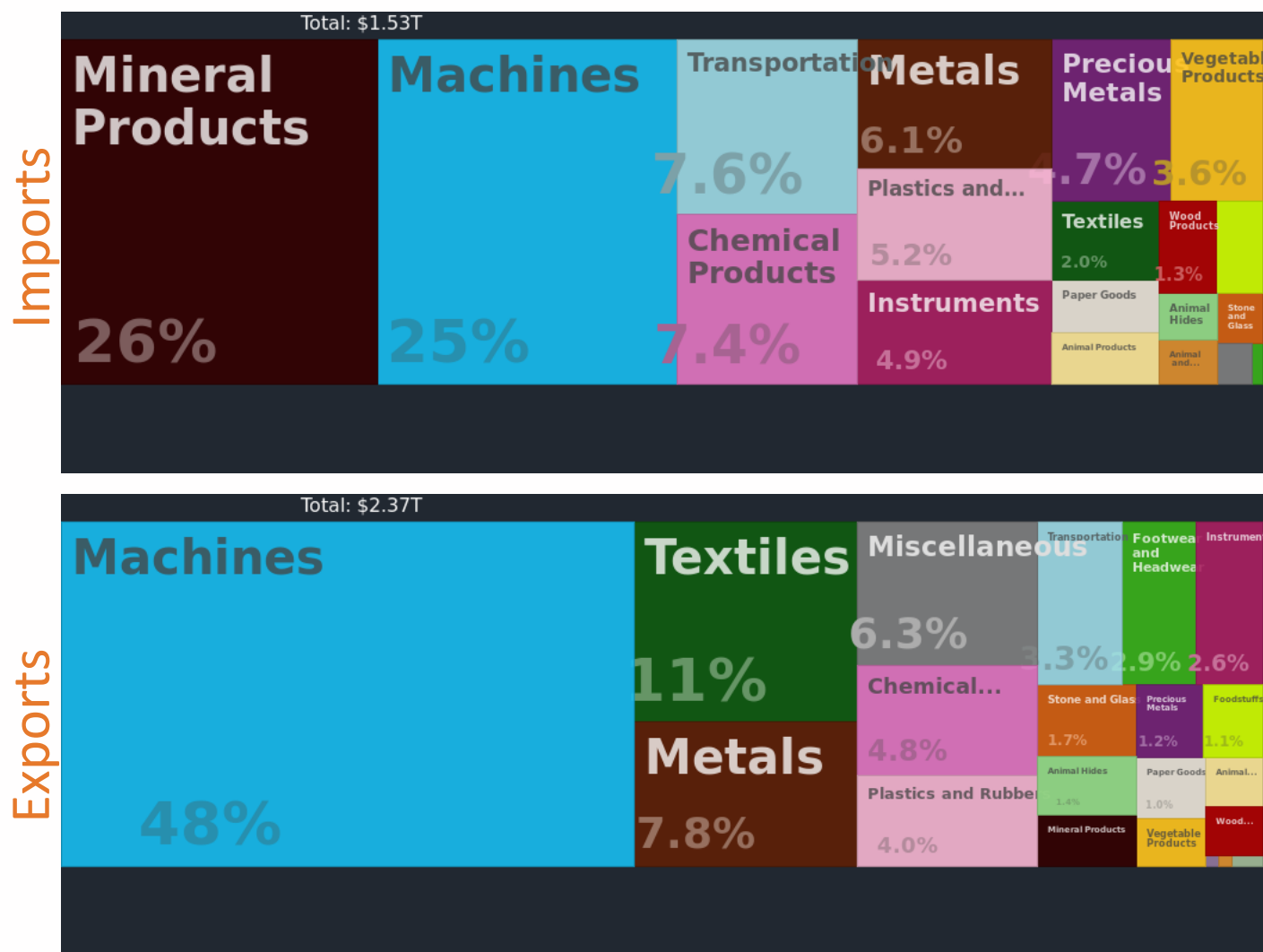
China



United States



More than a goal, a strategic necessity



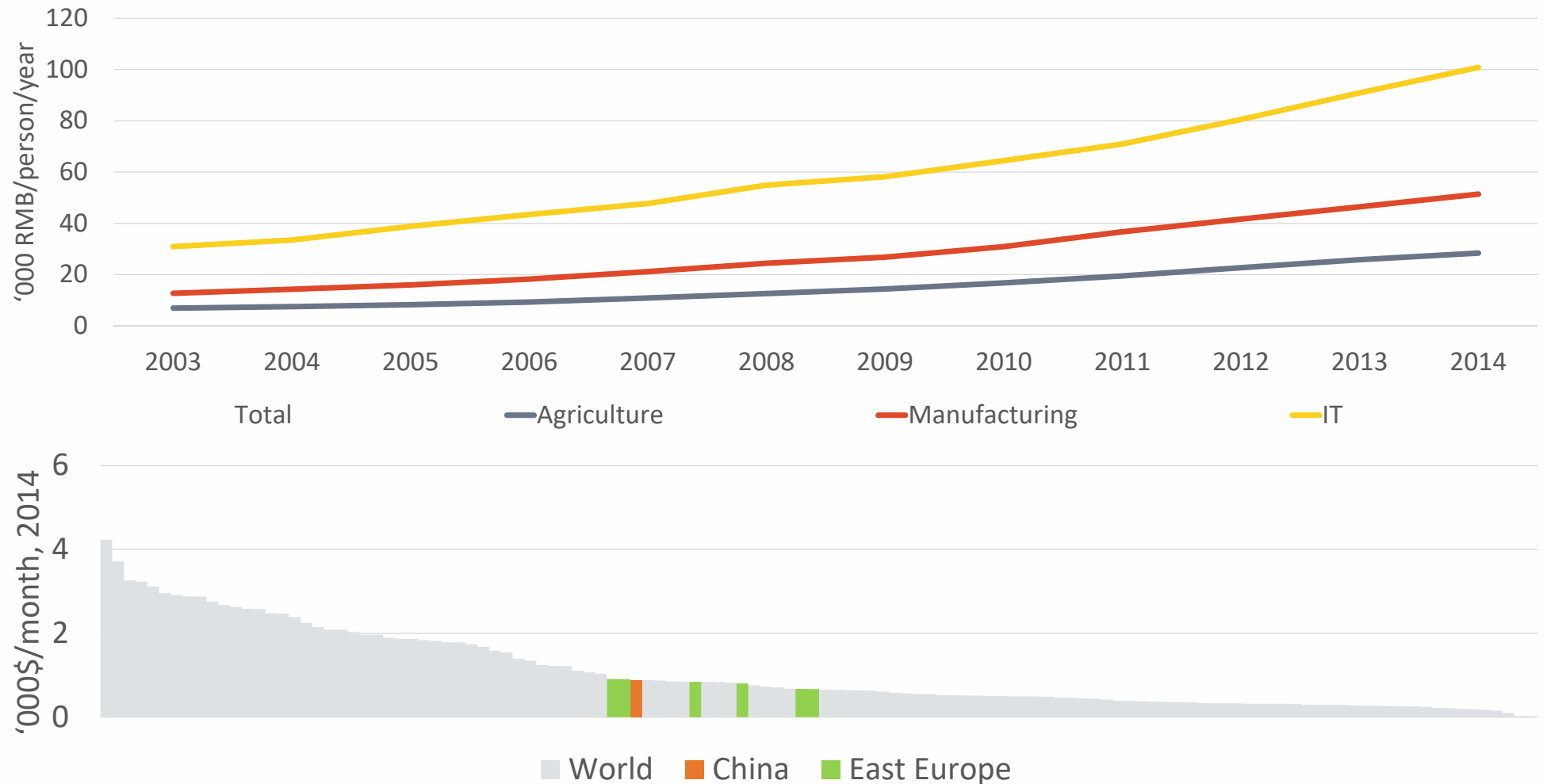
China is a net exporting country in terms of total value, but is still webbed in the concept of “global value chain”

Sectoral trade patterns show a net scarcity of raw materials and IP

Where does the competitive advantage lie?



...while losing a key advantage at double-digit speed

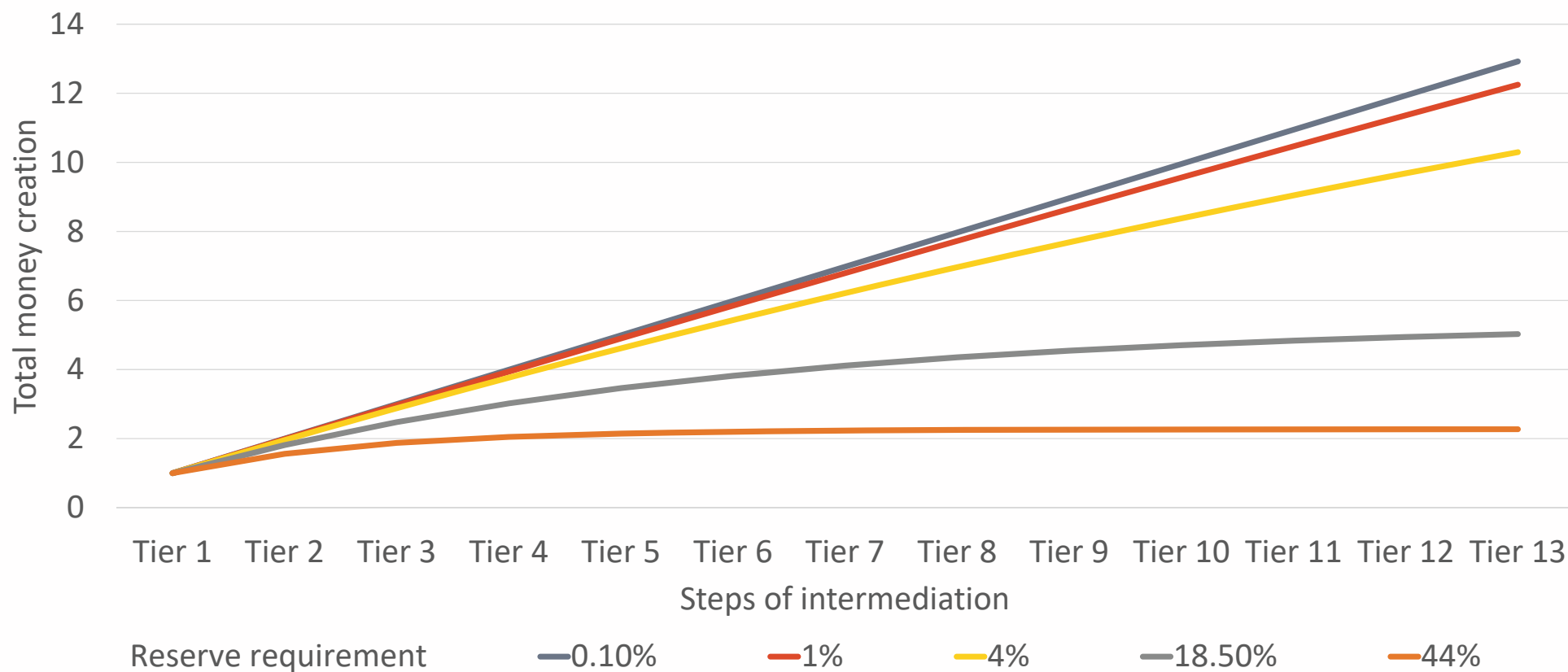


The status of credit in China



How to finance a growing service economy?

The monetary multiplier



Shadow banking: loans in disguise

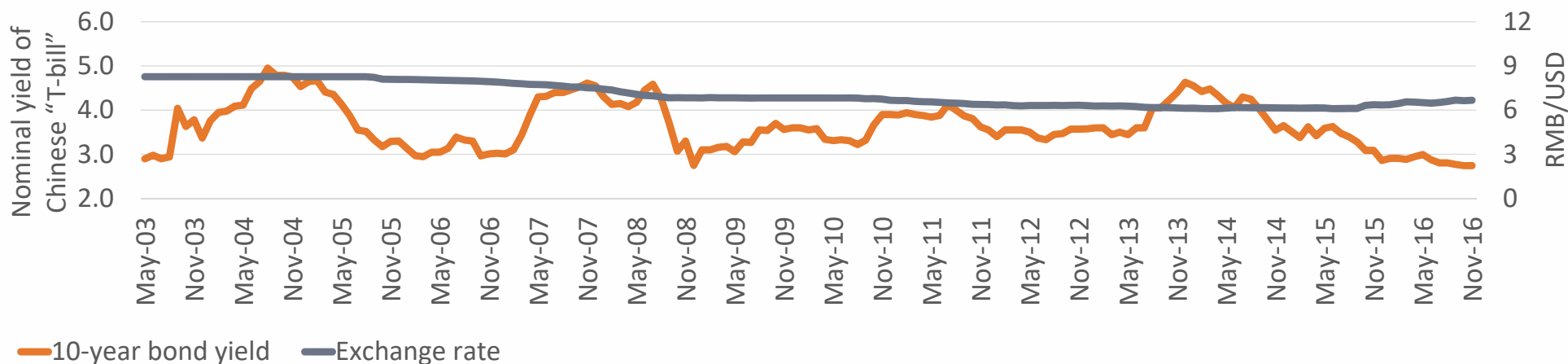


Pro's:

- Credit creation: no minimum reserve
- Filling the gaps in a controlled economy
- Less regulatory boundaries

Con's:

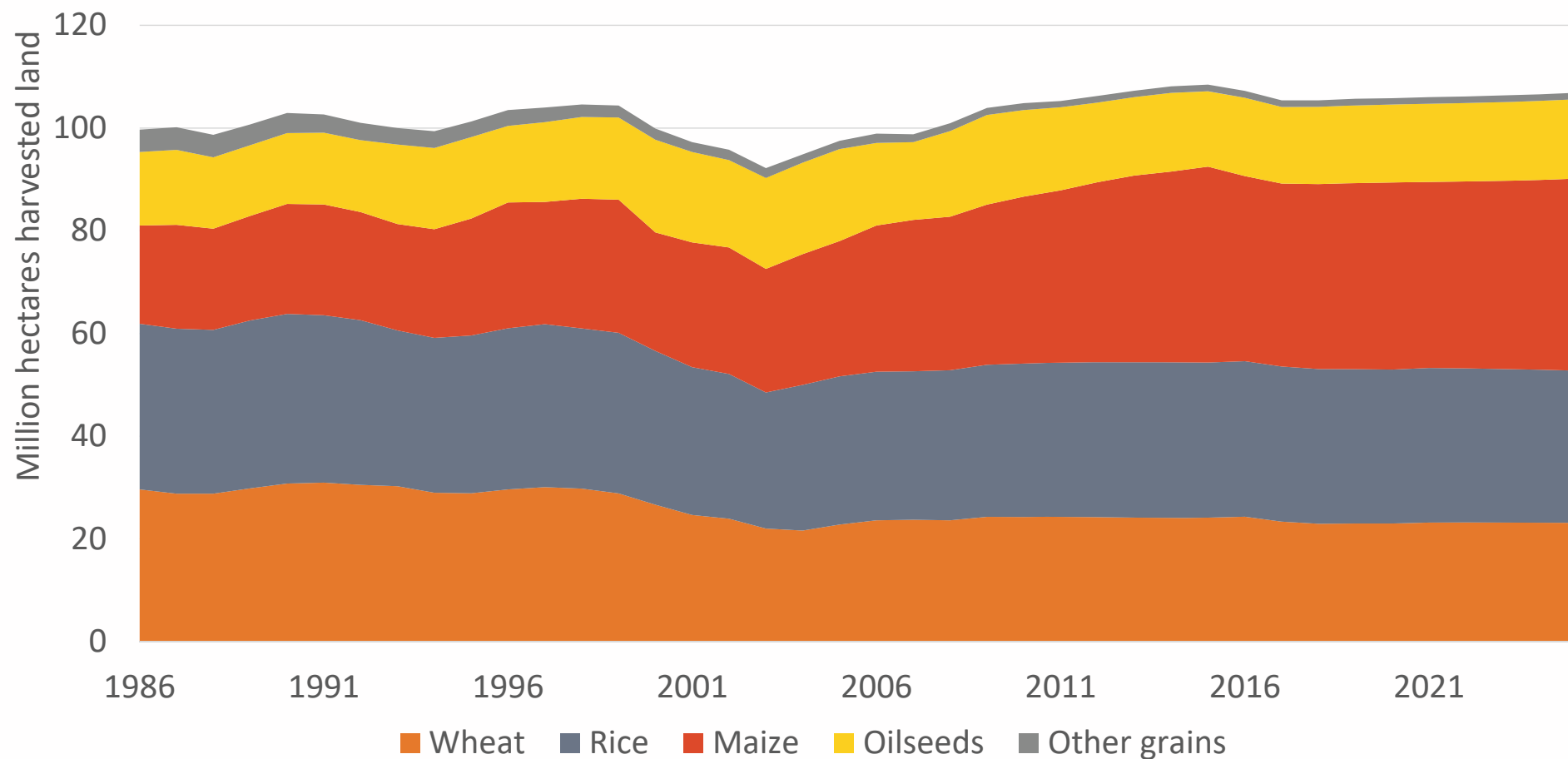
- Less regulatory boundaries
- Different target industries
- Higher risk: maturity mismatch



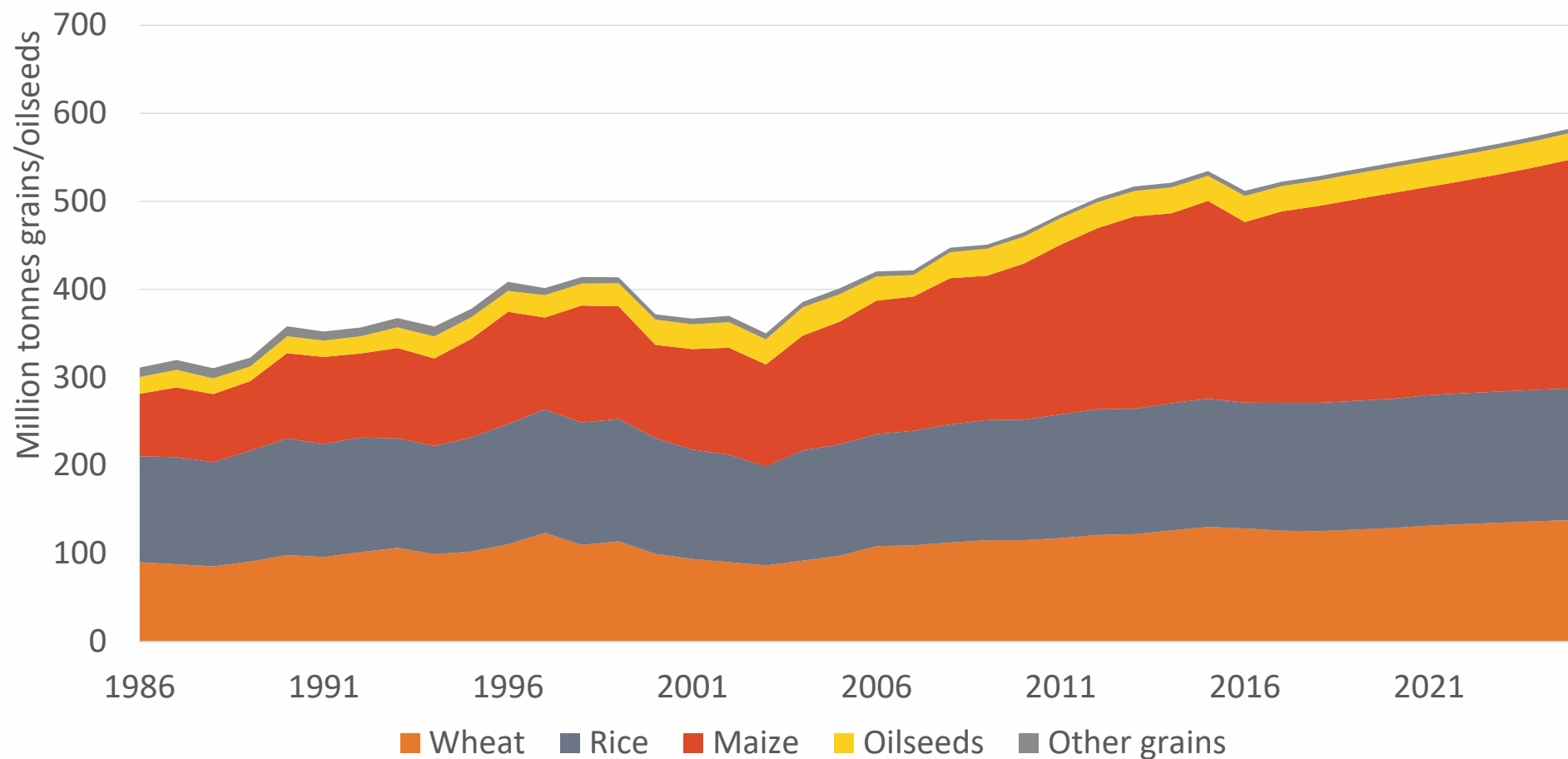
Agricultural outlook for China



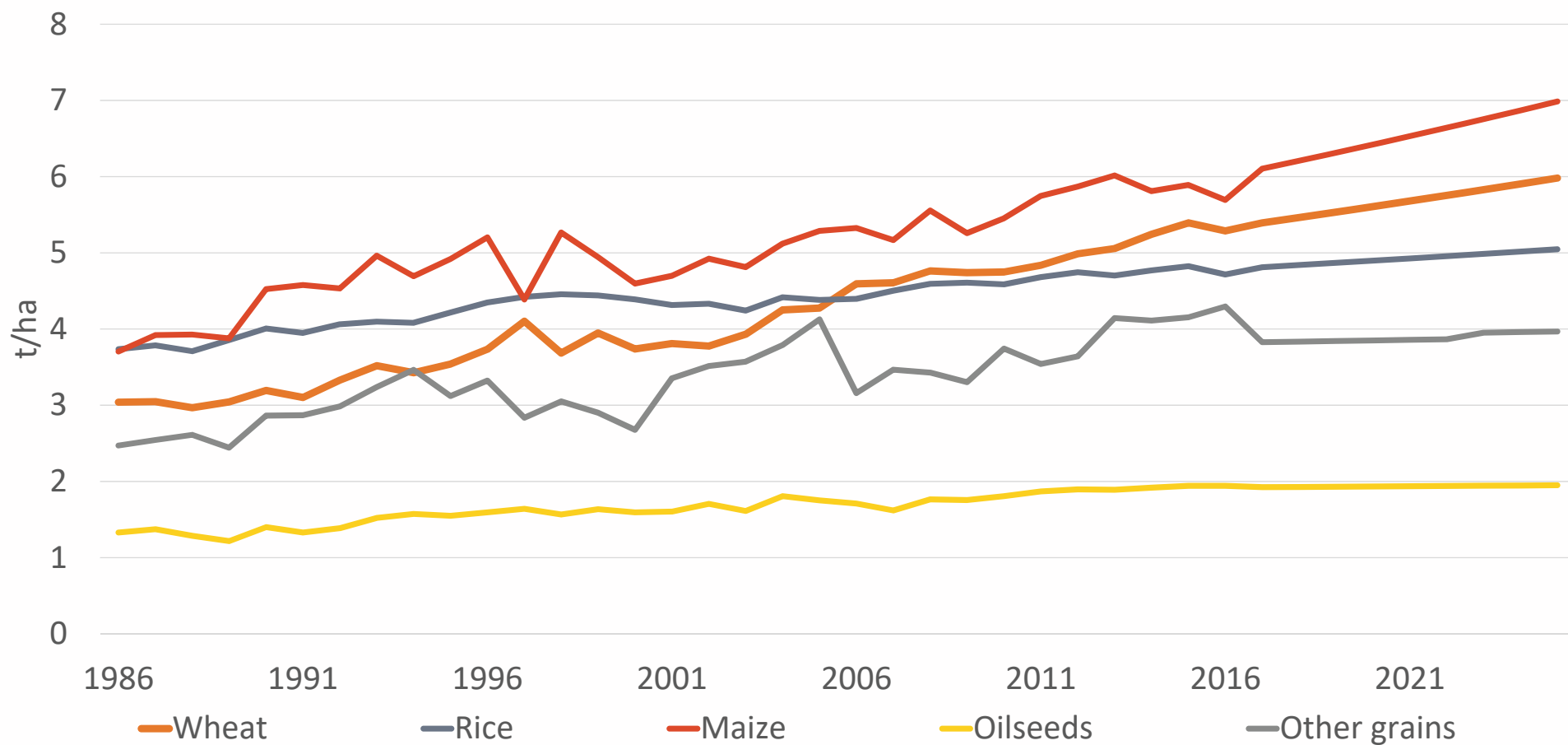
Projections for *harvested area* – key grains



Projections for *crop production* – key grains



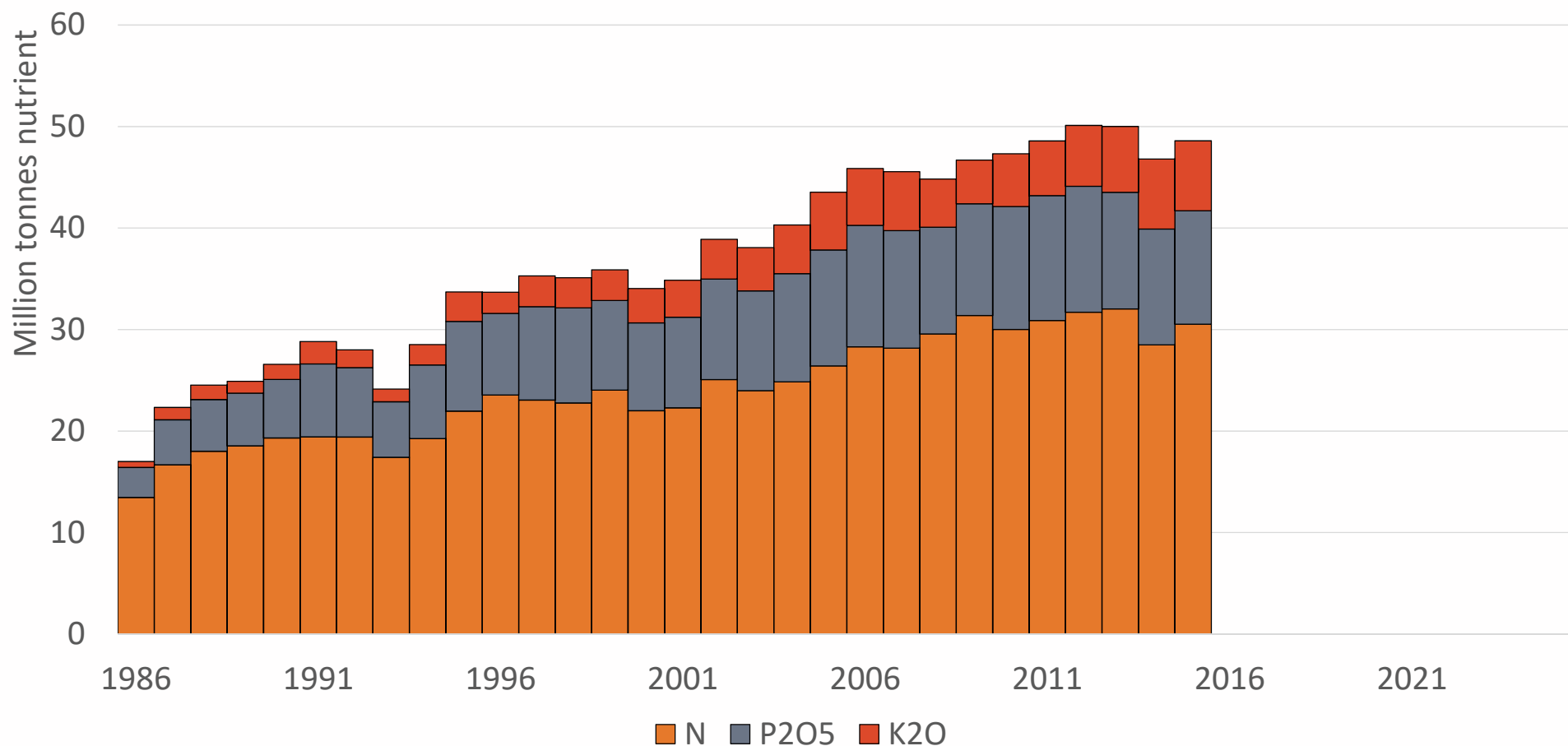
Projections for *yields*



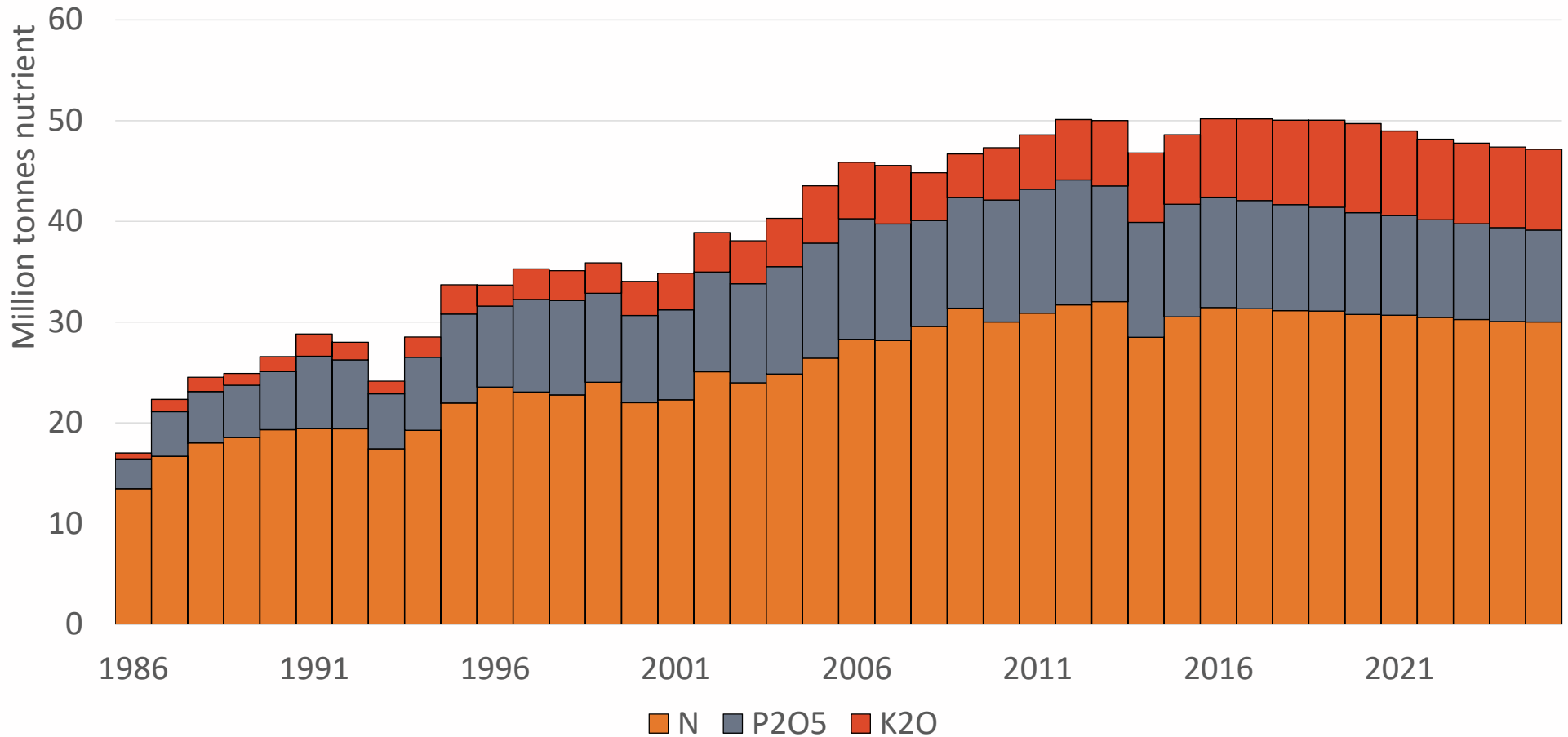
Fertilizer outlook for China



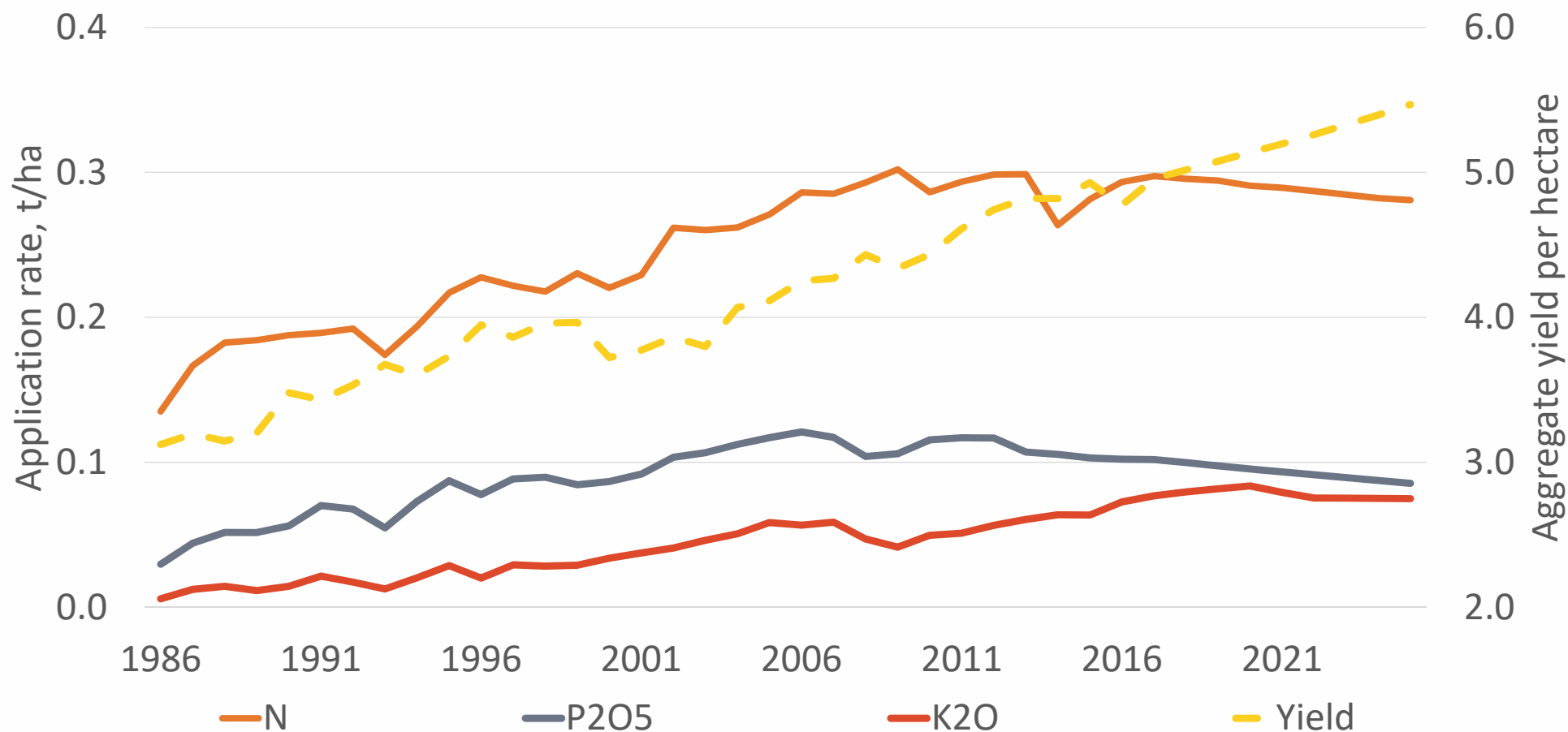
The impact on fertilizers: nutrient demand history



The impact on fertilizers: Fertecon's long-term view

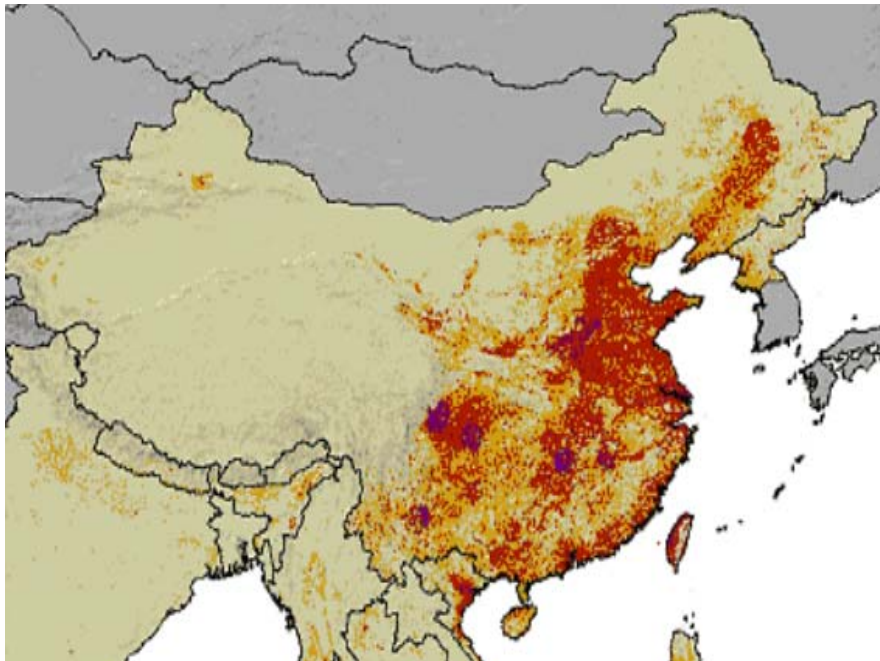


A focus towards efficiency of use

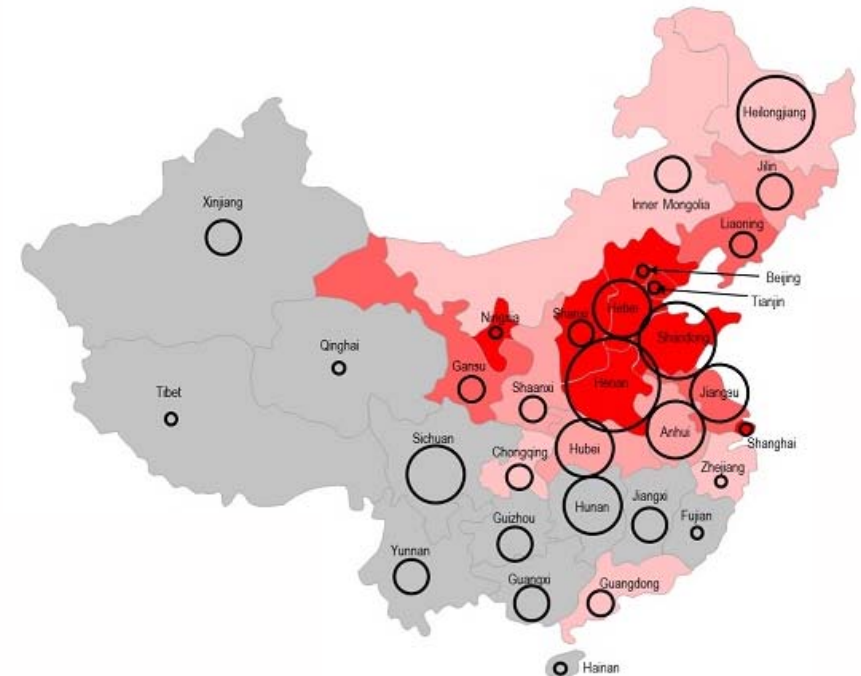


Where is efficiency most needed?

Livestock concentration



Water scarcity vs. harvested area



How to tackle fertilization efficiency

Reduce flood-application

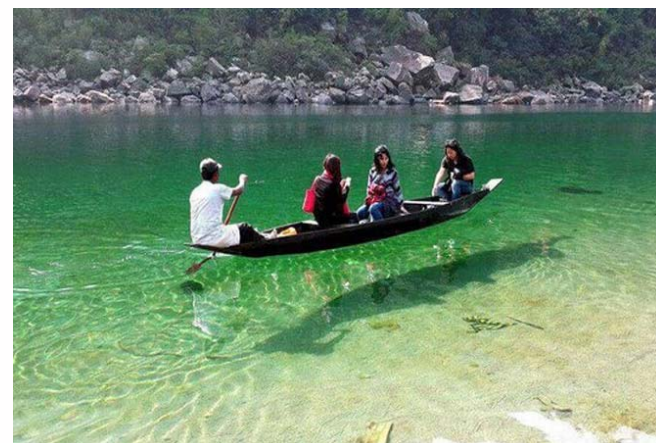
Movement towards fertigation

Higher-analysis fertilizers: MAP 11:61:0, UAN, coated urea...

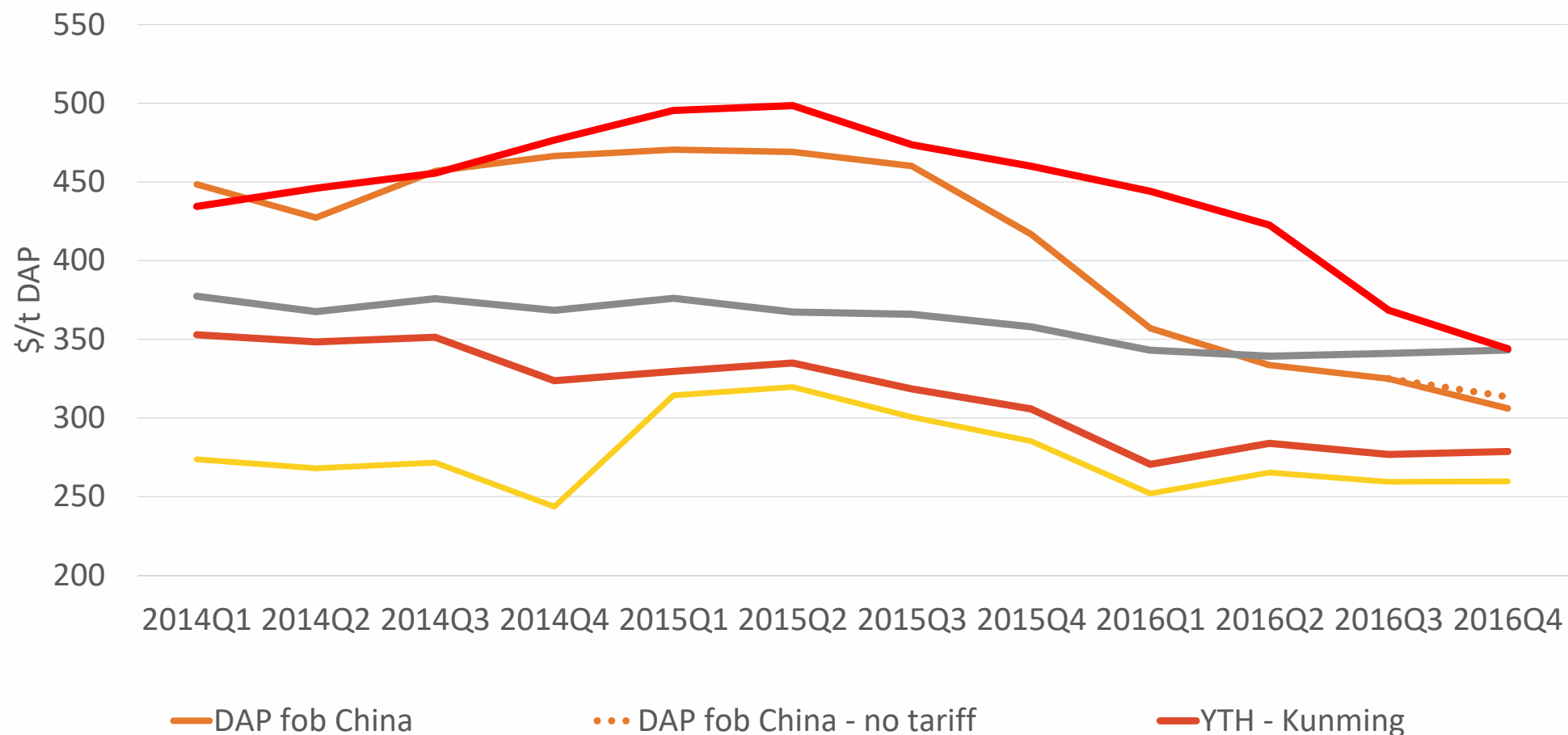
Non-fertilizer products: GMO seeds, urease inhibitors, bio-stimulants, micro-nutrients

Abandon local processing of soya?

Better manure management systems



A look at supply: eventually, rationalization



Conclusions





Ridir

...prices and wage inflation are key factors
...necessity of a change to a consumption-oriented
(not consumer-oriented) model

Crop production is forecast to grow – mostly “through services” rather than “through commodities”: yields over area

Demand for fertilizers is forecast to decrease in the upcoming years, following the need for more efficient application and environmental concerns

Shadow banking might slow the process down – but the adjustments are already underway



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