

# Study on the Circulation Mode and Countermeasures of Agricultural Products in China

Hong Lin

Fuzhou University of International Studies and Trade, Fuzhou, 350202, China

## Abstract

The circulation of agricultural products, which connects production and consumption, is an important part of agricultural product economy. At present, there are still some problems in the circulation process of agricultural products in China, such as low circulation efficiency, large circulation loss, imperfect cold chain facilities and long circulation channels. It is suggested that the circulation efficiency of agricultural products should be improved, the income of farmers should be increased, and the development of agricultural modernization should be realized by improving the organizational level of farmers, improving the construction of cold chain logistics system, paying attention to the construction of circulation market, and improving the information level of agricultural products circulation.

## Keywords

Circulation mode, Agricultural products, China.

## 1. Introduction

The circulation of agricultural products, which connects production and consumption, is an important part of agricultural product economy. For a long time, the circulation of agricultural products is one of the key issues concerned by the government and the society. Safe and efficient circulation of agricultural products directly determines the income of agricultural products, which is of great significance to improve farmers' income, realize the development of agricultural modernization and build a well-off society in an all-round way.

## 2. Current Situation of Agricultural Products Circulation in China

Since the reform and opening, China's agricultural products circulation system has undergone earth shaking changes. The establishment of market economy system makes the distribution of agricultural products circulation resources more reasonable and the circulation system of agricultural products gradually established. Due to the characteristics of large, small and scattered farmers in China, there are still some problems in the circulation process of agricultural products in China, such as low circulation efficiency, large circulation loss, imperfect cold chain facilities and long circulation channels.

## 3. Circulation Mode of Agricultural Products in China

### 3.1. Farmers + Platforms + Consumers

With the rise of e-commerce and network live broadcast, the third-party e-commerce platform and live broadcast platform provide farmers with direct sales channels. Some farmers make full use of the third-party platform to sell agricultural products. The mode of farmers facing consumers directly enables farmers to communicate with consumers directly, obtain certain consumption demand information in time, and shorten the circulation channel. However, this mode has higher requirements for the output of agricultural products, processing packaging,

brand building of individual farmers, as well as the operation of e-commerce platform or live broadcast operation of farmers themselves. At present, the farmers on the third-party platform or live broadcast platform mainly show the characteristics of small scale and scattered distribution, poor brand construction and low sales volume.

### **3.2. Farmers + Wholesalers + Retailers + Consumers**

Due to the large number of farmers in China, with small scale and low output, many farmers choose to cooperate with wholesalers independently. After the wholesalers of producing areas and the wholesalers of land, agricultural products reach consumers through retailers to complete the circulation of agricultural products. Wholesalers for their own interests, in the process of trading with farmers, mostly lower the price of agricultural products, which greatly affects the income of farmers. At the same time, due to the different scale of different wholesalers, some wholesalers do not use specialized cold chain circulation equipment, resulting in large loss in circulation, which makes the final sales price of agricultural products on the high side.

### **3.3. Farmers + Leading Enterprises + Consumers**

In this mode, leading enterprises and farmers generally adopt the way of order agriculture, agricultural products are directly sold to leading enterprises, leading enterprises combine their own brand positioning and product types to complete the processing and sales process of agricultural products. This mode has realized the agricultural industrialization well, and the value-added rate of agricultural products is high. The order agriculture takes the order as the link, closely links the production, processing and sales links together, effectively reduces the loss in circulation, and reduces the risk of agricultural planting. In recent years, the processing mode of agricultural products presents the characteristics of diversification, individuation and innovation, and the mode of farmers + leading enterprises has developed rapidly.

### **3.4. Farmers + Cooperatives + Supermarkets / Leading Enterprises + Consumers**

Farmers' professional cooperatives play an important role in agricultural production and circulation of agricultural products. Through the farmers' professional cooperatives, small-scale and scattered agricultural products can be concentrated and directly connected with supermarkets or leading enterprises. Taking farmers' professional cooperatives as the main body to participate in the circulation of agricultural products, while shortening the circulation channels, through the scale construction of cooperatives, the construction of marketing system, the construction of cold chain logistics of agricultural products, and the construction of processing, storage and transportation facilities and equipment, it can also maintain a long-term and stable cooperative relationship with supermarkets or leading enterprises, and improve the service ability and quality of cooperatives for farmers.

## **4. Problems in Circulation of Agricultural Products in China**

### **4.1. Long Circulation Channel of Agricultural Products**

The circulation of many agricultural products needs to go through wholesalers, processing enterprises, distributors and retailers to reach consumers. There are many intermediate links and many circulation subjects, which directly leads to long circulation time. In addition, the market price of agricultural products in China is generally low. For their own profit space, each circulation subject transfers the pressure to the initial farmers, which leads to the low-income level of farmers. In the process of selling through e-commerce platform or live broadcast platform, agricultural products are also faced with the problem of low distribution efficiency in the first kilometer and the last kilometer. The two one-kilometer lead to large loss in the

circulation of agricultural products, and then affect the quality of agricultural products, and it is difficult to meet the demand of consumers' increasing living standards for the quality of agricultural products.

#### **4.2. Cold Chain Logistics Facilities Need to be Improved**

Cold chain facilities can effectively reduce the loss rate in the circulation of agricultural products, but the construction cost of cold chain facilities is high, and the use cost is also high. According to the data of the cold chain Committee of CWTC, the capacity of cold storage in China is nearly 60.53 million tons in 2019, of which the capacity of cold storage in East China accounts for 36.2% of the country, ranking first in China. However, the per capita cold storage capacity of the United States is 0.96m<sup>3</sup>/person, and that of Western Europe is 0.3m<sup>3</sup>/person, while that of China is only 0.11m<sup>3</sup>/person, which is still far behind that of European and American countries. Through the decomposition of 189 million tons of cold chain demand in China in 2018, the penetration rate of quick-frozen and aquatic products reached more than 60%, while that of fruits and vegetables was only about 19% and 6%. The cold chain circulation rate of food in Europe, America, Japan and other countries is as high as 95% ~ 98%. As of November 2019, the number of refrigerated vehicles in the national market was 212700 units, an increase of 32700 units over the previous year, but the per capita refrigerated trucks were less than one tenth of that of Japan. Cold chain logistics facilities have not yet met the demand of agricultural products consumption.

#### **4.3. Marketization Process of Circulation is Low**

The unsalable problem of agricultural products appears frequently in our country. The lucky farmers can get the attention of the news media and complete the sales. However, a considerable number of farmers can only watch the harvest of a year rot in the farmland. One of the most important reasons is the poor circulation. In the current circulation mode of agricultural products, the relationship between farmers and wholesalers or cooperatives is not stable. Once it is interrupted for some reasons, due to the low marketization process of agricultural products circulation, many farmers cannot find other circulation subjects in a short period of time, resulting in unsalable agricultural products, seriously affecting the income of farmers and affecting the production enthusiasm of farmers.

#### **4.4. Degree of Informatization is Low**

The importance of market demand information to farmers is self-evident. However, the level of agricultural product information construction in China is still low, so it is difficult for farmers to obtain effective market demand information in time and adjust production according to market demand in time. Therefore, it is difficult for agricultural product sales information to be quickly and effectively transmitted to the market, which inevitably leads to the situation of unsalable agricultural products. On the other hand, in the provision of agricultural products traceability information, only a small part of agricultural products has been achieved, and most agricultural products in the information construction need to be improved.

In the circulation of agricultural products in China, many farmers sell in the form of individuals or e-commerce platforms, or contact with wholesalers and leading enterprises. On the one hand, the bargaining power is low, on the other hand, it is difficult to obtain sufficient market information, which is not conducive to the improvement of agricultural production and agricultural income.

## 5. Suggestions on Optimizing the Circulation of Agricultural Products in China

### 5.1. Improve the Organization Level of Farmers

The establishment and development of Regional Farmers' professional cooperatives should be reasonably planned, and the organizational form of agricultural professional cooperatives should be innovated according to local conditions. On the basis of the government's leadership, the market mechanism should be brought into play, social forces should be encouraged to participate in professional cooperatives, and professional talents should be introduced to improve the quality of farmers' professional cooperatives. On the one hand, it is necessary to improve the radiation driving ability of farmers' professional cooperatives, strengthen the cooperation consciousness among members, and realize scale benefits; on the other hand, it is necessary to improve the utilization rate of effective information, strengthen the brand building, actively open up the market, connect the production and marketing relations, solve the sales problems of agricultural products, improve the bargaining power of farmers' professional cooperatives in agricultural products sales, improve the cooperation efficiency and fully develop Play the role of farmers' professional cooperatives.

### 5.2. Improve the Construction of Cold Chain Logistics System

We will increase the construction of cold chain facilities for the first kilometer and the last kilometer in the circulation of agricultural products. Among them, the first one kilometer cold chain facilities are particularly scarce. On the basis of improving the roads between villages, we should improve and increase the layout and construction of key agricultural villages and towns, arrange agricultural products processing enterprises by villages, and purchase cold chain transport vehicles, so as to make agricultural products realize the transportation path of farmland processing enterprises cold storage, improve the circulation efficiency of the first one kilometer, and reduce the agricultural products Loss. At the same time, according to the demand of circulation agricultural products, improve the cold chain facilities construction of wholesale markets and cooperatives, and rationalize and maximize the use of limited cold chain logistics resources.

### 5.3. Attach Importance to the Construction of Circulation Market

We should optimize the circulation market system of agricultural products, improve the construction of circulation standards of agricultural products, and formulate the circulation standard system of agricultural products. Through preferential policies and credit support, we should attract and encourage social capital to enter the circulation industry, clarify the market access criteria, and promote the development of agricultural products circulation industry by using social advantages. In addition, we should encourage the entry of foreign capital, give full play to the allocation of resources by the market mechanism, and reduce the loss of circulation links.

### 5.4. Improve the Information Level of Agricultural Products Circulation

We should speed up the construction of agricultural products circulation information platform, get through all links of circulation, and transfer market demand information to farmers in a timely and effective manner, without providing effective information for agricultural products traceability, and promoting food safety construction. On the other hand, it can provide information for the government and scientific and technological personnel to understand the dynamic of agricultural production in real time, provide accurate and effective assistance, improve the level of agricultural output, and promote the development of modern agriculture.

## References

- [1] Zhou Dan. Countermeasure Analysis on the Construction of Green Agricultural Products Circulation System under the Goal of Rural Revitalization [J]. Agricultural economy, 2020 (08): 133-135.
- [2] Li Qigang. The Construction of New Circulation Mode of Agricultural Products in Heilongjiang Province in the Internet plus era [J]. commercial economy, 2020 (07): 19-21.
- [3] Dai Guixia. Promoting the Healthy Development of Fresh Agricultural Products Circulation Industry [n]. Jilin daily, July 8, 2020 (007).
- [4] Wei Guochen, Ji Xuehua. Research on the Innovation of Fresh Agricultural Products Circulation System from the Perspective of Whole Industry Chain [J]. Jiangsu agricultural science, 2020,48 (13): 314-318.
- [5] Zhou Dan, Yang Xiaoyu. Important Agricultural Products Flow in China after Reform and Opening up [J]. Commercial economy, 2020 (06): 105-106 + 150.
- [6] Sun Jiansong. "Four Chain Linkage" Leads the Innovation of Agricultural Products Circulation Channels [n]. Weifang daily, June 1, 2020 (003).