



Agricultural Trade Developments and Future Prospective in China

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I. Agricultural Development

II. Agricultural Trade Development

III. Future Prospective

r I. Introduction of Agricultural Development in China



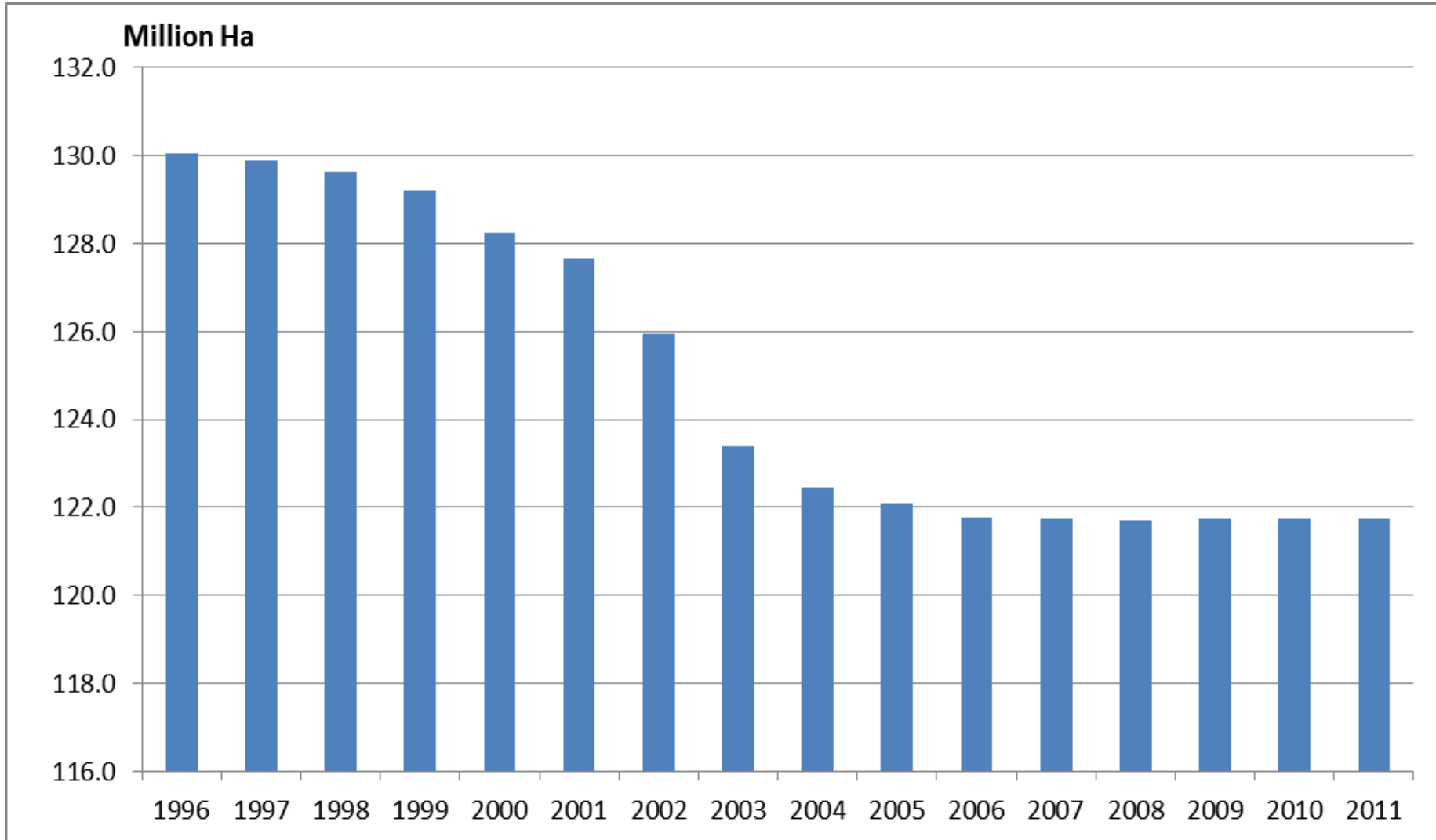
Agricultural Development

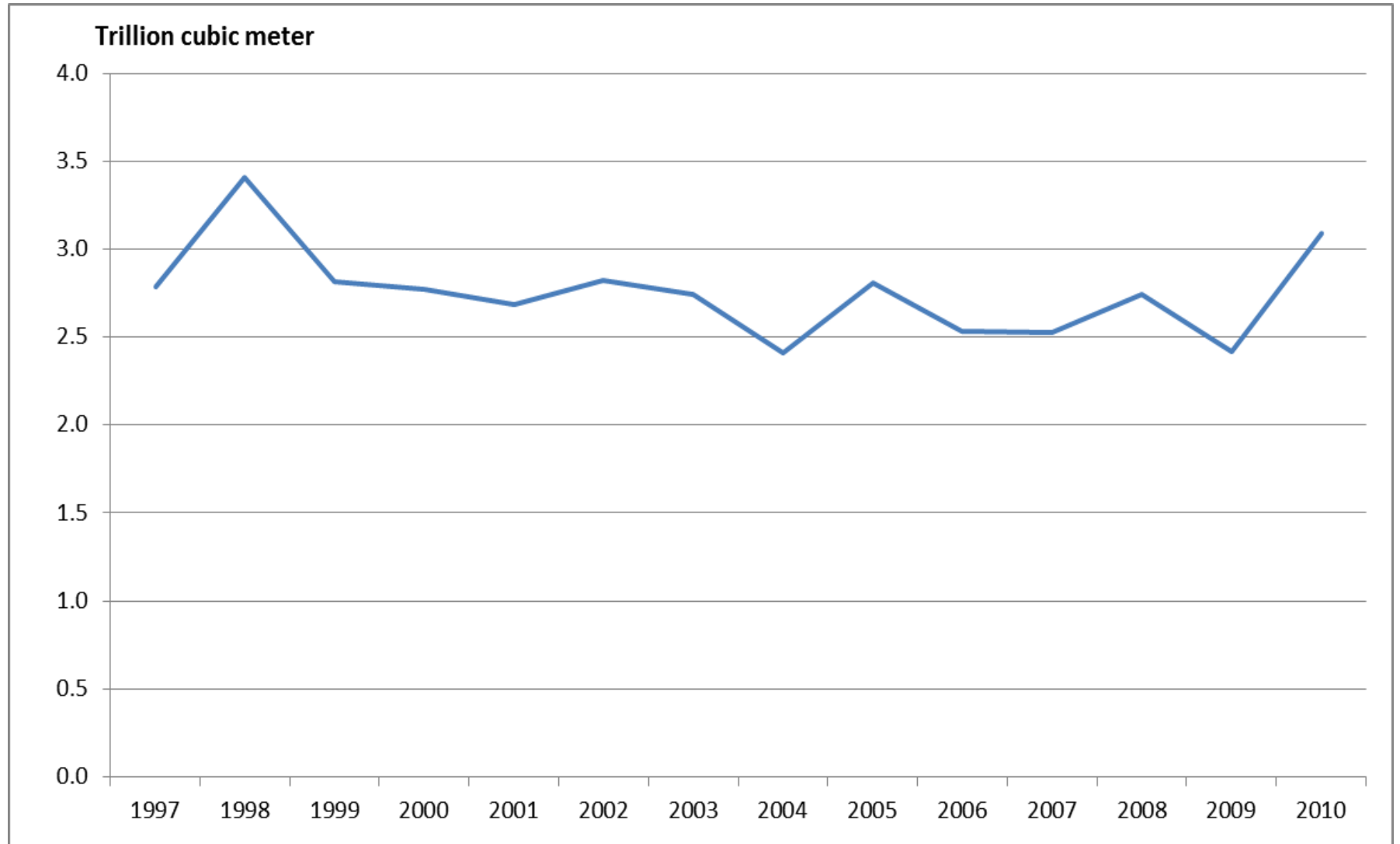
- m **Agricultural resource constraints**
- m **Agricultural production capacity**
- m **Structural change**
- m **Quality improvement**
- m **Increase of rural income**
- m **Agricultural Policy**

- r China has 120 million ha arable land , accounting for 9% of world total ,
- r per capita land less than 0.1 ha, 40% of world average.
- r China has 2.4 trillion cubic meters water resource
- r per capita possession 1861 cubic meters, 1/4 of world average



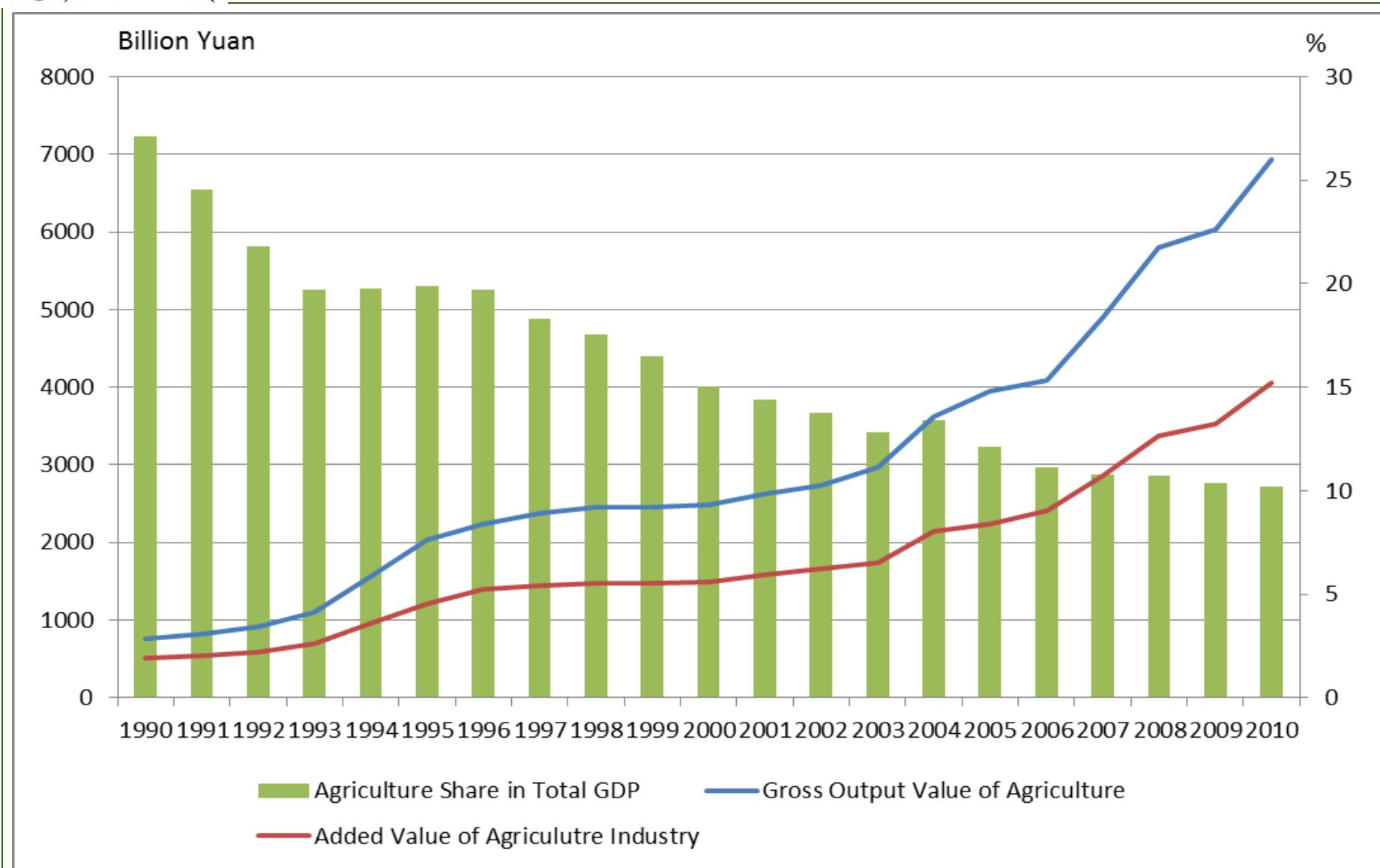
Resource constraints: arable land







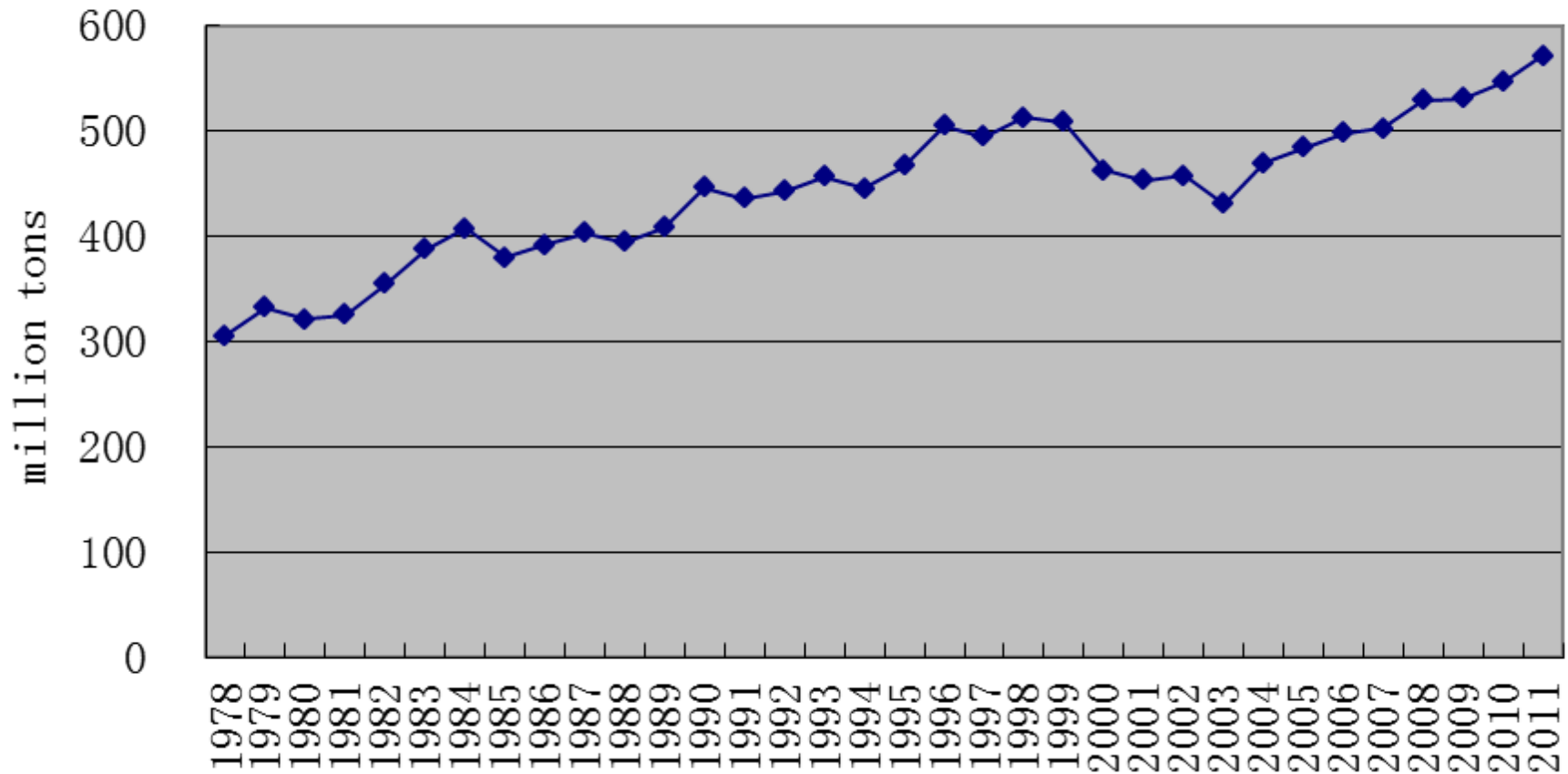
Total output increased significantly





Output of Major Agriculture Products

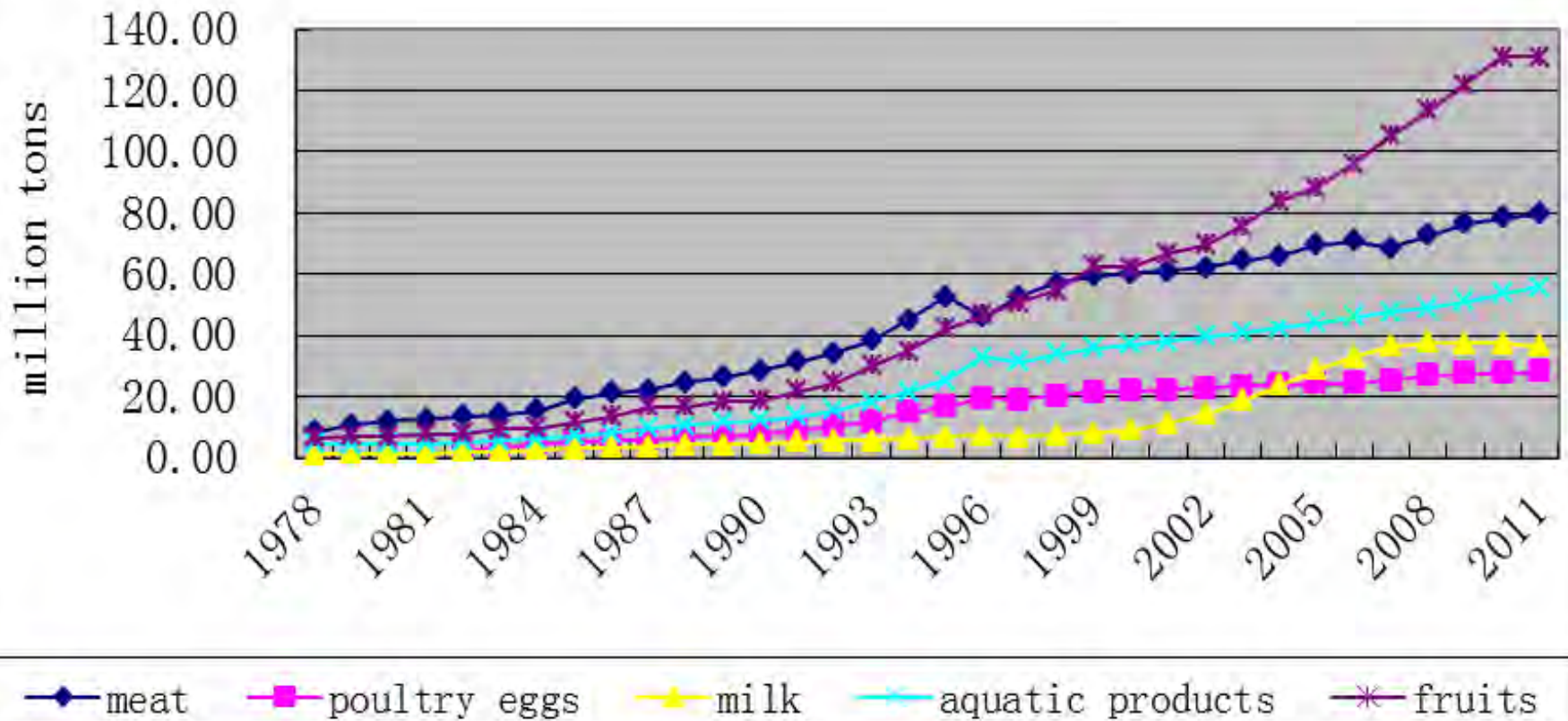
Grain Output of China



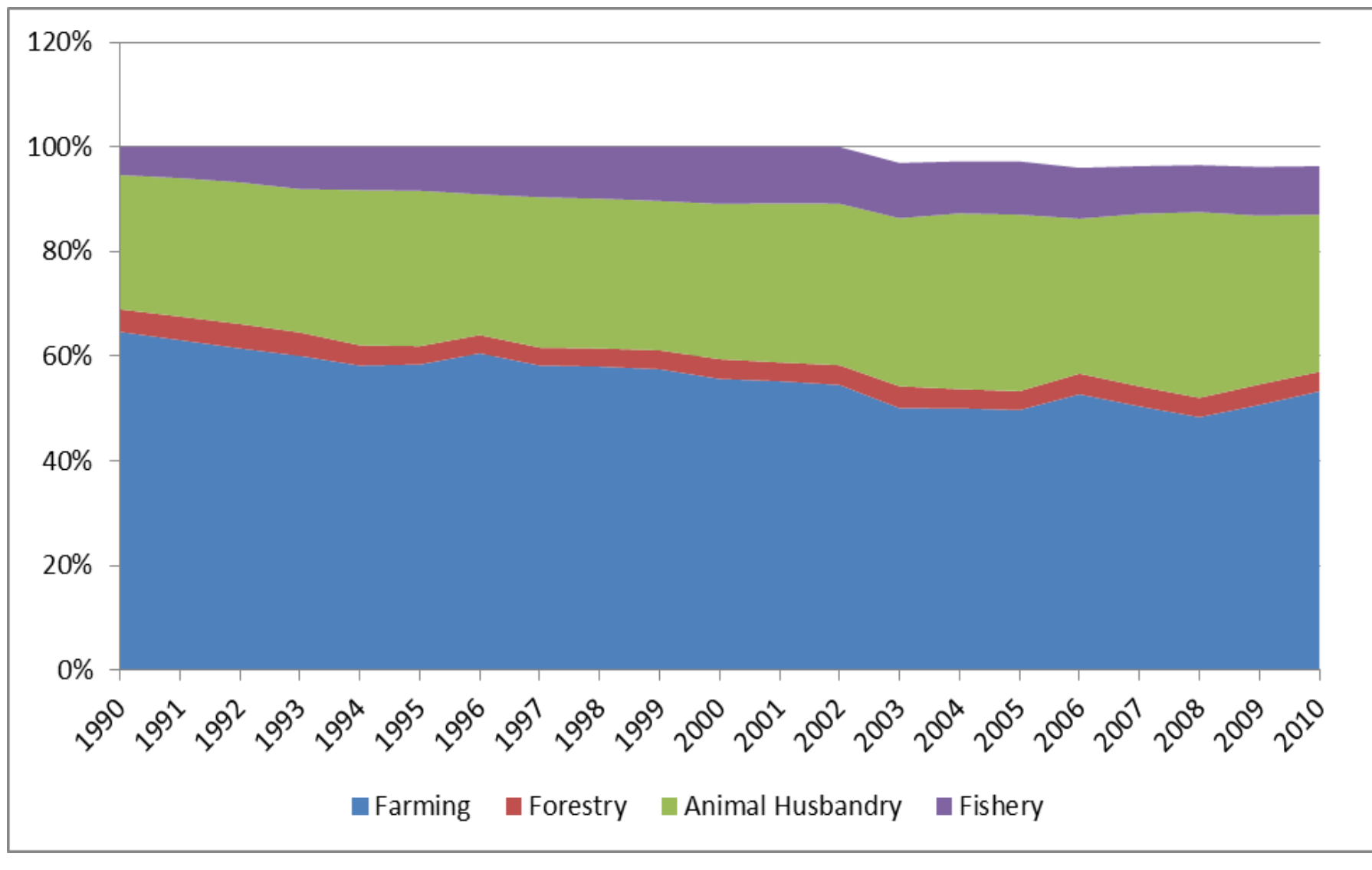


Output of Major Agriculture Products

Output of Major Farm Products

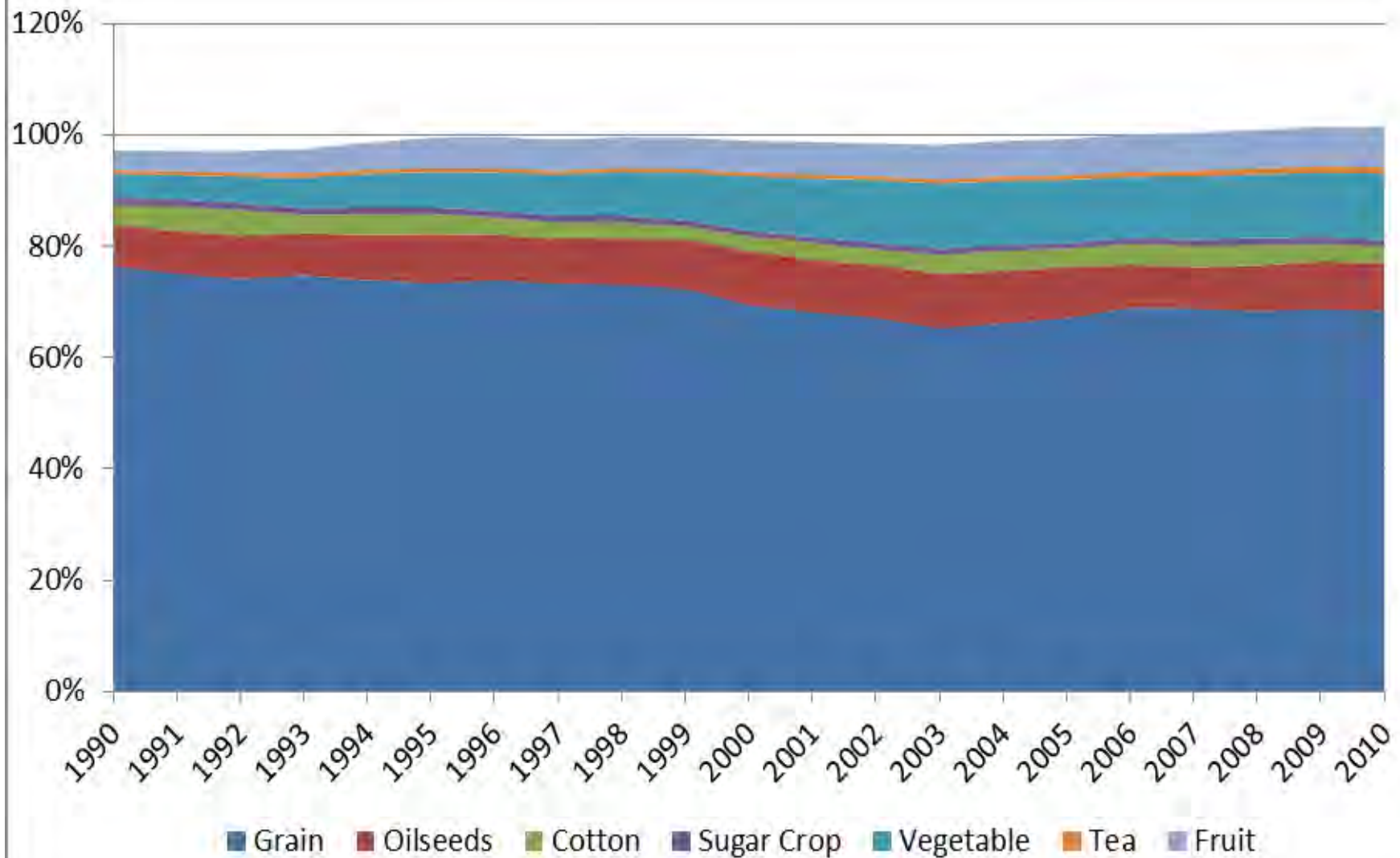


Composition of Agricultural output



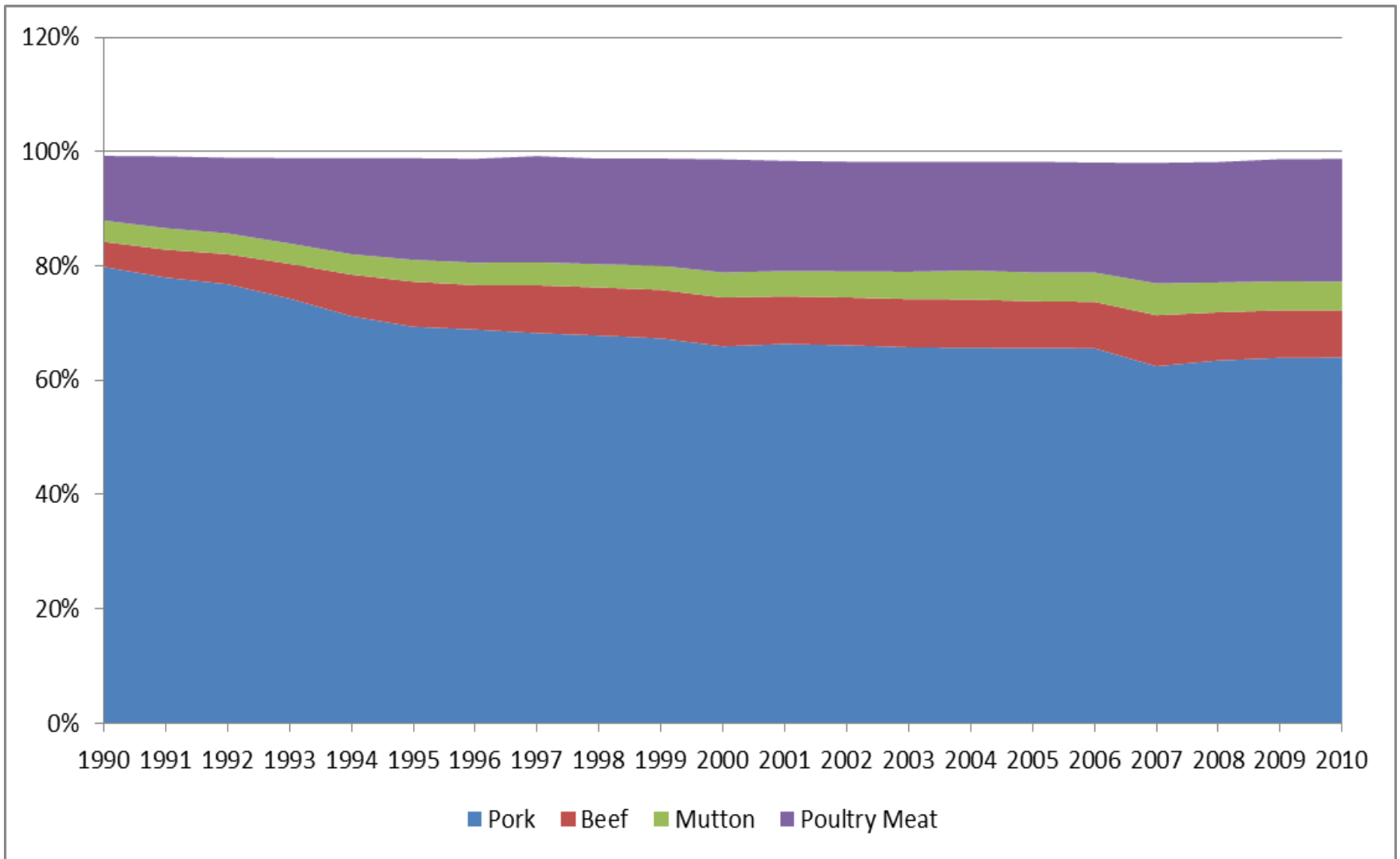


Planting Structure of Major Crops





Output Structure of Livestock Products

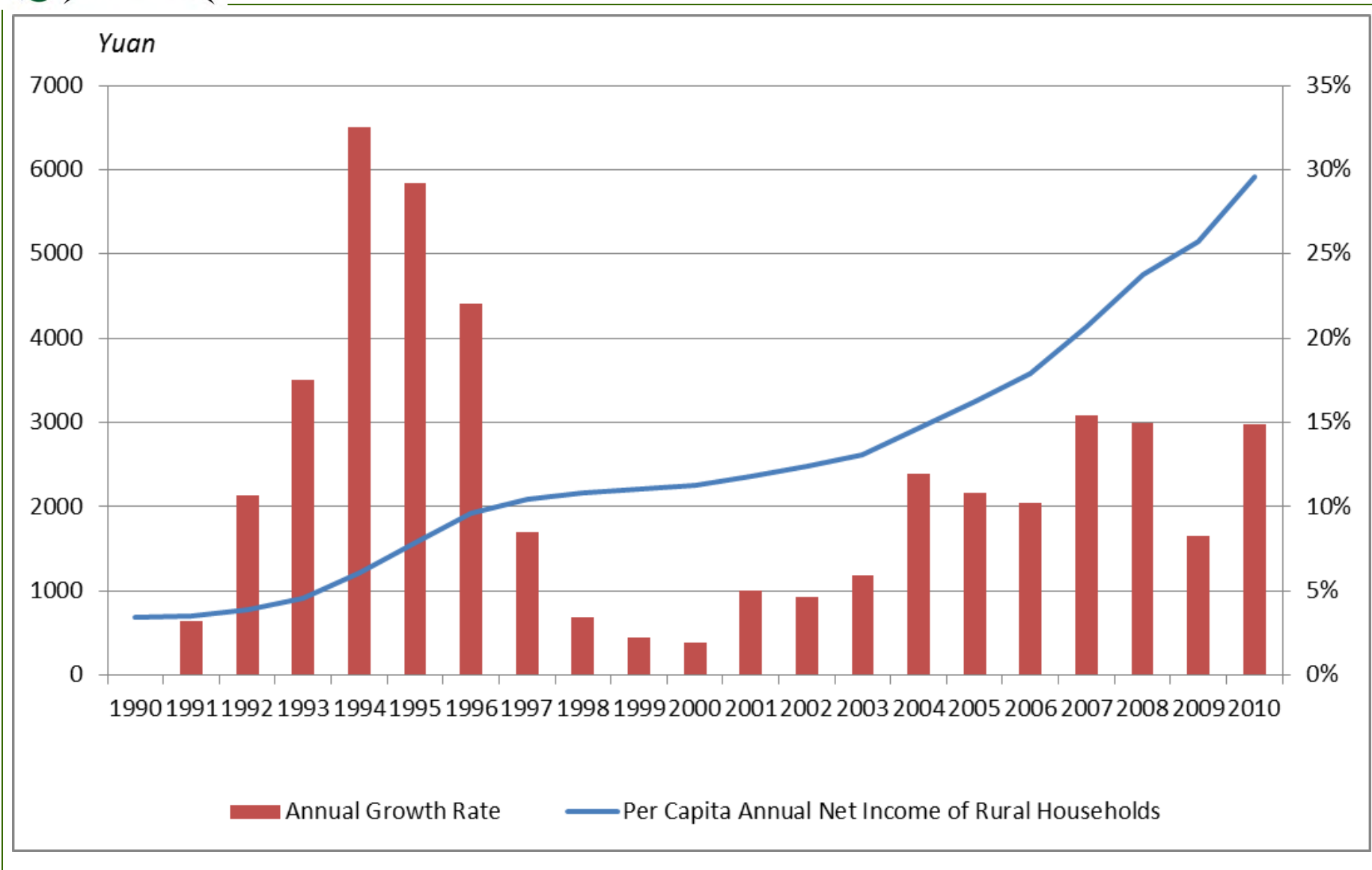




Food safety improvement

- r Promotion of green foods, organic foods and certified safe foods.**
- r The introduction of new laws and regulations with regard to food safety control.**
- r Enhanced official safety inspection and publication of results.**
- r Training and extension of new technology and practices**

Quick increase of rural household income



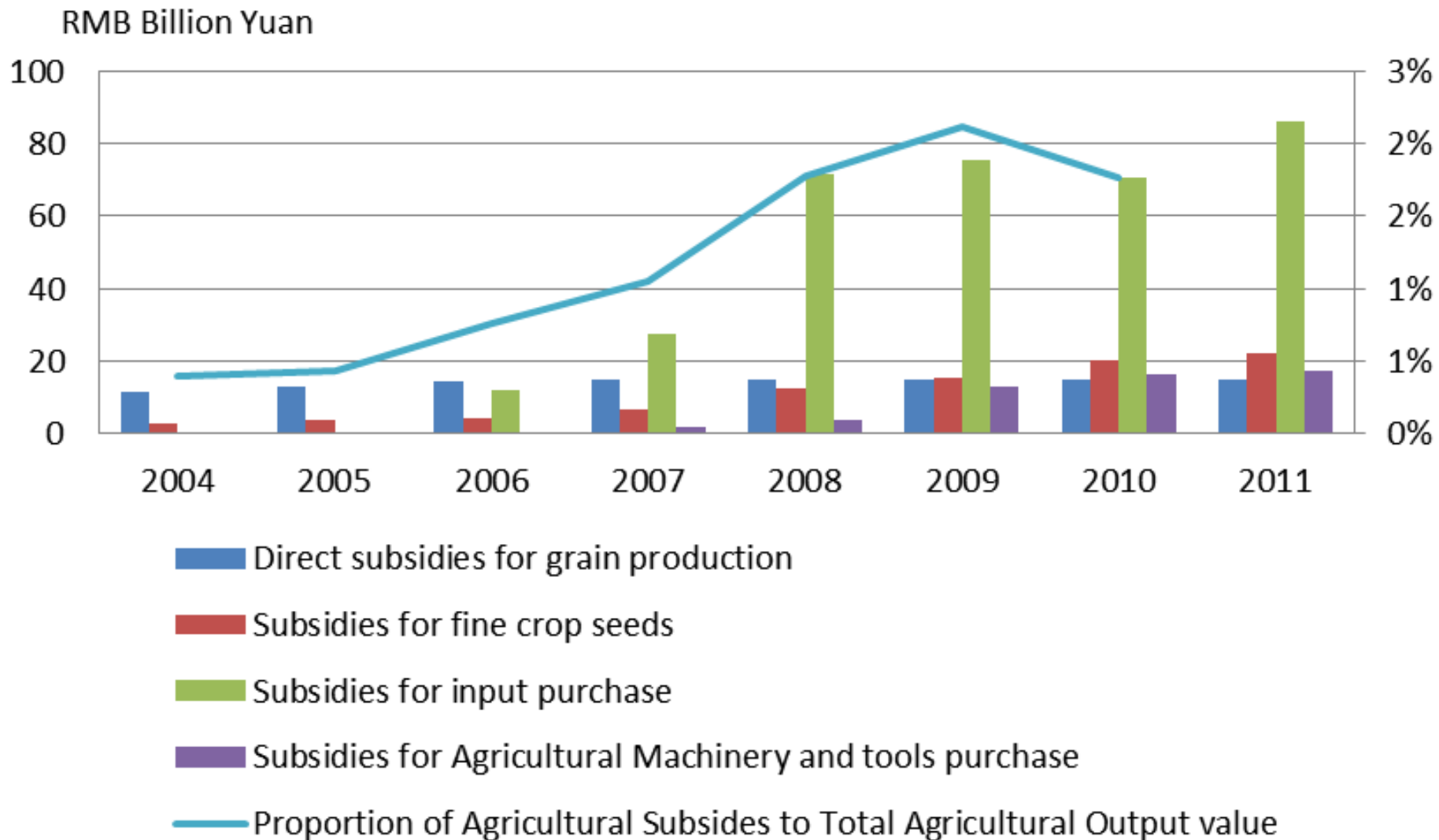
Central Government Expenditure for Agriculture, Rural Community and Farmers

RMB billion yuan

2002	190.5
2003	214.4
2004	262.6
2005	297.5
2006	339.7
2007	431.8
2008	595.6
2009	725.3
2010	858.0
2011	1228.7



Four Major Types of Agricultural Subsidies





Agricultural Science and technology

- r The Aggregate level of mechanization in plowing, sowing and harvesting across the country reached 54.5% in 2011;**
- r The contribution rate of science and technological progress to agriculture reached 53.5%.**



Improvement in operation scales

- r By 2010, 220 million household-based land contracts signed and 12.47 million hectares of land management right has been transferred, which account for 14.7% of total contracted arable land.



Development of Industrialized Operation

- r By 2010, 250,000 industrialized agricultural organizations, involved 107 million farmer households
- r Farmers' professional cooperatives reached 379.1 thousand, with 29 million rural households members, accounting for 11% of China's total rural households.

r II. Agricultural Trade Development

- r Agricultural Trade Policy**

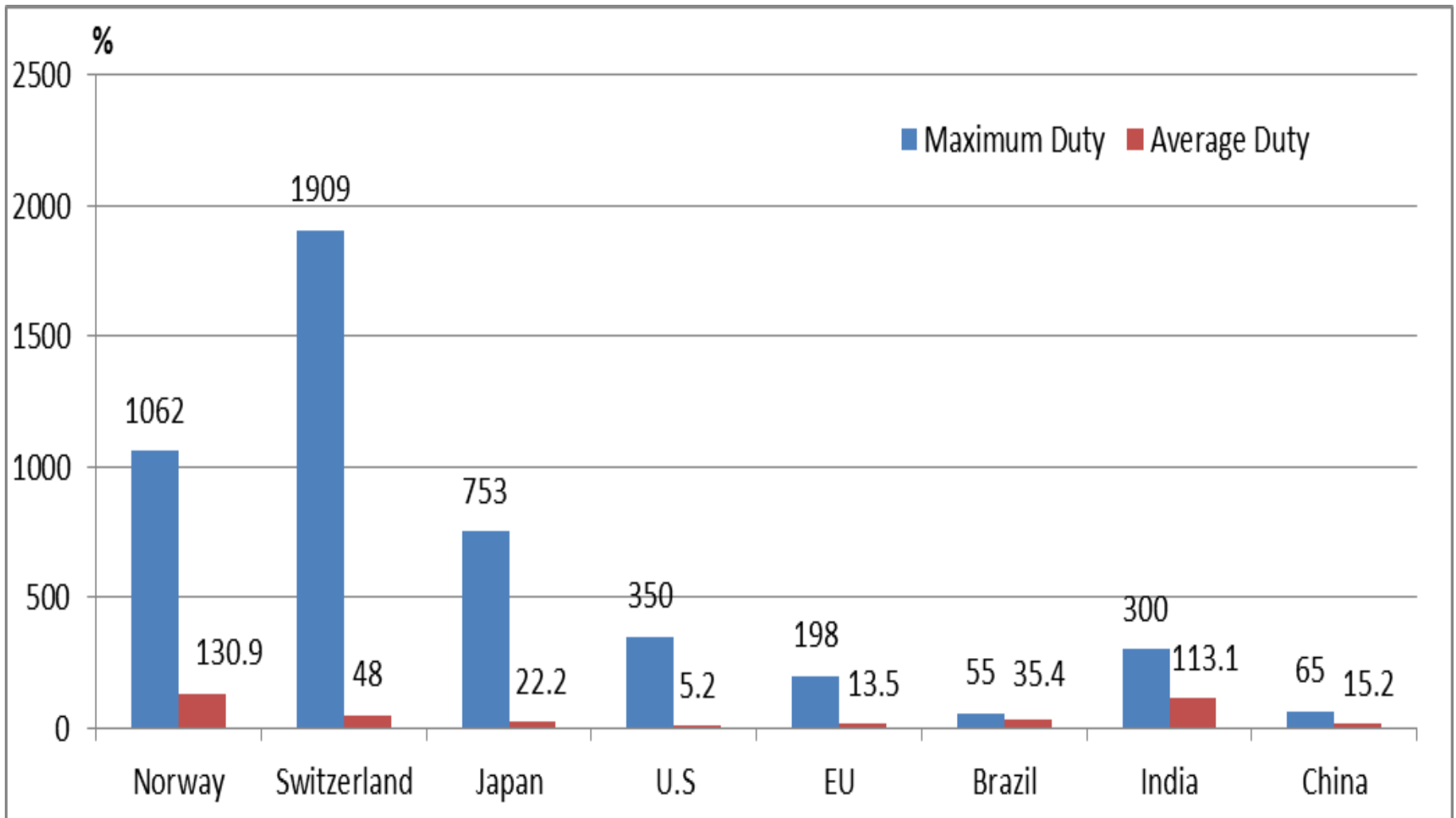
- r Agricultural Trade changes**

- r FTA & Agricultural Trade**

- r **After entering WTO in 2001, China has substantially reduced the import tariff of agriculture products.**
- r **Average import tariff of agriculture 15.2%, only $\frac{1}{4}$ of world average.**



Tariff rates of Agricultural Products





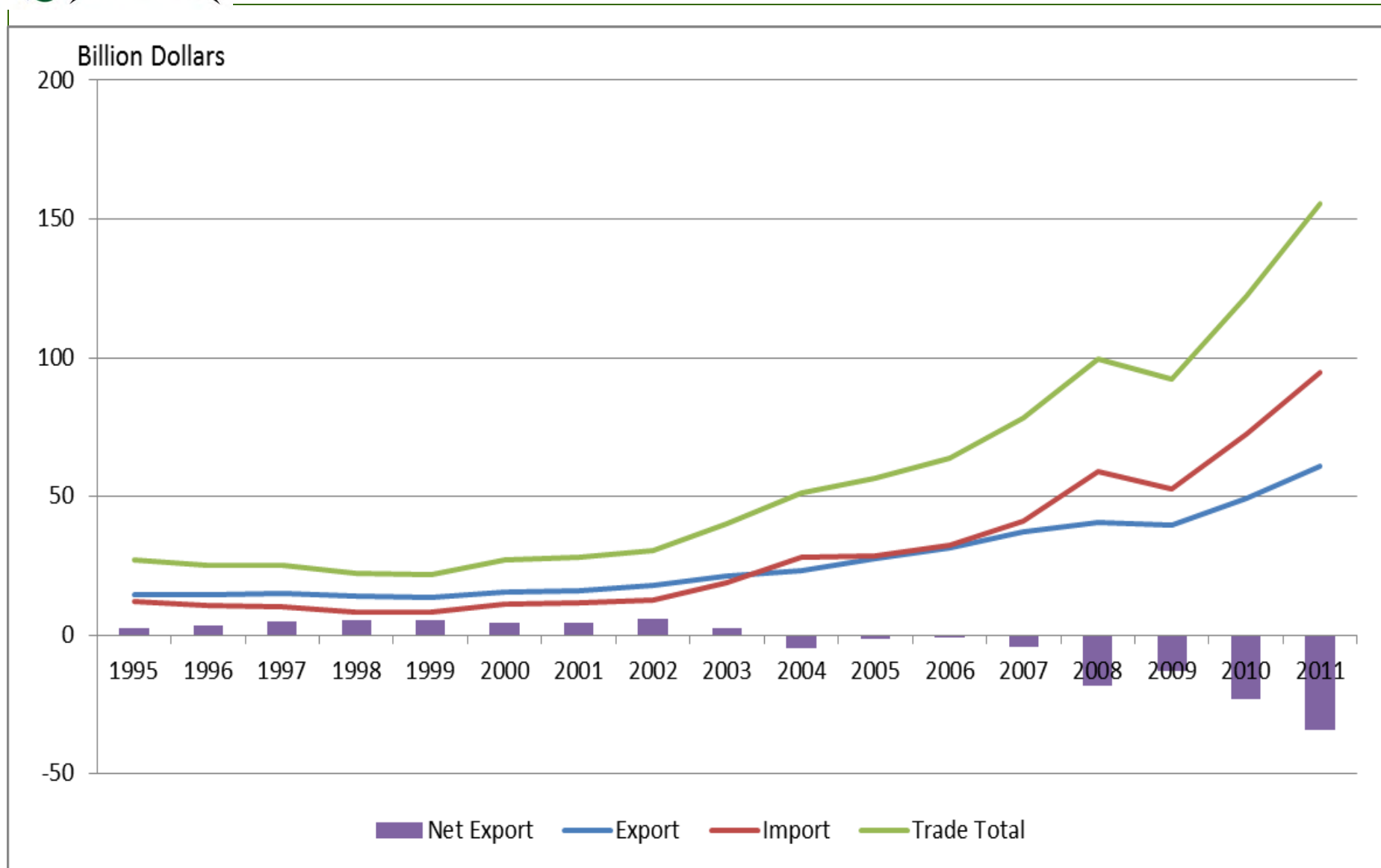
China's TRQ arrangement

Items	MFN (%)	In Quota Rate (%)	Quota (thousand ton)
Wheat	65	1-10	9,636
Maize	65	1-10	7,200
Rice	65	1-9	5,320
Sugar	50	15	1,945
Wool	38	1-3	287
Cotton	40	1	894

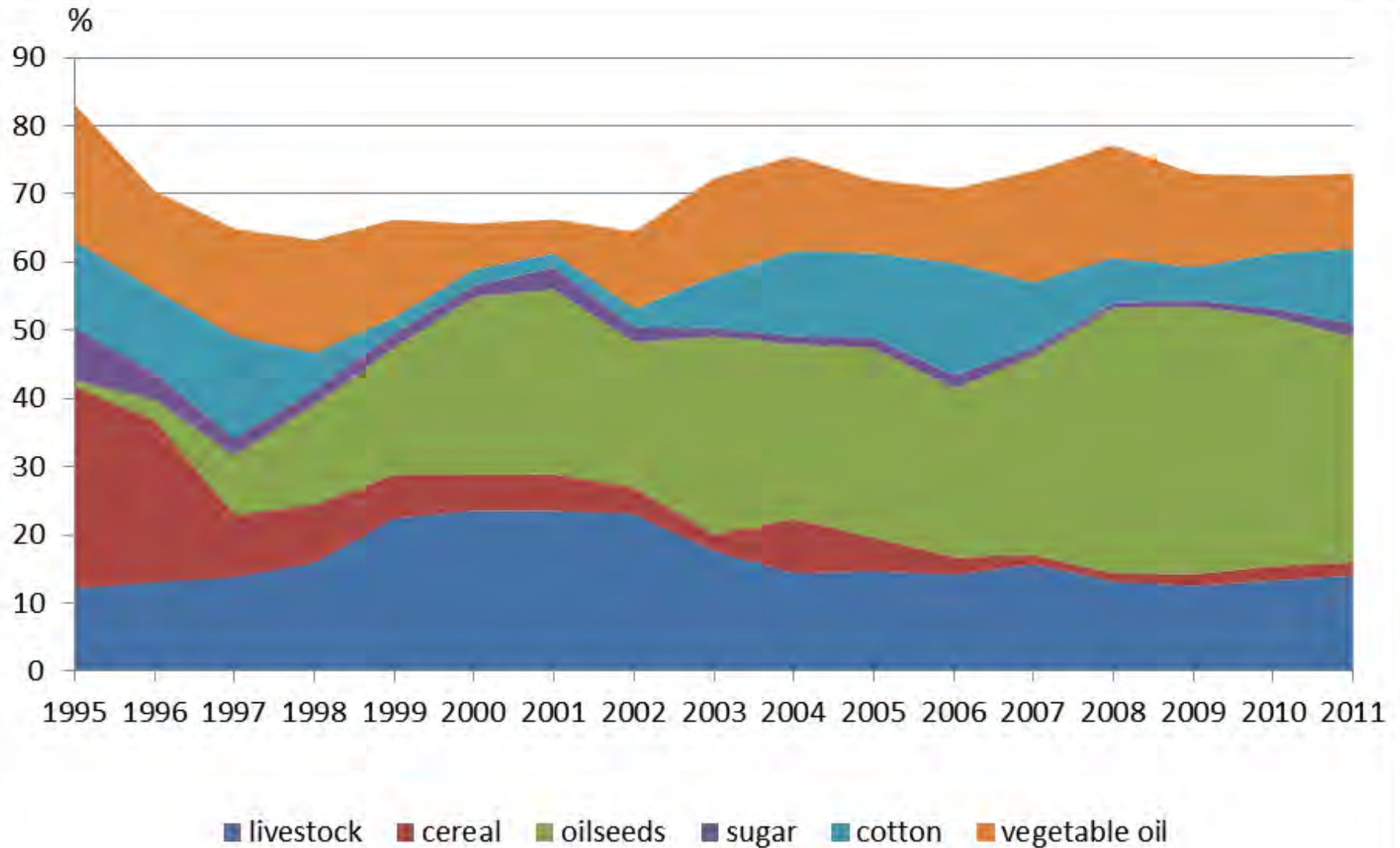
- r **Rapid growth of agricultural trade, 2001-2011 annual growth rate 18.7% (import 23.1%, export 14.2%)**
- r **Higher import growth rate leads to increased agricultural trade deficits since 2004**



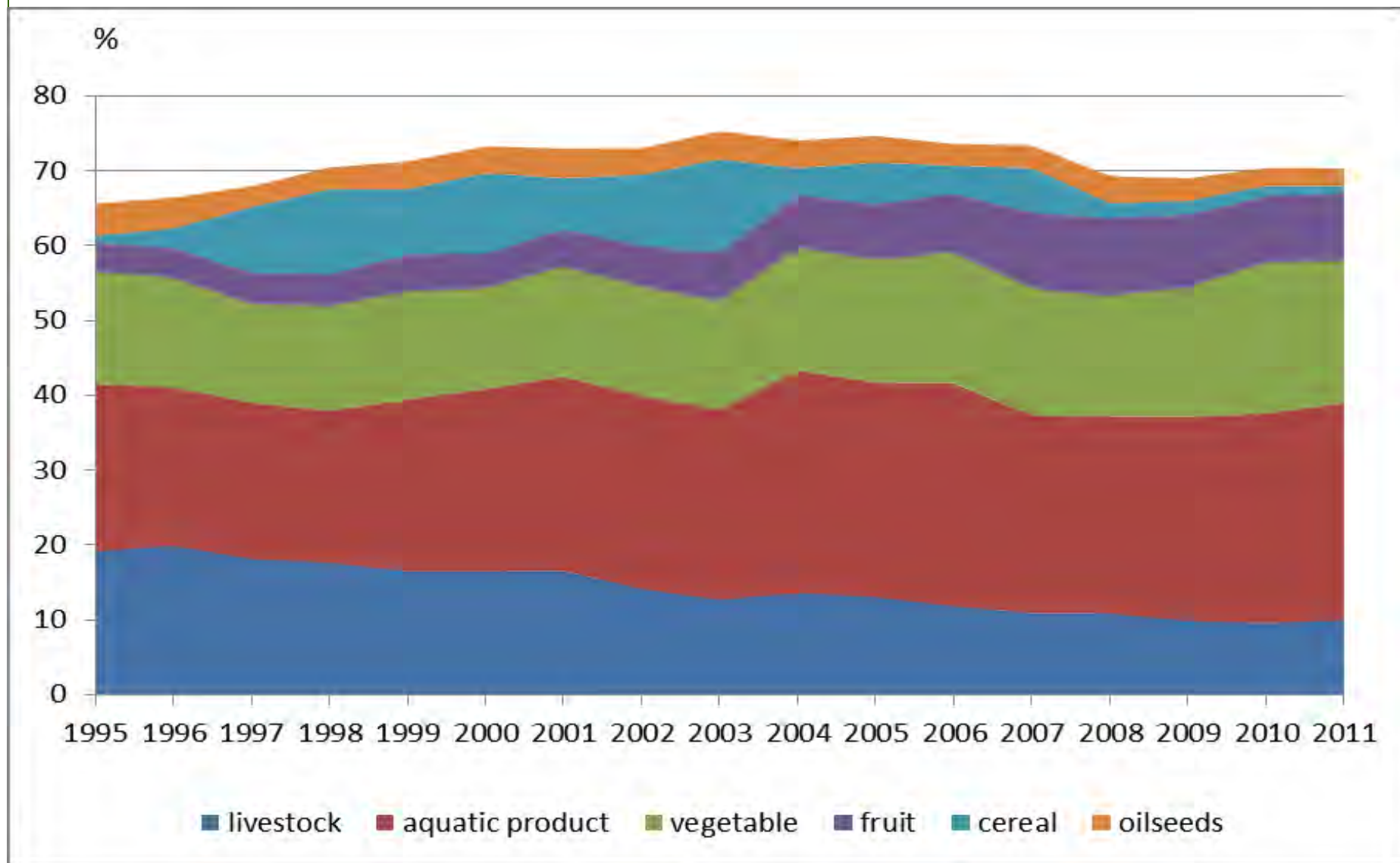
Trade volume change



Import structure



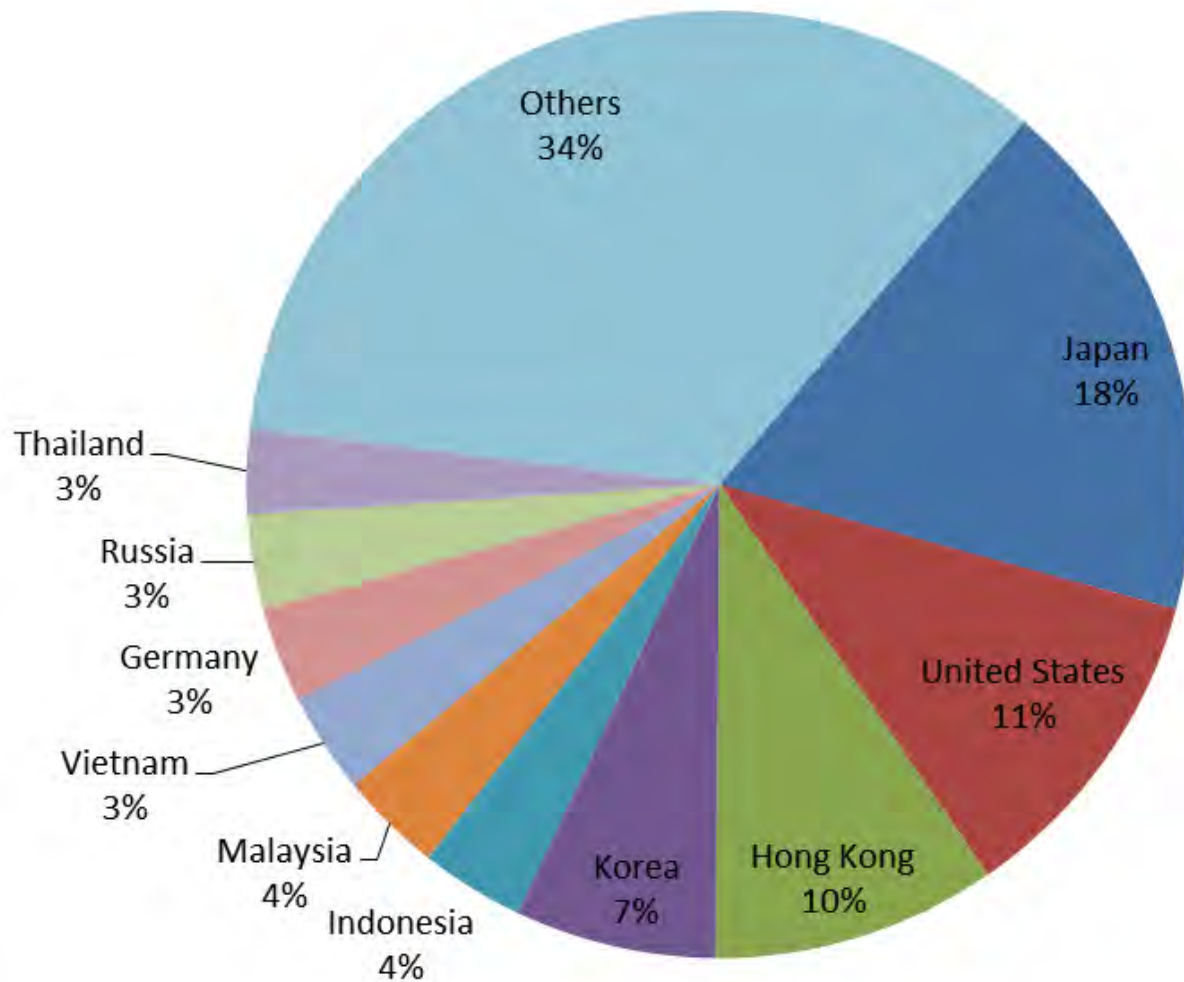
Export structure



r General trends:

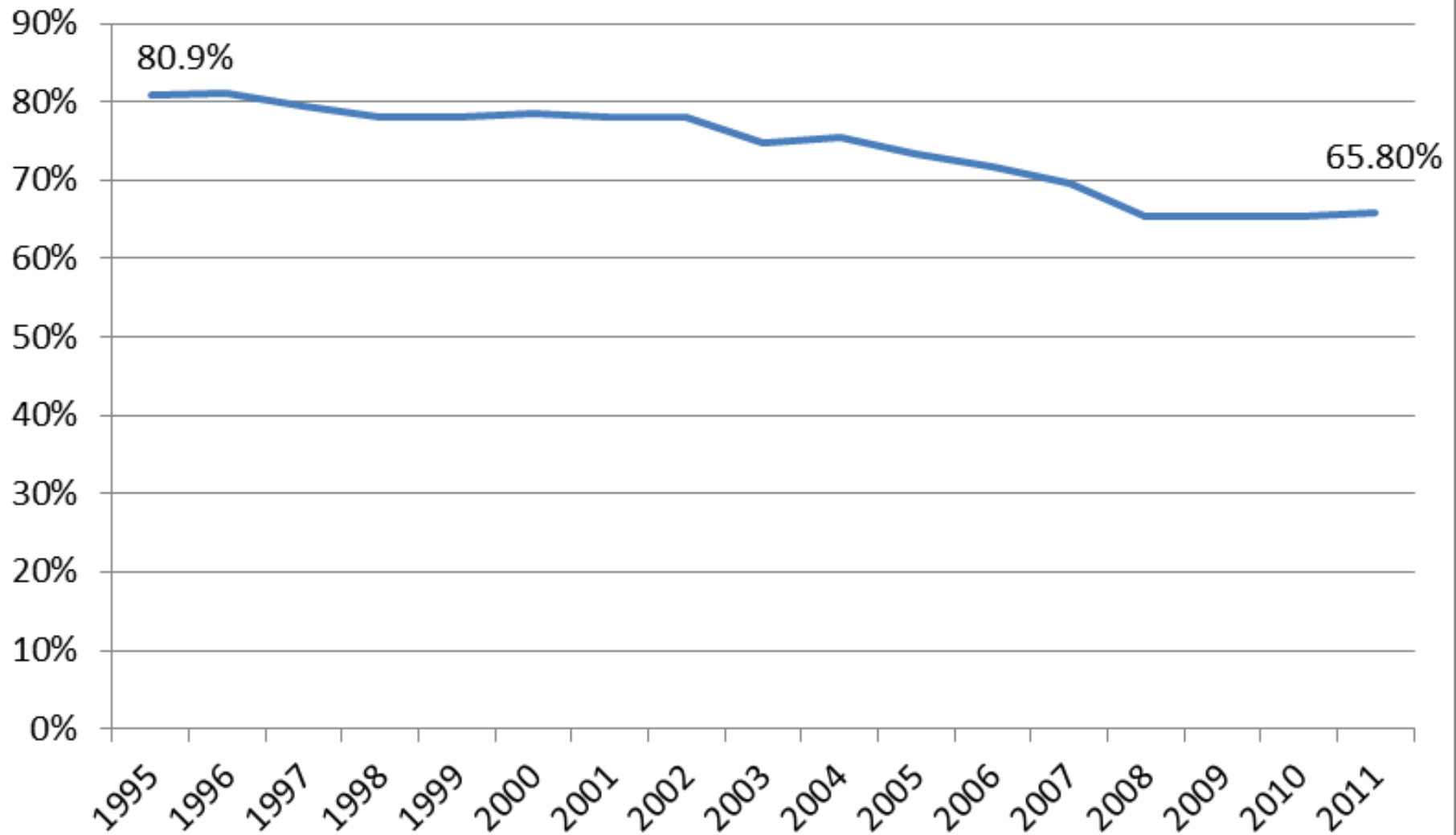
- diversification in export markets
- concentration in import markets

Top ten export market in 2011

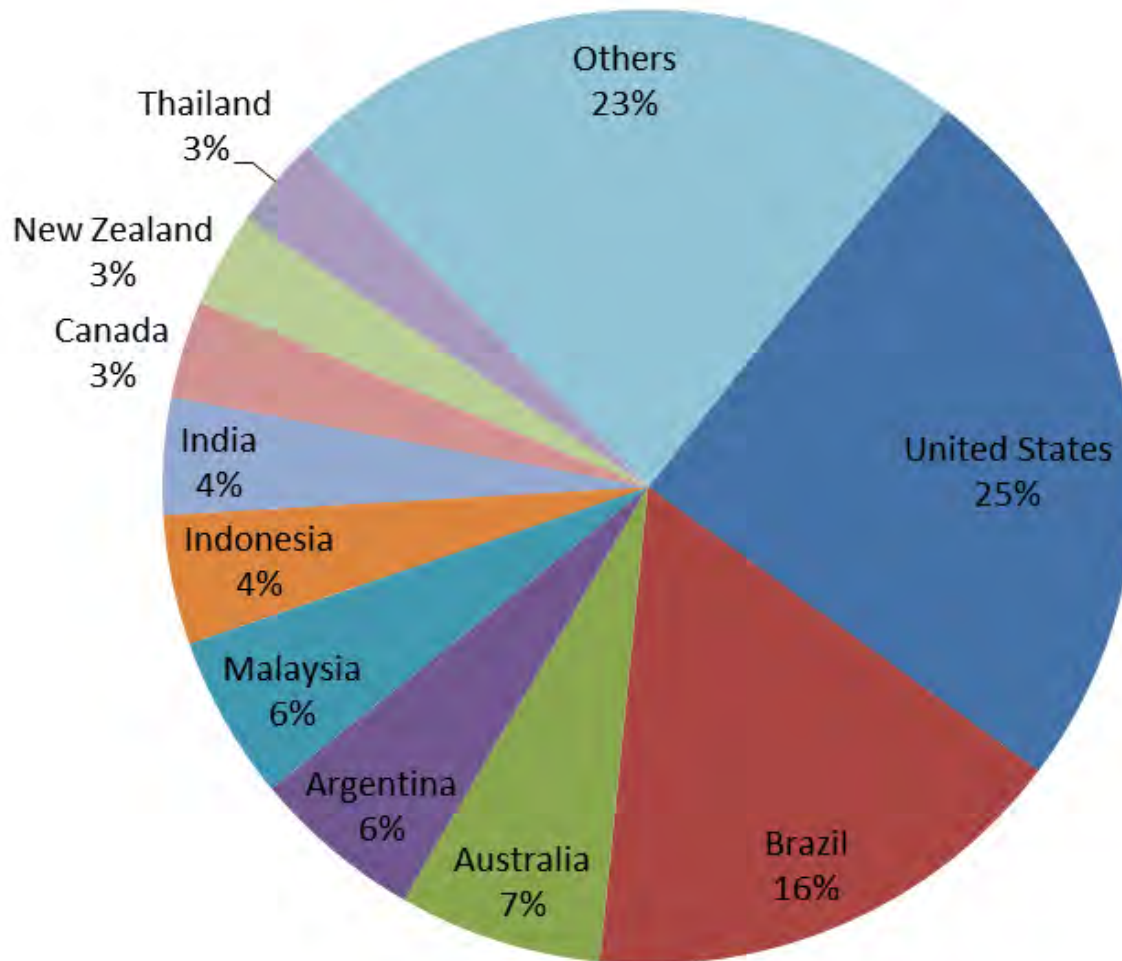




The share of top ten export markets of China's agriculture products

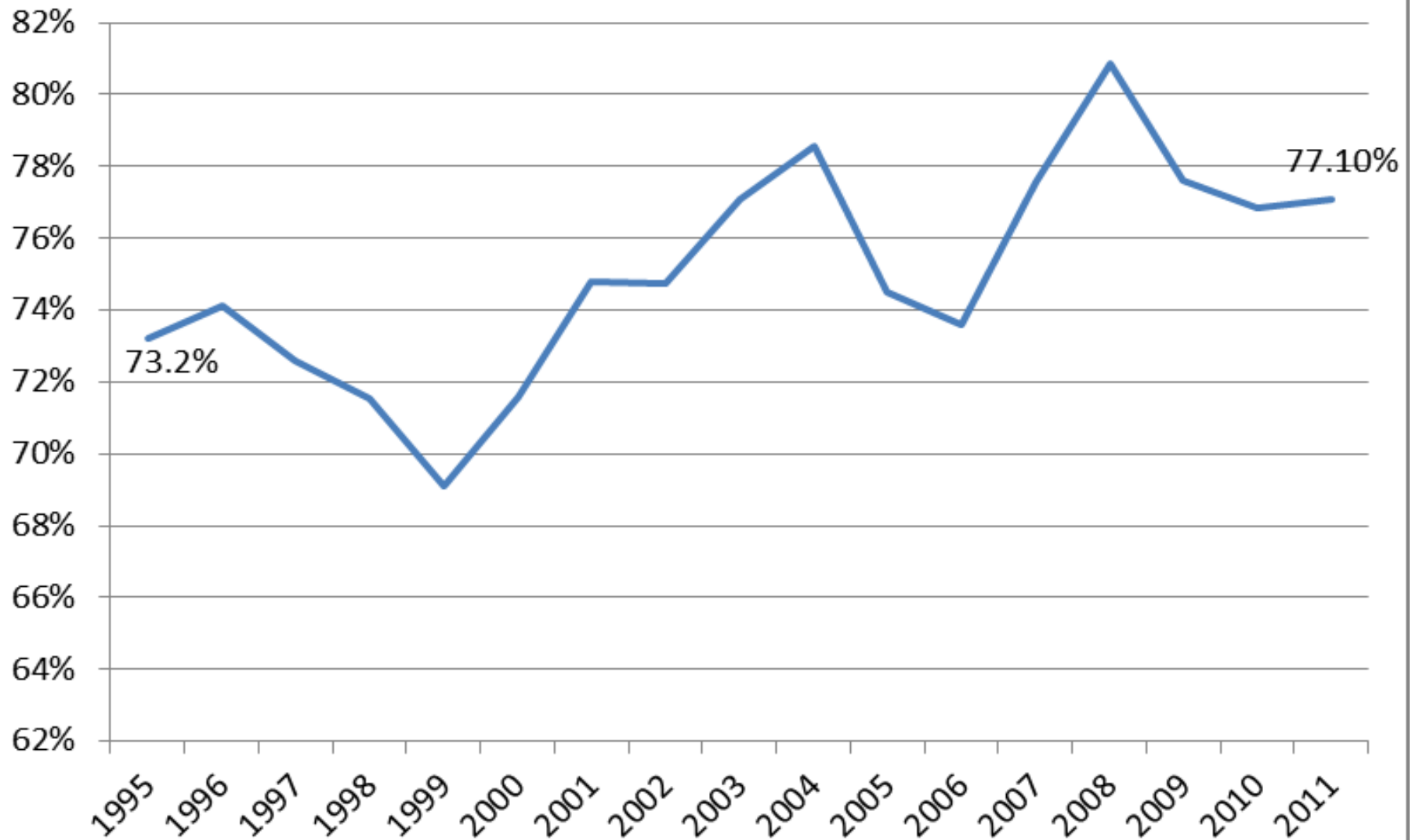


Top ten import sources in 2011



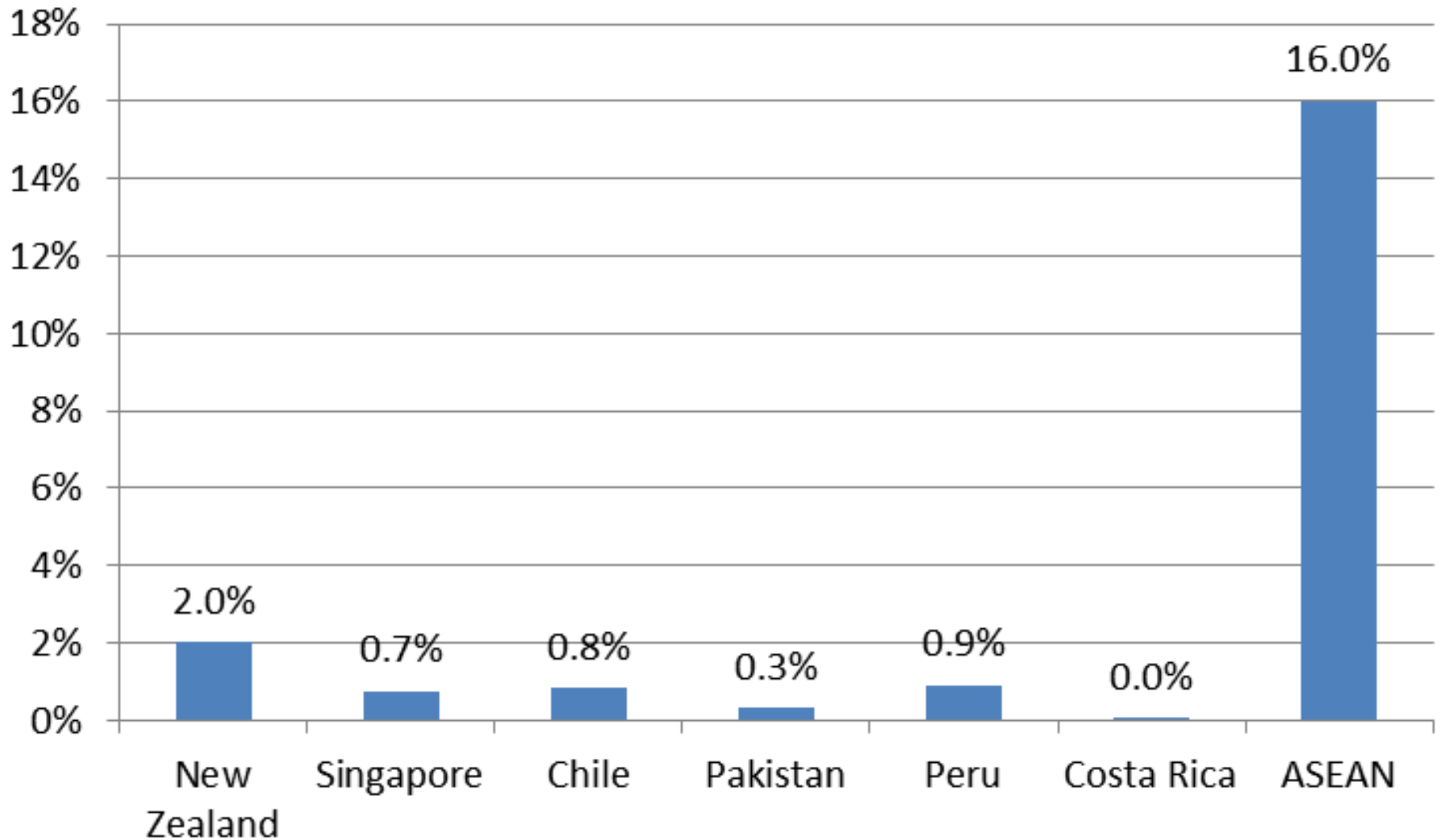


The share of top ten import market





The Share of FAT Partners in China's Total Agricultural Trade Value





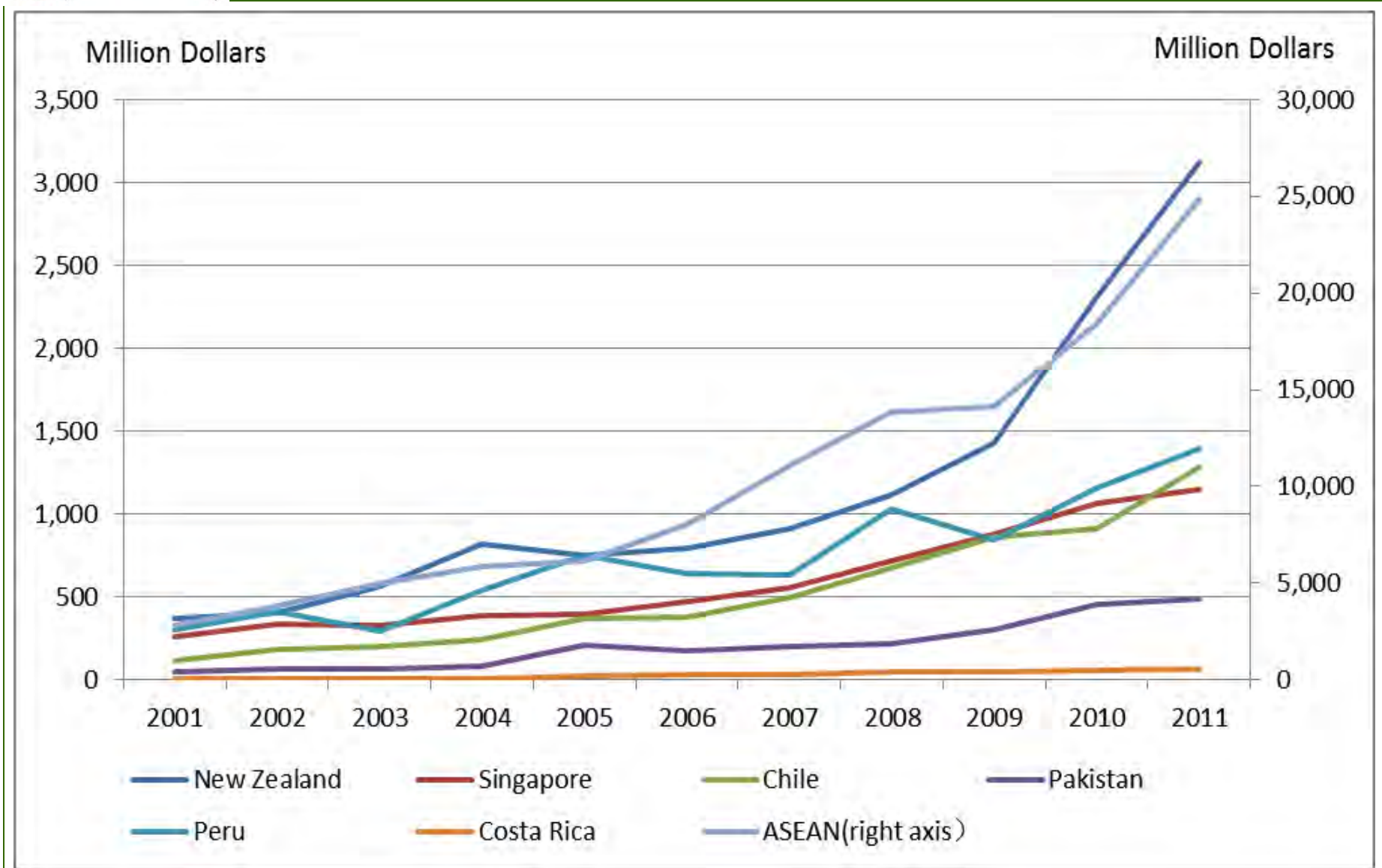
FTA & Agricultural Trade

Start

China-ASEAN FTA	2005.07
China-Pakistan FTA	2007.7
China-Chile FTA	2006.10
China-New Zealand FTA	2008.10
China-Singapore FTA	2009.01
China-Peru FTA	2009.03
China-Costa Rica FTA	2010.04
Economic Cooperation Framework Agreement (ECFA)	2010.06
Mainland and Hong Kong Closer Economic and Partnership Arrangement	2009.10
Mainland and Macau Closer Economic and Partnership Arrangement	2009.10



Agricultural Trade Value Between China and FTA Partners



Potential FTA Partners

FTA under Negotiation

China-GCC(Gulf Cooperation Council) FTA

China-Australia FTA

China-Iceland FTA

China-Norway FTA

China-SACU(Southern African Customs Union) FTA

China-Korea FTA

China-Switzerland FTA

r III. Future Prospective



Challenges

- r **Resource constraints and small farms impede long term competitiveness**
- r **Open market and highly distorted world trade**
- r **Impact of non-traditional factors on agriculture and trade**
- r **Multi-national companies have big monopoly power in global agricultural product supply chain, which threaten small farmer survive.**

r **Coordinated domestic and international market**

- m Based on grain self-sufficiency to ensure food security is a basic policy.
- m Some bulk products need import, but a reasonable level of self-sufficiency is important.
- m Promote advantage products export

- r **Enhance agriculture competitiveness**
 - m Accelerate the transformation of agricultural development pattern.
 - m Increase the investment in agriculture, especially in R&D.
 - m Promote industrialization of agriculture.

r **Improve macroeconomic regulation and oversight**

- m Agricultural trade development plan
- m Monitoring and early warning system

r **Create a fair trade environment**

- m Multilateral and bilateral negotiation
- m Trade remedy



Thank you!

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