

The External Factor Constraints on China's Agricultural Products Export and Countermeasures

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Abstract: It has an important strategic significance for China's agricultural products export to the Chinese economy in the aspects of great contribution to foreign exchange, broadening employment channels for farmers, increasing peasant income and agricultural restructuring, and improving the international competitiveness of agriculture. Since China entered WTO, the import and export of agricultural products have a rapid growth. However, the international environment of agricultural products trade hasn't changed too much and the tariff and non-tariff barriers are becoming more and more complicated. So there are still a lot of barriers in China's agricultural products export. How to deal with the complicated external factors should be explored.

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1. Introduction

In recent years, the volume of China's agricultural products export trade increased from 13.377 billion U.S. dollars in 1998 to 26.462 billion U.S. dollars in 2005, an increase of 97.82 percent, it showed a rising trend from the whole. However, the proportion of China's agricultural products export in the total export trade decreased constantly, from 7.28 percent in 1998 to 3.47 percent in 2005. In the export product structure, China's agricultural products export was mainly aquatic products, vegetables and meat products. In 2005, China's export volume of aquatic products and related products accounted for 32.93 percent in the total exports of agricultural products, and vegetables and related products export accounted for 23.22 percent in 2005. In the agricultural export market, Asia was still the largest market for China's agricultural products export, accounting for 60 percent in the China's agricultural products export, among them Japan, South Korea, China Hong Kong, Malaysia and Indonesia was the most important exporting countries. Europe was the second largest market for China's agricultural products export and North America was the third largest market.

2. The external factors affect China's Agricultural Products Exports

The external factors that affect China's agricultural products exports are mainly technical barriers to trade and anti-dumping and safeguard measures currently.

Generally speaking, the export markets of China's agricultural products were mainly concentrated on the developed countries and regions. With the social development and improvement of living standards, the demand for agricultural products in the international market is also constantly changing, among them the most obvious characteristics are: First, the agricultural products specialization trend became increasingly evident. Along with the increase of economic development and the level of science and technology, the specific nature of main agricultural products increased gradually, the homogenization trend was weakened gradually and heterogeneous trend was enhanced; Second, the proportion of processed agricultural products consumption in the total agricultural products consumption increased and the proportion of primary agricultural products consumption in the total agricultural products consumption decreased. So the China's agricultural products export is facing more complicated international environment and there are many factors constraining the export of China's agricultural products.

The technical barriers to trade means a country or regional organization takes a number of grounds such as maintaining basic security, protecting animal and plant life health and safety, environmental protection, preventing fraud, protecting the product quality to adopt mandatory or voluntary technical measures. It

has become a protective screen for stopping foreign goods from entering national markets, thus constituting a kind of trade barriers in the international trade, and it is the most secretly concealed and hardest to break. Anti-dumping refers to the anti-dumping authorities in the importing country take measures such as levying anti-dumping duties to the dumping actions that caused damage to the importing countries industry to offset the damage consequences. Safeguard measures is a certain economy will take the temporary import restrictions to the import product that causes the damage to remedy the damage or facilitate the industrial adjustment when the import of certain product has a substantial increase and it leads to the industry of similar production or direct competitive product. The three external factors that constrain China's agricultural product exports are mainly embodied in the following three areas:

2.1 Trade inhibitory effect

The technical barriers to trade, anti-dumping or safeguard measures will increase the cost of China's agricultural products exports, increase the price of China's agricultural products in the export market and make the cost advantage of China's agricultural product lose so that eventually inhibit the export of China's agricultural products. The survey shows that there was 15.13 percent export enterprises in China was affected by foreign technical trade measures in 2005; In the 22 major export products there was 18 products suffered direct loss due to the implementation of foreign technical trade measures, the amount of direct loss reached 69.1 billion U.S. dollars, accounting for 9.07 percent in the export value in 2005; The enterprise increased the cost of production 21.7 billion U.S. dollars in response to the foreign technical trade measures, accounting for about 2.85 percent in the export value in 2005; In the industry, the foodstuffs and other agricultural products were affected, the ratio of the direct losses to exports volume was 26.7 percent, the ratio of opportunity loss to exports volume was up to 96.6 percent. The United States levied 154 percent anti-dumping duty to China's canned mushrooms on December 31, 1998, resulting in the export price of China's agricultural products doubled. It reduced the competitiveness in the United States market and led to the export volume reduced substantially. The canned mushrooms decreased 30 percent in the second year. Spain submitted implementing safeguard measures to Chinese canned citrus in 2003, resulting in the export

of Chinese canned citrus to Spain has a substantial reduction, it decreased 50 percent compared with last year.

2.2 The trade diversion effect

If a country adopts the technical trade standard or engages in anti-dumping investigation or safeguard measures to China's agricultural products export, it will inevitably lead to China's agricultural products export has a sharp reduction. And because the domestic demand is constant, it will make the importing countries import the agricultural products from the third country that meets its technical standards, or doesn't implement anti-dumping or safeguard measures, that resulted in trade diversion effect. For example, in the case of China's warm-water shrimp anti-dumping in 2004, it led to the export volume of China's warm-water shrimp that exported to the United States declined 86 percent in 2005 compared with the export volume in 2003 after being imposed high anti-dumping tax. Although it recovered in 2006, it was still below the level in 2003. While due to the low duty rate in 2005-2006, Ecuador and Thailand began to rebound. The export of Ecuadorian shrimp had an increase with an average annual growth rate of 34 percent, and Thailand's annual growth rate of was up to 24 percent. The Indonesia's export that have not been adopted anti-dumping measures is more than doubled in 2004 compared with last year, the increase scope was 2.5 million tons, since then the volume of trade increased by 25-27 percent. Indonesia's shrimp exports was only behind Thailand in 2005 and became the second largest supply country to the U.S. shrimp market.

2.3 Chain effect

Chain effect is a country sets a high technical standard, forms the technical barriers to trade, or implements anti-dumping or safeguard measures and prompts other countries fear that a large number of Chinese agricultural products will flock to their own countries and, consequently, make China's agricultural products export suffer trade barriers in the international market and affect the export of China's agricultural products. For example, the European Union implemented the new "Food Sanitation Law" in January 2006, then Japan launched the "Positive List System" in May 2006, they all constrained the export growth of China's agricultural products.

3. Countermeasures to Overcome These Adverse effect

3.1 Establishing the international quality standard system for agricultural products

First, the regulatory system construction of agricultural products quality and safety management should be improved. The “Agricultural Products Quality Safety Act” was implemented on November 1, 2006 and it plays an important role in managing the production and operation and import and export of agricultural products enterprise and monitoring the quality of agricultural products. And the other relevant laws and regulations should also be established and amended. Second, a few key links should be paid attention to and the total quality management of “from farm to table” should be executed. It mainly includes producing environmental management, agricultural input management, production process management and market access management. The producing environmental management refers to all levels of administrative departments

3.2 Establishing and improving early warning system of agricultural products export

Both developed and developing countries have attached great importance to the tracking reports and studies of technical barriers to trade measures of their trade partners, and some have established a sophisticated early-warning mechanism and won the initiative of dealing with technical barriers. China should also establish and improve early warning system of agricultural products exports. For example, China should establish the information center and database for the foreign technical barriers to trade to provide enterprises with advisory services and keep abreast of new technologies of foreign standards and technical regulations, closely monitor the new developments of the global technical trade measures, so that make the agricultural products meet the international standards and the requirements of the importing country to avoid falling into the trap of technical barriers; while for anti-dumping and safeguard measures, China should pay attention to not only the anti-dumping and safeguard measures which China's agricultural products have suffered in foreign countries, but also these anti-dumping and safeguard measures cases of other countries, because the experience of other countries is likely the China's lessons drawn from other's mistakes.

3.3 Making full use of WTO dispute settlement mechanism

The WTO dispute settlement mechanism has successfully solved a number of barriers to trade arising from trade disputes since its foundation. As a developing country, China should make full use of the dispute settlement mechanism to safeguard its own interests. “Understanding on rules and procedures governing the settlement of disputes ” is the most important WTO dispute settlement mechanism in the rules, which specifies a number of preferential treatment that is enjoyed by the developing countries. China can reasonably use these preferences, seek a just and rational settlement of disputes, safeguard its own interests to increase the chance to win in the controversy caused by trade barriers. In short, for a developing country like China, survival and development rights are the first one, China must use all means to safeguard its trade interests, make full use of international and domestic resources.

4. Conclusion

It is related to the major issues of increasing the farmers' income, promoting rural economic development and the overall well-off society to breakthrough the restrains of adverse external factors and promote the growth of China's agricultural products export. So it is more important to promote the growth of China's agricultural products export. Therefore , it is extremely urgent for the country to find a way to break such barriers. The chief measures are as follows : establishing the international quality standard system for agricultural products; establishing and improving early warning system of agricultural products export; making full use of WTO dispute settlement mechanism

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