

Developments and patterns of trade in agricultural commodities between China and Latin America

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I. Introduction of Agriculture in China

r Main Characters

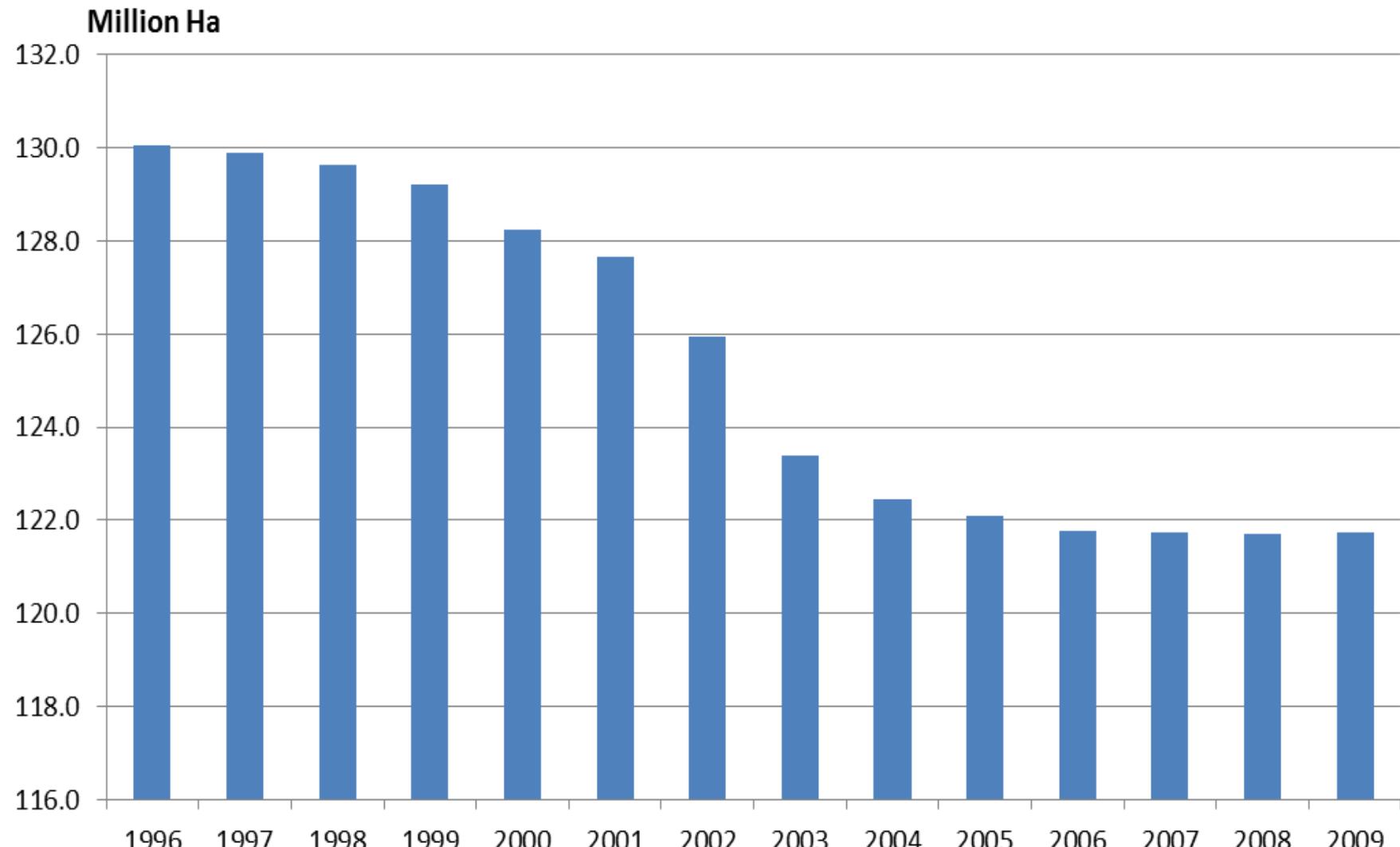
- m **Agricultural resource constraints**
- m **Agricultural production conditions improvement**
- m **Agricultural production capacity**
- m **Structural change**
- m **Quality improvement**
- m **Increase of rural income**

Resource constraints

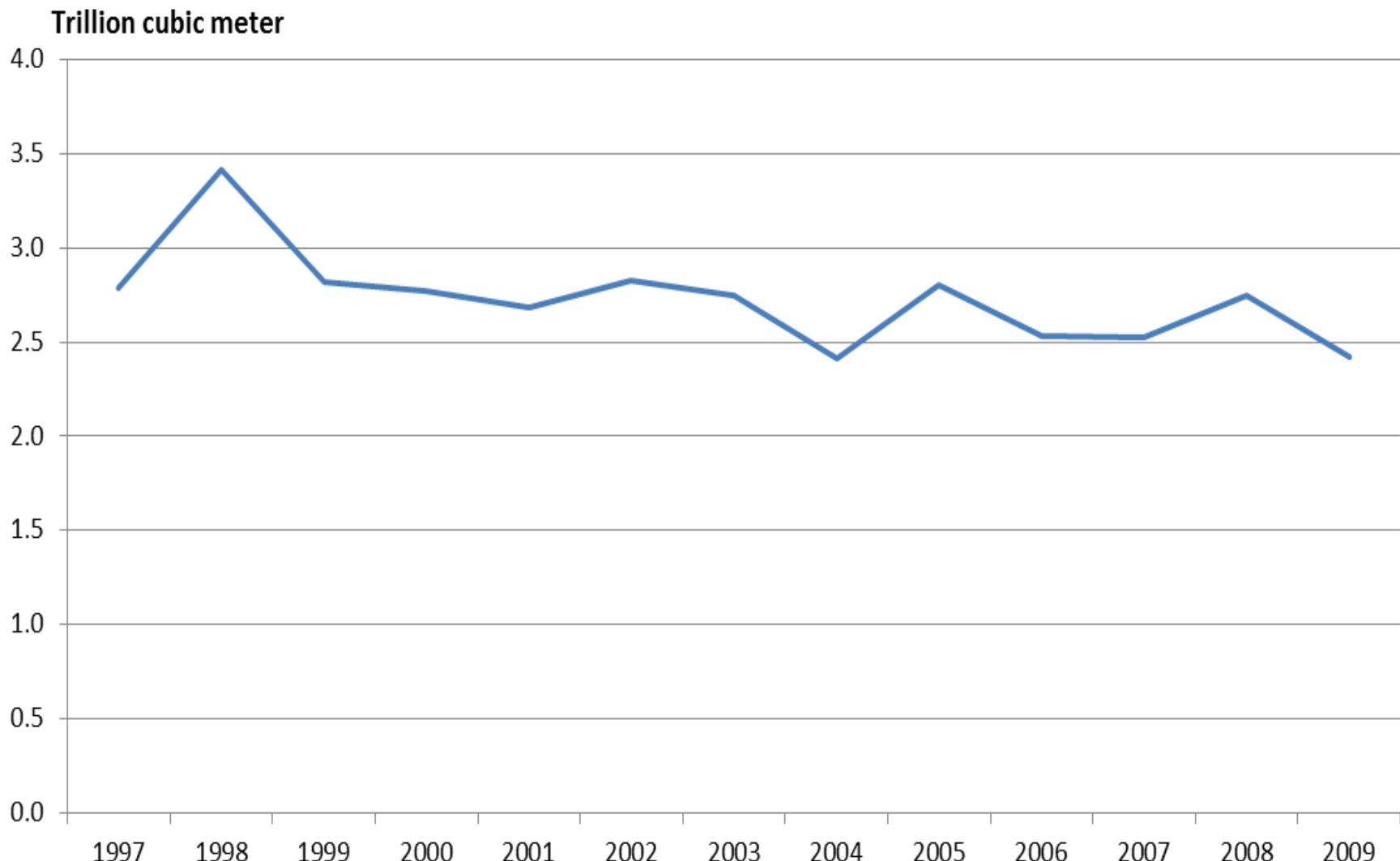
- r **China has 120 million ha arable land , accounting for 9% of world total ,**
- r **per capita land less than 0.1 ha, 40% of world average.**
- r **China has 2.4 trillion cubic meters water resource**
- r **per capita possession 1861 cubic meters, 1/4 of world average**



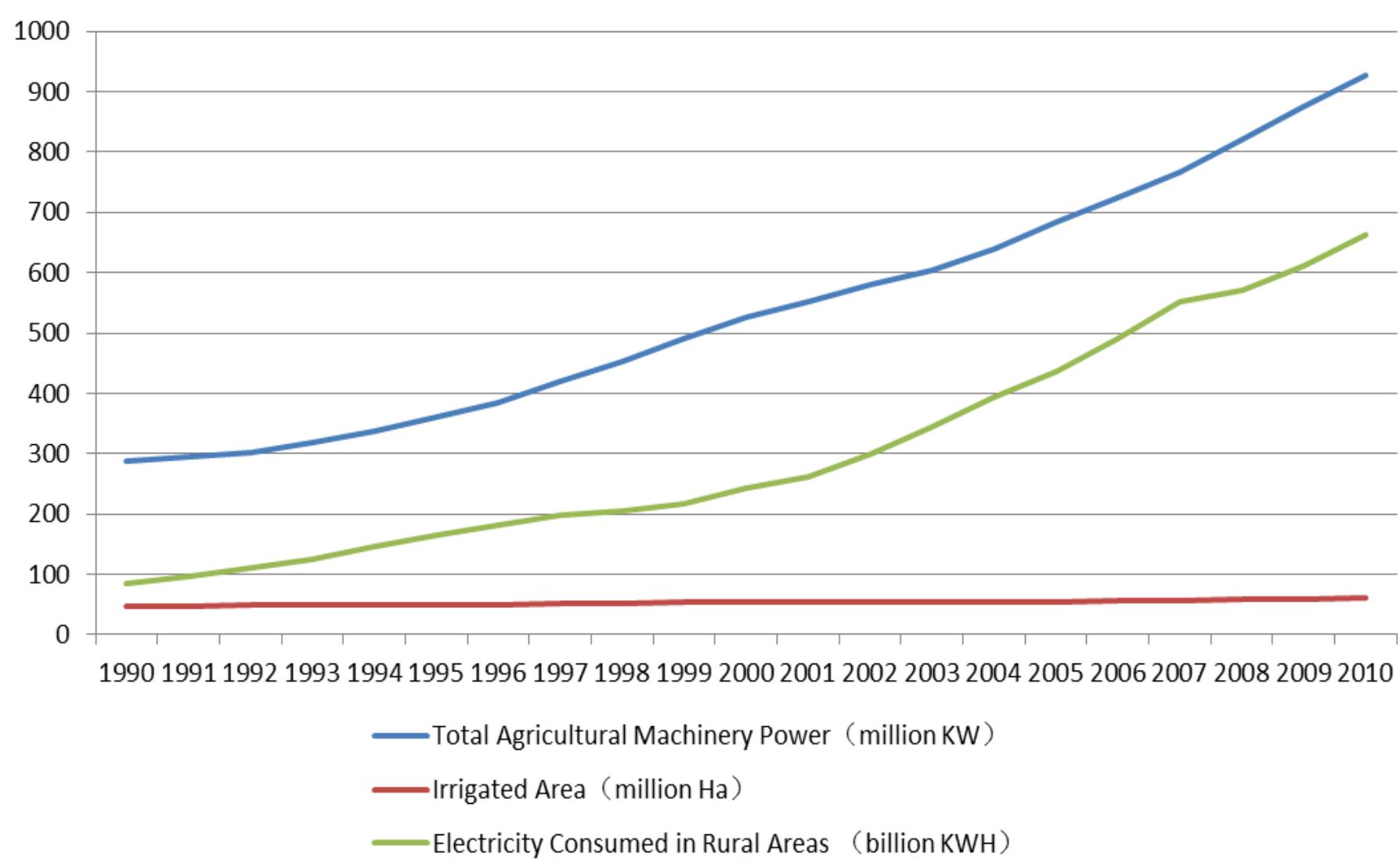
Resource constraints: arable land



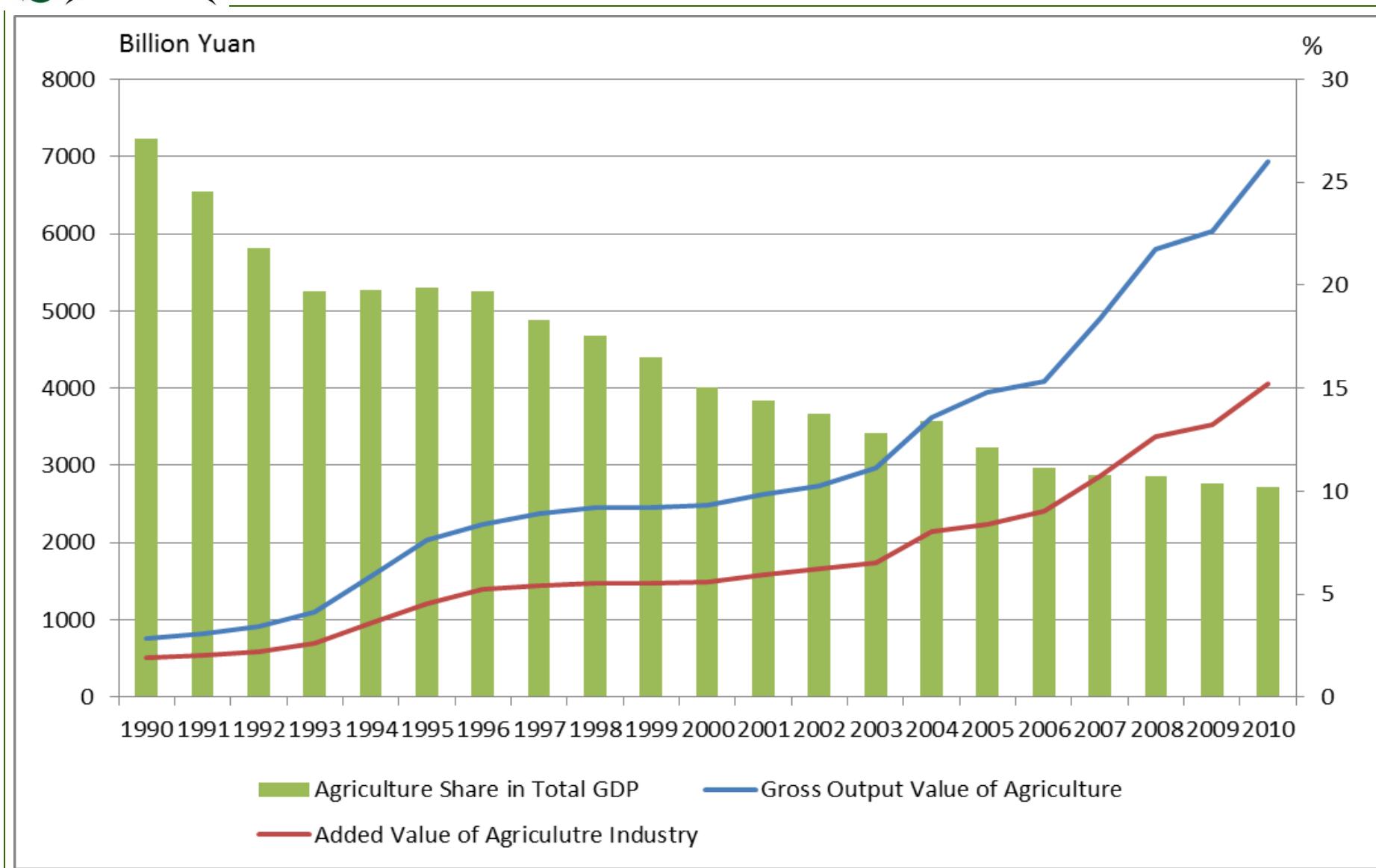
Resource constraints: water

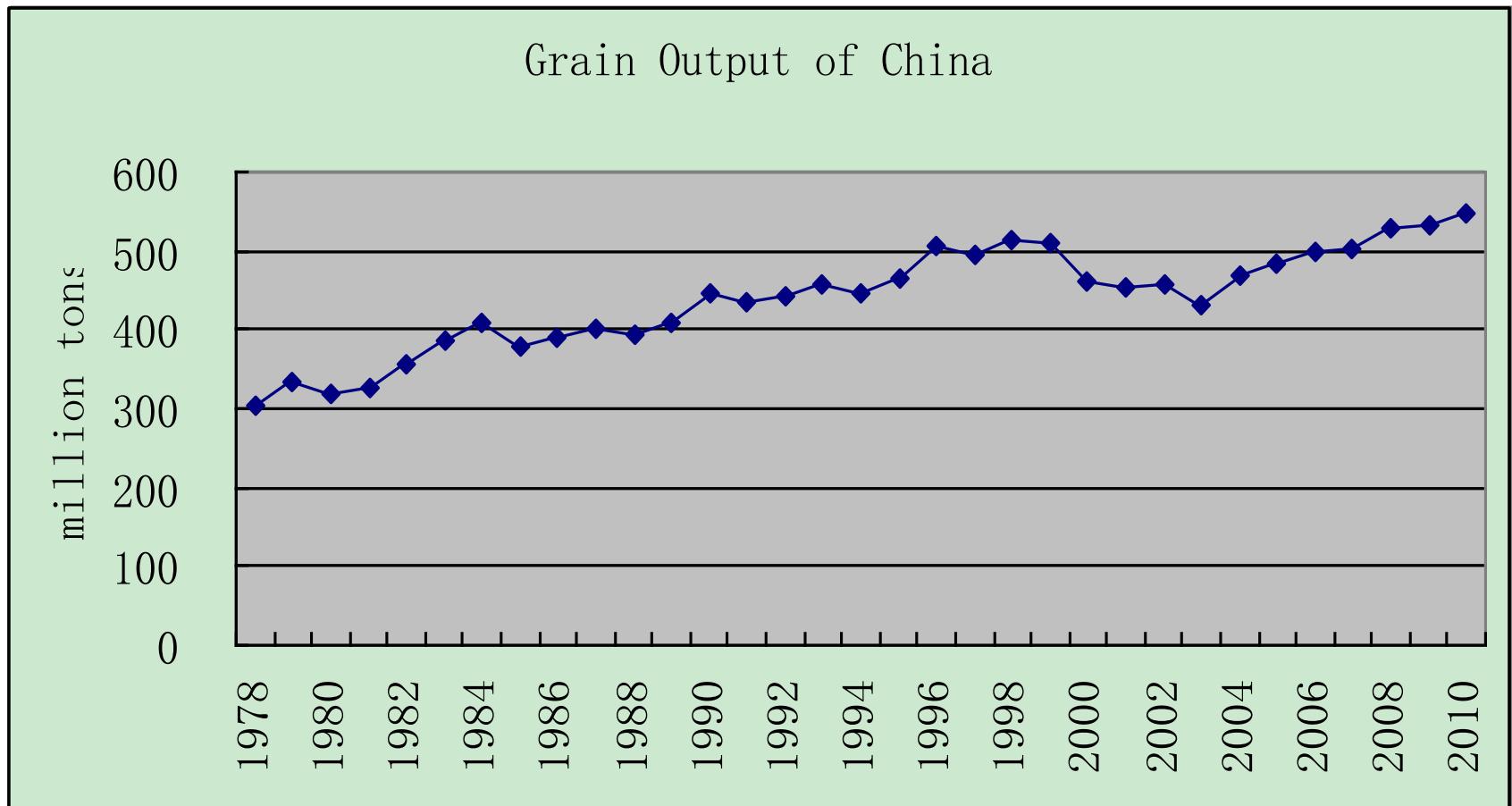


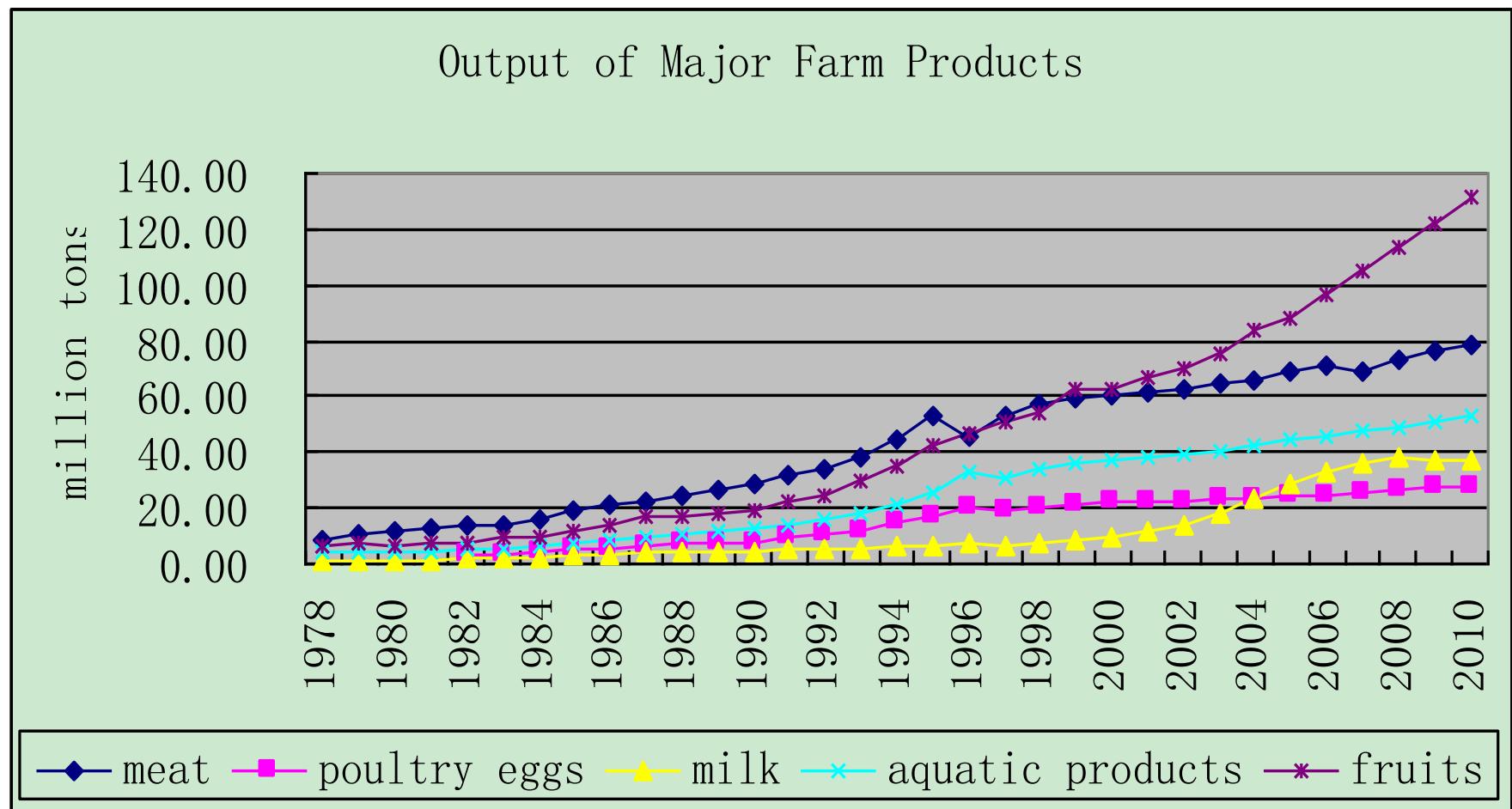
Production Conditions Improvement



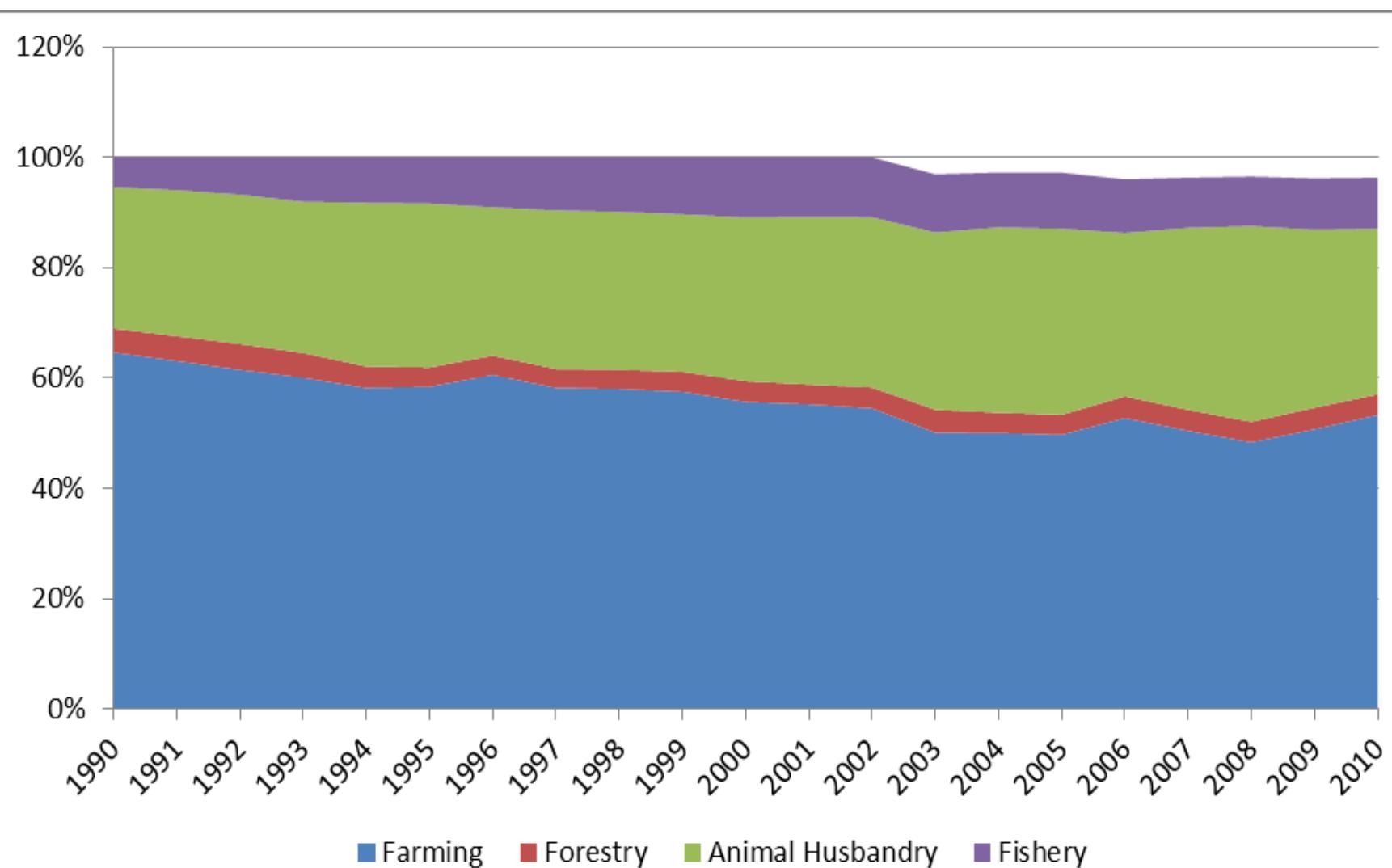
Total output increased significantly





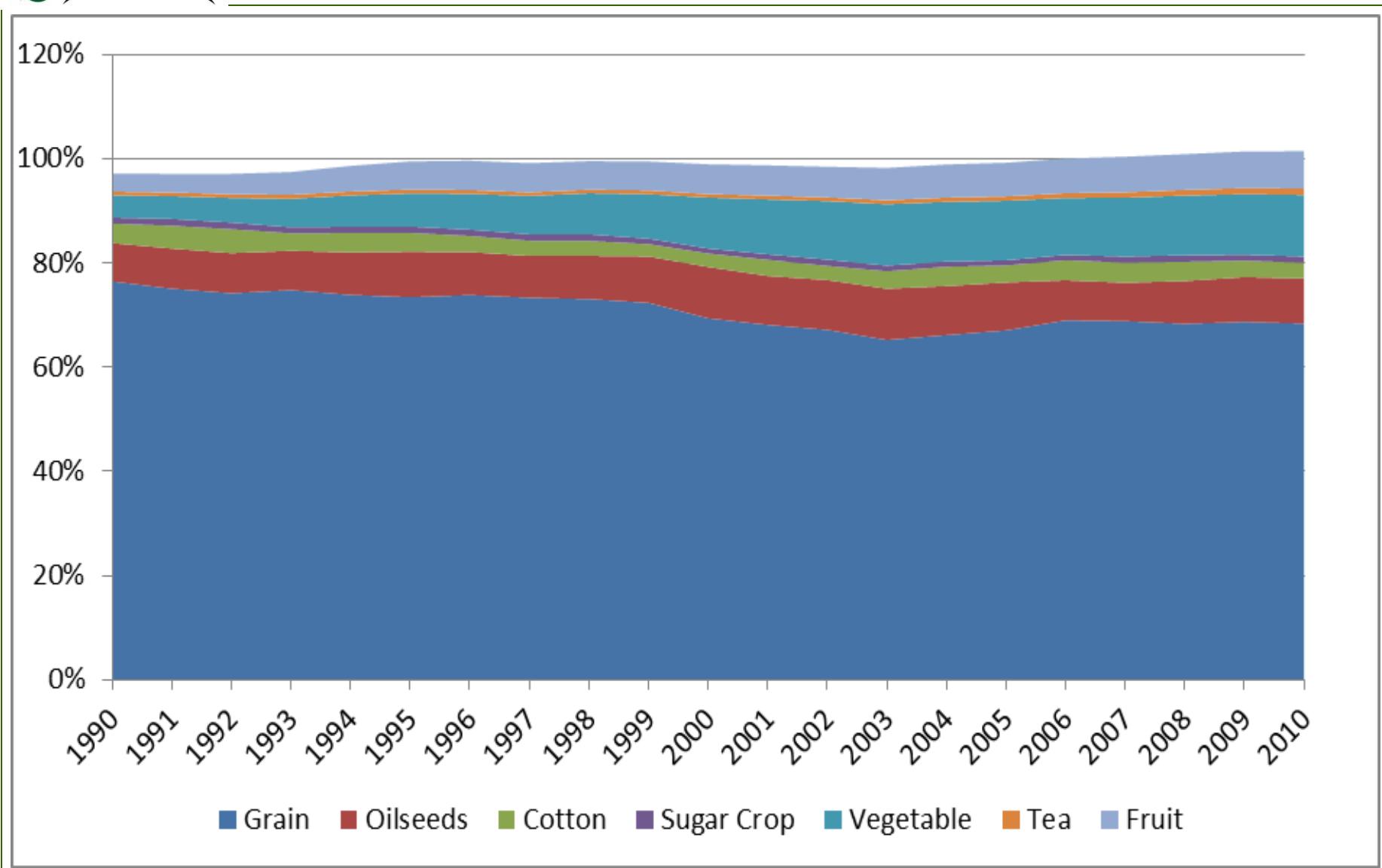


Composition of Agricultural output



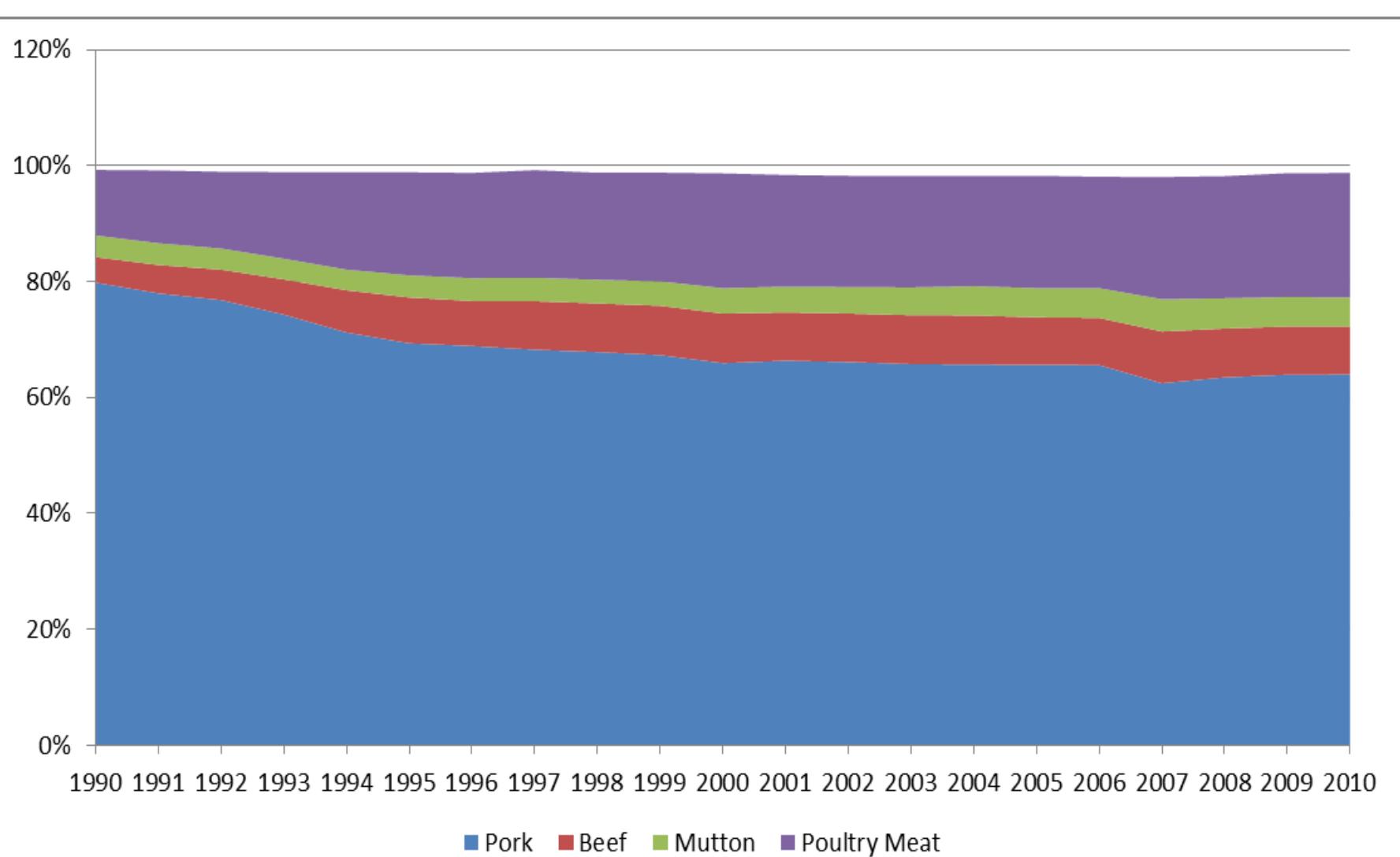


Planting Structure of Major Farm Crops





Output Structure of Livestock Products

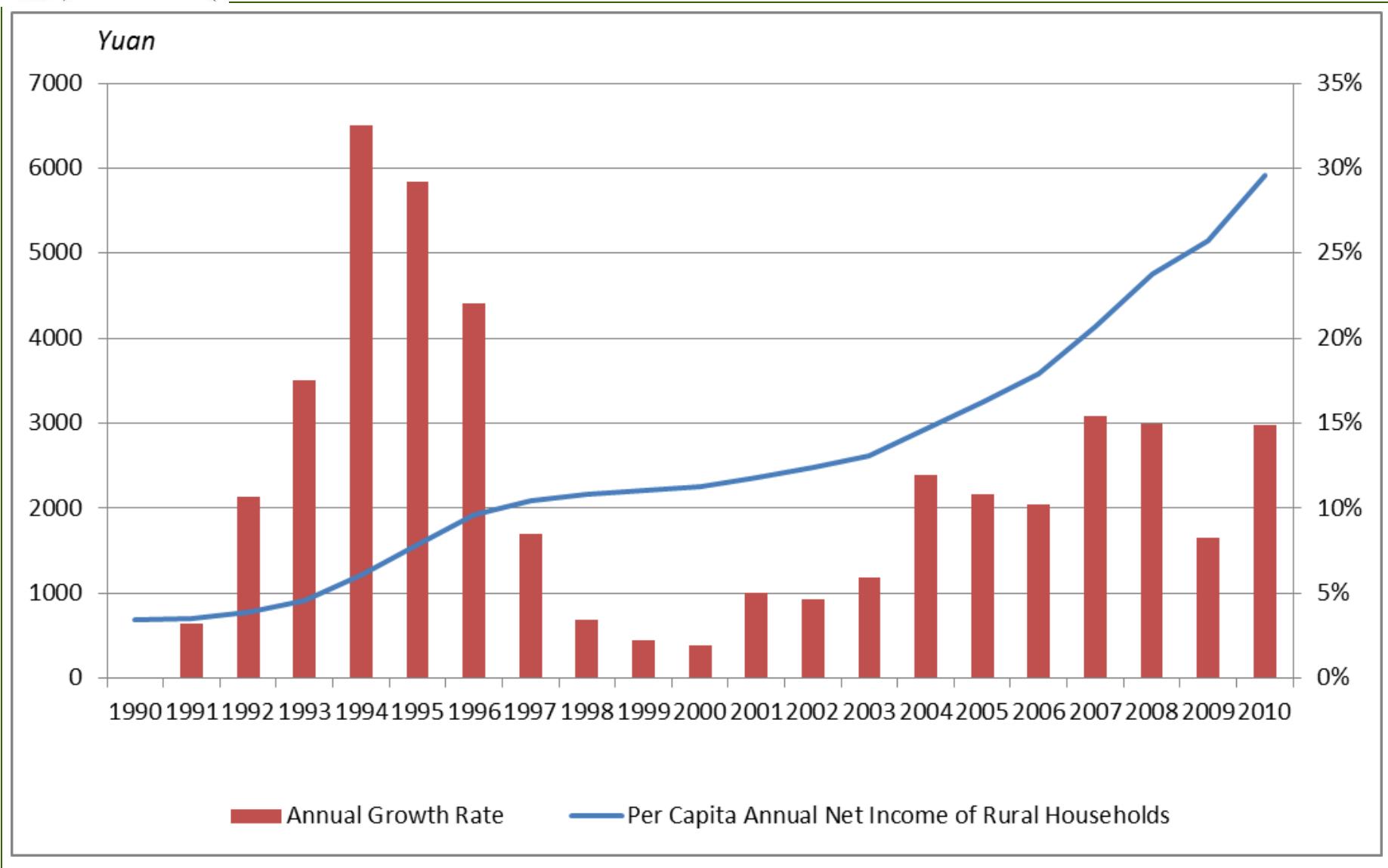




Food safety improvement

- 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**

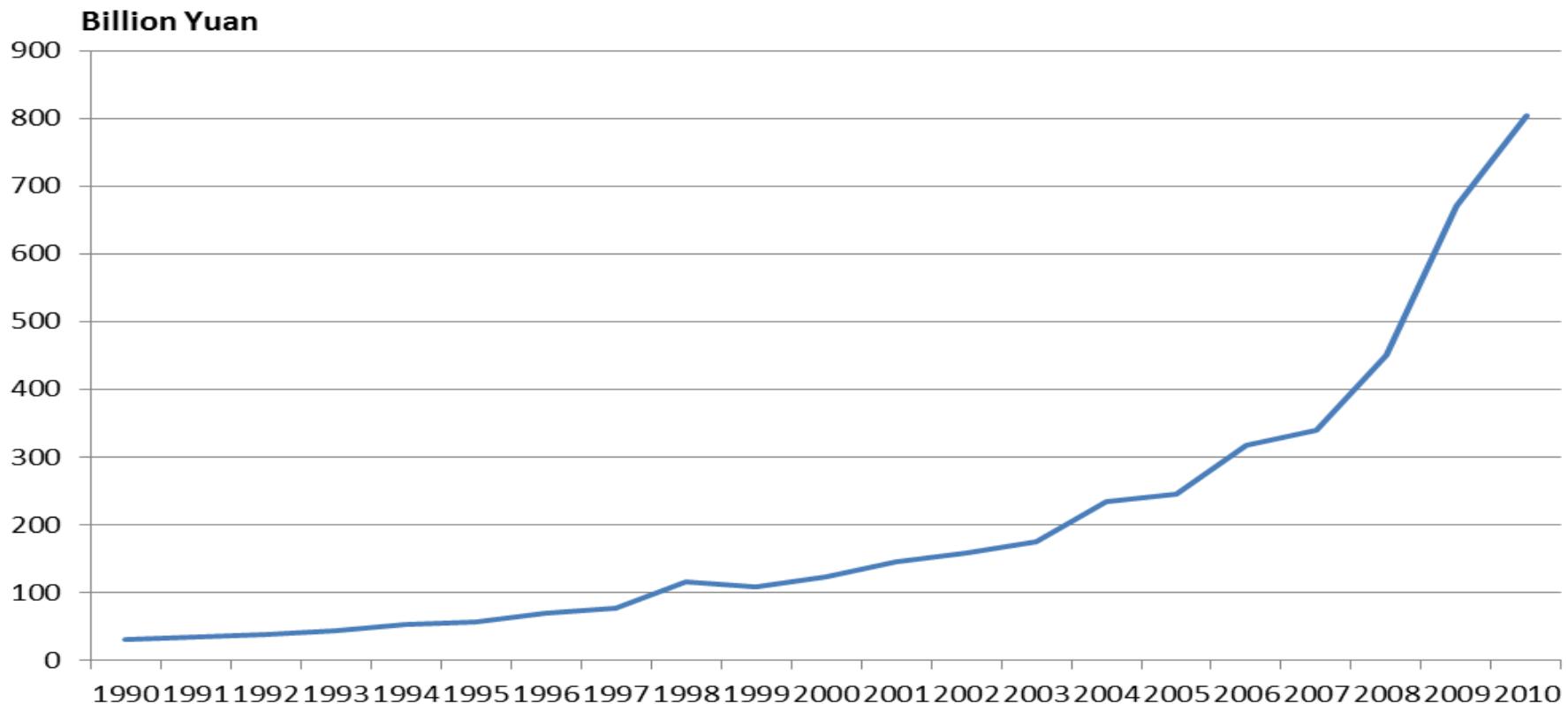
Quick increase of rural household income



- r **Agriculture Policy Evolution**
- r **Domestic Agriculture Support Policy**
- r **Agriculture Trade Policy**

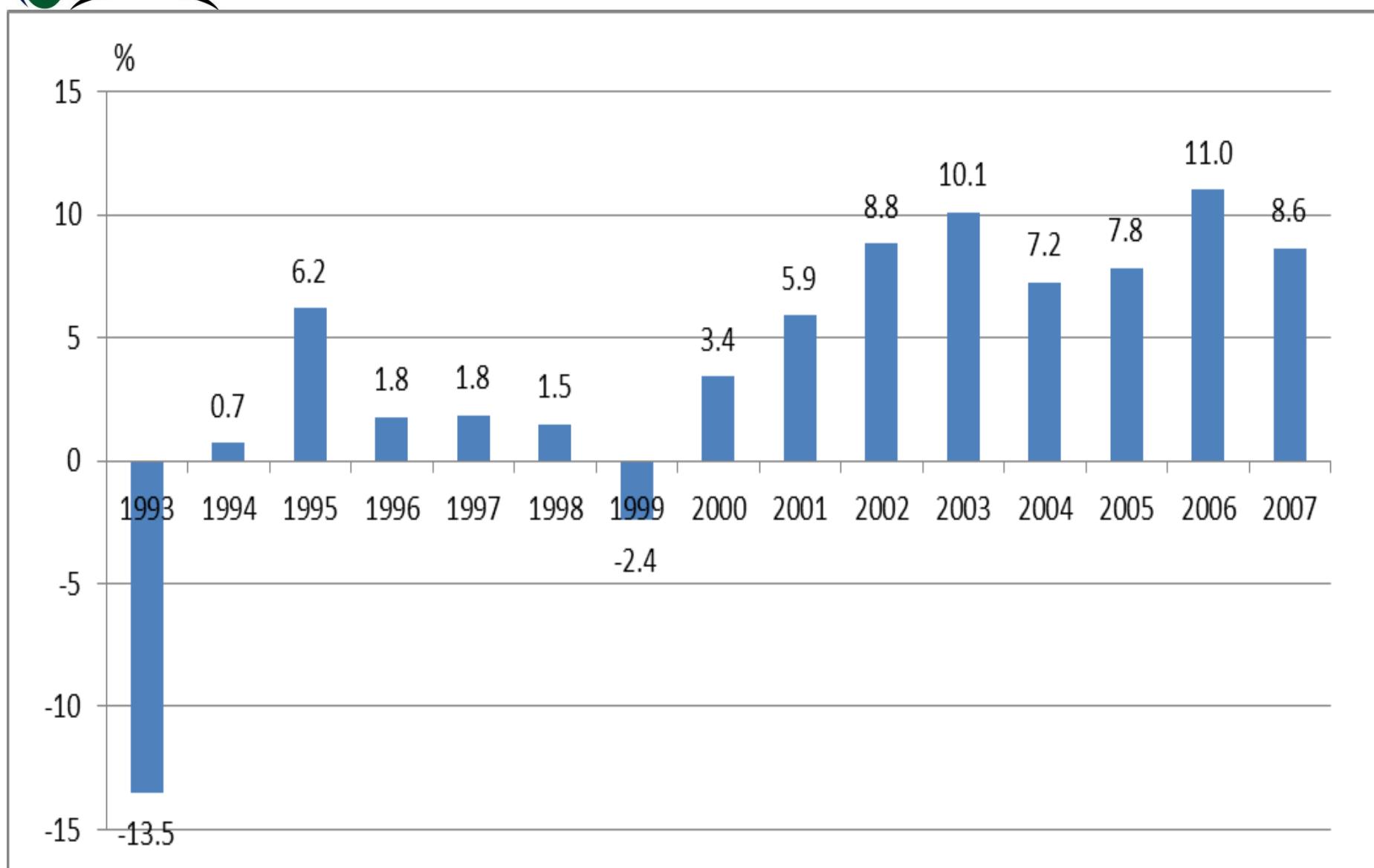
- r **China Agriculture Reform Experienced 4 Stages since 1978**
 - m **Stage 1 (1978-1984): household responsibility system**
 - m **Stage 2 (1985-1991): grain marketing system reform**
 - m **Stage 3 (1992-1998): market economy system**
 - m **Stage 4 (since 1999): comprehensive rural reform**

Government Expenditure for Agriculture Increased Fast Recently

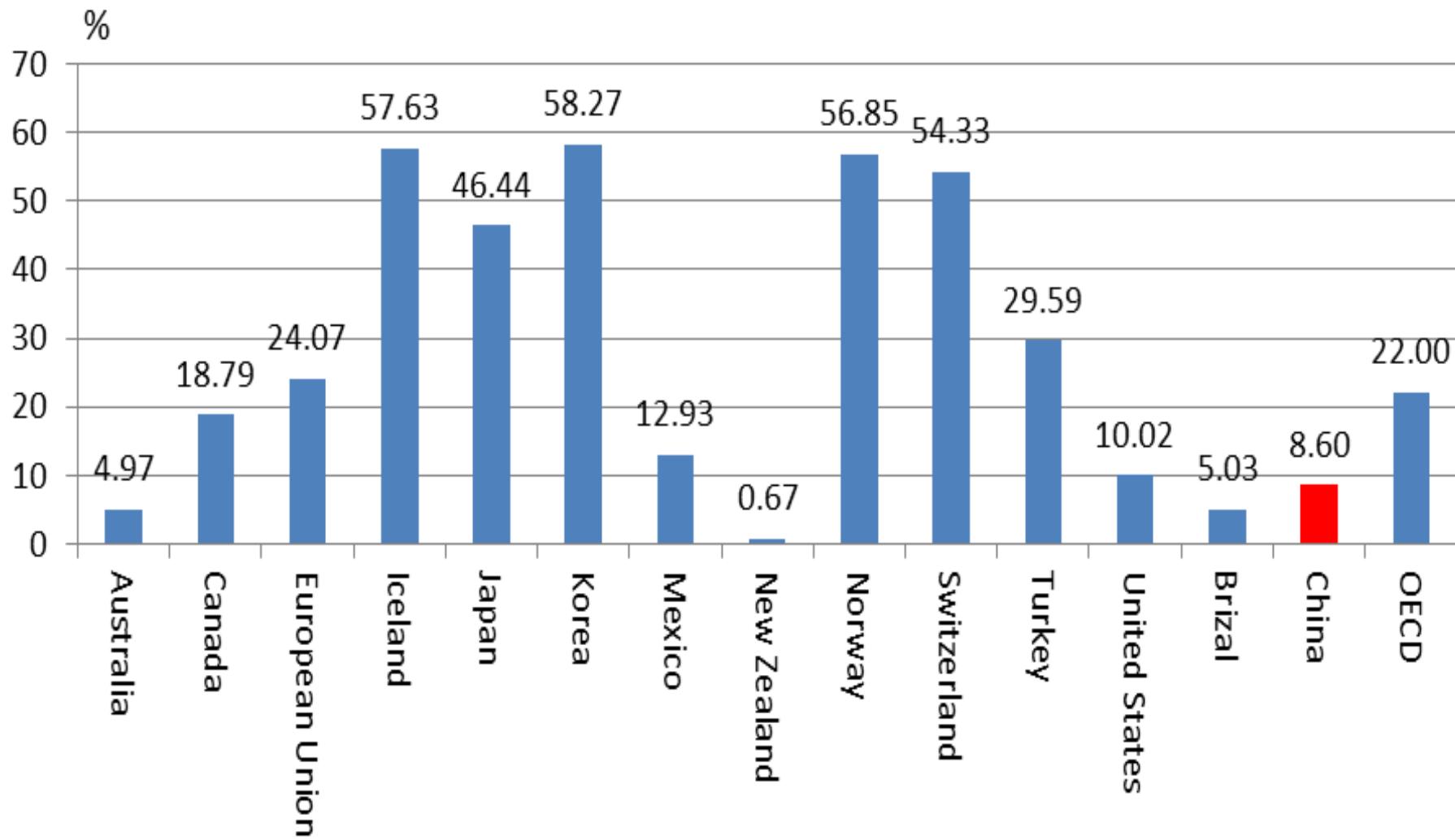




China's Producer Support Estimation

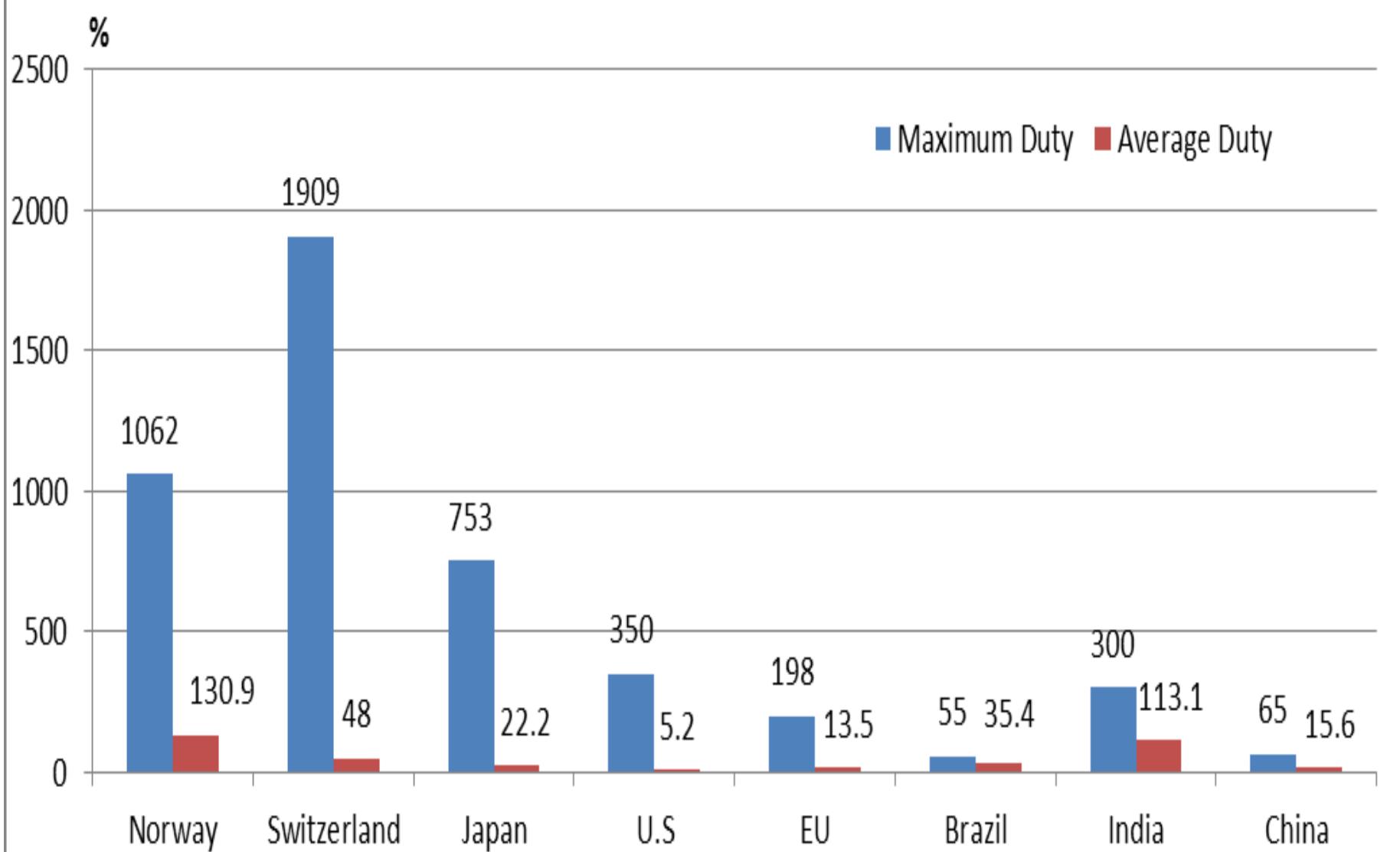


China's PSE at low level



- r After entering WTO in 2001, China has substantially reduced the import tariff of agriculture products.
- r At present, the average import tariff of agriculture products in China is only 15.6%, which makes China become one of the most opening countries in agriculture market.

Tariff rates of Agricultural Products



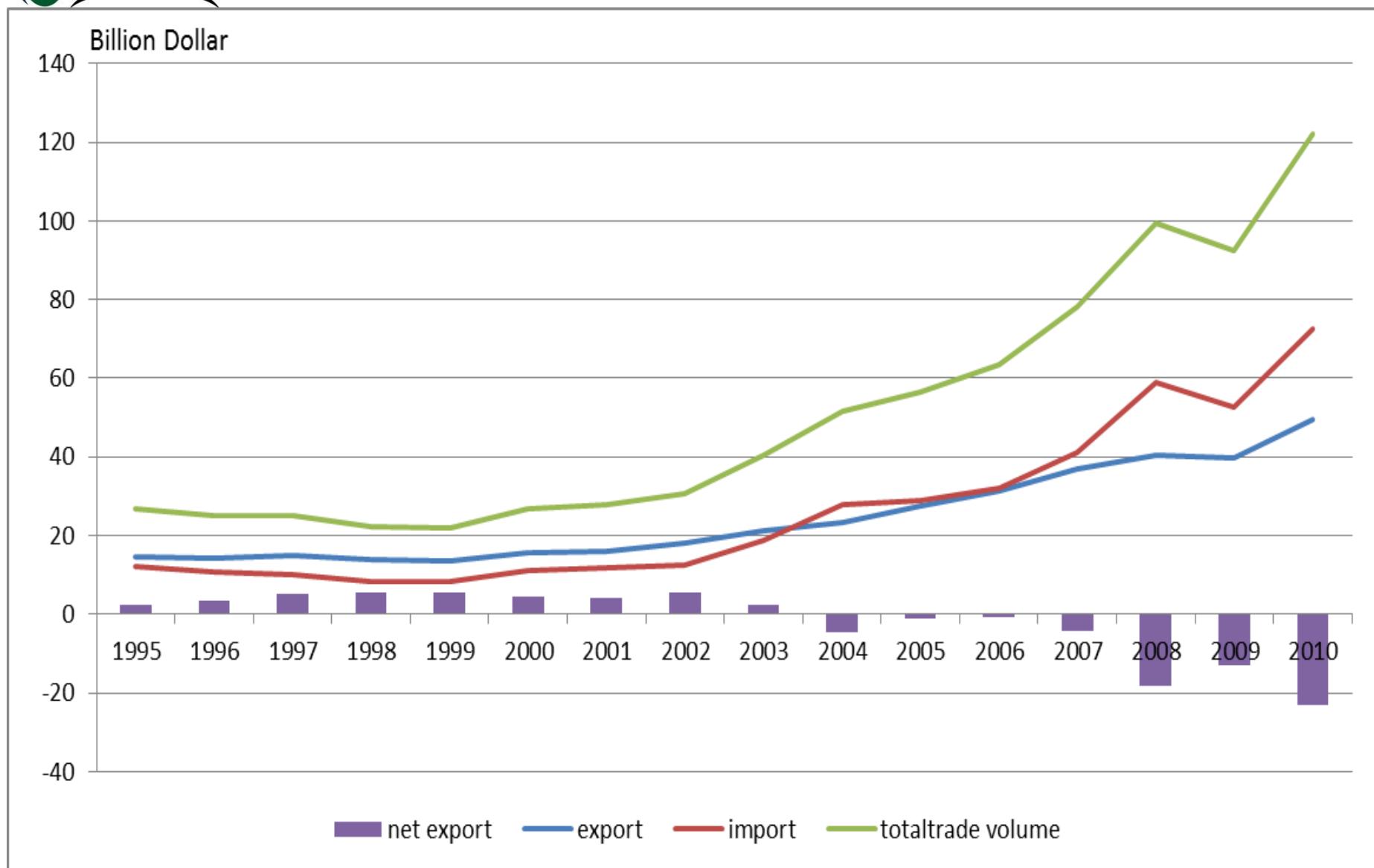
China's TRQ arrangement

Items	MFN (%)	In Quota Rate (%)	Quota (thousand ton)
Wheat	65	1-10	9,636
Maize	20	1-10	7,200
Rice	65	1-9	5,320
Sugar	50	15	1,945
Wool	38	1-3	287
Cotton	40	1	894

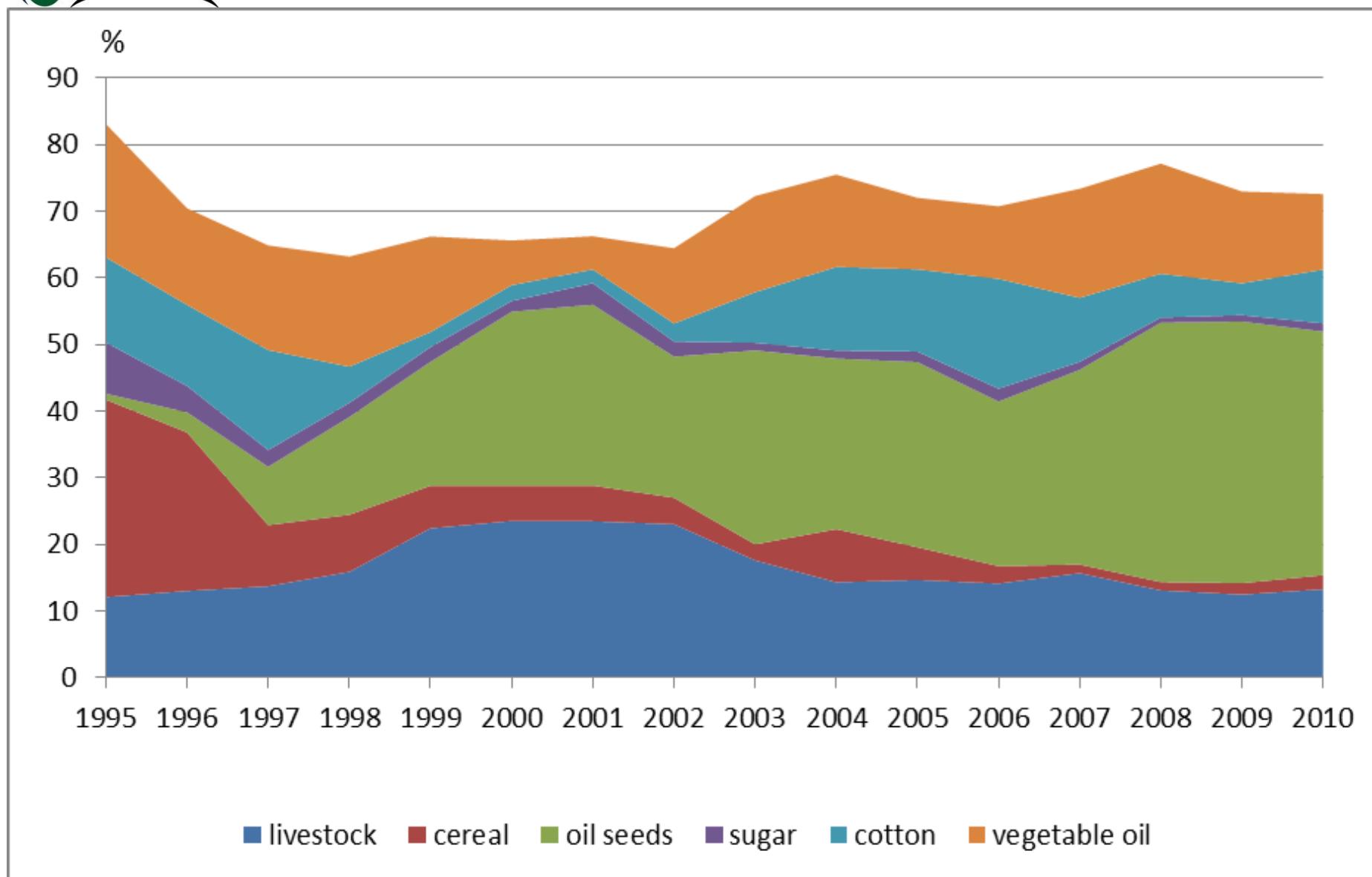
1.3 Agricultural Trade in China

- **Rapid growth of agricultural trade, 2001-2010 annual growth rate 17.8% (import 22.3%, export 13.3%)**
- **Because of much higher growth rate in import, China's agricultural trade balance has changed from surplus to deficit since 2004**

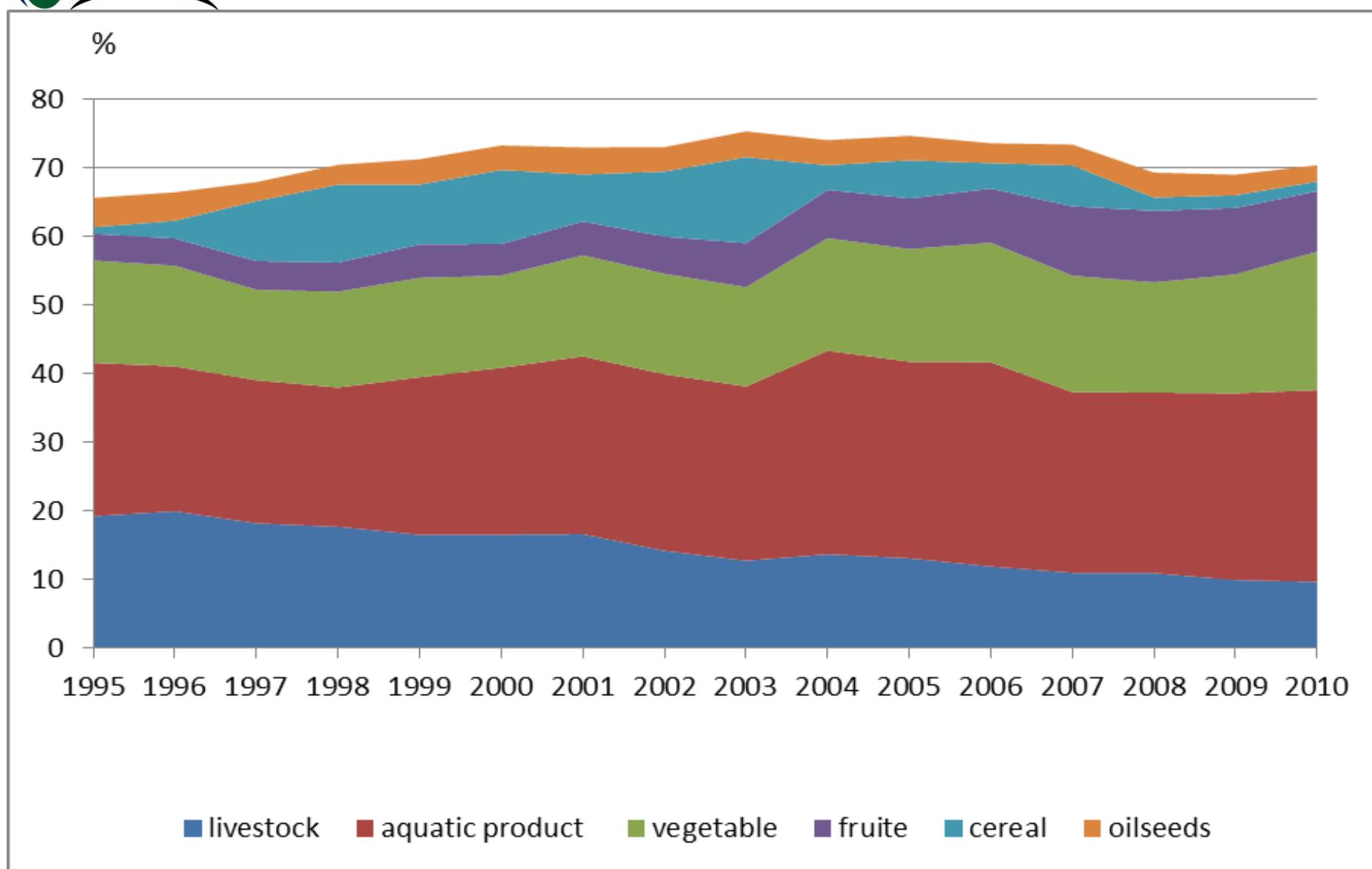
Trade volume change



Import structure

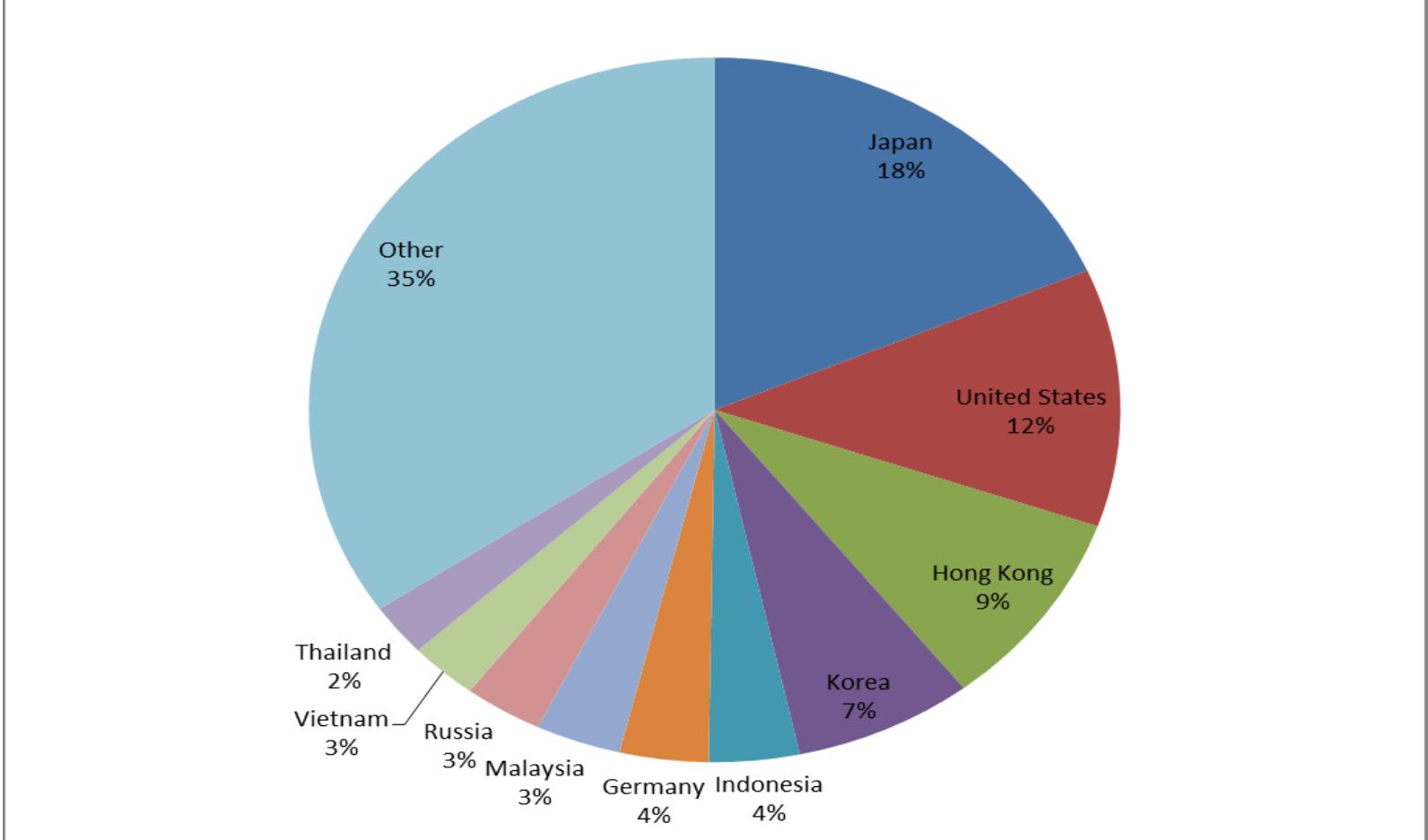


Export structure



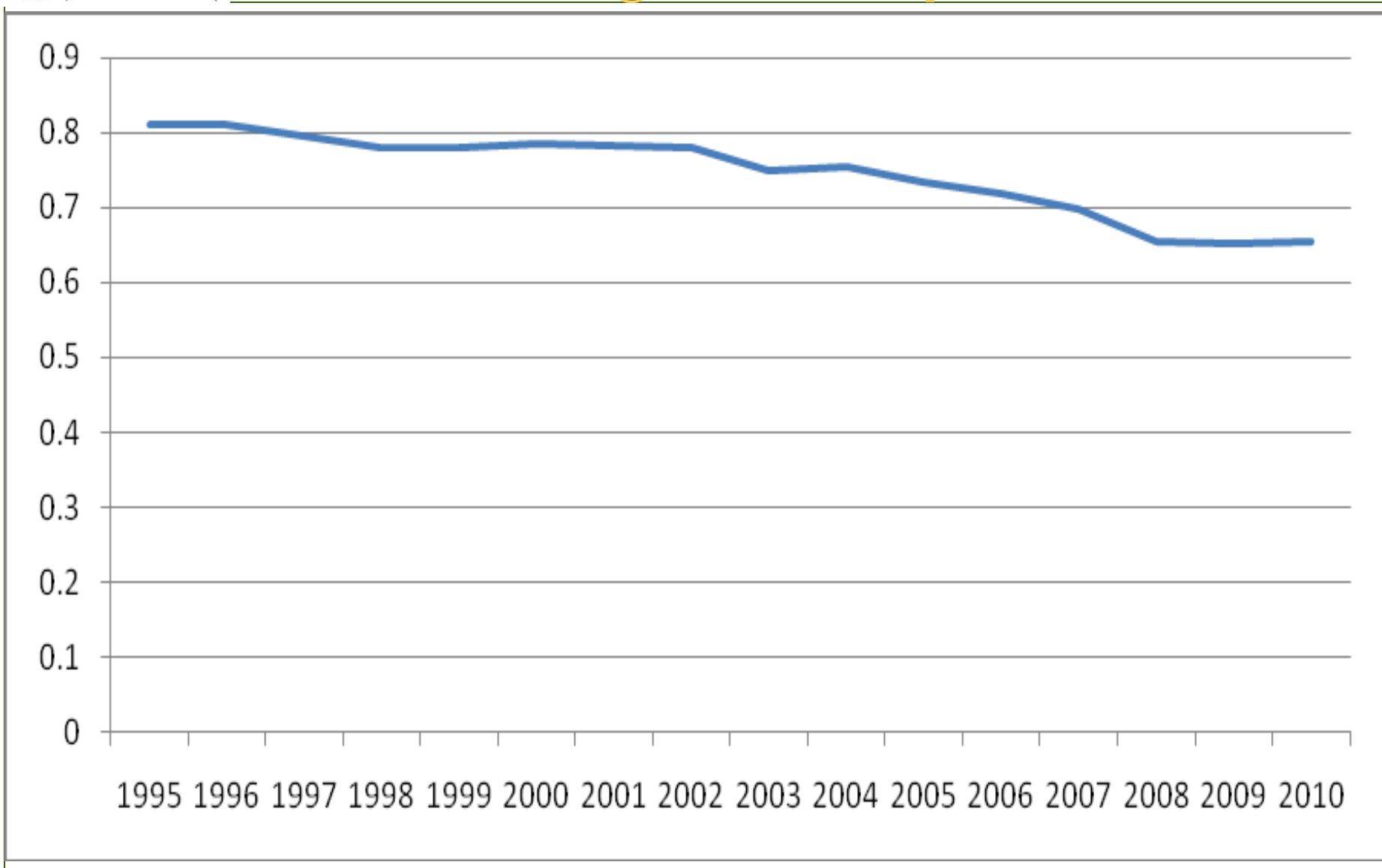
- r **General trends:**
diversification in export markets,
concentration in import markets.

Top ten export market in 2010

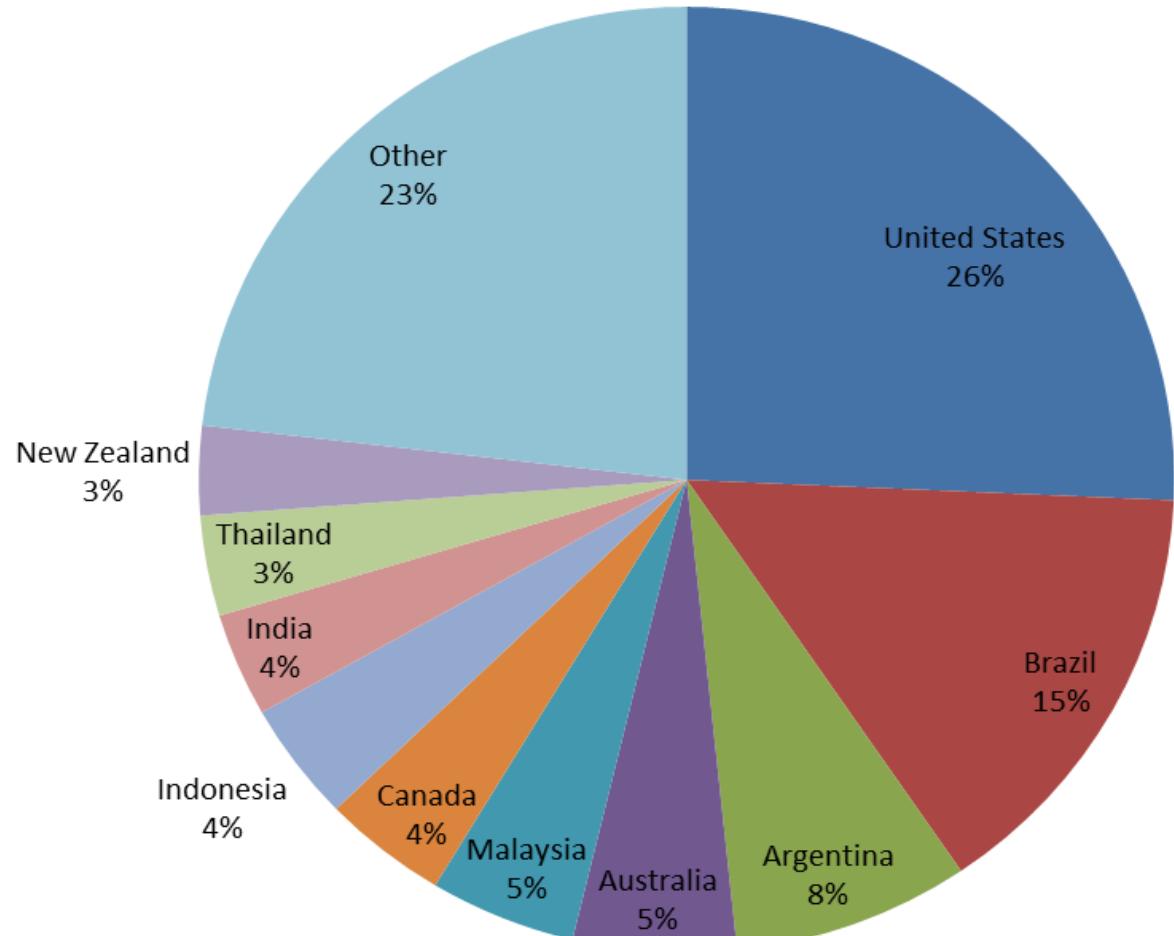




The share of top ten export markets of China's agriculture products

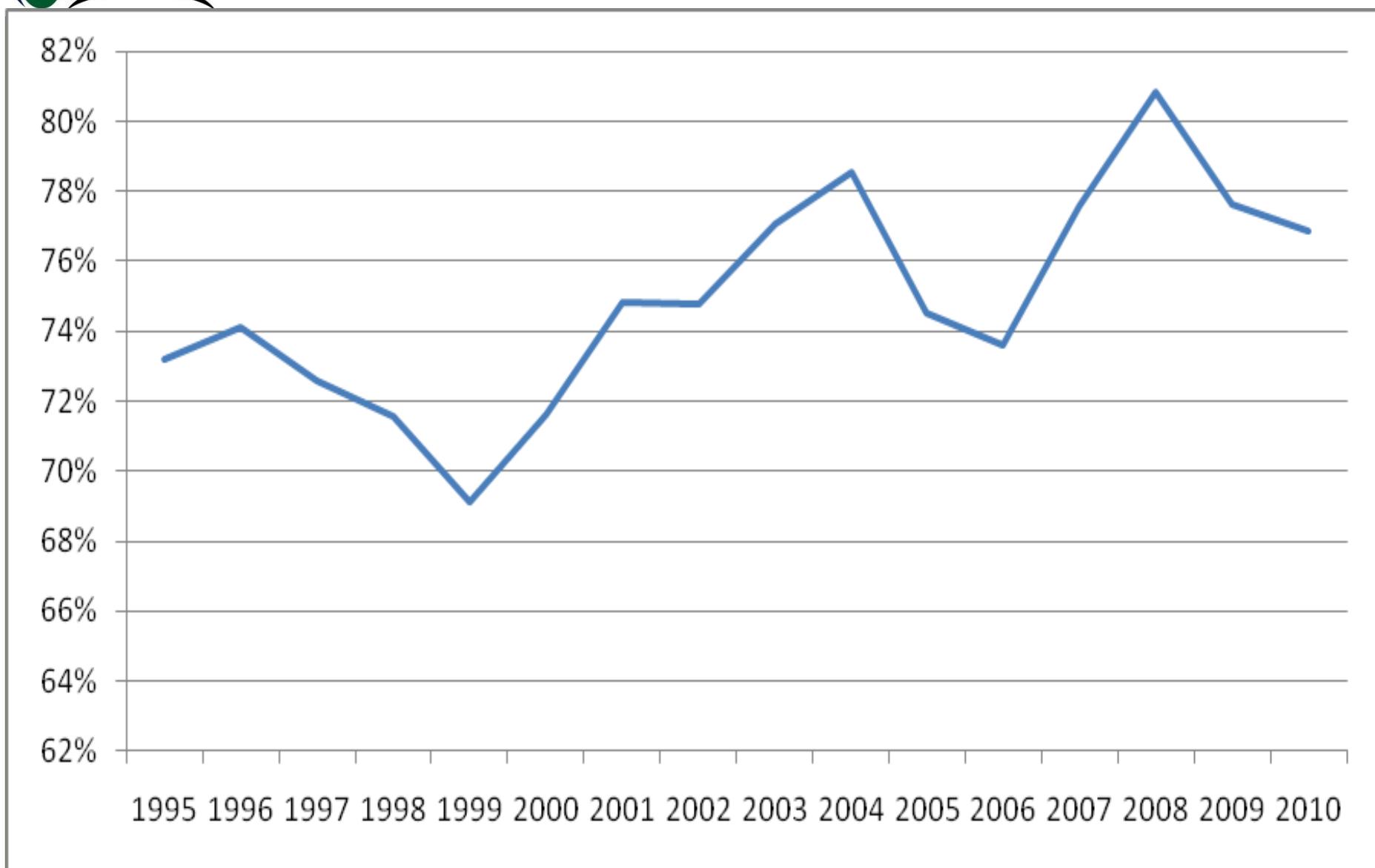


Top ten sources of import in 2010





The share of top ten import market





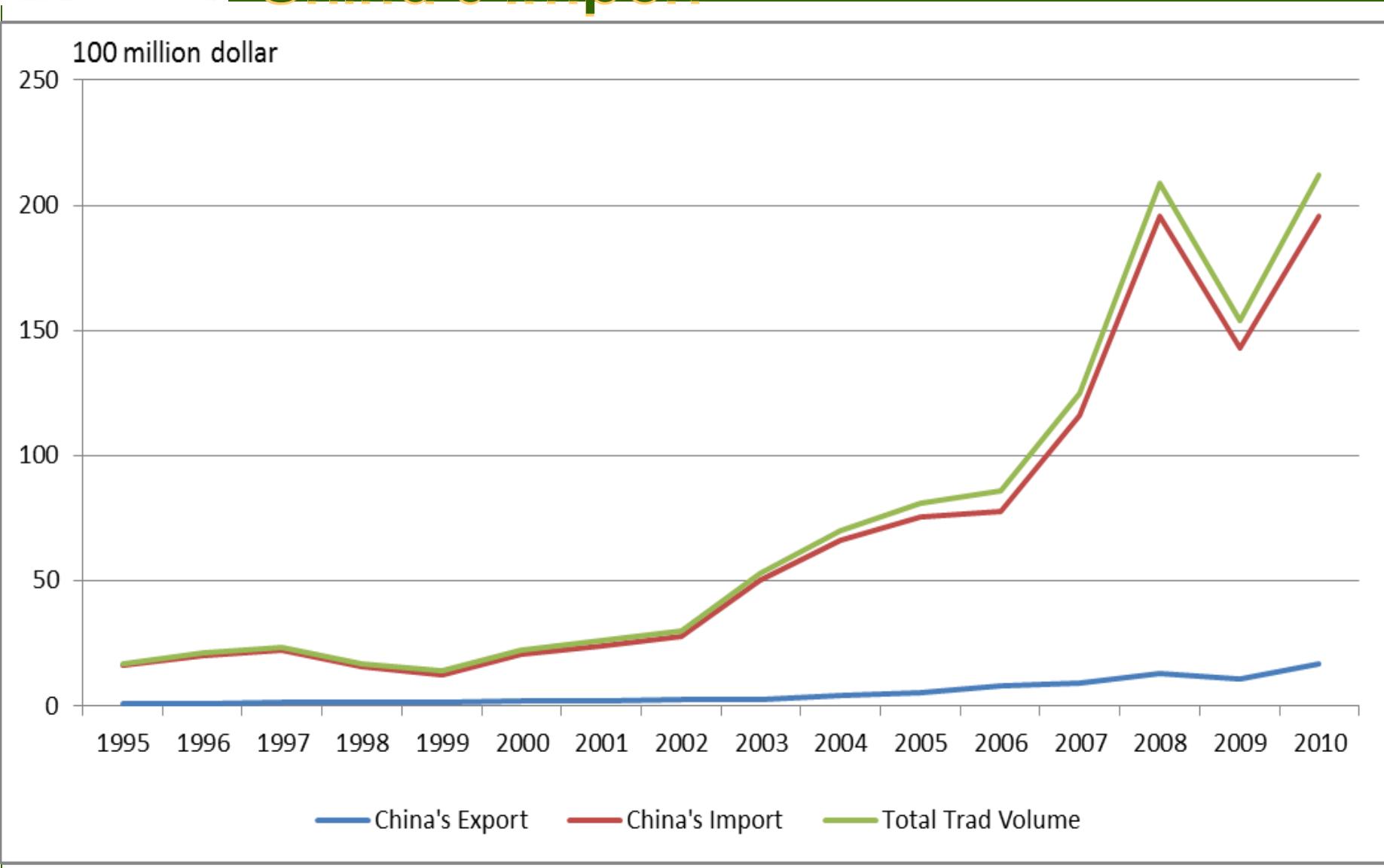
Future Development of Agriculture in China

- r **The existence of small farms will impede its long term competitiveness .**
- r **Based on grain self-sufficiency to ensure food security is a basic policy.**
- r **Some staple products need import, but a reasonable level of self-sufficiency is important.**
- r **Cash crop has comparative advantage and will be the main export products.**

- **II. Agriculture Trade between China and Latin America**

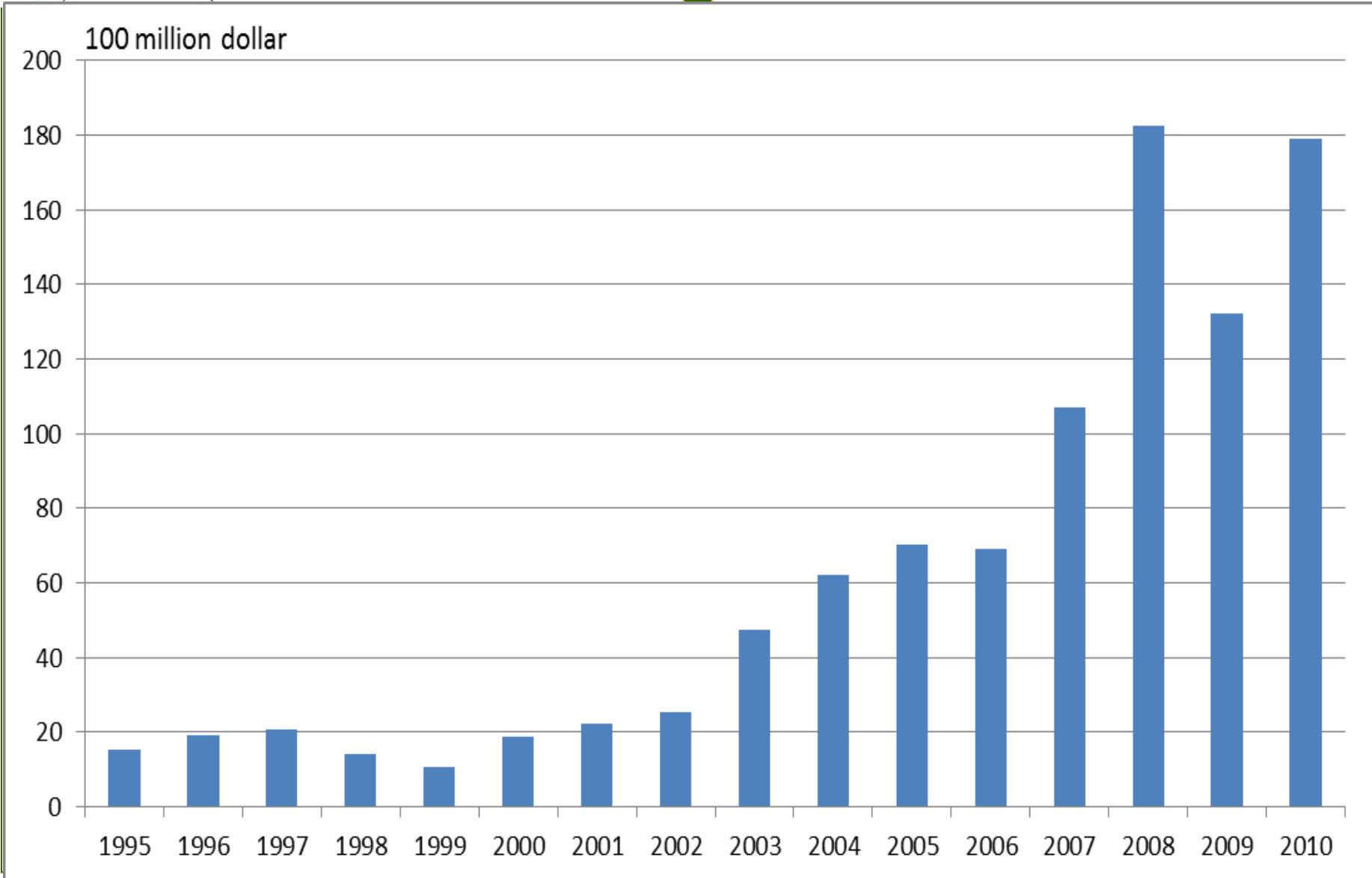


Rapid Growth Dominated by China's Import

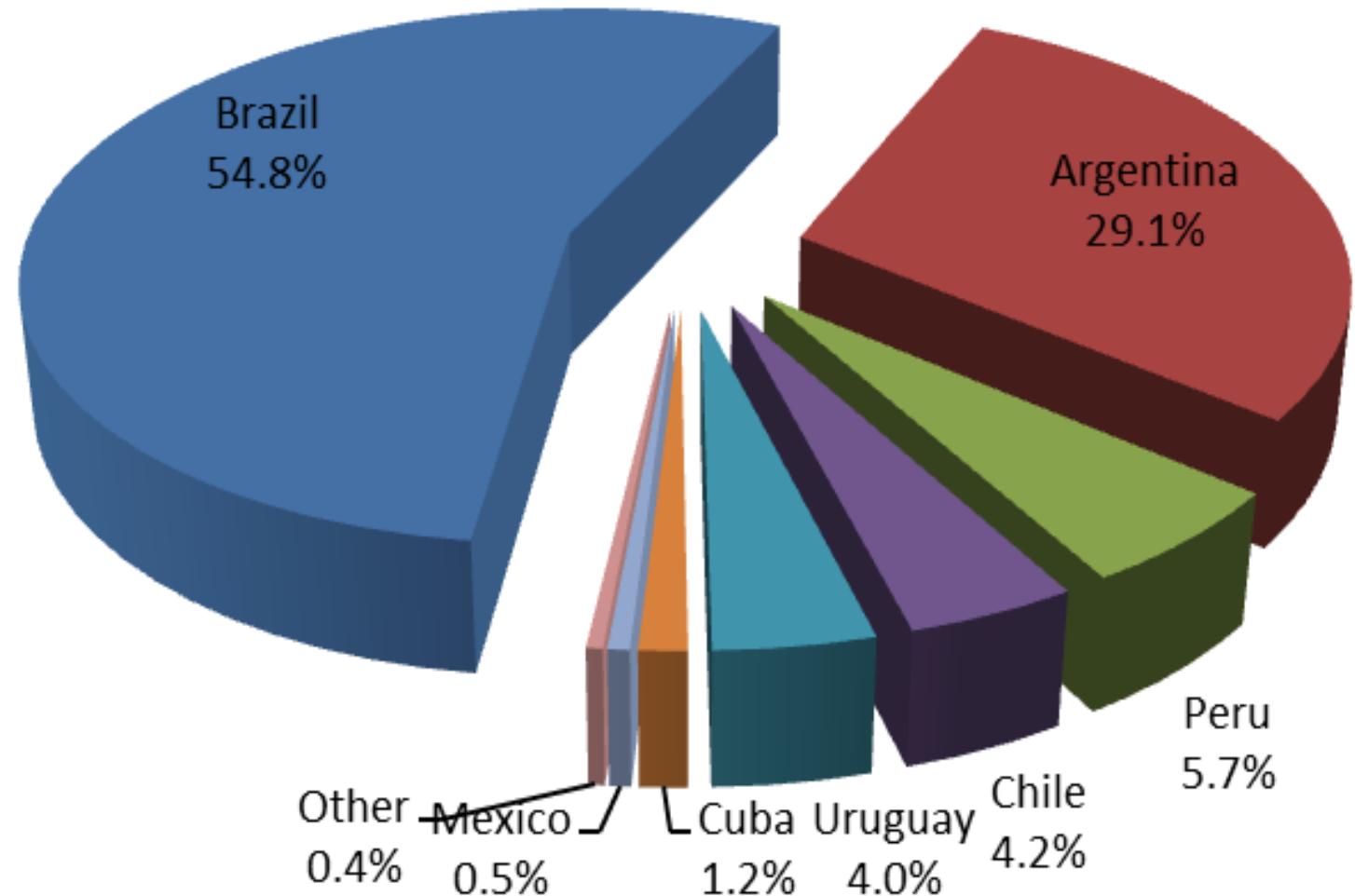




China's Trade Deficit with Latin-America in Agriculture

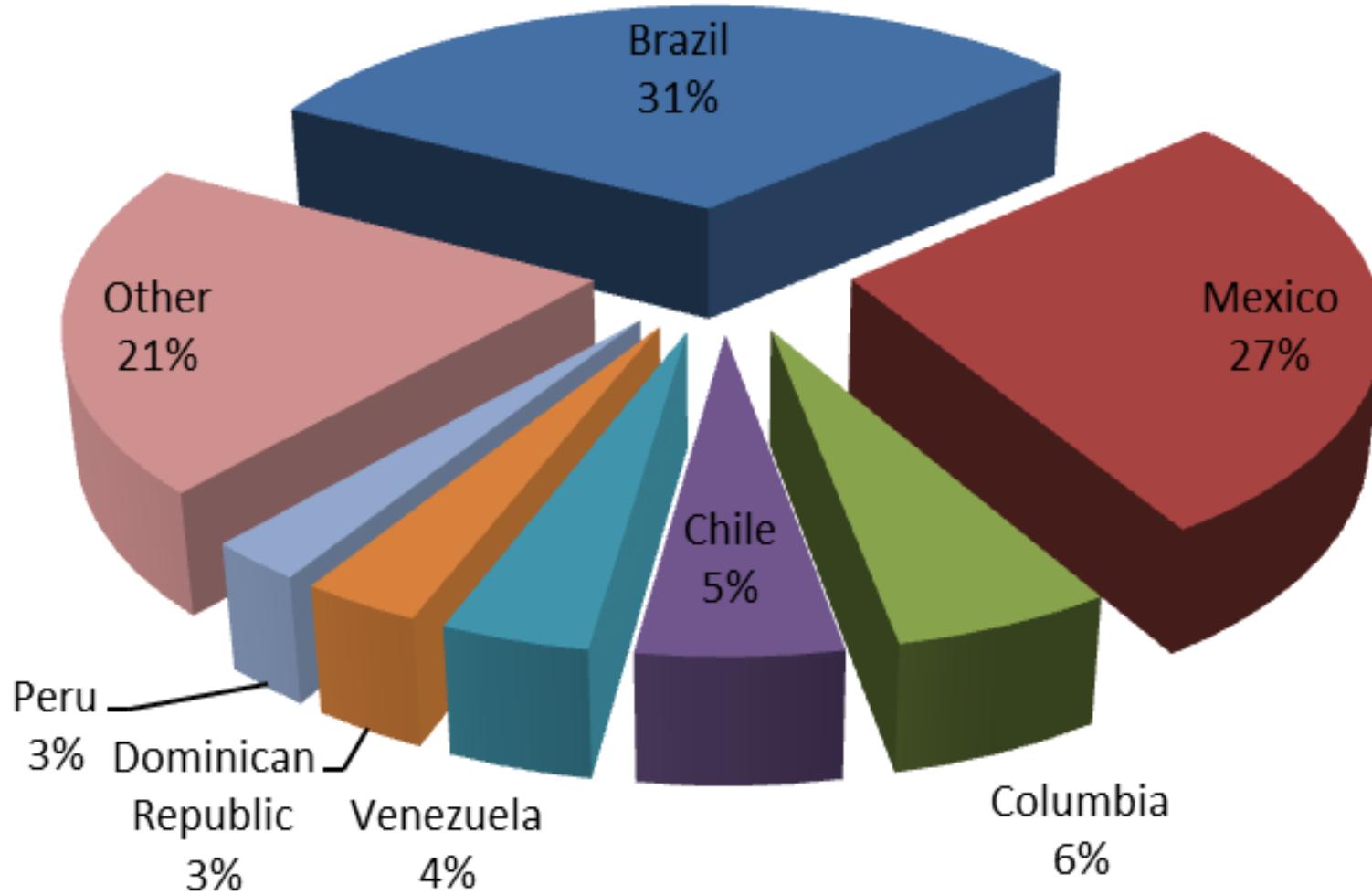


Top 7 Sources of Import in 2010

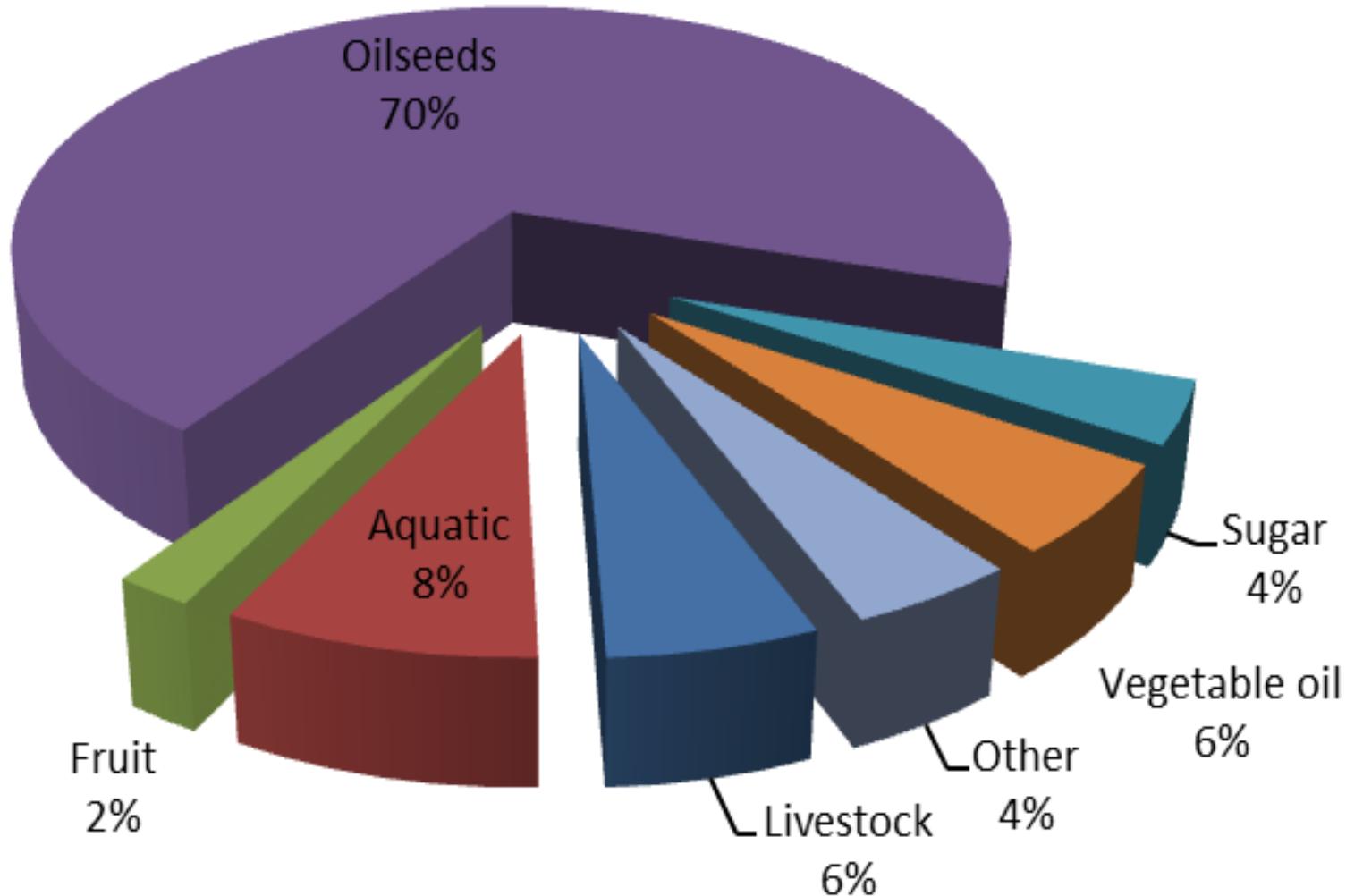




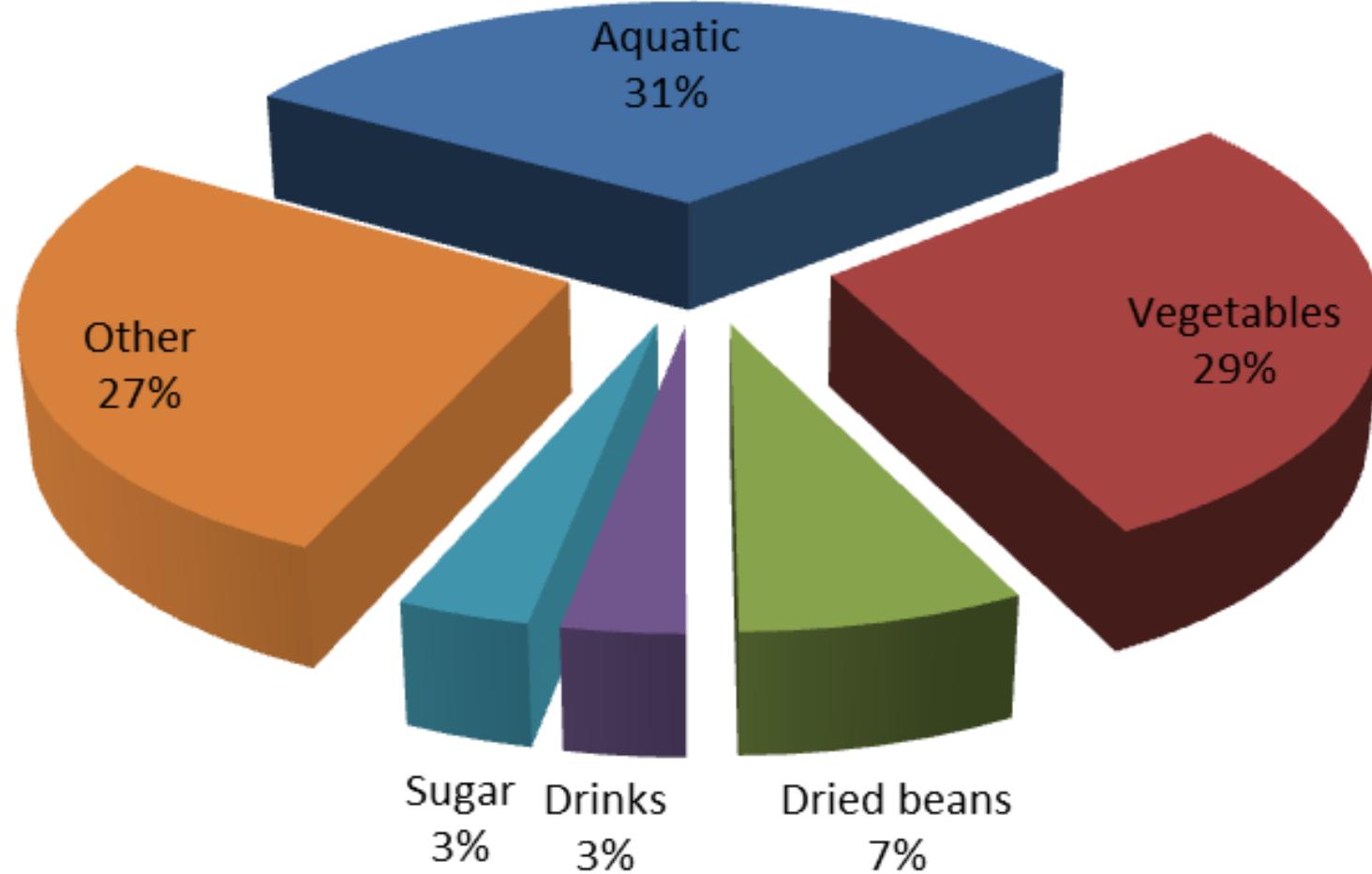
Top 7 Export Markets in 2010



Main Products China Import from Latin American

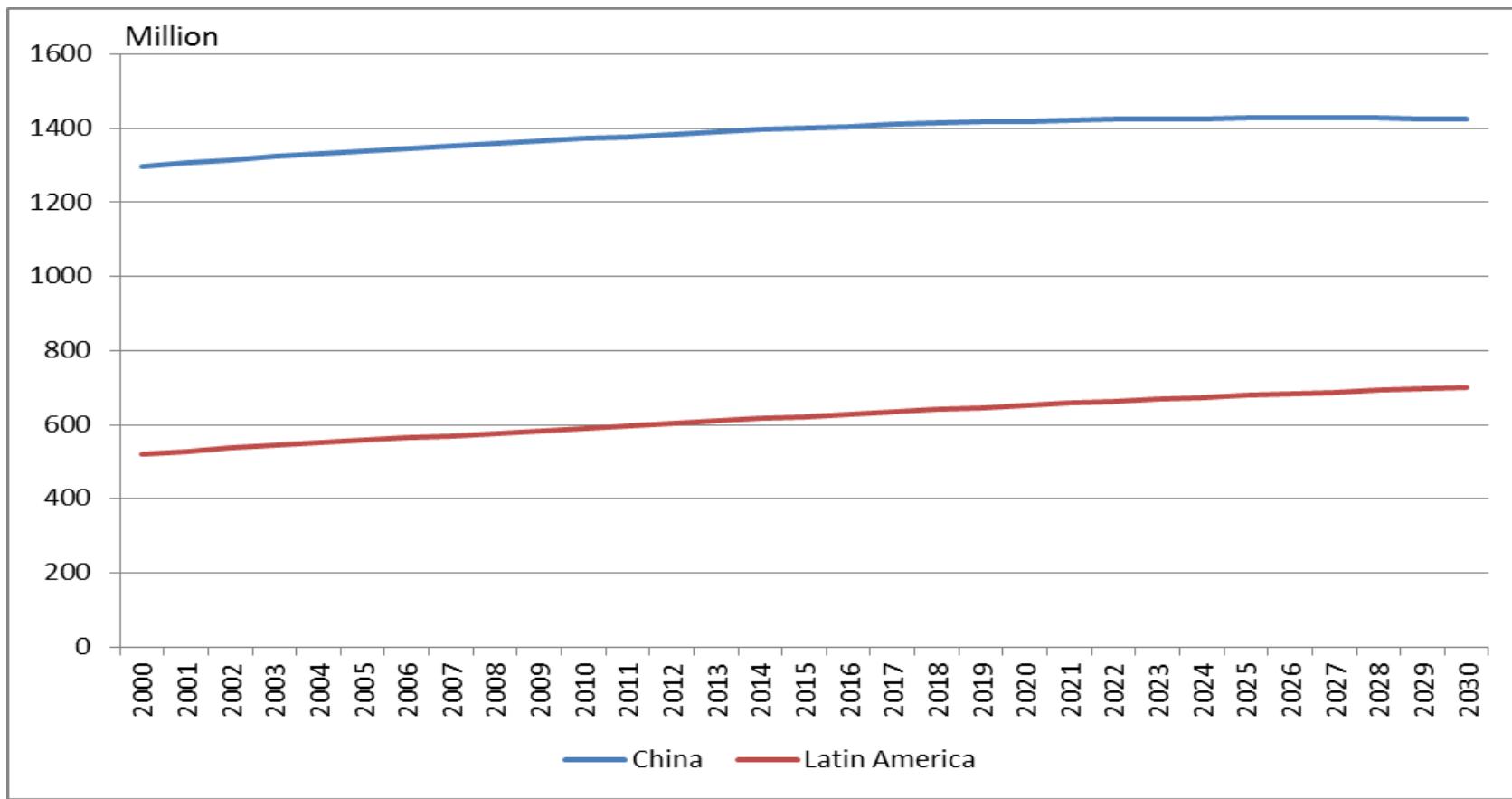


Main Products China Exported to Latin American



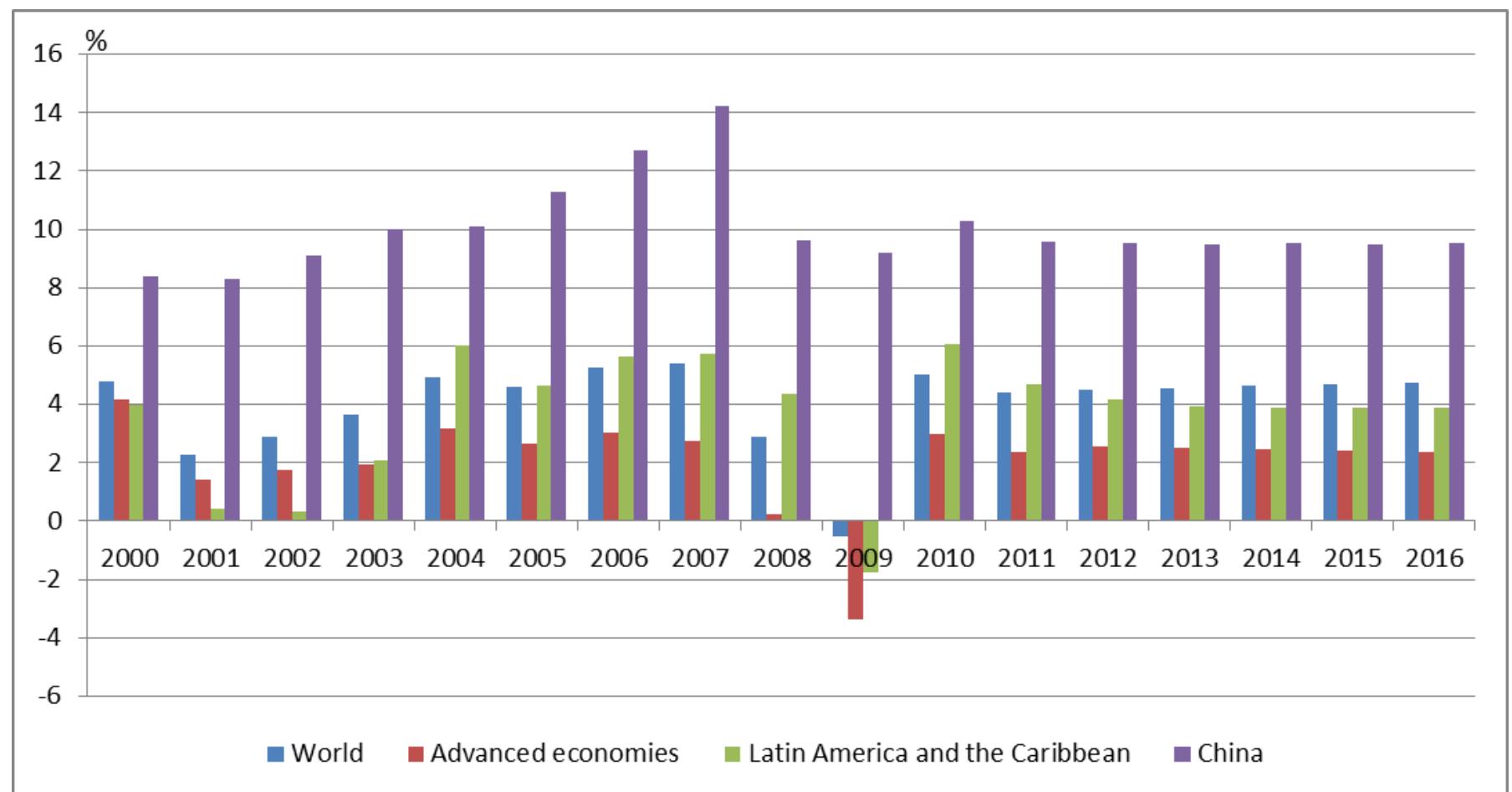
- Potential
- Constraint

Large sized population



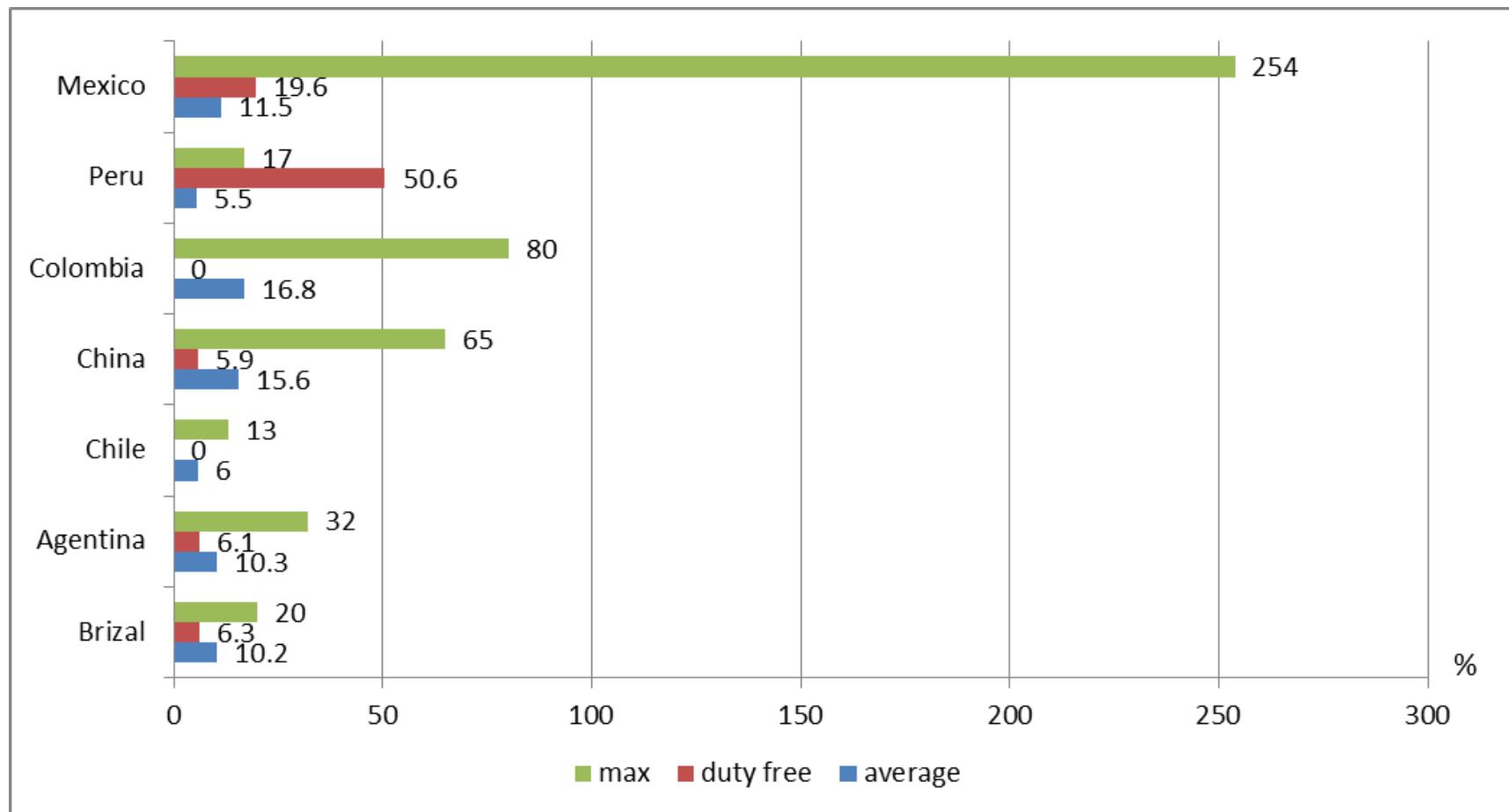
Development Potential

Rapid growth of economy



Development Potential

- More open agricultural market both in China and LA



Development Potential

- r **Strong complementarity because of different resource endowments.**
 - m **China has advantages in producing labor-intensive products while Latin American is rich in land and water resources.**
 - m **Different geographic location makes China and Latin America have different harvest time in major crops.**

Constraints

- r **Severe imbalance in agricultural trade unsustainable**
- r **Agriculture trade faces intense competition from other countries.**
- r **Stability of trade is influenced by multinational companies.**
- r **Geographical distance is an obstacle.**

III. Suggestions

Suggestions

- r **Maintain the stability of macro economy**
- r **Strengthen the competitiveness of agriculture**
- r **Work together to create a fair trade environment**
- r **Enhance understanding and strengthen cooperation**



Thank you!

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