



# **The WTO Implication on Agriculture Development in China**

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- 1. Agriculture and agricultural trade development in China since accession**
- 2. Impact analysis**
- 3. Russia WTO accession and China**

- **Accession in 2001**
  - **Substantial cut in tariff (average 15.3%)**
  - **Huge TRQ Commitment (some top the world)**
  - **Simple tariff structure (AVE only)**
  - **No AMS commitment, with 8.5 De minimis (developing 10% and 6.2)**
  - **No Export subsidy**



# Agricultural Development

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

## ❑ **Border measures:**

low and simple tariff

TRQ for some special

## ❑ **Domestic support:**

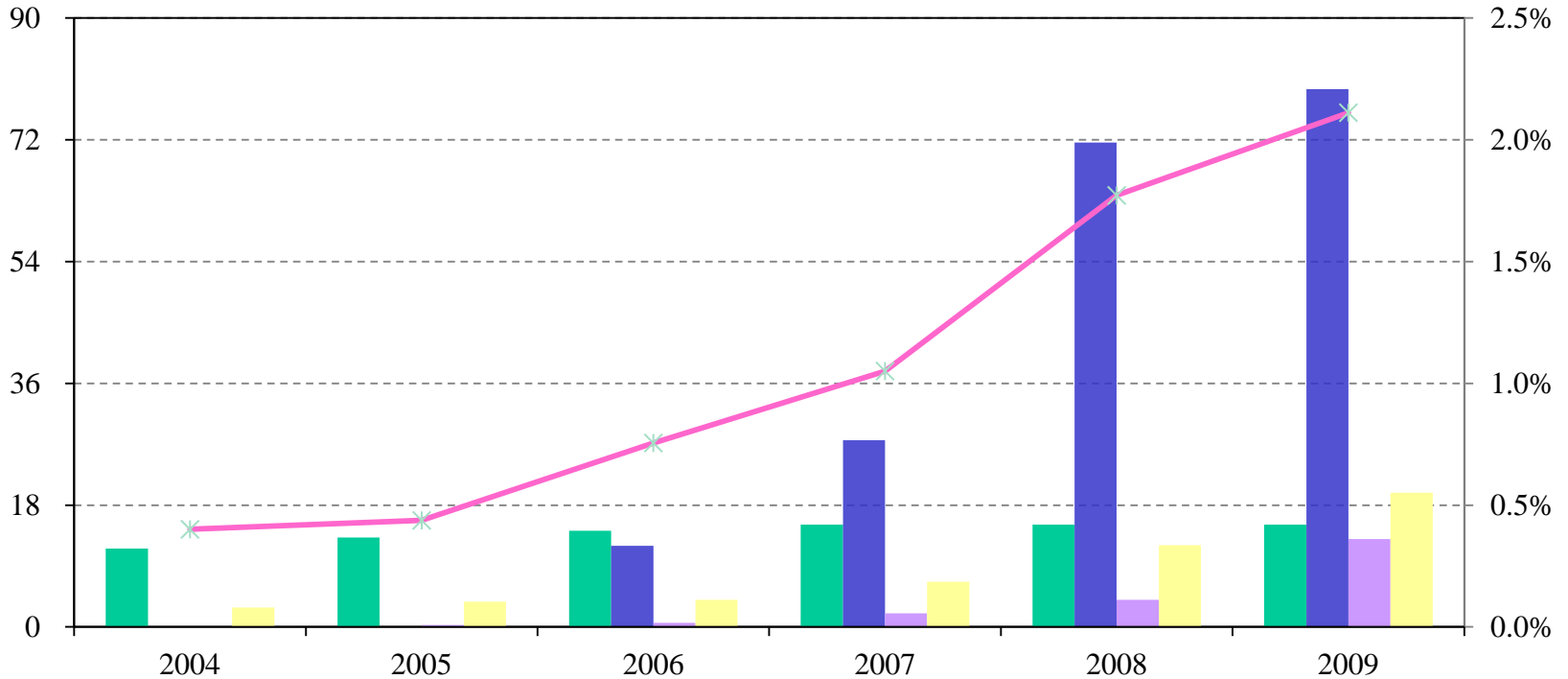
from taxing to grant

Green is major instrument



# Four Major Types of Agricultural Subsidies

Billion Yuan



- Direct subsidies for grain production
- Subsidies for fine crop seeds
- Subsidies for input purchase
- Subsidies for agricultural machinery tools purchase
- Proportion of Agricultural Subsidies to total Agricultural Output Value

Source: edited according to data from the website of China's Ministry of Finance



## **China's agricultural support is a compensatory support**

- Close the growing rural-urban gap in industrialization process to some extent**
- It's applied based on the principles: second industry supports agriculture; urban economy supports rural economy**



## **China's agricultural Support has no distortive effects on International Trade**

- China is a net exporter of agricultural products and trade deficit expands**
- Supportive products are not the major advantageous exports**

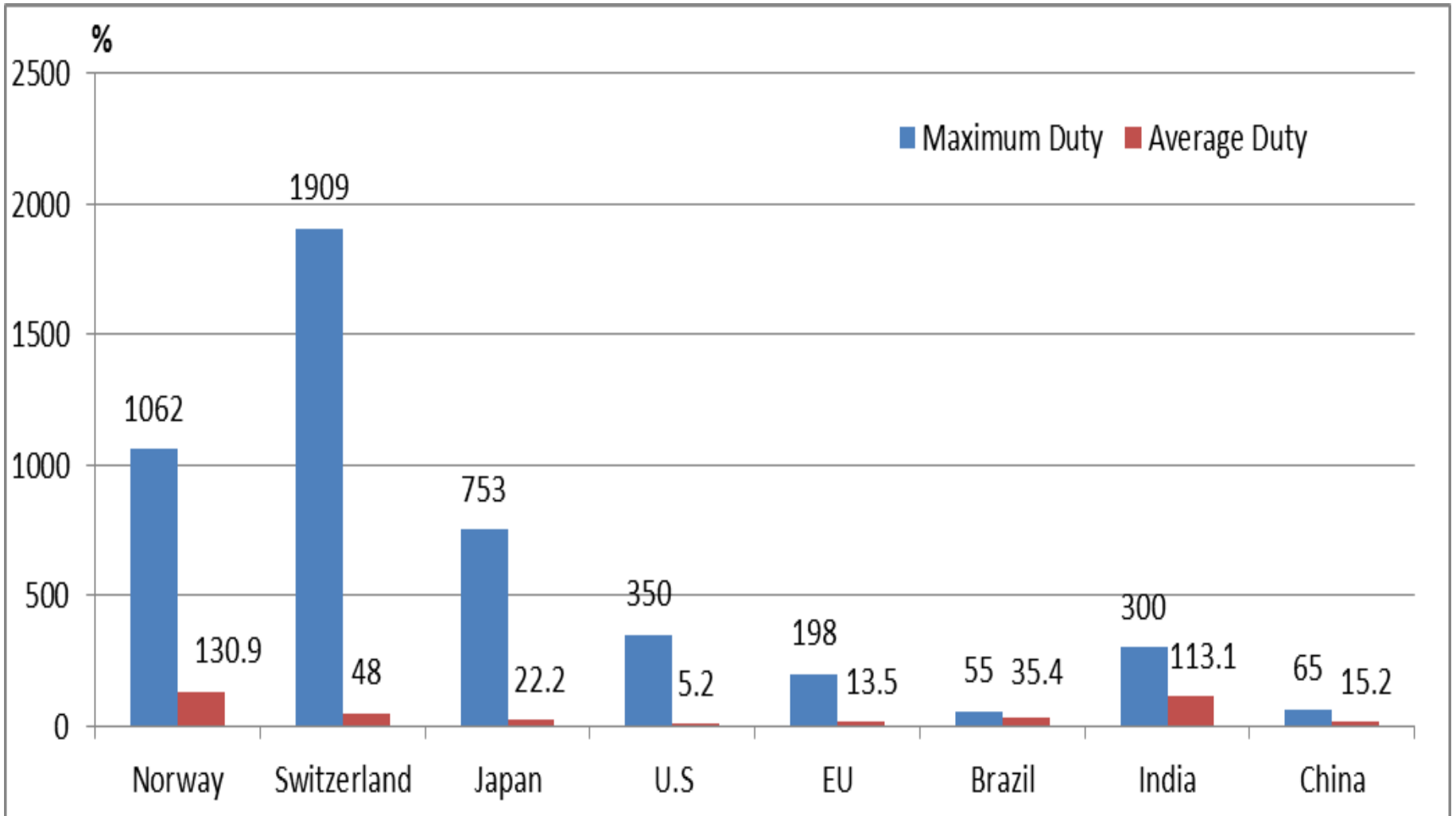
## **□ II. Agricultural Trade Development**

- Agricultural Trade Policy**
- Agricultural Trade changes**
- FTA & Agricultural Trade**

- ❑ **After entering WTO in 2001, China has substantially reduced the import tariff of agriculture products.**
- ❑ **Average import tariff of agriculture 15.2%, only 1/4 of world average.**



# Tariff rates of Agricultural Products



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

- **General trends:**
  - diversification in export markets**
  - concentration in import markets**

## **Accession has a positive spur to agricultural development**

- Promote the deepening of agricultural reform and adjustment of agricultural policy**
- speed up the pace of agricultural structure adjustment and optimization of regional distribution**
- import of certain products Reduces pressures on domestic resources and environment**
- improve the quality and safety system of agricultural products and raise the safety level.**



## Accession Impact—positive side

- ❑ **China imported 54786 thousand tons of soybeans in 2010. if China grew at home, it would occupy 464 million acres of cultivated area , which was 19.3% of the arable crop land and 28.2% of planting area of cereals.**
- ❑ **To some extent, it makes sense that import of agricultural products means Import of land and water resources**

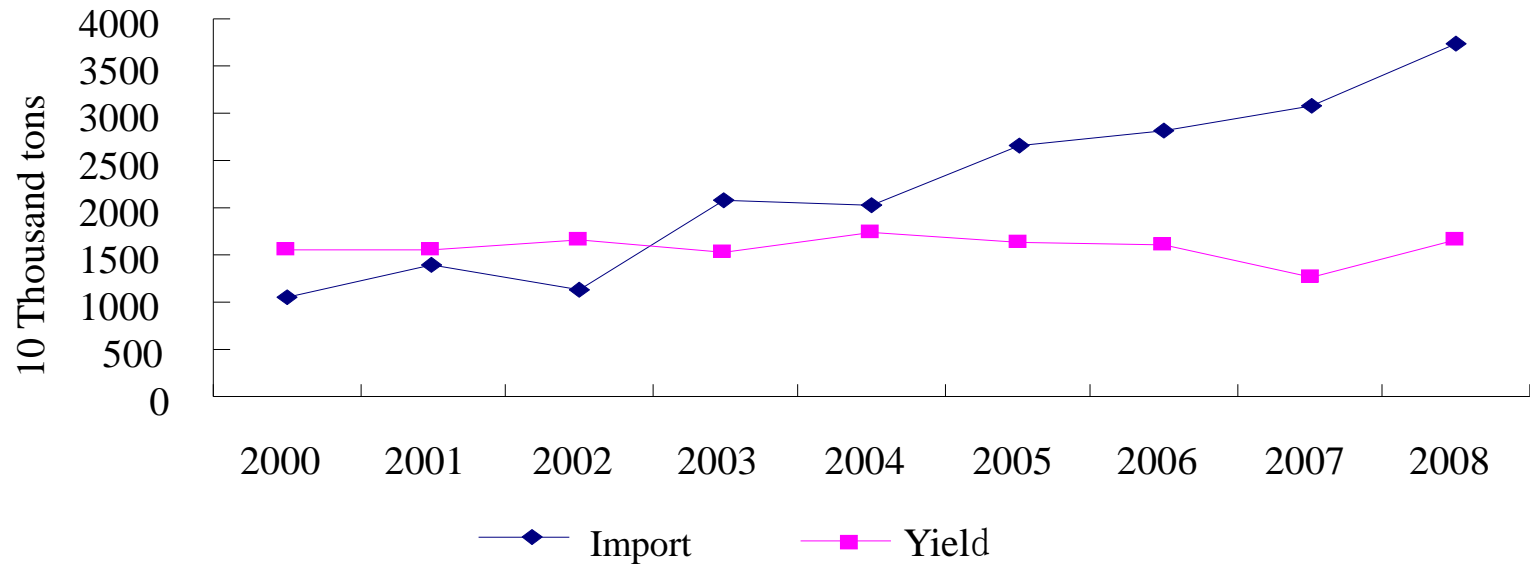
# Agricultural trade transform from a chronic surplus to a continuous deficit



**China's agricultural trade in 2000-2008**

## (一) Soybean

Import dependence ratio increased greatly



China's soybean imports and yield in 2000-2008

## **industrial chain control**

- **International food providers monopolize the international soybean markets**
- **International capitals control the circulation and processing of soybeans**



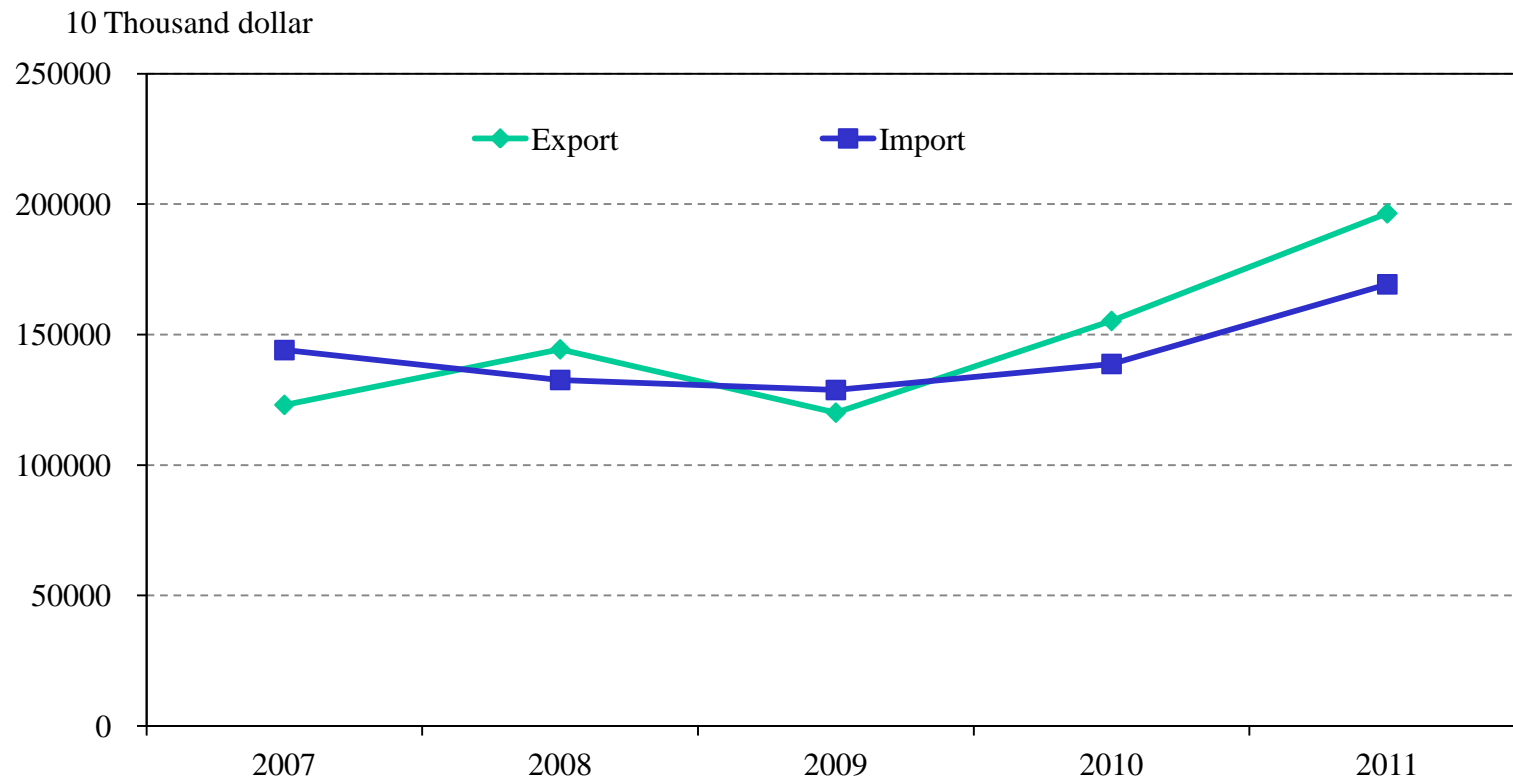
# While China greatly opens up the agricultural market, High protection and distortion of international agricultural market still exists

Comparisons of China, the developed and developing  
countries' agricultural tariffs (%)

	Norway	Switzerland	Japan	USA	EU
<b>Maximum</b>	1052	1909	1706	440	408
<b>Average</b>	70.7	85	41.8	11.3	22.8
	Brazil	India	Argentina	China	
<b>Maximum</b>	55	300	35	65	
<b>Average</b>	35.5	114	32	15.2	

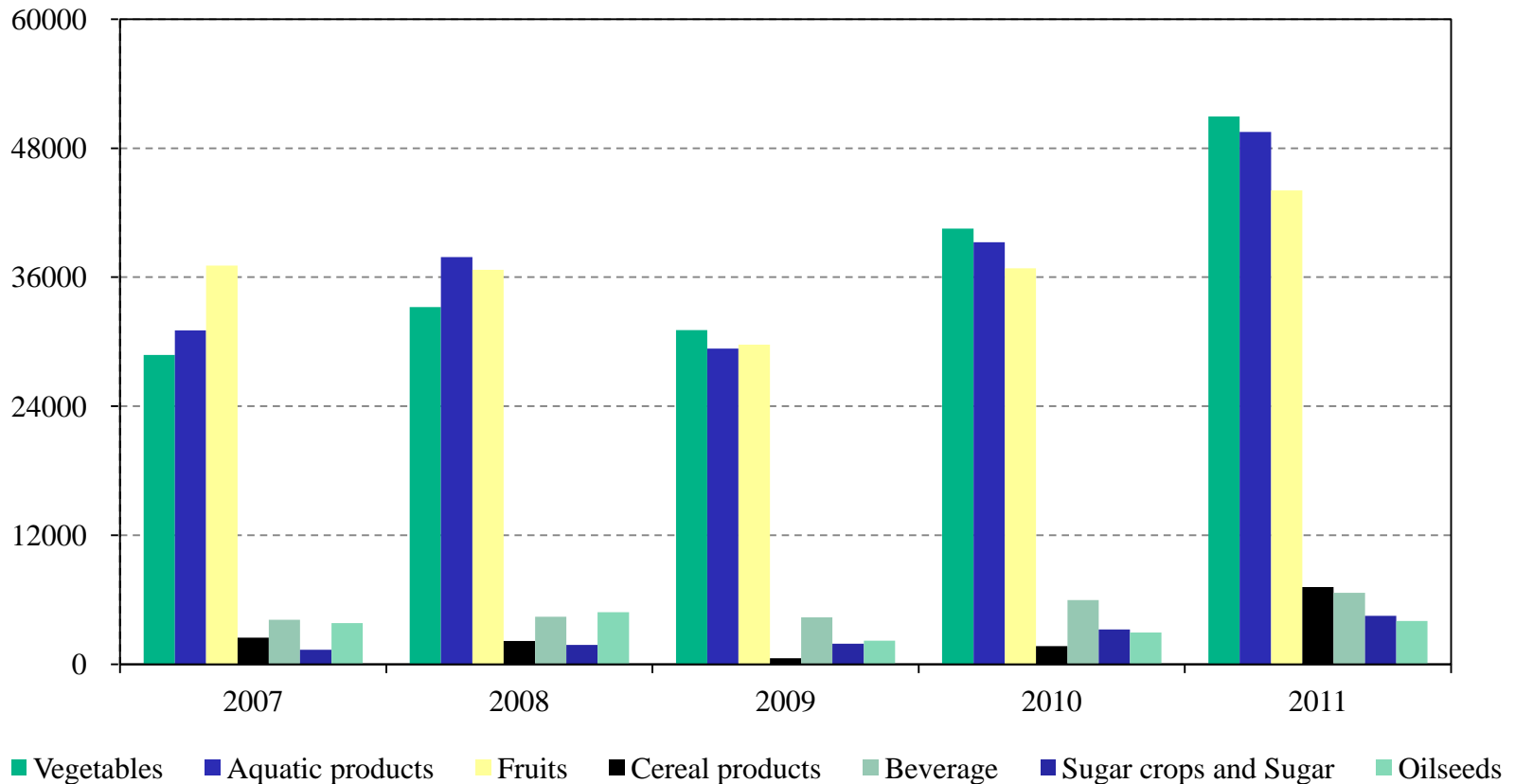
## □ III. China and Russia Bilateral

## China – Russia's agricultural trade value (2007-011)

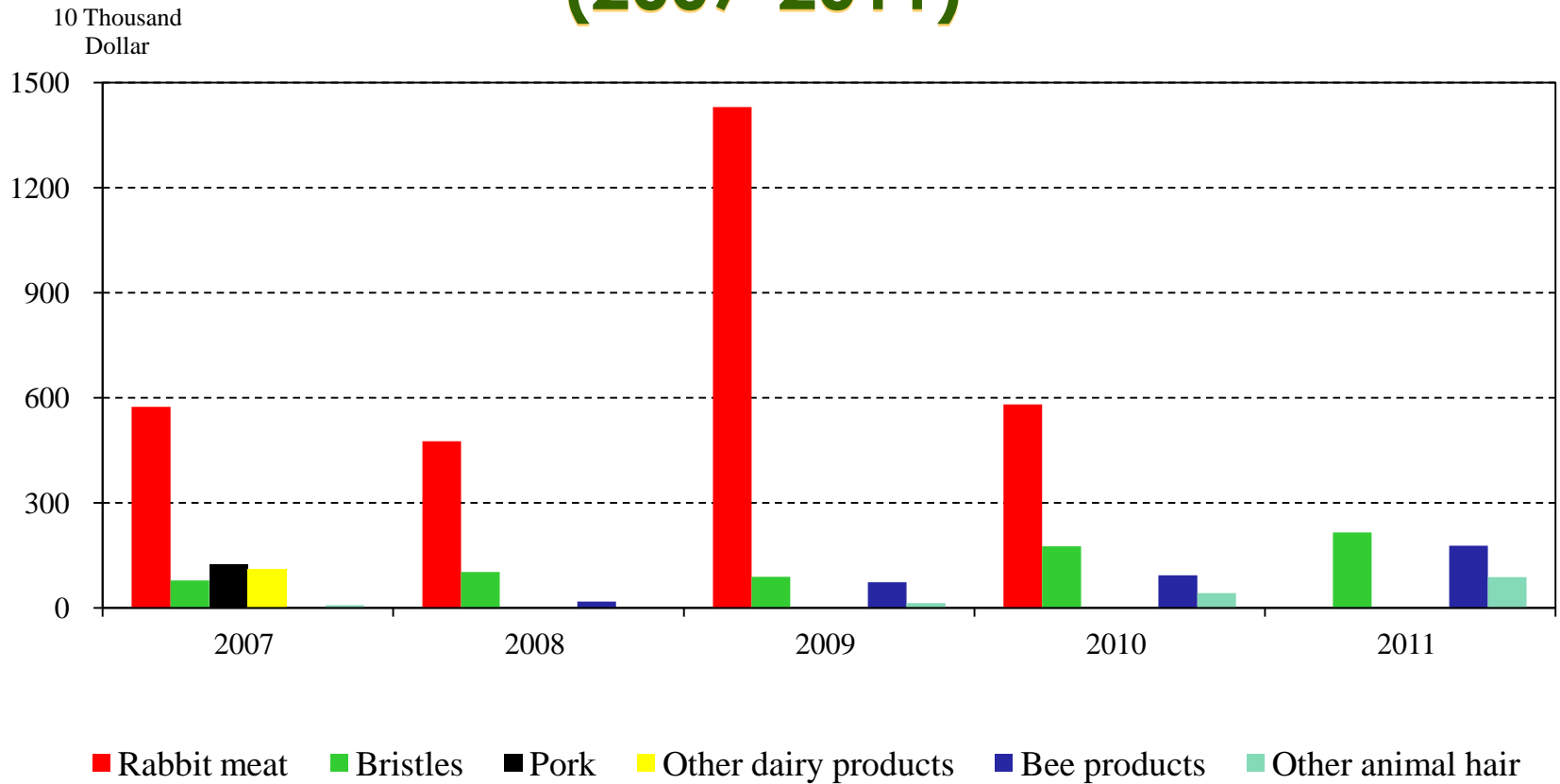


# China's Major agricultural exports to Russia (2007-2011)

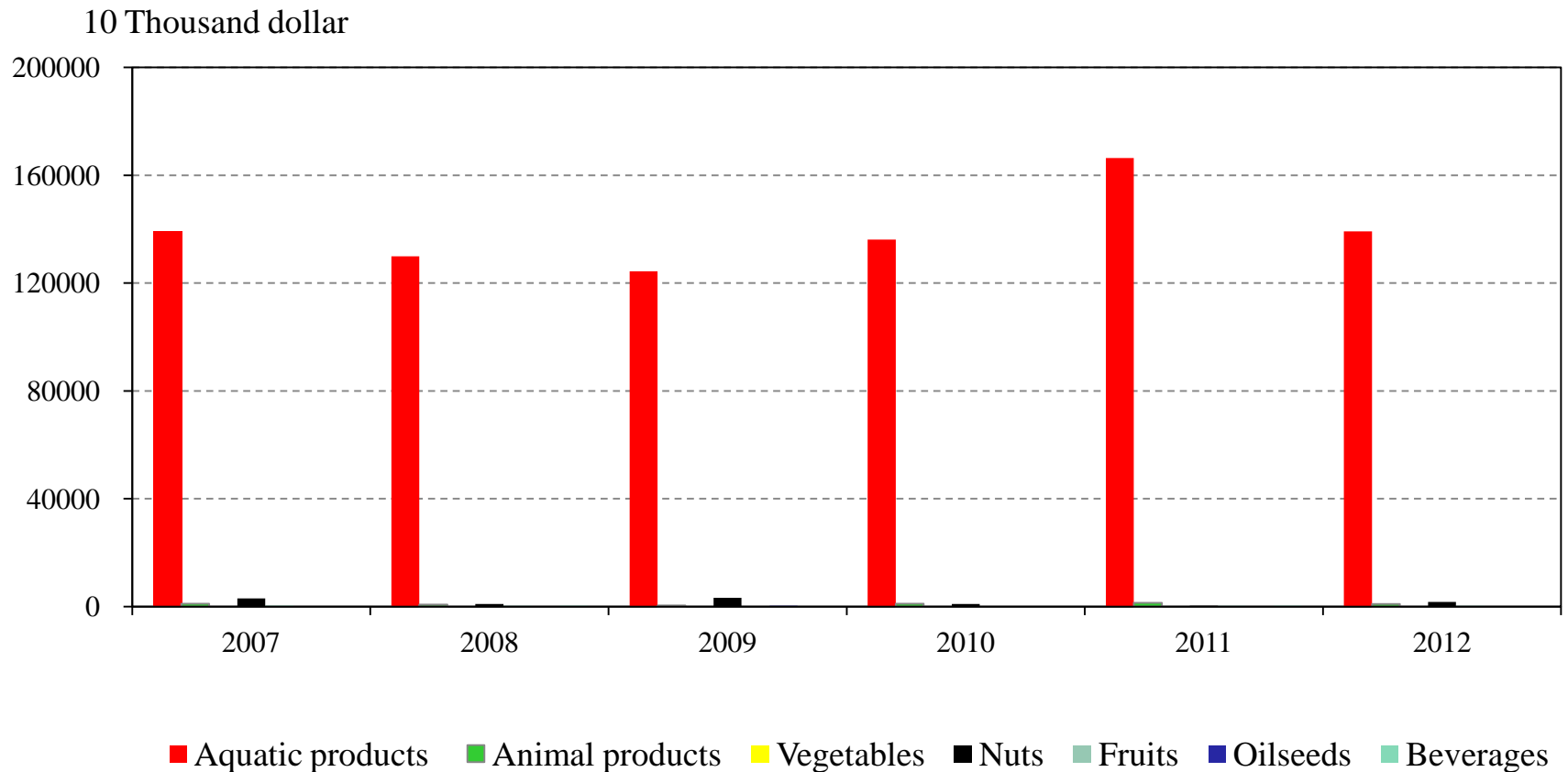
10 Thousand dollar



# China's Major livestock exports to Russia (2007-2011)



# China's Major agricultural imports from Russia (2007-2011)



## China and Russia's WTO agricultural commitment

Country	Finally bound rate (%)	AMS(1 billion dollar)	De Minimis
China	15.2	0	8.5
Russia	10.8	4.4	5



## Concluding remarks

- ❑ **Accession in general makes agriculture develop steadily in china**
- ❑ **Adaptive Policy is key to modify the change of accession**
- ❑ **Opening policy is essential in current world**
- ❑ **The future of bilateral cooperate between China and Russia will benefit both sides**