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China's Agricultural Trade

I. Introduction

II. China's Agriculture Trade by Data

Trade value in 2013

Major Trade Products

Major Trade Countries and Regions

III. China's status in the world agricultural trade

IV. China's trend on Agriculture Trade

V. China-Turkey Agricultural Trade

China and Turkey Trade Potentials on Agriculture

Examples for Turkish agriculture products importing to China (Wine & Olive Oil)

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I. Introduction

Agriculture is a vital industry in China and ensuing national food security is the most crucial task for China's agricultural sector. China has created a miracle in being able to feed 22 percent of the global population using only 7 percent of the world's farmland. In 2013, industrial added value reached 910.8 billion USD in agricultural sector, raised by 4% year-on-year, with grain output of 60.19 thousand tons. This was also the 10th consecutive year of growth.

Over the ten years we have witnessed China's advance in scale operation, infrastructure building, technology improvement and farmers' living standard. New styled agents, such as family farms, specialized cooperatives and agri-food production enterprises have taken an active part in the agricultural market. The Farmers' average income hit 8,896 yuan per capita in 2013, rising by 9.3% year on year). In 2014, Chinese government will underscore the importance of rural land reform, developing modern agriculture and maintaining agriculture as the foundation of its economy. China will intensify policy support and protection of agriculture by promoting steady increases in agricultural expenditures, financial subsidy policies for agriculture and setting up an interest compensation mechanism based on the price difference on the market.

However, with the development of China's economy, the country's agricultural output, remains insufficient for the country's high consumption. In 2013, domestic demands for rice, wheat, corn and beans all topped 70 thousand tons. Though China's output of rice and wheat can barely meet demands at home, its dependency on foreign beans and edible oil hit 85% and 40% respectively. Total grain import volume stood at 13 thousand tons, only accounting for 2.4% of the domestic consumption last year, which is far from satisfaction.

II. China's Agriculture Trade Data

China's agricultural output has enjoyed a stable growth in the 21th century. Since its entrance into WTO, China has taken a big step in opening its agricultural market. China's average agricultural tariffs have dropped to 15.2%, only 1/4 of the world level. At the same time, the total trade volume increased from 27.9 billion USD in 2001 to 175.7 billion USD in 2012 with an annual growth rate of 18.2% on average, while the export was up by 22.4% and import was up by 13.2% annually. In 2013, the import & export in agriculture grew 6.2% year-on-year which totaled to 186.69 billion USD. China's agricultural export was 67.83 billion USD and its agricultural import was 118.87 billion USD up by 7.2% and 5.7% respectively. China suffers a trade deficit of 51.04 billion USD in agriculture, up by 3.7%.

According to WTO statistics, China's average import duty of agricultural products is 15.2% while the global average is 60%. In 2013, the country's Most Favoured Nation (MFN) duty free imports accounted for 1% of its agricultural products. This year, China will maintain its import quotas for 7 kinds of agricultural products, including wheat (9.63 million tons), cor (7.2 million tons) and cotton (0.89 million tons), and 3 kinds of chemical fertilizers (Urea.etc).

Major Trade Product

In 2013, the top 5 export products were fishery products, vegetables, livestock products, fruits and oilseeds, while oilseeds, livestock products, edible oil, fishery products and cotton ranked top 5 in import volume.

The export and import figures of major agricultural products for 2013 are as follows.

Import and Export of Major Agricultural Products for Jan.- Dec. of 2013

Item		Volume(1000 tons)/Value((US\$ billion)	Growth %
Grain	Export	1001	-1.5
	Import	14585	4.3
Oilseeds	Export	870	-13.6
	Import	67835	8.9
Edible Oil	Export	\	\
	Import	9221	-3.9
Cotton	Export	\	\
	Import	4500	-16.9
Sugar	Export	\	\
	Import	4546	21.3
Vegetables	Export	11.58 (\$bil)	16.2
	Import	\	\
Fruits	Export	6.32(\$bil)	2.3
	Import	4.16(\$bil)	10.5
Livestock products	Export	6.52(\$bil)	1.3
	Import	19.51(\$bil)	30.9
Fishery products	Export	20.26 (\$bil)	6.7
	Import	8.64(\$bil)	8.0

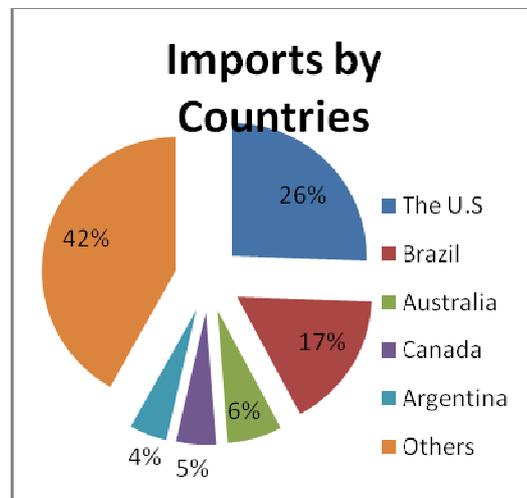
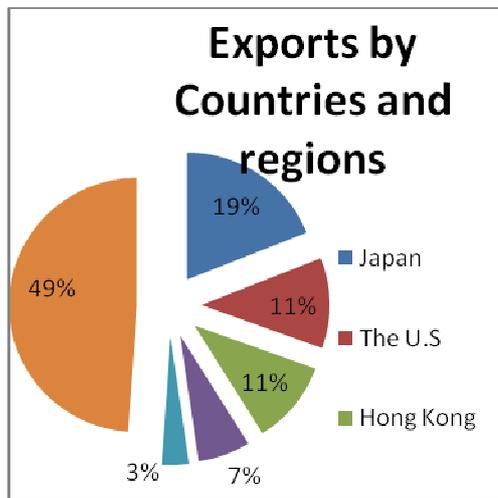
Source: China Agricultural Trade Development Report

Major Trade Countries and Regions

In 2012, the top 5 export destinations for China's agricultural products were Japan, the US, Hong Kong, South Korea and Malaysia, which account for 51% of the total value. The top 5 import sources were the U.S, Brazil, Australia,

Canada and Argentina, taking up 58.1% of the total. In January, 2014, Japan, the U.S, Hong Kong, South Korea and Malaysia ranked the top 5 as export destinations, while the U.S, New Zealand, Australia, Canada and Thailand are the five largest import sources.

Two graphs below shows exports by countries and regions and imports by countries in 2012.

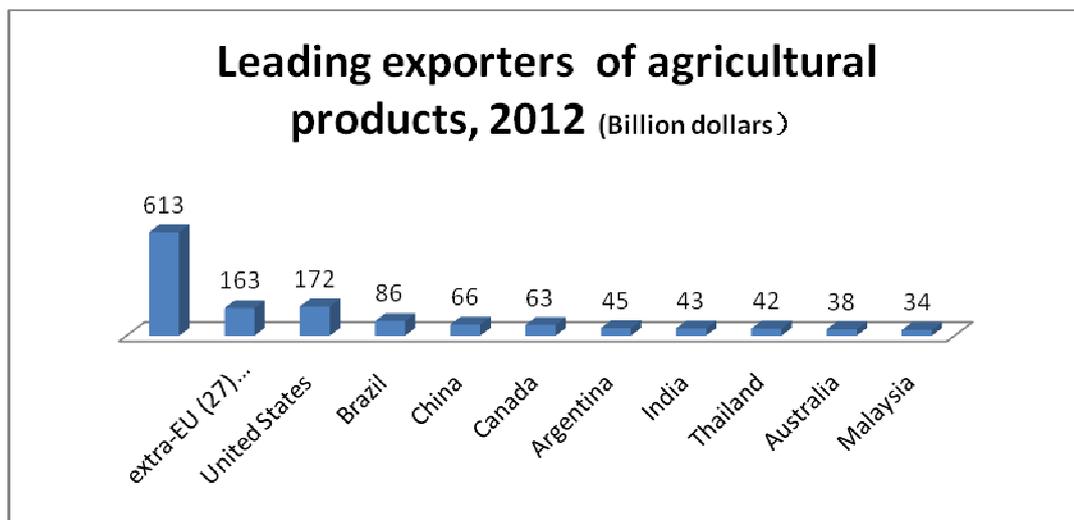


Source: China Agricultural Trade Development Report

III. China's status in the world agricultural trade

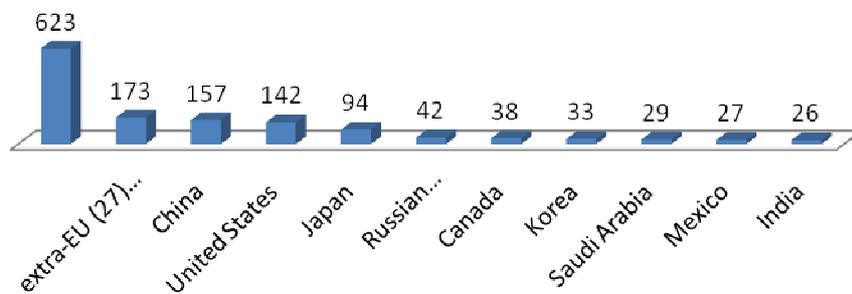
Currently, China is the third biggest agricultural trader in the world, taking up 4.4% of the global trade value. Following EU, the U.S and Brazil, it

ranked the fourth in export value, accounting for 4% of the total globally in 2012. At the same time, the country ranked 2th among world agricultural importers, with a value of 157 billion USD and a share of 9.0%.



Source: World Trade Organization International Trade Statistics 2013

Leading importers of agricultural products, 2012 (Billion dollars)



Source: World Trade Organization International Trade Statistics 2013

In the same period, China's share in the world's total merchandise trade exports reached 11.13%, in which agricultural exports accounted for 3.2%. The country's share in the world's total merchandise trade imports amounted to 9.78%, in which agricultural products took up 8.6%

IV. China's trend on Agriculture Trade

The "Outline for the Development of Food and Nutrition in China (2014-2020)" points out that China will see a stable grain output of 0.55 billion tons by 2020. But according to the OECD-FAO (Food and Agriculture Organization) Agricultural Outlook 2013-2022, China's

consumption growth is projected to slightly outpace its production growth by 0.3% per annum, similar to the trend of the previous decade.

China strives to enhance its agricultural cooperation with other countries. Currently, the government is planning to upgrade the Sino-ASEAN FTA and has laid out a blueprint for the "Silk Road Economic Belt", which will boost its agricultural exports and imports with ASEAN countries and the Central Asia countries. Plus, more FTA agreements or FTZs in the coming years will facilitate its agricultural trade. For example, a bulk commodity market, involving agricultural product trades, will be built in Shanghai FTZ. All tariffs for

agricultural products will be reduced to zero in the ASEAN-China FTA by 2015.

However, the country's grain imports are unlikely to surge. Agriculture is a sector vital to ensuring China's stability and maintaining the people's well-being. The government will strengthen policies to support and protect agriculture. Direct subsidy for farmers topped RMB 160 billion in 2013 and is expected to increase in 2014. This year, the nation's first policy document emphasized that capable provinces must continue to boost their grain productivity by using advanced farming technology, building distribution networks and enhancing financial support to farmers, agriculture and rural areas. Reforms of farmland property right system will be advanced. China's grain output will be stabilized at above 0.55 billion tons by 2020.

The Ministry of Agriculture announced recently that China will rely on domestic production under the consideration of national food security. Last year, China imported 13 million tons of rice, which only covered 2.4% of the total domestic consumption.

With the development of agricultural industry and its relation to the world, China's agricultural exports are also facing an increasing number of new challenges, including Sanitary and PhytoSanitary (SPS) and Technical Barriers to Trade (TBT) measures by trading partners such as EU, the US and Japan. Moreover, an ongoing rise in the Renminbi's value may also undermine the competitiveness of the country's agricultural products.

V. China-Turkey Agricultural Trade

China - Turkey Trade on Agriculture Sector							
Products	2012 Trade Value (\$10,000)			2013 Trade Value (\$10,000)			Growth
	Export	Import	Total	Export	Import	Total	
Agriculture Products	18,152	9,995	28,148	17,744	11,300	29,044	3%
Livestock product	826	1,517	2,343	720	2,810	3,530	51%
Dry Beans (exclude soybean)	3,365	4	3,369	2,708	5	2,713	-19%

Vegetables	1,702	23	1,725	2,269	139	2,408	40%
Nuts	180	1,333	1,513	671	1,367	2,038	35%
Aquatic Products	1,419	259	1,679	910	166	1,076	-36%
Fruit	1,782	581	2,363	694	619	1,313	-44%
Oilseeds	1,194	55	1,249	1,955	0	1,955	57%
Vegetable oil	33	537	570	13	653	665	17%
Beverage	211	860	1,072	163	765	928	-13%
Other Agriculture Products	5,785	362	6,147	5,658	591	6,249	2%

Source: Agricultural Trade Promotion Center from Ministry of Agriculture of China

The above table shows China – Turkey agriculture trade in total and main trade products with trade value. The total volume of China -Turkey Trade on Agriculture Sector has exceeded 300 million dollars in 2012 and 2013, with the export value of 234 million USD and import value of 118.9 million USD in 2013.

In 2013, China's major export products to Turkey are dry beans (27.13 million USD), vegetables (24.08 million USD) and oilseeds (19.55 million USD); while the major import products from Turkey to China are livestock products (28.10 million USD), nuts (13.67 million USD) and beverage (7.65 million USD).

China and Turkey Trade Potentials on Agriculture

Comparing to the total trade volume of 28.32 billion USD in 2013, trade in agricultural sector only accounted for 300 million USD about 1.2% of total bilateral trade volume. China and Turkey should find new strategies. For example, with development of China's economy, olive oil enjoys increasing popularity among China's consumers in pursuit of healthy lifestyle, but 90% of the country's olive oil

comes from abroad. In possession of globally established brands such as Komili, Turkey is one of the main olive oil producer in the world, but it only shares a small market in China. Seeing the growing need of olive oil in China's market these years, the two parties are expected to enhance their cooperation in this sector.

Turkey is Also one of the main wine producer in the world, while China's wine market expanded 20% annually, ranking the fifth globally. It is speculated that the need of wine in China will top the world by 2020. China and Turkey also have great potential in boosting the export and import of wine.

As an Islamic country, Turkey is the biggest Halal food exporter in the world while China's Islamic population exceeded 22 million. In province such as Ningxia, Halal food industry values at 7 billion yuan annually. But since a unified certification standard for Halal food is still unavailable at home. So far, China's Halal food hasn't gained a large share in the global market. China and Turkey could share its experience in Halal food

production and the two parties could enhance cooperation in Halal food trade.

Below some informations about wine and olive oil products import procedure to China:

As wine and olive oil are two kinds of Turkey's typical export products that are interesting to China, this report takes them as examples for guiding Turkish exporters to distribute their products into China.

The registration table for food importers or import agents to China is as follows:

1. Firstly, exporters is required to register record in "The filling management system for exporters / agents and consignee of imported food" website (<http://ire.eciq.cn/>)

Registration Table for Food Importers or Import Agents	
Section 0 – Registration Application Program	Yes/No
Initial Registration	
Upgrade of Registration Information:	
Original registration code:	
Please select the change items	
Company Information Change :	
Food Category of Operation Change :	
Chinese Agency Registration information Change :	
Section 1 - Applicant's Information	
Company Name(Chinese)	
Company Name(English)	
Company Address(Chinese)	
Company Address(English)	
Company Type	
Country/Region :	
Postal Code	
Contractor Name	
Contractor Telephone/Fax (Include Area/Country/Region Code) or Cell Phone :	
E-mail :	
Section 2 - Food Category of Operation (Yes or No)	
Grain	
Fishery products	
Vegetable	
Meat and meat products	
Nut and Edible Seed products	
Shell Egg and egg products	
Edible oil	
milk and milk products	
Alcoholic Beverages	

Canned foods	
Soft drinks and waters	
foods for special dietary uses	
bee product	
flavorings	
pastry biscuit; cracker	
candy; chocolate	
candied (preserved) fruit	
casings	
Bird nest	
Edible Tallow	
others, please description	
Section 3 - Information of the Chinese Trade Partner to be contracted with:	
Name (in Chinese) :	
Address (in Chinese) :	
Contact person :	
Telephone/Fax:	
E-mail :	
Section 4 - letter of commitment	
I hereby commits: The information we submit is authentic, and accurate.	
Contractor name (the printing version) :	
Contractor's office Telephone/Fax or cell phone :	
Contractor's E-mail Address	
Date :	

Source: OperAsia Forwarding Company

2. Exporters or agency who imports wine and olive oil products to China needs to have the following required documents for reporting to the Chinese custom:

Import Requirements for Wine

1	Full set of clean on board bills of lading
2	Commercial Invoice, indicating unit price (if the exporter purchase wine fm other supplier, should provide invoice copy issued fm the supplier)
3	Packing list, indicating quantity, gross and net weight of each package
4	Certificate of Origin (Official)
5	Declaration of no-wood packing material or certificate of fumigation, if by wooden packing or pallet, should have official 'IPPC' chop on the pallet
6	Certificate of free sales (official)
7	Certificate of Sanitary (official)
8	Report of component analysis (official)
9	Label of English and Label of Chinese, interpretation (if any words of win price, should provided related cert. To prove it)
10	Certificate of filling date (manufactory)
11	AOC certificate to ensure (official)

12	Sales contract (should showed buyer or seller)
13	Certificate of year (should showed manufacturer)
14	Quarantine certificate (official)
15	Bank slip of the payment (should show the payment amount, normally no need to provide, but in case if customs asks, shipper or consignee has to provide)

Source: OperAsia Forwarding Company

Import Requirements for Olive Oil

1	Full set of clean on board bills of lading
2	Commercial Invoice, indicating unit price (if the exporter purchase wine fm other supplier, should provide invoice copy issued fm the supplier)
3	Packing list, indicating quantity, gross and net weight of each package
4	Certificate of Origin (Official)
5	Declaration of no-wood packing material or certificate of fumigation, if by wooden packing or pallet, should have official 'IPPC' chop on the pallet
6	Certificate of free sales (official)
7	Certificate of Sanitary (official)
8	Label of English and label of Chinese, interpretation
9	Sales contract (should showed buyer or seller)
10	Declaration of no-wood packing material or certificate of fumigation, if by wooden packing or pallet, should have official 'IPPC' chop on the pallet
11	Automatic import license (official) applied by importer
12	Quarantine certificate (official)
13	Bank slip of the payment (should show the payment amount, normally no need to provide, but in case if customs asks, shipper or consignee has to provide)

Source: OperAsia Forwarding Company