

Analysis of China's Agricultural Trade Changes under the RCEP Agreement

Hao Xiwen*

*School of Economics and Management, Nantong University, Nantong, Jiangsu, China
2978718559@qq.com
Corresponding author

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Abstract: RCEP was initiated by ASEAN in 2012. After eight years of negotiations, it was established by 15 members of 10 countries including China, Japan, South Korea, Australia, New Zealand and ASEAN. This agreement has injected strong impetus into member state economic development. By comparing and analyzing the trade volume of agricultural products between China and its member countries in 2021 and 2022, this paper finds that under the influence of RCEP, a series of changes have taken place in the import and export of agricultural products in China, among which the export of vegetables and aquatic products in China has increased. With the increase of imports of fruits, animal and vegetable oils, when enjoying the trade dividend brought by RCEP, China should further expand the trade of agricultural products, improve the competitiveness of agricultural products, and optimize the export structure of agricultural products, so as to occupy more international markets.

1. Introduction

The Regional Comprehensive Economic Partnership (RCEP) is a free trade area jointly established by 10 ASEAN countries, including Indonesia, Malaysia, the Philippines, Thailand, Singapore, Brunei, Cambodia, Laos, Myanmar and Vietnam, and 15 countries including China, Japan, South Korea, Australia and New Zealand. At present, scholars have conducted in-depth research on the driving mechanism of agricultural trade under the RCEP framework ^[1], tariff reduction effect ^[2], customs clearance facilitation ^[3], etc. And most of the research is based on the macro analysis of trade, and the analysis of China's agricultural trade changes is relatively lacking. Based on the data of 2021, this paper analyzes the changes in the trade volume of agricultural products between China and RCEP members in 2022, studies the impact of RCEP on China's agricultural trade, and explores the shortcomings of China's agricultural trade. On this basis, it puts forward suggestions to promote China's agricultural trade.

2. The Analysis of Agricultural Trade

2.1 Specific Changes in Some Products

China mainly exports fruits, aquatic products and vegetables, and imports fruits, livestock products and animal and vegetable oils. This paper focuses on the analysis of China's fruit and vegetable products, animal and vegetable oil, aquatic products and livestock products import and export volume changes.

From the perspective of export fruit categories, China's export fruits are mainly temperate fruits such as oranges, apples, grapes and pears. In 2022, China exported nearly \$ 6.92 billion of fruit, of which about \$ 3.6 billion was exported to RCEP member countries, a 16 % year-on-year decrease. The main reasons for the decrease of fruit export are as follows: first, China's demand for fruit is large, and most of the domestic production fruit is supplied to domestic consumers; second, due to the impact of the RMB exchange rate, fruit exporters' export profit margins become thin; third, compared with exports, the sales loss rate in the domestic market is low and the relative profit margin is large.

China is the largest exporter of vegetables, mainly including tomatoes, onions, garlic, peppers and so on. In 2022, China's vegetable exports will reach nearly \$ 17.22 billion, of which about \$ 8 billion will be exported to RCEP member countries, accounting for nearly 50 % of total vegetable exports, an increase of 12 % year-on-year. Vegetables in China have the advantages of production cost, geographical location and natural resources [4]. The customs clearance and quarantine convenience measures in RCEP shorten the clearance time of vegetables, ensure the freshness of vegetables to a large extent, and meet the demand preference of the market. As one of the most competitive agricultural products in China's foreign trade, vegetables occupy an important position in the export trade of agricultural products to the RCEP region. China's total vegetable exports to RCEP member countries show an increasing trend. [5].

China is a major country in aquaculture and trade of aquatic products in the world. The RCEP region is an important export market for China's aquatic products. The proportion of China's aquatic products exported to the RCEP region is on the rise. As the largest consumer market for aquatic products in the world, China's export market for RCEP aquatic products has a broad space [6]. In 2022, the total export volume of aquatic products was about USD 22.2 billion, an increase of 4.6 % year-on-year. Among them, aquatic products exported to RCEP member countries were about USD 5.61 billion, an increase of 5.5 % year-on-year. China's resource endowment advantages bring certain competitive advantages to the export trade of aquatic products [7]. With the implementation of the rural revitalization strategy, the rural water ecological environment has been fully managed; moreover, the new breeding mode of paddy field was vigorously promoted, the structure of fishery products was adjusted, and the yield and quality of aquatic products were gradually improved. Therefore, China's aquatic products exports increased.

In 2021, China's total fruit imports reached USD 14.52 billion, of which USD 9.5 billion were imported from member countries. In 2022, China's total fruit imports increased to USD 15.69 billion, of which USD 10.8 billion was imported from member countries, and the import volume increased by 8.5 % year-on-year. China has a large population, a large demand for fruit, and insufficient supply of domestic fruit production, so it is necessary to import fruit. Due to the limitations of climate environment, land resources and water resources, China cannot meet the people's multi-level consumption demand for fruits, so fruit imports will further increase [8].

In 2022, China's animal and vegetable oil imports were USD 15.3 billion, of which about USD 10.2 billion were imported from member countries, an increase of 9 % year-on-year. China is a big importer of animal and vegetable oil, the self-sufficiency rate of domestic animal and vegetable oil is low, and subject to land resources and technical constraints, China's animal and vegetable oil

production is generally slow growth, animal and vegetable oil production and demand gap is more significant, so animal and vegetable oil imports increased.

China mainly imports beef and its chopped meat, pork and its chopped meat, mutton and other livestock products from member countries, and has a long-term deficit in livestock products trade with member countries. In 2022, China's import of livestock products was USD 51.55 billion, of which USD 17.9 billion was imported from member countries, an increase of 6.4 % year-on-year. The outbreak of African swine fever in 2019 affected China's pig production, but through the prevention and control of epidemic prevention departments and livestock and poultry farms, and strong management, under the regulation of relevant policies, pig production has been restored and market supply has been as normal, reducing China's demand for external livestock products. In 2022, China's tariff on pork products will be restored from the provisional tax rate of 8 % to the most-favored-nation tax rate of 12 %, the cost of imported pork will increase, and the import volume of animal products will decrease.

2.2 The Trade Market Remains Unchanged

The proportion increased in 2022, but the change was not significant. Judging from the proportion of China's imports to member countries and ASEAN in the past three years, RCEP has not changed the resource endowments of member countries. In the RCEP region, China's main import market for agricultural products is still ASEAN. China is geographically adjacent to ASEAN, and the transportation of agricultural products is convenient. RCEP's simplification of customs clearance procedures and tariff concessions in agricultural trade have further promoted the trade of agricultural products between the two.

In 2020, the agricultural products of China's export member countries accounted for 46.8 % of the total export volume, and the proportion decreased slightly in 2021-2022. Among them, in 2020, the proportion of agricultural products exported to Japan, South Korea and ASEAN will be 12.7 %, 6.4 % and 26.2 % respectively, and the proportion will fluctuate slightly in 2021-2022. RCEP has little impact on China's agricultural products export market. Japan, South Korea and ASEAN are still the main export markets of China's agricultural products. Most of China's export agricultural products are loss-prone and short-life products, and their export sales radius is determined by the characteristics of such agricultural products. Agricultural production is a process in which natural reproduction and economic reproduction are intertwined. Natural resource endowment determines the output boundary of agricultural production. The implementation of RCEP cannot change the natural resource endowment of each country, so the structure of China's agricultural product export market is basically unchanged.

2.3 Agricultural Product Trade is Growing At a Fast Pace

As the world's largest free trade platform, RCEP promotes import and export trade among member countries through new rules of origin, tariff reduction and customs clearance facilities. According to the statistics of the Ministry of Commerce, China's agricultural trade will increase by 9.9 % year-on-year in 2022, of which the import and export of agricultural products with RCEP member countries will reach \$ 105.7 billion, an increase of 12.8 % year-on-year. The growth rate of trade with member countries is faster than the overall growth rate of China's agricultural trade by nearly 3 percentage points.

3. Weaknesses in Chinese Agricultural Product Trade

3.1 Weak International Competitiveness

The international competitiveness of a country's agricultural products is usually expressed by the revealed comparative advantage index (RCA). If $RCA > 2.5$, it indicates that the product has strong international competitiveness; if $RCA < 0.8$, it indicates that the international competitiveness of the product is weak [9]. Due to the low level of technological content in our country's agricultural products, the international competitiveness of our agricultural products has declined. In 2022, the revealed comparative advantage index of aquatic products, meat products and nuts in China was lower than 0.8, which did not have comparative advantage. The production of agricultural products in China is mainly based on retail operation, lacking the planting mode of large-scale farms. Compared with developed countries, the production technology of some agricultural products is relatively lagging behind, and the level of agricultural mechanization is low. Most of China's export agricultural products are labor-intensive products, and the added value is not high, which leads to the relatively weak competitiveness of China's agricultural products.

3.2 Reliance on Labor-Intensive Products for Export

In the case of a single type of agricultural export, over-reliance on a small number of agricultural exports may increase market risk. China's agricultural exports are mainly concentrated in labor-intensive products such as vegetables, aquatic products, and fruits, of which about 80 % of pears and about 70 % of apples are exported to member countries. The higher the proportion of a product's export, the higher the dependence of the country's export on the product. The high dependence of China's agricultural exports on these products will lead to the fragility of the export industry chain. Analysis of Table 3 also found that the proportion of exports showed a downward trend between years, and the proportion of vegetable exports decreased from 0.174 to 0.132 in 2019-2022. The proportion of fruit exports fluctuated slightly between 2019 and 2022. The proportion of apple exports increased first and then decreased, and the proportion of pear exports decreased from 0.877 to 0.76. The export proportion of aquatic products has also declined, which indicates that China's export dependence on these agricultural products has declined.

4. Promoting Strategies for Agricultural Product Trade

4.1 Utilizing the Platform to Boost Trade

Trade is of great significance to the optimal allocation of resources, the creation of employment opportunities, the promotion of technological innovation and the realization of economic prosperity. Agricultural trade can not only ensure national food security and increase consumer welfare, but also be used as a political tool to impose pressure or sanctions on other countries. It is very important to actively use the RCEP platform to increase China's agricultural trade. In order to use the platform to increase trade, in the domestic aspect, organize relevant personnel to strengthen training and study the provisions of RCEP on agriculture to optimize agricultural trade policies ; internationally, the introduction of foreign advanced agricultural technology, improve the competitiveness of agricultural products, through consultation to further reduce trade barriers, customs clearance procedures to simplify, expand market access for agricultural products, improve the international market share of China 's agricultural products.

4.2 Enhancing Competitiveness in Agricultural Product Exports

Economic globalization has brought unprecedented challenges to agricultural production and management. The agricultural sectors of various countries must not only face domestic market competition, but also enhance international competitiveness and win the initiative in the international market. The formation and cultivation of agricultural product export competitiveness are crucial to both micro-operators and policy makers [10]. China can introduce advanced agricultural technology to enhance the added value of agricultural products; optimize the export structure of agricultural products; we will make full use of the 'green box' and 'yellow box' policies of the WTO to increase subsidies for agricultural production and export, so as to enhance the export competitiveness of China's agricultural products.

4.3 Increasing Diversity in Agricultural Product Exports

China's agricultural exports should pay attention to the diversity of agricultural exports, focusing on a single or a few kinds of agricultural products export mode is not conducive to China's agricultural development[11]. Through the analysis of the types of agricultural exports in recent years, China mainly exports labor-intensive products, and the export market of agricultural products is more risky. China can introduce advanced agricultural technology and establish high-quality agricultural development bases to cultivate advantageous agricultural products, formulate market-oriented policies, and encourage farmers to plant different types of agricultural products to increase the export diversity of agricultural products.

4.4 Enhancing Capacity to Address Technical Trade Barriers

Technical barriers to trade have brought huge losses to China's agricultural trade. In order to improve China's ability to cope with technical barriers to trade, this paper puts forward suggestions on the main types of technical barriers in member countries from the aspects of certification standards and inspection and quarantine systems. In terms of certification standards, the government should pay attention to the standards of imported agricultural products in member countries, integrate China's export agricultural products standards with the standards of member countries, improve the professional and scientific level of China's agricultural products export certification standardization work, strengthen cooperation with member countries' certification standards institutions, promote member countries' recognition of China's certification standards, improve the radiation effect of certification standards on trade, and improve the credibility and authority of China's certification standards. In terms of inspection and quarantine, in recent years, member states have increasingly strengthened the detection of imported agricultural products, including the detection of radioactive substances and pesticide residues. In this regard, China should establish and improve the quality and safety system of agricultural products, increase the supervision and management of the quality and safety of agricultural products.

4.5 Enhancing Brand Building

How to strengthen the brand building of agricultural products? First of all, to improve the quality of agricultural exports, quality is the core of the product brand. China can optimize the planting environment through scientific and technological means, improve breeding technology, establish a sound quality control system, strengthen the control and supervision of the whole process of planting, harvesting and processing of agricultural products, standardize China's food safety certification behavior, and establish a certification integrity system and accountability system to improve the

quality of products. Secondly, formulate differentiated marketing strategies, formulate product differentiated marketing strategies according to the consumer preferences of export destination countries, and use media, brand promotion and other means to create a good brand image for products. Finally, the establishment of brand alliance, brand alliance refers to a number of brands in a market to form a strategic alliance to jointly promote the brand, China can be the lack of brand of agricultural products and China's green tea, edible fungi quality brand together, forming a centralized promotion, co-marketing model, through the promotion of brand alliance brand image, strengthen the international brand building of agricultural products.

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