

Impacts of EU Technical Barriers to Trade upon Export of Chinese Agricultural Products and Countermeasures

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Abstract. Over the past few years, technical barriers to trade have been applied by EU countries for trade protection owing to their flexibility, variability, privacy and great variety. In China, export of agricultural products to Europe has been deeply impacted as well. After current situation that China's export of agricultural products to EU is blocked, impacts of EU's technical barriers to trade upon Chinese agricultural products are illustrated and constructive suggestions are thus put forward, so that China's agricultural products may better respond to these barriers and their competitiveness in EU market may be enhanced.

1.Introduction

Use *italic* for emphasizing a word or phrase. Do not use boldface typing or capital letters except for section headings (cf. remarks on section headings, below). Although EU countries are major importers of Chinese agricultural products, China's export of such products to EU has tended to decline in these years, which shall be mainly attributed to impacts of technical barriers to trade. To protect their own industries, many EU countries hinder international trade from being conducted with trade barriers. Being highly secret, technical barriers to trade may be flexibly utilized, so they are often employed by EU countries for trade protection[1]. With the availability of a complete set of technical standard system, EU has initially developed a range of technical standards by its own technical advantages. These technical standards and regulations may be modified according to situation of different countries, so they are changeable and make it more difficult for Chinese exporters of agricultural products to respond to them. As a result, relatively great impacts are imposed on China's export of agricultural products by aforementioned trade barriers[4].

2. Current Export of Chinese Agricultural Products to EU

2.1. Scale of Export of Chinese Agricultural Products to EU

In recent years, China's export of agricultural products to EU has been growing at an increasingly lower rate, which shall be mostly ascribed to the fact that EU has adopted a range of policies about technical barriers to trade[2]. As shown in Fig 1 as follows, total export of Chinese agricultural products tended to increase, from 38.217 billion US dollars in 2009 to 71.84 billion US dollars in 2014[3]. Nevertheless, increased export of agricultural products to EU was evidently lower than increased total export of Chinese agricultural products. Concerning export of Chinese agricultural exports, the ratio of the export to EU had been declining. From Fig 2, it may be apparently observed that China's export accounted for 15.6% and 14.05% respectively, but drastically declined to 8.5% in 2014. It even fell more dramatically in the past year, which was closely associated with EU technical barriers to trade.

2.2. Main Chinese Agricultural Products Exported to EU

Aquatic products, vegetable, fruits, plant and animal raw materials are major products exported from China to Europe, generally accounting for about 75% of all agricultural products exported to

Europe.[5] As shown in Fig 3, vegetable and fruits occupied the highest proportion (about 27%) of all agricultural products exported to Europe, whereas it has gradually declined over the past years. Aquatic products, ranked top 2, accounted for 26%, which didn't differ much from those of vegetables and fruits, while nearly 15% was occupied by plant and animal raw materials.

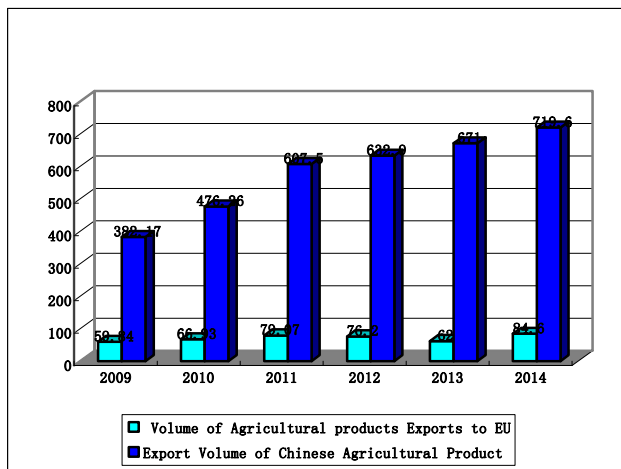


Fig.1 Volume of China's Export of Agricultural Products to EU from 2009 to 2014

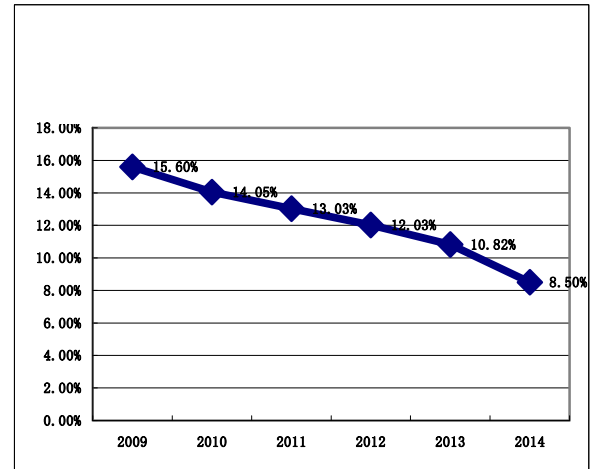


Fig.2. Ratio of China's Export of Agricultural Products to EU to Total China's Export of Agricultural Products from 2009 to 2014

Table 1. Ratios of Three Major Agricultural Products Exported from China to Europe (single agricultural product/total agricultural products exported to Europe)

Category	2008	2009	2010	2011	2012
Aquatic Products	0.26	0.29	0.28	0.28	0.26
Vegetable & Fruits	0.3	0.27	0.26	0.25	0.23
Plant & Animal Raw Materials	0.15	0.16	0.14	0.15	0.16

3. Impacts of EU Technical Barriers to Trade upon Trade of Chinese Agricultural Products

3.1. Severely Limiting Foreign Trade and Export of China

In recent years, there have been numerous cases that agricultural products exported by Chinese exporters to EU countries were returned and even destroyed. From Fig 4, it may be known that the proportion of vegetable and fruits exported to EU declined to a level below the average in 2012, which was closely connected with EU's new rules about pesticide residue enacted in the same year. Some decline was also discovered in proportion of aquatic products, which should be attributed to EU's new rule enacted in June 2012 for adopting inspection and quarantine certificates for aquatic products. The ratio of plant and animal raw materials to products exported to Europe is kept relatively stable, because EU has a more steady demand for raw materials. Thus, its export isn't highly impacted by pertinent regulations.

3.2. Weakening International Competitiveness of Chinese Agricultural Products

EU has been taking the lead in technologies and developed relatively higher technological standards on a global basis. To satisfy pertinent requirements of EU, Chinese exporters have no choice but to improve technological content and quality of products by constantly increasing their costs. In addition, EU has its own accrediting organizations like the European Committee for Standardization. Chinese agricultural products will be prohibited from entering European market unless they are certified by these organizations, where inspection costs are relatively high and thereby surely further increase costs of Chinese enterprises. Cost-effectiveness has been always the greatest advantage of Chinese products, whereas EU's acts have forced Chinese exporters to increase costs with the loss of international competitiveness.

4. Reasons Why Export of Chinese Agricultural Products are Impacted by EU Technical Barriers to Trade

4.1. Problems with Chinese Agricultural Products

Compared with EU countries, China's production conditions are relatively poor and its technologies aren't comparable. As a consequence, some of its products fail to meet requirements of EU states in terms of quality. To control quality, attention shall be paid to the whole process rather than the simple production process of agricultural products. In China, inadequate efforts have been made concerning pesticide residues, which may be reflected from the fact that many Chinese agricultural products are prohibited from export because of quality. In Chinese industry of agricultural products, sanitary regulations aren't in place that opportunities are made available to EU states.

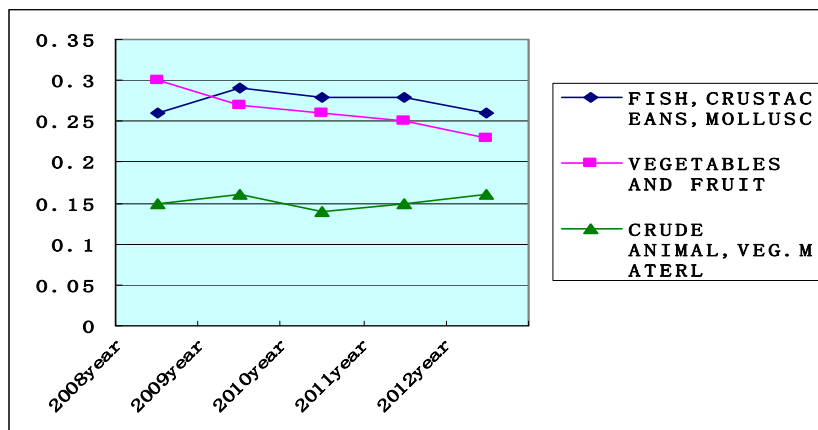


Fig 3. Trends of Main Agricultural Products Exported from China to Europe

4.2. Relatively Single Market for Exporting Chinese Agricultural Products

Chinese agricultural products are mainly exported to Europe, America and Japan, which account for 75% of the total export of China. Nevertheless, for China, technical barriers to trade are mainly from these three countries. Chinese agricultural products are generally exported at low prices, which have relatively great impacts upon manufacturers of importers. In this case, government has to set up technical barriers to trade to restrict import. Consequently, costs of Chinese agricultural products are rigidly increased year by year and thus promote increase in price of exported Chinese agricultural products. This weakens international competitiveness of agricultural products.

4.3. Development Consciousness of Exporters of Agricultural Products and Problems with Management System

In China, many exporters of agricultural products meet domestic standards, which still have certain gap with international ones. Exporters of agricultural products need to fully understand international standards to enter international market. For Chinese exporters of agricultural products, management mostly focuses on production management, but rarely pays attention to pollutant emissions, which involve green technical barriers to trade. As a consequence, export of Chinese agricultural products is easily affected by EU technical barriers to trade.

4.4 Current Imperfect Technical Standards and Regulations

In a stage of development, technical standards and regulations are still incomplete in China. As a result, quality and safety inspection for agricultural products isn't complete enough. Besides, some domestic inspection standards may be below foreign ones. In this case, some agricultural products may be inspected qualified inside China, but discovered non-conforming during sample survey after their arrival in EU. Consequently, many agricultural products are returned or destroyed because they are inspected non-conforming by importers. Moreover, many Chinese exporters of agricultural products control their quality of products based on national standards, but know little about international technical standards and regulations. Technical barriers to trade are essentially so secret that China faces greater difficulties in exporting agricultural products.

4.5 Needs of EU for Protecting Domestic Markets

EU member states are mostly developed countries with the most advanced technologies, which have promoted them to protect benefits of their own countries through technical barriers to trade. In this way, it is easier for them to gain initiatives. Meanwhile, EU technical standards have been always used as references of international standards. Technical barriers to trade are so secret, flexible and changeable that they may be operated more conveniently. EU impose some special limits upon China via technical barriers to trade, so as to protect interests of domestic manufacturers.

5. Analysis of China's Countermeasures to EU Technical Barriers to Trade

5.1. Improving Related Technical Standards, Rules and Regulations While Enhancing Information Communication

It is necessary for Chinese government to attach more importance to international standards and develop standard clauses suitable for international markets. Some supervisory organizations shall be founded to ensure these standards may be used in manufacturing agricultural products. In the mean time, Chinese government shall actively get involved in establishing international standards to constantly modify and improve Chinese technical indicators. As regards information communication, it needs to establish organizations or websites for providing information concerning information about technological standards for international agricultural products. It may be helpful for enterprises to make comprehensive comparisons by timely updating dynamic foreign news and constructing databases about technical barriers to trade, in order that anticipated emergency measures may be available for potential situations.

5.2. Expanding Export Market and Improving Quality of Such Products

Chinese agricultural products are mainly exported to America, Europe and Japan, in which systems of technical barriers to trade are rather rigorous, especially so in Europe where the most limitations exist. Therefore, Chinese exporters of agricultural products shall appropriately change their own geographical patterns of export and target at more countries in exporting agricultural products. At present, products exported from China to EU are mostly primary. To lower costs, neither quality nor safety may be guaranteed. Exporters of agricultural products shall not risk big things for the sake of small ones, but need to make more investment in technologies for corporate production, manufacturing, processing, packaging and transporting according to international standards.

5.3. Reforming Management System for Exporters of Agricultural Products

Firstly, Chinese exporters shall pay attention to emission of wastes in the process of manufacturing while striving to maximize their profits. During production, these enterprises shall control the whole process of production on a real-time basis and properly dispose of wastes emitted during production, in order to reduce harm to environment. Secondly, Chinese enterprises are supposed to make further efforts to manufacture green, environmentally healthy and safe agricultural products. Thirdly, its costs will increase while an enterprise is being upgraded. To control costs within certain limit, enterprises shall make full use of various resources to maximize benefits through scientific management.

5.4. Increasing Overseas Investment

EU sets up technical barriers to trade to China owing to the fact that China's export of numerous products into EU states lead to their trade imbalance, significant decrease in agricultural workers and dissatisfaction. Therefore, EU will definitely not pick on China as long as this phenomenon is released. Therefore, Chinese enterprises need to increase their overseas investment, which may not only decrease EU's discontent, but also enable Chinese enterprises to take advantage of foreign technologies and standards to avoid technical barriers to trade.

6. Conclusion

EU technical barriers to trade have greatly impacted China's export of agricultural products to Europe. Thus, Chinese government and enterprises shall improve domestic technical standard

systems for agricultural products, improve quality of such products, strengthen comprehensive control over manufacturers of agricultural products, enhance international competitiveness of Chinese agricultural products and cope with the challenges from technical barriers to trade overseas.

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