

Analysis of China-ASEAN agricultural trade pattern under " the Belt and Road "

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Abstract. Under “the Belt and Road”, the ASEAN region has further communication and cooperation with China on agricultural products trade because it is at the center of the Maritime Silk Road. This paper based on the trade data of 2013-2017, analyzes the trade pattern of China-ASEAN agricultural products in total trade volume, product structure, distribution characteristics and trade influencing factors, and proposes relevant countermeasures for China.

1. Introduction

Since the “the Belt and Road” was put forward, ASEAN has become the largest export region of China's agricultural products in 2013-2017. China and ASEAN have maintained a close economic and trade relationship for a long time, especially in agricultural trade. Since “The Early Harvest Program” in 2004, the bilateral agricultural trade volume has jumped from 5.834 billion US dollars in 2004 to 31.98 billion US dollars in 2017, with an annual growth rate of 34.47%. With the implementation of “the Belt and Road”, countries along the route have carried out more extensive cooperation. Southeast Asia is at the center of the Maritime Silk Road and the location advantage has brought a a broader space for China-ASEAN agricultural trade.

2. China-ASEAN agricultural trade characteristics

2.1 Total trade volume characteristics

(1) Slight fluctuation with the slowing down growth rate

The trade volume between China and ASEAN maintains a steadily increase trend, while the growth rate is slowing down, with slight fluctuations in individual years. Since the launch of “the Belt and Road”, the trade volume of China-ASEAN agricultural products has increased from 26.728 billion US dollars in 2013 to 31.98 billion US dollars in 2017, it maintained growth for two consecutive years. In 2016, under the global economic downturn, agricultural trade volume has dropped slightly. From the perspective of exports (Figure 1), China's agricultural products exported to ASEAN continue to rise, especially between 2013 and 2014, rising from 11.887 billion US dollars to 13.539 billion US dollars, an average growth rate of 13.90%. Though the overall trend is still increasing, the growth rate has slowed down over the past two years. After “the Belt and Road” was put forward, there was a slight fluctuation in the scale of China-ASEAN agricultural imports, with a negative growth rate in 2013, 2015 and 2016. Bilateral trade faces the problem of slowing trade growth and fluctuations in trade volume.

(2) trade deficit has been greatly improved

China-ASEAN agricultural trade deficit has always been an important source of China's global trade deficit. The China-ASEAN Free Trade Area (CAFTA) was formally established in 2012, and China's agricultural trade deficit with ASEAN reached a peak of 6.04 billion in the same year. During the period from 2013 to 2017 of this paper, China's trade deficit with ASEAN has generally shrunk from 2.953 billion US dollars at the beginning of the survey to 3.06 billion US dollars in 2017. In the

second year after “the Belt and Road”, the bilateral trade deficit reversed to a trade surplus of 877 million US dollars, and it was China’s first trade surplus with ASEAN over the past 12 years. However, it rebounded to a small trade deficit of 300 million US dollars in 2017. The overall narrowing of the trade deficit in the past five years indicates that “the Belt and Road” has broadened the import sources of agricultural products and reduced China's dependence on ASEAN agricultural products.

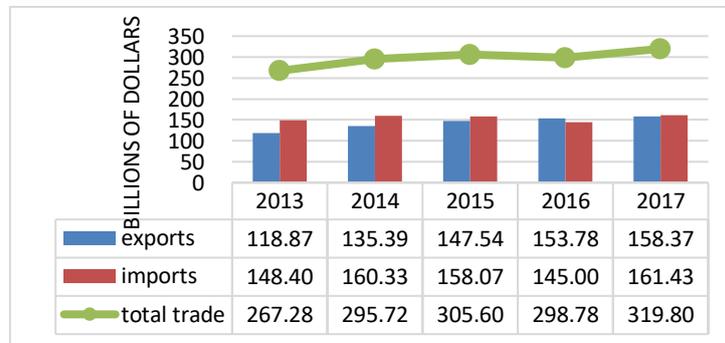


Figure 1 Trade volume of agricultural products between China and ASEAN

2.2 Product structure characteristics

Judging from the main trade agricultural products, China's export products are increasingly diversified, and the types of imported products have not changed much. China exports different kinds of agricultural product, such as rice, apples, cotton, tobacco, sugar, etc. While it mainly imports palm oil, corn, rice and tropical fruits. For example, Indonesia is the main recipient of tobacco and garlic in China, and it imported 42430.8 tons of tobacco from China in 2017, while Southeast Asia has always been the main importer of Chinese palm oil. Malaysia, Thailand and Indonesia completely occupy the palm oil import market in China. In 2017, China imported 346.45 billion US dollars palm oil from ASEAN, accounting for 27.79% of China’s total imports of ASEAN agricultural products.

China still imports land-intensive agricultural products and exports labor-intensive ones, especially after 2016, the China-Vietnam inter-industry rice trade has turned into a one-way trade, Vietnam isn’t China's important recipient of rice anymore. “The Belt and Road” promotes the development of intra-industry trade to processed agricultural products, further strengthening the situation of China's export of labor-intensive products. Cardamom and sugar have become important agricultural products for China's exports to ASEAN.

2.3 Trade distribution characteristics

The distribution of agricultural trade between China and ASEAN showed different characteristics in different periods. Laos, Myanmar, Brunei, and Cambodia have always had a low level of trade with China due to economic volume and population size. However, trade in agricultural products between Cambodia, Laos and China has increased slightly over recent years, Indonesia, Thailand, Malaysia, Vietnam, the Philippines, and Singapore are major agricultural products trading countries of China, accounting for more than 90% of China-ASEAN agricultural trade.

From the perspective of the distribution of import trade (Figure 2), China's agricultural products import markets are relatively concentrated. Thailand and Indonesia accounted for more than half of China's total agricultural product imports by ASEAN, followed by Vietnam and Malaysia. The status of Vietnam and Malaysia has been declining since 2013. Vietnam has taken Malaysia’ place as China’s third largest import market in ASEAN. Cambodia, Laos, Brunei and other countries accounted for 10% of China's imports of ASEAN agricultural products.

From the perspective of export trade distribution (Figure 3), China's agricultural products export markets are more scattered. Vietnam, Malaysia, Thailand and the Philippines are important exporters of agricultural products of China. Since the launch of “the Belt and Road”, Vietnam’s share of China’s

exports of ASEAN agricultural products has grown significantly, while Thailand, Malaysia and the Philippines have gradually declined.

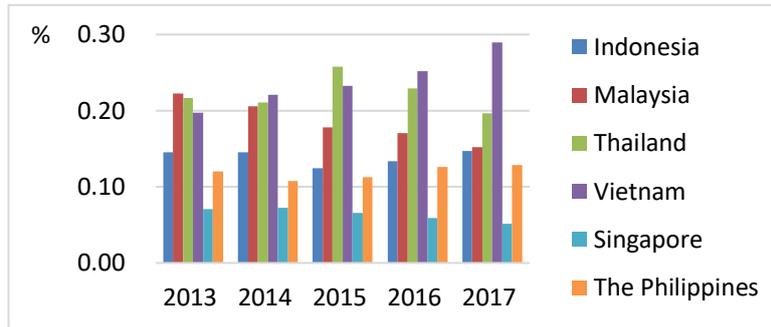


Figure 2 China's agricultural export trade distribution

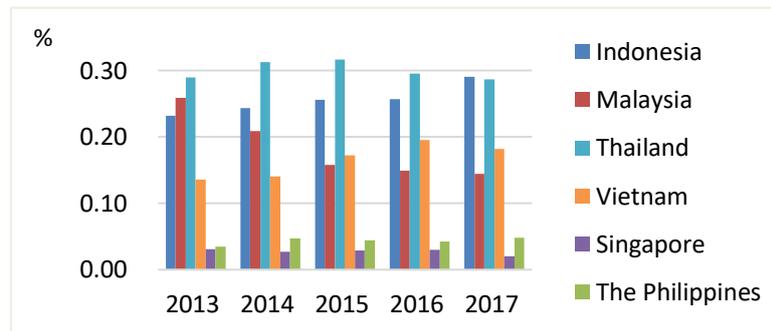


Figure 3 China's agricultural import trade distribution

3. Factors affecting China-ASEAN agricultural trade

3.1 Differences in the size of the countries

Myanmar, Cambodia, and Laos are relatively less developed in economy, and their agricultural products trade with China is always at a low level. Although Brunei is a developed country, its agricultural trade volume with China is not large because of its limited population. The major agricultural products trading countries of China are countries with rapid economic development and expanding population. This shows that both the size of the national economy and the size of the population have a greater impact on China's ASEAN agricultural exports, directly related to the size of the total trade.

3.2 Differences in resource endowments and comparative advantages

China and ASEAN have similar agricultural development conditions, but their geographical location is quite different. China mainly produces temperate agricultural products and is a major producer of fruits and vegetables in the world. The ASEAN countries are located in the tropics, produce and export tropical and subtropical agricultural products. The differences in natural endowment affects the types of agricultural products traded and the scale of trade. In addition, there are both intra-industry trade and inter-industry trade, the differences in comparative advantage of technology also affect the level of agricultural trade between two sides.

3.3 The level of trade environment liberalization

At the beginning of "The Early Harvest Program" and China-ASEAN Free Trade Area, the weakening of bilateral trade barriers brought about a rapid increase in trade volume of agricultural products. Nowadays, the growth rate of bilateral agricultural trade volume is far less than the previous one, the total amount of agricultural products imported by China has even experienced negative

growth. The construction of China-ASEAN Free Trade Area has entered a bottleneck period. The level of trade liberalization that was originally achieved cannot meet the current agricultural trade requirements.

4. Conclusions and policy recommendation

4.1 Improve the competitive advantage of agricultural products and promote deep processing

The implementation of “the Belt and Road” has led to the development of bilateral agricultural products in the direction of processed agricultural products. China's export enterprises shall base on its own advantages, extend the industrial chain of export agricultural products, and enhance the competitive advantage of agricultural products by deep processing. In addition, strengthen research on agricultural techniques, promote agricultural technology communication and cooperation between two sides, to improve the level of agricultural science and technology.

4.2 Ensure smooth trade and information exchange channels

The agricultural products of China and ASEAN are competing and complementary. In the future, we should further establish an interconnection mechanism, an online agricultural trading platform and efficient transportation channels offline. Seek complementarity in competition under the smooth information exchange and product transportation system.

4.3 Enhance the liberalization of agricultural trade and combine silk road with CAFTA

Based on the analysis of the agricultural trade pattern between China and ASEAN above, it can be found that after “the Belt and Road”, the China-ASEAN agricultural trade actually faces the problem of slowing growth of trade scale and trade volume. It coincides with the weakening period of ‘The Early Harvest Program’ effect and the bottleneck period of the free trade zone construction, it is necessary to combine the silk road with China-ASEAN Free Trade Area, make rational use of the construction funds of the Silk Road, eliminate trade barriers between the two sides, further promote the liberalization and facilitation of bilateral agricultural trade.

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