

Research on the Development of Agricultural Products Foreign Trade under the Strategy of "the belt and road initiative"

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Abstract

Multilateral trade exchanges with countries along the "the belt and road initiative" strategy have provided a broad market for the development of China's agricultural trade, and have also brought new opportunities and challenges. Starting from the current situation of agricultural products trade between China and the countries along the route, this paper analyzes the advantages, disadvantages, opportunities and challenges brought by the implementation of the "the belt and road initiative" strategy to China's agricultural products trade, and puts forward corresponding countermeasures for the possible problems in trade with the countries along the route.

Keywords

"The belt and road initiative" strategy, Trade in agricultural products, Trade friction, International trade facilitation.

1. General Situation of Agricultural Products Trade between China and Countries Along the Line

According to the data obtained from the website of the Ministry of Commerce of the People's Republic of China, in terms of total trade volume (as shown in Table 1), China's total trade volume of agricultural products is steadily rising and the scale of agricultural products trade is also continuously expanding, which also proves that agricultural products have an unshakable position in China's international trade. Moreover, according to the ranking of agricultural products export data from 2008 to 2017 according to the customs statistics, the types of agricultural products exported are relatively stable, and the top varieties of export are mainly aquatic seafood, vegetables, fruits and nuts, meat and chop suey. China's agricultural products mainly import products of great variety, the proportion of imported agricultural products ranking has also changed, the overall view is mainly imported resources products, meat and aquatic products have been in the front position, the relative changes in cotton and milk products is bigger.

Among the many countries through which the "the belt and road initiative" strategy has passed, according to the report of the Chinese Academy of Sciences, agriculture still occupies a high position in the economic systems of these countries. Countries such as Pakistan, Nepal and Afghanistan have seen its share in GDP exceed 20%. Although these countries along the line are rich in agricultural resources, the output of cultivated land per unit area is not high, which is obviously lower than that of developed countries in the EU. China's total import and export of agricultural products to the countries along the route is continuously increasing, but it is in a deficit position in agricultural products trade with the countries along the route, with the highest concentration of agricultural products trade to Southeast Asian countries. Exports to the countries along the route are mainly vegetables and fruits based on labor resources. Among the imported agricultural products, Southeast Asia, Central and Eastern Europe and South Asia countries have obvious comparative advantages in

edible vegetable oil. China imports more than 60% of edible vegetable oil from ASEAN countries, and also has a large import demand for grain, grease, natural rubber and other bulk agricultural products from the countries along the route. Overall, China and the countries along the "the belt and road initiative" are highly complementary in agricultural products trade, especially in the types of agricultural products with strong dependence. The potential export of product structure optimization is greater than import.

Table 1 Annual statistics of import and export value and trade balance of China's agricultural products from 2008 to November 2017 Unit: US\$ 100 million

Year	Import and export value	Export value	Import value	Trade balance
2008	985.5	402.2	583.3	-181.1
2009	913.8	392.1	521.7	-129.6
2010	1208	488.8	719.2	-230.4
2011	1540.3	601.3	939.1	-337.8
2012	1739.5	625	1114.1	-489.1
2013	1850	671	1179.1	-508.1
2014	1928.2	713.4	1214.8	-501.4
2015	1861	701.8	1159.2	-457.4
2016	1832.37	726.1	1106.1	-380
2017(January-November)	1818.5	677.0	1141.5	-464.5

Source: Foreign Trade Department, Ministry of Commerce, People's Republic of China

2. SWOT Analysis of China's Agricultural Products and Countries Along the Line under the "the belt and road initiative" Strategy

2.1 Advantage

(1) China has a large amount of foreign exchange reserves

From the statistics of foreign economic cooperation of the People's Bank of China and the Ministry of Commerce of the People's Republic of China, we know that as of the end of March this year, China's foreign exchange reserves stood at 314.8 billion US dollars. Sufficient foreign exchange reserves have increased the opportunity cost for China to hold it. We can increase foreign agricultural investment by rationally utilizing foreign exchange reserves. In recent years, China's agricultural investment in the countries along the "the belt and road initiative" is also commendable. In the past year alone, China's total non-financial direct investment in the countries along the "the belt and road initiative" reached 14.36 billion US dollars. Large agricultural enterprises can invest in overseas enterprises through mergers and acquisitions. The agricultural products produced by these investment enterprises can be sold both locally and domestically.

(2) Opportunities for reform on the supply side of agricultural products

China has a vast land area and a large span between the south and north latitudes, which makes the difference in natural conditions obvious in the production and planting process of agricultural products, resulting in large differences in the types and quality of agricultural products. Moreover, China is rich in labor resources, which can give agriculture a small increase in production costs while making full use of regional advantages, thus enhancing the competitive advantage of agricultural products. The traditional mode of agricultural production has resulted in irrational allocation of agricultural factors and imbalance of supply and demand. The total grain output in China has

increased year after year. However, there is still a phased imbalance of supply and demand in some agricultural products. As a result, foreign goods enter the market, domestic goods enter the warehouse, and the prices of agricultural products at home and abroad are "upside down". Competition for agricultural products in the international market is increasingly fierce, and there is a contradiction between supply and demand in China. Reform must be carried out from the agricultural supply side. Production must be guided according to changes in market demand, supply must be regulated, production of agricultural products in regions with high consumption and non-dominant areas must be reduced, and a large-scale agricultural concept must be established. The goal is not to pursue continuous growth in output but to pay more attention to improvement in quality.

(3) Funds, policies and technical support

The National Development and Reform Commission promotes exchanges and cooperation with the countries along the route at the agricultural development level from the government level. It has actively signed agricultural cooperation agreements with "the belt and road initiative" countries and set up special national financial funds for overseas investment related to agriculture. In terms of enhancing competitiveness abroad, it is advocated to establish famous and characteristic agricultural products brands at home and abroad, to enhance the brand strength in the foreign competition of agricultural products, to strengthen the support for the protection of agricultural products brands, to protect the brand of domestic agricultural products import and export enterprises, and to enhance the self-confidence of domestic agricultural products in the foreign competition. At the technical level, due to the limitation of economic development level, although the total amount of agricultural cultivated land is rich, there is also the problem of insufficient per capita due to the large population in the countries along the line. Some countries along the line even have a particularly low grain unit output due to problems in production technology, cultivation methods, etc. For example, in South Asia, Middle East and North Africa, due to the limitation of natural and technical conditions, 70% of the countries along the line still belong to the extensive production mode of traditional agriculture, which has a certain waste in the use efficiency of cultivated land resources. By making use of the rich land resources of the countries along the route and combining our financial and technological advantages, we will invest in the construction of "the belt and road initiative" countries to improve their agricultural cultivation and production technology. In particular, we will uphold the concept of green production and strengthen the construction of infrastructure. This will reduce the severity of the contradiction between a small number of people and land.

2.2 Inferiority

(1) The countries along the line are diversified in culture and complex in national conditions and folk customs

As the "the belt and road initiative" passes through a wide range of regions and a large number of countries, each country and region has great differences in language and culture, living customs, values and other aspects. The differences in these aspects will cause people in different regions to have different perceptions and preferences on the demand for agricultural products, and people will choose to buy different agricultural products depending on different needs. Basically, if our country and the countries along the line want to realize the exchange of agricultural products trade, it is to make our agricultural products adapt to the agricultural products markets of different countries. The import and export of agricultural products between different countries will face language differences, which will lead to misunderstanding of the characteristics of products. They will prefer some products due to their different living habits and religious beliefs. At the same time, they will dislike some products and have different attitudes towards foreign products due to differences in education. In short, there are too many uncertain factors in exporting countries. According to some international reports, riots will occur in Southeast Asia and South Asia due to religious conflicts. Religious culture plays an important role here. It is extremely important to really export a large number of advantageous agricultural products there and understand the religious culture, national conditions and folk customs

of the countries along the line, as religion is a belief in them because religious culture will also boycott certain products.

(2) The basis for settling foreign trade disputes is not uniform

There are great differences in economic development levels among the countries along the route. There are not only a few developed countries, but also the least developed countries and a large number of developing countries. This difference in economic development level will aggravate the difficulty of multilateral negotiations and negotiations and is not conducive to the formation of an efficient and coordinated unified mechanism. Moreover, the "the belt and road initiative" strategy proposed by our country is not a global trade organization like WTO. Its member countries abide by the same trade rules. It is not a stable and close regional trade agreement. This kind of defect makes the settlement of trade conflicts with the countries along the "the belt and road initiative" mostly based on the WTO trade rules and trade agreements. The most troublesome thing is that some of the countries along the line are not WTO members, so the rules are difficult to unify in agricultural trade, which brings inconvenience to the settlement of foreign trade disputes.

(3) Loss of demographic dividend and rising labor costs

In international trade, China has always relied on the advantage of low labor cost to make agricultural products have a strong competitive advantage in price. However, with the decline of birth rate in China, China has now entered the ranks of aging countries. The advantage of demographic dividend is no longer available and labor cost is rising. Countries along the economic belt, especially in South Asia, have a large population, and labor costs have obvious advantages compared with China. Especially at the stage when China's agricultural products export is increasing but the growth rate is declining, we must change the export mode of agricultural products, develop high-quality, high-quality and high-quality agricultural products, change the population advantage into talent advantage, vigorously cultivate compound management talents in the agricultural products industry, and enhance the competitiveness of enterprises.

2.3 Opportunity

(1) Establish a stable cooperative relationship and expand the trade market

Some of the countries along the route lag behind our country in economic development. China can transfer its sunset industries to these backward countries while investing across the border. In this way, by establishing stable and long-term cooperative relations with the countries along the route, we have not only expanded the trade market, but also found a way out for the sale of agricultural products and some unsalable products with excessive domestic production capacity. When we bring advanced technology into countries along the route, we can have sufficient time and resources to develop new industries in our country, which is not only conducive to the exchange of technology and the stability of trade between countries, but also conducive to the realization of industrial transformation in our country.

(2) Take advantage of the natural resources of countries along the route to realize trade complementarity

The difference in geographical position between China and the countries along the route makes the countries have strong complementarity in agricultural products. By taking advantage of the difference in climate conditions, we can export products with comparative advantages, cultivate cotton, corn, rice, etc. in large quantities, and import products with comparative disadvantages, such as edible oil, grapes, etc. Both sides produce large quantities of products with their respective comparative advantages, thus maximizing the benefits between countries and achieving win-win results.

(3) Have common strategic needs with countries along the route

On the one hand, agriculture accounts for a high proportion in the economic development system of "the belt and road initiative" countries. On the other hand, there is a problem of low land utilization rate in the countries along the line. Apart from China's land yield level comparable to that of European and American countries, the five countries in Central Asia, West Asia, South Asia and other countries

have a problem of low output per unit area. Furthermore, the fragile ecological environment in most areas of the countries along the "the belt and road initiative" route, coupled with the fact that the economic development of these countries is in the middle and high-speed stage of development, and the economic growth has done great harm to the environment, are facing the contradiction between economic development and environmental governance. Although they are aware of the importance of environmental governance, they cannot give up their desire for economic growth. Therefore, they have common strategic needs with us in developing green agriculture.

2.4 Threats

(1) Regional conflicts and political instability along the route

The political situation in some countries along the route is unstable, and government armed forces and terrorist organizations often take part in insurgencies. Especially under the background of mixed political and economic interests of large countries, trade competition is fierce, countries with weak economic strength are vulnerable to contagion, and trade policies among countries are changeable, which increases the policy risks of agricultural products export. Take Southeast Asia as an example. Southeast Asia is a region where multiculturalism and religion coexist. Domestic political situation is prone to turmoil. Outside, Japan, the United States and China are regrouping their forces in Southeast Asia. In the event of disputes over trade interests between major countries, these small countries will be affected more or less. Therefore, according to this view, there is uncertainty in trade stability with neighboring countries.

(2) The ecological environment is harsh and there are food safety and hygiene problems

The proposal of the "the belt and road initiative" strategy has narrowed the distance between China and the countries along the route and reduced the obstacles to trade in agricultural products between bilateral or multilateral countries, but it has also brought about the danger of cross-border spread of animal and plant diseases. According to relevant data, in ASEAN countries with a long history of contacts with China, many major infectious diseases have been prevalent for many years. Animal and plant epidemics in these areas are extremely complex, and some of them still have opaque epidemic reporting. In agricultural products trade, the standards of inspection and quarantine system for agricultural products vary from country to country. As individuals pursue economic interests excessively, they enter China's agricultural products market without passing the inspection and quarantine certificate in the process of agricultural products trade. In addition, some transportation facilities in inland areas are not perfect, causing inconvenience to the safety supervision of agricultural products in transit epidemic areas. These are all problems that we may face in the foreign trade of agricultural products, which all need us to strictly guard against.

3. The Restrictive Factors of China's Agricultural Products Exporting to Countries Along "the belt and road initiative"

3.1 The efficiency of trade clearance for countries along the "the belt and road initiative" route is low

Nowadays, in an era of rapid development of the Internet, international trade is more convenient due to the rapid development of information and logistics, and time and efficiency are more influential factors than foreign trade. However, in the process of trade with countries along the route, we find that the low level of economic development and slow speed of information dissemination lead to the untimely transmission of trade information between trade parties, especially the low efficiency in customs clearance. There are many reasons for the low efficiency, not only the imperfect construction of information platform, but also the low administrative efficiency of the whole government management and the complicated customs declaration procedures. These complicated procedures cause the transaction time cost to rise and affect the trade development speed with the countries along the line.

3.2 Trade barriers faced by agricultural exports take various forms

In the export trade of agricultural products, they are faced with more "green barriers" in the form of non-tariff barriers that take the requirements of technical standards as a cover. They mainly set the entry threshold by strictly requiring the production and processing standards of agricultural products. In recent years, with the development of import and export trade, China's agricultural products exports from common animal-derived products to vegetable, fruit and other plant products and processed products have been hit by "green barriers" in the exporting countries. In addition, due to the intensified trade competition between countries, some countries have used government policies to strictly control market entry criteria, import high tariffs, export tax rebates and other trade protection measures.

3.3 Some countries have frequent regime changes and unstable political situations

Our country trades agricultural products with the countries along the route, and the political risks of the local countries have also aroused our great attention. From the information published on China's diplomatic website "State and Organization", we know that the leaders of the countries along the route, such as Thailand, Pakistan, Egypt and other countries, have changed many times in the past ten years. The change of leaders will bring changes to the political economy and other aspects of the country, which means that the political power in the countries along the route is unstable. Moreover, domestic religious problems are prominent, terrorist activities are frequent, such as Ukraine, Syria, Iran, Iraq and other countries along the line, and local wars continue. These are not conducive to trade in agricultural products between the two sides and are unfavorable factors for Chinese agricultural enterprises to conduct foreign trade.

3.4 Financial restrictions on the import and export of agricultural products

China's agricultural products enterprises conduct trade with countries along the route. Due to the imperfect financial mechanism, there are financial chaos in China, such as difficult financing, expensive financing and high cost of financial intermediary. In foreign trade settlement, US dollar increases interest rate and RMB devalues. Due to the influence of exchange rate fluctuation, the exchange rate risk of using RMB to exchange third-party currencies is high, which brings about an increase in currency conversion cost for settlement in cross-border electronic commerce. Foreign trade enterprises in agricultural products use less foreign exchange funds, and overseas payment agencies and Forfeiting trade financing tools are not widely used. Although the status of RMB in foreign trade settlement has increased since RMB joined SDR, most countries along the line have not opened up RMB business, which makes it inconvenient to exchange RMB. Promoting the international circulation of RMB is still an important part in the process of foreign trade. The importance of promoting the internationalization of RMB cannot be underestimated.

3.5 Infrastructure construction in the countries along the line is not perfect

The international trade of agricultural products needs logistics to ensure that the transportation network affects the trans-shipment capacity of international trade, while the port is the hub of land and sea transportation. The development of international trade mainly depends on convenient transportation, which will lead to high logistics costs and affect the efficiency of foreign trade. The economic development of the countries along the "the belt and road initiative" is uneven. Some backward countries and regions are restricted by government finance. The insufficient investment in infrastructure construction, such as transportation and ports, leads to the imperfect construction of their own transportation infrastructure and the lack of overall consideration of key transportation hubs. Although since the "the belt and road initiative" strategy was put forward, our country has been actively helping the infrastructure construction of the countries along the route, which can relieve some of the pressure of the funding gap, the development is not achieved overnight, the infrastructure is not perfect, the transportation facilities are not perfect, and the trade port facilities are not complete and so on.

4. Ways to Promote Agricultural Products Trade between China and Countries Along the Line under the Strategy of "the belt and road initiative"

4.1 Strengthen the construction of integrated network information platform and promote trade facilitation

Infrastructure construction capacity is the material guarantee for improving trade facilitation liberalization. Compared with the trade facilitation level of the countries along the line and that of developed countries, there is still a big gap. China still needs to improve the trade facilitation level in developing trade with the countries along the western economic belt. Since the "the belt and road initiative" strategy was put forward, China has actively invested in infrastructure construction in China, Kazakhstan, China and Pakistan, and other countries along the line. While transferring China's excess production capacity, China is also helping them to make up the construction gap. In addition, in the information age, cross-border e-commerce is an important part of international trade, which relies on a sound e-port platform for information exchange and sharing. At present, the General Administration of Customs has issued a new pilot policy to further improve the operating environment of export ports, reduce the examination and approval of import and export documents, optimize customs clearance procedures and improve the level of cross-border trade facilitation.

4.2 Formulate policies to cope with the trade frictions in agricultural exports that keep pace with the times

Trade frictions often exist in international trade. Both the government and foreign trade enterprises should attach great importance to trade frictions and find appropriate solutions to minimize losses. With the advancement of the strategic process, trade between countries will become more frequent. Foreign trade enterprises in agricultural products will encounter different degrees of difficulties when they "go out" because they do not understand the industry rules and cultural customs of different countries or regions, and even the policy barriers set by the state to protect local enterprises. This requires domestic enterprises to know as much as possible about the market access mechanism of exporting countries, abide by the local market order when going out, use high and new technologies to improve the quality of agricultural products and improve the competitiveness of products in an all-round way. At the same time, domestic enterprises should establish a sense of hardship, nip in the bud, learn international trade rules, establish a risk assessment mechanism, and set up professional teams to prevent trade frictions.

4.3 Close ties with neighboring countries, strengthen policy communication among governments, and establish regional trade agreements

Deepen political, economic and cultural exchanges and cooperation among governments. On the basis of establishing free trade zones, various forms of agricultural cooperation and talks will be held with the countries along the line. For example, Guangxi Council for the Promotion of International Trade will be held in Guangxi Province, which is connected with ASEAN. Municipal departments will increase the holding of international summit forums similar to promote exchanges and cooperation between countries. Work exchanges at the government level will be strengthened to promote understanding between trade parties at the policy level, establish stable cooperative relations, actively communicate policy changes in foreign agricultural trade between the two parties, and establish and improve bilateral and multilateral trade cooperation mechanisms with the countries along the line.

4.4 Deepen cooperation in economic and financial fields and realize financing

China and the countries along the "the belt and road initiative" route should strengthen the communication and connection between financial supervision and legislation. On the one hand, domestic financial institutions should relax the requirements for enterprise loans. Policy banks should encourage financial institutions to provide credit support to small and medium-sized agricultural export enterprises while increasing agricultural investment, and increase domestic financial support. On the other hand, with regard to the settlement of funds for international commercial transactions,

the government should strengthen mutual assistance and mutual benefit with the countries along the line in the financial field, promote the internationalization of RMB, ensure the realization of the "five links" requirement in the development of trade in the economic belt, improve the speed of currency circulation, broaden the cooperation between countries in the fields of financial asset management, loans and international settlement, and truly realize the freedom and convenience of trade in terms of funds.

4.5 Strengthen infrastructure construction, broaden trade patterns and ensure smooth trade

China and the countries along the route form a four-in-one transportation network. Infrastructure construction is the basis for promoting the development of international trade, while transportation facilities affect the flow of trade elements and the speed of trade. We will improve the mode of international transportation between China and the countries along the route, reduce traffic obstacles, promote the construction of infrastructure such as transportation, ports and ports between China and the countries along the route from the overall perspective, and make use of the existing cooperation mechanism to improve the facilitation level of agricultural products in international trade.

4.6 According to the principle of comparative advantage, export advantageous agricultural products

Agricultural products trade between China and the countries along the route should be based on the market demand of different regions, produce agricultural products meeting the international high-quality requirements, utilize the complementarity of industries and resources to carry out mutually beneficial and win-win cooperation among countries, and implement the import and export of characteristic and advantageous agricultural products. In China's trade with Southeast Asian countries, except Singapore, products and industries with competitive advantages in other countries are still concentrated in low-end fields such as agricultural products and mineral products. Southeast Asian countries have advantages in fruits, rubber and rare minerals, while China has advantages in producers of vegetables, tea and aquatic products. According to the principle of comparative advantage, China's vegetable exports have advantages in Southeast Asia and Northeast Asia and can be exported to Central Europe and South Asia in the future. Imported palm oil is mainly imported from South Asia and Southeast Asia. It can be extended to Thailand in the future to maximize benefits by taking advantage of the comparative advantages of various regions.

5. Summary

Countries along the "the belt and road initiative" route have huge markets, which can provide an opportunity for China's sustainable economic development to some extent. The main way to achieve this goal in agricultural trade is to improve China's agricultural export structure and enhance the complementarity of agricultural exports. In the process of exporting agricultural products, we should enhance brand awareness and create well-known international brands in China. Deep processing of agricultural products in accordance with international standards, to extend the industrial chain, so as to enhance the competitiveness of agricultural exports; At the same time, small and medium-sized agricultural products trading companies are encouraged to go out. The government can give some preferential policies to small and medium-sized enterprises with insufficient funds, relax the financial restrictions of financing institutions on small and medium-sized enterprises, and encourage technological innovation of small and medium-sized enterprises. The state has made clear specific regional guidance policies for small and medium-sized enterprises participating in the "the belt and road initiative" strategy, exported superior products, entered the high-end markets of "the belt and road initiative" countries, and sought high profit growth points. Finally, the development of international trade in agricultural products should be linked with the development of rural economy. After all, agriculture is the foundation of the country. The economic benefits brought by agricultural products directly affect the quality of life of farmers and their enthusiasm for planting. Farmers receive economic benefits to ensure the follow-up support for the development of domestic

agriculture and to train high-quality professionals to invest in agricultural development. Only in this way can the long-term stable and sustainable development of national agriculture be guaranteed.

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