

China exports more agricultural products than it imports

USDA recently released a report which sheds additional light on China's agricultural trade since its accession to the World Trade Organization. The report's title, "China's Exports Outpaced Imports During WTO Year One," reflects changes in China's agricultural trade between 2001 and 2002. And the story goes beyond the huge increase in corn exports that we talked about several weeks ago. Readers who want to review the whole report can find it on the internet at: <http://www.ers.usda.gov/publications/fau/aug03/fau7902/>.

Between 2001 and 2002, China's worldwide agricultural imports increased by \$369 million from \$10.383 billion to \$10.752 billion. But import increase is small when compared to the \$1.524 billion increase in worldwide agricultural exports from \$11.487 billion in 2001 to \$13.011 billion in 2002.

The increase in corn exports led the way with a \$542 million increase, followed by vegetables, fruit, and nuts with a \$498 million increase in exports. Much of this was exported to other Asian countries. Consumer-oriented products like vegetables, fruits, and nuts are "well suited to China's land-scarce, labor-abundant economy." In fact, consumer-oriented products make up the largest component of China's agricultural exports accounting for 60% of all its agricultural exports, earning \$6.7 billion.

While China is a net importer of soybeans, it re-exported some of those beans as a value added product, tripling its export of soybean meal from \$61.8 million to \$193 million between 2001 and 2002.

The largest increase in agricultural imports was in palm oil and soybean oil. Needless to say the U.S. did not benefit from palm oil and captured only 2% of the in-

crease in soybean oil. U.S. cotton farmers saw China increase its imports of their commodity by \$95 million, while soybean farmers saw a slight decline, \$17 million, in soybean sales to China.

Overall, China imports more from the U.S. than the U.S. imports from China but the gap is closing. In 2001, China imported \$1.938 billion in agricultural products compared to \$2.07 billion in 2002, a one year increase of \$128 million. On the export side, in 2002 China increased its exports to the U.S. by \$185 million over the previous year sending \$1.001 billion in agricultural products to U.S. consumers. The biggest increases came from meat preparations, preserved food, vegetables, fruits, and nuts.

China's exports of poultry meat and offal took a hit due to concerns about disease and antibiotic residues on the part of importers. One of the challenges that China faces is in the area of sanitary and phytosanitary concerns as well as chemical residues on its consumer-oriented products. With the help of multinational corporations who are increasing their presence in China, these concerns may be taken care of in the not too distant future.

One year does not a trend make, but China's first year in WTO seems to indicate that it joined the trade group with visions of export markets dancing in its head.

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