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# Research on Agricultural Subsidy Policy Adjustment under the Guidance of Green Development

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**Abstract** Although China's agricultural subsidies have played a certain positive role, they also have some negative effects. This paper analyzes the relationship between agricultural green development and agricultural subsidies, points out the incompatibility between agricultural subsidies and agricultural green development at this stage. Finally, aimed at adjusting agricultural subsidy policy to promote agricultural green development, the article puts forward the corresponding measures and recommendations.

**Key words** Green development, Agricultural subsidies, Adjustment

## 1 Introduction

In 2016, China proposed the reform of "three subsidies" for agriculture nationwide, and adjusted the target of agricultural subsidy policy to support the protection of cultivated land and the moderate scale operation of grain. The implementation of a series of agricultural subsidies has played an indelible role in realizing food growth for our country, increasing farmers' income and promoting rural economic development, but it still needs to adjust. According to the current real situation of agricultural development, with the rapid development of agriculture, over-exploitation of cultivated land resources, declining soil fertility, excessive use of fertilizers and pesticides, and the increasing contradiction between agricultural sustainable development and agro-ecological environment, the development of agriculture is facing enormous pressure of resource and environment. Under the current situation, the development of agriculture in our country must take the path of ecological green sustainable development. The adjustment of agricultural subsidy policy must also follow the pace and change to the direction that is conducive to ecological and green development.

## 2 The relationship between green development and agricultural subsidies

**2.1 Agricultural subsidies based on green development can increase the efficiency of subsidies and promote a virtuous circle of subsidies** The agricultural subsidy policy should be continuously adjusted with the change of the agricultural development environment. At present, the objective form of agricultural development in China is constantly changing, mainly in the following two aspects. First, the supply of agricultural products is difficult to meet the effective demand of agricultural products, and the supply of agricultural products is out of balance. Second, the resource and envi-

ronment pressure of agricultural development is increasing. Under the new situation, the policy effect of the "three subsidies" policy on agriculture in our country is gradually declining, it is urgent to make corresponding changes in accordance with the objective reality of agricultural development at the present stage of China. Adjusting the policy of "three subsidies" in agriculture and shifting agricultural subsidy policy in favor of green development of agriculture can effectively relieve the current predicament of agricultural development in our country and improve the efficiency of agricultural subsidies, making the agricultural subsidies more timely and accurate and promoting a virtuous circle of agricultural subsidies.

### 2.2 Environment-friendly agricultural subsidy policy is a firm support and an effective way to promote green industry

The implementation of the concept of green development of agriculture is inseparable from the formulation of relevant policies by the state. Agricultural subsidy policy is the country's main starting point for the guidance of agriculture. The concept of agricultural green development needs the corresponding agricultural subsidy policy to promote it. The green development of agricultural subsidy policy can effectively implement the concept of agricultural green development. In 2016, China adjusted the "three subsidies" policy of agriculture, adjusting agricultural policy target of "three subsidies" to support the protection of arable land and moderate scale operation of food. It grasps the key "short board" for agriculture to achieve green development. It is taking practical actions to support the protection of cultivated land for farmers to stimulate the driving force of farmland protection of cultivated land, to stimulate the protection of farmers' cultivated land and promote the combination of cultivated land "use and support", to ease the pressure of shortage of agricultural resources and agricultural non-point source pollution. Without the support of the state subsidy policy, spontaneous protection of arable land is hard to come by for farmers.

**2.3 Environment-friendly agricultural subsidy policy can vigorously promote the structural reform of agricultural supply side** The structural reform of the agricultural supply side is

an important measure to promote the new development with the new concept of development. The concept of green development is an important part of the new concept<sup>[1]</sup>, to promote the structural reform of agricultural supply side with the concept of green development, the key is to speed up the transformation of agricultural production and promote the green transformation of agricultural production. It is difficult to promote the transformation of agricultural production mode by relying solely on the strength of the agricultural operators themselves. It needs the support of agricultural subsidies. In addition, in order to promote the agricultural supply side structural reform with the concept of green development, it is necessary to focus on the current problems of agricultural environmental pollution. The existing problems of agricultural eco-environment in China are largely due to the agricultural subsidy policy's overemphasis on economic benefits and neglect of ecological benefits in the past.

Therefore, it is necessary to adjust the agricultural subsidy policy. First, agricultural subsidies should be gradually changed from the pursuit of economic benefits to the pursuit of ecological benefits. The second measure is to invest the necessary manpower, material and financial resources to solve the agricultural environment problem.

### **3 The problems in agricultural subsidies are not conducive to agricultural green development**

**3.1 Insufficient investment in agricultural green ecological subsidy** In recent years, China's agricultural green ecological subsidies have gradually increased, and actively controlled agricultural non-point source pollution. But on the whole, the total amount of agricultural green ecological subsidies in China is still insufficient, it is difficult to meet the needs of funds for agricultural green development and cannot be compared with the developed countries in the world. The weakness of agriculture determines that the total input of agriculture plays a crucial role in the development of agriculture. In particular, the negative externality of agriculture needs to be corrected by strong agricultural subsidies combined with environmental protection and increasing the country's financial expenditure on supporting agriculture is indispensable for the sustainable development of agriculture.

**3.2 Agricultural subsidies are mostly "amber box" subsidies while "green box" subsidies are insufficient** In China, the "green box" subsidy is still low at the overall utilization level, mainly the "amber box" subsidy, and the "amber box" subsidy accounts for about 70% of the total amount of agricultural subsidies in our country, which always makes our agricultural products face an unfavorable situation in the international trade of agricultural products. Among the 12 categories of "green box" agricultural subsidies stipulated by the WTO that can be used, China has adopted six of them, and has not adopted six unjust agricultural subsidy policies<sup>[2]</sup>. At this stage, some of the developed countries have used agricultural subsidy policy that is stipulated by WTO, and our country uses few or none of these agricultural sub-

sidy policies. In addition, in the process of gradually reducing the "amber box" subsidy policy or gradually replacing the "amber box" subsidy policy with the "green box" subsidy policy in the developed countries of the world, our country is still trying to change the subsidy mainly based on the "amber box" policy<sup>[3]</sup>.

**3.3 Lack of effective supervision on policy implementation affecting the effectiveness of policy implementation** Due to the lack of effective government supervision, the expected effectiveness of policy implementation is hard to achieve. If the subsidies are provided by the policy, the farmers who want to enjoy subsidies should not abandon cultivated land, their arable land productivity will not be reduced. And this subsidy policy can effectively protect the fertility of cultivated land. However, in the process of policy implementation, the situation of falsification is common and the farmers who abandon arable land are still able to enjoy subsidies due to the lack of effective supervision. When it comes to reduction of the land fertility, our country has not formulated certain standards, and the government has not actually checked the land capacity of cultivated land when subsidies are issued. In addition, due to the lack of effective supervision, we can easily see that the area of subsidized cultivated land is not consistent with the subsidy area reported, which affects the policy subsidy.

### **4 Recommendations for adjusting the agricultural subsidy policy in order to promote the green development of agriculture**

**4.1 Increasing agricultural subsidies, establishing and perfecting the guarantee system of agricultural credit** The agricultural subsidies have a direct impact on the effectiveness of agricultural subsidies. The state's support for agriculture can be reflected in the following two aspects. The first is subsidized support, the state should continue to increase agricultural subsidies and maintain the stability of agricultural subsidies. On this basis, efforts should be intensified to optimize the expenditure structure and improve the orientation of the subsidy funds. The incremental funding should be on favoring resource conservation and environmentally friendly aspects. Second, it is necessary to increase financial and credit support, strengthen government support and guidance, promote financial resources to the countryside, strengthen the reform, and constantly meet the rural financial development needs. In view of the characteristics of rural financial demand, the construction and improvement of agricultural credit guarantee system is constantly improved, such as the formation of standardized micro-finance, the introduction of Internet finance, the development of rural banks, *etc.* for agriculture, especially large-scale green agriculture to provide strong credit support.

**4.2 Tilting the agricultural subsidy policy to the "green box"** The agricultural subsidy policy should gradually transform the "amber box" subsidy policy to a "green box" subsidy policy, reduce the direct intervention of agricultural subsidies in the agricultural product market, and respect the fundamental role of the

In the process of implementing the agricultural subsidy policy, we should strengthen government supervision. First, we must strengthen organizational leadership. According to the local demands for subsidies based on green development, there is a need to develop a practical subsidy program, refine the tasks of all departments, clarify the corresponding responsibilities, strengthen coordination and push forward solidly. The second is to strengthen supervision and improve the legal transparency of subsidies. The

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