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CHINA'S RURAL DEVELOPMENT MIRACLE

WITH INTERNATIONAL COMPARISONS

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Abstract
INTERNATIONAL TRADE OF
AGRICULTURAL PRODUCTS

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Post-war years witnessed a rapid growth in world trade of agricultural commodities. During 1960-79, the trade volume increased by 3.5% annually on the average. In 1980, the export trade value reached \$US303.2 billion. Over 180 countries and regions in the world are involved in farm commodity trade, contributing to the invigoration of the world economy. The development of agricultural trade helps to meet the basic need for human survival and at the same time to promote and adjust food and agricultural production. Thus, agricultural trade has become a major factor in the development strategy of world agriculture.

Affected by global economic recession, international trade of farm commodities has suffered setbacks since the early 1980s. Market demand has declined and there have been more and more obstacles created to prevent farm commodities from entering world markets. Prices for agricultural products have dropped. As of 1987, prices for food grains have gone down by 30% while those for agricultural raw materials have dropped by 25%. Large quantities of farm products are stockpiled and the terms of trade for farm commodities are deteriorating. The recession in agricultural trade has brought difficulties for the economies of both developed and developing countries. The latter have been affected more severely with their export trade value dropping to 30% of the world total in 1985.

'Protectionism' is the direct cause of the recession. To safeguard their interests in trade, developed countries, with protection of their domestic agriculture as an excuse, have raised import duty rates and built up tariff barriers while adopting various kinds of non-tariff measures to prevent foreign farm commodities from entering their markets. In addition, they have adopted measures which increase subsidies to their own farmers. The surpluses these policies create are dumped on the world market depressing prices and aggravating the competitive position of developing countries which are forced into an increasingly unfavourable position.

There has been an outcry from parts of the international community demanding a reduction in subsidies and the removal of tariff and non-tariff barriers. To remedy the situation, it will be necessary to adopt different country-specific

measures but with the overall aims of adjusting the existing irrational structure of farm commodity trade and helping developing countries to expand their trade. Developed countries which have a favourable position in agricultural trade, should take the initiative and adopt the necessary measures to reduce and even abolish 'protectionism' in trade and put an end to increasing subsidies. Developing countries, especially countries with a burgeoning agriculture, need to be assisted. It is undesirable to adopt unified measures and it is appropriate to differentiate farm commodity trade with different characteristics.

The fundamental way out is to combine trade with development and seek rational adjustment of trade and common progress in trade. Developed countries should adopt wise policies to assist developing countries to overcome difficulties, develop their economy and open up more market channels so as to achieve new and protracted growth in farm commodity trade.

