

Sarah Johnson
Central Academy High School
Des Moines, IA
China, Factor 17

China: Changing International Trade Policies to Ensure Continued Economic Success

There are many reasons to praise China for its exponential economic growth in the past fifteen years. It is not difficult to see examples of this unprecedented growth: the country saw a steady growth rate of about 9.3 percent between 2008 and 2010, the seventh largest growth rate in the world (World Bank 1). China's newest "Olympic generation" has seen many great things come from this new position of global economic dominance, but it does not come without its problems. In January of 2012, China experienced something it never had before seen in recorded history: a majority of its population is living in an urban area. China's National Bureau of Statistics shows that 51.67% of the country is now living in an urban area. While this means the amount of people living in the poor, desolate, and rural China has decreased, increased urbanization, especially at such rates could prove to be damaging for China in the long run. The urban poor are growing in numbers and food is becoming more expensive than ever. One way Chinese food supply is influenced is by international trade policies. If China is to pursue a course of action to assure food security for its people by 2015, the government could use international trade policies to open up more avenues for free trade and decrease food exports to increase domestic consumption that will eventually lead to economic prosperity.

The rapid rise of China has allowed them to achieve a Millennium Development Goal by the year 2002. The goal was to decrease child malnourishment and stunting by half. China was able to complete this goal in only ten years, from 1992-2002 (Svedberg 93). While the problem of hunger amongst the Chinese youth is seeing significant improvement, many urban poor families still spend a great deal of their annual incomes on food. (Achieving Urban Food 2). Even though food is not scarce, there are many health issues that plague the urban poor of China. Chinese urban poor experience a great deal of air pollution from coal operated factories, and this takes a significant toll on the state of their health. Health care, however, is not an outlet to use for seeking medical financial aid in China because of its low quality. Health care is available to 95% of the population, but its low quality prevents people from using it and instead saving up for their future. This causes decreased spending, which leads to decreased consumption (Great Progress 1). Recognizing the importance for increased spending the Chinese government is working to improve this. Some reports estimate that China will be spending \$1 Trillion on health care by 2020. Regardless of the predictions calling for China's impending economic slowdown, former premier, Wen Jiabao, has encouraged China's recently installed premier, Xi Jinping, to not decrease the amount of spending on healthcare, as they see government spending as the most effective way to improve the national health care system.

The family structure of China has been drastically altered since the passing of the One Child Policy in 1979. Since then a significant gender gap has developed in China's demographics. Cultural traditions that favor the male gender over the female has caused an increase in the number of men compared to women. While it is not as common amongst the urban families, China has recently seen an increase in the amount of gender selective abortions (New Data Reveal Scale 1). The gender discrimination is present even in the education system. The 2008 Chinese Census find literacy rate for women to be 88.5% while the literacy rate for men is 96%. (CIA World 1). However, most of the literacy discrepancies occur in the rural areas of China, but the education of the urban areas is highly competitive. Many of China's brightest students leave China to attend university in the United States, only to never return, thus indirectly hurting the Chinese economy (Luring Back 1).

The usual urban poor family spends a majority of their earnings on food because of rising prices, despite China's slowly appreciating currency, the yuan renmibi (RMB). China has been able to increase the income level of people of all economic backgrounds, but there are still many people in the cities who only make as much as rural farmworkers, roughly \$3,000 per year (Asset Poverty in Urban China 2). Many urban families are unemployed (46.1%). The second-most common economic situation for the urban poor is small business owner at 11.2% of people employed in this field (Poverty Among Children 16).

Agricultural productivity in China is moving at a sluggish pace; in part because of a lack of equipment and arable land. A large portion of Chinese farming soil near the cities and factories has been depleted due to the high amounts of pollution coming from them (Rapid Urbanization 2). China does not have the fertile soils of the United States, thus making it difficult to have higher yields of crops from what is planted. The overall unemployment rate as of 2008 stood at only 4.6% (CIA World). However, unemployment rates are higher in the cities because the cities are overflowing with a labor force. The amount of jobs, both unskilled and skilled, do not match the amount of growth of the labor force. The root of the problem comes from the fact that many people from the countryside move to the city in search for more job opportunities. This, in turn, has also created a major housing bubble in China because of a greater demand than supply. Since people are forced to spend so much more on their homes, there will be not as much money available for food.

Since China is one of the world's fastest growing economies, most of its issues pertaining to food security lie in the ways its economy operates. Agricultural productivity within China would be able to increase significantly if the government reanalyzed the ways it operated trade on an international basis. Production of crops in China is only increasing in small increments. The country still relies on imports from countries such as the United States to sustain its needs for food, and it is still considered a net import country in terms of food (2012 Review: Imported Food 1). However, China would not have to be an import based country if they lessened the amount of food exports, but opened up new free trade agreements with other countries to account for the loss in exports from food (WTO Summary 5). Doing so would keep food in the country, increasing the domestic food supply, and it would increase domestic consumption. Increased domestic consumption has been something China has strived for since its rise to economic prominence because consumption is an effective way of growing the economy by creating stimulus and appreciating the value of their currency. Keeping the food exports low also has the benefit of keeping the cost of food down for the consumer (WTO Summary 4). When the supply of an item increases, the prices of that item go down. If China reigned in its exports of food, they would see a significant decrease in the prices of crops, allowing more people to have access to higher quality nutritious foods.

While exploring the ways international trade plays a role in food security in a report for the Food and Agriculture Organization of the United Nations, Professor Torbjørn Trondsen said of the importance of international trade in economic development and food security:

International trade. . . Improves economic development. . . Trade might improve food security
But not necessarily for all and especially low-income groups. Food security measures should be
integrated within international trade regulations to encourage both economic development and
food security. (Trondsen)

The lack of a few sustainable trading policies is a severe issue to the extent that it does not physically harm people or the environment. The factor of international trade has very little impact on a poor urban family's ability to obtain income to purchase food or access adequate nutrition. However, the international trade actions of China do impact the rest of the world - in particular, developing nation trading partners. China must be responsible with the actions it takes on the global economic stage because of its importance and the ways it is connected with so many other nations. If China is to continue to

pursue sustainable trade relationships with other countries, then it must continue to show its interest in multilateral free trading systems:

"Despite challenges and competition, all five members of the group [BRICS; Brazil, Russia, India, China, South Africa] intend to increase their voice in the multilateral trading system, which is dominated by developed economies such as the US, the EU and Japan," (Experts Call 1).

Trends following international trade policies tend to be improving, however. China is looking now more than ever to seek new free trade agreements with other prominent trading nations, and China seems to have positive sentiments towards the future of its export market (WTO Summary 5). There are many factors that must be taken into account when determining the state of the economy, particularly establishment of new free trade agreements and the export markets. Free trade agreements can be established painlessly for a country if they are able to analyze the terms of the agreement before conceding to it. However, multilateral free trade agreements must agree with every party involved, so the decision-making behind this is extraordinarily difficult. Export markets are easier to monitor because there is little human intervention. These trends can typically be determined by analyzing unit prices for goods and the supply and demand of trade partners. When the trends for China's export markets and the status of free trade agreement negotiations, the signs appear to be positive, but they do not indicate that the poorest of China will see significant improvement. The actions of a free trade agreement or a difference in the exports will make a small, almost negligible, impact on the urban poor or the rural farms.

Improving international trade policies will show a small increase for the income available of a poor urban family. This would be seen more with the decrease in food exports. It is essential to clarify that the only export reduction that would be of assistance to China would be food exports rather than any other good. Reduction of export of any other good would be detrimental to the Chinese economy. Rather, food reduction will increase domestic supply of food. When the supply of something increases, the price of that good decreases. This means that if there is a decrease in the price of goods, even if it is small, could end up saving many poor urban families a good portion of their already limited income. The effect the free trade agreements would have on any of the families would be limited. If China were to establish a free trade agreement with some of its most important economic allies, the BRICS, then together, the five countries would control over half of total global trade and GDP. Since China is widely regarded as the leader of the BRICS, they would be in the best position to control negotiations for a free trade agreement amongst the BRICS. This implies that they could assure their best interests without harming the interests of other nations involved (Experts Call 2).

Between 1992 and 2002, China was able to meet Goal 1 of the United Nation's Millennium Development Goals: to reduce the amount of people whose income is less than one dollar a day by half and to reduce the amount of people suffering from hunger by half (United Nations Development Programme). Ever since the Chinese government was able to complete this task, they were able to fully invest their resources into developing their economy even further. The first ever free trade agreement China reached with a country was New Zealand in 2008. Since this time, China has established more important free trade agreements with countries such as the United States and organizations such as ASEAN (Association of South East Asian Nations) that have helped their economy to grow and prosper. If China were to continue on this path of establishing more connections with important countries and international economic coalitions, their economy will continue on its path of economic development. With this economic development will come even further reduction of poverty than has already been brought (WTO Summary 6). During the time China has been advancing economically, they are beginning to advance socially. While there is still quite a deep gender gap, the country has made significant progress in providing equal opportunities for men and women. Allowing China to continue on the path to economic prosperity will continue to provide more opportunities to women who wish to be in the workforce or attend school (Population, Policy, and Politics 256).

China's rapid economic development and industrialization should be cautious to remain sustainable because if industrialization and production continue at current rates without sustainable alternatives, then there is a high risk of harming natural resources, such as the water supply in rural China (Liu). Therefore, when China goes into negotiation for future free trade agreements or boosts production of another good, they must keep in mind that sustainability is key, otherwise they risk the food security that they are working to gain (Liu). Unfortunately, while China is improving on some areas such as food security and managing water, there is still much that can be done to improve other major pollution problems. Some of the most prominent issues with pollution pertain to the air pollution from coal operated factories, the waste from factories that is dumped into streams and rivers, and the loss of natural habitats from urbanization. In order to have healthy and successful economic growth, a country must consider its natural resources and attempt to sustain them. If they are not sustained, then the government risks harming their own people by soiling their environment that should stay free from such pollution for health reasons. China's environmental future, and how it affects their people and the world, depends heavily on how they choose to develop.

If China is to be successfully led into the future secure in food and economics, they must pursue a course of international trade policy that consists of limiting the food export, but increasing exports of other goods, and pursuing new free trade agreements with individual nations and international coalitions. China can start to achieve this goal by pursuing the Millennium Development goals they have not yet completed- in particular, Goal 1B (achieve full and productive employment and decent work for all, including women and young people), Goal 7A (integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources), and although this goal is on-going Goal 8 (develop a global partnership for development) (United Nations Development Programme). In addition to completing these goals, China must pursue a free trade agreement with the BRICS nations to give them the greatest advantage to leading its people economic and food security. On a smaller scale, small Chinese farmers will continue to benefit from receiving farm equipment from companies such as John Deere and Pioneer Hi-Bred.

The World Bank, ASEAN, G-20, and APEC are all international coalitions that should be assisting China in its move to secure food and its economy. These organizations should be willing and ready to trade with China and to prepare their economies for the coming of a new economic giant. At the very least, they should be willing and able to assist China with mending the rest of its major domestic issues so that its domestic economy will be stable enough to pursue larger goals on the international stage. However, the most important component of instating nationwide change is by involving the people themselves. The poor urban families should be searching for work in agriculture or industry to allow them to earn more of a salary and continue to grow China's economy. The rural families should not worry too greatly about their position because food is becoming more secure in China, and water is becoming more protected. They should expect to have a greater turnout of crops because they will continue to be receiving new farm equipment from Pioneer Hi-Bred.

China has done well for themselves economically and socially, but there are still many goals that China must reach before it is considered economically and socially sound. While the Chinese are advancing on the global economic stage in unprecedented amounts, they would be able to deter their inevitable slowdown if they were to implement new international trade policies: reduce food exports to increase domestic consumption and pass new free trade agreements. However, as China grows, they must take great care and caution to sustain their environment while tending to their out of balance population pyramids. If China increases its international cooperation, they will be able to see food security becoming more and more stable and accessible for China's poorest. Their ties with companies such as John Deere and Pioneer and international coalitions such as the United Nations, World Bank, BRICS, and ASEAN will allow for the increased mechanization of agriculture in China, which will allow for higher yields of crops. Many political and economic forecasts predict that the Chinese Olympic Generation will be able to

rise to the occasion and usher in a new stage of sustainable economic, social, and food development. However, this development cannot take place at the expense of the environment and the well-being of the Chinese people.

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