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“Resilience of agricultural systems against crises”

## Comparative Advantage and Competitiveness of China's Agricultural Products in the EU Market

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### Abstract

China established trade relations with European Union (EU) in 1975. The bilateral trade between China and EU has increased dramatically especially since 2002. In the China-EU agricultural trade relations, China has played an increasingly more important role and China's total agricultural exports to EU and imports from EU increased significantly in the recent years. EU has become one of the largest and most important markets of China's agricultural trade. China imported 6.8% of the total agricultural products from EU in 2010, which was China's fourth largest import market. EU has become the second largest export partner of China since 2005. The market share of China's agricultural products in EU market increased gradually especially the labor-intensive products such as animal products and horticultural products. Whether this trade relationship remains viable for both partners in terms of competitiveness remains an empirical issue in the background of world food price crisis. As well the implications of these trade relationships to resource use particularly labour and land in agricultural production in China. In order to measure the comparative advantage and competitiveness of China's agricultural products in EU market, the comparative advantage indexes, that is, revealed comparative advantage (RCA), trade competitive index (TC) and revealed competitive advantage index (CA), of China's agricultural products in EU are estimated in this paper. Results show that China's agricultural products have lost their comparative advantage in EU market compared to other sectors and other partners. Although the competitiveness of China's agricultural products in EU has become less significant, the productivity of agricultural products in China is slightly higher than the world level especially for the labor-intensive compared to the land intensive products. Hence, China could export less land intensive but export more labour intensive products such as horticultural products and animal products to EU. China should import more land-intensive products such as cereals and vegetable oilseeds from EU.

**Keywords:** Agricultural trade, China, comparative advantage, competitiveness, EU