
**Working Party on the
Accession of China**

Original: English/
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inglés

COMMUNICATION FROM CHINA

Revision

In preparation for the Working Party meetings on 16-20 July 2001, the Chinese delegation has submitted the following revised document on Domestic Support.¹

**Groupe de travail de
l'accession de la Chine**

COMMUNICATION DE LA CHINE

Révision

En vue des réunions du Groupe de travail qui auront lieu du 16 au 20 juillet 2001, la délégation chinoise a communiqué le document révisé ci-après concernant le soutien interne.¹

**Grupo de Trabajo sobre la
Adhesión de China**

COMUNICACIÓN DE CHINA

Revisión

Para preparar la reunión del Grupo de Trabajo que se celebrará del 16 al 20 de julio de 2001, la delegación china ha presentado la siguiente versión revisada del documento relativo a la ayuda interna.¹

¹ In English only./En anglais seulement./En inglés solamente.

DOMESTIC SUPPORT: People's Republic of China
REPORTING PERIOD: 1996-1998

Measures exempt from the reduction commitment – "Green Box"

Measure type	Name and description of measure with reference to criteria in Annex 2	Calendar year	Outlay monetary value of measure in year in question (million RMB yuan)	Data sources ¹
1	2	3	4	5
a) General services				
i) Research	Budget allocations for research programs and research activities at CAS, CAAS, PAAS, sub-national agricultural institutes, ² including expenditures on development of agricultural varieties and experiments, and the three expenditures on agro-science and technology. ³ Exempt under Annex 2, para 2. (a)	1996	3551	Outlay Documents of MOF
		1997	4078	
		1998	4545	
		average	4058	
	Operating expenditures to the prevention and control agencies of plant and animal pest and disease of MOA, SAF and sub-national governments. ⁴ Exempt under Annex 2, para 2. (b)	1996	1957	Outlay Documents of MOF
		1997	2145	
		1998	2294	
		average	2132	
	Expenditures to agricultural training institutions ⁵ of MOA, sub-national governments, to establish general and special training facilities and conduct training to farmers, administrative staffs and technical personnel in the field of agriculture. Exempt under Annex 2, para 2. (c)	1996	194	Outlay Documents of MOF
		1997	211	
		1998	220	
		average	208	
	Operating expenditures of the agricultural extension and advisory institutions ⁶ of MOA and sub-national governments. Exempt under Annex 2, para 2. (d)	1996	5635	Outlay Documents of MOF
		1997	6111	
		1998	7008	
		average	6251	

Measure type		Name and description of measure with reference to criteria in Annex 2	Calendar year	Outlay monetary value of measure in year in question (million RMB yuan)	Data sources
1		2	3	4	5
v) Inspection services	v) Inspection services	Outlays for inspection and quarantine agencies of agricultural products ⁷ , to conduct inspection services including general inspection services and inspection of particular products for health, safety, grading or standardization purposes. Exempt under Annex 2, para 2. (e)	1996	1016	Outlay Documents of MOF
			1997	1436	
			1998	1500	
			average	1318	
	vi) Marketing and promotional services	Operating expenditures to AIC, SGOIC and AFO ⁸ . Since it is unable to partition from these expenditures relevant outlay items, they are included in “viii) Other general services” in this table. Exempt under Annex 2, para 2. (f)	1996	0	
			1997	0	
			1998	0	
			average	0	
	vii) Infrastructure services	Outlays to agricultural infrastructure services, including flood control engineering, drainage and irrigation facilities, rural roads, rural electricity reticulation, as well as environmental programs related to rural afforestation, soil and water conservation. Exempt under Annex 2, para 2. (g)	1996	40367	Outlay Documents of MOF
			1997	44907	
			1998	60483	
			average	48586	
	viii) Other general services	Operating expenditures related to buildings, facilities, salaries and expenses of agricultural administrative and service agencies, including MOA, SAF, SMB and MWR ⁹ , as well as pensions to retired employees of the above-mentioned government agencies. Exempt under Annex 2, para 2.	1996	13928	Outlay Documents of MOF
			1997	15654	
			1998	18435	
			average	16006	
b) Public stockholding for food security purposes	b) Public stockholding for food security purposes	Outlays of public stockholding of wheat, corn, rice, vegetable oils and sugar for food security purposes. ¹⁰ Exempt under Annex 2, para 3.	1996	28773	Outlay Documents of MOF
			1997	35335	
			1998	51027	
			average	38378	
c) Domestic food aid	c) Domestic food aid	Financial assistance to low-income urban and rural citizens in order to help them attain staple food. ¹¹ Exempt under Annex 2, para 4.	1996	2012	Outlay Documents of MOF
			1997	1875	
			1998	1766	
			average	1884	
d) Decoupled income support	d) Decoupled income support	No expenditures	1996	0	
			1997	0	
			1998	0	
			average	0	

Measure type	Name and description of measure with reference to criteria in Annex 2	Calendar year	Outlay monetary value of measure in year in question (million RMB yuan)	Data sources
1	2	3	4	5
e) income insurance and income safety-net programs	No expenditures	1996	0	
		1997	0	
		1998	0	
		average	0	
f) Payments for relief from natural disasters	Outlays for compensating farmers' losses of agricultural production due to natural disasters, ¹² and restoring farmland damaged by natural disasters, as well as rebuilding damaged agricultural facilities. Exempt under Annex 2, para 8.	1996	3791	Outlay Documents of MOF
		1997	4042	
		1998	5453	
		average	4429	
g) structural adjustment assistance provided through producer retirement programs	No expenditures	1996	0	
		1997	0	
		1998	0	
		average	0	
h) structural adjustment assistance provided through resource retirement programs	No expenditures	1996	0	
		1997	0	
		1998	0	
		average	0	
i) structural adjustment assistance provided through investment aids	No expenditures	1996	0	
		1997	0	
		1998	0	
		average	0	
j) Environmental programs	Outlays for agricultural environment program, including afforestation, desert control and prevention, water resources protection, water and soil conservation. The payment is provided to environmental protection agencies and administrative agencies of forestry, including SAEP, SAF and AEPs, AFs of sub-national governments. ¹³ Exempt under Annex 2, para 12	1996	4954	Outlay Documents of MOF
		1997	5460	
		1998	5620	
		average	5345	

Measure type	Name and description of measure with reference to criteria in Annex 2	Calendar year	Outlay monetary value of measure in year in question (million RMB yuan)	Data sources
1	2	3	4	5
k) Regional assistance programs	Outlays for poverty Alleviation program. ¹⁴ Exempt under Annex 2, para 13.	1996	6000	Outlay Documents of MOF
		1997	10000	
		1998	11000	
		average	9000	
Total		1996	112178	
		1997	131254	
		1998	210815	
		average	151416	

DOMESTIC SUPPORT: **People's Republic of China**
REPORTING PERIOD: **1996-1998**

Measures exempt from the reduction commitment – Special and differential treatment – "Development Programmes"

Measure Type	Name and description of measure with reference to criteria in Article 6:2 of AOA	Calendar year	Monetary value of measure in year in question (million RMB yuan)	Data sources
1	2	3	4	5
NIL				

DOMESTIC SUPPORT: **People's Republic of China**
REPORTING PERIOD: **1996-1998**

Measures exempt from the reduction commitment – Direct Payments under Production-Limiting Programs – "Exempt Direct Payment"

Measure Type	Name and description of measure with reference to criteria in Article 6:5 of AOA	Year	Monetary value of measure in year in question	Data sources
1	2	3	4	5
NIL				

DOMESTIC SUPPORT: People's Republic of China
REPORTING PERIOD: 1996-1998

Calculation of the Total Aggregate Measurement of Support

Description of basic production	Product-specific AMS (from Supporting Tables DS:5 to DS:7 below)	Product-specific Measurements of Support (from Supporting Tables DS:8 below)	Base Total AMS (Aggregate) ¹⁵	Comments
1	2	3	4	5
	million RMB yuan			
Wheat	-7946		0	<i>de minimis</i>
Japonica Rice	-9340		0	<i>de minimis</i>
Indica Rice	-3869		0	<i>de minimis</i>
Corn	935		0	<i>de minimis</i>
Cotton	-4997		0	<i>de minimis</i>
Total Non-Product-Specific AMS (from Supporting Table DS:9 below) 29402			0	<i>de minimis</i>
Base Total AMS			0	

DOMESTIC SUPPORT: People's Republic of China
REPORTING PERIOD: 1996-1998

Product-Specific Aggregate Measurement of Support: Market Price Support

Description of basic products	Calendar year	Measure type (s)	Applied administered price ¹⁶ (RMB yuan/ton)	External reference price ^{17&18} (RMB yuan/ton)	Eligible production ¹⁹ (1000 tons)	Associated fees / levies (million RMB yuan)	Total market price support (million RMB yuan)	Data sources
1	2	3	4	5	6	7	8=(4-5)*7	9
a) Wheat	1996	State Procurement Pricing	1480.0	1885.0	15000		-6075	See notes
	1997	State Procurement Pricing	1480.0	1629.6	15000		-2244	
		Protective Price System	1340.0	1629.6	31002		-8979	
	1998	State Procurement Pricing	1420.0	1579.8	15000		-2397	
		Protective Price System	1260.0	1579.8	12956		-4144	
	average							
b) Japonica Rice	1996	State Procurement Pricing	2200.0	3682.9	5250		-7785	See notes
	1997	State Procurement Pricing	2200.0	2862.1	5250		-3476	
		Protective Price System	1971.4	2862.1	6452		-5746	
	1998	State Procurement Pricing	2114.3	3326.9	5250		-6366	
		Protective Price System	1914.3	3326.9	3290		-4647	
	average							
c) Indica Rice	1996	State Procurement Pricing	2142.9	3082.1	10500		-9862	See notes
	1997	State Procurement Pricing	2142.9	2033.0	10500		1153	
		Protective Price System	1885.7	2033.0	12903		-1901	
	1998	State Procurement Pricing	1931.4	1913.9	10500		184	
		Protective Price System	1734.3	1913.9	6580		-1182	
	average							

DOMESTIC SUPPORT: People's Republic of China
REPORTING PERIOD: 1996-1998

Product-Specific Aggregate Measurement of Support: Non-exempt Direct Payments

Description of basic products	Year	Measure type(s)	Applied administere d price (RMB/ton)	External reference price (RMB/ton)	Eligible productio n ('000 tons)	Total price- related direct payments (RMB million)	Other non- exempt direct payments (RMB million)	Associated fees/levies (RMB million)	Total direct payments (RMB million)	Data sources
1	2	3	4	5	6	7	8	9	10	11
NIL										

DOMESTIC SUPPORT: People's Republic of China
REPORTING PERIOD: 1996-1998

Product-Specific Equivalent Measurements of Support: Other Product-Specific Support and Total Product-Specific AMS

Description of basic product	Calendar year	Measurement type(s)	Other product-specific budgetary outlays	Other product specific support (include calculation details)	Associated fees / levies	Total other product-specific support	Market price support (Supporting Table DS:5)	Non-exempt direct payments (Supporting Table DS:6)	Total Product-Specific AMS	Data sources
1	2	3	4	5	6	7=(4+5-6)	8	9	10=(7+8+9)	11
			million RMB yuan							
a) Wheat	1996						-6075		-6075	
	1997						-11223		-11223	
	1998						-6541		-6541	
	average						-7946		-7946	
b) Japonica Rice	1996						-7785		-7785	
	1997						-9222		-9222	
	1998						-11014		-11014	
	average						-9340		-9340	
c) Indica Rice	1996						-9862		-9862	
	1997						-747		-747	
	1998						-998		-998	
	average						-3869		-3869	
d) Corn	1996						-5767		-5767	
	1997						2401		2401	
	1998						6171		6171	
	average						935		935	
e) Cotton	1996						-5491		-5491	
	1997						-3261		-3261	
	1998						-6241		-6241	
	average						-4997		-4997	

DOMESTIC SUPPORT: **People's Republic of China**
REPORTING PERIOD: **1996-1998**

Product-Specific Equivalent Measurements of Support

Description of basic products	Year	Measure type(s)	Applied administered price	Production eligible to receive the applied administered price	Market price support budgetary outlays	Equivalent measurement of support (include calculation details)	Non- exempt direct payments	Other product- specific support	Associated fees/levies	Total monetary value of equivalent commitment	Data sources
1	2	3	4	5	6	7	8	9	10	11	12
NIL											

DOMESTIC SUPPORT: People's Republic of China
REPORTING PERIOD: 1996-1998

Non-Product Specific AMS

Measure type(s)	Calendar year	Non-product-specific budgetary outlays	Other non-product-specific support (include calculated details)	Associated fees/levies	Total non-product-specific support	Data sources
1	2	3	4	5	6=3+4-5	7
		million RMB yuan				
a) Input subsidies ²⁰	1996	26559			26559	Outlay Documents of MOF
	1997	24524			24524	
	1998	33242			33242	
	average	28108			28108	
b) Interest Subsidy for Poverty Alleviation Loans. ²¹	1996	1468			1468	See notes
	1997	1535			1535	
	1998	880			880	
	average	1294			1294	
Total	1996				28027	
	1997				26059	
	1998				34122	
	average				29402	

DOMESTIC SUPPORT: **People's Republic of China**
REPORTING PERIOD: **1996-1998**

Export Subsidies: Outlay and Quantity Reduction Commitments

Description of products	Direct export subsidies	Sales of stocks	Producer financed subsidies	Cost reduction measures	Internal transport subsidies	Total product specific export subsidies	Quantity of subsidized export	Data source
1	2	3	4	5	6	7	8	9
NIL								

Notes

¹ The data in the table are outlays for calendar years, which come from the Outlay Documents of the Ministry of Finance. The outlay data include both the outlays of the national and sub-national governments. China will release all the information on the agricultural outlay data of the government in publications in the future.

² All the abbreviations in the Supporting Tables are included in the Appendix DS1-1. CAS, CAAS, PAAS and sub-national agricultural institutes are public agricultural institutes set up by governments at various levels. Their major responsibilities are to make agro-scientific research, including improved varieties development, plant protection, dry farming and water-saving irrigation, soil and water conservation, plant and animal sciences, and integrated agricultural systems.

³ The three expenditures on agro-science and technology are under the outlay heading for public agricultural institutes in the budget allocations, including expenditures on new varieties research, intermediate experiment and grants for key research projects.

⁴ Agencies for pest and disease control of plants and animals are public institutions established under the support of the national and sub-national governments. NATEC under MOA consists of plant pest and disease inspection division, prevention and treatment division, medical equipments division and plant quarantine division. NATEC is responsible for the nation-wide pest and disease control of plants. Under MOA, there is also NHVS, which is responsible for nation-wide inspection and prevention of animal diseases. ATECs and HVSSs are also established at various levels from provincial to township's, which are responsible for the prevention of plant and animal diseases in their respective regions. The outlays are from the financial departments at various levels.

⁵ Agricultural training institutions are established by governments at various levels, including International Exchange Service Center under MOA, Central Broadcast and TV School for Agriculture, and Agricultural Training College /Centers, which provide training to agricultural administrative staff and technical training to farmers. Sub-national governments also set up their own agricultural training centers. Operating expenditures of the institutions are from budget allocation of governments at various levels.

⁶ Extension and advisory institutions of agriculture are public institutions established by governments at various levels, including NATEC, NATES, and NAMTDES under MOA, ATECs and AMTDESs at sub-national levels. These institutions are included in extension and advisory services to agricultural producers and funded by the budget allocation at various levels.

⁷ Inspection agencies of agricultural products: SAIQ which is responsible for inspection and quarantine of imported and exported animals and plants, and PEI, VDSI, AQI under MOA which are responsible for monitoring and supervision of pesticide residue, veterinary drug residue and animal disease. Expenses of these institutions are covered by expenditures of governments at various levels.

⁸ AIC under MOA and SGOIC under SAG are responsible for providing official information on production and prices of agricultural products to the public; AFO under MOA is responsible for holding the national wide agricultural fairs.

⁹ Expenditures for other general services also include expenses of the following non-profit institutions: AIC, SGOIC and AFO see above; ASRCC under MOA which is responsible for providing support to rural cooperative economic organizations and monitoring farmers' income; TVEs Development Center under MOA which is responsible for providing services to TVEs. Expenditures of these institutions, as well as their payment for retired staff are covered under this heading.

¹⁰ In order to safeguard food security, the Chinese government set up the Buffer Reserve System to agricultural products that have a significant bearing on the national economy and people's livelihood, namely wheat, rice, corn, vegetable oils and sugar. In the 1996-1998 base period, the buffer reserve of grain for food security purposes was conducted in the following ways:

(1) *Wheat, rice and corn*: According to the State Buffer Reserve System for food security purpose, State-owned grain enterprises at provincial, county and township levels designated by the State purchase wheat, rice and corn at the government procurement prices within the procurement amount predetermined by the System, and then state-owned grain reserve enterprises reserve the purchased grains. When food security is endangered due to natural disasters or reduction of grain production, the designated state-owned grain enterprises sell the reserved grains at market prices. Outlays for the program cover all the operating costs, including transportation and storage costs, and loan interest. This information is provided according to Footnote 5 of Annex 2. The State sets government procurement amount and government procurement prices of wheat, rice and corn, as shown in the AMS calculation of wheat, rice and corn in Supporting Table DS 5.

(2) *Vegetable oils and Sugar*: The State purchase vegetable oils and sugar at market prices and set procurement amount through enterprises, and store the purchased vegetable oils and sugar through reserve enterprises. In case of natural disaster when food security of residence is endangered and base nutrition level is decreasing, the State sells the reserved vegetable oils and sugar at the market prices. Outlays for the reserve program cover operating costs related to transportation, storage and loan interest.

¹¹ The people eligible for food assistance in 1996 and 1997 were the people of “no working ability, no dependence and no income source”. From 1998, the people eligible for food assistance should be those below the minimum income level defined by governments at various levels. Food assistance is provided by governments in forms of cash and food.

¹² Eligibility to such a payment for farmers is determined by a production loss which exceeds 70% of the average of production in the preceding three-year period. The government assesses the loss of agricultural production of farmers based on statistics provided by MCA, SMB, MOA/PDA, MWR and SSB, and makes verification through field survey conducted by a working group composed of officials from all relevant governmental agencies.

¹³ AEPs and AFs at the national and sub-national levels are responsible for the implementation of environment protective program. China increased outlays for bioenvironmental program and set up the program of natural forestry protection in 1998.

¹⁴ Poverty alleviation program: in the 1996-98 base period, there were 592 poor counties recognized by the State, where the per capita annual net-income of the rural residence was less than RMB 400 yuan (1990's price) and per capita daily calorie intaking was less than 2100 kilocalorie. These poor counties scatter in 26 provinces and autonomous regions. Among them, 73 poor counties are in Yunnan Province; 50 in Shannxi Province; 48 in Guizhou Province; 43 in Sichuan Province; 39 in Hebei Province; 35 in Shanxi Province; 28 in Henan Province; 28 in Guangxi Autonomous Region; 25 in Xinjiang Autonomous Region; 25 in Hubei Province; 18 in Jiangxi Province; 17 in Qinghai Province; 10 in Hunan Province; 10 in Shandong Province; 5 in Tibet Autonomous Region; 11 in Heilongjiang Province; 9 in Liaoning Province; 8 in Ningxia; 8 in Fujian Province; 5 in Haina Province.

Financial outlays for poverty reduction are used to help poor areas develop the following projects: small-scale reservoirs, farmland facilities, drinking water projects, afforestation, pasture, roads and bridges, rural hydro-power stations, electricity transmission lines, rural markets and schools.

The payments also serve specific agricultural development programs for Dingxi and Hexi prefectures (in Gansu Province) and Xihaigu prefecture (in Ningxia Autonomous Region).

Appendix DS1-1: The Definition of Abbreviations:

ABC	Agricultural Bank of China
ADBC	Agricultural Development Bank of China
AEPs	Provincial or county level Administration of Environmental Protection
AFO	Agriculture Fair Office
AFs	Provincial or county level Administration of Forest
AIC	Agricultural Information Center
AMTDES	Agricultural Mechanization Technology Development and Extension Station
AQI	Animal Quarantine Institute
ASRCC	Administrative Station of Rural Cooperative Economy
ATECs	Agro Technical Extension Center
CAAS	Chinese Academy of Agricultural Sciences
CAS	Chinese Academy of Sciences
CATEC	County-level Agro technical Extension Center
FD	Provincial or county level Financial Department
HVSs	Husbandry and Veterinary Station
ICBC	Industrial and Commercial Bank of China
MATEC	Municipal/ Prefectural-level Agrotechnical Extension Center
MCA	Ministry of Civil Affairs
MFTEC	Ministry of Foreign Trade and Economic Cooperation
MOA	Ministry of Agriculture
MOF	Ministry of Finance
MOST	Ministry of Sciences and Technology
MWR	Ministry of Water Resources
NAMTDES	National Agricultural Mechanization Technology Development and Extension Station
NATEC	National-level Agrotechnical Extension Center
NHVS	National Husbandry and Veterinary Station
PAAS	Provincials Academy of Agricultural Sciences
PADO	Poor Area Development Office

PATEC	Provincial-level Agrotechnical Extension Center
PBC	People's Bank of China
PDA	Provincial Department of Agriculture
PEI	Pesticide Examination Institute
POE	Privately-Owned Enterprise
RCRE	Research Center for Rural Economy
RMB yuan	Renminbi yuan, Chinese currency
SAEP	State Administration of Environmental Protection
SAF	State Administration of Forest
SAG	State Administration of Grain
SAIQ	State Administration of Entry-Exit Inspection and Quarantine
SDPC	State Development and Planning Commission
SGOIC	State Grain and Oils Information Center
SMB	State Meteorological Bureau
SMC	Supply and Marketing Cooperatives
SSB	State Statistical Bureau
TATEC	Township-level Agrotechnical Extension Center
TVEs	Township and Village Enterprises
VDSI	Veterinary Drug Supervision Institute

Appendix DS1-2: Official Exchange Rate

Exchange rate used in calculation of all subsidy-related information

Currency Unit = RMB Yuan

1998	US \$ = 8.279 Yuan
1997	US \$ = 8.289 Yuan
1996	US \$ = 8.314 Yuan

Data Sources:

SSB, *Statistical Yearbook of China* 1999.

¹⁵ Calculation details are shown in Appendix DS 4-1.

Appendix DS4-1: *de minimis* adjustment

Description of basic production	Calendar year	Calculated AMS before <i>de minimis</i> exemption (from Supporting Tables DS:5 to DS:7 below)	Value of Production 1/	Calculated AMS as percentage of the value of production	Total AMS after <i>de minimis</i> exemption 2/
1	2	3	4	5 = 3/4 * 100%	6
		million RMB yuan	million RMB yuan	%	million RMB yuan
a) Wheat	Average of 1996-98	-7946	166046	0.00	0.0
b) Japonica Rice	Average of 1996-98	-9340	86932	0.00	0.0
c) Indica Rice	Average of 1996-98	-3869	199576	0.00	0.0
d) Corn	Average of 1996-98	935	135023	0.69	0.0
e) Cotton	Average of 1996-98	-4997	59299	0.00	0.0
Total Non-Product-SpecificAMS (from Supporting Table DS:9)	Average of 1996-98	29402	2048860	1.44	0.0

Notes:

1/ Value of Production:

(1) Value of production for specific product = Production x Producer price. Calculation details are shown in Appendix DS 4-2.

(2) Total value of agricultural production is reported by SSB, as shown in Appendix DS 4-3.

2/ AMS is not subject to reduction or inclusion in the Total AMS because the calculated AMS is *de minimis* exclusion.

Appendix DS 4-2: Production Value of Specific Product

Products	Year	Production 1/ million tons	Producer Price 2/ RMB yuan/ton	Value of Production million RMB Yuan
Wheat	1996	110.57	1620.20	179146
	1997	123.29	1402.20	172877
	1998	109.73	1331.60	146116
	Average			166046
Japonica Rice	1996	35.40	2572.86	91091
	1997	38.17	2154.57	82248
	1998	40.87	2140.00	87457
	Average			86932
Indica Rice	1996	101.17	2215.14	224099
	1997	102.34	1916.86	196176
	1998	98.23	1816.67	178453
	Average			199576
Corn	1996	127.47	1144.60	145902
	1997	104.31	1113.40	116139
	1998	132.95	1075.80	143028
	Average			135023
Cotton	1996	4.20	14158.60	59509
	1997	4.60	14107.00	64935
	1998	4.50	11876.20	53455
	Average			59299

Notes:

- 1/ Data for production of wheat, corn and cotton are contained in *Statistical Yearbook of China* published by SSB in 1999.
Data for production of japonica rice, indica rice are contained *Agricultural Statistical Data* published by MOA in 1999.
- 2/ Producer prices are the weighted average of market prices and government administered prices for specific products, which is calculated and reported by SSB.
Data for producer price are contained in *Rural Economic Statistical Yearbook of China* published by SSB in 1999.

Appendix DS4-3: Total Value of Agricultural Production

	Year	Value of Production (million RMB yuan)
Total Value of Agricultural Production 1/	1996	1955972
	1997	2066355
	1998	2124253
	Average	2048860
Production Value of Crop Products	1996	1353975
	1997	1385254
	1998	1424188
	Average	1387806
Production Value of Livestock Products	1996	601997
	1997	681101
	1998	700065
	Average	661054

Notes:

1/ Total Value of Agricultural Production = Production Value of Crop Products + Production Value of Livestock Products.

Data Sources:

SSB, *Statistical Yearbook of China*, 1999.

¹⁶ Applied administered price--China's agricultural pricing policy in the 1996-1998 base period:

(1) State Procurement Pricing:

The government procures wheat, rice, corn and cotton from farmers through state-owned grain enterprises at state procurement price in order to safeguard food security. Calculation details on Market Price Support under State Procurement Price Policy is shown in the Appendix DS 5-1.

-- Terminology of State Procurement Pricing Policies:

(a) In 1985, the government reformed the purchase and marketing system of agricultural products and eliminated the State monopoly system for purchase and marketing of agricultural products and began to implement contract purchase system of agricultural products produced by farmers. Therefore, the term "state contract purchase price" was used for the 1985-1990 period.

(b) In 1990, the Chinese government changed the term of "contract purchase system" with "state procurement system". However, "contract purchase price" was still used in parallel with "state procurement price" at that time.

(c) Starting from 1996, "state procurement price" was adopted. And in the same year, the government dropped the state negotiated purchase price system.

--Products Coverage:

Before 1995, the state procurement pricing system covered many agricultural products, including wheat, rice, corn, cotton, soybeans, rape seeds and sugar crops etc. In the 1996-1998 base period, the products covered by the system only include wheat, rice, corn and cotton.

Appendix DS 5-1 Market Price Support by State Procurement Price Policies

Description of basic products	Calendar year	State Procurement Price (RMB yuan/ton) 1/	External reference price (RMB yuan/ton) 2/	Eligible production ('000 tons) 3/	Total market price support (million RMB yuan)
1	2	3	4	5	6=(3-4)*5
a) Wheat	1996	1480.0	1885.0	15000	-6075
	1997	1480.0	1629.6	15000	-2244
	1998	1420.0	1579.8	15000	-2397
	average				
b) Japonica Rice	1996	2200.0	3682.9	5250	-7785
	1997	2200.0	2862.1	5250	-3476
	1998	2114.3	3326.9	5250	-6366
	average				
c) Indica Rice	1996	2142.9	3082.1	10500	-9862
	1997	2142.9	2033.0	10500	1153
	1998	1931.4	1913.9	10500	184
	average				
d) Corn	1996	1120.0	1581.4	12500	-5767
	1997	1240.0	1075.8	12500	2052
	1998	1180.0	939.2	12500	3010
	average				
e) Cotton	1996	14000.0	15306.3	4203	-5491
	1997	14000.0	14708.6	4602	-3261
	1998	12350.0	13736.5	4501	-6241
	average				

Notes:

1/ The government procures wheat, rice, corn and cotton from farmers through state-owned grain enterprises at state procurement price in order to safeguard food security.

2/ see Endnote 2 below.

3/ see Endnote 4. below

Data sources:

The data for State Procurement Price are reported in *China's Agricultural Development Report* published by MOA.

(2) Protective Price System:

Chinese government adopted the protective price policy in 1993. The purpose of the policy was to safeguard farmers' income. Protective price determined by farmers' production cost plus a certain amount of profit. In fact, the policy was not implemented until 1997, when the government began to require the state-owned grain enterprises to purchase farmers' grain at protective price. Calculation details on Market Price Support by State Procurement Price Policies is shown in the Appendix DS 5-2.

--Products Coverage:

In 1997-98, the products covered by the protective price policy were wheat, rice and corn.

Appendix DS 5-2 Market Price Support by State Protective Price Policies

Description of basic products	Calendar year	Protective Price (RMB yuan/ton) 1/	External reference price (RMB yuan/ton) 2/	Eligible production ('000 tons) 3/	Total market price support (million RMB yuan)
1	2	3	4	5	6=(3-4)*5
a) Wheat	1997	1340.0	1629.6	31002	-8979
	1998	1260.0	1579.8	12956	-4144
	average				
b) Japonica Rice	1997	1971.4	2862.1	6452	-5746
	1998	1914.3	3326.9	3290	-4647
	average				
c) Indica Rice	1997	1885.7	2033.0	12903	-1901
	1998	1734.3	1913.9	6580	-1182
	average				
d) Corn	1997	1100.0	1075.8	14422	349
	1998	1060.0	939.2	26174	3161
	average				

Notes:

1/ The protective price set up by the government is to safeguard farmers' income. The state-owned grain enterprises were designated to purchase farmers' grain at protective price and pre-set amount.

2/ see Endnote 2 below.

3/ see Endnote 4 below.

Data sources:

The data for Protective Price are provided by SAG and SDPC.

¹⁷ External Reference Price:

- (1) *Wheat & Cotton*: These two products were net-import products in the 1996-1998 base period, therefore, their external reference prices were determined by the CIF prices, on the basis of China's Customs statistics. See Appendix DS 5-3 for calculation details.
- (2) *Corn, Japonica Rice and Indica Rice*: These three products were net-export products in the 1996-1998 base period, therefore, their external reference prices were determined by the FOB prices, on the basis of China's Customs statistics. See Appendix DS 5-4 for calculation details.

¹⁸ Exchange Rate: see Appendix DS 1-2 at the Supporting Table DS 1.

¹⁹ Eligible Production:

(1) Eligible production for grain:

(a) Eligible Production for State Procurement Price refers to the amount purchased by state-owned enterprises from farmers at state procurement price for the food security purpose (see Endnote 10 of Supporting Table DS 1).

(b) Eligible Production for Protective Price refers to the amount purchased by state-owned enterprises from farmers at protective price in order to protect farmer's income.

Data sources:

Eligible production for grain at state procurement price and protective price are provided by SAG and SDPC.

(2) Eligible Production for cotton:

Eligible production cotton equals to its production. All cotton produced by farmers was usually purchased by state-owned cotton enterprises at state procurement price.

Data sources:

The data of cotton production are reported in *Statistical Yearbook of China* published by SSB in 1997, 1998 and 1999.

Appendix DS 5-3: CIF Prices for Wheat & Cotton

HS Code	Calendar Year	Import Volume (tons)	Import Value (US \$)	CIF Price (US \$/ton)	CIF Price 1/ (RMB yuan/ton)
10011000 Wheat	1996	4512381	1023059000	226.7	1885.0
	1997	1508909	296653000	196.6	1629.6
	1998	1275384	243373000	190.8	1579.8
	Average of 1996-98			204.7	1698.1
52010000 Cotton	1996	650000	1196670000	1841.0	15306.3
	1997	750000	1330850000	1774.5	14708.6
	1998	200000	331840000	1659.2	13736.5
	Average of 1996-98			1758.2	14583.8

Notes:

1/ Exchange Rate: see Appendix DS 1-2 at Supporting Table DS 1.

Data sources:

General Administration of Customs, *Statistical Yearbook of Chinese Customs*, 1997, 1998 and 1999.

Appendix DS 5-4: FOB Prices for Corn, Japonica Rice and Indica Rice

HS Code	Calendar Year	Export Volume (tons)	Export Value (US \$)	FOB Price (US \$/ton)	FOB Price 3/ (RMB yuan/ton)
10059000 Corn	1996	157630.60	29982000	190.2	1581.4
	1997	6616813	858779000	129.8	1075.8
	1998	4686318	531643000	113.4	939.2
	Average of 1996-98			144.5	1198.8
10063000 Japonica Rice 1/	1996	85933.49	38066000	443.0	3682.9
	1997	184650.79	63758000	345.3	2862.1
	1998	140340.03	56395000	401.9	3326.9
	Average of 1996-98			396.7	3290.6
10063000 Indica Rice 2/	1996	27479.28	10187000	370.7	3082.1
	1997	569058.74	139571000	245.4	2033.0
	1998	2761298.49	638352000	231.2	1913.9
	Average of 1996-98			282.4	2343.0

Notes:

1/ In Appendix DS 5-4, Japonica rice exported as foreign food aid are not calculated. The export of Japonica rice in 1996 calculated here includes the exports to Russia, Kazakhstan, Kirghistan, Korea, Libya, Mongolia and Japan, while that in 1997 includes the exports to Australia, Bulgaria, Russian, Kazakhstan, Kirghistan, Canada, Libya, Romania, Mongolia, Japan, Turkey, Ukraine, Spain and Jordan, and that in 1998, includes the exports to Russia, Kazakhstan, Korea, Kirghistan, Libya, Mongolia, South Africa and Japan.

2/ In the table, Indica rice exported as foreign food aid are not calculated. The export of Indica Rice in 1996 calculated here includes the exports to Macao, Mauritius, Hong Kong, Singapore, while that in 1997 includes the exports to UAE, Macao, Togo, Philippine, Cuba, Ghana, Cote deVior, Kenya, Mauritius, Hong Kong, Singapore, Indonesia, and that in 1998, includes the exports to UAE, Macao, Philippine, Mauritius, Hong Kong, Singapore and Indonesia.

3/ Exchange Rate: see Appendix DS 1-2 of Supporting Table DS 1.

Data sources:

General Administration of Customs, *Statistical Yearbook of Chinese Customs*, 1997, 1998 and 1999.

²⁰ Financial outlays to compensate the losses of state-owned agricultural input manufacturers resulted from selling their products to farmers at the State administered price for the purpose of reducing farmers' production cost. Only pesticide, fertilizer and mulching film were involved in the Input Subsidy Program during the 1996-1998 base period.

Data sources:

MOF, Outlay Documents of the Ministry of Finance, 1997-1999.

²¹ Interest Subsidy for Poverty Alleviation Loans: As a support to poverty reduction, ADBC (1996-1997) and ABC (1998) provided loans with preferential interest rate to agricultural producers in poor areas (for the definition of poor areas, please refer to Endnote 14 of Supporting Table DS 1). The gap between the base interest rate and the preferential interest rate was subsidized by the budget allocation, the calculation details of which is contained in Appendix DS 9-1.

Appendix DS 9-1: Interest Subsidy for Poverty Alleviation Loans

	Year	Base interest rate 1/	Preferential interest rate 2/	Interest rate subsidy	Value of outstanding preferential loans	Value of interest subsidy on preferential loans
		(%)	(%)	(%)	(million RMB yuan)	(million RMB yuan)
1	2	3	4	5 = 3 - 4	6	7 = 5 x 6
Poverty Alleviation Loans with interest subsidy	1996	10.08	2.88	7.2	17734	1276.8
	1997	8.64	2.88	5.76	20162	1161.3
	1998	6.39	2.88	3.51	23049	809.0
	Average					1082.4
Poverty Alleviation Loans with preferential interest rate	1996	10.08	7.2	2.88	6627	190.9
	1997	8.64	5.76	2.88	12966	373.4
	1998	6.39	2.88	3.51	2018	70.8
	Average					211.7
Total	1996					1467.7
	1997					1534.8
	1998					879.9
	Average					1294.1

Notes:

1/ Base interest rate was set by the PBC. During the 1996-1998 base period, there was no market interest rate in China.

2/ Preferential interest rate on one-year loans implemented by ADBC (1996-1997) and ABC (1998).

Data Sources:

(1) ADBC: *The Statistical Yearbook of ADBC*, 1996, 1997, 1998.

(2) ABC: *The Statistical Yearbook of ABC*, 1997, 1998, 1999.