

October 14, 2004 – 2:00 p.m.

GOVERNMENTAL PERSPECTIVES

H.E. Lan Lijun

Minister and Deputy Chief of Mission
Embassy of China, Washington, DC

Good afternoon. Professor Yuan Longping, Dr. Monty Jones, former laureates, my dear colleagues from the Diplomatic Missions, distinguished guests, ladies and gentlemen.

In the golden month of October, the World Food Prize Foundation is hosting this grand award ceremony and international symposium at its headquarters in Iowa. Fall usually is the harvest season in China, and I believe it is the case in many countries worldwide. And over the lunch table I heard from the Secretary of Agriculture from this state that the farmers are enjoying bumper harvests this season, particularly the corn. I would like to offer my congratulations to all farmers in this state. I think it is more fitting to have this event in October in this state, a state rich in corn, soybeans and agricultural products.

This year's World Food Prize is presented to Professor Yuan Longping, Director General of the China National Hybrid Rice Research and the Development Center, and also to Dr. Monty Jones from Sierra Leone. So on behalf of the Chinese government, I wish to extend our warmest congratulations to the two scientists and also to express our heartfelt thanks to the World Food Prize Foundation for awarding this foremost award and highest honor in agriculture to a Chinese scientist.

In 1986 the Foundation established the World Food Prize to present to individuals who have advanced human development by improving the quality, quantity and availability of food in the world for nearly twenty years. Twenty-three scientists, government officials and the grain producers were honored with the Prize for their achievements and contribution to fighting hunger and malnutrition for the welfare of mankind. The establishment and the rewarding of this Prize have greatly helped to promote the steady and the sustainable food growth all over the world. Increased grain supplies in developing countries efficacy alleviated poverty in less developed regions and provided developing countries with a solid, material basis for the economic and social development. The World Food Prize has become the most important international award in agriculture and the grain production, and the laureates certainly enjoy the highest of honor.

The Chinese government highly praises the efforts and the achievements made by the Foundation in this regard and appreciates its consistent attention to China's grain production and outstanding contribution made by the Chinese scientists. We are very happy that this special honor is awarded once again to a Chinese scientist, Professor Yuan. I have the privilege and

pleasure to personally have met Professor Yuan at his Center in the fall of 2000, because in China we have a practice – when missions and counselors, senior diplomats are assigned to overseas posts, they should have a study tour of the country. So fortunately, my trip took me to Hunan Province and to Professor's Center. I was impressed, and amazed by his research, his development and the contribution, so I'm very pleased to see Professor Yuan again on the other side of the Pacific Ocean, and also proud that his achievements in hybrid research – which have significantly increased rice yields and contributed greatly to food supplies in China and to the elimination of hunger in the world – have been recognized by the Foundation.

I think many people talked about technologies, and scientific research development in agriculture. I'm not an expert in that, but what I wish to do in the next few minutes is to outline and share with you the Chinese government's policy on agriculture and the challenges that we face ahead of us. As far as the agricultural policies are concerned, I think we have the former minister of agriculture from China here. With regard to the technical part, I am sure Professor Yuan will speak more about it tomorrow.

The Chinese government attaches great importance to grain production and gives top priority to the food issues of the 1.3 billion Chinese people. However, due to reasons related to policy and the mechanism, food shortage had remained as an issue for quite some time. Since the 1980s China has begun to implement the reform and the opening up policies. An important part of this policy is the implementation of a dual operational mechanism in the reform in rural areas, featuring household contracting systems and integration of centralization and decentralization. This policy greatly mobilized Chinese farmers and aroused their enthusiasm in grain production.

Thanks to the hard and joint efforts by governments at all levels, agricultural scientists and farmers, China's grain output kept growing in the following ten years also, leading to a fundamental change in the supply/demand equilibrium of grains. With its grain production capacity reaching 500 million tons in the mid 1990s, China put an end to food shortage and achieved an overall balance in food supply and demand, and even a surplus, in harvest years.

With that, China more or less settled the food issue for its 1.3 billion people and realized the basic supply and demand balance – a historical leapfrog, indeed. It was precisely because of this prerequisite that we have had the foundation for social stability and sustained a rapid and even more harmonious development of our national economy.

At the end of the 1990s we had an oversupply of grains, with supplies and output going down. Nevertheless, there is no fundamental change in the supply and the demand equilibrium. The new output plus existing stuffs can still meet the needs of our domestic market. However, the Chinese government realized that clearly the supply/demand relationship is indeed changing, and that if we do not increase our grain production, we will be faced with food security problems. No country in this world, not even in the United States, has the capacity to provide China with sufficient food. We can only rely on ourselves to settle the food issue for such a large population.

So under the new situation of economic globalization and high growth rate of China's economy, full attention must be given to how to increase agricultural output, how to promote rural economic development, and how to raise our farmers' incomes.

In the year 2004 the Chinese government has taken a series of measures to protect and the important overall food productivity. We have put in place a most stringent system of farmland protection to expand farming areas and increase the yield per unit area. By enhancing our support for major grain-producing areas and the crop farmers and providing grain producers with direct subsidies, we are undertaking projects to industrialize production of high-quality grains, to support production capacity building and grain processing and refinement in major grain-producing areas. We are also working to ease the burden of farmers through cutting and exempting agricultural taxes and taxes on special agricultural products.

So these measures by the Chinese government to support agriculture and encourage farmers to grow crops, are beginning to pay off. Our summer grain in this year increased by 3% over 2003, to the amount of 100 million tons, reversing a four-year downturn in grain production. So the total output for the whole year of 2004 is expected to reach the set target of 455 million tons.

China's food security is of special importance for the world food security. China has efficacy settled the food issue for 22% of the world's total population, with 7% of the world's total arable land. China's producing capacity of high-quality and high-yielding grains featuring steady and sustainable development is an important condition for the world to achieve food security. Since we have the policy of the Chinese government to support and protect grain producing, and since we have the high-quality breeds and technology developed by Chinese scientists, and since we have diligent farmers in China, and since we have the support and cooperation from the World Food Prize Foundation and other international organizations and the community, I believe that we will surely be able to increase our grain production and contribute vigorously to world food security, while at the same time protect our environment and resources and realize sustainable development.

China attaches great importance to agricultural collaboration with other countries, international organizations, and is cooperating closely with many countries in this field, including with the United States. Today China is the fourth-largest trading partner for the United States, while the U.S. is the second-largest trading partner for China, both being big agricultural production countries. China and the United States take the lead in the world in the major agricultural products. China is the foremost producer and consumer, and the United States is an important user and exporter. The two countries complement each other very neatly in economic and trade fields, in particular in agriculture. So we have been cooperating in a wide range of areas, including trade in agricultural products, production, technological and seed exchanges, like Pioneer Seed Company here – I think that we also import from this company.

We have been having cooperation in other areas, such as training, as well. Animal and plant hygiene and inspection and safety management of GMO products. So the cooperation has produced good economic and social returns.

In the year 2003, China's trade in agricultural products with the United States totaled \$7.11 billion U.S. dollars. The export was \$2.1 billion U.S. dollars, an increase of 25.2% over the previous years, and its import was \$5.01 billion U.S. dollars, an increase of 84.2%. China had a deficit of less than three billion U.S. dollars, an increase of 55.6%. So China's export of agricultural products accounted for only 2.27% of its total export to the United States. And

imported agricultural products took up 14.8% of our total imports from the United States. So that means we import more from the United States, so that means we import more from the United States in agricultural products, and I believe some of the imports come from the state of Iowa.

So these figures demonstrate that the United States is gradually becoming a major source of China's import of agricultural products. I think many, we import soybeans, corn, wheat, cotton as well, and some citrus. So in the new century, China/U.S. relations have picked up a good momentum of further growth as the two countries are working together, anti-terrorism, the nuclear issues on the Korean Peninsula, nontraditional security threats, and many other issues. More and more China and the U.S. people have come to realize that the two countries both gain from peaceful coexistence and lose from conflicts, and that China/U.S. cooperation is conducive to world peace, stability, prosperity and development.

So against this backdrop, China is ready to further develop the constructive and the cooperative relationship with the United States. Cooperation and exchanges in agriculture between these two countries will surely help strengthen and expand this relationship.

China also sets great store by agricultural cooperation with international organizations, community and other countries, and the World Food Prize Foundation is one of them. With Professor Longping becoming one of this year's laureates of the Prize, I am sure that the good relationship between China and the Foundation will continue to grow in the interests of the common cause that we both undertake. For that matter, I wish the Foundation a great success in promoting the well-being of mankind.

So, ladies and gentlemen, looking to the future of agricultural development, we see both opportunities but also challenges. Let's seize the opportunity and meet the challenges through better cooperation and more exchanges, to make quality food available in every corner of the world.

QUESTION AND ANSWER

QUESTION

Minister Lan, my name is Luis Lorenzo. I was until August 15 the Secretary of Agriculture of the Philippines, and I now have a new portfolio – creating jobs and finding the employment debate very interesting in this country, as the world is going through a massive reorientation of people looking for jobs, or being displaced, or finding jobs elsewhere. I wanted to touch on the politics of agriculture. And given that our topic today has to do with two distinguished gentlemen from the government, and myself being from the government, I recognize that in the world today we still have in many countries subsidies across different agriculture inputs and agriculture activities. First I'd like to commend China, because it has

moved much faster in the area of reducing their tariffs than most developed countries have been over the last 15 years. And in that regard, we in Asian are very interested in our relationship with regard to our free trade, and early harvest program.

The question we have, however, has to do with recent developments in China where we know, because of the significant pace of growth of China and India, which has led to tremendous reversal from a deflation to an inflationary world, with fertilizer and other things. China has recently added an 11% tariff on its fertilizer exports. China does exports of its fertilizers. So we from the countries around the world watch very closely what China is doing, because it does impact on our own internal agricultural policies. Where do you think China is in regard to free trade versus certain modifications in its tariff regime, which some of us might see as a temporary delay in moving towards a freer trade in agriculture, given the example of the fertilizer tariff of 11%?

H.E. LAN LIJUN

Certainly China is supporting free trade. Recently, as you are probably aware, China has signed numerous agreements with countries in South Asia and neighboring countries, to promote the free trade. With regard to the subsidies, I think this is an issue that has been discussed and negotiated during China's application to become a member of the World Trade Organization. And I think our subsidy is within the requirements by the World Trade Organization. Also we have entered by letter agreement with the United States in this regard. China is actually an importing country as well as an exporting country. We export what we produce in large quantities in exchange for products that are not manufactured or not produced in China. We're not promoting our trade for the sake of trade surplus. That's the same case with the United States. People may argue that the U.S. is running a large trade deficit with China.

However, as you say, we are trying to buy more from the United States. Agricultural products is one of the things that we buy. We also buy fertilizers from the United States. More recently we send purchasing missions to the United States. For instance, in Florida, we signed a six million dollar contract. And I think we are trying to balance the trade, import and export. But we have to sometimes get rid of the trade obstacles to make the trade more smooth and more fluent between the nations. So the subsidy is an issue that I think the government is very much concerned about, and we are trying to, we're doing it within the limit, within the requirements of the world organizations.

QUESTION – Al Clausi

Al Clausi, a member of the Council of Advisors of the World Food Prize. The China story is truly a remarkable one. I wonder if the minister would evaluate the relative roles of government and free enterprise, the private sector, the opening of more privatization in this success story. Can you weigh the two of them, what role they play, if any, and what we might learn from that?

H.E. LAN LIJUN

As our emcee pointed out a moment ago, China's economic reforms started from the reforms in the countryside. I just touched very briefly, because of time constraint. I think the government certainly plays a key role in promoting the reforms in the rural areas. However, the people, the initiatives by the private sectors also played its own role in developing China's not only agriculture but also economic development, China's economic development.

For instance, in the countryside we have a surplus of labor, and this is a very big issue. We have 80% of the Chinese people live in the rural areas. It's a big challenge for the government to provide the education, provide the housing, food, whatever, that is required for human existence. Private sectors in China are engaged in various activities and encouraged by the government. Recently we have written into the constitution the public-owned and the privately owned sectors are both the important pillars of China's economy. Therefore, we would encourage the private sectors to continue to play and expand their role by building factories in the townships, in the rural areas, and also in the cities, and to hire more peasant workers during the seasons. So it's joint efforts both by the government, by the private sectors, by the society. And we hope that we will be able to sustain this and to reduce the unemployment rate.