

Foreign Trade of Asia - Case Study on Agrarian Foreign Trade

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ABSTRACT

The present thesis emphasizes on Agrarian Foreign Trade in Asia. The key objective of this thesis is to analyze foreign agribusiness scenario in Asia for. This thesis is divided into theoretical and practical parts. The theoretical part of this thesis first addresses consists of significance of Agribusiness in the Asian countries which shows the role of Agriculture in generating of GDP in Asian countries. In theory, comparative and descriptive methods are used. The practical part is focused on the analysis of the Global Agrarian Trade specifically to Asia. Initially, there are more detailed descriptions of imports and exports in Asia within the Agrarian Foreign Trade analysis framework; the thesis focuses on the competitive factors in the Agrarian Industry in India and further explores the effect of the sector on countrywide employment. The study found that the Agrarian industry is considered as one of the most important industries within Asia due to its considerable contribution across the Asian countries.

Keywords: Agribusiness, Agrarian Foreign Trade, imports – exports, Economic Impact, National Employment

INTRODUCTION

Agrarian foreign trade refers to the international exchange of agricultural products and raw materials. Such trade has been a crucial aspect of the global economy for centuries, tracing its origins back to ancient times.

Foreign agricultural trade served as a channel for the spread of crops and agricultural practices across different regions, thereby facilitating the global integration of agriculture. The Columbian Exchange in 15th and 16th centuries facilitated the transfer of vital crops such as corn, potatoes and tomatoes between the Old (Asia, Europe and Africa) and New Worlds (the Americas) and fundamentally changed food habits and agricultural systems on both sides of the Atlantic. Major aspects of the Columbian exchange include exchange of crops, livestock, disease, culture and technology.

Food and agricultural products trade and market are important to all of us. WTO members signed the Agriculture Agreement (AoA), which came into force in 1995, to counter government policies that restrict trade and market. The WTO Agriculture Committee monitors the implementation of the agreement and provides a forum for members to address related concerns.

India and China, with their large populations, fertile lands, and diverse climatic conditions, are among the Asian countries capable of producing a wide variety of agricultural products. Asia holds a significant position as an important exporter of agrarian products in the world. Vietnam is major exporter of rice,

seafood and coffee while Thailand is known for its rice exports. To meet the dietary needs of the population of other regions such as the Americas imports from Asian countries have increased.

Events such as droughts or changes in import tariffs can have far-reaching impacts on global markets. There are many instances recorded in past and noted by World Bank when extreme climatic events have affected the global food prices. In 2010, there was a surge in global food prices attributed to droughts, particularly in India, where erratic monsoon conditions in 2009 led to reduced production of main crops.

HISTORICAL PERSPECTIVE OF AGRARIAN TRADE IN ASIA

Asia stands out as a leading spice producer, with countries like China, Malaysia, India, and Sri Lanka being major contributors. Southeast Asian nations serve as key exporters of spices such as cinnamon and pepper, highly sought after in Europe and the Middle East, leading to the establishment of lucrative spice trade routes. Meanwhile, tea, originating in China, has become a global commodity, with China pioneering its cultivation and trade, aided by the Silk Route's expansion. European colonization in Asia reshaped agrarian trade, introducing cash crops like tea and coffee, transforming the region's economy. Ancient trade routes facilitated the exchange of culture, technology, and agricultural products, profoundly influencing ancient economies and societies. Some of these routes are Mediterranean route, The Silk Road, Trans Saharan Trade Route, Spice Routes, Ancient Asian Trade Routes.

Colonization profoundly affected the agricultural economy of Asia and introduced new economic systems and policies. European powers established land revenue and tenure systems, centralized land, and marginalized local communities, as seen in the Indian zamindari system. The cultivation of cash crops such as tea and rubber for export replaced subsistence farming and weakened agriculture. In the development of infrastructure, export routes were preferred, ignoring the needs of local agriculture. Exploited labor deepened dependence on colonial rule, shaped export-oriented agriculture, and provoked resistance, such as the Indigo Rebellion in India.

EMERGENCE OF ASIA AS A KEY PLAYER IN MODERN AGRARIAN TRADE

Asian countries, like China, have witnessed remarkable agricultural growth, driven by technological advancements and market-focused policies. Embracing international trade, they've accessed global markets for both exports and imports, meeting the demands of a growing middle class for high-quality food. Investments in infrastructure and regional trade agreements further enhance Asia's role in global agricultural supply chains.

Regional trade agreements have been possessed in Asia that has helped agricultural trade between the neighboring countries. Some such agreements are ASEAN (Association of Southeast Asian nations) and SAFTA (South Asian Free Trade Area).

Asia's agricultural landscape encompasses a diverse array of products, including rice, wheat, coffee, corn, sugarcane, rubber, palm oil, coconut, cotton, spices, aquaculture, livestock, silk, and jute. These commodities contribute significantly to the continent's economy and global trade, with rice, fruits, vegetables, seafood, and livestock being major exports. Key exporters like China, India, Indonesia, Thailand, and Japan play pivotal roles in global agricultural markets. Comparative advantages in agriculture

vary across Asian countries, with India excelling in rice, wheat, spices, and cotton; Thailand dominating the rice market; Indonesia leading in palm oil production; China boasting vast agricultural land and government support; Malaysia specializing in palm oil and cocoa; and Vietnam emerging as a major exporter of rice, coffee, and cashews.

ANALYSIS OF AGRARIAN FOREIGN TRADE IN DIFFERENT ASIAN COUNTRIES

India

India plays a pivotal role in global agricultural trade, with a diverse range of exports including rice, wheat, spices, cotton, tea, sugar, and fruits. Major export partners include the Middle East, Southeast Asia, the US, and the EU. Government policies support the sector through MSPs and subsidies, but challenges like infrastructure and quality standards persist. The pandemic has prompted trade negotiations and initiatives like the Agriculture Export Policy to boost exports.

Thailand

Thailand is a significant player in global agricultural trade, exporting commodities like rice, rubber, cassava, sugar, and seafood. Key export partners include China, Japan, and ASEAN countries. Government policies, subsidies, and trade agreements influence agricultural trade. Climate change poses challenges, but opportunities exist in sustainability and product diversification. The pandemic has led to fluctuating demand for certain products, impacting trade conditions.

Singapore

Singapore relies heavily on imports for its food needs, importing fresh produce, meat, seafood, grains, processed foods, and dairy products from various countries including Malaysia, Thailand, the US, Australia, and China. The government prioritizes food security through diversification of sources and promotion of local food production via vertical farming and sustainable agriculture. Challenges include reliance on global supply chains, but opportunities exist in sustainable practices and investment in local production. The COVID-19 pandemic has accelerated efforts to enhance food security and invest in agricultural research and development.

Vietnam

Vietnam's agricultural trade is integral to its economy, with key exports including rice, coffee, seafood, and tropical fruits. Imports such as wheat, soybeans, and dairy products cater to domestic demand. China, the US, EU, and ASEAN nations are major trade partners. Government initiatives aim to boost exports and diversify markets, while challenges like climate change necessitate adherence to international standards and focus on sustainability and organic farming.

LITERATURE REVIEW

“Agricultural Trade, Policy Reforms, and Global Food Security” by Kym Anderson and Schengen Fan published in 2016, looks at how trade and globalization affect food security around the world, with a special focus on Asia. In 2018, Prabhu Pingali and Anaka Aiyar delves into the political and economic aspects influencing agricultural commerce in India, as well as its ramifications for world trade through their paper

“The Political Economy of Agricultural Trade and Policy: Global and Indian Experiences”. “Global Agricultural Trade and Developing Countries” edited by Aksoy, Ataman, and John C. Beghin in 2006 provides an overview of global agricultural trade, including the participation of Asian countries, and its impact on developing countries. David Blandford examines the effects of market reforms on agricultural production and food security in Asia and beyond in his paper “Trade and Agriculture: Market Reforms and World Food Security” published in 2002. Per Pinstруп-Andersen and Derrill D. Watson II examines the interrelationship between trade policy and food security, as well as the difficulties faced by developing nations in Asia and beyond in the paper edited by them in year 2009, titled “Trade Policy and Food Security: Improving Access to Food in Developing Countries in the Wake of High World Prices”. The politics and economies of agriculture and how it affects the Asia and Pacific region is studied by Masayoshi Honma and Will Martin in the paper edited by them in 1995, “The Political Economy of Agricultural Trade and Policy: Issues and Implications in the Asian and Pacific Region”. “Agricultural Policies in Developing Countries” by Christopher L. Gilbert published in 2003 offers a thorough examination of agricultural strategies in developing countries, especially those in Asia. While not entirely concerned with agriculture, “The Future of Asian Trade and Growth: Economic Development with the Emergence of China” by Linda Yueh (2014), explores the broader trade and economic trends in Asia that may be significant to agricultural trade. “International Trade and Agriculture” edited by Keith Maskus and John S. Wilson (2001) provides insights on the relationship between international trade and agriculture, particularly Asian countries' experiences. “Agricultural Trade Reform and the Doha Development Agenda” by Kym Anderson and Will Martin published in 2006 investigates the worldwide ramifications of agricultural trade reform, specifically how it affects Asian countries and agricultural commerce. The edited volume of “Agricultural Trade and Food Security: Recent Developments, Policy, and Challenges” by Thomas Hertel and Jayashree Bihari published in 2014, examines the connection between agricultural trade and food security, a vital feature of Asian agrarian international trade. Given rice's importance in Asian agricultural trade, “The Rice Crisis: Markets, Policies and Food Security” edited by David Dawe (2011), provides useful insights into the rice market, policies, and their impact on food security. “Globalization and the Rural Environment” by Floor Brouwer and Luuk Knippenberg published in year 2000, explores into the environmental and sustainability implications of agricultural globalization, which is a major topic in agrarian foreign commerce. “Agricultural Development and Economic Transformation: Promoting Growth with Poverty Reduction” by Peter Hazell and Atiqur Rahman (2017) presents an overview of Asia's agricultural development challenges and potential, as well as its role in economic transition. The impact of trade policies on global food security is addressed by Deepak Shah in his edited study “Agricultural Trade, Policy Reforms, and Global Food Security” published in year 2019, with a focus on agrarian trade in Asia, and it investigates the role of the World Trade Organization and trade agreements in determining agricultural trade policies in Asia. “Global Food Trade and Consumer Demand for Quality” edited by Kym Anderson and Signe Nelgen from year 2016, discusses quality standards and customer demands in global agricultural trade, which might be useful for studying agrarian trade in Asia. “Agricultural Trade and Poverty: Making Policy Analysis Count” by Marcel Fafchamps and Christopher Udry published in 2008 presents a framework for examining the relationship between agricultural trade and poverty, which is an important feature of Asian agrarian international trade. “Foreign Trade of Asia in the Early Modern Period” by K.N. Chaudhuri published in year 1985 gives historical insights on the patterns and growth of Asian foreign commerce, which can be used as a foundation for your case study. The possibilities and policy choices for South Asian agricultural commerce is investigated by Samarendu Mohanty and Anjani Kumar in their edited study “Agricultural Trade in South Asia: Potential and Policy Options” published in 2016.

BACKGROUND OF THE STUDY

Asia's agricultural trade plays a crucial role in its economic, cultural, and environmental landscape, encompassing both exports and imports of commodities like rice, wheat, fruits, vegetables, and seafood. While this trade contributes significantly to economic growth, job creation, and food security, it also poses challenges such as heightened competition among farmers and environmental concerns. This study aims to explore the impact of agricultural products on Asia's external trade, examining factors driving growth, challenges faced, and potential policy interventions for sustainable trade. Key questions include the identification of primary agricultural products traded, factors influencing trade growth, and challenges encountered. Data from sources like WTO and FAO, along with qualitative insights from expert interviews, will inform the study's findings and recommendations, offering insights into the dynamics of agrarian foreign trade in Asia and avenues for future development.

OBJECTIVES OF THE STUDY

This study aims to achieve the following objectives related to Agrarian foreign trade:

1. Analyze historical and current trends in agrarian foreign trade in Asia to understand its evolution over time.
2. Identify the major countries and regions engaged in agrarian foreign trade within Asia and explore their trade dynamics.
3. Examine the markets for various agrarian products (e.g., rice, wheat, soybeans) in Asia, considering factors such as demand, supply, and price fluctuations.
4. Investigate the trade policies, regulations, and agreements impacting agrarian foreign trade in the region, including tariffs and non-tariff barriers.
5. Assess how foreign trade has influenced the agriculture sector in Asian countries, including its impact on production, technology adoption, and sustainability.

PROPOSED RESEARCH METHODOLOGY

RESEARCH TYPE

The research is purely a Secondary Research which is totally based on secondary data.

SOURCE OF DATA

Secondary Data: Various pieces of information from the Government publications and reports, information from the international organisations, trade databases, books and monographs as well as trade associations and chamber of commerce regarding Agrarian trade policies of various Asian countries were referred for the secondary data collection.

AREA OF RESEARCH

This field of study focuses exclusively on the agrarian foreign trade patterns, policies and trends within the Asia continent. The study concentrates on a specific region or sub-region within Asia such as Southeast Asian region, South Asian region, East Asian region, Central Asian region, etc. The study analyses the agrarian international trade patterns, challenges and opportunities specific to that region.

SCOPE OF FURTHER RESEARCH

The scope of the research is limited to the Asia-Pacific region, and does not include other regions or continents. As a result, it may overlook comparative insights and an in-depth understanding of global trade patterns. As the scope of the study is limited to Asia, it is possible that the full range of trade partners may not be fully encompassed. Furthermore, the scope of agrarian trade may include interactions with countries outside of Asia, which will not be addressed in this study. As a result, the findings of this study may not necessarily be applicable to the entirety of agrarian global trade. Any conclusions drawn from this study will be primarily relevant to the Asian context, and may not apply to other regions. Agriculture is one of the basic activity and necessity of mankind that has been the same throughout history and today. This paper is limited to Asia-Pacific region, as discussed earlier. Area of research can be broadened to European and American region of the globe for better comparison in agriculture and international trade.

CONCLUSION

Agrarian trade has played a role in driving growth in Asia for a long time. As agrarian foreign trade becomes more complex and interdependent it is essential to gain an understanding of the changing dynamics and challenges within the sector. This sector not only shapes the economies of the region, also has significant impact on global markets.

Asia is a continent with a broad range of economic, cultural, and climatic characteristics, which is reflected in its foreign trade. It is a major exporter and producer of a variety of agricultural products, such as rice, wheat, fruit and vegetables, and seafood, as well as an importer of these products from developed countries. Foreign trade in these products has been a major factor in Asia's economic growth, job creation, and food security, however, it has also been associated with increased competition between farmers and environmental issues. This study will explore the contribution of agricultural products to Asia's external trade, the effects of agrarian external trade on the Asian economy, and the difficulties associated with agrarian export patterns in Asia.

Understanding the evolution of trade, in Asia is a complex task that spans centuries. It is vital to unravel the web of modern trends to grasp how this important sector has changed over time. By examining milestones, market shifts and the impact of policy changes our aim is to uncover the driving forces behind this evolution.

Events such as droughts or changes in import tariffs can have far-reaching impacts on global markets. There are many instances recorded in past and noted by World Bank when extreme climatic events have affected the global food prices. In 2010, there was a surge in global food prices attributed to droughts, particularly in India, where erratic monsoon conditions in 2009 led to reduced production of main crops.

Asia's agricultural foreign trade is a vast network spanning many countries and regions, creating a dynamic and diverse business landscape.

India and China, with their large populations, fertile lands, and diverse climatic conditions, are among the Asian countries capable of producing a wide variety of agricultural products. Asia holds a significant position as an important exporter of agrarian products in the world. Vietnam is major exporter of rice, seafood and coffee while Thailand is known for its rice exports. To meet the dietary needs of the population of other regions such as the Americas imports from Asian countries have increased.

In the field of agricultural foreign trade, markets for key commodities such as rice, wheat and soybeans are dynamic landscapes affected by multifaceted factors. The study aims to unravel this complex interplay by examining the complex balance of supply, demand and price fluctuations in the context of Asian markets.

Trade policies, regulations and international agreements strongly influence agricultural foreign trade in the Asian region, expanding their reach through tariff and non-tariff barriers. This central question digs into the complex balance between promoting economic growth and ensuring fair competition. By analysing the interplay of policies and regulations, this study aims to unpack the nuanced forces that shape the dynamics of agricultural foreign trade and illuminate how tariffs and non-tariff barriers can either improve or hinder market access and trade relations. In-depth research is needed to develop effective strategies to ensure a sustainable and fair agricultural trade landscape in Asia.

The agricultural sector of Asian countries is at the crossroads of both tradition and innovation. In recent decades, foreign trade has emerged as an important catalyst that has shaped agricultural forms in ways that

affect production, technological practices, and sustainability. As the region operates through a complex interplay of market dynamics, trade policies and international agreements, understanding the multifaceted impact of foreign trade is paramount. This study aims to provide a comprehensive analysis of how foreign trade has acted as a driver of growth, innovation and sustainability in the Asian agricultural sector, contributing to its development and sustainability.

Asia's agricultural landscape encompasses a diverse array of products, including rice, wheat, coffee, corn, sugarcane, rubber, palm oil, coconut, cotton, spices, aquaculture, livestock, silk, and jute. These commodities contribute significantly to the continent's economy and global trade, with rice, fruits, vegetables, seafood, and livestock being major exports. Key exporters like China, India, Indonesia, Thailand, and Japan play pivotal roles in global agricultural markets. Comparative advantages in agriculture vary across Asian countries, with India excelling in rice, wheat, spices, and cotton; Thailand dominating the rice market; Indonesia leading in palm oil production; China boasting vast agricultural land and government support; Malaysia specializing in palm oil and cocoa; and Vietnam emerging as a major exporter of rice, coffee, and cashews.

This study objectifies to analyse historical and current trends in agrarian foreign trade in Asia to understand how it has evolved over time and to identify the major countries and regions involved in agrarian foreign trade within Asia and explore the dynamics of their trade relationships.

Counties that are taken into consideration for the study of Agriculture in Asia are India, Thailand, Indonesia, China, Malaysia and Vietnam. The Asian economy is heavily reliant on the agricultural sector, which accounts for a considerable portion of its GDP and workforce. Furthermore, the region is renowned for its production and export of agricultural goods, with Asia being the world's leading producer of rice, as well as a significant exporter of other rice-based products, fruits and vegetables, seafood and livestock.

Agrarian Foreign Trade (AFT) plays a significant role in the economic development of each of the four countries. However, the importance of AFT for India and Thailand is particularly pronounced. In the case of India, AFT is essential for the production of foreign exchange, the creation of employment opportunities, and the sustenance of the agricultural livelihoods of a large number of farmers. Whereas, in the case of Vietnam and Singapore, AFT is not as essential for the generation of foreign exchange and the creation of employment, but rather for the sustenance of agricultural livelihoods.

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