

Assessment of China's Policies Regarding Grain Import and Export

Junghwan Choi*, Sangseop Lim**

*Professor, Law School, Dalian Maritime University, Dalian, Liaoning, China

**Professor, Div. of Navigation Convergence Studies, Korea Maritime and Ocean University, Busan, Korea

[Abstract]

The objective of this paper is to examine the legal framework governing the import and export of grain in China, a pivotal factor in shaping policies aimed at stabilizing South Korea's foreign trade and grain imports. Through this analysis, it is observed that China's foreign trade system, governed by the Foreign Trade Act, exhibits a notable absence of clear delineation regarding the scope and responsibility for the delegation of authority to foreign trade management agencies. In contrast, Korea's Foreign Trade Law, along with its enforcement decree and management regulations, explicitly outlines the scope and responsibilities pertaining to the delegation of authority to foreign trade management. However, in the case of China's revised Foreign Trade Law, there exists a lack of precision in specifying the delegation of authority to foreign trade management. This creates a potential for discretionary intervention by local governments or other administrative bodies. While China's legal system concerning grain imports and exports aligns with WTO regulations in its institutional framework, attention is warranted due to the vagueness in laws or regulations, as well as the presence of irrational and non-transparent procedures during system operation. As conclusion remarks, while China's legal structure related to grain imports and exports conforms to WTO guidelines overall, the identified issues such as legal ambiguity and non-transparent procedures underscore the need for caution. To safeguard against potential challenges in future trade interactions with China, proactive measures are crucial to address these concerns.

▶ **Key words:** Grain, Foreign Trade Law, Quarantine, Custom, Principle of Non-Discrimination

[요 약]

이 논문은 우리나라 대외 무역 및 곡물 수입 안정화 정책 수립에 있어서 중요한 역할을 하는 중국의 곡물 수출입 관련 법 제도를 분석하고자 한다. 본 연구의 결과로는 「대외무역법」에 근거한 중국의 대외무역제도는 대외무역관리기관에 대한 권한 위임의 범위와 책임이 명확하지 않은 것이 특징이다. 우리나라는 「대외무역법」과 그 시행령 및 관리규정에서 대외무역관리의 권한 위임에 대한 범위와 책임을 명확히 규정하고 있지만, 중국의 개정 「대외무역법」에서는 대외무역관리에 대한 권한 위임이 명확하게 명시되지 않아 지방정부나 기타 행정기관의 자의적 판단에 의한 개입의 여지가 있다. 전반적으로 중국의 곡물 수출입 관련 법 제도는 WTO 규정에 부합하는 제도적 틀을 갖추고 있는 것으로 평가된다. 하지만 법률 또는 법규의 모호성과 제도의 운영과정에서 나타나는 불합리성과 투명하지 않은 절차 등은 유의해야 하는 항목으로 여겨진다. 따라서, 향후 중국과의 교역 과정에서의 발생할 수 있는 불합리한 상황에 대한 사전 예방 중요할 것이다.

▶ **주제어:** 곡물, 대외무역법, 검역, 관세, 비차별 원칙

- First Author: Junghwan Choi, Corresponding Author: Sangseop Lim
- *Junghwan Choi (roman2321@naver.com), Law School, Dalian Maritime University
- **Sangseop Lim (limsangseop@kmou.ac.kr), Div. of Navigation Convergence Studies, Korea Maritime and Ocean University
- Received: 2023. 11. 30, Revised: 2023. 12. 14, Accepted: 2023. 12. 20.

I. Introduction

Food Crisis has been accelerating in the world. United Nations World Food Program (UN WFP) and United Nations Food and Agriculture Organization (UN FAO) published jointly "The State of Food Security and Nutrition in the World 2022". According to this report, they warned that multiple food crisis is coming and sudden hunger condition in 20 countries where are 'hunger hot spots' in the world is getting worse from June to September 2022[1-2]. UN WFP also warned that we faced greatest food shortage since World War II on May 2022.[3] Recently, agricultural product's global price have continued to rise. UN FAO's global food price index has also continued to rise sharply since the outbreak of COVID-19 in 2020, and it was higher than the 2007-2008 index, which was 130, in April and May 2022[3]. The primary cause of instability in grain supply and demand, resulting in a rise in the World Food Price Index, can be attributed to a combination of factors including weather changes, the COVID-19 pandemic, and global logistics network restrictions prompted by the risk of war[1].

Over the past five years, South Korea has maintained a high self-sufficiency rate of 92-105% for rice, indicating that the country produces more rice than its domestic consumption demands[4]. However, when it comes to other grain like wheat, beans, and corn, the self-sufficiency rate is significantly low, ranging from 0.5% to 9.4%. Moreover, the overall grain self-sufficiency rate has been declining annually[4]. With increasing international grain prices, the significance of ensuring stable grain supplies has heightened, leading to ongoing discussions regarding a range of countermeasures.

The legislation concerning the stabilization of grain supply and demand in South Korea is as follows: 'Framework Act on Agriculture, Rural Community and Food Industry', 'Farmland Act', 'Grain Management Act', 'Overseas Agriculture and

Forest Resources Development and Cooperation Act'. Prominent strategies concerning the stabilization of grain supply and demand encompass 'The Agricultural, Rural, and Food Industry Development Plan', 'The Mid- to Long-Term Development Measures for the Field Food Industry', 'The Public Reserve Implementation Plan', 'The Overseas Agricultural Resource Development Comprehensive Plan', and 'The National Food Plan'. Based on these domestic Acts, South Korea is undertaking initiatives to stabilize grain supply and demand through the acquisition of overseas grain resources.

The trade volume between South Korea and China experienced an extraordinary growth, surging over 47 times from \$6.38 billion in 1991 to \$301.54 billion in 2022[5]. Furthermore, South Korea's exports to China witnessed a remarkable surge of over 61 times, escalating from \$2.654 billion in 1992 to \$162.93 billion last year. Additionally, its imports from China multiplied over 37 times, soaring from \$3.75 billion to \$138.628 billion[5]. In 2003, China surpassed the United States to become South Korea's leading exporter, and in 2007, it also surpassed Japan to become the largest importer. However, the intensification of trade between the two nations has increased South Korea's reliance on China. China's proportion in South Korea's overall exports has more than tripled, rising from 3.5% in 1992 to 25.3% last year. Similarly, the share of imports from China, which was merely 4.6% in 1992, expanded nearly 5 times to reach 22.5% last year[5]. Approximately 25% of South Korean imports and exports are reliant on China. Conversely, South Korea stands as the third-largest trading partner for China, contributing to around 6% of the total trade volume.

Furthermore, South Korea exhibits a significant dependency on Chinese grain imports. Building upon this context, the objective of this paper is to examine China's legal framework concerning grain export and import. By analyzing their legal system, the paper is to contribute to the development of

policies that will enhance the stability of grain imports in South Korea going forward.

II. Current Status of Chinese Grain Imports

1. South Korean Status of Grain Imports across Major Countries

Based on statistics referred in 'Analysis of Grain Supply and Demand Stabilization Projects and Policies' published by the National Assembly Budget Office in October 2021, the self-sufficiency rate of rice in South Korea over the past five years has ranged from 92% to 105%^[5]. However, the self-sufficiency rate of wheat is notably high. On the other hand, the self-sufficiency rates for other food crops such as soybeans and corn are relatively low, ranging from 0.5% to 9.4%. Furthermore, the overall grain self-sufficiency rate has been declining each year^[4]. Despite the declining significance of rice as a staple food due to changing dietary habits, the awareness regarding the importance of stabilizing grain supply and demand in South Korea remains relatively low. This lack of awareness can be attributed to an optical illusion created by the high self-sufficiency rate of rice.

In 2019, South Korea's grain demand amounted to 21.04 million tonnes, of which 16.11 million tonnes (76.6%) were imported. Consequently, South Korea stands as the world's seventh-largest grain importer^[6]. The self-sufficiency rate for different grain products in South Korea is comparatively low. A considerable portion of grain imports is dominated by three key items: corn, wheat, and soybeans. About two-thirds of these imports are specifically earmarked for livestock feed^[6].

In addition, the grain self-sufficiency rates for wheat, corn, and soybeans in South Korea were notably low at the same year. Wheat had a self-sufficiency rate of 0.5%, corn had a rate of 0.7%, and soybeans had a rate of 6.6%. Furthermore, all three major grain items

experienced a decline in their self-sufficiency rates^[7]. South Korea's grain imports comprised 10.9 million tons of corn, 3.2 million tons of wheat, and 1.3 million tons of soybeans. These three major grain items accounted for approximately 95% of the total grain imports, which amounted to 16 million tons^[7]. In terms of usage, approximately 67.6% of the total grain imports are utilized for feed purposes, while 32.2% are destined for the food sector. With regard to specific grain items, corn accounts for 80.1% for feed and 19.9% for food, wheat comprises 37.3% for feed and 62.7% for food, and soybeans are divided into 78.0% for feed and 22.0% for food. Under 'Framework Act on Agriculture, Rural Community and Food Industry', 'Rural, and Food Industry Development Plan', South Korean government is taking measures to address the stabilization of grain supply and demand^[8].

South Korea's strategy for balancing grain supply and demand revolves around four core pillars: boosting domestic production, stabilizing imports, maintaining strategic reserves, and implementing a crisis management response system. Together, these pillars work to guarantee a stable and reliable grain supply for the country^[9].

Between 1990 and 2019, South Korea experienced a significant decline in annual rice consumption per capita, which dropped from 119.6kg to 59.2kg. In contrast, meat consumption, particularly from animals fed with wheat, beans, and corn, witnessed a notable increase from 19.9kg to 54.6kg during the same period.

Rice's contribution to the daily calorie supply per person also underwent a substantial change. In 1990, rice accounted for 41.2% of the daily calorie intake, but by 2018, it had decreased to 22.7 ^[9]. Meanwhile, the share of livestock products in the daily calorie supply rose from 8.5% in 1990 to 15.3% in 2018. These trends indicate a shift in dietary patterns towards increased meat consumption and a reduced reliance on rice as a staple food^[10]. South Korea's grain self-sufficiency

rate has been persistently declining, and it has been unable to meet the targets set by the overarching plan, the "Rural and Food Industry Development Plan."

2. South Korean Current Status of Grain's imports from China

South Korea ranked the world's seventh-largest grain importer, with wheat, soybeans, and corn comprising a significant 95% of its total grain imports[10]. The table 1 below illustrates the current status of South Korea's grain import partner countries. China holds the seventh position among South Korea's grain importers, contributing approximately 3.8% of the total imports.

Table 1. Country subject to grain import in South Korea (Unit: %)

2022			2021	
Rank	Country		Country	
1	Argentina	28.8	USA	31
2	USA	19.4	Argentina	25.5
3	Australia	12.4	Brazil	8.6
4	Brazil	10.5	Australia	8.1
5	Ukraine	8.2	Bulgaria	4.6
6	India	3.8	China	3.8
7	China	3.7	Russia	3.6
2020			2019	
Rank	Country		Country	
1	USA	31	USA	29.2
2	Argentina	14.3	Brazil	20.3
3	Ukraine	13.3	Argentina	16.3
4	Brazil	9.4	Australia	9.4
5	Australia	8.8	Ukraine	5.8
6	China	4.7	Republic of Serbia	4.6
7	Republic of Serbia	3.4	China	3.7

The table presents the current status of significant grain exporters in China. South Korea stands out as the largest exporter, contributing approximately 17.0% annually. This statistic holds significant importance in China's trade relations, highlighting the considerable proportion of grain exports directed towards South Korea.

Table 2. China's major grain export Country (Unit: %)

2022			2021	
Rank	Country		Country	
1	South Korea	17.8	South Korea	18.3
2	Egypt	15.2	Egypt	7.4
3	Japan	7.4	Japan	5.7
4	Turkiye	7.1	Papua New Guinea	5.1
5	Papua New Guinea	6.8	Sierra Leone	5.1
2020			2019	
Rank	Country		Country	
1	South Korea	17.2	Egypt	12.0
2	Egypt	7.9	South Korea	10.6
3	Japan	6.5	Ivory Coast	7.5
4	Sierra Leone	6.0	North South Korea	7.4
5	Cameroon	5.2	Turkiye	6.5

3. South Korean Framework Polices of the stabilization of grain supply and demand

With regard to South Korean Law relating to the stabilization of grain supply and demand, there are 「Framework Act on Agriculture, Rural Community and Food Industry」, 「Farmland Act」, 「Grain Management Act」, 「Overseas Agriculture and Forest Resources Development and Cooperation Act」. The main reason why South Korean government promotes polices on stabilization of grain supply and demand and food security is due to the 1999 enactment of the 「Framework Act on Agriculture, Rural Community」. The Act establishes the foundation for promoting a stable supply policy for food and essential commodities, along with setting targets for achieving food self-sufficiency rates. These provisions form the core of South Korea's food security policy. Under Article 2 of Framework Act on Agriculture, Rural Community and Food Industry, agriculture means as a key industry carrying out economic and public functions by ensuring the stable supply of safe agricultural products and quality food for the citizens and contributing to conserving the environment of the national territory. Article 14 of Framework Act on Agriculture, Rural Community and Food Industry stipulates that the Minister of Agriculture, Food and Rural Affairs shall formulate a plan, every five

years, to develop agriculture, rural communities, and the food industry for the sustainable development of agriculture, balanced development and preservation of rural communities, and fostering of agriculture-related industries, including the food industry.

South Korean government must establish and implement policies aimed at effectively producing, stockpiling, securing, and exporting food in preparation for potential crises characterized by unstable international food supply and prices, or when stable supply becomes challenging due to natural disasters. In addition, the Government must establish and implement policies necessary for the efficient use of farmland, in order to maintain the stable supply of food and staples. To ensure the stable supply of minimum quantity of food and staples even at a crisis of supply and demand of food and staples occurred by unpredictable causes, such as internal and external turmoil, natural disaster, or serious financial or economic crisis, the Government must formulate policies to expand food production and to restrict distribution, and other necessary policies.

Article 3 of Farmland Act provides that Since farmland is the foundation necessary for food supply to the nation and for preservation of the environment of national land, and is the limited valuable resources influencing the harmonious development of agriculture and national economy, it shall be carefully preserved and suitably managed for public welfare.

Article 10 of Grain Management Act regulates that the Minister of Agriculture, Food and Rural Affairs shall stockpile and utilize government-purchased grain to stably secure food for the nation. Government-purchased grain defines rice and grain prescribed by Presidential Decree which are reserved by the Government after purchasing from private sectors at the market price in order to prepare for unstable supply and demand due to the shortage of grain and for an emergency, such as natural disasters.

The purpose of Overseas Agriculture and Forest Resources Development and Cooperation Act is to contribute to the national economy and the international community through stable securement of overseas agricultural resources and overseas forest resources and international cooperation by prescribing and promoting matters concerning development of overseas agricultural and forest resources and cooperation. The term overseas agricultural resources means overseas agricultural products and livestock products. According to Article 33 of Overseas Agriculture and Forest Resources Development and Cooperation Act, the Minister of Agriculture, Food and Rural Affairs may order the operator of an overseas agricultural resources development project to ship all or some of overseas agricultural resources he/she has developed into South Korea on appropriate and reasonable conditions to stabilize the supply and demand of such agricultural products and livestock products, if there a serious setback that affects or is likely to affect the supply and demand of domestic and overseas agricultural products and livestock products harms or is likely to harm the stability and smooth management of the national economy.

III. Analysis of Changes in China's Agricultural Policy: Before and After WTO accession

1. 1st Phase: Prior to WTO accession

Before the initiation of economic reforms and the policy of opening up, China's agricultural trade was dominated by state-owned trading companies operating within a tightly regulated planning management system. Starting with the economic reforms that commenced in 1978[13], China embarked on a gradual transition towards market-oriented reforms in the foreign trade system, moving away from a centralized planning management structure.

Key reform initiatives encompassed the introduction of a foreign trade permit system, the adoption of an import and export permit system, and the implementation of a contract management responsibility system for foreign trade. Moreover, the policy of providing direct subsidies for agricultural exports was discontinued[13].

2. 2nd Phase: Stage for Promoting the Expansion of foreign Trade (1992-2001)

China has systematically refined its strategies for foreign trade management in accordance with World Trade Organization(WTO) regulations. It has implemented marketization reforms within the foreign trade management system, with the goal of securing WTO accession. The reform initiative for the foreign trade system prioritized attaining policy coherence, expanding foreign trade rights, creating a fair competition framework, implementing an independent accounting system, and introducing a foreign proxy trade system[14].

Key reform initiatives included a substantial reduction in import tariff rates, easing import and export restrictions, and implementing an export quota bidding system for specific agricultural products. Notably, the introduction of the [Wheat Imported Agricultural Products Process Law] on May 31, 1997, played a pivotal role in standardizing import and export procedures for agricultural products by rigorously controlling activities related to agricultural smuggling. Additionally, a registration and labeling system for production licenses of GMO agricultural products was established, alongside the implementation of a sanitary inspection and quarantine system for both exported and imported plants[15].

Further reforms included the discontinuation of the contract management responsibility system, the diversification of foreign trade companies, the finalization of the export tax refund system, the enhancement of export companies' competitiveness, and the cessation of export subsidies[14].

3. 3rd Phase: Amendment of the Foreign Trade Act and Establishment of the Foreign Trade Zone

In December 2001, China became a formal member of the WTO following a 15-year preparatory phase. Upon accession, China was required to adhere to the obligations outlined in the Protocol on the Accession of the People's Republic of China[15].

China progressively implemented measures to enhance transparency by adopting internationally recognized rules governing trade-related systems. These actions were in line with the commitments outlined in Article 2 of the accession protocol, focusing on the implementation of a trade system aligned with WTO principles of non-discrimination, free trade, and fair competition. Since December 2001, numerous regulations governing cargo import and export management have been introduced[16].

In 2004, a significant development occurred with the revision of the Foreign Trade Law of the People's Republic of China("Foreign Trade Law"), a fundamental law governing foreign trade. This revision established a comprehensive sub-law system covering import and export management, customs procedures, and inspection and quarantine, reflecting China's commitment to aligning with international trade standards[14].

Based on WTO's philosophy, China's trade policy orientation can be categorized into three key areas. First, there was a shift towards a trade management system centered on market control rather than administrative measures. Exchange rates gained prominence in trade management, driven by the elimination of non-tariff measures such as tariff cuts, import permits, and reductions in quota items[14].

Second, the overarching goal of China's foreign trade policy became the harmonious development of domestic and foreign trade, emphasizing the convergence of domestic and export industries[15].

Third, China embraced the global trend in trade management by actively participating in

international organizations and engaging in the signing of Free Trade Agreements (FTAs) with neighboring countries. This demonstrated a strategic alignment with broader global trade practices[17].

According to WTO, certain foreign trade enterprises held a monopoly on foreign trade rights until the industry transitioned from a permit system to a registration system. Companies lacking direct foreign trade rights engaged in import and export activities through the proxy trade facilitated by entities possessing such rights. The amended Foreign Trade Act in 2004 eliminated the exclusive privileges previously held by designated agents while retaining regulations on foreign proxy trade (Article 12)[12]. This revision redefined the role of agents as internationally recognized import and export brokers, mediators, and assistants, specifying their involvement as contract agents at the contractual stage.

China formulated a strategy aimed at reducing the average import tariff rate for all concessional items from 15.3% in 2001 to 9.8% by 2010[12], with a simultaneous target of lowering the average import tariff rate for agricultural concession items from 19.3% to 15.0% over the same period. By 2009, the average import tariff rate for all concessional items had successfully reached 9.8%, meeting the commitment for tariff reductions. The average import tariff rates for industrial and agricultural products stood at 8.9% and 15.2%, respectively, in line with the pledged tariff cuts. The average import tariff rate for agricultural products had progressively decreased from 21% pre-WTO accession to 15.8% in 2004, 15.5% in 2005, and 15.2% in 2006[12].

Furthermore, China eliminated non-tariff measures, instituted a state-owned trade management system, and established a product management system with restrictions on import and export. For instance, a cargo management system for restricted imports and exports was established based on Article 19 of the Foreign Trade Act and Articles 11 and 36 of the revised

Cargo Import and Export Management Ordinance in 2004. In the realm of agricultural products, an import tariff allocation (TRQ) system was introduced on the import side, complemented by an export quota and export license management system on the export side[15].

IV. Chinese Grain's Import and Export Law and Quarantine System

1. Chinese Legal Framework concerning Grain import and export

4.1.1 Foreign Trade Law

Foreign Trade Law serves as a fundamental legal framework for China's trade activities. Initially enacted in 1994 and subsequently revised in 2004 and 2016, this law aims to safeguard foreign trade and the associated intellectual property rights[18]. Article 2 of the Foreign Trade Law emphasizes the importance of protecting intellectual property rights within the context of foreign trade operations. Article 7 of Foreign Trade law mentions that in the event that any country or region adopts prohibitive, restrictive or other similar measures that are discriminatory in nature against the People's Republic of China in trade, the People's Republic of China may, in light of the actual conditions, take countermeasures against the country or region accordingly. It provides the general principles for trade protection. Furthermore, the Foreign Trade Law incorporates provisions that define the scope of import and export restrictions or prohibitions by aligning with international regulations such as the General Agreement on Tariffs and Trade (GATT) and the General Agreement on Trade in Services (GATS)[19]. Foreign Trade Law permits free import and export of goods and technologies, except where otherwise provided for in laws and administrative regulations[20]. For the following reasons, the State may restrict or prohibit the import or export of relevant goods and technologies: "(1) for

safeguarding State security, and public interests and ethics, it is necessary to restrict or prohibit their import and export; (2) for protecting human health or safety, the lives or health of animals and plants, or the environment, it is necessary to restrict or prohibit their import or export; (3) for implementing the measures related to the import and export of gold and silver, it is necessary to restrict or prohibit their import or export; (4) because of short supply on domestic market or for effective conservation of exhaustible natural resources, it is necessary to restrict or prohibit their export; (5) because of the limited market capacity of the importing country or region, it is necessary to restrict their export; (6) because of serious chaos in export order, it is necessary to restrict their export; (7) for establishing or speeding up the establishment of a particular domestic industry, it is necessary to restrict their import; (8) it is necessary to restrict the import of agricultural, animal husbandry and fishery products of any form; (9) for maintaining the State's international financial position and the balance of international receipts and payments, it is necessary to restrict their import; (10) other goods the import or export of which needs to be restricted or prohibited, as required by laws and administrative regulations; or (11) other goods the import or export of which needs to be restricted or prohibited in accordance with the provisions of international treaties or agreements signed or acceded to by the People's Republic of China".¹⁾

Under Article 19 of Foreign Trade Law, the State exercises control of the goods subject to import or export restriction through quotas, licensing, etc. The Ministry of Commerce People's Republic of China (MOFCOM) in collaboration with relevant ministries, announces the import quota management items on an annual basis before July 31st. These items are then managed according to

the specific work areas designated by the State Council. China's import quota management encompasses a wide range of goods, including machinery, electrical appliances, electronics, home appliances, instrument meters, and their related parts, as well as other significant industrial products[21]. The state exercises control of part of the imported goods through tariff-rate quota. In the management items of import duties, agricultural products such as wheat (including flour), corn (including corn flour), rice (including rice powder), soybean oil, rapeseed oil, palm oil, edible sugar, cotton, wool, and wool tops are included as one of the significant items[22].

The management of agricultural products subject to import tariffs in China is divided between MOFCOM and the National Development and Reform Commission(NDRC). MOFCOM oversees six specific items, namely soybean oil, rapeseed oil, palm oil, edible sugar, wool, and cotton [23]. On the other hand, NDRC is responsible for managing four items: wheat, corn, rice, and cotton[24]. This division of responsibilities ensures efficient oversight and regulation of these agricultural products within the import tariff framework[25]. Where the provisions of the Foreign Trade Act are violated, the state may impose a fine, the administrative penalty, the criminal penalty and confiscate its unlawful gains.²⁾ Furthermore, in cases where violations of the aforementioned laws are deemed severe, individuals may face criminal responsibility under the Chinese Criminal Act for crimes related to Crimes of Endangering National Security, smuggling, or Crimes of Disrupting Market Order. These additional legal provisions ensure that actions posing significant threats or disruptions to national security, illegal trade activities, or disturbances to market stability are appropriately addressed and subject to criminal prosecution.

1) Article 16 of Foreign Trade Law.

2) Article 61 and Article 62 of Foreign Trade Law of The People's Republic of China

2. Tariff and the Customs Clearance's Procedure

4.2.1 Tariff's Law and Regulations

Chinese customs procedures are governed by several key laws and regulations. Regarding these, it can be seen in Table 3.

Table 3. Chinese Major Laws and Regulations relating to Chinese Custom

Custom Law	The Customs Law of the People's Republic of China serves as the primary legislation governing customs activities, procedures, and regulations. It establishes the legal framework for customs administration, tariff collection, customs supervision, and enforcement
Import Customs Regulations	These regulations outline the specific procedures and requirements for importing goods into China. They cover aspects such as customs declarations, valuation of goods, classification, and assessment of import duties and taxes
Intellectual Property Customs Protection Regulations	These regulations are designed to protect intellectual property rights by providing mechanisms for customs to enforce IP-related measures, such as the seizure and detention of goods suspected of infringing trademarks, copyrights, or patents
Import and Export Commodity Origin Regulations	These regulations establish rules and criteria for determining the origin of imported and exported goods. They are important for applying preferential trade agreements, assessing duty rates, and ensuring compliance with origin requirements
Preferential Origin Management Regulations for Import and Export Goods	These regulations govern the administration and implementation of preferential trade agreements, including rules of origin and the procedures for claiming preferential tariff treatment
Customs Guarantee Regulations	These regulations provide the legal framework for customs guarantees, such as customs bonds or deposits, to ensure compliance with customs requirements and payment of duties and taxes
Anti-Subsidy Regulations	These regulations address the investigation, determination, and imposition of countervailing duties on imported goods that benefit from subsidies provided by foreign governments.
Anti-Dumping Regulations	These regulations establish procedures and measures to address the importation of goods at dumped prices, which are considered to cause material injury to domestic industries

Custom Law is formulated for the purpose of safeguarding state sovereignty and national interests, strengthening Customs supervision and control, promoting exchanges with foreign countries

in economic affairs, trade, science and technology, and culture and ensuring socialist modernization. There consists of total 9 Chapters such as Chapter I General Provisions, Chapter II Inward and Outward Means of Transport Chapter III Inward and Outward Goods, Chapter IV Inward and Outward Articles, Chapter V Customs Duties, Chapter VI Customs Security, Chapter VII Enforcement Supervision, Chapter VIII Legal Responsibilities.

During the pre-reform era of foreign trade, there was a strong focus on bolstering national fiscal imports[26]. However, as the marketization reform of the foreign trade management system advances, the importance of imports has expanded beyond their role as a major financial source. They now play increasingly crucial roles in export control and safeguarding domestic industries.

4.2.2 Clearance System

In accordance with Chinese Customs Law, China establishes customs offices in open ports and designated areas where customs supervision and management are concentrated[27][28]. It is mandatory for imports and exports, including means of transportation and cargo, to undergo customs procedures at these customs offices.

The basic procedure for customs clearance of imported cargo in China involves several steps, which are as follows [29]:

• Exchange of Shipping Certificates → Quarantine Declaration → Customs Declaration → Cargo Inspection → Customs Collection → Customs Clearance

4. Quarantine System for Grain export and import

In China, inspection and quarantine primarily encompass three key areas: import and export product inspection, animal and plant quarantine for immigration purposes, and border hygiene quarantine[27]. The major Chinese laws relating to the inspection and quarantine of imported and exported agricultural products are Food Safety Law of the People's Republic of China, Law of the People's

Republic of China on Import and Export Commodity Inspection, Regulations for Enforcement of the Import and Export Commodity, Law of the People's Republic of China on the Entry and Exit Animal and Plant Quarantine, Measures for Administration of Quarantine Access of Entry Animals and Plants Notified, Regulations on the Quarantine of Imported and Exported Animals and Plants

The General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) a direct agency under the State Council, is responsible for overseeing the inspection and quarantine activities in China. The regional Immigration and Quarantine Bureaus operate under a unified administrative system[30].

The inspection and quarantine process for import and export food involves the following steps:

• Application and Documentation → Sampling → Inspection and Quarantine → Sanitary Hazard Treatment → Issuance of Certificates and Customs Clearance [31].

The inspection and quarantine of imported and exported food involve two main methods[32]:

- ① Laboratory Testing: In this method, a variety of quality characteristics, safety standards, hygiene requirements, and conditions of the food are examined through laboratory testing. Samples are collected from the imported or exported food products and analyzed in the laboratory. The tests cover aspects such as nutrition, chemical composition, and specific characteristics of the food. This method is crucial for assessing the overall quality and safety of the food products.
- ② Field Inspection: The second method involves on-site inspections conducted in the field. It focuses on assessing the conditions and packaging of the food during storage, unloading, transportation, and other relevant processes. Inspectors examine the sanitary conditions, storage facilities, transportation vehicles, and loading/unloading procedures to ensure compliance with regulations and

standards. Some inspections are carried out concurrently with laboratory testing to provide a comprehensive assessment of the food's quality and safety.

5. Remarks

Following its entry into the WTO, China underwent a comprehensive reform of its foreign trade system in accordance with WTO regulations and accession protocols. This reform involved adjusting or modifying policies and regulations that were not in compliance with WTO rules, while adhering to the principles of non-discrimination, free trade, and fair competition. In April 2004, China revised the Foreign Trade Act as a foundational step in this process.

Chinese foreign trade system, as defined by the Foreign Trade Act, exhibits certain characteristics that can present challenges. One obstacle stems from the absence of clarity surrounding the extent and accountability of delegated authority granted to foreign trade management agencies. This lack of transparency can result in uncertainties when making decisions and executing processes. Furthermore, there is a lack of comprehensive enforcement regulations for the revised Foreign Trade Act. The absence of specific enforcement regulations for different trade fields, items, and safety measures can create confusion and hinder effective implementation. This legal ambiguity has the potential to function as a non-tariff barrier, impeding trade flows. The Foreign Trade Act serves as the primary legislation governing the import and export of agricultural products in China. It is supported by subsidiary laws related to import and export management, customs clearance, and inspection and quarantine. While China's agricultural import and export system generally conforms to WTO regulations, there are still concerns regarding legal ambiguity, irrationality, and non-transparent procedures within the system. These issues can act as non-tariff barriers for Chinese agricultural exporters, creating obstacles

to their trade activities.

V. Conclusion

Throughout the 20th century, global grain prices have experienced multiple fluctuations. Since 2005, the global grain supply and demand structure has undergone significant changes, leading to an upward trend in the prices of major grains. This trend has increased instability and shortened the cycle of price changes. It is expected that such volatility in international grain prices will persist in the medium- to long-term. China's overall grain imports have been on the rise for several reasons. Firstly, the growing population has resulted in increased food demand. Secondly, there has been an increased demand for feed grains due to the higher consumption of livestock products. These factors have contributed to the increased importation of grains in China. Additionally, there is a growing likelihood of fluctuations in grain production due to uncertainties caused by abnormal weather conditions and the conversion of farmland due to urbanization. These factors further exacerbate China's imbalance between grain supply and demand. The resulting volatility in international grain prices can have a significant impact on the supply, demand, and prices of grains in South Korea. The combination of increased grain imports in China and the potential for production uncertainties creates a situation where the volatility of international grain prices can have ripple effects on the grain market dynamics in South Korea. It is important for both China and South Korea to carefully monitor and manage their grain supply and demand to mitigate the impact of these price fluctuations and ensure stability in the grain market.

South Korea's trade dependency stood at approximately 69.6% in 2021, with intermediate goods imports and exports constituting 66.5% of global exports and 47.1% of global imports. Furthermore, trade with China constitutes the

largest share of South Korea's total trade, amounting to 21.9%. South Korea holds the rank of the world's seventh-largest country in terms of grain imports, with wheat, soybeans, and corn comprising 95% of these imports. South Korea's significant dependence on grain imports from China makes it vulnerable. Imposing restrictions on grain exports by China, driven by its internal supply and demand conditions, has the potential to directly disrupt South Korea's grain supply and demand dynamics.

Against these backgrounds, the aim of this paper is to analyze the legislative framework in China regarding the importation of Chinese grains. China's agricultural import and export system underwent necessary adjustments and modifications in compliance with the regulations and accession protocols of WTO during its accession process. The regulation of agricultural imports and exports in China operates within a comprehensive legal framework covering import and export management, customs procedures, clearance, as well as inspection and quarantine. The cornerstone of this framework is the Foreign Trade Law, which is widely acknowledged to be in line with the regulations set by WTO. Nonetheless, it is imperative to exercise caution due to the presence of provisions relating to criminal liability within the Foreign Trade Law. Breaching these provisions can result in criminal penalties, such as the prohibition of engaging in relevant trade activities, confiscation of illegal profits, and fines. It should be noted that if violations of the Foreign Trade Act are deemed severe, China may enforce criminal liability under laws related to Crimes of Endangering National Security, smuggling, or Crimes of Disrupting Market Order. The objective of this paper is to offer academic and practical support by analyzing China's legislative system regarding grain exports, considering the significance of South Korea's dependence on Chinese grain imports.

ACKNOWLEDGEMENT

This work was supported by the Ministry of Education of the Republic of Korea and the National Research Foundation of Korea [NRF-2022S1A5A2A03052887]

REFERENCES

- [1] FAO, The State of Food Security and Nutrition in the World 2022, FAO, 2022,
- [2] Barakat, Hala, and Heather Elaydi. "Global Food Crisis: Updates from the MENA Region." in "Global Food Crisis and the Responses: A Comprehensive Update and Discussion", co-organized by WCC and the Civil Society and Indigenous Peoples' Mechanism for relations with the UN Committee on World Food Security, 2022. Available Online: <https://www.hlrn.org/img/documents/Food%20Crises%20MENA%20Region%2022.pdf>
- [3] Behnassi, Mohamed, and Mahjoub El Haiba. "Implications of the Russia-Ukraine war for global food security." *Nature Human Behaviour*, Vol. 6 No.6, pp.754-755, 2022.05.
- [4] National Assembly Budget Office of Republic of South Korea, Analysis of Grain Supply and Demand Stabilization Projects and Policies, National Assembly Budget Office, 2021.
- [5] KITA, K-stat, 2023. Available Online: <https://m.khan.co.kr/world/china/article/202208222132015#c2b>
- [6] KITA, 2022. Available Online: <https://kita.net/board/totalTradeNews/totalTradeNewsDetail.do?no=%2068486&siteId=1>
- [7] KDI, 2012. Available Online: https://eiec.kdi.re.kr/publish/naraView.do?nara_yymm=201210&fcode=00002000040000100001&cidx=8412&sel_year=2012&sel_month=10
- [8] Sekhar, C. S. C. Climate change and rice economy in Asia: Implications for trade policy, The State of Agricultural Commodity Markets, FAO, 2018. Available Online: <https://www.fao.org/publications/card/en/c/CA2207EN/>
- [9] Jang, In Suk, Jae Min Kim, and Bu Geum Gu. "Diagnosis of Rice Processing Food Industry and Expansion of Consumption of Domestic Rice." *Food Industry And Nutrition*, Vol. 22, No.1, pp.38-44, 2017.. DOI: 10.22698/jales.20230006
- [10] KOSIS, Grain Consumption Survey, 2023. Available Online: https://kosis.kr/statHtml/statHtml.do?orgId=101&tblId=DT_1ED0001&checkFlag=N
- [11] Kim, Sang-Hyo and Hyeon-ha Hong, "2020 Food Balance Sheet." KEI Report, 2019. Available Online: <http://www.krei.re.kr/krei/research.do?key=67&pageType=010101&searchCnd=all&searchKrdw=%EC%8B%9D%ED%92%88%EC%88%98%EA%B8%89%ED%91%9C>
- [12] Moon, Jin-Young, et al. "Measures to Secure a Stable Supply of Grain for Korea.", KIEP Research Paper No. Policy Analysis. 2014.
- [13] Sachs, Jeffrey D., and Wing Thye Woo. "China's economic growth after WTO membership." *Journal of Chinese Economic and Business Studies*, Vol.1 No.1, pp.1-31, 2003.10. DOI:10.1080/1476528032000039721.
- [14] Carter, Colin A., Funing Zhong, and Jing Zhu. "Development of Chinese agriculture since WTO accession." *EuroChoices*, Vol.8 No.2, pp.10-16, 2009. 07. DOI:10.1111/j.1746-692X.2009.00126.x.
- [15] Veeck, G. "China's Exports and Imports of Agricultural Products under the WTO", *Eurasian Geography and Economics*, Vol.49 No.5, pp.569-585, 2008. DOI:10.2747/1539-7216.49.5.569.
- [16] Zhang Hong. "The Impact of China's WTO Entry on China's Agricultural Products Trade and Countermeasures." *Exploration of Hot Issues in China's Economy (Part 2)*, 2001.
- [17] Meriwether Pearson, M. "China's WTO implementation in comparative perspective: lessons from the literatures on trade policy and regulation", *The Review of International Affairs*, Vol.3 No.4, pp.567-583, 2004. 01. DOI: 10.1080/147535504200241520.
- [18] Lai, Pingyao, and Qingru Li. "Development in China's foreign trade: 200-2012." *China & World Economy*, Vol.21 No.6, pp.58-78, 2013. 11. DOI:10.1111/j.1749-124X.2013.12046.x.
- [19] Hsiao, Gene T. *The foreign trade of China: policy, law, and practice*, 1st Ed(Australian National University Press, 1978.
- [20] Wang, Bing. "China's New Foreign Trade Law: Analysis and Implications for China's GATT Bid." *The John Marshall Law Review*, Vo.28, Issue.3. 1994. 07. Available Online:<https://repository.law.uic.edu/cgi/viewcontent.cgi?article=1756&context=lawreview>
- [21] Wang, Kui Hua. "The emergence of China's foreign trade law and its impact on Sino-Australian trade." *Australian Business Law Review* Vol.24 No.5, 1996. 10. DOI:10.3316/agispt.19964963.
- [22] Lu, Ding. "Industrial policy and resource allocation: implications on China's participation in globalization." *China Economic Review*, Vol.11 No.4, pp. 342-360, 2001.12. DOI: 10.1016/S1043-951X(01)00038-4.
- [23] The South Korea Rural Economic Institute, *Trade Policy and Import and Export System of China's Agricultural Products*, 2001.
- [24] Jie, Guo. "China's Food Security Challenges and Its Foreign Trade and Investment Landscape in Agriculture." *Globalization and Agriculture: Redefining Unequal Development*, 2017.
- [25] Yueh, Linda Y, *The economy of China*, Edward Elgar Publishing, 2010.
- [26] Broughton, Edward I., and Damian G. Walker. "Policies and

practices for aquaculture food safety in China", *Food Policy*, Vo.35 No.5, pp.471-478, 2010. 10. DOI: 10.1016/j.foodpol.2010.05.007.

- [27] Lardy, Nicholas R. *Foreign trade and economic reform in China*, Cambridge University Press, 1993.
- [28] The General Administration of Customs of the People's Republic of China (GACC), 'Animal and Plant Quarantine, 2023. Available Online: <http://english.customs.gov.cn/inspection/html/animal.html>
- [29] Cullinane, Kevin, and Teng-Fei Wang. "Port governance in China." *Research in Transportation Economics*, Vo.17, pp. 331-351, 2006. 10. DOI: 10.1016/S0739-8859(06)17015-8.
- [30] Ramasamy, Bala, *An analysis of import-export procedures and processes in China*, ARTNeT Working Paper Series, No. 88, Asia-Pacific Research and Training Network on Trade, 2010, pp.1-2.
- [31] General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), 2023. Available Online: <https://www.china-certification.com/en/glossary/general-administration-of-quality-supervision-inspection-and-quarantine-aqsiq-obsolete/>
- [32] The General Administration of Customs of the People's Republic of China (GACC), *Safety of Imported and Exported Food*, 2023. Available Online: <http://english.customs.gov.cn/statics/a77a49cf-3fbc-48ac-854a-be507d7c620b.html>

Authors



Junghwan Choi earned his Bachelor of Marine Engineering at Korea Maritime and Ocean University (Busan, South Korea) and his Master of Laws at Korea Maritime and Ocean University (Busan, South Korea).

He also has a LL.M in International Maritime Law with Merit from Swansea University (Swansea, United Kingdom), and Doctor of Philosophy in Law from the University of Exeter (Exeter, United Kingdom). Dr. Choi is currently Associate Professor at Law School of Dalian Maritime University (China). His main areas of expertise are Public Maritime Law, International Law of the Sea, International Marine Environmental Law, Marine Policy, and International Maritime Conventions (IMO Convention).



Sangseop Lim received the B.S. degree in ship engineering and M.A. and Ph.D. degrees in shipping management from Korea Maritime and Ocean University, Korea, in 2007, 2014 and 2018, respectively.

Since 2020, Dr. Lim is currently assistant professor in the Division of Navigation Convergence Studies at Korea Maritime and Ocean University, Busan, Korea. He is interested in shipping finance, shipping market forecasting and risk management.