CHINA AND INDIA – TRADE PARTNERS OF EU AGRIBUSINESS

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Abstract

This paper sets out to analyze more closely the agricultural foreign trade realized between EU countries on the one hand and China and India on the other. The mutual agricultural foreign trade is characterized by very dynamic growth. The exports from EU countries are realized at a much higher price per kilogram than is the case with imports from China and India. Furthermore, while in the EU the growth of value of mutual trade with China and India is realized mainly through growing added value of the traded goods, the value growth of Chinese and Indian exports to the EU is realized mainly through a high share of exported mass. The actual commodity structure of mutual trade is based on limited number of aggregations (approximately 10–15). With respect to comparative advantages achieved only within the framework of trade in relations between the EU – China and EU – India, it is proved that these countries maintain a comparative advantage in 23 aggregations.

Key words: trade, global, competitiveness, export, import, agriculture, structure

INTRODUCTION

"The impact of international trade on economic growth and poverty is a central issue in the debate surrounding globalization" (Hassine and Kandil, 2009). If we analyze the world economy development it is obvious that during the last few decades it was south-east Asia which was really influenced by globalization process. "The rapid growth of emerging Asia has the potential to transform the global economy of the 21st century" (Martin et al., 2008). Speaking about south-east Asia, two very important economy powers are located in this region - China and India. During the last twenty years both countries significantly changed their economy and they become important players in the world market. The WTO chairman Mr. Mendelson told about China and India the following: "China will soon be the largest exporter in the WTO, and ultimately the largest economy in the global trading system. India will not be far behind" (Mendelson, 2007). China and India are important economy partners for many countries around the World, even for the EU. The bilateral trade activities between EU and China and EU and India are important for the future aspects of Europe's trade policy.

The EU, China and India are major agricultural producers as well as consumers (FAO, 2008) facing the differing situations existing on their domestic agricultural markets. While the EU has been generating a long-term agriculture production surplus and tends to limit the volume of its own production, in India and China we are witnessing the opposite development. It is likewise important to mention that the individual economies mentioned above represent very significant outlets for agricultural production not only with respect to local dimensions, but also from a worldwide viewpoint. Regarding the position of agriculture in total economy output, there are striking differences between the analyzed economies. While agriculture in EU countries represents a very strong system both economically and socially, in China and India the agricultural sector is at a much lower qualitative level. The countries of the EU are undoubtedly a key element influencing worldwide trade with agricultural and food products. Just in the years 1993-2008, the value of the turnover of agricultural trade realized by those countries (excluding the internal trade realized among countries of the EU 27) grew from USD 75 billion to ca. USD 155 billion (FAO, 2009). The territorial structures of agricultural trade of EU countries is very diversified. The EU is engaged in trade with most of the world's regions. Nonetheless, it should be said that the markets of China and India, which will become key players on the future worldwide agricultural market, are included only marginally in the framework of the territorial structure of the agricultural trade of EU countries. On the other hand it must be emphasized that for China and India the EU market is one of the key partner - speaking about their agrarian trade activities.

MATERIALS AND METHODS

The paper analyzes the value and competitiveness of foreign trade channels for agricultural products that are realized among the EU 27 states on the one hand and China and India on the other (the selected results were presented during the conference in India in September 2010.). With respect to the actual construction of the paper, the reader should be informed that analysis of agricultural trade in EU countries for the whole monitored period is based on the idea that the market of the entire EU is always analyzed in the form in which we now know it, meaning that all twenty-seven Member States of the present-day EU are analyzed without taking into consideration whether or not they were EU member states by the given year. The goal is to determine how agricultural trade will develop in the countries in question in the long term, emphasizing in particular their mutual trade relations. Analysis of the development of mutual foreign trade by the countries of the EU 27 with China and India has been prepared for the period of 1993-2008. The paper concentrates on analyzing the actual development of mutual trade commodity structure. The main monitored quantities are the growth rate of volume and the value of mutual trade, as well as the absolute change of the value of mutual trade during the monitored period. Individual developmental trends are monitored at current prices in USD. The actual comparative or competitive advantage of the individual subjects is analyzed at the national level (analysis of the level of competitiveness of individual items of agricultural trade within the framework of the actual export structure) using the RCA index (Liesner, 1958; Balassa, 1965) and then at the global level using the RCA1 index (analyzing the level of; competitiveness of individual items of agricultural exports on the world market). Finally, the competitiveness of mutual agricultural trade on a bilateral level between the countries of the EU 27 on the one hand and China and India on the other is analyzed using the Lafay index. The Lafay index (LFI), by taking into account imports, allows to control for intra industry trade and re-export flows; in this sense it is superior to the traditional Revealed Comparative Advantages index (Balassa, 1965).

The revealed export advantage index RCA (comparative advantage – global/regional level)

RCA1 = (Xij/Xnj)/(Xit/Xnt)

Where:

- X = represents exports
- i = represents analysed country
- *j* = represents the analysed economy sector/commodity/ industry

- n = represents some set of countries or world
- t = represents the sum of all economy sectors/commodities/ industries

RCA1 measures a country's exports of a commodity (or industry) relative to its total exports and to the corresponding exports of a set of countries, e.g. the world. A comparative advantage is "revealed", if RCA1 > 1. If RCA1 is less than "one", the country is said to have a comparative disadvantage in the commodity/industry. It is argued that the RCA1 index is biased due to the omission of imports especially when country size is important (Utkulu and Seymen, 2004).

The revealed comparative advantage index RCA1 (comparative advantage at national level)

$RCA = \ln (Xij/Mij)/(Xit/Mit) \times 100$

Where:

j

- X = represents exports
- M = represents imports
- = represents analysed country
- = represents the analysed economy sector/commodity/ industry
- t = represents the sum of all economy sectors/commodities/ industries

The RCA index ratio ranges from -1 (*Xij* = 0 and revealed comparative disadvantage) to +1 (*Mij* = 0 and revealed comparative advantage). However, regarding RCA2, there exist ambiguities around zero values (Qineti et al., 2009). Speaking about Lafay index, this index also controls for distortions induced by macroeconomic fluctuations (Fidrmuc et al., 1999). Since comparative advantages are structural, by definition, it is crucial to eliminate the influence of cyclical factors, which can affect the magnitude of trade flows in the short run. The Lafay index takes into account these effects by considering the difference between each item's normalised trade balance and the overall normalised trade balance (Damuri et al., 2006). Finally, the Lafay index weights each product's contribution according to the respective importance in trade (Zaghini, 2003). For a given country, *i*, and for any given product, *j*, the Lafay index is defined as:

$$LFI_{j}^{i} = 100 \left(\frac{x_{j}^{i} - m_{j}^{i}}{x_{j}^{i} + m_{j}^{i}} - \frac{\sum_{j=1}^{N} (x_{j}^{i} - m_{j}^{i})}{\sum_{j=1}^{N} (x_{j}^{i} + m_{j}^{i})} \right) \frac{x_{j}^{i} + m_{j}^{i}}{\sum_{j=1}^{N} (x_{j}^{i} + m_{j}^{i})}$$

where x_{j}^{i} and m_{j}^{i} are exports and imports of product *j* of country *i*, towards and from the rest of the world, re-

S3-001	LIVE ANIMALS	S3-043	BARLEY, UNMILLED	S3-073	CHOCOLATE, OTH. COCOA PREP
S3-011	BOVINE MEAT	S3-044	MAIZE UNMILLED	S3-074	TEA AND MATE
S3-012	OTHER MEAT, MEAT OFFAL	S3-045	OTHER CEREALS, UNMILLED	S3-075	SPICES
S3-016	MEAT,ED. OFFL,DRY,SLT,SMK	S3-046	MEAL, FLOUR OF WHEAT, MSLN	S3-081	ANIMAL FEED STUFF
S3-017	MEAT, OFFL.PD,PRSVD,NES	S3-047	OTHER CEREAL MEAL, FLOURS	S3-091	MARGARINE AND SHORTENING
S3-022	MILK AND CREAM	S3-048	CEREAL PREPARATIONS	S3-098	EDIBLE PROD. PREPRTNS,NES
S3-023	BUTTER, OTHER FAT OF MILK	S3-054	VEGETABLES	S3-111	NON-ALCOHOL. BEVERAGE,NES
S3-024	CHEESE AND CURD	S3-056	VEGTABLES, PRPD,PRSVD,NES	S3-112	ALCOHOLIC BEVERAGES
S3-025	EGGS, BIRDS, YOLKS, ALBUMIN	S3-057	FRUIT, NUTS EXCL. OIL NUTS	S3-121	TOBACCO, UNMANUFACTURED
S3-034	FISH, FRESH, CHILLED, FROZN	S3-058	FRUIT, PRESERVED, PREPARED	S3-122	TOBACCO, MANUFACTURED
S3-035	FISH, DRIED, SALTED, SMOKED	S3-059	FRUIT, VEGETABLE JUICES	S3-411	ANIMAL OILS AND FATS
S3-036	CRUSTACEANS, MOLLUSCS	S3-061	SUGARS, MOLASSES, HONEY	S3-421	FIXED VEG. FAT, OILS, SOFT
S3-037	FISH ETC. PREPD, PRSVD. NES	S3-062	SUGAR CONFECTIONERY	S3-422	FIXED VEG. FAT, OILS, OTHER
S3-041	WHEAT, MESLIN, UNMILLED	S3-071	COFFEE, COFFEE SUBSTITUTE	S3-431	ANIMAL,VEG. FATS, OILS, NES
S3-042	RICE	S3-072	COCOA		

Table 1: List of commodity groups

Source: UN Comtrade + own processing

spectively, and *N* is the number of items. According to the index, the comparative advantage of country *i* in the production of item *j* is thus measured by the deviation of product *j* normalized trade balance from the overall normalized trade balance, multiplied by the share of trade (imports plus exports) of product *j* on total trade. Positive values of the Lafay index (Lafay, 1992) indicate the existence of comparative advantages in a given item; the larger the value the higher the degree of specialization. (Zaghini, 2003). The used methodology divides foreign trade of agricultural and food products (agricultural foreign trade will be abbreviated as AFT) into 44 groups – see Table 1 (Svatoš and Smutka, 2008).

RESULTS AND DISCUSSION

Standing of the EU, China and India within the worldwide trade of goods and agricultural products

Foreign trade is a reflection of the economic relationships among individual economies and represents a part of a country's economic foreign relationships, including the trading of part of its production (Jeníček and Krepl, 2009). The EU, China and India are important players on the world market (see Table 2), and their trading of merchandise goods represents a very large share of worldwide trade. Their share of worldwide agrarian exports borders on 50% (after exclusion of trade among EU countries, the share is reduced to just under 25%). As far as imports are concerned, the share of the aforementioned subjects vary in area of agricultural trade (after elimination of EU intra-trade) at a level near 22% (FAO-STAT, 2010).

With respect to the agricultural trade of the EU countries, China and India represent trade destinations of only limited importance. China and India account for ca. 2% and 0.3%, respectively, of the resulting value of exports of EU 27 countries (excluding the EU's internal market), and their shares in EU 27 imports are ca. 5% and 2%. From the perspective of China and India, the market of the EU countries is more interesting. For China, the market of the EU 27 represents the outlet for ca. 15% of its agricultural exports, and approximately 8% of all of its agricultural imports come from there.

			1993	2008	2009	Growth rate* 1993–2008	Abs. change 2008/2009	Abs. change 2008/1993
		EU 27 (only intra-trade)	116 897	350 289	210 344	1.037	0.6	2.997
		China	127	2 033	1 669	1.174	0.821	15.954
		India	37	281	193	1.109	0.687	7.639
Export	EU 27	World (including EU's intra trade)	156 255	456 852	278 082	1.037	0.609	2.924
		World (excluding EU's intra trade)	39 358	106 563	67 738	1.035	0.636	2.708
		China's share	0.32%	1.91%	2.46%			
		India's share	0.09%	0.26%	0.29%			
		World	35 674	110 561	86 502	1.057	0.782	3.099
		China	972	5 042	4 646	1.103	0.921	5.185
Import	EU 27	India	879	2 543	2 158	1.058	0.848	2.894
		China's share	2.73%	4.56%	5.37%			
		India's share	2.46%	2.30%	2.49%			
Evnort	China	EU27	972	5 042	4 646	1.103	0.921	5.185
Export	Cillia	EU's share	10.23%	14.45%	13.43%			
Import	China	EU27	127	2 033	1 669	1.174	0.821	15.954
Import	China	EU's share	3.95%	8.30%	7.24%			
Export	India	EU27	879	2 543	2 157	1.058	0.848	2.894
Export	mula	EU's share	24.11%	14.72%	15.92%			
Import	India	EU27	37	281	193	1.109	0.687	7.639
	muid	EU's share	7.89%	3.06%	1.98%			

Table 2: The dynamics of total and mutual agrarian export (EU, India, China) in the period 1993–2009 (FOB, in 1000 000 USD current prices)

*Note: Average inter annual value of agrarian export (geometrical mean value) Source: UN Comtrade + own processing

For India, the EU represents the outlet for ca. 15% of its agricultural exports, and ca. 3% of all agricultural imports come from there. Mutual trade between the EU, India and China is developing very rapidly over time. Just in 1993–2008 the value of agricultural exports from EU countries to China and India grew year-on-year by an average of 17% and 11%, respectively. The value of Chinese and Indian exports to EU countries grew annually by an average of 10% and 6%, respectively (expressed in current USD prices). With respect to agricultural trade, it is worth mentioning the fact that the agricultural trade of EU companies in relation to China and India has been exhibiting a long-term trend of negative development. Just for 2008 the agricultural trade deficit with China was near the level of ca. USD 3 billion. The value of trade deficit with India was approximately USD 2.2 billion (WTO, 2010). In this regard it would also be appropriate to mention that the trade deficit with both countries represents a significant value in relation to the overall agricultural trade deficit of the EU 27 countries.

Commodity structure of agricultural foreign trade of the EU, China and India

If we focus on the actual commodity structure of agricultural trade of EU countries in relation to China and India, we find several interesting facts. While the average price per kilogram of agricultural exports from the EU to China varies at around USD 2.3/kg, in the case of imports from China, the price per kilogram is at the level of ca. USD 1.8/kg. The mutual trade between EU and India is characterized by higher prices per kilogram of exports from EU countries (USD 1.93/kg) compared with the kilogram price of imports (USD 1.47/kg). The value and volume of agricultural trade between the EU on the one hand and China and India on the other, are based on the limited number of commodity aggregations. The EU export to China is realized solely (70% of total value) within the framework of five aggregations (S3-112, S3-022, S3-034, S3-098 and S3-112). The situation is similar with imports from China, where transactions in six aggregations (S3-034, S3-037, S3-054, S3-056,

S3-058 and S3-081) likewise represent 70% of the value realized. We can find a similar status in trade between EU countries and India. Ca. 70% of the export commodity structure is concentrated within six aggregations (S3-054, S3-112, S3-098, S3-421, S3-048 and S3-081), predominant among which are S3-112, S3-054 and S3-098 (which themselves represent ca. 52% of the value of exports realized). The commodity structure of imports is similarly concentrated. Seven (S3-036, S3-042, S3-057, S3-071, S3-074, S3-121 and S3-422) of the 44 aggregations monitored in 2008 accounted for ca. 70% of the resultant value of agricultural imports directed from India to the EU. Speaking about the mutual trade in agricultural products between EU and China or EU and India, the EU countries are dominant in the area of the qualitative aspect of realized trade. Exports from EU countries are characterized by higher prices per kilogram and a higher degree of processing, and thus of added value, while imports from China and India are characterized by an amount of added value and a lower degree of processing.

Competitiveness of agricultural trade of the selected economies (EU, China and India)

The next part of the paper is dedicated to analysis of the competitiveness of agricultural exports based on the individual economies analyzed in the text. Analyses of the competitiveness of agricultural trade of the individual economies have been made on several levels. The first level is preparation of analysis of the competitiveness of the agricultural sectors of the individual economies within the framework of the worldwide market, with comparisons with all of the main segments of traded goods (Table 3). The second level is analysis of the competitiveness of individual items of agricultural exports within the framework of the actual export of the individual economies (Table 4). There is also analysis of competitiveness in individual aggregations of agricultural exports of the individual economies in relation to the worldwide market with agricultural and food products (Table 5). Finally, analysis has been prepared of the competitiveness of agricultural trade (exports) between the EU on the one hand and China and India on the other (Table 6). Table 3 shows that only Indian agricultural trade as a whole is competitive within the context of worldwide trade.

Table 4 gives a brief overview of the competitiveness of the individual items of agricultural exports within the framework of the actual export structures of the individual monitored economies. From the results of the analysis it follows that in the case of EU countries, twenty of the monitored aggregations are competitive. In China and India twenty-four and twenty-nine (respectively) monitored aggregations are competitive.

Table 5 provides the results of analysis that deals with competitiveness of agricultural exports of the individual economies analyzed within the framework of the worldwide market. From these results, it follows that from the viewpoint of each country there exists a certain set of items that have won themselves over time a competitive advantage on the global market.

In the case of the EU approximately 18 of the 44 monitored aggregations are holding on to their competitiveness at the international level (keeping their dominant standing over the long term are such aggregations as S3-122, S3-012, S3-041, S3-098, S3-048, S3-022 and S3-024. As a result, their share of the exports of EU countries is ca. 53%).

China is maintaining a long-term competitive advantage in 16 of the 44 monitored aggregations. Generally, these are aggregations with a lower degree of added value, outstanding among which are S3-034, S3-037, S3-054, S3-056 and S3-058 (these items represent approximately 50% of the value of China's agricultural exports,

Table 3: T	he analysis	of individual	merchandise	trade	components'	competitivenes	s in t	he world	market	place
	2				1	1				1

RCA1		1993	1995	1997	1999	2001	2003	2005	2007	2008	2009
	ES 27 2007	0.952	0.920	0.925	0.930	0.904	0.942	0.943	0.930	0.915	0.736
Agrarian	China	1.304	0.987	0.889	0.839	0.800	0.674	0.561	0.470	0.404	0.402
products	India	2.063	2.264	2.162	2.013	1.978	1.684	1.546	1.549	1.575	1.071
_	ES 27 2007	0.438	0.408	0.376	0.344	0.320	0.349	0.362	0.387	0.398	0.357
Raw materials	China	0.644	0.584	0.514	0.363	0.314	0.240	0.176	0.127	0.139	0.137
	India	0.667	0.585	0.526	0.331	0.573	0.669	0.959	1.222	1.145	1.108
	ES 27 2007	1.090	1.090	1.100	1.104	1.138	1.132	1.162	1.163	1.187	1.173
Manufactures	China	1.024	1.059	1.083	1.109	1.148	1.175	1.236	1.265	1.307	1.255
	India	0.945	0.932	0.956	1.013	1.001	1.010	0.970	0.901	0.909	0.968

Source: UN Comtrade + own processing

RCA	EU ln RCA	China In RCA	India ln RCA	RCA	EU ln RCA	China In RCA	India In RCA	RCA	EU ln RCA	China In RCA	India ln RCA
S3-001	1.58	1.79	-0.52	S3-043	1.99	-4.72	3.77	S3-073	1.25	-0.34	-1.67
S3-011	-1.48	0.91	5.72	S3–044	-1.51	1.7	4.64	S3-074	-0.39	2.84	2.53
S3-012	0.79	-1.59	3.31	S3–045	-0.69	3.07	3.25	S3-075	-0.67	2.82	0.06
S3-016	-0.67	-1.51	1.92	S3–046	3.33	1.72	1.01	S3-081	-1.02	-0.28	2.95
S3-017	-0.84	1.66	-0.21	S3–047	0.61	-1.5	3.82	S3-091	1.06	-2.17	-2.23
S3-022	3.01	-1.38	2.35	S3–048	1.87	1.07	0.89	S3–098	1.06	0.47	-0.18
S3-023	1.46	-1.65	2.5	S3–054	-0.15	1.65	-0.74	S3–111	1.28	1.45	-1.46
S3-024	1.82	N/A	0.09	S3–056	0.44	3.24	1.49	S3–112	1.87	-1.54	-0.74
S3-025	2.19	3.36	4.28	S3–057	-1.24	0.04	-0.42	S3-121	-1.13	-0.69	3.98
S3-034	-1.17	0.65	4.16	S3–058	-1.16	1.97	1.32	S3-122	1.79	-0.64	1.16
S3-035	-1.9	0.37	2.06	S3–059	-1.08	2.16	-1.3	S3–411	0.78	-2.5	0.18
S3-036	-1.95	-0.17	3.87	S3–061	-0.4	0.3	2.32	S3-421	-0.22	-2.37	-3.64
S3-037	-1.63	3.09	3.52	S3–062	0.73	1.69	0	S3–422	-2.53	-5.1	-3.07
S3-041	1.32	3.61	-7.32	S3–071	-1.52	-0.37	1.75	S3-431	-0.77	-2.5	-1.64
S3-042	-1.67	0.66	5.21	S3-072	-1.18	-0.85	-2.13				

Table 4: The analysis of individual agrarian trade aggregations' competitiveness within the frame of individual economies' agrarian export commodity structure

Source: UN Comtrade + own processing

from which it follows that the commodity structure of China's agricultural exports is very concentrated, and in view of the large share in particular of such aggregations as S3-037, S3-034, S3-054 and S3-056, representing ca. 46% of the value of resulting exports, it is also very vulnerable.).

India is the only one of the analyzed economies that is maintaining the competitiveness of agricultural trade as a whole on the worldwide agricultural market. Although it is a country that has long been characterized by an agricultural trade surplus, it needs to be emphasized that it is also an economy facing probably the worst problems connected with demographics and feeding the population (Jeníček, 2010). At present, Indian agricultural sector is fully competitive within the context of the worldwide market, it must be said that it is maintaining its competitiveness with respect to the world market only in a few aggregations – 13 of the 44 monitored aggregations, to be exact. The share of the seven most significant aggregations (S3-042, S3-081, S3-061, S3-057, S3-044, S3-036 and S3-011) in India's total exports is around the level of 66%.

Table 6 provides the results of competitiveness analysis of mutual trade between the EU on the one hand and China and India on the other is evaluated. From the perspective of the EU it is shown that within the context of agricultural trade with the two aforementioned economies, the EU is maintaining a competitive advantage in relation to China for 23 commodity aggregations, and in relation to India it is approximately 24 aggregations, while two more are at the threshold of competitiveness. Although from the standpoint of the resulting balance of agricultural trade, the EU comes out as the loser in comparison with China and India because of the resultant trade deficit, still one may say that the agricultural exports of the EU are diversified with respect to competitiveness. While the EU is maintaining a comparative advantage for a whole range of items, however, the fact remains that the actual structure of trade realized in the direction from the EU to China or India is based in practice on just a few items. More than 70% of EU 27 exports to China is realized through just five aggregations - S3-112, S3-034, S3-012, S3-022 and S3-098. In relation to India, the situation is similar - the five most important commodity aggregations have a share of approximately 65% of the resultant value of exports (S3-112, S3-054, S3-098, S3-061 and S3-421).

The other way round, in the case of imports from the two territories in question, there is again a very narrow concentration of value of resultant imports. The six most important aggregations of Chinese exports to EU 27 represent approximately 70% of the value of EU 27 imports coming from that territory (particularly dominant among them are S3-034, S3-056, S3-054, S3-037 and S3-058). The value of EU 27 imports coming from India is concentrated mainly in seven aggrega-

RCA1	EU	China	India		EU - LFI
3-001	1.62	1.75	0.075	S3-0	001
53-011	0.14	0.09	2.036	\$3-011	
53-012	1.12	0.37	0.081	S3-012	
S3-016	1.49	0.05	0.157	S3-016	ļ
S3-017	0.78	2.58	0.024	S3-017	
S3-022	1.66	0.29	0.384	S3-022	
S3-022	1.54	0.29	0.384	S3-022 S3-023	
S3-025 S2 024	2.50	0.10	0.750	S3-023	
SS-024	2.39	0.00	0.031	53-024	
S3-025	2.07	1.//	3.203	S3-025	
83-034	0.59	2.51	0.415	S3-034	
\$3-035	0.38	1.66	0.135	S3-035	
53-036	0.24	1.19	2.367	S3-036	l
S3-037	0.26	5.41	0.547	S3-037	
S3-041	1.03	0.01	0.000	S3-041	
S3-042	0.06	0.45	5.411	S3-042	
S3-043	1.33	0.02	0.444	S3-043	
S3-044	0.14	0.06	1.494	S3-044	
S3-045	0.38	1.06	2.085	S3-045	1
S3-046	0.98	0.32	0.043	S3-046	ļ
S3-047	0.66	0.13	0.951	S3-047	
S3-048	1.89	0.64	0.344	S3-048	
S3-054	0.79	2.50	0.890	\$3-054	
S3-056	1_55	5.18	0.682	\$3-056	
S3-057	0.50	0.81	1.002	83-057	
S3-058	0.50	3 70	0.333	S3-058	
\$3.050	0.50	2.19	0.333	S2 050	
53-039 52 0(1	0.00	2.08	0.029	53-039	
53-061	0.49	0.48	3.283	53-061	
83-062	1.09	1.67	0.247	83-062	
83-071	0.53	0.10	1.032	83-071	
\$3-072	0.73	0.23	0.020	\$3-072	
S3-073	2.24	0.20	0.062	S3-073	
S3-074	0.55	2.36	3.923	S3-074	
S3-075	0.48	2.41	6.865	\$3-075	
S3-081	0.65	0.89	3.026	S3-081	
S3-091	0.98	0.13	0.020	S3-091	
S3-098	1.48	1.30	0.169	S3-098	
S3-111	2.19	0.86	0.020	S3-111	
S3-112	3.71	0.19	0.096	S3-112	
S3-121	0.68	0.89	2.228	S 3-121	1
83-122	1.84	0.60	0 403	S3-122	ļ
S3_/11	1 79	0.30	0.186	S3-411	
S3 /21	0.85	0.30	0.100	S3-411 S3 421	
S2 422	0.00	0.32	0.077	S3-421	l
SS-422	0.08	0.03	0.485	53-422	
55-431	0.43	0.26	0.742	83-431	

Table 5: Competitiveness of individual agrarian exportitems in the world market

Table 6: Competitiveness of EU's agrarian exports in rela-tion to China and India (LFI index, 2008)

Source: UN Comtrade + own processing

Source: UN Comtrade + own processing

tions, which together represent ca. 71% of the value of agricultural imports directed from India to the EU. Among the most important items in the long term have been S3-036, S3-057, S3-071, S3-074, S3-121, S3-042 and S3-422.

CONCLUSIONS

The agricultural foreign trade of the EU 27 countries, China and India is characterized by a very dynamic growth. Independent of each other, all three analyzed economies are achieving very strong year-on-year growth of value of agricultural foreign exchange. In 1993-2008 the value of agricultural trade of the countries of the EU grew on average by 3.5% annually, while in China and India the growth rate of the value of exports was much higher - in both economies ca. 8.5% annually. The value of their mutual trade then grew even more dynamically. While in the EU, the year-on-year value for the growth rate of exports directed towards China reached an average of 17.4% and to India ca. 11%, in Chinese and Indian exports to the EU, the year-on-year value was up by an average of 10.3% and 6% respectively. Although EU 27 countries have had a long-term agricultural trade deficit in relation to China and India, the situation is gradually improving, since the value of agricultural exports is rising more quickly than the value of imports directed towards the EU Common Market.

From the standpoint of development of the commodity structure of mutual agricultural foreign trade, it can be said that the exports from EU countries are realized at a much higher price per kilogram than is the case with imports from China and India - their prices per kilogram are noticeably lower. Another interesting finding coming from the analysis is the fact, that while the EU 27 growth of export value in relation to China and India is realized mainly through growing added value of the traded goods, in the case of Chinese and Indian exports to the EU the growth of value of channels of trade is realized mainly through a high share of exported mass. The core of the actual export structure of each of the individual analyzed economies consists of a segment of a relatively limited number of commodity aggregations. The actual commodity structure of mutual trade between the EU, China and India is based on approximately 10-15 aggregations, making it highly vulnerable to fluctuation of any kind.

With respect to the territorial structure of mutual trade of the countries of the EU 27 with China and India, one may assert that the structure is very limited. Among the most important traders within the aforementioned trade relations over the long term have been the United Kingdom, the Netherlands, France, Germany and France – the world's strongest economies that have a long-term tradition of trade both with China and India.

Each of the countries analyzed has its segment of agricultural and food commodities within the framework of which it is competitive both on the worldwide market and on individual regional markets. With respect to comparative advantages achieved only within the framework of trade in relations between the EU 27 - China and EU 27 - India, it can be proved that while EU 27 countries are maintaining a comparative advantage within 18 of the 44 monitored aggregations at the global market, in relation to trade with China and India these countries are maintaining a comparative advantage in 23 aggregations respectively 26 aggregations. On the other hand, while India is competitive with respect to the global market only in the case of 13 aggregations, in bilateral trade with EU countries, India achieves a comparative advantage in 18 aggregations. The position of China is similar, as China form the perspective of the global market achieves comparative advantages in 16 aggregations, but with regard to mutual bilateral trade with EU countries a competitive advantage appears in 21 aggregations of Chinese agricultural exports.

In conclusion, the agricultural markets of the aforementioned economies are long-term mutual trading partners, and their mutual trade relations in the area of agricultural trade will be of long-term growing importance. Together, the individual economies represent over 40% of the world population, and the level of their supply and especially of demand will have an ever increasing influence on the development on the worldwide market for agricultural products. With respect to mutual trade, it may be said that structure of mutual trade, which is currently very limited both territorially and in terms of commodities, will change over time, as more and more items of agricultural trade will take their place within the context of mutual trade. One may also expect that the process of globalization and internationalization will gradually lead additional individual EU states to participate more in mutual trade with the countries of the East Asia region, and that trade will not be solely the domain of just a few countries.

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