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Regular Press Conference of the Ministry of Commerce on January 16, 2013

Dear friends from the Press,

Good morning and happy new year. It's my first time to meet with you in 2013. As usual, I will make a briefing on China's business performance in 2012, and answer your questions.

I. Domestic Market Operation

In 2012, our domestic market operation is steady and consumption by urban and rural residents maintained a rapid growth. Sales value of 3,000 key retailers monitored by MOFCOM from January to December in 2012 rose 8.3%. And in December last year it was up by 8.5% and kept rising over 8% for five consecutive months. The main features of consumption market are:

1. Consumption in central and western China was fast up. Sales value in central and western China among 3,000 key retailers monitored by MOFCOM in 2012 rose 10.7% and 10.6% respectively, 4.1 and 4 percentage points higher as compared with that in eastern China.

2. Demands for foodstuff, and gold, silver and jewelry rebound by small margin. Sales value of foodstuff and gold, silver and jewelry of 3,000 key retailers monitored by MOFCOM in 2012 was up by 11.3% and 11.4% respectively, dropped by 6.6 and 26 percentage points year on year. Affected by stable general price level and the coming of consumption season, the growth rate of foodstuff and gold, silver and jewelry was 2.2 and 0.8 percentage points faster as compared with that of the previous month.

3. Sales of communication equipment and health care products remained steady. Sales value of communication equipment and health care products of 3,000 key retailers monitored by MOFCOM in 2012 saw an increase of 10.5% and 11.5% respectively, and the growth rate remained unchanged as compared with that of the previous year. Sales of home-appliances and automobiles remained low. Sales value of home-appliances and commodities of PE was down by 1.1% and 0.7% respectively. The growth rate of automobiles

was merely 7.4% ,and a single-digit increase for another year.

4. Sales by department stores and supermarkets was relatively stable. Sales value by department stores, supermarkets and specialty stores of 3,000 key retailers monitored by MOFCOM in 2012 was up by 10.3%, 8.7% and 5.3% respectively, among that, the growth rate of department stores and supermarkets in December was 1.0 and 2.5 percentage points faster than that of the previous month.

5. General price level slowed down while prices of farm produce as food rose significantly. Consumer price in 2012 saw and year-on-year increase of 2.6%, 2.8 percentage points slower than that of the previous year. According to the monitoring of MOFCOM, prices of farm produce as food rose significantly since the beginning of winter. Average wholesale prices of 18 kinds of vegetables in 36 medium-and-large cities rose 24.4% as compared with that of the previous month, and wholesale prices of beef and lamb was up by 4.6% and 2.4% respectively as compared with that of the previous month.

II. Foreign Trade

According to Customs statistics, total value of our import and export in 2012 were of US\$3.86676 trillion, with a year-on-year increase of 6.2%. Among that, exports amounted to US\$2.04893 trillion, up by 7.9%; and imports amounted to US\$1.81783 trillion, up by 4.3%. Trade surplus was US\$231.1 billion, up by 48.1%. The main features of foreign trade are as follows:

1. Trade with U.S., ASEAN and other important trade partners was steadily up. China-U.S. trade in 2012 rose 8.2%, China-ASEAN trade was up by 10.2% and China-Russia, China-Brazil was up by 11.2% and 1.8% respectively. China-EU and China-Japan was down by 3.7 % and 3.9% respectively.

2. Export by the central and western remained robust. In 2012, exports by central and western region grew faster, of which, Chongqing, Anhui, Henan and Sichuan was up by 94.5%, 56.6%, 54.3% and 32.5% respectively. Export by eastern region rose 5%, of which, Guangdong, Jiangsu, Zhejiang and Shandong was up by 7.9%, 5.1%, 3.8% and 2.4% respectively.

3. Export and import by general trade grow steady. Total value by general trade in 2012 was US\$2.00983 trillion, up by 4.4%. Among that, exports amounted to US\$988.01 billion, up by 7.7%; imports registered US\$1.02182 trillion, up by 1.4%. Import and export by of processing trade remained sluggish, and amounted to US\$1.34395 trillion, with a year-on-year increase of 3%, among that, export registered US\$862.78 billion, up by 3.3% while import amounted to US\$4.81017trillion, up by 2.4%.

4. Exports of mechanic and electronic products and labor-intensive products grew steady. Exports of mechanic and electronic products in 2012 registered US\$1.17942 trillion, up by 8.7%, 0.8 percentage points higher than that of the total exports. Total export of clothing, textile, outwear, furniture, plastic products, luggage bags and suitcases and toys was US\$418.89 billion and rose by 8.6%. Import of energy and resources products increased. Import of iron ore, coal and soybean rose 6.8%, 29.8% and 11.2% respectively.

III. Foreign investment

From January to December 2012, 24,925 foreign-invested enterprises were newly approved, down by 10.1% year on year; realized FDI reached US\$ 111.72 billion, down by 3.7% year on year. In December 2012, 2,422 foreign-invested enterprises were approved in China, down by 7.8% year on year; realized FDI amounted to US\$11.7 billion, down by 4.5% year on year (excluding the statistics of banks, securities and insurances). The main features of foreign investment are as follows:

1. Industrial structure was optimized and realized FDI in service sector continued to exceed again that again in manufacturing sector. From January to December, realized FDI in service sector registered US\$53.84 billion, down by 2.6% year and year, taking up 48.2% of the total national amount, 4.5 percentage points

higher than that in manufacturing sector. Foreign investment distribution in different industries in service sector was further optimized. Realized FDI in real estate fell by 10.3% and that in service sector rose by 4.8% with real estate factor deducted. The figures in several industries as such distributions, computer applications and financial services rose rapidly on year-on-year basis, up by 10.9%, 12.3% and 11.0% respectively. The figures in agriculture, forestry, animal husbandry, and fishery sectors reached US\$2.06 billion, up by 2.7% year on year, accounting for 1.9% of the total national amount. The figures in manufacturing sector was US\$48.87 billion, down by 6.2% year on year, taking up 43.7% of the total national amount, 1.2 percentage points lower over the same period of last year. Among that, realized FDI in several high-end manufacturing industries rose rapidly, such as communication equipment manufacturing and transportation equipment manufacturing, up by 31.8% and 17.2% respectively.

2. Investment from several developed countries such as U.S. and Japan had a good growth momentum. From January to December, realized FDI from the U.S. reached US\$3.13 billion, up by 4.5% year on year; from Japan, US\$7.38 billion, up 16.3%; EU 27 countries, US\$6.11 billion, down 3.8%. Among that, investment from Germany reached US\$1.47 billion, up by 29.5% year on year; investment from the Netherlands and Switzerland also rose dramatically, up by 49.1% and 58.1% respectively. Investments from ten countries/regions in Asia (Hong Kong, Macao, Taiwan, Japan, the Philippines, Thailand, Malaysia, Singapore, Indonesia and South Korea) amounted to US\$95.74 billion, down by 4.8% year on year.

3. Realized FDI in the central China maintained rapid growth. From January to December, realized FDI in the central China reached US\$9.29 billion, up by 18.5% year on year, accounting for 8.3% of the total national amount; the figures in the eastern China, was US\$92.51 billion, up 4.2% year on year, accounting for 82.8% of the total national amount; the figures in the western China was US\$9.92 billion, down 14.3% year on year, taking up 8.9% of the total national amount.

IV. Investment and economic cooperation overseas

Direct investment overseas. In 2012, Chinese investors had directly invested in 4,425 overseas companies in 141 countries and regions, and total direct investments in non-financial sectors reached US\$77.22 billion, up by 28.6% year on year.

Investment in Russia grew significantly, up by 117.8%, and investments in the U.S., Japan, ASEAN and Hong Kong also achieved double-digit growth of 66.4%, 47.8%, 52% and 32.9% respectively.

Direct investment overseas by provinces reached US\$28.19 billion, accounting for 36.5% of the total investment overseas over the same period of last year, up by 38.9% year on year, among which, Guangdong, Shandong, Jiangsu, Liaoning and Zhejiang were leading s.

Contracted projects overseas. In 2012, the accomplished turnover of China's contracted projects overseas amounted to US\$116.6 billion, up by 12.7% year on year, and value of newly-signed contracts was US\$156.53 billion, up by 10% year on year. The projects each with a contract value above US\$50 million numbered 586, with a total value of US\$125.21, up by 11.4% over the same period of last year.

By the end of December 2012, total contract value of the projects overseas reached US\$998.1 billion with the realized turnover of US\$655.6 billion.

Labor service cooperation overseas. In 2012, all kinds of laborers sent abroad reached 512 thousand, with an increase of 60 thousand over the same period of last year. Among that, laborers sent abroad for contracted projects reached 233 thousand and that for labor cooperation projects numbered 279 thousand. By the end of December, all laborers sent overseas totaled 6.39 million.

Shen Danyang: The above is a report on the general situation of last year. Now I will take your questions.

China Consumer News: Good morning, Spokesman. As we know, consumption has become the most important driving force for economic growth in 2012, and consumption policies have been quite effective. With many policies expiring recently, will consumption growth continue in 2013? For MOFCOM, how will you promote the continuous growth of consumption and will you promulgate other stimulating policies? Thank you.

Shen Danyang: The rapid growth of household consumption in 2012 is mainly a result of consumption-stimulating policies. There is still great potential in further expanding household consumption in 2013. We can analyze from the following three aspects. First, in terms of general demand, currently, China is in the crucial period of consumption upgrade. The savings deposit of urban and rural households is nearly 40 trillion yuan, which indicates huge potential for products upgrade, services and emerging and high-end consumption.

In terms of promotion policies, though some policies on consumption promotion have expired, according to the spirit of the 18th CPC National Congress, China will speed up establishing a long-term mechanism of expanding consumption demand, and strive to improve people's livelihood, increase residents' income, perfect social security, and advance urbanization process, which will release residents' consumption potential. Therefore, though some promotion policies will gradually expire, other policies will be promulgated, especially policies related to distribution and income, which will further realize consumption potential.

In terms of circulation environment, with further implementation of policy measures on promoting distribution, distribution cost is likely to be lowered, and efficiency will be enhanced, which will be more favorable for consumption. Of course, we must be aware that with many international economic uncertainties, export situation will still be grim. Currently, China is in the period of economic structure transformation, and there are still many elements that impact market stability such as emergencies and extreme weather conditions. On top of that, consumption environment is still to be improved, and promotion policies such as "Home Appliances to the Countryside" will expire, which will all restrain consumption growth this year to some extent. However, we still believe that as long as the economy picks up, policies are appropriately adjusted, and reform measures are advanced, domestic consumption will maintain a steady growth this year. Thank you.

PHOENIX TV: We have followed the development of foreign trade. We can see that after a period of two-digit growth, the performance in 2012 is not that satisfactory. I would like to hear your comment on it, and your forecast of the situation this year. We heard from some sources that because the figure of foreign trade does not look good, it will not even appear in the reports of the two sessions of NPC and CPPCC. Is it true? We can see that the surplus is expanding, what can we do to deal with this big surplus? Thank you.

Shen Danyang: The world economic situation in 2012 was sluggish and fluctuating, which is similar to our expectations at the beginning of last year. The European sovereign debt crisis and some other complicated elements have further dampened China's foreign demand, which is beyond our expectation. Under such situation, the total trade volume, according to the calculation of the WTO, increased by merely 2.5% or even slower, which is 2.5 percentage points lower than the 5% of 2011, and significantly lower than the 6% average annual growth of the past 15 years. Global trade only increased by about 2.5% in 2012, while China's foreign trade realized a growth of 6.2%. We can say the growth does not come easily, and it is the best in major trading entities in the world.

Moreover, according to WTO statistics, in the first three quarters of 2012, the proportion of China's export in global trade reached 11.08%, 0.61 percentage point higher than the 10.47% of 2011. And what's more, the stable growth of China's foreign trade is achieved amid the transformation of foreign trade growth mode and change in foreign trade mix. As to the foreign trade situation of this year, I mentioned many times last year

that our foreign trade was confronted with three great obstacles, namely, overseas demand, cost and trade environment. The three great obstacles are still there, and we have more difficulties to overcome. The State Council promulgated a series of policy measures to stabilize foreign trade growth last year, which are playing a positive role. We hold the view that there are many positive elements in domestic environment this year. However, due to the sluggish foreign demand and unsatisfactory trade environment, the general foreign trade situation in 2013 will still be grim.

We noticed that some media and research institutions said that the foreign trade situation in 2013 will be better than last year, but MOFCOM will not off guard. According to the requirement of the Central Economic Work Conference, our objective of 2013 is keep foreign trade grow at the same speed as GDP growth, and further stabilize and expand China's share in international trade.

Though trade surplus in 2012 went up to US\$ 231.1 billion, two things should be noticed. First, the surplus growth was closely linked to China's import mix and the price decrease of imported bulk commodities. The press release just now mentioned the growth in import quantity of many products. Actually, the import quantity growth was big, but the prices decreased. Second, the scale of the surplus (US\$ 231.1 billion) accounted for 2.8% of GDP of last year, which is still within the range considered reasonable internationally.

As to how to promote trade balance this year, we will definitely try all means to expand import. Speaking of import, I have some statistics to share with you. China's import last year reached nearly US\$ 1,820 billion, ranking the second in the world. China was the largest or the second largest export market for 78 countries in 2011, and for even more countries in 2012. After the outbreak of the international financial crisis, the proportion of China's goods import in the world increased from 7.9% in 2009 to 9.55% in 2011. The share further increased in 2012. These facts show that the Chinese government attaches great importance to import, and China's import has played an important role in promoting world economic recovery.

This year, according to the requirement of the Guiding Opinions on Strengthening Import and Promoting Balanced Development of Foreign Trade released by the State Council, MOFCOM will work together with related departments to adopt measures on promoting balanced development of foreign trade. The above document, which has been publicized on the Internet, includes many concrete measures. MOFCOM will make efforts in three areas to implement the document: First, promulgate implementing measures, and adopt fiscal and financial policies to expand import scale. Second, strengthen import promotion mechanisms, including support such exhibitions as African Commodities Exhibition and South Asian Commodities Exhibition, and help enterprises with their overseas buying missions. Third, steadily increase the number of innovative demonstration zones for import promotion, and give full play to the spill-over effects of import trade clusters.

Dow Jones Newswires: As we know, China's FDI decreased in 2012, the first time since 2009, and foreign investment in the manufacturing sector also saw a decline, does that suggest lots of companies in the labor-intensive industries, or low-end manufacturing industries have relocated to other countries because of the increasing labor costs and other costs in China? Is that what you hope to see? And will you adopt any measure in 2013 to promote foreign investment? Thank you.

Shen Danyang: China's paid-in foreign investment saw a slight decline in 2012, especially in the manufacturing industry. Some analysts believe there is a large-scale relocation of manufacturing industry. We have also kept track of what happened, and according to our analysis, there is indeed a relocation of some manufacturing industries, including relocation of some foreign enterprises and domestic enterprises that are implementing the "going global" strategy. This is quite normal, and there is not a large-scale relocation of foreign invested companies. In fact, large scale industrial relocation is not what we hope to see, as it is still necessary to encourage utilization of foreign capital. This Monday, Minister of Commerce Chen Deming, who is also Chairman of China Association of Enterprises with Foreign Investment (CAEFI), presided over the first session of CAEFI chairman conference in 2013, and many senior executives from the headquarters or China subsidiary of multinational companies attended the conference. I was present at the meeting too.

The enterprises said they are optimistic about China's investment environment, and will continue to expand investment in China. Wal-Mart is preparing to increase stores in China. Heads of companies engaged in environmental products, manufacturing sector and retail business including Veolia Environment Group and biotechnology firms all said they remain optimistic about the investment prospects in China.

What's more, by 2012, China had attracted the most foreign investment among developing countries for 20 consecutive years, which shows that multinational companies are still optimistic about China's investment environment. As for the measures China will take in foreign capital utilization, Minister of Commerce Chen Deming made some general proposals at the National Commercial Work Conference. Our target is to keep foreign investment policies consistent and investment inflow steady. On that basis, we will increase the level and quality of foreign investment utilization. Thank you.

China News Agency: I have two questions. First, some foreign media reported that the European Commission has ruled that China has provided subsidies to Chinese iron and steel enterprises, and recommended EU to impose anti-dumping duties of up to 50% against Chinese products in order to restrict coated steel imports from China, what's your comment on it? The second question, trade and economic associations in the Mainland and Taiwan setting up offices on the other side of the Strait has attracted much attention from peoples across the Strait, is there any progress on it? Thank you.

Shen Danyang: The European Commission released in late December, 2012 the documents on the anti-dumping and countervailing investigations against organic coated steel imports from China. Although the Chinese enterprises and government had provided full coordination to the investigations, and has submitted many detailed defense materials, the European Commission ignored the facts and evidence, and ruled that the Chinese companies should pay high antidumping and countervailing duties. The ruling is based on unreasonable investigations, and has seriously hurt the legitimate rights and interests of the Chinese enterprises. China has delivered written defenses to the EU, and strongly urged EU to strictly abide by WTO rules, respect the facts and evidence, revoke the unreasonable ruling, and terminate the investigations. We will follow closely the progress of the case, and reserve our rights under the WTO legal framework.

The idea of establishing offices by economic and trade associations across the Strait had been considered for a long time. Recently there have been breakthroughs under the efforts of the two sides. In the Fourth Regular Meeting of the Cross-Strait Economic Cooperation Committee recently, Jiang Yaoping, Chief Representative of ECC of mainland side and Vice Minister of Commerce, announced that the Mainland has approved the Taiwan Trade Center to establish Representative Offices in Shanghai and Beijing, and Taiwan has also approved the establishment of the Representative Office of China Machinery and Electronic Products Import and Export Chamber of Commerce in Taipei. At present, the Representative Offices of Taiwan Trade Center in Shanghai and Beijing have been set up. And the opening ceremony for the Representative Office of China Machinery and Electronic Products Import and Export Chamber of Commerce in Taipei will be held on January 30. About whether new representative offices of economic and trade associations will be established in the next stage, the two sides will decide after further studies and discussions. Thank you.

CCTV-2 Finance Channel: Recently, vegetable prices saw a significant increase in major cities. What measures has MOFCOM take to stabilize vegetable prices and to ensure the market supply of vegetables during the Spring Festival? Thank you.

Shen Danyang: According to MOFCOM statistics, last week, the average wholesale price of 18 types of vegetables in 36 medium-sized and large cities rose by 1.2% from January, up by 7% over the same period of 2012. This has caused widespread concerns. MOFCOM also attaches great importance to it.

To stabilize the price of vegetables, it is necessary to analyze the causes of the price hike, which causes are uncontrollable, and which could be addressed by taking control measures. Now it appears that a variety of factors have caused the recent price rise, including cold weather, rising costs, the approaching Spring Festival and increasing demands. MOFCOM has taken a series of targeted measures based on these factors:

First, providing information guidance. To solve the problems in supply and demand through disseminating market information, strengthening market monitoring and increasing effective supply, MOFCOM has launched a daily report system on one hundred wholesale markets of agricultural products, and timely releases information on vegetable market through multiple channels such as media briefings, press conferences, and the business forecasting website. Some people may think that just publishing information is of no use. In fact, one of the important functions of the government in macro-control is collecting and publishing public information and giving guidance, which plays a very important role.

Second, connecting producers with distributors and buyers. We have strengthened connection between the links of vegetable production and distribution through such programs as transporting fresh vegetable from South to North and transporting fresh fruit from West to East. We have also encouraged the development of online trading of agricultural products, morning bazaar, mobile vegetable market, and direct sales of local vegetables, and we have organized trans-regional vegetable transportation. All these measures have achieved positive results.

Third, releasing reserves. Besides government reserves, MOFCOM has encouraged production bases and leading enterprises to sell cellared vegetables, and has increased the supply of fast-growing alternatives such as bean sprouts. In recent years, vegetable reserves have been increasing rapidly. It was not easy to store vegetables in the past, but as cold storages and cold chains have been established in recent years, some types of vegetables could be stored now. At present, there are central government reserves, local government reserves, and corporate reserves. Releasing these reserves to the market in a timely manner could also contribute to stabilizing price.

Shen Danyang: Generally speaking, vegetable supply and demand are balanced nationwide, and the prices have been quite stable. The prices of certain types of vegetables may still rise before the Spring Festival just like in the past, but this momentum has been under control. As the weather gets warmer and a large number of vegetables from South China come into the market, there will be a seasonal decline of vegetable price in February or March, or even some difficulties in selling vegetables in some areas.

Apart from vegetables, MOFCOM will also ensure the market supply of other products during the Spring Festival. Local commercial departments will take measures in accordance with the requirements of MOFCOM. For example, the Urumqi Commercial Department is releasing vegetable reserves at prices that are 10% lower than the wholesale prices. In Tianjin, 9 vegetable reserve enterprises, 22 distribution centers and 294 emergent delivery outlets have entered a state of emergency, and are available for emergent dispatching on call. Thank you.

People's Daily: I have two questions about foreign trade. First, our foreign trade is now facing increasing labor costs and other challenges, so how to maintain the traditional competitive advantages of China's foreign trade? Second, will MOFCOM take any measures this year to help foreign trade enterprises overcoming the difficulties? Thank you.

Shen Danyang: China's export last year was confronted with a severe situation. Increasing labor costs was one of the problems for many companies and kept bringing pressure to export. Some people believe that China's advantage in labor has disappeared, but we don't agree. We don't think the labor advantage in export has gone. We believe that China still enjoys a demographic dividend and the quality of labor has been improving significantly in recent years while the quantity remains huge. We should think in terms of performance-to-price ratio instead of just price.

With more education and training, China's advantage in human resources is gradually transforming into an advantage in human capital. Of course, we have noticed that it is very difficult to develop our foreign trade if we continue to rely on lower labor costs, and that's why we need to speed up the transformation of foreign trade growth mode, and form new export advantages in technology, brand, quality and services. This is also

the requirement proposed in the report of the 18th National Congress of Communist Party of China.

As for the second question you raised about the measures we will take, we used to talk a lot about transforming the mode of foreign trade growth and optimizing export mix, but recently we usually put it as making more efforts in technology, brand, quality and services. For instance, MOFCOM will strengthen the protection of intellectual property rights, and help enterprises to improve technological innovation and product development capabilities; support enterprises in developing independent brands, and enhancing brand competitiveness of export products; encourage enterprises to improve product quality and grade and increase the added value of export products; encourage enterprises to enhance the awareness of better service, improve services in all areas, and focus on R&D, overseas marketing channels and after-sales service. All of the above will be the focus of our work this year. Thank you.

Reporter: It is reported that China's high-end alcohol, tobacco and catering consumption has been affected since the new leadership put forward the eight regulations of improving work style. Is that a widespread phenomenon and what do you think of it? Besides, outflow of China's high-end consumption is still very common, what measures will MOFOM take to keep high-end consumption in China?

Shen Danyang: We have noticed that the prices of some high-grade alcohol such as Moutai dropped since the eight regulations of improving work style and forging close ties with the people were introduced. However, the price of high-grade alcohol had been quite high, so the price decrease hasn't done much harm to the companies or the market. Currently, the price and the market are still normal.

As for the outflow of high-end consumption, there is no specific statistics and we have no idea about the volume of this outflow. Some analysts believe that some Chinese consumers buy high-end products abroad because the prices are lower than those in China. It is true in some cases, but we need more statistics to say how much proportion such consumption takes. I think the proportion is not large.

Beijing News: Some foreign media reported that China's import of grains increased sharply last year, with imports from January to November in 2012 three times as much as the same period in 2011. The net imports of soybeans, corn and rice all saw a significant increase. Some reports said that China's increasing imports of grains poses two threats: 1. A possible outbreak of international food crisis; 2. Danger to China's food security due to increasing dependence on grain imports. What do you think of this phenomenon? My second question is that some media said China overstated its export data in December, quoting statistics from some other institutions. What's your opinion? Thank you.

Shen Danyang: As for the first question, it's a fact that China's imports of grains increased last year. However, there is not sufficient evidence to say that China's increasing imports of grains is a threat to the world or China's food insecurity. According to Customs statistics, China's imports of wheat, corn and rice totaled 10.775 million tons, registering a year-on-year increase of 294.5%, which is indeed relatively high. According to our analysis, there are reasons for the fast increase of imports. 1. Enterprises are more willing to import from overseas as the price gap between domestic and foreign markets is increasing. Prices in the international grain market have been falling since March and April last year, so Chinese enterprises imported a lot at a relatively low price in the first 11 months of last year. For example, average price of imported wheat per ton was 299.3 US dollars, down by 9.4% and that of corn was down by 3.2% as compared the previous year. The average price of imported rice was even lower with a drop of 26.5%. Low import price is the first reason. 2. Enterprises increased the inventory of grains for fodder, especially corn. Enterprises purchased more corn from the international market to replenish inventory because of an undersupply in the domestic market. 3. Low bases for comparison. China's imports of wheat, corn and rice were quite small in 2011, registering 1.03 million tons, 1.18 million tons and 510 thousand tons respectively. The above three reasons indicate that the fast increase is a normal result of market demand and business decisions.

As to your question about some people's concerns, I don't think those concerns are necessary under the current conditions. According to our WTO commitment, we set tariff-rate quotas for wheat, corn and rice.

From January to November of 2012, less than 50% of the tariff quotas for the import of wheat, corn and rice were used.

The tariff-rate quotas are decided based on such factors as food security and impact on international market. Despite a sharp increase in import in 2012, less than 50% of the quotas were used, and the proportion used in 2011 was even lower. Therefore, considering the volume of domestic food production and consumption and our WTO commitment on annual import tariff quotas, the overall scale of import is obviously within a reasonable range.

Regarding the authenticity of foreign trade data in December, I reported to you just now that in December, the total value of China's import and export increased by 10.2% year on year, among which export rose by 14.1%, much higher than that in November. In our view, firstly, fluctuation in monthly data is normal. Such phenomenon occurred twice before last December, that is the figure fluctuated by over 10 percentage points within two adjacent months. For instance, export fell by 0.6% in January while rose by 18.3% in February, increasing nearly 19 percentage points. Export grew by 4.8% in April and by 15.3% in May. There many reasons for such fluctuation, including the formidable foreign trade environment last year, external demand, domestic factors, enterprises' mindset and holidays etc. Therefore, you cannot say the data is false simply because a big increase in December over November.

Secondly, foreign trade enterprises indeed accelerated exports in December. One of the reasons is that the preferential policy on quarantine and inspection fee exemption in the fourth quarter of 2012 expired after December 31st and a new policy on fees came into force from January 1st of 2013. A few days makes a big difference, therefore some enterprises hurried to export before December 31st to make full use of the preferential policy. Of course, there may be some other factors which MOFCOM is still studying. I believe the above analysis on the December data is well-grounded. Thank you.

Shen Danyang: That concludes the Press Conference today. Thank you!

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