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Kristen Hopewell

The Untold Victims of China's Trade Policies

China's trade policies have come under intense scrutiny amid the

developing countries depend heavily on these sectors for exports, incomes, and food



known as “dragon head” enterprises.¹⁶ Due to the design of China’s subsidies, which are tied to production volumes, the benefits overwhelmingly accrue not to peasant farmers but to China’s booming agribusiness industry.

Chinese officials insist that, as a cs country, its subsidies are “morally different” from those of the US or EU.¹⁷ How-2hr, from the perspective of global markets or poor farmers in the cs world, it doesn

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vastly richer than the C-4 countries, with a per capita GDP of over \$10,000 compared to an average of just \$900 among the C-4.³¹ Beijing claims that its cotton

China is now the primary source of the cotton problem. But it has thwarted efforts to secure a WTO cotton agreement by refusing to accept any disciplines on its subsidies. Its unwillingness to participate in global subsidy reform efforts makes a meaningful agreement on cotton impossible.

Fishy Business

China's massive subsidies for its fishing industry are proving similarly harmful to other developing countries. Subsidies have contributed to a global fisheries crisis by fueling overcapacity and overfishing—too many vessels chasing too few fish—leading to the decimation of global fish stocks and plummeting fish harvests.³⁵ The UN Food and Agriculture Organization estimates that 90 percent of global fish stocks are already fully exploited and almost a third are being fished at a biologically unsustainable level.³⁶

Subsidies allow fleets to intensify and broaden the scope of their fishing, building and operating larger boats that can travel greater distances and remain at sea for longer periods, in order to fish in the high seas or in the national exclusive economic zones (EEZs) of other states.³⁷ It is estimated that more than half of current global fishing activity in the high seas would not exist without subsidies.³⁸ Overcapacity fueled by subsidies has also resulted in high rates of illegal fishing by foreign fleets which, due to a lack of enforcement capacity, affects developing countries most heavily.³⁹

Propelled by subsidies, overfishing causes severe damage to fragile

more than \$6 billion annually on such subsidies, nearly three times more than the next largest subsidizer, the EU.⁴⁴

Until the late 1990s, the growth of China's fishing industry was driven pri-

Don't Poke the Dragon

China's agriculture and fisheries subsidies are contributing to the immiseration of farmers and fishers in poorer countries. Yet many of these countries are highly reluctant to challenge China or call out its trading practices. For many developing countries, China is now their largest export market, as well as an increasingly important source of foreign aid and investment. Given their growing dependence on China, there is widespread fear that antagonizing Beijing by criticizing its trading practices could provoke retaliation.

freedom to criticize China's policies is becoming a privilege reserved for the rich and powerful. Those who lack their economic and political might are increasingly forced to suffer in silence.

Behind closed doors, developing country officials and trade negotiators are frank in expressing their concerns about China's trade policies. But they are extremely reluctant to voice these concerns publicly. As a WTO negotiator from one developing country, who insisted on anonymity, put it: "There's only one country here that criticizes China and that's the US. The smaller you get, the more polite you are to China."⁵⁶

Developing countries have little fear of confronting the US or EU—liberal democracies where public debate about government policy, whether in the realm of trade or any other area, is the norm—and indeed are highly vocal in

8. Fred Gale, "Growth and Evolution in China"

and analysis of global fisheries subsidies," *Marine Policy* 109 (2019): 103695, <https://doi.org/10.1016/j.marpol.2019.103695>.