

# Analysis the Influence and Strategy of Shandong Agriculture Products Export after RMB Appreciated

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## Abstract

*From national “the eleventh five programming” to “the twelfth five programming”, our country’s economy has showed rapidly developing situation, especially the aspect of export. The trade surplus has raised to a history highest value, so it’s reasonable that RMB has appreciated. While this trend would inhibit our country’ export and the big part of export is agriculture products, actually Shandong is one of our country’s big province which export the most agriculture products. Due to analysis data and instance, this article has demonstrated how much Shandong agriculture products export had changed after RMB appreciated with theory knowledge and experts’ advises. I hope it prevent other provinces from damage brought by RMB appreciating.*

**Keywords:** Rapidly developing; RMB appreciated; Agriculture products export

## 1. Introduction

Due to China's rapid economic growth in recent years, with large RMB appreciation, all know economic knows that the RMB is not conducive to China's merchandise exports, therefore as a source of China's huge trade surplus - agricultural exports are not immune. Shandong province is one of the main province agricultural exports in China, this article through the mountain and the eastern province of appreciation of the RMB phenomenon the research of present situation of agricultural exports, international trade and international financial knowledge is analyzed, explore the problems existing in our country at present agricultural products of effective coping strategies. I hope it can draw lessons from other provinces. These strategies are the agricultural product export trade at home and abroad by the journal, newspaper, book and universities each scholar of the journal and network about the agricultural exports countermeasures research conclusion, observes from a point of view, plus I have deep analysis of our country's agricultural exports, and then put forward a series of strategies about how to cope with the present situation of agricultural exports.

## 2. Definition of the Appreciation of the RMB and its International Background

### 2.1 Definition of the RMB's Appreciation

The appreciation of the RMB is to point to our country executes a managed floating exchange rate regime, the Yuan currency purchasing power increase relative to other countries, or with direct price perspective is a unit of foreign currency exchange for RMB is less than before, also can say the Yuan is worth more in foreign countries. Such as before with a dollar to RMB 8.27. Now only in 6.3056 Yuan (exchange rate data provided by the bank of China, the update time: 2012-1-30), but also in the continue to appreciate. In fact the reality of the Yuan is only relative to the other country's currency is appreciation, the entire international monetary situation because of the financial storm in 2008 generally present a depreciation of the state (which also include China's RMB internal devaluation), but as a result of the degree of national currencies to more severe than in our country, so the appreciation of RMB is relative to other currencies, especially in America.

## 2.2 The International Background of RMB Appreciation

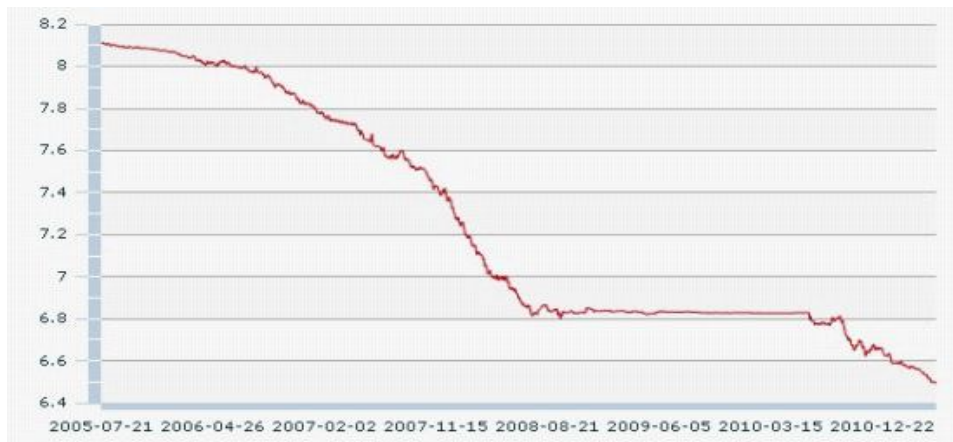
### 2.2.1 The International Background before RMB Appreciation

2005 years ago in our country has been the currency peg. Single peg to the dollar exchange rate system has its positive side, it is relatively succeeded in maintaining the stability of the RMB exchange rate, strengthened the confidence of the external economy for the RMB exchange rate level, promote the development of China's foreign trade and investment. So before 2005 RMB to foreign currency exchange rate is relatively stable. Such as the Yuan against the dollar from 2001 to 2004 were 8.27 (network) of the people's bank of China. Stable growth of economy in our country at this moment, the domestic product exports expanded rapidly, in the recent 10 years, the continued growth of exports and foreign direct investment of foreign exchange reserves increased dramatically, the Yuan rose to international reputation, promoted the sustained, rapid and sound economic growth in China, is also in Asia and made outstanding contributions to world economic stability.

### 2.2.2 The International Background after RMB Appreciation

In the 21st century, the global economic downturn, recession, many western countries is facing huge pressure of deflation. Is the opposite of some developed countries, China's sustained economic growth. The double surplus of balance of payment and the increasing huge foreign exchange reserves as the direct cause of promote the appreciation of the RMB. Western countries headed by the United States and Japan think China's exporters to "unfairly low" rob the world market, so to make RMB appreciation, and then transform the economic problem as political criticism and pressure on China.

**Graph1<sup>1</sup> Here are 2005 to 2010, the Yuan against the dollar exchange rate charts**



Data from: Chen Long Jiang the bilateral real exchange rate and agricultural exports: exports to Japan, for example the agricultural technical economics

We can get from the picture: in June 2005 RMB continue to appreciate in the future. On July 1, 2005 RMB exchange rate management system from a dollar peg to a managed floating exchange rate system, the nominal exchange rate against the dollar into the strengthening phase, from 2005 in June 8.1260 Yuan last February 2010 to 6.1810 Yuan, up 1.716%.

## 3. Shandong Agricultural Product Export Trade

### 3.1 Agriculture Product Export Trade of Shandong before RMB Appreciation

In Shandong province is the largest foreign trade of our country, foreign trade dependency is high, the total exports in 2004 was \$35.873 billion, accounts for the 6.05% of the total amount of export, and the national agricultural and sideline products export big province.

<sup>1</sup> Chen Long Jiang the bilateral real exchange rate and agricultural exports: exports to Japan, for example the agricultural technical economics[J]2007(10) : 20-21

Exports reached \$2004 in 5.92 billion, the first in the nation, thus, the appreciation of the RMB will import and export of agricultural products in Shandong province, price, quantity, different degrees of impact. The specific point of view, because of the large agricultural and sideline products in the international market in Shandong province is not only poor quality, and does not have the price advantage; Wheat prices higher than international market prices in the province, and the price gap is larger; Price of corn in the province is always higher than the international market price, so even before the appreciation of the RMB, exports of agricultural products in Shandong province in the national top, but its products are not dominant in the world.

### 3.2 Shandong Agricultural Product Export Trade after the Appreciation of the RMB

Now once the RMB appreciation, the mean said agricultural products export prices rise in dollars, their production in Shandong province have no price advantage of agricultural prices relative to improve, more weaken the price competitiveness of agricultural products in Shandong province.

The following two tables can reflect the appreciation of the RMB affect agricultural exports

**Chart1<sup>2</sup>2006-2006-1 to 6 Changes in the Yuan against the Dollar**

Date	100dollars exchange for RMB	The range of RMB appreciation (%)
2006-1-20	806.48	2.56
2006-2-21	804.85	2.75
2006-3-21	802.72	3.01
2006-4-21	802.10	3.09
2006-5-22	802.26	3.07
2006-6-21	799.90	3.35

Data from: Chen Long Jiang the bilateral real exchange rate and agricultural exports: exports to Japan, for example the agricultural technical economics

**Chart2<sup>3</sup>: In Shandong province in 2006-2006-1 to 6 main export products of price fluctuations**

Date	The export price of peanuts (Yuan/1000kg)
2006-1-15	6600
2006-2-15	6400
2006-3-15	6900
2006-4-15	6950
2006-5-15	6900
2006-6-15	7000

Data from: Ma Yu. Exchange rate appreciation to our country agricultural product export influence research overview, Shandong institute of industry and commerce

After RMB appreciation, international prices of peanut in Shandong province on the basis of the original rise to continue was increased, and the appreciation also improves relatively. Conclusion: after the appreciation of the RMB, in Shandong province exports year-on-year growth of 17.1%, on a \$8.1 billion, but import growth rate is greater than the exports. Although the Shandong agricultural products import and export trade will continue to grow, but export growth are falling. This shows that Shandong province agricultural products import and export trade is affected by the appreciation of the RMB, and this effect will be further expanded.

<sup>2</sup> Chen Long Jiang the bilateral real exchange rate and agricultural exports: exports to Japan, for example the agricultural technical economics[J]2007(10) : 20-21

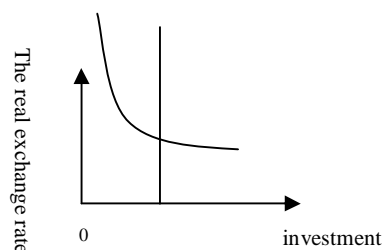
<sup>3</sup> Ma Yu. Exchange rate appreciation to our country agricultural product export influence research overview, Shandong institute of industry and commerce

#### 4. The Appreciation of the RMB Affect Agricultural Products Export in Shandong Province

##### 4.1 The Export Number of Agricultural Products is decreasing

##### 4.1.1 The Appreciation of the RMB Theory Analysis of the Import and Export Net Value

Foreign RMB appreciation, the relative prices of domestic exports of agricultural products denominated in foreign currencies will rise, it will weaken the domestic agricultural product international competition ability, reduce the export of agricultural products. We can put the real exchange rate (E) and net exports (NX) the relationship between the expression of  $NX = NX(E)$ , the following figure 2 shows the actual present relevant relationship between exchange rate and net exports. After the appreciation of the RMB, compared with foreign goods, the prices of the goods in China will increase, foreign residents will not tend to buy the goods imported from China, reduce exports.



##### 4.1.2 Shandong Agricultural Exports Decline

After the appreciation of the RMB, Shandong agricultural exports declined obviously. The financial storm causes our country agricultural product export decline. 08 after the outbreak of the economic crisis, as China's first big province, agricultural exports in June 2008 in Shandong, Shandong agricultural exports was \$827.7 million, July, exports of \$967 million, and then falling for three months, to February 2009, exports fell to \$448.866 million, the province's agricultural exports suffered an unprecedented strike, Shandong agricultural product export dependency in the first quarter of 2009 was 19%, down one percent compared with the same period in 2008. In the second quarter was 6%, down three percent compared with the same period in 2008. From a rise in the third quarter, but still less than the same period in 2008, and fell in the fourth quarter. Using the ADF test observed in Shandong agricultural exports have influenced by the appreciation of the RMB must be, if the RMB real effective exchange rate appreciation of 1%, will lead to export to reduce 0.761%.<sup>4</sup>

Suggesting that exchange rate changes on the influence of Shandong agricultural exports exist obvious lag effect, and because of the elastic coefficient of the two symbols for a negative is, so if the first of the appreciation of the RMB is Shandong agricultural exports to reduce, as the economic subject to price adjustment, agricultural exports will gradually stabilized. In recent years, along with the domestic and foreign markets for agricultural products correlation degree increasing, the Shandong agricultural exports present a series of new characteristics: export growth significantly lower than the imports, and although exports are increasing in recent years, but growth slowed. Generally speaking, in the short term demand elasticity of agricultural products is relatively low, but full of elasticity for a long time, agricultural products in Shandong province in the short term may not be affected by the appreciation of RMB big, but in the long run, the influence of the appreciation of the RMB is exist and should not be ignored.

##### 4.2 Agricultural Product Structure and Exporter Structure is not Reasonable

There is a problem on agricultural structure of Shandong province. Shandong province export product structure is still unreasonable, mainly primary products, low added value. Agricultural product variety, quality structure is not optimized, merit factor of agricultural products is low.

<sup>4</sup> Mao Jinghui. The appreciation of the RMB to the agricultural economy do more harm than good, China economic times[N]2005 (8) :9-10

In recent years, many places in quantitative relation always make an issue of agricultural structure adjustment, market development and the production and marketing coordination is weak. Varieties of agricultural structure adjustment, therefore, tend to focus on structural adjustment, the varieties of agricultural products, diversity and specialty development faster, lags the change of demand structure, leading to more agricultural products fair, MingYouTeXin products less, less more than ordinary products, special products, cheap and inferior products, high-grade and quality less, more difficult to improve agricultural competitiveness, or even increase the agricultural products supply and demand contradiction and operating costs. Secondly in an appreciating RMB aspects: reform of the RMB exchange rate regime in 2005, the RMB exchange rate flexibility amplitude increasing, at the same time to slowly rising trend. On April 10, 2008 Yuan against the us dollar and a breakthrough 7 rise by about 18.2% compared to that before revaluation, the Yuan continue to remain strong. And low level of agricultural production and processing enterprises overall profit margins of the appreciation of the RMB has cut export agricultural products, produce a great impact on the international competitiveness of agricultural products, is one of the important factors affecting agricultural exports. Second, the export of agricultural products in Shandong province has no brand advantage. Exports of agricultural products in Shandong province in the country is in the lead, but famous brand agricultural product quantity is less, can't form a group advantage for export. In 2004 in Shandong province is committed to the construction of new market, is a breakthrough in the new market development, such as apple's first export Middle East, but from the point of size, quantity, weight, etc, its progress is slow, inadequate.

#### **4.3 Rural Residents Income and Welfare Level Drops**

The appreciation of the RMB against the export of agricultural products and agricultural production in our country, could worsen China's international trade conditions; Control the supply of agricultural foreign capital, and stimulate agricultural foreign demand, from the point of a longer period, will reduce the market price of domestic agricultural products, resulting in the total agricultural production, especially grain and other agricultural commodities production and reduce the scale of production; People's appreciation, on the one hand, difficult to agricultural exports, exports only better sale in domestic market, on the other hand, foreign agricultural products but with cheaper price compete with China's agricultural products in the domestic market, as a direct result of China's agricultural products in both the demand of the market. In the case of other conditions unchanged, agricultural product demand, the price is lower and the foreign capital utilization we said above conditions deteriorate, farmers will have to reduce the scale of production and agricultural production, led directly to the farmers farming job losses, and agricultural income growth stagnated even slide; Again because of the farmers is not the main power in the foreign product purchase, enjoy the benefits, far less than its the losses that might reduce the income level of farmers, reduce the welfare level. By an average of \$05000 each in rural labor force to create agricultural output value estimate, the loss to the farmers farming jobs will reach about 1.3 million.

#### **4.4 Agricultural Foreign Capital Utilization**

Although the exchange rate change on the influence of foreign capital utilization ultimately depends on the two different kind of power supply and demand, but the agricultural use of foreign capital has a very distinctive particularity, under normal circumstances, the local currency appreciation will be bad for agricultural use of foreign capital. In terms of agricultural industry, the appreciation of the RMB, on the one hand, difficult agricultural exports, exports only better sale in domestic market, on the other hand, foreign agricultural products and with our country agricultural product with cheaper price in the domestic market competition, as a direct result of China's agricultural products in both reducing the demand on the market. In our country at present agricultural products sales is inherently more difficult circumstances, the blow for farmers even rougher. The terms of the influence of the appreciation of the RMB, for the agricultural high dependency of foreign trade of the country's agricultural exports obviously advantageous; And China's agricultural foreign trade dependence is low, once the appreciation of the foreign trade environment may deteriorate further, the external market may shrink further. Now also have relevant data show that after the financial crisis in Shandong province of foreign capital utilization in agriculture.

#### **4.5 The Total Agricultural Production Decrease and a Rise in the Cost of Production**

Exchange rate change on the influence of the agricultural product export direct effect and indirect effect, which exports decline is belong to the indirect effect, and the exchange rate changes on the export enterprise receivables caused depreciation loss is the direct effect, this would have prompted some companies will reduce the production of agricultural products; In addition, our country agricultural weak pricing power in international market, exchange rate appreciation costs borne by the producer in China for the most part, in this case the exchange rate appreciation lead to our country agricultural product export difficulties, decrease in the number. From the point of production costs, on the one hand, influenced by oil price, chemical fertilizer, farm diesel, plastic and other agricultural goods prices, agricultural cultivation, aquaculture, fishing, transportation and other costs rise, and drive the raw materials rise in price of agricultural products. Such as, in Shandong province. By the end of 2004, 2000 Yuan/ton price rose to 10000 Yuan of above. On the other hand, as a labor-intensive industries, due to the labor employment tension, migrant wages increased, agricultural products processing enterprises be badly affected. Such as same group worker average wage has increased from \$2002 in 500 to 1000 Yuan, only for a wage increase spending each year more than 100 million Yuan. So the appreciation of the RMB causes the amount of agricultural production to reduce productive cost increase.

### **5. Strategy Analysis of Response to the Appreciation of the RMB in Shandong Province**

#### **5.1 Technology Import, Improve Product Quality**

##### **5.1.1 Technology Import**

Shandong agricultural exports from above mentioned in the problem of the agricultural products cheap and inferior products, high-grade and quality less, more difficult to improve agricultural competitiveness, so Shandong province should further strengthen the agricultural use of foreign capital, optimize the structure of agricultural use of foreign capital, strengthen the foreign food companies to invest in screening and management of the project, change the past "resources and" guidance, pay attention to the "technology introduction". At the same time, strengthen the related technology research and development, promote the agricultural food processing industry to modern food manufacturing industry shift, with the aid of technology of the multinational enterprises of agricultural products, management and market channels to improve the quality of enterprises in our province agricultural products, optimize the agricultural structure. Government for exporter of agricultural products export enterprises in the construction and production of technical innovation, new product development, market development, overseas registration or certification, brand construction, export credit insurance, the respect such as anti-dumping should give support.

##### **5.1.2 Optimization of Facilities, Improve the Quality**

The first step to strengthen the construction of enterprise original base, ensure product quality and safety of raw materials. Many enterprises to establish a standardized, large-scale production base, strengthened the control of drug residues from the source. Base scope covers all major export of agricultural products in Shandong province, located in the north to Heilongjiang, south to Hainan island, a total of more than a dozen provinces and municipalities, to achieve "traceability source control, process, quality assured" laid the foundation. The second step is to strengthen the laboratory construction, perfect the self-inspection of self-control hardware. Since open years, some big companies began a large number of test equipment purchase, recruitment or increase the inspection personnel, establish or strengthen their own test center or laboratory. Such as good alone group, foreign trade enterprises in the aspect of equipment investment for more than 3 million Yuan, according to incomplete, estimates that this year the province's agricultural products export enterprises detection equipment investment about 100 million Yuan, more than just Lai Yang Shi enterprises import four liquid chromatography mass spectrometry instrument be spent more than 1000 ten thousand Yuan. The third step to establish and perfect quality traceability system of agricultural products. Perfect from cultivation, product processing, storage, transportation, marketing and so on each link, the whole process of quality inspection and control system, and the key factors affecting the quality of the products, make up and strengthen the weak links, improve production technology, strict production practice, efforts to reduce pesticide residues.

### **5.1.3 Strengthen the Management of Export Agricultural Products Quality and Safety**

Further improve export quality and safety of agricultural products in Shandong province, not only is the effective measures to cope with Japan's positive list system, also is in the next period and improve the core competitiveness of exported agricultural products in Shandong province key. Hope to be able to speed up the export of produce quality safety supervision and management regulations "in Shandong province in the legislative process, we should institutionally ensure that the export of agricultural products quality safety management work smoothly. The creation of a rolling, dynamic quality and safety supervision mechanism, update of produce quality safety standards, and to increase agricultural inputs such as pesticides, veterinary medicine, feed and additive regulation, strictly investigate production, circulation, sale and use of illegal behavior, improve the system of rewards and punishment and responsibility. Support and guide enterprises to establish and perfect the introspection of self-control system, encourage enterprises to ISO22000 system certification and HACCP certification, establish quality traceability system, exported agricultural products to promote good practice.

### **5.2 To Optimize the Structure of Foreign Investment and Foreign Capital Utilization Diversification**

Shandong province should further strengthen the agricultural use of foreign capital, improve the structure of agricultural use of foreign capital, the implementation way of agricultural utilization of foreign capital source, investment channels, investment main body and the diversification of foreign capital use direction, improve the quality and level of the agricultural use of foreign capital. With the aid of technology of the multinational enterprises of agricultural products, management and market channels to improve the quality of enterprises of agricultural products, optimize the agricultural structure. Give full play to foreign investors, especially Japanese to understand their own management and the advantage of market information, timely grasp the importer of the new tendency of government to import commodity inspection requirement and foreign customers demand new changes. Actively use foreign influence, to the importer to reflect China's agricultural products export enterprises, the pressure on the importer unreasonable restraint of trade measures. By attracting foreign investment in agricultural production and export, realizing agricultural production enterprises to the diversification of investment subject, make the agricultural products export enterprises in Shandong province more active role in the international competition.

### **5.3 New Product Development and Market Development**

#### **5.3.1 Strengthen New Product Development Efforts**

A change is according to the high-end market demand, continue to play to the aquatic products, vegetables, livestock, fruit, etc, on the basis of traditional agricultural products export advantage, speed up the development of emerging industries, such as flowers, seeds, edible fungi form traditional industries and emerging industry promote each other, the coordinated development of export structure; Second is to encourage the traditional advantage products production enterprises exert industrial advantages, strengthen product development, development of independent intellectual property rights of new products, to adapt to changing market conditions, the development of deep processing of agricultural products export, improve product technology content and added value, promote agricultural exports comprehensive upgrade of industrial structure, guide the business scale, to make the advantage industry bigger and stronger; 3 it is to support the development of the agricultural product export enterprise has its own brand, cultivating brand products, the formation of brand reputation in the international market and fixed consumer groups, change the growth mode of foreign trade of agricultural products, Fourth, encourage enterprises to introduce international advanced agricultural production, the processing technology, equipment, encourage the import of new varieties, new technology, and help to improve the agricultural ecological environment of the biological fertilizer, biological pesticides and other agricultural inputs.

#### **5.3.2 New Market Development**

To promote market diversification, Shandong can further perfecting the market development, outstanding professional and targeted, at the beginning of each year by the relevant functional departments to formulate and publish the new marketing plan, from market research, new product development, marketing planning, product display and promote the advance on. Set up new market development special funds to support enterprise, guide the enterprises pay attention to the new market, increase market development initiative, continuously broaden the export channels, to avoid over reliance on a single market.

Key support leading enterprises to participate in the international famous professional food exposition, support small and medium-sized enterprises to participate in the international famous exhibition held within the territory of China exhibition activities, improve fruits and vegetables, international fruit and vegetable class and level of the fair. Guide enterprises to actively participate in international procurement, understand foreign customers demand and the overseas market information in time.

#### **5.4 Agricultural Subsidies and Tax Policy**

According to the theory of international trade knowledge, the government to improve the farmers suffer from the dangers of the new situation can take corresponding measures to protect agriculture, to increase farmers' income and increase farmers' employment. Such as the agricultural product price subsidies and tax policy. Agricultural products price subsidy refers to the government to reduce the amount of loss that farmers so that they will not lose money to increase their willingness to grow, can produce a price above the price is higher than the market supply and demand (minimum price) according to the price, or the government from farmers at a high price to buy some products, in order to improve the market competitiveness of agricultural products, so that the market price will not low. Refers to the government using the tax and tax policy to increase farmers' income, reduce the loss, the government can tax on farmers less or not), so that they will not be at a loss, or loss.

Therefore, we need to build and perfect the policy system, enlarges the Shandong province agriculture opening to the outside world, promoting the spirit of agricultural exports, drawing on the successful experience of foreign support for agricultural development, and further build and perfect the multi-level promotion system of agricultural product export policy, exploring expanding agricultural exports of fiscal, tax, finance and insurance mechanism.

#### **5.5 Use of Financial Derivatives Trading Quote against a Basket of Currencies**

##### **5.5.1 Use of Financial Derivatives Trading**

In the short term, the enterprise shall, according to the exchange rate changes choose flexible payment terms or choose long-term foreign exchange hedging, in forward foreign exchange trade on foreign exchange risk, import and export trade during the period from the contract to the actual receipt and payment, in order to avoid exchange rate volatility loss, the parties can sign a according to the forward rate with the designated foreign exchange Banks sell forward foreign exchange in advance, and then due delivery of the contract. This more accurately determine the actual income. Financial futures, refers to the stock exchange according to certain rules and the standardization of financial commodity contract. This contract both sides in the transaction of varieties and amount of financial commodity trade agreement price, according to the agreement in an agreed future time of actual delivery, the price of bearing in several to buy or sell foreign currency at the same time in the future, and about the same amount in the futures market to sell or buy futures contracts. Upon the expiry of the contract, spot of profit and loss caused by the exchange rate changes, can by foreign exchange futures trading profit and loss make up for.

##### **5.5.2 Multiple Currencies Offer**

Exports to offer a coin or a basket of currencies, the enterprise products are sold to hard-currency country can try to use the currency price, sold to other parts of the product should also strive for to quote hard. Therefore, agricultural products export enterprises in Shandong province in the process of import and export business, should disperse trade area, as far as possible for dispersion and extensive trade area, and try to quote regional main settlement currency, this makes all kinds of currency exchange rate changes to adjust to each other, thus reducing the exchange risk. So you don't have to worry about exchange rate volatility, and can calculate the cost and profit in advance. In addition, to predict the future trend of exchange rate changes, to strengthen the prediction research of RMB exchange rate changes, on the one hand, to timely understand the Yuan peg by the major currencies, such as the dollar, euro, yen, etc.), the trend of exchange rate movements, on the other hand, attention should be paid to stay in a certain period of the implementation of the policies and changes as well as the recent domestic demand of foreign exchange.



## **5.6 Choose the Right Means Of Settlement Currency and Settlement**

### **5.6.1 Select the Appropriate Settlement Currency**

Based on the RMB exchange rate change on the influence of export enterprises, select the appropriate settlement currency is very important to our country foreign trade export enterprise, Shandong as the national trade big province, bring the negative impact of the appreciation of the RMB to bear the brunt of the export enterprises in Shandong, so, choose the appropriate settlement of exchange currency in Shandong agricultural product export enterprise is especially important. Existing exchange rate adjustment scheme to increase the flexibility of the exchange rate policy, but also makes foreign currency exchange difference for the future full of uncertainty. Really gives companies a headache is, due to exchange rate uncertainty, then don't determine the price of exports, which directly affect the profit of the uncertainty, enterprises will be difficult to judge whether to accept list and shipment. So wise to choose the appropriate settlement currency is very important. The general rule is stability, security, choose hard, basically see the country's overall political and economic situation and future development prospect, the sudden incidents, such as the major natural disasters, political mutations, such as terrorist attacks also causes direct influence. If the situation is not stable or exchange rate changes larger countries, had better use currency settlement currency or a third party.

### **5.6.2 Choose the Right Means of Settlement**

Due to the method of payment is different, its security, timeliness is very different. Selection of the method of payment in international trade a lot, select both conform to produce their own characteristics and can adapt to the international trade practice the customer used the method of payment, security exchange settlement and reduce the risk of exchange rate changes. L/C and forward L/C at sight, is often considered as the most secure way of settlement. It is a bank credit, completely based on the credibility of the buyer. After T/T way, it is the least reliable way, generally do not use new customers do trade. Shandong province's main export object is the United States, Japan, South Korea. The above areas are very strict with agricultural imports, to choose the right means of settlement can better safeguard the interests of the agricultural products export enterprises in Shandong, from unnecessary loss.

## **6. Conclusion**

Above is the appreciation of the RMB to influence and countermeasure analysis of agricultural exports, agricultural products as the main source of China's trade surplus, so the appreciation of the RMB suffered by its damage degree and the response is particularly important in particular, but these are now economists study out strategy of the tip of the iceberg, still need a lot of data and theory analysis to improve these factors and measures. Among the provinces in our country agricultural product export of Shandong province at present actually show the good one of the provinces, through the analysis of its hope for, it has reference in other provinces.

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