

On the Perfection of the Legal System of Agricultural Products Wholesale Market With the Perspective of Economic Law

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Abstract

This article carries out analysis in the perspective of economic law on the many aspects such as the heat of concern, degree of attention on the quality of China's agricultural products (food), as well as the investment subject, status, and function of agricultural products wholesale market in China, etc., and demonstrates the importance of state owned holding in the wholesale market of agricultural products. It is then suggested that we must use the economic law as the starting point to improve the legal system of agricultural products wholesale market. The wholesale market of agricultural products needs the participation, guidance, and regulation of the government and the state-owned components. The state owned holding in the wholesale market of agricultural products also meets the guiding instructions of the "18th CPC National Congress; "especially about the enterprises involving public resources and the cause of people's livelihood in the classification reform of state owned enterprises.

Key words: Economic law; Agricultural products; Wholesale market; Law; System; Perfection

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INTRODUCTION

Recently, the concerns about the food safety of agricultural products and the voices for demanding legislation for

agricultural products wholesale market have risen one after another. A series of reports and news continually comes out. According to *The Industry Is Looking forward to the Introduction of the Law for Wholesale Market of Agricultural Products* published by Li (2015), the author finds that, under the big environment of managing state affairs according to law, the strong demand for first legislation then governance as well as the desire for the government's timely support and help by the industry of agricultural products wholesale market are unprecedented.

The author finds many issues currently regarding the wholesale markets of agricultural products such as uneven distribution in our country, uneven in quality for the level of hierarchy, different functionality and purposiveness, affecting the environmental protection coefficient, low economic efficiency, unfair competition platform, etc. The most serious is that they violate the fundamental purpose of "food is the first necessity of the people". Many markets did not establish and manage themselves from the perspective of "public welfare" and "responsibility", which directly results in the vicious circles of chaos in the price index of agricultural products, increasing food safety hazards, and so on.

The public understanding for whether there is legal regulation for the wholesale market of agricultural products, as well as whether it should be managed by legislation, etc., did not rise to a certain level: On one hand, they pay close attention for food safety, purchase and distribution transactions through wholesale market are still in full swing; on the other hand, they never pay attention to the nature of the wholesale market as well as the construction of the access environment of the wholesale market, and so on.

The starting point of public welfare and profit of the wholesale market for the construction of the market and the dimensions, direction, and emphasis of the service offered to the public is very different. Except air and

water, what human being need every day is the food for surviving. Individuals cannot be separated from the survival characteristics. Our country also gives a strategic position for agricultural products; there must be reserves in every place. It can be seen that no matter in what kind of environment, for any group, food is people's eternally immutable center of attention. It can be seen everywhere that domestic construction of the people's livelihood projects is in full swing, especially in the large-scale agricultural products wholesale market investment and construction efforts. It is only increasing. But due to the size and heat of different cities, the development of the industry of agricultural products wholesale market also exhibits polarization in every place. In the first tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, the wholesale market of agricultural products has exhibited the characteristics of "there are representatives for every place" and "there is saturation for every place". While from the perspective of investors (shareholders),

the "representative" markets everyone has heard them many times have very different natures. In some 2nd and 3rd category markets, the infrastructure constructions of agricultural products wholesale markets are simply done carelessly.

From the National Bureau of Statistics website, according to the data from 2011 to 2013 that can be found for agricultural products wholesale markets and wholesale markets of state-owned components, the author respectively made the following three figures. It is not difficult to see that, the wholesale markets of agricultural products in our country exhibit a trend of steadily increasing, but the number of the wholesale markets that are owned and occupied by the state (not including the ones constructed by the capital invested by the state owned enterprises) has significantly reduced. Such a strong contrast can collectively show that the degree of state control on the agricultural products wholesale markets in our country is gradually weakening.

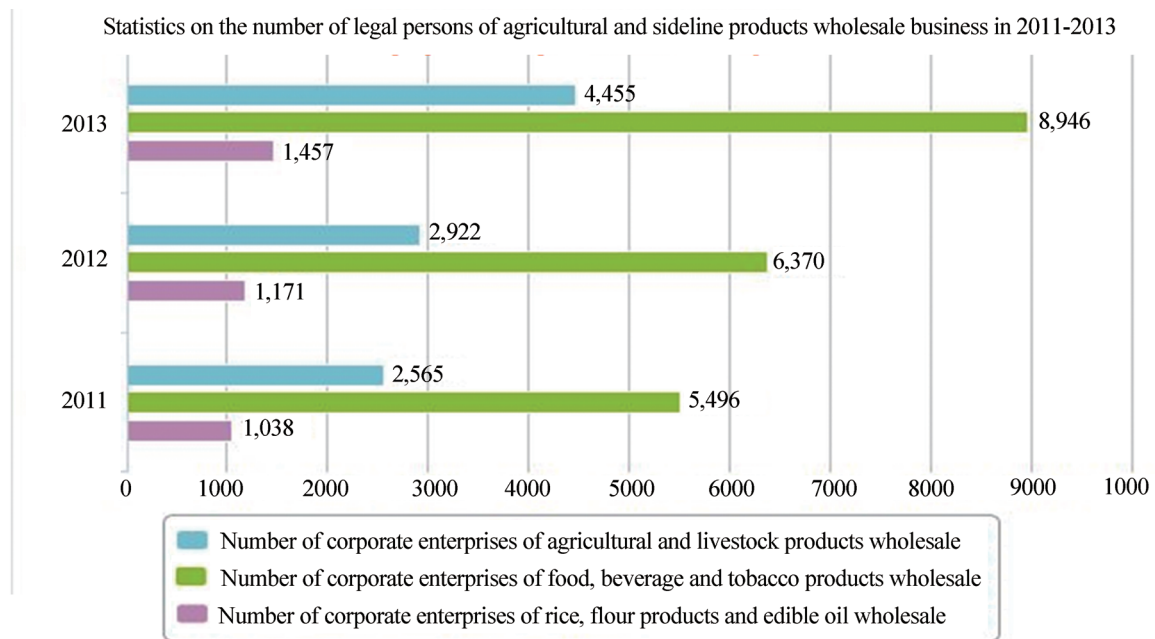


Figure 1
Statistics on the Number of Legal Persons of Agricultural and Sideline Products Wholesale Business in 2011-2013

The 18th Party Congress spirit of deepening reform and vigorously promoting the development of mixed ownership economy, as well as the encouragement of private economy participating in the state-owned economic model, have all played a positive role in creating a new high point for various types of economy in the economic efficiency. However, at the same time, for the retention of state-owned components, in the reform documents it is clearly indicated that, according to the nature and the industry of the state-owned enterprises, they should be divided into four cases to treat separately. As for the industry of the agricultural products wholesale involved in this article, the author believes that this

category of people's livelihood industry should be regarded as one of the important industries and key areas that relate to the lifeline of the national economy. So it should remain absolute holding by the state in the nature of the shareholders and the nature of the enterprise.

So since the state-owned absolute holding is relatively reasonable, combining the legal factors of the legislative background, purpose, subject, responsibility and function of economic law, etc., the authors thinks that the introduction of relevant "Agricultural Products Wholesale Market Law" is very reasonable and necessary, and it also belongs to the scope of jurisdiction of economic law. Agricultural products wholesale market

is given a great responsibility by its three identities, i.e., as an important input and output platform for important production materials of urban and rural areas, as a supply platform for the life and living of the city people, and as an essential platform for agricultural products circulation in the current stage. For this type of wholesale market of “controlling people’s food”, the jurisdiction and governance should be the law, based on the law. However, what needs to be explained is that,

the author does not discourage and crack down on other economic organization forms except the state-owned economic components to engage in the industry of agricultural products wholesale market. What the author thinks is that even though it is not state-owned holding, it should also be managed strictly from the aspects of the market access and competition control, etc. we cannot allow it to go unchecked and we cannot leave it ungoverned.

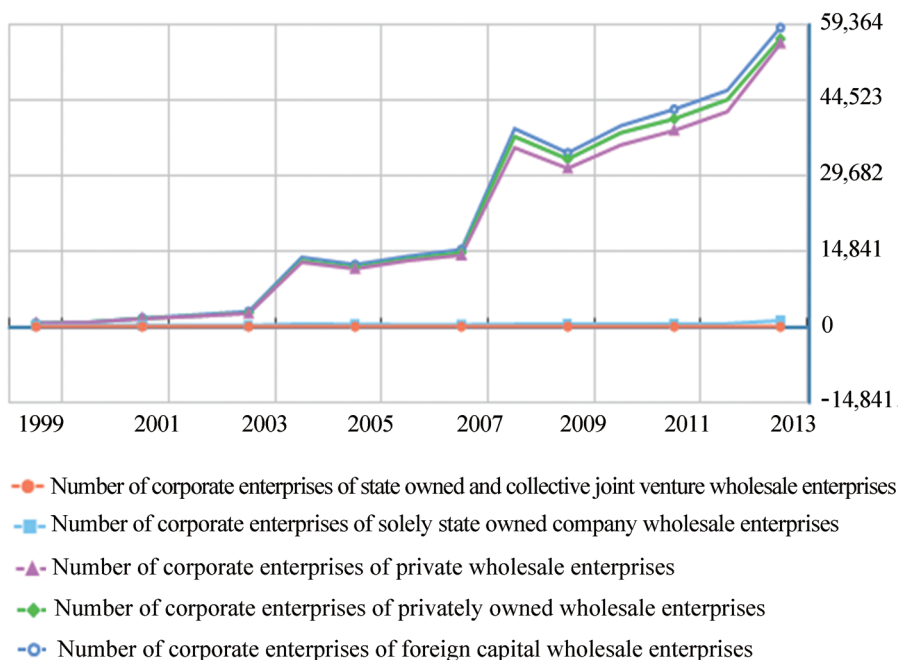


Figure 2
Comparison of the Quantity of Wholesale Enterprises of Different Investment Main Body Nature in 1999-2013

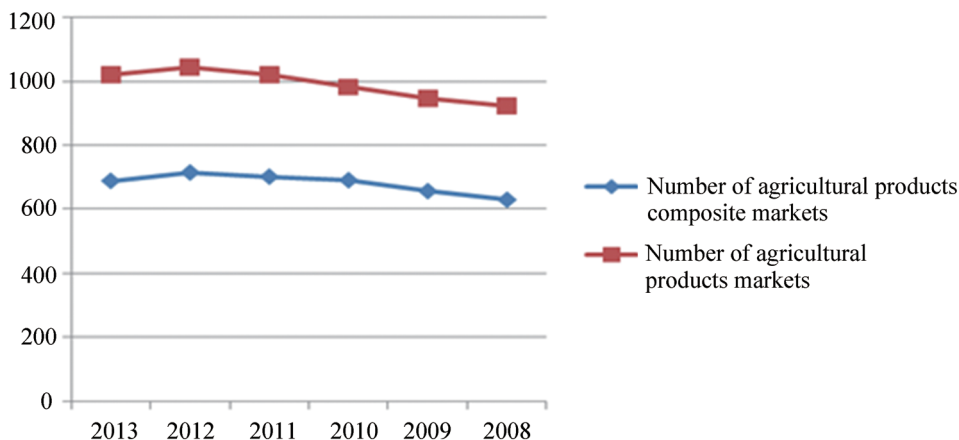


Figure 3
Statistics on the Quantity of Agricultural Products Composite Markets and Agricultural Products Markets in 2008-2013

Source of Data: National Bureau of Statistics.¹

¹ The Official Website of National Bureau of Statistics. Retrieved from <http://data.stats.gov.cn/workspace/index?a=q&type=global&dbcode=hgnd&m=hgnd&dimension=zb&code=A01090501®ion=000000&time=2013>

The writing background of this article is based on the above reasons. So the author tries to discuss the construction of agricultural products wholesale market law from the perspective of economic law, which is the purpose one; In the face of the chaos in current development situation of the whole industry, the author believes that, through the regulation and guidance of law to solve the current situation of the wholesale market is the purpose two. It is more conducive to its normative development after the wholesale market legislation, enabling the market to survive for a long time and adapt to market competition. Clearly defining the nature of the wholesale market and the main regulators, as well as regulating from legislation, are also the ultimate purpose of this article.

1. RESEARCH METHOD

This article will use literature research method, quantitative analysis method, qualitative analysis method and functional analysis method.

Literature research method is a method of mainly through the collection, identification, arrangement of related research literature and through the research to the literature to form the author's own understanding.

Through the quantitative analysis method, we can have a clear numerical understanding on the sensory organ to the number of agricultural products wholesale markets in our country, so as to reveal the law more scientifically, grasp the essence, clarify the relationship, and predict the development trend of things.

Qualitative analysis method is to analyze the nature of the agricultural products wholesale market by using the methods of induction and deduction, analysis and synthesis, as well as abstraction and generalization, etc..

Functional analysis method is one of the methods of social science, which explains the social phenomena by demonstrating how social phenomena satisfy the needs of a social system (that is, having what functions).

2. SUMMARY OF DOMESTIC AGRICULTURAL PRODUCTS WHOLESALE MARKET LAWS

2.1 Current Situation of Domestic Legislations

The author combed the relevant laws and regulations of the agricultural products wholesale market in China, mainly including the following:

The *Wholesale Market Management Approach* issued in 1994 (the Ministry of Domestic Trade order No.3); *Measures for the Administration of Aquatic Products Wholesale Markets* issued in 1996 (the Ministry of Agriculture, the State Administration for Industry and Commerce, No.13); *Ministry of Agriculture*

National "Vegetable Basket Project" Fixed-point Fresh Agricultural Products Center Wholesale Market Management Approach (Trial) issued in 1996 (Ministry of Agriculture, No.91); *Opinions of the General Office of the State Council on Promoting Policies and Measures for the Healthy Development of Logistics Industry* issued in 2011 (Office of the State Council, No.38); *Opinions of the General Office of the State Council on Strengthening the Construction of the Circulation System of Fresh Agricultural Products* issued in 2011 (Office of the State Council, No.59); *Opinions of the State Council on Deepening the Reform of Circulation System to Speed Up the Development of Circulation Industry* issued in 2012 (National Development and Reform Commission, No.39); *Guiding Opinions on Accelerating the Circulation of Fresh Agricultural Products by Ministry of Commerce* issued in 2012 (Ministry of Commerce, No.432); *Notice of the General Office of the State Council on Printing and Distributing the Comprehensive Work Plan for Reducing the Circulation Cost and Improving the Circulation Efficiency* issued in 2013 (General Office of the State Council, No. 5); *Guiding Opinions on Further Strengthening the Construction of the Agricultural Product Market System* issued in 2014 (the Ministry of Commerce and the Ministry of Agriculture and other 13 departments); local laws and regulations have also been introduced, such as the Office of Food and Drug Administration of Shandong Province² issued in January 5, 2015 *Interim Measures for the Supervision and Administration of the Quality and Safety of Edible Agricultural Products Wholesale Market in Shandong Province*, which also uses the *Food Safety Law* as reference. In the end whether or not there is a specialized *Wholesale Market Law* in the nature of economic law to take reference? After all, the wholesale market, at the end, is still the organization of enterprise, not belonging to state administrative functional department. If only from the perspective of administrative law and criminal law, it is really a little like copying everything indiscriminately and transplanting them mechanically.

Ma (2014) believes that, the three stages for the institutionalization of our country's agricultural products wholesale market, respectively, are: The *Notice on Printing and Distributing the Opinions on Accelerating the Construction of Agricultural Products Circulation Facilities* issued by six ministries, this notice laid and made clear the important status of the agricultural products wholesale market as the social infrastructure; *Green Wholesale Market Standard of Agricultural and Sideline Products, Standard of Green Retail Market of Agricultural and Sideline Products, Technical Specification for the Management of Agricultural Products Wholesale Market*, etc., these relevant national standards, from the

² http://www.sdfda.gov.cn/art/2015/1/15/art_790_56605.html

perspective of the circulation of agricultural products wholesale market, have made the regulation and guidance for them; *Measures for the Administration of Food Safety in Circulation*, and *Operation Standard for Food Safety in the Wholesale Market for Agricultural Products* have indeed, legally promoted the development of agricultural products wholesale markets greatly; as an absolute public welfare organization and urban infrastructure facilities, wholesale markets of agricultural products must need the intervention and assistance of government, for example, assisting from the many aspects such as reducing taxes and fees, uniform charges, standardizing law enforcement, guiding prices, etc.. Overall, the government should start from all aspects of policy measures of the economic law related tax, finance, land, system construction, and standardized charges, etc., playing the role of the economic regulation function of government, indeed realizing the legal development of agricultural products wholesale market.

2.2 The Establishment of Agricultural Products Wholesale Market Law in Our Country

2.2.1 The Nature Determination of Our Country's Agricultural Products Wholesale Market

According to the research conclusions of Liu and An (2010), our country's wholesale market of agricultural products has a nature of public welfare and quasi public goods. In other words, wholesale market of agricultural products, as a basis for supporting the city, is for the city people's security, stability, and emergency supply, at the same time, guiding a reasonable price to maintain a harmonious society. Especially, the wholesale market for agricultural products related to the livelihood of the people is even more inseparable from the nature and function of public welfare, even able to help the production and marketing docking problem of difficult buying and difficult selling.

Zhou (2010) also analyzed Japan's agricultural products wholesale markets, finding that most of them are invested with the government. But in our country's current stage, only using the method of government direct investment in order to guarantee the public welfare of the wholesale market is not realistic. During the period of "13th five-year-plan", our country still called on to guide the social capital to join the industrial investment, making the government investment becoming the enlarged lever to pry more capitals. However, the author believes that, regardless of the amount of investment by the government and the status of its shareholder in the wholesale market for agricultural products, as the subject of "profiting for the people, taking it for the people", the government at least needs to bring into play its functions of market controller and economic regulator for the public welfare.

According to the studies on the countries of Japan, Korea, Europe, America, etc. by Li, Mi, and An (2013), it is found that the wholesale markets of agricultural

products are the main project of the government public investments. Financial support is mainly borne by the government through different channels of investment, strengthening the public welfare function of agricultural products wholesale markets.

Overall speaking, the author believes that the wholesale markets of agricultural products need the intervention of government. But the current development is chaotic. Local governments at all levels, according to the needs of the people, the market economy, and the interest relationship, etc., respectively established the wholesale markets. However, although wholesale markets guaranteed the agricultural products supply of the people, the price mechanism, allocation mechanism, resource scheduling, and security, etc. cannot be uniformly solved strongly. Often only the market with a state component can really bear the responsibility of public welfare, while those privately operated or private wholesale markets still consider their own interests first under the environment of market economy.

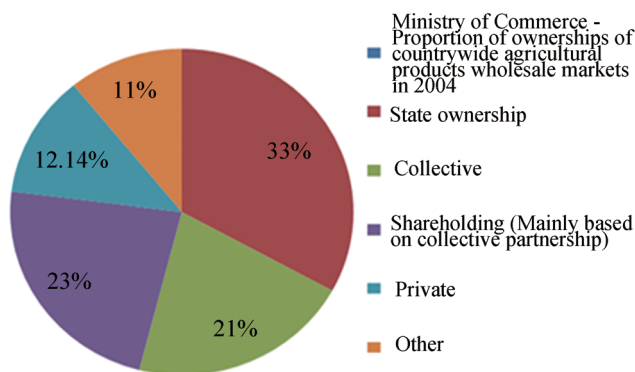


Figure 4
Ministry of Commerce Proportion of Quantity of All Ownerships of Agricultural Products Wholesale Markets in 2004

Figure 4 shows that, at least in 2004, our country's state owned wholesale markets have the largest proportion in the nationwide all kinds of agricultural products wholesale markets. Although there are wholesale markets with different ownership structures participating in the competition, the basic positioning by the government on the wholesale market for agricultural products is accurate, that is the state ownership needs to take the dominant position.

In the existing laws and regulations related to the wholesale market of agricultural products, the strength and standard for the requirement of "testing" are clear. The author believes that, the markets that are private or private economy operated must be for profit-making. The "testing" that is big investment and small reward brings the private owners not the profits, but the burden and obligation; then the credibility and security of the "testing" and "supervision" need to be studied, doubtful function does not comply with the requirement of mandatory

“testing” and “supervision”, the possibility of self-breaking the law by such business entities and ownerships (private) is far greater than the one of the state-owned holding.

Because of the above, the author insists that the positioning of the wholesale market of agricultural products should be based on the public welfare, the security and the urban infrastructure, it must have the government’s participation, or involvement, or guidance, or investment, or supervision.

2.2.2 Necessity of Legislation

Starting from several basic elements of law, the author believes that the introduction of a professional central wholesale market law for food (agricultural products) must be considered from the perspective of economic law.

First, the three major principles of economic law can be summarized as: creating a harmonious social and economic environment, balance of economic resources allocation, and sustainable development. Based on these three points, it is not difficult to find that actually economic law is just the government regulates and adjusts the market or economic environment through certain intervention, guidance, and participation, making it a legal means and legal provision useful for the economic development of the whole country.

Second, analyzing from other principles of economic law, the introduction of “agricultural products wholesale market law” completely meets the requirement of the adjustment of economic law. First, the participants are the state and market, the country’s legal intervention enables the economic relations of the market to develop more stably and favorably; second, macro mediation and allocation of social (economic) resources, enabling the limited economic resources (including the living materials, that is, the agricultural products) to achieve the overall economic benefits as much as possible, taking into account the purpose of fair representation of the interests of all social parties; third, sustainable development is to seek development in stability; fourth, adjusting the agricultural products wholesale market is in full compliance with the characteristic of the economic relationship that occurs during the process of coordination of national economic operation by the government; fifth, the nature of the wholesale market for agricultural products should be classified from the source, with the government (state owned) shareholding as the majority, under the precondition of adhering to the state owned as the majority, it may be moderately relaxed to include mixed ownership, even the wholesale markets for agricultural products can be regarded as urban public infrastructure. The above is also fully consistent with the principles of our country’s adhering to the public ownership as the main body and the common development of the economy of a variety of ownerships; sixth, food is the first necessity of the people, which are the foundation for the country as well

as the foundation for the society. Therefore, promoting the management of the wholesale market of agricultural products through economic law by the state embodies the principle of social standard; seventh, controlling the prices of agricultural products under the reasonable, normal range and let people have the ability to consume, which demonstrates the principles of democracy, equity and efficiency.

In addition, the author believes that analyzing from the “wholesale market” itself, regarding it as a “legal entity”, analyzing the subject, object, fact, purpose, responsibility, obligation and so on of the wholesale market access, construction, growth and other aspects from the point of view of the enterprise, the construction of “agricultural products wholesale market law” needs to follow based on the economic law. From the analysis on all kinds of previous data of the statistics department, it is not difficult to see that although the agricultural products wholesale market ownership system is not the same, most of them are registered as “business” or “legal person”. Then this is enough to show that the agricultural products wholesale market possesses the nature of enterprises.

Lastly, the author believes that the wholesale markets of agricultural products also acted as a “government function”. The first paragraph in the article 37 of the *People’s Republic of China Agricultural Products Quality & Safety Law*³ issued in 2006 clearly provides that: “the wholesale markets for agricultural products shall establish or entrust the quality and safety inspection institutions for agricultural products to conduct random tests on the quality and safety of the agricultural products entering to the market; if finding products that do not meet the standards of quality and safety of agricultural products, the seller should be required to immediately stop selling, and report to the administrative department of Agriculture” and the fourth paragraph in the article 50 provides that: “wholesale markets for agricultural products in violation of the provisions of this law as indicated in the first paragraph of the article 37, order to correct, with a fine between 2,000 yuan and 20,000 yuan”. From the above legislations, it can be clearly seen the mandatory words of “random checking”, “required to immediately stop selling”, “order to rectify and reform”, and “fine”. The author believes that this is just the government in a disguised form endows the agricultural products wholesale markets the “administrative power” of sell, supervision, punishment and so on.

According to the 3rd edition news of *Food Safety Law* (2015),⁴ it again stressed and made clear the “government administrative duties and responsibilities” of the agricultural products wholesale markets for the part of “edible agricultural products wholesale market should be equipped with inspection equipment and inspection

³ http://www.gov.cn/flfg/2006-04/30/content_271633.htm

⁴ <http://www.guangxifood.com/news/show-3131.html>

personnel, or entrust the food inspection agency to conduct inspection by sampling for the edible agricultural products entering the market for sale. At the same time, the 3rd edition also adds regulations. Edible agricultural products sellers should establish a recording system of incoming inspections. Edible agricultural products entering the market for sale should meet national standards for food safety in packaging, preservation, storage, transportation, edible preservatives, antiseptics, other food additives and other food related products such as packaging materials”.

The author gives a qualitative nature to such changed legal entity and institution acting on the government’s behalf, i.e., the wholesale market of agricultural products can be regarded as a kind of organization of administrative enterprise (corporation).

Overall speaking, the author believes that the wholesale market also concentrates the concept of competition law, for example, the effective price, the formation of a fair, transparent, competitive platform; public welfare is related to tax breaks, subsidies and discount, etc., so this is connected to the tax law in the economic law; what’s most important is, the public responsibility and social security function of the wholesale market is the composite embodiment of the corporate social responsibility and the optimal allocation of resources. All of the above are in line with the scope of adjustment of economic law, then the wholesale market of agricultural products should set up a corporate law that is more accurate, more clearly classified as economic law, positioning for the public welfare functions, and with the nature of being state-owned - wholesale market law.

According to the opinions of Han and Yuan (2010), they believe we should focus on promoting the construction of the system of rule of law of wholesale market from the aspects of market access, government financial input, government regulation and macro-control, etc., and truly play the public welfare of wholesale market, the acceptability and safety of wholesale market; and for a populous country like China, our country is still under the big environment of economic development, the current market environment and the product itself restrict the possibility of the circulation of agricultural products in China developing into diversity. Wholesale market of agricultural products in the long term will still occupy an important and irreplaceable status, conducting legal management from wholesale market being the first link is a must, especially with information docking, stabilizing prices, and food safety as the most important.

2.2.3 Legislative Conception

According to Ding and Hao (2007), and taking reference from the *Wholesale Market Law* in Japan, Korea and Taiwan, we need to make clear provisions for the aspects of the establishment, investment, market management subject, government support of agricultural products wholesale market, especially specifying a list of

government powers and duties; we need to set up a similar institution as Taiwan’s Council of Agriculture of the Executive Yuan, using administrative means and legal norms to manage and intervene by law the every link in the circulation of agricultural products; unify the perspective of management organization, formulate periodic agricultural products wholesale market development planning in order to avoid duplication of construction and rationally allocating resources; give legal, solid state policy support, determine the public welfare status of agricultural products wholesale market in the form of law, for example, the government can give support from the aspects of land, taxes, etc. in addition to investment support.

CONCLUSION

(a) Deficiencies

Because the legal basis of the wholesale market of agricultural products in our country is not solid, legal protection and legal support is relatively weak, the previous relevant legal system of the agricultural products wholesale market is not analyzed from the positioning and perspective of economic law, while more attention is focused on the construction and regulation of agricultural products wholesale market. Only in recent years, with the continuous attention to the food safety in our country, the important position of agricultural products wholesale market, the first supply platform for city food, is gradually highlighted, so the requirements for the construction of its legal system is also getting stronger. However, because of the lack of international language understanding and the lack of bibliographical information, the systems the author can refer to are relatively less, which results in the research of this paper is not comprehensive. The contents of the literature search and sort out are mostly about management, economy and industry law, administrative law (the law of the agricultural sector), there are few literatures about relevant wholesale market law of the economic law.

(b) Enlightenment

If we cannot achieve the implementation degree, in one step, of agricultural products wholesale market like the Japanese public welfare, state-owned ones, then we can learn from the French mode, i.e., full government investment, share participation or conducting mixed reform of private investment. The benign development of agricultural products wholesale market is closely related to government involvement and intervention. The government’s administrative power and policy tilt is a huge support. France Marchéinternational de Rungis wholesale market is a typical representative of the government and enterprise co-operation. But at the beginning, Marchéinternational de Rungis market is highly state-owned. Not until 2008 did the release of some

of the shares to private persons and corporations happen, but the government still maintains a majority shareholding status. This reflects the government's status of participant, guider and regulator in the market economy (Yi, 2014).

The author suggests achieving the legalization and juridification of the wholesale market of agricultural products at least from the following aspects:

First, specify the legal status of the subject. As a wholesale market for agricultural products, it should have a special legal status, that is, public welfare organization related to the people's livelihood. Under the premise of public welfare, it should shoulder two basic functions: responsibility for food safety and circulation stability. But if under the situation of there is no special funds from the country to help and support, then it needs to rely on their own participation in market competition to raise testing funds and stabilize the prices, as well as to guide the normal operation of the market. Then the particularity of the wholesale market of agricultural products must be specified in terms of law, that is, "public welfare oriented competitive enterprise".

Second, specify the shareholder structure and the nature of non-monopoly operation. Shareholders and the main body of the investment are the basic factors for determining the direction of the enterprise's operation and the nature of the enterprise. The ultimate goal of the establishment of enterprises is to maximize the interests of shareholders. For the wholesale market of agricultural products, we must be firm with public ownership as the main body, or state-owned components as the holding status. Only by these can we let the enterprise balance "public responsibility" and "benefit maximization". Generally, there is chaos everywhere for non public funded agricultural products wholesale markets, for example, out-of-control price, management confusion, poor information, not-in-place supervision so as to result in food safety issues continue to spread through the circulation platform, and so on; in the face of the above chaos, only in a certain degree, we must insist that the main body of the shareholders is the government, state-owned enterprise and other public ownership unit. Only by these measures can we safeguard the strict threshold and strict management of the wholesale markets for agricultural products. Perhaps, there will be a voice of doubt believing that under the premise of the mixed ownership and the reform of the state owned enterprises, the country needs to open up a lot of industry and fields, even the original generally-believed monopoly oil, aviation and other fields are gradually liberalized into the market competition. Then is it reasonable that the controlling subject of agricultural products wholesale market is instead to be owned by the state? The author thinks that, "18th Party Congress" documents clearly stated that the reform of state-owned enterprises should be divided into four categories. For state owned enterprises

involving public interest (including with the following functions: To protect people's livelihood, to serve the community, to provide public goods and services), the state-owned capital needs to increase investment. Agricultural products are necessities for human survival; agricultural products are closely related to the stability of the country (cannot do without, but also cannot make a lot of profits). Therefore, the status of agricultural products wholesale market is also involved in the concept of "a slight move in one part may affect the situation as a whole", so the agricultural products wholesale market is in the slightly embarrassed crevice: Cannot let go; even if let it go, cannot make a lot of profits through market competition. Then the wholesale market of agricultural products through government or country participation, guidance and regulation is logical. Just in the operation, it can be fully whole-course self-operation or be supervision based and authorize other organizations to operate.

Third, specify governance structure and management mechanism. In view of the above first and second items, the author believes that, the governance structure suitable for the wholesale market of agricultural products must also be the governance structure for modern enterprises, that is to abandon the original "formalism of separation of three powers", at the same time reducing one-person arbitrary of private mode. The original governance structure often cannot escape the two major directions: the imperfect internal and external governance structure as well as the fight for control power and management right, mainly embodied in the following basic contradictions: i.e., board of shareholders exists in name only, the structure of board of trustees is chaotic, confusion in the rights and responsibilities between the board of trustees and the management layer, not maximizing the interests of shareholders, supervision failure of the board of supervisors, ineffective external governance structure, and so on. The author believes that the governance structure of the agricultural products wholesale market must achieve the governance structure after the deepened reform of the state-owned enterprises, with perfect supervision and management mechanism as well as a clear list of rights and responsibilities. In the context of state owned components for holding, we can fully open the mechanism and the threshold for hiring people, hiring professional managers and implementing the last-place elimination system, and so on. Or even we can use incentive mechanism in parallel. Only by fully using the modern enterprise competition method to enter the market can we not be eliminated and meet the needs of the market.

Fourth, confirm the supervision subject. In recent years, the government continues to promote streamlining administration and delegating power to the lower levels as well as streamlining the administrative organ (including dispatched agencies). However, some of the functions indeed can be combined and reduced, while some of the

units cannot be revoked, for example, the supervision subject for agricultural products wholesale market. There are too many higher-authority units for agricultural products wholesale market, for example, involving the food and drug administration, industrial and commercial bureau, tax bureau, commerce, agriculture committee, and many other departments aiming at the wholesale market of agricultural products.

Fifth, strengthen and introduce relevant laws and regulations. For example, In terms of finance and taxation, whether or not the decision of “reducing land and property tax” until 2015 for agriculture products wholesale markets can continue to use? Can the tax exemption policy for “agricultural products business” continue to use? After full implementation of “changing sales tax to value-added tax (VAT)”, have a try out for collecting “low tax-rate VAT” for agricultural products wholesale market? Carry out simple procedures and practical implementation for special appropriations and financial subsidies for agricultural products wholesale market?

Sixth, credit mechanism and administrative and criminal punishments. Agricultural products wholesale market is the platform for agricultural products circulation and it is the urban infrastructure, servicing and radiating a certain number of families in a certain range. Agricultural products enter the dining tables of thousands of families through the wholesale market. Then the agricultural products sold by agricultural products business must be quality guaranteed as well as safe and secure. This requires the establishment of a complete set of credit mechanism and the corresponding punishment measures. Once there is a problem, punish with due severity (include the food safety faith-breaking facts into the credit system, for more severe cases revoke the license and shut down the enterprise, even give criminal punishments).

The author believes that, government policy support is to make legal provisions for infrastructure that benefits the people or public welfare projects. Therefore, combining the work by the Research Group of China Association of Business Economics (2014), the author suggests that during the “thirteen five” period, while paying attention to food safety and circulation links, our country should start from the basics, setting up the agricultural products wholesale market law. And it is better to have a specialized management agency similar to the ones in Europe, America, Japan, South Korea and other countries or carry out national normative and unified management in

the form of enterprise group. Government participation in management, entrustment and authorization management, direct management, and so on will all maximize the public welfare function of the agricultural products wholesale market and minimize the commercialization from the source.

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