



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 12/15/1999

GAIN Report #CH9654

China, Peoples Republic of
ATO ACTIVITIES reports
Agricultural Export Opportunities Update for South
China, December 1999

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Report Highlights:

China's expected entry into the WTO will relocate 9.7 million people from agriculture to other sectors.

Production of frozen pre-cooked food will be a flourishing industry in China early next century.

Includes PSD changes: No
Includes Trade Matrix: No

Trade Report
Guangzhou [CH3], CH

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Please see also the monthly Agricultural Export Opportunities Reports from ATO Shanghai and ATO Hong Kong.

ATO Guangzhou organized a mini USA area at the '99 Shenzhen 2nd International Food Exhibition, held on December 2-5, 1999 at the Shenzhen (China) High-tech Fair Exhibition Center. The show was a success with over 300 exhibitors from all over China and abroad. Through this food show, ATO Guangzhou established close working relationship with the organizer - Shenzhen Food Industry Association. ATO will continue to support the show next year and strengthen the cooperation with the organizer and the food industry in Shenzhen in the days ahead.

I. Market in brief

Household savings at the end of November dropped 8.5 billion yuan (US\$ 1.03 billion), or 0.14 percent from the end of October to 5.91 trillion yuan (US\$ 715 billion), according to the figures released by People's Bank of China, China's central bank. Beijing policymakers are determined to lower the high savings rate in a bid to re-ignite economic growth.

An economist of Peking University expects that China's entry into the WTO will push 9.7 million farmers out of work. But the WTO membership will also increase the economic growth by up to 3 percent, creating 12 million new jobs. China will reduce the import duty of agricultural products to 17 percent by year 2004 and to 14.5 percent for the imports from the U.S.. Currently, the in-country market prices of wheat, corn and rice are higher than the international market prices by 20 - 70 percent. In South China, the market prices of wheat and rice are 1.6 yuan (US\$ 0.19)/kg and 1.64 yuan (US\$ 0.19)/kg respectively.

Premier Zhu Rongji said in a public speech made while he was in Singapore that China will further stimulate the internal demand and increase the investment in the Western Area next year to boost economic growth. The Government will lower the taxes and fees levied on farmers, increase the incomes of farmers and develop the the consumer goods market in the rural area.

It is forecasted that with the improvement in living standard and change of lifestyle, frozen pre-cooked food will be in great demand in the next few years. Traditionally, Chinese people do not consume much delicatessen such as pre-

cooked meats, eggs and vegetables. But succumbing to the hectic city life, the urban residents began to buy delicatessen or frozen pre-cooked food consumption at home in recent years. Experts say that the production of frozen pre-cooked food, such as dumplings, noodles, fried rice, beef steak, pasty and french fries will be an flourishing industry early next century.

II. Key Market Information

In the first 10 months of this year, China posted a trade surplus of US\$ 23.8 billion, with exports of \$155.2 billion, up 4.3 percent on the same period last year, and imports of US\$ 131.4 billion, a rise of 19.2 percent. Economists expect a US\$ 30 billion surplus for the year. The improving trade surplus situation will continue next year due to a rise in global trade, strong recovery in Asian countries and entry into the WTO.

In the first 10 months, Guangzhou recorded a GDP of 158.34 billion yuan (US\$ 19.15 billion), an increase of 12.9 percent. This growth rate, followed by Beijing at 11.1 percent, Tianjin at 10.3 percent and Shanghai at 9.9 percent, is the highest among China's 10 major cities of China. Meanwhile, the per capita disposable income of Guangzhou residents was 8971 yuan (US\$1085) in the first 9 months, also the highest among the 10 major cities.

III. Upcoming Promotional Activities/Events

A. In-Store Promotions/ Upcoming Events

The ATO Guangzhou is planning a variety of promotional events in both the retail and HRI sectors. In the fiscal year 2000, ATO Guangzhou will put more emphasis on the four special economic zones in South China (Shenzhen, Zhuhai, Shantou and Xiamen) and Guangzhou. If you are an American company interested in participating in future ATO Guangzhou promotions, please mail or DHL product information to ATO Guangzhou. For U.S. mail, send to: Agricultural Trade Office Guangzhou, PSC 461 Box 100, FPO AP 96521-0002. For overnight courier, send to: U.S. Agricultural Trade Office, China Hotel Office Tower 14/F Guangzhou, 510015 China, Tel: (86-20)8667-7553, Fax: (86-20) 8666-0703, E-Mail: ato@gitic.com.cn Or ATOGUANGZHOU@fas.usda.gov

1. The Great American Food in-store promotion at HuangQi Guangkelong, a big department store at the suburb of Guangzhou will be kicked off on December 18. Five USDA cooperators will sponsor this promotion.
2. ATO Guangzhou is in talks with Greenery Coffee Shop, a 13-outlet Western Food Restaurant in Guangzhou to launch a U.S. menu promotion next March. ATO Guangzhou will support this promotion.
3. Starting from November, 'Purchasing', a popular magazine on retail sector launched a 'Feature on U.S. Food' every 2 months in the following 2 years. This magazine is very well-accepted by the owners of food businesses and operators of supermarkets and department stores. The November issue published an article introducing ATO(s) and the US food industry.
4. Retail Magazine, another trade magazine for retail sector will feature U.S. products in the January issue of year 2000.

ATO Guangzhou will coordinate the collection of articles for this Millennium issue. U.S. Cooperators will be introduced to a wider Chinese audience.

If you have ideas relating to U.S. food and agriculture that might be of interest to the Chinese readers, please contact us.

B. Chinese Trade Teams to the United States

In the fiscal year 2000, ATO Guangzhou will organize three trade teams to the U.S.:

One team for the FMI Show, to be held in Chicago 7 - 9 May 2000,
One team for the Fancy Food Show, to be held in New York in July 2000,
One team for the NRA Show, to be held in Chicago in 21 - 24 May, 2000.
Details will be published in due course.

For more information on other trade teams in the new fiscal year, please contact the ATO Guangzhou, China Hotel Office Tower 14/F Guangzhou, 510015 China, Tel: (86-20) 8667-7553, Fax: (86-20) 8666-0703, e-Mail: ato@gitic.com.cn or ATOGUANGZHOU@fas.usda.gov (contact Mr. Peter Xu).

C. Trade Shows

1. Food & Hotel South China 2000, September 26-29, 2000, Guangzhou

The organizer of the Food & Hotel China show are putting together their first exhibition in the booming South China region, attempting to emulate their highly successful Shanghai show. This may become a major food show for South China. ATO Guangzhou will provide staff support to this show.

Contact: Alice Chen/Wendy So, Hong Kong Exhibition Services Ltd. 9th Floor, Shiu Lam Building 23 Luard Road, Wan Chai, Hong Kong Tel: 852-2804-1500 Fax: 852-2528-3103, e-mail exhibit@hkesmontnet.com.hk.

2. Sino-Pack, Sino-Food, China Drinktec 2000, March 21-24, 2000, Guangzhou Foreign Trade Centre,

This is an equipment show for packaging machinery and materials, beverage and brewery processing technology, and food technology and ingredients. The six exhibitors of U.S. food ingredients who participated in the 1999 show were satisfied with the visitor turnout and show publicity.

Organizers: Janet Tong, ADSALE Exhibition Services, Ltd., Fax 852-2516-5024, e-mail aes@adsaleexh.com, tel 852-2516-3327.

3. The International Fishery Exhibition, 30 May - 1 June 2000, Guangzhou.

Guangzhou is the best venue for the development of fishery industry thanks to its fast economic growth, rich fishery resources and favorable aquaculture condition. For details, please contact Top Repute Co. Ltd. Tel: 852-28518603, Fax: 852-28519637, email: topreput@hkabc.net

4. Foodex 2000 South China, May 15 - 18, 2000, Guangzhou Fair Exhibition Center

Contact: Mr. Zhang Weiping, Creation Exhibition Co. Ltd., Tel: 8620-87617370, ext. 328, Fax: 8620-87619065.

5. China-Dongguan International Agriculture Technology & Science Exposition, November 1-15, 2000.

Contact: Ms. Nancy Wang, International Agro Expo China (Dongguan) Ltd., Huying park, Yingbing Road, Dongguan, Guangdong, China. Tel: (86769) 221-0046 Fax: (86769) 2221096 email: kwdwk@dongguan.gd.cn

NOTE: The promotional activities listed are provided for informational purposes only. No endorsement should be implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

IV. Other Information

The Agricultural Trade Office Guangzhou has scheduled the next quarterly meeting with USDA cooperator representative on March 9, 2000. It will be a joint meeting with ATO/Hong Kong and will be held in Hong Kong.

V. ATO Guangzhou Reports, 9/99-12/99

Code Number	Title	Release Date
CH9653	Citrus Annual Report	12/99
CH9652	Agricultural Export Opportunities for South China	12/99
CH9651	Trade Leads Report for South China	12/99
CH9633	Retail Food Sector in South China	11/99
CH9650	Guangzhou Trade Fair	10/99
CH9649	Quarterly Trade Data Report CY1999, Hong Kong Re-exports to China, 2 nd Quarter 1999	10/99
CH9648	Imported Fresh Fruit Penetrates the Heart of China's Deciduous Fruit Growing Regions	10/99
CH9647	Guangdong Province's Regulations Against Counterfeit Products	10/99
CH9635	Pistachios Report	10/99
CH9645	Canned Fruit Annual Report	09/99

CH9643	The South China Market From The Cooperator's Perspective	09/99
CH9641	Opportunities in Shenzhen	09/99
CH9639	Price Comparison Between Shenzhen Buji Market and Nanhai Lishui Market	09/99

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Be sure to see reports from the Agricultural Trade Office in Shanghai and Hong Kong.