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**China, People's Republic of**  
**ATO ACTIVITIES Reports**  
**Agricultural Export Opportunities Update for South**  
**China, January 2000**

Approved by:

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**Report Highlights:**

**China adjusts downward its production targets for grain, cotton and aquatic products which may result in more imports of agricultural products.**

**China's demands for agricultural machines will increase.**

**In the wake of a recent real estate boom, the demands for imported high-end wood floorings hike dramatically in the major Chinese cities.**

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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 plan to present a multi-store promotion from late June to early July to celebrate the Independence Day. The focus of the promotion will be the U.S. food and beverage products so far unavailable in the China market. This is a low cost opportunity to enter the China Market. For details, see Part III A In-store Promotion..

## I. Market in brief

The Ministry of Agriculture of China adjusted downward this year's production targets for grain, cotton and aquatic products. The grain output will decrease from 500 million tons in 1999 to 490 million tons, cotton from 3.83 million tons to 3.2 million and aquatic products from 41 million tons to 40 million tons. The downward adjustment in forecast is due to excessive stockpiles after five consecutive years of bumper harvests and may lead to more imports of high-quality agricultural products from abroad.

The specialists of China Association of Agricultural Machines forecast that the market demand for agricultural machines such as straw pulverizers, seeders and reapers will increase dramatically in China's rice growing areas the next few years. Currently, straw pulverizers are widely used in North China to pulverize the corn and wheat straw as fertilizers. The Ministry of Agriculture will promote the uses of straw pulverizers, seeding machines and reaping machines in the rice growing provinces. This could be a market opportunity for U.S. manufacturers of agricultural machines.

The past four months witnessed an increase in the prices of imported wood floorings due to the boom in real estates. In major cities like Guangzhou and Shanghai, the imported high-end sandalwood and teak floorings are sold at 250-270 yuan (US\$ 30.23-32.65) per square meter, an increase of 10-20 yuan (US\$ 1.21-2.42) per square meter. The prices of maple and cherry floorings also hiked to 230-240 yuan (US\$ 27.8 - 29) per square meter.

## II. Key Market Information

China recorded in 1999 a GDP of 8,319 billion yuan (US\$ 1,005.93 billion), an increase of 7.1 percent over 1998,

slightly higher than the original forecast. Economists forecast that China's economy will grow by 7.5 percent in 2000. Meanwhile, Mr. Liu Shijin, a senior researcher of the State Council forecasts that the double-digit growth period is over, but China can still maintain mild growth in the next twenty years with the GDP growing by 7-8 percent per year.

In 1999, Guangdong Province in South China recorded a GDP of 840 billion yuan (US\$ 102 billion), an increase of 9.4 percent over 1998. Meanwhile, Lu Ruihua, the provincial governor expects that the province's economy will grow by 8.5 percent in 2000. Currently, the province is the most developed province of China, earning one seventh of the country's tax revenues in 1999.

In 1999, the residents in Guangzhou, the capital city of Guangdong Province spent 100.07 billion yuan (US\$ 12.1 billion) in total, an increase of 14.29 percent over 1998. The increase is mainly due to the increased spending of the local people on dining out and housing decorations. Meanwhile, statistics show that as of December 30, 1999, the Guangzhou Port have handled 100.5 million tons of cargo, a jump of 27.8 percent over previous year. The Guangzhou Port is the second Chinese port to exceeds 100 million tons threshold. Guangzhou has successfully strengthened its role as the economic and international trade center in the south of China despite the rapid growth of the neighboring special economic zones (SEZ).

A recent nationwide survey reveals that both the low-income and high-income groups are expanding faster than the medium-income group. Percentage of low-income households whose monthly household incomes are less than 1,000 yuan (US\$ 121) increased from 17.3 percent in 1998 to 19.5 percent in 1999, for the 1,000-3,999 yuan (US\$ 121-484) medium-income households, the percentage decreased from 76.9 percent in 1998 to 74.2 percent in 1999, and the percentage of high-income households which earn over 4,000 yuan a month (US\$ 484), increased from 5.8 percent to 6.3 percent. That is to say, the Chinese consumers' preferences will become increasingly diversified and the gap of purchasing power between different income groups will widen. The survey report also predicts that environment-friendliness, self-satisfaction and preference for fast food will become noticeable consumer trends 5-10 years from now.

### III. Upcoming Promotional Activities/Events

#### A. In-Store Promotions/ Upcoming Events

ATO Guangzhou, in late June and early July 2000, will help give American food and beverage companies a chance to show that their products could succeed in this market through a province wide retail promotion. The details are as follows:

**Timing:** late June - early July in order to coincide with the 4<sup>th</sup> of July holiday

**Location:** 5-6 supermarket/convenience store chains in the Pearl River Delta, Guangdong Province, China

**Cost:** Product, Transportation Costs, and Health Inspection/Labeling fees (including translation and a contribution to advertising).

**Requirements:** Upon deciding to participate, notify the ATO by fax or email, then send us samples of the product(s) immediately in order to attain health bureau approval and to prepare the product(s) labels.

**Participation deadline:** 31 March 2000

**Benefits of Participation:**

- \* An opportunity to find an importer/distributor for your product in the China market
- \* Measure the acceptability of your product in the market
- \* Local pricing information about your product and competing products
- \* Exposure of your product to local consumers
- \* Local health department approval and a translation of your label, both helpful for future marketing efforts

Companies interested in participation or more information should contact the U.S. Agricultural Trade Office in 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](mailto:ato@gitic.com.cn) Or [ATOGUANGZHOU@fas.usda.gov](mailto:ATOGUANGZHOU@fas.usda.gov)

**B. Chinese Trade Teams to the United States**

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

Two teams 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.

American companies interested in meeting the team members may 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](mailto:ato@gitic.com.cn) or [ATOGUANGZHOU@fas.usda.gov](mailto:ATOGUANGZHOU@fas.usda.gov).

**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. 9<sup>th</sup> 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](mailto: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](mailto: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](mailto: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](mailto: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 organizers directly for further information.

#### IV. Other Information

The Agricultural Trade Office Guangzhou has scheduled the next quarterly meeting with USDA cooperators 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, 12/99 - 1/2000

Code Number	Title	Release Date
CH0603	Hong Kong Re-export of U.S. Consumer Oriented Agricultural Products to China, 3 <sup>rd</sup> Quarter 1999	1/2000
CH0602	Imported Fruit Reaches Chongqing	1/2000
CH0601	South China Market from the Cooperators' Perspective	1/2000
CH9657	China Upbeat about WTO	12/99
CH9656	The 2 <sup>ND</sup> SHENZHEN Food Expo Final Evaluation	12/99
CH9655	The 2 <sup>ND</sup> SHENZHEN Food Expo Opening Report	12/99
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	

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CH9648	Re-exports to China, 2 <sup>nd</sup> Quarter 1999	10/99
	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

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