



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 1/17/2000

GAIN Report #CH0803

**China, Peoples Republic of**

**ATO Activities Report**

**Agricultural Export Opportunities Update - January**

**2000**

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**LaVerne E. Brabant**

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**Report Highlights:**

**This report identifies promotional opportunities and outlines the marketing activities planned by ATO Shanghai. A summary of news and market developments is included, along with a list of recently released ATO Shanghai reports, most notably the brand new HRI and Retail Sector Reports for East China.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Shanghai ATO [CH2], CH

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**I. Upcoming Promotional Activities/Events**

The promotional activities provided in this report are for informational purposes only. No endorsement is either implied or intended unless specifically stated. Terms and conditions of participation are the sole responsibility of the organizer. Please contact the activity or event organizer directly for additional information.

**A. In-store and Menu Promotions**

ATO Shanghai continues to organize a variety of promotional events in both the retail food and HRI sectors. Currently, we are discussing the organization of an in-store American food promotion with the Shanghai Carrefour group.

Our office also plans to hold several menu promotions in 2000 and we are discussing opportunities with some new potential partners in North and Northeast China, including the Shangri-La Hotel in Dalian. We are also planning to work with the Great Wall Sheraton Hotel in Beijing to possibly organize an American Food Promotion during the upcoming Food & Hotel China 2000 trade show.

If you are an American company interested in participating in any future ATO Shanghai activities, please mail or DHL product brochures, including FOB West coast, CIF Hong Kong, CIF Shanghai price lists to our office immediately. Please refer to the Contacts page for complete ATO Shanghai mailing and contact information.

**B. Trade Shows**

The ATO Shanghai Trade Show Star-Rating System is an unofficial rating based on this office's assessment and best guess of a trade show's expected overall quality, as well as interest and importance to US exporters OF FOOD AND AGRICULTURAL PRODUCTS. This is NOT an official FAS/USDA trade show rating.

ATO Shanghai Trade Show Star-Rating System:

**i i i i i** - Excellent trade show, with established good track record, presenting the best opportunities for exporters of food and agricultural products within the industry or sector it specializes in.

- i i i i j** - Very good trade show, with established track record, but lacking slightly in organization or services.
- i i i j j** - Good or potentially strong trade show, presenting some decent or unique opportunities, but either fairly new and small, or not necessarily specializing in food and agricultural products.
- i i j j j** - Fairly new and unestablished trade show that may present some relatively unexplored opportunities, or one that is of little interest to exporters of food and agricultural products.
- i j j j j** - Either new and unestablished trade show, or one with relatively weak track record.
- j j j j j** - Trade show that has had consistently disappointing past performance.

1. Spring 2000 National Candy & Spirits Fair **i i i i i**  
 Date: March 15 - 20, 2000 (tentative)  
 Venue: California Garden Hotel, Chengdu (tentative)

This is a semi-annual event and the largest domestic trade show in China. It has a strong "local" focus, featuring a wide variety of food, wines and spirits. The show attracts more than 50,000 domestic buyers, mostly wholesalers and distributors, and is an excellent chance to expand contacts and penetrate new markets in inland China. After two very successful appearances in March 1999 in Chengdu and in October 1999 in Dalian, ATO Shanghai is organizing the third US sales mission team to take part in this event.

Contact: Mr. Peter Moustakerski, ATO Shanghai, Shanghai Center, Suite 331, 1376 Nanjing West Road, Shanghai 200040; Phone: (86-21) 6279-8622, Fax: (86-21) 6279-8336, E-mail: atos@public.sta.net.cn

2. Beijing International Bonded Showcase of Import Products **i i i j j**  
 Date: April 1 - June 30, 2000  
 Venue: Chaoyang Port, Beijing

The Beijing International Bonded Showcase of Import Products (ITC Showcase) is the first and only duty free bonded showcase organized in China. The showcase, jointly organized by Info-Trade-complex and the North American Business Development Division of China Council for the Promotion of International Trade (CCPIT) Beijing Sub-Council, will feature 54,000 m<sup>2</sup> of bonded warehouse with 36,000 m<sup>2</sup> of indoor space. This could be a good opportunity for US exporters to display products in a high-tech duty free development zone near Beijing, and build working relationships with local customs, importers and traders. The showcase will also be accompanied by a number of promotional activities put together by the organizers and is certain to receive abundant news and media coverage in Beijing and throughout the country.

Contact: Mr. Wilson Wang, North American Business Development Division of China Council for the Promotion of International Trade (CCPIT) Beijing Sub-Council, E-mail: ccpitbj@post.com

3. Chinafloor 2000 **i i i j j**  
 Date: April 4 - 6, 2000  
 Venue: Shanghaimart, Shanghai

In 1999, this show made its debut in Shanghai. This is the first show specializing in floor coverings and flooring technologies. This could be a decent opportunity for US hardwood flooring exporters to exhibit in China, as well as

organize technical and educational seminars for a select audience of Chinese customers.

Contact: Mr. David Zhong, Keylong Exhibition Service Co., Ltd., E19B, Strength Plaza, New Hongqiao Business Square, 600 Tianshan Road, Shanghai 200051, Phone: (86-21) 5289-6776, 5289-6010, Fax: (86-21) 5289-6066, 5289-6648, E-mail: keylong@public.sta.net.cn

4. Building Shanghai 2000 **i j j j j**  
Date: April 4 - 7, 2000  
Venue: Intex Convention Center, Shanghai

This is the seventh edition of this show, organized by the Shanghai Building Material Industry Association. This could be a worthwhile opportunity for exporters of forestry products interested in the China market.

Contact: Mr. David Zhong, Keylong Exhibition Service Co., Ltd., E19B, Strength Plaza, New Hongqiao Business Square, 600 Tianshan Road, Shanghai 200051, Phone: (86-21) 5289-6776, 5289-6010, Fax: (86-21) 5289-6066, 5289-6648, E-mail: keylong@public.sta.net.cn

5. Hortifloorexpo China '2000 **i i j j j**  
Date: April 4 - 7, 2000  
Venue: National Agricultural Exhibition Hall, Beijing

Organized by the China Flower Association, this show is a continuance of China Floorexpo '98 which took place in Shanghai last year. This is the only trade show in China specializing in floriculture, horticulture, and related equipment and supplies. While we only rate this show a two star, it could very possibly be a worthwhile activity for companies interested in exploring possible floricultural opportunities in this market sector.

Contact: Mr. Yu Hong, China Great Wall International Co., Ltd., 14/F, China Aerospace Great Wall Plaza, 30 Haidian South Road, Beijing 100080, Phone: (86-10) 6874-8903, Fax: (86-10) 6874-8993, E-mail: yuhong@cgwic.com

6. Food Ingredients Asia 2000 **i i i i i**  
Date: April 5 - 7, 2000  
Venue: Everbright Convention & Exhibition Center, Shanghai

After its first successful appearance in China in 1998, Fi Asia 2000 will return to Shanghai. The 11th Fi Asia event will be held in conjunction with independently organized Food Ingredients China 2000, a leading show for the Food Ingredients sector in China, as result of the cooperation between Miller Freeman, China Food Additive Association (CFAA) and China Council for the Promotion of International Trade (CCPIT), Sub-Council for Light Industry. This is expected to be an excellent opportunity for foreign food ingredient exporters, since some of China's largest food manufacturers are located in Shanghai. In addition, the show should be able to attract visitors from the food ingredient sector all over China. ATO Shanghai will actively recruit, assist and support US companies involved with this show.

Contact: Ms. Polly Kwan or Ms. Candice Lau, Miller Freeman Asia Ltd., 102-5 Stanhope House, 738 King's Road, Quarry Bay, Hong Kong; Phone: (852) 2827-6211, Fax: (852) 2827-7831 or CCPIT-Light Industry, 22B, Fuwai St.,

Beijing 100833; Phone: (86-10) 6839-6468, Fax: (86-10) 6839-6422, E-mail: ccpitsli@public3.bta.net.cn

7. Shanghai International Flower Fair **i j j j j**

Date: April 5 - 17, 2000

Venue: Changfeng Park, Shanghai

This is the second year that this open-air flower exhibition is to be held in Shanghai. Currently, this is a fairly weak local government-organized event, but may present some interesting opportunities in the future.

Contact: Mr. Simon S.K. Hung, Milestone International Group Ltd., Rm. 402, Tower A, Hunghom Commercial Center, 39 Ma Tau Wai Road, Hunghom, Kowloon, Hong Kong; Phone (852) 2333-2186, Fax: (852) 2362-7593, E-mail: milestone@milestone.com.hk

8. SIAL China 2000 **i i i j j**

Date: April 11 - 14, 2000

Venue: China International Exhibition Center, Beijing

After holding the first SIAL Asia show in Singapore earlier this year in June, the international organizers of SIAL, Exposium, are planning the show's very first appearance in China to be held jointly with their Agro-Foodtech 2000 show. While SIAL has an excellent European reputation, the initial show here will compete head on with the more firmly established Food & Hotel Asia 2000 show to be held in Singapore on the exact same dates. In addition, the show will compete with Food China 2000 being held in Beijing, in June, 2000. Nevertheless, FAS China plans to observe the SIAL China show, and based on the excellent reputation of the organizer, it may have the potential to become a highly effective food trade show for China.

Contact: Mr. François Gros, IMEX Management, Inc. (U.S. Representatives for Exposium), 505 East Boulevard, Suite 200, Charlotte, NC 28203; Phone: (704) 365-0041, Fax: (704) 365-8426, E-mail: exposium@imexmgmt.com, or Ms. Anne Capdevielle, Exposium, 1, rue du Parc, 92593 Levallois, Perret Cedex, France; Phone: (33-1) 49 68 54 22, (33-1) 49 68 54 11, E-mail: acapdevielle@exposium.fr, Internet: www.sial.fr, www.exposium.com

9. VIV China 2000 **i i j j j**

Date: April 18 - 21, 2000

Venue: China International Exhibition Center, Beijing

The international organizers of CRC 99, Royal Dutch Jaarbeurs, are stepping in to co-organize this "animal husbandry and feed industry" show. This event is expected to showcase foreign and domestic equipment and technology, as well as agricultural products, services and supplies.

Contact: Mr. Hans Stoter, Royal Dutch Jaarbeurs, E19B, Strength Plaza, New Hongqiao Business Square, 600 Tianshan Road, Shanghai 200051, Phone: (86-21) 5289-6776, 5289-6010, Fax: (86-21) 5289-6010, 5289-6648, E-mail: stoter\_jaarbeurs@yahoo.com

10. IFF China 2000 **i j j j j**

Date: May 17 - 20, 2000

Venue: Everbright Convention & Exhibition Center, Shanghai

As a new locally-organized show, International Fancy Food Exhibition & Conference (or IFF) is not expected to be a top-notch trade event. But since this is the first attempt at organizing a “fancy food” show, this may present some interesting opportunities in the future.

Contact: Mr. Wan Lei, China International Exhibition Corp. (CIEC), 6 east Beishanhuan Road, Beijing 100028; Phone (86-10) 8460-2137, Fax: (86-21) 6466-3204, E-mail: iff@chinafoods.com.cn, Internet: iff.chinafoods.com

11. ProPak China 2000 **i i j j j**  
Date: May 24 - 27, 2000  
Venue: Intex Convention Center, Shanghai

This show, put together by the organizers of Food & Hotel China, is set to provide a large display of international food, beverage and pharmaceuticals processing and packaging technology. ProPak China has a good record of attracting a high-quality audience as the exhibition focuses on providing a sales platform for overseas machinery suppliers.

Contact: Hong Kong Exhibition Services Ltd., Unit 901-902, 9th Floor Shiu Lam Building, 23 Luard Road, Wanchai, Hong Kong; Phone: (852) 2804-1500, Fax: (852) 2528-3103, E-mail: exhibit@hkesmontnet.com.hk or U.S.: Ms. Ellen Wong, Commerce Tours International; Phone: (415) 433-3072, Fax: (415) 433-2820. Worldwide: Overseas Exhibition Services Ltd., 11 Manchester Square, London, W1M 5AB, UK; Phone: (44-171) 486-1951, Fax: (44-171) 413-8210, E-mail: food@montnet.com

12. Fishery '2000 - Guangzhou **i i j j j**  
Date: May 30 - June 1, 2000  
Venue: Chinese Export Commodities Fairground, Guangzhou

The primary seafood trade show in China has traditionally been the China Fisheries & Seafood Expo. However, for exporters specifically targeting Guangdong and the South China markets, Fishery '2000 - Guangzhou may be a good opportunity. Past shows have been of less than average quality and performance.

Contact: Top Repute Co., Ltd., Rm. 2403, Fu Fai Commercial Center, No 27 Hillier Street, Sheung Wan, Hong Kong; Phone: (852) 2851-8603, Fax: (852) 2851-8637, E-mail: topreput@hkabc.net

13. Dalian International Aquatic Products & Equipment Expo 2000 - **i i j j j**  
Date: June 14 - 17, 2000  
Venue: Dalian Xinghai Convention & Exhibition Center, Dalian

The primary seafood trade show in China has traditionally been the China Fisheries & Seafood Expo. However, Dalian is a major entry point for seafood products imported into North and Northeast China. For exporters targeting these markets, Seafood 2000 - Dalian may be a good opportunity.

Contact: Ms. Iris Tse, Business & Industrial Trade Fairs Ltd., Unit 1223, 12/F, Hongkong International Trade & Exhibition Center, 1 Trademart Drive, Kowloon Bay, Hong Kong; Phone: (852) 2865-2633, Fax: (852) 2866-1770,

2866-2076, E-mail: enquiry@bitf.com.hk

14. New Century China Food and Food Technology Exhibition **i j j j j**

Date: June 15 - 18, 2000

Venue: Tianjin International Exhibition Center, Tianjin

This is a new locally-organized food and food equipment show. Opportunities are expected to be limited.

Contact: Ms. Zhang Yan, Organizing Committee, Rm. 404, Heping Apartments, 243 Zhaoxing Road, Hexi District, Tianjin; Phone: (86-22) 2824-8980, 2824-8947, Fax: (86-22) 2824-8949

15. Food & Hotel China 2000 **i i i i j**

Date: June 20 - 23, 2000

Venue: China International Exhibition Center, Beijing

This year will be the seventh annual show for Food China and its track record is very good. After three successful appearances in Shanghai, Food China 2000 returns to Beijing for a special exhibition. The show is one of the few "trade only" shows in China that actually succeeds in keeping out the masses out of the exhibition. In 2000, Food China will reunite with Hotel China and return to the highly successful and original formula which includes food, wine, bakery products, equipment and supplies for hotels and restaurants.

Contact: Hong Kong Exhibition Services Ltd., Unit 901-902, 9th Floor Shiu Lam Building, 23 Luard Road, Wanchai, Hong Kong; Phone: (852) 2804-1500, Fax: (852) 2528-3103, E-mail: exhibit@hkesmontnet.com.hk or U.S.: Ms. Ellen Wong, Commerce Tours International; Phone: (415) 433-3072, Fax: (415) 433-2820. Worldwide: Overseas Exhibition Services Ltd., 11 Manchester Square, London, W1M 5AB, UK; Phone: (44-171) 486-1951, Fax: (44-171) 413-8210, E-mail: food@montnet.com

16. China Wine & Spirits 2000 **i j j j j**

Date: June 27 - 30, 2000

Venue: China World Trade Center, Beijing

This will be the debut of a new wine show, organized by CCPIT Sub-Council of Light Industry and a Hong Kong exhibition company. International wine exhibitions have met with limited success in China during the past several years. The show is not expected to yield very good results, but could be interesting to attend.

Contact: Ms. Rebecca Chan, Business & Industrial Trade Fairs Ltd., Unit 1223, HITEC, 1 Trademart Drive, Kowloon Bay, Hong Kong; Phone: (852) 2865-2633, Fax: (852) 2866-1770, 2866-2076, E-mail: enquiry@bitf.com.hk

17. Dalian Food and Drinks Fair 2000 - **i i j j j**

Date: August 3 - 6, 2000

Venue: Dalian Xinghai Convention & Exhibition Center, Dalian

This is an annual food fair held in the affluent port city of Dalian. This is a largely local show, but the potential to reach the heavy-spending Dalian consumers and to identify opportunities in this consumer-oriented city make this show an

interesting possible prospect for international food exporters.

Contact: Dalian Oriental Industries Exhibition Co., Ltd., Phone: (86-411) 368-9829

18. 2000 CRC & Expo **i i i j j**  
Date: August 28-31, 2000  
Venue: Intex Convention Center and Shanghaimart, Shanghai

This China Retail Conference and Exposition will be held for the third time in Shanghai. This show has elected to specialize in the field retail and supermarket technology and management, and not strive to become a leading food show. After a moderately-successful appearance in 1999, the organizers have again invited the Food Marketing Institute (FMI) to present seminars on a variety of topics related to food retailing. This event is likely to attract first-class speakers, and FMI's participation should ensure good overall quality.

Contact: Mr. Hans Stoter, Royal Dutch Jaarbeurs, E19B, Strength Plaza, New Hongqiao Business Square, 600 Tianshan Road, Shanghai 200051, Phone: (86-21) 5289-6776, 5289-6010, Fax: (86-21) 5289-6010, 5289-6648, E-mail: stoter\_jaarbeurs@yahoo.com

19. Foodex China 2000 **i j j j j**  
Date: September 5 - 8, 2000  
Venue: China International Exhibition Center, Beijing

This is a brand new locally-organized show and is expected to be a mixture of food products, food ingredients, food technology and equipment. Overall quality and business opportunities are expected to be very limited.

Contact: Ms. Zhou Li Ying, Union Fair & Trade Co., Ltd., Rm. A6, 11/F, Champs Hotel Apartment, Nan Xin Yuan West Road, Chaoyang District, Beijing 100021; Phone: (86-10) 8732-5282, Fax: (86-10) 8732-0402, E-mail: bjunionf@public.east.cn.net

20. ChinaMart 2000 **j j j j j**  
Date: September 6 - 9, 2000  
Venue: China International Exhibition Center, Beijing

The 1999 show, originally scheduled to take place in Guangzhou in December 1999, was postponed by the organizers until September 2000, when it will move back to Beijing. This show's performance has been consistently disappointing.

Contact: Mr. Damion Wan, E.J. Krause & Associates Inc., Room 2013, Hang Lung Center, 2-20 Paterson Road, Causeway Bay, Hong Kong; Phone: (852) 2577-3343, Fax: (852) 2577-6426, E-mail: ejkdwan@netvigator.com, Internet: www.ejkrause.com

21. Packtech & Foodtech China 2000 **i j j j j**  
Date: September 20 - 23, 2000  
Venue: Intex Convention Center, Shanghai

From the organizers of SIAL, this new food packaging and processing equipment and technology show will aim to compete directly with the more established ProPak expo. Opportunities for food and agro-products are expected to be very limited.

Contact: Mr. Yves Nys, IMEX Management, Inc. (U.S. Representatives for Exposium), 505 East Boulevard, Suite 200, Charlotte, NC 28203; Phone: (704) 365-0041, Fax: (704) 365-8426, E-mail: info@imexmgt.com, or Ms. Anne Capdevielle, Exposium, 1, rue du Parc, 92593 Levallois, Perret Cedex, France; Phone: (33-1) 49 68 54 22, (33-1) 49 68 54 11, E-mail: acapdevielle@exposium.fr, Internet: www.sial.fr, www.exposium.com

22. Food & Hotel South China 2000 **i i i j j**  
Date: September 26 - 28, 2000  
Venue: Guangzhou Foreign Trade Center, Guangzhou

The organizers of the Food & Hotel China Exhibition 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 although the show dates were originally in conflict with the traditional Chinese Mid-Autumn Festival holiday. The final dates are still to be announced.

Contact: Hong Kong Exhibition Services Ltd., Unit 901-902, 9th Floor Shiu Lam Building, 23 Luard Road, Wanchai, Hong Kong; Phone: (852) 2804-1500, Fax: (852) 2528-3103, E-mail: exhibit@hkesmontnet.com.hk or U.S.: Ms. Ellen Wong, Commerce Tours International; Phone: (415) 433-3072, Fax: (415) 433-2820. Worldwide: Overseas Exhibition Services Ltd., 11 Manchester Square, London, W1M 5AB, UK; Phone: (44-171) 486-1951, Fax: (44-171) 413-8210, E-mail: food@montnet.com

23. Interfood Shanghai 2000 **i j j j j**  
Date: October 10 - 13, 2000  
Venue: Everbright Convention & Exhibition Center, Shanghai

This locally-organized show has been around for a number of years, mainly showcasing Chinese and some foreign food and beverage manufacturing equipment and technology. Performance and overall quality have been average at best. The organizers are trying to attract more international food exhibitors in 2000 and turn Interfood from an equipment into a food show.

Contact: Mr. Li Xiaoqiang, Shanghai International Exhibition Corp., 4/F, Bldg. 1, Jinling Mansions, 28 Jinling West Road, Shanghai 200021; Phone: (86-21) 6387-2828 ext. 215, Fax: (86-21) 6512-4191

24. China Fisheries & Seafood Expo 2000 **i i i i i**  
Date: November 1 - 3, 2000  
Venue: China National Agricultural Exhibition Center, Beijing

FAS China considers seafood to be one of the best opportunities for US exporters in China. This show has been able to successfully attract major seafood importers, wholesalers, and seafood processors in Qingdao, Beijing, Dalian and Shanghai the last four years. The Shanghai show was very successful in attracting quality buyers and processors from across China. This show is best suited for exporters of frozen seafood, particularly squid, pollack, sole, and herring that

can be sold in wholesale markets and/or further processed in China. ATO's Shanghai and Guangzhou will have representatives at the show to support US exhibitors.

Contact: Sea Fare Expositions, Inc., 5305 Shilshole Ave. NW, Suite 200, Seattle, WA 98107; Phone: (206) 789-6506, Fax: (206) 789-9193, E-mail: china@seafare.com, Internet: www.seafare.com

25. Dalian International Fur & Leather Goods Expo 2000 - **i i j j j**  
Date: November 1 - 5, 2000  
Venue: Dalian Xinghai Convention & Exhibition Center, Dalian

This annual trade show is jointly held with China Feather Down-padded Products Export Fair and Dalian Wool Cashmere & Knitwear Expo in the affluent port city of Dalian. This is a locally-organized show, but has the potential to reach buyers of fur and leather goods not only from heavy-spending Dalian, but from the entire Northeast of China where the market for such products is significant.

Contact: Dalian International Exhibition Co., Ltd., Phone: (86-411) 270-1743

26. China Wine 2000 **j j j j j**  
Date: November 21 - 24, 2000  
Venue: Intex Convention Center, Shanghai

This show premiered in Shanghai in 1998 with very limited success. With the help of its organizers from Italy and Hong Kong, it managed to attract a good number of international exhibitors, mainly from Italy and France, but appears to have failed to produce any real or lasting tangible results. The 1999 edition of China Wine was largely disappointing for international exhibitors.

Contact: Adsale Exhibition Services Ltd., 4/F, Stanhope House, 734 King's Road, North Point, Hong Kong; Phone: (852) 2811-8897, Fax: (852) 2516-5024, E-mail: aes@adsaleexh.com or Veronafiore International SpA, V.le del Lavoro, 837100, Verona, Italy; Phone: (39-45) 820-3162, Fax: (39-45) 820-3320, E-mail: vrfi@vrfi.inet.it

27. Pet Fair Asia 2000 **i i i j j**  
Date: November 24 - 26, 2000  
Venue: International Exhibition Center, Shanghai

CRC 2000 organizers are putting together this third international forum dedicated to pet and aquatic products and services. This show, first held in 1997, grew to a fairly successful one in 1999.

Contact: Mr. Hans Stoter, Royal Dutch Jaarbeurs, E19B, Strength Plaza, New Hongqiao Business Square, 600 Tianshan Road, Shanghai 200051, Phone: (86-21) 5289-6776, 5289-6010, Fax: (86-21) 5289-6010, 5289-6648, E-mail: stoter\_jaarbeurs@yahoo.com

28. WoodMac China 2001 **i i i j j**  
Date: February 20-23, 2001  
Venue: Intex Convention Center & Shanghaimart, Shanghai

This well-established show provides a good forum for forestry products and woodworking machinery, and supplies. It also showcases equipment and supplies for timber construction and furniture production. This should be a good opportunity for companies looking to export wood products to China.

Contact: Ms. Jaclyn Shi, Hong Kong Exhibition Services Ltd., Room A 803, Singular Mansion, No. 318-322 Xianxia Road, Shanghai 200335; Phone: (86-21) 6209-5209, Fax: (86-21) 6209-5210, E-mail: tmnchina@uninet.com.cn

### **C. Training and Seminars**

Representatives of the Culinary Institute of America (CIA) and the Western United States Agricultural Trade Association (WUSATA) spent the week of December 6 in Shanghai evaluating the HRI sector for an upcoming FAS(EMO)-funded training program tentatively scheduled to be conducted in 3-4 Chinese cities in the summer of 2000. The training will focus on use of American food products in both the Western and the Chinese kitchen, menu development, and wine training. American food products will be featured in the hands-on training that will center on 4-5 star hotels and upmarket standalone restaurants. Companies and/or cooperators interested in being product sponsors should get in touch with Bruce Prenguber, Executive Director of WUSATA ([bruce@wusata.org](mailto:bruce@wusata.org)), or Greg Drescher, Education Director of the Culinary Institute of America, Greystone campus ([g\\_dresh@culinary.edu](mailto:g_dresh@culinary.edu)).

## **II. Key Market Information**

### **1. New Rules for Imported Fruit Quarantine**

The State Administration of Entry and Exit for Inspection and Quarantine of the People's Republic of China (CIQ) recently published new Imported Fruit Quarantine Rules, which took effect from January 1, 2000. As the first official regulations on imported fruit, the Rules acknowledge that in fact a lot of fruit is imported through unofficial channels. ATO Shanghai plans to produce an English translation of and comments on the Rules in the coming months and include this information in our annual update of the Food and Agricultural Import Regulations and Standards ("FAIRS") Report.

### **2. Growth in China Slows to 7.1 Percent**

China's economic growth slowed to 7.1 percent in 1999, the lowest since 1990. Increased government spending on infrastructure projects failed to compensate for rising unemployment caused by accelerated restructuring of state-owned enterprises. But according to economists, a rebound in exports could lead to a fairly robust recovery in 2000. Growth in the Chinese economy, which ranks second in the world after the US on a purchasing-power parity basis, has been declining since 1992 when it was at 14.2 percent. In 1998, economic growth was at 7.8 percent. Despite a sluggish consumer market, the trade surplus reached US\$30 billion, down from last year's US\$43.6 billion. Imports rose 18 percent to US\$165 billion and exports grew by 6 percent to US\$195 billion. The benchmark retail price index fell 2.9 percent for the whole of 1999, but not as steeply as in the first half of the year when the price index slumped 3.2 percent. This could be an indication the deflationary spiral that has been plaguing China's economy for over two years may be easing.

### **3. Hangzhou Cuisine Seduces Shanghai Gastronomists**

Shanghai cuisine has long been the preferred choice for local restaurant-goers in China's commercial, financial and consumer capital. Over the course of 1999, however, Shanghainese have developed a taste for the delicious country-style dishes indigenous to the picturesque capital city of neighboring Zhejiang province, Hangzhou. More than 20 Hangzhou-style restaurants have opened large establishments in Shanghai, and, in recent months, have launched a price war among themselves and with Shanghai-style eateries. Many of the most established high-end Shanghai cuisine restaurants are feeling threatened by the invasion and are under pressure to lower their prices or loose business. This trend could have an adverse impact on the ability of even the best Shanghai-style restaurants to use more expensive imported food products.

#### 4. China's Tax Revenues Surge

Buoyed by strong economic performance, improved collection and a "heavy blow to smuggling", China's tax revenue rose 13.4 percent in 1999. According to the director of the State Administration of Taxation (SAT), the campaign last year to close loopholes, collect arrears and contain rampant smuggling helped collect RMB 1.03 trillion yuan (US\$124.5 billion) above target in taxes. The two-year-old war on smuggling of goods has forced many imports away from the "gray" channels, stimulated direct imports through legitimate channels, and increased customs revenue on imports by 78 percent from 1998, to RMB 103.9 billion yuan (US\$12.6 billion). China's tax revenue, at 12 percent of GDP, is still relatively low by international standards. But the 1999 growth in taxes was quite significant as it was almost double the official 7.1 percent growth rate of the entire economy. SAT's provisional budget for 2000 projects total tax growth of 8 percent.

#### 5. China Poultry Market Expands

China, the largest poultry market in the world, continues to grow rapidly. Recent trade data shows that direct imports of poultry into China over the period January through November, 1999 reached 718,563 metric tons, valued at US\$368 million, which represents an increase of 348.53 percent and 305.93 percent respectively compared with the same period of 1998. Re-exports through Hong Kong reached 570,004 metric tons, valued at US\$406 million through the third quarter of 1999, an increase of 126 percent and 109 percent respectively compared with the same period of 1998. The bilateral agreement signed between China and the US, which paved the way for China's accession to the WTO, provides for a reduction of tariff rates on poultry products from the current 20 percent to 10 percent by 2004.

#### 6. US Gains 60-day Phase-in Period on China's New Solid Wood Packaging Rule

As a consequence of USDA efforts to ensure uninterrupted trade, Chinese officials on December 29, 1999 informed USDA representatives that China would delay full implementation of a new rule requiring certification of all solid wood packing materials (SWPM). The new rule, intended to prevent the introduction of pinewood nematode, was officially implemented January 1, but with flexible provisions for enforcement during the two-month grace period. In the case of SWPM containing coniferous wood, shipments must be accompanied by an APHIS certificate affirming that the wood has undergone heat treatment at 56 degrees C for a minimum of 30 minutes (easily attained by typical kiln drying in the US). China's willingness to phase-in enforcement, was confirmed in a written response to Secretary Glickman's letters to several Chinese Ministers. Over the next few weeks, USDA agencies will assess the impact of the new rule on US trade, discuss other possible options for compliance, and work to develop a protocol for response should cargo fail to meet the Chinese requirements.

## 7. World Bank to Slash China Funding by US\$1 Billion

The World Bank is to cut its lending to China by up to US\$1 billion over the next three years, according to reports in China's official media. World Bank country director for China Yukon Huang said funding would be cut from \$3 billion to \$2 billion during the next two to three years. The shift reflects China's maturation in economic strength and the higher efficiency of lending projects. Even at \$2 billion a year, China will still be among the largest borrowers of the Bank and will probably continue to be the largest borrower for investment projects. According to Huang, the World Bank plans to change its China strategy to place more emphasis on assistance in structural reforms carried out by the Chinese government in social, banking, and private enterprises. The inclusion of China in the WTO would increase technical and financial aid, helping China's economy modernize further. Meanwhile, a senior official at the World Bank's office in China noted that China's GDP is likely to expand by between 7 and 7.5 percent this year. He said China's medium-term growth prospects hinged on progress in reforming housing allocation, social security, state-owned industry and the financial sector.

### A. Newly Released Reports

1. Hotel, Restaurant and Institutional (HRI) Sector for East China: (CH9836) China's HRI sector achieved impressive growth of more than 15% in 1998, with total sales reaching USD33.7 Billion. The concomitant effects of a rapidly expanding consumer class and explosive development in the restaurant segment sizzles with significant opportunities for food traders willing to pursue this market. Shanghai's HRI sector, with a whopping USD1.1 Billion in 1998 revenues, is the nation's trendsetter and primary focus of this report.
2. Retail Sector Report for East and North China: (CH9835) Explosive growth in the retail sector, brought on by a booming economy, rising consumer incomes, and policies favoring development, have changed the face of Chinese retail in the last decade. Moribund state-run stores are learning to compete with foreign-managed operations by improving management, merchandising, selection, service, and price. China's likely accession to WTO should create even greater export opportunities, although China will remain a challenging market.
3. Exporter Guide, China: (CH9830) For most exporters, China evokes a tantalizing image of a single market comprising 1.3 billion consumers. In fact, China more closely resembles a plethora of scattered markets separated by intense regional protectionism and an inadequate distribution system. Yet despite the barriers to entry and fragmented market structure, China remains one of the hottest potential markets for American exports. ATO offices in Guangzhou and Shanghai strongly encourage American exporters to consider the Chinese market for their products.
4. Imported Wholesale Wood Market Opens in Shanghai: (CH9827) One of the largest local wood wholesale markets in China, the Shanghai Furen Forest Products Wholesale Market renowned for its flooring and plywood products recently added an imported wood market, the first of its kind in Shanghai.
5. Food and Agricultural Import Regulations and Standards ("FAIRS") Report: (CH9010) This report provides a consolidated source of general information on technical requirements for food and agricultural imports into China. This report includes newly added important sections on China's Food Hygiene Law, Food Labeling Requirements, Food Additives Standards and "Green Food" (Organic Food) Standards.
6. China Poultry Annual Report: (CH9821) China's poultry industry kept growing steadily in 1998. Ministry of

Agriculture (MOA) statistics indicate the nation's 1998 annual poultry production reached 10.7 million metric tons, 3 percent over 1997. China remains a net importer of poultry meat by volume with 1998 imports estimated at 796,000 metric tons valued at US\$613 million (including Hong Kong re-exports). We forecast continued Chinese poultry production growth of 2-3 percent for both 1999 and 2000.

7. **Business Travel in China: (CH9818)** As the world's most populous country, China has quickly become an important market for many US businesses. USDA/FAS representatives in Beijing, Shanghai and Guangzhou warmly welcome US agricultural exporters to China and have prepared this brief introduction to give business travelers the knowledge and confidence to explore China as a market for US products.
8. **China's Reaction to the EU Dioxin Issue: (CH9814)** On June 9, China suspended imports of meat, dairy products and poultry produced after January 15 in Belgium, France, the Netherlands and Germany, including raw materials and semi-finished products. This suspension will likely be in effect for many months and may provide increased opportunities for dairy product exporters from Australia, New Zealand and the US.
9. **Trade Shows in China during 1999 and 2000: (CH9808)** Each year, many food and agriculture-related trade shows are held throughout China. However, a majority of these shows are not up to international standards in their organization and execution often leading to disappointment on the part of overseas exhibitors. This report identifies, based on the track record or potential opportunities presented.
10. **Market Brief: Confectionery and Chocolate in China: (CH9806)** In 1997, Chinese confectionery manufacturers sold over USD 747 million dollars worth of product. During the same period, China imported a further USD 125 million dollars of foreign sugar and chocolate confectionery, but in 1998 these imports shrank by 16% to just under USD 105 million. Influenced by the influx of advanced, high-quality products from abroad, the confectionery industry is rapidly transforming, thus creating a variety of opportunities for foreign exporters. This report takes a close look at the overall confectionery market situation in China, consumption, manufacturing and distribution trends, competitive landscape, and existing opportunities in the market.
11. **China's Current Market Situation for Imported Seafood: (CH8826)** China is a vast market for seafood products and consumption has been growing steadily over the past ten years. Fresh and live seafood imports have grown 50% since 1992 to reach over 1.5 million tons in 1997. But recent measures introduced by the government, aimed at tightening foreign exchange controls and customs inspection procedures, are making it difficult for Chinese importers to bring in seafood products from overseas legally and at competitive prices.
12. **Market Brief: Entertainment Sector: (CH8821)** As China's economy has rapidly expanded, so has its entertainment sector—particularly in the large, first-tier cities. When purchasing for home consumption, Chinese tend to focus their purchasing decisions on the price of a product and buy whatever is the least expensive. However, when choosing an alcoholic beverage for consumption in a public place, Chinese consumers generally focus on quality, taste, and the image of the drink. The keys to success in this competitive and fragmented market are taste and marketing. Light and/or sweet tasting beverages appeal most to the Shanghainese palate and the marketing must convey a message of wealth and success.
13. **Dining with the Shanghainese: (CH8820)** As the largest metropolis in China, Shanghai is a trend setter for the nation's food consumption. Thus, it is valuable for food industry analysts to examine Shanghainese eating habits. A brief

look at breakfast, lunch, and dinner, as well as snack foods, reveals greater interest and demand for healthy and convenient foods, including a distinct preference for seafood.

14. Peoples Republic of China, Shanghai Consumer Food Purchasing Habits: (CH8817) Shanghai is quickly reclaiming its place as China's premier city, and local citizens are undergoing a revolution in food attitudes and shopping habits. In a mere five years, food distribution and retailing have been modernized, and with rising incomes Shanghai consumers are purchasing ever more convenient, high-quality foods.

15. Peoples Republic of China, Dalian Consumer Food Purchasing Habits: (CH8816) This market brief gives reader overview of Dalian consumers' attitudes toward food purchasing. The North eastern port city of Dalian presents a series of opportunities to US food exporters with an entrepreneurial spirit and a drive to get ahead of the pack in China. Dalian consumers, although falling behind mega-cities like Shanghai, have made impressive progress over the past few years and the future is bright. Caution is needed, however, especially with the drying-up of investment capital due to continuing economic woes in Asia.

16. Market Brief: Nuts and Seeds Snacks: (CH8815) A look at the niche "Roasted Seeds and Nuts" market in China with analysis of product variety, flavors, packaging and pricing, and US producer export opportunities.

17. Market Brief: Wine: (CH8803) This market brief touches on China's viticulture, wine production, China's market for wine imports and its export market. It contains information about the present situation of wine consumption, market preferences and the distribution channels for both domestic and imported wine products. Key issues such as tariffs and Chinese labeling requirements are discussed so US wine exporters can be prepared for the required procedures. In this market brief, both market opportunities such as rapid economic development and ever-rising consumer purchasing power and market hurdles such as lack of consumer awareness, active competition from outside, immature distribution network and trade barriers are analyzed.

18. Microwave Ovens are Entering Chinese Kitchens: (CH8801) Following a manufacturing glut and subsequent price war, microwave ownership is growing fast in Shanghai. By contrast, microwavable foods lag sorely behind and present many opportunities. This brief takes a good look at the microwave industry and related trends in and around Shanghai.

## **B. Other Reports of Interest**

In addition to the reports above, ATO Shanghai has a variety of informative articles and market briefs:

- Food Ingredients in East China
- Popcorn in Shanghai
- Brand Management in China
- Snack Foods in Shanghai
- Fast Foods in Greater Shanghai
- The Green Food Market In China
- Vegetable Products Update
- Frozen Foods-Market Brief
- Wood Products in China - Market Brief

To download a market brief or report, visit the FAS Home Page at <http://www.fas.usda.gov>, click on Countries, and under Market Reports select Attache Reports. On the search form click on Custom Date, select dates from January 1, 1996 and type in either a known AGR Number of a report or a keyword in the Find Subject field. From the country list below the search form select China, Peoples Republic. Then click on the Submit button. You'll find more than 100 reports relating to China. Or you may contact:

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If you find the above information in this report to be of value, your feedback would be highly appreciated since it will allow us to evaluate current as well as plan future activities. Please e-mail/fax comments to the ATO Shanghai -or- kindly fill out the Feedback Form on our web site: **[www.atoshanghai.org](http://www.atoshanghai.org)**