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China, Peoples Republic of
ATO ACTIVITIES reports
Agricultural Export Opportunities Update for South
China, March 2000
2000

Approved by:

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Report Highlights:

China's new regulations on labelling of imported food took effect.

China is to import more lobsters, milk powder and wine to meet the needs of domestic consumers.

Includes PSD changes: No
Includes Trade Matrix: No

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

ATO Guangzhou plans 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

China recently banned the chicken imports from Italy, France and Luxembourg to prevent the spread of avian influenza. The imports from North America, another major source of imported chicken are expected to rise.

The Chinese agricultural experts predict that China's corn output will reach 161 million tons in 2005 and 183 million in 2010. However, the corn demand of the same year will be 190 million tons and 206 million respectively. China will become a net importer of corn from 2005 onward.

The price of lobster rose sharply lately in South China due to the ever increasing demand. The average wholesale price in Guangzhou was RMB 250 (US\$ 30) per kilogram, an increase of RMB 24 (US\$ 2.9) per kilogram over the same period of last year. The production of lobsters in China's coastal provinces is very limited, hence China mainly relies on imports to meet the needs of domestic consumers, and the major exporting countries include Australia, Indonesia, Bangladesh, South Africa and the U.S.

A bureau chief of China's Light Industry Bureau admits that China's dairy products will face serious challenge from foreign products after China joins WTO. Currently, the CIF China port price of imported full cream milk powder is RMB 21,000 (US\$ 2,540) per ton, the net price is RMB 16,000 (US\$ 1,935) per ton after a 25 percent tariff is deducted, but the wholesale price of domestic full cream milk powder is RMB 18,500 (US\$ 2,237) per ton. China's wine brewers are also expected to lose

market share in the domestic market after the tariff is lowered.

II. Key Market Information

The State Administration of Entry-Exit Inspection and Quarantine recently issued the Regulation on the Labelling of Imported and Exported Food Products. According to the regulation and with effect from March 1, the National Entry-Exit Inspection and Quarantine Bureau is the only authorised government agency to verify and approve the labelling of both the imported and exported food products. The importers or distributors of foreign food products should file application to the bureau to get the labelling approved before the shipments arrive in China.

Figures issued by the Central Government show that in 1999, Guangdong Province continued to rank number one in terms of the size of economy, with a GDP of RMB 845.95 billion (US\$ 102.3 billion) and a population of 71.43 million. Shanghai ranked number eight with a GDP of RMB 403.5 billion (US\$ 48.79 billion) and a population of 14.64 million. Beijing ranked number fifteen with a GDP of 216.97 billion and a population of 12.46 million. In another development, the National Development Planning Commission predicts that the economic growth rate will be 7 percent this year with a 3 percent increase in the international trade volume.

Statistics also show that Guangzhou, the capital city of Guangdong Province, turned in RMB 30.3 billion (US\$ 3.7 billion) in tax revenues to the Central Government in 1999, a share of 5 percent of the country's total tax revenues, but the city's population accounts for only 0.5 percent of the country's total.

The Guangzhou Port handled 101.56 million tons of cargo in 1999, ranking number two among China's 14 major ports in terms of total volume of cargo handled.

A 51-hectare flower wholesale market was recently opened in Huadu in the Northern suburb of Guangzhou. This is the biggest fresh flower wholesale market in South China. Guangzhou also boasts the country's biggest wholesale markets for imported fresh fruits and frozen meats.

The first two months of year 2000 witnessed another spending spree of the Guangzhou residents. In the runup to the Chinese New Year (February 4th), the sales turnover of the supermarkets and department stores located in downtown Guangzhou increased by 35-100%. Meanwhile, in a recent poll conducted in Guangzhou, 21.1 percent of the respondents expressed strong desire for spending money, an increase of 3.6 percent over the end of 1999, while only 12.3 percent of the respondents expressed interest in saving money, a decrease of 3.4 percent.

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 4th 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 toward 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: April 30 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 Or 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 or 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. 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. Foodex China 2000 & AgriChina 2000, September 5-8, 2000, Beijing

This show is organized by State Administration of Light Industry, the government body responsible for food, food processing, agriculture and stock breeding products.

Contact: Events International, Tel: 203-801-0582 (USA), Fax: 203-801-0617 (USA), Email: eventsintusa@aol.com

6. International Exhibition on Biotech 2000, October 11-16, 2000

This show is organized by the Ministry of Foreign Trade and Economic Cooperation, Ministry of Science and Technology and others, supported by the Ministry of Agriculture, and promoted by the Foreign Commercial Service, U.S. Department of Commerce. It will be held concurrently with the highly successful China Hi-Tech Fair. Of special interest to the organizers are biotechnology, equipment, bio-informatics, biotechnology services, medical and pharmaceutical application, environmental biotechnology, bio-agriculture and application in nutrition. A biotechnology forum will be held in conjunction with the Fair.

Contact: Coastal International Exhibition Co. Ltd., Room 3808 China Resources Building, 26 Harbour Road, Wanchai Hong Kong. Tel: (852) 28276766, Fax: (852) 28276870 email: general@coast.com.hk; Or Mr. Li Shu Quan, FCS Guangzhou, Tel: (8620) 9887-4011, Fax: (8620) 8666-6409.

7. 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

8. Shenzhen 3rd International Food Expo., November 16-19, 2000

This show is organized by the Shenzhen Food Industry Association. ATO/GZ will support it with onsite assistance for U.S. exhibitors. As the show will provide a valuable entry point to the South China market, U.S. exporters interested in doing business in China are urged to show their products at this regional show. See ATO/GZ's evaluation of the show last year CH9656.

Contact: Holman Rui or Zhao Da Hai, Shenzhen Food Industry Association, Shenzhen, China. Tel: (86-755) 3344908, Fax: (86-755) 3320351. Or, email ato@gitic.com.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 cooperator representative on June 8, 2000. It will be held in the ATO/GZ conference room.

V. ATO Guangzhou Reports, 12/1999 - 2/2000

Code Number	Title	Release Date
CH0604	Agricultural Export Opportunities for South China	1/2000
CH0603	Hong Kong Re-export of U.S. Consumer Oriented Agricultural Products to China, 3 rd 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 ND SHENZHEN Food Expo Final Evaluation	12/99

CH9655	The 2 ND 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

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For more current information on agricultural activities in South China, please visit the bilingual website of ATO Guangzhou: [http:// www.atoguangzhou.com/](http://www.atoguangzhou.com/)