



Voluntary Report - public distribution

Date: 7/17/2000

GAIN Report #CH0616

**China, Peoples Republic of**  
**ATO ACTIVITIES reports**  
**Promotion Opportunities Report for South China,**  
**July 2000**

Approved by:

**Samuel Wong**

**U.S. Consulate Guangzhou**

Prepared by:

Peter Xu

---

**Report Highlights:**

**The demand for high-quality grass seeds will soar while China goes west.**

**China's economy grew by 8 percent in the first half of the year.**

---

Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Guangzhou [CH3], CH

POST NAME: ATO GUANGZHOU

POST CONTACT INFORMATION:

SAM WONG  
AGRICULTURAL TRADE OFFICER  
AMERICAN CONSULATE GUANGZHOU  
DEPARTMENT OF STATE  
WASHINGTON, D.C. 20521 - 4090

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)

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 September 2-10, 2000. This is a new initiative for FY 2000 and the promotion week has been changed many times. We have encountered numerous challenges. However, we plan to have a similar promotion in FY 2001. The focus of the promotion will be the U.S. food and beverage products hitherto unavailable in South China market. For details, see Part III A In-store Promotion.

## **I. Market in brief**

China imported 984,000 tons of soybean in the first quarter of this year, a jump of 89.9 percent over the same period of last year. The increase of import is due to the lowering of price in the international market from US\$ 200 per ton to US\$ 170 per ton. The Chinese agricultural experts also admit that the imported soybean is of higher quality in terms of the protein and oil contents. China lagged behind the US, Brazil and Argentina in soybean production and imported over 4 million tons of soybean in 1999.

The Chinese government recently launched a “go-west” campaign in a bid to utilise West China’s rich natural resources. Reforestation will be an important aspect of the campaign since the destruction of vegetation and the subsequent soil erosion in the upper valleys of Yellow River and Yantze River have been the principal causes of China’s flooding. The Chinese government will ban the growing of cash crops on the low-yield land and slopes of 45 degree and above. Instead, farmers will be paid to grow grass for RMB 200 (US\$ 24.2) per mu (=0.0667 hectare). Grass seeds will be in great demand in China in the years to come.

Vice-minister of China’s Ministry of Foreign Trade and Economic Cooperation (Moftec) Long Yongtu said on July 9<sup>th</sup> that all the Chinese companies, big or small, private or state-owned, will be allowed to engage in import and export businesses within the next three years, in line with China’s WTO commitment. Currently, only a small number of state-own trade firms have the so-called ‘import and export right’, and all the other companies have to pay these companies to clear customs. The removal of this non-tariff barrier will make it easier and cheaper for Chinese

companies to import foreign products.

A recent market survey shows that walnut oil, sunflower seed oil and grape seed oil have great market potential in the China market. The price of walnut oil in the international market has jumped to US\$ 8 a kilogram from US\$ 7.5 a kilogram. The sales of walnut oil in China is expected to reach US\$ 550 million this year. And the sales of sunflower seed oil account for 8 percent of the total sales of various edible oils. Meanwhile, China's production of grape seed oil is expected to reach 300 million kilogram. With the Chinese people getting more affluent and health-conscious, the demand for these vegetable oils will continue to grow.

## **II. Key Market Information**

China economy grew by 8 percent in the first 6 months of this year and the total consumer spending increased by 10 percent. In the first 5 months, China's international trade volume was US\$ 174.1 billion, a jump of 36.1 percent over the same period of last year.

With the Central government's approval, Panyu and Huadu, two of the four cities that border with Guangzhou, were merged with Guangzhou in July to become two districts therein. After the merger, the urbanized area of Guangzhou, the biggest city in South China increased to 3,718 square kilometer from 1,443 square kilometer, making Guangzhou one of the biggest city in China. Guangzhou's total population is now 6.85 million, 2.59 million of which reside in the rural area. The average annual income of Guangzhou farmers is RMB 5,834 (US\$ 706). The Guangzhou government is eager to attract foreign investment into the growing of flowers and cash crops and the processing of agricultural products.

Shenzhen achieved a GDP of Rmb 69.8 billion (US\$ 8.44 billion) in the first six months of this year, up 14.2 percent from the same period of last year. In 1999, Shenzhen residents' per capita disposable income was RMB 20,548 (US\$ 2,485), ranking first among all the cities in China, followed by Guangzhou, Shanghai and Xiamen in Fujian Province. In another development, a recent poll in Hong Kong shows that over one million out of Hong Kong's 7 million residents intent to buy properties and live in Shenzhen and commute to Hong Kong to work.

## **III. Upcoming Promotional Activities/Events**

### **A. In-Store Promotions**

ATO Guangzhou, on September 2-10, 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.

Companies interested in participation or more information in future promotions should contact the U.S. Agricultural Trade Office in Guangzhou. 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**

The Director of ATO Guangzhou will be in the US on annual leave August 2-18. A group of local Chinese business people will be traveling with him to source health food and beverage in California. For details, please contact ATO Guangzhou.

### C. Trade Shows

#### 1. 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](mailto:eventsintusa@aol.com)

#### 2. Food & Hotel South China 2000, September 26-28, 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. 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).

#### 3. The 2<sup>nd</sup> Animal Husbandry & Feed Exhibition (Guangzhou), September 27-29, Guangzhou

This show is organized by the Guangzhou Association of Feed Industry, the government body responsible for the animal husbandry and feed sector. Contact: Sansheng Exhibition Service Co. Ltd., Tel: 86-20-87507367, Fax: 86-20-87561682, Email: [sansheng@public.guangzhou.gd.cn](mailto:sansheng@public.guangzhou.gd.cn), <http://www.sansheng.com.cn>

#### 4. International Exhibition on Biotech 2000, October 11-16, 2000. Shenzhen

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](mailto:general@coast.com.hk); Or Mr. Li Shu Quan, FCS Guangzhou, Tel: (8620) 9887-4011, Fax: (8620) 8666-6409.

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

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)

#### 6. Shenzhen 3<sup>rd</sup> International Food Expo., November 16-19, 2000, Shenzhen

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: Zhang Tingting or Zhu Xingbo, Shenzhen Food Industry Association, Shenzhen, China. Tel and Fax: (86-755) 2337991. Or, email [ato@gitic.com.cn](mailto:ato@gitic.com.cn)

7. Sino-Pack 2001, China Foreign Trade Center, Guangzhou, March 6-9, 2000

This is an international exhibition on packaging machinery and materials. China Drinktec 2001 will be held concurrently which will feature the beverage and brewery processing technology. Contact: Adsale Exhibition Services Ltd. Fax: (852) 25165024 Email: [pfp@adsaleexh.com](mailto:pfp@adsaleexh.com)

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 tentatively scheduled the next quarterly meeting with USDA cooperators representatives on September 28, 2000, 1:00 p.m. to 4:00 p.m. It will be held in the ATO/GZ conference room.

#### V. ATO Guangzhou Reports, 5/2000 -6/2000

Code Number	Title	Release Date
CH0612 (5/26)	HONG KONG RE-EXPORTS OF U.S. CONSUMER ORIENTED AGRICULTURAL PRODUCTS TO CHINA: 1999-2000	John R.
CH0613 (6/27)	UPDATE ON THE STATUS OF FRESH FRUIT IMPORTS IN SOUTH CHINA	Lynda J.
CH0614 (6/27)	CHINESE LABELING REQUIREMENTS FOR IMPORTING AND EXPORTING FOOD AND COSMETIC PRODUCTS	Lynda J.

To download a market brief or report, visit the Foreign Agricultural Service Homepage: <http://www.fas.usda.gov>, select Market Reports, then Attache Reports. You'll find more than 100 reports relating to China. Or contact FAS AgExport Services division, Tel:(202)720-7420, Fax: (202)690-4374; or ATO Guangzhou, 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).