

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Cold Chain Standards Conference

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CSSF Activity Report

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Report Highlights:

This conference is an outgrowth of FAS' long-term efforts to support development of cold chain systems in China as a means of increasing trade capacity. This year's conference drew support and participation from the Chinese government and the U.S. Department of Commerce as well as industry. The knowledge and contacts generated by this event go beyond development of the cold chain, building ATO contacts with key service providers in the areas of logistics and with government regulators.

Executive Summary: Cold warehousing and transport systems in China continue to impose practical limits on U.S. exports of key products, including seafood, meat, poultry, fruit and vegetables. To address these concerns, FAS has over the years supported the development of China's cold distribution systems. A key component of this has been the development and implementation of standards for cold chain systems. The Second U.S.-China Cold Chain Standards and Regulations Conference provided regulators and industry a forum in which to exchange information and views on the current state of cold chain development, regulatory systems, and application and enforcement of regulations. ATOs have found that the benefits of FAS cold chain activities extend beyond improvements in the cold chain itself: the contacts developed as a result of these activities allow ATO to better understand product flows, and in some cases make the connections that will reduce transport times and handling risk as product moves further inland.

General Information:

Introduction

With rising incomes, Chinese consumers are spending more on high value food products and are paying greater attention to food safety and quality issues. As a result, interest in the development of improved cold chain systems has grown rapidly. As the sector develops, it is becoming widely recognized that the lack of national standards for a cold chain system, limited experience with standards, and enforcement of existing food safety regulations are the top issues challenging China's food production and logistics industry.

The Second U.S. – China Cold Chain Standards and Regulations Conference was a continuation of the 1st China Cold Chain Standards and Regulations Conference. The event was held in Beijing on July 27 – 28 and co-organized by the CFLP, ATO Beijing, the USDA and the AST&L with support from the Standardization Administration of China (SAC), U.S. Trade Development Agency, the U.S. Department of Commerce, the U.S. National Electric Manufacturers Association, Ingersoll Rand and Americold as well as other partners. More than 200 participants attended the Conference and they represented U.S and Chinese government agencies, industry associations, cold chain equipment manufacturers/service providers, and representatives from food and agri-business.

Since the first conference in 2009, several national programs on cold chain logistics standards have been developed in China – and those programs are currently in process of implementation. This conference focused on how the standards can play a role in guiding industry development, and how to develop and enforce appropriate standards. The conference also aimed to strengthen the U.S. and China's cooperation in the field of cold chain logistics and promote the development of China's cold chain standards and regulations system and served as a platform to share insights and experiences and helped understand developments in both the U.S. and China cold chain sectors.

Chinese Government Policy on Cold Chain Logistics

In July 2010, Chinese National Development and Reform Commission (NDRC) developed in July 2010 "Cold Chain Logistics Development Plan for Agricultural Products". This was one of the Plans developed after the Chinese government announced the "Restructuring and Stimulus Program for the Logistics Industry". The development of the logistics industry was made a top priority of the Chinese government and has been included as an important part of the National Twelfth Five-Year Plan. The Cold Chain Logistics Development Plan for Agriculture Products identified seven major tasks and eight key projects and it will pursue to provide greater opportunities for the cold chain logistics as well as the relevant enterprises.

Major tasks:

1. Extension of modern cold chain logistics concepts and technology;
2. Improve cold chain logistics standards and regulations system;
3. Establish cold chain logistics networks and systems for major types of agricultural products and the cold chain logistics networks and system for agricultural products in key regions;
4. Speed up the development of 3rd Party cold chain logistics services enterprises;
5. Improve and construct cold chain logistics infrastructure;
6. Upgrade cold chain logistics equipment and technology;
7. Develop cold chain logistics information systems.

Key Projects:

1. Construction of cold storage: by 2015, construct 10 million tons of total cold storage capacity;
2. Construction of low-temperature delivery centers;
3. Cold chain transportation vehicles and refrigeration equipment project: increase the total number of refrigerated vehicles by 40,000;
4. Cold chain logistics service enterprises project;
5. Monitoring and tracking systems project for cold chain logistics;
6. Cold chain logistics project for meat and fishery products;
7. Cold chain logistics project for fruits and vegetables;
8. Supervisory and inspection systems project for cold chain logistics.

Conference Summary

The conference was held in Beijing from July 27 – 28, 2010 with a general session on day one and 3 breakout sessions on day two. Over 200 participants attended the opening session. A Media Conference on the evening of July 27 attracted over 20 media agencies. 22 presentations were delivered by both Chinese and U.S. speakers.

The main presentations are listed as follows:

- Significance of the cold chain for food safety and a summary of U.S. cold chain requirements
- Major issues in the development of cold chain logistics standards for China and thoughts
- Introduction to the historical and current development of U.S. cold chain logistics (how the industry worked with the government to develop industry guidelines and how the industry continued to strengthen its own guidelines to make the system better)
- Preliminary ideas on establishing cold chain logistics standards and regulations systems in China
- U.S. Standards/Regulation Enforcement: The roles and interactions of U.S. Federal and State level governments to develop and enforce retail cold chain requirements
- Use of a simulation environment to optimize the supply chain and assess the economic impact at the retail level
- The U.S. perishable foods industry structure
- The Cold Chain: A food service distributor's perspective
- Risk Assessment – based food safety management
- The current status of China's cold chain logistics industry and trends in future development
- Best practices at 3 breakout sessions by U.S. and Chinese enterprises

Key points for the breakout session discussion

- Cold chain logistics companies face challenges to ensure their profitability as the costs for cold chain logistics increase;
- At the moment, wet markets that have no effective cold chain continue to exist. Low price is still a higher priority than food safety among the low-income facilities;

- Government restrictions on truck traffic in the cities are hindering the establishment of a nationwide cold chain network;
- Compulsory cold chain standards could harm honest companies if enforcement is not complete and fair – those who comply with the regulations face increased cost, but those who ignore the regulations still survive at lower cost
- Consumers lack awareness that a good cold chain ensures food safety as well as preserves nutrients and flavors. This is a significant concern for the continued development of the cold chain industry. More communication should be done with mass media to educate consumers so as to push the cold chain infrastructure improvement and operational practices from the bottom of the priority list.
- Many suppliers to retailers don't follow good cold chain practices. It is important to educate suppliers and retailers regarding proper shipping and handling of perishable food products. On the other hand, a sound monitoring and inspection system is necessary to ensure compliance of practitioners;
- Lack of high quality third party logistics providers (3PL) with reasonable fees is a great concern. Those experienced foreign 3PLs can introduce know-how and elevate the whole industry through competition.
- China has over 240 cold chain related standards, some of which may be out of date or cause confusion. The associations and government organizations should work closely with enterprises to rebuild a scientific and practical system of standards. Many U.S. practices and experiences can serve as good case studies.

Summary of Participants' Evaluation

The conference organizers prepared and delivered the Conference Evaluation Forms. There were 118 forms received out of about 200 participants in day one and 150 participants in day two. The overall rating of the conference was quite satisfactory and a summary of participants' evaluation is as follows:

- The conference improved participants knowledge and understanding about U.S. – China cold chain standards and regulations
 - 86 participants stated in the Evaluation that they know "very little" about U.S. – China cold chain standards and regulations and 32 participants rated "fair" before the conference
 - 78 participants rated their knowledge about U.S. China cold chain standards and regulation as "Good" and 40 participants rated "fair" after the conference
- Participants are satisfactory with the conference
 - 68 participants rated the presentations as "Excellent" while 38 participants rated them as "very good"
 - 85 participants "strongly agree" or "somewhat agree" that they are able to discuss all of the important issues during the conference
 - 81 participants rated the duration (length) of the conference as "just right"
 - 98 participants rate the overall of the conference as "Excellent" or "very good"
- Other comments and suggestions from the participants
 - The conference should not only focus on discussion of major issues, but spend more time to discuss how to solve the problems in the future;
 - Introduction of the U.S. cold chain standards system is very useful, but it would be even better if case studies can be presented with sufficient and detailed information and data;
 - Most of the presentations are very knowledgeable and informative, however, the presentations should provide more guidance and suggestions for policy development instead of only present a list of facts;
 - A lot of industry standards have been developed, but very few were widely adopted and used in the industry;

- The introduction and discussion on the significance of cold chain to the consumers is not sufficient. There are insufficient scientific data and case studies and there is a need to have experts from research institutes give presentations on these;
- Would appreciate more presentations and topics that focus on cold chain processing, storage, and sales for HRI;
- Introduction of the U.S. cold chain development and history should be combined with some examples and case studies;
- It is necessary to introduce more details about the U.S. cold chain, e.g., in practice, what are the standard operating procedures for cold chain logistics for certain types of food products? What are the required equipments, required temperature conditions, and how can we balance the investment and economic returns?
- This is the U.S. – China Cold Chain Standards and Regulations Conference, therefore, it is more appropriate to introduce more about the concrete cold chain standards of both sides;
- Some of the presentations have too much introduction about their companies and have limited time to introduce their best practices;
- The breakout sessions are very useful, but suggest arranging the breakout sessions at different times so that participants can attend all different groups at different time. In addition, the breakout sessions should have better grouping according to the nature of the topics;
- Instead of reading through the presentations, the presenters should present their presentation supported by relevant cases and analysis.
- More Chinese government departments should be invited and participate in the conference

Conclusion and recommendations

The Conference was a success in terms of total numbers of participants, coverage of presentations and topics as well as the conference preparation and organization. 1) The participants represent both U.S. and Chinese government departments, industries association, cold chain equipment and service enterprises, enterprises of food and agricultural products, retailers and wholesalers; 2) Presentations and topics covered government policies, regulations and standards of both countries and operational best practices. The presenters are representing U.S. and Chinese government agencies, key industry associations, and key U.S. and Chinese enterprises. 3) Preparation and organization of the Conference is jointly undertaken by U.S. and Chinese counterparts and set a model for cooperation between multiple stakeholders in such an event. The participants' evaluations indicate that they were pleased with the results. It is recommended that the relevant key stakeholders continue supporting this event in the coming year.