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USDA China Monthly Newsletter from January 2012

Report Categories:
Agricultural Trade Office Activities

Approved By:
Linston Terry

Prepared By:
Joy Wang

Report Highlights:
This monthly newsletter includes the articles: "Virtual" American Food and Beverage Promotion; Record number of exhibitors join USA Pavilion at 2011 FHC; U.S. Soybean Seminar & Crop Quality Conference in Shanghai; "Review of Wine Scoring 90 Points in 2011" by Wine in China magazine: 10 of the 26 wines profiled were from the U.S.; PFSYIDA Frozen Chain Warehouse Grand Opening

To view the newsletter with working links, please use the following link: http://www.icontact-archive.com/ax046v6l6BKR3bNhR6gW9R3KmnhKFvYb?w=3
USDA China Launches Monthly Newsletter:

With the entrance of the Year of the Dragon and the rapid development of the China market, agricultural exports have leaped from around USD 8 billion in FY2007 to nearly USD 23 billion in FY2010. Team USDA China will launch a new monthly newsletter designed to keep both private companies and U.S. producer/trade associations, up to date with current market development activities, trade policy issues, and opportunities coming up in the China market covering, all five Agricultural Trade Offices (ATOs) in Beijing, Chengdu, Guangzhou, Shanghai, and Shenyang. Trade policy issues will be covered by our colleagues in the U.S. Embassy in Beijing in the Agricultural Affairs Office (AAO) and the Animal and Plant Health Inspection Service Office (APHIS). The newsletter will be coordinated by ATO Shanghai. If you have any questions, comments, or would like to contribute articles for future issues, please contact Ms. Joy Wang (zhe.wang@fas.usda.gov) at ATO Shanghai.

Quick Links:

- "Virtual" American Food and Beverage Promotion
- Record number of exhibitors join USA Pavilion at 2011 FHC
- U.S. Soybean Seminar & Crop Quality Conference in Shanghai
- "Review of Wine Scoring 90 Points in 2011" by Wine in China magazine: 10 of the 26 wines profiled were from the U.S.
- PF SYIDA Frozen Chain Warehouse Grand Opening

+ Recent Events:

"Virtual" American Food & Beverage
Chinese Olive Oil Imports (Jan. - Nov. 2011):

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>77,595</td>
<td>132,088</td>
</tr>
<tr>
<td>Spain</td>
<td>33,560</td>
<td>77,023</td>
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<tr>
<td>Italy</td>
<td>27,192</td>
<td>31,348</td>
</tr>
<tr>
<td>USA</td>
<td>24</td>
<td>120</td>
</tr>
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Source: Chinese Customs Data

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American Pistachio Exports to China

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1,000 Pounds</th>
<th>Farm Gate Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>79,822</td>
<td>177,205</td>
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<td>2009</td>
<td>59,074</td>
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<td>2007</td>
<td>30,928</td>
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<td>2006</td>
<td>12,867</td>
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<td>2005</td>
<td>3,974</td>
<td>8,148</td>
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<tr>
<td>2004</td>
<td>6,872</td>
<td>9,209</td>
</tr>
<tr>
<td>2003</td>
<td>1,093</td>
<td>1,334</td>
</tr>
</tbody>
</table>

Source: American Pistachio Association

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Recent News:

Napa’s Tallest Winemaker: Yow|Yao Ming

COFCO plans to expand global logistics system

Tainted milk and website prompt Mengniu shares to slide

The American Pistachio Association and Miss California promote pistachios in Shanghai

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Promotion

ATO Shanghai and US Consul General Robert Griffiths supported an online company, Yihaodian, launch its first ever American food and beverage promotion with a press conference held at the U.S. Consulate on December 15. Yihaodian picked up 16 new importers/distributors who were introduced by the ATO and will feature more than 260 new, imported food/beverage SKUs during the one month long promotion. The company hopes to work with all five ATOs in the future to include nationwide sales of American food and beverage products across China. While the promotion is still underway, it appears that sales of American products on the site are already 10 times what they were before the promotion making it one of our most successful ever! The promotion resulted in sales of two 20 foot containers of new-to-market, American UHT milk in the first 11 days of the promotion.

The company was founded in 2008 by Mr. Liu Junling, former CEO of Dell China, and Mr. Yu Gang, former VP of Amazon.com Worldwide Supply Chain Operations. The company currently has distribution centers in five cities in China including Shanghai, Beijing, Guangzhou, Shenzhen, and Wuhan. It has more than 12m registered accounts and offers more than 120,000 SKUs of products. Sales revenue in 2010 climbed to RMB 805m (USD123m). In May 2010, Yihaodian signed a strategic cooperation partnership agreement with Wal-Mart Stores Inc.

Record number of exhibitors join USA Pavilion at 2011 FHC

The 2011 Food and Hospitality China (FHC) trade show was a great success and continues to grow each year serving as one of the best platforms for international companies to introduce their wares to China’s rapidly developing food & beverage, hotel and restaurant sector. Oak Overseas, the contractor responsible for managing the USA Pavilion, reported the following facts in their Post-FHC China Report:

- 29,000 Visitors - up 23% over 2010;
- 1100 Exhibitors from 79 Countries - up by 93 companies;
Miss California at "The Power of Pistachio" event

L-R: Mr. Alan Hallman, Miss California, Mr. Jim Zion

American Pistachio Growers and Miss California meet shoppers at Ole supermarket

- 27 National Pavilions - up 3 over 2010;

The USA Pavilion played host to more than 70 U.S. companies at this year's FHC show that took place from November 16-18, 2011. A new USA Pavilion was added this year in the FHC Wine and Spirits Hall which included participation by 13 craft distillers from the Distilled Spirits Council of the United States and five US wine suppliers. To view a video highlighting ATO activities related to the USA Pavilion at the 2011 FHC show on our USDA China tudou website, [click here](#).

**U.S. Soybean Market Seminar & Crop Quality Conference in Shanghai**

On December 16, US Consul General Robert Griffiths delivered opening remarks at the 2012 U.S. Soybean Crop Quality Conference held in Shanghai which included more than 100 representatives of China's soybean crushing and feed/oil industry. Several U.S. farmer/board members joined John Becherer, CEO, United Soybean Board; Mark Curtis, Chairman, United Soybean Board; and Jim Sutter, CEO, U.S. Soybean Export Council in making presentations to the Chinese audience. Soybeans accounted for USD12 billion of the USD22.8 billion of U.S. Agricultural exports to China in FY 11. Soybeans are easily our agricultural largest export to China, and both U.S. soybean and soybean oil exports to China hit record levels last year. Access full story [click here](#).

"Review of Wine Scoring 90 Points in 2011" - 10 of the 26 wines profiled were from the U.S.

Industry magazine "Wine In China" conducted an expert taster’s review of the top wines of 2011 “Review of Wines Scoring 90 Points in 2011.” 10 of the 26 wines profiled were from the United States, including 2 of the top 4. Duckhorn garnered three of the 10 U.S. placings. Cuvaison (Napa Valley) got two, with one each for Irony (Delicato), Migration, Ferrari-Carano, Coppola and Lander Jenkins. Last year’s version of the same...
article covered only 18 wines - the magazine attributed the increase to a much stronger showing from New World wines, especially the U.S. and Argentina. No Australian or Spanish wines appear to have made the cut - apart from the U.S., the competition was dominated by France, Argentina, Italy, Chile and a surprising number of German wines.

The 1,000,000 Visa Milestone in China
On Dec 21, ATO Shanghai and the US Consulate's Public Affairs Section arranged a press event to announce that the US mission in China had processed more than 1,000,000 visas in 2011. The ATO invited three business travelers who import American dried fruits and nuts to attend the press event and to answer questions about their experiences in obtaining visas to visit their suppliers in the United States. Representatives from the California Raisin Committee, California Almond Board, and California Walnut Board provided free samples to the media attendees. ATO Shanghai has a strong working relationship with the US Consular section and admires their hard work in processing ever larger numbers of visas for travel to the United States.
American New Product Launch Programs:

During last two months, ATO Shanghai launched a series of "new product launches" in collaboration with local importers - distributors and both online and offline retailers.

Nov. 5th 2011
More than 400 new products were introduced at 5 stores in Shanghai's 1st Food Mall Retail Chain.

Naturally Color Your Life - CCI Shanghai Model Show

On December 5, 2011, Cotton Council International held its first national "Naturally Color Your Life" road-show in the modern metropolis of Shanghai at the Longemont Shopping Mall. This was the first in a series of Model Shows launched across China highlighting natural cotton clothing designs featuring local, celebrity fashion models and bloggers covering these interactive and classy events! China imported a record USD2.8 billion of US cotton in FY 2011!!!

California Olive Oil Delegation Visits Shanghai

ATO Shanghai and the California Agricultural Export Council assisted six board members from the California Olive Oil Council (COOC) who visited China for the first time and met with food importers, distributors, retailers and wholesalers. The delegation's one week tour began from 29th of November with a regional overview of China and the Shanghai market presented by ATO Shanghai. ATO arranged one on one meetings, retail tours, and cohosted an evening reception providing a networking opportunity with about 50 importers, distributors and retail/HRI representative. At least one of the companies hopes to sign a contract for potential sales to China in the near future. The representatives were enthusiastic about this initial fact finding mission and were impressed with the great demand for high quality olive oil in the China market. China imported more than USD130 million of olive oil in CY2011.

USA Poultry and Egg Export Council (USAPEEC) Turkey Seminar at Nanjing Agricultural University

USAPEEC recently coordinated their second seminar with the Nanjing Agricultural University on introducing and promoting US turkey products targeting meat processing plants. The training seminar for meat processing technology took place at the Food Institute of Nanjing Agricultural University from Nov 19-21, 2011. Over 50 participants from meat processing plants, government agencies, and universities attended the seminar. While turkey meat is relatively unknown in the China market,
ATO Shanghai cosponsored a 2-week long “Mei Zi Mei Wei, American Food New Product Launch” with Sam’s Club in Pudong, Shanghai. The two week long, new product launch including several new suppliers resulted in nearly USD45,370 of sales. Pistachios were the most popular item.

PFSYIDA Frozen Chain Warehouse Grand Opening
Preferred Freezer Services (PFS), one of the largest 3rd party cold chain providers in the United States, recently launched its first semi-automated, 25,000 square meter (40,000 mt) temperature-controlled warehouse in Shanghai's Yangshan port, the largest port in the world with an expected 30 million TEUs in CY2011. The new facility is approved as a CIQ inspection facility and is already full of frozen pork. The company's 2nd facility is scheduled to open in the first quarter of 2012 in Waigaoqiao, another Shanghai port, while their 3rd facility is under construction in Tianjin. For full story please click here.

+ Trade Policy Updates

AQSIQ Lifts Ban on US Live Oyster Exports to China
China's national quarantine and inspection bureau, AQSIQ, sent a letter to FDA China on December 19 agreeing to lift the ban on the importation of oysters from Washington State. The ban was implemented last August after FDA issued a routine advisory notice alerting consumers to avoid eating live oysters from certain waters off Washington State during the month of August. The warning was lifted soon after, while the import ban remained in place for several months. For more information about this issue, please contact Melinda Meador at the Agricultural Affairs Office in Beijing at melinda.meador@fas.usda.gov.

Demand for US alfalfa continues to increase while AQSIQ requirements for Double...
Mr. Keith Schneller - Director of ATO SH talks about the new to market, American products with consumers inside Sam's Club.

ATO Shenyang American Food Festival

When: March 2012
Venue: Crowne Plaza Hotel, Zhongshan, Shenyang
U.S. Products: Natural Pork, Seafood, Dried Fruits and Nuts, Cheese, Wine, etc.

Compressed Bales remains firm

There are many inquiries coming in from both Chinese importers and US suppliers of alfalfa hay mostly for the dairy industry. The majority of the US alfalfa coming into China originates from the US west Coast. However, many companies are looking to source further and further east in the United States. According to the phyto-sanitary requirements of AQSIQ, China’s national Quarantine and Inspection Bureau, alfalfa hay from the United States must come from a registered processor and be shipped in double compressed bales. Therefore, the US alfalfa supplier needs to make sure the processor is first certified by APHIS so they can use that facility and ship under the facility’s certification number. However, the pressing operation needs to record where the hay came from and put its name on the placard that goes inside the container. The press facility “becomes” the exporter, not the farm or farms where the hay came from. In the event of a problem in China - for instance, discovery of mold or a non-allowed pest - the pressing operation may lose its registration. Companies wishing to ship hay to China, need to realize that the entire forage export industry depends on every exporter doing its best job to maintain phyto-sanitary safety standards. For more information about this issue, please contact either Susan Zhang at ATO Shanghai susan.zhang@fas.usda.gov or Lou Vanechanos, APHIS China Director at elia.p.vanechanos@aphis.usda.gov

AQSIQ Lifts Ban on U.S. Poultry and Poultry Products from Two States:

On December 29, 2011, China’s General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) removed its import ban on U.S. poultry and poultry products from Texas and Pennsylvania. Three states are still banned from exporting poultry and poultry products to China - Minnesota, Virginia, and Arkansas. These bans are inconsistent with international guidelines.

China’s MOFCOM Extends Anti-Dumping Investigation on Imports of U.S. DDGSs:

On December 28, 2011, China’s Ministry of Commerce (MOFCOM) extended its investigation on imported Distiller’s Dried Grains with or without Solubles (DDGS) from the United States. This six month extension will expire on June 28, 2012. MOFCOM stated that this investigation is “unique and complex” and warrants additional time to review. In 2011, China’s imports declined by 50 percent to 1.5mil. metric tons (valued at USD360m) from 3.0mil. tons (valued at USD720m) in 2010. Almost all of China’s DDGS imports come from the United States. The U.S. Department of Commerce and the U.S. Grain
Council are both aware of this development.

+ **Upcoming Events:**

**USDA Undersecretary Scuse to lead Agricultural Trade Mission to China in March 2012**

USDA will organize an agricultural trade mission lead by USDA Undersecretary Michael Scuse to visit Chengdu's Tangjiuhui trade show which is one of the largest domestic food/beverage shows in China, and the FIC show in Shanghai. The delegation is expected to include 10-15 State Agricultural Commissioners and another 10-15 company representatives. For more information about this mission, please click here.

**USDA 2 Endorse 4 Trade Shows in China in 2012**

USDA has endorsed the SIAL China and Food and Hospitality China Shows for more than ten years. Due to the rapid development and sophistication of the China market, USDA will also endorse the Food Ingredients China Show (March 2012) and the Bakery China Show that will overlap with SIAL China in May 2012. Read more about these shows below...

"**Restaurateur**" to feature U.S. products in May

Ringier Publishing Company, the official SIAL China newspaper publisher, will produce a series of articles featuring American Food and Beverage products in one of its trade magazines called "Restaurateur" during month of May 2012. This magazine is distributed to more than 25,000 F&B managers, restaurant owners, and chefs across China. It will be handed out at the SIAL China trade show along with the daily SIAL China newspaper. If your company/association would like to place an article or advertisement in one of the Ringier publications during month of May, please contact Howard Lu at howardlu@ringiertrade.com.

**TangJiuHui, Chengdu, China, Mar. 23-26**

The Tang (candy/sweets) Jiu (spirits) show is China’s largest, domestic food show which takes place every spring in Chengdu and rotates around China for a second show in the fall. It is organized in a very non-traditional way and most Chinese food companies will rent floors in hotels to entertain clients before the show opens. Millions of dollars of contracts are signed and many of the companies depart before the show opens. ATO
Chengdu plans on hosting a wine tasting event the day before the show opens and USDA Under Secretary Scuse will lead a delegation of US Agricultural Commissioners to witness this show before going on to the FIC in Shanghai later in the week. For more information about this trade mission, please contact ATOs in Chengdu and/or Shanghai.

**Date:** March 23-26, 2012  
**Venue:** Chengdu New International Expo Center

### Food Ingredients China, March 28-30

The FIC is China's largest international show featuring food additives & ingredients industry with over 1000 exhibitors from more than 20 countries. The 2012 show will be endorsed by USDA for the first time. The show will also be held for first time at modern, convention center that was used for 2010 World Expo. For more information about joining the USA Pavilion, [click here](#).

**Date:** March 28-30, 2012  
**Venue:** Shanghai World Exhibition & Convention Center

### Bakery China, May 10-12

Bakery China is the largest international baking show in China, attracting more than 80,000 visitors including domestic and foreign wholesale distributors, food manufacturers and bakery owners. Bakery China 2012 will also be endorsed for the first time by USDA. The show will overlap with the SIAL China show at SNIEC which will draw in even more visitors. For more information about joining the USA Pavilion, [click here](#).

**Date:** May 10-12, 2012  
**Venue:** Shanghai New International Expo Center

### SIAL China, May 11-13

The SIAL China show features a wide array of international exhibitors focused on food and beverage marketing to the retail and HRI sectors. The show has gained tremendous growth over the last 10 years. A record 67 Exhibitors in last year's USA Pavilion generated USD1.4m on-site sales and USD25.6m 12-month estimated sales. In 2012, we plan to organize an additional USA pavilion dedicated to wine/spirits in the SIAL wine hall. For more information about joining the USA Pavilion, [click here](#).

**Date:** May 11-13, 2012
Venue: Shanghai New International Expo Center, China

+ Recent China GAIN Reports

| Fishery Products Annual | Fishery Products | Beijing | China - Peoples Republic of | 12/30/2011 | China’s aquatic production in 2012 is forecast at 55.3 MMT, up more than one percent over from 2011. The aquaculture sector is expected to continue growing, albeit somewhat slower, in response to… Fishery Products Annual_Beijing_China - Peoples Republic of_12-30-2011

| China to Cut Import Tariffs for 730 Commodities on January 1 | Agricultural Situation | Beijing | China - Peoples Republic of | 12/28/2011 | On January 1, 2012, China will adopt temporary duties on a total of 730 commodities, including agricultural machinery, fertilizers, animal feed, infant… China to Cut Import Tariffs for 730 Commodities on January 1_Beijing_China - Peoples Republic of_12-22-2011


Orange production in marketing year (MY) 2011/12 is forecast at 6.6 million metric tons (MMT), up 12 percent largely due to favorable weather conditions in major producing regions.

China's kidney bean production drops 21 percent to 750,000 metric tons in MY2011/12 due to planted acreage decline. The high prices as a result of production decline will decrease China's kidney...

FAS Beijing has revised its forecast for whole milk powder (WMP) imports for 2011 and 2012 downward to 350,000 and 366,000 metric tons, respectively. The downward revision is largely attributable to...

This report is an UNOFFICIAL translation of China's Ministry of Agriculture's updated list of Quarantine Harmful Bio-organisms by the People's Republic of China" as updated as of June 20, 2011.

This report contains an UNOFFICIAL translation of a National Standard of People's Republic of China, GB/T 20411-2006 for Soybeans...

This report contains an UNOFFICIAL translation of China's... Administrative Measures of Inspection and Quarantine on Entry-Exit G...
Canned peach production is forecast at 400,000 metric tons (MT) in marketing year (MY) 2011/12 (June-May), up eight percent from the previous year.

China's apple production is forecast at 35 million metric tons (MMT) for marketing year (MY) 2011/12 (July-June), up five percent from the previous year.

MY11/12 domestic cotton production is forecast at 7.3 MMT, down from the previous forecast 7.38 MMT due to lower than expected yields.

Bright future of California wine in China market.