

# **The Food and Beverage Market Entry Handbook: The People’s Republic of China: a Practical Guide to the Market in China for European Agri-food Products and Products with Geographical Indications**



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## Disclaimer:

Different official procedures described in this Handbook refer to China’s existing governmental structures (as of April 2018) that are currently under reshuffle. These are therefore likely to change in the future and hence may be outdated by the time of reading. The future version of the Handbook will take into account any relevant changes once details on the new structures are known.

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# 1 The Food and Beverage Market Entry Handbook: The People's Republic of China

This Handbook is intended to act as a reference for those agri-food producers planning for, or in the process of entering, the Chinese market. This Handbook provides **step-by-step guides** on the operationalisation of the GI market in China including relevant information such as **analysis of the Chinese market** for different product categories, **market access** and **market entry procedures**, **IP protection**, **referrals to professional buyers** and a signposting and referral system providing useful contacts and ways to penetrate the Chinese market.

## 1.1 How to use this handbook

Depending on your stage of market entry, company profile, and product range, different sections within this handbook will be helpful to a different extent for your business strategies.

For those wishing to learn more about the Chinese food and beverage market in general, section 2 provides a general country overview, and section 3 provides an overview of the business climate for agri-food products in general. These sections contain information on: the food and beverage market, market access procedures, customs procedures, SPS and labelling requirements, and the status of Geographical Indicators and Intellectual Property protection. The information contained within this section is of a general nature and so may not be relevant for those in the more advanced stages of market entry.

If you want to find out more information relevant for your product, then check out the **Market Snapshots for Selected Products**. This content illustrates the market situation, market access procedures, SPS requirements etc. specific for this product or product category. This information will provide more industry specific information to consider as part of any market entry or market expansion strategies.

If you already have decided that the Chinese market is where you want to be, but you need some support, then the **Support Services Directory** can point you in the right direction. Contact information for a service provider, business facilitation support organisation, or from a business contact, could help put you in touch with the right parties who can help you to build your brand in the Chinese market.



## 2 Country overview

### 2.1 General

#### 2.1.1 Country overview: China at a Glance



<b>Capital:</b>	Beijing
<b>Population:</b>	1.4 billion (2017) – largest in the world
<b>Area:</b>	9.6 million sq km (3.7 million sq miles) – 3 <sup>rd</sup> largest in the world
<b>Political structure:</b>	<ul style="list-style-type: none"> <li>• National People's Congress (2 989 members) is the legislative authority - elected every five years, it meets once a year;</li> <li>• the Communist Party makes most political decisions.</li> </ul>
<b>Major language:</b>	Mandarin Chinese
<b>Major religions:</b>	Buddhism, Christianity, Islam, Taoism
<b>Life expectancy:</b>	75 years (men), 78 years (women)
<b>Currency:</b>	Chinese Yuan Renminbi (CYN, RMB = 100 fen; 2017: 1 EUR = 7.54 CYN)
<b>GDP growth:</b>	6.5% (annual target: 2015-2020)
<b>Exports:</b>	22.3% of GDP (2015)
<b>Imports:</b>	18.7% of GDP (2015)
<b>Main exports:</b>	machinery/transport equipment (13%); telecom (13%); computers (9%)
<b>Main imports:</b>	machinery/ transport equipment (21%); petroleum & products (10%)
<b>Unemployment rate:</b>	3.7% (2017); urban: 4.1% (2015)
<b>Labour force:</b>	79% (2017)
<b>Main industries:</b>	<ul style="list-style-type: none"> <li>• <b>Agriculture:</b> employs 1.5% of the workforce</li> <li>• <b>Manufacturing:</b> accounts for 28.5% of GDP; employs 28.9% of the workforce.</li> <li>• <b>Services:</b> account for 51.8% of GDP. The service sector is expected to grow by more than 7% per year over the next several years, underlining the strength of private consumption.</li> </ul>
<b>Household income:</b>	EUR 13 650 (2016)
<b>Household expenditure on food and beverages:</b>	EUR 2 100 (2016)
<b>Food and beverage market:</b>	EUR 931 billion (2016)

Sources: OECD (2017), "Basic statistics of China, 2015", in OECD Economic surveys: China 2017; Euromonitor International Ltd; IMF; UN, World Bank; China National Statistics Yearbook 2016

- **Past economic and political trends:**
  - **continuous, strong growth, but slowing down since 2012;**
  - **rising middle class and disposable income, but persisting inequalities**

The 3<sup>rd</sup> largest country in the world by size, next to Canada and Russia, China has an area of 9.6 million square kilometres, or one-fifteenth of the world's land mass; is the world's 2<sup>nd</sup> largest economy after the US; and with a population close to 1.4 billion, the most populous country.

Since initiating market reforms in 1978, China has shifted from a centrally-planned to a market-based economy and has experienced rapid economic and social development. In recent years, China continues its transition from an export-led economy to one driven by consumption, with private final consumption, particularly of the rising and expanding middle class, the main driver. China continues to play an important role in global trade and economic development, being the largest contributor to world growth since the global financial crisis of 2008. GDP growth has averaged nearly 10% a year, the fastest sustained expansion by a major economy in history; although GDP growth has gradually slowed since 2012, it is still impressive by current global standards (UN, World Bank). Economic development has lifted more than 800 million people out of poverty; China reached all the Millennium Development Goals (MDGs) by 2015 and made a major contribution to the achievement of the MDGs globally.

Rapid economic growth has brought on many challenges, including high inequality; rapid urbanization; challenges to environmental sustainability; and external imbalances. Despite growth, China remains a developing country by many measures: per capita income is still a fraction of that in advanced economies, inequalities between rich and poor persist with a large income gap in both urban and rural areas, and market reforms are incomplete. China also faces demographic pressures related to an aging population and the internal migration of labour. According to the World Bank and the OECD, significant policy adjustments are required in order for China's growth to be sustainable; experience shows that transitioning from middle-income to high-income status can be more difficult than moving up from low to middle income.

China's income inequality has been on a declining trend since 2008 after having climbed to a very high level. This reflects some regional income convergence, as the central, western and north-eastern parts of the country have made progress catching up with the east, and a narrowing of the urban-rural income gap. Nonetheless, inequalities persist high in comparison to industrial countries: in 2015, there were 55 million poor in rural areas<sup>1</sup>, while the disposable income of the top 20% of the population was over 5 times higher than that of the bottom 20% in urban areas and over 8 times higher in rural areas<sup>2</sup>.

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<sup>1</sup> According to China's poverty standard (per capita rural net income of RMB 2 300 per year in 2010 constant prices) (Euromonitor).

<sup>2</sup> OECD 2017 China Economic Survey.

Across the income distribution, incomes of those in the middle have risen particularly strongly. China's middle class grew to 109 million adults in 2015, surpassing the size of the US middle class<sup>3</sup>. Accompanying this growth was a rise in average consumer spending: between 2012 and 2017, annual per capita consumer expenditure in China increased by about a third (in real terms: 2017 constant prices) to RMB22 731<sup>4</sup> (EUR 3 014).

- ***Current economic situation and mid-term outlook: buoyant market despite slow-down***
  - **GDP growth continues strong, fuelled by private consumption**

Gross domestic product (GDP) growth in China has remained strong in 2017, exceeding market expectations. The recovery in global trade has been an important factor supporting economic activity in 2017. Net exports contributed positively to growth in 2017, compared to a negative contribution in 2015-2016. Owing to favourable global financial conditions, as well as stricter implementation of capital controls and greater domestic market confidence, the Renminbi appreciated by 5.0% against the US dollar over January-November 2017<sup>5</sup>.

China's current (13<sup>th</sup>) Five-Year Plan (2016-2020), in continuation to the preceding (12<sup>th</sup>) 2011-15 Plan, aim to address the challenges brought by the rapid economic development of the past period. Both plans highlight the development of services and measures to address socio-economic and environmental imbalances, setting targets to reduce inequalities, improve access to education and healthcare, expand social protection, and to increase energy efficiency and tackle pollution. The annual growth target of 6.5%, to double GDP for 2010-2020, reflects the focus on *quality growth* by rebalancing the economy to achieve a "*moderately prosperous society*" by 2020. All sources agree that China's annual GDP growth rate of nearly 9% during the preceding decade (2006-15) exceeded all other economies worldwide, reinforcing the country's leading economic role, despite predictions for a slow down to just over 6% annual growth from 2016 onwards<sup>6</sup>. Despite the deceleration of GDP growth, real per capita income has been steadily on the rise (Figure 2-1).

The consumption growth fuelled by China's rising middle class is expected to continue strong. Total consumer expenditure has been steadily growing as a percentage of income and currently represents around 38.7% of GDP<sup>7</sup>. Current predictions for the period 2018-2030 are that total consumer expenditure will grow at an average annual rate of 5.3% in real terms, increasing by a cumulative value of 86.2% during the period<sup>8</sup>.

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<sup>3</sup> Credit Suisse, Global Wealth in 2015: Underlying Trends Remain Positive, October 13, 2015.

<sup>4</sup> Euromonitor International Ltd.

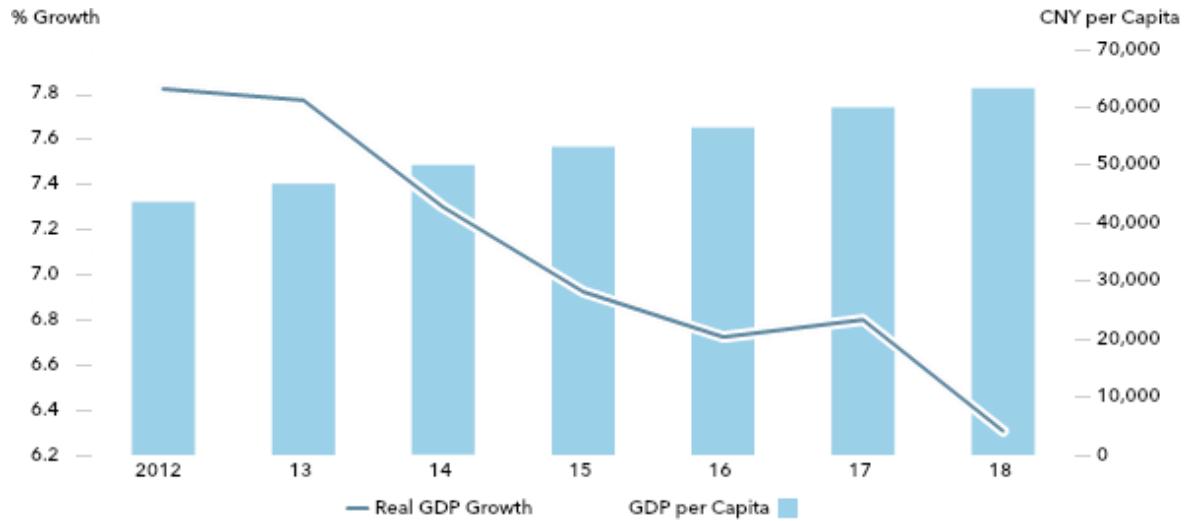
<sup>5</sup> World Bank: China economic update, December 2017

<sup>6</sup> OECD economic outlook; OECD/FAO Agricultural Outlook (2016); IMF world economic outlook (2016); World Bank; Euromonitor. This rate may be based on different time periods (between sources) from 2016 onwards.

<sup>7</sup> World Bank; OECD.

<sup>8</sup> Euromonitor International Ltd.

Figure 2-1: Real GDP Growth and Per Capita GDP: 2012-2018



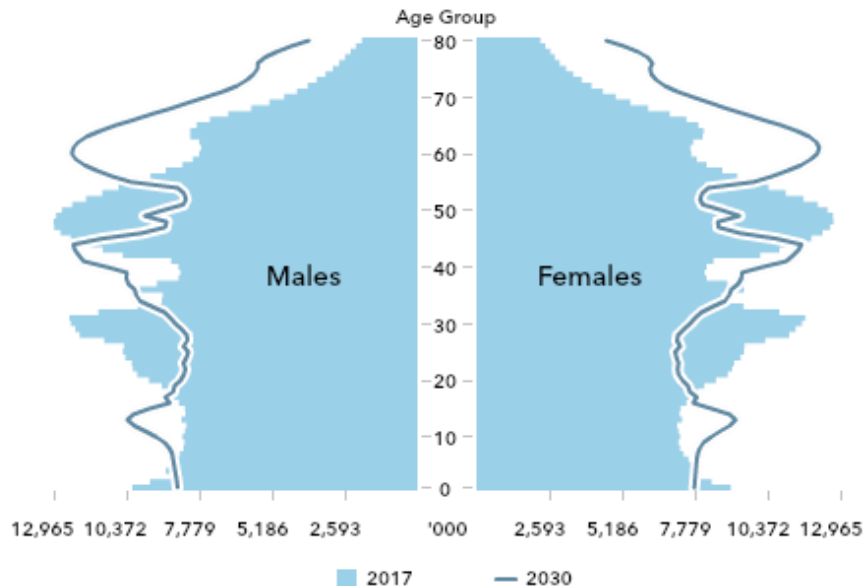
Note: Data for 2018 is forecast. GDP per capita are in constant 2017 prices

Source: Euromonitor International Ltd from national statistics/Eurostat/OECD/UN/IMF

- **Populations trends: continued demographic changes that can further fuel consumption**
  - **The one child policy has been abandoned**
  - **People continue to move to cities**

In October 2015, after over 30 years and increasing pressure for change, the Chinese government decided to abolish its controversial one-child policy; this is projected to **increase birth rates** in the short to medium term fuelling consumption, although not considered likely to reverse China’s longer term demographic problems (rapidly ageing population and shrinking labour force).

Figure 2-2: Age Pyramid in 2017 and 2030



Source: Euromonitor International Ltd from national statistics/UN

**Urbanisation continues:** while in 1980 less than 20% of China's population lived in cities, today more than half live in urban areas and up to 70% are expected to be urbanites by 2030.

**China reinforces its position as the world's largest trader and the EU's most important trading partner.**

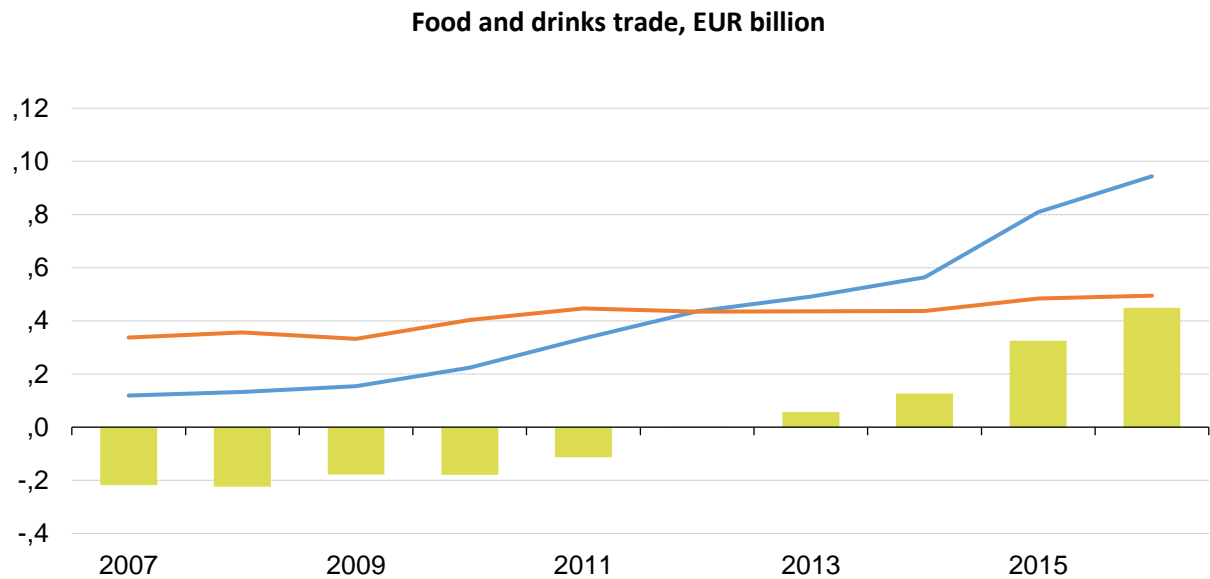
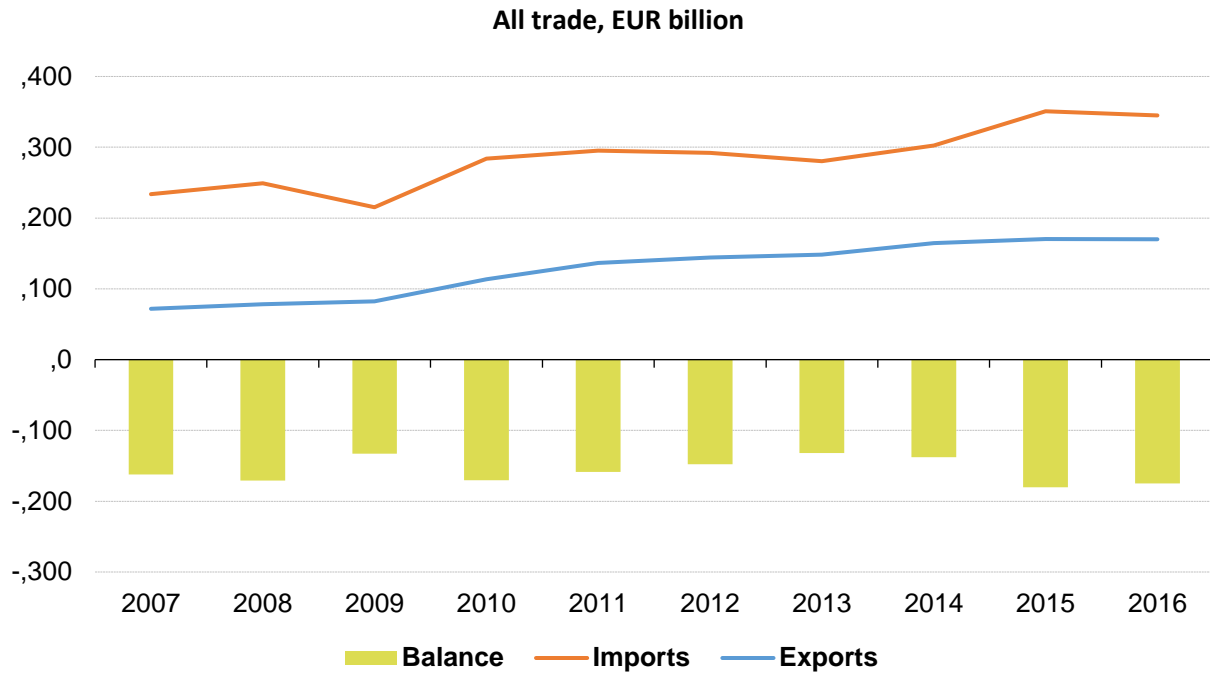
EU food and drink exports to China, although accounting for a modest share of all traded goods, have increased from 1.7% of total EU exports in 2007 to 5.6% in 2016, while food and drink imports from China have remained stable at 1.4% of all EU imports.

#### Key data on China's trade balance with the EU and worldwide (2016)

- ✓ The third largest importer and the largest exporter (12 % of world imports 17 % of world exports).
- ✓ The second largest partner for EU exports among the EU's trading partners (10% of EU exports).
- ✓ The largest partner for EU imports among the EU's trading partners (20% of EU imports).
- ✓ EU trade balance with China continues to be in deficit, peaking at EUR 180 billion in 2015 before dropping to EUR 175 billion in 2016.
- ✓ Manufactured goods dominate EU-China trade, accounting for 97 % of total EU imports and 85 % of total EU exports. This includes machinery, vehicles, chemicals and other manufactured goods.
- ✓ Among EU Member States, Germany is the largest importer (EUR 70 billion) from and largest exporter (EUR 77 billion) to China and has the largest trade surplus with China (EUR 7 billion).
- ✓ The largest trade deficits with China are held by the Netherlands (EUR 54 billion) and the United Kingdom (EUR 37 billion).
- ✓ **Food and drink**, although a relatively small share of total EU exports to China, has increased over the last decade (in line with the unit value index of total trade). The **trade balance has improved from a deficit to a surplus position** in the last 5 years, to EUR 4.5 billion in 2016. Food and drink is not currently amongst the top 20 of SITC level 3 products traded with China.

Source: Eurostat (COMEXT)

Figure 2-3: Imports, exports and trade balance between the EU and China, 2007-2016



Source: Eurostat (COMEXT)

- **China is the world’s largest e-commerce market and rapidly growing**, with online sales surpassing EUR 580 billion in 2015. Online-to-offline (O2O) commerce represents a growing sector for e-commerce companies and retailers. Consumers have been drawn to the convenience of shopping for imported goods online and picking up their order at physical, “offline” locations at their own convenience. O2O sales in China have grown 350% since 2011,

with sales surpassing EUR 46 billion<sup>9</sup> in 2015 and expected to double by 2018<sup>10</sup>. The growth in online sales has included food and drinks. For example, online is quickly becoming a preferred purchase channel for sales of fresh produce, especially among young professionals in Tier I cities; industry forecasts predict online fresh produce sales will reach EUR14 billion (15% of the total fresh produce market) by 2018<sup>11</sup>.

## 2.1.2 Geography and cities

For simplicity, China is often grouped into four markets: the North, East, South and West. Each of these encompasses multiple provinces and major urban centres. The main entry points for European produce are **Beijing**, **Shanghai** and **Guangzhou** representing the Northern, Eastern, and Southern markets respectively; whilst the Western market is less developed and imports of European produce in these areas are considerably lower.

### 2.1.2.1 Overview of urban markets

Chinese cities are ranked according to a “tier” system based upon factors such as their population, Gross Domestic Product (GDP), economic growth rate, cultural and historical significance etc.<sup>12</sup> In general:

- The markets for European produce are more developed in **Tier 1 cities** where there is better infrastructure and more sophisticated distribution channels, as well as the largest concentration of affluent and middle class consumers. As the markets are better developed for some product categories there may be issues of market saturation, with increasing logistics costs, rent, and competition negatively impacting retailers and distributors.
- **Tier 2** and in some cases **Tier 3** cities have the potential to be the main growth markets in the future; however, there are considerable logistical issues, including less well developed infrastructure, fractured distribution channels, and a lack of cold chain storage. Consumer awareness of European produce and average disposable income can also be lower.
- **Lower tiered cities** are often targeted solely by domestic companies and the challenges faced for establishing effective distribution and marketing for products will be higher than in larger urban centres, while demand for high quality European produce will not be as large or consistent as in more developed urban centres.

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<sup>9</sup> USD 51 billion

<sup>10</sup> China E-commerce & O2O Summary Report, iResearch, January 19, 2016.

<sup>11</sup> USDA Foreign Agricultural Service, “Fresh Fruit Market in North China,” GAIN Report, February 24, 2015.

<sup>12</sup> Ranking usually reflects market size and the sophistication of infrastructure or distribution channels. The tier system is dynamic, and there is an element of subjectivity (e.g. one ranking system may consider a city to be tier 1, while another may consider it to be tier 2). Cities classed as Tier 1 include Beijing, and Shanghai which are the most developed, Tier 2 cities including Tianjin or Suzhou are less developed but still important markets. Lower tiered cities in Tiers 3, 4, and 5 are often grouped together and their growth is often fuelled by manufacturing rather than service industries however these are seen as the drivers of future growth by many domestic and some foreign enterprises.

Table 2-1: Summary of the tier city system in China and related data (2017)

	TIER 1	TIER 2	TIER 3	TIER 4, 5 & Rural
<b>Number of cities</b>	4: 'Global Cities'*	~ 30	~ 250-300	> 35,000
<b>Cities</b>	<b>Beijing, Shanghai, Guangzhou, Shenzhen</b>	<b>Chongqing, Wuhan, Chengdu, Kunming, Hangzhou, Tianjin, Fuzhou, etc.</b>	<b>Beihai, Guilin, Nantong, Wezhou, Yinchuan, etc.</b>	<b>Taixing, Changxing, Changshu, Xinmin, etc.</b>
<b>Population and income</b>	<ul style="list-style-type: none"> <li>• 16 million households</li> <li>• \$163 billion household income</li> </ul>	<ul style="list-style-type: none"> <li>• 38 million households</li> <li>• ~\$325 billion household income</li> </ul>	<ul style="list-style-type: none"> <li>• 75 million households</li> <li>• ~\$488 billion household income</li> </ul>	<ul style="list-style-type: none"> <li>• 165 million households</li> <li>• \$~ 1,138 billion household incomes</li> </ul>
<b>City features</b>	<ul style="list-style-type: none"> <li>• Most developed cities, main centres of economic activity</li> <li>• Attract bulk of foreign and domestic investment</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial/regional capitals or special economic zones (SEZs)</li> <li>• High economic development due to government stimulus</li> </ul>	<ul style="list-style-type: none"> <li>• Prefecture-level cities, population &lt;1 million</li> <li>• Located in coastal areas or satellite cities to Tier 1/2 cities</li> </ul>	<ul style="list-style-type: none"> <li>• County-level cities and villages in hard-to-reach regions of China's interior</li> <li>• Manufacturing and agricultural-focused</li> </ul>
<b>Consumer features</b>	<ul style="list-style-type: none"> <li>• Affluent, sophisticated, cosmopolitan</li> <li>• Preference for imported, high-quality products</li> <li>• Food safety, health foods, organic produce very important</li> </ul>	<ul style="list-style-type: none"> <li>• Rapidly growing middle class with large amounts of disposable income</li> <li>• Growing appetite for imports amidst increasingly high standards for food safety and quality</li> </ul>	<ul style="list-style-type: none"> <li>• Rapidly growing middle class with increasing disposable income</li> <li>• Government-promoted economic migration from Tier 1 cities</li> <li>• High purchasing power due to low living costs</li> </ul>	<ul style="list-style-type: none"> <li>• Price-oriented, preference for domestic over imported produce</li> <li>• Preference for non-perishable produce</li> </ul>
<b>Distribution and cold chain storage</b>	<ul style="list-style-type: none"> <li>• Highly advanced and integrated cold chain infrastructure</li> <li>• Rapid end-to-end distribution (24–48 hours), facilitated by FTZs and high e-commerce penetration</li> </ul>	<ul style="list-style-type: none"> <li>• Government and private investment spurring high cold chain growth rates</li> <li>• Home delivery offered through third-party logistics providers</li> </ul>	<ul style="list-style-type: none"> <li>• Primarily serviced by long-haul refrigerated trucks</li> <li>• Logistical issues e.g. underdeveloped and fractured distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>• Highly fragmented, broken, and undeveloped</li> <li>• Inconvenient or far from distribution and transport hubs</li> </ul>

Sources: PMA 2017; OECD 2017; World Bank 2017; International Monetary Fund IMF Working Paper: Understanding Residential Real Estate in China, April 2015.

### 2.1.2.2 Snapshots of important markets

There are several important established and emerging markets for European produce within China which offer good entry points into the market or new areas for expansion. Snapshots of the most



important urban markets<sup>13</sup> are presented below: the selected Tier 1 (Beijing, Shanghai, Guangzhou, Shenzhen) and Tier 2 (Tianjin, Wuhan) cities represent significant entry opportunities due to their size, wealth and advanced connectivity, transport and retail structures, in comparison to the average situation in the rest of China<sup>14</sup>.

The selected cities were picked in 2010 under the National Urban System Plan to play a leading and developing role for their regions and perform key tasks in political, economic and cultural aspects. In 2016, in the light of a revised urbanisation strategy, all six cities feature amongst the 11 National Central Cities (complete urban entities able to drive regional development); furthermore, for Tier 1 **Beijing, Guangzhou, Shenzhen, Shanghai**, investment and growth targets are set to enable them to compete with peers on a global scale (*Global Cities*).

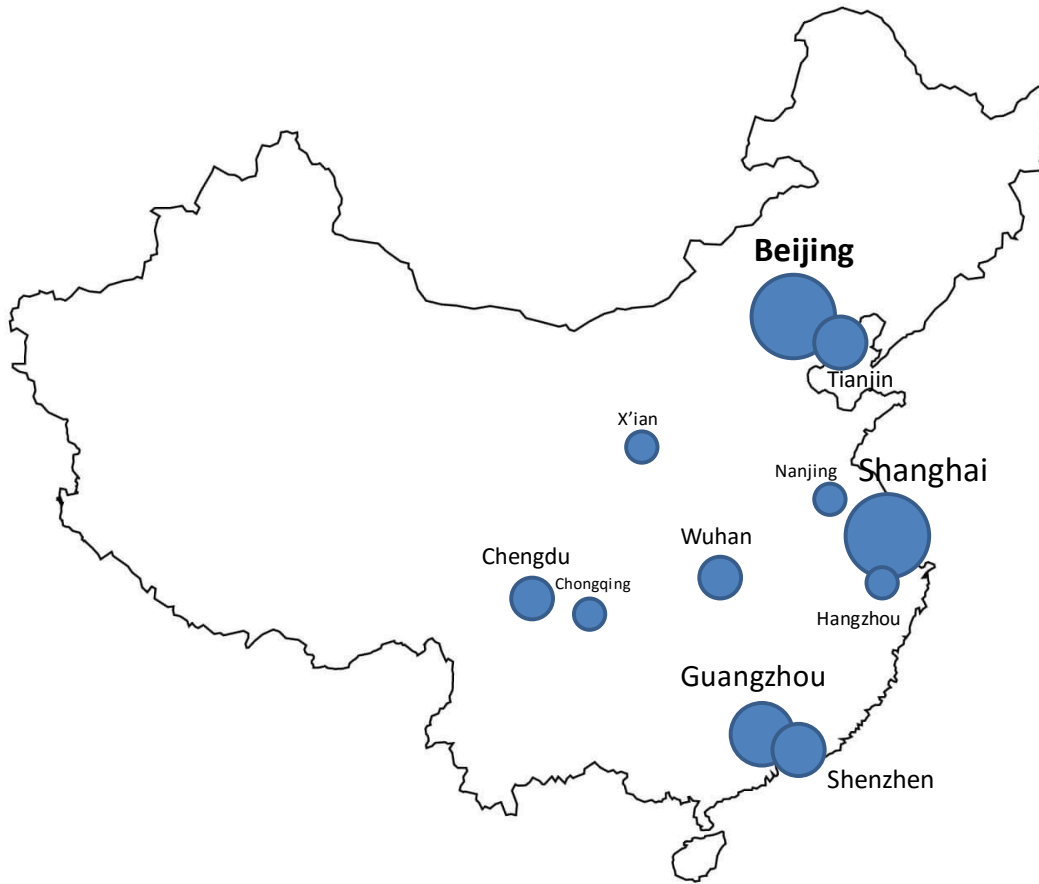
Figure 2-4 presents the largest Chinese cities by population, as well as an overview of the urban-rural population divide. Short profiles for selected cities are provided on the following pages.

*Figure 2-4: Overview of China's main cities and the urban-rural population divide*

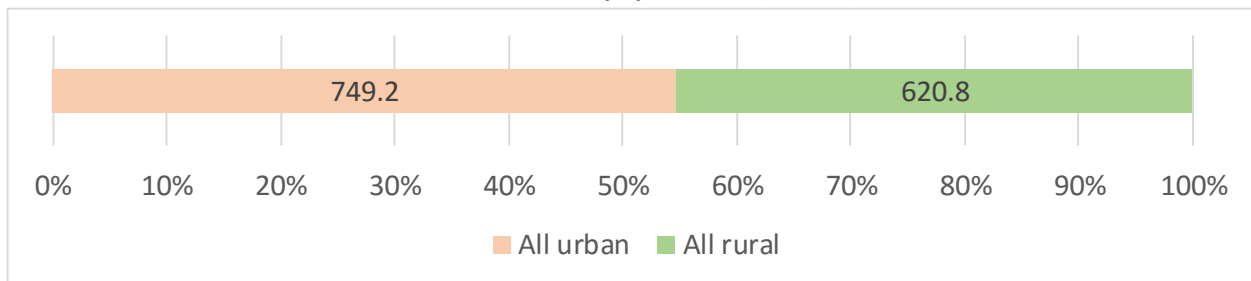
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<sup>13</sup> All data in the presentations refer to the Metropolitan Regions rather than the core cities.

<sup>14</sup> **N.B. The snapshots presented here are non-exhaustive and are meant to act as a starting point for individual research on potential markets within China.**



**Rural and urban populations (million)**



Source: China National Statistics Yearbook 2016; Euromonitor International Ltd

## Beijing

### **Key facts (2016):**

<b>Total GDP (current prices):</b>	<i>EUR 332 billion (3.3% of China total)</i>
<b>Real GDP growth:</b>	<i>6.8%</i>
<b>Population:</b>	<i>22.7 million</i>
<b>Total consumer expenditure on food and beverages:</b>	<i>EUR 25.5 billion</i>

As the **nation's capital**, Beijing has been driving to become a **“headquarters economy”** with a high reliance on service industry development. This has meant steadily rising numbers of white collar workers and middle class and affluent consumers. In comparison to most of China, relatively low levels of poverty and income inequality help maintain higher living standards. In 2016, 88% of households in Beijing could be defined as middle class (incomes over EUR 9 000) compared with only 56% in the rest of China, although facing a 67% higher living cost than the national average. Beijing is the second largest consumer market in China after Shanghai: in 2016, annual income (EUR 23 900) and expenditure (EUR 14 200) per household were on average 75% higher than in the rest of China; household expenditure on food and beverages (EUR 2 650) was 30% higher than the national average.

Beijing is a major hub for air freight and has rail links with major shipping centres such as Shanghai and Tianjin; investment continues on an integration programme between Beijing, Hebei province and Tianjin municipality and, since 2016, on a major railway project to unite the region. The objective is that, by 2030, some industry capacities and public service facilities would be transferred out of Beijing.

All major retail channels are well established and many have extensive experience with imported produce; however, competition between retailers can be fierce and market saturation is a concern.

**Sources:** China National Statistics Yearbook 2016, Beijing City Review (Euromonitor International Ltd)  
<http://www.euromonitor.com/beijing-city-review/report>

## Shanghai

### ***Key facts (2016):***

<b>Total GDP (current prices):</b>	<i>EUR 354 billion (3.5% of China total)</i>
<b>Real GDP growth:</b>	<i>6.8%</i>
<b>Population:</b>	<i>25.2 million</i>
<b>Total consumer expenditure on food and beverages:</b>	<i>EUR 35.0 billion</i>

Shanghai is both the **busiest port in China and the largest consumer market**. A high level of development and a large number of middle class, affluent, and ultra-rich consumers make this an important market for high quality imported produce. Shanghai accounted for 4.9% of all Chinese households with an annual disposable income exceeding EUR 90 000 in 2016, the largest share of any Chinese city, highlighting Shanghai's importance as a market for luxury goods and services. In 2016, household expenditure on food and beverages (EUR 3 225) was 58% higher than the national average.

As well as its port facilities, air freight handling capacity and well established rail links allow for further transportation into other markets in Eastern China as well as major centres further afield. Moving forward, to address slowdown in some manufacturing sectors (e.g. automotive industry), the authorities are striving to build the city into a more globally-relevant financial and innovation centre, while capitalising on its competitive advantage in trade and shipping.

Retail channels and distribution channels are well established however market saturation and increased costs such as rent and labour costs make it a competitive market for new arrivals.

**Sources:** China National Statistics Yearbook 2016, Shanghai City Review (Euromonitor International Ltd) <http://www.euromonitor.com/shanghai-city-review/report>

## Tianjin

### Key facts (2016):

<b>Total GDP (current prices):</b>	<i>EUR 251 billion (2.5% of China total)</i>
<b>Real GDP growth:</b>	<i>9.3%</i>
<b>Population:</b>	<i>16.7 million</i>
<b>Total consumer expenditure on food and beverages:</b>	<i>EUR 15.5 billion</i>

As a major shipping hub in Northern China with immediate proximity to Beijing, good infrastructure, rapid growth and an expanding population, Tianjin presents **opportunities both as entry point to Northern China and as a consumer market**. Tianjin has recorded the fastest growth (71% GDP growth in real terms over 2011-2016) compared to Beijing (48%) or Guangzhou (60%). With a growing population that has now reached 17 million (3<sup>rd</sup> largest Chinese city), the fourth largest port in the world, and connected to Beijing by high-speed train, Tianjin is slowly merging with the nation's capital to form a single megalopolis. As high levels of investment continue to fuel the development of its ports and manufacturing base (including large scale food processing), Tianjin is expected to continue its record growth (although at a slower pace).

In 2016, disposable income per household increased to EUR 17 450, 26% higher than the national average although not as high as Tier 1 cities. Over four out of five (81%) of the city's households were middle class (disposable income over EUR 9 000); although ranking below some of the most developed Chinese cities such as Beijing (88%) or Shanghai (86%), this is above the national average (56%). Annual household expenditure on food was comparable to the other cities at EUR 3 180.

Traditional retail channels such as Supermarkets and Hypermarkets have been expanding and focusing on trading up the quality of F&B produce to cater to a growing number of high end consumers.

**Sources:** China National Statistics Yearbook 2016, Tianjin City Review (Euromonitor International Ltd) <http://www.euromonitor.com/tianjin-city-review/report>, USDA, FAS Report: Tianjin - Gateway to North China, 2/6/2014

## Guangzhou

### ***Key facts (2016):***

<b>Total GDP (current prices):</b>	<i>EUR 253 billion (2.5% of China total)</i>
<b>Real GDP growth:</b>	<i>8.6%</i>
<b>Population:</b>	<i>13.4 million</i>
<b>Total consumer expenditure on food and beverages:</b>	<i>EUR 16.5 billion</i>

Guangzhou's location on the Pearl River delta and proximity to Hong Kong has made it an **important shipping hub and the fifth busiest port in the world**. Guangzhou has also become an important service centre and manufacturing base, and was named the most competitive city in China in the 2015 Blue Book of City Competitiveness report released by the Chinese Academy of Social Sciences (CASS) in 2016, followed by Taipei and Tianjin.

Higher salaries from a growing number of value added service industries, although offset by higher costs of living, compare favourably to the rest of China. In 2016, 80% of Guangzhou's households were exceeding the middle-class threshold (disposable income of over EUR 9 000). Annual household income in 2016 stood at EUR 25 685, and average household food and beverage expenditure at EUR 3 000.

Wholesale markets in Guangzhou play an important role in distribution of products at the provincial and national level aided by a developed river, rail and air transportation infrastructure.

**Sources:** Guangzhou City Review (Euromonitor International Ltd) <http://www.euromonitor.com/guangzhou-city-review/report>; <http://gz.bendibao.com/news/2015123/content179793.shtml>; <http://finance.sina.com.cn/china/dfjj/20150121/053921348885.shtml>; <http://baike.baidu.com/subview/6771/10628575.htm#7>; <http://news.163.com/15/0128/12/AH213TKR00014AED.html>

## Shenzhen

### ***Key facts (2016):***

<b>Total GDP (current prices):</b>	<i>EUR 242 billion (2.4% of China total)</i>
<b>Real GDP growth:</b>	<i>7.9%</i>
<b>Population:</b>	<i>11.0 million</i>
<b>Total consumer expenditure on food and beverages:</b>	<i>EUR 12.7 billion</i>

China's first Special Economic Zone in Shenzhen in 1980 started one of the world's most vivid examples of fast-paced urbanisation, with Shenzhen's population expanding from 314 000 to 11 million in 2016, making it the fifth largest city of China. The Port of Shenzhen ranked third in the world in terms of cargo volume at 24 million TEUs (behind Shanghai and Singapore), benefiting from its strategic location in the south of the Pearl River Delta, adjacent to Hong Kong. The Qianhai development zone in Shenzhen is set to become an entrepreneurial hub that focuses on attracting corporate financial services, with a particular emphasis on IT; upon completion in 2020, it will be home to a working population of 650 000. The Chinese government is set to invest EUR 58 billion into the project.

This level of growth has meant steadily rising numbers of highly educated, middle class and affluent consumers. As in the case of the other Tier 1 cities, in comparison to most of China, relatively low levels of poverty and income inequality help maintain higher living standards. In 2016, 80% of households had incomes of EUR 9 000 or more compared with only 56% in the rest of China, although facing also higher living costs. This is the fourth largest consumer market in China: in 2016, average disposable income (EUR 19 300) and expenditure (EUR 14 600) per household were on average 80% and 70% respectively higher than in the rest of China, although household expenditure on food and beverages (EUR 2 300) was 10% higher than the national average.

All major retail channels are well established and many have extensive experience with imported produce; however, competition between retailers can be fierce and market saturation is a concern.

**Sources:** China National Statistics Yearbook 2016; Shenzhen City Review (Euromonitor International Ltd)  
<http://www.euromonitor.com/Shenzhen-city-review/report>

## Wuhan

### ***Key facts (2016):***

<b>Total GDP (current prices):</b>	EUR 152 billion (1.5% of China total)
<b>Real GDP growth:</b>	7.7%
<b>Population:</b>	10.6 million
<b>Total consumer expenditure on food and beverages:</b>	EUR 8.7 billion

Wuhan is the economic, manufacturing and transport/logistics hub of Central China, due to its location on the Yangzi and Han river ways and on the border of Northern and Southern China. The city has seen impressive growth in recent years and is increasingly international in its development perspective, while expansion plans under way provide a promising outlook. At the heart of the "Wuhan city cluster", Wuhan is planned to join eight other cities within a 100km radius, reaching a total population exceeding 30 million. Although currently the second largest inland port in China (behind Nanjing Port), Wuhan port is expanding to reach by 2020 a container handling capacity four times higher the 2015 level and become the largest inland port. Wuhan ranked third, an impressive 10-position leap from the previous year, behind only Beijing and Shenzhen, in "China's Urban Competitiveness Report 2016" drafted by Chinese academic groups including the China Academy of Social Sciences.

Whilst salaries are lower this is counteracted by lower costs of living, and middle class and affluent consumers have disposable incomes comparable to other Tier 2 cities (Tianjin). In 2016, average disposable income per household grew to EUR 15 800, whilst annual household expenditure on food and beverages reached EUR 2 300.

Wuhan is a potential growth market for products already established in China but more challenging than Tier 1 cities for distribution, retailing and marketing, as brand awareness will be lower and domestic competition fierce for products aimed at price sensitive consumers.

**Sources:** China National Statistics Yearbook 2016; Wuhan City Review (Euromonitor International Ltd) <http://www.euromonitor.com/wuhan-city-review/report>; <http://hb.qq.com/a/20150216/011579.htm>; <http://baike.baidu.com/link?url=gyqBQD0ed0wMoQ6UgW79LWrg0rhLiHNzEG4DLSNBSQKNBEOhI92xagnuq5WMCr-ftMUKWmi6Erd7KgVX6WW0JIP8WHUUF4bxXeVwqmF-7Eq>

## 2.2 The food and beverages market

### 2.2.1 Overview of food trade

Demand for imported products continues to be strong, driven by urbanisation and the increase in disposable income of the middle class. Middle class consumers in China are projected to spend more than EUR 570 billion on food products in 2018<sup>15</sup>. Sales of imported food products are reported to be growing at an estimated 15% per year against a worldwide average of around 4%. Competition is high. Imported goods increasingly compete with Chinese products both on quality and price: improvements in

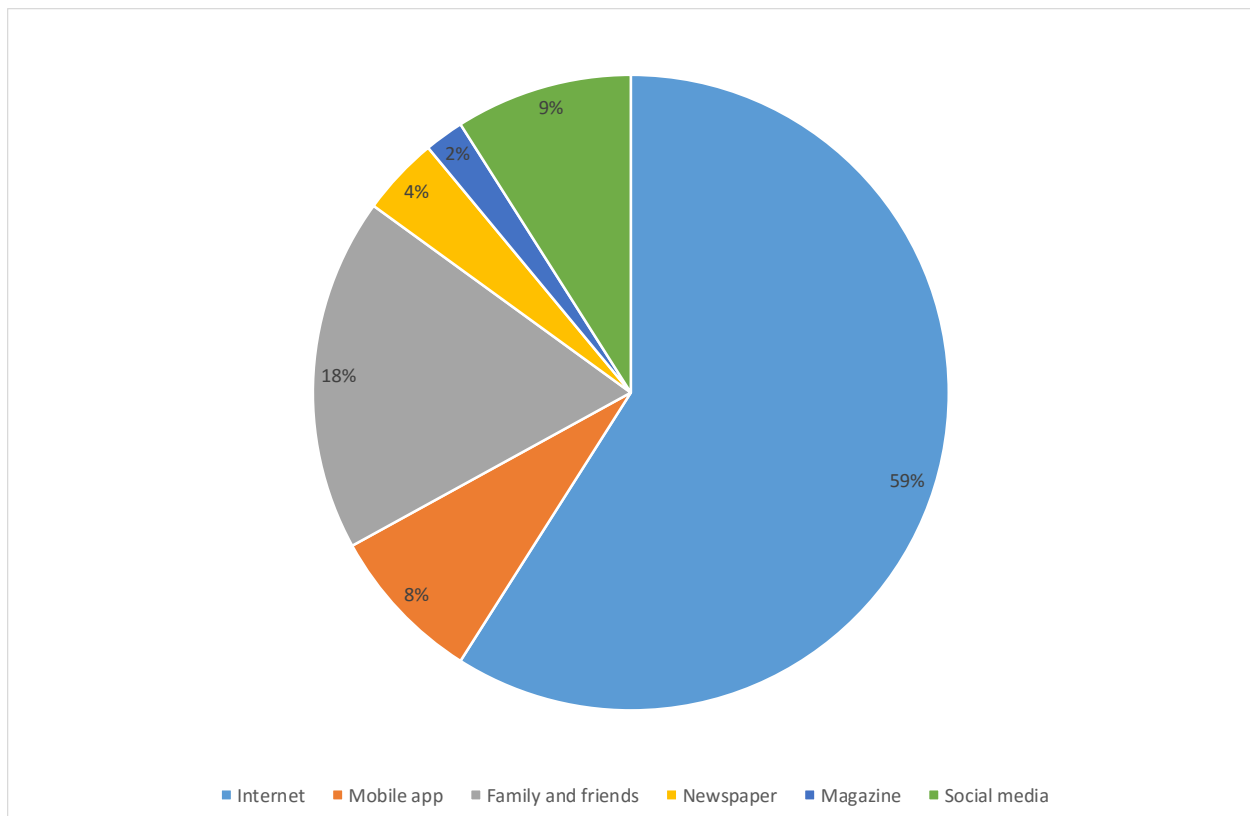
<sup>15</sup> Based on Euromonitor International Ltd projections.



the quality of domestic products and higher taxes for imported goods pose potential barriers for exporters to China.

As with many other goods and services, general internet searches<sup>16</sup> provide the main source of information for Chinese consumers researching food brands for information before purchasing a product, followed by family and friends, and social media/mobile applications (Figure 2-5). According to a 2016 survey panel<sup>17</sup>, 94% of consumers have purchased food online at some point<sup>18</sup>, while 84% have purchased imported products with the majority buying imported food online as a gift. The most important triggers for buying imported food are safety (4 out of five respondents to the panel) and quality/brand (two out of three respondents). Favourite origins include the US, some EU countries, Japan, Canada and Australia.

Figure 2-5: Source of food information in China



Source: Agra CEAS based on [www.marketingtochina.com](http://www.marketingtochina.com)

<sup>16</sup> Baidu (China's Google).

<sup>17</sup> Marketing to China, 2016

<sup>18</sup> Tmall.com was the preferred platform (other popular platforms included JD.com and Yihaodian.com).

## 2.2.2 Retail channels

### 2.2.2.1 Retail overview

- **Supermarkets and hypermarkets remain the most important distribution channels for packaged food, but internet sales are gaining share.**

*Although supermarkets and hypermarkets remain the leading distribution channels for packaged food, internet retailing is gaining ground. Some companies are launching new products online even earlier than through offline retail channels. Furthermore, thanks to an improved cold-chain system, chilled food such as drinking milk products, butter and cheese all recorded rapidly climbing shares of internet retailing.*

Imported produce of EU origin can make use of several different retail channels each of which with their own advantages and disadvantages. Understanding the potential of various retail channels is important for understanding the market and shaping entry strategies accordingly.

**Hypermarkets:** Foreign operators play a major role in the hypermarket segment and by combining multiple stores, restaurants, cafes and other amenities these have managed to successfully attract middle class consumers. Operators often have a high degree of familiarity with foreign brands and often can effectively promote these products however constraints include limited total stock keeping units (SKUs) for imported products and price sensitive consumers.

**Supermarkets:** Domestic enterprises dominate the supermarket segment and the market is less consolidated than for hypermarkets. Many supermarkets are introducing or expanding the number of upmarket lifestyle stores which contain a higher proportion of imported products and sell products at a premium. In lower tiered cities imported foodstuffs are present but usually those already well established in the Chinese market place. Supermarkets may deal directly with producers or importers but usually rely more on wholesalers and distributors.

**Specialty or boutique stores:** Primarily located in Tier 1 and 2 cities and targeting affluent consumers and expatriates these stores often stock specialty items not found elsewhere in the Chinese market. With large total of SKU dedicated to imported products and customers willing to pay a premium these can act an entry point for high-end agri-food produce. Whilst the number of these stores is increasing geographical distribution is currently limited and volumes of sales are low compared to Supermarkets and Hypermarkets.

**Convenience stores:** Growth of convenience stores is slowing in tier 1 cities where saturation is becoming an issue however there are low concentrations in lower tiered cities. The sector consists mostly of domestic operators however international operators also have an established market share. Imported products are available however these will tend to be ready to consume products in the low to mid-price range and SKU will be limited.

**Hotels, restaurants, and cafés:** Catering to a wide range of consumers, these venues have been able to increase exposure to European produce and build awareness of high quality foods and beverages. Tier 1 and 2 cities have high concentrations of high-end venues however mid-range venues, café chains and fast food chains are expanding in lower tiered cities. High end restaurants and hotels have seen slow growth due to austerity measures restricting official dinners and banquets and may be hesitant to procure premium products. Difficulties can arise if F&B managers of smaller operators fail to pay, or pay at irregular intervals for products and often operators will deal solely with wholesalers and distributors rather than with importers or producers.

**eCommerce:** B2B, B2C and C2C platforms have all grown rapidly in recent years and younger tech savvy consumers are increasingly turning to eCommerce in favour of bricks and mortar retail outlets. Imported F&B products are already dealt on some platforms and when conducted via free trade zones requirements such as Chinese labelling are not required lowering operational costs for producers. Difficulties can arise with the issue of counterfeit products on platforms and poor service from outsourced logistics and delivery companies.

### 2.2.2.2 Retail landscape trends

Several important trends are altering the retail landscape in China in response to increased competition in more developed markets, more investment in infrastructure, and increased access to the internet.

- The number of small independent stores and wet markets has been on the decline as retail channels become more consolidated.
- Supermarkets and hypermarkets are showing growth however due to increased competition and costs operators are repositioning with several large chains have been closing underperforming stores in tier 1 and 2 cities.
- eCommerce is on the rise with both B2B and B2C platforms performing well with the recent introduction of cross border eCommerce via free trade/bonded zones opening new opportunities for foreign producers.
- Specialty and Boutique stores as well as high end lifestyle stores are increasing to respond to increased demand from increasingly sophisticated consumers.
- Restaurants targeting mass consumers in the wake of austerity measures.

#### **Business Contact Database:**

A database of importers, wholesalers, retailers and distributors can be found in [Annex II](#).

*N.B. due diligence will have to be performed for any contacts on this database as no warranty is given as to the standing of these individuals, organisations or firms and no corresponding responsibility or liability is accepted by the authors.*

### 2.2.3 Distribution and Logistics

Logistical planning for transport of European produce to China is complex and requires an end-to-end understanding of the supply chain as well as of the considerations and challenges that will be faced.

### 2.2.3.1 Transportation Infrastructure

Transportation times and costs vary upon the mode of transportation selected and goods destined for non-coastal regions or lower tiered cities may require a combination of two or more means of transport to reach the market.

**Shipping:** The main method for transporting goods from Europe to China is shipping by sea with main ports of entry in China being: Shanghai, Shenzhen, Ningbo-Zhoushan, Qingdao, Guangzhou, Tianjin, Dalian, Xiamen, Lianyungang and Suzhou<sup>19</sup>. Although shipment can continue along the major waterways of China alternative means of transport such as rail should also be considered once products have reached a major coastal port. Shipping from Europe to China can take upwards of one month to coastal ports and is therefore suitable for produce with long shelf lives.

**Air freight:** Handling capacity for air freight is concentrated in tier 1 cities such as Beijing, Shanghai, and Guangzhou however investment and development initiatives for civil aviation in China are improving the number and capacity of provincial and local airports. Due to high costs air freight is often only economical for low volume high value goods and for goods with a short shelf life.

**Rail freight:** The Chinese government at both the central and local levels started again to support further development of high speed rail lines<sup>20</sup> potentially increasing the role of rail transportation for import. The domestic rail system has been the focus of relatively recent investment, over the last decade, with new high speed lines connecting major urban centres and focussing on upgrading provinces in Western China. Just under 22,000 km of new lines were built between 2008 and 2013<sup>21</sup>; the network's current outlook across China involves significant investment on a 5-year plan stretching over 30,000 km of high-speed lines<sup>22</sup>, of which two thirds were operational in 2017 and one third planned to be built to 2020. Connections with Europe have been developed by several Tier 2 cities such as Chongqing, Chengdu, Wuhan, and Zhengzhou. Transport from Europe can take between two and three weeks although these times may be reduced where lines are upgraded (Figure 2-6).

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<sup>19</sup> Chinese Port Online: <http://www.chineseport.cn/bencandy.php?fid=47&aid=177710>

<sup>20</sup> Following a deadly train crash, there has been a temporary halt in new rail projects between 2012 and 2017.

<sup>21</sup> FCO Country Update, April 2013

<sup>22</sup> Economist, 2017

Figure 2-6: Operational high speed rail lines in China, 2017



### 2.2.3.2 Distribution Channels and Intermediaries

Wholesalers, agents and brokers and professional logistical support service providers in China can assist in developing the correct strategy for the market. When correctly used, an agent working for commission or a distributor making margins on final sale price can help reduce market entry costs and time required. These potential benefits however must be weighed against possible downsides of additional costs, less control over marketing and sales as well as protection of intellectual property rights.

When selecting an intermediary due diligence should be performed and various factors need to be considered when evaluating the suitability of any potential business partner. Factors such as:

- Company size and ownership – especially whether it is privately owned, a WFOE, or a SOE
- Customer feedback and references
- Professional accreditation of the service provider
- Regional coverage for distribution

- Types of outlets and organisations covered
- Logistical capacity such as warehousing, transportation and cold chain storage capacities

### 2.2.3.3 Difficulties

Capacity issues for cold chain storage mean that the movement of perishable goods can be challenging and retailers accordingly operate local distribution with limited national distribution of non-perishable products. Getting fresh European produce to consumers in markets away from the major entry points (Beijing, Shanghai, and Guangzhou) therefore remains a challenge.

Selecting a local or international partner and intermediaries to work with requires careful consideration and research on the part of producers as despite regulation by the authorities due diligence is still required to minimise the risk of scams and abuses. Disputes with or underperformance from agents and other intermediaries can also damage sales or add to operating costs for producers.

Retailers are often cautious of overstocking and so there may be less predictability for time gaps between product selling out and restocking. Whilst this is primarily a concern for importers and distributors it can also have knock on effects especially for products with shorter shelf lives.

Whilst distribution and retail has become more consolidated and sophisticated in recent years it is still less consolidated than in European markets. The market share and ranking of various industry leaders in the above channels will vary between different regions and also on a city by city basis and navigating this landscape can be costly when entering or expanding in the Chinese market. Market research on target markets is key for ensuring that the best retail channels are used for your specific product.

## 3 Market access and entry

### 3.1 Summary SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Largest market by population in the world.</li> <li>• Strong economic growth, and with it increasing disposable income.</li> <li>• Well-developed and further improving infrastructure around the main population centres in eastern / south eastern China.</li> <li>• Consumers have increasingly varied tastes.</li> <li>• EU products often have good reputations and / or are well recognised for some product types.</li> </ul>	<ul style="list-style-type: none"> <li>• State intervention can hamper the business environment.</li> <li>• The performance of some higher end product sectors is reliant on economic conditions.</li> <li>• Transport and refrigeration remain logistical issues for fresh products, particularly in lower tier cities.</li> <li>• Regulatory framework can be complex.</li> <li>• There is a low level of awareness of EU GI marks for several products; and low awareness of some product groups as a whole.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Consumers are developing more western dietary tastes.</li> <li>• Quality, reputation and heritage are key for some product types =&gt; opportunities for GI products.</li> <li>• Increased consumer interest in health provides opportunities for products perceived as healthy.</li> <li>• Emerging opportunities in tier 3 and 4 cities.</li> <li>• As the consumption of some product types is quite a recent phenomenon, there is limited brand loyalty providing opportunities for new entrants.</li> <li>• Strong gift giving culture =&gt; opportunities, particularly around festivals.</li> </ul>	<ul style="list-style-type: none"> <li>• IPR infringement; particularly in the case of higher value products such as wine and spirits. Limited consumer knowledge means that imitation products are not often identified by consumers.</li> <li>• Some competitors have favourable access under FTAs (e.g. Australia, Chile).</li> <li>• Anti-extravagance measures have impacted spending on luxury products.</li> <li>• Consumer loyalty to long established domestic brands/products in some sectors.</li> </ul>

### 3.2 EU Agri-food products, including European GI products

China continues to be an important market for European agricultural producers with impressive growth projections indicating that there will be increasing opportunities for European producers in the future. China's geographical and cultural diversity is comparable to that of Europe's whilst regional differences in the level of infrastructure, local and fragmented distribution channels can still pose challenges to those wishing to establish themselves in the market.

Various factors have contributed to an increased demand for high quality imported food and beverages and consumers are becoming more discerning and active in seeking out a wider variety of high quality, unique and safe products. Products with Geographical Indications (GIs), indicating the authenticity, variety, quality, tradition and heritage of the produce, are therefore well positioned to capitalise on market trends in China.

### 3.2.1 Market Size and Market Share

Consumer expenditure on food increased by over 40% from 2011 to 2016, to an average household expenditure of EUR 2,100 and a total expenditure of EUR 931 million<sup>23</sup>. International Grocery Distribution has ranked China as the largest grocery market in the world having overtaken the USA in 2012.<sup>24</sup> China is now the world's fourth largest importer of food and the grocery retail market is set to grow by 15% annually<sup>25</sup>. Although China is a net exporter of raw agricultural products and commodities it is a net importer of various intermediate and final agri-food products such as pork, other meats and edible offal, dairy produce, animal and vegetable fats and oils, beverages and wines.<sup>26</sup>

EU exports of agri-food products to China have been steadily rising in value, from approximately EUR 1.2 billion in 2007 to EUR 9.4 billion in 2016, resulting in a positive and rising balance of trade since 2013<sup>27</sup>. Year on year positive growth in the value of EU agricultural exports to China has meant that it is the fastest growing market for EU produce. The market share of China in total EU agri-food exports has also been increasing, enjoying an 8.7% market share in 2016.<sup>28</sup>

There is a growing market for both domestic and imported products with Geographical Indications as Chinese consumers seek high quality produce. The market for Chinese products with GIs has grown rapidly in the last ten years with the total number of Chinese GI products growing from 323 with a value of approximately CNY 100 billion in 2005, to 1949 products with a combined value of over CNY 800 billion by 2010 (approximately EUR 90.2 billion), whilst by 2013 there were 3210 products with a combined value of over CNY 1.3 trillion<sup>29</sup> (approximately EUR 158 billion). Sales of European GI products to third countries in 2010 were valued at EUR 11.5 billion with China accounting for 6% of export value for these GIs<sup>30</sup>.

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<sup>23</sup> China Country Factfile <http://www.euromonitor.com/china/country-factfile>

<sup>24</sup> China's grocery market reaches US\$1trillion <http://igd.com/About-us/Media/IGD-news-and-pressreleases/Chinas-grocery-market-reaches-US1trillion/>

<sup>25</sup> China-IPR SME Helpdesk: [www.china-iprhelpdesk.eu](http://www.china-iprhelpdesk.eu)

<sup>26</sup> China National Statistics 2016

<sup>27</sup> Eurostat (COMEXT): China-EU International trade in goods.

<sup>28</sup> European Commission: AGRI-FOOD TRADE STATISTICAL FACTSHEET, European Union – China. Based on Eurostat-COMEXT data.

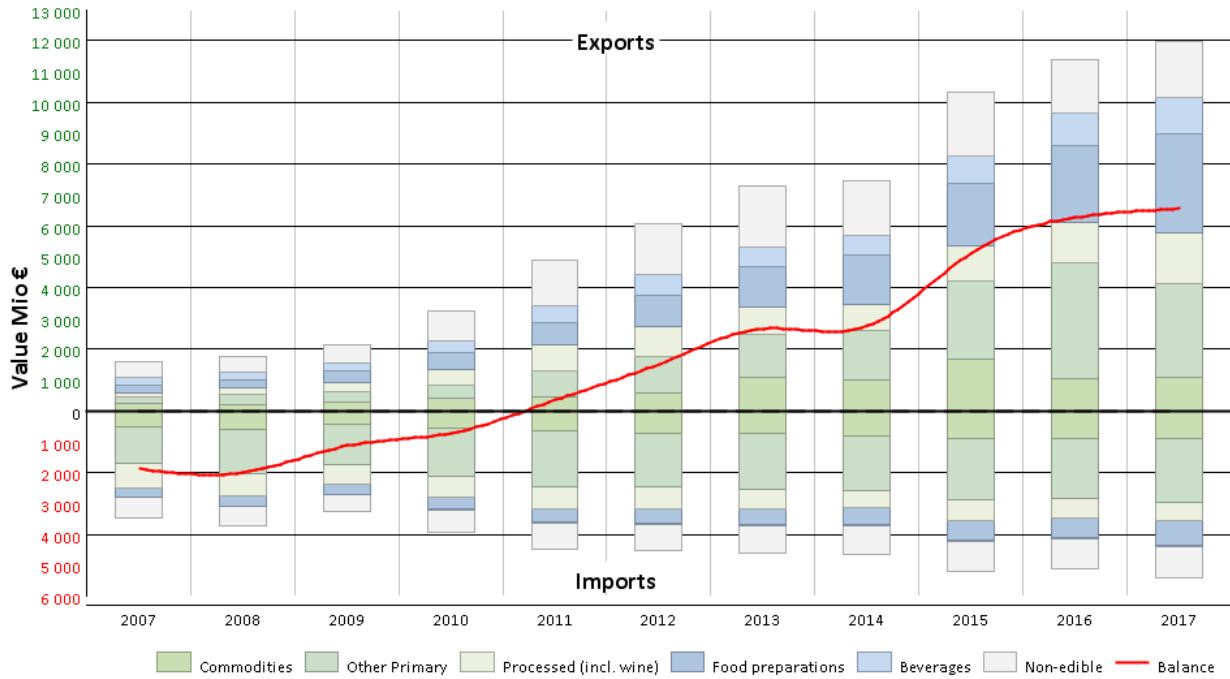
<sup>29</sup> "Research on nationwide geographical indications"

<http://www.sinogi.org/news.asp?newsid=1799&nclassid=429&nclass=????&anclassid=&anclass=>

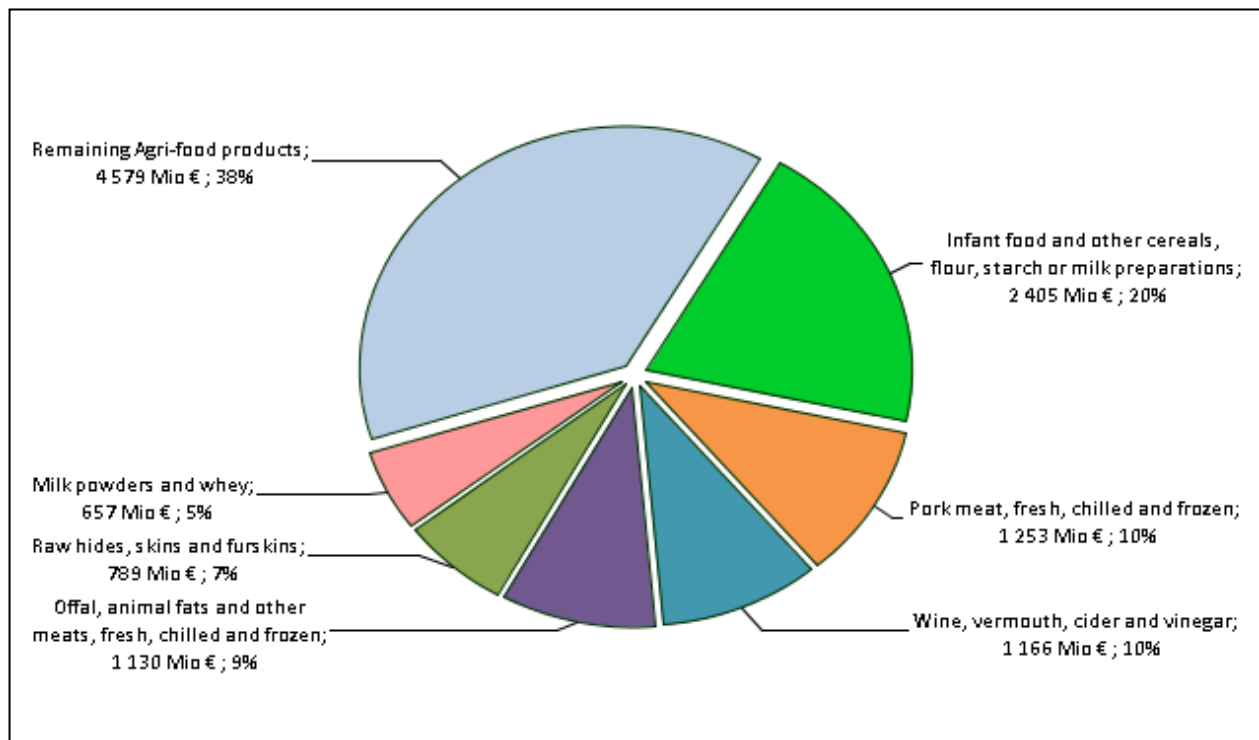
<sup>30</sup> "Value of production of agricultural products and foodstuffs, wines, aromatized wines and spirits protected by a geographical indication (GI)" Final report for the European Commission, 2012



Figure 3-1: Structure of EU agri-food trade with China, 2006 to 2017



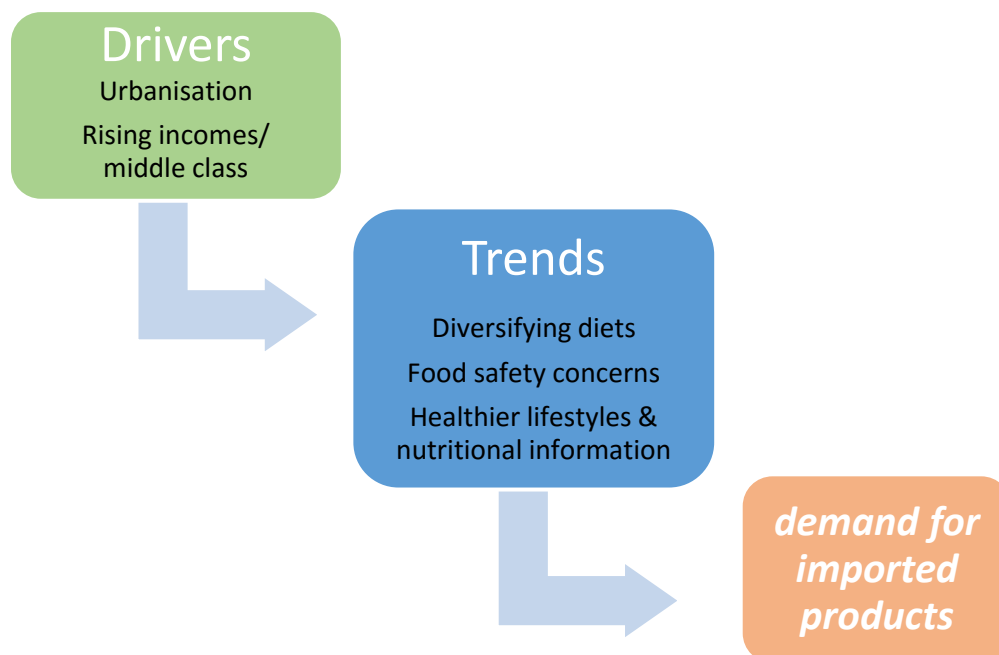
- By product category



Source: European Commission: agri-food trade statistical factsheet, European Union – China. Based on Eurostat-COMEXT data

### 3.2.2 Growth Drivers and Trends

The growth of the food and beverage market in general and the market for imported and domestic quality products has been driven by a number of factors, most significant of which are the two trends of rising disposable income, rising middle class and urbanisation (as outlined in section 2). This has accentuated the impact of new trends on demand, including diversifying diets, food safety concerns and healthier lifestyles, all of which are driving the market of higher quality imported and domestic products. Despite strong demand, imported food and drink products are facing increasing competition from improvements in the quality and profile of domestic products.



More details on drivers and trends are presented in section 3.2.3. The bullet points below provide a brief summary of the trends.

- **Rising income.** Disposable income has been on the rise following China's remarkable economic growth in earlier decades. Although on average incomes have improved in all classes, the rate of growth has been faster for the middle and affluent classes. This is reflected in the growth of different consumer types highlighted in section 3.2.3. As overall increases in incomes have led to diversification of diet, different patterns of consumption can be observed in consumers from different earning brackets. For example, those consumers at the higher end of the scale purchase more meat, dairy products, and alcohol compared to consumers in lower income brackets.
- **Diversifying diets.** Trends in income have led to an increase in the number of urban consumers and a diversification of diets. National diets have shown a trend of declining consumption of basic staples such as grains and an increase in the consumption of meat products, dairy products, fresh fruit and vegetables etc. At the top end of the market, there is increasing interest in products from other food cultures.

- **Food safety concerns and demand for imported foods.** Growing concerns over food safety in recent years have acted as a catalyst for increasing demand for imported products and demand for products with quality schemes. Food safety was ranked a *very big problem* by 41% of polled individuals in a 2012 Pew Survey meaning it was the third largest area for concern out of the 17 items polled for domestic issues. An increase in the number of national food safety standards has come in the wake of recent scandals and product marketing has sought to emphasise safety of products and production methods to allay consumer concerns. A recent example of this is the 2017 registration process for infant formula products, which continues the drive to improve standards in this area following a scandal in 2008. These increased concerns over safety have led to brands with good records to do well, and has raised interest in imported products.
- **Healthier lifestyles and nutritional information.** Chinese consumers are increasingly striving for healthier lifestyles, this has manifested with trends in decreasing spending on unhealthy foods and beverages, and the willingness to trade up and pay a premium for healthier options. As will be seen in section 4, this is reflected on a sector by sector basis.
- **More competitive imports.** In the long term the competitiveness of imported food in China is expected to rise as consumption grows faster than production. The cost of domestic produce has been increasing due to constraints such as limited land availability, rising input costs, and labour costs. Consumption is expected to outpace production by around 0.3% per year,<sup>31</sup> offering increased opening of the markets for imported produce. The signing of some recent FTAs has also boosted the competitiveness of imports.

### 3.2.3 Consumer profiles

***Rising incomes, an expanding middle class and increased exposure to foreign (including Western) lifestyles are driving demand for imported premium foods and drinks.*** Despite growth rates slowing in China disposable income is rising and consumers are becoming more sophisticated with an expanding middle class. These trends combined with an inherent desire to trade up has meant that there are more and more Chinese consumers now willing to pay a premium for higher quality products in general, including for high quality, authentic, imported foods. This trend is expected to continue strong as a result of rising income levels and increased exposure to overseas influences, through travel and the rise of cross-border e-commerce platforms.

Although consumer trends can vary at a regional or city by city basis, consumers in general can be categorised according to their socioeconomic status which often determines their motivation for purchasing European produce as well as the modes of consumption. For certain product categories, the factors influencing modes of consumption may vary and these differences will be raised in the respective sections on product subcategories.

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<sup>31</sup> People's Republic of China: OECD-FAO expect slower global agricultural production growth  
<http://www.oecd.org/china/oecd-fao-expect-slower-global-agricultural-production-growth.htm>

**High net worth individuals:** these consumers are usually the first or second generation of China’s social elite with high disposable incomes and predominantly concentrated in China’s tier 1 and 2 cities. The number of millionaires is increasing rapidly. In 2016 there were approximately 1.6m millionaires (with a personal wealth of CNY 10 million), up almost 10-fold over the preceding 10 years<sup>32</sup>. These millionaires are concentrated mostly in Beijing, Shanghai and Guangdong province, and as consumers see European high quality goods as a marker of taste and will purchase high quality products as part of their conspicuous consumption.

Knowledge of products may be limited and these consumers will often be drawn to well-known brands that come with high price tags and consumption can be occasional or frequent depending upon individual lifestyle. As exclusivity appeals to affluent consumers, retail channels such as hypermarkets or supermarkets are less likely to be utilised compared to boutique or specialist stores or purchases made in hotels, restaurants and cafés. Marketing campaigns for products targeting these consumers often emphasise the exclusivity of the product or themes of success and luxury and this segment can often act as trend setters for other social segments.

**Affluent consumers:** with less disposable income than their high net worth counterparts but with higher earnings than middle class consumers, the affluent consumer represents the upper end of the middle class and are an important demographic in both higher and lower tiered cities. Earnings will have risen to an inflection point where the affluent consumers will be focussed on trading up and do not mind paying a premium for this, foreign products and brands can be a means of attaining higher quality and can therefore be highly desirable. The “mass affluent” consumers in China – that is to say affluent consumers who have built their own wealth – are estimated at around 34 million<sup>33</sup>. More and more affluent consumers are travelling studying or working abroad and with exposure to European food and drinks culture they are more likely to have adopted new eating and drinking practices as well as a preference for high quality imported products.

Affluent consumers may purchase imported food and beverages on a frequent basis where these products play an increased role in nutritious intake and the range of products purchased will encompass both luxury products as well as daily staples. Purchases are made in both larger retail channels such as hypermarkets and supermarkets as well as in more specialist stores. Increasing concern of healthy lifestyles and a desire for high quality and safe produce should be accounted for in marketing as products that are perceived as unhealthy or marketed as being luxuries may suffer as a result of spending cuts in these areas.

**Middle class consumers:** are an important demographic in tier 1 and 2 cities as well as having significant purchasing power in tier 3 and 4 cities where lower salaries are offset by lower living costs. Although definitions can vary, they are generally considered to be consumers with an income over CNY 60 000,

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<sup>32</sup> <http://www.dw.com/en/number-of-chinese-millionaires-sees-rapid-surge/a-39322859>  
<http://www.hurun.net/en/ArticleShow.aspx?nid=4558>

<sup>33</sup> <http://www.scmp.com/business/companies/article/2100208/chinas-34m-mass-affluent-consumers-drive-75-pc-national>

with those earning over CNY 109 000 considered upper middle class. While it is challenging to estimate the number of these middle-class consumers, one estimate places them as accounting for 68% of the urban households in 2012, rising to 74% in 2022; implying a middle class of over 550m people by 2022<sup>34,35</sup>. Furthermore, not only is the number of middle class consumers expected to increase, but their income level as well with over half of urban households expected to earn over the CNY 109 000 by 2022 compared to just 14% at present. Factors such as increasing disposable income, more exposure to European food and drinks often from eating out at restaurants with Western or fusion cuisine as well as increased concerns over food safety, and a desire to trade up in purchases have all meant middle class consumers see European produce as increasingly attractive.

These consumers may purchase more expensive products on an occasional basis if they are savvier in their spending or have specific preferences picked up from previous dining or travel experiences, they will also purchase mid-price range products more frequently for daily or frequent consumption. The range of products may be more diverse than other consumer groups with imported products playing a larger role in changing diets. Where these consumers have increased awareness of the food and drink culture purchases will be more targeted and made in retail channels such as specialist or ‘lifestyle’ supermarkets whilst mid-price range products may be purchased in large hypermarkets or other traditional retail channels. Marketing should tap into the dual desire for trading up and also for healthier lifestyles with quality and safety assurances.

**Young consumers:** born in the 1980s or 1990s and having grown up in an increasingly outward looking China and cosmopolitan cities and with widespread access to the internet the new generation of consumers have had large exposure to Western culture and products. This demographic is the most likely to have adopted certain Westernised eating or drinking habits and are increasingly open to try new products. They account for an estimated 200 million people in China<sup>36</sup>.

Consuming products on an occasional basis they are also more likely to purchase products in the lower or mid-price range and are also more likely to use eCommerce rather than traditional retailing channels when purchasing food and beverage products. Although they may not have the disposable income to be as lucrative a demographic as affluent or white collar consumers these will be the next generation of consumers and building brand awareness now can lay the foundation for future sales in hand with future desires to trade up.

**Middle aged or senior consumers:** are more cautious in their purchasing behaviour than their younger counterparts and will place less emphasis on trading up and have less inclination for purchasing imported products as part of evolving lifestyles. The status of high end imported products does still resonate with senior consumers and they will still view these products as suitable for gifting purposes or for use at special occasions such as holidays therefore purchasing less frequently than other consumer types.

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<sup>34</sup> <https://www.mckinsey.com/industries/retail/our-insights/mapping-chinas-middle-class>

<sup>35</sup> “Doing Business in China” International Market Advisor, China Britain Business Council, UK Trade and Investment

<sup>36</sup> <https://www.mckinsey.com/industries/retail/our-insights/mapping-chinas-middle-class>

As they are generally less tech savvy than their younger counterparts. E-commerce is not a significant retail channel and the majority of purchases will be made at ‘wet markets’ (large open air markets) and supermarkets. As European products may also be consumed alongside traditional dishes or drinks raising awareness of how best to pair products with dishes is important for marketing success.

**Female consumers:** whilst female consumers are included in the categories above female consumers differ from their male counterparts in several key areas. Notable differences in an increased value placed on safety and quality of products, an increased focus on spending for children<sup>37</sup>, as well as different tastes for certain products such as a preference for wine over spirits and more fruit and vegetables compared to meat based products.

As education opportunities and earning power continue to rise for women in China understanding these preferences will be increasingly important. Although by no means universal, nor as prevalent today as in the past, women in China have often managed household finances; market research should therefore not underestimate the importance of female consumer preferences.

### 3.2.4 Cultural Sensitivities and Other Considerations

Cultural sensitivities can play as important a role as other considerations when it comes to purchasing trends in China whilst understanding other social factors within China that shape consumer behaviour and trends can be the key to successfully marketing products.

#### 3.2.4.1 Colour associations and packaging

Red is traditionally a lucky colour and high end food and beverage products often come in red packaging, especially when sold during holidays such as Chinese New Year (Spring Festival). White is traditionally associated with funerals and while there are more recent associations such as with the increase of white weddings, with the exception of certain dairy products food and beverage packaging is rarely wholly or predominantly white. The colour black is often used for packaging by manufacturers of luxury goods.

#### 3.2.4.2 Ethnic diversity and cultural sensitivities

Although China is predominantly Han (汉族) there are over 50 recognised ethnic minorities within China, whilst many of these ethnic minorities are culturally integrated with similar preferences for food and beverages there are still some important cultural sensitivities that should be borne in mind. Both the Hui (回族) and Uighur (维吾尔族) ethnic minorities, predominantly located in China’s Western regions with communities in large urban centres for other areas, are Muslim, and certain products such as pork and alcohol are not permitted in their halal diets. Prior to entering a new market research should access if dietary restrictions for other minority groups will have a significant effect on the local market.

#### 3.2.4.3 Pairing of foods and drinks

Food and beverages are often paired to complement each other’s flavours and to maximise perceived health benefits. Individual ingredients will be categorised according to their mode of preparation and properties with oily food, meat, spicy food, or sweet food, being classified as “heating”; whilst foods

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<sup>37</sup> As much as 30 to 40 percent of household income is dedicated to childcare and for food and beverages

such as vegetables, food with sour flavours, and with low calorific value, are classified as being “cooling”.<sup>38</sup> Dishes or combinations of dishes that are not balanced according to this system are seen as unhealthy and where consumers do not know how best to complement a European ingredients or products they may be hesitant to purchase them.

#### 3.2.4.4 Fusion cuisine

Chinese cuisine has proven itself fast to adopt and localise new and foreign ingredients and dishes for Chinese palates. Western restaurant chains and franchises that have expanded in China have often been flexible in their marketing strategy adapting their fare for Chinese consumers. Although the European heritage and traditions of PDO and PGI products appeals to many consumers, providing recipes or demonstrating how products can be paired with traditional Chinese dishes can increase exposure to a wider range of consumers.



#### 3.2.4.5 Eating in vs. dining out

Dining out in China is popular when compared to many other countries with 85% of Chinese consumers dining out at least once per week.<sup>39</sup> It is important to note that growing incomes have led to an increase for meat consumption for food away from home with higher income groups showing a significant increase in consumption of pork, beef and poultry.<sup>40</sup>

Chinese consumers are also more likely to purchase European products when dining out at Western restaurants, cafés or hotels as holding Western style dinner parties is not a common practice and does not enjoy the popularity of dining out at restaurants. When there are occasions for large gatherings and cooking at home, such as Chinese New Year, traditional foods remain the norm although the gifting of quality food products, such as wine, spirits, confectionaries, or cheese, has grown in popularity in recent years.

#### 3.2.4.6 Gifting

China has a strong gifting culture. While the range of gifted products is wide, food and beverages make up a significant proportion of the industry. Food and beverages are frequently given as gifts during Chinese holidays and on other important occasions with imported products often purchased specifically for such a purpose. The packaging and branding of products is especially important when aiming to

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<sup>38</sup> Anderson, Eugene N. (2013), "Folk Nutritional Therapy in Modern China", in TJ Hinrichs and Linda L. Barnes (eds.), *Chinese Medicine and Healing: An Illustrated History*, Cambridge, Mass.: The Belknap Press of Harvard University Press, pp. 259–260

<sup>39</sup> Report by Unilever Food Solutions on global consumer trends quoted at: <http://chinaretail.org/shownews.asp?id=3055>

<sup>40</sup> "Meat Demand in Urban Chinese Households" USDA GAIN report February 2012

capitalise on this market with products purchased for gifting often being individually presented with elaborate packaging.

Gifting was so prevalent that the practice was targeted as part of on-going austerity measures and anticorruption campaigns initiated by Xi Jinping in late 2013. Initially this affected the industry, with the marketing of both Chinese and foreign high end products shifting in response away from themes of luxury and orientated towards success. There has been some subsequent adaptation and recovery.

### 3.2.4.7 Chinese New Year Purchases

The largest and most significant holiday in the Chinese calendar has become an important time of the year for retailers. Consumers are spending ever increasing amounts on nianhuo 年货 (New Year products) with imported food taking up an increasing share of nianhuo purchases. Online retailer YHD, majority owned by Walmart Stores Inc, reported that imported food and drink accounted for 37% of nianhuo purchases in 2013 and 47% in 2014.



Total sales in 2014 increased 100% from their 2013 levels and the range of products available grew from 14,000 to 70,000.<sup>41</sup>

Womai, the e-commerce platform owned by the China National Cereals, Oil and Foodstuffs Corp, predicted that its sales of imported products in 2015 would triple the level reached in 2014 with demand driven by families in tier 1 cities.<sup>42</sup> The purchases made for Chinese New Year differ from gifting in that they can be done for family consumption and cooking rather than for business purposes and whilst concerns of “face” are still applicable products are more likely to have mid-price points.

### 3.2.5 Market access and market entry

There are a variety of requirements and restrictions for importing to China. While some apply to all sectors others vary by sectors. Table 3-1 summarises the requirements and restrictions through the list of documents that must be prepared/provided by the importer and exporter, with more detail provided on requirements for specific product categories in the corresponding parts of section 4. A simplified overview of the import procedure is presented in Figure 3-2.

Compliance with customs procedures can appear difficult for companies entering the market for the first time, however, suitable partners can offer assistance in all steps of the import procedure to help you get into the market. As non-compliance can lead to the rejection of products and in serious cases in criminal proceedings, it is important to ensure compliance. Particular points relating to note are:

- **Exporter and importer registration** are required (see box below).
- **Protocols and / or SPS certificates** are in place for some products.

<sup>41</sup> Spring in the air for food imports [http://www.chinadaily.com.cn/business/2015-01/10/content\\_19287687.htm](http://www.chinadaily.com.cn/business/2015-01/10/content_19287687.htm)

<sup>42</sup> Spring in the air for food imports [http://www.chinadaily.com.cn/business/2015-01/10/content\\_19287687.htm](http://www.chinadaily.com.cn/business/2015-01/10/content_19287687.htm)



- **Country bilateral agreements / sanitary certificates** are required for some product categories in order for operators from their territory of the country in question to be able to export (see box below for more details on SPS issues).
- **The most common reasons for the rejection of imports** are: incorrect labelling of products, poor quality of products / additives and the suspicions of under-pricing of products in customs declarations. Special care should therefore be taken to ensure no issues in this area.
- **Samples for trade fairs and tasting** follow the same procedures for imports. However, the number of samples taken for testing may be lower and the release of goods can sometimes also be completed without Chinese labels if an exemption for labelling is requested by the importer and approved by the appropriate food inspection agency prior to the arrival of goods in China.
- **Import licenses** are required by importers prior to goods reaching customs. EU producers can either establish a Wholly Foreign Owned Enterprise to obtain an import license or work with partners who have the necessary import licenses.
- **The processing times** for importing agri-food products into China are generally not fixed. The only basis for gauging the time frame for these processes may therefore be previous experience of other producers

#### **SPS issues and proposed certification requirements for low risk food products**

There are still some import conditions related to sanitary and phytosanitary measures for the import of agri-food products that are stricter than those required under international standards. Where these exist, these are covered in the relevant market snapshots for products. The most notable ones relate to the meat sector; for example, there are longstanding restrictions on bovine and ovine meat imports due to bovine spongiform encephalopathy (BSE also known as “Mad Cow Disease”).

China had intended to introduce new certification requirements for low risk food products in October 2017, which would cover all agri-food products not currently covered by certification requirements (e.g. confectionary, cereals, etc.; see Table 3-1). Following considerable discussions between the Chinese authorities on one hand, and the EU plus some other importing countries on the other hand, the implementation of this requirement was delayed until October 2019.

The EU continues to work closely with the competent authorities within China on all SPS measures that are identified as being potential barriers to trade, including on the aforementioned certification requirements for low risk foods which are currently scheduled to enter into force in October 2019.

**As requirements change over time, you should always check the latest requirements prior to export.**

**Keep up to date: Market Access Database: Procedures and Formalities**

Details of the required documents, including examples of these forms; detailed information on the procedures for customs clearance; and other relevant updates are available on the Market Access Database.

Both general information and specific information per product category is available via search functions using HS 4 codes: <http://madb.europa.eu/madb/indexPubli.htm>

## Exporter and importer registration

### **Disclaimer:**

***Different official procedures described in this Handbook refer to China's existing governmental structures (as of April 2018) that are currently under reshuffle. These are therefore likely to change in the future and hence may be outdated by the time of reading. The future version of the Handbook will take into account any relevant changes once details on the new structures are known.***

Registration with the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) is required for all producers wishing to export to China with additional registration required for other product categories:

### **Registration for Exporters and Agents**

Registration for exporters and overseas agents can be done online at:

<http://ire.eciq.cn/entire/>



Instructions in English and Chinese are available for download at: <http://ire.eciq.cn/>

### ***The importer, must have completed Foodstuff Importer Registration***

The registration process is similar to that for exporters, however this must be completed **in Chinese**. The importer is often a local Chinese partner, or a trade company, however European Producers can act as

exporters and importers by establishing a Wholly Foreign Owned Enterprise (WFOE) in China.

### Registration for imported food consignees in China

Registration for foodstuff importers within the PRC can be done online at:

<http://ire.eciq.cn/conire/>



Instructions in English and Chinese are available for download at: <http://ire.eciq.cn/>

Other products may require additional registration with the AQSIQ and Certification and Accreditation Administration of the People's Republic of China (CNCA) of production plants of exporters i.e. for dairy and meat producers. This registration process can include on-site visits from Chinese officials and bilateral cooperation between the relevant authorities within your products' country of origin and with CNCA.

Table 3-1: Standard documents required to import into China

	Wine	Spirits	Beer	Meat	Olive Oil	Fresh F&V	Processed F&V	Dairy Products	Processed Cereals	Bread & bakery	Confectionary	Honey	Live Plants
<b>To be prepared by the exporter</b>													
<b>Commercial Invoice</b>	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Packing List</b>	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Certificate for Registration of Foreign Exporters of Foodstuffs</b>	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Certificate of Health / Sanitation</b>	NO	YES	YES	YES	YES	NO	NO	YES	YES	NO	NO	YES	YES
<b>Certificate of Authenticity / Free Sale</b>	NO	YES	YES	NO	NO	NO	NO	NO	NO	NO	NO	YES	NO
<b>Air Waybill, Rail Waybill, or Bill of Lading</b>	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Cargo Manifest</b>	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Insurance Certificate</b>	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
<b>Certificate of Analysis</b>	YES (a)	YES	YES	YES	YES	YES (a)	YES (a)	YES (a)	YES (a)	YES (a)	YES (a)	YES (a)	YES (a)
<b>Buyer Seller Agreement signed by both parties</b>	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)	YES (b)
<b>Certificate of Origin</b>	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)	YES (c)
<b>Others</b>	Consolidated Wine Export	Permit to Import		Veterinary Health									Phytosanitary Certificate

	Certificate	Endangered Species and Products Thereof (d)		Certificate for Animal Products									
<b>To be prepared by the importer</b>													
<b>Customs Registration</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Customs Import Declaration</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Automatic import License</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Business License of Importer</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Import and Export Business License</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Certificate for Registration of Importer of Foodstuffs</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>
<b>Commodity Inspection Certificate</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>	<b>YES (e)</b>
<b>Permit to import live animals and plants subject to quarantine</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>YES</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>YES</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>	<b>YES</b>	<b>YES</b>

(a) The certificate of analysis should state the content of sulphur dioxide and sulphites in order to comply with Chinese standards which set maximum levels for these substances, as indicated in the Chinese Standards for Food Additives (GB2760-2015).

(b) Only at some ports.

(c) Only if requested by the importer.

(d) Applicable only to certain spirits that contain plants of endangered species.

(e) Not required for the first shipment.

Sources:

Exporting Food Products to China: A Step by Step Guide

<http://www.china-briefing.com/news/2017/06/13/exporting-food-products-to-china-regulation-and-procedure.html>

China (People's Republic of) - Export requirements for milk and dairy products

<http://www.inspection.gc.ca/food/exports/requirements-library/milk-and-dairy-products-china/eng/1519237219784/1519237220360>

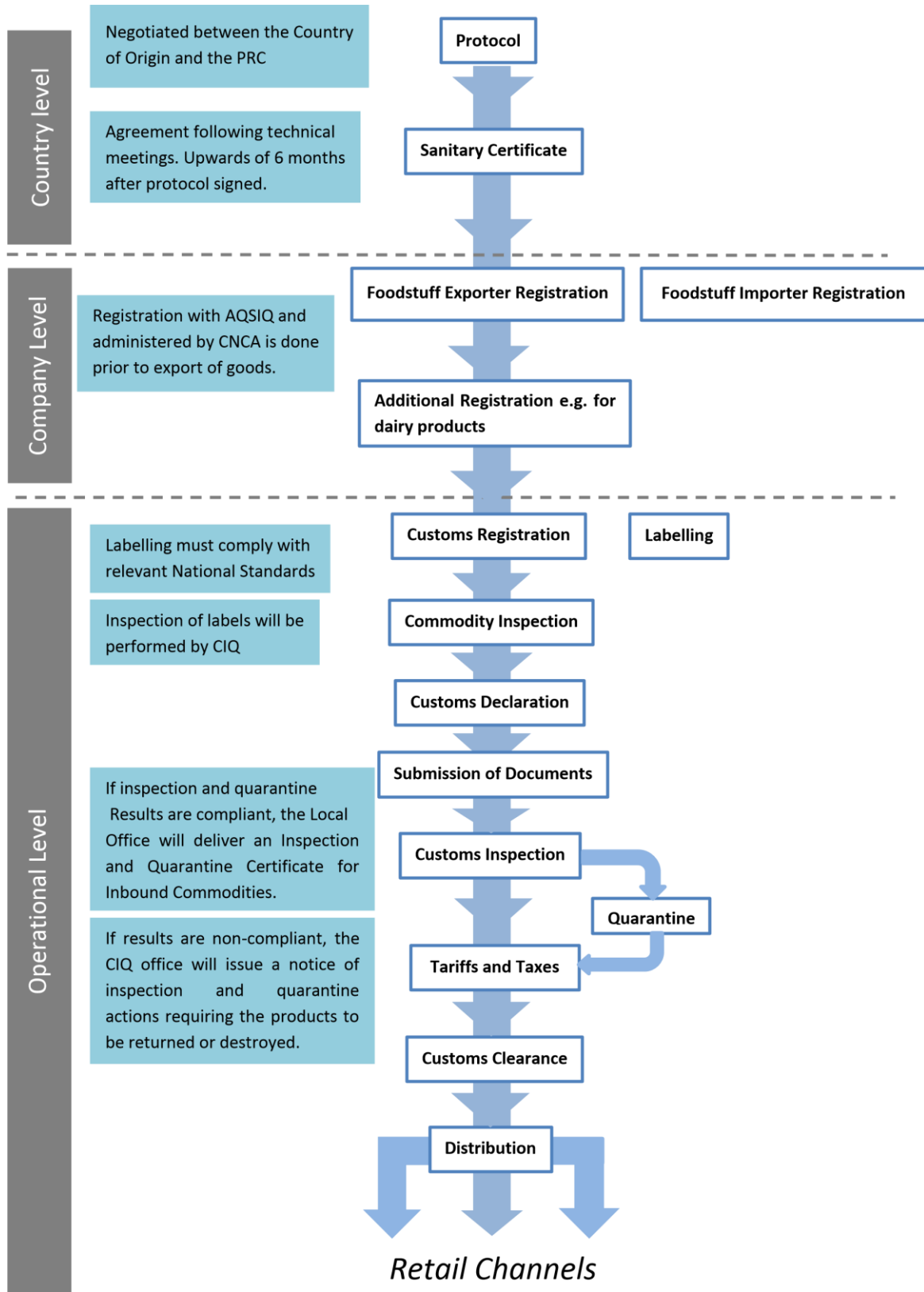
Various Sectors Export guides

<https://www.export2asia.com/blog/category/export-guides/>

Exporting Fresh Fruit and Vegetables to China

<https://www.pma.com/~media/pma-files/research-and-development/exporting-fresh-fruit-and-vegetables-to-china.pdf>

Figure 3-2: Overview of the import procedure





### 3.2.5.1 Labelling Requirements

The labelling requirements for products can be one of the stumbling blocks for companies exporting to China and those wishing to enter the market should ensure that they are in full compliance with all labelling requirements to avoid issues for customs clearance procedures. Food labelling is covered by several National Standards (国标) with certain products being subject to different labelling requirements such as with alcohol in general and also with wine.

**GB 7718-2011 general rules for labelling of pre-packaged foods national food safety standards** is applicable to the almost all agri-food products imported into China and provides details on both the content and format of labels. Other rules may apply to certain categories; where this is the case these rules are identified in the corresponding part of market snapshots for products.

In general, the following information, provided in simplified Chinese and the original language, needs to be contained on labels:

- Standard name of foodstuffs;
- List of ingredients as percentages in descending order of content, net weight and respective volume;
- Name and address of manufacturer and local agent or distributor;
- Production date, best before end date and guidance for storage;
- Country of origin;
- Quality grade;
- Code of national standard, or industrial standard, or enterprise standard for the production;
- Special contents if there are any (e.g. irradiated food).

All labels for imported foodstuff must be approved by the Chinese Inspection and Quarantine Service (CIQS) and the importer or distributor can work with customs during this process.

Article 12 of AQSIQ Decree 145, published in 2012, overseas food producers registered with CNCA must have their registration number printed on retail packaging from the 1<sup>st</sup> of May 2012.

#### Search for Standards

Compulsory National Standards are available in Chinese and can be searched for via their English or Chinese title as well as their reference number on the Standardization Administration of the People's Republic of China (SAC) official website:

[http://www.sac.gov.cn/SACSearch/outlinetemplate/gjbzcx\\_en.jsp](http://www.sac.gov.cn/SACSearch/outlinetemplate/gjbzcx_en.jsp)

#### General tips and best practices

Sending a small sample batch through customs before sending any major shipments of product can potentially identify labelling issues early meaning there is less chance that your product will be held at Customs for subsequent shipments.

Labelling standards are subject to change and so all parties wishing to export to China should work closely with parties experienced in import of foreign produce to ensure that labelling is done in line with the most recent regulations.

### Relevant Chinese Agencies

#### **Disclaimer:**

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#### **AQSIQ: General Administration of Quality Supervision, Inspection and Quarantine**

**Role:** Supervise the overall inspection process of imported cargo to ensure compliance with laws, regulations and administrative provisions. **Website:** <http://www.aqsiq.gov.cn/>

#### **CIQ: China Inspection and Quarantine**

**Role:** As the local branch of AQSIQ the CIQ handles inspections at the points of entry for imports.

**Website:** <http://en.ciqcid.com/>

#### **CNCA: Certification and Accreditation Administration**

**Role:** Directly under AQSIQ responsibilities include coordinating certification and accreditation activities.

**Website:** <http://www.cnca.gov.cn/cnca/>

#### **GAC: General Administration of Customs of the People's Republic of China**

**Role:** Customs hold all imported goods until inspection and approval, and the payment of all tariffs and taxes.

**Website:** <http://www.customs.gov.cn/publish/portal0/>

#### **SAC: Standardisation Administration of the People's Republic of China**

**Role:** to organize, coordinate and draft the programs on the development and revision of national standards

**Website:** <http://www.sac.gov.cn>

#### **SAIC: State Administration for Industry & Commerce**

**Role:** Regulate the market through administrative enforcement, draft relative laws and rules, and make regulations and policies on administration of industry and commerce **Website:**

<http://www.mofcom.gov.cn/>

## 3.2.6 The status of Geographical Indications and IP protection

### 3.2.6.1 An overview of the GI system

High quality and well renowned products are often the targets of counterfeiting in all markets but within China various levels of protection are available. Products with Geographical Indications benefit from the

protection granted by the international legal framework, where China has been a longstanding member of international organisations and a signatory of relevant agreements and conventions and also under the national legal framework consisting of both a trademark system and a *sui generis*<sup>43</sup> GI system.

China has been a member of the World Intellectual Property Organisation (WIPO) from the 3<sup>rd</sup> of June 1980 and has been a signatory to the Paris Convention for the Protection of Industrial Property from the 19<sup>th</sup> of March 1985 and to the Madrid Agreement concerning the International Registration of Marks from the 4<sup>th</sup> of October 1989. On the 11<sup>th</sup> of December 2001 China acceded to the World Trade Organisation.

At the national level, there are three GI systems within China run by different ministries / administrations<sup>44</sup>. These consist of:

1. A trademark registration system administered by the State Administration for Industry and Commerce (SAIC). Trade mark registration of the GI can be done as a 'collective mark' or as a certification mark.
2. The *sui generis* GI system run by the General Administration for Quality Supervision, Inspection and Quarantine (AQSIQ).
3. A GI system is run by the Ministry of Agriculture (MOA); however, this applies primarily to raw agricultural products.

Each body is responsible for the supervision and administration of the corresponding system. Details on each body can be found at the end of this section.

The number of domestic GIs registered within China has been on the rise, from 323 products in 2005 to 2 984 products by 2017<sup>45</sup> and there are a growing number of foreign producers who are registering their products as trademarks, GIs, or under multiple systems.

### 3.2.6.2 EU GIs

In 2011 the pilot EU-China Geographical Indications - "10 plus 10" project was launched with 10 EU GIs being registered within China and 10 Chinese GIs being registered within the EU as part of broader EU-China agricultural and rural development.

At the time of writing, 57 EU GI products have been registered in China following rightholder registration or under the aforementioned 10+10 project. The list of registered products can be found in section 7.5.1<sup>46</sup>.

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<sup>43</sup> A Latin term meaning "of its own kind or class", in this case it refers to the legislative framework established within the PRC rather than an international system.

<sup>44</sup> More information at: [http://www.china-iprhelpdesk.eu/sites/china-hd/files/public/Mainland\\_china.pdf](http://www.china-iprhelpdesk.eu/sites/china-hd/files/public/Mainland_china.pdf)

<sup>45</sup> <http://www.ccpit-patent.com.cn/node/4132>

<sup>46</sup> It should be noted that some GIs have also been registered with SAIC as trademarks. These are not included in the table.

Furthermore, the EU and China are in the process of negotiating a broader bilateral agreement on GIs which would allow direct protection of some GIs on the counterparty's market. As part of this agreement, the two trading partner have each put forward a list of 100 products to be protected under this agreement (10 of which are already protected under the 10+10 project; with the remaining 90 registered but not yet protected under the GI Agreement that is being negotiated). The list of the 100 products put forward by the EU are set out in section 7.5.2. At the time of writing negotiations to finalise this protection remain ongoing though it is understood that both parties are hoping to resolve the minor outstanding issues. A list of a further 200 products from each side is currently being discussed, with the intention being for these lists to be finalised during the 4 years following the entry into force of the initial bilateral agreement (on the 100 products) and for this additional list to enter into force thereafter<sup>47</sup>.

A guide to geographical indications in China is provided at the **China IPR SME Helpdesk**:  
[http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN\\_GI\\_online.pdf](http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_GI_online.pdf)

### 3.2.6.3 More details on GIs in China

#### Definitions

Within Chinese legislation there are three definitions of GI provided in the trademark system and the two GI systems' respective legislation and regulations. Whilst there are differences in the scope of coverage these are similar to definitions in international and EU legislation and regulations.

The first definition is found within Article 16 of the *Trademark Law of the PRC* which defines geographical indications as:

*'the origin of the goods the special qualities, credibility or other characteristics of the goods and it is primarily determined by the natural factors or other humanistic factors of the place indicated'*.

Article 2 of the *Provisions on the Protection of Products of Geographical Indication* states that GIs:

*'refer to products that originate from a particular geographical region with the quality, reputation or other characteristics substantially attributable to the natural and human factors of the region, and denominated with the name of the region upon examination and approval.'*

The final definition is for "GIs of agricultural products" found in Article 2 of the *Measures for the Administration of Geographical Indications of Agricultural Products* which states:

*'are special agricultural product indications, which are named after geographical names and are meant to tell that the indicated agricultural products are from a specific area and that the quality and major characteristics of the products mainly lie in the natural and ecological environment as well as cultural and historical factors of the area.'*

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<sup>47</sup> It is not possible to put an exact date on the entry into force of this agreement on the additional 200 products, but given the current status of negotiations it should be some time after 2022.

Whilst these definitions are similar to their equivalents under international systems it is important to note that where discrepancies exist between the Chinese and English versions of text the Chinese text will be held to be correct.

### GI logos

The standard forms of official logos to be used for products with GI status are outlined in the relevant legislation and regulations. They are displayed in Figure 3-3.

Figure 3-3: Official logos for GI products (SAIC, AWSIQ, MOA)



From left to right, the official logos to be displayed for GI products administered by SAIC, products registered with AOSIQ, and the logo for Agricultural GI produce registered with the MOA.

### Protection Modes

The protection of products with geographical indications varies according to the system utilised in terms of the scope of protection offered and the options for enforcement of rights. Under the trademark system protection is available at the request of the relevant party whilst under the *sui generis* system protection of geographical indications *ex officio*<sup>48</sup> is available.

**Protection under the trademark system.** Under article 16 of the Trademark Law of the PRC marks with GIs cannot be registered or used where the goods are not from the region indicated and where this would lead to the public being misled. Article 10 also prevents the registration of foreign geographical names well known to the public except where these have been registered as collective marks or certification marks. GIs that are registered as collective marks or certification marks are given the same level of economic and legal protection as provided for all other logos, names or marks that are registered as trademarks and allow for the exclusive use of the registered trademark.

- **Collective marks:** can only be used by the members of the registrants and its use as part of commercial activities indicates that the users are members of the registrants. A GI organisation is able to register for a collective mark and make this available for all members who wish to operate in the Chinese market. Examples include ‘Scotch Whisky’ which was registered by the

<sup>48</sup> A Latin term meaning “from the office”, in this case refers to government bodies carrying out protective measures as part of their mandated duties.

Scotch Whisky Association as a collective mark in 2010 with use available to all members since that point. Collective marks are intended to demonstrate that the user is a member of the mark registrants and can be considered as ‘closed marks’ in that they are not open for use by non-members.

- **Certification marks:** are to certify the characteristics of a product such as the origin, and the way in fact these products are manufactured and the ability to certify or supervise the production of these goods. This therefore overlaps with the Geographical Indications system allowing for GI products to be protected by certification marks. Certification marks are intended to guarantee the special characteristics of products, these are ‘open marks’ as any party external to the registrants that can demonstrate that their products have met stipulated requirements may use the mark and registrants are forbidden from refusing the right to use.

### Important points to note on China’s trademark system to ensure protection of your GI

The “first to file” principle applies, meaning that EU producers cannot seek registration where this is already legally owned by another private party. Registering trademarks early and active monitoring and opposition of other registrations may save considerable time and money compared to negotiating later with parties who own these marks or in initiating proceedings to cancel the registration.

**Registering a trademark in the correct class** is important. China’s trademark system further subdivides the 42 classes of commodities and services set out in the International Classification of Goods. It is essential for companies registering trademarks to specify which of these sub-classes are required as well as the parent class. If only the parent class is registered the China Trademark Office (CTMO) will assume which sub-classes are required, which may result in errors and incomplete protection.

**Complementary Chinese language marks** should be registered alongside the original language trademark due to the difference in language and script in China. If no Chinese name is registered and advertised, Chinese consumers will likely make their own Chinese language moniker for the products, which may not be complimentary. Quaker Oats and the Ralph Lauren clothing brand both failed to register Chinese language marks when entering the Chinese market and are now known as ‘Old man brand’ and ‘Three-legged horse’ respectively. On top of this, the adopted name, now in common usage is vulnerable to registration by third parties and can result in significant losses to brand reputation and market share as this third party is free to market and sell products under the name.

*The two case studies below provide concrete examples of how trademark protection can work.*

### Case Studies

#### **Champagne**

The protection of Champagne as an appellation of origin was crucial to prevent damage to product reputation in the eyes of consumers as a result of counterfeiting or of misappropriation of intellectual property rights. In addition to protection granted under China’s trademark system Champagne also

gained recognition under the AQSIQ administered system for GIs in April 2013 according to the “Provisions on protection of geographical mark products”.

These dual levels of protection have meant that protection is now available from a variety of Chinese authorities such as local bureaus of the AIC as well as the local quality and technical supervision bureau or entry-exit inspection and quarantine bureau. Administrative action and litigation in the People’s Courts has meant that Champagne and its Chinese translation of 香槟 have been protected following misuse.

### ***Scotch Whisky***

In 2008 the Chinese Trade Mark Office registered ‘Scotch Whisky’ as a collective trademark allowing distillers that are part of the Scotch Whisky Association to take effective action against unfair competition and counterfeiting in the Chinese market. The Chinese authorities in collaboration with the Scotch Whisky Association have investigated around 50 suspect products per year.

Scotch Whisky gained further protection when it was recognised as a GI in China in 2010. The successful registration came following three years of talks between Chinese Government officials and the Scotch Whisky Association with support from the British and Scottish Governments and the British Embassy in Beijing. The dual levels of protection allow for consumers to be protected from fake products as well as allowing the Scotch Whisky Association and its members to protect their commercial interests in the market.

Sources:

AQSIQ Announcement No.51, 2013 on Champagne Protection by Geographical Indication  
[http://www.cnipr.net/article\\_show.asp?article\\_id=14496](http://www.cnipr.net/article_show.asp?article_id=14496)

<http://www.worldtrademarkreview.com/Blog/detail.aspx?g=fedd7ca7-4075-466e-869b-69e285e4226a>

Scotch Whisky Association Press Release November 2010, AQSIQ Press Release July 2010

### ***Protection under the Chinese GI systems***

The protection offered by the Chinese GI systems differs according to the scope of the products that are covered as well providing complementary protection to those offered by collective and certification marks. Both of these also offer products a distinct legal status which they do not enjoy as collective or certification marks.

The definition of GIs filed with AQSIQ applies to any goods or handicrafts, but not services; GIs registered with the Ministry of Agriculture (MOA) applies for raw agricultural products and not to industrially processed products. The agricultural GI name consists solely of the geographical location followed by the general name of the agricultural product.

Disputes arising regarding registered GIs under these systems do not follow the ‘first to file’ principle utilised in trademark law.

### **Enforcement**

In the case that you identify an infringement of your rights such arising from the illegitimate use of your mark different modes of administrative enforcement are available.

- **GIs registered as trademarks:** Infringements should be reported to the local office of the Administration of Industry and Commerce (AIC). For monetary compensation to recover any financial losses parties will have to revert to negotiations or to initiating legal proceedings via the People's Courts. Although the legislative framework is relatively developed there are still relatively few protection precedents and less experience for courts in handling related disputes when compared with other areas of IP law. Over time with the number of registered GIs is increasing and increased experience from handling a higher case load of GI related cases courts will have a greater capacity to handle these cases efficiently.
- **GIs registered at the AQSIQ:** Infringements should be reported to the relevant authorities who will act in an *ex officio* capacity. These bodies are the regional AQSIQ offices as well as regional Entry-Exit Inspection and Quarantine bureaus. Those infringing the measures of relevant provisions can face administrative fines and criminal prosecution depending on the nature of the offence.
- **GIs for agricultural products:** The administrative department of agriculture under the people's government at or above the county level will be the relevant authority for reporting infringements. Relevant legal provisions empower these bodies to levy administrative fines and criminal charges depending on the nature of the offence.

**Notes on evidence:** When reporting incidences of infringement, Chinese courts require all evidence of infringement to be notarised, i.e. witnessed by a notary public. This is the case whether merely witnessing online infringements on e-commerce platforms, carrying out sample purchases or carrying out inspections on infringers premises.

## Registration

The registration processes for the three modes of protection vary in their requirements and the timeframe for successful application. These applications can be done in tandem or in isolation depending on the level of protection required.

- **Registration as a trademark.** Article 17 of the Trademark Law allows for foreign individuals or organisations to apply for a trademark and file an application in line with agreements concluded between the PRC and the country of origin. The registration of collective or certification marks shall be done by the GI organisation at the China Trade Mark Office (CTMO) with members then applying for a Collective Mark Use Permit or a Certification Mark Use Permit with the GI organisation. Registration requirements can be found in Articles 4-7, 10, and 11 of the Measures for Registration and Administration of Collective Marks and Certification Marks.
- **Registration as a GI.** Under the Chinese GI system the registration process for a GI is covered under the Provisions for the Protection of Products of Geographical Indication Promulgated by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China on May 16 2005.



Article 8 specifies that GIs can only be registered by an institution, association or enterprise recognised by government rather than by an individual, whilst Article 26 allows for the application and registration of foreign GI products. There are no detailed provisions specifically for applications of foreign GIs and those that have been registered have been done as a result of bilateral cooperation between the EU and China or between individual EU MS and China.

If the registered GI is not utilised within a two-year period then the registration can be cancelled by AQSIQ.

- **Registration as a GI of an agricultural product. The procedures for the registration of a GI under the Measures for the Administration of Geographical Indications of Agricultural Products** the process is similar to that for applications for GIs and currently the procedures for the registration are not provided within the relevant legislation which lacks detailed provisions on the registration process. Producers are advised to contact the relevant Chinese authorities to enquire as to the latest requirements for the registration process.

***Note:** Successful registration of trademarks or of GIs is not guaranteed and European producers who are seeking to register GI products that are already well known or famous have reported that they have encountered increased difficulty in the registration process or been declined on their initial attempt.<sup>49</sup> If your GI has been registered as a trademark it is still possible to register as a GI with the AQSIQ or the MOA to gain additional and complementary levels of protection.*

### 3.2.6.4 Further resources

#### Competent Authorities for GI protection

##### **Trademark Office under the State Administration of Industry and Commerce (SAIC)**

Address: Sanlihedonglu No 8, Xicheng District, Beijing

Postcode: 100820

Tel: 86-10-8865 1802, 86-10-68027820

Website: <http://sbj.saic.gov.cn/>

##### **Department of Science and Technology under (AQSIQ)**

Address: Madiandonglu No 9, Haidian District, Beijing

Postcode: 100088

Tel: 86-10-82262293

Website: <http://kjs.aqsiq.gov.cn/dlbzcpbh wz/>

##### **Agricultural Product Quality Safety Centre under the Ministry of Agriculture (AQSC)**

Address: Xueyuannanlu No 59, Haidian District, Beijing

<sup>49</sup> Based on interviews with EU producers of products with PDO and PGI status. Conducted by the authors in June 2014

Postcode: 100081

Tel: 86-10-62191443

Website: <http://www.aqsc.cn/>

**Free advice on IPR Protection and Enforcement for European SMEs**

The China IPR SME Helpdesk supports European Union (EU) small and medium sized enterprises (SMEs) to both protect and enforce their Intellectual Property Rights (IPR) in or relating to China, through the provision of free information and services. These take the form of jargon-free, first-line, confidential advice on intellectual property and related issues, plus training, materials and online resources.

Email [question@china-iprhelpdesk.eu](mailto:question@china-iprhelpdesk.eu), to submit an enquiry and receive an expert reply within seven working days, free of charge.

**Other relevant links**

China IPR SME Helpdesk – [Guide to Geographic Indications in China](#)

China IPR SME Helpdesk – [IPR Protection for the Food and Beverage Industry](#)

**Legislation, Regulations and Administrative Measures*****The Trademark Law of the People's Republic of China (revised 2013)***

Available in English at: <http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn195en.pdf>

***Regulations for the Implementation of Trademark Law (revised 2014)***

Available in English at: <http://www.wipo.int/wipolex/en/details.jsp?id=13198>

***Provisions for the Protection of Products of Geographical Indication 2005***

Available in English and Chinese at: <http://www.wipo.int/wipolex/en/details.jsp?id=6348>

***Measures for the Administration of Special Signs of Geographical Indication Products 2005***

Available in Chinese and English at <http://www.wipo.int/wipolex/en/details.jsp?id=6577>

***Measures for the Administration of Geographical Indications of Agricultural Products 2008***

Available in English and Chinese at: <http://www.wipo.int/wipolex/en/details.jsp?id=6578>

***Administrative Measures for the Well-known Agricultural Product 2007***

Available in Chinese at: <http://www.wipo.int/wipolex/en/details.jsp?id=6583>

***Administrative Measures for the Safety of Places of Origin of Agricultural Products 2006***

Available in Chinese and English at: <http://www.wipo.int/wipolex/en/details.jsp?id=6582>

**3.2.7 WTO disputes and other trade barrier issues**

Key ongoing WTO disputes involving China that relate to agricultural products are identified below:

Role	Counterparty	Issue	Reference
Respondent	US	Tariff Rate Quotas for Certain Agricultural Products (notably wheat, rice and corn)	DS517
Respondent	US	Domestic Support for Agricultural Producers	DS511

In 2015, China requested consultations with the EU concerning tariff concessions on certain poultry meat products. Following the final panel report, the EU is required to implement the WTO panel ruling within 15 months, counting from the publication date, i.e. 19 April 2017; implementation of the solution therefore remains ongoing at the time of writing (April 2018). In addition to the WTO disputes outlined above, there is an ongoing dispute between China and the US in relation to sorghum imports from the US, which China perceives are being dumped on the market.

China remains among the countries that resort most to market access barriers for EU exports, both in terms of the overall stock of registered measures (23) and new ones that emerged in 2016 (two)<sup>50</sup>. It is estimated that the measures introduced by China could have one of the highest impacts on EU exports; though it must be remembered that China is also the EU's second largest partner for EU exports. Three trade barriers were successfully resolved in bilateral discussions with China in 2016, one of which related to the spirits sector: China used to maintain an unjustifiable SPS measure requiring very low levels on certain phthalates, which were stricter than the safety levels set under their own risk assessment. The issue was resolved in 2016, when China confirmed that it would revert to its previous practice in accordance with the outcome of its own risk assessment, ensuring that EU spirits exporters can continue their operations.

As noted above, China had foreseen the introduction of new certification requirements for low risk food products in October 2017. However, the introduction of this measure has now been delayed until October 2019.

For meat exporters it should be remembered that China does not take into account regionalisation when placing restrictions on imports due to disease outbreaks. Consequently, imports from a whole Member State may be prevented from accessing the Chinese market in the case of a disease outbreak; regardless of the region in which any outbreak took place.

An up to date list of trade barriers can be consulted here:

[http://madb.europa.eu/madb/barriers\\_result.htm?isSps=false&countries=CN](http://madb.europa.eu/madb/barriers_result.htm?isSps=false&countries=CN)

<sup>50</sup> REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON TRADE AND INVESTMENT BARRIERS. 1 January – 31 December 2016. Published June 2017.

## 4 Market Snapshots for Selected Products

This section provides specific information for various food and beverage categories and products. This information covers three main categories:

- **Consumption:** data on the evolution of consumption; consumer profiles and any notable consumer trends;
- **Offer:** domestic production; imports and exports; the competitive landscape; relevant specific customs procedures / import considerations;
- **Distribution:** main distribution channels used. domestic and imported offer;

Furthermore, each category contains a SWOT analysis and a key takeaways message.

Wine	Spirits	Beer
Fresh meat	Processed meat	Dairy
Fresh fruit and vegetables	Processed fruit and vegetables	
Olive oil	Honey	Live plants
Processed cereals and pasta	Baked goods	Chocolate and confectionary

### 4.1 Wine

**Note:** wine in China includes both grape wine and non-grape (rice) wine; the latter accounting for the majority of consumption at present. While the focus of this section is grape wine, non-grape (rice) wine is covered in some sections where it is considered of relevance to the grape wine market.

### 4.1.1 SWOT analysis

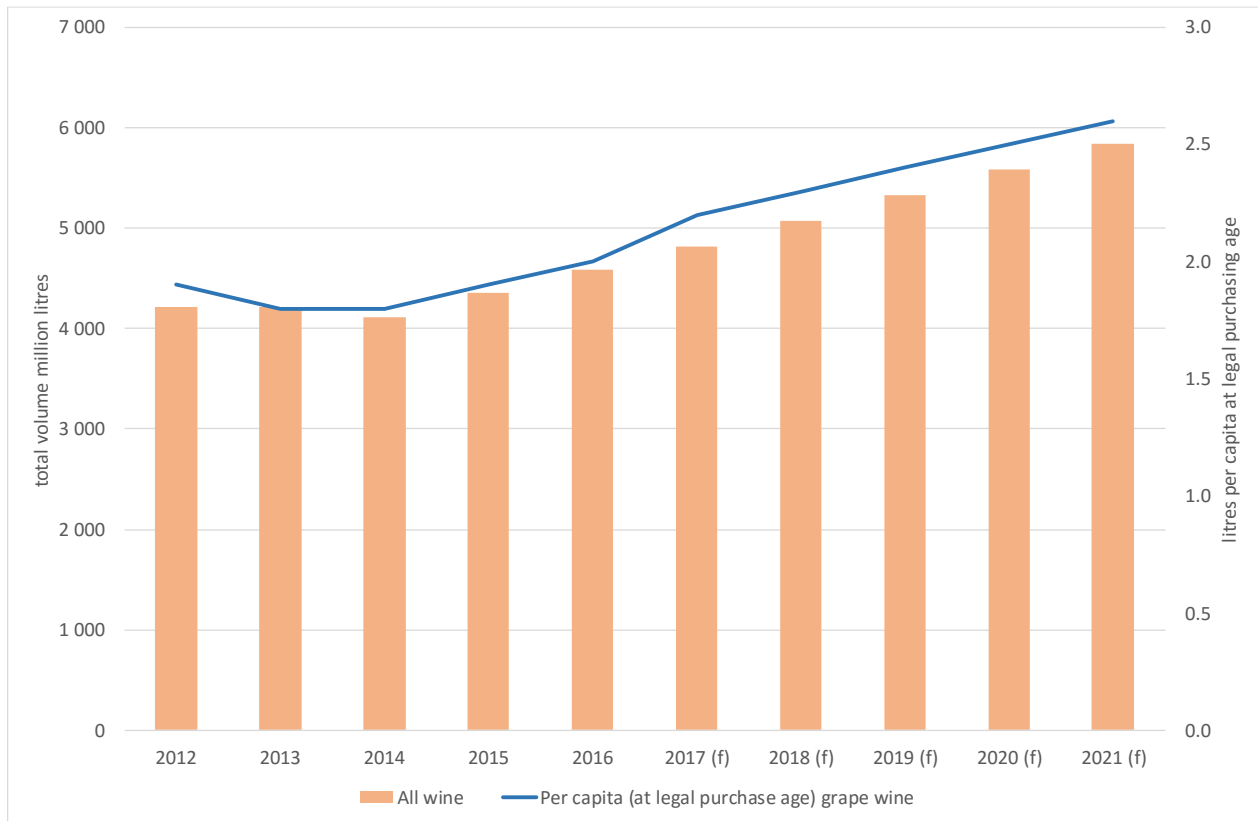


### 4.1.2 Consumption

#### 4.1.2.1 Evolution of consumption

Consumption of wine as a whole (all types – grape and non-grape) has increased fairly steadily since 2014 and is forecast to continue this trend in the future (Figure 4-1). While non-grape wine has historically accounted for the majority of wine consumption (around 51-54%), its share has fallen in recent years. With grape wine consumption growing both in absolute and per capita terms, the total volume of grape wine consumption is forecast to overtake non-grape wine consumption in 2020. Among grape wines, red wine is the most popular wine accounting for around 73% of grape wine consumption. White wine, while less popular (accounting for a further 23%), exhibited a higher growth rate in volume terms for the period 2012-16 than red and rose wine (4.4% CAGR vs. 1.8% for red and 2.8% for rose). Nonetheless, sparkling wine grew the most quickly in percentage terms over the period (18.6%).

Figure 4-1: Evolution and forecast of total wine consumption (million litres) and of grape wine per capita at legal purchasing ages (litres) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2017 to 2021 based on forecasts as indicated by (f) after the year

Grape wine consists of the three sub categories of still wine plus sparkling wine

The boxes below provide summaries of key consumption data for the four identified main types of grape wine: red, white, rose and sparkling.

Red wine			
Market size (2016):	Volume: 1 637m litres	CAGR (volume)	2012-2016: 1.8%
	Value (RSP): EUR 31.1bn		2017-2021: 5.8%
Most popular varietals (% of volume 2016):	Cabernet Sauvignon (34.3%) ↓	Cabernet Franc (10%) ↗	
	Merlot (23.6%) ↑	Cabernet Sauvignon/Shiraz (9.8%) ↘	
Most popular off-trade pricing (2016):	Over CNY90 (64.6%) ↗	CNY 60-89.99 (29.5) ↘	
White wine			
Market size (2016):	Volume: 518m litres	CAGR (volume)	2012-2016: 4.4%
	Value (RSP): EUR 10.8bn		2017-2021: 5.1%
Most popular varietals (% of volume 2016):	Chardonnay (69.2%) ↑	Riesling (1.1%) ↗	
	Dragon eye (6.6%) ↓		
Most popular off-trade pricing (2016):	Over CNY90 (86.4%) ↑	CNY 60-89.99 (11.4) ↘	
Rose wine			
Market size (2016):	Volume: 64m litres	CAGR (volume)	2012-2016: 2.8%
	Value (RSP): EUR 1.5bn		2017-2021: 4.0%
Most popular varietals (% of volume 2016):	Merlot (66%) ↓		
Most popular off-trade pricing (2016):	Over CNY90 (88.1%) ↗	CNY 60-89.99 (12.2) ↘	
Sparkling wine			
Market size (2016):	Volume: 11m litres	CAGR (volume)	2012-2016: 2.8%
	Value (RSP): EUR 0.5bn		2017-2021: 4.0%
Most popular types (% of volume 2016):	Non-champagne (91.7%) ↑	Champagne (8.3%) ↓	
Most popular off-trade pricing (2016):	Over CNY90 (88.1%) ↗	CNY 60-89.99 (12.2) ↘	

Source: Euromonitor International Ltd

Note: trend arrows show the evolution of the segment share in percentage terms since 2012

#### 4.1.2.2 Consumer profile and purchase criteria

While rice wine has long been consumed in China, in comparison grape wine can generally be considered a relatively new product. The two markets are exhibiting different trends and while the consumers are largely different in nature, there are some important overlaps:



- Mainstream **rice wine consumers** are traditionally the elderly; and the majority of rice wine is consumed at home. This is unlikely to change in the short term. However, generating interest in rice wine among the younger generation is a priority for rice wine producers for the near future.
- The vast majority of **grape wine** is consumed by the younger generation (millennials or younger) and the health conscious <sup>51</sup>.

The growing middle class along with increased knowledge of foreign wines (e.g. through exposure to travel, working/studying abroad, dining or promotional events) are important drivers of increased consumption of grape wine. Against this background, grape wine drinkers can be further broken down into three broad groups:

- **New and developing drinkers**, driven more by taste and social considerations (just under half of consumers)
- **Connoisseurs and prestige seeking traditionalists** who are higher spending frequent consumers (¼ of consumers)
- **Health driven and occasional drinkers** who are more driven by price and perceived health benefits (roughly ¼ of consumers).<sup>52</sup>

It is worth noting the potential among female consumers for wine consumption. Spirits and beer are not traditionally marketed to female consumers in China, and the perceived health benefits of wine may also be attractive to young women.

Specific factors influencing preferences and cultural sensitivities are presented below.

### **Colour Associations**

The long-standing preference of Chinese consumers for red wine over white or rosé (see above) may be attributed primarily to the colour rather than other factors influencing consumer perception and taste.<sup>53</sup> The colour red has positive associations; it represents wealth, power and good luck. Red wine has managed to become a common site at special events and festivals such as weddings and Chinese New Year celebrations, where red is the traditional colour for decorations, clothing, and gift packaging. Perceived health benefits may also play a role in the preference for red wine<sup>54</sup>. That said, flavour is gradually becoming a more important driver for preference (see below).

### **Consumption habits, toasting and wine etiquette**

While personal / everyday consumption of wine is increasing, wine is often consumed as part of group gatherings for holidays or for business dinners. Drinking etiquette differs from that of Europe during such events. Small amounts of alcohol will be poured and consumed in one go as part of a toast rather than continual sipping. Wine education events, which may influence wine etiquette, are popular for some

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<sup>51</sup> Euromonitor International Ltd country report: Wine in China

<sup>52</sup> <https://www.wineaustralia.com/news/market-bulletin/issue-67>

<sup>53</sup> China becomes biggest market for red wine, with 1.86bn bottles sold in 2013

<http://www.theguardian.com/world/2014/jan/29/china-appetite-red-wine-market-boom>

<sup>54</sup> Agriculture and Food Canada: Sector Trend Analysis - The Wine Market in China, October 2016

consumers. However, current Chinese toasting etiquette will likely remain important for the foreseeable future for large occasions during which wine is consumed.

### Flavour and pairing and Chinese cuisine

Due to the difference of Chinese palates, food and wine may be paired differently from in Europe. For example, spicy food may more commonly be paired with a sweet white in Europe. However, in China a full-bodied red will be preferred as the tannins of such wines that enhance the spicy flavour are favoured over wines that would diminish the sensation.<sup>55</sup> That said, there are more mixed feelings among Chinese consumers more generally, including a difference in the attitude to tannins between generations. On one hand, the Chinese are used to tannins from tea and older conservative consumers like tannic wines. On the other hand tannins may be seen as a negative characteristic by some consumers, younger consumers in particular.

Style and flavour are becoming a notable drivers of wine choice, and there are differences between regions in this regard. General preferences by region are presented in Table 4-1. Further nuances exist within regions; for example, white wine is growing in popularity in certain regions with a large amount of seafood (e.g. South East of China). Given that regional preferences can alter the way in which wines are paired, marketing strategies should examine these differences at a regional and city by city basis.

Table 4-1: General wine style preferences by region

Region	General preference
East	Earthy, rich reds
West	Elegant, softer styles
North	Bolder, dry reds
South	Smooth reds

Source: Wine Australia (<https://www.wineaustralia.com/news/market-bulletin/issue-67>)

### Origin, brand and reputation

- As is the case for food products more generally, foreign brands may be preferred by consumers due to (1) a perceived superiority of foreign wines and (2) media coverage which has raised concerns about the safety of some food products.
- Brand and prestige may be important some consumers; particularly consumers in their 30s and middle aged consumers concerned about saving face<sup>56</sup>.
- Similarly, for formal occasions where wine is gifted and consumed, considerations of pairing with dishes is not as important as giving face to the recipient, meaning that the brand reputation and price will be the most important factors behind the purchase.<sup>57</sup>

<sup>55</sup> Why the Chinese prefer to drink red wine with food

<http://www.matchingfoodandwine.com/news/recent/whythe-chinese-prefer-to-drink-red-wine-with-food/>

<sup>56</sup> Agriculture and Food Canada: Sector Trend Analysis - The Wine Market in China, October 2016

<sup>57</sup> Drinking at Chinese Business Banquets: A Primer <http://blogs.wsj.com/scene/2013/06/28/drinking-at-chinesebusiness-banquets-a-primer/>

### Packaging and descriptors

Generic descriptors (e.g. smooth, fruity, sweet, mellow) are more commonly used than specific descriptors to describe wines in China. The most prevalent specific descriptors perceived in a wine relate to fruits that are commonly eaten in China (e.g. yangmei and dried Chinese hawthorns for red wines). That said, the purchasing decision of Chinese consumers do not seem to be greatly impacted by the use of descriptors alone. A more nuanced, case by case approach on product orientation is recommended<sup>58</sup>.

Historically, bottles with natural corks are preferred over screwcaps. Acceptance of screwcap bottles for informal occasions is increasing, but cork is strongly preferred for more special occasions. There is more resistance to screwcaps for red wine (Table 4-2).

Table 4-2: Acceptance of cork and screwcap bottles

Occasion	Screwcap	Natural cork
A relaxing drink at home	70%	77%
An informal meal at home	70%	72%
Celebrating a special occasion at home	61%	85%
Inviting guests for dinner	57%	90%
Gift	50%	95%

Source: <https://www.wineaustralia.com/news/market-bulletin/issue-67>

#### 4.1.2.3 Recent market trends

Economic slowdown and austerity measures in China adversely impacted consumer demand for wine in 2013-14<sup>59</sup>. During this period, many affluent consumers and high-end hotels and restaurants scaled back their spending on expensive imported products during banquets, and gifting declined, leading to impacts on the trade of high-value wines in tier one markets in particular<sup>60</sup>. However, a recovery in both volume and price has since been observed, with the increasing focus on quality providing possibilities for GI wine exporters.

While tier 1 cities, with their high levels of expatriates and more affluent or western-educated young professionals account for the bulk (53%) of imported wine sales<sup>61</sup>, tier 2 and 3 cities are widely considered to be developing markets for wine which will spur growth of overall wine consumption in China. This trend is driven by the economic development of these cities creating an increasing the consumer base, and subsequent better distribution channels. Some domestic producers are turning their attention to tier 2 and 3 cities. Domestic brands may pose stiff competition with competitively priced options in these markets, marketing and building brand awareness will be important for differentiating EU produce from other imported wines and domestic brands.

<sup>58</sup> [https://www.awri.com.au/wp-content/uploads/2015/06/Armando\\_Chinese\\_Lexicon.pdf](https://www.awri.com.au/wp-content/uploads/2015/06/Armando_Chinese_Lexicon.pdf)

<sup>59</sup> Chinese Wine Market: "Tempting But Risky" <http://www.wine-searcher.com/m/2013/04/chinese-wine-markettempting-but-risky>

<sup>60</sup> <https://jingdaily.com/shanghais-wine-imports-tumble-in-first-half-of-2014/>

<sup>61</sup> Agriculture and Food Canada: Sector Trend Analysis - The Wine Market in China, October 2016

Given that some consumers are shifting from beer to wine due to the perceived health advantages, some domestic wineries have recently focused on this perceived health advantage of wine in their marketing; and where used, this selling point may be considered a way of competing not only against other beverages such as beer, but also against imported wines which do not use this selling point.

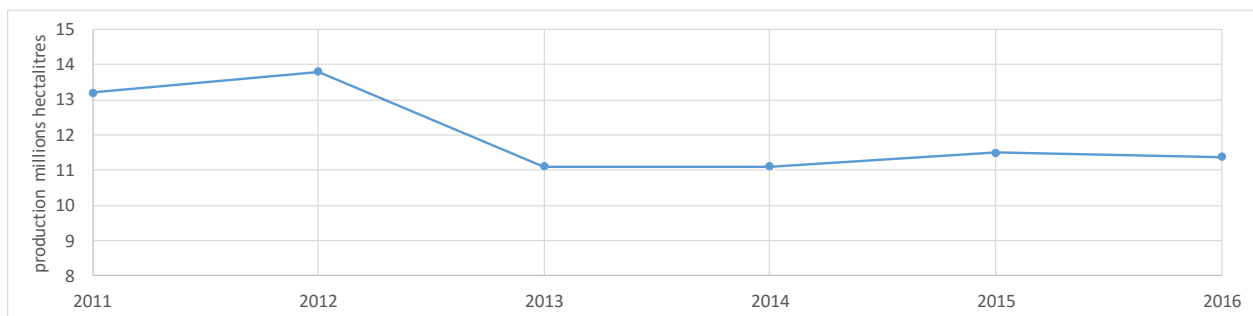
The gift market for wines (including gifts for family) should not be overlooked, with the Chinese New Year (late January / early February) and mid-autumn festival (mid-late September / early October) notable occasions when alcoholic beverages including wine may be gifted. Origin and reputation are particularly important for the gift market, and those purchasing wine as a gift for family members are likely to select a product that they have previously tried and liked themselves.

### 4.1.3 Offer

#### 4.1.3.1 Domestic production

China has the second largest planted vineyard surface in the world after Spain, with some 847 000 hectares under cultivation in 2016<sup>62</sup>. However, in production volumes it has ranked between 6<sup>th</sup> and 8<sup>th</sup> at a world level in recent years, with Italy, France and Spain each producing between 3.5 and 4 times the volume of wine that China producers. In absolute terms, Chinese wine production shows a downward trend in recent years with 2016 production at 11.37m hectolitres, almost 18% down from the 2012 peak of 13.8m hectolitres (Figure 4-2). The vast majority of wine produced is consumed domestically.

Figure 4-2: Wine production in China 2011-16, millions of hectolitres



Source: National Bureau of Statistics / OIV

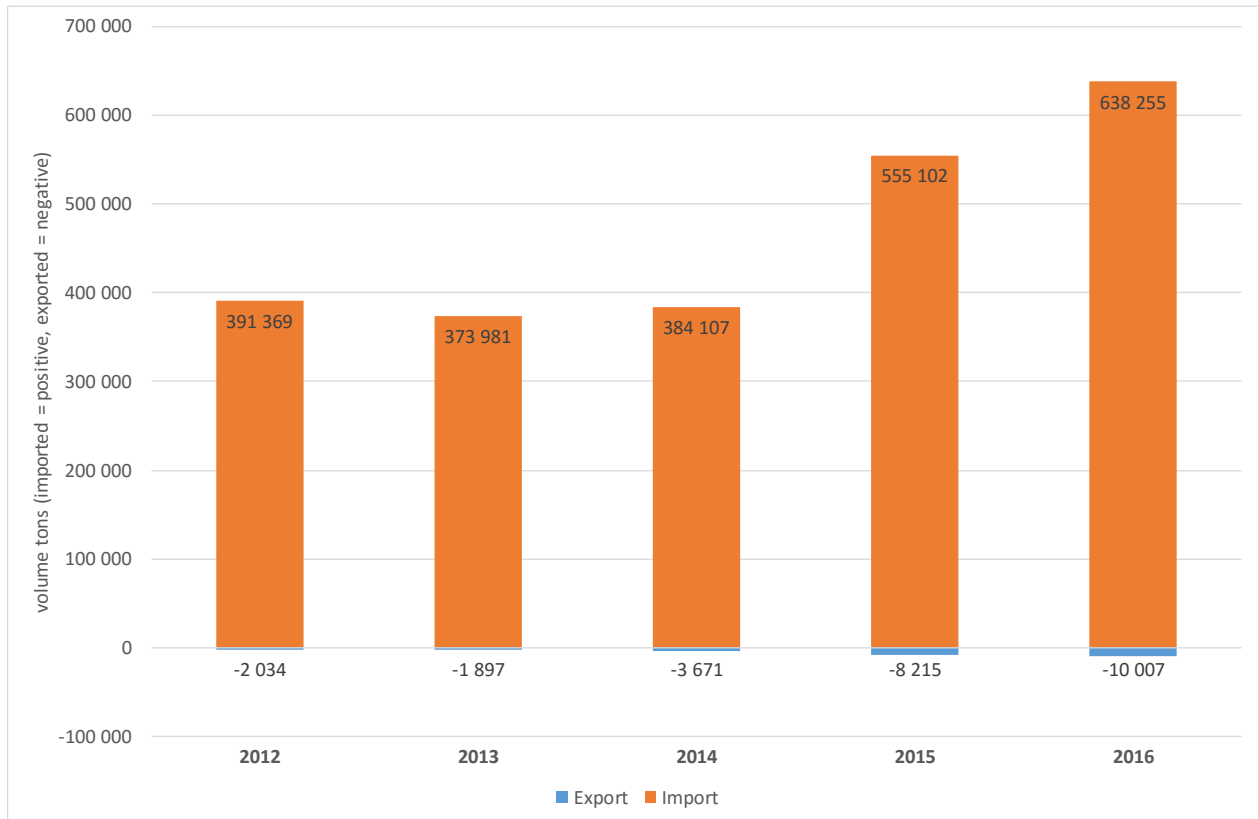
Yantai-Pengla is the largest wine producing region in China. Other notable wine producing regions include Beijing, Zhangjiakou (Hebei), Yibin (Sichuan), Tonghua (Jilin), Taiyuan (Shanxi), and Ningxia.

#### 4.1.3.2 Imports and exports

China is a heavy net importer of grape wine. While exports of grape wine from China have increased in recent years, the country still imports over 60 times the volume of wine that it exports; and imports grew at a CAGR 13% over the period 2012-16 (Figure 4-3).

<sup>62</sup> <http://en.winesinfo.com/html/2017/8/194-72775.html>

Figure 4-3: Trade balance (imports and exports) of wine in China, 2012-16; tonnes

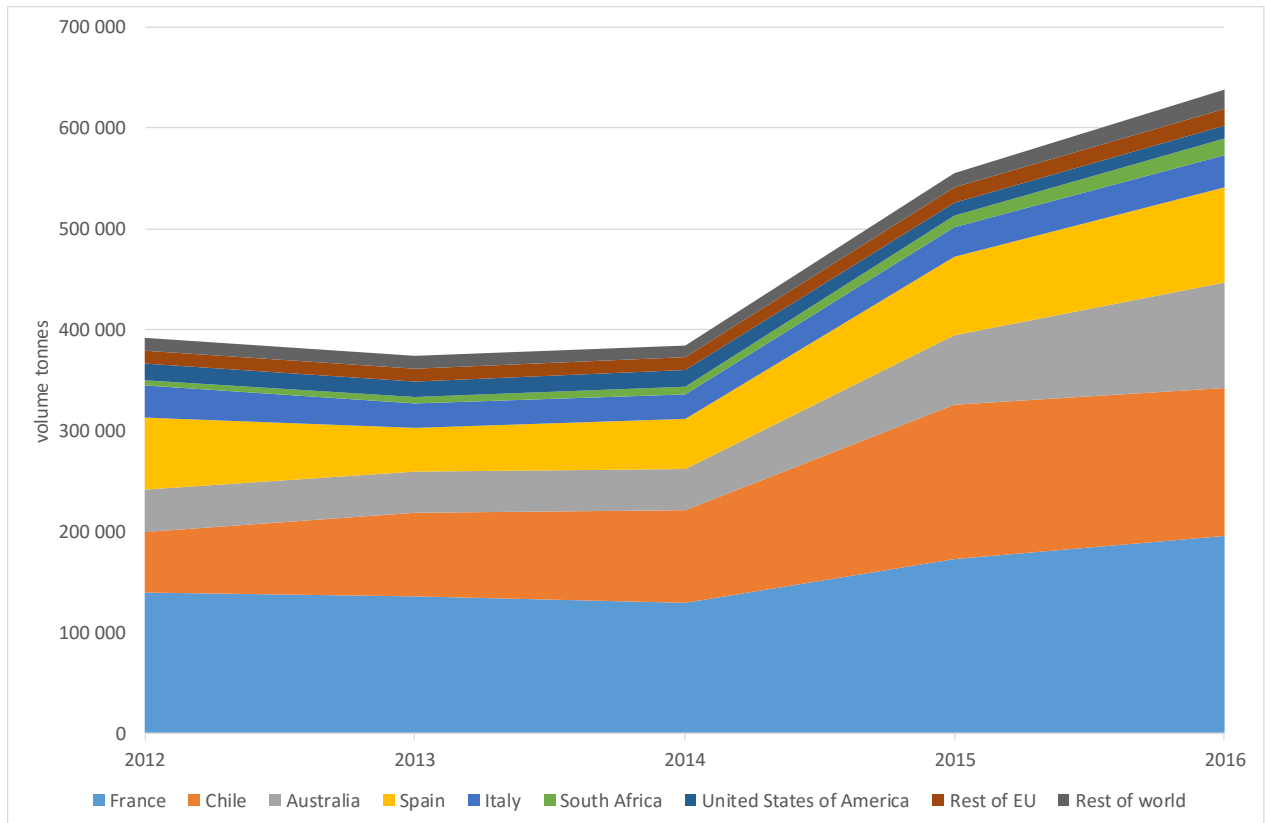


Source: ITC Trademap

Data for CN code 2204 (Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual alcoholic strength of > 0,5% vol or grape must with added alcohol of an actual alcoholic strength of > 0,5% vol)

France is the largest exporter of wine to China, accounting for just over 30% of all imports by volume in 2016 (down from 35% in 2012). Chile is the second largest source of wine by volume, with exports having increased significantly in recent years with trade spurred by the removal of tariffs on Chilean wine in 2015. Australia is the third largest exporter and volumes have also increased following the signing of the FTA between Chile and Australia in 2015. Spain and Italy occupy fourth and fifth position. The EU as a whole accounted for some 53% of Chinese wine imports in 2016 (Figure 4-4).

Figure 4-4: Chinese imports of wine by country, 2012-16; tonnes

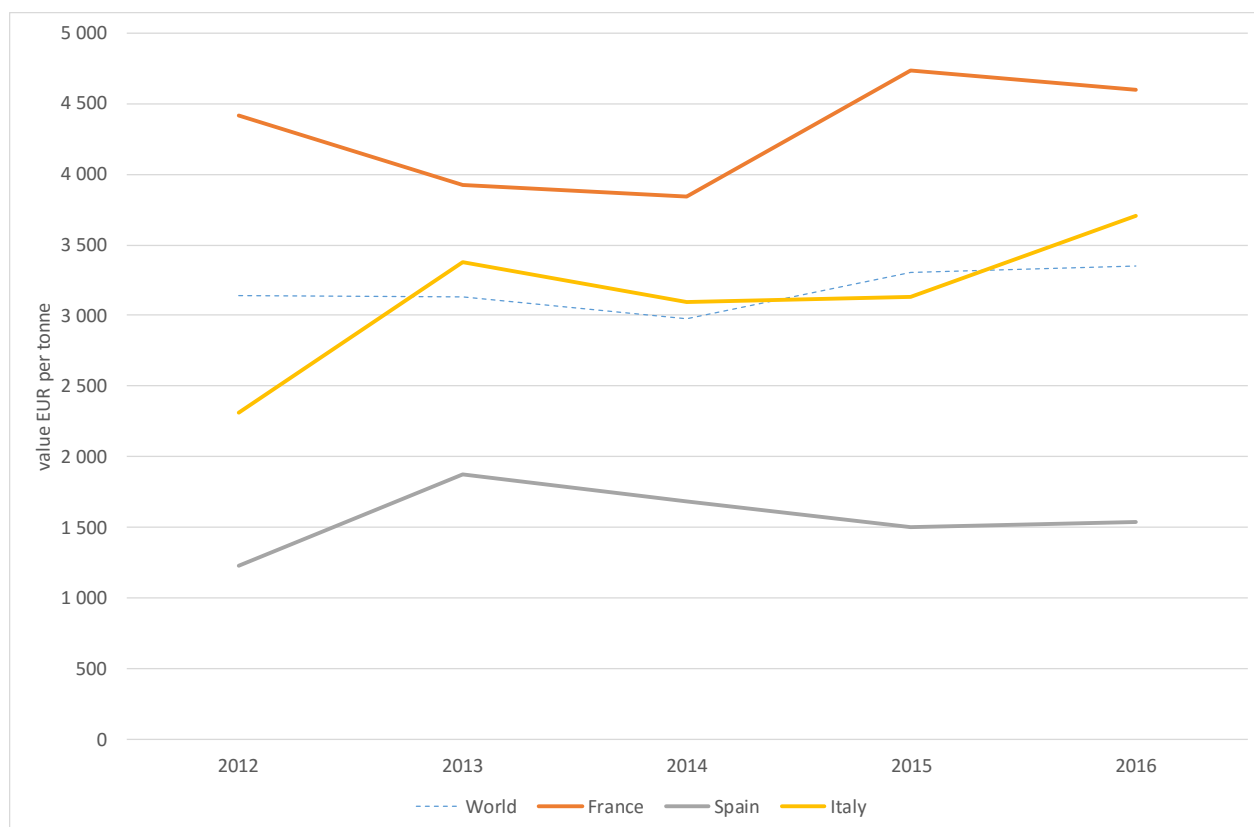


Source: ITC Trademap

Data for CN code 2204 (Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual alcoholic strength of > 0,5% vol or grape must with added alcohol of an actual alcoholic strength of > 0,5% vol)

As well as being the largest exporter of wines to China, French wine are high value. French imports are valued at almost €1bn and the unit value of French imports is greatly above the average of wines imported into China. The average unit value of Italian wines imported into China has increased substantially in recent years and is now above the average, though the unit value of Spanish wines remains lower and broadly in line with that of Chilean wines (Figure 4-5).

Figure 4-5: Per unit value of Chinese imports of wine for selected EU Member States, 2012-16 (EUR per tonne)



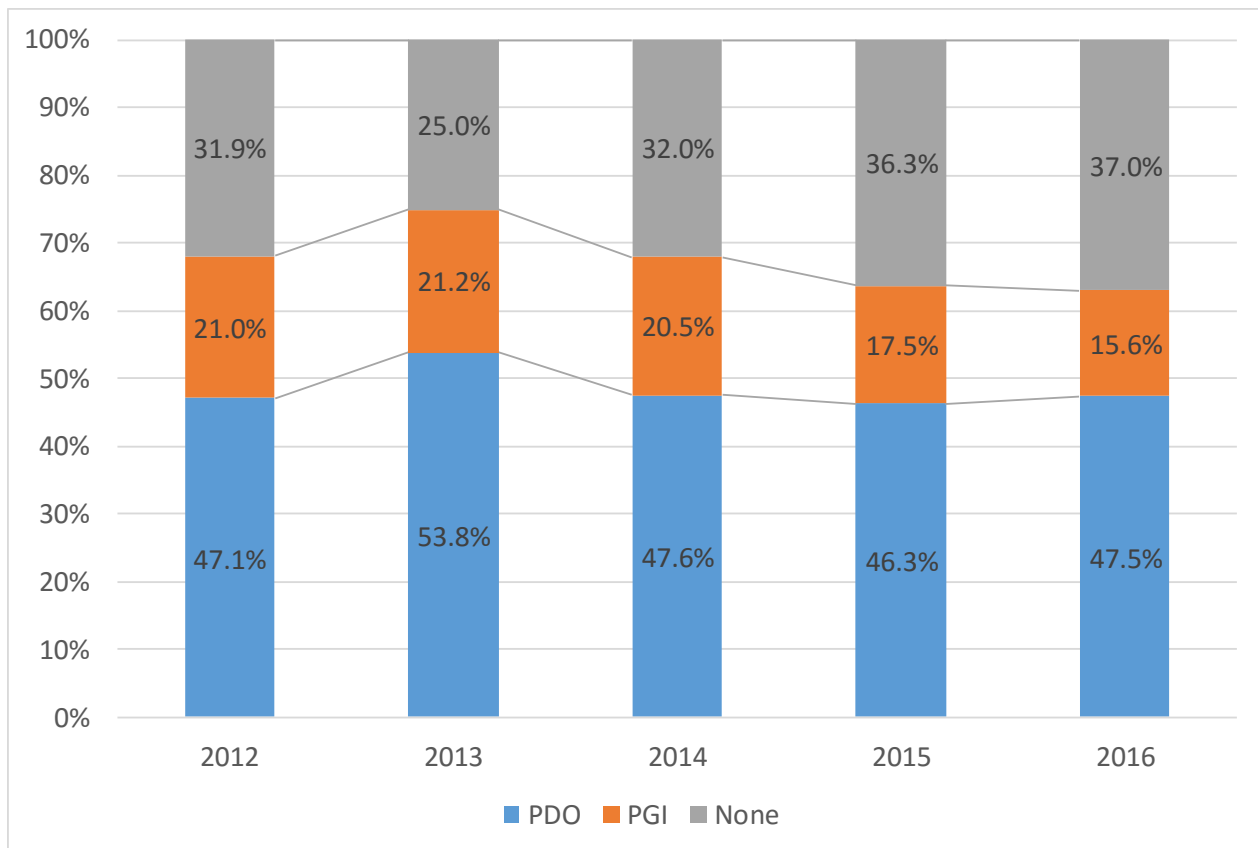
Source: ITC Trademap

Data for CN code 2204 (Wine of fresh grapes, incl. fortified wines; grape must, partly fermented and of an actual alcoholic strength of > 0,5% vol or grape must with added alcohol of an actual alcoholic strength of > 0,5% vol)

#### 4.1.3.3 EU GI products

PDO and PGI wines have accounted for the majority of wine exports by volume to China; with most recent figures from 2016 placing their share of exports at 63%. However, this is below the peak of 75% in 2013 (Figure 4-6). As the unit value of wines exported to China by some major competitors – notably Australia – has increased over the same period along with the volumes exported, it is possible that there has been a slight substitutions effect.

Figure 4-6: PDO and PGI share by volume of total wine exports to China from the EU 28, 2012-16



Source: Eurostat Comext

Whilst the size and projected growth of the market certainly are attractive prospects for GI wine producers, changing consumer perceptions and motivations pose challenges for branding, distribution channels and marketing.

In terms of protection, 45 wines are on China's GI list, the majority of which are from France. A further 50 or so wines from across the EU are on the Commissions proposed GI list (see section 7.5).

#### 4.1.3.4 Main competitors

Competitors can be broken down into (1) domestic producers / companies and (2) exporters from other countries. As noted above, changes to tariffs for wines from Australia and Chile in 2015 (as well as from Georgia) have thus far had a positive impact on the volumes of wines imported into China from these countries.

The markets for grape wine – both still and sparkling - are quite fragmented, with no one company holding over a 4% market share in either market. Furthermore, both markets show increased fragmentation in recent years, with the market share of the largest company in each market falling since



2012<sup>63</sup>. Table 4-3 sets out the largest companies in each of the two sectors, still wine and sparkling. European companies are particularly present in the sparkling wine sector.

Table 4-3: Largest companies in each sector

Still wine		Sparkling wine	
Yantai Changyu Group Co Ltd	CN - producer	LVMH	EU
China National Cereals, Oils & Foodstuffs Imp & Exp Corp (COFCO)	CN – producer, importer	Pernod Ricard	EU
Yantai Weilong Grape Wine Co Ltd	CN - producer	Dynasty Winery Co Ltd	CN - producer

Source: Euromonitor International Ltd

In terms of competition from domestic wines, some nuances of the market for domestic wines should be borne in mind:

- **Distribution:** as will be seen in section 4.1.4 on distribution, the retail channels for domestically produced and imported wines differ, with the latter more commonly sold through on-trade channels and international retailers.
- **Preferences in wine producing regions:** although demand for imported wines will still exist in these regions, there will be greater competition from domestic brands which are better placed to make use of distribution networks and will be competitively priced compared to imported wine.
- **More recent emergence of wine in tier 2 and tier 3 cities:** while these cities provide a good growth opportunity, there are challenges; notably brand awareness and knowledge may be lower; private label wines are more common, and there is a strong “bring your own” culture in the food service sector which impacts the on-trade market<sup>64</sup>. The combination of these factors means that competitively priced domestic wines can pose stiff competition. Marketing and building brand awareness will be important for differentiating EU produce from other imported wines and domestic brands.

#### 4.1.3.5 Specific customs requirements

##### **Market Access and Entry**

Wines do not face any market access restrictions and market access is available for all exporters who have completed the Registration of Foreign Exporters of Foodstuffs and are able to comply with the requirements of Chinese import procedures and relevant standards.

##### **Customs procedures**

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

<sup>63</sup> Source: Euromonitor International Ltd.

<sup>64</sup> Source: Euromonitor International Ltd.

**SPS measures**

Sanitary and Phytosanitary measures governing the import of wines are mostly in line with international standards. However, since 2013 testing for phthalates (plasticizers) is required for wines and spirits and the maximum levels set within Chinese standards are lower than those in international standards. Although this has not had a major impact on wine imports, producers and exporters should monitor the implementation of this administrative measure for any potential effect this will have upon imports.

You can track the status of this measure and the EU response on the EU Market Access Database:

[http://madb.europa.eu/madb/sps\\_crossTables.htm?isSps=true](http://madb.europa.eu/madb/sps_crossTables.htm?isSps=true)

**Labelling**

Wine is subject to labelling requirements under Chinese national standards and incorrectly labelled products will not be able to enter the Chinese market. As per the requirements of GB 15037-2006 all labels for wines must include information such as<sup>65</sup>:

- Name / brand
- Net volume (ml);
- Alcohol content (%);
- Country of origin and wine region;
- Variety of wine;
- Grape variety;
- Vintage year;
- Production or bottling date (yy/mm/dd);
- Shelf life;
- Storage instructions;
- List of ingredients including raw ingredients and additives;
- Sugar content (g/L)
- National standard code;
- Production license;
- Warning statements;
- Address and contact information of the importer.

Requirements can vary depending upon the point of entry and national standards are subject to change, exporters should work closely with importers with relevant expertise prior to making shipments to ensure that the most recent standards are complied with.

**Intellectual Property Rights**

Wines enjoy an increased level of protection as granted in accordance with the TRIPs agreement and under Chinese legislation it is forbidden to use another party's GI for wines and spirits as a trademark

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<sup>65</sup> China Wine label and Import Requirements: Your quick Guide Compliance on Preparing for China Wine Market <http://beveragetradenetwork.com/en/btn-academy/articles/china-wine-label-and-import-requirements-your-quick-guide-compliance-on-preparing-for-china-wine-market-530.htm>

where the product in question does not originate from the area indicated in the GI. Furthermore, use is prohibited even where the trademark is accompanied by terms such as “like” “type” or “style”<sup>66</sup>.

Despite the cooperation between the European Union and China to fight counterfeit in trade in alcoholic beverages<sup>67</sup>, infringement of intellectual property and the misappropriation of brands and counterfeiting is still an issue in the market. Indeed, as estimated by the Council of Bordeaux Wine, around 30 000 bottles of counterfeit imported wine are sold per hour in China<sup>68</sup>. High demand for high quality imported wines and low consumer awareness can act as an incentive for counterfeiters, particularly in lower tiered cities where consumer awareness and exposure to wines is lower than in tier 1 cities. Counterfeit wines are typically distributed through small independent grocers rather than large supermarkets. As is the case with spirits, the method of counterfeiting tends to be the refilling of empty used bottles; though cases of fake packaging are also quite common.

Ensuring effective protection of intellectual property rights and timely cooperation with Chinese authorities can help to tackle counterfeiting whilst measures such as bottle buy back and increasing consumer awareness can also aid in prevention of intellectual property infringement. As is the case with spirits, some manufacturers have started to put QR codes on bottles so that the consumer can check the authenticity of the bottle.

Combating counterfeiting of wines on e-commerce platforms requires market surveillance on the part of producers to notify platforms of unlicensed vendors or counterfeit produce who can then take down the site. The Chinese government and e-commerce platforms both view this issue seriously and this has spurred on recent initiatives to tackle this issue.<sup>69</sup>

#### 4.1.4 Distribution

In recently years there has been a shift from distribution through the on-trade channel (bars, restaurants etc.) to the off-trade channel (grocery stores etc.). Off-trade has overtaken on-trade as the main distribution channel for still wines in 2013; its 2016 share stood at 52.4%, and this is forecast to increase slightly further over the period to 2021. Off-trade is less important for sparkling wine, with the share at 42% in 2016 and a slight fall back expected going forwards.

In terms of retail channels within the off-trade market, while supermarkets/hypermarkets are historically the main channel, the online channel is of increasing importance, as shown by recent figures (Table 4-4).

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<sup>66</sup> Measures for the Regulation and Administration of Collective Marks and Certification Marks, Article 12

<sup>67</sup> EU and China step up cooperation in fighting counterfeiting in trade in alcoholic beverages [http://europa.eu/rapid/press-release\\_IP-13-722\\_en.htm](http://europa.eu/rapid/press-release_IP-13-722_en.htm)

<sup>68</sup> China is Facing an Epidemic of Counterfeit and Contraband Wine

<https://www.forbes.com/sites/pamelaambler/2017/07/27/china-is-facing-an-epidemic-of-counterfeit-and-contraband-wine/#6ec297795843>

<sup>69</sup> How Serious Is China About Fighting Fake Wine Sales Online?

<http://www.winechina.com/html/2015/02/201502271955.html>

As well as the large general online retailers identified in the table, there are more specialised online wine retailers such as Yesmywime.com and 1919.cn.

Table 4-4: use of different retailers by Chinese consumers for the purchase of wine (June 2017)

Retailer	Type	% consumers and trend
Walmart	Supermarket	35% ↓
Tmall.com	Online	34% ↑
JD.com	Online	30% ↔
Carrefour	Supermarket	27% ↓
Amazon.com	Online	24% ↑

Source: <https://www.wineaustralia.com/news/market-bulletin/issue-67>

There are a number of further factors to consider in the context of distribution:

- **The importance of on-trade and foreign retail for imported wines.** The majority of wines sold through local supermarkets are local wines. Foreign wines are generally sold through hotels, restaurants and foreign retailers<sup>70</sup>. That said there are indications that major supermarkets are steadily increasing their wine selection to include more wines from around the world.
- **Geographical consumption and importing regions.** As previously noted, tier 1 cities (e.g. Shanghai, Beijing, Guangzhou) are traditionally the main markets of imported wines, with imports entering through Shanghai, Shandong, Hebei, Guangdong and Tianjin<sup>71</sup>. However, as demand for imported wine spreads across the country, different ports have emerged as important entry points as well. By way of example, Xiamen (Fujian province) which has become the number three ranked port for wine imports in China opened a wine trade centre in mid-2017 in a bid to become the largest import hub, with a special focus on medium and high end wines<sup>72</sup>.
- **Actors and the role of wholesalers.** It is possible to enter the market through specialised wine importing or through distribution agents. Historically, a large proportion of the wines distributed in China pass through wholesalers<sup>73</sup>. Subsequently, the use of the wholesale channel may benefit volumes. However, it may not benefit product image and, depending on the wholesaler, considerable sale and promotion efforts may be necessary. With the recent shift to online sales, distribution through e-commerce channels may enable the wider geographical reach of wines to cover e.g. tier 2 cities as well as the traditional tier 1 market<sup>74</sup>. Notable large specialised wine importers/distributors in China include Treasury Wine Estates and ASC.
- **Trade exhibitions.** There are numerous wine trade exhibitions across China. These can provide a way to target a specific city or area in China, and are likely to be particularly effective in tier 3 and 4 cities (given the high level of overall fragmentation of the market in China). They may assist with the identification of suitable distributors and the development of relationships with them.

<sup>70</sup> Agriculture and Food Canada: Sector Trend Analysis - The Wine Market in China, October 2016

<sup>71</sup> EU SME Centre Sub-sector report: Wine market in China 2011

<sup>72</sup> <http://www.winechina.com/html/2017/09/201709292299.html>

<sup>73</sup> <http://www.zhongguo-wine.com/2012/07/26/market-and-marketing-of-imported-wine-in-china-distribution-networks/>

<sup>74</sup> <https://www.meininger.de/en/wine-business-international/advice-selling-wine-chinas-tier-2-cities>

### 4.1.5 Challenges for EU products

#### **Case study**

##### **Background**

A Chinese company from Shandong province successfully registered the geographical indication of a famous European wine in China. Before registration, Chinese wine consumers already knew the European geographical indication. After registration, the Chinese company started producing, importing and selling wine with the GI as brand. This made the Chinese consumers think this was the wine originating from the authentic European region.

##### **Action taken**

The Administrative for Industry and Commerce demanded the Chinese company to stop selling products with this GI on the packages and to stop using the GI as trade mark in accordance with article 16 of the Trademark Law. Moreover, all the labelled goods in storage were confiscated. The relevant European wine organisation for that geographical indication filed a registration with the China Trademark Office to protect the GI as collective mark. This collective mark was later granted.

##### **Lesson learnt**

Protection for GIs is improving in China, especially for GIs of foreign countries. Therefore, if you have plans to enter the Chinese market, or have already entered the Chinese market, urging your GI organisation to register the geographical indication as a collective or as a certification mark should have first priority. It would save the GI producer much more efforts in promotion, advertising, as well as fighting against infringement if the GI can be registered for protection in China as soon as possible.

#### **Market Takeaway: Wine**

**Consumption:** *Non-grape wine continues to dominate but there is increasing demand for grape wine. Red wine is historically the preferred type and remains so, though other types are being more commonly accepted.*

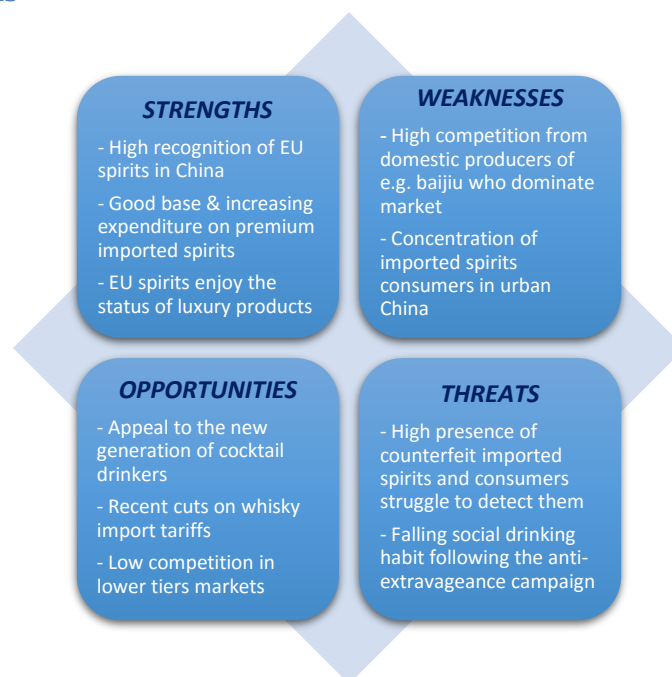
**Competition:** *while vineyards are extensive there is limited domestic production of grape wine. Wines from Chile and Australia enjoy favourable conditions of access and have increased share in recent years.*

**Distribution:** *On-trade is more important for distribution than off-trade. Good relationships with distributors can help increase sales volumes. An on-line presence can assist with reputation and distribution.*

**Challenges:** *there is a significant issue with counterfeit wines, particularly of higher end or better known wines.*

## 4.2 Spirits

### 4.2.1 SWOT analysis



### 4.2.2 Consumption

#### 4.2.2.1 Evolution of consumption



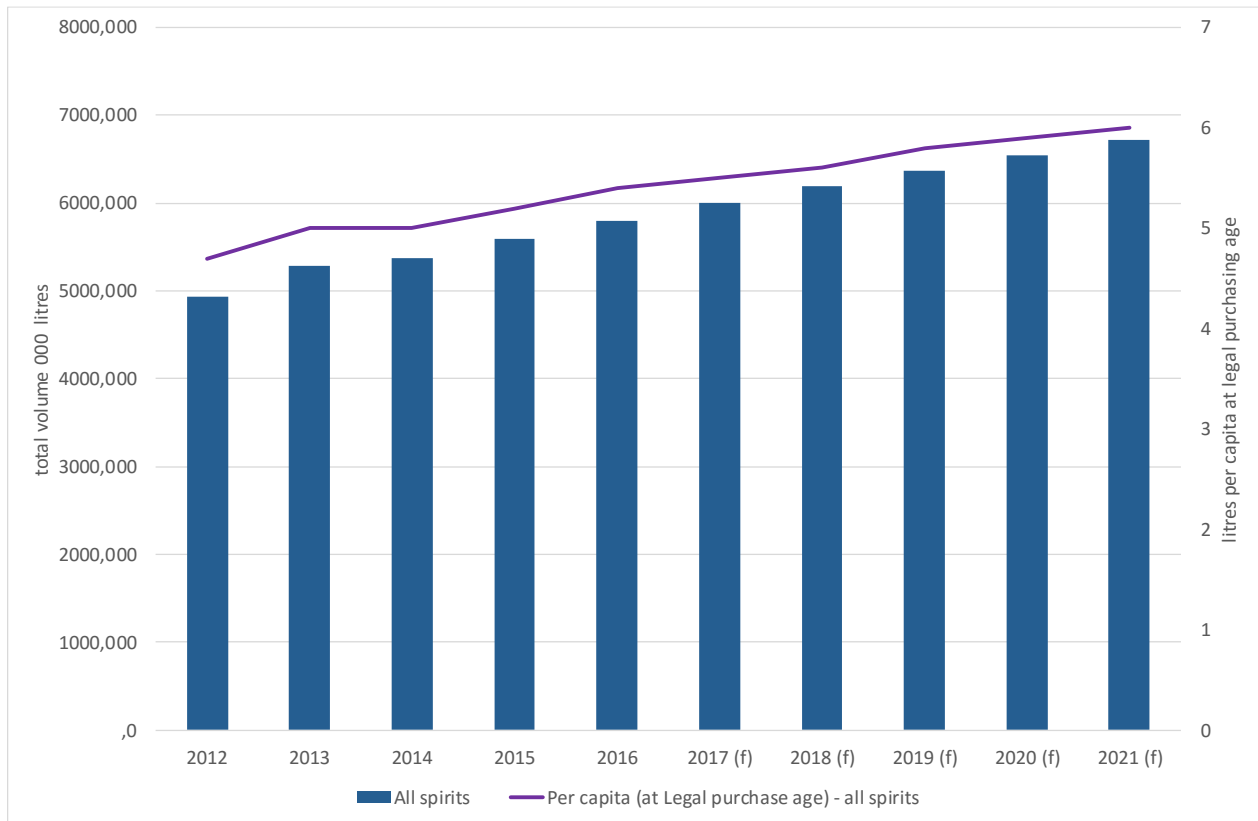
Chinese spirits consumption accounts for approximately 40% of the world's spirits consumption<sup>75</sup>, despite the negative impact of the Chinese government's anti-extravagance campaign<sup>76</sup>. The campaign, which was launched in 2013, resulted in cuts on luxury spending for corporate events, in occasions of which premium alcoholic beverages used to be largely consumed<sup>77</sup>. Nonetheless, spirits consumption grew between 2012 and 2016 in China. In per capita terms, the average spirits consumption increased from 4.7 litres in 2012 to 5.4 litres in 2016 and is expected to achieve 6 litres in 2021. Chinese consumers have developed a strong taste for foreign spirits, although on balance they still prefer other spirits, e.g. the local baijiu, which account for approximately 98% of the total volume share in 2016 (Figure 4-7).

<sup>75</sup> The spirit of Chinese alcohol drinking culture <https://gbtimes.com/spirit-chinese-alcohol-drinking-culture>

<sup>76</sup> Euromonitor International Ltd Report: Spirits in China <http://www.euromonitor.com/spirits-in-china/report>

<sup>77</sup> Anti-extravagance meets luxury brands in China <http://www.globallegalpost.com/commentary/anti-extravagance-meets-luxury-brands-in-china-28419765/>

Figure 4-7: Evolution and forecast of spirit consumption (000 litres) and of total spirits per capita at legal purchasing ages (litres) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2017 to 2021 based on forecasts as indicated by (f) after the year

The boxes below provide summaries of key consumption data for the seven identified main types of spirits: Other spirits, Brandy & Cognac, Liqueurs, Rum, Tequila, Whisky and White Spirits.

Other spirits			
Market size (2016):	Volume: 5 713m litres	CAGR (volume)	2012-2016: 4.2%
	Value (RSP): EUR 114.1bn		2017-2021: 3.7%
Most popular types and price points (% of volume, 2016):	Local economy spirits (43.7%) ↗	Lower-mid range local spirits (21.3%) ↔	
	Upper mid-range local spirits (19.1%) ↔	Premium local spirits (7.5%) ↘	
Brandy and cognac			
Market size (2016):	Volume: 66m litres	CAGR (volume)	2012-2016: -1.5%
	Value (RSP): EUR 5.6bn		2017-2021: 4.1%
Most popular types (% of volume, 2016):	Brandy (67.4%) ↑	Cognac (32.6%) ↓	
Liqueurs			
Market size (2016):	Volume: 2m litres	CAGR (volume)	2012-2016: 2.4%
	Value (RSP): EUR 0.12bn		2017-2021: 1.2%
Most popular types (% of volume, 2016):	Other (62.7%) ↑	Cream based (32.7%) ↓	
	Bitters (4.6%) ↗		
Rum			
Market size (2016):	Volume: 1.1m litres	CAGR (volume)	2012-2016: 5.6%
	Value (RSP): EUR 0.08bn		2017-2021: 3.9%
Most popular types (% of volume, 2016):	White (78.9%) ↔	Dark (21.2%) ↔	
Most popular quality level (% of volume, 2016):	Mid-priced (83.9%) ↔	Economy (9%) ↗	
Tequila			
Market size (2016):	Volume: 0.6m litres	CAGR (volume)	2012-2016: 7.8%
	Value (RSP): EUR 0.05bn		2017-2021: 4.4%
Whisky			
Market size (2016):	Volume: 15.5m litres	CAGR (volume)	2012-2016: -7.1%
	Value (RSP): EUR 1.6bn		2017-2021: -1.8%
Most popular types (% of volume, 2016):	Blended scotch (70.9%) ↓	Bourbon (17.7%) ↗	



	Single malt scotch (7.9%) ↑	Canadian (3.5%) ↔	
<b>White spirits</b>			
<b>Market size (2016):</b>	<b>Volume:</b> 3.7m litres	<b>CAGR (volume)</b>	<b>2012-2016:</b> 5.8%
	<b>Value (RSP):</b> EUR 0.24bn		<b>2017-2021:</b> 2.6%
<b>Most popular types (% of volume, 2016):</b>	Vodka (91%) ↔	Gin (19%) ↔	
<b>Most popular quality level (vodka)</b>	Mid-priced (83.5%) ↔	Economy (16.5%) ↘	
<b>Most popular quality level (gin)</b>	Super premium (53.3%) ↑	Mid-priced (28.3%) ↓	

Source: Euromonitor International Ltd

Note: trend arrows show the evolution of the segment share in percentage terms since 2012

#### 4.2.2.2 Consumer profile and purchase criteria

Alcohol consumption dates back to 7000 B.C. in China and is therefore a very important part of the country's culture. Spirits are mostly consumed during meals, as reported by 85% Chinese consumers<sup>78</sup>. Furthermore, the Chinese culture puts a heavy emphasis on social drinking<sup>79</sup>, i.e. drinking during formal occasions and celebrations. Traditionally, drinking spirits is considered part of the working life and consuming alcoholic beverages in occasion of business dinners can help to develop work relationships and even sealing deals<sup>80</sup>. Nonetheless, this habit is vanishing as a result of the anti-extravagance campaign launched by the government in 2013, which cut public expenditure for banquets and abolished the official gift-giving<sup>81</sup>.

In recent years, the demand for imported brands is mainly growing driven by a new class of consumers that are increasingly drinking spirits for leisure, i.e. upper middle-class consumers that drink premium spirits, which are considered an indicator of social status; and new generations that adopt Western lifestyles and thus tend to go for cocktails rather than local alcoholic beverages<sup>82</sup>. Middle-class Chinese that have travelled or lived abroad and have experienced the Western lifestyle are a notable segment of imported spirits



<sup>78</sup> Consumption Boosts Liquor Market in China <http://www.nielsen.com/cn/en/insights/news/2017/Nielsen-Consumption-Boosts-Liquor-Market-in-China.html>

<sup>79</sup> Factors associated with consumption of alcohol in older adults - a comparison between two cultures, China and Norway: the CLHLS and the HUNT-study <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5537928/#CR15>

<sup>80</sup> What do you know about drinking in China? <https://blog.hutong-school.com/what-do-you-know-about-drinking-china/>

<sup>81</sup> China turns against official extravagance <http://www.bbc.co.uk/news/world-asia-21342933>

<sup>82</sup> Sales, Import, and Manufacture of Alcoholic Beverages in China <http://www.china-briefing.com/news/2017/07/20/sales-import-manufacture-alcoholic-beverages-china.html>

consumption. This target segment is expected to increase by 8-10% per year in the years ahead. These consumers can also be important social media influencers, since they are generally eager to share their food and drink habits in social medias.

### Consumer preferences

In 2016, spirits accounted for 51% of Chinese drinks consumption<sup>83</sup>. Overall, Chinese consumers still prefer local distilled liqueurs, e.g. Baijiu, a white liqueur distilled from grains (e.g. rice and maize), which accounts for around one-third of all spirits consumed globally<sup>84</sup>.

Nonetheless, alcohol preferences amongst Chinese consumers vary on the basis of age, gender, education and areas of residence:

- **Age:** older people, who tend to be more traditionalists, prefer local spirits<sup>85</sup>, e.g. Baijiu, while younger people (aged 26-35), adopting a Western lifestyle, purchase more foreign brands<sup>86</sup>. In particular, 2015 research found that 18-30 years old Chinese accounted for 67% of bar cocktails consumers, while 31-40 years old people accounted only for 21% of this segment.
- **Gender:** men drink more spirits than women: every six in ten spirits consumers are men<sup>87</sup>, as business social occasions often require them to drink alcohol as a demonstration of their sincerity and frankness<sup>88</sup>.
- **Education:** around 76% spirits consumers and 44% bar cocktail consumers have completed the higher education cycle. These consumers are more open to new products and they are in for a trendy international lifestyle.
- **Geographical location:** Around 98% spirits consumers are concentrated in urban China<sup>89</sup>.
- **Whisky and cognac taste preferences:** whisky consumers are concentrated in the northern part of the Yangzhou river, where people are fonder of traditional local spirits, which are closer to Whisky in taste. On the contrary, people living in the South of the Yangzhou river are closer to the seaside and therefore they are more influenced by the international culture. In this area, Cognac and wine are more likely to be consumed.

Along with price and brand reputation, packaging is the most important factors in purchase decision making for spirits more generally. Successful packages are targeted at specific consumer segments and

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<sup>83</sup> Consumption Boosts Liquor Market in China <http://www.nielsen.com/cn/en/insights/news/2017/Nielsen-Consumption-Boosts-Liquor-Market-in-China.html>

<sup>84</sup> The spirit of Chinese alcohol drinking culture <https://gbtimes.com/spirit-chinese-alcohol-drinking-culture>

<sup>85</sup> China's wine consumption growing in tandem with ageing millennials <http://www.scmp.com/business/commodities/article/2105607/chinas-wine-consumption-growing-tandem-ageing-millennials>

<sup>86</sup> Consumption Boosts Liquor Market in China <http://www.nielsen.com/cn/en/insights/news/2017/Nielsen-Consumption-Boosts-Liquor-Market-in-China.html>

<sup>87</sup> Chinese spirits industry hits a high <https://www.foodreview.co.za/chinese-spirits-industry-hits-high/>

<sup>88</sup> Euromonitor International Ltd Report: Spirits in China <http://www.euromonitor.com/spirits-in-china/report>

<sup>89</sup> Chinese spirits industry hits a high <https://www.foodreview.co.za/chinese-spirits-industry-hits-high/>

they are original and colourful. Furthermore, product innovation is another key driver for the consumption of spirits, with new product purchases accounting for 65% of the market growth<sup>90</sup>.

With regards imported spirits in particular, brand and image are key purchasing criteria. The history of a brand and the image that a product projects are important considerations, and an online presence can help communicate on these aspects. Not all consumers have developed brand loyalty yet (or in the case of cocktails, preferences for certain drinks), so there is the potential for new entrants to capture parts of an expanding market.

Advertising a new product when entering the Chinese market is a key factor for success. Several social media influencers like displaying their lifestyle, including the way they drink in the bars, in platforms such as weibo.com. Therefore, influencers with disposable income followers could be a good way for a new product to reach the target Chinese consumers. The profile of an influencer's followers (high end / disposable income) is more important for success than the total number of followers. Influencers may also use livestream platforms to show them consuming the product.

### **The luxury market: Whisky and Cognac**

Chinese consumers have acquired a strong taste for imported spirits, which are purchased in occasion of formal occasions, celebrations and increasingly for pleasure. Furthermore, imported spirits are considered one of the best present a man can receive (along with i.e. red wine and Premium Baijiu)<sup>91</sup>.

Amongst the most successful foreign spirits there is Whisky, which is considered a luxury product and is therefore largely consumed in occasion of business dinners<sup>92</sup>. Whisky gained a considerable market share in first tier cities like Shanghai, Beijing, Guangzhou and Shenzhen<sup>93</sup>, where more than 100 whisky bars opened in 2016<sup>94</sup>.

Similarly, Cognac is increasingly being consumed in occasion of business dinners and weddings<sup>95</sup>. The four major Cognac brands distributed in China are:

- Hennessy (LVMH), which was listed amongst the products that were recently launched on the Chinese market and had great commercial success<sup>96</sup>,

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<sup>90</sup>CONSUMPTION BOOSTS LIQUOR MARKET IN CHINA <http://www.nielsen.com/cn/en/insights/news/2017/Nielsen-Consumption-Boosts-Liquor-Market-in-China.html>

<sup>91</sup> Chinese Luxury Consumer Survey and Hurun Best of the Best Awards 2017 <http://www.hurun.net/EN/Article/Details?num=D23D1D9430DD>

<sup>92</sup> Whisky galore as Chinese get the taste for Scotch <http://www.independent.co.uk/news/business/analysis-and-features/whisky-galore-as-chinese-get-the-taste-for-scotch-8581134.html>

<sup>93</sup> Whisky Takes Off in China <https://www.marketingtochina.com/whisky-takes-off-china/>

<sup>94</sup> China's whisky sales poised for big growth: Diageo <https://www.cnbc.com/2017/04/15/chinas-whisky-sales-poised-for-big-growth-diageo.html>

<sup>95</sup> COGNAC consumption: A comparative study on American and Chinese consumers <https://www.sciencedirect.com/science/article/pii/S2212977418300012>

<sup>96</sup> Chinese Luxury Consumer Survey and Hurun Best of the Best Awards 2017

- Martell (Pernod Ricard),
- Rémy Martin (Rémy Cointreau Group) and
- Camus<sup>97</sup>.

#### 4.2.2.3 Recent market trends

Despite the Chinese anti-extravagance policy, a recovery in the exported volumes of spirits has been observed in the last years, with the increasing focus on quality providing possibilities for premium spirits producers<sup>98</sup>. Furthermore, the increasing popularity of cocktails amongst new generations and women is expected to create new opportunities for imported spirits. Nonetheless, wine might be a potential threat to growth of spirits, given that Chinese consumers perceive it as a healthier beverage<sup>99</sup>.

There has been a shift in the bar culture in tier 1 and 2 cities recent years which supports the increase in demand for cocktails and imported spirits. Young workers living in these cities now prefer quiet bars where they can talk and socialise while having a drink after work, placing more importance on the drink than on the entertainment provided by the bar. These consumers may be the key target for more expensive premium spirits. On the contrary, bars in 3<sup>rd</sup> and 4<sup>th</sup> tier cities, while growing in number, are generally noisy and crowded places that young people frequent for entertainment, and where price is a stronger consideration. Such bars are only worth targeting if the product is cheaper.

### 4.2.3 Offer

#### 4.2.3.1 Domestic production

Domestic producers dominate the market with sales of baijiu, which itself maintains approximately 98% of the market share of all spirits, with products ranging from low to ultra-high price points. Chinese production of baijiu ranged between around 1.5 billion litres in December 2016 to around 1.3 billion litres in December 2017. During the Chinese New Year (January-February 2017), when the demand for alcoholic beverages is generally higher, the production reached a peak of approximately 2.2 billion litres<sup>100</sup>.

#### 4.2.3.2 Imports and exports

Imports of spirits into China have experienced a drop since 2012, following the launch of the anti-extravagance campaign by the Chinese government in 2013. This trend was observed in particular for premium spirits, e.g. cognacs and brandies. Nonetheless, in 2015 and 2016 spirits imports recorded a

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<http://www.hurun.net/EN/Article/Details?num=D23D1D9430DD>

<sup>97</sup> The Cognac Market in China <https://www.marketingtochina.com/the-cognac-market-in-china/>

<sup>98</sup> Consumption Boosts Liquor Market in China <http://www.nielsen.com/cn/en/insights/news/2017/Nielsen-Consumption-Boosts-Liquor-Market-in-China.html>

<sup>99</sup> GlobalData: Chinese spirits market expected to reach over US\$450 billion by 2021

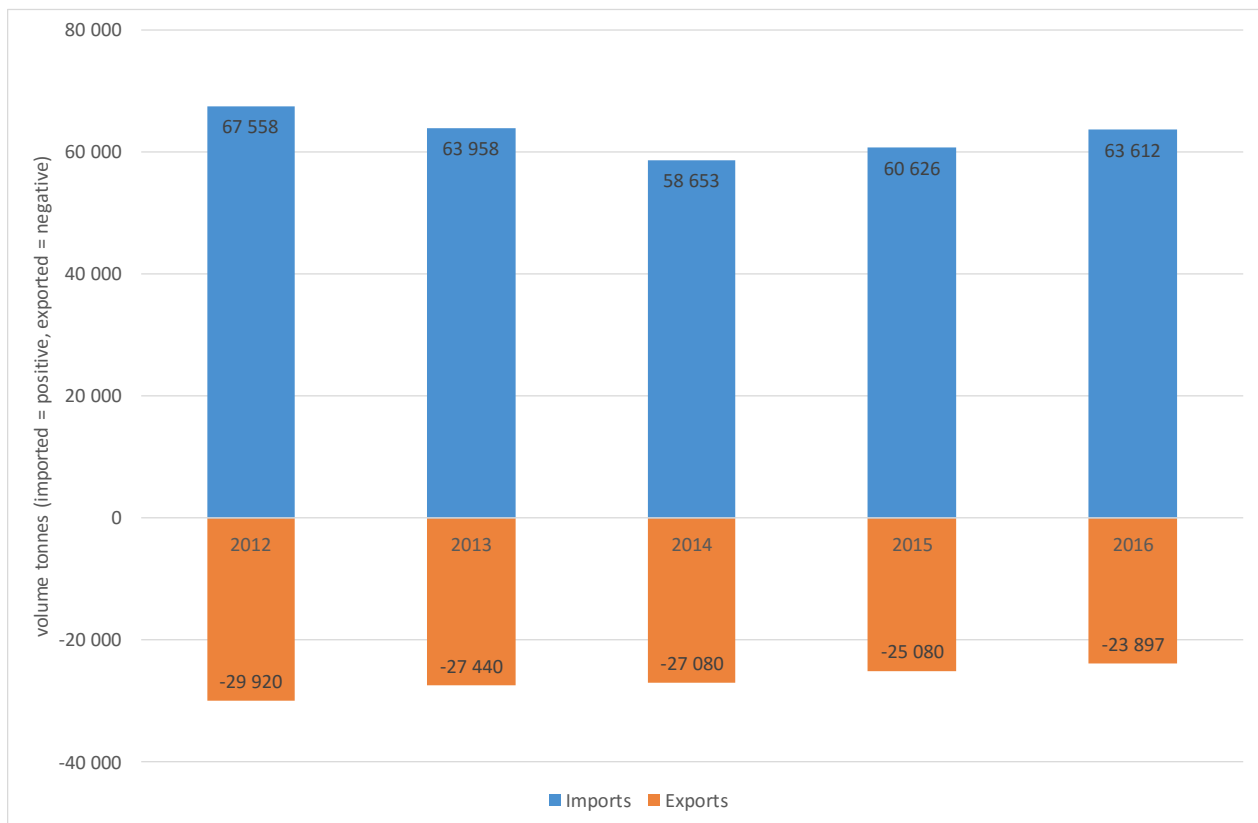
<http://www.foodingredientsfirst.com/news/globaldata-chinese-spirits-market-expected-to-reach-over-us450-billion-by-2021.html>; Euromonitor International Ltd.

<sup>100</sup> National Bureau of Statistics of China

recovery driven by the emergence of new consumers (Figure 4-8). For example, gin, vodka, tequila and rum imports have been growing rapidly driven by the preference of new generations for cocktails<sup>101</sup>.

Volumes of spirits exported from China, which currently account for about one-third of imported volumes, recorded a slight decrease since 2012 (Figure 4-8). Almost all spirits exported from China belong to the category “Other spirits” (90%), which covers Chinese local spirits including the baijiu. On the contrary, grape spirits and whiskies account for respectively 42% and 21% of total foreign exports to China (Figure 4-9).

Figure 4-8: Trade balance (imports and exports) of spirits in China, 2012-16; tonnes



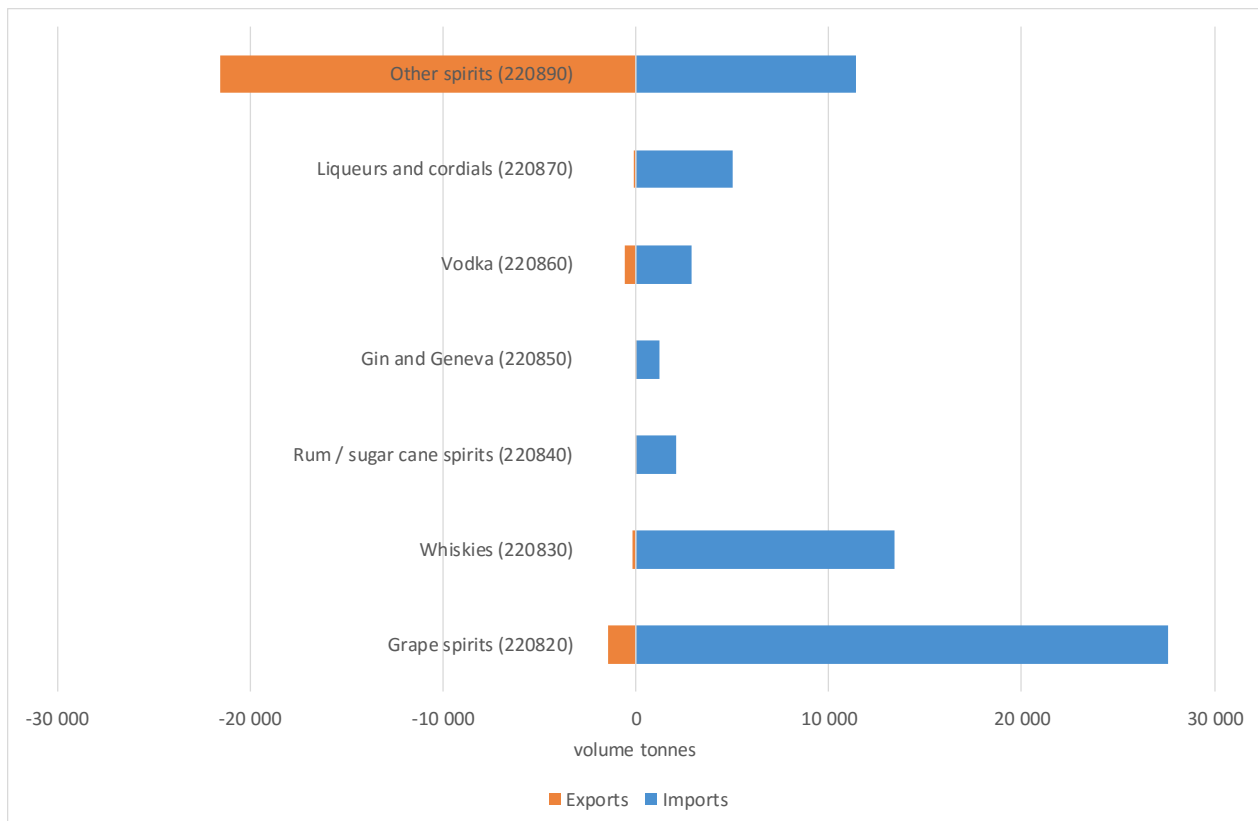
Source: ITC Trademap

Data for CN code 2208 (Ethyl alcohol, undenatured; of an alcoholic strength by volume of less than 80% volume; spirits, liqueurs and other spirituous beverages)

<sup>101</sup>China Alcohol Market Changing

<https://www.bordbia.ie/industry/manufacturers/insight/alerts/pages/chinaalcoholmarketchanging.aspx>

Figure 4-9: Trade balance (imports and exports) of spirits in China by spirit type, 2016



Source: ITC Trademap

Spirit names shortened. CN codes in brackets after spirits.

In 2016, the EU as a whole accounted for 72% of all Chinese spirits imports by volume. Spirits produced in France took the lead with 44% of all imports by volume. With around 48 million bottles imported in 2017, with a value of some EUR 503 million, China is the fourth largest market for French spirits by volume and the second by value<sup>102</sup>. China is the third largest importer of French Cognac, with around 23 million bottles imported in 2016-17<sup>103</sup>.

The UK is the second major exporter of spirits into China, accounting for around 20% of all spirits imported into China by volume. In particular, the UK is the main importer of whisky to China, where around 7 million litres were imported in 2016). Exports of whisky may further increase given the Chinese government decision to cut import tariffs from 10% to 5%, from 1 December 2017<sup>104</sup>. Other important

<sup>102</sup> Dossier de Presse – Exportation de vins et spiritueux

[http://www.cognac.fr/cognac/fr/0\\_commun/actualite.aspx?media-url=/bases/actualites\\_bnic.nsf/db36e34958fb8821c125767000551e09/6f2f4d6b2c0eda47c1258239004806c5/\\$FILE/Les%20exportations%20de%20vins%20et%20spiritueux%20fran%C3%A7ais%20en%202017.pdf](http://www.cognac.fr/cognac/fr/0_commun/actualite.aspx?media-url=/bases/actualites_bnic.nsf/db36e34958fb8821c125767000551e09/6f2f4d6b2c0eda47c1258239004806c5/$FILE/Les%20exportations%20de%20vins%20et%20spiritueux%20fran%C3%A7ais%20en%202017.pdf)

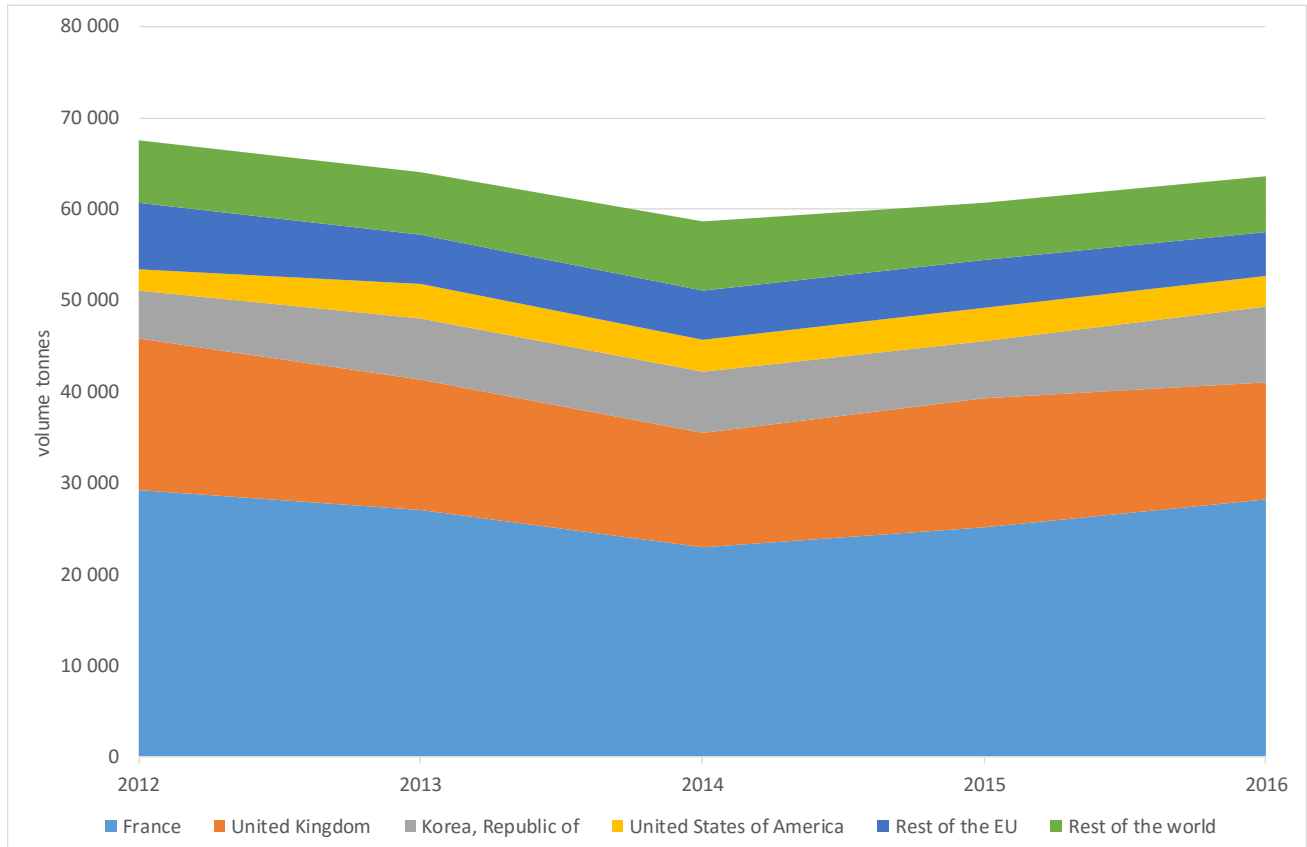
<sup>103</sup> Campagne 2016-2017 : Les Expéditions de Cognac Confirment leur Croissance

[http://www.cognac.fr/cognac/fr/2\\_cognac/index.aspx?page=actualite&id=6834](http://www.cognac.fr/cognac/fr/2_cognac/index.aspx?page=actualite&id=6834)

<sup>104</sup> Spirits industry eyes boost as China cuts tariffs [https://www.just-drinks.com/news/spirits-industry-eyes-boost-as-china-cuts-tariffs\\_id124595.aspx](https://www.just-drinks.com/news/spirits-industry-eyes-boost-as-china-cuts-tariffs_id124595.aspx)

countries exporting spirits to China include Korea and the USA, although their market shares still trail EU exports (Figure 4-10).

Figure 4-10: Chinese imports of spirits by country, 2012-16; tonnes

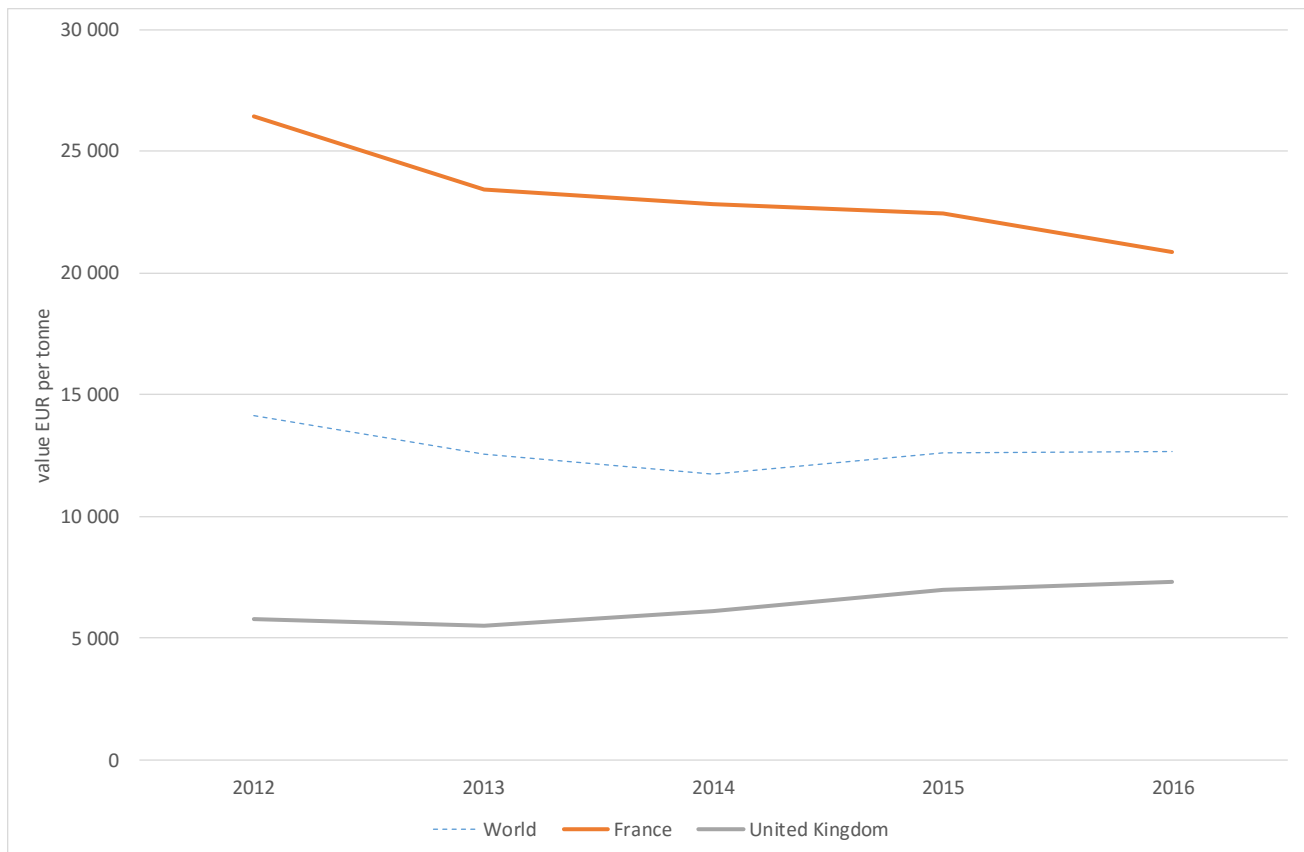


Source: ITC Trademap

Data for CN code 2208 (Ethyl alcohol, undenatured; of an alcoholic strength by volume of less than 80% volume; spirits, liqueurs and other spirituous beverages)

Spirits from France are high value. Indeed, despite the drop experienced since 2012 as a result of the Chinese government's anti-extravagance campaign, the unit value of French spirits, i.e. EUR 20 841 per tonne in 2016, remained well above the global average, i.e. EUR 12 655 per tonne. On the contrary, the unit value of spirits from the UK, albeit low, increased from EUR 5 783 in 2012 to EUR 7 332 in 2016 (Figure 4-11).

Figure 4-11: Per unit value of Chinese imports of spirits for selected EU Member States, 2012-16 (EUR per tonne)



Source: ITC Trademap

Data for CN code 2208 (Ethyl alcohol, undenatured; of an alcoholic strength by volume of less than 80% volume; spirits, liqueurs and other spirituous beverages)

#### 4.2.3.3 EU GI products

Scotch Whisky has been registered as geographical indication in China since 2012 and Cognac since 2009. Furthermore, in June 2017 the European Commission published a list of 100 geographical indications which are set to receive protection in China. Amongst the products listed there are several European spirits, as indicated in Table 4-5.

Table 4-5: List of geographical indications protected/to be protected in China: Spirits

Product	Country	Product description/class	Protected
Scotch Whisky	UK	Spirit	Yes, since 2012
Cognac	France	Spirit	Yes, since 2009
Zivania	Cyprus	Spirit	Planned ("100 list")
Irish Cream	Ireland/Northern Ireland	Spirit	Planned ("100 list")
Irish whiskey / Irish whisky/Uisce Beatha Eireannach	Ireland/Northern Ireland	Spirit	Planned ("100 list")



Product	Country	Product description/class	Protected
Ouzo	Greece	Spirit	Planned (“100 list”)
Brandy de Jerez	Spain	Spirit	Planned (“100 list”)
Armagnac	France	Spirit	Planned (“100 list”)
Calvados	France	Spirit	Planned (“100 list”)
Grappa	Italy	Spirit	Planned (“100 list”)
Genièvre /Jenever/Genever	Belgium/Netherlands/France/ Germany	Spirit	Planned (“100 list”)
Originali lietuviška degtinė/Original Lithuanian vodka	Lithuania	Spirit	Planned (“100 list”)
Polska Wódka/Polish Vodka	Poland	Spirit	Planned (“100 list”)
Suomalainen Vodka/ Finsk Vodka / Vodka of Finland	Finland	Spirit	Planned (“100 list”)
Svensk Vodka/ Swedish Vodka	Sweden	Spirit	Planned (“100 list”)

Source: European Commission

Imports of European spirits, including GIs, recorded a drop between 2012 and 2016, largely attributable to the anti-extravagance campaign implemented by China’s new government in the last quarter of 2013 (which curtailed the buying of luxury goods including expensive bottles of GI Cognac that were once popular gift items) and due to China’s steadily slowing economy.

This is particularly evident when looking at Scotch Whisky included GI Scotch Whisky imported from the UK, whose exports decreased by around 56% between 2012 and 2016. Similarly, imports of French Cognac, including GI Cognac, experienced a drop of around 44% between 2012 and 2014, although this trend has started reversing more recently<sup>105</sup>.

Like many European spirits, Polish Vodka including GI Polish Vodka exports to China fluctuated over the period 2012-2014, but then started rising dramatically in 2016, reaching the highest level since 2012<sup>106</sup>. These figures are less dramatic than those observed for Scotch Whisky, due to the lower sales recorded by the GI Polish Vodka before the anti-extravagance campaign was launched. Furthermore, while gifting has declined (resulting in lower sales of expensive whiskies for status purposes), tastes for Western spirits like Polish Vodka have grown more popular among young middle-to-high-income Chinese consumers who are increasingly likely to drink it socially.

<sup>105</sup> Eurostat COMEXT

<sup>106</sup> Eurostat COMEXT

#### 4.2.3.4 Main competitors

As pointed earlier, South Korea and the USA are the largest non-EU spirits exporters to China, overall accounting for 18% of the spirits imports to China<sup>107</sup>. In particular, US spirits exports to China rose by 35% between 2013 and 2015 and are expected to further increase in the years ahead<sup>108</sup>.

Nonetheless, domestic producers are dominant in the Chinese spirits market, given that consumers of foreign spirits, e.g. affluent young people and high-income middle-aged Chinese, account for a relatively small part of the Chinese society<sup>109</sup>.

Unlike in the global spirits market where two large companies (Diageo and Pernod Ricard) are dominant, in China several local spirits producers gained a significant market share. Nonetheless, companies such as Kweichow Moutai Co, Jiangsu Yanghe Distillery Co and Sichuan Yibin Wuliangye Distillery Co, the largest producers of the most consumed alcoholic beverage in China, the baijiu, are key players in the industry<sup>110</sup>. Moutai has also developed a successful strategy to face to drop in sales due to the anti-extravagance campaign launched by the Chinese government in 2013. The company has significantly lowered prices to make its baijiu more affordable for new consumers, namely younger people.

#### 4.2.3.5 Specific customs requirements

##### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures. In line with obligations under the Convention on the International Trade of Endangered Species of Wild Fauna and Flora certain spirits that contain plants of endangered species face additional import requirements. These products are required to be accompanied by a Permit to Import Endangered Species and Products Thereof. Applications should be submitted to the State Forestry Administration of the People's Republic of China.

##### SPS measures

Sanitary and Phytosanitary measures governing the import of wines and spirits are mostly in line with international standards however since 2013 testing for phthalates (plasticizers) is required for wines and spirits and the maximum levels set within Chinese standards are lower than those in international standards. Although this has not had a major impact on spirits imports batch-by-batch testing is still required and low levels of phthalates must be met, producers and exporters should monitor the implementation of this administrative measure for any potential effect this will have upon imports.

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<sup>107</sup> ITC TradeMap

<sup>108</sup> Western brands seeing a recovery in the Chinese spirits market <https://www.cnbc.com/2016/10/28/western-brands-seeing-a-recovery-in-the-chinese-spirits-market.html>

<sup>109</sup> Euromonitor International Ltd Report: Spirits in China <http://www.euromonitor.com/spirits-in-china/report>

<sup>110</sup> China Spirits Market Report: 2016 Edition [https://www.researchmoz.us/china-spirits-market-report-2016-edition-report.html?lipi=urn%253Ali%253Apage%253Ad\\_flagship3\\_pulse\\_read%253B4%252FjiW%252FFHT3ObpUefFMgw5A%253D%253D](https://www.researchmoz.us/china-spirits-market-report-2016-edition-report.html?lipi=urn%253Ali%253Apage%253Ad_flagship3_pulse_read%253B4%252FjiW%252FFHT3ObpUefFMgw5A%253D%253D)

You can track the status of this measure and the EU response on the EU Market Access Database:

[http://madb.europa.eu/madb/sps\\_crossTables.htm?isSps=true](http://madb.europa.eu/madb/sps_crossTables.htm?isSps=true)

### Labelling

Spirits are subject to labelling requirements under Chinese national standards and incorrectly labelled product will not be able to enter the Chinese market. As per the requirements of **GB 15037-2006** all labels for Spirits must include information such as:

- Volume
- Alcohol content
- Country of origin
- Type of alcohol
- Production or bottling date
- Storage instructions
- List of ingredients including raw ingredients and additives
- National standard code
- Production license
- Warning
- Address and contact information of the importer



Alcoholic beverages with an alcoholic content of over 10% are not required to provide shelf life information.

Requirements can vary depending upon the point of entry and national standards are subject to change, exporters should work closely with importers with relevant expertise prior to making shipments to ensure that the most recent standards are complied with.

### IPR issues

As Spirits are a high value commodity, and consumer awareness of how to spot low grade or fake products can be low, counterfeit products can pose an issue for brand owners. Registering all trademarks including logos bottle designs and labels is a must. Careful monitoring of your supply chain, market surveillance, and cooperation with the relevant Chinese authorities can minimise the risk of infringement of intellectual property and allow for timely measures to be taken if this does occur.

As spirits are increasingly purchased from online retailers an effective strategy for cooperating with e-retail platforms to deal with counterfeit produce will only increase in importance. Larger e-retail platforms are increasingly active in their efforts to prevent IP abuse;<sup>111</sup> however where consumer

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<sup>111</sup> How Serious Is China About Fighting Fake Wine Sales Online?  
<http://www.winechina.com/html/2015/02/201502271955.html>

awareness remains low and potential profit margins high, there remains a financial incentive for counterfeit produce via a distribution channel where enforcement procedures are still in their infancy.

For traditional retail channels IP enforcement strategies can also include additional measures such as bottle buy back schemes or introducing design features for bottles or labels that make it easier to identify counterfeit produce. Collaboration with the relevant Chinese authorities for the enforcement of rights and training on how to spot a fake can also contribute towards efforts to combat infringement. Perhaps the most important tactic however is improving consumer awareness of possible infringements and the value attached to genuine products, thus encouraging consumers to educate themselves in the identification of fakes and avoidance of infringing products. This approach has worked particularly well in the European wine trade where knowledge of the products is now a socially respected asset and consumers take a proactive role in the selection of respected products.

Counterfeiting remains a serious issue for imported spirits in China; for whisky and cognac in particular (these account for around 80% of imported spirits). The most common method of counterfeiting involves the refilling of used empty bottoms with a fake product. This is generally sold to bars for distribution through the on-trade channel, though small grocery stores may distribute some counterfeit products through the off-trade channel. As consumers still have limited knowledge about the taste of the product they generally cannot identify the counterfeit product when it is served to them.

Controls on product packaging have emerged as the main method of tackling this issue. Some manufacturers, including local ones, have put QR codes on bottles in order to track them after sale. Consumers have also shown interest in using the QR code to follow the distribution flow of products. By way of example, Pernod Ricard introduced a QR system (le code) in 2017.

A further specific issue is the shipping of products to mainland China through Hong Kong motivated by the absence of duty and potentially favourable foreign exchange rates. This trade may occur through legal parallel trade channels or illegal smuggling channels. It is estimated by some distributors that 15-20% of total sales of imported spirits sold in mainland China pass through Hong Kong, whether legally or illegally.

#### **4.2.4 Distribution**

While retail channels dominate the distribution chain for spirits as a whole, the situation is different for non-baijiu spirits, where the luxury good status has created a reliance on trusted on-trade establishments for the distribution of products within local markets. Indeed, the off-trade share for white spirits, whiskies, Tequila and Mezcal as well as Rum mainly the share of off-trade remains well below 20%. Nonetheless, off-trade is the main distribution channel for other spirits (88% of total sales, in 2016) as well as Brandy and Cognac (72%) and is increasing in overall importance for imported spirits as a broader group.

Motivated by the absence of duty and potentially favourable foreign exchange rates, several products are shipped to mainland China through Hong Kong. This trade may occur through legal parallel trade

channels or illegal smuggling channels. It is estimated by some distributors that 15-20% of total sales of imported spirits sold in mainland China pass through Hong Kong, whether legally or illegally.

In terms of retail channels within the off-trade market, supermarkets, convenience stores and grocery shops were the leading channel for the distribution of all spirits in 2016, accounting for a 54% share of volumes<sup>112</sup>. Nonetheless, it is important to distinguish between spirits as a whole and imported spirits. E-commerce is rapidly emerging as an alternative channel for imported spirits, with online purchases of spirits foreseen to double by 2020<sup>113</sup>. Although there may be challenges for the regulation of B2B platforms, the online retail growth potential should not be ignored for those wishing to reach more tech savvy consumers and expand their geographical coverage. Large foreign players (e.g. LVMH, Suntory) have made notable moves in to the online space in recent years, opening their own online stores as well as setting up stores on existing e-commerce platforms. It is worth noting the following on the use of the on-line channel:

- In order to minimise IPR issues, these players have tended to keep control over the online stores they set up.
- The use of the online channel generally allows producers to obtain a higher mark-up, and will avoid entry fees that some retailers may request for stocking products.
- An online presence may indirectly assist with on-trade sales, as it will allow producers to develop awareness of their brand (as noted in section 4.2.2.2, the brand is very important; without general brand awareness, more time and effort will be needed to build relationships with on-trade distributors.)

A strategy which has worked well recent for alcohol beverages more generally entering the Chinese market through the off-trade channel is to start selling the product through internet platforms, so that consumers get familiar with the brand and at a later stage using also traditional retail channels, e. g. supermarkets and hypermarkets. Swedish cider producer Rekordelig, entered using the online channel; followed this up with its own “experience” retail stores; and finally, started selling through hypermarkets. Through this strategy the company has become a big player in China on the cider market.

With regards to building a presence in the on-trade channel, there are two broad options: raise brand awareness through marketing campaigns (including a strong online presence); or build relationships with bar owners/bartenders so that the product is more visible in bars. The latter is particularly effective in the case of the cocktail-drinking segment.

### **Geographical consumption and importing regions**

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<sup>112</sup> GlobalData: Chinese spirits market expected to reach over US\$450 billion by 2021

<http://www.foodingredientsfirst.com/news/globaldata-chinese-spirits-market-expected-to-reach-over-us450-billion-by-2021.html>

<sup>113</sup> Sales, Import, and Manufacture of Alcoholic Beverages in China

<http://www.china-briefing.com/news/2017/07/20/sales-import-manufacture-alcoholic-beverages-china.html>

The major markets for imported spirits continue to be tier 1 cities along the east coast, e.g. Beijing, Shanghai, Guangzhou, and Shenzhen, where there is a developed consumer base and established distribution networks. Nonetheless, competition from well established brands is stiff and, as a result, setup and operational costs might be high. On the contrary, entering lower tier markets can be a more feasible alternative for new entrants, given the lower setup and operational costs, as well as the lack of competition, which may pave the way for a long-term market success<sup>114</sup>.

#### 4.2.5 Challenges for EU products

Counterfeiting constitutes a serious challenge to European spirits in China. For whisky and cognac in particular, counterfeits account for around 80% of imported spirits. The most common method of counterfeiting involves the refilling of used empty bottoms with a fake product. This is generally sold to bars for distribution through the on-trade channel, though small grocery stores may distribute some counterfeit products through the off-trade channel. As consumers still have limited knowledge about the taste of the product they generally cannot identify the counterfeit product when it is served to them.

That said, controls on product packaging have emerged as the main method of tackling this issue. Some manufacturers, including local ones, have put QR codes on bottles in order to track them after sale. Consumers have also shown interest in using the QR code to follow the distribution flow of products. By way of example, Pernod Ricard introduced a QR system (le code) in 2017.

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<sup>114</sup> Sales, Import, and Manufacture of Alcoholic Beverages in China

<http://www.china-briefing.com/news/2017/07/20/sales-import-manufacture-alcoholic-beverages-china.html>

**Case study**

Johnnie Walker

**Background**

As a brand which has a long presence in the Chinese market, enjoys a 27% market share for imported whiskies, and has registered trademarks, Johnnie Walker enjoys the status as a “well-known brand” in China. In early 2007 two Chinese companies based in Jiangsu started to use trademarks registered by Johnnie Walker by utilising similar logos for their olive oil based skin care products.

**Action taken**

Following litigation, the Shanghai intermediate court found that the two companies were infringing upon a well-known trade mark made to pay damages and to cease infringing activities.

As the infringing trademarks were not identical but were similar to those registered by Johnnie Walker the court’s decision was made in reference to article 13.2 of the Trademark Law and Article 2.1 of the Interpretation of the Supreme People’s Court on a Few Issues in the Application of Laws for the Trial of Civil Disputes over Well-Known Mark Protection (Interpretation).

Sources:

Johnnie Walker’s Successful Suppression of Trademark Dilution

<http://www.chinaipmagazine.com/en/journal-show.asp?id=754>

橄榄油商标山寨威士忌 不是酒类也算侵权

[http://www.100tm.com/news\\_chd.asp?id=3428](http://www.100tm.com/news_chd.asp?id=3428)

## 4.3 Beer

### 4.3.1 SWOT analysis

#### Market Takeaway: Spirits

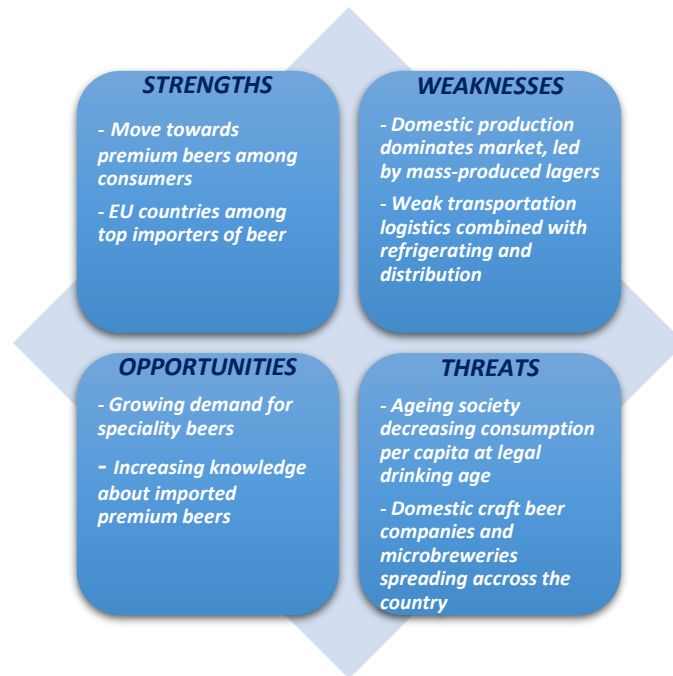
**Consumption:** Spirits are a leading EU export category in trade with China. EU products are in high demand and well-positioned at premium and mid-ranged segments which perform very well given the overall growth in spirit consumption.

**Competition:** Established local brands keep market competitive and thus premium qualities and product/market innovation are privileged.

**Distribution:** Overall dominance of off-trade distribution channels for spirits, although e-commerce is emerging as an alternative for imported spirits. Reliance on on-trade channels for EU premium products enjoying the luxury status.

**Challenges:** The social drinking habit is falling, with spillover effects on the consumption of premium spirits. Counterfeiting remains a serious issue for imported spirits, particularly for whisky and cognac.

**Opportunities:** New generations that adopt Western lifestyles along with women tend to go for cocktails rather than local alcoholic beverages. Premium imported spirits are considered an indicator of social status, and therefore increasingly consumed by upper middle-class consumers for leisure.



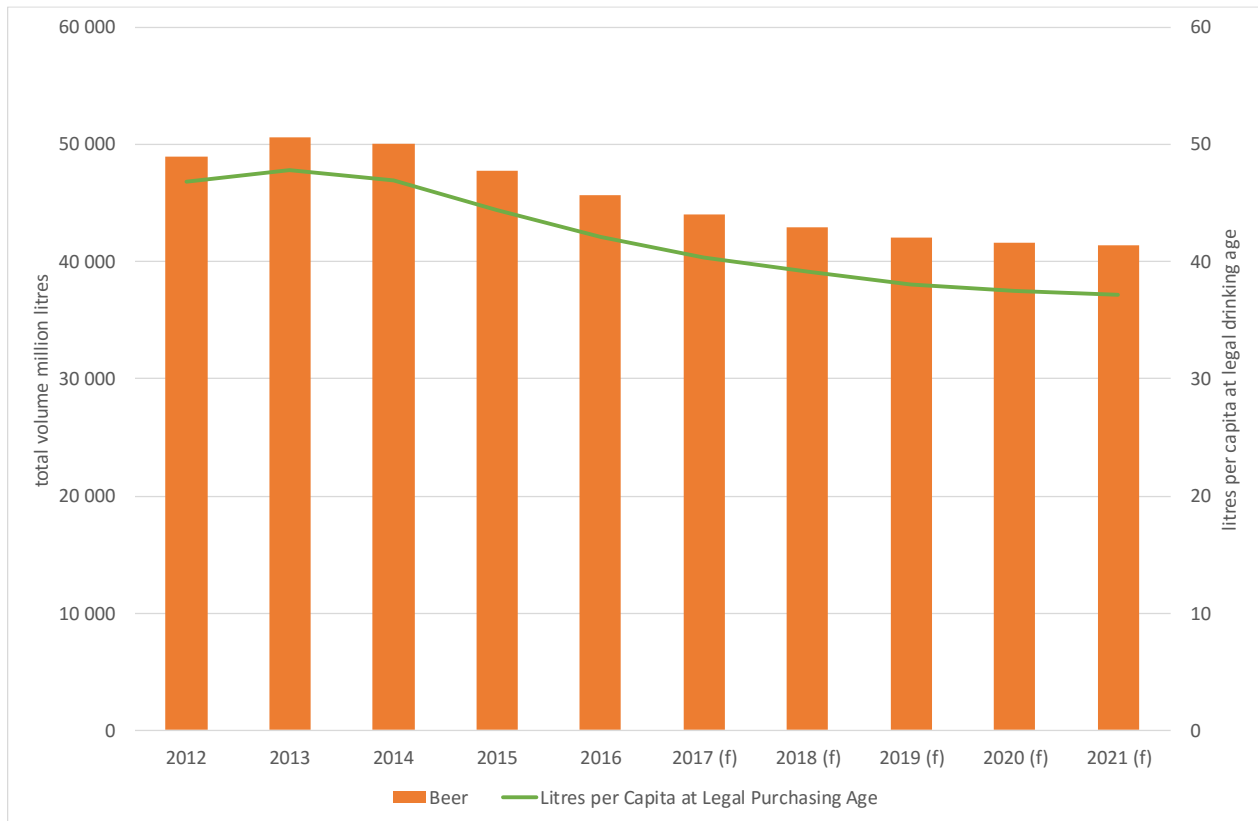
## 4.3.2 Consumption

### 4.3.2.1 Evolution of consumption

As presented in Figure 4-12 the overall consumption of beer in China fell over the period 2012-2016, and is forecast to continue falling over the period 2017-21, albeit at a slower rate; levelling out at just over 40 million litres at the end of the period. As explained in section 4.3.2.2, it is mostly due to ageing of Chinese society, though other factors also play a role. Domestic lager is by far the most popular beer in China and accounts for the vast majority of consumed beer. There has been a slight increase in stout beer in recent years and this is forecasted to increase further in the incoming years. Consumption in litres per capita at legal purchasing age shows a similar trend to that of overall consumption and is forecast to level out below 40 litres.



Figure 4-12: Evolution and forecast of total beer consumption (million litres) and beer consumption per capita at legal purchasing ages (litres) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2017 to 2021 based on forecasts as indicated by (f) after the year

The tables below provide more detail on markets by beer types:

- **Lager beer** is by far the most popular beer, but shows a negative historical and forecast growth trend. Domestic larger accounts for 98.9% of lager consumed, though the market for imported lager is growing in importance. Almost all lager consumed is standard (rather than flavoured); and the most popular pricing point is the economy end, though mid-price and premium lagers are increasing in popularity.
- **Dark beer and stout**, while nowhere near as popular as lager beers, both noted very strong increases in CAGR volume in years 2012-2016 – 71.5% for dark beer and 65.2% for stout. Volume of dark beer and stout are forecast to grow in coming years albeit at a slower rate.
- **Non-alcoholic** beer in China has only volume of 53m litres, which decreased by 2.8% in years 2012-2016 and is forecasted to continue decreasing in the following years (at 4.5% per year).

Lager (all)			
<b>Market size:</b>	Volume: 43 501m litres	<b>CAGR (volume)</b>	<b>2012-2016: -1.9%</b>
	Value (RSP): EUR 69.3bn		<b>2017-2021: -2.1%</b>
<b>Most popular types (2016):</b>	Domestic lager (98.9%) ↘	Standard lager (99.8%) ↘	
	Imported lager (1.1%) ↑	Flavoured lager (0.2%) ↑	
<b>Most popular pricing (standard lager by sales volume, 2016):</b>	Economy (74.8%) ↓	Mid-price (16.6%) ↗	Premium (8.7%) ↑
Dark beer			
<b>Market size (2016):</b>	Volume: 200m litres	<b>CAGR (volume)</b>	2012-2016: 71.5%
	Value (RSP): EUR 2.1bn		2017-2021: 27.7%
Non-alcoholic beer			
<b>Market size:</b>	Volume: 53m litres	<b>CAGR (volume)</b>	2012-2016: -2.8%
	Value (RSP): EUR 0.08bn		2017-2021: -4.5%
Stout			
<b>Market size:</b>	Volume: 192m litres	<b>CAGR (volume)</b>	2012-2016: 65.2%
	Value (RSP): EUR 1.8bn		2017-2021: 25.7%

Source: Euromonitor International Ltd

Note: trend arrows show the evolution of the segment share in percentage terms since 2012

#### 4.3.2.2 Consumer profile and purchase criteria

Beer is consumed both inside and outside the home in roughly equal quantities. In terms of on-trade channels, Chinese consumers mostly drink beer at restaurants with meals. Other venues where beer is consumed include bars and clubs, cafes and at home. The on-trade channel is particularly important for imported beer, and western style bars have the widest selection of imported beer available (section 4.3.4). Beer consumption, in line with alcohol consumption in general, is generally done through regular small glasses being drained in one go throughout the course of a social event.

Traditionally, beer consumers in China are lower income / blue collar workers; males in particular. There is a fairly strong relationship between age and the quantity of beer consumed, with older consumers having lower levels of consumption. The ageing of China's population is considered to be one of the reasons for the decline of the beer market<sup>115</sup>. According to Worldometers<sup>116</sup>, in 2016, the median age in China is 37.3 years, though in 2000 it was 30. However, the young generation (specifically millennials), are currently attracting the attention of beer manufacturers; and products are changing to target this market, with a move away from economy products and increased interest in craft beers and foreign

<sup>115</sup> <http://journal.beer/2016/09/21/who-and-how-much-drinks-beer-in-china/>

<sup>116</sup> <http://www.worldometers.info/world-population/china-population/>

beers from these consumers. The range of beer drinkers is also changing due to the growing number of young females that start to drink beer<sup>117</sup>.

Beer consumption is being affected by a wave of growing health concerns; as a result of which consumers are focusing on “drinking well” rather than “drinking a lot”. Alternative alcoholic drinks such as spirits and wine are beneficiaries of this trend, at the expense of beer. Furthermore, there is a noticeable boost of interest in small European breweries. Consumers are increasingly focusing on brand names rather than value for money, as brand recognition is rising for foreign beers<sup>118</sup>. These consumers, tend to live in urban areas of China, may have more disposable income and their knowledge about beer brands is more extensive than that of regular beer consumers.

#### 4.3.2.3 Recent market trends

As already noted, stout continued to be the fastest growing category within beer. The key to its strong growth is the increasing number of brands available; developing distribution channels; and sales promotions. An increasing number imported stout products were sold online in 2016 and in addition, the price of stout in many retail outlets fell, boosting volume sales.

Craft beers remain relatively unknown and the craft beer scene is small — but growing quickly as it is still a new concept for Chinese consumers<sup>119</sup>. It is popular and distributed mainly in well-developed regions, such as some urban areas of the country where the middle-classes are better off and consumers are global-minded (i.e. tier 1 and some tier 2 cities)<sup>120</sup>. Microbreweries and home breweries are popping up all over the country, with some quickly winning over both local and expat beer drinkers.

### 4.3.3 Offer

#### 4.3.3.1 Domestic production

According to China Alcoholic Drinks Association, total production of beer declined by 4% in volume terms to reach 45.1 billion litres in 2016. China's first brewery was founded in 1900 and nowadays there are now more than 1,500 domestic beer brands in the country<sup>121</sup>. The Chinese market is dominated by domestically mass-produced lager. However, as noted above, craft breweries are more often seen around the country—by 2016 there were around 150, up three times from 2015<sup>122</sup>.

The biggest Chinese beer brewing companies is China Resources Snow Breweries Ltd., which accounts for over ¼ of the market in volume terms<sup>123</sup>. It is followed by various other companies including Tsingtao

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<sup>117</sup>: Source: Euromonitor International Ltd.

<sup>118</sup> <https://medium.com/@mersolluo/beer-market-in-china-81aec59b1b85>

<sup>119</sup> Ibid.

<sup>120</sup> Source: Euromonitor International Ltd.

<sup>121</sup> <https://www.cnbc.com/2017/12/28/beverage-makers-chinese-are-drinking-craft-beer-wine-baijiu.html>

<sup>122</sup> <https://www.economist.com/news/business/21728675-consumers-are-increasingly-willing-pay-up-craft-beer-craft-beer-boom-chinese>

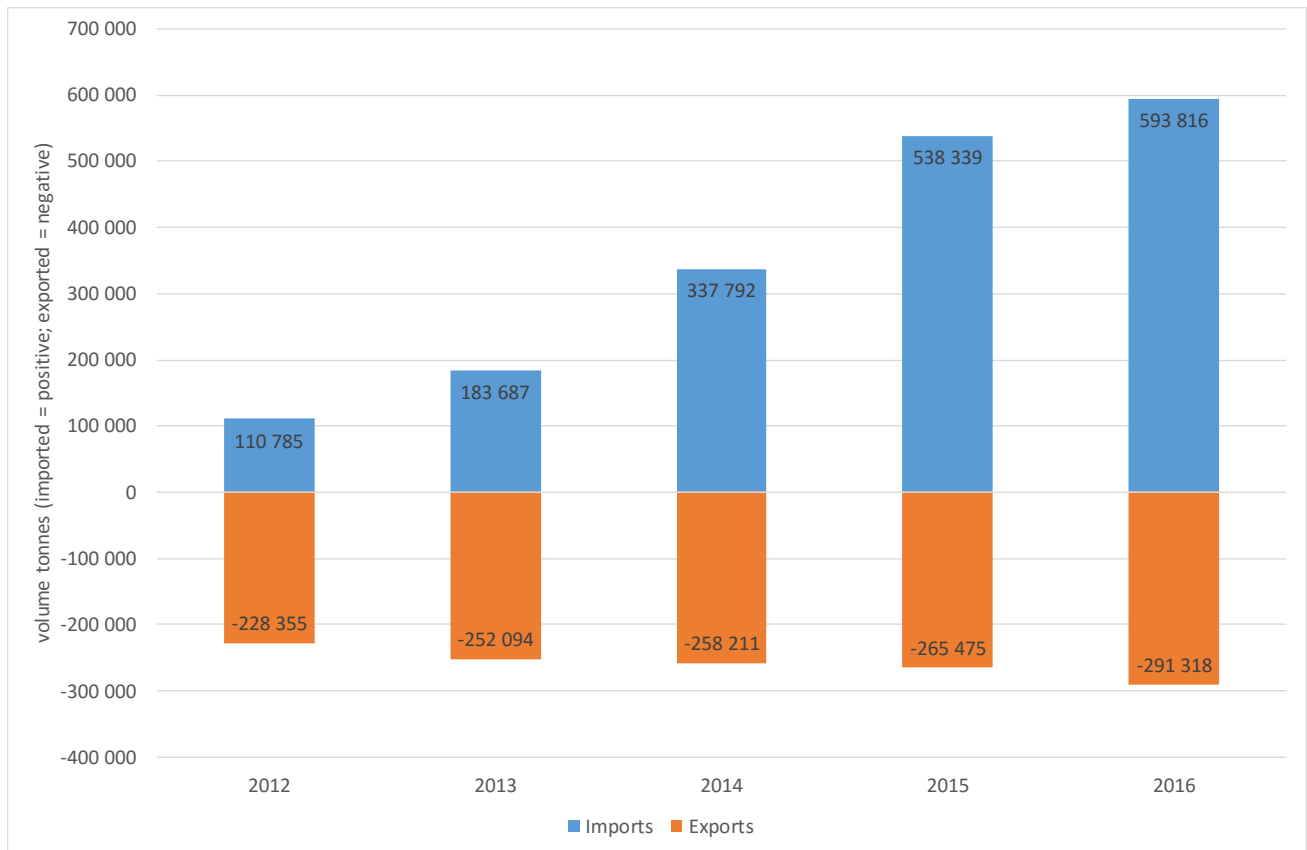
<sup>123</sup> Based on data from Euromonitor International Ltd.

Brewery Co., Ltd., Beijing Yanjing Brewery, Harbin Brewery and Guangzhou Zhujiang Brewery Group Co., Ltd.

#### 4.3.3.2 Imports and exports

As presented in Figure 4-3, China's imports have exceeded the export volume since 2014. Since 2015, the country imported at least twice as much beer as it exported every year and reached almost 600 000 tonnes of imported beer in 2016, even though Chinese exports of beer increased slightly since 2012.

Figure 4-13: Trade balance (imports and exports) of beer in China, 2012-16; tonnes

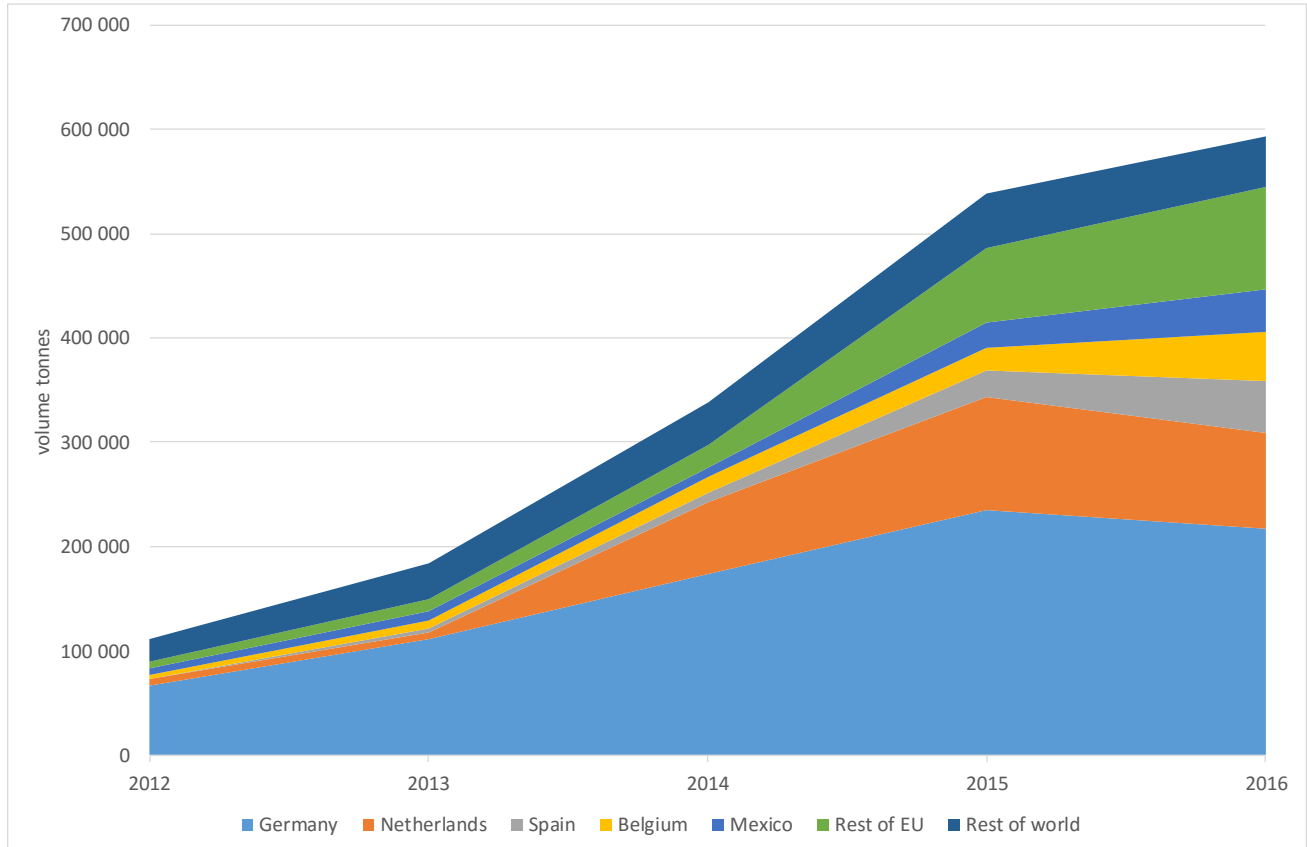


Source: ITC Trademap

Data for CN code 2203 (Beer made from malt)

China imports beer mostly from the EU. Top exporters of beer to China in order are Germany, the Netherlands, Spain and Belgium. German and Dutch exports peaked in 2015 and have since fallen back slightly. The only significant importer outside Europe – Mexico has remained its stable position in years 2012-2016 (Figure 4-14). Rest of the EU countries also noted a significant boost, especially in 2016 due to *inter alia* increase in UK exports to China by 500%<sup>124</sup>. The trends in import origins reflect the recent strong increases in demand for dark beer and stout.

Figure 4-14: Chinese imports of beer by country, 2012-16; tonnes



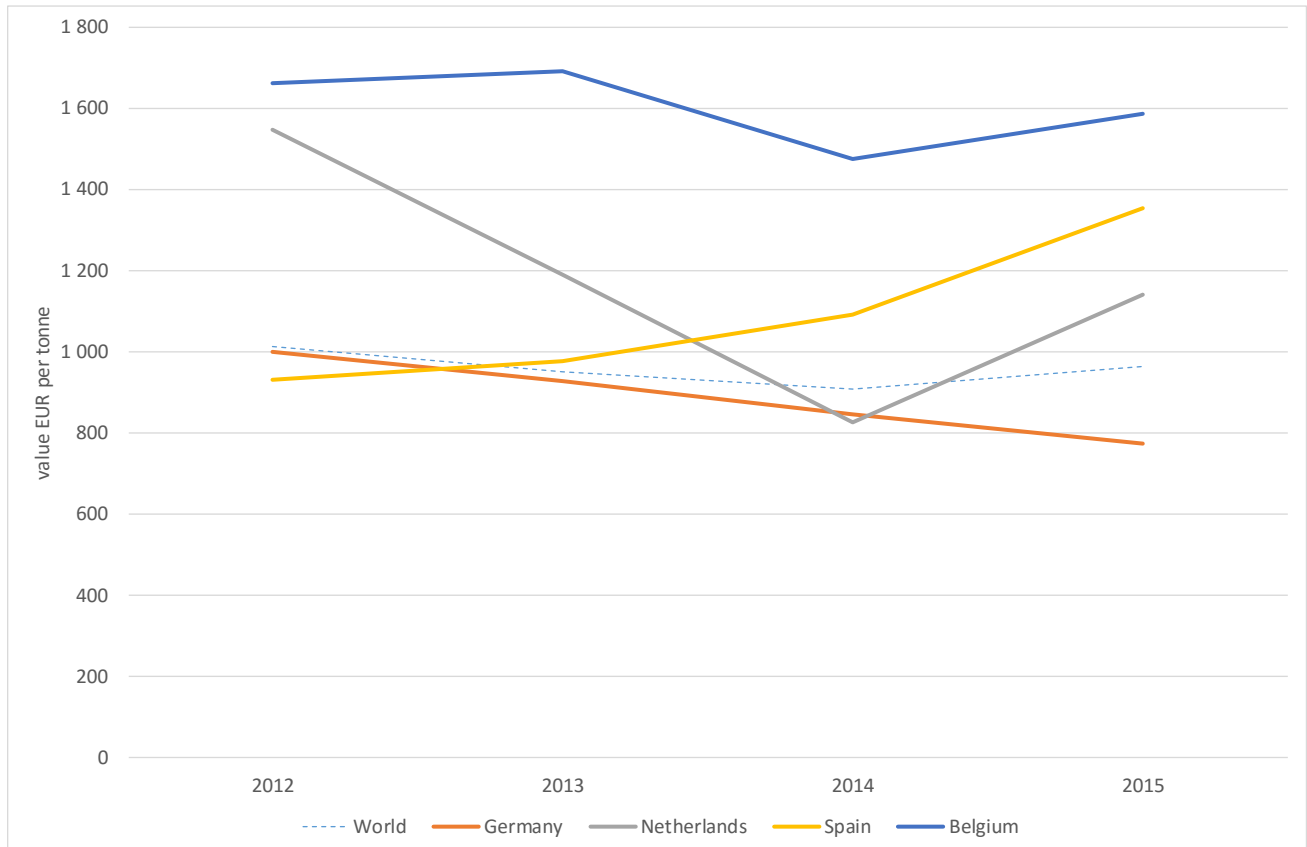
Source: ITC Trademap

Data for CN code 2203 (Beer made from malt)

<sup>124</sup> <https://www.thedrinksbusiness.com/2017/03/uk-beer-exports-to-china-rise-by-500/>

As seen from Figure 4-15, despite a decrease in recent years Belgian beer has the highest value per unit of Chinese imports, with a per tonne value of EUR 1500 in 2015, well above the average value of all imports (962 EUR/ tonne). Dutch beer value per unit slumped from nearly EUR 1600 in 2012 to almost EUR 800 in 2014 before recovering in 2015. Spanish beer noted a stable increase in value per unit, reaching nearly EUR 1400 per tonne and German value per unit decreased from EUR 1000 in 2012 to EUR 790 in 2015, below the average value of all imports (Figure 4-15).

Figure 4-15: Per unit value of Chinese imports of beer for selected EU Member States, 2012-15 (EUR per tonne)



Source: ITC Trademap

Data for CN code 2203 (Beer made from malt)

Note: Data for 2016 not available

#### 4.3.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement (see section 3.2.6.2). Among them, there are three EU GI beer products and one beer related spice<sup>125</sup>:

- Beer: Českobudějovické pivo (Czech Republic)
- Beer: Münchener Bier (Germany)
- Beer: Bayerisches Bier (Germany)
- Hops: Žatecký chmel (Czech Republic)

#### 4.3.3.4 Main competitors

As mentioned in 4.3.3.1, domestic breweries make up the majority of the mass market, while premium imports recorded vigorous growth in 2016<sup>126</sup>. The biggest Chinese companies include China Resources Snow Breweries Ltd., Tsingtao Brewery Co., Ltd., Beijing Yanjing Brewery, Harbin Brewery and Guangzhou Zhujiang Brewery Group Co., Ltd. As seen in section 4.3.3.2, Europe dominates the market for imported beer.

As the transportation constitutes a big challenge for foreign beer makers, many of international players opt for locating their breweries in China or forming joint ventures with local companies<sup>127</sup>. For example, Heineken owns the local Shanghai Asia Pacific Brewery and Japanese owns the local Dalian Daxue Brewery. That said, Carlsberg recently shut some breweries in China. International players have generally performed better than domestic companies in recent years<sup>128</sup>.

#### 4.3.3.5 Specific customs requirements

##### Market Access and Entry

Beer does not face any market access restrictions, and market access is available for all Exporters who have completed the Registration of Foreign Exporters of Foodstuffs and are able to comply with the requirements of Chinese import procedures and relevant standards.

##### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

##### SPS measures

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<sup>125</sup> <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

<sup>126</sup> Source: Euromonitor International Ltd.

<sup>127</sup> <https://medium.com/@mersolluo/beer-market-in-china-81aec59b1b85>

<sup>128</sup> Source: Euromonitor International Ltd.

There are no SPS measures put in place with regards to exporting beer to China. The delayed “new certification requirements for low risk food products” is scheduled to enter into force in October 2019 and would theoretically apply to beer (see section 3.2.5).

### Labelling

The rules of labelling beer are set out in GB 10344-2005 general rules for pre-packaged alcoholic beverage labels, the information required for beers includes:

- Product name;
- Ingredients including any water or alcohol that was added during the production process, additives, and any plant or animal products;
- Alcohol content;
- Wort content;
- Name and addresses of the manufacturer and the distributor;
- Bottling date or production date;
- Best before date or shelf life;
- Net content;
- Relevant Standard number;
- Quality grade;
- Batch number;
- Energy content and nutritional value;
- Product type; and
- Health warning.

All ingredients making up 2% or more of the product are to be listed in descending order by volume. Those ingredients that make up less than 2% of the volume do not have to be listed in descending order. Optional information for labels includes information that can be useful for the consumer such as instructions on how to open the beverage, daily allowances, and advice on how to drink the product etc.

The provisions of GB 7718-2011 general rules for labelling of pre-packaged foods national food safety standards contain many of the definitions of the content to be included on labels for beers whilst separate standards govern the use of additives and their categorisation and naming for labelling purposes. A high degree of familiarity with these and other standards is required for all exporters wishing to enter the market.

#### 4.3.4 Distribution

Overall, the roughly equal amounts of beer are sold through the off and on trade channels. However, for the categories with a greater proportion of imports (i.e. stout, dark beer imported lager) the on-trade channel accounts for a higher volume (65-70%) than the off-trade channel. The off-trade share of imported lager has been increasing since 2012 and it is predicted to continue this trend. The greatest increase in sales through the off-trade channel is forecasted for stout, reaching 47.2% of total volume sales in 2021 and hence indicating the increasing consumption of stout outside bars and restaurants.



### 4.3.5 Challenges for EU products

The greatest challenges identified for EU products are combined with transportation of beer. The lack of adequate refrigeration in pubs and distribution vehicles is another issue that affects taste and, by extension sales of imported beers<sup>129</sup>.

#### Market Takeaway: Beer

**Consumption:** Consumption of beer in China is falling, mostly due to ageing of Chinese society. Speciality beers on rise (dark beer, stout), however lager remains as the main choice for consumers.

**Competition:** Market dominated by mass-produced lagers, however microbreweries spreading across the country, especially in urban areas.

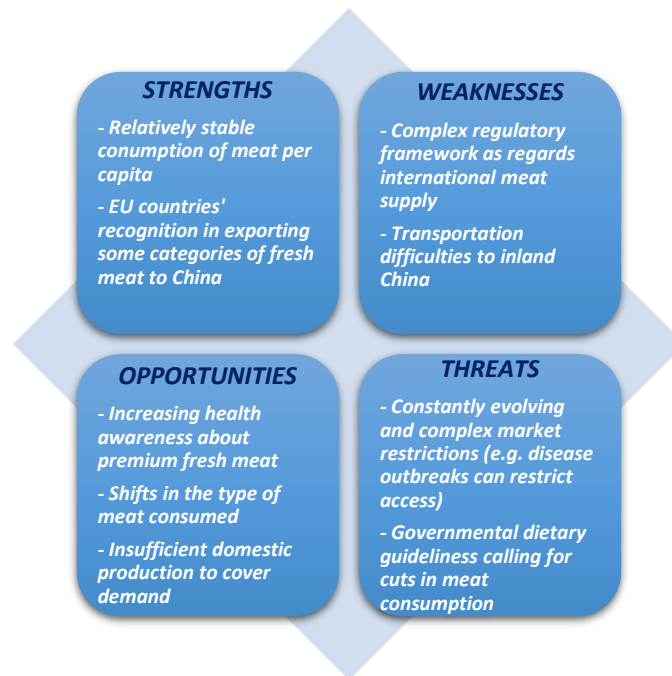
**Distribution:** Beer is consumed in equal quantities in pubs/restaurants and in households, though speciality beers are more likely to be consumed in on-trade channels.

**Challenges:** Transportation constitutes a major challenge for EU products, i.e. distribution and proper refrigeration affecting taste and sales of beer.

**Opportunities:** Increasing knowledge about premium and speciality beers among Chinese customers.

## 4.4 Fresh meat

### 4.4.1 SWOT analysis



<sup>129</sup> <https://medium.com/@mersolluo/beer-market-in-china-81aec59b1b85>

## 4.4.2 Consumption

### 4.4.2.1 Evolution of consumption

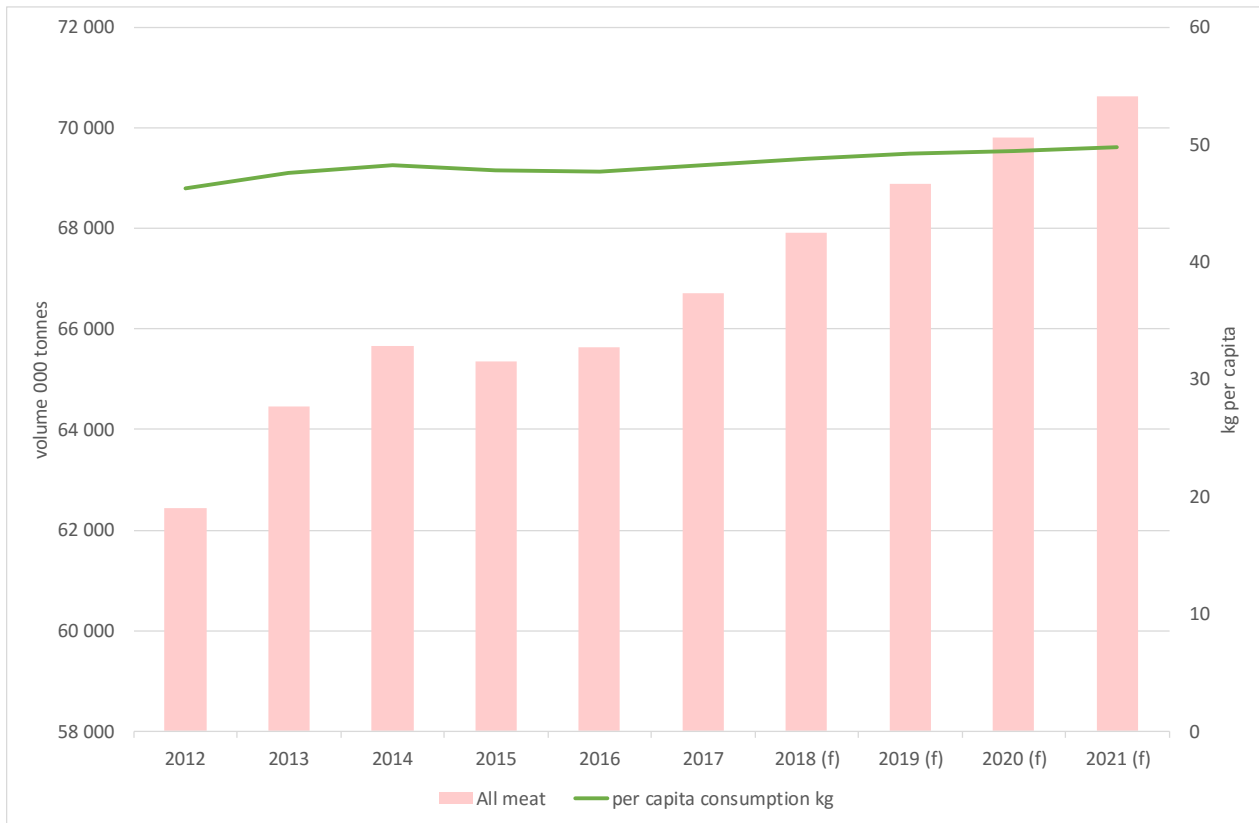
Fresh meat has symbolic value in China and it often reflects social status in public sphere. As presented in Figure 4-16, China's most favourite fresh meat – pork – noted slight decrease between 2014 and 2016. Going forwards it is forecast that pork sector will grow slightly and steadily until 2021. Consumption of beef and veal has been increasing since 2012 and will continue to do so, given the evolution of consumer meat preferences (described in section 4.4.2.2). The second most consumed fresh meat, poultry, has noted a slight decrease between 2014 and 2015, however it is forecast that it will to grow until 2021.

China consumes a lot more meat than any other country in absolute terms. In 2017, total volume of meat consumed in China reached nearly 66.5 million tonnes rising steadily since 2015, with steadily increasing meat consumption per capita. However, the changing demographics of the population will likely impact meat consumption going forwards. The ageing population will accelerate over the forecast period and this will undoubtedly result in a reduction in meat consumption per household<sup>130</sup>.

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<sup>130</sup> Based on data from Source: Euromonitor International Ltd.

Figure 4-16: Evolution and forecast of total fresh meat consumption (000 tonnes) and of meat consumption per capita (kg) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

The tables below present market evolution by meat type. It is worth to point out the small but increasing market share of organic fresh meat products across all types of meat (0.5% in 2017).

Beef			
Market size (2017):	Volume: 6m tonnes	CAGR (volume)	2012-2017: 4.4%
	Value (RSP): EUR 14.2bn		2018-2021: 2.6%
Mutton			
Market size (2017):	Volume: 3.7m tonnes	CAGR (volume)	2012-2017: 2.8%
	Value (RSP): EUR 7.3bn		2018-2021: 1.6%
Pork			
Market size:	Volume: 41m tonnes	CAGR (volume)	2012-2017: 0.5%
	Value (RSP): EUR 109bn		2018-2021: 1.0%
Poultry			
Market size:	Volume: 14.7m tonnes	CAGR (volume)	2012-2017: 2.3%
	Value (RSP): EUR 12.6bn		2018-2021: 1.6%
Other			
Market size:	Volume: 1.2m tonnes	CAGR (volume)	2012-2017: 2.0%
	Value (RSP): EUR 1.4bn		2018-2021: 1.5%

Source: Euromonitor International Ltd

#### 4.4.2.2 Consumer profile and purchase criteria

China as a country of great cultural diversity, with eight different official cuisines, has also great variation in fresh meat purchasing criteria and habits. Pork has always played a crucial role in Chinese dietary habits. It is always present during important events such as ancestral rites, wedding banquets, funeral rituals and graduation ceremonies. That said, due to some shifts in demand patterns and increased supply stemming from recently regained access to the China beef market by some countries<sup>131</sup>, beef and veal is more often chosen as an alternative. However, the number of consumers who can regularly afford to buy imported beef is comparatively low<sup>132</sup>.

The Chinese government, in its most recent dietary guidelines from 2016<sup>133</sup>, called for consuming less fat, salt and sugar. The ambitious goal set is a 20% cut in the per capita consumption of fat, salt and sugar by 2030, and as part of this drive the guidelines set targets for lower meat consumption<sup>134</sup>. The main incentive to suggest such significant cuts results from high rate of childhood obesity in China as well as epidemic heart diseases the country is currently facing. In addition to the Chinese health and public

<sup>131</sup> <https://www.italianfood.net/2017/12/27/china-removes-ban-imports-italian-beef/>

<sup>132</sup> <https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/os-markets/red-meat-market-snapshots/mla-china-beef-snapshot-2017.pdf>

<sup>133</sup>

[http://mp.weixin.qq.com/s?\\_\\_biz=MzAxODEwNzYzOA==&mid=2650236377&idx=1&sn=54b06cf4ab6cf2f71a6504c9ca32df59](http://mp.weixin.qq.com/s?__biz=MzAxODEwNzYzOA==&mid=2650236377&idx=1&sn=54b06cf4ab6cf2f71a6504c9ca32df59)

<sup>134</sup> Suggested portion of meat should oscillate between 40g to 75g of meat per person each day.

health guidelines, cuts in meat consumption are also justified by environmental and climate change reasons. Against this background, number of vegetarians in China, while relatively low, is increasing. Most Chinese consumers decide to cut consumption of meat products due to health concerns and/or change in lifestyle, which notably applies to more urban areas of the country. However, health concerns and the government's ambitious meat consumption cuts there have been difficulties for consumers to eat quality vegetarian meals in urban China, predominantly when eating outside of the home. Instead there was a need to adopt dietary flexibility when practicing vegetarianism or meat reduction<sup>135</sup>.

There are generational divides in meat consumption patterns in China. Middle aged and senior consumers are less likely to eat away from home. Such older consumers will make fewer purchases from restaurants and bistros, whereas younger consumers, are more comfortable with frequent consumption of meat away from home. This generational divide also applies to the consumption of meats with older consumers less likely to make purchases of meats such as beef or mutton unless for dietary or cultural reasons.

Furthermore, there are geographical differences in meat consumption. As consumers in more developed urban areas have greater access to refrigeration allowing for better storage and consumption options they will be more likely to purchase chilled or frozen meats and thereby rely less on wet markets. More poultry, beef and lamb products are consumed in the south-west and west of China due to large populations of Muslim ethnic minorities. The east and north-east of China with their higher number of consumers with healthy lifestyle aspirations are the most receptive markets for quality products.

Chinese consumers have a strong preference for offal and cuts deemed less desirable in the West with dishes such as chicken feet, duck necks, and beef tripe being delicacies for some cuisines. Many of the dishes will be regional specialities such as beef tripe being used in Mongolian, Beijing, or Sichuan style hotpot, and steamed chicken feet being a popular dish in Guangdong dim sum. Most of fresh meat is sold unpackaged, however the packaged segment is increasing and likely to see more often in hypermarkets.

#### 4.4.2.3 Recent market trends

The Chinese market for fresh meat is large and has significant growth potential making it an attractive market for trading partners such as the United States, Australia, and Brazil. In terms of EU trade partners, China has the closest trade ties with Germany, Spain and Denmark. The total volume of meat consumed in China reached 65.6 million tonnes in 2016. As noted above, consumers' increasing awareness of health and environment issues led them to make conscious decisions to consume less meat or shift to seafood as a protein source, which caused the weak volume growth in 2016.

The retail price of meat saw a notable increase of 10% in 2016 mainly driven by the soaring price of pork as that accounted for 62% of total meat consumption in volume terms in China. Pork recorded the

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<sup>135</sup> <https://discoversociety.org/2017/12/06/on-the-meat-edge-meat-consumption-and-reduction-in-middle-class-urban-china/>

sharpest increase in retail unit price due to the sharp decline in domestic production. At the same time, the price of beef and veal, lamb, mutton and goat, poultry and other meat remained stable with only slight increases, mainly due to rising rent and labour costs<sup>136</sup>.

#### 4.4.3 Offer

##### 4.4.3.1 Domestic production

Chinese imports of fresh meat outweigh heavily the exports volumes. In terms of production by species:

- **Pigmeat:** following the Environment Protection Law that took effect in 2015, the Chinese pig industry continues to undergo significant consolidation, as new provisions aimed at curbing pollution from swine farms. As a result, many pig farms have been forced to shut down because they failed to meet the discharge standards<sup>137</sup>. Nowadays, producers are fewer in number but larger in size, which helps them to respond to growing production costs<sup>138</sup>. In the last three years, China's total swine herd has effectively declined 9 percent to 435 million heads. The sow herd fell faster, decreasing 13 percent during the same period<sup>139</sup>. The consolidation and exit of small-scale farms caused a void to fill, which was picked up by several meat and feed companies announcing plans with modern facilities and capacity to hold thousands of sows to be built. Agricultural authorities very often offer financial aid to help farms upgrade and maintenance of the livestock production with mostly large-scale farms participating in programmes.
- **Poultry:** Chinese domestic production has been struggling in recent years with recurring HPAI outbreaks. In effect, this has led to declines in production of 6% in 2017 and 8% in 2016<sup>140</sup>. The impact of these HPAI outbreaks on producers differs on a producer by produce basis. Some reported minor issues due to better biosecurity, while others have faced serious depopulation. Lately, the Chinese government addressed the HPAI problem by closing poultry sections at numerous wet markets. This has constrained a key marketing channel for yellow-feathered birds which are popular in China. In addition, in recent years, the country has been switching its breeding stocks trade partners, alternating between the United States, France, Spain, New Zealand and Poland.
- **Beef:** China's domestic production has had an upward trend and grew 8% over the period 2011-2016. Nonetheless, China's beef production is constrained by high costs, inadequate infrastructure, low investments and comprises mostly small-scale producers located inland<sup>141</sup>. As the domestic production of beef is not able to satisfy demand, the country has shifted its focus on the international market.

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<sup>136</sup> Source: Euromonitor International Ltd.

<sup>137</sup> The number reached approximately 213,000 farms that were closed in the first half of 2017.

<sup>138</sup> [https://apps.fas.usda.gov/psdonline/circulars/livestock\\_poultry.pdf](https://apps.fas.usda.gov/psdonline/circulars/livestock_poultry.pdf)

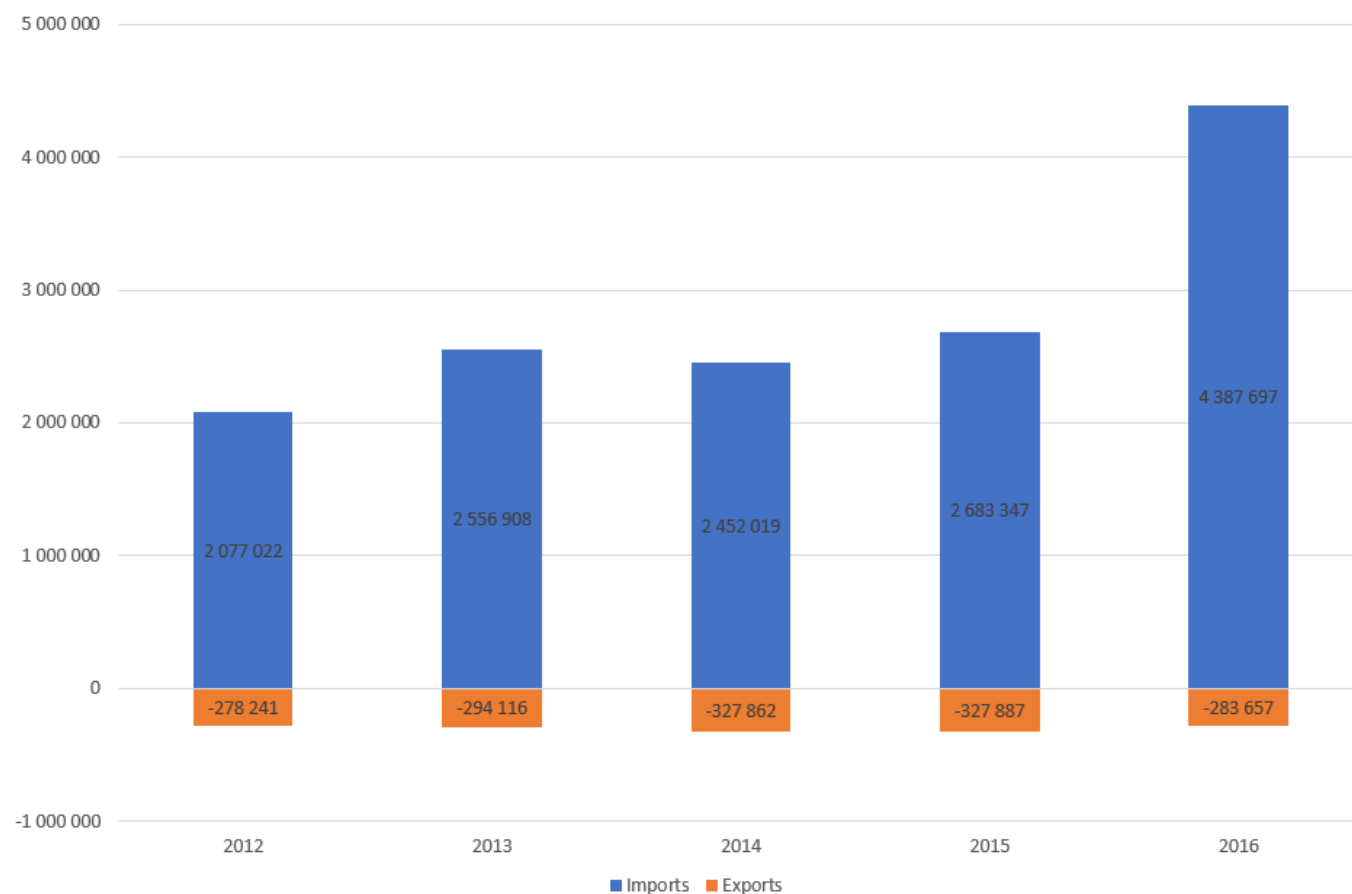
<sup>139</sup> Ibid.

<sup>140</sup> Ibid.

<sup>141</sup> [https://apps.fas.usda.gov/psdonline/circulars/livestock\\_poultry.pdf](https://apps.fas.usda.gov/psdonline/circulars/livestock_poultry.pdf)

### 4.4.3.2 Imports and exports

Figure 4-17: Trade balance (imports and exports) of fresh meat in China, 2012-16; tonnes



Source: ITC Trademap

Data for CN codes 0201, 0202,0203,0204,0206,0207<sup>142</sup>

China is a heavy importer of fresh meat. As can be seen in Figure 4-17, throughout recent years China has imported far in excess of the quantity it exports. Additionally, between 2015 and 2016, there was a considerable increase in imports with a slight decrease of exports simultaneously. This was mainly due to multiple shut downs of pig farms in China in 2015 and 2016 and increasing the volume of exports to satisfy the demand on the market as well as removing certain long-standing bans for importing beef from USA and other countries<sup>143144</sup>. The bans had been mostly put in place due to food safety issues and disease outbreaks, such as mad cow disease.

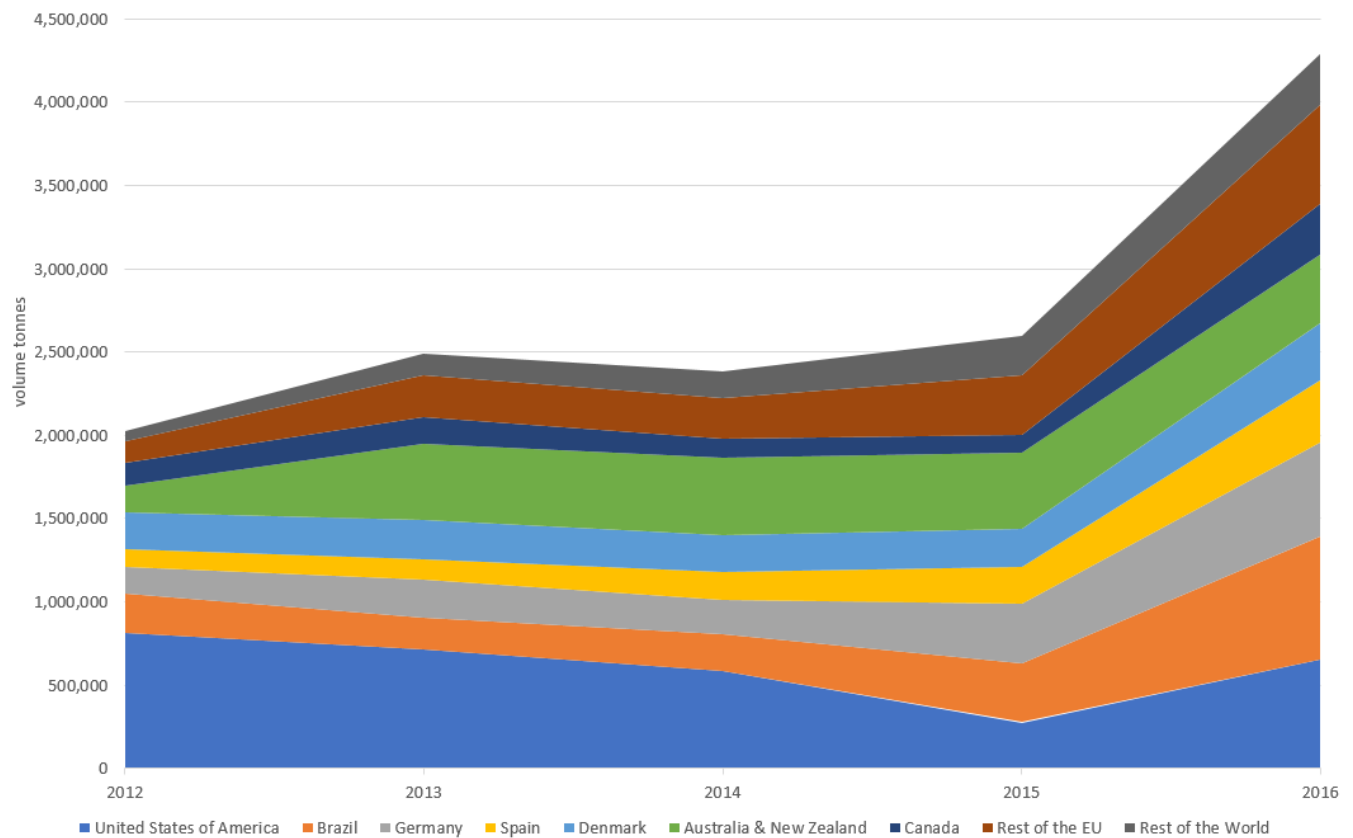
<sup>142</sup> Mentioned codes cover: Meat of bovine animals, fresh or chilled, Meat of bovine animals, frozen, Meat of swine, fresh, chilled or frozen, Meat of sheep or goats, fresh, chilled or frozen, Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen, Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen.

<sup>143</sup> <https://www.reuters.com/article/us-china-beef-usa/chinese-ready-to-tuck-into-u-s-beef-imports-after-14-year-wait-idUSKBN19K1BE>

<sup>144</sup> <https://www.italianfood.net/2017/12/27/china-removes-ban-imports-italian-beef/>

As presented in Figure 4-18, imports of fresh meat in China spread across several countries. The top three exporters of fresh meat to China are the United States, Brazil and Australia & New Zealand (combined). Among the biggest Chinese trade partners from the EU for fresh meat, are: Germany, Spain and Denmark. The various restrictions on trade in meat from individual countries can impact the importance of sources between years, and also has affected imports from individual EU countries.

Figure 4-18: Chinese imports of fresh meat by country, 2012-16; tonnes



Source: ITC Trademap

Data for CN codes 0201, 0202,0203,0204,0206,0207<sup>145</sup>

#### 4.4.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement.

<sup>145</sup> Mentioned codes cover: Meat of bovine animals, fresh or chilled, Meat of bovine animals, frozen, Meat of swine, fresh, chilled or frozen, Meat of sheep or goats, fresh, chilled or frozen, Edible offal of bovine animals, swine, sheep, goats, horses, asses, mules or hinnies, fresh, chilled or frozen, Meat and edible offal of fowls of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen



Among them, there are three EU GI processed meat products. No fresh meat products were on the list. EU GI processed meat products covered in the list are set out in Table 4-6.

Table 4-6: List of EU processed meat products covered in the list of GIs

Member State	GI name	Chinese name	Product description
Italy	Bresaola della Valtellina	瓦特里纳风干牛 肉火腿	Meat products (cooked, salted, smoked, etc.)
Italy	Prosciutto di Parma	帕尔玛火腿	Meat products (cooked, salted, smoked, etc.) – Hams
Italy	Prosciutto di San Daniele	圣达涅莱火腿	Meat products (cooked, salted, smoked, etc.) – Hams

Note: Two of above listed GIs (not shaded brackets) were published in 2017, as one of them (Prosciutto di Parma) was already registered with AQSIQ as a GI in China.

#### 4.4.3.4 Main competitors

As shown in section 4.4.3.2, there are a wide range of exporters to China. The United States of America, Brazil, Australia and New Zealand are among top competitors to European countries in terms of exporting meat to China. In terms of number of currently-approved individual exporters, the highest number come Brazil, where 64 separate companies can export various meat products<sup>146</sup>. The second in the list – New Zealand has 61 approved exporters<sup>147</sup>, Australia - 48<sup>148</sup> and the United States of America - 34<sup>149</sup>.

There are several major players on the market in China, engaging both in the butchery and processed meat businesses. These include WH Group and Shandong Liuhe Group, both of whom largely expanded their distribution channels in 2017.

#### 4.4.3.5 Specific customs requirements

One of the specific customs requirement apply to beef and the fact that beef needs to be trackable to the birth farm. Cattle needs to be less than 30 months of age<sup>150</sup>.

<sup>146</sup> <http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Brazil20180212.pdf>

<sup>147</sup> <http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/New-Zealand20170616.pdf>

<sup>148</sup> <http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Australia20171108.pdf>

<sup>149</sup> <http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/America20170926.pdf>

<sup>150</sup> <https://www.shine.cn/archive/business/consumer/US-beef-is-back-but-faces-tough-challenges/shdaily.shtml>

## Market Access and Entry

In case of fresh meat products there are market access restrictions which require bilateral protocols to be put in place between the country of origin and China, a veterinary health certificate for animal products as well as registration of production units with CNCA.

Market access for meat and meat products is not currently available for all Member States of the EU due to a lack of a bilateral protocol and/or a lack of a health or sanitary certificate. The list of current Bilateral Protocols for meat export to China and is presented in Table 4-7.

*Table 4-7: Current list of Bilateral Protocols for meat export to China*

Country
Belgium
Denmark
Finland
France
Germany
Hungary
Ireland
Italy
Poland
Romania
Spain
The Netherlands
United Kingdom

Furthermore, to complete the registration procedure and approval by CNCA, the registration of entrusted EU exporters of meat and meat products is necessary.

The registration process is supervised by the CNCA and requires the technical documentation to be provided, such as:

- Questionnaire-assessment and investigation on veterinary public health system concerning the registration for the foreign establishments intended to export meat to China - <http://www.cnca.gov.cn/cnca/extra/xzzq/00033.pdf>
- The application template in order to make a formal written application to their local authorities - <http://www.cnca.gov.cn/cnca/extra/xzzq/00032.pdf>

The applications for registration filed by the responsible governmental authority where the Overseas Food Enterprise is located must be provide the following documents:

- The laws and regulations of the home country regarding epidemics involving animals and plants, veterinary health, public health, plant protection, and monitoring of the residue of pesticides and drugs given to animals; written materials documenting the structure of the authority responsible for such laws and regulations, as well as the staff; and those responsible for enforcement of local laws and regulations;
- A list of Overseas Food Enterprises for the registration application;
- A report issued by the responsible governmental authority of the home country on the actual situation of quarantine and public health involving the Overseas Food Enterprise;
- A statement issued by the responsible governmental authority of the home country on compliance with China's laws and regulations governing Overseas Food Enterprises; and
- Application documents prepared by the Overseas Food Enterprise, including floor plans of factories and warehouses, and refrigerated warehouses and techniques.

In addition, Overseas Food Enterprises must meet the following conditions, and certain certificates must be submitted at the same time as well:

- The home country's veterinary service system, plant protection system, and public health administration system pass evaluation by CNCA;
- Raw materials used for food imported into China must come from areas where there are no epidemics;
- Overseas Food Enterprises must be established with all required approvals and currently be under the supervision of responsible authorities of the home country; and
- Sanitation conditions of Overseas Food Enterprises must comply with the relevant laws and regulations of China.

Experts from the CNCA evaluate the field reports of the inspection team and make the decision regarding the approval of audited facilities. When an establishment is approved it is granted a unique registration number that will be valid for four years and allow for exports to China. The list of current approved European exporters for fresh meat products is set out in Table 4-8.

**It is important to note that this list is constantly changing; therefore the current status of approval should be checked prior to export.** For example:

- Due to several outbreaks of Bird Flu in the EU, the CNCA has been not accepting poultry from France.
- The ban on Polish poultry put in place in December 2016, was lifted in November 2017.
- Hungary is the only approved exporter of beef to China at present, though it is understood that a handful of Member States, including France, Ireland and the Netherlands, may be close to obtaining approval for beef exports.

Table 4-8: Current list of approved European exporters to China

Country	Details	Eligible products		
		Beef	Pork	Poultry
Belgium	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Belgium20170315.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Belgium20170315.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Denmark	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Denmark20170617.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Denmark20170617.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Finland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Finland20171229.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Finland20171229.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
France	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/France20170108.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/France20170108.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Germany	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Germany20171103.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Germany20171103.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Hungary	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Hungary20171128.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Hungary20171128.pdf</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ireland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Ireland20150617.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Ireland20150617.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Italy	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Italy20180211.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Italy20180211.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Poland20170116.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Poland20170116.pdf</a>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Romania	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Romania20170815.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Romania20170815.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spain	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Spain20170601.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Spain20170601.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
The Netherlands	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Netherlands20160825.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/Netherlands20160825.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
United Kingdom	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/England20171218.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/England20171218.pdf</a>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

### SPS measures

The European Commission continues to work with the relevant Chinese authorities with regards to SPS measures. At the time of publication of this handbook, there are six measures in place applying to exporting fresh meat to China:

- Non-recognition of EUs regionalisation due to avian influenza (0207), introduced in 2006.

- Longstanding import ban on EU Bovine/Ovine and products thereof due to BSE (0201,0204), originally introduced in 2000<sup>151</sup>.
- Non-recognition of EUs regionalisation measures strictly implemented due to African swine fever (0203, 0206), introduced in 2014.
- New certification requirements for low risk food products, introduced in 2017.
- Application process for approval of meat establishments for exports to China (0202, 0203, 0204, 0207), introduced in 2005.
- Restrictions on additives used in materials that may come in contact with food, introduced in 2018.

Updates of specific measures can be monitored under this link:  
[http://madb.europa.eu/madb/sps\\_barriers\\_result.htm?isSps=true&countries=CN](http://madb.europa.eu/madb/sps_barriers_result.htm?isSps=true&countries=CN)

### Labelling

As meat is generally frozen when exported to China, there is a need to use the right packaging method, isolation and coolers. There are several points to consider and some key points are:

- Use an insulated container, preferably a urethane container (the walls should be at least 5 cm).
- Use dry ice. Confirm which shipping companies that allow you to use dry ice. They can also give you advice how to pack the products.
- Use plastic wrap around the food products and pack tightly with the dry ice.
- Fill up with Styrofoam where needed.

The following information is required on the outer label when exporting meat products to China.

- Product name
- Country of origin
- Registration number at AQSIQ
- Manufacturing date
- Shelf life
- Instructions about storage (including temperatures)
- To which country the products will be sent
- Net weight
- Meat Inspection legend
- Your company name and address
- Batch number
- Packaging specification
- Labelling information required on the interior packaging (smaller boxes)

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<sup>151</sup> At this point it must be remembered that as the country-wide ban has been lifted several times (2014,2015,2018), however the Chinese process for granting access to their market is still not finalised. As of February 2018, BSE-related country-wide bans are still in place for Belgium, Czech Republic, Italy, Slovakia, Sweden and UK.

In addition, the inner packaging should contain:

- Product name
- Package specification
- Country of origin
- Country of destination
- Registration number at AQSIQ
- Batch number

Pre-packaged food should have labels that comply with GB7718-2004 (the General Standard for the Labelling of Pre-packaged food) as well as pre-packaged food for special dietary uses need to comply with GB13432-2013 (the General Standard for the Labelling of Pre-packaged food for Special Dietary Uses).

#### **4.4.4 Distribution**

The main points of entry for fresh meat by trade volume and value, are concentrated in eastern and north-eastern China. They are Shanghai, Guangzhou, and Tianjin. There has been relatively little investment in a national cold chain network due to China's vast geography, fragmented transportation networks, and regionalised markets.

Fresh meat in China is mostly distributed through retail channels (51%) rather than food service (28%) or institutional channels (21%).

Traditional wet markets have been the main retail channel for sales of meat (pork in particular) with these markets built near major residential areas. These markets are under careful scrutiny from Chinese authorities and in the event of animal health issues authorities will utilize the hazards analysis and critical control points (HACCP) often resulting in the suspension of trade of meat products from these venues.

#### **4.4.5 Challenges for EU products**

The biggest challenge for EU products is conforming to a multitude of regulations in the complex regulatory framework. The control of international meat supply chain was labelled as one of the priorities of the Chinese Government. The impact of unpredictable disease outbreaks in producing Member States (which could in turn lead to restrictions on market access, even if a producer is not directly affected by the outbreak) is therefore also a major challenge.

In addition, bearing in mind evolving consumer demand and preferences<sup>152</sup>, another challenge for EU products is their diversification to satisfy evolutions in demand from the Chinese market against the background of permitted market access.

#### Market Takeaway: Fresh meat

**Consumption:** Consumption of meat in China remaining at high and stable level, while pork keeping up its high consumption levels among Chinese consumers. The beef and veal sector is on rise, as consumers increase the frequency and amount of beef and veal consumption based on their perceived health benefits.

**Offer / competition:** Domestic production is insufficient to meet demand. The United States of America, Brazil, Australia and New Zealand among top competitors to European countries in terms of exporting meat to China. Domestic players gradually expanding its distribution channels within the country.

**Distribution:** Domestic production varying considering type of meat: pigmeat industry more consolidated to respond to growing production costs, poultry producers struggling with recurring HPAI outbreaks and the beef industry constrained by high costs and slowly developing infrastructure and transportation facilities. Wet markets traditionally play an important role in distribution, though these have recently been subject to more scrutiny due to disease issues.

**Challenges:** Unpredictability of meat imports arising from reoccurring disease outbreaks and thus strengthening control measures and imposing complex regulatory framework. The concept of regionalisation for such measures is not applied by China.

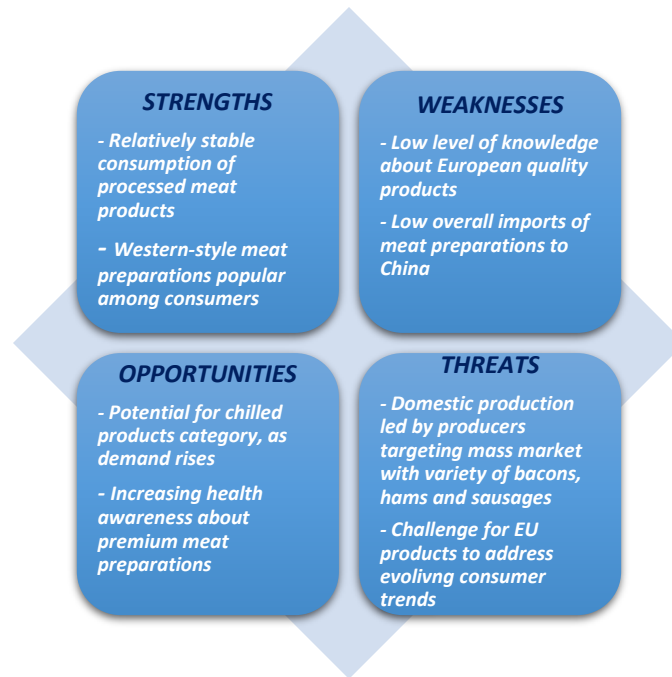
**Opportunities:** In addition to the general structural shortage in domestic meat production, there is Increasing awareness about premium products and shifts in the consumption patterns of meat.

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<sup>152</sup> <https://discoversociety.org/2017/12/06/on-the-meat-edge-meat-consumption-and-reduction-in-middle-class-urban-china/>

## 4.5 Processed meat

### 4.5.1 SWOT analysis



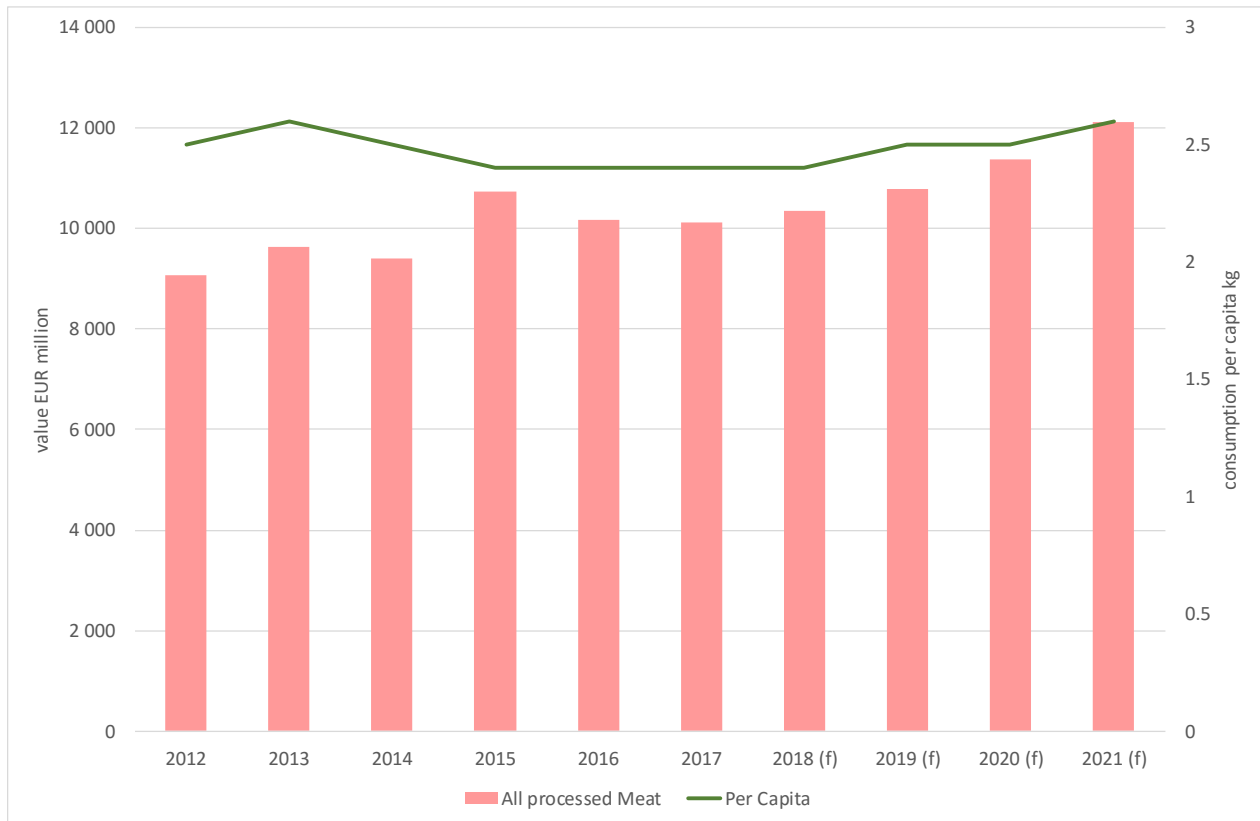
### 4.5.2 Consumption

#### 4.5.2.1 Evolution of consumption

As can be seen in Figure 4-19 there was a decrease in consumption of processed meat up until 2016. A slight increase is forecast for the period 2018-21, with per capita consumption reaching approximately 2.5kg per person at the end of the period.



Figure 4-19: Evolution and forecast of the processed meat market (EUR million) and of processed meat consumption per capita (kg) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

As presented below, volume-wise, the processed meat sector in China is rather diverse. The volumes of all kinds of processed meat – shelf stable meat, chilled processed meat and frozen processed meat - oscillate around 0.9-1.2 million tonnes. The chilled processed meat shows the highest historical and projected forward growth rates.

Shelf stable meat			
<b>Market size (2017):</b>	<b>Volume:</b> 1.2m tonnes	<b>CAGR (volume)</b>	<b>2012-2017:</b> 0.4%
	<b>Value (RSP):</b> EUR 4.6bn		<b>2018-2021:</b> 1.8%
<b>Meat type (% of market value 2017)</b>	Pork (71.6%) ↘	Beef (11.6%) ↗	Poultry (10.5%) ↔
Chilled processed meat			
<b>Market size (2017):</b>	<b>Volume:</b> 0.9m tonnes	<b>CAGR (volume)</b>	<b>2012-2017:</b> 4.2%
	<b>Value (RSP):</b> EUR 3.3bn		<b>2018-2021:</b> 8.8%
<b>Meat type (% of market value 2017)</b>	Pork (94.2%) ↘	Beef (3.4%) ↑	
Frozen processed meat			
<b>Market size:</b>	<b>Volume:</b> 1.1m tonnes	<b>CAGR (volume)</b>	<b>2012-2017:</b> 3.6%
	<b>Value (RSP):</b> EUR 2.2bn		<b>2018-2021:</b> 6.9%
<b>Meat type (% of market value 2017)</b>	Poultry (67.2%) ↓	Red meat (32.8%) ↑	
<b>Frozen poultry product types (% of frozen poultry market value 2017)</b>	Seasoned chicken wings (32%) ↔	Nuggets (21%) ↘	Spiced chicken drumstick (18.5%) ↑

Source: Euromonitor International Ltd

Note: trend arrows show the evolution of the segment share in percentage terms since 2012

#### 4.5.2.2 Consumer profile and purchase criteria

As noted in section 4.4.2.2, in recent years consumer preferences have been largely influenced by stronger demand of consumers for a healthy diet, which has curbed meat consumption and lead to a slight move away from pork consumption (including in processed meats). Consumers in more developed urban areas, having access to the improved cold-chain system are likely to purchase chilled or frozen meat products (including processed ones) and thereby relying less on wet markets.

In addition, Chinese customers seem to choose more often Western-style meat products. In line with this trend, various chilled processed red meat products have recently been introduced to the market, including Classical German Bacon, Tasty Pork Shank and Black Pepper Pork Chop, to ride the wave of this early new trend. Most chilled processed meat products are borrowed from Western-style products and dishes: ham, bacon, salami and chorizo; and subsequently are generally positioned as premium with higher unit prices<sup>153</sup>. Despite this trend, Chinese consumers do not generally have sufficient knowledge about European quality meat preparations and subsequently there is relatively low interest in very specific marks (including quality marks) or products at present.

<sup>153</sup> Source: Euromonitor International Ltd.

### 4.5.2.3 Recent market trends

Chilled processed meat products show a positive uptrend in recently years. Frozen processed meat products have focused more on distribution through the foodservice channel in recent years, since most such products in China are hot pot or barbecue ingredients and rising income levels is increasing demand for such products through food service channels. Furthermore, the booming expansion of food delivery in China also greatly facilitated the rise and development of small independent hotpot and barbecue restaurants, which in turn has restricted retail sales of frozen processed meat products<sup>154</sup>.

## 4.5.3 Offer

### 4.5.3.1 Domestic production

While there is no precise data on processed meat production in China, domestic meat preparation producers mostly targeted the mass market by producing variety of bacons, hams and sausages. WH Group, which combines butchery and processed meat businesses, is the largest domestic producer of processed meat. It dominates sales of shelf stable processed meat in particular due to deeply established brand awareness and reputation among consumers plus its wide-reaching distribution network across China<sup>155</sup>.

### 4.5.3.2 Imports and exports

***Trade data on processed meat is very difficult to isolate by HS and CN codes given that, processed meat products could fall under many HS codes. In this section, processed meat products are identified on the basis of the following HS codes:***

- ***0210 - Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal***
- ***1601 - Sausages and similar products, of meat, offal or blood; food preparations based on these products***
- ***1602 - Prepared or preserved meat, offal or blood (excluding sausages and similar products, and meat extracts and juices)***

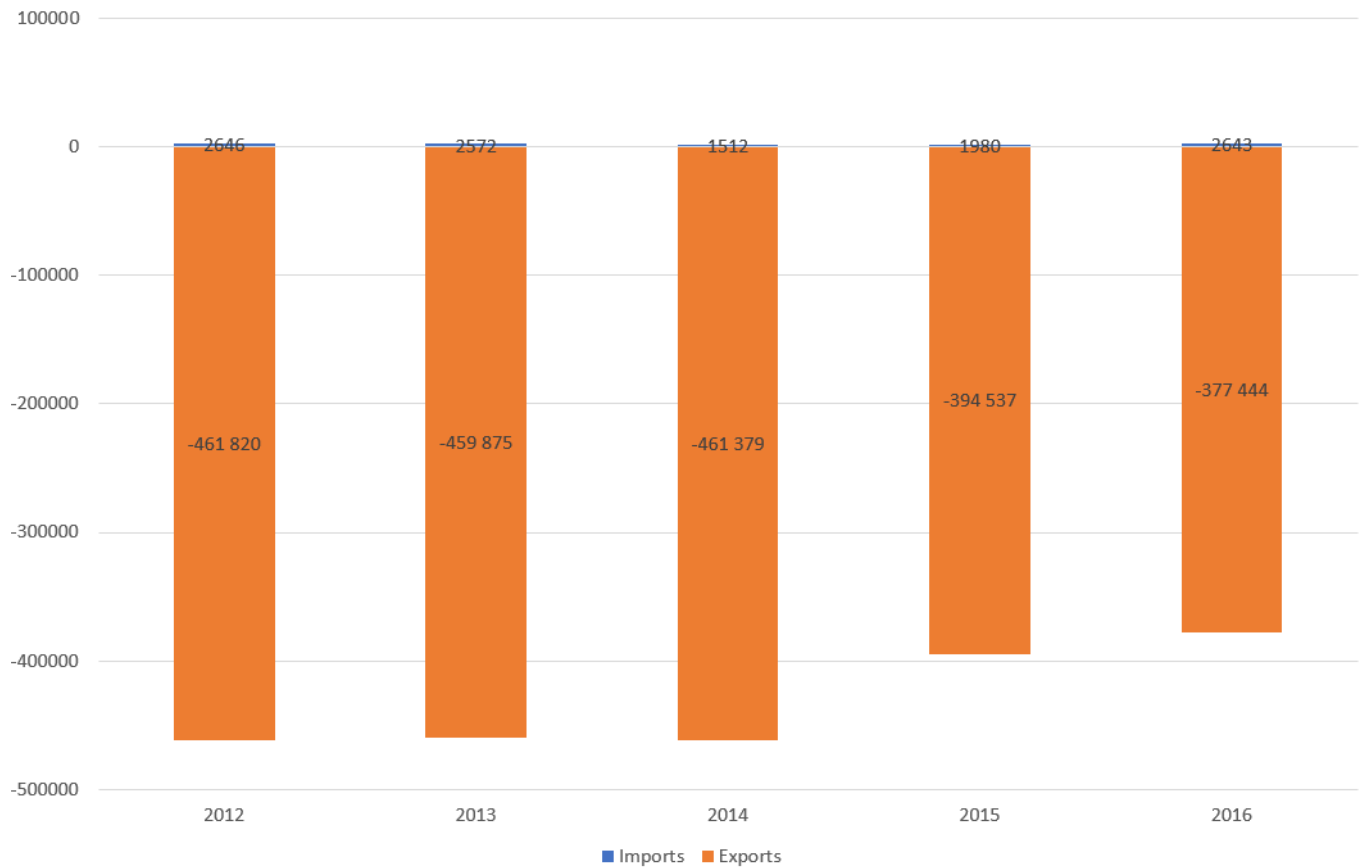
***It is therefore possible that the figures do not capture all trade in processed meat products; though processed meat trade will have been captured in the figures for fresh meat presented in section 4.4.3.2.***

Unlike in case of fresh meat, China exports the lion's share of processed meat products. Since 2014, there was a downtrend in exports volume, with a slight increase in imports in 2015 and 2016 (Figure 4-20).

<sup>154</sup> Source: Euromonitor International Ltd.

<sup>155</sup> Source: Euromonitor International Ltd.

Figure 4-20: Trade balance (imports and exports) of processed meat in China, 2012-16; tonnes



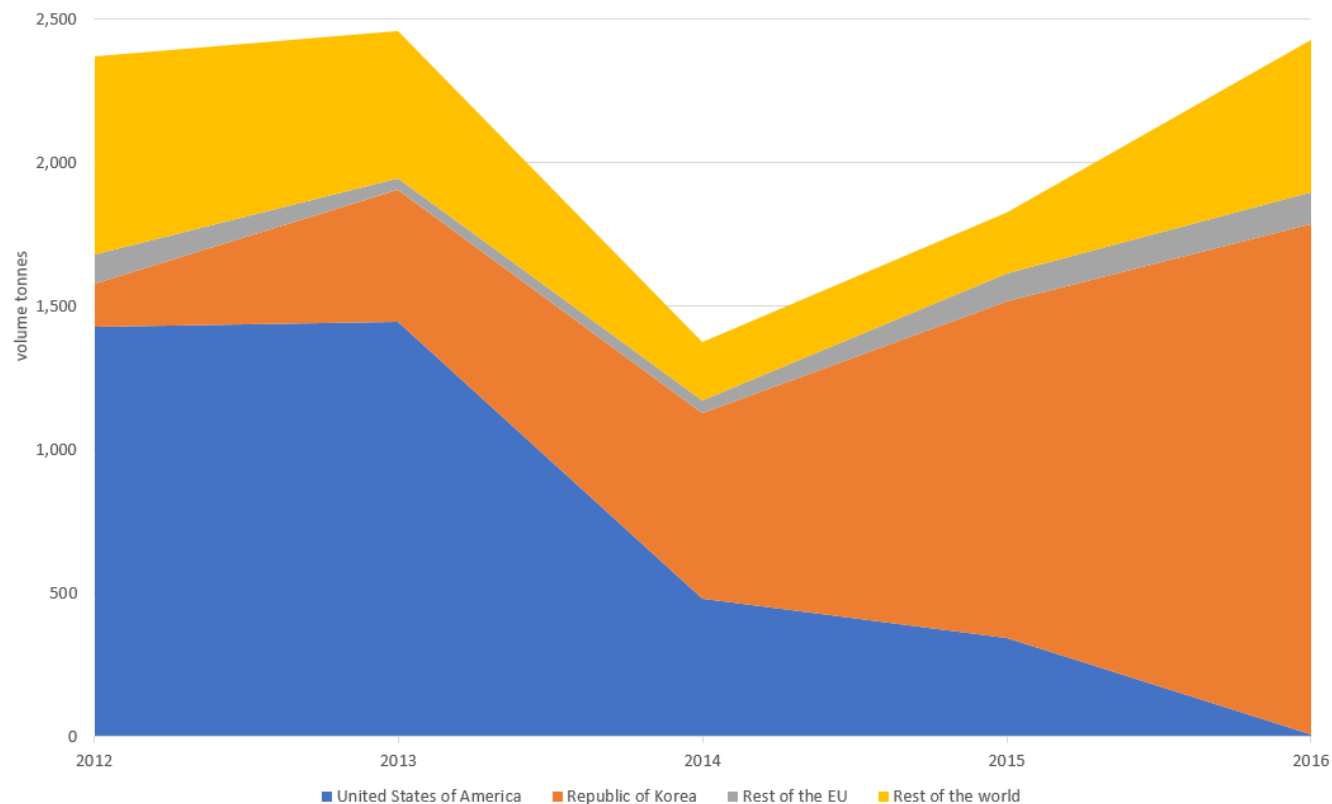
Source: ITC Trademap

Data for CN codes 0210, 1601 and 1602<sup>156</sup>

In years 2012 -2016, The Chinese imports of processed meat, as small as it is, relied mainly on two trade partners: The United States of America and Republic of Korea. Interestingly enough, the EU trade partners exported only minor quantities of processed meat to China Figure 4-21).

<sup>156</sup> Mentioned codes cover: Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal, Sausages and similar products, of meat, offal or blood; food preparations based on these products and Prepared or preserved meat, offal or blood (excluding sausages and similar products, and meat extracts and juices)

Figure 4-21: Chinese imports of processed meat by country, 2012-16; tonnes



Source: ITC Trademap

Data for CN codes 0210, 1601 and 1602<sup>157</sup>

#### 4.5.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement. Among them, there are three EU GI meat products<sup>158</sup>:

- Bresaola della Valtellina (Italy)
- Prosciutto di Parma (Italy)
- Prosciutto di San Daniele (Italy)

As noted above, Chinese consumers do not generally have sufficient knowledge about European quality meat preparations and subsequently there is relatively low interest in specific GI products at present.

<sup>157</sup> Mentioned codes cover: Meat and edible offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal, Sausages and similar products, of meat, offal or blood; food preparations based on these products and Prepared or preserved meat, offal or blood (excluding sausages and similar products, and meat extracts and juices)

<sup>158</sup> <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

#### 4.5.3.4 Main competitors

As pointed out above WH Group is the largest domestic producer; it accounts for roughly ¼ of sales of processed meat in China. As noted above, in recent years imports of processed meat have not been very significant. The companies from two countries importing the most – The United States of America<sup>159</sup> and Republic of Korea<sup>160</sup> did not have a crucial role in supplying Chinese processed meat market.

#### 4.5.3.5 Specific customs requirements

Section 4.4.3.5 sets out the customs requirements for fresh meat products in detail. Several of these also apply to processed meat products.

#### Market Access and Entry

As noted in section 4.4.3.5 there are several market access restrictions which require bilateral protocols to be put in place between the country of origin and China. These restrictions as well as procedures and entrusted exporters apply also to processed meat products, which are being exported to China.

#### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

#### SPS measures

The European Commission continues to work with the relevant Chinese authorities with regards to SPS measures. Until the publication of this handbook, there are two general measures in place applying to exporting processed meat to China:

- New certification requirements for low risk food products, introduced in 2017.
- Restrictions on additives used in materials that may come in contact with food, introduced in 2018.

Updates of specific measures can be monitored under this link:  
[http://madb.europa.eu/madb/sps\\_barriers\\_result.htm?isSps=true&countries=CN](http://madb.europa.eu/madb/sps_barriers_result.htm?isSps=true&countries=CN)

#### Labelling

Labelling of processed meat products relies on the same conditions as per fresh meat products, which are set out in section 4.4.3.5.

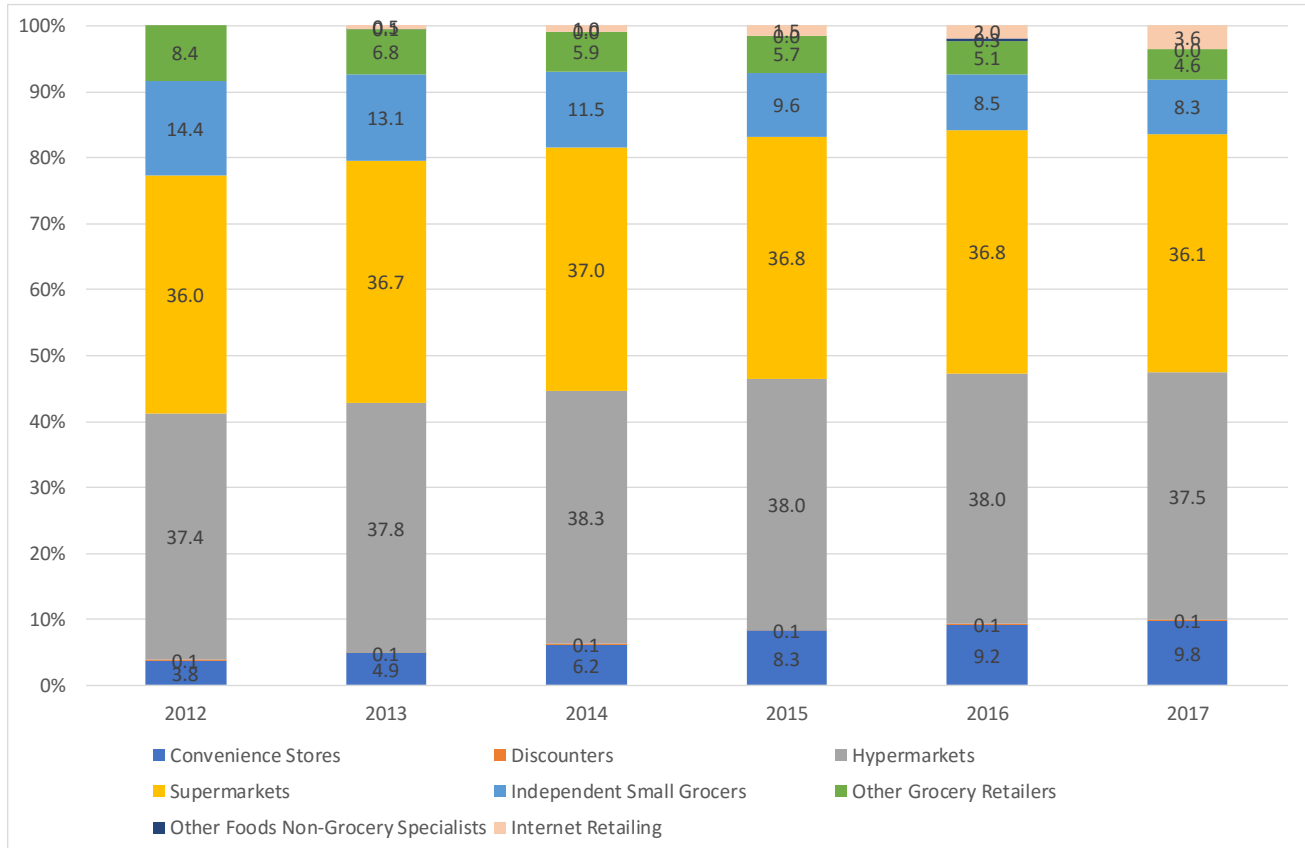
<sup>159</sup> <http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/meat/America20170926.pdf>

<sup>160</sup> <http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Korea20171012.pdf>

### 4.5.4 Distribution

Processed meat is distributed through two main distribution channels: supermarkets and hypermarkets, which together constituted almost 74% of distribution last year. Internet retailing is playing a growing role (almost 4% in 2017, up from 0% in 2012) while that of small grocers is decreasing.

Figure 4-22: Distribution channels of processed meat in China (% of total volume)



Source: Euromonitor International Ltd

### 4.5.5 Challenges for EU products

As set out in section 4.4.5, the main challenges identified are combined with conforming to a multitude of regulations in the complex regulatory framework as well as facing relatively low knowledge about European quality meat preparations among Chinese consumers.

### Market Takeaway: Processed meat

**Consumption:** Overall consumption of meat preparations is much lower than consumption of fresh meat. A slight decrease in consumption of processed meat was influenced by stronger demand of consumers for a healthy diet, which has curbed meat consumption. The chilled processed meat shows the highest historical and projected forward growth rates.

**Competition:** Imports of processed meat have not been very significant. The market is led by domestic production, targeting mass market with variety of Western-style bacons, hams and sausages.

**Distribution:** Two main distribution channels of meat preparations: supermarkets and hypermarkets, together accounted for almost 74% of distribution.

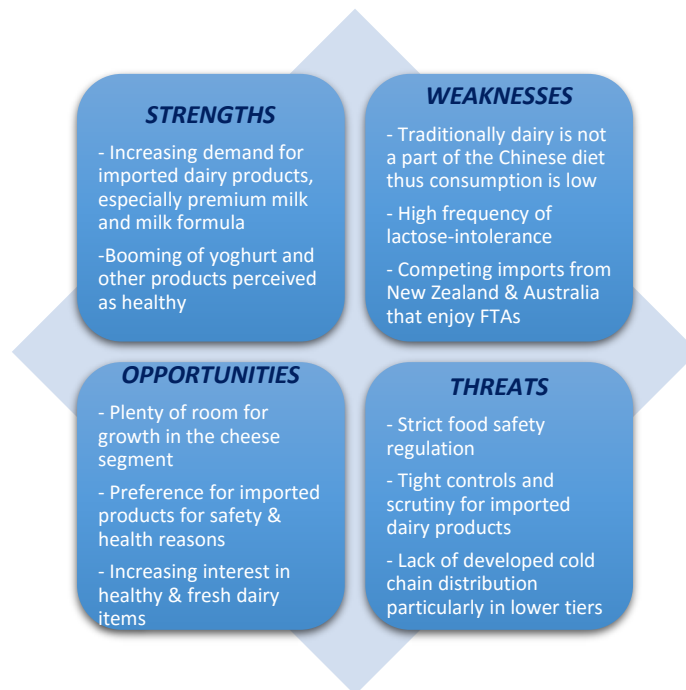
**Challenges:** The main challenges for EU products are connected to the relatively low knowledge about European quality meat preparations among Chinese consumers, as well as import-related complex regulatory framework, resulting from reoccurring disease outbreaks/food scandals.

**Opportunities:** Demand for chilled products category on rise as cold-chain system has improved as well as increasing health awareness about premium meat preparations.



## 4.6 Dairy Products

### 4.6.1 SWOT analysis



### 4.6.2 Consumption



Traditionally dairy has not been a part of the Chinese diet. In the past, milk used to be consumed almost exclusively in China's north-western regions, where pastoral farmers used to farm their own cows for their own consumption<sup>161</sup>. Nonetheless, in recent years dairy consumption in China is rising sharply, driven by the population growth, higher disposable incomes and the expansion of the middle class<sup>162</sup>. Health and safety concerns are increasingly driving consumers' purchases, therefore premium products have a bright future in

China.

#### 4.6.2.1 Evolution of consumption

Despite recording a rapid growth in recent years, Chinese consumption of dairy products remains very low compared to Western and other Asian countries. The Chinese consumed 26 kg of dairy products per capita in 2016, while the French consumed 107 kg/person and the Danish 132 kg/person. Nonetheless,

<sup>161</sup> China's Dairy Dilemma: The evolution and future trends of China's dairy industry [https://www.iatp.org/sites/default/files/2017-05/2017\\_05\\_03\\_DairyReport\\_f\\_web.pdf](https://www.iatp.org/sites/default/files/2017-05/2017_05_03_DairyReport_f_web.pdf)

<sup>162</sup> Asian Insights SparX: China Dairy Sector [https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728\\_insights\\_focusing\\_on\\_dairys\\_downstream\\_segment.pdf](https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728_insights_focusing_on_dairys_downstream_segment.pdf)

per capita dairy consumption is expected to constantly increase in the years ahead, achieving 33 kg by 2025<sup>163</sup>.

The most consumed dairy products in China are milk and yoghurt. Indeed, the Chinese drank around 7 litres of milk and 4.5 litres of drinkable yoghurt per person, and ate only 0.05 kg of cheese in 2016<sup>164</sup>. Drinking milk products recorded the highest market value amongst dairy products, i.e. EUR 33 billion in 2016. Nonetheless, the market value of drinking milk products is foreseen to remain rather stable until 2021. Yoghurt and sour milk products recorded the most dynamic value growth in China in 2017, as most Chinese consumers generally associate these products with benefits to digestive health<sup>165</sup>. By 2021 the market value of this sector is expected to almost double compared to the 2016 figure, i.e. EUR 16 billion, achieving a market value of EUR 31 billion.

Cheese, butter and margarine and other dairy products, which account for the smallest market share of dairy products in China, recorded an overall market value of around EUR 1.2 billion in 2016, a figure that is foreseen to grow by 2021.

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<sup>163</sup> Asian Insights SparX: China Dairy Sector

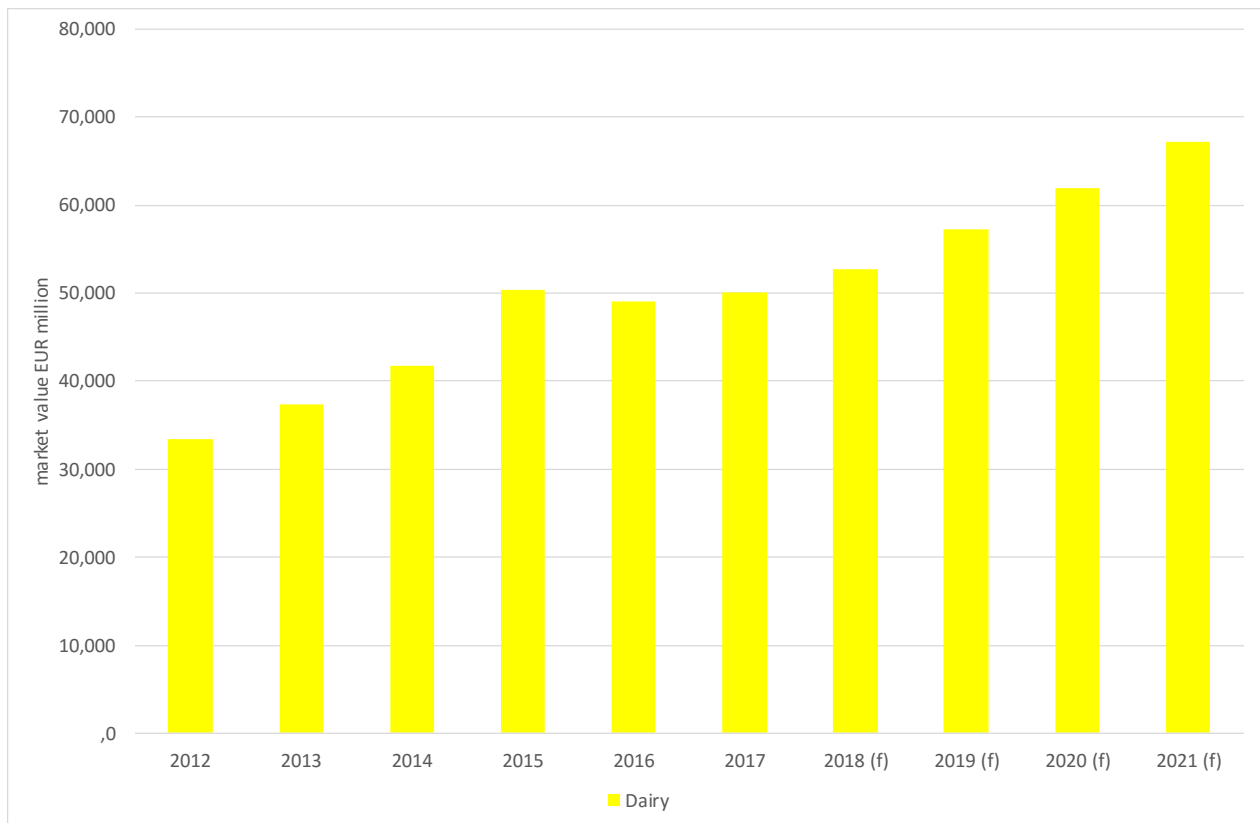
[https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728\\_insights\\_focusing\\_on\\_dairys\\_downstream\\_segment.pdf](https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728_insights_focusing_on_dairys_downstream_segment.pdf)

<sup>164</sup> Euromonitor data

<sup>165</sup> Euromonitor Report: Yoghurt and Sour Milk Products in China

<http://www.euromonitor.com/yoghurt-and-sour-milk-products-in-china/report>

Figure 4-23: Evolution and forecast of the dairy market value (EUR million) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

Infant formula not included in chart

The boxes below provide summaries of key consumption data for the five identified main types of dairy products: drinking milk products, yoghurt and sour milk products, infant formula (in powder form), cheese, butter and margarine, as well as other dairy products.

Drinking milk products			
Market size (2017):	Value (RSP): EUR 32.6bn	CAGR (value)	2012-2017: 3.6%
	Volume: 20.8bn litres		2018-2021: 2.1%
Most popular products (% market value 2017)	Shelf stable milk (36.4) ↑	Flavoured milk drinks (24.2%) ↓	Powdered milk (6.9%) ↔
	Milk alternatives (21.1%) ↘	Fresh milk (11.3%) ↑	
Further observations	Positive upward trend in unit values is driving the market CAGR value. Overall volumes are falling.		
Yoghurt and sour milk products			
Market size (2017):	Value (RSP): EUR 16.2bn	CAGR (value)	2012-2017: 23.6%
	Volume: 6.9bn litres drinking + 1.7m tonnes non-drinking		2018-2021: 17.2%
Most popular products (% market value 2017)	Drinking yoghurt (76.8%) ↑	Plain yoghurt (11.1%) ↘	
	Fruited yoghurt (6.8%) ↘	Flavoured yoghurt (5.2%) ↓	
Further observations	Positive upward trend in unit values means that growth in value outstrips already strong growth in volumes.		
Cheese			
Market size (2017):	Value (RSP): EUR 0.7bn	CAGR (value)	2012-2017: 25.8%
	Volume: 83 000 tonnes		2018-2021: 19.4%
Most popular products (% market value 2017)	Non-spreadable processed cheese (44.9%) ↔	Spreadable processed cheese (28.1%) ↘	
	Unprocessed soft cheese (22.6%) ↗	Unprocessed hard cheese (4.4%) ↔	
Most popular unprocessed cheeses (% market value 2017)	Mozzarella (35%) ↗	Cheddar (19%) ↗	Camembert (9.5%) ↔
	Emmentaler (5.7%) ↔	Brie (5.4%) ↔	Gouda (4.3%) ↔
Further observations	Both overall volume and value show strong upward trends.		
Butter and margarine			
Market size (2017):	Value (RSP): EUR 0.18bn	CAGR (value)	2012-2017: 14.8%
	Volume: 55 000 tonnes		2018-2021: 12.3%
Most popular products (% market value 2017)	Butter (78%) ↑	Margarine (22%) ↓	
Further	Positive upward trend in unit values means that growth in value slightly exceeds		

<b>observations</b>	growth in volumes.		
<b>Infant formula (in powder form)</b>			
<b>Market size (2017):</b>	<b>Volume:</b> 823 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017:</b> 12.8%
	<b>Value (RSP):</b> EUR 17.1bn		<b>2018-2021:</b> 8.7%
<b>Popular types (% market value 2017)</b>	Growing up (44.1%) ↗	Standard (26.9%) ↘	Follow on (25.9%) ↘
<b>Other dairy</b>			
<b>Market size (2017):</b>	<b>Value (RSP):</b> EUR 0.3bn	<b>CAGR (value)</b>	<b>2012-2017:</b> 6.7%
	<b>Volume:</b> varies by product		<b>2018-2021:</b> 5.1%
<b>Most popular products (% market value 2017)</b>	Coffee whitener (62.4%) ↔	Plain condensed milk (37.7%) ↔	
<b>Further observations</b>	Positive upward trend in unit values means that growth in value outstrips growth in volumes.		

Source: Euromonitor International Ltd

Figures for the off-trade market only.

Note: trend arrows show the evolution of the segment share in percentage terms since 2012

#### 4.6.2.2 Consumer profile and purchase criteria



The increasingly interest in healthy and fresh dairy products drives Chinese consumers' purchases. This justifies the explosion of the demand for yoghurts and other products made with fermented milk, which are perceived as healthy items. These products are also replacing milk-based beverages, which are generally high in sugar and therefore perceived as less healthy.

In particular, 76% consumers indicated that they drink/eat yoghurt because of its gastro-intestinal benefits<sup>166</sup>. In terms of preferences, drinking yoghurt is preferred to spoonable yoghurt. Yoghurt with probiotics is the most likely to be bought by Chinese consumers, because of its health benefits<sup>167</sup>.

Examples of successful yoghurt products in China are:

- “On-the-go” drinkable yoghurt with chocolate, vanilla and others fruity flavours;
- Greek yoghurt, given that it is high in protein content, with raw pieces of fruits, e.g. blueberries and strawberries;

<sup>166</sup> How to Explain the Growing Appetite for Dairy Products in China? <http://daxueconsulting.com/dairy-products-in-china/>

<sup>167</sup> DSM Explores Cultural Differences in Yoghurt Consumption [https://www.nutraceuticalsworld.com/contents/view\\_breaking-news/2015-02-23/dsm-explores-cultural-differences-in-yoghurt-consumption](https://www.nutraceuticalsworld.com/contents/view_breaking-news/2015-02-23/dsm-explores-cultural-differences-in-yoghurt-consumption)

- Yoghurt with crunchy toppings;
- Iced yoghurt, a segment that grew by 40% in 2016<sup>168</sup>.

China has one of the lowest levels per-capita consumption of milk in the world. Chinese consumers are increasingly consuming premium milk and they are less price sensitive for purchases of products with the following features:

- High quality and freshness (50% of consumers);
- Additional health benefits, e.g. extra fibre for weight controls or vitamin-fortified (25% of consumers);
- Customisation for different demographics, e.g. calcium-fortified milk for women (25% of consumers).

Furthermore, 57% of urban Chinese prefer imported milk, which is considered to be healthier and of a higher quality, thus better and safer to drink<sup>169</sup>.

The Chinese are also developing a taste for European cheese (British Cheddar is the most popular), which nonetheless accounts for a small segment of China's dairy market. The Chinese are more likely to consume cheese that is softer in texture and flavour, e.g.:

- Mozzarella, given that most Chinese think about a warm product when asked about cheese, e.g. stretched mozzarella topping pizzas;
- Mild and sweet cheese, with fruit flavours, e.g. blueberry, banana and strawberry;
- Cheese in light or healthier versions, e.g. low in fat content or higher in protein or calcium;
- Cheese that can be easily spread on bread.

Packaging is just as important in orienting consumers' purchase choices. In particular, cheese packed in a more snack-like way is gaining ground in China<sup>170</sup>.

Chinese consumers, who have lived, studied, or travelled abroad, are an important subgroup of consumers for artisanal cheeses, due to their increased product awareness and subsequent demand. Having gained more exposure to Western cuisine, they are more informed on the varieties of products available and will make purchases as part of their broader lifestyle.

### Safety concerns

Arguably the most serious food health scandal in China was the 2008 melamine scandal, which had significant effects on the dairy industry in China as well as food safety supervision systems. The scandal

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<sup>168</sup> Yoghurt & Probiotics Trends in China & India <https://www.linkedin.com/pulse/yoghurt-probiotics-trends-china-india-aditi-agarwal-tandon/>

<sup>169</sup> Chinese Consumers Get a Taste for Premium Milk with Added Benefits <http://www.mintel.com/blog/drink-market-news/chinese-consumers-get-a-taste-for-premium-milk-with-added-benefits-2>

<sup>170</sup> Say cheese: Dairy producers plan for the future of fromage in China <https://www.weekinchina.com/2016/04/say-cheese/>

involved the sale of tainted infant milk formula. As a result of consuming these products 6 children died and thousands were hospitalised<sup>171</sup>. Consumer confidence was damaged and the effect on the domestic dairy industry was severe<sup>172</sup>. Following the scandal, the Chinese government adopted stricter food safety regulation. For example, safety concerns led the government to ban the import of some soft and mould-ripened cheeses (e.g. Gorgonzola or Roquefort) on September 2017, on the grounds that they were a risk to consumer health. The ban was nonetheless lifted on October 2017<sup>173</sup>.

Chinese consumers' preference for imported dairy products for quality and food safety reasons represent a good opportunity for European products<sup>174</sup>. Indeed, Chinese consumers are willing to pay more for better quality dairy products, as demonstrated by the fact that the top-3 premium UHT milk products grew far more quickly than standard UHT milk in 2010-2016<sup>175</sup>.

Ensuring that your product has a solid reputation for safety is a must for long term success in the Chinese market, losing consumer confidence due to a health scandal may spell the end of business in China.

### Lactose intolerance

High levels of lactose intolerance or lactase deficiency amongst the Chinese population act as a constraint on consumption of several dairy products. Studies reported that around 92% of Chinese adults are affected by lactose malabsorption, while lactase deficiency affects 87% Chinese children aged 7-8 and 11-13 years and 40% Chinese children aged 3-5 years<sup>176</sup>. Nonetheless, in recent years the government has recommended regular milk consumption, promoting milk as a major source of calcium and protein. As a result, the Chinese have been increasingly incorporating dairy products in their daily diet<sup>177</sup>.

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<sup>171</sup> Melamine – China Tainted Baby Formula Scandal

<http://topics.nytimes.com/top/reference/timestopics/subjects/m/melamine/index.html>

<sup>172</sup> China Milk Scandal Spreads; Hong Kong Girl Sickened

<http://web.archive.org/web/20121023025105/http://www.bloomberg.com/apps/news?pid=newsarchive&sid=a4krf9Z0zsh8&refer=asia>

<sup>173</sup> China lifts trade obstacles for European cheeses <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1749>

<sup>174</sup> Asian Insights SparX: China Dairy Sector

[https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728\\_insights\\_focusi ng\\_on\\_dairys\\_downstream\\_segment.pdf](https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728_insights_focusi ng_on_dairys_downstream_segment.pdf)

<sup>175</sup> Asian Insights SparX: China Dairy Sector

[https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728\\_insights\\_focusi ng\\_on\\_dairys\\_downstream\\_segment.pdf](https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728_insights_focusi ng_on_dairys_downstream_segment.pdf)

<sup>176</sup> China is the third-largest milk producing country, even though most Asians are lactose-intolerant <https://qz.com/402455/china-is-the-third-largest-milk-producing-country-even-though-most-asians-are-lactose-intolerant/>

<sup>177</sup> How to Explain the Growing Appetite for Dairy Products in China? <http://daxueconsulting.com/dairy-products-in-china/>

Furthermore, in the Chinese market there is room for the growth of dairy products that do not contain lactose, e.g. aged cheese (e.g. cheddar, parmesan etc.), butter and yoghurt<sup>178</sup>. Statements relating to the absence of lactose can provide useful information to Chinese consumers who are generally not aware of the absence of lactose from specific European cheeses (or indeed the content of different cheeses more generally).

### Pungent food

As cheese is a new flavour for many Chinese, more pungent varieties can discourage uninitiated consumers. In a 2013 taste test, most Chinese respondents asked to sample a range of European cheeses said they disliked the smell of the most potent cheeses, although many of those that sampled the products rated these favourably<sup>179</sup>. Chinese cuisine has its own share of pungent food with stinky tofu (臭豆腐) and Beijing specialty douzhi (豆汁). The popularity of these dishes within China means that there is a considerable consumer base that will not turn their nose up at pungent foods, although, perhaps only when they have gained a taste for these products.

#### 4.6.2.3 Recent market trends

Changing diets will help to drive the growth of dairy imports into China, and there is plenty of room for growth in the market as per capita consumption is still relatively low. The Chinese yoghurt and sour milk market, which is expected to grow at a CAGR of 13% in 2018-2021<sup>180</sup>, is opening up great opportunities for European producers of probiotics and premium products<sup>181</sup>. Similarly, the cheese segment, which is expected to grow with a CAGR of 15% in 2018-2021, given the increasing health awareness of Chinese consumers, offers plenty of room for growth in the market<sup>182</sup>.

Flavoured milk drinks consumption is foreseen to dramatically decrease, due to the consumers' perception of these products as less healthy. On the contrary, fresh milk is predicted to grow at a CAGR of 8% as a result of the development of cold chain logistics system and the strongest interest of the Chinese for fresh products<sup>183</sup>. Nonetheless, milk consumption is reaching saturation levels in first tier cities like Beijing and Shanghai and therefore growth depends on the demand in third and fourth tier cities<sup>184</sup>.

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<sup>178</sup> Asian Insights SparX: China Dairy Sector

[https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728\\_insights\\_focusing\\_on\\_dairys\\_downstream\\_segment.pdf](https://www.dbs.com/aics/pdfController.page?pdfpath=/content/article/pdf/AIO/072017/170728_insights_focusing_on_dairys_downstream_segment.pdf)

<sup>179</sup> For all the cheese in China <http://www.chinaeconomicreview.com/all-cheese-china>

<sup>180</sup> Euromonitor International Ltd Report: Yoghurt and Sour Milk Products in China

<http://www.euromonitor.com/yoghurt-and-sour-milk-products-in-china/report>

<sup>181</sup> Yoghurt & Probiotics Trends in China & India <https://www.linkedin.com/pulse/yoghurt-probiotics-trends-china-india-aditi-agarwal-tandon/>

<sup>182</sup> Euromonitor International Ltd Report: Cheese in China <http://www.euromonitor.com/cheese-in-china/report>

<sup>183</sup> Euromonitor International Ltd Report: Drinking Milk Products in China <http://www.euromonitor.com/drinking-milk-products-in-china/report>

<sup>184</sup> GAIN Report: Dairy and Products Semi-annual -2017: Consolidation and Modernization of China's Dairy Herd [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Semi-annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_5-9-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Semi-annual_Beijing_China%20-%20Peoples%20Republic%20of_5-9-2017.pdf)



China's infant milk market is expected to grow substantially, primarily driven by the 2015 governmental decision to relax its one-child policy, which allows and encourages Chinese families to have a second child. In 2016 indeed, 1.31 million more births were recorded compared to 2015, which are predicted to have positive spill over effects on the infant milk sector. There is growing interest for premium infant formula from the EU and new entrants may easily enter the market through e-commerce platforms (e.g. [www. babytree.com](http://www.babytree.com)) or developing partnership with Chinese retailers.

Domestic food scandals (e.g. the 2008 melamine scandal) had once propelled the growth of milk and whey powder imports into China, and any further domestic scandals could produce surges in demand for imported produce. However, any scandals in imported products could have the opposite effect; for example, the dairy industry as whole took a dent when imported dairy produce also became the subject of food safety concerns in 2013 (milk powder from New Zealand was identified as being contaminated with clostridium botulinum<sup>185</sup>). The potential for scandals to cause temporary collapses in the market must therefore be borne in mind.

### 4.6.3 Offer

In terms of value, the EU as a whole accounted for half exports of dairy products to China in 2016, with German and French producers taking the lead. Domestic production of dairy products is increasing, but not as fast as the demand, offering major opportunities for European manufacturers.

#### 4.6.3.1 Domestic production



Dairy production in China is expected to rapidly increase in the next years. The China's National Dairy Industry Development Plan for 2016-20 estimates that around 75% of all dairy consumed in China will be produced domestically by 2020<sup>186</sup>. Currently, liquid milk accounts for largest segment in the Chinese dairy production, i.e. around 29 million tonnes in 2017 (Table 4-9).

Most dairy cattle are concentrated in northeast, i.e. in Inner Mongolia (23%), Heilongjiang (15%), and Hebei (12%). Chinese Milk production has started gradually increasing from 2013, following a disruption due to the 2008 melamine scandal. Indeed, the government has since then made several efforts to improve the safety and quality of dairy products. China's government expects milk production to dramatically increase, reaching 60 million tonnes by 2020 and over 70 million tonnes by 2030<sup>187,188</sup>. Nevertheless, this

<sup>185</sup> China bans New Zealand milk powder imports on botulism scare: NZ trade minister

<https://www.reuters.com/article/us-newzealand-milk/china-bans-new-zealand-milk-powder-imports-on-botulism-scare-nz-trade-minister-idUSBRE97301K20130804>

<sup>186</sup> China Dairy Supply and Demand

<https://www.ers.usda.gov/webdocs/publications/86231/ldpm-282-01.pdf?v=43084>

<sup>187</sup> China Dairy Supply and Demand

target appears difficult to attain, mainly due to very high production costs, low economic return to farmers as well as a lack of arable land to produce animal feed domestically<sup>189</sup>. Therefore, since the demand is increasing faster than the domestic production, in the years ahead China will need to continue to rely on imported milk to fulfil this gap<sup>190</sup>.

Production of milk powder has dropped since 2013 (Table 4-9). In particular, demand for domestically produced whole milk powder is quite weak, as most consumers, e.g. yoghurt and infant milk producers, prefer imported products<sup>191</sup>.

Domestic production of cheese and butter was very low in 2014, accounting for less than 400 000 tonnes, with a domestic demand on the rise. Similarly, domestic production of 6 million tonnes is not enough to cover the internal demand for yoghurt (Table 4-9). Therefore, China will need to rely on its imports of cheese, butter, and yoghurts to fulfil the fast-growing domestic demand.

Table 4-9: Dairy production in China 2014-17, thousand tonnes

Dairy Production	2014	2015	2016	2017
Liquid milk	23 667	24 947	27 663	29 381
Fresh milk products, milk drinks	5 106	5 300		
Cheese from cow milk	123			
Cheese from other milk	129			
Butter	97			
Milk powder	1.507	1.422	1.438	1.317
Yoghurt		6 000		

Sources: [https://www.clal.it/en/?section=stat\\_cina](https://www.clal.it/en/?section=stat_cina) and <http://pmfood.dk/upl/9747/DINMarch5backpage.pdf> (yoghurt)

#### 4.6.3.2 Imports and exports

While volumes of dairy products exported from China are very low, imports of dairy products are significant, reflecting the fact that China imports most of its dairy products from third countries. In particular, China imports large quantities of milk, cream and whey (given the higher demand) but less cheese and butter. In 2016, 1.99 million tonnes of dairy products were exported to China, nearly twice the 2012 volume, i.e. 1.2 million of tonnes (Figure 4-24).

<https://www.ers.usda.gov/webdocs/publications/86231/ldpm-282-01.pdf?v=43084>

<sup>188</sup> Consumption of dairy products in China will reach 60 million tons by 2020

<https://www.biomin.net/en/press/consumption-of-dairy-products-in-china-will-reach-60-million-tons-by-2020/>

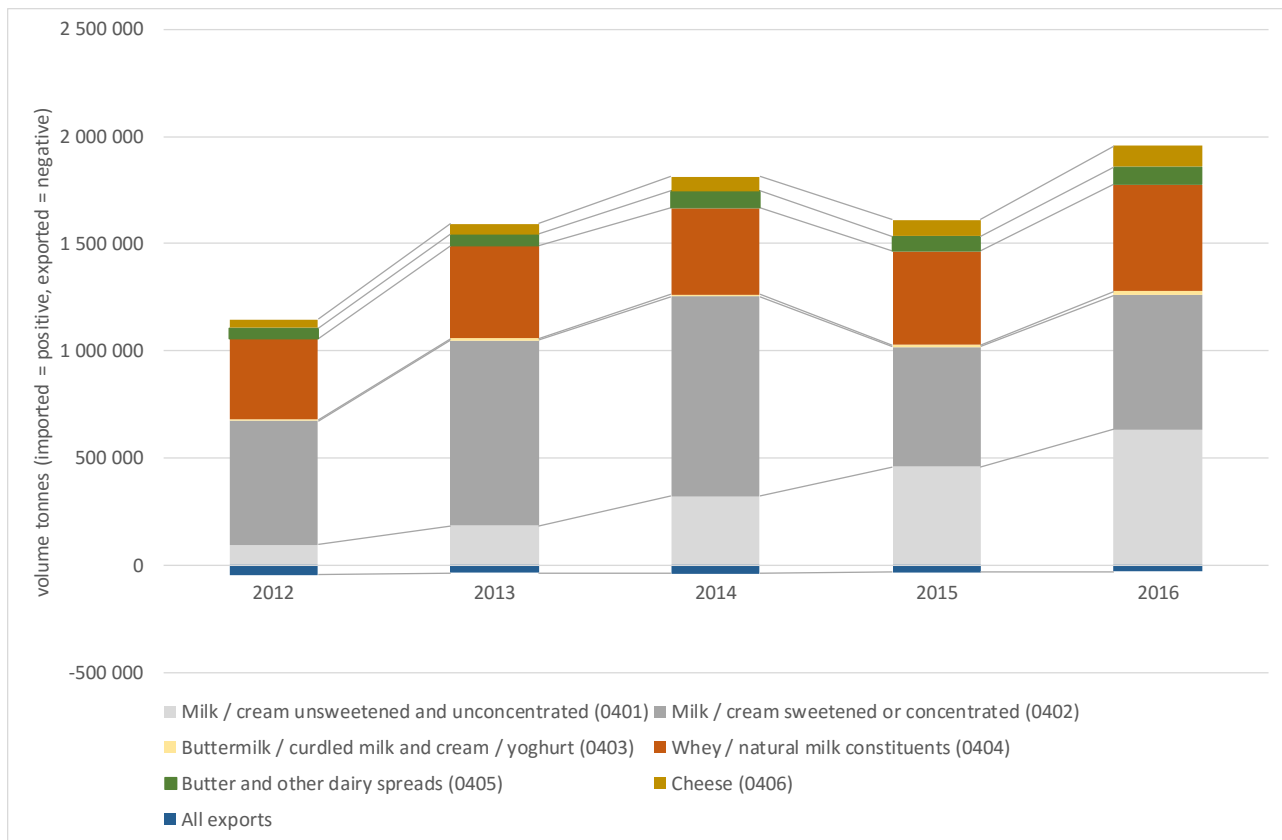
<sup>189</sup> China Dairy: the growth of an industry <http://nuffieldinternational.org/live/Report/NZ/2016/bede-o'connor>

<sup>190</sup> China to rely on imported dairy products <https://agrihq.co.nz/topic/prices-and-trends/view/china-to-rely-on-imported-dairy-products>

<sup>191</sup> GAIN Report: Dairy and Products Semi-annual -2017: Consolidation and Modernization of China's Dairy Herd

<https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Semi-annual%20Beijing%20China%20-%20Peoples%20Republic%20of%205-9-2017.pdf>

Figure 4-24: Trade balance (imports and exports) of dairy products in China, 2012-16; tonnes



Source: ITC Trademap

Data for CN codes 0401-0406. Codes for imports indicated in brackets. Exports for codes 0401-0406 combined under the label "Exports".

Historically, New Zealand was the dominant exporter of dairy products to China, with a 52% market share in value terms in 2014, followed by the EU (28%), USA (9%) and Australia (5%). Nevertheless, following the 2015 decision to remove quotas on dairy production, the EU production increased and a larger portion could be exported to China. As a result, in 2016 the EU became the leading dairy exporter to China in terms of value, with a 49% market share, followed by New Zealand (33%), Australia (7%), and the US (6%). Volumes from New Zealand remain very high, however.

In terms of volume, exports of milk/ unsweetened and unconcentrated cream rapidly grew between 2012 and 2016, to the advantage of the EU which accounted for around 65% of the market share in 2016. Germany took the lead, with 35% of the total milk/ unsweetened and unconcentrated cream exports, followed by New Zealand (21%). The European Nestlé, FrieslandCampina, and Danone accounted for 30% of the Chinese infant formula marketplace in 2016<sup>192</sup>.

<sup>192</sup> China Dairy Supply and Demand

<https://www.ers.usda.gov/webdocs/publications/86231/ldpm-282-01.pdf?v=43084>

Similarly, exports of buttermilk/curdled milk and cream/yoghurt recorded a robust growth between 2015 and 2016, to the advantage of Germany and New Zealand, which respectively accounted for 51% and 22% of the all exports in 2016.

In 2016, the whey/natural milk constituent segment was dominated by the USA with 57% of exports, followed by the EU (34%). Furthermore, main exporter of milk/sweetened and concentrated cream as well as butter and other dairy spreads to China was New Zealand, with a market share of respectively 81% and 86% in 2016. Similarly, New Zealand and Australia accounted for respectively 51% and 21% of the cheese and curd exports to China in 2016 (Figure 4-25).

European exports of dairy products to China recorded a positive trend in 2017, increasing substantially in volume, e.g. +39% skim milk powder (SMP) exports, +12% butter exports, and +7% whole milk powder (WMP) exports. China is currently the second main destination of EU SMP exports, the third main destination of EU butter exports and the fourth main destination of EU WMP exports<sup>193</sup>.

With regards to cheese, China imports over 50 different kinds of European cheeses<sup>194</sup>, with Brie and Camembert accounting for 15% of the total cheeses' imports<sup>195</sup>. In 2017, most of the approximately 17 867 tonnes of cheese the EU exported to China, were imported from Denmark, France, Italy and the Netherlands<sup>196</sup>. Furthermore, the EU countries accounted for the highest value in cheese exports, i.e. around EUR 20 billion<sup>197</sup>. China is the fastest-growing market for cheese imports at the global level, and therefore offers several opportunities for the EU manufacturers.

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<sup>193</sup> EU Dairy Exports to Third countries

[https://ec.europa.eu/agriculture/sites/agriculture/files/market-observatory/milk/pdf/eu-extra-trade\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/market-observatory/milk/pdf/eu-extra-trade_en.pdf)

<sup>194</sup> China bans European mouldy cheese imports <https://www.neweurope.eu/article/china-bans-european-mouldy-cheese-imports/>

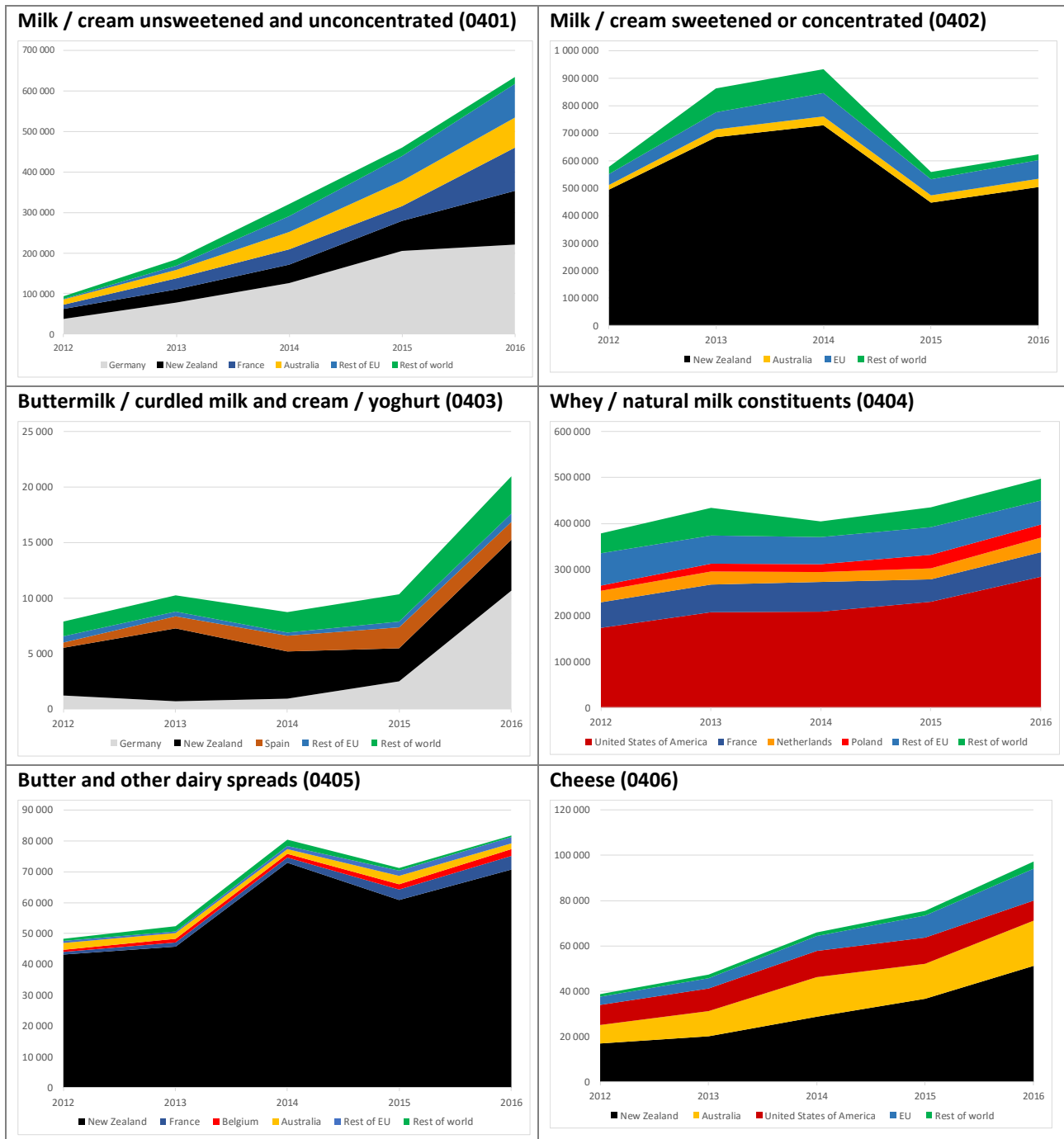
<sup>195</sup> The stinky cheese saga: What China's short-lived import ban on soft cheese really represents

<https://supchina.com/2017/11/10/what-chinas-short-lived-import-ban-on-soft-cheese-really-represents/>

<sup>196</sup> EU Dairy Exports to Third countries [https://ec.europa.eu/agriculture/sites/agriculture/files/market-observatory/milk/pdf/eu-extra-trade\\_en.pdf](https://ec.europa.eu/agriculture/sites/agriculture/files/market-observatory/milk/pdf/eu-extra-trade_en.pdf)

<sup>197</sup> Cheese Exports by Country <http://www.worldstopexports.com/cheese-exports-country/>

Figure 4-25: Chinese imports of dairy products by country, 2012-16; tonnes



Source: ITC Trademap

Data for CN codes 0401-0406. Codes for imports indicated in brackets.

### 4.6.3.3 EU GI products

France’s exports of Brie and Camembert, included PDO Brie and Camembert have recorded a dramatic increase in recent years. Brie exports to China increased by 1 622% between 2012 and 2016, reaching 98 200 kg in 2016. Camembert exports grew by 1 391%, reaching 142 000 kg in 2016. These figures are most

likely due to rising demand for Western dairy products as tastes for foreign foods have grown, with Chinese consumer preferences for soft flavoured and textured cheeses favouring these specific types of cheese (see section 4.6.2.2).

Exports of Italian Gorgonzola including PDO Gorgonzola from Italy to China grew exponentially between 2012 and 2013, from 8 900 to 55 700 kg. Nonetheless, imports of Italian Gorgonzola have recorded a drop by over 70% since then, dropping to 14 700 kg in 2016. On the contrary, the Italian Grana Padano and Parmigiano Reggiano, along with their PDO versions, have maintained a high export rate over the period 2012-2016, with export figures especially high during 2014 and 2016. One reasons might be that Parmesan can be eaten by lactose-intolerant consumers and therefore is increasingly demanded in China.

Feta cheese, including PDO Feta, exports to China from Greece reached a peak in 2012 and then fell dramatically in 2014, due to diminishing demand from Chinese consumers. Nonetheless, since 2015 it has recorded a growing trend and indeed 16 000 kg were imported from China in 2016, compared to 2 700 in 2014<sup>198</sup>.

French Comté and Roquefort cheeses, Italian Grana Padano, as well as UK Cheddar and White/Blue Stilton have a protected status as geographical indication in China since 2012. Furthermore, in June 2017 China and the EU published a list of 100 geographical indications to be protected under an agreement that is expected to be signed in the coming years. Amongst the European products that will receive protection there are several cheeses, e.g. Greek feta, Spanish Queso Manchego, and Italian Mozzarella di Bufala Campana (Table 4-10).

Table 4-10: List of geographical indications) protected/to be protected in China: Dairy products

Product	Country	Product description/class	Protected
Roquefort	France	Cheese	Yes, since 2012
Grana Padano	Italy	Cheese	Yes, since 2012
West Country Farmhouse Cheddar	UK	Cheese	Yes, since 2012
White Stilton cheese/ Blue Stilton Cheese	UK	Cheese	Yes, since 2012
Danablu	Denmark	Cheese	Planned (“100 list”)
Comté	France	Cheese	Planned (“100 list”)
Feta	Greece	Cheese	Planned (“100 list”)
Queso Manchego	Spain	Cheese	Planned (“100 list”)
Asiago	Italy	Cheese	Planned (“100 list”)
Gorgonzola	Italy	Cheese	Planned (“100 list”)

<sup>198</sup> Eurostat COMEXT

Product	Country	Product description/class	Protected
Mozzarella di Bufala Campana	Italy	Cheese	Planned (“100 list”)
Parmigiano Reggiano	Italy	Cheese	Planned (“100 list”)
Pecorino Romano	Italy	Cheese	Planned (“100 list”)
Taleggio	Italy	Cheese	Planned (“100 list”)

Source: European Commission

#### 4.6.3.4 Main competitors

New Zealand and Australia enjoy a free trade agreement with China since 2008, and thus continue to expand their share in the Chinese dairy market. In particular, since 2017 tariffs for dairy products exported from New Zealand have been eliminated, with the sole exception of milk and cream in solid forms, whose tariffs will be eliminated in 2019<sup>199</sup>. The company Fonterra takes the lead of New Zealander milk and cheese exports to China. The company exports primarily mozzarella, which is enough to top half the pizzas, i.e. 300 million, made in China each year<sup>200</sup>. Murray Goulbourn is the major Australian exporter of milk, despite recording huge financial losses recently<sup>201</sup>.

Several dairy products (particularly whey) are also imported from the USA. The American Kraft Foods company is indeed an example of well-established company in the Chinese dairy market<sup>202</sup>. Despite a recent drop in dairy exports to China, the USA are expected to gain a larger market share, following the signature of a Memorandum of Understanding with China. The Memorandum ensures that the US dairy products are in compliance with AQSIQ Decree 145, which may lead to an increased access to the Chinese dairy market in the years ahead<sup>203</sup>. Nonetheless, an unfavourable exchange rate may challenge the attractiveness of US products in the Chinese dairy market, particularly in comparison to the EU.

At the domestic level, Mengniu Dairy Co. and Inner Mongolia Yili Industrial Group are the dominant players in the production of fresh, shelf-stable, yoghurt, and flavoured drinkable dairy, which are the largest markets in China. However, other Chinese companies dominate the market for fresh milk, i.e. Bright Food (with a 13% market share in 2016), Sanyuan Foods (10%), as well as New Hope, Nanjing Dairy, and Jiabao Group, with a 5% market share each<sup>204</sup>. The yoghurt segment is currently dominated by large local players, therefore entering the Chinese market may be challenging for European products.

<sup>199</sup> China Dairy Supply and Demand

<https://www.ers.usda.gov/webdocs/publications/86231/ldpm-282-01.pdf?v=43084>

<sup>200</sup> New Zealand multi-million dollar cheese exports to China avoid chop

<https://www.stuff.co.nz/business/farming/96789557/new-zealand-multimillion-dollar-cheese-exports-to-china-avoid-chop>

<sup>201</sup> UPDATE 1-Australia's Murray Goulburn slumps as China sales slide <https://www.reuters.com/article/mg-unit-tr-results/update-1-australias-murray-goulburn-slumps-as-china-sales-slide-idUSL4N1G86G6>

<sup>202</sup> Euromonitor International Ltd Report: Cheese in China <http://www.euromonitor.com/cheese-in-china/report>

<sup>203</sup> Agreement Creates Increased Access to Chinese Market for U.S. Dairy Exporters

<http://www.usdec.org/newsroom/news-releases/news-releases/news-release-06/15/2017>

<sup>204</sup> China Dairy Supply and Demand

<https://www.ers.usda.gov/webdocs/publications/86231/ldpm-282-01.pdf?v=43084>

#### 4.6.3.5 Market Access and Entry

Imported dairy produce has been subject to increased scrutiny and tighter controls as China has strengthened its regulations and national standards to improve food safety. Dairy products are subject to market access restrictions and bilateral protocols and sanitary certificates between the country of origin and China, company level registration and on-site inspection, and strict import procedures prior to its entry into the Chinese market.

AQSIQ published Decree No. 152/2013 “Administrative Measures on the Inspection, Quarantine and Supervision of Imports and Exports of Dairy Products” establishing the need for signed protocol between the country of origin and China in Article 5. The completion of a health or sanitary certificate is mandated in Article 7 and the sample certificate once approved is published on the AQSIQ website.

Market access for dairy produce is not currently available for all EU MS due to a lack of a bilateral protocol and/or a lack of a health or sanitary certificate. Producers from countries without current market access are advised to contact their relevant local authorities for information on the current status of any on-going procedures.

Table 4-11: EU Member States with Established Sanitary Certificates:

EU MS	Sample Sanitary Certificate
Austria	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201111/P020111107414087094738.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201111/P020111107414087094738.pdf</a>
Belgium	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201005/P020100514487614573244.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201005/P020100514487614573244.pdf</a>
Bulgaria	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201705/P020170614540881813153.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201705/P020170614540881813153.pdf</a>
Cyprus	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201708/P020170803385919643831.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201708/P020170803385919643831.pdf</a>
Czech Republic	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201004/P020100423325277628144.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201004/P020100423325277628144.pdf</a>
Germany	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/200907/P020130819572742335013.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/200907/P020130819572742335013.pdf</a>
Denmark	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201401/P020141015300927848794.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201401/P020141015300927848794.pdf</a>
Estonia	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201605/P020160531577213553102.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201605/P020160531577213553102.pdf</a>
Greece	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201103/P020110323511842463098.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201103/P020110323511842463098.pdf</a>
Spain	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201208/P020120809390822147369.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201208/P020120809390822147369.pdf</a>
France	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201001/P020100114573593159147.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201001/P020100114573593159147.pdf</a>
Finland	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201112/P020111209562080991683.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201112/P020111209562080991683.pdf</a>
Hungary	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201703/P020170329574553903243.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201703/P020170329574553903243.pdf</a>
Ireland	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201306/P020130626538270896709.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201306/P020130626538270896709.pdf</a>
Italy	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201001/P020100114576688069488.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201001/P020100114576688069488.pdf</a>
Lithuania	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201605/P020160531575457346644.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201605/P020160531575457346644.pdf</a>
Luxembourg	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201401/P020140120328129197917.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201401/P020140120328129197917.pdf</a>
Latvia	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201407/P020140731515499750379.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201407/P020140731515499750379.pdf</a>
Netherlands	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201011/P020101102595327038241.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201011/P020101102595327038241.pdf</a>



EU MS	Sample Sanitary Certificate
Poland	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/200805/P020100201414084015145.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/200805/P020100201414084015145.pdf</a>
Portugal	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201312/P020131218302164779422.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201312/P020131218302164779422.pdf</a>
Slovenia	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201601/P020160128501496484459.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201601/P020160128501496484459.pdf</a>
Sweden	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201311/P020131105563464850564.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201311/P020131105563464850564.pdf</a>
United Kingdom	<a href="http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201311/P020131105561992028612.pdf">http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/201311/P020131105561992028612.pdf</a>

Available on the AQSIQ website at: <http://jckspaqj.aqsiq.gov.cn/xz/ggshrzpzsyb/index.htm>

### Establishment level registration process

In addition to the foodstuff exporter registration Decree No. 152/2013<sup>205</sup> Article 7 requires all overseas food producers that export dairy produce to China to register with AQSIQ prior to the shipment of any goods.

The updated “Implementation Catalogue for Registration of Overseas Manufacturers of Imported Food” released on November 2015 specifies that the registration is mandatory for the following products<sup>206</sup> to be exported to China:

- Sterilized milk
- Fermented milk
- Milk powder
- Butter
- Condensed milk
- Cheese
- Whey powder
- Dairy based formula foods for infants and young children
- Other milk and milk products, i.e. lactose, casein, other dairy products.

Registration with AQSIQ was required before May 1<sup>st</sup>, 2014 with the completion of:

- Overseas Production Enterprise Registration Form
- Questionnaires on Registration of Foreign Plants Producing Dairy Products for Export to China
- Attachment to the Questionnaires – Production and Equivalency Form
- Sample of Official Declaration of Compliance
- List of Dairy Plants Applying for Registration Exception
- For the above forms, only the first is to be filled in by the individual company, the rest will be filled in by the competent authorities within your country. The timeframe for new registrations

<sup>205</sup> The official Chinese text is available on the AQSIQ website

[http://www.aqsiq.gov.cn/xxgk\\_13386/jlgg\\_12538/zjl/2013/201302/t20130201\\_342349.htm](http://www.aqsiq.gov.cn/xxgk_13386/jlgg_12538/zjl/2013/201302/t20130201_342349.htm)

<sup>206</sup> A full list of products is available here

[https://gain.fas.usda.gov/Recent%20GAIN%20Publications/AQSIQ%20Revised-Implementation%20Catalogue%20for%20Registration\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_12-18-2015.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/AQSIQ%20Revised-Implementation%20Catalogue%20for%20Registration_Beijing_China%20-%20Peoples%20Republic%20of_12-18-2015.pdf)

varies for each state and will be negotiated between local authorities and the Chinese authorities; exporters wishing to register their company should make enquiries with the relevant authorities on the timetable for new applications.

On-site inspection is possible by members of CNCA and AQSIQ is possible for all dairy producers who have submitted an application. When a company has been successfully registered it shall be published on the AQSIQ website.

<p style="text-align: center;"><b>EN</b> 中华人民共和国国家认证认可监督管理局 Certification and Accreditation Administration of the People's Republic of China</p> <p style="text-align: center;"><b>Milk-based Infant and Follow on Formula (Formula Milk Powder and Liquid)</b></p> <p style="text-align: center;"><b>Overseas Production Enterprise Registration Application Form</b></p> <p><b>NOTE:</b> This application on foreign dairy products producing, processing and storage is required by CNCA for evaluation and registration to export dairy products to China. All information must be submitted in Chinese or English. Application data content should be true and accurate to avoid misleading and delays. Please provide any additional information to support your application.</p> <p><b>Part I General Information About the Enterprise</b></p> <p><b>A General Information</b></p> <p><b>1. Production enterprise</b></p> <p>Registered name (actual production organization): _____</p> <p>Registered address (actual production address): _____</p> <p>Registration number (if applicable): _____</p> <p><b>2. Contact person:</b></p> <p>Telephone: _____</p> <p>Fax: _____</p> <p>E-mail: _____</p> <p><b>3. Registration (approval) authority:</b></p> <p><b>4.</b> If the actual address of the producer differs from the address on the business licence, please provide the name, address, telephone number, fax number, email and other contact details of the production enterprise which is liable for the products exported to China, specifying the relationship between the producer which is liable for products exported to China and the actual production enterprise.</p> <p style="text-align: center;">1 / 12</p> <p><small>↳Please note that this is a reference to the application form translated. If you are unclear, ask the Chinese version shall prevail.</small></p>	<p style="text-align: center;"><b>EN</b> 中华人民共和国国家认证认可监督管理局 Certification and Accreditation Administration of the People's Republic of China</p> <p style="text-align: center;"><b>Questionnaire of Overseas Manufacturer Registration Management for Exported Dairy Products</b></p> <p><b>Description:</b></p> <p>Dairy goods mentioned in this questionnaire include colostrums, raw milk and dairy product. Colostrums is milk within 7 days after calving by milk yielding animals. Raw milk is defined as milk with constant components pumped from the breasts of healthy milk yielding animals which are comply to Chinese relevant requirements. Dairy products are foods that were processed from milk (including raw milk, Reconstituted milk or other sterilized liquid milk), sterilized milk, fermented milk products, milk powder, cream, condensed milk, cheese, whey powder, milk-based infant and follow up formula powder and other milk and milk products.</p> <p>Dairy manufacturer means overseas manufacturer, producing, processing and storing dairy products, applies for China registration.</p> <p>Competent authority of applicant country (region) refer to the organisation/institution which will recommend dairy products producers to be registered by the Certification and Accreditation Administration of the People's Republic of China (CNCA) in China; and the organisation/institution will be liable for the management and control ( accreditation) of the compliance of the recommended dairy products producers. The competent authorities include the official authorities which are responsible for the safety of dairy products, institutions with official authorisation, industry associations, etc.</p> <p>Relevant documents to be submitted shall be in Chinese or in English and the corresponding documents shall be provided in both hard copies and electronic versions.</p> <p><b>Information about the Competent Authority of applicant country (region)</b></p> <p>Country/Region: _____</p> <p>Name of the Competent Authority: _____</p> <p>Seal of the Competent authority: _____</p> <p>Office address: _____</p> <p>Contact: _____</p> <p>Tel/Fax: _____</p> <p>Email: _____</p> <p><b>1. General Information</b></p> <p>1.1 Please attach a copy of map and overview of applicant country (region) to indicate the content below (if applicable):</p> <p>Organization chart of central, regional or local competent authorities</p> <p style="text-align: center;">1 / 7</p> <p><small>↳Please note that this is a reference to the questionnaire translated. If you are unclear, ask the Chinese version shall prevail.</small></p>
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**CNCA application form for overseas manufacturers of milk based infant powder (left) and questionnaire of overseas manufacturer registration for exported dairy products (right) Available for download from:**  
<http://www.cnca.gov.cn/bsdt/ywzl/jkspiwscpqzc/wjxz/>

Table 4-12: Lists of registered EU infant formula milk powder importers

EU MS	CNCA
Austria	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Austria20160516.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Austria20160516.pdf</a>
Belgium	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Belgium20150507.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Belgium20150507.pdf</a>
Germany	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Germany20160601.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Germany20160601.pdf</a>
Denmark	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Denmark20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Denmark20180212.pdf</a>
Spain	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Spain20140521.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Spain20140521.pdf</a>
France	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/France20171205.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/France20171205.pdf</a>
Ireland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Ireland20140911.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Ireland20140911.pdf</a>

EU MS	CNCA
Italy	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Italy20141222.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Italy20141222.pdf</a>
Netherlands	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Netherlands20171229.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Netherlands20171229.pdf</a>
Poland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Poland20170721.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/Poland20170721.pdf</a>
United Kingdom	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/England20151103.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/milk/England20151103.pdf</a>

Available at: <http://www.cnca.gov.cn/bsdt/ywzl/jkspjwscpqzc/>

Table 4-13: Lists of registered EU dairy products (other than infant formula milk powder) importers

EU MS	CNCA web link
Austria	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Austria20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Austria20180212.pdf</a>
Belgium	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Belgium20171024.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Belgium20171024.pdf</a>
Czech Republic	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Czech20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Czech20180212.pdf</a>
Denmark	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Denmark20171213.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Denmark20171213.pdf</a>
Estonia	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Eesti20160606.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Eesti20160606.pdf</a>
Finland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Finland20170515.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Finland20170515.pdf</a>
France	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/France20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/France20180212.pdf</a>
Germany	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Germany20170515.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Germany20170515.pdf</a>
Greece	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Greece20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Greece20180212.pdf</a>
Hungary	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Hungary20171115.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Hungary20171115.pdf</a>
Ireland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Ireland20171024.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Ireland20171024.pdf</a>
Italy	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Italy20171213.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Italy20171213.pdf</a>
Latvia	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Republika20170217.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Republika20170217.pdf</a>
Lithuania	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Lithuania20171218.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Lithuania20171218.pdf</a>
Luxembourg	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Luxemburg20140616.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Luxemburg20140616.pdf</a>
Netherlands	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Netherlands20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Netherlands20180212.pdf</a>
Poland	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Poland20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Poland20180212.pdf</a>
Portugal	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Portugal20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Portugal20180212.pdf</a>
Slovenia	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Slovenia20170929.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Slovenia20170929.pdf</a>
Spain	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Spain20180212.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Spain20180212.pdf</a>
Sweden	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Konungariket20170609.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/Konungariket20170609.pdf</a>
United Kingdom	<a href="http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/England20171024.pdf">http://www.cnca.gov.cn/ywzl/gjgnhz/jkzl/imports-list/dairy/England20171024.pdf</a>

Available at: <http://www.cnca.gov.cn/bsdt/ywzl/jkspjwscpqzc/>

### Customs procedures

For first time imports customs requirements are more stringent and the total customs clearance timeframe will be longer than for subsequent shipments. Given the number of high profile food health scandals involving both domestic and imported dairy produce, customs procedures are more stringent than for most other products entering the market.

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

### Labelling

Labelling of dairy produce is subject to the requirements under various National Standards governing dairy products as well as **GB 7718-2011 general rules for labelling of pre-packaged foods national food safety standards**.

### First time import procedures

The procedures for first time imports of dairy produce are detailed under article 11 of Decree No. 152/2013<sup>207</sup>. First time imports are required to be tested in line with the relevant National Standards, a first-time test report will be issued which can be used for future imports if they are done under the same conditions. For non-first test products entering China these will be required to provide a copy of the first-time test as well as additional tests for substances as required by AQSIQ.

If a product has fails a test then future imports will be treated as first-time imports, and will therefore be subject to more stringent testing and customs requirements.

### Infant Formula import procedures

On 1 October 2016, the Administrative measures for Registration of Infant and Young Children Milk Powder Recipes entered into force in China.

The measures introduced new requirements for registration of infant formula recipes. Companies willing to export to China need entrust a Chinese Responsibility Agent (CRA), e.g. a consulting company based in China, to carry out the registration procedure. The procedure consists of 4 stages: product testing, CFDA technical evaluation, on-site inspection and sample inspection.

The Registration process may take between 1 and 2 years and registration costs vary between approximately €20 000 and €75 000, depending on the quantity of products to register.

The following documents are requested to complete an Infant Formula CFDA Registration Application:

- Application form for registration of infant formula recipes;
- Applicant's credential documents;
- Quality and safety standards for raw materials and auxiliary materials;
- Reports about research and development of the recipe;
- Description of production process;
- Test report of the product;

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<sup>207</sup> The official Chinese text is available on the AQSIQ website

[http://www.aqsiq.gov.cn/xxgk\\_13386/jlgg\\_12538/zjl/2013/201302/t20130201\\_342349.htm](http://www.aqsiq.gov.cn/xxgk_13386/jlgg_12538/zjl/2013/201302/t20130201_342349.htm)

- Evidencing documents of capacities for R&D, production and testing;
- Other documents evidencing science basis and safety of the recipe.

The official text of the Report is available in English at:

<https://gain.fas.usda.gov/Recent%20GAIN%20Publications/CFDA%20Publishes%20Measures%20for%20Registration%20of%20Infant%20formula%20Recipes%20Beijing%20China%20-%20Peoples%20Republic%20of%206-17-2016.pdf>

#### **Infant Formula-related provision in the 2015 new Food Safety Law**<sup>208</sup>

On 25 April 2015, China announced the new Food Safety Law. This is the final rule and is in effect since **October 1, 2015**. It particularly added provisions about the infant formula milk powder as listed below:

***Article 81** Enterprises that produce infant formula shall implement full-process quality control from incoming materials to outgoing finished products and inspect the outgoing infant formula food batch by batch, so as to ensure food safety.*

*Raw materials and food additives such as fresh milk and ancillary materials used in the production of infant formula food shall comply with laws, administrative regulations, and national food safety standards so as to ensure that the nutrient ingredients necessary for the growth of infants are included.*

*Enterprises that produce infant formula shall file the food raw materials, food additives, product receipts, and labels with food and drug administration of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government.*

*Product receipts of infant formula milk powder shall be registered with the food and drug administration under the State Council. Receipt research and development reports and other materials proving scientific and safety shall be furnished upon filing.*

*Infant formula milk powder may not be produced in of sub-assembly and the same enterprise may not produce infant formula milk powder of different brands with the same receipt.*

***Article 82** The registrant or filer of health care food, food for special medical purposes, and infant formula powder shall be liable for the authenticity of materials it submitted.*

*Food and drug administrations of the people's governments at the provincial level or above shall issue the catalogues of registered or filed health care food, food for special medical purposes, and infant formula*

<sup>208</sup> The Chinese version of the 2015 Food Safety Law can be found here:

<http://npc.people.com.cn/n/2015/0427/c14576-26910501.html>, and the English version can be found here: <http://www.fas.usda.gov/data/china-china-s-food-safety-law-2015>

*milk powder and shall maintain the confidentiality of business secrets made known by registration or filing.*

*The enterprises that produce health care food, food for special medical purposes, and infant formula milk powder shall organize their production according to the technical requirements of their registered or filed product receipts and production processes.*

**Article 83** *Enterprises that produce health care food, food for special medical purposes, infant formula and other staple and supplementary food for specific populations, shall regularly conduct self-inspections of system operations in accordance with GMP and the production quality management system suitable for the food they produced so as to ensure their effective operation, and shall submit the self-inspection reports to the food and drug administration of the competent people's governments at the county level.*

### **National Standards**

There are a large number of National Standards applicable to Dairy Produce that exporters should be familiar with prior to entering the market. National Standards are subject to change, and all EU exporters should confirm that products are conformity with the latest standards prior to initiating shipping procedures.

The following is a non-exhaustive list of National Standards applicable for dairy produce:

- GB 19301-2010 Raw milk
- GB 19645-2010 Pasteurised milk
- GB 25190-2010 Sterilised milk
- GB 25191-2010 Modified milk
- GB 19302-2010 Fermented milk
- GB 13102-2010 Evaporated milk, sweetened condensed milk, and formulated condensed milk
- GB 19644-2010 Milk powder
- GB 11674-2010 Whey powder and whey protein powder
- GB 19646-2010 Cream butter and anhydrous milk fat
- GB 10765-2010 Infant formula
- GB 10767-2010 Older infants' and young children's formula
- GB 10769-2010 Cereal-based complementary foods for infants and young children
- GB 10770-2010 Canned complementary foods for infants and young children
- GB 12693-2010 Good manufacturing practice for dairy products
- GB 23790-2010 Good manufacturing practice for powdered formula for infants and young children
- GB 541333-2010 Determination of specific gravity in raw milk
- GB 541330-2010 Determination of impurities in raw milk and dairy products
- GB 541334-2010 Determination of acidity in raw milk and dairy products
- GB 54133-2010 Determination of fat in foods for infants and young children, raw milk, and dairy products

- GB 541329-2010 Determination of solubility in foods for infants and young children, raw milk, and dairy products
- GB 541327-2010 Determination of fatty acids in foods for infants and young children, raw milk, and dairy products
- GB 54135-2010 Determination of lactose and sucrose in foods for infants and young children, raw milk, and dairy products
- GB 54136-2010 Determination of insoluble dietary fibre in foods for infants and young children, raw milk, and dairy products
- GB 54139 -2010 Determination of vitamin A, D, E in foods for infant and young children, raw milk, and dairy products
- GB 541310-2010 Determination of vitamin K1 in foods for infants and young children, raw milk, and dairy products
- GB 541311-2010 Determination of vitamin B1 in foods for infants and young children, raw milk and dairy products
- GB 541312-2010 Determination of vitamin B2 in foods for infants and young children, raw milk, and dairy products
- GB 541313-2010 Determination of vitamin B6 in foods for infants and young children, raw milk, and dairy products
- GB 541314-2010 Determination of vitamin B12 in foods for infants and young children, raw milk, and dairy products
- GB 541315-2010 Determination of vitamin niacin and niacin amide in foods for infants and young children, raw milk, and dairy products.
- GB 541316-2010 Determination of folic acid (folate activity) in foods for infants and young children, raw milk, and dairy products
- GB 541317-2010 Determination of pantothenic acid in foods for infants and young children, raw milk, and dairy products
- GB 541318-2010 Determination of vitamin C in foods for infants and young children, raw milk, and dairy products
- GB 541319-2010 Determination of free biotin content in foods for infants and young children, raw milk, and dairy products
- GB 541321-2010 Determination of calcium, iron, zinc, sodium, potassium, magnesium, copper, and manganese in foods for infants and young children, raw milk, and dairy products.
- GB 541322-2010 Determination of phosphorus in foods for infants and young children, raw milk, and dairy products
- GB 541323-2010 Determination of iodine in foods for infants and young children, raw milk, and dairy products
- GB 541324-2010 Determination of chlorine in foods for infants and young children, raw milk, and dairy products
- GB 541325-2010 Determination of inositol in foods for infants and young children, raw milk, and dairy products
- GB 541326-2010 Determination of taurine in foods for infants and young children, raw milk, and dairy products

- GB 541335-2010 Determination of  $\beta$ -carotene in foods for infants and young children, raw milk, and dairy products
- GB 541336-2010 Determination of trans fatty acids in foods for infants and young children, raw milk, and dairy products
- GB 541337-2010 Determination of aflatoxin M1 in milk and dairy products
- GB 50095-2010 Determination of protein in foods
- GB 50093-2010 Determination of moisture in foods
- GB 50094-2010 Determination of ash in foods
- GB 500912-2010 Determination of lead in foods
- GB 500933-2010 Determination of nitrite and nitrate in foods
- GB 500924-2010 Determination of aflatoxins M1 and B1 in foods
- GB 500993-2010 Determination of selenium in foods
- GB 21703-2010 Determination of benzoic and sorbic acid in milk and dairy products
- GB 22031-2010 Determination of added citrate content in cheese and processed cheese products
- GB 541338-2010 Determination of freezing point in raw milk
- GB 47892-2010 Microbiological examination in foods – Aerobic plate count
- GB 47893-2010 Microbiological examination in foods – Enumeration of coliforms
- GB 47894-2010 Microbiological examination in foods – Examination of salmonella
- GB 478910-2010 Microbiological examination in foods – Detection of staphylococcus aureus
- GB 478915-2010 Microbiological examination in foods – Examination of moulds and yeasts
- GB 478918-2010 Microbiological examination in foods – Examination of milk and milk products
- GB 478930-2010 Microbiological examination in foods – Examination of listeria monocytogenes
- GB 478935-2010 Microbiological examination in foods – Examination of lactic acid bacteria in foods
- GB 478940-2010 Microbiological examination in foods – Examination of enterobactersakazakii
- GB 541339-2010 Determination of non-fat total milk solids in milk and milk products

**Source:** EU SME Centre “Guideline: Importing Dairy Products into China”

### Intellectual Property Rights

Given the lack of confidence in many domestic brands of milk powder, counterfeiters may be inclined to infringe the IPR of foreign brands. Whilst consumers are generally highly discerning in their purchases the negative impact of food safety scandals for dairy products, and the loss of market share and even market access that can result, necessitates the active enforcement of IPR on the market to prevent the possibility of counterfeit goods being the source of food safety scandals.

Domestic production of dairy products, such as cheese, is limited in scale and difficulties in production make counterfeiting less prevalent. However, risks are not to be underestimated as consumer awareness of certain imported brands is rising faster than exposure to products themselves, meaning that consumers may not be able to clearly distinguish the tastes of genuine products. With increasing market

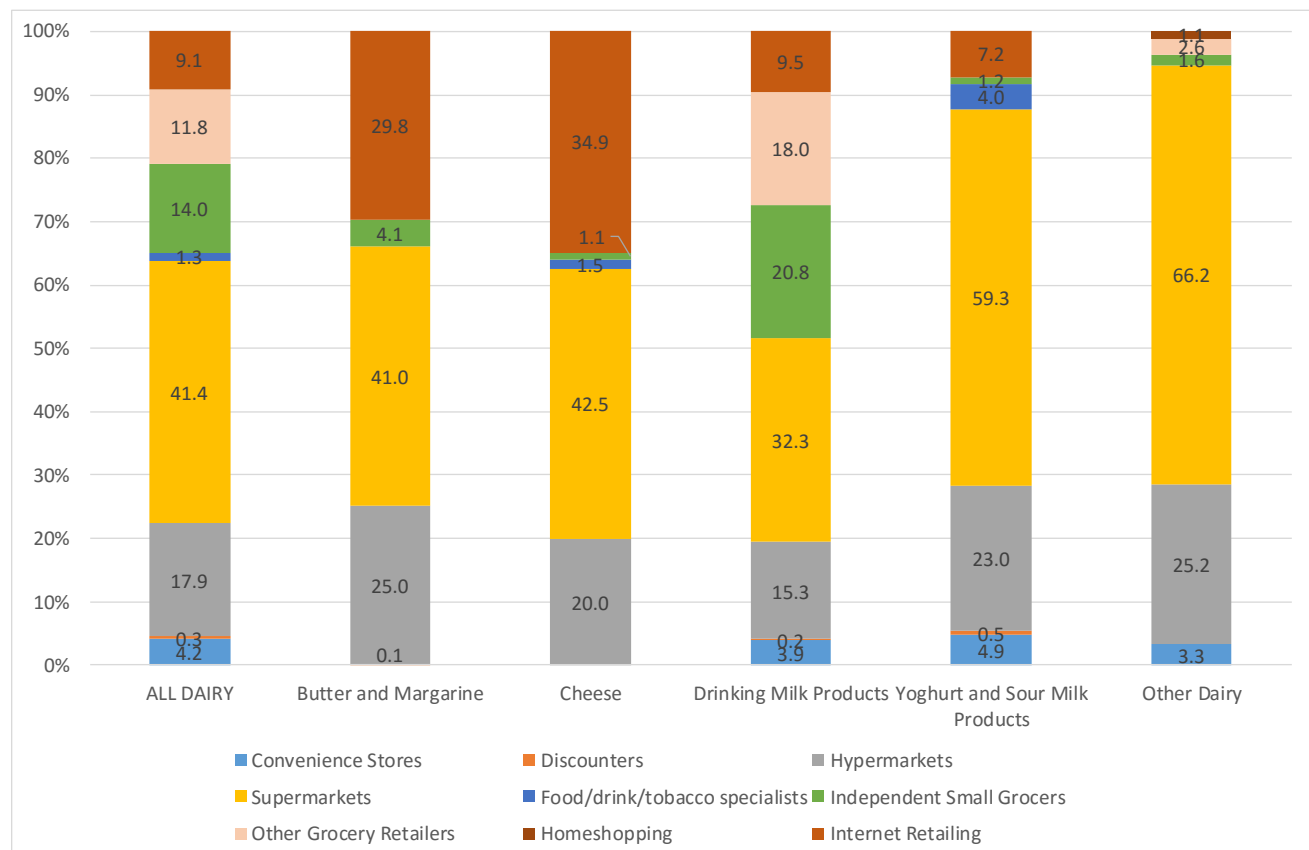


size IP risks will be set to increase especially for those producers who do not register all of their IP in a timely manner.

#### 4.6.4 Distribution

Supermarkets and hypermarkets were the leading distribution channels for dairy products between 2012 and 2017, with an average share of 41% and 18% respectively. Nonetheless, the online channel is of increasing importance particularly for butter, margarine and cheese (Figure 4-26). Indeed, Chinese consumers are more and more purchasing dairy products online, particularly imported items, e.g. infant milk formula (“IMF”) products.

Figure 4-26: Distribution channels (by value) for dairy, 2012-17



Source: Euromonitor International Ltd

A factor influencing distribution is the geographical consumption, which is concentrated in Chinese urban areas (accounting for nearly 90% of the total consumption)<sup>209</sup>. For example, milk consumption in 2015 was three times larger in Chinese urban areas compared with rural areas. This is explained by the lack of

<sup>209</sup> 90% of dairy consumption in China takes place in cities

<http://www.agriland.ie/farming-news/90-dairy-consumption-china-takes-place-cities/>

cold chain distribution, which has resulted in the concentration of market growth in larger cities, e.g. Shanghai, Beijing, Guangzhou<sup>210</sup>.

Nonetheless, distribution channels in smaller regional cities and rural areas are improving. For example, the 3<sup>rd</sup> and 4<sup>th</sup> tier cities offer interesting opportunities for cheese manufacturers and traders. There is particularly high demand of cheese from bakeries and western style restaurants<sup>211</sup>.

#### 4.6.5 Challenges for EU products

The most significant challenge EU products face in the China's market is the low awareness of dairy products, cheese in particular. Traditionally dairy has not been a part of the Chinese diet and thus consumers are not aware of different European varieties, their composition, and their nutritional content. Therefore, detailed labels and education-based marketing are the key to gain a market share.

A further challenge comes from New Zealand. Thanks to a FTA which has cut import tariffs on almost all dairy products, the country is enjoying a leading position in the Chinese milk, butter and cheese market.

These challenges are compounded by the underdeveloped cold chain which severely limits opportunities available for foreign producers in the Chinese market.

Despite this, the dairy market is growing tremendously in China along with demand for the EU dairy products, particularly for premium qualities. Therefore, new entrants may easily penetrate the Chinese dairy market, through e-commerce platforms or developing partnership with Chinese retailers.

#### Market Takeaway: Dairy products

**Consumption:** High consumption of imported milk and growing demand for drinkable yoghurt, yoghurt with probiotics and soft cheese.

**Competition:** Established trade with New Zealand, facilitated by a FTA with China. The yoghurt segment is dominated by large domestic players.

**Distribution:** Most sales off trade through supermarkets and hypermarkets, with online purchases growing in importance particularly for butter, margarine and cheese.

**Challenges:** Underdeveloped cold chain makes it hard to export in lower tiers and rural areas. Consumption of dairy products remains very low and there is a high frequency of lactose intolerance.

**Opportunities:** China is the fastest-growing market for cheese imports at the global level. Imported premium dairy products are preferred over domestic items, for health and safety reasons.

<sup>210</sup> China Dairy Supply and Demand

<https://www.ers.usda.gov/webdocs/publications/86231/ldpm-282-01.pdf?v=43084>

<sup>211</sup> Webinar: China's dairy market, Review of 2016 and Outlook for 2017

<http://eshare.cnchemicals.com/publishing/home/2017/03/10/2175/dairy-webinar-china%E2%80%99s-dairy-market-review-of-2016-and-outlook-for-2017.html>

## 4.7 Fresh fruit & vegetables

### 4.7.1 SWOT analysis



### 4.7.2 Consumption



In China, consumption of fresh fruit and vegetables has increased in recent years and is forecast to continue this trend in the future, driven by consumers enhanced health awareness. Demand for European fresh fruit and vegetables is modest, as consumer awareness of such products is relatively low in many parts of the country. However, the market is likely to increase as consumers gradually gain knowledge of European fresh fruits and vegetables and national distribution retail and distribution

networks improve.

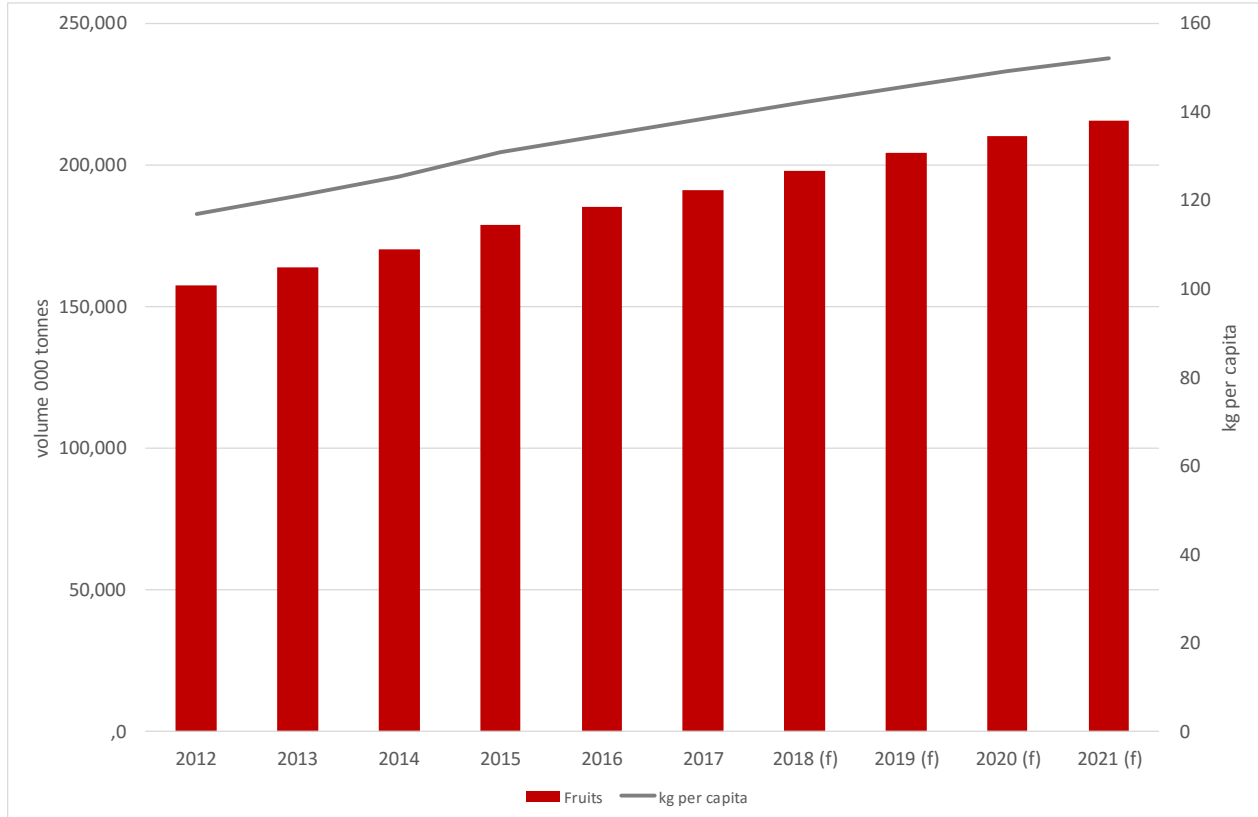
#### 4.7.2.1 Evolution of consumption

Consumption of fresh fruit and vegetables has increased fairly steadily since 2012 and is forecast to continue this trend in the future.

Chinese per capita fresh fruit consumption stood at around 138kgs in 2017, and is expected to reach 152kgs in 2021 (Figure 4-27). Consumers have indeed a growing appetite for high quality fruits, such as apples, accounting for 17% of the total consumption of fresh fruit, citrus fruits (13%), pears (7%), and bananas (5%), while stone fruit are less popular. Furthermore, consumption of organic and packaged fruit has risen between 2012 and 2017, up to respectively 1.3% and 2.3% in 2017 (Table 4-14).

With regards to fresh vegetables, per capita Chinese consumption stood at 202kgs in 2017, and is expected to reach 218kgs in 2021 (Figure 4-28). Tomatoes are the most popular fresh vegetable, accounting for 12% of the total fresh vegetables consumption, followed by onions (8%), maize (5%), cauliflower, and broccoli (3%). Furthermore, while consumption of organic vegetables is almost nil, consumption of packaged vegetables has risen from 0.2% in 2012 to 1.1% in 2017 (Table 4-14).

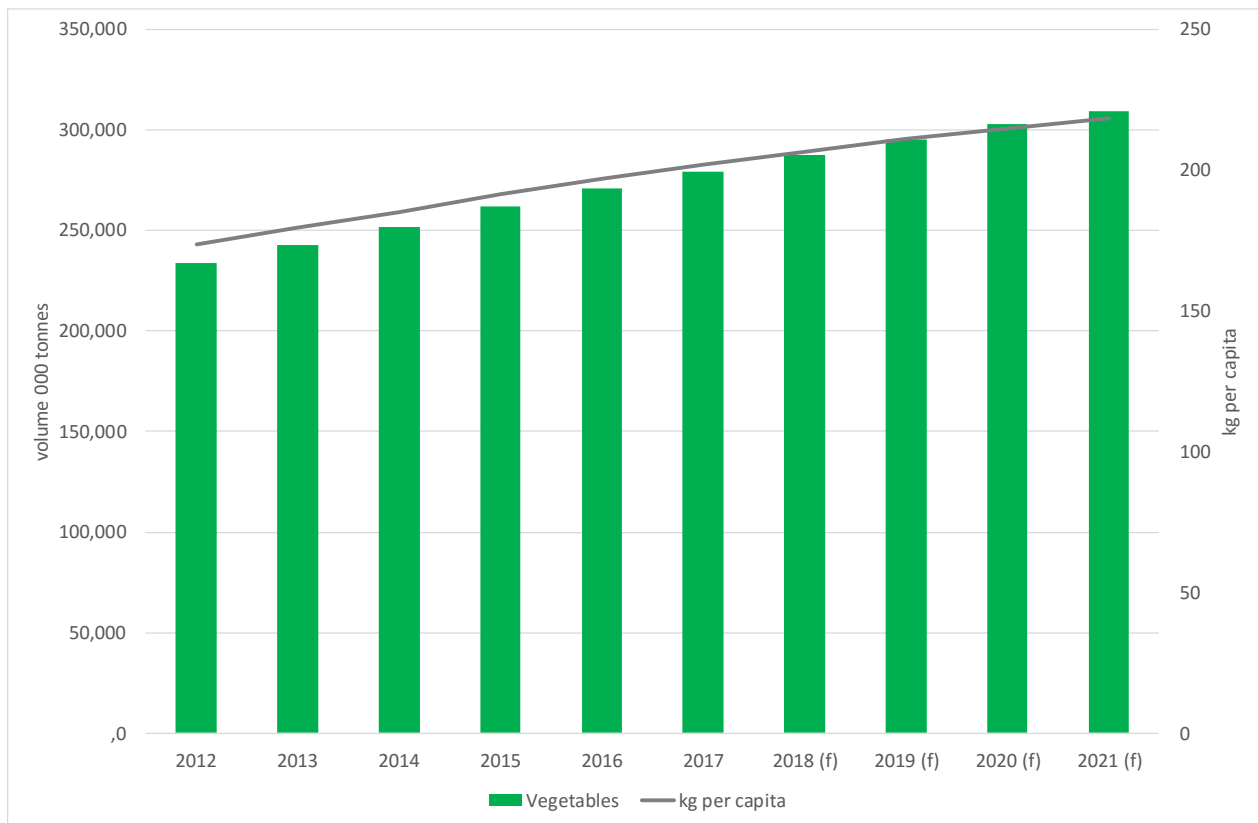
Figure 4-27: Evolution and forecast of total fresh fruit consumption (thousand tonnes) and of fruit per capita (kg) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

Figure 4-28: Evolution and forecast of total fresh vegetable consumption (thousand tonnes) and of vegetables per capita (kg) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

Table 4-14: Market shares of organic production and packaged fruit

		Fruit	Vegetables
Organic	2012	0.5%	0%
	2017	1.3%	0.1%
Packaged	2012	1%	0.2%
	2017	2.3%	1.1%

Source: Euromonitor International Ltd

The boxes below provide summaries of key consumption data for the fifteen identified main types of fresh fruit and vegetables: apples; banana; grapefruit; grapes; oranges, tangerines and mandarins; peaches and nectarines; pears and quinces; plums and sloes; strawberries; cherries, cranberries etc.; other fruit; cauliflower and broccoli; maize; onions; oranges, tangerines and mandarins; and other vegetables.

Fruits in China			
Fruit type	Volume	CAGR (vol.) 2012-2017	CAGR (vol.) 2018-2021
Apples	32.6m tonnes	2.9%	2.6%
Banana	10.2m tonnes	0.9%	2.0%
Grapefruit	2.8m tonnes	3.1%	2.4%
Grapes	6.1m tonnes	3.1%	1.5%
Oranges, tangerines, mandarins	24.2m tonnes	3.9%	3.2%
Peaches / nectarines	8.5m tonnes	1.9%	2.9%
Pears / quinces	13.7m tonnes	3.6%	2.8%
Plums /sloes	1.5m tonnes	2.5%	1.7%
Strawberries	2.7m tonnes	7.2%	4.4%
Cherries, cranberries, etc.	3.1m tonnes	9.2%	7.0%
Other fruit	85.9m tonnes	5.0%	3.0%

Source: Euromonitor International Ltd

Vegetables in China			
Vegetable type	Volume	CAGR (vol.) 2012-2017	CAGR (vol.) 2018-2021
Cauliflower and broccoli	8m tonnes	3.8%	3.8%
Maize	12.6m tonnes	6.4%	6.4%
Onions	23.1m tonnes	3.7%	3.6%
Tomatoes	34.9m tonnes	1.9%	1.8%
Other vegetables	200.8m tonnes	3.8%	3.5%

Source: Euromonitor International Ltd

#### 4.7.2.2 Consumer profile and purchase criteria

Consumption of fresh fruits and vegetables, particularly imported ones, is higher in urban areas compared to rural ones due to a number of factors. Generally, compared to their rural counterparts, urban consumers have higher disposable incomes, greater willingness to eat imported produce, and greater knowledge of the health benefits of a varied diet. Greater access to retail channels, and more advanced logistical networks that facilitate more efficient distribution of fresh produce, are further factors behind the concentration of demand in developed urban centres.

Safety-conscious consumers, particularly middle-and upper-income ones, are more likely to trade up local fruit and vegetables with imported items, due to their (real and perceived) higher safety levels, use

of natural ingredients, and absence of chemicals and pesticides<sup>212</sup>. Furthermore, the Chinese are increasingly interested in their own health, which explains the rise in lemon consumption. This citrus is indeed regarded as a way to clear the toxins accumulated in the colon and to lose weight<sup>213</sup>.

### Consumer preferences

With regard to fruit preferences, consumers in the northern and central regions of China generally prefer sweet tasting fruits; in contrast, consumers in southern China prefer a wider range of fruits, including guava and carambole (star fruit). However, a growing segment of the population has started to accept fruit with distinctive smells, such as durian, in recent years.



In China apples remain the most popular fruit, but they are losing ground because of the increased availability of other fruits. At present, grapes are the current favourite deciduous fruit among Chinese consumers and their consumption is thus expected to increase in the future. While southern consumers are more likely to choose juicy grape varieties such as Kyoho, in the North the Chinese prefer firmer grape varieties like Red Globe<sup>214</sup>.

Western fruits are growing in importance particularly amongst middle and upper-income consumers living in 1<sup>st</sup> tier cities, given that they are symbols of status. Nonetheless, they are gaining ground in 2<sup>nd</sup> and 3<sup>rd</sup> tiers as well, where European exporters can take advantage of the fruit seasonality. In winter, when the availability of domestic products is limited, consumers are more likely to opt for expensive imported fruits. This trend is however observed particularly amongst middle-and upper-income workers, who are less price sensitive with regards to fruit purchases<sup>215</sup>.

With regards to vegetables, the use of maize as a staple food that can replace rice and noodles, makes it one of the most popular vegetables in China. Furthermore, maize has started enjoying the new reputation as healthy food, due to its high content of linoleic acid and fibre and low content of calories.

<sup>212</sup> Exporting Fresh Fruit and Vegetables to China: a Market Overview and Guide for Foreigner Suppliers <https://www.pma.com/~media/pma-files/research-and-development/exporting-fresh-fruit-and-vegetables-to-china.pdf>

<sup>213</sup> Euromonitor International Ltd Report: Fruits in China <http://www.euromonitor.com/fruits-in-china/report>

<sup>214</sup> GAIN Report: China Fresh Deciduous Fruit Annual – Chinese demand for high quality Fruit continues to increase <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual%20Beijing%20China%20-%20Peoples%20Republic%20of%2011-1-2017.pdf>

<sup>215</sup> Exporting Fresh Fruit and Vegetables to China: a Market Overview and Guide for Foreigner Suppliers <https://www.pma.com/~media/pma-files/research-and-development/exporting-fresh-fruit-and-vegetables-to-china.pdf>

Amongst Western products, okra and asparagus are gaining ground in China, due to their high nutritional value and different cooking methods. Other vegetables, e.g. purple cabbage, are more appreciated for their colourfulness<sup>216</sup>.

### **Gifting and symbolism of fruit**

In the run up to national holidays, such as Mid-Autumn Festival and Chinese Spring Festival, sales of imported fresh fruits are high, as they are often given as luxury gifts. These gifts are often symbolic with their name in Chinese alluding to bringing good luck or prosperity to the recipient<sup>217</sup>. Although more traditional fruits are often given as gifts at such occasions, as European fresh fruits gain greater acceptance in the market, fruits whose Chinese names have positive connotations may also become part of these traditions.

Amongst all imported products, citrus fruits are the most purchased for the New Year, given that they are symbol of abundance and happiness. Some Chinese families use pomelos (which are symbol of family unity) as decorations. Furthermore, it is becoming increasingly popular to purchase small fruit, such as cherries, grapes, and plums, which symbolise wealth, fortune and fertility<sup>218</sup>.

#### **4.7.2.3 Recent market trends**

Driven by Chinese consumers' higher health awareness and disposable incomes, fruits are expected to post a total volume CAGR of 3% between 2018 and 2022, achieving 221 million tonnes in 2022<sup>219</sup>, while vegetables are expected to see a stable total volume CAGR of 3% in 2018-2021, up to 316 million tonnes in 2022<sup>220</sup>.

Consumers across China are gaining a greater exposure to foreign foods, including imported fresh fruits and vegetables. This will be primarily in the major tier 1 and 2 cities, but such appetite is increasingly filtering down to tier 3 cities, as well as smaller towns. This will help drive demand for European fresh fruits and vegetables over the coming years.

### **4.7.3 Offer**

#### **4.7.3.1 Domestic production**

China is world's largest fruit and vegetables grower. The country indeed has around 20 million hectares of vegetable fields where over 800 million tonnes of vegetables - over half the global production - are

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<sup>216</sup> Euromonitor Report: Vegetables in China <http://www.euromonitor.com/vegetables-in-china/report>

<sup>217</sup> Food Symbolism during Chinese New Year Celebrations

[http://www.nationsonline.org/oneworld/Chinese\\_Customs/food\\_symbolism.htm](http://www.nationsonline.org/oneworld/Chinese_Customs/food_symbolism.htm)

<sup>218</sup> Chinese imports still growing, with healthier and tastier fruit <https://www.eurofresh-distribution.com/news/chinese-imports-still-growing-healthier-and-tastier-fruit>

<sup>219</sup> Euromonitor Report: Fruits in China <http://www.euromonitor.com/fruits-in-china/report>

<sup>220</sup> Euromonitor Report: Vegetables in China <http://www.euromonitor.com/vegetables-in-china/report>



harvested every year. Furthermore, China grows around 260 million tonnes of fruit per year, which account for around 20% of the total global production<sup>221222223</sup>.

### Fruit production



China is amongst the world's biggest growers of citrus, apples, pears, and grapes, amongst other fruits.

China's citrus production has declined in 2016-17 mainly due to the citrus greening disease and excessive rainfalls in Southern planted areas (e.g. Guangxi and Hunan). Nonetheless, the country was foreseen to harvest around 62 million metric tonnes (MMT) of oranges, 20 MMT of mandarins, 4 MMT of pomelos, and 420 000 metric tonnes of lemons in 2016-17. Furthermore, lemons production is foreseen to further expand in the next years, as a result of the increasing consumers demand<sup>224</sup>.

Thanks to a planted area of around 2.3 million hectares, China was expected to produce 44.5 million metric tonnes (MMT) of apples in 2017-18m, with the Fuji variety accounting for 70% of the total production.

Furthermore, the country was expected to grow 19 MMT of pears (mostly Asian varieties), as well as 11.2 MMT of tables grapes (mostly Red Globe, Kyoho, Thompson seedless, and Muscat varieties) in 2017-18<sup>225226</sup>.

### Vegetables production

China is a heavier producer of maize, cruciferous vegetables, onions and tomatoes, amongst other vegetables.



Maize production is the largest in the world, i.e. around 216 million tonnes in 2017, although it has recorded a drop, driven by the decision of farmers to

<sup>221</sup> "China is world's top vegetable grower" <http://www.hortidaily.com/article/39873/China-is-worlds-top-vegetable-grower>

<sup>222</sup> Exporting Fresh Fruit and Vegetables to China: a Market Overview and Guide for Foreigner Suppliers <https://www.pma.com/~media/pma-files/research-and-development/exporting-fresh-fruit-and-vegetables-to-china.pdf>

<sup>223</sup> Chinese Export Orchards Overview <http://www.producereport.com/article/chinese-export-orchards-overview>

<sup>224</sup> GAIN Report: China's Citrus Production Expected to Fall [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_12-15-2016.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_12-15-2016.pdf)

<sup>225</sup> China will produce more apples, pears, and grapes <http://www.freshplaza.com/article/185262/China-will-produce-more-apples,-pears,-and-grapes>

<sup>226</sup> GAIN Report: China Fresh Deciduous Fruit Annual – Chinese demand for high quality Fruit continues to increase [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_11-1-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_11-1-2017.pdf)

plant more profitable crops, e.g. soybeans, in response to the Government's decision to reduce the maize procurement price<sup>227</sup>.

Tomatoes production is also well developed: China had around 109 866 ha of tomato fields in 2016 and was foreseen to harvest around 57 million tonnes tomatoes in 2017<sup>228</sup>. Thanks to the about 1 million onion field, China is the largest onion producer as well, harvesting approximately 22 million tonnes every year<sup>229</sup>.

Finally, China is the biggest cauliflower and broccoli grower in the world, with a production increasing by around 20% every year. In 2015 the country harvested nearly 10 million tonnes of cauliflower and broccoli<sup>230</sup>, accounting for over half the total global volume<sup>231</sup>.

#### 4.7.3.2 Imports and exports

While volume data are not available, in value terms Chinese imports of fruit have dramatically increased between 2012 and 2016, with a peak of EUR 5.4 billion in 2015 (nearly double the value of 2012 imports). Similarly, exports from China almost doubled between 2012 and 2016, from around EUR 3 billion to just shy of EUR 5 billion.

On the contrary, in terms of value, exports of vegetables from China were almost six times bigger than imports in 2016. In 2016, China exported vegetables for a value of nearly EUR 10 billion, while the value of imported local vegetables was below EUR 2 billion. Furthermore, while exports of vegetables from China recorded a rapid increase in 2012-2016, imports grew between 2012 and 2015, but then started dropping (Figure 4-29).

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<sup>227</sup> FAO Country Brief: China <http://www.fao.org/giews/countrybrief/country.jsp?code=CHN>

<sup>228</sup> China Tomato Export and Production in 2016 <http://www.producereport.com/article/china-tomato-export-production-2016>

<sup>229</sup> World's top 8 onion producing countries <http://www.freshplaza.com/article/157408/Worlds-top-8-onion-producing-countries>

<sup>230</sup> Which Country Produces the Most Cauliflower and Broccoli in the World? <http://www.indexbox.co.uk/news/which-country-produces-the-most-cauliflower-and-broccoli-in-the-world/>

<sup>231</sup> Overview Global Cauliflower and Broccoli Market <http://www.freshplaza.com/article/174295/OVERVIEW-GLOBAL-CAULIFLOWER-AND-BROCCOLI-MARKET>

Figure 4-29: Trade balance (imports and exports) of fruit and vegetables in China, 2012-16 (value in EUR 000)



Source: ITC Trademap

Data for:

Fruit: CN code 08 Edible fruit and nuts; peel of citrus fruit or melons

Vegetables: CN code 07 Edible vegetables and certain roots and tubers

Note: volume data not available.

In value terms, the largest importer of fresh fruit into China is Chile, with some EUR 1.09 billion in 2016, primarily on the back of increased demand for exotic fruit. Thailand ranked second, with imports of approximately EUR 1.04 billion. The other primary exporters into the Chinese market in 2014 were Vietnam, the United States, and the Philippines (Figure 4-30).

In 2016, the European Union exported to China fruit for approximately EUR 100 million value. Italy took the lead of this trade, accounting for about 31% of the European exports of fruit to China in terms of value, which is mainly from kiwis and cherries<sup>232</sup>. Italian exports to China are expected to further increase, following the 2017 decision to open the Chinese market to Italian citrus fruits<sup>233</sup>.

In terms of type of fruit China mainly imported bananas, accounting for over 25% of the total imported volumes, dragon fruit (15%), longan (10%), durian (8%), and grapes (7%), which were mostly supplied by Vietnam, Thailand and Chile<sup>234</sup>.

With regards to vegetables, Thailand was the main exporter in value terms, accounting for 61% of the total exports to China in 2016. Despite 2016 exports recorded a drop compared to 2015, Thailand remained the only country that exceeded 1 billion EUR of total export value.

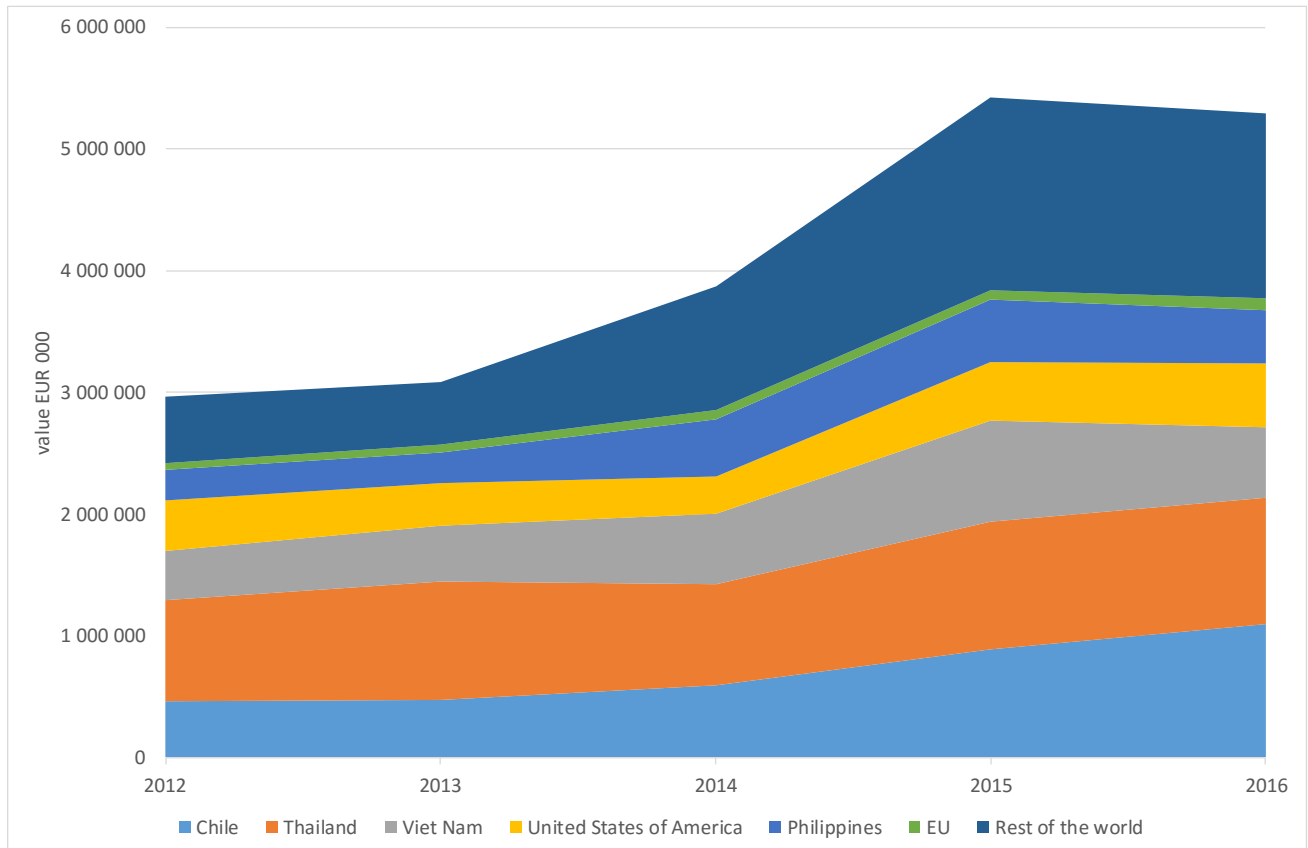
<sup>232</sup> ITC Trademap and Eurostat

<sup>233</sup> Italian food exports to China set a record <https://www.italianfood.net/2018/01/23/italian-food-exports-china-set-record/>

<sup>234</sup> Top Fresh Fruit Items Imported by China <https://www.pma.com/Content/Articles/2017/10/Top-Fresh-Fruit-Items-Imported-by-China>

Canada and Vietnam were the other two largest suppliers of vegetables in China, while the EU accounted for less than 1% of the total exports to China in 2016 (Figure 4-30). The UK took the lead of this trade, accounting for nearly half the Chinese imports of European vegetables, followed by France, Sweden, and Poland<sup>235</sup>.

Figure 4-30: Chinese imports of fruit by country, 2012-16; value EUR 000

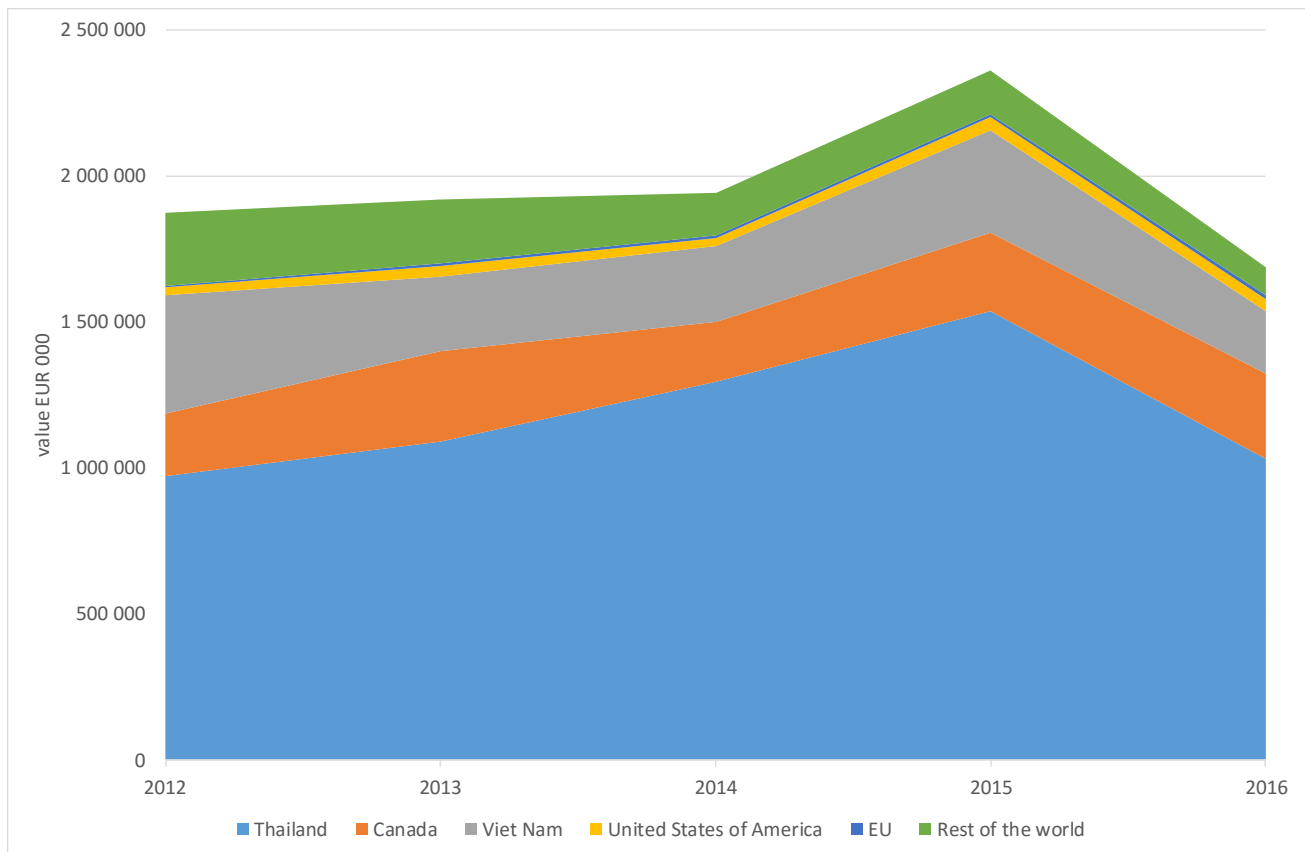


Source: ITC Trademap

Data for CN code 08 Edible fruit and nuts; peel of citrus fruit or melons

<sup>235</sup> ITC Trademap

Figure 4-31: Chinese imports of vegetables by country, 2012-16; value EUR 000



Source: ITC Trademap

Data for CN code 07 Edible vegetables and certain roots and tubers

#### 4.7.3.3 EU GI products

Under the future EU-China agreement aimed at ensuring the mutual protection of geographical indications, Greek Elia Kalamatas (olives) and Portuguese Pêra Rocha do Oeste (pear) are expected to be protected in China<sup>236</sup>.

#### 4.7.3.4 Main competitors

As indicated in sections 4.7.3.1 and 4.7.3.2, China's production of high quality fruits such as apples, pears, and plums constrains demand growth for imports of these products. Regional trade partners, Thailand above all, hold dominant market shares in terms of overall value of exports to China, supplying the market mostly with exotic fruit that is not available from domestic producers.

#### 4.7.3.5 Specific customs requirements

##### Customs procedures

<sup>236</sup> List of EU geographical indications <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

### Intellectual Property Rights

As market penetration for European fruit and vegetables is still relatively low the incentives for counterfeiting, and the risks to IP, also remain relatively low. Nonetheless the registration of all IP should be done prior to the entry to the market or at the earliest opportunity. Monitoring of the market and all stages of the distribution chain is necessary to minimise the risk of any infringements. Given the role of fruit as an important product for gifting, and the additional packaging and presentation that this can entail, registration of packaging designs can help build brand awareness and distinguish produce from domestic or regional equivalents.

#### 4.7.4 Distribution

Sales of fresh fruit and vegetables across China are hampered somewhat by the paucity of cold-storage transportation in the country. This is particularly true outside of the large tier 1 cities. In recent years, there has been some development in transportation infrastructure with growing volumes of imported fruit and vegetables into China spurring demand for seaborne transport in refrigerated containers. On the back of this development, more perishable goods that were previously transported by air are now shipped by sea freight, reducing transport costs, and thereby reducing prices for consumers<sup>237</sup>. Such developments are likely to spur demand in the segment, as European fresh fruits and vegetables can reach a wider market.

Guangzhou, Shanghai and Beijing are the three major distribution markets for imported fresh fruits and vegetables. The Guangzhou Jiangnan Fruit Wholesale Market is a leading hub for imported fresh fruits, constituting some 70% of the total imports into China<sup>238</sup>.

The main channels for the distribution of fresh fruits and vegetables are the retail and foodservice ones. The institutional channel is particularly important for the distribution of vegetables as well (Figure 4-32)<sup>239</sup>.

The majority of fresh fruits and vegetables sold in China are through traditional wet markets, but such retailers rarely stock imported produce. Instead, most European fresh fruits and vegetables are sold through hyper-markets, with large imported sections, and small boutique stores that largely cater to foreigners and wealthy Chinese consumers.

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<sup>237</sup> China's rising fruit imports push up demand for refrigerated shipping <http://www.scmp.com/business/china-business/article/1592735/chinas-rising-fruit-imports-push-demand-refrigerated>

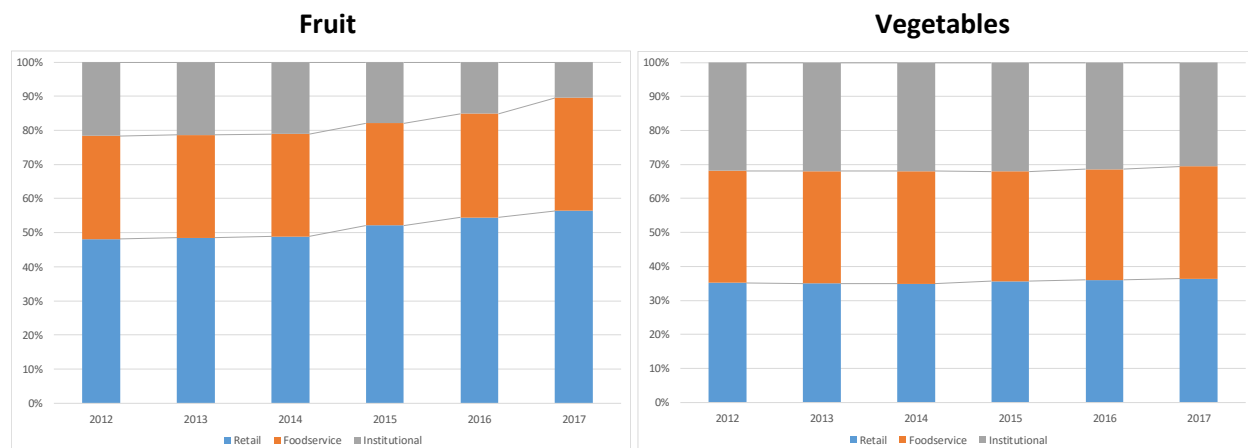
<sup>238</sup> Exporting Fresh Fruit and Vegetables to China: a Market Overview and Guide for Foreigner Suppliers <https://www.pma.com/~media/pma-files/research-and-development/exporting-fresh-fruit-and-vegetables-to-china.pdf>

<sup>239</sup> Source: Euromonitor International Ltd.

Online sales of fresh produce are rising, particularly for imported European goods, opening up new distribution options for exporters. In 2015, Chinese e-commerce players focused on fresh products developed rapidly. Consumers are able to purchase imported fresh produce via sites such as tmall.com, jd.com, yhd.com, sfbest.com, womai.com, benlai.com, and tootoo.com.

However, due to the current limitations of fresh produce transportation logistics (particularly poor geographical coverage of cold-storage infrastructure networks), consumers in third tier cities have relatively limited access to ordering fresh produce online<sup>240</sup>.

Figure 4-32: Distribution channels (by volume) for fruit (left) and vegetables (right) in China, 2012-2017



Source: Euromonitor International Ltd

#### 4.7.5 Challenges for EU products

##### Market Takeaway: Fresh fruit and vegetables

**Consumption:** High consumption of F&V. Imported F&V are mostly demanded in large cities with more developed cold chains, as well as during winter, when local production is lower.

**Competition:** China is a heavy producer of F&V. Asian and American countries lead exports of F&V to China.

**Distribution:** The main channels for the distribution of fresh fruits and vegetables are the retail and foodservice ones.

**Challenges:** Local production and exports from Asian/American countries account for most of the F&V consumption. The lack of cold chains hampers the sale of F&V in lower cities and rural areas.

**Opportunities:** European products are regarded as healthy and high-quality.

<sup>240</sup> Exporting Fresh Fruit and Vegetables to China: a Market Overview and Guide for Foreigner Suppliers

<https://www.pma.com/~media/pma-files/research-and-development/exporting-fresh-fruit-and-vegetables-to-china.pdf>

## 4.8 Processed fruit and vegetables

### 4.8.1 SWOT analysis



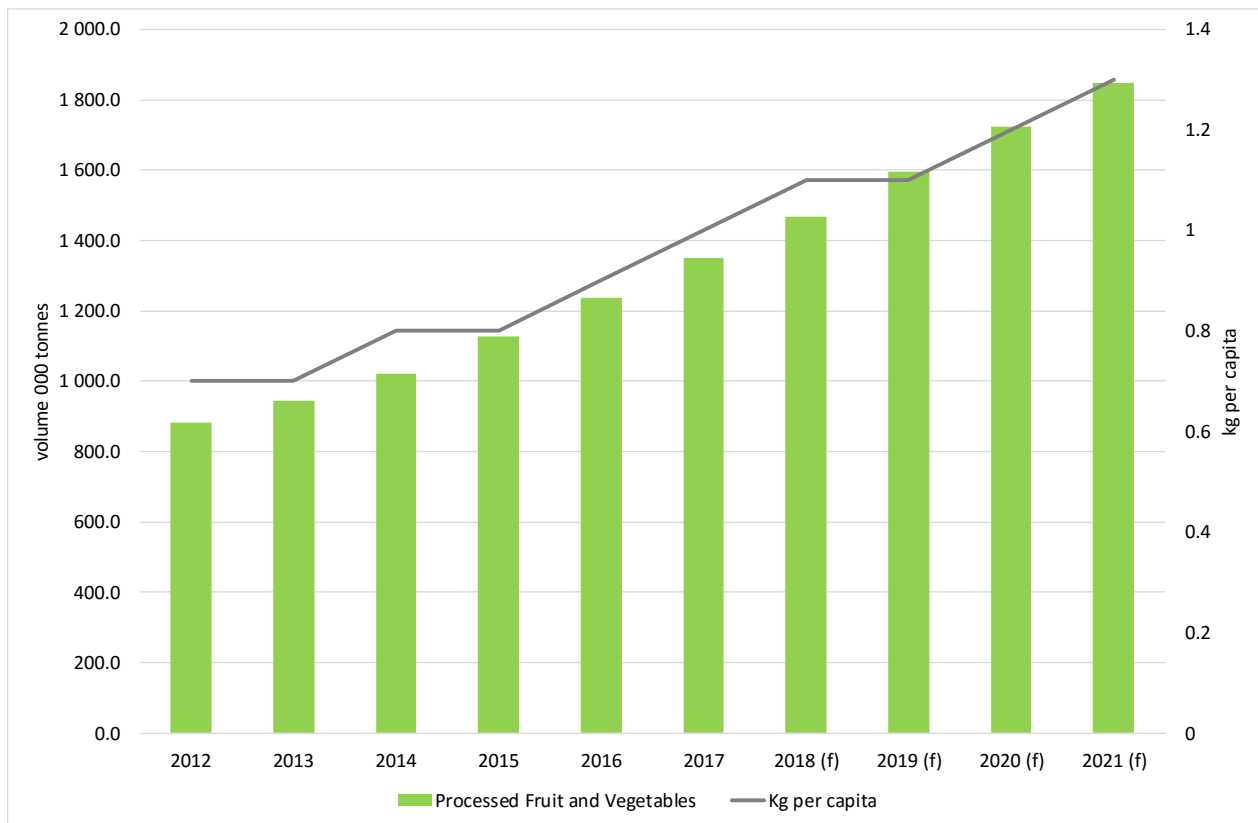
### 4.8.2 Consumption

#### 4.8.2.1 Evolution of consumption

As Figure 4-33 shows, the consumption per capita of processed fruit and vegetables is on a constant upward path and is set to reach 1.3kg per person in 2021. All categories noted an increase in recent years and are forecast to continue this trend. In recent years, shelf stable fruit products have been the most popular within the category, however as forecast shows, frozen processed fruit and vegetables are to overtake it in 2018. Moreover, consumption of frozen processed fruit and vegetables is predicted to increase faster than any other category, reaching 857 200 tonnes in 2021. Consumption of shelf stable vegetables is low but slowly increasing.



Figure 4-33: Evolution and forecast of total processed fruit and vegetable consumption (000 tonnes) and per capita in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

As seen from the table below, shelf stable fruit products constituted the greatest market share in 2017, having reached 570 000 tonnes. However, frozen processed fruit and vegetables are not far behind, counting 5 000 tonnes less – 565 000 tonnes. The biggest increase in years 2012-2017 was noted by frozen processed fruit and vegetables, as their volume increased by 13.2% and will continue to grow further in years 2018-2021 (forecasted by 10.5%). Shelf stable fruit products had the lowest growth rate in their volume and this growth rate is forecast around the same level for the period 2018-2021.

Processed fruit and vegetables in China			
Type	Volume	CAGR (vol.) 2012-2017	CAGR (vol.) 2018-2021
Shelf stable fruit	570 000 tonnes	5.7%	5.5%
Shelf stable vegetables	215 000 tonnes	8.2%	7.2%
Frozen processed fruit and vegetables	565 000 tonnes	13.2%	10.5%

Source: Euromonitor International Ltd

#### 4.8.2.2 Consumer profile and purchase criteria

Continual education, health awareness and an increasingly fast pace of life has boosted demand among Chinese consumers for processed fruit and vegetables. Furthermore, thanks to the internet retailing boom, a growing number of canned fruit and vegetables manufacturers have started to sell products online. A stronger premiumisation trend among Chinese consumers has also encouraged manufacturers to launch and develop more premium processed fruit and vegetables product lines; and Chinese consumers have started to recognise the health value of canned fruit and vegetables<sup>241</sup>.

In order to appeal more to the younger generations, manufacturers of processed fruit and vegetables have worked on packaging innovation to further shift the consumer perception of canned fruit and vegetables from that of an outdated and unhealthy food to a fashionable and healthy snack. A growing number of manufacturers have adopted novel cartoon images on the packaging of processed fruit and vegetables to directly attract the attention of young consumers, while the colour black, often symbolising classic and premium quality, was also increasingly popular in canned fruit and vegetables packaging<sup>242</sup>.

Consumer demand for processed fruits and vegetables varies across China. The greatest demand can be found in urban areas, where it is considered nutritious and convenient food is valued by consumers. Urban residents have higher disposable incomes, and are generally more willing to eat imported, processed products than their rural counterparts. Furthermore, urban residents are beneficially located near the primary retail channels for imported processed fruits and vegetables.

In the South of China, there is relatively low demand for European processed fruit and vegetable, as the market is largely dominated by imports from South East Asia. Furthermore, the availability of a variety of fresh products acts as a constraint for growth in demand for processed products in the region. The Western region of China is mainly self-sufficient in the fruits and vegetable sector and consumers there, like in the North-West, prefer local produced processed fruit and vegetables products.

<sup>241</sup> Source: Euromonitor International Ltd.

<sup>242</sup> Source: Euromonitor International Ltd.

### 4.8.2.3 Recent market trends

The processed fruit and vegetables sector recorded current value growth of 10% in 2017, primarily fuelled by the stronger focus of manufacturers on the domestic market. The expansion of processed fruit and vegetables into internet retailing platforms further contributed to the sales growth of these products<sup>243</sup>.

## 4.8.3 Offer

### 4.8.3.1 Domestic production

Domestic players continued to dominate processed fruit and vegetables in terms of value share in 2017. The plentiful natural resources of fruits and vegetables in China gave domestic manufacturers the obvious advantage of stable supply of fresh raw materials. Furthermore, with a better understanding of the local market, domestic players respond much faster to consumer trends and, therefore generate more sales than their overseas competitors. Chinese manufacturers expanded into internet retailing as well as invested in packaging innovation, which made processed fruit and vegetable more attractive product.

### 4.8.3.2 Imports and exports

Identifying data on trade in processed fruit and vegetables is extremely complicated due to the number of different lines under which such products can be imported. Trade in processed fruit and vegetables was captured in the data presented in section 4.7.3.2 on trade in fruit and vegetables as a whole.

### 4.8.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement. Among them there are two products relating to processed fruit and vegetable category<sup>244</sup>:

- Pruneaux d'Agen – Pruneaux d'Agen mi-cuits (fruit) – France<sup>245</sup>
- Pêra Rocha do Oeste (fruit) - Portugal<sup>246</sup>

### 4.8.3.4 Main competitors

As mentioned in section 4.8.3.1, Chinese market for processed fruit and vegetable is led by domestic manufactures, present both in traditional retail channels and online markets. Guangdong Zhanjiang Huanleja Food Co Ltd is the largest player on the market, with market share of 7%. With two production bases in Guangdong and Shandong, Huanleja the company can secure its supply of canned fruit products across the country. Tianyun International Holdings Ltd is another significant player who has managed to consistently penetrate the marketplace with premium product lines and who is the only processed fruit manufacturer authorised to make the claim that its products are free from preservatives<sup>247</sup>.

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<sup>243</sup> Source: Euromonitor International Ltd.

<sup>244</sup> <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

<sup>245</sup> This is already protected under the pilot 10+10 project.

<sup>246</sup> This product is considered as GI also without any preparations, i.e. fresh

<sup>247</sup> Source: Euromonitor International Ltd.

#### 4.8.3.5 Specific customs requirements

There are no specific customs requirements related to exporting processed fruit and vegetable to China, except documents and procedure identified below.

#### Market Access and Entry

Processed fruit and vegetables do not face any market access restrictions and market access is available for all exporters who have completed the Registration of Foreign Exporters of Foodstuffs and are able to comply with the requirements of Chinese import procedures and relevant standards.

#### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

#### SPS measures

There are no SPS measures put in place with regards to exporting honey to China. The delayed “new certification requirements for low risk food products” is scheduled to enter into force in October 2019 and would theoretically apply to processed fruit and vegetables (see section 4.7.3.2).

#### Labelling

The rules for labelling processed fruit and vegetables products are set out in the General Standard for the Labelling of Pre-packaged Food (GB7718-2011). The following is the example of minimum information to be listed:

- standard name of foodstuffs
- list of ingredients
- quantitative labelling of ingredients (percentage of ingredient)
- net weight and configuration
- name, address and contact info of manufacturer and local agent or distributor
- production date, use by date in YY/MM/DD format and guidance for storing
- generic name of the food additives as used in the national standard
- quality grade
- food production license number
- code of the product standard
- special contents if there are any (e.g. irradiated food, genetically modified, nutrition list for baby food or diet food).

#### 4.8.4 Distribution

Processed fruit and vegetables have been mainly distributed through hypermarkets and supermarkets, which accounted for nearly 62% of the whole share in distribution channels in 2017 and oscillated

around the same level in previous years. Independent small grocers noted a significant drop by almost 10%, comparing 2013 to 2017 in favour of Internet retailing, which rose by 7.2% in the last 5 years.

#### 4.8.5 Challenges for EU products

The greatest challenge for EU manufacturers of processed fruit and vegetables is connected to the fact that domestic demand has been largely met by Chinese companies as well as to the fact that in some parts of China (section 4.8.2.2), demand and preferences for processed fruit and vegetables can vary. Additionally, as mentioned in section 4.8.3.1, domestic producers responded much faster to consumer trends and therefore managed to secure the supply for processed fruit and vegetable products, especially canned fruit products.

#### Market Takeaway: Processed fruits and vegetables

**Consumption:** Consumption of processed fruits and vegetables on a constant rise. All categories of products noted year-over-year growth. Frozen processed fruit and vegetables are forecast to become the most popular product within the sector by 2021.

**Competition:** Chinese market for processed fruit and vegetable is led by domestic manufactures, present in traditional retail channels and online markets.

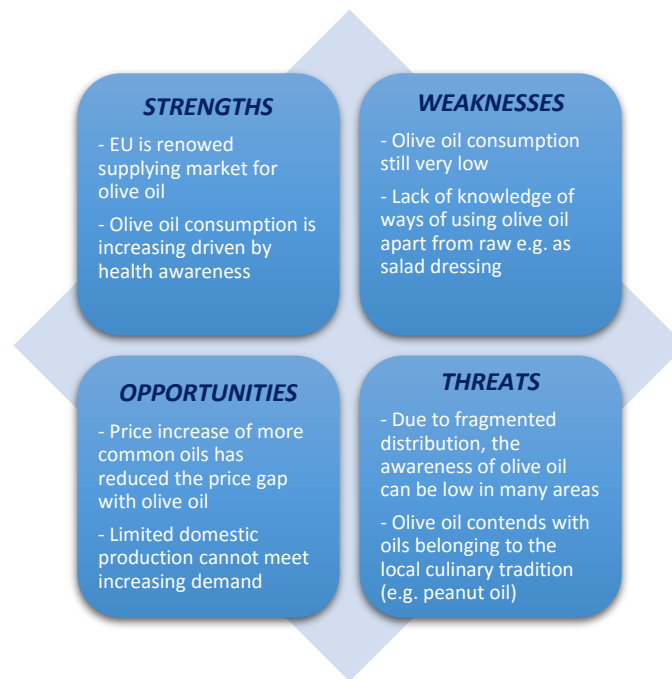
**Distribution:** Processed fruit and vegetables are mainly distributed through hypermarkets and supermarkets. Internet retailing shares have gone up significantly in recent years.

**Challenges:** The biggest challenge for EU products is combined with domestic domination, secured demand of the market as well as great regional variation in terms of consumer demand.

**Opportunities:** Increasing health awareness about premium processed fruit and vegetable products, notably in busy urban areas of the country.

## 4.9 Olive Oil

### 4.9.1 SWOT Analysis



### 4.9.2 Consumption



In China, consumption of olive oil has been steadily increasing since 2012, albeit from a low base, and it is foreseen to further grow in the years ahead, given the strong interest of Chinese consumers for healthier and higher quality food items. Increased consumption is expected to outpace domestic production, resulting in higher imports, particularly from European countries, which currently lead the Chinese olive oil market in China. Nonetheless cooking oils belonging to the Chinese culinary tradition, e.g. peanut oil, continue to dominate the market in China.

#### 4.9.2.1 Evolution of consumption

While at a global level most countries are experiencing a drop in the per capita consumption of olive oil, a reverse trend is observed in China, where it has significantly increased since 2012.

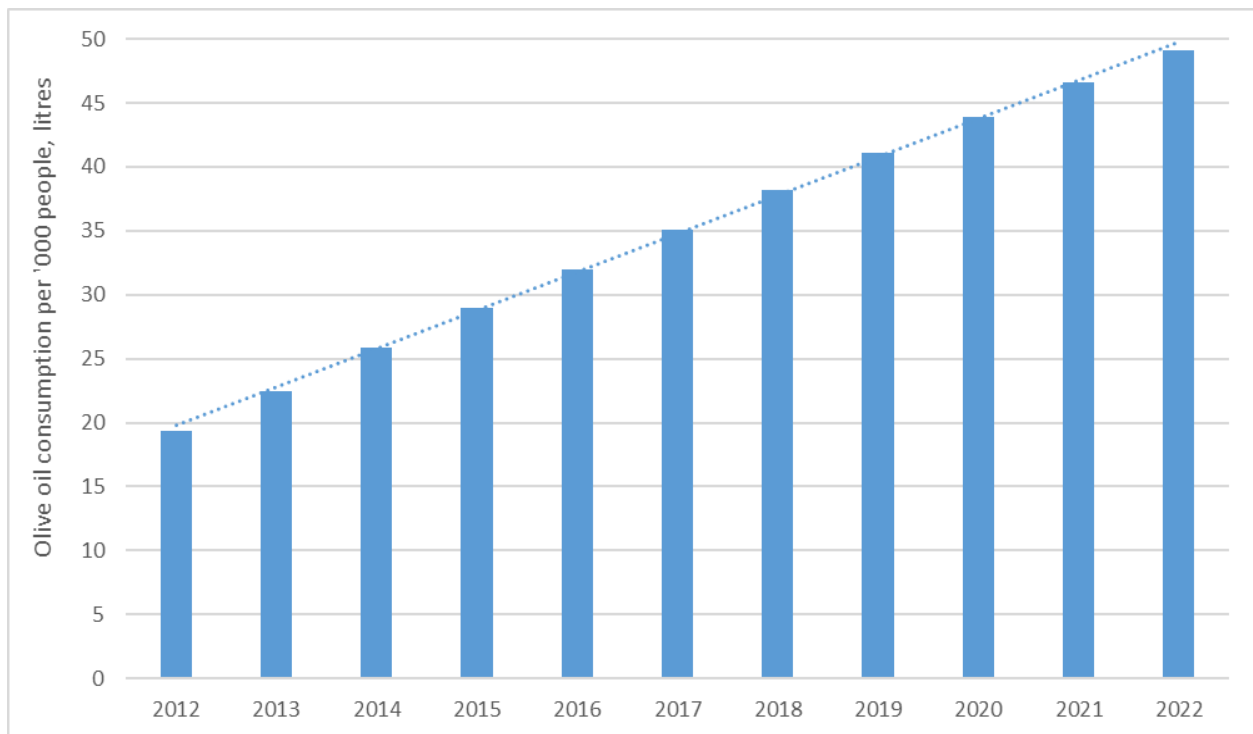
Nevertheless, olive oil accounts for only a small part (1%) of Chinese total edible oil consumption<sup>248</sup>. Indeed, in China, per capita consumption of olive oil is still very low, i.e. 0.03 litres per person in 2016,

<sup>248</sup> Chinese acquire a taste for olive oil <https://chinafoodingredients.wordpress.com/2014/10/08/chinese-acquire-a-taste-for-olive-oil/>

particularly if compared to European levels (e.g. Greece where each person consumes 24 litres per year, on average)<sup>249</sup>.

Nonetheless, due to the expansion of the Chinese middle class, which is increasingly interested in purchasing higher quality and healthier food products overseas<sup>250</sup>, per capita consumption is foreseen to grow in the coming years, reaching 0.05 litres per person in 2022 (Figure 4-34). The sheer size of the population means that the overall market for olive oil is the same size as the UK<sup>251</sup>.

Figure 4-34: Annual olive oil consumption per thousand people, 2012-2022 (litres)



Source: Euromonitor International Ltd

#### 4.9.2.2 Consumer profiles and purchase criteria

While various factors have contributed to the increase of olive oil consumption in China, notable factors are the perceived health benefits; the development of taste for olive oil; and the use of olive as a gift.

#### **Key consumer characteristics**

<sup>249</sup> Olive Oil Consumption [http://www.aboutliveoil.org/olive\\_oil\\_world/consumption.html](http://www.aboutliveoil.org/olive_oil_world/consumption.html)

<sup>250</sup> Olive Oil Production and Consumption Down

<https://www.oliveoiltimes.com/olive-oil-business/olive-oil-production-consumption/61476>

<sup>251</sup> World Olive Oil Figures <http://www.internationaloliveoil.org/estaticos/view/131-world-olive-oil-figures>

- Chinese consumers have developed a taste for olive oil, particularly for extra-virgin qualities<sup>252</sup>, and are increasingly adding this ingredient to their daily culinary habits<sup>253</sup>. Indeed, recent statistics indicate that Chinese people are more familiar with the ways of using olive oil, with 78% indicating it can be used as salad dressing, 57% indicating it can be used to fry and only 0.2% reporting to ignore ways of using olive oil<sup>254</sup>. Nonetheless, consumers are more likely to use it raw e.g. as a salad dressing rather than for cooking.
- Most purchasers of olive oil are middle class or affluent consumers who are trading up food purchases for healthier and better-quality choices<sup>255</sup>. According to a more recent study, indeed, only 0.2% of Chinese consumers ignore the health benefits of using olive oil<sup>256</sup>. As a result, quality (for 65% consumers), genuineness (61%) and health impact (30%) are the most important factors influencing Chinese consumers purchase choices with regard to olive oil<sup>257</sup>.
- A survey reported that most olive oil consumers are middle-aged and senior citizens (60%) and have a higher educational background (e.g. 80% of consumers obtained at least a college diploma)<sup>258</sup>. This can perhaps be due to correlations between higher educational background and greater concern for healthier lifestyles which has been noted for trends of consumption for other products<sup>259</sup>. However, the affluent younger consumer segment (20-40 year old who have spent time abroad) should not be overlooked; this segment is likely to have discovered olive oil abroad and subsequently may be open to olive oil part of the board western culinary culture; or they may also be driven by the healthy aspect.
- Consumers who purchase olive oil for consumption at home are more commonly found in tier 1 cities. While purchase for domestic consumption in tier 2 and 3 cities is rare, olive oil has become a more common gift in these cities.
- The recent price increase of most commonly used oils in China, e.g. peanut oil, together with falls in the pricing of local olive oil have contributed to reduce the huge price difference between olive oil and other cooking oils. Nonetheless, as noted above olive oil is more commonly used raw as an accompaniment to food (e.g. as a salad dressing) than for cooking. In this context, it should be noted that it may enter into competition with products from other segments such as mayonnaise.

## **Gifting**

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<sup>252</sup>Chinese acquire a taste for olive oil

[http://www.chinadaily.com.cn/bizchina/chinadata/2014-03/05/content\\_17323658.htm](http://www.chinadaily.com.cn/bizchina/chinadata/2014-03/05/content_17323658.htm)

<sup>253</sup> The Olive Oil Industry in China: A Fierce Competition <http://daxueconsulting.com/the-olive-oil-industry-in-china/>

<sup>254</sup> Come Vendere Olio d'oliva in Cina <http://www.east-media.net/vendere-olio-doliva-cina/>

<sup>255</sup> China Feeds Rush for Australian Olive Oil <https://www.wsj.com/articles/chinese-demand-fuels-australian-olive-oil-rush-1392778853>

<sup>256</sup> Come Vendere Olio d'oliva in Cina <http://www.east-media.net/vendere-olio-doliva-cina/>

<sup>257</sup> Gocce di benessere sulle tavole cinesi: il gusto è extra vergine <http://www.cinaforum.net/olio-doliva-gocce-di-benessere-sulle-tavole-cinesi-il-gusto-e-extra-vergine/>

<sup>258</sup> Olive Oil in China's market <http://www.oliveoilmarket.eu/olive-oil-in-chinas-market/>

<sup>259</sup> Alcohol consumption in 0.5 million people from 10 diverse regions of China: prevalence, patterns and sociodemographic and health-related correlates <https://www.ncbi.nlm.nih.gov/pubmed/23918852>



Due to its suitable pricing, aesthetically pleasing bottling and packaging, and favourable consumer perception as a healthy and highly nutritious product, olive oil is also used as a gift in China. Online sales of imported foodstuffs in the run-up to Chinese New Year offer a potentially lucrative market with impressive growth in recent years<sup>260</sup>. The gifting segment in tier 2 and 3 cities has recently shown particularly good potential, and the online sales channel is growing in popularity for the purchase of olive oil as a gift.

#### 4.9.2.3 Market trends

Turnover for local producers of vegetable and animal oils grew at an average rate of 7% between 2012 and 2016 (with an exceptional peak of 19% in 2012-13). Turnover is expected to expand even more between 2017 and 2022 (at an average rate of approximately 9%)<sup>261</sup>. Consumers concerned by the quality of a product, including olive oil, have been noted to be less price-sensitive<sup>262</sup>, and so can drive increases in the value of sales at higher rates, rather than increases in volume.

Some smaller local producers of olive oil have adopted the practice of blending olive oil with other oils in recent years – hence leading to a product which may be considered olive oil by the consumer, but which has limited olive oil content. This practice has applied some downward pressure on the price of olive oil.

#### 4.9.3 Offer



The EU as a whole accounts for almost all exports of olive oil to China in 2016, with Spanish producers taking the lead. Domestic production of olive oil is increasing, but it accounts for only 12% of the total consumption in China. Therefore, in the light of the high demand for olive oil, the Chinese market offers major opportunities for European producers.

##### 4.9.3.1 Domestic production

Olive oil production is based primarily along the Bailong River Valley, in provinces such as Sichuan, Gansu and Yunnan, where there are the most favourable climatic conditions for the cultivation of olive trees (e.g. less frequent summer rainfalls)<sup>263</sup>. Thanks to approximately 86 000 ha of olive trees and 25 mills, Chinese domestic production has increased by 75% between 2015 and 2016 rising to 5 000 tonnes (i.e. similar levels to French and Cypriot production) in 2016. Despite the limited cultivable land, Chinese olive oil production is expected to be approximately 6 000 tonnes by the end of 2018<sup>264</sup> and 13 000 tonnes by 2022 in China. Nonetheless, domestic production, currently accounting for 12% of the country's current

<sup>260</sup> The Olive Oil Industry in China: A Fierce Competition <http://daxueconsulting.com/the-olive-oil-industry-in-china/>

<sup>261</sup> Source: Euromonitor International Ltd.

<sup>262</sup> Chinese Consumer Attitudes to Food Fraud

[http://ilsisea-region.org/wp-content/uploads/sites/21/2016/10/Session-3\\_3-Sharron-Kuznesof.pdf](http://ilsisea-region.org/wp-content/uploads/sites/21/2016/10/Session-3_3-Sharron-Kuznesof.pdf)

<sup>263</sup> The Cultivation of Olive Trees in China <http://en.mercacei.com/noticia/1666/news/the-cultivation-of-olive-trees-in-china.html>

<sup>264</sup> Olive Oil Production in China Reaches 5,000 Tons

<https://www.oliveoiltimes.com/olive-oil-business/asia/olive-oil-production-china-reaches-5000-tons/52822>

needs<sup>265</sup>, will not be able to meet demand for the near future, allowing for the continued growth of imports.

Future competition from domestic brands may also drive further growth in imports as they increase consumer awareness of olive oil creating a larger consumer base willing to trade up their purchases for high quality imported produce.

#### 4.9.3.2 Imports and exports

Currently, around 250 brands of olive oil are present in the Chinese market, most of which are from Spain, Italy, Greece, Turkey and Australia<sup>266</sup>. Indeed, in the past five years China has purchased huge amounts of olive oil from third countries, although with some fluctuations and peak levels achieved in 2013 and 2015. Volumes of olive oil exported from China, despite recording a rise in 2016, are still very low, i.e. about one-fifth of imported volumes (Figure 4-1). Furthermore, recent statistics indicate that Chinese imports of olive oil increased by 17% in 2017<sup>267</sup> and are expected to further grow in the coming years<sup>268</sup>.

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<sup>265</sup> Olive Oil Market in China 2017-2022 - Research and Markets

<http://www.ismeamercati.it/flex/cm/pages/ServeAttachment.php/L/IT/D/6%252Fa%252F3%252FD.9d98d65f6dcf990f2de1/P/BLOB%3AID%3D1377/E/pdf>

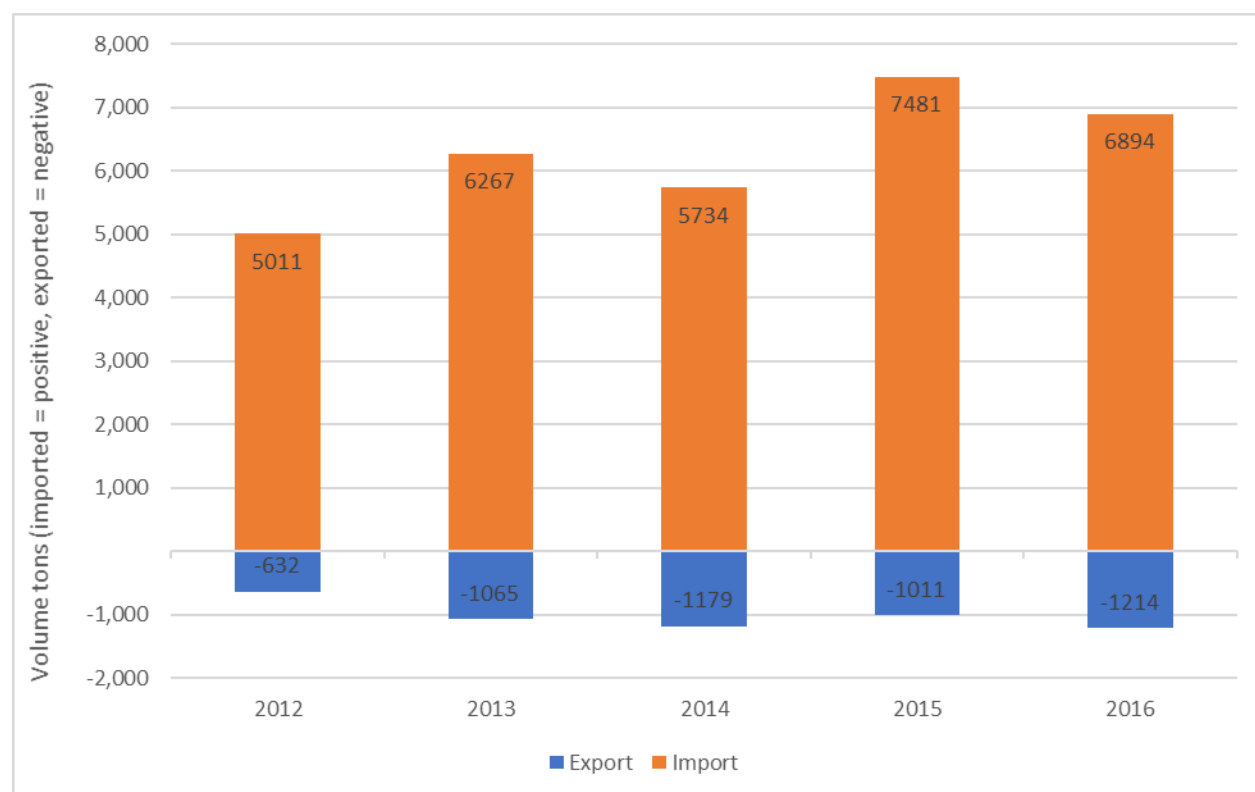
<sup>266</sup> The Olive Oil Industry in China: A Fierce Competition <http://daxueconsulting.com/the-olive-oil-industry-in-china/>

<sup>267</sup> China – Olive Oil Import Trends

<http://www.internationaloliveoil.org/documents/viewfile/12491-market-newsletter-june-2017>

<sup>268</sup> China Wants More Olive Oil and Italy Is the One Providing It, for Now <https://www.oliveoiltimes.com/olive-oil-business/china-wants-olive-oil-italy-one-providing-now/62218>

Figure 4-1: Trade balance (imports and exports) of olive oil in China, 2012-16



Source: ITC Trade Map

The EU as a whole accounted for almost all Chinese exports in 2016 (a 95% share). Spanish olive oil took the lead with 77% of all imports by volume in 2016, followed by Italian (14%) and Greek (2%) olive oils<sup>269</sup> (Figure 4-2). Olive oil from non-EU countries accounted for approximately 5% in 2016, although Tunisia is expected to considerably increase its sales in China.

In 2016, virgin and extra virgin olive oil accounted for 77% of total China's imports, followed by olive-pomace oil (14%) and olive oil (9%)<sup>270</sup>.

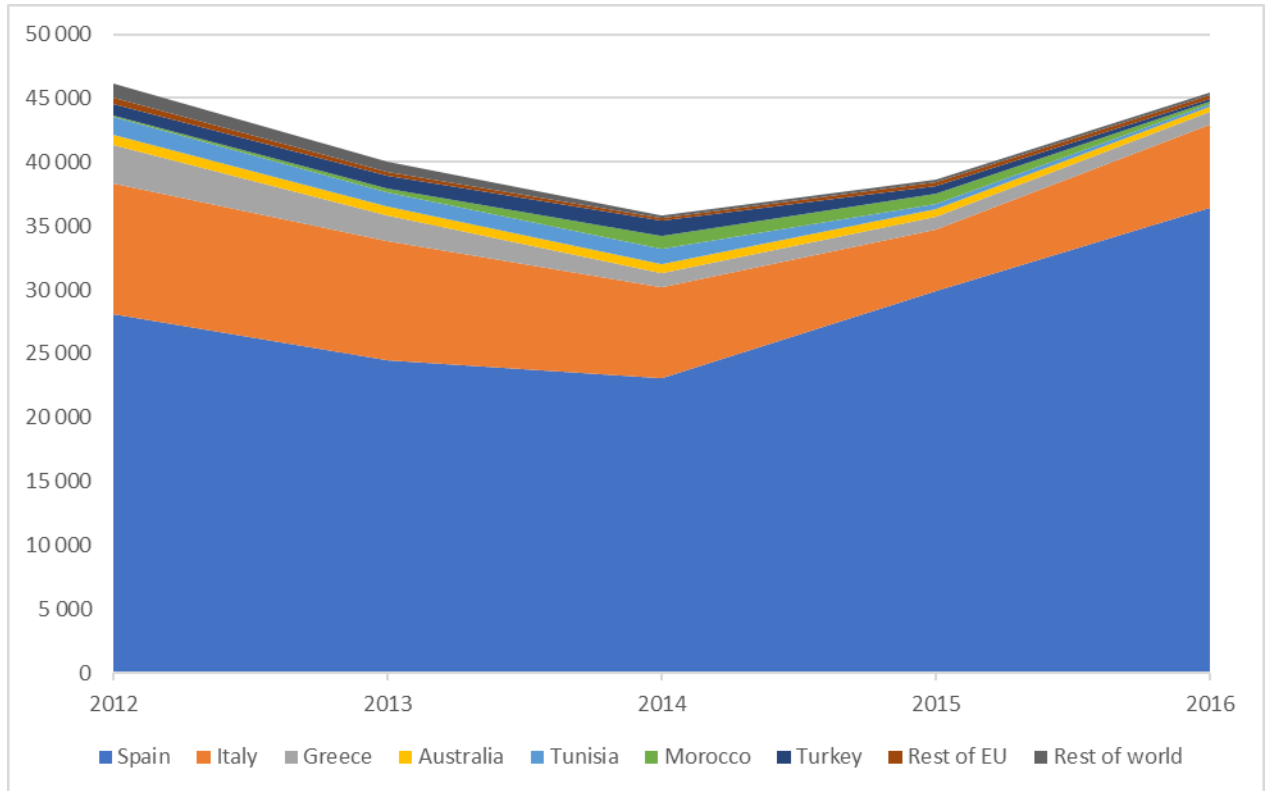
In 2018-2019, exports of olive oil from EU countries to China are predicted to remain stable, with one sole exception. Indeed, the recent reduction of Chinese tariffs on EU olive oil as well as cuts to production costs in Italy resulted in a significant increase of Italian olive oil exports to China, i.e. by EUR 40 million in 2017, a figure which is expected to raise dramatically in the next years<sup>271</sup>.

<sup>269</sup> ITC Trade Map

<sup>270</sup> China – Olive Oil Import Trends <http://www.internationaloliveoil.org/documents/viewfile/12491-market-newsletter-june-2017>

<sup>271</sup> China Wants More Olive Oil and Italy Is the One Providing It, for Now <https://www.oliveoiltimes.com/olive-oil-business/china-wants-olive-oil-italy-one-providing-now/62218>

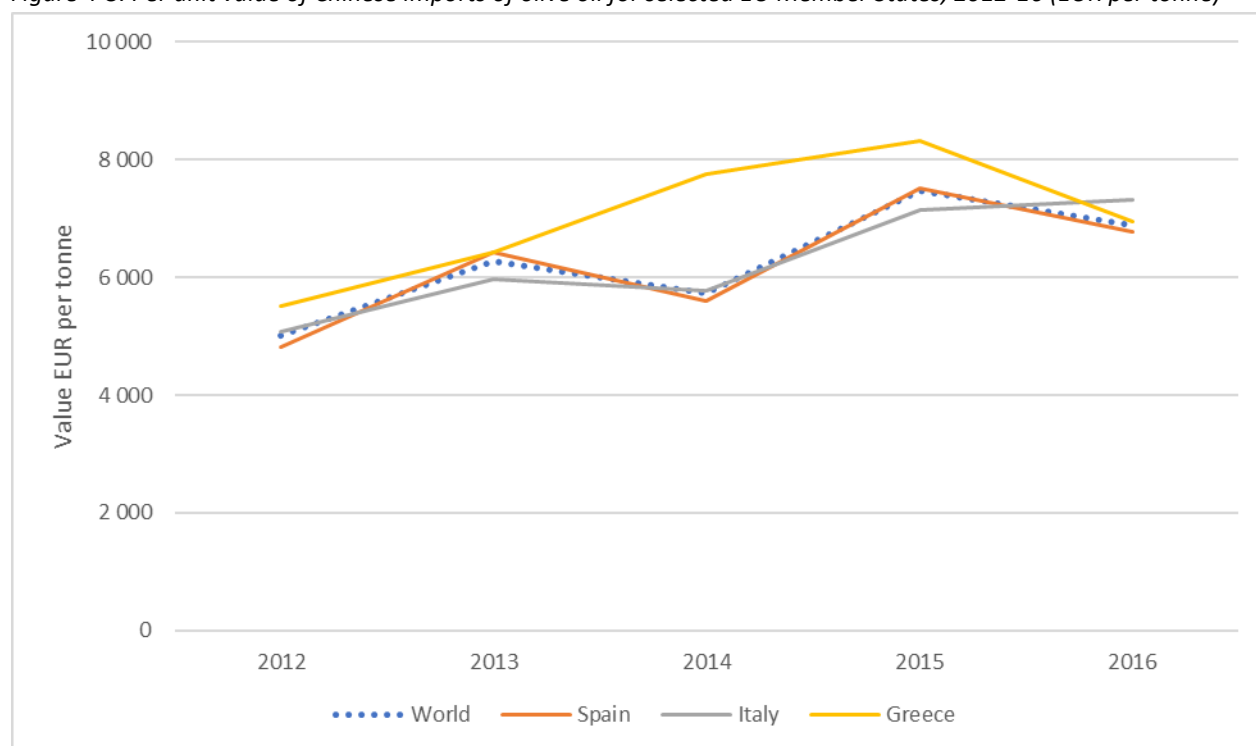
Figure 4-2. China's imports of olive oil by country, 2012-16 (tonnes)



Source: ITC Trade Map

The imported value of Spanish olive oil is the highest in Europe, i.e. EUR 139 million, while Italian and Greek olive oils are valued at EUR 26.9 and EUR 4.5 million respectively. Nonetheless, the unit value of Italian olive oils has been steadily increasing since 2012, whilst the unit value of Greek and Spanish olive oils contracted between 2015 and 2016, following a rapid rise (Figure 4-3).

Figure 4-3. Per unit value of Chinese imports of olive oil for selected EU Member States, 2012-16 (EUR per tonne)



Source: ITC Trade Map

#### 4.9.3.3 Main competitors

As indicated in section 4.9.3.2, non-EU countries (mainly Turkey, Tunisia, Australia and Morocco) account for approximately 0.5% of Chinese olive oil imports. Nonetheless, olive oil brands such as Turkish Artolio and Lio, Tunisian Terra Delyssa, SFAX Huile and CHAAL as well as Australian Cobram Estate are fully established on the Chinese market.

At the domestic level, the Olivoila brand (Yihai Kerry Oils & Grains Co Ltd) recorded a high value share (of 43%) in olive oil. Other Chinese olive oils brands which secured an important share in the Chinese olive oil market are e.g. Hua Yuan (olive oil from Greece), Soliva (olive oil from Italy), Qing Lv, HUA AO, LU HUA as well as Bai Long Hu (Chinese olive oils)<sup>272273</sup>.

#### 4.9.3.4 EU GI products

In 2017 the EU and China published a list of geographical indications that are to be protected in the future through a bilateral agreement. Amongst listed products there are four European olive oils, i.e. Greek Σητεία Λασιθίου Κρήτης (Sitia Lasithiou Kritis), Spanish Sierra Mágina and Priegode Córdoba as well as Austrian Steirisches Kürbiskernöl<sup>274</sup>.

<sup>272</sup> Euromonitor International Ltd Report: Oils and Fats in China <http://www.euromonitor.com/oils-and-fats-in-china/report>

<sup>273</sup> Olive Oil in China's Market <https://www.oliveoilmarket.eu/olive-oil-in-chinas-market/>

<sup>274</sup> Sierra Mágina and Priegode Córdoba are already protected under the pilot 10+10 project.

Consumers awareness of PDO/PGI marks for olive oil in China is low. However, the Chinese have developed a preference for extra virgin olive; and are likely to have a strong preference for olive oils of Mediterranean origin. Therefore, while only a few oils are scheduled to be recognised as GI protected in China (see above), there is a clear potential for GI quality oils.

#### 4.9.3.5 Specific customs requirements

##### **Market access and entry**

Olive oil does not face any market access restrictions and all EU exporters who have obtained the Registration of Foreign Exporters of Foodstuffs and are able to fulfil the requirements within relevant Chinese standards and import requirements can enter the market.

##### **Customs procedures**

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

##### **Labelling**

The labelling of olive oil products is governed by the provisions of *GB 7718-2011 general rules for labelling of pre-packaged foods national food safety standards*<sup>275</sup> whilst olive oil is covered under the *GB 23347-2009 National Standard for olive oil and olive-pomace oil*<sup>276</sup>.

##### **Customs controls**

Scrutiny of olive oil imports followed reports of adulteration of olive oil with lower grades and with olive oil from other countries<sup>277</sup>. In 2014 this resulted in the rejections of shipments and the addition of offending extra virgin olive oil exporters to an AQSIQ blacklist<sup>278</sup>.

##### **Intellectual Property Right**

The rebottling and sale of pomace oil or other low-quality oils as olive oil, as well as the misappropriation of labels and bottles of imported brands, can damage consumer confidence and sales. Control of the

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<sup>275</sup> China - People's Republic of: General Rules for Nutrition Labeling of Prepackaged Foods [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/General%20Rules%20for%20Nutrition%20Labeling%20of%20Prepackaged%20Foods%20\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_1-9-2013.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/General%20Rules%20for%20Nutrition%20Labeling%20of%20Prepackaged%20Foods%20_Beijing_China%20-%20Peoples%20Republic%20of_1-9-2013.pdf)

<sup>276</sup> National Standard of the People's Republic of China: Olive oils and olive-pomace oils <http://www.ccicnl.com/media/website/GB%2023347-2009%20live%20oils%20and%20live-pomace%20oils%20EN.pdf>

<sup>277</sup> China Scrutinizes Olive Oil Imports from Italy <http://www.oliveoiltimes.com/olive-oil-business/asia/chinainvestigates-italian-olive-oil/23810>

<sup>278</sup> China Names Foreign Brands on Blacklist of Substandard Imports <https://www.bna.com/china-names-foreign-n17179882776/>. Please also see the AQSIQ article discussing the issuance of the blacklist [http://www.aqsiq.gov.cn/zjxw/zjxw/ziftpxw/201402/t20140228\\_405109.htm](http://www.aqsiq.gov.cn/zjxw/zjxw/ziftpxw/201402/t20140228_405109.htm)

supply chain and effective monitoring of the market can minimise risks and allow for timely action in coordination with the relevant Chinese authorities.

The registration of bottle and label designs can also help to prevent against counterfeiters who may capitalise on Chinese consumers more likely to spot changes to the design and visual identity of produce than in slight variations of registered brand names. Increasing consumer awareness can also enable them to better spot fakes and to distinguish between different qualities and grades of olive oil, removing opportunities for counterfeiters.

#### 4.9.4 Geography and major markets

Olive oil consumption is primarily concentrated in developed cities such as Beijing, Shanghai, Guangzhou and Tianjin<sup>279</sup>. Market penetration for imported olive oil is low in the vast majority of cities, whilst domestically produced olive oil has been making some inroads in establishing a market presence. Growth areas in the future will be tier 2 and 3 cities within China that have a burgeoning middle class with growing disposable incomes and increasingly prioritise healthy eating. As noted above, the gifting market in tier 2 and 3 cities already shows a positive trend.

Olive oil production is based primarily along the Bailong River Valley (e.g. in Sichuan, Gansu and Yunnan), where dry summers allow to grow olives. As domestic production is set to increase, more competition from domestic brands can be expected in these growing regions.

#### 4.9.5 Distribution

Selecting the correct business partner is a key step for building your brand in China. Whilst there are many importers within China with extensive experience for the distribution of olive oil in established markets such as Beijing, Shanghai, and Guangzhou, there are still risks faced from partners<sup>280</sup> and due diligence is a must. Distribution within China is still fragmented, and the awareness of olive oil can be low in many areas; in less well-established markets, selecting a distributor or an intermediary may prove more challenging.

Olive oil is currently available through a variety of retail channels with specialist stores catering to expats and affluent consumers, hypermarkets and large supermarkets targeting middle class consumers, and ecommerce is increasingly utilised widely by younger consumers particularly for purchases during festivals. Brick and mortar establishments are often useful when establishing a market presence and building brand awareness; however, given the potential for growth and the ability to reach a larger customer base (including tier 2 and 3 cities), e-commerce should not be overlooked. The online channel may account for up to 30% of olive oil sales.

Retail remains the main market for olive oil in China. It is very rarely used in on-trade (restaurants and the hospitality sector) due to cost considerations.

#### 4.9.6 Challenges for EU products

Chinese consumers may not be well-informed of the different ways of using olive oils, which do not belong to the Chinese culinary tradition. Communication of the health, nutritional and quality benefits from selecting EU olive oils are central to overcoming challenges in this product category.

Furthermore, the counterfeit market may pose a challenge for European products. The registration of bottle and label designs and education-based marketing strategies are fundamental to reduce opportunities for counterfeiters.

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<sup>279</sup> The Olive Oil Industry in China: A Fierce Competition <http://daxueconsulting.com/the-olive-oil-industry-in-china/>

<sup>280</sup> Greek Olive Oil Producers Struggle in China <http://www.oliveoiltimes.com/olive-oil-business/asia/greek-oliveoil-producers-struggle-china/39113>



**Case study**

Golden Olive Ltd.

**Background**

Golden Olive Ltd., a European SME producing olive oil and aromatic olive oil is planning to import its range of products into China. The company has participated in trade fairs in Shanghai and Shenzhen in the past year, where it met a few potential Chinese distributors interested in its products. Before participating in the trade fairs, Golden Olive Ltd. had registered its trade marks in both western letters and Chinese characters as it was warned by its lawyer that trade fairs may bring good business opportunities but also generate risks for unregistered IP.

Golden Olive Ltd. is now negotiating with two potential importers and distributors in China, one appointed for the northern region and the second one for central and south China. The negotiations will lead to written distribution agreements including IP related clauses to regulate the use and obligations of both parties with reference to the IPR involved, especially with regard to the registered trademarks and related marketing activities for the brand. At the same time, the company has started the mandatory product and label registration in China.

While trade mark protection has been taken care of in advance, Golden Olive Ltd.'s products are also characterised by a very distinctive packaging including both the shape and the combination of colours of the containers. The company would like to use the same packaging in China that has been using in Europe for the past five years, and decided to consult with a China IP lawyer in this respect. The patent design was registered in Europe five years earlier. Unfortunately, the company discovered that since the packaging has already been used in Europe, it can no longer be considered 'novel' and is not eligible for design patent protection in China now.

**Action taken**

The lawyer suggested that since the current packaging has intrinsic copyright the company can prepare to defend themselves against any future infringement by performing a voluntary copyright registration in China to prove their ownership in the Chinese courts. He also suggested developing a new distinctive packaging specifically for the Chinese market, by using a new shape and new combination of colours which would be more appealing for Chinese consumers. He advised to file the new packaging as patent design in China through domestic registration with the State Intellectual Property Office (SIPO). As an additional measure, Golden Olive Ltd. is advised to register its brochures and catalogue that will be used by its Chinese distributors as copyright to prevent any IPR theft or misuse afterwards.

**Lesson learnt**

Through the protection strategy mentioned above, the European SME succeeded in applying a reasonable budget for its China operations by investing in IP prevention in advance, thus minimising the costs of enforcement afterwards.

Source: CHINA IPR SME Helpdesk

### **Market Takeaway: Olive oil**

**Consumption:** Increasing demand of virgin/extra-virgin olive oil, driven by enhanced consumers health awareness.

**Competition:** Domestic production is growing but is far from meeting the increasing demand. Low competition from third countries.

**Distribution:** Supermarkets/hypermarkets are the main market for olive oil, but online sales are increasingly growing in importance.

**Challenges:** Consumers prefer cooking with oils belonging to the Chinese culinary tradition (e.g. peanut oil) and consider olive oil as a mere salad dressing or accompaniment.

## 4.10 Honey

### 4.10.1 SWOT analysis



### 4.10.2 Consumption

#### 4.10.2.1 Evolution of consumption

Honey's market size increased by 8.7% and reached 124 000 tonnes in 2017; and forecast to increase by 7.9% per year over the period 2018-2021. The growing market size was linked to increased demand among Chinese customers coming from the increased perception that it is a natural healthcare and beauty product.

Honey			
Market size:	Volume: 124 000 tonnes	CAGR (volume)	2012-2017: 8.7%
	Value (RSP): EUR 735m		2018-2021: 7.9%

Source: Euromonitor International Ltd

#### 4.10.2.2 Consumer profile and purchase criteria

The perception of honey as a healthy product is a key driver in its demand. More specifically:

- Honey is considered a healthy substitute for sugar that can be spread on bread, added in fruit juice, yoghurt and even water.
- Honey is regarded as a natural healthcare and beauty product that can regulate a human's gastrointestinal function and enhance skin status.

The Chinese consumer's view of honey as a versatile product rather than being just one type of spread has consistently driven honey sales in comparison to other spreadable products.

Chinese customers tend to have difficulties to distinguish bad honey products from good ones. With increasing attention to food at a national level, the Bee Products Association and China Consumers' Association are now cooperating to enhance the supervision and regulation in the market. A more regulated and healthy honey category can be expected<sup>281</sup>.

#### 4.10.2.3 Recent market trends

In 2017, the unit price of honey increased mainly due to the negative influence of the weather, as the production volume growth rate could not keep pace with the growing demand<sup>282</sup>.

### 4.10.3 Offer

#### 4.10.3.1 Domestic production

The domestic market for honey in China is mainly supplied by Chinese manufactures. As a kind of traditional Chinese food, domestic honey brands have the advantage of early market entry and loyal consumer accumulation. Although international honey brands with high reputation such as Comvita and Mizand have already entered China's marketplace, the expansion of international honey brands has been relatively steady<sup>283</sup>.

#### 4.10.3.2 Imports and exports

As presented in Figure 4-3, China was a heavy exporter of honey products in years 2012-2016 and exports reached 128 330 tonnes in 2016. While exports volume tend to slightly fluctuate they significantly outweigh import volumes. These fluctuations in export volumes are generally linked to negative weather conditions as well as with lack of production capacity to keep pace and meet customers' growing demand. Volume of imported honey, while very low, grew slowly between 2012 and 2016.

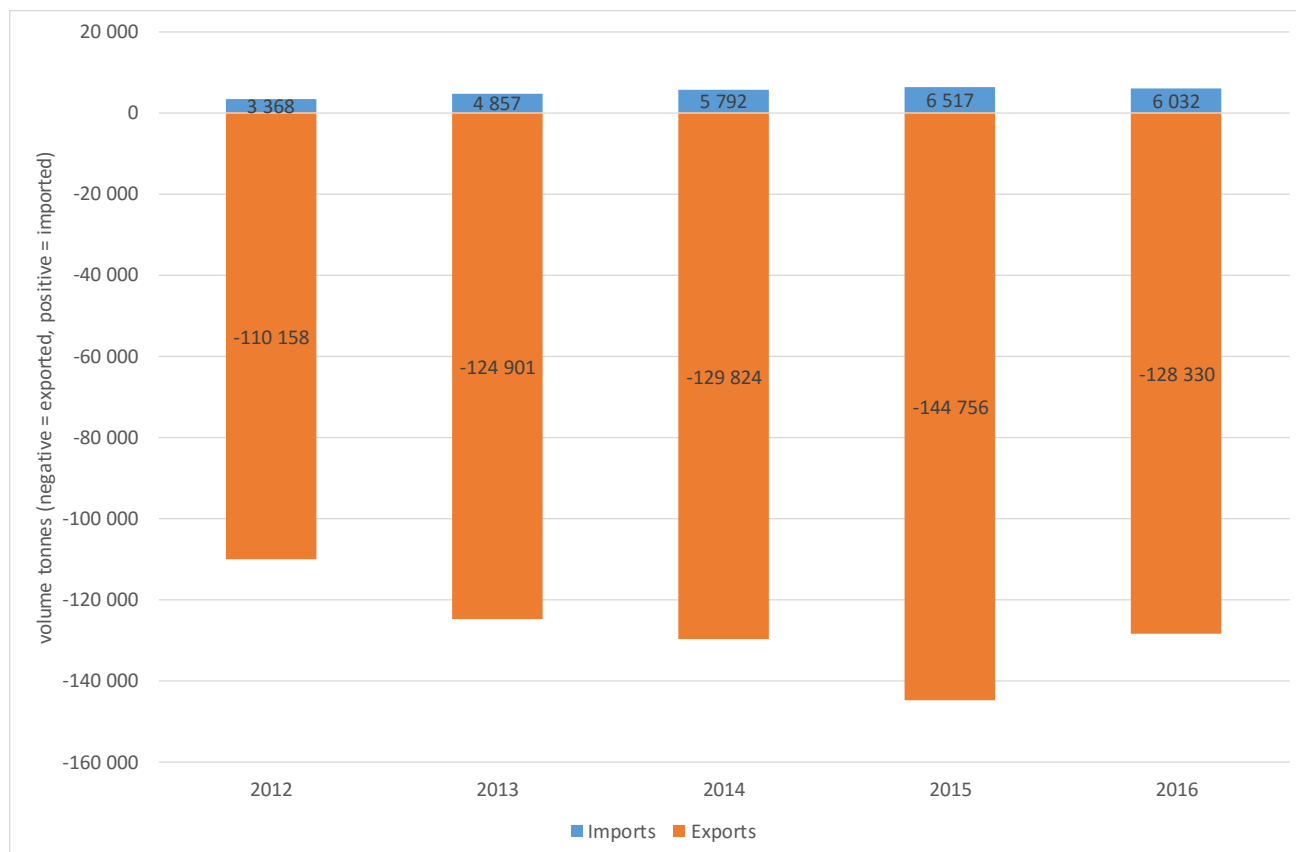
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<sup>281</sup> Source: Euromonitor International Ltd.

<sup>282</sup> Source: Euromonitor International Ltd.

<sup>283</sup> Source: Euromonitor International Ltd.

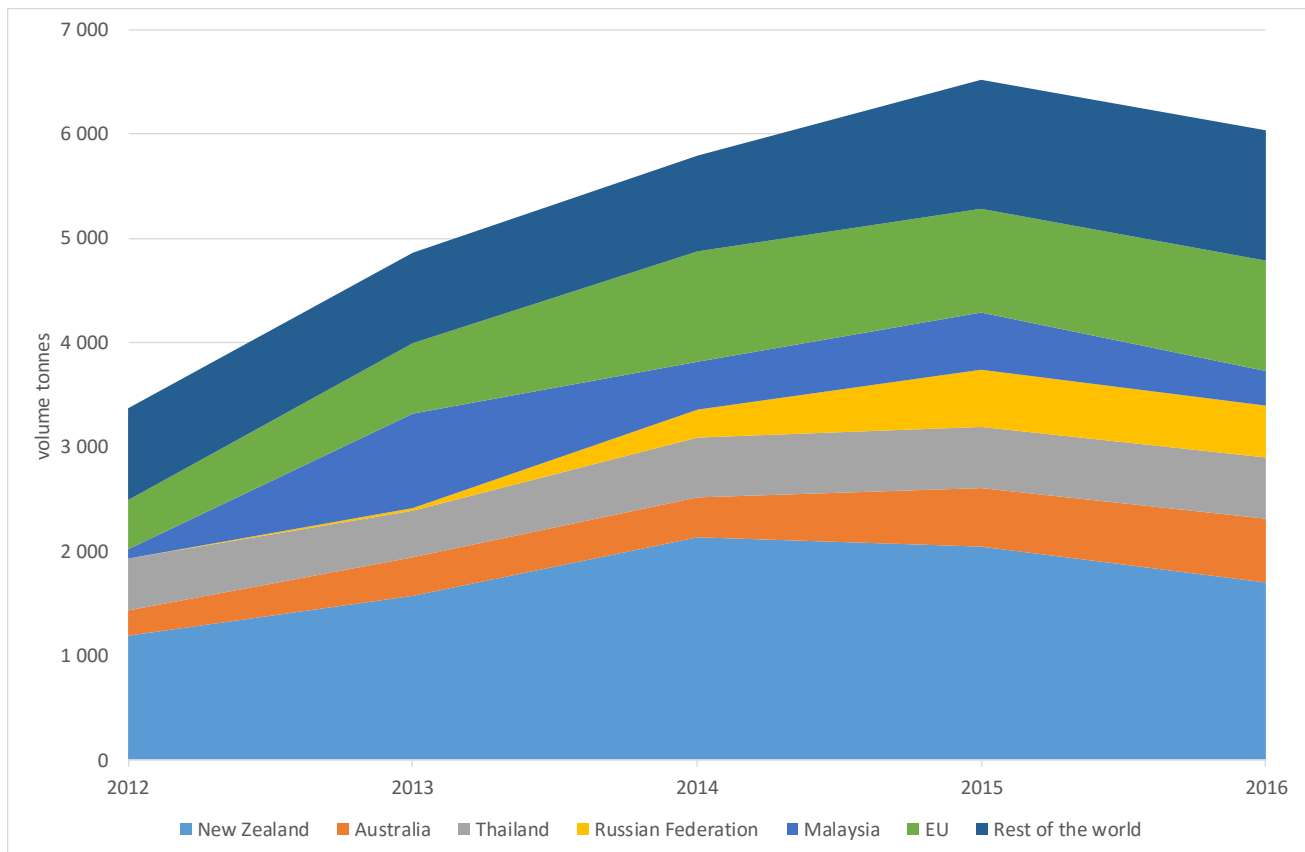
Figure 4-35: Trade balance (imports and exports) of honey in China, 2012-16; tonnes



Source: ITC Trademap

Data for CN code 0409 Natural honey

Figure 4-36: Chinese imports of honey by country, 2012-16; tonnes



Source: ITC Trademap

Data for CN code 0409 Natural honey

As Figure 4-4 shows, China imported honey from several countries in years 2012-2016, with New Zealand. The number one source. The volume of honey exported by EU countries, while showing a positive trend is low; oscillating around 1000 tonnes in years 2014-2016. A significant drop in imports from Malaysia in 2014 resulted in increase from other countries, such as EU countries, the Russian Federation and Thailand.

#### 4.10.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement. However, among them there are no products relating to honey category<sup>284</sup>.

<sup>284</sup> <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

#### 4.10.3.4 Main competitors

As outlined in 4.10.3.1, domestic production of honey in China is led by Chinese manufacturers. Two major companies on the Chinese market include Guan Sheng Yuan Group (the market leader) and Beijing Baihua (the market number 2). As a distinguished brand with more than one hundred years behind it, Guan Sheng Yuan has established a high reputation in various food products, with honey and confectionary as its most recognised products. Beijing Baihua is a honey brand with a long history. The company has succeeded in offering an abundant product portfolio that can differentiate honey from nectar and by packaging, in which Baihua formed its product hierarchy from high-end to mass products and attracted broad consumers from high-income to low-income families. Furthermore, Baihua is one of the manufacturers that have enjoyed growth through internet retailing<sup>285</sup>.

As seen in section 4.10.3.2, imports of honey are very limited, with New Zealand (e.g. Comvita) the largest origin of foreign honey.

#### 4.10.3.5 Specific customs requirements

There are no specific customs requirements related to exporting honey to China, except documents and procedure identified below. All EU countries are eligible to export honey products to China (see below).

#### Market Access and Entry

Since 28 April 2016, the Chinese government has amended its regulation on imported honey products. Currently, there are 15 EU Member States eligible to export honey products to China<sup>286</sup>:

- Estonia: Honey
- Austria: Honey
- Bulgaria: Honey
- Belgium: Honey
- Poland: Honey
- Denmark: Honey
- Germany: Honey, Royal Jelly
- France: Honey
- Romania: Honey
- Portugal: Honey
- Spain: Honey
- Greece: Honey
- Hungary: Honey
- Italy: Honey, Royal Jelly
- UK: Honey

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<sup>285</sup> Source: Euromonitor International Ltd.

<sup>286</sup> <http://www.eusmecentre.org.cn/article/china-strengthens-regulations-imported-honey-products>

The full list of honey products eligible to enter the Chinese market is set out here: <http://pub.fsciq.cn/approval/SitePages/fengchanpin.aspx>

**Customs procedures**

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

**SPS measures**

There are no SPS measures put in place with regards to exporting honey to China. The delayed “new certification requirements for low risk food products” is scheduled to enter into force in October 2019 and would theoretically apply to honey (see section 3.2.5).



## Labelling

The rules of labelling honey are outlined in Food Safety Law on pre-packaged food and should include<sup>287</sup>:

- Name, specification, net content, and date of production;
- Table of ingredients or formulation;
- Producer name, address and contact information;
- Shelf life;
- Code of product standard(s);
- Storage requirements;
- Generic name of the food additives as used in the national standard;
- Production License Number; and
- Other information that must be indicated in accordance with applicable laws, regulations, and food safety standards.

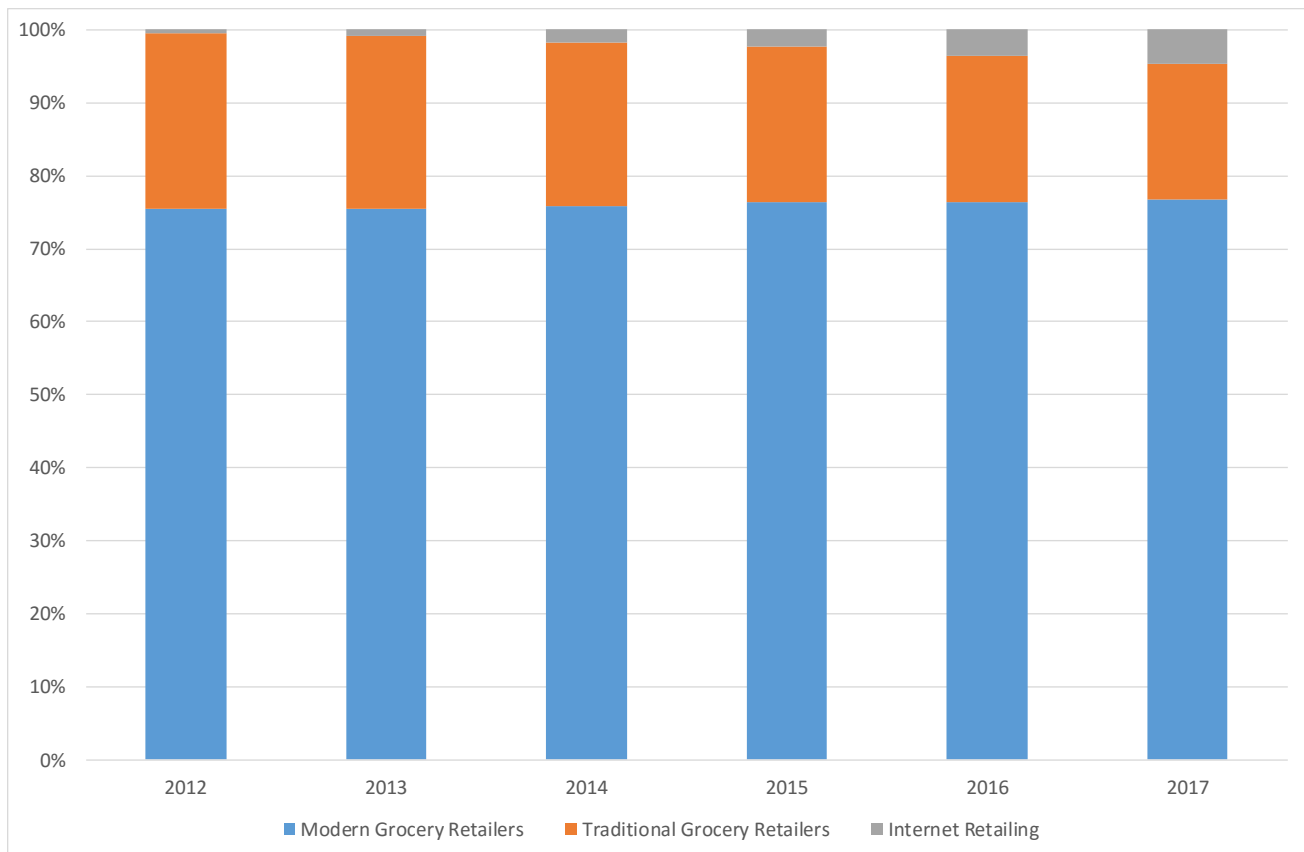
### 4.10.4 Distribution

As Figure 4-37 presents, spreads in general are largely distributed through modern grocery retailers. The modern grocery retailers remained the main channel for distribution of spreads in China between 2012-2017, oscillating around 76% of all retail value. Furthermore, share of traditional grocery retailers dropped from 24% in 2012 to 18.7% in 2017 in favour of Internet retailing, which increased its shares by 4.1% comparing 2012 and 2017, mostly due to changing habits and convenience reasons. However, distribution channels of honey specifically may differ slightly from those for spreads as a whole. In addition to the channels outlined above for spreads more generally, honey is also sold in quite a few health food stores and in some cases in imported food stores for self-consumption or as a present.

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<sup>287</sup> <https://www.export.gov/article?id=China-Labeling-Marking-Requirements>

Figure 4-37: Distribution channels for spreads (including honey) in China, 2012-17 (% of retail value)



Source: Euromonitor International Ltd

#### 4.10.5 Challenges for EU products

The greatest challenge for EU products entering Chinese honey market is combined with the fact that China is a heavy honey producer with great volume of honey being exported. By extension, domestic manufacturers, leading the market, have strong position and better address consumer preferences. Nevertheless, as mentioned in the section 4.10.3, the expansion of international honey brands has been relatively steady, after few international honey brands entered China's market (Comvita, Mizand).

#### Market Takeaway: Honey

**Consumption:** Increased demand among Chinese customers, given that quality honey is perceived as a natural healthcare and beauty product. Market size expected to remain in its upward trend.

**Competition:** Domestic market led by Chinese manufacturers with loyal consumer accumulation.

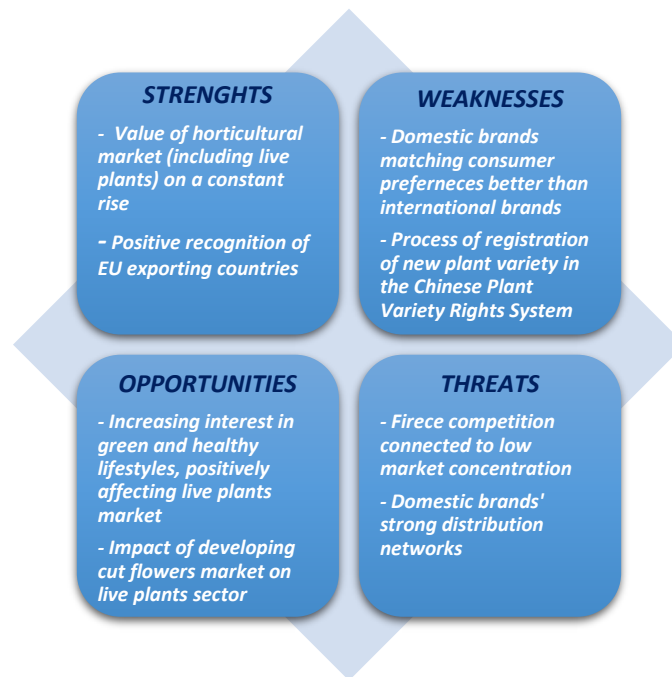
**Distribution:** In general, honey, like most of spreads, is distributed through modern grocery retailers, which account roughly for 75% of all retail value.

**Challenges:** The greatest challenge for EU products is the domination of domestic manufacturers on the market as well as with the fact that China is a heavy honey producer with great volume of honey being exported, significantly outweighing import volumes.

**Opportunities:** Despite the domination of Chinese producers on the market, expansion of international premium honey brands has been relatively steady, given the perception of honey as a healthy product. Additionally, in the light of likely changes in law concerning supervision of fake honey products on the market, demand for quality honey appears to rise.

## 4.11 Live plants

### 4.11.1 SWOT analysis

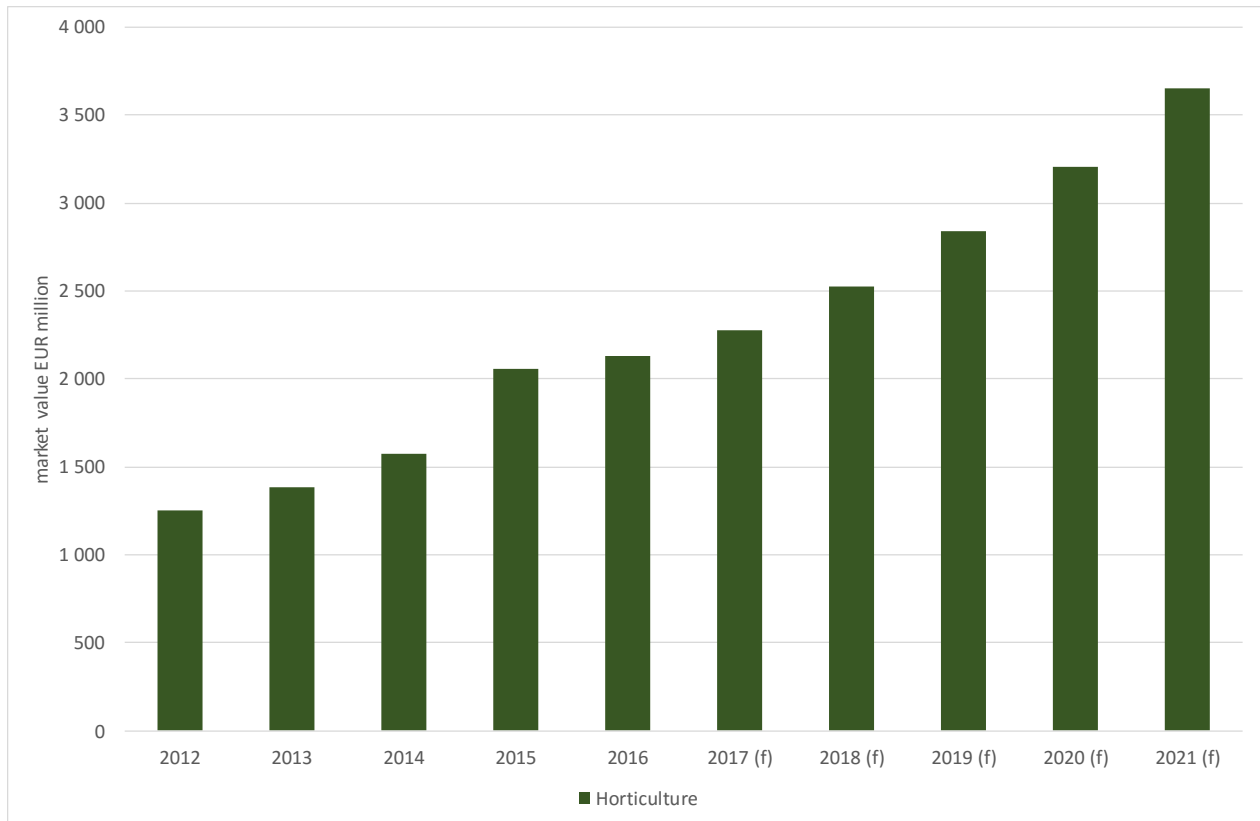


### 4.11.2 Consumption

#### 4.11.2.1 Evolution of consumption

As presented in Figure 4-38, the value of horticultural market in China rose steadily, from EUR 125m in 2012 to EUR 212m in 2016 and is forecast to continue rising over the period to 2021. All horticulture categories noted a year over year growth in recent years. The greatest market value is accounted for by indoor plants, with its 43% share (EUR 916m) in 2016. Trees/shrubs are second.

Figure 4-38: Evolution and forecast of the horticultural market in China (EUR million) 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2017 to 2021 based on forecasts as indicated by (f) after the year

The table below provides more details on markets by category. All categories within the horticulture market in China noted a significant growth during the years 2012-2016, with indoor plants growing the fastest.

Bedding plants			
Market size (2016):	Value (RSP): EUR 288m	CAGR (value)	2012-2016: 11.3%
			2017-2021: 8.4%
Indoor plants			
Market size (2016):	Value (RSP): EUR 916m	CAGR (value)	2012-2016: 16.3%
			2017-2021: 15.8%
Seeds			
Market size (2016):	Value (RSP): EUR 210m	CAGR (value)	2012-2016: 13.8%
			2017-2021: 10.9%
Trees / shrubs			
Market size (2016):	Value (RSP): EUR 611m	CAGR (value)	2012-2016: 12.9%
			2017-2021: 10%
Other plants			
Market size (2016):	Value (RSP): EUR 102m	CAGR (value)	2012-2016: 12.9%
			2017-2021: 10%

Source: Euromonitor International Ltd

#### 4.11.2.2 Consumer profile and purchase criteria

The majority of Chinese consumers live in flats without gardens; only affluent consumers living in houses own private gardens. While in rural areas the cost of land is cheaper than in cities, households have limited awareness of garden care in these areas.

With increasing living standards, interest in green and healthy lifestyles continue to rise. This is reflected in the market for plants, especially in cities. Consumers without gardens purchase plants for balconies or to improve the indoor environment and/or as a hobby, explaining the high level of demand for indoor plants<sup>288</sup>.

Consumer preferences for plants tend to differ across China as follow<sup>289</sup>:

- Guangzhou: lawn grass, seeds, seedlings
- Chongqing: edible and medical flowers, flowers for industrial use and other purposes, seed bulbs
- Shanghai: ornamental seedlings
- Nanjing: lawn grass, seed bulbs, seedlings

Flowers have always been an important part of the Chinese culture<sup>290</sup>. Lately, the increasing popularity among young consumers of giving cut flowers during Valentine's day and the growth of e-commerce

<sup>288</sup> Source: Euromonitor International Ltd.

<sup>289</sup> <http://daxueconsulting.com/flower-industry-in-china/>

<sup>290</sup> Worth to remember that, white flowers are not usually used since it is associated with death in China.

platforms contributed to more interest in certain varieties. In addition, Chinese customer preferences and increased consumption have been also influenced by increased disposable income, leisure time, and concerns over air quality and healthy living<sup>291</sup>. Plants, and spillover plants are becoming more and more popular in cities; and there is a direct connection with the cut flower market, as cut flowers may be used as a substitute for plants.

#### **4.11.2.3 Recent market trends**

Most households in China do not have a garden, thus consumers prefer to purchase indoor plants and place them in rooms or on balconies. Consumers born in the 1990s who have their own families (a growing segment) tend to favour indoor plants<sup>292</sup>.

### **4.11.3 Offer**

#### **4.11.3.1 Domestic production**

Domestic brands lead the broader garden products market (including plants) thanks largely to wider distribution networks. Also, these brands seem to address consumer preferences better than international brands<sup>293</sup>. As mentioned in section 4.11.2.2, demand can also vary according to climate, culture and local preferences.

The production of live plants tends to be regionalised and thus, for instance, flower production in China, is mainly located in the province of Yunnan<sup>294</sup>.

#### **4.11.3.2 Imports and exports**

As Figure 4-39 demonstrates, Chinese exports of live plants outweighed imports in years 2012-2016. Values of exports fluctuate greatly year-on-year, as shown by the graph.

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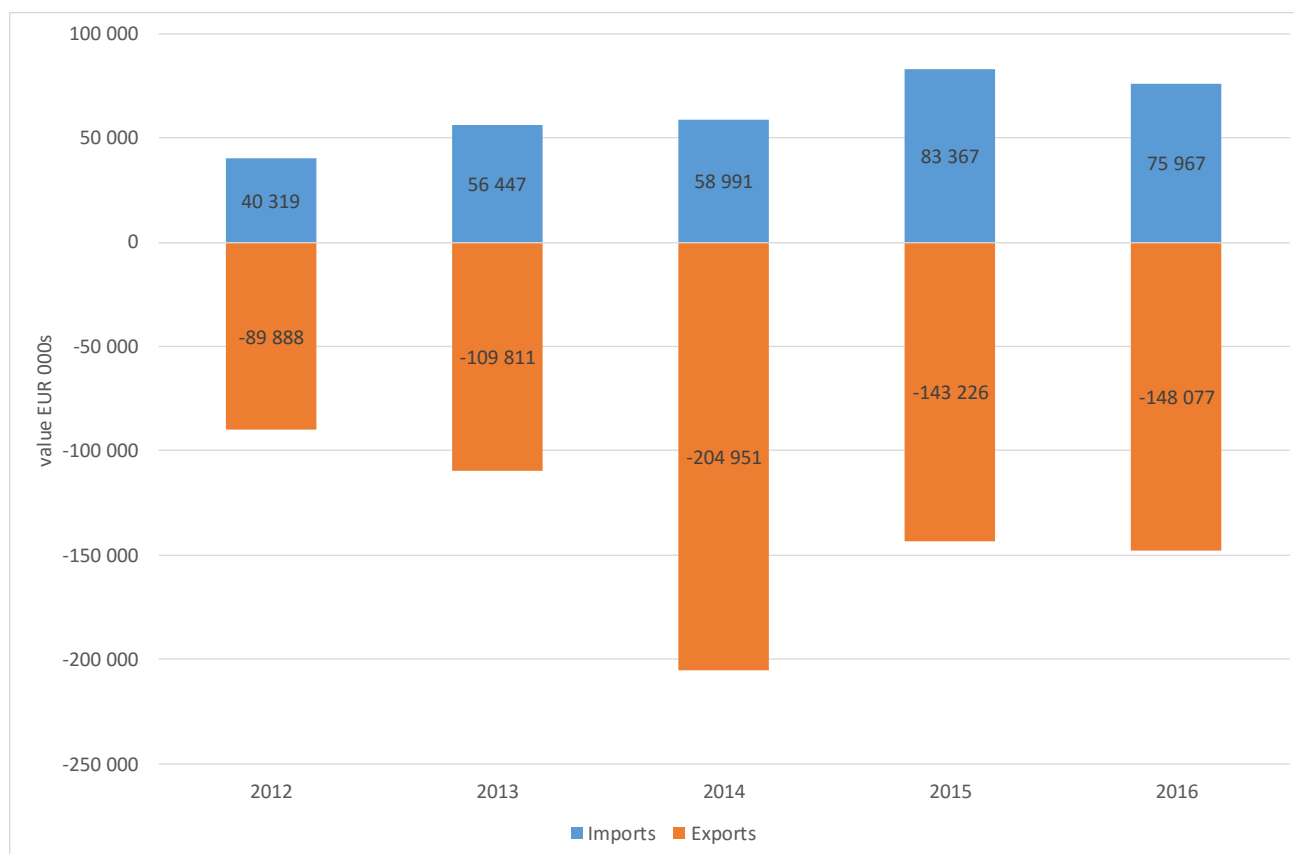
<sup>291</sup> Ibid.

<sup>292</sup> Source: Euromonitor International Ltd.

<sup>293</sup> Source: Euromonitor International Ltd.

<sup>294</sup> Ibid.

Figure 4-39: Trade balance (imports and exports) of live plants in China, 2012-16; value in EUR 000s

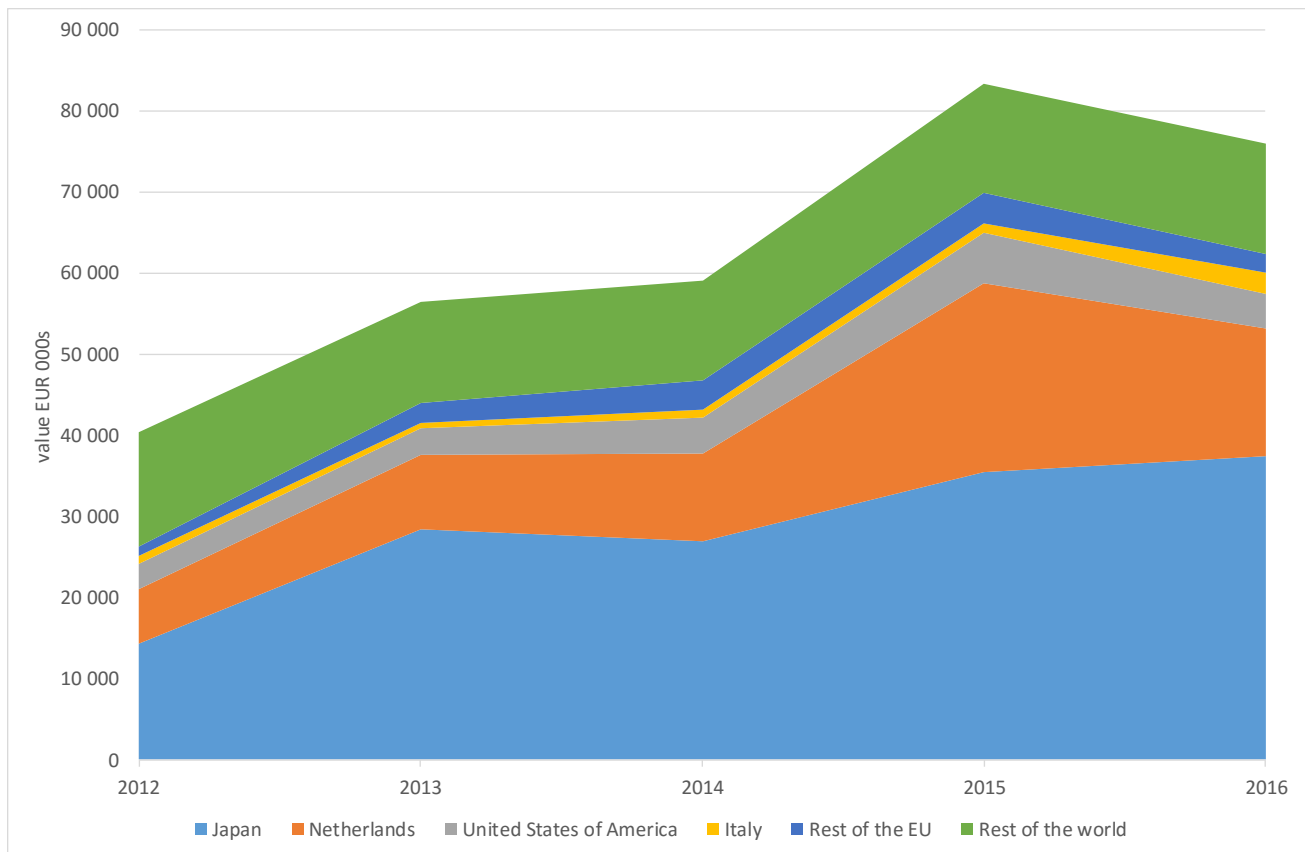


Source: ITC Trademap

Data for CN code 0602: Live plants incl. their roots, cuttings and slips; mushroom spawn (excluding bulbs, tubers, tuberous roots, corms, crowns and rhizomes, and chicory plants and roots).

Only value data is available (no data for overall volume)

Figure 4-40: Chinese imports of live plants by country, 2012-16; value EUR 000s



Source: ITC Trademap

Data for CN code 0602: Live plants incl. their roots, cuttings and slips; mushroom spawn (excluding bulbs, tubers, tuberous roots, corms, crowns and rhizomes, and chicory plants and roots).

Only value data is available (no data for overall volume)

As Figure 4-40 shows, China relies mainly on two trade partners for imports: Japan and the Netherlands (in order of importance). However, there are other countries exporting to China to a lesser extent, including the United States of America and Italy.

#### 4.11.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement. However, there are no products relating to live plants category among them<sup>295</sup>.

#### 4.11.3.4 Main competitors

As mentioned in section 4.11.3.1, the Chinese live plants market is dominated by domestic producers. Zhejiang Hongyue Seeds Co Ltd, which holds the number one position in the gardening sector as a whole has various businesses, ranging from horticulture to pot planters. However, the gardening sector,

<sup>295</sup> <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>



including live plants, is very fragmented in reality with very low market concentration; and so Zhejiang Hongyue Seeds Co Ltd's actual market share was under 1% of the retail value of all gardening sales in 2016. Yunnan Yuntou Ecology & Environment Technology Co Ltd is another of the larger players in the horticultural market. The company has invested heavily to promote its horticulture business, especially orchid products in recent years<sup>296</sup>.

In recent years, the importance of online retailers, especially in the flower sector, has increased. The model of such platforms relies on setting flower and delivery preferences and payment details through popular web-tools, such as WeChat or Alipay. The significant companies and start-ups include RoseOnly, a Beijing-based start-up, offering rose bouquets from premium vendors. The other one – The Beast, targets high-end customers with decorated boxing and various bouquets<sup>297</sup>. As mentioned in section 4.11.2.2, cut flower market and live plants are directly connected, thus effective performance of such online platforms may also have a positive impact on the live plants market in China.

#### 4.11.3.5 Specific customs requirements

The specific customs requirements vary according to the purpose of the plants, thus seeds and products for sowing have different requirements than other products such as cut flowers.

Seeds and products that are intended for sowing require the issuance of a Seed Business License for Import and Export and the Examination and Approval of Crop Seeds or Seedlings for Import and Export obtained from the General Office for Administrative Examination and Approval of the Ministry of Agriculture.

As regards endangered species, in line with obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) certain products of endangered species face additional import requirements. Imports of orchid tubers and other endangered species will require a *Permit to Import Endangered Species and Products Thereof*. This permit should be obtained by the importer from the

State Forestry Administration of China.

The import of aloe, other than seedlings, requires a *Registration of Medicines*, and an *Inspection Certificate for Medicines* both applied for by the importer with the local department of the China Food and Drug Administration (CFDA). The exporter will have to provide a certificate for a pharmaceutical product issued by a laboratory in the country of origin.

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<sup>296</sup> Source: Euromonitor International Ltd.

<sup>297</sup> <https://technode.com/2017/07/20/chinas-flower-e-commerce-blossoms-with-increasing-consumption/>

### Market Access and Entry

Access the Chinese market with new plant varieties is a subject of the procedure set out in section 4.11.5. Given the regionalisation of the live plants market (section 4.11.2.2), market access is highly influenced by culture, local preferences and climate criteria.

### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

### SPS measures

Specific SPS measures might apply given the purpose of the plants, as set out in section 4.11.3.5.

### Labelling

Labels in China, with regards to live plants, should follow CIQ standards (China Inspection and Quarantine)<sup>298</sup>:

- Name of the product (including your trademark)
- Ingredients
- Net weight and solid content
- Contact information to the manufacturer (name, address and telephone number)
- Production date (year/month/date) and information how to store the product (including temperatures and exposure to light)
- Packer and distributor (name and address)
- Batch number
- Country of origin
- Quality guarantee and storage period (year/month/date)
- Instructions how to use the product

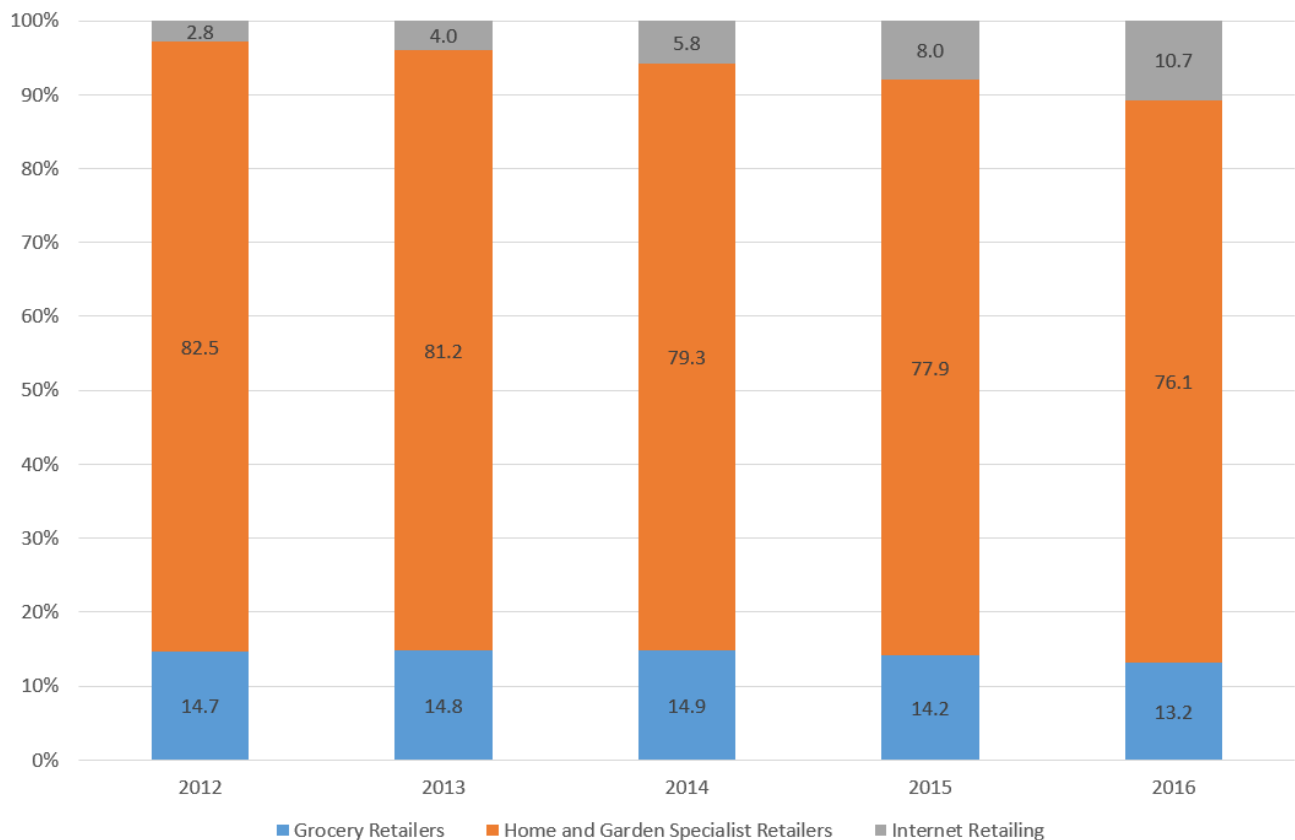
#### 4.11.4 Distribution

As seen from Figure 4-41, gardening products (including horticultural products) were mainly distributed in the market through Home and Garden Specialist Retailers. Grocery Retailers, on the other hand, remained its share, oscillating around 14-15% with a small drop by 1 percentage point in 2016. Both Home and Garden Specialist as well as Grocery Retailers shares in distribution channels went down between 2012 and 2016 in favour of Internet Retailing, which noted an increase of 7.9 percentage points. The decrease of Home and Garden Specialists Retailers was more noticeable.

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<sup>298</sup> <https://www.export2asia.com/blog/ciq-labels-food-products-china/>

Figure 4-41: Distribution channels of all gardening products (including horticultural products) in China, 2012-16



Source: Euromonitor International Ltd

#### 4.11.5 Intellectual Property Rights

Ensuring the timely registration of plant variety rights (PVR) in China is necessary for producers to protect unique varieties from the unlicensed commercial use or propagation within the country. New variety of plant (NVP) refers to improved plant varieties, cultivated or developed by breeders, which possess novelty, uniformity and stability, as well as an adequate denomination<sup>299</sup>.

Compare to the European plant variety rights system, managed by the EU Community Plant Variety Office (CPVO), China's system has some differences that European breeders with interest in NVP protection and exploitation in China should be aware of.

The first and greatest difference is that China has the national lists of protected plant genera and species that limit the scale of plant varieties under which the application can be filed, unlike the Community system which covers all the species. The second difference is linked to the length of protection, which in China is generally shorter than it is in Europe, e.g. 20 years for vines, 15 years for potatoes in China, compared to 30 years for both in the EU. The third key difference is that in China, 'farms' propagating

<sup>299</sup> [http://www.china-iprhelphdesk.eu/sites/all/docs/publications/EN\\_Plant\\_Verieties.pdf](http://www.china-iprhelphdesk.eu/sites/all/docs/publications/EN_Plant_Verieties.pdf)

activity of the protected plant varieties for their own use are exempted from seeking authorisation from the right holder and paying the fee. The ‘farm saved seed’ exemption in the EU relates only to certain agricultural species (however this does not apply to small farmers)<sup>300</sup>.

Application or registration of NVP can be moved from a domestic right holder to a foreigner, through the signing of a contract, which needs to be approved by the registration administrations, and be valid from the announcement of the approving authority.

#### 4.11.6 Challenges for EU products

The greatest challenge for EU products to enter Chinese horticulture market is combined with addressing consumer preferences, influenced by local preferences, culture and climate. So far, domestic brands have been matching these better than international brands. Hence, they lead the live plants market.

Another issue is linked to the low market concentration as well as high number of unbranded products, which may have an impact on fierceness of competition in the following years.

#### Market Takeaway: Live plants

**Consumption:** The market is on a constant rise – all horticulture categories noted a year over year growth in recent years, indoor plants growing the fastest.

**Competition:** Domestic brands lead the broader garden products market (including plants) thanks largely to wider distribution networks.

**Distribution:** The vast majority of horticultural products (including plants) are distributed through home and garden specialist retailers. Internet retailing significantly increased its shares in distribution channels in recent years.

**Challenges:** The major challenge for EU products to enter market is combined with low market concentration leading to fierce competition as well as domination of domestic brands, better addressing consumer local preferences.

**Opportunities:** Increasing living conditions, leading to interest in green and healthy lifestyle positively affect live plants market, as consumers are more likely to decorate their houses with plants as well as plants are becoming

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<sup>300</sup> Ibid.

## 4.12 Processed cereals and pasta

### 4.12.1 SWOT analysis



### 4.12.2 Consumption



The processed cereals market in China has registered strong growth in recent years, particularly driven by young, urban professionals seeking convenient and healthy food options. Although sales volumes are relatively low, there is increasing interest in Western lifestyles and cuisine, and this should boost consumers demand in the future. With regard to pasta, products such as spaghetti also benefit from their similarity to noodles, a staple food in China, aiding their acceptance amongst consumers.

#### 4.12.2.1 Evolution of consumption

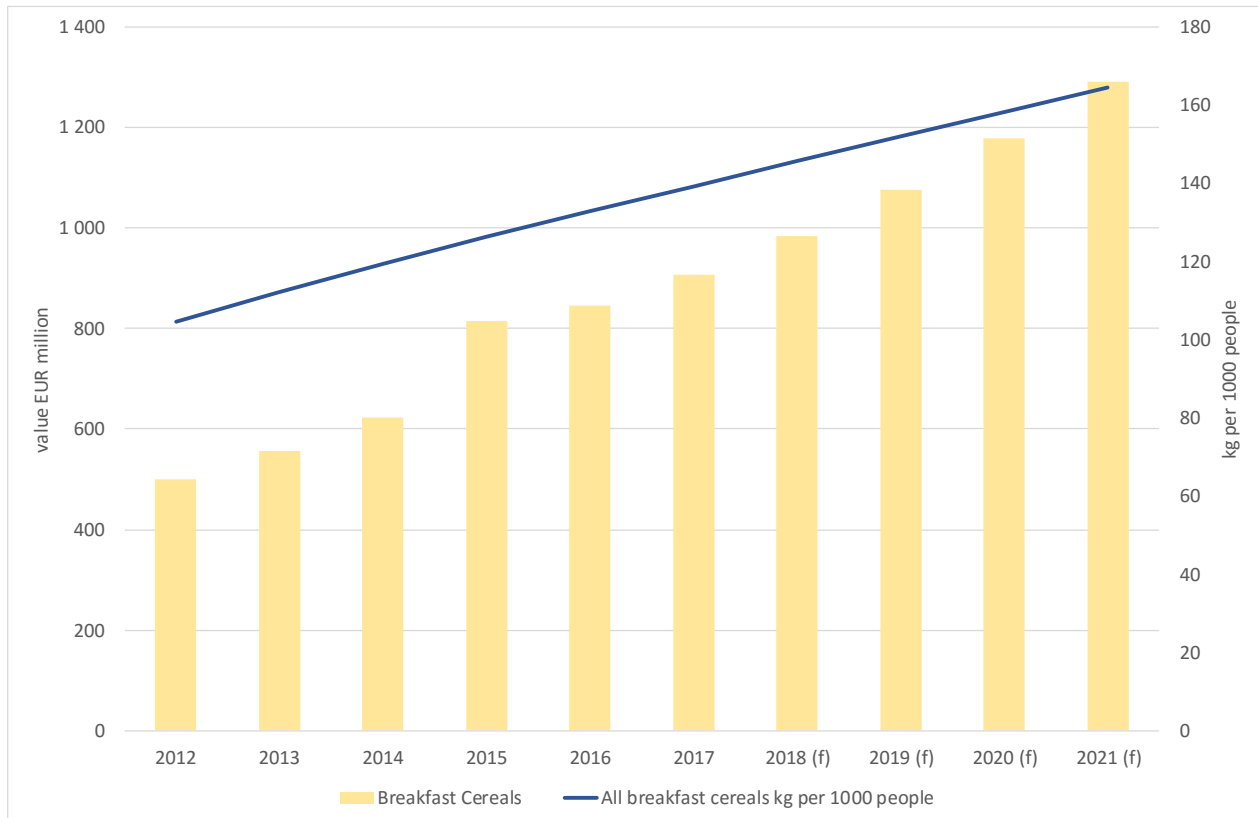
Per capita consumption of breakfast cereals is very low amongst Chinese consumers, i.e. around 139 g in 2017, up from 105 g in 2012. This low consumption is due to the Chinese preference for a hot and savoury traditional breakfasts which does not include sweet and light products<sup>301</sup>. Nonetheless, the increasing number of people opting for convenient food at breakfast is forecast to boost per capita

<sup>301</sup> Cereals market in China: a rising trend for Western breakfast <http://daxueconsulting.com/cereals-market-in-china/>

consumption in the years ahead, up to 165 g per capita in 2021. The breakfast cereals segment is expected to record a 6% value CAGR over the period 2018-2022 (Figure 4-42).

Hot cereals hold the largest market share in China, i.e. 678 million EUR in 2017. Ready-to-eat (RTE) cereals have recorded a strong growth between 2012 and 2017, reaching 230 million EUR in 2017, due to their instant use and rich flavours.

Figure 4-42: Evolution and forecast of the breakfast cereal market (EUR million) and per capita consumption in China, 2012-21

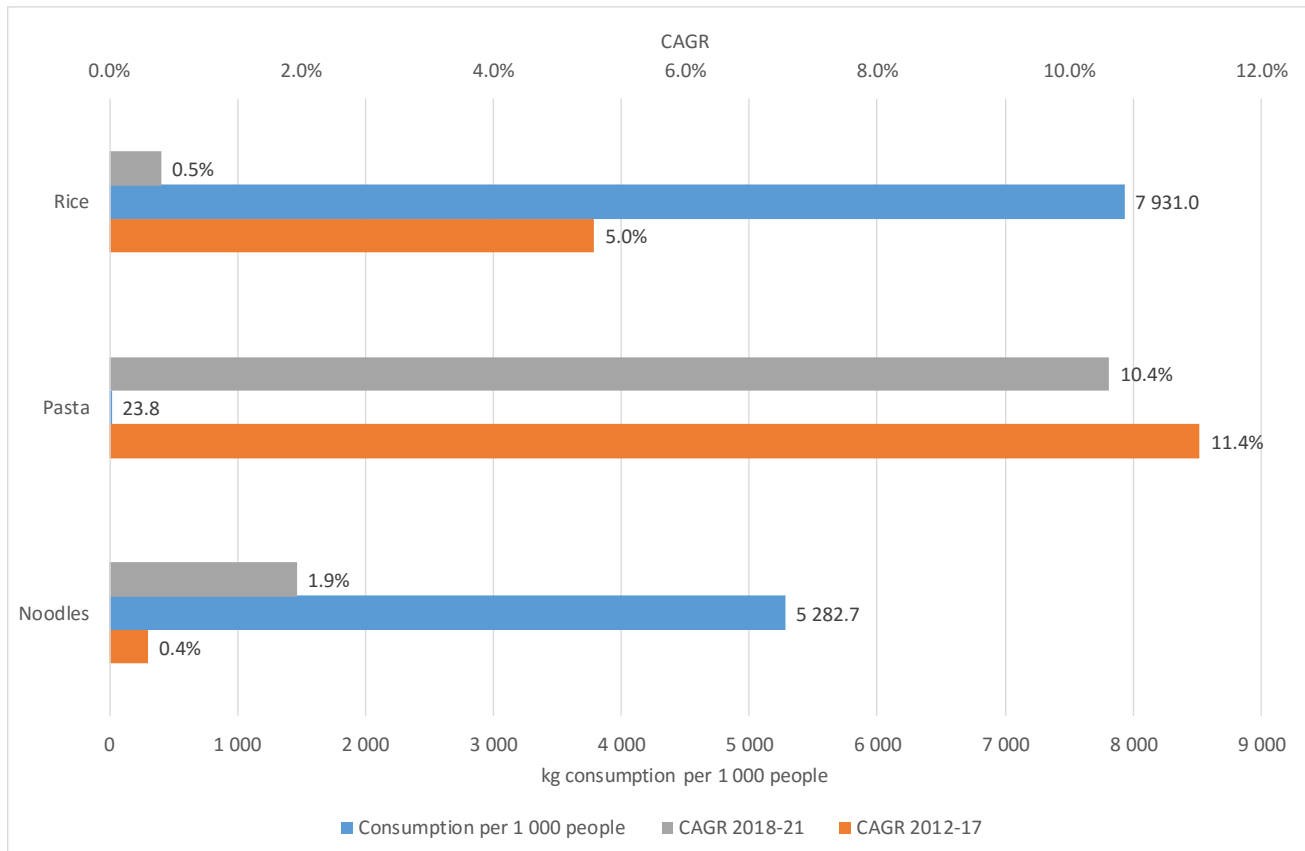


Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

Unlike rice and noodles, pasta is not traditionally used in Chinese dishes and is more expensive in China than these other products. This explains why per capita consumption is very low compared to noodles and rice. Indeed, the Chinese consumed over 300 times more rice than pasta and 200 times more noodles. Nonetheless, due to the small consumption base and the increasing acceptance of Western lifestyle in China, pasta recorded the most dynamic growth in recent years (i.e. a 18% CAGR value in 2017) and is expected to further grow at a 10% value CAGR in 2018-2022 (Figure 4-43).

Figure 4-43: Consumption of pasta, rice and noodles (kg per 1 000 people in 2017), plus historical and forecast growth rates of consumption) in China



Source: Euromonitor International Ltd

The boxes below provide summaries of key consumption data for the five identified main types of processed cereals products: hot cereals, ready to eat (RTE) cereals, as well as pasta.

Hot Cereals			
<b>Market size (2017):</b>	<b>Volume:</b> 155 000 tonnes	<b>CAGR (volume)</b>	<b>2012-2017:</b> 12.2%
	<b>Value (RSP):</b> EUR 678m		<b>2018-2021:</b> 8.3%
RTE cereals			
<b>Market size (2017):</b>	<b>Volume:</b> 38 000 tonnes	<b>CAGR (volume)</b>	<b>2012-2017:</b> 13.9%
	<b>Value (RSP):</b> EUR 330m		<b>2018-2021:</b> 13%
<b>Most popular types (% of market value 2017):</b>	Muesli and granola (18.9%) ↔	Flakes (36.4%) ↔	Children’s cereals (18.9%) ↘

Source: Euromonitor International Ltd

Pasta			
<b>Market size (2017):</b>	Volume: 33 000 tonnes	<b>CAGR (total volume)</b>	2012-2017: 12.0%
			2018-2021: 11.1%
<b>Market channels</b>	Food service (56.5%) ↘	Retail (43.5%) ↗	

Source: Euromonitor International Ltd

#### 4.12.2.2 Consumer profile and purchase criteria

The breakfast cereal market appeals to consumers with varied motivations such as health, convenience, and lifestyle choice. Young professionals with an on-the-go lifestyle can be drawn to breakfast cereal as a way to save time. Older consumers and families with young children will be motivated more by the nutritional value of products with consumers purchasing for children being less price sensitive.

Key consumers for pasta will be those emulating Western eating habits and lifestyle and will include young professionals and middle class and affluent households. Younger consumers who have had increased exposure to Western food through fast food chains will also be receptive to these products and may make purchases for preparation at home.

#### Consumer preferences



In terms of preferences among breakfast cereals, consumers generally opt for muesli-like brands which contain dried fruits (berry is the most popular) and/or nuts. Demand for muesli bars, with e.g. nuts, fruits or yogurts, has recently boomed in China, where branding tends to promote their function as a source of energy, or as a meal substitute<sup>302</sup>. Crunchy and sweet granola style products, or muesli with added chocolate are also gaining popularity amongst Chinese consumers<sup>303</sup>.

Breakfast cereals are more prevalent in large 1<sup>st</sup> and 2<sup>nd</sup> tier cities such as Beijing and Shanghai and middle/high-income Chinese are the primary consumers of this product. In particular, middle-aged workers are increasingly interested in their own health and physical resistance. Therefore, they are more likely to consume ready-to-eat breakfast cereal products as this is a convenient choice for busy people, which makes it possible to stay fit and healthy albeit with more sedentary lifestyles. Furthermore, several Chinese consumers are adopting a more Western lifestyle, e.g. new generations living in 1<sup>st</sup> and 2<sup>nd</sup> tiers, and these consumers are increasingly replacing Chinese traditional dishes with cereals at breakfast<sup>304</sup>.

<sup>302</sup> China insights report: muesli opportunity <http://www.ausfoodnews.com.au/2016/09/21/china-insights-report-muesli-opportunity.html>

<sup>303</sup> China insights report: muesli opportunity <http://www.ausfoodnews.com.au/2016/09/21/china-insights-report-muesli-opportunity.html>

<sup>304</sup> Importing breakfast cereals into China – Market Focus <https://www.dccchina.org/2016/08/importing-breakfast-cereals-into-china-market-focus/>



Packaging is very important in orienting Chinese purchase choices for cereals. Consumers are more attracted by packaging mentioning the origins of the cereals grain or oats in their branding. Furthermore, cereal and muesli packaging that feature images of farm life (e.g. wheat fields), as well as nuts, fruit, and milk are more appealing to Chinese consumers.

With regard to pasta, this product is rather considered a status symbol and is increasingly appreciated for its health properties in China<sup>305</sup>. Nonetheless only one quarter of consumers eat pasta at least once per year in China, and the small group of Chinese that eat pasta more often consume it no more than twice per week<sup>306</sup>, mostly due to a lack of knowledge on how to prepare European dishes.

Pasta in Chinese is colloquially referred to under the umbrella term of “Italian noodles” (意大利面) and awareness is highest for spaghetti which is the closest equivalent to the majority of noodles consumed in China. Other varieties such as fusilli, lasagne, and penne etc. do not enjoy the same high degree of recognition. One illustrative example of spaghetti’s foremost place in consumer awareness comes from the Chinese website Baike Baidu<sup>307</sup> (the Chinese search engine’s collaboratively built encyclopaedia) with the majority of images on the web entry for pasta on are of spaghetti with other varieties being covered in less detail. Until awareness increases for varieties other than spaghetti consumers may shy away from varieties that are less familiar to them.



#### 4.12.2.3 Recent market trends

Breakfast cereals have, and are set to continue, growing due to changing food habits where breakfast cereals are now included into an increasing number of Chinese consumers’ regular meals<sup>308</sup>. Consumption of hot cereals, which need to be boiled, is set to grow slowly, due to the drop of consumption by busy workers that have less time to eat their breakfast<sup>309</sup>. Consumption of ready-to-eat cereals muesli and granola is expected to substantially increase, due to their instant use (which allows consumers to save time) as well as rich flavours<sup>310</sup>. For example, single-cup packs are expected to become increasingly popular in China. Furthermore, products for children with functional ingredients are gaining ground<sup>311</sup>, mainly due to the increasing health awareness of consumers.

<sup>305</sup> Esportare l’Italian Dream: la pasta <http://www.retexspa.com/china-mag/esportare-litalian-dream-la-pasta/>

<sup>306</sup> Con un Federer in più Barilla alla conquista della Cina <http://www.ubitennis.com/blog/2017/11/01/con-un-federer-piu-barilla-alla-conquista-della-cina/>

<sup>307</sup> <https://baike.baidu.com/item/%E6%84%8F%E5%A4%A7%E5%88%A9%E9%9D%A2>

<sup>308</sup> Global Market Study on Breakfast Cereals: Hot Cereals to Witness Highest Growth by 2019

<https://www.persistencemarketresearch.com/market-research/breakfast-cereals-market.asp>

<sup>309</sup> Importing breakfast cereals into China – Market Focus <https://www.dccchina.org/2016/08/importing-breakfast-cereals-into-china-market-focus/>

<sup>310</sup> Euromonitor Report: Breakfast Cereals in China

<http://www.euromonitor.com/search?txtSearch=Breakfast+Cereals+in+China>

<sup>311</sup> The Chinese food market, with focus on healthy products

A potential constraint for the market growth of breakfast cereals comes from the dairy market and consumer concerns over the safety of milk and other dairy produce. Recent milk scandals in China have slowed growth in the market somewhat, as some consumers are reticent to purchase milk and related products. Any future scandals over the safety of domestic or imported milk could have further knock on effects causing contractions in the breakfast cereal market. Cereal bars and other processed cereal products not served with dairy produce should be able to avoid adverse effects as indicated from their previous performance during these events<sup>312</sup>.

Similarly to breakfast cereals, consumption of pasta is expected to rapidly grow, driven by a larger acceptance of Western lifestyles and a growing middle-class curious to experience new international tastes.

### 4.12.3 Offer

#### 4.12.3.1 Domestic production



In volume terms, China is a heavy producer of rice, wheat, sorghum, and barley, with production forecasted to further increase in 2017-18. In particular, thanks to a harvested area of 30 800 ha China's rice production is expected to achieve 211 million tonnes in 2017-2018. Furthermore, China is expected to produce 131 million tonnes of wheat, 4 million tonnes of sorghum, as well as over 2 million tonnes of barley in 2017-18<sup>313</sup>.

#### 4.12.3.2 Imports and exports

In 2016, China exported just over half the volume of processed cereals imported in 2016 (47 166 versus 105 564 tonnes) (Figure 4-44). Nonetheless, China has a heavy trade surplus in pasta and noodle overall (523 784 tonnes exported in 2016 compared to 76 805 tonnes imported according to ITC trademap). However, this can be explained by exports of noodles.

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<https://www.s-ge.com/sites/default/files/cserver/publication/free/market-study-china-food-report-20150828-s-ge.pdf>

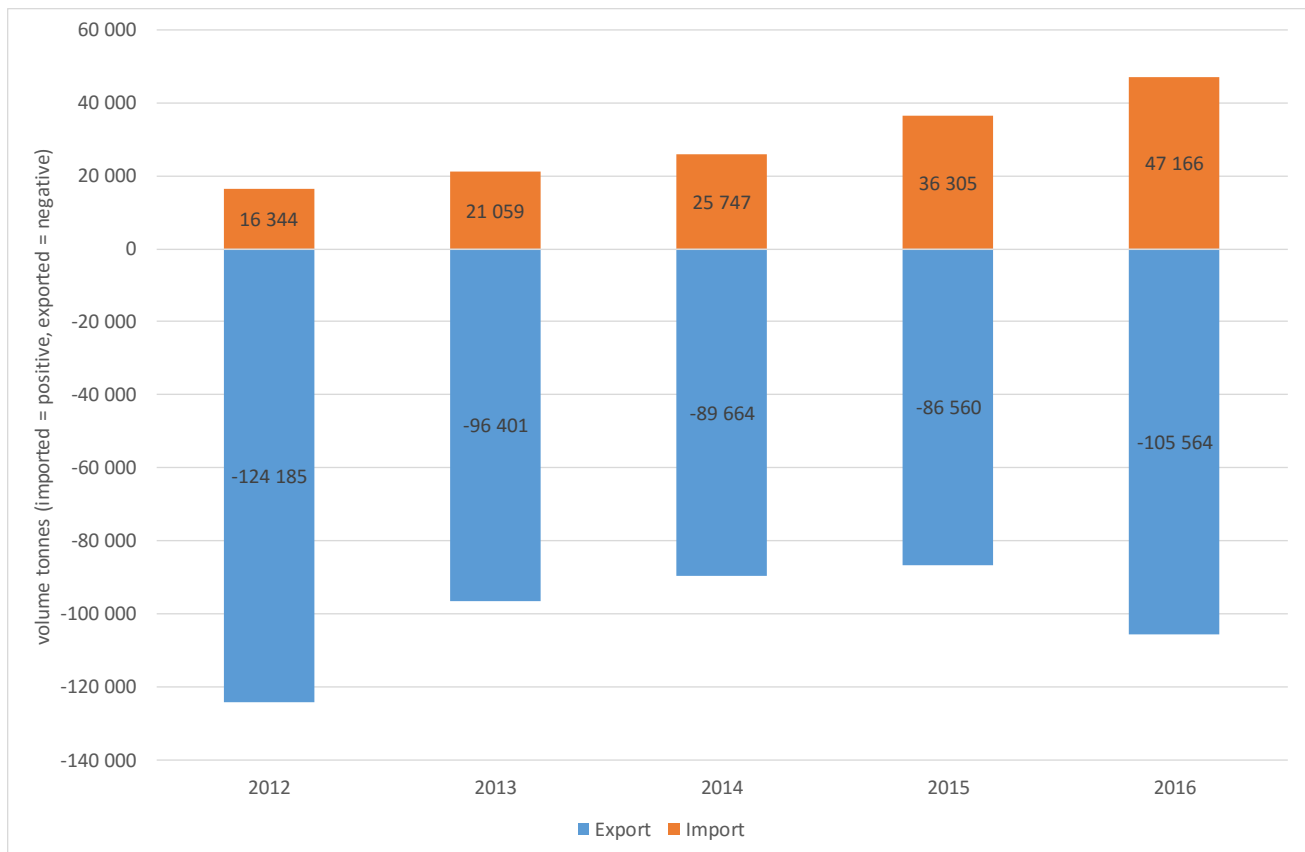
<sup>312</sup> Kellogg To Bring Cereal To China Due To Increased Milk Consumption

[http://www.huffingtonpost.com/2012/09/24/kellogg-cereal-china\\_n\\_1909421.html](http://www.huffingtonpost.com/2012/09/24/kellogg-cereal-china_n_1909421.html)

<sup>313</sup> GAIN Report: Wheat and Rice Supplants Corn Area

[https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_4-4-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_4-4-2017.pdf)

Figure 4-44: Trade balance (imports and exports) of processed cereals in China, 2012-16; tonnes



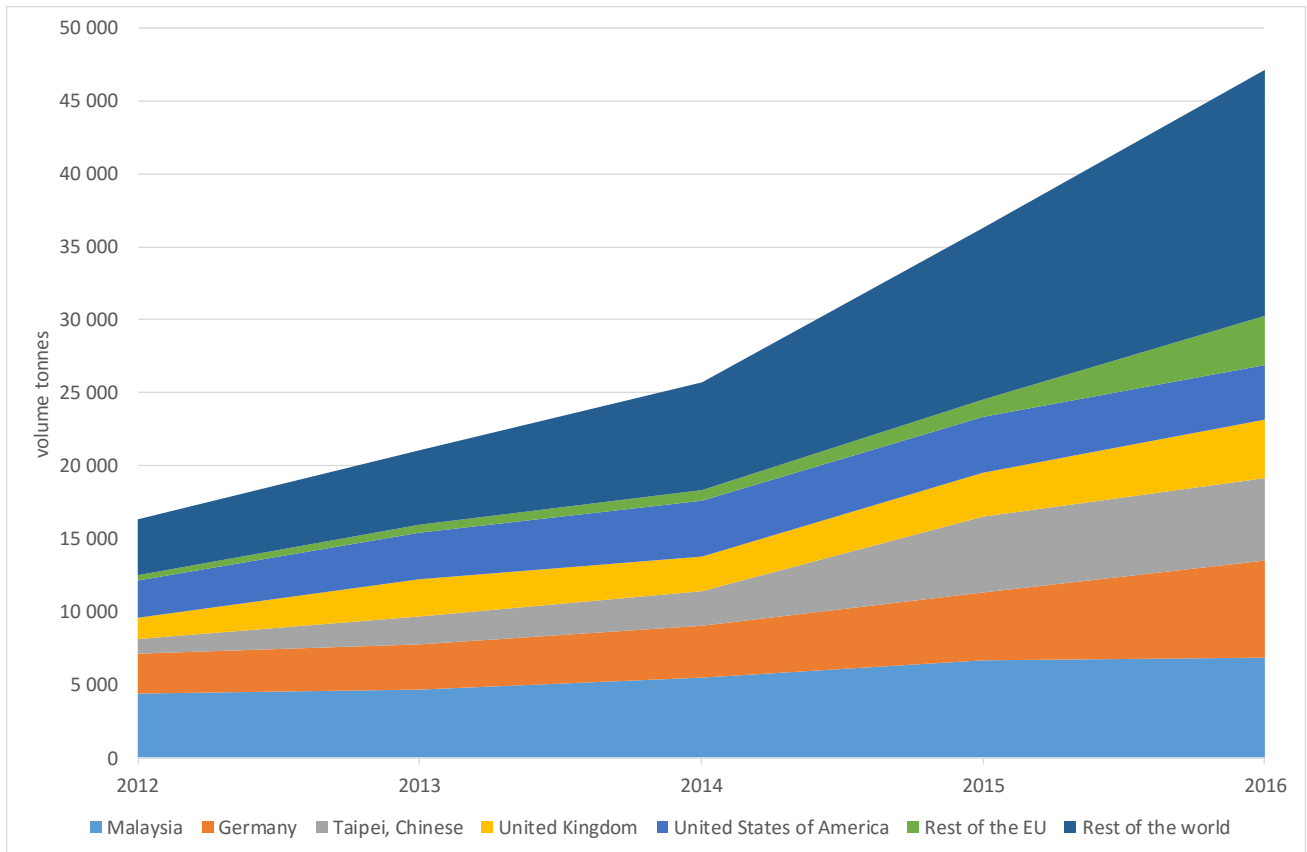
Source: ITC Trademap

Data for CN code 1904 Prepared foods obtained by the swelling or roasting of cereals or cereal products, e.g. corn flakes; cereals (other than maize "corn") in grain form or in the form of flakes or other worked grains (except flour, groats and meal), pre-cooked or otherwise prepared

In terms of trade by country, Malaysia and Germany exported the largest quantities of processed cereals into China in 2017, each accounting for 14% of the overall imports. Taiwan, UK, and the USA followed, accounting for around 10%. Other European countries were responsible for around 7% of total processed cereals exports, while the other 36% were from other non-EU countries.

As would be expected, Italy is the main source of imports which are accounted for by pasta. However, at EUR 956 per tonne the unit value of imports from Italy is greatly below the average global unit value of pasta and noodle imports to China (2 027 EUR per tonne).

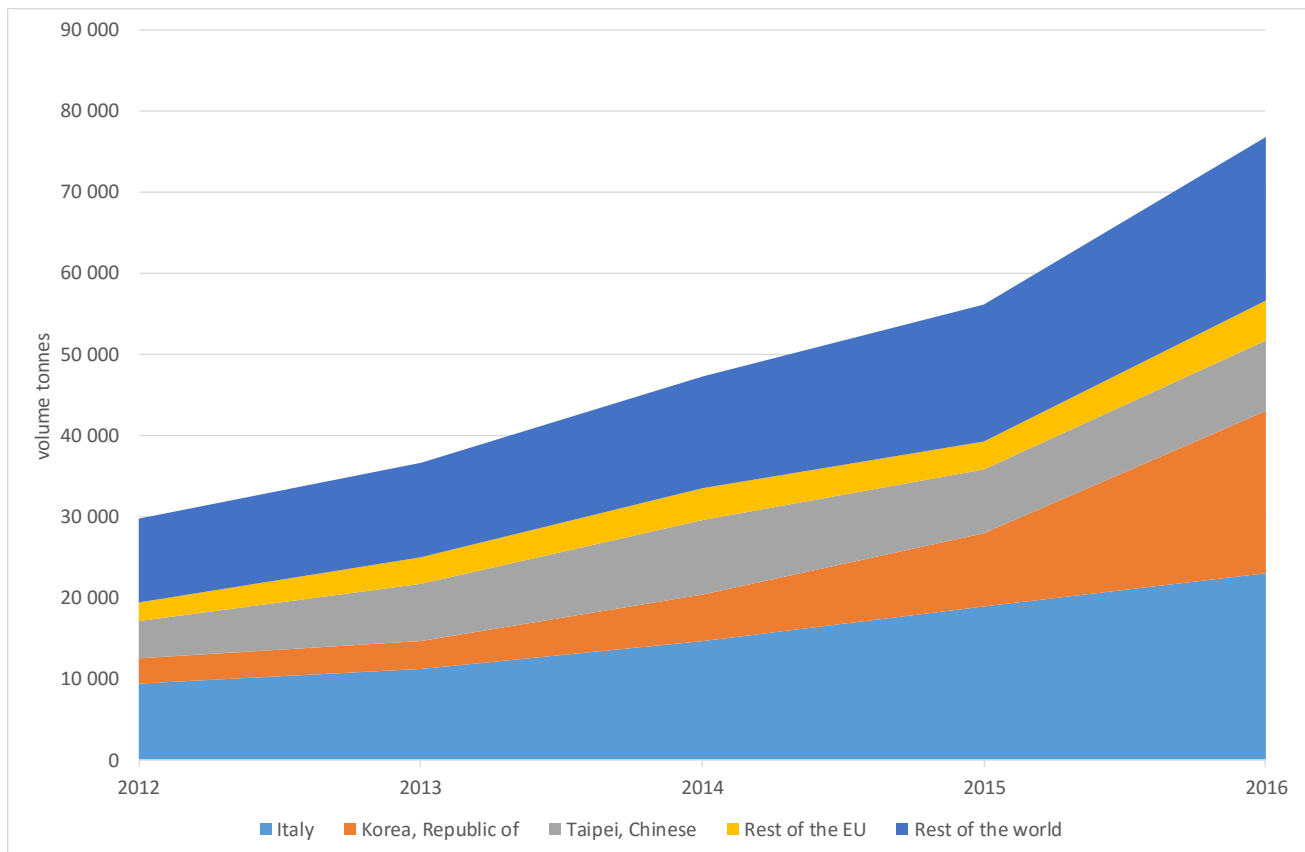
Figure 4-45: Chinese imports of processed cereals by country, 2012-16; tonnes



Source: ITC Trademap

Data for CN code 1904 Prepared foods obtained by the swelling or roasting of cereals or cereal products, e.g. corn flakes; cereals (other than maize "corn") in grain form or in the form of flakes or other worked grains (except flour, groats and meal), pre-cooked or otherwise prepared

Figure 4-46: Chinese imports of pasta and noodles by country, 2012-16; tonnes



Source: ITC Trademap

Data for CN code 1902 Pasta, whether or not cooked or stuffed with meat or other substances or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared

#### 4.12.3.3 EU GI products

PDO/PGI processed cereal products and rather a niche product and thus the Chinese are not very familiar with them. The EU-China agreement aimed at ensuring the mutual protection of geographical indications does not foresee the protection of European processed cereals/pasta.

#### 4.12.3.4 Main competitors

PepsiCo China Ltd is the biggest player in the Chinese processed cereals market, with a market share of just under 20% in 2017. Its Quaker brand is the strongest in the breakfast cereals category since 2016. Guilin Sea Mild Biology Technology Development, renowned for its hot cereals, was in second position with a 15% share<sup>314</sup>. Guilin is specialised in the production of hot cereals and has gained a large market share, resulting from over 15 years' operation at the domestic level. Furthermore, the company's products are among the most competitive in terms of price performance<sup>315</sup>, thus they benefit from a

<sup>314</sup> Euromonitor International Ltd Report: Breakfast Cereals in China

<http://www.euromonitor.com/search?txtSearch=Breakfast+Cereals+in+China>

<sup>315</sup> Importing breakfast cereals into China – Market Focus <https://www.dccchina.org/2016/08/importing-breakfast-cereals-into-china-market-focus/>

broad potential customer base. The company mainly targets elderly consumers with strong products such as Seamild Nutrition Cereal for the Elderly, High Iron Red Dates Cereal, and High Calcium Walnut Cereal<sup>316</sup>.

Several industry changes have been recorded over the years, e.g. the recent acquisition of a majority share of Weetabix by Chinese food maker Bright Foods, are indicative of the segment dynamism. Nonetheless, a consequence may be an increased level of competition deriving from domestically companies providing consumers with several competitively priced options.

With regards to pasta, noodles and rice, Ting Hsin International Group, which is specialised in instant noodles, leads the rice, pasta and noodles market in China. The company enjoys a well-established distribution network across China and has recently developed a range of new healthier and premium products thus attracting more health-conscious consumers<sup>317</sup>.

#### 4.12.3.5 Specific customs requirements

##### Market Access and Entry

Processed cereals do not face any market access restrictions and market access is available for all exporters who have completed the Registration of Foreign Exporters of Foodstuffs and are able to comply with the requirements of Chinese import procedures and relevant standards.

##### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

##### Intellectual Property Rights

The protection of IPR for processed cereal products is especially important given the growth of domestic production in this sector, and the resulting risk of the repackaging of inferior products or the misappropriation of IP that this presents. Monitoring of the distribution chain and the active assistance of distributors in the enforcement of IPR will assist greatly in the early identification of potential infringements and for ensuring that counterfeit produce is not available alongside actual products.

#### 4.12.4 Distribution

Supermarkets and hypermarkets are the leading distribution channels in the Chinese breakfast cereals market, accounting for a respective 51% and 20% share of the total market value in 2017. However, internet retailing is the fastest-emerging channel, gaining around 18% of the total market value in 2017, up to 6% in 2015 (Figure 4-47). For pasta, grocery retailers are the main distribution channel in

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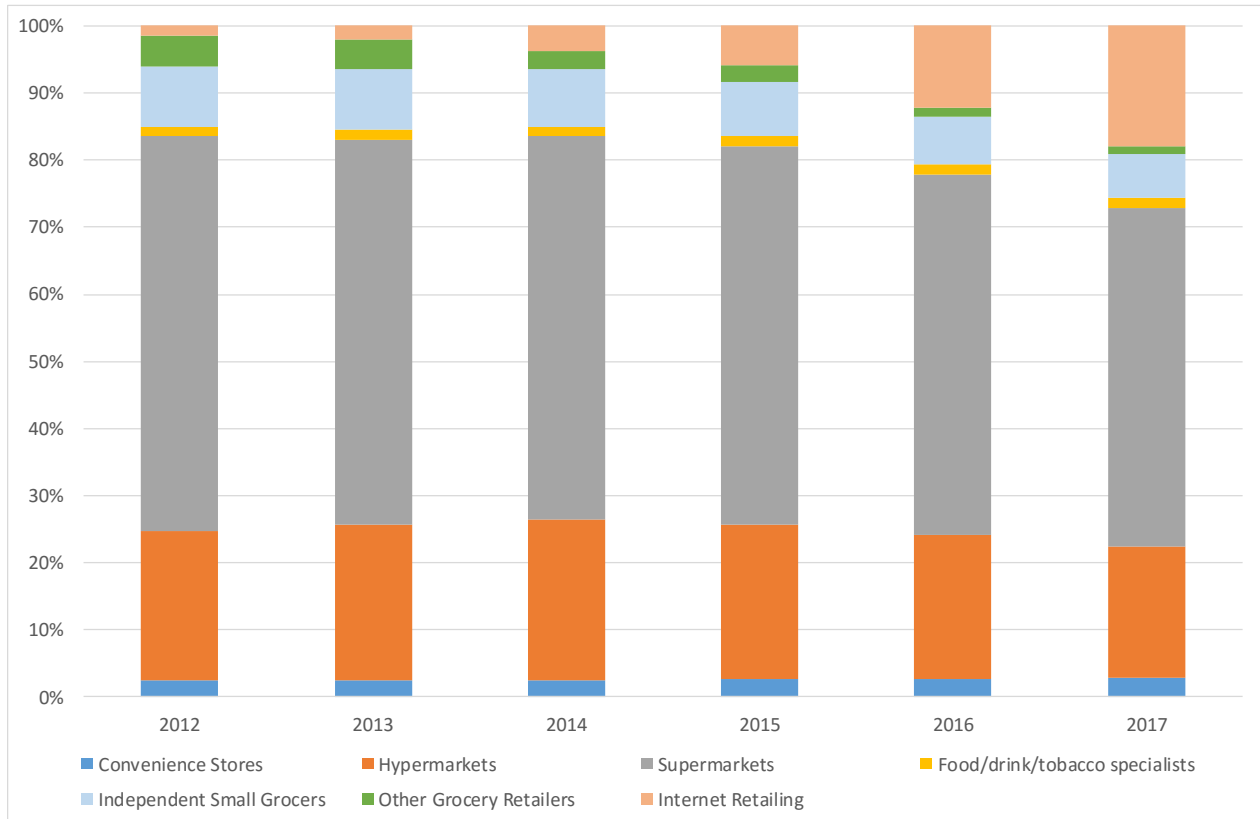
<sup>316</sup> Cereals Market in China: A Rising Trend for Western Breakfast <http://daxueconsulting.com/cereals-market-in-china/>

<sup>317</sup> Euromonitor International Ltd Report: Rice, Pasta and Noodles in China <http://www.euromonitor.com/rice-pasta-and-noodles-in-china/report>

China, accounting for over 70% of the market value, followed by e-commerce (28%), which is rapidly growing in importance (Figure 4-48).

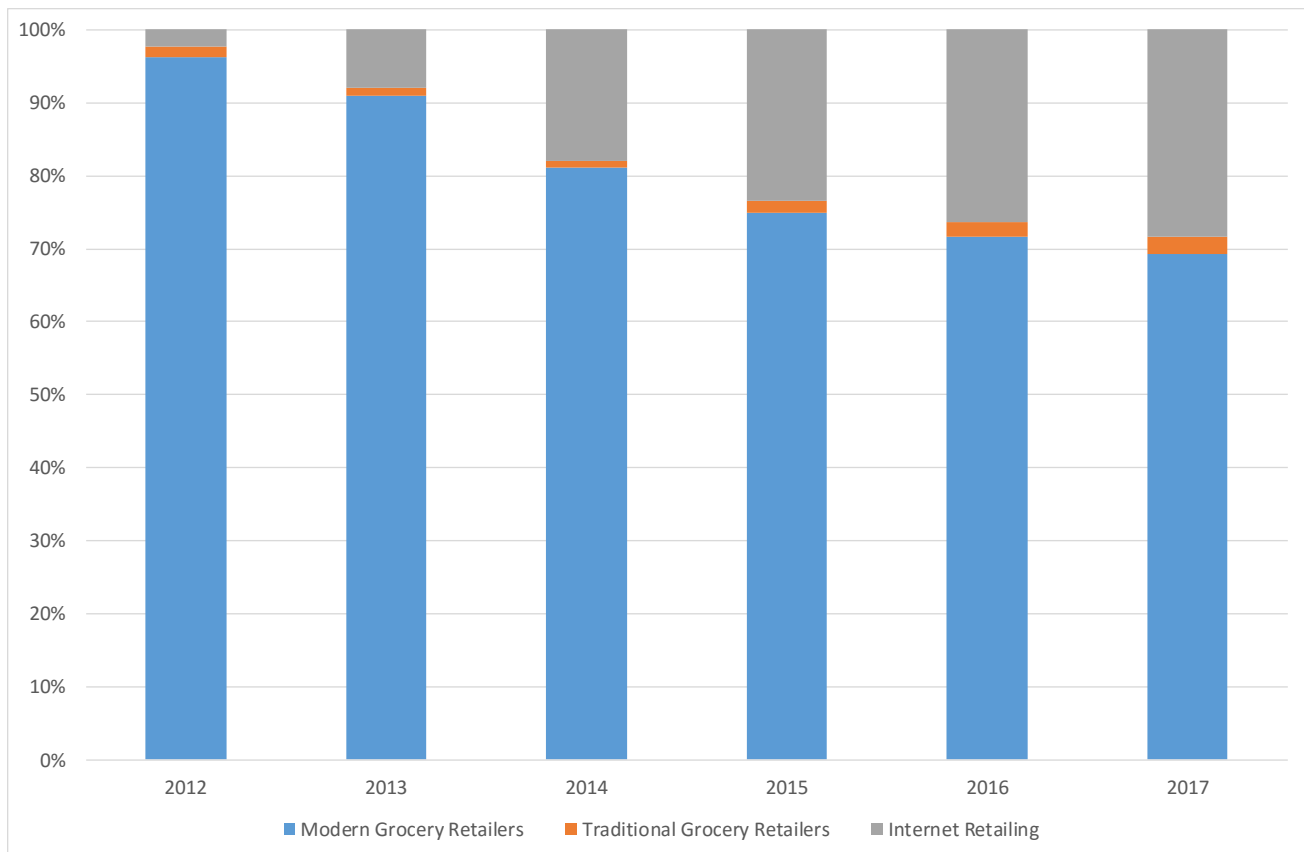
Distribution is still fragmented and so distribution and logistics partners may only have coverage of one city rather than at the provincial level.

Figure 4-47: Distribution channels for breakfast cereals in China, 2012-17 (% of retail value)



Source: Euromonitor International Ltd

Figure 4-48: Retail distribution channels of pasta in China, 2012-17



Source: Euromonitor International Ltd

#### 4.12.5 Challenges for EU products

The Chinese market for processed cereals is consolidated with a strong domestic production base and strong international players presenting barriers to entry for new brands and new producers. Similarly, pasta competes with traditional staple foods, i.e. noodles and rice.

However, new opportunities for European products are presented by health-aware consumers, which appreciate processed cereals and pasta for their nutritional value.

#### Market Takeaway: *Processed cereals and pasta*

**Consumption:** Increasing consumption of processed cereals driven by young, urban professionals seeking convenient and healthy food options. Pasta is gaining ground amongst upper-income and health-aware consumers.

**Competition:** Strong domestic and international players dominate the processed cereals sector.

**Distribution:** Retail is the main channel for processed cereals and pasta, but online sales are gaining momentum.

**Challenges:** Consumers preferences for staple foods, i.e. noodles and rice and traditional breakfast items.

**Opportunities:** Processed cereals are regarded as convenient and healthy food options. Spaghetti enjoy increasing popularity due to their similarity with local noodles.



## 4.13 Baked goods

### 4.13.1 SWOT analysis

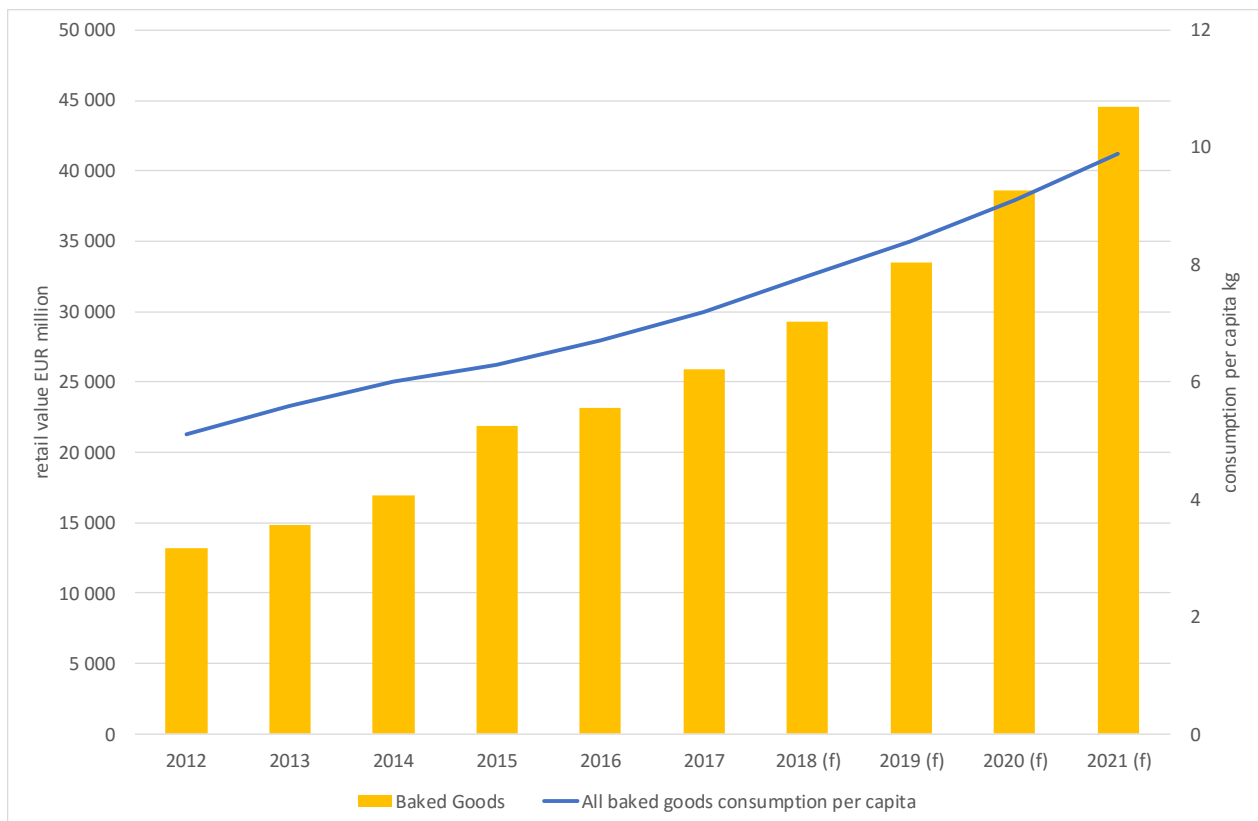


## 4.13.2 Consumption

### 4.13.2.1 Evolution of consumption

As Figure 4-49 shows, consumption of all baked goods in China has significantly increased in recent years and it is forecast to continue rising, with consumption reaching over 10kg per capita by 2021. Among the three main categories of baked goods, cakes noted the greatest increase in consumption comparing 2012 to 2017, almost doubling its retail value to EUR 11.3 million in 2017. The pastry market increased at a rate similar to that of cakes, while bread noted a slight growth over the same period.

Figure 4-49: Evolution and forecast of baked good market value (EUR millions) and consumption per capita (kg), 2012-21



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

While cakes and pastries constitute roughly equal shares of the market in value terms, pastries significantly outweighed cakes in terms of volume (5.7m tonnes compared to 1.8m tonnes). All baked goods are mostly sold unpackaged, though the packaged format is more popular for bread than for other formats (41.1%) was also sold packed. The table below provides more detail on the different baked goods segments.

Bread			
Market size (2017):	Volume: 2.4m tonnes	CAGR (value)	2012-2017: 15.8%
	Value (RSP): EUR 4.9bn		2018-2021: 13.3%
Most popular sales format (% of retail value 2017):	Unpacked (58.7%) ↗	Packed (41.3%) ↘	
Cakes			
Market size (2017):	Volume: 1.8m tonnes	CAGR (value)	2012-2017: 18%
	Value (RSP): EUR 12.8bn		2018-2021: 15.1%
Most popular sales format (% of retail value 2017):	Unpackaged (75.4%) ↗	Packaged (24.6%) ↘	
Dessert mixes			
Market size (2017):	Volume: 51 000 tonnes	CAGR (value)	2012-2017: 13%
	Value (RSP): EUR 0.4bn		2018-2021: 6.8%
Pastries			
Market size (2017):	Volume: 5.7m tonnes	CAGR (value)	2012-2017: 17.2%
	Value (RSP): EUR 11.1bn		2018-2021: 16%
Most popular sales format (% of retail value 2017):	Unpackaged (76.7%) ↗	Packaged (23.3%) ↘	
Most popular types (% of retail value 2017):	Puff pastries (17.2%) ↔	Buns (7.8%) ↗	Waffles (7.1%) ↗
	Sachima (6.7%) ↗	Pineapple pastries (5.6%) ↑	Doughnuts (5%) ↗

Source: Euromonitor International Ltd

Note: trend arrows show the evolution of the segment share in percentage terms since 2012

#### 4.13.2.2 Consumer profile and purchase criteria

Consumption of baked goods has become a symbol of a leisurely lifestyle in China. Two types of consumers can be identified:

- (1) Consumers who prefer products with the appearance of Western baked goods, but with slightly different taste. These consumers choose to buy in Asian brands' stores, where, for instance, bread is very soft with a strong taste, decorated by various Chinese grains.

- (2) Consumers who choose popular Western franchises, with branded baked products that have a taste the same as those found in Europe or America. These consumers look for “real” European bread or other European baked goods and have a strong brand perception<sup>318</sup>.

In general, bread and baked goods have become indispensable for many people, particularly students and workers in urban areas<sup>319</sup>. Younger generations, willing to adopt Western lifestyles more than their grandparents, are among top consumers of baked goods<sup>320</sup>. As Chinese consumers have been educated to consider “baked in-store” products as healthier than those produced in factories, the baked goods sector significantly benefited from the rapid expansion of artisanal bakeries. This also explains the preference for unpackaged baked goods.

The gifting tradition in China and the adoption of a Western-style diet directly has driven demand for unpackaged cakes, since they are considered a classical gift option during big events, including birthdays, weddings, new births, graduations etc.<sup>321</sup>.

In addition to the product type (bread, pastry, cake etc.), traditional Chinese baked goods can also be categorised into deep-fried, baked, and stewed segments. All of these categories are popular on the country’s traditional festivals, which have great influence on market demand for all baked goods. While some of the European pastries and cakes became very popular among Chinese consumers, for instance – French macarons<sup>322</sup>, traditional European bread has failed to win over Chinese consumers owing to its hard texture and subtle flavour. On the other hand, the localised soft European bread has managed to quickly generate interest in the country by merging the health and wellness of European bread and the soft taste preferred by Chinese consumers<sup>323</sup>.

#### 4.13.2.3 Recent market trends

Baked goods continued to witness healthy growth in 2017. As a result of the urbanisation process and consistently rising income levels, Chinese consumers, particularly the younger generations, are increasingly familiar with – and adapting to – Western diets as part of embracing a modern and premium lifestyle; and this spills over to demand for baked goods. Furthermore, the convenience aspect of baked goods has met the requirements of on-the-go consumers for breakfast or snacks to cope with the fast life pace<sup>324</sup>.

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<sup>318</sup> <http://daxueconsulting.com/bread-consumption-in-china/>

<sup>319</sup> <http://daxueconsulting.com/bakery-market-china/>

<sup>320</sup> Ibid.

<sup>321</sup> Source: Euromonitor International Ltd.

<sup>322</sup> <http://daxueconsulting.com/macaron-brands-in-china/>

<sup>323</sup> Source: Euromonitor International Ltd.

<sup>324</sup> Source: Euromonitor International Ltd.

### 4.13.3 Offer

#### 4.13.3.1 Domestic production

Domestic players dominate the market, with the largest domestic companies counting for four of the top five players of baked goods in China in 2017. This can be attributed to their noticeable distribution competency, especially in lower-tier cities and rural areas, as well as quick response to shifts in consumer trends. Domestic production therefore covers a great share of Chinese demand. Important bakery players on the Chinese national baked goods market include Holiland (a Chinese company), 85C (from Taiwan), Bakery Christine (from Taiwan), and Bread Talk (from Singapore)<sup>325</sup>. However, as identified in later section on competitors (4.13.3.4), the bakery competitive landscape also tends to be regionalised.

That said, bakery companies in China have been struggling to find a balance between expansion and management of current assets. Rising costs in the main Chinese cities as well as raw materials have made it challenging to compete.

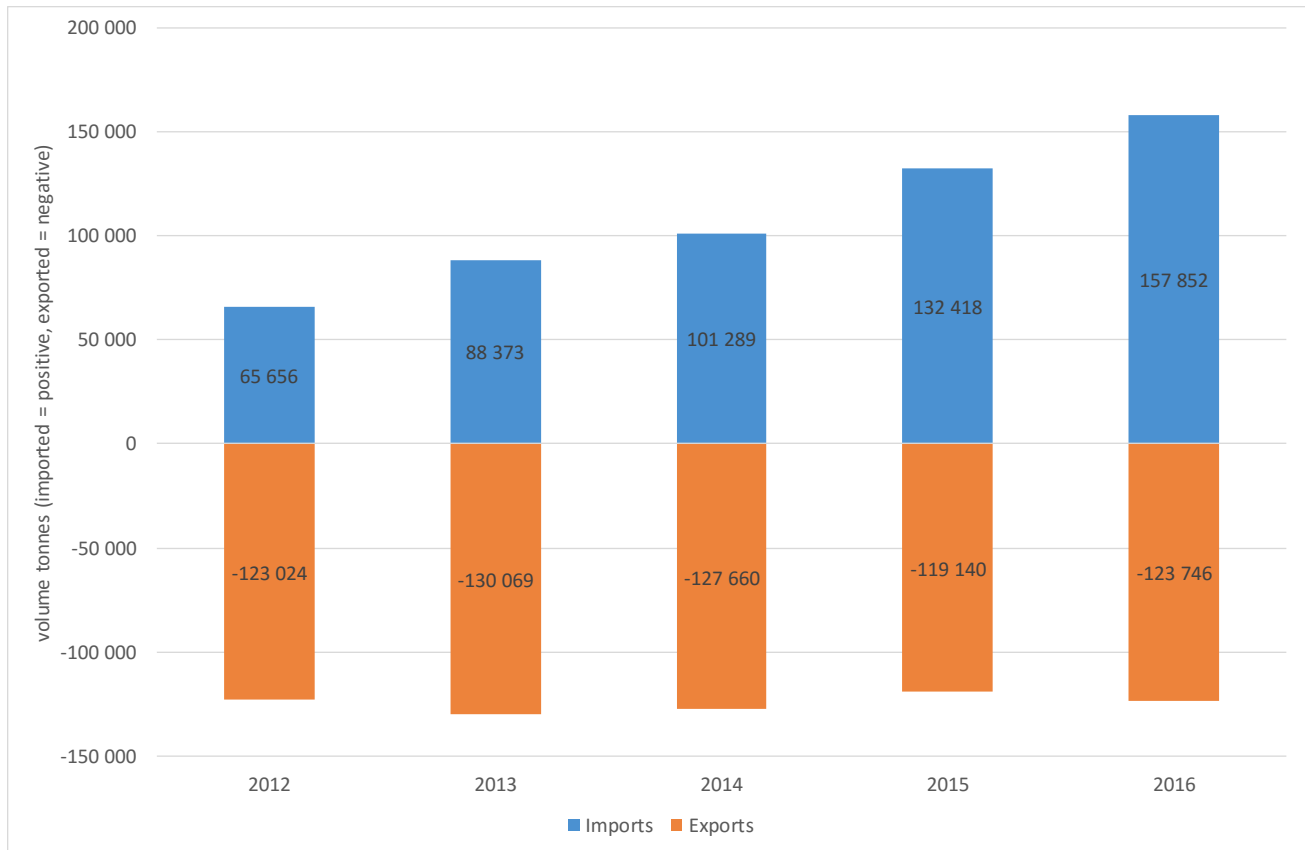
#### 4.13.3.2 Imports and exports

As presented in Figure 4-3, Chinese imports of baked goods rose steadily in years 2012-2016, reaching 157 852 tonnes in 2016. For the first time, imports volume outweighed exports year before in 2015. While imports increased consistently year-on-year, exports fluctuated and oscillated between 119 000 and 130 000 tonnes throughout this period.

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<sup>325</sup> <http://daxueconsulting.com/bread-consumption-in-china/>

Figure 4-50: Trade balance (imports and exports) of baked goods in China, 2012-16; tonnes

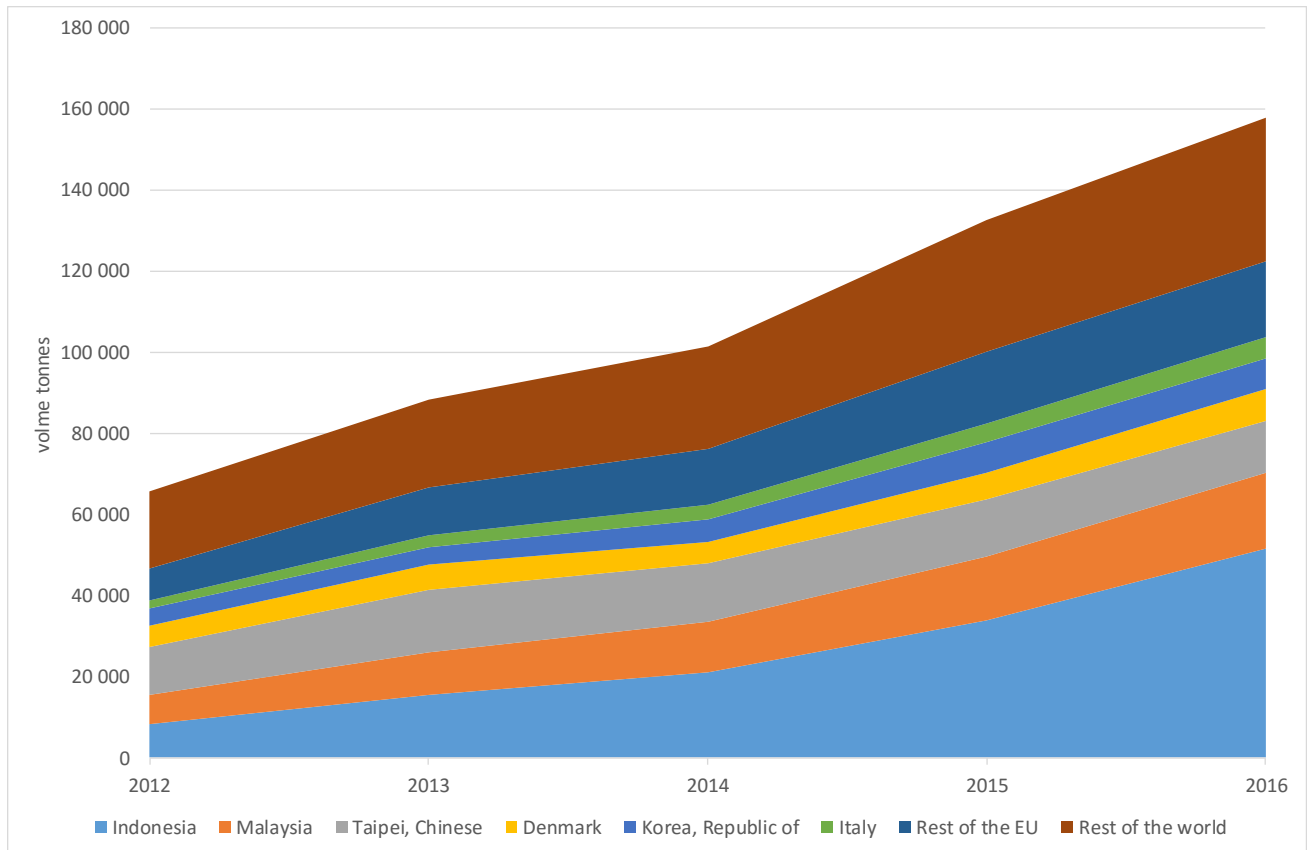


Source: ITC Trademap

Data for CN code 1905 - Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.

Chinese imports of baked goods are rather diverse in terms of origin. The largest exporters to China are Asian countries (Indonesia, Malaysia, Taipei), though there are also notable imports from European countries; Denmark and Italy; and the EU as a whole accounts for between ¼ and 1/3 of all imports (Figure 4-51).

Figure 4-51: Chinese imports of baked goods by country, 2012-16; tonnes

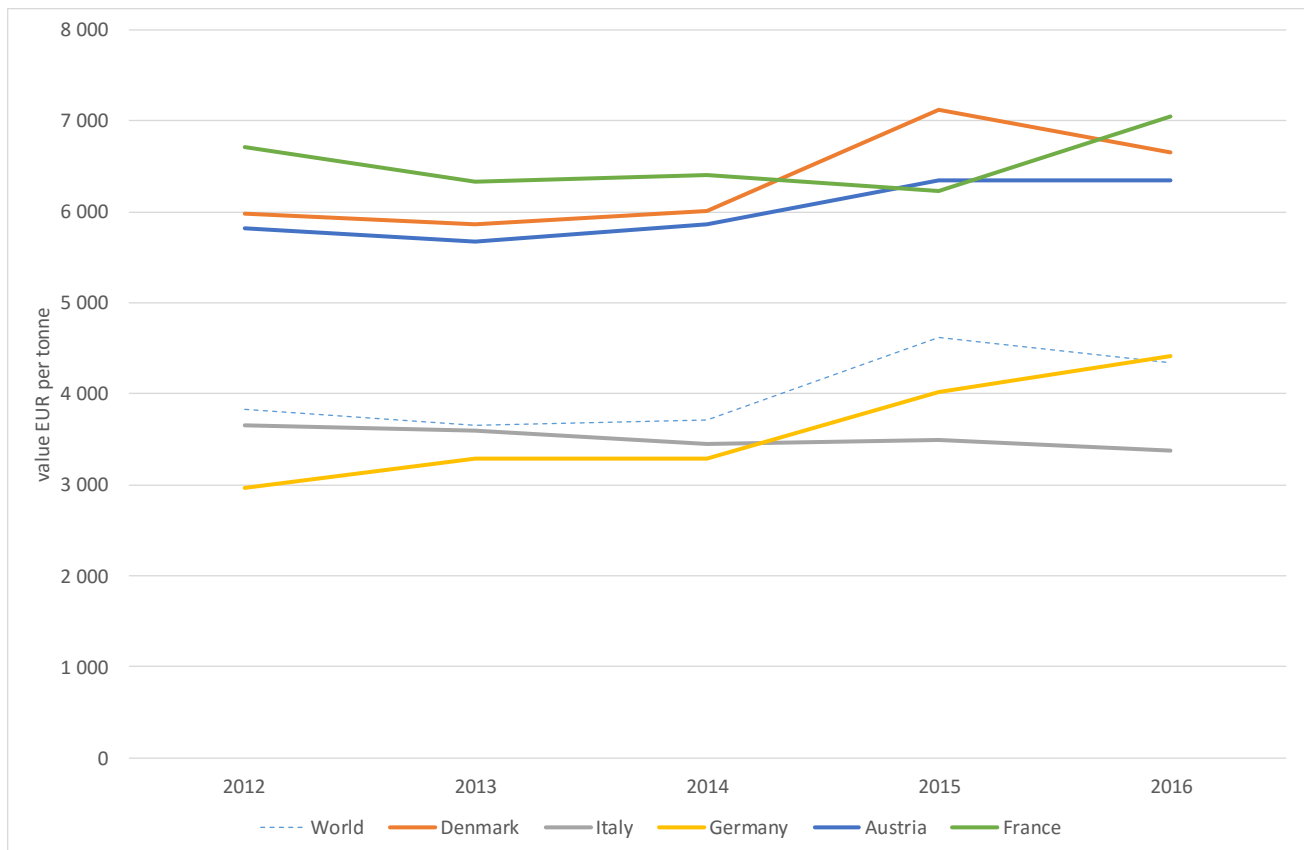


Source: ITC Trademap

Data for CN code 1905 - Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.

As Figure 4-52 demonstrates, imported goods from major EU countries are generally notably higher in unit value than the world average; though the exceptions are imports from Italy and Germany.

Figure 4-52: Per unit value of Chinese imports of baked goods for selected EU Member States, 2012-16 (EUR per tonne)



Source: ITC Trademap

Data for CN code 1905 - Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products.

#### 4.13.3.3 EU GI products

In 2017, the EU and China agreed to publish a list of two hundred European and Chinese geographical indications -100 from each side- that will be considered for protection through a bilateral agreement. However, there are no products relating to baked goods category among them <sup>326</sup>.

#### 4.13.3.4 Main competitors

As mentioned in section 4.13.3.1, the domestic manufacturing market is mostly dominated by Chinese companies, such as Shenyang Toly Bread Co and Fujian Changting Panpan Foodstuff Co Ltd<sup>327</sup>, with the former using a “central factory + wholesale” production and distribution model to cover the national market. However, bakeries are spread all over China due to logistical and practical reasons combined with products freshness as well as with specific styles and flavours preferred. The main division can be observed as follows<sup>328</sup>:

<sup>326</sup> <https://ec.europa.eu/agriculture/sites/agriculture/files/newsroom/2017-06-02-gis.pdf>

<sup>327</sup> Changting Panpan Foodstuff Co Ltd is also involved in manufacturing potato chips, rice crackers etc.

<sup>328</sup> <http://daxueconsulting.com/bakery-market-china/>



- Cantonese bakeries (Guangdong province)
- Sichuan bakeries (Sichuan province)
- Suzhou bakeries (Jiangsu province)
- Qin bakeries (Shaanxi province)
- Beijing bakeries
- Jin bakeries (Shanxi province)

#### 4.13.3.5 Specific customs requirements

##### Market Access and Entry

Baked products do not face any market access restrictions and market access is available for all exporters who have completed the Registration of Foreign Exporters of Foodstuffs and are able to comply with the requirements of Chinese import procedures and relevant standards.

##### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

##### SPS measures

There are no SPS measures put in place with regards to exporting baked goods to China and they only rely on market entry access measures and customs procedures identified in section 3.2.5.

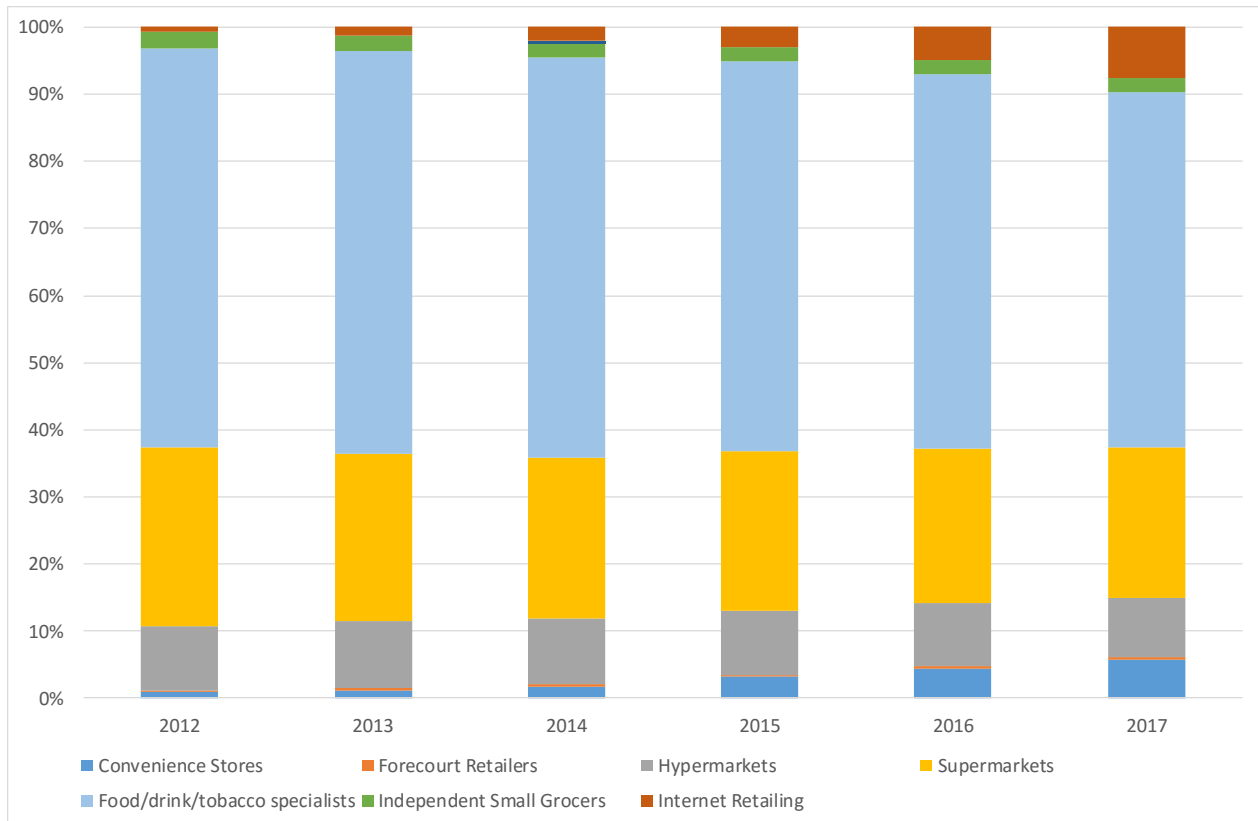
##### Labelling

As mentioned in previous sections (e.g. section 4.13.2), the majority of baked goods are sold unpackaged, with the exception of bread.

#### 4.13.4 Distribution

As presented in Figure 4-53, food/drink/tobacco specialists (bakeries) have had the greatest share in retail channels for baked goods in recent years. That said, between 2012 and 2017 the share of bakery products distributed through these channels dropped by 6.6 percentage points. Supermarkets and hypermarkets noted a slight decrease in its shares and convenience stores rose by 4.8% between 2012 and 2017. Internet retailing share increased by 7% in last five years. Despite the shifts above, the rapid development of the offline bakery chains and the rise of independent internet bakery retailers has contributed to growth in distribution of unpackaged goods.

Figure 4-53: Retail channels for baked goods (all types) 2012-17



Source: Euromonitor International Ltd

#### 4.13.5 Challenges for EU products

In spite of the fact that consumption of baked goods is on constant rise, history shows that European companies may have difficulties in reaching customers in the market largely dominated by Chinese manufacturers and regionalised bakeries in a market that is dominated by unpackaged goods (and hence favours local production). As identified by European bakery owners in China, it is worth to have a local partner able to manage the local administrative-related regulations and understand local conditions<sup>329</sup>.

<sup>329</sup>Bread Consumption in China: Soon the second largest consumers of bakery products in the world?  
<http://daxueconsulting.com/bread-consumption-in-china/>

### Market Takeaway: Baked goods

**Consumption:** Consumption of all baked goods in China has significantly increased in recent years and is forecast to increase further. Goods are mostly sold unpackaged, though the packaged format is more popular for bread than for other formats.

**Competition:** Domestic players dominate the market, with the largest domestic companies counting for four of the top five players of baked goods in China in 2017. In addition, there are many regionalised bakeries with specific styles and flavours preferred in different parts of the country.

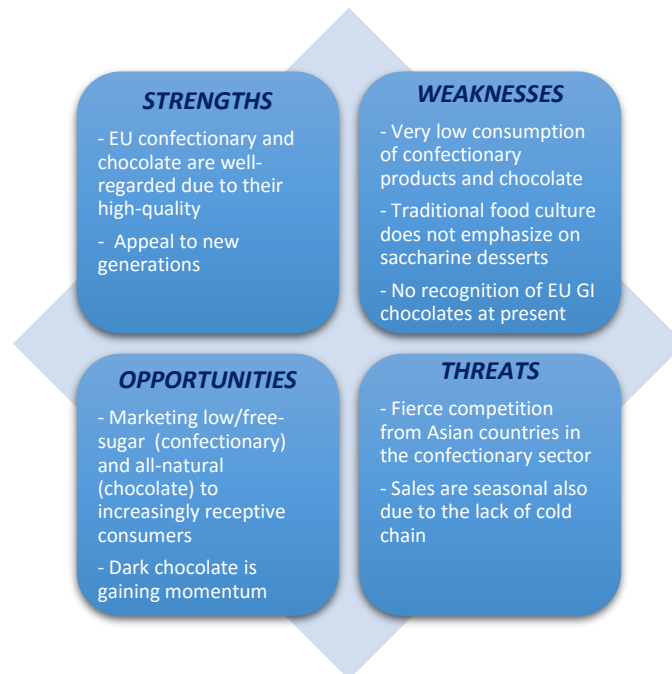
**Distribution:** As majority of products are sold unpackaged, baked goods are mainly distributed through food/drink/tobacco specialists (bakeries). The second place in the list is occupied by supermarkets and hypermarkets (in order of significance). Internet retailing noted a solid increase in its share of distribution channels.

**Challenges:** In the past, European companies had some difficulties in reaching consumers in the market due to domination of domestic producers as well differences in styles and/or preferences.

**Opportunities:** Room for Western-style baked goods given the increasing interest of Western diets and premium

## 4.14 Chocolate and confectionary

### 4.14.1 SWOT analysis



### 4.14.2 Consumption



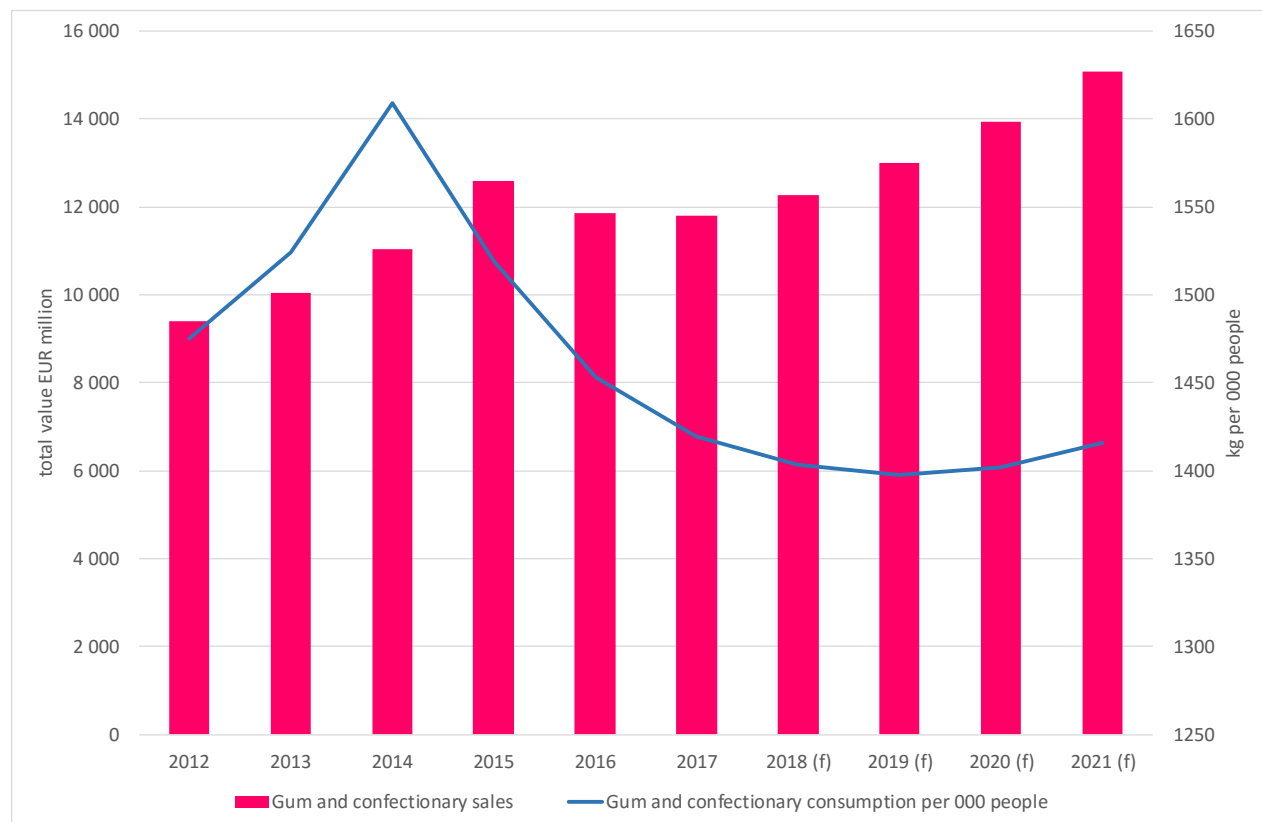
There is room for growth in the Chinese confectionary and chocolate market, in particular for sugar free products, which are foreseen to grow in value with consumers trading up and purchasing higher quality and healthier products. While the market is dominated by large global companies, European confectionary and chocolate products are

regarded as high quality and safe items, therefore there is a great potential for new European players to succeed in the Chinese market.

#### 4.14.2.1 Evolution of consumption

On a per capita basis, Chinese consumption of confectionary and chocolate is still very low in China compared to Western countries. In recent years, per capita consumption of gums and confectionary has decreased significantly from a peak of 1.6kg per capita in 2014 to just over 1.4kg per capita in 2017, and going forwards consumption is expected to stabilise around this level (Figure 4-54). Nonetheless, consumption in terms of value is on the rise, with medicated confectionery, mints and gums recording the most dynamic growth, i.e. around 11%, 14% and 8% expected CAGR between 2018 and 2021.

Figure 4-54: Evolution and forecast of the confectionary market (EUR million) and of confectionary consumption per 1 000 people (kg) in China, 2012-2021



Source: Euromonitor International Ltd

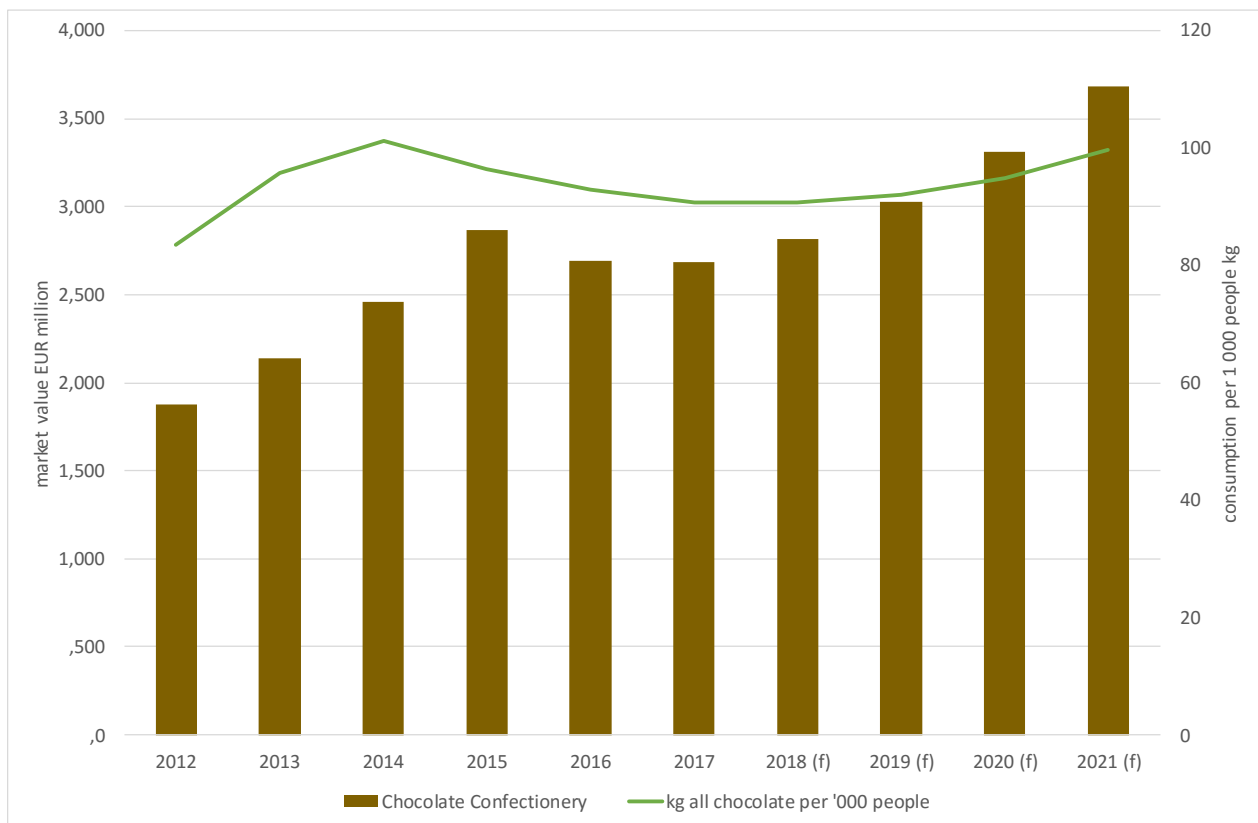
Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

Per capita consumption of chocolate was 91 grams in 2017, about one bar of chocolate a year, far less than the 90 bars per capita consumed by Germans<sup>330</sup>. Due to strengthening consumer awareness of healthy diets, per capita consumption of chocolate is forecast to further fall in the short term, but then

<sup>330</sup> Why the Chinese Are Still Not Sweet on Chocolate <http://www.sixthtone.com/news/2061/why-the-chinese-are-still-not-sweet-on-chocolate>

set to recover to 100 grams by 2021 (Figure 4-55). The market shows an upward trend in value terms driven by higher disposable incomes and the tendency of Chinese consumers to trade up for higher quality chocolate<sup>331</sup>. In terms of chocolate products, boxed assortments, tablets and countlines account for the highest market values and are set to continue growing. Nonetheless the chocolate with toys market value recorded the highest annual growth rate over the period 2012-17 (32% CAGR) and these products are forecast to continue growing at a strong annual rate going forwards (13% CAGR).

Figure 4-55: Evolution and forecast of chocolate market by type (EUR million) and of chocolate consumption per 1 000 people (kg) in China, 2012-2021



Source: Euromonitor International Ltd

Note: figures for 2018 to 2021 based on forecasts as indicated by (f) after the year

The tables below provide summaries of key consumption data for the five identified main types of confectionery and chocolate products: gum; boiled sweets; lollipops; medicated confectionery; mints; pastilles, gums, jellies and chews; toffees, caramel and nougat; other sugar confectionery; chocolate pouches and bags; boxed assortments; chocolate with toys; countlines (chocolate based bars); and tablets.

<sup>331</sup> Chocolate market in China – New shakeup for producers <https://www.dccchina.org/2017/07/chocolate-market-in-china-new-shakeup-for-producers/>

Gum			
<b>Market size (2017):</b>	Volume: 128 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 2.0%</b>
	Value (RSP): EUR 2.1bn		<b>2018-2021: 8.4%</b>
<b>Most popular types (% of retail value 2017):</b>	Chewing gum (89.4%) ↗	Bubble gum (10.6%) ↘	
<b>Most popular flavours (2016):</b>	#1: Fruit	#2: peppermint	#3: lemon
Boiled sweets			
<b>Market size (2017):</b>	Volume: 387 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 3.1%</b>
	Value (RSP): EUR 2.4bn		<b>2018-2021: 5.6%</b>
Lollipops			
<b>Market size (2017):</b>	Volume: 117 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 7.5%</b>
	Value (RSP): EUR 0.6bn		<b>2018-2021: 7.4%</b>
Medicated confectionary			
<b>Market size (2017):</b>	Volume: 7 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 12%</b>
	Value (RSP): EUR 0.2bn		<b>2018-2021: 11.1%</b>
Mints			
<b>Market size (2017):</b>	Volume: 29 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 12.8%</b>
	Value (RSP): EUR 0.3bn		<b>2018-2021: 14.4%</b>
Pastilles, gums, jellies and chews			
<b>Market size (2017):</b>	Volume: 256 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 8.3%</b>
	Value (RSP): EUR 1.4bn		<b>2018-2021: 6.8%</b>
<b>Most popular types (% of retail value 2017):</b>	Gums, jellies and chews (78.1%) ↗	Pastilles (21.9%) ↘	
Toffees, caramel and nougat			
<b>Market size (2017):</b>	Volume: 389 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 4.4%</b>
	Value (RSP): EUR 3.1bn		<b>2018-2021: 6.9%</b>
Other sugar confectionary			
<b>Market size (2017):</b>	Volume: 649 000 tonnes	<b>CAGR (value)</b>	<b>2012-2017: 5.2%</b>
	Value (RSP): EUR 1.6bn		<b>2018-2021: 5.5%</b>

Source: Euromonitor International Ltd

Chocolate pouches and bags			
Market size (2017):	Volume: 16 000 tonnes	CAGR (value)	2012-2017: 6%
	Value (RSP): EUR 258m		2018-2021: 8.7%
Boxed assortments			
Market size (2017):	Volume: 33 000 tonnes	CAGR (value)	2012-2017: 7.1%
	Value (RSP): EUR 1 139m		2018-2021: 8.4%
Chocolate with toys			
Market size (2017):	Volume: 6 000 tonnes	CAGR (value)	2012-2017: 32%
	Value (RSP): EUR 254m		2018-2021: 13%
Countlines (chocolate based bars)			
Market size (2017):	Volume: 24 000 tonnes	CAGR (value)	2012-2017: 6.1%
	Value (RSP): EUR 432m		2018-2021: 10.6%
Tablets			
Market size (2017):	Volume: 46 000 tonnes	CAGR (value)	2012-2017: 4.4%
	Value (RSP): EUR 603m		2018-2021: 9%
Most popular types (2017):	Plain milk (36.5%) ↔	Plain dark (30%) ↘	Filled (25.5%) ↑

Source: Euromonitor International Ltd

#### 4.14.2.2 Consumer profile and purchase criteria



Confectionary products are generally more popular amongst young consumers who have had increased exposure to Western products and lifestyle. While health conscious consumers from higher income brackets will still make purchases, they will be less likely to make impulse purchases of snacks and low to mid-price-point options. Given the advice of several Chinese medical institutions to reduce consumption of sugar, sugar-free candies are likely to become more and more popular<sup>332</sup>.

As there is not nationwide market penetration for confectionary products, consumers in different regions have different patterns of consumption. More sophisticated consumers are more likely to purchase larger gift boxes or sets of confectionaries, while 2<sup>nd</sup> and 3<sup>rd</sup> tiers consumers are more likely to purchase single serving or smaller products<sup>333</sup>.

<sup>332</sup> Candy & confectionery market in China <http://daxueconsulting.com/candy-confectionery-market-china/>

<sup>333</sup> Chocolate fortunes <http://www.chinabusinessreview.com/chocolate-fortunes/>

Personalisation is one of the most important factor driving purchases of products like candies, with consumers preferring personalised items and packages. Extravagant flavours and attractive packaging can particularly appeal to very young generations<sup>334</sup>.

Chocolate has not traditionally been consumed by Chinese consumers as the food culture has never emphasized saccharine desserts (indeed, unlike European cuisine, Chinese meals lack a dessert course). Furthermore, Chinese cuisine is influenced by the Chinese traditional medicine, which recommends a low consumption of sugar<sup>335</sup>. Nonetheless, the situation is rapidly changing and consumers are increasingly accepting of, and educated on chocolate (and confectionary more broadly). Emerging Chinese consumers are mostly driven by taste<sup>336</sup> and are not only increasingly eating bonbons, bars and tablets but more and more they are developing a taste for bakery products, pastries and ice-creams containing chocolate.

The southern Chinese are more likely to consume sweet food than people living in the north. Females and young Chinese are the most important consumers of chocolate<sup>337</sup>, mostly driven by its taste<sup>338</sup>. More concretely Chinese women accounted for 30.4 billion consumption occasions in 2015, versus 28.7 billion for men<sup>339</sup>.

Foreign chocolate is the first choice of most Chinese consumers (roughly twice as many consumers prefer foreign chocolate as those who prefer local brands<sup>340</sup>). Dark chocolate remains the most popular chocolate sold in the Chinese market, because it is less sweet and is perceived to be healthier than other types of chocolate (it contains less sugar and higher levels of cocoa). Fine European chocolates are usually given as gifts to new business contacts to build up respectful relationships<sup>341</sup>. Gourmet brands are indeed very popular in China, despite all-natural products are gaining momentum<sup>342</sup>.

## Seasonal Sales

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<sup>334</sup> Chinese Candy Finds a Sweet Spot Online <https://research.rabobank.com/far/en/sectors/consumer-foods/tasty-chinese-candy.html>

<sup>335</sup> Why the Chinese Are Still Not Sweet on Chocolate <http://www.sixthtone.com/news/2061/why-the-chinese-are-still-not-sweet-on-chocolate>

<sup>336</sup> Barry Callebaut sees China's potential as one of the world's biggest chocolate markets <https://www.barry-callebaut.com/news/2018/01/barry-callebaut-sees-chinas-potential-one-worlds-biggest-chocolate-markets>

<sup>337</sup> New generation of chocoholics may turn China into a major chocolate market <http://www.scmp.com/business/companies/article/2110537/new-generation-chocoholics-may-turn-china-major-chocolate-market>

<sup>338</sup> Barry Callebaut sees China's potential as one of the world's biggest chocolate markets <https://www.barry-callebaut.com/news/2018/01/barry-callebaut-sees-chinas-potential-one-worlds-biggest-chocolate-markets>

<sup>339</sup> Report: China's confectionery market continues to grow <https://www.candyindustry.com/articles/87508-report-chinas-confectionery-market-continues-to-grow>

<sup>340</sup> Market of chocolate in China <http://daxueconsulting.com/market-of-chocolate-in-china/>

<sup>341</sup> Why the Chinese Are Still Not Sweet on Chocolate <http://www.sixthtone.com/news/2061/why-the-chinese-are-still-not-sweet-on-chocolate>

<sup>342</sup> China's Newfound Appetite for Chocolate Is Big Business <https://caifuglobal.com/en/industry/manufacturing/520-china-s-newfound-appetite-for-chocolate-is-big-business>



Sales have traditionally been seasonal, in that confectionary and chocolate products perform better during the winter rather than the summer. Seasonality is mainly due to:

- **Logistics:** the absence of a cool supply chain makes it difficult to store chocolate products so that they do not melt before reaching the final consumers;
- **Culture:** Chinese pharmacology classifies confectionary products as “hot” products, which should therefore be consumed during colder seasons rather than during the summer. Indeed, the Chinese prefer eating fresh fruit as a dessert in summer, instead of higher-calories products like chocolate<sup>343</sup>.

### Wedding Confectionary

The gifting of high quality chocolate and sugar confectionaries at weddings is increasingly prevalent and, as it is part of China’s gifting culture, products in the high price point range and with a good reputation can do well in this market niche. The wedding candy culture is particularly popular in eastern China where half of the wedding candies sold in China are consumed. Wedding confectionary are usually put in small packages with 6-8 candies or chocolates. Unlike other confectionary products, wedding candies and chocolates are more likely to sell well in July, August and September<sup>344</sup>.

Given the booming value of the wedding market in China, being able to capitalise on this niche will be important for products marketing themselves as high quality rather than as snacks or low to mid-price-point options. High quality packaging and a high price are important aspects for giving face to both the recipient and the giver of the gift.

#### 4.14.2.3 Recent market trends

It is expected that China’s confectionery and chocolate market will continue to flourish over the next years, thanks to the population’s increasing disposable income and the increasing interest in Western-style confectionary products<sup>345</sup>.

Amongst confectionary products, sugar-free candies and gums will take the lead, given that consumers are becoming more and more health conscious and pay attention to medical institutions advising to consume less sugar<sup>346</sup>. With regards to chocolate, the market is expected to quickly grow, driven by young generations preference for Western brands. In particular, new or innovative chocolate products with a premium association have a bright future in the Chinese market<sup>347</sup>.

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<sup>343</sup> Opportunities & Challenges in the Chinese Chocolate Market <https://www.linkedin.com/pulse/opportunities-challenges-chinese-chocolate-market-girolami-%E6%9D%B0%E5%AE%81/>

<sup>344</sup> China Wedding Candy Market- A Market Candy Maker Cannot Neglect <https://www.marketingtochina.com/china-wedding-candy-market-cannot-neglect/>

<sup>345</sup> Report: China’s confectionery market continues to grow <https://www.candyindustry.com/articles/87508-report-chinas-confectionery-market-continues-to-grow>

<sup>346</sup> Candy & confectionery market in China <http://daxueconsulting.com/candy-confectionery-market-china/>

<sup>347</sup> China insights report: Chocolate opportunities <http://www.ausfoodnews.com.au/2016/12/07/china-insights-report-chocolate-opportunities.html>

### 4.14.3 Offer

The market shows potential for increased growth of imports, especially for premium chocolate and sugar-free confectionary products; however, issues such as cold chain storage and fragmented distribution pose challenges for those wishing to expand beyond already established markets in China.

#### 4.14.3.1 Domestic production

Domestic production of confectionary and chocolate in China is rather limited, given that Chinese consumers consider true chocolate as a refined European product<sup>348</sup>.

Chinese manufacturers started producing chocolate around 60 years ago and hence there is an inevitable gap behind foreign brands in terms of production techniques and technologies. Furthermore, local chocolate manufacturers make fewer marketing efforts to promote their brands reputation and products compared to European brands<sup>349</sup>. For these reasons, Chinese chocolate manufacturers, i.e. around 583 SMEs, are generally eclipsed by foreign competitors<sup>350351</sup>.

#### 4.14.3.2 Imports and exports

In 2016, China exported almost six times the volume of confectionary it imported. Nonetheless, confectionary imports almost doubled between 2012 and 2016, reaching approximately 48 000 tonnes in 2016. (Figure 4-56). China mostly imported sugar confectionary products (e.g. candies, toffees, boiled sweets etc.), while only about 500 tonnes of chewing gum were exported in the country<sup>352</sup>.

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<sup>348</sup> A Little Too Foreign: The Spread of Chocolate in China  
<https://chocolateclass.wordpress.com/2015/03/13/chocolate-in-china-an-undeniably-foreign-delight/>

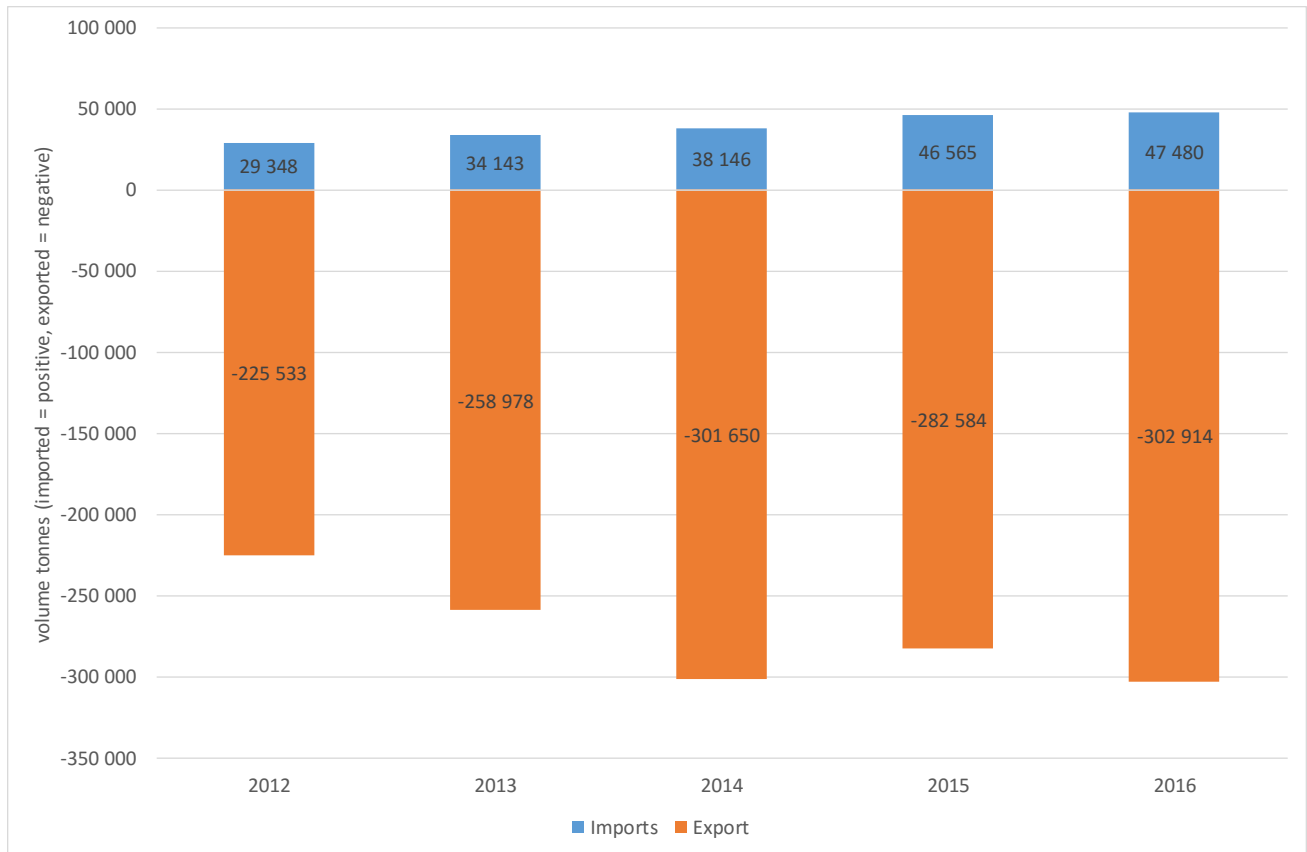
<sup>349</sup> A Study of the Indo-China Chocolate Market 2017 <http://markets.businessinsider.com/news/stocks/a-study-of-the-indo-china-chocolate-market-2017-1002238092>

<sup>350</sup> Chocolate & Candy Production - China Market Research Report  
<https://www.ibisworld.com/industry-trends/international/china-market-research-reports/manufacturing/food/chocolate-candy-production.html>

<sup>351</sup> New generation of chocoholics may turn China into a major chocolate market  
<http://www.scmp.com/business/companies/article/2110537/new-generation-chocoholics-may-turn-china-major-chocolate-market>

<sup>352</sup> ITC TradeMap

Figure 4-56: Trade balance (imports and exports) of confectionery in China, 2012-16; tonnes

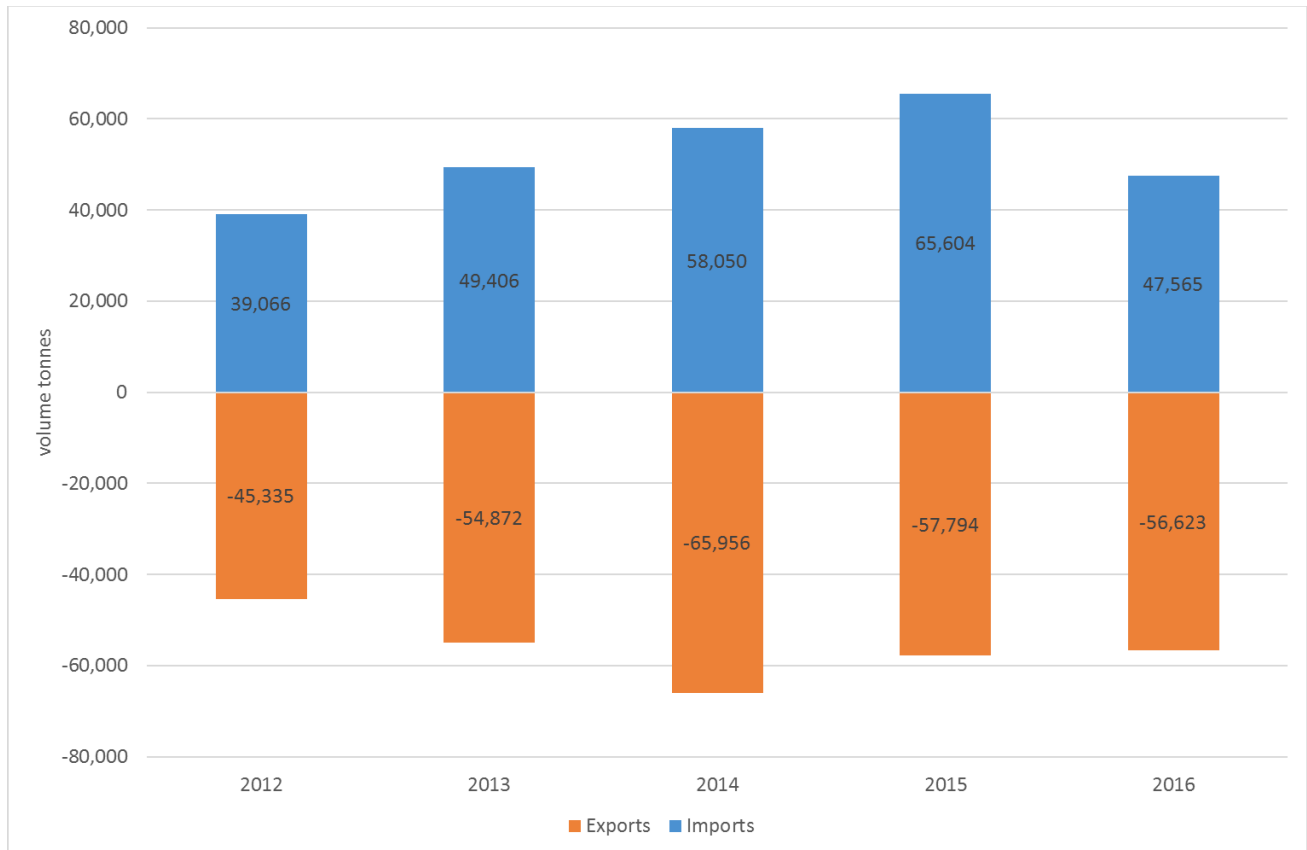


Source: ITC Trademap

Data for CN code 1704 (Sugar confectionery not containing cocoa, incl. white chocolate)

Chinese chocolate exports and imports are quite balanced. Imports have been increasing between 2012 and 2015, but then recorded a 28% decrease between 2015 and 2016, dropping to around 48 000 tonnes. Similarly, exports of chocolate started decreasing in 2015, following a rapid increase, reaching a value of around 57 000 in 2016 (Figure 4-57).

Figure 4-57: Trade balance (imports and exports) of chocolate in China, 2012-16; tonnes

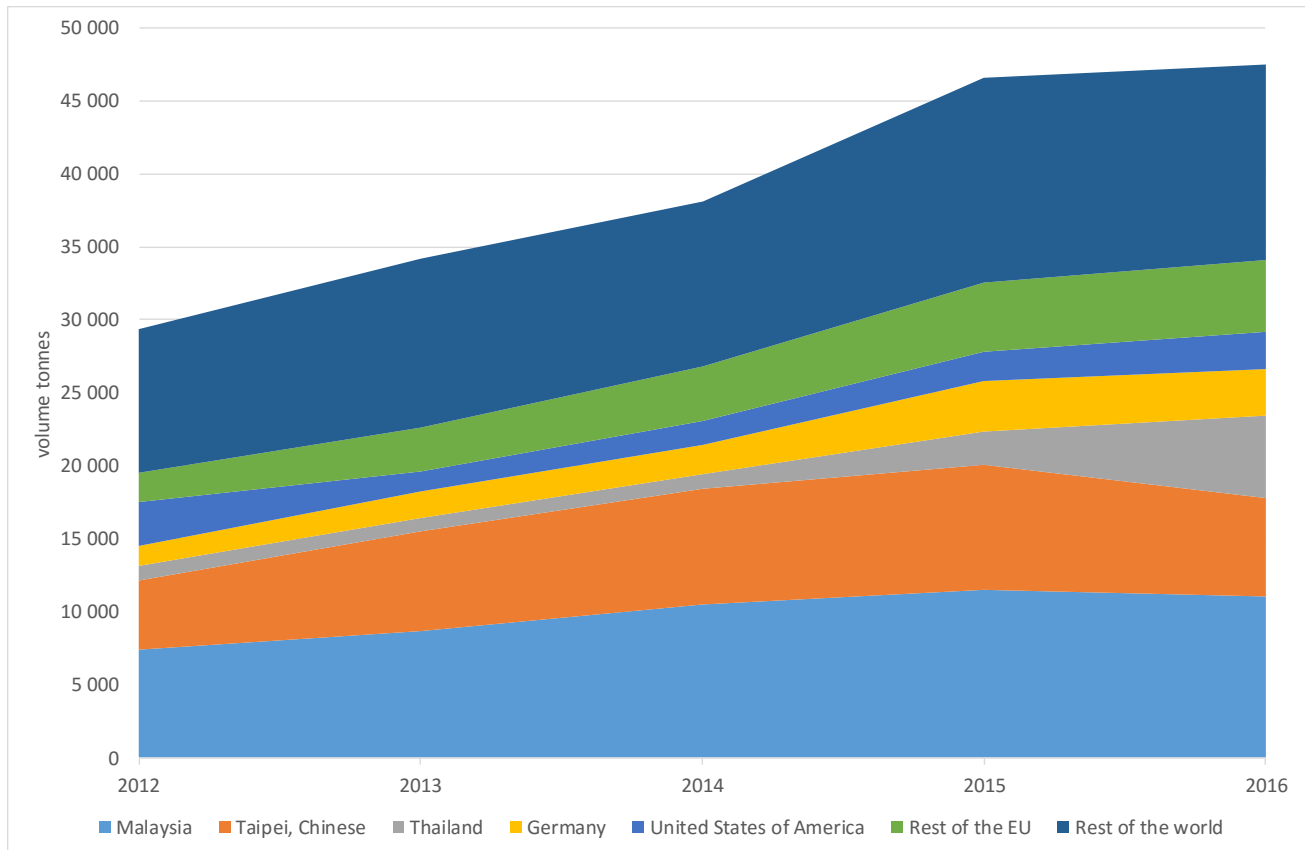


Source: ITC Trademap

Data for CN code 1806 Chocolate and other food preparations containing cocoa

With regards to confectionary, Malaysia was the largest single country exporting products to China in 2016, accounting for 23% of all imports by volume. Thailand and Taiwan followed, accounting for 14% and 12% of all imports by volume. European countries as a whole were responsible for 17% of all imports by volume in 2016, with Germany taking the lead (7%). US confectionary exports to China amounted to 5%, while non-EU countries other than those mentioned above accounted for almost one third of imports to China (Figure 4-58).

Figure 4-58: Chinese imports of confectionary by country, 2012-16; tonnes



Source: ITC Trademap

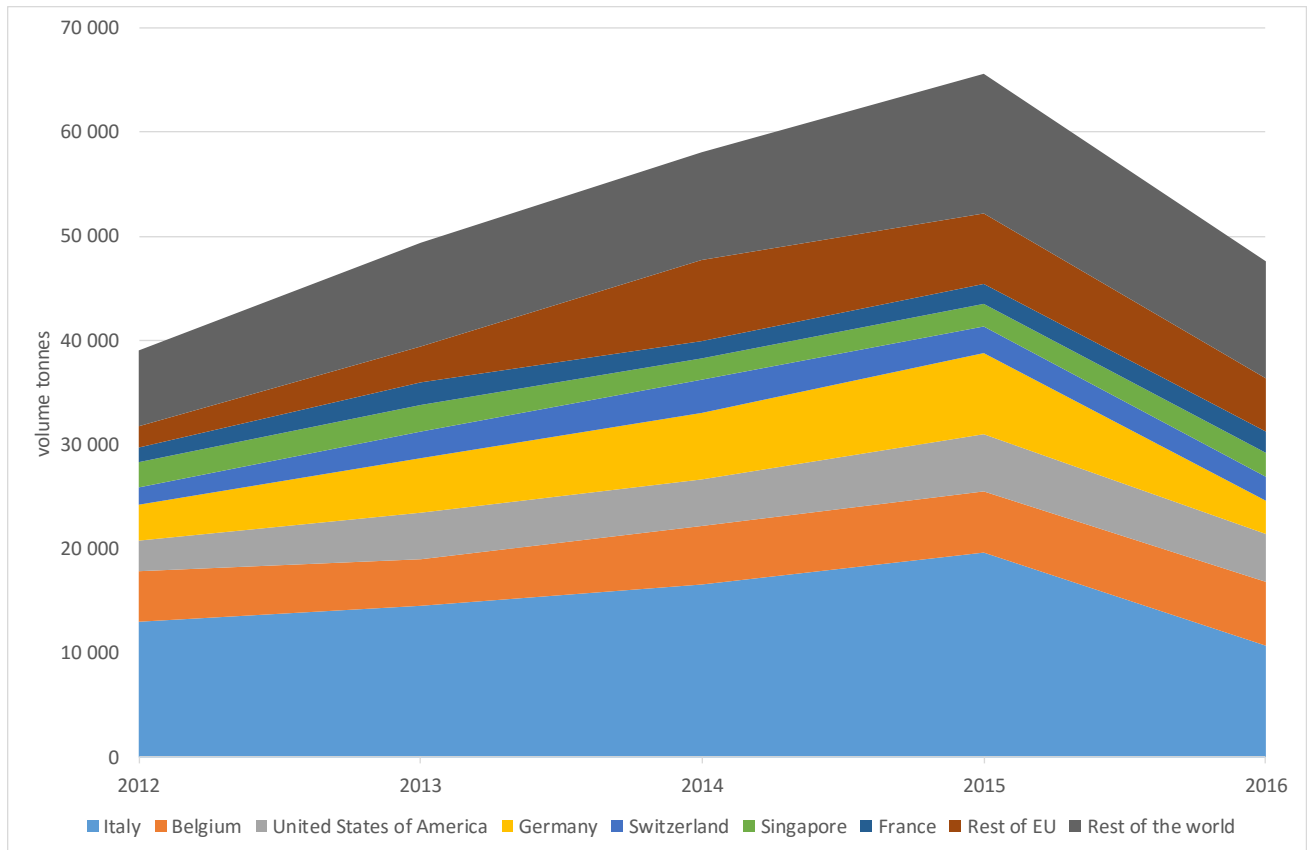
Data for CN code 1704 (Sugar confectionery not containing cocoa, incl. white chocolate)

On the other hand, chocolate exports to China are dominated by the EU countries which accounted for 57% of all imports by volume in 2016. Italy took the lead with 23% of all imports by volume, i.e. around 11 000 tonnes. Indeed, Italian Ferrero company holds nearly a quarter of the Chinese chocolate market<sup>353</sup>. Other important EU chocolate exporters to China were Belgium (13% of all imports by volume), Germany (7%) and France (4%). For example, Belgian chocolate maker Godiva had about 100 retail outlets in China and plans to triple that number by 2020<sup>354</sup>. Outside the EU, the USA accounted for 10% of all imports by volume in 2016, followed by Switzerland and Singapore (5% each). Non-EU countries other than those mentioned above were responsible for 24% of all chocolate imports from China in 2016 (Figure 4-59).

<sup>353</sup> China's sweet tooth for chocolate melts with economic slowdown <https://www.cnbc.com/2016/10/07/chinas-sweet-tooth-for-chocolate-melts-with-economic-slowdown.html>

<sup>354</sup> New generation of chocoholics may turn China into a major chocolate market <http://www.scmp.com/business/companies/article/2110537/new-generation-chocoholics-may-turn-china-major-chocolate-market>

Figure 4-59: Chinese imports of chocolate by country, 2012-16; tonnes

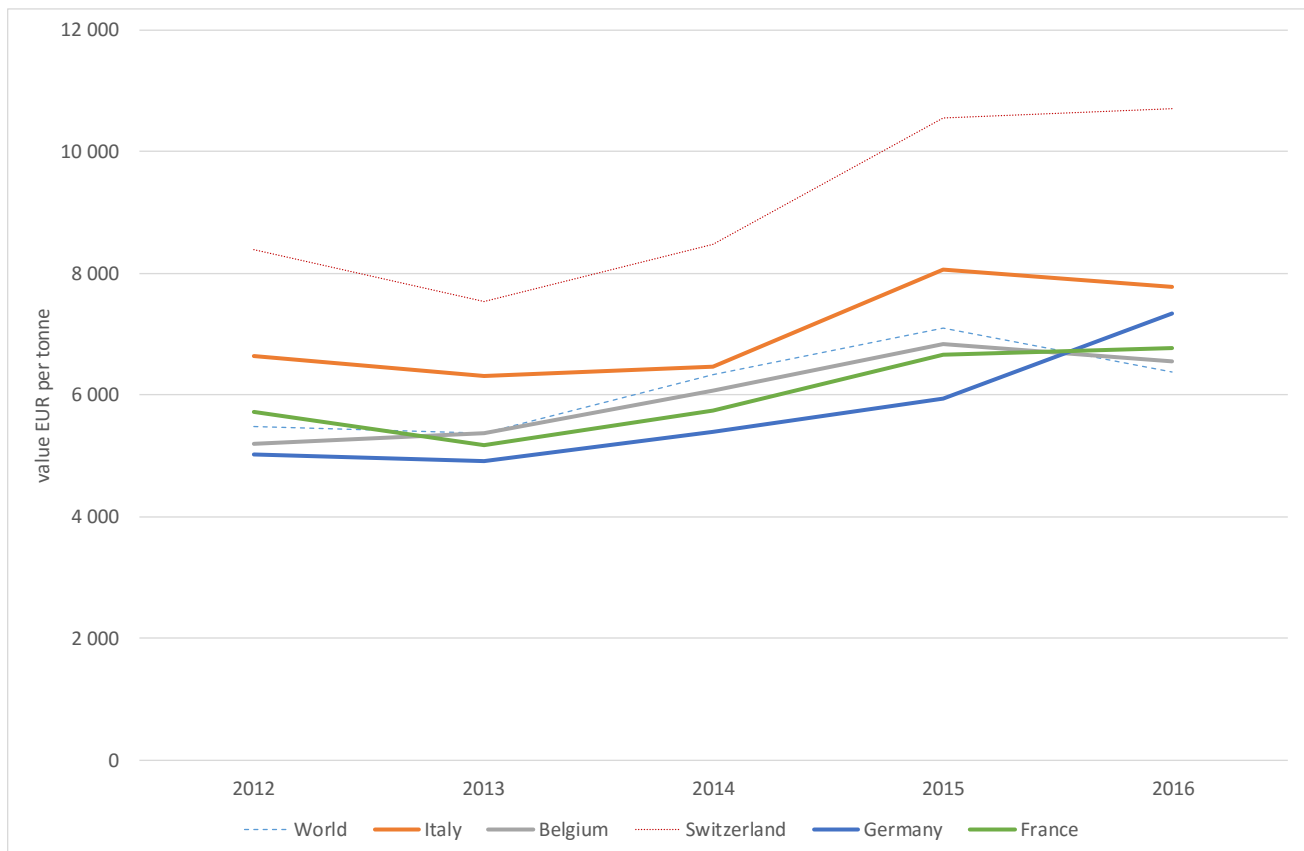


Source: ITC Trademap

Data for CN code 1806 Chocolate and other food preparations containing cocoa

The unit value of Italian imports increased between 2013 and 2015 before falling back. Nonetheless, the unit value of Italian chocolate (€ 7 779 per tonne) was well above the global average in 2016 (€ 6 370 per tonne), but well below Swiss Chocolate unit value (€ 10 704 per tonne). The unit value of German chocolate imports rapidly increased between 2015 and 2016, achieving € 7 343 per tonne in 2016, up to € 5,947 per tonne in 2015 (Figure 4-60).

Figure 4-60: Per unit value of Chinese imports of chocolate for selected EU Member States + Switzerland, 2012-16 (EUR per tonne)



Source: ITC Trademap

Data for CN code 1806 Chocolate and other food preparations containing cocoa

#### 4.14.3.3 EU GI products

Due to the use of exported cocoa for the production of chocolate in the EU, European chocolate products cannot apply to obtain a PDO status. Nonetheless, products which are prepared and processed in a specific area can claim the PGI status. As a result, one type of chocolate made the request and is currently awaiting the PGI status acknowledgement<sup>355</sup>.

As for confectionary products, PDO versions, e.g. Greek (Chios) Gum Mastic, do not have a significant market share in China.

#### 4.14.3.4 Main competitors

In terms of leading companies, American MARS leads the confectionary market in China, followed by Swiss Nestlé, Italian-Dutch Perfetti Van Melle Group as well as Chinese Guangdong Strong (Group)<sup>356</sup>.

<sup>355</sup> The first European PGI chocolate might be Italian!!! <http://www.citylightstours.com/the-first-european-pgi-chocolate-might-be-italian/>

<sup>356</sup> Source: Euromonitor International Ltd Report: Sugar Confectionery in China

Similarly, the Chinese chocolate market is dominated by five global companies: American Mars and Hershey, Italian Ferrero Rocher, Swiss Nestlé, and British Cadbury<sup>357,358</sup>, which together hold over 70% of the Chinese chocolate market share<sup>359</sup>.

Mars primarily benefits from their product diversification, with several well-known brands such as Maltesers, Snickers, M&M's and Dove<sup>360</sup>. For example, Dove Chocolate is the most popular chocolate brand in China; Chinese consumers indeed prefer it because of its delicate taste and silky texture, as well as its original packaging. Dove chocolate is largely advertised by celebrities in China, which fostered the positive image of its brand<sup>361</sup>.

At the domestic level, three chocolate manufacturers used to be popular, i.e. Tianjin Qi Shi Lin Chocolate and Shanghai's Bainuo and Mylikes. Nonetheless, Chinese chocolate manufacturers have never gained any momentum in the domestic market. The main reason is that Chinese consumers consider foreign chocolate to be a high-quality product, compared to local chocolates that tends to rather imitate imported chocolate brands. Furthermore, foreign chocolate is considered to be tastier but healthier given that it contains higher levels of cocoa butter, cocoa liquor, and other solids as well as less additives, i.e. sugar, gluten etc.<sup>362</sup>.

The most famous Swiss chocolate companies exporting to China are Lindt & Sprüngli, which has increased sales of Lindor chocolates in Shanghai and Beijing, as well as Barry Callebaut. Compared to the American and European companies, the Swiss brands are struggling to keep a large market share, due to their limited investments in marketing<sup>363</sup>. Nonetheless, in September 2017, Barry Callebaut launched a new product in China, the fourth new type of chocolate, the so-called "Ruby", which is expected to attract Chinese consumers thanks to its natural berry flavour and reddish colour<sup>364</sup>.

#### 4.14.3.5 Specific customs requirements

##### Market Access and Entry

Chocolate and sugar confectionary products are not subject to any market access restrictions, and market access is available for all exporters who have completed the Registration of Foreign Exporters of

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<sup>357</sup> Why the Chinese Are Still Not Sweet on Chocolate <http://www.sixthtone.com/news/2061/why-the-chinese-are-still-not-sweet-on-chocolate>

<sup>358</sup> China's sweet tooth for chocolate melts with economic slowdown <https://www.cnbc.com/2016/10/07/chinas-sweet-tooth-for-chocolate-melts-with-economic-slowdown.html>

<sup>359</sup> Market of chocolate in China <http://daxueconsulting.com/market-of-chocolate-in-china/>

<sup>360</sup> Mars keep a firm grip on their market lead in China <http://inconfectionery.com/2017/09/04/mars-keep-firm-grip-market-lead-china/>

<sup>361</sup> Overview of the Chocolate Industry in China <http://daxueconsulting.com/chocolate-industry-in-china/>

<sup>362</sup> Why the Chinese Are Still Not Sweet on Chocolate <http://www.sixthtone.com/news/2061/why-the-chinese-are-still-not-sweet-on-chocolate>

<sup>363</sup> Ferrero outperforms Swiss chocolate in China <http://www.ucima.it/uc-en/press-area/news/ferrero-outperforms-swiss-chocolate-in-china/>

<sup>364</sup> New generation of chocoholics may turn China into a major chocolate market <http://www.scmp.com/business/companies/article/2110537/new-generation-chocoholics-may-turn-china-major-chocolate-market>



Foodstuffs and are able to comply with the requirements of Chinese import procedures and relevant standards.

### Customs procedures

A list of standard documents required for import into China, including by category can be found in Table 3-1 in the section on general customs procedures.

### SPS measures

Previously Chinese standards had set maximum levels for copper lower levels than that used in international standards at 15 mg per kilogram. This had caused some disruption for the trade of chocolates and chocolate based products; however, in December 2014 China changed its standard for copper in chocolate, cocoa butter and chocolate products. The Chinese requirements now reflect international standard and there are no further disruptions to trade<sup>365</sup>.

### Intellectual Property Rights

Given the high value of confectionary and a large number of well-established domestic companies it is important to protect your trademarks and other forms of intellectual property. This can ensure that your product can be distinguished from the competition and is protected from infringing activities that may mislead end consumers.

The packaging of produce is especially important given the role of confectionaries for gifting. Where specialised packaging has been designed to target this lucrative market, relevant elements of the design should be protected. Where these designs have been created or the packaging manufactured in collaboration with the service providers in China IP protection must be incorporated into the relevant service contracts or business agreements.

#### IPR Take Away Tips:

- Register your intellectual property in China at the earliest opportunity
- Monitor the market for products utilising similar packaging or trademarks as your product
- Ex officio enforcement from the relevant Chinese authorities is faster and less costly than litigation in the People's Courts
- Registration via the World Intellectual Property Organisation (WIPO) and unfair competition laws can help your case

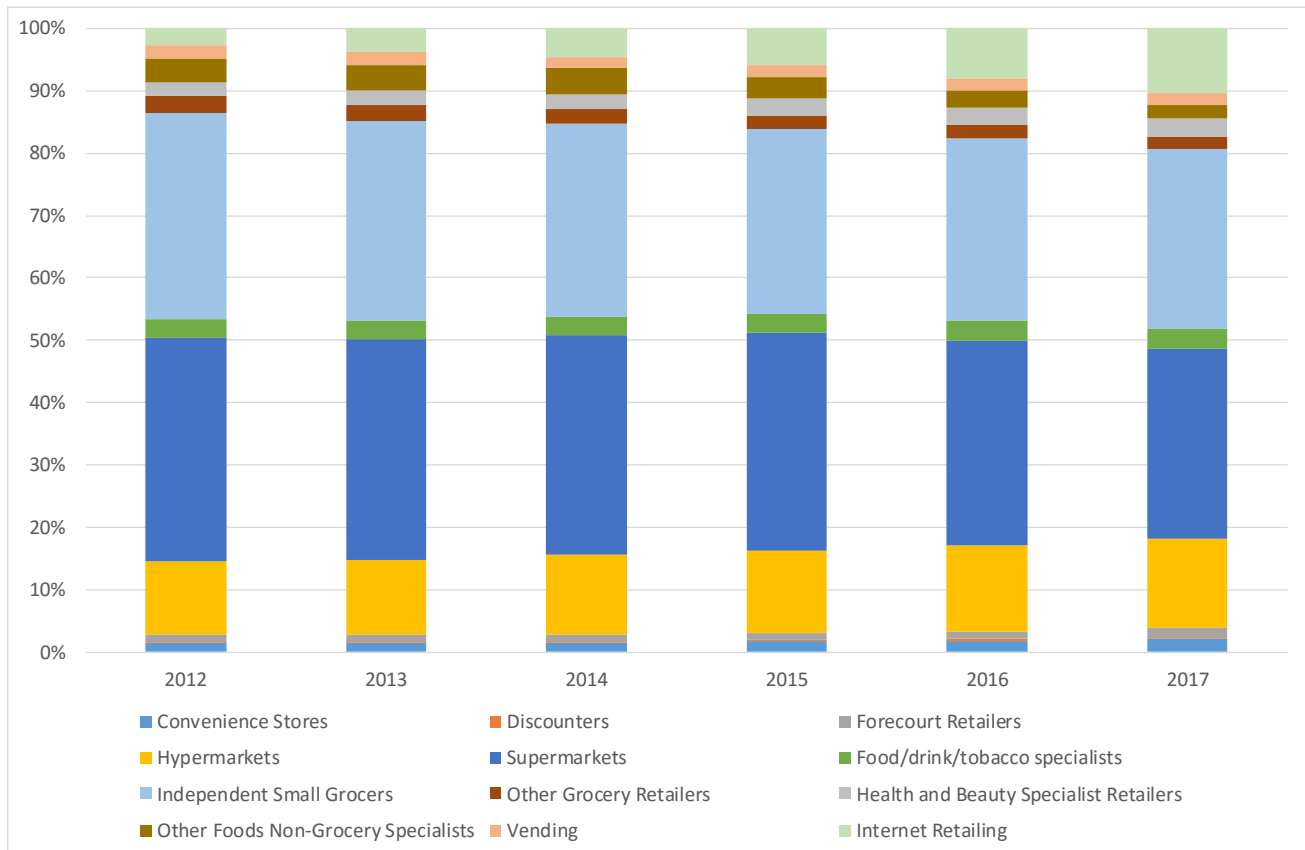
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<sup>365</sup> EU market access flash note: China ends trade hurdles for European chocolate exports  
[http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc\\_153061.pdf](http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153061.pdf)

#### 4.14.4 Distribution

The main channel for the distribution of confectionary products are supermarkets, with a 31% share in 2017, followed by independent small grocers (29%) and hypermarkets (14%). Internet sales are rapidly growing in importance, accounting for 10% share of distribution in 2017, up to around 3% in 2012. On the contrary, convenience stores and discounters are the least important distribution channels for convenience products (Figure 4-61). Similarly, supermarkets are the most important distribution channel for gums, with a 50% share, followed by convenience stores (8%), while non-grocery specialists are less important<sup>366</sup>.

Figure 4-61: Distribution channels of confectionary (excluding gum) in China, 2012-17

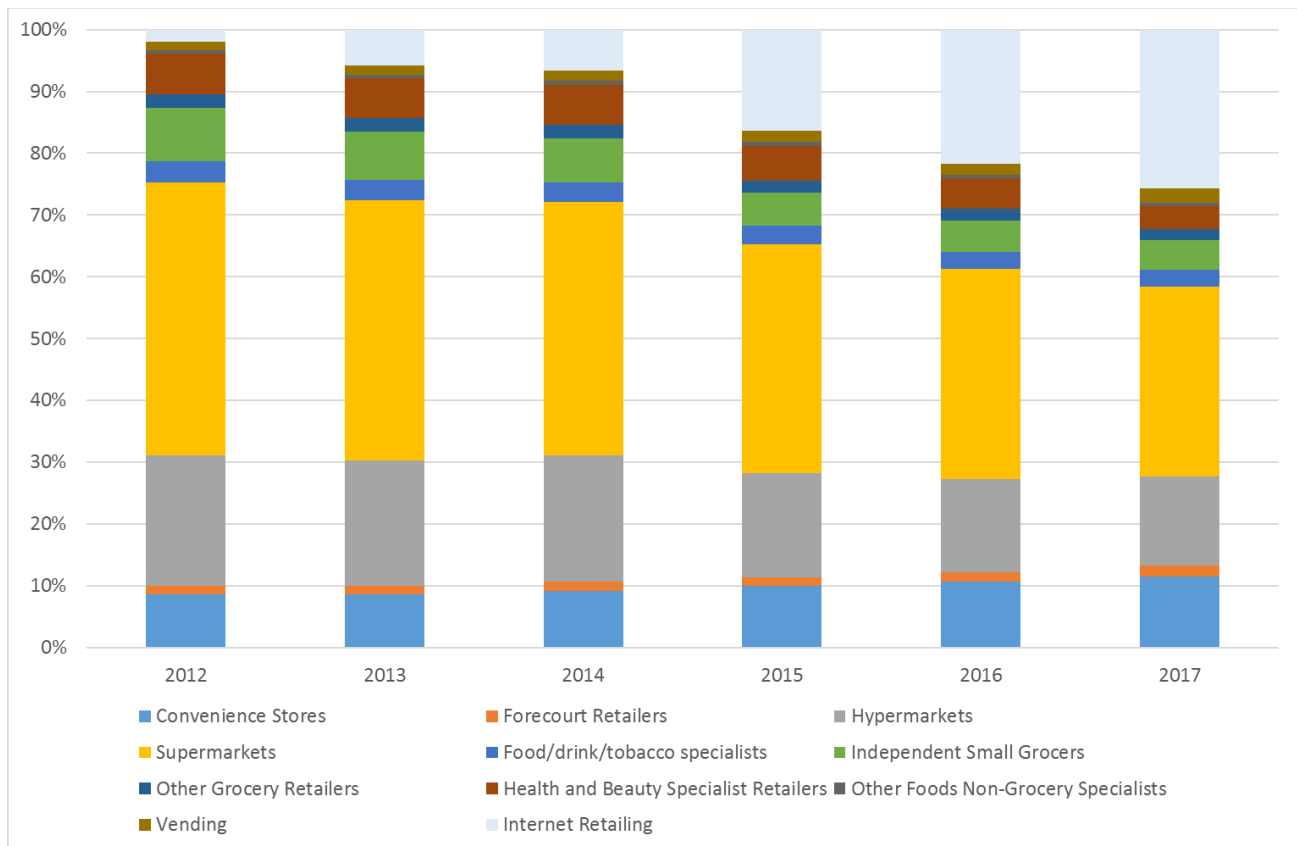


Source: Euromonitor International Ltd

In 2017, internet was the most important distribution channel for chocolate, with a share of 26%, second only to supermarkets (31%), which are rapidly losing importance, despite they continue to be the dominant distribution channel for chocolate. Similarly, hypermarkets are important distribution channel, with a 14% share in 2017, followed by convenience stores (11%). All the other distribution channels, e.g. forecourt retailers, food specialists etc. are less used for the distribution of chocolate (Figure 4-62).

<sup>366</sup> Source: Euromonitor International Ltd Report: Gum in China

Figure 4-62: Distribution of all chocolate by channel in China, 2012-17



Source: Euromonitor International Ltd

Cold chain storage remains an obstacle for imported produce wishing to expand its distribution beyond well-developed entry point markets such as Shanghai and Beijing. The risk of heat damage to products is present in various stages of the supply chain, necessitating close management of the supply chain and investment in better cold chain storage. Second and third tier regions also lack developed retailers, which are more often small-scale family run stores, with no suitable places to store confectionary and chocolate items<sup>367</sup>.

#### 4.14.5 Challenges for EU products

Asian countries as key exporter of confectionary products to China may be a great challenge for EU producers. With regard to chocolate, high-value Swiss premium qualities pose a challenge to EU exporters. Furthermore, seasonality due to the lack of cold chains and cultural issues may reduce the opportunities for chocolate manufacturers to penetrate the Asian market.

### Case Study

<sup>367</sup> Opportunities & Challenges in the Chinese Chocolate Market <https://www.linkedin.com/pulse/opportunities-challenges-chinese-chocolate-market-girolami-%E6%9D%B0%E5%AE%81/>

Ferrero Rocher

### Background

Ferrero Rocher entered the Chinese market with its signature range of chocolates in 1984 with the Chinese name of 金莎, registering the trademark for the Chinese name in Taiwan in 1990 and Hong Kong in 1993. Importantly the Chinese name was not registered in the People’s Republic of China as a trademark. In 1990 Montresor (Zhangjiagang) Food Co. Ltd. Started using 金莎 for its “Tresor Dore” range of products and packaging closely resembled that used by Ferrero Rocher.

### Action taken

In 2003 Ferrero brought a case in the Tianjin Intermediate Court, the case was rejected on the basis that the “Tresor Dore” range was well known and better established within China than “Ferrero Rocher”.

This ruling was overturned during the appeal at the Tianjin High Court which ordered that production be stopped and that the infringing packaging be modified. In 2008 the Beijing Supreme Court upheld this ruling that the packaging and appearance were similar to Ferrero Rocher’s products and that this would mislead customers.

### Lesson learnt

Although Ferrero Rocher eventually prevailed had they registered their trademarks in the PRC at an earlier date they could potentially prevented competitors from utilising similar packaging as well as reducing the time and costs of litigation once their intellectual property had been infringed.

Sources:

China’s Supreme Court sides with Foreign Owner of Famous Consumer Product, despite lack of Trademark Protection <http://www.frostbrowntodd.com/resources-06-23-2008.html>

“Ferrero” judicial case <http://picozimorigi.cn/main/reports.php?id=10>

### Market Takeaway: *Chocolate and confectionary*

**Consumption:** *Low level of confectionary products and chocolate consumption. Important seasonal dimension to chocolate consumption in China for chocolate.*

**Competition:** *Malaysia, Taiwan and Thailand lead exports of confectionary to China, while USA, Switzerland and Singapore are large exporters of chocolate.*

**Distribution:** *Majority of sales continue to take place in traditional retail outlets, but these channels are increasingly challenged by online purchases.*

**Challenges:** *The Chinese culinary tradition does not place a strong importance on sweets.*

## 5 Communication

Chinese consumers are among the world's most connected and spend much time with digital media (3h15 per day on average), as well as with traditional media (nearly 3 hours per day on average)<sup>368</sup>. 95% Chinese owned a mobile phone and 53% were active internet users end of 2016<sup>369,370</sup>. Most internet users use their mobile phone to shop, particularly new generations. Indeed, 90% millennials shop online more than once per week<sup>371</sup>.

### 5.1 Food labelling

Labelling of food and beverages in China is subject to the requirements under various regulation and standards as mentioned in section 3.2.5.1 and the corresponding sections on product categories. In line with these requirements food and beverage companies are advised to:

- Use Chinese characters on the label (this doesn't apply to registered trademark);
- Indicate the name of the product in a place where it's easy to see;
- Include the list of ingredients used in the product;
- Indicate the product net content;
- Indicate name and address of the producer, date of manufacture, shelf life, storage condition, product standard code, as well as quality level, food production license and if requested;
- Add health warnings to beverages with over 0.5% alcohol content;
- Add safety warnings to beer in glass bottles;

Furthermore, in order to ensure label compliance companies are advised **not to**:

- Use recycled waste paper, plastics, phenolic resin as well as industrial-grade paraffin for food packaging;
- Use printing ink on the food surface;
- Choose names, packaging and decorations that are similar with well-known brands;
- Use vague, religious or obscene content;
- Use false/misleading content;
- Use absolute terms (e.g. the best) and excessive packaging;
- Use minority and foreign letters larger than the corresponding Chinese characters (this doesn't apply to registered trademarks);

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<sup>368</sup> Digital Overtakes Traditional Media in China, but TV Consumption Holds Strong  
<https://www.emarketer.com/Article/Digital-Overtakes-Traditional-Media-China-TV-Consumption-Holds-Strong/1013881>

<sup>369</sup> China's mobile phone users 94.5% of population  
[http://www.chinadaily.com.cn/business/tech/2015-07/20/content\\_21330773.htm](http://www.chinadaily.com.cn/business/tech/2015-07/20/content_21330773.htm)

<sup>370</sup> Half of China's population now uses the internet on a mobile device <https://techcrunch.com/2017/01/23/china-internet-half-population-mobile/>

<sup>371</sup> China's Connected Consumers: The rise of the Millennials  
<https://home.kpmg.com/cn/en/home/insights/2017/12/china-s-connected-consumers.html>

- Mention net contents in illegal measurement units,<sup>372</sup>

## 5.2 Media

Unlike in Western countries, television is not considered the largest source of advertisement in China. Social media are increasingly used to advertise several products, included foreign food and beverages.

### 5.2.1 Digital media<sup>373</sup>

Amongst the most popular social media platforms in China there are WeChat, QQ, Weibo, Youku, and Meipai. These platforms can be successfully used to advertise and promote food and beverages, bearing in mind that 38% of Chinese consumers make purchase decisions on the basis of recommendations they read on social medias.



#### **WeChat**

Similar to WhatsApp in the EU, WeChat is the most important free instant messaging platform, with 650 million active users in China. WeChat is used by 80% of all internet users in China. WeChat offers several opportunities to advertise food and beverages,

including:

- The so-called “Moments”, namely posts displaying the brand name and profile picture, pictures or a short video, a brief description, and an external link. The minimal entry price is estimated at around EUR 1 200.
- Banner advertisements on the bottom of a message written by a WeChat Official Account. In order to publish a banner, it is mandatory to provide all the licenses allowing you to sell food to China. Minimal entry price is estimated at above EUR 6 000.

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<sup>372</sup> Dos & Don'ts of China Food Labeling Requirements <https://www.linkedin.com/pulse/positive-negative-list-china-food-labeling-chris-wang/>

<sup>373</sup> Sources: Understanding social media in China

<https://ijinet.org/en/blog/understanding-social-media-china>

Social media and censorship in China: how is it different to the West?

<http://www.bbc.co.uk/newsbeat/article/41398423/social-media-and-censorship-in-china-how-is-it-different-to-the-west>

WeChat's older sibling QQ plans to stay forever young

<http://technode.com/2017/08/07/wechats-older-sibling-qq-plans-to-stay-forever-young/>

How to Use Youku, the Chinese Youtube

<https://www.marketingtochina.com/how-use-youku-chinese-youtube/>

Advertising on WeChat: a Step by Step Guide

<https://walkthechat.com/advertising-on-wechat-moment/>

Weibo advertising

<https://www.marketingtochina.com/weibo-advertising/>

Overview of Chinese Social Media Marketing Channels, Part 1: QQ and Qzone Marketing

<https://sampi.co/qq-qzone-marketing/>

10 Most Popular Social Media Sites in China (2018 Updated)

<https://www.dragonsocial.net/blog/social-media-in-china/#Meipai>

- Paying a Key Opinion Leader (KOL), i.e. a famous WeChat blogger, in exchange for a promotional post on their WeChat page. KOLs can be found on platforms such as <http://newrank.cn/>, <http://www.parklu.com/>, <http://wemedia.cn/>. The minimum price for a KOL advertisement is estimated at EUR 80.



### QQ

QQ, the second most popular social app in China, is a free instant messaging platform which, similarly to Facebook messenger, started as a desktop application. QQ can be used without a phone number, thus is very popular amongst younger people who don't have a mobile phone. Indeed, 90% QQ users were born after 1990.

QQ is also integrated with a social media outlet called Qzone, which means that nearly all QQ user are Qzone member as well. Keeping an active presence on QQ and Qzone platforms (e.g. joining groups, commenting posts etc.) is a key strategy to reach a large audience. Several groups can be found on the platform, but they have been categorized by e.g. regions, professions, hobbies etc., which makes it easy to find target groups of consumers. QQ and Qzone also offer the possibility to purchase banner advertisements, pops up and sponsored posts, but they are expensive.



### Weibo

Since Twitter was banned, Weibo became increasingly popular in China. Unlike Twitter though, Weibo evolved into a multimedia blogging platform and it is therefore mainly used to share about personal lives. There are four main ways to advertise on Weibo:

- Banner advertisements on the top of the website and mobile app pages.
- Search engine promotion, to display a certain keyword in the “hot search list”.
- Fan headline and Fan tunnel, which allow an account or certain posts to be promoted via famous accounts. Fan tunnel is particularly useful to reach a larger group of users.

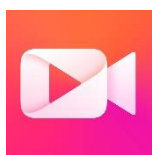


### Youku

Similar to YouTube, Youku is a video hosting service. This platform is synonym of quality in China, since most of the displayed videos are uploaded by professionals, thus advertising on this platform can give a good image of the promoted brand. Youku offers

the following marketing instruments:

- Pre-roll ads displayed at the beginning of the video;
- Post-roll ads displayed at the end of the video (less expensive because they can be skipped by users);
- Banner advertisements at the bottom, top or middle of the page.



### Meipai

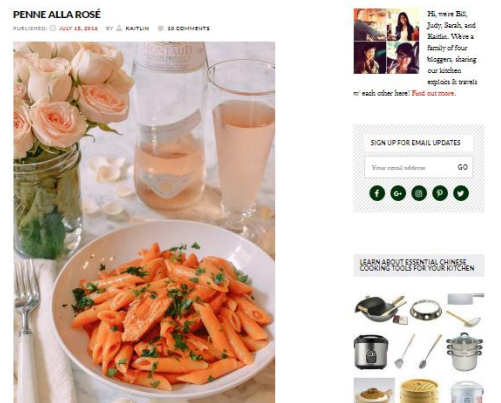
Meipai, a video messaging application, has nearly 30 million active users per month. Meipai is a useful platform for brands that rely on visuals to promote their items. Meipai is very popular for its live-streaming function, which makes it appealing to celebrities.

Foreign companies can offer KOLs a payment in exchange for a promotional video on their account. Updated lists of social media influencers can be found on platforms like <http://newrank.cn/>, <http://www.parklu.com/>, <http://wemedia.cn/>.

### 5.2.2 Food blogs

Another successful strategy to promote a product in China is to pay food bloggers to write a promotional post on their blog.

A popular Chinese food blog is “The woks of life” <http://thewoksoflife.com/>. The blog, which is ran by a family, displays several recipes, some of which are based on Western ingredients. An example is the recipe “penne alla rosé” (bottom-right picture).



### 5.2.3 Traditional media

#### TV Programs

Several Chinese television users follow reality and talent shows. Popular Chinese cooking shows are:

- MasterChef China 顶级厨师
- Fresh Sunday 透鲜滴星期天
- Go Fridge 拜托了冰箱
- Chef Nic 十二道锋味

Thanks to this and other cooking shows broadcasted in the past, several chefs became very popular in China, e.g. Martin Yan (personal website: <https://yancancook.com/home/>), Ken Hom, Shirley Chung, Cecilia Chiang, Susanna Foo. Advertising food and drinks through these food influencers can help a product to reach a broad audience.



An example of promotion of European food and drink products through cooking shows in China is the “Greatest Chef in China - Italy Edition” (left



picture), a programme which was broadcasted between 2012 and 2014 on CCTV-2. The show was aimed at introducing the Italian culinary tradition, its key ingredients, and staple food, to the Chinese audience. Approximately 25-30 million people used to watch each episode, and there were over 500 million requests on Italian products exposed during the show<sup>374</sup>.

### Print media



Though print media is not one of the most common sources of advertisement in China, it is possible to promote food and beverages through specialized magazines.

An example is the magazine **ReallyWant 吃的** (left picture), which mostly displays pictures regarding eating and drinking habits and trends in China<sup>375</sup>.

Source: taobao.com

<sup>374</sup> Greatest Chef China <http://extra.it/it/Work/greatest-chef-china>

<sup>375</sup> <https://item.taobao.com/item.htm?spm=2013.1.w4023-12911369745.4.519e2bd3X1gXJh&id=524026251235>

### 5.3 Communication strategy examples

There are many internationally known brands in China, which have already built a good marketing basis. Companies usually use variety of communication channels to reach consumers, ranging from online, social media and TV presence, participation in exhibitions to organising lotteries with special gifts included.

One of the companies, which uses various approaches to attract consumers is Italian chocolate maker Ferrero. The manufacturer has decided to promote its flagship product – Ferrero Rocher, by adjusting its packaging to Chinese consumers' preferences and marketing trends as well as by making the presence on different digital channels<sup>376</sup>. Ferrero's approach has also taken into account emerging gifting tradition in China. Hence, activities included special e-gifting possibilities with surprises and lotteries foreseen.

In effect, Ferrero launched its tailor-made Chinese website as well as made its presence on Chinese Weibo platform:



Moreover, acknowledging the special semantics of colours in China, Ferrero manufactured its flagship product and used even more golden and yellow wrapping materials, as these colours represent wealth and stands for Chinese emperors.

Given that gifting tradition in China is becoming more and more popular, Ferrero included some activities in its communications strategy applying to this trend as well. Effectively, a customer may design its own gifting box, delivery specifications and participate in lotteries with special surprises. During Christmas time, in order to facilitate the process of organising gifts, Ferrero launched special online tool – “gift Ferrero”, where participants have opportunity to win luxury gifts as well as send e-cards with Ferrero Rocher tailor-made boxes of chocolate.

<sup>376</sup> <https://www.marketingtochina.com/ferrerros-communication-in-china/>



Thus, Ferrero in its communications strategy managed to combine both online presence and address gifting trends.

## 5.4 Trade marketing

China fits in international trend of outpacing TV and spreading Internet advertising. It is predicted that by the end of 2018, Internet advertising expenditure could outweigh TV expenditure by a ratio of three-to-one<sup>377</sup>. However, there is abundance of advertising companies, relying on many communications channels simultaneously, advising on how to address consumer preferences and ensure success of the advertising campaign.

### 5.4.1 Legal basis and relevant bodies

Advertising in China is heavily regulated. The rules rely mainly on the Advertising Law of the People's Republic of China (Advertising Law), which was updated on April 24, 2015 and shall take effective on September 1, 2015<sup>378</sup>. The amended legislation introduced new provisions relating to:

- Online advertising;
- Telecommunication, internet service providers, and websites are obliged to remove illegal/misleading advertisements;
- Dietary supplemental must not imply that they are "necessary" for good health;
- Prohibits use of spokesperson in many types of health-related advertising;
- Broadens definition of "advertising" and "false advertising";
- Restrictions on children's advertising;
- Restrictions on tobacco advertising.

*Please be advised that foreign businesses without a Chinese business licence obtained by establishing office in China are not allowed to advertise in China. Nevertheless, most of the international advertising firms are present in China.*

<sup>377</sup> <https://www.export.gov/article?id=China-Trade-Promotion-and-Advertising>

<sup>378</sup> <http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn101en.pdf>

- The State Administration for Industry and Commerce (SAIC);
- Ministry of Culture and the State Administration of Radio, Film and Television.

SAIC supervises the whole advertising area, by inspecting companies' premises, investigating violations of law and viewing contracts and advertisements, while the Ministry is engaged in controls of print and television content.

#### 5.4.2 Market activities

As brand recognition is increasingly important and beginning to play a key role in attracting the Chinese consumer and in the light of further digitalization, trade marketing notably relies on sophisticated digital advertisements. It is foreseen that by 2021, digital advertisements are to cover up to 59% of total advertising sales in China<sup>379</sup>. As outlined in section 5.2.1 there are numerous mobile-based channels, applications and platforms facilitating the process of developing successfully targeted trade marketing strategy.

Apart from the digital approach, some investors decide to advertise their products on various exhibitions, which presence on the Chinese market is constantly growing<sup>380</sup>. Most of them are co-sponsored by governmental agencies or other bodies such as China council for the Promotion of International Trade (CCPIT). Exhibitions constitute a promising opportunity to develop better brand recognition and initiate market interest. However, as some shows might only reach local audience, it is advisable to research the exhibition's profile in advance. On the other hand, some of them might match exhibition approach and online presence. It is also worth to remember that participation costs are usually directly proportional to the rank of the exhibition and its scope.

A list of upcoming exhibitions is included in an annex to this document, an further lists may be found online on websites such as: [http://www.chinaexhibition.com/trade\\_events/list-0-90-0-Agriculture\\_and\\_Animal\\_Husbandry.html](http://www.chinaexhibition.com/trade_events/list-0-90-0-Agriculture_and_Animal_Husbandry.html) or <https://www.tradefairdates.com/Agriculture-Trade-Shows-China-FSL214-L47-S1.html>

Lastly, many products are also being advertised on e-commerce platforms such as Tmall and Taobao. Both of platforms are run by Alibaba conglomerate, which dominates B2C and C2C e-commerce in China. That said, Alibaba has been facing strong competition from JD.com and other outlet platforms in recent years.

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<sup>379</sup> <https://www.export.gov/article?id=China-Trade-Promotion-and-Advertising>

<sup>380</sup> Ibid.



Considering the fact that online retailing has been significantly increasing since more than 10 years<sup>381</sup>, e-commerce platforms create an excellent opportunity to make the product visible.

<sup>381</sup> <https://www.ecommerceworldwide.com/china/ecommerce-in-china/overview-of-the-china-ecommerce-market>

## 6 Dos and don'ts

Being aware of cultural and business etiquette in China might ensure better odds of success as well as avoid any confusion when meeting with Chinese trade partners. The sections below summarise the main positive and negative points that should be taken into consideration<sup>382383384</sup>.

### 6.1 DO

- Shake hands gently. Energetic shaking, hugging and too much eye contact is considered impolite. Usually the handshake is first offered by Chinese counterpart.
- Given and family names are in the reverse order as in English. It is accustomed to address someone by his/her family name and title.
- Dress modestly in a conservative and unpretentious way, as overdressing has negative connotations.
- Small talk is considered polite way to break the ice.
- Accept and hand out business cards with both hands, as it shows respect.
- Learn a few Chinese words. The counterpart always appreciates the initiative and effort.
- Exchange a modest gift. Offer the gift for the second time if the counterpart refuses– first refusal is mostly due to politeness.
- Try to oscillate around neutral conversation topics, such as: food, travel, weather, scenery etc.
- Be on time for the meeting.

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<sup>382</sup> <https://www.cnn.com/2017/06/27/etiquette-tips-for-doing-business-in-china.html>

<sup>383</sup> <https://www.techinasia.com/talk/8-business-china>

<sup>384</sup> [https://www.forbes.com/2007/03/30/travel-china-tips-forbeslife-cx\\_ee\\_0330chinatips.html#4f58c918541b](https://www.forbes.com/2007/03/30/travel-china-tips-forbeslife-cx_ee_0330chinatips.html#4f58c918541b)

## 6.2 DON'T

- Never point with your finger.
- Avoid political discussions related to Tibet or Taiwan.
- Don't bow, as it has been dropped when dealing with non-Chinese.
- Try to avoid negative replies, as it is impolite, in case of your negative answer – try to express it in an indirect way.
- When around the dinner table, never tap your bowl as it is considered as begging. Putting your chopsticks straight into your bowl is really offensive and associated with funerals. That said, try not to finish all your food, as you might be offered more, and refusal is considered impolite.
- Your gift should never be associated with number four or white colour – as it means “death”. The same with clocks, which are associated with death and funerals.
- Do not use red ink, as it implies the end of a relationship.

## 6.3 Other relevant information

### 6.3.1 Methods of payment in China

In tier-1 cities vast majority of foreign credit or debit cards are accepted in major hotels, restaurants, pubs or shopping malls. Thus, you can easily make your payments with Visa or Master Card. In order to withdraw cash, one should find an ATM machine with logo of the card presented.

That said, the most popular banking card remains domestic China Union Pay, which runs an interbank network covering all Chinese cities.

### 6.3.2 Travel from the EU to China

To enter China, a passport with at least six months' validity is required. In addition, visas are required for all nationals<sup>385</sup> as well as returning tickets.

## 7 Directory of Trade Support Projects, Organisations, and Service Providers

There are a variety of services available, both within the EU and in China, for producers wishing to develop their business in China. These service providers include EU funded projects, services provided by Member States and their embassies, and other organisations and service providers.

[Section 4.1](#) contains the project profiles for EU funded initiatives operating in China.

[Section 4.2](#) contains the contact information for Member State embassies within China.

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<sup>385</sup> With small exceptions applying to visits in Hainan Province or Pearl River Delta from Hong Kong or Macau.

[Section 4.3](#) contains a listing of service providers including some information on the services available.

[Section 4.4](#) provides a calendar of exhibitions, trade shows, and other events to be held in China in 2015.



## 7.1 European Union Organisations

Several EU funded, or co-funded, projects within China offer a range of business facilitation services and information providing important insights into the Chinese market. Depending on your company profile these services can be free or fee based; and are available for companies from any EU Member State.



*The EU SME Centre is a European Union funded initiative helping SMEs get ready to do business in China. Located in Beijing, the Centre provides practical information, confidential advice, and training in the areas of business development, legal issues, standards and HR to facilitate market access for European SMEs. The Centre also acts as a platform to facilitate coordination amongst Member State and European public and private sector service providers to SMEs.*

The EU SME Centre is managed by six implementing partners who through their knowledge and experience of the China market guide the strategic development and management of the Centre. The Benelux Chamber of Commerce in China, the China-Britain Business Council, the China-Italy Chamber of Commerce, Eurochambres, the European Union Chamber of Commerce in China, and the French Chamber of Commerce in China.

### Contact:

Room 910, Sunflower Tower, No. 37 Maizidian West Street Chaoyang  
District 100125, Beijing, P.R.C.  
Telephone: +86 10 85275300



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[nfo@eusmecentre.org.cn](mailto:nfo@eusmecentre.org.cn)

*The China IPR SME Helpdesk supports European Union (EU) small and medium sized enterprises (SMEs) to both protect and enforce their Intellectual Property Rights (IPR) in or relating to China, through the provision of free information and services. These take the form of jargon-free, first-line, confidential advice on intellectual property and related issues, plus training, materials and online resources.*

Individual SMEs and SME intermediaries can submit IPR enquiries directly to the Helpdesk via phone, email or in person, getting access to a panel of experts to receive free and confidential first-line advice. The multi-lingual online portal provides easy access for all EU SMEs to Helpdesk information and services, including Helpdesk guides, E-learning modules, event information, and live webinars. The China IPR SME Helpdesk is jointly implemented by DEVELOPMENT Solutions, the European Union Chamber of Commerce in China and European Business Network (EBN).

### Contact:

Room 2480, Beijing Sunflower Tower  
 No.37 Maizidian Street  
 Chaoyang District, Beijing 100125, PR China  
 Tel: +86 10 6462 0892  
 Fax: +86 (10) 8527 6923  
 Email: [question@china-iprhelpdesk.eu](mailto:question@china-iprhelpdesk.eu)



*The European Union Chamber of Commerce in China was founded in 2000 by 51 member companies that shared a goal of establishing a common voice for the various business sectors of the European Union and European businesses operating in China. It is a members-driven, non-profit, fee-based organisation with a core structure of 43 Working Groups and Fora representing European business in China.*

The European Chamber now has more than 1,800 members in 7 chapters operating in 10 cities: Beijing, Chengdu, Chongqing, Nanjing, South China (Guangzhou and Shenzhen), Shanghai, Shenyang and Tianjin. Each chapter is managed at the local level by local boards reporting directly to the Executive Committee.

The Chamber is recognised by the European Commission and the Chinese Authorities as the official voice of European business in China. It is recognised as a Foreign Chamber of Commerce with the Ministry of Commerce and China Council for the Promotion of International Trade. The European Chamber is part of the growing network of European Business Organisations (EBO). This network connects European business associations and chambers of commerce from 20 non-EU countries around the world.

Contact:

Beijing Lufthansa Center, Office C412, No. 50 Liangmaqiao Road,  
 Beijing, 100125, P.R. China  
 Telephone: +86 (10) 6462 2066  
 Fax: +86 (10) 6462 2067  
 Email: [euccc@european-chamber.com.cn](mailto:euccc@european-chamber.com.cn)

## 7.2 Directory of EU Member State Embassies

Individual Member States offer commercial support and services for companies from their country of origin. Make enquiries to see what services are available and if there are any upcoming events you can participate in.

EU Member State	Address	Website	Contact Information
Austria	Jian Guo Men Wai, Xiu Shui Nan Jie, 5	<a href="https://www.bmeia.gv.at/oeb-peking/">https://www.bmeia.gv.at/oeb-peking/</a>	Tel: +86 10 6532 2061 Tel: +86 10 6532 9869

EU Member State	Address	Website	Contact Information
	Beijing 100600 China		
<b>Belgium</b>	Sanlitun Lu, 6 Beijing 100600 China	<a href="http://www.diplomatie.be/beijing/">http://www.diplomatie.be/beijing/</a>	Tel: +86 10 6532 1736/37 Fax: +86 10 6532 5097
<b>Bulgaria</b>	Xiu Shui Bei Jie, 4 Beijing 100600 China	<a href="http://www.mfa.bg/embassies/china">http://www.mfa.bg/embassies/china</a>	Tel: +86 10 6532 1946 Fax: +86 10 6532 1916 Email: <a href="mailto:embassy.beijing@mfa.bg">embassy.beijing@mfa.bg</a>
<b>Croatia</b>	San Li Tun Diplomatic Office Building 2-7- 2 Beijing 100600 China	<a href="http://cn.mvep.hr/">http://cn.mvep.hr/</a>	Tel: +86 10 6532 6241 Fax: +86 10 6532 6257 Email: <a href="mailto:croemb.beijing@mvpei.hr">croemb.beijing@mvpei.hr</a>
<b>Cyprus</b>	2-13-2, Ta Yuan Diplomatic Office Building 14 Liang Ma He Nan Lu Chaoyang District, Beijing 100600 China	<a href="http://www.mfa.gov.cy/mfa/embassies/embassy_beijing.nsf/DMLindex_en/DMLindex_en">http://www.mfa.gov.cy/mfa/embassies/embassy_beijing.nsf/DMLindex_en/DMLindex_en</a>	Tel: +86 10 6532 5057 Fax: +86 10 6532 4244 Emails: <a href="mailto:cyembpek@public3.bta.net.cy">cyembpek@public3.bta.net.cy</a> <a href="mailto:beijingembassy@mfa.gov.cy">beijingembassy@mfa.gov.cy</a>
<b>Czech Republic</b>	2 Ri Tan Lu, Jian Guo Men Wai Beijing 100600 China	<a href="http://www.mzv.cz/beijing">http://www.mzv.cz/beijing</a>	Tel: +86 10 8532 9500 Email: <a href="mailto:beijing@embassy.mzv.cz">beijing@embassy.mzv.cz</a>
<b>Denmark</b>	No. 1 Sanlitun Dongwujie, Chaoyang District, Beijing 100600, China	<a href="http://kina.um.dk/">http://kina.um.dk/</a>	Tel: +86 10 8532 9900 Fax: +86 10 8532 9999 Email: <a href="mailto:bjsamb@um.dk">bjsamb@um.dk</a>
<b>Estonia</b>	Beijing Lufthansa Center, Office Building: C-617 / C- 618, No. 50, Liangmaqiao Road, Chaoyang District, Beijing 100600 China	<a href="http://www.peking.vm.ee/">http://www.peking.vm.ee/</a>	Tel: +86 10 6463 7913 Fax: +86 10 6463 7908 Email: <a href="mailto:embassy.beijing@mfa.ee">embassy.beijing@mfa.ee</a>
<b>Finland</b>	Beijing Kerry Centre Level 26, South Tower No. 1, Guanghai Lu Beijing 100020 China	<a href="http://www.finland.cn/">http://www.finland.cn/</a>	Tel: +86 10 8519 8300 Fax : +86 10 8519 8301 Email: <a href="mailto:sanomat.pek@formin.fi">sanomat.pek@formin.fi</a>

EU Member State	Address	Website	Contact Information
<b>France</b>	Faguo Zhuhua Dashiguan 60, Tianze Lu Beijing 100600 China	<a href="http://www.ambafrance-cn.org/">http://www.ambafrance-cn.org/</a>	Tel: +86 10 8531 2000 Email: <a href="mailto:scac@ambafrance-cn.org">scac@ambafrance-cn.org</a>
<b>Germany</b>	17, Dongzhimenwai Dajie, Chaoyang District Beijing 100600 China	<a href="https://china.diplo.de/cn-de">https://china.diplo.de/cn-de</a>	Tel: +86 10 8532 9000 Fax: +86 10 6532 5336 Email: <a href="mailto:embassy@peki.diplo.de">embassy@peki.diplo.de</a>
<b>Greece</b>	19 Guang Hua Lu, Chao Yang District Beijing 100600 China	<a href="https://www.mfa.gr/china/en/the-embassy/">https://www.mfa.gr/china/en/the-embassy/</a>	Tel: +86 10 8532 5493 Fax: +86 10 8532 6858 Email: <a href="mailto:gremb.pek@mfa.gr">gremb.pek@mfa.gr</a>
<b>Hungary</b>	10, San Li Tun, Dong Zhi Men Wai Beijing 100600 China	<a href="https://peking.mfa.gov.hu/eng">https://peking.mfa.gov.hu/eng</a>	Tel: +86 10 6532 1431 Tel: +86 10 6532-1432 E-mail: <a href="mailto:mission.pek@mfa.gov.hu">mission.pek@mfa.gov.hu</a>
<b>Ireland</b>	3, Ritan Dong Lu Beijing 100600 China	<a href="http://www.embassyofireland.cn/">http://www.embassyofireland.cn/</a>	Tel: +86 10 8531 6200 Fax: +86 10 6532 6857 Email: <a href="mailto:beijing@dfa.ie">beijing@dfa.ie</a>
<b>Italy</b>	2, San Li Tun Dong Er Jie Beijing 100600 China	<a href="https://ambpechino.esteri.it/ambasciata_pecchino/it/">https://ambpechino.esteri.it/ambasciata_pecchino/it/</a>	Tel.: +86 10 8532.7600 Fax: +86 10 6532.4676 Email: <a href="mailto:ambasciata.pecchino@esteri.it">ambasciata.pecchino@esteri.it</a>
<b>Latvia</b>	22, Dongfang East Street, Chaoyang District Beijing 100600 China	<a href="http://www.mfa.gov.lv/en/china">www.mfa.gov.lv/en/china</a>	Tel: +86 10 8532 3009 Fax: +86 10 8532 1925 Email: <a href="mailto:embassy.china@mfa.gov.lv">embassy.china@mfa.gov.lv</a>
<b>Lithuania</b>	A-18, King's Garden Villa, 18 Xiaoyun Road, Chaoyang District, 100125 Beijing China	<a href="https://cn.mfa.lt/cn/en/">https://cn.mfa.lt/cn/en/</a>	Tel.+86 10 8451 8520 Fax.+86 10 8451 4442 Email: <a href="mailto:amb.cn@urm.lt">amb.cn@urm.lt</a>
<b>Luxembourg</b>	Unit 1701, Tower B, Pacific Century Place, 2A Gongti Beilu, Chaoyang District, Beijing 100027 China	<a href="http://pekin.mae.lu/en">http://pekin.mae.lu/en</a>	Tel.: +86 10 8588 0900 Fax: +86 10 6513 7268 Email: <a href="mailto:pekin.amb@mae.etat.lu">pekin.amb@mae.etat.lu</a>

EU Member State	Address	Website	Contact Information
<b>Malta</b>	1-51, Sanlitun Diplomatic Office Building Chaoyang District Beijing 100600 China	<a href="http://foreignaffairs.gov.mt/en/Pages/Home_Page.aspx">http://foreignaffairs.gov.mt/en/Pages/Home_Page.aspx</a>	Tel: +86 10 6532 3114 Email: <a href="mailto:maltaembassy.beijing@gov.mt">maltaembassy.beijing@gov.mt</a>
<b>Netherlands</b>	Liangmahe South Road #4 Chaoyang District Beijing 100600 China	<a href="http://china.nlembassy.org/">http://china.nlembassy.org/</a>	Tel: +86 10 8532 0200 Fax: +86 10 8532 0300 Email: <a href="mailto:pek@minbuza.nl">pek@minbuza.nl</a>
<b>Poland</b>	1, Ritan Rd. Beijing 100600 China	<a href="http://pekin.msz.gov.pl/en/">http://pekin.msz.gov.pl/en/</a>	Tel: +86 10 6532 1235/110 (ext) Fax: +86 10 6532 1745 Email: <a href="mailto:pekin.amb.wk@msz.gov.pl">pekin.amb.wk@msz.gov.pl</a>
<b>Portugal</b>	8, Sanlitun Dongwu Jie, Beijing 100600 China	<a href="http://portugueseembassybeijing.com/homepage/">http://portugueseembassybeijing.com/homepage/</a>	Tel: +86 10 6532 3220 Email: <a href="mailto:aicep.beijing@portugalglobal.pt">aicep.beijing@portugalglobal.pt</a>
<b>Romania</b>	2, Ritan East Rd. Chaoyang District Beijing 100600 China	<a href="http://beijing.mae.ro/en">http://beijing.mae.ro/en</a>	Tel: +86 10 6532 3442 +86 10 6532 3315 +86 10 6532 5417 Fax: +86 10 6532 5728 Email: <a href="mailto:ambasada@roamb.link263.com">ambasada@roamb.link263.com</a>
<b>Slovakia</b>	Ritan Lu, Jianguomen Wai, Beijing 100600 China	<a href="http://www.mzv.sk/peking">http://www.mzv.sk/peking</a>	Tel.: +86 1065321530, +86 1065321531, +86 1065321537 Fax: +86 1065324814 Email: <a href="mailto:emb.beijing@mzv.sk">emb.beijing@mzv.sk</a>
<b>Slovenia</b>	King's Garden Villas, No. 57, Block F, 18 Xiaoyun Road Chaoyang District Beijing 100125 China	<a href="http://www.peking.veleposlanistvo.si/">http://www.peking.veleposlanistvo.si/</a>	Tel: +86 10 6468 1030 +86 10 6468 1154 Fax: +86 10 6468 1040 Email: <a href="mailto:vpe@gov.si">vpe@gov.si</a>
<b>Spain</b>	Sanlitun Lu, 9 Chaoyang District 100600 Beijing	<a href="http://www.exteriores.gob.es/Embajadas/pekin/es/Paginas/inicio.aspx">http://www.exteriores.gob.es/Embajadas/pekin/es/Paginas/inicio.aspx</a>	Tel: +86 10 6532 3629 Fax: +86 10 6532 3401 Email:

EU Member State	Address	Website	Contact Information
	China		<a href="mailto:emb.pekin@maec.es">emb.pekin@maec.es</a>
<b>Sweden</b>	3, Dongzhimenwai Dajie Sanlitun Chaoyang District Beijing 100600, China	<a href="http://www.swedenabroad.com/peking">http://www.swedenabroad.com/peking</a>	Tel: +86 10 6532 9790 Fax: +86 10 6532 5008 Email: <a href="mailto:ambassaden.peking@gov.se">ambassaden.peking@gov.se</a>
<b>United Kingdom</b>	11 Guanghua Lu, Jianguomen Wai, Beijing 100600China	<a href="https://www.gov.uk/world/organisations/british-embassy-beijing">https://www.gov.uk/world/organisations/british-embassy-beijing</a>	Tel: + 86 10 5192 4000 Fax + 86 10 5192 4239

### 7.3 Other organisations and service providers

Other service providers that offer business facilitation and assistance for companies are often provided on a fee paying basis. These service providers often work with, or are part of, the commercial sections of their respective governments and embassies.

Service provider	Website	Address	Contact
<b>Services for Austrian Companies</b>			
<b>Advantage Austria</b>	<a href="http://www.advantageaustria.org/cn/Oesterreich-in-China.en.html">http://www.advantageaustria.org/cn/Oesterreich-in-China.en.html</a>	ADVANTAGE AUSTRIA Beijing Austrian Embassy - Commercial Section Suite 2280 Beijing Sunflower Tower No. 37 Maizidian Street, Chaoyang District 100125 Beijing, China	Tel: +86 10 8527 5050 Fax: +86 10 8527 5049 Email: <a href="mailto:peking@advantageaustria.org">peking@advantageaustria.org</a>
<b>Austrian Economic Chambers</b>	<a href="https://www.wko.at/">https://www.wko.at/</a>	Wiedner Hauptstraße 63 1045 Vienna, Austria	Tel: +43 5 90 900 Fax: +43 5 90 900 250 Email: <a href="mailto:office@wko.at">office@wko.at</a>

Service provider	Website	Address	Contact
Oesterreichische Kontrollbank Aktiengesellschaft (OeKB)	<a href="http://www.oekb.at/">http://www.oekb.at/</a>	Oesterreichische Kontrollbank Aktiengesellschaft Am Hof 4; Strauchgasse 3 1011 Vienna, Austria	Tel: +43 1 53127-0 Fax: +43 1 53127-5262 Email: <a href="mailto:info@oekb.at">info@oekb.at</a>
<b>Services for Belgian Companies</b>			
Brussels Invest & Export	<a href="http://www.invest-export.irisnet.be/en/nos-services">http://www.invest-export.irisnet.be/en/nos-services</a>	Brussels Invest & Export Foreign trade and foreign investments service of the Brussels Regional Public Service Chaussée de Charleroi 112 1060 Bruxelles	Tel: +32 (0)2 800 40 00 Fax: +32 (0)2 800 40 01 Email: <a href="mailto:info@brusselsinvestexport.be">info@brusselsinvestexport.be</a>
Finexpo Service	<a href="http://diplomatie.belgium.be/en/policy/economic_diplomacy/finexpo/">http://diplomatie.belgium.be/en/policy/economic_diplomacy/finexpo/</a>	FPS Foreign Affairs, Foreign Trade and	Email: <a href="mailto:finexpo@diplobel.fed.be">finexpo@diplobel.fed.be</a>



Service provider	Website	Address	Contact
		Development Cooperation, Rue des Petits Carmes 15 1000 Brussels, Belgium	
Delcredere   Ducroire	<a href="https://www.credendo.com/">https://www.credendo.com/</a>	Delcredere - Ducroire Rue Montoyerstraat 3, 1000 Brussels, Belgium	Tel: + 32 (0)2 788 88 00 Fax: + 32 (0)2 788 88 10 Email: <a href="mailto:info-eca@credendo.com">info-eca@credendo.com</a>
Wallonia	<a href="http://www.awex.be/de">http://www.awex.be/de</a> <a href="http://www.awex.be/de-DE/Pages/Home.aspx">http://www.awex.be/de-DE/Pages/Home.aspx</a>	AWEX-Regionalbüro Eupen Hütte, 79/20 4700 Eupen Belgium	Tel: 32-87-56.82.19 Fax: 32-87-77.33.50 Email: <a href="mailto:mail@awex.be">mail@awex.be</a>
Belgium Corporation for International Investment	<a href="http://www.bmi.be/en/produits.html">http://www.bmi.be/en/produits.html</a>	SBI Avenue de Tervueren 168, bte 9 B-1150 Brussels, Belgium	Tel: +32 2 776 01 00 Fax: +32 2 770 66 38 Email: <a href="mailto:info@bmi-sbi.be">info@bmi-sbi.be</a>

Service provider	Website	Address	Contact
<b>Services for Bulgarian Companies</b>			
<b>Bulgarian Chamber of Commerce and Industry</b>	<a href="http://www.bcci.bg/bcci-services.html">http://www.bcci.bg/bcci-services.html</a>	9 Iskar Str., 1058, Sofia , Bulgaria	Tel: +359 2 8117 400, 987 26 31 Fax: +359 2 987 32 09 Email: <a href="mailto:bcci@bcci.bg">bcci@bcci.bg</a>
<b>Ministry of Economy, Republic of Bulgaria</b>	<a href="http://www.mi.government.bg/bg/themes/informacionni-resursi-na-evropeiski-ya-sayuz-koito-mogat-da-se-izpolzvat-ot-targovskite-operatori-350-335.html">http://www.mi.government.bg/bg/themes/informacionni-resursi-na-evropeiski-ya-sayuz-koito-mogat-da-se-izpolzvat-ot-targovskite-operatori-350-335.html</a> <a href="http://www.mi.government.bg/bg/themes/informacionni-resursi-na-evropeiski-ya-sayuz-koito-mogat-da-se-izpolzvat-ot-targovskite-operatori-350-335.html">http://www.mi.government.bg/bg/themes/informacionni-resursi-na-evropeiski-ya-sayuz-koito-mogat-da-se-izpolzvat-ot-targovskite-operatori-350-335.html</a> <a href="http://www.mi.government.bg/bg/themes/informacionni-resursi-na-evropeiski-ya-sayuz-koito-mogat-da-se-izpolzvat-ot-targovskite-operatori-350-335.html">http://www.mi.government.bg/bg/themes/informacionni-resursi-na-evropeiski-ya-sayuz-koito-mogat-da-se-izpolzvat-ot-targovskite-operatori-350-335.html</a>	8, Slavyanska Str., 1052 Sofia, Bulgaria	Tel: +359 2 9407001 Fax: +359 2 987 2190 Email: <a href="mailto:e-docs@mi.government.bg">e-docs@mi.government.bg</a>
<b>The National Customs Agency</b>	<a href="http://customs.bg/en/page/150">http://customs.bg/en/page/150</a>	National Customs Agency Rakovski 47 Sofia 1202 Bulgaria	Tel: +359 2 9859 4210 Email: <a href="mailto:pr@customs.bg">pr@customs.bg</a>
<b>Services for Cypriot Companies</b>			

Service provider	Website	Address	Contact
Trade Service	<a href="http://www.mcit.gov.cy/mcit/trade/ts.nsf/All/5F12C634BFA9CF8FC2257BE10030AD5C?OpenDocument">http://www.mcit.gov.cy/mcit/trade/ts.nsf/All/5F12C634BFA9CF8FC2257BE10030AD5C?OpenDocument</a>	Trade Service Ministry of Energy, Commerce, Industry and Tourism 1421 Nicosia Cyprus	Tel: +357 22 867123 Fax: +357 22 375120 Email: <a href="mailto:ts@mcit.gov.cy">ts@mcit.gov.cy</a>
OEB: Cyprus Employers and Industrialists Federation	<a href="http://www.oeb.org.cy/en/">http://www.oeb.org.cy/en/</a>	2 Acropoleos Ave. & Glafkou Str, P.O Box 21657 1511 Nicosia Cyprus	Tel: +357 22 66 51 02 Fax: +357 22 66 94 59 Email: <a href="mailto:info@oeb.org.cy">info@oeb.org.cy</a>
<b>Services for Czech Companies</b>			
Regional Chamber of Commerce Moravia- Silesia (Krajská hospodářs ká komora MSK)	<a href="http://www.khkmsk.cz/en/">http://www.khkmsk.cz/en/</a>	Výstavní 2224/8, 709 00 Ostrava, Mariánské Hory, Czech Republic	Tel: +597 479 333 Fax: +597 479 324 Email: <a href="mailto:info@khkmsk.cz">info@khkmsk.cz</a>
<b>Services for German Companies</b>			

Service provider	Website	Address	Contact
Germany Trade & Invest	<a href="http://www.gtai.de/GTAI/Navigation/EN/Trade/Service/informationhttp://www.gtai.de/GTAI/Navigation/EN/Trade/Service/information-service.htmlservice.html">http://www.gtai.de/GTAI/Navigation/EN/Trade/Service/informationhttp://www.gtai.de/GTAI/Navigation/EN/Trade/Service/information-service.htmlservice.html</a>	Friedrichstraße 60 10117 Berlin	Tel: 0228 24993-266 Email: <a href="mailto:asien@gtai.de">asien@gtai.de</a>
AHK	<a href="http://china.ahk.de/services/sourcinghttp://china.ahk.de/services/sourcing-sales/sales/">http://china.ahk.de/services/sourcinghttp://china.ahk.de/services/sourcing-sales/sales/</a>	Unit 0811, Landmark Tower II 8 North Dongsanhua n Road Chaoyang District, 100004 Beijing, China	Tel: +86-10-6539-6688 Fax: +86-10-6539-6689 Email: <a href="mailto:info@bj.china.ahk.de">info@bj.china.ahk.de</a>
<b>Services for Danish Companies</b>			
The Trade Council	<a href="http://kina.um.dk/en/the-tradehttp://kina.um.dk/en/the-trade-council/products-and-services/council/products-and-services/">http://kina.um.dk/en/the-tradehttp://kina.um.dk/en/the-trade-council/products-and-services/council/products-and-services/</a>	Royal Danish Embassy in Beijing	Tel: +86 (10) 8532 9900 Email: <a href="mailto:bj samb@um.dk">bj samb@um.dk</a>
The Danish Business Authority	<a href="http://danishbusinessauthority.dk/euhttp://danishbusinessauthority.dk/eu-and-internationaland-international">http://danishbusinessauthority.dk/euhttp://danishbusinessauthority.dk/eu-and-internationaland-international</a>	Langelinie Allé 17 2100 Copenhagen, Denmark	Tel: +45 35 29 10 00 Email: <a href="mailto:erst@erst.dk">erst@erst.dk</a>
<b>Services for Estonian Companies</b>			

Service provider	Website	Address	Contact
Estonian Chamber of Commerce and Industry	<a href="http://www.koda.ee/en/chamber-of-commerce/services-2/">http://www.koda.ee/en/chamber-of-commerce/services-2/</a>	Main office in Tallinn: Toom-Kooli 17 10130, Tallinn, Estonia	Tel: +372 604 0060 Fax: +372 604 0061 Email: <a href="mailto:koda@koda.ee">koda@koda.ee</a>
<b>Services for Greek Companies</b>			
Enterprise Greece	<a href="http://www.investingreece.gov.gr/">http://www.investingreece.gov.gr/</a>	109 Vasilisis Sophias Avenue 115 21 Athens, Greece	Tel: +30 210 335 5700 Fax: +30 210 324 2079 Email: <a href="mailto:info@enterprisegreece.gov.gr">info@enterprisegreece.gov.gr</a>
<b>Services for Spanish Companies</b>			
Spain Export and Invest	<a href="http://www.icex.es/icex/es/index.html">http://www.icex.es/icex/es/index.html</a>	ICEX España Exportación Inversiones Paseo de la Castellana 14 28046 Madrid Spain	Tel: +900 349 000 Contact Form: <a href="http://www.icex.es/icex/es/navegacion-principal/que-esicex/contacto/formulario-decontacto/index.html">http://www.icex.es/icex/es/navegacion-principal/que-esicex/contacto/formulario-decontacto/index.html</a>
Institut D'Innovació Empresarial de	<a href="http://www.idi.es/web/home.php">http://www.idi.es/web/home.php</a>	Plaça de Son Castelló, 1 – 07009, Palma, Illes Balears Spain	Tel: +971 784 650 Fax: +971 784 651 Email: <a href="mailto:info@idi.caib.es">info@idi.caib.es</a>

Service provider	Website	Address	Contact
The Foreign Trade and Investment Institute of Castilla-La Mancha (IPEX)	<a href="http://ipex.castillalamancha.es/?language=en">http://ipex.castillalamancha.es/?language=en</a>	IPEX - Trade and Invest in Castilla - La Mancha C/. Dinamarca, 2 45005 Toledo , Spain	Tel: +34 925 259100 Fax: +34 925 259137 Email: <a href="mailto:consultas@ipex.es">consultas@ipex.es</a>
Asturex	<a href="http://www.asturex.org/sites/web/asturexweb/servicios/index.jsp">http://www.asturex.org/sites/web/asturexweb/servicios/index.jsp</a>	Sociedad de Promoción Exterior Principado de Asturias S.A. (ASTUREX) CIF: A-74159500 Parque Tecnológico de Asturias. Edificio CEEI 33428 Llanera, Asturias, Spain	Tel: +34 985 26 90 02 Fax: +34 985 26 90 35 Email: <a href="mailto:asturex@asturex.org">asturex@asturex.org</a>
Bilbao Chamber of Commerce / Camara de	<a href="http://www.camarabilbao.com/ccb/p_ortal.portal.action">http://www.camarabilbao.com/ccb/p_ortal.portal.action</a>	Alda. Recalde 50 48008 Bilbao, Spain	Tel: 944706500 Fax: 944436171 Email: <a href="mailto:atencionclientes@camarabilbao.com">atencionclientes@camarabilbao.com</a>

Service provider	Website	Address	Contact
Comercio de Bilbao			
Camara Oficial de Comercio Eindustria de Toledo	<a href="http://www.camaratoledo.com/">http://www.camaratoledo.com/</a>	Plaza de San Vicente nº3, 45001 Toledo, Spain	Tel:+34 925 280 111 Fax: +34 925 280 004 Email: <a href="mailto:camaratoledo@camaratoledo.com">camaratoledo@camaratoledo.com</a>
<b>Services for Finnish Companies</b>			
Finnpartnership	<a href="http://www.finnpartnership.fi/www/e%20n/">http://www.finnpartnership.fi/www/e%20n/</a>	c/o Teollisen yhteisötyön rahasto Oy (FINN FUND) PL 391 00121 Helsinki, Finland	Tel: 09 348 434 Email: <a href="mailto:fp@finnpartnership.fi">fp@finnpartnership.fi</a>

Service provider	Website	Address	Contact
<b>Nordic Project Fund</b>	<a href="http://www.nopef.com/">http://www.nopef.com/</a>	Nordic Environment Finance Corporation NEFCO, PB 241, FI-00171 Helsingfors, Finland	Tel: +358 (0)10 618 003 Email: <a href="mailto:info@nopef.com">info@nopef.com</a>
<b>Viexpo</b>	<a href="http://www.viexpo.fi/services/">http://www.viexpo.fi/services/</a>	Runeberginkatu 11 FI-68600 Pietarsaari, Finland	Tel: +358 6 781 6440 Email: <a href="mailto:viexpo@viexpo.fi">viexpo@viexpo.fi</a>
<b>TeKes</b>	<a href="https://www.businessfinland.fi/en/for-finnish-customers/services/build-your-network/in-brief/">https://www.businessfinland.fi/en/for-finnish-customers/services/build-your-network/in-brief/</a>	Business Finland Oy P.O. BOX 358, FI-00181 Helsinki, Finland	Tel: +358 29 50 55000 Email: <a href="mailto:kirjaamo@tekes.fi">kirjaamo@tekes.fi</a>
<b>Services for French Companies</b>			
<b>UbiFrance</b>	<a href="https://www.youbuyfrance.com/">https://www.youbuyfrance.com/</a>	77, Boulevard Saint-Jacques 75014 Paris, France	Contact Form: <a href="https://www.youbuyfrance.com/contactus.aspx">https://www.youbuyfrance.com/contactus.aspx</a>



Service provider	Website	Address	Contact
UCCIFE: Chambres de Commerce et d'Industrie Françaises à l'Etranger	<a href="http://www.ccifrance-international.org/international.org/">http://www.ccifrance-international.org/international.org/</a>	46 avenue de la Grande Armée, CS 50071, 75 858 Paris Cedex 17, France	Tel: +33 01 4069 3760 Fax: +33 01 4069 3783 Email: <a href="mailto:infos@uccife.org">infos@uccife.org</a>
<b>Services for Hungarian Companies</b>			
Budapest Chamber of Commerce and Industry (BCCI)	<a href="http://www.bkik.hu/en#">http://www.bkik.hu/en#</a>	Krisztina krt 99, 1016 Budapest, Hungary	Tel: +36 (1) 488 2000 Fax: +36 (1) 488 2108 Email: <a href="mailto:ugyfelszolgalat@bkik.hu">ugyfelszolgalat@bkik.hu</a>
Hungarian Foundation for Enterprise Promotion	<a href="http://www.mva.hu/english.php">http://www.mva.hu/english.php</a>	Szépvölgyi út 135., Budapest, III. 1277 Budapest 23, Pf: 4, Hungary	Tel: +36 1 883 0800 Fax: +36 1 883 0841 Email: <a href="mailto:info@mva.hu">info@mva.hu</a>
<b>Services for Irish Companies</b>			

Service provider	Website	Address	Contact
<b>Enterprise Ireland</b>	<a href="http://www.enterprise-ireland.com/en/Export-Assistance/">http://www.enterprise-ireland.com/en/Export-Assistance/</a>	Enterprise Ireland East Point Business Park The Plaza Dublin 3 D03 E5R6 Ireland	Tel: +86-10-8448-8080 Fax: +86-10-8448-4282 Email: <a href="mailto:client.service@enterprise-ireland.com">client.service@enterprise-ireland.com</a>
<b>Bord Bia (Irish Food Board)</b>	<a href="http://www.bordbia.ie/">www.bordbia.ie/</a>	Bord Bia - Irish Food Board (Shanghai) 733 Shanghai Centre 1376 Nanjing West Road Shanghai 200040, China	Tel: +86 21 6279 8900 Fax: +86 21 6279 8901 Email: <a href="mailto:info@bordbia.ie">info@bordbia.ie</a>
<b>Services for Italian Companies</b>			
<b>Italian Trade Agency</b>	<a href="http://www.ice.gov.it/">http://www.ice.gov.it/</a>	ITALIAN TRADE COMMISSION Sanlitun Diplomatic Residence Compound, Unit 1, 6th	Tel: 008610-65973797 Email: <a href="mailto:pechino@ice.it">pechino@ice.it</a>

Service provider	Website	Address	Contact
		floor Chaoyang district, Gongren Tiychang north rd. 100600 , BEIJING - P.R.CHINA	
Toscana Promozione	<a href="http://www.toscanapromozione.it/">www.toscanapromozione.it/</a>	Toscana Promozione, Via Vittorio Emanuele II, 62-64, 50134 Firenze, Italy	Tel: +39 055 462801 Email: <a href="mailto:toscanapromozione@postacert.toscana.it">toscanapromozione@postacert.toscana.it</a>
Regione Emilia Romagna	<a href="http://imprese.regione.emilia-romagna.it/romagna.it/">http://imprese.regione.emilia-romagna.it/romagna.it/</a>	Viale Aldo Moro 44, 40127 Bologna, Italy	Tel: +848 800 258 Email: <a href="mailto:imprese@regione.emilia-romagna.it">imprese@regione.emilia-romagna.it</a>
<b>Services for Lithuanian Companies</b>			
Kaunas Chamber of Commerce , Industry and Crafts	<a href="http://chamber.lt/EN/Home/Services">http://chamber.lt/EN/Home/Services</a>	Kaunas Chamber of Commerce K. Donelaicio str. 8, 44213 Kaunas, Lithuania	Tel: +370 37 229212 Email: <a href="mailto:chamber@chamber.lt">chamber@chamber.lt</a>

Service provider	Website	Address	Contact
<b>Services for Luxembourgian Companies</b>			
Luxinnovat ion	<a href="http://en.luxinnovation.lu/Services">http://en.luxinnovation.lu/Services</a>	5, avenue des Hauts Fourneaux L-4362 Esch-sur-Alzette LUXEMBOURG	Tel: +352 43 6263 Ext.1 Fax: +352 43 8120 Email: <a href="mailto:web@luxinnovation.lu">web@luxinnovation.lu</a>
<b>Services for Latvian Companies</b>			
Investment and Development Agency of Latvia	<a href="http://www.liaa.gov.lv/en">http://www.liaa.gov.lv/en</a>	2 Perses Street, Riga, LV-1442, Latvia	Tel: +371 67039400 Fax: +371 67039401 Email: <a href="mailto:liaa@liaa.gov.lv">liaa@liaa.gov.lv</a>
<b>Services for Maltese Companies</b>			
GRTU Malta Chamber of SMEs	<a href="http://www.grtu.org.mt">http://www.grtu.org.mt</a>	GRTU, Malta Chamber of SMEs, 157, Archbishop Street, Valletta. Malta	Tel: +356 21232881 Contact Form: <a href="http://www.grtu.org.mt/index.php/contact-us">http://www.grtu.org.mt/index.php/contact-us</a>

Service provider	Website	Address	Contact
<b>Services for Dutch Companies</b>			
<b>Chamber of Commerce Amsterdam</b>	<a href="http://www.kvk.nl/english/international-trade/">http://www.kvk.nl/english/international-trade/</a>	De Ruyterkade 51013, Amsterdam, The Netherlands	Tel: +31 20 531 40 00 Email: <a href="mailto:info@amsterdam.kvk.nl">info@amsterdam.kvk.nl</a>
<b>Netherlands Enterprise Agency (RVO) / Agentschap NL (AGNL)</b>	<a href="http://english.rvo.nl/home/about-rvonl/what-is-rvonl">http://english.rvo.nl/home/about-rvonl/what-is-rvonl</a>	RVO.nl in The Hague (Centre Court) Prinses Beatrixlaan 2 2595 AL The Hague, The Netherlands  Postal address: P.O. Box 93144 2509 AC The Hague, The Netherlands	Tel: +31 88 602 50 00 Fax: +31 88 602 90 23 Contact Form: <a href="http://english.rvo.nl/home/about-rvonl/what-is-rvonl/contact-form">http://english.rvo.nl/home/about-rvonl/what-is-rvonl/contact-form</a>
<b>Services for Polish Companies</b>			

Service provider	Website	Address	Contact
Trade and Investment Promotion Section of Polish Embassy in Beijing	<a href="https://china.trade.gov.pl/en/">https://china.trade.gov.pl/en/</a>	Polish Investment and Trade Agency China Representative Office in Shanghai Suite 1708, Cross Tower, No. 318 Fuzhou Road 200001 Shanghai, Huangpu District	Tel.: +86 21 63309186 Email: <a href="mailto:china@paih.gov.pl">china@paih.gov.pl</a>
Polish Agency for Enterprise Development	<a href="http://en.parp.gov.pl/">http://en.parp.gov.pl/</a>	Polska Agencja Rozwoju Przedsiębiorczości ul. Paoska 81/83, 00-834 Warsaw, Poland	Tel: +22 432 80 80, 432 71 25 Fax: +22 432 86 20 Email: <a href="mailto:biuro@parp.gov.pl">biuro@parp.gov.pl</a>
<b>Services for Portuguese Companies</b>			
AICEP Portugal Global	<a href="http://www.portugalglobal.pt/EN/Pages/Index.aspx">http://www.portugalglobal.pt/EN/Pages/Index.aspx</a>	8 Sanlitun Dongwu Jie Beijing 100600,	Tel: +86 10 6532 0401/5 Fax: +86 10 6532 6746 Email: <a href="mailto:aicep.beijing@portugalglobal.pt">aicep.beijing@portugalglobal.pt</a>

Service provider	Website	Address	Contact
		China	
<b>Services for Romanian Companies</b>			
Trade Promotion Office	<a href="http://beijing.mae.ro/en/node/794">http://beijing.mae.ro/en/node/794</a>	Ri Tan Lu, Dong Er Jie, no.2, 100600, Beijing, China	Tel: 0086-10-65323315 Fax: 0086-10-65325728 Email: <a href="mailto:beijing.economic1@mae.ro">beijing.economic1@mae.ro</a>
<b>Services for Swedish Companies</b>			
Business Sweden	<a href="http://www.business-sweden.se/en/Trade/International">http://www.business-sweden.se/en/Trade/International</a> <a href="http://www.business-sweden.se/en/Trade/International-Markets/Asia-and-Middle-East/China/Swedish-Sustainable-Business-in-China/Markets/Asia-and-Middle">http://www.business-sweden.se/en/Trade/International-Markets/Asia-and-Middle</a> <a href="http://www.business-sweden.se/en/Trade/International-Markets/Asia-and-Middle-East/China/Swedish-Sustainable-Business-in-China/East/China/Swedish-Sustainable">http://www.business-sweden.se/en/Trade/International-Markets/Asia-and-Middle-East/China/Swedish-Sustainable</a> <a href="http://www.business-sweden.se/en/Trade/International-Markets/Asia-and-Middle-East/China/Swedish-Sustainable-Business-in-China/Business-in-China/">http://www.business-sweden.se/en/Trade/International-Markets/Asia-and-Middle-East/China/Swedish-Sustainable-Business-in-China/Business-in-China/</a>	12 F, Sail Tower, 266, Hankou Road ,200001 Shanghai, China	Tel: +86 21 6218 9955 Fax: +86 21 6217 5152 <a href="mailto:china@business-sweden.se">china@business-sweden.se</a>
Innovation sbron AB	<a href="http://www.almi.se/English/">http://www.almi.se/English/</a>	n/a	Tel: +46 0771 55 85 00 Contact form: <a href="https://www.almi.se/Formular/Kontaktformular/">https://www.almi.se/Formular/Kontaktformular/</a>
<b>Services for Slovenian Companies</b>			

Service provider	Website	Address	Contact
Embassy of Slovenia, Economic Section	<a href="http://peking.veleposlanistvo.si/index.php?id=879&amp;L=1">http://peking.veleposlanistvo.si/index.php?id=879&amp;L=1</a>	Embassy of the Republic of Slovenia Beijing 18 Xiaoyun Road King's Garden Villas, No. 57, Block F Chaoyang District, Beijing 100125, China	Tel: +86 10 6468 1030 Fax +86 10 6468 1040 Email: <a href="mailto:sloembassy.beijing@gov.si">sloembassy.beijing@gov.si</a>
<b>Services for Slovakian Companies</b>			
SARIO (Slovak Investment and Trade Development Agency); and Slovak Chamber of Commerce and Industry	<a href="http://www.sario.sk/en">http://www.sario.sk/en</a>	Slovak Investment and Trade Development Agency, Trnavská cesta 100 821 01 Bratislava, Slovak Republic	Tel: +421 2 58 260 100, 101 Fax: +421 2 58 260 109 Email: <a href="mailto:sario@sario.sk">sario@sario.sk</a>



Service provider	Website	Address	Contact
<b>Services for UK Companies</b>			
<b>United Kingdom Department for International Trade</b>	<a href="https://www.gov.uk/government/organisations/department-for-international-trade">https://www.gov.uk/government/organisations/department-for-international-trade</a>	King Charles Street Whitehall London SW1A 2AH	Tel: +44 020 7215 5000 Email: <a href="mailto:enquiries@trade.gsi.gov.uk">enquiries@trade.gsi.gov.uk</a>

#### 7.4 Calendar of trade events and exhibitions

Attending trade events and exhibitions can help promote your product in China as well as forge relationships with industry figures and useful business contacts.

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
<b>MAY 2018</b>				
<b>China International Vegetarian Food Fair</b>	10-15 May	Biannual	Xiamen International Conference and Exhibition Center	Xiamen Jinhongxin Exhibition Co. Tel: +86 5925959618 Email: <a href="mailto:Limitedinfo@vffair.com">Limitedinfo@vffair.com</a> Website: <a href="http://www.vffair.com/en/">http://www.vffair.com/en/</a>

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
<b>Shanghai International Import and Export Food &amp; Beverage Exhibition 2018</b>				
<b>Concurrent Events:</b>				Shanghai Golden Commercial Exhibition Co., Ltd
– 19 <sup>th</sup> Shanghai International Wine & Spirits Exhibition 2018	14-16 May	Biannual	Shanghai National Exhibition and Convention Center	Tel: +86 21 64396190 Email: <a href="mailto:info@goldenexpo.com.cn">info@goldenexpo.com.cn</a> Website: <a href="http://www.importfoodfair.com/en/">http://www.importfoodfair.com/en/</a>
– The Shanghai International Sweets and Snacks Expo 2018				
– Shanghai International High Fashion Water & Beverage Trade Fair 2018				
– The 9th Shanghai International Top Edible Oil & Olive oil Exhibition 2018				
<b>SIAL China – Inspire Food Business</b>	16-18 May	Annual	Shanghai New International Expo Centre	Comexposium Paris Contacts: Alessia Carolo, Elodie Guillon Tel: + 33 (0)1 7677 1333 Email: <a href="mailto:exhibit.sialchina@sialnetwork.com">exhibit.sialchina@sialnetwork.com</a> Website: <a href="http://www.sialchina.com/">http://www.sialchina.com/</a>
<b>TopWine China</b>	21-23 May	Annual	Beijing China National Convention Centre	Industrial Promotions International (IPI) Contacts: Gerdi Hondebrink, Marleen Jerusalem Tel: +31 (0)547 27 15 66 Email: <a href="mailto:gerdi@ipi-bv.nl">gerdi@ipi-bv.nl</a> - <a href="mailto:marleen@ipi-bv.nl">marleen@ipi-bv.nl</a> Website: <a href="http://topwinechina.com">http://topwinechina.com</a>
<b>JUNE 2018</b>				
<b>HI - Health Ingredients China 2018</b>	20-22 June	Annual	Shanghai New International Expo Centre	Hi China Contact: Tolga Irkan Tel: +31 20 4099515 Email: <a href="mailto:tolga.irkan@ubm.com">tolga.irkan@ubm.com</a> Website: <a href="https://www.figlobal.com/hi-china/">https://www.figlobal.com/hi-china/</a>
<b>2018 Guangzhou International Fruit Expo</b>	27-29 June	Annual	Guangzhou	Fruit Expo Organising Committee

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
			China Import and Export Fair Complex	Contact: Amy Lai Tel+86 20 2917 8996 Emails: <a href="mailto:fruitexpo@yeah.net">fruitexpo@yeah.net</a> , <a href="mailto:grand3@grahw.com">grand3@grahw.com</a> Website: <a href="http://www.fruit-expo.com/index.php?lang=en">http://www.fruit-expo.com/index.php?lang=en</a>
<b>IFE 2018 – International Food Exhibition</b>				
<b>Concurrent Events:</b>				
– Int’l Edible Oil & Olive Oil Exhibition	28-30 June	Annual	Guangzhou China Import and Export Fair Complex	Guangzhou Informa Yi Fan Exhibitions Co., Ltd. Tel: + 86 20 29191521 E-mail: <a href="mailto:info@ifechina.com">info@ifechina.com</a> Website: <a href="http://www.ifechina.com/web/en/">http://www.ifechina.com/web/en/</a>
– Int’l Wine and Spirits Exhibition				
– Int’l High Quality Rice & Brand Grains Exhibition				
– Int’l Nutrition and Health Food & Organic Products Exhibition				
– Int’l High-end Drinking Water Industry Expo				
<b>JULY 2018</b>				
<b>ProPak China 2018 - The 24th International Processing &amp; Packaging Exhibition</b>				
<b>Concurrent Events:</b>				
– Bev Tek China 2018	11-13 July	Annual	Shanghai New International Expo Centre	UBM CIE Contact: Roisin Jiang Tel: +86 21 333921932189 Email: <a href="mailto:Roisin.Jiang@ubmsinoexpo.com">Roisin.Jiang@ubmsinoexpo.com</a> Website: <a href="http://www.propakchina.com/en/">http://www.propakchina.com/en/</a>
– DairyTek China 2018				
– FoodTek China 2018				
– PharmaTek China 2018				
– CosmeticTek China 2018				
<b>AUGUST 2018</b>				
<b>The 22<sup>nd</sup> China International Organic &amp; Green Food Industry Expo</b>	15-17 August	Annual	Shanghai New International Expo Centre	Shibowei International Exhibition Group Contact: Wendy Wei Tel: +86 15 810310934

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
				Email: <a href="mailto:wendy@sbwexpo.cn">wendy@sbwexpo.cn</a> Website: <a href="http://en.gnfexpo.com/sh/">http://en.gnfexpo.com/sh/</a>
<b>China International (Guangzhou) Fishery and Seafood Expo</b>	24-26 August	Annual	Guangzhou China Import and Export Fair Complex	Guangzhou Boyi Global Exhibition Co., Ltd Tel: +86 20 6633 9113 (Miss Rose) Tel: +86 20 6631 7664 (Miss Weng) Tel: +86 20 6633 9025 (Miss Liang) E-mail: <a href="mailto:info@gzboyi.com.cn">info@gzboyi.com.cn</a> Website: <a href="http://www.chinafishex.com/index.asp">http://www.chinafishex.com/index.asp</a>
<b>China Good Food Show 2018</b>				Shanghai ITE Gehua Exhibition Service Co., Ltd. Tel: +86 21801810113002 Email: <a href="mailto:fair.fan@ite-china.com.cn">fair.fan@ite-china.com.cn</a> Website: <a href="http://www.shicaexpo.com/en/">http://www.shicaexpo.com/en/</a> Website: <a href="http://www.ffb2b.com/en/">http://www.ffb2b.com/en/</a> Website: <a href="http://www.worldseafoodshanghai.com/en/">http://www.worldseafoodshanghai.com/en/</a>
<b>Concurrent Events:</b>				
– 9 <sup>th</sup> Shanghai International Catering and Ingredients Exhibition	29-31 August	Annual	Shanghai New International Expo Centre	
– 9 <sup>th</sup> Shanghai International Frozen and Chilled Food Exposition				
– 13 <sup>th</sup> Shanghai International Fisheries and Seafood Exhibition				
<b>SEPTEMBER 2018</b>				
<b>FHW CHINA 2018 - Food Hospitality World China 2018</b>	7-9 September	Annual	Guangzhou China Import and Export Fair Complex	Worldex-SingEx Exhibitions (Guangzhou) Co., Ltd. Tel: +86 20 83276765 Email: <a href="mailto:worldex@singex.com">worldex@singex.com</a> Website: <a href="http://www.fhwchina.com/en/">http://www.fhwchina.com/en/</a>
<b>AmoyWine 2018</b>	8-11 September	Annual	Xiamen International Conference & Exhibition Center	Hui International Exhibition Co., Ltd. Tel: + 86 591 88520522 Email: <a href="mailto:expo4@hyfairs.com">expo4@hyfairs.com</a> Website: <a href="http://www.amoywine.org">http://www.amoywine.org</a>
<b>China Food &amp; Catering Expo</b>	13-16 September	Annual	Changsha International Convention &	China Food & Catering Expo Contact: Mr. Peng

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
			Exhibition Centre	Tel: +86 731 8228 7397 , 18573113558 Website: <a href="http://en.cfce-china.com/">http://en.cfce-china.com/</a>
<b>9<sup>th</sup> China Guangzhou International Natural And Organic Food Exhibition</b>	14-16 September	Annual	Guangzhou China Import and Export Fair Complex	Organizing Committee Contact: Niki Lai Tel: +86 20 83953270 Email: <a href="mailto:nikilai@zhenweiexpo.com">nikilai@zhenweiexpo.com</a> Website: <a href="http://www.iofexpo.com/iof2018/en/">http://www.iofexpo.com/iof2018/en/</a>
<b>The 16<sup>th</sup> China International Meat Industry Exhibition</b>	20-22 September	Annual	Beijing China International Exhibition Center	China Meat Association Tel: +86 10 51661768 Email: <a href="mailto:chinameat@cimie.com">chinameat@cimie.com</a> Website: <a href="http://en.cimie.com/">http://en.cimie.com/</a>
<b>The 12<sup>th</sup> Expat Show 2018</b>	21-23 September	Annual	Shanghai Exhibition Center	World Events Agency Tel: (+86) (0)21 6116 1360 Emails: <a href="mailto:expatshow@weacn.com">expatshow@weacn.com</a> <a href="mailto:vivien@worldeventsagency.com">vivien@worldeventsagency.com</a> Website: <a href="http://www.expatshowchina.com/expatshowshanghai/">http://www.expatshowchina.com/expatshowshanghai/</a>
<b>OCTOBER 2018</b>				
<b>4<sup>th</sup> China Beijing International Fishery Expo</b>	12-14 October	Annual	Beijing National Agriculture Exhibition Center	Fishery Show Tel: 010-62957288 62957688 Website: <a href="http://en.fisheryshow.com/">http://en.fisheryshow.com/</a>
<b>CXIVFF - China Xiamen International Vegetarian Food Fair</b>	18-22 October	Biannual	Xiamen International Conference & Exhibition Center	Xiamen Jinhongxin Exhibition Co. Tel: +86-592-595 9618 Email: <a href="mailto:limitedinfo@vffair.com">limitedinfo@vffair.com</a> Website: <a href="http://www.vffair.com/en/">http://www.vffair.com/en/</a>
<b>2018 China International Food Exposition</b>	26-28 October	Annual	Shanghai	Organizing Committee of China International Food Exposition

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
			Exhibition Center	Contact: Gao Xiaodan Tel: +86 21 64037638 Email: <a href="mailto:amy.gao@sifecn.com">amy.gao@sifecn.com</a> Website: <a href="http://www.sifecn.com/En">http://www.sifecn.com/En</a>
<b>World's Leading Wines, Beijing</b>	31 October	Annual	Beijing The St. Regis	World's Leading Wines Contact: Paul Catchpole Tel: +44 20 7193 4823 Email: <a href="mailto:info@worldsleadingwines.com">info@worldsleadingwines.com</a> Website: <a href="http://worldsleadingwines.com/beijing/">http://worldsleadingwines.com/beijing/</a>
<b>NOVEMBER 2018</b>				
<b>Bakery China 2018</b>	1-3 November	Biannual	Shanghai New International Expo Centre	Bakery China Contact: Christine Jiang Tel: +86 10 82191892 Email: <a href="mailto:li.jiang@bakerychina.com">li.jiang@bakerychina.com</a> Website: <a href="http://www.bakerychina.com/en/">http://www.bakerychina.com/en/</a>
<b>World's Leading Wines, Shanghai</b>	2 November	Annual	Shanghai Twelve at Hengshan	World's Leading Wines Contact: Paul Catchpole T: +44 20 7193 4823 Email: <a href="mailto:info@worldsleadingwines.com">info@worldsleadingwines.com</a> Website: <a href="http://worldsleadingwines.com/events_china/shanghai/">http://worldsleadingwines.com/events_china/shanghai/</a>
<b>China International Food Safety &amp; Quality Conference</b>	7-8 November	Annual since	Beijing Crowne Plaza Sun Palace Hotel	808 Tesbury Center Tel: +85 22 8651118 Email: <a href="mailto:angela.cheng@infoexws.com">angela.cheng@infoexws.com</a> Website: <a href="http://www.chinafoodsafety.com/">http://www.chinafoodsafety.com/</a>
<b>CFSE - China Fisheries &amp; Seafood Expo 2018</b>	7-9 November	Annual since	Qingdao International Expo	Sea Fare (China) LTD.

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
			Center	Tel: +86 10 58672620 Email: <a href="mailto:info@seafarechina.com">info@seafarechina.com</a> Website: <a href="http://chinaseafoodexpo.com/">http://chinaseafoodexpo.com/</a>
<b>FHC - Food &amp; Hotel China 2018</b>				
<b>Concurrent events:</b>				UBM CIE
– ProWine China 2018	13-15 November	Annual	Shangai	Contact: Lily Zhu / Becky Sun
– Meat China 2018			New International Expo Centre	Tel: +86 21 33392222
– The 10th International Meat, Meat Products & Equipment Exhibition				Email: <a href="mailto:fhc@ubmsinoexpo.com">fhc@ubmsinoexpo.com</a>
– Tea & Coffee China 2018				Website: <a href="http://www.fhcchina.com/en/">http://www.fhcchina.com/en/</a>
– Hotel & Restaurant China 2018				
– Beer China 2018				
<b>ANUFOOD China, All About Food – The leading food &amp; beverage exhibition serving North Asia</b>	21-23 November	Annual	Beijing China National Convention Center	Koelnmesse Co., Ltd. Contact: Zoltan Farkas Tel: +86 10 6590 7766-786 Email: <a href="mailto:z.farkas@koelnmesse.cn">z.farkas@koelnmesse.cn</a> Website: <a href="http://www.anufoodchina.com/">http://www.anufoodchina.com/</a>
<b>11<sup>th</sup> iFresh China - iFresh China Fruit &amp; Vegetable Exhibition 2018</b>	22-24 November	Annual since 2008	Shangai National Convention and Exhibition Center	T-Fresh Marketing Corporation Tel: +86 21 61997348 Email: <a href="mailto:tfresh@tfreshmarketing.com">tfresh@tfreshmarketing.com</a> Website: <a href="http://en.ifreshfair.com/">http://en.ifreshfair.com/</a>
<b>DECEMBER 2018</b>				
<b>The 9<sup>th</sup> IEOE China (Beijing) International Edible Oil Industry Expo</b>	4-6 December	Annual since 2010	Beijing Chinese International Exhibition Center	Oil China Tel: 18611341433/13521610533 Email: <a href="mailto:oilchina@263.net">oilchina@263.net</a> Website: <a href="http://www.cnoil.com.cn/en/">http://www.cnoil.com.cn/en/</a>
<b>IND China - International Grain &amp; Oil products Industry Expo 2018</b>	6-8 December	Annual since 2010	Beijing Chinese International	Chinese International Exhibition Center (CIEC) Tel: 13521610533/18611828546

EVENT	DATE	RECURRENCE	VENUE	ORGANISER DETAILS
			Exhibition Center	Email: <a href="mailto:oilchina@263.net">oilchina@263.net</a> Website: <a href="http://www.paddyexpo.com/en/">http://www.paddyexpo.com/en/</a>
<b>World Fruit Show</b>	9-11 December	Annual	Shangai New International Expo Centre	HINNO EXHIBITIONS Tel: +86 021 61621009 Email: <a href="mailto:fruitshow@163.com">fruitshow@163.com</a> Website: <a href="http://en.fruit-show.com/">http://en.fruit-show.com/</a>



## 7.5 European products registered or set to be registered as GIs

### 7.5.1 European products registered as GIs within the People’s Republic of China under AQSIQ

	Country	Trademark Name	Chinese Name	Registering Entity	Product Category	AQSIQ Registration Year
1.	France	BARSAC	巴尔萨克	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
2.	France	BLAYE	布拉伊	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
3.	France	BLAYE-COTES DE BORDEAUX	布拉伊-波尔多 山坡	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
4.	France	BORDEAUX	波尔多	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
5.	France	BORDEAUX SUPERIEUR	优级波尔多	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
6.	France	BOURG	布尔	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
7.	France	BOURGEAIS	布尔杰	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
8.	France	CADILLAC	卡迪亚克	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
9.	France	CADILLAC-COTES BORDEAUX	卡迪亚克-波尔 多山坡	CONSEIL INTERPROFESSIONNEL DU VIN	Wine	2015

	Country	Trademark Name	Chinese Name	Registering Entity	Product Category	AQSIQ Registration Year
				DE BORDEAUX		
10.	France	CANON FRONSAC	卡农-弗龙萨克	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
11.	France	CASTILLON-COTES DE BORDEAUX	卡斯蒂永-波尔 多山坡	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
12.	France	CERONS	赛龙	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
13.	France	COGNAC	干邑	MINISTÈRE L'AGRICULTURE	DE Brandy	2009
14.	France	COMTE	孔泰 (奶酪)	EUROPEAN COMMISSION	Cheese	2011
15.	France	COTES DE BLAYE	布拉伊山坡	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
16.	France	COTES DE BORDEAUX SAINT-MACAIRE	波尔多山坡-圣 马盖尔	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
17.	France	COTES DE BORDEAUX	波尔多山坡	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
18.	France	COTES DE BOURG	布尔山坡	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
19.	France	ENTRE-DEUX-MERS	两海间	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015

	Country	Trademark Name	Chinese Name	Registering Entity	Product Category	AQSIQ Registration Year
20.	France	ENTRE-DEUX-MERS HAUT-BENAUGE	两海间-上伯诺 日	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
21.	France	FRANCS-COTES BORDEAUX	DE 弗朗 - 波尔多山 坡	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
22.	France	FRONSAC	弗龙萨克	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
23.	France	GRAVES	格拉夫	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
24.	France	GRAVES SUPERIEURES	优级格拉夫	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
25.	France	GRAVES DE VAYRES	韦雷-格拉夫	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
26.	France	HAUT-MEDOC	上梅多克	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
27.	France	LALANDE DE POMEROL	拉朗德-波美侯	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
28.	France	LISTRAC-MEDOC	利斯特拉克 - 梅 多克	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
29.	France	LOUPIAC	卢皮亚克	CONSEIL INTERPROFESSIONNEL	DU Wine	2015

	Country	Trademark Name	Chinese Name	Registering Entity	Product Category	AQSIQ Registration Year
				VIN DE BORDEAUX		
30.	France	LUSSAC SAINT-EMILION	吕萨克 - 圣埃米利永, 或者, 吕萨克 - 圣埃米利隆	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
31.	France	MARGAUX	玛歌	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
32.	France	MEDOC	梅多克	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
33.	France	MONTAGNE SAINT-EMILION	蒙塔涅 - 圣埃米利永, 或者, 蒙塔涅 - 圣埃米利隆	CONSEIL INTERPROFESSIONNEL VIN DE BORDEAUX	DU Wine	2015
34.	France	MOULIS MOULIS-EN-MEDOC	慕里斯 或者 慕里斯-梅多克	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
35.	France	PAUILLAC	波亚克	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
36.	France	PESSAC-LEOGNAN	佩萨克 - 雷奥良	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
37.	France	POMEROL	波美侯	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
38.	France	PREMIERES COTES DE	波尔多主山坡	CONSEIL	Wine	2015

	Country	Trademark Name	Chinese Name	Registering Entity	Product Category	AQSIQ Registration Year
		BORDEAUX		INTERPROFESSIONNEL DU VIN DE BORDEAUX		
39.	France	PRUNEAUX D'AGEN/PRUNEAU D'AGEN MI-CUITS	X 阿让李子干	EUROPEAN COMMISSION	Processed fruit	2011
40.	France	PUISSEGUIN SAINT-EMILION	普瑟冈 - 圣埃米 利永, 或者, 普瑟冈 - 圣埃 米利隆	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
41.	France	ROQUEFORT	洛克福 (奶酪)	EUROPEAN COMMISSION	Cheese	2011
42.	France	SAINTE-CROIX-DU- MONT	圣克鲁瓦蒙	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
43.	France	SAINTE-FOY BORDEAUX	圣富瓦波尔多	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
44.	France	SAINT-EMILION	圣埃米利永, 或 者, 圣埃米利 隆	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
45.	France	SAINT-EMILION GRAND CRU	特级圣埃米利 永, 或者, 特 级圣埃米利隆	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
46.	France	SAINT-ESTEPHE	圣爱斯泰夫	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
47.	France	SAINT-GEORGES SAINT- EMILION	圣乔治-圣埃米 利永	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015

	Country	Trademark Name	Chinese Name	Registering Entity	Product Category	AQSIQ Registration Year
48.	France	SAINT-JULIEN	圣朱利安 圣于连	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
49.	France	SAUTERNES	索泰尔讷	CONSEIL INTERPROFESSIONNEL DU VIN DE BORDEAUX	Wine	2015
50.	Italy	PARMA PARMA HAM PROSCIUTTO PARMA	帕尔玛 帕尔玛火腿	CONSORZIO DEL PROSCIUTTO DI PARMA	Ham	2012
51.	Italy	GRANA PADANO	哥瑞纳—帕达 诺奶酪（意大利）	EUROPEAN COMMISSION	Cheese	2012
52.	Spain	PRIEGO DE CÓRDOBA	布列高科尔多 （橄榄油）	EUROPEAN COMMISSION	Olive Oil	2011
53.	Spain	SIERRA MÁGINA	马吉那山脉 （橄榄油）	EUROPEAN COMMISSION	Olive Oil	2011
54.	UK	SCOTCH WHISKY	苏格兰威士忌	THE SCOTCH WHISKY ASSOCIATION	Whisky	2010
55.	United Kingdom	SCOTTISH FARMED SALMON	苏格兰养殖三 鱼	EUROPEAN COMMISSION	Fish	2011
56.	United Kingdom	WEST COUNTRY FARMHOUSE CHEDDAR		EUROPEAN COMMISSION	Cheese	2011
57.	UK	WHITE STILTON CHEESE/ BLUE STILTON CHEESE	蓝/白斯提尔顿 酪	EUROPEAN COMMISSION	Cheese	2012

The official list of products registered by the European Commission can be found at the following link: [http://europa.eu/rapid/press-release\\_IP-12-1297\\_en.htm](http://europa.eu/rapid/press-release_IP-12-1297_en.htm)

### 7.5.2 List of EU Geographical Indications proposed by the European Commission to be protected in China

	Country	GI Name	Chinese Name	Product Category
1.	Austria	STEIRISCHES KÜRBISKERNÖL	施泰尔南瓜籽油	Olive oil
2.	Cyprus	ZIBANĀIA/TZIBANĀIA/ZIBANA/ZIVANIA	塞浦路斯鱼尾菊酒	Spirit
3.	Czech Republic	ČESKOBUDĚJOVICKÉ PIVO	捷克百威啤沃	Beers
4.	Czech Republic	ŽATECKÝ CHMEL	萨兹啤酒花	Hops
5.	Denmark	DANABLU	丹麦蓝乳酪	Cheese
6.	Finland	SUOMALAINEN VODKA/ FINSK VODKA / VODKA OF FINLAND	芬兰伏特加	Spirit
7.	France	ALSACE	阿尔萨斯	Wines
8.	France	ARMAGNAC	雅文邑	Spirit
9.	France	BEAUJOLAIS	博若莱	Wines
10.	France	BORDEAUX*	波尔多	Wines
11.	France	BOURGOGNE	勃艮第	Wines
12.	France	CALVADOS	卡尔瓦多斯	Spirit
13.	France	CHABLIS	夏布利	Wines
14.	France	CHAMPAGNE*	香槟	Wines
15.	France	CHATEAUNEUF-DU-PAPE	教皇新堡	Wines
16.	France	COGNAC / EAU-DE-VIE DE COGNAC / EAU-DE-VIE DES CHARENTES*	干邑/干邑葡萄蒸馏酒 /夏朗德葡萄蒸馏酒	Spirit
17.	France	COMTE*	孔泰（奶酪）	Cheese
18.	France	COTES DE PROVENCE	普罗旺斯丘	Wines
19.	France	COTES DU RHONE	罗纳河谷	Wines
20.	France	COTES DU ROUSSILLON	露喜龙丘	Wines
21.	France	GRAVES*	格拉夫	Wines

	Country	GI Name	Chinese Name	Product Category
22.	France	LANGUEDOC	朗格多克	Wines
23.	France	MARGAUX	玛歌	Wines
24.	France	MEDOC	梅多克	Wines
25.	France	PAUILLAC	波亚克	Wines
26.	France	PAYS D'OC	奥克地区	Wines
27.	France	PESSAC-LEOGNAN*	佩萨克-雷奥良	Wines
28.	France	POMEROL*	波美侯	Wines
29.	France	PRUNEAUX D'AGEN – PRUNEAUX D'AGEN MI-CUITS*	阿让李子干	Dried cooked plums
30.	France	ROQUEFORT*	洛克福（奶酪）	Cheese
31.	France	SAINT-EMILION*	圣埃米利永/圣埃米利隆	Wines
32.	Germany	RHEINHESSEN	莱茵黑森葡萄酒	Wines
33.	Germany	MOSEL	摩泽尔葡萄酒	Wines
34.	Germany	FRANKEN	弗兰肯葡萄酒	Wines
35.	Germany	MÜNCHENER BIER	慕尼黑啤酒	Beers
36.	Germany	BAYERISCHES BIER	巴伐利亚啤酒	Beers
37.	Greece	ΣΑΜΟΣ (SAMOS)	萨摩斯甜酒	Wines
38.	Greece	ΣΗΤΕΪΑ ΛΑΣΙΘΪΟΥ ΚΡΗΤΗΣ / SITIA LASITHIOU KRITIS	西提亚橄榄油	Olive Oil
39.	Greece	ΕΛΙΑ ΚΑΛΑΜΑΤΑΣ (ELIA KALAMATAS)	卡拉马塔黑橄榄	Table olives
40.	Greece	ΜΑΣΤΙΧΑ ΧΙΟΥ (MASTICHA CHIOU)	希俄斯乳香	Chewing gum
41.	Greece	ΦΕΤΑ (FETA)	菲达奶酪	Cheese
42.	Greece/ Cyprus	ΟΥΖΟ/OUZO	乌佐茴香酒	Spirit
43.	Hungary	TOKAJ	托卡伊葡萄酒	Wines



	Country	GI Name	Chinese Name	Product Category
44.	Ireland	IRISH CREAM	爱尔兰奶油利口酒	Spirit
45.	Ireland	IRISH WHISKEY / IRISH WHISKY/UISCE BEATHA EIREANNACH	爱尔兰威士忌	Spirit
46.	Italy	ACETO BALSAMICO DI MODENA	摩德纳香醋	Sauces
47.	Italy	ASIAGO	艾斯阿格	Cheese
48.	Italy	ASTI	阿斯蒂	Wines
49.	Italy	BARBARESCO	巴巴列斯科	Wines
50.	Italy	BARDOLINO SUPERIORE	超级巴多利诺	Wines
51.	Italy	BAROLO	巴罗洛	Wines
52.	Italy	BRACHETTO D'ACQUI	布拉凯多	Wines
53.	Italy	BRESAOLA DELLA VALTELLINA	瓦特里纳风干牛肉火腿	Meat products (cooked, salted, smoked, etc.)
54.	Italy	BRUNELLO DI MONTALCINO	布鲁内洛蒙塔奇诺	Wines
55.	Italy	CHIANTI	圣康帝	Wines
56.	Italy	CONEGLIANO- VALDOBBIADENE- PROSECCO	科内利亚诺瓦尔多比亚德尼 – 普罗塞克	Wines
57.	Italy	DOLCETTO D'ALBA	阿尔巴杜塞托	Wines
58.	Italy	FRANCIACORTA	弗朗齐亚科达	Wines
59.	Italy	GORGONZOLA	戈贡佐拉	Cheese
60.	Italy	GRANA PADANO*	帕达诺干奶酪	Cheese
61.	Italy	GRAPPA	格拉帕酒	Spirit
62.	Italy	MONTEPULCIANO D'ABRUZZO	蒙帕塞诺阿布鲁佐	Wines
63.	Italy	MOZZARELLA DI BUFALA CAMPANA	坎帕尼亚水牛马苏里拉奶酪	Cheese
64.	Italy	PARMIGIANO REGGIANO	帕马森雷加诺	Cheese

	Country	GI Name	Chinese Name	Product Category
65.	Italy	PECORINO ROMANO	佩克利诺罗马羊奶酪	Cheese
66.	Italy	PROSCIUTTO DI PARMA*	帕尔玛火腿	Hams
67.	Italy	PROSCIUTTO DI SAN DANIELE	圣达涅莱火腿	Hams
68.	Italy	SOAVE	苏瓦韦	Wines
69.	Italy	TALEGGIO	塔雷吉欧乳酪	Cheese
70.	Italy	TOSCANO/A	托斯卡诺/托斯卡纳	Wines
71.	Italy	VINO NOBILE DI MONTEPULCIANO	蒙特普齐亚诺贵族葡萄酒	Wines
72.	Lithuania	ORIGINALI LIETUVIŠKA DEGTINĖ/ORIGINAL LITHUANIAN VODKA	立陶宛原味伏特加	Spirit
73.	Netherlands/ Belgium/ Germany	France/ GENIÈVRE /JENEVER/GENEVER	荷式金酒	Spirit
74.	Poland	POLSKA WÓDKA/POLISH VODKA	波兰伏特加	Spirit
75.	Portugal	ALENTEJO	阿兰特茹	Wines
76.	Portugal	DÃO	杜奥	Wines
77.	Portugal	DOURO	杜罗	Wines
78.	Portugal	PÊRA ROCHA DO OESTE (FRUIT)	西罗沙梨	Fruit, vegetables and cereals fresh or processed
79.	Portugal	PORTO, PORT OR OPORTO	波特酒	Wines
80.	Portugal	VINHO VERDE	葡萄牙绿酒	Wines
81.	Romania	COTNARI	科特纳里葡萄酒	Wines
82.	Slovakia	VINOHRADNÍCKA OBLASŤ TOKAJ	托卡伊葡萄酒产区	Wines
83.	Slovenia	VIPAVSKA DOLINA	多丽娜葡萄酒	Wines
84.	Spain	RIOJA	里奥哈	Wines

	Country	GI Name	Chinese Name	Product Category
85.	Spain	CAVA	卡瓦	Wines
86.	Spain	CATALUÑA	加泰罗尼亚	Wines
87.	Spain	LA MANCHA	拉曼恰	Wines
88.	Spain	VALDEPEÑAS	瓦尔德佩涅斯	Wines
89.	Spain	BRANDY DE JEREZ	雪莉白兰地	Spirit
90.	Spain	QUESO MANCHEGO	蒙切哥乳酪	Cheese
91.	Spain	JEREZ – XÉRÈS – SHERRY OR JEREZ OR XÉRÈS OR SHERRY	赫雷斯-雪莉 / 雪莉	Wines
92.	Spain	NAVARRA	纳瓦拉	Wines
93.	Spain	VALENCIA	瓦伦西亚	Wines
94.	Spain	SIERRA MÁGINA*	马吉那山脉	Olive oil
95.	Spain	PRIEGO DE CÓRDOBA*	布列高科尔多瓦	Olive oil
96.	Sweden	SVENSK VODKA/ SWEDISH VODKA	瑞典伏特加	Spirit
97.	UK	SCOTCH WHISKY*	苏格兰威士忌	Spirit
98.	UK	SCOTTISH FARMED SALMON*	苏格兰养殖三文鱼	Fish
99.	UK	WEST COUNTRY FARMHOUSE CHEDDAR*	西乡农场切德 (奶酪)	Cheese
100.	UK	WHITE STILTON CHEESE / BLUE STILTON CHEESE*	斯提尔顿白奶酪/ 斯提尔顿蓝 奶酪	Cheese

\* These products are already registered as GIs in China via direct application (see previous table)

Chinese transcriptions can be subject to further modifications.

Source: European Commission (2017), Press Release: 100 European geographical indications set to be protected in China. Online: [http://europa.eu/rapid/press-release\\_IP-17-1507\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1507_en.htm)



## 7.6 ANNEX II Database of professional buyers

The Database of professional buyers reflects the contact information as of April 2018.

Company name	Type	Contact Person	Phone	E-mail	Website
ASC Fine Wines Beijing	Distribution		21 60561999		<a href="http://www.asc-wines.com/">http://www.asc-wines.com/</a>
Ausinowell (Beijing)Technology &Trade Co., Ltd.	Distribution	Ms Nan Ma	10-63185386	<a href="mailto:sales@ausinowell.com.cn">sales@ausinowell.com.cn</a>	<a href="http://www.ausinowell.com.cn/">http://www.ausinowell.com.cn/</a>
Beijing Baorui Hengli Trade Co.,Ltd.	Distribution	Ms. Zhang	010-87710505	<a href="mailto:baoruihengli@126.com">baoruihengli@126.com</a>	
Beijing Bodens Biological Technology Co., Ltd.	Distribution	Mr Sen Wang	010-82322052	<a href="mailto:bdsee@bdsee.com">bdsee@bdsee.com</a>	<a href="http://www.bdsee.com/index.aspx?menuid=24&amp;language=en">http://www.bdsee.com/index.aspx?menuid=24&amp;language=en</a>
Beijing Bodiheng Trade Limited Liability Company	Distribution	Ms Nan Li	010-65819603		<a href="http://10003012685.ce.c-c.com/">http://10003012685.ce.c-c.com/</a>
Beijing Canon Business Limited Company	Distribution	Ms Yue Liu	010-67530065		<a href="http://bjfengtai051017.11467.com/">http://bjfengtai051017.11467.com/</a>
Beijing CENTRIC Trading Co., Ltd	Distribution	Mr James Zhang	010-67726085 13691340589	<a href="mailto:010_67726085811@qq.com">010_67726085811@qq.com</a>	
Beijing Century Jinglun Trading Co., Ltd	Distribution	Ms Selena Bai	010-88895580		<a href="http://www.86879.tradebig.com/">http://www.86879.tradebig.com/</a>
Beijing Hualong Changhang Trading Co., Ltd.	Distribution	Mr Chen Lei	010-52060055		<a href="http://hlch2006.b2b.hc360.com/">http://hlch2006.b2b.hc360.com/</a>
Beijing Cody Asia Trading Co. Ltd.	Distribution	Mr Xu Guofa	010-88207508		<a href="http://10333159190.atobo.com.cn/">http://10333159190.atobo.com.cn/</a>
Beijing Ding Ling Technology Co., Ltd.	Distribution	Ms Peng Taiyun	18687944484		<a href="http://nana3311.b2b.hc360.com/">http://nana3311.b2b.hc360.com/</a>
Beijing Hui Jiayuan Trade Co. Ltd.	Distribution	Mr Shuyan Chen	010-62954063		<a href="http://esoap.1688.com/page/cont_actinfo.htm">http://esoap.1688.com/page/cont_actinfo.htm</a>
Beijing Huida Trading	Distribution	Mr	13958264738	<a href="mailto:mxd0333@163.com">mxd0333@163.com</a>	<a href="http://19549256.1024sj.com/">http://19549256.1024sj.com/</a>

Company name	Type	Contact Person	Phone	E-mail	Website
<b>Co. Ltd.</b>		Shaofeng Li			
<b>Beijing Jia Sheng Hang Trade Co. Ltd</b>	Distribution	Mr Wu Guoxu	010-87766702		<a href="http://4034414.71ab.com/">http://4034414.71ab.com/</a>
<b>Beijing Kailunna International Trade Co., Ltd.</b>	Distribution	Mr Zhao Hui	010-61004188		<a href="http://karenu.s.b2b.hc360.com/">http://karenu.s.b2b.hc360.com/</a>
<b>Beijing Kyoto Korea Operating the Department of food</b>	Distribution	Mr Li Zhonghe	13911208661		<a href="http://bijiangqing016011.11467.com/">http://bijiangqing016011.11467.com/</a>
<b>Beijing Shengli Food Distribution Company</b>	Distribution	Ms Cui Haiying	010-88617786 13051191088		<a href="http://shop1393347192475.asean-cn.com/">http://shop1393347192475.asean-cn.com/</a>
<b>Beijing Shijikangxin Commerce &amp; Trade Co., Ltd.</b>	Distribution	Mr Jianchang Wang	010-56279174 13321154325		<a href="http://ganlanyou.b2b.huangye88.com/">http://ganlanyou.b2b.huangye88.com/</a>
<b>Beijing Yuanhe Hengtai Trading Co. Ltd.</b>	Distribution	Ms Tao Li	010-64709816	<a href="mailto:yhhtfoods@126.com">yhhtfoods@126.com</a>	<a href="http://www.yhhtfood.com/">http://www.yhhtfood.com/</a>
<b>Beijing Yuya Weiye Trade Co., Ltd.</b>	Distribution	Ms Li Yun	010-65819775		<a href="https://bjyuya.en.ecplaza.net/">https://bjyuya.en.ecplaza.net/</a>
<b>Bin Peng Tianjin International Trade Co., Ltd.</b>	Distribution	Mr Zhu Liang	86-022-66270930		<a href="http://zhuliang760108.cn.vooec.com/">http://zhuliang760108.cn.vooec.com/</a>
<b>Kelloome (Tianjin) International Trading Co., Ltd.</b>	Distribution	Ms Li	18622255646	<a href="mailto:info@crmgm.cn">info@crmgm.cn</a>	<a href="http://crmgm.cn/">http://crmgm.cn/</a>
<b>Dalian GoldRich International Trade Co., Ltd</b>	Distribution		411-82802300		<a href="https://panjiva.com/Goldrich-International-Dalian-Co-Ltd/26601049">https://panjiva.com/Goldrich-International-Dalian-Co-Ltd/26601049</a>
<b>Dalian East International Trading Co., Ltd.</b>	Distribution	Mr Wang Zuoming	0411-85811071		<a href="http://www.globalsources.com/si/AS/Dalian-East/6008818022298/Homepage.htm">http://www.globalsources.com/si/AS/Dalian-East/6008818022298/Homepage.htm</a>
<b>Empro China Pte.Ltd</b>	Distribution	Mr Liu Dacheng	15611145205		<a href="http://emprochina.foodmate.net/">http://emprochina.foodmate.net/</a>

Company name	Type	Contact Person	Phone	E-mail	Website
<b>Eurohealth Trade Co.Ltd. Beijing ,Pr China</b>	Distribution	Ms Sherry Jin	010 - 5167 3463	<a href="mailto:info@eurohealth-china.com">info@eurohealth-china.com</a>	<a href="http://www.eurohealthtrade-asia.com/english/company.html">http://www.eurohealthtrade-asia.com/english/company.html</a>
<b>Foshan Derunjia Trade Co., Ltd.</b>	Distribution	Mr Liang Sheng	18028125669	<a href="mailto:841559002@qq.com">841559002@qq.com</a>	<a href="http://www.wood168.net/com/98290.html">http://www.wood168.net/com/98290.html</a>
<b>Hangzhou Australia Run Trading Co., Ltd.</b>	Distribution	Ms Wu	0571-87889209	<a href="mailto:zjhzar@163.com">zjhzar@163.com</a>	<a href="http://qv.58.com/13577187511047/">http://qv.58.com/13577187511047/</a>
<b>Hebei Maixi Trading Co., Ltd.</b>	Distribution	Mr Lei Meng	13731145549		<a href="https://maxfoods.1688.com/page/contactinfo.htm?spm=a2615.2177701.0.0.37b44f51o1chot">https://maxfoods.1688.com/page/contactinfo.htm?spm=a2615.2177701.0.0.37b44f51o1chot</a>
<b>Hyper Sun Trading Ltd.</b>	Distribution	Mr Shangyong Li	86-24551617	<a href="mailto:info@hypersuntrading.com">info@hypersuntrading.com</a>	<a href="https://www.hypersuntrading.com/contact_us">https://www.hypersuntrading.com/contact_us</a>
<b>Jiexu (Tianjin) International Trading Co.,Ltd.</b>	Distribution	Mr Yinong Li	86-22-23591893 86-13212252425	<a href="mailto:liyiong@jiexutrading.com">liyiong@jiexutrading.com</a>	<a href="http://www.jiexutrading.com/">http://www.jiexutrading.com/</a>
<b>Jointek Fine Wines Wine Co., Ltd</b>	Distribution	Mr Chi Kwok YEUNG	010-64635366	<a href="mailto:info@jointekfinewines.com">info@jointekfinewines.com</a>	<a href="http://www.jointekfinewines.com/about/i=22&amp;omContentId=22.html">http://www.jointekfinewines.com/about/i=22&amp;omContentId=22.html</a>
<b>Kai Tai Chinese Medicine (Holdings) Co., Limited.</b>	Distribution	Mr Yang Feiyi	(852)2580 1560 (027)8384 9003	<a href="mailto:info@kaitaihk.com">info@kaitaihk.com</a>	<a href="http://www.kaitai-hk.com/">http://www.kaitai-hk.com/</a>
<b>Kenneth Trade Co., Ltd</b>	Distribution		62416697		<a href="http://kenneth.21food.cn/">http://kenneth.21food.cn/</a>
<b>M.D Ex-Im Trading Co.,Ltd.</b>	Distribution	Ms Fuli Zhao	022-83191210		<a href="http://www.mingdachina.com/eng/about.asp">http://www.mingdachina.com/eng/about.asp</a>
<b>Nanjing Nanjing Bonagro Int'l Trading Co.,Ltd.</b>	Distribution	Mr Weihua Meng	0086-025-58933315	<a href="mailto:info@bona-agro.com">info@bona-agro.com</a>	<a href="http://www.bonagrains.com/en/">http://www.bonagrains.com/en/</a>
<b>OCEAN SEAFOOD co., LTD</b>	Distribution	Mr Lei Wang	0754-6363562		<a href="http://stio.21food.cn/">http://stio.21food.cn/</a>
<b>Purall (Shanghai)</b>	Distribution	Mrs Wang,	(86 21) 60401331 Ext :	<a href="mailto:info@purall.com">info@purall.com</a>	<a href="http://www.globalsources.com/si/AS/Purall-">http://www.globalsources.com/si/AS/Purall-</a>

Company name	Type	Contact Person	Phone	E-mail	Website
Import & Export Co.,Ltd.		Joyce	823		<a href="http://Shanghai/6008848001338/Homepage.htm">Shanghai/6008848001338/Homepage.htm</a>
Qingdao Zhongshiou International Trade Co.,Ltd.	Distribution	Mr Pingshan Yang	86 18766251005	<a href="mailto:info@zhongshiou.com">info@zhongshiou.com</a>	<a href="http://www.zhongshiou.com/?site_id=2">http://www.zhongshiou.com/?site_id=2</a>
Rose Duke (Beijing) Trade Co., Ltd.	Distribution	Ms Guoxin Xu	010-65202049 & 400-1780-118 (customer service)		<a href="http://www.redocn.com/">http://www.redocn.com/</a>
Shanghai AoNiu Trade Co., Ltd	Distribution	Mr Huihao Yu	020-62375322	<a href="http://www.ganji.com/ne/whelp/contact/">Contact Form:</a> <a href="http://www.ganji.com/ne/whelp/contact/">http://www.ganji.com/ne/whelp/contact/</a>	<a href="http://www.ganji.com/gongsi/276_85016/">http://www.ganji.com/gongsi/276_85016/</a>
Shanghai BaoFuLong International Trade Co., Ltd	Distribution	Mr Hao Qin	021-65056965	<a href="mailto:2697327695@qq.com">2697327695@qq.com</a>	<a href="http://17007304.1024sj.com/">http://17007304.1024sj.com/</a>
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Shanghai Rui Chong International Trade Co., Ltd.	Distribution	Ms Xuefang Chen		<a href="mailto:documentation@sh-resource.com.cn">documentation@sh-resource.com.cn</a>	<a href="http://www.sh-resource.com.cn/">http://www.sh-resource.com.cn/</a>
Shanghai Sweets International Co.,Ltd.	Distribution	Mr Shen	(8621)60702805	<a href="mailto:jerry.shen@esweets.cn">jerry.shen@esweets.cn</a>	<a href="http://www.esweets.cn/">http://www.esweets.cn/</a>
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Shanghai Zhantong International Trade Co., Ltd.	Distribution	Mr Jason Lee	0086-21-20976079	<a href="mailto:info@coreuni.com">info@coreuni.com</a>	<a href="http://www.coreuni.com/e_contact/">http://www.coreuni.com/e_contact/</a>
Shanxi KaiDiSen Trade Co., Ltd	Distribution	Mr Jikai Chang	15903437393		<a href="http://www.ganji.com/gongsi/235_40096/">http://www.ganji.com/gongsi/235_40096/</a>
Sini Lan (Beijing) Co., Ltd.	Distribution	Mr Jianhui Guo	86-010-51297718		<a href="http://en.b2b168.com/c168http://en.b2b168.com/c168-1656136.html1656136.html">http://en.b2b168.com/c168http://en.b2b168.com/c168-1656136.html1656136.html</a>
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<b>Tianjin B&amp;R International Trade Co.,Ltd.</b>	Distribution	Mr Xiaolong Wang	86-22-66195010		<a href="http://zyl3230369.globalimporter.net/">http://zyl3230369.globalimporter.net/</a>
<b>Tianjin Tengyuan International Trading Co., Ltd.</b>	Distribution	Mr Ruoyu Xu	18322400818		<a href="http://www.11467.com/tianjin/co /216026.htm">http://www.11467.com/tianjin/co /216026.htm</a>
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<b>Winzere Keller Wiesloch eG</b>	Distribution	Ms Jing Zhao	86 10 65900313 86-10 13001106881	<a href="mailto:beijing@heidelbergwine.com">beijing@heidelbergwine.com</a>	<a href="http://www.heidelberg-wine.com/">http://www.heidelberg-wine.com/</a>
<b>Xiamen Xia Shang International Trade Co., Ltd</b>	Distribution	Mr Yabin Fu	86-592-5161888	<a href="mailto:itgchina@itg.com.cn">itgchina@itg.com.cn</a>	<a href="http://www.itg.com.cn/chs/sphttp://www.itg.com.cn/chs/sp-contact.aspxcontact.aspx">http://www.itg.com.cn/chs/sphttp://www.itg.com.cn/chs/sp-contact.aspxcontact.aspx</a>
<b>Yuanheqiao International Trade (Beijing) Co., Ltd.</b>	Distribution	Ms Lin Sun	0571-8512-0488		<a href="http://www.sl2011foods.21food.cn/">http://www.sl2011foods.21food.cn/</a>
<b>1919.cn</b>	E-commerce		Service Center: 028-66661919		<a href="http://1919.cn/">http://1919.cn/</a>
<b>61856.com</b>	E-commerce		Service Center: 010-59790336		<a href="http://61856.com">61856.com</a>
<b>fieldschina.com</b>	E-commerce		Business Development Department: 021-60317771	<a href="mailto:marketing@fieldschina.com">marketing@fieldschina.com</a>	<a href="http://fieldschina.com">fieldschina.com</a>
<b>gjw.com</b>	E-commerce		Service Center: 4007221919		<a href="http://www.gjw.com/">http://www.gjw.com/</a>
<b>Jd.com</b>	E-commerce	Ruizhi Wang Ms Su		<a href="http://JDOverseas_bdd.com">JDOverseas_bdd.com</a>	<a href="http://www.jd.com">www.jd.com</a>
<b>Jingdong E-commerce (Trade) Hong Kong Corporation Limited</b>	E-commerce	Mr. Eric Sun	+86 186 3225 5586	<a href="mailto:contact@jd.com">contact@jd.com</a>	<a href="https://www.joybuy.com/">https://www.joybuy.com/</a>

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tmall.com	E-commerce		Service Center: 0571-88158077		
tootoo.cn	E-commerce		Business Development Department: 010-65899745		<a href="http://www.tootoo.cn/">http://www.tootoo.cn/</a>
ucaiyuan.com	E-commerce	Ms Yang	400-687-9090	<a href="mailto:lumj@u-life.cn">lumj@u-life.cn</a>	<a href="http://www.ucaiyuan.com/">http://www.ucaiyuan.com/</a>
wangjiu.com	E-commerce	Mr Tang	Service Center:4000- 519-519		<a href="http://www.wangjiu.com/">http://www.wangjiu.com/</a>
winenice.com	E-commerce		Service Center: 400-600- 8009		<a href="http://www.jiumei.com/">http://www.jiumei.com/</a>
womai.com	E-commerce		Service Center: 400-005- 5678		<a href="http://www.womai.com/index-0-0.htm">http://www.womai.com/index-0-0.htm</a>
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yesmywine.com	E-commerce		Service Center: 021- 61838383	<a href="mailto:wine_sourcing@yesmywine.com">wine_sourcing@yesmywine.com</a>	<a href="http://www.yesmywine.com/">http://www.yesmywine.com/</a>
yhd.com	E-commerce	Mr Jiang Ms Fu Ms Dong	400-007-1111		<a href="http://yhd.com">yhd.com</a>
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youguo.com	E-commerce		4008887856	Business Development Department: <a href="mailto:bd@youguo.com">bd@youguo.com</a>	<a href="http://www.youguo.com/">http://www.youguo.com/</a>
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Beijing Guandaxuan Restaurant	HoReCa	Mr Xu An	010-58764277	Contact form: <a href="https://vandaroom.weebly.co">https://vandaroom.weebly.co</a>	<a href="http://vandaroom.weebly.com/">http://vandaroom.weebly.com/</a>

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Beijing High Altitude Coffee co., LTD	HoReCa	Mr Zhen Jiang	010-53636287	<a href="mailto:1436343629@qq.com">1436343629@qq.com</a>	<a href="http://highaltitudecoffee.strikingly.com/">http://highaltitudecoffee.strikingly.com/</a>
Beijing Holiland Enterprises Investment Management Co., Ltd.	HoReCa	Mr Qingfeng Liu		<a href="mailto:info@holiland.com">info@holiland.com</a>	<a href="http://www.maidangao.com/index.jsp">http://www.maidangao.com/index.jsp</a>
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Beijing Sculpting in Time Café Co.,Ltd	HoReCa	Ms Li Ma	400-050-1997	<a href="mailto:kefu@sitcoffee.com">kefu@sitcoffee.com</a>	<a href="http://www.sitcoffee.com/main/article/contact">http://www.sitcoffee.com/main/article/contact</a>
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Courtyard By Marriott Beijing Northeast	HoReCa	Mr Bo Zhang	010-59076666 010-59076782		<a href="http://www.marriott.com/hotels/travel/bjsne-courtyard-beijing">http://www.marriott.com/hotels/travel/bjsne-courtyard-beijing</a>
Crowne Plaza Beijing Wangfujing	HoReCa	Mr Yongquan Zhu	010-59119999	<a href="mailto:info@crowneplazabj.com">info@crowneplazabj.com</a>	<a href="http://www.ihg.com/crowneplaza/hotels/us/en/beijing/pegwf/hotel-detail">http://www.ihg.com/crowneplaza/hotels/us/en/beijing/pegwf/hotel-detail</a>
Crowne Plaza Sun Palace Beijing	HoReCa	Mr Wenyong Zhang	010-64298888	<a href="mailto:info@cpsunpalace.cn">info@cpsunpalace.cn</a>	<a href="http://www.ihg.com/crowneplaza/hotels/us/en/beijing/pegsp/hotel-detail">http://www.ihg.com/crowneplaza/hotels/us/en/beijing/pegsp/hotel-detail</a>
Four Seasons Hotel Beijing	HoReCa	Ms Bin Guo	010-56958888		<a href="http://www.fourseasonsbj.com/">http://www.fourseasonsbj.com/</a>
Grand Hyatt Beijing	HoReCa	Ms Yuhua Wu	010-85181234	<a href="mailto:beijing.grand@hyatt.com">beijing.grand@hyatt.com</a>	<a href="http://www.beijing.grand.hyatt.com/en/hotel/home.html">http://www.beijing.grand.hyatt.com/en/hotel/home.html</a>
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<b>Kempinski Hotels</b>	HoReCa	Ms Xiaohong Fang	010-64653388	<a href="mailto:res.beijing@kempinski.com">res.beijing@kempinski.com</a>	<a href="http://www.kempinski.com/en/beijing/hotel-lufthansa-center/welcome/">http://www.kempinski.com/en/beijing/hotel-lufthansa-center/welcome/</a>
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<b>Lijingwan International Hotel</b>	HoReCa	Mr Fangjie Hu	861085885588		<a href="http://www.lijingwanhotel.com/en/">http://www.lijingwanhotel.com/en/</a>
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<b>New World Beijing Hotel</b>	HoReCa	Ms Jiang	010-59608888		<a href="http://beijing.newworldhotels.com/en/">http://beijing.newworldhotels.com/en/</a>
<b>Beijing Bo Daly Import and Export Co., Ltd.</b>	Import/distribution	Mr Weijie Ding	010-85818812/13141452131		<a href="http://beijingboshida.qiyegu.com/">http://beijingboshida.qiyegu.com/</a>
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<b>Dalian Skygreen Food Co., Ltd</b>	Import/Distribution	Ms. Eva Guo	+86 411 66857087	<a href="mailto:gxh1970@live.cn">gxh1970@live.cn</a>	<a href="http://www.skygreenfood.com/">http://www.skygreenfood.com/</a>
<b>Dalian Zhenxin Canned Food Co., Ltd</b>	Import	Mr. Dana Jiang	+86-411-85264949		<a href="http://www.cansi.net/">http://www.cansi.net/</a>
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<b>Henan Star Animal By-Products Imp.&amp;Exp. Co., Ltd.</b>	Import/distribution	Mr Fudong Yang	86-0371-65510048	<a href="mailto:chabg@henanstar.com">chabg@henanstar.com</a>	<a href="http://www.henanstar.com/">http://www.henanstar.com/</a>
<b>Merlin Bird Modern Agriculture Co.,Ltd</b>	Import	Mrs. Emma Yu	+86 176 1273 1697		<a href="http://merlinbird.en.alibaba.com/">http://merlinbird.en.alibaba.com/</a>
<b>Purall (Shanghai) Import &amp; Export Co., Ltd.</b>	Import/distribution	Ms Xiaoying Yang	400-669-1805	<a href="mailto:info@purall.com">info@purall.com</a>	<a href="http://www.purall.com/">http://www.purall.com/</a>
<b>Qingdao Sunrise New Intl Imp/Exp Co.,LTD</b>	Import / Wholesale/Retailer	Mr. Mo Yang	+86 135 8969 5785		<a href="https://sunrisetrade.en.alibaba.com/">https://sunrisetrade.en.alibaba.com/</a>
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<b>Shenzhen Chafederal Import and Export Co., Ltd.</b>	Import/distribution	Ms Meiling Cai	86-755-83065728 86-755-83061428	<a href="mailto:public@chafederal.cn">public@chafederal.cn</a>	<a href="http://www.chafederal.com/eng/Default.aspx">http://www.chafederal.com/eng/Default.aspx</a>
<b>Tianjin Dunhe International Trade Co., Ltd</b>	Import		+86 184 5315 6792	<a href="mailto:Edison@dunhefoods.com">Edison@dunhefoods.com</a>	<a href="http://www.dunhefoods.com">http://www.dunhefoods.com</a>
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<b>Weihai 9RFood Co.,Ltd.</b>	Import/distribution	Mr Xuguang Lin	0631-5863805 18396644333		<a href="http://jiurifood.1688.com/">http://jiurifood.1688.com/</a>

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Zhejiang Tonglian Import and Export Co., Ltd.	Import/distribution	Mr Zhengrong Zhao	86 57 1851 67007		
Zhengzhou Rising Sun Import & Export Co., Ltd.	Import/distribution	Mr Yiqiang Yin	(86 371) 61772036		
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Anda Ze Trade (Beijing) Co., Ltd	Retail/wholesale	Mr Jie Yang	85879300		
Auchan (China) Investment Co., Ltd.	Retail/wholesale		Service Center: 4001012211		
Beijing CP Commercial & Trading Co.,Ltd	Retail/wholesale	Mr Junwei Li	86-10-8731-5588		<a href="http://www.bjcp.com.cn">http://www.bjcp.com.cn</a>
Beijing Milky Way Trade Total Co. Ltd.	Retail/wholesale	Ms Xiuyun Cui	010-64988362 010-64988363	<a href="mailto:milkyway@bj-milky.com">milkyway@bj-milky.com</a>	<a href="http://bj-milkyway.com/welcome/">http://bj-milkyway.com/welcome/</a>
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Carbaryl Fu Yan (Beijing) Co., Ltd.	Retail/wholesale		010-51949326	<a href="mailto:Info@silverfer n.cn">Info@silverfer n.cn</a>	<a href="http://silverfern.cn/">http://silverfern.cn/</a>
Carrefour (China) Management Consulting Co. Ltd.	Retail/wholesale		Service Center:400-820-0889		<a href="http://www.carrefour.com.cn/">http://www.carrefour.com.cn/</a>
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