

The Food and Beverage Market Entry Handbook: Peoples Republic of China:

a Practical Guide to the Market in China for European Agri-food Products



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1 The Food and Beverage Market Entry Handbook: 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 entering the agri-food 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

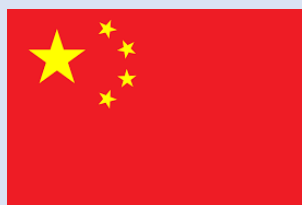
Depending on your stage of market entry, company profile, and product range, different sections within this handbook will be helpful to a different extent for your business strategies.

For those wishing to learn more about the Chinese food and beverage market, section 2 provides a general country overview; section 3 provides an overview of the agri-food market; and section 4 an overview on market entry. These latter two sections contain information on: the food and beverage market; market access procedures; customs procedures; SPS and labelling requirements; and, intellectual property protection, including the status of geographical indications. The information contained within these sections 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** (section 5). This content illustrates the market situation, market access procedures, SPS requirements, etc. specific for this product or product category. This section provides more industry specific information to consider as part of any market entry or market expansion strategy.

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 introduction and overview



Capital:	Beijing
Population:	1.39 billion (2020)
Area:	9.6 million sq km (3.7 million sq miles) – 3 rd largest in the world
Political structure:	National People's Congress (2 989 members) is the legislative authority – elected every five years, it meets once a year; the Communist Party makes most political decisions.
Major languages:	Mandarin Chinese
Major religions:	Atheists (73%), Buddhism (15%), Christianity (2%) Islam (0.45%)
Life expectancy:	75 years (men), 78 years (women)
Currency:	Chinese Yuan Renminbi (CYN, RMB = 100 fen; 2021: 1 EUR = 7.76 CYN)
GDP growth:	2.3% (2020) <i>Largely impacted by the outbreak of COVID-19, GDP growth in 2019 was 6.1%</i>
Exports:	18.5% of GDP (2020)
Imports:	16% of GDP (2020)
Main exports:	Phone system devices including smartphones, computers, Integrated circuits
Main imports:	Integrated circuits, crude oil, iron ore, concentrates
Unemployment rate:	3.6% (2020); urban: 4.2% (2020)
Labour force:	72% (2019)
Main industries:	<p>Agriculture: 8% of GDP</p> <p>Manufacturing: 38% of GDP</p> <p>Services: 54% of GDP</p>
Average household income (2020):	EUR 17 342
Household expenditure on food and beverages (2020):	EUR 2 269
Food and beverage market size (2020):	EUR 1 186 billion

Sources: Euromonitor International: Economies and Consumers, 2021; IMF; UN, World Bank; WHO, ECB. * Goods only listed

2.1 Country overview: China at a glance

2.1.1 Past economic and political trends

- *China is the world's third-largest country in the world by area, the world's second-largest economy, and the most populous country in the world (although India's population will surpass China by around 2027).*
- *A number of market reforms in 1978 have helped to liberalise the economy with a shift away from a centrally planned economy to a market-based economy resulting in the Chinese economy growing exponentially in recent decades.*
- *China's middle class has been amongst the fastest growing in the world, resulting in the country becoming of the largest consumer markets in the world.*
- *The transformation of the Chinese economy in recent years amongst one the largest economic shifts ever witnessed in human history.*

The 3rd largest country in the world by size, after 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 2nd 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 this growth has gradually slowed since 2012, it can still be considered impressive by current global standards. 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.

Since the transformation of its economy in 1978 the standard of living in China has grown exponentially, combined with a rapidly urbanising population, this has resulted in the development of a number of large cities across the country with the skylines of cities such as Shanghai, Shenzhen, and Nanjing transforming completely. China's middle class has been amongst the fastest growing in the world in recent decades creating a new demand for services and consumer goods in the country that has helped China to become one of the largest consumer markets on the globe.

The rapid economic growth of the country has resulted in China expanding exports to new markets and becoming a major investor in foreign markets. One of the largest examples of this has been the development of the belt and road initiative, a key economic policy for the Chinese government which seeks to integrate the economies of Europe and Asia with China. Wide-scale initiatives such as these further demonstrate the newfound economic power that China has developed over recent decades.

2.1.2 Current economic situation and mid-term outlook

- *China will remain one of the largest consumer markets in the world.*
- *The impact of COVID-19 has impacted economic growth however the economy largely rebounded by the end of 2020, on the back of a number of restrictions aimed at limiting the spread of COVID.*
- *Initiatives in recent years, such as the belt and road initiative, further demonstrate China's newfound economic power as a result of the exponential growth of the economy in recent decades.*

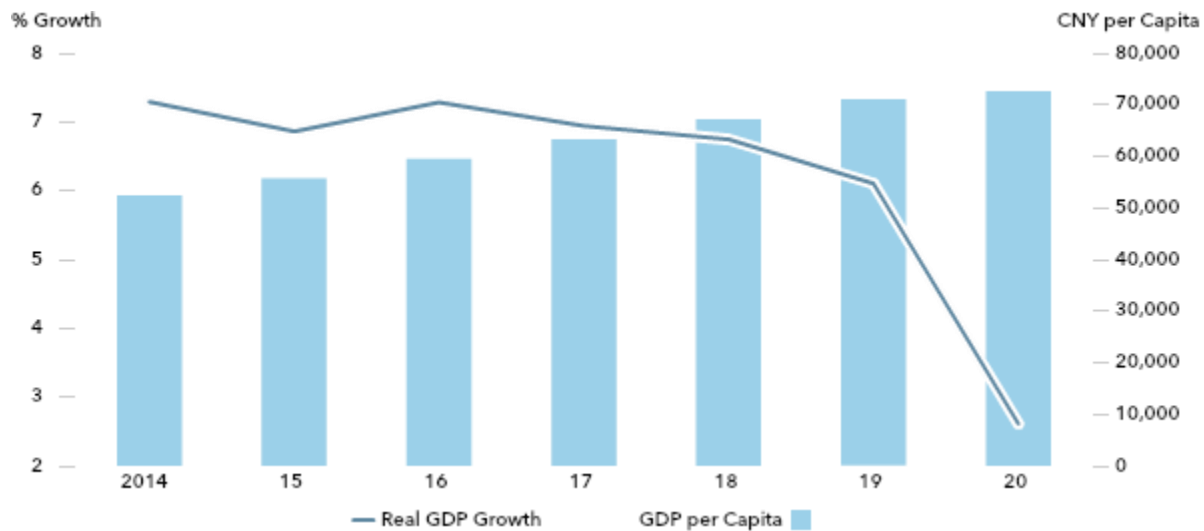
Today, China's middle class is numbered at around 700 million and this transition from a largely agriculturally based economy in the 1970s to the economic situation we see today is one of the largest economic transformations ever witnessed in human history. The rapid economic growth of China has also resulted in the country becoming one of the world's most influential political actors which further incentivises the Chinese government to place domestic economic growth as one of the premier objectives of the state.

As was the case across the world, China's economy was affected by the outbreak of COVID-19. Consequential actions such as lockdowns and restrictions of movement resulted in the economy grinding to a halt in China for a period of time, although economic growth did rebound towards the end of 2020.

China's economy continues to shift towards becoming a service-based economy which is resulting in the manufacturing base of the country as a percentage of GDP declining. As this shift occurs, China will likely grow to become the world's largest economy by around the year 2028 and will retain its position as one of the world's most important consumer bases and economic centres. It is likely, as China continues to transition towards becoming a developed economy, that several issues may arise such as population ageing.

The mid-term outlook is largely a continuation of the current economic model that has been in place for several years which is a mix of state economic plans and wide-scale infrastructure projects that continue to push economic growth in China. The increase in foreign investment from Chinese financial and state institutions will also likely result in China continuing to increase its influence across the world which will also have major economic consequences in China itself.

Figure 2-1: Real GDP Growth and Per Capita GDP in China: 2014-2020



Note: Data for 2020 is forecast. GDP per capita are in constant 2019 prices

Source: Euromonitor International: Economies and Consumers, 2021

2.1.3 Populations trends

- *The population of China has been the world's highest for a number of decades, however, is likely to be surpassed by India by the end of this decade.*
- *The population is increasingly ageing as a result of both the population structure and a higher life expectancy in the country.*
- *The one-child policy has been recently changed to allow for up to three children which may result in a higher birth rate in the future.*
- *It is likely that the population will continue to urbanise as the standard of living available in urban centres in China continue to grow at a faster rate than in rural areas.*

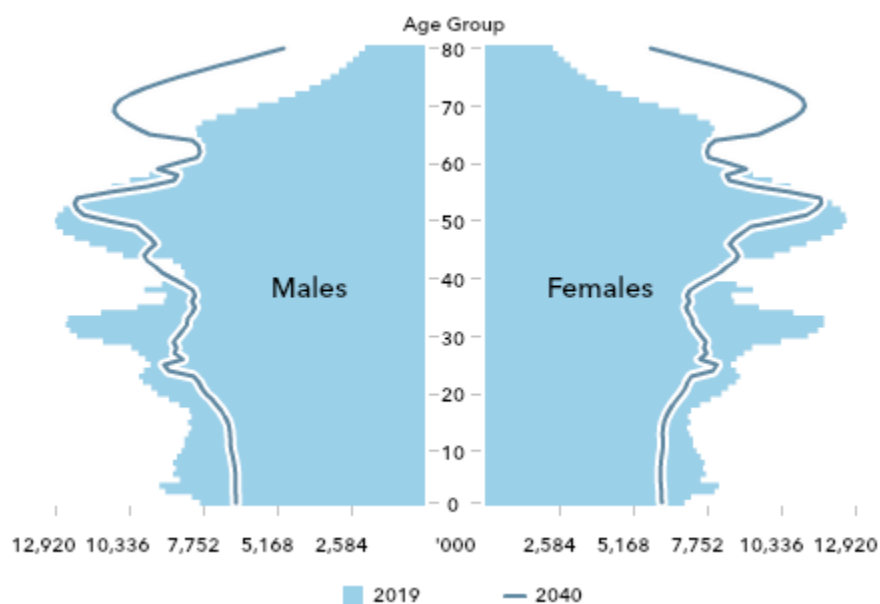
The population of China has been the world's largest for a prolonged period with only India being close. After many years of policies to curb population growth, in recent years some policy efforts have been made to address the problems of an aging population. Nonetheless, actions remain in place to limit the rate of birth in the country low; these are spurred by fears of overpopulation combined with fears over food security in the country. Currently, the fertility rate is 1.6 births per woman, which is below the generally accepted replacement rate of 2.1 births. The most significant action taken by the government was the "one-child policy" which limited the number of births in certain regions to one child per woman. This has resulted in a rapid transformation of the future population projections of the country with the population expected to decline and continue ageing in future years. As a result, the government has revoked this policy and today it is permitted to have up to three children in regions originally impacted by the one-child policy.

Urbanisation continues with people increasingly moving from rural areas to the growing cities which are appearing and expanding across China. This is driven by higher wages and standards of living in urban

areas, as well the increased availability of mass transit systems which make migration to urban settlements easier than was previously the case.

A population imbalance exists in many regions of China; this is sometimes linked to the previous one-child policy. As result, in China, there are currently 30 million more males in the country than females. China's ageing population structure (Figure 2-2) is likely to present several key economic challenges for the country. These challenges will include the need for further automation in manufacturing as the size of the working population declines. There will also need to be furtherer investments in healthcare facilities to look after the increasing numbers of older people.

Figure 2-2: Age Pyramid in China, 2019 and 2040



Source: Euromonitor International: Economies and Consumers, 2021

2.2 Geography and key markets

China is the world's third-largest country by land area and shares a border with 14 other nations: Afghanistan, Bhutan, India, North Korea, Kazakhstan, Kyrgyzstan, Laos, Mongolia, Myanmar, Nepal, Pakistan, Russia, Tajikistan, and Vietnam. The country has a large coast of roughly 14 500 Km from the Bohai Gulf in the north to the Gulf of Tonkin to the south.

The majority of China's largest cities are located along its coast, along the Yellow River and other major rivers in the country, and within wider economic clusters such as the Beijing capital region, the Yangtze River delta, and the Pearl River delta. China's geography is varied and a wide number of climates are found within the country's borders from the Gobi desert in the north of the country to the Himalaya mountains of the southwest of the country. As a result, a large number of cities are found within the more climatically

favourable eastern portion of the country, with the population being much smaller in regions with a tougher climate such as Tibet and Xinjiang.

2.2.1 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.¹ In general:

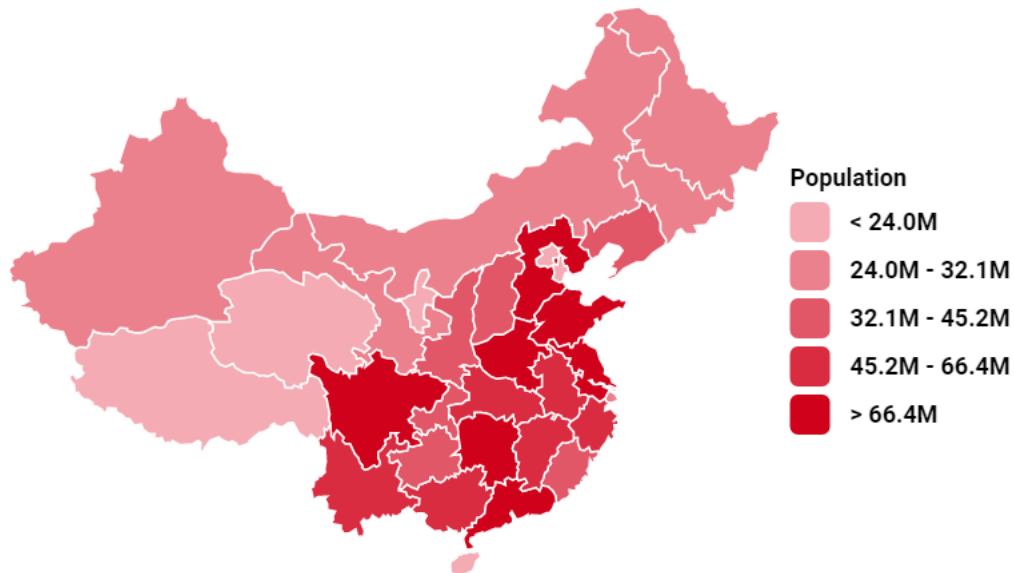
- The markets for European produce are more developed in **Tier 1 cities** where there is better infrastructure and more sophisticated distribution channels, as well as the largest concentration of affluent and middle-class consumers. As the markets are better developed for some product categories there 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 increasingly developed significantly but maintain the potential to be important growth markets in the future; however, there are still logistical issues in some cities, 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, but has been increasing.
- **Lower tiered cities** has traditionally been targeted solely by domestic companies. 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. Nonetheless, with advancements in technology they are beginning to open up more.

Table 2-1: Summary of the tier city system in China and related data (2020)

	TIER 1	TIER 2	TIER 3	TIER 4, 5 & Rural
Number of cities	4: 'Global Cities'*	~ 30	~ 250-300	> 35,000
Cities	<i>Beijing, Shanghai, Guangzhou, Shenzhen</i>	<i>Chongqing, Wuhan, Chengdu, Kunming, Hangzhou, Tianjin, Fuzhou, etc.</i>	<i>Beihai, Guilin, Nantong, Wezhou, Yinchuan, etc.</i>	<i>Taixing, Changxing, Changshu, Xinmin, etc.</i>
Population and income	<ul style="list-style-type: none"> • 16 million households • \$163 billion household income 	<ul style="list-style-type: none"> • 38 million households • ~\$325 billion household income 	<ul style="list-style-type: none"> • 75 million households • ~\$488 billion household income 	<ul style="list-style-type: none"> • 165 million households • \$~ 1,1138 billion household incomes

¹ 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.

	TIER 1	TIER 2	TIER 3	TIER 4, 5 & Rural
City features	<ul style="list-style-type: none"> • Most developed cities, main centres of economic activity • Attract bulk of foreign and domestic investment 	<ul style="list-style-type: none"> • Provincial/regional capitals or special economic zones (SEZs) • High economic development due to government stimulus 	<ul style="list-style-type: none"> • Prefecture-level cities, population <1 million • Located in coastal areas or satellite cities to Tier 1/2 cities 	<ul style="list-style-type: none"> • County-level cities and villages in hard-to-reach regions of China's interior • Manufacturing and agricultural-focused
Consumer features	<ul style="list-style-type: none"> • Affluent, sophisticated, cosmopolitan • Preference for imported, high-quality products • Food safety, health foods, organic produce very important 	<ul style="list-style-type: none"> • Rapidly growing middle class with large amounts of disposable income • Growing appetite for imports amidst increasingly high standards for food safety and quality 	<ul style="list-style-type: none"> • Rapidly growing middle class with increasing disposable income • Government-promoted economic migration from Tier 1 cities • High purchasing power due to low living costs 	<ul style="list-style-type: none"> • Price-oriented, preference for domestic over imported produce • Preference for non-perishable produce
Distribution and cold chain storage	<ul style="list-style-type: none"> • Highly advanced and integrated cold chain infrastructure • Rapid end-to-end distribution (24–48 hours), facilitated by FTZs and high e-commerce penetration 	<ul style="list-style-type: none"> • Government and private investment spurring high cold chain sector growth rates • Home delivery offered through third-party logistics providers 	<ul style="list-style-type: none"> • Primarily serviced by long-haul refrigerated trucks • Logistical issues e.g. underdeveloped and fractured distribution channels 	<ul style="list-style-type: none"> • Highly fragmented, broken, and undeveloped • Inconvenient or far from distribution and transport hubs

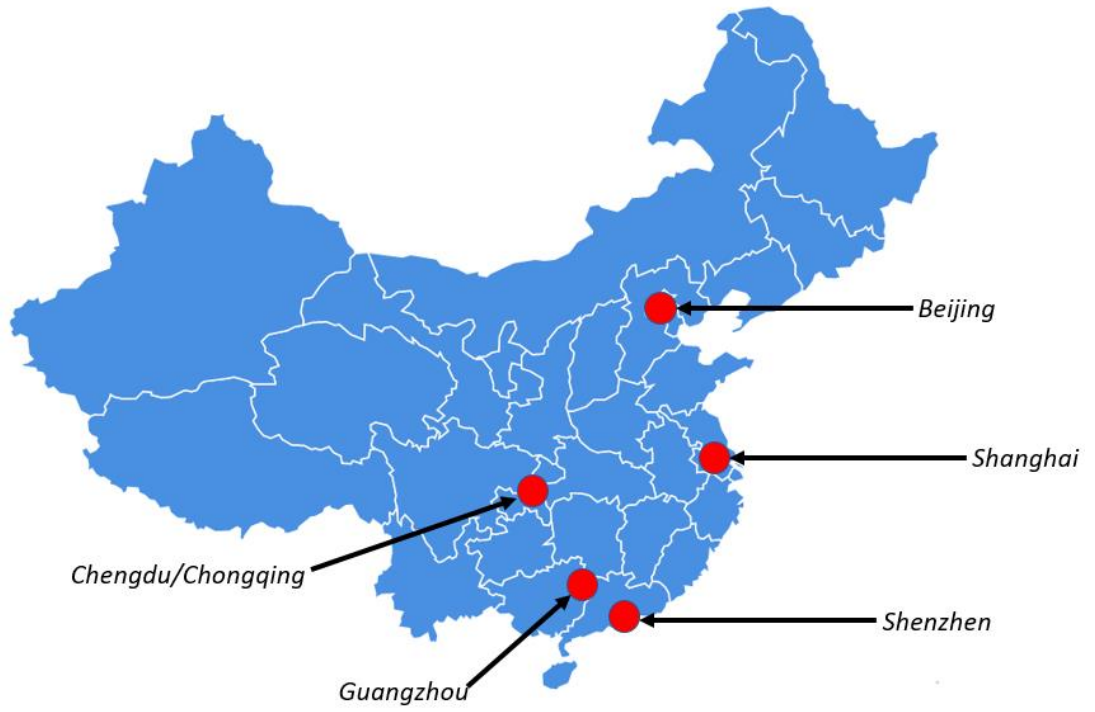
Figure 2-3: Administrative regions of China

Source: Agra CEAS

2.2.2 Snapshots of important markets

The cities of Beijing (capital), Shenzhen, Guangzhou, Chongqing, Chengdu and Shanghai represent some of the most favourable urban centres for European agri-food products in China for several reasons. First, each of these urban centres has a large population; the smallest city in this tier is Guangzhou which still has a population of 11 million, roughly the same as the population of Belgium. Cities such as Guangzhou are also home to Free Trade Zones, known as FTZs, where companies can operate under specifically designed regulations that encourage trade. These include, for example, the removal of certain custom and importation tariffs. These cities have largely transformed in recent years and now contain large middle classes with the economic ability to purchase EU agri-food products. There is also a notable FTZ under development in Sanya (Hainan Island).

Figure 2-4: Location of focus markets



Source: Agra CEAS

Beijing



Key facts:

Total GDP (2020): EUR 474 billion

Real GDP growth (2020): 1.2%

Population: 21 million

As the **nation's capital**, Beijing has been developing into 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 help maintain higher living standards; as a result, income inequality is low. In 2020, 92% of households in Beijing could be defined as middle class (per capita incomes over EUR 9 000) compared with only 59% 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 2020, annual income amounted to EUR 38 000 and expenditure to EUR 17 500 per household.

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. A historically growing immigrant community from the west (though stifled over the last 2 years by the COVID-19 pandemic), attracted by the various opportunities that exist in Beijing such as diplomacy and English teaching, has resulted in a small demand for EU agri-food products in the city such as beer and dairy products.

Sources: Most popular European foods in Beijing, China, Thingstodo, Available at <https://www.thingstodopost.org/most-popular-european-food-in-beijing-china-243725>, A history of Beijing, Britannica, Available at <https://www.britannica.com/place/Beijing>

Shanghai



Key facts:

Total GDP (2020): EUR 475 billion

Real GDP growth (2020): 1.7%

Population: 24.4 million

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 is a leading consumer market for several international products given its position as a key destination for foreign goods arriving in China. It also hosts various trade fairs – both the China International Import Expo, and fairs specifically focused on food such as SIAL.

As well as its port facilities, its 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. Going forwards, to address the 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 and distribution channels are well established, however market saturation and increased costs, including rent and labour, make it a competitive market for new arrivals. Shanghai currently hosts a small number of western immigrants due to the various job opportunities that exist in the city's financial sector, combined with a growing demand for English speakers professionally in both teaching and business. This, in turn, creates a small but growing market for EU products such as alcoholic beverages and dairy products. There is also a small European quarter located in the city where several European restaurants and Irish bars can be found.

Sources: Shanghai in brief, Visit our China, Available at <https://www.visitourchina.com/shanghai/intro>, Shanghai overview, Top China travel, Available at <https://www.topchinatravel.com/shanghai/shanghai-overview.htm>

Chengdu/Chongqing combined region**Key facts:**

Total GDP (2020): EUR 490 billion

Real GDP growth (2020): 2.3% Chengdu, 3.9% Chongqing

Population: 47 million

The government of China has reshaped its western regions in recent years in line with the desire to create a new economic corridor in the region. This has impacted the cities of Chengdu and Chongqing which will become a new so-called megaregion in the west of China. Chengdu has been officially designated as China's centre of western logistics, finance and science and also serves as a key transportation hub in the west of China. Several large manufacturing plants and IT offices have opened in the city in recent years which continues to draw workers to the city both from within China and abroad.

Chongqing has been rapidly urbanising in recent years and has emerged as one of the largest manufacturing centres of China with the city producing a large number of China's automobiles and steel. The city is also home to Asia's largest aluminium plant and is located near some of the largest deposits of natural resources to be found in China such as coal, iron and natural gas which continues to attract workers and investors to the city.

Concerning the importance of this region for imported EU food and beverage products, the government of China has been aiming to make these cities the leading economic corridor in the west of China which in turn will attract workers and investors from abroad, as well as help, to rise incomes for citizens in the region, increase their ability to afford imported EU goods. Currently, several events in these cities already encourage the consumption of EU imported goods such as the annual Chengdu Europe culture week, which sees several events and conferences held in Chengdu to increase Chinese-European cultural understanding and cooperation. A new freight train service from the city of Chongqing to European distribution centres creates a logistics channel allowing for the movement of goods including food and beverages from the EU to China with examples being the Chongqing to Duisburg freight train and a planned service from Chongqing to both the Netherlands and Poland. Chongqing through its rail service will emerge as one of the points of arrival for EU agri-goods entering the Chinese market.

Sources: The Chengdu- Europe culture season, The Metropolis, available at <https://www.metropolis.org/agenda/chengdu-europe-culture-season>, Chengdu-Chongqing economic rim: China targets western super-region boost, China Daily, available at <https://www.chinadaily.com.cn/a/202011/16/WS5fb226e6a31024ad0ba9462b.html>, China-Europe freight train hub Chongqing sees surging trips in 2020, Xinhua.net, available at http://www.xinhuanet.com/english/2021-01/19/c_139679977.htm

Guangzhou



Key facts:

Total GDP (2020): EUR 320 billion

Real GDP growth (2020): 2.7%

Population: 13.4 million

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.**

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. Annual household income in 2020 stood at EUR 27 685, and the average household food and beverage expenditure at EUR 3 110.

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

Guangzhou benefits from its location at the centre of one of the most populated and built-up areas in China with the cities of Foshan, Dongguan, Zhongshan, Shenzhen and Jiangmen being located within the vicinity of the city, this in turn makes Guangzhou a major transit hub for the region. The city is also home to some of China's most prestigious businesses which attracts individuals from within China and further afield.

The Canton fair is held each year in Guangzhou and is one of the largest trade fairs in China. This fair offers the opportunity to showcase a wide variety of goods and services to a large consumer base located within the city, outside of this fair, others include the Guangzhou food and beverage festival held each year and the world food Guangzhou exhibition. Due to Guangzhou's central location, it has become an ideal city to host food fairs and events.

Sources: Guangzhou in brief, Visit our China, Available at <https://www.visitourchina.com/guangzhou/intro>, Guangzhou, a history, Britannica, available at <https://www.britannica.com/place/Guangzhou>

Shenzhen



Key facts:

Total GDP (current prices): EUR 365 billion

Real GDP growth (2020): 3.1%

Population: 12.6 million

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 almost 13 million in 2020, making it the fifth-largest city in China. The Port of Shenzhen ranked fourth in the world in terms of cargo volume at 25 million shipping containers (TEUs), 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.

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. Shenzhen has also emerged as a leading tourist destination in China attracting visitors from neighbouring nations.

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: Shenzhen in brief, Visit our China, available at <https://www.visitourchina.com/shenzhen/>, Overview of the Shenzhen regional market, Government of Canada, available at <https://www.tradecommissioner.gc.ca>

2.3 Domestic agricultural production and regions

Domestic agricultural production in China remains a key priority for the government due to fears surrounding food security and the need to meet the demands from a growing population. China is currently the world's largest producer of several agri-food products including watermelon, cabbage, onion, garlic, carrots, pears, potato, wheat. While the country's size means it remains a net importer of several products for which it is the world's largest producer, it is also a net exporter of many of these products (most notably various vegetable products). The country has a total land cultivation area of 5.3 million square km (53m hectares) which is amongst the highest in the world. Domestic production is focused in the more climatically friendly areas of the country such as the various river deltas in the country and the country's eastern heartland which also explains the larger population located in these regions.² Rice is by far China's most important crop and is mainly cultivated in its southern provinces where two harvests each year are possible. Wheat on the other hand is mainly cultivated in the north; both rice and wheat are grown in the central provinces. Millet, barley, and kaoliang are cultivated in the northeast and central provinces, corn and soybeans in the north and centre. The southeast is suited for tea cultivation. Animal husbandry is another big component of China's agricultural output. The country is a leading producer of pigs, poultry and eggs, while it also has a large production of sheep and cattle. However, production of pigmeat has fallen sharply since late 2018 due to outbreaks of African Swine Fever, with imports required to replace this fall. China is also the world leader in freshwater and ocean fishing, as well as aquaculture.³

² Country profiles, China, The FAO, Available at <http://www.fao.org/countryprofiles/index/en/?iso3=CHN>

³ Agriculture, forestry, and fishing (2021) Available at: <https://www.britannica.com/place/China/Agriculture-forestry-and-fishing>

Figure 2-5, Agricultural products commonly associated with the regions of China



Source : Agra CEAS based on various sources

The wide variety of climates and biomes that exists within the borders of China creates different agricultural production practices within the country. The main regions include:

The North East

The North east of China incorporates the provinces of Liaoning, Jilin and Heilongjiang. This region is one of the more urbanised regions of China with the rural population being largely located within the warmer south of the North east. The region is known for its production of crops such as soybeans, maize and barley is also a large producer of fisheries, sheep and pigs. The Amur river continues to attract settlers from across the region and China due to the high levels of fish found within the river. The far north of this province located in Heilongjiang is extremely cold and not suitable for large scale agricultural development.

North China

North China incorporates the provinces of Beijing, Tianjin, Hebei, Shanxi and Inner Mongolia. This region has a wide variety of different climates and topographies with the central plain located between the Yangtze and Yellow rivers having some of the highest agricultural yields in the country. It is here where the production of Chinese corn, wheat and rice is largely focused. Looking further north, the region is home to the Gobi Desert which cannot sustain large scale agricultural production with most crops found here evolving to adapt to the harsh climate of the desert such as the wild onion plant and the saltwort plant.

East China

East China includes the provinces of Anhui, Fujian, Jiangsu, Jiangxi, Shandong and Zhejiang, as well as the municipality of Shanghai. The region is heavily urbanised however the agricultural sector is also present largely owing to the presence of several key river valleys along the eastern coast. The Yangtze river delta located near and around Shanghai is home to some of the most fertile soils in China which aid in the production of rice and the development of a large fisheries industry in the region. The Yangtze river delta alone account for roughly 10% of all Chinese crop production.

South Central China

South Central China includes the provinces of Guangdong, Hainan, Hebei, and Hunan. The region also includes the autonomous region of Guangxi Zhuang. The climate of the south-central region of China is warmer than the rest of the country and allows for the production of crops fruit as durian, dragonfruit and rambutans. Rice is also an important crop produced in the region along with sweet potatoes and citrus fruits. Sugarcane is grown in Guangdong and is an important cash crop in the region.

South west China

South west China includes the provinces of Sichuan, Chongqing, Yunnan and Guizhou. The region also includes the Tibet autonomous region. The region is home to rugged mountain ranges which extend further west to become the Himalayas mountains. The raising of livestock such as sheep, cattle and goats is common in the region as limited arable land in some parts of the region makes this one of the few ways to develop agriculture. Agriculture in the provinces of Chongqing and Sichuan is more feasible as these regions have more arable land which allows for the production of crops such as wheat and barley in some regions. Chongqing in particular is a significant producer of citrus fruits and tropical fruits.

North west China

North west China incorporates the regions of Xinjiang, Ningxia, Shaanxi, Gansu and Qinghai. These regions are sparsely populated compared to the rest of China owing firstly to the difficult climate of the region which made large scale human settlement difficult, and the region is located away from the political and economic heartland of China along its east coast and central plain. Xinjiang is known for its production of cotton and corn with cotton, in particular, being an important cash crop for the province. Shaanxi produces grain, vegetables and cured tobacco. Gansu has a friendlier climate for agricultural production and produces a large amount of wheat, vegetables and rice.

3 Introduction to the food and beverage market and consumers

3.1 Overview of the food and beverage market and demand for imported products

China continues to be an important market for European agricultural producers with impressive growth projections indicating that there will continue to 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. This creates a good opportunity for quality foreign products, branded ones in particular. Products with Geographical Indications (GIs), indicating the authenticity, variety, quality, tradition, and heritage of the produce, are also therefore well-positioned to capitalise on market trends in China.

Consumer expenditure on food and beverages almost tripled between 2010 and 2020, reaching EUR 1.19 trillion in 2020.⁴ International Grocery Distribution has ranked China as the largest grocery market in the world having overtaken the USA in 2012.⁵ China is now the world's fourth-largest importer of food and the grocery retail market is set to grow by 15% annually.⁶ 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; making it overall a significant net importer of agri-food products.

As will be seen in section 3.1.2, EU exports of agri-food products to China have been steadily rising in value, as has the market share of China in total EU agri-food exports. Furthermore, there is a growing market for both domestic and imported products bearing Geographical Indications as Chinese consumers seek high-quality produce.

3.1.1 F&B market summary

As noted in section 2.3, agriculture remains a very important sector in China because it is essential to feed the country's large population. The Chinese agricultural sector cannot meet domestic demand due to a lack of suitable land for cultivation, poor structural characteristics and low investment, including in irrigation. Around 40% of the population lives in rural areas and, even though the use of modern farm machinery is increasing, most rural small-scale farmers are heavily labour-dependent.

⁴ China Country Factfile <http://www.euromonitor.com/china/country-factfile>

⁵ China's grocery market reaches US\$1trillion <http://igd.com/About-us/Media/IGD-news-and-pressreleases/Chinas-grocery-market-reaches-US1trillion/>

⁶ China-IPR SME Helpdesk: www.china-iprhelpdesk.eu

The Food and Beverage industry in China is growing, which is why it is deemed to be an attractive partner for many investors. In 2019, the revenue of China's domestic food and beverage industry was about EUR 600 billion.⁷ As already noted, China will likely continue to be an important market for European agricultural producers; though cultural diversity, regional differences in the level of infrastructure, local and fragmented distribution channels can still pose challenges to exporters to the market.

3.1.2 International trade in F&B

As explained above, China is a net importer of agri-food products, more so recently due to outbreaks of African Swine Fever, the Covid-19 pandemic, droughts in the north and floods in the south. Threats to agricultural production in the medium term include an aging population leading to labour shortages and loss of land to ongoing urbanisation. China follows an agri-food products trade pattern that makes the most sense in this context. Traditionally, China imports products that are land-intensive, such as maize, barley, soybeans and oils, and it exports labour intense products including fish, fruit, vegetables, and some processed goods.⁸

That said, the composition of imports is changing with consumer demand. Demand is declining for cheaper bulk commodities and increasing for higher-value consumer-oriented products.⁹ This change in consumer demand has led to high levels of imports of some processed goods, and opens up many new opportunities for European exporters.

Even though China is a net importer of agri-food products, it still exported agri-food products worth EUR 53 billion in 2019, an increase of around 85% compared to 2005. China's share in global agri-food exports was around 4%, and all of its exported agri-food products together accounted for about 2.5% of the value of all Chinese exports. In 2019 China was the 6th largest exporter of agri-food products by value, just behind the US, Brazil, the Netherlands, Germany and France.¹⁰

The EU has a positive trade balance with China resulting from its exports of higher value meat, dairy and alcohol products. This is despite some of the products facing challenges for market access (see section 4.3). This positive trade balance has surged since 2019 due to a particularly high level of pigmeat imports as a result of shortages on the Chinese market from African Swine Fever outbreaks.

⁷ The Food & Beverage Industry in China, An Attractive Destination (2019). Available at: <https://wintertaling.nl/the-food-beverage-industry-in-china-an-attractive-destination/>

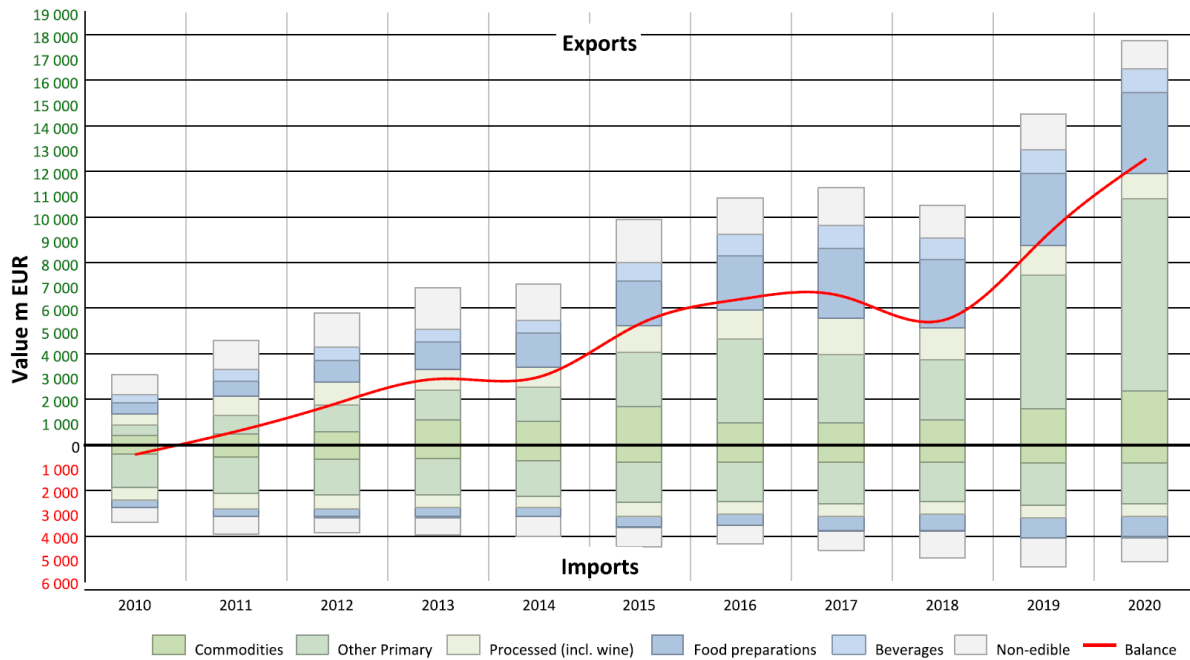
⁸ Agricultural trade in China (2021). Available at: <https://beef2live.com/story-agricultural-trade-china-131-108885>

⁹ USDA (2020). Available at: <https://www.fas.usda.gov/data/china-evolving-demand-world-s-largest-agricultural-import->

<market#:~:text=China%20is%20now%20the%20world%27s,with%20imports%20totaling%20%24133.1%20billion.&text=Whereas%20bulk%20commodities%20once%20dominated,the%20first%20time%20in%202019>

¹⁰ Agri-food exports of China (2020). <https://ihsmarkit.com/research-analysis/agrifood-exports-of-china.html>

Figure 3-1: Structure of EU-27 (i.e. exc. the UK) agri-food trade with China, 2010 to 2020



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

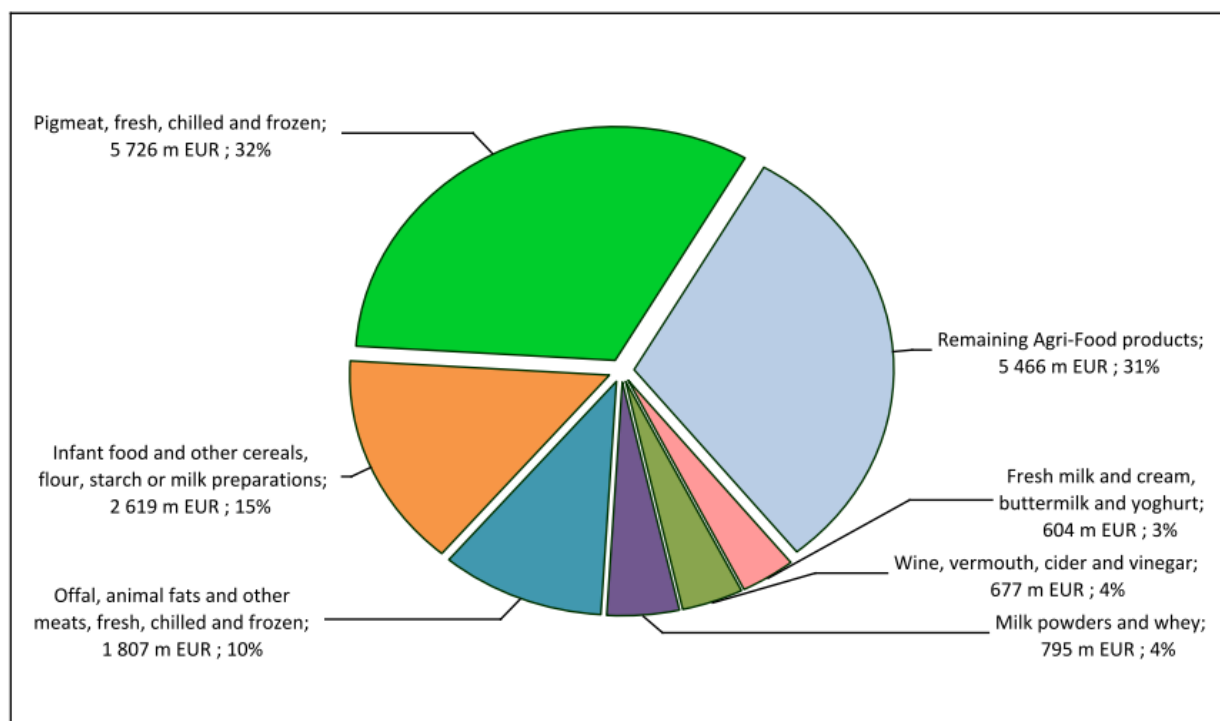
As per Figure 3-2 the major exports from the EU to China in 2020 were, in terms of value:

- Pork, fresh, chilled, and frozen - EUR 5.73 billion, 32% of total agri-food exports from the EU to China.
- Infant food and other cereals, flour, starch or milk preparations – EUR 2.62 billion, 15% of total agri-food exports.¹¹
- Offal, animal fats, and other meats - EUR 1.8 billion, 10% of total agri-food exports.

Other notable exported products include milk powders and whey (EUR 795 million), around 4% of all exports; wine, vermouth, cider, and vinegar (EUR 677 million), 4%; and, fresh milk and cream, buttermilk, and yoghurt (EUR 604 million), about 3% (Figure 3-2).

¹¹ While infant formula is a major EU export to China at present, this product is not covered in detail in the present handbook.

Figure 3-2: Top EU-27 agri-food exports to China in 2020



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

3.1.3 The market for imported F&B

China has import demand for the following products:

1. **Meat.** China is the world's biggest meat consumer. While pork and offal are in particular popular, the consumption of beef and chicken is growing as well. Although China is a major meat producer, domestic demand exceeds supply, mainly due in recent years to the reduction of pig production due to African Swine Fever. With disposable incomes increasing and the middle class expanding, the demand for meat is forecast to continue to rise, despite the Covid-19 pandemic.¹²
2. **Dairy.** China is currently the world's second largest dairy market, but it is forecast to become the largest by 2022. Dairy products are marketed in China as healthy products, which explains their growing popularity. In particular, infant food and milk powders, fresh milk, cream, buttermilk, and yoghurt are in demand. The Covid-19 pandemic increased demand as consumers started to pay even more attention to their health.¹³
3. **Alcohol.** The increasing affluence of Chinese consumers, paired with more adventurous drinking habits drives the demand for alcohol, in particular wine, vermouth, cider, etc. China's drinking culture has undergone a change with consumers increasing consumption and adapting to western styles of drinking. It is now accepted to drink during social events, or just by oneself for relaxation

¹² China's Appetite for Meat is Still Growing (2020). Available at: <https://www.reuters.com/article/sponsored/china-appetite-still-growing>

¹³ 2020 shows a significant growth in milk consumption in China (2020). Available at: <https://seoagencychina.com/2020-shows-a-significant-growth-in-milk-consumption-in-china/>

reasons. Previously alcohol was mainly only considered acceptable at business dinners and in some specific social occasions.¹⁴

Other high-quality European goods such as pet food, pasta, chocolate and confectionery, and olive oil are also popular amongst Chinese consumers as adoption of the western lifestyle continues in China.

3.2 Growth Drivers and Trends

The key factors affecting the food and beverage market in China are:

- **Continuous economic development.** Since China opened its economy it has undergone big changes. Economic reforms, such as the decentralisation of economic production, increased incomes and hence household savings. These domestic savings have enabled the country to support large-scale capital investments which have led to rapid increases in productivity and further economic growth. China's annual real GDP averaged around 9.5% between 1979 and 2018, which indicated that the country doubled the size of its economy every eight years.¹⁵ While the country is not likely to grow as exceedingly quickly going forwards, strong growth in the 5-6% range is still generally forecast; and there is an increasing focus on the "quality" of growth (notably sustainable growth and the balancing inequalities).
- **Food safety concerns.** Due to numerous food scandals taking place throughout the last decade's, Chinese consumers have lost trust in many Chinese products. China has been working on improving the food security situation in the country and issued many food safety and security standards and measures throughout the last years to increase trust in domestic products. Despite these improvements, issues remain. Most of the food scandals were linked to big and influential Chinese companies, however, problems still exist even at the smaller scale. For example, at the beginning of 2021, a show revealed that a group of sheep farmers located south of Beijing was administering medicine to their animals that can cause health issues in humans.¹⁶ Against this background, foreign products are often well regarded.
- **Population structure.** China accounts for 20% of the global population and the population is forecast to peak by 2030. Although the average age is 38, the population is aging. This might partly be caused by China's previous one-child policy and a gender imbalance with more males than females.¹⁷ The fertility rate is currently is below the replacement rate at about 1.6 births per woman.¹⁸ Despite this overall population aging, the younger segment of the population is highly

¹⁴ China's alcohol intake on the rise, thanks to growing affluence, more adventurous drinkers (2019). Available at: <https://www.straitstimes.com/asia/east-asia/chinas-alcohol-intake-on-the-rise-thanks-to-growing-affluence-more-adventurous>

¹⁵ China's Economic Rise: History, Trends, Challenges, and Implications for the United States (2019). Available at: <https://www.everycrsreport.com/reports/RL33534.html>

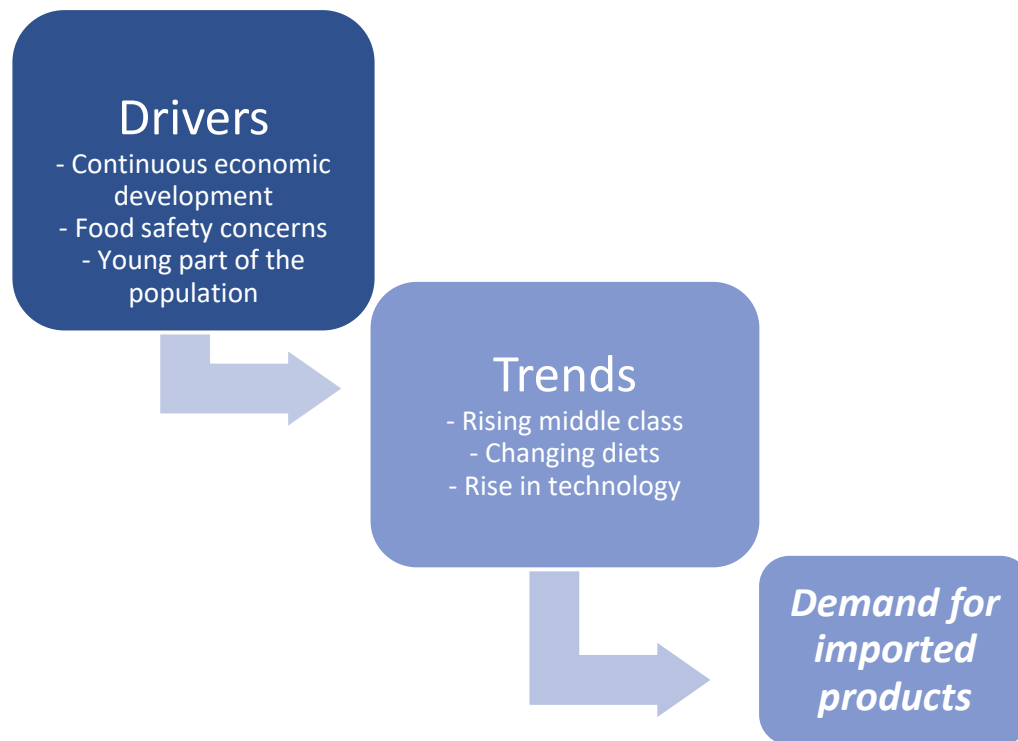
¹⁶ China Can't Ignore Its Food-Safety Issues (2021). <https://www.bloomberg.com/opinion/articles/2021-03-30/china-can-no-longer-ignore-its-food-safety-issues>

¹⁷ World Population Review. China Population (2021). Available at: <https://worldpopulationreview.com/countries/china-population>

¹⁸ China - Reaching the Consumer (2021). Available at: <https://santandertrade.com/en/portal/analise-markets/china/reaching-the-consumers>

important for the future development of the country. People born after 1990 are forecast to make up 15% and people born slightly later, after 2000, are forecast to make up approximately 20% of the country's total population by 2030. They are technologically savvy, have grown up with more exposure to western culture and, while not as rich as their older counterparts, do tend to have income they are willing to spend.

Figure 3-3: Growth drivers and trends – the Chinese food and beverage market



Source: Agra CEAS based on European Commission agri-food factsheet; Euromonitor International, and various.

In terms of current trends, the following stand out:

- **Rising middle class.** Since the start of China's fast economic growth, disposable income has been increasing. Although on average incomes have improved in all classes, the rate of growth has been faster for the middle and affluent classes. The country is now considered a middle-income country and has a per capita income of around EUR 8 600. The importance of the middle class has increased and today China relies on it to stabilise domestic economic growth by increasing spending during times of economic slowdown, political issues, or trade wars. At the turn of the century, only around 4% of China's population was middle class, whereas now this has increased to around 40%¹⁹. Urbanisation has been a major driver of this; indeed in some larger cities, in excess of 90% of households can be considered middle class based on income metrics. As overall increases in incomes have led to diversification of diet, different patterns of consumption can be

¹⁹ Estimates of the middle class population vary based on the criterion used, but most estimates place it at around 40% of the population, with a few estimates exceeding 50% of the population.

observed in consumers from different earning brackets. For example, those consumers at the higher end of the income scale purchase more meat, dairy products and alcohol compared to consumers in lower-income brackets.²⁰

- **Changing diets.** Increasing incomes, partly resulting from urbanisation, has led to a diversification of diets. There has been a decline in the 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; even though the methods of consumption of these products may ultimately differ. Chinese consumers are increasingly striving for healthier lifestyles which is reflected in a decrease in spending on unhealthy foods and beverages and an increased willingness to pay a premium for healthier options.
- **Rise in technology.** Technology has become an important area for innovation in China. The younger population segments in particular are highly connected and interested in technology.²¹ Smartphone Apps such as WeChat and Weibo are very popular and offer bundled social media, e-commerce and payment platforms²². The importance of social networks, as well as e-commerce, has increased notably during the Covid-19 pandemic. The pandemic has prompted the older generation, as well as people living in lower tier cities, to at least try e-commerce, and many have become comfortable users. Assisted by policies specifically designed to assist sellers of some products from overseas, the e-commerce market offers new opportunities for European agri-food exporters.²³

3.3 Consumer profiles and preferences

3.3.1.1 Consumer profiles

Certain aspects of the Chinese population that were touched upon in sections 2.1.3 and 2.2 are worth bearing in mind when considering Chinese consumers. Most notably :

- **Population distribution and age.** On the one hand, China's population is aging. However, people born after 1990 are forecast to make up about 15% and people born after 2000 more than 20% of China's total population by 2030. These younger consumers often show different shopping behaviours than the older generations, which is why age is an important consumption behaviour indicator. China is going to continue to urbanise and a larger proportion of the population will live in cities which usually offer more jobs and higher incomes leading to greater disposable incomes compared to rural areas, with these urban areas a notable attraction for the young. Thus, consumption patterns also differ in urban and rural areas. Older generations often aim to save

²⁰ China's Middle Class in 5 Simple Questions (2019). Available at: <https://www.china-briefing.com/news/chinas-middle-class-5-questions-answered/>

²¹ More than 90 per cent of Chinese teens access the internet through mobile phones, says report (2018). Available at: <https://www.scmp.com/tech/apps-social/article/2163768/more-90-cent-chinese-teens-access-internet-through-mobile-phones>

²² It is important to note that China has its own technological ecosystem. See section 6.1.1 for more details.

²³ Consumer Trends Resulting from the Coronavirus (2020). Available at: <https://www.chinaskinny.com/blog/coronavirus-consumer-trends/>

more money whereas younger generations are more likely to save less and spend more. Since the education system has developed over time, younger Chinese are often better educated. The combination of the two previous points explains why young, urban Chinese are more likely to demand luxury agri-food items than the older generations. Overall, the highest consumption rates can be found in big cities including Shanghai and Beijing. The higher the level of urbanisation, the higher the level of consumer spending and demand for luxury products.

- **Ethnicity and religion.** China is a diverse country with more than 50 recognised ethnic minorities and many different religions. The Chinese government officially recognises the following big five religions: Catholicism, Protestantism, Islam, Buddhism and Taoism. However, most of the population does not follow any religion.
- **Cultural heritage vs. westernisation.** In recent years, the Chinese government has started to put more effort into promoting China's cultural heritage; the topic has been introduced to the national education system, for example. These efforts have boosted the popularity of local products, in particular during the travel restrictions imposed during the Covid-19 pandemic. Despite these efforts, the country is edging closer to a western lifestyle and consumers appreciate western cuisine, which has influenced overall eating habits.

Against the considerations set out above and bearing in mind the size and complexity of China, consumer classifications is a major challenge. Nonetheless the bullet points below set out important consumer types in China by age and income. The nuances discussed above must be taken into account given that in such a diverse country, the relevance of universal consumer types is limited. Against this background, the paragraph following these bullet points contains a few slightly more specific groups which stand out as potentially being of interest for exporters.

- **High net worth individuals:** these consumers are usually the first or second generation of China's social elite with high disposable incomes and are predominantly concentrated in China's tier 1 and 2 cities. The number of millionaires is increasing rapidly. In 2020 there were approximately 5 million millionaires (with a personal wealth of CNY 10 million), up around 10-fold over the preceding ten years.²⁴ 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. 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.

²⁴ <http://www.dw.com/en/number-of-chinese-millionaires-sees-rapid-surge/a-39322859>;
[https://www.asianinvestor.net/article/millionaires-in-china-to-nearly-double-by-2025-credit-suisse/470521#:~:text=Ranked%20second%20globally%20in%20terms,on%20Tuesday%20\(June%202022\).](https://www.asianinvestor.net/article/millionaires-in-china-to-nearly-double-by-2025-credit-suisse/470521#:~:text=Ranked%20second%20globally%20in%20terms,on%20Tuesday%20(June%202022).)
<http://www.hurun.net/en/ArticleShow.aspx?nid=4558>

- **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 focused on trading up and do not mind paying a premium for this. Foreign products and brands can be a means of attaining perceived higher quality and can therefore be highly desirable. The “mass affluent” consumers in China – that is to say, those who have over USD 50 000 in liquid assets – exceeds 40 million.²⁵ More and more affluent consumers are traveling, studying or working abroad and have personal exposure to European food and drinks culture. They are more likely to have adopted new eating and drinking practices, as well as to have 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. 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 and through e-commerce. Increasing concern for 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 which are 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. 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 more open in their spending or have specific preferences picked up from previous dining or travel experiences. This group 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.

- **Young consumers:** born after 1980 and having grown up in an increasingly outward-looking China and often in cosmopolitan cities, and with widespread access to the internet. This 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 is increasingly open to trying new products. They account for an estimated 200 million people in China.²⁶

²⁵ <http://www.scmp.com/business/companies/article/2100208/chinas-34m-mass-affluent-consumers-drive-75-pc-national>; <https://www.globaldata.com/affluent-population-in-china-to-surpass-56-million-mark-in-2022-says-globaldata/>

²⁶ <https://www.mckinsey.com/industries/retail/our-insights/mapping-chinas-middle-class>

This group is increasingly varied, with some more likely to look for premium products and others mid-range to economy products (see below). However, they are all more likely to use e-commerce rather than traditional retailing channels when purchasing food and beverage products. Many of this group 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 though and they will view these products as suitable for gifting purposes or use on special occasions such as holidays, therefore, purchasing less frequently than other consumer types.

As they are generally less tech-savvy than their younger counterparts, e-commerce is still an emerging purchasing method for them. 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 include an increased value placed on safety and quality of products, an increased focus on spending for children,²⁷ 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.

Looking across these different income and age groups set out above, **consumers which stand out in particular for exporters of agri-food products** are:

- **Young white collar workers:** generally urban based and aged 25-35. They lead stressful lives and hence appreciate quality and healthy products plus those that can relieve stress. They may be impulsive.
 - **Middle aged, higher income:** generally aged 35-45 and based in tier 1-3 cities. They have high income levels. They will look for personalisation and tend to be rational in their purchasing decision. The cut off for this group is around 45 to 50; while there is a notable higher income segment over 50 years old, they are generally less inclined to frequently purchase imported agri-food products and/or to use e-commerce. Nonetheless, they do show some increasing potential in both regards.
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- **“Sophisticated mums”**: higher income mothers of children up to age 12. They tend to focus on their children and so care about the safety of the product as well as the health of children. However, they may also be interested in their own beauty.
- **Young consumers with future power**. This includes the Generation Z consumers not falling into the groups above. As a rule they are tech savvy and well connected; and they include a notable number of smaller town or rural consumers. While they may be more difficult to attract, as the former three groups age, segments of this group are likely to emerge as important future consumers.

It should be noted that there is a very large number of lower income consumers – often blue collar, rural and/or older – who do not fit within these groups. While these consumers numerous, are a very challenging group for more expensive imported agri-food products.

3.3.2 Cultural Sensitivities and Other Considerations

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

3.3.2.1 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 an increase in 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.

3.3.2.2 Ethnic diversity and cultural sensitivities

Although China is predominantly Han (汉族) around 80% of total population there are over 50 recognised ethnic minorities within China. While 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. Market research should assess whether dietary restrictions for other minority groups will have a significant effect on the local market.

3.3.2.3 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”; foods such as

vegetables, food with sour flavours, and those with low calorific value, are classified as being “cooling”.²⁸ 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 European ingredients or products they may be hesitant to purchase them.

3.3.2.4 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.



3.3.2.5 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.²⁹ It is important to note that growing incomes have led to an increase in meat consumption for food away from home with higher income groups showing a significant increase in consumption of pork, beef and poultry.³⁰

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.

3.3.2.6 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 capitalise on this market. Products purchased for gifting are often individually presented with elaborate packaging.

²⁸ 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

²⁹ Report by Unilever Food Solutions on global consumer trends quoted at:

<http://chinaretail.org/shownews.asp?id=3055>

³⁰ "Meat Demand in Urban Chinese Households" USDA GAIN report February 2012

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 subsequent adaptation and recovery.

3.3.2.7 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. 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. Whilst concerns of “face” are still applicable, products are more likely to have mid-price points.



3.3.2.8 Shopping festivals

Largely driven by the rapid development of e-commerce, Chinese shopping festivals have become important events for the sales of more premium products (including food and beverages) in recent years. These festivals are mainly or in some cases almost entirely focused online. Notable festivals include:

- 618 (initiated by online retailer JD.com, but now widely adopted): 18 June.
- Qixi Festival (Chinese valentine’s day): 7th day of 7th month of Chinese lunar calendar – often mid-August.
- 9.9 wine festival: 9 September
- Double 11 (or singles day): 11 November
- 1212 (initiated by online retailer Alibaba, but now widely adopted): 12 December

In addition to this, shopping festivals tend to occur around traditional festivals as well, such as the aforementioned Chinese New Year, the mid-autumn festival (September / October), lantern festival (end of Chinese new year) and International women’s day.

4 Market access and entry

This section provides details on the necessary requirements for entry into the Chinese market, outlining existing market access restrictions and explaining procedures. A summary of market access and entry is presented in section 4.1, in the form of a SWOT analysis.

4.1 Summary SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Huge market with an overall structural shortage in agri-food products. ▪ Imported products are favoured in many cases as they are seen as being of a higher quality and / or safer. ▪ Long term trends of urbanisation, income increases and exposure to western influences has created a structural tailwind for western products including European ones. ▪ Strong level of take up of e-commerce for purchasing many products is making products accessible more widely across the country. 	<ul style="list-style-type: none"> ▪ World’s largest producer of many agricultural products, meaning that for many labour intensive products (e.g. F&V) there is limited need for import. ▪ Dynamic legislative situation – multiple changes to legislation and standards every year. ▪ Complex market. Products need to be adapted (localised) to the Chinese market and considerable marketing normally required. ▪ Following on from the above, China should not be seen as one market but rather multiple markets within one country. Different approaches may need to be taken but care is also needed to ensure the approaches are coherent.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ A wide range of opportunities stemming from the overall structural deficit and huge population size. ▪ GI agreement has secured the protection of some 96 GIs with a further 175 to follow, providing an opportunity for these products to take advantage of. ▪ Strong focus on health provides opportunities for health-focused products. ▪ Trade tensions with other countries provide short term opportunities for some products. ▪ E-commerce is opening up new markets beyond tier 1 and 2 cities. Specific legislation on selling cross-border through e-commerce provides a path for certain products to 	<ul style="list-style-type: none"> ▪ Strict import requirements. Measures may be introduced at short notice (generally due to perceived public health concerns) and their subsequent removal may take a long time. ▪ FTAs with multiple other countries in the region give competitors an advantage in terms of tariffs. ▪ Some competitors have been long established in the market and as such are well regarded by consumers of some products. ▪ Domestic production of many products traditionally imported is both increasing and improving in quality, potentially presenting strong competition in the future. ▪ Political support to increase self-sufficiency rate in various food sectors

potentially enter the market on a more limited.	
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4.2 Food and beverage legislation and regulations

The food regulation landscape in China has a certain level of complexity, and more importantly is quite dynamic. Subsequently while the information here is up to date at the time of writing, it is strongly recommended that regulation for the product in question be monitored. Monitoring the official government websites is one such way of doing so, though these are generally in the Mandarin language. Local partners should be able to keep you apprised on legislative changes. A third option is to follow or use a monitoring / regulatory compliance service. Multiple such services exists. Examples include: Chemlinked (<https://food.chemlinked.com/>) which provides extensive free resources and updates on legislative changes as well as paid/premium analyses and a compliance service; and CIS-Reach: <http://www.cirs-reach.com/>.

4.2.1 Import requirements/restrictions, customs procedures and documentation

Import procedures and requirements tend to vary by product. Table 4-1 sets out the general documents required for all shipments.

There are also various products specific requirements. Table 4-2 provides a more detailed overview of the different specific documents which are required for the different categories covered by this handbook.

Table 4-1: General requirements for goods exported to China (including F&B)

Name	Description	To be prepared by	Language
Air Waybill (or rail waybill for rail shipping)	A document containing the details of the transportation of products by air and proving the transport contract between the consignor and the carrier's company. One Air Waybill may be used for the multiple transshipment of products. For shipments by rail, a different document – rail waybill – is required.	Carrier (or their agent)	Usually EN
Bill of Lading	A document containing the details of the international transportation of products by sea.	Carrier (or their agent)	Usually EN
Commercial Invoice; Pro forma invoice	Former: a document containing the details of the transaction. Latter: a document containing the details of the transaction prior to proper invoicing; it may be required.	Exporter	EN or CN
Customs import declaration	Official form for clearance of goods. To be submitted within 14 days of arrival.	Importer (or their agent)	CN
Customs registration	Document certifying that importers and exporters have been registered with the General Administration of Customs. Valid for 3 years once obtained.	Importer	CN
Business licence	A document certifying that an economic operator has been registered according to the Chinese legal provisions and approved to start operation.	Importer / company operating in China	CN
Import and Export Business Licence	A document certifying that a company qualifies and has been registered as an import/export business.	Importer	CN
Registration of Manifest Transmitter	A prerequisite for the cargo manifest. Certifies that manifest transmitters and means of transportation used in international trade with China are registered with the Chinese customs authorities.	Carrier (or their agent)	CN
Cargo manifest	A document notifying the authorities of the arrival of a vessel and summarising the goods loaded therein.	Freight forwarder (or their agent)	EN or CN
Packing List	A document containing the details of the shipment and serving as a basis for the customs treatment of goods.	Exporter	EN or CN
Proof of preferential origin (or certificate of non-preferential origin)	A document confirming the preferential origin of the goods to be imported. It is required if preferential treatment under an FTA or arrangement is claimed. A certificate of non-preferential origin may be requested by customs for goods without preferential origin for which customs has doubts.	Exporter	Usually EN
Insurance certificate	A document proving that a contract for the insurance of the goods has been signed. May be required for verification of CIF prices.	Exporter or importer's insurance co.	EN or CN

Source: European Commission Market Access Database.

Table 4-2: specific market entry requirements mapped to handbook categories

Name and description	Fresh meat	F&V	Dairy	Alcohol (spirits,	Olive oil	Confectionery	Ice cream	Biscuits / cereal bars	Processed F&V	Pasta	Fruit juice	Baked goods
Registration of Foreign Exporters of Particular Foodstuffs. Document confirming that foreign exporters of foodstuffs have been registered with the General Administration of China Customs (GACC).	X	X	X	X	X	X	X	X	X	X	X	X
Registration of Importers of Foodstuffs and Cosmetics. Document confirming that the importer is registered at GAC. Application in English or Chinese.	X	X	X	X	X	X	X	X	X	X	X	X
Automatic import licence. Document providing statistical information on the respective goods to be imported to the Ministry of Commerce.	X		X		X				?			
Veterinary health certificate for animal products. Issued by authorities of the country of export, translation into English or Chinese may be required.	X		X									
Permit to Import Live Animals and Plants Subject to Quarantine. A document permitting the actual importation of live animals and plants subject to quarantine requirements. Application in Chinese.	X	X	X						?			
Commodity Inspection Certificate. Document certifying that commodities have been inspected and that their importation has been approved.	X	X	X	X	X	X	X	X	X	X	X	X
Authorisation to import endangered species and products. Permits the import of certain wildlife products, notably those subject to CITES.	?											
Phytosanitary certificate. Issued by authorities of the country of export, translation into English or Chinese required.		X							?			

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Registration of New Plant Varieties. Certifies that new plant varieties have been registered with the responsible Office for the Protection of New Varieties of Plants and have been entered in the National Plant Variety Protection List.		?										
Seed Business Licence for Import and Export. A document certifying that a company is authorised to import and export seeds.		? e.g. 0701										
Examination and Approval of Crop Seeds or Seedlings for Import and Export. A document certifying that crop seeds or seedlings to be imported/exported have been examined and approved by the Ministry of Agriculture and Rural Affairs.		? e.g. 0701										

Source: Agra CEAS based on Access2Market

X = required for category; ? = only required for category in specific cases, consult Access2Market for more details

Petfood is excluded as requirements are substantially different given their non-food status. Details are provided in the product snapshots.

It is also important to note that a facility registration requirement is entering into force in 2022 for all food production facilities (at present the requirement is limited to meat, dairy, seafood and cubilose). There is more on this below. As a general rule, it is recommended that imported food products have at least half of their initial shelf life remaining at the time they arrive in China. There have been reports of products with shorter shelf lives being either rejected at the border or facing challenges once within the country. Since late 2020 China has imposed measures for checking imports of food for COVID-19, with all imports being tested since January 2021.

4.2.2 Food safety and other food certification requirements

Responsibility for the safety of imported food products is split between various bodies in China:

- **General Administration of Customs of China (GACC)** inspects goods entering the country. GACC has an Import and Export Safety Bureau, which is in charge of registering foreign facilities that aim to export their agri-food products to China.
- **The State Administration for Market Regulation (SAMR)** is responsible for the regulation of product quality and safety and the comprehensive coordination of food safety legislation. More specifically SAMR is responsible for the “recipe registration” of Infant Formula. It was established in 2018 following the merger of three previous ministries - China Food and Drug Administration, State Administration of Industry and Commerce and AQSIQ.
- **The National Health Commission (NHC)** oversees food-safety risk assessment, with the assistance of SAMR and other departments. This organisation establishes the most Food Safety Standards.
- **Ministry of Agriculture and Rural Affairs (MARA)** is in charge of regulating the safety and quality of domestically-produced agricultural products. The Ministry works together with SAMR and GACC on issues of market access and product traceability.

The key overarching piece of food safety legislation in China is the **2015 Food Safety Law**. It notably regulates issues concerning the following topics: food safety risk monitoring and assessment; food safety standards; food production; food product inspection; import and export of food products; legal liability. According to this law, imported products must comply with China’s national food standards (more on these later). Implementing regulations exist to assist with regulation of the areas set out above. **The 2006 Law on Farm Product Quality and Safety** specifically controls the safety and quality of primary products from agriculture, prior to them entering the market; and they extend to imported products.

As noted above, there are **National Food Safety Standards** which apply to domestic as well as imported products in China. The standards, which are almost all product specific, are numerous: since 2010, more than 1 300 food safety standards have been issued in China (with 38 in 2020). The NHC alongside SAMR are responsible for food safety standard development. In the case there is not a Chinese standard for an imported food, the producer, exporter or importer can submit to NHC the regional, national or international standard used by the product, and if approved this can be used on a temporary basis until a Chinese standard is developed. References of key important standards are provided in the specific market snapshots. It should be noted that for a selected few products, registration requirements exist before the

product can be sold in China. Where this is the case, it is also mentioned in the corresponding product snapshot.

While the aforementioned pieces of legislation apply to both domestic and imported products, there are a notable set of regulations which specifically apply to imported products. More specifically the key ones are:

- **The Administrative Measures for Registration of Overseas Manufacturers of Imported Food (AQSIQ Decree 145)**, which require the registration of foreign food production facilities for meat, dairy, seafood and cubilose (bird nest) products. It is important to note that from 1st January 2022 this will be replaced by GACC Decree 248, which will require manufacturers, processors and storage facilities of all foods to register with GACC. This decree will effectively become the reference regulatory text for food imports into China. For certain products, recommendation from the competent authority of the exporting country will be necessary. The modalities of implementation of the new decree are not yet clear at the time of writing; and it is likely that they only become fully clear during the first months of implementation of the decree.
- **Administrative Measures on Import and Export Food Safety (AQSIQ Decree 144)**, which focuses on the inspection and oversight of food imports/exports. They include rules governing foreign food producer registration requirements, risk alert mechanisms and imported food inspection procedures. It is important to note that new measures has recently been established (under Decree 249, which accompanies Decree 248 – see above). These measures are scheduled to enter into force in 2022, with GACC to be responsible for them.
- **Law on Entry and Exit Animal and Plant Quarantine; Entry-Exit Inspection and Quarantine Process Management rules (revised 2009)**. This law regulates the quarantine and inspection of animals, plants and similar products that enter, exit or pass through China. There are two lists which stem from this regulation: (1) a list of animals and their products that are prohibited from being imported from countries where animal diseases are endemic; and (2) a list of entry Plant Quarantine Pests of the People's Republic of China. These lists, which are periodically updated, can be found here: <http://dzs.customs.gov.cn/dzs/2746776/index.html>

Links to resources for checking legislation updates

Legislation in China is almost always published only in Chinese. Subsequently there are a variety of bodies which provide unofficial translations of legislation, normally for a fee or against subscription.

Examples include:

- Chemlinked's regulatory standard database: <https://food.chemlinked.com/database/> and
- CIS-Reach: <http://www.cirs-reach.com/>. Other examples do exist. Such companies tend to offer regulatory compliance services for the Chinese market i.e. checking if a product meets all the requirements necessary for the market.

For companies who have firm intentions of entering the market or are already in the market, and who lack Chinese language skills, these services may be worth consideration.

In addition to this, some government funded bodies such as USDA and some from Australia provide unofficial translation of new legislation as it is released for the first time. USDA also periodically issues broader legislative reports which include updates to food legislation.

Food additives

Only food additives listed on the National Food Safety Standard for Use of Additives (GB2760-2014) can be used in food products in China. To obtain approval for a new additive, or an extension for an already approved one, an application has to be submitted to the NHC. Flavouring substances and flavours fall under the food additives category. An unofficial translation of the original 2014 list can be found at: [https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Standard%20for%20Food%20Additive%20Use%20-%20GB2760-2015 Beijing China%20-%20Peoples%20Republic%20of 4-28-2015.pdf](https://apps.fas.usda.gov/newgainapi/api/report/downloadreportbyfilename?filename=Standard%20for%20Food%20Additive%20Use%20-%20GB2760-2015%20Beijing%20China%20-%20Peoples%20Republic%20of%204-28-2015.pdf). However, additional additives are periodically added. No more recent free translation of the list is available, though there are multiple legislative compliance agencies offering paid versions of up to date lists.

Nutritional fortification substances are regulated by the Standard Regarding Nutritional Fortification Substances in Foods (GB 14880-2012) that entered into force in 2013.

Pesticide residues

The rules for the use of pesticides are set out in the 2015 Food Safety Law. The National Food Safety Standard - Maximum Residue Limits (MRLs) for Pesticides in Foods (GB 2763-2019) lists all pesticides which are allowed to be used in China. It contains over 7 000 MRLs for more than 480 pesticides in close to 260 food categories. China uses the CODEX standard for over 1 100 MRLs for nearly 80 pesticides that have not yet been registered. An unofficial translation of the original 2019 list can be found at: [https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=National%20Food%20Safety%20Standard%20Maximum%20Residue%20Limits%20for%20Pesticides%20in%20Foods%20Beijing%20China%20-%20Peoples%20Republic%20of 11-18-2019](https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=National%20Food%20Safety%20Standard%20Maximum%20Residue%20Limits%20for%20Pesticides%20in%20Foods%20Beijing%20China%20-%20Peoples%20Republic%20of%2011-18-2019)

Other residues

The National Food Safety Standard Maximum Residue Limits for Veterinary Drugs in Foods (GB 13650-2019) sets out 2 191 MRLs and use requirements for around 270 veterinary drugs. MRLs for further drugs in use in China are still under development.

The National Food Safety Standard for Maximum Levels of Mycotoxins in Foods (GB2761-2017) sets limits for Aflatoxin B1, Aflatoxin M1, Deoxynivalenol, Patulin, Ochratoxin A and Zearalenone in food. A new standard for certain nut and crop products, GB 31653-2021 is scheduled to be implemented in February 2022.

A new standard, National Food Safety Standard – Maximum Levels of Contaminants in Foods – No.1 Revision is in the process of being finalised. This will maximum limits for certain contaminants such as lead, cadmium, mercury, arsenic, tin etc in some foods.

4.2.3 Labelling Requirements

In accordance with the 2015 Food Safety Law, GB standards for labelling exist. There is an overarching standard for food related product labelling (GB 4086.1), one for food additives (GB 29924) and most importantly specific standards for pre-packaged foods. More specifically these standards for pre-packaged foods are:

- GB 7718 – general standard for the labelling of pre-packaged products
- GB 28050 – general rules for nutrition labelling of pre-packaged foods

These standards are both currently under revision and draft labelling-related regulations from SAMR have been proposed. Once adopted revised standards and final labelling-related regulations will represent important new market entry requirements to be met.

In accordance with the above standards, at present information needs to be displayed on pre-packaged food products in the Chinese language. The label should be directly stuck, printed, or indicated on the sales package of the product before the shipment arrives in China. Information which must be indicated is:

- Name of the product; its specification, net content, and production date
- Table of ingredients or formulation; this includes ingredients such as water which may not be required in some other countries. Foreign ingredients must also have a Chinese translation.
- Name, address and contact information of the producer
- Shelf life and production date (year – month – day)
- Code of product standard(s)
- Storage requirements
- The Generic name of the food additives as used in the national standard
- The Production License Number or the facility registration number for imported products
- If an ingredient is emphasized on the label, the concentration of the ingredient must be specified on the label
- Other information as required for specific products (for example, there are some requirements applying to specific products e.g. GB 12432 on labelling of pre-packaged foods for special nutritional usage, or within product specific standards e.g. GB 25190 on sterilised milk).

The revisions foreseen, if passed, will introduce requirements on allergen labelling and add/amend requirements on label and font size plus nutrient labelling requirements.

Laws around labelling do change periodically and it is recommended to use one of the sources indicated in the boxes above to monitor changes. For example, there was previously a requirement to file labels with GACC before first shipping a product. However, this requirement was removed in late 2019. However, GACC Decree 248 (effective from 1 January 2022) will introduce the requirement for the Chinese registration number or the registration number approved by the exporting country competent authority to be included on the product's outer packaging. The aforementioned pending changes to GB 7718 are another example of how requirements continue to change.

Organic food labelling

The Administrative Measures on Organic Certification, which is managed by SAMR, entered into force in 2014. This includes measures which require organic ingredients to be at least 95% of the product for it to be labelled as organic. Legislation has since evolved and a new national standard for organic products (GB/T 19630-2019) has been in force since the beginning of 2020. There is no equivalence agreement between the EU and China for organic certification. Therefore products have to be certified in accordance with the Chinese national organic standard in order to bear an organic indication (official logo above). The cost of this has been reported to be substantial in some cases.



Special rules regarding compliance and labelling for certain products sold cross-border through e-commerce

China has established a specific scheme for selling certain products directly to consumers, from abroad, through e-commerce. This is known as the cross border e-commerce scheme (CBEC).

Products which qualify and are sold specifically through this scheme do not require the same level of compliance. Most notably:

- Chinese labels are not required
- Chinese GB standards do not apply to these products and registrations are not required in most cases
- Customs clearance is massively simplified for products passing through the scheme
- Tariffs do not apply, but rather there is specially calculated tax which, as a general rule, works out cheaper than tariffs and local taxes combined.

Despite these clear advantages, it is necessary to be aware that the scheme has its limitations. Not all products qualify and those that do can only be sold through specific cross border e-commerce platforms (such as Tmall Global and JD Worldwide) and there are limits on the extent to which consumers can take advantage of the scheme. Exporters typically have to be involved in the process to a fair extent. Furthermore, while the scheme provides many benefits and exemptions, there is a certain complexity about the cases in which exemptions do and do not apply.

Around 400 agri-food CN codes qualify for this scheme at present. A study by DG AGRI of the European Commission is being completed specifically on this topic and may be published in the future.

4.2.4 Protection of intellectual property rights, including geographical Indications (GIs)

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

The main trademark legislation in China is:

- Trademark law of the PRC – a long standing law dating from 1983 but amended various times, most recently in 2019 (for bad faith trademarks)
- Regulations on implementation of the trademark law of the PRC, most recently implemented in 2014.

Important points to note are:

- Trademarks are protected for 10 years and this is renewable every 1 years.
- The process is likely to take around 1 year.
- 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. 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.

Trademark registration and trademark squatting

Trademark squatting has been common in China – individuals or entities have registered trademarks in their name that are internationally recognised but the product is just entering the market and the trademark is not yet registered in China. Compensation will then be requested for them to release the trademark. In recent years the practice has further developed and there are cases that squatters register trademarks of products that are not even available in China on the expectation they will enter the market soon. Against this background, it is strongly recommended that you register your trademark in China even before entering the market. Resolving issues of trademark squatting is almost always very costly and time consuming; particularly compared to registering the trademark up front.

4.2.4.1 General protection of GIs

The number of domestic GIs registered within China has risen greatly over the last fifteen years. Furthermore a growing number of foreign producers are registering their products as trademarks, GIs, or under multiple systems.

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

1. Under China Trademark Law, regulated by the China National Intellectual Property Administration CNIPA (which includes the China Trademark Office – CTMO). Trade mark registration of the GI can be done as a ‘collective mark’ or as a certification mark.
2. Under regulations on the protection of GIs (sui generis GI system), also regulated by the China National Intellectual Property Administration (CNIPA). This was previously under AQSIQ but the scheme has been continued by CNIPA. Revised CNIPA rules on the registration of foreign GIs are in place since November 2019. Gong forwards, this is likely to be the main mechanism through which GIs are protected in China.
3. A second sui generis GI system is run by the Ministry of Agriculture and Rural Affairs; however, this applies only to raw agricultural products and in practice is not operational for the registration of foreign GIs in China

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.

Figure 4-1: Official logos for GI products (1st row: trademark law, regulations on GI protection, MARA – all for domestic products only, from left to right; second row CNIPA GI label introduced November 2019, available to both foreign and domestic GIs)



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. 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.

With regards to registration, 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.

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 the China National Intellectual Property Administration (CNIPA) applies to any goods or handicrafts including any agri-food products, but not services. GIs registered with the Ministry of Agriculture and Rural Affairs applies only for raw agricultural products and not to 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.

With regards to registration:



- Under the CNIPA 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. Revised CNIPA rules on the registration of foreign GIs in China are in force since November 2019.
- The procedures for the registration of a GI under the Measures for the Administration of Geographical Indications of Agricultural Products (MARA) 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 (CNIPA) to enquire as to the latest requirements for the registration process, if interested in pursuing this route.

4.2.4.2 Bilateral agreements with China for the protection of 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.

In 2019 the EU and China concluded an eight-year negotiation on a bilateral agreement to protect 100 European GIs in China and 100 Chinese GIs in the EU (“the EU-China GI Agreement”). This agreement came into force on the 1st of March 2021. Four years after its entry into force, the scope of the agreement will expand to cover an additional 175 GI names from both sides³¹, and there is a mechanism to add more GIs thereafter. 10 out of the 96 EU GIs ultimately included in this agreement were already registered under the aforementioned “10 plus 10” project³². The list of these GIs can be found in section 8.5.

4.2.5 Relevant authorities for IPR and GI protection and further contacts

<p>General IP, including trademarks</p> <p>China National Intellectual Property Administration CNIPA / China Trademark Office</p> <p>1 Chama Nanjie Xicheng District Postal Code:100055</p> <p> http://sbj.cnipa.gov.cn/sbjEnglish/</p> <p> 86-10-68027820</p>

³¹ Ultimately 171 EU names will be covered under the agreement as the list of 175 contains four UK GIs.

³² 96 GIs are ultimately protected under the final agreement as the four UK GIs initially listed will not be protected under this agreement following the exit of the UK from the EU.

4.2.6 Law on Overseas NGOs in China

The Law on Administration of Activities of Overseas Nongovernmental Organizations in Mainland China (“the Overseas NGO Law”) entered into force on 1 January 2017. The law is the first to regulate the activities of overseas NGOs in China. The law, translated into English, can be found here: <http://cccwaen.mca.gov.cn/article/Inter-countryAdoption/b/b/201709/20170900892758.shtml>.

The law applies to a potentially wide range of organisations. Article 2 defines an overseas NGO as “not-for-profit, nongovernmental social organizations lawfully established outside of mainland China, such as foundations, social associations, and think tanks”. It therefore potentially captures industry/trade associations and alike as well as e.g. chambers of commerce and obviously organisations with social and cultural goals which may more typically be considered as NGOs. It is important to note that the interpretation of the Chinese authorities is key. While an important determinant of whether an organisation counts as an overseas NGO in China is whether it is registered as a non-profit organisation / NGO in its country of origin, bodies not established as NGOs in their home country may also be captured by the law.

According to the law, there are two legal channels through which overseas NGOs can operate in China:

1. Set up a representative office in China
2. File documentation to carry out temporary activities in China (whereas “temporary” is defined as a period of one year, with the theoretical possibility to file documentation again).

The Ministry of Public Security (MPS) is the body responsible for the implementation of the law. Overseas NGOs must complete the relevant filings with the provincial level offices of the MPS. In the case of a representative office, another government agency is likely to be involved in the process as sponsor (see below). It is important to note that the law explicitly forbids overseas NGOs from carrying out activities (openly or covertly – e.g. through entrusting an intermediary on its behalf) if not operating through one of the two channels set out above. It should also be noted that the term “activities” is not clearly defined, meaning that events such as meetings, presentations and visits fall into a grey area.

Setting up a representative office

Articles 10 to 15 of the law set out the main provisions for establishing a representative office. Firstly, in order to be eligible an NGO must meet the following criteria of article 10:

- Be legally established overseas;
- Be able to independently bear civil liability;
- Have purposes and business scopes specified in the articles of association that benefit public welfare;
- Have existed and engaged in substantive activities overseas for more than two years.

The article also states, rather vaguely, that it must meet other conditions stipulated by laws and administrative regulations.

Assuming the NGO meets the criteria, it must obtain the approval of organisations in China in charge of their operations – these are also commonly referred to as professional supervisory units (PSUs). As a general rule a PSU is a designated government agency (like for instance the local Bureau of Commerce under the Ministry of Commerce MOFCOM) which plays an important role in supporting the application and supervising the overseas NGO's operations and activities in China. The PSU will ultimately act as a second supervisor of sorts, so the NGO will have to report both to the MPS and to the PSU. There is no provision in the law as to how to handle the situation where a PSU cannot be identified. However, cases of PSUs not in the list being accepted have been reported.

PSUs

A list of PSUs in charge of different activities was published in 2019. It can be found here in Chinese: https://ngo.mps.gov.cn/ngo/portal/view.do?p_articleId=192153&p_topmenu=2&p_leftmenu=5

An unofficial translation to English can be found here:

<https://www.chinafile.com/ngo/latest/2019-professional-supervisory-list>

In brief, the bodies most likely to be PSUs for NGOs in the agri-food space are: Ministry of Commerce; Ministry of Agriculture and Rural Affairs; National Food and Strategic Reserves Administration. That said, interviewees with experience in the area of this law indicate that there are cases where an overseas NGO has been able to obtain approval from other government agencies they work closely with or have close contact with.

If approval from a PSU is obtained, the NGO has 30 days to apply by submitting the following:

- A completed application form;
- Documents to prove eligibility (see criteria above);
- ID and the curriculum vitae of the person in charge of the proposed representative office plus evidence or a statement proving he or she has no criminal record;
- Proof of premises of the proposed representative office;
- Evidence of the source of supporting funds;
- Letter of approval from the PSU.

“Other documentation and information stipulated in laws and administrative regulations” should also be provided. A decision will be made within 60 days. If successful a registration certificate will be issued. This must be used to register for tax, obtain an engraved seal and open a bank account in the mainland of China.

It is important to note that the registration documents will specify locations and activities of the representative office. Therefore, it is necessary to foresee the location and scope of activities when applying, as the representative office is limited to performing the activities specified in the locations specified, unless registration details are modified (see below). Representative offices must have a chief representative and can also have between one and three other representatives based on their needs.

Guidelines on the process for setting up a representative office and for the record of temporary activities

Guidelines were issued in 2016, and can be found here in Chinese:

https://ngo.mps.gov.cn/ngo/portal/view.do?p_articleId=21612&p_topmenu=2&p_leftmenu=1

And here in English (unofficial translation) and Chinese:

<https://www.chinafile.com/ngo/laws-regulations/guide-registration-of-representative-offices-and-submitting-documents-record>

In addition to this there are two “operations manuals”; one for registering overseas NGOs:

<https://www.chinafile.com/ngo/laws-regulations/online-operations-manual-registering-foreign-ngos-v-10>

And one for filing for temporary activities:

<https://www.chinafile.com/ngo/laws-regulations/online-operations-manual-filing-temporary-activities-of-foreign-ngos-v-10>

Obligations of registered representative offices

If registration details need to be changed, the overseas NGO must obtain approval from the PSU and then change these details with the registration authority within 30 days. Representative offices must complete the normal reporting on taxes, finances and human resources required for offices in China. In addition, it must send its PSU an annual activity plan by December 31 of the preceding year. This must cover, among other issues, project implementation and the use of funds. Once the PSU approves this, it must be sent to the provincial MPS office where the NGO is registered within 10 days.

Furthermore, the representative offices can expect annual inspections. As part of this they must send an annual work report and audited financial report for the previous year to its PSU by 31st January and to the provincial MPS office where it is registered by 31st March.

Filing for temporary activities

The filing process has the following advantages compared to the registration of a representative office:

- Simpler process on paper (though in some cases it has been reported to be as administratively challenging as setting up a registered office; that said renewal is generally easier).
- No need to find a PSU, though a partner needs to be found and this can still be challenging.

Nonetheless, it is important to note the following limitations:

- A demonstrable agreement with a Chinese partner is required. This partner must go through an approval process, and must set up a special bank account for handling funds relating to the temporary activities. This local partner applying for a temporary permit can also charge a fee to the applicant, which is not the case of an official PSU to apply for representation office. The need to pass funds through this partner’s bank account may provide challenges for an NGO e.g. when filing accounts domestically.

- Temporary activities are limited to maximum one year in duration. An extension can theoretically be requested by resubmitting documentation. This aspect is important for bodies falling under the law that are running multiyear campaigns/promotional activities to take into account.
- A written report about the activity and the use of funds must be submitted by the Chinese partner to registration authorities within 30 days of the completion of the temporary activities.

Article 17 sets out the provisions for filing for temporary activities. The Chinese partner must submit the following:

- Documentary and material evidence of the legal establishment of the overseas NGO;
- A written agreement between the overseas NGO and its Chinese partner;
- Information including the name, purpose, location and duration of temporary activities;
- Evidence of costs and funding sources plus the bank account details of the Chinese partner;
- Approval documents obtained by the Chinese partner.

As is the case with representative offices, “Other documentation and information stipulated in laws and administrative regulations” should also be provided.

There is not a precise definition of temporary activities within the law. This means that in theory there is a fair amount of flexibility, though in practice acceptance of an activity as temporary is at the discretion of the authorities.

List of temporary NGO filings

The following link contains a list of NGOs which have filed for temporary activities. It may be useful to provide an idea of the type of NGOs using this system, their activities, and the partners used

<https://www.chinafile.com/ngo/latest/temporary-activities-filterable-table>

Further considerations set out in the law

- Fundraising activities are forbidden for overseas NGOs. That said, the issue of donations is a grey area as there is no explicit ban on these.
- It is necessary to abide by the regulations on forex transactions.
- Overseas NGOs carrying out temporary activities are forbidden from recruiting members in China except under certain circumstance.
- If an overseas NGO has its registration revoked or activity cancelled, it will be placed on a “black list” of NGOs that are not permitted back in the country.

Key takeaways to bear in mind

- While there is some ambiguity in the law, an organisation which is registered as non-profit organisation or an NGO in Europe will fall inside the scope of the law. Therefore, having an organisation type other than this in the country of origin is one option for trying to fall outside the scope of the Chinese law on foreign NGO. However, ultimately the interpretation of the Chinese authorities is the key element, so an organisation that is not an NGO in its country of origin may occasionally still be captured .

- It is important to note that to be eligible for registering a representative office, the organisation must have been established in its home country for a minimum of two years. Therefore, in the case that a new organisation is being established overseas for a limited duration project (e.g. collective promotion campaign) it will likely be preferable to avoid using a structure that is considered an overseas NGO as a new overseas NGO will not be able to register a representative office in China.
- It is important to remember that a filing for temporary activities allows operations only for one year. While the situation varies from case to case, there have been reports of the filing process for temporary activities taking as long as registration. Against this background, the other drawbacks of filing for temporary activities plus taking into account that promotional activities are often multi-year in nature, a registered office may be the more suitable solution in most cases. That said, filing for temporary activities has been successfully used by some NGOs as a stop gap measure while they set up a registered office.
- With ROs, it is important to remember that the geographical scope of activities must be included in the registration document. E-commerce may be considered a national level activity.
- With regards to PSUs for sponsoring RO applications, while there is a list of these by topic area, cases have been reported of alternative sponsors being accepted – for example, the Wine and Hotel Board in the case of wine.
- The NGO law is a security-motivated law. As a general rule, organisations involved in agri-food promotion / trade are not likely to be considered high security issues, but nonetheless they must adhere to the law. That said, any organisation involved in the promotion of a product which has been blacklisted in China e.g. due to animal disease outbreaks may potentially be subject to an enhanced level of scrutiny.
- Regardless of whether registration for an office or filing for temporary activities is pursued, overall timelines are likely to considerably exceed those theoretically set out in the law once dossier preparation and back and forth discussion are taken into account. In both cases, there are reports of between 6 months and 1 year being necessary, though renewal of a temporary filing is generally much quicker.
- A combination of patience and proactivity is needed for applications. There are agencies and law firms which will offer to help with applications, but choosing the right agency, including the right PSU to support an application for “representation office”, is important. Checking references / their previous work is one way of doing this. National embassies from EU Member States may also help in contacts with local authorities.

Examples of law firms which were reported as having assisted agri-food promotional organisations with RO applications

As noted above, there is a wide range of agencies and law firms that will assist with the registration process. A couple identified as having assisted with RO applications for agri-food promotional organisations are listed below. However, readers do their own research and due diligence before

engaging any firm. It is also worth talking to the national embassy to establish if they have any recommendations of agencies/firms to assist.

DS Advocats: <https://www.dsavocats.com/en/>; savoie@dsavocats.com

Jade Fountain: <http://www.jadefountain.com/en/index.php>; info@jadefountain.com

4.3 International trade

China is one of the leading global exporters of products as a whole and this has driven the exponential economic growth of the country in recent decades as the country was able to leverage its lower-wage economy to attract foreign companies to set up manufacturing hubs in the country. Export growth helps explain the development of cities such as Shanghai and Guangzhou which have benefited from their location to facilitate China's international trading system. China continues to view international trade as a key priority for the future economic health of the country with initiatives such as the belt and road project being developed largely to facilitate the trade of goods and services between China and Central Asia and eastern Europe. Chinese exports in 2020 were valued at EUR 2.2 trillion according to ITC Trademap, and have continued to grow year-on-year, even against the backdrop of COVID-19. China has adapted a largely open trade perspective of international trade in recent years as detailed below in section 4.3.1, though there have been disputes with some individual countries.

4.3.1 Key trade agreements, present, and future

China has entered into Free Trade Agreements (FTAs) and bilateral agreements with several countries as outlined in Table 4-3.

Table 4-3: Chronological list of China trade/economic agreements with third countries/regions

Partners	Type of agreement	Entry into force
Chile	Free Trade Agreement	2006
Pakistan	Free Trade Agreement	2007
New Zealand	Free Trade Agreement	2008
Peru	Free Trade Agreement	2009
Costa Rica	Free Trade Agreement	2010
Iceland	Free Trade Agreement	2013
Switzerland	Free Trade Agreement	2014
Australia	Free Trade Agreement	2015
Maldives	Free Trade Agreement	2017
Georgia	Free Trade Agreement	2018
Mauritius	Free Trade Agreement	2019
Regional Comprehensive Economic Partnership (Australia, Brunei, Cambodia, Indonesia, Japan, South Korea, Laos, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, and Vietnam)	Free Trade Agreement	Signed 2020; pending ratification for entry into force

Source: Agra CEAS based on http://fta.mofcom.gov.cn/english/fta_qianshu.shtml

For agri-food trade with China and competition with EU agri-food exports these FTAs are particularly important when concluded with major agri-food exporting countries like Australia, Chile or New Zealand for instance.

China is currently negotiating several additional FTAs with countries including:

- GCC (Gulf cooperation council)
- Japan (also a trilateral agreement with Japan and South Korea)
- Israel
- Norway
- Moldova
- Panama
- Colombia

China has also concluded with the USA in February 2020 a so-called “phase one deal” with important implications for agri-food trade between the US and China.

4.3.2 EU China trade relations

The completion of a trade and investment agreements between China and the EU would have large consequences in both markets. While a trade agreement is unlikely in the immediate future, progress has been made with an investment agreement. Negotiations began around an investment agreement in 2013, and agreement specifically on investment – the Comprehensive Agreement on Investment (CAI) – was agreed in theory in early 2021, but has not subsequently been ratified. If ultimately enacted, this would improve investment rights for European and Chinese investors seeking to invest in each other’s markets. While it would not directly impact trade in agri-food goods, the agreement can be considered a positive step in EU-China discussions.

4.3.3 WTO notifications and other trade barriers

Import restrictions related to COVID-19

Since July 2020, China has implemented new food import controls as a result of an outbreak of COVID-19 in certain food establishments within the country which were reported as being connected to imported food. Initially, this was focused on frozen or chilled products, but since January 2021 all food products entering China have been tested, making this an important horizontal barrier.

Registration and listing of establishments exporting food and beverage products to China.

Mid-2021 The general administration of customs (GACC) has announced the introduction of two new regulations requiring the registration of overseas producers of imported foods (Decreets 248 and 249). These

have been notified to the WTO and they are due to enter into force in 2022 and will introduce new market entry requirements.

The burdensome application process for approval of meat and dairy establishments for exports to China

Chinese competent authorities maintain a burdensome application process for the approval of meat and dairy establishments (plus also seafood and cubilose) seeking to export to China. Currently, it is required that an on-site inspection be carried out by Chinese authorities in all establishments that seek to export to the country. If a company wishes to export from additional establishments, these also require an on-site inspection from Chinese authorities. Similar on-site inspection requirements apply to infant formula plus there are recipe registration requirements for infant formula.

Non-recognition of EU regionalisation due to avian influenza and African Swine Fever (ASF)

China imposes a country-wide ban on any member state which has notified an outbreak of avian influenza or African Swine Fever. China refuses to acknowledge regionalisation principles, preferring instead to impose a nationwide ban. At the time of writing (September 2021), no EU Member State is allowed to export poultry meat to China. At present, Belgium, Germany (at one point the second largest supplier of pigmeat to China), Hungary, and Poland are the member states most affected by this measure in relation to ASF.

A longstanding ban on EU bovine and ovine products due to BSE

China has maintained a ban on EU bovine products since 2000 due to the outbreak of bovine spongiform encephalopathy (BSE) and transmissible spongiform encephalopathy (TSE). Most EU Member States are still facing a BSE-related ban on beef imports into China despite having a “negligible risk” status for BSE recognised by the OIE (International Animal Health organisation).

Trade restrictive food safety standards for soft cheeses

The Chinese food safety standard for cheese (not including veined cheese) sets a limit value of <50 cfy/g for yeasts. This parameter is too restrictive for certain soft cheeses such as mozzarella and taleggio because yeasts grow naturally in these particular cheeses.

Slow approval procedures for fruit and vegetables

Many applications from member states such as Spain, France, Greece, Netherlands, Poland and Portugal remain pending. Applicants are treated individually, and only one product is allowed to apply at any one time from any member state. Some applications have remained pending since 2014.

Revision of labelling standards

A draft revision of national labelling standard GB 7718 and a draft regulation on food labelling supervision and management are under discussion. Once adopted these new labelling requirements will represent

important new market entry requirements to be met and may have significant implications in sectors like wines and spirits for instance.

Revision of standards for wines

At the end of 2015, China proposed a draft revision of the GB 15037-2006 wine standard which refers to definitions, specifications and control with regards to wine and wine products. The main concern from the EU is a divergence of parameters under international (OIV) and EU standards which could result in trade disruption for certain products and difficulties with the acceptance of any counter analyses. Discussions on China joining the OIV have been initiated, but until these talks are successfully concluded (if at all) these challenges will remain. New labelling requirements have been proposed in China (see above) and may represent, once adopted, important new market requirements for wine exports to China.

Ban on the importation of salt

In December 2017 China revised its salt monopoly rules with a list of new requirements in the sector made available in 2018. Designated salt producers now need a license to produce salt, establish records and label salt according to state regulations. Consequentially, all salt imports have been effectively stopped by Chinese customs officials.

Further information, as well as an up to date list of trade barriers, can be found here:

[Access2Markets Barriers results page \(europa.eu\)](#)

4.3.4 Summary of key trade barriers

A major barrier to trade for EU agri-food products to China at present come from China's new list of restrictions resulting from the COVID-19 pandemic. This has resulted in specific tests for COVID of imported products, including those coming from the EU. However, going forwards the new requirements for registration and listing of establishments will represent a new major market entry requirement once they enter into force (expected 2022). Currently the burdensome "facility registration" requirements for animal products (meat and dairy) and the additional "recipe registration" requirement for infant formula already represent major trade barriers. The lack of recognition of the regionalisation principle for animal disease outbreaks within EU member states by Chinese authorities is also a barrier to trade. For example, livestock exports are banned from an entire member state, even if disease outbreaks, such as African Swine Fever are confined to only one area of the country (for instance China has banned pigmeat imports from whole Germany since September 2020). The Once adopted the new labelling requirements currently under discussions will represent important new market entry requirements to be met and may have significant implications in sectors like wines and spirits for instance

4.4 Operating in the Chinese food and beverage market

4.4.1 Logistics and infrastructure

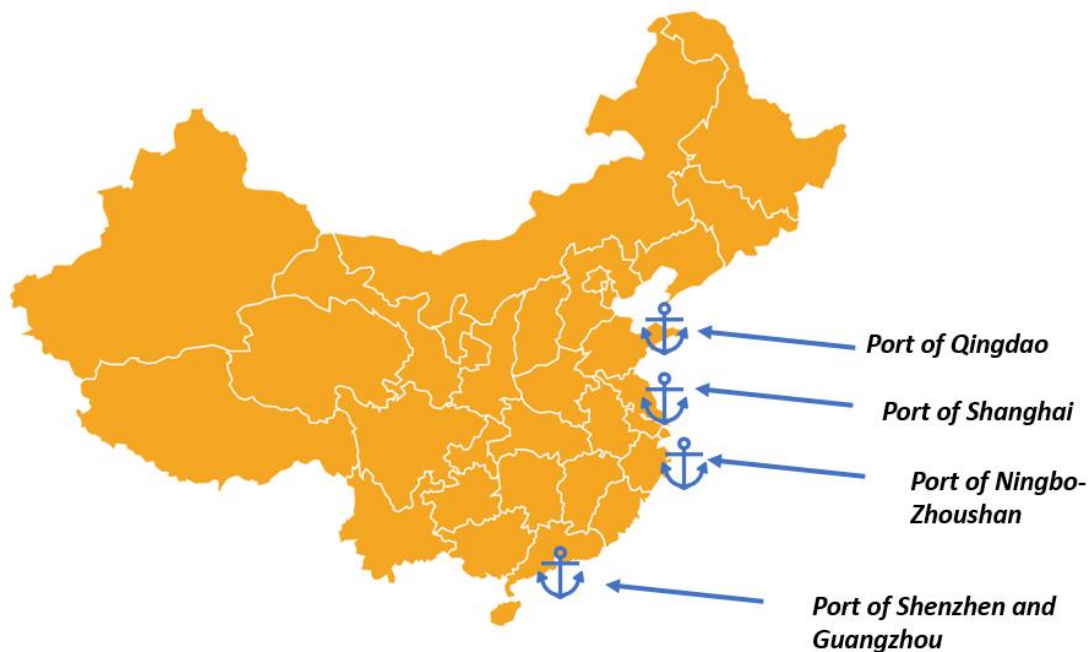
Chinese logistic infrastructure has transformed in recent years, aided by a wide-scale investment program to link many of the major settlements of the country. Major investments have been made in rail, road,

shipping and air infrastructure. There is now 5 million km of road network and 146 000 km of rail network. The growth of the country's infrastructure network has been one of the key drivers of GDP growth in the country and as a result, has been routinely promoted by the various regional authorities of the country.

Shipping

China is home to some of the largest ports in the world with the ports of Shanghai, Ningbo-Zhoushan, Shenzhen, Guangzhou, Qingdao, and Tianjin among the world's top ten largest ports by volume of cargo freight. Shanghai processed 43m twenty foot equivalent (TEUs) of container traffic in 2019, followed by 27m TEUs from Ningbo-Zhoushan, 26m TEU from Shenzhen, and 23m TEU from Qingdao. The size of China's ports helps to explain China's desire to further promote international trade. These ports will likely continue to be amongst the largest in the world and to play a vital role in the future economic development of China and the wider East Asian region.

Figure 4-2 Main ports in China



Source: Agra CEAS

Air freight

Shanghai Pudong airport was the third busiest airport in the world in 2020, behind Hong Kong and Memphis, in terms of air cargo with a total of 3 million tonnes of cargo freight passing through. Beijing capital airport and Guangzhou Baiyun airports are also emerging as key airports in the country for the transportation of air freight. Beijing capital airport handled 1.9 million tonnes of air freight and Guangzhou Baiyun 1.8 million tonnes in 2019. Airports are likely to play a key role in the movement of goods coming into China in the future as the country continues to urbanise and expand its economy.

Figure 4-3: Major International cargo airports in China

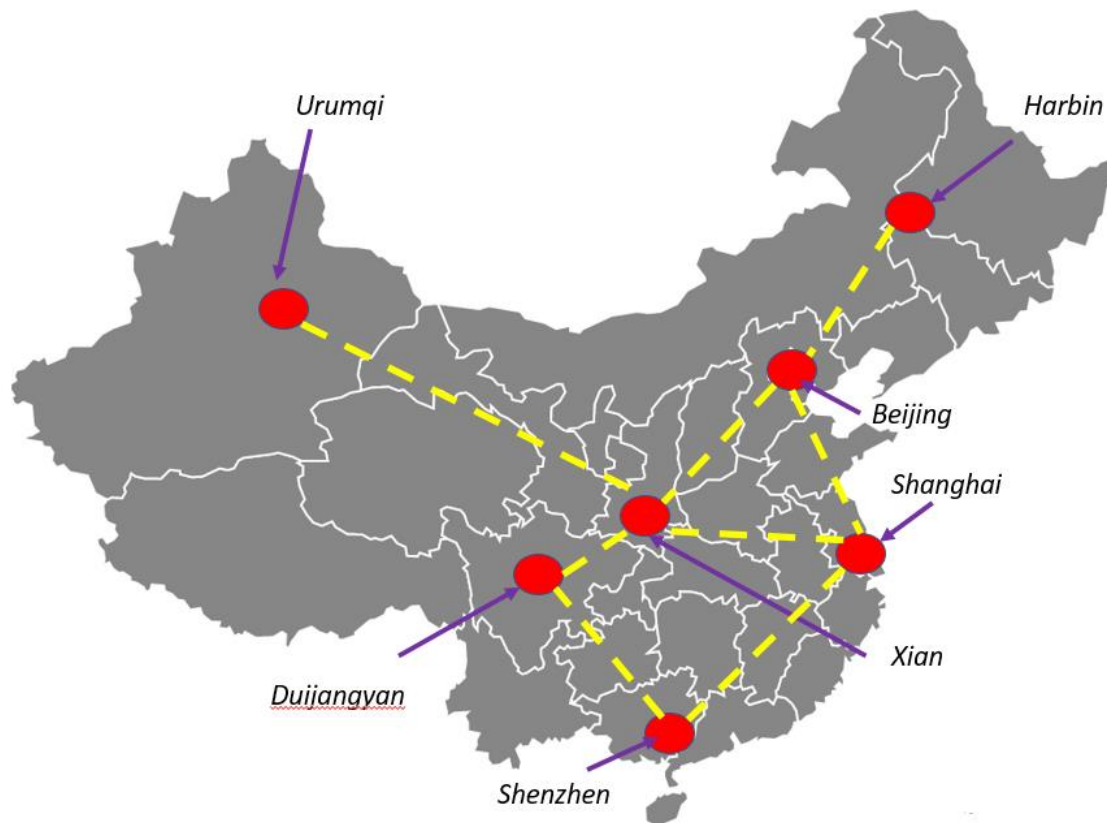


Source: Agra CEAS based on various

Rail freight

Rail freight has grown quickly in China in recent years with the country establishing several new rail lines that further connect its urban centres. There has also been development of railway projects outside China to promote international trade. Cities such as Urumqi, traditionally isolated and hard to reach, have now become a part of the country's railway network which has opened up the wider Xinyang region to the rest of the country. The movement of key resources such as coal, ores, and minerals is principally done by rail freight within the country. The volume of China's rail freight traffic amounted to 3.02 trillion tonne-kilometres in 2019.

Figure 4-4 Railway network in China



Source: Agra CEAS

Road Freight

The Chinese government has prioritised the connection of its western region with the rest of the country through an expansion of the road network making sending freight by road easier in recent years. The mountainous geography of China is becoming less of a connectivity issue as the country has invested in the large scale development of bridges and tunnels in an effort to further integrate the country. This infrastructure includes the world's highest bridge, the Beipanjiang bridge, which stands 565 meters above the ground. China's road network growth is expected to continue with the country planning to further expand its network by 50% by the year 2035.³³

³³ China to expand its highway network by 50% by 2035, Nikkei Asia, Available at <https://asia.nikkei.com/Economy/China-to-expand-highway-network-nearly-50-by-2035>

4.4.2 Distribution

4.4.2.1 Retail channel overview

Modern retail channels, led by supermarkets, remain the most important distribution channel for packaged food and alcoholic drinks, but internet sales are now a strong secondary channel and further increasing in importance.

Although supermarkets and hypermarkets are the leading distribution channels for packaged food and alcoholic beverages, e-commerce now accounts for over 10% of sales by value. There is a clear and continued upward trend in the importance of e-commerce. The boundaries between online and offline retail are beginning to blur as major e-commerce players offer O2O (online-to-offline) channels; factoring these in means that the importance of online channels may be considerably higher than stated.

Looking at major channels:

Hypermarkets: foreign operators have traditionally played 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. However, over time these foreign operators have exited the space, selling their operations to local companies which often continue to bear the foreign name, despite the original company not being involved. For example, Auchan hypermarkets are operated by Sun Art Retail Group (the largest hypermarket operator in the country with around 20% market share), which itself formed a strategic partnership with e-commerce giant Alibaba as part of an O2O integration (a controlling interest has since been acquired). Carrefour China has been acquired by retailer and e-commerce operator Suning. Hypermarkets have struggled in the face of e-commerce sales in recent years, with sales through hypermarkets stagnant since 2015.

Supermarkets: domestic enterprises dominate the highly fragmented supermarket segment; no chain holds more than a 1% market share. Several supermarkets have introduced or expanded the number of upmarket lifestyle stores, which contain a higher proportion of imported products and sell products at a premium, particularly in larger cities. As with hypermarkets, there is however a digital transformation going on as O2O and automated solutions are taking more market share (Alibaba's Hema being a good example of this). Supermarkets may deal directly with producers or importers, but more commonly rely more on wholesalers and distributors.

Convenience stores: these have grown, and continue to grow, in popularity, initially boosted by their convenient locations, and more recently by additional services such as hyperlocal delivery (e.g. to locations within 30 minutes of the store). The sector consists mostly of domestic operators, although international operators have also established market share. Major players include Meiyijia, Chengdu Hongq and Family Mart. Imported products are available, although these tend to be ready-to-consume products in the low to mid-price range and SKUs are limited.

Wet markets and other traditional channels: despite the impact of the COVID-19 outbreak which forced the temporary closure of wet markets, these remain a very popular channel for the purchase of fresh food

in China. However, wet markets have been losing ground to modern retail channels due to the higher assurance of food quality that these offer. Wet markets now face an additional challenge in the form of social e-commerce in agricultural products (e.g. from Pinduoduo) through which group purchases are made, often directly from producers. There are also other traditional, independent retailers; and once again, e-commerce retailers are increasingly playing a role in trying to link these. Finally, some specialised chain stores for fresh products such as QianDama exist.

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 a large number of SKUs dedicated to imported products and customers willing to pay a premium, these outlets 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.

E-commerce: as noted above, this is a rapidly growing sector, with the COVID-19 pandemic acting as an additional driver. Sales growth has been above 20% per year over the last five years, and growth of over 10% per year is forecast over the next five years. Traditionally e-commerce has been used by younger consumers (born after 1980) and the main products sold were luxurious or branded. However, the situation has changed in recent years with the whole range of agri-food products now sold through e-commerce and older consumers increasingly using the channel. Indeed, fresh has been a big growth area for e-commerce recently, though the fresh products being sold through this channel are almost all local (rather than imported). While overall, Alibaba's platforms (Tmall/Kaola, Taobao) dominate the e-commerce space in China, followed by JD.com, there are agri-food specific platforms such as Pinduoduo. A study for DG AGRI of the European Commission specifically on exports of agri-food products through e-commerce to China contains considerably more information on the e-commerce channel.

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 concentrations of high-end venues, however mid-range venues, café chains and fast-food chains are expanding in lower tiered cities. They have, though, inevitably suffered substantially during the COVID-19 pandemic.

4.4.2.2 Intermediaries

When considering intermediaries for entering the Chinese market it is important to remember that China is a set of complex, diverse, and fluid consumer and regional markets. Customers living in different regions have different diets and consumption habits, making it important to identify target customers and distribution channels prior to entry.

In majority of cases, the most suitable partner is likely to be a good importer, as they tend to have significant capabilities in terms of warehouses, operations and sales; plus they generally cooperate with distributors to reach more end customers (including customers from some different regions, e-commerce

platform customers as well as hotel and restaurant segment). Importers are particularly suitable for most packaged food and beverage products.

Notable alternatives to this importer route are:

- **E-commerce** – for products targeting the e-commerce channels, options other than importers exist. E-commerce platforms may purchase products for resale on their platforms, though this tends to occur in a minority of cases. More commonly it is possible to work with trade partners which will either help the exporter sell the product through e-commerce channels, or sell the product on the exporter's behalf. DG Agriculture of the European Commission is finalising a study on exports of agri-food products through e-commerce to China; and it is recommended that this study, once ready, be consulted for extensive information on export through this channel, including the intermediaries/partners and systems involved. As a general observation, it is important to note that e-commerce in China is focused mainly on branded products with a longer shelf life; therefore it is recommended that only producers of products fulfilling these criterion consider a specific focus on the e-commerce market.
- **Large scale retailers** – for fresh food products, direct co-operation with large scale retailers may be an option due to the perishable nature of the product and the need for the product to be quickly sold after import. Nonetheless, importers are still very active in the area of fresh food imports and they have an important role to play for products to reach on-trade channels.

With China being such a large market, exporters may end up working with multiple partners in order to target different cities/regions/markets. The use of a single, large partner is generally more feasible for large brands / high volume products than for smaller brands / lower volume products. The use of multiple partners is somewhat more likely if rapid sales growth is being targeted. Even in the case that one main partner is used for import, exporters may end up trying to develop distribution networks with that main partner's help. However, in the case that multiple partners are used, it is important to keep in mind the following considerations:

- **Geographical division** – this needs to be clearly established to ensure that there is no cannibalism or undercutting of prices of the same product between any two partners of the same exporter/product.
- **Division of channels (where relevant)** - exporters working with multiple partners might also do so due to their partner's distribution capabilities within a particular channel. Adopting an omnichannel strategy at the expense of the core distribution channel might lead to diluted sales and unnecessary experimentation. As a result, careful division and communication of distribution medium should be in place before working with multiple partners.
- **Mechanisms to avoid geographical or market conflict** – indications may be used on packaging to avoid issues with one partner cannibalising another. For example, in order to avoid the sale of products intended by one partner in West China being sold in East China it could be specified on the packaging itself ("sold exclusively in western China"). Similar could be done to differentiate between products intended for the foodservice channel and those intended for the retail channel.
- **Strong price control** – in order to ensure that the exporter sells its products to all the partners at a similar price and maximises its profitability. This helps in minimise the need to optimise costs

and gives the partners the flexibility to operate in their regions as per their best strategies or tactics. Under such a set-up, ideally any additional expenses incurred for regional promotion should be borne by the local partners. Furthermore, exporters should try to maintain control over pricing policy if working with multiple partners. There is a risk otherwise that different partners will set different prices, and this in turn will impact the image of the product (once a product has been identified as being “cheap” due to a low retail price it is generally difficult for it to regain a premium image). Given that maintaining control over this pricing policy can often be difficult and some partners may insist on exclusivity clauses, there is an argument for working with one major partner where possible.

Some general final considerations for working with intermediaries are as follow:

- **Minimum order quantities (MOQs) and volumes** – there is no standard MOQ requested by importers; agreements on MOQs (if any) tend to be a negotiation between exporter and importer. However, it should be noted that if the importer exceeds a certain sales quantity, they may expect a sales rebate. Importers are also likely to have some expectations in terms of profit margin, and it may be necessary to invest in sales and promotion in order for them to achieve this expectation.
- **Regulation** – given the dynamic regulatory environment and potential differences in interpretation of some requirements, it is recommended that exporters communicate closely with their partners to ensure that regulatory requirements are being met and to help them be updated on any significant changes in regulation or interpretation. Ultimately, Importers and partners aware with the local rules will massively simplify navigation of the regulatory environment.
- **Reputation** – when identifying any kind of partner, the exporter should check if they potential partner has a strong brand name (previous track record) and is aware of how businesses work in China, including the technical know-how. A recognisable presence on Baidu (Chinese search engine) as well as Weibo and WeChat are good signs.

Tianyancha.com

In addition to the tools mentioned above for checking the reputation of a company, there is a further website – Tianyancha – which can provide further insights on the reliability of a company. The website is <https://www.tianyancha.com/>. It should be noted that there may be challenges with accessing this website from certain networks.

- **Transparency** - transparency in the billing process and data-driven models for billing are very important when choosing an importer.
- **Localisation** – due to the language, cultural differences and the market's sheer size it is important to be aware of the need for adaption to the local market / localisation. More specifically:
 - Partners must have a significant local presence in terms of native Chinese speakers.
 - Specialist help in market research/promotion is recommended in order that the product be adapted to the local market and the consumers correctly targeted – what works in other markets often cannot be directly transplanted to China.
 - Furthermore, given that China is a large and diverse market, further localisation may be needed at a regional level. For companies first entering the market it may be more

attractive to focus on just one or two regional markets and ensuring that the product is sufficiently tailored to these.

- Following on from the above two points, product education may be important, particularly if the product is new / unknown or if a high price point compared to other products on the market is being targeted. In this latter case, it is necessary to explain why the product is superior. Chinese consumers can spend considerable time deciding on a product and are likely to want a lot more information before making their decision than western counterparts. Chinese consumers typically need eight interactions with a product through different media (“touchpoints”) before making their purchasing decision. Social media and livestreaming are particularly important touchpoints.
- Local partners may also require training/explanation events in order that they transmit the correct message about the product. The excellent understanding of the product by local partners is absolutely essential in the case of high end products.
- Specialist advice in legal matters such as data protection may also be advisable. Trademark registration in China is essential to protect brands and there are agents/legal firms which can assist with this.
- **Patience** – processes in China tend to require patience, and the same applies to relations with partners. Even if a partner is not willing to make purchases at a certain point in time, it is recommended that contact be maintained with them to keep the relationship going – more often than not this will pay off over the long term. The issue of unwillingness to make purchases has been more common very recently due to increased perceived risk with trade tensions, COVID-19, etc.
- **Flexibility and willingness to embrace change** – these are important overarching traits for exporting to China. Over the last year or so they have been particularly important for relations with intermediaries, as virtual business meetings, online trade shows, etc have become the key methods of meeting existing and potential partners in the absence of the ability to travel. Patience may be needed for addressing and mitigating technical difficulties. It should be noted that some more creative online events have been held such as live-streamed harvests, on-line tastings and virtual matchmaking. While the personal contact that can best come from visiting the market and Chinese partners directly is likely to remain important going forwards, there are indications that the shift towards virtual meetings precipitated by the COVID-19 pandemic may become fairly standard even after international travel resumes.
- **Consistency** – in line with the previous comments on pricing policy, it is important that the product is consistent in the market and that there are regular meetings with partners to ensure the marketing message is consistent.
- **On-trade channels** – these can be interesting ways of introducing high-end products not known by consumers otherwise. Oysters and toothfish are examples of products which have been successfully introduced to the Chinese consumer specifically through their sale through on-trade channels. Nonetheless, it should be noted that a very efficient logistics operation (potentially using air freight – particularly if fresh) is likely to be necessary for on-trade channels in order to meet the just-in-time requirements of the supply chain.

Business Contact Database:

A database of importers, wholesalers, retailers and distributors can be found in section 8.6

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.

4.4.3 Business environment

Operating in the Chinese business environment has to involve several key steps to ensure success. Adapting to the local market, understanding the Chinese market which is unlike many others considering its size and rapid transformation in recent years, and collaborating with local partners are all key. Across logistical chains, local marketing and legal advice, it is important to have a local partner in China as this will offer the best chance to operate successfully in the Chinese market; in many cases a local partner is effectively necessary when sending goods through traditional trading channels.

Social media is a key component in the advertising of goods and services to Chinese consumers with notable apps and platforms including WeChat and Weibo. These social media platforms are essential to reach potential Chinese consumers. Influencers also play a key role in the promotion of products in the country and should be considered as a tool to boost sales. More information on this aspect can be found in section 6

It is important to keep up to date with the regulatory requirements of the Chinese state as these are subject to quick change; having a local legal team will help to offset some difficulties.

4.4.4 Key operational considerations and challenges: summary

As discussed, the need to have a local partner is a considerable challenge, but in most cases is necessary to succeed in the Chinese market. In the context of European goods, it is important to note that many Chinese consumers will not have much awareness of European agri-foods and brands. This requires the utilisation of social media platforms in China to raise awareness of these products when entering the market. However, before even taking this step, is generally recommended that the product be localised i.e. adapted to the local market. The method of consumption of the product may be different in China, as may be other aspects such as the expected format of the product; and performing localisation before entering the market can help avoid issues with the product itself.

It is key to have a local legal team that can help keep you informed with any regulatory changes in the local market as Chinese regulations concerning food safety standards, labelling and trade can change quickly. Having a local team collaborate in the marketing of your product is also important due to the cultural differences between Europe and China and the need to use Mandarin which, if not done properly, can lead to confusion and mixed messages in the promotion of your product. The huge size of the market may necessitate that a company works with multiple partners. However, when doing so, care should be

taken to ensure that marketing work – including the price point at which the product is offered – is coherent across all Chinese markets, otherwise the image of the product itself may be badly impacted.

4.4.5 Other relevant information

4.4.5.1 Methods of payment in China

Boosted by the popularity of e-commerce, WeChat and Alipay are two of the most popular methods of payment in China. Both of these involve the use of barcodes and QR codes. These platforms have recently adapted their systems to make it easier for people arriving from abroad to purchase goods through these platforms; and these payment methods are widely accepted (i.e. they are not limited just to e-commerce). Major credit cards such as VISA and Mastercard are generally accepted in major urban centres in China, although they incur a transaction fee and a currency exchange fee if operated from a foreign bank. However, UnionPay is the local equivalent in China and it accounts for over 90% of card transactions in the country.

The local currency is the Renminbi which is accepted for cash transactions; other currencies, such as the US Dollar and the Euro, are generally only accepted in small areas of China which are visited by tourists. Tourists are encouraged to exchange foreign currency for the Renminbi, and this can be done quickly in any major urban centre. Tipping is not general practise in China, and in some cases can even be frowned upon.

4.4.5.2 Travel from the EU to China

The outbreak of Covid-19 has resulted in the government of China imposing very strict quarantine requirements combined with stricter issuing of visas which has made travel to the country difficult for EU citizens. In view of this, travel to China for business at the time of writing is not a realistic possibility.

Prior to the outbreak of Covid, a number of visas and allowances were in place which allowed travel for EU citizens to China, this included visa free 72-hour or 144 access if you arrived at most major ports of entry in the country, including most urban centres provided that you:

- Hold a passport valid for at least three months from the date of your intended arrival and visas for the destination countries (if required); and,
- hold ticket receipts (with confirmed seats, if applicable) departing in 72 or 144 hours, which shows that your **first destination** (including stopovers of any kind) outside China is located in a third country. Hong Kong and Macau are considered to be third territories for transit purposes.

There was also a special economic zone visa-free program which allow for visa-free entry into the special economic zones of Shenzhen, Xiamen, and Zhuhai for a period of up to five days. However, entry into mainland china outside of these zones was not allowed. The above requirements applied to all EU citizens.

For visitors who wanted to seek to a longer period of time in China, or who visit the country for business purposes, a letter of invitation was generally required from the relevant body you wished to visit, followed by approval by the Chinese authorities. The M business VISA in China was valid for 30 days.

It is to be seen if the same requirements for EU citizens remain once COVID-19 restrictions on travel to China are lifted.

5 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; and,
- **Distribution:** main distribution channels used. domestic and imported offer.

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

Fresh meat	Fresh Fruit & Vegetables	Dairy
Wine	Spirits	Olive oil
Chocolate & Confectionery	Beer	Processed meat
Ice cream	Prepared baby food	Processed fruit and vegetables
Pasta	Baked goods	Biscuits & cereal bars

5.1 Fresh meat

5.1.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ One of the biggest markets in the world for the consumption of fresh meat products. ▪ All fresh meat products are expected to increase in consumption between 2021 and 2025. ▪ Growing middle class resulting in more consumers having the financial capacity to afford imported meat products. 	<ul style="list-style-type: none"> ▪ Lack of regional recognition for the outbreaks of avian influenza and African Swine Fever in EU member states by Chinese authorities has an impact on EU poultry and pigmeat exports. ▪ On-site inspections necessary in order to gain approval to export to China; plus, the application process as a whole can be long and burdensome. ▪ The current ban on the exportation of beef for the majority of EU member states.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Growing demand for imported meat (pork and poultry as a pork substitute) as a consequence of a recent African Swine Fever outbreak in China combined with growing incomes to afford imported meats. ▪ Quality beef is a potentially attractive market. The slow removal of the ban on beef exports from the EU with five countries currently being authorised for export of the product (as of October 2021) is opening opportunities. ▪ The decline in imports from nations such as Australia due to ongoing political disputes. 	<ul style="list-style-type: none"> ▪ The growth of China's domestic production capacity in recent years continues to see wide-scale investment from the government. ▪ Some other countries have more favourable access terms and/or structured co-operation on SPS issues which can theoretically make it easier to overcome challenges. ▪ The US-China phase one deal of February 2020 offers competitive advantage to US meat exports to China and the country has some historical trade agreements with other major meat exporters.

5.1.2 Consumption

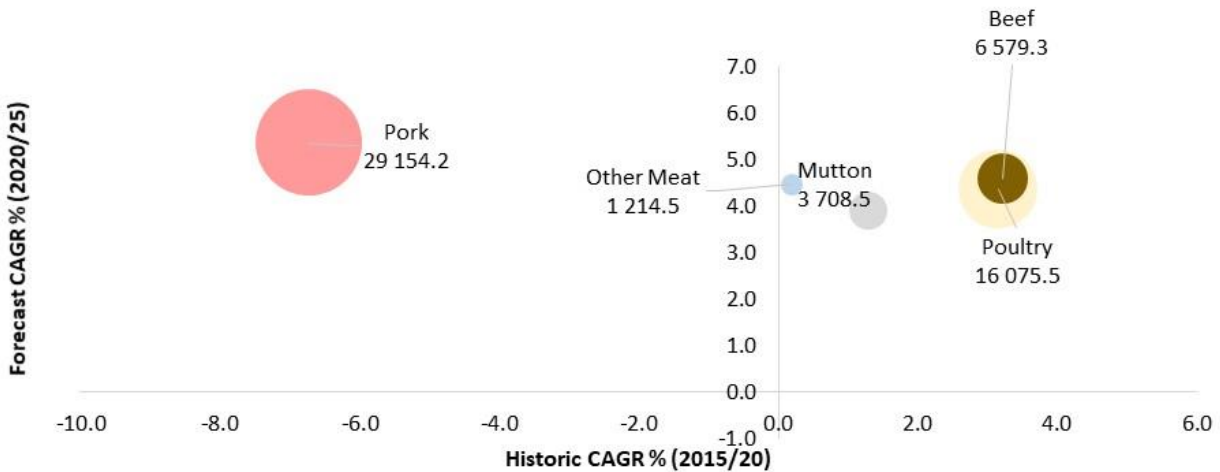
5.1.2.1 Evolution of consumption

As shown below in Figure 5-1, Pork is the most popular fresh meat product by volume in China with a market of 29 million tonnes. However, the pork market has been in decline in recent years with a negative CAGR between 2015 and 2020 of -6.7%, with domestic supply issues due to African Swine Fever outbreaks and the impacts of the outbreaks on consumer perception undoubtedly a part of this. However, it remains the largest pigmeat market in the world by some distance; and the market is though expected to rebound between 2021 and 2025 with a CAGR of 5.4% which would make pork the fastest growing fresh meat market.

Poultry is another key fresh meat market in China with a volume of 16 million tonnes. The poultry market grew between 2015-2020 by a CAGR of 3.2%, and the growth rate is expected to increase to 4.4% annually between 2021 and 2025. This is partly due to the substitution of pork by poultry.

The Chinese beef market amounts to a volume of 6.5 million tonnes, making it the third-largest fresh meat market in the country. The beef market grew between 2015-2020 by a CAGR of 3.2%, with annual growth of 4.6% expected between 2021 and 2025. The market for sheepmeat is smaller with a total volume of 3.7 million tonnes. Future annual growth of 3.9% is expected between 2021 and 2025.

Figure 5-1: Evolution and forecast of fresh meat market (000 tonnes) in China, 2015-2025; total volume



Source: Euromonitor International: Fresh Food, 2021.

5.1.2.2 Consumer profile and purchase criteria

Consumers

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, beef and veal are more often chosen as an alternative for such important events. However, the number of consumers who can regularly afford to buy imported beef is comparatively low. For more regular consumption, poultrymeat has been chosen as a substitute to pigmeat during the last two years of ASF outbreaks due to its affordability and the fact it is a white meat.

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.

There are important geographical differences in meat consumption across China. As consumers in more developed urban areas have greater access to refrigeration, allowing for better storage and widening consumption options, they rely less on wet markets. More poultry, beef and lamb products are consumed in the southwest and west of China due to the large populations of Muslim ethnic minorities. The greatest level of demand for mutton comes from the northern region and Inner Mongolia due to a high level of both production and traditional consumption in these areas. The east and northeast of China, with their higher number of consumers with healthy lifestyle aspirations, are the most receptive markets for quality

products. There is a strong relationship between income and beef, meaning that wealthier consumers are more likely to consume beef. This leads to stronger demand for beef in Tier 1 and 2 cities, with higher exposure to foreign products and cuisine in these regions further accentuating this.

China is expected to remain one of the world's largest consumer markets for fresh meat. However, a number of recent developments have impacted the popularity of fresh meat. First, the outbreak of African Swine Fever in 2018 had a major negatively impact on domestic production of pig meat (around 50% decrease) and ultimately a major impact on the market for pork due to a combination of supply side issues and, to a lesser extent, demand side health concerns. The impact of COVID-19 has also had a negative impact on fresh meat production in China. This combination of issues, led by ASF, has resulted in supply issues which led to higher prices for consumers.

Drivers and method of consumption

Key drivers of fresh meat consumption in China include the expansion of the economy in recent years. This has raised incomes across all classes of China resulting in an increased ability of consumers to purchase fresh meat products. The urbanisation of the country has, in general terms, made it easier for producers to send their products to urban markets. Chinese consumers have a strong preference for offal and cuts deemed less desirable in the West. Dishes involving chicken feet, duck necks and beef tripe are delicacies in some regional cuisines. Beef trip, for example, is a regional speciality in Mongolian, Beijing, or Sichuan style hotpot; steamed chicken feet is a popular dish in Guangdong dim sum. Most fresh meat is sold unpackaged, however, the packaged segment is increasing market share with the expansion of hypermarkets.

Purchase criteria

Price has always been a common purchase criterion in China and it continues to be so. The cost of fresh meat rose in 2020 on the back of a number of events that continue to impact the sector such as the 2018 outbreak of African Swine Fever, which remains the major factor impacting the whole meat market in China, and the outbreak of COVID-19, which resulted in supply issues in urban centres. Imports of fresh meats were also restricted due to the COVID-19 pandemic which added to a number of restrictions on imports which were already in place. The importance of price as a criterion is reflected by the shift away from pork over the last two years partly due to increasing prices for reasons already explored.

Still, fresh meats remains largely affordable for China's middle and upper classes, particularly in urban areas with more established supply chains. Indeed, many wealthier consumers are increasingly focusing on brand at the time of purchase as a measure of quality. This is particularly true for fresh meat sold through e-commerce channels.

Distribution channel is increasingly an important criterion for consumers. Whereas previously consumers were happy to purchase from wet markets, they are increasingly shifting to other channels due to concerns about disease outbreaks and food safety from these wet markets. This not only increases the importance of brands for some consumers (as mentioned above), but also the importance of packaging

with consumers buying through such channels increasingly looking for flexible packaging and to some extent impacted by the attractiveness of packaging / labels.

Finally, convenience is emerging as a purchase criterion. With consumers having increasingly cooked at home during the COVID-19 pandemic, products facilitating this have become more popular. This means smaller quantities in a package (typically 250 to 400g) and ready to use cuts.³⁴

Fresh meat on retailers' shelves in China

While economy and mid-range imported pork can be found on retailers' shelves, clearly identifiable imported meat is more likely to be premium with retail prices in excess of CNY 140 (EUR 20) per kg. Mid-range products are more likely to retail in the CNY 70 to 140 per kg range.



Above: increasing attention is paid to the packaging of fresh meat sold prepacked in supermarkets.

³⁴ Euromonitor International: Fresh Food, 2021; <https://www.italianfood.net/2017/12/27/china-removes-ban-imports-italian-beef/>; <https://www.mla.com.au/globalassets/mla-corporate/prices--markets/documents/os-markets/red-meat-market-snapshots/mla-china-beef-snapshot-2017.pdf>

The use of packaging is increasingly common for fresh meat sold in modern retail standards, and in the case of imported meat it is fairly standard. Flexible paper and plastic is common, though some products may use thin walled plastic or pouches. That said, it should be noted that this packing for retail normally occurs in China for labour cost reasons, with meat initially imported in 25 or 50kg packs.



Above: fresh meat loose for packing on site. Below – prepacked fresh meat.



Pictures: © Agra CEAS / Euromonitor International, 2021.

5.1.2.3 Recent market trends

As discussed, the impact of COVID-19 and, more importantly the earlier outbreak of African Swine Fever in China has resulted in reductions in supply and increases in prices in the fresh meat sector, although this is expected to be a short-term phenomenon with growth returning. Other recent trends have been the growth of poultry, beef and veal which continue to gain market share at the expense of pork. The market for pork is though forecast to rebound once the impact of African Swine Fever has dissipated. However, there are also some issues around pork on the demand side including consumer concern about health risks involved in high pork consumption; and some consumer concerns around the safety of domestic pork following the African Swine Fever outbreak. It is also the case that there is increasing competition from other meats, especially poultry, as availability increases and it is used as a substitute for supply-constrained pigmeat. China is expected to remain one of the largest global markets for fresh meat products, aided by an expanding middle class with the ability to purchase not only domestic meats, but also imported meats which are generally highly regarded in the country.

5.1.3 Offer

5.1.3.1 Domestic production

China has been investing extensively in its domestic fresh meat production sector in recent years due to a combination of factors including the rising demand for fresh meat products, which often surpasses domestic supply. For example, half the Chinese demand for beef is met by imports. Pig production in China

is expected to increase by 19% in 2021 as the sector recovers from African Swine Fever. This will increase total pork production (both for fresh markets and all processed markets) to 49 million tonnes by the end of 2021.³⁵

China is currently the second-largest poultry producer in the world with production of 14.8 million tonnes in 2020.³⁶ The biggest beef producing regions of China include Henan, Shandong, Inner Mongolia, and Hebei,³⁷ China became the third largest beef producer in the world in 2019.

Notable domestic companies include:

- Shuanghui Group, based in Henan province. It is the largest meat company in China with annual production of around 4m tonnes spread across +/- 30 sites.
- WENS Foodstuff Group, which is most notably present in breeding and pigmeat markets.
- Muyuan Food Co Ltd, a notable pigmeat producer.
- Haoyue Group, which focuses on beef and mutton production.
- Inner Mongolia Kerchin Cattle Industry, which is focused on beef production.

5.1.3.2 Imports and exports

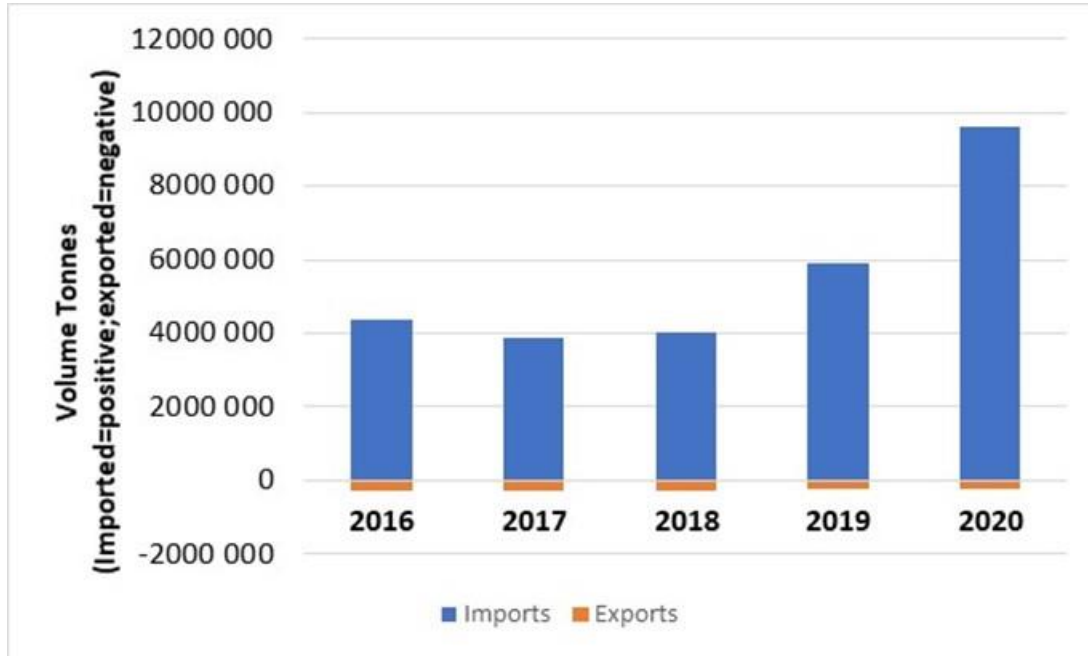
As shown in Figure 5-2, China is a net importer of fresh meat products, despite being among the world's largest producers of fresh meat. Imports of meat have been increasing over the previous five years with total imports per volume tonnes rising from 4.3 million tonnes in 2016 to 9.6 million tonnes in 2020 which represents a doubling of imports within five years.

³⁵ Chinas pig production will grow 19% in 2021, pig progress, available at <https://www.pigprogress.net/World-of-Pigs1/Articles/2021/5/Chinas-pig-production-will-grow-19-in-2021-745100E/>.

³⁶ Poultry production in China continues to surge, reducing demand for imports and pork, The pig site, available at <https://www.thepigsite.com/news/2020/08/poultry-production-in-china-continues-to-surge-reducing-demand-for-imports-and-pork>

³⁷ The Beef market in China, AHDB, available at https://projectblue.blob.core.windows.net/media/Default/What%20we%20do/Exports/ChinaBeefReport_200617_WEB.pdf

Figure 5-2: Trade balance (imports and exports) of fresh meat in China, 2016-20; volume tonnes

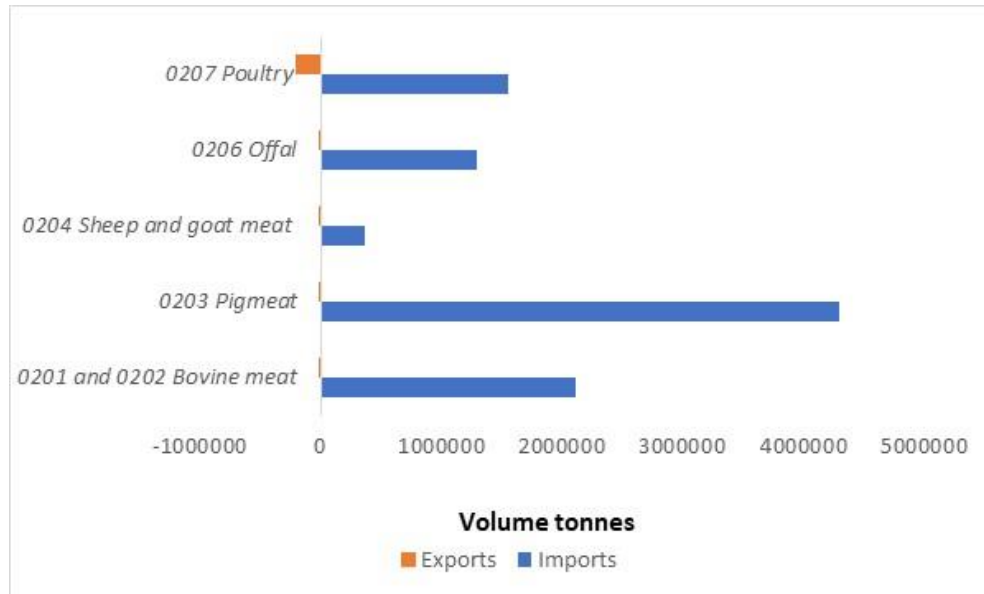


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

Figure 5-3 shows that poultry is the only fresh meat product with significant exports (though there is a certain amount of carcass balancing in these exports). China has been a large importer of pigmeat recently, partly due to the impact of African Swine Fever on domestic production, with 4 million tonnes of imports in 2020. Imports of beef stood at 2.1 million tonnes in 2020, poultry at 1.5 million tonnes, offal at 1.3 million tonnes and sheep and goat meat at 0.4 million tonnes.

Figure 5-3: Trade balance (imports and exports) of fresh meat in China, by type, 2020; volume tonnes

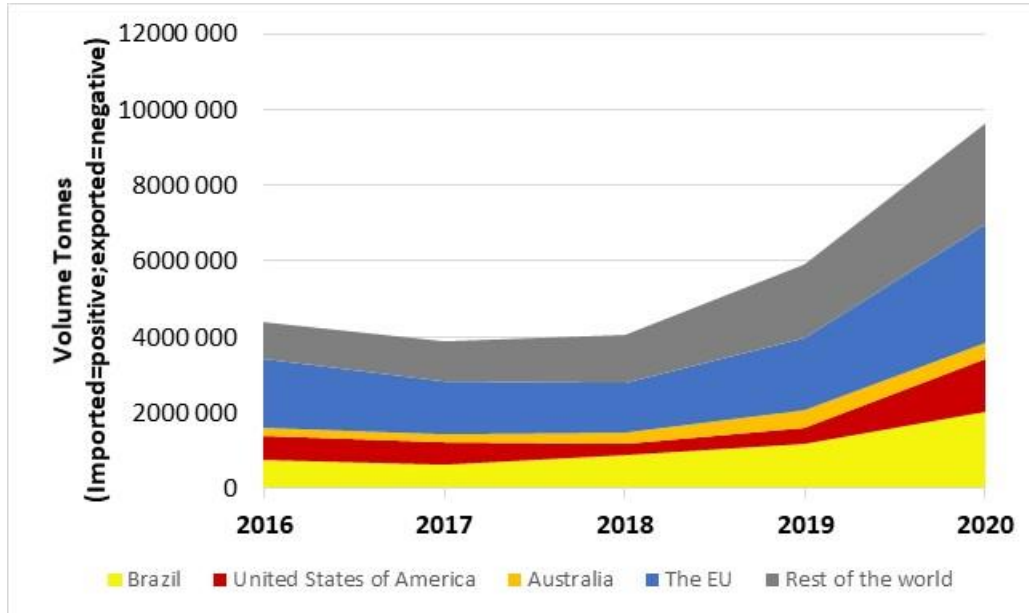


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

Figure 5-4 shows that Brazil has grown to become the largest exporter of fresh meat to the Chinese market in recent years followed by Australia and New Zealand. The EU has since 2018 doubled its total exports of fresh meat products to the Chinese market with member states such as Spain, Denmark, the Netherlands, Germany, France and Ireland becoming increasingly important suppliers. Spain is the largest pigmeat and offal exporter globally to China; Germany is among the top three largest exporters of offal (this is mainly constituted by pigmeat offal). However imports of German pig meat and offals have been banned in China since September 2020 due to ASF outbreak in Germany.

Figure 5-4: China imports of fresh meats by country, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

5.1.3.3 EU GI products

No fresh meat products are protected under the EU China GI agreement. This situation will not change in the future even if, as set out in section 4.2.4, the list of EU GIs protected in China is due to expand in the coming years. No major impact of GIs is expected in the fresh meat sector (new meat GIs relate to meat products rather than fresh meat – see section 8.5.2).

5.1.3.4 Main competitors

The main competitor to the EU in the Chinese fresh meat market is domestic production which continues to receive extensive investment from the state with the objective of reducing reliance on imports. The most notable export competitors are Brazil, Argentina and Uruguay which are large exporters in particular of beef to China. Pig meat from the United States is a considerable source of competition, although the US is second to Spain in terms of total pork exports to China. Australia and New Zealand are key competitors in the beef and sheep meat markets while Brazil is the dominant origin of poultry.

5.1.4 Specific market entry requirements

Market Access and Entry

Countries must be approved for the meat product in question before it can be exported to China. It is recommended that the corresponding ministry in the member state in question, or the embassy of the member state in China be contacted to check if access for a certain meat product has been granted. In addition, individual establishments must also be authorised to export the product in question to China and this can be a long process (see section 4.2.1 and 4.3.3).

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for fresh meat notably include: the registration of foreign exporters of particular products; veterinary health certificate for animal products; a permit to import live animals and plants subject to quarantine, a commodity inspection certificate and an import licence.

In terms of tariffs, fresh meat products generally face between 12% and 20% ad valorem tariffs

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – pigmeat category (0203) from Spain to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0203&origin=ES&destination=CN>

Standards, SPS measures

GB 2707-2016 on fresh and frozen meat and poultry products is the key standard for fresh/frozen meat.

As noted in section 4.3.3, there are SPS related challenges with:

- Regionalisation policy and restrictions (most notably with African Swine Fever and avian influenza).

A longstanding ban on EU bovine and ovine products due to BSE, with most EU Member States still facing total bans or trade restrictions to export beef to China (five EU Member States had access as of October 2021, and only for certain products). With the situation dynamic, it is recommended that exporters contact the authorities in their Member State or the embassy in China to check on the status of restrictions.

The application process for approval of meat establishments for exports to China is also considered burdensome.

Labelling

In line with the Law on Quality and Safety of Agricultural Products and Measures for the Supervision and Administration of the Quality and Safety of Edible Agricultural Products Marketing, fresh meat labels must contain: name of the product, country of origin (region), place of production, the manufacturer's name, address and business registration number, production lot; on the outer packaging should be marked with Chinese specification, origin, destination, date of production, shelf life, storage temperature and quality grade.

5.1.5 Distribution

Just over half of fresh meat sales are via retail outlets (54%). In urban centres retail channels cater to a wider amount of consumers and ensures high throughput of product. Foodservice outlets account for a quarter of sales, while institutional outlets account for roughly 20% of sales.

Figure 5-5: Distribution of fresh meat in China (volume)



Source: Euromonitor International: Fresh Food, 2021.

In terms of retail outlets, wet markets have long been the most popular channel, though their popularity is falling with increased concerns about hygiene and disease outbreaks. Nonetheless, they are estimated to account for around half of retail sales. It is expected that wholesale and farmers markets will be the most popular channel for meat sales in the coming years. Nonetheless, supermarkets are increasing in popularity, in particular for urban consumers. E-commerce is increasing in popularity but is still estimated to account for a single digit percentage of fresh meat sales. Finally, the online to offline channel – which

effectively combines the supermarket and e-commerce models – is increasing in popularity and is estimated to now account for a bit under 10% of sales.

5.1.6 Challenges for EU products

Considerable challenges exist for EU producers seeking to enter the Chinese fresh meat market. The approval processes to export fresh meat to China has been noted in section 4 as burdensome and time-consuming, with the need to have a number of on-site inspections by Chinese authorities in order to gain approval to export. The lack of regionalisation recognition from Chinese authorities is also a considerable challenge with the country implementing nationwide bans on meats from member states where African Swine Fever and Avian Influenza have been detected, regardless of whether the region exporting has been impacted by the outbreak. Since 2000, China has maintained a ban on EU bovine products due to outbreaks of bovine spongiform encephalopathy (BSE) and transmissible spongiform encephalopathy (TSE). Most EU Member States still facing total bans or trade restrictions to export beef to China, though this situation is fluid. A number of barriers are also in place due to COVID-19 including extensive testing of EU fresh meat products departing for China; these restrictions are though expected to be eased as the pandemic begins to settle down.

Market Takeaway: Fresh meat

Consumption: China now amongst the highest consumers of fresh meat in the world (in overall volume terms) as a consequence of an expanding economy and growing middle class, consumption of all fresh meat products is expected to grow between 2021 and 2025. Pork most popular.

Competition: Strong domestic production which continues to grow rapidly to try to meet domestic demand followed by external competition from Brazil and Argentina in the beef market, the United States in the pig meat market, and Australia and New Zealand in the beef and sheep meat markets. Brazil the key competitor for poultry.

Distribution: Largely distributed through retail outlets which account for over half of sales, food service outlets account for a quarter of sales followed by institutional outlets at 20% of sales. Among retail outlets wet markets most popular but are losing market share to other, modern channels.

Challenges: Various legislative challenges exist with the lack of regionalisation recognition being a key challenge to overcome. The need for on-site inspections by Chinese authorities to get facility registration is also a considerable challenge.

Opportunities: Growing demand for fresh meat products and the growing percentage of consumers who can readily afford them. Recent outbreaks of African Swine Fever in China have further pushed consumers to purchase imported meats as these are generally viewed as a safer alternative and there is a structural shortage while production in China is limited; this is reflected by booming EU exports to China since 2019.

5.2 Dairy³⁸

5.2.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ China's dairy market has grown to become one of the largest in the world in recent years; and with growth forecast to continue it will likely become the world's largest dairy market in the near future ▪ While dairy consumption was not common traditionally in China, this is no longer the case. ▪ Chinese consumers are more aware of dairy products due to the growth of supermarkets and hypermarkets in the country which has a greater capacity to store and sell dairy products. 	<ul style="list-style-type: none"> ▪ The Chinese population is largely lactose intolerant which requires prioritising lactose-free alternatives or products that generally do not impact those that are lactose intolerant significantly such as yoghurt. ▪ Sending dairy products to China involves a number of inspections and testing which can be costly and burdensome. ▪ EU dairy products remain more expensive than domestic alternatives which may dissuade lower income consumers.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ There is consumer demand for imported dairy products, especially among consumers with upper and higher incomes, partly as a result of the 2008 milk crisis. ▪ Positive image of dairy products in terms of health benefits. ▪ Positive image of imported dairy products in terms of quality and safety. ▪ Dairy imports have doubled between 2016-2019 and continue to grow despite increased domestic production. ▪ EU cheese, butter, milk and infant milk stand out as products that have been successful in China. 	<ul style="list-style-type: none"> ▪ Domestic production continues to grow substantially, with both volume and quality increasing. ▪ Australia and New Zealand are significant competitors and have free trade agreements with China in place. ▪ US dairy exports benefit from simpler and faster procedures through the US-China phase one deal ▪ Chinese tariffs, standards, and regulations can change quite frequently with regard to exporting dairy products to the country. ▪ Infant formula requires a "double registration"(facility registration by GACC (like dairy products in general) and a recipe registration by SAMR.

5.2.2 Consumption

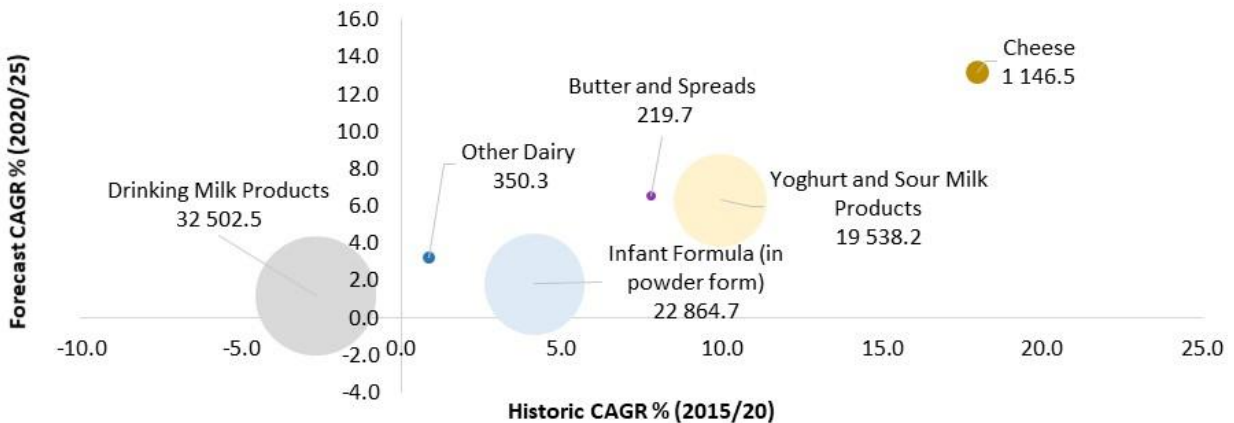
5.2.2.1 Evolution of consumption

As shown in Figure 5-6 below, the largest dairy products in China are drinking milk products with a retail value of EUR 32.5 billion. Infant formula is the second-largest dairy product with a retail value in China of EUR 22.8 billion and has slowly been catching up with drinking milk products as infant formula has grown by a CAGR of 4.2% between 2015-2019, while the market for drinking milk has declined slightly. The third major product group is yogurt and sour milk products which have a market value of EUR 19.5 billion. This is the fastest growing dairy segment with a CAGR of 10% between 2015 and 2020. Growth of 6.3% per year between 2021 and 2025 is expected in the yoghurt and sour milk segment. While growth is also expected in the drinking milk and infant formula segments, this is forecast to be more moderate. The

³⁸ While it is recognised that infant formula is a significant EU export to China, it should be noted that the current section focuses on the classical dairy products of cheese, butter, milk and yoghurt. Infant formula is only covered in passing in the consumption section to provide basic context. It is not covered in other sections.

market for dairy products outside of these three main areas is small. However, the market for cheese, although small, is expected to expand rapidly at a CAGR of 13% between 2021 and 2025.

Figure 5-6: Evolution and forecast of dairy market (retail value, EUR millions) in China, 2015-2025



Source: Euromonitor International: Packaged Food, 2021.

5.2.2.2 Consumer profile and purchase criteria

Consumers

The majority of Chinese adults are lactose intolerant and so dairy products have not been part of the traditional Chinese diet. Milk consumption where it did take place was concentrated in the north-west where it was produced for processing into butter and cheese in the Russian-influenced city of Harbin and for own consumption on farm.³⁹ However, dairy consumption in China has been rising sharply, driven at first by demand for powdered milk for infant formula and later by demand for White Rabbit candy. By the 1990s large dairy operations were providing drinking milk to the wider population. Demand grew, especially among middle class consumers with higher disposable incomes.⁴⁰ Following a serious adulteration scandal in 2008, health and safety concerns have increasingly driven consumer purchases and premium products have been increasingly in demand. In this context imported dairy products benefit from a positive image in terms of safety and quality.

Consumption of dairy in urban centres has become increasingly common due to the increased production of dairy products within China coupled with the growth of hypermarkets and supermarkets in Chinese cities that allow for the large-scale storage and sale of dairy products. Consumers of dairy products can

³⁹ 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.bbc.com/future/article/20201016-why-china-developed-a-fresh-taste-for-milk>

⁴⁰ 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

come from any income class as these products are generally not expensive in China. However, imported dairy products can be too expensive for consumers in lower-income classes. The older generation is less likely to consume as much dairy products as the younger generation, largely due to them being brought up in an era where dairy consumption was not common.

Drivers and method of consumption

A key driver of dairy consumption in China has been the nutritional benefits which are now commonly appreciated by Chinese consumers. This has expanded demand in a country that did not traditionally consume large amounts of dairy products. The rise in disposable incomes, combined with increased domestic production, is also a key driver in the increase in consumption. Chinese consumers will typically consume dairy products in a variety of ways, often uniquely as a consequence of these products only becoming normalised in recent years, such examples include:

Cheese: Cheese is generally consumed by itself as a single snack product with processed cheese being the most popular choice in the country due to its mild flavour which resonates with Chinese consumers.⁴¹

Milk: The rise in lactose-free milk in China, combined with new production methods such as the UHT milk, has helped the product to resonate with the generally lactose intolerant population of China. This is a key driver behind the increased consumption of milk in the country in recent years.

Butter: The westernisation of many aspects of Chinese diets has led to growing awareness and consumption of butter products. In China, it is becoming more common to both consume butter on its own or use butter in the cooking of other products such as pastries and cakes. China domestically is not a large producer of butter at present which results in the country having to largely import the product from abroad, butter exports from the EU to China grew by 36% in 2019 alone.⁴²

Infant formula: Infant formula has become popular in China in recent years and the market in China for infant milk is one of the largest in the world. This has been driven by rising health consciousness and incomes in the country. There have been increases in imported infant formula since the adulterated milk scandal in 2008.

Finally, it is worth noting that consumption of dairy as a whole peaks slightly during the spring festival and mid-autum festival due to some gifting for these events. Cheese for children is a notable beneficiary of this pattern.

Purchase criteria

The price of dairy products in China is generally within range for a majority of the population as the production and normalisation of the product have driven prices down in recent years. The growth of hypermarkets and supermarkets in China has helped to make these products accessible to most of the population. However, rural consumers will be less exposed to imported products generally. Imported dairy products are generally demanded by upper and higher-income consumers who both have the ability to afford them and will hold them in higher regard than domestic products due to a perception of a higher

⁴¹ Cheese market in China, what are Chinese peoples favorite cheeses?, Daxue Consulting, available at <https://daxueconsulting.com/chinese-peoples-favorite-cheeses/>

⁴² China is developing a huge appetite for cheese and butter, inkstone, available at <https://www.inkstonenews.com/chinas-demand-cheese-rises/article/3044079>

quality attached to imports, particularly from the west. Lactose-free milk is growing in popularity due to the population of China being largely lactose intolerant. Yoghurt products are generally popular in part because the fermentation process reduce lactose content making it easier to consume for those who are lactose intolerant. Flavour is not a major demand factor with Chinese consumers generally preferring mild tasting dairy products.⁴³

Dairy products on retailers' shelves in China

Imported dairy products are commonly found in Chinese supermarkets, with milk particularly common, followed to a lesser extent by cheese and butter. There is a very limited amount of imported yoghurt.

In terms of pricing:

- Imported milk typically sells at between CNY 8 (EUR 1) and CNY 18 (EUR 2.40) per litre
- Imported butter normally retails at between CNY 50 (EUR 6.70) and CNY 90 (EUR 12) per 500g
- Imported cheese prices vary. Processed cheese (which is most prevalent) sells from CNY 25 (EUR 3.30) per 200g, while unprocessed cheese generally retails from CNY 50 (EUR 6.60) per 200g

Below: chilled dairy section of a supermarket. The section is often crowded and the products categories merge, making standing out a challenge.



⁴³ Euromonitor International: Packaged Food, 2021.

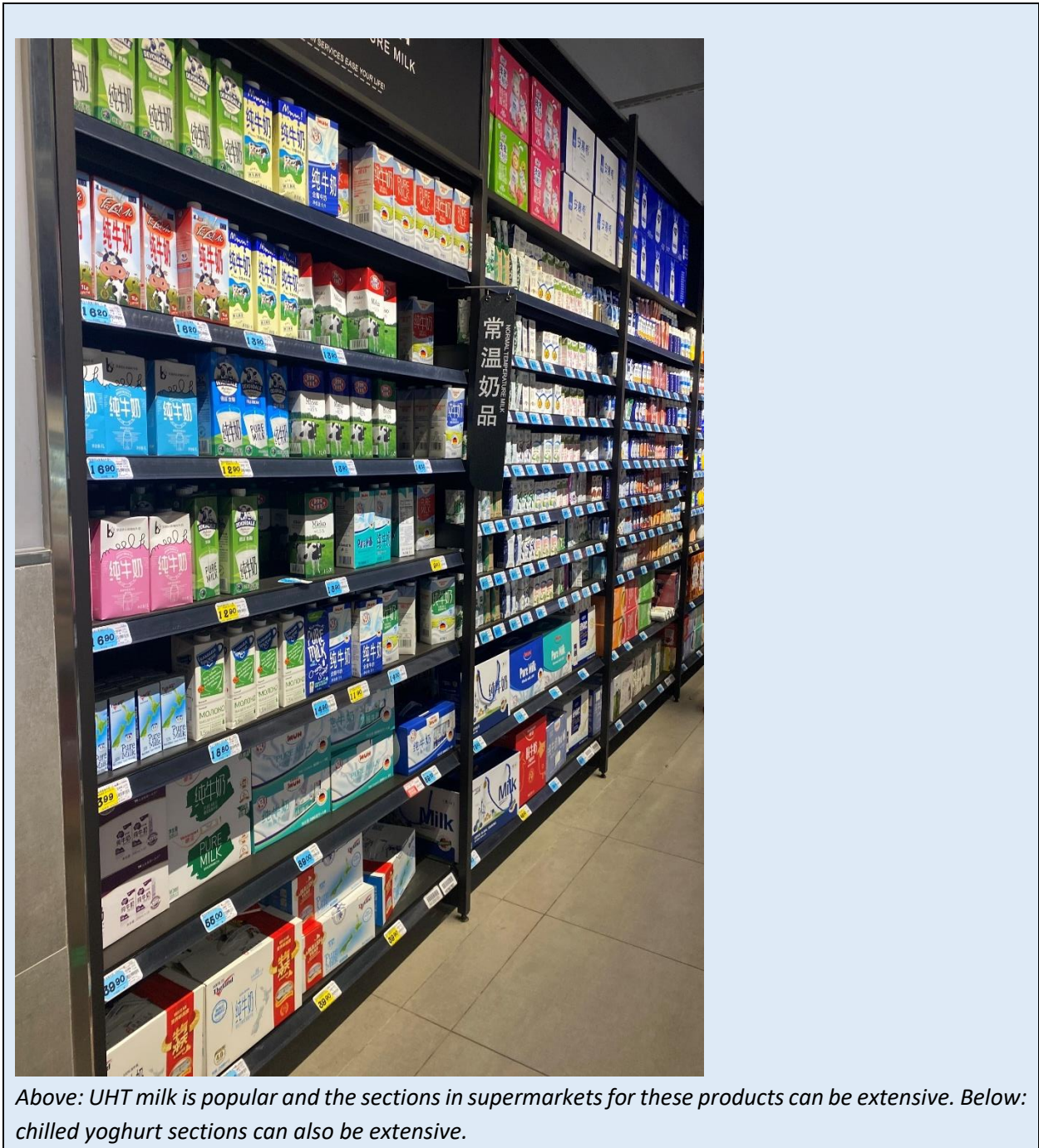


Above and below: butter and cheese sections of two major supermarkets



In terms of packaging, UHT most commonly comes in 1 litre cartons / tetra packs, though there are also 200ml and 250ml packs. Foil is fairly common for butter, with 200 grams and 250 grams the most common pack sizes; though some 500 gram packs can also be found. Packaging for cheese varies, it may be vacuum packed, foil or composite. 200 grams is a fairly common pack size though larger and smaller can be found. Colourful packaging is quite common for processed cheese (see above).

There is considerable innovation in the packaging of some dairy products, most notably yoghurt. Furthermore, sustainability concerns of consumers is encouraging the uptake of recyclable packaging for dairy. Finally, while not relevant for retail it is worth noting that pack sizes for food service tend to be multi-kilogram.





Pictures: © Agra CEAS / Euromonitor International, 2021.

5.2.2.3 Recent market trends

Demand is growing substantially, as seen above. Growth rates are expected to be especially high for cheese; yogurt and sour milk products; and butter as a result of growing awareness of dairy products. By 2022 China is expected to become the world's largest dairy market.⁴⁴ Imported dairy products are popular in China due primarily to a perceived higher quality which was compounded by the 2008 domestic milk scandal which continues to resonate with some consumers. As the Chinese economy continues to expand it is likely that demand for dairy products will continue to increase as dairy product consumption becomes increasingly widespread. The consumption of infant formula however is likely to decline as a consequence of a falling birth rate. Furthermore, consumers are increasingly returning to domestically produced formula, with the government policies supportive of local producers.

⁴⁴ The dairy market in China will be the worlds largest by 2022, Daxue consulting, available at <https://daxueconsulting.com/china-dairy-market>.

5.2.3 Offer

5.2.3.1 Domestic production

China's milk production is expected to reach 34.5 million tonnes in 2021, an increase of nearly 5% from 2020. This is largely due to increased productivity as a result of milk and other dairy production becoming a priority for the Chinese ministry of agriculture and rural affairs. There has been an expansion of large-scale farms across the country to meet increasing demand and these farms now account for 70% of all dairy farms in the country. Other initiatives include the creation of an eco-friendly dairy zone in the region of inner Mongolia in 2020 which will house 100 000 head of cattle. China has been updating and modernising its production standards and regulations in an attempt to both increase productivity and also to avoid a repeat of the 2008 milk scandal. This resulted in a crackdown of domestic producers that were not following standard dairy production practices. An inspection and testing regime for Chinese dairy products was also introduced. Despite the impact of COVID-19, Chinese dairy production continues to increase in line with demand. The major Chinese dairy producers include Inner Mongolia Yili industrial group, China Mengniu Dairy Co, Shanghai Bright Dairy & Food Co and Heilongjiang Feihe Food Co.

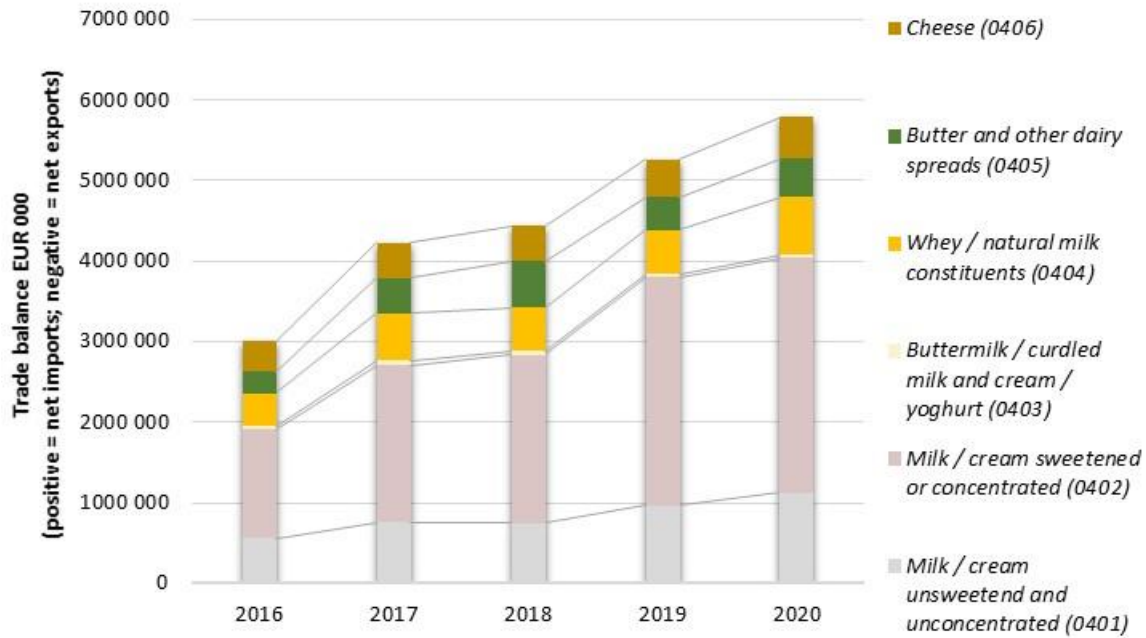
Cheese is increasingly viewed as a new growth point in the dairy sector of China, the product has a new found following in recent years as consumers continue to become accustomed to the consumption of cheese. Production however is limited. The costs of producing cheese in China remains high however is falling as the production of complimentary products such as milk continues to fall in costs. That said, a growing cheese market will likely further incentivise producers to expand their production of cheese.⁴⁵

5.2.3.2 Imports and exports

As can be seen in Figure 5-7, China is a heavy net importer of all dairy categories. In absolute terms it is a net importer of sweetened / concentrated milk to the greatest extent.

⁴⁵ <https://www.dairyglobal.net/Market-trends/Articles/2021/1/Country-report-Uncovering-Chinas-dairy-sector-696381E/>; USDA, Dairy and animal products in China GAINS report 2020, Available at <https://apps.fas.usda.gov/>; Dairy firms eye growing appetite for cheese, china daily, available at http://www.chinadaily.com.cn/global/2019-04/18/content_37459668.htm

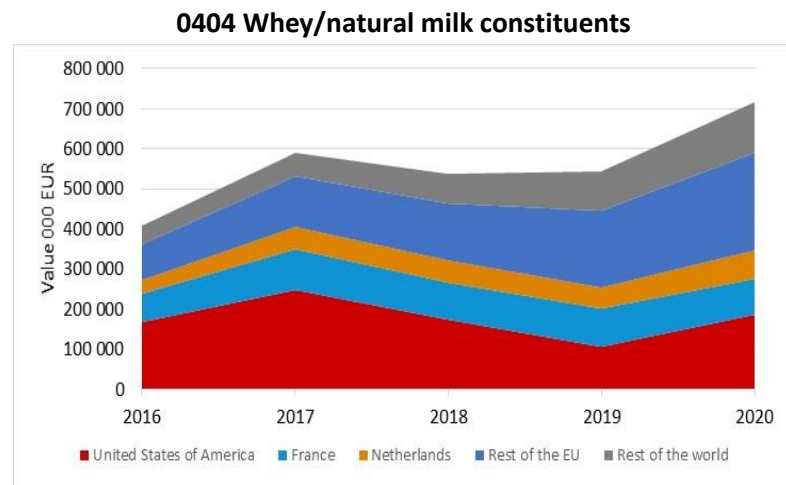
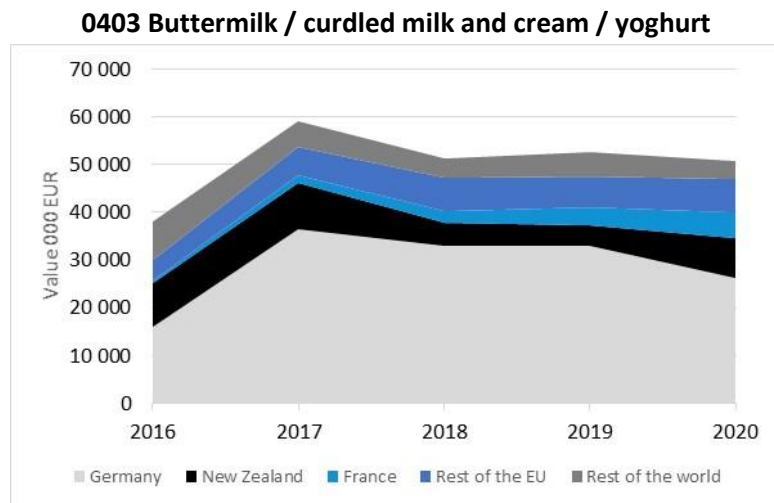
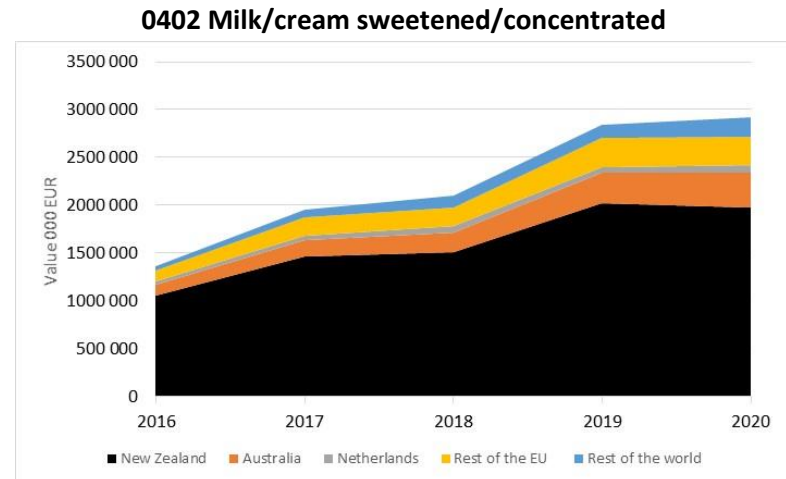
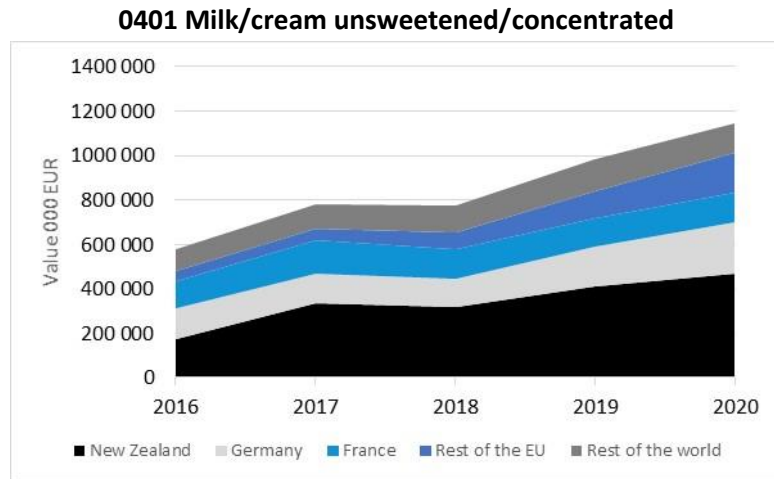
Figure 5-7: Trade balance (imports and exports) of dairy in China, 2016-20; EUR 000



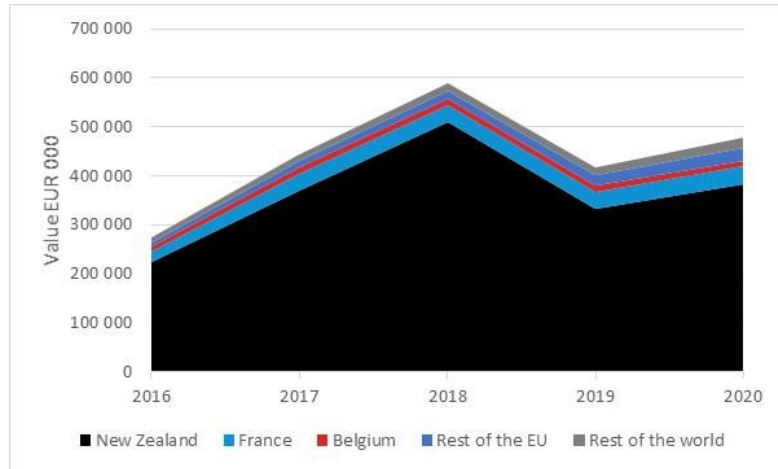
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
 CN codes in brackets.

Figure 5-8 shows the various dairy products that are imported by China and their country of origin. Almost all product segments include at least one country from the EU within the three largest exporters to China with the only exception being cheese. Germany is the largest exporter of buttermilk while France is a large exporter of milk, whey/natural milk and butter. The Netherlands is a notable exporter of whey while Belgium is a notable exporter of butter.

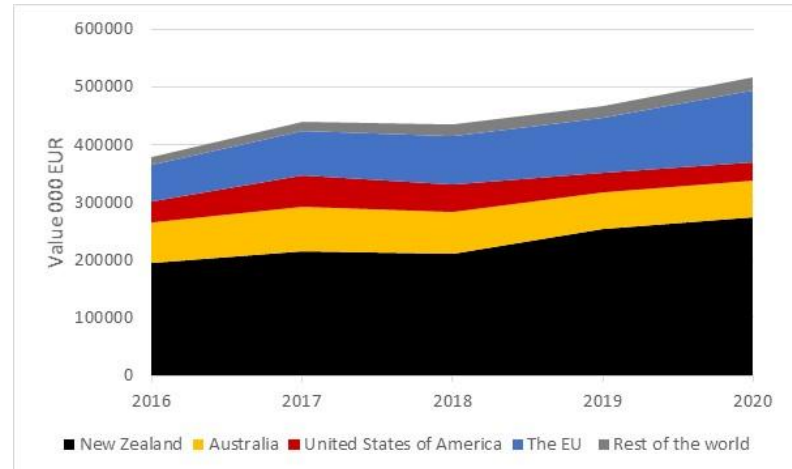
Figure 5-8: Chinese imports of different dairy categories by country, 2016-20; EUR 000



0405 Butter/dairy spreads



0406 Cheese



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

CN codes in brackets.

5.2.3.3 EU GI products

Twelve EU GI cheese are protected under the EU China GI agreement at present. Please consult the table in section 8.5.1 for a full list. As set out in section 4.2.4, the list is due to expand in the coming years and will include multiple more dairy products like cheese (see section 8.5.2) The first list of 96 EU GIs protected by the EU-China GI agreement include iconic EU cheese names like Roquefort from France, Feta from Greece, Parmigiano Reggiano from Italy or Queso Manchego from Spain. These iconic EU cheese names should be protected against imitation and usurpation from other countries through implementation of the EU-China GI agreement

5.2.3.4 Main competitors

Domestic dairy production continues to expand while the government continues to push to modernise and standardise the sector in a bid to improve the quality of domestic dairy products. New Zealand is a large third country competitor for EU products in the Chinese market. Australia and New Zealand are the main exporters of milk while the United States is a large exporter of whey milk products. All three of these countries provide tough competition for EU cheese imports. In this context the protection of iconic EU cheese names provided by the EU-China GI agreement is essential.

5.2.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for dairy notably include: the registration of foreign exporters of dairy products; veterinary health certificate for animal products; a permit to import live animals and plants subject to quarantine, a commodity inspection certificate and an import licence.

It is important to note that countries have to be approved for the export of dairy product to China; and that facilities exporting dairy products have to be approved (see section 4.2.1).⁴⁶

In terms of tariffs, dairy products generally face between 10% and 20% ad valorem tariffs

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general cheese category (0406) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0406&origin=FR&destination=CN>

⁴⁶ It should further be noted that Infant formula production facilities have to be registered, as do individual recipes with limitation on the number of formulations that each manufacturer can market in China.

Standards, SPS measures

There are numerous GB standards which apply to dairy products on the Chinese markets. The main ones to be aware of are:

- GB 19646-2010 National Food Safety Standard Cream, Butter and Anhydrous Milkfat (currently under revision) which defines these products.
- GB 5420-2021 National Food Safety Standard Cheese which defines cheese products.

There are various unofficial English translations of these available to purchase or to subscribers of certain websites. Below are the links to two partial free translations of the above:

<https://www.chinesestandard.net/PDF.aspx/GB19646-2010>

<https://www.chinesestandard.net/PDF.aspx/GB5420-2021>

A full list of all standards relevant for dairy products can be found at the following link:

https://food.chemlinked.com/database/index?page=1&left_p=CN&left_c=17

With regards specifically to infant formula, it is important to note that in addition to facility registration, the formulas themselves must be registered; and any change to the formula requires re-registration. Brands are also limited to offering a maximum of three products per stage (e.g. follow-on, growing up).

Labelling

Dairy products must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.2.5 Distribution

As shown in Figure 5-9, store-based retailing is the main channel for the distribution of dairy products in China, although it should be noted that e-commerce has emerged as a growing channel which now accounts for 7.7% of all dairy sales. E-commerce platforms such as Tmall and JD have been growing in popularity in China, aided by the outbreak of COVID-19 and increased internet penetration in the country. Modern grocery retailers account for 67% of all sales which further explains the growth in dairy consumption in China in recent years as modern grocery retailers are generally located in urban centres which have been the core of the rise in demand for dairy products in China.

There are some further nuances by product. More specifically:

- Modern grocery retailers dominate distribution of cheese with an 80% share, with e-commerce the second channel for the product (17%)
- Some 38% of butter and spreads are distributed through e-commerce channels.
- Yoghurt and drinking milk are distributed mainly through store channels (94% and 92% respectively)

Figure 5-9: Distribution channel overview of dairy in China (2020); all dairy products; retail value



Source: Euromonitor International: Packaged Food, 2021.

5.2.6 Challenges for EU products

There are a number of challenges for EU dairy producers seeking to enter the Chinese dairy market such as the food safety standard for cheese which sets a limit value of <math>< 50 \text{ cfy/g}</math> for yeasts. This parameter is too restrictive for certain soft cheeses such as mozzarella and taleggio because yeasts grow naturally in these particular cheeses. EU products are also subject to tariffs which makes them more expensive than domestic alternatives; Australia and New Zealand have free trade agreements and therefore do not face these tariffs. American dairy products benefit from simpler import procedures in China through the US-China phase one deal. The reputation of iconic EU cheese names needs to be protected against imitation and usurpation from other countries through implementation of the EU-China GI agreement. China has been pushing for an increase in the domestic production of dairy products in recent years which poses a challenge for international products which have enjoyed the room to grow in the Chinese market in recent years.

Market Takeaway: Dairy

Consumption: While dairy has traditionally not been consumed at a large scale in China, this is no longer the case as China is now one of the largest dairy markets in the world and continues to grow.

Competition: Domestic production has grown substantially in recent years in line with a desire to modernise and standardise the sector as a result of the 2008 milk crisis. Competition from Australia and New Zealand is substantial with both countries enjoying favourable trading conditions; the United States also a major competitor.

Distribution: Modern grocery outlets such as supermarkets and hypermarkets enjoy the majority of the market share while e-commerce accounted for almost 8% of market share in 2020 and is becoming an ever more important distribution channel. It is already important for butter/spreads and cheese.

Challenges: Chinese domestic production continues to expand its capacity combined with the EU being subject to trade tariffs while competitors New Zealand and Australia have free trade agreements.

Opportunities: The market is one of the largest in the world and many consumers still hold reservations about purchasing domestic dairy products due to the 2008 milk scandal, like for instance for Infant Formula. This, combined with the quality of EU dairy products and consumers having increasing disposable incomes that allow them to purchase EU dairy products presents key opportunities in this market.

5.3 Wine

5.3.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Huge market worth in excess of EUR 30 billion, with 30-50 million regular wine consumers. ▪ Varied range of consumers with many consumers maturing in terms of knowledge, meaning that niches for many different products can be found. ▪ Some EU wines – French ones in particular – have long standing connections with quality in a market where prestige is often an important criterion. 	<ul style="list-style-type: none"> ▪ The market has been stagnating in recent years and future developments are uncertain despite theoretical demographic tailwinds. ▪ With red wine dominant, white wines and rose wines may struggle due to a combination of taste preferences and culture.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Market with high growth potential (current consumption per person is around 1/50th of that in the EU). Chinese government supportive of domestic wine production and consumption. ▪ Tariffs on Australian wines are probably only temporary (5 years), but they do create a big gap in the market which needs to be filled. This is particularly true for wines similar to shiraz. ▪ Sparkling wine is forecast to grow well with young females a key consumer demographic. ▪ With many consumers seeking novelty, new products have good possibilities as long as marketing is suitable. 	<ul style="list-style-type: none"> ▪ Overall shrinking market size and the emergence of quality domestic production. ▪ Chilean wines benefiting from duty-free imports through FTA with China. ▪ Counterfeiting of EU quality wines remains quite common in China. ▪ While marketing is not a threat, companies need to be aware of the need to carry out suitable and effective marketing to be successful in this sector where luxury and prestige can be a key driver.

5.3.2 Consumption

5.3.2.1 Evolution of consumption

While the wine market in China has stagnated over the last five years it remains a massive market. Red wine is by far the largest segment at EUR 22.3 billion; white wine follows at EUR 7.4 billion. Rose and sparkling wine are much smaller niches, though arguably still significant in absolute terms at EUR 1.0 billion and 0.5 billion respectively. Consumption has suffered significantly over the last five years, exacerbated by the impact of COVID-19. The red wine market is forecast to shrink by 4.5% a year going forwards and the white wine market by 3.5%. Indeed, the only market segment forecast to grow in the coming years is sparkling wine which is expected to grow at a rapid 5.1% per year (Figure 5-10).

Figure 5-10: Evolution and forecast of wine market (million Euros) in China, 2015-2025; total value



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.3.2.2 Consumer profile and purchase criteria

Consumers

Rice wine – which accounts for over half of the market by volume - has long been consumed in China. In comparison, grape wine is a relatively new product. The two markets have largely different characteristics and the present product snapshot focuses purely on **grape wine**. This is generally consumed by the younger generation (millennials or younger) and the health-conscious, with consumers more likely to be the urban middle class.

While the grape wine market has been expanding for some time in terms of number of consumers, indications are that this trend has now stalled. There are an estimated 30 to 50 million regular drinkers of imported wine (i.e. those that consume it more or less monthly). However, with this stalling of expansion, the market is also maturing. That said, novices remain the largest consumer group. Looking at consumers in more detail:

- **New and developing drinkers (“novices”)** – the largest group of consumers - tend to be young and at the beginning of their wine “career”. They are experimental in approach and driven more by taste and social considerations.
- **Mainstream casual drinkers** are a growing niche of consumers who have effectively graduated from the “new drinker” group and now have adopted a wine-drinking culture and have their own clear preferences.
- **Connoisseurs and prestige-seeking traditionalists** form an already large, expanding patchwork group of consumers, all with the common trait of fairly frequent consumption. While many are primarily red wine drinkers, and make strong connections between price and quality, there are some who are more adventurous in their tastes.

While there is a group of consumers for whom consumption can be considered specifically as health-driven, this group is reducing in size as others emerge.

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. Most notably, young female consumers dominate the consumption of sparkling wine.⁴⁷

Drivers and method of consumption

Both drivers and methods of consumption vary somewhat based on the broad type of consumer (see above). Nonetheless, certain overarching consumption methods stand out. The most notable of these are formal / group situations - wine is often consumed as part of group gatherings for holidays, weddings or for business dinners. This is particularly true of red wine due to the positive connotations of the colour (see below). The consumption of wine with important meals in less formal situations has become increasingly common, as is consumption in restaurants and hotels with meals. More casual consumption of wine is on the rise among mainly younger generations. The consumption of sparkling wine in bars and clubs by younger women is an example of this.

General drinking etiquette in China differs from that of Europe during formal events. Small amounts of alcohol will be poured and consumed in one go as part of a toast rather than continual sipping. While the maturing of the market and wine education is serving to introduce a more European-style wine drinking etiquette for some wine consumers, traditional drinking etiquette remains widespread among less experienced wine consumers; Chinese toasting etiquette will likely remain important for the foreseeable future for large occasions during which wine is consumed.

Purchase criteria

Chinese consumers have a long-standing preference for **red wine over white or rosé**, as reflected by the market sizes. The colour itself plays a major role in this as red has positive associations representing wealth, power and good luck.⁴⁸ Red wine has become a common sight 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. The perceived health benefits of red wine have historically provided an additional boost. While the importance of this consideration has declined somewhat over time, the perceived healthiness of wine as a drink more broadly remains a consideration for some consumers; young female ones in particular.⁴⁹

Style and flavour have become important purchase criteria for wine. There are some overarching differences between regions in this regard. General preferences by region are presented in Table 5-1.

⁴⁷ <https://www.wineaustralia.com/news/market-bulletin/issue-67>; <https://www.wineintelligence.com/chinese-wine-consumers-step-up/>

⁴⁸ 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>

⁴⁹ Agriculture and Food Canada: Sector Trend Analysis - The Wine Market in China, October 2016

Further nuances exist within regions; for example, white wine is increasing in popularity in certain regions which consume large amounts of seafood (e.g. South East China). The varieties of wine locally produced in a region also has an impact on consumption of imported wine. For example, the eastern provinces produce a certain amount of chardonnay. In view of this it is recommended to further examine preferences on a regional basis when considering the suitability of a region for a specific wine.

Table 5-1: General wine style preferences by region

Region	General preference
East	Earthy, rich reds or fresh and fruity wines when warm
West	Elegant, softer styles
North	Bolder, dry reds
South	Smooth reds

Source: based on <https://www.wineaustralia.com/news/market-bulletin/issue-67>; and <https://nhglobalpartners.com/chinese-wine-market/>

A further flavour-related consideration is food pairing. Due to the difference between European and Chinese palates, food and wine may be paired differently. For example, spicy food may more commonly be paired with a sweet white in Europe, while in China a full-bodied red may be preferred as the tannins that enhance the spicy flavour are favoured over wines that would diminish the sensation.⁵⁰ On the issue of tannins, there are mixed feelings among Chinese consumers. On one hand, the Chinese are used to tannins from tea and older, more conservative consumers like tannic wines. On the other hand, tannins may be seen as a negative characteristic by some consumers, younger consumers in particular.

Generic descriptors (e.g. smooth, fruity, sweet, mellow) are more commonly used to communicate on flavour than specific descriptors 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 decisions of Chinese consumers do not seem to be greatly impacted by the use of descriptors alone. For reference, the most recognised grape varieties in China are, in order: Cabernet Sauvignon; Pinot Noir; Merlot; Syrah / Shiraz; and Chardonnay.

There is a group of consumers that focus specifically on **origin, brand and reputation**. While the quality of domestic production is increasing, foreign wines are still seen as being superior. The connoisseur / prestige orientated consumer – more likely to be in their 30s or middle age – is particularly driven by this consideration. However, it is also a notable consideration of consumers buying for formal occasions where wine is gifted and consumed. In such situations, giving face to the recipient is a key consideration – more so than e.g. taste, meaning that the brand reputation and price will be the most important factors behind the purchase. French wines, Bordeaux in particular benefit from this consideration – the Bordeaux origin has long been recognised as prestigious. Corked wines are generally preferred by consumers who focus

⁵⁰ 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/>

on prestige; and simple, traditional labels may help attract these consumers.⁵¹ The focus on origin and heritage / reputation in particular provides a potential focus point for the promotion of wines from lesser known countries. This is particularly true if the wine in question is handcrafted; this can provide an important selling point to try to attract some Chinese consumers.

Despite a strong focus on origin and prestige among more mature consumers, younger consumers often take the **novelty** of a wine into account when making their purchase decision. Many new and developing consumers want to explore new wines and educate themselves about wine types and origins. This provides opportunities for wines that may not be as historically strongly associated with prestige in China.

Finally, a key overarching factor which impacts consumers' purchasing decision in China is that of **digital promotion and social media**. While this is true of all products in China, arguably it is particularly important in the wine market, not least due to the more luxury nature of the products and the strong use of the e-commerce channel for wine distribution.

Wine on retailers' shelves in China

In terms of pricing:

- Economy wine generally retails in the range of CNY 40 to 150 (EUR 5.40 to EUR 20) per 750ml bottle.
- Mid-range still wine generally sells between CNY 150 and 300 (EUR 20 to 40) per 750ml bottle
- Premium still wine starts at CNY 300 (EUR 40) per bottle but super premium wine selling in excess of CNY 1 000 (EUR 133) per bottle can be found

It is worth noting that roughly half of the red and sparkling wine sold in China plus around three quarters of white and rose wine retails at over CNY 100 (EUR 13.40) per bottle.

Below: wine sections in large supermarkets can be extensive. Red dominates.

⁵¹ Drinking at Chinese Business Banquets: A Primer <http://blogs.wsj.com/scene/2013/06/28/drinking-at-chinesebusiness-banquets-a-primer/>



Above: grape wine section in a major supermarket. Selection is extensive.



Above: smaller modern retailers also stock wine, though the selection is more limited.

In terms of packaging and size, 750ml glass bottles are the standard. There is a very limited range of 187ml bottles and larger bag in box is rare. However, as already noted packaging is an important purchase criterion for consumers; therefore products with eye-catching and unique packaging may be found (see below). Overall, corks are better seen by Chinese consumers than screw tops. The former is widely considered an indication of a quality/authentic product.

A packaging trend worth noting is that of “blind box” packaging – a mystery box containing a selection of wines at attractive prices. While this trend is still in its early stages, it is increasing in popularity and being used both for some premium wines and for clearing inventories of existing stock.



Above: packaging may be used to try to attract consumers, as may supermarket layout.

QR codes on bottles tops and/or labels have become common in recent years. These serve multiple purposes: they help confirm the authenticity of the product; allow interaction with manufacturers (including e.g. prizes); and subsequently allow manufacturers to collect some consumer data.



Above: while there is typically some organisation by origin, this separation is not always strictly adhered to and clearly indicated.

Pictures: © Agra CEAS / Euromonitor International, 2021.

5.3.2.3 Recent market trends

Wine consumption suffered significantly during the COVID-19 pandemic, with a more than 20% decrease in consumption (volume terms) between 2019 and 2020. The main reason for this was simply a reduction in popular drinking occasions, with lockdown measures causing a sharp fall of wine consumption in bars, restaurants and social gatherings .

In addition to demand side shocks, the market also faced some strong supply side shocks in 2020. Both domestic production and imports were affected to some extent by the pandemic. However, the biggest supply side change was the imposition of tariffs of up to 212% on wines from Australia, with these entering into force in November 2020 and are announced to be in place for 5 years. The full impacts of this are still playing out, but it is clear that Australia, previously the largest supplier of imported wine, will be overtaken by other countries as a result. There is a notable gap in the market for wines similar to shiraz already emerging, with South Africa and Chile having benefitted to a high extent from this. Chile (benefiting from duty-free imports in China) and EU are expected to be the main suppliers of wine on the Chinese market in absence of Australia.

The outlook for wine as a whole looks subdued. However, sparkling wine is an exception with increased consumption among young consumers – particularly during parties, celebrations and gatherings. Demand for this category is expected to increase in the coming years. Champagne specifically maintains a position as a status symbol and may benefit from increased demand during the expected pandemic recovery.

There was previously a trend of tier 2 and 3 cities being widely considered as developing markets for wine which would spur growth of overall wine consumption in China; this had led some domestic producers to turn their marketing attention to tier 2 and 3 cities. This trend was unsurprisingly interrupted by the pandemic, and while there are indications it may resume, the growth of these markets is not presently expected to be sufficient to reverse the forecast broader market decline. Nonetheless, it should be noted that the Chinese government has recently launched initiative to support domestic wine production and consumption. This may, in turn help boost wine consumption more broadly (both domestic and imported).

There has been a strong shift towards the purchase of wine through e-commerce channels over recent years, and the COVID-19 pandemic further boosted it. ¾ of wine consumers have reported purchasing wine through e-commerce channels so far this year (2021). Another beneficiary of the pandemic has been organic wine. The market for organic wine in China has been emerging slowly in China over recent years with some producers focusing on this niche. However, following the pandemic, interest in organic wine has increased on the back of a wide interest in organic and natural products.

Finally, the gift market for wines (including gifts for family) should not be overlooked – particularly in view of the recent lack of drinking occasions as a result of the pandemic. Chinese New Year (late January / early February) and mid-autumn festival (mid-late September / early October) are 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.⁵²

⁵² Euromonitor International: Alcoholic Drinks, 2021.

5.3.3 Offer

5.3.3.1 Domestic production

China has the second largest planted vineyard area in the world after Spain, with around 850 000 hectares under cultivation. However, production volumes do not reflect the extent of the area under vines because most vineyards are used for table grapes production, in which China is global leader; according to the most recent figures available, the country produced 660 million litres of wine in 2020, with volumes having decreased in recent years from a peak of over 1.3 billion litres in 2012.⁵³

Yantai-Pengla is the largest wine producing region in China with around 150 wineries and around 40% of China's total wine production. Other notable wine producing regions include Beijing, Zhangjiakou (Hebei), Yibin (Sichuan), Tonghua (Jilin), Taiyuan (Shanxi), and Ningxia, which has been officially identified mid-2021 as the National Development zone for wine in China

The main varieties of grape grown are Cabernet Sauvignon, Cabernet Gernischt (which is genetically identical to Carménère), Merlot, and Marselan.

Chinese wine is mainly consumed domestically, although it can only meet around 50-60% of demand, meaning that the balance has to be imported. The growth potential for wine consumption is huge on the Chinese market since current consumption levels are very low (less than 1 litre per person per year, i.e. around 1/50th of EU wine-producing countries). Furthermore, imports have traditionally been seen as higher quality. Grape cultivation is more challenging, as reflected by the lower yields, leading to high costs and lower efficiency. This is exacerbated by the limited capacity of the smaller companies that account for a large part of the Chinese wine sector (though there are some large players with greater capacities as well). The culture of grape wine is generally less developed, and for a long time this was reflected e.g. in the lack of standards. However, some of the underlying challenges are changing and as a result, the perception of domestic wine is beginning to change as it increases in quality. For example, various national standards have been issued including those on "Wine Grapes" (T/CBJ4101-2019) and "Oak Barrels" (T/CBJ4102-2019), both in 2019. The China Alcoholic Drinks Association (CADA) released a draft of the "Grape Wine Producing Area" group standard in 2019, with the aim of further standardising the development of the industry. Finally, a local standard and the first technical standard system within the domestic industry for the protection of geographical indication products - "Technical Standard System of Helan Mountain East Foothill Grape Wine" – was also released at the end of 2019.⁵⁴ This Helan Mountain East Foothill Grape wine is included in the list of 100 Chinese GIs protected in the EU through the EU-CN GI agreement and is produced in the Ningxia province, which has been recently designated as the National Development Zone for wine in China.

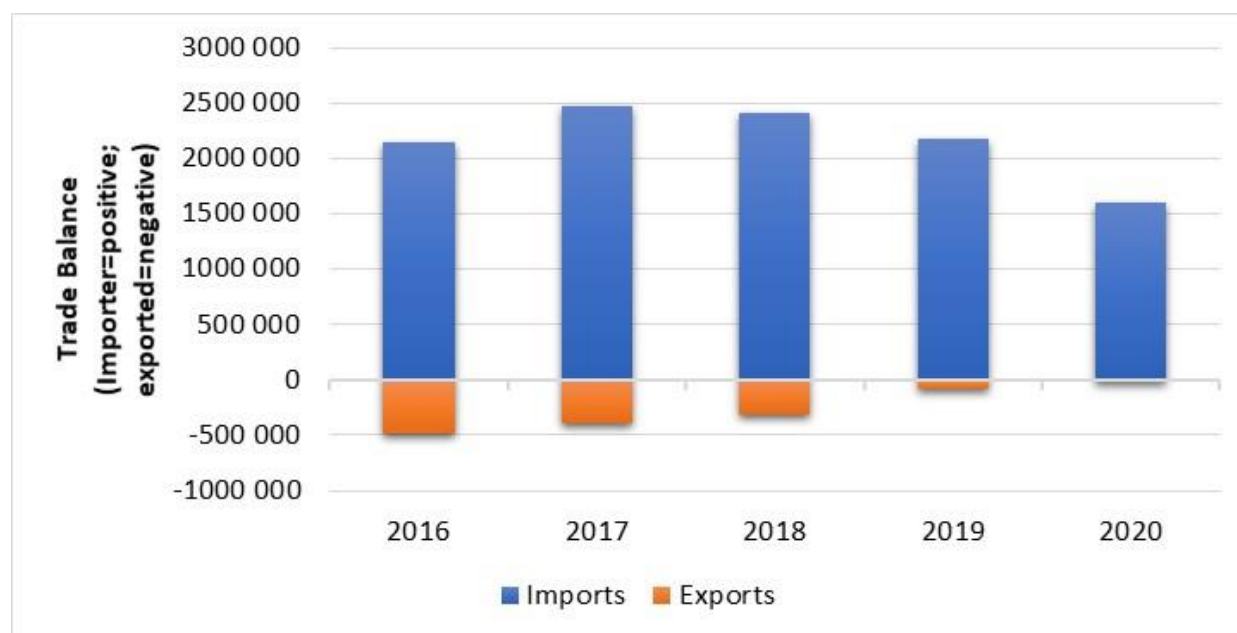
⁵³ <https://www.oiv.int/public/medias/7909/oiv-state-of-the-world-vitivinicultural-sector-in-2020.pdf>

⁵⁴ Euromonitor International: Alcoholic Beverages, 2021; <http://en.winesinfo.com/html/2017/8/194-72775.html>; <https://www.decanterchina.com/en/regions/china/>; <https://winefolly.com/deep-dive/a-primer-to-chinese-wine-regional-guide-with-maps/>

5.3.3.2 Imports and exports

China remains a significant net importer of wine, as shown in Figure 5-11. However, the level of imports has been declining since 2017; in 2020, the value of imports was EUR 1.6 billion, down around a third from a peak of EUR 2.47 billion in 2017. Exports have fallen over the same period, from just under EUR 500 million in 2016 to EUR 22 million in 2020. These falls in both imports and exports reflect to some extent the contracting wine market and the increases in both quantity and quality of domestic production.

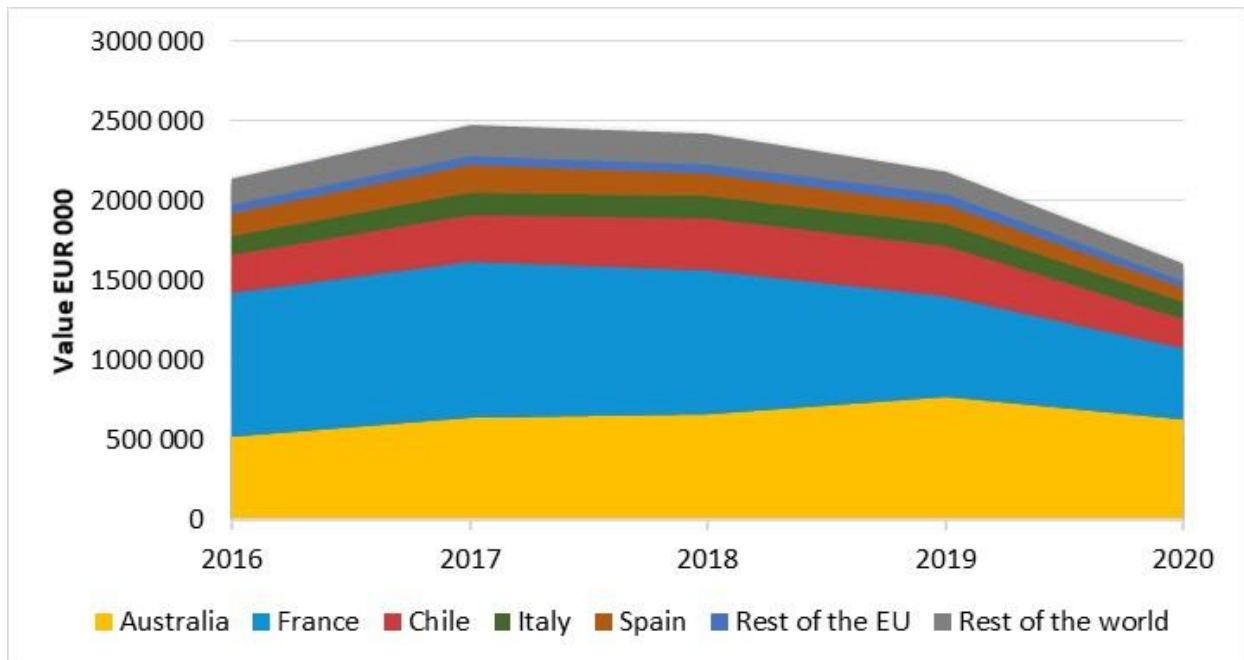
Figure 5-11: Trade balance (imports and exports) of wine in China, 2016-20; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2204.

Australia was the main origin of wine exports to China in 2020, having overtaken France in 2019. This is though largely due to a decrease in French exports rather than increases in Australian exports. However, Australian exports increased significantly in 2015 following the entry into force of the FTA between China and Australia. More recently Australian imports have been adversely impacted by the imposition of tariffs of up to 212% after November 2020 (see also section 5.3.2.3) which have been announced to be in place for 5 years. Against the background of these trade difficulties, Australia is unlikely to maintain its position as the number one exporter to China. Chile, Italy and Spain are the third, fourth and fifth largest exporters of wine to China with values of EUR 193 million, 101 million and 86 million in 2020 (Figure 5-12).

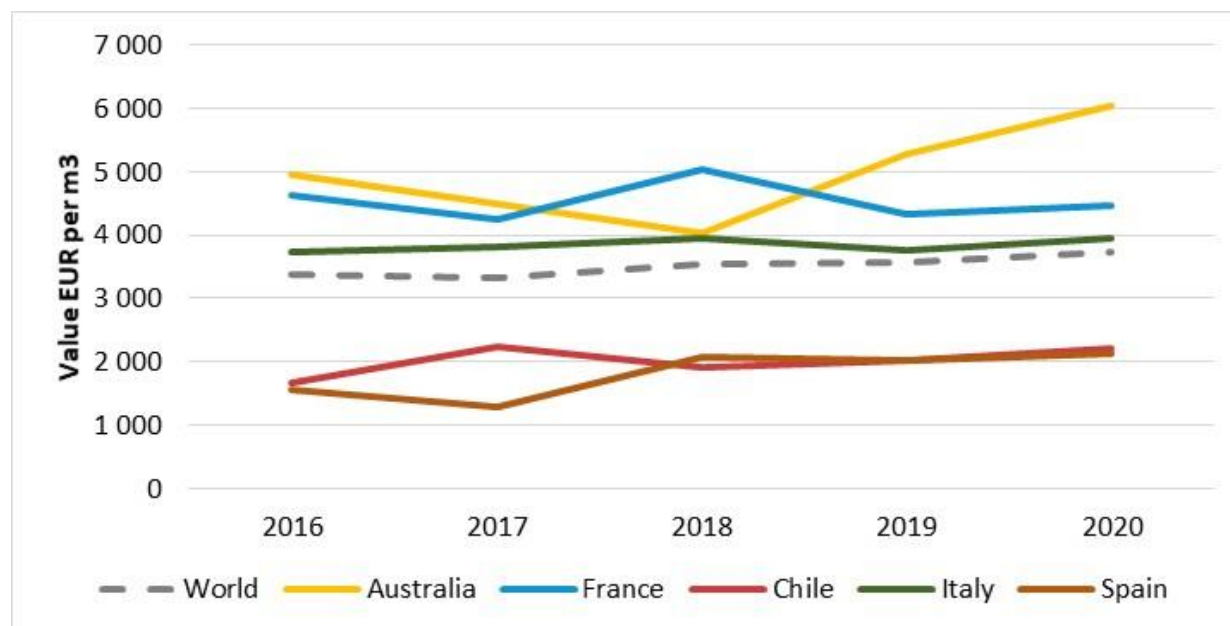
Figure 5-12: Chinese imports of wine by country, 2016-20; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2204.

Australian wine had the highest unit value in 2020, having increased greatly in 2019 and 2020 (Figure 5-13). While the unit value of Australian wine has consistently been above the world average, it has somewhat fluctuated. French and Italian wines have consistently had unit values above the world average (20-40% above in the case of French wines; 5-10% in the case of Italian wines). Chilean and Spanish wines, on the other hand, have consistently had unit values below the world average. The world average unit import value stood at EUR 3 742 per m3 in 2020, up from EUR 3 367 in 2016.

Figure 5-13: Chinese imports of wine by country, 2016-20; Value EUR per m3



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2204.

5.3.3.3 EU GI products

Wines are by far the most represented sector in the list of EU GIs protected under the EU China GI agreement (more than half of the 96 EU GI names are EU GI wines). Please consult the table in section 8.5.1 for a full list. As set out in section 4.2.4, the list is due to expand in the coming years and will include many more GI wine names (see section 8.5.2) Protection of iconic EU GI wine names through the EU-CN GI agreement against imitation and usurpation in China should benefit EU wines.

5.3.3.4 Main competitors

The main competitors to European wine has for some time been Australia and Chile who both benefit from duty-free imports into China through FTA while EU wines are facing an import duty of 14%. Chinese production has not been of high enough quality to be considered a direct competitor to EU imports, while Australia has been the dominant source of wine imports since the FTA agreement signed in 2015. However, in view of recent events, this situation is changing. As it has been announced that the tariffs of up to 212% on Australian wine that were introduced in late 2020 will remain in place for 5 years, the country is unlikely to remain a major competitor on the Chinese market. Indeed, Australian winemakers are actively targeting other markets, a tacit acceptance that their product cannot be competitive in the face of these tariffs. At the same time, while arguably the quality of domestic production on average remains somewhat behind that of imported wines, there are clear signs that quality is improving. Indeed, some Chinese wines are beginning to gain international recognition.⁵⁵ Against this background, the main competition to European wines is likely to come from other imported wines, with Chile being a notable and consistent competitor

⁵⁵ <http://www.the-buyer.net/opinion/janet-wang-viticultural-revolution-chinese-wine/>

in this regard in particular since Chilean wines benefit from duty-free imports into China. However, Chilean wines tend to target the economy segment. Some competition from higher quality domestic production can also be expected.

The high-level of counterfeiting on the Chinese wine market is also a notable issue for EU quality wines, which reputation is abused through imitation from non-genuine products.

5.3.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for wine notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, wines generally face ad valorem tariffs of 14%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general wine category (2204) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2204&origin=FR&destination=CN>

Standards, SPS measures

GB 2757-2012 National food safety standards for distilled spirits and liqueur and GB 2758-2012 Fermented Alcoholic Beverages and Formulated Spirits are the main standards applicable for wine.

Discussions have been initiated about the possible accession of China to OIV the International Organisation for Wine. Even if adoption of OIV standards remain ultimately optional for OIV members, the possible accession of China to OIV would likely lead to a better alignment of wine production standards in China with international standards.

Labelling

Wine must conform to the labelling requirements for packaged foods set out in section 4.2.3.

Additional labelling requirements for alcoholic beverages are included in GB 2757-2012. Labels must include:

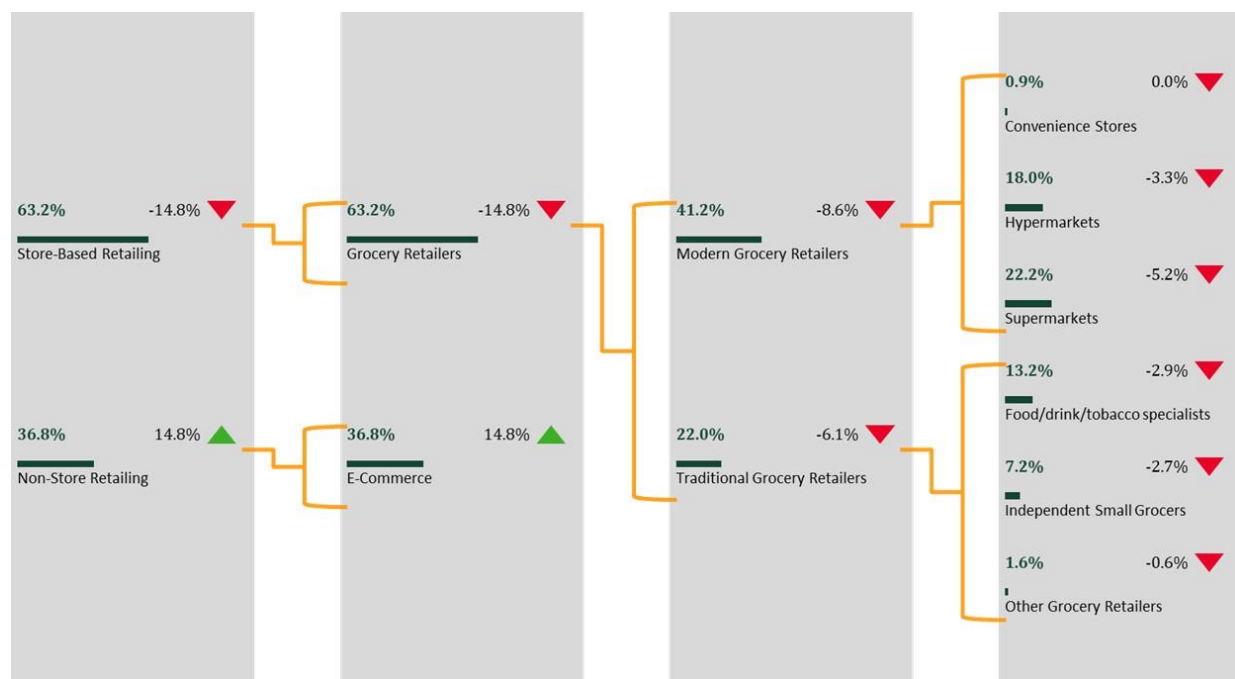
- Alcoholic content in % of volume
- The indication “excessive drinking can be harmful to health” in Chinese (过量饮酒有害健康·孕妇不宜饮酒。)
- Drinks with over 10% alcohol by volume are exempt from the expiry date requirement.

A draft revision of national labelling standard GB 7718 and a draft regulation on food labelling supervision and management are under discussion (see earlier). Once adopted these new labelling requirements will represent important new market entry requirements to be met and may have notable implications on the wine sector.

5.3.5 Distribution

Figure 5-14 shows the off-trade distribution channels. While modern retail channels combined remain the most popular distribution channel (41% combined), e-commerce has grown rapidly over the last three years (almost 15%) and now accounts for just under 37% of off-trade wine sales by volume. Indeed, e-commerce accounts for a higher volume than supermarkets or hypermarkets do individually. Supermarkets have been the biggest loser as the popularity of e-commerce has increased. Traditional retailers play a small and declining role with just over a fifth of total sales, most of which occur through food / drink / tobacco specialists.

Figure 5-14: Distribution channel overview of wine in China (2020); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2021.

Specifically within the e-commerce channel, while wine products are frequently found on the mainstream platforms such as Tmall and JD.com, as well as grocery focused Pinduoduo, there are also specialist wine retailers. These include Lady Penguin, Yesmywine.com and 1919.cn.

In addition to the off-trade channels, it is important to note that a notable proportion of imported wine is sold through the on-trade in hotels and restaurants, as well as bars. Historically, a large proportion of the wines distributed in China pass through wholesalers, and while e-commerce is changing this to some

extent, wholesalers still frequently play a role. There are numerous wine trade exhibitions across China. Given that wholesalers and distributors are often regional, these can provide a way to target a specific city or area in China (and the relevant partners). They may be particularly effective in tier 3 and 4 cities, given the high level of overall fragmentation of the market in China.

The margins along the distribution channels for wine in China ultimately lead to high consumer prices, further supporting the luxury product image of wine in China.

5.3.6 Challenges for EU products

Arguably the biggest challenge is that, after a long period of expansion, the market for wine has stagnated in recent years. This is in spite of the theoretical tailwinds from economic expansion, the growing middle class and young consumers. Against this background of a stagnating market, increases in the quality of domestic production provide an additional threat. All that said, the Chinese government has recently taken action to boost domestic production and consumption; and this may ultimately help reverse the stagnation trend.

Price competition from other wine exporting countries like Chile who benefit from duty-free imports into China through a FTA is also a challenge for EU wines who face a 14% import duty.

Historically, IPR has been a notable challenge for wines, with a high level of counterfeiting on the Chinese wine market in which the reputation of EU GI wines is negatively impacted and one notable case of an EU GI being registered in China by a local entity and the entity then using the GI to sell the wine. IPR challenges remain a big issue on the Chinese wine market. In this context implementation of the EU-CN GI agreement should help protecting the names, image and quality reputation of iconic EU GI wines.

Finally, while marketing and finding a niche is often a must for products on the Chinese market, the need for both is arguably accentuated in the case of wine, with its status as a more luxury product. Marketing strategies tailored to the different Chinese market segments have the potential to significantly boost wine consumption in China, a market with huge growth potential.

Market Takeaway: Wine

Consumption: Massive wine market, though growth has been stagnating in recent years. Huge growth potential due to the currently low level of individual consumption. Red dominates. Various different consumer types with the market maturing. Wine still largely seen as a luxury product in China with high consumer prices.

Competition: Historically Australia and Chile. However, very high tariffs recently imposed on Australian wines mean that going forward competition is more likely to come from other import origins like Chile and high-quality domestic wine.

Distribution: E-commerce is now a major channel, accounting for close to 40% of the distribution. Modern retailers however just about remain the dominant channel.

Challenges: stagnating market and the emergence of some domestic quality wine production. High-level of counterfeiting and imitation of high-quality EU wines. Marketing and finding a niche in different market segments are important for wine products to be successful.

Opportunities: despite the market stagnating recently it remains massive and varied; and the tariffs on Australian wine, though temporary for 5 years, create a large supply gap in the market. Sparkling wine is bucking the general market trend and growing well. Chinese government support to domestic wine production also expected to boost wine consumption, both for domestic and imported wines.

5.4 Spirits

5.4.1 SWOT analysis

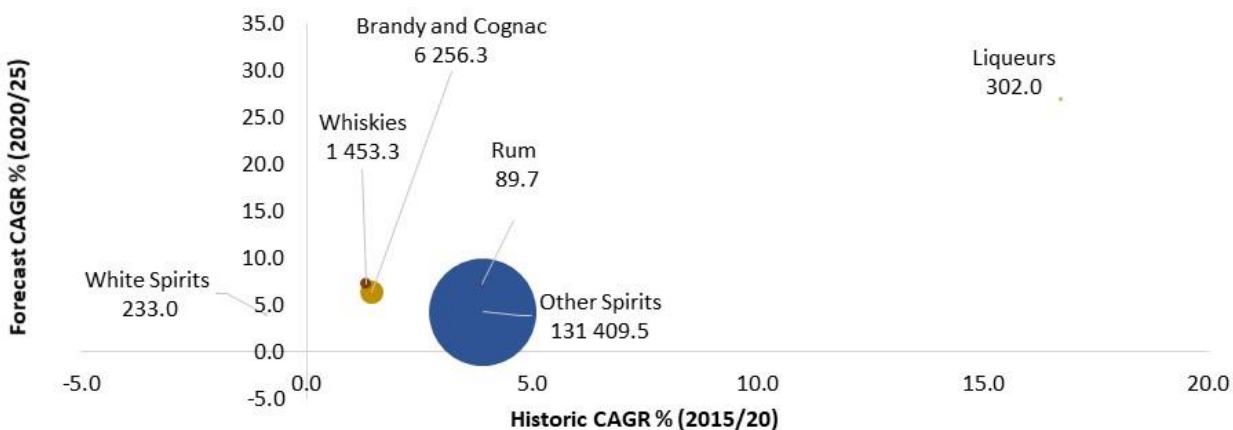
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Premium imported spirits are generally considered an indicator of social status and luxury products. ▪ All segments are forecast to grow quite well in coming years in value terms. ▪ European products are long established in the market and well regarded. 	<ul style="list-style-type: none"> ▪ Baijiu is by far the most popular spirit, with other markets minute in comparison. ▪ Despite market growth, the overall volume of spirits being consumed is falling, with the traditional drinking culture.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Many imported spirits are consumed mainly through on-trade channels, and the re-opening of these channels should boost consumption. ▪ Liqueurs are growing at a very fast rate, offering good opportunities. ▪ Opportunities among young consumers, with cocktails particularly appealing to some new drinkers. 	<ul style="list-style-type: none"> ▪ Traditionally European spirits have faced significant IPR challenges. ▪ There is increasing indirect competition in the premium area from high-quality baijiu. ▪ Any continued impacts on the on-trade channel may adversely affect imported products.

5.4.2 Consumption

5.4.2.1 Evolution of consumption

As can be seen in Figure 5-15 below, the market for spirits in China is dominated by the “other spirits” category. This is due to the massive popularity of baijiu (domestic spirit) in the country. The market for other spirits was worth EUR 131.4bn, more than 20 times the size of the next largest segment of brandy and cognac (EUR 6.3bn). The other spirits segment has grown at 3.9% per year in recent years and is forecast to grow at 4.2% per year over the next five years. In contrast, brandy and cognac have grown more slowly at 1.5% per year over the last five years but are forecast to grow at a more rapid 6.3% per year going forwards. The growth of whisky – the third-largest segment (EUR 1.45bn) – is similar, with a historical growth of 1.3% per year and forecast growth of just over 7% per year. Among the remaining categories, liqueurs (EUR 302m) stand out for their rapid growth rates – just under 17% per year over the last 5 years, and 27% per year going forwards for the next five years.

Figure 5-15: Evolution and forecast of spirits market in China, 2015-2025; total value, EUR millions



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.4.2.2 Consumer profile and purchase criteria

Consumers

Alcohol consumption dates back to 7000 B.C. in China and is, therefore, a very important part of the country's culture. Baijiu is the country's traditional spirit. While it is powerful taste is popular among traditional consumers (generally middle-aged or older), the young are often less keen on it. Subsequently, a large part of consumers of international spirits are younger, modern consumers; particularly middle-class ones who like to adopt western lifestyles. In addition to this, middle-class Chinese (of mixed ages) that have travelled or lived abroad and have experienced the Western lifestyle are a further notable consumer segment for imported spirits; albeit with some potential overlap with the former.

Upper-middle-class consumers may drink premium spirits, both local and imported, as an indicator of social status. Overall, this creates quite a wide range of consumers of imported spirits. The sweet spot of sorts for imported spirits may be considered middle-class consumers in the 30-40 age range; over 45% of these have been reported to actively look for western spirits, and their generally higher income levels make them able to afford them. Nonetheless, opportunities exist in both younger and older categories.⁵⁶

It is worth bearing in mind that consumers of spirits as a whole are more likely to be male rather than female (around a 60-40 split), and are considerably more likely to live in urban areas.

Looking at consumers by category of imported spirits, notable consumer groups of each category are:

- **Whisky:** Tier 1 and tier 2 cities, higher income males over the age of 40; though there is increasing interest in consumers under this age. Consumption is greater north of the Yangzhou river.

⁵⁶ <http://www.china-briefing.com/news/2017/07/20/sales-import-manufacture-alcoholic-beverages-china.html>;
<https://daxueconsulting.com/spirits-market-china/>

- **Cognac:** as the product is often gifted or consumed at important business meals, the range of consumers is somewhat wider. Consumption is greater south of the Yangzhou river.
- **White spirits:** mainly consumers under 40 as they are more open minded, and gin and vodka are quite new spirits on the market. Stronger popularity among women than for spirits as a whole due to novel flavours (e.g. fruit flavoured vodkas) and the ability to mix. The consumer group for **liqueurs** is similar for the same reasons.

Drivers and methods of consumption

Spirits are mostly consumed during meals, as reported by 85% of Chinese consumers. The Chinese culture puts a heavy emphasis on social drinking, i.e., drinking during formal occasions and celebrations. Traditionally, drinking spirits is considered part of the working life, and consuming alcoholic beverages on the occasion of business dinners can help to develop work relationships and even sealing deals, though the anti-extravagance campaign launched by the government in 2013 has curbed this practice to some extent.

Whereas baijiu is almost always consumed by itself, imported spirits may be mixed. Consumption occasions for imported spirits such as cognac and whisky are broadly in line with those for spirits in general – i.e. formal occasions and celebrations. However, these products can also be seen as high-class gifts for men; this is particularly true for cognac. Increasingly, they are consumed for pleasure outside these formal occasions; and some bars dedicated to these products are emerging. White spirits on the other hand are more likely to be consumed in on-trade channels, and to be mixed. Indeed, bar and club culture is a notable driver of white spirits and a reason for their popularity among younger consumers. Certain liqueurs such as Irish cream and Jaegermeister are more likely to be consumed during special occasions.

Purchase criteria

Brand and image are key purchasing criteria for spirits. This is both true of imported spirits and more premium baijiu. The history of a brand and the image that product projects are important considerations, and it has been seen for a while that an online presence can help communicate these aspects. Ultimately, luxury/premium spirits are considered an indication of social status. Despite this importance of brand, there not all consumers have yet developed brand loyalty so there is the potential for new entrants to capture parts of the market. Specifically, on the issue of image, a marketing campaign – particularly those which use key opinion leaders (KOLs) may assist with promoting the image. Generally for imported spirits it is important that the brand is seen as luxury.

In view of the importance of brand and image, it is unsurprising that packaging can be an important factor in the purchase decision for spirits. Successful packages are targeted at specific consumer segments and they are original and colourful.⁵⁷

⁵⁷ <http://www.nielsen.com/cn/en/insights/news/2017/Nielsen-Consumption-Boosts-Liquor-Market-in-China.html>; <https://blog.hutong-school.com/what-do-you-know-about-drinking-china/>; <https://daxueconsulting.com/spirits-market-china/>; <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5537928/#CR15>

Spirits on retailers' shelves in China

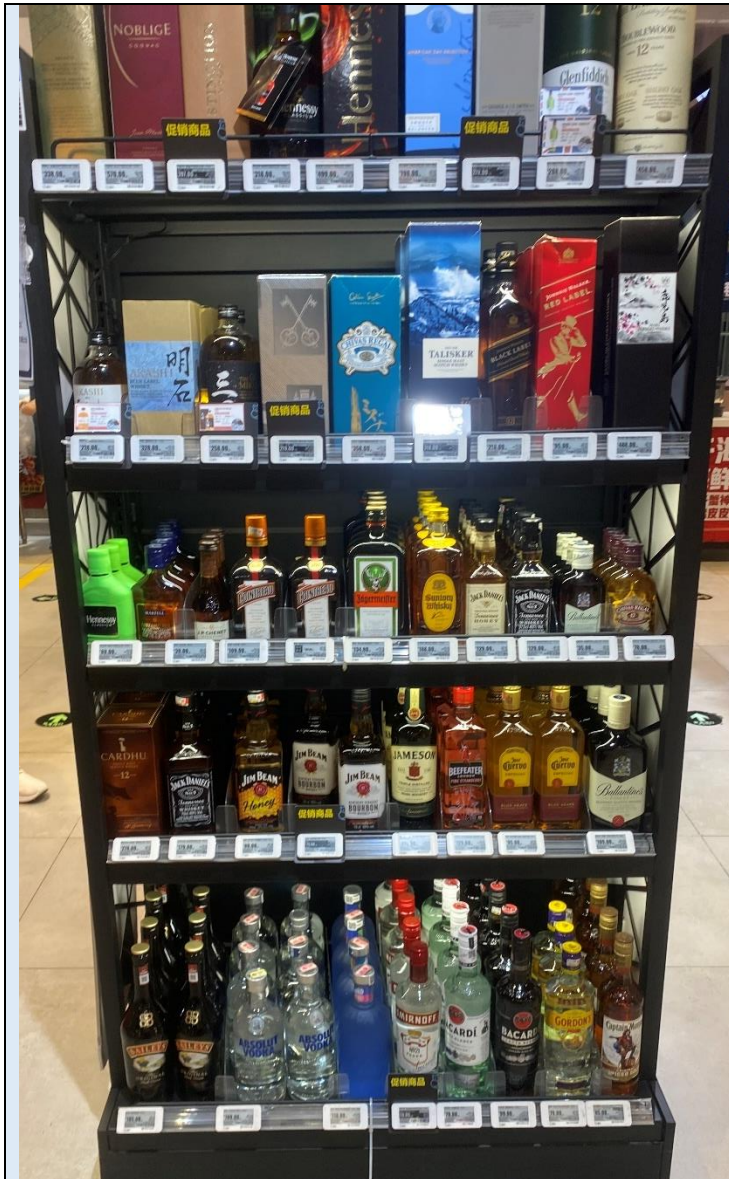
In terms of pricing, the price is inevitably affected by the type of the spirit. Nonetheless, in very broad terms:

- Economy imported spirits retail between CNY 100 and 300 (EUR 13.40 and 40)
- Mid-range imported spirits retail between CNY 300 and 800 (EUR 40 and 107)
- Premium spirits retail from CNY 800 upwards (EUR 107)



Above: spirits section in a supermarket. While baijiu dominates, other spirits have their own section.

700ml glass is the most common format and form of packaging. Other sizes such as 750ml, 500ml, 350ml and 200ml can occasionally be found. While there was a trend towards smaller pack sizes pre-pandemic, this has subsequently slowed somewhat.



Above: imported spirits display in an online-to-offline retailer

As is the case with wine, QR codes on bottles tops and/or labels have become common in recent years. These serve multiple purposes: they help confirm the authenticity of the product; allow interaction with manufacturers (including e.g. prizes); and subsequently allow manufacturers to collect some consumer data.



Above and below: in line with the luxury status of many spirits, packaging is important. Displays may also be set up to reflect this luxury status.



Pictures: © Agra CEAS / Euromonitor International, 2021.

5.4.2.3 Recent market trends

While the five year growth figures do not reflect it, the spirits market contracted significantly in 2020 when compared to 2019. This was an inevitable result of lockdown measures, which curbed social gatherings and drinking occasions. While all spirits suffered to some extent, baijiu in particular suffered from this. Other spirits which are normally heavily consumed through on-trade channels such as tequila, gin and vodka also suffered; while some whiskies held up better due to their increased consumption through off-trade channels. E-commerce sales did benefit to some extent at the expense of all other channels, both on and off-trade. Indeed, some international brands decided to specifically target e-commerce channels to a greater extent in view of the pandemic and consumer shift to this channel. On trade channels have recently returned more or less to normal, and so demand for spirits through these channels has also returned.

There has also been a premiumisation trend over the last years, which is likely to continue going forwards. As previously noted, higher income and aspirational consumers tend to communicate their status through

premium products, with spirits being a strong example of this. Producers continue to position products and perform promotional activities to take advantage of this.

Similarly, the trend in cocktails amongst new generations (women in particular) is expected to resume once on-trade outlets open to a greater extent; though the consumption of these cocktails remains more focused in the quieter bars with more premium offerings that are more likely to be found in tier 1 and 2 cities.

Finally, two other notable recent trends are smaller packaging and low alcohol spirits. The smaller packaging trend is a result of finding a way to make products more affordable. The lower alcohol trend is most notably driven by female consumers, some of which are attracted by the combination of lower alcohol content and sweeter taste of products such as liqueurs. While male consumers continue to form the majority of spirit consumers, the percentage of consumers that are female is increasing (estimated in the 35 to 40% range).⁵⁸

5.4.3 Offer

5.4.3.1 Domestic production

Domestic producers dominate the market with sales of baijiu, which itself maintains approximately 98% of the market share of all spirits by volume, with products ranging from low to ultra-high price points. Annual Chinese production of baijiu tends to be in the range of 10 to 17 billion litres, depending on the year. Normally there is a peak in production around the period of the Chinese New Year (January-February).

There is production of spirits other than baijiu, though this is more limited. The most notable of this production is brandy – around 140m litres are produced in China in most years. The vast majority of this is consumed domestically though there are some minor exports. While the quality of this domestic brandy production is increasing, production remains limited in volume and somewhat fragmented. Domestic whisky production is small and Chinese whisky can be considered a niche market; the product is barely exported and 2/3 of all whisky consumed in China is imported.

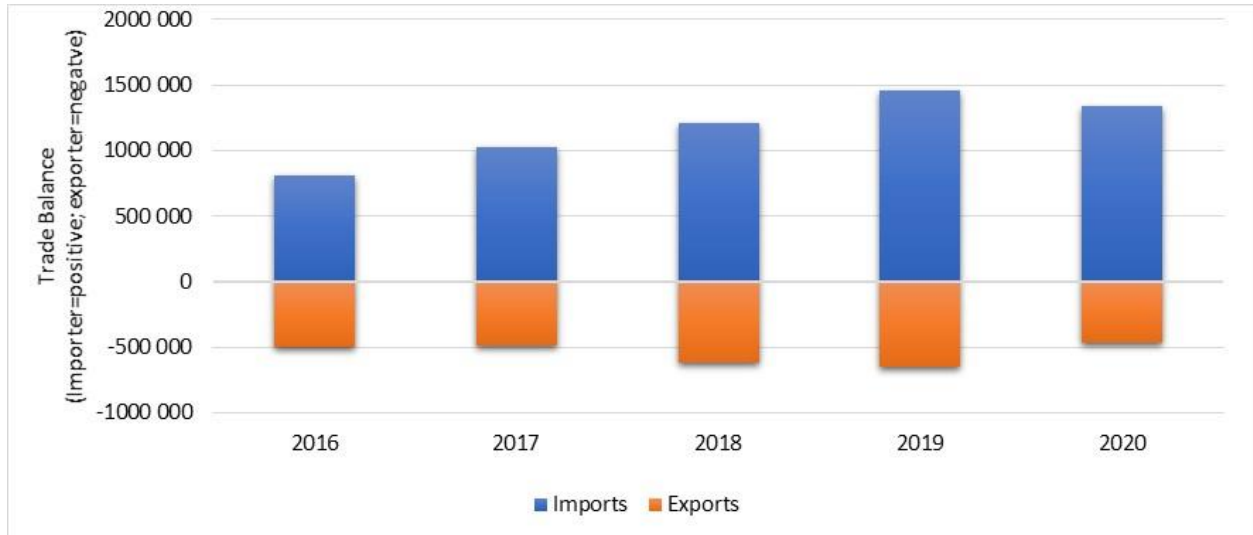
5.4.3.2 Imports and exports

As shown below in Figure 5-16, China is a net importer of spirits. Imports were worth just over EUR 1.3bn in 2020, down slightly from a peak of nearly EUR 1.5bn in 2019. Exports on the other hand were EUR 470m,

⁵⁸ Euromonitor International: Alcoholic Drinks, 2021.

down slightly from EUR 655m in 2019. The Covid-19 pandemic is the likely reason for the interruption of an otherwise fairly steady growth trend in both exports and imports.

Figure 5-16: Trade balance (imports and exports) of spirits in China, 2016-2020; EUR 000

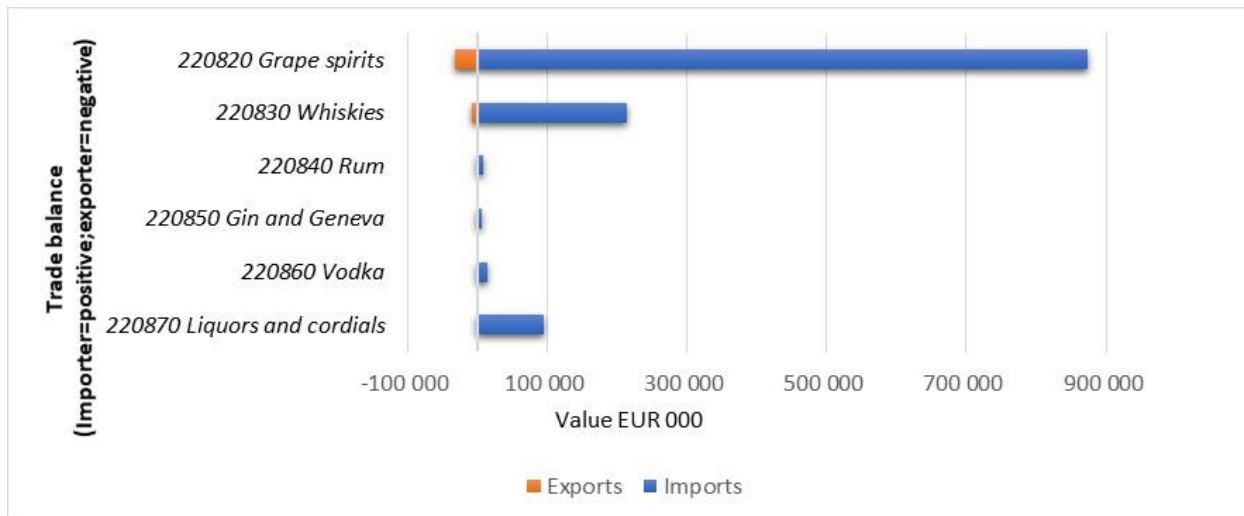


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2208.

As shown below in Figure 5-17, grape spirits (which includes cognac) are the number one imported spirit thanks to the success of cognac on the Chinese market (Cognac is actually the first EU GI product in terms of sales on the Chinese market) they account for around 2/3 of all imports. While China is a massive net importer of the product, there is a small amount of exports. Whiskies are the next most imported product at just over EUR 200m; followed by liquors and cordials (just under EUR 100m). The vast majority of exports is accounted for by other spirits, namely baijiu (not shown).

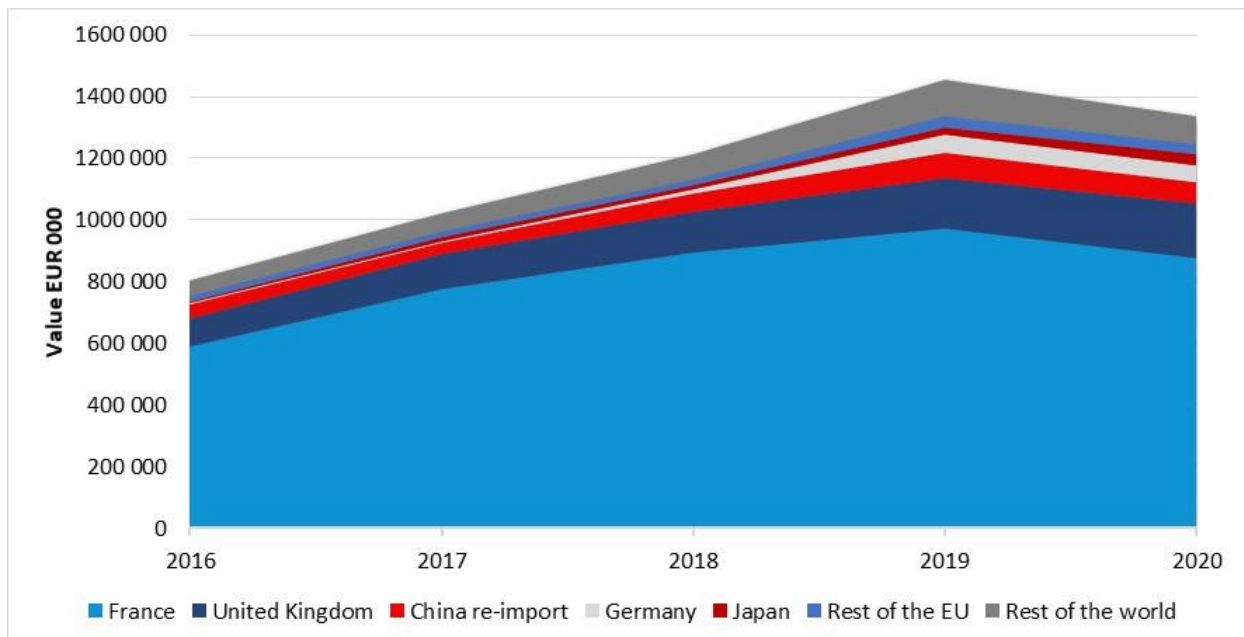
Figure 5-17: Trade balance (imports and exports) of spirits in China, by type, 2020; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Spirit names shortened. CN codes before spirit name.

As Figure 5-18 demonstrates, France is the number one origin of imported spirits; it accounts for roughly 2/3 of imports. This is due to its dominance as an origin of Cognac (grape spirits), which is very popular in China. The UK, which is the number one origin of whisky, is second. Germany and Japan are other notable origins. EU countries other than France and Germany accounted for around EUR 32m of imports combined in 2020.

Figure 5-18: Chinese imports of spirits by country, 2016-2020; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2208

5.4.3.3 EU GI products

Several spirits are protected under the EU China GI agreement at present like Cognac, Vodka from different EU Member States or Irish whiskey for instance. Most notably Cognac is the top selling EU GI in China. Please consult the table in section 8.5.1 for a full list. As set out in section 4.2.4, the list is due to expand in the coming years and will include more spirit products (see section 8.5.2).

5.4.3.4 Main competitors

The main competition in the spirits space comes from the domestic spirit baijiu. This drink dominates the Chinese market for spirits with about 98% in volume terms, and Chinese production is massive. Historically, the domestic and imported spirits markets have been separated to an extent, with the imported products seen more commonly as premium. While arguably they do remain separated, the premiumisation of baijiu is bringing it more in to competition with imported spirits. Among importers, France is dominant due to the large exports of cognac, though there is some competition from UK whisky as well as from Japanese imports more broadly.

5.4.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for spirits notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, spirits generally face ad valorem tariffs of between 5 and 10%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general spirits category (2208) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2208&origin=FR&destination=CN>

Standards, SPS measures

GB 2757-2012 National food safety standards for distilled spirits and liqueur and GB 2758-2012 Fermented Alcoholic Beverages and Formulated Spirits are the main standards applicable for spirits.

Labelling

Spirits must conform to the labelling requirements for packaged foods set out in section 4.2.3.

Additional labelling requirements for alcoholic beverages are included in GB 2757-2012. Labels must include:

- Alcoholic content in % of volume

- The indication “excessive drinking can be harmful to health” in Chinese (过量饮酒有害健康 · 孕妇不宜饮酒。)
- Drinks with over 10% alcohol by volume are exempt from the expiry date requirement.

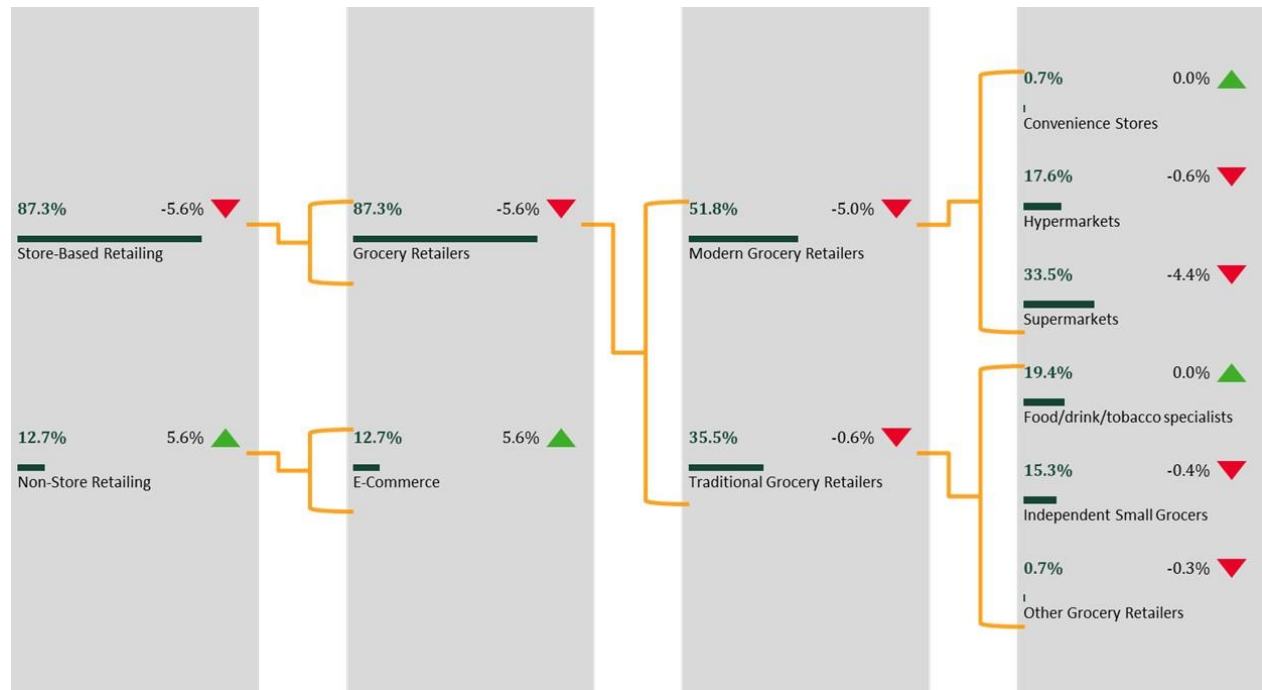
A draft revision of national labelling standard GB 7718 and a draft regulation on food labelling supervision and management are under discussion (see earlier). Once adopted these new labelling requirements will represent important new market entry requirements to be met and may have significant implications on the spirits sector.

5.4.5 Distribution

While retail channels dominate the distribution chain for spirits as a whole, the situation is different for many non-baijiu spirits. The luxury good status has created a reliance on trusted on-trade establishments. While recent figures are obviously skewed by the COVID-19 pandemic, around ¾ of whisky, and 80% of liqueurs and white spirits by volume were sold through on-trade channels in 2020. The exception to this is brandy and cognac; 72% by volume of the category was sold through off-trade in 2020.

In terms of retail channels, modern grocery retailers are the most popular, accounting for just over half of all spirits sold by volume. Supermarkets are the most popular sub-channel. Food and drink specialists account for around 1/5th of sales and are the main sub-channel within the broader channel of traditional grocery retailers. While e-commerce has increased massively in popularity in recent years, further boosted by the pandemic, at around 13% its share of distribution remains well below that of e.g. wine. Nonetheless, e-commerce is presenting a way of reaching a wider geographical range of consumers; controlling directly the e-commerce store may be a way of minimising IPR issues; and margins may benefit. Larger spirits brands have run their own e-commerce stores for several years. Following on from this, a strategy which has previously 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.

Figure 5-19: Distribution channel overview of spirits in China (2020); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.4.6 Challenges for EU products

Counterfeiting has historically constituted a serious challenge to European spirits in China. 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; that said, their importance for spirits distribution is clearly diminishing. A major challenge in this regard is that, as many 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 (e.g. QR codes) have emerged as the main method of tackling this issue. Sales through e-commerce by producers themselves are also a method that has been used. The protection of EU GI spirits through the EU-CN GI agreement should help protecting the image and reputation of EU GI spirits against imitation and usurpation.

Another notable challenge to EU spirits is the increasing indirect competition they face from domestic baijiu as the premiumisation trend continues. This was covered in the competition section above.

Market Takeaway: Spirits

Consumption: Baijiu dominant, accounting for 98% of the market by volume. Nonetheless, the niches for imported spirits are still large in absolute terms. Young and middle-aged middle-class consumers the main ones.

Competition: baijiu poses indirect competition of increasing quality. Cognac is the most popular foreign spirit in China. UK dominant in the whisky area, and some further competition across spirits categories from Japan.

Distribution: for most imported spirits, on-trade is the key market. However, for cognac, as is the case for baijiu, the off-trade market is more important. Modern retailers dominate though e-commerce gaining ground.

Challenges: Traditionally, massive IPR issues, though ways of tackling these to some extent have emerged. Competition getting.

Opportunities: opening of on-trade establishments likely to give a big boost to most imported spirits. Liqueurs in particular are growing at a very fast rate and show good promise. Names of iconic EU spirits will be protected through the EU-CN GI agreement.

5.5 Olive oil

5.5.1 SWOT analysis

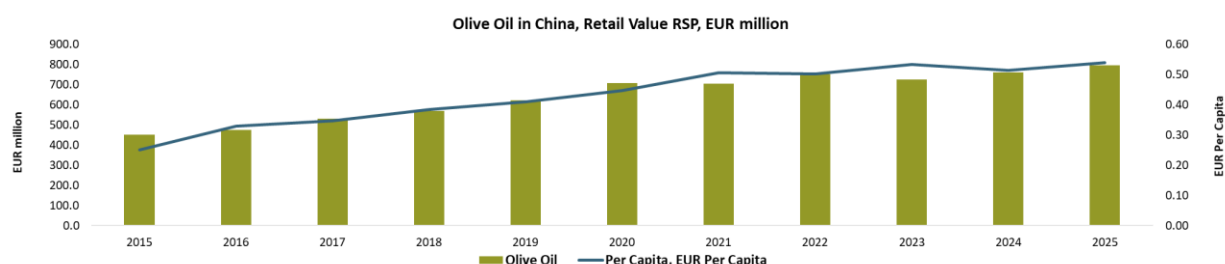
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> The olive oil market is forecast to grow between 2020 and 2025. The EU is the main exporter to China and accounted for over 96% of the total export market's value in 2020. Spain and Italy are the main exporting countries. 	<ul style="list-style-type: none"> Other oils dominate the market. Even though the market is forecast to grow, the per capita consumption is forecast to remain at low level.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Health benefits of olive oil are appreciated by some consumers and very much plugs into the broader health trend among Chinese consumers. E-commerce is helping boost availability of the product outside the traditional main markets of tier 1 cities. 	<ul style="list-style-type: none"> Despite improvements among many consumers, the awareness of olive oil and knowledge of how to use it remains low among many consumers. Olive oil contends with oils belonging to the local culinary tradition (e.g. peanut oil).

5.5.2 Consumption

5.5.2.1 Evolution of consumption

The consumption of olive oil shows a general upward trend in recent years, growing at a CAGR of 9.4% between 2015 and 2020 where the market size reached close to EUR 706m. The forecasted average growth rate between 2020 and 2025 is 2.4% per year. The market is forecast to increase to EUR 796m by 2025. Currently, the olive oil market is still quite small for a highly populated country such as China with a per capita consumption of EUR 0.5. The per capita consumption is forecast to remain the fairly stable until 2025, with differences in the overall market due to population changes (Figure 5-20).

Figure 5-20: Evolution and forecast of the retail market for olive oil (value, EUR millions) and olive oil consumption per expenditure, in China; 2015-2020



Source: Euromonitor International: Packaged Food, 2021.

Note: figures for 2020 to 2025 based on forecasts.

5.5.2.2 Consumer profile and purchase criteria

Consumers

Olive oil is a minor oil in China – it accounts for under 1% of the overall edible oil market by volume (though closer to 5% by value). Most purchasers of olive oil are middle-class or affluent consumers from larger

cities who are trading up food purchases for presuming healthier and better-quality choices⁵⁹. Chinese consumers do not ignore the probable health benefits of using olive oil.⁶⁰ Most Chinese olive oil consumers are middle-aged and senior citizens and have a higher educational background.⁶¹ 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. However, the affluent younger consumer segment (20-40-year-old who have spent time abroad and are interested in the western lifestyle and/or are highly health conscious) 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. Finally, culinary enthusiasts, vegan/vegetarians and skin care users are niches with strong interests in olive oil consumption.

Drivers and method of consumption

On-trade consumption has been a notable driver of the olive oil market in China, and in this context the Covid-19 pandemic influenced the market in China. Consumers have been unable or were less likely to go to restaurants so on-trade consumption of olive oil decreased. However, on the other hand as consumers spend more time at home, home cooking became trendy during the pandemic and consumers were open to experimenting with new recipes and ingredients. China's food habits are increasingly westernized, which leads to many consumers cooking European dishes which are more likely to involve the use of olive oil. This trend boosts the wider awareness about and use of olive oil in China.⁶² Indeed the importance of on-trade for olive oil (in particular through Italian restaurants, which are mainly found in higher tier cities and continue to increase rapidly in number in these cities) explains the strong urban bias of olive oil consumers.

Moreover, the health awareness of Chinese consumers was already increasing before the pandemic and was boosted even more during the pandemic. This means consumers pay increased attention to their health and thus are increasingly purchasing products such as olive oil which are supposed to have health benefits. Chinese consumers have developed a taste for olive oil, particularly for extra-virgin qualities⁶³, and are increasingly adding this ingredient to their daily culinary habits. Chinese people are more familiar with the ways of using olive oil than they used to be.⁶⁴ Overall, consumers are most likely to use it raw e.g. as a salad dressing rather than for cooking; and in the cases it is used in cooking, Chinese consumers will generally use it in western dishes. There remains a niche set of consumers which uses olive oil on their skin as a beauty product.

⁵⁹ China Feeds Rush for Australian Olive Oil <https://www.wsj.com/articles/chinese-demand-fuels-australian-olive-oil-rush-1392778853>

⁶⁰ Come Vendere Olio d'oliva in Cina <http://www.east-media.net/vendere-olio-doliva-cina/>

⁶¹ Olive Oil in China's market <http://www.oliveoilmarket.eu/olive-oil-in-chinas-market/>

⁶² Euromonitor International: Packaged Food, 2021

⁶³ Chinese acquire a taste for olive oil

http://www.chinadaily.com.cn/bizchina/chinadata/2014-03/05/content_17323658.htm

⁶⁴ The Olive Oil Industry in China: A Fierce Competition <http://daxueconsulting.com/the-olive-oil-industry-in-china/>;
Come Vendere Olio /d'oliva in Cina <http://www.east-media.net/vendere-olio-doliva-cina/>

As noted above, 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 rarer, olive oil has become a more common gift in these cities. 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 – indeed an estimated 40% of olive retail sales in China are for gifting. Online sales of imported foodstuffs in the run-up to Chinese New Year offer a potentially lucrative market with impressive growth in recent years⁶⁵. 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.

Purchase criteria

Olive oil is not yet a staple oil in Chinese society, as reflected by its small market share. Other cooking oils such as soy oil, rapeseed oil, and corn oil are more commonly used in the Chinese kitchen. Thus, a first purchase criterion is the type of edible oil that is wanted by the consumer. Another important criterion is the price. Olive oil is about 10 times more expensive than the other three oil categories mentioned, which partly explains why it is chosen less. However, consumers with a strong interest in healthy living and food are more likely to choose olive oil over other edible oils besides its steeper price due to it being deemed to be the healthier choice. Consumers interested in cooking and trying out new dishes in combination with the ongoing westernisation also result in consumers choosing olive oil out of curiosity or because it is a required ingredient e.g. an Italian dish.⁶⁶

The quality of cooking oil also is important to many consumers. European Products are viewed to be of high quality which is why consumers trust in European olive oil brands. For some consumers, the size of the packaging is considered before purchase as well. Smaller to mid-sized packages tend to be more popular. On the one hand, because smaller packages are less expensive and on the other hand because the oil is fresher than if it would come in a big pack and stay in consumers cupboards for a longer period of time.⁶⁷

Finally, as is the case with all higher end/luxury goods in China, brand is an important consideration for the consumer and hence promotion is important. Packaging and origin are brand-related considerations which can also influence consumers.

Olive oil on retailers' shelves in China

Products targetting the more economy end of the market will retail at around CNY 50 (EUR 6.70) per 500ml. Those targetting the mid range will typically retail at above CNY 100 (EUR 13.40) per 500ml.

⁶⁵ The Olive Oil Industry in China: A Fierce Competition <http://daxueconsulting.com/the-olive-oil-industry-in-china/>

⁶⁶ The olive oil market in China driven by health-oriented consumers (2020). Available at: <https://daxueconsulting.com/the-olive-oil-industry-in-china/>

⁶⁷ Euromonitor International: Packaged Food, 2021



Above: while other oils tend to dominate the shelves, olive oil typically has its own section as shown in this online-to-offline retailer

While glass bottles are predominantly used for packaging (with PET and metal only used in a few cases and generally for very large quantities), there is wide variation in the volume per bottle. 250ml, 500ml, 750ml, 1 litre and 1.5 litres can all commonly be found. Large volumes from 500ml upwards are more common. Cardboard presentational packaging is also used in some cases (see below). However, while some olive oil is already imported in retail packaging, there is a fair amount which is imported in bulk for packaging in China. The year of harvest should be indicated on label of retail packaged olive oil.



Above: size and packaging varies considerably for olive oil products.



Above: some olive oils use special packaging to entice consumers, as shown in two different supermarkets above.

Pictures: © Agra CEAS / Euromonitor International, 2021.

5.5.2.3 Recent market trends

The following market trends for olive oil have been identified:

- Rising health awareness:** The Covid-19 pandemic boosted the health trend in China. Many Chinese consumers feel very strongly about their health and thus pay attention to what they eat. In particular, married couples over 30 are driving the olive oil consumption based on this trend. Olive oil companies use this trend for marketing purposes and broadcast all different health benefits that are supposed to be related to olive oil consumption - for example, the supposed decrease in

the risk of coronary heart disease due to oleic acids. Overall, proper marketing and developing brand awareness are important as shown by Olivoila which accounts for about 50% of China's olive oil sales by value. One of their best strategies has been their cooperation with a well-known TV cooking show.

Connected to this increased interest in health, demand for organic olive oil in China is increasing, though it remains a niche.

- **Small packaging and innovation:** The Covid-19 pandemic also increased consumers' worries about hygiene. Households are shrinking in size because more people live by themselves or in small family groups. Chinese lifestyles are often hectic and might become more hectic again after the pandemic is over completely. All these trends influence the demand for smaller packaging sizes of olive oil. Big olive oil packs of e.g. several litres might be cheaper than smaller packs but consumers worry that the olive oil might go bad if they take too much time to use it; and it must be remembered that Chinese consumers often do not use it as frequently. Smaller packs are in particular appreciated by the young generation which is used to dine out and has a lot of knowledge on different types of oils and their usage. Smaller packs enable these consumers to purchase a variety of oils for different recipes and cooking styles. Oil pods, offering different kinds of edible oils in one pack have been popular of late. On the one hand this is because the little pods keep the edible oils fresh and on the other hand because the pods are portable and can be used for on-the-go consumption.

5.5.3 Offer

5.5.3.1 Domestic production

China only accounts for approximately 0.2% of the world's total olive oil production. The country does not have the option to mass-produce olive oil because the country does not have the favourable Mediterranean climate, nor does it have enough arable land. Olive plantations are mainly located in areas with subtropical or arid climates such as Gansu or Sichuan. Around 80% of China's olive oil plantations are situated in Longnan, Gansu. Yet, domestic production overall has been increasing a lot during the last decade. For example, in 2000 only around 100 olive oil enterprises existed in China but by 2018 this number increased to up to 2 500 enterprises. The quality of domestic olive oil increased as well. Since 2016 Olivoilà has been the market leader followed by Bellina. However, even though four out of eight leading companies are viewed as domestic, seven of those eight sold European olive oil.⁶⁸

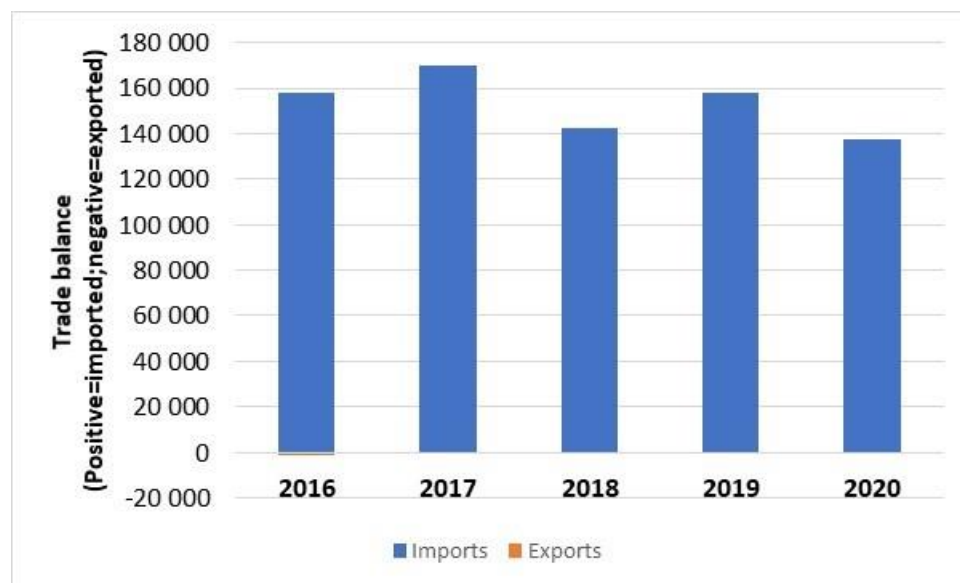
Future competition from domestic brands may also drive further growth in imports as they increase consumer awareness of olive oil creating a larger consumer base willing to trade up their purchases for high-quality imported produce.

⁶⁸ The olive oil market in China driven by health-oriented consumers (2020). Available at: <https://daxueconsulting.com/the-olive-oil-industry-in-china/>

5.5.3.2 Imports and exports

As can be seen in Figure 5-21, China is by far a net importer of olive oil. In 2020, China imported olive oil with a value of about EUR 137.4m, whereas it exported around EUR 414 000. Thus, the value of its imports was more than 330 times as high as its exports. Imports decreased by approximately EUR 20.5m between 2016 and 2020 with 2020 showing the lowest imports since 2016.

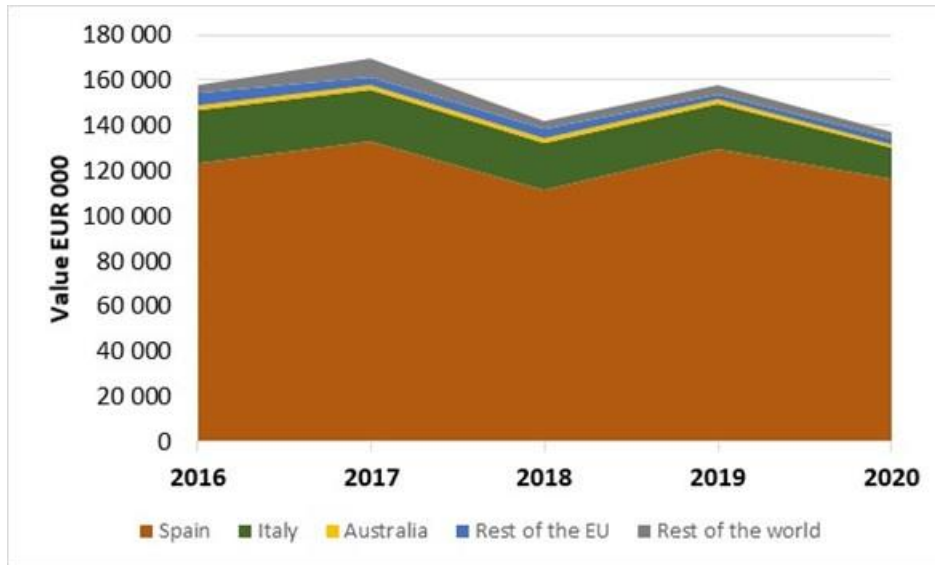
Figure 5-21: Trade balance (imports and exports) of olive oil in China, 2016-2020; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1509.

The EU accounts for nearly all of the olive oil exports to China as depicted in Figure 5-22. Spain and Italy are the two main exporters to China. The EU as a whole accounted to more than 96% of the total exports market value and Spain alone already accounted for close to 85% of the total markets value. In 2020, Spain exported olive oil valued at about EUR 116.4m and Italy for around EUR 13.5m. Greece, Portugal and France Portugal were part of the top 10 exporters in 2020 as well. Australia and Chile were the most important non-EU exporters which exported a total value of about EUR 3.1m in 2020.

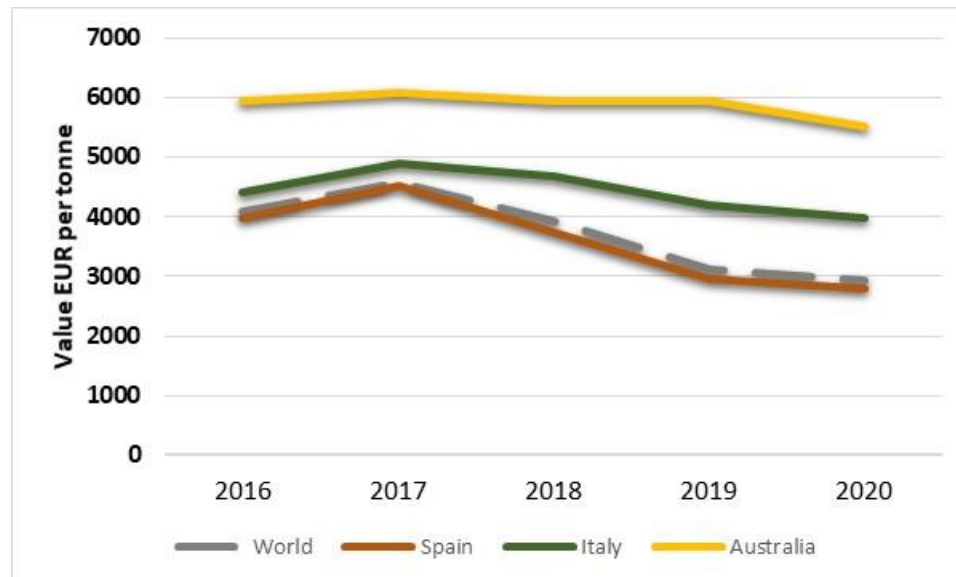
Figure 5-22: Chinese imports of olive oil by country, 2016-2020; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1509.

In 2020, the world's average unit value per tonne of olive oil exports to China was about EUR 2 940 per tonne, which is lower than in previous years. The unit value of Spanish olive oil was below the world's average, at approximately EUR 2 800 in 2020 as shown in Figure 5-23. The unit value of Italian olive oil on the other hand is generally higher than the world's average and was close to EUR 3 980 in 2020. Australia's unit value was even higher than the Spanish and Italian one at about EUR 5 510 and the value of olive oil coming from Greece was just below at around EUR 5 280 per tonne in 2020. In the same year, olive oil from France had the highest unit value compared to all other EU countries.

Figure 5-23: Unit value of Chinese imports of olive oil by country, 2016-2020; EUR 000 per tonne



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1509.

5.5.3.3 EU GI products

Sierra Magina, Priego de Cordoba and Sitia Lasithiou Kritis are protected under the EU China GI agreement at present. As set out in section 4.2.4, the list is due to expand in the coming years and will include more olive oil products (see section 8.5.2). Inclusion of EU GI olive oils through the GI agreement should protect the quality reputation of olive oil on the Chinese market and provide guarantees on their geographical origin.

5.5.3.4 Main competitors

The EU is by far the main exporter of olive oil to China, however some non-EU countries such as Australia, Chile, Tunisia and Turkey are part of the 10 main countries exporting olive oil to China as well and thus are to be seen as competitors. At the domestic level, the brands Olivoila and Bellina dominate the market. Many of the Chinese domestic olive oils brands which secured an important share in the Chinese olive oil market are selling European olive oil.

However, the main competitors can be considered as other edible oils, such as soy oil, rapeseed oil and corn oil, because they are much cheaper and typically used in the Chinese cuisine. Compared to these markets, the market for olive oil is a very small niche market.

5.5.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category

in Table 4-2. Requirements for olive oil notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; an automatic import licence and a commodity inspection certificate.

Entry into force of Decrees 248 and 249 in 2022 and the possible introduction of a registration requirement for olive oil exporting facilities would represent a major new market entry requirement.

In terms of tariffs, olive oil faces an ad valorem tariff of 10%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general olive oil category (1509) from Spain to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1509&origin=ES&destination=CN>

Standards, SPS measures

The main GB standard relevant for olive oil is GB 23347-2009. It defines the standards for olive oils. A translation can be found at: <http://www.cciceu.com/media/website/GB%2023347-2009%20olive%20oils%20and%20olive-pomace%20oils%20EN.pdf>

GB 2716-2005 on hygienic standards for edible oils should also be taken into account. A translation can be found at: <http://www.cciceu.com/media/website/GB2716-2005%20-%20Edible%20Vegetable%20Oil.pdf>

There are other overarching standards for vegetable oils with limited relevance.

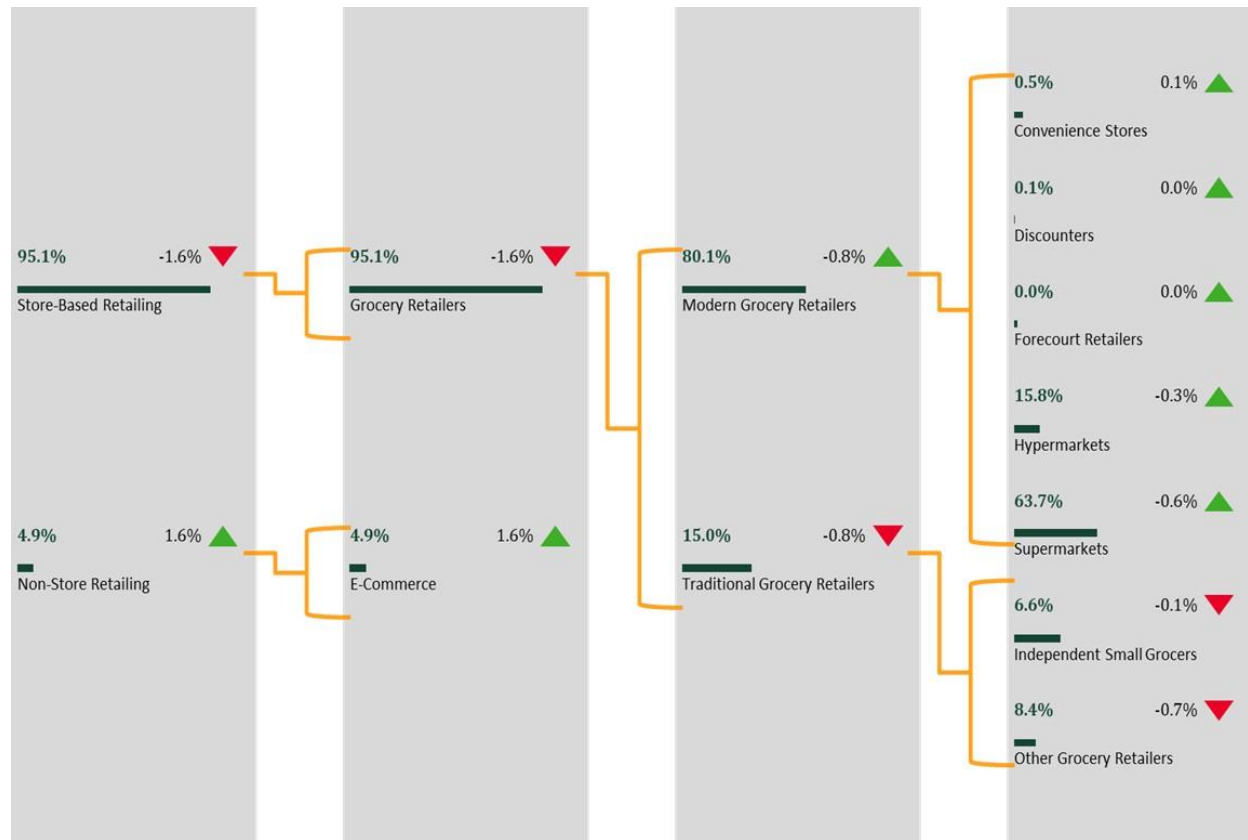
Labelling

Olive oil must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.5.5 Distribution

Figure 5-24 shows distribution channels by retail value for edible oils as a whole in China. Modern grocery retailers are the main channel, with a 80% share; and supermarkets dominant among these. Traditional grocery retailers account for 15% of sales, and e-commerce just under 5%. While the pattern of olive oil distribution reflects that of edible oils as a whole, there are indications that, in view of its status as a more luxury product, e-commerce may play a slightly greater role in distribution alongside more specialist high end stores. Indeed, the use of e-commerce can assist with communication on elements important for consumers such as origin, heritage and authenticity. It must be remembered that foodservice channels are historically also important for olive oil distribution; though distribution of olive oil through this channel suffered greatly during the pandemic.

Figure 5-24: Distribution channels overview of edible oils (including olive oil) in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.5.6 Challenges for EU products

The main challenge facing EU olive oil producers is the domination of the market by other cheaper and locally produced types of oil. Chinese consumers still have limited knowledge 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. In this context the protection of some EU GI olive oils through the EU-CN GI agreement should benefit EU olive oil.

Market Takeaway: Olive oil

Consumption: Under 1% of all edible oil consumption by volume. However, increasing demand for virgin/extra-virgin olive oil, driven by enhanced consumers' health awareness.

Competition: EU producers dominate. 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. Food service historically important as well.

Challenges: Consumers prefer cooking with oils belonging to the Chinese culinary tradition (e.g. soy and peanut oil). While consumer knowledge of olive oil is increasing, there is still a lot of work to be done.

Opportunities: The growing interest of the Chinese middle class in purchasing higher quality and healthier imported food. E-commerce of increasing importance and opens up markets outside the traditional tier 1 cities.

5.6 Chocolate and confectionery

5.6.1 SWOT analysis

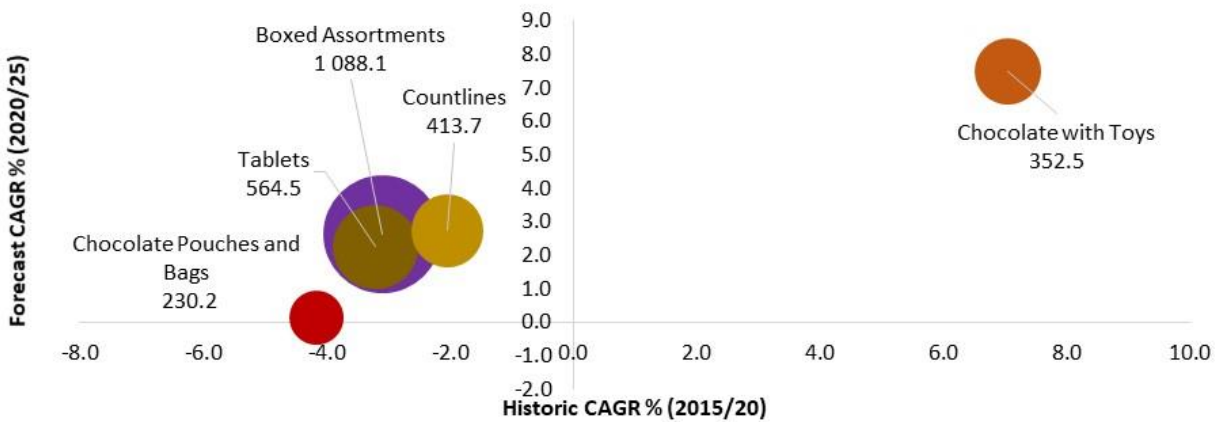
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Imported chocolate largely preferred with China's domestic production of chocolate being small and unable to meet local demand. ▪ Quality image of imported chocolate and confectionery. ▪ The act of gifting is frequent with imported chocolate becoming a standard gifted product. ▪ Chinese consumers becoming increasingly wealthy increasing their capability to purchase imported chocolate and confectionery products. 	<ul style="list-style-type: none"> ▪ Confectionery market largely made up of smaller domestic producers resulting in a very competitive market for sugar confectionery products. ▪ Chinese population growing increasingly health-conscious which has been compounded by the outbreak of Covid-19. ▪ The need to adapt chocolate and confectionery products to the Chinese market can be a costly endeavour in relation to packaging and marketing.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ The rise of e-commerce as a distribution channel for imported chocolate allows for further exposure of European chocolate brands. ▪ The rise of a health-conscious consumer base is resulting in demand for healthier alternatives such as dark chocolate. ▪ Growing demand for healthier confectionery products in China such as sugar-free or gluten-free alternative which has been standard for producers in Europe for a prolonged period of time. 	<ul style="list-style-type: none"> ▪ Malaysian and Swiss chocolate is popular in China with both countries having favourable trading agreements. ▪ Domestic production of chocolate is growing as the government has begun investing in cocoa production. ▪ China lowering birth rates threatens the sale of products such as chocolate with toys and some sugar confectionery over a longer time horizon.

5.6.2 Consumption

5.6.2.1 Evolution of consumption

As shown below in Figure 5-25, boxed assortments are the largest chocolate and confectionery product in China by retail value with the product having a retail value of just over EUR 1 billion in 2020. This is after a decline between 2015-2020 of 3.1% per year. However, the product is forecasted to grow by 2.6% per year between 2021 and 2025. Tablets are the second most popular chocolate and confectionery product in China with a retail value of EUR 564 million, this product is forecasted to grow by a CAGR of 2.2% over the next five years. Countlines has a value of EUR 413 million and is expected to grow by a CAGR of 2.2%. Chocolate with toys is the faster-growing chocolate and confectionery product in China is forecasted to remain the fastest-growing between 2021 and 2025 by a rapid 7.5% per year. Chocolate with toys had a total retail value of EUR 352 million in 2019. Chocolate pouches and bags are the smallest chocolate and confectionery product with a value of EUR 230 million.

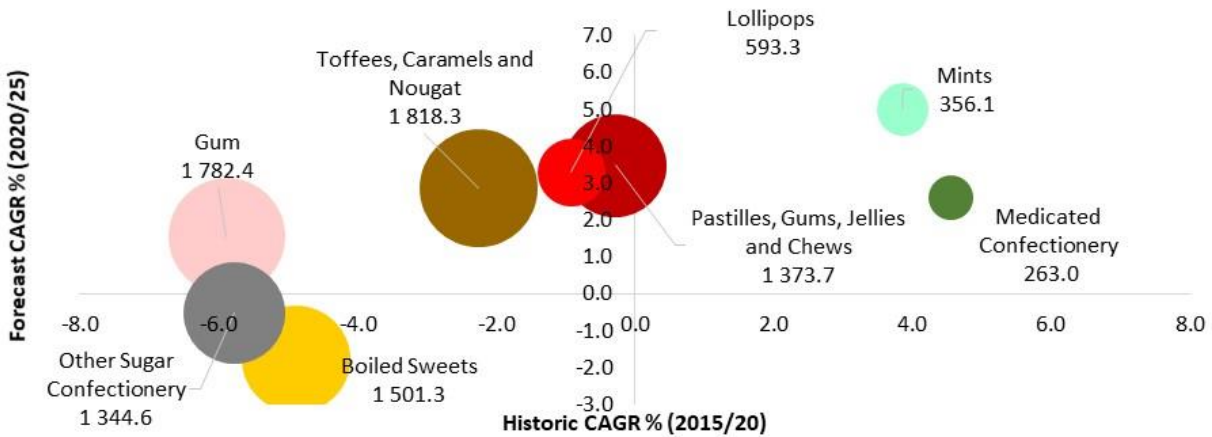
Figure 5-25: Evolution and forecast of the chocolate confectionery market in China, 2015-2025; total retail value EUR million



Source: Euromonitor International: Packaged Food, 2021.

As shown below in Figure 5-26, toffees, caramels and nougat are the largest sugar confectionery products in China with a retail value of EUR 1.8 billion. The category is forecasted to grow by a CAGR of 2.9% between 2021 and 2025. Gum is closely behind with a retail value of EUR 1.7 billion, this category will grow by 1.5% per year. Boiled sweets are worth EUR 1.5 billion but are expected to decline by -1.8% per year between 2021 and 2025. Pastilles, gums, jellies, and chews had a retail value in China in 2020 of EUR 1.3 billion and will have a CAGR of 3.5% between 2021 and 2025. The other sugar confectionery category is the last sugar confectionery category to be valued at over 1 billion euro with a retail value of EUR 1.3 billion. Lollipops, mints medicated confectionery and liquorice are smaller categories but are all expected to grow, with the exception of liquorice which will remain stable. Mints will be the fastest-growing category with a CAGR of 5% between 2021 and 2025.

Figure 5-26: Evolution and forecast of the sugar confectionery market in China, 2015-2025; total retail value, EUR million



Source: Euromonitor International: Packaged Food, 2021.

5.6.2.2 Consumer profile and purchase criteria

Consumers

Consumption of chocolate and confectionery products in China has grown in recent years on the back of the growth in demand for luxury consumer products in the country coupled with a general demand for confectionery products. Imported chocolate and confectionery benefit from a high-quality, image versus domestic products. Consumers in urban centres are more exposed to imported chocolate and confectionery products with many urban centres in China now having establishments that trade solely in chocolate and confectionery products. Consumers of chocolate and confectionery products can come from any income class with imported variants of these products costing more which may price out consumers of a lower income. Imported chocolate and confectionery products are usually perceived as luxury products and consequently are used as gifts by Chinese consumers. Rising health consciousness amongst the Chinese consumer base has pushed some consumers away from sugary confectionery and towards healthier alternatives such as dark chocolate, though sugar confectionery overall remains much more popular than chocolate.

Comparing chocolate and sugar confectionery consumers more broadly:

- **Location:** chocolate consumers are more likely to be from urban areas while sugar confectionery consumers are spread across the country.
- **Income:** chocolate consumers tend to have higher than average levels of income. Higher income females in particular are notable consumers.
- **Age:** chocolate consumers tend to be a bit younger on average, with both children and young adults (under 35) notable consumers. This is due to the fairly new status of chocolate in China. Sugar confectionery, as a more established products, has consumers across the board on the other hand.

Drivers and method of consumption

A key driver in the sale of sugary confectionery and chocolate products in China is the act of gifting, which is popular in the country, particularly around the Chinese new year and singles day on the 11th of November. These dates typically result in a large demand for chocolate and sugar confectionery products with suppliers stockpiling these products in advance of a surge in demand. Imported chocolates in particular can benefit from this driver.

Chocolate with toys is growing amongst consumers of a lower income as they are affordable and provide an additional benefit in the form of a toy for their children. The growth of e-commerce usage amongst Chinese consumers is another key driver of consumption moving forward as consumers can now browse amongst a number of top European chocolate and confectionery brands at a rate quicker than ever before.

Packaging is a key difference in the Chinese market when compared to the European market, in China producers have been packaging their products in cans which helps to reduce melting during hotter temperatures. Traditional packing is another practice done by foreign producers in order to meet a localisation demand from consumers who resonate with products that reflect traditional Chinese colour schemes and designs.

Finally, consumption of certain functional sugar confectionery products such as chewing gum, lozenges and vitamin confectionery is driven largely by health considerations.

Purchase criteria

Imported chocolate and confectionery products are more expensive than domestic variants which may dissuade consumers of a lower income, however, even consumers of a lower income have been shown to splurge on imported chocolate and confectionery products during events that involve gifting such as Chinese new year and singles day. Consumers associate imported chocolate and confectionery products with luxury and quality and expect a certain standard in relation to packaging and design that justifies spending more on these products over domestic variants. Indeed, certain origins such as Belgium are increasingly recognised as an indication of quality. As mentioned, the packaging is a key criterion amongst Chinese consumers considering the purchase of imported chocolate and confectionery products. Chinese consumers tend to like traditional packaging that incorporates favourable colour schemes with colours like red being associated with good luck and gold being associated as a “royal” colour; bright and vivid colouring is a common practice amongst imported chocolate and confectionery product packaging.

Despite these more status orientated criteria, more traditional criteria also play a role in the purchase decision; chief among them taste. Some 90% of consumers report taking taste into consideration when purchasing chocolate. Milk chocolate is the most popular flavour, followed by traditional dark chocolate. Generally there is a preference for chocolate products that are neither too sweet nor too creamy. Price is also a more traditional criterion which is taken into account by some consumers.⁶⁹

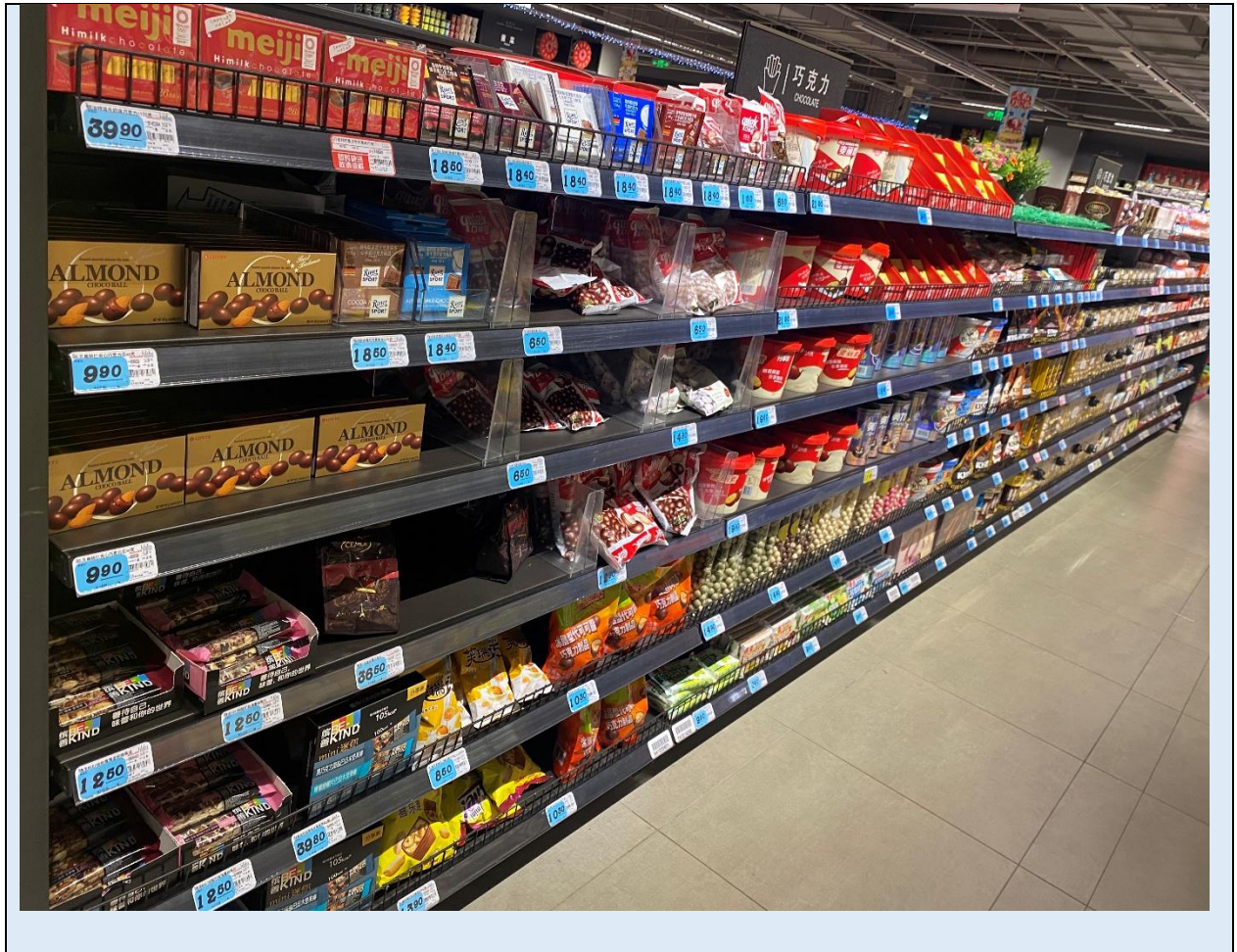
⁶⁹ Euromonitor International: Packaged Food, 2021; <https://marketingtochina.com/how-to-sell-candies-in-china-a-step-by-step-guide/>; <https://daxueconsulting.com/candy-confectionery-market-china/>

Confectionery on retailers' shelves in China

Imported chocolate confectionery is abundant on retailers' shelves. Imported bars and boxed assortments are particularly common. While there is some variation depending on the market being targeted, imported bars typically retail at between CNY 20 and 40 (EUR 2.70 to 5.40) for 100 grams. Pricing for imported boxed assortments starts from CNY 30 (EUR 4) per 100g. Countlines and pouches are less common, pricing for them is typically in line with that for tablets.



Above and below: while confectionery sections can be extensive, higher end chocolates generally have their own section, as witnessed by displays in two different supermarkets.





Above: various mainly imported chocolates in a supermarket.

In terms of format, bars most commonly are sold in quantities of 100 grams (though some smaller and larger products can be found). Quantities for boxed assortments vary greatly, with 30g to over 1kg. That said, the 200 to 240g range is quite common.



Above: packaging is an important consideration for higher end chocolates, as can be seen by displays in two different supermarkets.

Flexible packages are common for smaller quantities under 400g. However, folding cartons have become increasingly common in recent years and most notably they tend to communicate a more luxury feel. Some producers have also used the extra space on such cartons for premium designs or to communicate messages / product stories.

Pictures: © Agra CEAS / Euromonitor International, 2021.

5.6.2.3 Recent market trends

Consumption of chocolate and confectionery products in China has been growing in recent years aided by the rise in disposable incomes in the country, the expanding middle class, demand for new and unique products amongst consumers, and the growth of consumerism which results in the act of gifting growing substantially in the country in recent years. Consumers have been growing more conscious about their health; consequently, demand for healthier variants of chocolate and confectionery products such as dark chocolate has grown in recent years and will likely continue to do so. This has also impacted the sugar confectionery market; new versions of functional confectionery products are in demand in particular.

The rise in e-commerce usage in China due in part to the outbreak of COVID-19 has resulted in this channel becoming an ever-important distribution outlet for the sale of imported chocolate and confectionery products, outlets such as JD and Tmall advertise European chocolate and confectionery products to a wide number of Chinese consumers which makes selling to Chinese consumers easier than previously was the case.

Among chocolate, new types of product are beginning to gain traction. While tablets are still dominated by plain products (milk followed by dark), filled tablets are beginning to increase in popularity. Nuts and more salted variations of flavours in particular have proven popular. Among countlines, crunchy variants of products (e.g. containing cereals) have been popular of late. In the fast-growing chocolate with toys segment, there is a trend in the use of famous (e.g. Disney) characters to promote products. Finally, at the very top end of the chocolate market, there is emerging demand for handmade, custom chocolates.⁷⁰

5.6.3 Offer

5.6.3.1 Domestic production

Production of chocolate in China is limited due to a small amount of cocoa cultivation in the country, a key ingredient required to produce chocolate. Foreign brands lead the market in China with Dove, Nestle, and Ferrero being the three key market leaders in the country. Many of these produce locally. There is also no nationwide popular Chinese chocolate brand, with many producers preferring to partner instead with the larger foreign brands in the Chinese market.

The sugar confectionery market is more competitive with many domestic brands competing in the market, the market is made up of a number of smaller competitors with the largest being Guangdong strong (6.7%), Dongguan Hsu-Fu-chi food (6.3%), and Perfetti van Melle confectionery (Italian-Dutch) having a 5.8% market share.⁷¹

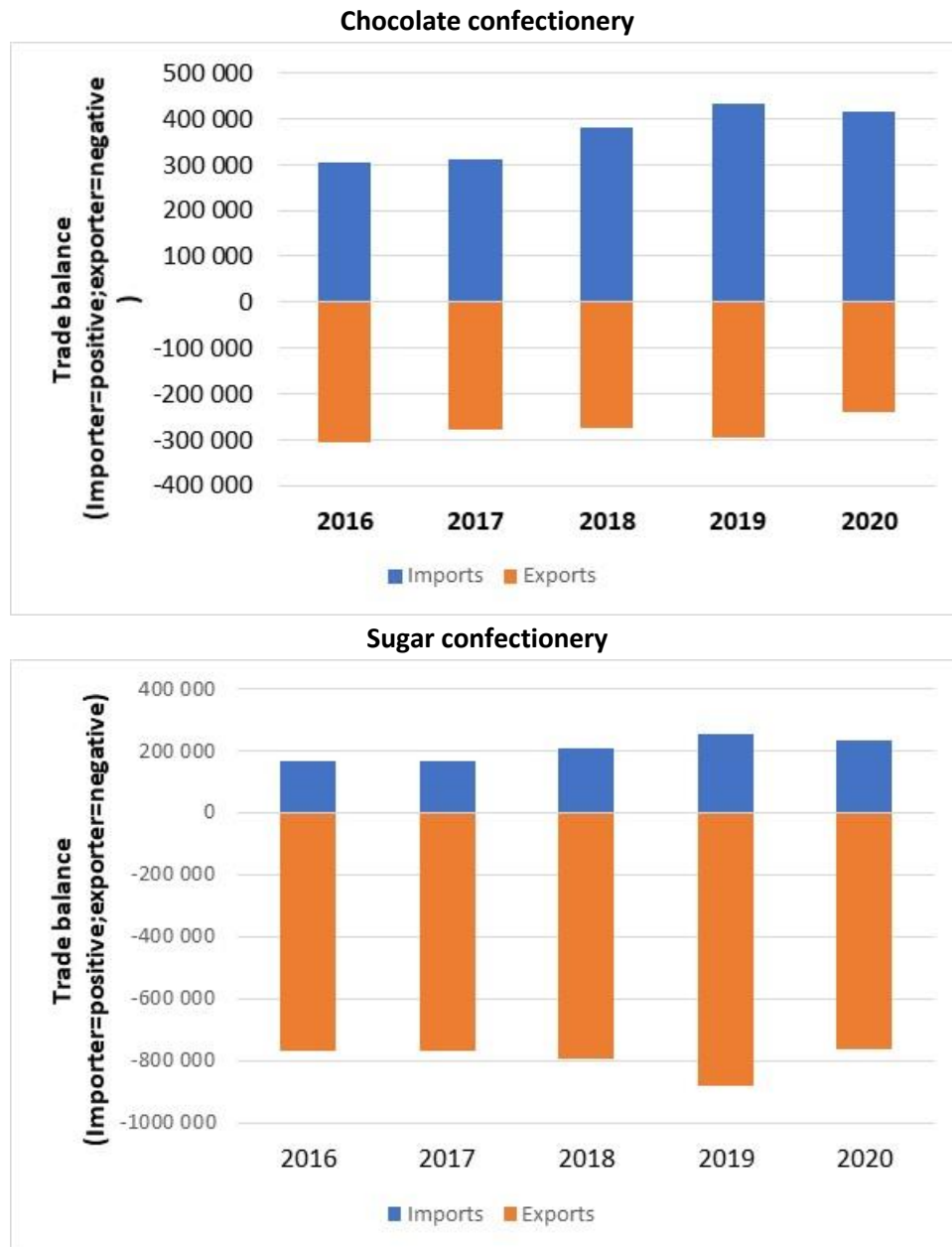
5.6.3.2 Imports and exports

Chocolate imports in China have moved from trade balance roughly in 2016 towards a trade deficit in 2020. Imports of chocolate in China were valued at EUR 415 million in 2020 have grown from a value of EUR 302 million in 2016. Unlike chocolate, sugar confectionery is predominantly exported from China with imports being valued at EUR 234 million while exports were valued at EUR 761 million.

⁷⁰ Euromonitor International: Packaged Food, 2021

⁷¹ Euromonitor International: Packaged Food, 2021;
<https://www.candyindustry.com/keywords/China's%20confectionery%20market>

Figure 5-27: Trade balance (imports and exports) of confectionery in China, 2016-20; EUR 000



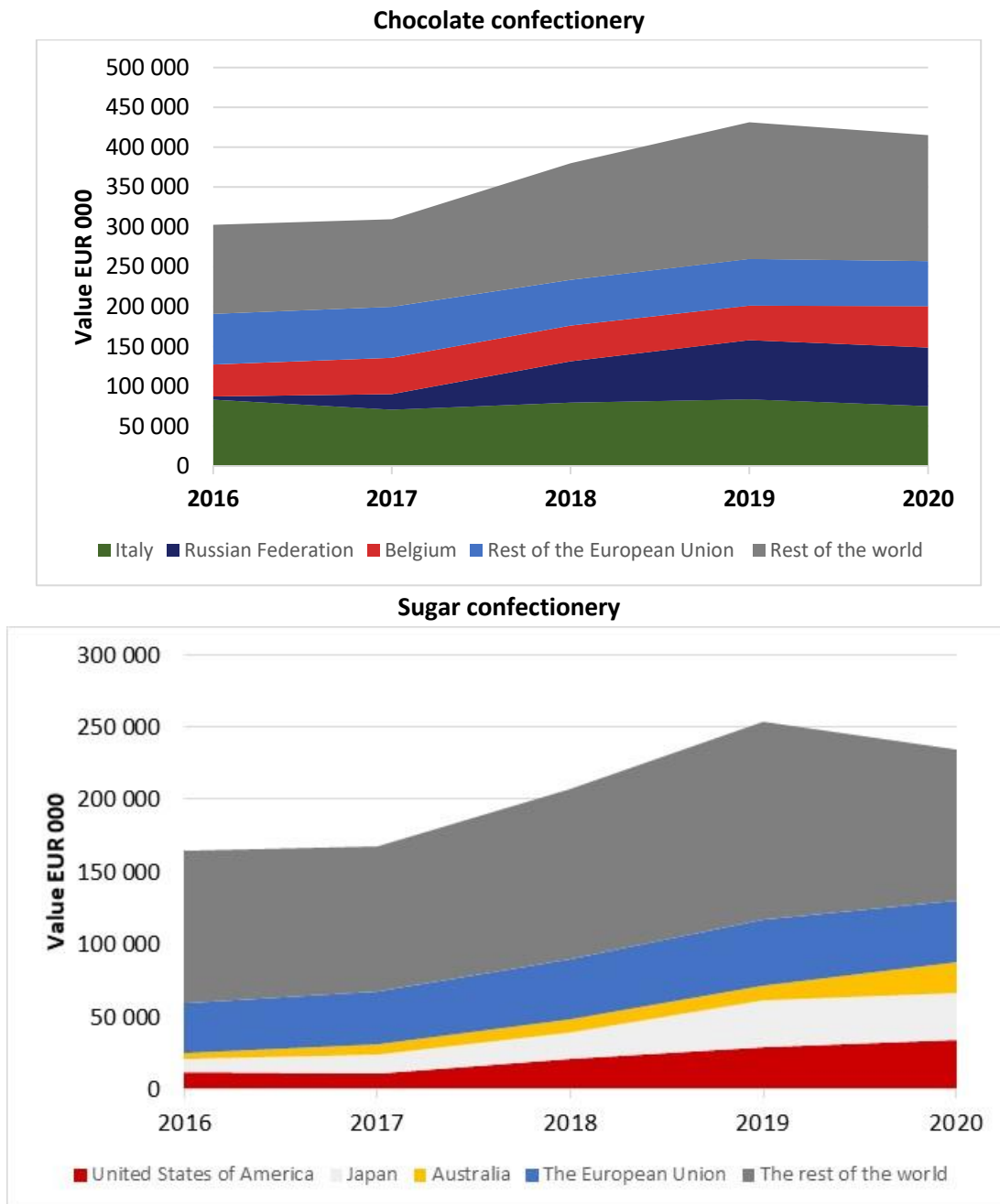
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 1806 and 1704.

Italy is the largest exporter of chocolate to China with Italian chocolate exports to China being valued at EUR 75 million in 2020. Belgium is the third-largest exporter of chocolate with exports of EUR 51 million. Russia, the second largest exporter, sits between Italy and Belgium. France and Germany are also amongst the top ten chocolate exporters to China in 2020.

Sugar confectionery imports are highly fragmented. The United States is the largest exporter of sugar confectionery goods to China with a total value in 2020 of EUR 33 million, this is followed by Japan and Australia. The largest EU exporter is Germany which had a value of EUR 14 million. Belgium and France are also amongst the ten largest sugar confectionery exports to China.

Figure 5-28: Chinese imports of confectionery by country, 2016-20; EUR 000

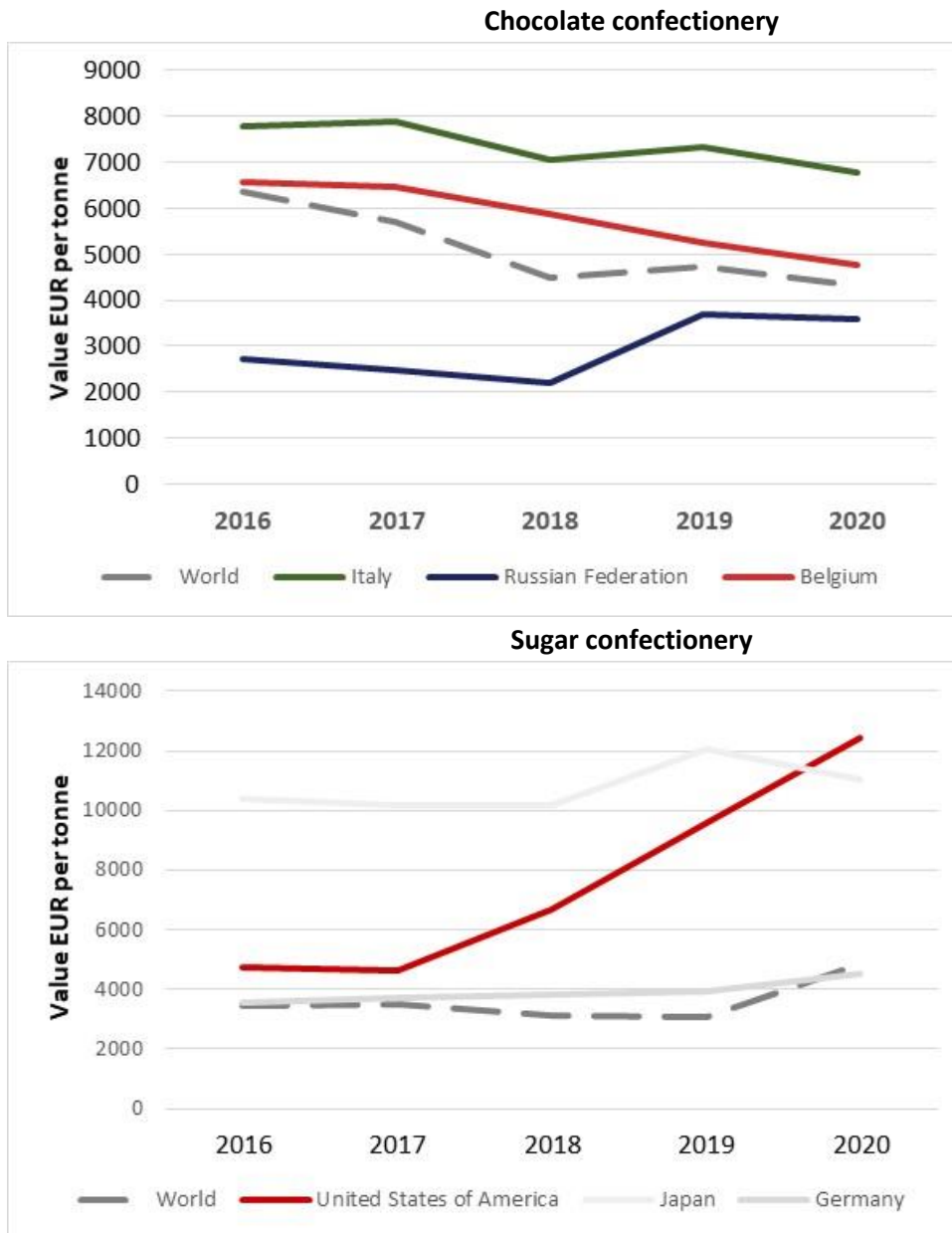


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1806 and 1704.

As can be seen in Figure 5-29, the unit value of Italian chocolate is the highest in China at EUR 6 765 per tonne. This is followed by Belgium with a unit value per tonne of EUR 4770. The global average is EUR 4 317, Russia is one of the highest exporters of chocolate to China and has a low unit value per tonne of EUR 3598.

With regard to sugar confectionery, the United States has the highest unit value per tonne at EUR 12 426. This is followed by Japan which has declined to be the second-highest value per tonne with a unit value of EUR 11 042. Germany is the largest exporter from the EU, with a low unit value per tonne of EUR 4 541.

Figure 5-29: Per unit value of Chinese imports of confectionery for selected countries, 2016-20 (EUR per tonne)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1806 and 1704.

5.6.3.3 EU GI products

Masticha Chiou is protected under the EU China GI agreement at present. As set out in section 4.2.4, the list is due to expand in the coming years but the situation will not change for confectionery products.

5.6.3.4 Main competitors

The largest competitors in the Chinese chocolate market come from Russia, Malaysia, and Switzerland which are amongst the top 5 exports of chocolate to the Chinese market. Mars Food China is a large foreign producer in China and present competition for EU producers in the country; other multinationals also produce in the country. While production of chocolate by local companies is small, it is growing slowly as the country being to invest in the production of cocoa which remains in its infancy at the time of writing.

Competition for sugar confectionery comes firstly from domestic production which has the majority share of the sugary confectionery market in China. This is followed by the US, Australia, and Japan which are the three largest exporters of sugar confectionery products to China.

5.6.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for confectionery notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, both chocolate and sugar confectionery generally face ad valorem tariffs of 10%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general sugar confectionery category (1704) from Germany to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1704&origin=DE&destination=CN>

Standards, SPS measures

The key GB standards for chocolate and sugar confectionery are:

- GB 9678.2 and GB/T 19343-2016 on Chocolate and chocolate products, cocoa butter alternatives chocolate and its products (these contain definitions)
- GB 17403 on Hygienic Specification Of Chocolate Factory
- GB 17399-2016 for candy (containing definitions for sugar confectionery)

Labelling

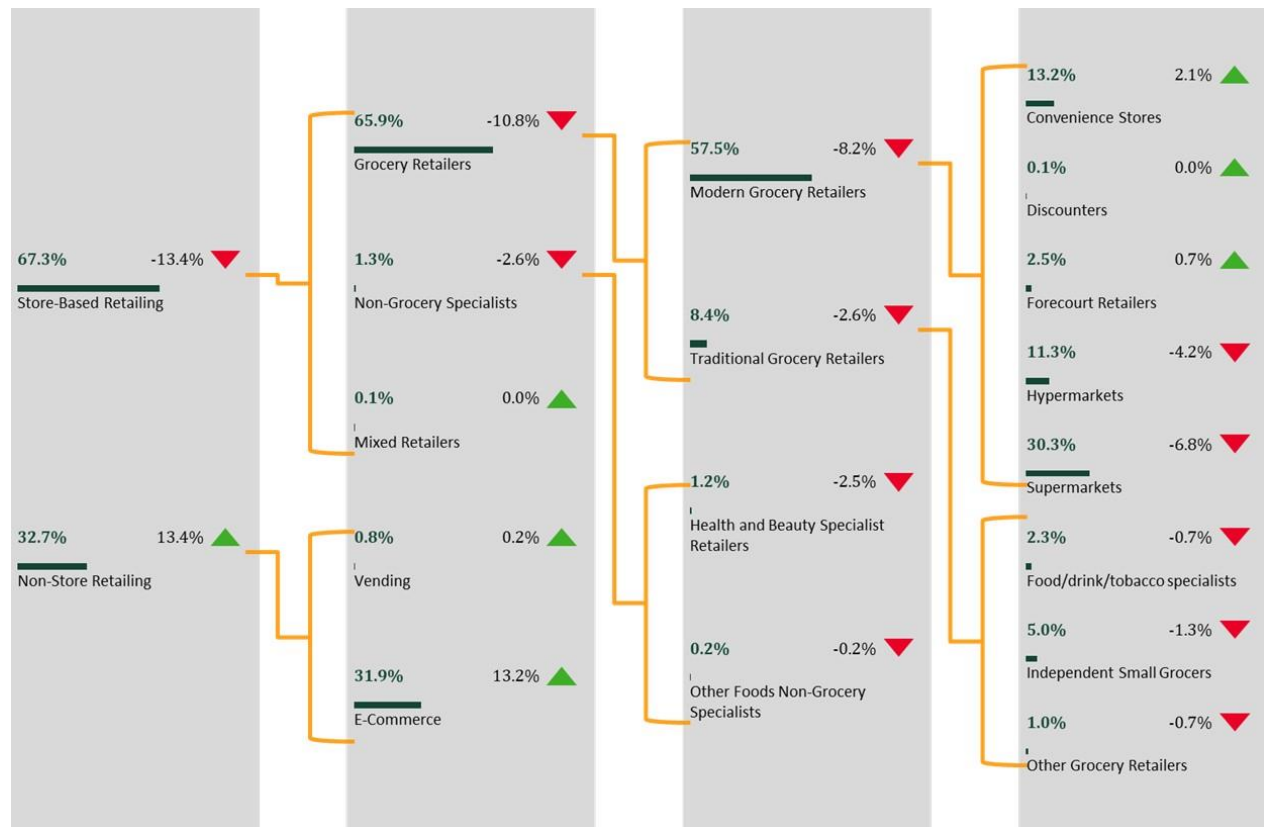
Confectionery must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.6.5 Distribution

Chocolate distribution in China as shown below in Figure 5-30 is largely through store-based retailing with grocer retailers accounting for 65.9% of all sales of the product. Supermarkets and hypermarkets which

will largely also have imported chocolate on sale account for 41% of all sales of chocolate in China. Importantly, E-commerce grew by 13.4 percentage points between 2017 and 2020. This is explained partly by the outbreak of Covid-19 but also by growing usage of e-commerce in general in China, chocolate is one of the foremost sold products on e-commerce sites with many consumers rushing to platforms such as Tmall and JD to purchase imported chocolate as gifts for the Chinese new year and singles day. It is expected going forward that e-commerce will continue to have an ever-greater share of the distribution channel in China. It should also be noted that some larger exporters of chocolate have used successfully used pop-up stores as a channel for the sale of their products.

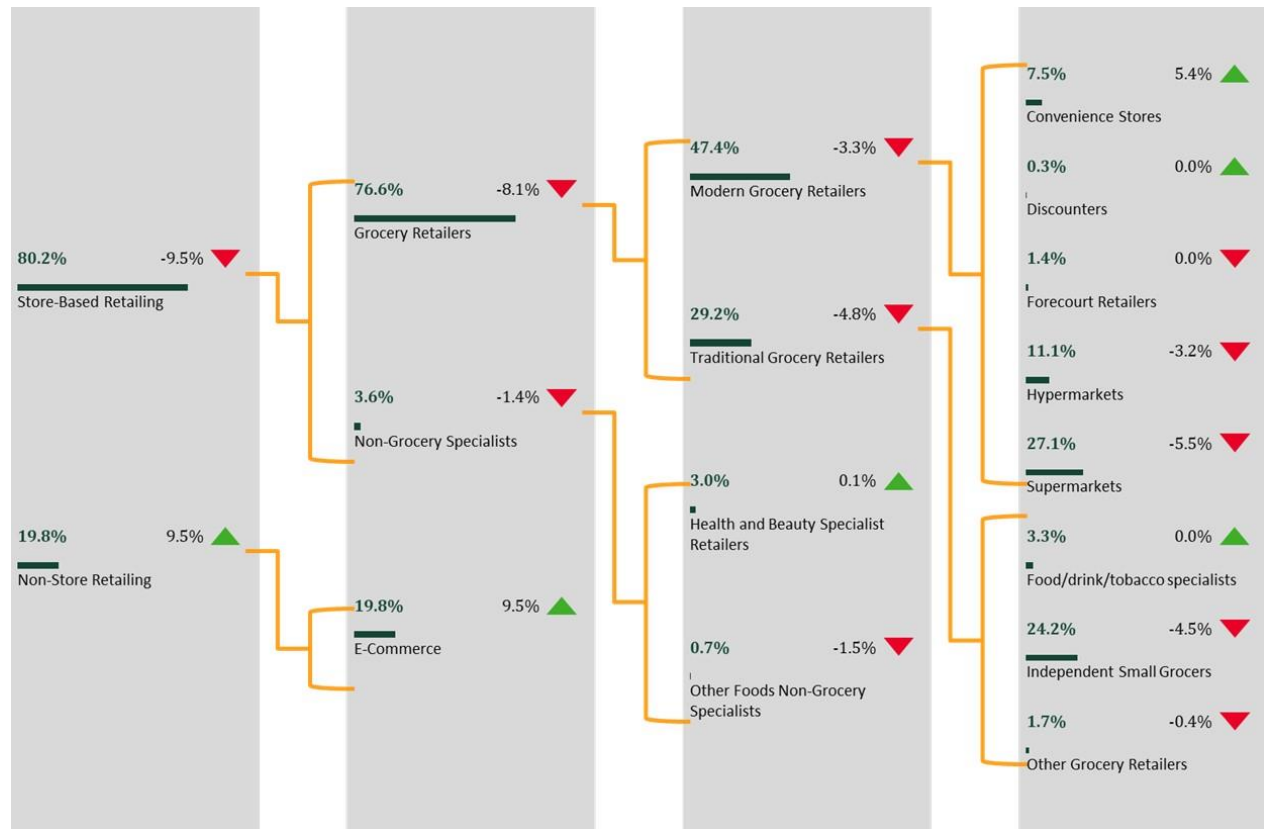
Figure 5-30: Distribution channel overview of chocolate confectionery in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

Sugar confectionery as shown below in Figure 5-31 is distributed mainly through store-based retailers with modern grocery retailers accounting for 47.4% of all sales. Supermarkets lead this segment with 27.1%. E-commerce has not yet taken off to the same extent as it has for chocolate; nonetheless it now accounts for 19.8% of all sales, with its share having doubled over the last three years.

Figure 5-31: Distribution channel overview of sugar confectionery in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.6.6 Challenges for EU products

Imported chocolates have a strong position in China with many consumers associating chocolate in generally with the presence of foreign brands and with high quality, as a result, reaching Chinese consumers is less of a struggle when compared to other products. The main challenges are adapting to the Chinese market in relation to packaging and establishing partnerships in the country.

Sugar confectionery products are more challenging with the market in China is largely made up of small domestic producers who largely cater to domestic demand. A key challenge will be adapting to a Chinese consumer base that is increasingly conscious about the foods they consume which will require the adaption of confectionery products to cater to this demand such as a sugar-free variant of a confectionery product for example. Like chocolate, packaging and localisation are key challenges to overcome in order to resonate with Chinese consumers.

Market Takeaway: Chocolate and confectionery

Consumption: Consumption of chocolate in China is small by western standards but growing in line with chocolate increasingly being associated as a luxury gift. Sugar confectionery consumption remains stable but may decrease as a result of a new health-conscious trend amongst Chinese consumers.

Competition: Russia, Malaysia, and Switzerland are the biggest competitors in the chocolate sector with American companies also having a large presence in China. Domestic production of chocolate in China is small leading to a market dominated by foreign brands. Sugar confectionery competition largely comes from domestic producers and fragmented exports from many countries including the US, Australia, and Japan.

Distribution: Mostly in modern grocery outlets such as supermarkets and hypermarkets, e-commerce now accounts for almost a third of chocolate sales however e-commerce sales of confectionery remain smaller at around 20%.

Challenges: Localisation is key to resonate with Chinese consumers with regard to marketing and packaging, a rising health-conscious society coupled with lowering birth rates are also two key challenges in the market.

Opportunities: Imported chocolate is largely preferred in the Chinese market and associated with luxury and quality the act of giving has become normalised and imported chocolate in particular benefits from this. Sugar confectionery products which incorporate healthier alternatives such as sugar-free will be increasingly popular in China.

5.7 Beer

5.7.1 SWOT analysis

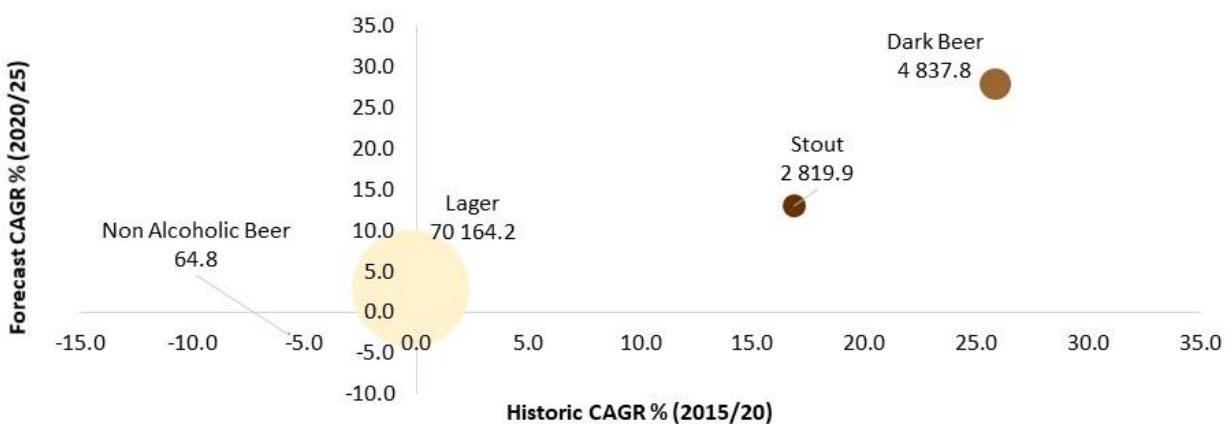
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ EU exports accounted for around 2/3 of all imports by value in 2020, with Germany and Belgium being the main exporting countries. ▪ Lager accounts for nearly 90% of the total beer market size and thus is by far the most consumed beer type. ▪ Dark beer is the second biggest category with an incredible high recent and forecast growth rate, which shows a strong increase in interest in this category. 	<ul style="list-style-type: none"> ▪ Non-alcoholic beer is the smallest category, which market size declined in recent years and is forecast to continue to decline. ▪ The number of artisanal breweries in China exploded within the last few years. Currently, approximately 2 500 artisanal breweries exist in the country. ▪ The e-commerce market has effectively increased competition by making more niche products available.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Chinese consumers are growing an interest in high-quality and premium beers increasingly demand premium beers. ▪ Authentic artisanal craft beers are popular. ▪ The e-commerce market is gaining momentum, which offers new export opportunities for piggybacking on the above two trends. 	<ul style="list-style-type: none"> ▪ China is producing a large amount of beer domestically. The market is dominated by Chinese and international companies such as China Resources Holdings Co Ltd., Tsingtao Brewery Co., Ltd., Beijing Yanjing Brewery, Heineken, and Carlsberg. ▪ Mexico, the Republic of Korea, and the UK are the main non-EU exporting countries.

5.7.2 Consumption

5.7.2.1 Evolution of consumption

The Chinese beer market was worth close to EUR 78 billion in 2020. As observed below in Figure 5-32 lager is by far the biggest valued beer in China at EUR more than 70 billion. Historically between 2015 and 2020 the lager market size slightly decreased by -0.2% whereas it is forecast to grow at close to 3% between 2020 and 2025. The second-largest beer type is a dark beer with a value of EUR 4.8 billion. Dark beer grew at a CAGR of 26% in recent years and is forecast to grow at an increased rate of close to 28% between 2020-25. This is a very strong growth rate and the strongest forecasted rate of all beer categories. Stout is worth EUR 2.8 billion and is growing at a quite fast pace as well. Historically it grew at a rate of close to 17% and between 2020 and 2025 it is forecast to continue to grow at nearly 13%. Non-Alcoholic beer is by far the smallest category and has been decreasing at a CAGR of -5.7 between 2015-20 and is forecast to continue to decrease at a CAGR of -2.7%. In 2020 the non-alcoholic beer category was valued at close to EUR 65 million.

Figure 5-32 the beer market in China (value, EUR million); 2015-2025



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.7.2.2 Consumer profile and purchase criteria

Consumers

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 young generation is currently attracting the attention of beer manufacturers, and products are changing to target this market. The range of beer drinkers is also changing due to the growing number of young females that start to drink in particular premium and imported beer. In 2020 about 28% of female consumers had a beer at least once a month, compared to about 7% in 2019. Many of these trends play through to consumers of imported beer, who are more likely to be young adults (generally aged 18 to 29) and have higher levels of income/education, plus an urban base.

Drivers and method of consumption

The global Covid-19 pandemic had severe effects on beer consumption in China. Before the pandemic beer was 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 on-trade 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. Beer festivals also offer an opportunity to imported beers, and mid-range imported beers may be consumed at festivals, concerts and so forth. Beer consumption, in line with alcohol consumption in general, is generally done through regular small glasses being drained in one go throughout social events.

Since the start of the pandemic limited the availability of on-trade consumption due to a nationwide lockdown, cancellation of social events and festivals, and consumers spending more time at home, on-trade consumption decreased. The off-trade consumption suffered initially as well but at a slower pace than on-trade consumption and recovered as consumption patterns shifted. Consumers had the possibility

to switch to drinking more beer from home than pre-pandemic with their close family members and friends or even enjoy a glass alone in the evening. In times of self-seclusion, in particular, the availability of beer online via e-commerce platforms such as Tmall and JD.com boosted beer consumption. Once the pandemic is over, consumers are expected to consume more beer again because they will be able to go back to bars, etc. However, one downside for beer consumption is the rising health and wellness trend in China, which leads to people paying more attention to their alcohol consumption overall.

Purchase criteria

First of all, consumers decide which kind of beer they are wanting to purchase such as lager, dark beer, or stout. Lager is overall the most consumed beer type in China and thus the most chosen beer. The taste of beer plays an important role because different consumers have different priorities and look for different beer experiences. Premium products are considered to have a richer taste than regular beer products, which is why consumers increasingly choose these kinds of products. However, they only do so if they have enough disposable income. Many consumers also enjoy trying new beer flavours or brands every once in a while. Some consumers also try to pair beer to their food. By way of example, For example, Pilsner Urquell is often considered a suitable match for dishes such as fried rice as it complements the taste of garlic and other spices in the rice. With hot and sour soups, beers that are not too sweet or acidic are often preferred.

While flavour is an important criterion, consumers tend to pay as much attention to the scene / atmosphere where the drinking takes place as to the beer taste itself. This in turn is reflected by the importance of on-trade as a consumption driver.

Additional purchase criteria that consumers may take into account specifically for imported beer include: brand/quality; country of origin; packaging and the craft/handmade status of a beer.⁷²

Beer on retailers' shelves in China

Pricing naturally is impacted by the product itself to some extent, but in general terms:

- Mass market imported beer typically retails at between CNY 8 and 15 (EUR 1.10 to 2) per 500ml can or 330ml bottle.
- Imported beer targeting the mid or higher end of the market typically retails at upwards of CNY 20 (EUR 2.70) per 330ml.
- The economy segment is generally under CNY 8 (EUR 1.10), though this segment is dominated by local beer.

⁷² Euromonitor International: Alcoholic Drinks, 2021; <http://journal.beer/2016/09/21/who-and-how-much-drinks-beer-in-china/>

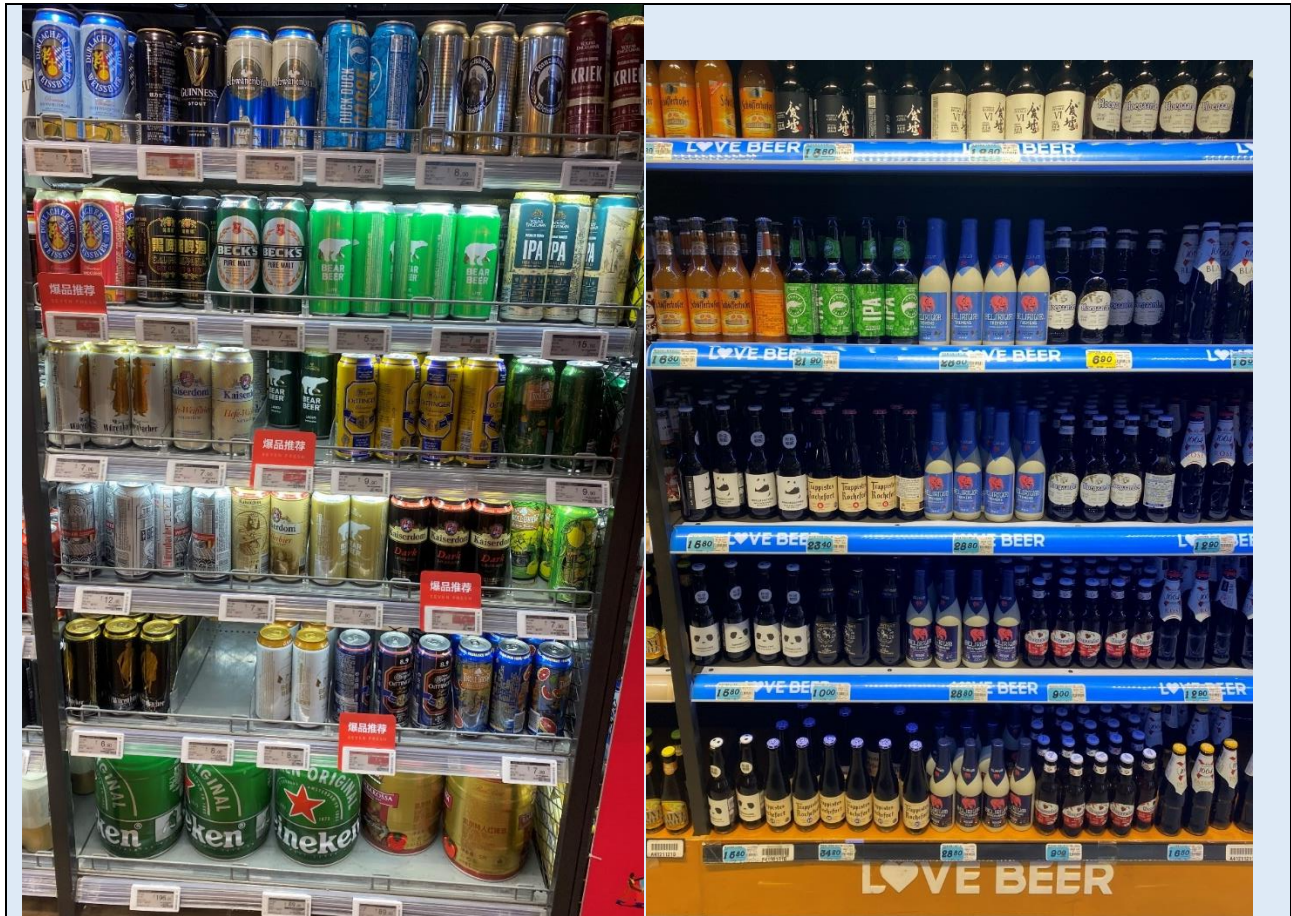


Imported beers may have their own dedicated section in supermarkets (above) though in some cases they may be mixed up with other imported alcoholic beverages (see below).



In terms of packaging and format, imported beer can be found in both cans and glass bottles. While 500ml is very common for cans, larger formats can also be found (e.g. 568ml and 1 litre). Imported canned beer is generally not sold in quantities under 500ml. Bottles on the other hand are typically smaller. 330ml is a particularly common format for bottles, though 250ml bottles can also be found. Bottles are occasionally found in larger volumes, e.g. 450ml, 500ml and 750ml. Glass bottles are more prevalent for products targeting the mid or upper end of the market.

Imported beers are generally sold individually rather than in multipacks.



Above: both cans and bottles are popular for packaging, and can sizes vary but are generally at the larger end of the scale.

It should be noted that some producers use limited edition bottles. These may be based on Chinese zodiacs (years); holidays; or other factors – most notably football. Consumers have been quite aware of and interested in these limited editions in recent years.



In some larger supermarkets and online-to-offline retailers, the range of imported beers available is quite broad.

Pictures: © Agra CEAS / Euromonitor International, 2021.

5.7.2.3 Recent market trends

The following different trends are visible on the beer market in China:

- Rise in e-commerce:** The e-commerce market had been growing already pre-pandemic, however, the pandemic boosted sales via this channel even more. During the pandemic consumers increasingly spent time at home and socially distanced themselves as much as possible. On top of that, during some lockdown periods, regular alcohol shops had to close. The combination of these two trends made consumers increasingly order beer online via big e-commerce marketplaces such as Tmall or JD.com. Moreover, these online platforms offer an incredibly large range of different beer products and certainly much more than most brick-and-mortar shops. Thus, consumers can find nearly all kinds and brands of beer they desire. All these are reasons why many beer breweries used the pandemic as an opportunity to increase their digital performance. AB InBev for example further developed its cooperation with Tmall and JD.com as well as with popular food delivery apps including Meituan and Ele.me.

- **Premiumisation trend:** Even though the overall beer consumption declined, the popularity of premium beers continues to grow. Higher value products including, mid-priced and premium lager, Weissbier, and stout all showed a positive growth trend in 2020. The establishment of more high-end drinking places such as boutiques and internet-fame pubs and bars as well as combined shopping and dining places further pushed the premiumisation trend. Beer brewers do everything to hop on to this trend. For example, Heineken and China Resources launched a collaborative premium lager and craft beer breweries such as Urbrew Craft Beer manifested cooperation with Meituan Dianping.⁷³
- **The popularity of craft beer:** This type of beer is still quite new to China and remains a niche product with around 2% of the total beer market. However, the demand for craft beer is growing at a strong rate. Craft beer manufacturers as well as China's largest beer manufacturers, both have effects on the popularity of craft beer. Larger companies are noticing this trend. For example, multinational AB InBev recently acquired a craft beer brewery in Shanghai (Boxing Cat).⁷⁴ After the acquisition, they set up craft beer production in different provinces and opened several craft beer bars. The younger age groups are the ones mainly driving the popularity of craft beer in China. Whereas in 2012 only 7 craft beer breweries existed within the country, the number grew up to about 2 500 in 2019.⁷⁵
- **Increased female interest in beer.** As already noted above, the female consumer base is growing. Some producers have introduced new products specifically to target this segment – whether beers that are slightly sweeter and fruitier in flavour, low calorie products for health conscious females and/or attractive, colourful packaging.

Finally, it is also worth noting that demand for wheat beer has grown quickly (27% per year) over the last 5 years, albeit from a small base. The entry of domestic producers into the wheat beer arena are an indication that demand for this type of beer is likely to continue to grow strongly going forwards.

5.7.3 Offer

5.7.3.1 Domestic production

China's first brewery was founded in 1900 and nowadays there are now more than 1 500 domestic beer brands in the country, with a total of around 400m hectolitres brewed each year⁷⁶. The Chinese market is dominated by domestically mass-produced lager. The country has about 350 large-scale beer breweries. However, as noted above, craft breweries are more often seen around the country— whereas there were only 7 craft beer breweries in 2012 this number went up to about 2 500 in 2020. The demand for artisanal

⁷³ The beer market in China is going premium (2021). Available at: <https://marketingtochina.com/the-beer-market-in-china-is-going-premium/>

⁷⁴ The beer market in China is going premium (2021). Available at: <https://marketingtochina.com/the-beer-market-in-china-is-going-premium/>

⁷⁵ Euromonitor International: Alcoholic Drinks, 2021

⁷⁶ <https://www.cnbc.com/2017/12/28/beverage-makers-chinese-are-drinking-craft-beer-wine-baijiu.html> ; <https://www.oiv.int/public/medias/7909/oiv-state-of-the-world-vitivinicultural-sector-in-2020.pdf>

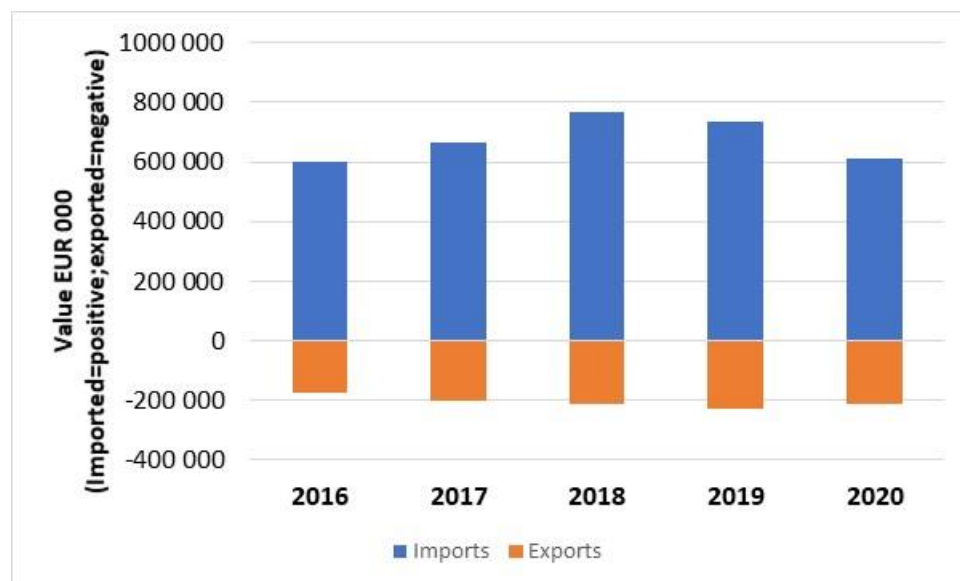
high-quality products is increasing in China.⁷⁷ This shows that the Chinese beer production industry is changing. Within the past years, high levels of foreign investment, as well as joint ventures with foreign firms, created a beer industry with more technological advances than ever before. Thus, a lot of international companies are present in China and many of them have their own production facilities within the country.⁷⁸ For example, Heineken owns the local Shanghai Asia Pacific Brewery and AB Inbev 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.

The biggest Chinese beer brewing company is China Resources Holdings Co Ltd., which accounts for about a quarter of the market in volume terms. It is followed by various other companies including Tsingtao Brewery Co., Ltd., and Beijing Yanjing Brewery. Overall, many international companies can be found on the Chinese market, and in some cases, international companies also cooperate with domestic ones.⁷⁹

5.7.3.2 Imports and exports

As shown below in Figure 5-33 it can be observed China is a net importer of beer. China exports a small amount of beer relative to the amount it imports however this export figure still was valued at roughly EUR 213 million in 2020. Total imports to China in 2020 for beer came in at a value of more than EUR 609m.

Figure 5-33: Trade balance (imports and exports) of beer in China, 2016-20; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2203.

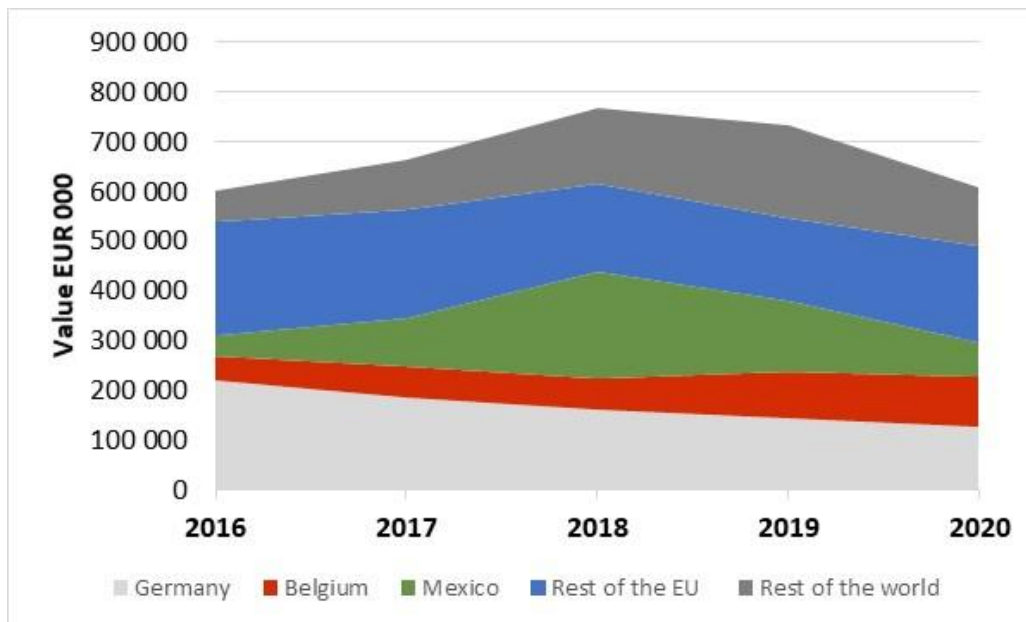
⁷⁷ Is the beer market in China getting craftier? (2018). Available at: <https://daxueconsulting.com/chinese-beer-market-getting-craftier/>

⁷⁸ Beer Production Industry in China (2020). Available at: <https://www.ibisworld.com/china/market-research-reports/beer-production-industry/>

⁷⁹ Euromonitor International: Alcoholic Drinks, 2021

Figure 5-34 further explains the most popular countries that China imports its beer from. Germany and Belgium are the largest exporters of beer to China and together accounted for about 37% of the total export value in 2020. Germany exported beer valued at more than EUR 124m and Belgium approximately EUR 101m. Besides Germany and Belgium, the following EU countries are within the top 10 exporting nations as well: France, the Netherlands, Spain, and Poland. Overall, all EU exports accounted for around 68% of the total export market value in 2020. The largest non-EU exporter is Mexico, which ranked third in 2020 with approximately EUR 68m.

Figure 5-34: Chinese imports of beer by country, 2016-20; EUR 000

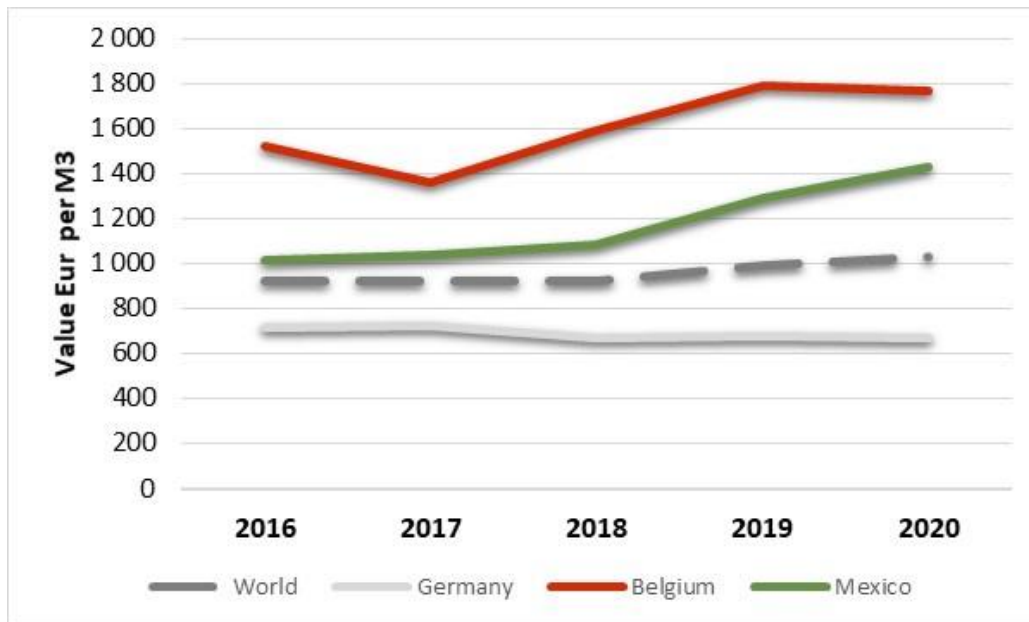


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2203.

Figure 5-35 goes further to explain the unit value of Chinese beer imports. In 2020 the average cost of beer exports to China was about EUR 1 030 per tonne. Even though Germany exports the most beer by value overall, the countries unit value be tonne is below the average at around EUR 670. Most other unit values from the main exporting countries are above the world's average. Beer from Belgium for example has a unit value of about EUR 1 780 per tonne in 2020 and Mexican beer of around EUR 1 430 per tonne.

Figure 5-35: Per unit value of Chinese imports of beer for selected EU countries, 2016-20 (EUR per tonne)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2203.

5.7.3.3 EU GI products

A handful of beers and hops are protected under the EU China GI agreement at present. Please consult the table in section 8.5.1 for a full list. As set out in section 4.2.4, the list is due to expand in the coming years and will include more beer products (see section 8.5.2). Protection of some EU GI beers through the EU-CN GI agreement should benefit the quality image of EU beer.

5.7.3.4 Main competitors

As mentioned, domestic breweries make up the majority of the mass market, while premium imports record fast growth as well.⁸⁰ The biggest Chinese companies include China Resources Holdings Co Ltd., Tsingtao Brewery Co Ltd. and Beijing Yanjing Brewery. However, big international beer companies such as Carlsberg and Heineken are well established on the market as well.

Even though the main beer exporting countries are from the EU, such as Germany and Belgium, other non-EU countries including in particular Mexico, but also the Republic of Korea and the UK are big competitors as well.

5.7.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category

⁸⁰ Source: Euromonitor International Ltd.

in Table 4-2. Requirements for beer notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate. Entry into force of Decrees 248 and 249 in 2022 may have an impact on beer market entry requirements depending on the detailed implementation rules under preparation (not yet available).

In terms of tariffs, beer generally does not face tariffs.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general beer category (2203) from Belgium to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2203&origin=BE &destination=CN>

Standards, SPS measures

and GB 2758-2012 Fermented Alcoholic Beverages and Formulated Spirits is the main standards applicable for beer.

Labelling

Beer must conform to the labelling requirements for packaged foods set out in section 4.2.3.

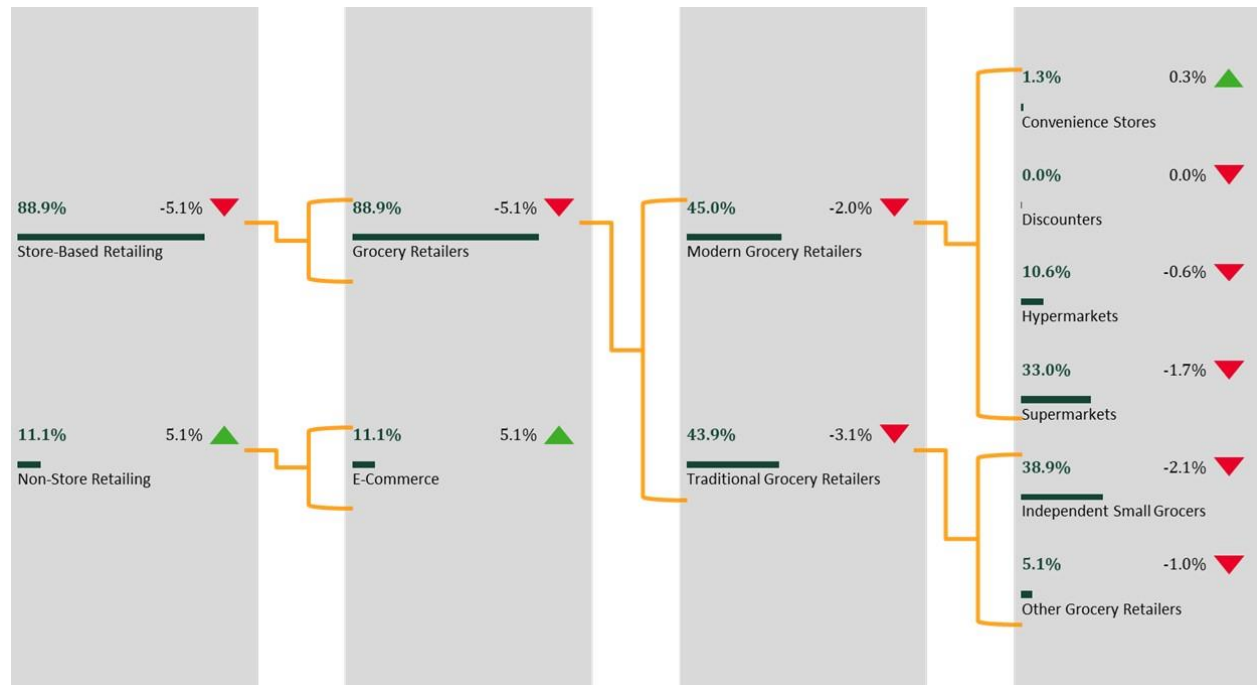
Additional labelling requirements for alcoholic beverages are included in GB 2757-2012. Labels must include:

- Alcoholic content in % of volume
- The indication “excessive drinking can be harmful to health” in Chinese (过量饮酒有害健康，孕妇不宜饮酒。)
- Drinks with over 10% alcohol by volume are exempt from the expiry date requirement.

5.7.5 Distribution

In volume terms, beer sales in China have historically been more or less equally split between on-trade and off-trade channels. Figure 5-36 depicts the different off-trade channels by volume. Store-based retailing is the largest channel for beer distribution in China, with modern grocery retailers and traditional grocery retailers both being popular. Independent small grocers accounted for close to 38% of the total retail volume, followed by supermarkets with 33%. Between 2017 and 2020 the popularity of e-commerce channels increased the most at over 5% and accounted for more than 11% of the total off-trade volume in 2020.

Figure 5-36: Distribution channel overview of beer in China (2020); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.7.6 Challenges for EU products

Overall, European beer is liked by Chinese consumers on the one hand because Chinese society is increasingly westernised and on the other hand because disposable incomes are rising, and consumers have become increasingly interested in premium products. However, China produces a lot of beer, in particular lager, domestically. Chinese beer brands are popular, and the majority of Chinese consumers enjoy them. The amount of local artisanal beer breweries has been exploding within the last years and thus a vast variety of artisanal Chinese beers are available on the market as well. On top of that beer from international big companies such as Heineken and Carlsberg are popular in China as well as different brands from all around the world. EU beer exporters have good chances to establish a good trade relationship with China considering the current situation. It is important to find the right way to market specific beers and to find the best-suited niche to place them in to become successful in the Chinese market.

Market Takeaway: Beer

Consumption: The overall beer market size has been increasing and reached a value of about EUR 78 bn in 2020. The market is forecast to continue to grow.

Competition: Strong competition from domestic producers, including recently craft beers. Mexico, the Republic of Korea, and the UK are the main non-EU exporting countries.

Distribution: Both on-trade as well as off-trade. Off-trade currently mainly through independent small grocers and supermarkets. The popularity of e-commerce has increased drastically within the last few years but lags that of other alcoholic beverage segments.

Challenges: China is a good market for EU beer. A lot of competition from domestic, international, and artisanal production. The right product placement and marketing are important.

Opportunities: Lager and dark beer with their big market size and strong growth. The growing e-commerce market offers new distribution options. Premium, as well as artisanal beers, become increasingly popular.

5.8 Fresh fruit and vegetables

5.8.1 SWOT analysis

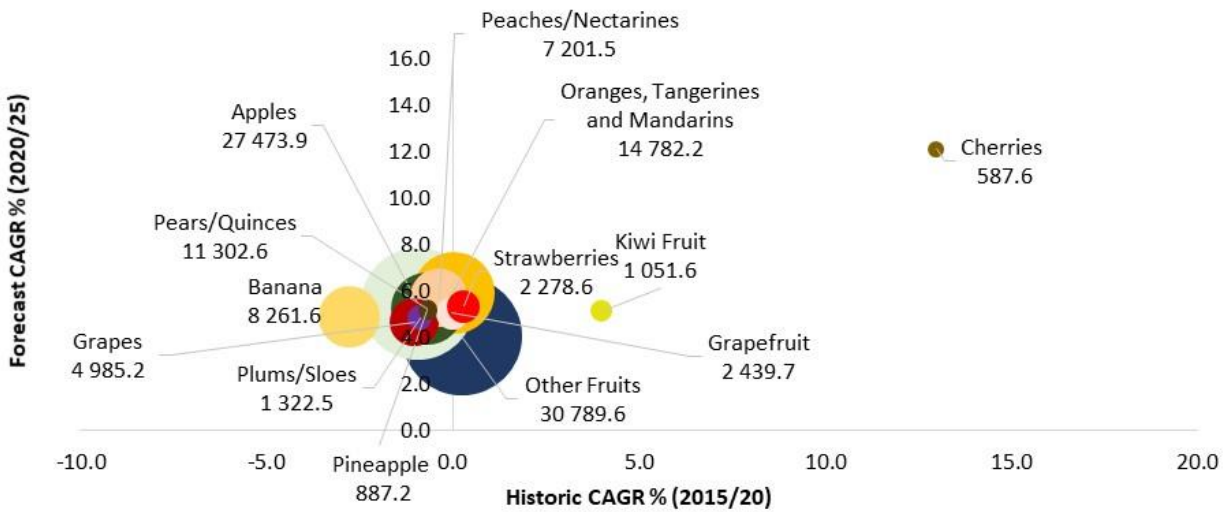
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ China is the largest global market for fresh fruit and vegetables. ▪ Vegetables in particular complement many of the staple dishes found in China. ▪ Chinese consumers continue to obtain a wider knowledge about fruit and vegetables in line with a wider westernisation of the Chinese diet. 	<ul style="list-style-type: none"> ▪ China is the world’s largest producer of both fresh fruit and vegetables. ▪ The approval process for EU fruit and vegetable producers seeking to enter the Chinese market is generally slow and only one application at a time can be made by member states. ▪ The distance from EU producers to the Chinese market makes selling EU fresh fruit and vegetables in the country considerably more challenging and/or expensive than domestic fresh fruit and vegetables.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Demand for fruit and vegetables that have not been traditionally consumed in China is growing with the growth in cherry consumption being an example. This includes new varieties of existing fruit and vegetables. ▪ Increased interest in nutritional properties and in fruit and vegetables that can be considered superfoods. ▪ China’s retail sector continues to modernise creating retail outlets with a wider capacity to store and sell fresh fruit and vegetables. ▪ The government of China has been actively promoting the consumption of fruit and vegetables in the country. 	<ul style="list-style-type: none"> ▪ China continues to grow its capacity to produce fruits and vegetables that today are commonly imported, such as strawberries. ▪ Vietnam and Thailand are much closer to China and are both large fruit and vegetable producers. ▪ Canada is the largest exporter of vegetables to China with EU member states exporting a relatively small amount in comparison. ▪ Other F&V exporting countries like Chile benefit from duty-free imports in China through FTA.

5.8.2 Consumption

5.8.2.1 Evolution of consumption

Figure 5-37 shows that the largest single fresh fruit category in the Chinese market by volume is apples (27.5 million tonnes). The other main categories are oranges, tangerines and mandarins (14.8 million tonnes) and pears/quinces (11.3 million tonnes). The consumption of all fruit categories is expected to increase between 2021 and 2024. The niche market for cranberries and blueberries is forecast to grow at the fastest rate with a CAGR of 13.3%, followed by cherries at 12.1%.

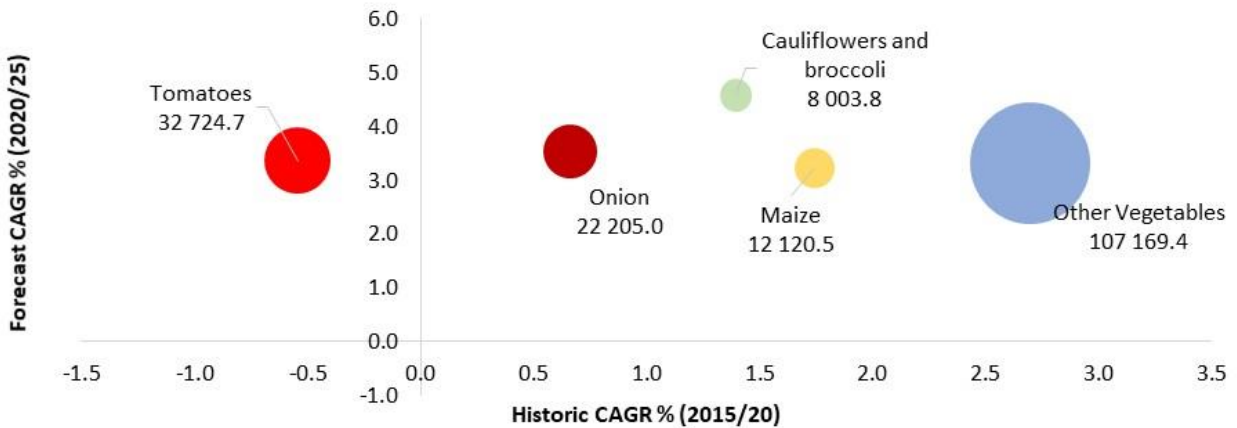
Figure 5-37: Evolution and forecast of fruits market (000 tonnes) in China, 2015-2025; total volume



Source: Euromonitor International: Fresh Food, 2021.

Figure 5-38 shows that tomatoes and onions are the largest vegetable categories (32.7 million and 22.2 million tonnes respectively in 2020). The tomato market is expected to grow at a CAGR of 3.4% between 2021 and 2024. The cauliflower and broccoli market is forecast to be the fastest growing vegetable category between 2021 and 2025 with a CAGR of 4.6%.

Figure 5-38: Evolution and forecast of vegetables market (000 tonnes) in China, 2015-2025; total volume



Source: Euromonitor International Ltd: Fresh Food 2021.

5.8.2.2 Consumer profile and purchase criteria

Consumers

Consumption of fruit and vegetables has been increasing in recent years in China, due in part to an increased demand for healthier foods. Growing incomes have driven demand for some of the more unique

fruits and vegetables that have not been traditionally consumed in the Chinese market. As a result, China has become the world's largest market for fresh fruits and vegetables and is likely to remain so as growth continues.

Younger consumers are more open to purchase imported and non-native fresh fruits and vegetables products in line with a wider westernisation of Chinese consumption habits, combined with a growing desire to seek out novel foods. Notable examples of fruits that have a following amongst the Chinese youth population include cherries, watermelons and bananas. Vegetables are also affected by this growing consumer trend towards novel products and the market for non-traditional vegetables continues to expand. Vegetables such as ice plant (the vegetable of South African origin) are an example of a non-native vegetable which has grown in popularity in recent years. Older consumers are more likely to consume traditional fruit and vegetables such as dragon fruit, durian and bok choy.

Other groups that are more likely to purchase imported fruit and vegetables include: mid to high income mothers (due to a focus on food safety); vegans and vegetarians (in search of novel products); and health conscious consumers interested in superfoods.

Drivers and method of consumption

There are a number of key drivers that help to explain the growth of fruit and vegetable consumption in China. The desire for a healthy balanced diet is the main driver of consumption as education around the health benefits of consuming fruit and vegetables has become normalised in the Chinese education system. There are also government campaigns such as the clean plate initiative, launched in late 2020, with the aim of reducing food waste; the consumption of fruit and vegetable was a key message throughout this campaign. The act of gifting during special occasion such as Chinese new year and single's day has also driven the purchase of fresh fruit with fruits in cartons or baskets being a popular gift.

Vegetarianism is growing in China and now accounts for 3% of the population, some 50 million consumers. The influence of Buddhism is also important, as is a growing general awareness around animal welfare; both have helped to boost the numbers of vegetarians in China.

Fruit and vegetables are consumed throughout the day with fruits being considered a snack and an on-the-go product which complements the ever-busier lifestyle of the average Chinese consumer. Vegetables can be incorporated into many Chinese meals spread throughout the day with notable examples including wheat noodles (*breakfast dish, particularly in the north of China*), chow mein (lunch) and spring rolls (dinner).

Purchase criteria

The large domestic production of fruit and vegetables means they are widely available to consumers in all income classes. Overall, price is therefore an important criterion; typically local fruit and vegetables retail at around CNY 6 to 7 (EUR 0.80 to 0.93) per kg. Availability has been boosted by the growth of hypermarkets and supermarkets which can offer a wide range of products, including more expensive mainstream products at two to three times the average price. Durians, strawberries, imported cherries,

broccoli and cauliflower are among the more expensive fruit and vegetables in China with prices reaching over CNY 100 (EUR 13) per kg in some cases, though organic typically commands a 200 to 300% premium as well. Freshness is an important consideration for most consumers alongside price.

Chinese consumers are increasingly seeking out novel fruit and vegetable products with unique tastes and this is becoming an increasingly important purchase criterion. Some consumers are also highly interested in the nutrition properties of the fruit and vegetables they consume, with some fruit and vegetables such as blueberries, kale and figs being considered superfoods of sorts among certain higher income young to middle aged consumers. Indeed, some consumers are beginning to consider colour a differentiating factor, with purple fruit and vegetables for example associated with superfoods due to products such as blueberries. Olives, though not purple, are another product that have benefitted from their consideration as a superfood. Product safety is also a consideration of many consumers, including higher income ones.

Packaging is an important consideration around fruits intended to be gifted during special occasions, with baskets and boxes common (even for products which may not typically use this type of packaging, such as oranges). There is a preference for packaging that incorporate traditional designs and the colour red.⁸¹

Fresh fruit and vegetables on retailers' shelves in China

Imported fruit and vegetables are more likely to target the mid-range and premium markets. This is unsurprising given the low price of locally produced fruit and vegetables (around CNY 7 – EUR 0.90 per kg). Pricing for mid range and premium varies by fruit/vegetable type, but in very broad terms mid range is up to CNY 40 (EUR 5.20) per kg and premium is above this.

⁸¹ Euromonitor International Ltd: Fresh Food 2021; China Briefing, is a meatless revolution in China really underway?, available at <https://www.china-briefing.com/news/is-a-meatless-meat-revolution-really-underway-in-china/>

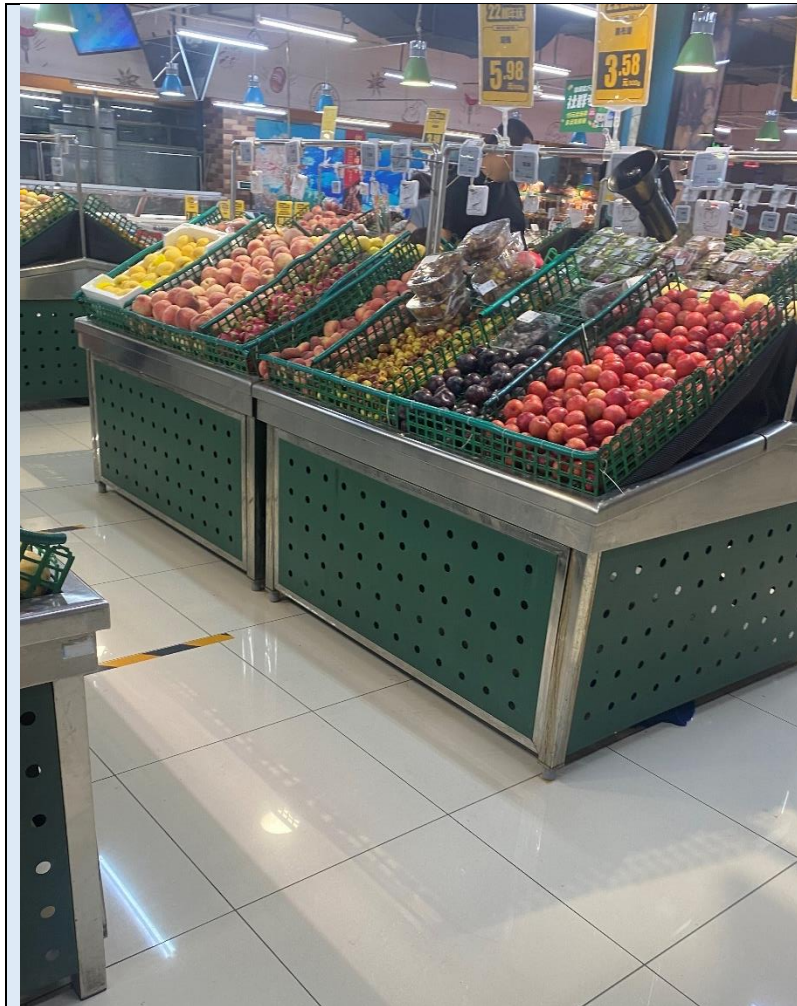


Above: wide variety of pre-packed fruit and vegetables in an online to offline retailer

It is common for imported fruit/vegetables to be packaged, with thin walled plastic containers the most prevalent.



While many supermarkets sell fresh fruit and vegetables pre-packed (above), there are some which still sell loose produce (below). It is common for the retailer themselves to do this packing.



Pictures: © Agra CEAS / Euromonitor International, 2021.

5.8.2.3 Recent market trends

As touched on above, the growing demand for unique fresh fruit and vegetables is helping to boost growth in the sector. Chinese consumers, particularly younger consumers are showing a preference for fresh fruit and vegetable products outside of the traditional pallet which will cause some shifts in the market. This can even include new varieties of products already on the market. There are few signs that the market has reached maturity as consumption of the majority of fresh fruit and vegetable products is forecast to continue to increase between 2021 and 2024. Increasing demand for unique products has pushed producers to grow fruit and vegetables that have not been traditionally produced in China such as cranberries and broccoli. There is also increased interest in high nutrition and immunity-boosting fruit and vegetables, as noted above; and a certain increased interest in organic produce, though this remains a niche. As the urban population expands, the importance of hypermarkets, supermarkets and e-commerce in distributing fresh fruits and vegetables will continue to grow.

5.8.3 Offer

5.8.3.1 Domestic production

China is the world's largest producer of fruit and vegetables with both products enjoying a large increase in production over the past decade as a result of increasing domestic demand and the modernisation of supply chains and production techniques. Apples is the single largest fruit category and are grown primarily in the regions of Shandong, Liaoning, Hebei, and Henan. Production amounted to 41 million tonnes in 2020.

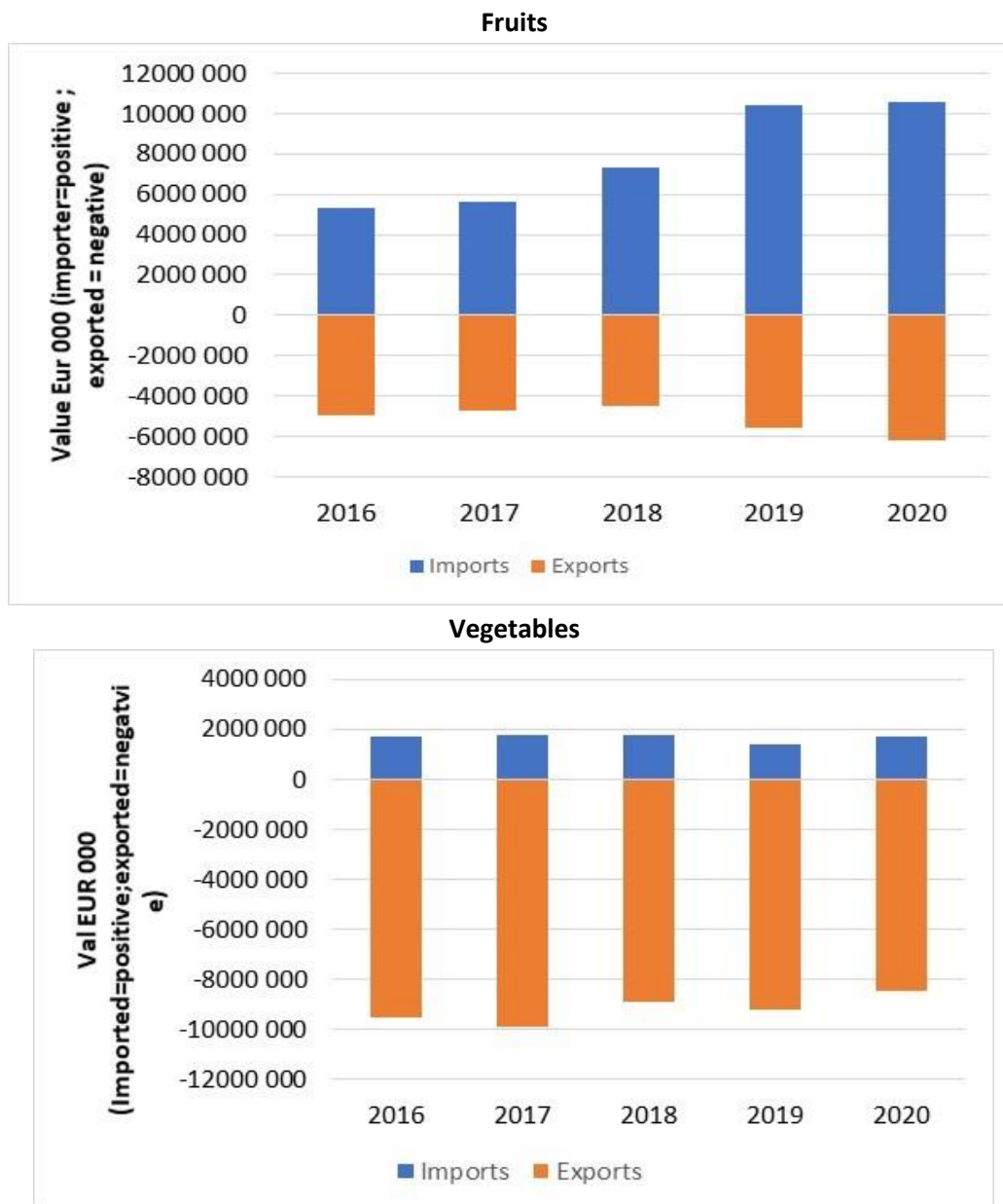
A large proportion of Chinese deciduous fruits are produced along the Yangtze river basin and in the Yellow river valley. China is currently the world's largest producer of pears, peaches, citrus, kiwifruit, jujubes, watermelons, muskmelons, strawberries, grapes and pomegranate. In terms of vegetables, China is the world's largest producer of potatoes which are primarily produced in Northern China which accounts for 47% of the country's potato production capacity. China is also the world's largest producer of lettuce, chicory, cabbage, cauliflower, spinach, pumpkin and carrots.

5.8.3.2 Imports and exports

Figure 5-39 shows that China has become a net importer of fruits (though it remains a net exporter specifically with the EU). China imported a total of EUR 10 billion of fruits in 2020 with the most popular being strawberries (EUR 3.0 billion), Cherries (EUR 1.6 billion) and bananas (EUR 0.8 billion). China exported a total of EUR 6 billion of fruit in 2020 with apples the largest exported fruit followed by citrus fruits and grapes.

On the other hand, China is a net exporter of vegetables. In 2020, China exported a total of EUR 8 billion worth of vegetables with onions, dried vegetables and cabbages being the largest categories. China imported EUR 1.7 billion worth of vegetables in 2020 with dried leguminous vegetables being the most important category with a value of EUR 937 million, followed by roots and tubers of manioc (EUR 687 million) and chilled vegetables (EUR 43 million).

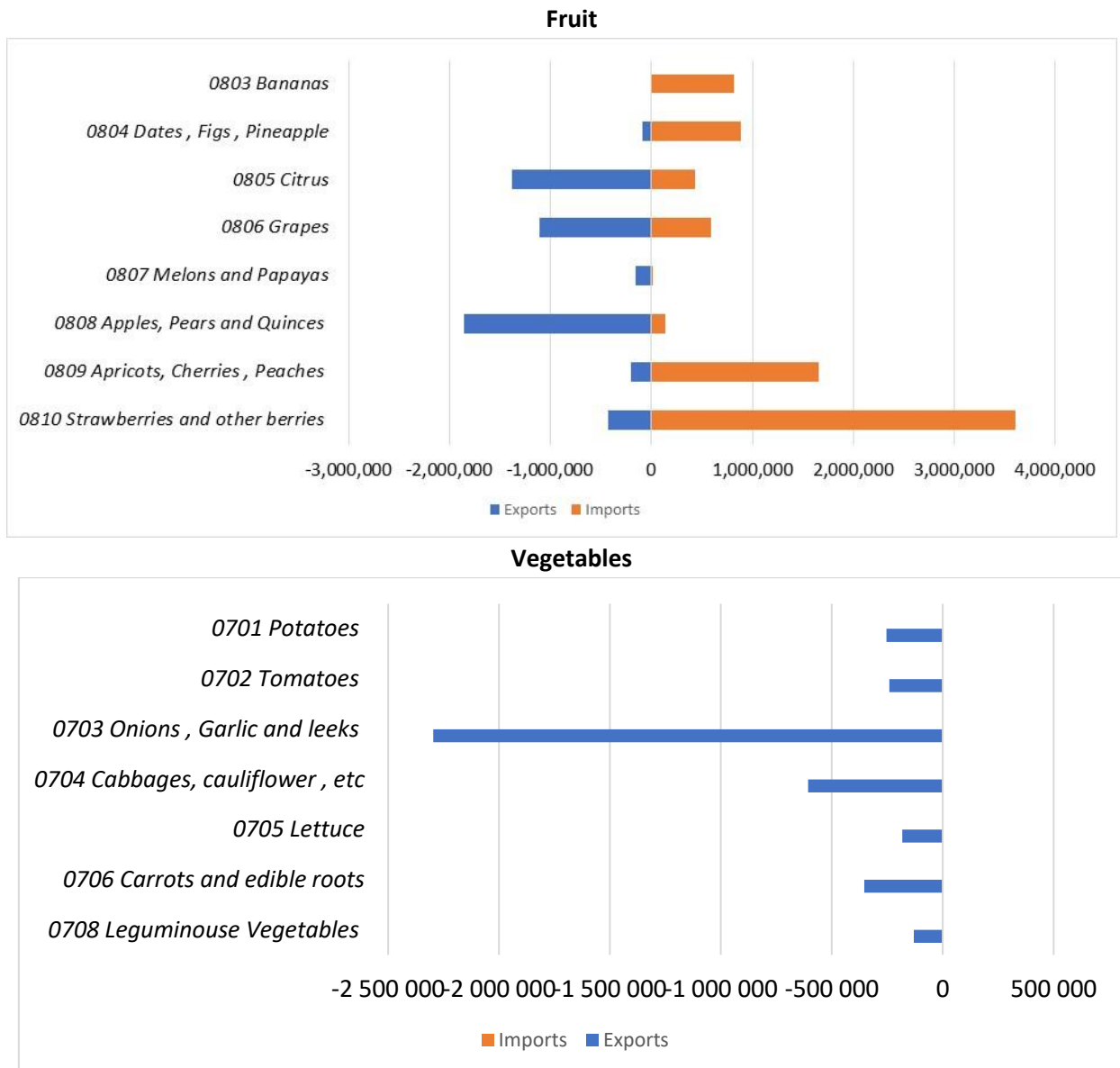
Figure 5-39: Trade balance (imports and exports) of fruits and vegetables In China, 2016-20; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 07 and 08.

Figure 5-40 further shows the trade balance for fruit products at an individual level. Strawberries are the most imported fruit product in China by value, while apples are the most valuable exported fruit product. China is a net exporter of melons, citrus and grapes. China does not import any of the main vegetable categories. This is partly the result of government policies to ensure food security and the competitiveness of Chinese F&V on the global market. The majority of China's vegetable imports are roots and tubers of manioc and dried leguminous vegetables.

Figure 5-40: Trade balance of fruit and vegetables by type, 2020 (value 000 EUR; selected types only)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

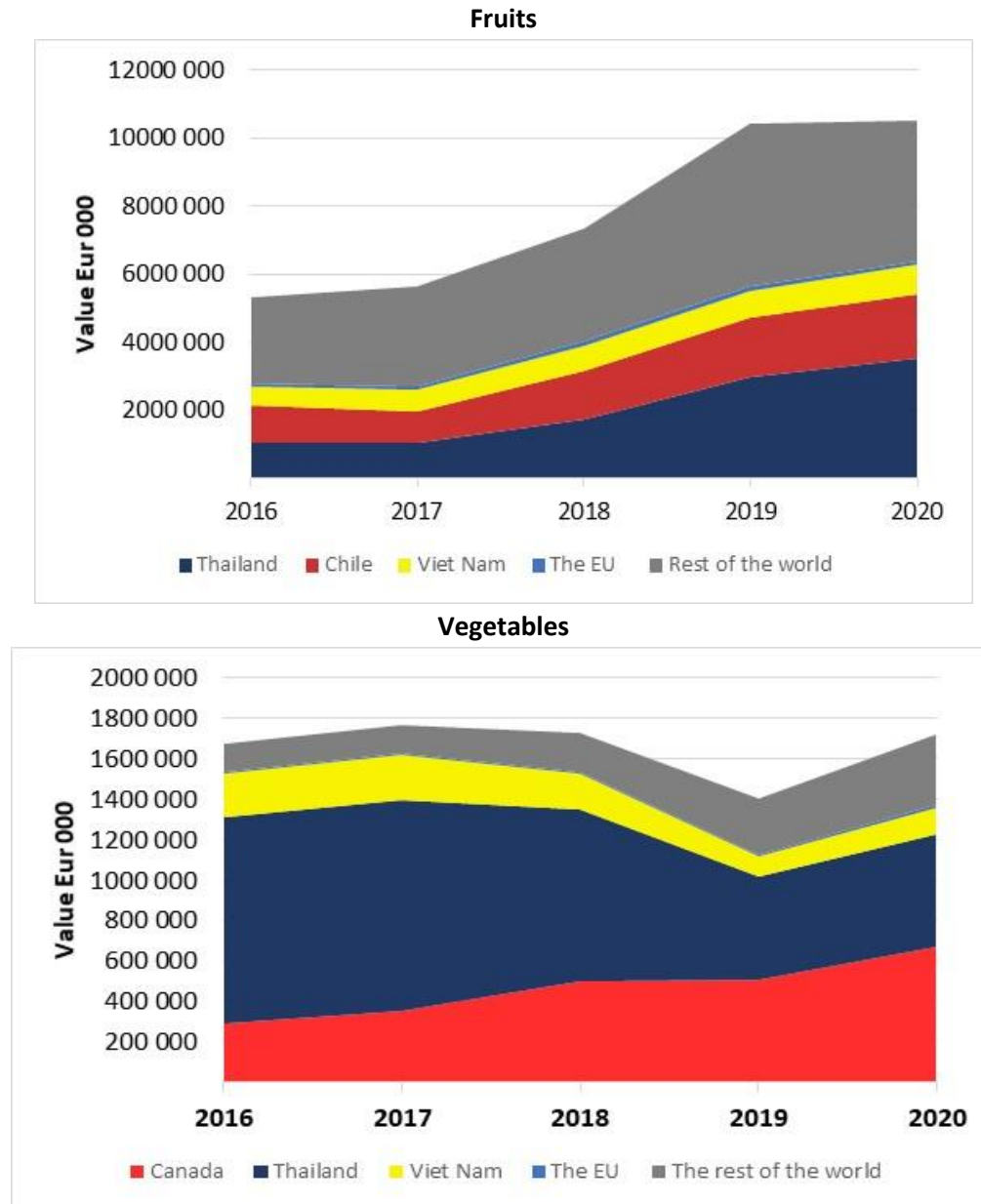
Note: names for CN codes abbreviated in most cases.

Only indicated CN codes presented in these figures. 6 codes for fruit and 7 codes for vegetables are missing, which is why individual figures do not add up to totals in previous graphs.

Figure 5-41 shows that Thailand is the largest exporter of fruits to China with a value of EUR 3.5 billion in 2020. Chile and Vietnam are the second and third largest exporters; strawberries, cherries and grapes are important categories. Italy is the largest EU exporter of fruits to China with a value of EUR 24 million in 2020. The main export is strawberries. Canada is the largest vegetable exporter to China with a value of EUR 667 million in 2020; dried leguminous vegetables were the most important category. Thailand and Vietnam are the second and third largest vegetable exporters with both countries exporting roots and tubers of manioc, dried leguminous vegetables and frozen vegetables. France is the largest EU exporter of

vegetables to China with the country exporting EUR 14 million worth of vegetables to China in 2020. France largely exports dried leguminous vegetables.

Figure 5-41: China imports of fruits and vegetables by country, 2016-20; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 07 and 08.

5.8.3.3 EU GI products

Pêra Rocha do Oeste and Elia Kalamatas table olives are protected under the EU China GI agreement at present. As set out in section 4.2.4, the list is due to expand in the coming years and may include a handful more F&V products (see section 8.5.2).

5.8.3.4 Main competitors

The main competitor to exports is the domestic market as China is the world's largest producer of both fresh fruit and vegetables. The government has been pushing to increase production of both of these products in recent years in a bid to ensure food security. Thailand and Chile are the largest competitors in terms of strawberries and grapes. The largest export competitors for vegetables are Canada and Thailand, with these countries exporting significant volumes of dried leguminous vegetables and roots and tubers of manioc.

5.8.4 Specific market entry requirements

Market Access and Entry

Countries must be approved for the fruit or vegetable in question before it can be exported to China. It is recommended that the corresponding ministry in the member state in question, or the embassy of the member state in China be contacted to check if access for a certain fruit or vegetable has been granted.

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for fruit and vegetables notably include: the registration of foreign exporters of particular products; a phytosanitary certificate; a permit to import live animals and plants subject to quarantine, a commodity inspection certificate and an import licence.

In terms of tariffs, vegetables generally face 10% or 13% ad valorem tariffs. While many fruits face similar tariffs (10% or 13%) there are some exceptions e.g. apricots face tariffs of 25%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – apples category (0808) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0808&origin=FR&destination=CN>

Standards, SPS measures

A list of GB standards of some relevance to fruit and vegetables can be found at: https://food.chemlinked.com/database/index/?page=1&left_p=CN&left_c=12

As noted in section 4.3.3, the approval procedures for fruit and vegetables is slow.

Labelling

In line with the Law on Quality and Safety of Agricultural Products and Measures for the Supervision and Administration of the Quality and Safety of Edible Agricultural Products Marketing, fruit and vegetable labels must contain: name of the product, place of production, name of producer, date of production, expiry date, quality grade.

5.8.5 Distribution

Figure 5-6 below shows that for both fruit and vegetables it is the retail sector that accounts for the majority of sales. This sector includes the hypermarkets and supermarkets which have a large capacity to store a wide variety of fruit and vegetable products. Institutional outlets have seen their share of sales decline for both fresh fruit and vegetable products in a trend that can also be seen in foodservice outlets. However, food service outlets still account for a quarter of all fruit and vegetable sales.

Figure 5-11: Distribution of fruit (left) and vegetables (right) in China



Source: Euromonitor International: Fresh food, 2021

Among retail channels, wet markets remain dominant. In 2019 prior to the COVID-19 pandemic, it was estimated that traditional market channels including wet markets accounted for close to 80% of fruit and vegetable sales in China. However, it is believed this has since fallen as other channels catch up. Most notably, supermarkets (including online to offline ones) have grown quickly and it is expected that they

will account for around 1/3 of retail sales within the next couple of years. E-commerce remains a minor channel with a high single digit share, but some higher quality imported products have done well on through this channel – avocados being an example. E-commerce is also becoming important for fruit and vegetable sales around festivals (e.g. as gifts). Convenience stores are another channel that has emerged, but it remains of minor importance and typically products sold are either cut fruit and small quantity packets of fruit or vegetables.

5.8.6 Challenges for EU products

A number of challenges exist for EU fresh fruit and vegetable producers seeking to enter the Chinese market. Firstly, China is the world's largest producer of fresh fruit and vegetables and the government views the production of these products in line with a wider policy of ensuring food security. Most domestic Chinese F&V products are competitive both in terms of price and quality. China also borders a number of large fruit and vegetable producers such as Thailand and Vietnam which are able to address any shortfalls in domestic production and some of which have agreements to facilitate trade in these products with China. Major F&V exporting countries benefit from duty-free imports into China through FTA. The approval process to export fruit and vegetables to China is generally quite slow and only one application may be made at a time by a member state; some applications have remained under review since 2014. However, there are opportunities in the Chinese market due in part to consumer demand for novel fruit and vegetables outside of the traditional Chinese diet such as broccoli, strawberries and cherries.

Market Takeaway: Fresh fruit and vegetables

Consumption: China is the world's largest consumer of both fruit and vegetables, consumption of these products is common in the country and vegetables in particular complement many traditional Chinese dishes.

Competition: The domestic sectors present the main competition for EU producers as China is the world's leading producer of a number of key fruits and vegetables including potatoes and apples. There is also strong competition from Thailand, Vietnam, Chile and Canada which are already established in the market.

Distribution: Largely sold in retail establishments in the country which typically work with farmers and wholesalers to create a supply chain that ensures that shelves are constantly stocked with fresh products.

Challenges: China's approval process for European fresh fruits and vegetables is generally slow and only one application per member state may be made at a time; some of these applications have remained under review since 2014. Major F&V exporting countries benefit from duty-free imports into China through FTA. Within China, the wide amount of domestic fruit and vegetables present in the market at competitive prices and quality is also a key challenge to overcome. EU exports likely to remain low due to the combination of these factors, distance and price.

Opportunities: Strawberries, cherries and dried leguminous vegetables are amongst the fresh fruit and vegetable products commonly imported into China. Demand for novel fruit and vegetables with unique flavours continues to increase creating a key opportunity to enter the market; this includes new varieties. Some "superfoods" in demand.

5.9 Pet food

5.9.1 SWOT analysis

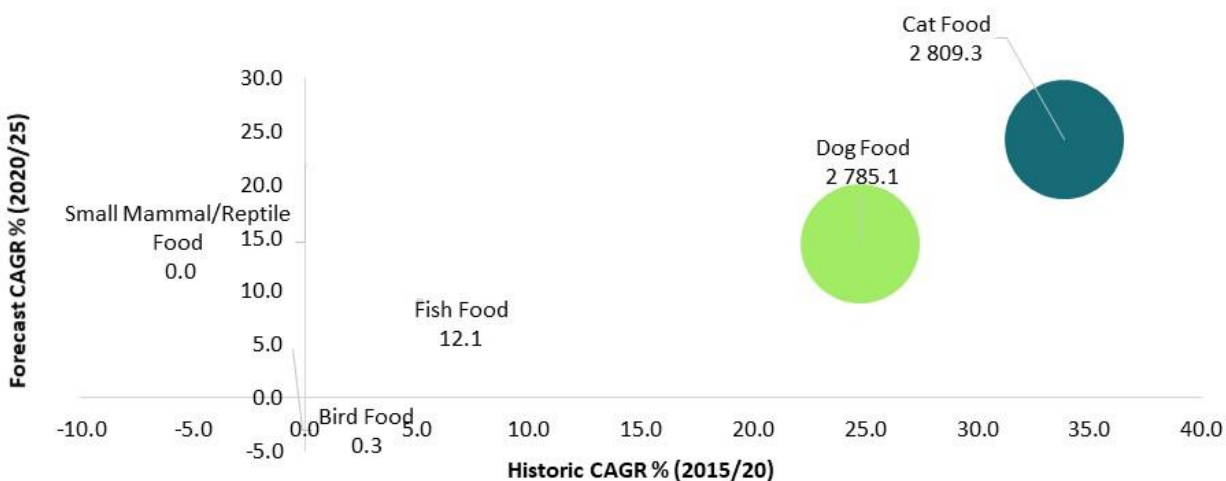
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Very strong growth in pet food sales between 2016 and 2020, double-digit growth likely to continue between 2021 and 2025. ▪ Dog and cat ownership amongst younger generations are becoming more common and will likely remain the case for upcoming generations 	<ul style="list-style-type: none"> ▪ The markets for fish food, bird food, and small mammal/reptile foods are very small in comparison to the huge cat and dogfood markets. ▪ Regulation of and checks on imported pet foods entering China are strict.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ The increasing humanisation of pets in China is driving demand for premium pet foods with EU pet foods commonly perceived as premium in China. ▪ Online retailing is becoming more feasible for foreign producers seeking to enter the Chinese market, with the majority of pet food sales coming from this channel. 	<ul style="list-style-type: none"> ▪ Domestic production is slowly shifting from an export-led business model towards catering to the growing domestic market. ▪ Countries such as New Zealand have favourable trading conditions and are large exporters of pet foods to China.

5.9.2 Consumption

5.9.2.1 Evolution of consumption

As shown below in Figure 5-42 the pet food product with the highest retail value is cat food which is valued at EUR 2.8 billion in the Chinese market. The product has been growing exponentially in recent years, recording a CAGR between 2015 and 2020 of 34%. The category will continue to grow between 2021 and 2025 by a CAGR of 24.3%. Dog food is a close second with a retail value of EUR 2.7 billion, the product has also been growing substantially in recent years in the Chinese market with a recorded CAGR of 24.8% between 2016 and 2020, in the upcoming years between 2021 and 2025, it is forecasted that dog food will grow at a CAGR of 14.4% The other pet food products are quite small with fish food having a market value of only 12 million and the markets for bird food and small mammal food negligible.

Figure 5-42: Evolution and forecast of the pet food market in China, 2015-2025; retail value EUR million



Source: Euromonitor International: Pet care, 2021.

5.9.2.2 Consumer profile and purchase criteria

Consumers

Consumers in China are increasingly having pets, mainly cats and dogs in their homes in a trend of a wider westernisation of many consumer habits in the country. Cats in particular are accustomed to living in urban environments which increasingly is the home of Chinese consumers. China's pet food industry is still in its infancy which helps to explain the double-digit CAGR for pet food products in the country in recent years. Chinese millennials are the key demographic of pet food owners with almost 40% of consumers with pets being under the age of 24. Females by far are the largest pet owners in the country, accounting for 88% of dog and cat ownership in the country⁸² and half of these hold a bachelor's degree. The higher requirements for quality of life from the post 90s generation continue to stimulate growth in the Chinese pet food market.

Drivers and method of consumption

Key drivers in pet food ownership in China include rising incomes in the country, the westernisation of many consumer habits in the country, and the role of influencers which has been shown to drive demand for dog and cat ownership. Many pet owners will consider them a member of the family and treating them akin to children is common which further drives demand for pet food products. As the majority of pet owners in the country are from a younger demographic, the role of internet retailing is key in driving demand for pet foods, with 54.7% of all pet food sales coming from online retailers. Mental health is another driver of pet ownership in the country with 20% of pet owners indicating that mental support is key reasoning for owning pets.

⁸² The pet food market in China, Flanders trade and investment guidebook, available at https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/The%20pet%20food%20market%20in%20China.pdf

Purchase criteria

Many pet owners in China come from an educated background which gives them the leverage to spend more on pet food products as a result of higher incomes. Around 20% of pet owners in the country will have a monthly income of roughly 10 000 RMB (EUR 1 290) which makes pet food products for this demographic affordable. Due to the key role online retailing plays in the sales of pet foods in China, consumers are exposed to a wide variety of pet food products, included products from abroad. As many consumers associate pets as members of the wider family, spending on pet food products is generally viewed as an essential process that requires research about the best fit for the specific breed of pet.

5.9.2.3 Recent market trends

As stated above, the urbanisation of the Chinese population coupled with a wider westernisation of consumer habits help to explain the double-digit growth of cat and dog foods in China. Females are by far the key demographic driving demand for dog and cat products with influencers on Chinese social media platforms also playing a key role. It is likely that in the upcoming years that pet ownership will continue to expand with income gaps between females and males continuing to converge which in turn will drive demand for pet ownership due to females, the key demographic for pet foods, continuing to have growing incomes to afford pets. Pet humanisation is also becoming much more common which will further drive demand for pet food products and accessories.⁸³

5.9.3 Offer

5.9.3.1 Domestic production

Most of China's pet food production is focused on its east coast, which is due to the close proximity to both the resources required to produce pet food and urban centres which make up most of the pet owners in China. Areas with a large amount of corn and wheat such as Beijing and Tianjin allow for the production of pet foods such as dry foods, another example is Shandong which produces a large amount of poultry with many pet food producers that incorporate poultry choosing to set up operation in the region. The industry remains largely in its infancy with the largest producers in the country including the companies of Yantai China pet foods Co, multinational Nestle Purina, and Brige pet foods. Pet food occupies an important position in the pet industry and is the largest market segment. In 2019, the domestic pet food industry was approximately 40 billion RMB (EUR 5.1 billion). Despite the industry being in the infancy, China is a notable exporter of pet foods however increasingly producers are shifting towards focusing on the domestic market as a result of growing pet ownership within China.⁸⁴

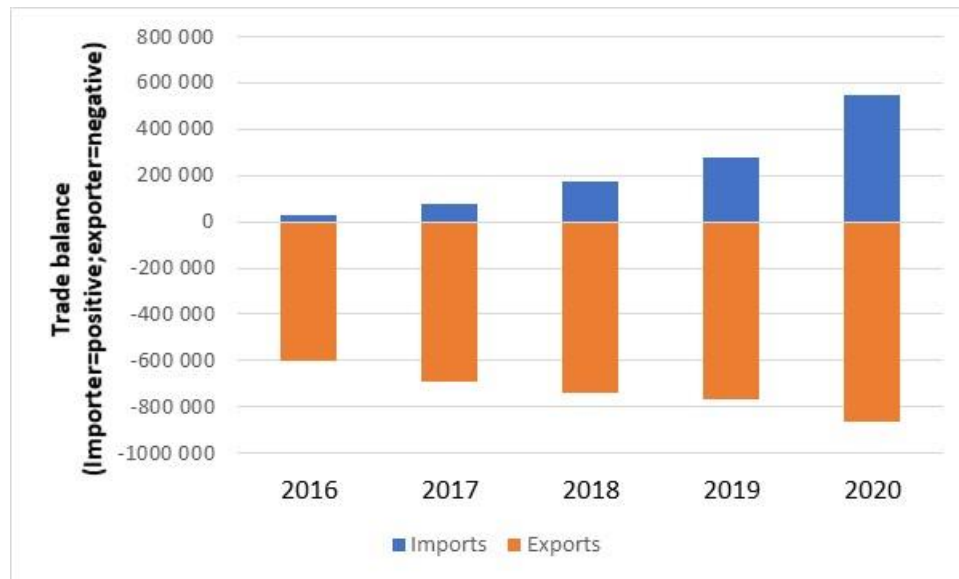
⁸³ Euromonitor International: Pet care, 2021.

⁸⁴ Chinas pet food market, Mordor intelligence, available at <https://www.mordorintelligence.com/industry-reports/china-pet-food-market>

5.9.3.2 Imports and exports

As shown below in Figure 5-43, China is a net exporter of pet food products however Imports have grown in recent years, in 2016, China imported EUR 26 million worth of pet food, by 2020 this figure had risen substantially to EUR 544 million. Exports remain larger however the deficit is starting to converge slowly.

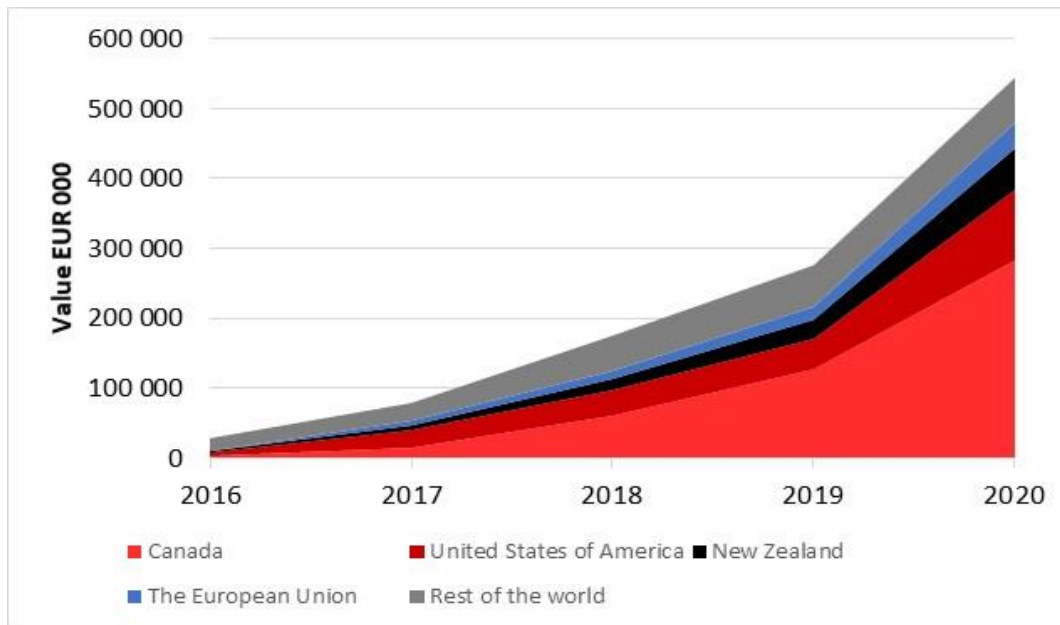
Figure 5-43: Trade balance (imports and exports) of cat and dog food in China 2016-20; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 230910

Figure 5-44 shows that Canada, The United States, and New Zealand are the largest exporters of pet foods to China with New Zealand having a free trade agreement in place. The largest EU exporter of pet foods to China is Germany which is the 6th largest overall pet food exporter to the country with pet food exports from Germany coming to a value of EUR 15 million. This is followed by Belgium and the Czech Republic.

Figure 5-44: Chinese imports of cat and dog food by country, 2016-20; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 230910.

5.9.3.3 Main competitors

Domestic producers are growing in scale to cater to a larger demand for pet food products and production has grown as a consequence of the double-digit growth of dog and cat food products in the country. This is reflected by the country's status as a net exporter of the product. However, demand for imported products comes from their perceived superiority. The largest competitors in the imported Chinese pet food market are Canada, The United States, and New Zealand which are the top three exporters of pet foods to China.

5.9.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1. In addition to these, the following specific requirements exist for petfood:

- Registration of Feed and Feed Additives
- Commodity Inspection Certificate
- Veterinary Health Certificate for Animal Products

In order to export petfood to China, the establishment has to be approved. The most recent list of approved establishments identified can be found here:

<http://dzs.customs.gov.cn/dzs/2747042/2754407/index.html>

In terms of tariffs, pet food faces ad valorem tariffs of 4 or 5%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – cat and dog food category (230910) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=230910&origin=FR&destination=CN>

Standards, SPS measures and labelling

There are multiple standards relevant for petfood, though the key ones are:

- GB/T 31216-2014 Complete Pet Food-Dog Food
- GB/T 31217-2014 Complete Pet Food-Cat Food
- GB/T 23185-2008 Pet Food - Dog Chew
- GB/T 22545-2008 Good Irradiation Practice for the Control of Microorganisms in Dried Pet Foods

A full list of standards relevant for petfood can be found here:

https://food.chemlinked.com/database/index?page=1&left_p=CN&left_c=234

Pet food can only contain non-backlisted ingredients. Blacklisted ingredients can be found here:

<http://dzs.customs.gov.cn/dzs/2746776/2753557/index.html>

The blacklist most notably contains animal products from zones identified as having disease outbreaks. As a consequence, the SPS related challenges for meat are also relevant for meat-based pet food, e.g.:

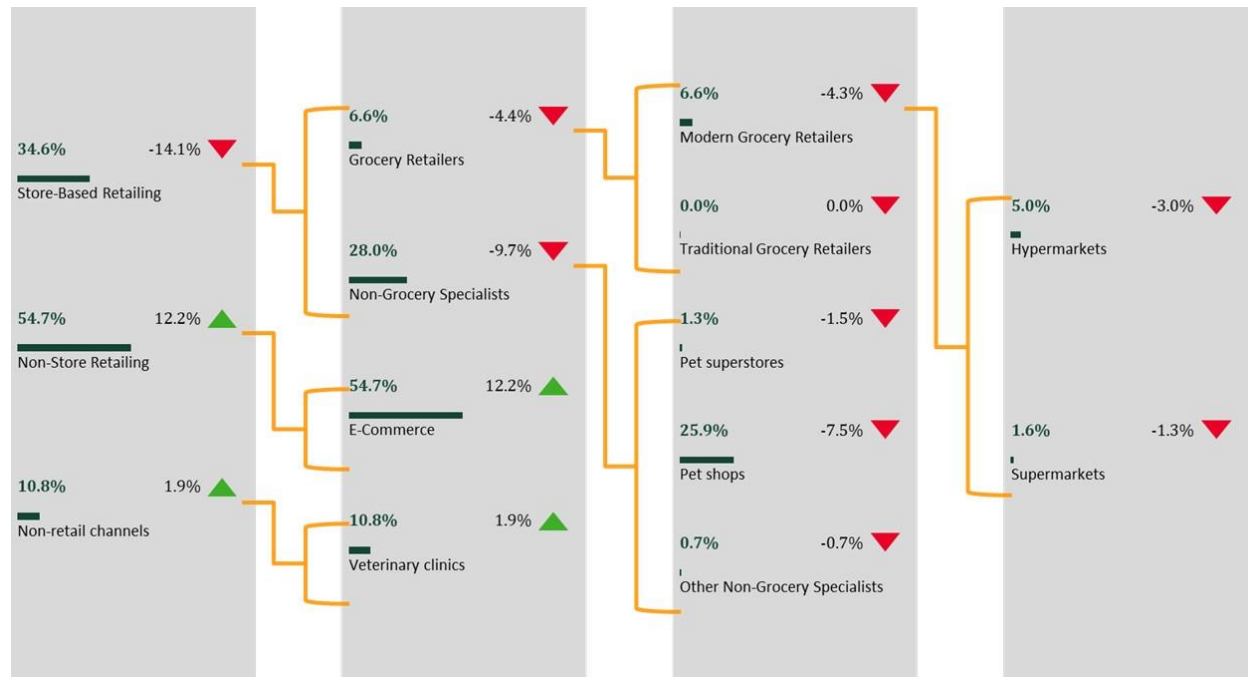
- Regionalisation policy and restrictions (most notably with avian influenza).
- Live ruminants and their products due to bovine spongiform encephalopathy (BSE) and other diseases. procedures.

It is recommended that section 4.3.3 be consulted for more details on these challenges.

5.9.5 Distribution

As shown below in Figure 5-45, e-commerce accounts for the majority of pet food sales in China and is likely to continue growing due to the majority of pet owners in China being from a younger, internet-savvy demographic and due to the fallout of the Covid-19 pandemic outbreak which has helped to normalise online retailing in China. Pet shops account for a quarter of all pet food sales however increasingly the larger pet food chains are opening online shops to cater to a wider demand. Veterinary clinics account for 10% of pet food sales and are more likely to stock pet food products of a higher quality catering to specific breeds.

Figure 5-45: Distribution channel overview of pet food in China (2020); retail value



Source: Euromonitor Pet care, 2021.

5.9.6 Challenges for EU products

A key challenge for EU exporters includes the strict requirements from the Chinese state in regards to the importation of products containing meat. This means that products cannot contain meat from countries where there are restrictions in place for the meat in question due to animal disease outbreaks. This coupled with countries such as New Zealand having a free trade agreement with China presents challenges. Domestic production continues to grow which will place increase competition in the pet food market in upcoming years. Establishing an online presence will be key to attract consumers to the country and this process takes a considerable amount of time and require partnerships with various organisations within China, the Chinese market however does present many opportunities for EU producers as EU pet food products are perceived as a premium product which helps to cater to a wider humanisation of pets in China.

Market Takeaway: Pet food

Consumption: Pet ownership is growing quickly in China with dog and cat food recording double-digit growth in recent years. The majority of pet owners are females who account for 88% of pet owners.

Competition: Domestic producers are growing their capacity to cater to the growing domestic demand for pet foods in the country. Outside of China, Canada, the United States and New Zealand are the largest competitors.

Distribution: E-commerce accounts for the majority of sales with 54% of pet foods being sold through this channel, pet shops account for a quarter of sales however are increasingly shifting their focus towards online retailing. Veterinary clinics account for 10% of sales.

Challenges: Strict requirements from the Chinese authorities in relation to pet foods containing meat is a challenge. The requirement essentially to have an online presence also presents a challenge although this is becoming increasingly feasible for foreign producers.

Opportunities: The increasing humanisation of pets in China is driving demand for premium pet food products, with EU pet foods commonly associated as premium amongst Chinese consumers.

5.10 Ice cream

5.10.1 SWOT analysis

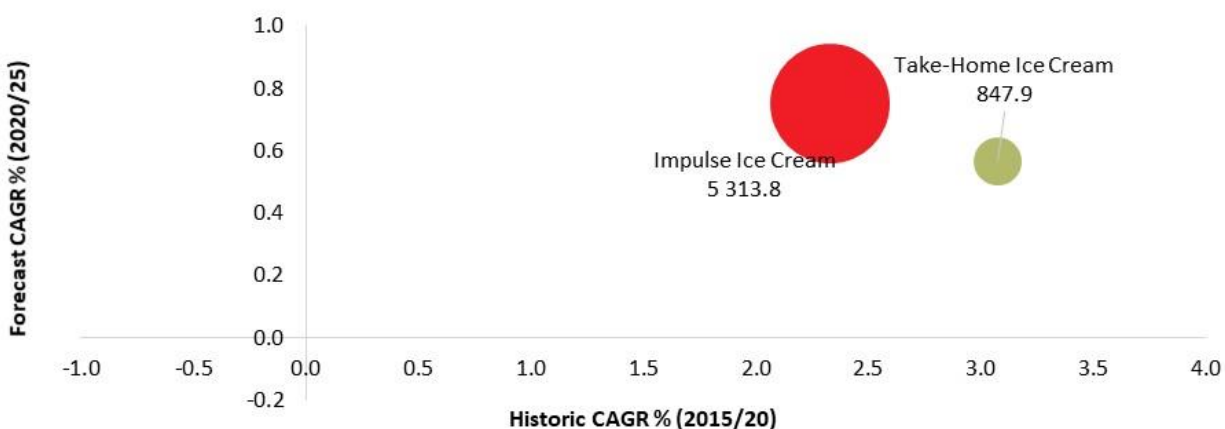
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> European ice creams are perceived as a luxury product that compounds sales amongst higher-income consumers and through the act of gifting. France is the largest exporter of ice cream products with Italy and Spain also amongst the top ten 	<ul style="list-style-type: none"> China is now the world's largest producer of ice cream. Domestic producers are better positioned to produce ice creams with flavours that appeal to the consumer base such as spicy chocolate flavour.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Growing incomes combined with growing awareness of European ice cream brands. E-commerce likely to become an ever more important distribution channel which may open up new markets inside the country. 	<ul style="list-style-type: none"> Major threat from domestic production. Japan and New Zealand the main threats from outside of China. Chinese population increasingly health-conscious which threatens the sales of conventional ice cream products.

5.10.2 Consumption

5.10.2.1 Evolution of consumption

As shown below in Figure 5-46, impulse ice cream is the ice product with the largest retail value in the Chinese market with a market value of EUR 5.3 billion. This product has grown by a CAGR of 2.3% between 2015 – 2020, and looking ahead the segment is expected to grow by a CAGR of 0.8%. Take-home ice cream has a market value of EUR 848 million. Take-home ice cream grew by a CAGR of 3.1% between 2015 and 2020 and is expected to grow by 0.6% between 2021 and 2025.

Figure 5-46: Evolution and forecast of the ice cream market in China, 2015-2025; retail value EUR million



Source: Euromonitor International: Packaged Food, 2021.

5.10.2.2 Consumer profile and purchase criteria

Consumers

Consumption of ice cream in China has grown in recent years as a result of a number of factors including the westernisation of many aspects of the Chinese diets which have led to increased curiosity about western foods including ice cream. Improvements to the cold supply chains within China coupled with the rise in modern grocery markets have made ice cream more available and obtainable for the average Chinese consumer. Consumers can come from any background as the price of ice cream in China is generally not expensive; on average around RMB 6-30 (EUR 0.70- 3.87) for different variants of domestic ice creams. Imported ice creams tend to cost more which can price out more cost-conscious consumers. That said, cold chain logistics mean that ice cream is more commonly consumed in tier 1, 2 and 3 cities. The rise of health consciousness amongst consumers which has been compounded by a government campaign known as *Health China 2030* presents a challenge for ice cream products in China with demand for healthier alternative ice creams looking likely to rise in demand.

Drivers and method of consumption

A key driver of ice cream sales in China has been a growing demand for indulgence products driven by the rise of incomes in the country coupled with increased curiosity for products that were not typically consumed in China. Chinese consumers are now more exposed to ice cream products of both the domestic and imported variety; and through various channels such as modern grocery retailers and recently e-commerce. Ice cream consumption differs slightly from western consumer habits with Chinese consumers more likely to consume ice cream “on the spot” although this is slightly changing due to the rise of e-commerce sales of the product. Demand for more unique flavours has emerged in China as the market for ice cream continues to develop with flavours such as spicy chocolate and squid flavour emerging in the market in recent years as consumers continue to seek flavours outside of the standard chocolate, vanilla, and milk-based flavours. As is the case in many countries, demand for ice cream increases during the summer due to summer heat.

Purchase criteria

Premiumisation has started to occur in the Chinese ice cream market as consumers have been shown to spend more on ice creams that incorporate a number of additional benefits such as dairy-free ice cream, pieces of fruit, and packaging. Producers have started to produce smaller packages of ice cream products in response to a growing health-conscious population that views the health benefits of ice cream consumption as an increasingly important criterion. Domestic ice creams are not overly expensive with most consumers having the capacity to purchase them, however, imported ice creams from major brands cost more and may price out lower-income consumers.⁸⁵

5.10.2.3 Recent market trends

Rising demand for ice cream outside of traditional flavours such as vanilla and chocolate continues to be an ongoing trend in the Chinese ice cream market. Consumers are increasingly seeking out ice creams with

⁸⁵ Euromonitor International: Packaged Food, 2021; Daxueconsulting, the Chinese ice cream market, available at <https://daxueconsulting.com/hot-trend-indulgence-ice-cream-industry-china/>

unique flavours, ingredients, and packaging. The rise of e-commerce usage as a result largely of the outbreak of COVID-19 has caused producers to start to focus on the online space as well rather than only traditional outlets. Consumption of ice cream is likely to be impacted by a wider trend of health consciousness in the market which may be offset slightly by a rise in the production of healthier varieties of ice cream products. Imported ice cream is viewed as luxury products and as a result, is more expensive than domestic variants, however, imported ice cream, as a result, is more likely to be gifted which is a growing practice for the product in China.⁸⁶

5.10.3 Offer

5.10.3.1 Domestic production

Domestic production of ice cream has increased substantially in recent years on the back of a growing demand for the product and the increased production of dairy as a whole in the country which provides producers with more and cheaper ingredients to produce ice cream. Inner Mongolia Yili Industries is the largest producer in the market and is one of the more innovative producers in the country. The company produces a number of new flavours and uses packaging that has resonated with the Chinese consumer base. Inner Mongolia Mengniu is the second-largest producer followed by Walls China co, the rest of the market is made up of a number of smaller producers with between a 1%-4% market share each. China is now the world's largest producer of Ice cream having overtaken the US around 2016, total ice cream production is around 3 million tonnes with this figure declining slightly due to the outbreak of COVID-19 in China.⁸⁷

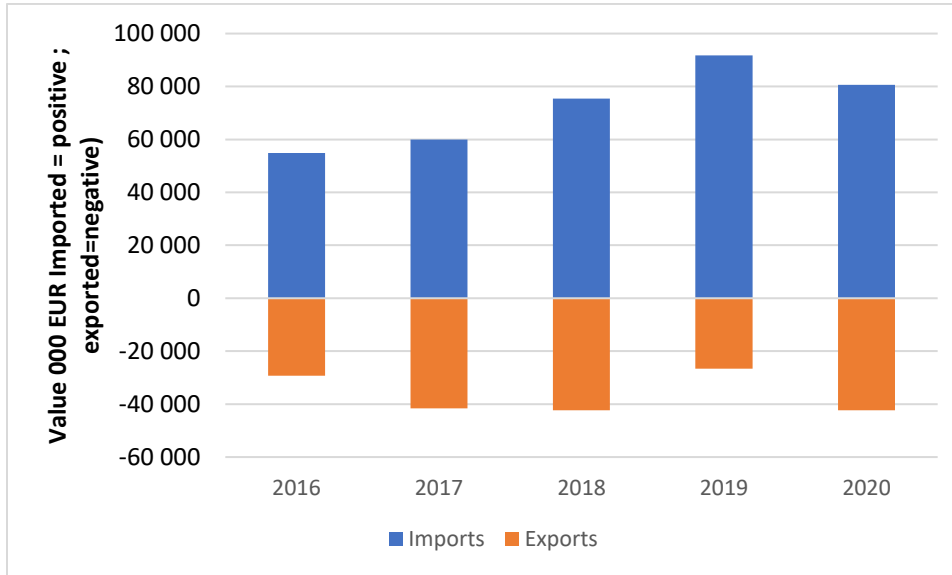
5.10.3.2 Imports and exports

As Figure 5-47 below shows, China imports more ice cream products than it exports, this, however, is not a reflection of a small domestic production base but rather a domestic production base which largely caters to the domestic market over export, given that China is the world's largest producer of Ice cream products. Demand for luxury ice cream products helps to explain why levels of imports are high despite a large domestic production base.

⁸⁶ Euromonitor International: Packaged Food, 2021

⁸⁷ Euromonitor International: Packaged Food, 2021

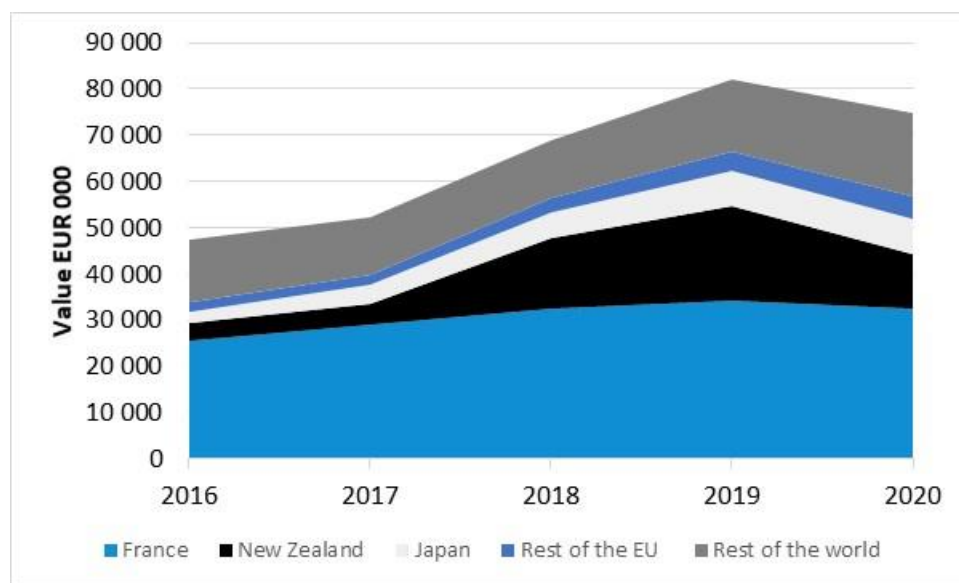
Figure 5-47: Trade balance (imports and exports) of ice cream in China 2016-2020; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2105.

As can be seen in Figure 5-48, France is the largest exporter of ice cream products to China with total exports from France coming to a value of EUR 32m in 2020, this is followed by New Zealand with total trade worth EUR 11m and Japan with a total trade worth EUR 7.5m. Italy and Spain are also amongst the top ten largest exporters of Ice cream products to China in 2020.

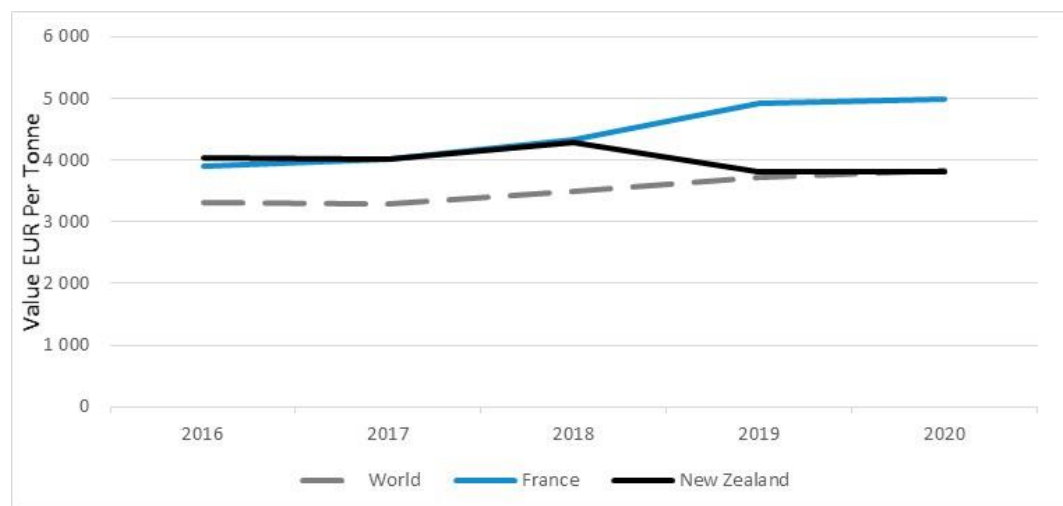
Figure 5-48: Chinese imports of ice cream by country, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2105.

French ice cream has the highest unit value in the Chinese market with ice creams originating in France typically being perceived as a luxury product amongst Chinese consumers. The total unit value was roughly EUR 5 000 per tonne in 2020, the global average, by comparison, was EUR 3 800 in 2020.

Figure 5-49 Per unit value of Chinese imports of ice cream for selected countries, 2016-20 (EUR per tonne)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2105.

5.10.3.3 EU GI products

While there are no GI ice creams, some products which could potentially be used as ingredients are protected under the EU China GI agreement at present. Please consult the table in section 8.5.1 for a full list. As set out in section 4.2.4, the list is due to expand in the coming years.

5.10.3.4 Main competitors

The main competition in the Chinese ice cream market comes from domestic producers which have grown substantially in recent years to make China the world's largest producer of ice cream. Domestic producers have the capacity to produce unique flavours of ice cream products that resonate with the local consumer base such as squid and spicy chocolate flavours which are not typically produced in the west. New Zealand and Japan stand as the largest exterior competitors with Russia and South Korea having a small presence.

5.10.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for ice cream notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, ice cream faces an ad valorem tariff of 12%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general ice cream category (2105) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2105&origin=FR&destination=CN>

Standards, SPS measures

The key standard for ice cream, which includes definitions, is GB/T 31114-2014 on Frozen drinks – Ice cream.

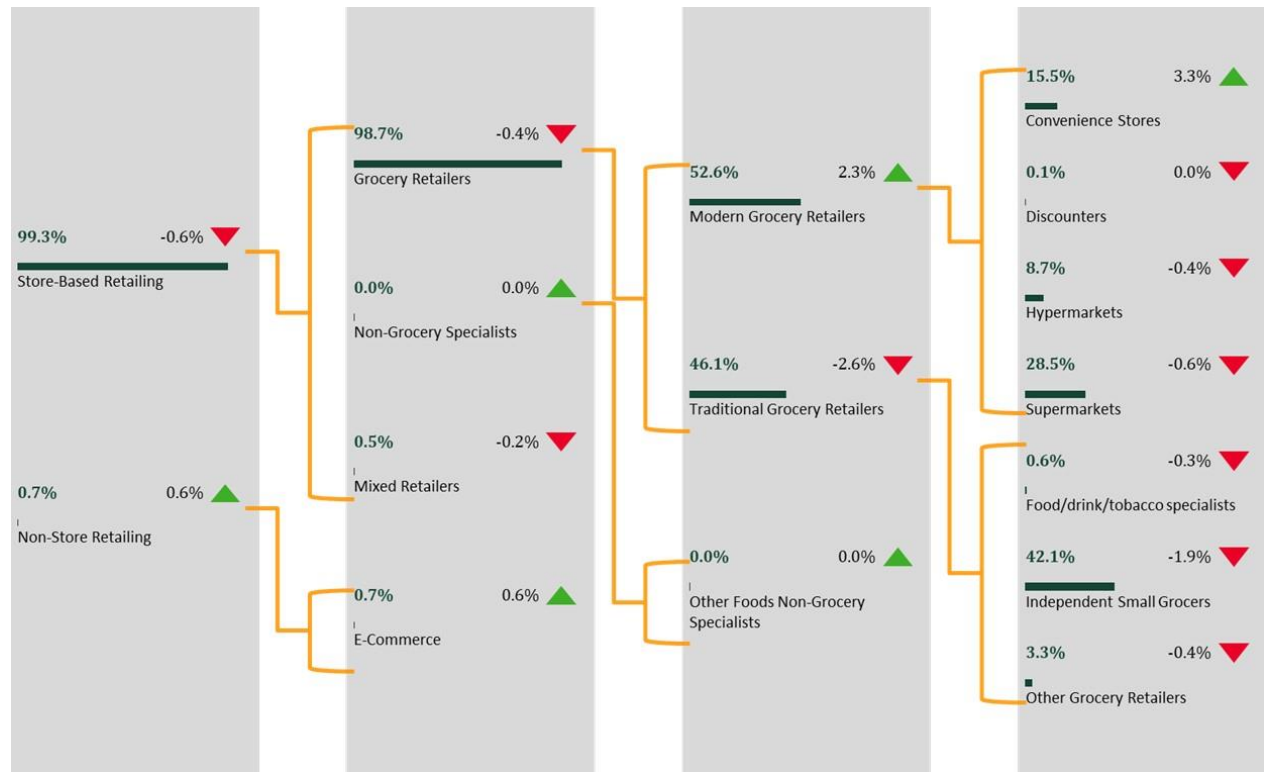
Labelling

Ice cream must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.10.5 Distribution

As Figure 5-50 below shows, Ice cream distribution is primarily from grocery retailers which further explains why many Chinese consumers associate ice cream as a product that must be consumed on the spot. Modern grocery retailers account for just over half of sales with a 52% share of ice cream sales coming from this channel. Traditional grocery retailers account for a further 46% of sales with independent small grocers being the main channel of distribution from traditional grocery retailers. E-commerce has emerged as a growing and ever more important distribution channel during the COVID-19 outbreak and today accounts for 0.7% of all sales which is likely to continue growing.

Figure 5-50: Distribution channel overview of ice cream in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.10.6 Challenges for EU products

Challenges for EU products include the large domestic production base within China which has the capacity to produce ice creams and flavours that resonate with their local consumers. EU products benefit from the perception of being luxury and quality products that appeal particularly to consumers of a higher income. Establishing the correct partnerships within China is related primarily to cold supply chains can be a challenge but as France has demonstrated by being the largest exporter of ice cream to China, it is possible.

Market Takeaway: Ice cream

Consumption: Ice cream consumption has grown rapidly in recent years however consumers have been shifting their patterns away from traditional flavours and towards ice creams with unique flavours and ingredients with demand for healthier ice cream products likely to continue growing.

Competition: Mainly from domestic producers with China being the largest producer of ice cream in the world, New Zealand and Japan are the two main external threats.

Distribution: The majority of sales come from modern grocery retailers which account for 52% of sales while traditional grocery outlets account for 46% of sales. E-commerce is small but likely to grow to become an ever more important distribution channel in upcoming years.

Challenges: strong competition in the domestic ice cream production, as well as the rising demand for ice cream flavours that are unique to the Chinese consumer-based such as squid flavour.

Opportunities: European ice creams are perceived as a luxury and quality product that compounds sales from consumers of a higher income and also sales through the act of gifting which is growing in China.

5.11 Biscuits and cereal bars

5.11.1 SWOT analysis

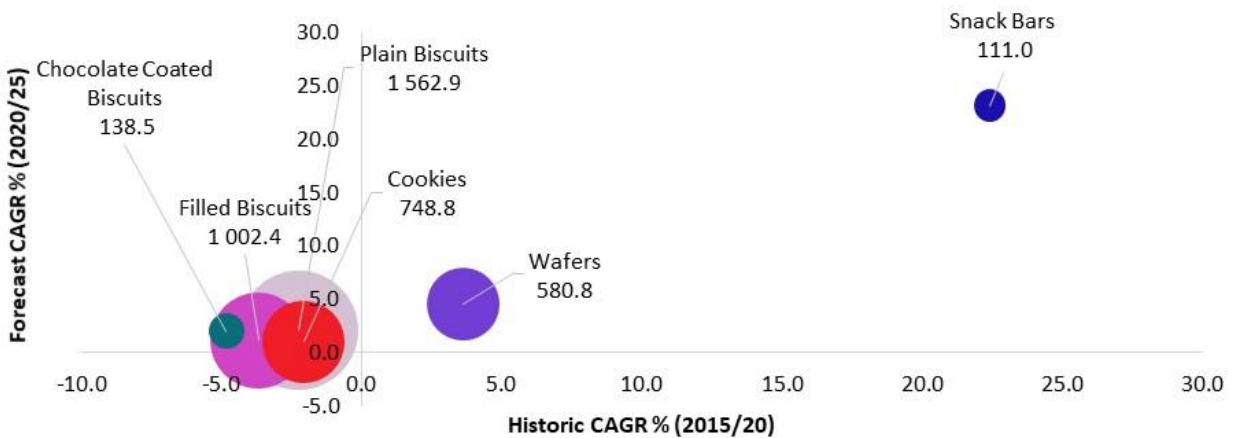
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Consumption of biscuits and cereals in China continues to grow to cater to the ever-busier lives of Chinese consumers. ▪ Gifting of biscuits during special occasions is a growing and increasingly common practice. 	<ul style="list-style-type: none"> ▪ China's domestic market is fragmented and highly competitive. ▪ Chinese biscuit and cereal bars are significantly less expensive than imported biscuit and cereal bars which may dissuade lower income earners.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Demand for healthier variants of biscuit and cereal bars is growing. ▪ Consumers value innovative packaging designs which; EU producers that take advantage of this may benefit. 	<ul style="list-style-type: none"> ▪ Indonesia and Japan the largest competitors outside of China. ▪ Producers in China have a greater capacity to produce biscuit and cereal bar products that incorporate local flavourings.

5.11.2 Consumption

5.11.2.1 Evolution of consumption

The market for sweet biscuit and snack bars in China is large with plain biscuits having the largest market size with a value of EUR 1.6 billion. This category is expected to grow by a CAGR of 2.1% between 2021 and 2025, having shrunk over the last five years. Filled biscuits is the second-largest sweet biscuit and snack bar product with a market value of EUR 1 billion. Cookies and wafer biscuits have market sizes of EUR 749 million and 581 million respectively. Snack bars currently is a very small market in China however it is the fastest growing category displayed in the below chart with the product growing by a CAGR of 22.4% between 2015-2020 and is expected to further grow by a CAGR of 23.2% between 2021 and 2025. This is in stark contrast to all biscuit categories (except wafers) which have shrunk over the last five years and foresee only slow growth over the next five years.

Figure 5-51: Evolution and forecast of the market for sweet biscuits and snack bars in China, 2015-2025; EUR million



Source: Euromonitor International: Packaged Food, 2021.

5.11.2.2 Consumer profile and purchase criteria

5.11.2.3 Consumers

Consumers

Consumption of biscuit and cereal bars in China has been growing in recent years despite a slight decline in sales in 2020 largely attributed to the outbreak of covid-19. Biscuit consumption differs by age group generally with older consumers preferring the consumption of plain biscuits while younger consumers prefer biscuits that incorporate a number of flavours. Younger consumers also prefer smaller packages of biscuits because of the convenience of carry these around to consumer during the day. Older consumers have been shown to prefer purchasing biscuits and cereal bars through super and hypermarkets while younger consumers are more likely to purchase them from bakeries and coffee shops.

Drivers and method of consumption

Gifting has been a key driver in the sales of biscuits in China with the product commonly associated with special events such as singles day and Chinese New Year. During these occasions there is a spike in demand for biscuit products and producers and distributors will adapt accordingly. Increasingly, there is a demand for biscuit and cereals bar products with a high amount of protein and nutritional value which is in line with a wider health consciousness trend that is taking place in the country. Products that incorporate pieces of fruit have also grown in popularity, due to products that incorporate fruits being perceived as a healthier alternative to standard biscuits and snack bars.

Chinese consumers consume biscuits in various settings and its common for consumers to offer biscuits to people visiting their homes. Increasingly, consumption of biscuits and snack bars is done during short intervals of consumers' daily activities due to the convenience of these products combined with the ever-

busier lifestyles of Chinese consumers. Indeed, has increasingly become a notable method of consumption of these products as well as a driver for them.

Purchase criteria

Convenience and portability are two key pricing criteria's generally for the younger generation which is causing producers to shift focus towards the production of smaller packages. Packaging design is also a key criterion and will heavily influence the purchasing of biscuits and snack bars that are going to be used as gifts. Once more, it is the younger generation that are generally more concerned about the packaging of biscuit and cereal bar products instead of the older generation. Innovation in the flavouring of biscuit and cereal bar products has emerged as another criterion with consumers increasingly expecting producers to produce biscuit and cereal bar products with unique flavours.⁸⁸

5.11.2.4 Recent market trends

The growth of snack bars has emerged as a key recent market trend in the snack bar and biscuit market with the product expected to grow by a CAGR of 20% between 2021 and 2025. This further reflects a growing demand for convenience products in the country which compounds the growth of snack bars in particular. Plain biscuits remain the most popular biscuit and cereal bar product with older consumers in particular being accustomed to consuming plain biscuits over those with eccentric flavours. Younger consumers by contrast are increasingly seeking new flavours in regard to their biscuit and cereal products with the growth of Oreo biscuit consumption in China in recent year further reflecting this trend. That said, despite being on the Chinese market for 25 years the success of the biscuit has only emerged over the last 10 years and follows the biscuit being adapted for the local market, most notably in terms of pack size (smaller) – a lesson for other biscuit makers. Demand for healthier alternatives of biscuit and cereal bars will continue to grow and producers will have to continue to innovate in this field in order to remain competitive. Notable innovations to mention include the incorporation of fruits into biscuits and cereal bars and increased production of protein bars and sugar free variants.

5.11.3 Offer

5.11.3.1 Domestic production

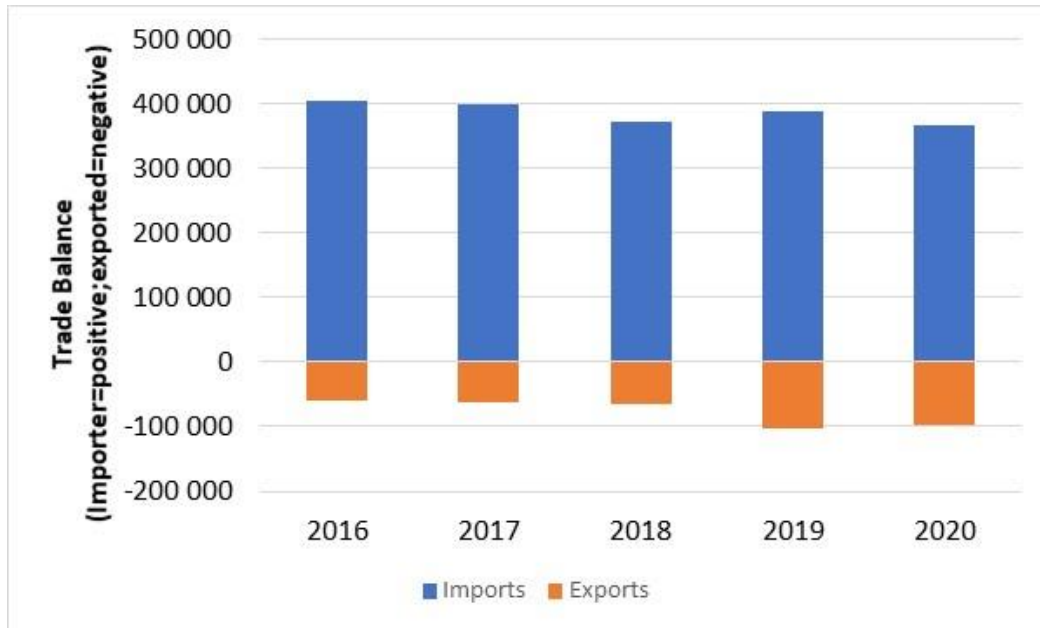
As would be expected, China is a major producer of biscuits and snack bars. China's production capacity is spread throughout the country which allows producers to cater to most of the consumer base. Production of biscuits and cereal bars is a competitive market with Mondelez standing out as the largest producer with a market share of 9.1% which is almost twice as large as the second biggest producer You Yi Jia Shanghai which has a 4.2% market share. The rest of the market is made up of small producers, some of which have a more local focus.

⁸⁸ Euromonitor International: Packaged Food, 2021; Daxue consulting, biscuit market in China, available at <https://daxueconsulting.com/biscuit-market-in-china/>

5.11.3.2 Imports and exports

Figure 5-52 shows that China has a trade deficit in relation to the trade of biscuits and snack bars. This however is not reflective of a small domestic production capacity rather it demonstrates that the majority of Chinese biscuit and snack bar products produced domestically are also consumed domestically. In 2020, China imported EUR 366 million worth of biscuit and cereal bar products with is a roughly consistent figure for the previous five years.

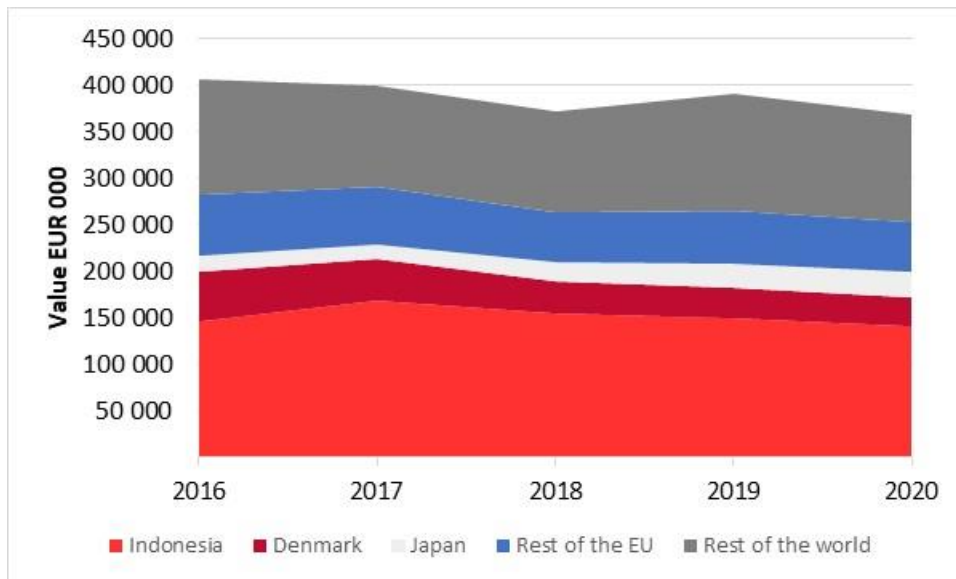
Figure 5-52: Trade balance (imports and exports) of biscuits, waffles and wafers in China, 2016-20 value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 190531 and 190532.

In terms of origin, Indonesia is the largest exporter of biscuit and cereal bar products to China, which is followed by Denmark with a value of EUR 33 million in 2020. Denmark very much focuses on the export of sweet biscuits. Japan is the third biggest exporter. Belgium and Italy are two member states which also export a small amount of biscuits and cereal bar products (Figure 5-53).

Figure 5-53: Chinese imports of biscuits, waffles and wafers by country, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 190531 and 190532.

5.11.3.3 EU GI products

No biscuits are protected under the EU China GI agreement at present, though a handful will be when the list expands in coming years (see section 8.5.2).

5.11.3.4 Main competitors

Overall, the Chinese biscuit and cereal bar market is quite fragmented and competitive with only Mondelez standing out as a large producer with a 9% market share. The rest of the market is made up of smaller players. Outside of China, Indonesia and Japan stand as the largest competitors in the biscuit and cereal bar market.

5.11.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for biscuits and cereal bars notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, biscuits and cereal bars faces an ad valorem tariff of 10%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general bakers' wares (1905) from Denmark to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1905&origin=DK&destination=CN>

Standards, SPS measures

Key GB standards for biscuits is GB/T 20980-2007/XG1-2019 for biscuit. This includes definitions.

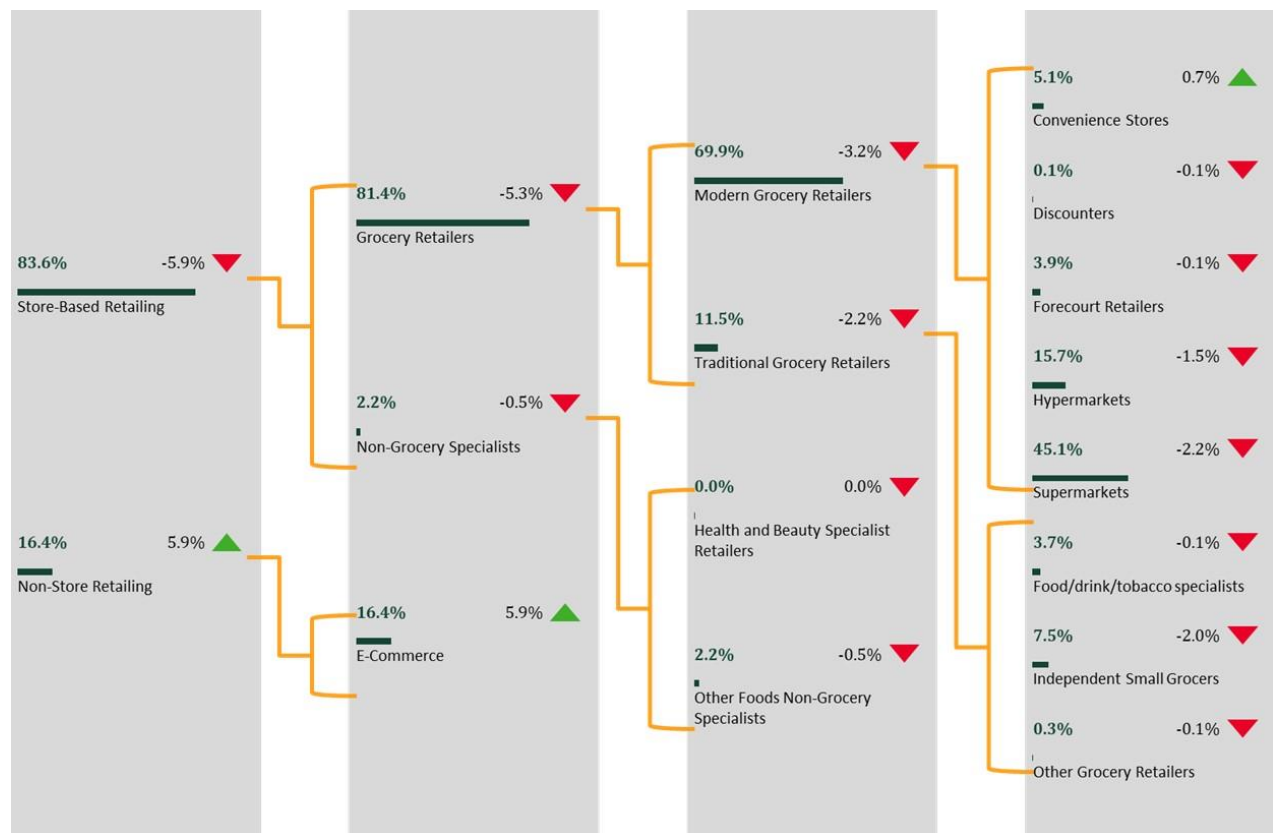
Labelling

Biscuits and cereal bars must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.11.5 Distribution

The distribution of biscuits and of snack bars relies mainly on modern grocery retailers; more specifically, supermarkets (Figure 5-54). Supermarkets account for 45% of sweet biscuit sales and is by far the largest channel for the distribution of sweet biscuits. Hypermarkets account for 15.7% of sales and is the second largest distribution channel. E-commerce has emerged as a new and important distribution channel which reached 16.4% of sales in 2020.

Figure 5-54: Distribution channel overview of sweet biscuits in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

As can be seen in Figure 5-55, e-commerce is a major channel for snack bars – just under half of all products by value are sold through this channel. Modern grocery retailers come second, led by supermarkets.

Figure 5-55: Distribution channel overview of snack bars (including cereal bars) in the China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.11.6 Challenges for EU products

Arguably the biggest challenge that EU products have is identifying a suitable niche in a large, highly fragmented and competitive market. The fragmentation of the Chinese biscuit and cereal bar marketplace combined with differing taste requirements amongst the various generational groups and regions makes it difficult to adapt a nationwide approach to the marketing of EU biscuits and cereal bar products in China. Producers that can effectively develop and market biscuits and cereal bars that incorporate fruits, additional health benefits, smaller packaging and eye catching packaging also play a key part in attracting new customers to biscuit and cereal bar projects.

Market Takeaway: Biscuits and Cereal bars

Consumption: Biscuits and cereal bar consumption is growing with producers now innovating to focus on new market demands such as smaller packaging and the incorporation of healthier ingredients. Gifting and snacking are major drivers.

Competition: Domestic production is high, and the market is highly competitive which leads to a fragmented market.

Distribution: Biscuits predominantly sold through store-based retailers with supermarkets accounting for a large segment of sales. Internet retail of increasing importance for biscuits and dominant for cereal bars.

Challenges: Finding a suitable niche in this large, fragmented and highly competitive market.

Opportunities: The main current trends are demands for smaller packaging and healthier biscuit and cereal products; some of these fit well with EU products.

5.12 Processed fruit and vegetables

5.12.1 SWOT analysis

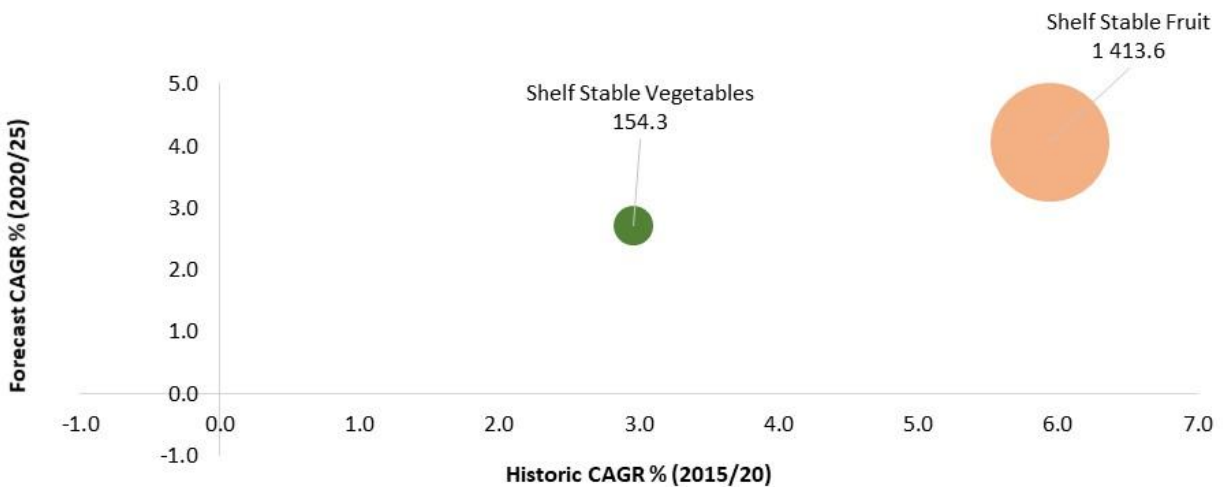
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Chinese consumers increasingly exposed to processed fruit and vegetable products due to a rise in modern grocery outlets. ▪ The need to purchase foods that can be store for a prolonged period of time during the outbreak of Covid resulted in demand for porcessed fruit and vegetables to grow. 	<ul style="list-style-type: none"> ▪ Chinese domestic market is highly competitive and made up of a number of smaller producers who tend to have a regional approach to the sales of their products. ▪ China produces a wide amount of fruit and vegetables which can be used in the production of processed fruit and vegetables.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Processed fruit and vegetables are seen as a healthier snack than some other options. ▪ Convenience and small packaging sizes. ▪ The rise in e-commerce channel in purchasing process fruit and vegetables. 	<ul style="list-style-type: none"> ▪ Chinese consumers have shown a preference for fresh fruit and vegetables which are generally cheaper. ▪ China continues to increase its capacity to produce fruits and vegetables that have not been traditionally grown to scale in the country, such as strawberries. This in turn increases the countries capacity to process these new fruits and vegetables domestically rather than importing them.

5.12.2 Consumption

5.12.2.1 Evolution of consumption

Figure 5-56 shows the retail market size of processed fruit and vegetables. Shelf-stable fruit has the highest retail value at EUR 1.4 billion and is expected to grow at a CAGR of 4.1% between 2021 and 2025. This is followed by shelf-stable vegetables which is has a much smaller retail value of EUR 154 m and is expected to grow by a CAGR of 2.7% between 2021 and 2025.

Figure 5-56: Evolution and forecast of the market for processed fruit and vegetables (EUR million) in China, 2015-2025



Source: Euromonitor International: Packaged Food, 2020.

5.12.2.2 Consumer profile and purchase criteria

Consumers

Consumption of processed fruit and vegetables was strengthened by the outbreak of COVID-19 due to a rise in demand for shelf stable fruits and vegetables which can be stockpiled for a prolonged period of time. The reluctance from consumers to visit physical retail outlets caused a large number of consumers to stockpile these products, which was not previously a very common practise in China. Consumers of processed fruit and vegetables can come from any income class as these products are not generally expensive in the Chinese market. However their availability in rural areas can be limited due in part to a smaller presence of modern grocery retailers which are the predominant channel for the distribution of processed fruit and vegetable products, as well as the greater availability of fresh produce.

Consumers who are health conscious are less likely to purchase processed fruit and vegetable products due to their perception of being comparatively unhealthy compared to fresh options. However, shelf stable fruits are often viewed as a healthier dessert item than other snack product. The increase in home eating occasions during the COVID-19 outbreak has also boosted demand for shelf stable processed vegetables, which have been seen to offer a convenient and long-lasting ingredient for home cooking.

Drivers and method of consumption

Convenience is a key driver of processed fruit and vegetable consumption. The first aspect of this is on-the-go convenience; demand driven by this is likely to rebound and continue growing as the restrictions due to COVID-19 continue to ease. Demand for smaller packaged processed fruit and vegetable products has grown as consumer seek smaller, convenience foods they can carry with them throughout the day and consume when they want. Health-oriented snack are increasingly sought out by a consumer base that is ever more health conscious, this trend will have ramifications for the processed fruit and vegetable sector

with a number of innovations taking place currently to address this trend such as sugar-free variants of products that incorporate processed fruit and vegetables.

The second more recent aspect of convenience is the long life of these products which allow consumers keep these products for a prolonged period of time; a characteristic which appeals to consumers who are continuing to live ever busier lifestyles in China. These drivers grew in perception during the outbreak of COVID-19 as consumers rushed to purchased products that allow them to refrain from re-visiting physical retail stores and started to stockpile them in some cases.

Purchase criteria

Processed fruit and vegetables are generally not expensive in China however fresher alternatives are cheaper. A rise in demand for processed fruit and vegetables in 2020 cause the average unit price of these items to grow by 2% which signals that the price gap between processed and fresh fruit and vegetables has widened slightly which may dissuade consumers of a lower income. Consumers, particularly of a younger generation are more likely to be drawn to a processed fruit and vegetable item that incorporates smaller packaging. This smaller packaging is increasingly popular as more people live alone or in childless dual-income couples and prove reluctant to purchase larger packs because of concerns that they will not consume the product before it loses its freshness.⁸⁹

5.12.2.3 Recent market trends

COVID-19 has impacted the sales of processed of fruit and vegetables in particular as these items addressed some of the constraints faced by consumers during the consequent lockdown that took place in China such as the need to restrict movements and visits to retail stores. The ability to store processed fruit and vegetables for a prolonged period of time saw demand for these products grow in China. Producers are innovating in two key areas to adapt for life after COVID which are the need to have smaller packaging of processed fruit and vegetable products due to a demand from consumers to have processed fruit and vegetable products they can consumer on the go. The demand for healthier alternatives of products that incorporate processed fruit and vegetables is also causing producers to shift focus toward the product of sugar free alternatives of pastries, yogurts and snack bars.

5.12.3 Offer

5.12.3.1 Domestic production

China's domestic production of processed fruit and vegetables is made up of a number of smaller producers who tend to focus on the regional market of their location rather than take a nationwide approach. The largest player currently in the Chinese processed fruit and vegetable market is Dalian Zhen Xin canned foods which has a market share of 7% followed by Tianyun international holdings which has a 6% market share and Guangdong Zhanjiang Huanleja which has a market share of 5%. The wide scale production of fresh fruit and vegetables in China, with the country being the largest producer of these

⁸⁹ Euromonitor International: Packaged Food, 2020

products in the world allows producers of processed fruit and vegetables access to a wide variety of ingredients in their production of goods.⁹⁰

5.12.3.2 Imports and exports

Identifying data on trade in processed fruit and vegetable product is extremely complicated due to the number of different lines under which such products can be imported. Data on trade in processed fruit and vegetables is ultimately captured under the trade data for fruit and vegetables in section 5.8.3.2.

5.12.3.3 EU GI products

Pruneaux d’Agen is protected under the EU China GI agreement at present. As set out in section 4.2.4, the list is due to expand in the coming years and will include a handful more processed fruit products (see section 8.5.2).

5.12.3.4 Main competitors

Main competitor for processed fruit and vegetables comes from the domestic market which is made up of a number of small producers who specialise in the production and marketing of their products in their region. The market is very competitive and access to a wide variety of fresh fruit and vegetables that are produced in China that can be further processed further enhances the ability of processed fruit and vegetables to produce their products.

5.12.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for processed fruit and vegetables vary depending on the level of processing but may notably include: the registration of foreign exporters of particular products; a commodity inspection certificate and an import licence; and in some cases a phytosanitary certificate plus a permit to import live animals and plants subject to quarantine.

Tariffs vary significantly by CN code. It is recommended to use the link below to check tariffs with the CN code of the product.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – frozen fruit category (0811) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0811&origin=FR&destination=CN>

⁹⁰ Euromonitor International: Packaged Food, 2020

Standards, SPS measures

A list of GB standards of some relevance to fruit and vegetables can be found at: https://food.chemlinked.com/database/index/?page=1&left_p=CN&left_c=12

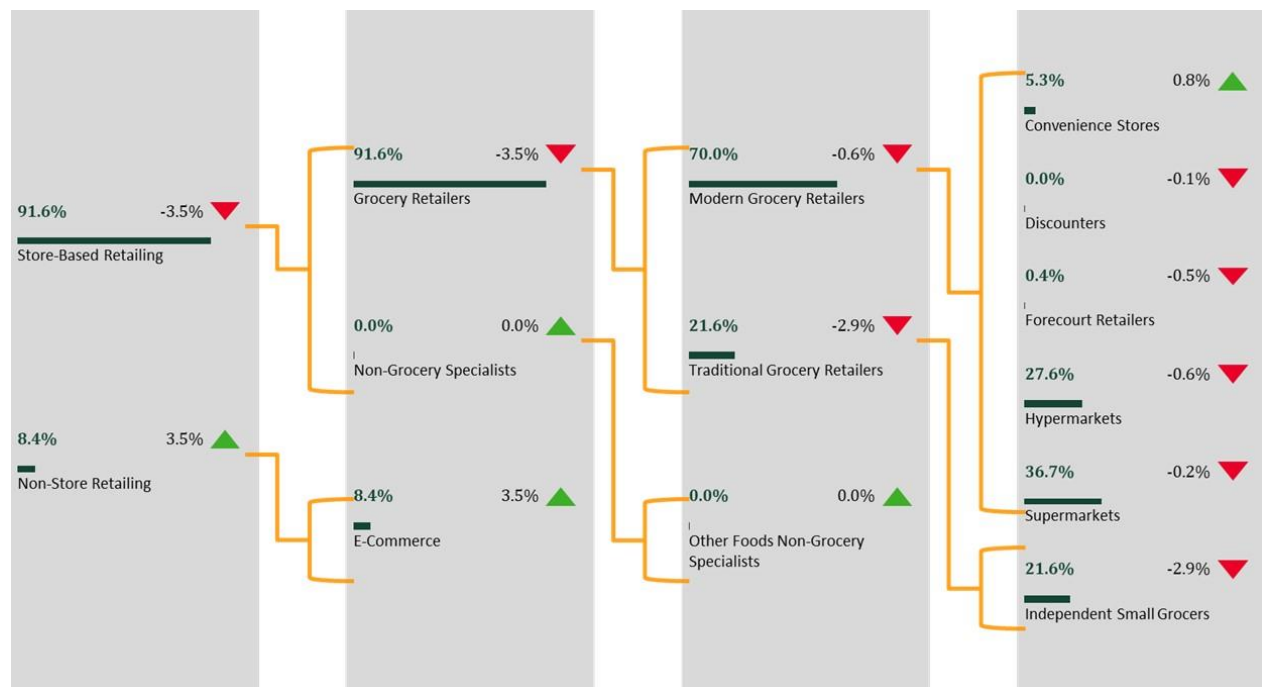
Labelling

Processed fruit and vegetables must conform to the labelling requirements for packaged foods set out in section 4.2.3. In some cases of low processing, they may need to conform with the provisions in the Law on Quality and Safety of Agricultural Products and Measures for the Supervision and Administration of the Quality and Safety of Edible Agricultural Products Marketing (see section 5.8.4).

5.12.5 Distribution

Figure 5-57 shows that store-based retailers account for the majority of sales of processed fruit and vegetables products with a 91% share of sales. Breaking this down results in modern grocery retail outlets such as hypermarkets and supermarkets accounting for over half of all processed fruit and vegetable sales in China. Independent grocery retailers accounted for 21% of sales. A large amount of the share lost by independent grocery retailers moved e-commerce which grew to now represent 8.4% of all processed fruit and vegetable sales in a trend of growth that is likely to continue even after the immediate effects of Covid begin to settle, due largely in part to consumers in China now having a wider knowledge about the benefits of e-commerce usage.

Figure 5-57: Distribution channel overview of processed fruit and vegetables in China (2020); retail value



Source: Euromonitor International: Packaged food, 2021.

5.12.6 Challenges for EU products

Challenges for EU producers include entering the competitive Chinese processed fruit and vegetable market which is made up of a number of small players that tend to focus on their regional market rather than take a nationwide approach. EU producers which are able to offer both a small packaging that fits the convenience demands from Chinese consumers, and the growing demand for healthier processed fruit and vegetable products will have the best chance of success in this market.

Market Takeaway: Processed fruit and vegetables

Consumption: Consumers of processed fruit and vegetables grew in 2020 as a consequence of COVID-19 which saw demand for foods that can be stockpiled for a prolonged period of time to grow. Consumers increasingly demanding processed fruit and vegetables in smaller packaging.

Competition: Domestic producers can largely fulfil the demand domestically which leaves little room for imported products to grow, the market in China is made up of a number of small players which tend to have a regional approach.

Distribution: Distributed through store-based retail outlets with modern grocery retail outlets such as supermarkets and hypermarkets accounting for over half of sales. E-commerce likely to continue growing its share of sales of this product at the expense of independent grocery outlets.

Challenges: Tough competition in the market and increasing prices limiting the consumer group.

Opportunities: Chinese consumers increasingly are exposed to processed fruit and vegetable products due to the growth of modern retail outlets in the country which is helping to cause demand for these products to continue to grow.

5.13 Pasta

5.13.1 SWOT analysis

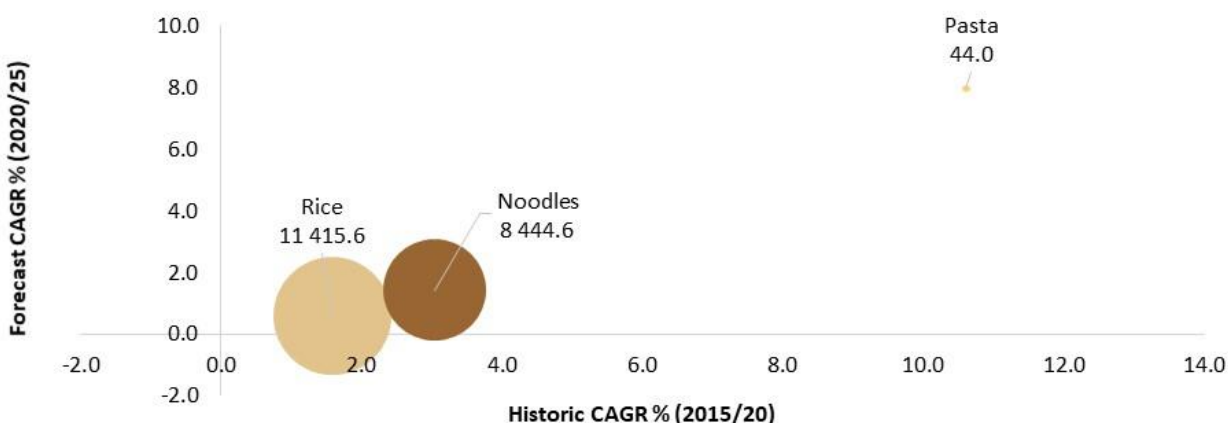
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> Pasta has a small following amongst consumers in China that are seeking out new and niche products. 	<ul style="list-style-type: none"> Noodles and rice preferred due to their long standing perception as a staple food in China.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Demand for high quality and organic pasta will continue growing as consumers have shift towards demanding health based foods. 	<ul style="list-style-type: none"> Domestic producers have started to produce small amounts of pasta which will set them up to increase production if demand continues to grow.

5.13.2 Consumption

5.13.2.1 Evolution of consumption

Figure 5-58 shows that rice is the largest product by market size with the produce having a market size of 11 million tonnes, the product is expected to grow by a CAGR of 0.6% between 2021 and 2025. Noodles has a market size of 8.4 million tonnes and is the second largest category, the product is expected to grow by a CAGR of 1.4% between 2021 and 2025. The market size of pasta is considerably lower with a market size of 44 000 tonnes, pasta is however the fastest growing category with a forecasted CAGR of 8% between 2021 and 2025.

Figure 5-58: Evolution and forecast of market for pasta compared to rice and noodles (000 tonnes) in China, 2015-2025



Source: Euromonitor International: Packaged Food, 2021.

5.13.2.2 Consumer profile and purchase criteria

Consumers

Consumption of pasta is growing quickly in China due to a growing interest and awareness about western foods and the rise in demand for products that can be stored for a prolonged period of time. Consumers of pasta are generally found in urban areas of China due to the presences of modern grocery retailers which have a higher capacity to import and distribute pasta, plus exposure to western food. Pasta is

relatively cheap however the large and wider presence of rice and noodles present even cheaper alternatives for consumers which impacts sales, alongside the use of these products in traditional dishes.

Drivers and method of consumption

The key driver for pasta consumption relates to an ongoing westernisation trend. In addition to this, the outbreak of COVID-19 and the increase in home cooking that occurred as a result has provided a tailwind to consumption. While all staples have benefitted from the need to store foods for a prolonged period of time, a willingness to experiment has helped increase the sales of pasta specifically. Convenience also plays a role to some extent.

Chinese consumers of pasta generally live in urban areas which have more access to foods that are not traditionally Chinese, living in urban centres also impacts the method of consumption of pasta as consumers in urban centres widely are seeking out foods that can be prepared and consumed quickly.

Purchase criteria

Pasta is more expensive than noodles and rice however this gap in the price of pasta is not massive. Pasta however remains a largely niche product in the Chinese market with consumers seeking out eccentric foods being drawn to the product. The association of pasta as a niche product also further leads to an expectation that the product will come with a unique packaging design.

The rise in demand for organic foods has slightly impacted the sales of pasta with sales of organic pasta increasingly in demand amongst consumers from high-tier cities and the upper class.⁹¹

5.13.2.3 Recent market trends

The outbreak of Covid pushed consumers to increase home cooking and store products that have a prolonged shelf life, this in turn further increased interest around pasta as a product due to pasta incorporating these traits as well as being novel. Pasta remains a largely niche product in the Chinese market however between 2015-2020 the product grew by a CAGR of 10.6% and is expected to grow by a CAGR of 8% between 2021 and 2025. Organic pasta has emerged as a key driver behind this growth and rising health consciousness amongst the Chinese consumer base will further compound this driver.

5.13.3 Offer

5.13.3.1 Domestic production

China has several manufacturers of noodles (rather than pasta), with the production of pasta being small but growing in the country. Producer of noodles have been slowly innovating to increase their production capacity of pasta with the largest noodle producers in the country being Tingyi, Yihai Kerry oils and uni-president China. The market after these producers is fragmented and is made up of small producers.⁹²

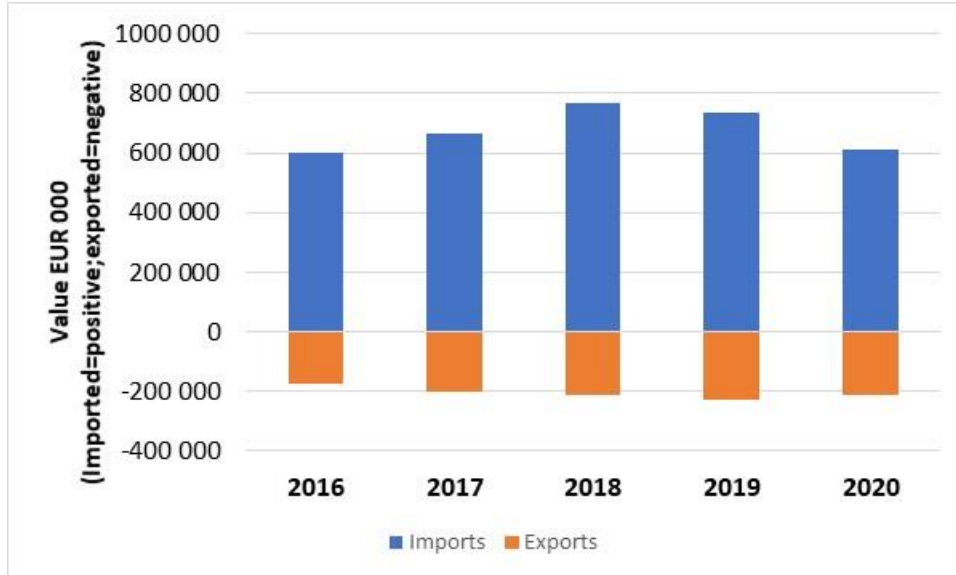
⁹¹ Euromonitor International: Packaged Food, 2021

⁹² Euromonitor International: Packaged Food, 2021

5.13.3.2 Imports and exports

Due to the considerable production volumes of noodles, China is a net exporter of pasta, noodles and couscous as a group, with data on pasta unfortunately not separable from this wider group (Figure 5-59). Total exports have been grown in recent years and reached a value of EUR 300 million in 2020.

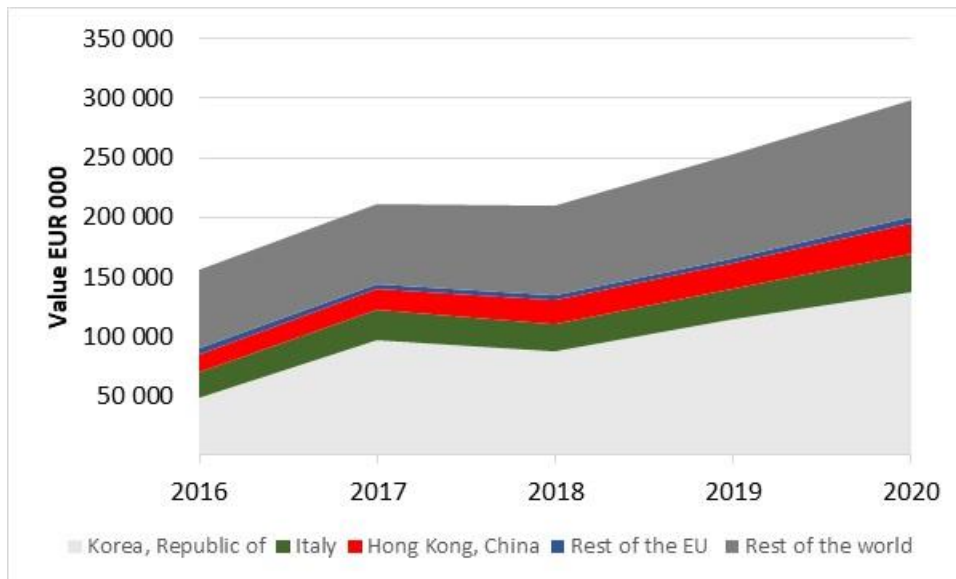
Figure 5-59: Trade balance (imports and exports) of pasta, noodles and couscous in China, 2016-20; value



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 2203.

The origin of Chinese pasta and noodle imports is shown below in Figure 5-60 with South Korea being the largest export of pasta and noodle products, most likely due to noodles. Italy is the largest exporter of these products from the EU with the country exporting roughly EUR 32 million worth of pasta to China in 2020. Spain and Greece are also smaller exporters of pasta to China.

Figure 5-60: Chinese imports of pasta, noodles and couscous by country, 2016-2020; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 1902.

5.13.3.3 Main competitors

As stated the Chinese market for noodles and pasta combined is dominated by small producers, which focus on noodles - a staple for Chinese consumers. In terms of imports, EU faces the competition of Asian countries, notably South Korea, though it is not possible to entirely separate data on pasta from that on pasta, noodles and couscous combined and these imports are most likely noodles.

5.13.3.4 EU GI products

No pasta products are protected under the EU China GI agreement at present and this will not change when the list expands.

5.13.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for pasta notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, pasta generally faces an ad valorem tariff of 10%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – pasta, noodles, couscous category (1902) from Italy to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1902&origin=IT&destination=CN>

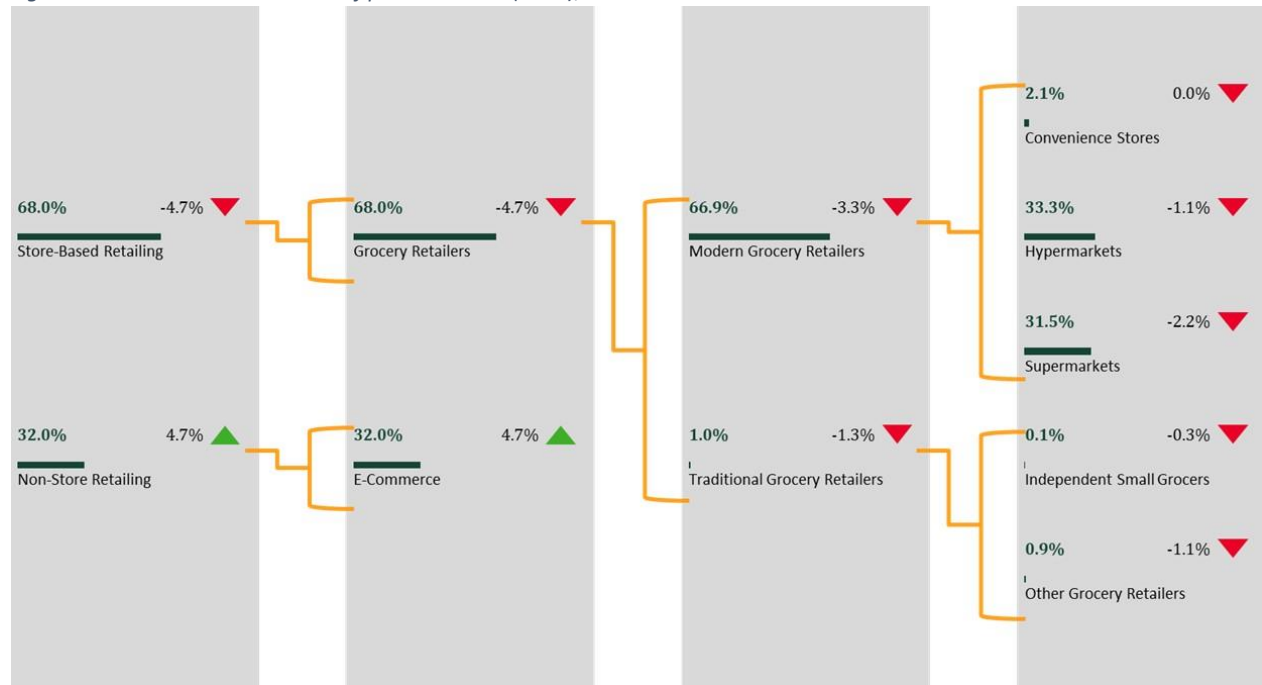
Labelling

Pasta must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.13.5 Distribution

As shown below in Figure 5-61, sales of pasta in China mainly are distributed through modern grocery retailers which account for two thirds of all sales. Supermarkets and hypermarkets each have roughly a third of sales. E-commerce has become an important channel and accounts for 1/3 of pasta sales.

Figure 5-61: Distribution channels of pasta in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.13.6 Challenges for EU products

Chinese consumers are accustomed to the consumption of noodles and rice which are preferred over pasta – the product remains a largely niche product in China which appeals to consumers who seek out eccentric products to the Chinese market. Chinese consumers of pasta are largely located within urban centres and against the preference for other staples, marketing may be required. Organic pasta will likely grow in demand due to a rise in the demand for health based products, this in turn requires EU pasta producers to adapt accordingly.

Market Takeaway: Pasta

Consumption: Although consumption remains small, the product is growing quickly in China and is predicted to grow by a CAGR of 8% between 2021 and 2025.

Competition: The presence of noodles and rice which are staple foods in China is a considerable competition for the success of pasta in the Chinese market. Domestic production of pasta is small but growing.

Distribution: Pasta mainly sold through hyper and supermarkets, while e-commerce has emerged as a growing and important channel that now represents a third of all sales.

Challenges: The presence of noodles and rice which are cheaper and more commonly consumed in China presents a challenge, this combined with the small increase in domestic production in the country.

Opportunities: High quality pasta and organic pasta are gaining traction in China amongst the higher earners of the country and consumers that live in urban areas.

5.14 Baked goods

5.14.1 SWOT analysis

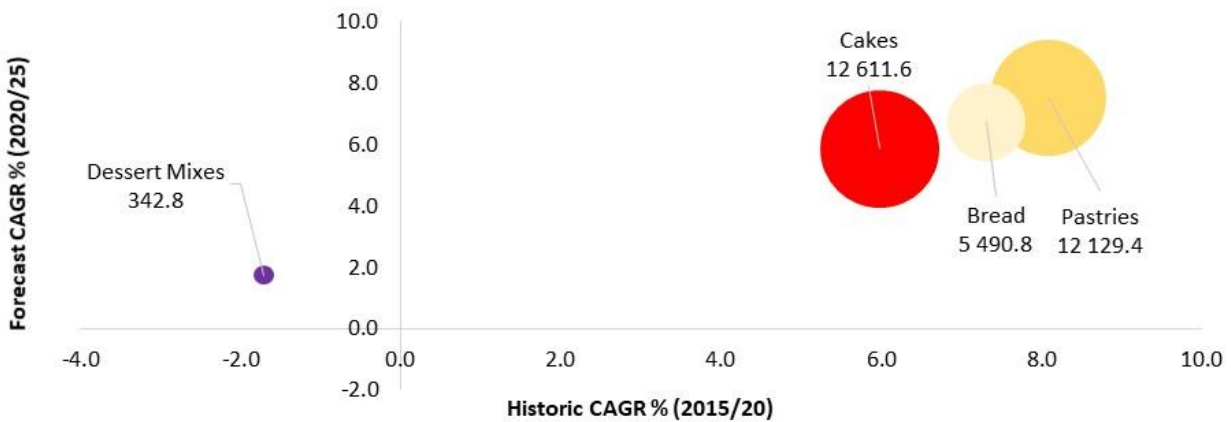
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Demand for baked goods is increasing in China. ▪ Certain EU products such as French baguettes have a growing following in China. 	<ul style="list-style-type: none"> ▪ The Chinese domestic market is competitive and made up of a wide number of smaller producers. ▪ Traditional, local retailers dominate distribution.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ While domestic baked good products are cheaper, it has not dissuaded the sales of imported baked goods, particularly amongst consumers of a higher income. ▪ Snacking trend a major tailwind for baked goods. Demand for ingredients for baked goods (such as wheat, butter, milk, yeast) for domestic production are a notable off-shoot opportunity of the growing baked goods market. 	<ul style="list-style-type: none"> ▪ The considerable competition from domestic production which can offer fresh products and are plugged into consumer preferences at a very local level.

5.14.2 Consumption

5.14.2.1 Evolution of consumption

As shown below in Figure 5-62, cakes is the largest baked goods produced in China by total value, with a total value of EUR 12.6 billion, just ahead of pastries with a value of EUR 12.1bn. However the latter is expected to grow by a CAGR of 7.5% between 2021 and 2025, this follows a previous CAGR of 8.1% between 2016 and 2020. Cake will nonetheless grow at 5.8% per year going forwards. Bread is the next-largest baked good product by total value with a value of EUR 5.5 billion, this product has also been growing in recent years with a CAGR of 7.3%, it is forecasted to continue growing with a forecasted CAGR of 6.7%. Dessert mixes are the smallest category by quite a large margin with only a total value of EUR 343 million, the product also has the smallest forecasted CAGR which is 1.7% between 2021 and 2025.

Figure 5-62: Evolution and forecast of baked goods market in China (million EUR), 2015-2025; total value



Source: Euromonitor International: Packaged Food, 2021.

5.14.2.2 Consumer profile and purchase criteria

Consumers

Consumption of baked goods has grown in China in recent years aided by increased access to these products amongst retailers in the country and a rise in curiosity for goods outside of the traditional Chinese diet. The westernisation of the Chinese consumption patterns has positively impacted the sales of baked goods in the country with demand for goods such as pastries and bread with these two products expected to continue growing. The younger generation is more likely to consume novel versions of these products as they are more open to experimenting with products outside of the traditional Chinese diet in a practise that is not as common amongst the older generation; and in particular busy young urban consumers are a notable consumer segment.

Drivers and method of consumption

A major driver of baked good consumption in China includes the aforementioned westernisation of the Chinese consumption diet. Busier lifestyles amongst Chinese consumers are also driving demand for convenience foods in the country with goods that can be consumed on the go as snacks resonating with Chinese consumers. Indeed, baked goods can be considered to have benefitted significantly from China's snacking culture. Baked goods are increasingly a feature of the Chinese breakfast table with bread, in particular, becoming more common. Younger consumers increasingly seek baked goods with a variety of tastes while older consumers will have more of a focus on the health benefits of certain baked goods products.

Purchase criteria

Older consumers have been shown to prefer purchasing baked goods products in bulk as this allows them to share these products with friends and relatives which is becoming increasingly common in their households. Younger consumers as mentioned resonate with baked goods that can offer a variety of tastes with pastries the incorporate a variety of fruits and flavours in particular seeing growth in China. The costs

of baked goods are generally not too expensive due to the growing domestic production of these products combined with the growth of China's logistical supply chains in the distribution of baked goods which makes getting these products from factories to store more efficient. The price of baked goods on platforms such as Tmall reflect the affordability of these products with cakes costing between 9.9RMB – 225 RMB (EUR 1.20 – EUR 28).⁹³

5.14.2.3 Recent market trends

As stated, the westernisation of the Chinese diet in recent years combined with an expanding middle class is driving demand for baked goods products in the country. The three major baked good products in the country, pastries, bread, and cakes are expected to continue growing in sales, on the back of positive growth rates in 2016-2020. The growth in modern retail markets has also aided the sale of baked goods in China with consumers today being exposed to a wider variety of baked goods than at any point previously. E-commerce has emerged as a key new channel of distribution in the country influenced by the outbreak of COVID-19 combined with growing awareness about the benefits of e-commerce usage amongst Chinese consumers.

5.14.3 Offer

5.14.3.1 Domestic production

Domestic production of baked goods in China continues to grow aided by increasing demand for the products in the country. The majority of bakeries are small local businesses with the capacity to cater to local demands and tastes. The market is very competitive and made up of a number of smaller producers who compete for small shares of the market, with the two largest producers Fujian Food and Shenyang Toly bread CO having a 3% share respectively. Production was heavily impacted by the outbreak of COVID-19 which lead to some shortages in supply in China at the beginning of the COVID-19 pandemic outbreak however production levels have begun to normalise. The production of baked goods that incorporate fruits is increasingly in line with a growing demand for baked goods domestically that incorporate a wide variety of tastes.⁹⁴

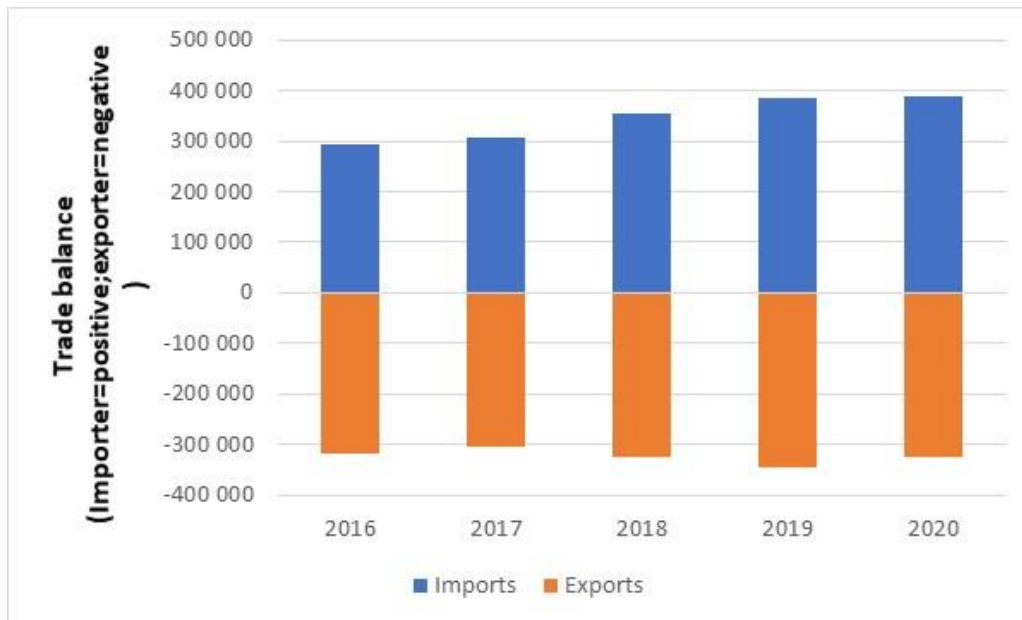
5.14.3.2 Imports and exports

The trade levels of baked goods is shown below in Figure 5-63 which further shows a near trade balance for the importation and exportation of baked goods. Levels of imports have risen steadily in recent years in line with growing demand for imported baked goods while exports have also grown in line with increased domestic production. In 2020, the total value of Chinas baked goods imports came to EUR 387 million. Indeed, the trend in the trade balance of baked goods is in line with China's situation as a net importer of cereals more broadly (with net imports of almost EUR 2bn in 2020, some of which will have been used in domestic baked goods production).

⁹³ Euromonitor International: Packaged Food, 2021; The baked goods market in China, Daxue consulting, available at <https://daxueconsulting.com/baked-goods-market-china/>

⁹⁴ Chinas rising bakery sector, USDA, available at <https://www.fas.usda.gov/data/china-s-rising-bakery-sector>

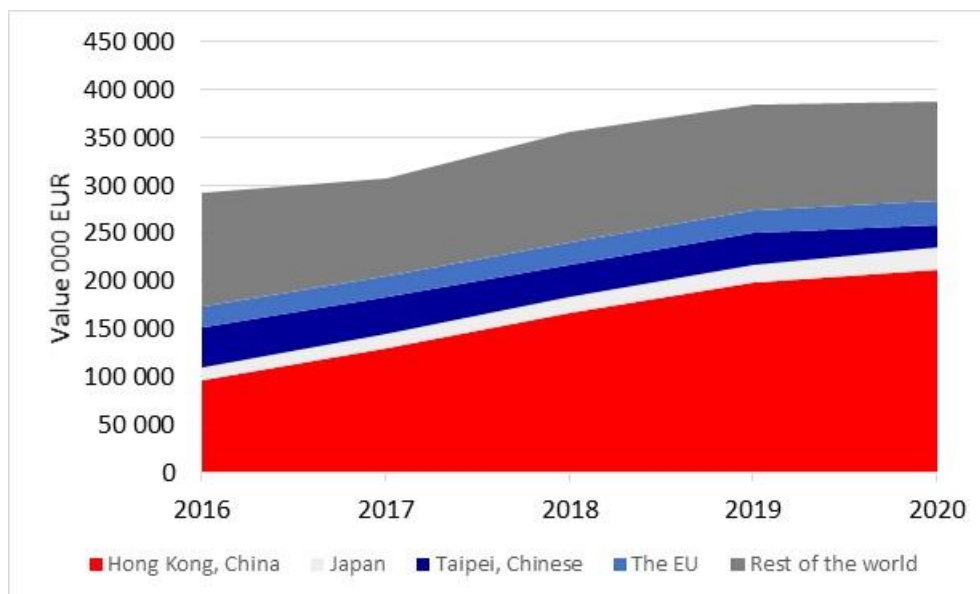
Figure 5-63: Trade balance (imports and exports) of baked goods in China, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 190590.

Figure 5-64 further shows the largest origins of baked goods entering mainland China according to ITC Trademap data with Hong Kong being the largest origin. Japan and Taiwan (identified as Chinese Taipei in ITC Trademap data) are the next largest origins. Germany is the largest EU exporter of baked goods to China which came to a value in 2020 of EUR 6.8 million, followed by France and Italy.

Figure 5-64: Chinese imports of baked goods by country, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN code 190590.

5.14.3.3 EU GI products

No baked goods are protected under the EU China GI agreement at present, though a handful will be when the list expands in coming years (see section 8.5.2)..

5.14.3.4 Main competitors

Competition primarily comes from the abundant, fragmented local production, which is plugged into local preferences and can offer fresh products.

5.14.4 Specific market entry requirements

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for baked goods notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, baked goods generally faces an ad valorem tariff of 10%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general bakers' wares (1905) from Denmark to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1905&origin=DK&destination=CN>

Standards, SPS measures

The key GB standard for baked goods is GB 7099-2015 · National Food Safety Standard Pastry and bread.

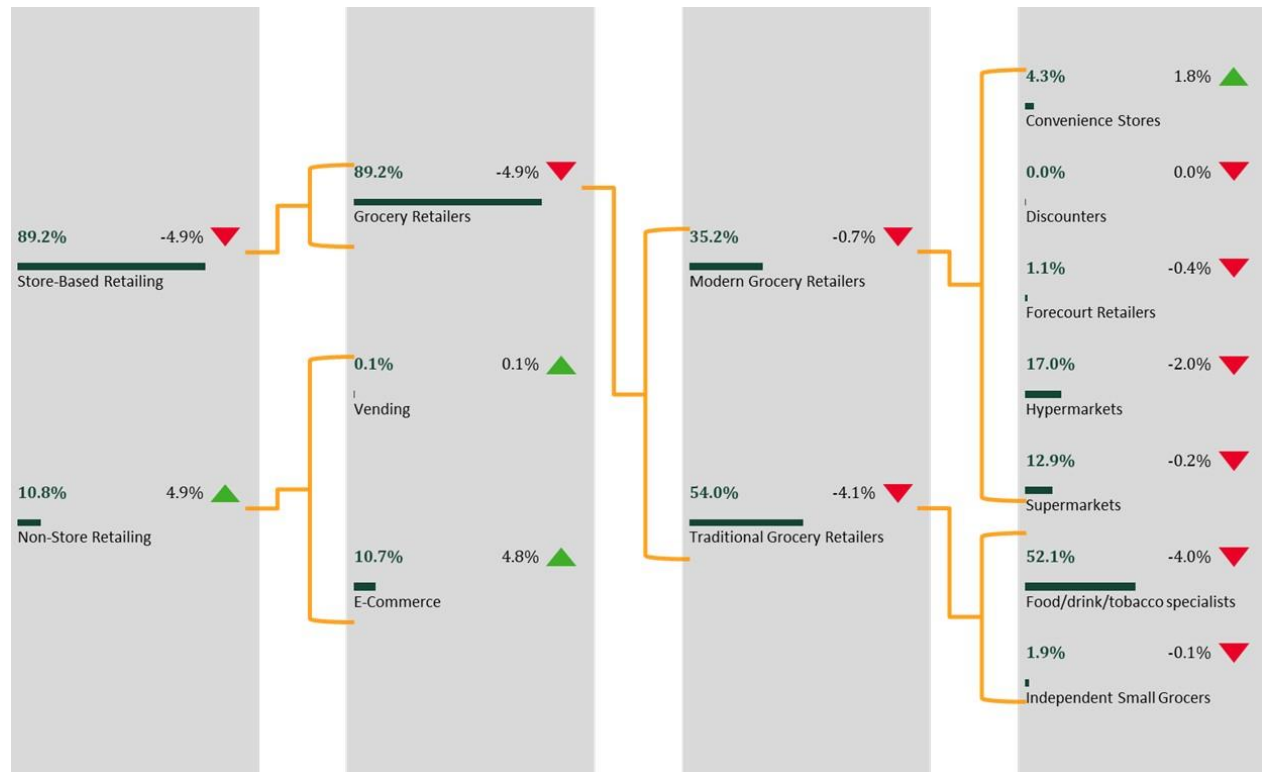
Labelling

Baked goods must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.14.5 Distribution

As shown below in Figure 5-65, traditional grocery retailers account for over half of all baked good sales. This is unsurprising given the importance of local bakeries. Modern grocery retailer account for just over 1/3, and e-commerce around 10%.

Figure 5-65: Distribution channel overview of baked goods in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.14.6 Challenges for EU products

The challenge for EU products comes from the growing domestic production of baked good products within China which has resulted in a market dominated by small players with the largest player Fujian Dali only accounting for 3% of the market share. Due to this competitive market, it can be difficult for EU producers to become competitive in the market as local producers will be more accustomed to the changing demands and preferences from Chinese consumers, combined with imported baked goods costing more and not being fresh results in a market with a number of challenges. However the growth in domestic production of baked goods should have a positive side effect on demand for inputs, such as high-quality cereals and flour from EU.

Market Takeaway: Baked goods

Consumption: Consumption of baked goods in China has grown quickly in recent years aided by a westernisation of consumer diets combined with snacking trends.

Competition: Domestic producers are abundant in this market in China leading to a very competitive market, domestic producers are typically also more in tune with changing preferences amongst Chinese consumers.

Distribution: Largely sold through traditional retailers e.g. bakeries; these account for over 50% of sales. E-commerce is a growing channel with a 10% share of all sales, a figure that is likely to grow in coming years.

Challenges: Domestic producers are the largest challenge for EU producers in the Chinese market combined with a changing market that expects producers to innovate.

Opportunities: Demand for novel western goods are increasing which benefits the sale of imported baked goods in China. Positive side-effect on demand for high quality ingredients for baked goods (cereals and flour).

5.15 Fruit Juice

5.15.1 SWOT analysis

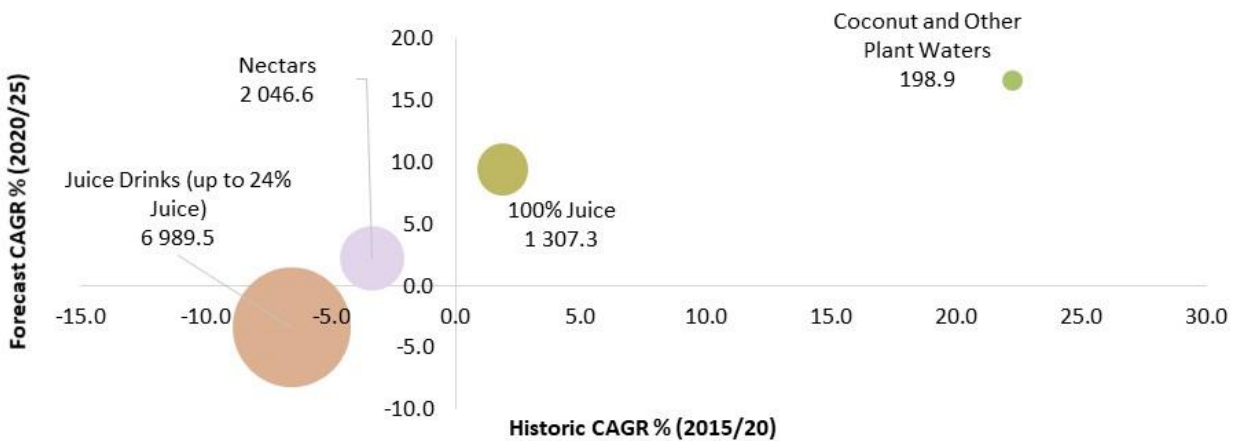
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Fruit juice consumption in China continues to grow and become normalised in the country. ▪ The growth of modern grocery retailers in China has resulted in the capacity of retailers to store fruit juices for a longer period of time to increase. 	<ul style="list-style-type: none"> ▪ China is already a large fruit juice producer and is the largest producer of apple juice in the world. ▪ EU products are likely to be seen as luxury items and product and packing must reflect this.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Chinese consumers increasingly seeking new and unique flavours which opens a window of opportunity for some EU fruit juice producers. ▪ Chinese consumers increasingly seeking fruit juices of the not from concentrate variety. 	<ul style="list-style-type: none"> ▪ China is increasing its capacity to produce a wider variety of fruit juices with pineapple being an example of a new fruit juice that has begun to be produced in China. ▪ Brazil, Vietnam and Israel the largest threats from outside of China as these three countries are the largest exporter of fruit juice to the country.

5.15.2 Consumption

5.15.2.1 Evolution of consumption

Figure 5-66 shows that juice drinks are the largest fruit juice product in China with a market value of EUR 6.9 billion. This category has decline between 2015-20 by a CAGR of -6% and is expected to further decline between 2021 and 2025 by -3.5%. Nectars is the second largest fruit juice based product in China with a market value of EUR 2 billion, this category is expected to grow by a CAGR of 2.2% between 2021 and 2025. Pure fruit juice is third with a market size of EUR 1.3bn, and unlike the other two categories has strong historical and forecast growth.

Figure 5-66: Evolution and forecast of the market for sweet biscuits and snack bars in China, 2015-2025; EUR million



Source: Euromonitor International: Packaged Food, 2021.

5.15.2.2 Consumer profile and purchase criteria

Consumers

Orange juice stands as the most popular fruit juice product currently in China however this position is threatened by the rise of new and exotic fruit juice which incorporate vegetables also. Consumers of fruit juice span socio-economic groups, but are more common in urban areas. The rise of modern retailers combined with the modernisation of fruit processing practices has resulted in the visibility and availability of fruit juices in China to grow.

Drivers and method of consumption

A key driver of fruit juice consumption is the rise in demand for western style food products. Chinese consumers are increasingly being shown to have a desire for fruit juices that incorporate a number of flavours and vitamins which is in line with a wider health consciousness trend. Not-from-concentrate juices are benefiting in particular from the rising demand for healthier alternative products in China this is also true of pure juice products. Chinese consumers also are increasingly demanding fruit juices due to the convenience aspect of fruit juice consumption which allows a wide number of vitamins to be consumed in a short space of time.

Purchase criteria

The Chinese in particular have a need to trust a product before consuming it, which is particularly true of fruit juices, many of which are fairly new in the Chinese market. Fruit juice producers need to cultivate a relationship of trust with Chinese consumers and work towards meeting the demands from the Chinese consumer base which increasingly demands healthier alternative products and products with a unique packaging design. The flavour of juice is becoming an important criterion as consumers have been shown to increasingly seek out unique tastes outside of the standard juices on the market such as orange juice, which accounts for just under half of the pure juice market and 28% of the juice drink market. Other

mainstream flavours are apple and mixed fruit (pure juice – around 22% of the market each); and pear and mixed fruit (juice drink – ¼ and 1/5 of the market respectively). The information regarding the origin and intake of vitamins on the packaging is important and needs to be displayed clearly as Chinese consumers will view this information as a key criterion when deciding to purchase a fruit juice product.

5.15.2.3 Recent market trends

There has been a gradual shift from concentrated juice to not from concentrated juice in China as a part of a wider push towards healthier food alternatives. Juice brands have recently innovated in this space with packaging and marketing tactics that highlight the health benefits of fruit juice becoming increasingly common. Fruit juice producers have also innovated in packaging with fruit juices in small packages becoming more common to cater to a demand for convenience foods and beverages. Products from the EU will be generally more expensive and with that comes the expectation both in terms of product and packaging.⁹⁵

5.15.3 Offer

5.15.3.1 Domestic production

The Chinese juice market is made up of a number of producers with the brands that have the largest share of the market being Minute maid (Coca Cola), Master Kong and Huiyan with the latter being the largest Chinese producer of fruit juice. China is the world's largest producer of apple juice with the region of Shaanxi being the largest apple juice producing region with this region alone producing 350 000 tonnes of apple juice concentrate in 2019. China is also a producer of pineapple, orange, grape and banana however apple juice is the country's primary juice production product.⁹⁶

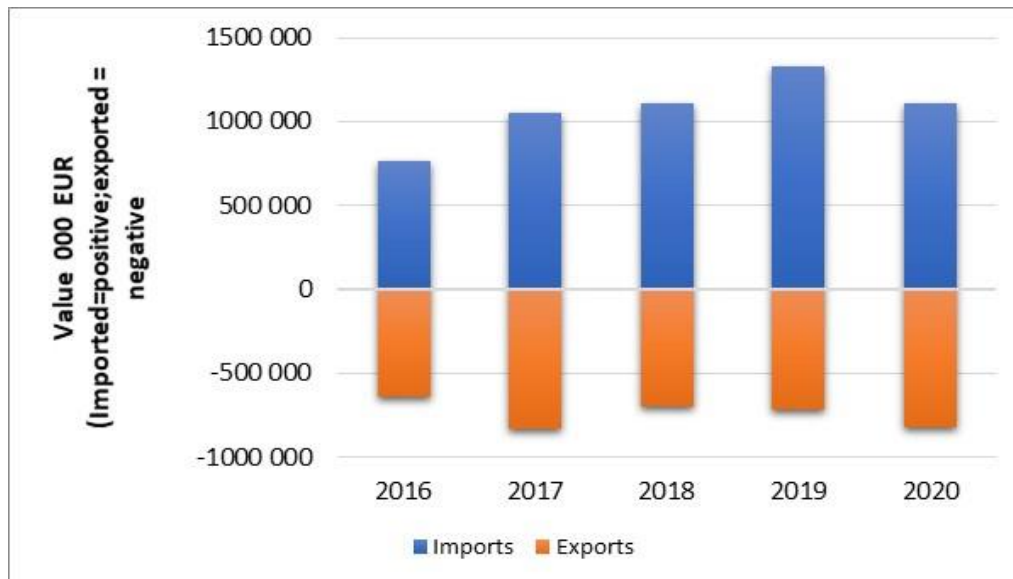
5.15.3.2 Imports and exports

Figure 5-67 shows that China exports more than it imports in relation to fruit juice with the country importing EUR 265 million worth of fruit juice in 2020.

⁹⁵ Euromonitor International: Packaged Food, 2021.

⁹⁶ Shaanxi region becomes Chinas #1 producer of apple juice concentrate, produce report ,available at <https://www.producereport.com/article/shaanxi-becomes-chinas-1-producer-apple-juice-concentrate>

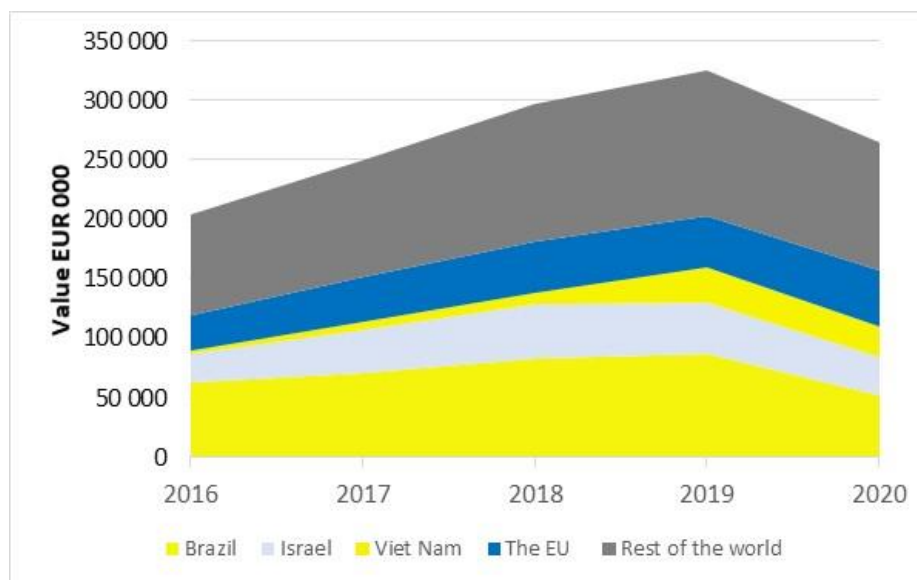
Figure 5-67: Trade balance (imports and exports) of fruit juice in China, 2016-20; value



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 2009

The origin of fruit juices exported to China is shown below in Figure 5-68 with Brazil being the largest exporter of fruit juice at a value of EUR 52 million in 2020. This is followed by Israel and Vietnam which are the second and third largest exports of fruit juice respectively. Spain is the largest exporter of fruit juice from the EU with a export value of EUR 17 million in 2020.

Figure 5-68: Chinese imports of fruit juice by country, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>
Data for CN codes 2009

5.15.3.3 Main competitors

Main competition in the Chinese fruit juice comes from the competitive market within the country which is made up of three large players Minute maid (Coca Cola), Master Kong and Huiyan and then a number of smaller producers which compete for regional segments of the market. Competition from outside of China comes largely from Brazil, Vietnam and Israel which are the three biggest exporters of fruit juice to the Chinese market.

5.15.3.4 EU GI products

No fruit juices are protected under the EU China GI agreement at present.

5.15.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for fruit juice notably include: the registration of a foreign exporter of particular foodstuffs; registration of importer of foodstuffs and cosmetics; and a commodity inspection certificate.

In terms of tariffs, fruit juice generally faces ad valorem tariffs of between 5 and 15%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general fruit juice category (2009) from France to China

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2009&origin=FR&destination=CN>

Standards, SPS measures

GB/T 10789-2015 General Standard for Beverage contains definitions and classifications for beverages. GB/T 31121-2014 General Standard for fruit and vegetable juices and beverage contains definitions specifically for juice and juice style products.

Labelling

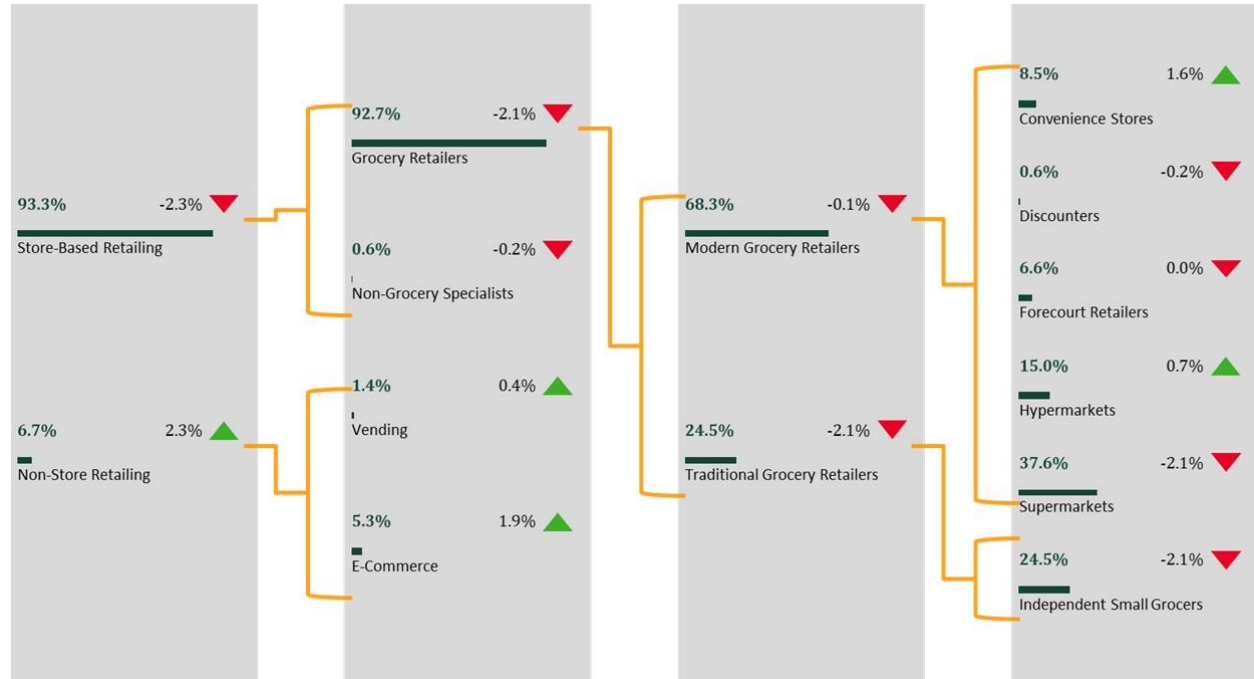
Fruit juice must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.15.5 Distribution

Figure 5-69 shows that the largest channel of distribution for the sale of fruit juice in China is the grocer retailer channel which accounted for 93.3% of all fruit juice sales in the Chinese market. This is further broken down to show that modern grocery retailers account for 68.3% of the sales of fruit juices with supermarkets having a 15% share and independent small grocers

accounted for 24.5% of all sales however this is a decline of 9.9%. E-commerce has emerged as a key channel for the distribution of fruit juice and today has a 6.7% share.

Figure 5-69: Distribution channel overview of fruit juice in China (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.15.6 Challenges for EU products

Key challenges for EU fruit juice products in the Chinese market include the growing domestic production of these products with China being the largest producer of apple juice in the world. Adapting products to fit the demands of the Chinese consumer base such as the need for healthier alternative products, the move towards fruit juices not from concentrate and fruit juices in a small easy to carry package are key traits needs in order to be successful in the Chinese market. Competition on price is likely to be difficult.

Market Takeaway: Fruit juice

Consumption: Consumption of fruit juice has grown steadily in China in recent decades and fruit juice products are now widely available to the majority of consumers. Orange juice remains the most popular fruit juice product however the rising demand for fruit juices which incorporate unique flavours and nutritional value threatens this status.

Competition: Competition largely from domestic production which continue to grow their fruit juice production capacity. Competition from outside of China largely comes from Brazil, Vietnam and Israel.

Distribution: Mainly distributed from grocery retail outlets which accounts for 93% of all fruit juice sales; modern retailers in particular are important.

Challenges: The need to adapt to a Chinese consumer base that is increasingly seeking healthier fruit juice alternatives combined with the perception of European fruit juices as a luxury item.

Opportunities: Chinese consumption of fruit juice continues to grow and consumers are starting to shift their demands away from conventional fruit juices and towards fruit juices with unique flavours which opens a window of opportunity for more “exotic” EU fruit juices such as grape and cranberry juice.

6 Communication

6.1 Communication strategy

Companies wanting to market products and advertise in China have different channels to consider. The aim of this section is to breakdown each section of the mass media landscape in China and to introduce the main communication channels (new and traditional media, as well as fairs) available in the country, as well as provide a brief overview of key regulations for the advertisement of food and beverages.

Study on exports through e-commerce to China

It should be noted that DG AGRI of the European Commission is currently finalising a study on exporting agri-food products through e-commerce to China. This study includes an in depth examination of e-commerce platforms and also covers some aspects of online media and marketing considerations for EU agri-food exports in a high level of detail. Readers are recommended to also consult this document when published.

6.1.1 Online & Digital Media

Internet penetration in China is generally accepted to be in the 65-70% range, with around 900m internet users; though figures vary somewhat by source. With mobile connectivity around 97%; and some 98% of Chinese internet users connecting through mobile phones at present, it is forecast that the overall internet penetration rate will continue to rise and exceed 90% within the next ten years. Ultimately, the headline internet penetration figure – impacted by the high rural proportion of the Chinese population - somewhat masks the high level of development of the online landscape.

Driven by the high level of usage of the internet in urban areas, China can be considered to be at the forefront of digital marketing globally, with the high uptake of e-commerce having a notable role in this. Digital marketing – social media participation in particular – has become a key method for driving sales through e-commerce channels and in general digital/online marketing may be considered as a must in China for any agri-food products..

Digital advertising agencies may provide companies with support to develop a successful digital marketing strategy for China. With China being a massive country, a wide range of digital advertising agencies exist; the list in the box below just provides a few of them.

Notable Chinese Digital Advertising Agencies:⁹⁷

Redfern Digital <https://redferndigital.cn/>
Digiant Global <http://www.digiantglobal.com/>

⁹⁷ Sources: interviews and Top Digital Marketing Companies in China; <https://www.goodfirms.co/directory/country/top-digital-marketing-companies/china>. Note: agencies mentioned

Gentleman marketing agency <https://agency.marketingtochina.com/>
AICY <https://www.aicy-create.com/>
HKGSEO <https://www.hkgseo.com/>
The Martec Group <https://martecgroup.com/>

6.1.1.1 Social media platforms

As noted above, social media plays a key role in digital marketing. However, it is important to note that China has its own internet ecosystem with entirely different platforms from those widely used in Europe. This is at least partly a result of the “Great Firewall of China”, which regulates the internet inside the country. This firewall has both blocked access to foreign websites and social media platforms such as those run by Google, Facebook and Twitter; and effectively encouraged the development of China’s own internet infrastructure. Against this background, major social media platforms in China are set out below. The EU has run promotion campaigns on several of these channels, most notably WeChat, Douyin and Weibo.



WeChat

Initially broadly similar to WhatsApp in the EU, WeChat is now a very comprehensive app with many functions including online payment, some 1.2 billion active users worldwide and a close to 100% penetration among Chinese internet users. It is effectively now an instant messaging app which can also be used to share photos, videos, music and web links; that hosts official accounts of companies and groups and that is now widely used for payment and money transfer purposes. WeChat offers several opportunities to advertise food and beverages. The most notable and long standing of these is the so-called “Moments”. These are posts displaying the brand name and profile picture, pictures or a short video, a brief description, and an external link. Banner advertisements on the bottom of a message written by a WeChat Official Account are another option. Paying a Key Opinion Leader (KOL), i.e. a famous WeChat blogger, in exchange for a promotional post on their WeChat page is increasingly common (see more below on KOLs).⁹⁸



Weibo

Weibo is often considered the Twitter of China, though with its microblogging in reality it is more a combination of Twitter and Facebook. There are around 500m users of Weibo in China. Key advertising opportunities include banner advertisements on the top of the website and mobile app pages; search engine promotion; and fan headline and fan tunnel, which allow an account or certain posts to be promoted via famous accounts (these are particularly useful to reach a larger group of users).

are for information only. Due diligence will have to be performed for the companies 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.

⁹⁸ <https://wechatwiki.com/wechat-resources/wechat-moments-advertising-media-buying-cost-ad-format/>



Tencent QQ

QQ, by most indications the second most popular social app in China with around 700m users, is a free instant messaging platform similar to Facebook messenger. started as a desktop application. Q Zone is a personal blog space for QQ users that allows them to publicly or privately share photos and diaries. Many groups can be found on the platform, and they tend to be categorized by e.g. regions, professions, hobbies, etc., which makes it easy to find target groups of consumers. The application has wallet functionality as well. QQ and Qzone also offer the possibility to purchase banner advertisements, pops up, and sponsored posts. QQ has traditionally targeted more younger users (including teenagers) rather than more mature users.



Douyin/TikTok

Douyin/TikTok is a short-form, video-sharing app that allows users to create and share 15 to 60-second videos on more or less any topic. While TikTok is known internationally, there is a separate app for the Chinese market, known as Douyin. which has around 400 million active monthly users. TikTok is becoming the most popular app across the world and currently an active channel for the promotion of products in general.



Xiaohongshu

The platform, also known as RED or Little Red Book, is a social media and e-commerce platform that is largely marketed as a “lifestyle” platform. It may be considered not too dissimilar to Instagram, with e-commerce tagged on. It has around 300 m users; 80 to 85% of which are female and around 70% are under 30. The “lifestyle” focus of the platform has made it particularly popular for branded products, and subsequent it has been using for promotion by or had cooperation deals with many international brands.

Other platforms

While the five platforms above are widely considered the most used ones, there are other ones. **Kuaishou** is a short video-sharing app and TikTok’s biggest rival. It has become quite popular in the e-commerce promotion space. **Baidu Tieba** is a long-standing social networking site with forums and organised posts, broadly similar to Reddit in nature. **Youku** (left) is a video hosting service that is similar in nature to Youtube; though it is often associated with quality in China with many videos uploaded by professionals. As a result advertising on this platform can give a good image of the promoted brand. **Meipai** (right) is a video messaging application. It is 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/>.

6.1.1.2 Key opinion leaders (KOLs) / influencers

While in many other markets, working with food bloggers or social media influencers, in China Key Opinions Leaders (KOLs) are effectively the equivalent. While fundamentally similar to social media influencers in concept, KOLs can be considered as a more evolved version of them. Often they are celebrities in their own right (though arguably in many cases not in the “traditional” sense); and tend to be highly respected and listened to by their followers, who can run into millions. They will tend to use a variety of social media platforms to interact with their audiences, and typically when engaged by a company will use them to help promote the selected product to their followers. KOLs have consistently been shown to have a considerable impact on sales of products in China, particularly through e-commerce (where the “results” of engaging a KOL can be quickly ascertained through immediate sales volume changes following their posts or live stream events). For example, according to one source, one in two consumers report using KOL recommendations to influence their purchase decisions. EU promotional initiatives have collaborated with KOLs (such as renowned chefs and bloggers) as well as key opinion consumers on social media (see below for more info on KOCs).

The cost of KOLs depends on various factors including their level of recognition and the extent of engagement they are contracted to do; fees above EUR 10 000 are common for the most recognised KOLs in their area. Despite these seemingly hefty fees, it is generally recognised that KOLs have a high return on investment. It should be noted that cheaper “options” tend to exist as well, though obviously, their reach is more limited. KOLs can be considered to be towards the top of the influencer hierarchy due to their large audience. Opinion leaders, influencers, and micro-influencers – each with descending levels of audience reach and impact – can be considered to be below them in the hierarchy.⁹⁹

Generally speaking, it is recommended that KOLs be identified on a case by case basis, taking into account, among others, the following criteria:

- **The match between the product being promoted/target audience and the followers of the KOL.** There are KOLs that are very known in certain circles – for example, Lady Penguin is arguably the most famous KOL in the wine area (she even has her own e-commerce store); though there are many other well recognised wine KOLs (e.g. the Chufei Churan twins). Even within areas such as wine, KOLs may have different audiences (e.g. novices vs connoisseurs).
- **The audience size.** Following on from the above, the size of the audience should be taken into account as well as the relevance – in brief, a wider audience means wider reach.
- **Cost and expected return.** Inevitably the cost of the KOL and the expected benefits of engagement have to be taken into account.

Other strategic factors around marketing more broadly may also need to be taken into account. Most notably, KOLs typically are more effective when a product already has some recognition among consumers

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<https://seoagencychina.com/how-much-cost-a-small-kol-in-china/>;
<https://chinawinecompetition.com/en/blog/insights-1/a-brief-guide-to-the-most-influential-people-in-the-chinese-wine-industry-135.htm>; <https://cellar.asia/wine/how-kols-are-transforming-the-modern-chinese-wine-industry/>;
<https://www.marketmechina.com/what-western-marketers-need-to-know-about-chinese-kols/>

and hence may not be suitable for new products on the market. Key opinion consumers (KOCs) – reviewers of products with more micro-level followings are one option that companies putting new products on the market may consider rather than KOLs.

In view of the massive range of potential KOLs in China, it is not practical to provide a list of potential KOLs. However, the box below contains sites that may assist in identifying KOLs for specific products.

Sites which may assist with identifying KOLs

<http://newrank.cn/>, <http://www.parklu.com/>, <http://wemedia.cn/>.

6.1.2 Traditional Media

Despite the increasing popularity of digital and online media, traditional media still plays an important role; in particular among certain demographics such as older groups and citizens outside the heavily populated areas of China. More information on different traditional media by type is set out below:

- **Television:** China's television system is highly complex. In total, the country there has around 3 000 television stations. China Central Television (CCTV) is the main state station with its station in Mainland China. It has 20 different channels that are available to approximately one billion viewers. China's television market is the biggest in the world with the largest number of viewers. The Chinese government is in control of the different programs that are shown on TV. Censorship is important for the government which is why the General Administration of Radio, Film, and Television (GARFT) screens content before it is aired.¹⁰⁰

CGTN may be considered as the international branch of CCTV. It is available in different languages and accordingly represents a source of information on China for foreigners.

2018 was the first year in the history of television where Chinese people spent more time on their digital devices than watching old-school TV. Between 2017 and 2018 the amount spent watching TV per person reduced by 7 minutes to about 2 hours and 39 minutes. This downward trend is forecast to continue.¹⁰¹ Many Chinese now prefer consumer CTV with most people preferring videos including advertisements. This is not because subscription to video on demand is too expensive, but because the Chinese show a higher tolerance to an overload on information than cultures in the West.¹⁰²

Even though the time spent on television is decreasing it can still influence the food habits of Chinese consumers such as through different 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

¹⁰⁰ Media in China, China Media, Media in China (2021). Available at: <https://www.chinahighlights.com/travelguide/guidebook/china-media.htm>

¹⁰¹ Television market in China (2020). Available at: <https://daxueconsulting.com/television-market-in-china/>

¹⁰² China Is the Next Boom Market for Connected TV Advertising and Over the Top Marketing (2021). Available at: <https://www.entrepreneur.com/article/361682>

Chung, Cecilia Chiang, Susanna Foo, Ming Tsai, Ching-He Huang, and Kylie Kwong. Advertising food and drinks through these food influencers can help a product reach a broad audience.¹⁰³



An example of the 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 show¹⁰⁴. However, with the evolving digital landscape, recent efforts to promote European food and drink products have been centered on the digital methods set out in the previous section.

- Print media:** The Chinese newspaper landscape is very diverse. In 2008 approximately 1 900 different newspapers were available in China. This number increased and currently, there are around 2 200 different newspapers available, which target different age and interest groups. China News Service and Xinhua News Agency are the two most important news sources for local and central State-run newspapers. Newspapers which report news and include some stories about local people are in particular popular. China Daily was the first English newspaper available in China. It was first available in 1981 and until today remains an important news source for foreigners in China.¹⁰⁵



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 China¹⁰⁶.

¹⁰³ TV Cooking Shows: Who is Your Favourite Chinese Chef? (2019). Available at: <https://virily.com/food-drink/tv-cooking-shows-who-is-your-favorite-chinese-chef/>

¹⁰⁴ Greatest Chef China <http://extra.it/it/Work/greatest-chef-china>

¹⁰⁵ Media in China, China Media, Media in China (2021). Available at: <https://www.chinahighlights.com/travelguide/guidebook/china-media.htm>

¹⁰⁶ <https://item.taobao.com/item.htm?spm=2013.1.w4023-12911369745.4.519e2bd3X1gXJh&id=524026251235>

Source: taobao.com

- **Radio:** In China, each city, region, and even every province has their own local broadcasting stations. In total there are more than 3 000 stations in the country. The national station is called ‘China Radio International’ (CRI) and broadcasts different programs in 59 languages worldwide with the aim to foster friendship and understanding between China and other parts of the world. Programs cover everything from entertainment and culture to science, economy, and politics. China National Radio (CNR) has 13 radio networks which include stations such as Voice of China, China Business Radio, Music Radio, Voice of Zhonghua, Voice of Shenzhou, Voice of Huaxia, and Voice of the Entertainment. Other major free channels include China Radio International, Love Radio, Beijing Waiyu Guangbo, and Xiaomi Music Radio.¹⁰⁷

European Commission Campaigns in China

EC runs several communications campaigns in China, digitally powered on Social Media (mainly through Wechat - 享味欧洲; Weibo: 享味欧洲; Douyin: 享味欧洲), including many promotional activities such as technical and tasting events; participation at the major fairs (such as SIAL, CIIE); collaboration with restaurants (Horeca promotion); retail and e-tail promotions with different players (HEMA, Chunbo, Benlai, etc), as well as billboards promotions at main markets (Shanghai and Guangzhou). There have also been events especially dedicated to Geographical Indications, with the participation of the EU Delegation in China. Additionally, campaigns have leveraged on the collaboration of local Key Opinion Leaders, such as renowned chefs or bloggers, and Key Opinion Consumers in Social Media.

6.1.3 Fairs and exhibitions

Apart from the digital approach, some investors decide to advertise their products on various exhibitions, which presented on the Chinese market is constantly growing¹⁰⁸. Most of them are co-sponsored by governmental agencies or other bodies such as the 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 a local audience, it is advisable to research the exhibition’s profile in advance. On the other hand, some of them might match the exhibition approach and online presence. It is also worth remembering that participation costs are usually directly proportional to the rank of the exhibition and its scope.

As there are a lot of major and big cities in China trade fairs take place in many parts of the country. Yet the majority of them take place in Shanghai like SIAL or CIIE – both of which the EU has participated in - followed by Guangzhou, Nanjing, Chongqing, Chegndu, Shenzen and Shenyang. Some of the most important exhibition centres include the Shanghai New International Expo Centre (SNIEC), the Canton Fair

¹⁰⁷ Media in China, China Media, Media in China (2021). Available at: <https://www.chinahighlights.com/travelguide/guidebook/china-media.htm>

¹⁰⁸ Ibid.

Complex in Guangzhou, the Poly World Trade Centre in Guangzhou.¹⁰⁹ China has a large number of exhibition centres and there are usually several ones in each city.

A list of selected major upcoming food-related events and fairs can be found in section 8.2. Further, more comprehensive lists including more specialist fairs can also be found online at websites such as:

- <https://www.tradefairdates.com/Agriculture-Trade-Shows-China-FSL214-L47-S1.html>
- <https://www.china-tradefair.com/en/>

6.2 Advertising regulations

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 originally set up in 1994 but updated on April 24, 2015, and took effect on September 1, 2015¹¹⁰. The amended legislation is about twice as long as the original one and aims to increase consumer protection. The update introduced new provisions relating to¹¹¹:

- 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.

- 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.

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

¹⁰⁹ Exhibition & Convention Centres in China (2021). <https://10times.com/venues/exhibition-convention-centres/china>

¹¹⁰ <http://www.wipo.int/edocs/lexdocs/laws/en/cn/cn101en.pdf>

¹¹¹ ADVERTISING REGULATION IN CHINA (2021). Available at: <https://demarco.com.au/de-marco-thinks/2018-2019/international-advertising-law-advertising-regulation-in-china>

advertisements.¹¹² As outlined in section 6.1 there are numerous mobile-based channels, applications and platforms facilitating the process of developing successfully targeted trade marketing strategy.

Lastly, many products are also being advertised on e-commerce platforms. Alibaba and JD are the biggest e-commerce platforms in China. In fact, Alibaba group owns several e-commerce platforms such as Alibaba.com, 1688.com, Taobao Marketplace and TMall. *Alibaba.com* is the most popular marketplace for global wholesale trade. *Taobao* marketplace is one of the most trafficked online marketplaces and merchants are mainly individuals as well as small businesses. *Tmall* on the other hand is the biggest B2C e-commerce platform in China. Many international brands use it as a starting point to sell their products in China. Since 2014, consumers can even order cross border products through the CBEC dedicated *Tmall Global* marketplace. *JD* is China's most important one-stop e-commerce platform. Products are sourced directly from brands or suppliers and are sold directly to customers. Like its competitor JD also offers a CBEC platform called *JD Worldwide*.¹¹³

Considering the fact that online retailing has been significantly increasing since more than 10 years¹¹⁴, e-commerce platforms create an excellent opportunity to make the product visible.



¹¹² <https://www.export.gov/article?id=China-Trade-Promotion-and-Advertising>

¹¹³ China's e-business platforms are leading the world (2019). Available at: <https://melchers-china.com/chinas-e-business-platforms-are-leading-the-world/>

¹¹⁴ <https://www.ecommerceworldwide.com/china/ecommerce-in-china/overview-of-the-china-ecommerce-market>

7 Chinese Etiquette

7.1 Quick facts

It is important to remember that China is a diverse country with a long-lasting cultural tradition. These two facts have considerable impacts on overall etiquette rules. It should be noted that, as a diverse country, nuances in etiquette exist across different groups. Some general etiquette considerations are set out below; some of these are explored in more detail in section 7.2 below:

- The older generations are viewed highly in China which is why it is important to show deference to people that are older than oneself. It is viewed as rude to openly contest the advice or opinion of an elderly in public.
- Punctuality is important to Chinese in particular when meeting someone for the first time or going to a business meeting. It might be okay to not be as punctual when meeting up with friends or family.
- Tipping at restaurants is not popular in China because it shows unappreciated superiority.
- When invited to someone's home it is polite to bring little gifts to show your well-wishes to the host such as tea, fruit, chocolate or a cake. When declining offered drinks and food it is normal that the host will offer the same drink or food again several times until accepting the refusal. At the dining table, the social hierarchy needs to be respected.
- It is considered polite to have a bite of everything that is served when being invited to someone's home as well as it is considered impolite to eat a lot of rice without also eating side dishes. If the host offers another serving, the offer should be refused the first time and accepted when asked again. If there is only one serving of a (side-)dish left it is considered impolite to take it. It moreover is important to always leave some food on the plate after eating to show the host that they served enough.
- If a gift is received it is impolite to open it in presence of the gift-giver. A proper gift is considered important because it gives the first impression. It is untypical to give very expensive gifts but rather sweets, fruits, flowers or spirits.
- Companies are usually highly hierarchical, and everyone is given a place within them according to their role and age. When invited to a meeting everyone in the room needs to be greeted individually to show respect. Moreover, people usually enter the meeting room according to their importance. When speaking about your company make sure to point out its reputation, status, and wealth.¹¹⁵

¹¹⁵ Chinese Culture (2021). Available at: <https://culturalatlas.sbs.com.au/chinese-culture/chinese-culture-business-culture#chinese-culture-business-culture>

7.2 Key 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 consideration¹¹⁶¹¹⁷¹¹⁸.

Dos	Don'ts
<ul style="list-style-type: none"> • Shake hands gently. Energetic shaking, hugging and too much eye contact are considered impolite. Usually, the handshake is first offered by the Chinese counterpart. • Give and receive everything with both hands. • 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 a 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. 	<ul style="list-style-type: none"> • 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. • Do not directly criticize someone or put forward their mistakes. Try to avoid negative replies, as it is impolite, in case of your negative answer – try to express it in an indirect way. • Do not interrupt or try to fill the silence during a conversation. • When around the dinner table, never tap your bowl as it is considered begging. Putting your chopsticks straight into your bowl is really offensive and associated with funerals. • 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. • Do not point out direct similarities between China to Japan as this can be seen as a general assumption that Asian cultures are all the same. This can be viewed as ignorance and insulting.

¹¹⁶ <https://www.cnbc.com/2017/06/27/etiquette-tips-for-doing-business-in-china.html>

¹¹⁷ <https://www.techinasia.com/talk/8-business-china>

¹¹⁸ https://www.forbes.com/2007/03/30/travel-china-tips-forbeslife-cx_ee_0330chinatips.html#4f58c918541b

8 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 export to China. These service providers include EU-funded projects, services provided by the Member States and their embassies, other organizations and service providers, as well as buyers, importers, and distributors.

- Section 8.1 contains the project profiles for EU-funded initiatives operating in China.
- Section 0contains the contact information for Member State embassies within China.
- Section 8.4 contains a listing of service providers including some information on the services available.
- Section 8.2 provides a calendar of exhibitions, trade shows, and other events to be held in China in 2021.
- Section 8.6 contains a database of professionals' contacts (buyers, importers, and distributors).

8.1 European Union Organisations

Certain EU-funded, or co-funded, projects within China offer a range of business-enabling 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.



European Chamber
中国欧盟商会

EU Chamber of Commerce and Industry in China

The European Union chamber of commerce and industry in China was established in 2000 to represent the interests of EU companies entering and engaging with the Chinese market. The EU chamber promotes European business activity in China and currently has 1700 members

Contacts

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✉ euccc@european-chamber.com.cn


🌐 <https://www.european-chamber.com.cn/>





The EU SME centre in China

The EU SME centre in China provides a wide range of support and information regarding entering and operating within the Chinese market. The organisation also organises delegation visits and business matchmaking events, all with the aim of enhancing European business activity in China.

Contacts

 Sanlitun diplomatic residence compound, Chaoyang district, Beijing

 (+86) 10 8523 6098


 <https://www.eusmecentre.org.cn/>




Delegation of the European Union to China

Established in 1998, The EU delegation in China represents the common interests of the Union in China and works on enhancing and developing trade relations between the two markets. Except for consular tasks, the delegation in Beijing functions like an embassy; it is a diplomatic mission to represent the European Union in China. The EU Delegation includes a Trade Section also dealing with agri-food trade.

Contacts

 15 Dongzhimenwai Dajie, Sanlitun, Chaoyang District, Beijing

 (+86) 10 84548000

 delegation-china@eeas.europa.eu

 https://eeas.europa.eu/delegations/china_en

8.2 Calendar of trade events and exhibitions 2021

Note: the ongoing issues with coronavirus at the time of writing both resulted in various cancellations/delays without fixed rescheduling dates and may result in further changes to the calendar outlined below. In view of this:

- Scheduled fairs which did not take place have been included with their original date, as it is generally not clear when they will be rescheduled for, and most events are anyhow recurring. It is recommended that the links provided be monitored for news on when the event or the next edition is being scheduled for.**
- It is strongly recommended to monitor the links provided for any future events to check whether they are still going ahead, and if not whether a new date has been decided.**

Event	Date	Recurrence	Venue	Organiser Details
August 2021 (occurred but similar dates expected in 2022)				
China ice cream cold food exhibition	28 th -30 th	Annual	Ningbo international conference centre	☎ (+86)5979 8028 ✉ Dallas@foodinchina.hk 🌐 http://www.bqllsz.com/en/
September 2021 (occurred but similar dates expected in 2022)				
Guangzhou world agricultural expo	9 th -10 th	Annual	Poly world trade centre, Guangzhou	✉ Fiona.Xie@10000show.cn
Guangzhou international nature and organic food exhibition	10 th -12 th	Annual	China import and export fair complex, Guangzhou	☎ (+86) 20 8412 0550 ✉ hci@zhenweiexpo.com 🌐 http://www.cipfe.com/2018/en/
China food and catering expo	10 th -12 th	Annual	Changsha international convention & exhibition centre	☎ (+86) 0731-82287397 ✉ cfce_hn@163.com 🌐 http://www.cfce-china.com/en/
Chine International meat exhibition	15 th -17 th	Annual	Qingdao international convention centre, Qingdao	☎ (+86) 10 51661768 ✉ chinameat@cimie.com 🌐 http://en.cimie.com/
Shenzhen TOEWine expo	16 th -18 th	Annual	Shenzhen convention and exhibition centre	☎ (+86) 755 8831-2100 ✉ Lydia.zu@cetimes.com 🌐 https://en.toewine.com/
Fruit expo & world fruit industry conference	24 th -26 th	Annual	China import and export fair, Guangzhou	☎ (+86) 20 2896 7766 ✉ grand@grahw.com 🌐 http://www.fruit-expo.com/

Event	Date	Recurrence	Venue	Organiser Details
Food2China	24 th -26 th	Annual	China import and export fair, Guangzhou	☎ (+86) 20 8381 0602 ✉ expo@food2china.com 🌐 http://www.food2chinaexpo.com/
October 2021				
China Ice cream frozen food expo	9 th -13 th	Annual	Tianjin Meijiang conference centre, Tianjing	✉ Contact through website 🌐 http://www.icecreamchinashow.com/
Bakery China	14 th -16 th	Annual	Shanghai New international expo, Shanghai	☎ (+33) 1 79 71 96 37 ✉ shurkmans@reed-export.fr 🌐 https://www.bakerychina.com/
Vinexpo	20 th -22 nd	Annual	Shanghai World Expo Exhibition and Convention Centre	🌐 https://www.vinexposium.com/en/vin-expo-shanghai/
November 2021				
China International Import Expo	5 th – 10 th	Annual	National Convention & Exhibition Centre, Shanghai	https://www.ciie.org/zbh/en/
Prowine / Food and Hotel China	9 th -11 th	Annual	Shanghai New International Expo Centre.	🌐 http://www.prowine-shanghai.com/
Notable H1 2022 fairs				
Tangjiuhui	March TBA	Annual	Chengdu TBA	
SIAL	May TBA	Annual	Shanghai TBA	🌐 https://www.sialchina.com/

8.3 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	Contact Information
Austria	Jian Guo Men Wai, Xiu Shui Nan Jie, 5 Beijing 100600 China	☎ (+86) 010 6532 9869 ✉ Contact through website 💻 bmeia.gv.at
Belgium	3 Sanlitun Dongstan Jie 100600 Chaoyang, China	☎ (+86) 10 653 217 36 ✉ beijing@diplobel.fed.be 💻 https://china.diplomatie.belgium.be/
Bulgaria	Xiu Shui Bei Jie, 4 Beijing 100600 China	☎ (+86) 10 6532 1946 ✉ Embassy.Beijing@mfa.bg 💻 www.mfa.bg
Croatia	Qijiayuan diplomatic compound, No. 9 Jianguomenwai street, 100600 Beijing	☎ (+86) 10 6532 6242 ✉ croemb.beijing@mvep.hr 💻 http://cn.mvep.hr/
Cyprus	2-13-2, Ta Yuan Diplomatic Office Building 14 Liang Ma He Nan Lu Chaoyang District, Beijing 100600 China	☎ (+86) 10 6532 5057 ✉ beijingembassy@mfa.gov.cy 💻 http://www.mfa.gov.cy/
Czech Republic	2 Ri Tan Lu, Jian Guo Men Wai Beijing 100600 China	☎ (+86) 10 8532- 9500 ✉ beijing@embassy.mzv.cz 💻 www.mzv.cz
Denmark	No. 1 Sanlitun Dongwujie, Chaoyang District, Beijing 100600, China	☎ (+86) 10 8532 9911 ✉ bjsamb@um.dk 💻 kina.um.dk
Estonia	No. 1 Lianmaqiao Beixiaojie, Chaoyang, Beijing 100600, China	☎ (+86) 10 8531 6700 ✉ embassy.beijing@mfa.ee 💻 https://beijing.mfa.ee/
Finland	Beijing Kerry Centre Level 26, South Tower No. 1, Guanghua Lu Beijing 100020 China	☎ (+86) 108 519 8300 ✉ sanomat.pek@formin.fi 💻 finlandabroad.fi
France	Faguo Zhuhua Dashiguan 60, Tianze Lu	☎ (+86) 10 85 31 20 00

EU Member State	Address	Contact Information
	Beijing 100600 China	✉ Contact through website 💻 cn.ambafrance.org
Germany	17, Dongzhimenwai Dajie, Chaoyang District Beijing 100600 China	☎ (+86) 10 8532 9000 ✉ Contract through website 💻 (diplo.de)
Greece	19 Guang Hua Lu, Chao Yang District Beijing 100600 China	☎ (+86) 10 85325493 ✉ gremb.pek@mfa.gr 💻 https://www.mfa.gr/
Hungary	10, San Li Tun, Dong Zhi Men Wai Beijing 100600 China	☎ (+86) 10 6532 0665 ✉ consular.pek@mfa.gov.hu 💻 peking.mfa.gov.hu
Ireland	3, Ritan Dong Lu Beijing 100600 China	☎ (+86) 10 8531 6200 ✉ Contact through Website 💻 https://www.dfa.ie/
Italy	2, San Li Tun Dong Er Jie Beijing 100600 China	☎ (+86) 10 8532 7600 ✉ ambasciata.pechino@esteri.it 💻 ambpechino.esteri.it
Latvia	22, Dongfang East Street, Chaoyang Distric Beijing 100600 China	☎ (+86) 10 853 230 09 ✉ embassy.china@mfa.gov.lv 💻 mfa.gov.lv
Lithuania	A-18, King's Garden Villa, 18 Xiaoyun Road, Chaoyang District, 100125 Beijing China	☎ (+86) 10 845 185 20 ✉ amb.cn@urm.lt 💻 mfa.lt
Luxembourg	Unit 1701, Tower B, Pacific Century Place, 2A Gongti Beilu, Chaoyang District, Beijing 100027 China	☎ (+86) 10 8588 0900 ✉ pekin.amb@mae.etat.lu 💻 mae.lu
Malta	1-51, Sanlitun Diplomatic Office Building Chaoyang District Beijing 100600 China	☎ (+86) 10 6532 3114 ✉ maltaembassy.beijing@gov.mt
Netherlands	Liangmahe South Road #4 Chaoyang District Beijing 100600 China	☎ (+86) 10 853 20300 ✉ pek@minbuza.nl 💻 https://www.netherlandsworldwide.nl/

EU Member State	Address	Contact Information
Poland	1, Ritan Rd. Beijing 100600 China	☎ (+86) 10 6532 1235 ✉ pekin.amb.sekretariat@msz.gov.pl 🌐 http://pekin.msz.gov.pl
Portugal	8 Dong Wu Jie, San Li Tun, Chaoyang District Beijing 100600	☎ (+86) 10 6532 3242 ✉ pequim@men.pt 🌐 https://pequim.embaixadaportugal.mne.gov.pt/
Romania	2, Ritan East Rd. Chaoyang District Beijing 100600 China	☎ (+86) 10 6532 3442 ✉ beijing@mae.ro 🌐 http://beijing.mae.ro/
Slovakia	Ritan Lu, Jianguomen Wai, Beijing 100600 China	☎ (+86) 10 65 321 530 ✉ emb.beijing@mzv.sk 🌐 https://www.mzv.sk/
Slovenia	No.7 Liangmaqiao Beixiaojie street, Chaoyang District Beijing 100600	☎ (+86) 10 85326191 ✉ sloembassy.beijing@gov.si
Spain	Sanlitun Lu, 9 Chaoyang District 100600 Beijing China	☎ (+86) 10 6532 1986 ✉ emb.pekin@maec.es 🌐 http://www.exteriores.gob.es/Embajadas/pekin/es/Paginas/inicio.aspx
Sweden	3, Dongzhimenwai Dajie Sanlitun Chaoyang District Beijing 100600, China	☎ (+86) 10 8631 1800 ✉ ambassaden.peking@gov.se 🌐 www.swedenabroad.se

8.4 Other organisations and service providers

8.4.1 Trade promotion organisations (TPOs) and agri food promotion organisations (APOs)

EU MS	Address	Contact information
Austria Agrarmarkt Austria Marketing (APO)	Austria	 https://www.ama.at/Home
Belgium (Flanders) FIT (TPO)	Belgium	 +32 2 552 80 11  export@vlam.be
Belgium (Flanders) Flanders' Agricultural Marketing Board (APO)	Deutsche Bank Building, 16th floor; 80, Jalan Iman Bonjol; ID - 10310 Jakarta	 (+62) 213162036  jakarta@fitagency.com
Belgium (Wallonia) AWEX / Wallonia-Brussels, Jakarta Trade Office (TPO)		 (+86) 10 65 32 66 95  pekin@awex-wallonia.com
Belgium (Brussels) (TPO)		 https://hub.brussels/en/
Bulgaria Bulgarian Small and Medium Enterprises Promotion Agency (TPO)		 https://www.sme.government.bg/en/
Cyprus Trade Service of the Ministry of Energy, Commerce and Industry (TPO)	2-13-2, Ta Yuan Diplomatic Office Building, No. 14 Liang Ma He Nan Lu, Chaoyang District, Beijing	 (+86) 6532 5057 - 7601  ppetrou@meci.gov.cy
France Business France in Indonesia (TPO)	21/F, Haitong Securities Bld., 689, Guang Dong Rd	 +86 (0)21 6135 2012  marie.zhang@businessfrance.fr
France SOPEXA (APO)	<i>France</i>	 (+33) 01 55 37 50 00  mybusiness@sopexa.com
Estonia Enterprise Estonia (TPO)	<i>Estonia</i>	 (+372)6279421  info@eas.ee
Finland Business Finland (TPO)	Porkkalantaku 1 Helsinki	 +358 29 50 55000  harry.dhavilla@businessfinland.fi
Germany Federation of German Food and Drink (APO)	<i>Germany</i>	 (+49) 30 200786-157  bve@bve-online.de
Greece Enterprise Greece / Office of Economic and Commercial Affairs (TPO)		 https://www.enterprisegreece.gov.gr/en/

EU MS	Address	Contact information
Hungary Hungarian Export Promotion Agency (TPO)	<i>Hungary</i>	☎ (+36) 1 922 2600 ✉ info@hepa.hu
Ireland Enterprise Ireland (TPO)	Ireland	🌐 https://www.enterprise-ireland.com/en/
Ireland BoardBia (APO)	Bord Bia, Suite 733, 1376 Nanjing Road West, Jing'an District, Shanghai	☎ + 86 2162798652 ✉ china@bordbia.ie
Italy Italian Trade Agency (TPO)	Italy	🌐 https://www.ice.it/en/
Lithuania Enterprise Lithuania (TPO)	<i>Lithuania</i>	🌐 https://www.versli Lietuva.lt/en/
Malta Trade Malta (TPO)	<i>Malta</i>	🌐 https://www.trademalta.org/
Netherlands Netherlands Enterprise Agency (TPO)	<i>Netherlands</i>	🌐 https://english.rvo.nl/
Portugal Portuguese Trade & Investment Agency – AICEP (TPO)	Jakarta	🌐 https://www.portugalglobal.pt/EN/Pages/Index.aspx
Slovenia Spirit Slovenia (TPO)	<i>Slovenia</i>	🌐 https://www.sloveniabusiness.eu/
Spain FIAB (APO)	<i>Spain</i>	☎ 34 91 411 72 11 ✉ internacionalizacion@fiab.es
Spain ICEX / Economic and commercial office of Spain in Indonesia (TPO)	Spain Buidling, 5th and 6 th Floor – Gongtinanlu A1-B, Chaoyang District, Beijing	☎ (+86) 1058799733 ✉ pekin@comercio.mineco.es
Spain (Catalunya) Catalonia Trade and Investment Office (TPO)		

8.4.2 Other service providers

Service provider	Address	Contact information
SERVICES FOR AUSTRIAN COMPANIES		
Advantage Austria	Austrian trade representative office, Xian, Room B-808	☎ +86 29 9765 1082 ✉ xian@advantageaustria.org 🌐 https://www.advantageaustria.org/

Service provider	Address	Contact information
	Chang'an Metropolis centre, Shannxi province	
SERVICES FOR BELGIAN COMPANIES		
Belgium-China chamber of commerce	Avenue Louise 279, 1050 Brussels	+ 32 2345 2545 info@bcecc.be https://bcecc.be/
SERVICES FOR BULGARIAN COMPANIES		
Bulgaria-China chamber of commerce	Sofia Bulgaria head office, 21 ^a Koziak Street, Sofia 1407	+ 359 888 350345 office@bccci.net https://bccci.net/
SERVICES FOR CROATIAN COMPANIES		
Croatian Chamber of Economy	Rooseveltovo trg 2, 10000 Zagreb, Croatia	investicije@hgk.hr; hgk@hgk.hr www.investincroatia.hr
SERVICES FOR CZECH COMPANIES		
Czech -China Chamber of Commerce	Nardoni 973/41, Stare Mesto, 110 00 Prague	+420 722 906 083 info@ceechinachamber.org https://ceechinachamber.org/
SERVICES FOR CYPRIOT COMPANIES		
Cyprus Chamber of Commerce and Industry	38, Grivas Dhigenis Ave. & 3, Deligiorgis Str., P.O.Box 21455, 1509 Nicosia	+357 22889800 chamber@ccci.org.cy
SERVICES FOR DANISH COMPANIES		
Danish-China chamber of commerce	Gopher Centre, 757 Mengzi Rd, 20 th floor, Shanghai	+86 18917 9667 27 assistant@dccc-shanghai.com https://dccc-shanghai.com/
SERVICES FOR DUTCH COMPANIES		
Dutch-Chinese chamber of commerce	Xiang Xing first road, Xiamen	+86 188 5015 7325 Contact through website https://nchk.nl/
SERVICES FOR ESTONIAN COMPANIES		
Estonian Chamber of Commerce & Industry	Toom-Kooli 17, 10130 Tallinn	+372 604 0060 koda@koda.ee
SERVICES FOR FINNISH COMPANIES		
Finnish business council Beijing	Kerry Centre, South Tower, Level 24, 1 Guanghua Rd, Chaoyang, Beijing	Contact through website https://www.fbcbj.org/
SERVICES FOR FRENCH COMPANIES		

Service provider	Address	Contact information
CCI France – Chine	Suite 201-222, Building 81, No 4 Gongti North Rd, Chaoyang, Beijing	+86 6461 0260 Contact through website https://www.ccifc.org/
SERVICES FOR GERMAN COMPANIES		
Germany-China chamber of commerce	6F, Liangmaqiao diplomatic office, 19 Dongfang east road, Chaoyang, Beijing	+86 10 6589 6688 Contact through website https://china.ahk.de/
SERVICES FOR GREEK COMPANIES		
Hellenic-Chinese chamber of commerce	10 Amerikis Str, Athens 10671	+30 210 3629445 info@chinese-chamber.gr http://www.chinese-chamber.gr/
SERVICES FOR HUNGARIAN COMPANIES		
ChinaCham Hungary	Szentmihayyi ut, Budapest	+36 414 7365 levelezes@chinacham.hu https://www.chinacham.hu/
SERVICES FOR IRISH COMPANIES		
Ireland-China chamber of commerce	Consulate general of Ireland in China, Jing'an district, Shanghai	+86 131 6274 3935 Contact through website http://www.irishchamber.net/
SERVICES FOR ITALIAN COMPANIES		
Italy China chamber of commerce	Sanlitun Diplomatic residence compound, Gongtibeilu No.1 Chaoyang, Beijing	+86 10 85910545 info@cameraitacina.com https://www.cameraitacina.com/
SERVICES FOR LATVIAN COMPANIES		
Latvian Chamber of commerce and industry	35 Krisjana Valdemara str., Riga, LV-1010, Latvia	+371 67225592 info@chamber.lv
SERVICES FOR LITHUANIAN COMPANIES		
Lithuanian Chamber of commerce and industry	Vašingtono sq. 1-63a, LT-01108 Vilnius	+370 2613 102 info@chambers.lt https://chambers.lt/en/
SERVICES FOR LUXEMBURG COMPANIES		
Chinalux	29 Boulevard Prince Henri, Luxembourg	+352 691 966 353 info@china-lux.lu http://china-lux.lu/
SERVICES FOR MALTESE COMPANIES		
The Malta Chamber of Commerce, Enterprise and Industry	64, Republic Street, Valletta, Malta	+ 356 2203 2000 https://www.maltachamber.org.mt/
SERVICES FOR POLISH COMPANIES		

Service provider	Address	Contact information
Polish-Chinese chamber of commerce	Obrzeżna 5, Xlp., 02-691 Warsaw	+ 48 223 291 323 office@cigpl.org https://cigpl.org/
SERVICES FOR PORTUGUESE COMPANIES		
Portugal-China chamber of commerce	Av. Da Liberdade 227, Lisbon	+ 351 21 793 42 84 http://geral@ccilc.pt/ http://www.ccilcmacau.org.mo/
SERVICES FOR ROMANIAN COMPANIES		
Chamber of Commerce and Industry of Romania	Address: 2, Octavian Goga Blvd, sector 3, 030982 Bucharest	+40 21 3117534 narcis.pirnaeu@ccir.ro www.ccir.ro
SERVICES FOR SLOVAK COMPANIES		
Slovak Chamber of Commerce & Industry	Gorkého 9, 81603 Bratislava, Slovakia	+421 2 54433272
SERVICES FOR SLOVENIAN COMPANIES		
Chamber of Commerce and Industry of Slovenia	Dimičeva 13, SI-1504 Ljubljana	+386 1 5898 000 info@gzs.si
SERVICES FOR SPANISH COMPANIES		
ASEMPEA	Velazquez 37 Madrid	+34 91 420 24 27 info@asempea.com https://www.asempea.com/
SERVICES FOR SWEDISH COMPANIES		
Sweden Chamber of Commerce	Brunnsgatan 2, 111 38 Stockholm, Sweden	(+46) 8 555 100 00 https://www.chamber.se/

8.5 European products registered or set to be registered as GIs

8.5.1 List of EU Geographical Indications protected under the EU – China GI agreement

	Country	GI Name	Chinese Name	Product Category
1.	Austria	STEIRISCHES KÜRBISKERNÖL	施泰尔南瓜籽油	Vegetable oil
2.	Cyprus	ZIBANÍA/TZIBANÍA/ZIBANA/ZIVANIA	塞浦路斯鱼尾菊酒	Spirit
3.	Czech Republic	ČESKOBUĎĚJOVICKÉ 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	罗讷河谷	Wines
20.	France	COTES DU ROUSSILLON	露喜龙丘	Wines
21.	France	GRAVES*	格拉夫	Wines
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

	Country	GI Name	Chinese Name	Product Category
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	ΣΗΤΕΙΑ ΛΑΣΙΘΙΟΥ 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
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.)

	Country	GI Name	Chinese Name	Product Category
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
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 DEGTINÉ/ORIGINAL LITHUANIAN VODKA	立陶宛原味伏特加	Spirit
73.	Netherlands/ Belgium/ France/ Germany	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

	Country	GI Name	Chinese Name	Product Category
80.	Portugal	VINHO VERDE	葡萄牙绿酒	Wines
81.	Romania	COTNARI	科特纳里葡萄酒	Wines
82.	Slovakia	VINOHRADNÍČKA OBLASŤ TOKAJ	托卡伊葡萄酒产区	Wines
83.	Slovenia	VIPAJSKA DOLINA	多丽娜葡萄酒	Wines
84.	Spain	RIOJA	里奥哈	Wines
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 MÁGICA*	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

* These products were already registered as GIs in China via the 10+10 scheme

+ There are transition periods for these products: feta (8 years), asiago (6 years) and pecorino romano (3 years).

Chinese transcriptions can be subject to further modifications.

Source: https://ec.europa.eu/info/sites/default/files/food-farming-fisheries/food_safety_and_quality/documents/eu-100-list-of-gis-eu-china-agreement_en.pdf

8.5.2 List of EU Geographical Indications set to be protected in the next phase under the EU – China GI agreement

	Country	GI Name	Product Category
1.	Austria	Inländerrum	Spirit
2.	Austria	Jägertee / Jagertee / Jagatee	Spirit
3.	Austria	Tiroler Bergkäse	Cheese
4.	Austria	Tiroler Speck	Meat products (cooked, salted, smoked, etc.) - Hams
5.	Austria	Vorarlberger Bergkäse	Cheese

	Country	GI Name	Product Category
6.	Bulgaria	Българско розово масло (Bulgarsko rozovo maslo)	Essential oils - Rose essential oil
7.	Bulgaria	Дунавска равнина (Dunavska ravnina)	Wines
8.	Bulgaria	Тракийска низина (Trakiiska nizina)	Wines
9.	Croatia	Baranjski kulen	Meat products (cooked, salted, smoked, etc.)
10.	Croatia	Dalmatinski pršut	Meat products (cooked, salted, smoked, etc.) - Hams
11.	Croatia	Dingač	Wines
12.	Croatia	Drniški pršut	Meat products (cooked, salted, smoked, etc.) - Hams
13.	Croatia	Lički krumpir	Fruit, vegetables and cereals fresh or processed - Potato
14.	Croatia	Neretvanska mandarina	Fruit, vegetables and cereals fresh or processed - Tangerine
15.	Cyprus	Κουμανδάρια (Commandaria)	Wines
16.	Cyprus	Λουκούμι Γεροσκήπου (Loukoumi Geroskipou)	Confectionery - Sugar
17.	Czech Republic	Budějovické pivo	Beers
18.	Czech Republic	Budějovický měšt'anský var	Beers
19.	Czech Republic	České pivo	Beers
20.	Estonia	Estonian vodka	Spirit
21.	Finland	Suomalainen Marjalikööri/Suomalainen Hedelmälikööri/Finsk Bärlikör/Finsk Fruktlikör/Finnish berry liqueur/Finnish fruit liqueur	Spirit
22.	France	Anjou	Wines
23.	France	Bergerac	Wines
24.	France	Brie de Meaux	Cheese
25.	France	Camembert de Normandie	Cheese
26.	France	Canard à foie gras du Sud-Ouest (Chalosse, Gascogne, Gers, Landes, Périgord, Quercy)	Meat products (cooked, salted, smoked, etc.) - Fresh meat - Ducks
27.	France	Clos de Vougeot	Wines

	Country	GI Name	Product Category
28.	France	Corbières	Wines
29.	France	Costières de Nîmes	Wines
30.	France	Côte de Beaune	Wines
31.	France	Echezeaux	Wines
32.	France	Emmental de Savoie	Cheese
33.	France	Faugères	Wines
34.	France	Fitou	Wines
35.	France	Haut-Médoc	Wines
36.	France	Huile d'olive de Haute-Provence	Oils and fats (butter, margarine, oil, etc.) - Olive oil
37.	France	Huile essentielle de lavande de Haute-Provence / Essence de lavande de Haute-Provence	Essential oil - Lavender
38.	France	Huîtres Marennes Oléron	Fresh fish, molluscs, and crustaceans and products derived therefrom - Oyster
39.	France	Jambon de Bayonne	Meat products (cooked, salted, smoked, etc.) - Hams
40.	France	La Tâche	Wines
41.	France	Montravel	Wines
42.	France	Moselle	Wines
43.	France	Musigny	Wines
44.	France	Pineau des Charentes	Wines
45.	France	Reblochon / Reblochon de Savoie	Cheese
46.	France	Romanée-Conti	Wines
47.	France	Saint-Estèphe	Wines
48.	France	Saint-Nectaire	Cheese
49.	France	Sauternes	Wines
50.	France	Selles-sur-Cher	Cheese
51.	France	Touraine	Wines
52.	France	Vacqueyras	Wines
53.	France	Val de Loire	Wines
54.	France	Ventoux	Wines
55.	Germany	Aachener Printen	Bread, pastry, cakes, confectionery, biscuits and other baker's wares

	Country	GI Name	Product Category
56.	Germany	Bremer Klaben	Bread, pastry, cakes, confectionery, biscuits and other baker's wares
57.	Germany	Hopfen aus der Hallertau	Other products of Annex I to the Treaty on the Functioning of the European Union (the "Treaty") (spices etc.) - Hops
58.	Germany	Lübecker Marzipan	Bread, pastry, cakes, confectionery, biscuits and other baker's wares - Marzipan
59.	Germany	Mittelrhein	Wines
60.	Germany	Nürnberger Bratwürste / Nürnberger Rostbratwürste	Meat products (cooked, salted, smoked, etc.) - Sausages
61.	Germany	Nürnberger Lebkuchen	Bread, pastry, cakes, confectionery, biscuits and other baker's wares - Gingerbread
62.	Germany	Rheingau	Wines
63.	Germany	Schwarzwälder Schinken	Meat products (cooked, salted, smoked, etc.)
64.	Germany	Tettnanger Hopfen	Other products of Annex I to the Treaty (spices etc.) - Hops
65.	Greece	Βόρειος Μυλοπόταμος Ρεθύμνης Κρήτης (Vorios Mylopotamos Rethymnis Kritis)	Oils and fats (butter, margarine, oil, etc.) - Olive oil
66.	Greece	Γραβιέρα Κρήτης (Graviera Kritis)	Cheese
67.	Greece	Καλαμάτα (Kalamata)	Oils and fats (butter, margarine, oil, etc.) - Olive oil
68.	Greece	Κεφαλογραβιέρα (Kefalograviera)	Cheese
69.	Greece	Κολυμβάρι Χανίων Κρήτης (Kolimvari Chanion Kritis)	Oils and fats (butter, margarine, oil, etc.) - Olive oil
70.	Greece	Κρόκος Κοζάνης (Krokos Kozanis)	Other products of Annex I to the Treaty (spices etc.) - Saffron
71.	Greece	Λακωνία (Lakonia)	Oils and fats (butter, margarine, oil, etc.) - Olive oil
72.	Greece	Πεζά Ηρακλείου Κρήτης (Peza Irakliou Kritis)	Oils and fats (butter, margarine, oil, etc.) - Olive oil
73.	Greece	Ρετσίνα Αττικής (Retsina Attikes)	Wines
74.	Greece	Τσίπουρο/Tsipouro	Spirit
75.	Hungary	Szegedi szalámi / Szegedi téliszalámi	Meat products (cooked, salted, smoked, etc.)
76.	Hungary	Törkölypálinka	Spirit

	Country	GI Name	Product Category
77.	Italy	Aceto balsamico tradizionale di Modena	Other products of Annex I to the Treaty (spices etc.) - Sauces
78.	Italy	Aprutino Pescarese	Oils and fats (butter, margarine, oil, etc.) - Olive oil
79.	Italy	Arancia Rossa di Sicilia	Fruit, vegetables and cereals fresh or processed
80.	Italy	Bolgheri Sassicaia	Wines
81.	Italy	Campania	Wines
82.	Italy	Chianti Classico	Oils and fats (butter, margarine, oil, etc.) - Olive oil
83.	Italy	Chianti classico	Wines
84.	Italy	Cotechino Modena	Meat products (cooked, salted, smoked, etc.)
85.	Italy	Culatello di Zibello	Meat products (cooked, salted, smoked, etc.)
86.	Italy	Fontina	Cheese
87.	Italy	Kiwi Latina	Fruit, vegetables and cereals fresh or processed
88.	Italy	Lambrusco di Sorbara	Wines
89.	Italy	Lambrusco Grasparossa di Castelvetro	Wines
90.	Italy	Marsala	Wines
91.	Italy	Mela Alto Adige / Südtiroler Apfel	Fruit, vegetables and cereals fresh or processed
92.	Italy	Mortadella Bologna	Meat products (cooked, salted, smoked, etc.)
93.	Italy	Pecorino Sardo	Cheese
94.	Italy	Pecorino Toscano	Cheese
95.	Italy	Pomodoro di Pachino	Fruit, vegetables and cereals fresh or processed
96.	Italy	Pomodoro San Marzano dell'Agro Sarnese-Nocerino	Fruit, vegetables and cereals fresh or processed
97.	Italy	Prosciutto di Modena	Meat products (cooked, salted, smoked, etc.)
98.	Italy	Prosciutto Toscano	Meat products (cooked, salted, smoked, etc.) - Hams
99.	Italy	Prosecco	Wines
100.	Italy	Provolone Valpadana	Cheese

	Country	GI Name	Product Category
101.	Italy	Salamini italiani alla cacciatora	Meat products (cooked, salted, smoked, etc.)
102.	Italy	Sicilia	Wines
103.	Italy	Speck Alto Adige / Südtiroler Markenspeck / Südtiroler Speck	Meat products (cooked, salted, smoked, etc.)
104.	Italy	Toscana	Oils and fats (butter, margarine, oil, etc.) - Olive oil
105.	Italy	Veneto Valpolicella, Veneto Euganei e Berici, Veneto del Grappa	Wines
106.	Poland	Herbal vodka from the North Podlasie Lowland aromatised with an extract of bison grass/Wódka ziołowa z Niziny Północnopodlaskiej aromatyzowana ekstraktem z trawy żubrowej	Spirit
107.	Poland	Jabłka grójeckie	Fruit, vegetables and cereals fresh or processed - Apple
108.	Poland	Jabłka łąckie	Fruit, vegetables and cereals fresh or processed - Apple
109.	Poland	Wielkopolski ser smażony	Cheeses
110.	Poland	Wiśnia nadwiślanka	Fruit, vegetables and cereals fresh or processed
111.	Portugal	Azeite de Moura	Oils and fats (butter, margarine, oil, etc.) - Olive oil
112.	Portugal	Azeite do Alentejo Interior	Oils and fats (butter, margarine, oil, etc.) - Olive oil
113.	Portugal	Azeite de Trás-os-Montes	Oils and fats (butter, margarine, oil, etc.) - Olive oil
114.	Portugal	Bairrada	Wines
115.	Portugal	Vin de Madère / Madère / Madera / Madeira Wijn / Vino di Madera / Madeira Wein / Madeira Wine / Madeira / Vinho da Madeira	Wines
116.	Portugal	Presunto de Barrancos / Paleta de Barrancos	Meat products (cooked, salted, smoked, etc.) - Hams
117.	Portugal	Queijo S. Jorge	Cheese
118.	Romania	Dealu Mare	Wines
119.	Romania	Murfatlar	Wines
120.	Romania	Pălincă	Spirit
121.	Romania	Recaș	Wines

	Country	GI Name	Product Category
122.	Romania	Salam de Sibiu	Meat products (cooked, salted, smoked, etc)
123.	Romania	Târnave	Wines
124.	Romania	Țuică Zetea de Medieșu Aurit	Spirit
125.	Romania	Vinars Murfatlar	Spirit
126.	Romania	Vinars Târnave	Spirit
127.	Slovenia	Goriška Brda	Wines
128.	Slovenia	Slovenski med	Honey
129.	Slovenia	Štajerska Slovenija	Wines
130.	Slovenia	Štajersko prekmursko bučno olje	Other edible oils - Pumpkin seed oil
131.	Spain	Aceite del Bajo Aragón	Oils and fats (butter, margarine, oil, etc.) - Olive oil
132.	Spain	Alicante	Wines
133.	Spain	Antequera	Oils and fats (butter, margarine, oil, etc.) - Olive oil
134.	Spain	Azafrán de la Mancha	Other products of Annex I to the Treaty (spices etc.) - Saffron
135.	Spain	Baena	Oils and fats (butter, margarine, oil, etc.) - Olive oil
136.	Spain	Bierzo	Wines
137.	Spain	Cítricos Valencianos / Cítrics Valencians	Fruit, vegetables and cereals fresh or processed - Citrus
138.	Spain	Dehesa de Extremadura	Meat products (cooked, salted, smoked, etc.) - Sausages
139.	Spain	Empordà	Wines
140.	Spain	Estepa	Oils and fats (butter, margarine, oil, etc.) - Olive oil
141.	Spain	Guijuelo	Meat products (cooked, salted, smoked, etc.) - Hams
142.	Spain	Jabugo	Meat products (cooked, salted, smoked, etc.) - Hams
143.	Spain	Jamón de Teruel / Paleta de Teruel	Meat products (cooked, salted, smoked, etc.) - Hams
144.	Spain	Jijona	Bread, pastry, cakes, confectionery, biscuits and other baker's wares - Nougat
145.	Spain	Jumilla	Wines

	Country	GI Name	Product Category
146.	Spain	Mahón-Menorca	Cheese
147.	Spain	Málaga	Wines
148.	Spain	Manzanilla - Sanlúcar de Barrameda	Wines
149.	Spain	Pacharán navarro	Spirit
150.	Spain	Penedès	Wines
151.	Spain	Priorat	Wines
152.	Spain	Rías Baixas	Wines
153.	Spain	Ribera del Duero	Wines
154.	Spain	Rueda	Wines
155.	Spain	Sierra de Cazorla	Oils and fats (butter, margarine, oil, etc.) - Olive oil
156.	Spain	Sierra de Segura	Oils and fats (butter, margarine, oil, etc.) - Olive oil
157.	Spain	Siurana	Oils and fats (butter, margarine, oil, etc.) - Olive oil
158.	Spain	Somontano	Wines
159.	Spain	Toro	Wines
160.	Spain	Turrón de Alicante	Bread, pastry, cakes, confectionery, biscuits and other baker's wares - Nougat
161.	Spain	Utiel-Requena	Wines
162.	Spain	Cariñena	Wines
163.	Spain	Montes de Toledo	Oils and fats (butter, margarine, oil, etc.) - Olive oil
164.	Spain	Aceite Campo de Montiel	Oils and fats (butter, margarine, oil, etc.) - Olive oil
165.	Spain	Los Pedroches	Meat products (cooked, salted, smoked, etc.)
166.	Spain	Vinagre de Jerez	Other products of Annex I to the Treaty
167.	Netherlands	Edam Holland	Cheese
168.	Netherlands	Gouda Holland	Cheese
169.	Austria, Belgium, Germany	Korn / Kornbrand	Spirit
170.	Austria, Hungary	Pálinka	Spirit
171.	Croatia, Slovenia	Istarski pršut/Istrski pršut	Meat products (cooked, salted, smoked, etc.) - Hams

8.6 ANNEX II Database of professional buyers

The Database of professional buyers reflects the contact information as of July 2021

8.6.1 List of relevant buyers, importers, and distributors

Company name	Type	Area of interest	Contact information
AEON	Import/Distribution	F&B	+86 2565 3656 ✉ aeonmember@aeonstores.com.hk 🌐 https://www.aeonstores.com
ASC Fine Wines Beijing	Import/Distribution	Wine	+86 21 2250 8699 🌐 https://www.asc-wines.com/
Auchan	Import/Distribution	F&B	+86 21 6543 6543 ✉ Contact through website 🌐 https://www.auchan.com.cn/
Bailian group	Import/Distribution	F&B	+86 21 63323636 ✉ bjit@bailiangroup.com 🌐 http://www.bailiangroup.cn/
Beijing Baoshitu international wine	Import/Distribution	Wine, beer	✉ Contact through website 🌐 http://www.hitebeer.cn
Beijing Bodens Biological Technology Co., Ltd.	Import/Distribution	Dairy	☎ 010-82322052 ✉ bdsee@bdsee.com 🌐 http://www.bdsee.com/
Beijing Yuya Weiye Trade	Import/Distribution	Dairy	+8610-65816012/13 ✉ Contact through website 🌐 https://www.bj-yuya.com/
Carrefour	Import/Distribution	F&B	✉ Contact through website 🌐 https://www.carrefour.com/
City Shop	Import/Distribution	F&B	✉ Hezuo@cityshop.cn 🌐 http://www.cityshop.com.cn/
City Super	Import/Distribution	Premium F&B	+86 21 5175 8208 ✉ contact.sh@citysuper.com 🌐 https://www.citysuper.com.cn/
China Distribution & Logistics'	Distribution	F&B (e.g., beer, confectionery spirits)	+852 6999 5100 ✉ Contact through website 🌐 http://www.chinadistributionltd.com/
Classic Fine Foods	Import/Distribution	Fine Foods	+86 10 6327 6701 ✉ cff.beijing@classicfinefoods.com 🌐 https://www.classicfinefoods.com.cn/

Company name	Type	Area of interest	Contact information
COFCO	Import/Distribution	F&B	☎ +86-10-85006688 🌐 http://www.cofco.com/en/
CP Lotus	Import/Distribution	F&B	✉ Contact through website 🌐 http://www.cplotuscorp.com/
CR Vanguard	Import/Distribution	F&B	✉ Contact through website 🌐 https://www.crv.com.cn
DIVA China	Distribution	Wine	☎ +86 10 6512 3089 ✉ office@diva-china.com 🌐 http://www.diva-china.com/
Digiant Global	Distribution (e-commerce)	Premium F&B	✉ Contact through website 🌐 https://www.digiantglobal.com//
Dong Qiang International	Distribution	Biscuits & Confectionery	☎ +010-57795045/46 ✉ purchasing@bjdongqiang.com 🌐 http://www.bjdongqiangguoji.com/Home_En
East Meets West Fine Wines	Import/Distribution	Wine	☎ 400-8519-567 ✉ info@emw-wines.com 🌐 https://www.emw-wines.com/en/
Epermarket	Distribution	F&V	☎ 400-776-0776 ✉ service@epermarket.com 🌐 https://www.epermarket.com/
ESB Shanghai	Import/Distribution	Meat, dairy & potatoes	☎ +86 21 62 82 73 76 ✉ contact@esb-foods.com 🌐 https://www.esb-foods.com/
Fancy Cellar	Import/Distribution	Wine & Spirits	☎ +86 216 047 8619 ✉ hello@fancycellar.fr 🌐 https://fancycellar.fr/
Food Union China	Import/Distribution	Dairy & ice cream	☎ +371 29 772 050 ✉ Linda.mezgaile@mmacomms.lv 🌐 https://foodunion.com/
Food2China	Distribution	F&V	☎ 020-83811937 ✉ office@food2china.com 🌐 https://www.food2china.com/
FruitMax China	Distribution	Fruit	☎ +86 (0)21 6245 6916 ✉ info@fruitmaxchina.com 🌐 http://www.fruitmaxchina.com/
GFA Gourmet and Food Art	Import/Distribution	Fine Foods (mainly Italian)	✉ info@gourmetfoodart.com 🌐 https://gourmetfoodart.com/
Heidelberger Weinkontor	Import/Distribution	Wine (German)	☎ +86 10 63403860 ✉ beijing@heidelberg-wine.com

Company name	Type	Area of interest	Contact information
			http://www.heidelberg-wine.com/
Himan Trading Company	Distribution	Chocolate, Confectionery & Biscuits	☎ (852) 2660 9960 ✉ info@himantrading.com 🌐 https://www.himantrading.com/
Jebsen Wines	Fine Import/Distribution	Wine & Spirits	☎ +852 2923 8777 ✉ winetrade@jebsen.com 🌐 www.jebsenfinewines.com
Jointek Wines	Fine Distribution	Wine	☎ +(852) 25178686 ✉ Contact through website 🌐 https://www.jointekfinewines.com.hk/
Kate & Kimi	Distribution	F&V	☎ 021-61671620 ✉ ask@kateandkimi.com 🌐 https://www.kateandkimi.com/
KELIT Wine	Import/Distribution	Wine (Italy)	☎ +86 755 8220 8606 ✉ contact@kelitwine.com 🌐 http://www.kelitwine.com/en/
Links Concept Company	Distribution	Wine	☎ +852 28022818 ✉ mktg@linksconcept.com 🌐 https://www.linksconcept.com/
METRO	Import/Distribution	F&B	✉ service@metro.com.cn 🌐 https://www.metro.cn
MUYI Fine Wine	Import/Distribution	Wine (France)	☎ + (86) 10 5900 7196 ✉ beijing@muyiwine.cn 🌐 https://www.muyiwine.com/
Planete Chocolat	Import/Distribution	Chocolate (Belgium)	✉ Contact through website 🌐 https://www.planetechocolat.com/en/
PMI Foods	Distribution	Meat	☎ +86 21 6065 3700 ✉ sha@pmifoods.com 🌐 https://www.pmifoods.com/en/
Redfern Digital	Distribution (e-commerce)	Premium F&B	✉ Contact through website 🌐 https://redferndigital.cn/
SEAHOG Imports	Import	Biscuits	☎ 86-137-6070-0701 ✉ 308704459@qq.com 🌐 http://www.seahog-aw.com/
SEO Agency China	Distribution	F&B	✉ seo@marketingtochina.com 🌐 https://seoagencychina.com/
Shanghai Kingfoods Condiment	Import/Distribution	F&B (e.g., olive oil, beer)	☎ 021 6330 1867/8 ✉ kingfoods@kingfoods.com.cn 🌐 http://www.kingfoods.com.cn/English/

Company name	Type	Area of interest	Contact information
SHENZHEN ASIA GLOBAL LOGISTICS	Import	Fresh produce	☎ (86) 0755-25915016 ✉ contacts@szag.cn 🌐 https://www.szag.cn/en/
Summergate Fine Wines & Spirits	Import/Distribution	Wine & Spirits	☎ 800-820-6929 ✉ info@summergate.com 🌐 http://www.summergate.com
Sun Art	Import/Distribution	F&B	☎ +852 2980 1888 ✉ Contact through website 🌐 http://www.sunartretail.com/
Telford	Import/Distribution	Wine, Spirits & Beer	☎ (852)2722 5066 ✉ corporate@telford.com.hk 🌐 https://www.telford.com.hk/wine/en/
The Republic Wine	Import/Distribution	Wine	☎ 010-5869 7050 ✉ orders@thewinerepublic.com 🌐 http://www.thewinerepublic.com/
Thomsen Food Line A/S China	Import/Distribution	Meat	☎ +45 86 18 61 00 🌐 http://thomsen-foodline.dk/
TORRES CHINA	Import/Distribution	Wine & Spirits	☎ +86(21)62677979 ✉ info@torres.com.cn 🌐 https://www.torreschina.com/
Vanguard	Import/Distribution	F&B	☎ +86 4008222666 ✉ hnkf@crc.com 🌐 https://www.crv.com.cn/
VDGCN	Distribution	F&B (e.g., Beer, Chocolate, Biscuits)	☎ +86 10 5870 0535 ✉ contact.bj@vdgcn.com 🌐 http://www.vdgc.com/en/company.aspx
V&F EXPORT MANAGEMENT WINE	Import	Wine (Spain)	☎ +34 91 113 41 22 ✉ info@veryfinevinos.com 🌐 http://www.veryfinevinos.com/
Walmart	Import/Distribution	F&B	✉ Contact through website 🌐 https://corporate.walmart.com/
Wine Express	Import/Distribution	Wine	☎ 800.962.8463 ✉ custserv@wineexpress.net 🌐 https://www.wineexpress.com/
WuhanSier International	Import/Distribution	F&B	☎ +86 18040506150 ✉ Contact through website
Wumart	Import/Distribution	F&B	✉ Contact through website 🌐 http://www.wumart.com/

Company name	Type	Area of interest	Contact information
Xianyu Trading (Shanghai) Co. Ltd.	Import/Distribution	Wine & Spirits	☎ +86 21 6439 9335 ✉ sales@vs70.com 🌐 http://www.vs70.com
Yesmywine	Distribution	Wine	☎ 021-80316556 🌐 https://m.yesmywine.com/
Yiannis	Import	Fruit & Vegetable	☎ +86 21 34790867 ✉ Contact through website 🌐 https://yiannis.international/
YiHaoDian	Import/Distribution	F&V	☎ 928926-5250 🌐 https://www.yhd.com/
Yuanhe Hengtai Trading	Import/Distribution	Snacks (Biscuits, chocolate, chips, nuts)	☎ +86-010-64709816 ✉ hhtfoods@126.com 🌐 http://www.yhhtfood.com/
90 plus-wines	Import/Distribution	Wine	☎ 020-36932329 ✉ sale@90plus-wines.com 🌐 http://90plus-wines.com/

