

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 11/10/2009

GAIN Report Number:

China - Peoples Republic of

EXPORTER GUIDE ANNUAL

Opportunities in a Growing Economy

Approved By:

Wayne Batwin

Prepared By:

Alan Hallman, Freddie Xu,
and Wendy Zhou

Report Highlights:

As China's consumers become wealthier they are increasingly consuming imported food and agricultural products. Imports from all countries reached \$69 billion in 2008, almost double the value in 2005. Chinese imports of U.S. agriculture products increased from under \$3 billion in 2001 to about \$13 billion in 2008. Despite of differences in business culture and uncertainly about import requirements, U.S. exporters will find that this expanding economy continues to create business opportunities.

Post:
Shanghai ATO

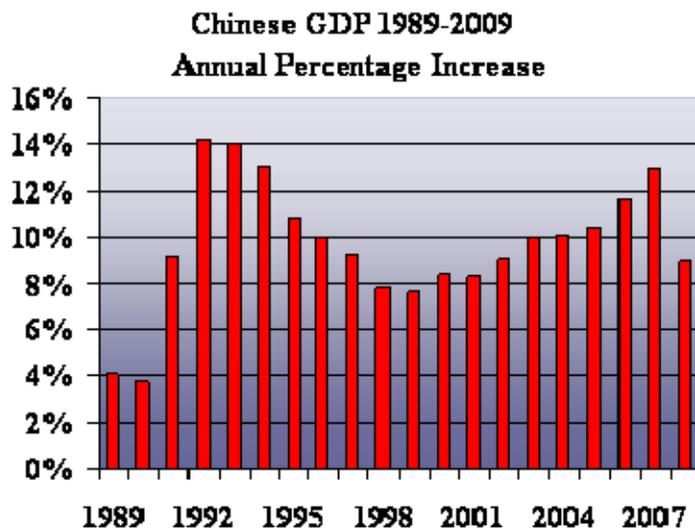
Executive Summary:

Overview

Economic Situation

While China's rate of economic growth slowed in 2008 and 2009, it maintained its pattern of nearly three decades of uninterrupted growth. China's slowdown began in the housing market in late 2008 and quickly spread to related industries. Exports declined in the fourth quarter of 2008 and weakened further in the first half of 2009. This is the first time China's exports have contracted in the past seven years and the sharpest drop since 1999. (Euromonitor)

China's gross domestic product (GDP) reached 3.1 trillion U.S. dollars in 2008. This makes it the world's third largest economy and moves China into striking distance of overtaking Japan as the world's second largest economy. As the graph below illustrates, the growth in China's economy has been rather impressive. While China is classified as a middle income country, it is important to note that many goods are available more cheaply in China than overseas, which means that the ability of Chinese consumers to purchase your products may be some what greater than it first appears.



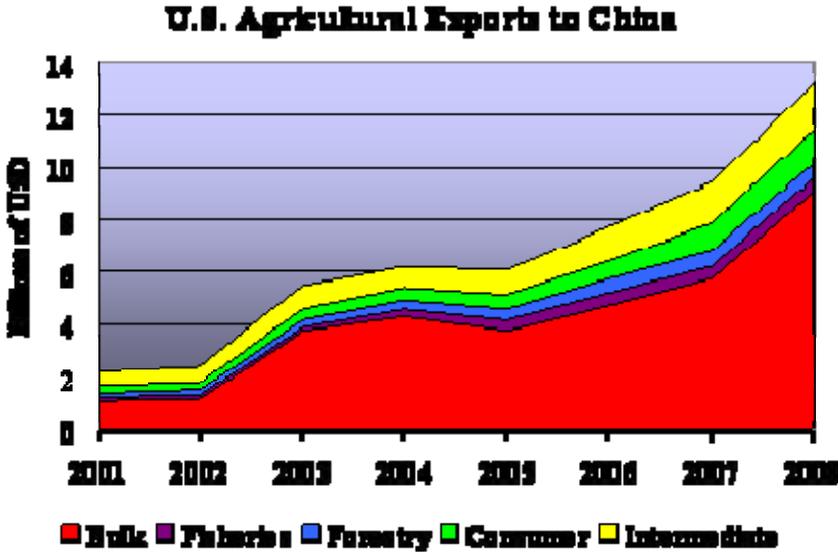
Source: Informa Economics, World Bank

Chinese GDP is projected to expand more than 8% in 2009, and is expected to continue growing at between 8-9% over the next several years as lower levels of stimulus are offset by a more normal contribution from net exports (Informa Economics).

The macro economic situation has reduced Chinese demand from what it would otherwise have

been and has caused commodity prices to fall over the past year. U.S. Agricultural exports have not been immune to this and we expect the graph below to show a small decline for 2009. However, a review of the product categories in the Appendix reveals that many product categories are showing strong growth even in this business climate. U.S. Salmon exports to China, which are included in the fisheries segment below, are following up strong growth over the last several years with a 19% increase thus far in 2009. The value of U.S. poultry exports - a consumer product - are down 12% thru September 2009, but this mostly due to a fall in prices. Exports of feed and fodders – an intermediate product - are up 94%, also thru September, due to rising sales of distiller’s dried grain and alfalfa hay.

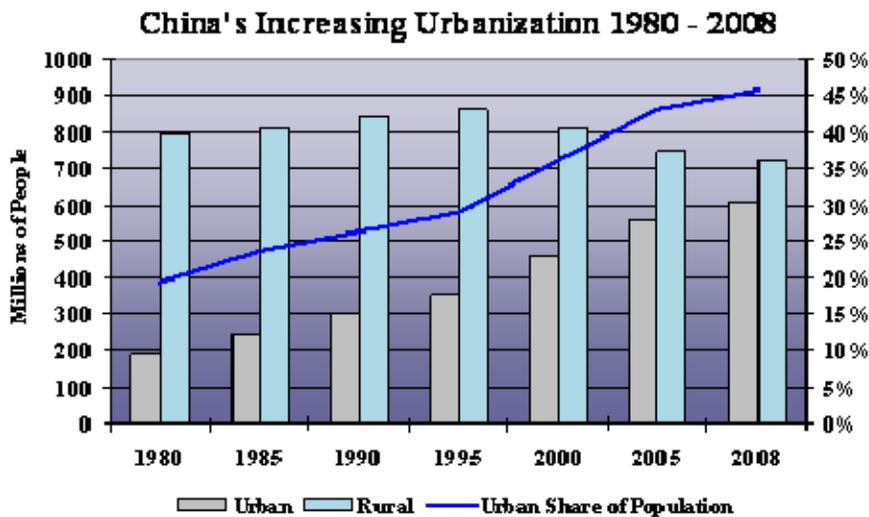
Source: FAS/USDA Bico Data



Agriculture is one of the few areas where the U.S. has a trade surplus with China. Recent concerns about product quality in China have probably increased demand for imported products. However, over time increases in the quality of many Chinese products means that imported products will eventually find it more difficult to compete.

Demographic Developments

With an annual average of 18.7 million people migrating from rural areas to the cities each year since 2000, China is experiencing mass urbanization. While the rate likely slowed this past year, the Chinese urban population is expected to overtake the rural population in 2015 and top 1.0 billion by 2030. Rapid urbanization puts strains on urban infrastructure and resources as well as reducing the supply of labor in rural areas.



Source: China Statistical Yearbook 2009

Although China has relaxed restrictions on the movement of rural residents, the largest cities continue to restrict employment and housing for unlicensed migrants. In addition, production costs in the major metropolitan areas have risen. The result has been a boom in the growth of second and third-tier cities across China. These emerging city markets fall into three broad categories: coastal population centers, satellite cities, and inland giants. Many of these cities are now out performing Shanghai, Beijing, and Guangzhou in terms of growth. As most of the emerging city markets are starting from a lower level of development, it is likely that they will continue to grow at a higher rate. These secondary cities can be categorized as follows:

Coastal Population Centers: China's eastern coast is dotted with major cities that have developed export markets to fuel an economic boom independent of Shanghai, Beijing, and Guangzhou. Cities such as Qingdao, Dalian and Xiamen are becoming independent export powers.

Satellite Cities: By contrast, a large number of satellite cities close to and economically dependent on Guangzhou and Shanghai have also sprung up in large numbers in recent years. Growth in these cities is driven by businesses seeking to escape ever higher costs in the metropolis, while still cashing in on the large consumer and export markets, distribution, and logistics infrastructure. These include both freewheeling commercial boomtowns like Shenzhen (Guangdong) and Jiaxing (Zhejiang), and storied, historic power centers like Suzhou (Jiangsu) and Hangzhou (Zhejiang).

Inland Giants: Growth is no longer passing China's interior cities by—some cities such as Chengdu, Wuhan and Nanchang have seen aggressive growth in the past two or three years and are becoming focal points for industrial development. These cities are focused on a mix of domestic and low-end export manufacturing. Although large population centers, the regulatory climate in these cities can be unpredictable and they are overall considerably less wealthy than coastal cities. These are good markets for exporters with a long-term focus. Those interested in regional Chinese markets should also keep an eye on the government's drive to build new cities to relieve the population pressure on major cities.

Another important demographic element is generational. The population can be divided into three groups: those born from 1946-1964, who have lived through some of China's most

turbulent times; those born from 1965-1976, who came of age during China's drive to development; and those born after 1976, who have grown up in an increasingly affluent and stable environment. While there are significant differences between the first two groups, they share similar spending habits: they are both extremely price sensitive and conservative about spending, with extremely high savings rates.

The most recent generation of consumers is different, having embraced a consumption-oriented lifestyle. They are more willing to spend money, willing to experiment, are much more style conscious, and are more sensitive to advertising. These consumers are becoming more important as they become income earners in their own right. This generation also does not shy away from taking loans. A significant part of China's housing boom is due to young, white collar workers taking advantage of newly available long-term mortgages with low interest rates to buy apartments. In the process, they are leaving home and establishing households before they get married, yet another major break with tradition.

Consumer Buying Habits

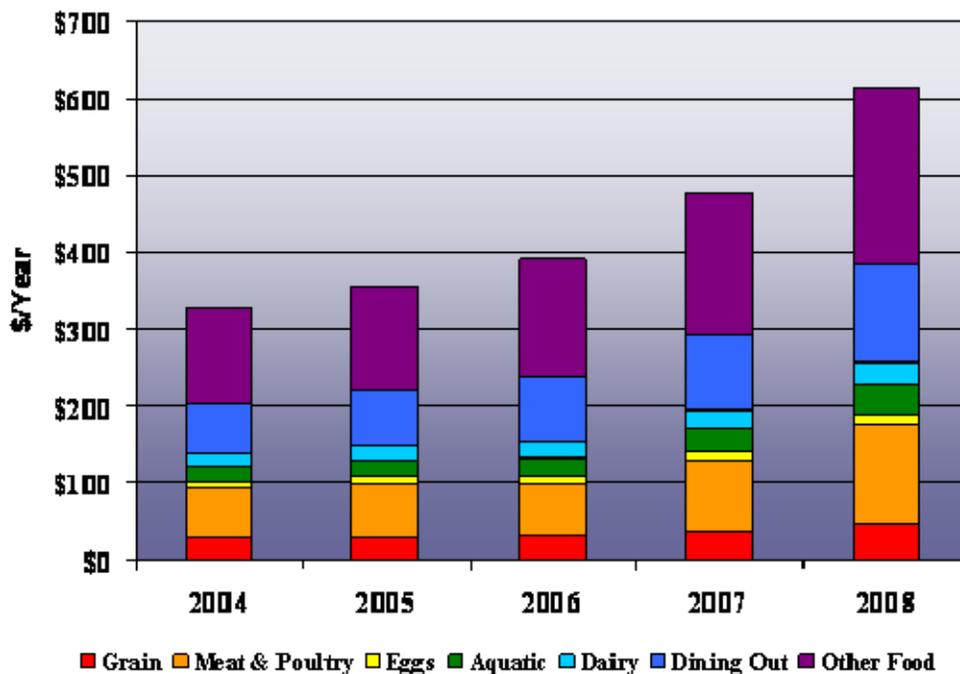
Total consumer expenditure increased by 9% in 2008 compared to 13% in 2007. Industrial growth hit a seven-year low in 2008 as exports slowed. The service sector continues to outperform other sectors but growth is slowing. Consumption is expected to grow by 8.4% in 2009. China's increasingly wealthy citizens have limited vehicles for investment and low interest rates for home loans, a situation that encourages consumers to spend or to put their money into homes. (China Statistical Yearbook, 2009)

Chinese consumers tend to be conservative and price sensitive when it comes to personal spending. Exceptions to this rule include spending on education, medical care, gifts and entertainment, and children. The greatest successes for high-end U.S. food products have been those aimed at hotels and restaurants (seafood and pork, for example), and high-end products given as gifts (fresh fruit, wine and liquor). Acceptance of imported products as guarantee of safety and high quality is common, and U.S. products in particular have benefited.

Food safety has become a major issue, especially in major urban centers. Food safety or adulteration problems are nothing new in China, but they have recently become favorite topics for the Chinese media, and even minor incidents in the most far-flung areas are now often reported nationwide. Swine disease and avian influenza scares have contributed to a perception that many food products can be unsafe. This feeling appears to be strongest at higher income levels, where consumers rely more heavily on processed or pre-packaged foods. As a result, consumers in these income brackets are placing a premium on famous brands or buying in venues with a solid reputation. Also, higher-income consumers tend to be health and nutrition conscious, from both a traditional Chinese and a more science-based perspective.

Higher incomes are allowing Chinese consumers to spend more on food and add new products to their diets. The amount that urban households spend on food has almost doubled in dollar terms over the last four years. It is also interesting to note that while spending in all the categories has increased rapidly, spending on meat has been increasing its share of expenditures while the share spent on grains has fallen.

Annual Food Expenditures by Urban Households



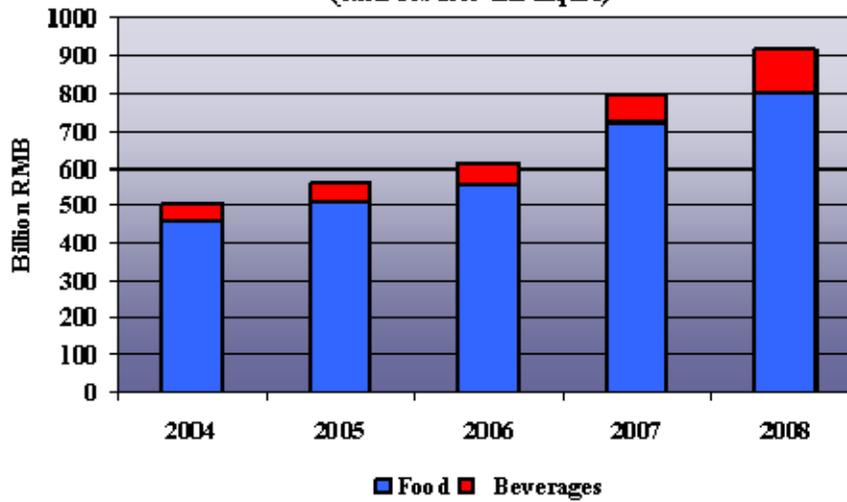
Source: China Statistical Yearbook 2009

Consumer Foods Market Size and Growth

Combined wholesale and retail food sales reached RMB 1.9 trillion (\$279 billion) in 2008, but this figure falls to RMB 914 billion (\$ 134 billion) when tobacco and liquor revenues are excluded.

The total value of the Chinese food market has continued to grow at a rapid clip. This trend was bolstered by inflationary increases in food prices over the last several years. While prices stabilized in 2009, the rate of change for the years 2002 – 2008 was 0.6%, 3.4%, 9.9%, 2.9%, 2.3%, 12.3% and 14.3% respectively (China Statistical Yearbook, 2009).

Total Sales of Food and Beverage
(excl. Tobacco and Liquor)



Source: China Statistical Yearbook 2009

Total dining revenue, including restaurants, fast food, tea shop and cafes reached nearly 64 RMB billion (US\$ 9.4 billion) in 2007 and more than RMB 81 billion (\$11.9 billion) in 2008 (China Statistical Yearbook, 2009). The actual figure is likely several time higher, since many restaurants in China under-report their total sales revenue. While both food and beverage sales are growing rapidly, the chart above illustrates a much more rapid percentage increase in beverage sales.

Advantages and Challenges Facing U.S. Suppliers of Food Products to China

Advantages	Challenges
Chinese consumers spend nearly half of their disposable income on food and beverages.	Most Chinese consumers are price-sensitive: imported products have difficulty competing with domestic substitutes on price.
Imported goods are generally regarded as safe and high in quality.	Imports are regarded as luxury goods: the vast majority of consumers do not believe they can afford them.
New markets for imported products are appearing in fast-growing cities throughout China.	Transportation and logistics for these cities remains difficult, and many lack the presence of a qualified distributor for imports.
Many U.S. brands, such as Budweiser, Coca-Cola, M&Ms and Pringles are widely recognized in China.	Most of the U.S. brands widely available in China are manufactured locally or in other parts of Asia.
Overseas fast-food chains are extremely popular, and provide exposure for foreign foods.	Foreign fast-food chains source most of their products locally.
Overseas retail chains are growing quickly, and carry more imported products than domestic counterparts.	Few of these chains import directly from overseas, working instead through distributors. Many charge high listing fees to promote new products.
Overseas retail chains and convenience chains are increasingly interested in establishing house brands. This is creating opportunities for bulk shipment of quality foods.	Although interested in quality for their house labels, these chains are tough negotiators, and will leave suppliers with little room for profit.
Under WTO, China's duties on imported foods have fallen, and more products are shipped directly to China, instead of through Hong Kong.	Increased access for imports has resulted in greater competition from other exporting countries for products like beef, seafood and pistachios.
Food is an essential part of Chinese culture and social life. Key life events revolve around food, and little expense is spared.	The Chinese have very strong taste preferences. While they are willing to experiment, they are less willing to incorporate foreign tastes into their daily life.

China is incomprehensibly large. Though many consumers still lack the income to purchase imports, millions join the middle class every year.	China is incomprehensibly large. Regional differences in culture and taste can be quite stark. Promotions with limited budgets must target specific groups.
The Chinese market often moves en-masse. If a product becomes trendy, sales can skyrocket overnight.	If a product is successful, it is likely to be counterfeited or imitated.

Exporter Business Tips

Local Business Customs

China possesses an ancient and vibrant mercantile culture of its own. Although this culture values efficiency, value and profit, there are important differences from western business culture. Key features include: a) respect for age and hierarchical position, b) the importance of personal relationships, c) group orientation and d) the concept of face. Food is a key component of Chinese culture, and this extends to business culture: working lunches and dinners are an important part of doing business in China. These events help to build those all-important personal relationships, provide information not available in formal business meetings, and are an opportunity to establish face with your business contacts. To help U.S. exporters on their travels in China, FAS has prepared several reports outlining the key points: Chinese Business Etiquette (CH6820) and Business Travel in China (CH4836).

Consumer Tastes

It is dangerous to assume anything about China. Tastes vary widely from place to place and are constantly evolving. As a general rule, Chinese tastes favor Asian products, particularly those with a strong similarity to Chinese foods or heavily influenced by China. For example, some local quick service restaurants have learned that although Chinese customers like the efficiency and atmosphere of American style chain restaurants, they want to see more traditional Chinese food items such as rice, noodles or spicy dishes on the menu. Moreover, in a country where refrigerated trucks are still scarce, it is difficult for the modern supermarkets to match the fresh produce – and low prices – of typical wet markets where most Chinese traditionally shop. The lack of refrigerated trucks also encourages each region to develop its own dairy, brewing and meat industries, making bulk purchasing harder.

Nonetheless, consumers are willing to experiment with new tastes, and it is difficult to predict what products will succeed without conducting actual research. For example, pizza has proven immensely popular, despite a widespread myth that Chinese people do not like cheese. One promotion in the inland city of Wuhan found Mexican foods to be a runaway success, while another in Chengdu scored a success for boneless pork butt. Key regional distinctions include North and Northeast China (Beijing and north), where dishes tend to be salty; East China (centered on Shanghai) where the taste is sweet and spicy dishes are unpopular; Central China (Sichuan and Hunan), which are famous for hot and spicy food; and South China, famous for delicate tastes, seafood and an appetite for the exotic. Keep in mind, though, that consumers in any of these places may be willing to experiment with new tastes, including those from other parts of China.

- In addition to regional patterns, there are some overall preferences shared by most Chinese consumers:
- Chinese prefer fresh meats, soups and produce to canned or processed ones. Many buy fish or fowl live to be butchered on the spot.

- Consumers prefer small-sized packages to 'economy' sizes, even though the unit cost may be higher.
- In the case of snacks, candies or breakfast cereals, Chinese consumers like to see the actual product inside the package. It is a good idea to include a transparent 'window' on the package. This goes double for new-to-market products.
- The attractiveness of the package is important. Size, colors and design are all taken into consideration.
- Chinese buyers are attracted to established brand names, which are seen as a guarantee of authenticity and superior quality.

Before jumping into the Chinese market, U.S. exporters are advised to invest in targeted market research and taste testing. In a country the size of China, it is absolutely critical to identify a specific target group of consumers, and confirm the product's appeal to that group. For example, one might target new mothers in the Shanghai area, or, alternatively, teens from affluent families in Guangzhou. Whichever group one chooses to target, both the product and the approach will be entirely different. Failure to take the preferences of Chinese consumers into account is a common reason for the failure of new products.

Regulatory Framework

Import Regulations and Standards

Over the past few years, the Chinese government has published a host of regulations governing standards and labeling for food products. Enforcement of these regulations is also becoming more rigorous. Although reputable distributors often deal with these issues on the exporter's behalf, exporters making a serious commitment to the China market are advised to study the relevant laws carefully and ensure that they are in compliance.

To help U.S. exporters understand these regulations, FAS has prepared a series of unofficial translations. Collectively, these reports are called the China Food and Agricultural Import Regulations and Standards Report (or China FAIRS Report). The translations available are listed in the FAIRS Report Working Index, which is posted on the FAS website (www.fas.usda.gov).

Intellectual Property Right Protection

Though China strengthened its legal framework and amended its intellectual property rights (IPR) laws and regulations to comply with its WTO agreements, IPR infringements of U.S. agriculture and food products remain a serious problem. Examples include:

- "Sticker" and labeling domestic and third-country product with U.S. identifications such as Washington apples, California table grapes and pistachios, Wisconsin ginseng, etc.
- False branding and packaging of domestic and third-country products with U.S. identification such as Sunkist citrus, Sunmaid raisins, U.S. wines and even U.S. grass

seeds.

- Counterfeiting or mixing of domestic or third-country product together with U.S. food and beverage products, including poultry, beef, pork, mohair or wool.
- Unauthorized sale and use of U.S. PVP protected plant materials and germplasm.

The U.S. industry needs to play an active role to protect food product IPR's – initially identifying that problems exist in the first place. Ideally, IPR protection should begin prior to when companies or trade associations begin exploring the China market for their food or beverage goods. Interested parties should also recognize the importance of registering and protecting trademarks in both English and Chinese languages, including obtaining collective marks for U.S. collective organizations and USDA Cooperators or certification marks.

Furthermore, it is essential to recognize that even if U.S. goods are not being sold in China, IPR protection could be helpful to prevent infringed-upon goods produced in China from being exported to third country markets. Chinese Customs provides an on-line recordal service that is usually a prerequisite for Customs detention of infringing goods bound for export.

Interested parties are strongly encouraged to review the U.S. Embassy's "China IPR Toolkit" and FAS Beijing on-line reports CH7028, containing information on China's patent, trademark and copyright legislation and enforcement and CH4078 and 7088, on plant variety protection. You can also get contact information for the FAS China IPR office at http://www.usdachina.org/en_IPR_bj.asp?functionID=110706.

Food Safety Law

China's new Food Safety Law (FSL) went into effect on the first of June, 2009. It is primarily focused on Chinese food production, but certain aspects of the law/regulations apply to imported foods. Chinese authorities have largely delayed FSL implementation for many imported products that are regulated under the FSL. The laws and implementing measures are still in a state of transition, and there does not appear to be a clear and consistent understanding and implementation of the FSL throughout China. U.S. exporters should work closely with their importers and local regulatory authorities to determine how the law is being implemented for their products.

Key documents that importers should evaluate are included in GAIN Reports CH9051 and CH9065. These documents deal with food safety standards, food without Chinese standards, and registration of new products in China. One key statement appearing in CH9065 is about "prior import history." Basically speaking, it permits any food or food ingredient/component that has been imported into China prior to the passage of the FSL to be grandfathered in and continue to be allowed entry despite the lack of a Chinese standard. For those ingredients or components not registered in China, the regulation in CH9051 contains information on how new-to-China ingredients or components should conduct registration. Finally, CH9065 contains a wealth of reference material for companies to utilize in checking for relevant standards in China on imported foods, food additives, and food colorings. Reports dealing with the new FSL include CH9018, CH9019, CH9040, CH9051, CH9065, CH9066, CH9076, CH9077, and CH9078.

Market Sector Structure and Trends

Food Retail

Growth in retail sales has been driven by the rapid development of food retail chains across China. Supermarket chains are now present in virtually every city in China, while hypermarkets exist in most large cities. Of particular interest to exporters is the rapid growth of foreign-invested hypermarket chains such as Wal-Mart, Carrefour, Lotus and Metro, which are more aggressive than local chains in seeking out and promoting high-margin imported products. While some of these chains are moving toward centralized purchasing, initial efforts have been largely unsuccessful. Foreign-invested stores are popular with the large and growing expatriate population, but are also favored by local Chinese as venues for buying food and other items to be given as gifts, especially during the spring festival.

The spring festival, which takes place generally around late January and early February, is a 15-day celebration of the Lunar New Year. This is the period of high consumption as local Chinese purchase food product for themselves, as well as gifts for relatives, co-workers, and friends. Therefore packaging is critical in this particular niche. Many exporters and/or distributors have developed special gift package versions of their products. China's packaging industry is extremely sophisticated, and a growing number of U.S. exporters are choosing to ship in bulk and pack their products in China, a practice that may also help to resolve product labeling issues.

In response to the growth of foreign-invested retailers, Chinese retail chains are consolidating, and now have nationwide reach. Domestically-owned hypermarkets are a reasonable prospect for imported products, but decentralized management of supermarket chains continues to make that sector a poor prospect for imports other than dried fruit, nuts and frozen vegetables.

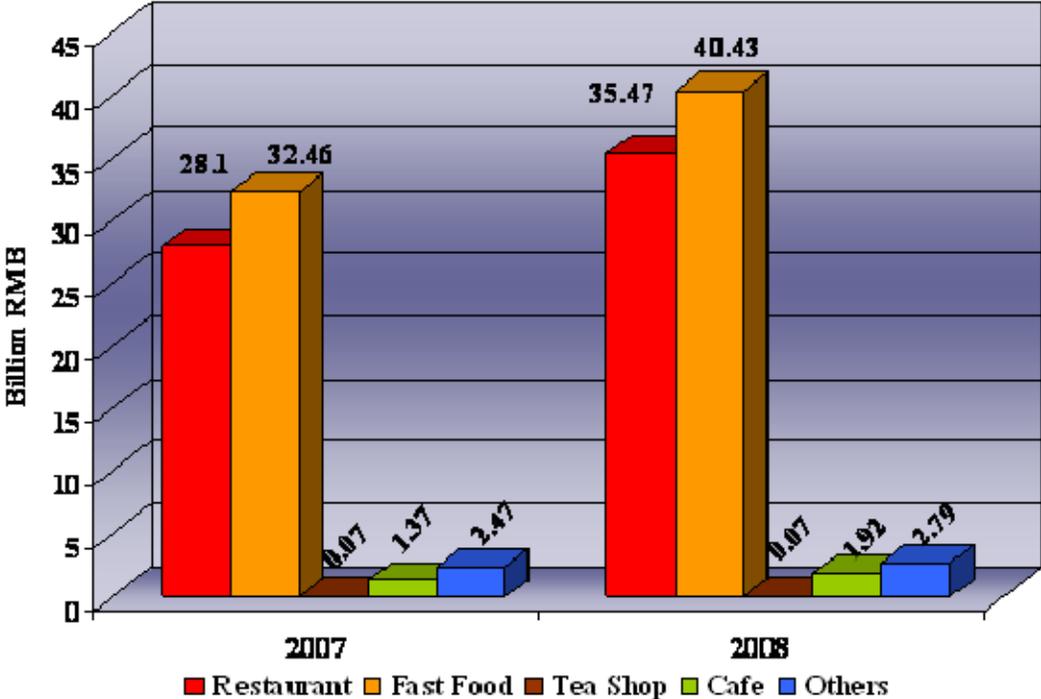
Retail sales have also been boosted by the rapid growth of convenience store chains, particularly in East China. Foreign-invested convenience stores have also established a significant presence in Guangzhou, and the convenience store format is now making an appearance in Beijing. Management of these chains is strong, and most relies on centralized purchasing and distribution. These stores also rely less on deep discounting, making them a reasonable prospect for imported products. An ATO/Shanghai sponsored food promotion with Lawson's convenience stores introduced a wide variety of new products, and encountered fewer complications than promotions at hypermarkets, due to the high level of standardization and well-developed distribution systems. Refrigerator and freezer cases are routinely available in hypermarkets, supermarkets and convenience stores, and microwave ovens are common in both convenience stores and homes. USDA's Cold Chain Initiative, supported by ATOs in Shanghai, Guangzhou, Beijing, and Chengdu is further helping to ensure that the quality of temperature sensitive imports can be maintained, creating opportunities for new products. Retail growth received a boost in 2005, when China removed restrictions on foreign ownership of businesses, leading Wal-Mart to open its first store in Shanghai. There are now about 162 Walmart stores in China, and Walmart also owns 35% of Trustmart – with more than 100 stores. These place Walmart in a strong competitive position vs Carrefour, which has about 134 stores. Other important trends in the retail sector include a rapid increase in personal ownership of refrigerators, freezers and microwave ovens, which has boosted sales of frozen and heat-and-eat products. Hypermarkets and convenience stores also now offer a wide variety of ready-to-eat foods, including box lunches and rotisserie chicken. For more detail on China's retail food sector, please refer to FAS/China's Food Retail Sector Reports.

Hotel, Restaurant and Institutional

The Hotel, Restaurant and Institutional (HRI) sector is one of the most dynamic sectors of the

economy, as seen in the rapid growth of revenue for the dining industry. This sector covers the entire spectrum, from roadside stands, to massive cafeterias, and world-class gourmet restaurants. Previous statistical series have been discontinued, making it difficult to identify trends in the HRI sector. Under the new nomenclature, statistics are only available for chain catering services, which excludes the legions of independent family restaurants that form the bulk of the industry. Using these definitions, snack counters dominate the catering industry, at nearly 60% of total industry revenues, with restaurants lagging behind at 39%. The new series is useful, however, in showing the extremely rapid growth of the snack counters, which increasingly provide quick meals (steamed dumplings, for example) or meal starters (such as roasted chickens) for China’s growing population of busy professionals.

Revenue from Meals at Chain Catering Enterprises



Source: China Statistical Yearbook 2009

HRI is a key player in introducing imported foods. High-end restaurants and hotels are less constrained by price considerations and more interested in presenting dishes and products that are unique. If successful, their efforts are likely to be copied by other restaurants, bringing them closer to mainstream middle-class consumers. Another important trend is the recent emergence of medium to high-end restaurant chains. Like other high-end restaurants, these are interested in offering consumers something different and unique, but unlike them, if a product is successful, they can purchase directly and in bulk, reducing cost considerably. This development holds a great deal of promise, as Chinese consumers view restaurant chains as a guarantee of quality in a largely unregulated industry. Though still in its infancy, this trend may become an important factor for imports.

It is important to note that while the sector as a whole has great potential, many parts of the HRI industry are not strong candidates for imported foods. Catering operations that run

cafeterias and provide box lunches as well as small family-owned restaurants, account for a large portion of the industry and are extremely price-sensitive. For example, lunch box manufacturers typically aim for a production cost of \$1.00 or less, making them a poor candidate for most imported foods. Once again, exporters are advised to research the market and pick their targets carefully. For more analysis on China's HRI sector, please refer to FAS/China's HRI Sector Reports.

Food Processing

The food processing industry is another of the fastest growing segments in the Chinese economy, with the China Food Industry Association citing annual growth of 10-12%, while official statistics (which typically exclude the legions of small-scale processors) show significantly higher growth. Still in its infancy, the recent development of this sector also makes it one of the most modern. Poor regulation, however, makes it difficult to determine the exact size of the industry. Official statistics indicate that there were 22,800 food processing ventures with total sales of \$345 billion in 2008 (China Statistical Yearbook, 2009). Currently, only 30% of China's food consumption is processed, as compared to 80% in more developed countries. According to Chinese officials, the main barrier to further development of this sector is China's underdeveloped agricultural production and distribution systems.

Food safety has become a major concern for the Chinese government, after a series of poisoning and contamination incidents culminated in a major scandal over sales of substandard infant formula, which resulted in the deaths of a number of infants. More recently, food and product safety issues in China have caught the attention of the international media, focusing a harsh glare on local manufacturing and quality assurance practices. Food contamination incidents receive widespread media coverage, and have become a fixture in many consumers' minds. Many will now buy food only from well-known and reputable manufacturers, and some manufacturers have opened their own retail stores or booths in order to prevent adulteration of their products. Government efforts to improve quality and inspection of food manufacturing facilities are likely to accelerate the trend toward consolidation.

The food processing sector provides growing opportunities for U.S. exporters. The industry is concentrated primarily in Guangdong, Shanghai and Shandong provinces. Although inputs are primarily domestic, many processors are seeking new ingredients to help distinguish their products from competitors. U.S. products that have been particularly successful in this area include nuts (almonds and pistachios), dried fruit (particularly raisins and prunes), soy flour, flavorings and sauces, and dairy ingredients and supplements. Frozen and dehydrated potato products continue to be successful, due largely to the lack of local equivalents. For a more in-depth analysis of the food processing sector, please refer to FAS/China's Food Processing Sector Reports.

Key Contacts and Further Information

For a list of Chinese government regulatory agencies in Shanghai, Beijing, Guangzhou, Chengdu and Shenyang, please see FAS/China report number CH1068, available on the FAS website at www.fas.usda.gov.

For further information, please contact the appropriate ATO office. FAS/China has ATOs in Shanghai, Beijing, Guangzhou, Shenyang, and Chengdu. Contact information is as follows:

ATO Office	Email Address	Fax Number	Telephone Number
Shanghai	ATOShanghai@fas.usda.gov	(8621) 6279-8336	(8621) 6279-8622

Beijing	ATOBeijing@fas.usda.gov	(8610) 8531-3055	(8610) 8531-3950
Guangzhou	ATOGuangzhou@fas.usda.gov	(8620) 8667-0703	(8620) 8667-7553
Chengdu	ATOChengdu@fas.usda.gov	(8628) 8526-8118	(8628) 8526-8668
Shenyang	ATOShenyang@fas.usda.gov	(8624) 2322-1198	(8624) 2322-1733

Key Trade and Demographic Information, 2008: Fast Facts		
	Millions	Annual Growth Rate (%)
Total Population	1,328	0.53%
Urban Population of China	607	2.19%
Unemployment Rate (Urban population, year end)		4.20%
Per Capita Income & Expenditures		
	\$ USD	
Annual Per Capita Disposable Income, Urban Households	\$2,272	
Annual Per Capita Disposable Income, Rural Households	\$685	
Per Capita Consumption Expenditure on Food, Urban Households	\$613	
U.S. Market Share		
	\$ Million	%
Agricultural Imports, All Sources	68,641	21.66%
Consumer Food Imports, all sources	7,486	26.64%
Fish and Seafood Imports, all sources	3,730	14.29%
Average Exchange Rate in 2008		6.9451
Exchange Rate (as of November 9, 2009)		6.8287

(Source: China Statistical Yearbook, 2009, except import statistics from Global Trade Atlas, and 2009 exchange rate from Oanda)

Appendix

2008 Trade and Demographic Data for China

Chinese Imports of Food and Fishery Products In Millions of U.S. Dollars 2005-2008

P.R.C. Imports of Agriculture, Fish & Forestry Products				
Unit: Millions of USD	2005	2006	2007	2008
CONSUMER-ORIENTED AGRICULTURAL TOTAL	3,463	4,256	5,955	7,486
Snack Foods (Excl. Nuts)	112	119	138	163
Breakfast Cereals & Pancake Mix	8	10	10	19

Red Meats, Fresh/Chilled/Frozen	252	223	571	1,217
Red Meats, Prepared/Preserved	4	8	8	7
Poultry Meat	335	463	945	1,087
Dairy Products (Excl. Cheese)	476	579	773	898
Cheese	26	38	54	74
Eggs & Products	1	2	0.6	2
Fresh Fruit	483	512	592	807
Fresh Vegetables	3	7	1	3
Processed Fruit & Vegetables	612	867	984	768
Fruit & Vegetable Juices	74	99	146	126
Tree Nuts	100	118	160	261
Wine & Beer	102	166	286	418
Nursery Products & Cut Flowers	69	70	84	91
Pet Foods (Dog & Cat Food)	4	4	4	4
Other Consumer-Oriented	801	971	1,198	1,545
FISH & SEAFOOD PRODUCTS	2,915	3,196	3,486	3,730
Salmon	239	337	292	299
Crustaceans	306	316	339	357
Groundfish & Flatfish	1,592	1,704	1,983	2,085
Molluscs	268	336	387	471
Other Fishery Products	487	483	485	493
INTERMEDIATE AGRICULTURAL PRODUCTS	7,250	8,261	12,691	16,434
BULK AGRICULTURAL PRODUCTS	15,621	18,138	20,701	33,063
AGRICULTURAL AND FISH PRODUCTS TOTAL	29,249	33,851	42,833	60,713

Source: Global Trade Atlas

**Chinese Imports of Consumer Oriented Foods by Country
In Millions of U.S. Dollars
2006-2008**

Partner Country	USD, Millions			% Share			% Change
	2006	2007	2008	2006	2007	2008	2008/07
World	4,255	5,956	7,486	100	100	100	25.7
United States	851	1,342	1,994	19.99	22.54	26.64	48.57
Thailand	729	799	663	17.12	13.41	8.85	-17.06
France	199	444	612	4.69	7.46	8.17	37.67
New Zealand	446	493	586	10.47	8.29	7.83	18.81
Denmark	103	187	388	2.42	3.15	5.19	107.39
Australia	152	237	387	3.57	3.98	5.16	62.88
Vietnam	216	303	347	5.09	5.09	4.63	14.29
Argentina	40	154	277	0.93	2.58	3.7	80.04
Neth.	125	160	206	2.95	2.69	2.75	28.5
Singapore	113	151	198	2.66	2.54	2.64	30.76
Chile	85	119	190	2.01	2	2.54	59.6
Canada	67	93	151	1.58	1.55	2.01	62.92

Phil.	125	118	150	2.93	1.97	2.01	27.77
Japan	113	127	136	2.65	2.13	1.82	6.87
Brazil	185	293	115	4.36	4.92	1.54	-60.78
Germany	46	82	94	1.08	1.38	1.26	14.88
Italy	56	72	85	1.33	1.21	1.14	17.96
S. Korea	58	59	76	1.36	0.99	1.01	27.74
Malaysia	21	31	73	0.49	0.52	0.98	136.53
Taiwan	43	57	73	1	0.96	0.97	27.25

Source: Global Trade Atlas

Chinese Imports of Edible Fishery Products by Country In Millions of U.S. Dollars 2006-2008

Partner Country	USD, Millions			% Share			% Change 2008/2007
	2006	2007	2008	2006	2007	2008	
World	3,196	3,503	3,730	100	100	100	6.51
Russia	1,213	1,340	1,223	37.94	38.26	32.78	-8.75
United States	409	463	533	12.8	13.23	14.29	15.09
Canada	174	163	184	5.44	4.66	4.94	13.08
Norway	160	173	183	5	4.93	4.92	6.27
Japan	235	209	181	7.36	5.98	4.85	-13.62
Neth.	83	85	175	2.59	2.41	4.68	106.54
S. Korea	78	142	159	2.45	4.06	4.26	11.59
Thailand	68	99	117	2.12	2.83	3.13	17.68
Peru	64	66	100	2	1.88	2.68	51.54
India	91	86	94	2.84	2.46	2.52	9.17
N. Zealand	56	58	73	1.77	1.66	1.95	25.32
Indonesia	44	41	52	1.38	1.18	1.41	26.89
Myanmar	4	18	47	0.12	0.52	1.26	159.45
Malaysia	13	26	43	0.41	0.74	1.15	65.25
N. Korea	44	31	42	1.38	0.89	1.13	35.69
Chile	34	28	42	1.06	0.8	1.12	49.79
Argentina	29	25	39	0.89	0.7	1.06	60.72
Greenland	30	38	36	0.93	1.08	0.97	-4.33
Taiwan	34	51	35	1.07	1.46	0.94	-31.63
Spain	24	26	33	0.76	0.75	0.89	27.22

Source: Global Trade Atlas

