

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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China - Peoples Republic of

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Food Ingredients Initiative Building Market for U.S.

Report Categories:

Agricultural Trade Office Activities

Export Accomplishments - Events

Export Accomplishments - Other

Food Processing Ingredients

Approved By:

Ralph Bean

Prepared By:

Pei Zhiyong/Ralph Bean

Report Highlights:

Over the past three years, ATO has been conducting a broad-based effort to build markets for U.S. ingredients in China's fast-growing food manufacturing sector. This report outlines the effort to date.

Making Chinese Food With U.S. Ingredients:

Over the past three years, ATO/Beijing has targeted China's fast-growing processed food sector as a market for U.S. food ingredients. The underlying strategy is simple. Food manufacturing is a growing industry, as Chinese consumers demand increasing quantities of processed and time-saving foods. The Chinese industry has transformed over the past decade from one dominated by small-scale producers of generic products, to massive, nationwide brands with an incentive to innovate and a reputation to protect. While imported products with foreign tastes are growing in popularity, they will continue to be primarily a niche market. The best means to address the larger, daily-use market is to let Chinese manufacturers adapt U.S. ingredients to Chinese tastes, packaging sizes, production standards, labeling and cultural practices.

The Food Manufacturing Initiative sought to achieve this by first identifying the largest players in China's food manufacturing sector, then providing knowledge of the products available and their potential uses through a combination of seminars at major trade events in China, and reverse missions that included visits to ingredients shows, but also food development programs, to see not just what ingredients are available, but how they can be used in innovative ways. The objective was not to inspire the Chinese processors to use U.S. ingredients to make Chinese adaptations of western foods, but rather to create entirely different products based on Chinese consumers' tastes.

The initiative targeted manufacturers of frozen dumplings, bean noodles, instant noodles, dry noodles, ice cream and confectionery). One early success was the placement of U.S. frozen blueberries into sweet dumplings. Since then, ATO has conducted seminar series on frozen food, instant noodles and applications for dry beans, and trade missions focused on noodles and dry beans. One measure of this project's success is buy-in by industry and other partners. The State of Nebraska has provided technical speakers and hosted reverse missions. North Dakota has gone one better, doing this while launching its own series of events, with ATO support. Buy-in from Chinese industry has also been strong: previous participants in the program now serve as speakers, describing their experience in incorporating U.S. ingredients into their products to other Chinese food manufacturers. The China Institute for Food Science and Technology has been an unflagging supporter, and state importer CFNA, and most recently the Bean Products Manufacturing Association, have all supported the initiative. ATO is now being approached by Chinese manufacturers to help them organize self-funded visits to the U.S. to learn more about U.S. ingredients and applications.

Because this is a very long-term effort focused at an entire sector, specific sales are difficult to identify. However, U.S. exports of peas, buckwheat and flax to China, all products targeted by the initiative, hit record levels due to rising demand. U.S. exports of peas alone (used to make fensi, a clear noodle) rose from \$10 million in 2012 to over \$24 million by November 2013, as the number of fensi manufacturers doubled recently.

