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GAIN Report

Global Agricultural Information Network

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Monthly Agricultural Market News of South China – 7

Report Categories:

Agriculture in the News

Agricultural Trade Office Activities

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Report Highlights:

South China e-commerce sales continue to soar.... Upcoming opportunities for U.S. exporters to meet with South China e-commerce companies, as well as fresh fruit, alcoholic beverage, and wood importers...U.S. wheat exports to China on the rise...ATO Guangzhou participates in Alaska Seafood promotion, as well as meets with key buyers of U.S. hardwood, cotton, and hides & skins.

General Information:

E-Commerce Sales in South China Continues to Soar



Data Source: China Statistical Yearbook 2016 Average 2015 Exchange Rate: 6.214 *Includes all retail products

Notwithstanding the overall slowdown in Chinese economic growth, e-commerce in China is booming, including food and beverage sales. Guangdong Province in Southern China (which includes the first-tier cities of Guangzhou and Shenzhen) has by far the highest online retail sales of any province in China, and statistics show online sales in this province grew 28 percent in 2015. Growth in 2016 is also estimated to have been at rapid pace, and sales during Single's Day (the world's largest online shopping day) in November of 2016 smashed previous records. Although it is estimated that only 10 percent of China's online sales are for food and beverages, e-commerce in this sector is expanding very rapidly with some of the most popular products being nuts, dried fruit, candy, snacks, baby formula and wine.

Fresh fruit is also a very popular product to buy online and there has recently been a proliferation of online fresh produce shops. U.S. cherries, apples, citrus and other fruits have had particularly successful promotions on key e-commerce platforms over the past few years. While there is huge opportunity for new-to-market U.S. food exporters to work with Chinese e-commerce companies (who are very eager to source new products), it is crucial to find the right partner. ATO Guangzhou is in frequent contact with several of these companies and is happy to assist U.S. exporters interested in the South China market.

Upcoming Events

March 9-16, Natural Expo West, California: Guangdong Province is the largest market for online global purchases in China, and ATO Guangzhou is leading a group of e-commerce buyers to source high quality U.S. food and agricultural products at the Natural Products Expo West. This show is held in California, and is the largest trade event for the U.S. organic and natural products industry with over 2,600 exhibitors. In addition to visiting the show, the team will also have site visits with U.S. exporters afterwards. If you are a U.S. exporter and are interested in meeting with the team, or for more information on the show and trade mission, please contact ATO Guangzhou Marketing Specialist Ursula Chen (Ursula.Chen@fas.usda.gov).

March 15-17, Produce Marketing Association (PMA) Fresh Connection, Shanghai: PMA Fresh Connection continues to serve as one of the key networking platforms for the fresh fruit industry in China. International fresh fruit producers and traders will attend the event and share their insights on the latest market trends. This event provides an ideal opportunity to gain the most up-to-date market intelligence by talking with industry leaders face-to-face. For more information, please contact ATO Guangzhou Marketing Specialist May Liu (May.Liu@fas.usda.gov).

March 23-25, China Food and Drinks Fair (CFDF), Chengdu: CFDF (<http://www.qgtjh.com>) is a USDA-endorsed show and is China's largest food and beverage show. It has a 50-year history and is a good platform to showcase U.S. wine/beer/distilled spirits, packaged food and beverage products to professional visitors from all around China. A USDA-designated contractor will provide support and services to U.S. exhibitors. If U.S. exporters of wine/beer/distilled spirits are interested in meeting South China importers at the show, please contact ATO Guangzhou Marketing Specialist Ken Chen (Kang.Chen@fas.usda.gov).

March 28-31, Interzum, Guangzhou: Interzum Guangzhou is recognized as the largest and most comprehensive woodworking machinery and wood raw materials trade show in Asia. A large number of U.S. wood exporters of both hardwood and softwood are planning on exhibiting at the show, which will also include a U.S. pavilion and reception. For more information, please contact ATO Guangzhou Marketing Specialist Ursula Chen (Ursula.Chen@fas.usda.gov).

March 29-31, Asia Pacific Leather Fair, Hong Kong: China's appetite for hides and skins presents significant market opportunities for U.S. exporters. The largest leather show in Asia is going to be held in Hong Kong at the end of March and a U.S. pavilion for both raw hide suppliers and leather exporters will be organized during the show. Tanners of South China will tour the show and connect with suppliers from around the world. For more information, please visit the web site at www.aplf.com or contact Marketing Specialist Ursula Chen (Ursula.Chen@fas.usda.gov).

Recent ATO Guangzhou Activities

U.S. Wheat Exports to China Rise - On February 24th, ATO Guangzhou visited the Huangpu port and witnessed the offloading of a large vessel of U.S. wheat. The bulk vessel was loaded with 52,000 metric tons of U.S. soft white wheat, and was loaded in Portland, Oregon. The importer, together with Guangzhou Port Company and U.S. Wheat Associates representative, escorted ATO Guangzhou to the terminal and observed the offloading process. U.S. wheat exports to China are up this year, and as of late-February sales and shipments in marketing year 2016/17 are nearly double this time last year. Smaller domestic production, crop quality issues, and high domestic prices have all led to stronger imports.



Chinese Leather Industry Continuing to Consolidate – On February 17, ATO Guangzhou attended the Guangdong Leather Association annual conference to learn about current challenges and opportunities facing the industry and to plan future trade servicing activities with U.S. hides and skins exporters. Due to new rigorous environmental regulations and climbing labor costs, the Chinese leather industry (which is the largest in the world) has experienced significant consolidation over the past several years. Chinese footwear manufacturers and leather wholesalers (several of which are located in South China) are the top customers of the U.S. hides and skins industry, with 2016 U.S. exports reaching \$949 million. At this conference ATO Guangzhou discussed plans to schedule a networking activity between leaders of the South China-based industry and U.S. raw material suppliers to ensure a strong trade relationship.



U.S. Red Oak Very Popular in China – On February 22, ATO Guangzhou visited Nature Home, the largest solid wood flooring manufacturer in China. The company's Chief Executive Officer explained to the ATO Director that demand for U.S. wood products in the industry is very strong despite fluctuating U.S. wood prices. The company also reported that as a result of a previous joint promotion with ATO Guangzhou, company sales of U.S. red oak flooring doubled in a four-year period.

Additionally, the company expressed strong interest in working with the U.S. wood industry in the future to promote the sustainability of U.S. forestry products.

Chinese Textile Industry Demand for Cotton Expected to Remain Stable—On February 22, ATO Guangzhou visited the world’s largest shirt making company in Guangdong Province. The company is vertically integrated from cotton farming to apparel manufacturing, with annual sales revenue over \$1.4 billion. As one of the world’s largest shirt manufacturers, the company is also a major user of U.S. cotton and produced over 120 million cotton shirts last year. During the visit, the company’s president explained that industry demand for cotton continues to be very stable. China imported \$513 million of U.S. cotton in 2016.



Alaska Seafood Is Getting More Popular

ular in South China – On February 28, ATO Guangzhou participated in a promotional activity organized by the Alaska Seafood Marketing Institute in Shenzhen, Guangdong Province. Around 40 key South China seafood importers, wholesalers, distributors and retailers joined the event. According to multiple trade contacts at the event, Alaskan seafood is getting more popular in South China due to its quality, taste and nutritional attributes. Event attendees shared multiple new concepts on how promote high-quality Alaska seafood products in the South China market.



South China Baking Industry Continues to Rapidly Expand— On February 23rd, ATO Guangzhou visited the Sino-American Baking School (SABS) campus in Huadu District, Guangdong Province. SABS is a key training center for the Guangdong Technical Vocational School and a close working partner of the U.S. Wheat Associates, the California Raisin Committee, the U.S. Cranberry Marketing Committee, and the U.S. Potato Board. The campus has 5,000 students and houses training facilities for Chinese cuisine, Western cuisine and baking specific trainings. As the South China baking industry

continues to rapidly expand, the SABS Director explained that the school generally has a 100 percent job placement record after their students graduate.



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