China - Peoples Republic of

Post: Beijing
Organics Report
Report Categories:
Organic Products
Approved By:
Scott Sindelar
Prepared By:
Joshua E. Lagos, Ryan R. Scott, Kristen Rasmussen,
Wu Bugang, Ursula Chen

Report Highlights:
The global organic food market has developed rapidly during the past six years with organic food and beverage sales reaching USD $7.2 billion in 2008. Some analysts expect domestic sales of organic products in China to be as high as $3.6-8.7 million by 2015.
General Information:

The global organic food market has developed rapidly during the past six years with organic food and beverage sales reaching USD $7.2 billion in 2008, an increase of more than 140 percent from the former $3 billion record in 2003. China’s participation is on the rise. Some analysts expect domestic sales of organic products in China to be as high as $3.6-8.7 million by 2015. However, China’s organic food market is still in the early stages of development.

In 1990, China exported its first organic product, certified organic tea, to Europe. Today, domestic production of Chinese certified organic foods is primarily for export, serving international markets in North America, Europe, and Japan. Products include honey, soy powder, beans, sesame, walnuts, pumpkin seeds, grains, oil, vegetables, fruits, beverages, dairy, poultry, and aquaculture. From 1995 to 2006, the export value of organic foods rose from $300,000 to $350 million, with an annual growth rate of 30 percent. In 2007, more than 2,500 organic enterprises produced and sold organic products domestically and for export. The organic sector is still in its preliminary stages, and most exports are in raw form with minimal processing. In the last two years, a few highly processed products, such as organic chocolates, beverages, cleansers, and personal care products, have entered the domestic market. While the majority of Chinese organic products are exported, domestic demand is increasing.

Consumption of organic food was triggered by hundreds of food safety issues in China. In 2000, organic food products became available for domestic consumers, and in 2007 non-food items appeared in large metropolises such as Beijing, Shanghai, Shenzhen, and Guangzhou. Domestically produced organic vegetables generally sell for prices much higher than their conventional counterparts. Therefore, middle to high income classes are the primary consumers of organic products.

Organic products are distributed via conventional supermarkets or specialty stores. Online stores and home delivery are other methods of delivery. Vegetables, beans, and rice comprise the majority of domestically consumed organic products. In Beijing and Shanghai, imported organic lettuce and carrots may be found in upper class neighborhoods. Organic animal production has only recently begun. Pork is the only Chinese certified organic meat found in supermarkets, and one supplier currently monopolizes sales to all retailers. Imported organic meat may be found in high-end supermarkets, but this is rare as most imported product does not have Chinese certification. There have also been cases of unofficial (illegal) organic labels on chicken, lamb, fish, and beef.

Profit margins potentially can be high and market prospects are arguably large. Consequently, some producers look to cooperative farming or assistance from organic enterprises to help in converting to organic farming.

Production:
Characterization of Chinese Organic Production

While not a mainstay for most Chinese farmers, in the last few years organic production has grown steadily. As of 2007, 3.6 million hectares were used to produce organic foods, and 158,000 hectares were in the process of being converted to organic farming. Because the conventional-to-organic conversion process generally takes three years, in 2010 there may be close to 3.8 million hectares used for organic production. In 2007, the total organic production amounted to 3 million tons, and domestic sales were $1.13 billion (7.56 billion RMB).

Organic farms are generally small-scale, and many are concentrated near cities and regions that have a diverse consumer base (e.g. suburban Beijing and Tianjin). The limited shelf life of organic products makes location critical. However, organic production is not solely concentrated near first tier cities and urbanized areas. Less developed provinces such as Xinjiang, Inner Mongolia, Ningxia, and Gansu have begun to focus on organic animal husbandry. In the last three years, Chinese policies have concentrated on developing western China, and these efforts may continue to provide residents with the opportunity to earn higher incomes.

Wealthy consumers also dabble in organic production. For example, some Chinese investors lease land to grow organic produce for their friends and family members. In addition, some individuals and families will pool their money to create cooperative organic farms.

China’s three northeastern provinces (Liaoning, Jilin, and Heilongjiang), support the largest organic production nationally in terms of output, volume, and area. Most organic farms located in northern China (e.g. Shandong and Liaoning) supply organic vegetables and fruits to nearby cities. In addition, they export some product to Japan, South Korea, Europe, and the United States. One of the largest organic farming operations in the area produces organic strawberries and already has IMO (EU), NOP (USA), and JAS (JAPAN) organic certifications. The farm annually exports 1,500 MT of organic frozen strawberries, more than 40 percent of which is sold to the United States.

Commodity-Specific Production Figures

In 2007, Chinese organic production included 50 categories of organic products, and 400 to 500 different varieties. Production primarily consists of vegetables, beans, pulse grains (i.e. sorghum, lentils) and aquaculture, but also includes products such as fruits, rice, dairy, tea, honey, fungus, and even wild plants. In fact, according to 2007 figures from China’s Ministry of Agriculture (MOA), wild plants account for the largest organic acreage at 1.5 million hectares, followed by organic livestock, aquaculture, crops (e.g. tea, pulses, grains, produce), and fungus production (600,000 ha, 297,000 ha, 254,000 ha, and 89,000 ha, respectively). Organic honey production consists of 63,000 colonies. MOA believes organic acreage and production are projected to increase 20-30 percent per year over the next seven years. In 2017, it expects organic acreage to account for 1-1.5 percent of total Chinese agricultural production.
The category of organic products with the highest domestic sales is crops, with $397 million in 2007. Following crops, the revenue from processed products accounts for the second largest organic products sales, reaching $227 million in 2007, followed by wild plants ($97 million), aquaculture products ($83 million), honey ($46 million), livestock ($31 million), and fungus ($17.6 million) (MOA).

**Olympic Games increase Chinese exposure to organic foods**

The 2008 Beijing Olympic Games provided Chinese farmers the opportunity to sell organic products to a wider audience. Despite relatively higher organic prices, domestic supply was unable to meet high demand. For example, according to China Central TV news, organic asparagus sold for $2.04 per pound, almost 300% higher than domestic asparagus. Organic beef was sold at $29.40 per pound, ten times higher than conventional beef.

**Consumption:**

**Characterization of Chinese Organic Consumption**

Consumption in China’s first tier cities is growing rapidly. In second tier cities, such as Nanjing, Chengdu, and Fuzhou, markets are also increasing for organic tea and fresh produce. Following a series of local scandals over the past several years, Chinese consumers increasingly pay more attention to food safety. With this heightened awareness, some consumers believe that organic products are safer than conventional foods. A recent survey conducted in Guangzhou (South China Agricultural University) found that more than 70 percent of its residents would be willing to pay double for safer foods. The residents’ fears may not be ungrounded. According to an April 2009 report published by Green Peace China, tests found that food samples collected from six domestic and international supermarket outlets in Guangzhou, Beijing, and Shanghai contained over 50 chemical residues. Moreover, the recent melamine milk scandal caused 300,000 children to fall ill and killed at least six infants.
While many Chinese have concerns over food safety, most consumers remain very price sensitive and cannot afford organic products. Therefore, the primary consumers of organic products in China are corporations, who purchase gifts to show customer appreciation, and middle to high income consumers, who buy organic products for household consumption (e.g. child nutrition) or gift giving.

Giving organic products as gifts is a relatively new trend, but is becoming more popular, especially during traditional holidays such as Chinese New Year. As a result of health and food safety concerns, young parents and grandparents have been known to buy organic produce only for their child or grandchild—even if the rest of the family continues to eat conventional foods. As a result, in-store promotions occasionally market organic items such as infant formula and baby food. Many mothers may also buy fresh organic produce and grains for their families.

Industry contacts believe most buyers of organic products are educated females. Many organic consumers are also expatriates and Chinese citizens who have lived or studied abroad. An industry sketch of the average organic buyer is as follows:

- Age: 28-50
- Gender: Female
- Occupation: Office worker
- Marital Status: Married
- Education: University education
- Demographic Group: Pregnant women, infants, seniors

**Prices for Organic Products**

Organic products command a price premium. While prices of organic vegetables in China range from 3 to 15 times the cost of conventional produce, prices for organic vegetables are generally found to be between 5 and 10 times prices of their conventional counterparts. Meanwhile, non-food organic items are 6 times higher than conventional products. Tables 1 and 2 provide a sample of organic vegetable prices from three Beijing stores (home delivery, specialty organic, and high-end supermarket) and demonstrate their premium compared to conventional vegetables.
Table 1. Price Comparison* of Conventional & Organic Vegetables (USD**/500g)

<table>
<thead>
<tr>
<th>Product</th>
<th>Conventional</th>
<th>Home Delivery</th>
<th>Specialty Organic Store</th>
<th>High-End Supermarket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Cabbage</td>
<td>0.29</td>
<td>2.75</td>
<td>1.32</td>
<td>1.49</td>
</tr>
<tr>
<td>Carrot</td>
<td>0.15</td>
<td>2.65</td>
<td>1.47</td>
<td>0.87</td>
</tr>
<tr>
<td>Celery</td>
<td>0.85</td>
<td>3.68</td>
<td>2.06</td>
<td>1.97</td>
</tr>
<tr>
<td>Eggplant</td>
<td>0.33</td>
<td>2.94</td>
<td>1.76</td>
<td>1.98</td>
</tr>
<tr>
<td>English Cucumber</td>
<td>0.38</td>
<td>2.65</td>
<td>1.62</td>
<td>2.26</td>
</tr>
<tr>
<td>Leek</td>
<td>0.37</td>
<td>3.68</td>
<td>1.84</td>
<td>2.21</td>
</tr>
<tr>
<td>Onion</td>
<td>0.19</td>
<td>2.65</td>
<td>1.32</td>
<td>1.63</td>
</tr>
<tr>
<td>Potato</td>
<td>0.28</td>
<td>2.65</td>
<td>1.62</td>
<td>1.59</td>
</tr>
</tbody>
</table>

*prices collected August 23-30, 2010
**converted from RMB (exchange rate: 1USD=6.8RMB), August 31, 2010

Table 2. Organic Prices/Conventional Vegetable Prices

<table>
<thead>
<tr>
<th>Product</th>
<th>Home Delivery/Conventional</th>
<th>Specialty Organic Store/Conventional</th>
<th>High-End Supermarket/Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Cabbage</td>
<td>9.38</td>
<td>4.52</td>
<td>5.08</td>
</tr>
<tr>
<td>Carrot</td>
<td>18.18</td>
<td>10.10</td>
<td>5.96</td>
</tr>
<tr>
<td>Celery</td>
<td>4.35</td>
<td>2.43</td>
<td>2.33</td>
</tr>
<tr>
<td>Eggplant</td>
<td>8.89</td>
<td>5.33</td>
<td>5.98</td>
</tr>
<tr>
<td>English Cucumber</td>
<td>7.06</td>
<td>4.31</td>
<td>6.04</td>
</tr>
<tr>
<td>Leek</td>
<td>10.04</td>
<td>5.02</td>
<td>6.02</td>
</tr>
<tr>
<td>Onion</td>
<td>13.95</td>
<td>6.98</td>
<td>8.60</td>
</tr>
<tr>
<td>Potato</td>
<td>9.57</td>
<td>5.85</td>
<td>5.74</td>
</tr>
</tbody>
</table>

Average 10.18 5.57 5.72

(Source: Euromonitor)

Consumption Challenges

A lack of awareness of organic products, in addition to unethical practices by retailers, continues to strain China’s organic market, both domestically and internationally. Many Chinese do not understand what “organic” means. First, they are unfamiliar with the various organic labeling (i.e. official Chinese organic label and private organic enterprise labels). Second, many are unfamiliar with production characteristics that distinguish conventional from organic. Among those who are familiar with organic products, some still do not purchase products due to reports of unethical practices of retailers, who are known to intentionally mislabel their products in order to gain a higher profit margin.

Incidents such as intentionally mislabeling products as organic also create challenges in international markets for the Chinese organic industry, as some foreign retail outlets are skeptical of Chinese organic product quality. For example, two U.S. grocery chains recently decided to discontinue
numerous Chinese organic products such as organic garlic, edamame, ginger, and spinach.

Outlook for Domestic Consumption

Overall organic market share is small. Total purchases account for roughly only 0.01 percent of China’s total food consumption. However, as consumers become wealthier, some analysts contend that within ten years annual organic consumption growth may reach 30 to 50 percent. If such growth is realized, China will eventually become the fourth largest organic market in the world. Post believes that the trend will indeed continue increasing, and that significant gains are possible in the medium term.

Trade:

Imports

As a result of low domestic production of organic processed products, China imports organic wines, chocolates, oatmeal, sugar, and dairy products. Imported organic snacks, candies, beverages, instant noodles, condiments, produce, cleaners, and personal care products also occupy shelves of high-end retail stores. Many processed organic snack foods come from Taiwan, as tastes more closely resemble those of Chinese foods. Non-food organic items are primarily from the United States, Australia, UK, and Germany. Customers are not loyal to a particular brand. In stores, imported organic products are commonly sold alongside official domestic Chinese organic foods. However, many of these products are not legally sold in China.

Triggered by the melamine scandal, Chinese domestic dairy products and baby formulas have competition from legal and illegal imported organic product. Dairy from New Zealand, Australia, Holland, Germany, Korea and the U.S. all compete in the Chinese market. To gain a market advantage, Korean and German producers of baby organic formulas have applied for Chinese organic certification, as it enables them to promote and sell their products legally. The vast majority of imported organic products (with foreign organic labeling) do not carry the Chinese organic logo, even though it is required by Chinese law. While Post has yet to hear of any confiscations, organic products in China must be sold with one of two organic labels (L: Organic, R: Imports with Conversion to Organic):
Exports

According to MOA, in 2007, China’s total exports of organic products were valued at $304 million, and accounted for 0.8 percent of the country’s total agricultural exports. A 2006 study from China Agricultural University (CAU) projected that the export value of organic products may reach $1-3.7 billion in 2015. MOA, meanwhile, estimates that organic exports may account for 1.5 percent of total agricultural exports by 2017. Outside of Chinese government projections, no hard data is available.

China’s primary organic exports are soybeans, rice, vegetables, and tea. According to a 2007 report by MOA, organic crops accounted for the largest organic export by value ($120 million). The second largest export category was aquaculture products, totaling $50 million, followed by honey ($22.7 million), processed products ($21.2 million), wild plants ($20 million), livestock products ($19.7 million), and fungus ($14.8 million). Specifically, vegetables compose the largest share of China’s organic exports, followed by field crops and tea.

Policy:

Organic Standards

China’s first organic standards were developed by the Organic Food Development Center (OFDC), which was established in 1994, and is a subsidiary of the Ministry of Environmental Protection (MEP). In 2004, the government shifted organic policymaking and standard setting authority from MEP to the Certification and Accreditation Administration (CNCA, under AQSIQ). The OFDC, therefore, no longer holds this authority. Since April 1, 2005, China has had national organic standards that encompass organic production, processing, distribution, and retailing.

Certification
In order to sell organic products legally in China, all products (whether domestically or internationally produced) are required to obtain Chinese organic certification. Even products with an international organic label, such as USDA organic, must acquire a Chinese organic label. If the applicant is located abroad, the applicant must pay for the certifier to travel to the producing country, as well as pay a certification fee which, according to contacts from the China Organic Foods Certification Center (COFCC), does not exceed $3000. Certification is available for field crops, livestock, aquaculture, wild plants, honey, fungus, processed foods, fertilizers, and pesticides. The Chinese organic certificate is valid for one year and applicants must annually renew their certification, which requires follow-up in-country visits from Chinese inspectors.

**Process for Chinese organic certification**

![Flowchart of the Chinese organic certification process]

Different entities certify organic production. In 2002, MOA appointed the Chinese Organic Food Certification Center (COFCC) to certify and promote the organic food sector. The OFCC currently certifies roughly 30 percent of China’s organic production. However, other certification bodies such as the OFDC and third party certifying centers, private firms, and NGOs, also provide certification. In total, China has 20 to 30 domestic certifiers, all which must be accredited by the CNCA. The CNCA also grants license to individual organic inspectors hired by certifiers and issues the official Chinese organic label (via certifiers). According to sources, applicants must employ at least ten licensed organic inspectors and comply with the 2005 Chinese National Organic Products Standard (CNOPS). Applications may be approved in as quickly as one month.

In addition to domestic certifying bodies, roughly ten international firms and NGOs also partner with domestic certifiers to grant Chinese organic certification. International certifiers currently include ECOCERT (France), BCS (Germany), IMO (Switzerland), JONA and OMIC (both Japan). These foreign
certifiers will also inspect Chinese organic production for export. The following diagram demonstrates the supply chain for international and domestic organic products.

Supply chain for organic products

China does not recognize foreign organic standards, and currently no organic product equivalency agreement exists between China and the United States. Local law prohibits the translation of USDA organic labels into Chinese. Therefore, promoting and selling products as organic without an official Chinese organic label is illegal.

Other Certification Labels

In addition to organic certification, two other labels exist in the Chinese food system: “green” foods and “no-public-harm” foods. In comparison to organic foods, “green” foods and “no-public-harm” foods have a higher tolerance for synthetic chemicals and residues. Therefore, these two labels are sold at a relatively lower price. In 2008, more than 15,000 products held a green foods label, and were only available for food items that had their own set of standards, supervision policies, and fees regulated by the Chinese Green Foods Office.
While most Chinese have little knowledge of these alternate, more affordable labels, one organic producer has found that “green” food labels have become substantially more common than in the past. The Ministry of Agriculture is the “green” certifying authority, and local MOAs are responsible for extending management of “green” certification. Similar to organic certification, “green” certifiers include both government affiliated institutions and private firms. While there have been no changes in “green” foods standards, the breadth of authority and local certification makes “green” foods regulation difficult to enforce. As a result, some consumers have lost faith in the quality of the “green” label.

**Support to Producers**

The government does not provide considerable forms of support specific to organic production or organic businesses. However, organic producers may receive some assistance. For example, producers that apply for organic certification for the first time may receive an application fee waiver by some local governments. Organic producers are also eligible for government support when constructing greenhouses ($1,500 per greenhouse); although, the support is not exclusively for organic production (greenhouses cost roughly $8,500 to $10,500 to construct.) Organic suppliers may also provide financing if the farm agrees to provide the supplier with produce for a certain number of years.
Industry Challenges:

Supply and Distribution Challenges

While the price differential between conventional and organic products poses a significant constraint to organic foods consumption, supply is a greater constraint. A Beijing organic producer and home delivery enterprise claims that the greatest challenge for the company is not building a client base and ensuring demand, which is growing quickly, but maintaining consistent supply. For example, in some cases, even if a company finances a farmer’s conversion to organic production in exchange for his annual production, the farmer still may sell to other buyers when offered a higher price. The organic industry lacks a platform where producers (especially of fruit), distributors, and organic companies can discuss supply contracts. All parties are interested in achieving high profits and steady supply relationships, but no exchange exists to forge such connections.

Certification Challenges

While all certifying bodies have earned government accreditation, certain certifiers have better reputations than others with respect to upholding the strict organic requirements when awarding producers organic certification. The government conducts random audits of the certification bodies; yet, the frequency of audits may be insufficient to induce complete compliance.

Enforcement and Labeling Challenges

Organic standards are poorly enforced, as no clear authority has been given to any one governmental body. Such an environment fails to stop illegal activity. For example, The Guangzhou Daily newspaper reported that a consumer tried to report the retailing of fake organic vegetables and was directed to four different provincial departments before being told that none had enough authority to deal with the matter. In order to cut costs, some producers purposely circumvent the annual renewal process and continue to use expired organic labels. Meanwhile, some retailers intentionally mislabel conventional produce as organic.

Private Sector Solutions for Labeling

Private grocery store organic labeling has emerged due to quality control issues. For example, one supermarket chain found over 200 unqualified certified organic products. Because of the misrepresentation, reputable Chinese certifying organizations place their logo alongside the official Chinese certification. Moreover, some organic stores have created their own private organic labels (in addition to the COFCC label) in order to lower prices, attract additional clientele, and to build trust in their company’s organic integrity. One store carries more than 100 products of their own private
label, including snack foods, fresh vegetables, teas, and other staples. A few of the products are directly sourced from contracted organic farms, while others are purchased through alternate supply lines. Online stores also have their own organic labeling, and place emphasis on brand recognition and building trust with their customers.

**Marketing:**

*Retail Direct Purchasing*

Mainstream supermarket chains may consider selling more organic products, as many have outlets in major emerging city markets (ECMs). However, most Chinese cannot afford the high prices of organic products, and therefore market potential in ECMs is generally limited. Private domestic organic labels face high costs for entry into supermarket chains, which in turn decreases product availability for many consumers. Entry costs include stocking, sales, and promotional fees, in addition to forgoing 20 percent of profit to the store.

In an effort to become more competitive, one major chain claimed they would purchase directly from organic farmers. Smaller specialty stores also do direct purchasing, and they typically buy organic rice, noodles, eggs, and some processed products. Certain stores even sell imported organic foods. Store-based retailing is the main selling venue for organic products and accounts for 96.8 percent of the total national market. However, time will tell if direct purchasing efforts gain traction.

Table 3 shows a breakdown of organic product distribution by retail venue:
Table 3. Distribution - retail value RSP - % breakdown

<table>
<thead>
<tr>
<th>Organic food and beverages</th>
<th>2002</th>
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<tr>
<td>Store-based Retailing</td>
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<td>97</td>
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<tr>
<td>Supermarkets/Hypermarkets</td>
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<td>Small Grocery Retailers</td>
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<td>Independent Grocers</td>
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<td>Other Grocery Retailers</td>
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<td>34</td>
<td>33</td>
<td>32</td>
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<td>Non-store Retailing</td>
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<td>100</td>
<td>100</td>
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</tbody>
</table>

(Source: Euromonitor)

**Consumer Direct Purchasing: Online Shopping and Home Delivery**

A relatively recent phenomenon available mainly in first tier markets, online shopping and home delivery services generally offer a less expensive opportunity to purchase organic products, as they eliminate the middleman and bypass retail costs. Web-based stores have begun to flourish in more developed cities, each organized with photos, product captions, and prices. Customers are able to pay on delivery or even online. Larger online stores can provide delivery services outside of cities, and may also deliver organic products such as dried foods or non-food items. Many online stores have one small physical location where they can showcase and advertise their products to new customers. Consumer direct purchasing targets families with newborn babies, pregnant women born after 1980, and young couples concerned about health and convenience.

Although not a replica of Community Supported Agriculture (CSA), found in major U.S. cities, home delivery companies offer similar services of providing door-to-door delivery of fresh organic vegetables and other produce. Farms deliver different varieties of produce each week (generally twice per week). For example, one Beijing organic farm provides two types of delivery-based services, which include 6 or 10 varieties (3 or 5 kg) of organic vegetables for $9.50 or $13.90 per month.
Relative to grocery store chains, prices for online and home delivery organic goods are sometimes lower. For example, organic Choy Sum (a green leaf vegetable) grown in Guangdong province sells for $2.70 per pound in mainstream supermarkets, but can be found online for $0.88-$1 per pound. A Nanfang Metropolis report stated that organic farms typically sell organic vegetables at a 60 percent discount from supermarket retail prices.

**Packaging**

Due to the price sensitivity of the average Chinese consumer, farms and manufacturers package organic products into small quantities to keep prices lower. If included on the packaging, ingredient labels and producer contact information must be written in Chinese.

**Promotion**

Trade shows give U.S. firms the opportunity to exhibit organic products and make new contacts. For example, one China trade show hosted more than 238 exhibitors from 27 countries and had more than 10,000 visitors. Featured organic foods included cereals, vegetables, fruits, dairy products, tea, beverages, candies, noodles, frozen foods, baby foods, and personal care products. Post suggests that the best organic product prospects for the China market include gift boxes, baby foods and formulas, fruits, beverages, snacks, meats, personal care products.

**Future for Imported Products**

As previously mentioned, the lack of equivalency of international organic certification poses the most significant barrier for marketing foreign organic products in China. Therefore, before undertaking significant marketing efforts in China, the U.S. must concentrate on technical exchange and training to improve the mutual understanding of U.S. and Chinese organic standards and regulation among regulation authorities, organic certifiers, and organic experts.

Post has already organized educational activities for Chinese traders, retailers, importers and media. For example, FAS/Shanghai recently led a Cochran team of Chinese certifiers and traders to Washington, D.C. and California to increase their understanding of U.S. organic operations. Post also helped host the U.S. Organic Trade Association as they attended the China BioFach Organic Trade Fair in Shanghai in 2009 and 2010. In March of 2010, FAS/Guangzhou also held a U.S. organics seminar for retailers, media, traders, and importers.
Post strongly recommends further U.S. participation in similar activities promoting technical exchange among the two countries. Activities may include:

- Seminars with traders that emphasize the benefits of U.S. organic products and proper handling
- Visits from Chinese buyers to the All Things Organic™ conference and trade show to understand U.S. products and product availability
- Branding efforts for U.S. organic products

U.S. organic companies should also contact FAS posts in China to partner in organizing marketing activities that are regionally appropriate. Post also recommends that U.S. exporters with brands and trademarks register them in China.

**Conclusion**

In 2006, domestic retail sales value for organic products was $750 million. Organic consumption currently accounts for roughly 0.02 percent of total consumption in China. Given the rapid development of the Chinese economy and increasing living standards for many Chinese, consumers are increasingly demanding better quality foods and higher food safety standards. The organic and farm-to-table food movements have reached major Chinese cities. A series of food safety scandals has caused more consumers to embrace organic products. Retailers across China are responding to demand by introducing consumers to a greater selection of organic products. As a result of high quality standards and strict management systems, organic products are now more visible on the Chinese market.

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Post Contact Information

FAS/Office of Agricultural Affairs (OAA), Beijing
U.S. Embassy Beijing
#55 An Jia Lou Road, Beijing 100600
Tel: (86 10) 8531-3600
Fax: (86 10) 8531-3636
E-mail: agbeijing@fas.usda.gov

Agricultural Trade Office (ATO), Beijing
U.S. Embassy Beijing
#55 An Jia Lou Road, Beijing 100600
Tel: (86 10) 8531-3950
Fax: (86 10) 8531-3050
E-mail: atobeiying@fas.usda.gov
Agricultural Trade Office (ATO), Chengdu
Suite 1222, 19 4th Section Renminnan Lu
Chengdu, Sichuan, PRC 610041
Tel: (86 28) 8526-8668
Fax: (86 28) 8526-8118
Email: atochengdu@fas.usda.gov

U.S. Agricultural Trade Office (ATO), Guangzhou
14/F, Office Tower, China Hotel
Guangzhou, China
Tel: (+86-20) 8667-7553
Fax: (+86-20) 8666-0703
Email: atoguangzhou@fas.usda.gov
Web: www.usdachina.org

Agricultural Trade Office (ATO), Shanghai
Shanghai Center, Suite 331
1376 Nanjing West Road
Shanghai 200040
Tel: (86 21) 6279-8622
Fax: (86 21) 6279-8336
E-mail: atoshanghai@fas.usda.gov