

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **China - Peoples Republic of**

**Post:** Shanghai ATO

### **USDA China Monthly Newsletter from August 2012**

**Report Categories:**

Agricultural Trade Office Activities

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**Report Highlights:**

This monthly newsletter includes articles on: OAA Maintains Market Access for U.S. Fishmeal; Food Additives Seminar a Success; eTDE Update - FSIS Electronic Meat Certificate System; ATO Chengdu 5th anniversary & Great American BBQ; Natural China Limited's Fashion Floor Festival; Chongqing Retailers Association- Dominated by State Owned Stores; The 10th China Dairy Expo & Summit 2012 ; Nebraska Governor's Delegation Visit; U.S. Fruit Promotion with RT Mart China; Opening Ceremony of American Food Festival at BHG Shenyang and Harbin; USSEC Celebrates 30th Anniversary of China's Partnership; Alaska seafood hits "Womai.com"; Three Senior Experts on Pecan Nutrition conducted seminars in China; Napa Vintners Appoint Dragon Phoenix to Represent Trade Group in China; U.S. Meat and Poultry Products Detained in Tianjin Port; Food, Agricultural and Agribusiness Policy Updates; Commodity Production, Consumption and Trade; All China FAS/Cooperator Meeting; The 3rd China (Shanghai) International Horse Fair; PMA Buyer Mission to the U.S.; WUSATA Trade Mission to China; Reserve your booth at FHC China's expanded USA Wine & Spirits Pavilion in November 2012!



## USDA China e-Newsletter

August 2012, Volume 1, Issue 8

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#### ATO China Map



 Regional Coverage  
FAS maintains six offices in china

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- [Reserve your booth at FHC China's expanded USA Wine & Spirits Pavilion in November 2012!](#)

### [+ Recent Events:](#)

[OAA Maintains Market Access for U.S. Fishmeal:](#) On June

Shanghai:  
[ATOShanghai@fas.usda.gov](mailto:ATOShanghai@fas.usda.gov)  
 Shenyang:  
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 Hongkong:  
[ATOHongKong@fas.usda.gov](mailto:ATOHongKong@fas.usda.gov)

## + Facts & Figures

### U.S. Exports to China (CY 2007-2012 & Year-To-Date Comparisons- USD Million)

#### BULK

Wheat	
2007	6.09
2008	0.14
2009	86.89
2010	40.53
2011	160.19
Jan.-May Comparisons	
2011	37.96
2012	62.71
%Chg	65.23

#### Coarse Grains

2007	8.97
2008	2.86
2009	48.1
2010	278.1
2011	842.8*
Jan.-May Comparisons	
2011	57.1
2012	425.2
%Chg	644.2

#### Soybeans

2007	4,117.4
2008	7,259.7
2009	9,193.7
2010	10,816.6
2011	10,480.2
Jan.-May Comparisons	
2011	4,683.7
2012	4,591.4
%Chg	-1.97

29, the United States and China concluded successful negotiations on new hygiene import requirements for U.S. fishmeal exports, thereby maintaining market access for \$200 million in U.S. product. In December 2010, when China's imposition of new import standards threatened to halt trade, OAA (USDA/FAS office of agricultural affairs) Beijing obtained an 18-month extension. The ensuing dialogue during that period enabled China and the United States to reach a resolution.

**Food Additives Seminar in Beijing a Success:** On July 18, FAS Washington and China's National Food Safety Risk Assessment Center sponsored *A Global Perspective on Safety and Evaluation and Use* seminar in Beijing. Among other things, the workshop focused on risk evaluation for food additives and emphasized the importance of transparency and science-based regulations. The Chinese food additive market continues to grow, especially for flavorings and colorings.

**eTDE Update - Electronic Issuance of FSIS Health Certificates for U.S. Meat Exports:** OAA and the General Administration of Quality, Supervision, Inspection and Quarantine (AQSIQ) are working together to further enhance the pre-notification process for the new [eTDE \(electronic trade document exchange\)](#) health certificate system. To date, over 4,300 certificates have been processed through the system, 77 U.S. companies are registered, 44 are actively using the system, and 15 Chinese ports/entities are registered.

- **ATO Chengdu**

### ATO Chengdu 5th Anniversary & Great American BBQ:



On Thursday August 2, the Agricultural Trade Office in Chengdu hosted FAS/China's annual "Great American Barbeque" event at the WangJiang Hotel. The event also celebrated ATO Chengdu's 5th

2007	1,461.2
2008	1,620.6
2009	861.8
2010	2,214.8
2011	2,632.4*
<i>Jan.-May Comparisons</i>	
2011	1,759.6
2012	2,354.5
%Chg	33.8

<i>Peanuts</i>	
2007	0.66
2008	4.77*
2009	0.08
2010	0.22
2011	0.89
<i>Jan.-May Comparisons</i>	
2011	0.70
2012	0.10
%Chg	-85.7

**INTERMEDIATE**

<i>Soybean Meal</i>	
2007	5.03
2008	0.32
2009	1.84
2010	0.74
2011	0.89*
<i>Jan.-May Comparisons</i>	
2011	0.35
2012	0.76
%Chg	119.3

<i>Feeds &amp; Fodders</i>	
2007	51.86
2008	71.84
2009	228.64
2010	735.95*
2011	627.11
<i>Jan.-May Comparisons</i>	
2011	194.21
2012	391.82
%Chg	101.75

<i>Sugar, Sweeteners &amp; Bases</i>		<i>Bev</i>
2007	12.79	
2008	19.06	
2009	3.40	
2010	6.82	
2011	11.96	

anniversary. ATO Chengdu were fortunate to welcome USDA Chief Economist, Joseph Glauber and FAS/Beijing's Agricultural Minister Counselor Scott Sindelar to the event as well. About 200 invited guests attended, representing retailers, distributors, chefs, restaurant owners and food and beverage managers, and government officials who deal with agriculture related issues. The barbeque is a way for the ATO Chengdu office to strengthen relationships with its commercial cooperators and government agencies that we work with in pursuit of ATO Chengdu's mission and to thank contacts for their support. Media guests also attended, and sought interviews from the Chief Economist, Minister Counselor and ATO Director. Coverage aired on Chengdu TV, and in newspapers and online.



Diamond Sponsor Representatives from USMEF, USAPEEC, and CTGTC

**Natural China Limited's Fashion Floor Festival:** On July 15 in Kunming and July 21 in Chengdu, ATO Chengdu staff participated in the grand openings of Natural China Limited's "Fashion Floor Festival." The festival was co-hosted by Natural China Limited, USDA's Agricultural Trade Offices in China, and the American Hardwood Export Council. Similar grand openings are planned throughout China in support of an FAS/China promotion of American red oak flooring. American hardwood species comprise one of the most sustainably managed forest resources in the world, producing consistent grades and providing for high quality and reliable shipments. American red oak flooring is famous for its solid texture, firm structure and long service life. During the promotion, customers purchasing American red oak flooring are eligible for prizes including: free interior design, free decoration, or discounts on purchases in U.S. dollars. Based on initial feedback from Natural China Limited, significant sales are expected in both markets.

**Yunnan Zhengcaihao Trading Company:** On July 17, ATO Chengdu visited Yunnan Zhengcaihao Trading Co., the biggest supplier of imported products in Kunming. They have about 4,000 SKU of imported products which includes 300+ American food

2012	5.30
%Chg	68.6

#### CONSUMER ORIENTED

##### *Breakfast Cereals*

2007	4.1
2008	4.1
2009	3.7
2010	7.0
2011	8.5*
<i>Jan.-May Comparisons</i>	
2011	2.9
2012	6.7
%Chg	128.7

##### Red Meats, FR/CH/FR

2007	142.8
2008	263.7
2009	41.4
2010	137.4
2011	641.1*
<i>Jan.-May Comparisons</i>	
2011	120.8
2012	277.0
%Chg	129.3

##### Poultry Meat

2007	347.5
2008	441.6
2009	400.9
2010	102.2
2011	132.6*
<i>Jan.-May Comparisons</i>	
2011	43.3
2012	66.6
%Chg	53.8

##### Tree Nuts

2007	53.8
2008	86.5
2009	142.7
2010	144.7
2011	202.5*
<i>Jan.-May Comparisons</i>	
2011	46.1
2012	104.9
%Chg	127.4

##### Wine and Beer

2007	14.8
2008	20.1

products. Although this company was just established in 2007, its business developed rapidly. The total sales volume of 2011 reached 50 million RMB and for 2012, this number is expected to increase to 70 million RMB. The best selling U.S. products include nuts, juice, snack food, soft drinks, cereals, and seasoning. Around 90 percent of the U.S. products sold in Yunnan's 14 Wal-mart stores come from this company and they are also the main supplier to Jing Ge, Parksons, Golden Eagle, and Wangfujing grocery stores. To date, Zhengcaihao is the only company in Yunnan Province with the capability to direct import full container loads of olive oil and Starbucks bottled coffee beverages.

#### Chongqing Retailers Association- Dominated by State

**Owned Stores:** On June 26, ATO Chengdu met with the Chongqing Retailers Association (CQRA). CQRA represents all of the major retailers in the city, ranging from international and state-owned hyper markets to locally and Japanese owned convenience stores. Although Chongqing is the largest city in China—and currently one of the fastest growing—CQRA reported that Carrefour and Wal-Mart stores there are the least profitable in the entire country. Instead, traditional state owned chains such as New Century Supermarket and Chongqing Chongbai enjoy the largest share of the retail market.

Another interesting aspect of the Chongqing market is the prevalence of convenience stores. According to CQRA, Chongqing consumers, especially younger ones, prefer smaller convenience stores to large department stores. As of 2011, Japanese brand Le Sen had over 100 stores in Chongqing and New Century owned between 90 and 95. ATO Chengdu is currently working to launch its first in-store promotion in Chongqing.

**New Hope Group Celebrates 30 Years:** On June 30, Consul General Haymond and ATO Chengdu participated in New Hope Group's (NHG) 30th Anniversary Celebration. NHG is the largest feed producer in China, with annual production of 27 million metric tons. They are also one of the largest suppliers of meat, egg, and dairy products in China. With annual sales of around USD8.8 billion, NHG operates agribusinesses in China and abroad with more than 400 subsidiaries and over 80,000 employees.

**The 10th ChinaDairy Expo & Summit 2012:** From June 16 - 18, representatives from ATO Beijing and Chengdu attended the 10th China Dairy Expo & Summit 2012 in Zhengzhou, the premier annual event in China's dairy industry. With an exhibition area of 20,000 square meters, the Expo focuses on the entire chain of dairy production, from cow breeding and farm facilities to processing and packing equipments, ingredients, and dairy products. It is the largest and most influential trade platform in China. Several U.S. companies exhibited at the show including suppliers of equipment, genetics, and feed/alfalfa products. In 2011, U.S. alfalfa hay exports totaled 1.6 million metric tons, surpassing the 2010 total of 1.4 million metric tons.

2011	65.3*
<i>Jan.-May Comparisons</i>	
2011	22.4
2012	27.4
%Chg	22.1

#### Forest Products

<i>Logs and Chips</i>	
2007	236.0
2008	224.0
2009	239.2
2010	639.5
2011	1,079.3*
<i>Jan.-May Comparisons</i>	
2011	487.2
2012	311.6
%Chg	-36.0

#### *Softwood & Treated Lumber*

2007	30.8
2008	26.1
2009	35.1
2010	100.5
2011	245.2*
<i>Jan.-May Comparisons</i>	
2011	98.4
2012	65.3
%Chg	-33.6

#### Seafood Products

<i>Salmon Whole or Eviscerated</i>	
2007	158.7
2008	141.0
2009	154.2
2010	210.0
2011	286.0*
<i>Jan.-May Comparisons</i>	
2011	9.5
2012	14.8
%Chg	56.3

#### *Crab & Meat*

2007	14.1
2008	44.0
2009	41.7
2010	41.6
2011	67.0*
<i>Jan.-May Comparisons</i>	
2011	51.0

- [ATO Shanghai](#)

**Nebraska Governor's Delegation Visit:** On Thursday, August 2nd, ATO Shanghai Deputy Director Alan Hallman joined U.S. Consul General Robert Griffin in welcoming Nebraska Governor Dave Heineman and his delegation to Shanghai. Mr. Hallman also briefed the delegation on the state of U.S. - China agriculture trade, a topic of much interest to the delegation, as Nebraska boasts a robust agricultural industry. Governor Heineman's delegation comprised of around 30 business leaders from Nebraska interested in strengthening economic and trade ties with China. The delegation also visited Beijing and Xi'an and announced the establishment of a Nebraska Trade Office in Shanghai. China is currently Nebraska's fourth largest trading partner, and in 2011, Nebraska's exports to China totaled over \$380 million. For more information on the delegation, please click [here](#).

**U.S. Fruit Promotion with RT Mart China:** California Table Grapes Commission recently coordinated a nationwide, GBI (USDA/FAS Global Broad-based Initiative) U.S. fruit promotion with China's largest foreign retailer, RT Mart. On August 1st, ATO Shanghai's Deputy Director Alan Hallman and Marketing Specialist Leanne Wang visited RT Mart's Yangpu store to help launch an American fruit promotion including table grapes, plums and cherries. Afterwards, RT Mart's South China Regional Manager for produce, Mr. Dick Meng, led Mr. Hallman and Ms. Wang on a tour of the store's produce, bakery and cold chain facilities. Mr. Meng and RT Mart have a strong interest in selling U.S. products, and ATO Shanghai looks forward to cooperating with further. RT Mart will most likely send buyers with ATO Shanghai to the PMA show in Anaheim, CA in October.

**Fruit Day Promotion Event:** One June 9th, 2012, Fruitday.com, an innovative fruit-peddling e-commerce firm in Shanghai, held its third annual Great American Fruits Festival at O'Malley's Pub in Shanghai. Over 50 fruit aficionados from the media, trade associations and government organizations attended the event. ATO Shanghai's Deputy Director Alan Hallman and Market Specialist Freddie Xu kicked off the event where they gave a talk on food safety issues.

- [ATO Shenyang](#)

**Great American Food Festival at BHG Shenyang and Harbin:** On July 7th and 8th, two Opening Ceremonies of American Food Festival were held at BHG Shenyang and Harbin respectively.

FAS/BICO - U.S Bureau of the Census Trade Data  
 \* Denote Highest Export Levels since at least CY 1970

**+Recent News:**

**U.S. Meat and Poultry Products Detained in Tianjin Port:** China is in the process of implementing a plethora of food safety regulations that cover a wide range of imported food products, including processed meat and poultry products. The General Administration of Quality, Supervision, Inspection and Quarantine (AQSIQ) has requested that all processed meat and poultry imports undergo an import approval process and a food safety evaluation. USDA's FAS/Office of Agricultural Affairs in Beijing (OAA), in partnership with U.S. industry organizations, is working with AQSIQ to achieve clarity regarding the new administrative requirements. In the interim, several containers have been detained at ports in Beijing and Tianjin. OAA is proactively working with AQSIQ and customs officials to release these containers. (Source: OAA BJ)

**U.S. Wine In the News:**

The Agricultural Trade Office in Beijing hosted a wine education seminar in Zhengzhou that, not only attracted four times the expected attendance, but also garnered coverage in the Sunday China Daily article titled "Time to Say Hi to U.S. Wines." Low



Opening ceremony at BHG Shenyang



Opening ceremony at BHG HRB

With ATO Beijing taking the lead for this national promotion, ATO Shenyang had a lot of communications with the two BHG stores in Shenyang and Harbin. In fact the two stores in Shenyang and Harbin were just upgraded to BHG Market Place, according to the top management's statements. BHG would like to create its awareness in northeast China, so they decided to conduct an opening ceremony in Shenyang as well, though the store in Shenyang was not originally on the list. ATO's Mr. Wang and Ms. Zhao, the GM of BHG Harbin, said the promotion helped bring in more customers than usual and resulted in large increase of imported American food products.

**ATO Shenyang attends Dalian International Beer Festival's opening ceremony**



Budweiser's tent



Cold Spring's tent

ATO Shenyang attended the opening ceremony of the 14th China International Beer Festival in Dalian, July 26, 2012. More than 30 beer breweries from domestic and foreign countries, such as Germany, USA, Czech Republic, Sweden, Ireland, Denmark, Japan and South Korea took part in the beer festival, which offers over 400 different brands of beer. Budweiser and [Minnesota's Cold Spring Brewery](#) had the largest tents at the festival and gained a lot of attention. Mr. Yang, the GM of Beijing Dewei and distributor of Cold Spring beer for three years, said they have been exhibiting at Dalian

public awareness of U.S. wines is a critical barrier to increased sales, so this type of national level coverage is a welcome windfall. A Zhengzhou based company became the first in China to buy a U.S. winery, Silenus, and was featured in the article. Silenus is a member of the Napa Valley Vintners, and has made a strategic decision to promote the Napa Valley name in China, rather than their own brand.

(Source: OAA BJ)

#### Mengniu company founder and executive resigns:

Mengniu Dairy Co executive director and vice chairman Yang Wenjun has resigned from the firm. (Source: Foodnavigator.com)

#### China's social-media boom:

Social media is exploding worldwide, and China is leading the way. (source: mckinseychina.com)

#### How can social media fit into the NPD process?

Social media allows companies to feel out consumer perceptions of ingredients and concepts at the beginning of the product development process - and combines well with more traditional consumer research, says social media research firm Loudpixel. (Source: Foodnavigator.com)

#### PepsiCo Lay's must tantalise Chinese taste-buds further:

##### Analyst

PepsiCo's strategy to localise its Frito-Lay brand in China is 'crucial' but will need to be pushed further as it expands into central and western regions, says an industry analyst.

(Source: Foodnavigator.com)

#### Relaxation of Chinese one child policy boosts NZ dairy sector

Beer Festival for over ten years, but this was the first time any company had presented an American craftbrew beer at the event.

### U.S. Cooperators in China

#### USSEC Celebrates 30th Anniversary of China's Partnership:

A delegation of U.S. soybean farmers representing the United Soybean Board (USB), the American Soybean Association (ASA) and the U.S. Soybean Export Council (USSEC) traveled to China to recognize the past 30 years of developing the partnership between the United States and China. In 2011, China imported more than half of the U.S. soybeans exported. USSEC's activities to help expand Chinese agriculture and



agribusiness have played an important role in China's increasing production of meat, poultry and fish products. The effort to modernize and develop China's animal-agriculture industry contributes to its food security and supports the animal-production goals outlined in China's 12th Five-Year Plan. "As we celebrate this important milestone, we look forward to further growth of this partnership and providing China with an exceptional product," says Roy Bardole, USSEC chairman and soybean farmer from Rippey, Iowa. "We remain committed to providing China, and our other customers around the world, the highest-quality soybeans." For more information, please click [here](#).

### Alaska seafood hits "Womai.com"

The Chinese year of the dragon is shaping up as a boon for the New Zealand dairy industry in China, the head of a growing NZ-based infant formula company has said. (Source: Foodnavigator.com)

**China driving snacking market, with healthy snacking leading the charge: Blue Diamond**

Global demand for almonds is increasing, with snacking driving a lot of opportunities. China is the premier snack growth region, says Bill Morecraft, General Manager of Blue Diamond Almonds Global Ingredients Division (Source: Foodnavigator.com)



**Cold Chain Technical Training for Handling Fresh Products- GCCA China Office**

**Date:** Sept 10-12

**Venue:**

Crowne Plaza Guangzhou City Center (No.339 huan shi dong Rd, yue xiu district, Guangzhou, China

**Contact:** Mr. Lihaidong  
GCCA China Office  
Tel 021 52280659

**OAA and ATO's visits to feed mills**

On July 12th, Joshua Lagos and Jiang Junyang from OAA Beijing and Rex Zhang from ATO Shenyang visited feed mills belonging to Well-Hope and CP

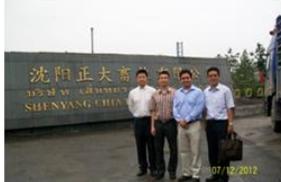


On the afternoon of July 20, 2012, the Alaska Seafood Marketing Institute (ASMI) and COFCO's on-line sales company, Womai.com, teamed up for the "Alaska Seafood Media Tasting" at the Portman Ritz-Carlton Hotel in Shanghai. Distinguished guests in attendance included representatives of the Shanghai media and reps from the Agricultural Trade Office Shanghai, etc. The event preceded the official launch of Alaskan seafood products on Womai.com, which will mark the first time that ASMI has cooperated with a Chinese online shopping platform. Now it will be more convenient for Chinese consumers to purchase quality Alaskan seafood products. Ms. Jane Yao from ASMI China said: "China is an important market for ASMI. In recent years, Alaskan seafood has gained prevalence among Chinese consumers and has been used in many delicious dishes. In 2011, the export value of Alaskan seafood products to China hit USD900 million, a 53% increase over the previous year. For the full story, please click [here](#).

**Three Senior Experts on Pecan Nutrition Conducted Seminars in China**



(At Well-Hope feed mill )



(At CP Group's feed mill)

Both mills are growing steadily, but expressed concern over strong increases in global grain/feed prices due to the ongoing drought in the United States.

**Doce Robles Winery Press Conference in Hangzhou:**

On August 2, ATO Shanghai staff attended a press conference in Hangzhou organized by Doce Robles Winery and Evolution Time International Co., Ltd. Jim Jacobsen the owner of Doce Robles Winery and Vineyards, gave a speech about California as a premier wine growing regions, the Paso Robles Appellation, and his winery Doce Robles.



Don Anderson |EVO CEO-Co-Founder & Jim Jacobsen |Winery owner



A team of three U.S. researchers and marketers visited Shanghai and Zhejiang's LinAn during the week of July 22, 2012 to discuss health and nutritional benefits of pecans and to increase the awareness of American pecans in China. Dr. Ronald Pegg and Dr. Ronald Eitenmiller, both from the University of Georgia, and Dr. Randall Hudson, a major grower, sheller and marketer of pecans from Georgia and Vice President of the National Pecan Growers Council, together presented two seminars on pecan nutrition. The team firstly met with members of the lifestyle media at Shanghai Betty's Salon on Tuesday, July 24. The seminar featured an interactive cooking demonstration by a professional chef at Betty's Kitchen using pecans: a banana pecan muffin, and pecan encrusted chicken breasts.



Dr. Randall Hudson at Cooking Demo

The team then met on Wednesday, July 25 with traders, manufacturers, retailers, and representatives of specialized trade

ATO Shanghai staff attended the press conference.

### **+Event Calendar:**

#### **Aug 10**

Opening Ceremony of the "Gourmet Tour to Western America" at North Yorker Shenyang

#### **Aug 17**

US Consulate/ATO Shanghai meeting with Nanjing-based trade offices in Nanjing

#### **Aug 21**

Northwest Wine Coalition GBI - WA wine pairing with Sichuan cuisine in Shanghai

#### **Aug 23- Sept 27**

American Food Festival in Suzhou, Hangzhou and Xinchang

#### **Aug 27-30**

WUSATA Chinese Reverse Trade Mission to visit Oregon and California

#### **Sept 1**

National OLE Great American Food Retail Promotion. All 5 ATOs - contact ATO Guangzhou for more information.

#### **Sept 5-7**

Asia Fruit Logistica in Hong Kong

#### **Sept 7-9**

HORFA International Horse Fair in Shanghai

#### **Sept 9**

Nature - American Hardwood Flooring Promotion in Nanjing (ATO Guangzhou)

#### **Sept 9-10**

WUSATA Trade Mission visit to Shanghai

#### **Sept 9-15**

such as bakeries and confectioneries at the second seminar. Dr. Ronald Pegg gave a presentation on Nutritional & Health Benefits of Pecans; Ronald Eitenmiller discussed Proven Nutritional Properties of Pecans and Regulatory Considerations; Randy Hudson provided an overview of the U.S. pecan industry, production and storage issues, and addressed the multiple uses of pecans. For the full story, please click [here](#).

### **Napa Vintners Appoint Dragon Phoenix to Represent Trade Group in China**

St Helena, CA—Napa Valley Vintners (NVV), the non-profit trade association of 430 Napa Valley wineries announces that Dragon Phoenix Wine Consulting has been retained to represent them in mainland China. With the rapidly growing interest in wine from California's renowned Napa Valley increasing every year, the trade group moved to have full-time, in-market representation.

"Over the past 14 years we have organized trade missions to China and last year our first-ever educational intensive brought top accounts and media for a week of sessions in Napa Valley. Our vintners are very focused on the China market right now, and the timing is right for us to have even greater presence there," said Linda Reiff, NVV's executive director.

In other efforts to reach key ambassadors and buyers in China, the NVV launched a Chinese language website at [www.napavintners.com/cn](http://www.napavintners.com/cn) and a group of Napa Valley vintners just returned from Vinexpo Asia-Pacific.

For full story, please click [here](#).



napa valley vintners

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### **+ Trade Policy Updates**

#### **FOOD, AGRICULTURAL AND AGRIBUSINESS POLICY UPDATES**

**China's farm produce prices rebound:** According to the Ministry of Commerce, the wholesale prices of 18 types of vegetables rose 1.4 percent last week due to high temperatures and rainy weather. The price of pork, a staple meat in China, rose 0.2 percent, but was still down 22.8 percent compared with last year. The retail price of eggs decreased for a third week, down 0.6 percent from the previous week. The rebound comes amid easing inflationary pressure. On Monday, the National Bureau of Statistics said that China's consumer price index (CPI), a main gauge of inflation, eased to 2.2 percent in June, its lowest level since January 2010. (MOFCOM website, 07/11/2012, ZL)

EMP Chinese Chain Restaurant  
Training at Culinary Institute of  
America - for more info:  
leanne.wang@fas.usda.gov

**Sept 10-12**

USDA All-China Cooperator  
Meeting in Xian - Organized by  
Ralph Bean - ATO Beijing

**Sept 9-13**

Guiyang  
Alcohol and Spirits Fair -ATO  
Chengdu

**Sept 11-13**

[Asian Seafood Expo](#) in Hong Kong

**Sept 17**

Grand Opening of US Preferred  
Freezer Services new facility  
at [Shanghai's WaiGaoQiao Port](#)

**Sept 20-22**

[Sweets & Snacks China](#)  
INTEX, Shanghai

**Sept 20/21**

Michigan Governor/Agr  
Director/Delegation visit to  
Shanghai

**Sept 4-6**

[ACLE All China Leather Show  
2012](#) in Shanghai

**Sept 20-25**

Western Fair, Chengdu

**Sept 23- Oct. 5**

ParknShop  
Chengdu in-store promotion -  
Chengdu ATO

**Oct 2-3**

[Food Export Marketing Forum](#)  
Chicago, Illinois

**Oct 15-17**

Oregon Governor/Agr  
Director/Delegation visit to  
Shanghai

**Oct 25-27**

[2nd Intl Eco and LOHAS  
Exhibition & Conference](#) in

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## **COMMODITY PRODUCTION, CONSUMPTION AND TRADE**

### **GRAIN AND FEED**

**China's pea production is estimated to decline in MY 2012/13:**

According to Agriculture Outlook (a Chinese agricultural business consulting company), China's pea production is estimated to decline on less acreage and low yields in major production areas, such as Gansu, Xinjiang, Qinghai, Ningxia, Inner Mongolia, Yunnan and Sichuan provinces. Industry attributed the acreage decline to poor prices, as many farmers reportedly shifted to other crops with higher returns. In addition, yields are expected to be low due to the drought in Yunnan, Xinjiang and Gansu. Agriculture Outlook indicates there might be more purchases of imported peas due to less production and acreage. (07/12/2012, Aglook.net, ZL)

**Summer grain harvest a record:** According to a news release by National Statistical Bureau (NSB) on July 10, the 2012 summer grain harvest totaled 129.95 MMT, up by 3.56 MMT or 2.8 percent from the previous year. Summer grains include wheat, barley, naked barley, oats, rye, broad beans, peas, and summer lentils. Among the summer harvested grains, winter wheat was 114.3 MMT, up by 3.34 MMT or 3 percent. Winter wheat acreage decreased by 0.1 %, while yields reached 5.064 tons/ ha, up by 115 kg or 3 percent from the previous year. NSB attributes higher yields to favorable weather patterns, government support programs, and better field management. (NSB website, 07/10/2012, JJY)

**Corn prices rising:** According to the Ministry of Agriculture data, China's corn price in May 2012 was USD390.48 (RMB 2,460) per ton, up 1.7% from last month and 10.5% from last year. The May average corn price in three major Northeast provinces (Heilongjiang, Jilin and Liaoning) was USD363.49 (RMB 2,290) per ton, up 1.2% from last month. The average corn price in Guangdong was USD434.92 (RMB 2,740) per ton and unchanged from last month. (China Dairy Economy Monthly, June 2012, ZJP)

### **MEAT, LIVESTOCK AND DAIRY**

**Imported milk powder prices going up, while world raw milk prices decreasing:** Imported milk powder product prices continue to rise. For example, since last May 2012 "MeadJohnson" and "Dumex" milk powder prices have increased in China. Other imported products prices have also started to rise, such as Maysu, Meiji, and Nestle. The article questions why prices are rising if world raw milk prices have decreased in major producing countries, such as New Zealand, Australia, and EU countries. Dumex claims that the price increase is due to more investment in scientific research and higher production costs. (Chutian Captial Newspaper, 7/18/2012, ZJP)

**Cow milk production forecast to increase 3.6% in the first half of**

## Shanghai

### **Oct 26-28**

PMA Fresh Summit  
Anaheim, California  
Reverse Trade Mission  
freddie.xu@fas.usda.gov

### **Nov 5-9**

Supply Side West trade show in  
Las Vegas - Reverse Trade Mission  
Susan.zhang@fas.usda.gov

### **Nov 6-8**

China Fisheries and Seafood  
Expo in Dalian

### **Nov 10-13**

PLMA Show in Chicago

### **Nov 11-12**

WUSATA Outbound Mission to  
Chengdu

### **Nov15-17**

Food & Hospitality China  
2012 USDA Endorsed Show  
Shanghai

### **Dec 12-14**

PLMA Show in Shanghai

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**2012:** The Chinese Ministry of Agriculture indicated that China's cow milk production in the first half of 2012 is forecast to increase 3.6% to 15.67 million metric tons from the same period last year. (New Dairy Weekly, 7/16/2012, ZJP)

## **FOREST PRODUCTS**

**Parents with Dragon Babies Demand Knotless Wood from New Zealand:** Pruned pine logs (logs with branches trimmed from the main trunk to prevent knots) are in huge demand because Chinese parents prefer that their babies (born in 2012, or the year of the Dragon) sleep in cots made from knot-less wood. Although pruned logs make up only about 20 percent of New Zealand's exports, they now are earning approximately 50 percent more than unpruned logs (\$150 U.S. more per cubic meter). The New Zealand forestry industry had been moving away from pruning trees because of low returns. The decision on whether to prune takes place 20 years before harvest. Some see this as a missed opportunity for sales. New Zealand Forest Owners Association Chief Executive David Rhodes said that the new demand preference for logs teaches New Zealand businesses a lesson on how to better understand China. (Xinhua News, 07/09/2012, ZL)

## **Subscription**

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## **+ Upcoming Events:**

**All-China FAS/Cooperator Meeting:** FAS/China invites all USDA Cooperators with programs in China to join us in Xian on September 11 and 12 for a proposed FAS/Cooperator Planning Session. As we did in Changsha in December 2010, we propose to organize a one-day program of presentations, panels, or other interactive sessions on September 11 followed by a series of individual meetings on September 12. We are looking at ways to improve the efficiency of the one-on-one meetings and to coordinate our marketing plans/calendars with our U.S. producer association partners. If you have suggestions for either day of the meeting, please let us know! Please direct your ideas to Beijing OAA's Scott Sindelar and ATO Beijing's Ralph Bean.

## **The 3rd China (Shanghai) International Horse Fair**

The 3rd China (Shanghai) International Horse Fair | [www.horfachina.com](http://www.horfachina.com) will take place from Sept. 7-9 at Shanghai East Asia Exhibition Hall. HORFA-China (Shanghai) International Horse Fair is China's leading horse Showcombining a horse show, auction, conference, games and equestrian trials since 2010.

HORFA is committed to the development of the Chinese horse industry through the introduction of high-quality horses, advanced products & services into China, providing more options to institutions, horse clubs, individual horse owners and fans of horses. If you are interested to attend this year's show, please contact either the show organizer Ms. Wang Xin ([wang.xin@ubexpo-shanghai.com](mailto:wang.xin@ubexpo-shanghai.com)) or Jane Hu ([zheng.hu@fas.usda.gov](mailto:zheng.hu@fas.usda.gov)) | Tel: (86-21) 62798622 at ATO Shanghai. The [U.S. Livestock Genetics Export Council](#) will have a small pavilion again at the show this year. [Click here to view pictures](#) of last year's pavilion...



**Buyer Mission to the PMA show in Anaheim:** ATO Shanghai will lead a reverse trade mission of Chinese fresh fruit importers and retailers to visit the PMA Fresh Summit trade show in Anaheim, CA and orchards in Oregon from Oct 24-31, 2012. In California, the group will visit orchards and packing houses around Fresno and Bakersfield, and meetings with trading companies in addition to the show. The team will include fruit importers, representatives from retailers, online retailers and the wholesale market. ATO Shanghai will be reaching out to relevant cooperators and State Department of Agriculture to help arrange the trip. ATO Chengdu will also organize a delegation to visit the show. For more details, please contact Ms. Freddie Xu ([Zhen.Xu@fas.usda.gov](mailto:Zhen.Xu@fas.usda.gov)) at [ATO Shanghai](#).

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## WUSATA Trade Mission to China

WUSATA will organize an out-bound trade mission scheduled from September 9 - 12, 2012 with visits to Shanghai and Beijing. Currently, 12 companies from WUSATA region have confirmed to participate in the trade mission under the lead of activity manager, Ms. Amanda J Welker from the Oregon Department of Agriculture. Here below is the list of participating companies:

- Crown Nut Co.
- Dundee Brandied Fruit Company
- Honey Ridge Farms LLC
- Koos Foods Inc.
- Knomad Wine Group
- Maxim Manufacturing and Marketing
- NW Commodities Marketing
- Nargo Industries USA Inc.
- Redwood Trading Group
- Supply Source
- S'Better Farms
- Timothy Kreder Farms

During September 9 - 10, the group will stay in Shanghai and join a retail tour, trader meetings and reception arranged for them.

### 2012 WUSATA Trade Mission to China (By invitation only)

Time: 12:00 - 14:30 September 10, 2012 Monday

Venue: Zurich I Room, 3/F Swissotel Grand Shanghai  
No. 1 Yu Yuan Road, Jing An District, Shanghai

Coordinator: SMH International Sanghai | Shengming@sh163.net

## Reserve your booth at FHC China's expanded USA Wine & Spirits Pavilion in November 2012!



Event: FHC China 2012- the 16th International Exhibition for Food, Drink, Hospitality, Foodservice, Bakery and Retail Industries  
Date and Location: November 14-16, 2012, Shanghai New International Expo Centre (SNIEC)

This is one of China's most prestigious trade shows for the food and hospitality sector. Last year's show attracted more than 29,000 buyers and 1100 exhibitors from 77 countries. The USA pavilion had a record 70 exhibitors including six exhibitors at the first ever USA pavilion dedicated to wine/spirits. [Click here to see a](#)

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[video](#) highlighting the USA pavilions at the 2011 show. FHC China 2012 will feature an expanded USA Wine & Spirits Pavilion! For more information on the show and how to reserve your booth, please [Click Here](#)

## RESERVE YOUR BOOTH NOW

### Michele Zichy

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Email: [min.xu@fas.usda.gov](mailto:min.xu@fas.usda.gov)

\*Products exhibited in the USA Wine & Spirits Pavilion must promote and display a majority of products (greater than 51% by SKU count) that are of U.S. origin. A product is determined to be of U.S. origin content if it is comprised of at least 51% U.S. origin content by volume or by value, exclusive of added water.

For more information on FHC China 2012, please visit <http://www.fhcchina.com/en/index.asp>

### American Food Festival in Suzhou-Hangzhou-Xinchang:

ATO Shanghai will launch a Great American Food Festival with 5-star hotels in Suzhou, Hangzhou and Xinchang from August 23 - September 27. Four hotels in the three cities will promote U.S. pork, snow crab, oysters, yellow sole fin, potato, cheese, almond, raisin and other food ingredients as well as wine and fruit beverage in their hotel restaurants. Mr. Jeffery Powell, a celebrity guest chef from the United States will host cooking demonstrations and seminar events with the local chefs in Suzhou and Hangzhou. The [Suzhou Crowne Plaza](#) and the [New City Garden Hotel](#) in Hangzhou will kick off from August 23. The event in cooperation with the [Hangzhou Landison Plaza Hotel](#) and [Xinchang Landison Greentown Hotel](#) will kick off from August 28. The four participating hotels will offer excellent dining opportunities and venues with high quality and delicious food from the United States for their local consumers and visitors. The U.S. Meat Export Federation, Alaska Seafood Marketing Institute, U.S. Potato Board, U.S. Dairy Export Council and California Raisin Administration will all participate in these events as cosponsors. Euro Foods (Suzhou) Trade Co. Ltd. and [Meilong United \(Ningbo\) Trading Co. Ltd](#) will provide most of the American products to the hotels. Please contact Freddie Xu or Joy Wang for more information about these events at: [freddie.xu@fas.usda.gov](mailto:freddie.xu@fas.usda.gov) or [joy.wang@fas.usda.gov](mailto:joy.wang@fas.usda.gov)

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**+ GAIN Reports** ([Global Agricultural Information Network](#))

- [Ministry of Agriculture's Policy on Corn Beijing China - Peoples Republic of 7-30-2012](#)
- [Deyang Emerging City Market Report Chengdu ATO China - Peoples Republic of 7-28-2012](#)
- [Grain and Feed Update Beijing China - Peoples Republic of 7-27-2012](#)
- [National Standard of Seed Potatoes \(Draft for Approvals\) Beijing China - Peoples Republic of 7-27-2012](#)
- [National Food Safety Standard on Roasted Seeds and Nuts Beijing China - Peoples Republic of 7-27-2012](#)
- [National Food Safety Standard on Chocolate and Its Products Beijing China - Peoples Republic of 7-27-2012](#)
- [National Food Safety Standard for Grain Beijing China - Peoples Republic of 7-27-2012](#)
- [Solid Wood Annual 2012 Beijing China - Peoples Republic of 7-25-2012](#)
- [Market Share for U.S. Soybeans to Decline Taipei Taiwan 7-26-2012](#)
- [South American Corn Makes Inroads into Taiwan Market Taipei Taiwan 7-25-2012](#)
- [U.S.-China grain inspection pilot program comes to South China Guangzhou China - Peoples Republic of 7-12-2012](#)
- [Stone Fruit Annual Beijing China - Peoples Republic of 7-9-2012](#)
- [Biofuels Annual Beijing China - Peoples Republic of 7-9-2012](#)
- [Updates - Hong Kong's Pesticide Residues in Food Regulation Enacted Hong Kong Hong Kong 6-29-2012](#)
- [HKG Approves New AI Vaccine for Poultry Hong Kong Hong Kong 6-28-2012](#)
- [Bird Market Closed due to Detection of H5N1 Virus Hong Kong Hong Kong 7-9-2012](#)