



# FOOD FISHERIES AGRICULTURE

NEWS FROM THE FOOD TEAM IN THE TRADE COUNCIL CHINA - FEBRUARY 2016



China: News from the Food Team - Export Figures - News Flash

## The Food Team Trade Council China



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# TABLE OF CONTENTS

## NEWS FROM THE FOOD TEAM

Sino-Danish pig model farm.....	4
China's "no.1 document" continues its focus on agriculture.....	5
Seafood Market Visit in Hong Kong.....	5
How Chinese reacts towards traditional Danish Food on the social media.....	6
Denmark Food Festival (Golden Eagle).....	6
New Nordic Cuisine Week.....	7
Danish Food Portal Promotion.....	8

## EXPORT FIGURES

Danish agriculture and food export to China up by 28% compared to last year.....	9
Chinese food inflation.....	10

## EXPORT FIGURES

Meat.....	11
Consumption.....	12
Food Safety.....	13
Food Safety.....	14
Technology.....	14
E-commerce.....	15



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## SINO-DANISH PIG MODEL FARM



Alma Feng  
Senior Trade Officer  
Beijing

The Sino-Danish pig model farm project was initiated in a political agreement back in 2012, and has developed in different phases since then. The purpose is to showcase the advanced pig breeding techniques, relevant equipment and also management skills in Denmark. This can be utilized for the future production in China via establishing such a commercial project or more projects with the investment from both sides.

In early 2016, the Danish embassy in Beijing had two meetings with the Chinese Ministry of Agriculture (MoA) to further discuss the project plan, which was drafted by Danish side in which it was suggested to establish two model farms, one in the north part of China, the other in the South. The project will be held and invested by both sides with the Danish side providing "software" such as design, breeding animals, inventory, while the Chinese side will provide "hardware" such as land and building. MoA expressed their satisfaction towards such a plan, and further suggested that the project can be designed to cover the full line of production, from the

breeding of pigs to the production of pork. However, for the investment point of view, this project should be started with pig farming, and then gradually be expanded to the full value chain.

For the next step, the Danish side will formulate a formal paper describing details of the project, which will then be reviewed and further discussed by the project groups formed by both sides. The first project group meeting is going to be held in early April. A field trip to Denmark is also planned at a later stage.



## CHINA'S "NO.1 DOCUMENT" CONTINUES ITS FOCUS ON AGRICULTURE



Poul Jacob Erikstrup  
Minister Counsellor  
Beijing

Supply-side reform is the main theme of the No.1 Central Document this year. President XI Jinping has reiterated that China should expand total demand, enhance structural reform of the supply side, increase the quality and efficiency of the supply system and strengthen sustainable economic growth impetus.

The document also states that the Central Committee of the Communist Party of China plans to develop 10 million mu of "high quality" farmland, as well as train farmers, improve mechanization, and start better water resource management policies. Additionally, China hopes to secure urban residential status for 100 million rural workers.

In addition, food safety also takes up a big part of the document including the improvement of the national food safety standards, limiting the use of pesticides and veterinary drugs etc.

The current focus from the Chinese government makes it extremely attractive for Danish companies to enter or even expand in the market, as Danish companies for long have been leading in these fields.

To read more about the document, click here: <http://english.agri.gov.cn/hottopics/cpc/>

## SEAFOOD MARKET VISIT IN HONG KONG



Jane Cen  
Senior Commercial  
Officer, Guangzhou

The Royal Danish Consulate General in Guangzhou is organizing a seafood market visit program in Hong Kong from the 6 - 7 September 2016. We will do three parts' activities in the visit program: to visit the expo, markets and meet with industry people.

Seafood Expo Asia is the all-in-one opportunity for businesses to

enter and expand in Asia. In recent years the exhibition has been growing exponentially due to increasing demand for imported seafood in Asia.

The exhibition will host visitors from more than 60 countries and exhibitors from 21 countries, which in 2015 equalled a total of more than 8,700 attendances. Besides the exhibition, we will visit the Hong Kong seafood market, a set of retail stores and wholesale markets, and to meet with agent and distributors.

Please refer to linkage for detailed project description: <http://kina.um.dk/en/~media/Kina/Trade%20Council/Food/Market%20Visit%20in%20Hongkong%20Sep%202016%20Final.pdf>



## HOW CHINESE REACTS TOWARDS TRADITIONAL DANISH FOOD ON THE SOCIAL MEDIA



Marcus Hecht Henriksen  
Commercial Intern  
Beijing

Rye bread, liquorice, red beets, blue moulded cheese and Akvavit are all very traditional Danish food, which you wouldn't expect the Chinese people to enjoy.

On a quest on finding out what the Chinese people thinks about traditional Danish food, our public diplomacy department took the Chinese people

on a tour to experience all these traditional Danish food products on the social media. The results were quite amazing, as they got 19,000 views on Weibo (a Chinese hybrid of Twitter and Facebook), and a total reach of 103,225 people on WeChat (messaging app).

This shows how interested the Chinese people are in food and Cuisine, even if the food is completely different from what they are used to. As for the comments, many people were impressed by the "dark cuisine", while those who already had been in Denmark expressed that they eventually got used to traditional Danish food and even found it both healthy and tasty.

To follow the story on WeChat, click here: [http://mp.weixin.qq.com/s?\\_\\_biz=MzA4MDA0NzUyMQ==&mid=403909635&idx=1&sn=d8f9147c3c9d3edd652ee5e5151765da&scene=5&srcid=0222ageSf6Co8kAuAk1HiL0#rd](http://mp.weixin.qq.com/s?__biz=MzA4MDA0NzUyMQ==&mid=403909635&idx=1&sn=d8f9147c3c9d3edd652ee5e5151765da&scene=5&srcid=0222ageSf6Co8kAuAk1HiL0#rd)



## DENMARK FOOD FESTIVAL (GOLDEN EAGLE)



Nicole Wang  
Commercial officer  
Shanghai

With the opening of the new visa application centre in Nanjing, it will be a lot easier for the Chinese people to apply for a visa to Denmark. Therefore, the Royal Danish Consulate General in Shanghai is going to follow up on this opportunity, by arranging an event to showcase Danish food and design/lifestyle products, and promote Denmark as a holiday destination.

The event will take place at Gmart, a high-end supermarket, which sells high quality products both imported and locally produced. Besides food products, they also focus on lifestyle and kitchen products. The Golden Eagle department store is centrally located in Nanjing's shopping centre.

The main purpose of the event is on the one hand establishing a possible long-term purchase agreement with Gmart, and the other hand to offer companies and travel agencies a direct access to consumers with high purchasing power. The Consulate can arrange B2B meetings with local government and distributors during the event period.

To follow the event, click here: <http://kina.um.dk/en/the-trade-council/our-industry-teams-in-china/food/>



## NEW NORDIC CUISINE WEEK



Marcus Hecht Henriksen  
Commercial Intern  
Beijing

New Nordic Cuisine has in recent years enjoyed a lot of praise and has become world famous for its flavour and its rethinking of modern food habits. In the meantime an increasing number of food scandals have created distrust among the Chinese consumers towards domestic food products. This distrust has created a high demand for foreign food products

that is perceived of higher quality. Combining this with the rising Chinese consumer spending makes some very interesting possibilities for Danish food companies.

On that note, The Royal Danish embassy of Denmark is going to host a Nordic Cuisine week in Beijing in September 2016. The aim of the event is to create a unique opportunity for Danish food companies to present their products to the Chinese consumers in a closed and exclusive forum.

The week will feature:

- Cooking classes/cooking competitions
- Food tasting at the embassy courtyard
- Press events
- Intimate Pop up dinners
- A VIP-dinner, at a selected restaurant.
- Innovative Food lab
- Targeted commercials events aimed at food distributions and F&B managers.

Please refer to linkage for detailed project description: <http://kina.um.dk/en/~media/Kina/Trade%20Council/Food/Nordic%20Cuisine%20week.pdf>



# DANISH FOOD PORTAL PROMOTION



Jane Cen  
Senior Commercial  
Officer, Guangzhou

The Trade Council is organising a Danish Food Portal here in China. The aim of this Danish Food Portal is to create a unified platform for Danish food products, where Chinese importers can be inspired – one stop shop for Danish foods in China.

China can be a difficult market to enter, especially for smaller companies with limited export experience in Asia. Therefore such a promotion platform as this can be a very useful tool for Danish food companies wanting to enter the Chinese market.

The Danish Food Portal will include 1) an online product catalogue for presentation of Danish food products. 2) Various promotional channels towards relevant Chinese importers and retail stores throughout 2016. The Danish Trade Council in China will include both platforms in their promotion and try to create relations between Danish food companies and Chinese importers. If interests are generated, then the Trade Council will offer their assistance in the coming process on their regular business terms. This project will run for a period of 6 months.

Please refer to linkage for detailed project description: <http://kina.um.dk/en/~media/Kina/Trade%20Council/Food/Danish%20Food%20Portal%20Promotion%20invitation.pdf>



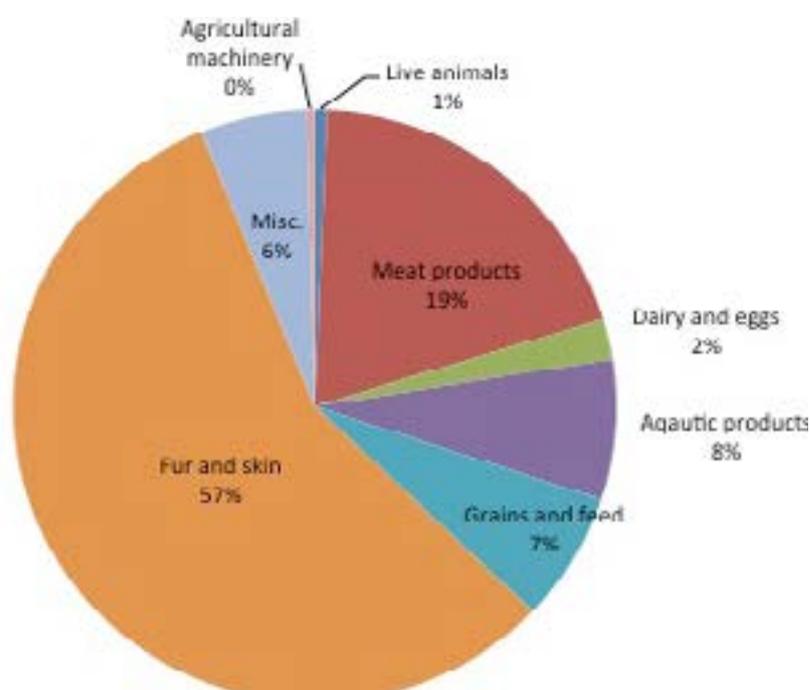
# DANISH AGRICULTURE AND FOOD EXPORT TO CHINA UP BY 28% COMPARED TO LAST YEAR

The Danish export of food and agricultural products to China reached 16.26 billion DKK from November 2014 till November 2015, which is an increase of 28 % compared to the same period in 2013-2014. From November 2013 till October 2014 the export of food and agricultural products to China was 12.51 billion DKK.

The total Danish export of goods from November 2014 till November 2015 amounted to 39.64 billion DKK. This is a increase of 20.44 % compared to the same period in 2013. The food and agricultural export accounted for 41 % of the total export of goods from Denmark to China.

As seen in the pie diagram below the major exports are fur and skin and meat products.

Food and agriculture export to China  
(percentage of total 16.26 billion DKK):



## A closer look at the numbers

Looking at the last year, grains and feed products has increased 58 % according to the last period this year. Furthermore, there has been large increase of 37 % within the export of fur and skin in the last period.

There has been a large decrease of 45 % within the export of machinery in the last period. The largest decrease is found within dairy machines and machinery for cleaning and sorting.

## Export figures

All numbers in 1000 DKK. Total export to China (incl. Hong Kong and Macao)

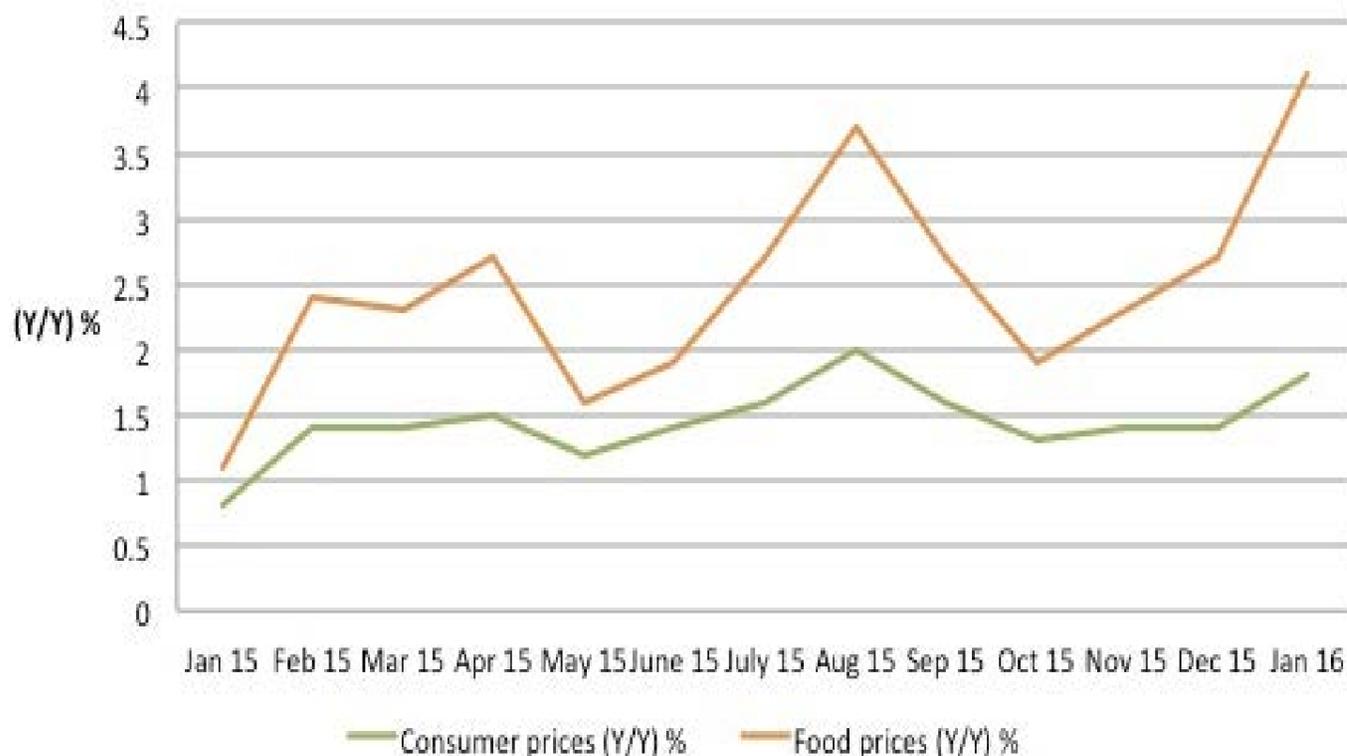
Goods	November 2014 - October 2015	November 2013 - October 2014	Change
Fur and skin	9,220,983	6,739,947	37%
Meat products	3,183,935	2,513,931	27%
Aquatic products	1,242,255	1,141,548	9%
Grains and feed	1,149,348	530,370	58%
Dairy and eggs	357,947	395,784	-10%
Live animals	107,528	168,697	-36%
Agricultural machinery	66,175	119,255	-45%
Misc.	932,997	905,355	3%
<b>Total</b>	<b>16,261,168</b>	<b>12,711,478</b>	<b>28%</b>

Source: Statistics Denmark

# CHINESE FOOD INFLATION

Food inflation has increased from 2.7 % in December 2015 to 4.1 % in Januar 2016. The consumer price has increased from 1.4 % in December to 1.8 % in Januar 2016.

**Consumer Price Index (CPI) & Food Price Index development**  
Januar 2015 - Januar 2016 (Souce: China National Bureau of Statistics)



# MEAT

## CHINESE PORK IMPORTS CONTINUE TO RISE IN 2015

Source: the pig site, 02-02-2016

**CHINA - Chinese pork imports rose 38% in 2015, compared with 2014, totalling 778,000 tonnes.**

2015 was an exceptional year for pork imports to China, exacerbated by the significant rationalization of the Chinese herd in the first half of the year. This was brought about through high feed prices and low pig prices at the beginning of the year, reducing producers' profitability. Following the decrease in herd size, the wholesale pig price increased, which could be capitalised on by importing countries.

Exports from EU Member States increased substantially over the year, up by 57 per cent compared to 2014, with 580,000 tonnes of pig meat exported, almost three-quarters of the total. This was largely driven by Germany, which almost doubled its level of exports year on year.

EU pork was particularly attractive to the Chinese market as the euro had weakened against the dollar, making it more price competitive and there was a supply glut following the cessation of trade with Russia.

To read the full article, click here: <http://www.foodnavigator-asia.com/Regions/China/Prediction-China-to-have-world-s-safest-infant-formula-in-a-decade>



# MEAT

## CHINA'S MEAT FIRMS INVEST IN PIG HERD

Source: global meat news, 22-02-2016

**Nearly 25 million pigs will be added to China's herd between 2015 and 2018 by a handful of leading companies in investments worth RMB70 billion (\$10.74bn).**

According to the document: "The key characteristic of the projects is that they are being conducted by firms which are highly integrated breeding and feed producers".

### Eco concerns

Most of the new projects are concentrated on north eastern and northwestern parts of China "due to environmental concerns and resources constraints," adds the paper.

The biggest investment is by Chuying Agro-Pastoral Group Co with RMB 4.31 (\$66m) and RMB 5.6 billion (\$86m) projects in Jilin and Inner Mongolia respectively.

### Further expansion

While there has been much worry about over-capacity on the meat processing side of the business, government appears to believe the need to achieve scale means there's room for further expansion in pig herds. Only five percent of Chinese pig numbers are controlled by large, professional companies, notes the document from the department of finance, which has long paid subsidies to so-called "dragon head" or regional champion enterprises.

To read the full article, click here: [http://www.globalmeatnews.com/Industry-Markets/China-s-meat-firms-invest-in-pig-herd-growth?utm\\_source=copyright&utm\\_medium=OnSite&utm\\_campaign=copyright](http://www.globalmeatnews.com/Industry-Markets/China-s-meat-firms-invest-in-pig-herd-growth?utm_source=copyright&utm_medium=OnSite&utm_campaign=copyright)

## CONSUMPTION

### PREMIUM BRANDS COULD BOOST PROFITS IN CHINA'S HIGH-VOLUME BEER MARKET

Source: Food Navigator Asia, 01-02-2016

**China's high-volume, low-profit beer market is set to be transformed, with increased "premiumisation" providing opportunities for imported and licensed foreign beer brands, says Rabobank.**

In a new report on the Chinese beer market, the Dutch bank's analysts claim that the world's biggest beer market suffers from relatively low profitability, though this will change through increasing consolidation and an influx of premium products will provide a platform for profit growth.

To grasp opportunities, the bank suggests that local brewers could consolidate the mainstream beer segment or expand their super-premium portfolio by importing beers or licensing overseas.

Meanwhile, exporters from countries with strong beer cultures would be most likely to succeed in China by forging partnerships with local brewers, says Rabobank, adding that global brewers with international brands could either enter the Chinese market quickly through a partnership with a Chinese brewer with distribution power, or through a greenfield operation.

To read the full article, click here: <http://www.foodnavigator-asia.com/Regions/China/Premium-brands-could-boost-profits-in-China-s-high-volume-beer-market>

## CONSUMPTION

### CHALK TO CHEESE: CHINA'S MASSIVE IMPORT GROWTH SHOWS CHANGING TASTES

Source: Dairyreporter, 05-01-2016

**Traditionally a dairy wasteland, China is fast developing a love for cheese, with the 10 months of last year showing astonishing growths in imports, interest and consumption.**

Between January and October 2014, China imported 56,028 tonnes of cheese – not a huge amount by world standards, but already almost 10,000 tonnes more than the entire previous year's total.

Moreover, this growth is likely to continue as increasingly affluent Chinese consumers look towards western tastes.

Baidu.com, China's most popular internet search engine, has reported a 60% increase in searches for the word "cheese" over the last three years, while pizza, cheesy baked sweet potatoes and baked broccoli with cheese are becoming ever more popular.

#### FTA's kicking in

The main beneficiaries of China's newly acquired taste for cheese so far have been New Zealand, Australia and the US, with Europe's cheese makers trailing far behind, says Guangzhou-based business analyst CCM.

Europe's relatively poor performance could be due to the fact that much of the demand in China is currently for food service and processed cheese, whereas many European cheese makers focus on higher-value products for retail.

To read the full article, click here: <http://www.dairyreporter.com/Markets/Chalk-to-cheese-China-s-massive-import-growth-shows-changing-tastes>

## FOOD-SAFETY

### PREDICTION: CHINA TO HAVE WORLD'S SAFEST INFANT FORMULA IN A DECADE

Source: Food Navigator Asia, 01-02-2016

**In the next decade, China will have the safest infant formula available anywhere – just 10 short years after China's melamine scandal.**

Developments in China's infant formula sector encapsulate the key regulatory, economic, trade and business strategies adopted by China's government to improve food safety. It is the model, which China's government will continue to use to rapidly improve the safety of foods circulating in its markets.

The progress made in China's infant formula industry has been realised not by any massive improvement in domestic conditions, manufacturing standards, animal husbandry or pasture management, but in savvy foreign trade and technical barriers in the form of incrementally stringent regulations.

When the Chinese government talks about focusing on imports, allowing Chinese consumers access to foreign products and letting market forces dictate changes in food safety, it has gone about its business with a strategic plan in mind.

First, it has implemented successively stringent regulatory requirements for domestic producers to force the closure and/or merges among domestic manufacturers with the lowest technical capacity, while also allowing the fittest companies to survive and consolidate their supplies.

Meanwhile, the world's biggest international dairy giants have engaged in multibillion-dollar deals with their counterparts in Chinese infant formula manufacturing. As the Chinese like to say, this is a "win-win" for all sides.

The government has earmarked specific high-risk, high-demand sectors for implementation of its food safety improvement strategy with infant formula and other "special food", meats and aquatic products. The country's national standards also increasingly require dedicated labelling and formulation strategies from manufacturers exporting to China rather than the traditional over-label.

To read the full article, click here: <http://www.foodnavigator-asia.com/Regions/China/Prediction-China-to-have-world-s-safest-infant-formula-in-a-decade>



## FOOD SAFETY

### CHINA'S FOOD POISONING DEATHS UP SLIGHTLY LAST YEAR

Source: Food Quality News, 18-02-2016

**The number of people dying of food poisoning grew slightly last year, with figures released by the National Health and Family Planning Commission showing an increase of less than 1%**

The commission said in a statement that 110 people died from food-related causes, representing an increase of 0.9 % on the year. The number of people who suffered from food poisoning also climbed by 1.8% to 5,657, out a total of 160 food poisoning incidents.

Microbe-related food poisoning was the cause of most illnesses, while poisonous animals and plants, including mushrooms, were behind most of the deaths, official news agency Xinhua reported.

While releasing the figures, the commission called on local food safety supervisors to intensify their monitoring of canteens in schools and workplaces, as well as banquet halls in rural areas.

To read the full article, click here: <http://www.food-qualitynews.com/Food-Outbreaks/China-s-food-poisoning-deaths-up-slightly-last-year>

## TECHNOLOGY

### WATER SUPPLY PROBLEMS RUN DEEP IN RURAL CHINA

Source: Global Times, 22-02-2016

**As Chinese were stocking up on food for the New Year holiday, many people in Jishan County of north China's Shanxi Province were busy hoarding water.**

While this situation inconveniences people and makes them more susceptible to drought, it has a dire impact on the area's ability to attract business and improve the economy.

The central government has vowed to bring tap water to 80 percent of the rural population by 2020. Poverty relief, including water supply, will be a hot topic at China's annual "two sessions," the big political meetings bringing together the full assembly of legislators and advisors next month.

China's per capita water resources are just over a quarter of the global average. In rural areas, especially in the west of the country, hundreds of thousands of people are short of potable water.

To read the full article, click here: <http://www.global-times.cn/content/969764.shtml>



## E-COMMERCE

### CHINA TO CANCEL CBEC TAX-FREE POLICY

Source: Chemlinked 26-02-2016

**China is planning to levy tax on imported products available on cross-border e-commerce (CBEC) platforms.**

The amount of single order will be limited to 2,000 RMB and the annual individual consumption of CBEC products would be restricted to 20,000 RMB. Commodities bought within the limit would be free from tariff but would be levied 70% of the value-added tax and consumption tax. Those exceeding the limit will be subject to the tax for general trade.

Commodities traded through CBEC platforms in China have been enjoying largely reduced regulatory and tax policies compared to those imported through traditional model. From the regulatory perspective, there are still no national standardized regulations for CBEC products. CBEC platforms act as green channels which bring a great number of commodities not proven compliant with Chinese regulations/national standards. In term of tax, at current, CBEC goods are not subject to general tax system including like added-value tax and consumption tax. Consumers only need to pay a certain personal postal article tax for products they purchase through CBEC websites when the value of the tax exceeds 50 RMB. However, for most purchases, consumers can evade the personal postal article tax by just splitting the order into several packages.

To read the full article, click here: <https://food.chemlinked.com/news/food-news/china-cancel-cbec-tax-free-policy>



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