



FOOD FISHERIES AGRICULTURE

NEWS FROM THE FOOD TEAM IN TRADE COUNCIL CHINA - SEPTEMBER 2015



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

The Food Team Trade Council China



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Central Denmark Region delegation visits Shanghai



Mette Sivebaek Knudsen
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On September 14-17 the chairman of Central Denmark Region, Mr. Bent Hansen, led a delegation to Shanghai. The objective of the trip was to further strengthen the good relationship with Shanghai Municipality Government that is generated via the sister-city agreement signed in 2003 and renewed in 2008, focusing on key areas such as food safety and life sciences.

For the delegation's food track the main activities were held on September 16, including two symposiums; "Shanghai-Central Denmark Region Partnering for Food Safety Symposium" and "Shanghai-Central Denmark Region Partnering for Modernisation of Agriculture Symposium". The food safety conference saw a particular focus on China's newly updated food safety, which will enter into force on October 1. Deputy Director General, Mr. Gu Zhenghua, and Deputy Head of Department, Ms. Shi Lan, both of Shanghai Municipal Food and Drug Administration thus gave presentation on the highlights of the law and how to enhance research and operation of digital traceability in Shanghai respectively.



The afternoon's symposium on modernization of agriculture saw a broad representation of speakers from Chinese side, including Chinese Institute of Food Science and Technology, Shanghai Quality Safety Centre of Agricultural Products, Shanghai Agro-Biological Gene Centre and Bright Food Group, covering topics such as certification and accreditation of agricultural products, development and application of new breeds of crops, and supply and assurance capabilities.

Danish supporting partners included the Danish Veterinary and Food Administration, SEGES and Danish Food Cluster, who all presented speeches at both symposiums.

The day was concluded with a grand reception at the Consulate General hosted by chairman, Mr. Bent Hansen, seeing participation of both food and health track participants.



China's new Food Safety Law



Ellen Slot Svensson
Commercial Intern
Beijing

China is the world's largest food producer and consumer as its population of 1.3 billion people consumes 2 billion kilograms of food every single day.

In the wake of several high-profile food safety scandals, the Chinese government has amended the original Food Safety Law from 2009 by adding 50 new provisions.

The 2015 Food Safety Law was announced on April 25, 2015 and will be implemented on October 1, 2015. The law is updated in order to help prevent the plural food safety scandals happening in China, which include cases of recycled gutter oil in restaurants, fraudulent labelling of fox and rat meat as beef and pork, sales of pork meat from diseased pigs, and contaminating milk with melamine.

The 2015 Food Safety Law is regarded as the most stringent food safety regulation in the history of China and will affect the current 170,000 food producer, 8,110,000 food distributors and 2,210,000 food service providers operating in China. The purpose of amending the law is to create a stricter supervision system covering the whole process drawing on international experience.

The 2015 Food Safety Law will change the responsibility of formulating the national standards from solely being the State Council, which will now collaborate with the regulatory authorities, including China Food and Drug Administration and National Health and Family Planning Commission. The government also will encourage organisations, companies, private consumers and the media to participate in supervising food safety, thus adding a reward system for whistleblowers.

In order to cope with the previous infant formula milk powder scandals, the law also contains specific new rules regarding dairy products by adding a product formula registration system covering the 693 dairy and 101 infant formula manufacturers in China. The law will also include a production and distribution licensing systems and new rules for inspections.

The law will also include strengthened identity and rights protection, lowered recall thresholds, mandatory supply chain traceability, GMO labeling and an increasing penalty rising from 10 to 30 times the goods value with added detention punishments.



Working to improve Food Safety in China



Ya Gao
UNOPS
Beijing

The Asia-Pacific Smart Agriculture and Food Safety Industry Demonstration Zone is aiming to solve food safety issues in China and promote business linkages with Denmark. On June 29th to July 3rd, the zone's Food Safety Delegation toured Denmark to learn about the country's successful food safety programs and how they can apply it to China. The opening meeting was

held at the Danish Veterinary and Food Administration (DVFA). Mr. Knud Østergaard, head of DVFA, presented on "Introduction to Danish Food System".

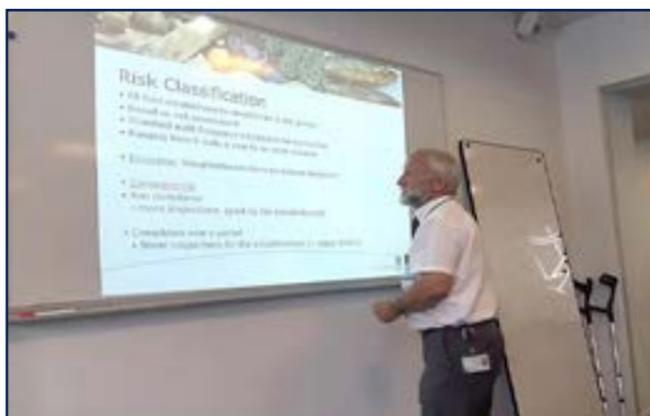
The Chinese Delegation also visited food related companies and organizations, including Novozymes, The Danish Agriculture & Food Council, Danish Crown, Agro Food Park and State of Green. Study tour intentions encompassed learning advanced technology, exchanging knowledge with Danish authorities and industries in the food safety field, and identifying good fit Danish companies to enter the food market in China.

UNOPS, The Changchun Government and Van Bon Investment Company are working together to build

this zone in Changchun, Jilin Province in Northeast China. The project aim to successfully develop a typical demonstration case of agriculture and food safety industry optimization and upgrading, This include the use of internationally advanced environmentally friendly organic agriculture R&D, highly reliable food safety monitoring and tracing model covering the whole food production value-chain and more. The hope is for the zone to be replicated in other regions of China as well as in other countries.

China is the world's largest producer and consumer of agricultural products. Food products and services from Changchun will provide benchmark best practices in food safety guarantees and traceability. In order to discuss further cooperation details and to promote the project, a second delegation from Changchun City will visit Denmark in November, 2015.

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Huge opportunities for EU pork exporters in the 2nd half of 2015



Amanda Xiang
Trade Officer
Beijing

China, the world's biggest pork consumer, is opening its door to 'foreign pork'. We can see a significant rise of pork price in the first half year in 2015, and the volume of imports is price sensitive. It is predicted that the global pork market would continue its recovery through Q3, which will be driven by the expected growth in Chinese imports.

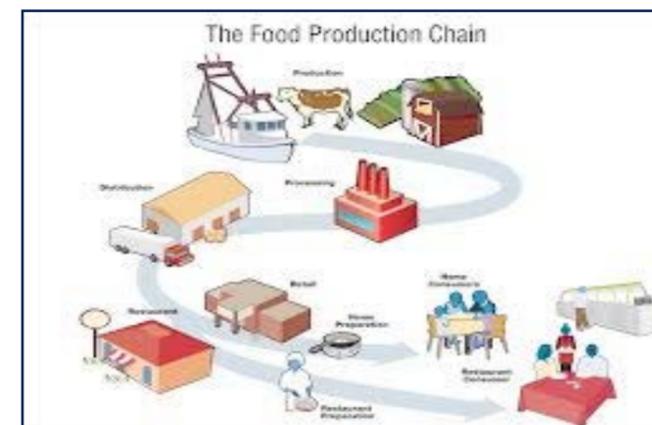
Pork exporters will see "opportunities for considerable growth" in shipments to China later this year, Rabobank said.

The insider said to Chinese media that this is because of the 'enormous cull' of China's herds over last 18 months, which have put pressure on production, pushing up the prices and industry margins into the black. More and more small scale farms drop out because of high costs, low breeding efficiency and low income. There are also other reasons, such as transformation consumption model in China, China Central Bank announced to cut RMB deposit reserve ratio by 0,5% in February, etc.

The smaller herd will lead to domestic pork produc-

tion dropping 6.5% to 5.3 million metric tons this year, Rabobank said, consumption will decline 5.3% to 55 million tons, with a record 1.9 million tons of imports filling the shortfall.

The Chinese government is trying to develop a more reliable food supply chain to avoid social shocks caused by price volatility, but the import will continue increasing at least till the first quarter of 2016. The prospect of higher imports bodes well in particular for European pork exporters, which have been exploiting the weakness of the euro to lift shipments to China. According to statistics from Chinese Customs, Germany, with a market share of 23.5%, overtook the US, with 20.3%, as the top shipper to China. And Spain nudged higher to 16.5% its share of the Chinese import market, with Denmark on 10.2% despite a weaker start to 2015 for its exports on this route.



Visits to pig farms in Lianyungang and Beijing



Feng Alma
Trade Officer
Beijing

On September 12th and 13th, for the purpose of researching pig breeding techniques in China and further discussing the project of Sino-Danish Pig Model Farm, the embassy and the Chinese Ministry of Agriculture (MoA) visited several pig farms owned by both Danish company as well as Chinese companies.

The concept of establishing a Sino-Danish Pig Model Farm was initially proposed in the Follow-up Action Agreement to the MoU on Deeping Cooperation in Agricultural, which was signed in 2013 by the Ministers from both sides with the purpose of promoting the efficiency and volume of the Chinese pig production, and also showcasing the advanced breeding techniques and the efficient management skills.

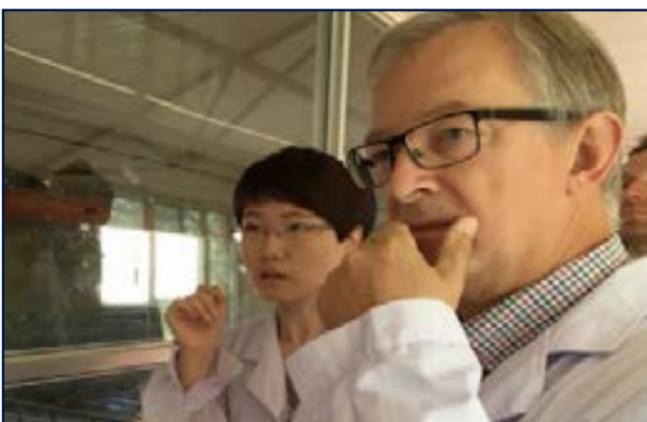
On the morning of September 12th the visits to Scandinavian Farms and Dan Yu Pig Breeding Technology Co., Ltd which are wholly owned by Danish investors were paid. During the visits, Scandinavian Farms introduced the layout of pig farms, pig productions, slurry disposal system as well as their feed plants, which provides feeds for the pigs bred



in their own farms. From the brief introduction, the Chinese side had a better understanding of the advanced breeding techniques and management during the whole value chain, and was impressed by the efficient pig production, especially the advanced techniques of slurry disposal which can be considered as zero pollution to the environment, where everything comes out from the pig production can be utilized.

In the afternoon, a Chinese pig farm called Ma Lingshan Ecological Breeding Co., Ltd., was visited. The farm was awarded as ecological breeding base by Jiangsu Province and also as the pig breeding model farm by MoA. From this trip, we learned the local pig production in Lianyungang city, especially the gap between the Chinese breeding and production system and that of the Danish farms. In addition, we also learned their needs for the advanced technology and management system.

On September 13th, 2015, we visited Beijing Great Wall Danyu Livestock Co., Ltd., which is a joint venture with Beijing Breeding Swine Center (BBSC). BBSC, affiliated to Beijing Capital Agribusiness Group, owns 12 pig farms and the only one national technology center for SPF swine production.



continued...

We firstly learned the layout and basic pig production conditions of BBSC, followed by an on-site visit to a showroom which is used for the customer when they purchase the breeding pigs. The Danish side was very much interested in the local pig productions, and exchanged several questions regarding the breed, production methodology, crossbred techniques, slurry disposal, etc.

In the afternoon, we visited another pig farm owned by BBSC which was established as Sino-Dutch Pig Model Farm in 1997. Both sides learned the good experiences and project model from this project. After the visits to the farms, the embassy introduced our idea of developing the project which including a data collection, comparison and analysis, and we also had an in-depth discussion with BBSC, topics of what the Chinese side aims at this project, how they would like to develop it, and what kind of outcome they expect were touched upon. This project will be further negotiated between the embassy and MoA. they expect were touched upon.

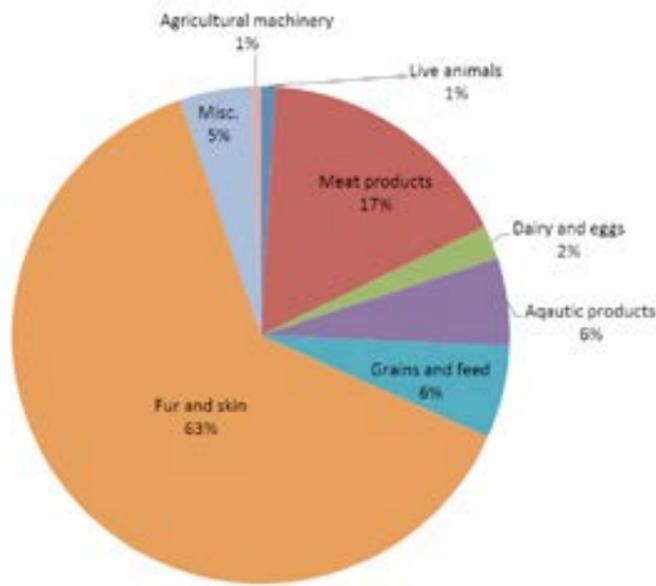


DANISH AGRICULTURE AND FOOD EXPORT TO CHINA

The Danish export of food and agricultural products to China reached almost 12.38 billion DKK in the 12 month period July 2014 - June 2015, which is a increase of only a little more than 0 % compared to the previous 12 month period. In the 12 month period July 2013 - June 2014 the export of food and agricultural products to China was more than 12,36 billion DKK.

The total Danish export of goods in the 12 month period July 2014 - June 2015 amounted to 23,62 billion DKK. This is a decrease of 18.78 % compared to the previous 12 month period. The food and agricultural export accounted for 52.41 % of the total export of goods from Denmark to China.

Food and agriculture export to China (percentage of total 12.38 billion DKK):



A closer look at the numbers

Following the decline in 2014, the value of fur and skin exports has been increasing a bit in 2015. Mink represents almost the entire share of the fur and skin items. The industry has seen lower prices due to 'the burst of the fur bubble' but also higher export volumes.

Other changes worth mentioning are the significant changes in aquatic products as well as grains and feed. The decreases in aquatic products are still within the largest holdings; fish oils, flours and meals of fish, frozen flat fish and smoked fish.

The increase in the grains and feed items are justified by rising incomes and thereby changed consumption patterns which have led to an increase in the demand for meat and thus greater consumption of animal feed.

Export figures

All numbers in 1000 DKK. Total export to China (Source: Statistics Denmark).

Goods	Jul. 2014 - Jun. 2015	Jul. 2013 - Jun 2014	Change
Fur and skin	7,801,215	7,770,091	0%
Meat products	2,085,881	1,913,094	9%
Aquatic products	703,789	858,529	-18%
Grains and feed	746,395	486,419	53%
Dairy and eggs	271,587	304,702	-11%
Live animals	117,237	159,422	-26%
Agricultural machinery	77,936	109,497	-29%
Misc.	575,824	754,655	-24%
Total	12,379,874	12,356,409	0%

CHINESE FOOD INFLATION

Food inflation saw a increase from 2.7 % in July 2015 to 3.7 % in August 2015. The consumer price increased slightly from 1.6 % in July to 2.0 % in August.

Consumer Price Index (CPI) & Food Price Index development

August 2014 - August 2015 (Source: China National Bureau of Statistics)



FOOD SAFETY

GROWTH OF EATING 'RISKY FOOD' COULD LEAD TO FOODBORNE DISEASE INCREASE

Source: Food Quality News, 04-09-2015

Low and middle income countries (LMICs) bear the brunt of foodborne disease (FBD), according to a review.

It said developing country consumers are concerned about FBD; most of the known burden comes from biological hazards and is the result of eating fresh, perishable foods sold in informal markets.

Widespread concern over food safety and growing evidence of associated health burden and economic costs makes it likely the topic will receive greater attention in future.

"While we don't have good data on the burden of FBD in LMICs, microbial pathogens may cause a burden of 18 million disability-adjusted life years (DALYs) a year, foodborne parasites at least the same, and aflatoxins 1-2 million DALYs. The full burden of chemical hazards is not known."

The review is a blend of a longer report commissioned by the Department for International Development, UK.

It was based on a survey of literature on FBD in LMICs, discussions with experts working in FBD in LMICs, and national workshops as part of FBD research projects led by the International Livestock Research Institute (ILRI) in Africa and Asia.

Difficult to monitor trends

Because there is no accurate reporting of foodborne disease in LMICs it is difficult to monitor trends.

However, FBD is likely to increase in LMICs as the result of massive increases in the consumption of risky foods (livestock and fish products and produce) and lengthening and broadening value chains,

bulking more food and increasing distance between production and consumption.

There are some reasons why FBD may increase in some LMICs, according to the review.

Consumption of fresh, perishable, more risky foods is growing rapidly, driven by increasing population, income, urbanization and globalization.

In response to increased demand, food chains are becoming longer and more complex increasing the spread of hazards. In LMICs the expansion of value chains is happening in advance of effective governance, increasing risk.

It is unclear if the rapid increase in supermarkets will make a difference on FBD as food is believed to be safer than informal markets it is not always the case.

Neglected food safety

There is general consensus that most developing country governments are not able to ensure the safety of most food consumed in domestic markets,



continued...

said the review.

Food safety has been neglected in LMICs, where most efforts to reduce diarrhoea have focused on water, sanitation and hygiene, it added.

There is limited evidence on effective, sustainable and scalable interventions to improve food safety in domestic markets.

"Training farmers on input use and good practices often benefits those farmers trained, but has not been scalable or sustainable, except where good practices are linked to eligibility for export.

"Training informal value chain actors who receive business benefits from being trained has been more successful.

"New technologies, growing public concern and increased emphasis on food system governance can also improve food safety.

"Where value chain actors are not using food safety technologies, simple innovations such as food grade

containers or chlorinated water can result in substantial improvements to food safety and quality."

But they are some promising approaches detailed in the paper.

"Building on the existing food system may be more successful than attempting to impose completely new systems. Given the importance of FBD, better impact assessment of interventions to improve food safety is a priority.

"There are opportunities to improve food safety through technologies, value chain innovations and restructuring of food safety governance, but the feasibility and effectiveness of these is not well understood."



FOOD SAFETY

12,5% OF BEVERAGES FAILED CHINESE INSPECTIONS IN FIRST-HALF OF YEAR

Source: Food Navigator Asis, 31-08-2015

More than one in 10 drinks on sale in China did not meet national standards in the first six months of this year, China's food regulator has announced.

The total of 12.5% of products that failed inspections equates to the highest failure rate of all the 24 product categories tested by the China Food and Drug Administration.

Some of the problems food safety inspectors found include illegal food additives, chemical residues and bacteria.

Other poor performing categories were ice cream and aquatic products, with at least 7% of these not meeting standards.

Of the 33,252 batches of foodstuff samples tested, 1,236 did not meet requirements, though dairy products stood out with all batches meeting government standards with the exception of two lines.

Having experienced a torrid 12 months in light of the whey protein scandal last year, infant formula did unexpectedly well, with just over 2% failing tests, while 3.9% had packaging or labelling issues.

Eggs and food additives were next best, with quality rates of 99.8% and 99.5% respectively.

On the whole, quality rates ranged from 93-99%.

Overall, excessive bacteria accounted for 35% of the substandard products; while poor quality came next at 31.9%; illegal or excessive food additives (19.3%); heavy metal pollution (12.7 %); and chemical residue (2.8%) completed the top five reasons for failure.

DIARY

CHINA'S YOGURT MARKET IS THE FASTEST GROWING SECTOR OF DOMESTIC DAIRY INDUSTRY

Source: Food Chemlinked, 02-09-2015

Take home:

- Yogurt is the fastest growing sector of China's domestic dairy sector.
- It's predicted that sales in China's yoghurt sector will reach 60.5 billion RMB in 2019.

Yogurt has a relatively high nutritional value and is naturally lower in lactose than many other dairy products making it an ideal choice for Chinese consumers. In addition growth in demand for probiotic products has precipitated the current upswing in this sector of the dairy industry.

China's dairy market is highly competitive. According to some statistics, in 2014, Chinese dairy magnates Mengniu, Guangming, Wahaha and Yili's held a 21.4%, 21.3%, 12.3% and 11.7% share of the yoghurt market, respectively.

According to the market research company Mintel, the total sales volume of yogurt doubled from 2009-2014. Given the current low consumption of yogurt per capita, the market holds a great deal of promise for investors looking to harness current growth trends.

DAIRY

CHINA MOVES TO REDUCE THE NUMBER OF DOMESTIC INFANT FORMULA PRODUCTS

Source: Dairy Reporter, 08-09-2015

China has revised legislation to further reduce the number of domestically manufactured infant formula products.

Under draft legislation, published by the China Food and Drug Administration (CFDA) on September 2, Chinese infant formula manufacturers will be permitted to produce a maximum of 15 products.

The difference in formulation between each product must also be "obvious," says Chinese regulatory consultancy, REACH24H.

The draft regulation, Administration Measures for Registration of Infant Formula Formulations, which is open for public comment until October 1, will prevent Chinese manufacturers using a single formulation to produce numerous products.

"It would raise the barriers and limit the number of infant formula brands in China," Raymond Ng, food regulatory consultant, REACH24H, told DairyReporter.

"In my opinion, revision will have big impacts on the

industry, reducing the number of brands in the market."

"I think the intention is so that only the biggest and best will stay; with the objective to reduce the risk of safety problems from smaller domestic manufacturers and brands," said Ng.

Applicants must be among the 92 domestic manufacturers approved by the CFDA to produce infant formula in China.

In time, Ng added, the draft regulation published by the CFDA this month could be extended to manufacturers of imported infant formula.

"[There is a] high chance that some of those policies (not all) will be imposed on international companies," said Ng.

If extended, manufacturers of imported infant formula face a lengthy and potentially expensive registration process, he said.

"The time taken to register is uncertain, but [would be] at least several months."



DIARY

CHINESE DRINKING YOGURT GROWTH 'ILLUSTRATES THE SCALE OF OPPORTUNITY': TETRA OAK

Source: Dairy Reporter, 08-09-2015

Growth in demand for drinking yogurt in China "illustrates the scale of opportunity" such products present, says Tetra Pak.

Since the 2010 launch of Bright Dairy's Mosili'an ambient drinking yogurt - the first such product in China - the category has grown to account for 13% of the country's yogurt market, according to Tetra Pak.

By year end 2017, sales of ambient drinking yogurt in China are expected to approach €5bn (\$5.6bn).

This, Switzerland-based Tetra Pak says, "illustrates the scale of opportunity the product presents globally."

"We have been delighted to work with our customers to develop a new dairy category in China. Ambient drinking yoghurt is flourishing because it appeals to the lifestyle of the modern day consumer, not just in China but globally," said Dan Björklund, manager of Tetra Pak's Centre of Dairy Expertise.

"Dairy brands have recognised this and we are get-

ting requests for the product from small local producers, as well as international companies, from all around the world," Björklund added.

In 2013, Bright Dairy credited Tetra Pak with helping "cement" the premium image of its premium Mosili'an brand with a relaunch.

Bright Dairy launched Mosili'an in response to increasing consumer demand for yogurt that could be consumed on-the-go.

It was first marketed in a plastic cup, but Bright Dairy turned to Tetra Pak for guidance after a less-than-satisfactory market entry. Bright Dairy later relaunched in Tetra Pak's Tetra Prism Aseptic carton.

Since Bright Dairy's 2010 launch of Mosili'an, 13 dairies have entered the Chinese ambient drinking yogurt sector with Tetra Pak processing lines.



PORK

STOCK EXCHANGE WOES HIT CHINESE MEAT INDUSTRY

Source: Global Meat News, 01-09-2015

China's stock market decline hit meat and animal feed producers the hardest, the report claims meat and other agricultural businesses in China have been among the worst hit by the slump affecting Chinese stock exchanges.

Since its mid-June peak, the Chinese market has fallen 42%, erasing more than \$5 trillion in value as traders decided high stock values were unjustified by China's slowing economy.

The decision by the Chinese government to devalue its currency, starting on 11 August, was intended to bolster exports, but caused markets around the world to fall. And within China, some of the stocks worst hit have been those of meat producers.

A new report, 'Slouching Tiger, Timid Dragon: Market Devaluation and China's Losses in the Food Sector' has been published this week by ChinaAg, a market research and analytical firm. "The poorest performing agricultural enterprises during the stock market decline were those engaged in meat (-47%) and animal feed (-42.4%) production," the report states.

Agricultural businesses

ChinaAg analysed 51 Chinese agricultural businesses that were publicly traded since markets began to fall in June. In total, five out of the six meat and animal feed companies analysed were traded in Shenzhen, the exchange most affected by the crisis. Conversely, food retailers performed most strongly during the crisis, averaging 'only' a 21% loss in value.

Compounding the problem for meat businesses has been the fact that at the time the stock market started its decline, the Chinese government announced

more than 100,000 tonnes (t) of smuggled and out-of-date meat had been seized across 14 provinces in a crackdown on smuggling gangs, which damaged consumer confidence in the sector.

Opting to devalue the currency was a risky strategy given that, according to the report, "China is the world's largest importer of agricultural goods, meaning the devaluation could hurt food processors which rely on cheap agricultural imports."

Pork production

Some areas of the meat industry, pork production in particular, are rapidly contracting in China. Last week, a report by Rabobank laid bare the decline in the Chinese hog and sow herd, which it dubbed "astonishing". Chinese pork production is forecast to drop by 3.7mt (6.5%), to 53mt in 2015.

Over the past 18 months, China's pork industry has experienced one of the largest culls on record. Rabobank laid out in its report 'China's Incredible Shrinking Hog Herd' that the decline of nearly 110m head is equivalent to the US, Canadian and Mexican pork sectors all disappearing from global supply in a span of less than two years.

This tightening of pork supply may help stocks and prices for meat businesses recover. However, going forward, ChinaAg predicted it was unlikely that China's agricultural enterprises would rebound quickly. "The uncertainty over the country's stock market stability and volatile currency will continue to cast a shadow over any potential short term and medium term gains," the report stated.



POULTRY

STRONG OUTLOOK PREDICTED FOR POULTRY INDUSTRY

Source: Global Meat News, 11-09-2015

The outlook for the global poultry industry is strong, despite concerns over avian influenza (AI), according to the latest Poultry Quarterly Q3 report from Rabobank.

The industry is benefiting from ongoing bullish market fundamentals, according to the report, with supply balanced in most regions and feed costs low. With China as the major exception, the industry is profitable in almost all major global regions.

AI remains a major concern for the global industry, with new outbreaks in most regions in the world, except Australia and South America. However, the number of outbreaks has been lower in recent months, and this offers the industry in these regions some time to recover.

“The performance in most regions is currently improving, but the industry should have optimal biosecurity as its first priority, as AI pressure is still significant,” said Nan-Dirk Mulder, animal protein analyst at Rabobank. “Any new case can have a big impact on regional and global trade streams, as we have seen in the past months, in which Brazil and

Thailand have taken further market share in global poultry trade from the US and China.”

Rabobank believes the outlook for late 2015 and 2016 is bullish, as feed prices are still expected to remain at low pricing levels, and global breeding stock supply will be very low in regions with AI-related import restrictions, such as China and South-East Asia. The expectation that China will face a shortage in poultry and pork supply next year could especially become a major swing factor for the global poultry industry. The expected further spread of AI to key US chicken production areas is a major wild card for the industry outlook in the second half of this year, Mulder added.



REGULATIONS

CFDA RICE LIQUOR (BAIJIU) TRACEABILITY SYSTEM

Source: Food Chemlinked, 16-09-2015

China’s government has laid down legal requirements that food producers and traders must implement traceability systems as per Article 42 of the new Food Safety Law which will come into force on 1 Oct 2015. CFDA recently released instruction notes regarding traceability for rice liquor manufacturers in accordance with legal provisions of the FSL.

Traceability Working Model

The Baijiu traceability system will require manufacturers to set up its own internal traceability system and regulators to offer guidance and supervision during the establishment and implementation of this system.

Manufacturer Obligations

- 1) Set up a traceability system
- 2) Implement the system
- 3) Improve the system

Regulator Obligations

- 1) Start with pilot projects
- 2) Promote traceability among Baijiu manufacturers
- 3) Timely inspection and supervision

Management of Food Safety Information Record

Authenticity of the information should be ensured and no alternation to original information is allowed. The diagram below indicates the key areas requiring comprehensive data recording.



E-COMMERCE

CHINESE BEEF COMPANY CLAIMS TOP-NOTCH TRACEABILITY

Source: Global Meat News, 01-09-2015

China's leading beef processor has "taken beef traceability to a new level", according to the company's boss.

Consumers would be able to use smart phones in-store to get an "unprecedented" level of information on products, according to Li He, president of Inner Mongolia Kerchin Cattle Industry Co.

Launching the 'Kerchin Cattle Industry Product Tracing Enquiry System' at a ceremony during the company's annual marketing conference recently, Li said that improving traceability was key to the firm's future competitiveness.

Information available real-time to consumers includes the slaughter date, breed and age of the animal, as well as farm origin and address. Likewise, the Kerchin system will provide specific quarantine details and details of origin of imported beef and details of drug residue levels in the meat. "We want our beef from the grassland to the table to be more transparent, safe and secure. We are pioneering traceability in the Chinese beef industry, this is a milestone in the field of food safety..."

E-commerce

Kerchin is keen to ensure consumer confidence in its products as it aims to build sales online. The Kerchin marketing conference also heard how the company was adapting to the Chinese government policy of internet-driven economic growth. Chinese agribusiness firms are being encouraged to develop logistics to be able to capitalise on the increasing popularity of e-commerce in the country.

The firm is also using the internet to burnish its environmental credentials and drive sales. Kerchin

used the launch of a new range of sausages earlier this month to launch a crowd funding venture for an 'eco-ranch' project, which will help prevent desertification in the Inner Mongolian grasslands.

The project, which raised almost RMB2 million in the first week of August, showed "the internet is a powerful tool and gives us a new marketing model" company president Li told the firm's annual marketing conference.

Ambitious

Kerchin has been nothing if not ambitious in recent years. Located in Tongliao city in the sparsely populated province of Inner Mongolia and taking its name from the local Kerchin grasslands, Kerchin in 2013 hired processing systems specialist Marel to install a new beef processing line which gives Kerchin scope to slaughter 200,000 heads of cattle per year. But the firm hasn't come near to full utilisation of that capacity. Kerchin also has cold chain capacity to produce 40,000 tons of frozen and chilled beef per year.

Aside from a giant plant in Tongliao the firm also has a new plant in Nanyang in the populous central province of Henan. The firm in recent years has also sought to expand its feed production business and what the firm terms "grassland ecosystem improvement" through for instance installing biogas energy production from its feedlots.

While Kerchin kills most of its beef from local, self-fed herds, it also processes imported beef to satisfy growing Chinese demand for beef. China imported 295,017 tonnes (t) of frozen beef in 2014, up from 282,890t in 2013 and 60,524t in 2012.

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