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NEWS FROM THE FOOD TEAM IN TRADE COUNCIL CHINA - MAY 2014
THE FOOD TEAM IN TRADE COUNCIL CHINA

The Food Team
Trade Council China

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VISIT BY THE DANISH AGRIFISH AGENCY

17 – 21 May 2014 a delegation from the Danish AgriFish Agency visited China.

The focus of the visit was to deepen the contacts within the agroindustry sector and to attend the annual “Director General Meeting between the Chinese Ministry of Agriculture (MoA) and Danish Ministry for Food, Agriculture and Fishery.

First destination was Qingdao where the delegation together with representatives from the Danish Embassy in Beijing participated in the first day of the China Agriculture and Animal Husbandry Exhibition as well as other activities arranged on the occasion. Focus during these activities was the promotion of the Danish Sustainable Pig Production including the opening of the Denmark Day at the exhibition (see separate article page 8). The delegation also had the possibility to meet all the Danish companies exhibiting in the 760 m2 large Danish pavilion.

Next destination was Beijing. The entire day was dedicated to the 2nd Director General meeting with the Ministry of Agriculture where the delegation from the AgriFish Agency accompanied by the Danish Embassy met with officials from the Chinese Ministry of Agriculture. Issues discussed included organic research and cooperation, the status of China Denmark Milk Technology and Cooperation Centre and agriculture structure development in the coming 5-10 years in China and in Denmark.

The establishment of a Sino-Danish model pig farm was one of the main discussion points focusing on
the regulation of emissions from livestock, efficient slurry/waste management and biogas, feed and animal health, financial models of the Sino-Danish model pig farm, identification of suitable private partners and geographical location.

Finally the forthcoming preparation of the vice-minister’s visit to Denmark and the 5th pig roundtable on 20 June in Denmark were discussed.

Tuesday 20 May the delegation – accompanied by the representatives from the Ministry of Agriculture - spent the entire day in Lianyungang, Jiangsu Province. In the morning a meeting with was held to discuss challenges regarding the slurry treatment in connection with pig farming.

Scandinavian Farms did the main presentations and a string of Chinese officials attended and spoke: Ministry of Agriculture, Guanyun County local government, Lianyungang City local government, Jiangsu Agriculture Committee, Guanyun County Agriculture Committee and Lianyungang Agriculture Committee.

In the afternoon the delegation and the Chinese central and local officials visited the Scandinavian Farms breeding pig farm and commercial pig farm. The visit provided the opportunity for all the participants to see how the Danish sustainable and efficient pig breeding and production including the use of slurry works in practice.
On Saturday May 31 the Royal Danish Embassy in Beijing opened its doors to about 4,000 visitors for its annual Open Denmark Day.

The aim of the event is to promote Denmark in China and to showcase Danish culture to Chinese citizens.

The Danish food sector was strongly represented from the company-side with participation from Carlsberg, Kjeldsens, Jacobsen Bakery, Moohko and Castle by Glamazon, which represents products from Frederiksdal Kirsebærvin and De 5 Gårde in the Chinese market.

With the rise of New Nordic cuisine Denmark has in later years highlighted itself globally as a culinary trendsetter and today hosts some of the World’s best restaurants. In turn a demonstration of New Nordic cooking was also one of the cultural highlights of the Open Denmark Day.

Using artisanal products from De 5 Gårde and Arla Unika, Danish star chef John Kofod Pedersen from Sortebro Kro prepared samples from a four course menu including cured salmon with honey dressing, pork terrine with rye bread and pickled beets, cheese washed in beer and his personal interpretation of the classic Danish dessert øllebrød.

These dishes were also prepared live on the stage, giving four Chinese visitors the unique experience to each prepare and taste the dishes alongside the internationally renowned chef.

Another Danish stronghold, the well-established organic agricultural sector, was also represented by a booth and drew a lot of attention from Chinese visitors, who showed great interest in learning more about the control system and food safety standards in the Danish sector as well as the displayed products targeting the children’s segment.
DENMARK DAY AT CHINA ANIMAL AND HUSBANDRY EXHIBITION

Together with the Danish Embassy, DanAvl, Danbred, Danish Farm Concept, Egebjerg, Hamlet Protein and Skiold participated at the Denmark Day at this year’s CAHE event.

CAHE has been held by China Animal Agriculture Association (CAAA) once every May since 2003. Till now, it has been held in Dalian, Nanjing, Qingdao, Ningbo, Hefei, Xi’an, Chengdu, and Beijing through 10 years’ promotion, the space has increased from 20,000 m² to 80,000 m², exhibitors has increased from 400 to 1,400, and the number of professional visitors has tripled to 120,000. CAHE has thus established itself as Asia’s largest animal husbandry expo with visitors.

The purpose of the Denmark Day at the exhibition is to serve as an extended arm of the participated companies’ booth at the entrance. We wanted to generate more interest and awareness of the companies’ products and service from Denmark at the Denmark Day, by showing the farm model, companies’ brochures, promotion videos on TV and introduction by the Embassy staff.

At the opening of the Denmark Day, we were very honoured to have Mr. He Xintian, Director General of National Animal Husbandry & Veterinary Service of Ministry of Agriculture and Karsten Biering Nielsen, Deputy Director General, the Danish AgriFish Agency, Ministry of Food, Agriculture and Fisheries in Denmark to give two opening remarks and followed by a joint ribbon cutting to mark the official opening of the Denmark Day.

Since it is a showcase at the Exhibition, we cannot calculate the exact amount of visitors as we did last year on the pig production seminar, but the Denmark Day and the model generated a good traffic of people taking pictures of the model, studying what it was about, enquiring why the farm design was like it was etc.

China Animal Husbandry Expo, Qingdao
18-20 May 2014

CAHE has been organised by China Animal Agriculture Association (CAAA) since 2003. It takes place once a year and has become the largest industry show in Asia.

Exhibitors profile are livestock, animal health products, feed and feed additives, animal husbandry machinery and animal breeding technology. 4,500 booths, 1,800 exhibitors and 120,000 professional visitors.
We directed the enquiries to each specific company booth to have a discussion there. We also actively introduced the products and services presented on the model, distributed the companies’ brochures and showed the company booth at the Denmark pavilion.

Danish companies which participated at the Denmark Day were DanAvl, Danbred, Danish Farm Concept, Egebjerg, Hamlet Protein and Skiold. All of them were provided the opportunity with a space at the farm model, promotion video to show on the TV and brochures to distribute on the day. Almost all the companies’ brochures ran out on the first day.

The location was next to the main entrance of E3 where the Danish pavilion was located. We agreed on the location with China Agriculture and Animal Association on purpose with the aim of generating more traffic on the day.

We believe that the Denmark Day at the Exhibition is a good exercise of generating market awareness among Chinese pig producers about the Danish system, Danish products and Danish services. This helps to build up the Danish brand as a whole and gain good exposure in the industry.

With the opening speech from the Ministry of Agriculture in China, we think the good link between Danish pig industry and the government officials will serve the purpose of strengthening the government relationships.

The feedbacks from China Agriculture and Animal Association are very positive. We actively used the CAAA industry website as a platform to market the Denmark day before the event and after the event.

continued…

**News from the Food Team**
LEADING ORGANIC EXPORTERS PRESENT AT BIOFACH CHINA

Beginning 20 May, Arla, Friland, Thise and Organic Denmark jointly exhibited at BioFach China in Shanghai.

Entering its 8th round, BioFach China 2014 took place from 22 to 24 May at INTEX Exhibition Centre in Shanghai. BioFach China, co-organized by China Green Food Development Centre under the Ministry of Agriculture and German NürnbergMesse, is the most important organic fair in China and a great source of boosting up the Asian organic market.

BioFach China is also highly supported by the Ministry of Agriculture, CNCA and IFOAM. The Danish pavilion made its debut at this year’s BioFach China - Arla, Friland, Thise and Organic Denmark jointly exhibited at BioFach China 2014.

On the first day of the exhibition, Minister Counsellor of Danish Embassy in Beijing Ms. Marie Louise Flach de Neergaard attended the opening ceremony where Director General of agro-product quality and safety bureau under Chinese MoA, Deputy Director General of CNCA, Director General of China Green Food Development Centre, Deputy Director General of Shanghai Municipal Agricultural Commission, representatives from FAO and IFOAM were also present.

The opening ceremony was followed by a guided VIP tour around the exhibition area. The VIP tour’s stop by Arla’s booth gathered lots of media attention.

At the BioFach China 2014 Conference on the Development Trend of Global Organic Market, Minister Counsellor of Danish Embassy in Beijing Ms. Marie Louise Flach de Neergaard delivered a presentation on organic food trends from a Danish perspective.

The speech which aims to establish and promote the credible Danish organic image and brand on the Chinese organic market highlighted important elements in Danish organic certification, Danish food control,
the rising organic food service market in Denmark and future development of organic food industry in Denmark.

All of the three Danish producers that have so far been certified for organic sales in China including Arla, Friland and Thise gathered at the BioFach China 2014. Trade visitors including distributors and buyers were very attracted by the Danish pavilion. It was the first time for Organic Denmark to experience BioFach China.

The Trade Council facilitated Organic Denmark’s initial meetings with potential importers/distributors of Danish organic products and checked out some high-end supermarkets and organic grocery stores in Shanghai with Organic Denmark where Danish organic products can potentially be sold.
FAIRY TALE KINGDOM AND COOKIES ON CHINA'S MOST POPULAR TV-SHOW

Around 200 million viewers followed the Danish Ambassador preparing cookies as part of an introduction to Denmark and Danish culture. The show also featured chef Per Thøstesen, singer Medina and the Royal Danish Ballet School.

In connection to the very popular Children’s Festival in China 1 June, the Danish Ambassador Friis Arne Petersen was invited to participate at the recording of one of the most popular TV entertainment shows in China, called "Day Day Up" at HuNan Satellite TV station recorded on the 20 May 2014. This TV program is watched by more than a hundred million audiences each week in China.

The Ambassador was accompanied by the food brand Kelsen Group A/S, together with toy brand Lego, the Danish Chef Per Thøstesen, the most well-known singer Medina’s team, and the Royal Danish Ballet School to be present and perform at this show.

It is believed that the exposure of these two Danish brands and the Danish culture will be reinforced significantly after the program was shown on the 30th May 2014 in China.

The tv-show Tiantian Xiangshang is followed weekly by around 200 million viewers. It is the most viewed show in China in its time slot Friday evening from 20:00-22:00. The tv-station that is broadcasting the tv-show, Hunan Satellite TV can be watched by more than one billion viewers. Hunan Satellite TV is one of the most popular tv-channels in China and its entertainment shows are among the most liked in China.
The programme on Denmark was broadcasted the 30th of May and aside from Ambassador Friis Arne Petersen, the Danish pop star Medina, the Royal Danish Ballet school, LEGO, Kelsen Buttercookies and the chef Per Thøstesen participated as well. Ambassador Friis Arne Petersen guided the viewers through a myriad of Danish performers and artists on the show.

During the show the Ambassador told the viewers about fishing while living in the Northern part of Jutland at the tip of the peninsula called Skagen. Ambassador Friis Arne Petersen comes from a fisherman’s family and grew up dreaming that he one day would become a fisherman himself. However his primary school teachers recommend that he go to high school and university instead.

The Danish chef Per Thøstesen is the owner of the renowned Danish bistro Bistro Boheme in Copenhagen. He has been chef at several Michelin awarded restaurants including working for the world famous chef Poul Bocuse in France.

Kjeldsen was established in 1933 and today it has developed into one of the world’s largest cookie producers. Its classic Butter Cookies has become a well-established brand in China.

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NEW UPDATE ON CHINA FOOD SAFETY LAW

New guidelines have been issued by the Chinese State Council to deal with land water pollution.

The Chinese State Council, the country’s cabinet, has issued a guideline to boost food safety this year, a government statement said on Tuesday.

More measures will be taken to deal with land and water pollution and those who are using banned pesticides and veterinary drugs will be punished, the statement said.

The quality of baby formulas will be strictly monitored and a campaign will be made to crack down on any illegal use of food additives, it said.

More efforts will be made to improve food safety in meat products and punish those who illegally purchase, produce or sell sick or dead animals, the document said.

Waste from kitchens should be dealt with properly and it is forbidden to illegally purchase, transport or process waste edible oil, it said.

Campaigns will be made to improve food safety in the rural areas, as well as in the vicinities of schools, the statement said.

Draft amendments to the Food Safety Law released in October last year said China will triple the fines for severe food safety violations, and those jailed for such crimes will be banned forever from the food industry.
Are you in the process of starting exports to China? Are you looking for an agent or a local business partner? Which segments should you target? Or do you merely want to explore whether there is potential for your product in the Chinese market?

China is a large yet complicated market and questions in relation to export matters can therefore be plenty and difficult to answer if one does not have the sufficient knowledge of or physical proximity to the market. In June two representatives from the Trade Council’s food team in China, including Minister Counsellor Marie Louise Flach de Neergaard, will participate in export seminars in collaboration with the Danish Business Links (Væksthusene) where your China-related questions can be answered.

The export seminars will elaborate on the potentials and pitfalls of the booming Chinese market for food and agricultural products as well as present cases from local firms, who have actually managed to enter China successfully. Finally, the seminars will finish with individual mini-consultations.

Here you will have the chance to discuss your export ambitions with a representative from Trade Council China in order to map how these may be fulfilled based on your individual needs and wishes and how assistance from the Trade Council can be part of such an effective entry strategy.

The seminars can be attended free of charge but registration is required. When signing up, please inform if you desire a mini-consultation.

Registration contacts:

**Væksthus Central Denmark – Aarhus**
Wednesday, June 18, 8.00-11.30
Katrine Dalsgaard Skovly
70 22 00 76 / katsko@um.dk

**Væksthus Northern Denmark – Aalborg**
Wednesday, June 18, 13.30-16.30
Lars Juhl Hansen
53 54 56 96 / ljh@vhnordjylland.dk

**Væksthus Southern Denmark – Odense**
Tuesday, June 24, 8.00-11.30
Steen Nymann Andersen
41 86 59 67 / sna@vhsyd.dk

**Væksthus Zealand – Vordingborg**
Tuesday, June 24, 14.00-16.30
Martin Amdi Petersen
53 72 71 91 / map@vhsj.dk
DANISH AGRICULTURE AND FOOD EXPORT TO CHINA

The Danish export of food and agriculture to China reached 15,35 billion DKK in the one year period from March 2013 to February 2014. The export of fur and skin in February 2014 (0,5 billion DKK) was much lower than the export in February 2013 (1,5 billion DKK). This affect the total export numbers significantly. Though all export areas have increased but especially two areas have experienced a spectacular increase: export of live animals are up 1.275% compared to the previous year and dairy and eggs are up 84%.

The total Danish export of goods from March 2013 to February 2014 reached 30,29 billion DKK, which is a growth of 8% compared to the previous year period. The agricultural and food export accounted for 50,7% of the total export from Denmark to China (March 2013 to February 2014).

A closer look at the numbers

By far, the largest export within food and agriculture is fur and skin, which take up 68% of the total export. Meat products, which have steadily increased during the last years continue to grow and are up 5% compared to the previous year.

Live animals still count for a very insignificant part of the total export but the area is in an impressive growth together with grains and feed. Grains and feed counts for 4% of the total compared to 3% in the previous year.

As a percentage of the total export; agricultural machinery (less than 1%), dairy and eggs (2%) and aquatic products (6%) remain closely unchanged compared to the previous year.

Export figures

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

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<tbody>
<tr>
<td>Fur and skin</td>
<td>10.449.844</td>
<td>10.184.216</td>
<td>3%</td>
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<tr>
<td>Meat products</td>
<td>2.085.270</td>
<td>1.987.799</td>
<td>5%</td>
</tr>
<tr>
<td>Aquatic products</td>
<td>919.365</td>
<td>889.618</td>
<td>3%</td>
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<td>Grains and feed</td>
<td>631.321</td>
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<td>Dairy and eggs</td>
<td>323.914</td>
<td>153.046</td>
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<td>Agricultural machinery</td>
<td>103.937</td>
<td>64.356</td>
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<tr>
<td>Live animals</td>
<td>126.717</td>
<td>9.215</td>
<td>1.275%</td>
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<tr>
<td>Misc.</td>
<td>708.103</td>
<td>406.164</td>
<td>74%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>15.348,471</strong></td>
<td><strong>14.146,293</strong></td>
<td><strong>8%</strong></td>
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</tbody>
</table>
CHINESE FOOD INFLATION

The declining development in the consumer price index, which we have seen since October 2013, seemed to change in March 2014 thought the recent numbers indicate that the index continues to decline as of April 2014. The consumer price index reached 1,8% in April 2014, which is less than the lowest Y/Y rate from April 2013. The food price index reached 2,3% in April compared to 3,5% in March.

Compared to the previous year the consumer price index is at a relatively lower level: 1,8% in April 2014 compared to 2.4% in April 2013. The food price index has been in a challenging year with high peaks in June/July 2013 and October 2013.

**Consumer Price Index (CPI) & Food Price Index development**
April 2013 - April 2014 (Source: China National Bureau of Statistics)

![Graph showing Consumer Price Index and Food Price Index development from April 2013 to April 2014.]

### Last 3 months average
During the last three months beef, mutton and fruits have increased year on year with 8,4%, 7,5% and 19,4%, respectively. Besides grease, pork and eggs, all areas have seen a 3 months average growth in a more moderate pace. Pork decreased in April 2014 with 7,2% whereas the 3 months average ended at a decrease of 7,5%. Vegetables and fruits have during the last three months seen a massive increase. Milk and dairy product increased with 10,8% in April 2014 alone, decreasing the 3 months average to 11,3%.

**China food inflation - 3 months average**
From February 2014 to April 2014 by category. Values in Y/Y (%). (Source: China National Bureau of Statistics)

![Bar chart showing the percentage change in Chinese food inflation from February 2014 to April 2014.]

- Urban: 2.1%
- Rural: 1.8%
- Food: 2.8%
- Non-food: 1.6%
- Grain: 2.8%
- Grease: -5.4%
- Pork: 8.4%
- Beef: 7.5%
- Mutton: -0.6%
- Eggs: 5.5%
- Aquatic Products: 0.4%
- Vegetables: 19.4%
- Fruit: 11.3%
- Milk and dairy: -10.0%
THE 5TH CHINA-DENMARK PIG PRODUCTION ROUNDTABLE

Following up on the four previous round table discussions within pig production, the fifth edition will take place in Copenhagen on June 20.

On June 20, the 5th China-Denmark Pig Production Roundtable will take place in Copenhagen.

Representing China’s Ministry of Agriculture a delegation including Vice Minister Chen Xiaohua and a veterinary working group will attend the roundtable conference alongside a business delegation representing Chinese companies within pig production hand-picked by the Chinese ministry.

The roundtable is thus a unique occasion for companies to meet top decision makers in China’s Ministry of Agriculture on the topic of pig production and to draw on the goodwill from the recent State Visit.

Participants will be able to have direct contact and establish relationships with the Ministry of Agriculture’s official delegation. These activities will enable companies related to the Danish pig production to strengthen Chinese government relations to support a stronger commercial foothold in the Chinese market.

A few available spaces for companies to present their pig production activities at the roundtable conference remain.
GREAT OPPORTUNITY TO SELL PRODUCTS TO THE BEST RETAILERS IN CHINA

AsiaCorp, together with The Royal Danish Embassy has entered into a unique agreement in China.

For China, we have put together an export promotion targeting supermarket chains, internet sales and dialogues with potential agents/importers.

Imported foods, together with premium foods, are considered as safe and very high quality. This creates an ideal environment for Danish companies within the premium food sector, because Danish foods and products have an international reputation for high quality.

The overall goal of the initiative is to create direct export opportunities to China for the participating companies, and at the same time to give the participants an opportunity to test consumers’ preferences in the world’s largest market.

This export promotion will give the participating companies a unique chance to get:

1) Their products presented to top procurement officials and general management in order to create direct sales.
2) Explore potential e-commerce sales opportunities in China.
3) Get a screening of potential agents/importers to work with, which also can target wholesale, hotel- & restaurant segments, etc.
4) A comprehensive feedback with suggested next step will be forwarded to each company as well as a field research price list of competing products in the Chinese market.

Participation price: DKK 24,500 (ex. VAT)

Deadline for registration: 30. June 2014

Meetings in China will take place from first week of September to last week of October 2014.

Internet sites to be targeted across China:
1. Womai.com
2. No. 1 store (YHD.com)
3. JD.com
4. Taobao Juhuasuan

Supermarket chains to be targeted in all 4 cities: Beijing, Shanghai, Guangzhou and Chongqing:
1. Olé
2. BHG Market Place
3. Walmart
4. Cityshop
5. Carrefour
6. Metro
7. Aeon
8. New Century

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This export event is launched in the following destinations: Beijing, Shanghai, Guangzhou and Chongqing, which are all Tier 1 cities.
EVENTS

WORLD FOOD BEIJING TRADE SHOW COMING IN NOVEMBER
Source: UNDERCURRENTNEWS, 08-05-2014

Trade fair organizer Koelnmesse and the China Chamber of Commerce for Food Stuffs and Native Produce (CFNA) are establishing a strategic cooperation to jointly organize a food event to target China’s northeast region.

Dubbed World of Food Beijing, the event is poised to be held Nov. 26-28 at the China National Convention Center in its namesake city.

Its organizers expect a strong showing. CFNA has 6,000 members spanning the entire globe’s food supply chain and product categories and include major importers and distributors of international food products in Beijing and the entire North China. Taking place concurrently will be the China International Dairy Expo and the 11th Sweets & Snacks China.

Seafood is included among a comprehensive food portfolio list, which also includes fine foods, dairy products, organic foods, sweets and snack foods, beverages, wine and liquor, fruits and vegetables, edible oils to baked goods, coffee and tea and meats. Industry insiders and leaders will discuss market-specific topics of interest and current trends and developments, such as food safety, consumption trends, and import regulations.

“We are very excited about this new project, as it is for a relatively untapped market,” Michael Dreyer, vice president of the Asia-Pacific region for Koelnmesse, said.

Koelnmesse is also one of the organizers for the food event Anuga.

“As the organizer of the world’s leading food event Anuga with satellite events in Thailand, India and Japan, we have a solid track record, an extensive international network and the local expertise to build a high-level and comprehensive food event for this region,” Dreyer said.

Beijing was a logical choice as the event’s base, say organizers, as being the capital city of China, it is the business, political and tourism epicenter of the country and one of the world’s largest metropolises.

According to latest statistics, Beijing has now overtaken Shanghai in import food value, and North and Northeast China combined are now responsible for 46% of all food imports into China.
**REFORMS**

**GM LABELING IMPROVED**
Source: Global Times, 27-05-2014

China is to improve its regulations on labeling genetically modified (GM) food to guarantee consumer rights.

The measure was included in a guideline issued by the State Council, the country’s cabinet, to boost the nation’s food safety, according to a government statement issued Tuesday.

The guideline did not give details about the stricter rule to be implemented.

GM food remains controversial in China and consumers have complained it is hard to distinguish GM food from non-GM food due to poor labeling.

**FOOD SAFETY**

**DENMARK AND CHINA SIGN FOOD SAFETY MOU**
Source: Food Navigator Asia, 06-05-2014

The Technical University of Denmark (DTU) and the China National Center for Food Safety Risk Assessment (CFSA) have signed a memorandum of understanding around food safety.

DTU Food and CFSA will exchange experience and work together in risk assessment, monitoring of risks and risk communication, and nutritional studies and evaluations.

The organizations will set up shared research programmes, exchange research results and provide supplementary education courses within relevant fields.

Jørgen Schlundt, director of DTU Food, said the agreement benefits China and Denmark. “Our Chinese partners stand to gain from DTU Food’s experience regarding risk assessment of foods and nutritional studies, while we have the opportunity to forge strong links in the Chinese research environment.”
Chinese agricultural authorities on Wednesday fend-ed off negative remarks made by a policy institute president over food security, saying China is able to feed itself.

"China poses no threat to world food security but will contribute quite a lot instead," said Bi Meijia, chief economist and spokesman for the Ministry of Agriculture. "We can carry our rice bowls quite safely."

The Chinese official's comments came almost three months after Lester R. Brown, president of the Earth Policy Institute, raised fresh concerns over China's demand for world grain in his latest research note Who Will Feed China?

Bi said China's grain self-sufficiency rate stood above 97 percent in 2013 and cereal imports reached 14 million tonnes, accounting for less than 2.6 percent of the country's cereal output.

His comments were in contrast to Brown, who warned in February that as China imports increasing quantities of grain, it is competing directly with scores of other grain-importing countries, such as Japan, Mexico and Egypt.

Brown said China turning to the outside world for massive quantities of grain was "forcing us to recognize that we are in trouble on the food front".

Soybean remained China's primary grain imports, which rose 8.6 percent year on year to reach 63.38 million tonnes in 2013, according to customs data.

The country's grain output gained 2.1 percent year on year to hit 601.94 million tonnes, marking 10 years in a row for increased grain production, according to the National Bureau of Statistics.

China's rising grain imports in recent years were mainly driven by lower offshore prices as compared to domestic grain prices, Bi said.

"As global grain prices headed down, it's in China's interests to import an appropriate amount of grain at lower prices and follow the trend of international agriculture products," he said.

The government's emphasis on and policy support to agriculture will encourage farmers to continue growing grain production, thus further consolidate the ability for the country to feed 1.3 billion people, Bi said.

Relying more on machines, science and technology for higher grain output, China is also working to up-grade its irrigation system to make its food production sustainable, he added.

China has designated permanent cropland to ob-serve a red-line guarantee that arable land shall never shrink to less than 120 million hectares.
Beijing residents must have their dead pets cremated at approved institutes instead of burying the corpse, according to a newly-approved animal epidemic prevention regulation that will kick in from October.

The regulation, approved by the Standing Committee of Beijing Municipal People’s Congress on Friday, stated that failure to cremate a pet’s corpse could mean a fine of up to 3,000 yuan ($480), the Beijing Morning News reported.

The congress is planning to support pet hospitals setting up refrigerated morgues for residents to temporarily preserve their dead pets, which can then be sent for sanitary cremation.

The annual total of animal bodies and animal products that has to be disposed on in the city has reached 39,200 tons, according to the report.

While there are only four to five cremation plants in the city, there are plans to build 10 more plants in the suburbs, The Beijing News Reported.

A member of staff at Heaven for Pets, an animal cremation center in Beijing, said that the treatment is charged based on the weight of the corpse and the cost is usually less than 1,000 yuan, said the report.

The agricultural authorities, who are also in charge of animal hygiene, stated in the regulations that they would introduce a new kind of certificate that dogs must wear around their necks to show they have been vaccinated for rabies. Failure to vaccinate a dog can result in a fine of up to 1,000 yuan and owners can be held responsible if the unvaccinated dogs cause damage to others, according to the regulation. But there was no specific punishment listed for not wearing the certificate, The Beijing Times reported.
Black ingredients are considered healthier in China and black breakfast cereals are making a debut splash in the market; a trend Western companies should take note of, says a Datamonitor researcher.

China’s breakfast cereal market was pegged at $141.1m in 2013 and should grow 7.51% by the end of this year; propelling the market value to $151.7m, according to Datamonitor Consumer.

Big players including Kellogg, PepsiCo and Weetabix have all targeted the market in some way, but Ghina Romani, food and drink researcher at Datamonitor Consumer, warned they would need to pay attention to emerging trends as well as established ones.

“Hot is how consumers like their cereal in China, for example. It’s not like in Europe where people eat cold cereal, it’s absolutely important to enjoy a hot meal in the morning,” she said, referencing Datamonitor Consumer’s latest Innovation Tracking report.

But one trend that had just started to surface, she added, was the desire for black ingredients.

“Black cereal is a massively growing trend. The more black the cereal, the healthier it is in the eyes of Chinese consumers,” she said.

Romani said there had been a number of chefs and dietary experts on local television pushing black ingredients as healthier. “They’re talking about how healthy black rice is; black grape; black mushrooms. They’re claiming they are more nutritious than regular ones.”

Romani said it was unknown whether these claims were backed by science, but said the trend had in any case had taken hold.

“It’s a very new, recent trend. But if any of the main Western cereal players want to be successful in the market, it’s essential for them to understand this new trend. If they manage to use it in their product, I think it will make a big difference,” she said.

“Consumers in the market would love to see the Western brands in cereal, but they also want to have their favorite meal. They like breakfast hot not cold, savory not sweet and now recently in black.”

Black cereal only from local players, so far...

There were a number of black breakfast cereals already on the market in China, said Romani.

**The hot black cereal comes in sachet form**

One example was a product launched in February this year from local food player Guangxi Nanfang Black Sesame Food. The hot black cereal was made with a blend of black ingredients – rice, sesame
seeds and beans and came in three variants that incorporated fruit and vegetables.

This product was novel, Romani said, because of the inclusion of fruit and veg.

“That’s the new, novel part. These ingredients add more to the nutrition of the product; they are all very well known for being high in protein, high in vitamins,” she said.

In addition to this, the product tapped into the hot cereal trend and also appealed to a busy younger generation as it was in sachet form, needed hot water added, and therefore could be consumed on-the-go or at work.

So far black cereal has only come from domestic players so far. Romani said that given the shift towards Western eating habits and appeal of Western brands, black cereal held huge potential for foreign players.

However, she said that rather than developing straight-forward black breakfast cereals, manufacturers should consider incorporating nutritional ingredients like fruits and vegetables, like Guangxi Nanfang Black Sesame Food had, if they wanted to stand out.

Local partner a clever option
Romani said partnering with a local company could help success Western cereal players.

“They need local expertise, just to understand the consumer preferences more as you see it’s totally different to European trends. If not a partner, then they definitely need to work with people in the country to understand the consumer.”

In 2012, Kellogg Company announced a partnership with Asian agri giant Wilmar to drive forward its presence in China’s snacks and cereal market and Weetabix recently announced its new product development plans for China, aided by local firm Bright Food’s 60% share in the company."
MEAT

CHINA MAKES WAVES IN INTERNATIONAL MEAT MARKET


Demand for meat in China is soaring with exports to the country growing rapidly, according to the US Meat Export Federation (USMEF).

During a press conference held yesterday (22 May), USMEF reported on its performance over the first quarter of 2014, outlining some of the key issues impacting foreign markets and provided an overview of how it expects to perform in the remainder of the year.

Joel Haggard, USMEF senior vice president, Asia Pacific, said that China continued to make waves in the international meat market. He said that following record imports of pork, in terms of volumes, by China, "it now looks like it is splaying out on the beef side". He said that in terms of direct imports, from all international sources, China took in almost 300,000 tonnes of pork - an increase of 375% on what they imported in 2012.

"The import surge of beef continued in the first quarter, with im-
mand growth,” said Haggard. “China also reported an almost 2% increase in beef production last year to 6.7m metric tonnes. It’s hard to believe that demand is growing that strong.”

Haggard said on the pork side things had been a little more smooth. He explained that China has its production - up 2.8% on last year - under more control. He said the country had harvested more than 700m head of animals and produced 55m tonnes of pork, while their prices have been very low.

"The US has done very well for the first quarter given our prices and despite very strong European competition and China's increasing production. Chinese hog prices have surged upwards in recent weeks so we remain optimistic about our exports to China, although we’re predicting growth will be flat, because of the competition from Europe," said Haggard.

He added that the USMEF looked forward to more access to Vietnam under the TTP talks.

High US beef prices and increases in US export volume were signs of demand, he said, but the country was not growing as fast as some of its competitors. "Looking at volumes, Brazil was up 18% in first quarter, India up 12% and Australia was up 23% in volume - an indicator of regional demand, but also of competition," he said.

Chairman Mark Jagels said for both beef and pork exports, the value per head slaughtered has never been higher.

"In the first quarter we averaged more than $60 per hog slaughtered - 14% higher than the same period a year ago. And for beef, per head for steers and heifers was nearly $255 per head, up 15%. This is the kind of growth that can only be achieved if you’re getting out into each of the markets that see the most value."

Philip Seng, president and chief executive, said beef exports were up 11% in volume and 9% in value over the period. "One of the key markets we’re enjoying at the moment is the Mexican market. The Japanese market is also performing quite well for us - we’re up about 20% in the first quarter," he explained, adding that the Hong Kong/China market was also very strong.

"The future is equally bright when we look at pork, which is up 11% in volume and value. We’re doing very well in Mexico - with exports up around 22%. In Japan there have been some challenges in the past couple of years, but the first quarter has performed very well. We’re seeing considerable growth in the Japanese market and in the South American market," said Seng.

John Brook, USMEF regional director, Europe, Russia and the Middle East, said the US still has market access problems with Saudi Arabia, but there has finally been some movement in terms of talks, so it is hopeful there can be some progression with that market in the near future."
CHINA GEARS UP FOR HALAL MEAT EXPORTS


The world’s meat traders were in western China this week for the China International Halal Food and Products Fair, designed to make China a leading halal meat exporter.

Held in the western city of Xining in Qinghai province, a major sheep producing region, the expo featured almost 1,000 exhibitors, according to organisers. Among those showing their wares were Changchun Haoyue and Inner Mongolia Kerchin Cattle Industry Co – Chinese beef and lamb processors who both sell packaged meat under Chinese halal certification.

The large processing capacity of China’s meat companies gives the country an edge in the halal export trade, said local officials. "We aim to become one of the world’s leading exporters of halal meat and other food products. This is a market of 1.6 billion people and China has the processing ability to capture some of this [market]," said Wang Xihui of the Qinghai branch of the China Centre for the Promotion of International Trade.

Wang’s guests at the event included a representative of the Arab League along with officials from China’s Muslim-majority neighbours, including Pakistan, Kyrgyzstan and Tajikistan.

Chinese government data suggests China currently has a 0.1% share of the global halal food market. Vendors at the Qinghai show admitted that certification remains a weak point, with a lack of recognition of China’s certification a key obstacle to building shipments to the Arab world.

Halal is known in China as "qing zhen cai" or "pure truth food" – restaurants in Beijing regularly feature "qingzhen" nameplates over the door. Certification has traditionally been overseen by the China Islamic Association (CIA), a government body, as well as
the State Ethnic Affairs Commission, another gov-
ernment bureau. China's food companies have good
reason to become halal-certified, given the coun-
try has a 20 million-strong local Muslim population,
many of them (nine
million) part of the local ethnic-Chinese Hui group-
ing and another 8.4 million Uyghurs, a Turkic group-
ing native to the western region of Xinjiang.

Chinese halal meat producers have thus far been
getting by on local certification: among them Zhi
Wei Zhai Halal Co in the populous central province of
Henan, which has been growing a processing busi-
ness as well as a halal restaurant chain. Its only
certification is from the local Ethnic Affairs office, a
government bureau overseeing China’s ethnic mi-
norities.

"We are slaughtering 300,000 sheep a year and we
are expanding our logistics operations and resta-
aurant chain as there is big demand for halal meat in
China, it has a good reputation for safety," explained
a company spokesman. Profit margins of 30% at Zhi
Wei Hai are higher than non-halal firms, he added.

As Chinese meat and food firms look to global sales,
the national government has set some ambitious
goals for Yinchuan, the capital of the northwestern
Ningxia province. Aside from a bonded zone for ha-
lal food processors, the provincial capital, Yinchuan,
is also set to have a Muslim Trading and Logistics
Centre as well as an Islamic Finance Centre.

The latter goal may be ambitious given China’s cur-
rency remains non-convertible but an expansion of
Arabic language programmes at local universities
and the promise of an International Certification
Centre for Islamic Food – also promised for Yin-
chuan – would give local halal processors a boost in
their bid for international markets.

China’s growing trade ties to the Middle East pro-
vide leverage. The large east coast city of Yiwu,
known for small consumer goods, has drawn a large
population of Arab traders (the city exports almost
50% of exports to the Middle East). Now the city
has teamed up with the province of Qinghai to ship
meat as well as consumer goods.

An advantage for China is the ability of its bureau-
cracy to draw in trading partners to conferences and
trade arrangements. China’s emergence as an im-
porter of resources has made it sought out as an alter-
native source of investment and trade, explains
Ben Simpfendorfer, a Hong Kong-based investment
banker and partner at Silk Road Associates, special-
ised in Sino-Arab trade flows.

Held each September, the China-Arab States Expo
has been geared by Beijing as a platform to promote
trade between China and the Arab states. Held in
the capital of the Ningxia Hui autonomous region,
the conference last year drew Arab leaders, includ-
ing King Abdullah II Bin Al-Hussein of Jordan and
King Sheikh Hamad bin Isa Al-khalifa of Bahrain
while Kuwait was the "guest country of honour" at
the event which also featured a trade expo of local
halal food producers.

Similarly, China’s free trade agreement with the
Association of Southeast Asian Nations gives the
country’s halal producers access to the massive ha-
lal markets of Indonesia and Malaysia, as well as
Brunei. A deal on mutual recognition of halal certi-
fication with Kuala Lumpur potentially provides Chi-
nese firms with export opportunities to Malaysia, a
Muslim-majority nation that exports US$11.5 billion
per year worth of halal products (not just meat),
making up 5% of its overall exports.

Yet Chinese firms aren’t alone in seeking a share of
the global halal food market. Japan has also been
eyeing halal exports - a Japanese venture capital
company has teamed with a Malaysian state inves-
tor to launch a $50 million fund with money from
Japanese banks to invest in Japanese food process-
ing firms to get certified and geared up for halal
exports.
Central China’s Hunan Province will pilot a poultry insurance scheme for farmers and enterprises this year to reduce economic losses caused by mass poultry deaths, local authorities announced on Thursday.

According to the website of the provincial animal husbandry and aquatic department, the poultry insurance scheme will provide risk guarantees for those who raise chickens, ducks or geese and suffer losses due to poultry deaths or culls caused by disease, natural disasters or accidents.

Farmers and enterprises must pay over 50 percent of insurance expenses, while the provincial government should offer a maximum of 40 percent of the total expenses. The remaining expenses will be covered by prefectures and cities, the department said.

It did not give the exact launch date of the poultry insurance program.

Hunan is a major poultry-producing province in China. The output value of the poultry industry was 30.8 billion yuan (about five billion U.S. dollars) last year, accounting for over 17 percent of the value of the animal husbandry sector.

However, due to the H7N9 virus, Hunan’s poultry industry has suffered direct economic losses worth more than three billion yuan over the past year, the department said. H7N9 was first reported in China in March 2013.

To protect the poultry industry, many developing countries have launched poultry insurance schemes.

In China, Beijing, Shanghai and east China’s Jiangsu Province have already piloted poultry insurance programs, the department said.
Hong Kong’s Center for Food Safety of the Food and Environmental Hygiene Department announced on Wednesday that the import of poultry meat and products, including poultry eggs from South Korea will be banned with immediate effect for the protection of Hong Kong’s public and animal health.

The department said that in view of notifications from the World Organization for Animal Health (OIE) that outbreaks of highly pathogenic avian influenza were detected in various parts of South Korea since January this year, the import of poultry meat and products from the country will be banned.

"We will continue to closely monitor information issued by the OIE on the avian influenza outbreaks and the latest situation in the country," a spokesman of the department said.
Exports of European UHT milk in SIG Combibloc cartons to dairy-hungry, safety-conscious Asian markets has increased by 600% since 2011, the company revealed.

Consumers in Asia, particularly China, are willing to pay premium prices for European milk, which are available in "abundant quantities" and are perceived as "representing excellent quality and product safety."

But not only must the milk be “top quality”, the packaging “also needs to satisfy exacting quality standards.” The aseptic carton pack “hits the mark” on this front, said SIG Combibloc.

“For our European dairy customers, the number of UHT milk products in our carton packs that are headed for the Asian market has increased six fold since 2011,” said Matthias Krusche, global market segment manager at SIG.

“For Asian consumers, product safety plays a significant role in the selection of food. Separately from the product itself, food packaging too, with its protective characteristics, is increasingly moving into the public focus,” said Krusche.

Quality and safety
German dairy giant Deutsches Milchkontor (DMK), a SIG customer, exports a variety of products to China, including UHT milk in one litre aseptic carton packs.

On the back of this demand from Asia and other developing regions, DMK has seen exports grow to account for 38% of its annual turnover.

“A dynamic market calls for ideas, progress and commitment in every area. For that reason, we’re investing a great deal in dairy research, in developing new products and production methods, in technology, quality and safety,” said Michael Feller, director of marketing and sales at DMK.

"This enables us to offer bespoke products for the German and for the international market," Feller added.

Milk quota abolition
SIG client Arla Foods, which also ships European UHT milk to China, offered similar insights. Once the European Union (EU) milk quotas system is abolished next year, Arla farmers will produce an estimated additional 1bn kilos of milk per year.

It expects to sell the majority of this surplus outside the EU, in growth markets such as Russia, China, the Middle East and Africa. For these shipments, it believes aseptic cartons are the best choice.

"The gentle UHT process, and filling the products in aseptic carton packs, ensures that our milk heads out to consumers in the best quality, and can be kept for long periods even without refrigeration," said Tim Orting Jorgensen, executive vice president, Arla Foods Germany and the Netherlands.

"Carton packs protect our products and keep them safe. They’re also unbreakable, sturdy and they stack well – these advantages save on logistics costs. For that reason, they’re also perfect for export sales," he said.
A major Chinese dairy maker has refuted a media report alleging that it added toxic industrial gelatin to its yogurt products.

In a statement released Friday, Beijing Sanyuan Food Co. said its production materials were purchased from the world’s leading edible gelatin makers, either wholly foreign-funded or Sino-foreign joint ventures.

Quality tests have shown that both the materials used in the production of the edible gelatin and the final gelatin products are up to standards, it said.

The dairy products were sold after passing quality tests, Beijing Sanyuan said.

Lyu Shuqin, vice president of Beijing Sanyuan, said the company enforces a tough screening system for suppliers to ensure that all production materials are up to standards.

The 21st Century Business Herald newspaper carried a report on Friday alleging that the Beijing Sanyuan Food Co. once purchased toxic industrial gelatin from Gelita Cangnan Gelatin Co. in east China’s Zhejiang Province.

The report said its reporters obtained documents showing that the dairy producer bought more than 20 tonnes of gelatin from the German firm, which was embroiled in an industrial gelatin scandal from last year to the beginning of this year.

China Central Television, the country’s national broadcaster, said in a special report on March 15, World Consumer Rights Day, that Gelita Cangnan allegedly used leather scraps bought from leather companies to make gelatin that was later used for food and drug production.

Beijing Sanyuan Foods Co. is the only major dairy firm that was not implicated in the country’s infant formula scandal in 2008 that left at least six infants dead and almost 300,000 with kidney illnesses.

Beijing Sanyuan even benefited from the scandal, with not only a rise in sales but also business expansion. In March 2009, the company bought core assets of Sanlu Group, a dairy firm based in Beijing’s neighboring province of Hebei, which went bankrupt after the scandal.
A Chinese official blamed overcharging by foreign producers on infant formula in China as a leading cause for Chinese people's binge-buying of milk powder overseas.

Chinese buyers' distrust of domestic brand quality is also to blame for the buying spree outside the country, said Jiang Yujun, deputy director of a dairy industry technology research center, at a press conference Friday.

Some foreign brands that sell for some 130 yuan in Europe may cost up to 470 yuan in China, according to Jiang.

At the press conference, Jiang also defended Chinese producers' quality, saying it is safe to consume domestic brands.

Ma Chunliang, an official with the China Food and Drug Administration attending the press conference, said that China is mulling measures to ensure that what people buy through the Internet is also safe.

Some 820,000 tons of infant formula milk powder were sold in 2013, of which 120,000 tons were imported, Ma said, adding that the exact amount of buying through the Internet is hard to know.

Ma said the need for milk powder will increase because of a baby boom as a result of China's loosened family planning policy to allow couples to have two children if one of them is an only child.

China's food and drug watchdog on Friday also confirmed that 51 producers of infant formula milk powder failed to obtain renewed production permits in its latest measures to tighten food safety.
CHINA CUTS NUMBER OF PERMITTED IMPORTED INFANT FORMULA BRANDS TO LESS THAN 100

Source: Food Navigator Asia, 03-06-2014

Just 94 foreign infant formula brands have so far been given approval for sale in China under new regulations - down from reportedly more than 800.

The China Certification and Accreditation Administration (CNCA) announced on June 1 2014 that so far 94 foreign liquid and powdered infant formula brands manufactured at 49 separate firms across Europe, Asia and North America have been granted permission to enter the country.

Abbott Laboratories, Nutricia, Arla Foods, Nestlé, Mead Johnson Nutrition, FrieslandCampina Domo, Fonterra and Murray Goulburn were among the names that made it on to the list. According to reports from China, the number of imported infant formula brands was previously between 800 and 1,000.

Products manufactured by infant formula firms that do not feature on the CNCA List of Registered Overseas Dairy Manufacturers are not permitted to enter China. The list can be updated at any time based on the applications filed by foreign infant formula makers, said CNCA.

Accredited manufacturers

The CNCA list was established in line with the issuance of Decree 145, otherwise known as Administrative Measures for Registration of Overseas Manufacturers, by the State General Administration of the People’s Republic of China for Quality Supervision and Inspection and Quarantine.

Under the revised regulation, foreign authorities, including the US Food and Drug Administration (FDA) and the New Ministry for Primary Industries (MPI), are required to provide CNCA with a list of accredited manufacturers.

In April 2014, the MPI revealed that a Chinese audit - required for addition to the CNCA list - of 13 New Zealand infant formula manufacturers found that "all but one...have some actions they need to undertake before registration will be complete."

Despite this forecast, eight New Zealand infant formula manufacturers - Nutricia, Westland Cooperative, Canpac International, Guardians, the Sutton Group, Dairy Goat Cooperative NZ, Fonterra, and GMP Dairy - have made it on to the list.

Domestic crackdown

CNCA efforts have been mirrored domestically over the last six-months with a campaign to boost the standard of domestically-produced infant formula.

The crackdown, which was designed to "further strengthen the quality and safety" of infant formula made in the country, involved the development of new, stricter manufacturing measures.

Last week, the China Food and Drug Administration (SFDA) announced that production permits held by more than one-third of the country’s infant formula manufacturers had not been renewed.

In a statement posted on its website, SFDA said that just 82 of the 133 that applied for the renewal had been successful. The remaining 51 “failed or applied to postpone the investigation and some of them withdrew from the industry,” state-owned China Central Television (CCTV) reported.

Those that haven’t already ceased production will be required to this month, it added."
China has raised the market entry threshold for both domestic producers and importers of baby formula, a move aimed at ensuring safer products for babies in the country, experts noted on Monday.

So far only 82 out of the total 133 baby formula producers in the country have passed the review of the China Food and Drug Administration (CFDA), the agency announced on Friday.

Companies that have passed the review include a Tianjin branch of Inner Mongolia Yili Industrial Group Co, a Hebei branch of Sanyuan Group and Beingmate Baby & Child Food Co.

Among the 51 companies that did not pass the review before the deadline, 23 have applied for an extension of the review deadline and 14 have chosen to produce raw materials for the sector instead. Five companies that failed to get the approval will have to halt production of baby formula and the remaining nine have applied to annul their production permit, the CFDA said.

In December 2013, the CFDA released a set of rules that had posed stricter standards for domestic infant formula production. According to the rules, domestic producers needed to pass a review by May 31 - otherwise they will have to quit the business.

"The quality of domestically produced baby formula is expected to be raised as companies are applying higher standards," Song Liang, a dairy analyst at Distribution Productivity Promotion Center of China Commerce, told the Global Times Monday. Song said that competition in the sector is fierce and another 20 companies among the 82 that have passed the review are expected to get weeded out due to a tough market.

China is expected to see the number of domestic baby formula producers to shrink to around 50 by 2018 and the top 10 companies are expected to account for around 80 percent of the market share, according to a plan from the Ministry of Industry and Information Technology in August 2013.

Experts said that the government's move to raise standards for producers and to consolidate the industry will help restore consumer confidence.

Many parents have chosen to buy overseas produced baby formula after a contaminated milk powder scandal in 2008 that led to the deaths of six infants.

Jiao Huijiao, a 29-year-old woman in North China's Shanxi Province who is expecting a baby in September, told the Global Times that she would consider using domestic products when the baby comes, as "some domestic firms are also making quality products now."

"The government's move will help a bit, but it will take prolonged efforts before consumers could regain faith in domestic products," Wang Dingmian, former director of the Dairy Association of China, told the Global Times Monday.
The entry bar for baby formula imports was also raised. China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) on Thursday announced a list of 94 baby formula brands that are qualified for imports. Previously, the market had around 1,000 imported baby formula brands, according to experts.

Despite a drastic decline in suppliers, "we will not see major fluctuations in prices as the market still has excess supply and companies that are phased out only account for a very small market share," Wang noted.

The list of qualified brands for imports includes brands like Dumex, Abbott and Wyeth. The AQSIQ said in a statement that the list will be updated in the future to include newly approved companies.

The 94 brands also include Newbaybay, which is using a contract manufacturer in New Zealand but actually is operated by a Chinese company. A China Central Television report in May 2013 said Newbaybay claims to be a New Zealand brand but its products are not available in the local markets, and it uses a car repair shop as its address in New Zealand.

Some Chinese companies have been using foreign contractors for production, but it does not necessarily mean that they are selling substandard products, according to Song. "To be included in the list means that the company has met the standards after corrections were made," Song noted.

China now allows 49 overseas contractors, which often produce for multiple brands, to supply baby formula.

Prices for imported baby formula are likely to further drop due to the fierce competition from domestic producers with quality milk source and advanced technology, Song said.
FrieslandCampina and Huishan Dairy have revealed plans to establish a joint venture to manufacture and market a new brand of infant formula in China.

Using European Union (EU)-standard raw milk provided by Huishan, the proposed joint venture will “leverage the respective experience and expertise” of both firms to produce, market and sell a new range of “high-quality” infant formula products.

Under the terms of the proposed venture, FrieslandCampina and Huishan will jointly own an existing infant formula production plant in Liaoning, and will also share sales and marketing responsibilities.

In China, FrieslandCampina is known for its Netherlands-made Friso premium infant formula brand and for supplying ingredients to Chinese food and infant formula manufacturers, while Huishan boasts a wide range of dairy products under its Huishan brand.

Huishan and FrieslandCampina will continue to run their existing infant formula businesses separately.

"Mutually benefit"

In advance of the announcement detailing its proposed joint venture with FrieslandCampina, Huishan requested a halt in the trading in its shares on the Stock Exchange of Hong Kong.

Trading of Huishan shares was suspended yesterday (8 May 2014) following the request, but has since resumed.

In a document filed with Hong Kong Stock Exchange, Huishan Dairy said that the joint venture, if successfully established, will be mutually beneficial for it and FrieslandCampina.

"The Directors believe that the Proposed Joint Venture, if successful, will be an important step for the Group to further develop and enhance its production, sales and marketing capabilities. Through the partnership with FrieslandCampina, the Group will be able to leverage of the experience, know-how and sales network of FrieslandCampina," said the statement.

"The Directors believe that the Proposed Joint Venture will mutually benefit the parties in their respective production, sales and marketing capabilities both on a local and international scale," it added.

Share price

The talks between FrieslandCampina and Huishan were revealed just a week after the latter was forced to reassure the Stock Exchange of Hong Kong that an increase in the trade and a decrease in the price of its shares was "unrelated to the Group’s business operations."

Concerns were raised in April 2014 when two shareholders, An Yu Investments Limited and Hero-owned Spring Harvest Limited, between them disposed of more than 800m shares representing almost 5.6% of those issued.

"Both An Yu and Hero informed the Company that their respective disposal of Shares was based on their own investment decisions and are unrelated to the Group's business operations," said the Stock Exchange of Hong Kong filing.

Huishan also revealed in the filing that it was "under discussion with third parties for potentially establishing joint venture in relation to the sale and production of liquid and/or powdered dairy products."
Two weeks into a Chinese suspension of British cheese exports, the UK Department for Environment, Food and Rural Affairs (Defra) has little to say on the issue but believes the ban will be "lifted soon."

Approached by DairyReporter.com for an update on the temporary trade block, a Defra spokesperson said that it is still working with the UK Food Standards Agency (FSA) and Chinese officials to re-establish the flow of cheese exports from the UK.

Last month, China slapped a temporary ban on British cheese exports after health officials from the country identified “issues related to maintenance, air sanitation, raw milk transport temperatures and chemical storage” at a single, unidentified UK cheese plant.

The ban will remain in place until all UK cheese plants exporting to China have been audited, this time by local authorities.

With assistance from the FSA, which is "working with local authorities in the compliance inspections", Defra is coordinating with Chinese officials in an attempt to speed up the process.

"We’re working on it," said the Defra spokesperson. "We are in touch with Chinese officials at the moment. We’re still very hopeful that we’ll have it lifted soon."
“On deadline”
Britain currently exports around 11.5m tonnes of cheese to China each year.

Dairy UK, which represents the interests of the entire British dairy supply chain, told DairyReporter.com that at the moment it and the impacted cheese exporters are waiting for word from Defra.

"Defra and the FSA are working to ensure trade flow can resume as soon as possible," said a Dairy UK spokesperson. "Right now, there is nothing to add. We're waiting for news from Defra."

Despite the lack of an update, the organisation insists that efforts to overturn the ban have not fallen behind schedule. "We were told anything from a few days to a couple of weeks, so it is still on deadline," the spokesperson said.

China legislation
The export ban was implemented in May following audits undertaken prior to the introduction of new Chinese legislation.

Under the rule change, which came into force on May 1, only dairy products manufactured at facilities approved by the Chinese Certification and Accreditation Administration (CNCA) are permitted to export into the Asian country.

British cheese exporters are not the only ones to have been impacted by the new rules.

In March, a Chinese audit of 13 New Zealand infant formula manufacturers, in advance of the May 1 rule change, found that “all but one...have some actions they need to undertake before registration will be complete.”

Earlier this month, a US ice cream manufacturer expressed its "utter disappointment" in the US Food and Drug Administration (FDA) system that was designed to help dairies in the country meet the new Chinese legislation.
FOOD

THE TASTE OF EXTINCTION

Source: Global Times, 25-05-2014

The port at Xijiagang town in Chongming county has only just got back into order after hundreds of traders and their vehicles clogged the roads and docks for weeks. They were there for one reason - to buy one of the most expensive fish in the world.

Now that the season for the Yangtze saury has ended the town can get back to normal. This fish is one of the three famous fish species in the Yangtze River and has frequently hit the headlines with the prices it commands - up to 10,000 yuan ($1,603) for 500 grams.

Apparently, the catch this year didn’t meet the expectations of some of the townsfolk. "Catching a big saury is like winning a lottery. These days it’s a real surprise if we find 10 saury in a net - in the past there were usually hundreds of saury in one net," said local fisherman Xi Meihua.

This town is the main fishing point for Yangtze saury in Shanghai. Elsewhere along the Yangtze River, fishermen have been complaining the same way. "I’ve been working on the boat for more than a month and all I gained for this year were five saury," sighed Qiu Guoxiang, who has been fishing in Taizhou, Jiangsu Province, for 35 years.

Dramatic drop

Once plentiful, the annual catch of Yangtze saury has dropped dramatically from 3,750 tons in 1973, to 370 tons in 1983 and under 100 tons annually since 2002, according to the Freshwater Fisheries Research Center of the Chinese Academy of Fishery Sciences. Last year, the catch fell to under 40 tons.

Around five years ago, one of the three famous fish species of the Yangtze River, the reeves shad, was pronounced extinct. Now many are worried about the future of the Yangtze saury. While some have blamed overfishing for endangering the species, others have pointed to fundamental changes in the ecological environment and the industrial pollution of the river.

Yangtze saury is a long, thin, glistening silvery fish. It has been famous for its subtle, delicious taste for ages but in recent years the once common fish, a regular seasonal dish in every household, has become a luxury food. The reason for this is its scarcity. The Yangtze saury is a migrating fish which, after being born in the river, heads out to the East China Sea. In February or March the following year, the mature saury swim back to the river to spawn.

Gao Yaming is the director of the Taizhou Fishery and Fishing Harbor Supervision Management Sta-
tion and said overfishing in the ocean was putting the species at danger. "Many mature saury are failing to make their way back into the Yangtze River because they are being caught in the ocean."

Every year in March or April, fishery authorities and the water police in Shanghai and Jiangsu combine to crack down on illegal fishing activities in the areas between the Yangtze River and the East China Sea. Unfortunately, the number of illegal fishing boats hasn't apparently been affected by the crackdowns. The illegal fishermen, of course are driven by the profits, which have been very attractive in recent years.

Even though some Yangtze saury do make their way past the scores of illegal fishing nets into the river, they then face another struggle to find a place to spawn. Traditionally Yangtze saury have spawned in the branches of the Yangtze River - small tributaries with slower currents. But Professor He Wei from the Shanghai Ocean University said that spawning sites for the saury have basically disappeared.

"For their flood controls, the cities have built levees along the lakes and tributaries that lead to the Yangtze River. The levees have water locks to allow boats to move and to change water levels. The locks are not closed all the time so there are times when the saury can swim to their familiar grounds to spawn. But overall there have been huge changes to their spawning grounds."

It has been reported that only one in 10 Yangtze saury can now survive the thickly spread illegal fishing nets and find places that are suitable to spawn in. The construction of water conservation projects has also seriously affected the environment for the saury. "After these projects were built, spring tides gradually disappeared," Gao Yaming said.

Professor He said he based his conclusions on the experiences of veteran fishermen on the Yangtze River who said large schools of Yangtze saury always used to arrive with the spring tides.

The development of industry along the Yangtze River is also often believed harmful to the saury. Director Gao said that the construction of piers and factories along the river had destroyed the wetlands and the polluted water discharged by these factories, especially some of the chemical factories, had seriously affected the survival rates of Yangtze saury.

Professor He agreed that these elements did exert a negative influence but he insisted that the impact
of the factories could be exaggerated. "Above all, the current of the Yangtze River is so strong and the river is so large. I don't think the pollution levels are high enough to kill saury," the academic said. "Personally I believe that in terms of the impact on fish, a single Three Gorges project exerts a larger role than all the factories along the river do together."

As well as illegal netting in the ocean, illegal netting in the Yangtze River (usually done close to piers in river cities like Jingjiang, Jiangyin and Taizhou) has also been blamed for threatening the survival of the saury.

In a bid to better protect the species, the State agriculture authority has ruled that only fishermen with special licenses can set their Yangtze saury nets in the river in March and April.

However, although the city's agricultural authority issued just 125 saury fishing licenses last year, nearly 1,000 fishing boats were seen crowding the waters in the prime saury fishing season, the Youth Daily reported.

Taking a chance
"Fishermen will take a chance at illegal netting because of the profits involved," said Zhao Yimin, the office director of the Yangtze River Basin Fishery Resource Management Committee.

When these tiny fish were fetching some 10,000 yuan per 500 grams in 2012, illegal fishing boats crammed the waters close to the port at Xijiagang. Things changed a little for the better this year as the price dropped to around 6,000 yuan per 500 grams.

"When the price dropped this year, illegal fishermen worked mostly during the nights in small kayaks, or just made flotation devices from polystyrene foam or old car tires. In the past, many did it openly in broad daylight from their fishing boats."

The potential for profits is attractive but Zhao pointed out that unlicensed fishermen who were caught were not penalized heavily. "If we want to charge unlicensed fishermen formally we have to collect sufficient evidence, like the fish they have caught or their fishing nets.

When we tried to confiscate their nets (which could cost around 10,000 yuan - a fortune for some poor fishermen), some jumped into the river to commit suicide. We had to rescue them not prosecute them. And it’s hard to assemble evidence. Unlike crime on the land where street cameras can always help, we don't have cameras on the water."

Zhao said the understanding of the issue differed greatly at different administrative levels, which also hindered the law enforcement work in this sector. "Some departments think it is just a few fishermen going after a few fish.

It's not a big deal. Why bother arresting these poor men? This attitude is quite common. But fish, especially the fish that are facing extinction, are the resources of the country."

At present, experts say the most urgent task is more research into methods of artificial propagation of Yangtze saury to prevent the species from becoming extinct. "There are many challenges involved. The salinity changes are a key problem that need to be solved," said professor He.
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