

Voluntary Report – Voluntary - Public Distribution

Date: December 12,2019

Report Number: CH2019-0182

Report Name: The Canton Fair Remains Export Focused

Country: China - Peoples Republic of

Post: Guangzhou ATO

Report Category: Trade Show Evaluation

Prepared By:

Approved By: Lindsay Malecha

Report Highlights:

The storied Canton Fair, now in its 126th show, remains a platform for sourcing products from China but not yet a strong platform for selling to China. In the food and beverage space, the new International Food Pavilion was dwarfed by Chinese food and beverage companies looking to export. Leather products' booths revealed customers' growing prioritization of trends over materials, which has meant increases in synthetic materials.

Executive Summary

ATO Guangzhou visited the 126th Canton Import & Export Fair to find the historically important fair offers very limited opportunities for international exporters looking to access the China market. Post recommends U.S. exporters seeking entry opportunities to the China market instead look to specialized product fairs like the All China Leather Exhibition, HOFEX or [USDA Endorsed Trade shows](#), across China and Asia.

The 126th Canton Fair, Fall 2019

Though the organizer made efforts to attract to international exporters looking to access the China market, the show is still dominated by export-oriented Chinese companies. There were 25,000 Chinese companies looking to export to the world while just fewer than 650 international exhibitors sought to export to China.

For the 126th session, show organizers added new halls for energy sector and components, food and pet food to address growing demand in these market sectors. However, the International Food Pavilion had few exhibitors, products and visitors compared to a specialized food show, and the exhibitors Post spoke to reported that their interactions were primarily with local companies looking for bargains.

Overall, final attendance numbers revealed a decrease of 2 percent year-on-year and the lowest attendance since 2017, although buyers from Belt and Road countries actually increased slightly. The fall fair's trade volume was estimated at \$29.2 billion, a decrease of 1.9 percent year-on-year.

Food Section

Most of China's state-owned food and beverage companies with large booths continued to dominate the Fair, featuring candy, beverage, biscuits, nuts, dried fruit and other processed snack foods for export. As a first in 2019, show organizers planned a Global Food and Drink Showcase for international products to be showcased on a fashion runway. In the international food hall, companies from Canada, Chile, Nepal, Korea and Japan exhibited a variety of products including wine/alcohol, condiments, snack foods and jams. The organizer reported that about 800 food sector exhibitors participated and noted the direct outreach they did to invite Chinese importers and distributors to the show in addition to traditional and social media marketing for the Fair. Nonetheless, at the time Post visited the international food pavilion, there were only a handful of visitors and the foot traffic was limited, especially when compared to major food-specific trade shows in China. Exhibitors reported that most of the buyers were local Guangdong companies and some small e-commerce platforms that were looking for bargains.

Leather and Products Section

The Canton Fair has traditionally been an important market for footwear since a large percentage of global footwear production is from south China. Though a proportion of this has traditionally been leather shoes, leather footwear was difficult to find in show booths revealing key industry trends: a move toward use of and demand for synthetic materials, a prioritization of trendy designs over the production material, and a uniquely European preference to source genuine leather products. Compared to professional leather or footwear shows, the Canton Fair offerings are too broad to attract key professional buyers. Many exporters lamented that they believed the heyday for exporting shoes or leather products to the American market was over due to high tariffs, though they still expressed hope the U.S. and China will reach a trade agreement soon.

Background: Fair History

Since China's Reform and Opening, the Canton Fair (known then as the China Export Commodities Fair) developed to the most important show in China for the growing manufacturing industry. The goal of the Fair was to promote and develop the export business of China. International buyers flocked to Guangzhou for the Fair, paying double or triple normal hotel rates to attend. The event, held twice a year, became the barometer of China's economy until the financial crisis in 2008.

Beginning in 2007, the Canton Export Commodities Fair added a section for imported products and was renamed to China Import and Export Fair. Instead of stretching into fifteen consecutive days, the Fair is now held in three sessions and the import business falls into the first and third session of the show. Foreign retailers such as Walmart, Amazon, Walgreens and CVS Health frequently attend the Fair as buyers. The Fair's most popular products are electronics and home appliances, consumer goods, home decoration, gifts and machinery.

Attachments:

No Attachments.