

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary Public

Date: 3/1/2018

GAIN Report Number: CH186014

China - Peoples Republic of

Post: Guangzhou

Monthly Agricultural Market News of South China – 19

Report Categories:

Agriculture in the News

Agricultural Trade Office Activities

SP1 - Expand International Marketing Opportunities

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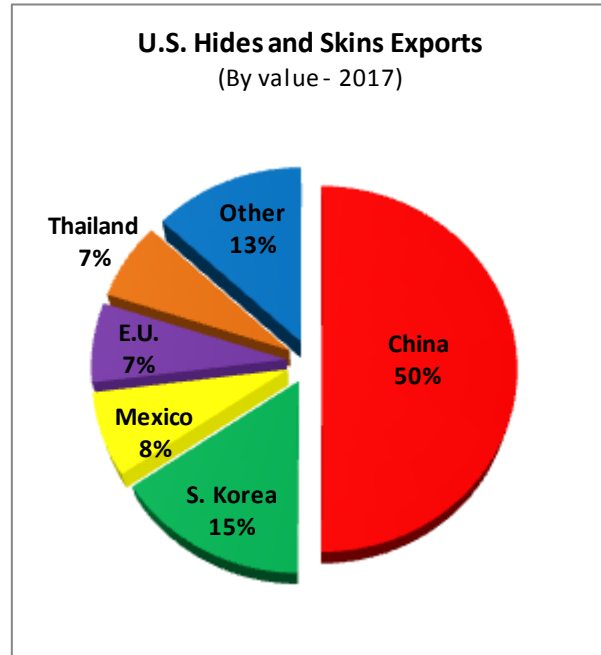
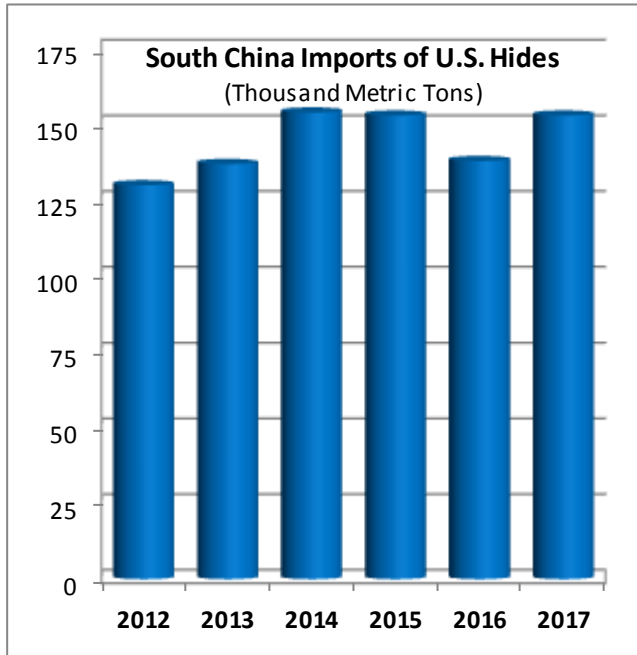
ATO Guangzhou Staff

Report Highlights:

South China Continues as Big Market for U.S. Hides...Upcoming opportunities for U.S. exporters to meet with a wide range of South China importers, as well as participate in a large USDA Agricultural Trade Mission to South China...ATO Guangzhou organized a successful online food and beverage promotion, as well as a bakery promotion, and carried out a number of other promotional activities.

General Information:

South China Continues as a Big Market for U.S. Hides and Skins



Data Source: FAS/GATS, China Customs

China is by far the largest buyer in the world of U.S. hides, accounting for nearly half of U.S. exports, and this trade has continued to be strong. About one-third of Chinese imports of U.S. hides and skins come to Southern China, and Xiamen in Fujian province is the largest entry point for these products into China. This demand is driven by the huge tanning and leather producing industry in South China and a number of locations in South China (such as Dongguan in Guangdong province) are global leaders in leather shoe production.

South China imports of U.S. hides and skins rebounded in 2017 to a near-record volume, and were up 11 percent. Industry analysts report that this rise in raw hide import volume was in part a result of a recovery in shoe exports as well as stronger domestic demand for leather products. In terms of import value, although still considerably below the levels of 2014 and 2015 as a result of lower global hide prices, South China imports of U.S. hides and skins still reached over \$330 million in 2017. It is expected that the leather industry in China will continue to grow, especially with more demand domestically in China for leather products, such as leather furniture and leather vehicle seats. In addition, imports of U.S. pig skins into South China have started to grow after being allowed to re-enter the market in 2015 (after suspension of trade in 2009 due to swine flu).

Note: Southern China includes Guangdong, Fujian, Guangxi, Hainan, and Hunan provinces.

Upcoming Events

March 14-16, Asia Pacific Leather Fair, Hong Kong: China's appetite for hides and skins presents significant market opportunities for U.S. exporters. The largest leather show in Asia is going to be held in Hong Kong in March and a U.S. pavilion for both raw hide suppliers and leather exporters will be organized during the show. Tanners from South China will tour the show and connect with suppliers from around the world. For more information, please visit the show's web site at www.aplf.com or contact Marketing Specialist Ursula Chen (Ursula.Chen@fas.usda.gov).

March 21, PMA Fresh Connection, Shenzhen: PMA Fresh Connection continues to serve as one of the key networking platforms for the fresh fruit industry in China. International fresh fruit producers and traders will attend the event and share their insights on the latest market trends. This event provides an ideal opportunity to gain the most up-to-date market intelligence by talking with industry leaders face-to-face, and this year this event will take place in Shenzhen. For more information, please contact ATO Guangzhou Marketing Specialist May Liu (May.Liu@fas.usda.gov).

March 22-24, Food Ingredients Conference, Shanghai: The Food Ingredients Conference (FIC) is recognized as the largest food additives and ingredients trade show in China. This year the FIC hits a historical record in terms of both exhibition area and the number of exhibitors. Over 20 U.S. exhibitors will be participating in the USA Pavilion. For any U.S. exporters interested in this show and meeting buyers from South China, please contact ATO Guangzhou Marketing Specialist Crystal Tang (Crystal.Tang@fas.usda.gov).

March 28-31, Interzum, Guangzhou – Interzum Guangzhou is recognized as the largest and most comprehensive woodworking machinery and wood raw materials trade show in Asia. A large number of U.S. wood exporters of both hardwood and softwood are planning on exhibiting at the show, which will also include a U.S. pavilion and reception. For more information, please contact ATO Guangzhou Marketing Specialist Ursula Chen (Ursula.Chen@fas.usda.gov).

May 23-25, Guangzhou Bakery Show - Organized by the All China Bakery Association (ACBA), the Guangzhou Bakery Show is the largest and most professional bakery industry exhibition in South China. ATO Guangzhou is organizing a large U.S. pavilion at the event and currently over 10 U.S. trade associations are planning on participating. For any U.S. exporters interested in this show, please contact ATO Guangzhou Marketing Specialist Crystal Tang (Crystal.Tang@fas.usda.gov).

May 21-25, USDA Agricultural Trade Mission, Guangzhou and Shenzhen: The United States Department of Agriculture and ATO Guangzhou are organizing a large Agricultural Trade Mission to Guangzhou and Shenzhen. During this mission, U.S. companies can explore opportunities for exporting their food and farm products to the booming South China market, and participants will connect with potential customers and take part in-depth briefings and site visits in order to learn first-hand about the

ins and outs of doing business in the region. Interested U.S. exporters are encouraged to apply now to be part of this exciting mission in May and can please visit <https://www.fas.usda.gov/topics/south-china-may-2018> to learn more and to apply. For additional information, please email trademissions@fas.usda.gov.

Recent ATO Guangzhou Activities

ATO Guangzhou Holds Successful U.S. Food Promotion with Huge South China E-Commerce Company– Guangdong province in Southern China (which includes the first-tier cities of Guangzhou and Shenzhen) has by far the highest online retail sales of any province in China. Although it is estimated that only 10 percent of China’s online sales are for food and beverages, e-commerce in this sector is expanding rapidly. Because of this rising demand, on January 25th ATO Guangzhou organized an online promotion with the third largest e-commerce company in China, VIP.com. Founded in 2008 in Guangzhou, VIP.com has achieved 50 million active customers. ATO Guangzhou developed an online American Food Festival with this company to promote U.S. nuts, dried fruits, candy, snacks and baby foods. The promotion included a video from the U.S. Consul General in Guangzhou, Charles Bennett, encouraging consumers to try U.S. products and wishing them a happy Chinese New Year. As a result of the success of the event on January 25th, a second promotion will be held in the coming months.



Craft Beer Brewing Continues to be Popular in Guangzhou – On January 31, ATO Deputy Director and staff visited a local brewpub and met with the brewer to discuss craft beer brewing and the use of U.S. ingredients. The brewer uses U.S. products such as hops, cranberry concentrated juice and yeast to brew various types of beers such as pale ale, Indian pale ale (IPA), fruit beer, stout and hazy IPA. The brewpub is well known among Guangzhou’s beer lovers including many from the foreign expat

community. Craft beer production and consumption in China is increasing rapidly. Later this year, ATO Guangzhou plans to organize a group of local brewers to visit the United States to learn more about craft brewing and using U.S. ingredients.

Use of U.S. Ingredients Leads to Strong Sales of Products for Major South China Bakery Chain – ATO Guangzhou organized a successful U.S. ingredients promotion in 38 bakeries in Dongguan and Huizhou Cities in the South China region in December and January. This promotion yielded over \$800,000 in sales of bakery products specifically designed for using U.S. ingredients. The bakery, Paradise Bakery chain, created 16 types of products highlighting various U.S. baking ingredients for the 30 days promotion, and the promotion was a great opportunity to market U.S. high-quality ingredients in smaller cities in South China.



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