

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## China - Peoples Republic of

**Post:** Beijing ATO

### ATO Beijing Trade Mission to Natural Products East Expo 2015

**Report Categories:**

CSSF Activity Report

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**Report Highlights:**

ATO Beijing organized key importers and e-commerce player in North China to participate Natural Products East Expo 2015 in Baltimore, MD. Beside the natural and organic trade show, the team also met exporters and visited key supermarkets in New York City, after the show. Importers and e-commerce player sourced interested products during the trip. The detailed order is under discussion. ATO Beijing expects over \$400,000 in sales over the next 6 months.

**General Information:**

Beginning/End Dates: September 15 – 21, 2015

City/Country: Beijing/China

**Marketing Constraints and Opportunities**

ATO Beijing recruited 7 importers and one ecommerce player to participate in the reverse trade mission to Natural Products East Expo 2015 in Baltimore, MD. All participating importers have direct sales and complete distribution channels in retail, and hotel and restaurant industries. The ecommerce player is focused on cross-border business which operates from their own bonded storage in the Ningbo Free Trade Zone. Traders also visited key supermarkets – Whole Food and Traders Joe's in New York City – after the show to source new products in the U.S. retail market and learn the latest displaying trends in high end supermarkets in U.S. ATO staff also accompanied two importers to meet their exporting factory in New York which authorized an exclusive contract with them.

**A. Constraints**

China and United States have no agreement on organic products. China doesn't allow US food products labeled as USDA organic. U.S. organic products must be certified through China organic certification system. It will increase the cost of sales of U.S. organic products in China. Cost of the application and procedures includes the certification fee, travel cost for on-site inspection, product inspection fee, labeling fee and sales certification. The costs range widely from about \$4,000 to \$32,000 for a first-time application depending on unit size, location and numbers of food ingredients. It will affect U.S. organic products exports to China market.

**B. Opportunity**

With increasing income, customers in China are paying more attention to a healthy lifestyle. The retail stores and online stores which are focused on natural and organic products are booming in the first tier cities. USDA organic label has significant awareness among Chinese consumers who have traveled, studied and/or lived overseas. Natural products were of particular interest to trade mission participants as there is no 'natural' certification requirement in China (or the United States). In addition, cross-border business is a temporary solution to sell USDA organic products in China which has no requirement for a Chinese organic label.

**Expected Result and Desired Outcomes**

The mission helped buyers source natural and organic products at the show. And buyer got the opportunity to meet their business partners in New York.

Goals of 2015 activity were as follows:

1. Recruit a minimum of 5 buyers to the Natural Products East Expo
2. Visit at least 2 supermarkets
3. Generate minimum of 10 new Chinese-U.S. trade relationships during the trip

## **Actual Result and Outcomes**

Importers made more than 15 serious contacts at the show. Orders for 4 containers of products are under final stage of discussion including coconut water, soymilk, baby foods, cleaning products and supplements. The e-commerce player that is focused on cross-border business was very active at the show. That firm sourced cleaning products, baby foods and supplements at the show. ATO Beijing expects 10 containers will be imported in the next 6 months. The total volume will be over \$400,000.

## **Recommendations & Follow-up Evaluations:**

Natural Products East Expo is an ideal platform to source natural and organic products. ATO Beijing has noticed the east show offered more food products comparing with west expo. Coconut water is a new highlight in U.S. market. In addition, baby food products were very popular at the show.

Next year, ATO Beijing would like to recruit more organic store operators to participate in the mission. It will help them gain more knowledge about U.S. organic products and explore the market with Chinese distributors.

## **Cost & Contributions**

Budget Source	Cost (\$)
ATO Beijing (GA Funds)	\$5,714