

## Market Overview

China's real GDP is decreasing as the country's economy is becoming increasingly reliant upon domestic consumption and government spending. China's growing domestic consumption is partly a result of its rising rate of urbanization; since 2000 the level of home ownership has increased considerably (driven by a credit expansion) at the same time altering previous patterns of food consumption. Moreover, China accounts for 19% of the world's population but only 11% of the world's arable land; therefore, the demand for imported food items is expected to increase. It is also noteworthy to mention that the lift of the "One-Child Policy" will open new horizons for U.S. suppliers interested in the Chinese food market. More specifically, the lift has caused an increase in the demand for baby food and clothing.

A total of 9% of U.S. agricultural exports to China are consumer-oriented agricultural products. This figure puts the U.S. as the third largest supplier of consumer-oriented agricultural products to China, just behind New Zealand and Thailand. According to the most recent reports, U.S. consumer-oriented agricultural products account for a total market share of 10.3%. Exports from the SUSTA region are projected to total about \$2.65 billion USD for 2015. A series of recent events make the Chinese food market a very promising market. Aside from the lift of the "One-Child Policy" and China's bustling urban centers, in September 2016 Chinese officials formally lifted a longstanding ban on US meat and meat products. Following are some of the value-added food items making great progress in China: dairy, sauce & condiments, tree nuts, snacks, dried fruit, juices, and cereals.

## Opportunities and Advantages

- In recent years, food safety issues for domestic produce in China has pushed consumers to turn to imported items for guaranteed quality and value.
- The U.S. is reputable as a source of premium agricultural and food products.
- Growing income of local consumers has offset the obstacles of price sensitivity.

## Market Challenges

- Complicated and unstable regulations on customs clearance, labels, inspections for imported food and beverage products
- The Free Trade Agreement signed between China and ASEAN, Chile, Australia, New Zealand, Korea etc., reducing the tariff on products from these regions, creating a competitive disadvantage for the U.S.
- Saturation in first-tier markets and product homogenization

## SUSTA Sponsored Events in China:

SIAL China  
HOFEX  
Food Hotel China  
Seafood Expo Asia  
Hong Kong Wine & Spirits Fair  
Outbound Trade Mission  
Southern U.S Food Retail Promotion