Agriculture and Agri-Food Canada Agriculture et Agroalimentaire Canada

Canada

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China Frozen Food Sector Brief (1996)

The potential for Canadian frozen food exports into China is expanding andthis brief gives an introduction to the characteristics of the China market, the activities of Canada's main competitors, and address some of the critical concerns surrounding frozen food marketing and importation.

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Market Characteristics

In China there has been a definite shift in eating consumption patterns from fresh produce to frozen products as evident in the 63.7% growth in the retail volume of frozen food products sales from 1991-95. This growth can be attributed to four factors:

1) an increase in disposable income in the households of China's urban residents. Increased disposable income has resulted in a rise of 144.5% of total consumer expenditure on frozen foods from 1991-95 (note: part of this dramatic rise can be attributed to inflation in the early 1990's).

2) the increase in dual-income families where frozen food is seen as a time saving convenience.

3) the proliferation in the amount of homes and restaurants that now have refrigeration,

4) the wide emergence of supermarkets and convenience stores equipped with refrigeration that can distribute and sell frozen products.

Geographically, the market for imported frozen products is in the affluent, coastal provinces of China. The affluent coastal markets possess the consumers that can purchase frozen products and the stores with refrigeration(supermarkets) that can stock such a perishable item. Specifically, opportunities exist for frozen products such as beef, pork, poultry, processed food products, seafood, and vegetables. Furthermore, the growth in the Western style fast food industry has created a taste demand for home ready frozen products such as french fries.

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Competitors

Imports of frozen foods were worth an approximate US$ 200 million in 1995 which was an impressive 69% increase over 1994. Types of frozen foods being imported are primarily poultry parts, instant food products, packaged meats (pork), seafood, and vegetables. The main international competitors for Canadian exporters are Australia, the United States and New Zealand. These nations are primarily importing processed and unprocessed frozen meat products (poultry and pork) and frozen french fries.

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Regulations Specific to Product

Since the frozen food sector covers any food that can be frozen, most regulations, such as tariffs or quarantine restrictions and regulations will be dependent upon the specificproduct. In general frozen food products will have to pass through the following bureaus for inspection when product is being imported and prior to Customs clearance:

1. *China Commodity Inspection Bureau* checks products for quality, weight, and quantity .

2. *China Animal and Plant Quarantine* inspection is concerned with health and sanitation of imported meat products.

3. *Health Inspection Bureau* will test for pesticides, antibiotics and other visible and non-visible problems. This bureau also administers and approves labelling requirements for processed food products

If a consumer product is fully processed and will not be re-packaged in China it may fall under new labelling requirements as administered by the *China Health Inspection Bureau*. As of September 1, 1996 imported food items must have a Chinese language label approved by the *China Health Inspection Bureau* with the following information:

· Chinese name of the product · English name of the product · Ingredients · Net weight · Country of the origin	· Date of Production · Shelf life · Method of Storage · Importer · Address

In addition, imported food products are also required to have a holographic sticker put on each finished package at the Chinese port of entry.

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Critical Concerns Specific to Product

The most critical concern to any type of frozen food product will be handling and transportation. Despite the proliferation of refrigeration throughout the nation, China still falls behind many industrialized nations in terms of freezing capacity. Furthermore, while homes and markets may have increasing freezer capacity, the transportation sector - rail, trucking, and warehousing - is still inadequate in terms of handling capacity. A 1995 profile of the refrigeration industry indicated that there were only 1,800 mechanically refrigerated trucks and only 1,500 refrigerated rail cars nationwide. Therefore, market penetration is restricted primarily to coastal provinces, a market of approximately 200 million people, that have adequate rail, road, and port facilities.

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Contacts

The following contacts may be of assistance to frozen food producers interested in marketing Canadian frozen food products in China.

China Processed Food Import and Export Company
subsidiary of
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