

# China's organic food showcased

By John Paull

## *China's new message 'Let's Nourish the World Organically'*

From Mongolian organic milk to Tibetan wild walnut oil, China's certified organic produce was recently showcased in Shanghai earlier this year, 2007.

The inaugural BioFach China Organic expo and conference attracted 208 exhibitors, most of them from China.

The extraordinary organic boom that has been termed "China's Organic Revolution" saw the acreage under organic management in China increase tenfold in the year 2006. As a consequence, China now has about 10% of the world's organically managed land.

"Now China is a leader in organic foods" declared Peter LeCompte, Director of Purchasing for US Fortune 500 food company General Mills.

"China has rapidly become among the largest suppliers of imported organic foods to the US market. The opportunities for continued export growth of organic foods from China is exciting", yet, "at the same time, Americans have never been more concerned about the safety and honesty of organic foods from China" he told the Shanghai conference.

"'Product of China' is the largest single complaint of all consumers who contact General Mills with a comment about our organic products", Mr LeCompte said.

He pointed out that many Americans fail to appreciate that "China is a large country with many areas of pristine, pure agriculture".

According to LeCompte, "Buyers are mandated to find lowest cost options for their companies. Pricing in China is very competitive in the world market" while at the same time "the variety of organic products from China continues to grow".

Delegates were told that "The opportunities for growth and expansion are exciting. Today, China represents the greatest opportunity for new products and lower costs".

LeCompte pointed out that "In China the growth of organic foods and management of organic certification has been guided by trading companies focussed on export".

He emphasized that the success of China's continuing expansion of organic agriculture depended on the integrity of the certification process.

Stefan Hipp, the Managing Director of Germany's Hipp GmbH & Co, described his company as "the world's leading organic baby-food manufacturer" and reiterated that European companies also, including Hipp, were actively looking to source Chinese organic ingredients for their processed food. Competitive prices and consistent quality were what manufacturers were seeking, he said.

Heinz Kuhlman, from BioFach Japan, told the conference that China's role, at least for the time being, was as a low cost exporter of bulk organic ingredients. Chinese organic ingredients could then be incorporated into processed food products in first world countries, where most of the processing and packaging, as well as sales, of organic food occurs.

In seeking the cheapest source of ingredients, the unstated agenda of manufacturers is that in many countries, including Australia, the country of origin of ingredients need not be declared, and consequently rarely is.

Xianjun Li, the Deputy Director of China Organic Food Certification Centre (COFCC) told delegates that "Traditional farming is the basis of organic". So, for China organic agriculture is partly a return to the agricultural know-how developed over the centuries.

Green Food is a Chinese innovation and has provided Chinese farmers with an innovative and structured path to becoming organic.

The China Green Food Development Centre was founded in 1992. It developed a certification system whereby inputs are monitored and farm outputs are tested for pesticide residues.

Once in place, two grades of Green Food, A and AA, were designated.

Then, in the course of the next few years the Green Food AA standard was tweaked to meet the international organic standards of IFOAM (International Federation of Organic Agriculture Movements).

With an international standard, Chinese produce can gain entry to international markets, and thereby access the premium prices that organic food attracts.

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There are 38 organic certifier organisations operating in China, Xianjun Li told the conference. Of these, 31 are Chinese certifiers and seven are foreign-based certifiers.

In 2006 China's organic output, from 2300 enterprises, working 5,280,000 hectares, was 3,850,000 tons, and "All provinces in the main land have organic farming", Li told the delegates.

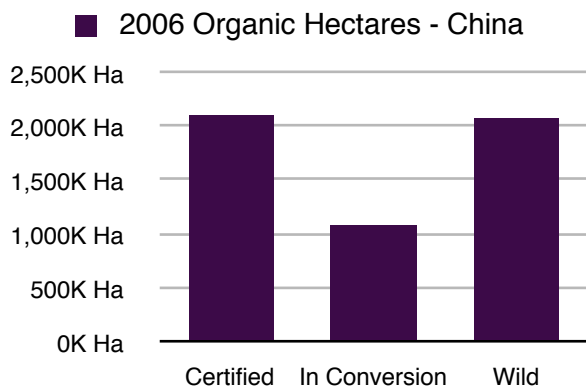


Fig. 2: Xianjun Li, the Deputy Director of the China Organic food Certification Centre reported that by the end of 2006 China had 3.2 million hectares of land certified organic or in-conversion, and additionally 2,080,000 Ha certified organic wild collection.

In 2004 agricultural exports from China amounted to US\$23 Billion of which 1.7% was then organic, Li said.

Within China, organic food has only very recently been appearing in supermarkets, and it is still relatively, or entirely, unknown to most Chinese consumers. Two things can help change this. Firstly, display panels explaining to consumers the benefits of "certified organic food", together with selections of organic foods, are now evident in Shanghai supermarkets.

Secondly, the new national organic logo, introduced in 2005, is now mandated for all Chinese organic produce, and this makes deciphering label claims more straightforward for consumers, and the process of differentiating organic from other claims, quicker and easier.

Under the national standard of 2005, in China, no food can now be just self-declared as organic. This is unlike the situation in Australia, where anyone can call their food offerings "organic", and be subject only to the Trade Practices Act.

The motivations for China adopting organic production are economic, environmental and social.

The FAO have identified organic agriculture as a means of alleviating poverty in Asia - and the Chinese national government is actively setting

"wealth" as a goal for its citizenry.

The process of conversion and certification of farms is facilitated, in many regions of China, by the practice of local governments reportedly usually paying the fees involved in organic conversion, certification and training, and hence accelerating the adoption. Whether it is sold into the local Chinese market, or into the export market, organic produce attracts a price premium.

Xianjun Li told the delegates that in the Chinese domestic market, organic certified food sells for three times the price of conventional food. This 200% premium in China compares to the 80% premium previously reported in Australia.

Organic is also a means of China infiltrating the output of its massive food production capacity into export markets - markets that might otherwise be wary of, or non-receptive to, China-grown food.

The so-called green revolution and the industrial economic boom have brought in their wake serious environmental problems for China, and pollution is immediately evident to a visitor. The awareness of pollution as a challenge to the well being of China seems to be now uppermost in many minds, and remedies are being actively sought.

Organic agriculture is seen as part of the solution - by eschewing pesticides, enhancing soil attributes, and bringing health benefits to farmers and consumers. Many displays at the trade fair placed an emphasis on the health benefits of organics.

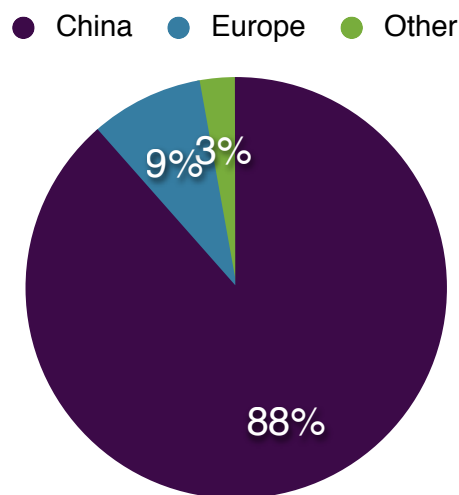


Fig. 2: Exhibitors at the first BioFach China Organic Trade Fair & Conference held in Shanghai: 88% from China, 9% from Europe, 3% from elsewhere, none from Australia.

Biofach China's inaugural event attracted 208 exhibitors. Of these, 182 were from mainland China, two were from Hong Kong, and three were

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from Taiwan. Of the remaining 21 exhibitors, 11 were from Germany, three were from Italy, and there was one exhibitor from each of France, Holland, Switzerland, Finland, Turkey, Brazil and Malaysia. There were no exhibitors from Australia, Africa or North America.

The range of Chinese organic produce presented was both vast and comprehensive, and ranged from the familiar to the unusual, from the identifiable to the unidentifiable.

From Jinxiang, 'the Garlic Capital of China', organic garlic was available freshly packaged, peeled, in vinegars, salted, powdered, flaked and granulated.

Organic oils on display included peanut, almond, camellia seed, walnut, sunflower, flaxseed, and pumpkin seed. An intriguing array of exotic fungi was presented. Tea was the first certified organic product to be exported from China, in 1990, and for the tea connoisseur or dilettante there was a bewildering array of varietal and specialty teas on display at the first Biofach China.

Organic vegetables on offer included beans, yam, celery, broccoli, tomato, taro, mushrooms, "Tibetan toadstools", onions, ginger, carrots, potatoes, cabbage, cauliflower, chilli, and lotus. Vegetables were available fresh, frozen or dried.

Of organic fruit, there was a wide selection which included Fuji apples, Huanian apples, Quinguan apples, Royal Gala apples, Redstar apples, Ya pears, Su pears, Fengshui pears, Shandong pears, Snow pears, Navel oranges, mandarins, grapefruit, "Kiwi-fruit", dates, grapes, persimmon, pomegranates, and nectarines. Fruit was offered fresh, dried or juiced.

Such a choice: rice, a plethora of various grains and seeds, beans including soy, mung, adzuki, red kidney, seeds including, flax, millet, agoric, sunflower, pumpkin, nuts including peanuts, almonds, and walnuts, juices, "herbs & extracts", wine, eggs, black pigs, seafood, and, despite the recent Australian controversy, even a choice of organic Chinese bottled waters!

After completing an MBE in Melbourne 'Tony' Chen Xiang Dong returned to China to develop an organic wine business. He was promoting his Bo-LongBao Winery at BioFach. The wine bears bilingual labelling - French and Chinese.

The exotic Mongolian specialty, organic seabuckthorn berry, valued for its health-food and medicinal properties, and described as high in Vitamin C, Folic Acid, flavonoids and antioxidants is sold as seed oil, juice, and powdered food supplement.

The Raohe National Nature Protection Area of Northeast Black Bee is described as 6765 km<sup>2</sup> of "uninhabited primeval forest" on the China/Russia border. The apiary operating in "the only national nature protection area for bee in Asia" produces organic products including honey, propolis, bee pollen powder and royal jelly, and employs "the only bee kind protected by the China government".

The propolis is described as a "natural antibiotic". "Black bee organic linden honey" from "the linden tree in the virgin forest" we are told is "a kind of precious natural invigorant". The products are certified by Europe's ECOCERT.

The Chinese Academy of Forestry was represented by their Pine Pollen Research & Development Centre. The "pine pollen rain" is harvested as a food supplement. The pollen is shed in Spring by the "Masson pine" from "the Thousand Island Lakes in Zhejiang Province" described as "the biggest state-level forest park".

The Academy of Forestry claims that "The pine pollen is genuinely a natural organic food" and provides "supplementary protection to chemically damaged liver and improving the immune system regulation".

The consumer packaging on display at BioFach China was both attractive and of a high standard.

While all exhibitors were required to hold organic certification, some products bore both organic and Green Food AA logos.

Not all packaging had caught up with the new government requirement to bear the official bilingual (Chinese & English) organic logo - the red football girdled by a green ribbon, Saturnesque logo - it comes in two versions: "Organic" and "Conversion to Organic". Many products bore the COFCC two-leaves organic logo.

Xianjun Li identified five-plus-one reasons why Chinese consumers choose organic: "Safe, important for health, without chemical residues, good taste and it guarantees quality" and he speculated on a sixth reason - it is claimed that by eating organically "a family is more likely to have a son".

Shanghai is a hi-tech and vibrant city of 20 million inhabitants, with a fast and efficient metro system currently undergoing major expansion. Metro tickets are credit-card like and are machine-captured when passengers exit the rail network - recovered and electronically recoded for resale and reuse - a zero waste system that generates no ticket litter.

The city is undergoing a rapid transformation with ramshackle old areas being flattened and replaced with wide tree-lined boulevards incorporat-

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ing dedicated bike paths, and architecturally fanciful high-rise buildings embedded in green parklands. Urban planning in Shanghai is emphasizing green belts and trees.

The take home message for BioFach China can be summed up by China Food & Beverage's: "Import? Export? Discover your best ally in China" and Hengsoy's mission statement: "Let's nourish the world organically".

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