



OPPORTUNITIES FOR CANADIAN AGRI-FOOD PRODUCTS IN SOUTH CHINA

According to official sources, Guangdong province has led the nation in retail sales for 16 years running, with 1998 sales hitting RMB 324.8 billion (USD 39 billion). Guangzhou's residents' annual income increased seventeen-fold over the past 20 years. In 1998, Guangdong's GDP surged 10.1% from the previous year, with retail sales growing by 14.7% in real terms. As well in 1998, Guangdong's import and export value reached USD 130 billion, accounting for 40% of the national total. Imports comprised USD \$55 billion of this total.

Guangdong has the most developed retail sector in the country, accounting for 10 percent of the nation's total retail sales. Foreign-funded supermarkets such as Jusco, Sam's Club, Makro and Walmart began to enter the Guangdong retail market in 1996. Now, new supermarkets are opening almost weekly in South China. The Taiwan joint venture Trust Mart has opened five stores in Guangzhou. The French joint venture Carrefour has opened a new store in Zhuhai with a third outlet planned for Guangzhou. The American Walmart, already in Shenzhen, opened its second store in Dongguan and is looking for a location in Guangzhou. The Pearl River Distribution Centre in Shenzhen is going to open their third branch by the end of 1999. The Hong Kong joint venture Park'n Shop is boasting plans to open over 200 more stores in China in the next two years. Recently, innovative stores that feature deep discounting are very profitable, such as the privately owned Daoneijia supermarket chain.

According to the Guangdong Commercial News, in Guangzhou there are 84 convenience stores which operate 24 hours per day, including 7-11, OK and am-pm, among others. Convenience stores are springing up quickly and bringing in new opportunities for Canadian food products. The growth of convenience stores provide opportunities for bottled water, juice and other convenience products.

In Guangzhou, there are 5 five-star hotels, 5 four-star hotels, and an exclusive golf and country club. Each hotel has several restaurants that serve predominantly Western food. Each has a high-end continental style restaurant, a delicatessen or Western style bakery, and a coffee shop. These coffee shops have made an enormous contribution to popularizing Western food in China because they serve all-you-can-eat buffets for breakfast, lunch and dinner. The buffets have introduced such novelties to the mass market such as salads, raw vegetables, smoked salmon, beef, sushi, and roast turkey. Recently, alligator meat has become popular.

The Guangdong/Fujian region in the south is important for the food ingredients sector because it holds an important position in China for food processing and because it is a major entrepot of China's food distribution of both domestic and imported food products. The Pearl River Delta around Guangzhou is the location of thousands of food processing factories. With Hong Kong within one hundred kilometres, this area has been a location for the entry of foreign products for centuries.

Only about 160 kilometres from Hong Kong, Guangzhou is a major gateway to China for imported food products. One of the biggest impediments to more Canadian products entering the South China market is the lack of knowledge of Canadian products on the part of the Chinese buyers. The Consulate General is currently undertaking a baseline survey of the Canadian food profile in Guangzhou. Results and analysis will be distributed in April 1999.