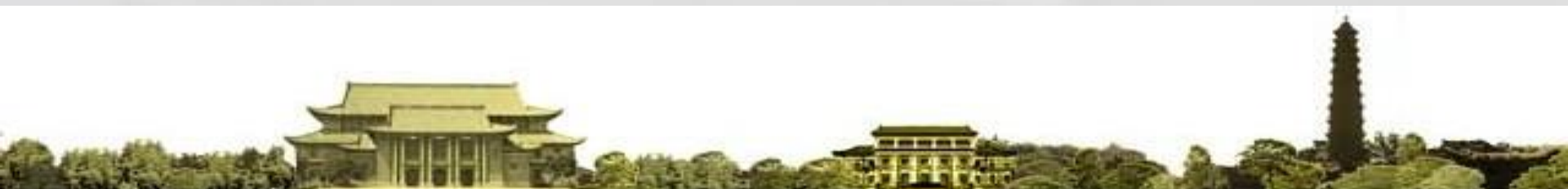




# The Current Situation of China's Organic Agriculture and Organic Companies

Fanyi MA

06. 09. 2016



# Henan Province



# Henan University

# Map of China

Locations of provinces,  
autonomous regions  
and municipalities.



## Finland

➤ 338,000 km<sup>2</sup>

➤ 5.5 million

## Henan Province

➤ 167,000 km<sup>2</sup>

➤ 100 million people



In 2011, 81.92 km<sup>2</sup> for  
agriculture, and the productions  
of crops are about 60 million  
tons.



# Henan University

- Over 100 years old
- 33 departments and 24 institutes
- 50 thousands bachelor students
- 10 thousands of master & PhD students



# Organic Foods



# Organic Foods

➤ What is organic foods?

Organic foods are eco, non-polluted and natural foods which meet the standards of producing and farming.

Organic foods are produced without pesticides, fertilizers, irradiation, additives, and chemicals.

However, in China, there used to be least 31 kinds of labels





中国环境标志认证



农食产品认证



无公害农产品认证



国际质量体系认证



中国环境保护产业协会认证



国家免检产品认证



有机产品认证



绿色食品认证



中国环保产品认证



中国名牌产品认证



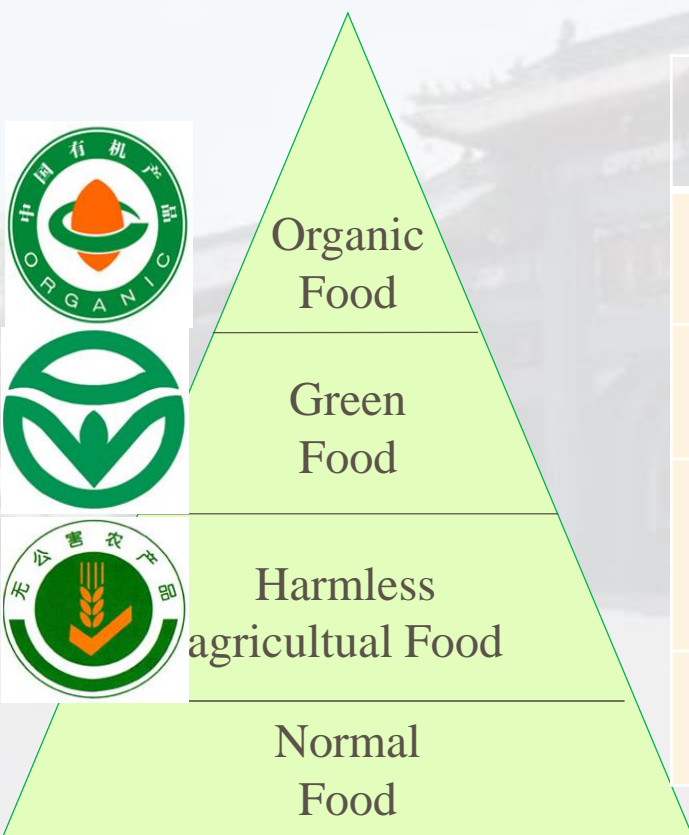
III型环境标志认证



中国食品质量认证(2级)



# The Differences



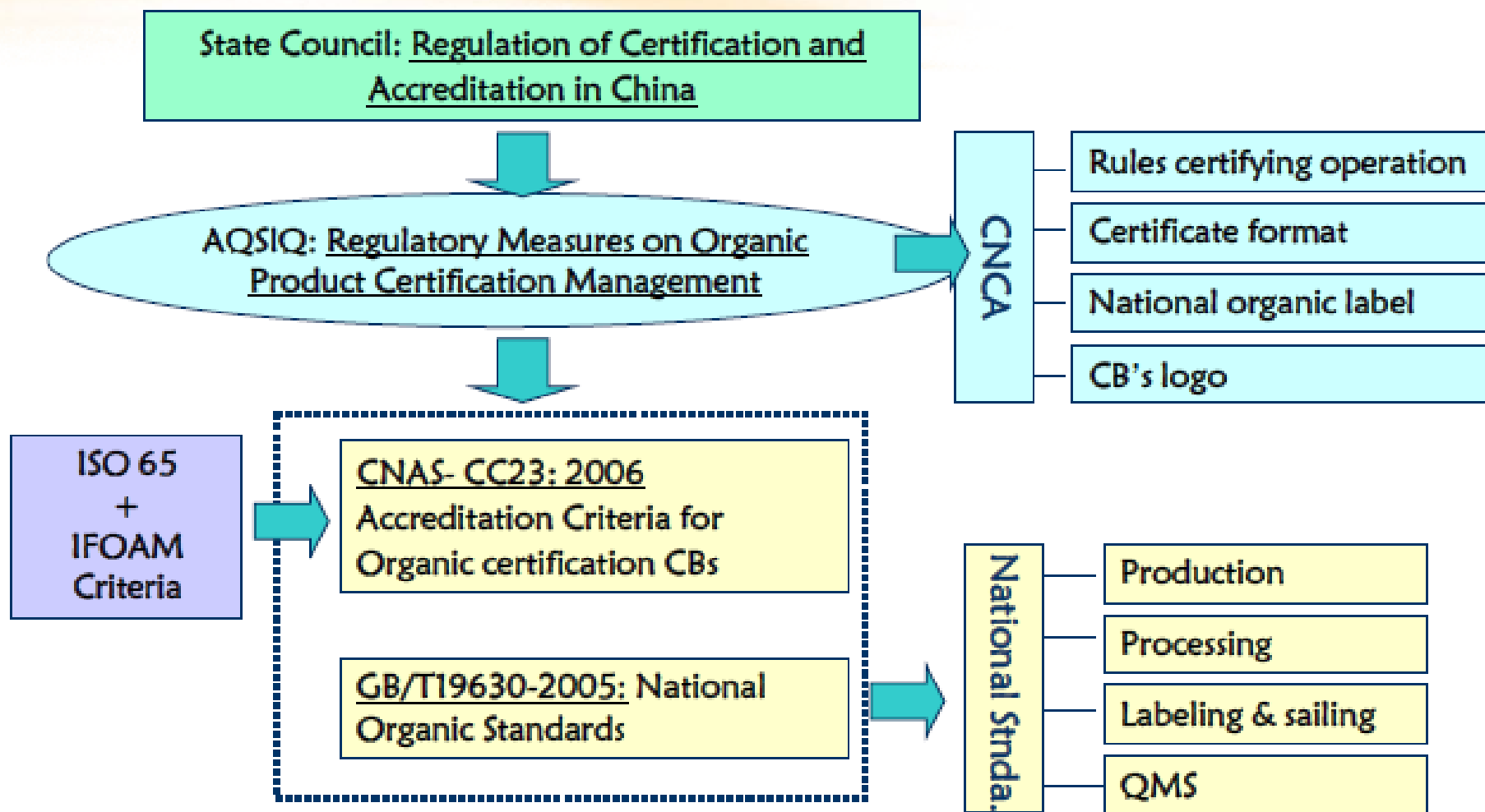
	Pestisides	Fertilizer	Growth Hormones
Organic Food	No	No	No
Green Food	Limited	Limited	Limited
Harmless agricultural Food	Limited	Limited	No limited
Normal Food	No limited	No limited	No limited

# Differences



		Chemicals	Environment	Certificate Authority
Organic Foods		No use	Need to be organic, have least 3 years conversion time	General Administration of Quality supervision
	AA	No use	Environment need to be met NY/T391-2000	China Green Food Development Center, Ministry of Agriculture of PRC
Green Foods	A	Limited use	Environment needs to be met NY/T39-2000	China Green Food Development Center, Ministry of Agriculture of PRC
Harmless agricultural product		Controlled in the regulation	Meet the standards	The Center for Agricultural food Quality and Safety, Ministry of Agriculture of PRC

# Organic Regulations & Standards



# How to tell the authenticity of organic food?



中绿华夏有机认证



亚洲有机农产品协会



南京国环有机认证



日本JAS有机认证



美国农业部有机认证



欧盟有机认证

您查询的有机码 13412751410433766 对应的商品信息应该是由 南京国环有机产品认证中心 认证的, 五常市丰粟有机水稻种植农民专业合作社 生产的 君丹牌大米, 详细信息如下:

认证证书编号	134OGA1200310	认证类型	有机认证
认证产品名称	大米	商品名称	君丹牌大米
产品包装规格	5 千克	认证标志使用方式	加贴
认证机构名称	南京国环有机产品认证中心		
获证生产企业名称	五常市丰粟有机水稻种植农民专业合作社		

[www.food.cnca.cn](http://www.food.cnca.cn)



发证日期: 2012年05月05日 有效期至: 2013年05月04日

发证日期: 2010年05月05日 有效期至: 2011年05月04日

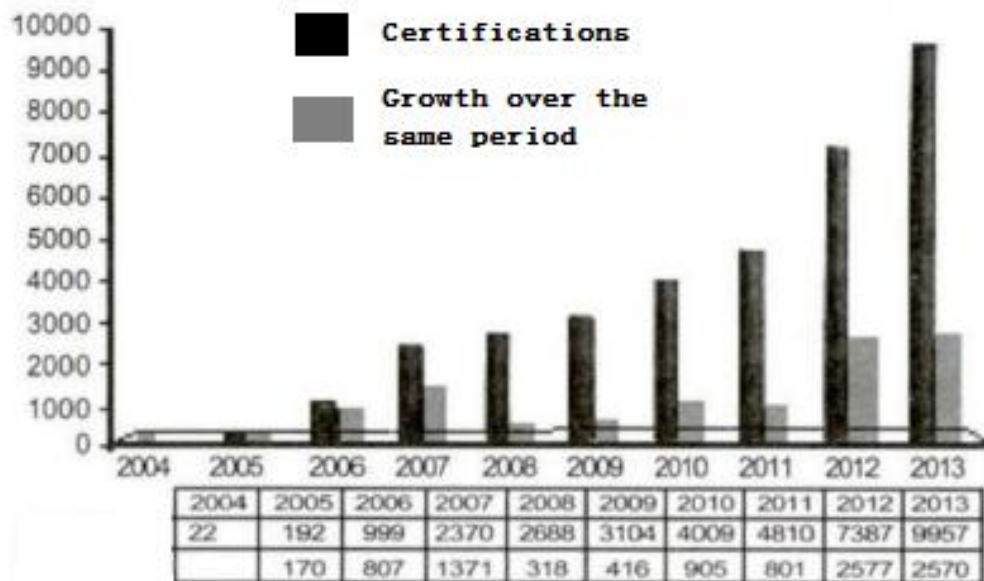




# Current Situations

# The Current Situation

- Until 2013, there are 9,900 certifications had been awarded, and 6,000 organic companies were registered. There were 3.6 million hectare lands were regonized as organic farm, increasing from 2.1 million hectare in 2006. 2.5 million hectare were in the conversion stage.
- 10 billion RMB (143 million US dollars) domestic sales, and 464 million US dollars for export sale

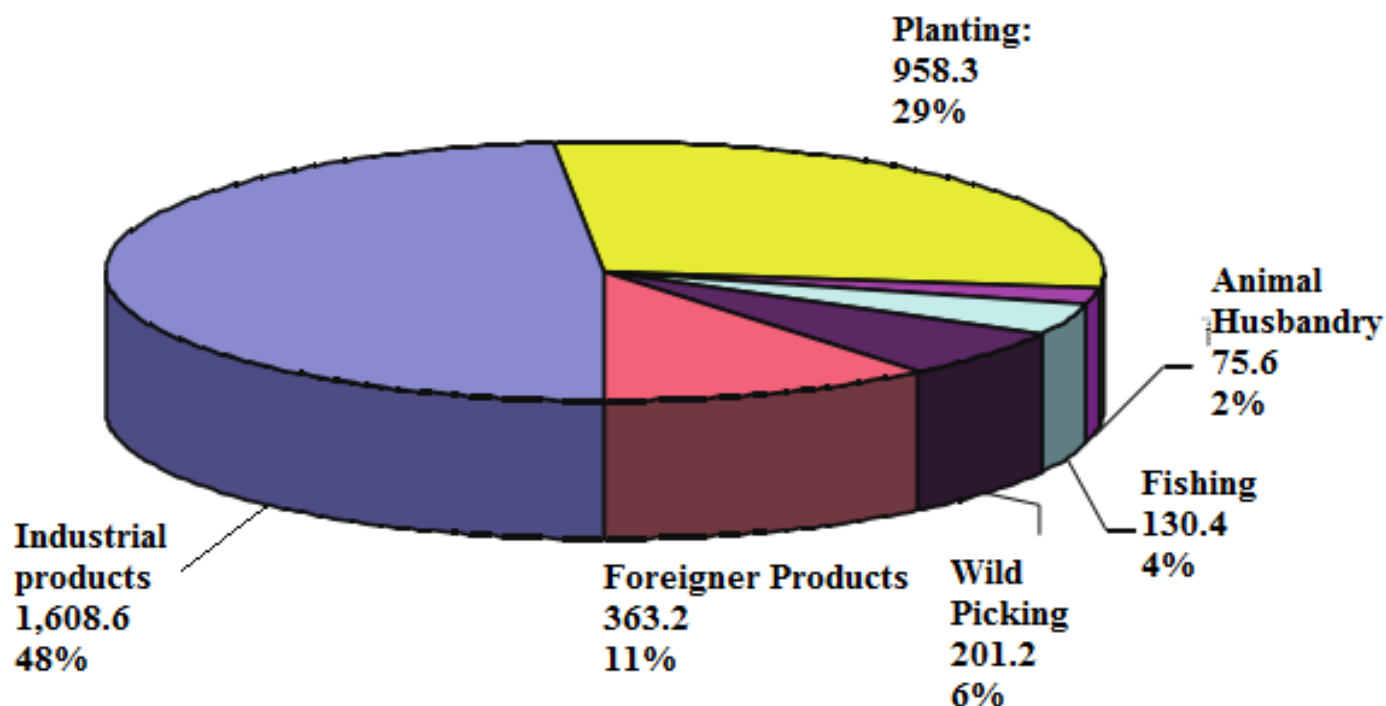


# Yields and Sales of Organic Agricultural Products

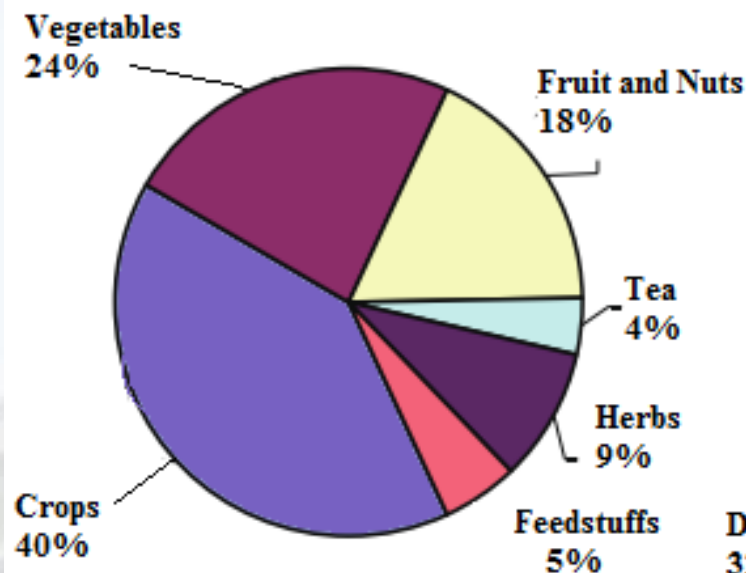
- Crop Yields: 254 thousand hectare, 1.34 million tons, 3.21 billion RMB (459 million US dollars) domestic sales, and 220 million US dollars foreign sales.
- Animal Husbandry: 3.51 million of quantity, 90.36 thousand hectares herding area, production of 21 thousand of tons, 210 million RMB domestic sale, and 19.7 million dollars foreign sales.

# In 2010, the yields of different categories

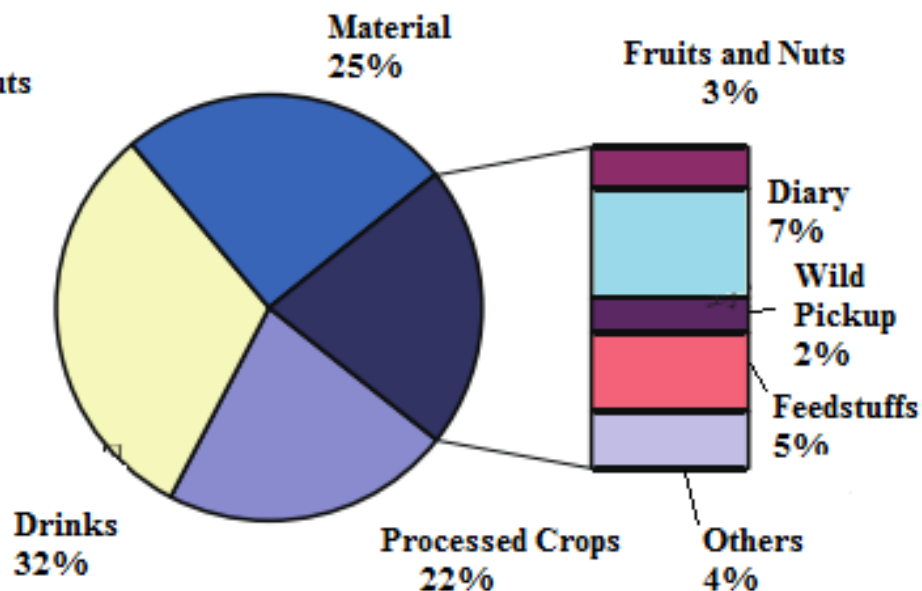
Units: Thousands of tons



### Planting



### Processed Products



- In planting, organic foods are mainly crops, vegetables, fruits and nuts.
- For the processed products, organic food are mainly material, drink, and crops.



# Price of Organic Foods

The prices of organic foods are usually 3 times of normal foods.

# The Prices of Organic Foods

	Normal Foods	Green Foods	Organic Foods
Carrot	¥ 1.8/kg	¥ 6.0 for a box (containing 2)	¥ 25.0 for a box (containing 3)
Aubergine	¥ 5.0/kg	¥ 7.0 for 1	¥ 25.0 for 1
Rice	¥ 2-3/kg	¥ 8-16/kg	¥ 16-40/kg



# Reasons for Price

- There are usually least 3 years conversion time for the fields and long processes for the application;
- Most farms are small family run operations that are not highly profit-driven and seldom receive government subsidies or support for research;
- Organic food takes longer to grow than inorganic as chemical growth hormones and fertilizers can speed up the growth rate of inorganic crops;

- Organic Produce is usually picked when it is ripe unlike inorganic food, which allows for transportation time and is picked unripe and before it is fully developed;
- The majority of organic distribution is done on a small scale so the transportation cost are often higher, pushing consumer prices up;
- Organic certification bodies charge their members for annual inspection and use of their certification labels, once again driving prices higher;

# The Salary of Chinese People

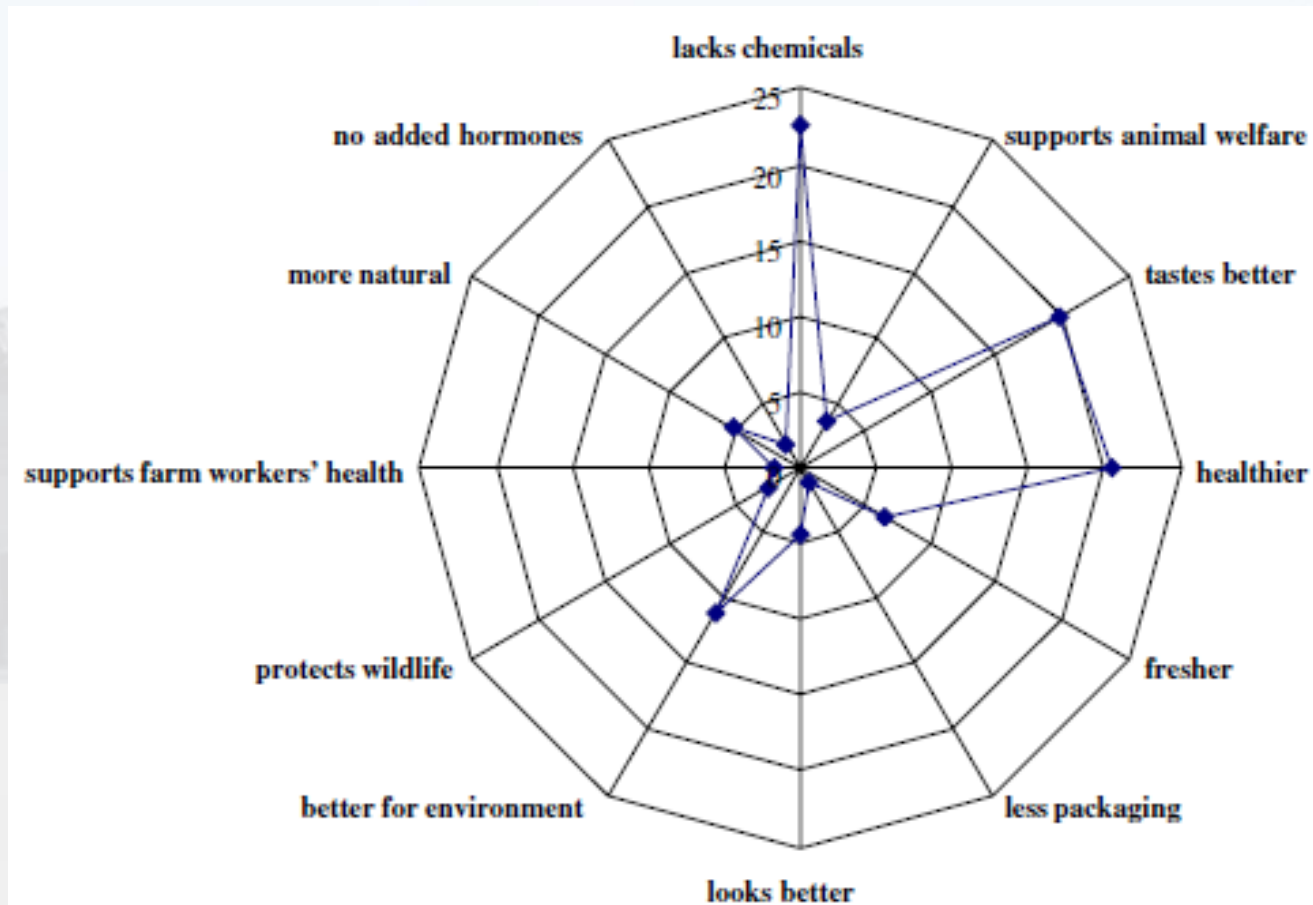
- Then, the average month salary:

Beijing: ¥ 9,200, Shanghai: ¥ 8,900, and Zhengzhou: ¥ 5,000

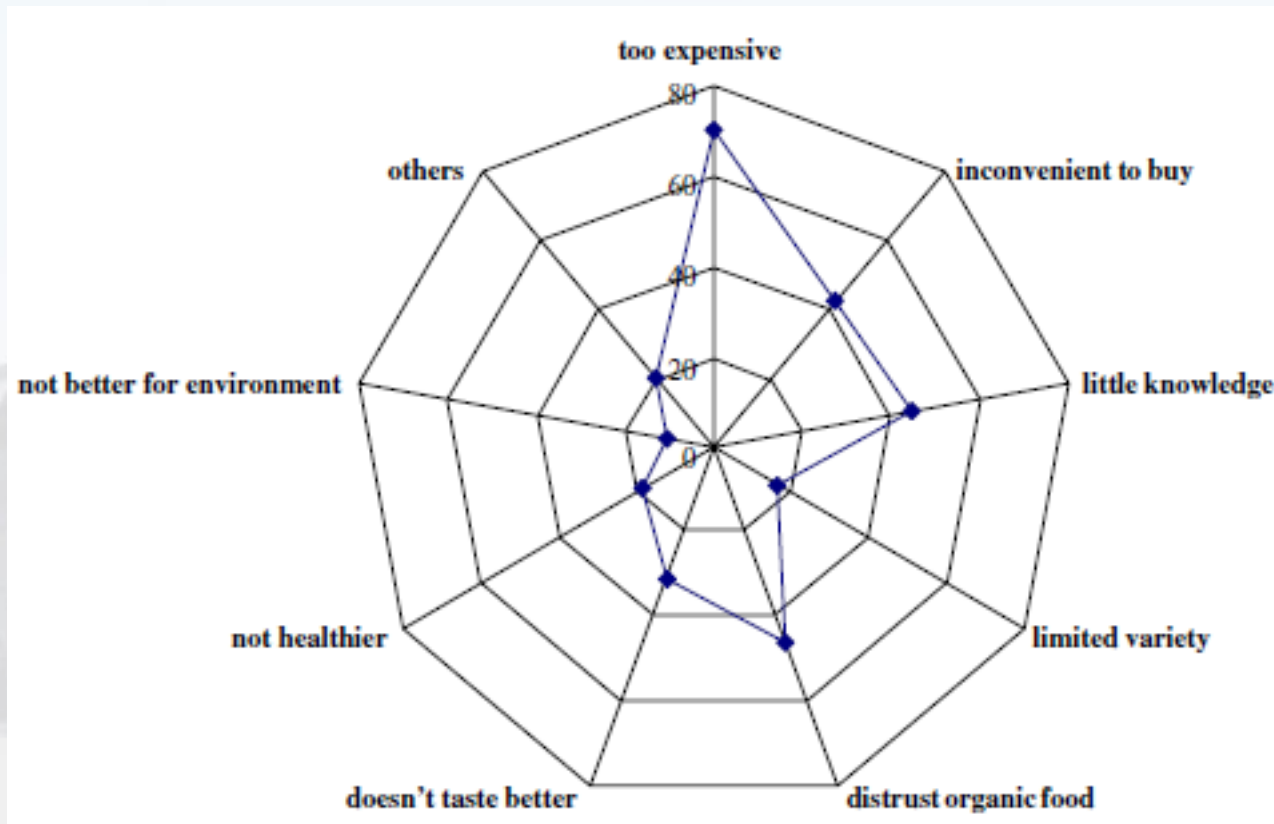
- In Zhengzhou, the rent of a single room is about ¥ 1,500. If you have a family and the house loan is about 2,000 - 2,500 RMB. If you have a kid going to the kindergarten, it costs ¥ 1,500/month.
- All the spending in hospital needs to be paid by ourselves, and the jacket is department store is cost least ¥ 1,000.

**Therefore, the organic foods are not for everyone, it is more like luxury thing to purchase in China.**

According to Yin et al. (Journal Science of Food Agriculture, 2010) reseaches,

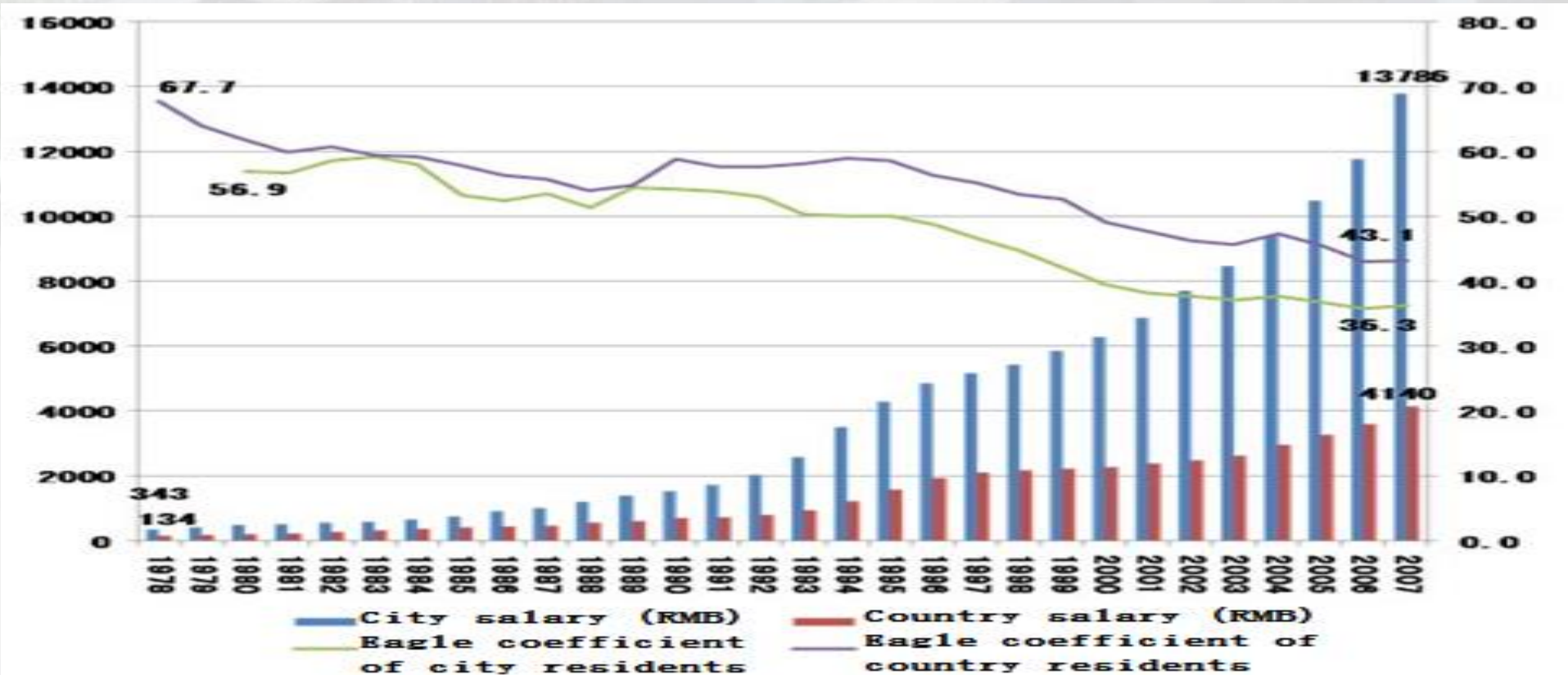


Reasons why customers buy organic foods



Reasons why customers not buy organic foods

- Engel's coefficient = food expenditure / total expenditure
- Dramatic increase in the population of wealthy class who consider fewer with price



# Target People

- High-income population and health-pursued crowds.  
According to the research, the most of customers earn the salary over 3,000 RMB/month;
- High education population, especially graduated from college;
- Special consuming groups: pregnant, infant parents, and elderly people.



# Typical Organic Consumers

- Six out of ten people would choose organic food if it was easily available and cost no more than conventional food.
- Reasons for buying organic food
  - ☞ 46% say health is the main reason
  - ☞ 40% say it taste better
- Reasons for not buying organic food
  - ☞ 42% say the costs are too high
  - ☞ 15% say they are not seen in shops
  - ☞ 10% say there is not enough variety
  - ☞ 4% say they don't buy because it does not taste better
- Age 25-34, and shopping mostly at specialty stores

# Sale

**Communication**

- Pregnant women, parents of infants, high-income and high-education populations concern the safety;
- Most communications are from TV, advertisements, and websites

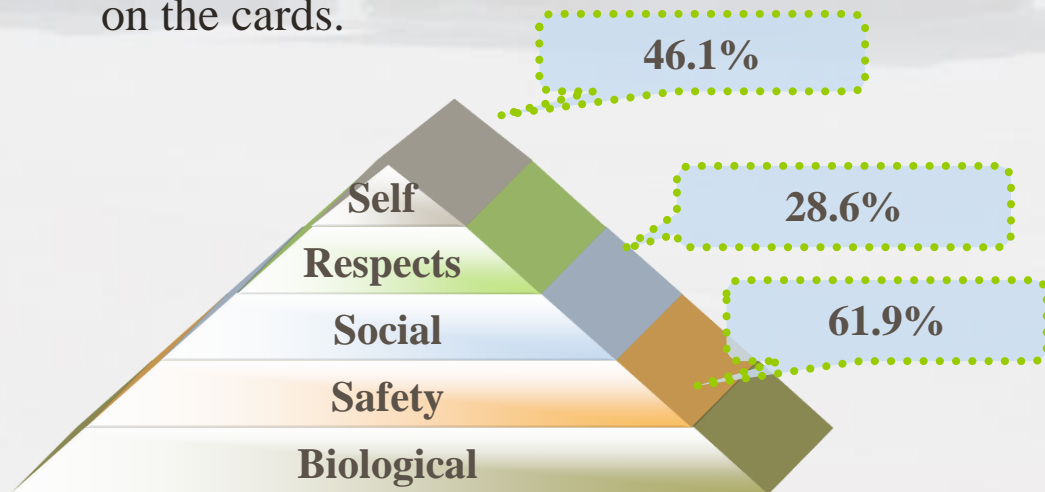
**Convenience**

- Convenience for consulting;
- Easy to pay;
- Quick delivery;

**Cost**

- Group order and discount for large orders;
- VIP term: put 1,000 RMB in VIP card will award 200RMB on the cards.

**Consumer**





# Government



# BIOFACH China 2015 Conference on International Organic Food market and Development

- Ministry of Agriculture
- International Foundation for Organic Agriculture Movements (IFOAM),
- China Green Food Development Center,
- China Organic Food Certification Center



# Cai Lan Zi (Shopping Baskets Program )



- This program was brought up by Ministry of Agriculture since 1988 in order to ease the contradiction on food supply and ensure that residents have fresh vegetables all the year round.
- 1994, the large farming markets and the production base were established. 1995, all the information was ready online. Until 1997, there were 4,000 large farming markets.
- 2001, harmless agricultural foods was introduced and 2002, “Triple Green Program” (Green Food, Green Market, and Green Transport) was brought up.
- After 10 years, the aim of government was to improve the quality of foods

- Since online shopping was more and more popular, this program starts running online.
- [www.sdclz.com](http://www.sdclz.com) ---Beijing  
[www.myclz.com](http://www.myclz.com) --- Shanghai  
[www.lygclz.com](http://www.lygclz.com) --- Lianyungang  
[www.maicaiwa.com](http://www.maicaiwa.com) --- Chengdu  
[www.cailanwang.com](http://www.cailanwang.com) --- Zhengzhou
- They are for each city and local vegetables, fruit, rices, meat and fishes.





# Companies

# Duncan Farming

- A small business
- Pick-up activities
- Delivery by order
- Home-made organic food Restaurant
- Wooden Cottage for rent
- Playing areas for kids



# Qianyi Farm



土豆



葫芦瓜



黄瓜



葫芦瓜



龙豆角



羽衣甘蓝



油菜菜



青菜



丝瓜



黄秋葵



补血菜



金丝搅瓜



有机鲜里脊【精品装】



有机五花肉【精品装】



有机鲜里脊【家庭装】



有机鲜排骨【家庭装】



田七



小番茄



小番茄



紫玉莲



有机熟牛肉



生态熟牛肉



空培菜



有机茼蒿



包菜



小白菜



有机蔬菜礼盒



【10斤装】生态柴鸡蛋



有机组合礼盒



有机生鲜礼盒



萝卜



西兰花



辣椒



西葫芦



有机卤味礼盒



有机干果组合礼盒



有机佳节礼盒



有机团圆礼盒



水芹菜



荷兰黄瓜



茼蒿



花菜



有机杂粮礼盒



波尔山羊礼盒



【限量】有机红颊草莓礼盒



紫甘蓝



豇豆角



苣荬



黄瓜



This company was founded by three young men in Henan Province, and the most interesting thing is they actually put CCTV besides each field and record it.

有机蔬菜系列

当前位置：首页 > 全程可追溯 > 有机蔬菜系列



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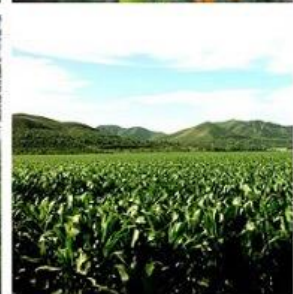


· 20160819有机蔬菜批次	[2016-08-19]
· 20160812有机蔬菜批次	[2016-08-12]
· 20160809有机蔬菜批次	[2016-08-09]
· 20160722有机蔬菜批次	[2016-07-28]
· 20160712有机蔬菜批次	[2016-07-12]
· 20160708有机蔬菜批次	[2016-07-08]
· 20160701有机蔬菜批次	[2016-06-30]
· 20160624有机蔬菜批次	[2016-06-24]
· 20160621有机蔬菜批次	[2016-06-20]
· 20160617有机蔬菜批次	[2016-06-16]

# Wanda Organic Foods Companies

- The founder of Wanda Organic Companies was Jianlin WANG, a multi-billionnaire, who is the chairman of Wanda Group, a largest real estate developer.
- Although this organic foods project they just started 3 years, the company has been already in the shape.





万达集团

万达集团



# Problems of Organic Foods

# Current Problems

## ➤ Air

Pollution are quite serious in China. For example, the air pollution in Beijing, the average PM 2.5 of 2013 is  $89.5 \mu\text{g}/\text{m}^3$ , and there are 189 days over the limit ( $\text{PM } 2.5 > 35 \mu\text{g}/\text{m}^3$ ).

## ➤ Soil

April, 2014, about 19.4% agricultural fields are polluted in China. Therefore, the 3 years for conversion time are not enough.

## ➤ Water

The running water will be polluted from underground water. about 30 - 40% organic foods containing pesticides due to the water.

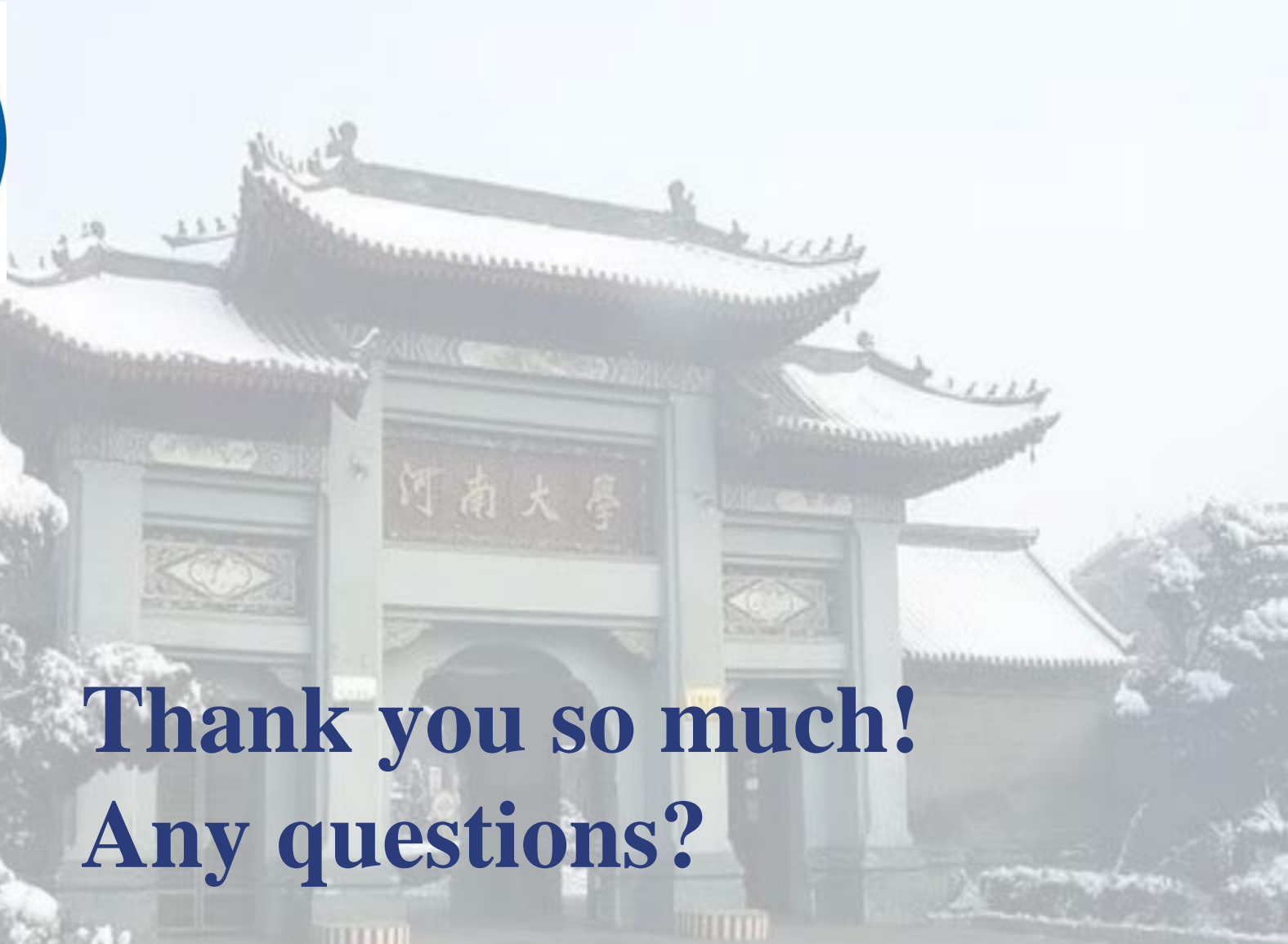
# Conculsion

- Organic Labels
- Current Situations
- Price of Organic Foods
- The Target Groups & Consumers
- Government
- Companies
- Problems

# Developmental Prospect

In 10 Years:

- Production of China's organic food grows by 30% -- 50%;
  - 1 - 3% increases on the production area;
  - Exported proportion of agricultural production area will increase
  - Share on the international organic food market will meet or exceed 5%;
- China, as the fourth-largest organic food consumed country, the organic foods in China I believe have a bright future.



**Thank you so much!**  
**Any questions?**

