

# **Importing Dairy Products** into China

This guide aims to explain the main legal and conformity issues surrounding dairy products. Complementary information will also be provided about specific products and relevant commercial considerations.

The dairy sector has witnessed constant changes in regulations and their implementation – a common occurrence in China. However, the new rules that came into force on May 1st 2014 constitute a major development. Two of the main changes are the obligation to register as a dairy product plant producer, and the need for a quarantine licence when importing dairy products. A higher level of control in general is anticipated.

The EU SME Centre hopes to provide a useful, detailed guide to the issues surrounding these changes. Common practice will not be known with any certainty until the regulations have been in effect for a few months. It is hence important that EU SMEs do not consider this, or any other report, as a definitive guide. They should rather treat such documents as a starting point. We recommend that EU SMEs keep updated on the subject in the months to come.

The dairy products market is one of several booming markets in China, with an annual increase of almost 42% for the period 2008-2013. The emerging Chinese upper-middle class are strongly influenced by Western habits, and dairy consumption is showing a steady and rapid increase.

Unlike other booming markets, the dairy industry is not supported by domestic production. Opportunities for foreign exporters are hence even greater than in other sectors. The two main reasons for this are as follows:

Domestic production is limited and grows at a slower rate than consumption. China has the highest milk deficit in the world<sup>1</sup>.

There is a history of scandals involving Chinese brands and a general mistrust of domestic production in the food and beverage industry. This is especially the case for dairy products intended for consumption by infants.

Opportunities are vast; however, there are several key factors that make exporting to China a long or even restricted procedure in cases where the country of origin does not have a bilateral agreement and health certificate with China. Other barriers include the need for registration as a foodstuff exporter, and more recently, the requirement to register as a dairy producer. The customs procedure can also confront EU SMEs with complex, excessive, and varying regulations, whose implementation is many times unclear.

1 FAO. 2013. Milk production <a href="http://www.fao.org/agriculture/dairy-gateway/milk-production/en/#.U04iiPl">http://www.fao.org/agriculture/dairy-gateway/milk-production/en/#.U04iiPl</a> uAU

## Guideline: Importing Dairy Products into China

The labelling of products, though not exactly a barrier to market entry, nevertheless requires a deep understanding of the regulations before exporting to China. Testing labels with Chinese customs by sending a sample batch prior to full-scale export is recommended. In this way, the exporter has some guarantee that the products will not be withheld upon arrival in China. For similar reasons, it is best to prepare all documents needed for successful customs clearance in advance. It is also advisable to seek advice from your importer.

Scandals have certainly affected the dairy products market in China, especially the market for infant formula. Despite the fact that regulations and controls have become undeniably stricter as a consequence, large market opportunities have opened up for foreign brands delivering high-quality products. Recent issues with certain New Zealand and Australian products may also mean that there is more space in the market for EU companies.

This report first gives an introduction to the dairy sector and the major driving forces in this market. Next, it outlines some challenges faced by SMEs when entering the dairy market in China. The required steps are then explained in step-by-step detail, including the most relevant standards and regulations, with the aim being to provide a comprehensive overview of the entire procedure.

EU companies will find a detailed step-by-step guide to the process of exporting to China. All relevant standards and regulations will be mentioned and linked. Details will be given of the key players and institutions, as well as the main events related to the dairy products industry.

Chinese regulation for dairy products is split into a large number of frequently changing standards and regulations. In the EU, conversely, the framework is more concentrated, with fewer standards and changes. The challenge for EU exporters is hence to keep themselves fully informed and up-to-date regarding these ever-shifting standards.

# Table of Contents

| 1. | Intr   | oduction and key market drivers   | 4    |
|----|--------|---|------|
|    | 1.1    | Definition of the market  | 5    |
|    | 1.2    | Size of the market  | 5    |
| 2. | Key    | barriers  | 10   |
| 3. | Step   | p-by-step guide to the import-export procedure                                    | 12   |
|    | 3.1 Se | ven Steps   | 14   |
|    | 3.2 Ot | ther relevant issues  | 31   |
|    | 3.3 Sp | pecial case: ice cream  | 32   |
| 4. | Annex  | Kes   | 35   |
|    | 4.1 Cl | nina's standards  | 35   |
|    | 4.2 M  | ain events and trade fairs for dairy products                                     | 37   |
|    | 4.3 Se | ector associations  | 38   |
|    | 4.4 Ke | ey players in the dairy products industry – Chinese government agencies and bodie | s 40 |
|    | 4.5 Re | elevant EU organisations  | 41   |
|    | 4 6 EI | J SME Centre's dairy-related publications   | 42   |

#### 1. Introduction and key market drivers

Almost overnight, China has become the second-largest importer of dairy products after the USA, with an import value of almost EUR 4 billion and an average annual growth rate of approximately 45% during the period 2009-2013. This constitutes a solid base for ongoing growth in both value and variety.

The market offers immense opportunities for European SMEs for several reasons, namely European production capabilities, China's rapidly increasing demand, and the growing distrust of local dairy brands. However, general and sector-specific import barriers, along with recent changes in regulations, make market entry challenging and thus increase the need for Europeans SMEs to keep themselves informed and updated.

The export of dairy products to China has skyrocketed since 2008, creating a huge market and opening up opportunities for European SMEs.

The main reasons for this change are the following:

- Household income increases;
- Increased capacity of a significant part of Chinese society to acquire new and more expensive products on a daily basis;
- Improvement of distribution and logistics systems;
- Increased available and accessibility of products, including those requiring a cold chain implementation plan;
- Lifestyle and consumption changes;
- Massive transformation in the behaviour and lifestyles of Chinese consumers especially those in urban areas with the incorporation of many elements of Western consumer culture;
- Food safety concerns linked to scandals in foodstuffs, especially in dairy products.

Food scandals, specifically in the dairy sector (primarily in 2008 and again in 2010, with further issues coming to light in 2013) have raised Chinese concerns about food safety to a very high level, with infant formula being the clearest example.

#### Milk scandals

Food safety is a significant concern due to past scandals such as "melamine milk" in 2008 or "clostridium botulinum" in 2013.

In 2008, high levels of the industrial chemical melamine were found in powdered baby milk and other dairy products in China. Among the 300,000 reported victims, 6 cases resulted in death, with 54,000 infants being hospitalised.

Consequently, the Chinese government increased barriers and controls on dairy products, especially for imported products. As a result, a long-term competitive advantage was afforded to producers with a reputable public image. Dairy product imports increased from EUR 592.5 million in 2008 to EUR 3,869.5 million in 2013.

In 2013, the world's biggest dairy exporter to China (Fonterra) tested positive for costridium botulinim. As a result, China banned milk powder originating from New Zealand and Australia.

This scandal might represent an opportunity for EU SMEs to increase dairy exports to China. In any case, it is the market potential rather than temporary issues regarding other suppliers that is the main issue to consider.

## 1.1 Definition of the market

This guide to the export of dairy products will analyse the procedures and requirements for products related to the following HS codes:

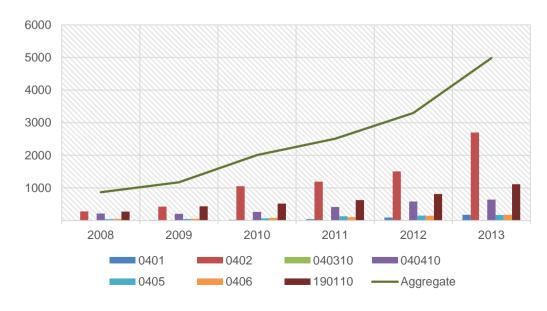
Table 1. Dairy products and their corresponding HS code

| HS CODE  | PRODUCT   |
|----------|---|
| 04.01    | Milk and cream, not concentrated or containing added sugar or other sweetening products                     |
| 04.02    | Milk and cream, concentrated or containing added sugar or other sweetening products (milk powder)           |
| 04.03.10 | Yogurt  |
| 04.04.10 | Whey and modified whey, whether concentrated or not, or containing added sugar or other sweetening products |
| 04.05    | Butter and other fats and oils derived from milk; dairy spreads   |
| 04.06    | Cheese and curd   |
| 19.01.10 | Infant formula  |
| 21.05    | Ice cream and other edible ice, either containing cocoa or nougat   |

## 1.2 Size of the market

Figure 1 below presents the imports of milk products from 2008 to 2013, with data being taken from China Customs:

Figure 1. China imports of dairy products (millions of euros)



Source: China Customs

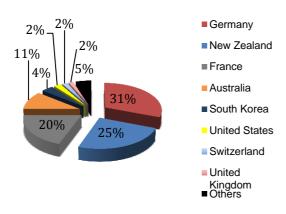
## Guideline: Importing Dairy Products into China

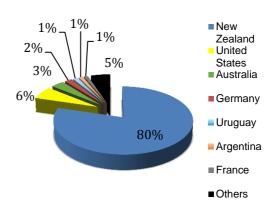
Aggregating the export value of the products defined above, the annual increase is almost 42% for the period 2009-2013. This demonstrates the requirement for European SMEs to engage with the Chinese market in order to maintain a competitive global position, with China being the second-largest importer of dairy products after the USA.

In the following two figures, differences can be seen between imports of both un-concentrated (HS 04.01) and concentrated (HS 04.02) milk and cream. In Figure 2, the market was shared among three main countries (Germany, New Zealand, and France), while in Figure 3, New Zealand achieved 80% of the total market share.

Figure 2. China imports of milk and cream (not concentrated) by country, 2013 (value)

Figure 3. China imports of milk and cream (concentrated) by country, 2013 (value)

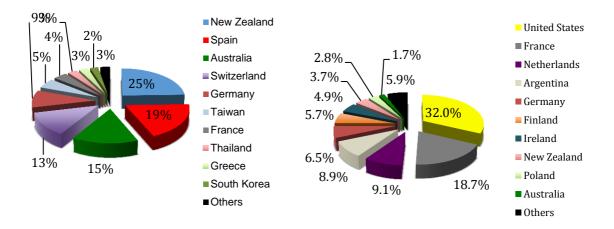




In the case of yogurt imports (HS 04.03.10), four countries (New Zealand, Spain, Australia, and Switzerland) shared the market. For whey and modified whey (HS 04.04.10), the United States was the main exporter, accounting for 32% of the market, followed by France with 18.7%.

Figure 4. China imports of yogurt by country, 2013 (value)

Figure 5. China imports of whey and modified whey by country, 2013 (value)



In this third group of figures, New Zealand was the main exporter of butter (HS 04.05), with other countries making up just 15% of the market. In the case of cheese (HS 04.06), New Zealand was likewise the main exporter with 40% of the market, followed by Australia and the United States with 23% and 19%, respectively.

Figure 6. China imports of butter by country, 2013 (value)

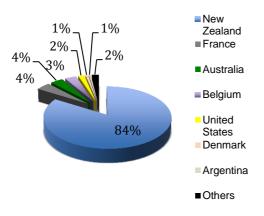
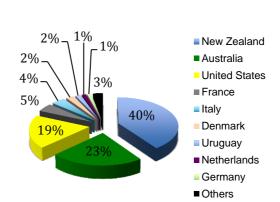


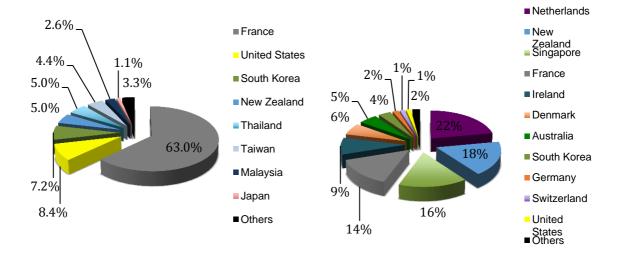
Figure 7. China imports of cheese and curd by country, 2013 (value)\



For imports of ice cream (HS 21.05), France had 63% of the market, followed by the United States with 8.4%. Finally, for imports of infant formula (HS 19.01.10), four countries shared the market: the Netherlands (22%), New Zealand (18%), Singapore (16%), and France (14%).

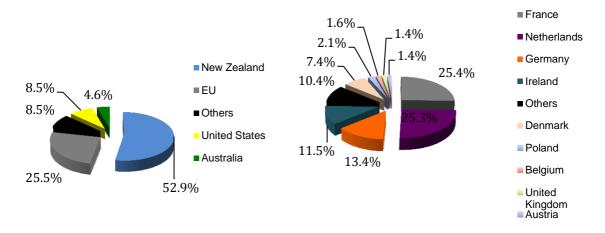
Figure 8. China imports of Ice cream by country, 2013 (value)

Figure 9. China imports of infant formula by country, 2013 (value)



Figures 10 and 11 show Chinese imports of dairy products by value in 2013. Worldwide, New Zealand was the main exporter with almost 53% of the market share. The second-largest exporter was Australia, with 4.5%. The EU makes up 25.5% (this will be disaggregated in the Figure 11), and the United States 8.5%. Breaking down the EU share, France (25.4%) and the Netherlands (25.3%) combine to make up over 50% of total exports, with the third-largest exporter being Germany (13.4%).

Figure 10. China imports by region, 2013 Figure 11. China imports by EU countries, (value) 2013 (value)



#### 2. Key barriers

The following points have been identified as the key trade barriers from a legal and conformity perspective to introducing dairy products into China:

- Requirement for a bilateral agreement and a shared health certificate between the country of origin and China. This is the first issue that the prospective exporter should check. If either the bilateral agreement or health certificates are not yet in place, it is not possible to export dairy products to China. In total, 17 countries have already signed the protocol, including France and Spain. However, 14 countries are yet to sign it, including Croatia and Bulgaria.
- Requirement for registration with the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) (generic and specific). The online registration common to all food products for export to China is a simple procedure. However, the additional registration of dairy producing plants is quite the contrary, and ultimately depends on the Chinese authorities. Before regulation came into full effect, many milk producers were already registered.
- Unstable, complex, and excessive regulation. As a result of several scandals that shook the country, the Chinese government approaches this market very cautiously. This reactive approach makes it difficult for foreign companies to keep track of the increasing and ever-changing regulations affecting all aspects of the dairy products industry. It is unclear how the Chinese government will react should a new scandal affect either a local or foreign producer. China has several standards applying to milk, including: GB 19301-2010 "Raw milk", GB 19645-2010 "Pasteurised milk", GB 25190-2010 "Sterilised milk", GB 25191-2010 "Modified milk", GB 19302-2010 "Fermented milk", GB 13102-2010 "Evaporated milk, sweetened condensed milk and formulated condensed milk", etc. Moreover, these standards are not only concerned with the type of milk, but they also take into account aspects such as: GB 541333-2010 "Determination of specific gravity in raw milk", GB 541330-2010 "Determination of impurities in raw milk and dairy products", GB 541334-2010 "Determination of acidity in raw milk and dairy products", etc.
- Unclear implementation of new regulations. There is uncertainty surrounding how AQSIQ will implement the new set of rules coming into force during the first half of 2014. In the worst-case scenario, registration of dairy producing plants in the country of origin will require an onsite approval by Chinese technicians, after which the plant will be included in a "safe list". It is anticipated that the careful checks for infant formula that comprise part of current policy will remain in place. Milk attracts the second-largest number of random inspections of all consumer products. Cheese producing facilities, however, are not often inspected.
- Lack of consistency in the customs clearance procedure. The clearance procedure for entry ports can differ from one port to another. For quarantine purposes, the first time that a dairy producer uses an entry port, they are treated as a first timer, regardless of any successful history using other ports. For example, cheese importers have reported receiving different treatment when shipping to Shanghai or Tianjin. Cheese import checks are not usually so thorough. For instance, for imports of less than 100 kg of cheese, authorities will take 8-10 kg for quality inspection around 10% of the total even for a product that has previously been imported.

Guideline: Importing Dairy Products into China

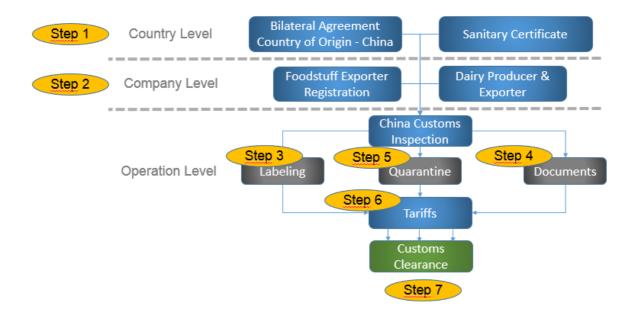
• **Delays at customs clearance**. Some importers have reported random and unjustified delays when trying to import products into China.

#### 3. Step-by-step guide to the import-export procedure

The following step-by-step guide aims to take the EU exporter through the entire export process, from the beginning to the end. This guide covers all of the main standards. However, it is very important to study and understand the specific applicable standards listed in Annexe 5.1. Additionally, some regulatory bodies mentioned in the text can also be found in Annexe 5.4, with additional information being attached.

The following overview covers the basic steps needed to successfully export dairy products to China. Some of them, such as steps one and two, do not need to be repeated. The remainder – with the exception of quarantine, which, as detailed below, is necessary only in particular cases – are obligatory for every export operation.

Figure 12. Step-by-step importation procedure



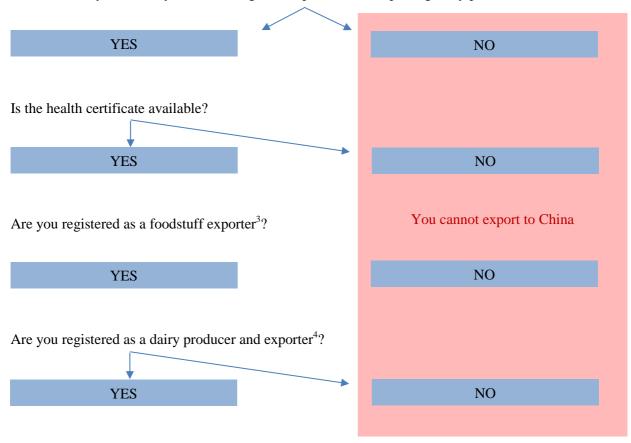
- 1. Check if you can export from your country to China
  - a. Protocols
  - b. Sanitary certificate
- 2. Register on AQSIQ
  - a. As a foodstuff exporter
  - b. As a dairy producer and exporter
- 3. Label your product following Chinese regulations
- 4. Prepare documents for export
- 5. Customs inspection
- 6. Tariffs and taxes
- 7. Distribution

Every dairy producer planning to export to China<sup>2</sup> should go through the steps presented in the following flow chart (Figure 13).

If some of these documents or registration procedures are unavailable, you cannot export to China.

Figure 13. Procedure for importation

Have your country and China signed the protocol for exporting dairy products?



If the documents prepared by the exporter and importer are correct, and the products pass quarantine and inspection (including labelling) at Chinese customs, the product can be exported to China.

<sup>&</sup>lt;sup>2</sup> As seen in step 2, the regulation has been changed. While you might have complied with it in the past, you may no longer do so after May 1st 2014.

<sup>3</sup> This refers to the registration with ACCO.

<sup>&</sup>lt;sup>3</sup> This refers to the registration with AQSIQ's "Filing management system for exporters/agents and consignees of imported food": Announcement 55/2012.

<sup>&</sup>lt;sup>4</sup> This refers to the specific registration as a Dairy Products Exporter: Decree 152/2012.

## 3.1 Seven Steps

## Step 1. Check if you can export to China from your country

#### a. Protocol

In January 2013, AQSIQ published Decree N 952/2013 <sup>5 6</sup>, "Administrative Measure on Inspection, Quarantine and Supervision of Imports and Exports of Dairy Products". This decree establishes the need for a signed protocol between the country of origin and China.

#### Decree N °152/2013. Article 5.

For countries or regions exporting dairy products to China for the first time, the competent authorities shall provide AQSIQ with the relevant materials for assessment, including legal systems and organisations of veterinarian health and public health, veterinarian service systems, safety and health control systems, residuals monitoring systems, animal epidemics inspection and monitoring conditions, and categories of products planned for export to China.

AQSIQ will gather experts for assessment according to the law. These experts will be sent to conduct field investigations in the overseas country (region) in question. If the risk is identified as acceptable and relative requirements for inspection and quarantine, including certificates, are confirmed, the dairy products meeting the requirements are allowed to be exported to China. Both sides are required to sign the protocol to confirm the inspection and quarantine requirements.

#### b. Health/sanitary certificate

In addition to the protocol between the two countries, a health or sanitary certificate is required. This can take some time to be agreed and implemented – approximately six months from the protocol being signed.

## Decree N 952/2013. Article 7.

Dairy products exported to China shall have health certificate(s) issued by the competent authority of the exporting country (region). The certificate shall include information that:

- 1) Raw materials used in the dairy products come from healthy animals;
- 2) The dairy products do not have and will not transfer animal epidemics during processing;
- 3) The dairy producer is under the supervision of the competent authority in the region where it operates; and
- 4) The dairy products are safe and fit for human consumption.

The certificate shall have the official stamp of the country (region)'s competent authority, and the signature of its authorised representative. The destination shall be the People's Republic of

<sup>&</sup>lt;sup>5</sup> The original decree in Chinese (AQSIQ) is available at <a href="http://www.aqsiq.gov.cn/xxgk">http://www.aqsiq.gov.cn/xxgk</a> 13386/jlgg 12538/zjl/2013/201302/t20130201 342349.htm

<sup>&</sup>lt;sup>6</sup> An unofficial English translation (USDA Gain) can be found at <a href="http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Inspection%20and%20Quarantine%20of%20Imp.%20and%20Exp.%20of%20Dairy%20Products\_Beijing\_China%20-%20Peoples%20Republic%20of\_3-12-2013.pdf">http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Inspection%20and%20Quarantine%20of%20Imp.%20and%20Exp.%20Peoples%20Peoples%20Republic%20of\_3-12-2013.pdf</a>

Guideline: Importing Dairy Products into China

# China.

A sample of the certificate shall be confirmed by AQSIQ and published on AQSIQ's official website.

The countries with a bilateral agreement and health certificate in place at the time of the recent announcement can continue as before. All other countries are required to sign a protocol and establish a health certificate.

Taking into account the two previous country-level requirements, you can check the respective status of EU countries as of 2014 using the following table (please note, this is also available (in Chinese) on the AQSIQ website: <a href="http://jckspaqi.aqsiq.gov.cn/xz/ggshrzpzsyb/">http://jckspaqi.aqsiq.gov.cn/xz/ggshrzpzsyb/</a>):

Table 2. EU countries and status with regard to the bilateral agreement and health certificate

| Country         | Status. Click below to check sanitary certificates and other official documents agreed between your country and China |  |  |  |  |
|-----------------|---|--|--|--|--|
| Austria         | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Belgium         | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Bulgaria        | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Croatia         | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Cyprus          | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Czech Republic  | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Denmark         | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Estonia         | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Finland         | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| France          | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Germany         | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Greece          | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Hungary         | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Ireland         | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Italy           | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Latvia          | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Lithuania       | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| Luxembourg      | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Malta           | The protocol is not signed or the sanitary certificate is not available   |  |  |  |  |
| The Netherlands | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Poland          | AQSIQ sample of the sanitary certificate  |  |  |  |  |
| Portugal        | AQSIQ sample of the sanitary certificate  |  |  |  |  |

|                | Guideline: Importing Dairy Products into                                |
|----------------|---|
| Romania        | The protocol is not signed or the sanitary certificate is not available |
| Slovakia       | The protocol is not signed or the sanitary certificate is not available |
| Slovenia       | The protocol is not signed or the sanitary certificate is not available |
| Spain          | AQSIQ sample of the sanitary certificate                                |
| Sweden         | AQSIQ sample of the sanitary certificate                                |
| United Kingdom | AQSIQ sample of the sanitary certificate                                |
|                |   |

Step 2. Register as an exporter with AQSIQ and CNCA

#### a. As a foodstuff exporter

Since October 2012, by means of Notice 55/2012<sup>7,8</sup>, both the exporter and importer are required to be registered for customs clearance. This is a very simple, free, and quick procedure (it should be completed within five days). However, it is important that it is done properly<sup>9</sup>.

First, go to the website <a href="http://ire.eciq.cn/">http://ire.eciq.cn/</a> – "The filing management system for exporters/agents and consignees of imported food" – and click the "Login" button.



A new tab will open. Click on "Initial Registration" to access the registration form.

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Registration%20Required%20for%20Foreign%20Food%20Product%20Exporters\_Beijing\_China%20-%20Peoples%20Republic%20of\_6-29-2012.pdf

<sup>&</sup>lt;sup>7</sup> Original source (AQSIQ) http://ire.eciq.cn/help/55.pdf

<sup>&</sup>lt;sup>8</sup> Unofficial English translation (USDA GAIN)

<sup>&</sup>lt;sup>9</sup> A guide to the registration and modification of data is published by AQSIQ, in Chinese and English, at the following link: <a href="http://ire.eciq.cn/help/export\_help-V1.1.doc">http://ire.eciq.cn/help/export\_help-V1.1.doc</a>



Fill in the form and then click "Submit". You will receive two numbers that you must keep for subsequent logins.

b. Registration of foreign plants producing dairy products for export to China

Effective as of May 1st 2014, producers of dairy products seeking to export to China must be registered with AQSIQ prior to shipping any goods.

#### Decree N 952/2013. Article 7.

AQSIQ implements a registration system for overseas food producers (hereinafter referred to as "overseas producers") that export dairy products to China. Registration is executed subject to AQSIQ's regulations.

The overseas producer shall be an entity established under an official competent authority's approval of the exporting country (region) and comply with related laws and regulations of the exporting country or region.

The overseas producer shall be familiar with and ensure that its dairy products exported to China will be compliant with China's national standards of food safety and requirements, and be able to provide test reports of items regulated by these standards. The overseas producer shall clarify the types and brands of dairy products it plans to export to China when applying for registration.

The list of registered overseas producers shall be published on AQSIQ's official website.

In April 2013, AQSIQ announced by means of Notice 62/2013 that all foreign plants producing dairy products must be registered before May 1<sup>st</sup> 2014, as per Decree 145/2012 "Registration of Overseas Manufacturers of Imported Food by AQSIQ".

This registration is mandatory for all dairy manufacturers of colostrum, raw milk, and dairy products. AQSIQ defines these products as follows:

- "Colostrum" is defined as milk from milk-yielding animals within seven days of calving.
- "Raw milk" is defined as milk with constant components pumped from the udders of healthy milk-yielding animals that complies with relevant Chinese requirements.

- "Dairy products" are defined as foods processed from milk (including raw milk, reconstituted milk, or other sterilised liquid milk), sterilised milk, fermented milk products, milk powder, cream, condensed milk, cheese, whey powder, milk-based infant and follow-up formula powder, and other milk and milk products.
- "Dairy manufacturer" refers to an overseas manufacturer that produces, processes, and stores dairy products and that applies for registration in China.

The registration process starts by contacting the relevant authority in your home country. The documents that must be submitted to AQSIQ by this authority are as follows:

- 1. "Overseas Production Enterprise Registration Application Form" (in English or Chinese): this document must be completed by the company seeking registration (see Figure 14 below \*1).
- 2. "Questionnaires on Registration of Foreign Plants Producing Dairy Products for Export to China" (in English or Chinese): this document must be filled out by the competent authority of the home country of the company seeking registration (see Figure 14 below \*2).
- 3. "Attachment to the Questionnaires Production Regulation and Equivalency Form": this document must be filled out by the competent authority of the home country of the company seeking registration (see Figure 14 below \*3).
- 4. "Sample of Official Declaration of Compliance": this document must be filled out by the competent authority of the home country of the company seeking registration (see Figure 14 below \*4).
- 5. "List of Dairy Plants Applying for Registration Exception" (infant formula milk powder plants): this document must be filled out by the competent authority of the home country of the company seeking registration.

Once the application has been successfully submitted, CNCA delegates may be required to inspect, in situ, the production plants seeking registration.

For most countries, registration closes on May 1<sup>st</sup> 2014. Interested countries can apply for regular registration within a new timeframe in agreement with Chinese authorities, the frequency of which will depend on the respective authorities. As soon as you consider exporting to China, you should contact these authorities for more information about the registration period. It is probable that this will take place once or twice a year.

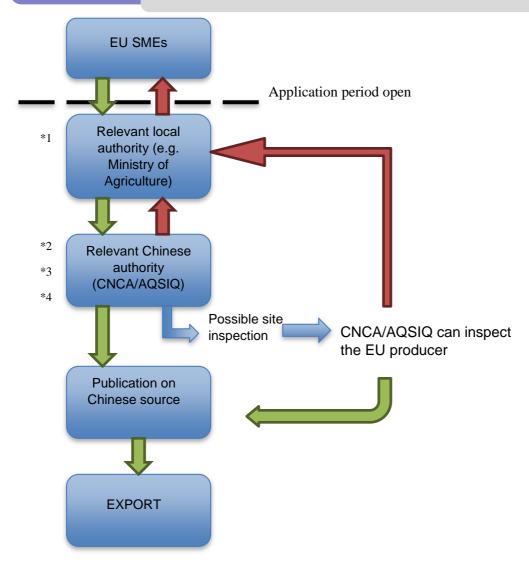


Figure 14. Registration process

# Step 3. Label your product following Chinese regulations

Evidence suggests that labelling is the most serious issue posed for most foodstuffs imported into China. There are many reasons for this, although an in-depth study of the labelling regulations can minimise problems with customs later on in the process.

All minimum units for retail must comply with Chinese labelling requirements in order to receive customs clearance. For the most part, these requirements are regulated by the standards detailed below. It is very important to read, understand, and comply with the full version of these standards. Below is a brief summary of their content.

a) GB 7718-2011 "Food Safety National Standards General Rules for the Labelling of Pre-packaged Foods"

Following the requirements detailed on the GB 7718-2011 "General Rules for the Labelling of Pre-packaged Foods" the label must include the following information:

- Product name.
- Place and country of origin.
- Establishment number.
- Production date.
- Expiration date or best before date.
- Storage temperature and conditions.
- Net weight (in English).
- Minimum font height is 2mm for packages under 50 ml/gr.
- Producer's name and address (in English).
- Production lot number (as defined by the exporter).
- Ingredients list: all ingredients must be listed in descending order of weight added during the process of manufacture or preparation of the food. Any ingredients constituting less than 2% of the food need to be listed, although not necessary in descending order.
- The label must be in standard Chinese characters (except for registered trademarks). In addition to Chinese characters, foreign languages corresponding to the Chinese characters may also be used (exceptions are the name and address of the manufacturer of the imported food; the name and address of the overseas distributor; website addresses). Foreign lettering must not be larger than the corresponding Chinese characters (except for registered trademarks).
- Where the largest surfaces area of a package or container of the pre-packaged food exceeds 35 cm<sup>2</sup>, the minimum size of the words, symbols, and numerals in the mandatory labelling information must not be less than 1.8 mm in height.
- If the package in a selling unit includes different kinds of food, and several independent
  packages can be sold independently, the labelling of each independent package shall be
  declared separately.
- In cases where the outer wrapper is readily opened, where labelling information can be
  distinguished through the outer wrapper, or where all or part of the mandatory labelling
  information can be clearly distinguished in the inner package or container, the same
  labelling information need not be repeated on the outer wrapper. Otherwise, the
  mandatory labelling information must appear on the outer wrapper.
  - a. GB 2760-2011 "Food Safety National Standards for the Usage of Food Additives"

 $\underline{http://www.ccilc.pt/sites/default/files/general\_rules\_for\_the\_labeling\_of\_prepackaged\_foods\_gb7718-\underline{2011.pdf}$ 

<sup>&</sup>lt;sup>10</sup> Unofficial English translation:

According to the mandatory standard GB 28760-2011, food additives must be indicated on the label in descending order of weight added during the process of manufacture or preparation of the food. The names of food additives shall be declared in general terms in accordance with GB 2760. The content of each ingredient does not need to be declared. This labelling requirement is specified in GB 7718-2011 "Food Safety National Standards – General Rules for the Labelling of Pre-packaged Foods".

Food additives listed in GB 2760 "National Food Safety Standards – Standards for uses of food additives" <sup>11</sup> and GB 14880 "Standard for Using Nutritional Fortification Substances in Foods" <sup>12,13</sup> can be used without prior approval as long as the dosage is appropriate. It should be noted, however, that these lists are in a constant state of change.

c. GB 28050-2011 "Nutrition Labelling of Pre-packaged Food"

This standard, in force since January 2013<sup>14</sup>, establishes the mandatory labelling of nutritional components for all pre-packaged food.

#### Article 3. General requirements

- 3.1 Any nutritional information presented on a nutrition label should be truthful, subjective, and not in any way deceptive. It should not exaggerate any nutritional or other functions.
- 3.2 Nutrition labels of pre-packaged food should be written in Chinese. If a foreign language is also used, its content should correspond to the Chinese. The foreign letters shall not be larger than the corresponding Chinese characters.
- 3.3 Nutritional components of food should be indicated in the form of a boxed table (except in exceptional circumstances), which can be any size and should be perpendicular to the baseline of the packaging. The title of the table should be "Nutrition Components Table".
- 3.4 The content of the nutrition component should be indicated as a special value, which may be obtained by calculation of raw materials or by product detection. The nutrient reference values (NRV) of the nutrient components are established in Annex A.
- 3.5 The nutrition label formats are specified in Annex B. Food companies can choose from these according to elements such as nutrition properties, packaging dimension and shape, etc.
- 3.6 The nutrition label should be indicated in the packaging of the minimum sales unit offered to consumers.

#### Article 4. Mandatory labelling items

4.1 Energy, core nutrients content value, and percentage in the NRV are mandatory for labelling pre-packaging foods. When other nutritional components are included, appropriate measures should be taken to highlight the energy contents and core nutrients.

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<sup>&</sup>lt;sup>11</sup> Unofficial English translation can be found at the following links: Part 1Part 2

<sup>&</sup>lt;sup>12</sup> Original document in Chinese: <a href="http://www.shfda.gov.cn/spaqbz/GB%2014880-2012%20%E9%A3%9F%E5%93%81%E8%90%A5%E5%85%BB%E5%BC%BA%E5%8C%96%E5%88882%E4%BD%BF%E7%94%A8%E6%A0%87%E5%87%86.pdf">http://www.shfda.gov.cn/spaqbz/GB%2014880-2012%20%E9%A3%9F%E5%93%81%E8%90%A5%E5%85%BB%E5%BC%BA%E5%8C%96%E5%8882%E4%BD%BF%E7%94%A8%E6%A0%87%E5%87%86.pdf</a>

<sup>&</sup>lt;sup>13</sup> Unofficial English translation can be found at <a href="http://npaf.ca/wp-content/uploads/2014/02/GB14880-201X-Nutritional-Fortification-in-FoodsDRAFT.pdf">http://npaf.ca/wp-content/uploads/2014/02/GB14880-201X-Nutritional-Fortification-in-FoodsDRAFT.pdf</a>

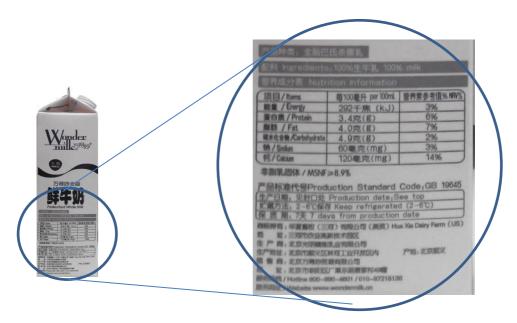
<sup>&</sup>lt;sup>14</sup> Unofficial English translation can be found at <a href="http://www.agrichina.org/admin/kindeditor-4.1.2/attached/file/20130321/20130321195042">http://www.agrichina.org/admin/kindeditor-4.1.2/attached/file/20130321/20130321195042</a> 3280.pdf

- 4.2 For other nutrient components besides energy and core nutrients, the nutrition or nutrient function should be stated. In the Nutrient Components Table, the nutrient component content and NRV should be stated.
- 4.3 For pre-packaged food in which a food nutrition enhancer has been used, in addition to the requirement of the 4.1, the nutrient component content and post-enhancement NRV should be stated in Nutrient Components Table.
- 4.4 If the food ingredients contain hydrogenated and/or partially hydrogenated fats and oils, or if these have been used in the production process, the content of trans fat (acid) should be stated in the Nutrient Components Table.
- 4.5 Nutrient components whose NRV is not established in the above points need only state their content.
  - d. AQSIQ No. 53-2013 "Implementation Measures for Inspection, Quarantine and Supervision of Imported and Exported Dairy Products"

This announcement by AQSIQ focuses mainly on the quarantine process, although it contains a paragraph about labelling.

IX. For overseas awards, honours, and certifications marked on the label of imported dairy products, the relevant certificates and documents, verified through diplomatic channels, should be provided. "Diplomatic channels" here refers to the overseas embassies and consulates of China, or the embassies and consulates of foreign countries in China.

e. Examples of dairy labelling in Chinese retail:







Step 4. Preparing documents necessary for the export-import process

After ensuring that your company and product comply with all the requirements for exporting to China, the next step is to document this compliance. Table 3 below contains a checklist of the documents required for the import-export process. However, we recommend taking an in-depth look at the market access database (<a href="http://madb.europa.eu/">http://madb.europa.eu/</a>) for clarification on each of these documents.

Table 3. Document checklist

| Document  | Description   | Language   | Specific form? | Prepared by |
|---|---|------------|----------------|-------------|
| Commercial Invoice                                    | Document detailing the terms of the transaction                             | ENG or CHI | NO             | EXPORTER    |
| Packing List  | Document detailing the goods  | ENG or CHI | NO             | EXPORTER    |
| Registration of<br>Foreign Exporters of<br>Foodstuffs | Document<br>certifying<br>that the<br>exporter has<br>been<br>registered as | ENG        | YES            | EXPORTER    |

|  |   |                            | Guideline: <b>Import</b> | ing Dairy Products into Chind |
|--|---|----------------------------|--------------------------|-------------------------------|
|  | an exporter<br>of foodstuffs<br>with AQSIQ  |                            |                          |                               |
| 4. Certificate of<br>Origin <sup>15</sup>                        | Document<br>certifying the<br>origin of the<br>goods  | 5. ENG or<br>CHI           | 6. YES                   | 7. EXPORTER                   |
| Sanitary Certificate <sup>16</sup>                               | Document<br>certifying the<br>infection-free<br>origin of<br>animal<br>products                                       | Any language <sup>17</sup> | NO                       | EXPORTER                      |
| Registration of<br>Foreign Plants<br>Producing Dairy<br>Products | Document certifying that the plant producing dairy products has been successfully registered and approved by the CNCA | ENG or CHI                 | YES                      | EXPORTER                      |
| Air Waybill, Rail<br>Waybill or Bill of<br>Lading                | Document detailing transportatio n.   | ENG or CHI                 | NO                       | CARRIER                       |
| Cargo Manifest   | Document detailing the cargo goods  | ENG or CHI                 | NO                       | CARRIER                       |
|  | Document certifying   |                            | N.O.                     | INSURANCE                     |

Insurance Certificate that the

goods have been insured ENG or CHI

NO

**COMPANY** 

Only required if requested by the importer.

Also known as "Veterinary Health Certificate".

It is available in the language of origin and includes an English translation.

| Customs Registration   | Document<br>certifying<br>that both the<br>importer and<br>exporter are<br>registered<br>with GAC                         | CHINESE | YES | IMPORTER |
|--|---|---------|-----|----------|
| Customs Import<br>Declaration                                | Document<br>for the<br>customs<br>clearance of<br>the goods   | CHINESE | YES | IMPORTER |
| Automatic Import<br>Licence                                  | Document<br>used for<br>statistical<br>purposes   | CHINESE | YES | IMPORTER |
| Business Licence of<br>the Importer                          | Certification<br>of<br>registration<br>and approval<br>to start<br>business<br>operations                                 | CHINESE | YES | IMPORTER |
| Import and Export<br>Business Licence                        | Certification of registration as an import and export business  | CHINESE | YES | IMPORTER |
| Registration of<br>Importers of<br>Foodstuffs                | Document<br>certifying<br>that the<br>importer has<br>been<br>registered as<br>an importer<br>of foodstuffs<br>with AQSIQ | CHINESE | YES | IMPORTER |
| Permit to import<br>Quarantine Material<br>into The People`s | Document<br>approving<br>the<br>importation   | CHINESE | YES | IMPORTER |

|  |  |         | Guideline: <b>Impo</b> | rting Dairy Products into | Chin |
|--|--|---------|------------------------|---------------------------|------|
| Republic Of China <sup>18</sup>        | of goods<br>subject to<br>quarantine   |         |                        |                           |      |
| Commodity<br>Inspection<br>Certificate | Document certifying that the goods have been successfully inspected and, therefore, the importation approved | CHINESE | YES                    | IMPORTER                  |      |

**Step 5. Chinese customs inspection** 

Once the goods arrive at a Chinese port, Chinese authorities check the labelling and accompanying documents. If they comply with regulations, China Inspection and Quarantine (CIQ) will proceed with the quarantine test report check. This check is regulated by Decree 152-2013, Decree 25, and Announcement No. 53-2013<sup>19</sup>.

Products imported for the first time have their test report checked. After a successful "first import", EU SMEs are added to the approved list for future imports. "First-time" imports are understood to designate those imports taking place under exactly the same conditions. Any changes to the port, importer, brand, formula, etc. lead to the operation being considered as a new import.

If a test is failed, the company must successfully go through five consecutive "first-time" import procedures in order to regain its previous approval status.

Chinese authorities can ask for specific tests of any import at their discretion, regardless of its track record.

There is a difference between products that have never been previously imported and those that have.

<sup>&</sup>lt;sup>18</sup> Also known as "Permit to Import Live Animals and Plants Subject to Quarantine". This certificate is explained in step 2b.

<sup>&</sup>lt;sup>19</sup> Unofficial English Translation can be found at <a href="http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Implementation%20Measures%20of%20China's%20Decree%20152%20for%20Dairy%20Products\_Beijing\_China%20-%20Peoples%20Republic%20of\_6-24-2013.pdf">http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Implementation%20Measures%20of%20China's%20Decree%20152%20for%20Dairy%20Products\_Beijing\_China%20-%20Peoples%20Republic%20of\_6-24-2013.pdf</a>

Decree 152-2013. Article 11.

- 3. A test report<sup>20</sup> of items listed in the corresponding national standards for food safety is required in the event that the dairy product is being imported for the first time. "Imported for the first time" refers to dairy products with identical information, including the overseas producer, product name, formula, overseas exporter, and domestic importer who has imported from the same port.
- 4. For dairy products not imported for the first time, a copy of the first-time test report and a test report of items requested by AQSIQ are required. The items requested for testing for non-first-time imports are decided by AQSIQ according to the situation regarding risk monitoring of dairy products. These items are published on AQSIQ's official website.
- 5. Dairy products that fail the safety and sanitary requirements (including pathogens, mycotoxins, contaminants, heavy metals, and illegal additives) must provide test reports of items listed in the corresponding national food safety standard when importing in the future. If all safety and sanitary requirements are met for the next five consecutive shipments, a copy of the test report of items listed in the corresponding national food safety standard and a test report of items requested by AQSIQ shall be provided at the time of the next import.

Announcement No. 53 gives further details about the difference between products imported for the first time and those previously imported.

a. Quarantine for products imported for the first time

Regarding dairy products imported for the first time, the importer or its agent should provide the test report for the items listed in the national standard for food safety for corresponding products during the quarantine declaration, including the standards for contaminants and fungal toxins in food as cited in the standard.

Regarding powder-based raw materials (milk-based premix) used for infant formulated food being imported for the first time, the importer or its agent should provide the test report for items such as microorganisms, contaminants, and fungal toxins as listed in the standards for corresponding products during the quarantine declaration.

b. Quarantine for previously imported products

Regarding dairy products that have been previously imported, the importer or its agent should provide a copy of the test report and the quarantine declaration sheet provided during the first-time import, as well as the test report on the items regulated by AQSIQ (see Appendix 2 of Announcement no. 53<sup>21</sup>). The items contained in the test report for previously imported

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<sup>&</sup>lt;sup>20</sup> The organisation capable of issuing the test report of the imported dairy products can be an overseas official lab, third-party test organisation, corporate lab, or domestic test organisation with certification for food testing.

<sup>&</sup>lt;sup>21</sup> Unofficial translation can be found at <a href="http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Implementation%20Measures%20of%20Chin">http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Implementation%20Measures%20of%20Chin</a>

products can be adjusted and determined by AQSIQ according to the situation regarding risk monitoring of dairy products. This information is published on the AQSIQ website.

Regarding previously imported powder-based raw materials, the test report on microbial items should be provided. This report should correspond to the manufacturing date or production batch number of the individual imported dairy products.

#### Step 6. Tariffs and taxes

After the procedures listed above, let us now consider tariffs and taxes. The specific tariffs and taxes for each HS Code (in Chinese) may be consulted on the China Customs website<sup>22</sup>; a summary is provided in Table 4 below:

Table 4. Tariffs and taxes for each HS Code

|        | Import Duty       | VAT |
|--------|-------------------|-----|
| 0401   | 15%               | 17% |
| 0402   | 10%               | 17% |
| 040310 | 10%               | 17% |
| 040390 | 20%               | 17% |
| 0404   | 10%               | 17% |
| 0405   | 10%               | 17% |
| 0406   | 12% <sup>23</sup> | 17% |

Source: China Customs

#### Step 7. Distribution

Once the goods have been successfully declared at Chinese customs, the next step is to distribute them within the country. Usually, there is one importer for each geographical region (either a city and its area of influence or the whole country) who distributes products to retailers. The five main channels through which dairy products are sold in China are as follows:

**Hypermarkets/superstores:** This channel contains the highest amount of sales in the food and beverage market in China. There are several Chinese chains (e.g. Jingkelong) that share the market with foreign chains such as Carrefour, Walmart, Dia, or Tesco. Access to these shelves is difficult to acquire, and usually requires a certain amount of investment. Most chains import directly from the producer, without the need for intermediaries. This is by far the most important channel for dairy products sales.

a's%20Decree%20152%20for%20Dairy%20Products Beijing China%20-%20Peoples%20Republic%20of\_6-24-2013.pdf

http://www.customs.gov.cn/publish/portal0/tab9409/

<sup>&</sup>lt;sup>23</sup> Except for the HS Code 040640, which has an import duty of 15% (17% VAT).

Together, these chains account for 32.5% of sales of drinking milk products and milk powder, 93.2% of cheese, 78.2% of yogurts, and 78.6% of other dairy products<sup>24</sup>.

- **Imported products supermarkets/gourmet shops**: Unlike Western countries, there is no clear distinction between these two. Especially present in Tier 1 cities, these small to medium-sized shops aimed at foreigners and sophisticated locals account for almost 30% of the total sales of fluid milk and milk powder. Other dairy products, however, are less popular in these types of shops, accounting for less than 5% of total sales. Examples of imported products or gourmet shops are Jenny Lou's, BHG, and April's Gourmet.
- Convenience stores: These kind of premises are very popular in China. Open 24 hours, they offer a wide variety of food and beverages for consumption "on-the-go". Some even have a small kitchen offering cheap, pre-packed food twice a day, from 11:30am to 1:00pm and from 5:00pm to 7:00pm. There are several competing players in this market, such as 7 Eleven and Wu Mart, and dairy products have an important presence in this type of shop. Formats matching the general philosophy, such as small bricks of milk, yoghurts with a plastic spoon, etc., account for approximately 14% of all dairy products sold (excluding cheese).
- Online stores. This is a booming market in China. With certain dairy products difficult
  to find in some city districts, needless onsite product checking by the authorities, and an
  increased trust in the origin of the produce now that buyers can share their comments,
  online stores are becoming a popular means of purchasing dairy products especially
  infant formula.
- **Hospitality services**: Restaurants and cafeterias are another distribution channel worth mentioning. Here, dairy products are used as ingredients. Brand recognition by consumers is hence little to non-existent. Margins in this channel are higher than those seen in the other distribution outlets listed above.

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<sup>&</sup>lt;sup>24</sup> 2010, USDA Gain, Dairy and Products Annual. Data explaining the composition of retail distribution in the subsequent paragraphs share the same source.

 $<sup>\</sup>frac{http://gain.fas.usda.gov/Recent\%20GAIN\%20Publications/Dairy\%20and\%20Products\%20Annual\_Beijing\_China\%20-\%20Peoples\%20Republic\%20of\_10-22-2010.pdf$ 

#### 3.2 Other relevant issues

1. You should expect a significant increase in prices. Examining the procedure in more detail, it is obvious that the shelf price of dairy products in China will be much higher (100-200%) than the price when bought directly from the producer. A rough example of this price increase (using an index) is provided in Table 5 below:

 Price EXW
 100

 Price CIF
 120

 Import Duty
 120\*1.10=132

 VAT
 132\*1.17=154.4

 Importer
 154.44\*1.20= 185.3

 Sub-distributor
 146.48\*1.25=231.66

 Retailer
 233.1\*1.3=301.16

Table 5. Example of pricing

- 2. Cold chain preservation could be an issue. Despite improvements, large parts of the country do not yet have reliable cold chain distribution systems. A commercial strategy used among yogurt exporters is that they usually export pasteurised yogurts instead of non-pasteurised yogurts as the shelf life of the former is longer.
- 3. Consideration as to size and adaptation of formats is essential, given the high levels of "on-the-go" consumption.
- 4. Hypermarkets and superstores account for the largest share of the dairy products market, followed by imported food/gourmet stores and convenience stores.
- 5. Online retail is rapidly increasing. Please note that online exports are subject to the same import regulations. However, small online purchases often pass undetected.
- 6. Samples are not theoretically exempt from this process. However, the situation regarding these is very similar to that outlined above for online exports/imports.
- 7. The Chinese have high levels of lactose intolerance. This is likely acquired in adulthood, if lactose intake stops after breastfeeding. Nowadays, habits are changing and younger generations are less lactose intolerant than before.
- 8. CFDA Notice 47/2013 bans the entrustment and OEM production third party brands or repackaging of infant formula milk powder. This means that infant formula must arrive pre-labelled from Europe, and that no re-labelling or bulk selling is allowed. Other dairy products are expected to face increased controls on labelling. However, it is not yet known whether labelling in the Chinese port prior to customs inspection will still be an accepted practice.

- 9. Despite sharing a regulatory framework, purchasing and consumption habits vary from one dairy product to another. For example, the markets for cheese and infant formula work in a very different ways. In the case of infant formula, mothers are the main purchasers. They pay more attention to quality (due to food scandals), do not usually change brand, and are less sensitive to changes in price. Cheese sales, by contrast, combine many different sorts of cheese, with buyers insensitive to individual brands.
- 10. Share your experiences. The EU SME Centre, Chambers of Commerce, and foreign embassy trade departments rely heavily on feedback in order to understand and react to regulation and related practical issues. Please inform them in the event of any incidents or interesting experiences.

## 3.3 Special case: ice cream

Ice cream is a special case. It can be classified as either a dairy product or, in instances when it is mainly composed of water, a non-dairy product. By itself, ice cream is not subject to AQSIQ quarantine procedures. However, if ice cream is made from milk, the standards and regulations (see the "standards" section) for milk apply. In this guide, we have omitted ice cream from the list of dairy products. However, the following section provides a brief summary of the ice cream market in China.

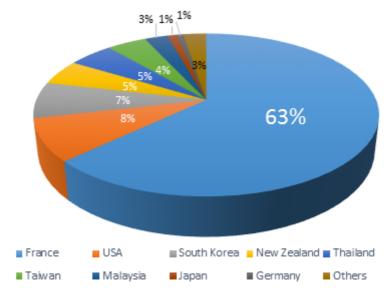
Table 6. Ice cream (HS Code 2105) market in China by country

|    | Tn          | 2008 | 2009 | 2010 | 2011 | 2012  | 2013  |
|----|-------------|------|------|------|------|-------|-------|
| 1  | TOTAL       | 4095 | 4265 | 5996 | 7965 | 10913 | 14094 |
| 2  | France      | 2402 | 2501 | 3416 | 4579 | 5978  | 6822  |
| 3  | South Korea | 664  | 584  | 820  | 1023 | 1882  | 2523  |
| 4  | Thailand    | 210  | 237  | 412  | 628  | 1021  | 1583  |
| 5  | USA         | 69   | 71   | 211  | 318  | 432   | 1401  |
| 6  | New Zealand | 147  | 149  | 377  | 458  | 394   | 623   |
| 7  | Malaysia    | 0    | 53   | 82   | 120  | 139   | 363   |
| 8  | Taiwan      | 41   | 121  | 100  | 99   | 423   | 290   |
| 9  | Japan       | 28   | 34   | 57   | 20   | 6     | 110   |
| 10 | Germany     | 0    | 0    | 5    | 6    | 51    | 82    |

In terms of quantity (Tn), Chinese imports have increased by an average of 28% from 2008 to 2013, with France being the main exporter.

In terms of value, ice cream sales amounted to EUR 40 million in 2013, which is still a relatively small amount compared to other dairy products. France exported approximately 63% of Chinese imports by value in 2013.

Figure 15. Market share of ice cream (HS Code 2105) by country (value)



Source: China Customs

The vast majority of ice cream consumption in China concerns hard ice cream. However, soft-serve ice cream is becoming increasingly popular, with foreign brands such as Häagen-Dazs, DQ, and other fast-food outlets being responsible for this development (although targeting different costumers). Domestic brands, usually targeting middle- and low-end markets, are Yili Group and Mengniu, both from Inner Mongolia, and Bright Dairy from Shanghai. The low-end market is dominated by local SMEs.

In the case of powder for making ice cream, the relevant HS Code is 0402.

## Guideline: Importing Dairy Products into China

Dairy exporters are certainly right to think of China as a great market opportunity, while being aware that success here requires preparation and familiarity with the regulations, as well as staying constantly updated. New regulations come into full effect from May 1st 2014. It is likely that the following weeks or months will be a period of uncertainty regarding the implementation of these new policies.

The EU SME Centre advises exporters to stay alert and informed. We would like help you during the process, so please do not hesitate to contact us.

In order to stay updated about Chinese dairy products regulations, EU SMEs should review all standards related to their specific dairy products as listed in this guideline.

#### 4. Annexes

In the EU, the Council Regulation No 1255/1999 of 17th May 1999 "On the Common Organisation of the Market in Milk and Milk Products" (OJ L 160, 26.06.1999), and the successive amendments and corrections to this regulation, constitute the basic regulations for dairy products. Additionally, some detailed implementation rules for the application of Council Regulation (EC) No 1255/1999 were published in the interim. In China, by contrast, the regulation lacks a clear framework and is more dispersed. EU producers must take an in-depth approach to both import-export and production standards, as listed in Annex 6.2.

In January 2013, AQSIQ published Decree N 152/2013 "Administrative Measure on Inspection, Quarantine and Supervision of Imports and Exports of Dairy Products". This decree establishes the need for a signed protocol between the country of origin and China. In the absence of such a protocol, this decree introduces the requirement of being an approved dairy exporter to China. To achieve this, each producer must register in their home country. The home country's relevant authority must then complete the requisite documentation before sending the list to the Chinese authorities for verification and final approval.

Following these two decrees, there has been an increase in the number of requirements. These include the requirement to register as a foodstuff exporter (Notice 55/2012), the need to register foreign plants producing dairy products for export to China (Decree N°152/2013. Article 7), and registration for overseas manufacturers of imported food (Decree 145/2012).

#### 4.1 China's standards

The most important standards and regulations relating to dairy products have been explained in this guide. However, there is a long list of dairy-related standards that any company seeking to export to China should examine in depth to ensure their compliance.

- GB 19301-2010 Raw milk
- o GB 19645-2010 Pasteurised milk
- o GB 25190-2010 Sterilised milk
- o GB 25191-2010 Modified milk
- o GB 19302-2010 Fermented milk
- o GB 13102-2010 Evaporated milk, sweetened condensed milk, and formulated condensed milk
- o GB 19644-2010 Milk powder
- o GB 11674-2010 Whey powder and whey protein powder
- o GB 19646-2010 Cream butter and anhydrous milk fat
- o GB 10765-2010 Infant formula
- o GB 10767-2010 Older infants' and young children's formula
- o GB 10769-2010 Cereal-based complementary foods for infants and young children
- o GB 10770-2010 Canned complementary foods for infants and young children
- o GB 12693-2010 Good manufacturing practice for dairy products
- GB 23790-2010 Good manufacturing practice for powdered formula for infants and young children
- o GB 541333-2010 Determination of specific gravity in raw milk
- o GB 541330-2010 Determination of impurities in raw milk and dairy products
- o GB 541334-2010 Determination of acidity in raw milk and dairy products
- o GB 54133-2010 Determination of fat in foods for infants and young children, raw milk, and dairy products

- o GB 541329-2010 Determination of solubility in foods for infants and young children, raw milk, and dairy products
- o GB 541327-2010 Determination of fatty acids in foods for infants and young children, raw milk, and dairy products
- OGB 54135-2010 Determination of lactose and sucrose in foods for infants and young children, raw milk, and dairy products
- OGB 54136-2010 Determination of insoluble dietary fibre in foods for infants and young children, raw milk, and dairy products
- o GB 54139 -2010 Determination of vitamin A, D, E in foods for infant and young children, raw milk, and dairy products
- OGB 541310-2010 Determination of vitamin K1 in foods for infants and young children, raw milk, and dairy products
- OGB 541311-2010 Determination of vitamin B1 in foods for infants and young children, raw milk and dairy products
- o GB 541312-2010 Determination of vitamin B2 in foods for infants and young children, raw milk, and dairy products
- OGB 541313-2010 Determination of vitamin B6 in foods for infants and young children, raw milk, and dairy products
- o GB 541314-2010 Determination of vitamin B12 in foods for infants and young children, raw milk, and dairy products
- OGB 541315-2010 Determination of vitamin niacin and niacin amide in foods for infants and young children, raw milk, and dairy products.
- OB 541316-2010 Determination of folic acid (folate activity) in foods for infants and young children, raw milk, and dairy products
- OGB 541317-2010 Determination of pantothenic acid in foods for infants and young children, raw milk, and dairy products
- o GB 541318-2010 Determination of vitamin C in foods for infants and young children, raw milk, and dairy products
- GB 541319-2010 Determination of free biotin content in foods for infants and young children, raw milk, and dairy products
- GB 541321-2010 Determination of calcium, iron, zinc, sodium, potassium, magnesium, copper, and manganese in foods for infants and young children, raw milk, and dairy products.
- OGB 541322-2010 Determination of phosphorus in foods for infants and young children, raw milk, and dairy products
- o GB 541323-2010 Determination of iodine in foods for infants and young children, raw milk, and dairy products
- OGB 541324-2010 Determination of chlorine in foods for infants and young children, raw milk, and dairy products
- $\circ~$  GB 541325-2010 Determination of inositol in foods for infants and young children, raw milk, and dairy products
- GB 541326-2010 Determination of taurine in foods for infants and young children, raw milk, and dairy products
- o GB 541335-2010 Determination of \( \mathbb{B}\)-carotene in foods for infants and young children, raw milk, and dairy products
- o GB 541336-2010 Determination of trans fatty acids in foods for infants and young children, raw milk, and dairy products
- o GB 541337-2010 Determination of aflatoxin M1 in milk and dairy products
- o GB 50095-2010 Determination of protein in foods
- o GB 50093-2010 Determination of moisture in foods
- o GB 50094-2010 Determination of ash in foods
- o GB 500912-2010 Determination of lead in foods
- o GB 500933-2010 Determination of nitrite and nitrate in foods
- o GB 500924-2010 Determination of aflatoxins M1 and B1 in foods

- o GB 500993-2010 Determination of selenium in foods
- GB 21703-2010 Determination of benzoic and sorbic acid in milk and dairy products
- GB 22031-2010 Determination of added citrate content in cheese and processed cheese products
- o GB 541338-2010 Determination of freezing point in raw milk
- o GB 47892-2010 Microbiological examination in foods Aerobic plate count
- o GB 47893-2010 Microbiological examination in foods Enumeration of coliforms
- o GB 47894-2010 Microbiological examination in foods Examination of salmonella
- GB 478910-2010 Microbiological examination in foods Detection of staphylococcus aureus
- OGB 478915-2010 Microbiological examination in foods Examination of moulds and yeasts
- GB 478918-2010 Microbiological examination in foods Examination of milk and milk products
- GB 478930-2010 Microbiological examination in foods Examination of listeria monocytogenes
- OGB 478935-2010 Microbiological examination in foods Examination of lactic acid bacteria in foods
- o GB 478940-2010 Microbiological examination in foods Examination of enterobactersakazakii
- o GB 541339-2010 Determination of non-fat total milk solids in milk and milk products

## 4.2 Main events and trade fairs for dairy products

#### WORLD DAIRY EXPO SUMMIT CHINA

City Xi An

**Date** June 13th-15th 2014

**Venue** QuJiang International Conference & Exhibition Centre

Website <a href="http://en.dairyexpo.com">http://en.dairyexpo.com</a>

INTERNATIONAL DAIRY & FOOD EXPO

City Beijing

DateNovember 26th-28th 2014VenueBeijing Exhibition CentreWebsitehttp://www.dairyfair.org/en/

INTERNATIONAL CHILDREN BABY MATERNITY INDUSTRY

**EXPO** 

City Shanghai

**Date** July 22nd-24th 2014

**Venue** Shanghai New International Expo Centre

Website http://www.cbmexpo.com

## HONG KONG BABY PRODUCTS FAIR

City Hong Kong

Date January 12th-15th 2015

**Venue** Hong Kong Convention and Exhibition Centre

## Guideline: Importing Dairy Products into China

http://www.hktdc.com/fair/hkbabyfair-en/HKTDC-Hong-Kong-Baby-

Website Products-Fair.html

**SIAL CHINA** 

City Shanghai

**Date** May 13th-15th 2014

Venue Shanghai New International Expo Centre

Website http://www.sialchina.com

GUANGZHOU INTERNATIONAL FOOD EXHIBITION

City Guangzhou

**Date** May 27th-29th 2014

**Venue** China Import & Export Fair Complex

Website <a href="http://www.ifechina.com">http://www.ifechina.com</a>

FOOD AND HOTEL CHINA

City Shanghai

**Date** November 12th-14th 2014

**Venue** Shanghai new international expo centre **Website** <a href="http://www.fhcchina.com/en/index.asp">http://www.fhcchina.com/en/index.asp</a>

#### 4.3 Sector associations

China Dairy Industry Association

中国乳制品工业协会

B22, Fuwai Street, Xicheng, Beijing

北京市西城区阜外大街乙 22 号

Tel: 010-68396515

Contact person: Ms Lilihong 李丽红

http://www.cdia.org.cn

Dairy Association of China

中国奶业协会

Henanzhen, De shengmen wai, Beijing

北京市德胜门外清河南镇

Tel: 010-62948006/25

www.dac.com.cn

Shangdong Dairy Industry Association

山东乳品工业协会

Guideline: Importing Dairy Products into China

Room 404, 143 Wenhua East Road, Jinan

济南市文化东路 143 号东 404 室

Tel:0531-82387128

Fax: mlh5734@126.com

www.sddairy.cn

Shandong Dairy association

山东奶业协会

Room 204, 68 weicun, Jinan

济南市魏村街 68号 204室

Tel: 0531-87198776

Fax: 0531-8719776

Email: sdnyxh@126.com

http://www.sdnaiye.com/

Shanghai Dairy Association

上海奶业行业协会

Room 211, 213, 578 Huayou Road, Qibaozhen, Minhang, Shanghai

上海市闵行区七宝镇华友路 578 号 211 室和 213 室

Tel: 021-56033018、56031169

Fax: 021-56033018

Email: nx816303@163.com

www.dairy-business.com

Dairy Association of Yunnan

云南奶业协会

Room 307, Nutrition Building, Yunan Agricultural University

云南农业大学动科院营养楼 307 室

Tel:0871-3649220

Fax: 0871-3649220

Email: dayp2006@126.com

Dairy Association of Shenzhen

深圳市奶业协会

Building No.1, Room118, aidi Plaza, binhe, futian, Shenzhen

深圳市福田区滨河大道爱地大厦东座1楼118室

Tel: 0755-25161529

E-mail: <u>2846805532@gg.com</u>

Http://www.szny.org

Dairy Association of XinJiang Uygur Autonomous Region

新疆维吾尔自治区奶业协会

1, Xijiang Karamay Road, 43, Urumqi City.

新疆乌鲁木齐市克拉玛依东路 43 号附 1 号自治区奶业办公室

Tel: 0991-4643803

www.xjxmt.gov.cn

Dairy Association of Inner Mongolia

内蒙古奶业协会

70, Wulanchabu, Hohhot

呼和浩特市乌兰察布东街 70号

Tel:0471-5801761

Contact: Chen Bateer

www.nmagri.gov.cn

# 4.4 Key players in the dairy products industry - Chinese government agencies and bodies

**AQSIQ:** The General Administration of Quality Supervision, Inspection and Quarantine supervises the overall inspection process of imported cargos in China to ensure that the cargo satisfies the rules, laws, and regulations of China. <a href="http://www.aqsiq.gov.cn/">http://www.aqsiq.gov.cn/</a>.

**CIQ:** China Inspection and Quarantine Services is a local branch of AQSIQ that deals with inspections at ports/airports as part of the import process. <a href="http://en.ciqcid.com/">http://en.ciqcid.com/</a>

Municipal or provincial level:

- Shanghai www.shciq.gov.cn/english
- Guangdong www.gdciq.gov.cn/Eng/index.aspx
- Tianjin www.tjciq.gov.cn/tjjyjyi/tblm/english/200906/t20090624\_20821.html
- Beijing www.bjciq.gov.cn/ywb/Channel\_1321.htm?ChannelID=1321
- Zhejiang www.ziq.gov.cn/portal/English.jsp?catalog\_id=20080903000002
- Shenzhen <u>www.szciq.gov.cn/</u>
- Liaoning www.lnciq.gov.cn/en/
- Shandong www.sdciq.gov.cn/english/

**CNCA:** Certification and Accreditation Administration of the People's Republic of China is in charge of developing and issuing standards. <a href="http://www.cnca.gov.cn/cnca/">http://www.cnca.gov.cn/cnca/</a>

**GAC:** General Administration of Customs of the People's Republic of China. <a href="http://english.customs.gov.cn/">http://english.customs.gov.cn/</a>

SAC: The Standardisation Administration of China <a href="http://www.sac.gov.cn/">http://www.sac.gov.cn/</a>

**MOFCOM**: Ministry of Commerce of the People's Republic of China is in charge of issuing automatic licences for some meat, flour, and dairy products. <a href="http://english.mofcom.gov.cn/">http://english.mofcom.gov.cn/</a>

MOH: Ministry of Health of the People's Republic of China <a href="http://www.moh.gov.cn/">http://www.moh.gov.cn/</a>

**SFDA:** The State Food and Drug Administration formulate policies and programs on the administration of drugs, medical devices, health food, and cosmetics as well as food safety and its implementation. <a href="http://www.sfda.gov.cn/WS01/CL0001/">http://www.sfda.gov.cn/WS01/CL0001/</a>

**SAIC:** The State Administration for Industry and Commerce of the People's Republic of China regulates the market through administrative enforcement, drafts relative laws and rules, and makes regulations and policies on administration of industry and commerce. <a href="http://www.saic.gov.cn/english/">http://www.saic.gov.cn/english/</a>

## 4.5 Relevant EU organisations

EU SME CENTRE: http://www.eusmecentre.org.cn/

EUROPEAN UNION CHAMBER OF COMMERCE IN CHINA: http://www.euccc.com.cn/

COMMERCIAL OFFICES OF EU COUNTRIES

CHAMBERS OF COMMERCE OF EU COUNTRIES

CHINA IPR SME HELPDESK: <a href="http://www.china-iprhelpdesk.eu/en">http://www.china-iprhelpdesk.eu/en</a>

MARKET ACCESS DATABASE: <a href="http://madb.europa.eu/">http://madb.europa.eu/</a>

# 4.6 EU SME Centre's dairy-related publications

#### Webinars

- "Dairy Exports to China The Market, Regulations and Opportunities for EU SMEs": <a href="http://www.eusmecentre.org.cn/content/webinar-dairy-exports-china-market-regulations-and-opportunities-eu-smes">http://www.eusmecentre.org.cn/content/webinar-dairy-exports-china-market-regulations-and-opportunities-eu-smes</a>
- "How to navigate China's food and beverage distribution channels?": <a href="http://www.eusmecentre.org.cn/content/webinar-how-navigate-chinas-food-and-beverage-distribution-channels">http://www.eusmecentre.org.cn/content/webinar-how-navigate-chinas-food-and-beverage-distribution-channels</a>
- "Finding an Agent/Distributor in China": <a href="http://www.eusmecentre.org.cn/content/european-sme-week-webinar-series-part-4-finding-agentdistributor-china">http://www.eusmecentre.org.cn/content/european-sme-week-webinar-series-part-4-finding-agentdistributor-china</a>
- "Selling Online in China": <a href="http://www.eusmecentre.org.cn/content/european-sme-week-webinar-series-part-1-selling-online-china">http://www.eusmecentre.org.cn/content/european-sme-week-webinar-series-part-1-selling-online-china</a>
- "How to access the fourth largest food market in the world": <a href="http://www.eusmecentre.org.cn/content/european-sme-week-webinar-series-part-1-selling-online-china">http://www.eusmecentre.org.cn/content/european-sme-week-webinar-series-part-1-selling-online-china</a>

#### Guidelines

- "Packaging in China": http://www.eusmecentre.org.cn/content/packaging-china
- "Food and beverages technical requirements and labelling": <a href="http://www.eusmecentre.org.cn/content/food-and-beverages-technical-requirements-and-labelling">http://www.eusmecentre.org.cn/content/food-and-beverages-technical-requirements-and-labelling</a>
- "Export guideline": <a href="http://www.eusmecentre.org.cn/content/export-guideline">http://www.eusmecentre.org.cn/content/export-guideline</a>
- "The Food & Beverage Market in China": http://www.eusmecentre.org.cn/content/food-beverage-market-china



The EU SME Centre assists European SMEs to export to China by providing a comprehensive range of free, hands-on support services including the provision of information, confidential advice, networking events, and training. The Centre also acts as a platform facilitating coordination amongst Member State and European public and private sector service providers to SMEs.

The Centre's range of free services cover:

- Business Development provision of market information, business and marketing advice
- Legal legal information, 'ask the expert' initial consultations and practical manuals
- Standards standards and conformity requirements when exporting to China
- HR and Training industry and horizontal training programmes
- Access to a service providers directory and information databases
- Hot-desking free, temporary office space in the EU SME Centre to explore local business opportunities
- Any other practical support services to European SMEs wishing to export to or invest in China.

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