



China-Britain
Business Council
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A CBBC Guide: Featuring
Contributions from
ChemLinked, Eurofins China,
and Ashbury Labelling

CBBC Research

Exporting Food & Drink to China

CBBC, in association with various contributing member companies, is pleased to present this compact guide to exporting food and drink to China. This guide provides actionable points for UK food and drink brands looking to enter the China market, with seven sections each detailing crucial steps to achieving success in China.



1: SECURE YOUR INTELLECTUAL PROPERTY

Intellectual Property ('IP') is of integral value to any company's core offering and existence. Therefore, unsurprisingly, the effects of IP being compromised can be highly detrimental to UK businesses.

In China, the stakes are raised when it comes to the protection of IP, as a result of the country's adherence to a 'first to file system'. Under this system, those first to apply for the ownership of IP may successfully receive this, regardless of whether they have a rightful claim. Trademark squatting and bad faith trademark applications in China can therefore pose a tangible threat to UK companies entering the market.

Should a UK company encounter the scenario described above, they may find themselves in a situation whereby an external claimant can control the distribution of their IP, and in many cases can become the de-facto exclusive sole distributor of this IP. This external claimant can potentially become the only route to market for the UK company's brand: and will be able to set their own terms and pricing for the brand: not just within the China market, but with the original holder of the IP in question.

This outcome can be prohibitive in regards to legal costs, as well as time, and cause irreparable damage to brands. Therefore, UK companies are well-advised to protect themselves against this risk by safeguarding their IP - even if they have no legal commercial entity in China as of yet. You can do this by observing the following key steps:

Key Steps to Protecting your IP in China:

- First, **Check** that no external applicant has registered your trademark – the "first to file" system is increasingly exploited by local trademark squatters that scour the UK and European trademark registers and file equivalent Chinese applications in their own name.

CBBC offers an IP check service, which undertakes an initial check at the Chinese Trademark Office and establishes if any external party has registered your trademark.

- Next, **Apply** to register your IP. Consider filing an application to protect your brand before entering into any negotiations with potential Chinese partners, and before sending samples or exhibiting at trade shows. Trademark applications in China are relatively inexpensive, compared to other major international markets. Buying back a trademark is generally far more expensive than what it would cost to apply for one. In addition, the options available to fight a bad-faith application are limited, and global brands without extensive previous experience in mainland China are particularly vulnerable in this scenario.

CBBC works with a number of experienced China IP lawyers and can offer a list of contacts and a comparison of prices for trademark registration.



2: MARKET ACCESS: CAN YOU SELL YOUR PRODUCT IN CHINA?

Many UK companies interested in selling their products in China may assume that they will have the right to do so, however on closer inspection find that their products are restricted in - or completely barred from - China. So what industries and products are impacted by restrictions, and how can UK companies affected make an application to sell their products in China?

Non-Permitted Products

Products not currently permitted to be imported from the UK and sold in China through traditional import methods include: pet food, lamb, poultry meat, fresh produce such as fruits and vegetables and some agricultural commodities.

However, regulations on market access are constantly evolving, with restrictions on some items being lifted entirely. For example, China's ban on imported beef - which had been in place since 1996 - was partially lifted in 2018. In the summer of 2019, an inspection team from the General Administration of Customs of the People's Republic of China (GACC) visited the UK with a view of establishing a working protocol for exporters. The market value of this potential opportunity for UK beef exporters is predicted to reach GBP 230 million over the first five years of access alone.

To find out if your product is permitted for import into the China market you can visit the GACC website to access a comprehensive list of food items permitted to be exported to China.

Please note however, that the GACC website is only available in Chinese. CBBC can therefore assist UK companies, if required, to check if their products are on this permitted food list.

How to Apply for Market Access for a Restricted Product?

Should your product currently not enjoy market access to China, an application requesting market entry should be made to DEFRA (Department for Environment, Food & Rural Affairs) which will in turn make an application to the GACC. However, it is important to note that it may take a considerable amount of time for market access of a restricted or banned product to be granted.

CBBC can provide further advice and tailored guidance to companies affected by market access restrictions.

Certification and Registration for Specific Products

UK companies seeking to export to China must also abide by the certification and registration processes which are relevant to their products.

Examples of key categories of products and their accompanying certification and registration procedures can be found as follows:

- **Protein products** - such as dairy, seafood and meat - need to be accompanied by an Export Health Certificate and exporters should be registered with relevant Chinese authorities (i.e. the former Certification and Accreditation Administration of the People's Republic of China, which is now merged into the GACC);
- **Infant formula** - as a product which is classified as high risk - infant formula is currently subject to enhanced registration and approval processes through the China Food and Drug Administration (the CFDA, which is now merged into the State Administration for Market Regulation SAMR)
- **Plant based products** such as barley, should be accompanied by a phytosanitary certificate, and exporters should also be registered with the Chinese authorities



3: UNDERSTANDING MARKET COMPLIANCE

China's National Food Safety Standards specify detailed regulatory requirements for various food products, and understanding these is key to UK brands achieving market compliance in China.

These Standards are classified into the following four types:

- General Standards (horizontal);
- Product Standards (vertical);
- Testing Standards;
- Hygiene Standards.

General Standards stipulate requirements that are applicable to most food products. The most significant are listed as follows:

- GB 2760-2014: National Food Safety Standard for Uses of Food Additives ;
- GB 14880-2012: National Food Safety Standard for the Use of Nutritional Fortification Substances in Foods;
- GB 7718-2011: General Standard for the Labelling of Pre-packaged Foods;
- GB 28050-2011: National Food Safety Standard General Rules for Nutrition Labelling of Pre-packaged Foods.

Please note: GB stands for the Chinese word 国标 or "Guo Biao", which means "National Standards". Various GBs are set out to regulate the Standards of various products and production processes.

In China, special foodstuffs, including infant formulas, health foods, and food for special medical purposes, are subject to stringent administration and supervision. The following table lists the major market entry obligations for these products.

Product	Company Registration	Product Registration/Filing
Infant formula	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Health foods (nutritional supplements)	<input checked="" type="checkbox"/>	(filing) <input checked="" type="checkbox"/>
Health foods (functional foods)	<input checked="" type="checkbox"/>	(registration) <input checked="" type="checkbox"/>
Food for special medical purposes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

In 2018, China underwent significant institutional reform. Under this, the former China Food and Drug Administration (CFDA), General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), and the State Administration for Industry and Commerce (SAIC) were disbanded, and a new department named the State Administration for Market Regulation (SAMR) was established. The AQSIQ and the functions of its subordinate provincial offices (CIQs) were incorporated into the General Administration of Customs (GACC) in March 2018.

This section was contributed by CBBC member company, **ChemLinked**.

ChemLinked monitors policies, legislations, and regulations across the Asia-Pacific region, providing in-depth market insights and translation and consultancy services.

To learn more about ChemLinked, please visit:
<https://food.chemlinked.com>

4: ANALYTICAL TESTING OF YOUR FOOD AND DRINK PRODUCTS

Once you have identified which GB regulations apply to your food products, the next step UK companies should undertake is to decide whether your products will comply with both compulsory, as well as voluntary, GB regulations.

The compulsory regulations (GB) specify the minimum testing that is required to be carried out before you can export your products to China, whereas the voluntary regulations entail additional testing, which means that although these tests are not mandatory, they are recommended (GB/T).

Food and drink product regulations in the China market are very specific and list the microbiological tests (total viable count, TVC, to specific pathogens) and chemical testing (where there may be over 500 pesticides listed), as well as the methodology required to be implemented.

Things to check before having your food product tested:

- Ensure the lab where you have the product tested holds the required accreditation;
- Ensure the methodology used to carry out the test is the same as that specified in the regulation. Within a regulation, several methodologies may be specified;
- Ensure the units of any testing are the same as in the regulation;
- Ensure the correct number of tests are carried out, as some tests are required to be done more than once. For example, some micro tests (such as for Pathogens, for example: Salmonella, Staphylococcus aureus, and Coliforms) are required to be carried out five times on each product.

An example of the testing procedures for tea can be found as follows: The testing of loose tea is different from that of tea bags.

Please note that this example is intended as an indication only and is not the complete testing suite required.

Safety standard		Testing method	
GB/T 24690 for tea-bags	Basic indicator	Moisture	GB 5009.3
		Ash	GB 5009.4
		Water extract	GB/T 8305
	Hygiene indicator	Lead under GB 2763	GB 5009.12
		50 pesticides under GB 2763	Multiple methods
GB 29921	Microbiology tests for drinks	Salmonella	GB 4789.4
		Staph. aureus	GB 4789.10 second method
GB 7101		Total plate count	GB 4789.2
		Coliforms	GB 4789.3 plate count method
		Yeasts and moulds	GB 4789.15
NY 659	chromium	GB 5009.123	
	cadmium	GB 5009.15	
	mercury	GB 5009.17	
	arsenic	GB 5009.11	
	fluoride	GB/T 5009.18	

This section was contributed by CBBC member company, **Eurofins China**.

Eurofins China offers over 150,000 analytical testing methods in its accredited labs in Suzhou and Qingdao, China.

To learn more about Eurofins China, please visit: www.eurofins.cn



5: THE IMPORTANCE OF FOOD LABELLING

There are specific rules that exporters of food and drink products into the Chinese market must adhere to regarding labelling. Adhering to these rules is essential should you wish to successfully and smoothly import your products into China, they are detailed as follows:

Standard, simplified Chinese must be used, and while it is also acceptable to include a foreign language, this must not be more prominent on the label than the Chinese text. In addition, English text must be consistent with the Chinese wording, except for the trademark and declaration of the foreign manufacturer and a minimum font size of 1.8 mm in height must be used.

It is also mandatory to include the following information. Some exemptions may apply, so please ensure you double check these with your labelling advisor:

1. Name of the food;
2. Ingredient list;
3. Net quantity, additional presentation requirements which may apply;
4. Name, address, and telephone number of the food business operator - i.e. importer registered in Mainland China for imported food;
5. Country of origin;
6. Date marking, including production date and shelf life or expiry date, specific format requirements may apply;
7. Storage instructions;
8. Usage instructions, if applicable;
9. Nutritional information. There are mandatory requirements about energy and nutrients to be declared, with a specific format for the nutrition table, specific rounding rules, and allowable tolerance for nutrition declaration.

As there are prescribed terms used for Chinese labelling, such as designated terms for the food name, ingredients, and food additives, it is not advisable to directly translate a label into Chinese which is being used for other countries. In some cases, incorrect declaration of the name of the food or food additives may give the impression that the food contains non-permissible food additives, even though this is not the case, and this may lead to rejection of the product at the arrival port.

Additional labelling requirements may also apply to specific foods, such as milk and alcoholic beverages. It is also important to note that should products bear nutrition or health claims, they must also comply with the relevant Chinese requirements, as some claims permitted in the EU are not permitted in China.

This section was contributed by CBBC member company, **Ashbury Labelling**.

To learn more about Ashbury Labelling, please visit: www.ashburylabelling.co.uk



6: DOCUMENTS

In order to successfully import your products into the China market it is essential to complete and submit their correct accompanying documentation. In this respect, many of the documentation processes involved in exporting to China will be similar to other overseas non-EU markets.

The following table shows which export documents prepared in the UK are required by Customs and Excise in the Chinese port of entry. The specific requirements for originals and copies should be carefully noted, as these apply to each shipment.

Document	Original with signature and stamp	Copies	Prepared and issued by
Buyer/Seller Contract signed by both parties (Import agreement)	3x	2x	UK food/beverage company
Commercial Invoice	3x	2x	UK food/beverage company
Packing List	3x	2x	UK food/beverage company
Health Certificate (Issued by local government environmental services department) - required for food and drink products	1x	1x	UK food/beverage company
Certificate of Fumigation wooden pallets (or pallets individually stamped)	1x	1x	UK food/beverage company
Phytosanitary certificate (issued by the Food and Environment Research Agency (FERA) - for goods of plant origin	1x	1x	UK food/beverage company
Bill of Lading	3x	2x	UK shipping agent
Certificate of Origin* (EU Certificate issued by local Chamber of Commerce) - various commodities	1x	1x	UK shipping agent
Component nutrition analysis	1x	1x	UK food/beverage company or China importer
Labels	1x	1x	UK food/beverage company or China importer

**Subject to change after Brexit*

7: FINDING A CHINESE PARTNER

The benefits of working with an experienced distributor or importer in China that already understands the China market cannot be underestimated, and can form a crucial cornerstone to your brand's success in China's challenging and dynamic market.

A Large versus a Small Partner:

When seeking a partner, UK brands can choose to target large and well-established importers, or can form a close relationship with smaller or newly founded importers. There are pros and cons for each option. A large distributor usually maintains national coverage and brands can benefit from its established sales network. However, such a distributor typically carries a large number of brands, making it difficult for it to devote significant resources to any single brand. A smaller or a newly founded importer, in contrast, might lack a national sales network: however it can usually work with a brand more closely on marketing campaigns and sales promotions. Such a distributor may also be more willing to gradually grow and develop a new-to-market brand in China from scratch.

The Benefits of Exclusivity:

It may be advantageous for UK brands to sign an exclusivity agreement with their import partners: should they be willing to do so. Under an exclusive partnership the management of marketing activities, as well as pricing structures, can be streamlined and simplified. In addition, exclusivity offers UK exporters the chance to establish a stable point of contact with their Chinese partners, allowing a strong relationship between both sides to be developed.

However, UK companies should exercise caution in their selection of a potentially exclusive import partner: with importers usually requiring exclusivity contracts spanning three to five years, partnering with an incompetent or ineffective company can be a costly error for UK companies.

Where to Find your Partner:

The vast majority of importers in China are scattered across first-tier cities, namely Shanghai, Guangzhou, Shenzhen, and Beijing.

In particular, Shanghai, as China's commercial hub, hosts the greatest number of food & drink importers. Shanghai's residents also enjoy a comparatively westernised lifestyle, making it easier for fresh-to-market foreign food and drink brands to connect with consumers and to achieve success. However, the market in Shanghai is also highly competitive, and British food and drink brands face intense international competition in this city.

In comparison, in smaller and less-economically developed cities and regions, domestic importers often have less choice when it comes to accessing international brands: making them often more willing to communicate with any new international brands which may approach them. The retail channels in these cities and regions also tend to be less saturated and competitive for international exporters. Brands selling food and drink products which are more cost-effective are particularly well positioned to achieve success and maximise opportunities in China's lower-tier cities.

China GATEWAY

CBBC can conduct detailed market research to help UK companies find the right distributors that fit with their unique products. Our bespoke China Gateway programme aims to help British businesses identify and approach the most suitable importers from all over China. Please get in touch to learn more.





CBBC has **10 UK offices** and **15 offices across key locations in China**. This in-country network provides invaluable **local insight, access and knowledge**.

CONTACT US

For further advice and information about the topics featured in this report, and to learn more about CBBC's services, please contact a member of CBBC's Food & Drink team:

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