Chen Yuming: "Without a Free Trade Agreement, Spanish products are at a disadvantage"

Chen Yuming is the Economic and Commercial Counselor of the Embassy of the R.P. China in Spain. We talked to him about trade policies between China and Spain, business opportunities, and the positioning of agri-food products in the Chinese market. A market that demands foreign products of quality, but in which they take the lead those that are endorsed by Free Trade Agreements.

By Marta Fernández

E-CommerceAgrario: What commercial advantage does the Chinese market offer its potential partners and suppliers?

Chen Yuming: We want to develop and strengthen trade relations with Spain because we consider it to be a very important partner within the European Community. The Chinese market has a lot of potential and can import more products from Spain. What we do is to study and analyze the needs, to look for some options, or joint actions, because due to the increase of the purchasing power of the Chinese people, it demands many products of foreign origin.

ECA: What are the foreign products most accepted by the Chinese population?

Ch.Y .: There are many Spanish products that have very good acceptance in the Chinese market, such as olive oil, wines, ham, oranges and grapes. There are other products that, although their export is allowed and are to the liking of the Chinese people, they lack the protocol in matter of phytosanitary. In these cases, we have to study them more in depth.

> "With Spain is still being analyzed the protocol of ham with bone, in fruit has been finalized the one of the fruit of bone"

ECA: What do you think is missing to reach the export of ham with bone?

Ch.Y.: Everything is technical and sanitary, it is not political. However, it is not an issue that will stop exports. If I remember correctly, in absolute figures the increase is not much, however, the percentage of growth reaches peaks of 80% per year.

ECA: One of the procedures prior to the initiation of the export of horticultural products to China is the quality and phytosanitary controls, what are they?

Ch.Y.: Prior to exporting to China, exporters must follow predefined controls, including sample shipments and laboratory analysis, among others. Although it is clear that products from Europe are the safest and are subject to strict controls. This is one of the reasons why these products are welcomed in the Chinese market.

ECA: Do you think that there is any lack of which some Spanish products still do not have enough acceptance in your country?

Ch.Y.: In the Chinese market the French wine is very famous and is sold very expensive. However, the good value of Spanish wine is not well known.

> "We have to intensify the tasks of promoting Spanish wine in China"

ECA: Is there any kind of joint promotional action to promote Spanish wine in the Chinese market?

Ch.Y.: Something is being done, but it is not enough. More work needs to be done for Chinese consumers to know. *In addition, it is also necessary to work on cost containment, because when Spanish wine reaches the Chinese market, its price is very expensive.*

ECA: Although specific marketing agreements have been established with Spain, such as bone fruit, or pork meat, the levels of trade they maintain with other countries are not yet reached. In your opinion, what do you think is the success of the entry of products from markets like the Chilean, for example, in your country and what would be necessary for the Spaniards to expand their presence?

Ch.Y.: With Chile we have a Free Trade Agreement, in whose negotiation I participated during my stay as Counselor in the country. This agreement has favored the entry of many products in my country.

> Chileans have worked very well and have achieved practically all phytosanitary protocols

In short, the establishment of a Free Trade Agreement plays a very important role in boosting and deepening bilateral relations in an economic and commercial sense. I believe that Spanish wine, fruit and food products are now in an unfavorable position compared to Chile, Peru or other countries with which we have free trade agreements, *because they have a relatively high tariff. The secret of the development that Chile achieved with China is due to the signing of the Free Trade Agreement.*

ECA: With what other countries do they have negotiations for the establishment of agreements or have they already established them?

Ch.Y.: We are working with Costa Rica, among others. And not only in fruit, but we work on a global free trade agreement, which is divided into several parts. On one side would be the goods and, on the other, the trade in services. The second part would include investment -reproductive-, and the third would be the flow of people.

> I hope that Spain considers a Free Trade Agreement, since its agrifood products will also have to compete with those of Asian countries with which we already have agreements and that are very close to China

ECA: From the point of view of organized distribution, how are the different points of sale structured in your country?

CH.Y.: We can differentiate four types of establishments. On the one hand, there are some state-owned companies that run their business in their distribution network. On the other hand, there are

joint ventures, integrated by the State together with private investors. There are also many private companies that have their own store and their own distribution network and, fourthly, there are many foreign companies that have a complete distribution network in China, such as Inditex, in textile, with their brands Zara or Massimo Dutti, which has its stores in major cities.

In food, however, the foreign presence is not representative, it is concentrated in some supermarket or stand in certain 'Shopping Center', although it could be similarly developed in other sectors, such as textiles.

ECA: In relation to fruits and vegetables, what are the consumer demands of your country?

Ch.Y.: The Chinese consumer takes great care of his health and likes the natural product. It does not want the products it consumes to have residues or other elements that are not favorable to health. Demand seasonal products, according to each season. And above all they are of quality.

The Chinese consumer knows the characteristics and quality of each product. *For example, in cherry, Chile is highly valued; In citrus, Spanish orange, apple Japanese varieties, New Zealand kiwi, etc.*

The problem, in my judgment, is that some fruits sell very expensive. For example, the average price of avocados in the Beijing market is 10 or 11 dollars.

The lime is also a product that increasingly likes Chinese consumers, although there is still too much supply, so it could have a niche in the market. At the moment, the product that arrives comes from Asian countries.

> We also produce a lot of honey, but it is not enough, and it is another of the products on which China has supply needs

ECA: From the productive point of view, your country is promoting the modernization of the agricultural fabric, in what phase are they?

Ch.Y.: With the innovation and the perfection of the advanced technology we are promoting the best quality and the most quantity. But I think the process is slow, the achievements are not reached from one day to the next.

We believe that in China you can invest with advanced technology, because if you invest there you will surely achieve a huge market.

> Spanish investment in China is a good method to facilitate and improve production, while reducing costs and achieving a huge market. That is the attitude of the Chinese government

ECA: Finally, another of China's interests in the agri-food sector is the supply and improvement of plantations and seeds, is not it?

Ch.Y.: *In China we have manufacturers, but we also want to import seeds to improve production and fight certain threats, such as drought, or pests.* But we also welcome companies that have the best seeds and want to invest in China. Because if they invest there, they can process and access a large market.