

# Chinese food industry and market report

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Chinese Food Industry and Market Report Ying Bin & Xia Ni, Tong Wentao, Hu Linqing, Du Peng, Lu Liaoyuan, Yan Jihong LIFS, Lund University, Sweden Zhongnan University of Economics & Law, China July 1st, 2006 Introduction China is a country in transition that is developing rapidly. Although China became a net export country of food after 1980's, the import and export scales of foods keep growing for many years. In 2005, the food trade scale has reached 44. 28 Billion US\$ with a growth rate of 18. 4% from 2000 to 2005. According to IGD, China will become the world's second largest food retail market by 2020 behind the US. With increasing income and changing lifestyles, the food consumption pattern and meal structure both changed a lot recent years. The report will analyze the development of Chinese food industry and food market, Chinese food culture and characteristics of food consumption behavior. The report has five parts: Part One analyzes the food culture of China, which is the basic of understanding all the things related to food and meal in China. It includes the traditional food culture, the differences between different areas in China and the differences between China and western countries. Part Two introduces the development of Chinese food industry, including the history and the future of Chinese food industry. It also analyzes the import and export situations of Chinese food market. Part Three introduces the development and characteristics of Chinese food market. It analyzes five important food markets in China, including functional food market, green food market, fast food market, children food market and grey food market. Part Four analyzes the characteristics of Chinese's consumer behavior when buying foods after introducing the changes of food consumption pattern in China and the new

trends of the food consumption. As part three has analyzed the food consumption of children and elderly people, this part focus on the food consumption of youth people. Part Five introduces the situation of Chinese food safety, analyzes the causes and solutions of the food safety problem. It also analyzes the GM food in China deeply.

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Part One Chinese Food Culture -1- Part One Chinese Food Culture

Represented by the Han nationality, Chinese food Culture owns a long history for thousands of years, and has very distinct national characters. In recent years, Chinese food Culture has become more and more popular, receiving the high praise from western health worshipers.

1. 1 Chinese Traditional Food Culture Food is closely related to culture. Different nations create different food Cultures. So the food Culture has strong national characteristics and diversified idiosyncrasy. The global foods can be divided into two major systems of eastern foods and western foods. Among the eastern foods, Chinese food is one of the most representatives, of which the food way, the food culture, the development history, and the relative national conditions and customs have a very great difference from the western foods represented by America and Europe.

1. 1. 1 What Is Food Culture Food Culture is a general concept relating to natural science, social

science, and philosophy. It is a culture category without a clear edge, lying between the culture's narrow sense and broad sense and circulating the two. As our consideration—Food Culture means skill, science and art in the process of developing and utilizing food raw materials, making food and consuming food, as well as the customs, traditions, thoughts and philosophy which are based on the food. That is, Food Culture is the sum of all food matters which are made up of the way, process and function of people's food production and food life. Food Culture is the knowledge about under what terms the human beings (& a nationality) eat, what to eat, how to eat it, and what conditions will be after eating. Therefore it forms its own particular fields, such as the food raw -2- Chinese Food Industry and Market Report materials (production, development, selection, and classification etc.), processing technology and making techniques, preserving, keeping fresh, food commerce and service, processing tool and food utensil, and the relevant customs, system, psychology, thought, etc.

### 1. 1. 2 The Characteristics of Chinese Traditional Food Culture

... Nutrition and health care are organically combined in the food Nutrition and health care are the basic assurance of human survival and life quality. Absorbing, digesting, and utilizing food or nourishment, maintain the human life and life activity. Health care (or called hygiene), acting on individual or collective medical preventing and health epidemic prevention, protects the health and longevity. The traditional food Culture of China has been organically combining the two aspects all the time, combining the nutrition which keeps life and human activity with the health care which protects the health and longevity. Certainly, the health care aspect has a lot of items such as

medicine health care (treatment) and sports health care (treatment), but food health care (or called dietetic hygiene) is an essential one. The fact indicates that nutrition organically combined with health care, has not only external convenience but also inherent actual effects. According to Chinese traditional culture, the mankind and nature are a whole system. The improvement of people's survival insurance and life quality mainly rely on the foods growth in nature. So Chinese people attach importance to harmony between people and TIAN, and said that Food is TIAN for people. TIAN means the nature or the most important issue in one's life. These age-old understandings still have great influence power on today's people. There are seven kinds of materials that maintain human's life and activity -- protein, fat, carbohydrate (carbohydrate), mineral (inorganic salts), vitamin, cellulose, water -3- Part One Chinese Food Culture and electrolyte. These materials (generally called nutrient) all stem from the nature, mainly contained in the food. After entering into the human body, the nutrients play a nutrition and health care role in people's organism, by physical, chemical and biological function. Essentially, whether people are healthy or not are decided by whether the variety, quantity and quality of the above nutrients can keep a dynamic equilibrium in human's body, and whether they can meet human body's constant need in metabolism. That is to say, carrying on a rational regulation to these nutrients is quit important. The core of Chinese traditional food Culture is stressing the food hygiene and food regulation. Here we quote two original texts in classical books as a means of explaining. One is from the works of Confucius in the Spring and Autumn Period (more than 2, 500 years ago). Confucius, surnamed Kong, is the chief master of

Chinese traditional culture, usually called the greatest sage and teacher. He says in Analects of Confucius-- Eat no rice but is of finest quality, eat no meat but be chopped into small pieces. Don not eats moldy rice and stench fish. Don not eats food with bad color and smell or without being boiled. Don not eats other things outside three main meals a day. Don not eats meat cutting carelessly. Don not eats fish without removing the fishy smell. Never eat and drink immoderately. How much to drink is not stipulated, but the principle of not being drunk should be followed. Don't eat inferior wine and jerky bought from market. The other is from Chinese ancient medical book The Medical Classic of the Yellow Emperor which is probably a works in the Warring States (about 2, 300 years ago). It says--people in ancient times who knew the way to keep in good health, enjoy their daily life following the nature law of balancing the negative and positive, and regarded exercising as the correct health care methods. They eat a controlled daily food, have a regular daily life, and never work hard excessively, so they could be physically and mentally healthy, -4- Chinese Food Industry and Market Report reached limitation of mankind's natural life time, i. e. can live over one hundred years. However, people living in our times do not hew to the law of nature, regard wine as beverage, and have sexual life after drunk, indulging their sexual desire to exhaust energies. They are not concerned on sustaining healthy and spirit, but only pursue happiness at the moment, violating the way to keep in good health. So they'll have been already getting old and feeble since 50 years old or so. . . . Stressing on food's color, smell, taste, shape, tableware and function simultaneously This is another essence of Chinese traditional food Culture. On the dining table in a lot of specific

occasions, the furnishing foods are not merely delicious foods in which nutrition and health care coexist, but also like displaying artistic works with superb image, making people feel slaver and pleasing. Therefore, a lot of poets and writers, for instance, Han Yu, Li Bai in the Tang Dynasty, Three Su— Su Shi, Su Xun, Su Zhe in the Song Dynasty, etc., like to create poetries and essays when eating delicious foods and drinking alcohols. Chinese ancient sages had made a lot of efforts to enable foods with bright color, strong fragrance, infinite taste, graceful image, beautiful container, and good nutrition and health care functions. They pay much attention on choosing food raw materials, operating on various food ingredients, processing and cooking methods. Foods come from agriculture. In China, people always think that Agriculture is the foundation of the national economy, and they extraordinary hope that Good Harvest, the domestic animals are all thriving, hoping that foods abundant and increasing constantly. In China, there were more than 10 -5- Part One Chinese Food Culture kinds of vegetables grown in the Shang Zhou Period (about 4, 000 years ago), increased to more than 20 kinds in the Han Dynasty (202BC-220AD), more than 30 kinds in the Northern and Southern Dynasties (386AD-556AD), and more than 40 kinds in the Sui and Tang Dynasties (581AD-907AD). People cultivated bean sprouts and hotbed chives which are still welcome so far. Subsequently, the variety of vegetables increased to some extent constantly in each dynasty. By the beginning of the 1980s, the national grown vegetables had developed into more than 160 kinds, and developed faster in the last few years. While standing on self-reliance policy, Chinese ancestors started international exchange long time ago, introduced foreign fine varieties into China actively.



When serving as an envoy to western areas, Zhangqian introduced garlic, cucumber, bulb onion, coriander, grape and pomegranate etc. from countries such as Iran in the period of the Han Dynasty. Spinach, lettuce and ox-hide vegetable were introduced at the time of the Northern and Southern Dynasties. Tomato, potato, hot pepper, onion, cabbage, kidney bean and Dutch beans were introduced in the period of Ming and Qing Dynasties. Chinese people had already been raising horse, ox, sheep, chicken, dog and pig in the New Stone Implement Period. China is the first country that cultivates mule with hybrid methods, and is one of the earliest countries that raise pig, chicken, duck and horse. As early as in the Northern and Southern Dynasties, people began to use domestic animals castration technology. Since China was always a large agricultural country, and always pays much attention to the development of food, it is so known as Food Kingdom. On the cooked foods, Chinese always stress 4 characters and 5 tastes (4 characters-cold, hot, warm, and cool; 5 tastes-sweet, sour, bitter, spicy, and salty). Different places in China have different local flavors, and thus many kinds of food series are formed, such as Xiang (Hunan), Lu (Shandong), Yue (Guangdong), Chuan (Sichuan). Thus, the production skills of foods throughout -6- Chinese Food Industry and Market Report the country are distinctive different. But in general, the production skill of Chinese food can be described as follows: In the preliminary processing phase, the nutrition should be maintained in the food, raw materials should be kept clean and used reasonably, and wastes should be reduced. In the materials compounding phase, main materials, supplement materials and condiments should be carried out with reasonable quantity coordination-the coordination

of taste, the coordination of quality and the coordination of shape. In the cooking phase, there are varied cooking techniques and methods, because the cooking process of different dish is different from each other and the same dish also has different shapes and mouth feel requirements in different places. It can be summarized as eight categories—(1) fry and braise, (2) mix, cook in soy, and salt, (3) fry and paste, (4) deep fry, quick-fry/stir-fry, and steam, (5) stew, cook in a covered vessel, and bittern, (6) burn, simmer, boil, and steam, (7) roast, smoke, and putty roast, (8) wire drawing, sugar-coated, and syrup. Eating activities become the bridge of social communication. Social communication is a major issue in people's life. But how to launch social communication? Forms and methods are varied, yet Chinese people gradually regard the activity of eating and drinking as an important bridge and tie in social communication, which has become one of the important functions in Chinese traditional food Culture. There is an interesting example, "Have you eat?" has become people's courteous greeting term when they meet each other.

-7- Part One Chinese Food Culture Chinese are sick of the negative effects in the activity of eating and drinking, such as some corrupt officials utilizing the eating activities to form cliques and take bribes. The social communication asserted in Chinese traditional food Culture is the courteous reception behavior which is legal, fair and sensible in interpersonal relationships. It is helpful to promote the development of the society, economy and culture, and helpful to establishing good relationships within the people. For example, the communication among friends and relatives, among neighbors, among business partners, and so on.

1. 2 Domestic Differences of Chinese Food Culture There are some differences on

food structure and food habit among various areas and nationalities in China because of the differences in natural environment, climate conditions, and national customs. Thus the Chinese food Culture presents complicated domestic differences.

### 1. 2. 1 Region Difference of Chinese Food Culture

In the plain area of east China, people plant rice in the south and plant winter wheat or spring wheat in the north. The southerners take rice as their staple food, while the northerners take wheat flour as their staple food. As for the climate, the temperature in the north is lower than that of the south, especially in winter. So the large proportion of northerners' food is full of fat and protein. Especially in pastoral areas, the herdsmen take milk products and meat as the main foods. Southerners take plants as the main food and they are used to take vegetable soup and porridge. On the high and cold Qinghai-Tibet Plateau, the highland barley is people's main crop and staple food. At the same time, in order to adapt the plateau climate, butter and highland barley wine, which promote blood circulation, become indispensable edible oil and beverage in Tibetan's lives.

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The saying of Chinese food habit—sweet in the south, salty in the north, hot in the east, and sour in the west—fully reflects the regional diversity of Chinese food. China is diverse in districts, so does the food flavors and food customs. Chinese style of cooking reflects the characteristic deeply. There are eight or ten styles of cooking in China (see appendix 1. 1). The raw material, craft, and flavor are different among the styles. Sichuan Cuisine is famous for being hot (Spicy). It is extensive to draw materials—chilli, three peppers and strange smell materials. Food in Jiangxi Province, Hunan Province and Sichuan Province is all famous for being hot. It

is closely related with local people's need to resist moist and rainy climate. Guangdong Cuisine takes seafood as the primary food while contains pig, sheep, chicken, etc. So it is famous for being strange and mixing, and "they can eat everything". Shandong Cuisine is sumptuous and good at modulating birds and animals and controlling the heating degree. The characteristics of Shandong Cuisine make it the representative style of northern cooking—skilled at frying, cooking, sauce stew and keeping the nature of people of Shandong—liking eating shallot. In addition, Huaiyang Cuisine, Beijing Cuisine and Hunan Cuisine occupies one party separately, differs from one another, and fully reveals the complexity and regionalism of Chinese food system caused by the different local product, climate, and local conditions and customs in different places. Different local custom, different food habit. For example, the regional food habit differs significantly in the Spring Festival. There are abundant fish in the south. People there often eat plenty of meat and fish and must eat fish at dinner on New Year's Eve, including the meaning of having enough every year. People in north China eat dumplings on New Year's Eve, having the meaning of good beginning of New Year.

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Part One Chinese Food Culture In addition, urban flavor food reflects the food regionalism too. Some food in history like Beijing Roast Duck, Tianjin Goubuli and Lanzhou hand-pulled noodles is of distinct local and national characteristic. With the development of tourist industry, urban flavor food, processed on the basis of original tradition, becomes an important component in tourist culture. Many visitors, especially foreign visitors, are looking for the local foods when they go to a certain city or scenic spot of China. Beijing was once the national capital of the dynasty of old times. It

was one of the most flourishing cities at that time, gathering the skillful craftsmen of the regional food, and forming its own flavor food gradually, such as Beijing Roast Duck, Shaomai, Instant Boiled Sliced Mutton, Sachima, etc., attracted all Chinese and foreign visitors. In Tianjin, besides well-known Goubuli Tianjin, there are fried dough twist of 18 streets and crust of cooked rice, etc. Urumchi is a place where people of the Uygur nationality concentrate, so its food has a strong Uygurs ambience. Their kebab, Kazakhstan dense melon, baking the whole sheep, rice eating by hands, and one hundred birds towards the phoenix are well-known by visitors. 1. 2. 2

National difference of Chinese Food Culture There are 56 nationalities in China, in which the Han nationality mainly lives in the eastern plain area, and the numerous minorities mainly live in the northeast, northwest, and southwest areas. The geography and climate are widely different from each other. And more important, each nationality has its own characteristic in production activities and national belief, forming its own national characteristic of food. The eastern plain, where the Han nationality live concentrated, with a good cultivation condition, abundant with rice and wheat, like some minorities - 10 - Chinese Food Industry and Market Report relying mainly on cultivation industry as the Korean, Xibe, Dai, Zhuang, Dulong, etc, regard the five cereals as the staple food. The Koreans like eating rice and cold noodles. The Qiangs like steaming the mixture of rice and corn. The Mongols rely mainly on grazing. Their food is made up of white food and red food. White food means all kinds of milk products. Red food mainly means beef and mutton. People of the Uygur nationality like Rice Eating By Hands (made of rice, mutton and carrot), hand-pulled noodles and

roast mutton. Under the restraint of natural conditions, various nationalities have formed their own totem faith and worship towards the spirits of plants and animals. It influences the food to some extent. For example, the Owenks' ancestor forbids hunting bears. Though they regard meat as the staple food, they will not eat bear meat.

### 1. 3 Difference between the food culture of China and the West

Different nationalities and countries have their own food culture and characteristics. In the views of and attitudes to food, food content, food features and other aspects, there are significant differences between China and western countries.

#### 1. 3. 1 Difference ideas

â... . Idealism vs. Pragmatism Confucius once said in The Book of Rites, " Appetite for food and sex is nature. " These words actually reflect the life of ancient views. Confucius thinks that two major events of all people: food, men and women. One is the question of survival, another is question of marriage and love.

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The so-called food is related to the people's livelihood question, men and women's healthy and blissful problems. And Gaozi also thought " food " and " sex" are the people's natural instinct. These two things are core of life. In China, food has become a kind of thing that almost more important than all other things. This is also reflected in the various aspects of people's daily life. Among them, the most common greeting between Chinese people is " Have you eat? "

Every day, the first thing that Chinese people do is usually eat, or prepare for eat. So-called the pieces of seven things after opening the door are: firewood, rice, oil, salt, sauce, vinegar, tea, of which no one is not about the food. Celebrating the birth of a child need to eat noodles, full moon need to eat moon cakes, getting married need to eat big dinners. People reaching 60

birthdays must have a big celebration with eating, even when people passing away, their relatives and friends also need to eat together. Guest's coming need to eat, called "gives a dinner of welcome"; Guest's leaving need to eat, called "give a farewell of dinner"; moving house need to eat; the promotion in career need to eat. So-called White Good and Black Good in China refer to wedding and funeral, in each situation, a big dinner is also necessary.

Through eating, people can communicate, exchange informations, express the mood of welcome or cherish, even emotional dissension can be calmed through food and wine. The form of eating contains a kind of psychology and cultural backgrounds, as well as people's awareness and understanding of things. At the same time, eating reflects "etiquette" everywhere. Just as "The Book of Rites, Lai Wan" said: "People know about proprieties only after eating full" 食之而後知禮. This spirit of etiquette not only runs throughout the process, but also constitutes a logical starting point for the Chinese food culture.

Many scholars called this kind of Chinese peculiar ideas "food is the god of people (Bread is the staff of life)" as the cultural inclination of "suffused with the doctrine of eating".

Languages are carriers and mirrors of the culture, the language reflects culture. This kind of cultural tendency "suffused with the doctrine of eating" has the most abundant reflection in Chinese. Yi Zhongtian, had the most vivid description in "Talk about Chinese": Call the above people as the mouth, call the job as the rice bowl, considering is called as "chew", envy is called as "eating vinegar", happy is called "to drink in", common is called "a simple meal", easy is called "a piece of cake". In a word, in Chinese culture, no matter the material or spiritual, it seems can be eaten anytime.

In western countries, such as Great Britain and American, etc., the food is only taken as an essential means of existence and a way of communicate. American psychologist, Maslow, divides people's demand into five levels from elementary to advanced, in which the food is on the first floor. That is to say, food is regarded as the most low-grade demand of human beings; there are safety demand, emotion demand, respect demand and self-actualization demand above it. Mr. Lin Yutang once said: " Westerners' food idea is different from China, the British and the Americans, only take eating as pouring the fuel into a biological machine in order to guarantee its normal operation, so long as they can keep healthy and resist the attack of germ and disease after eating, others are insignificant". Therefore, " eating" only plays a kind of function of maintaining the life in their mind. Speaking of communication function, a book called Emily Post's Etiquette in America said: " Dinner is to express thanks to the service provider; to celebrate a successful business; to win the confidence of the customer or new customer; to ask someone to do me a favor; to introduce others; or to discuss some ideas...". We can find that eating is a simple way to communicate in the western countries, is not as important as in China, which - 13 - Part One Chinese Food Culture called eating as the source of all etiquettes. â...j. Ostentation and Extravagance vs. Simple and Ease There is a fundamental difference in the banquet idea between China and western countries. When Chinese treat someone to the meal, they pay attention to the meal, pursuing the ostentation and extravagance, always supplying overabundant food and drink. Generally, a formal dinner at least has seven or eight course, which hasn't include cold dishes, snacks, desserts and finally staple foods (noodles,



rice, etc.). The abundant and precious foods can embody owner's hospitality and guests' status, and the meal will generally over supplied, otherwise it is not enough to reveal the host's hospitability. This probably comes from the Chinese traditional values: " Running a home in an industrious and thrifty way, entertaining a guest in an abundant way". " A Full Dinner Courses of Man and Han Nationalities" (Man Han Quan Xi) is a good example. It appeared in Qing Dynasty, and is a kind of feast that holds in order to entertain all officials of Manchus and Hans. The emperor hosts it to release the conflictions between two nationalities. The dishes divided to cold dish, scalding dish, stir-fry, meal, beet, etc.; Tea distinguished green tea , fragrant tea , parched rice tea, etc.; The dessert have two kinds of salty one and sweet one, etc.. The dinner has 108 dishes all together, and can be eat up in three days. In the west, a grand Western-style banquet is usually just six courses, and only two courses among them are regarded as dishes, the others is only foil. Entertaining at ordinary times, the meal is simpler. In U. S. A., sometimes friends make contributions to the party when they have a dinner party, called Potluck, i. e. each person takes a course of dish and let everybody share. Another kind of party, called Party, the host only offers beverage, wine and - 14 - Chinese Food Industry and Market Report some simple food, for instance cheese, French fries, sandwich, etc., do not offer the meal. Obviously, they regard eating as an opportunity of meeting and the communication, an opportunity of reviewing the old friendship and making new friends with others, and also a place of obtaining the information. The food is no doubt essential, but is not the most important thing. So, it should not be ostentatious and wasteful. Exactly affected by this

idea, the western banquet doesn't make eating unnecessary and overelaborate formalities, but like liberalization and diversification banquet forms. The host must try his best to create a kind of relaxed, harmonious and joyful atmosphere to let the guests enjoy a period of free happy time. â...ç.

Collectivism vs. Individualism In cross-cultural communication, values is a crucial issue. Clyde Kluckhohn regarded values as " a kind of clear and hiding concept which can be desirable and held by an individual or collective. It has a certain national characteristics. This idea affected people to make choices from the various existing mode of operation, methods and goals. " In China, collectivism is the dominant values. From " even the dog swaggers when its master win favor" to " relatives friendship, township friendship, friendship spanning many generations, friendship between persons of the same graduation class" and so on, they are branded the marks of Chinese community culture without exception. In Britain, the U. S. and other Western countries, people emphasis more on individualism, and recognize the value and dignity of the individual. Two distinct values are also reflected on the food culture. It was that Chinese usually eating in a way of common share, everybody shares a table and - 15 - Part One Chinese Food Culture eats every dish at the time. The common table in China is a round one and has a turnplate in the middle. It is quite convenient for everyone around the table to pick up each dish. After dinner, another funny thing will happen, everyone struggles to pay the bill of the dinner. This may come from the thought of collectivism that " eating together is so happy", which emphasizes enjoying together. But with the impact of individualism, the westerners usually order their own dishes from the menu, needn't consider others' taste and likes,

and often adopt AA system, that is, everyone pays their own bill. 1. 3. 2

Differences in the banquet etiquette China and the west both pay attention to the banquet etiquette. But they have absolutely different banquet etiquettes. . The difference of the tableware: Chopsticks vs. Knife and Fork The most obvious difference in the Chinese and Western banquet is the use of the tableware. Chinese eat the food with the chopsticks, but westerners cut the food with the knife and fork. Different eating ways are results of different cultural. Since ancient times, Chinese were deeply affected by agriculture and ploughs activities. So-called “ face towards the loess and back towards the sky” is exactly the true portrayal of this culture phenomenon. In this cultural, people - 16 - Chinese Food Industry and Market Report usually regard cereal as the staple food, want to enjoy good and prosperous life and work in a peaceful and stable environment, and emphasize harmonious in the whole life. This kind of culture reflects in the food, which is embodied by the choice of the tableware and eating way naturally. Chinese are gentle and cultivated while using the chopsticks, the attitude towards food is sooth and gentle on the dining table. Though Chinese like eating the meat as well as the westerners, they eat it in a quite different way. The famous French literature thinker and critic Rolan Barthes, when talking bout chopsticks, he thought chopsticks are not used in cutting, pitching, griping like the knife and fork. While mentioning the chopsticks, said “ the food no longer becomes the prey under people’s violence game, but becomes the material conveyed harmoniously”. . Differences of attendance time: Late vs. Punctual Punctual seems to be a universally applicable concept, but the understanding of this concept is not the same in

different countries and different culture, and this concept is changeable due to different activities. One of the founders studying cross-cultural communication, the famous anthropologist in U. S. A., Hall proposes that the human time concept has two kinds of culture patterns, i. e. “ Monochromic time” and “ Polychromic time”. Monochromic time demands that doing anything should strictly observe schedule, do something when what should be done; but the persons of holding concept of Polychromic have no habit of arranging schedule, don’t do anything on time. The former pays attention to observing appointment time strictly, can’t break the promise; the latter does not pay attention to observing time and making an appointment. Hall still thinks Monochromic time is the time mode of America, Europe and other western countries; Polychromic time is the mode of the Asian, - 17 - Part One Chinese Food Culture African and Latin American area. In his view, time just likes commodity, and it can buy and sell, save, spend, waste, lose, remedy and calculate. So, while participating in the entertaining, because of different culture patterns, the difference between China and Western to treat time seems outstanding dissimilitude. In China, generally speaking, the mode of Polychromic time makes people incline to be late, sometimes half an hour after fixed time. As to this, the host also seems to have mental preparation already, often arranges some other programs in this period of waiting, such as playing cards, drinking tea, chatting etc., to let some guests arrived early to spend the waiting time. As to the phenomenon of being late, both sides of host and guest are accustomed to it, do not regard it as a kind of behavior despising the host’s invite or a kind of impolite behavior. Sometimes the host even informs the banquet time earlier on purpose, in order to offer more

abundant time for the guests to be late. But in the western countries, the formal banquet demands to reach on time. Differences of seats arrangement North and South vs. Left and Right The arrangement of the seat is a kind of important form that utilizes the space position to show each one's status and interpersonal relationships. People's spatial idea is acquired through influence from all sorts of factors, in which the factor of culture is particularly important. So people's demand to the space, communicating rule related to space as well as values about space are different in different cultures. Hall describes the function of the space as "Spacespeaks". - 18 -

Chinese Food Industry and Market Report In China, the seat in the banquet is usually regarded facing the south as on, regarded facing the north as under, which formed the traditional idea of "the south is honor", "the north is humble". It is inseparable with China's traditional culture. China ancient society has a long history, the dynasty is multitudinous. But no matter in which dynasty, or in which generation, emperors will sit and facing south without exception. So, there is an old saying that "facing the south is called king". And the official in feudal times always faces the north when visiting the king. Therefore, "south" has already developed into a kind of most lofty symbol gradually in Chinese's mind, and have represented power, position and identity. In contrast, the position of "the north" is much lower status naturally. This phenomenon can be explained very well in the idiom of Chinese too. For example, when "the south" and "the north" appear in the idioms at the same time, "the south" is in front of "the north", for instance "trying to go south by driving the chariot north", "fighting north and south for many fronts", etc. So, it's certain that regarding seat facing the south as

honor in the banquet, and the seat facing the north is humble. In the western society of ancient times, the most honorable guest's seat is on the left of the host, this is because people got used to holding daggers with right hands, assassinating the people sitting on the left. If the most honorable guest will be arrange on the host's left hand position, not only he is inconvenient to assassinate, but also the host has advantage status of bringing him under control. With the progress of the society, this old phenomenon that assassinated on the banquet almost disappeared. Today, the westerners have already no longer focused on safe protection while arranging the seats, but stemmed from the psychological protection demand, putting the honoree seat on host's right, which, the rule of the dining table seat that take right as on and left as under have formed. - 19 - Part One Chinese Food Culture

Men's superiority vs. Lady first China and Western countries have a greater difference on arranging the position of men and women guest too. In ancient China, women can not be seen at all on the formal feast, thus it do not just need to consider arrangement of women's position, which is identical with thought of "men's superiority to women" of China's traditional culture. Mr. Lin Yutang even said in his book called "Chinese": "Since primitive era, women have not occupied the due status in the Chinese blood". Later on, with "unifies the whole country" of Confucianism, women are constrained in the feudal Confucian or feudal ethical codes all the time, and in the subordinate status. Today, status of Chinese women has improved notably, and has already got rid of former subordinate status. Women appearing in the feast are also early accepted by Chinese, but women often sit together. When the principles of "respect elders" and "woman first" have the

contradictions, the Chinese chooses “ the respect elders" instead of “ woman first". In the west, “ Lady first" is their traditional culture idea, and the important etiquette norm in the social activity. This is because Christianity is the religion, which is generally believed in by many western countries. This religion worships Maria as the Blessed Virgin Mary, and takes admiring the female as the noble sentiment. In addition, in the 12, 13th century, with the eastward fight of the Crusades, this unique stratum of “ knight’s group" had formed. Because “ knight’s group" had tremendous influence and prominent status, their own etiquette norm had formed and been spread among the people gradually, in which, respecting ladies is the most characteristic. Later, giving priority service to ladies called as “ knight’s poise" became the civilization criterion of the noble and even common people stratum at one time, and was followed until now. So, in the western feast, women occupied the important position since long time ago, and men and women guests must sit crossly, which has reflected the thought of the equality of men and women from another respect.

- 20 - Chinese Food Industry and Market Report

1. 3. 3 Differences of food names Many names of Chinese dishes always comprise much historical and cultural information. For example, it is said that “ Dongpo Meat" is cooked according to the recipe that come down from Su Dongpo who was a great litterateur of Song Dynasty; “ Gongbao Chicken Pieces" is cooked according to the cookbook hand tailored by an officer of Qin Dynasty whose name was Gong bao. Some other names of dishes are related to literary quotations and legends. Such as “ Ba Wang Bie Ji", it’s from the literary quotation of Xiang Yu, overlord of West Chu, and his loved imperial concubine Yu Ji; “ Fo Tiao Qiang", the scent of which tempted

the monks to jump out of the wall of the temple according to the folk legend. With the ceaseless development of catering services, the content of dishes will change gradually, get rid of the stale and bring forth the fresh, and the names of dishes will have new changes. Compare with it, the western dish name is simpler, is often clear at a glance. Take Kentucky Fried Chicken that is popular all over the world for example, we can know that it's a shop of fried chicken from the shop name. And the food in shop, such as fried chicken leg, fragrant and hot chicken wing, chips, hamburger, and the Mexican chicken roll and seafood soup etc, is nearly not named with raw material adding cooking method or place name. In some other western dining rooms the cooked food appearing frequently, such as Italy noodles, the Italian pizza, roast the beefsteak, the fruit salad and so on are also so. To Chinese, it has been lack of some cultural " the flavor" in among, but actually has conformed to " the taste" of western, conformed to the quick rhythm work and the life in the western society, omitted the unnecessary thought time, and simplified the process of eating and drinking. - 21 - Part One Chinese Food Culture Above all, there are great differences between eastern and western foods on notion, etiquette, content etc; we can usually find the original resources from the culture. Of course, the difference on food is relative. The trans-culture communication under the globalization tendency strengths the complementarity and compatibility of the multiply food Culture. Along with unceasing communication between the East and West culture, Chinese food Culture will also appear new characteristic in the collision with other countries' culture and produce new changes. On the one hand, it will be helpful for Chinese food Culture to draw useful lessons from



other countries culture in the intercourse and collision, perfect and develop constantly, and maintain vigorous vitality all along. On the other hand, it will promote widespread and development of Chinese food Culture in the world-wide scopes. - 22 - Chinese Food Industry and Market Report Appendix 1. 1

Eight Cuisines in China Chinese cuisine has a number of different genres, but the most influential and typical known by the public are the “ Eight Cuisines”. These are as follows: Shangdong Cuisine, Sichuan Cuisine, Guangdong Cuisine, Fujian Cuisine, Jiangsu Cuisine, Zhejiang Cuisine, Hunan Cuisine, and Anhui Cuisine. The essential factors that establish the form of a genre are complex and include history, cooking features, geography, climate, resources and life styles. Cuisines from different regions are so distinctive that sometimes despite the fact that two areas are geographical neighbors their styles are completely alien. Shandong Cuisine Consisting of Jinan cuisine and Jiaodong cuisine, Shandong cuisine, clear, pure and not greasy, is characterized by its emphasis on aroma, freshness, crispness and tenderness. Shallot and garlic are usually used as seasonings so Shangdong dishes tastes pungent usually. Soups are given much emphasis in Shangdong dishes. Thin soup features clear and fresh while creamy soup looks thick and tastes strong. Jinan cuisine is adept at deep-frying, grilling, frying and stir-frying while Jiaodong division is famous for cooking seafood with fresh and light taste. Typical Courses: Bird's Nest Soup; the Yellow River Carp in Sweet and Sour sauce. Sichuan Cuisine Sichuan Cuisine, known often in the West as Sichuan Cuisine, is one of the most famous Chinese cuisines in the world. Characterized by its spicy and pungent flavor, Sichuan cuisine, prolific of tastes, emphasizes on the use of chili. Pepper and prickly ash also

never fail to accompany, producing typical exciting tastes. Besides, garlic, ginger and fermented soybean are also used in the cooking process. Wild vegetables and animals are usually chosen as - 23 - Part One Chinese Food Culture ingredients, while frying, frying without oil, pickling and braising are applied as basic cooking techniques. It cannot be said that one who does not experience Sichuan food ever reaches China. Typical Courses: Hot Pot; Smoked Duck; Kung Pao Chicken; Twice Cooked Pork; Mapo Dofu.

Guangdong Cuisine Tasting clear, light, crisp and fresh, Guangdong cuisine, familiar to Westerners, usually chooses raptors and beasts to produce originative dishes. Its basic cooking techniques include roasting, stir-frying, sauteing, deep-frying, braising, stewing and steaming. Among them steaming and stir-frying are more commonly applied to preserve the natural flavor. Guangdong chefs also pay much attention to the artistic presentation of dishes. Typical Courses: Shark's Fin Soup; Steamed Sea Bass; Roasted Piglet. Fujian Cuisine Consisting of Fuzhou Cuisine, Quanzhou Cuisine and Xiamen Cuisine, Fujian Cuisine is distinguished for its choice seafood, beautiful color and magic taste of sweet, sour, salty and savory. The most distinct features are their " pickled taste". Typical Courses: Buddha Jumping Over the Wall; Snow Chicken; Prawn with Dragon's Body and Phoenix's tail. Jiangsu Cuisine Jiangsu Cuisine, also called Huaiyang Cuisine, is popular in the lower reach of the Yangtze River. Aquatics as the main ingredients, it stresses the freshness of materials. Its carving techniques are delicate, of which the melon carving technique is especially well known. Cooking techniques consist of stewing, braising, roasting, simmering, etc. The flavor of Huaiyang Cuisine is - 24 - Chinese Food Industry and Market Report light,

fresh and sweet and with delicate elegance. Typical Courses: Stewed Crab with Clear Soup, Long-boiled and Dry-shredded Meat, Duck Triplet, Crystal Meat, Squirrel with Mandarin Fish, and Liangxi Crisp Eel. Zhejiang Cuisine Comprising local cuisines of Hanzhou, Ningbo and Shaoxing, Zhejiang Cuisine, not greasy, wins its reputation for freshness, tenderness, softness, smoothness of its dishes with mellow fragrance. Hangzhou Cuisine is the most famous one among the three. Typical Courses: Sour West Lake Fish, Longjing Shelled Shrimp, Beggar's Chicken. Hunan Cuisine Hunan cuisine consists of local Cuisines of Xiangjiang Region, Dongting Lake and Xiangxi coteau. It characterizes itself by thick and pungent flavor. Chili, pepper and shallot are usually necessities in this division. Typical Courses: Dongan Chick; Peppery and Hot Chick. Anhui Cuisine Anhui Cuisine chefs focus much more attention on the temperature in cooking and are good at braising and stewing. Often hams will be added to improve taste and sugar candy added to gain freshness. Typical Courses: Stewed Snapper; Huangshan Braised Pigeon. (Sources: <http://www.china-guide.com/>) - 25 - Chinese Food Industry and Market Report Part Two Chinese Food Industry - 26 - Part Two Chinese Food Industry 2. 1 Definition and Classification of Food 2. 1. 1 Definition According to the " Food Hygiene Law of the People's Republic of China (1995)", " Food" means any finished product or raw materials provided for people to eat or drink, as well as any product that has traditionally served as both food and medicament, with the exception of products used solely for medical purposes. Here, except the food which used for traditional treatment, the new research and development food for treatment purpose are out of the food category. As food for treatment is a category of food that

its ingredient and characteristic only for certain aged people who are in special circumstances, special environmental conditions or special nutritional needs of food, it is difficult to define a material whether it is for treatment or for nutrition purpose. 2. 1. 2 Classification 2.1.2 Simple Classification

According with the habits of Chinese people, we usually classify the food into two categories, staple food and subsidiary food. The staple food mainly refers to provisions, it is the most basic food for the human body needs daily calorie. However, with the development of economy and continued improvement of people's living standard, the Chinese diet structure is constantly changing. Meat, eggs, milk and other foods have become an important consumption of the people. Their production and supply is increased significantly these years. According to the teaching needs of the business and commercial practices, we also divided subsidiary food into meat, fish, eggs and their products, vegetables and fruits, sugar and confectionery, beverages, cakes, tea, canned food, dairy products, tobacco and alcohol, etc. - 27 - Chinese Food Industry and Market Report 2015-2016

Classification of Food industry Food industry is processing and manufacturing the products that produced by agriculture, forestry, livestock, fish and other sector, which closely linked with people's lives. It contains 10 categories: sugar industry, fermentation industry, cooking oil processing industry, canned food processing industry, tobacco industry, beverage industry, condiment industry, slaughter processing industry, frozen food industry, and food processing industry to use wastes. According to the census of the third industrial classification, the food industry is classified into five parts as salt industry, food processing industry, food manufacturing industry, beverage

manufacturing industry, and tobacco processing industry. Table 2. 1 food industry classifications in China Main category Food processing and manufacturing industry Detailed classifications Foodstuff processing industry, vegetable oil processing industry, cakes & confectionery manufacturing industry, sugar manufacturing industry, slaughtering and meat processing industry, egg processing industry, dairy processing industry, aquatic products processing industry, canned food manufacturing industry, food additive manufacturing industry, condiment manufacturing industry, and other food industries Beverage alcohol industry, alcohol manufacturing industry, non-alcoholic beverage manufacturing industry, tea manufacturing industry, and other beverages manufacturing industries Tobacco roasting industry, cigarettes manufacturing industry, and other tobacco manufacturing and processing industries Salt processing industry Beverage manufacturing industry Tobacco processing industry Salt industry

Sources: Chinese food industry Yearbook, Beijing, 1997: China Light Industry Press. - 28 - Part Two Chinese Food Industry 2. 2 Development of China Food Industry 2. 2. 1 The history of the development of China's food industry Chinese food industry has changed tremendously after the People's Republic of China was founded in 1949. Its development can be divided into four stages: ... . The Recovery Period (1949 - 1957) After the foundation of the new government, it confiscated bureaucratic capital and foreign-owned enterprises and transformed them into socialist state-owned. Moreover, the transformation of the private enterprises and handicraft enterprises also carried out. All these transformation made a powerful support to successful development of the Chinese food industry. In 1952, the national food

industrial production value reached RMB 8.28 billion Yuan which accounts for 24.1% of whole national industrial production value. It's the second largest one in whole industries. In this period, food production is principally to meet the basic needs of the mass market. In terms of products structure, it is mainly grain & oil products, which includes flour and edible oil. Meat products are mainly fresh and frozen meat, processed meat is rarely. Liquor is mainly alcohol, beer and wine can rarely be found in the market. China's first Five-Year Plan starts in 1953, which leads to the systematic construction of the food industry for the first time in China. After that, the growth rate of industrial production rose year on year. In 1957, the national revenue of food industry reached RMB 1.36 billion Yuan (fixed price in 1952), - 29 - Chinese Food Industry and Market Report increased by 85.5% over 1952 with an average increase of 13.2% per year, accounts for 19.60% of the national industrial output and ranked first in the industrial sectors. The Fluctuation Period (1958 - 1978) First, the "Great Leap Forward" campaign started since 1958 leads to a serious decline of agriculture and a seriously scarce of the supply of raw materials relevant to food industry. The problem of enterprises unemployment is serious and productivity significantly declined at the same time. In 1962, the food industry revenue is RMB 12.69 billion Yuan (fixed price in 1957), it decreased by 8.4% compared to 1957. During the period of 1963 to 1965, after the readjustment, the food industry became more dynamic and the productivity gradually rebounded. In 1965, the total revenue reached RMB 17.55 billion Yuan (fixed price in 1957), grow by 26.80% over 1957. Sugar, crude salt, edible vegetable oil, wine and dairy products, etc. all reached a new maximum output level and the situation of

market supply also got better. From 1966 to 1976, the food industry suffered from serious setbacks and loss in the “decade of civil strife”. In 1970, the industry revenue was RMB 19.79 billion Yuan (fixed price in 1957), just increased by 12.80% over 1965, the production of sugar, oil, edible oil products also reduced over the same period in the history. Meanwhile, Chinese total population has grown to 830 million, the growth made per capita food consumption declined and made people’s living conditions worse. After the end of the “decade of civil strife”, the situation changed a lot. The food industry revenue was RMB 38.86 billion Yuan in 1976 (fixed prices - 30 - Part Two Chinese Food Industry in 1970), growth more than 50% over 1970 with an average of 7.1% increase per year. The development of food industry almost stagnated in the period of “Great Leap Forward” and “Cultural Revolution”. The New Development Period (1979 to 1990)

After a period of confusion, Chinese food industry began to re-equip with advanced technology and the quality of food improving quickly. In December 1978, the Third Plenary Session of the Party’s 11th CPC Central Committee shifted the focus of work to the socialist modernization and reform and opening up policy, the food industry entered a new development period. The Chinese government paid more attention to food industry and it was taken as a whole to be planned and developed for the first time. Chinese food industry had been decentralized by various official departments, with the approval of the State Council, Chinese Food Industry Association established in 1981 to empower the planning and coordination functions. In July 1984, the State Council authorized the Chinese Food Industry Association drafted the “National Food Industry Development Program (1981~2000)”, which

defined the approach and development goals and relative economic policy. This is the first time for the food industry overall planning for all the sectors. Since then, the state has promulgated a series of preferential policies, such as measures to accelerate technological innovation and provided strong support in the financial. Not only the national government promotes the propaganda through the mass media on the development of food industry, but also the local governments did a lot to make the industry more dynamic.

- 31 - Chinese Food Industry and Market Report After 12 years' effort, until 1990, the food industry production value reached RMB 135. 999 billion Yuan (fixed price in 1980). 12 years of sustained production growth with an average annual growth rate of 9% showed the fast growth of the food industry. The growth rate of this period is higher than that in any other "Five-Year Planning" periods. Meanwhile, the tax income and exportation growth fast too. Pre tax profit from 1980 to 1990 years is RMB 10. 73 billion Yuan and RMB 40. 94 billion Yuan, which increased 2. 8 times. Exportation growth is from US\$2. 28 billion to US\$5. 645 billion, which increased 1. 5 times. . The Continuous Development Period (1991 till now) Since 1991, the food industry entered a Period of Continuous Development, which has many new characteristics. Deng Xiaoping's southern tour speech and the 14th National Party Congress's convene marks the China's Reform and Opening up entered a new stage of vigorous development. The country's economic power enhanced greatly and food production increased steadily. Along with improvement of the quality of people's life, Chinese food market attracted many foreign capitals. A lot of foreign enterprises built factories and began to do businesses in China. Consequently, the competition



between domestic enterprises and foreign-funded is very fierce. How to improve product quality and enhance economic efficiency is becoming the focus on Chinese food market. The main purpose of the food industry development during this period is to meet the people's modern living needs and to help realizing a higher standard of living condition. Since then, the food industry increased investment. - 32 - Part Two Chinese Food Industry

The investment of fixed asset was in a high level from 1991 to 1997, it reached RMB 198. 09 billion Yuan, and it increased by 2. 3 times compared with the period from 1981 to 1990. In particular, the investment of food industry concentrated on daily foods production and beverage manufacturing industry. National food industry production value in 1997 reached RMB 584. 208 billion Yuan (fixed price in 1994), increase by 1. 43 times over 1990, with an average increase of 13. 5% per year. The output of food industry has been ranked first in whole sectors since 1996, it became an important pillar of the national economy industries. Instant foods, soft beverage, frozen beverage, dairy products, wine, beer, processed meat products, aquatic products, food additives, condiments, and other industries developed quickly in this period. New technologies had been widely applied by enterprises to enhance competitiveness. Over the past 10 years, the food industry increased technical inputs constantly. Meanwhile, the import of new technologies and modern equipments expanded soon. Chinese food market has entered a brand competition era since the 1990s. Food industry enterprises were prepared to establish their own famous brands. China's food industry is competitive, it fasten the adjustment progress of industrial structure. More and more big enterprises appeared in this period. Some

sunrise industries, like instant food industry and frozen food industry expanded rapidly. The adjustment accelerated the food industry's market process and internationalization process. In 1997, the output of non-state-owned enterprises accounts for 62.87% in the whole food industry, and this process continues to accelerating. The average growth rate of Chinese food industry has always been higher than the other national industrial during the past 20 years.

- 33 - Chinese Food Industry and Market Report 2.2.2 The Current Situation of Chinese Food Industry

Introduction Since 1996 to 2002, the production value of food industry is always the highest in all industrial sectors. And the food industry has remained rapid development in recent years.

Table 2.2 Major Economic Indicators of Chinese Food Industry, 2001~2004 (RMB 100 million Yuan)

Year	Industry production value	Growth rate (%)	Sales revenue	Growth rate (%)	Tax	Growth rate (%)	Profit	Growth rate (%)
2001	9260.70	12.12	8848.85	12.77	1666.18	15.19	441.22	23.93