



China's Place at the Intersection of Global Fresh Produce Trade

Richard Owen, Produce Marketing Association



About PMA

- Established in 1949
- 2,400 member companies
- 40 countries around the world

PMA's Mission

To connect, inform and deliver business solutions that enhance members' prosperity



PMA's Members Cover the Global Supply Chain



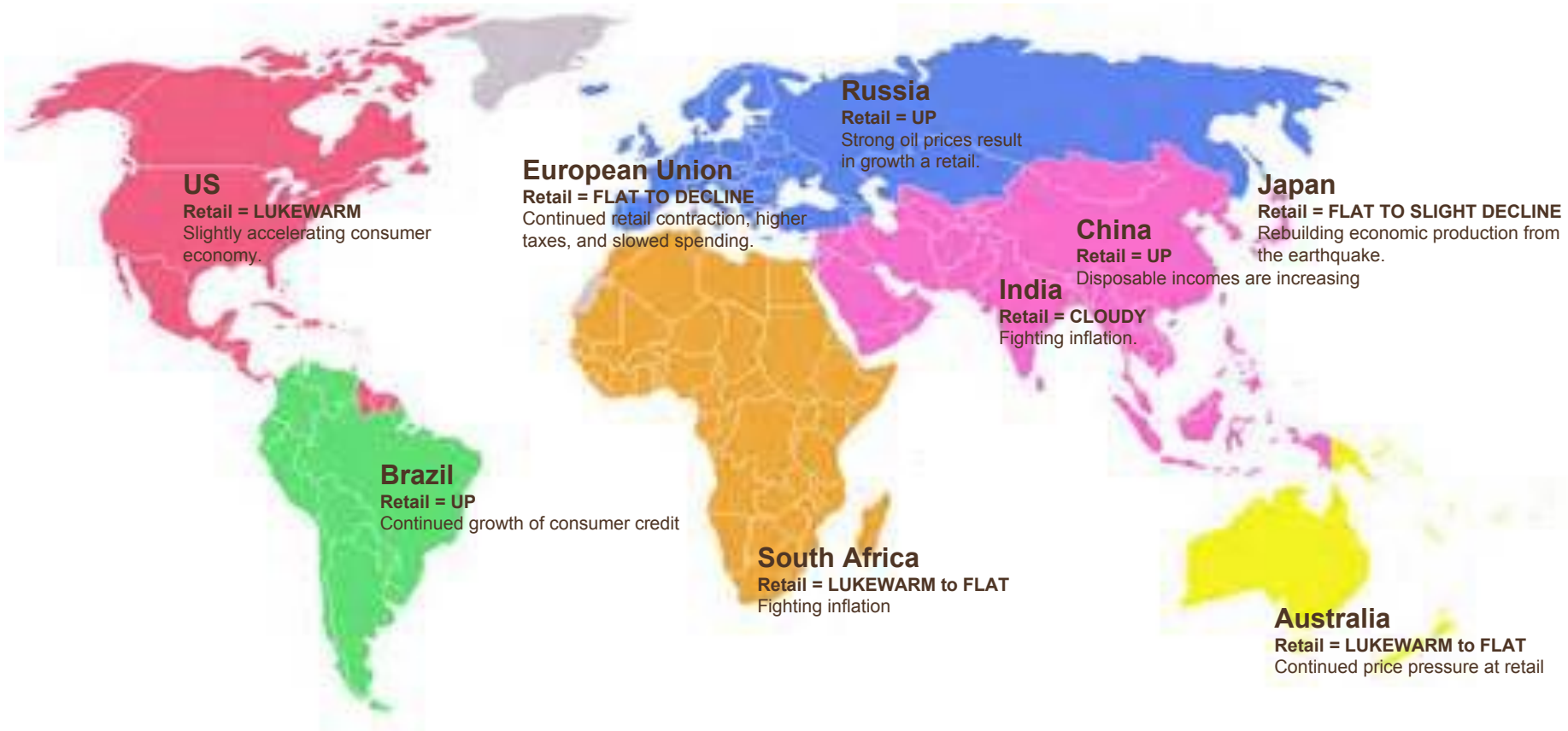
- **Retailers** – Tesco, Walmart, CR Vanguard
- **Importers/Exporters**
- **Grower/Shippers** – Zespri, Dole, Chiquita, Sunkist
- **Distributors/Wholesalers/Foodservice** - Sysco
- **Logistics** – Maersk
- **Packaging/Service Companies** – CHEP
- **Input Suppliers** – Monsanto, DuPont

PMA Global Portfolio Defines Differentiation

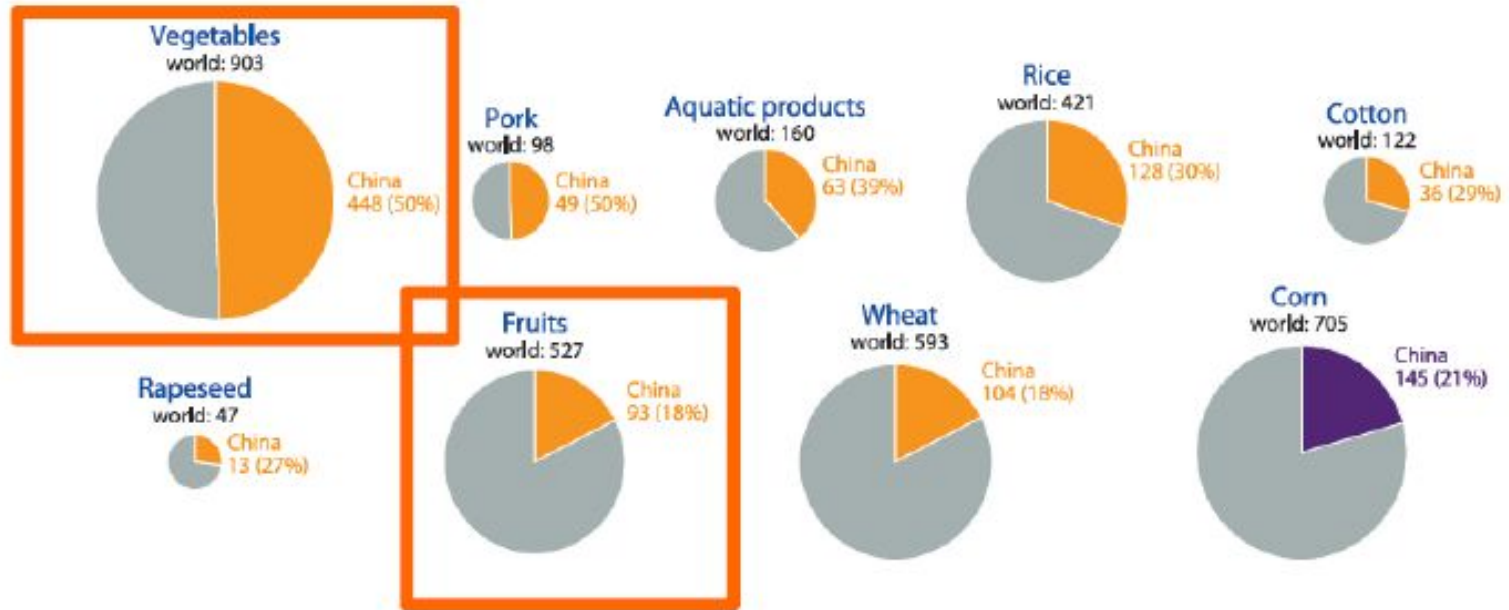
INCREASED CONSUMPTION



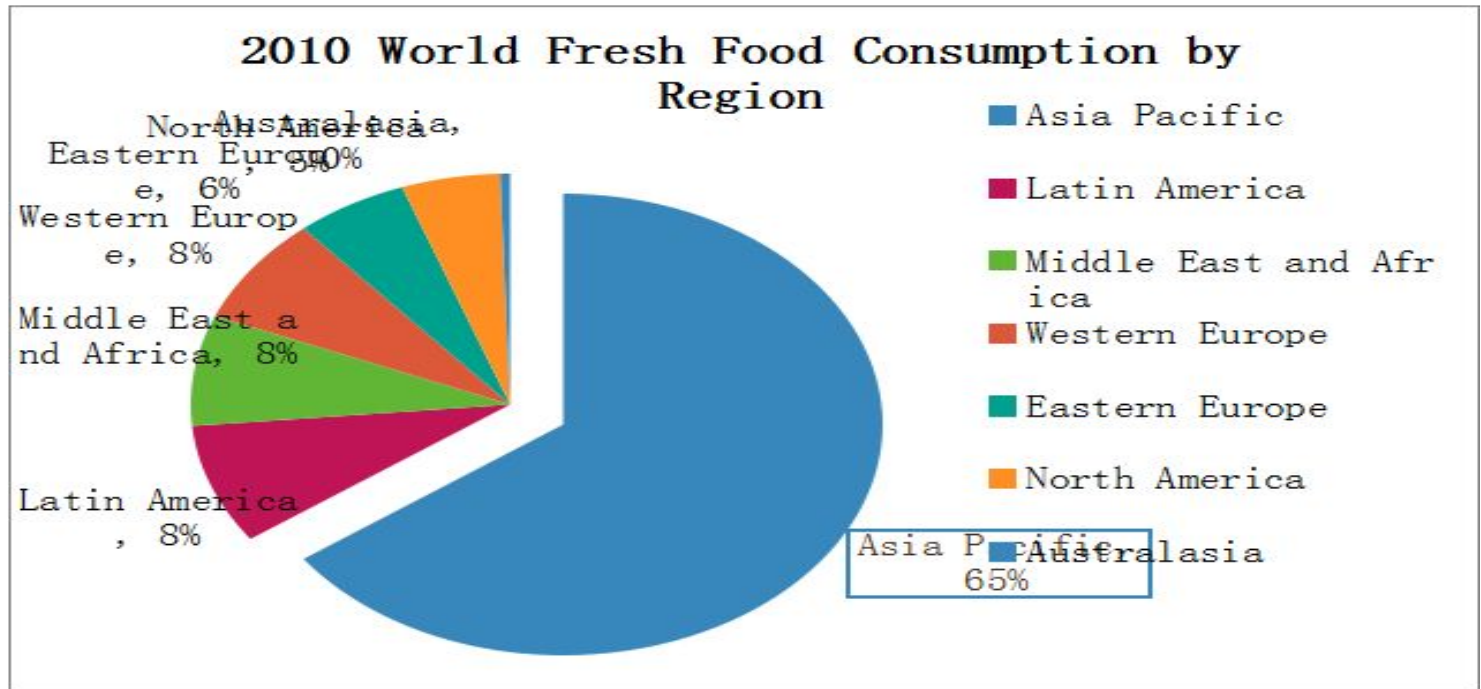
Flat Global Retail Economy 2014-2015



China's Production of Food & Agriculture Products and World Rank



Asia Pacific consumes most of world's fresh food

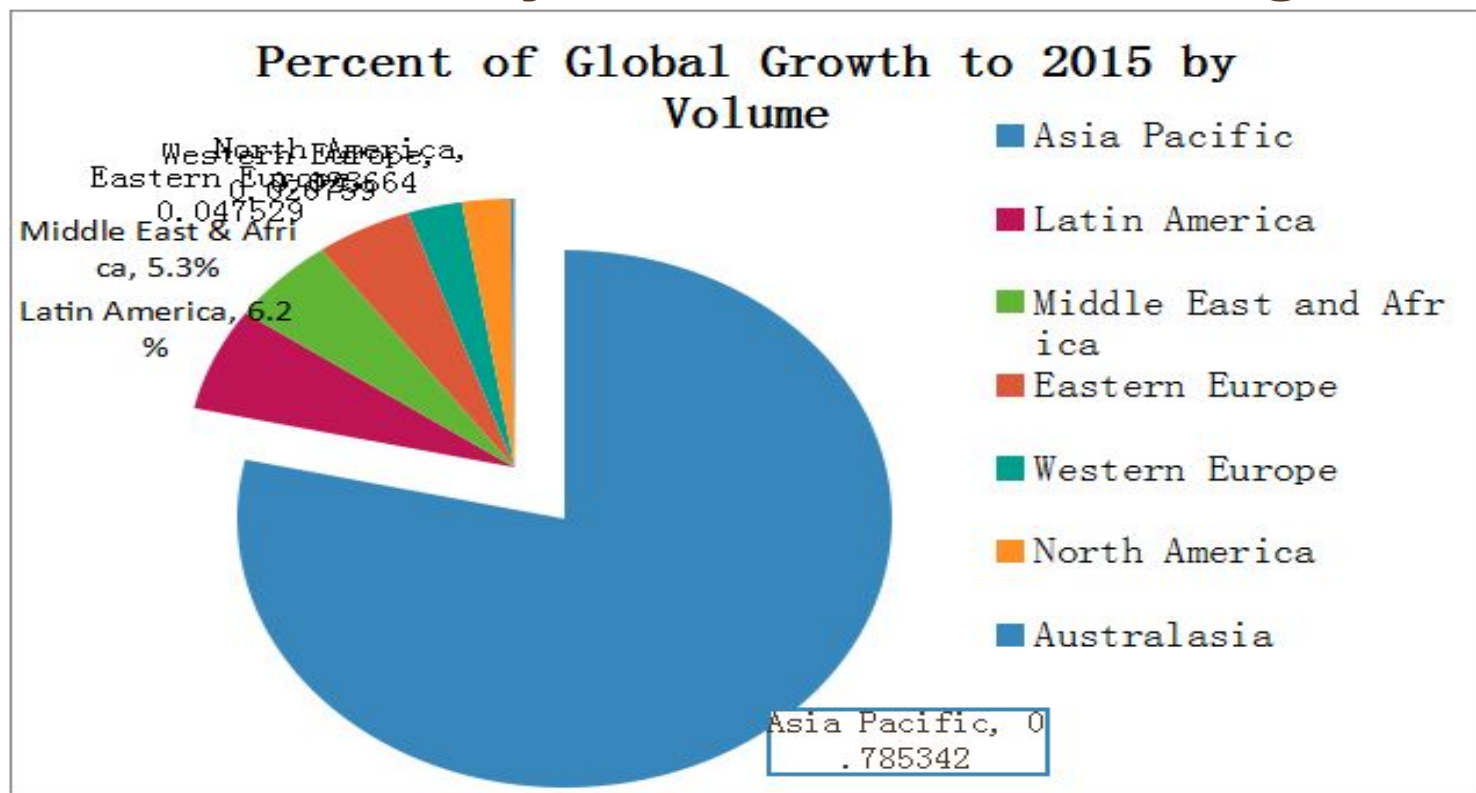


Global consumption of fresh foods reached 1.85 billion tonnes in 2010.

Asia Pacific consumed 65% of the global total and, on a per capita basis, 16% more than those in North America.

Source: Euromonitor

Asia Pacific the key driver of fresh food growth



Global consumption of fresh foods is expected to reach 2.2 billion tonnes by 2015 on growth of 17%.

Asia Pacific expected to be 78.5% of the total global increase.

Source: Euromonitor

Modern Retailing - Asia

China

- Hypermarkets sales growth slows due to saturation
 - Food, especially fresh produce and meat, is a traffic driver
- Supermarkets registered a 10% increase in sales in 2013 and account for a 47% share of grocery retail sales.
- Fruit and vegetable share in supermarkets is 35%.
- Convenience stores growth gathers speed



Asia Pacific (outside of China)

- Strong expansion of Hypermarkets accompanied by urbanization
 - Driven by local retailers, which have become more efficient (ex: China Resources) and focused on second-tier cities
 - *Malaysia*
 - *Thailand*
 - *Indonesia*

Modern Retailing - Packaging

China

- High demand for loose/bulk fruits and vegetables due to traditional consumption habits
- Demand for convenience packaging increasing due to hectic lifestyles in first-tier cities

Asia Pacific

- Increasing demand for aseptic packaging
 - Eliminates microorganisms and bacteria
 - Extends shelf life
 - Help provide customers with fresher tasting food

Packaging offers opportunity for branding



Modern Retailing - Direct Sourcing

China

- Growing numbers of retailers looking for direct sourcing
 - Addresses consumers' concerns about food safety
 - Reduce costs / potential improvement of quality

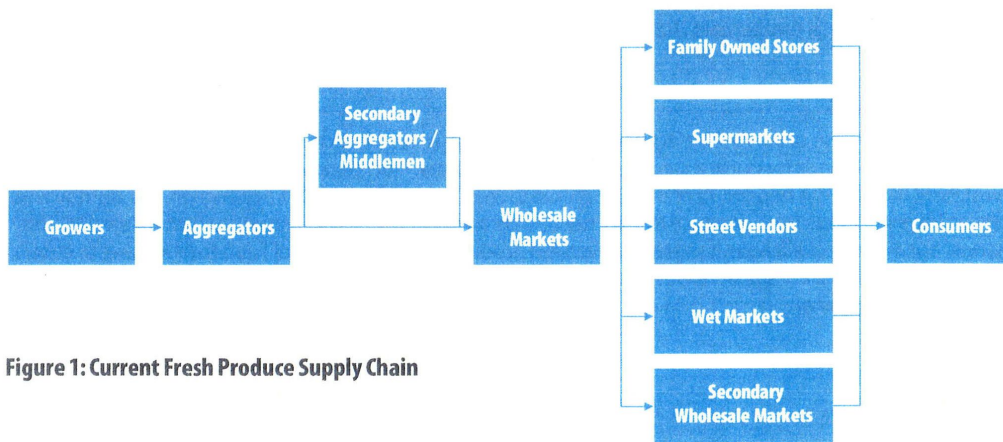


Figure 1: Current Fresh Produce Supply Chain

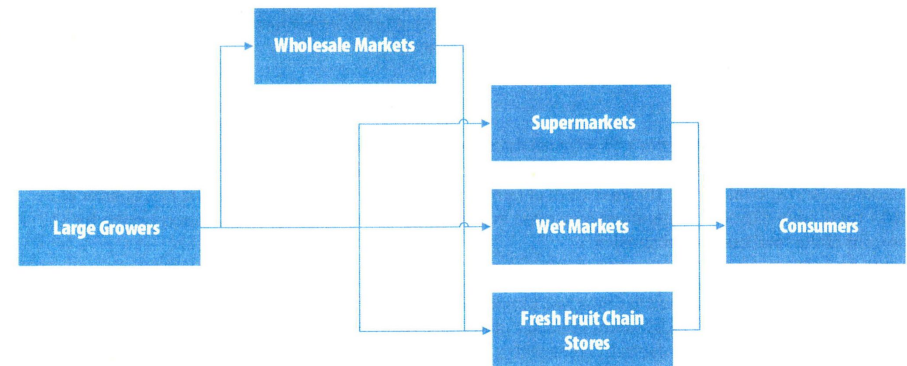


Figure 2: Emerging Fresh Produce Supply Chain

PMA Fresh Connections: China

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**Westin Bund City Centre
Shanghai**

Thank you

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