

China' s Agricultural Supply Side Structural Reform & Opportunities for Cambodian Green Rice

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Introduction



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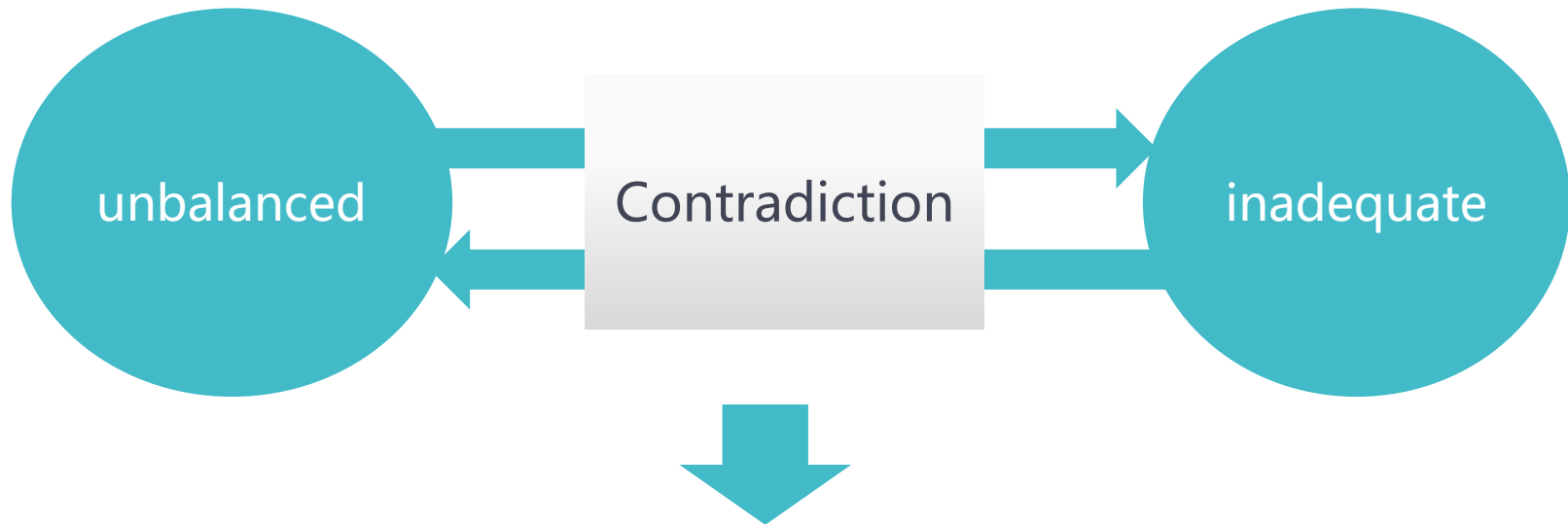
“As socialism with Chinese characteristics has entered a new era, the principal contradiction facing Chinese society has evolved. What we now face is the contradiction between unbalanced and inadequate development and the people’s ever-growing needs for a better life.”

——Xi Jinping

Introduction



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Market-oriented, optimize rice industrial structure, improve quality of the rice product, remain fully committed to the base line of food safety, increase the supply of green and premium products, promoting the upgrading of the rice industry.



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China' s Supply Side Structural Reform under the new situation

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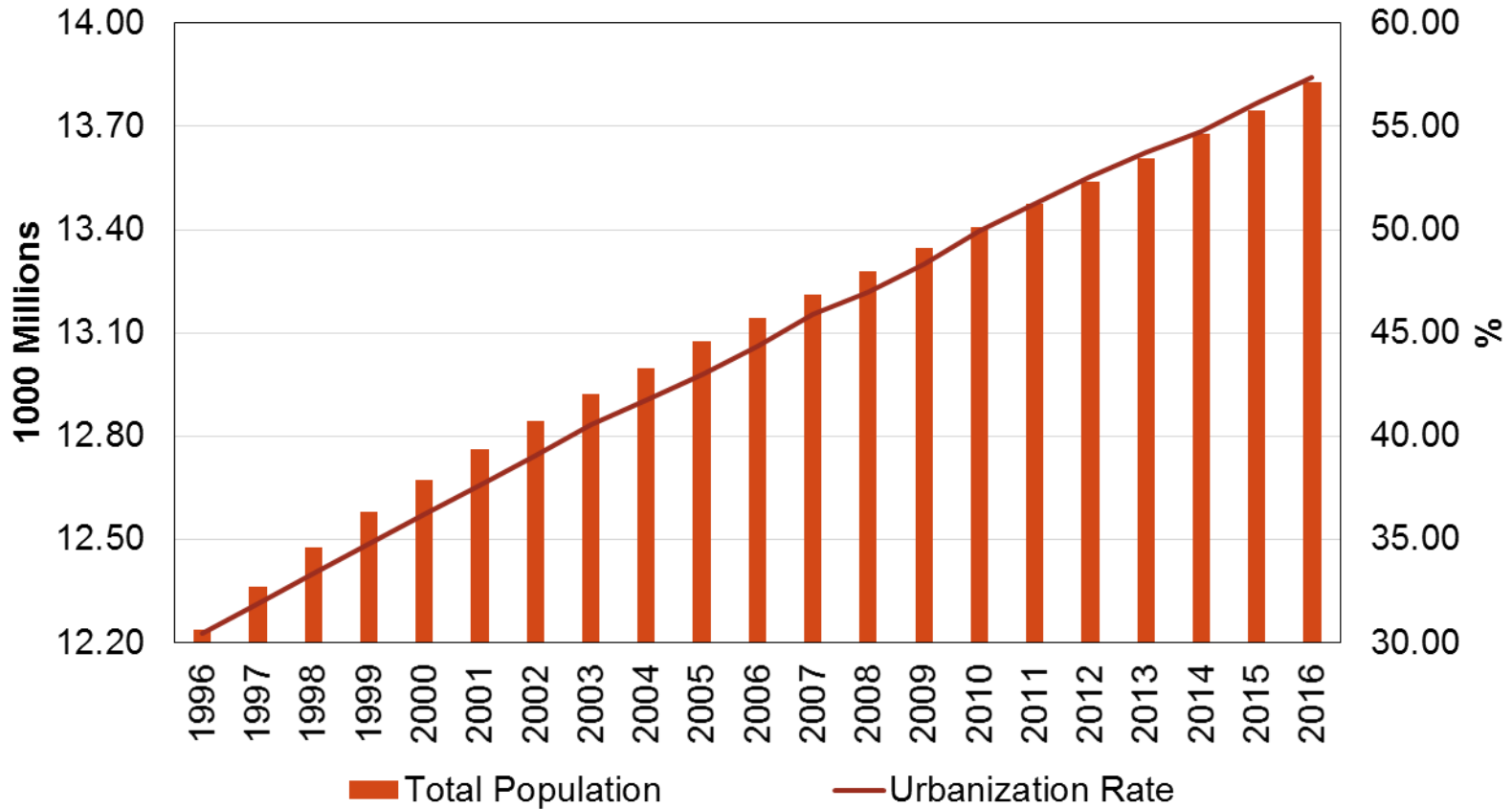
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Opportunities for Cambodian Green Rice

China's population grows steadily and urbanization accelerates



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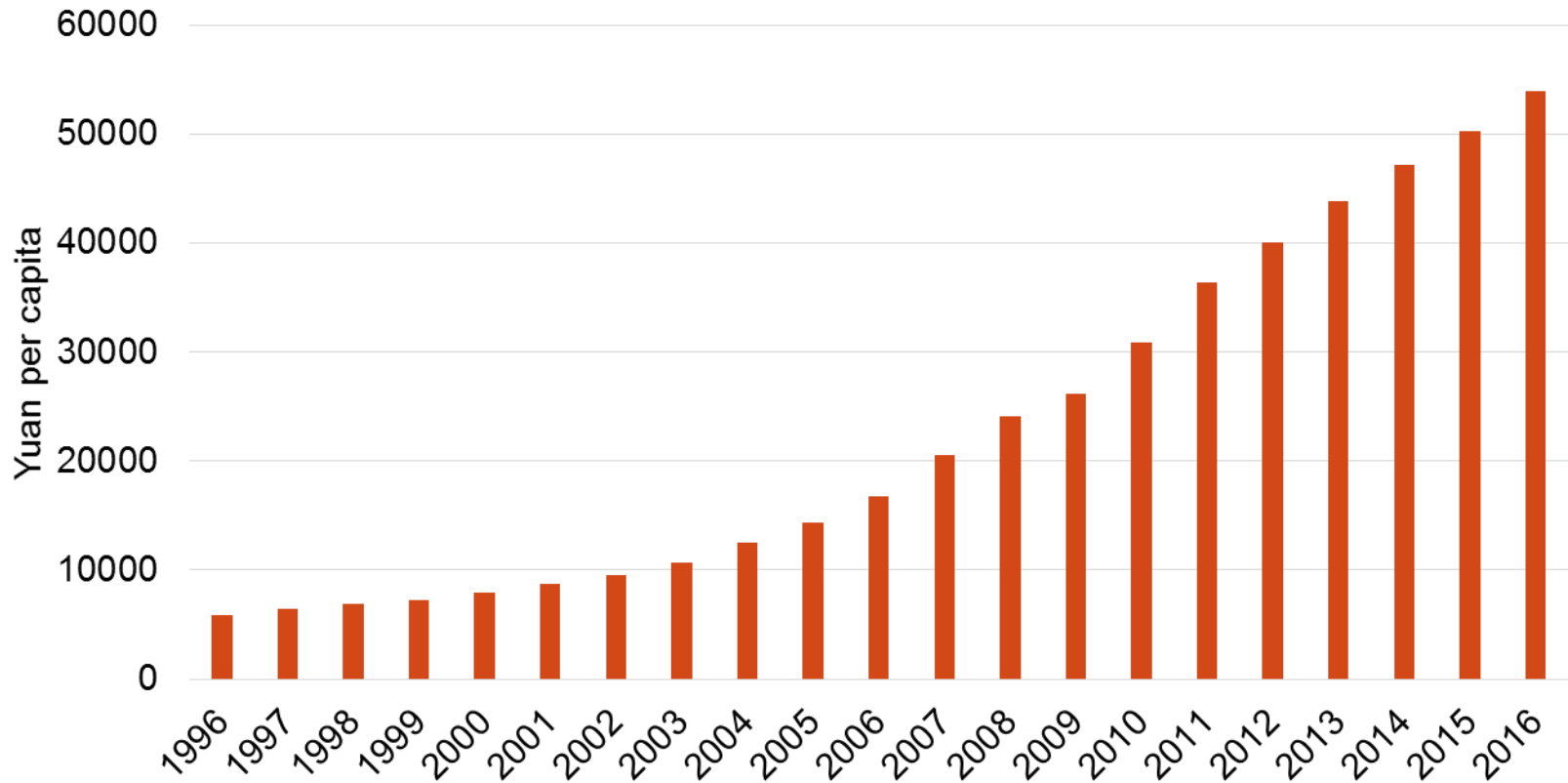


China's economy enters a new phase



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Per Capita GDP

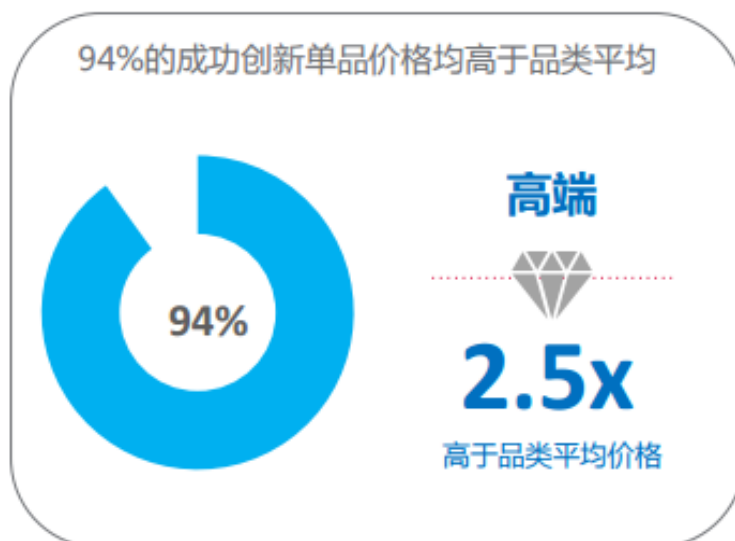
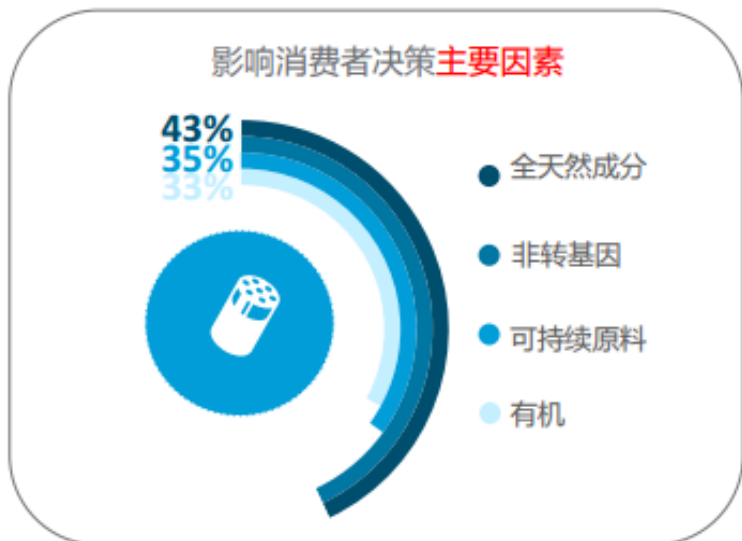


Insights into Chinese consumer market



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Consumers would like to pay premiums for healthy and safety products.

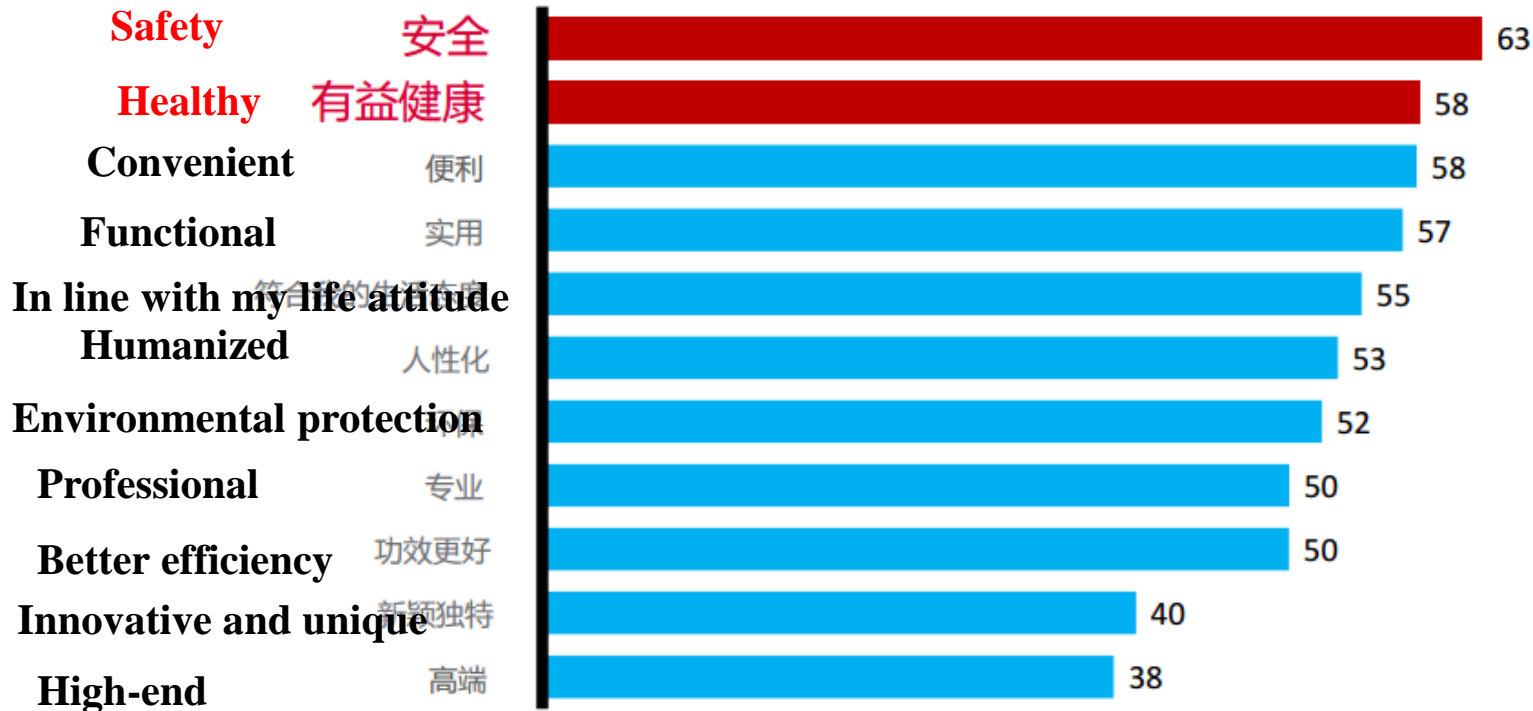


Insights into Chinese consumer market



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Safety and healthy foods are most favored by consumers.

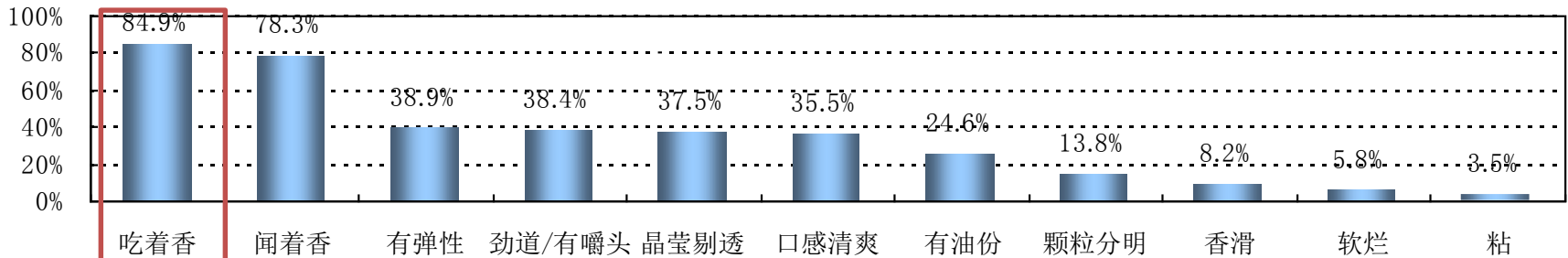


Source : Nielsen, COFCO Rice Annual Report, 2016, & China Consumer Confidence Index for the second quarter of 2016,

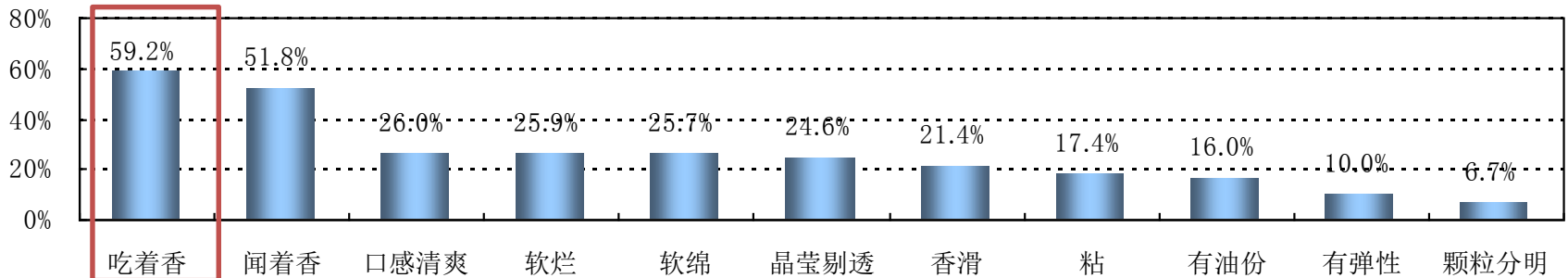
Insights into Chinese consumer market

Fragrance is the first requirement when choosing a good quality rice.

好吃的米饭



好喝的粥





不断上升的收入支撑消费者对健康理解的提升

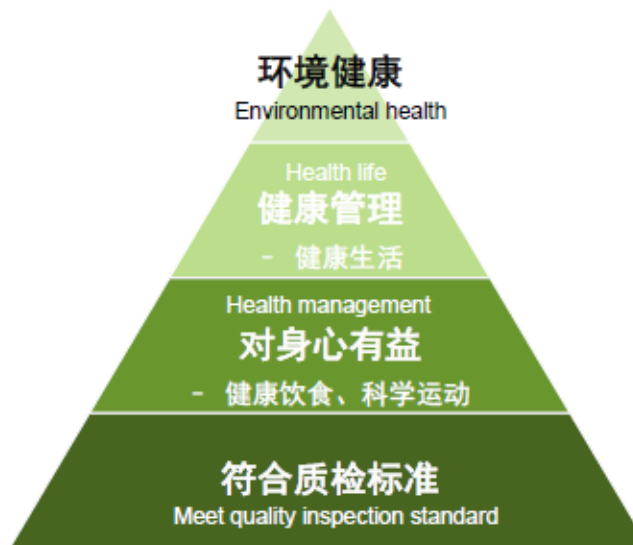
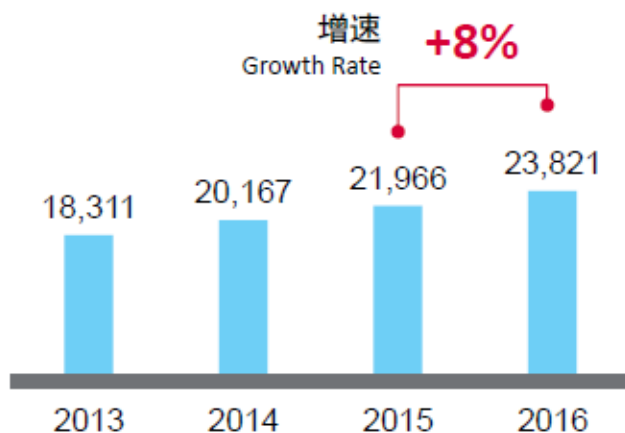
INCREASING INCOME IMPROVE UNDERSTANDING OF HEALTH



全国居民人均可支配收入
National Resident Disposable income



健康理解阶段
Understanding of health





强烈的健康意识改变了对食品饮料的购买习惯

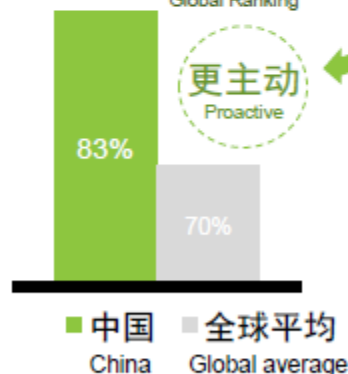
STRONG HEALTHY AWARENESS IMPACTS F&B CONSUMPTION

83%的消费者主动调整饮食
预防健康疾病

% Actively make dietary choices to help prevent certain health conditions

全球排名: 1st
Global Ranking

更主动
Proactive



滚动年度17年09月食品饮料整体销售增长率
MAT 1709 F&B Value growth

+5.3%

MORE:



122%

水果茶
Fruity Tea

24%

纯果汁
NFC

15%

包装水
Pwater

12%

酸奶
Yogurt Drink

10%

运动饮料
Sports Drink

LESS:



Chewing gum

口香糖



Juice Drink

低浓度果汁



Loose Pack Confectionery

散装糖果



Instant Coffee

即溶咖啡



Chocolate

巧克力



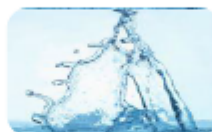
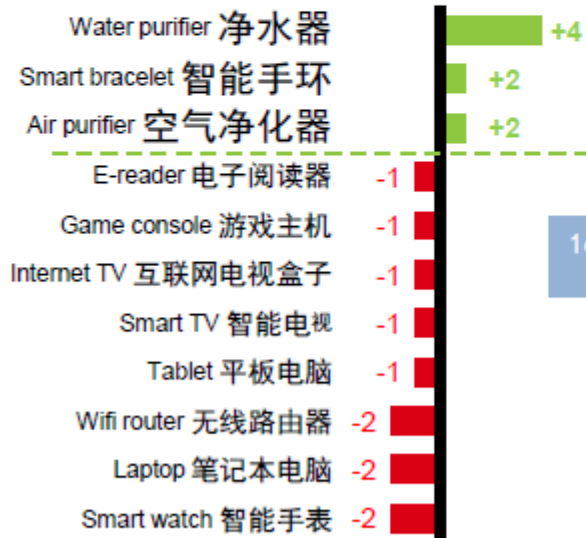


追求健康上升到重视健康生活的阶段

PLACE IMPORTANCE TO HEALTHIER LIFE



未来12个月想买的东西 | 对比前季度
Purchase intention in next 12 months vs PP



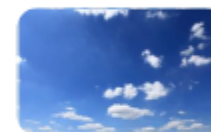
空净器
Air purifier

+17.7%



智能手环
Smart bracelet

+24.4%



净水设备
Water purifier

+21.3%

16年增长
YoY

健康保健科技 HEALTHCARE TECHNOLOGY



12%

到2020年占全球医疗技术市场12%的份额

12% Share Of The Global Medical Technology Market By 2020



开始改变意识，养成节能环保的绿色消费

FORM ENVIRONMENTAL PROTECTION AWARENESS



节能环保 Environmental Protection

17年前三季度
YTD 17Q9



+30.8%

新能源汽车增长率
EV growth

+20%

集成电路、太阳能电池
等产品的产量增长率

Integrated circuits, solar cells
production growth



消费意识 Changing Consideration

66%

全球
GLOBAL



80%

中国
CHINA



消费者表示愿意支付更多给承诺对
环境可持续的品牌

OF CONSUMERS SAY THEY ARE WILLING TO PAY
MORE FOR BRANDS WITH A COMMITMENT TO
SUSTAINABILITY

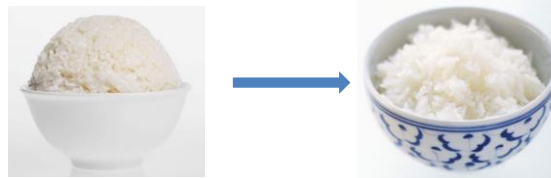
New characteristics for mass consumption



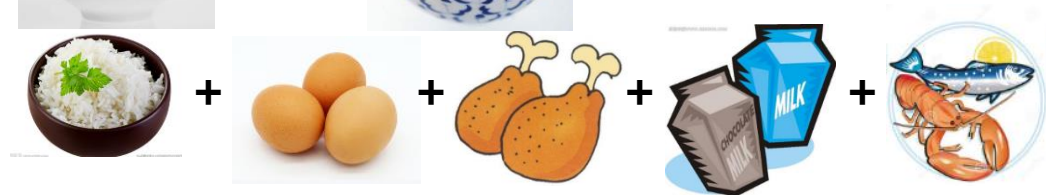
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Eating less



Eating well



Eating at ease



Eating healthily



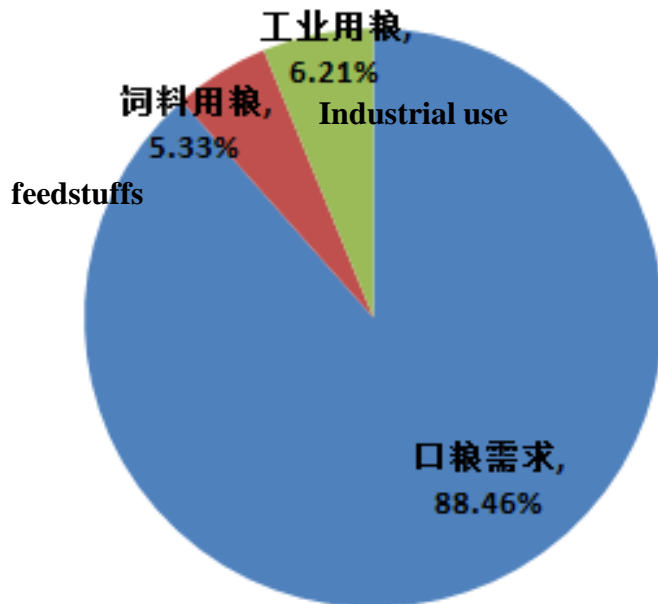
Eating happily



Upgrading of China's rice consumption

- Chinese government attach great importance to food safety. Food safety laws and regulations have been enacted. Rice products which are not in compliance with the government laws and regulation will not be permitted to import.
- Chinese consumers' demand for high quality, green, and organic rice has been constantly growing.

The structure of rice consumption in China



The trend of rice consumption in China

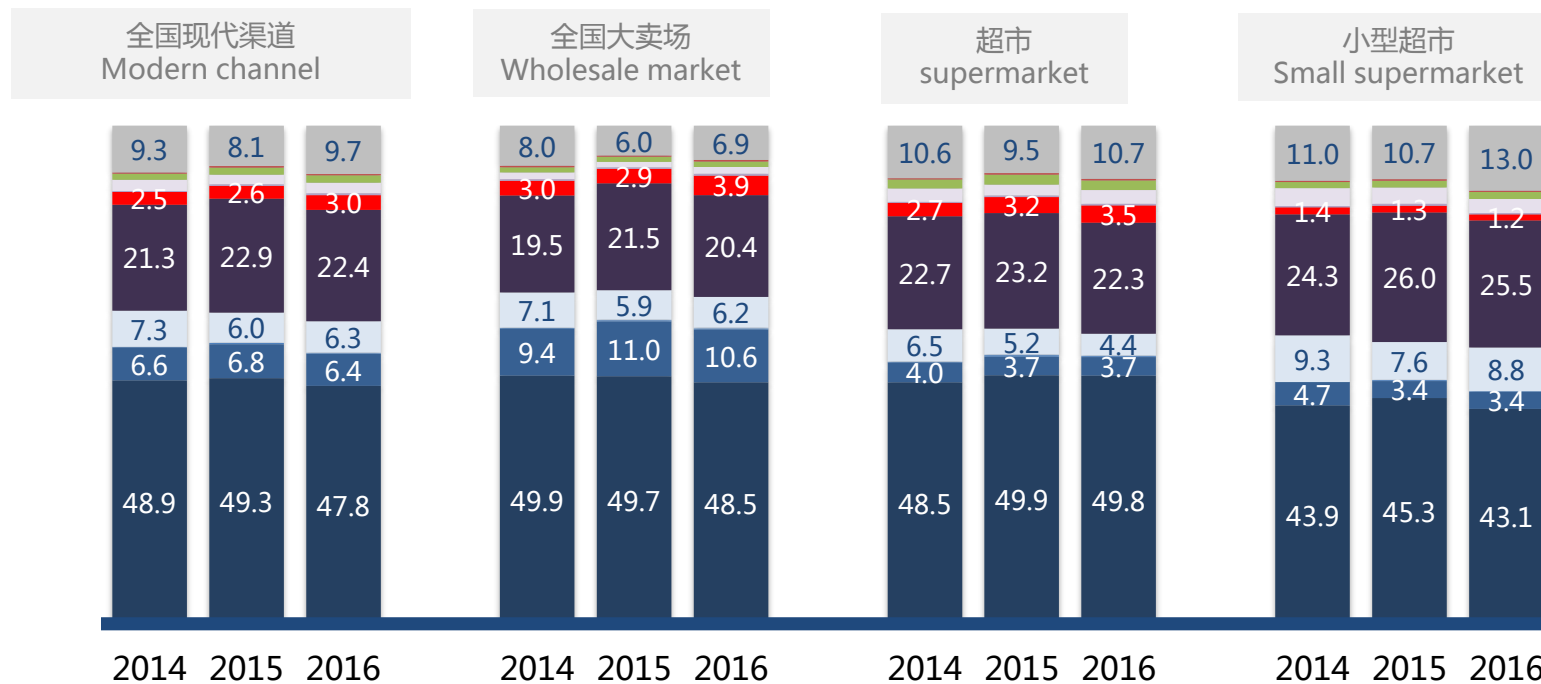


Wide varieties of domestic rice to meet diversified demand by Chinese consumers



分米种 | 包装米 | 全国现代渠道 | 销售额占比 Rice Species | small packaged rice | Modern channel | Sales ratio

- 东北粳米
- 苏北粳米
- 宁夏新疆粳米
- 非泰国进口粳米
- 其他粳米
- 国产籼米
- 泰国进口籼米
- 非泰国进口籼米
- 其他籼米
- 杂粮
- 糯米/江米
- 其他米种





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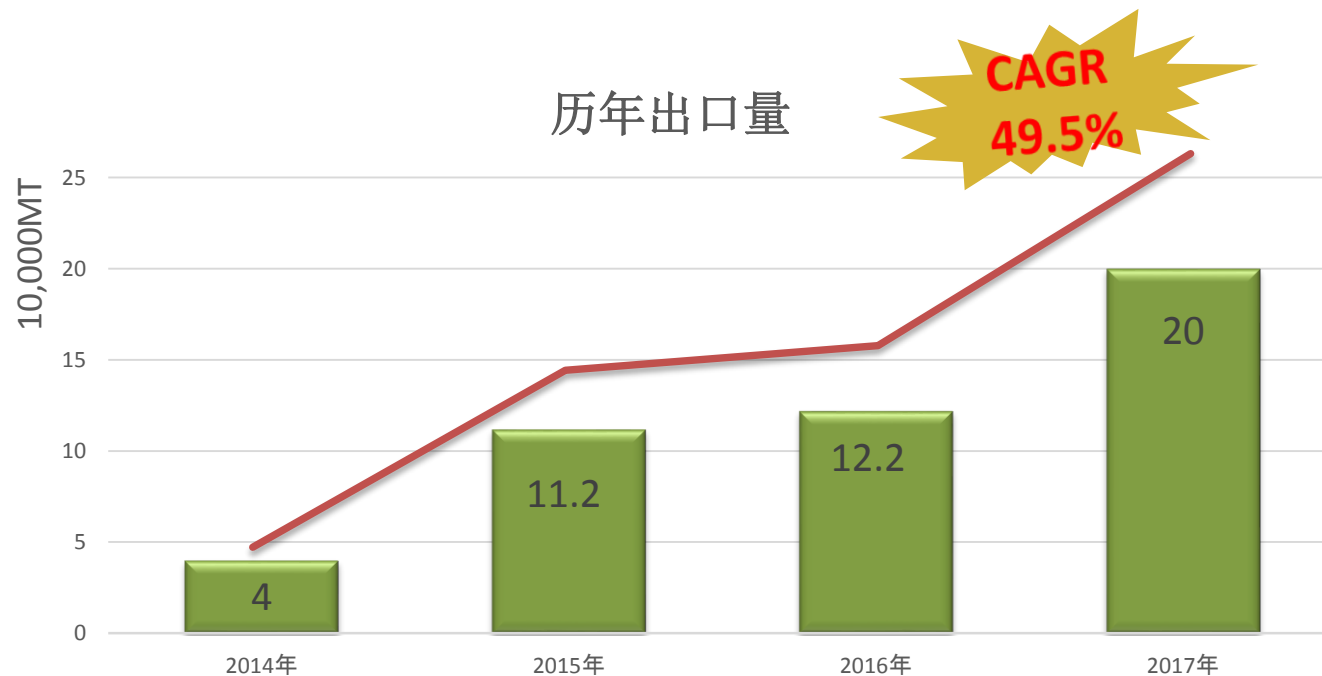
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Opportunities for Cambodian Green Rice



Review on Cambodian Rice Export to China

- Cambodian rice export to China has seen continuous growth since year 2014. The export volume has been increased to about 200,000 metric tons in 2017, accounting for 31.5% of the total Cambodian rice export, with CAGR around 49.50%.
- Since 2015, China has maintained the No. 1 importing country for Cambodian rice.

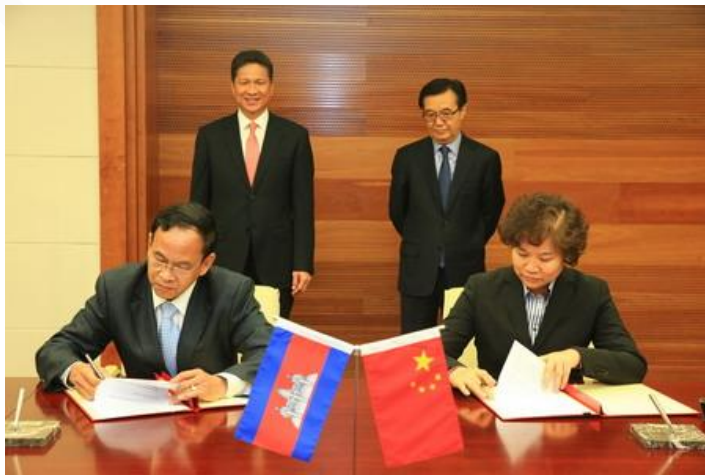
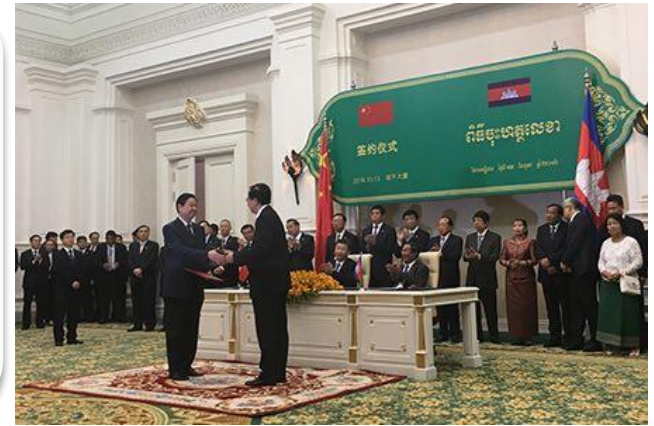


Review on Cambodian Rice Export to COFCO



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From 2014 to 2017, COFCO has signed three MOUs with Cambodian Rice Federation and Cambodian State Trading Company, importing about 400,000 tons of rice in three years, taking up more than 90% of China's total import of Cambodian rice.



Currently, COFCO has developed business cooperation in an open, fair, and just manner with the 26 rice mills already admitted by AQSIQ. The interests of the large, medium sized and small rice mills have all been taken into consideration, benefitting the development of the Cambodian rice industry.

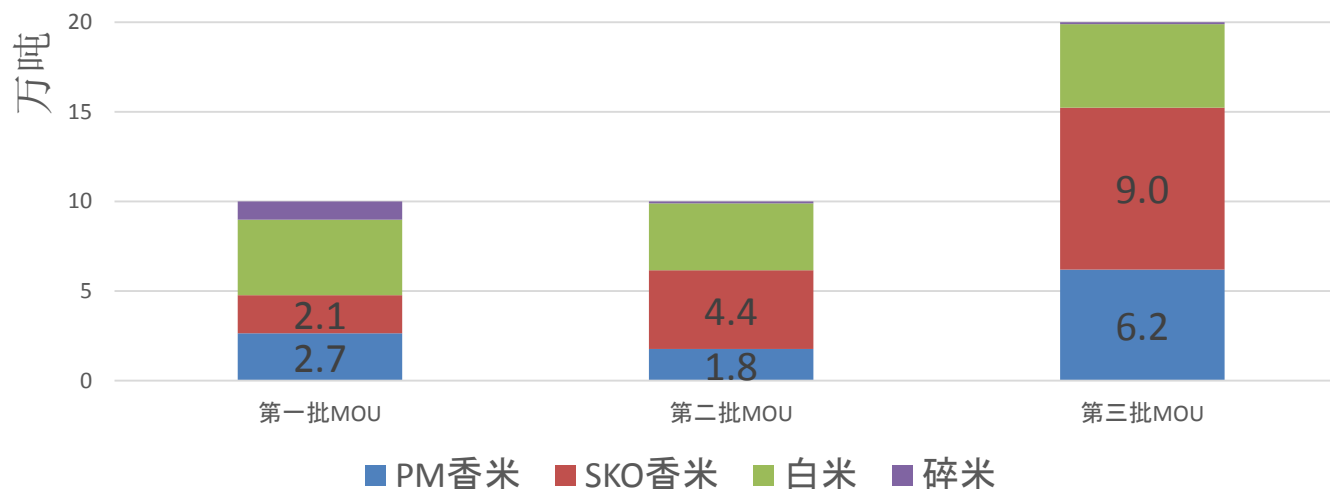
Review on Cambodian Rice Export to COFCO



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The major varieties imported by COFCO is Phka Malis Jasmine rice and Sen Kra Ob fragrant rice. Through market cultivation for the past three years, the percentage of Phka Malis jasmine rice and Sen Kra Ob fragrant rice have been increased dramatically, accounting for 76% under the third MOU compared with 47% under the first MOU.

Rice Varieties for the three MOUs

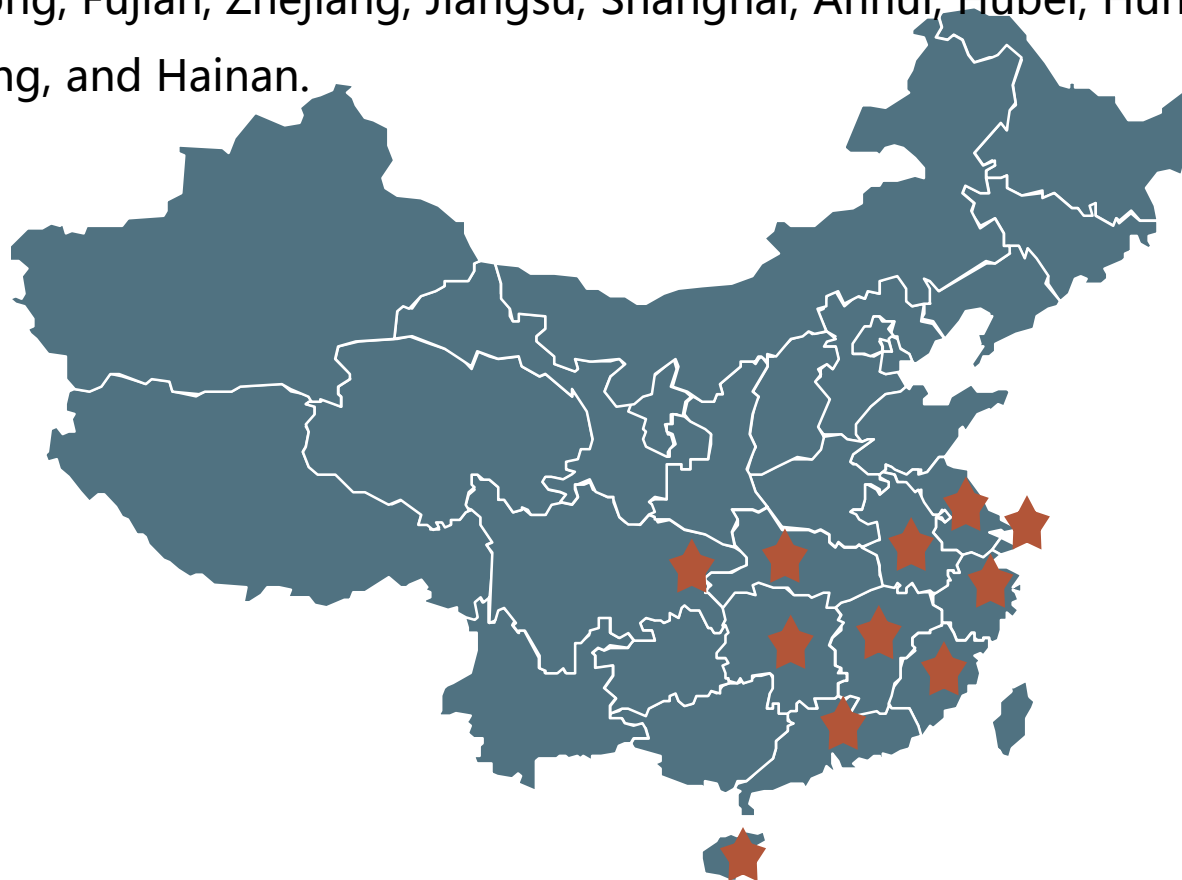


Review on Cambodian Rice Export to COFCO



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Taking advantage of its national sales channels, COFCO sales team have managed to expand the markets for Cambodian rice to 11 provinces and municipalities, including Guangdong, Fujian, Zhejiang, Jiangsu, Shanghai, Anhui, Hubei, Hunan, Jiangxi, Chongqing, and Hainan.

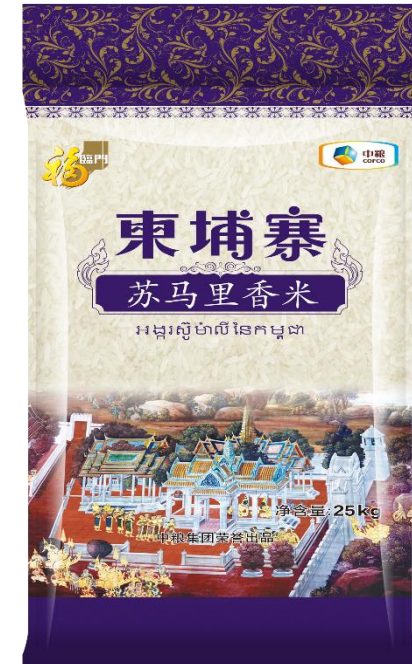




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Setting-up Model Market for Cambodian Rice

During 2017, COFCO' s marketing team have started to set up model market for Cambodian rice in Changsha, Hunan province. After one year' s effort, COFCO' s Cambodian rice has been recognized by the local consumers by achieving more than 2,000 terminal sales points , setting a good example for the marketing of Cambodian rice nationwide.



Setting-up Model Market for Cambodian Rice



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Traditional Channels

- For small stores ,setting special funds for high-quality plastic rice boxes and stickers labeled with "Best Rice of Cambodia with COFCO' s Brand "for free, which improves the shopkeepers 'sales motivation and increase the consumer's willingness for trial order.
- Bundle offer for rice and oil



Setting-up Model Market for Cambodian Rice



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Modern Channel

- Set up contests for the display of the scattered rice, stipulate the demonstration of the image display (the compost + image card), and the image display should be kept at least one month. Using the product card to make a separation from competing products and enhance brand power
- Set vivid product display in the form of stack base, Design Manual to increase the terminal exposure and build consumer awareness of Cambodian rice.



Widening Selling Channels for Cambodian Rice



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TV Shopping Channel

- ✓ Expanding TV shopping channel such as Happy Purchase and Home Shopping Platform, introducing differentiated specification of 2.5kg for channel characteristics and make TV commercials of Cambodian rice.
- ✓ Using the new marketing model of "live TV + Mobile Shopping + entity channels " to enhance sales performance , expand consumer groups and improve brand influence.



Widening Selling Channels for Cambodian Rice



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E-COMMERCE CHANNEL



天猫 Tmall.com

Important battle field for brand and consumer communication

Creating hot spots and sparking sales

Stimulating sales promotion



天猫明星晚会 Tmall Star Party



超级品牌日 Super brand day



天猫双11 t-mall



京东6.18 JD6.18



团购 Group purchase



秒杀 seckill

Widening Selling Channels for Cambodian Rice



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Explore special channel is to pay attention to new business format, seize new opportunities to promote Cambodian rice.

**“积分换购” “店内推广” 多形式
特通渠道开发，陈列，售卖**

**Integral change purchase ,
in-door promotion**



深化战略合作，发力企业团购

**Deepening strategic
Cooperation and group
purchase**



中国石油





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Import rice according to market demand



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- ◆ In accordance with China's WTO negotiation, China adopts tariff quota on rice import. Domestic importers can import rice according to market demand.
- ◆ China's AQSIQ and Maff, Cambodia sign the Protocol for Inspection and Quarantine of imported rice in 2011. After the Cambodian rice mills pass the pre-inspection, AQSIQ will issue inspection and quarantine requirements and make announcements on imported rice varieties, requirements for processing and storage, food safety, quarantine, fumigation, packing, and transportation etc.

附件

进口柬埔寨大米检验检疫要求

一、允许进境的商品名称

柬埔寨输华大米包括精米和碎米。

二、加工、贮藏库要求

柬埔寨输华大米生产、加工、储存企业应经中国国家质量监督检验检疫总局注册登记。

三、植物检疫要求

(一) 柬埔寨输华大米不得携带以下检疫性有害生物：千金子 *Leptochloa chinensis*、独脚金 *Striga asiatica*、水稻干尖旋虫 *Aphelenchoides besseyi*、水稻茎线虫 *Ditylenchus angustus*。

(二) 柬埔寨输华大米不得带有土壤，不得混有杂草籽、稻壳、糠和植物残体。

四、食品安全要求

柬埔寨输华大米应符合我国相关法律法规规定和食品安全国家标准要求。

五、植物检疫证书要求

柬埔寨输华大米应随附官方植物检疫证书，证明其符合中方的植物检疫要求，并注明具体产地。

六、包装要求

柬埔寨输华大米必须用符合中国植物检疫要求、干净卫生、

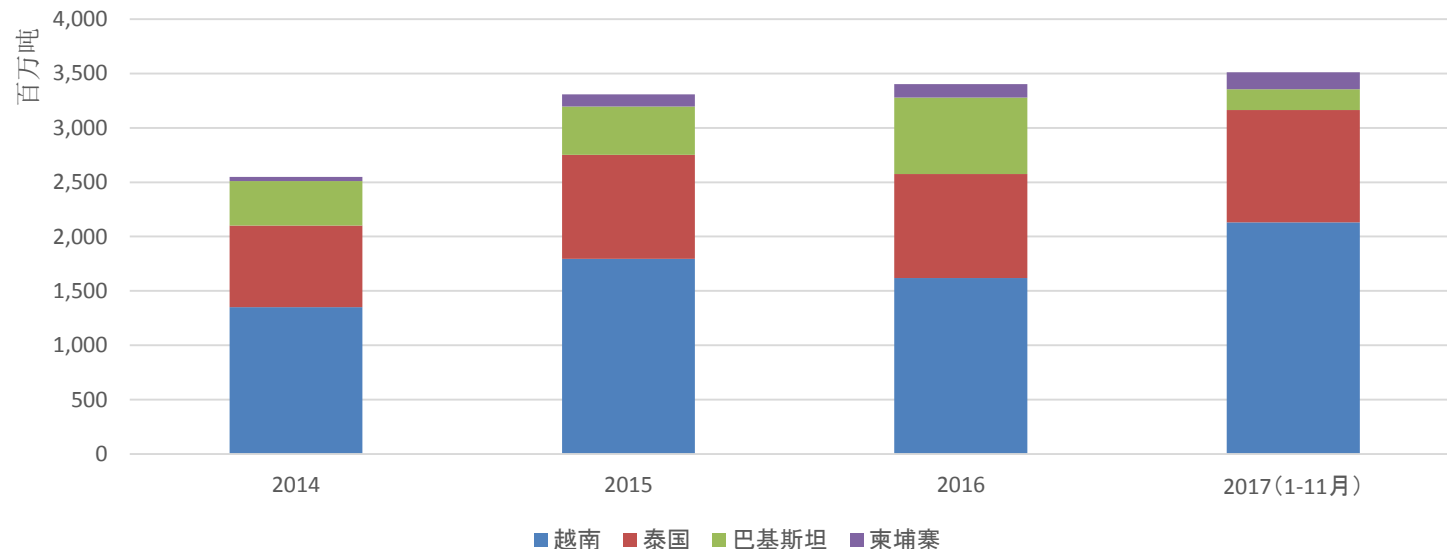




China's rice import

- ◆ At present, there are 11 countries and regions which have been opened, out of which, Thailand, Vietnam, Pakistan, and Cambodia are the top four origins exporting rice to China.
- ◆ The percentage of Vietnam ranges from 50-55% , Thailand is from 25-30%, Pakistan is from 10-15% , and Cambodia is from 2-4%.

Top Four Origins for Rice Import during 2014 to 2017





Major Rice Varieties imported by China

Import Rice Varieties



Jasmine rice, Pathumthani rice, white rice, glutinous rice, and broken rice



Fragrant Rice (Nang Hoa, ST21, KDM) , White Rice (6976, 5451,4218),glutinous rice, broken rice, short grain rice, etc.



White Rice (IRRI-6、IRRI-9) , fragrant rice, broken rice, etc.



Phka Malis , Sen Kra Ob, white rice, broken rice

Opportunities for Cambodian Green Rice



China and Cambodia have a long history of friendship.

The characteristics of Cambodian rice fit for Chinese consumers' growing demand for high quality, nutritious and healthy rice.



Driven by globalization purchase, E-Commerce and overseas purchase become an engine for growth.

Consumer demand keeps on upgrading. Young middle class consumers are willing to pay higher price for better products, service, and experience.



Making Joint efforts to build a bright future



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Over the past four years, COFCO has been sincerely co-operating with all the concerned parties of the Cambodian rice industry, such as the relevant government authorities, Cambodian Rice Federation, State trading company, rice exporters, rice mills, and farmers. We have imported about 400,000mts of Cambodian rice, most of which is fragrant rice. COFCO has become the biggest importer of Cambodian rice. Three proposals

1

Expand the acreage and export of middle and high-end Jasmine rice and fragrant rice to meet the growing demand for green, healthy, nutritious Cambodian rice by Chinese consumers.

2

Enhance the price competitiveness of Cambodian rice.

3

Strengthen the support for COFCO and give more publicity and marketing support so as to work together on brand cultivation to improve Chinese consumers' awareness of Cambodian rice.

谢谢

Thank You