



2018

THE ALMOND CONFERENCE

CHINA: TURNING A CHALLENGE INTO AN OPPORTUNITY

ROOM 314 | DECEMBER 5, 2018



AGENDA

- **Patrick Xiao**, Almond Board of California, moderator
- **Ying Chen**, China Chamber of Commerce
- **Julie Adams**, Almond Board of California
- **Vivien Ling**, Ruder Finn Communications
- **Brian Ezell**, The Wonderful Company





**CHINA:
“Ground Zero” of our Trade
Challenges**

Global Trade Issues are Complex and Varied....

In most markets, almond tariffs have not been excessive....

Technical and Sanitary/phytosanitary barriers are the real concern, and harder to address.....

“Rules-Based” and “Scientifically-Supported” *do not* always rule the day.....

Political tensions and economics *will always* play a role.....



China – Market Situation

Retaliatory Tariffs hard to overcome

- 50% on kernel/inshell U.S. almonds
- 18-20% on processed/preserved

Market Access for Hulls on “Hold”

- Audit by Chinese officials scheduled just when U.S. imposed tariffs

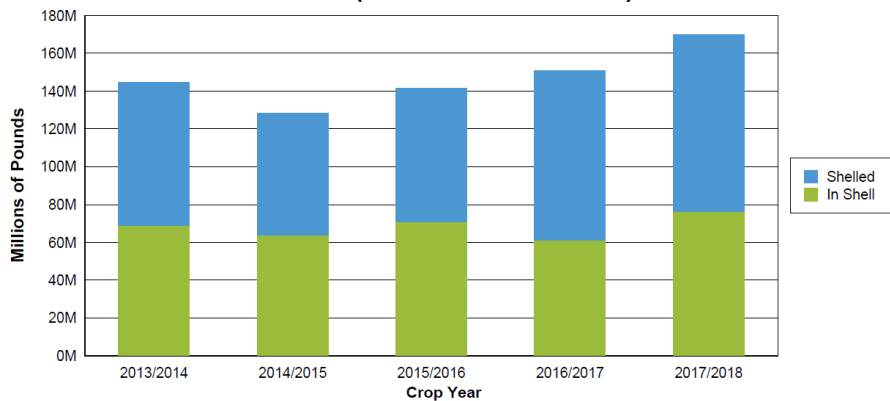
Technical Requirements on the Rise

- More regulatory focus on NGOs, food safety
- Border entry points under scrutiny

Reorganization of Government Ministries

- Need to assess where existing relationships are active; new ministry functions
- ABC technical training workshops on hold

China (Month over Month)



Alliances are Key

- Aligned with ABC activities
- Establish links in country – many associations are tied to government
- Shows ABC commitment to local economy, trade, consumers



中國食品土畜進出口商會
China Chamber of Commerce of
Foodstuffs and Native Produce

Chinese Almonds Market

Sacramento, California

YING CHEN

Director of Oils and Cereals Department, CFNA

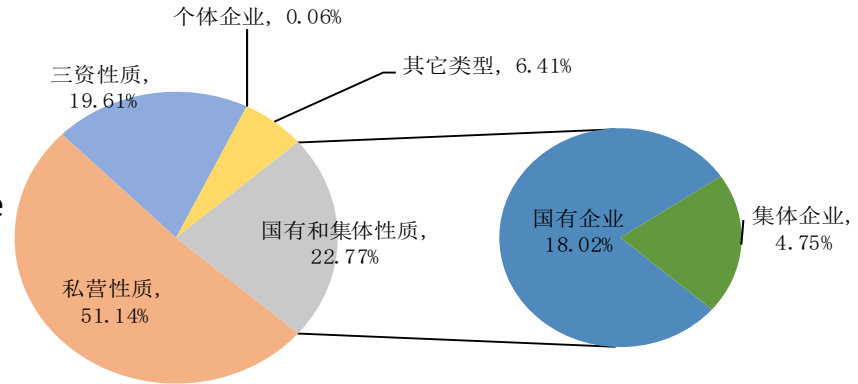
CFNA

China Chamber of Commerce of Foodstuffs and Native Produce (CFNA) was established in September 1988.

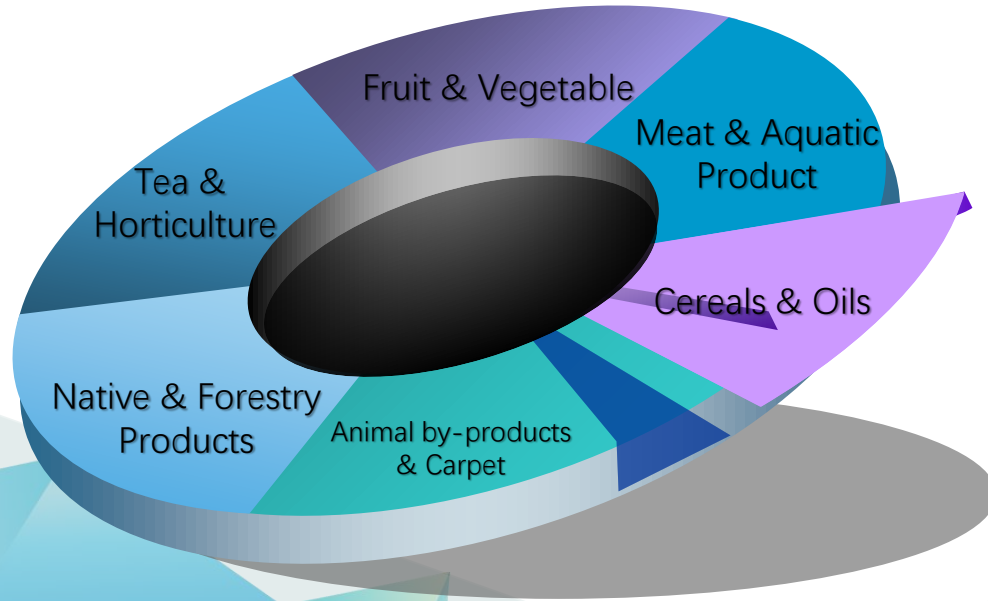
Taking *Coordination, Guidance, Promotion, Consultation and Service* as its objectives, CFNA works in the following areas: It encourages a fair and orderly market. It protects the interests and lawful rights of its members and of the industry. It promotes industry development.

MEMBER COMPANY

- ❑ The membership of CFNA has exceeded 6300 companies, among which 69 are members of the executive standing committee and 161 are members of the executive committee.
- ❑ Its membership, covering all parts of China, is composed of the largest and most representative companies and a large number of small and medium sized enterprises. The chamber of commerce has set up 40 chambers of commodities, all of which have a nation-wide membership



BUSINESS





- ❑ CFNA hold **China International Tree Nuts Conference** for 7 consecutive years.
- ❑ The conference welcome more than 400 participants worldwide each Year.
- ❑ It will be held in **Zhuhai, China** from **6th —8th August 2019**.





China Current Market Situation



1997 and 2017 Comparison of import value of import food

From 1997 to 2017 the annual food import value increased from 4.1 to 61.7 billion U. S. dollars. Along with the development of national economy and the improvement of people's living standards, China's import food value has increased by 15.2 times in the past 20 years. And the compound annual growth rate of China's import food

Compound Annual
Growth Rate

14.6%



Unit: billion U.S. dollars





1997 and 2017 Ranking and proportion of the top 10 origin countries/regions of import food

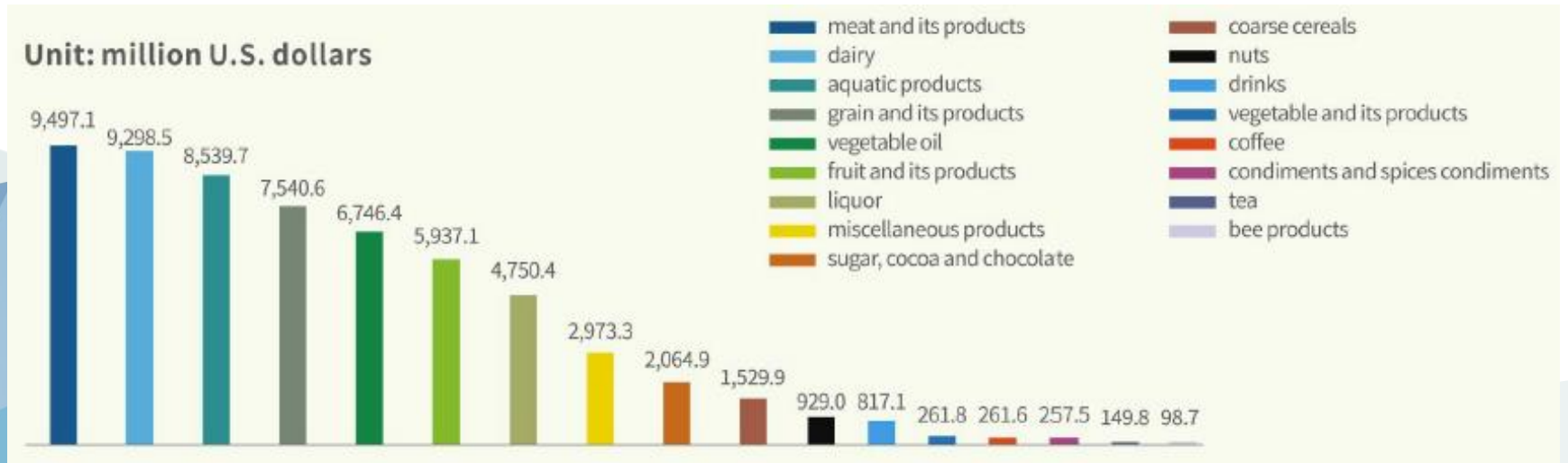
In past 20 years, there were big changes in the ranking of the top 10 import origin countries/regions. New Zealand increased by 18 places to the third place, while France increased by 11 places to the fifth. The total proportion of import value of top 10 origins of import food decreased from 77.2 percent to 62.1 percent. The main reason for this lies in the entry of more import food into China market from more countries and regions.

1997			2017			
Ranking	Country /Region	Proportion	Ranking	Country /Region	Proportion	Change Of Ranking
1	Malaysia	12.4%	1	United States	10.5%	↑ 1
2	United States	11.3%	2	Australia	8.9%	↑ 2
3	Canada	10.9%	3	New Zealand	8.7%	↑ 18
4	Australia	10.0%	4	Indonesia	7.1%	↑ 3
5	Brazil	9.3%	5	France	5.5%	↑ 11
6	Thailand	7.2%	6	Thailand	5.1%	-
7	Indonesia	5.2%	7	Canada	4.6%	↓ 4
8	Russian Federation	3.9%	8	Brazil	4.4%	↓ 3
9	Argentina	3.5%	9	Vietnam	3.9%	↑ 9
10	Japan	3.5%	10	Malaysia	3.4%	↓ 9
	others	22.8%		others	37.9%	



2017 major categories of import food: value and ranking

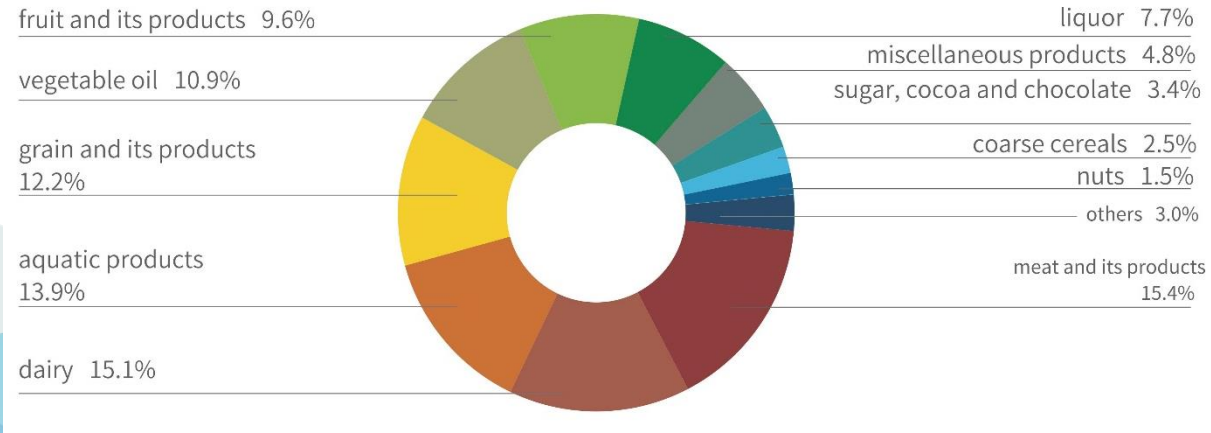
In 2017, meat and its products, dairy, and aquatic products ranked top three in import value, respectively 9.5 billion, 9.3 billion and 8.5 billion U.S. dollars.





2017 proportion of import value in different categories of import food

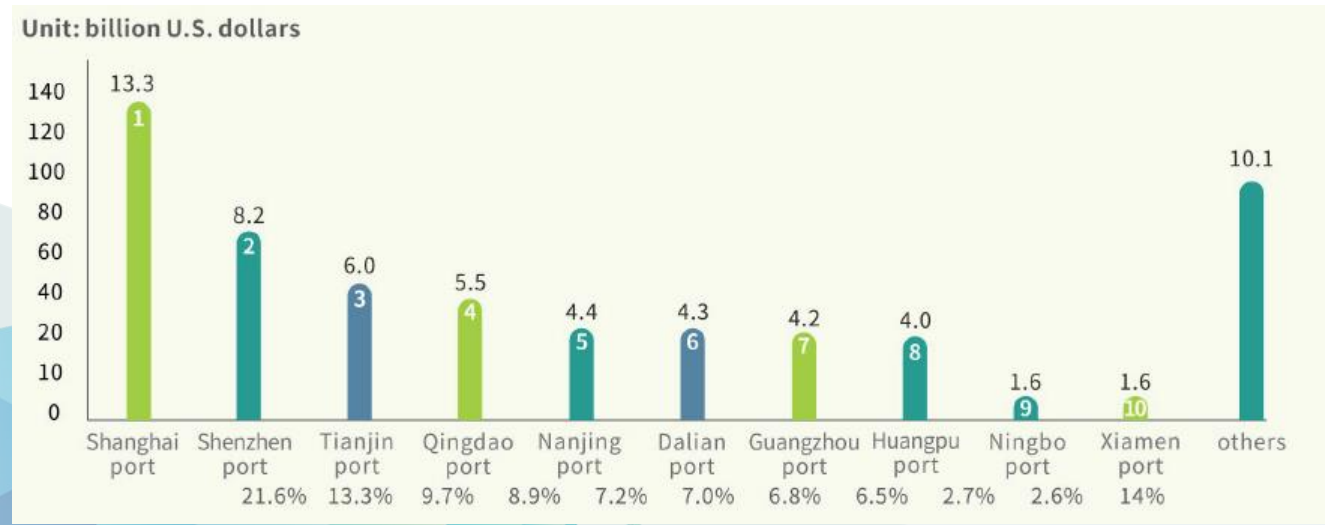
In 2017, the top three categories in import value are **meat and its products, dairy, and aquatic products**. They took up 15.4, 15.1 and 13.9 percent of the total import value respectively, while altogether accounted for 44.4 percent of the total.





Import food in main ports: value and ranking

In 2017, the total value of import food coming in through all China's ports was 61.7 billion U.S. dollars. The top 10 ports for food import were Shanghai, Shenzhen, Tianjin, Qingdao, Nanjing, Dalian, Guangzhou, Huangpu, Ningbo, and Xiamen. The top three ports of import food value were Shanghai, Shenzhen and Tianjin, the value of which were 13.3 billion, 8.2 billion and 6.0 billion U.S. dollars respectively.

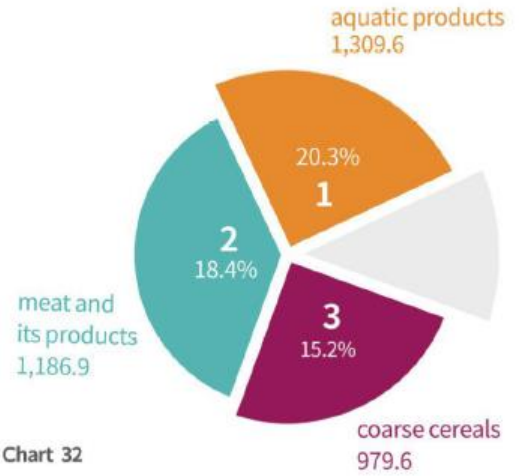




2017 major categories of import food from the United States: value and ranking

In 2017, aquatic products, meat and its products and coarse cereals ranked top three in import value of food from the United States, with an import value of respectively 1.3 billion, 1.2 billion, and 1 billion U.S. dollars. They respectively took up 20.3, 18.4 and 15.2 percent of the total import value of food from the United States.

Unit: million U.S. dollars



Ranking	Categories	Value	Proportion
4	grain and its products	612.8	9.5%
5	fruit and its products	524.8	8.1%
6	dairy	506.0	7.8%
7	miscellaneous products	206.1	6.8%
8	nuts	388.0	6.0%
9	vegetable and its products	126.0	2.0%
10	sugar, cocoa and chocolate	107.9	1.7%
11	liquor	104.4	1.6%
12	vegetable oil	79.8	1.2%
13	drinks	46.6	0.7%
14	condiments and spices condiments	25.5	0.4%
15	coffee	17.1	0.3%
16	bee products	1.8	0.0%
17	tea	0.4	0.0%



2017 major categories of import food from the United States: increase and decrease of value

In 2017, 10 categories of food imported from the United States had a positive year-on-year growth in value. Grain and its products, nuts and dairy ranked top three in growth rate among all food-import categories, y and increased respectively by 86.4, 48.7 and 47.6 percent

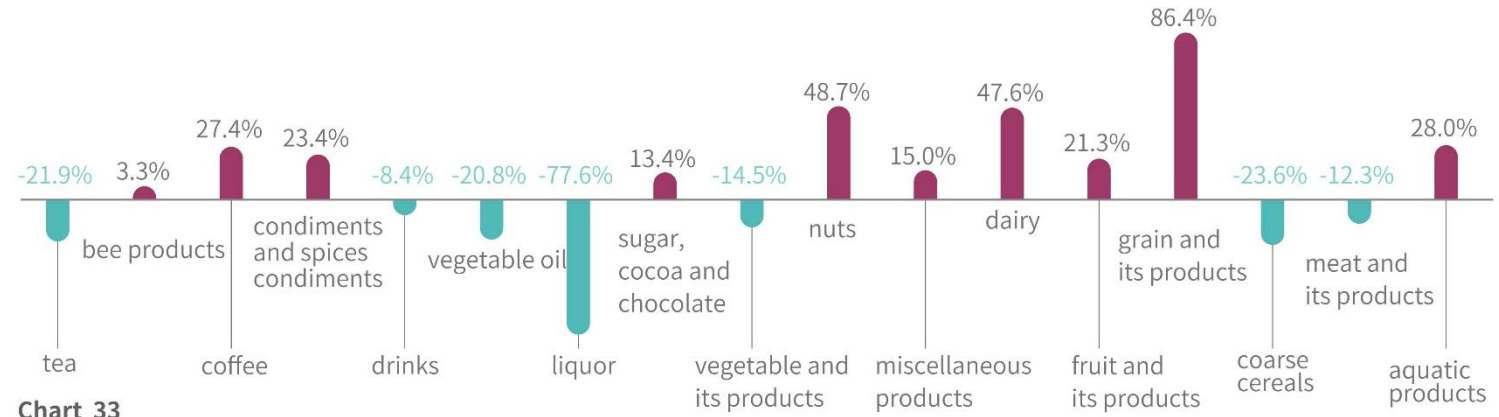


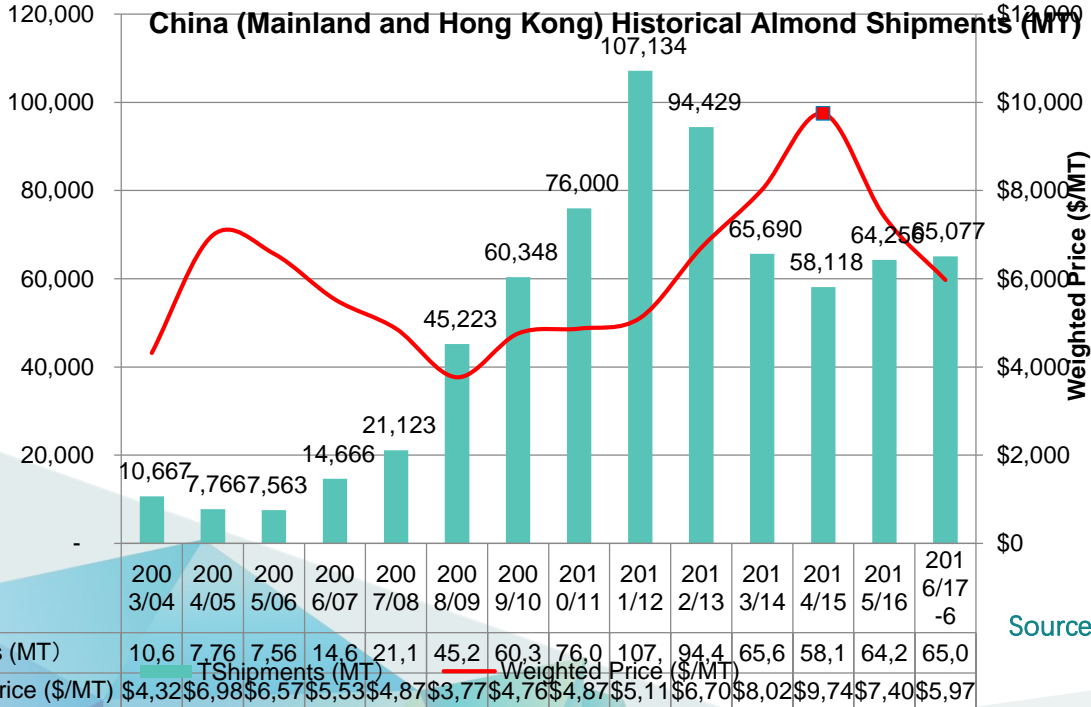
Chart 33

Almonds Import



- This data is from China Customs. It's may differ from the shipment volume including mainland China and Hong Kong.
- Though there's fluctuation in some years, the trend of Almonds import in China is increasing.
- Weighted Price (shown in dark red line) indicate that in last ten years rise along with the import volume.
- The weighed price changes from the range of \$2299/MT (2009) to \$7070/MT (2015).

Almonds Import



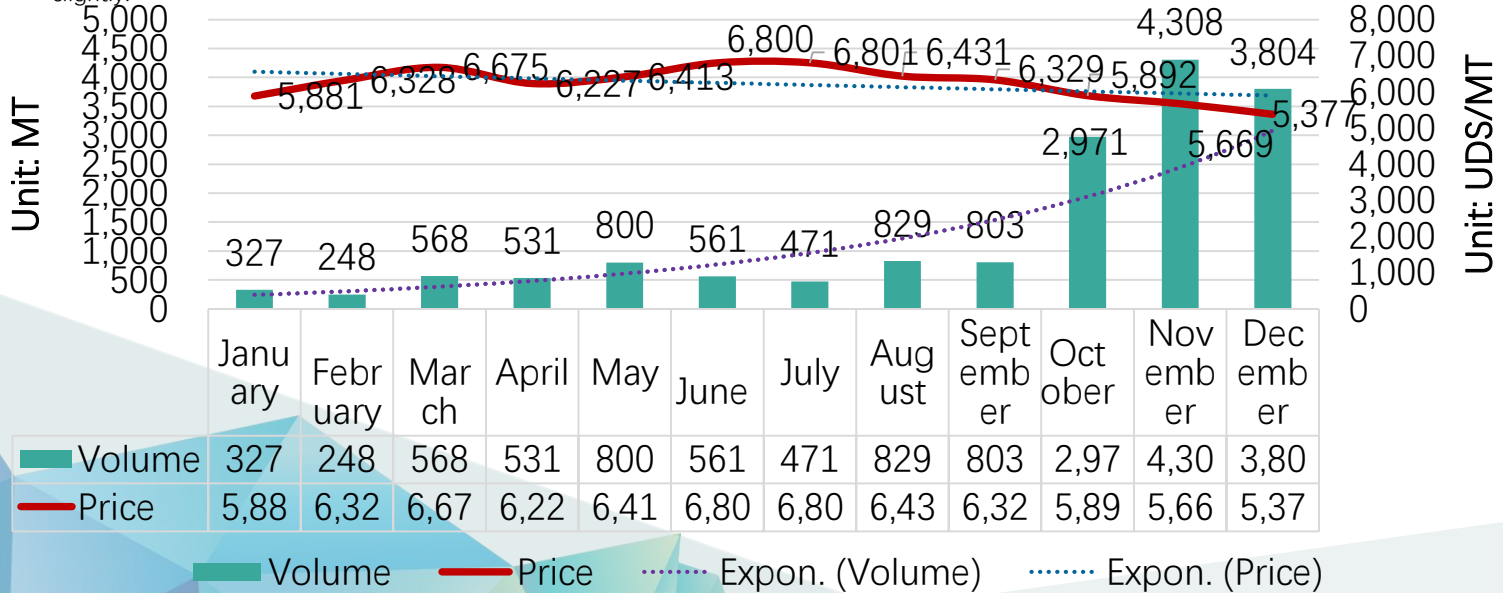
- This data is showed the import volume and price from Mainland, China and Hong Kong, China.
- China Import hit a historical high at the year of 2012 with the import volume 107,134 metric tons per year.
- The weighted price is varies from \$3770 (2009) to \$9744 (2015)

Source: ABC

Almonds Import

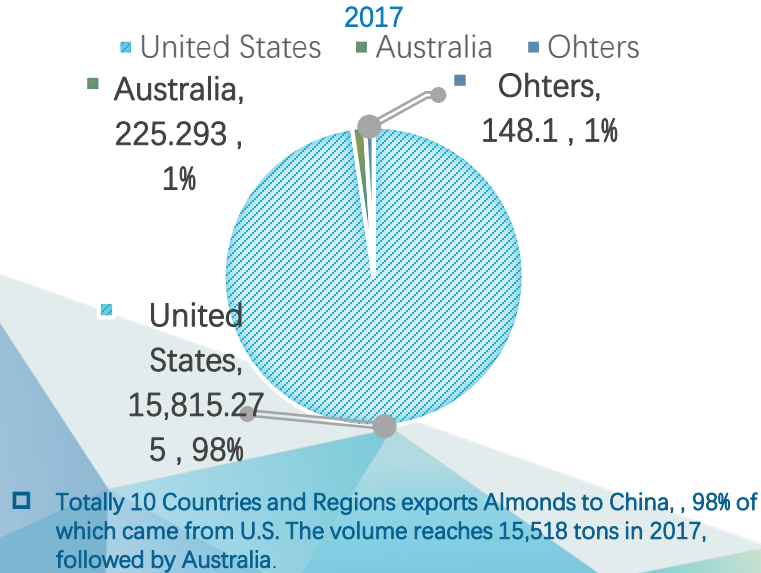
Monthly Importing Volume and Price of Almonds in 2017

- The Shipments volume are increasing in last 3 months of the year with weighted price decline slightly.

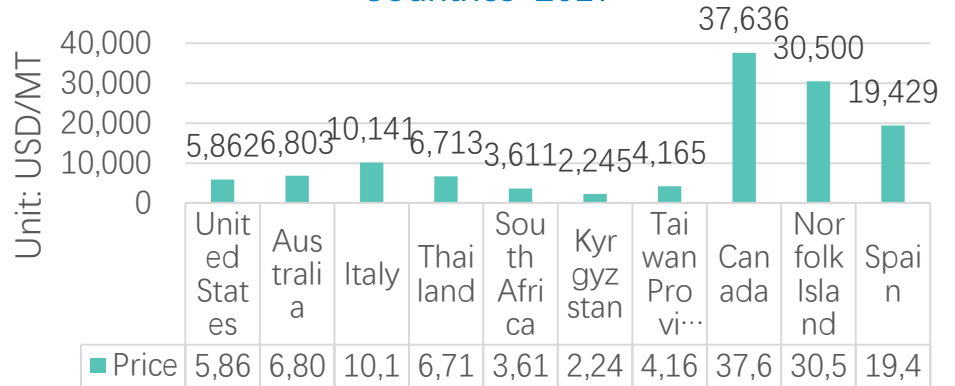


Almonds Import

MAJOR EXPORTING COUNTRIES OF ALMONDS TO CHINA



Average Weighted Price of Major Exporting Countries 2017



Price differ among the supplying countries from \$2245 to \$37,636.



中國食品土畜進出口商會
China Chamber of Commerce of
Foodstuffs and Native Produce

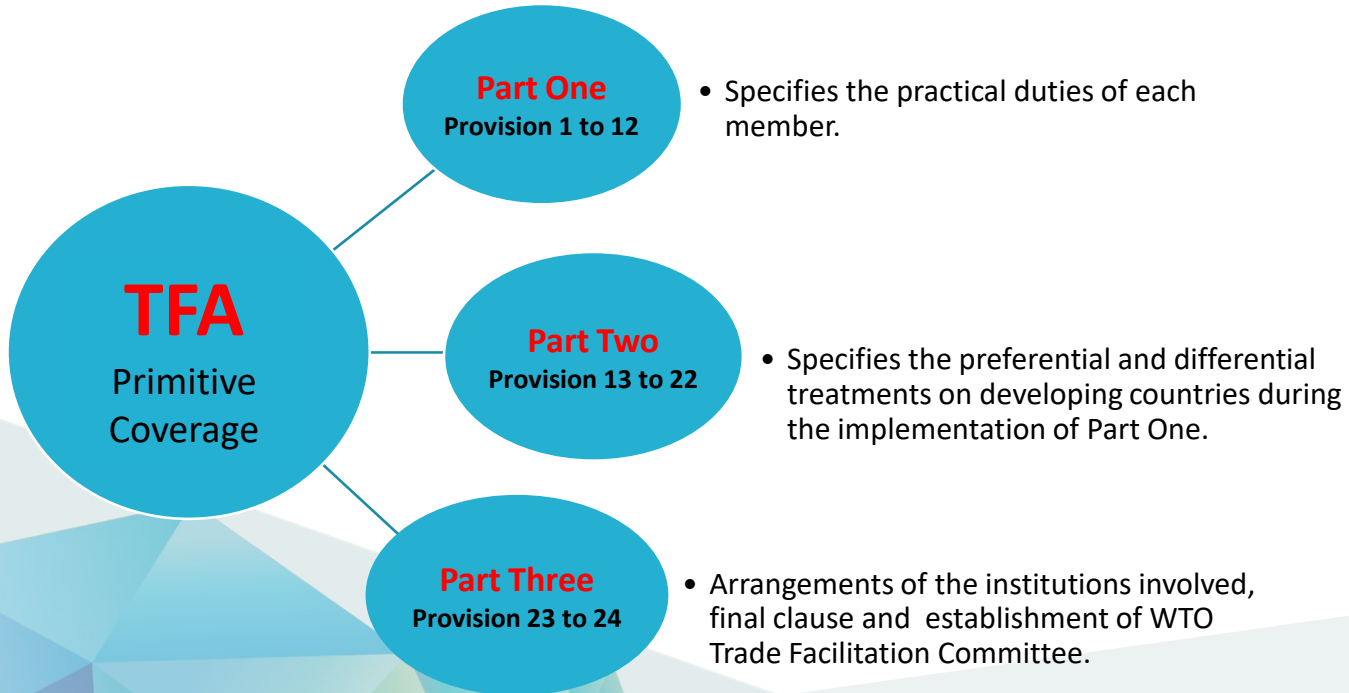
Observations of China's Actions for Economy and Industry Development

Forecast

- ❑ China's actions, policies to facilitate a smoother trade environment
- ❑ Government efforts to improve consumers' life quality and endeavors for consumption upgrade



Terms of the Trade Facilitation Agreement (TFA)





Notice of AQSIQ on simplifying inspection and quarantine procedures and improving customs clearance efficiency

01

Besides the grading system on goods risks and company credit for imported and exported goods that needs inspection and quarantine, a conformity assessment is conducted. The assessment procedure includes sampling, inspection(quarantine), examination; evaluation, validation and assurance of conformity; registration, approval, authorization and a combination of any of the above procedures.

02

Based on the grade of goods risks and company credit, a unified field and laboratory inspection and quarantine proportion is set up (hereinafter referred to as "sampling proportion"). After the application is accepted by the exit-entry inspection and quarantine institution, a sampling inspection should be implemented on a random batch of goods by a random inspector. And the result of the inspection should go public.

03

The exit-entry inspection and quarantine follows all or part of the following procedures: application accepted, examination of documents, surveillance, field and laboratory inspection and quarantine, animal quarantine, quarantine treatment, comprehensive evaluation, certificate release and clearance, as well as filling.

04

The exit-entry inspection and quarantine institution should serve as a single window for international trade and provide e-CIQ service, promoting the dematerialization during customs clearance from accepting applications to certificate release.



Notice of AQSIQ on simplifying inspection and quarantine procedures and improving customs clearance efficiency

05

An assurance of conformity provided by consigner in exit or by consignee in entry should be handed in, including commitment to abiding the law, assurance of conformity, quality and safety responsibilities, and voluntary recall measures when problems are found.

06

For goods identified to be unconformity or with increasingly high risks, or for consignees or inspection applicants who's credit are under Grade C, a higher sampling ratio can be applied to the goods after risk evaluation, up to 100%.

07

For goods constantly proved to be at a stable quality and safety level or with reducing risks, or for consignees or inspection applicants who's credit are over Grade A, a lower sampling ratio can be applied to the goods after risk evaluation, down to the lowest standard.

08

The consigners, consignees and inspection applicants should carry out its own responsibility to the quality and safety of the goods.



Notice of the General Administration of Customs on advancing the integrated reform of national customs clearance

Chapter One

- a. Initialize the customs' risk control centers and tax collection centers. Enlarge the tax to all goods listed in all chapters in the *Customs Tariff of People's Republic of China*, regardless their means of transportation.

Chapter Two

- b. Related services at documents examination centers for integrated customs clearance shall be terminated.

Chapter Three

- c. Other affairs should be carried out according to GACC Announcement No. 62 of 2016.



Opinions on expanding import and promoting balanced development of foreign trade

Basic Principles:

We should persist in deepening reform and innovation, attaching equal importance to imports and exports, overall planning and development, and mutually beneficial and win-win strategy.

Optimize import structure and promote production and consumption :

Support the import of products related to people's livelihood; actively develop trade in services; increase the import of technology and equipment conducive to the transformation and development; and increase the import of agricultural products and resources products.

Optimize the layout of the international market:

We should strengthen international cooperation in “the Belt and Road” initiative, accelerate the implementation of the strategy of free trade zones, and implement preferential arrangements for imports of goods and services from the least developed countries.

Actively promoting the role of multi-channel:

Run China International Imports Expo well; Give full play to the role of foreign capital reserve in expanding imports; innovate the mode of import trade; vigorously cultivate import promotion platform; optimize the import customs clearance process ; reduce the institutional costs of import links; and speed up the improvement of domestic business environment.



中國食品土畜進出口商會
China Chamber of Commerce of
Foodstuffs and Native Produce

Ying CHEN

Director of Oils and Cereals Department, CFNA

E-mail: chenyingcfna@vip.sina.com

A close-up photograph of a glass jar filled with almonds. In the foreground, a small glass dish contains a dollop of almond butter. The background is a warm, golden-brown color.

Almond Board of California

Trade Communications

China today

Robust market demands

- **3rd largest export market** for California Almonds
- Increasing demands for **healthy, diverse and premium** foods
- **1/3** consumers ate more almonds in 2017 than before

Active NPDs with almonds

- Dramatic growth of new products with almonds launched, with over **8.3% five-year CAGR**, higher than 6.4% global wide
- **Snacking, bakery and dairy categories** being the growth engine

Source: Innova China report 2018 and brands auditing Sterling and Rice Group, 2017 Almonds Global Perception Report

Objectives

Boost advocacy and trade affinity

- ✓ Demonstrate strong consumer needs to boost trade partners' confidence
- ✓ Drive trade partners to provide consistent product name and align on product benefits

Drive growth in ingredient categories

- ✓ Collaborate with bakery chains, participate in exhibitions
- ✓ Deep-dive into Chocolate sector to formulate strategy to tap the chocolate sector

TARGET AUDIENCE

From B2B to B2B2C



Targeted trade engagement activities



Govt./Industry Associations

- Strengthen strategic industry relations
- Conduct in-depth packaged co-operations
- Implement regular information and insights exchange



Retail Brands

- Key brand visits and on-going dialogues
- Organise brand roundtables/seminar
- Engage brands co-promotion marketing campaigns



Traders/Importers

- Key trader/importers visits
- Host trader summits and trainings to share market news and insights

- Regular interactions through ABC owned social channels & paid media exposure
- Engagement at yearly trade exhibitions such as CNSA exhibition, SIAL, etc.

TRADE PROGRAMS

Key engagement vehicles



EVENT CHANNELS

Diversified trade events channels

Nuts Industry Sector

- CNSA* packaged collaborations
- CFNA and trader summit
- Brand roundtable

F&B Sector

- SIAL China

Bakery Sector

- Bakery China



**The Specialized Committee for Nuts and Roasted Seeds of China National Food Industry Association (CNSA) was established in 2005. It is a national industry association, which is authorized by government to manage China's nuts and roasted seeds industry. ABC has signed a cooperation memo with CNSA to better promote California almonds in China.*

Nuts industry sector: CNSA collaboration

CNSA Annual meeting

Top brands connection



CNSA Exhibition

Mass Industry Outreach



Nuts industry sector: CFNA collaboration & trader summit

- Strengthen relationship with CFNA
- Build deeper relationship with key trade partners



Nuts industry sector: Brand roundtable

- Share resources and channels for market promotion
- Leverage global resources to inspire brands for almond application



F&B sector: SIAL China

- Build deeper trade relationships with industry partners, understand their needs and seek opportunities for further collaborations.



Bakery sector: Bakery China

- Promote California Almonds' extensive application in European bakery
- Establish relationships with bakery professionals and seek opportunities for further bakery market promotion



MEDIA & OWNED CHANNELS

Continuous industry education and communication

Trade Media

49 core media maintenance
12 in-depth F2F visits
 Over **30** quality trade exposures



Owned Channels

Over **23%** follower growth
2000+ total ongoing reader reach



Ongoing Trade Engagement

5 key retail brand visits
4 key importer F2F meetings
20 brands participations in co-promotion campaigns



OPEN PLATFORMS

Build open content platform for brands collaboration

- Co-promote almonds with nuts brands
- Boost trade confidence
- Explore innovative almonds promotion tactics





TRADE FEEDBACKS

Trade feedback: appreciate ABC's efforts and pay close attention to CA' market outlook in China

- “We care about the trade policies, shipments and market price, which are important factors when we make purchase decisions. Trade summit provided us with the latest California Almond industry news and insights, helped us a lot especially in the current trade environment.”
——A mid-scale almond trader
- “We are paying close attention to California Almond regulatory updates and shipment status. And we also want more information about California Almonds processors/handlers. Hope we can have closer communications with ABC in the coming future.”
——A large-scale almond importer
- “The stable supply of high-quality almonds is very important to us. We are worried about alternative import origins can hardly meet our demands in quantity and quality. And we are happy to have ABC with us to actively monitor the tariff issues, seek for any possible solutions and keep promoting almonds here in China.”
——A leading retail brand
- “It is really impressive and inspiring to see ABC's constant and diverse investment in China. We would like to participate in these marketing campaigns and maintain close collaborations with ABC. Hope to see the end of trade war ASAP and further development of California almonds in China.”
——A Tier I retail brand

Moving forward



Insights & information provider

- Latest industry news and market insights
- Technical guidance for brands and practical information to help trade partners
- Inspirations for almond promotion tactics and NPD



Marketing partner

- Continue with consumer education to boost California Almond awareness
- Build open platforms for integrated co-promotions with industry partners

Almond Board of California

Consumer Communications



B2C2B integrated communications

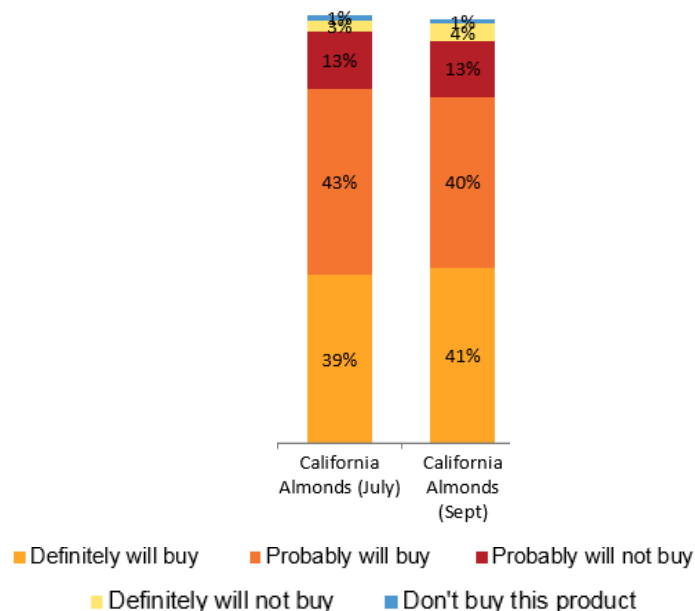


Stable consumer demand of California almonds

- **41%** of Chinese consumers would be definitely likely to purchase California almonds
- Total **81%** consumers would be definitely or probably likely to purchase.

Interest in Purchasing Products Imported from California

(Total Sample n=1386)



Healthy nuts are in high demand

- **40%** urban Chinese consumers eat more nuts and seeds today compared to six months ago.
- **58%** of consumers think nuts taste good and **44%** say they are convenient to eat



China target audience: Mei Li





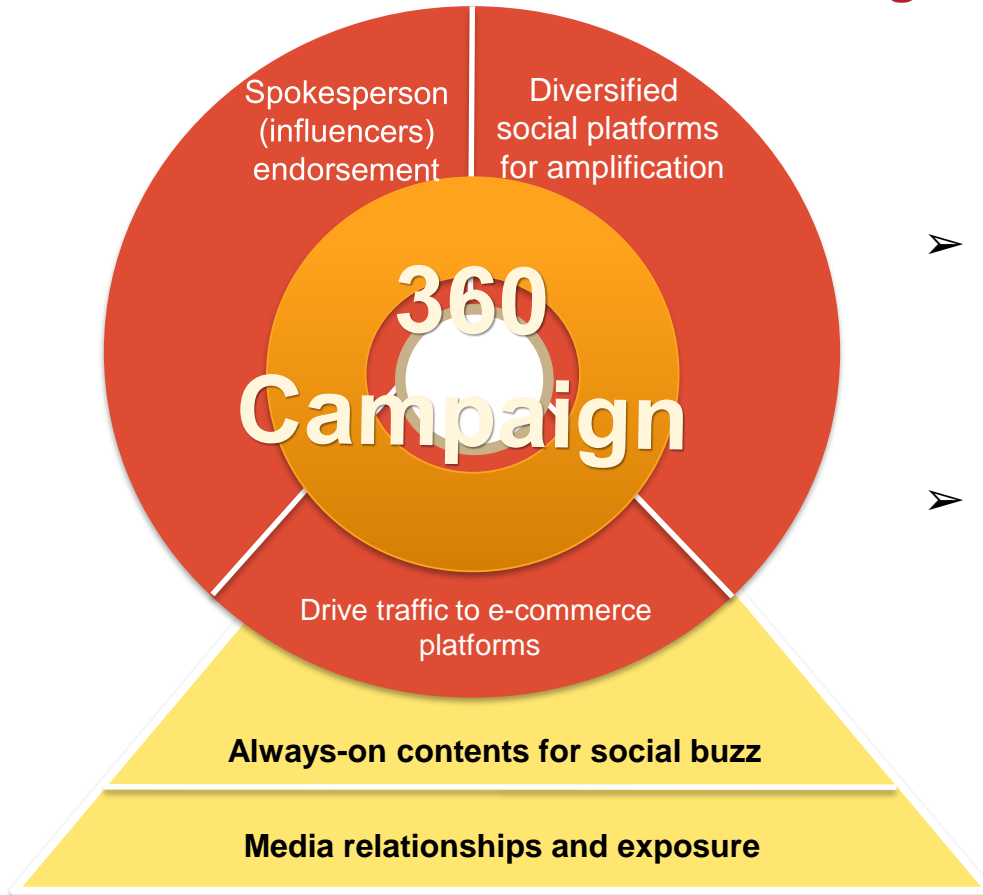
Consumer Proposition:

**MAKE CALIFORNIA ALMONDS
A DAILY BEAUTY ROUTINE**



Differentiate California almonds with other nuts
and **motivate consumption**

Consumer communications strategies



- Through Integrated 360 communication to build a comprehensive consumer journey and to cultivate the trends for all target consumers
- keep always-on contents to create social buzz. Develop creative & fresh contents to deliver single minded and strong skin beauty message

CONSUMER PROGRAM HIGHLIGHTS







SHANGHAI FASHION WEEK

California almonds collaborated with fashion designer C.J.Yao in October 2018 Shanghai Fashion Week

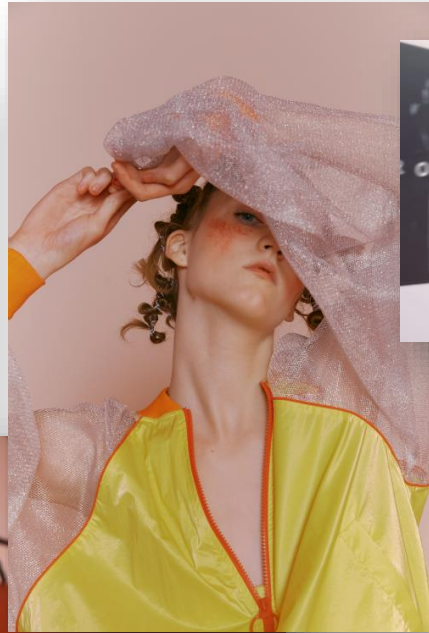


C. J. YAO

上海时装周
SHANGHAI
FASHION
WEEK



Connect California Almonds with Beauty



A series of chic almond-inspired looks and a limited edition “Sunshine Vitamin E bag” were created, worn by stylish models and premiered on the catwalk during Shanghai Fashion Week

Leverage all touch points to make almonds stylish



CELEBRITY ENDORSEMENT



SOCIAL AMPLIFICATION



T-MALL TRADE ENAGEMENT



SOCIAL PLATFORMS



CONCEPTUAL VIDEO



MEDIA CLIPPINGS



MODOLS SEEDING

Chinese New Year

|| 尝味美丽年 ||

TASTE OF BEAUTIFUL NEW YEAR



Grown in California
生长于加州

来一把加州巴旦木, 新年一路美到家
壹味美丽年

california almonds™
jishouhadanmu.com

壹味美丽年

- We launched “taste of beautiful new year” campaign in January 2018 to connect consumers’ beauty desire with Chinese new year, which is one of the key festive seasons for nuts.

How did we connect “beauty” and Chinese new year?

CONSUMER INSIGHT:

Chinese want to present their most beautiful selves to their families and friends during CNY, as it represents they are living a good life.

THE IDEA:

An ownable and sustainable cultural platform were created for China New Year



CALIFORNIA ALMONDS x CHINESE NEW YEAR = A TASTE OF BEAUTIFUL CHINESE NEW YEAR



- ✓ Created an interactive online content and a festive e-commerce landing page with 15 retail brands



- ◆ DIFFERENTIATE WITH OTHER NUTS
- ◆ BOOST AWARENESS
- ◆ INFLUENCE THE CHOICE OF NUT



CONSUMER EDUCATION TOOL

UPGRADE

FOLLOW THE SUNSHINE

Follow the Sunshine campaign - upgraded



JOURNEY 1.0

4 Waves of campaign

Total **12** top trade brands

Total **5** million consumers participated the game

JOURNEY 2.0

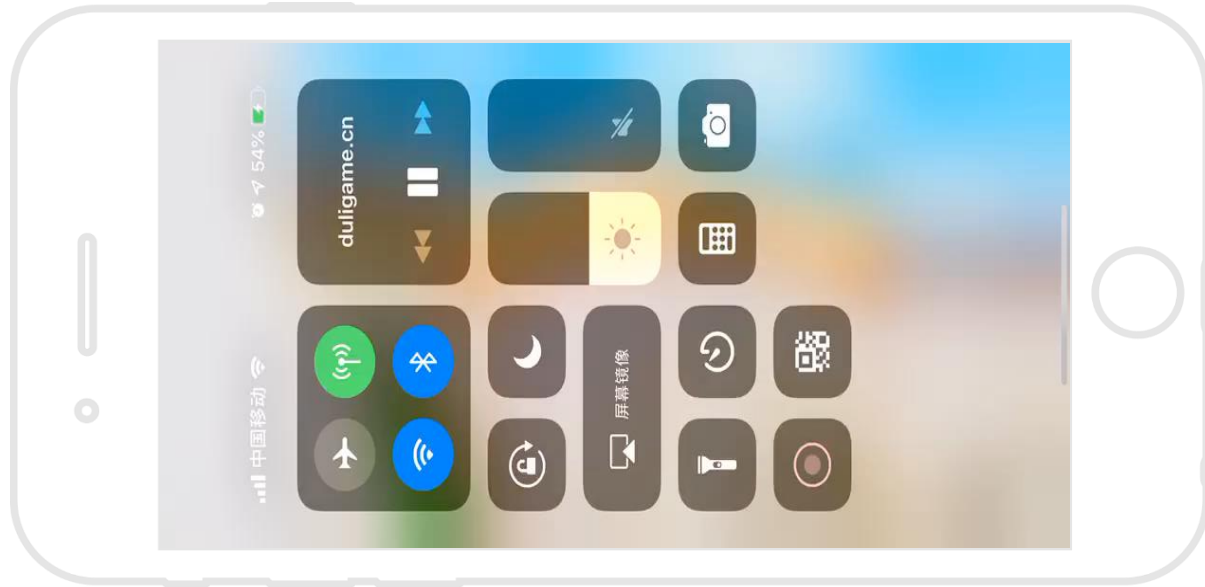


- Integrated **360 journey** by collaborating with trade brands deeply
- Highlight **Vitamin E and beauty benefits**
- New and simplified **game**

Follow the Sunshine 2.0

A BEAUTIFUL JOURNEY OF CALIFORNIA ALMOND

Leverage animated video to educate consumers on almond's lifecycle and Vitamin E benefits



THE OVERALL RESULTS

The crop year 1718 campaign scored:

98% awareness

52% recall

The mobile game scored:

463 million impressions

600,000 active game players



THANK YOU !

 **california
almonds[®]**
Almond Board of California

What's Next

Research Poster Session at 3:00 p.m.

Almond Stage Presentation at 3:00 p.m.

- Electronic Sensing of Larvae and Adult Insect Moths, presented by Sensor Development Corporation



3:30 p.m. – 5:30 p.m. Social Hour is sponsored by Mulch Master



What's Next

Almond Stage Presentation at 3:30 p.m.

- Best Practices in Nut Butter Milling, presented by AC Horn



Almond Stage Presentation at 4:00 p.m.

- In-Canopy Sensors & Micro-Climate Models for Navel Orangeworm Management, presented by Semios



Almond Stage Presentation at 4:30 p.m.

- Smart Pest and Disease Scouting for Almond Trees, presented by Aerobotics

