

Voluntary Report – Voluntary - Public Distribution

Date: February 25, 2022

Report Number: CH2022-0021

Report Name: American Ginseng approved for use as a food ingredient under Guangdong pilot program

Country: China - People's Republic of

Post: Guangzhou ATO

Report Category: Agricultural Situation, Policy and Program Announcements

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Report Highlights:

On December 10, 2021, Guangdong Administration for Market Regulation (GAMR) released information and rules of a pilot program to allow several Traditional Chinese Medicine products, including American ginseng, to be used as ingredients in food and beverage products. Formulas for these products were only accepted for a period of 10 days in December 2021. Though this pilot program may eventually expand the ways in which ginseng is used, it is expected to have limited impact on demand for premium U.S. ginseng. Local contacts report food companies are seeking low-priced, often domestically-produced ginseng to use as a food ingredient to control costs. The pilot program ends on November 8, 2022. There is no announcement of next steps after the pilot program ends.

Summary

Lower-priced ginseng producers may benefit from a pilot program that allows the use of ginseng as an ingredient in food and beverage products. U.S. ginseng is positioned as a high-end product.

Pilot Program Overview

On December 10, 2021, the Guangdong Administration for Market Regulation (GAMR) announced a pilot program to allow several Traditional Chinese Medicine (TCM) ingredients, including American ginseng, to be used as ingredients in food and beverage products. The pilot program to produce and sell these products is in effect December 15, 2021, through November 8, 2022. However, only product applications submitted and approved in the short window between December 15 - 25, 2021 were accepted. After December 25, 2021, no applications are accepted, and no more Guangdong companies can apply for formulas under this program. Companies who received approval may produce before November 8, 2022, and the product can be sold until its expiration date. No products can be produced after November 8, 2022, under the pilot program.

Under the pilot program, Guangdong food producers, including health supplement producers, may use American ginseng which is processed using traditional processing methods in beverages, confectionary, and tea drinks. In addition, catering businesses (except school cafeterias) may use American ginseng as a food ingredient. Ginseng products already on the market and produced outside of the pilot program (such as ginseng candy and drinks) are still categorized as a health care food and are required to register with the State Administration for Market Regulation (SAMR). Contrarily, under the pilot program new ginseng products may sell as normal food products, not registered as a health care food.

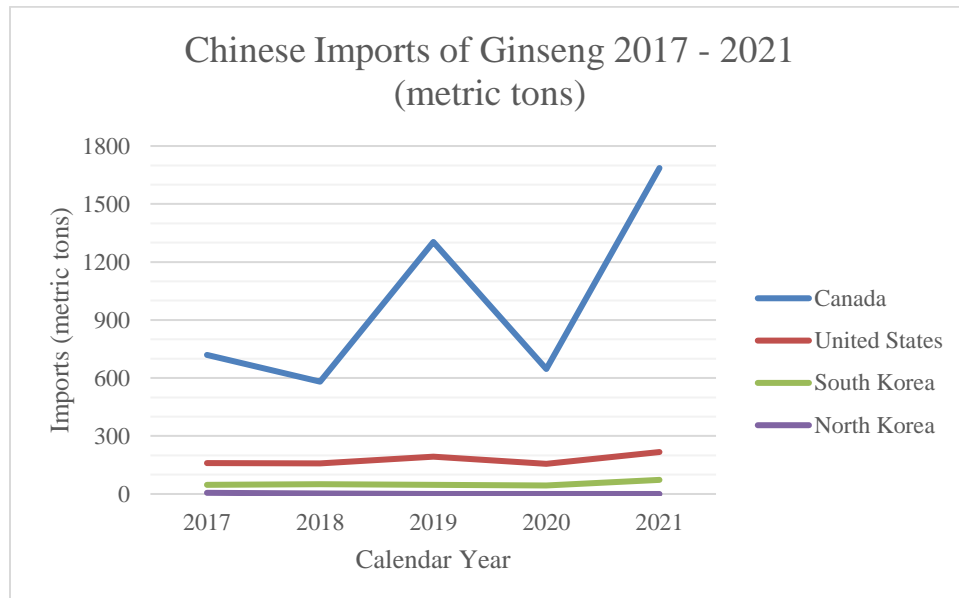
Post understands the pilot program is a result of advocacy to the central government by domestic northeast ginseng growers, primarily in Liaoning and Shandong who produce low-priced ginseng for domestic consumption and export. Other provinces also released rules around the same time allowing TCM products be used in food products, however only Guangdong, Shandong and Hunan have provisions to allow American ginseng.

Ginseng imports

China imported 217 metric tons of ginseng (Figure 1) from the United States in calendar year (CY) 2021, a 39 percent increase from CY2020. Chinese imports from Canada more than doubled between CY2020 and CY2021, reaching 1686 metric tons in CY2021. China only imports American ginseng from the U.S. and Canada. (Korean ginseng is not included in the pilot.) Guangdong province is the top consumer of, and traditional trade hub for ginseng but U.S. ginseng also makes its way to Shandong, Zhejiang, Jiangsu, Fujian, Guangxi, Beijing, and Shanghai.

Between 2016 and 2021, Chinese imports from the United States were relatively stable. Chinese imports from Canada saw a significant pandemic-related drop in 2020 but rebounded to surpass 2019 levels in CY2021. Canadian-origin ginseng is typically less expensive than U.S.-origin ginseng.

Figure 1: Chinese Imports of Ginseng, 2017 - 2021 (metric tons)



Source: Trade Data Monitor

Marketing

In traditional Chinese medicine ginseng is used to improve the immune system and protect the cardiovascular system. American ginseng is regarded as a premium product and traditionally used in daily dining and health care regimens in south China. Economic development across China and increased attention on health and healthy products is driving demand for American ginseng as the product appeals to younger consumers and penetrates into 2nd and 3rd tier cities.

Though the list of new approved pilot products is not publicly available, American ginseng importers report that companies who applied under the pilot program are looking to source lower-priced ginseng to keep costs down. Shandong is a large producer of lower-priced ginseng, accounting for about 60 percent of domestic production (about 5,500 metric tons annually).

While this pilot program expands the ability to use American ginseng in a variety of consumer products, U.S. exporters should carefully consider how to keep U.S. ginseng positioned as a premium product commanding its higher price.

Market Access

The pilot program does not change the regulations for American ginseng to enter China. According to China's National Medical Products Administration (NMPA), American Ginseng may only be used as a TCM herb, therefore U.S. exporters must apply for access as a medicinal herb/ ingredient on the General Administration of China Customs (GACC) list.

Appendix 1:

Official Announcement (http://amr.gd.gov.cn/gkmlpt/content/3/3731/post_3731494.html#2953)

The attachment in the official announcement includes guidance covering the program purpose, contents, food safety requirement, application process and government support.

Unofficial translation of the announcement:

Guangdong provincial health commission, Guangdong provincial market supervision and administration bureau notice on the issuance of the "Guangdong province to carry out the pilot work plan for the material management of dendrobium officinale, American ginseng and Ganoderma lucidum in accordance with the traditional of both food and Chinese medicinal materials"

release date: 2021-12-22 views:674

Guangdong Health Commission food letter [2021] no. 40

To all city level (& above) HCs,

With the consent of the people's government of Guangdong province, the National Health Commission and the State Administration of Market Supervision and Administration have approved that the "Guangdong province's pilot work plan for the material management of dendrobium officinale, American ginseng and Ganoderma lucidum in accordance with tradition is both food and Chinese medicinal materials" is hereby printed and distributed to you.

Attachment: <http://amr.gd.gov.cn/attachment/0/477/477506/3731494.doc>

Guangdong Provincial Health Commission, Guangdong Provincial Market Supervision and Administration Bureau

December 10, 2021

Attachments:

No Attachments.