Foreign milk powder still pricey

By ZHENG JINRAN
zhengjinran@chinadaily.com.cn

Chen Zhuolin, a 27-year-old mother of a baby girl, always feels lost when she strolls along shelves filled with milk powder for babies.

The milk powder brands, produced in China or imported, vary so much in price.

"I prefer to buy foreign brands because of their superior quality, but the prices are much higher than what I had expected. Most of them are about 300 yuan ($47) for a can," she said.

In early April she brought two cans of Friso milk powder, imported from the Netherlands, in a Hong Kong supermarket at 182 yuan for a 900-gram can.

"It's at least 50 yuan cheaper for each can than in Shenzhen supermarkets," she said. "Why are the prices of the same brands higher on the mainland?"

She is not the only one who has noticed the price difference of imported milk powder. Besides Friso, many imported brands also sell at a higher price on the mainland.

For instance, Toepfer, an organic milk powder brand from Germany, sells each 600-gram can for newborn babies for about 79 yuan, according to the company's website. In licensed online shops in China, the price of the same powder reaches 258 yuan a can.

"More expenses are needed in transportation, customs clearing, promotion and other places, which pushes up the price of imported milk powder in China," said Miao Dandan, a saleswoman at Beijing Baihuibio, Toepfer's general agent in China.

But some experts said they could not agree with such an explanation, citing Chinese customers' low confidence in the quality of domestic brands and the pursuit of maximum profit by dairy product importers.

LIU DAWEI / XINHUA

Two men take care of boxes containing foreign milk powder products brought from Hong Kong outside the Luohu Port in Shenzhen, Guangdong province, on May 24.

However, milk companies have to spend a considerable amount of money to place their products, and extra costs can include as many as 27 charges, for example, the entrance fee to supermarkets, said Wang Dingmian, former vice-chairman of the Guangdong Dairy Association.

"But they have already raised their product prices many times in the past five years, making it still a high-margin business," Wang said.

Chen Lianfang, an analyst in a Beijing-based agricultural consulting firm, agreed with Wang, saying the price of a can of imported milk powder has increased by at least 50 yuan since the exposure of the melamine scandal in 2008.

The imported brands account for an increasingly large part of the Chinese market, and their market share might have exceeded that of domestic ones in 2011, according to the dairy management office under the Ministry of Agriculture.

"Famous foreign brands may account for 60 to 70 percent of the middle- and high-end market this year, gaining them a favorable environment when deciding the price," said Chen Lianfang, adding that China's milk powder market is estimated to exceed sales of 45 billion yuan in 2012.

Data from the General Administration of Customs said that in the first quarter of this year, about 193,000 tons of milk powder was imported into China, an increase of 17.6 percent from the previous quarter.

Chen, the young mother, said that the thought of buying domestic brands for her baby has never come to her mind.

"Though the domestic brands have been making efforts to improve quality, I still don't believe them. My friends don't buy domestic brands, either."

The family pays about 500 yuan a month for milk powder.

"But no matter how high the price is, I'll buy my baby the best," she said.

Baby formula pulled off shelves after mercury tests

By JIN ZHU
jinzhu@chinadaily.com.cn

Inner Mongolia Yili Industrial Group, one of China's biggest dairy product manufacturers, suffered a setback when batches of baby formula were found to contain excessive mercury.

The company is recalling all formula milk powder for infants in the Quanyou 2, 3 and 4 series produced from November 2011 to May 2012, according to a statement on the company's website.

The recall came after samples of those batches were tested with abnormal mercury content on June 12 by food safety inspectors.

"At present, the country has no standards on mercury limits in milk powder. But to be responsible to consumers, the company decided to recall all related products," said the statement.

Wang Dingmian, former vice-chairman of the Guangdong Dairy Association, told China Daily that the country permits no more than 0.01 milligrams of mercury per kilogram in raw milk.

"It is inevitable that mercury may pollute milk products via air, water, soil and even during the process of packing. Therefore, limited standards of mercury are also needed to set up targeting for milk powder as soon as possible," he said.

"We received a notice from Yili to pull its products from its Quanyou series from the shelves about two months ago, but I do not know the reason," Zhang Shaoru, a saleswoman in a Wu-Mart supermarket in Beijing, said on Thursday.

Products of the Quanyou series are cheaper than other Yili milk powder products, but always sold well, she said.

Wu Guangchi, a child nutrition professor at the Capital Institute of Pediatrics, said that at present it is rare to see mercury poisoning from food.

"Mercury poisoning is always coming from environmental pollution, for instance, nearby industrial and mining regions. Some such poisoning is also triggered by substandard cosmetics," he said.

According to Wu, mercury poisoning can damage the brain, kidney and liver.

For adults, intake of 0.3 grams of mercury will cause death, while 0.1 grams will kill a child, he said.

The General Administration of Quality Supervision, Inspection and Quarantine said in an urgent notice on Thursday that it launched a test on 715 samples from all infant milk powder brands in Chinese market, and no sample shows abnormal in mercury content except that from Yili.

Wang Qingyun contributed to this story.

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Relocating factories move inland to Shangqiu

By SHI BAOYIN
shibaoyin@chinadaily.com.cn

To accommodate companies and attract investment from both home and abroad, the government of Shangqiu spent 9.5 billion yuan ($1.5 billion) last year to improve infrastructure in the city in Central China's Henan province.

Construction included 60 roads with a combined length of 265 kilometers and facilities to serve companies relocating from coastal regions, according to a report released last month by the city government.

A total of 226 projects were signed up for the city's industrial sector last year, of which 126 had an investment of at least 100 million yuan each, said the report.

Shangqiu is a transportation junction that neighbors East China's Shandong and Anhui provinces and is close to Jiangsu province.

The local government also built five facilities to treat water while setting guidelines that ban new projects that are highly polluting or energy intensive.

Zhang Chi, deputy mayor of Shangqiu, told China Daily that the local government is encouraging international companies to build factories.

"We will provide convenient services to foreign investors," he said. "Shangqiu aims to become a business-friendly city with beneficial policies for land and excellent human resources."

He noted that "Shangqiu is a city with thousands of years of history in commercial activities — the word shang means business in Chinese".

Eighty percent of the city's large projects — which have a combined total investment of more than 12.6 billion yuan — are operations that relocated from the coastal regions of Zhejiang, Fujian and Jiangsu provinces, said the government report.

> **"We will provide convenient services to foreign investors. Shangqiu aims to become a business-friendly city with beneficial policies for land and excellent human resources."**
>
> ZHANG CHI
> DEPUTY MAYOR OF SHANGQIU

Xiangxuehai Electrical Appliance Co Ltd, a refrigerator manufacturer with total assets of more than 3 billion yuan, moved its headquarters to Shangqiu from Ningbo in Zhejiang province at the end of 2010.

The local government provided a series of beneficial policies and it took only 100 days for Xiangxuehai to finish construction on its workshops and move its headquarters.

Many other refrigerator manufacturers have also moved their facilities to Shangqiu.

Zhejiang Huamei Electric Appliances Co has now set up a factory in Shangqiu with the capacity to make 1.2 million refrigerators annually, while Zhejiang Fly-Dragon Electronic Co has a facility that can produce 1 million refrigerators each year.

In September, Guangzhou Wanbo Group invested 2 billion yuan to build an industrial park in Shangqiu that can produce as many as 3 million refrigerators annually.

The city has also attracted factories for a range of famous brands including Adidas, Armani, Giuseppe and Anta.

It has established 12 industrial parks in its suburbs including the Minquan refrigerator park and the Eastern Henan logistics industrial park.

To make relocation from coastal regions more convenient, the city government has given the county government administrative powers to approve land use, environmental appraisal and the industrial registration.

In China, counties are usually governed by cities.

Lu Zhangong, Party secretary of Henan province, lauded the efforts by Shangqiu when he visited in November.

"The railway transportation is very convenient, which will definitely contribute to the economic development of the city," Lu said.

Tao Minglun, Party secretary of Shangqiu, said that industrial development will benefit not only companies but also local residents since they can find a job near their home and no longer need to migrate thousands of kilometers to find employment.

"There are 8.3 million residents living in Shangqiu, more than 3 million of them available for work," Tao said. "The rich human resources will help local companies make more profit."

Xiong Yibo and Wang Haoping contributed to this story.

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Clockwise from top:
- **Tao Minglun (center), Party secretary of Shangqiu, and Yu Xueyou (second left), mayor of Shangqiu, visit the refrigerator industrial park in the county of Minquan, Shangqiu.**
- **A seamstress concentrates on her job in an industrial park in Xiayi, Shangqiu.**
- **The Dayang Yarn Co Ltd textile mill in the county of Xiayi.**