#### ORGANIC FOOD IN CHINA: THE LAW BEHIND LÜSE SHIPIN AND YOUJI SHIPIN

## RICCARDO BERTI

Lawyer

#### Abstract

Currently in China the food safety issue and the environmental issue are arising, pushing customers towards more reliable products.

In this field two voluntary standards have achieved resounding success in the PRC, from one side Organic Food, (有机食品, *youji shipin*), which is the Chinese equivalent of the international standards in the field, and from the other side "Green" Food, (绿色食品, *lüse shipin*), a Chinese unicum that could be considered a middle ground between Organic Food and Non-Organic Food.

Given the emerging awareness in the Chinese consumer habits, green farming is having great success, but the legislation behind this phenomenon seems lacking, especially when it comes to its practical implementation.

The study examines the normative concerning Organic Food and "Green" Food, with relevant examples of its enforcement and with a perspective toward the future of this growing market.

#### 1. Introduction

For over four thousand years, China has been a country of farmers.

The importance of the rural component of the Chinese was stressed during the Communist revolution, with Mao Zedong that realized the central role of peasants when he returned to Shaoshan in 1924 and then ran the Peasant Movement Training Institute in 1926.<sup>6</sup>

The attention to rural China later proved to be one of the keys of the success of the Communist Revolution. In fact, when in 1927 the Nationalists forced back the Communist from their urban settlements, the latter were able to strike back from what have become their rural stronghold and then made the countryside the epicentre of their rural-based military strategy, founded on guerrilla tactics and on the uprising of local farmers.

Despite the importance of rural China during the Communist revolution, after the Communist Party took over the country little attention was dedicated to Chinese agriculture, since the government focused instead on the industrialization of the Country.

We have to wait until 1978 to see agriculture regain its place as a top priority for the Chinese government, with the so called "Four modernizations", a list of goals enacted by Deng Xiaoping which were set to strengthen the fields of agriculture, industry, national defense, and science and technology in China.

The main innovation delivered by this policy in the agricultural sector was the introduction of the "Family Production Responsibility System", that dismantled the communes and give agricultural production responsibility back to individuals.

After that, the most significant step for Chinese agriculture was exactly the introduction of Organic Agriculture, that took place around 1990.

<sup>&</sup>lt;sup>6</sup> This was one of the first deviation of the Chinese Communist Party from the Marxist doctrine, that see the peasants as the representatives of "barbarism within civilization".

As for other Chinese institutions we can talk, for the period that goes from 1989 to 2005, of an Organic Agriculture "*with Chinese characteristics*".

When the environmental issue and the food safety ( $\mathfrak{g} \amalg \mathfrak{G} \mathfrak{L}$ , *shipin anquan*) one arose in the 1990s in China, the government also reacted by introducing the so called "Green Food Program". This was a certified voluntary quality system aimed at producers interested in reducing the use of chemicals in agriculture. The certification was granted if the producers respected a set of standards specified by the Chinese Ministry of Agriculture and had little in common with the Organic Agriculture as intended by the IFOAM<sup>7</sup> standards.

In 2005, in seek of more opportunities to export Chinese organic food abroad, the government started to enact policies also in the (*strictu senso*) Organic Food field, with the first national standard dealing with organics, the "Chinese National Standard for Organic Produce"

Also in this case, the trigger that led the Chinese government to regulate this issue was the concern of the population and of the international trading partners of China, worried about the "public opinion incidents (公共舆论事件, *gonggong yulun shijian*)" concerning food safety that occurred in China during these years and reduced the trust of domestic and international customers in Chinese food production.

Later on, Organic Food (有机食品, *youji shipin*) and "Green" Food (绿色食品, *lüse shipin*) standards were subject to various reforms and successfully lived side by side in the field of sustainable agriculture in China to the present day.

This led China to become the second<sup>8</sup> largest country in the world in terms of organic land surface in 2013.<sup>9</sup>

Today the challenges for the future of these certifications are linked to the complexity of monitoring and of the enforcement of the tightened standards entered into force recently.

#### 1.1 Legal Formants and language in China

Before examining the legal rules about sustainable agriculture in China, it is mandatory a brief foreword about the structure of the Chinese legal system and its unique language.

When dealing with Chinese law and politics, in fact, we should always bear into account that, despite the recent westernization of the Chinese law, we are still facing a country where the political formant is often more enforceable than the legal one.

This is especially important if we face laws that are not only addressed to Chinese people, but that are also a showcase for trading partners of China, as in the case of the Organic Food standards.

In China it is often seen that a law is enforced in a different way than it is written, and that a rule is enforced and/or respected even if it is not included in the law (a clear example of this phenomenon is found in the so-called *Yanda* Campaign<sup>10</sup>, that

<sup>&</sup>lt;sup>7</sup> IFOAM (International Federation of Organic Agriculture Movements) the international organization for the organic agriculture, was founded in 1972 and is based in Bonn (DE).

<sup>&</sup>lt;sup>8</sup> After Australia.

<sup>&</sup>lt;sup>9</sup> According to the 2013 IFOAM report on Organic Agriculture in Asia.

<sup>&</sup>lt;sup>10</sup> Yanda ( $\mathbb{P}^{\mathbb{E}}$   $\mathbb{H}$  lit. "strike hard") campaigns are anti-crime campaigns usually targeting violent crimes with extraordinary measures for a small amount of time.

often take place after a mere political statement is issued, even if it is followed only after weeks or months by an official administrative or legal act).

Although nowadays the political formant in China very often acts through the law (and through the other two traditional formants<sup>11</sup> indicated by Sacco in his: "Legal Formants: A Dynamic Approach to Comparative Law (1991)"), the political level still has a specific and autonomous weight in the Chinese legal system regardless of its integration into regulations as they are understood in western countries.

We should then examine carefully what the law says about these agricultural certifications and how these work in practice.

It is also important to pinpoint that we are dealing with a country that has a mean of language rather unique, based on a non-alphabetical list of independent characters, that consist in phonograms, pictograms and ideograms.

So then we must be really careful when translating Chinese terms, since every character bear its own meaning and the combination of different characters adds another signified to the original signifiers. This is important and clear, especially in the Organic food sector, where for a long time the concept of "Organic Food" and of "Green Food" were confused with one another by foreigners.

#### 2. Food safety in China: a brief overlook

The development of eco-standards is concurrent with the tightening of food safety standards in China, so it is important to draw a little overview of the evolution of food safety regulations in the country before examining the two eco-labels involved in this study.

The reason behind the rising of stricter food safety laws and behind the success of Green Food and Organic Food labels is, in fact, the same: the increasing concern of the Chinese people that followed alarming "public opinion incidents (公共舆论 事件, *gonggong yulun shijian*)" concerning food safety.

These scandals brought to light the concept of food safety (食品安全, *shipin anquan*)

in the Chinese context and pushed Chinese consumers towards more reliable and sustainable standards.

The first law dedicated to food safety in China, the so-called "Experimental Food Hygiene Law" dates back to 1982 and has been since then amended and upgraded several times, with progressive tightening of its provisions.

Despite its amendment the "Food Hygiene Law" remains a general and poor regulation, and had great issues regarding its enforcement.

The Food Hygiene Law was then replaced in 2006, when the Standing Committee of the National People's Congress adopted the "Law on Agricultural Product Quality and Safety".

The law, that included in its very name the concept of food safety, provides more detailed requirements and safety criteria in food production, in order to guarantee the safety of consumers.

This law was overtaken by the Food Safety Law of the PRC in 2009, that delivered improved measures on safety management, monitoring and liability.

<sup>&</sup>lt;sup>11</sup> According to Sacco the three traditional formants are: jurisprudence, law and doctrine.

The latest, and most stringent, amendment to the Food Safety Law took place in 2015. On April 25<sup>th</sup>, 2015, the Standing Committee of the National People's Congress passed the amended Food Safety Law, that entered into force on October 1<sup>st</sup>, 2015.

The amended law focuses also on monitoring and supervision mechanisms, which are long-standing and recurrent issues in Chinese agriculture, and are one of the reasons why the eco-labels that we are going to examine hereafter are so successful in the country.

#### 3. Green Food in China: 绿色食品 (lüse shipin

"Green Food" is a Chinese local certification for sustainable food, introduced by the Ministry of Agriculture of China in 1989 and available since 1990<sup>12</sup>.

This certification was the first available in China and could be considered a "middle way" between conventional and organic agriculture.

For production of Green Food four environmental criteria need to be respected:

(1) "Area should meet the highest grade of air standards in China;

(2) Heavy metal residues are restricted in irrigation, water and soil (tests for mercury, cadmium, arsenic, lead, chrome, etc.);

(3) Processing water must meet the National Drinking Water Standard;

(4) Chemical applications are restricted and regulated, and some of the most poisonous pesticides and herbicides are banned"<sup>13</sup>

Since the Green Food certification was introduced, no claims were made that it was an organic label. Rather, the authorities stressed that the "Green Food" logo ensured a strict control of chemical use and guaranteed the safety of the product.

In 1992 the Ministry of Agriculture established the China Green Food Development Centre (CGFDC), entrusted with the development and management of Green Food. The Centre owns the Green Food logo<sup>14</sup>, develops, updates and maintains the Green Food standard, coordinates monitoring, and draws income from certification fees.

The rules and standards about Green Food are contained in the "Handbook of Standard Use and Design of the China Green Food Trademark and Label", that regulates on one hand the requirement in order to use the Green Food logo, and on the other hand the limits and ways of the use of the logo on the product and in its advertisement.

The logo aspect is as follows, with the name "Green Food" both in Chinese and in English:

<sup>&</sup>lt;sup>12</sup> As it was announced by Sun Panqi, director of the State Farm Department, the Green Food certification was available to coincide with the opening of the 11th Asian Games held in Beijing in September 1990.

<sup>&</sup>lt;sup>13</sup> Paull J. (2008), Green Food in China, in *Elementals - Journal of Bio-Dynamics Tasmania*, 91(2008): 48-53, who in turn quotes: Giovannucci D. (2005), Organic Agriculture and Poverty Reduction in Asia: China and India Focus, IFAD (Rome) Report n. 1664, July 2005.

<sup>&</sup>lt;sup>14</sup> The "Green Food" logo is in fact registered according China's Trademark Law as a Product Quality Certification Trademark, and can be used by farms and enterprises that cope with the standards set by the China Green Food Development Centre and have been authorized by the same.



Figure 1: the Green Food trademark according to the Handbook of Standard Use and Design of the China Green Food Trademark and Label.

To the original Green Food Standards (that later become known as "Standard A"<sup>15</sup>) was later placed side by side another, stricter, standard, called "Standard AA"<sup>16</sup>.

"Standard AA" for Green Food was introduced in 1995 due to the growing request of Green Food for export purposes, it was more stringent and less popular among enterprises and was usually picked only if the product was intended for foreign countries.

The "Standard AA" prohibited all synthetic pesticides and chemicals to be used in the production process, thus making it substantially equivalent to the standards of organic food.

This split of Green Food standards set the foundations for the progressive replacement of the stricter standard "AA" with organic certification and the progressive conformation of its monitoring and control practices to all major international standards for organic food.

The main focus of the monitoring activity, for both the seen standards (Green Food "A" and "AA"), was in fact the final product rather than the productive process. The CGFDC usually tested the products for chemical residues and grants the label if it complies with the limits specified in the handbook.

This way was gradually integrated for standard "AA" and then, in 2002, when China Green Food Development Centre achieved accreditation by IFOAM giving it the right to certify organic products, this stricter standard, no longer useful since it lost its surplus value, was gradually phased out, especially after the introduction of the China National Organic Product Standard in 2005.

Nevertheless, Green Food "AA" is still an available standard today and both Green Food "AA" and Green Food "A" are overseen by the China Green Food Development Centre.

So we can say that, in China, Organic Food is the natural consequence of Green Food, and live today somehow in the shadow of its "older brother".

Despite it has been disputed whether the monitoring of the Centre is effective, "Green Food" has sure enough been very successful.

In 2003 already more than 3.000 products were certified as "Green Food" and these products enjoyed a consistent share in the retail market, <sup>17</sup> by 2006 the products

<sup>&</sup>lt;sup>15</sup> Standard A is less strict and it allows the use of some synthetic agricultural chemicals.

<sup>&</sup>lt;sup>16</sup> Standard AA is stricter, even if also this standard allows the use of some synthetic agricultural chemicals, it allows that in smaller quantity. It is important to notice that this standard is, in some points, substantially equivalent to the Organic Food standard, and is even stricter for some aspects. It was designed to conform to all major international standards for organic food, including the IFOAM standards.

<sup>&</sup>lt;sup>17</sup> Scorzon A., Van der Meulen B. and Li Jiao (2014), Organics in Chinese Food Law, in *European Food and Feed Law Review*, 9(3): 179-186.

certified as "Green Food" were 12.868 and 4615 companies were as well certified with the "Green Food"  $\log o^{18}$ .

This voluntary certification "has been described as "one of the most successful eco-labelling programs in the world" (Giovannucci, 2005, p.12)"<sup>19</sup> and is important still today, even after the introduction and implementation of the Organic Food standard in China.

The "Green Food" logo is familiar to the Chinese consumer (because it is widespread since 1990s) and so its direct competitor, the "Organic Food" logo, struggles to gain market share and is, still today, used mostly for products intended for exportation in foreign countries.

A significant example of this strife for Organic Food is the abolition of the "certified organic-in-conversion" label after the implementation of the revised "Regulatory Measures on Organic Product Certification Management" effective from April 1, 2014. One of the reasons that led the Chinese government to remove the "conversion" label was indeed the presence of the "Green Food" logo, another well-known eco-label that was going to co-exist with the "Organic" logo, thus crowding the reference market and arguably confusing the costumers.

Another evidence of the success of the *lüse shipin* is the fact that some foreign countries have started to ask for this labelling for their product intended for exportation in China.

In 2007, The Canadian Wheat Board (CWB) claimed that it had achieved the green food logo for barley exported in China and declared that it "is honoured to receive this respected and sought-after designation on its malting barley exports"<sup>20</sup>. After that also Australia has achieved Green Food certification for barley and whey exports to China.

#### 3.1 Other eco-standards in China

Before taking into account the Organic certification, it is important to take a brief overlook to another local eco-certification effective in the PRC: the so called "Pollution-free Food" (无公害, *wugonghai*). This is not a voluntary certification but rather a mandatory standard for producers, with less stringent regulation on the residue limits of fertilisers, pesticides, drugs, heavy metals and other chemicals.

It is intended to gradually become the basic standard for agricultural production in China and was introduced first in 2002 as a voluntary standard. It became mandatory in 2006 after many food safety related incidents had compromised the trust of Chinese consumers in Chinese food, and entail and trade restrictions had been imposed by other countries.

By the end of 2007, 24% of China arable land used for crop and plant production has been certified as *wugonghai*.<sup>21</sup>

<sup>&</sup>lt;sup>18</sup> Sternfeld E. (2009), Organic Food "Made in China", in *Hintergrund informationen*, 10(2009): 1-11.

<sup>&</sup>lt;sup>19</sup> Paull J. (2008), Green Food in China, in *Elementals - Journal of Bio-Dynamics Tasmania*, 91(2008): 48-53.

 $<sup>^{20}</sup>$  Ibidem.

<sup>&</sup>lt;sup>21</sup> Sternfeld E. (2009), Organic Food "Made in China", in *Hintergrund informationen*, 10(2009): 1-11.

### 4. Organic Food in China: 有机食品 (youji shipin)

Despite Organic agriculture in China started at once with the "Green" Food introduction in the 1990s (the tea from Lin'an county of Zhejiang Province was the first certified organic product to be exported from China) we had to wait many years before Chinese government enacted regulations on the subject.

The implementation of the Administrative Measures for Organic Product Certification dates back only to 2005 (Order No. 67 by China State Administration of Quality Supervision, Inspection and Quarantine) and its corresponding national standard for Organic Products was enacted the same year (GB/T 19630.1-19630.4-2005).

It was from 2005 then that organic food had to be sold in the Chinese mainland market under a unique, government authorized, Chinese organic certification label.

After some years, in 2012, was set a new standard (GB/T19630-2011), which implementing rules became effective on the 1st of March 2012.

This renewed standard brought some major changes in the Organic Food certification and monitoring, such as a zero-tolerance policy towards certain residues, the introduction of a numeric code on the label to safeguard its traceability and the introduction of stricter standards to lower the cropping pressure, especially on rice.

After that was also enacted an operative ruling about the "Regulatory Measures on Organic Product Certification Management", effective from April 1, 2014, that abolished the "Conversion to Organic" label due to its misuse by some producers that could confuse the public, given also the already crowded scenario of ecolabelling in the country.

Since the 1<sup>st</sup> of April 2014, then, there is only one organic label for all of China and for all categories of products, which is the one shown here by:



Figure 2: the Organic certification seal according to Article 32 of the Regulatory Measures on Organic Product Certification Management effective from April 1, 2014.

Organic Food introduction in China was not only intended for export purposes, but it was also meant to be the response to the basic issue about its competitor Green Food: the frequent coincidence of the controller and the controlled.

In fact, the China Green Food Development Centre (appointed of the supervision of the Green Food certification) is established and controlled by the Ministry of Agriculture and, many of the "green" food certified businesses, are state owned.

This overlap jeopardizes the appeal of the Green Food label even for Chinese consumers.

It has been shown that consumers have greater trust in independent third-party certification bodies and, Organic Food, with an international and independent certificatory, was arguably adequate to gain the trust of the Chinese consumer.

An Organic label could indeed be an effective means for manufacturers to provide information about food quality to its consumers.

For this reason, in 1994 the State Environmental Protection Administration (SEPA) set the Organic Food Development Centre (OFDC), within the Nanjing Institute of Environmental Science.

After several years the Organic Food Development Centre (mostly thanks to the help of the German development agency GTZ that worked side by side with the Chinese Centre from 1997 to 2003) qualified in 2002 to become the first Chinese organic certifier accredited by the International Federation of Organic Agricultural Movements (IFOAM).

After that the Chinese government ruled the certification in 2005 with the seen Administrative Measures.

Although its enhanced reliability, the Organic Food certification had a hard time against the Green Food certification due to its higher price-tag.

Until now Organic businesses have indeed struggled to gather a significant market share, and the certification attracts three main forms of businesses:

- State owned: where the "organic production represents only a very small part of their overall business, but gives them a higher profile market presence"<sup>22</sup>;

– Private Chinese: that "usually have a mixed production, conventional and organic. Their major markets cover domestic and export depending on the product"<sup>23</sup>, were the organic product is usually intended for exportation.

– Private international: that are "set up by foreign investors targeting precise demands from internal and external markets."<sup>24</sup>

The main focus for Organic producers are, therefore, exportation and the niche constituted by the consumptions of the emerging upper class in the Chinese peak metropolis, like Beijing and Shanghai.

Another problem of the Organic certification (this time we are talking about an issue that also the Green Food certification shares) is the intricacy of the monitoring.

Under the current organic regulations and standards, food products cannot be called organic unless they are certified by a Chinese certification body.

The authority responsible for organization, implementation, supervision, and comprehensive coordination of domestic organic product certification activities is the Certification and Accreditation Administration of the People's Republic of China (CNCA).

Although, the monitoring is split into three different levels.

At the top level, we have the CNCA, at the midrange level, we have the quality and technical supervision departments of local governments and the entry-exit inspection and quarantine agencies, which are responsible for supervision, administration and law enforcement investigation for organic product certification activities within their jurisdiction, and at the bottom level we have the individual

<sup>&</sup>lt;sup>22</sup> Scorzon A., Van der Meulen B. and Li Jiao (2014), Organics in Chinese Food Law, in *European Food and Feed Law Review*, 9(3): 179-186.

<sup>&</sup>lt;sup>23</sup> Ibidem.

<sup>&</sup>lt;sup>24</sup> Ibidem.

certification bodies, that carry out the inspections and keep the records to ensure traceability.

This partition of the monitoring activities gives rise to severe issues about the coordination of the authorities and the effectiveness of the control chain.

Despite these problems, Organic agriculture in China is a market in a continuous expansion and there is an increasing share of Chinese consumers that is willing to pay more for food labelled as Organic, valuing its international validation and credit.

This standard, if followed by an effective and transparent enforcement, could arguably be able to build trust in Chinese consumers.

# 5. The present coexistence of Green Food and Organic Food and their future perspectives

In 2007 China had a total of 122 million agricultural hectares, of these 10 million hectares (8.2%) were certified Green Food, and 3 million hectares (2.5%) were certified Organic.<sup>25</sup>

The importance of the sustainable agriculture in China is therefore clear. We are dealing with a comprehensive agricultural production system intended to a coordinated development of environment and economy, rooted in the success of various practices of sustainable agricultural productions and on Chinese traditional organic agriculture (that was based on "rational crop rotations, interplanting, fine and intensive cultivation and cultivating the land with organic fertilizers"<sup>26</sup>).

• It is also important to note that the Chinese organic field is strongly organized and directed by the government, so "the pattern of China's modern eco-agriculture is a "big agriculture" with a rational distribution of planting, feeding and processing overall planned."<sup>27</sup>

These policies are acknowledged by Chinese consumers, since the majority of them are willing to pay more money for organic food than for conventional food, researches have shown that: "The average willingness to pay (WTP) for organic food is 135.3% greater than that for conventional food, which is close to the research result obtained in European countries".<sup>28</sup>

Other studies have found that the reasons for the choice of Organic Food in China are as follows:

• "Health is the main motive for choosing organic products and the main loss associated to products that are locally and conventionally produced.

• Conversely, price is the main barrier for choosing organic products and the main benefit associated to products that are locally and conventionally produced.

<sup>&</sup>lt;sup>25</sup> Paull J. (2008), Green Food in China, in *Elementals - Journal of Bio-Dynamics Tasmania*, 91(2008): 48-53.

<sup>&</sup>lt;sup>26</sup> V.A. (1996), China's Greenfood Development and Environmental Protection, Research Report prepared for the China Council for International Cooperation on Environment and Development Working Group on Trade and Environment http://www.iisd.org/pdf/greenfood.pdf.

<sup>&</sup>lt;sup>27</sup> Ibidem.

<sup>&</sup>lt;sup>28</sup> Shijiu Yin, LinhaiWu, Lili Du and Mo Chen (2010), Consumers' purchase intention of organic food in China, in *Journal of the Science of Food and Agriculture*, 90(2010): 1361–1367.

• Environmental concerns are emerging altruistic motives, even if Food miles are not spontaneously evoked by consumers

• Other altruistic concerns such as support for local organic producers are quite absent.

- The question of trust is a major question related to organic food."<sup>29</sup>
- Opportunities in the field are therefore linked to three main elements:

(1) the economic growth, since the improvement of people's living standards in China expands the market for Organic and Green Food;

(2) the increasing awareness of the Chinese consumer about environmental problems and health concerns;

(3) the improvement of the level of trust among consumers towards organic and green businesses.

- (1) Especially with regard to the third seen point, the further development and enforcement of the regulations about eco-labels in China is fundamental.
- Although these green standards face many complex challenges, the most problematic one is in fact directly linked with issues in monitoring the quality of eco-labelling.

These quality products can spread out and justify their being costly only if they are reliable. This trustworthiness is seriously compromised by food safety scandals that involve organic food.

In July 2008, the Whole Foods supermarket chain (a retail company in the U.S. specialised in organic food) that had been selling powdered ginger produced in China, which was labelled as organic food, but when tested was found to contain the banned pesticide Aldicarb.<sup>30</sup>

The ginger had been mistakenly certified organic by the U.S. certification body because it relied on the Chinese certifiers.

This incident raised questions about the reliability of Chinese organic products because, under Chinese law, foreigners may not inspect Chinese farms.

According to USDA out of 23 cases of fraudulent organic certificates found in the U.S. between February of 2011 and June of 2013, nine involved Chinese companies.<sup>31</sup>

These problems could seriously threaten the development of Chinese ecoagriculture, it is therefore pivotal that the government will begin to enforce severe, comprehensive and coordinated set of controls about organic certifications.

The specific problems about eco-label adds up to the issues of China's food regulatory regime that still remains fragmented.

Since various government authorities participates in the supervision and monitoring of food safety, the target of an efficient coordination is still far.

Another problem is related to the high cost of monitoring.

<sup>&</sup>lt;sup>29</sup> Sirieix L., Kledal P. R. and Tursinbek Sulitang (2011), Organic food consumers' trade-offs between local or imported, conventional or organic products: a qualitative study in Shanghai, in *International Journal of Consumer Studies*, 35(2011): 670–678.

<sup>&</sup>lt;sup>30</sup> Source: http://www.theepochtimes.com/n3/1612468-5-reasons-you-shouldnt-trust-organic-from-china/ last accessed in April 2016.

<sup>&</sup>lt;sup>31</sup> Ibidem.

In China, thorough monitoring of food product safety and quality is particularly costly because of the large number of small production points involved which are also more likely to practice sub-standard operation.

It has been marked that: "Small-scale family workshops employing fewer than ten employees were said to represent 70-77% of market share in China, not to mention the co-existence of many unregistered informal producers."<sup>32</sup>.

Given these problems the preferential treatment for the "Green" Food label in China seem short-sighted.

It is understandable that the Chinese government, that has orchestrated from the beginning the Green Food program, is interested in subsidise this eco-label rather than the international Organic one, but this practice over the long term could cause major problems.

From one side investigations based on random samplings of the final product are ineffective, and could lead to serious food safety incidents, from the other side high production costs and a limited domestic market make it difficult to survive for organic producers, especially given the fact that there are no or only limited governmental subsidies.

A small survey conducted by Matthias Meyer in June 2007 in Haidian District, Beijing Municipality showed: "that the majority of consumers had only a vague idea or none at all of the concept of organic food. When asked if labels such as "Organic Food", "Green Food", "Ecological Food", "Pollution Free Food" or "Natural Food" sounded appealing or unappealing to them, the majority of respondents rated "Natural food" (which is not a registered label) as most appealing (60%), followed by "Green food" (48%) and "Organic food" (43%). A surprising 17% rated "Organic food" as the most unappealing label of all."<sup>33</sup>

This research clearly shows the biggest challenge that organic businesses are facing, that is the need to improve their domestic consumer market.

So far, the domestic consumer market remains, in fact, poorly informed about organic produce and is sceptical of its certification.<sup>34</sup>

If the government were to decide to invest in Organic Food, the situation would be profitable also for the "Green" Food labelled businesses, because the Organic certification could be a consequent follow-up to the "Green" Food one.

Most of the companies certified as 'Green Food' production had indeed a suitable foundation to develop organic production.

A progressive focus toward Organic Food could lead to increasing market opportunities and export opportunities, with the synergistic effect of a cleaner environment.

This development surely goes through a more efficient, coordinated and transparent set of controls, where foreign certification bodies are allowed to inspect Chinese organic farms.

<sup>&</sup>lt;sup>32</sup> The data refers to the year 2008. Source: Chung Shan-shan and Wong Chris K.C. (2012), Regulatory and Policy Control on Food Safety in China, in *Journal of Epidemiology and Community Health*, DEC 12: 2-8.

<sup>&</sup>lt;sup>33</sup> Sternfeld E. (2009), Organic Food "Made in China", in *Hintergrund informationen*, 10(2009): 1-11.

<sup>&</sup>lt;sup>34</sup> Source: <u>http://www.chinafile.com/media/china-organic-food-gaining-ground</u> last accessed on October 2016.

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