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**Report Highlights:**

China's apple and pear production is expected to drop by 11 percent and 5 percent, respectively, on year to 41 MMT and 17.85 MMT in MY 2022/23, because of weather abnormalities and farmers reducing acreage of bearing trees. Table grape production is estimated to continue increasing by 5 percent to 12.6 MMT on improved crop management. Apple imports will likely rebound strongly due to consumer demand for new varieties developed by major suppliers. Table grape imports will further decline because of the improved quantity and quality of domestic supplies.

## APPLES

**TABLE 1. CHINA: PRODUCTION, SUPPLY AND DISTRIBUTION FOR APPLES**

Apples, Fresh	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jul 2020		Jul 2021		Jul 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1990000	1990000	1980000	1975350	0	1935000
Area Harvested	0	0	0	1970	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	44066000	44066000	45000000	45973400	0	41000000
Non-Comm. Production	0	0	0	0	0	0
Production	44066000	44066000	45000000	45973400	0	41000000
Imports	68300	68300	65000	74600	0	100000
Total Supply	44134300	44134300	45065000	46048000	0	41100000
Domestic Consumption	43032700	43032700	44035000	45051000	0	40300000
Exports	1101600	1101600	1030000	997000	0	800000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	44134300	44134300	45065000	46048000	0	41100000

\*For processing is no longer part of the total distribution but is available for historical data.

Unit: hectare (HA), metric ton (MT). **NOT OFFICIAL USDA DATA**

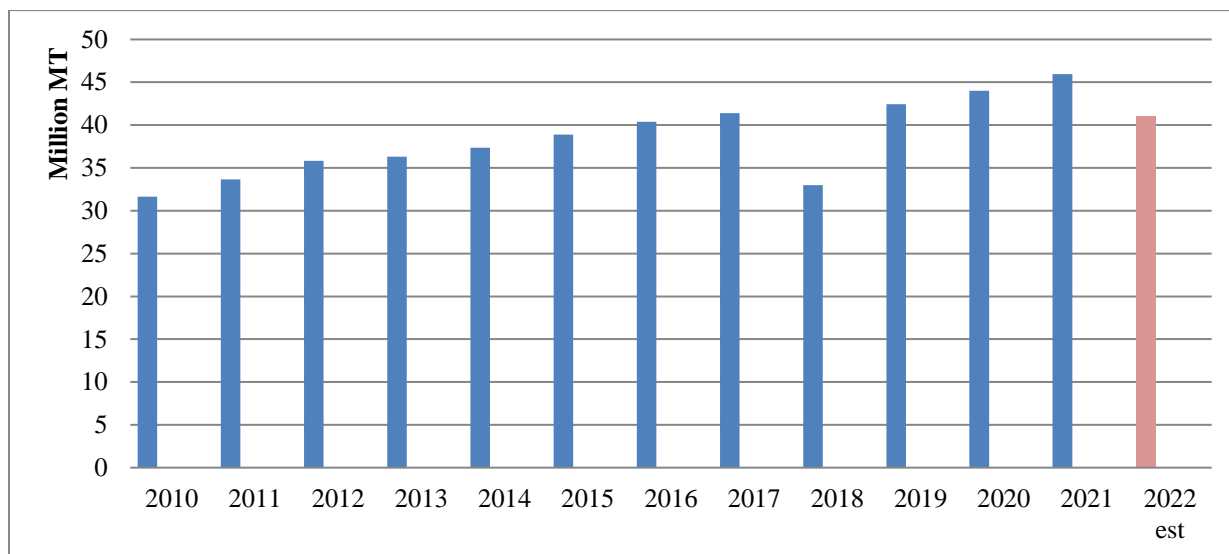
### PRODUCTION

China's apple production is estimated at 41 million metric tons (MMT) in marketing year (MY) 2022/23 (July-June), a decrease of 11 percent from the revised Post estimate of 46 MMT for MY 2021/22.

Weather abnormalities reduced apple production, according to industry sources. For example, in the two largest apple producing provinces of Shaanxi and Shandong, high temperatures during the bloom period reduced fruit setting. Additionally, many apple farmers in western production areas, including Shaanxi and Gansu provinces, are reportedly cutting down apple trees because of poor market returns and apple acreage is reduced accordingly. Industry reports note that the removal of apple trees by fruit farmers has also occurred in northern apple-producing provinces such as Hebei, Henan, and Shandong, over the past two years. Reports indicate that some older apple trees, in northern Shaanxi for example, have been removed and replaced with new apple varieties. These new plantings have not started bearing fruit.

Apple farmers report that in MY 2022/23 fruit size is generally bigger and looks better compared to last year due to trees bearing less fruit and fewer pest and disease issues.

**Chart 1. China Apple Production**



Source: National Bureau of Statistics (NBS), FAS Beijing

Apple acreage is forecast at 1,935,000 hectares in MY 2022/23, down 2 percent from the Post revised acreage of 1,975,350 hectares in MY 2021/22. In addition to low market returns on apples, many fruit farmers are aging and unable to manage their orchards. Post learned during a crop tour to Weihai, Shandong province that the minimum age of fruit farmers in this region is 60 years old. Apple farming requires extensive physical labor. In China, farmers individually bag each apple on a tree to avoid damage to the fruit and reduce pesticide exposure to fruit. The owner of a large apple orchard in Weihai told Post that labor costs currently account for nearly half of total production costs.

It is also reported that some farmers in traditional production areas have substituted their apple crop with grain crops, such as corn. Under the national food security policy, the government of the People's Republic of China (PRC) now discourages farmers from expanding fruit orchards and encourages farmers to produce grain. According to an apple grower with 500 mu (33 hectares) of contracted land in Weihai, the local government had previously provided subsidies to individuals or private companies to consolidate apple farms through land transfer. These subsidies are no longer provided.

## Image 1. China: Apple Growing Provinces



Source: China Statistical Yearbook (2021 data)

Brown = 20% or more of total Chinese production (Shaanxi and Shandong)

Gray = 5% to 10% (Gansu, Shanxi, Henan, Liaoning, Hebei)

Private companies, as well as some large producers in traditional apple production areas, have invested in new apple varieties that were developed by Chinese universities or introduced from other countries. These new varieties will provide consumers with more choices in a market dominated by Fuji apples.

Currently, more than 75 percent of domestic apples are Fuji varieties which have been planted for more than 40 years. Most apples, including the new varieties, are harvested in October, early ripening varieties such as Gala, which enter the market in July, are limited. Given the high cost and shortage of labor, most private companies adopt modern production models such as dense planting with wide row distances that allow for machine operation in orchards. Industry sources note that apple production will gradually move away from bagging.

## Image 2. China: Select Examples of New Apple Varieties



Venus Gold



Wanglin



Ruixianghong



Ruixue

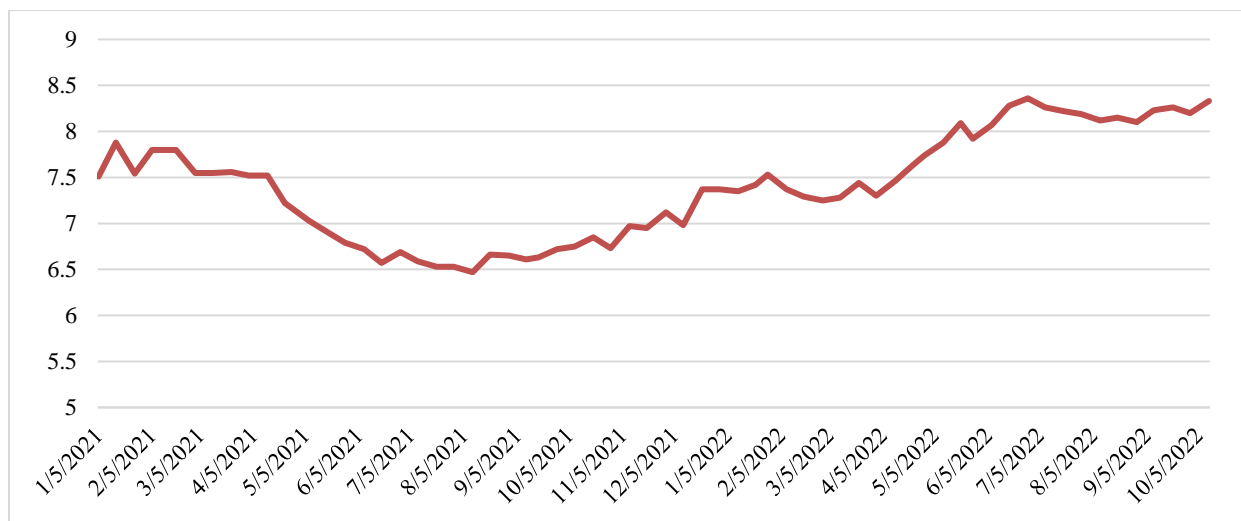
## PRICES

When Fuji apple harvest season started in early October 2022, the average farm gate price was quoted at RMB 7.38 (U.S. \$1.03) per kilogram (8 cm in diameter or larger), an increase of nearly 22 percent in price from the same period last year, according to data released by the China Fruit Marketing Association (CFMA). The increased purchase price was a reaction to the forecast reduction in supplies and improved fruit quality. Fruit traders remain cautious about whether the high price will continue given the current economic slowdown. The price of apples will also depend on how much volume is put into storage.

In MY 2021/22, apple production reached historic highs, but the quality was relatively poor. As a result, apple prices were quite low when large quantities of apples were harvested in October 2021. Both traders and farmers were not active in storing apples. When apple stocks became low in early April 2022, apple prices rose and have since stayed at those high levels. In April 2022, COVID-19 lockdowns and restrictions were enforced across China, including Shanghai. As the lockdown policy persisted,

residents started to store fruit with a long shelf life. As a result, stocks of apples and pears quickly went down (see Chart 2 below).

**Chart 2. China: Wholesale price Fuji Apples (RMB/KG)**



Source: China Fruit Marketing Association (CFMA)

## CONSUMPTION

Fruit consumption has continued to increase due to improved supplies and an extended season. The PRC's Statistical Yearbook reported that per capita consumption of fresh fruit and melons was 55.5 kilograms in 2021, an increase of 8 percent from the previous year. Fruit supplies and fruit varieties, including imported ones, are important factors in the growth of domestic fruit consumption. Additionally, Chinese consumers are more demanding about fruit characteristics, especially taste (sweetness and flavor) and freshness.

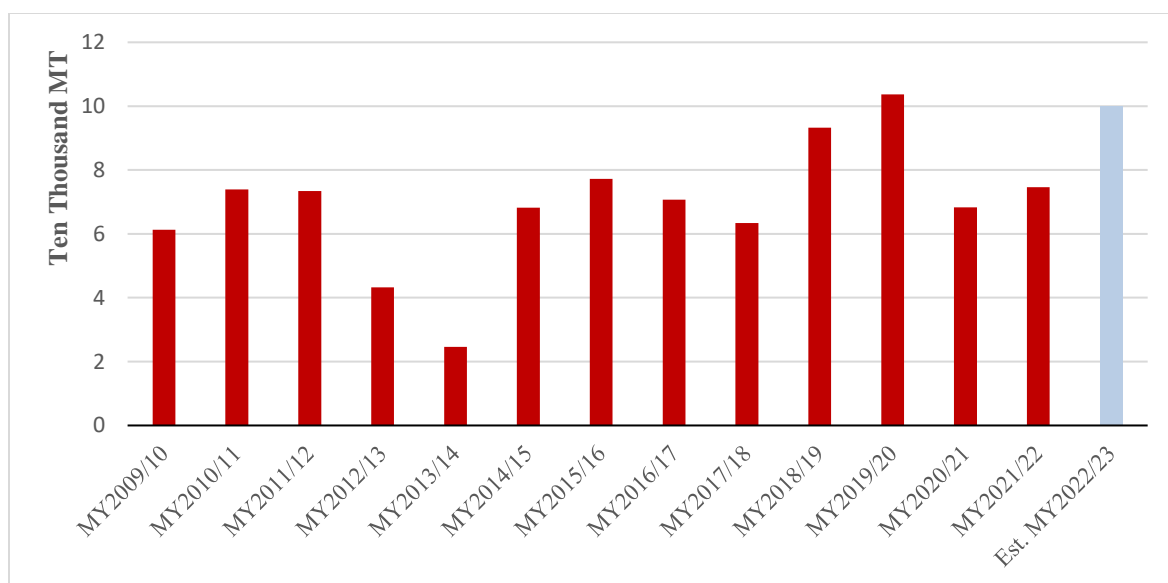
Chinese consumers are losing interest in Fuji apples, which have dominated domestic apple production for decades. The lack of new varieties has limited consumption growth of domestic apples. In addition, apples face competition from other fruit, such as citrus fruit as domestic production and varieties improve. Citrus has overtaken apples to become the number one fruit, by volume, consumed in China. For more information see FAS Citrus GAIN report [CH2021-0167](#).

## TRADE

### *Imports*

MY 2022/23 (July-June) apple imports are expected to increase by 35 percent to 100,000 MT. New Zealand, the largest apple supplier, has developed several new varieties targeting the China market. And South Africa, the second largest supplier has increased its marketing efforts to promote high-quality apples at competitive prices. Apple imports from the United States are expected to decline due to reduced supplies and retaliatory tariffs (see **Policy** section at the end of the report). Relative to domestic production, China's apple imports are marginal. Imported apples serve to satisfy consumer demand for new flavors (varieties) and/or as a premium quality product (refer to the comprehensive **Marketing** section, at the end of the report, for additional information).

**Chart 3. China: Apple Imports by Marketing Year (July to June)**



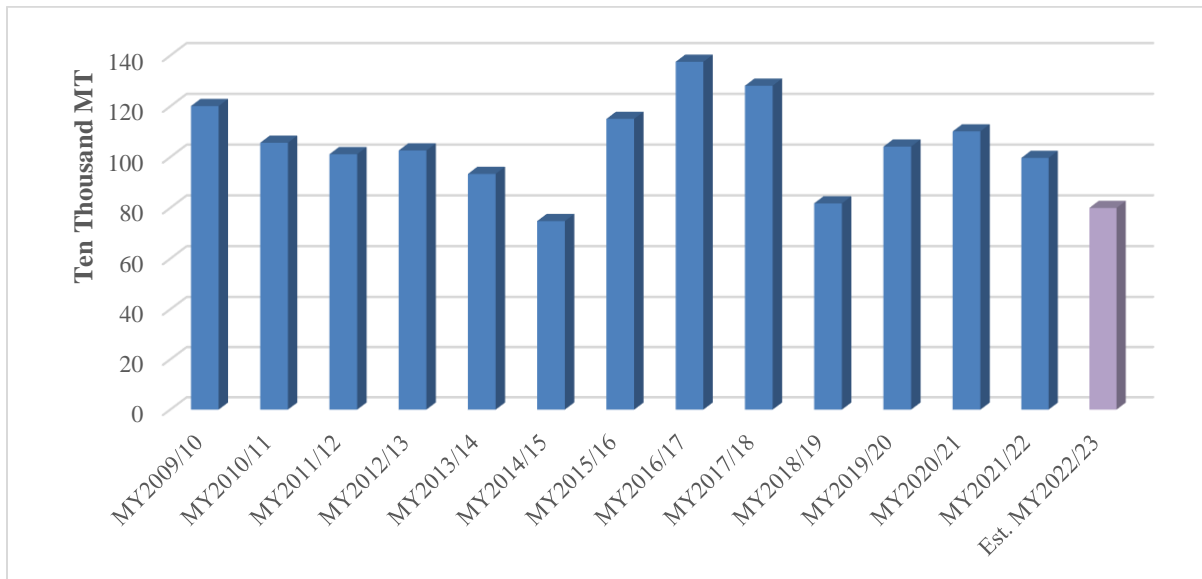
Source: China Customs

### *Exports*

Apple exports are expected to decline by 20 percent to 800,000 MT in MY 2022/23, largely because of reduced demand in the global economy. Reduced domestic production may increase export prices, making price-sensitive buyers, mostly in South and Southeast Asia, hesitant to place orders.



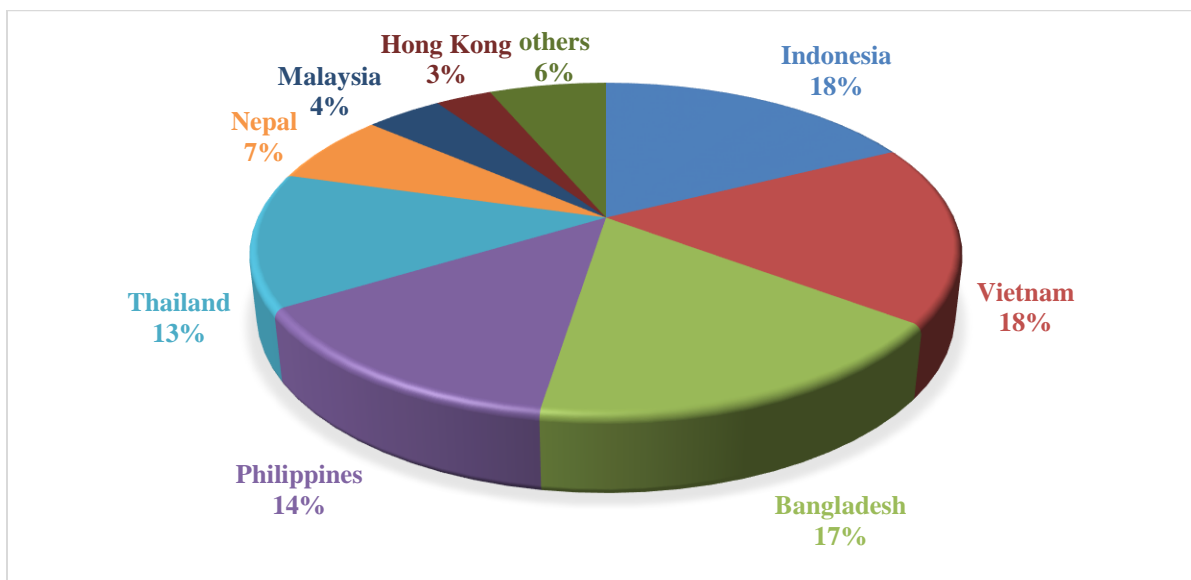
**Chart 4. China: Apple Exports**



Source: China Customs

More than 90 percent of Chinese apple exports go to countries of the Association of Southeast Asian Nations (ASEAN) and to South Asian countries (see Chart 5 below).

**Chart 5. China: Apple Exports by Country (MY 2021/22)**



Source: China Customs



## PEARS

**TABLE 2. CHINA: PRODUCTION, SUPPLY AND DISTRIBUTION FOR PEARS**

Pears, Fresh	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jul 2020		Jul 2021		Jul 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	940000	966760	938000	921610	0	900000
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	16500000	17815000	18000000	18876000	0	17850000
Non-Comm. Production	0	0	0	0	0	0
Production	16500000	17815000	18000000	18876000	0	17850000
Imports	10100	10100	10000	10600	0	12000
Total Supply	16510100	17825100	18010000	18886600	0	17862000
Domestic Consumption	16029700	17344700	17510000	18404600	0	17442000
Exports	480400	480400	500000	482000	0	420000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	16510100	17825100	18010000	18886600	0	17862000

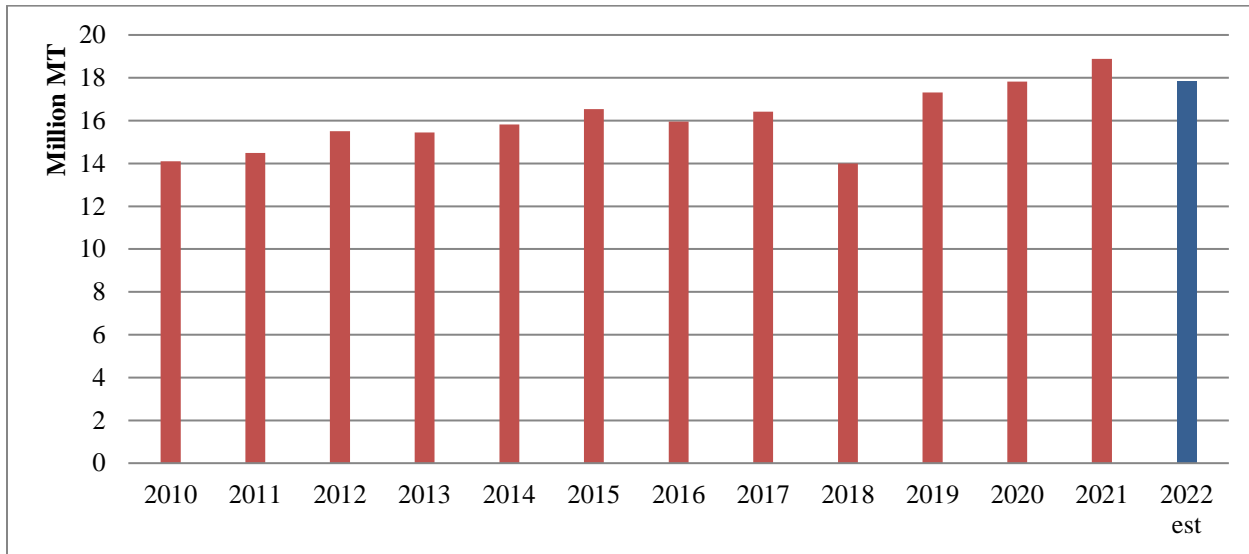
Unit: hectare (HA), metric ton (MT); **NOT OFFICIAL USDA DATA**

### PRODUCTION

China's MY 2022/23 pear production is estimated at 17.85 MMT, a decrease of more than 5 percent, mainly because of reduced supplies in key producing provinces. A severe frost during fruit setting in April 2022 is expected to cut pear production dramatically in Zhaoxian, Hebei one of the major pear-producing counties in China. In addition, farmers in several producing counties in Hebei have cut down aging pear trees due to poor market returns. These factors may lead to a 10 percent decline in pear production in Hebei province, which accounts for nearly 20 percent of China's pear production.

Pear production in the Xinjiang Uygur Autonomous Region (Xinjiang), the second largest pear producing province in China, is expected to fall by nearly 30 percent due to high temperatures in the summer months that seriously impacted fruit setting in major production areas including Korla and Aksu. However, farmers have reported bigger and sweeter Fragrant pears in Xinjiang this year. Post has revised estimated MY 2021/22 pear production on official data.

**Chart 6. China: Pear Production**



Source: National Bureau of Statistics (NBS), FAS Beijing

Pear acreage is forecast at 900,000 hectares in MY 2022/23, down 2 percent from Post’s revised MY 2021/22 crop area. Low profit margins, coupled with an aging labor force, have caused farmers in traditional producing regions such as Hebei and Henan to reduce pear area.

Fruit farmers who decide to give up fruit production are encouraged by the local government to convert their orchards to grain fields, according to industry sources. Grain security remains the top priority for the national government, as repeatedly stated by the top leaders. Hebei and Henan provinces, with relatively flat land, are two key grain producers in China. Nearly all provinces (municipalities) produce pears, but production volume is driven by 9 provinces (see Image 3 below). Post has reduced estimated MY 2021/22 crop area in line with NBS statistics.

**Image 3. China: Pear Growing Provinces**



Source: China Statistical Yearbook (2021 data)

Orange = 10% to 20% of total Chinese production (Hebei)

Yellow = 5% to 10% (Xinjiang, Henan, Liaoning, Anhui, Shandong, Shanxi, Shaanxi, Sichuan)

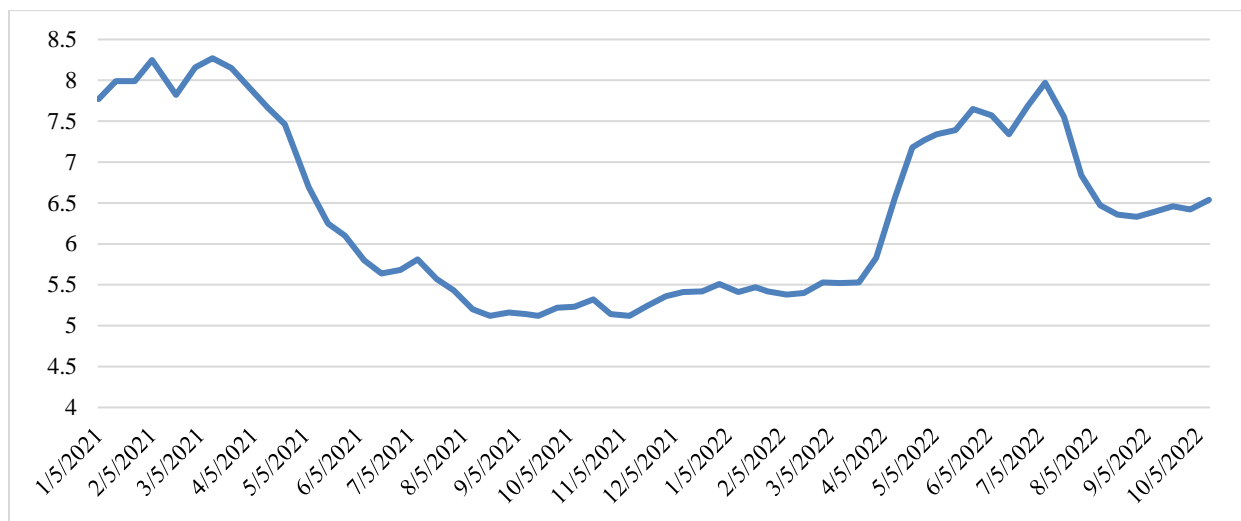
Numerous pear varieties, mostly within the Asian pear family, are planted across China. Many specialty pears, such as Nanguo pears (Liaoning), Jingbai pears (Beijing), and Laiyang pears (Shandong) are generally consumed locally. Other specialty pears, such as Fragrant pears (Xinjiang) and Su pears (Anhui) are consumed across China. Currently, around a dozen pear varieties are commercially produced in China, including Huangguan pears, Fengshui pears, and Jade pears. Qiuyue pears and Yuluxiang pears are some of the newly developed varieties that have caught the consumers' attention. Market share of some traditional varieties such as Snowflake pears and Ya pears are declining.

## **PRICES**

When Huangguan pears started to supply the market in mid-July 2022, the average procurement price was quoted at RMB 5.09 (U.S. \$0.71) per kilogram, nearly double the same period last year, according to CFMA. Although the price dropped by 35 percent to RMB 3.9 (U.S. \$0.54) per kilogram in late August, it remains high. The price increase was largely due to significant reductions in supply in Hebei, the main producer of these pears. The procurement prices for other pear varieties were quoted 30-60 percent higher from the previous year. Like apples, pear prices soared in early April 2022 as consumers stocked up on fruit during widescale COVID-19 lockdowns, leading to lower stocks for fruit sellers. However, industry sources are not certain whether high pear prices will continue for the remainder of

this marketing year due to the economic situation. (Note: Huangguan pears are the most consumed pears and are available year-round, so its price is used as a reference by Post.)

**Chart 7. China: Wholesale Price *Huangguan* Pears (RMB/KG)**



Source: CFMA

## CONSUMPTION

Like apples, pear production and supplies have grown dramatically over the last few years. Consumer demand has shifted to new varieties, such as Qiuyue pears, from traditional varieties. Generally, Chinese consumers prefer sweet, juicy, and crunchy Asian variety pears.

## TRADE

### *Imports*

China's MY 2022/23 (July-June) pear imports are estimated at 12,000 MT, an increase of 20 percent from prior year levels. Imports are expected to increase after the General Administration of Customs of the People's Republic of China (GACC) granted market access to South Africa in December 2021 (see **Policy**). Pear imports from Belgium and Chile, the two largest suppliers to China, will likely remain stable. China imports limited quantities of pears, mostly western varieties, to accommodate niche markets.

## GRAPES

**TABLE 3: CHINA: PRODUCTION, SUPPLY AND DISTRIBUTION FOR TABLE GRAPES**

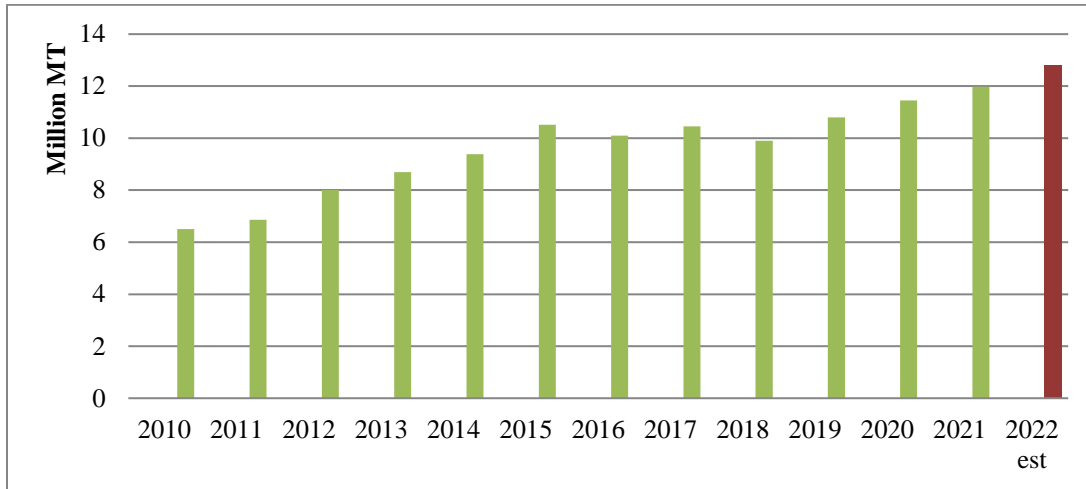
Grapes, Fresh Table	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jun 2020		Jun 2021		Jun 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	728000	728000	733000	730000	0	730000
Area Harvested	0	0	0	0	0	0
Commercial Production	10900000	11450000	11200000	11980000	0	12600000
Non-Comm. Production	0	0	0	0	0	0
Production	10900000	11450000	11200000	11980000	0	12600000
Imports	193800	193800	185000	181000	0	165000
Total Supply	11093800	11643800	11385000	12161000	0	12765000
Fresh Dom. Consumption	10665400	11215400	11035000	11810200	0	12375000
Exports	428400	428400	350000	350800	0	390000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	11093800	11643800	11385000	12161000	0	12765000

Unit: hectare (HA), metric ton (MT); **NOT OFFICIAL USDA DATA**

### PRODUCTION

China's table grape production is forecast to increase by nearly 5 percent to 12.6 MMT in MY 2022/23 (June-May). Grape production volumes in northern China were not affected by the summer drought, which occurred in the middle and lower reaches of the Yangtze River during the summer of 2022. China's total grape production (by volume) is expected to increase moderately in MY 2022/23. But the dry weather does appear to have improved the quality of the grapes, as traders reported that table grapes are sweeter this year. The production and quality of Chinese table grapes is expected to increase in the next few years as farming techniques improve, based on an industry report. Post has revised production numbers for MY 2020/21 and MY 2021/22 in accordance with industry estimates.

**Chart 8. China: Table Grape Production**



Source: FAS Beijing

Grape acreage, which is estimated at 730,000 hectares in MY 2022/23, will remain stable. Grape production is shifting from traditional areas such as Shandong to southern provinces, such as Yunnan - where production is expanding due to investments in grape breeding, cultivation, and vineyard management for high value varieties (see Image 4 below).

Government policies focused on grain security are encouraging farmers to convert fruit crops, especially on flat farmlands, to grain crops. However, these policies are unlikely to affect grape expansion in Yunnan as this is not a typical area for grain crops and the area is characterized as mountainous.

**Image 4. China: Grape Growing Provinces**



Source: China Statistical Yearbook (2021 data)

Purple = 20% or more of Chinese production (Xinjiang)

Gray = 5% to 10% (Hebei, Shandong, Yunnan, Henan, Shaanxi, Zhejiang, Liaoning)

Grape producers have been quicker to respond to consumer demand for new varieties than apple and pear producers. Traditional varieties, including Red Globe, Kyoho, and Muscat, still dominate the market. However, the share of seedless varieties such as Flame Seedless and Crimson Seedless is increasing and production of Shine Muscat has begun in almost all production areas. Additionally, cultivation techniques such as crop ripening and rain sheltering have reshaped the landscape of grape production in China.

Yunnan province is considered a pioneer in growing new varieties including Shine Muscat and is actively planting other new varieties, including Queen Nina. New varieties such as Queen Nina, when first introduced, are considered premium products. Cultivation of such new varieties requires tremendous investment and specialized technical expertise that most farmers cannot afford. For example, as the production of Shine Muscat expanded across China the overall volume of production grew tremendously. However, without the appropriate capital investments or technical expertise the quality of Shine Muscat grapes declined, causing the overall market price for this variety to drop.

## **PRICES**

The price of grapes (MY 2022/23) has benefited from generally higher fruit prices. For example, Kyoho grapes were priced at RMB 8.55 (U.S. \$1.19) per kilogram at the end of July 2022, which was an



increase of around 20 percent from the previous year, according to CFMA data. Higher grape prices were also attributed to sweeter grapes. The price of Shine Muscat, the most popular table variety on the market, continued to drop as a result of market saturation. When Shine Muscat was first produced in Yunnan, the retail price was as high as RMB 600 (U.S. \$83) per kilogram. Now, it is priced at around RMB 20 (U.S. \$2.80) at retail stores. However, the price varies significantly based on the quality of the grapes.

## **CONSUMPTION**

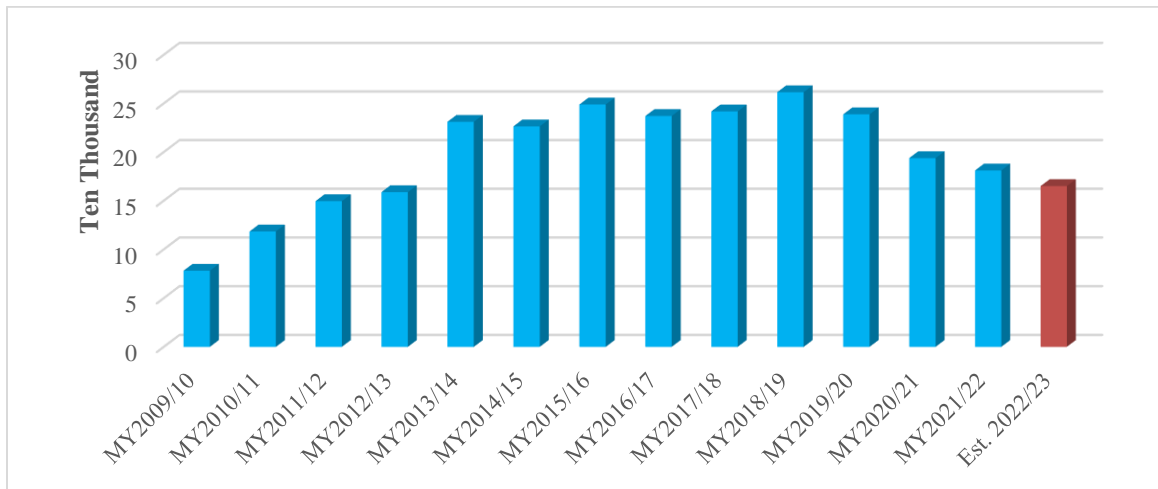
Domestic consumption of table grapes will likely continue increasing in the near term, largely because of improved quality, increased number of grape varieties, and an extended supply season. Chinese consumers prefer seedless, firm, and sweet grapes with large size and thin skin. Green grapes are gaining popularity.

## **TRADE**

### *Imports*

China's imports of table grapes are expected to continue declining by 9 percent to 165,000 MT in MY 2022/23 (June-May). In addition to increased domestic supplies, the quality, and varieties of Chinese table grapes has improved significantly in recent years. The adoption of new cultivation technologies and greenhouse production has effectively extended the supply season in China. Therefore, China's demand for imported grapes has dropped. Even counter-seasonal imported table grapes from China's dominant suppliers in southern hemisphere countries such as Chile, Peru, and South Africa, are expected to decline.

**Chart 9. China: Table Grape Imports Marketing Year (June to May)**

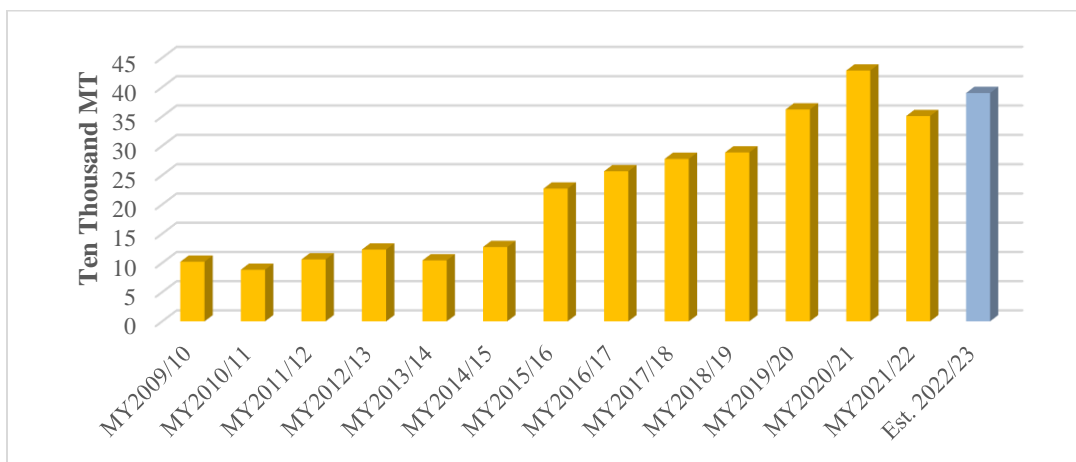


Source: China Customs

*Exports*

Table grape exports are expected to rebound by 11 percent to 390,000 MT in MY 2022/23, in anticipation of improved logistics. Outbreaks of COVID-19 and related control measures have occasionally disrupted trade with ASEAN countries, the main export markets for Chinese grapes. As a result, grape exports dropped by nearly 20 percent in MY 2021/22. Chinese grape exports to southeast and south Asian countries have quickly increased over the past few years due to improvements in supply and quality (see Chart 10 below).

**Chart 10. China Table Grape Exports**



Source: China Customs

## POLICY

### *China's COVID-19 Testing and Disinfection Measures*

In MY 2022/23, cold chain products, including fruit imports, could face continued disruption. On November 8, 2020, the State Council Task Force on Prevention and Control of COVID-19 issued a work plan for preventive disinfection of imported cold chain food. At the end of July 2021, local and provincial governments reacted to new COVID-19 outbreaks by implementing heightened inspections and/or testing for imported food, cold-chain products, port workers, and truck drivers.

Importers should be aware of China's COVID-19 testing and disinfection measures (see GAIN report [CH2022-0022](#)). These measures require adaptations by importers, ports and clearing officials - likely increasing costs and delays for imported products.

### *China's Retaliatory Section 232 and Section 301 tariffs*

The tariff exclusion process put in place by the State Council Tariff Commission (SCTC) in March 2020 (see GAIN report [CH2020-0017](#)) remains in effect. The exclusion program allows importers to apply for exclusions of Section 301 retaliatory tariffs imposed on U.S. products, including deciduous fruit. However, U.S. fruits are still subject to Section 232 retaliatory tariffs. The following table provides detailed import tariffs on deciduous fruit, as well as VAT, with major trading partners.

**Table 4. China: Import Tariffs and VAT for Fresh Deciduous Fruit in 2022**

<b>Country</b>	<b>Apples</b>	<b>Pears</b>	<b>Grapes</b>	<b>VAT</b>
United States	25%* (As of March 2, 2020)	25%* (As of March 2, 2020)	28%* (As of March 2, 2020)	9%
Chile	0	0	0	9%
Peru	No market access	No market access	0	9%
Australia	0	No market access	0	9%
New Zealand	0	0	0	9%
Belgium	No market access	10%	No market access	9%
Argentina	10%	10%	13%	9%

Poland	10%	No market access	No market access	9%
France	10%	No market access	No market access	9%

Source: China Customs

\*Note: Actual rate (including MFN and Section 232 tariffs) if Section 301 tariffs are excluded upon approval.

Russia lifted a ban on import of fresh fruit, including deciduous fruit, from China on February 20, 2022. The Russian animal and plant health authorities enacted the import ban on certain Chinese deciduous fruit (apples and pears) and stone fruit (peaches/nectarines, plums, apricots, and cherries) on August 10, 2019, following detections of quarantine pests.

Chinese fresh pears, including sand pears, white pears, fragrant pears, and their hybrids, gained market access to Ecuador on July 29, 2022, according to an announcement by GACC. Meanwhile, GACC also granted access to fresh pears from South Africa, a major supplier in the southern hemisphere.

The Uyghur Forced Labor Prevention Act (UFLPA) was signed by President Biden on December 23, 2021, and became effective on June 21, 2022. The UFLPA creates a rebuttable presumption that goods entering the United States from the PRC, produced wholly or in part, in Xinjiang are made with forced labor, as well as certain goods made by entities elsewhere in the PRC that use forced labor by members of persecuted groups from Xinjiang.

For additional information on the UFLPA, including operational guidance for U.S. importers, please see <https://www.cbp.gov/trade/forced-labor/UFLPA>

China's fresh deciduous fruit market is a study in contrasts. Online sales are booming, while traditional retail stores struggle to attract foot traffic, have experienced slow growth and strive to upgrade online marketing tools. Competition is keen and the number of new players in the market has increased. Food safety concerns and the sluggish economy are making Chinese consumers both cautious and demanding. Specifically, consumers are looking for fresh fruits that are visually appealing, sweet, crunchy, as well as unique (i.e., new varieties). Distributors, on the other hand, are focused on cutting operational costs and maintaining market share. U.S. fresh deciduous fruits have a good reputation but are perceived as relatively high in price.

### **Challenges and Opportunities**

#### *Challenges to U.S. Fresh Fruit imports*

- 1) Traders and retailers affected by continuous disruption of international logistics, record-high transportation costs, high loss ratio, and reduced profit margins;
- 2) Consumer confidence in food safety shaken by the repeated city shutdowns (i.e., Shanghai, Wuhan);
- 3) Consumer spending slows (e.g., cautious spending, price conscious) due to uncertainty about the economy;

#### *Opportunities for U.S. Fresh Fruit imports*

- 1) Government support for rural development projects is helping to facilitate improvements to national infrastructure and logistics – which is pertinent to trade in U.S. fresh fruit;
- 2) Online sales are increasingly convenient in China. Therefore, home delivery service is readily available in first tier cities, while also penetrating into second and third tier cities;
- 3) New varieties attract new customers. Consumer demand for new varieties and taste profiles of deciduous fruits will support export demand for these products;
- 4) Technology developments (i.e., we-chat functionality) is increasing the opportunity and convenience of group purchases;
- 5) Niche consumers (e.g., high-income residents in coastal cities) remain loyal to high value imported items, and consider non-price factors (i.e., crunchiness, freshness, health benefits, Brix levels) when purchasing.

### **Competitors**

Major Competitors to the United States include New Zealand, Australia, South Africa, Chile, Peru, Belgium, and China. However, China has improved its grape quality dramatically in the past decade. The market share previously enjoyed by California for table grapes is shrinking due to domestic production.

## Distribution

Key ports in China for U.S. fruits are Shenzhen, Guangzhou, Shanghai, Dalian, Zhenzhou, and Changsha. Whereas the transaction hubs are the wholesale markets in Guangzhou, Shanghai, Jiaxing, and Beijing. Cold chain management (i.e., temperature control) is key to managing the loss ratio. And packaging remains vital to sales. Bulk packaging of individual or snack-size packages continues to grow, driven by the growth of single and small households. Innovative packaging also helps build brand image.

Traditional high-end supermarkets such as *Sam's*, *Ole*, *Costco*, *City Super*, *Hema* are competing fiercely in the market. Online shopping platforms such as *Pingduoduo*, *Benlai*, *Pagoda*, *Tmall* and *JD.com* – as well as new players (i.e., *Pupu*) – are heavily promoting fresh deciduous fruits. Direct orchard sales and shortened home delivery services is helping to boost sales by smaller community retail chain stores. Furthermore, group purchases are supporting sales, especially in the regions where lockdowns and strict community testing are occurring.

## Apples

China's demand for imported apples remains strong as consumers consider premium imported apples as healthy and tasty. Major apple suppliers include New Zealand, South Africa, United States, Chile, France, and Australia. The most popular varieties in the market are *Envy*, *Queen*, *Pacific Rose*, *Ambrosia*, *Cosmic Crisp*, *Sonya*, *Gala*, *Red Delicious*, *Granny Smith* as well as *Fuji*.

New Zealand continues to be the largest supplier with a strong market presence. New Zealand apple farmers offer several new varieties. *Sonya*, for example, has gained popularity in both high-end supermarkets (such as *Ole*, *Sam's*, and *Hema*) and online, offering different size packages (two pieces, four pieces and six pieces) in either nicely designed transparent plastic bags/shell boxes or paper cartons. The retail price is around RMB 32 (U.S. \$4.40) per kilogram.

South African exporters have proactively partnered with major fruit traders and fruit chain operators in China to promote *Fuji*, *Newton*, *Bigbucks* varieties through both offline and online channels, achieving at least 30 percent of sales growth annually over the past few years. *Pagoda*, a specialized fruit chain headquartered in Shenzhen with over 5,000 stores nationwide, is one of the major buyers of South African apples.

France has worked hard to develop new varieties for the Chinese market. New French varieties such as "*Lolipop*", "*Candine*", "*Kissabel Orange*" and "*Kissabel Rouge*" were promoted through social media and via press releases at major wholesale market.

The United States was the largest apple supplier to China before the retaliatory tariffs were implemented. While the volume of U.S. exports are 50 percent higher over the first eight months of 2022 compared to the same period last year, the United States is behind New Zealand and South Africa. U.S. apples remain challenged by more competition (domestic and international). Therefore, creative

marketing activities for U.S. brands and new, desirable varieties of U.S. apples are needed to regain market share in this highly competitive market. Livestreaming for seasonal products, interactive activities with trade and consumer will play an important role in future apple sales, especially for younger generations.

## **Pears**

China has primarily been importing pears from Belgium and Chile. These two suppliers accounted for approximately 80 percent of total imports. The Netherlands, Argentina, New Zealand, and the United States are also shipping smaller volumes of pears to China, which is a major pear grower.

While most Chinese consumers prefer sweet, juicy, and crispy pears, there is a niche consumer group who prefers soft pear texture such as *Conference* pears from Belgium. These have been promoted through special marketing events such as the nationwide multi-channel *Truval* brand campaign. In the past decade, Belgium has been the leading supplier, accounting for half of China's pear imports. Yet, Belgium has begun to lose ground during the first eight months of 2022 to a newcomer – Chile. China opened market access to Chilean pears in 2019. Thus far in 2022, Chilean pears export volumes to China have tripled and outperformed Belgium. Major varieties from Chile include *Packham*, *Forelle*, and *Abate Fetel*.

Another new supplier is South Africa. On September 8, the first shipment carrying two varieties of South African pears (*Packham and Forelle*,) arrived in Guangzhou's Fruit Wholesale market via Shenzhen port. Official market access was granted last year. More shipments are expected to arrive, as the market feedback thus far is quite positive. The other variety produced in South Africa is *Williams Bon Chretien*.

From the United States, *Red Anjou*, *Green Anjou*, and *Starkrimson* are the major varieties shipped to China. However, in 2022, very few marketing activities have been focused on U.S. pears due to high operational costs and market prices. The strong competition from both domestic supply and other countries hinders the consumption of U.S. pears. Trade members report that a reduction in tariffs is essential for the U.S. pear industry to develop a strong marketing strategy (i.e., such as seasonal livestreaming) to build up the brand image and provide trade incentives. Educational materials or campaigns would help illustrate the nutritious benefits and characteristics of juicy U.S. pears (i.e., seasonality, nutrition, proper handling).

## **Table Grapes**

Chile, Australia, and Peru are the three major grape suppliers to China. Uzbekistan, South Africa, India, the United States, and Turkey are the other exporting countries. However, China's overall demand for imported table grapes has been dropping in recent years due to the large domestic crop and pandemic-related disruption of international transportation.



As production expands, the overall price for grapes dropped significantly. The same variety grown in different regions or at different grades can be priced differently - ranging from RMB 66-290 (U.S. \$9.20 - \$40) per kilogram. Branded items in ornate packaging can be sold for premium prices.

China's domestic production is huge and continues to dominate the market. Chinese consumers prefer firm pulp, sweet seedless grapes with large size and thinner skins. This year, the expansion of growing areas of *Sunshine Muscat* (also known as Shine Muscat) nationwide resulted in a dramatic price drop in the market. In 2021, *Sunshine Muscat* sold for as much as RMB 115-130 (U.S. \$16-18) per kilogram. However, in 2022 these grapes can be purchased in high end retail stores for RMB 44-53 (U.S. \$6-\$7.20) per kilogram.

In contrast, this year high-end retailers proactively promoted another new red variety named *Nina Queen*, which can be sold at RMB 610 (U.S. \$84) per kilogram. The high profit has driven some local farmers to invest and grow this variety. However, they may encounter intellectual property rights issues.

U.S. California table grapes have historically been considered premium quality. However due to the price/tariff disadvantage, lack of incentive, and insufficient market presentation, traders have gradually switched to other suppliers. With increasing concerns about food safety and consumer preferences for unique tastes, more focus on U.S. table grape's nutritional benefits and new varieties will help re-build the consumer/trade awareness. Seasonal-themed promotions and "point of sale" highlighting will be useful tools to enhance the positive image of U.S. table grapes.

**Attachments:**

No Attachments