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China, Peoples Republic of

Fresh Deciduous Fruit

China's Stone Fruit Situation

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Report Highlights:

Chinese stone fruit production in 1998 equaled an estimated 800,000 tons of apricots, 3,200,000 tons of peaches, and 450,000 tons of plums. The United States is an important supplier of plums, and U.S. plums can be found nearly year-round in urban fruit markets.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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General Summary

Chinese stone fruit production in 1998 equaled an estimated 800,000 tons of apricots, 3,200,000 tons of peaches, and 450,000 tons of plums. These fruits are mainly grown in China's northern and eastern areas. The amount of each harvest that is processed often is quite sizable, usually ranging from 30 to 40 percent each year. End products from processing vary, but canning is most popular, especially for peaches. Processing factories last year paid less than \$ 0.25 per kilogram for their fresh stone fruit. Chinese stone fruit exports remain higher than imports, even when Hong Kong transshipments are considered. Russia, Hong Kong, and Vietnam are the main export destination, while the U.S. is an important source of imports. Although imported stone fruit currently is officially banned for phytosanitary reasons, significant quantities enter China through Hong Kong. The United States has been an important stone fruit supplier over the past few years. U.S. plums are very popular and can be found nearly year-round in many urban fruit markets. U.S. producers should consider studying the market and using the results to prepare marketing activities that can be immediately implemented once the official ban is lifted.

Production

Post estimates that China's production of apricots was 800,000 tons, peaches 3,200,000 tons, and plums 450,000 tons in 1998. These estimates are based on local fruit industry sources and existing published fruit production data. In the 1998 Canned Deciduous Fruit Annual (CH8636), Post estimated that the peach harvest would be higher at 3,600,000 tons. Trade sources' post harvest information caused a downward revision. The last official statistics on stone fruit production were the 1996 data on peach production at 3.0 million metric tons.

While China's production increases have been sizable for many fruit varieties over the last few years, peach production has been constrained over the last two years by weather conditions in Shandong province, a major provincial producer. Dry weather in 1997 hurt the crop and last year's low temperatures in the northern and eastern parts of the China during the March-April period hurt the crop again. Other peach production areas did not have similar weather problems. Approximately 55 percent of the peaches grown in China are white fleshed, and the rest are the yellow variety which is more common in America.

China's production of apricots, peaches, and plums is geographically centered in the northern and eastern parts of the country. The provinces of Hebei, Henan, and Shandong are all big producers of all three types. Apricots are also plentiful in Shanxi, Shaanxi, and Liaoning. Other major plum producing provinces include Anhui, Zhejiang, and Fujian. For peaches, Jiangsu, Zhejiang, and Shaanxi also regularly have big harvests.

China's apricots, peaches, and plums tend to share the same yearly bloom times, but not harvest times. Throughout most of the growing regions, all three of these fruits usually bloom sometime between early and mid April, except in the northeastern provinces of Liaoning, Jilin, and Heilongjiang where blooming occurs a little later. The harvest period for apricots ranges from mid-June to early July, while harvest occurs in July for plums and late July to mid-August for peaches.

Consumption

Most of China's stone fruit is consumed fresh and near the harvest locale. Poor distribution arrangements and transportation infrastructure prevent much of the harvest from getting wider market placement. The lack of proper cold storage facilities for harvested fruit limits the selling season. Domestic peach availability averages about four months after harvest, while for both locally grown apricots and plums availability averages about one and a half months.

Although no official statistics on fresh stone fruit consumption exist, urban Chinese consumption of fruit in general has been rising. Urban household's annual per capita purchases of fresh fruit and melons rose 14 percent between 1994 and 1997, from 40.04 kilograms to 45.48 kilograms. Over the same time period, Chinese urban residents' annual per capita expenditures on dried and fresh melons and fruits rose 42 percent, from 89.20 Yuan RMB (\$ 10.79) to 127.03 Yuan RMB (\$ 15.36). Stone fruits are not very frequently purchased by a large percentage of the urban population, particularly in the south. According to one of the results of the U.S. Agricultural Trade Office Guangzhou's 1997 Guangzhou and Shenzhen urban consumer survey, only three percent of Guangzhou and Shenzhen urban residents frequently purchased peaches. The percentages for apricots and plums in the same survey were less than one percent.

Processing

According to local sources, the percentage of the harvest processed every year often reaches 30 to 40 percent. The percentages for apricots and plums tend to be 30 percent and 40 percent for peaches. In China, processed stone fruit often ends up as either dried snacks, jams/sauces, juice, wine, or canned products. Canning is the most popular peach processing activity, but according to industry sources it is declining. The main reason cited is that local consumers prefer fresh fruit over canned, plus export demand is falling. At the same time, peach concentrate for juices and soft drinks is gaining greater popularity, but the amounts are still much lower than what is used for canning. For peach canning, metal cans are mostly used for product to be exported and glass jars for product destined for domestic sale.

Processing factory buying prices for domestic stone fruit tend to be low. This year prices were less than two Yuan RMB (\$ 0.24) per kilogram for all varieties. The factory buying price for apricots on average was 0.8 Yuan RMB (\$ 0.10) per kilogram, for plums 1.6 Yuan RMB (\$ 0.20), and for peaches 0.8 Yuan RMB (\$ 0.10). Most factories do not have adequate storage facilities (i.e. leaving fruit out in the open), thus limiting the time during which they can operate or produce a particular product line. Given this situation, most stone fruit processors buy their fruit immediately before or during harvest.

Trade

China's fresh stone fruit exports are greater than its imports, even when Hong Kong transshipments are considered. This situation is true for not only China's stone fruit trade as a whole, but for each individual variety. Hong Kong transshipments (re-exports) are products that transit Hong Kong before going to China. The products mainly originate from a third country and many are not counted by local Chinese customs. The reason behind not getting counted is that many Chinese importers prefer using unofficial import channels in order to avoid paying official tariff duty costs and abiding by burdensome inspection/quarantine regulations. Much of the transshipments are not reflected in the official trade data.

Fresh peaches, including nectarines, are China's largest stone fruit export. In both 1997 and 1998, export volumes were over 3,000 tons. Both apricot and plum export volumes during those years were less than the peach amounts. The main export destinations for China's stone fruits in general have been Russia, Hong Kong, and the countries of Southeast Asia. For the past three years, Russia has been one of the top export destinations for each variety of stone fruit.

Hong Kong transshipment statistics indicate that China's actual imports are much greater than official customs figures reveal, these numbers in all cases still show that exports are larger. Of the three main varieties of stone fruit, plum imports have usually been larger relative to the others, but in 1998 peaches may be the highest. According to Hong Kong transshipment figures for the first three quarters of 1998, China's peach imports were greater than either apricots or plums. Most of these imported peaches came from Taiwan. As indicated by both China's official import numbers and Hong Kong transshipment

statistics, the United States has consistently been an important fresh stone fruit supplier to China over the last several years.

During January 1999, imported stone fruit was available at the major import wholesale markets of the country. The Lishui and Huadu Fresh Fruit Wholesale Markets of Guangdong, the markets where an estimated 95 percent of China's fruit imports transit before going elsewhere in the country, both had imported stone fruit, but most originated from Australia because their fruit is in season. Available Australian varieties included peaches, nectarines, and sugar plums. The only American variety in great supply and demanded has been the largish, purple plums. Since the markets recently ran out of U.S. 1998 crop, a regular packed box of U.S. plums now sells for over 300 Yuan RMB (\$ 36.00).

Trade Regulations

Unlike U.S. Washington state apples, northwest U.S. cherries, and U.S. California table grapes, stone fruit is not legally importable into China for phytosanitary reasons. This regulation applies to not only U.S. stone fruit, but stone fruit from other countries too. In addition to the ban, fresh stone fruit has a high import tariff. The preferential tariff rates for apricots, peaches, and nectarines are 30 percent, but higher for plums and sloes, 40 percent. In addition, to the tariff, importers must pay a 13 percent Value Added Tax. Stone fruit from countries that do not have a most favored nation trading agreement with China are levied a higher tariff, but the Value Added Tax remains the same. China recently announced a new round of tariff reductions on 1 January 1999, but the rates for the different varieties of fresh stone fruit remain unchanged.

Marketing

Chinese consumers love to eat fresh fruit, and imported varieties are favorites among many in China. Imported stone fruit does enter the country, but the amounts are small relative to other imported varieties. In order to increase exports, U.S. producers initially should consider spending more time and effort to learn about the market. These efforts would help U.S. producers better understand the market and help them design a marketing program and activities to raise exports after the ban is lifted for American varieties. Once this policy change occurs, U.S. producers and their marketing agencies should then implement the marketing programs and activities that they prepared in order to educate consumers and importers about the fruit and thus raise exports.

Tables: China's Official Trade

(Value: \$ '000, Quantity: Metric Tons)

Table 1. China's Official Imports, Apricots

Apricots (HS 0809.1000)						
	1996		1997		1998	
Origin	Value	Quantity	Value	Quantity	Value	Quantity
Australia	0	0	1	1	0	0
Ecuador	3	1	0	0	0	0
New Zealand	19	7	0	0	0	0
Others	1	0	0	0	0	0
TOTAL	23	8	1	1	0	0

Source: China Customs Bureau

Table 2. China's Official Imports, Peaches

Peaches, including Nectarines (HS 0809.3000)						
	1996		1997		1998	
Origin	Value	Quantity	Value	Quantity	Value	Quantity
Thailand	8	30	3	10	11	43
United States	9	7	0	2	0	0
Australia	0	0	2	1	0	0
Canada	5	16	0	0	0	0
Taiwan	1	5	0	0	4	14
Japan	1	1	0	0	0	0
Malaysia	4	29	0	0	1	2
Philippines	0	0	0	0	0	2
Ecuador	24	17	0	0	0	0
New Zealand	38	49	0	0	0	0
Others	0	1	1	3	0	0
TOTAL	89	155	6	16	16	61

Source: China Customs Bureau

Table 3. China's Official Imports, Plums

Plums and Sloes (HS 0809.4000)						
	1996		1997		1998	
Origin	Value	Quantity	Value	Quantity	Value	Quantity
Canada	340	1,065	167	574	70	199
Thailand	88	289	34	135	21	49
United States	11	20	15	46	22	69
Philippines	5	18	11	36	1	2
Malaysia	11	13	5	18	3	7
New Zealand	11	35	3	11	0	0
Chile	10	63	3	8	3	14
Indonesia	0	0	1	4	0	0
Taiwan	0	0	1	2	2	4
Australia	4	3	0	0	0	0
Hong Kong	0	0	0	0	0	0
Japan	6	12	0	0	0	0
Others	2	1	0	1	1	1
TOTAL	488	1,519	240	835	123	345

Source: China Customs Bureau

Table 4. China's Official Exports, Apricots

Apricots (HS 0809.1000)						
	1996		1997		1998	
Destination	Value	Quantity	Value	Quantity	Value	Quantity
Russia	16	46	23	65	54	134
Singapore	0	0	24	44	0	0
Mongolia	0	0	1	3	2	12
Macau	1	2	0	0	0	0
Japan	63	13	0	0	0	0
Netherlands	0	0	0	0	64	95
TOTAL	80	61	48	113	120	241

Source: China Customs Bureau

Table 5. China's Official Exports, Peaches

Peaches, including Nectarines (HS 0809.3000)						
	1996		1997		1998	
Destination	Value	Quantity	Value	Quantity	Value	Quantity
Russia	201	635	590	2,207	366	1,137
Hong Kong	112	648	136	640	231	1,522
Vietnam	31	155	111	492	53	453
Singapore	53	64	222	269	179	218
South Korea	12	21	55	96	0	0
Macau	6	16	2	8	1	5
Malaysia	2	1	0	0	0	0
Taiwan	2	1	0	0	3	4
Others	8	11	0	1	31	59
TOTAL	427	1,552	1,115	3,713	864	3,398

Source: China Customs Bureau

Table 6. China's Official Exports, Plums

Plums and Sloes (HS 0809.4000)						
	1996		1997		1998	
Destination	Value	Quantity	Value	Quantity	Value	Quantity
Vietnam	84	440	298	1,436	212	1,156
Russia	49	186	92	309	124	361
Hong Kong	101	437	31	153	36	234
Macau	20	70	12	62	2	9
Japan	44	54	85	60	0	0
Singapore	0	1	68	51	88	46
France	0	0	9	2	0	0
Burma	0	0	0	0	0	0
Laos	0	0	0	0	0	0
Malaysia	5	2	0	0	0	0
South Korea	0	0	0	0	0	0
Thailand	0	0	0	0	0	0
Others	1	1	0	0	0	0
TOTAL	304	1,191	595	2,073	462	1,806
Source: China Customs Bureau						

Tables: Hong Kong Re-exports to China
(Value: \$ '000, Quantity: Metric Tons)

Table 7. Hong Kong Re-exports to China, Apricots

Apricots (HS 0809.1000)						
	1996		1997		1998	Jan-Sep
Origin	Value	Quantity	Value	Quantity	Value	Quantity
United States	8	7	0	0	0	0
Chile	0	0	20	20	0	0
Other	0	0	0	0	0	0
TOTAL	8	7	20	20	0	0

Source: Hong Kong Department of Census

Table 8. Hong Kong Re-exports to China, Peaches

Peaches, including Nectarines (HS 0809.3000)						
	1996		1997		1998	Jan-Sep
Origin	Value	Quantity	Value	Quantity	Value	Quantity
United States	117	89	37	42	41	32
Chile	31	15	0	0	0	0
South Africa	18	8	0	0	0	0
Philippines	1	2	0	0	0	0
Thailand	5	8	0	0	5	7
Malaysia	2	2	0	0	0	0
Japan	60	42	0	0	0	0
Taiwan	0	0	52	74	1,217	1,620
Other	3	2	0	0	4	6
TOTAL	237	168	89	116	1,267	1,665

Source: Hong Kong Department of Census

Table 9. Hong Kong Re-exports to China, Plums

Plums and Sloes (HS 0809.4000)						
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	1996		1997		1998	Jan-Sep
Origin	Value	Quantity	Value	Quantity	Value	Quantity
United States	2,020	1,650	728	893	877	960
Australia	29	14	0	0	0	0
South Africa	39	18	0	0	0	0
Chile	373	247	243	250	0	0
New Zealand	18	8	165	170	0	0
Austria	0	0	6	3	0	0
Japan	3	2	0	0	0	0
Philippines	14	14	0	0	0	0
Thailand	1	0	13	18	24	12
Fiji	0	0	10	10	0	0
Other	6	18	0	1	0	0
TOTAL	2,503	1,971	1,165	1,345	901	972
Source: Hong Kong Department of Census						

China's Tariff Schedule for Stone Fruit

China's Official Stone Fruit Import Tariff Rates					
		Prefer.	General	V.A.T.	Effective
HS Code	Description	Rate 1	Rate 2	Rate 3	Rate 4
0809.1000	Apricots	30	70	13	47
0809.3000	Peaches, including Nectarines	30	70	13	47
0809.4000	Plums & Sloes	40	70	13	58

Source: Customs Import and Export Tariff of the People's Republic of China, 1998 edition

Notes:

1/ Preferential rate refers to the tariff rate charged against all products from countries with whom China has exchanged most favored nation trading status (i.e. the United States).

2/ The General tariff rate refers to the tariff rate charged against all products from countries with whom China has not exchanged most favored nation trading status.

3/ V.A.T.: Value Added Tax. This tax is assessed on all imports entering China. It is assessed against the combined value of the imported products plus the tariff duty charges.

4/ The Effective tariff rate is the Preferential rate plus the Value Added Tax.