

Required Report: Required - Public Distribution

Date: December 21, 2021

Report Number: CH2021-0167

Report Name: Citrus Annual

Country: China - People's Republic of

Post: Beijing

Report Category: Citrus

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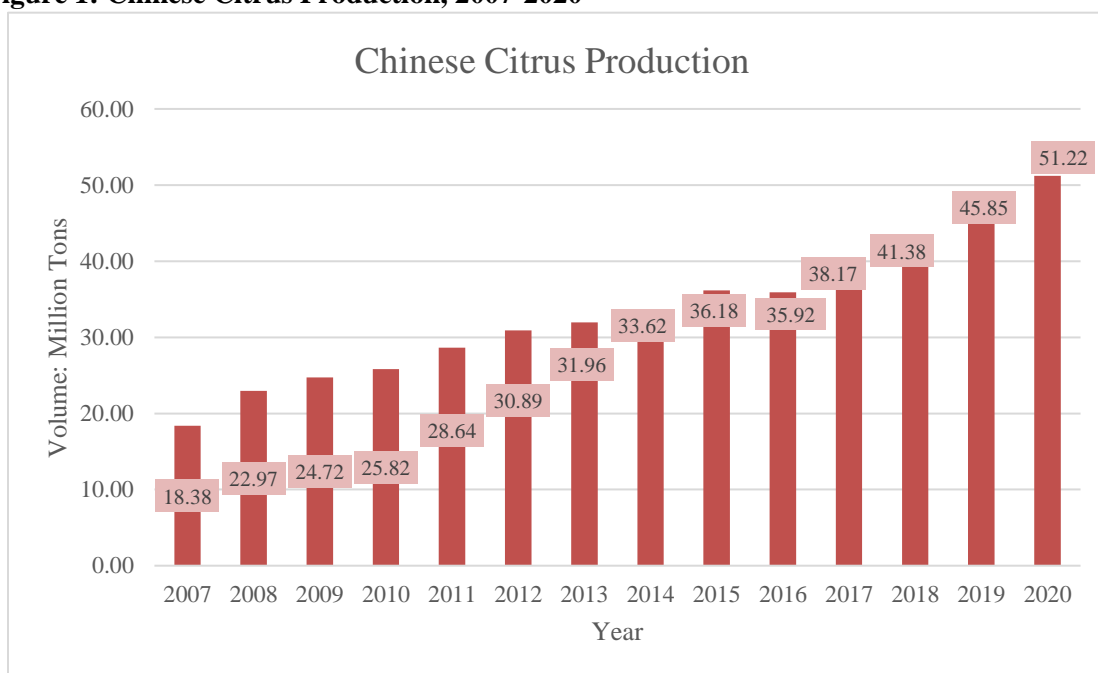
Report Highlights:

Fresh citrus production is expected to increase in MY2021/2022 across all categories: oranges, tangerines and mandarins, and grapefruit. Tangerine and mandarin production is forecast to reach 28 million metric tons (MMT) in MY2021/2022 driven by consumer demand for easy to peel varieties. Grapefruit production growth is fueled by consumer demand for softer and juicier grapefruit varieties; imports reached a record high of 125,000 metric tons (MT) in MY2020/2021 and are expected to increase in MY2021/2022. Health-conscious consumers are purchasing more 100 percent juice and not-from-concentrate orange juice. Adoption of e-commerce and expanded delivery service has made customers more willing to purchase larger boxes of fresh fruit and increased consumption.

Summary

Fresh citrus production is expected to increase in MY2021/2022 across all categories: oranges, tangerines and mandarins, and grapefruit. Tangerine and mandarin production is forecast to reach 28 million metric tons (MMT) in MY2021/2022 driven by consumer demand for easy to peel varieties. Grapefruit production growth is fueled by consumer demand for softer and juicier grapefruit varieties; imports reached a record high of 125,000 metric tons (MT) in MY2020/2021 and are expected to increase in MY2021/2022. Health-conscious consumers are purchasing more 100 percent juice and not-from-concentrate orange juice. Adoption of e-commerce and expanded delivery service has made customers more willing to purchase larger boxes of fresh fruit and increased consumption.

Figure 1: Chinese Citrus Production, 2007-2020



Source: China Statistic Yearbook (2007-2020)

Figure 2: Chinese Citrus Production by Province



Source: China Statistical Yearbook 2021 P401, blank map from http://www.d-maps.com/carte.php?num_car=11570&lang=en

Legend (Provinces' production as a percentage of total Chinese production):

- Brown = 25 percent (Guangxi)
- Light Brown = 10 to 20 percent (Hunan)
- Orange = 5 to 10 percent (Hubei, Guangdong, Sichuan, Fujian, Jiangxi, Chongqing)
- Ocher = 3 to 5 percent (Zhejiang)

Oranges

Production

MY2021/2022 orange production is forecast to grow slightly to 7.6 million metric tons (MMT). The forecast is based on increased production in new navel planting areas in Jiangxi and higher yield in Hubei and Hunan provinces, offsetting decreases in southern Jiangxi province where citrus greening disease has affected crops for several years. Over the past years, some producers have moved to more northern areas and Hunan and Hubei which are less impacted by citrus greening and these trees are beginning to produce more fruits. Industry insiders report that navels from Jiangxi have a higher brix level this year but the smaller sizes, caused by an early-season drought, caused prices for these fruits to decline slightly.

In addition to navel oranges, other sweet orange varieties (such as Bintang and green oranges) are planted in Jiangxi, Sichuan, Hunan, Hubei, Hainan, Yunnan and Guangxi. Sweet oranges from Yunnan will see continued expansion, and Fujian will start to emerge. Overall, the growth rate of orange orchards will gradually slow because of limited available land. In the coming years, new orchard investments will trend toward the more profitable tangerines and mandarins in response to consumers' preference for easy peel products. Navel orange acreage is expected to remain largely flat.

Price

In MY2021/2022, the prices of early navel varieties remained flat in comparison with MY2020/2021. On average, navel orange orchard prices are about RMB 5 – RMB 6 (\$0.72 - \$0.85) per kilogram in the beginning of the season. The average retail price for bulk ordinary grade navel oranges from Jiangxi is about RMB 7 – RMB 12 (\$1.22 - \$1.75) per kilogram. Some high-end sweet oranges from Yunnan retail between RMB 36 - RMB 57 (\$5.50-\$8.80) per kilogram. Consumers are willing to pay a higher price for Chu branded domestic orange fruit because of the fruits' balanced acid-brix ratio and consistent quality. The stable supply which customers can routinely find in stock at markets, gives them an easy and reliable choice.



5kg box of branded Chu orange citrus from Yunnan (Source: ATO Guangzhou)

Consumption

Fresh orange consumption for MY2021/2022 is forecast to increase slightly to approximately 7.4 MMT. Increasing supply of and demand for products with vitamin C is fueled by consumer focus on health and healthy products as COVID-19 continues to get headlines.

The MY2019/2020 consumption estimate is increased slightly to approximately 7.3 MMT, in line with this growth.

Trade

Imports

MY2021/2022 imports of oranges to China are forecast at 230,000 MT, down slightly from the revised MY2020/2021 estimate. Industry experts expect overall orange trade to fall in MY2021/2022 on lower expected global production. In the meantime, stable supply in China is expected to largely meet domestic consumer demand.

In MY2020/2021 China's imports of fresh oranges dropped, with reduced imports from major exporters Egypt, Australia, Spain and Israel. Chinese importers cited the relatively high price, stricter testing requirements in China, higher freight costs and labor shortages for the drops.

Exports

MY2021/2022 orange exports are forecast at 110,000 MT on reduced global citrus production and stable production in China.

MY2020/2021 orange exports are reduced to 100,000 metric tons to reflect current trade data.

Production, Supply and Distribution (Oranges)

Oranges, Fresh Market Year Begins	2019/2020		2020/2021		2021/2022	
	Nov 2019		Nov 2020		Nov 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Area Planted (HECTARES)	815000	815000	816000	816000	0	816500
Area Harvested (HECTARES)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	7400	7400	7500	7500	0	7600
Imports (1000 MT)	288	288	180	245	0	230
Total Supply (1000 MT)	7688	7688	7680	7745	0	7830
Exports (1000 MT)	52	52	110	100	0	110
Fresh Dom. Consumption (1000 MT)	7236	7236	7190	7295	0	7370
For Processing (1000 MT)	400	400	380	350	0	350
Total Distribution (1000 MT)	7688	7688	7680	7745	0	7830

(HECTARES) ,(1000 TREES) ,(1000 MT)

Orange juice

Production

Post forecasts MY2021/2022 frozen orange juice production at 26,500 MT, assuming a smaller volume of oranges will be delivered to processors as a result of more fresh orange demand. China largely relies on imports of frozen orange juice due to the limited domestic production capacity and high operational cost.

The MY2020/2021 production estimate is reduced to 26,920 MT on strong demand for fresh oranges in domestic market during the pandemic.

Price

The price for bottled high-end juices will remain flat even as the overall demand for 100 percent orange juice and not from concentrate (NFC) orange juice will continue to grow. As reported previously, NFC juice remains very popular among consumers. Demand for 100 percent orange juice, as opposed to juice blends, is a new trend. A 330ml, branded, 100 percent orange juice is normally priced between RMB 9- RMB 12 (\$1.39 -\$1.85 per bottle) at retail.

Consumption

Post forecasts an increase in frozen orange juice consumption in MY2021/2022 to 108,400 MT on increased consumer demand for 100 percent juice and NFC orange juice and greater availability of these beverages through various digital shopping platforms, vending machines, at sports clubs, and through expanded retail outlets. New style Chinese tea shops, juice bars and coffee shops



Orange juice at a local supermarket
(Source: ATO Guangzhou)

are popular venues for young generation to purchase these beverages.

Post increased estimated MY2020/2021 domestic consumption to 108,023 MT on robust consumer demand for 100 percent orange juice and NFC juice, with increased consumer focus on health. Some retail outlets reported more than triple digit growth in orange juice consumption during the summer.

Trade

Import

Frozen orange juice imports for MY2021/2022 are forecast at 83,500 MT, up slightly from the updated MY2020/2021 estimate. With the limited domestic supply capacity and a significant demand for 100 percent orange juice from consumers, China is likely to meet this demand with imports. Major suppliers include Brazil, Israel, Costa Rica, Taiwan, and the Netherlands. The import of retail-ready juice is also expected to grow.

Estimated MY2020/2021 import volume is increased to 82,640 MT on stronger than expected demand for 100 percent orange juice - which far outpaces domestic production capacity.

Export

In MY2021/2022, frozen orange juice exports are forecast at 1,600 MT up slightly from MY2020/2021 as demand from other Asian countries grows. Top export destinations will likely include Hong Kong, Indonesia, Taiwan, Malaysia, and Japan.

In MY2020/2021, China exported 1,537 MT of frozen orange juice equivalent to the world, down 14 percent from MY2019/2020 given limited domestic supply and COVID-19-related challenges.

Production, Supply and Distribution (Orange juice)

Orange Juice Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Deliv. To Processors (MT)	600000	400000	400000	350000	0	350000
Beginning Stocks (MT)	0	0	0	0	0	0
Production (MT)	30770	30800	30770	26920	0	26500
Imports (MT)	60315	60315	60800	82640	0	83500
Total Supply (MT)	91085	91115	91570	109560	0	110000
Exports (MT)	1769	1769	1700	1537	0	1600
Domestic Consumption (MT)	89316	89346	89870	108023	0	108400
Ending Stocks (MT)	0	0	0	0	0	0
Total Distribution (MT)	91085	91115	91570	109560	0	110000
(MT)						

Tangerines and Mandarins

Production

Post forecasts the MY2021/2022 production of tangerines and mandarins at 28 MMT from the updated MY2020/2021 estimate. This forecast growth reflects larger production volumes expected from still expanding production areas and previously planted trees bearing more fruits.

As home of the largest production areas for *Wogan* and *Shatangju* varieties, Guangxi continues to lead in tangerine and mandarin production. Farmers' profits there have incentivized farmers in other provinces including Yunnan and Sichuan to plant these varieties. Yunnan and Fujian are emerging as production areas with favorable weather conditions and appropriate land. Tangerine and mandarin production in Guangdong and Jiangxi is forecast to remain stable.

Easy peel varieties such as *Wogan*, *Papagan*, *Ganpin*, *Red Beauty*, *Shatangju*, *Buzhihuo* will continue to be the mainstream varieties. The younger generation prefers to purchase tangerines and mandarins because of the easy-peel convenience, health benefits, and sweet and juicy texture. Market demand for seedless varieties will drive new development in this area.

Red Beauty, a seedless variety with a very thin peel and juicy smooth texture, is currently considered the most high-end tangerine in China. Production is relatively small, and most production is in Zhejiang province. Meanwhile, new hybrid varieties are being developed and planted in other provinces as well.



Tangerine and mandarin varieties at a local supermarket (Source: ATO Guangzhou)

MY2020/2021 production was increased to 25 MMT on planted area growth being higher-than-expected growth and higher production from trees planted in the last few years, particularly in Guangxi and Yunnan province.

Price

The larger domestic production of tangerines and mandarins in MY2021/2022 is expected to reduce average prices. The orchard price for *Shatangju* in Guangxi in late November and early December ranges from RMB 6.6 to RMB 8.2 (\$1.02 - \$1.27) per kilogram depending on different grade and appearance. *Wogan* orchard prices ranged from RMB 6 to RMB 7 (\$0.93 - \$1.08) per kilogram. The *Red Beauty* orchard price is between RMB 44 – RMB 50 (\$6.77 – \$7.70) per kilogram, with retail prices are often double the farm gate price, and ranges from \$13 - \$15 per kilogram.

The retail price for imported mandarins and tangerines from Australia ranges from USD \$6.20 - \$10.00 per kilogram depending on different varieties, while fruits from South Africa sold for between USD \$6.10 - \$15.00 per kilogram.

Consumption

MY2021/2022 domestic consumption is forecast at 26.5 MMT, about 12 percent higher than the previous year as a result of increasing consumer demand and widespread product availability at both online and offline shopping platforms. Based on trends, Post expects Chinese consumers will gradually switch from oranges to soft citrus, including tangerines and mandarins which are easy to peel, sweet and juicy. Home delivery services and digital shopping now allow consumers to purchase directly from farmers in remote areas. Whereas consumers previously preferred to buy a few fruits at a time, consumer demand for 5-kilogram boxes of fruit is increasing.

Estimated MY2020/2021 consumption is increased to approximately 23.6 MMT on higher production and import volume.

Trade

Import

MY2021/2022 imports of tangerines and mandarins are forecast to reach 70,000 MT, up about nine percent from the adjusted MY2020/2021 estimate on continued consumer demand for imported products and economic growth. South Africa, Australia, and Peru are traditionally top suppliers.

In MY2020/2021, China imported approximately 64,000 MT of tangerines and mandarins, the highest level in the past five years. Importers reported that the large South African crop was of good quality and reasonably priced. MY2020/2021 imports from South Africa grew 74 percent while imports of Australian tangerines and mandarins dropped due to political tensions.

Export

MY2021/2022 exports of tangerines and mandarins is forecast at 900,000 MT, up slightly from the MY2020/2021 estimate. Domestic demand will remain strong, and domestic supply is expected to increase.

In MY 2020/2021, China exported over 857,000 MT of tangerines and mandarins, up almost 30 percent from MY2019/2020 because of larger Chinese production. Vietnam (up 100 percent), Thailand (up 124 percent), and the Philippines (up 64 percent) all increased imports of Chinese tangerines and mandarins.

Production, Supply and Distribution (Tangerines and Mandarins)

Tangerines/Mandarins, Fresh Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Area Planted (HECTARES)	880000	880000	885000	890000	0	895000
Area Harvested (HECTARES)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	23000	23000	23120	25000	0	28000
Imports (1000 MT)	45	45	50	64	0	70
Total Supply (1000 MT)	23045	23045	23170	25064	0	28070
Exports (1000 MT)	657	657	700	857	0	900
Fresh Dom. Consumption (1000 MT)	21768	21768	21860	23577	0	26490
For Processing (1000 MT)	620	620	610	630	0	680
Total Distribution (1000 MT)	23045	23045	23170	25064	0	28070

(HECTARES) ,(1000 TREES) ,(1000 MT)

Grapefruit and Pomelo



Green Jade variety pomelo grown in Guangxi (Source: ATO Guangzhou)

Production

Whereas Post has long reported about pomelos as the driver in the grapefruit category, grapefruit are finally starting to gain consumer recognition as a desirable choice.

Post forecasts MY2021/2022 grapefruit production (including pomelo) at 5.2 MMT, approximately three percent higher than the previous year. Most of this growth is a result of growing production of high-end grapefruit and sweet grapefruit hybrids in Guangxi, Yunnan, and Fujian.

In Guangxi for example, the *Red Ruby* and *Green Jade* grapefruit varieties (from Thailand and Vietnam, respectively) are seeing expanded production because of their higher profit margin as consumers are willing to pay a premium for the unique fragrance and smooth texture.

Pomelo production will remain stable in the short term, though Post expects pomelo acreage to begin shrinking as farmers start to replace some ordinary pomelo with higher profit grapefruit varieties in the coming years. Pomelos are planted in multiple provinces including Jiangxi, Sichuan, Hunan, Guangxi, Fujian, Guizhou, and Hainan. Areas in Guangdong and Fujian are the main production areas for golden pomelos and three red pomelos.

MY2020/2021 production estimates remain unchanged at 4.95 MMT.

Price

The orchard price for ordinary pomelos in MY2021/2022 is expected to remain flat or decrease slightly from the previous year (down about RMB 0.20 - RMB 0.30 per kilogram) because of the slightly larger production and less favorable demand in the market.

It is noteworthy that the current retail price for high-end domestic grapefruit grown in Yunnan – with green peel, red flesh and large, round size – can be as high as RMB 63 – RMB 76 (\$10 - \$12) each depending on whether the fruit is branded and what retail chain it is sold at. More typically, small size domestic grapefruits retail between RMB 3 – RMB 10 (\$0.47-\$1.50) each.



Yunnan red flesh grapefruit can retail for \$10-\$12 USD each in supermarkets (Source: ATO Guangzhou)

Consumption

Consumption of grapefruit (including pomelo) in MY2021/2022 is forecast at 5.08 MMT, up 5 percent from the previous year estimate. Fresh grapefruit consumption will be partly driven by increasing demand from burgeoning new Chinese style tea chains such as HeyTea - which will add fresh grapefruit into some drinks as Chinese customers seek the health benefits of vitamin C. Consumer demand for fresh grapefruit at retail stores is also growing. Pomelo consumption will remain flat from the previous year; it is popular as a fresh snack or in milk tea drinks.

Trade

Import

Grapefruit (including pomelo) imports for MY2021/2022 are forecast at 130,000 MT, up 4 percent from MY2020/2021 estimates on demand for fresh, high-end varieties from Thailand and South Africa at retail stores and in ‘new Chinese style tea’ shops.

In MY2020/2021, Chinese imports of grapefruit (including pomelo) reached a record high of almost 125,000MT, up 63 percent from the previous year, also a result of growing demand. Much of this growth came from increased grapefruit imports from South Africa and Thailand. South Africa alone represented 68 percent of China’s total grapefruit import volume in MY2020/2021, a 66 percent increase from MY2019/MY2020.

Thailand is China’s second largest grapefruit supplier and had a 200 percent increase in sales volume because of industry preference for its round shape and juicy varieties. Other suppliers include Taiwan (up 19 percent), Egypt (down 15 percent), Israel (down 21 percent), and Peru (up 163 percent). Though it remains a small percentage overall, Chilean grapefruit saw a 3,672 percent increase in exports to China in its second year of market access (MY2020/2021).

Export

MY2021/2022 grapefruit (including pomelo) exports are forecast at 200,000 MT, up 27 percent from the MY2020/2021 estimate. The large domestic crop of pomelo with improving quality and increasing volume will lower domestic prices. Higher domestic consumer demand will keep exports below 2019/2020 levels. In addition, exports to Russia are expected to resume slightly with seven Chinese orchards again allowed to export there.

In MY2020/2021, China exported a total of approximately 158,000 MT of grapefruit and pomelos, down 24.5 percent from the previous year. Industry contacts reported fewer orders from several European countries as well as Vietnam and Canada, speculating shipping issues were to blame.

Production, Supply and Distribution (Grapefruit)

Grapefruit, Fresh Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	0	0	0	0	0	0
Area Harvested (HECTARES)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	4930	4930	4950	4950	0	5200
Imports (1000 MT)	76	76	105	125	0	130
Total Supply (1000 MT)	5006	5006	5055	5075	0	5330
Exports (1000 MT)	209	209	250	158	0	200
Fresh Dom. Consumption (1000 MT)	4797	4797	4805	4867	0	5070
For Processing (1000 MT)	0	0	0	50	0	60
Total Distribution (1000 MT)	5006	5006	5055	5075	0	5330
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Citrus Policy

China continues to encourage rural development. Capital investments - encouraged by the central government but made by private companies - are often made in less developed areas. Key online (Pinduoduo and Hema) and offline (Hema) players recently made announcements that they will directly partner with farms in rural areas to bring farm products direct to consumers tables. Citrus farmers, and overall, citrus consumption benefit from these and similar projects.

Fresh produce is subject to disinfection procedures for COVID-19. Testing of fresh produce for COVID-19 may vary by port. Testing and disinfection requirements on imported products, initially started in January 2021, have generated added risk to the trade as requirements, their interpretation and unpredictable policy changes can cause requirements to vary widely between ports. Although some importers operating at certain ports report manageable trade disruptions, others have indicated they are shifting away from the importing business because of the strictness of enforcement the COVID-19 related import requirements at their location. Exporters are advised to be vigilant on constantly changing COVID-19 related import measures.

Tariffs on U.S. citrus remain much higher than key competitors, putting U.S. citrus at a price disadvantage. For example, Peru and Chile enjoy zero percent tariff. The tariff for oranges imported from South Africa and Egypt is 11 percent and for other citrus varieties about 12 percent. More information on the tariff rates and market access is available in the August 5, 2020 GAIN report,

[Updated Guidance on China's Retaliatory Tariffs and Tariff Exclusion Process for US Products - August 5, 2020](#). The GACC announcement is available here:
<http://www.customs.gov.cn/customs/302249/302266/302267/3073230/index.html>;
<http://www.customs.gov.cn/customs/302249/302266/302267/3025894/index.html>).

Chilean citrus gained market access into China two years ago and imports have grown quickly. As the newcomer, Chilean citrus remains a small percentage of Chinese imports and will take some time to build awareness among traders and consumers.

Chinese citrus gained market access to United States in 2019. While there has been some growth, total volume is still relatively small. In MY 2020/2021, China exported 902 MT of grapefruit and 22 MT of mandarins to the United States.

Citrus Marketing

Chinese consumer demand for fresh citrus is strong and is supported by the belief that daily intake of vitamin C has health benefits, especially as COVID-19 circulates globally. With more varieties and purchasing options available, middle-class consumers are more demanding on quality, but still mindful of prices. In general, Chinese consumers are increasingly attracted to unblemished fruits of standard size, that are easy to peel, and have high brix levels.

Simultaneously, demand for orange juice – both 100 percent and NFC juice – is up. Juice is more readily available through various digital shopping platforms, expanded retail outlets, and in vending machines. ‘New Chinese style tea’ shops, juice bars and coffee shops are popular venues for the young generation.

The larger volume of fresh citrus available in the local market from domestic and southern hemisphere countries creates stiff competition for U.S. fresh citrus. Strong brands with consistently superior quality are well received by Chinese consumers and investing in these efforts can help products stand out from competitors and command a much higher selling price. Package design can also attract consumers.

Demand for high-end fresh citrus remains stable as Chinese farmers speed up varietal innovation and traders pay more attention to branding - via both traditional distribution channels and digital shopping platforms. Specialized fruit chain stores near residential communities and within neighborhoods are also growing in number and popularity. These street-level stores are often smaller than a convenience store and only sell fresh fruits.

Fresh citrus fruits are routinely advertised during “Singles’ Day” (November 11) and “12.12” (December 12) promotional periods. Citrus in 2.5 kilogram and 5-kilogram packages are key online promotional items. These larger sizes are popular for home delivery from online platforms. Traders also assert the larger boxes encourage customers to increase their consumption of the fruits.

Shortened home delivery times from chain stores with neighborhood outlets fuels digital purchases. Sources also estimate that online shopping increased approximately 30 percent since the pandemic started. With the fast expansion and adoption of online platforms and WeChat mini-programs such as

Pinduoduo, Benlai, Pagoda, Hema, Taocaicai and *JD.com*, consumers – even in remote locations - are able to get fresh products quickly.

In the face of sporadic but limited COVID-19 outbreaks, supermarket chains are seeking to reassert their presence. Many pay increasing attention to expanded e-commerce options, faster order fulfillment (often under 1 hour), and making the interface more customer friendly. Meanwhile, physical stores are eager to draw customers back from online shopping. Some have offered deals such as “buy one get the second 50 percent off” to attract customers. Fresh citrus items are sometimes on the promotional item list.

Attachments:

No Attachments