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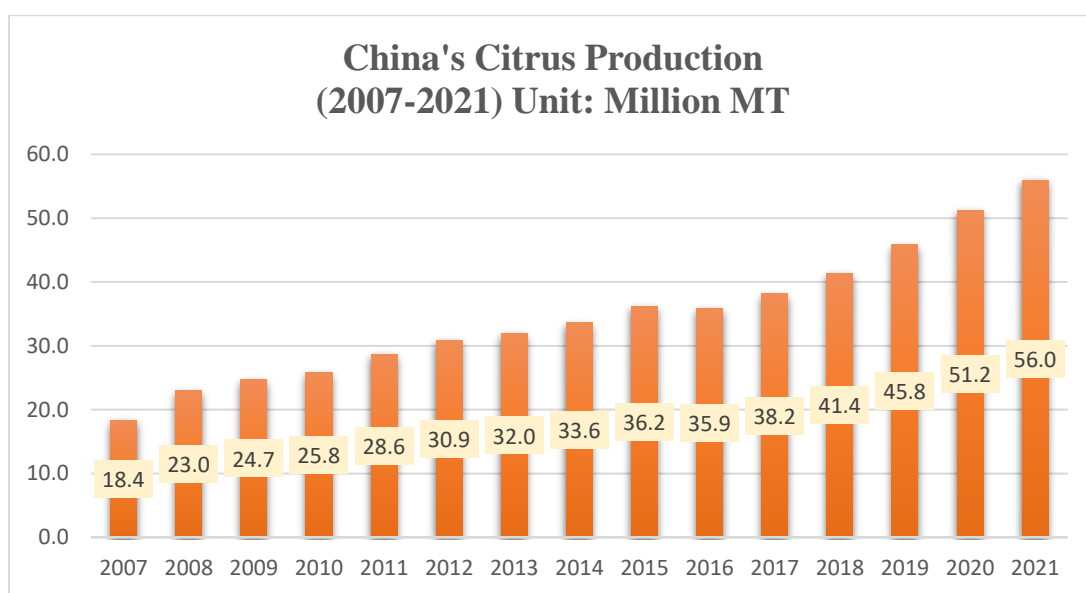
Report Highlights:

After several years of consistent growth, China's citrus production in marketing year (MY) 2022/23 is expected to remain steady as the market deals with continuing COVID challenges, unfavorable weather, and phytosanitary issues. Orange production is expected to increase slightly, despite key production areas being hit by the summer drought. Tangerine and mandarin production is forecast downward by 500,000 metric tons (MT) in MY 2022/23, as farmers deal with unfavorable weather and citrus greening disease. Grapefruit production is also forecasted down by 50,000 MT. Despite economic woes, citrus demand remains strong, as Health-conscious consumers, aided by an expanding e-commerce sector, seek out products rich in vitamin C.

Summary

Following rapid growth over the past few years, citrus is now considered China's largest fruit category in terms of consumption and production. In MY 2022/23, continuing challenges related to COVID, and unfavorable weather conditions will likely impact all citrus categories. Tangerine and mandarin production are forecast to decrease to 26.5 million metric tons (MMT), due to unfavorable weather and reduced planted acreage resulting from citrus greening disease. Overall orange production will increase slightly, yet Gannan navel orange production is expected to drop due to extreme temperatures and drought. Demand for high-quality citrus fruits will continue to rise, especially given consumer demand for products high in vitamin C and their associated immune system health benefits.

Figure 1. China's Citrus Production



(Source: China's Yearly Book 2022, chart made by ATO Guangzhou)

Figure 2. Citrus Growing Area in China



(Source: China Statistical Yearbook 2022, map made by ATO Guangzhou)

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

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

Oranges

Production

Orange production in MY 2022/23 will reach 7.6 million metric tons (MMT). The forecast is based on increased production in new planting areas (i.e., Hubei, Yunnan, Hunan) offsetting navel orange production decreases in Jiangxi province. Jiangxi remains the largest navel orange growing area in China, but production this year was heavily affected by drought and high temperatures during the summer months. Jiangxi farmers noted that regional production was down 10-20 percent, while the fruit was generally smaller in size with higher brix levels. Meanwhile, growers continue investing in Hubei and expect higher orange yields in the coming two years. In addition, Yunnan, Guangxi, and Hainan are expected to have increased production of other sweet oranges (i.e., *Bingtang*, *green oranges*).

Price

Orchard prices in MY 2022/23 for early navel oranges are stronger than the previous year. At the beginning of the season, navel orange orchard prices ranged from 5.5 yuan –6.2 yuan (\$0.79- \$0.89) per kilogram. The average retail price for bulk ordinary grade navel oranges is about 8 yuan to 13 yuan (\$1.14 - \$1.85) per kilogram. Following the impact of this year’s drought, larger-sized navel orange prices are about 7.6 yuan (\$1.08 per kilogram), up \$0.08 per kilogram from last year. In addition to size, consumers are also willing to pay a higher price for balanced acid-brix ratio and consistent quality.

Consumption

Fresh orange consumption for MY 2022//23 is forecast at 7.5 MMT, up slightly from the previous year. Increasing demand for fruits rich in vitamin C is fueled by consumer focus on health, including citrus fruit’s historical medicinal uses. With rising COVID cases and increased self-monitoring, demand is expected to remain strong. It is noteworthy that with increasing demand, more Chinese farmers are trying to grow red flesh oranges (or *Xue Cheng* 血橙 in Chinese), which are similar to the U.S. *Cara Cara* navel or *Blood* variety (see Figure 3).

Figure 3. Xue Cheng Oranges



Trade

Imports

China’s orange imports have declined significantly since 2019 due to COVID restrictions. In the three years between MY 2018/19 and My 2021/22, orange imports dropped by nearly 50 percent. This dramatic drop was driven by multiple challenges from global transportation disruption, China’s zero

COVID measures, as well as additional tariffs and increasing costs for disinfection and testing, and further declined to 223,000 MT in MY 2021/2022.

China's MY 2022/23 orange imports are expected to reach 230,000 MT, up from 223,000 MT in MY 2021/22, as China begins removing some of the onerous transportation requirements related to COVID (i.e., testing). Major orange exporters to China include South Africa, Egypt, Australia, United States, and Spain. South Africa managed to remain the leading orange supplier, increasing their MY 2021/2022 market share by nearly 20 percent.

Exports

China's MY 2022/23 orange exports are expected to reach 70,000 MT, up 6,000 MT from the previous year, as the flow of good improves with the removal of zero-COVID measures. According to current trade data, China's MY 2021/22 orange exports to Vietnam, Hong Kong and other Southeastern Asian countries dropped more than previously estimated. The dramatic reduction is due to various trade disruptions related to China's zero-COVID measures (i.e., Guangxi port closure, strict testing on truckers and other workers).

**Table 1.
Production, Supply and Distribution (Oranges)**

Oranges, Fresh Market Year Begins	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	816000	816000	816500	816500	0	816530
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)	7500	7500	7550	7550	0	7600
Imports (1000 MT)	241	241	220	223	0	230
Total Supply (1000 MT)	7741	7741	7770	7773	0	7830
Exports (1000 MT)	100	100	80	64	0	70
Fresh Dom. Consumption (1000 MT)	7291	7291	7440	7460	0	7520
For Processing (1000 MT)	350	350	250	249	0	240
Total Distribution (1000 MT)	7741	7741	7770	7773	0	7830

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

Orange Juice

Production

Post forecasts MY 2022/23 frozen orange juice production at 18,450 MT, a decline from 19,250 MT in MY 2021/22. The decline assumes a smaller volume of oranges will be delivered to processors as a

result of increasing fresh orange demand. China largely relies on imports of frozen orange juice due to limited domestic production capacity and high operational costs.

Price

In MY 2022/23, the average price for bottled juices is forecasted to remain consistent with prices witnessed last year. Currently, domestic-branded 100 percent juice has a retail price range from 9 yuan to 12 yuan (\$1.29 - \$ 1.72 per bottle). With increasing operational costs, some juice makers may increase prices mid-year 2023.

Consumption

Post forecasts frozen orange juice consumption for MY 2022/23 at 138,750 MT, approximately a 10 percent increase from the previous year. Demand remains strong for 100 percent juices, not from-concentrate (NFC) juices, as well as juices with higher orange content. Younger consumers have adapted to western breakfast styles, including the consumption of orange juice as a good choice for daily vitamin C intake. Additionally, the nationwide expansion of vending machines, convenience stores and O2O (online to offline) outlets has further increased sales.

In MY 2021/22, orange juice the consumption reached 129,440 MT as industry insiders reported dramatic sales growth (approximately 20 percent) from both traditional and online platforms. Many Chinese consumers believe drinking orange juice can help in the fight against COVID. Branded juices (i.e., *Huiyuan*, *Weiquan*, *Nongfu*) have the highest sales growth in the orange juice sector.

Trade

Import

Frozen orange juice imports for MY 2022/23 are forecast at 122,000 MT, up significantly due to lower domestic production amid increased demand. From concentrate (FC) frozen orange juice will continue to be the largest imported juice ingredient. The total volume of imported ingredients is expected to grow given its competitive price compared to higher-cost domestic products.

MY 2021/22 import volume is also increased over 10 percent to 111,821 MT to reflect current trade data. Major suppliers include Brazil, Costa Rica, Israel, and Spain. Brazil represented over 70 percent of China's total frozen orange juice imports.

Export

In MY 2022/23, frozen orange juice exports are forecast at 1,700 MT, up slightly from the MY 2021/22 revised export volume of 1,631 MT. Demand in other Asian countries will continue to grow and top export destinations will include Hong Kong, Indonesia, Taiwan, Malaysia, Mongolia, and Thailand.

Table 2.
Production, Supply and Distribution (Orange juice)

Orange Juice Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors (MT)	350000	350000	250000	250000	0	240000
Beginning Stocks (MT)	0	0	0	0	0	0
Production (MT)	26920	26920	19250	19250	0	18450
Imports (MT)	82640	82640	100000	111821	0	122000
Total Supply (MT)	109560	109560	119250	131071	0	140450
Exports (MT)	1537	1537	1450	1631	0	1700
Domestic Consumption (MT)	108023	108023	117800	129440	0	138750
Ending Stocks (MT)	0	0	0	0	0	0
Total Distribution (MT)	109560	109560	119250	131071	0	140450
(MT)						

Tangerines and Mandarins

Production

Post forecasts MY 2022/23 production of tangerines and mandarins at 26.5 MMT, down slightly from MY 2021/22. This forecast reflects reduced production volumes from unfavorable weather, as well as the reduced planting areas due to the greening disease that is spreading across Guangxi province.

Industry sources estimate that reduced production of tangerines and mandarins is mostly expected in Guangxi, Jiangxi, and Zhejiang provinces, where the drought hit hardest. MY 2021/22 production was revised to 27 MMT, due to freezing weather during early spring.

Price

The average price for domestic tangerines and mandarins in MY 2022/23 is expected to increase slightly due to the smaller crop. In Guangxi, the orchard price for premium *Shatangju* in early December exceeded 20 yuan (\$2.86) per kilogram. This is a significant increase above the October orchard price (per industry) of 3.79 yuan (\$0.55) per kilogram.

Consumption

MY 2022/23 domestic consumption is forecast at 25.4MMT, down slightly from the previous year due to smaller volumes available on the market. Easy-to-peel, premium citrus products are always in high demand. Guangxi is the largest growing area for *Wogan* and *Shatangju* varieties, while other provinces (i.e., Yunnan, Guangdong, Sichuan, Fujian) also produce these popular varieties.

Trade

Import

MY 2022/23 imports of tangerines and mandarins are forecast at 60,000 MT, up slightly from the MY2021/22. South Africa, Australia, Peru, and Chile are the main suppliers, with South Africa representing over half of China's mandarin imports during the period.

Export

Post forecasts MY 2022/23 exports of tangerines and mandarins at 570,000 MT, up slightly from the previous year. MY 2021/22 export estimate was revised downward to 566,000 MT to reflect current trade data. Lower export volume for MY 2021/22 is a result of trade disruptions related to COVID restrictions.

Table 3.
Production, Supply and Distribution (Tangerines and Mandarins)

Tangerines/Mandarins, Fresh Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	889000	889000	895000	895000	0	890000
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)	25000	25000	27000	27000	0	26500
Imports (1000 MT)	64	64	70	55	0	60
Total Supply (1000 MT)	25064	25064	27070	27055	0	26560
Exports (1000 MT)	857	857	575	566	0	570
Fresh Dom. Consumption (1000 MT)	23577	23577	25895	25889	0	25410
For Processing (1000 MT)	630	630	600	600	0	580
Total Distribution (1000 MT)	25064	25064	27070	27055	0	26560

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

Grapefruits and Pomelos

Production

Post forecasts MY 2022/23 grapefruit/pomelo production at 5.15 MMT, slightly down from the previous year because of the reduced pomelo crop in provinces (i.e., Guangdong, Fujian) hit by the summer drought. Production is expected stable in Meizhou and Pinghe, two major pomelo growing areas famous for golden honey and three red pomelos. Jiangxi, Sichuan, Hunan, Fujian, Guizhou, and Hainan continue producing some grapefruit and pomelo hybrids to meet the market demand.

Price

The orchard price for regular pomelos in MY 2022/23 is expected to be slightly up (approximately \$0.2-\$0.4) from the previous year because of a relatively smaller crop. Retail prices for premium grapefruits will remain high. Golden pomelo from Meizhou is priced at 13.9 yuan (\$1.99) per piece, while the high-end *Red Ruby* Thailand variety is priced over twice as high at 29.9 yuan (\$4.28) per piece.

Consumption

Grapefruit and pomelo consumption in MY 2022/23 is forecast at 5.11 MT. Traders expect the demand for fresh grapefruits to increase in the coming years, as Chinese tea/juice shops reboot following COVID. Fresh organic pomelos are considered a high-end variety for daily intake of vitamin C.

Trade

Imports

MY 2022/23 imports of grapefruit (including pomelo) are forecast at 120,000 MT, slightly up from the revised MY 2021/22 data due to continual demand for fresh, imported varieties from Thailand. Traders also expect China to increase imports from South Africa, as the Chinese market becomes more desirable than Europe. MY 2021/22 estimates were revised downward to 111,000 MT to reflect current trade data. South Africa continues to be the largest grapefruit supplier to the Chinese market, representing over 60 percent of China's total imports. Other suppliers include Thailand, Israel, and Egypt.

Exports

MY 2022/23 grapefruit and pomelo exports are forecast at 115,000 MT, consistent with MY 2021/2022 data. Industry insiders mentioned that the energy crisis in Europe and the ongoing Russia-Ukraine war hinders trade between China and European countries. Netherlands, Ukraine, Romania, and Russia used to be major importers of Chinese pomelos in Europe. MY 2021/22 grapefruit/pomelo exports were revised upward to 117,000 MT to reflect current trade data.

**Table 4.
Production, Supply and Distribution (Grapefruit)**

Grapefruit, Fresh Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
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)	4950	4950	5200	5200	0	5150
Imports (1000 MT)	125	125	135	111	0	120
Total Supply (1000 MT)	5075	5075	5335	5311	0	5270
Exports (1000 MT)	158	158	100	117	0	115
Fresh Dom. Consumption (1000 MT)	4867	4867	5175	5134	0	5110
For Processing (1000 MT)	50	50	60	60	0	45
Total Distribution (1000 MT)	5075	5075	5335	5311	0	5270
(HECTARES), (1000 TREES), (1000 MT)						

Citrus Policy

China continues to strengthen rural development nationwide. Major O2O players (i.e., *Hema*, *Pingduoduo*) are developing partnerships with farmers to improve access to fresh fruits and vegetables in different provinces. Specifically, they aim to have fresh fruits delivered to urban consumers directly from the farm. These “farm to table” projects can reshape China’s citrus industry.

In 2022, two new overseas citrus suppliers were granted access to the China market:

- On August 31st, the General Administration of Customs of the People’s Republic of China (GACC) granted market access to Iran for fresh citrus products. Iranian oranges, mandarins, and sweet lemons are now allowed to be shipped to China. All Iranian citrus orchards, packing houses and cold treatment facilities planning to export to China need to be filed by the Ministry of Agriculture (MOA) of the Islamic Republic of Iran and jointly approved and registered by the GACC. All citrus exported to China shall be subject to cold treatment and pest elimination measures.
- In July, GACC announced that Laos can now export oranges, pomelos, and lemons. Laos pomelos must be bagged in the growth cycle for more than 60 days. Orange and lemon exported to China must be cold treated in a registered cold treatment facility before shipment. For oranges, the cold treatment index is 1.67 °C or below for 18 consecutive days. For lemons, the cold treatment index is 3 °C or below, also for 18 consecutive days.

The GACC announcements are 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>).

Additional tariffs imposed on U.S. citrus continues to be a trade barrier. U.S. citrus imports are generally higher than other major citrus suppliers (i.e., Chile, Peru, South Africa, Egypt). More details on the additional tariffs are available in previous reports: [Updated Guidance on China's Retaliatory Tariffs and Tariff Exclusion Process for US Products - August 5, 2020](#).

Citrus Marketing

U.S. citrus products are heavily sought after and high-end consumers are willing to pay for premium quality products. Sunkist brand is well known by many Chinese consumers, especially in first tier cities. However, U.S. citrus is facing strong competition from China’s domestic production and other overseas suppliers.

The health benefits (i.e., vitamin C) of citrus fruits are well-received marketing components for Chinese consumers, particularly since the pandemic. Chinese consumers’ demand for fresh citrus will continue to be strong, based on the role of vitamin C in the development of a healthy immune system.

Themed, public-facing events are also playing an important role in citrus sales. During the harvest season, major Chinese orchards often organize special, open-to-the-public events to celebrate the harvest. Media, traders, and key opinion leaders are present, and social media awareness of these events is growing. Supermarkets and specialized fruit stores try hard to differentiate themselves from their competitors by selling a variety of seasonal citrus products. In addition, large displays are placed at the entrance of stores to attract traffic.

Strong brands with consistently superior quality are the key to customer loyalty, creating the demand that supports the higher selling price. Chinese consumers prefer juicy and sweet oranges as well as easy to peel tangerines and mandarins. Citrus fruit with balanced brix levels (e.g., between 12-16) is in higher demand. Attractive packaging is another powerful tool for marketing high-end citrus products. For example, a branded bag (either paper or plastic) for each pomelo or grapefruit would be economical, while helping the consumer easily remember the brand.

Smaller family size and higher single household wealth are increasing demand for citrus products in smaller packaging. Community or group purchases remain strong and are often facilitated online. WeChat mini programs and other online shopping programs are growing fast. The speed and ease of home delivery allows Chinese consumers to consume the varieties of citrus fruits they prefer with a simple click of a button.

Attachments:

No Attachments