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Citrus Annual

1999

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Report Highlights:
China's citrus production is estimated to reach 9.6 million tons in 1999, a 12 percent increase over the previous year's output. Although China's citrus exports are still much higher than its imports, recent agreements between the U.S. and China should help to increase imports in the near future.

Includes PSD changes: Yes
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Executive Summary

China's citrus production is expected to increase this year to 9.6 million tons, a 12 percent increase over last year's harvest. Tangerines varieties still make up the majority of production with 5.7 million tons, but orange varieties are becoming more popular, reaching 2.9 million tons. Pomelos' portion of total production should equal 915 thousand tons. China's citrus production in 1998 was 8.6 million tons, a 15 percent decrease from the year before.

Contributing to the increase in citrus production has been good weather conditions throughout the growing season this year, the absence of natural calamities (i.e. floods, frosts, etc.) in the growing areas, new production areas starting to bear fruit, improved citrus fruit prices the year before, and the alternating big/small production year cycle phenomena.

Much of China's citrus is good quality at harvest time, but the quality quickly declines due to excessive handling during distribution and sales. Post-harvest practices of washing, waxing, and packing tend to be rare.

In regards to citrus production, the national government continues to follow the strategy of passive encouragement, but rarely gives actual assistance. Provincial and local governments tend to be more active in giving their support to the citrus industry. The most widely given form of assistance to citrus growers is low interest loans.

Most of China's citrus is consumed fresh and the country's processing industry uses less than 10 percent of the crop every year. Canned fruit is the main processed citrus product and Mandarin oranges is the variety of choice for most canners.

Oranges and lemons make up most of China's citrus imports, while tangerines represent the major share of its exports. China's tangerine exports are many times larger than all of its citrus imports combined. The United States remains a major source of China's citrus imports.

The 1999 Sino-U.S. agricultural trade agreement lifted the ban on U.S. citrus imports and the World Trade Organization entry agreement between the same countries should lead to lower tariffs in the near future. The combined effect of these agreements should increase U.S. citrus exports to China over the coming years. Despite the earlier ban, U.S. fresh citrus had been entering the China market for years and earned recognition as high quality from local consumers.

The exchange rate used for this report is 8.27 Yuan equals one U.S. dollar. Another Chinese currency ratio used throughout this report is ten Mao equal one Yuan.

Production

General

Post estimates that China's total citrus fruit production for the crop year 1999/2000 will be 9,636,000 tons, a 12 percent increase over last crop year. Of the total, tangerines will make up an estimated 59 percent or 5,732,000 tons, and sweet oranges an estimated 30 percent or 2,881,000 tons. Pomelo production, including grapefruit, should reach 915,000 tons, 9.5 percent of total citrus production. As for lemons, during this crop year, their production is estimated to be approximately 13,000 tons.

Contributing to the increase in citrus production has been good weather conditions throughout the growing season this year, the absence of natural calamities (i.e. floods, frosts, etc.) in the growing areas, new production areas starting to bear fruit, improved citrus fruit prices the year before, and the alternating big/small production year cycle phenomena. The latter is a phenomenon that appears to occur throughout China's citrus growing regions. According to industry participants, yields will be large one year and then small the next one, afterwards the cycle will start again. Some domestic citrus experts claim that the cause is climate and growing management techniques, while others believe that alternating year cultivars are the primary cause. Sources say that 1999 is a big production year and 1998 was a small one.

In 1998, China's citrus production declined 15 percent from the previous year, the first production decline since 1992. According to various domestic sources, the production reduction's main causes were variety switching taking land out of production and the low citrus fruit prices of 1997. In Zhejiang province, for example, citrus farmgate prices fell to lows of less than one Mao ($ 0.01) per kilogram and in turn lead to citrus tree destruction and abandonment. In 1998, nearly all of the production declines occurred in eastern and coastal provinces such as Zhejiang and Guangdong, while inland citrus producing provinces such as Sichuan and Chongqing still showed growth due to new groves starting production. One citrus industry participant claims that the 1997's low prices lead to a 20 to 25 percent decline in citrus acreage in Zhejiang's Ningbo area. Some local experts also say that the big/small production year cycle had some impact.

China's main tangerine varieties include the Mandarin orange and the Peng/Lo tangerine. The Mandarin is the preferred variety of most of the country's citrus canners. In regards to sweet oranges, Jin and Navel oranges are the most widely grown. Most Navel orange production in China occurs in Sichuan, Chongqing, Hubei, and Jiangxi. Lemon production is concentrated in Sichuan and Chongqing. The main varieties are the Eureka and the Beijing. However, locally grown Eurekas tend to have low levels of acidity and vitamin C.

China also classifies its citrus fruit according to when its ripe enough for harvest. The classifications are early harvest, middle harvest, and late harvest. Early harvest refers to citrus that can be harvested before November, middle during November and December, and late after December. An estimated 80 percentage of China's citrus fruit is harvested during November and December of each crop year. Local citrus experts say that an effort is underway to switch towards more late harvest varieties in order to extend the harvest and processing seasons. By early in the next century, these experts predict that their efforts hopefully cause late harvest varieties' production to equal 25 percent of total output. At the present time, 15 percent of China's citrus production is early harvest and only five percent late harvest.

TABLE 1

CHINESE PROVINCIAL CITRUS PRODUCTION						
	1996		1997		1998	
PROVINCE	Hectares	Metric Tons	Hectares	Metric Tons	Hectares	Metric Tons
Shanghai	4,700	85,361	4,800	124,342	N.A.	N.A.
Jiangsu	4,100	42,886	4,800	51,747	N.A.	31,306
Zhejiang	138,300	1,804,133	137,600	2,105,054	N.A.	1,496,872
Anhui	2,300	4,426	2,700	8,458	N.A.	2,806
Fujian	164,800	1,316,360	162,900	1,538,981	113,333	1,464,206
Jiangxi	175,740	332,978	188,300	483,034	178,000	295,719
Henan	3,600	5,937	2,900	7,944	N.A.	10,899
Hubei	102,700	598,310	111,470	849,249	110,000	730,900
Hunan	235,700	895,864	239,700	1,341,400	240,000	899,125
Guangdong	101,900	984,262	92,700	866,913	95,000	756,912
Guangxi	96,700	794,750	108,000	1,006,996	107,100	869,857
Hainan	2,500	10,020	2,400	9,221	N.A.	N.A.
Chongqing	(1)	(1)	56,000	456,672	N.A.	546,494
Sichuan	202,900	1,443,055	146,200	1,068,944	153,333	1,178,350
Guizhou	18,400	59,326	23,100	84,632	N.A.	86,624
Yunnan	15,700	62,433	16,800	77,434	N.A.	81,524
Shaanxi	9,000	15,169	8,000	20,072	N.A.	27,672
Gansu	700	1,316	800	1,107	N.A.	1,522
TOTAL	1,279,740	8,456,586	1,309,170	10,102,200	1,300,000	8,590,360

(1): In 1996, Chongqing production statistics were included as a part of Sichuan province's statistics.
Sources: China Agricultural Yearbooks 1997 and 1998, China 1999 Statistical Yearbook, various provincial agriculture bureau estimates

TABLE 2

China's 1999 Citrus Production Estimate by Variety
(Metric Tons)

Variety	Amount	Percentage of Total Production	Main Production Provinces	Notes
Mandarin Oranges	3,276,000	34.0%	Zhejiang, Fujian, Hubei, Guangxi, Hunan	1, 3
Peng/Lo Tangerines	1,156,000	12.0%	Zhejiang, Fujian	1
Red Oranges	771,000	8.0%	Sichuan, Chongqing	1
Jiao Tangerines	289,000	3.0%	Guangdong, Guangxi	1
Other Tangerine Varieties	240,000	2.5%		1
Navel Oranges	916,000	9.5%	Sichuan, Hubei, Jiangxi	2
Jin Oranges	770,000	8.0%	Sichuan, Chongqing	2
Snow Oranges / Xue Gan	675,000	7.0%	Zhejiang, Fujian	2
Red River Oranges	230,000	2.4%	Guangdong	2
Other Sweet Orange Varieties	290,000	3.0%		2
Shatin Pomelos	412,000	4.3%	Guangdong, Guangxi, Sichuan, Chongqing	
All other Pomelo varieties	503,000	5.2%	Guangdong, Guangxi, Sichuan, Chongqing	
Lemons (all varieties)	13,000	0.1%	Chongqing, Sichuan	
Unknown/Not Specified/Other	95,000	1.0%		
TOTAL	9,636,000	100.0%		

Notes
1) Tangerine Variety
2) Sweet Orange Variety
3) includes ordinary Honey Tangerines
Source: Estimates based on interviews with local citrus industry officials

TABLE 3

Climate and Soil Characteristics of Selected Chinese Citrus Growing Provinces				
	Average Yearly Rainfall (mm) (a)	Days without Frost each Year	Soil pH Level Range	Average Yearly Sunshine (hours)
Sichuan	1,000 (b)	280 - 300	7	1,200 - 1,600
Chongqing	1,000	280 -350	7 - 8	1,100 - 1,450
Hunan	1,200 - 1,700	N.A.	N.A.	1,000 - 1,300
Hubei	750 - 1,500	220 - 300	5 - 7.5	1,800 - 2,000
Guangdong	1,500+	300+	5.5 - 6.5	1,800 - 2,400
Guangxi	1,200 - 1,800 (b)	300+	4 - 7	1,400 - 1,900
Zhejiang	1,200 - 1,800	235 - 250	6 - 7.5	1,800 - 2,100
Fujian	1,032 - 2,100	N.A.	N.A.	N.A.
Shanghai	1,000 - 1,100	225 - 235	8 - 8.5	2,000 - 2,200

Notes:
a) Average for whole province unless otherwise noted
b) Average in the province's main citrus growing areas
Sources: various citrus production reference books and interviews with local citrus industry officials

Crop Area

China’s citrus growing belt lies between 16 and 37 degrees latitude above the equator, but the majority is grown between 20 and 33 degrees latitude above the equator. On an east-west basis, the belt stretches from Zhejiang and Fujian provinces in the east to Sichuan province in the west. Even parts of Tibet are known to grow some citrus fruit. Forty-six percent of China’s 2,126 counties grow citrus fruit.

A substantial amount of China’s citrus fruit is grown on hilly, uneven land, because much of the country’s flatter lands are reserved for grain production. In places where citrus is grown on flatter land, grove size tends to be larger. Tree planting patterns also tend to differ between even and uneven land. Scattered planting tends to prevail on uneven lands, while rows often dominate even land. Planting styles also differ from location to location. In Zhejiang province, for example, citrus trees planted in rows are usually on rows of raised mounds which are flanked by shallow trenches. The trenches are used to facilitate irrigation and the application of fertilizers. However, in Sichuan, citrus trees planted in rows tend to be even with the ground and not on raised mounds. Trenches are absent too.

Much of China’s citrus crop is grown on alkaline soil. The pH level in many of the growing areas are high, ranging from seven to eight. In most of the Chongqing and Sichuan growing areas, for example, pH levels tend towards seven and above. One citrus growing area with a low pH level is southern Guangxi, near the city of Beihai. Its level is about five. Beihai is where Tropicana set up overseas invested citrus farm. The optimal pH level for growing citrus fruit is approximately six point five.

Inputs

The use of fertilizers and pesticides is quite common among China's citrus growers, while the use of machinery is extremely rare. Fertilizer, pesticide, and various other agricultural chemicals often are growers' largest expenses, ranging from 30 to 60 percent of their total growing costs per year. In regards to pesticides, China has established standards on residue tolerances that cover a wide variety of chemicals. However, enforcement of these regulations is uncertain.

Most citrus growers in China do not use any machinery in the growing or harvesting process, because of their groves' topography and size. The hilly, uneven land on which most of China's citrus fruit is grown is unsuitable for the use of machinery. In addition, the small sizes of most groves prevent growers from gaining cost savings through economies of scale with labor saving machinery. Labor costs remain very low in China, especially in the rural areas, and most growers only have less than two mu of land dedicated to citrus growing. One mu equals one-fifteenth of a hectare.

The use of growth regulators is not common either, except among navel orange growers. These growers tend to use these regulators to control the timing of the bloom period. The two most popularly used regulators are known as BA and GA4. Usage costs tend to range from one to three Yuan ($ 0.12 - 0.36) per tree at dosage of 100 to 500 ppm.

Irrigation practices mainly rely on labor and simple devices. Mechanized irrigation systems for citrus do not exist in China, because these systems are expensive for most growers and equipment theft problems are common in the countryside. The period when citrus growers pay most attention to irrigation of their trees is the bloom period, approximately March to May, for nearly all of the country's citrus varieties.

Overall production costs vary throughout the country, but tend to be higher in the coastal provinces than in the inland ones. In Guangdong province, for example, the investment cost for the first three years, the non-fruit bearing years, on average is 3,000 Yuan per mu ($ 5,440 per hectare) and afterwards upkeep per year equals around 1,500 Yuan per mu ($ 2,720 per hectare). In the inland provinces of Sichuan and Chongqing, the costs are considerable less. In Sichuan, initial investment on average equals 1,700 Yuan per mu ($ 3,083 per hectare) and after three years 470 to 500 Yuan ($ 852 - 907 per hectare) per year. In Chongqing, the costs are 2,000 Yuan ($ 3,628 per hectare), followed by 500 to 600 Yuan per mu ($ 907 - 1,088 per hectare) every year. Costs along the coastal provinces tend to be higher, because urbanization is encroaching on some growing areas, enhancing the value of the land for purposes other than agriculture. Labor costs are also higher in the coastal areas.

TABLE 4

China's Regulated Tolerances for Pesticide Residues

Pesticide	Maximum Residue Limit (mg/kg)	Applies only to Citrus
Acephate	0.50	
B.C.	0.20	
Captan	15.00	
Carbaryl	2.50	
Carbendazim	0.50	
Chlorothalonil	1.00	
Clofentezine	1.00	
DDT	0.10	
Deltamethrin	0.05	**********
Diazinon	0.50	
Fenitrothion	0.50	
Fenthion	0.05	
Fenvalerate	0.20	
Flucythrinate	0.50	
Glyphosate	0.10	
Isocarbophos	0.02	**********
Methamidophos	0.00	
Permethrin	2.00	
Phorate	0.00	
Phosmet	0.50	
Phoxim	0.05	
Pirimicarb	0.50	
Quinalphos	0.50	**********
Sebufos	0.00	**********
Triadimefon	0.20	
Trichlorphon	0.20	
Source: China, Peoples Republic of, Food and Agricultural Import Regulations and Standards 1999 (ATO Shanghai, CH9010)		

Yields

The widespread use of Trifoliate Orange as rootstock by Chinese citrus growers has probably been one of the major influence on domestic citrus yields. Its popularity stems mainly from trees using it as rootstock tend to grow to a moderate size, allowing for greater density in groves. In addition, Trifoliate Orange is not as susceptible able to diseases such as tristeza. Trifoliate Orange rootstock is used in almost every one of China's citrus growing provinces, except for Guangdong and Guangxi. In these provinces, the preferred rootstock varieties are Sour Orange and Red Limeng. As for other rootstock varieties, Red Orange is popular in Chongqing, Sichuan, and Hubei provinces. In Sichuan, a few growers are experimenting with the use of pomelo

rootstock to grow oranges.

Citrus trees throughout China on average lead productive lives of 20 years or more, providing they receive proper care and management. According to local officials in various growing regions throughout the country, good grove management tends to be the norm. However, in Guangdong, the situation is different. According to officials connected with the citrus industry, poor grove management is more prevalent and has decreased the average productive life span to 10 to 12 years.

Some citrus growing areas in China are susceptible to weather anomalies. Typhoons have been known to cause damage in the south coastal provinces of Fujian, Guangdong, and Guangxi, but crop destruction is usually limited to those places close to the coastline. Frosts are known to sometimes affect Jiangxi, Hunan, Hubei, and Sichuan (areas above 500 meters sea level) provinces. Since the early 1950's, citrus crop damaging frosts have occurred in Jiangxi province eight times and in Hunan province four times. The last citrus crop damaging frost struck in late December 1991 and extremely low temperatures continued into January 1992, affecting both Hunan's and Jiangxi's provincial citrus crops. Before the 1991/1992 frost, the previous one occurred in Jiangxi in November 1979. In Hunan province, when damaging frosts struck, citrus crop losses have ranged from 39 to 80 percent. In 1999, no known weather anomalies negatively affected China's citrus production.

Crop Quality

China's citrus groves can produce good quality fruit, but the quality of much of the crop every year is quickly degraded by poor post-harvest handling techniques. It is not uncommon for a piece of citrus fruit to be handled by a half dozen or more pairs of hands before it is finally touched by the end consumer. Washing, waxing, or even packaging the fruit before sale often is not done by growers or distributors. In addition, many domestic distributors and wholesalers will loosely store their fruit in the back of trucks with limited to no protection from the elements and dump the fruit on the ground at the market. A majority of China's citrus fruit is distributed by private distributors and wholesalers instead of state-owned companies or individual growers.

No nationally accepted citrus fruit grading system currently exists in China. Some local distributors and processors practice simplistic grading systems based on fruit size. Under these systems, often only two grades exist: big and small. The definitions of big and small size can differ between distributors and processors throughout the country. To measure sizes, simple tools are used. Two known examples include a wooden card with two holes indicating the appropriate big and small sizes and a couple of metal rings welded together, one the big size and the other the small size.

Disease and insect damage to China's citrus crop every year usually is extremely limited in most of the country's growing areas, less than 10 percent of the crop, due mostly to improved tree management techniques and liberal usage of pesticides. The main diseases that concern China's citrus growers are: Liepi Disease (Citrus exocortis viroid), Tattered Leaf Disease, Citrus Canker (Xanthomonas campestris pv. Citri (Hasse) Dowson), and Yellow Dragon Disease. As for insects, mites tend to present the biggest problems, including Red Spider Mites and other types.

The disease which has been consistently causing the most problems has been Yellow Dragon Disease. Found primarily in the southern provinces of Guangdong, Guangxi, Fujian, and Yunnan, the disease is difficult to detect and in its early stages gives the impression that the infected tree is only suffering from a nutrient deficiency. The disease is a plant virus, but psyllid, aphid like insects, are its vector. In the U.S., a similar

disease is commonly referred to as “greening”. One citrus expert in China claims that this disease and canker is endemic to the country’s far southern growing areas and probably will never be completely eradicated.

Production Policy

China’s national government continues to provide passive support for citrus production, but does not pursue policies of active assistance. However, at some provincial and county levels, the government is more actively involved. Specific assistance activities and policies differ between locales.

The most widely offered form of local government assistance available to China’s citrus growers probably is low interest loans. These loans allow growers to purchase fertilizers, pesticides, pruning services, and other necessities during the growing season. Subsidized inputs are rarely available to the citrus growers, except in special cases.

In Chongqing where citrus production is deemed important by the local government, government assistance takes many forms. They include: low interest rate loans, free seedlings, free training, and free technical assistance. Hubei province is another location that has been actively encouraging citrus growing, because in the wake of the Three Gorges dam project the need to plant trees to prevent soil erosion has become important. Provincial officials feel increased citrus tree planting will not only accomplish their task to fight soil erosion, but also bring economic benefits to the local population.

Local government intervention in the citrus market is rare, but has occurred in recent times. In 1997, citrus farmgate prices in Zhejiang province hit extreme lows of less than one Mao ($ 0.01) per kilogram, particularly for Mandarin oranges. These low prices quickly lead to the cutting down and abandonment of citrus tree. In an effort to halt grove destruction, during late December 1997, the governments of several counties in Zhejiang province started buying citrus fruit from the growers at the price of eight Mao ($ 0.10) per kilogram and then in turn sold it to government owned or controlled factories and offices at the same price. Despite the late intervention, from 1997 to 1998, Zhejiang citrus production dropped over 30 percent.

Current citrus farmgate prices currently vary throughout the country, depending on location and variety. In Zhejiang province, the farmgate prices for Mandarin oranges this year range from two to six Mao ($ 0.02 - 0.07) per kilogram. This price is lower than in 1998 when the range was one to three Yuan ($ 0.12 - 0.36) per kilogram, but higher than in the Autumn of 1997 when the price was less than one Mao ($ 0.01) per kilogram. In Chongqing and Sichuan, both Jin and Navel orange farmgate prices this year fall into the range of seven to nine Mao ($ 0.08 - 0.11) per kilogram. As for lemons, in Sichuan, the farmgate price per kilogram is less than two Yuan ($ 0.24). In Guangdong, Shatian pomelos are currently commanding a farmgate price of approximately two and a half Yuan ($ 0.30) per kilogram, a price higher than the year before. These prices are for average quality fruit. Better quality fruit often commands a higher price.

Consumption

Fresh Consumption

Over 90 percent of China’s citrus crop is consumed fresh every year. Fresh fruit in China, including citrus fruit,

remains a popular snack, gift, and concluding dish at the end of restaurant meals. Accompanying China's economic growth, fresh fruit purchases at least by urban households continue to rise. Households with higher average incomes still buy much more fresh fruit than those with lower average incomes.

TABLE 5

China: Urban Households' Per Capita Annual Purchases of Fresh Fruits and Melons (kilograms)				
	1995	1996	1997	1998
National Average	36.56	40.72	45.48	47.86
Highest 10% (1)	51.32	56.15	61.73	63.37
Lowest 10% (1)	22.21	26.46	29.03	31.20
(1) In terms of household income				
Source: China Statistical Yearbooks 1996 - 1999				

TABLE 6

Guangdong Province: Urban Households' Average Per Capita Annual Purchases of Selected Fresh Fruits (kilograms)				
	1995	1996	1997	1998
Apples	5.70	6.20	6.33	6.22
Citrus	**3.15**	**2.79**	**3.23**	**3.61**
Oranges	**1.00**	**0.91**	**1.41**	**1.04**
Bananas	3.01	1.83	3.66	3.41
Grapes	0.62	0.76	0.82	0.81
Source: Guangdong Province Statistical Yearbooks 1996 - 1999				

In rural areas, citrus growers are known to keep a certain percentage of their crop every year to consume themselves. Exact amounts vary depending on location and citrus variety. In Chongqing, for example, this percentage tends to be approximately 20 percent.

Processing

Less than 10 percent of China's citrus crop every year is processed into other products. The main processed products are canned fruit, juice, and jams. In 1997, published sources stated China's production of canned citrus was 300,00 to 400,000 tons, juice concentrate approximately 100,000 tons, and jams/other products 10,000 to 20,000 tons. However, according to these same sources, the country's citrus processing capacity is greatly underutilized, over 500 processors with a combined capacity of over 3,000,000 tons per year. Reasons for underutilization include: the short processing season, poor processing technology, limited supplementary facilities (i.e. transport, storage, etc.), fruit supply instability, and failure to carry out proper marketing activities.

Provincial processing rate vary throughout the country. Zhejiang, China's leading provincial citrus producer, often processes 10 percent or more of its harvest every year, while Guangdong, a big provincial producer, processes very little of its harvest every year. Other provincial citrus processing rates include: Hubei,

approximately seven percent, and Jiangxi, three to five percent.

The citrus processing season only lasts a few months every year, starting in October and ending in March. However, a majority of the production usually occurs from November to January. The main reason for such a short season is the lack of proper and large-scale storage facilities for domestic citrus. Neither local distributors or processors in general have been interested or willing to invest in such facilities.

In regards to canned citrus, the main variety used is Mandarin oranges. Except for a few factories that can kumquats, nearly all canned citrus in China is canned Mandarins. Citrus canning factories in China, even those producing for export, tend to be labor intense operations. These factories employ hundreds of people to peel, segment, sort, and fill cans, while using machinery to only attach lids and move the cans to the packaging area.

Unlike canning, citrus juice concentrate processors in China do not rely on one particular variety. In the eastern part of the country, processors mainly use Mandarin oranges and Peng/Lo tangerines. While in the western part, processors prefer sweet orange varieties such as the Jin and Hamelin oranges, both of which are good for juicing. Citrus concentrate produced in China often lacks pulp, because low labor costs allow processors to hire many workers to peel the fruit before processing.

Since the citrus crop this years appears to be larger than last year's, processors are paying very low prices for their fruit. Some factories in Zhejiang province, the center of the canning industry, are paying growers two to three Mao ($ 0.02 - 0.04) per kilogram for Mandarin oranges. When transportation and other costs are included, the cost to bring the fruit to their factories' doors is three point six to four Mao ($ 0.04 - 0.05) per kilogram. Last year, the price range was one to three Yuan ($ 0.12 - 0.36) per kilogram. Most fruit processors in China set up operations near growing locations to better guarantee supplies. Many processors also purchase their fresh fruit directly from growers instead of using distributors to acquire supplies.

Overseas investment in the citrus processing industry has been limited. The only major investment project at the present time is a citrus concentrate plant and demonstration farm, established by Seagram's of Canada. Located in Zhong county of Chongqing, the plant is currently under construction and will be ready for production in a few years. Its demonstration farm will produce Jin, Hamelin, and Valencia oranges to be processed at the plant. The farm also is serving as an educational tool for helping local farmers better understand the company's citrus needs and in turn they will produce citrus which meets these needs. Seagram's invested amount is U.S. $10 million. Tropicana which ran a similar operation in Beihai, Guangxi is closing down their project this year. Their total investment was U.S.$ 50 million.

Trade

China's direct imports of citrus fruit in 1999 most likely will surpass re-exports to China via Hong Kong in oranges, tangerines, lemons, and grapefruit. Although only Hong Kong re-export data for the first six months of 1999 and Chinese customs import data for the first nine months of 1999 are available, the difference in all cases is substantial. However, the leading exporting nations for each of these fruits is different between the two data sets, indicating that actual Chinese imports are much higher than either data set reveals. In the case of oranges, fresh and dried, the Hong Kong re-exports to China list the United States, Israel, and Spain as the top three origins. The Chinese customs data though shows that New Zealand, South Africa, and Taiwan are the top three origins. In the case of Tangerines, fresh and dried, Hong Kong re-exports to China indicate that Israel is the

source of nearly all of the fruit. However, Chinese customs import data covering the same fruit show that none came from Israel and most originated from either New Zealand, Taiwan, or the Philippines. Similar situations apply to lemons and grapefruit. During most of the 1990s, Hong Kong re-exports of citrus fruit to China were much higher than the direct imports as indicated by China's customs statistics.

When considering the two import data sets, the United States remains as China's main source for citrus fruit. However, most of the U.S. citrus fruit are oranges and only much smaller amounts of others. The Hong Kong re-export figures are the only numbers which indicate sizable U.S. origin imports, while the Chinese customs statistics for citrus fruit imports hardly show any from the U.S.

When comparing China's imports and exports of citrus fruit, both Hong Kong re-exports and direct imports of oranges and lemons separately are higher than exports. However, Chinese exports of tangerines and grapefruit/pomelos are higher than the combined amounts of the two different import data sets. Tangerines are China's major citrus fruit export and amounts are higher than all of the country's citrus imports. Most of the exported tangerines go to the countries of Southeast Asia and Hong Kong. China's 1998 tangerine exports were 151,357 tons and for 1999's first nine months 92,229 tons.

China's canned mandarin orange exports continue to be substantial as indicated by figures from the category; citrus fruit, preserved and/or prepared, in airtight containers. Although only the first nine months of Chinese customs export data is currently available, 1999 exports likely will be at the same levels as 1998. Japan, Germany, and the United States remain as the main destinations for most of China's canned citrus exports. China's exports of canned citrus in 1998 equaled 112,111 tons and for 1999's first nine months 98,376 tons.

Tables: Hong Kong Re-exports to China

TABLE 7

Hong Kong Re-exports: ORANGES, FRESH OR DRIED (HS 0805.1000) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume

U.S.A.	42,546	58,781	5,896	9,326
U.S. Oceania	98	161	0	0
Australia	634	746	67	88
South Africa	1,680	2,743	220	349
Brazil	0	0	9	12
Chile	0	0	20	36
Canada	127	291	0	0
Spain	0	0	258	450
Egypt	0	0	35	46
Morocco	0	0	158	236
Israel	0	0	700	1,232
Thailand	12	17	22	42
Other	0	0	0	0
TOTAL	45,097	62,738	7,385	11,816
Source: Hong Kong Department of Census, Customs Statistics				

TABLE 8

Hong Kong Re-exports: TANGERINES, FRESH OR DRIED (HS 0805.2010, 0805.2090) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume
U.S.A.	0	0	0	0
Australia	167	146	8	11
Taiwan	12	22	0	0
Israel	0	0	281	535
Pakistan	0	0	0	0
Other	6	14	0	0
TOTAL	185	182	289	546
Source: Hong Kong Department of Census, Customs Statistics				

TABLE 9

Hong Kong Re-exports: LEMONS AND LIMES, FRESH OR DRIED (HS 0805.3000) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume
U.S.A	873	963	166	288
Australia	0	0	43	60

South Africa	12	20	87	161
Argentina	0	0	35	68
Chile	0	0	26	16
Canada	13	41	0	0
Thailand	10	5	16	25
Netherlands	9	2	2	1
Taiwan	1	0	0	0
Israel	0	0	9	12
Other	0	1	0	0
TOTAL	918	1,032	382	631
Source: Hong Kong Department of Census, Customs Statistics				

TABLE 10

Hong Kong Re-exports: GRAPEFRUIT, FRESH OR DRIED (HS 0805.4000) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume
U.S.A.	331	474	43	81
Thailand	178	491	30	77
Chile	0	0	17	33
Israel	0	0	87	223
Other	0	0	1	0
TOTAL	508	965	178	414
Source: Hong Kong Department of Census, Customs Statistics				

TABLE 11

Hong Kong Re-exports: FROZEN ORANGE JUICE (HS 2009.1100) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume
U.S.A.	112	109	35	29
Brazil	326	219	360	244
South Korea	134	60	0	0

Japan	0	0	28	18
Armenia	0	0	13	6
Mexico	71	40	0	0
Taiwan	25	16	0	0
Other	0	0	0	0
TOTAL	668	443	436	297
Source: Hong Kong Department of Census, Customs Statistics				

TABLE 12

Hong Kong Re-exports: ORANGE JUICE, NOT FROZEN (HS 2009.1900) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume
U.S.A.	1,292	1,872	398	615
Brazil	25	38	112	75
Denmark	54	32	0	0

Germany	0	0	4	1
Hungary	42	28	0	0
Spain	1	1	0	0
France	10	19	6	13
Great Britain	9	12	1	1
Australia	219	247	56	74
Singapore	47	27	0	0
South Africa	13	19	0	0
Indonesia	31	17	0	0
South Korea	0	0	12	15
Malaysia	17	9	0	0
Philippines	52	42	0	0
Other	0	0	0	1
TOTAL	1,808	2,361	588	795
Source: Hong Kong Department of Census, Customs Statistics				

TABLE 13

Hong Kong Re-exports: GRAPEFRUIT JUICE (HS 2009.2000) (Value: $'000, Quantity: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO JUN---	
Origin	Value	Volume	Value	Volume
U.S.A.	314	479	111	140
Spain	0	0	8	7
South Africa	5	9	0	0
Other	0	0	0	0
TOTAL	322	491	119	147
Source: Hong Kong Department of Census, Customs Statistics				

Tables: China's Official Imports

TABLE 14

Imports: ORANGES, FRESH OR DRIED (HS 0805.1000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A.	121	352	283	759
Australia	154	439	300	744

South Africa	1	2	1,320	3,277
Canada	746	2,214	133	311
New Zealand	212	627	3,086	7,972
Chile	8	29	20	60
Brazil	2	4	6	7
Japan	3	9	0	0
Philippines	1	2	236	556
Malaysia	12	37	152	376
Thailand	10	30	10	24
Taiwan	0	0	705	1,743
Egypt	0	0	148	451
Spain	0	0	142	400
Indonesia	0	0	125	290
Uruguay	0	0	79	197
Argentina	0	0	55	135
Israel	0	0	31	79
Turkey	0	0	11	29
Morocco	0	0	7	18
Other	2	7	1	1
TOTAL	1,272	3,752	6,850	17,429
Source: China's Customs Statistics				

TABLE 15

Imports: TANGERINES, FRESH OR DRIED (HS 0805.2010, 0805.2090) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A.	0	1	0	0
Canada	31	92	5	11
Australia	2	7	12	26
New Zealand	15	3	307	914
Indonesia	0	0	38	77

Malaysia	1	1	74	148
Nepal	47	130	13	37
Philippines	0	0	149	298
Taiwan	0	0	146	291
Thailand	3	9	0	0
Other	4	11	0	0
TOTAL	103	254	744	1,801
Source: China's Customs Statistics				

TABLE 16

Imports: LEMONS AND LIMES, FRESH OR DRIED (HS 0805.3000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A	7	19	63	159
Canada	94	293	28	63
Malaysia	0	1	0	0
Taiwan	6	18	82	183
Philippines	0	0	32	70

Thailand	118	157	128	248
Indonesia	0	0	22	49
Argentina	0	0	23	51
Chile	0	0	17	43
New Zealand	0	0	345	1,088
South Africa	0	0	117	263
Other	2	6	1	1
TOTAL	227	494	858	2,218
Source: China's Customs Statistics				

TABLE 17

Imports: GRAPEFRUIT, FRESH OR DRIED (HS 0805.4000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A.	0	0	8	12
Canada	2	8	0	0
South Africa	0	0	14	27
Japan	35	112	0	0
Australia	0	0	1	4

Israel	8	33	0	0
Malaysia	0	0	12	49
New Zealand	0	0	6	19
Thailand	259	926	230	756
Taiwan	7	28	35	77
Other	0	0	1	0
TOTAL	311	1,107	307	943
Source: China's Customs Statistics				

TABLE 18

Imports: Other Citrus Fruit, Fresh and Dried (HS 0805.9000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
New Zealand	15	2	0	0
Other	0	0	0	0
TOTAL	15	2	0	0
Source: China's Customs Statistics				

TABLE 19

Imports: FROZEN ORANGE JUICE (HS 2009.1100) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A.	1,417	1,646	1,354	1,403
Brazil	1,072	820	2,155	1,667
Australia	5	2	0	0
Netherlands	0	0	18	9
Taiwan	0	0	64	54

Mexico	104	88	0	0
Hong Kong	1	1	0	1
Israel	1,132	658	327	281
France	4	8	0	0
South Africa	15	14	0	0
Iran	0	0	187	184
Belgium	0	0	210	170
Italy	325	216	270	176
Other	0	1	3	1
TOTAL	4,075	3,454	4,588	3,946
Source: China's Customs Statistics				

TABLE 20

Imports: ORANGE JUICE, NOT FROZEN (HS 2009.1900) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A.	187	409	37	52
Australia	289	524	320	563
New Zealand	0	0	13	15
Canada	29	37	8	16

Brazil	0	0	197	446
South Africa	0	0	2	6
Hong Kong	100	191	525	1,555
Japan	94	37	10	9
Malaysia	5	11	0	0
Philippines	31	84	7	11
Singapore	0	1	0	0
South Korea	13	26	12	25
Thailand	7	17	1	2
Taiwan	28	61	28	44
Denmark	51	36	58	42
Germany	34	45	24	26
Netherlands	2	2	10	4
France	11	6	14	13
Great Britain	0	0	11	28
Spain	5	20	11	16
Austria	23	41	0	0
Hungary	27	75	4	12
Other	5	20	0	1
TOTAL	941	1,643	1,292	2,886
Source: China's Customs Statistics				

TABLE 21

Imports: GRAPEFRUIT JUICE (HS 2009.2000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
U.S.A.	193	258	286	359
Australia	0	0	0	0
Canada	14	17	1	3
Singapore	4	3	0	0
South Africa	2	2	0	0

Netherlands	0	0	8	12
Germany	0	0	3	1
South Korea	7	5	0	0
Other	1	1	2	2
TOTAL	221	286	300	377
Source: China's Customs Statistics				

Tables: China's Official Exports

TABLE 22

Exports: ORANGES, FRESH OR DRIED (HS 0805.1000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Hong Kong	332	2,078	323	2,286
Japan	0	0	0	0
Macau	2	10	0	3
North Korea	0	0	2	1

Mongolia	45	239	0	0
Philippines	38	96	0	0
Singapore	26	117	18	98
Vietnam	416	2,219	379	1,866
Kazakhstan	5	17	0	0
Kirghizia	4	16	0	0
Russia	229	638	95	169
Other	0	1	1	0
TOTAL	1,097	5,431	818	4,422
Source: China's Customs Statistics				

TABLE 23

Exports: TANGERINES, FRESH OR DRIED (HS 0805.2010, 0805.2090) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Hong Kong	3,599	23,141	1,234	11,384
Indonesia	1,342	4,322	1,405	5,515
Brunei	174	464	96	327
North Korea	139	709	58	327
Macau	99	563	52	270

Malaysia	4,894	14,063	5,219	18,898
Philippines	5,666	16,459	3,848	15,245
Singapore	8,378	26,340	4,285	25,058
Thailand	72	159	4	44
Vietnam	4,376	22,174	2,400	10,288
Burma	9	38	8	27
India	9	48	8	24
Panama	17	48	0	0
Netherlands	28	141	0	0
Mongolia	6	50	5	40
Kazakhstan	29	95	15	33
Kirghizia	32	97	0	0
Russia	8,120	25,919	1,082	3,950
Canada	6,639	16,408	287	799
Other	33	119	0	0
TOTAL	43,661	151,357	20,004	92,229
Source: China's Customs Statistics				

TABLE 24

Exports: LEMONS AND LIMES, FRESH OR DRIED (HS 0805.3000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Hong Kong	18	22	2	2
Russia	58	145	21	69
Singapore	13	11	0	0
Other	0	0	0	0
TOTAL	88	178	22	71

Source: China's Customs Statistics

TABLE 25

Exports: GRAPEFRUIT, FRESH OR DRIED (HS 0805.4000)
(Value: $'000, Volume: Metric Tons)

	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Hong Kong	1,128	8,579	232	2,290
Indonesia	0	0	0	0
Macau	75	375	11	59
Philippines	2	10	0	0
Singapore	66	288	24	174
Great Britain	5	10	0	0
Netherlands	3	4	1	0
Italy	0	0	2	2
Netherlands	0	0	1	2
Canada	88	218	88	337
U.S.A.	0	0	0	0
Other	0	1	0	2
TOTAL	1,366	9,485	359	2,866

Source: China's Customs Statistics

TABLE 26

Exports: OTHER CITRUS FRUIT, FRESH AND DRIED (HS 0805.9000)
(Value: $'000, Volume: Metric Tons)

	---CY 1998---		---CY 1999/JAN TO SEP---	
Destination	Value	Volume	Value	Volume
Canada	694	1,511	5	15
Singapore	186	746	11	57
Hong Kong	154	1,339	174	2,411
Russia	119	513	0	0
Australia	45	59	0	0
Vietnam	42	250	0	0
Malaysia	25	88	12	45

Philippines	25	68	6	22
Mongolia	4	17	0	0
Japan	1	11	59	55
Burma	2	9	18	125
Macau	2	8	0	0
North Korea	0	0	18	210
Other	0	0	1	0
TOTAL	1,299	4,619	304	2,939
Source: China's Customs Statistics				

TABLE 27

Exports: FROZEN ORANGE JUICE (HS 2009.1100) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Israel	82	23	0	0
Hong Kong	1,678	1,222	1,213	866
Japan	132	56	0	0
Malaysia	0	0	17	22
Taiwan	312	530	85	204
Other	0	1	0	1
TOTAL	2,203	1,832	1,315	1,093
Source: China's Customs Statistics				

TABLE 28

Exports: ORANGE JUICE, NOT FROZEN (HS 2009.1900) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Hong Kong	748	669	638	677
Macau	0	0	1	2
Burma	0	0	25	54
Portugal	0	0	15	16
Philippines	25	19	0	0
South Korea	162	116	0	0
Mongolia	0	0	7	12
United States	0	0	6	6

Canada	0	0	3	4
Other	1	1	0	0
TOTAL	936	805	695	771
Source: China's Customs Statistics				

TABLE 29

Exports: GRAPEFRUIT JUICE (HS 2009.2000) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
Hong Kong	303	232	214	170
Other	0	0	0	0
TOTAL	303	232	214	170
Source: China's Customs Statistics				

TABLE 30

Exports: CITRUS FRUIT, PRESERVED & PREPARED, IN AIRTIGHT CONTAINERS (HS 2008.3010) (Value: $'000, Volume: Metric Tons)				
	---CY 1998---		---CY 1999/JAN TO SEP---	
Origin	Value	Volume	Value	Volume
North Korea	7	24	0	0
Hong Kong	340	548	211	286
Japan	36,518	47,498	44,805	52,507
Malaysia	144	270	81	173
Philippines	33	57	9	16
Saudi Arabia	135	131	84	137
Singapore	112	183	131	179
South Korea	306	482	221	304

Thailand	222	452	246	409
U.A.E.	40	50	0	0
Yemen	50	75	0	0
Taiwan	96	159	140	211
Great Britain	318	556	299	449
Germany	10,462	18,279	3,943	5,744
France	40	41	0	0
Italy	20	33	1	1
Netherlands	767	1,269	569	834
Norway	38	54	31	36
Sweden	156	210	83	99
Russia	8	13	0	0
Czech Republic	335	630	202	305
Argentina	11	15	0	0
Canada	2,056	3,039	2,003	2,431
U.S.A.	26,996	37,687	28,787	33,910
Australia	224	294	149	178
New Zealand	36	48	21	30
Other	11	14	118	137
TOTAL	79,481	112,111	82,134	98,376
Source: China's Customs Statistics				

TABLE 31

Monthly Re-exports of Citrus to China,
Hong Kong Customs Data (Metric Tons)
(Marketing Year 1996/97-1998/99)

Month	1996/97	1997/98	1998/99
November	544	1,887	2,721
December	1,293	685	1,314
January	1,754	5,536	2,155
February	1,619	3,099	2,893
March	2,685	4,258	1,928
April	1,655	4,473	2,475
May	1,432	3,917	1,275
June	1,394	3,877	1,091
July	1,022	16,583	N.A.
August	813	4,656	N.A.

September	681	7,044	N.A.
October	1,914	5,263	N.A.
TOTAL MY	16,806	61,278	15,852

TABLE 32

Monthly Imports of Oranges, China Customs Data (Metric Tons) (Marketing Year 1996/97-1998/99)			
Month	1996/97	1997/98	1998/99
November	369	114	361
December	301	605	902
January	93	117	84
February	48	88	440
March	542	139	1,271
April	645	263	1,104
May	423	257	363
June	520	357	1,782
July	225	430	3,522
August	329	323	2,858
September	444	214	6,005
October	774	302	N.A.
TOTAL MY	4,713	3,209	18,692

TABLE 33

Monthly Exports of Oranges, China Customs Data (Metric Tons) (Marketing Year 1996/97-1998/99)			
Month	1996/97	1997/98	1998/99
November	171	53	607
December	1,912	1,030	2,453
January	2,579	599	547
February	6,278	541	1,740
March	2,709	427	556
April	2,123	596	156
May	1,167	129	700
June	266	25	428
July	7	8	160
August	11	23	135
September	5	0	0

October	13	23	N.A.
TOTAL MY	17,241	3,454	7,482

TABLE 34

Monthly Exports of Tangerines, China Customs Data (Metric Tons) (Marketing Year 1996/97-1998/99)			
Month	1996/97	1997/98	1998/99
November	14,284	21,819	16,517
December	33,033	56,605	34,293
January	44,556	39,746	43,828
February	24,690	29,455	29,587
March	18,533	17,370	15,106
April	13,073	7,280	1,966
May	1,321	1,175	1,424
June	19	224	5
July	8	213	3
August	6	12	0
September	145	104	310
October	12,112	4,967	N.A.
TOTAL MY	161,780	178,970	143,039

Stocks

By the end of every crop year, China has little to no domestically produced citrus fruit left. An estimated 90 percentage of each crop is sold immediately after it is harvested, while the remainder is kept by growers until prices improve during the Chinese New Year period. Usually by May of each year, growers have sold all of their remaining stocks. To store their citrus fruit, growers often use caves and/or crude underground facilities which tend to be little more than holes in the ground. Few cold storage or controlled atmosphere storage facilities exist for storing domestically grown citrus. Existing facilities in China's citrus growing areas are primarily used for apples, pears, and vegetables.

Policy

While the Chinese government's policy towards domestic citrus production changed little this year compared to the past, trade policy changes this year were significant. In April 1999, China and the United States signed an agricultural trade agreement which was a part of China's World Trade Organization membership bid and part of that agreement included the lifting of Chinese phytosanitary restriction on the importation of American fresh citrus fruit from certain areas of the United States. In addition, during November, China and the United States

reached final agreement concerning China's entry into the World Trade Organization. The attainment of this agreement implies that China's chances for membership into this organization in the near future are greatly enhanced and, once membership is attained, the country's import tariffs, including tariffs on fresh citrus fruit, will go down. Exports of U.S. citrus fruit to China is expected to increase as a result. Despite the phytosanitary restriction, U.S. and other countries' fresh citrus fruit has been entering China through unofficial trade channels for many years.

While trade tariff and regulation changes brought about by China's upcoming entry into the World Trade Organization are expected to increase the country's fresh citrus imports, a vast majority of Chinese growers and officials do not expect the changes to have a major impact on local production in the near term. They believe that lower priced local citrus will continue to enjoy widespread consumer demand. However, in Guangdong, a few officials with connections to the local citrus industry feel that increased citrus imports caused by World Trade Organization membership could hurt the production of local orange varieties, but are uncertain about the details of such an impact.

At the present time, China's import tariff rate on all varieties of fresh citrus fruit is 40 percent. In addition, importers must pay a Value Added Tax of 13 percent on the total value of the fresh citrus fruit after the import tariff has been included. The import tariff rates for processed citrus products are slightly lower, 30 percent for canned citrus and 35 percent for citrus juice. However, the Value Added Tax on these products is 17 percent.

TABLE 35

China Citrus Import Tariffs and Value Added Tax Rates				
COMMODITIES	Import Duty Rate		Value-Added Tax Rate	Eff. Min. Duty Rate
	Min. 1/	Gen. 2/		
FRESH:				
Oranges	40	100	13	58
Tangerines	40	100	13	58
Lemons	40	100	13	58
Grapefruit	40	100	13	58
Other citrus	40	100	13	58
CANNED:				
Citrus	30	90	17	52
Other Citrus Preps	30	80	17	52
FRUIT JUICE:				
Orange Juice (frozen)	35	90	17	58

Orange Juice (unfrozen)	35	90	17	58
Grapefruit Juice	35	90	17	58
Other citrus juice	35	90	17	58

1/ Minimum rate is applied to imports from countries enjoying most favored nation (MFN) trading status with China, including the U.S.A.
2/ General rate is applied to imports from non-MFN trading partners.
3/ Effective Minimum Duty Rate =
Duty Rate + (1+Duty Rate) * Value Added Tax Rate
Note: All duties and taxes are applied on a CIF ad valorem basis.
Import Tax = (CIF Value)* Duty Rate
VAT Tax = (CIF Value + Import Tax) * VAT Rate

Source: PRC Customs Tariffs Handbook 1999

Marketing

Upon U.S. Congressional approval of the agreement between the U.S. and China, U.S. fresh citrus exporters can carry out marketing activities in China. Under the circumstances, the best short term tactics for U.S. citrus exports are to establish and build ties with citrus importers in both China and Hong Kong, plus imported fruit distributors in China's major cities. Establishing and building ties with the Hong Kong fruit importers is important in doing business, because many of China's fruit importers already have ties with these participants and some importers allow them to make specific choices in regards to overseas suppliers.

For establishing and building ties among Chinese companies, conducting seminars, distributing Point of Sales materials, and participating in major trade exhibitions are all methods proven to be beneficial. Users of such methods during the 1990s have been the California Table Grapes Commission, the Washington Apple Commission, and Zespri Kiwifruit of New Zealand.

Marketing activities should also cover consumer education. Methods to consider include: retail promotion and consumer trade show participation. Regarding retail promotion participation, the focus probably should be on the hypermarkets, because practically all carry fresh fruit and their sales volumes tend to be higher than regular local supermarkets.

The most difficult marketing period for imported fresh citrus fruit is from November to April. Although Chinese New Years often inspire sales for gift purposes, the recently harvested domestic crop is also available at that time and at prices lower than imported varieties. Price still is a major factor in Chinese consumers' purchasing decisions.