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Citrus

Annual

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Report Highlights:
China's citrus production is projected to decline to 9.1 million tons for the current crop year due to adverse weather conditions in the southeast region of the country and cyclical production phenomena. This situation should affect the country's citrus related exports in the coming year. China's official imports of oranges continue to increase.

Includes PSD changes: Yes

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Executive Summary

China's citrus production for the crop year 2000/2001 is expected to decrease by nearly 16 percent due to an adverse weather event and the alternating big/small production year cycle phenomena. Post's estimate of total citrus production is 9.1 million tons. Tangerine variety production should equal 56.4 percent of total citrus production, 5.1 million tons. Sweet orange variety production should account for 32 percent of total citrus production, 2.9 million tons. Pomelos' portion of total production should reach 964 thousand tons. China's citrus production during crop year 1999/2000 was 10.8 million tons, an approximately 24 percent increase from the year before.

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. Approximately 80 percent of China's citrus is harvested during the months of November and December.

China's processing industry uses between five to ten percent of the citrus crop each year, but this crop year the percentage might be even lower than usual due to the production decrease and corresponding rise in prices. Canned fruit is the main processed citrus product and Mandarin oranges is the variety of choice for most canners.

China's citrus exports exceed its imports, but exports mostly comprise of fresh tangerines and canned citrus. When these two products are not considered, China's imports are greater. The United States still is China's main source of imported oranges. Unlike in years past, China's official imports are higher than Hong Kong re-exports, possibly indicating a shift in trade patterns.

U.S. citrus is now legally importable into China, but the citrus must originate from select counties in certain U.S. states. Although the current Chinese tariff on fresh citrus remains at 40 percent, it is expected to decrease to 12 percent by the year 2004.

The exchange rate used for this report is 8.26 RMB equal one U.S. Dollar.

Production

Production: General

Post estimates that China's total citrus fruit production for the crop year 2000/2001 will be 9,083,300 tons, a 16 percent decrease over last crop year. Tangerines will make up an estimated 56.4 percent of total production, 5,132,100 tons, and sweet oranges an estimated 32 percent, 2,907,000 tons. Pomelo production, including grapefruit, should reach 964,000 tons, 10.6 percent of total citrus production. Local lemon production will be an estimated 14,600 tons, only a slight change from last crop year.

The main event that caused this year's production decline was a late 1999 combination of severe frost and prolonged freezing temperatures that struck many of China's southeast growing areas. According to various industry sources, the damaging frost and low temperatures occurred in December 1999 and affected the provinces of Zhejiang, Jiangxi, Hunan, and Fujian. Several sources said that Zhejiang was the worst hit of the affected provinces. While the frost and low temperatures did not kill the affected region's trees, it did affect many trees' ability to flower in the spring. None of the country's citrus producing provinces along the Yangtse River were struck by a similar frost and corresponding freezing temperatures. In addition, one source also claimed that some of Zhejiang's coastal growing areas were harmed by a typhoon that stuck in the spring of 2000. Zhejiang and Hunan are two of China's biggest citrus producing provinces.

Another influence on this crop year's production size is the often-cited big/small production year cycle phenomena. Many local industry participants claim that this crop year is a small production year, while last crop year was a big production year. According to industry participants, under this phenomena, 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. This phenomena appears to occur throughout China's citrus growing regions, but is most noticeable in the country's southeast region where tangerines dominate citrus production.

In the 1999-2000 crop year, China's citrus production increased by 26 percent to 10,787,059 tons. Dramatic production increases that crop year occurred in Zhejiang (up 42 percent), Jiangxi (up 82 percent), Hunan (up 66 percent), and Jiangsu (up 98 percent) provinces. All of these provinces also had experienced large production declines during the 1998-1999 crop year. During the 1999-2000 crop year, these provinces' production returned to 1997-1998 crop year levels or higher. Good growing conditions, the absence of adverse weather events, and the occurrence of the big production year of the small/big production year cycle were credited with helping the increase.

China's main tangerine varieties include the Mandarin orange and the Peng/Lo tangerine. These two varieties usually account for a large portion of China's annual citrus production. 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. In comparison with all of the citrus varieties grown in China, naval orange production has grown the most over the last ten years.

China's lemon production is generally small and concentrated in Sichuan and Chongqing. However, in recent years, a few lemon growing projects have started in Yunnan province. The main lemon varieties grown in China are the Eureka and the Beijing. Locally grown Eurekas tend to have low levels of acidity and vitamin C.

Pomelos also are grown in China. Although this fruit usually accounts for only a small percentage of China's total citrus crop each year, only tangerines and sweet oranges are more widely grown. A large amount of pomelo production occurs in the southern provinces of Guangdong and Guangxi. Several different varieties are produced, but the Shatin Pomelo is the most prominent. Accounting for the fruit's popularity in China is the fruit's thick skin, making the fruit more durable during handling, transportation, and storage. Some grapefruit production also occurs in China and its production usually is classified along with pomelos, but amounts are much smaller compared to pomelos.

Kumquat production in China, like lemon production, is limited. In the late 1990s, one Chinese published source claimed that local kumquat production was 17,000 tons on an acreage of 7,054 hectares. No specific year was cited. The main growing provinces include: Fujian, Guangxi, Hunan, Jiangxi, and Zhejiang. Although several varieties are grown in China, the main one is "Jindan", better know as F. Crassifolia Swingle. Like all other citrus fruit in China, kumquats mostly are harvested during November and December.

Aside from variety, China also classifies its citrus fruit according to when its ready for harvest. The classifications are early harvest, middle harvest, and late harvest. Early harvest refers to citrus that can be harvested before November, middle harvest during November and December, and late harvest after December. An estimated 80 percentage of China's citrus fruit is harvested during November and December of each crop year and in some provinces the percentage is 90 percent or greater. In 1997, the National Ministry of Agricultural initiated a program to promote the growing of more early and late harvest citrus varieties in order to extend the citrus harvest and processing seasons. Six provinces are participating in the program, including Hunan, Sichuan, and Zhejiang. Some local citrus experts predict that in the near future the production of early and late harvest varieties will equal 25 percent of total output. At present, approximately 15 percent of China's citrus production is early harvest and only five percent late harvest.

CHINESE PROVINCIAL CITRUS PRODUCTION

	1997		1998		1999	
PROVINCE	Hectares	Metric Tons	Hectares	Metric Tons	Hectares	Metric Tons
Shanghai	4,800	124,342	5,400	98,651	4,500	133,860

Jiangsu	4,800	51,747	3,200	31,306	3,200	62,081
Zhejiang	137,600	2,105,054	133,900	1,496,872	132,900	2,120,078
Anhui	2,700	8,458	1,700	2,806	1,960	6,859
Fujian	162,900	1,538,981	152,600	1,464,206	148,600	1,589,142
Jiangxi	188,300	483,034	178,150	295,719	177,800	539,222
Henan	2,900	7,944	4,920	10,899	4,570	14,084
Hubei	111,470	849,249	103,250	730,900	102,400	993,502
Hunan	239,700	1,341,400	241,400	899,125	245,800	1,496,568
Guangdong	92,700	866,913	84,550	756,912	79,410	836,091
Guangxi	108,000	1,006,996	107,100	869,857	105,100	1,061,790
Hainan	2,400	9,221	800	10,921	600	11,219
Chongqing	56,000	456,672	60,200	546,494	60,000	526,695
Sichuan	146,200	1,068,944	143,000	1,178,350	152,500	1,162,243
Guizhou	23,100	84,632	25,000	86,624	34,200	112,731
Yunnan	16,800	77,434	16,400	81,524	17,600	89,435
Shaanxi	8,000	20,072	8,070	27,672	11,030	29,588
Gansu	800	1,107	700	1,522	700	1,871
TOTAL	1,309,170	10,102,200	1,270,340	8,590,360	1,282,870	10,787,059
Sources: China Agricultural Yearbooks 1997 and 1998, China 1999 Statistical Yearbook, various provincial agriculture bureau estimates						

China: Citrus Production Estimate by Variety, Crop Year 2000-2001
(Metric Tons)

Variety	Amount	Percentage of Total Production	Main Production Provinces	Notes
Mandarin Oranges	2,926,600	32.2%	Zhejiang, Fujian, Hubei, Guangxi, Hunan	1, 3
Peng/Lo Tangerines	890,000	9.8%	Zhejiang, Fujian	1
Red Oranges	795,000	8.8%	Sichuan, Chongqing	1
Jiao Tangerines	400,000	4.4%	Guangdong, Guangxi	1
Other Tangerine Varieties	120,500	1.3%		1
Navel Oranges	763,000	8.4%	Sichuan, Hubei, Jiangxi	2
Jin Oranges	727,000	8.0%	Sichuan, Chongqing	2
Snow Oranges / Xue Gan	615,000	6.8%	Zhejiang, Fujian, Guangdong	2
Red River Oranges	175,000	1.9%	Guangdong	2
Other Sweet Orange Varieties	627,000	6.9%		2
Shatin Pomelos	457,000	5.0%	Guangdong, Guangxi, Sichuan, Chongqing	
All other Pomelo varieties	506,000	5.6%	Guangdong, Guangxi, Sichuan, Chongqing	
Lemons (all varieties)	14,600	0.2%	Chongqing, Sichuan	
Kumquats (all varieties)	18,000	0.2%	Hunan, Jiangxi, Zhejiang	
Unknown/Not Specified/Other	48,600	0.5%		
TOTAL	9,083,300	100.0%		

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

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.	6 - 7	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
Jiangxi	1,500-1,700	N.A.	6 - 7	1,700-2,100
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

Production: 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 and at a height of 700 to 1,000 meters above sea level. Altogether 19 of China's 30 provinces and city districts grow citrus fruit. Within these 19 provinces and city districts, 985 counties report citrus production. Nearly half of China's total citrus production is concentrated in three provinces: Fujian, Hunan, and Zhejiang. All three of these provinces are located in the southeast region of the country.

Overall citrus acreage in China has been stable since the 1995-1996 crop year, hovering between 1.2 and 1.3 million hectares. However, at the provincial level, a few trends have developed.
From crop year 1996-1997 to 1999-2000, a few major citrus producing provinces have been showing steady declines in acreage. These provinces are Zhejiang, Fujian, and Guangdong. While during the same time period, only one major producing province's citrus acreage has steadily increased, Hunan province.

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. On hill and mountain sides, citrus trees usually are planted on terraces that follow the contours of the hill or mountain. Planting styles also differ from location to location. In Zhejiang province, for example, some 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 is 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 years ago set up overseas invested citrus farm, but quit the project last year.

Production: Inputs

The use of fertilizers and pesticides is quite common among China's citrus growers, while the use of machinery is extremely rare. Fertilizers, pesticides, 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 uneven.

Citrus growers usually apply pesticides and disease prevention chemicals several times a year during the growing season. According to one grower in Jiangxi, he applies pesticides and disease prevention chemicals about four to five times each year. The cost for these chemicals can be as high as 500 RMB (U.S.$ 60.53) per season. In their usage of these chemicals, growers also rarely seem to exhibit brand or product loyalty. Based on an informal survey of various groves and the empty agricultural chemical packages littering them, Post noticed that it is common to see empty bottles and packets representing a wide variety of chemicals and brands in any particular grove.

Fertilizer usage is common in China's citrus groves, but the usage of chemical fertilizers seems to be more common in the larger groves. Growers with small holdings, the majority of China's citrus growers, often rely on natural fertilizers for their trees, applying one and a half to two and a half kilograms of vegetative or other natural waste per tree. In addition, users of chemical fertilizers usually try to limit application due to a general belief that using too much will cause the taste of the trees' fruit to turn sour.

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 rare, except among some navel orange growers. These few 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 in 1999 tend to range from one to three Yuan ($ 0.12 - 0.36) per tree at dosage of 100 to 500 ppm.

Irrigation is not a big concern of many growers. Mechanized irrigation systems in citrus groves or even simple rubber/plastic pipes that connect groves to water sources are extremely rare. These growers tend to rely on nature to supply their trees with enough water, but will irrigate by hand if necessary. Many growers do not even create trenches in their groves or plant their trees on mounds which would facilitate hand irrigation. The main reasons for not using mechanized irrigation systems are that 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.

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)		

Production: 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 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.

Another major factor influencing citrus yields in China is tree planting density. China's citrus groves tend to contain more trees per hectare than in other citrus growing countries such as the United States. Citrus tree planting density in the U.S. averages around 360 trees per hectare, while in China densities range between 675 and 1,200 trees per hectare. Specific densities in China usually depend on citrus variety and grove location, i.e. on relatively even land or the side of a hill. While planting more trees per hectare will yield more fruit in the short term, as the trees grow larger yields will fall due to thicketing. As groves grow into thickets, the amount of sunlight reaching as much of the trees as possible falls and causes tree fruit production to decline. Although the widespread use of Trifoliate Orange rootstock limits the thicketing effect, its use does not completely eliminate the effect.

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.

Bloom periods for China's citrus trees vary, depending on specific variety and geographic location. For example, ordinary Sweet Orange, Jin Orange, and Snow Orange trees all bloom sometime during the months of March and April. However, the Lu/Peng Tangerine trees usually do not bloom until early May. In addition, the fruit/flower ratio for most citrus varieties in China is low. The ratio for Sweet Oranges and Lu/Peng Tangerines ratio ranges between 0.5 and three percent, while for Naval Oranges it's often under one percent.

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. Severe frosts are known to sometimes affect Jiangxi, Hunan, Hubei, Sichuan (areas above 500 meters sea level), and Zhejiang provinces. Since the early 1950's, citrus crop damaging frosts have occurred in Jiangxi province eight times and in Hunan province four times. The most recent damaging frost occurred in December 1999 and affected most of the citrus producing provinces in southeast China. This recent frost and low temperatures affected some of the hillside citrus groves in a peculiar manner. In southern Jiangxi province, for example, only citrus trees on the bottom terraces of hillside growing areas were affected, while those on the upper terraces escaped with little to no damage.

Before last year, the most recent 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 these damaging frosts struck, citrus crop losses ranged from 39 to 80 percent, plus a good number of the citrus trees died.

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.

Nationally-mandated citrus fruit grading standards exist in China, but these standards are primarily concerned with fruit size and pay little attention to quality. Some local distributors and processors practice simplistic grading systems based solely 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.

Yellow Dragon disease continues to be a problem in parts of Guangdong, Guangxi, Fujian, and Yunnan provinces. However, local Guangdong officials believe that it is now under control at least in their province, but has not been eradicated. This disease has yet to spread to any other provinces' citrus groves, but growers in a few of the neighboring provinces monitor the situation and show a little concern that this disease might appear in their groves someday. Yellow Dragon 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: 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. Repayment of these loans usually starts after two to four years when the trees start to produce fruit. Subsidized inputs are rarely available to the citrus growers, except in special cases. Aside from low interest loans, information and technical assistance are the two most common form of help given to China's citrus growers.

Years ago, government agencies used to give away citrus seedlings for free to potential growers, but such give-aways are rare today. Now growers must buy their seedlings, but costs are relatively inexpensive, approximately two RMB (U.S.$ 0.24) per seedling. Government agencies in some provinces will sell seedlings at subsidized rates, but the seedlings for sale usually are new varieties which the local government wants to promote, i.e. early and late harvesting ones.

As with growers of other fruits, China's citrus growers are required to pay a Specialty Product Agricultural Tax. This tax exists throughout China and ranges from six to seven percent. How the tax is administered is determined by the local counties. Some counties charge according to income, others based on acreage, and others use other assessment methods. In addition, citrus growers are assessed commerce taxes.

Another recent development is the rise in grower marketing cooperatives. As has been occurring in northern China with some deciduous fruit growers, citrus growers in some locations have been banding together and jointly marketing their production in order to achieve a better return for their produce. According to one local government official, this activity started about five to six years ago.

Consumption

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. Fresh fruit purchases at least by urban households remain sizable and are expected to increase as the country's standard of living rises. Households with higher incomes still buy much more fresh fruit than those with lower incomes.

Chinese households mostly purchase domestically produced fruit due to its lower price. According to one local report, in Shanghai, imported fruit varieties cost upwards of 7.4 times more than similar domestic varieties. However, unlike most domestic fruits, imported varieties usually are available to local consumers during the whole year.

China: Urban Households' Per Capita Annual Purchases of Fresh Fruits and Melons (kilograms)

	1995	1996	1997	1998	1999
National Average	36.56	40.72	45.48	47.86	46.07
Highest 10% (1)	51.32	56.15	61.73	63.37	62.64
Lowest 10% (1)	22.21	26.46	29.03	31.20	29.82

(1) In terms of household income
Source: China Statistical Yearbooks 1996 - 2000

Guangdong Province: Urban Households' Average Per Capita Annual Purchases of Selected Fresh Fruits (kilograms)

	1995	1996	1997	1998	1999
Apples	5.70	6.20	6.33	6.22	6.3
Citrus	**3.15**	**2.79**	**3.23**	**3.61**	**3.3**
Oranges	**1.00**	**0.91**	**1.41**	**1.04**	**1.3**
Bananas	3.01	1.83	3.66	3.41	2.8
Grapes	0.62	0.76	0.82	0.81	0.8

Source: Guangdong Province Statistical Yearbooks 1996 - 2000

Consumption: Processing

Every year approximately five to ten percent of China's citrus production is processed into other products, mostly canned citrus and some juice concentrate. Due to the severe frost and freezing temperatures in the country's southeast growing regions, the processing percentage mostly likely will be closer to five percent this crop year. Many citrus canners and concentrate producers this year have either ceased production or switched to other products, complaining that the smaller crop size has caused production costs to rise and erase profit margins. Local citrus canners that rely on Zhejiang fruit have been especially hard hit.

A canner in northern Jiangxi province says that Mandarin orange costs for him doubled this year, from 0.40-0.60 RMB (U.S.$ 0.05-0.07) per kilogram to 1.20-1.40 RMB (U.S.$ 0.15-0.17), leading his company to forego canning citrus this year. He added that complicating the canned citrus trade this year was a good Mandarin orange crop in Spain, one of China's main canned citrus competitors. A few citrus canners in Zhejiang province reiterated similar situations in regards to both citrus prices and Spain's crop. A concentrate manufacturer in southern Jiangxi province also stopped their production for the same reason, high prices for citrus. According to him, local sweet orange prices for the season were nearly double in comparison to the year before.

The short crop, particularly of Mandarins oranges, has not caused the total cessation of all citrus canning throughout China. For some, the current conditions have improved their export business. For example, a citrus canner in Hunan province says that before this year Dole and Del Monte usually only purchased a container or two of canned citrus from the cannery each year, but this year their purchasing amounts rose to approximately 4,000 to 5,000 tons. Like the other provinces in China's southeast region, Hunan province's citrus production was harmed by frost and low temperatures, but the degree of damage was not as great as in other provinces, though raw material prices still rose.

In general, 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. In 1997, according to locally published reports, China produced 300,000 to 400,000 tons of canned citrus, approximately 100,000 tons of citrus juice concentrate, and 10,000 to 20,000 tons of citrus jam/other products.

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. One orange juice concentrate manufacturer in Jiangxi province, for example, says that, although his factory facilities have the capacity to produce five tons of concentrate each hour, his factory only produces concentrate during the months of November and December. The main reason for the processing industry's 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, ordinary Sweet 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. Although orange juice consumption in China has risen over the last several years, China's average yearly personal consumption rate of orange juice remains at less than one liter.

Trade

Overall, based on the available statistics to date, China's fresh citrus and processed citrus product exports exceeded its imports and Hong Kong re-exports during the 1999-2000 marketing year. However, these exports mainly consisted of two products: tangerines and canned citrus. When comparing the fresh and processed citrus trade minus those two categories, China's imports were greater than exports. Oranges were the leading import and the United States was the main source. Unlike in previous marketing years, China's official imports were greater than Hong Kong re-exports, indicating either an increase in direct trade or better import accounting on the part of China's customs officials.

Tangerines (fresh and dried) and canned citrus accounted for a vast majority of China's official citrus exports during the 1999-2000 market year. From October 1999 to August 2000, China's tangerine exports reached 179,648 tons and canned citrus exports 157,654 tons. The main export destinations for the tangerines were Hong Kong and Southeast Asian countries, while for canned citrus Japan and United States received the greatest share. In nearly all of the other fresh citrus and processed citrus product trade categories, China's official exports were less than imports. The only exception was with grapefruit and pomelos. Official export volume was greater than import volume, but import value was higher than export value. In this category, China's exports mainly consisted of pomelos, while imports mostly were grapefruit.

On the official import side, oranges were the leading trade category, reaching 41,602 tons during the 1999-2000 marketing year from October to August. Unlike the previous marketing year, official orange imports appear to have been greater than Hong Kong re-exports. Hong Kong re-exports of oranges from October to June, 1999-2000, only were 23,750 tons. In both statistic sets, the main origin remained the same: the United States. Other important origins of China's citrus imports and re-exports were Chile, New Zealand, and South Africa. For

processed citrus product imports and re-exports, Brazil was an important source too.

China's citrus import trade patterns currently appear to be shifting, because China's official trade numbers in every major category were higher than Hong Kong re-exports. The reason for this change probably was the citrus import agreement which was part of a larger World Trade Organization accession accord between the United States and China and signed in 1999. Before this agreement, China restricted U.S. and other countries' citrus imports based on phytosanitary conditions, thus citrus imports had to use unofficial channels in order to enter the China market. Hong Kong re-exports to China often were and still are a good indicator of the size of indirect trade. However, it should be noted that the statistical changes instead might be due to the adoption of better import accounting procedures on the part of China's customs officials. It may be another year or two before the true reason becomes evident.

China's Official Import Statistics: Tables

Imports: ORANGES, FRESH OR DRIED (HS 0805.1000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A.	314	843	10,953	24,293
Australia	450	1,171	44	112
South Africa	1,321	3,278	254	581
Canada	407	1,075	27	67

New Zealand	3,186	8,251	6,947	15,814
Chile	20	60	65	136
Brazil	6	7	0	0
Japan	0	0	0	0
Philippines	236	556	8	20
Malaysia	152	376	81	190
Thailand	12	31	27	68
Taiwan	705	1,743	114	271
Egypt	148	451	0	0
Spain	142	400	0	0
Indonesia	125	290	22	51
Uruguay	79	197	0	0
Argentina	55	135	0	0
Israel	31	79	0	0
Turkey	11	29	0	0
Morocco	7	18	0	0
Other	1	3	1	0
TOTAL	7,408	18,993	18,543	41,602
Source: China's Customs Statistics				

Imports: TANGERINES, FRESH OR DRIED (HS 0805.2010, 0805.2090) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A.	0	1	0	0
Canada	23	64	0	0
Australia	13	31	0	0
Argentina	3	8	20	41
New Zealand	307	914	997	2,254
Indonesia	38	77	0	0
Malaysia	74	148	23	45

Nepal	14	37	7	19
Philippines	149	298	0	0
Vietnam	1	3	0	0
Taiwan	146	291	8	16
Thailand	3	9	12	25
Other	0	0	2	0
TOTAL	770	1,880	1,069	2,400
Source: China's Customs Statistics				

Imports: LEMONS AND LIMES, FRESH OR DRIED (HS 0805.3000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A	66	170	713	1,462
Canada	83	241	0	0
Malaysia	0	1	0	0
Taiwan	88	201	0	0
Philippines	32	70	0	0
Thailand	159	297	53	122
Indonesia	22	49	0	0

Argentina	23	51	0	0
Chile	17	43	0	0
New Zealand	345	1,088	582	1,487
South Africa	117	263	0	0
Other	1	2	3	5
TOTAL	953	2,476	1,351	3,076
Source: China's Customs Statistics				

Imports: GRAPEFRUIT, FRESH OR DRIED (HS 0805.4000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A.	8	12	349	479
Canada	0	0	0	0
South Africa	14	27	0	0
Japan	34	108	26	49
Australia	1	4	0	0
Israel	8	33	0	0
Malaysia	12	49	22	37
New Zealand	6	19	86	144
Thailand	338	1,149	670	2,068
Taiwan	42	104	12	24
Other	0	0	1	0
TOTAL	463	1,505	1,166	2,801
Source: China's Customs Statistics				

Imports: Other Citrus Fruit, Fresh and Dried (HS 0805.9000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Malaysia	0	0	34	55
Thailand	0	0	11	19
Other	0	0	1	1
TOTAL	0	0	46	75
Source: China's Customs Statistics				

Imports: CITRUS JAMS, FRUIT JELLIES, ETC. (HS 2007.9100) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
United States	0	0	40	19
Thailand	0	0	217	483
Brazil	47	47	315	206
Denmark	0	0	18	15
South Korea	9	4	7	7
Taiwan	0	0	3	4
Indonesia	10	16	0	0
Switzerland	4	0	6	1
Belgium	50	37	0	0
Netherlands	51	38	0	0
Other	1	2	9	2
TOTAL	172	144	615	737
Source: China's Customs Statistics				

Imports: FROZEN ORANGE JUICE (HS 2009.1100) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A.	1,724	1,799	1,289	1,308
Brazil	2,618	2,022	4,835	3,464
Australia	0	0	21	39
Netherlands	18	9	27	19
Taiwan	64	54	1	1
Mexico	0	0	0	0
Hong Kong	0	1	0	0
Israel	659	426	1,004	945
France	4	8	0	0

South Africa	0	0	0	0
Iran	187	184	0	0
Belgium	210	170	23	14
Italy	340	228	226	156
Other	4	0	0	0
TOTAL	5,828	4,901	7,426	5,946
Source: China's Customs Statistics				

Imports: ORANGE JUICE, NOT FROZEN (HS 2009.1900) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A.	47	72	75	86
Australia	403	710	434	733
New Zealand	13	15	0	0
Canada	8	16	4	8
Brazil	197	446	124	204
South Africa	2	6	0	0
Hong Kong	574	1,697	88	163
Japan	10	9	4	4
Malaysia	1	2	0	0

Philippines	7	11	10	25
Singapore	0	0	0	0
South Korea	16	34	64	220
Thailand	7	15	0	0
Taiwan	37	57	27	40
Israel	0	0	18	19
Denmark	58	42	47	36
Germany	55	65	52	14
Netherlands	10	4	0	1
France	14	14	7	9
Great Britain	11	28	1	0
Spain	11	16	59	125
Austria	0	0	0	0
Hungary	9	26	2	7
Other	0	1	1	0
TOTAL	1,490	3,286	1,017	1,693
Source: China's Customs Statistics				

Imports: GRAPEFRUIT JUICE (HS 2009.2000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
U.S.A.	347	426	274	273
Australia	0	0	6	10
Canada	1	3	13	13
Singapore	3	2	0	0
Israel	0	0	88	60
Netherlands	8	12	0	0
Germany	3	1	29	11
Spain	1	1	3	6
Italy	0	0	11	8
Other	1	1	0	0

TOTAL	364	446	423	381
Source: China's Customs Statistics				

Imports: OTHER SINGLE CITRUS JUICE, NOT MIXED (HS 2009.3000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
United States	53	11	45	16
Canada	0	0	22	20
Spain	6	12	10	17
Vietnam	0	0	8	17
South Korea	2	1	8	25
Thailand	3	8	0	0
Australia	0	0	19	29
Taiwan	12	16	10	12
Great Britain	1	2	9	3
Denmark	19	14	14	11
Hong Kong	7	26	0	0
Other	4	4	5	0
TOTAL	107	94	150	150
Source: China's Customs Statistics				

China’s Official Export Statistics: Tables

Exports: ORANGES, FRESH OR DRIED (HS 0805.1000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Hong Kong	420	3,144	224	1,485
Japan	0	0	0	0
Macau	0	3	16	84
North Korea	2	1	1	2
Mongolia	2	15	3	18
Philippines	0	0	14	48
Singapore	24	139	58	300
Indonesia	0	0	19	40
Malaysia	0	0	8	42

Myanmar	0	0	2	14
Vietnam	705	3,645	45	208
Nepal	4	0	0	5
Kazakhstan	3	10	0	0
Kirghizia	2	13	0	0
Russia	219	535	17	60
Other	0	1	2	1
TOTAL	1,379	7,506	409	2,307
Source: China's Customs Statistics				

Exports: TANGERINES, FRESH OR DRIED
MANDARINS/JIAO ORANGES (HS 0805.2010)
(Value: $'000, Volume: Metric Tons)

	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Singapore	2,275	14,580	1,046	9,074
Malaysia	535	3,288	564	3,727
Vietnam	0	0	13	97
Hong Kong	198	690	20	101
Saudi Arabia	0	0	10	50
Philippines	0	0	9	24
Thailand	4	44	0	0
Indonesia	0	0	5	46
Other	1	0	0	0
TOTAL	3,013	18,602	1,663	13,119

Source: China's Customs Statistics

Exports: TANGERINES, FRESH OR DRIED
MANDARINS/OTHER (HS 0805.2090)
(Value: $'000, Volume: Metric Tons)

	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Hong Kong	1,685	16,668	3,026	23,125
Indonesia	1,795	6,756	5,221	22,013
Brunei	233	685	204	562
North Korea	131	582	149	960
Macau	69	360	56	319
Malaysia	5,937	19,300	6,441	22,378
Philippines	7,332	25,840	9,590	35,621
Singapore	2,789	13,618	2,234	13,202
Thailand	0	0	4	24
Vietnam	3,254	14,339	2,418	13,492

Taiwan	0	0	19	57
Cambodia	0	0	5	23
Myanmar	17	66	0	0
India	8	24	18	90
Saudi Arabia	0	0	25	96
Hungary	0	0	88	656
Mongolia	11	90	7	59
Kazakhstan	33	95	44	153
Kirghizia	14	59	31	146
Russia	4,279	13,790	4,661	18,779
United States	24	95	23	71
Canada	6,849	17,017	5,316	14,695
Other	8	20	34	8
TOTAL	34,468	129,404	39,614	166,529
Source: China's Customs Statistics				

Exports: LEMONS AND LIMES, FRESH OR DRIED (HS 0805.3000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Hong Kong	3	2	0	0
Russia	60	166	2	2
Singapore	13	11	0	0
Other	0	0	1	0
TOTAL	74	179	3	2
Source: China's Customs Statistics				

Exports: GRAPEFRUIT, FRESH OR DRIED (HS 0805.4000) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume

Hong Kong	912	7,827	337	2,541
Indonesia	0	0	8	15
Macau	42	236	22	143
Philippines	2	10	8	17
Singapore	38	245	16	84
Vietnam	0	0	28	164
Cambodia	0	0	2	6
Malaysia	0	0	2	5
Great Britain	3	8	5	14
Netherlands	2	4	0	4
Italy	2	2	2	0
Canada	160	520	110	416
U.S.A.	0	0	0	0
Other	0	0	0	1
TOTAL	1,161	8,852	538	3,410
Source: China's Customs Statistics				

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

	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Destination	Value	Volume	Value	Volume
Canada	699	1,526	1,090	2,360
Singapore	64	463	25	197
Hong Kong	274	3,361	253	1,842
Russia	0	0	11	47
Australia	45	59	1	0
Vietnam	42	250	1	22
Malaysia	23	86	60	192
Philippines	6	22	6	18
Indonesia	0	0	51	216
Mongolia	0	0	0	0
Japan	60	66	85	99
Myanmar	20	134	16	84
Macau	0	0	9	73
North Korea	18	210	0	0

Other	1	0	1	0
TOTAL	1,252	6,177	1,609	5,149
Source: China's Customs Statistics				

Exports: CITRUS JAMS, FRUIT JELLIES, ETC. (HS 2007.9100) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
United States	12	11	3	3
Saudi Arabia	0	0	101	126
Hong Kong	1	1	24	32
Japan	8	9	0	8
U.A.E.	0	0	16	18
Philippines	0	0	3	11
Pakistan	13	11	0	0
Other	2	1	0	0
TOTAL	36	33	147	197
Source: China's Customs Statistics				

Exports: FROZEN ORANGE JUICE (HS 2009.1100) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Israel	0	0	0	0
Hong Kong	1,647	1,191	1,439	1,169
Japan	0	0	0	0
Malaysia	17	22	19	25
Taiwan	85	204	10	6
Other	0	1	0	0
TOTAL	1,748	1,418	1,467	1,200
Source: China's Customs Statistics				

Exports: ORANGE JUICE, NOT FROZEN (HS 2009.1900) (Value: $'000, Volume: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-AUG)--	
Origin	Value	Volume	Value	Volume
Hong Kong	815	866	685	772

Macau	1	2	0	0
Myanmar	25	54	0	0
Portugal	15	16	2	1
Spain	0	0	4	3
Philippines	0	0	8	19
Singapore	0	0	16	37
Mongolia	7	12	0	0
United States	6	6	0	0
Canada	3	4	0	0
Other	0	0	1	1
TOTAL	872	959	716	833
Source: China's Customs Statistics				

Hong Kong Re-export Statistics: Tables

Hong Kong Re-exports: ORANGES, FRESH OR DRIED (HS 0805.1000) (Value: $'000, Quantity: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-JUN)--	
Origin	Value	Volume	Value	Volume
U.S.A.	13,358	19,510	11,362	15,559
U.S. Oceania	98	161	0	0
Australia	404	570	978	1,152
South Africa	6,477	9,131	2,260	3,119
New Zealand	10	15	44	93
Canada	127	291	0	0
Chile	944	1,492	1,884	3,569
Brazil	9	12	0	0
Uruguay	254	441	0	0
Argentina	130	246	0	0
Ukraine	0	0	12	27
Italy	0	0	12	24
Spain	257	450	0	0
Egypt	36	46	0	0

Morocco	157	236	0	0
Israel	699	1,232	21	48
Malaysia	0	0	4	15
Philippines	0	0	15	16
Thailand	48	77	92	125
Other	0	0	4	3
TOTAL	23,008	33,910	16,688	23,750
Source: Hong Kong Department of Census, Customs Statistics				

Hong Kong Re-exports: TANGERINES, FRESH OR DRIED (HS 0805.2010, 0805.2090) (Value: $'000, Quantity: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-JUN)--	
Origin	Value	Volume	Value	Volume
U.S.A.	0	0	11	21
Australia	46	69	0	0
Chile	16	25	95	189
Vietnam	6	15	0	0
Taiwan	12	22	0	0
Israel	280	535	0	0
Vietnam	6	15	0	0
Other	8	7	1	2
TOTAL	374	688	107	212
Source: Hong Kong Department of Census, Customs Statistics				

Hong Kong Re-exports: LEMONS AND LIMES, FRESH OR DRIED (HS 0805.3000) (Value: $'000, Quantity: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-JUN)--	
Origin	Value	Volume	Value	Volume
U.S.A	390	606	453	902

Australia	43	60	0	0
South Africa	159	311	0	0
Argentina	159	307	0	0
Chile	40	40	67	129
Uruguay	43	95	0	0
Canada	13	41	0	0
Thailand	21	34	80	124
Netherlands	5	2	3	2
Israel	9	12	0	0
Other	0	0	0	2
TOTAL	881	1,508	602	1,159
Source: Hong Kong Department of Census, Customs Statistics				

Hong Kong Re-exports: GRAPEFRUIT, FRESH OR DRIED (HS 0805.4000) (Value: $'000, Quantity: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-JUN)--	
Origin	Value	Volume	Value	Volume
U.S.A.	110	180	215	415
Thailand	173	526	0	0
South Africa	78	135	0	0
Namibia	11	21	0	0
Chile	17	33	919	1,798
Israel	87	223	9	18
Other	1	0	0	0
TOTAL	477	1,118	1,143	2,231
Source: Hong Kong Department of Census, Customs Statistics				

Hong Kong Re-exports: FROZEN ORANGE JUICE (HS 2009.1100) (Value: $'000, Quantity: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-JUN)--	
Origin	Value	Volume	Value	Volume
U.S.A.	61	68	21	25
Brazil	360	244	251	156
Japan	28	18	0	0

Armenia	13	6	0	0
Philippines	0	0	2	3
Other	0	0	1	0
TOTAL	462	336	275	183
Source: Hong Kong Department of Census, Customs Statistics				

Hong Kong Re-exports: ORANGE JUICE, NOT FROZEN (HS 2009.1900) (Value: $'000, Quantity: Metric Tons)				
	---MY 1998/99---		--MY 1999/00 (OCT-JUN)--	
Origin	Value	Volume	Value	Volume
U.S.A.	810	1,215	318	485
Brazil	222	235	0	0
Germany	4	1	0	0
Spain	1	1	0	0
France	6	13	0	0
Great Britain	1	1	0	0
Australia	182	206	27	12
New Zealand	0	0	5	8
Philippines	0	0	20	18
South Korea	12	15	0	0
Other	0	1	0	0
TOTAL	1,238	1,688	370	523
Source: Hong Kong Department of Census, Customs Statistics				

Hong Kong Re-exports: GRAPEFRUIT JUICE (HS 2009.2000) (Value: $'000, Quantity: Metric Tons)		
	---MY 1998/99---	--MY 1999/00 (OCT-JUN)--

Origin	Value	Volume	Value	Volume
U.S.A.	145	190	114	173
Spain	8	7	0	0
Other	0	0	0	0
TOTAL	153	197	114	173
Source: Hong Kong Department of Census, Customs Statistics				

Monthly Import and Export Statistics: Tables

Monthly Re-exports of Oranges to China, Hong Kong Customs Data (Metric Tons) (Marketing Year 1996/97-1998/99)			
Month	1997/98	1998/99	1999/00
October	1,914	5,263	3,546
November	1,887	2,721	2,854
December	685	1,314	650
January	5,536	2,155	2,801
February	3,099	2,893	2,980
March	4,258	1,928	2,243
April	4,473	2,475	1,365
May	3,917	1,275	3,829
June	3,877	1,091	3,481
July	16,583	2,233	N.A.
August	4,656	3,582	N.A.
September	7,044	6,980	N.A.
TOTAL MY	56,015	28,647	20,203

Monthly Imports of Oranges, China Customs Data (Metric Tons) (Marketing Year 1997/98-1999/2000)

Month	1997/98	1998/99	1999/2000
October	774	302	2,548
November	114	361	2,772
December	605	902	891
January	117	84	912
February	88	440	3,125
March	139	1,271	4,339
April	263	1,104	3,721
May	257	363	3,455
June	357	1,782	6,203
July	430	3,522	5,931
August	323	2,858	7,705
September	214	6,005	6,107
TOTAL MY	3,681	18,994	47,709

Monthly Exports of Oranges, China Customs Data (Metric Tons) (Marketing Year 1997/98-1999/2000)			
Month	1997/98	1998/99	1999/2000
October	13	23	0
November	53	607	121
December	1,030	2,453	239
January	599	547	317
February	541	1,740	522
March	427	556	81
April	596	156	396
May	129	700	238
June	25	428	106
July	8	160	210
August	23	135	105
September	0	0	86
TOTAL MY	3,444	7,505	2,421

Monthly Exports of Tangerines, China Customs Data (Metric Tons) (Marketing Year 1997/98-1999/2000)			
Month	1997/98	1998/99	1999/2000
October	12,112	4,967	4,638

November	21,819	16,517	22,506
December	56,605	34,293	42,292
January	39,746	43,828	55,705
February	29,455	29,587	19,604
March	17,370	15,106	23,805
April	7,280	1,966	9,970
May	1,175	1,424	923
June	224	5	185
July	213	3	20
August	12	0	0
September	104	310	255
TOTAL MY	186,115	148,006	179,903

Stocks

By the end of every crop year, China's fresh citrus stocks usually are depleted. Most of each citrus crop is sold immediately after it is harvested, while the remainder is kept by growers until prices improve during the Chinese New Year period. In Guangdong, for example, growers on average store one third of their crop for later sale. 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. Unlike China's deciduous fruit growers in the north, citrus grower development of self-storage facilities tends to be quite low. In addition, as a part of the storing process, growers often will wrap the fruit in paper or plastic to assist with preservation. 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.

The citrus varieties in China that are stored the most often are usually varieties with thicker peels. According to various local experts, Mandarin and Jiao oranges can last up to three months in storage, while pomelos four to five months.

Policy

China has not yet become an official member of the World Trade Organization (WTO), but has already implemented the 1999 U.S. agricultural trade accord which eliminated phytosanitary restrictions on U.S. citrus imports. China now allows the importation of citrus from selected counties in the U.S. states of California, Arizona, Texas, and Florida. The California counties include: Fresno, Tulare, Kern, Madera, Ventura, and Monterey. As for Florida, the counties include: Indian River, St. Lucie, Martin, Palm Beach, Collier, Hendry, and Lee. The number of approved U.S. counties are expected to rise after Chinese inspectors from the China State Administration of Inspection and Quarantine review other U.S. production areas. For example, approval

might be given to the California counties of Riverside, Orange, and San Diego in the near future. Despite the earlier phytosanitary restriction, U.S. fresh citrus has been entering China through unofficial trade channels for many years. Many unapproved countries' fresh citrus still use these channels to gain access to the market. China most likely will become a WTO member next year.

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. The Value Added Tax on these products is 17 percent. Under the U.S.-China WTO accession agreement, China's tariffs on fresh citrus should drop to 12 percent by the year 2004. Value Added Tax rates will remain unchanged.

Concern of the part of some local Chinese agricultural officials about the effects of WTO membership also has lessened over the last year. For example, a year ago, Guangdong Agricultural Bureau officials indicated concern that WTO membership could harm their province's citrus industry due to increased imports, but now do not expect such a large negative impact. Other provinces' agricultural bureau officials have recently expressed similar views.

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, Fresh/Dried	40	100	13 / 17	58 / 64
Tangerines, Fresh/Dried	40	100	13 / 17	58 / 64
Lemons & Limes, Fresh/Dried	40	100	13 / 17	58 / 64
Grapefruit/Pomelos, Fresh/Dried	40	100	13 / 17	58 / 64
Other citrus, Fresh / Dried	40	100	13 / 17	58 / 64
CANNED:				
Citrus	30	80	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/Pomelo 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. Once China becomes a member of the World Trade Organization, the mimimum rate will apply to all other members and possibly non-member countries with special trade treaties with China.
2/ General rate is applied to imports from non-MFN trading partners. Once China becomes a member of the World Trade Organization, the general rate will apply to all of China's non-member trading partners unless a special trade treaty exits between China and the non-member country.
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 2000

Marketing

The best tactics for U.S. exporters to enter the Chinese citrus market 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.