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Post: Beijing

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Report Highlights:

Post estimates China's production of apples, pears, and table grapes to increase moderately to 48 MMT, 20.2 MMT, and 14.2 MMT, respectively, in MY 2024/25. Substituted by domestic counterparts, grape imports are expected to further decline. Apple imports are likely to rebound, as diverse varieties on the world market keep attracting Chinese consumers. Fruit exports will continue increasing to neighboring countries given improved quality and competitive prices of fruit and logistical costs. U.S. market share in China's highly competitive fruit market continues to backslide, because of advancements in domestic production and quality and competition with countercyclical producers with tariff rate advantages. It is essential to reinforce the luxury branding of U.S. fruit products and to invest in marketing campaigns that introduce new varietals.

APPLES

Table 1. China: Production, Supply, and Distribution for Apples

Apples, Fresh	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jul 2022		Jul 2023		Jul 2024	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1955800	1955800	1935000	1928460	0	1910000
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	44500000	44500000	45000000	46500000	0	48000000
Non-Comm. Production	0	0	0	0	0	0
Production	44500000	44500000	45000000	46500000	0	48000000
Imports	95300	95300	85000	87800	0	105000
Total Supply	44595300	44595300	45085000	46587800	0	48105000
Domestic Consumption	43820900	43820300	44215000	45676800	0	47005000
Exports	774400	775000	870000	911000	0	1100000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	44595300	44595300	45085000	46587800	0	48105000

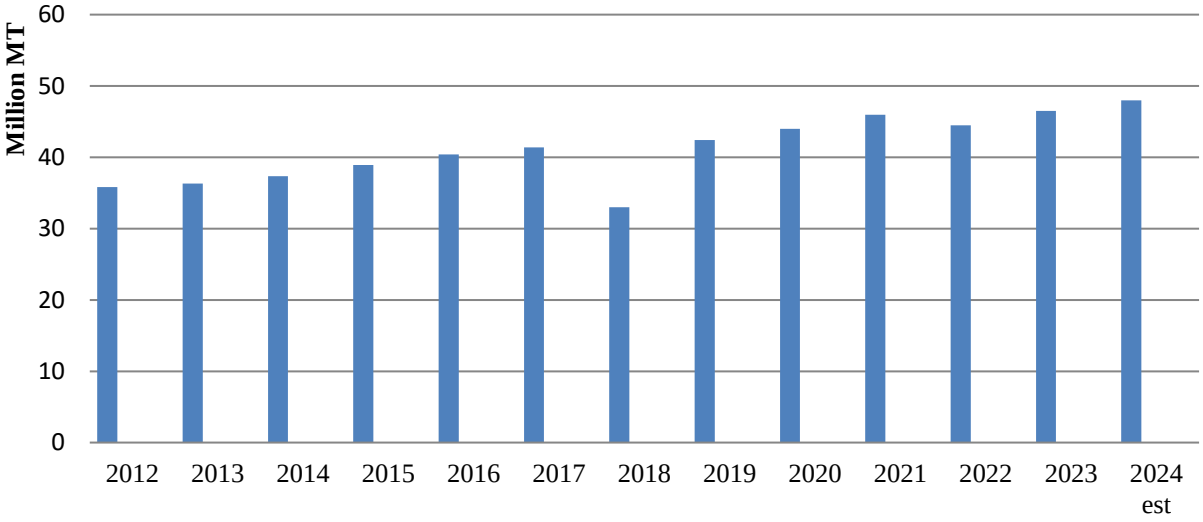
Unit: hectares (HA), metric ton (MT)

PRODUCTION

Post estimates China's apple production at 48 million metric tons (MMT) in marketing year (MY) 2024/25 (July-June), an increase of slightly more than 3 percent from the revised Post estimate for MY 2023/24. Except for rainfall during flowering and higher summer temperatures in some production areas, there have been no major weather abnormalities so far in 2024, which is the main cause of apple production growth. Good weather, and productivity increases from higher yielding varieties and horticultural practices, combined with the removal of older low yielding trees more than offset moderate declines in planted area. The apple crop in Gansu, the third largest producing province, is recovering from MY 2023/24 when spring frosts seriously affected fruit setting. During a crop tour in Shaanxi and Shanxi, the first and fourth largest apple producers, Post observed that these two provinces will likely harvest fewer apples this year as they are encountering a low bearing year. Furthermore, there are less apple trees in production, which will also impact those provinces production. Shandong and Liaoning, the second and sixth largest apple producers, are expecting a moderate growth in apple production. Apple crops in other major producing provinces, such as Hebei and Sichuan, are likely to improve slightly. Meanwhile, apple quality has generally improved from a year ago given favorable growing conditions in most production areas. Traders report that the share of high-grade apples will greatly

increase from the previous year. Post revised the production estimate upwards in line with industry expectations. Post expects the country's apple production to remain relatively stable in the future.

Chart 1. China: Apple Production



Source: National Bureau of Statistics (NBS), FAS Beijing

Post estimates apple acreage to further decrease slightly in MY 2024/25. The country's apple area started to decline in 2020 after the State Council issued *Opinions on Preventing the "Non-grain" Conversation of Farmland and Stabilizing Grain Production*, prohibiting the fruit production on basic farmland. As a result, fruit orchards on basic farmland need to be converted to grain farms or production of other strategic commodities such as oilseeds. Local governments provide assistance, including subsidies, to fruit farmers, especially in plain areas, to switch to grain production. For example, some county governments in Shaanxi province have provided a subsidy of RMB 7500 ($1,056) per hectare for fruit farmers to convert their orchards into grain farms. In addition, apple farming has become less profitable. Some farmers are switching out low quality and low efficiency orchards to more profitable crops. In other cases, farmers have chosen to farm less-labor intensive crops, such as corn, simply because they are too old. In all seven top apple-producing provinces, apple area has either declined or remained unchanged. Acreage expansion has occurred only in Yunnan and Sichuan provinces where the development of specialty apples is progressing.

Image 2. China: Apple Growing Provinces

Brown = 20% or more of Chinese production (Shaanxi and Shandong)
Gray = 5% to 10% (Gansu, Shanxi, Henan, Liaoning, Hebei)
Source: China Statistical Yearbook (2023 data)

Chinese academics are actively developing new apple varieties with different colors and maturing periods. Many new varieties have been introduced and planted across major production areas. For example, a firm, crispy variety called “Hongxiu Kiss” was planted in Yunnan province and is known for its superior aroma, taste, and sugar content. However, the planting area and production of these new varieties, including Luli, Venus Gold, Qincui, Ruixue, Ruiyang, and Ruixianghong, remain low. Farmers are incrementally replacing their apple trees to these new apple varieties and watching how consumers react to minimize the economic losses of replanting their orchards. Nevertheless, upgrading orchards and varieties requires huge investment and techniques, which most small farmers cannot afford. Late maturing Fuji varieties, which are harvested in late October, still dominate apple production in China, accounting for more than 70 percent of total apples produced in the country. The early and mid-maturing varieties, such as Gala, which are harvested between July and September, hold the majority of the remaining 30 percent.

In major apple producing provinces and counties, local governments are also promoting modern production technologies by holding training seminars and building demonstration farms. The adoption of dwarfing and high-density planting models, for example, can significantly improve land utilization and yields. At the same time, this technology also facilitates mechanized operation and reduces labor costs. Drip irrigation systems, which enable integrated application of water and fertilizers, has also

greatly enhanced efficiency and reduced waste. Other technological advancements include biological technology to control pests and diseases and information technology and "big data" to achieve real-time monitoring and regulation of orchard environments. Local governments have been providing subsidies for farmers to adopt modern technologies, typically the construction of orchard infrastructure, but this type of support targets larger farms that meet a certain size threshold. The biggest challenge facing Chinese fruit farming, as well as other agricultural crop production, remains the labor force, which has become increasingly older and expensive and, in more developed areas, in short supply. It is worth noting that Shandong University has successfully developed a late-maturing, bag-free apple variety. Bagging apples at early stages of their development remains a common but labor-intensive practice in China that results in fruit that are cosmetically beautiful with less pest pressure. Labor shortages will make this practice more costly.

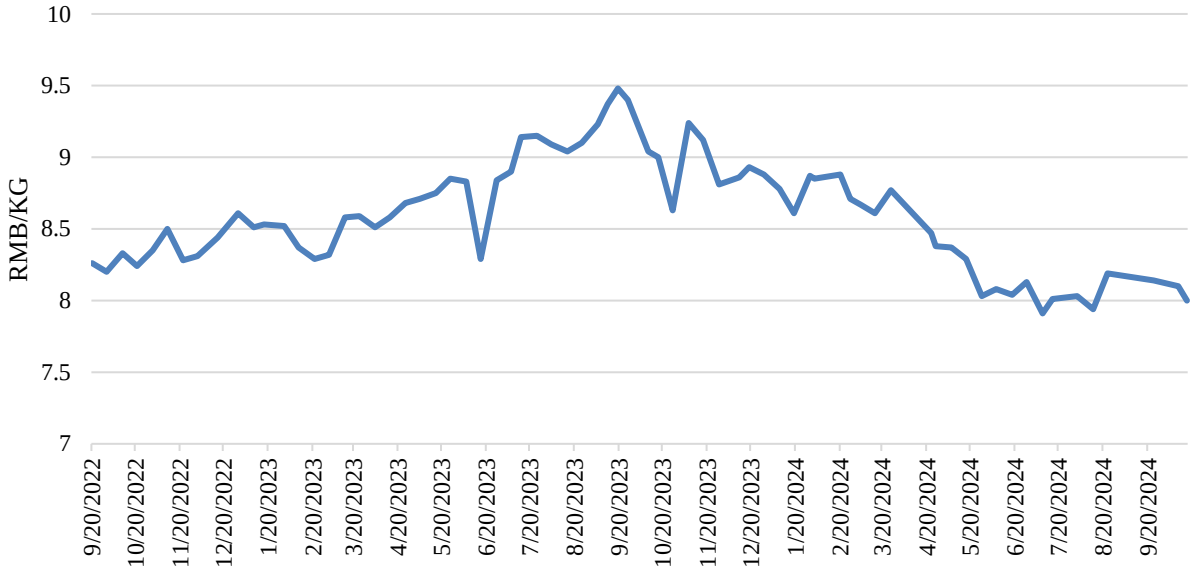
PRICES

China's consumption downgrade has pressured fruit prices to decline. This summer, the fruit market has witnessed a general price decrease of 10 to 20 percent from a year ago, according to media reports. Market sources, however, report that fruit sales have remained quite slow despite the price decline. In addition, imported fruit prices have dropped, intensifying the fierce competition in the market.

Traders had offered high prices to purchase high grade apples as the overall apple quality was significantly lower in MY 2023/24 (July-June) due to weather abnormalities. However, weak market demand is pushing apple prices down. Apple prices have been falling since their peak in late September 2023 (see Chart 2).

The harvest of MY 2024/25 Fuji apples began in October. Trade sources report average purchase prices are generally RMB 1-2/kg lower than the previous year. For example, Shaanxi farmers sold their Fuji apples (second grade with 8 cm in diameter or above) to traders at RMB 7.7 ($1.1) per kilo in early October, a decrease of 20 percent from the same period in 2023, according to data released by the China Fruit Marketing Association (CFMA). Meanwhile, traders are hesitant to place orders as many of them who purchased and stored apples in MY 2023/24 did not make a profit. More than 40 percent of the late maturing apples, mostly Fuji apples, are put into storage for sale throughout the year.

Chart 2. China: Wholesale Price Fuji Apples



Source: China Fruit Marketing Association

CONSUMPTION

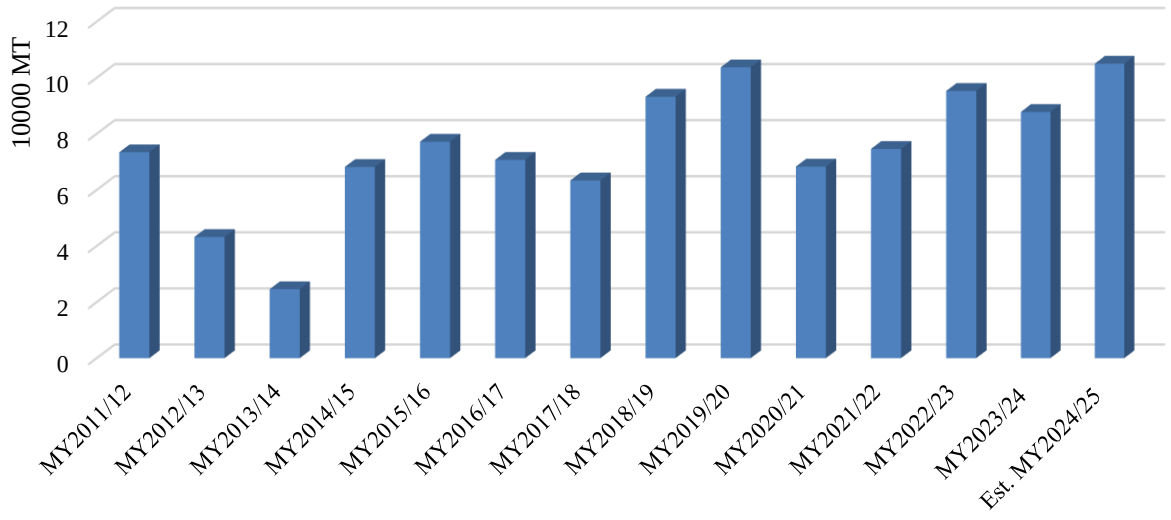
Apple consumption growth is not keeping pace with production growth. Consumption is also hampered by limited varieties and competition from other fruits, such as citrus. However, apples have long been an important component of consumers' daily diet. In recent years, with the improved living standards and the enhanced health awareness among Chinese consumers, apple consumption has shown a trend towards diversification and quality. Consumers are increasingly demanding high quality, flavor, and nutritional value in their fruit. During the ongoing economic slowdown, Chinese consumers are demanding better quality at lower prices, sometimes choosing quality over size. Chinese consumers generally prefer big, sweet, and crunchy apples. In addition to quality, Chinese consumers are interested in trying new varieties, which explains why China has increased apple imports from the world market to try apple varieties not found in the domestic production. Fresh apples still dominate, but the consumption of processed products such as juice and dried fruit is on the rise.

TRADE

Imports

Post expects China’s apple imports to rebound, largely because of recovered supplies from New Zealand, the largest supplier holding a market share of more than 60 percent. New Zealand apple growers have developed many varieties, such as Honeycrisp, Dazzle, and Rockit that Chinese consumers enjoy. In February 2023, industry contacts shared that Cyclone Gabriel significantly damaged the apple crop in New Zealand which limited volumes and raised prices. As a result, China’s apple imports declined by 8 percent in MY 2023/24 (July-June). China’s apple imports from the United States almost doubled in MY 2023/24, primarily because of lower prices. However, the surge in imports from the United States is unlikely to continue while U.S. apples remain less competitive in the Chinese market due to retaliatory tariffs, same production seasonality, and the lack of new varieties.

Chart 3. China: Apple Imports by Marketing Year (July-June)

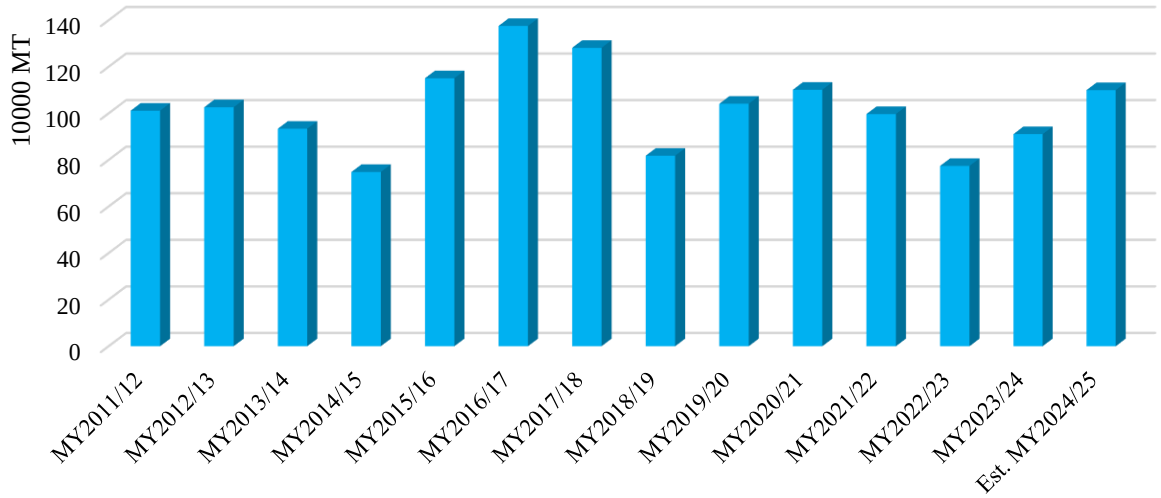


Source: Trade Data Monitor, LLC; FAS Beijing

Exports

Post expects China's apple exports to continue growing in MY 2024/25, driven by increased domestic supplies and lower prices. Chinese fresh apples have an advantage in Southeast Asian markets due to low transportation costs and zero tariffs under a bilateral free trade agreement (FTA) between China and ASEAN. Local media reported that Chinese fruit has entered major supermarkets in some Southeastern countries such as Vietnam. Previously, Chinese fruit were mainly sold at local markets. Fresh apple exports to Central Asia and Russia are rising quickly as well. The country's exports of fresh produce started to take off in MY 2023/24, after the government removed logistical restrictions related to COVID-19.

Chart 4. China: Apple Exports by Marketing Year (July-June)



Source: Trade Data Monitor, LLC; FAS Beijing

PEARS

Table 2. China: Production, Supply, and Distribution for Pears

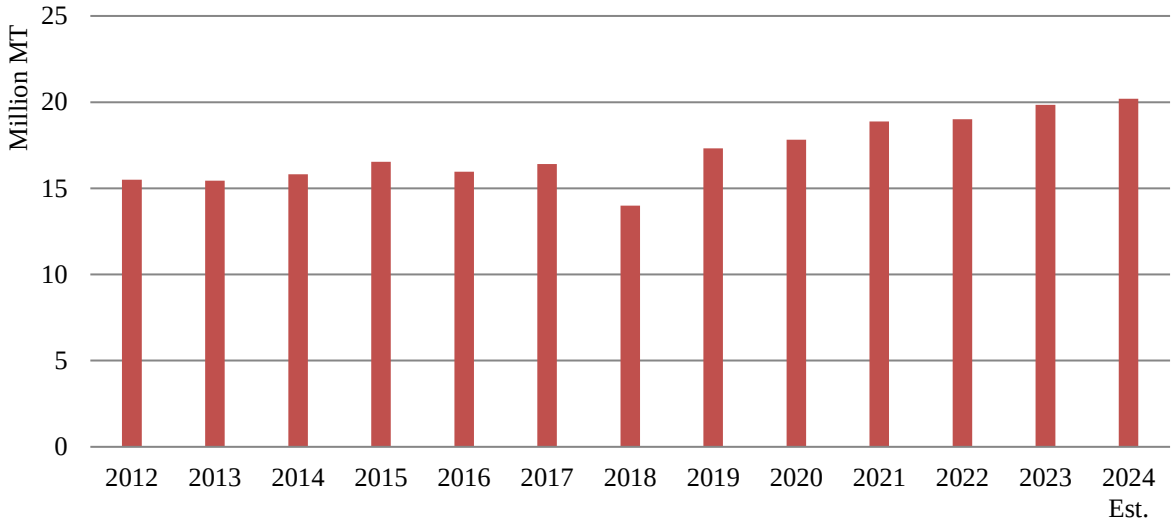
Pears, Fresh	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jul 2022		Jul 2023		Jul 2024	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	913000	913000	904000	904000	0	900000
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	19000000	19260000	19600000	19850000	0	20200000
Non-Comm. Production	0	0	0	0	0	0
Production	19000000	19260000	19600000	19850000	0	20200000
Imports	16500	16500	15000	11500	0	12000
Total Supply	19016500	19276500	19615000	19861500	0	20212000
Domestic Consumption	18606900	18866900	19050000	19256500	0	19552000
Exports	409600	409600	565000	605000	0	660000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	19016500	19276500	19615000	19861500	0	20212000

Unit: hectare (Ha), metric ton (MT)

PRODUCTION

Post estimates China’s pear production at 20.2 MMT in MY 2024/25 (July-June), an increase of nearly 2 percent from the revised production estimate in MY 2023/24. Drier weather this summer will probably lead to marginally reduced pear supplies in Shaanxi and Shanxi provinces. Other major pear-producing provinces, including top producer Hebei, are expecting a bumper harvest this year. Fruit quality will generally improve from the previous year under favorable growing conditions. However, trade sources speculate that excessive rains during July and August have reduced pear flavor in Shandong. Post revised pear production in MY 2022/23 and MY 2023/24 higher to reflect official statistics.

Chart 5. China: Pear Production

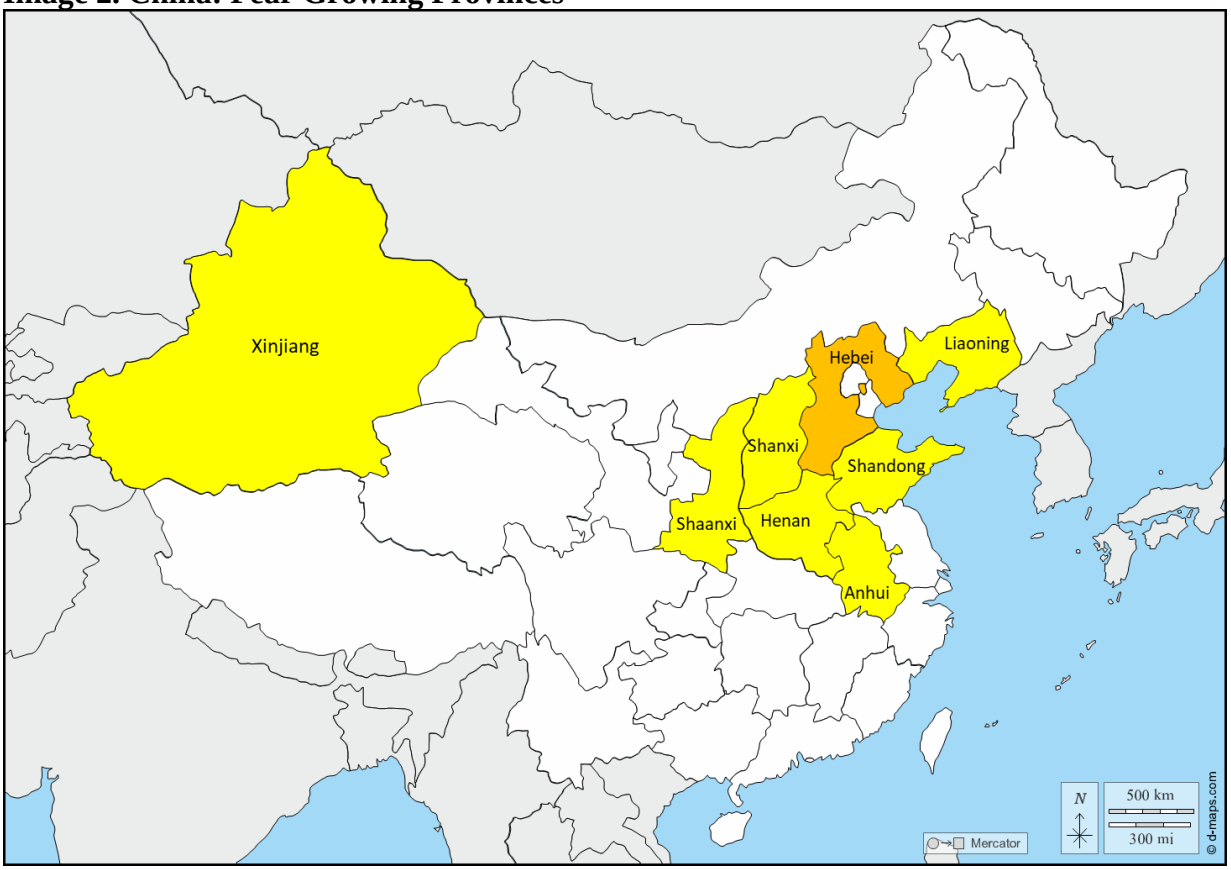


Source: National Bureau of Statistics (NBS), FAS Beijing

Post expects China's pear area to further decline in MY 2024/25 after the PRC began regulating farmland use in 2020 (see apple production above). In addition, many Shaanxi farmers have removed their pear trees due to negative returns in 2023 when excessive rains caused an outbreak of diseases. Other farmers have turned some pear orchards to corn farms because they are too old to handle fruit farming. Pears are widely planted in China, but mainly in 8 provinces whose production accounts for nearly 70 percent of nation's total (see Image 2).

Pear quality has notably improved in recent years, largely because of enhanced farming technologies. More orchards have adopted soil improvement measures, such as application of organic fertilizers and use of weed mulching techniques, to increase fruit flavor, according to fruit growers in Shandong. In addition, scientists have developed or introduced new varieties, such as Qiuyue and Cuiguan pears, to accommodate consumer preferences. Traditional Ya pears and Snow pears are gradually fading out of demand. However, Chinese farmers like to follow trends and plant market-favored varieties without mastering necessary farming skills. For example, when Qiuyue pears were sold at high prices a few years ago, many smaller fruit farmers replaced their pear crops with Qiuyue pears. As a result, the production of Qiuyue pears expanded quickly, but the quality of the fruit declined. Chinese farmers plant mostly (juicy and crunchy) Asian pear varieties and a few Western (soft texture) varieties.

Image 2. China: Pear Growing Provinces

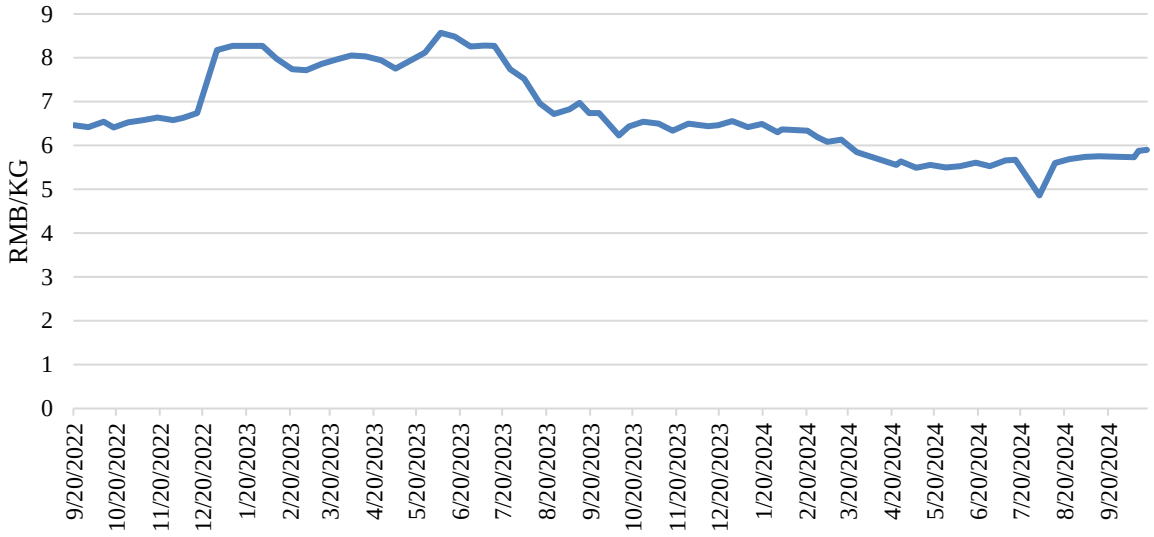


Orange = 10% to 20% of Chinese production (Hebei)
Yellow = 5% to 10% (Xinjiang, Shanxi, Henan, Anhui, Shandong, Liaoning, Shaanxi)
Source: China Statistical Yearbook (2023 data)

PRICES

Pear prices have followed a downward trend since their peak in June 2023. When the harvest of Huangguan pears began in mid-July, the national average purchase price was quoted at RMB 3.71 ($0.52) per kilo, down 25 percent from the same period of last year, according to CFMA statistics. The market price of Qiuyue pears, which have gained popularity among consumers in recent years, dropped sharply this year in MY 2023/24. Like the case of Sunshine Muscat grapes, the rapid expansion of Qiuyue pears led to steep price drops.

Chart 6. China: Wholesale Price Huangguan Pears



Source: China Fruit Marketing Association

CONSUMPTION

Pear consumption is growing moderately with the availability of increased varieties and improved flavor. Consumers care more about food nutrition and health attributes. Chinese people believe pears can help clean lungs and relieve coughing, especially after boiling or steaming with crystal sugar. The development of fresh food e-commerce and the enhancement of consumers' online shopping habits also helped increase sales of pears. Lastly, lower pear prices are likely to stimulate buying interest and overall pear consumption.

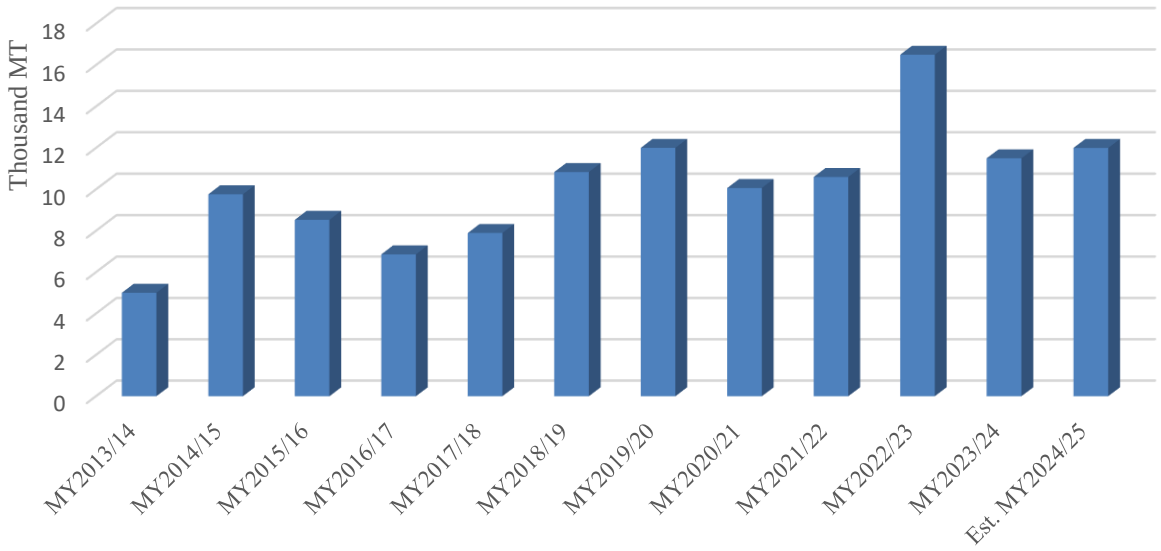
Pears are mostly consumed in northern regions, but the consumption in southern China is increasing. Consumers in northeast China have preferred specialty pears with soft flesh and sweet and sour taste. Consumers in developed urban areas tend to buy high quality pears at higher prices. The majority of consumers prefer juicy, crunchy, and sweet pears. Fresh pears dominate the market, but the market demand for pear juice and related beverages is also expanding.

TRADE

Imports

Post expects China’s pear imports to rebound slightly in MY 2024/25 (July-June) due to recovered supplies in Chile. China imports limited western pears mainly from Belgium, South Africa, and Chile, but the volume has increased slowly in the past few years, except in MY 2022/23 when South Africa gained access to the China market. Post revised pear imports down in MY 2023/24 as acreage reduction and weather abnormalities reduced available supplies in Chile, according to USDA attaché reports. Chile was China’s No.1 pear supplier in MY 2022/23.

Chart 7. China: Pear Imports by Market Year (July-June)

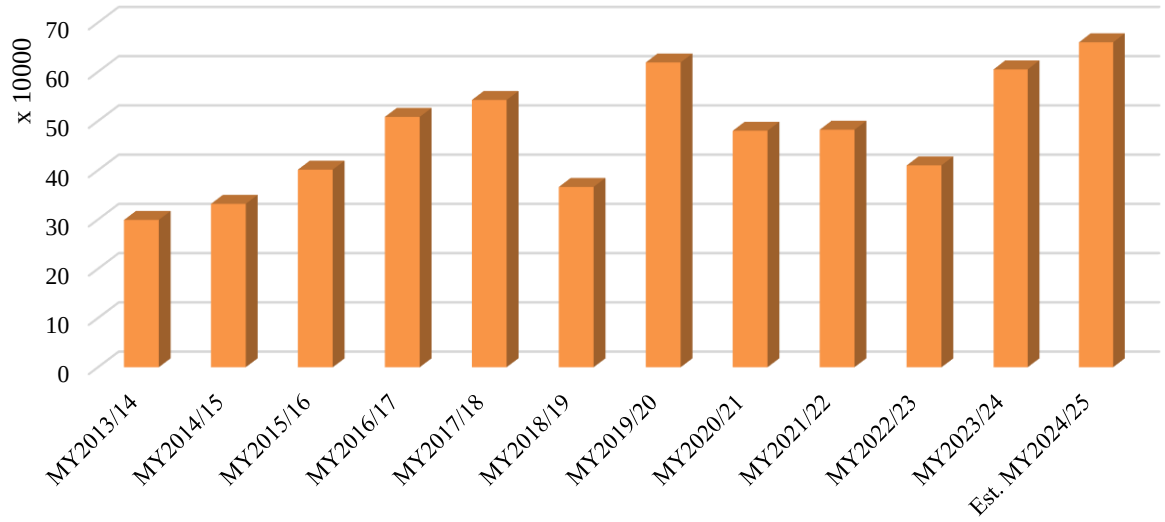


Source: Trade Data Monitor, LLC; FAS Beijing

Exports

Post expects China's pear exports to improve in MY 2024/25 (July-June), driven by increased domestic supplies and lower prices. Taking advantage of improved logistics and packaging, China has steadily increased its pear exports to neighboring markets, mostly ASEAN countries, as well as Kyrgyzstan and Russia.

Chart 8. China: Pear Exports by Marketing Year (July-June)



Source: Trade Data Monitor, LLC; FAS Beijing

GRAPES

Table 3. China: Production, Supply, and Distribution for Table Grapes

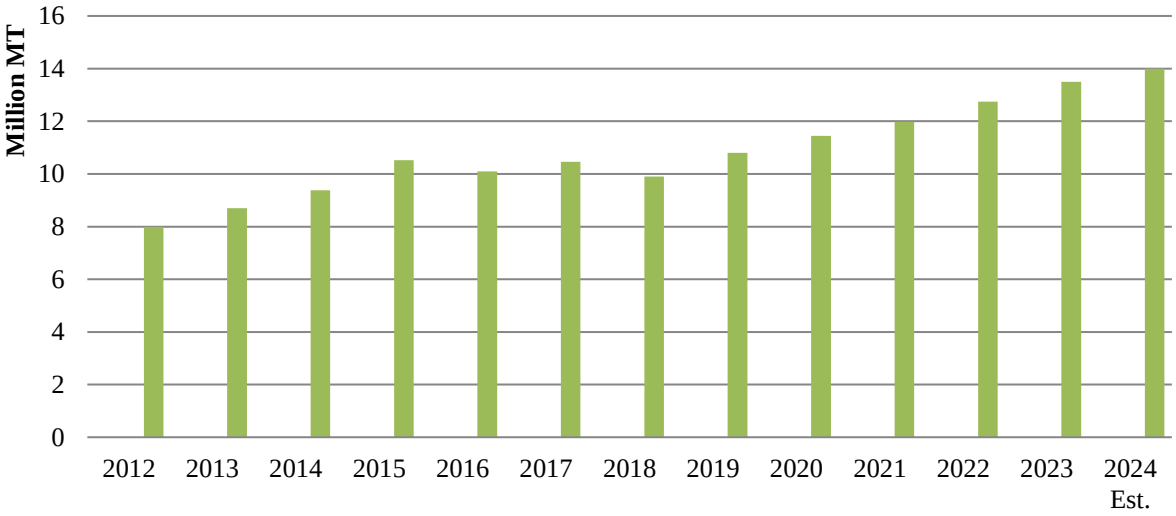
Grapes, Fresh Table	2022/2023		2023/2024		2024/2025	
Market Begin Year	Jun 2022		Jun 2023		Jun 2024	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	730000	730000	728000	728000	0	725000
Area Harvested	0	0	0	0	0	0
Commercial Production	12750000	12750000	13500000	13500000	0	14200000
Non-Comm. Production	0	0	0	0	0	0
Production	12750000	12750000	13500000	13500000	0	14200000
Imports	175700	175700	135000	118500	0	85000
Total Supply	12925700	12925700	13635000	13618500	0	14285000
Fresh Dom. Consumption	12536800	12536800	13145000	13119900	0	13665000
Exports	388900	388900	490000	498600	0	620000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	12925700	12925700	13635000	13618500	0	14285000

Unit: hectare (Ha), metric ton (MT)

PRODUCTION

Post estimates China's table grape production at 14.2 MMT in MY 2024/25 (June-May), an increase of 5 percent from the previous year. No major weather abnormalities have been reported in main grape-production regions during fruit development this year. Grape quality remains generally good except in Henan and Anhui where consistent rains during the summer have impacted flavor, according to fruit growers in the region. Post expects China's table grape production to increase steadily in the foreseeable future. Despite the decreased acreage, table grape production is expected to continue to increase driven by enhanced farming technology that helps improve the yield. Grapes have seen a lot of investment from outside of the agriculture industry. Wealthy investors have been attracted to the relatively short crop cycle of grapes, lured by the possibility of generating large returns within a couple years. This has led to a ramp up in production, while putting downward pressure on prices.

China 8. China: Table Grape Production

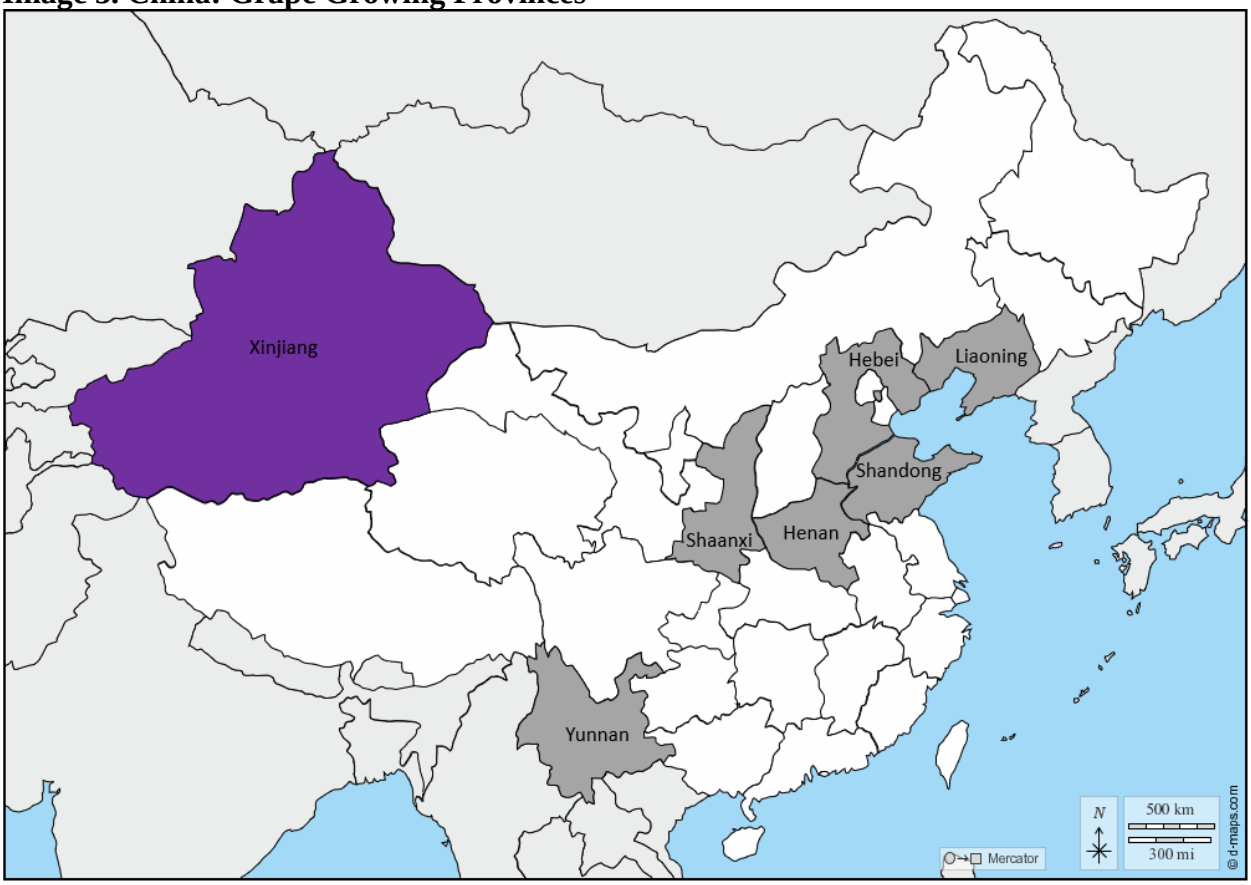


Source: Trade Data Monitor, LLC; FAS Beijing

Post estimates China's grape acreage to decrease slightly in MY 2024/25. Some farmers in traditional grape production provinces, such as Shandong, Hebei, and Liaoning, have reduced grape production acreage because of high production costs, especially labor costs. According to farmers in Shaanxi, grape production costs are generally higher than apples and pears because grape farming, especially for new varieties, requires sophisticated techniques and more investment. For example, Sunshine Muscats farmers need to hire technicians from Yunnan to regulate clusters in their early development to achieve the desired size and shape of grape beads. In most grape production areas, farmers need to build rain shelfs covering the vineyards to avoid outbreaks of pests and diseases. Most importantly, farmers need to apply organic fertilizers if they wish to improve grape flavor. In addition, more grapes are planted in greenhouses to ensure quality or to extend the supply season. Reports indicate that the 33 percent of planted acreage and 28 percent of production of table grapes are grown in greenhouses.

New grape varieties, mostly seedless, have been introduced or developed recently in response to consumer preferences. Sunshine Muscat, for example, has quickly seized the market share of traditional grape varieties such as Red Globe and Kyoho. A new variety, Nina Queen, has also emerged and gained favor among grape growers. Nina Queen is a bright red, medium-late maturing grape variety, with delicate and tender flesh and rich floral fragrance. It surpasses traditional grapes in taste and flavor and has become a highly sought-after grape variety by the market. However, the farming skills required for cultivating Nina Queen are much higher than traditional grapes and seedlings are not easily available, according to a grape grower in Shandong. Grape production is spreading across China, but most of the production is in 7 provinces (see Image 3). Fresh table grapes are harvested between May and October, but improved storage techniques and protected horticulture have effectively extended the supply season.

Image 3. China: Grape Growing Provinces



Purple = 20% or more of Chinese production (Xinjiang)
Gray = 5% to 10% (Hebei, Shandong, Yunnan, Shaanxi, Henan, Liaoning)
Source: China Statistical Yearbook (2023 data)

PRICES

Compared with apples and pears, grape prices have been relatively stable. The national average procurement price for Kyoho grapes were quoted at RMB 9.33 ($1.3) per kilo in early August, slightly down from the same period of last year, according to CFMA data. However, the market prices for Sunshine Muscat grapes collapsed this year, due to a rapid expansion in production. Sunshine Muscat grapes, which Japan alleges arrived in China and South Korea improperly, began production in China around 2015. They were once was sold as high as RMB 1,000 per kilo at fruit outlets, encouraging farmers to replace their current production. The planted acreage jumped from approximately 2,000 hectares to nearly 80,000 acres within eight years. The sudden increase in supply pushed prices down. Industry sources reported in late September that Sunshine Muscat grapes were selling for RMB 10-12 ($1.4-1.7) per kilo. The larger supplies and reduced prices have encouraged more exports to Southeast Asian countries.

CONSUMPTION

Grape consumption continues to grow steadily due to low prices along with improved varieties and quality. Lower market prices amid the economic slowdown are expected to increase the sales of fresh

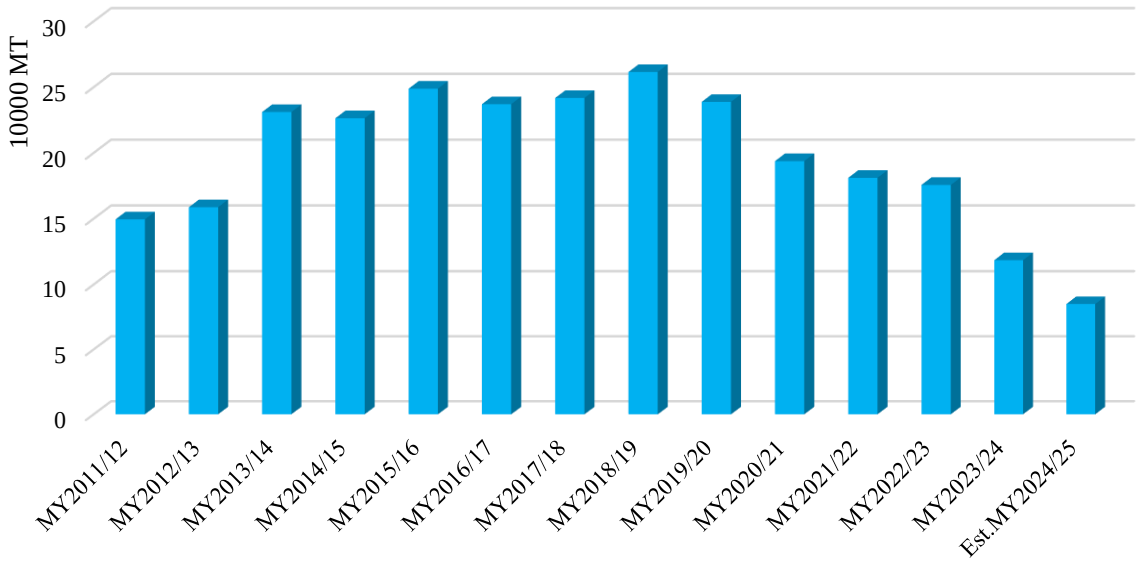
grapes. Chinese consumers love crispy, sweet, seedless, and strong flavor grapes. Traders add that Chinese consumers prefer grapes with red color, followed by black and green. The adoption of updated farming technologies, such as various forms of greenhouses, has greatly enhanced the flavor and appearance of Chinese table grapes. Chinese consumers are gradually shifting from seeded varieties, such as Red Globe, to seedless varieties, such as Sunshine Muscat, and they are always interested in trying new varieties and flavors. The development of storage technology has effectively extended the supply season of certain grape varieties like Sunshine Muscat and Red Globe. Industry sources estimate that around 85 percent of Chinese grapes are consumed fresh, and the processed products, mainly wine and raisins, hold the remaining 15 percent.

TRADE

Imports

China's imports of table grapes have declined more than 50 percent over the past five years, primarily because of improved production and quality of domestic grapes. Post estimates that the downward trend is likely to continue in MY 2024/25 (June-May) given lower prices, especially that of Sunshine Muscat, and extended supply season, which has benefited from improved farming and storage technologies. More than 90 percent of Chinese grape imports originate from southern hemisphere countries led by Australia, Peru, and Chile during the local offseason between January and May. All three countries also have zero duties on their grape exports.

Chart 9. China: Table Grape Imports by Marketing Year (June-May)

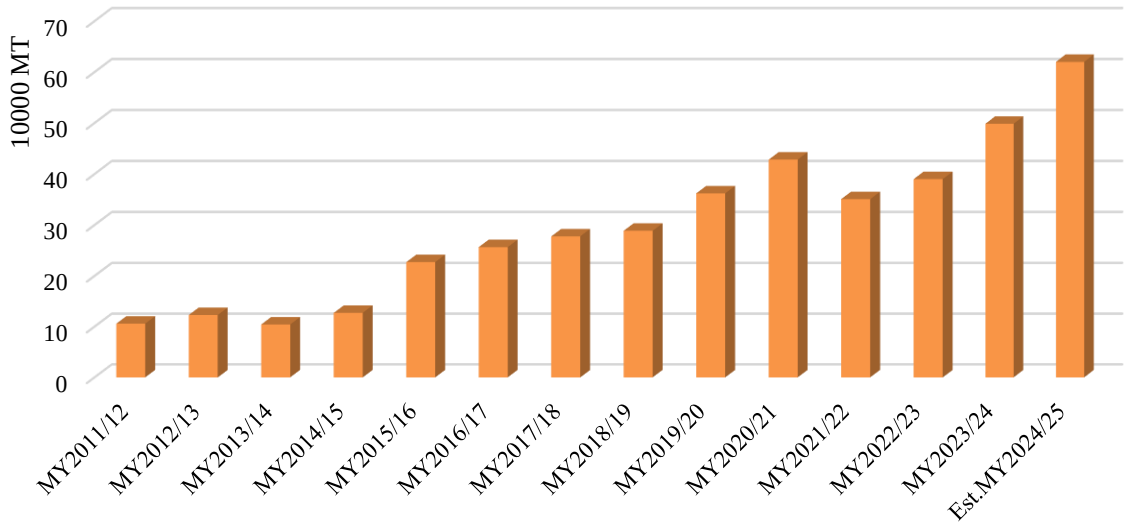


Source: Trade Data Monitor, LLC; FAS Beijing

Exports

Post estimates China's table grape exports to increase significantly in MY 2024/25 (June-May) driven by lower prices of domestically produced grapes. Taking advantage of short transportation time and considerable improvement in quality, Chinese companies have been shipping more fresh grapes to major markets in Southeast Asia, especially neighboring Thailand and Vietnam. In addition, Chinese grape exports to central Asia (Kyrgyzstan) and Russia are rising quickly.

Chart 10. China: Table Grape Exports by Marketing Year (June-May)



Source: Trade Data Monitor, LLC; FAS Beijing

POLICY

Packaging

On September 22, 2023, the State Administration for Market Regulation (SAMR) released National Standard on the Requirements for Restricting Excessive Packaging for Fresh Edible Agricultural Products, which entered into force on April 1, 2024 (see GAIN report CH2023-0138). The standard requires that the number of layers for packaging of fruit should be no more than four layers and that the packaging cost should not representing more than 15 percent of the product price if it is over RMB 100 ($14). In addition, the standard sets a limit of 10 to 25 percent interspace ratio for fresh products with different packages and weights. These packaging requirements also apply to imported fruits that are sold in the Chinese market.

Trade

On October 26, 2023, the General Administration of Customs of China (GACC) published the plant quarantine requirements for fresh apples from Serbia, officially opening the China market to Serbian apples. On April 29, 2024, GACC granted access to fresh apples from Germany by publishing the plant quarantine requirements for German apples. On July 16, 2024, GACC updated the plant quarantine requirements for fresh grapes from Peru, allowing Peruvian table grapes to be exported to the Chinese market by air. Previously, Peruvian grapes could only be exported to China by sea.

Improved domestic production, retaliatory tariffs, and free trade agreements with major counter-seasonal competitors in the Southern Hemisphere largely explain declining U.S. exports across the specialty crop sector (see GAIN report CH2024-0034). China continues to impose retaliatory tariffs on fresh deciduous fruit imports from the United States. A tariff exclusion process that allows importers to apply for an exclusion to the PRC's retaliatory Section 301 tariffs (see GAIN report CH2020-0017) has remained in

place since March 2020. However, the process does not exclude the PRC's retaliatory Section 232 tariffs. As a result, apples, pears, and grapes from the United States need to pay additional 15 percent import tariffs on top of MFN duties (see details below).

Table 4. China: Import Tariffs and VAT for Fresh Deciduous Fruit in 2024

Country	Apples (HS 080810)	Pears (HS 080830)	Grapes (HS 080610)	VAT
Country/region with FTA				
Chile	0	0	0	9%
Peru	No access	No access	0	9%
Australia	0	No access	0	9%
New Zealand	0	0	0	9%
South Korea	No access	No access	1.3%	9%
Japan	8.2% (Under RCEP)	8.2% (Under RCEP)	No access	9%
Country/region with no FTA				
United States	25%* (As of March 2, 2020)	25%* (As of March 2, 2020)	28%* (As of March 2, 2020)	9%
South Africa	10%	10%	13%	9%
Belgium	No access	10%	No access	9%
Argentina	10%	10%	13%	9%
Poland	10%	No access	No access	9%
France	10%	No access	No access	9%
Germany	10%	No access	No access	9%
Serbia	10%	No access	No access	9%
Iran	10%	No access	No access	9%
Netherlands	No access	10%	No access	9%
Italy	No access	10%	No access	9%
Portugal	No access	No access	13%	9%
India	No access	No access	13%	9%
Egypt	No access	No access	13%	9%
Spain	No access	No access	13%	9%
Mexico	No access	No access	13%	9%
Uzbekistan	No access	No access	13%	9%
Kyrgyzstan	No access	No access	13%	9%
Tajikistan	No access	No access	13%	9%

Source: China Customs

Note: *Actual rate (includes MFN and PRC's Section 232 retaliatory tariffs) if Section 301 tariffs are exempted upon approval.

MARKETING

As the world's largest fresh deciduous fruit producer and consumer, China has in-season apples, pears, and grapes readily available in various distribution channels. Although Chinese consumers in all social classes are becoming more price-sensitive, prices are just one of the deciding factors. Discerning consumers continue to seek premium fruits that have high brix levels and unique varieties. Locally produced fresh deciduous fruits are plentiful and cheap. Imported fruits remain in demand, although consumer generally expect imported fruits to have higher quality – both in terms of taste and appearance. Traders are quick to purchase larger quantities of fruit to compete at the lower price points but need more certainty that consumers are willing to pay the premiums for imported products. In China's highly competitive fruit market, it is essential to reinforce the luxury branding of U.S. fruit products, and to invest in marketing campaigns that introduce new varietals.

Challenges, Opportunities and Market Trends

Challenges to U.S. Fresh Fruit Imports

- ✓ Several other competitors have preferential access, while U.S. fruit is hit with retaliatory tariffs ranging from 25 to 28 percent.
- ✓ China's economy is witnessing slower growth, while consumers are allocating a smaller portion of their income to daily needs.
- ✓ Domestic fruit supplies have significantly improved and are supported by local government through seasonal fruit festivals, cultural festivities and sports events.
- ✓ Competition for the fresh fruit market in China is strong and increasing.

Opportunities for U.S. Fresh Fruit Imports

- ✓ October 2024 stimulus measures could stimulate consumer spending and consumption.
- ✓ Chinese consumers continue to perceive U.S. fresh deciduous fruits as premium quality products.
- ✓ E-commerce (e.g., social media and live streaming) fruit sales continue to grow. Douyin, Little Red Book, WeChat, and numerous smaller platforms now facilitate a greater percentage of trade and present an opportunity to access a larger number of consumers.
- ✓ Distribution channels are improving penetration to 2nd and 3rd tier cities, where the upper class may be willing to spend more of their income on fresh fruits.

Market Trends

- ✓ Fresh fruits are recognized as an important pillar of a healthy Chinese diet.
- ✓ Holidays and special occasions (e.g., family reunions, birthdays, wedding events, Lunar New Year) spur increased sales of fresh fruits, which are considered affordable premium gifts.
- ✓ Small gift packages (e.g., one single perfect apple in premium packaging) or large gift boxes are offered to friends and relatives for special occasions.
- ✓ New or unique varieties are sold at a higher premium and are highly sought after.

U.S. Apples

The United States was the third largest apple supplier to China in MY 2023/24 (July-June), and U.S. exports witnessed a 92-percentage increase year-on-year. International competitors included New Zealand, South Africa, Chile, France, Australia, Poland, Argentina, and Japan. Several popular varieties are available in the Chinese market, including *Cosmic Crisp, Dazzle, Envy, Fuji, Gala, Golden Delicious, Granny Smith, Posh, Posy, Red Delicious, Red Rose, Rockit, Royal Gala,* and *Sonya.*

Although *Fuji* is the most plentiful apple produced in China, other varieties include *Golden, Hanfu, Huaniu, Guoguang, Jiguan, Qinguan, and Red Delicious.* The unique, red-fleshed apple *Malus niedzwetzkyana* is also available but in limited quantities. Retail prices increased over 10 percent year-on-year and ranged between $.95 - $2.65 per pound in tier 1 cities. During the spring festival and mid-autumn festival, large size apples reached $3.25 per apple.

Targeted marketing is required to connect premium apples with discerning consumers. In addition, emotional branding (appealing to consumers' emotions, needs, and aspirations when marketing products) is an important element of any long-term strategy. For instance, apples are often referred to as the "peace fruit." Furthermore, red apples symbolize prosperity and good luck.

U.S. Pears

The United States was the seventh largest pear supplier to China in MY 2023/24 (July-June). China mainly imports pears from Belgium, South Africa, Chile, Netherlands, Argentina, and New Zealand. Occasionally, three U.S. varieties (i.e., *Starkrimson, Red Anjou,* and *Green Anjou)* can be found in specialized fruit chains or wholesale markets in tier 1 cities. Asian and Qiuyue account for most of the imports, as Chinese consumers generally prefer pears that are crisp and juicy.

China is the global leader in pear production. In line with the preferences of Chinese consumers for crisp and juicy pears, China produces *Asian, Qiuyue, Snow and Crown pears*. Retail prices ranged between $.55 - $1.09 per pound in tier 1 cities. Pears are also in higher demand for special occasions.

The softer, sweeter pear is sought after for some age groups (i.e., children, elderly). However, few traders and consumer are aware of the proper handling techniques for U.S. pears. In addition, the profit margin for U.S. pears can be low without sufficient marketing. Trade contacts acknowledge the need for more branding and awareness of U.S. pears.

U.S. Table Grapes

During MY 2023/24, China's leading fresh table grape suppliers were Chile, Australia, Peru, Uzbekistan, South Africa, and India. The United States ranked as the 7th largest supplier. China produced nearly half of the world's table grape production. Substantial improvements in technology have led to high yields and improved quality.

China's table grape consumption has been on the rise. However, China's recent weak consumption and strong supplies led to a dramatic 40 percent price drop for table grapes earlier this year. As of mid-October, retail prices ranged between $.30-$1.03 per pound in tier 1 cities. The diversity of grape varieties available on the Chinese market is vast. Although U.S. grapes continue to enjoy a positive reputation, the recent price drop is impacting demand.

Attachments:

No Attachments