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South China Imported Fresh Fruit Market

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Report Highlights:

In the last two decades, South China has secured its dominant position as China's distribution hub and consumption capital for imported fruit. Total fresh fruit imports through South China ports accounts for 86 percent of the total imports to China.

In 2009, the United States exported a total of \$54.3 million worth value of fresh fruits (deciduous, citrus and others) to Mainland China ports, up 20 percent from the previous year. The United States is the largest citrus fruit exporter to China, followed by Thailand and South Africa; and in 2009 the States ranked No. 2 for exporting fresh grapes, cherries and apples to China, after Chile.

General Information:

South China Imported Fresh Fruit Market

Industry overview

In the last two decades, South China has secured its dominant position as China's distribution hub and consumption capital for imported fruit. Total fresh fruit imports through South China ports accounts for 86 percent of the total imports to China.

South China's proximity to Hong Kong helps enhance its role in promoting imported produce items, including those entering through gray channels. Shipments via Hong Kong still play a significant role, especially for imported cherries and apples, though in recent years direct shipments have been on the rise.

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Fresh fruit at a glance (2009)

- **U.S. exports to China and Hong Kong: \$255 million, up 18%**
- **U.S. exports to China: \$54 million, up 20%**
- **Popular items: cherries, grapes, apples, oranges, and plums**
- **Trade shows: Asia Fruit Logistic**
- **Wholesale Markets: Guangzhou Jiangnan & Shenzhen Baji**

Seasonal competition

The best promotional season for imported fresh fruits is Spring Festival, normally in January or February. Chinese Mid-Autumn festival in September is also one of the best selling seasons for high-value fruit.

U.S. apples are available year-round in China's market, but face fierce competition from both Chinese apples and those from the southern hemisphere (Chile, New Zealand, and Australia). Chinese apples, mostly of Fuji variety, are also available throughout the year and are sold at less than half the price of U.S. apples.

U.S. table grapes are available in China from September through December, and compete mainly with Chinese-grown table grapes that come into the market at lower prices. Chinese grapes can be found in the market as late as February. Grapes are often given as gifts in fruit baskets. Southern Hemisphere grapes are available in the market from January until June, and have no directly competition with U.S. grapes.

U.S. cherries are gaining ground and Northwest cherries are the most popular fruit in the summer months. There is no direct competition in the market. The season for Chilean cherries is during the Spring Festival, while Chinese produced cherries are mostly available before July. Air shipments at the beginning of the season are typically more expensive than mid-late season arrivals by ocean freight.

Wholesale Markets

The *Jiangnan Fruit and Vegetable Wholesale Market* in Guangzhou is the largest wholesale market in China in terms of total sales and the volume of imported fruit transactions. Industry sources estimate that 60-

70 percent of all of China's imported fruits come through this market. About 50 percent of those imports are consumed in Guangdong Province alone. Shenzhen Agricultural Produce Co. also operates the Buji Fruit and Vegetable Wholesale Market in Shenzhen. New fruit wholesale markets around in larger cities are under construction. Many of them are expected to invest in upgrading their facilities and image over the next few years.

Retail Promotions

ATO Guangzhou office actively organizes retail promotions to further promote U.S. fresh fruits products. Retail expansion continues both in major cities and in secondary cities. To stay competitive, traders have differentiated their packaging to match the retailer's image. As a result, retailers are looking for better quality, stable supply, and new/diverse varieties. In-store promotion becomes an important tactic for marketing imported fruits. Fruit gift baskets, waterfall displays at store entrances, color breaks, in-store sampling, theme promotion, and nutritional guidance, all, have helped boost sales. Freshness, taste, healthy benefits as well as price are the key factors which will influence consumers' buying decision. On-line internet ordering services is the new trend in Guangzhou and Shenzhen. Key consumption markets include major cities in the Pearl River Delta such as Guangzhou, Shenzhen, Dongguan as well as emerging cities such as Foshan, Zhuhai, Zhongshan, Huizhou, Jiangmen and Shunde. Fuzhou, Xiamen and Changsha are the newly developed markets in Fujian and Hunan provinces respectively.

Cold Chain development

Cold chain storage and proper handling is essential maintaining the quality and integrity of fresh fruit as well as extending the shelf life. Efforts are invested on infrastructure construction and technical education. Though more cold storage warehouses are being built, retailers have not enforced serious logistical standards on traders to maintain an unbroken cold chain through the supply and distribution channel. China's inconsistent cold chain has resulted in significant losses to both traders and retailers. Thus retailers, wholesale markets, and distributors are now paying greater attention to these issues and quantifying these losses.

IPR Concerns

IPR issues remain a concern. Plastic packages printed with "California table grapes" sometimes are misused to pack domestically produced table grapes or those sourced from other countries. "Washington Red Delicious" label printed with logo is sometimes put on Chinese domestic variety "Huanui". Consumers and some local retailers have little awareness of varietal differences for imported fruit. Few retailers will mark individual variety names on their price tags/tickets. The common practice is to indicate origin of country only.

Marketing Tips

Face-to-face visits with Chinese clients are essential for the successful marketing of U.S. fresh deciduous fruit. These contacts will not only help exporters understand the regional and city markets, which vary from one to another, but will also create opportunities to establish and maintain reliable business relationships.

ATO Guangzhou is eager to provide additional information when marketing U.S. fruit:

1. Work with reliable Chinese partners including: importers, logistics providers, and retailers in each region,
2. Assist and educate Chinese partners on proper product handling;
3. Provide ideas for promotional activities
4. Understand consumer preferences, which vary from region to region;
5. Take advantage of high fruit consumption seasons during major holidays;
6. Enhance the image of U.S. fruit to differentiate from other fruit; and,
7. Protect the IPR of U.S. fruit and strengthen the cold chain management.