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Report Highlights:

China's cherry production is forecast at 650,000 MT in MY 2022/23, driven by expanded area in the northwest and southwest. Cherry imports from the U.S. are expected to fall because of reduced supplies and COVID related logistical issues. China's peach and nectarine production is forecast to increase to 16.8 MMT in MY 2022/23 on favorable growing conditions. Exports are expected to regain lost ground from MY 2021/22 with the resumption of market access to Russia.

Production

Peaches/Nectarines

China's peach and nectarine production is forecast at 16.8 million metric tons (MMT) in marketing year (MY) 2022/23 (January-December), an increase of 5 percent from MY 2021/22. Peach growers report favorable growing conditions in most peach-producing areas, especially those in southern China, leading to a larger crop. Traders also report that fruit quality of early variety peaches, which were harvested in late May 2022, is better than last season. China's peach production is expected to remain stable or slightly increase in the next few years with better yields, despite slowly declining planted area.

Unfavorable market returns are the main reason behind the acreage declines. Although some farmers are adopting new farming technology, such as greenhouses, to extend the supply season, or are shifting to market-favored varieties, the overall supply of peaches and nectarines exceeds the demand, especially during the peak harvest months. In addition, some farmers are replacing their peach/nectarine plantings with more profitable crops, like cherries. Sources report this transition is slow because of labor shortages and limited funding. Peaches and nectarines are commercially planted in 20 provinces. The top producing provinces are Shandong, Henan, Shanxi, Hebei, and Anhui.

Different varieties of peaches and nectarines are planted in different geographic locations, as well as in greenhouse facilities. Domestic peaches and nectarines are available for 8 months beginning in March, with nectarines peaking in June and July and most peaches harvested in July and August. Industry contacts estimate white-flesh peaches currently account for nearly 70 percent of the total domestic peach and nectarine production but are losing ground to yellow-flesh peaches. Special varieties, such as donut peaches/nectarines are also on the rise. Nectarine production (white or yellow flesh) increased to roughly 20 percent of the market as consumers favor the smooth skin and newer varieties.

Peach and nectarine size and appearance has improved significantly in recent years, largely because farmers have adopted the practice of bagging fruit while it is on the tree. Peach flavor, however, has not improved; the over application of fertilizers (including bulking and ripening agents) and premature picking causes reduced flavor.

Cherries

Cherry production is estimated at 650,000 MT in MY 2022/23 (April-March), an increase of 8 percent from the previous year. Shandong, the largest cherry producer, suffered from high temperatures and drought during pollination, which is likely to cut provincial production by 20-30 percent. However, production gains in other cherry producing areas, especially in southwestern and northwestern provinces, will offset the production losses in Shandong. Cherry production, including in greenhouses, is expected to continue rising in the next few years as new plantings begin bearing fruit. The lingering pandemic situation has had little impact on cherry farming and production, according to farmers. Logistics disruptions related to COVID, coupled with soaring fuel prices, have pushed up transportation costs, even domestically.

Fruit quality in MY 2022/23 is generally good except in Shandong where weather anomalies have resulted in smaller sizes and a sourer taste compared to the previous year. Cherry quality, especially size

and appearance, has improved significantly over the past decade. However, spring frost and summer rain remains a potential threat to cherry production and quality in northern China. Traders also report ongoing challenges sourcing and aggregating cherries of uniform variety and quality from small orchards. Local cherries generally have a much shorter shelf life than their imported counterparts due to a lack of pre-cooling and refrigerated transportation.

While planted area remains stable in traditional cherry producing provinces such as Shandong and Liaoning due to government policies prohibiting the conversion of grain fields to fruit farms, cherry acreage continues to expand in western China. Local governments there have incorporated cherry planting in the poverty alleviation programs for farmers in less developed counties.

Cherries are reportedly the most profitable fruit in China and favorable market returns have triggered farmers in many provinces to grow cherries. For example, cherry production has expanded to Inner Mongolia, Ningxia, Qinghai, and Xinjiang provinces. Currently, Shandong, Shaanxi, and Liaoning remain the top three cherry producers. Southwest provinces, led by Sichuan, form another cherry producing area. Most cherry growers operate on small orchards, but a few private companies have entered the business through land transfer programs. Private companies normally invest in greenhouse cherry production to target the premium market.

Chinese farmers plant mostly early and mid-maturing varieties, such as Beauty Early (dominant variety), Red Lantern, Brooks, Summit, Russia 8, Van, Black Pearl, Santina, and Rainier. They are harvested, along with a few late maturing varieties, like Lapins, between early May and late-July. Greenhouse cherries extend the season - from February through late July. Variety change has not occurred widely in China, but some farmers are gradually replacing traditional varieties such as Red Lantern with Russia 8, Brooks, and Kordia, which are gaining increasing popularity among cherry growers because of consumer demand and higher returns. Almost all cherry varieties planted in China belong to the sweet cherry family and production of tart cherries is very limited.

Prices

Cherry prices in MY 2022/23 (April-March) have generally increased from the previous year. The reduced cherry supplies in Shandong, the largest cherry producer, is the primary cause of the price increases. According to the China Fruit Marketing Association which tracks prices, farm prices of domestic Early Beauty cherries in June was up an average of 30 percent over the same time last year. A Shandong grower noted input price increases in fertilizer (up 30 percent from a year ago) and labor (up 20 percent) are driving factors in higher production prices. Average wholesale prices for the same time are up only an average of 17 percent. Prices of greenhouse cherries remain strong. Industry reports that farm gate prices for greenhouse cherries from Dalian were quoted at RMB 600 (USD \$90) per kilo in February, but volume was very small.

Despite increased supplies, peach and nectarine prices are also expected to be between 10 and 20 percent higher than MY 2021/22. Early mature peaches become available on the market at the end of May and traders reported that the purchase prices were higher compared to those the previous year. The stronger prices may also be attributed to improved fruit quality because of less rainfall during the fruits' development.

Consumption

Peaches/ Nectarines

Post forecasts 2022/23 consumption up five percent from MY2021/22 to about 16.8 MMT, including processed products such as canned (yellow) peaches and peach juice/drinks. Marketing year 2021/22 consumption remains relatively unchanged at 15.8 MMT. Some fruits, including peaches and nectarines, are now oversupplied as domestic production has increased in recent years. Under the dynamic zero COVID policy, outbreaks caused sporadic lockdowns which slowed economic growth and created uncertainty. The National Bureau of Statistics (NBS) reported that, in the first five months of 2022, the total retail sales of consumer goods declined by 1.5 percent from the previous year. While Chinese consumers are still demanding higher quality and better tasting fruit, price is a more important factor in purchases. Lingering pandemic controls also changed the consumption pattern for many consumers, especially the younger generations, many of whom choose now to buy fresh fruit online. Online shoppers generally purchase less but higher quality fruit. NBS statistics indicate that online retail sales of physical consumer goods, which account for nearly 25 percent of the total sales value, increased by 5.6 percent year-on-year in January - May 2022. The upward trend is also seen in fruit purchases.

Consumption of most traditional fresh peaches remains weak because of their mediocre taste. Yellow-flesh donut nectarines have become the favorite fruit of this kind, followed by yellow-flesh peaches, donut peaches, and white-flesh donut nectarines.

Cherries

Chinese consumers prefer large cherries with a dark red color and a sweet taste. Quite different from peaches and nectarines, cherries are considered a high value fruit and Chinese domestic supply is still insufficient to meet demand. Cherry consumption is expected to continue rising, particularly in more developed regions in eastern and southern China. MY 2022/23 cherry consumption is forecast at approximately 950,000 MT. This reflects a 3.5 percent growth over the reduced estimate of 918,000 in MY 2021/22. The lockdowns in Shanghai, a major consumption and distribution center, and disruptions in domestic logistics given COVID control measures has seriously affected the cherry consumption in the Yangtze River Delta area.

Trade

Imports

China's cherry imports are forecast to decline by nearly six percent in MY 2022/23 (April-March) to 300,000 MT. Traders face higher shipping costs, increased inspection, a disinfection process, and COVID-related testing throughout the cold chain. Any delays can significantly impact the quality of imported cherries, a high-value and perishable fruit. Declines are also predicted after the Chilean Cherry Committee noted that, Chile, the single largest cherry supplier to China, will invest in opportunities in new markets. China's cherry imports from the United States, the second largest supplier, are also expected to fall because of a much smaller crop, COVID related logistics issues, and retaliatory tariffs. Cherry imports from other northern hemisphere suppliers, such as Uzbekistan and Canada, remain

relatively flat due largely to quality concerns. Turkey is currently banned from exporting cherries to China due to detections of quarantine pests in previous shipments.

Peak cherry imports occur before or around Chinese New Year in January and February when domestic cherry supplies are limited, and the southern hemisphere crop is at its peak. A second peak occurs in July and August after local cherry season ends and northern hemisphere production from the United States, Canada and Uzbekistan peaks. Most Chilean cherries arrive via ocean shipment, while other suppliers, notably the United States, New Zealand, and Australia use air freight. The supply chain has been significantly affected by congestion at the world's major ports and container shortages. Some large Chinese importers reportedly imported 4,000 tons of Chilean fruit, including blueberries, cherries, nectarines, grapes, and plums, on a charter ship in early 2022 to ensure supplies. U.S. Northwest cherries are similarly challenged by port congestion, with more than 80 percent of U.S. Northwest cherries arriving in China via air charter and air freights during the 2021 harvesting season.

China's nectarine imports are expected to rebound by 30 percent to 43,000 MT in MY 2022/23 (January-December) because of a bumper harvest in Chile. Because of China's large domestic supply, Chinese consumers do not consider peaches and nectarines high-value fruit and China imports limited quantities from Chile (nectarines) and Australia (peaches and nectarines) between January and April when local supplies are not available. Given the supply of domestic peaches and nectarines during the summer, China imports very limited quantities of nectarines from northern hemisphere countries. However, some retailers in southern China have noted growing interest among high-end consumers for sweeter, imported nectarines.

Exports

China's peach and nectarine exports are expected to rebound by around 20 percent to 55,000 MT in MY 2022/23 (January-December), driven by resumption of purchases from Russia who lifted a ban on imports of fresh fruit, including stone fruit, from China in February 2022 (see Policy section below). Russia was the third largest buyer of Chinese peaches and nectarines before 2019. Other major buyers, mostly in Asia, imported fewer peaches and nectarines; in MY 2021/22, China's exports dropped by more than 40 percent owing to COVID-19 outbreaks across Asia and supply chain disruptions.

Policy

The tariff exclusion process put in place by the State Council Tariff Commission (SCTC) in March 2020 (see GAIN report [CH2020-0017](#)) remains in effect. The exclusion program allows importers to apply for exclusions of Section 301 retaliatory tariffs imposed on U.S. products, including stone fruit. However, U.S. fruits are still subject to Section 232 retaliatory tariffs. The following table provides detailed import tariffs on stone fruit, as well as VAT, with major trading partners.

Import Tariff and VAT on Stone fruit with Major Trading Partners in 2022

Trade partner	Tariff (%)		VAT (%)
	Peaches/Nectarines (HS code 080930)	Cherries (HS code 080929)	
Country/Region with FTA			
Chile	Nectarines - 0 Peaches - No market access	0	9
Australia	0	0	9
New Zealand	No market access	0	9
Taiwan	Peaches - 0 Nectarines - No market access	No market access	9
Country/Region with no FTA			
United States	Nectarines - 25 (as of March 2, 2020)* Peaches - No market access	25 (as of March 2, 2020)*	9
Canada	No market access	10	9
Argentina	No market access	10	9
Spain	Peaches -10 Nectarines - No market access	No market access	9
Turkey	No market access	10	9
Uzbekistan	No market access	10	9
Kyrgyzstan	No market access	10	9
Tajikistan	No market access	10	9

Source: China Customs

NOTE: *Actual rate (includes Section 232 and MFN) if Section 301 tariffs are exempted upon approval.

The General Administration of Customs of China (GACC) suspended cherry imports from Turkey, a major supplier in the northern hemisphere in August 2020 due to detections of quarantine pests. The suspension remains in place.

The Regulations on the Registration and Administration of Overseas Producers of Imported Food (GACC Decree 248) entered into force on January 1, 2022. Decree 248 requires that all overseas food (except food additive) manufacturers, processors, and storage facilities be registered with GACC before exporting food products to China (see [CH2021-0045](#) for more information on Decree 248 and [CH2022-0064](#) for updated guidance on how to register). This regulation does not deal with fresh fruit but does impact processed products such as frozen or dried fruit.

The Regional Comprehensive Economic Partnership (RCEP) took effect on January 1, 2022. The multi-lateral trade agreement covers 15 countries in Asia-Pacific region, including two stone fruit exporters, Australia and New Zealand. Tariffs from these counties are already at zero because of previous bilateral free trade agreements (FTAs) (see GAIN report [CH2020-0168](#)). However, China has taken a series of measures and policies that help streamline the logistics, customs clearance, and supply chain following

the enactment of RCEP, which will help facilitate imports from RCEP members, especially ASEAN countries.

Russia lifted a ban on import of fresh fruit, including stone fruit, from China on February 20, 2022. The Russian animal and plant health authorities enacted the import ban on certain Chinese deciduous fruit (apples and pears) and stone fruit (peaches/nectarines, plums, apricots, and cherries) on August 10, 2019, following detections of quarantine pests.

Marketing

Cherries

Domestic cherries, from greenhouses, are now available as early as February. As that time, Chilean cherries are at the end of their supply season and the product quality is low. In February 2022, the retail price of domestic cherries was more expensive than imported cherries, but the taste was reportedly mediocre.

Stricter import measures in the past few years have led to a more centralized sourcing of imported cherries. Most of the imported cherries are now sold by a few major importers. This has led to more stable prices and improved after-sales service.

Chinese consumers have little brand awareness of imported cherries but distinguish based on country of origin. U.S. cherries are well regarded among the Chinese fresh fruit industry and customers. Chile invests millions of dollars each year to promote Chilean cherries in China. As a result of various online and offline activities, many consumers in first-tier cities in China have a preliminary understanding of the grading standard of Chilean cherries, based on size. The customers use this information when they select imported cherries in the market. Some traders have speculated that a better understanding of the U.S. grading system would help customers choose premium quality cherries. This past season, the Chilean trade association started to explore and market their products in second and third tier cities, with promotional events in wholesale markets in Kunming (Yunnan) and Nanchang (Jiangxi).

Peaches/ Nectarines

China's domestically produced peaches dominate the market, but there are no well-known domestic peach brands. Some regions market their local production by the region - such as 'Long Quan Yi' peaches, 'Feng Hua' peaches and 'Dang Shan' peaches. With no large brands that have large supply and promotional funds, there are almost no purely in-person promotional activities for peaches. Some famous peach production areas in China have started to use Internet plus model which used both the internet and traditional distribution channels to promote their products. Sales of the regional 'Beijing Pinggu' peaches on e-commerce platforms reached \$56 million in 2020, increasing about 50 percent to \$108 million in 2021. To attract local consumers, domestic peaches are relying more on fancy packaging with design concepts from Japan and Korea. A box usually holds 8 to 12 peaches. In China, bruised peaches often lead to losses for retailers given the thin skin and soft flesh. Most retailers source peaches through their distributors to help them control operational costs.

Many provinces in China produce nectarines, including Shaanxi, Shandong, Hebei, and Liaoning. Nectarines are harder, and easier to store and ship because of their skin. However, some retailers choose to source locally, even within their own province. Imported nectarines are distinguished by their country of origin, not brand or variety. Chilean and Australian trade associations usually do promotional activities in key wholesale markets and e-commerce platforms during the harvest season. Sales of imported nectarines from Australia and Chile have benefited by being “off-season” from China’s nectarine harvest. Despite limited imports, one upscale supermarket chain noted customers liked imported U.S. nectarines because they were sweeter than domestic fruits.

Production, Supply, and Distribution (PS&D) Tables

Production, Supply and Distribution (Peaches/nectarines)

Peaches & Nectarines, Fresh	2020/2021		2021/2022		2022/2023	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	855000	855000	850000	850000	0	848000
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	15000000	15000000	16000000	16000000	0	16800000
Non-Comm. Production	0	0	0	0	0	0
Production	15000000	15000000	16000000	16000000	0	16800000
Imports	37000	37000	36000	33000	0	43000
Total Supply	15037000	15037000	16036000	16033000	0	16843000
Domestic Consumption	14959400	14959000	15981000	15988000	0	16788000
Exports	77600	78000	55000	45000	0	55000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	15037000	15037000	16036000	16033000	0	16843000

Unit: hectare, metric ton

Production, Supply and Distribution (Cherries)

Cherries (Sweet&Sour), Fresh	2020/2021		2021/2022		2022/2023	
Market Begin Year	Apr 2020		Apr 2021		Apr 2022	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	158000	158000	163000	165000	0	170000
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	520000	520000	600000	600000	0	650000
Non-Comm. Production	0	0	0	0	0	0
Production	520000	520000	600000	600000	0	650000
Imports	335900	336000	335000	318500	0	300000
Total Supply	855900	856000	935000	918500	0	950000
Domestic Consumption	855880	855980	934980	918487	0	949980
Exports	20	20	20	13	0	20
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	855900	856000	935000	918500	0	950000

Unit: hectare, metric ton

Attachments:

No Attachments