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Report Name: Fresh Deciduous Fruit Annual

Country: China - People's Republic of

Post: Beijing

Report Category: Fresh Deciduous Fruit

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Report Highlights:

Post estimates China's production of apples, pears, and table grapes to increase to 45 MMT, 19.6 MMT, and 13.5 MMT, respectively, in MY 2023/24. Apple imports will likely decline by 20 percent due to reduced supplies and higher prices in major exporting countries. Table grape imports will further decrease by 30 percent, substituted by improved production volumes and desirable domestic varieties. Despite China's limited import volume, pear imports will continue to increase by 20 percent on rising demand.

APPLES

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

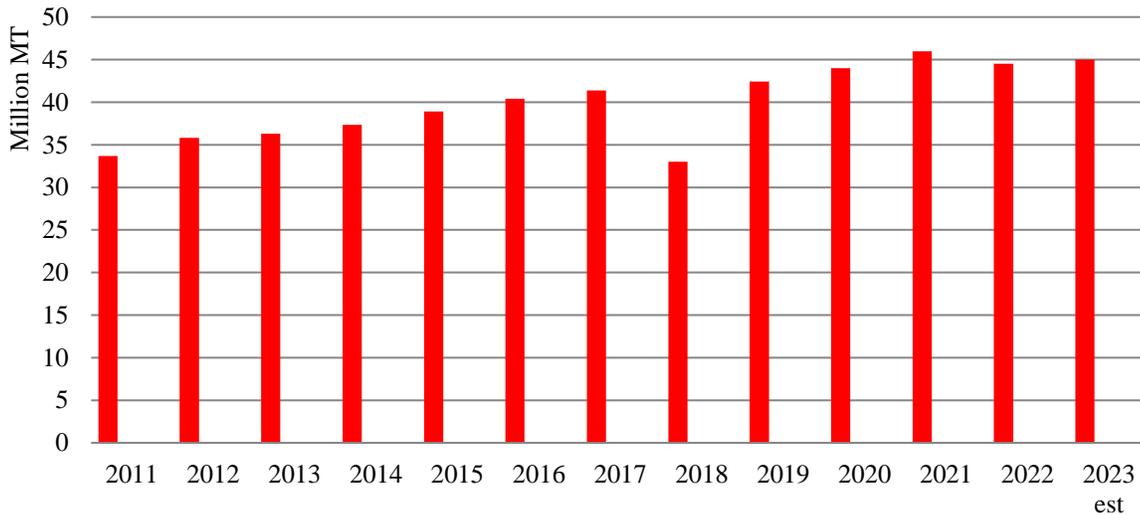
Apples, Fresh	2021/2022		2022/2023		2023/2024	
Market Begin Year	Jul 2021		Jul 2022		Jul 2023	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1975350	1975350	1935000	1955800	0	1935000
Area Harvested	0	1970	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	45973400	45973400	41000000	44500000	0	45000000
Non-Comm. Production	0	0	0	0	0	0
Production	45973400	45973400	41000000	44500000	0	45000000
Imports	74600	74600	85000	95300	0	76000
Total Supply	46048000	46048000	41085000	44595300	0	45076000
Domestic Consumption	45050900	45050900	40315000	43820300	0	44196000
Exports	997100	997100	770000	775000	0	880000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	46048000	46048000	41085000	44595300	0	45076000

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

PRODUCTION

Post estimates China's apple production at 45 million metric tons (MMT) in marketing year (MY) 2023/24 (July-June), an increase of 1 percent from the revised Post estimate for MY 2022/23. Although low temperatures and hail occurred in part of Shaanxi province, the country's top producing province, in late April, industry sources estimate that overall apple production will remain unchanged from the previous year. Fruit farmers in Shandong, the second largest producing province, told Post that provincial apple production may decline from last year because of spring frosts during fruit pollination and high temperatures in June-July during fruit enlargement. On April 28, a severe frost hit major apple-producing regions in Gansu, the third largest producing province, seriously affecting the fruit setting. As a result, apple production will likely drop by 30 percent in the province, according to industry estimates. Other major producing regions, such as Shanxi, Henan, Hebei, and Liaoning, are expecting a good harvest under relatively normal growing conditions. The good harvest in these regions will more than offset the reduction in Gansu and other leading producing provinces. However, traders reported that overall apple quality will be significantly lower from the previous year due to weather abnormalities such as frost, hail, and heat during fruit development, leading to smaller fruit and fruit rust. Post expects the country's apple production to remain stable or decrease slowly in the future because of reduced acreage.

Chart 1. China: Apple Production



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

Post forecasts apple acreage to further decrease to 1.94 million hectares in MY 2023/24 from the revised estimate of 1.96 hectares in MY 2022/23 given tightened policy on farmland use and replacement of less productive trees. The national food security policy discourages the planting of fruit crops on farmland (see Policy). As a result, fruit acreage has declined in Hebei, Henan, Shanxi, and Shandong since 2021. In northwestern provinces, such as Shaanxi and Gansu, local governments support farmers to renovate their orchards and replace old apple trees with new plantings. In general, apple producers will optimize apple plantation in traditional production areas, specifically the Loess Plateau of northwest China and provinces surrounding Bohai Bay (see Image 1), rather than increase acreage. However, apple plantations are increasing in Xinjiang and the southwest highlands, mainly in Yunnan and Sichuan provinces.

With increased private sector investment, corporate farms and large, specialized farms have quickly emerged in apple farming. Operations normally adopt modern production models and technology to increase productivity and quality. For example, the dwarfing high density planting model has increased the level of mechanized and standardized farming. Integrated watering and fertilizing technologies improve the efficiency of water and fertilizer application and help alleviate soil degradation. The dwarfing high density planting model has quickly expanded in Shaanxi, Shandong, and Henan. Apple orchards adopting this model account for nearly 20 percent of the total apple area in China. Most farmers, however, still operate on traditional orchards as they cannot afford the investment. Specialized companies have emerged to provide technology and service in fruit breeding, production, marketing, and distribution. Traders indicate that specialized companies engaged in improving fruit quality and fruit handling efficiency will likely drive future fruit development in China.

Fuji apples remain the dominant varieties planted in China, accounting for 70 percent of all apples. And late maturing varieties, which farmers harvest in October, hold an 80-percent market share. The development of early maturing varieties, harvested in July and August, is slow because most early maturing apples are not suitable for storage. Chinese plant breeders have developed or introduced some

new varieties, such as Venus Gold, Ruixue, Ruiyang, Ruixianghong, Mingyue, and Luli, that have quite different characteristics from Fuji apples. For example, Venus Gold has gained popularity because of its unique flavor and high brix level. However, the production volume of these new varieties is still low. Most farmers choose not to replace the traditional Fuji apples as the new varieties require more sophisticated farming techniques and investment.

China's fruit production faces a serious challenge of mounting production cost, especially for labor. Reports have stated that the average age of fruit farmers is more than 60 years old. Labor shortages have taken place in most fruit production areas according to industry contacts. As a result, labor costs have increased quickly in recent years. Post learned that hourly wages in Shandong have reached RMB15 (\$2.05) for a worker performing fruit bagging, harvesting, and packing. In addition, the cost of agricultural inputs, such as fertilizers and pesticides, as well as transportation, has also increased from the previous year.

Post revised MY 2022/23 apple production to 44.5 MMT. Industry reported that crop failure due to adverse weather conditions was not that severe.

Image 1. China: Apple Growing Provinces



Brown = 20% or more of Chinese production (Shaanxi and Shandong)

Gray = 5% to 10% (Gansu, Henan, Shanxi, Liaoning, Hebei)

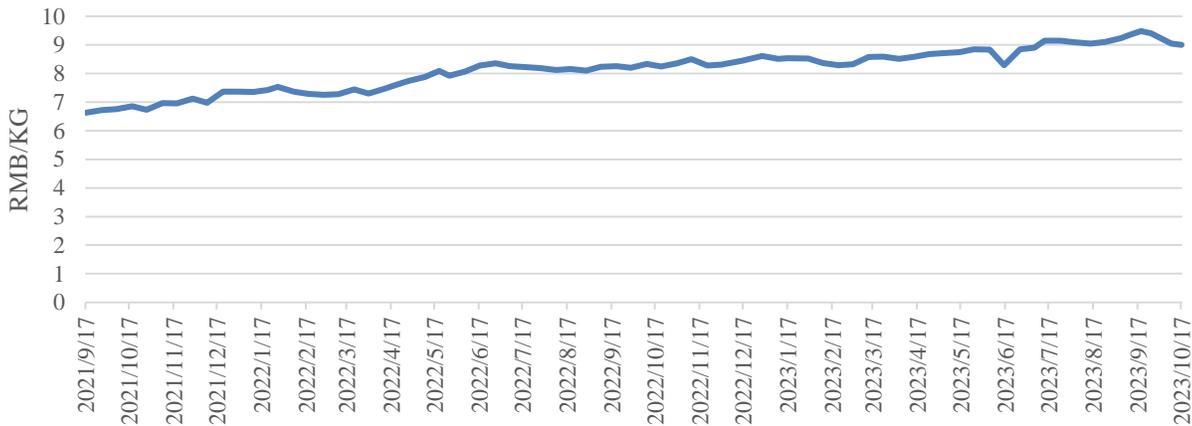
Source: China Statistical Yearbook (2022 data)

PRICES

The harvest of most Fuji apples, the dominant variety, began in early October. The China Fruit Marketing Association (CFMA) reported that second-grade apples (8 cm in diameter or above) had an average price of RMB8.8 (\$1.2) per kilo this year, an increase of 18 percent from the previous year's level and a record high. Traders attributed the price hike to reduced supplies of high-quality apples this year. Apple movement, however, is quite slow as most traders are waiting for prices to drop. Traders reported that purchase prices for lower grade apples were much lower.

Apple prices have generally stayed at high levels since the beginning of MY 2022/23 (July-June) because of reduced domestic supplies (see Chart 2 below). Increased production costs have also played a role in lifting fruit prices. In the case of apples, farmers normally sell their apples to traders. If traders do not offer prices high enough to make a profit, some farmers store their apples and wait for market prices to rise as Fuji apples have a long storage life.

Chart 2. China: Wholesale Price Fuji Apples



Source: China Fruit Marketing Association

CONSUMPTION

Post expects China's fruit consumption to rebound slightly in 2023 and to continue growing slowly in 2024. Despite tepid economic growth after the relaxation of the People's Republic of China's (PRC) zero COVID policy, consumers still regard fruit as an essential part of their daily diet. COVID-19 and related restrictions seriously impacted the national economy and overall domestic consumption. As a result, the per capita consumption of fresh fruit and melons dropped to 54.7 kilo in 2022 from 55.5 kilo in 2021, according to the China Statistical Yearbook. Chinese consumers have become more cost conscious regarding fresh fruit. For example, while most people still prefer large-sized fruit, the sales of medium-sized fruit began to pick up, at least in northern China, in the post-COVID times. Medium-sized apples are cheaper which appeals to cost conscious consumers. Some consumers with higher incomes have switched from buying imported fruit to high quality domestic fruit. In addition, many consumers continue to purchase their fruit online despite the removal of COVID-19 restrictions. They believe that various online platforms offer fresher and lower-priced fruits that are sourced directly from the product locations.

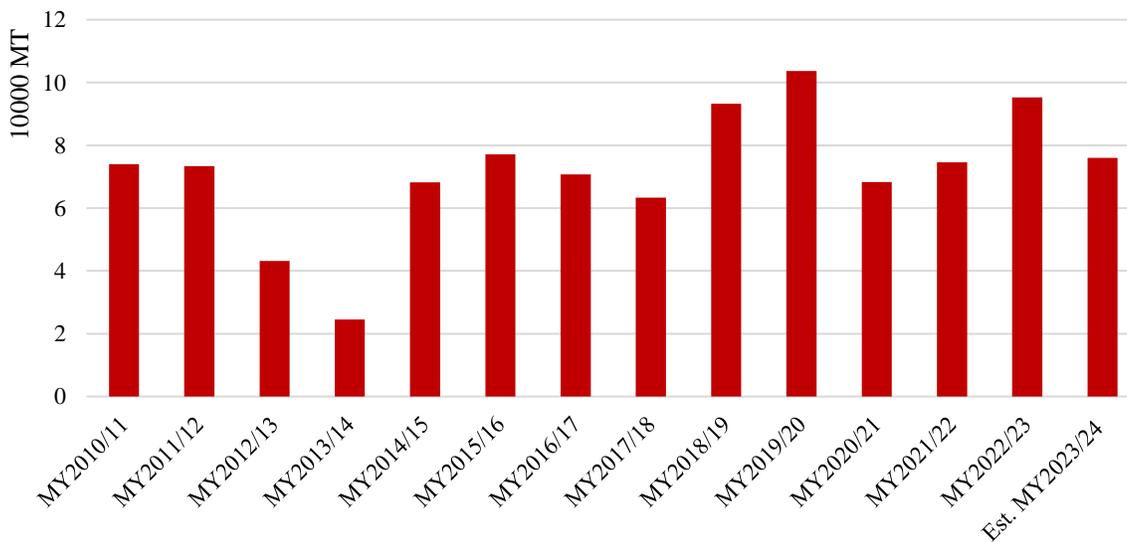
Apple consumption remains stagnant in China, largely because of huge domestic supplies with limited varieties. Demand for new apple varieties, including those from other countries, remains strong. In addition, consumers are basing their purchases on taste rather than appearance. Apples also compete with other fruits, especially citrus whose supplies and varieties have improved quickly in recent years.

TRADE

Imports

Post expects China’s apple imports to decline by 20 percent to 76,000 MT in MY 2023/24 (July-June), largely because of reduced supplies in New Zealand. According to USDA New Zealand: Fresh Deciduous Fruit Semi-Annual¹, which Chinese Media quoted, Cyclone Gabriel hit major apple-producing areas in February, significantly cutting the country’s apple production. China imports more than half of its apples from New Zealand which has developed many varieties that attract Chinese consumers that are not necessarily grown in other countries. Apple imports from South Africa, the second largest supplier will likely slow down amid tight supplies also according to PRC contacts and media. China’s apple imports from the United States have fallen quickly due to retaliatory tariffs. Lack of new varieties in U.S. orchards offered to the Chinese market is another disadvantage when competing with other suppliers. (Please see the marketing section for more information regarding U.S. apple exports to China).

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



Source: Trade Data Monitor, LLC and FAS Beijing

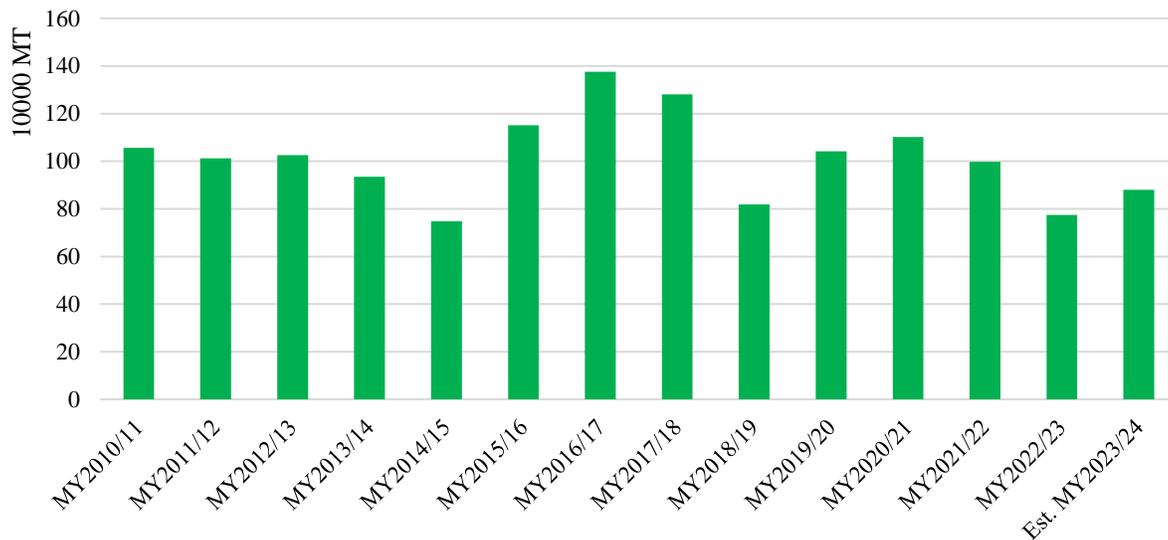
Exports

Post expects China’s apple exports to rebound by 13 percent to 880,000 MT in MY 2023/24. Despite downgraded apple quality, exports to countries in South and Southeast Asia will likely increase because these neighboring markets prefer smaller apples. Improved infrastructure and expedited customs

¹ See [GAIN Report NZ2023-0009](#)

clearance following the enforcement of RCEP will also facilitate fruit trade between China and the Association of Southeast Asian Nations (ASEAN) countries. China's apple exports to ASEAN dropped significantly in MY 2022/23, mainly because of COVID related restrictions that blocked road transportation.

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



Source: Trade Data Monitor, LLC and FAS Beijing

PEARS

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

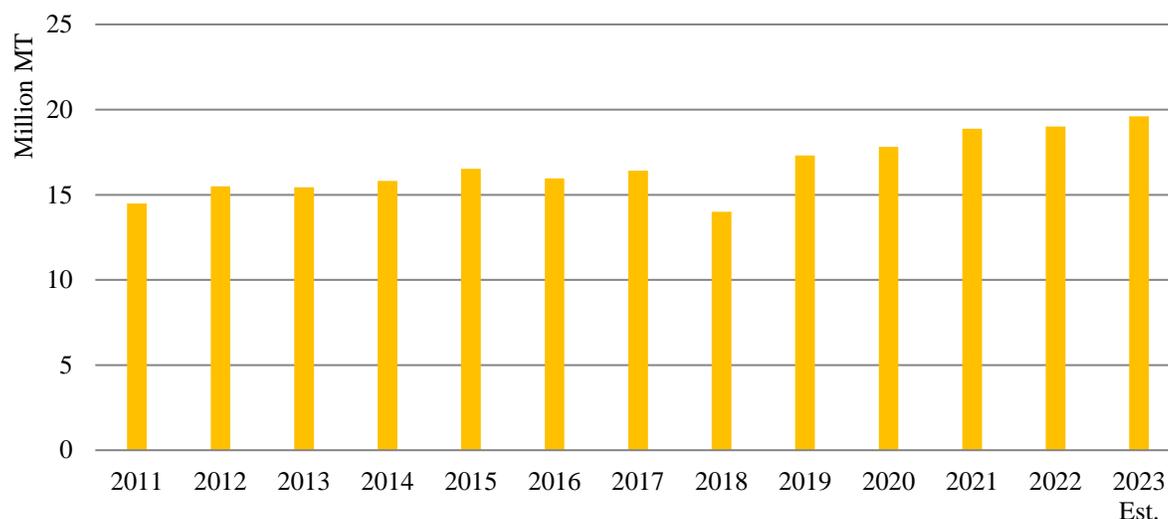
Pears, Fresh	2021/2022		2022/2023		2023/2024	
Market Begin Year	Jul 2021		Jul 2022		Jul 2023	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	921610	921610	900000	913000	0	904000
Area Harvested	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0
Commercial Production	18876000	18876000	17850000	19000000	0	19600000
Non-Comm. Production	0	0	0	0	0	0
Production	18876000	18876000	17850000	19000000	0	19600000
Imports	10600	10600	12000	16500	0	20000
Total Supply	18886600	18886600	17862000	19016500	0	19620000
Domestic Consumption	18404200	18404600	17452000	18606500	0	19120000
Exports	482400	482000	410000	410000	0	500000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	18886600	18886600	17862000	19016500	0	19620000

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

PRODUCTION

Post estimates China's pear production at 19.6 MMT in MY 2023/24 (July-June), an increase of 3 percent from the revised production in MY 2022/23. Except for a few abnormal weather patterns in northern production areas, such as high temperatures and drought in Shandong in summer 2023, all major pear-producing provinces, including top producer Hebei, have experienced relatively normal growing conditions. Pear quality is generally desirable, especially for Qiuyue pears, the market favorite, according to growers from Shandong. Post expects China's pear production to remain stable over the next few years. Post has revised MY 2022/23 pear production to 19 MMT to match the latest industry estimates.

Chart 5. China: Pear Production



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

Post expects the pear planted area to continue declining to 904,000 hectares in MY 2023/24 from 913,000 hectares in MY 2022/23 as the PRC government streamlines farmland use and reemphasizes food and feed grain production. Local governments have urged farmers to convert fruit orchards built on farmland to crops like grains to increase grain acreage. Post expects China's pear crop area to slowly decline in years to come due to adjustments in agricultural policy and food security strategy.

Almost all provinces plant pears, but the major producing areas are scattered in north and northwest China as well as the Yellow River and Yangtze River area (see Image 2). Chinese farmers plant dozens of pear varieties, mostly crunchy Asian pears including Ya pears, Su pears, Snow pears, Fragrant pears, Huangguan pears, Yuluxiang, Hongxiangsu, Cuiguan, Cuiyu, and Nanguo pears. In recent years, fruit breeders and research institutes have introduced a few new varieties, including Qiuyue pears known for their large size, high brix, and special flavor. The planting area of this variety has quickly expanded in Shandong, Henan, Anhui, and Hebei provinces. Farmers in Laiyang Province have replaced most of their local "Laiyang" pears with Qiuyue pears.

Private investment plays an important role in the pear sector, similar to the apple sector, in upgrading the industry's farming practices. The adoption of sophisticated farming technology has greatly improved fruit quality while the application of organic fertilizers has improved flavor. However, these modern production models require extensive investment. Pear farmers are quick at grafting their trees with new varieties, but many are unwilling to invest in upgrading orchard facilities. According to industry contacts, growers would rather apply plant hormones and growth regulators to increase fruit size and production quickly.

Image 2. China: Pear Growing Provinces



Orange = 10% to 20% of Chinese production (Hebei)

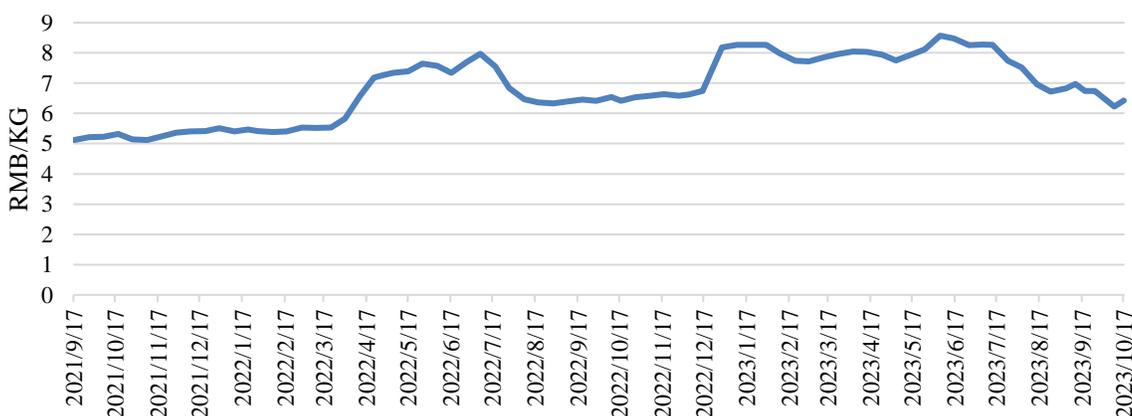
Yellow = 5% to 10% (Xinjiang, Henan, Anhui, Shanxi, Liaoning, Shaanxi, Sichuan)

Source: China Statistical Yearbook (2022 data)

PRICES

CFMA reported that the average farmgate price for the benchmark Huangguan pears was RMB 5 (\$0.7) per kilo when harvest season began in mid-July. The price was slightly lower than the previous year. The wholesale price for traditional pear varieties such as Huangguan started to decline since the beginning of MY2023/24 (see Chart 6). However, market price for new varieties remains strong. For example, Laiyang farmers sold their Qiuyue pears to traders at RMB 10 (\$1.4) per kilo.

Chart 6. China: Wholesale Price Huangguan Pears



Source: China Fruit Marketing Association

CONSUMPTION

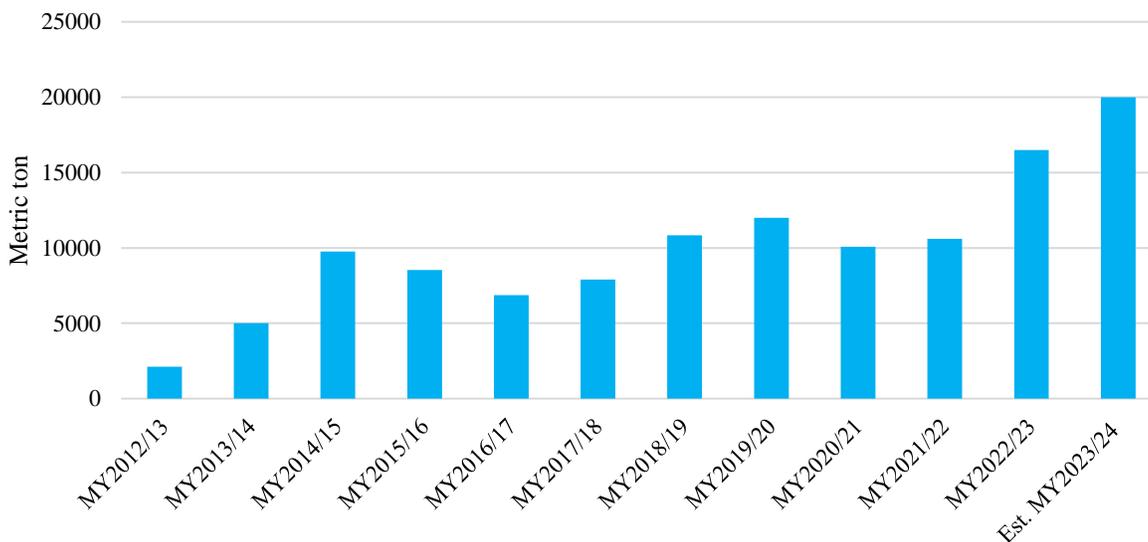
Pear consumption continues to grow slowly. Compared to apples, consumers have more variety choices. Most consumers choose crunchy, juicy, and sweet pears, and they care more about flavor and freshness. Consumption of soft texture pears (western pear varieties) is increasing among the elderly and children.

TRADE

Imports

Post expects China's pear imports to continue increasing by more than 20 percent to 20,000 MT in MY 2023/24 (July-June). The country's pear imports are quite small, compared to its consumption as most consumers prefer juicy and crunchy Asian pears. However, consumption of western pears is on the rise. China imports pears mostly from southern hemisphere countries, such as Chile and South Africa. Main suppliers from Northern Hemisphere include Belgium and the Netherlands.

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

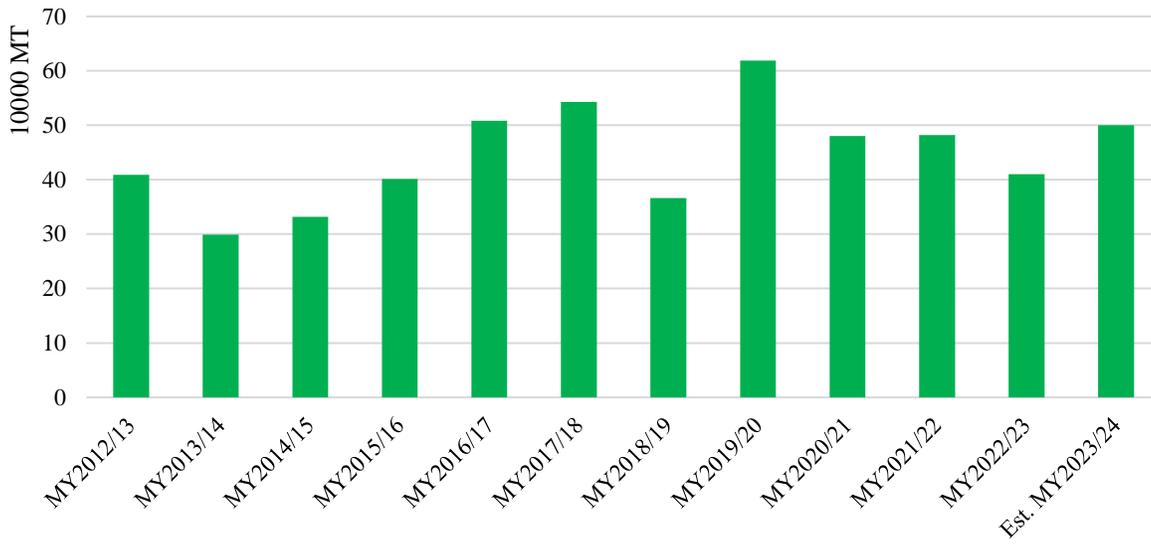


Source: Trade Data Monitor, LLC and FAS Beijing

Exports

Post expects China exports to rebound by 22 percent to 500,000 MT in MY 2023/24, due largely to improved logistics following the removal of COVID restrictions, which had interrupted trade flows. Demand from major markets in Southeast is also recovering.

Chart 7. China: Pear Exports by Marketing Year (July-June)



Source: Trade Data Monitor, LLC and FAS Beijing

GRAPES

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

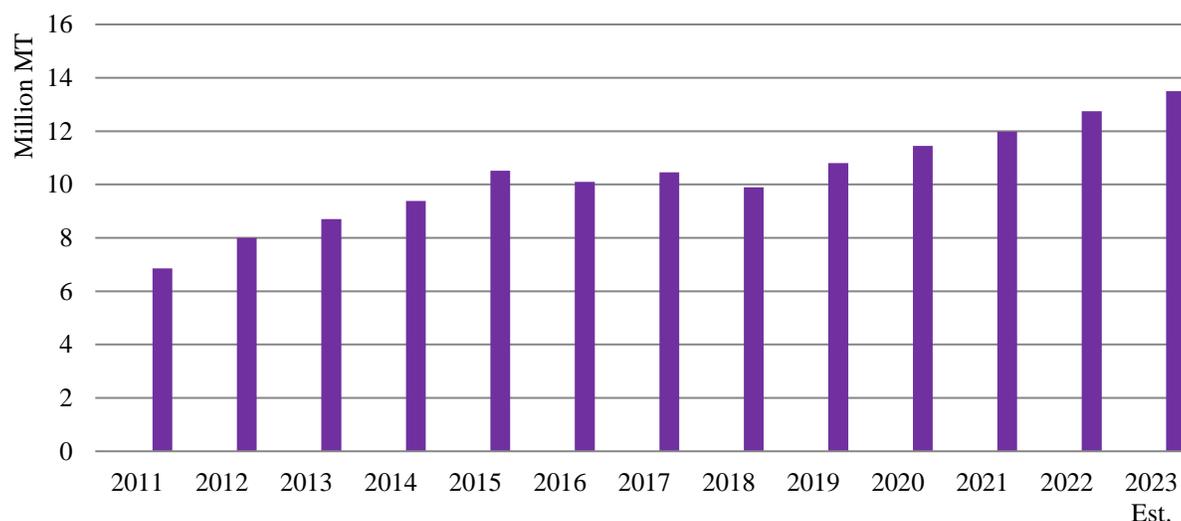
Grapes, Fresh Table	2021/2022		2022/2023		2023/2024	
Market Begin Year	Jun 2021		Jun 2022		Jun 2023	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	733000	733000	730000	730000	0	728000
Area Harvested	0	0	0	0	0	0
Commercial Production	11980000	11980000	12600000	12750000	0	13500000
Non-Comm. Production	0	0	0	0	0	0
Production	11980000	11980000	12600000	12750000	0	13500000
Imports	181100	181000	180000	175000	0	120000
Total Supply	12161100	12161000	12780000	12925000	0	13620000
Fresh Dom. Consumption	11810300	11810200	12390000	12535000	0	13140000
Exports	350800	350800	390000	390000	0	480000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	12161100	12161000	12780000	12925000	0	13620000

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

PRODUCTION

Post estimates China's table grape production at 13.5 MMT in MY 2023/24 (June-May), an increase of nearly 6 percent from the revised production of 12.7 MMT in MY 2022/23. No major disastrous weather patterns have occurred in major grape producing areas during fruit development. In addition, improved production facilities and techniques have protected the grape crop against unfavorable weather such as rains. Consequently, grape quality continues improving. Post expects China's production of table grapes to increase steadily in the foreseeable future.

Chart 8. China: Table Grape Production



Source: FAS Beijing

Post estimates that grape acreage will decrease slightly to 728,000 hectares in MY 2023/24 from 730,000 hectares in MY 2022/23. Traditionally, China's grape areas lie in Xinjiang, northern China, and the southwestern plateau (see Image 3). In recent years, with the improvement of grape breeding, cultivation, and management technology, China's grape plantation has expanded to nearly all provinces, especially Hunan, Jiangsu, Zhejiang, and Guangxi where acreage expansion has grown rapidly. Yunnan province has experienced exceptionally rapid development. However, grape acreage is gradually decreasing in Liaoning, Hebei, and Shandong because of adjustments in planting policy, which is shifting the country's grape production towards the south and west.

Kyoho and Red Globe remain the two largest cultivated varieties, with a combined area exceeding 50 percent of the total planted area, but the share is declining. Other traditional varieties include Muscat and Summer Black, and their area is quite stable. Seedless varieties such as Flame Seedless and Crimson Seedless have developed steadily. The planted area of Shine Muscat has expanded extremely rapidly over the past three years. Queen Nina, a brand-new variety, has taken off since 2022.

Grape farmers have adopted more production facilities and technology to improve fruit production and quality. The successful development of rain-sheltered facilities has protected grapes against the rains that may easily cause disease and pest damage, according to fruit farmers in Shandong. Industry sources indicate that one-third of the grapes are planted in vineyards with protected horticultural methods, including, but not limited to, greenhouses, plastic insulation sheds, and rain shelters. Industry sources also think that protected grape production will further expand in the future. Yunnan grape farmers have developed special techniques on flower pulling and cob sorting that enables farmers to produce tasty and beautiful grapes. The adoption of protected horticultural production and new breeding technology, coupled with storage ability, has also extended the supply season of domestically produced grapes.

Image 3. China: Grape Growing Provinces



Purple = 20% or more of Chinese production (Xinjiang)

Gray = 5% to 10% (Hebei, Shandong, Yunnan, Henan, Shaanxi, Liaoning)

Source: China Statistical Yearbook (2022 data)

PRICES

The retail price for Kyoho grapes, a common variety, is around RMB 14 (\$1.9) per kilo, unchanged from a year ago. Shine Muscat grapes, a new and popular variety, encountered additional pricing pressure on the market this year with many retail outlets selling Shine Muscat grapes at around RMB 20 (\$2.7) per kilo. As a result of rapidly increased production, the market price of Shine Muscat grapes has dropped sharply from a few years ago. However, high quality Shine Muscat grapes, such as those produced in Yunnan, can still capture premium prices.

Grape prices vary significantly by variety and location. In addition, various production methods (e.g., greenhouse, rain-shelter, and open field) that produce grapes with varying quality may generate quite different market returns.

CONSUMPTION

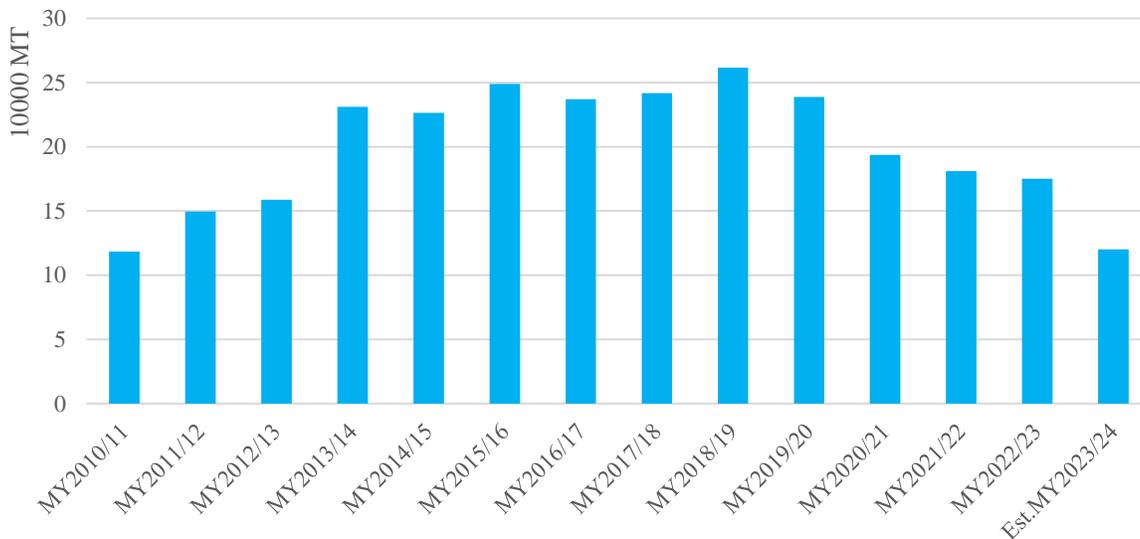
Improved supplies, fruit quality, and availability of more varieties will continue to increase consumption of table grapes. The extended supply season because of protected horticultural production technologies and improved storage capacity will also increase the availability of high-quality grapes and drive consumption. Chinese consumers tend to pay more attention to fruit quality, particularly flavor, and are enticed by the emergence of new varieties. (For more information regarding Chinese consumer preferences, please see the marketing section).

TRADE

Imports

Post expects China's imports of table grapes to further drop by more than 30 percent to 120,000 MT in MY 2023/24 (June-May) because of improved quality and an extended supply season of domestically produced grapes. While Chinese consumers still love new grape varieties from southern hemisphere countries during the local off season, some have substituted their purchases of imported grapes with domestic counterparts. However, traders indicate that China's grape imports from Australia, currently the second largest grape supplier, is likely to increase because of improved bilateral relations. China's imports of U.S. table grapes have declined quickly due to retaliatory tariffs and an overlapping supply season.

Chart 10. China: Table Grape Imports by Marketing Year (July-June)

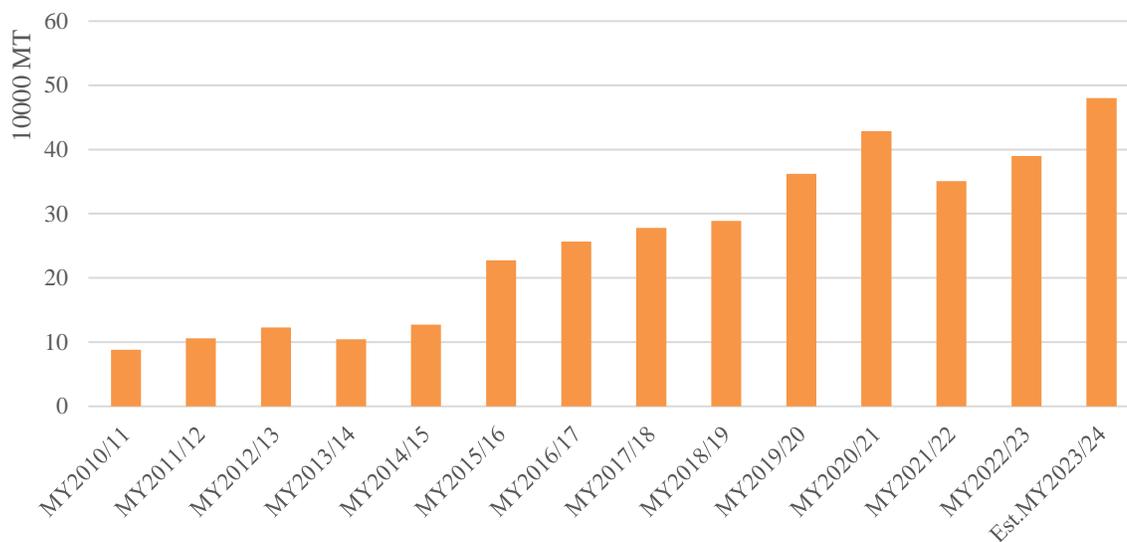


Source: Trade Data Monitor, LLC and FAS Beijing

Exports

Post estimates China's table grape exports to continue increasing by 23 percent to 480,000 MT in MY 2023/24. Following a brief decline in MY 2021/22 amid pandemic outbreaks, China's grape exports started to rebound in MY 2022/23. The improved domestic supplies and fruit quality will help China further expand its grape exports to neighboring countries in South, Southeast, and Central Asian markets.

Chart 11. China: Table Grape Exports by Marketing Year (July-June)



Source: Trade Data Monitor, LLC and FAS Beijing

POLICY

Production

On November 17, 2020, the State Council of the PRC issued *Opinions on Preventing the “Non-grain” Conversion of Farmland and Stabilizing Grain Production*, outlining special protection of farmland and control of farmland use. The policy document strictly controls the conversion of farmland to other types of agricultural land, such as forest land and orchard land. Basic farmland should be used primarily to produce agricultural products such as grain, cotton, oilseed, sugar, vegetables, and forage and fodder. The PRC prohibits any occupation of basic farmland for forestry and fruit farming. The government guides the new development of forestry and fruit production to slopes and encourages the use of barren hills and valleys instead of land that competes with grain crops. Local governments have ordered farmers, who have built their orchards on basic farmland, to remove their fruit trees. The governments would compensate farmers for the removal/conversion of fruit crops based on local financial ability and fruit age.

Currently, most orchards in China are situated on land that is classified by the government as forest land or orchard land. So, the government policy will not significantly reduce the country’s planted fruit area.

Trade

After the Chinese government lifted all COVID related restrictions on January 8, 2023, the General Administration of Customs of China (GACC) immediately terminated COVID testing, and disinfection measures imposed on imported fruit during the customs clearance process. These restrictions had extended the clearance time, increased the handling cost, and even affected the fruit quality (freshness), making fruit importers hesitant to place orders. The supply chain associated with fresh produce has resumed.

On February 21, 2023, GACC published the plant quarantine requirements for fresh apples from Iran, officially opening the China market to Iranian apples. (Note: Iran exported 884,798 MT of apples to 27 countries, mainly Iraq, Russia, Afghanistan, India, and United Arab Emirates during MY2021/22, according to media reports.) On May 29, 2023, GACC announced market access for table grapes from three central Asian countries, namely Uzbekistan, Kyrgyzstan, and Tajikistan. Likewise, GACC officially granted market access to fresh pears from Italy as of July 3, 2023.

Deciduous fruit from the United States faces retaliatory tariffs since 2018. A tariff exclusion process that allows importers to apply for an exclusion to the PRC’s 30-percent retaliatory Section 301 tariffs (see GAIN report [CH2020-0017](#)) has remained in effect since March 2020. However, the process does not exclude the PRC’s retaliatory Section 232 tariffs. In other words, U.S. fruits, among other products, are still subject to a 15-percent retaliatory Section 232 tariff on top of MFN tariffs (see details below).

Table 4. China: Import Tariffs and VAT for Fresh Deciduous Fruit in 2023

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%
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 Fresh Deciduous Fruits in China

China remains one of the largest fresh deciduous fruit producers in the world. As a result, Chinese consumers are accustomed to having daily access to fresh, in-season apples, pears, and grapes. High end consumers are seeking premium fruits that look appealing and have high brix levels. However, most middle-class consumers are more price sensitive, especially when more fruit options are available in the market. U.S. fresh deciduous fruits are generally considered premium quality in China but face stiff competition from both imported and domestically produced fruits. Tariffs, trade tensions and concerns about the uncertain global economy hinder traders from purchasing large volumes of U.S. fresh deciduous fruits. In this post-COVID environment, it is essential to utilize innovative marketing activities, and introduce new varieties to recapture market share for U.S. fresh deciduous fruit in the fast-moving Chinese market.

Challenges, Opportunities and Market Trends

Challenges to U.S. Fresh Fruit Imports

- Chinese Consumers are more cautious with their spending, as consumption growth slows.
- U.S. fresh deciduous fruit prices are less competitive due to higher import tariffs.
- Traders are cautious, seeking cheaper supplies to boost profits and reduce risks.
- Budget constraints may dampen efforts for much needed marketing activities.

Opportunities for U.S. Fresh Fruit Imports

- In this post-COVID environment, more Chinese consumers are seeking healthy options.
- Chinese consumers consider U.S. fresh deciduous fruits as premium quality products.
- China's wholesale markets and modern retail systems facilitate the distribution of fresh deciduous fruits to all markets within China - not only in first and second tier cities, but also in third and fourth tier cities.
- Online shopping is on the rise, which shortens the distribution channels and provides convenient home delivery options.

Market Trends

- The increasing number of single and small families is boosting the demand for small-packaged fruit options at online and offline retail stores.
- Gift packaging for special occasions (e.g., Lunar New Year and Women's Day) is considered essential and fashionable.
- Fresh fruits are available in more locations (e.g., convenience stores) to meet the increasing demand for healthy foods.

U.S. Apples

Key international competitors include New Zealand, South Africa, and Chile. The United States was the fourth largest apple supplier to China in MY 2023/24. China imported apples from France, Australia, and Poland, too. The most popular varieties in the market are *Envy*, *Queen*, *Pacific Rose*, *Ambrosia*, *Cosmic Crisp*, *Sonya*, *Gala*, *Red Delicious*, *Granny Smith* as well as *Fuji*.

China produces large volumes of premium *Fuji* apples. Meanwhile, the quality and quantity of other domestic varieties (e.g., *Venus Gold*, *Guoguang*, *Wanglin*, *Qinyang*, *Huashuo*, *Xiangfu*, and *Zhongcheng Tengga*) are on the rise to meet consumer demand for new varieties. During the spring festival and mid-autumn festival, large size apples can retail for as much as \$3 per apple.

Innovative marketing activities for U.S. brands and varieties are needed to combat competition. Livestreaming for seasonal products and interactive activities with traders and consumers plays a key role in future apple sales, especially for younger generations. Outdoor marketing events and social media exposure could be a plus as the younger generation increasingly favors outdoor camping and other sporting activities.

U.S. Pears

Key competitors are Chile, Belgium, South Africa, Netherlands, Argentina, and New Zealand. The general demand for imported pears is growing. However, the United States ranked only as the seventh largest pear supplier to China in MY2023/24. U.S. pear shipments have been on the decline as traders seek lower cost products to boost profits.

Most Chinese consumers prefer sweet, juicy, and crispy pears. However, a growing number of consumers are seeking a soft pear texture such as *Conference* pears from Belgium. In the past decade, Belgium has been a leading supplier of soft pears, representing half of China's pear imports. Yet, Belgium has begun to lose ground to a newcomer – Chile. China opened market access to Chilean pears in 2019. Chilean pear export volumes to China have outperformed Belgium since MY2022/23. Major varieties from Chile include *Packham*, *Forelle*, and *Abate Fetel*. Another new supplier is South Africa, who gained market access in 2022 and whose *Forelle* variety continues to be their top seller.

From the United States, *Red Anjou*, *Green Anjou*, and *Starkrimson* are the major varieties shipped to China. However, U.S. pears face strong competition from both domestic suppliers and other countries. Traders are reluctant to purchase U.S. pears due to the high operational costs, and limited marketing. It is essential for the U.S. pear industry to develop a strong marketing strategy (e.g., seasonal livestreaming) to build brand loyalty and demand. Educational materials or campaigns help illustrate the nutritional benefits and characteristics of juicy U.S. pears.

U.S. Table Grapes

China mainly imports fresh grapes from Chile, Australia, Peru, Uzbekistan, and South Africa. However, the United States ranked as the eighth largest table grape supplier to China in MY2022/23, compared to ranking second in 2013. U.S. California table grapes have historically been considered premium quality but are hampered by trade tensions and higher tariffs. In addition, China's domestic production is huge and continues to dominate the market. As domestic production expands, the market price for grapes continues to drop.

Chinese consumers prefer firm pulp, sweet seedless grapes with large size and thinner skins. In the first-tier cities, branded grapes such as "*Shine Muscat*" and "*Nina Queen*" are sold at high prices between \$8-\$16 per kg. This year, the expansion of growing areas for *Shine Muscat* resulted in a further price drop for all table grapes on the market.

With the increasing demand for safe, nutritious foods, marketing campaigns for U.S. table grapes should focus on the nutritional benefits and predictable taste of U.S. table grapes to help re-build consumer/trade awareness. Seasonal-themed promotions and incentives are considered useful marketing tools to enhance the positive image of U.S. table grapes. Branded items in ornate packaging can be sold for premium prices.

Attachments:

No Attachments