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Fresh Deciduous Fruit

Annual

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Report Highlights:

China's production of good quality fruit continues to improve through concerted efforts to raise quality, introduce better varieties, and improve management techniques.

Imports and exports are both expected to rise through MY02 and MY03.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Beijing [CH1], CH

Executive Summary	1
Production	2
General	2
Production Costs and Related Input Items	3
Commodity Production	4
Apples	4
Pears	5
Grapes	6
Concentrated Apple Juice (CAJ)	6
Production Trend Tables	8
Orchard Area and Production for Grapes, Apples, and Pears	8
Chinese Provincial Apple Production	9
Chinese Provincial Pear Production	10
Chinese Provincial Grape Production	11
2000 Fruit Juice and Fruit Drink Production and 2000 Grape Wine Production by Province*	12
Price	13
Consumption	14
Trade	15
Imports	15
Exports	16
Import and Export Tables	17
Apples	17
Pears	19
Grapes	21
Concentrated Apple Juice	23
Stocks	25
Policy	25
Marketing	27
PSD Tables	28
Apples	28
Pears	29
Grapes	30
Concentrated Apple Juice	31

Executive Summary

The Chinese government has stated that the most important items to adjust in China's domestic fruit industry are quality, food safety, and production management. China's variety of apples, pears, and grapes continues expanding as researchers develop grafted varieties, cross-bred varieties, and introduce imported seedlings or cuttings. The goal is to diversify fruit varieties and production so that there will be domestic fruit available during more of the year and for specific uses (e.g. processing for juice, canning, or wines).

China's Ministry of Agriculture (MOA) estimates 2001 apple orchard planting area at 2.2 million hectares and a production volume of 21 million metric tons (MMT). This represents a decrease in orchard area but an increase in production due to better yields. In 2002, China's apple orchard area and production volume should both move lower. The MOA estimates 2001 pear orchard planting area at 1.3 million hectares and a production volume of 8.8 MMT. Both national pear planting area and production have increased over the last several years. This trend is expected to continue in 2002 as China moves some grain lands or some fruit orchards into pear production. The MOA estimates 2001 grape production at 3.6 MMT. Acreage for both wine and table grapes has been expanding and production increases will likely continue for some time. Since 1999, there have been no official MOA production numbers for Concentrated Apple Juice (CAJ) in China. 2001 CAJ production was expected to use about 4.1 percent of the 2001 domestic apple crop.

China's 2001 per capita annual fruit consumption is expected to be around 48 kilograms. Consumption has been rather stable, but has shown a slight increase over the past few years. Most fruit (60 to 70 percent) is consumed fresh. Fruit processing is expected to represent about 10 percent of total fruit production and industry representatives report that fruit waste could be 20 to 30 percent.

China Customs recorded nearly 50,000 metric tons (MT) of apple imports and 360,000 MT of apple exports during the marketing year of July 2001 to June 2002. Pear imports were over 660 MT while pear exports were almost 194,000 MT during the July to June marketing year. Grape imports in the marketing year from January 2001 to December 2001 were over 48,000 MT while exports in the same period were 667 MT. From July 2001 to June 2002, CAJ imports were 662 MT and CAJ exports were over 264,000 MT.

No official data exist for fruit stocks in China. Modern cold storage and controlled atmosphere facilities, however, are developing. According to a Chinese government official, the current storage capacity of the nation's storage facilities is enough to accommodate 20 percent of the nation's fruit production.

The policy section of the report contains information on imported fruit tariff reductions, recent food safety regulation drafts, and official notices for fruit entry quarantine. Also, China's quarantine body is closer to agreement with USDA APHIS and the quarantine bodies of several other southern hemisphere nations. Once the agreements are finalized, Chinese fruit exports are expected to increase considerably.

Marketing domestic produced fruit is often conducted by county level government offices. Other domestic marketing efforts the country has undertaken are the formation of industry groups under the China Chamber of Commerce for the Import and Export of Foodstuffs, Native Produce, and Animal By-Products (CFNA) or the China Council for the Promotion of International Trade (CCPIT). Stickers on fruit continues to be one of the most commonly used methods of marketing imported fruit products in China.

Production

General

In past years, the focus of China's rural economic improvement plan was to increase planting area and production volume of high value products. This plan has worked well for over the last 20 years, but growers, traders, and government officials have realized that this plan needs adjustment because production was high, prices were low and growers were not prospering. Now, as a part of the economic improvement plan, the Chinese government, at both the national and provincial level, has stated that the most important items to adjust in China's domestic fruit industry are quality, food safety, and production management.

This change in mentality for the rural economic improvement plan has been evolving for the last several years but it seems that it has not permeated nor been implemented throughout the country. Growers are aware of the need to focus on quality and food safety but few are willing to sacrifice high fruit production when they have low incomes and receive little government financial support. Therefore, the incentive for growers has been to keep fruit production high and to make marginal changes to improve fruit quality in hopes of higher prices.

Quality adjustments encompass providing more high quality fruit to both the domestic and international markets. Several years ago, the government created standards for fruit quality (e.g. National Standard for the Apple Grading System GB10651-89) (See the Production Policy section of USDA GAIN report CH1622) in an effort to bring uniformity to fruit grading standards. As it stands now, according to government officials and industry representatives, only 30% of China's total fruit production is high-quality fruit and there is great interest in raising this percentage. Of the remaining fruit, 50% is considered ordinary quality and the remaining fruit does not meet quality requirements. Fruit grading by an official body does not exist and most decisions regarding fruit quality are made by agents and procurement companies that supply retail markets or exporters. The Ministry of Health has recently developed draft regulations for some fresh fruits and processed fruits (See the Policy section of this report) in order to make fruit quality and safety measures more uniform.

Proper variety selection, from both a production standpoint and a marketing standpoint, is another quality concern. China's varieties of apples, pears, and grapes continue to expand as researchers develop grafted varieties, cross-bred varieties, and introduce imported seedlings and cuttings. The goal is to diversify fruit varieties and production so that there will be fruit available during more of the year and for specific uses (e.g. processing for juice, canning, or wines). Growers and researchers have also been experimenting with dwarfed apple and pear tree varieties along with grape vine stock that can bear fruit in either Chinese or Western style greenhouses. MOA officials point out that being able to grow different fruit varieties with different harvest periods is not enough. It is also important for the millions of Chinese fruit growers to have a market for their fresh or processed fruit. Therefore, the MOA feels that market promotion efforts need to be improved.

Several of North China's deciduous fruit production bases face water shortages that affect soil quality for fruit production. In order to meet these water challenges China has been adopting micro-irrigation systems that will help apply water where it is needed and has also introduced grasses between fruit trees or grape rows that will help prevent soil moisture evaporation. However, this practice is not yet the norm. Researchers and growers are also looking to improve soil quality conditions through the more scientific use and application fertilizers.

Production quality is also affected by the agri-chemicals used to prevent and treat fruit pests and diseases. According

to government officials, China has banned the use of 17 pesticides on fruit production because of pesticide toxicity concerns. In an effort to improve fruit quality and food safety, more growers have adopted the practice of bagging fruit while it is on the tree. According to industry contacts, this practice was introduced from Japan several years ago. Now, the practice of bagging fruit is more widespread. In past years, most bagged production was for apples, but now pears, peaches, and other tree fruit are being bagged, as well. In most instances, bags are paper, but plastic bags are being used on trees. In one instance, that is not yet widespread, pears are grown inside a clear plastic shell that is placed over the fruit when it is very small. The bags and containers help protect fruit from weather damage, pests and diseases, and exposure to chemical residues. The bags are often placed on the fruit after the fruit begins developing and remain on until a few weeks before harvest. Then, once the bags are removed, growers report the color of the fruit is deeper and more aesthetically pleasing. Sometimes, however, growers or sellers keep the bags on the fruit or in containers so that consumers know the fruit has been bagged. The idea is that the food is safer for consumption because of the reduced chemical residue levels and that it is easier to sell because it is more likely free of pests and disease.

Improved fruit management is being introduced by provincial and county government extension agents, universities and research institutes, and private processing and trading companies. The government has been trying to provide information on new fruit varieties, market prices, distribution, disease and pest prevention, and storage techniques. A lot of the information is shared by provincial fruit crop production specialists who visit growing areas and share information with growers and county agents. Or, growers and agents travel to the specialists to gain information that can be reported to others. Researchers might often work with provincial agricultural universities or the MOA press to introduce books or papers on special fruit-related topics; including, greenhouse construction for growing tree fruit and grapes, "green food" and organic fruit production, and pest and disease prevention and eradication. Meanwhile processing companies provide information to growers, often through government specialists or researchers, with a promise to purchase fruit that is grown to agreed upon standards.

Production Costs and Related Input Items

Fruit production costs have remained relatively stable. Fruit tree seedlings are offered relatively cheap by provincial or local area fruit research institutes (often affiliated with China's provincial agricultural universities, the State Forestry Administration, and the MOA). Growers can also receive cash subsidies to purchase fruit tree seedlings for areas that are converted from grain production. Also, growers can contract "wastelands" and hillsides for fruit production at what are considered favorable land use rates. The cost for bags to place around fruits is also very low. In the first few years, bags were imported and expensive, but now the bags are being produced locally. According to some growers, bags may be as expensive as 1 mao per bag (US \$0.0121 per bag). However, bags in bulk are between US \$0.0145 to US \$0.0005 per kg. Farm storage of fruits is done in caves, pits, or in some instances underground shelters and storage facilities. Most of the harvest labor is done by the family and few other laborers are needed for the small orchards (0.6 to 0.13 hectares) that comprise most of the country's fruit growing area. In larger commercial fruit production bases, the work is collectivized within the village or township.

Growers costs for fertilizers, pesticides, and other inputs are a larger percentage of the fruit value. Growers may apply fertilizers and pesticides to fruit trees 6 to 7 times a year. In years with more rainfall, growers apply pesticides more frequently to compensate for pesticide run-off. In dry years, pesticide applications are less frequent. In dry years, however, growers may have to irrigate more which can be costly. Another input factor for some growers has been the development of Chinese style greenhouses or shelters. The greenhouses are often in two styles; a semi-circle that is supported by arched poles and covered with plastic sheeting or a three sided facility that has a double wall and posts

that support a roof made of plastic sheeting that extends down to the fourth side. The costs of materials for the greenhouses is high and demands a great deal of maintenance. The facilities have received mixed reviews by growers and government officials. Some are of the opinion that the growers profits will not cover the cost of these facilities while others believe that such facilities can help get fruit to the market as much as a month and a half early and in turn command a higher price.

Many growers pay about RMB 200 per mu (RMB 8.265 equals US \$1.00 and 15 mu equal 1 hectare) in taxes to their local governments as part of their "Agricultural Specialty Product Tax" (this is equivalent to a tax of US \$363.00 per hectare). This fee-based system varies from area to area. In addition, growers are often assessed surtaxes and administrative charges to pay for community projects. This fee-based system has come under close scrutiny by the government which is now looking for ways to reduce growers' financial burdens. Growers planting fruit trees and viney plants on wastelands, hillsides, or land that was planted with grains are exempted from the tax for a set period of years until fruit has entered commercial production.

Costs for fruit manufacturers, processors and distributors have been increasing as they improve machinery or infrastructure. However, once infrastructure inputs have been completed costs are expected to remain stable. Companies want to introduce better waxing facilities, more developed controlled atmosphere storage, more attractive packaging and fruit presentation, and better processing machinery.

Very little of China's domestic fruit production is cleaned or waxed. China's government and industry report there is a strong need to upgrade and introduce modern and efficient means to produce attractive fruit for China's increasing number of hypermarkets and for export markets. Controlled atmosphere storage facilities are still relatively rare and expensive in China. As a result, most fruit is sent straight from the farm through the packaging house to the market. Some aspects of packaging are taking place more and more in the field. Some growers keep fruit in bags or they are putting fruit in foam mesh after harvest to protect against bruising. Then, the bagged or protected fruit is placed in boxes that are sent to the customer or to storage facilities. Processing and manufacturing companies in coastal parts of China have found that local labor is less willing to work for low wages in fruit processing facilities. However, China's labor is abundant and there are many laborers from poorer inland provinces who are willing to work for low wages. Processors from inland provinces have a steady labor supply and stable labor costs.

Commodity Production

Apples

China's MOA estimates 2001 apple orchard planting area at 2.2 million hectares and a production volume of 21 MMT. This represents a decrease in orchard area but an increase in production due to better yields. In 2002, China's apple orchard area and production volume should both move lower. The bearing acreage of apple production is moving lower as growers remove older variety apple trees and replace them with newly introduced varieties. Also, the elimination of apple orchard planting area witnessed over the past couple of years is continuing, albeit at a slower pace. In some areas, it appears that apple tree planting acreage remains the same, but that planting density is decreasing as poor quality trees are thinned out. Or, as new variety tree seedlings are planted, fruit bearing tree acreage is lower but total planting area remains the same. 2002 Spring frost and other weather damage reduced total production in several apple production bases. However, due to better management techniques and an emphasis on improving apple quality, most damage to high end products was avoided.

According to Chinese government officials, China's apple industry is to be concentrated even further from the current

six key production provinces (Shandong, Shaanxi, Henan, Hebei, Shanxi, and Liaoning) to two key production provinces; Shandong and Shaanxi. These two areas have been the leading apple production provinces for the last several years. Now, the industry emphasis in these areas is on producing high yielding, good quality apples that can be for export markets and high-end Chinese retail markets. The remaining provinces are expected to continue producing large volumes of fresh apples for the domestic market or for the processing industry.

In Shandong, most apple production is located in the northeastern part of the province around Yantai. Most of the production is comprised of late maturing apples, namely Red Fuji (75% provincial apple area and 80% provincial production), but middle maturing varieties New Crimson Star and Royal Gala are increasing. The area also has some yellow and golden variety apple production, but it remains small in scale. In Yantai city (Shandong), the most well known Chinese apple production base, estimates are that total 2002 production could be reduced by as much as 30 percent due to Spring frost. However, indications are that good quality apple production was not affected. It appears that more apple growers have adopted the practice of bagging apples while on the tree and therefore the availability of good quality apples in the area will be about the same, if not greater.

Shaanxi apple production appears to be concentrated in the Northern part of the province. Late maturing apples, like Red Fuji, Qin Guan, and Red Delicious, are estimated to comprise about 80 percent of Shaanxi apple production. (Red Fuji comprises well over half of all Shaanxi apple production). Middle maturing varieties Gala, New Crimson Star, and Jonah Gold? (Qiao Na Jin) and early maturing varieties American #8 are also produced in the province.

Pears

The MOA estimates 2001 pear orchard planting area at 1.3 million hectares and a production volume of 8.8 MMT. Both national planting area and production have increased over the last several years. One of the biggest obstacles for pear production in China continues to be the weather. If growers can mitigate cold weather damage and guard against drought through improved and efficient irrigation facilities then pear production will be a better planting alternative. The trend of increased planting and production is expected to continue in 2002 as China moves some grain lands or some other fruit variety orchards into pear production.

According to 2001 MOA Yearbook information, Hebei province represented 22 percent of pear planting area and 30 percent of production volume. Shandong was the next largest pear producer by volume accounting for 6 percent of planting area and 11 percent of volume. Hebei and Shandong are both reported to be reducing pear orchard area; a statistic that contradicts the nationwide trend. These two areas will likely remain the largest producers of fresh pears as yields improve.

According to government officials, Crystal (Shui Jing) pears are now the major cultivated variety in the country. In western parts of China, there has been rapid development and planting of Crisp (Su) pears and growers are likely to expand production. In Hebei, Duck (Ya) pears are very abundant, but growers are trying to develop hybrids and grafts to supply a variety of products. Main pear varieties in Shandong are Duck pears and Fragrant (Xiang) pears. The area has, however, introduced some light colored and golden pear varieties from Japan and South Korea. The most famous pear in China is the Laiyang pear named after an area between Qingdao and Yantai. That area pear, although mostly consumed fresh, is also used for processing into juices. New pear tree varieties are in the eastern portion of the Shandong peninsula. These areas were affected by frost this last Spring, also. There is likely to be an overall decrease in 2002 pear production, but due to better management and increased bagging of pear fruit, good quality pear production should not decrease.

Grapes

The MOA estimates 2001 grape production at 3.6 MMT. Grape production has increased by about 150 percent over the past several years (1998–2.358 MMT, 1999–2.708 MMT, 2000–3.281 MMT). Estimates for 2001 grape planting area are unavailable, but planting acreage has been increasing steadily, as well (1998–178 thousand hectares, 1999–223 thousand ha, 2000–283 thousand ha). Acreage for both wine and table grapes has been expanding and production increases should continue for some time. China's grape wine production in year 2000 was estimated at 201,900 metric tons. Production should have increased since that time.

The five largest grape producing provinces are Xinjiang, Hebei, Shandong, Liaoning, and Henan. Xinjiang is in the far northwestern part of China and is well known for producing green seedless grape varieties (Ma Nai PuTao) that are similar to Thompson Seedless. Some of the grapes are sold fresh on the domestic market, but due to great transportation distances and storage difficulties, the overwhelming majority of Xinjiang grapes are dried and sold as raisins. However, as distribution and cold storage improves, it is likely that more domestic green seedless grapes will be available for domestic consumers. Hebei, Shandong, and Liaoning are all provinces that border the Gulf of Bohai. The most common grape variety in these areas is the Ju Feng that was introduced from Japan. Red Globe and Dark Globe grapes are also being planted in these areas with a good deal of success. These areas are also home to several of China's wineries and produce a large and growing volume of wine grapes. Also, due to their coastal location in North China, these areas may be able to export some of their grapes to regional countries.

Table and wine grapes are now being grown inside Chinese style greenhouses throughout much of central and eastern China. This innovation for the grape growing industry has been seen as a great success and will likely continue to change the grape industry in China. This innovation has helped improve grape production because of greenhouses reduce pests, mitigate weather damage, and result in an earlier harvest and delivery to retail stores well ahead of normal production.

Concentrated Apple Juice (CAJ)

Since 1999, there have been no official MOA production numbers for CAJ in China. Total fruit juice production in 2000 was estimated at 974,100 metric tons and in 2001 at 1.46 MMT.

Concentrated apple juice has the largest share, but other fruit and vegetable juice production is included in this statistic. Industry representatives believe that less than 10 percent of total fruit production is processed (juice, canned, dried). 2001 CAJ production was expected to use about 4.1 percent of the 2001 domestic apple crop. In some years, however, the percentage ranges from 5 to 10 percent of apple production.

Several industry sources report that concentrated apple juice producers are not running factories at capacity. In addition, it has been reported that several concentrated apple juice manufacturers are looking to divest themselves from CAJ processing and see a brighter future in fresh fruit trade. Many factories getting away from CAJ processing report increased competition, low international prices, and minimal profit margins as the main reasons to leave the business. As CAJ processors leave, often, their facilities are consolidated into group companies. In the end, capacity is near the same, but controlled by fewer companies.

In most instances, Guoguan, Qinguan, and Hongyu apple varieties are used for processing into Concentrated Apple Juice. Red Fuji apples are used, also. However, processing companies report the Red Fuji is not a desirable variety for juice production. One apple juice trading company reported that more Chinese growers have an interest in growing

sour variety apples that would be used to produce CAJ.

Due to the 2002 Spring frost in Shandong there will be fewer apples available for area juice makers. However, fruit production in other parts of China with CAJ processing facilities should be able to accommodate any shortfalls. The CAJ industry is comprised of both specialized CAJ manufacturers and opportunistic manufacturers. Specialized manufacturers are usually large integrated companies with high capacity and ability to store product. Opportunistic manufacturers usually process and juice fruits and vegetables as products are harvested in their area. Or, opportunistic manufacturers work on a contractual basis.

China's Ministry of Foreign Trade and Economic Cooperation along with China's Customs authorities issued a "Notice on Implementation of the Verification and Approval System Regarding Export Prices for Concentrated Apple Juice" and the "Coordinating and Administrative Measures on Apple Juice Exports" following the U.S. dumping investigation into non-frozen CAJ. (See Attache Report CH2626 for further information on the CAJ industry in China and an unofficial English translation of the "Notice" and "Measures"). For information on the investigation, look for United States International Trade Commission findings on certain kinds of non-frozen concentrate apple juice from China (<http://www.usitc.gov>) (Investigation No. 731-TA-841).

Production Trend Tables

Orchard Area and Production for Grapes, Apples, and Pears						
By Crop and Province in 2000						
Province	Apple		Pear		Grape	
	1000 ha	MT	1000 ha	MT	1000 ha	MT
Beijing	18	157,654	10	102,693	3.1	33,961
Tianjin	10.4	79,466	3.71	30,172	5.27	102,201
Hebei	328.3	1,806,155	218.7	2,551,647	42.8	523,601
Shanxi	177.9	1,629,575	31.2	128,577	7.1	50,564
Inner Mongolia	23.94	46,853	27.14	109,605	3.05	15,853
Liaoning	195.1	1,231,479	85.7	455,404	27.8	430,282
Jilin	24.07	100,543	39.95	140,779	11.82	65,716
Heilongjiang	28.6	112,086	5.76	26,250	2.02	9,611
Shanghai	0	21	1.1	17,369	1.1	23,124
Jiangsu	49.6	695,294	38.6	390,137	5.9	87,697
Zhejiang	0.33	845	16.65	147,563	5.14	114,569
Anhui	23.6	302,040	34.4	616,192	4.6	56,156
Fujian	0.2	380	20.9	96,394	2.6	38,702
Jiangxi	0	0	23.6	42,109	2.9	2,681
Shandong	444.3	6,476,586	60.3	911,298	36.5	475,325
Henan	207	2,388,997	31	333,000	16.8	208,280
Hubei	9	30,224	56.1	633,197	5.1	74,788
Hunan	0	0	16.3	35,558	4	18,764
Guangdong	0	0	8.52	42,144	0	0
Guangxi	0	0	10.2	60,863	5.2	39,427
Hainan	0	0	0	0	0	0
Chongqing	2.25	7,020	15.11	76,251	1.17	9,917
Sichuan	28.6	202,283	48.2	344,472	7.7	116,037
Guizhou	8.08	7,675	18.34	47,677	3.54	10,241
Yunnan	50.3	101,105	45.6	158,112	3.8	17,746
Tibet	1.05	5,299	0.11	803	0	0
Shaanxi	395.46	3,885,700	55.58	458,306	5.31	41,550
Gansu	167.6	690,671	54.5	245,941	4.2	22,194
Qinghai	4	14,144	1.1	5,963	0	107
Ningxia	21.73	159,462	2.47	9,058	5.42	8,959
Xinjiang	34.6	299,673	33.9	194,879	59.1	683,645
National Total	2254	20,431,230	1015	8,412,413	283	3,281,698

Source: China Agriculture Yearbooks
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Chinese Provincial Apple Production						
Province	1998		1999		2000	
	1000 ha	MT	1000 ha	MT	1000 ha	MT
Beijing	20.3	162,930	18.9	151,717	18	157,654
Tianjin	11	88,388	11.72	81,039	10.4	79,466
Hebei	355.3	1,930,339	341.13	1,871,157	328.3	1,806,155
Shanxi	196	1,410,718	187.7	1,748,293	177.9	1,629,575
Inner Mongolia	24	36,729	23.8	41,757	23.94	46,853
Liaoning	217	1,674,628	209	1,469,839	195.1	1,231,479
Jilin	20	105,877	18.83	114,604	24.07	100,543
Heilongjiang	36.4	102,137	32.2	96,962	28.6	112,086
Shanghai	0	0	0	0	0	21
Jiangsu	60.8	628,721	63.6	679,626	49.6	695,294
Zhejiang	0.4	991	0.4	1,036	0.33	845
Anhui	32.1	257,280	24.74	308,521	23.6	302,040
Fujian	0.2	218	0.2	257	0.2	380
Jiangxi	0	0	0	0	0	0
Shandong	556.8	5,995,558	498.2	6,432,745	444.3	6,476,586
Henan	269	2,226,397	240.69	2,427,717	207	2,388,997
Hubei	12.5	60,029	11.04	30,447	9	30,224
Hunan	0	0	0	0	0	0
Guangdong	0	0	0	0	0	0
Guangxi	0	0	0	0	0	0
Hainan	0	0	0	0	0	0
Chongqing	2.1	6,167	2.2	5,688	2.25	7,020
Sichuan	28.4	177,420	28.7	186,798	28.6	202,283
Guizhou	7.2	6,828	7.2	7,010	8.08	7,675
Yunnan	46.4	79,767	45.1	85,919	50.3	101,105
Tibet	1	4,265	1	5,506	1.05	5,299
Shaanxi	455.4	3,473,510	413.63	3,992,705	395.46	3,885,700
Gansu	199	670,039	195	629,027	167.6	690,671
Qinghai	4.4	16,138	4.11	15,897	4	14,144
Ningxia	24.9	125,552	23.67	170,536	21.73	159,462
Xinjiang	41	240,094	36.2	246,838	34.6	299,673
National Total	2621.6	19,480,720	2438.96	20,801,641	2254.01	20,431,230

Source: China Agriculture Yearbooks
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Chinese Provincial Pear Production						
Province	1998		1999		2000	
	1000 ha	MT	1000 ha	MT	1000 ha	MT
Beijing	8.9	105,436	9.4	98,075	10	102,693
Tianjin	3	25,305	3.74	20,075	3.71	30,172
Hebei	224.3	2,388,517	221.8	2,509,805	218.7	2,551,647
Shanxi	30.8	101,843	30.6	118,816	31.2	128,577
Inner Mongolia	34.5	116,421	30.2	111,872	27.14	109,605
Liaoning	82.1	610,898	82.5	424,605	85.7	455,404
Jilin	34	134,799	36.06	136,699	39.95	140,779
Heilongjiang	6.7	28,357	6.6	29,804	5.76	26,250
Shanghai	0.8	12,895	0.9	16,298	1.1	17,369
Jiangsu	23	308,453	38.2	361,118	38.6	390,137
Zhejiang	11	85,740	12.8	114,341	16.65	147,563
Anhui	29.5	426,452	31.15	492,525	34.4	616,192
Fujian	17.2	72,289	19.3	81,307	20.9	96,394
Jiangxi	21.3	32,784	21	38,899	23.6	42,109
Shandong	63.3	714,667	73.5	857,807	60.3	911,298
Henan	27.3	202,469	28.77	263,003	31	333,000
Hubei	51.4	564,420	54.12	541,856	56.1	633,197
Hunan	14.3	24,719	14.8	27,293	16.3	35,558
Guangdong	9.5	31,621	8.37	36,892	8.52	42,144
Guangxi	9.5	62,381	9.8	67,818	10.2	60,863
Hainan	0.8	0	0	0	0	0
Chongqing	11.6	52,070	13.1	53,376	15.11	76,251
Sichuan	27.8	249,712	34.2	272,066	48.2	344,472
Guizhou	2	38,972	15.6	46,114	18.34	47,677
Yunnan	35.3	145,803	38.9	152,099	45.6	158,112
Tibet	0.1	1,515	0.1	492	0.11	803
Shaanxi	52	376,370	52.01	432,356	55.58	458,306
Gansu	57.4	238,237	57.3	222,097	54.5	245,941
Qinghai	1	6,585	1.02	5,931	1.1	5,963
Ningxia	2.2	6,951	2.34	10,114	2.47	9,058
Xinjiang	25.8	108,783	28.6	198,148	33.9	194,879
National Total	918.5	7,275,464	976.78	7,742,331	1014.74	8,412,413

Source: China Agriculture Yearbooks
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Chinese Provincial Grape Production						
Province	1998		1999		2000	
	1000 ha	MT	1000 ha	MT	1000 ha	MT
Beijing	1.6	20,318	1.9	23,070	3.1	33,961
Tianjin	3.5	56,032	4.02	76,547	5.27	102,201
Hebei	31.5	404,436	39.4	447,002	42.8	523,601
Shanxi	6.3	33,393	6.2	36,411	7.1	50,564
Inner Mongolia	2.2	16,826	2.6	14,867	3.05	15,853
Liaoning	14.2	275,557	20.8	307,457	27.8	430,282
Jilin	8.6	50,302	9.3	52,814	11.82	65,716
Heilongjiang	1.6	8,157	1.5	7,249	2.02	9,611
Shanghai	1.2	26,679	1.1	22,007	1.1	23,124
Jiangsu	4.2	71,577	5.9	77,060	5.9	87,697
Zhejiang	4.5	92,021	4.6	97,346	5.14	114,569
Anhui	3.6	34,281	3.54	48,868	4.6	56,156
Fujian	2.1	27,503	2.2	32,449	2.6	38,702
Jiangxi	2.2	2,551	2	2,892	2.9	2,681
Shandong	20.9	268,986	29.2	362,593	36.5	475,325
Henan	11.3	153,047	12.24	182,392	16.8	208,280
Hubei	4	53,893	5.27	70,952	5.1	74,788
Hunan	3	13,359	3.4	14,960	4	18,764
Guangdong	0	0	0	0	0	0
Guangxi	0	21,662	2.7	25,455	5.2	39,427
Hainan	0	0	0	0	0	0
Chongqing	1	8,618	1	9,142	1.17	9,917
Sichuan	5.1	82,611	6.4	97,005	7.7	116,037
Guizhou	3.4	7,621	2.5	9,077	3.54	10,241
Yunnan	1.6	11,881	2.6	15,599	3.8	17,746
Tibet	0	0	0	0	0	0
Shaanxi	4.3	41,845	4.38	37,669	5.31	41,550
Gansu	2.2	13,782	3	20,150	4.2	22,194
Qinghai	0	67	0.01	106	0	107
Ningxia	1.9	5,806	4.18	6,577	5.42	8,959
Xinjiang	32	555,408	41.3	610,415	59.1	683,645
National Total	178	2,358,219	223.24	2,708,127	283.04	3,281,698

Source: China Agriculture Yearbooks
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2000 Fruit Juice and Fruit Drink Production and 2000 Grape Wine Production by Province* (Unit: MT)					
Province	Juice	Grape Wine			
Beijing	122,900	12,400			
Tianjin	5,100	24,100			
Hebei	7,200	31,900			
Shanxi	38,700	400			
Inner Mongolia	1,100	600			
Liaoning	17,200	400			
Jilin	4,700	13,400			
Heilongjiang	600	0			
Shanghai	49,800	0			
Jiangsu	133,900	1,100			
Zhejiang	25,800	100			
Anhui	400	0			
Fujian	4,600	0			
Jiangxi	6,100	0			
Shandong	82,300	98,100			
Henan	52,700	8,700			
Hubei	0	0			
Hunan	2,700	0			
Guangdong	362,200	0			
Guangxi	2,500	5,800			
Hainan	0	0			
Chongqing	900	0			
Sichuan	3,100	0			
Guizhou	3,300	0			
Yunnan	2,100	0			
Tibet	0	100			
Shaanxi	40,900	0			
Gansu	1,200	800			
Qinghai	2,100	0			
Ningxia	0	1,700			
Xinjiang	0	2,400			
National Total	974,100**	202,000			
			Fruit and Vegetable Juice Manufacturing Industry		
			1999	2001	
			(units)		
			No. of enterprises	245	219
			No. at a loss	99	59
			(100 million RMB) (RMB 8.265 equals US \$1.00)		
			Sales Income	67.84	68
			Gross Profit	1.51	5.67
			After Tax Profit	-1.46	2.2
			Fixed Asset Value	75.3	76.21
			Capital	52.5	49.77
			Grape Wine Manufacturing Industry		
			1999	2001	
			(units)		
			No. of enterprises	77	79
			No. at a loss	22	21
			(100 million RMB) (RMB 8.265 equals US \$1.00)		
			Sales Income	31.44	44.39
			Gross Profit	9.62	10.71
			After Tax Profit	4.91	4.73
			Fixed Asset Value	15.17	25.83
			Capital	11.81	16
			Fruit Wine Manufacturing Industry		
			1999	2001	
			(units)		
			No. of enterprises	69	64
			No. at a loss	27	21
			(100 million RMB) (RMB 8.265 equals US \$1.00)		
			Sales Income	7.22	10.7
			Gross Profit	1.22	2.1
			After Tax Profit	0.4	0.56
			Fixed Asset Value	7.36	8.06
			Capital	4.48	6.07

*Look at page 8 of this report to see what apple, pear, and grape production was for the respective provinces.

** Data is for 2000. 2001 estimates for fruit juice and fruit drink production are 1.46 MMT.

Source: China Food Processing Yearbook 2001 and 1999 (Data for prior years is unavailable)

Price

China's Ministry of Agriculture has made wholesale market prices for fruit available on the Internet (<http://www.agri.gov.cn/>) in Chinese. Information is listed by commodity and by wholesale market. Price ranges are taken from several wholesale market locations that are inside and outside of production areas. The information makes no distinction whether the fruit is imported or domestic.

China's Average Wholesale Prices for Domestic and Imported Fruit on September 5, 2002		
All prices are in RMB per Kilogram (8.265 RMB equals 1 USD). English names in parentheses, if available.		
Commodity	Variety	Price Range
Apples	Guo Guang	0.8 to 4.0
	Fu Shi Ping Guo (Fuji)	0.7 to 6.0
	Hong Xing Ping Guo (Red Star)	0.6 to 1.6
	Hong Xiang Jiao (Red Banana)	0.7 to 1.5
	Huang Yuan Shuai Ping Guo	0.9 to 1.8
	Qiao Na Jin Ping Guo (Jonah Gold)	1.3 to 1.8
	She Guo (Red Delicious)	2.81 to 16.0
	Qing Ping Guo (Green Apple)	0.3 to 11.0
Pears	Ya Li (Duck Pear)	0.7 to 3.0
	Xue Li (Snow Pear)	0.55 to 4.0
	Bai Li (White Pear)	1.2 to 2.5
	Fu Shi Li (Fuji Pear)	0.6
	Ping Guo Li (Apple Pear)	0.6
	Su Li (Crisp Pear)	0.5 to 3.0
	Xiang Li (Fragrant Pear)	6.0 to 7.6
	Sha Li (Sand Pear)	0.4 to 1.5
Grapes	Ju Feng	0.6 to 4.5
	Long Yan Pu Tao (Dragon Eye Grape)	1.1 to 4.0
	Mei Gui Xiang	1.2 to 6.0
	Ma Nai (Milky Grapes similar to Thompson Seedless)	2.4 to 4.0
	Qing Ti Zi (Green Globe Table Grapes)	11.0 to 33.0
	Hong Ti Zi (Red Table Grapes)	13.0 to 35.0
Source: China's Ministry of Agriculture. No data on previous year prices was available.		

Consumption

China's 2001 per capita annual fruit consumption is expected to be around 48 kilograms. Consumption has been rather stable (46.07 kg in 1999, 47.86 kg in 1998, and 45.48 kg in 1997), but has shown a slight increase over the past few years as urban and rural consumers tend to like eating fresh fruit and are becoming more prosperous.

Most fruit (60 to 70 percent) is consumed fresh. Fruit processing is expected to represent about 10 percent of total fruit consumption and industry representatives report that fruit waste could be 20 to 30 percent. Many industry contacts believe that fruit waste could be even higher in areas with poor post-harvest management or where there are few cold storage and controlled atmosphere facilities. Good quality fruit, that is attractive to the eye with an appealing taste, is very seldom wasted. Therefore, most waste is of poor quality fruit that was not worth harvesting or that did not transport well to retail or wholesale facilities.

Most Chinese consumers continue to peel or pare their fruit. The skin on grapes, too, is often discarded. This is seen as a method to reduce exposure to chemical residues that may be on the skin and peel of the fruit. Therefore, fruit that is big and easy to pare or that is easy to squeeze out of the grape skin is most commonly consumed on the domestic market.

Chinese government and industry representatives both reported that consumer preference is growing for less sweet apple varieties. Sour and tart apples are new and gaining acceptance with consumers. New grape varieties that have come onto the market in the past few years, however, are much sweeter varieties.

Fruits, especially apples and grapes, are often eaten with meals or snacks. These fruits are often purchased from street vendors in rural cities or in supermarkets and hypermarkets in larger cities. Many fruits, both tropical and deciduous, are given as gifts during Chinese holidays. Many Chinese seem to enjoy bringing gifts of fruit when visiting or calling on someone's home. Industry representatives and government officials also report that imported fruits (e.g. Washington Red Delicious) are being given as gifts to patients in hospitals or to the elderly. Also, as China's family units tend to have only one child, parents and other relatives often purchase fresh imported fruits or high-quality domestic fruits for young children.

Trade

For the commodities covered in this report, the only area where imports outnumber exports is in fresh grape trade. Fresh apple, pear, and CAJ exports far outnumber imports and although the import volume of these commodities is growing, no change in the balance of trade is expected anytime soon.

China customs recorded nearly 50,000 MT of apple imports and 360,000 MT of apple exports during the marketing year of July 2001 to June 2002. Pear imports were over 660 MT while pear exports were almost 194,000 MT during the July to June marketing year. Grape imports in the marketing year from January 2001 to December 2001 were over 48,000 MT while exports in the same period were 667 MT. From July 2001 to June 2002, CAJ imports were 662 MT and CAJ exports were over 264,000 MT.

One factor to consider in any analysis of trade data is that a large volume of China's fruit trade takes place through South China. South China trade is difficult to capture in customs data and any further analysis would need to take into account Hong Kong fruit trade data and Hong Kong re-export fruit trade data. Hong Kong trade and re-export trade data was unavailable for the full period that this report covers. To give an indication of the type of cross border trade between Hong Kong and China, Hong Kong data shows that of the US \$62 million of U.S. origin table grapes that were imported in calendar year 2001, there was US \$36 million dollars worth of trade that was re-exported to China. The same information also shows that US \$16 million of the US \$30 million of apples Hong Kong imported from the U.S. were re-exported to China. (For more information regarding Hong Kong trade of fruit products and re-export trade look for USDA Attache Reports HK1046 and HK1067. For information on fruit trade into South China look for USDA Attache Reports CH2622 and CH2627).

China's State Administration for Quality Supervision, Inspection, and Quarantine (AQSIQ) and the U.S. Animal and Plant Health Inspection Service (APHIS) discussed several fruit issues at the May 2001 bilateral meeting on plant quarantine issues. Both China and the U.S. raise plant quarantine issues that are important for the respective country's fruit trade. Similar discussions are held between China and other nations. There has been some indication that China is dialogue with several southern hemisphere nations. As bilateral agreements are reached, China will become a likely supplier of out-of-season fruit in these areas and vice versa. See the policy section of this report for additional information.

Imports

China's imports of fresh apples increased 143 percent from 34,856 MT in MY 2000/2001 to 49,880 MT in MY 2001/2002. MY 2002/2003 apple imports should continue to expand. Pear imports remained stable. In MY 2001/2002 pear imports increased to 664 MT from the 620 MT in MY 2000/2001. The demand for imported pears has not materialized and is not expected to change much in the future. Grape imports declined from 52,408 MT in MY 2000 to 48,587 MT in MY 2001. MY 2002 imports of fresh grapes are strong. If imports in the last half of the year remain at or near levels of the past few years, fresh grape imports should increase in MY 2002.

Perhaps the most important reason for the increased import of fruit are the tariff reductions that China agreed to upon its WTO accession. (See policy section for tariff rate reductions). Most traders believe that the lower cost of imported fruits will make them more affordable and in higher demand among Chinese consumers.

Another item to consider, however, is that China Customs is monitoring trade more stringently and may now be getting a better valuation of trade volume and value. In addition, as China lowers its tariff rates, trade that was being re-exported from Hong Kong may be shipped direct to China. Therefore it is necessary to look at the overall trade to Hong Kong and China. For example, a comparison of U.S. fresh fruit exports to China and Hong Kong during the January to June 2001 and January to June 2002 time period reveals that U.S. exports of fresh fruits to China were 8.38 percent higher while fresh fruit exports to Hong Kong were 6.14 percent lower. The net result was that U.S. fresh fruit trade to China and Hong Kong over the January to June period decreased 3.68 percent from US \$76.240 million to US \$73.436 million.

Another reason for increased imports is the rising purchasing power of urban consumers. Incomes are rising in most parts of urban China and now Chinese consumers are willing to spend more income on domestic and imported fresh fruits. Also, as more quarantine barriers are eliminated and market access increases, imports should increase and the variety of fruit imports will also expand.

Exports

China's exports of fresh apples increased 128 percent from 281,851 MT in MY 2000/2001 to 360,052 MT in MY 2001/2002. MY 2002/2003 exports will likely increase even more as the country's apple production and storage facilities improve. Pear exports were 193,903 MT in MY2001/2002 which represented an increase of 116 percent from MY 2000/2001 (167,257 MT). MY 2002/2003 exports should also move higher. Grape exports decreased from 752 MT in MY 2000 to 667 MT in MY 2001. MY 2002 grape exports should be about the same or lower. CAJ exports increased 150 percent from MY 2000/2001 to MY 2001/2002 (from 177,147 MT to 264,555 MT).

Southeast Asia and Russia continue to be the largest export markets for China's fresh deciduous fruit. China's abundant labor supply and high fruit production combine to provide attractive prices in most export markets. According to one government spokesperson, China's apple prices are about 41 percent lower than the world market price while the price of Ya pears is about 79 percent lower than the world market price. The low price of China's fruit products is not expected to change. In addition, some government representatives believe that if China can improve its food safety and quality it will be more difficult for other nations to apply SPS restrictions to China's fruit products.

Import and Export Tables**Apples**

China's Imports of Fresh Apples By Country of Origin in MY 2001 (July 2001 to June 2002) (Volume: Metric Tons HS Codes: 0808.1000)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
United States	6,567	5,155	10,405	1,736	23,863
New Zealand	2,393	75	2,261	8,984	13,713
Chile	1,848	66	1,953	8,419	12,286
Thailand	0	17	0	0	17
Japan	0	0	1	0	1
All Others	0	0	0	0	0
Grand Total	10,808	5,313	14,620	19,139	49,880

China's Fresh Apple Imports by Calendar Year (Volume: Metric Ton)				
MONTH/YEAR	1999	2000	2001	2002
January	737	1036	3554	4050
February	2112	1411	2368	4804
March	3172	2304	3245	5766
April	5328	3728	6283	8934
May	2114	2324	3933	6846
June	3737	3064	3866	3358
July	3632	1883	3364	5678
August	2305	3073	2656	
September	2561	3132	4789	
October	718	767	1149	
November	515	875	2321	
December	502	1877	1967	
Total	27433	25475	39494	39437
HS Code: 0808.1000				

China's Exports of Fresh Apples By Country of Destination in MY 2001 (July 2001 to June 2002) (Volume: Metric Tons HS Codes: 0808.1000)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
Russia	8,527	26,577	29,868	16,528	81,500
Malaysia	5,218	19,967	6,996	4,696	36,877
Myanmar	688	28,702	4,657	0	34,047
Indonesia	6,378	11,298	7,173	8,433	33,282
Singapore	4,370	13,406	8,616	5,743	32,135
Philippines	9,341	5,418	4,911	5,252	24,922
Hong Kong	1,782	10,237	7,989	2,960	22,968
Thailand	3,048	7,616	4,970	1,313	16,947
Mongolia	2,843	5,208	2,783	562	11,396
North Korea	128	2,116	3,937	2,082	8,263
All Others	5,104	24,020	19,641	8,950	57,715
Grand Total	47,427	154,565	101,541	56,519	360,052

China's Fresh Apple Exports by Calendar Year (Volume: Metric Ton)				
MONTH/YEAR	1999	2000	2001	2002
January	16606	22826	22435	42516
February	16569	19584	20086	27584
March	14074	25406	20742	31441
April	8977	22434	15636	28629
May	6272	15405	11374	17212
June	6058	11571	11248	10678
July	2354	6133	8589	11200
August	3992	7028	9850	
September	19264	21795	28988	
October	31043	49683	37564	
November	48773	46816	64511	
December	45271	48875	52490	
Total	219254	297557	303513	169260
HS Code: 0808.1000				

Pears

China's Imports of Fresh Pears and Quinces By Country of Origin in MY 2001 (July 2001 to June 2002) (Volume: Metric Tons HS Codes: 0808.2012, 2013, 2019, 2020)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
New Zealand	31	66	165	329	591
Malaysia	21	0	0	52	73
All Others	0	0	0	0	0
Grand Total	52	66	165	381	664

China's Imports of Fresh Pears by Calendar Year (Volume: Metric Tons)				
MONTH/YEAR	1999	2000	2001	2002
January	105	51	3	33
February	395	7	4	53
March	454	64	194	78
April	495	191	235	218
May	230	160	57	108
June	32	44	11	55
July	73	66	52	62
August	4	0	0	
September	29	0	0	
October	13	46	0	
November	13	5	48	
December	0	0	18	
Total	1,844	633	622	608
HS Codes: 0808.2012, 0808.2013, 0808.2019, 0808.2020				

China's Exports of Fresh Pears and Quinces By Country of Destination in MY 2001 (July 2001 to June 2002) (Volume: Metric Tons HS Codes: 0808.2012, 2013, 2019, 2020)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
Malaysia	10,196	15,626	10,793	8,143	44,758
Indonesia	6,926	11,518	10,292	10,941	39,677
Singapore	5,075	8,246	5,901	6,043	25,265
Hong Kong	2,509	7,326	4,881	3,081	17,797
Russia	2,835	4,603	5,105	1,791	14,334
Philippines	2,067	3,629	2,425	883	9,004
Canada	1,382	3,107	3,621	593	8,703
United States	281	4,416	3,500	128	8,325
Netherlands	850	2,408	1,903	814	5,975
Vietnam	743	2,087	1,485	228	4,543
Macau	435	1,053	805	498	2,791
Myanmar	114	1,799	13	0	1,926
United Kingdom	272	731	599	175	1,777
U.A.E.	287	394	347	207	1,235
All Others	1,415	3,585	2,199	594	7,793
Grand Total	35,387	70,528	53,869	34,119	193,903

China's Exports of Fresh Pears by Calendar Year (Volume: Metric Tons)				
MONTH/YEAR	1999	2000	2001	2002
January	10,050	11,618	16,876	18,071
February	7,162	7,708	12,475	15,010
March	6,857	12,787	14,632	20,788
April	6,093	11,969	14,877	15,400
May	3,515	8,305	10,117	12,268
June	4,111	4,785	9,034	6,451
July	3,380	3,277	7,576	7,734
August	5,443	6,743	7,881	
September	15,077	20,759	19,645	
October	16,954	19,058	23,321	
November	22,511	20,086	24,288	
December	20,282	19,323	23,676	
Total	121,435	146,419	184,398	95,722
HS Codes: 0808.2012, 0808.2013, 0808.2019, 0808.2020				

Grapes

China's Imports of Fresh Table Grapes By Country of Origin in MY 2001 (Jan. 2001 to Dec. 2001) (Volume: Metric Tons HS Code: 0806.1000)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Chile	7,208	16,379	1,415	2,089	27,091
United States	5,032	706	7,975	7,762	21,475
Thailand	21	0	0	0	21
All Others	0	0	0	0	0
Grand Total	12,261	17,085	9,390	9,851	48,587

China's Imports of Fresh Table Grapes By Country of Origin in MY 2002 (Jan. 2002 to Dec. 2002) (Volume: Metric Tons HS Code: 0806.1000)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Chile	10,418	21,301			31,719
United States	3,434	0			3,434
Thailand	28	48			76
All Others	0	0			0
Grand Total	13,880	21,349	0	0	35,229

China's Import of Fresh Grapes by Calendar Year (Volume: Metric Ton)				
MONTH/YEAR	1999	2000	2001	2002
January	427	2793	3453	3056
February	1175	2723	2457	4200
March	3935	5412	6350	6624
April	7722	6789	9570	10423
May	2580	7992	5520	7129
June	4074	4626	1995	3764
July	1395	2259	755	1365
August	506	1705	1350	
September	6410	5901	7285	
October	5141	4725	3578	
November	6207	3439	3152	
December	4584	4045	3249	
Total	44156	52408	48716	36559
HS Code: 0806.1000				

China's Exports of Fresh Table Grapes By Destination in MY 2001 (Jan. 2001 to Dec. 2001) (Volume: Metric Tons HS Code: 0806.1000)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Russia	4	1	222	198	425
Hong Kong	0	36	16	4	56
Bangladesh	0	0	26	26	51
Vietnam	0	0	35	5	40
Sri Lanka	15	0	17	0	32
United States	30	0	0	0	30
Singapore	0	0	16	4	20
India	0	0	0	13	13
All Others	0	0	0	0	0
Grand Total	50	37	332	249	667

China's Exports of Fresh Table Grapes By Country of Origin in MY 2002 (Jan. 2002 to Dec. 2002) (Volume: Metric Tons HS Code: 0806.1000)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Mongolia	15	0			15
Russia	3	2			5
Suriname	5	0			5
Vietnam	5	0			5
All Others	0	0			0
Grand Total	28	2	0	0	30

China's Export of Fresh Grapes by Calendar Year (Volume: Metric Ton)				
MONTH/YEAR	1999	2000	2001	2002
January	64	8	31	6
February	26	0	16	7
March	0	6	2	15
April	0	0	1	0
May	0	0	0	0
June	0	0	36	2
July	4	95	52	70
August	48	44	135	
September	46	201	145	
October	104	169	113	
November	100	188	70	
December	46	42	66	
Total	437	752	667	100

HS Code: 0806.1000

Concentrated Apple Juice

China's Imports of Apple Juice Concentrate By Country of Origin in MY 2001 (July 2001 to June 2002) (Volume: Metric Tons HS Codes: 2009.7100, 7900)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
Australia	288	128	3	16	435
South Africa	0	40	0	0	40
Germany	3	5	2	21	31
United States	10	17	1	2	30
Spain	2	0	0	25	27
Denmark	0	0	0	19	19
South Korea	10	2	0	0	12
Hungary	0	0	0	11	11
Oman	0	1	0	3	4
P.R. China	2	0	0	1	3
All Others	6	1	0	3	10
Grand Total	321	194	6	101	622

China's Import of Apple Juice Concentrate by Calendar Year				
MONTH/YEAR	1999	2000	2001	2002
January	17	66	61	1
February	39	27	21	5
March	3	25	25	1
April	8	31	111	31
May	5	51	22	35
June	55	22	44	34
July	79	66	134	12
August	53	52	87	
September	36	114	100	
October	14	39	63	
November	31	17	5	
December	47	22	127	
Total	386	531	799	119
HS Codes: 2009.7100, 2009.7900				

China's Exports of Apple Juice Concentrate By Destination in MY 2001 (July 2001 to June 2002) (Volume: Metric Tons HS Codes: 2009.7100, 7900)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
United States	6,142	17,961	19,967	18,186	62,256
Netherlands	2,160	18,843	11,971	9,942	42,916
Japan	10,398	8,065	6,837	14,011	39,311
Germany	1,069	7,962	13,636	9,608	32,275
Russia	1,293	7,390	10,104	7,165	25,952
Australia	4,188	6,162	3,303	4,080	17,733
Canada	1,815	5,031	4,008	5,235	16,089
United Kingdom	396	1,108	1,226	1,603	4,333
Israel	331	614	993	941	2,879
Finland	63	735	653	1,346	2,797
All Others	3,188	4,226	4,731	5,869	18,014
Grand Total	31,043	78,097	77,429	77,986	264,555

China's Export of Apple Juice Concentrate (Volume: Metric Ton)				
MONTH/YEAR	1999	2000	2001	2002
January	6,675	14,567	11,636	26,242
February	4,183	17,230	21,094	26,241
March	7,070	21,154	17,495	24,946
April	7,564	10,962	31,827	30,607
May	3,398	11,636	22,007	24,385
June	1,924	9,862	16,087	22,994
July	1,318	9,737	11,606	16,137
August	1,930	7,423	9,452	
September	4,193	9,226	9,985	
October	14,558	7,994	18,693	
November	20,016	9,718	29,152	
December	25,987	12,902	30,252	
Total	98,818	142,412	229,287	171,552
HS Codes: 2009.7100, 2009.7900				

Stocks

No official data exist for fruit stocks in China. Modern cold storage and controlled atmosphere facilities, however, are developing. According to a speech earlier in 2002 by a Chinese government official, the current storage capacity of the nation's storage facilities is enough to accommodate 20 percent of the nation's fruit production. Although storage facilities for domestic fruit are improving there should still be strong demand for high quality imported fruit. This is because storage costs are still high and most Chinese are unwilling to pay the increased costs for storage.

In China, it is estimated that 85 percent of cold storage capacity is in modern facilities that are mechanically controlled. The remaining 15 percent is in simple, ventilated facilities and underground pits and caves. The number of these simple facilities, however, outnumbers the number of modern facilities. In Shandong, there are 540 reported storage facilities. In Shaanxi there are not as many storage facilities, but many of the facilities that exist intend to expand their cold storage capacity. According to industry sources, most of the cold storage facilities are able to store and maintain fruit through April, May and June following fruit harvest. Investment in most modern controlled atmosphere facilities are financed by fruit processing and trading companies.

Policy

As part of China's accession to the WTO, the country agreed to reduce tariffs on a variety of products. The following table represents China's tariff reduction agreements for deciduous fruit products covered in this report. Tariff reductions are effective January 1 of each year.

HS Code	Description	2002 Rate	2003 Rate	2004 Rate
0806.1000	Grapes, Fresh	23.8	18.4	13
0808.1000	Apples, Fresh	18	14	10
0808.2012	Pears, Ya (Duck) or Hsueh (Snow), Fresh	19.2	15.6	12
0808.2013	Pears, Xiang (Fragrant), Fresh	19.2	15.6	12
0808.2019	Pears, Other, Fresh	18	14	10
0808.2020	Quinces, Fresh	16.8	16.4	16

China and the United States hold bilateral meetings to discuss plant quarantine issues. These discussions are held in the Spring of each year. This last year, several plant quarantine issues for fruit were raised from both sides. China raised the following fruits for discussion: Fragrant pear, Ya pear, apples, citrus, litchi, and longans with the hopes of getting plant quarantine approval to begin or expand export to the United States. The U.S. raised issues on apples, pears, grapes, plums, nectarines, Florida citrus, California citrus, and Hawaiian papaya. Next year, the discussions are scheduled to take place in the United States.

As of September 1, 2002 China's representatives to the WTO submitted seven notices to the Committee on Sanitary and Phytosanitary Measures. All of the notices pertained to past regulations or notices regarding fruit entry quarantine or fruit entry agreements that the Chinese government previously had announced or agreed upon.

China's Announcements to the WTO Committee on SPS Measures regarding Fruit			
Notification #	Topic	Country	Document
G/SPS/N/CHN/P/85	Apples	USA	Nong Jian Yi Zi [1994] No. 1
G/SPS/N/CHN/P/88	Fruits and Vegetables	All	Nong Jian Yi FA [1995] No. 9
G/SPS/N/CHN/P/100	Fresh Grapes	USA	Min. of Ag. Public Notice [1997] No. 1
G/SPS/N/CHN/P/101	Fresh Grapes	USA	Dong Zhi Jian Zhi Zi [1997] No. 23
G/SPS/N/CHN/P/102	Grapes	USA	Dong Zhi Jian Zhi Zi [1998] No. 5
G/SPS/N/CHN/P/107	Fruits	New Zealand	AQSIQ Public Notice [1998] No. 1
G/SPS/N/CHN/P/113	Fruits	All	AQSIQ State Order [1999] No. 12
G/SPS/N/CHN/P/120	Apples	France	AQSIQ Public Notice [2001] No. 29

An unofficial English translation of the above mentioned AQSIQ State Order [1999] No. 12 is available in USDA FAS Attache Report CH1058. The announcements for all of the above mentioned reports are available on the WTO website (<http://www.wto.org>). All regulations mentioned in the announcements are available in Chinese from AQSIQ.

Add: SPS Enquiry Point of China
 SRRC, AQSIQ
 No. 15 Fang Cao Di West Street, Chao Yang District, Beijing 100020, P.R. China
 Phone: (86-10) 6595-2460
 Fax: (86-10) 6506-8143
 Email: srrc@aqsiq.gov.cn

China's Ministry of Health recently released draft versions of several National Standards. The following table includes information for the draft versions of recent regulations on food safety and hygiene of fruit products. Drafts of the regulations are available in Chinese at the following Internet web addresses.

Recent Chinese Ministry of Health Regulations on processed fruit products		
Reference Name	English Title	Internet Address for Chinese Language Copy of the Standard
GB11671-XXXX	Hygienic Standard for Canned Fruits and Vegetables	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080033_1_1.doc#
GB14884-XXXX	Hygienic Standard for Preserved Fruit	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080033_1_13.doc#
GB14974-XXXX	Maximum Levels of Patulin in Apple and Hawthorn Products	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080036_1_4.doc#
GB16325-XXXX	Hygienic Standard for Dried Fruit	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080032_1_11.doc#
GB17325-XXXX	Hygienic Standard for Concentrated Fruit and Vegetable Juice for the Food Industry	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080032_1_13.doc#
GB2758-XXXX	Hygienic Standard for Fermented Alcoholic Beverages	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080032_1_6.doc#
GBXXXX-XXXX FrtVegJuic	Hygienic Standard for Fruit & Vegetable Juice	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080033_1_2.doc#
GBXXXX-XXXX Jellies	Hygienic Standard for Jellies	http://www.moh.gov.cn/fzyjd/zqgzyj/200208080033_1_0.DOC#

Marketing

China's efforts to market fruit in overseas markets have met a great deal of difficulty. According to industry representatives the two biggest problems are an inability to form grower cooperatives beyond the county level and an inability to raise funds for promotional efforts. The inability to form cooperatives may soon be resolved. It has been reported that China's Ministry of Agriculture has introduced a legislative proposal that would allow for larger scale grower cooperatives. The aim of any such cooperatives would be to find export markets and conduct promotion for China's agricultural products. Even with the development of the cooperatives, however, the revenue problem will still exist. Industry representatives are still not certain how that problem will be resolved.

County level government offices market domestic fruit. For example, in one county of Henan province, there is an annual fruit fair. County officials hold the fair after the fruit harvest and invite industry representatives and government officials from other areas of the country to visit the fair and encourage the visitors to purchase the area's fruit. These fairs are also held in numerous places throughout the country.

Industry groups have been formed under the China Chamber of Commerce for the Import and Export of Foodstuffs, Native Produce, and Animal By-Products (CFNA). CFNA has a sub-chamber that represents juice manufacturing interests and CFNA is now forming a sub-chamber of fruit. There are also industry groups represented under a separate China Council for the Promotion of International Trade Sub-Council for Agriculture that organizes trade fairs and customer tour opportunities for importers and exporters.

Stickers fruit continues to be one of the most commonly used methods of marketing imported fruit products in China. Stickers, however, is easily and often counterfeited by traders, wholesalers, or retailers. Sometimes, too, stickers often contradict other labeling. For example, a sticker, in English may indicate country/region A as the origin of the fruit, while the Chinese on the side of the package or price tag indicates country/region B. As more hypermarkets open in China, the opportunities for direct store promotions or for indicating the country/region at the point of sale will also increase.

PSD Tables**Apples**

PSD Table						
Country	China, Peoples Republic of					
Commodity	Fresh Apples			(HA)(1000 TREES)(MT)		
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Planted	2250000	2250000	2035000	2200000	0	2175000
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	20430000	20431230	20050000	21000000	0	20500000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	20430000	20431230	20050000	21000000	0	20500000
TOTAL Imports	24100	34856	34856	49880	0	60000
TOTAL SUPPLY	20454100	20466086	20084856	21049880	0	20560000
Domestic Fresh Consump	18245326	19159235	17647630	19639828	0	19050000
Exports, Fresh Only	267924	281851	281851	360052	0	400000
For Processing	1940850	1025000	2155375	1050000	0	1110000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	20454100	20466086	20084856	21049880	0	20560000

Pears

PSD Table						
Country	China, Peoples Republic of					
Commodity	Fresh Pears				(HA)(1000 TREES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Planted	1010000	1010000	1070600	1070600	0	1,300,000
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	8400000	8400000	8820000	8820000	0	8800000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	8400000	8400000	8820000	8820000	0	8800000
TOTAL Imports	650	620	620	664	0	655
TOTAL SUPPLY	8400650	8400620	8820620	8820664	0	8800655
Domestic Fresh Consump	7839830	7813093	8212363	8185761	0	8159655
Exports, Fresh Only	140820	167527	167257	193903	0	200000
For Processing	420000	420000	441000	441000	0	441000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	8400650	8400620	8820620	8820664	0	8800655

Grapes

PSD Table						
Country	China, Peoples Republic of					
Commodity	Fresh Table Grapes				(HA)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	319800	319800	0	360000	0	370000
Area Harvested	0	0	0	0	0	0
Commercial Production	3800000	3600000	0	3800000	0	4000000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	3800000	3600000	0	3800000	0	4000000
TOTAL Imports	52408	48587	0	55000	0	57000
TOTAL SUPPLY	3852408	3648587	0	3855000	0	4057000
Domestic Fresh Consump	3015488	3015720	0	3054340	0	3056340
Exports, Fresh Only	920	667	0	660	0	660
For Processing	836000	632200	0	800000	0	1000000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	3852408	3648587	0	3855000	0	4057000

Concentrated Apple Juice

PSD Table						
Country	China, Peoples Republic of					
Commodity	Concentrated Apple Juice				(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Deliv. To Processors	1940850	1025000	2155375	1050000	0	1110000
Beginning Stocks	0	22000	0	44447	0	7000
Production	173000	220000	200000	250000	0	300000
Imports	481	594	594	622	0	600
TOTAL SUPPLY	173481	242594	200594	295069	0	307600
Exports	153415	177147	177147	264555	0	280000
Domestic Consumption	20066	21000	23447	23514	0	25600
Ending Stocks	0	44447	0	7000	0	2000
TOTAL DISTRIBUTION	173481	242594	200594	295069	0	307600