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China, Peoples Republic of

Fresh Deciduous Fruit

Annual

2007

Approved by:
William Westman
AGBEIJING

Prepared by:
Wu Bugang, Evid Liu, Eric Trachtenberg, and Chanda Beckman

Report Highlights:
China's MY 2007 apple production is forecast at 23 million MT, down 12 percent from the previous year, because of cold temperatures in the spring and a down year in the production cycle. Concentrated apple juice (CAJ) production is forecast to exceed 1 million MT, up three percent from the previous year's 970,357 MT. Pear production is forecast at 12.58 million MT, up five percent from the previous year because of improved yields. Table grape production is forecast at 6.9 million MT, up 10 percent from a year ago, as a result of increased plantings. Lower apple production is expected to reduce CAJ exports and encourage imports. Pear and grape exports are likely to increase, given higher production and improved quality.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Beijing [CH1]
[CH]

Table of Contents

Executive Summary

China's marketing year (MY, July-June) apple production is forecast at 23 million tons (MT), down 12 percent from the previous year, because cold and dry spring weather resulted in fewer blossoms in Shandong and Shaanxi, two of China's largest apple producing provinces. The smaller crop also comes from a down year in the production cycle. Concentrated apple juice (CAJ) production is forecast to exceed 1 million MT. This is up three percent from an already large 970,357 MT production in MY 2006, driven by strong world demand and a crop failure in Poland, another major CAJ supplier.

MY 2007 (July-June) pear production is forecast at 12.58 million MT, up five percent from MY 2006, as yields and fruit quality steadily increase in major producing areas such as Hebei and Shandong Provinces. China's MY 2007 (June-May) grape production is forecast at 6.9 million MT, up 10 percent from 6.27 million MT in MY 2006. This was the result of increased planting area for both table and wine grapes, boosted by favorable prices and the development of China's wine industry.

Although there is no direct support or subsidies given to fruit producers, China does provide policy and technical support to growers. For example, a newly published law on farmer cooperatives provides the legal basis for financial support to farmers' economic groups. The government is also focusing more on improving food quality and safety – moves that should add value to Chinese production.

Apple imports are expected to rebound in MY 2007 because of reduced domestic production. Although customs data show China's imports of grapes are declining, industry sources believe trade is increasing through unofficial channels. China remains the largest market for California table grapes.

China's rapid expansion of apple exports is likely to slow in MY 2007 because of tightened supplies, higher prices, and more stringent control over exported fruit by inspection and quarantine authorities. Pear exports are expected to continue to increasing, given stable world demand. Exports of table grapes, though small in volume, are likely to continue rapid growth as a result of improved quality and handling ability.

Production

Apples

MY 2007 Production Decreases

MY 2007 apple production is forecast at 23 million MT. This is down 12 percent from the previous year because cold and dry spring weather resulted in fewer blossoms in Shandong and Shaanxi, two of China's leading apple producing provinces. The smaller crop is also attributed to a down year in the production cycle. Overall crop quality improved in MY 2007, except for a somewhat less-attractive surface on some Shaanxi apples because of persistent rain just before harvest in that region. China harvested a record 26 million MT of apples in MY 2006, revised up from Post's earlier estimate of 24.5 million MT to echo revised industry figures.

Acreage Continues to Expand, Varieties Remain Consistent

Apple acreage is forecast at 1.95 million hectares (HA) in MY 2007, up three percent from the previous year, driven by high prices and increased demand for juicing apples. Acreage expansion is occurring in the Yellow Plateau area, especially in Shaanxi Province, where more juicing apples are being planted on vacant hills and in valleys. Fuji apples still dominate the apple crop, accounting for about 60 percent of total production. The increased planting of early maturing varieties such as Gala (seen earlier this decade) seems to have slowed as consumer preference and market prices are less attractive for the variety.

Rising Cost of Inputs

Production costs including fertilizer, pesticides, and labor continue to rise quickly. For example, MY 2007 prices of fertilizers were 25 percent higher than MY 2006 prices. Water is also a challenge for apple growers in northern China since rainfall and underground water remain the main sources of water for crop irrigation. Irrigation costs on average 1,200 Renminbi (U.S. $160) several times per growing season to water one hectare of orchard.

Concentrated Apple Juice (CAJ)

Strong World Demand Pushes CAJ Production and Prices Up

MY 2007 (July-June) CAJ production is forecast to exceed one million MT, up three percent from the previous year, driven by strong world demand. To reflect this, post's earlier MY 2006 production estimate has been revised up significantly to 970,357 MT from 710,000 MT. In the wake of sky-rocketing orange juice prices, many international buyers have shifted to apple juice. Apple juice is consumed directly and is also used for blending with other juices as a drink ingredient or sweetener. The increased demand for Chinese CAJ in MY 2007 is also the result of an expected reduction of CAJ production in Poland, another major supplier, where the MY 2007 apple crop is forecast to drop by half because of severe frost. Tightened supplies of apples and strong demand have pushed CAJ prices up to U.S. $1,800-1,900 per ton. Chinese juice producers predict CAJ prices will continue this upward trend over the next three years, until new plantings begin bearing fruit and production increases. However, industry sources also warn that rapidly increasing CAJ prices may force buyers to look for other fruit juice alternatives.

Shortage of Juicing Apples

Given strong demand and the shortage of juicing apples, Chinese crushing companies are paying double what they paid last year to purchase the apples they can find. Previously, crushers only sourced non-commercial grade apples for juicing; however, crushers will now pay the higher price for fresh consumption grade apples because the demand for juice is so great. Juicing apples are priced at 1,550 Renminbi (U.S. $207) per MT. About seven MT of fresh apples are required to produce one MT of CAJ. The financial burden of higher prices may pose an even greater challenge to Chinese crushers, who normally have to pay cash up front when purchasing apples from farmers.

CAJ Production Capacity Increases Rapidly

China's CAJ production capacity has rapidly expanded since 2004, especially in Shaanxi Province. Industry sources report crushing capacity has reached 5,000 MT per hour in 2007, up 285 percent from 2002. The five top juicing companies: Zhonglu, Haisheng, North Andre, Hengxing, and Tongda, account for over 70 percent of China's total CAJ production. More than 90 percent of the CAJ produced in China is exported, mainly to the United States, the EU, Russia, Japan, Canada, and Australia. Export prices have seen double digit growth for three consecutive years.

Pears

Production Increases, but Planting Area Declines Slightly

Pear production is forecast at 12.58 million MT in MY 2007, up five percent from MY 2006, as yields increase steadily in major producing areas including Hebei and Shandong Provinces. MY 2007 pear acreage continues its slight declining trend from 2006, with planted area forecast at 1.06 million HA. This two-percent reduction from last year is a result of lower prices compared to apples. At the same time, production is shifting from the traditional Ya and Snow pears to new varieties such as Golden, Huangguan, and Nanguo. Two processing facilities for pear juice have recently been built in Hebei, the top pear producing province, and are expected to absorb lower grade pears in the area.

Grapes

China's Grape Acreage Expands

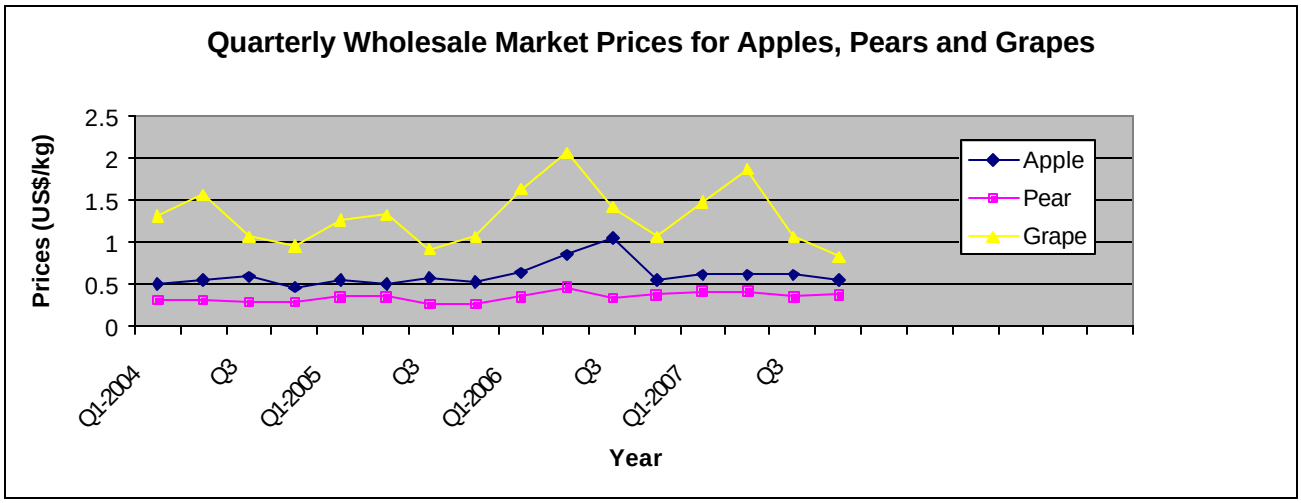
China's MY 2007 grape production is forecast at 6.9 million MT, up 10 percent from 6.27 million MT in MY 2006. This change is the result of expanding planting area of both table and wine grapes. Grape acreage is forecast at 443,000 hectares in MY 2007, up six percent from MY 2006 because of high prices, despite some fluctuations. The expansion of acreage is mostly in northwestern China including Xinjiang, Gansu, and Ningxia, as well as in the Yangtze Delta area. Table grapes represent 70 to 80 percent of total production and are mostly Kyoho varieties with the share of Red Globe rapidly catching up. Wine grape planting area is also expanding fairly rapidly, boosted by China's increasing wine consumption. Industry sources indicate wine consumption in Beijing is growing at more than 20 percent annually.

Prices

Prices Increase for all Fresh Deciduous Fruits

According to the National Statistic Bureau, the production costs of apples and pears increased by 12.5 percent and 11.7 percent, respectively, in 2006. Farm gate prices for fresh apples have increased significantly to 4.6-5.0 Renminbi per kilogram (U.S. $6.10-6.70) in the beginning of MY 2007. This is up more than 30 percent from the previous year and is the result of reduced domestic production and tighter supplies. Juicing apple prices are also quickly catching up to fresh apple prices.

Despite increased production, pear prices are expected to increase from earlier low levels, boosted by strong apple prices. Industry sources indicate when apple prices are high, the price-conscious Chinese consumer will substitute with fresh pears. Grape prices vary greatly from city to city. September 2007 Red Globe prices, for example, ranged from U.S. $.57/kilo in West China, to U.S. $2.55/kilo in the South.



Consumption

Consumption Increasing with Incomes

Consumption of fresh fruit continues to grow, along with rising incomes and increasingly health conscious consumers. The National Statistic Bureau reported that per capita consumption of fresh fruit in urban areas increased to 57 kilograms per year in 2005, up from 41 kilograms in 1990. The volume is estimated to further increase to 60 kilograms in 2006, while per capita consumption of fresh fruit in rural areas is estimated at 20 kilograms annually.

Price-Sensitive Consumers Demand more High Quality Fruit

Consumers not only select fruit based on flavor and appearance, they are becoming increasingly aware of and concerned about food safety. Therefore, higher grade fruit and products produced with standardized farming practices are sought out by a growing number of consumers, especially in urban areas. However, the willingness to pay is limited because Chinese consumers are also price-sensitive. High quality fruit is still in short supply, so more and more consumers are choosing to buy fruit in supermarkets instead of wet markets. The modern retail venue is believed to provide safer and more reliable fruit. However, the higher prices of fresh apples in MY 2007 may limit overall consumption.

Juice Consumption Rapidly Increasing

The majority of Chinese consumers prefer fresh fruit over juice. However, fruit juice and drink consumption is increasing rapidly in urban areas because of dietary changes from tea and hot water to fruit juices and drinks, especially among the younger urban generation. The rapid development of the juice industry is also attributed to aggressive entrepreneurial efforts, and the increase in modern facilities like supermarkets. According to an industry report, China produced 2.3 billion liters of juice and juice drinks in 2006, up 18 percent from 2005.

Trade

Imports

Apple Imports to Rebound

Apple imports are expected to rebound to 50,000 million MT in MY 2007, up from 33,671 million MT in MY 2006, as a result of the reduced domestic crop. The U.S. Red Delicious variety, however, is gradually losing market share. Chinese consumers do not particularly like the flavor of Red Delicious, but continue to buy them as gifts during holidays because of

their beautiful appearance and bright color. Although China's market has not officially opened to all U.S. varieties, some can be found on the market – even on some supermarket shelves, and the volume is increasing. If allowed entry, U.S. apples would compete well with Chilean and New Zealand counterparts. While New Zealand Galas are prized for their appearance, their prices are also higher than U.S. apples.

China Still Largest Market for California Table Grapes

Although Chinese customs data shows the overall import volume of grapes is declining, industry sources indicate imports of grapes through unofficial channels are actually increasing, because the cost to use these channels is much less expensive. ASEAN countries enjoy a "0" tariff on agricultural products to China's market, including for fruit. Yet, China remains the largest market for California table grapes. Although domestically produced Red Globes are increasing in quantity, U.S. grapes look and taste better, and sizing is larger and more consistent than the local product. U.S. grapes are consumed mainly during the Moon Festival (September) and the National Day (October) holidays, while Chilean grape exporters target Chinese Spring Festival (January or February).

Exports

Increased Export Inspections for Apples to Impact Volume

The rapid expansion of apple exports is likely to slow in MY 2007, because of tightened supplies and higher prices, coupled with more stringent control over exported fruit by China's inspection and quarantine authorities. Some exporters reported fewer orders from international buyers because of increased export prices. A carton of apples weighing 10 kilograms is currently priced at U.S. $8.50, up 20 percent from the previous season. The General Administration of Quality, Inspection and Quarantine (AQSIQ) now requires that all exported fruit be sourced only from registered orchards and packing houses. This requirement will further raise the price of apple exports, especially exports to neighboring countries like Russia and the ASEAN countries (see Policy).

Stable Demand for Pear Exports

Pear exports are expected to continue growing, given stable world demand. The main export destinations for Chinese pears are Southeast Asian countries and the volume is growing steadily. Pear exports to Europe and North America are quite limited, because Asian pears are not traditionally favored by western consumers.

Volume of Grape Exports Small, but has Growth Potential

Exports of table grapes, despite being small in volume, are likely to continue rapid growth as a result of improved quality and handling capacity. However, even with these improvements, Chinese grape growers still pursue quantity rather than quality, so post-harvest handling like cold storage lags behind other countries. Industry sources believe that further efforts to improve handling will help position China's grapes much better on the world market.

Policy

No Direct Support

The central government provides no direct support to fruit producers, but it does provide analytical and policy support, such as identifying advantageous planting areas for certain fruit. In 2003, the Ministry of Agriculture issued a five-year-plan identifying two geographic areas as being the most suitable for apple production (see CH3121). A similar plan is being formulated for pear and grape production and is expected to be published soon.

Technical Support

The Ministry of Agriculture and provincial departments of agriculture also provide technical support to fruit farmers. Support includes training and guidance on fertilization and pest/disease control, as well as drafting and implementing food and agriculture standards

such as those for organic products, "green food," and "wholesome food." In some cases, the government is helping build demonstration farms to promote good farming practices. A central government fund focused on subsidizing apple bagging in key producing areas was established in 2005 with the aim of encouraging farmers to bag apples on the tree to improve quality (See CH6078).

Law on Farm Product Quality and Safety

In an effort to streamline farming practices, the Ministry of Agriculture published the Law on Farm Product Quality and Safety in April 2006. The regulation came into force on November 1, 2006. The legislation stipulates that producers who market farm products must comply with basic food safety and quality criteria. While the law relates to already existing standards and technical regulations, the focus is on clarifying inspection and enforcement responsibilities at each level of government (refer to CH6095 for details).

New Farmer Cooperative Regulation

As China's economy continues growing, working to increase farmer incomes has become a top priority in the central government's agriculture policies. In addition to eliminating taxes for farmers in 2006, government initiatives support the formation and operation of farmer cooperatives. A new law on farmer cooperatives took effect on July 1, 2007. The regulation allows government at different levels to give financial support to farmer cooperatives in order to provide market information, training, and the application of standardized farming practices to individual farmers. The central government is still working on the financing details, but cooperative groups certainly offer some hope for small farmers who are often left vulnerable during production crisis periods (see CH6113).

AQSIQ Mandates Orchard and Packing House Registration

Following a spate of food safety scares related to Chinese food exports, the Chinese inspection and quarantine agency, AQSIQ, recently issued an urgent directive to its local branches (CIQ), requiring that all exported fruit be sourced only from AQSIQ-registered orchards and packing houses beginning November 1, 2007. Currently, fruit exports to the United States, Canada, Australia, New Zealand, Japan, and South Korea originate from orchards and packing houses registered at AQSIQ, at the request of the importing country. Russia and Southeast Asian countries did not previously have this requirement for imported fruit, but AQSIQ has begun implementing it for exports to these countries. The new policy may impact export volume in the short run, because smaller packing houses may not be able to source enough fruit from registered orchards to fill export contracts to Russia and Southeast Asia, two major export markets for Chinese fruit.

Fresh fruit exporters and fruit processors (juicing companies) continue to receive tax rebates of 5 percent and 13 percent, respectively, from the government after their products are exported.

Marketing

Competition

U.S. Fruit Competes with Domestic Supply

Domestic supply remains dominant in China's deciduous fruit market, while imported fruit - mostly apples and table grapes from Chile and the United States - holds the high end niches in wealthy areas. The United States is the second largest deciduous fruit exporter to China, after Chile.

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

From March to September, U.S. apple prices are general competitive with apples imported from Chile and New Zealand.

U.S. table grapes are available in China from September through December, and compete mainly with Chinese-grown table grapes. Thanks to improved handling, Chinese grapes can be found in the market as late as February. The Chinese Mid-Autumn festival in September is one of the best selling seasons for high-value fruit. Grapes are often given as gifts in fruit baskets. However, U.S. sales face strong competition from Chinese grapes that come into the market at lower prices. Table grapes from the Southern Hemisphere are available in the market from January until June, so do not directly compete with U.S. grapes.

Price Constraints

Price is a big constraint for U.S. deciduous fruit expansion to China since most consumers are very price-sensitive. Prices for domestic fruit are cheaper compared to imported counterparts, and the quality of domestic fruit continues to increase. Retail prices for imported products can be twice as high as the price of domestic fruit.

Regional Markets

The mainland market can be divided into South China, East China, and North China markets. In the last two decades, South China has secured its dominant position as the distribution hub and consumption area in the country for imported fruit. Industry sources believe that this region accounts for more than 80 percent of imported fruit transactions and more than 60 percent of the consumption. East and North China have experienced rapid growth in recent years. With sea port development in these regions and increasing demand from international shipping lines, the volume of fruit imports serving the region is growing in Shanghai (East China), Dalian, and Tianjin (both in North China).

Imported deciduous fruits enjoy strong demand in primary markets across the country considered 'first-tiered cities' for example, Guangzhou and Shenzhen in South China, Shanghai in East China, and Beijing in North China. In addition, there are a number of emerging markets that have definite potential for imported deciduous fruit demand, though market development is needed. These emerging cities include:

- South China: Dongguan, Foshan, Xiamen, Fuzhou, and Nanning
- East China: Ningbo, Hangzhou, Wuxi, Nanjing, and Wenzhou
- North China: Harbin, Dalian, Shenyang, and Changchun

Weak Cold Chain

The development of the fruit distribution system in China, especially the cold chain system, has not yet kept pace with the ever-growing fruit import. Most cold storage facilities in the country are small and in poor condition. It is common to see perishable high-priced fruit placed outside of temperature-controlled areas because of lack of awareness or lack of cold storage all along the supply chain - from importers to wholesalers and retailers. The limits in the cold chain system have resulted in significant losses to both domestic and imported produce. It also can affect the quality of imported U.S. fruit before it is delivered to consumers. In a country as large as China, the shortage of cold storage facilities and management expertise will restrict the further expansion of U.S. fruits from the current principle city markets to the smaller cities.

IPR Protection

Many Chinese consumers are not able to tell the difference between U.S. fruit and others' fruit – both domestic and imported. This prohibits the further success of U.S. fruit, especially in emerging city markets where consumers have limited experience with imported products. In addition, imported fruit that closely resembles domestic products, for example California Red Globe table grapes vs. Chinese Red Globe, makes it easy for Chinese-grown fruits to

assume an American identity through counterfeit labeling. U.S. exporters are strongly encouraged to take steps to protect their logos, brand names, and other intellectual property rights (IPR) from counterfeit and infringement. For more information on IPR protection in China, please refer to CH7023 and CH7035.

Marketing Tips

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

Additional tips when marketing U.S. fruit in China:

1. Target high income earners in affluent cities where high quality fruit is in great demand;
2. Work with reliable Chinese partners including: importers, logistics providers, and retailers in each region, as they understand the respective regional markets better than those outside of the region;
3. Assist and educate Chinese partners on proper product handling;
4. Provide ideas for promotional activities related to the high quality, health benefits, and safety of U.S. fruits;
5. Understand consumer preferences, which vary from region to region;
6. Take advantage of high fruit consumption seasons during major holidays and festivals;
7. Enhance the image of U.S. fruit to differentiate from other fruit; and,
8. Protect the IPR of U.S. fruit.

Other Relevant Reports

FAS Beijing Reports

CH3121 - China Fresh Deciduous Annual Report, 2003
CH6078 – China Fresh Deciduous Annual Report, 2006
CH6113 – Presidential Order 57 Supports Farmer Cooperatives in China
CH7023- Going to China? Trademark your Intellectual Property Now!
CH7035 – Protect Your Trademark…Before Someone Else Trades Your Mark

Tables

China Apple Production and Acreage by Province 2002-2006										
Province	2002		2003		2004		2005		2006	
	1000 ha	MT	1000 ha	MT	1000 ha	MT	1000 ha	MT	1000 ha	MT
Shandong	369.00	5,000,017	357.30	6,118,563	340.5	6,690,553	342.5	6,716,634	311.1	6,930,492
Shaanxi	369.00	3,921,630	401.50	4,617,921	412.1	5,552,054	426.3	5,601,167	462.2	6,499,755
Henan	168.30	2,603,588	164.50	2,509,614	164.7	2,869,272	165.8	3,006,245	167.7	3,227,885
Hebei	288.30	1,965,571	276.40	2,002,769	266.5	2,142,882	263.9	2,202,273	253.1	2,357,620
Shanxi	158.40	1,724,180	154.10	1,801,786	152.7	2,021,372	151.4	1,648,413	146.0	1,867,049
Liaoning	131.90	1,005,142	115.10	1,089,937	111.8	1,222,119	110.3	1,299,595	109.1	1,301,399
Gansu	163.50	776,004	167.50	829,959	173.2	799,650	183.8	1,012,568	207.4	1,254,141
Jiangsu	46.70	614,555	38.90	494,611	38.0	560,871	38.4	552,794	36.5	572,600
Anhui	17.90	296,552	17.10	221,317	16.1	283,524	13.9	278,143	13.4	341,828
Xinjiang	30.40	250,396	27.80	263,418	28.9	293,850	28.6	330,206	31.1	327,886
Jilin	26.10	168,372	25.30	190,133	20.4	241,491	18.6	252,298	17.7	268,055
Sichuan	25.70	206,909	26.80	225,384	26.4	240,481	26.6	242,923	26.2	248,022
Yunnan	37.30	104,816	33.70	13,414	33.1	141,239	31.5	159,396	30.3	201,962
Ningxia	20.40	124,682	20.40	154,927	18.3	156,333	19.1	222,126	20.3	200,694
Heilongjiang	28.80	183,067	18.40	169,115	16.1	160,003	15.5	177,432	13.3	159,759
Beijing	13.50	144,392	13.20	134,815	12.9	134,753	10.8	138,447	9.5	131,071
Inner Mongolia	16.50	40,350	18.80	51,940	21.4	59,327	22.5	62,319	22.9	65,961
Tianjin	8.30	67,056	7.30	68,069	6.2	64,721	6.4	66,039	6.2	64,076
Hubei	4.30	12,388	4.20	13,458	3.6	10,934	3.3	12,437	3.2	11,866
Guizhou	7.40	9,406	4.80	9,262	6.0	10,263	5.7	10,230	6.0	10,628
Chongqing	1.80	6,225	2.70	6,441	1.8	6,854	1.9	6,094	1.7	6,326
Qinghai	3.90	9,078	3.90	8,246	5.3	7,198	2.8	7,316	2.9	5,939
Tibet	0.50	5,072	0.60	5,577	0.6	5,327	0.7	5,674	1.0	3,934
Fujian	0.10	302	0.00	151	0.1	244	0.0	198	0.0	189
Shanghai	0.10	135	0.00	139	0.0	158	0.0	114	0.0	158
Zhejiang	0.20	1,100	0.20	810	0.0	0.0	0.0	0.0	0.0	0
Jiangxi	0.00	0	0.00	0	0.0	0.0	0.0	0.0	0.0	0
Hunan	0.00	0	0.00	0	0.0	0.0	0.0	0.0	0.0	0
Guangdong	0.00	0	0.00	0	0.0	0.0	0.0	0.0	0.0	0
Guangxi	0.00	0	0.00	0	0.0	0.0	0.0	0.0	0.0	0
Hainan	0.00	0	0.00	0	0.0	0.0	0.0	0.0	0.0	0
National Total	1938.30	19,240,985	1,900.50	21,001,776	1,876.7	23,675,473	1,890,300	24,011,081	1,898.8	26059298
Source: China Agriculture Statistical Report										

Pear Production and Acreage by Province 2002-2006										
	2002		2003		2004		2005		2006	
Province	1000 ha	MT	1000 ha	MT	1000 ha	MT	1000 ha	MT	1000 ha	MT
Hebei	211.7	2,662,875	213.1	2,820,702	213.3	3,131,868	215.0	3,246,220	215.0	3,334,972
Shandong	64.1	829,821	74.1	982,562	70.6	1,000,938	69.9	1,061,389	59.6	1,103,481
Anhui	36.7	767,482	36.5	583,091	38.4	601,134	38.6	638,058	37.4	803,652
Sichuan	61.9	469,702	71.2	547,714	78.9	620,276	83.0	684,593	80.5	746,048
Liaoning	85.5	412,724	85.5	515,892	88.5	605,679	91.6	690,354	87.7	705,232
Henan	35.5	479,640	36.7	433,413	36.4	544,554	39.2	654,680	41.1	695,950
Shaanxi	57.2	460,171	57.3	689,816	59.8	669,327	59.6	621,224	60.4	650,028
Jiangsu	43.7	519,451	44.2	502,033	44.7	542,455	47.3	556,158	40.2	614,252
Hubei	50.8	677,021	40.9	563,895	39.7	548,759	35.9	501,856	38.1	518,020
Xinjiang	45.8	308,989	47.7	249,537	53.3	285,703	66.8	367,808	69.2	435,203
Zhejiang	22.1	147,842	24.1	244,454	25.7	285,751	26.6	310,375	26.5	329,753
Gansu	50.6	266,254	51	286,128	50.0	251,516	49.5	283,345	48.4	314,798
Yunnan	38.7	161,000	39.7	176,285	38.6	189,396	39.7	197,028	41.7	216,936
Shanxi	30.3	104,019	27.9	154,901	28.5	197,298	30.0	246,247	29.6	184,207
Chongqing	21.2	100,777	24.4	142,901	26.3	161,200	28.0	180,049	29.0	171,962
Beijing	12.1	125,009	12.5	130,766	10.9	137,563	11.2	145,759	11.0	153,566
Fujian	22.2	125,032	22.5	129,980	22.8	142,254	23.0	147,755	22.4	152,309
Guizhou	28.4	82,385	31	97,867	33.9	108,368	36.5	123,740	36.8	139,412
Jilin	30.6	200,593	26.3	120,215	21.4	156,736	17.8	134,833	17.1	137,690
Guangxi	12	69,819	13.3	82,088	14.3	97,452	16.7	120,741	17.8	135,582
Hunan	20.9	63,237	24.1	70,750	25.5	84,435	27.5	108,417	30.9	117,613
Jiangxi	21.3	48,795	21.8	45,181	24.0	65,685	26.2	74,538	26.7	80,651
Inner Mongolia	15.1	93,676	13.6	93,020	11.4	68,425	10.8	77,602	8.9	79,391
Heilongjiang	6.8	44,863	5.7	35,379	5.4	47,149	5.4	48,422	4.9	49,124
Guangdong	7.5	40,318	6.3	38,760	6.4	42,097	7.3	42,963	6.9	43,808
Shanghai	1.9	12,752	2.1	17,931	2.4	17,710	2.0	18,794	2.0	31,639
Tianjin	4.2	22,863	4.1	25,851	3.5	25,182	3.5	22,553	3.5	25,719
Ningxia	2.4	6,707	2.6	12,430	2.4	7,502	2.3	12,081	2.7	9,242
Qinghai	1.1	5,228	1.2	4,418	1.6	5,362	1.2	5,105	1.1	4,912
Tibet	0.1	387	0.1	464	0.1	513	0.1	836	0.1	931
Hainan	0	0	0	0	0.0	0.0	0.0	0.0	0	0
National Total	1,042.4	9,309,432	1,061.5	9,798,424	1,078.7	10,642,287	1,112.0	11,323,514	1,087.1	11,986,083
Source: China Agricultural Yearbooks										

Grape Production and Acreage by Province 2002-2006										
	2002		2003		2004		2005		2006	
Province	1000 ha	MT	1000 ha	MT	1000 ha	MT	1000 ha	MT	1000 ha	MT
Xinjiang	87.9	908,069	91.7	1,066,331	92.2	1,241,450	96.2	1,287,642	103.9	1,502,035
Hebei	51.5	758,280	52.1	803,418	53.3	840,916	54.2	863,938	58.1	878,417
Shandong	54.6	640,723	65.9	761,031	50.9	849,718	46.5	831,401	42.3	845,487
Liaoning	35.6	522,061	37.4	586,124	36.8	613,683	28.1	581,711	26.8	587,191
Henan	20.4	304,982	21.6	331,036	25.0	382,743	26.2	412,605	25.0	405,125
Zhejiang	7.1	145,171	8.2	172,714	9.3	203,076	9.8	219,942	10.4	238,389
Jiangsu	9.9	133,564	10.8	140,777	10.9	164,829	11.4	153,021	13.0	208,275
Anhui	8	100,306	7.6	161,600	9.1	165,377	6.0	173,264	5.8	174,710
Sichuan	9.8	133,709	11.1	144,409	11.7	142,587	12.1	160,827	12.9	170,534
Shaanxi	10.3	61,896	11.4	89,925	12.7	110,842	13.9	139,372	14.7	168,353
Guangxi	8.6	79,197	8.6	94,210	8.9	106,512	10.0	119,135	11.5	137,047
Jilin	12.7	79,268	13.8	107,362	10.6	108,831	10.2	109,971	11.0	110,948
Tianjin	5.7	137,909	5.9	140,060	5.6	132,084	5.1	93,229	5.2	104,103
Shanxi	14	90,686	13.7	111,885	14.2	116,572	13.2	119,187	10.2	91,699
Gansu	8.8	52,442	9.4	63,343	9.2	70,002	8.9	77,506	8.9	90,443
Yunnan	4.9	34,539	5.3	42,606	5.3	50,862	5.6	69,734	6.3	90,117
Fujian	3.9	48,775	4.5	55,801	4.8	67,449	5.0	59,066	5.5	85,010
Hubei	4.9	59,850	5.7	57,415	5.2	50,519	4.8	49,671	5.2	73,670
Ningxia	7	22,639	7	41,407	6.9	37,688	7.8	48,154	8.8	64,796
Hunan	8.3	28,850	9.8	36,944	11.7	46,153	12.4	52,255	13.0	59,502
Beijing	4.8	50,972	4.5	63,053	3.1	57,700	3.2	50,559	3.0	47,377
Inner Mongolia	3.6	14,408	3.5	20,789	4.9	23,339	5.3	29,119	4.5	35,386
Shanghai	1.8	26,140	1.5	27,564	1.7	26,165	1.8	26,681	2.1	33,895
Guizhou	3.2	14,708	3.4	15,895	3.8	17,346	4.5	21,050	4.5	22,516
Heilongjiang	1.6	14,506	2.1	19,122	1.6	27,404	1.7	20,720	1.6	22,728
Chongqing	1.7	12,137	2.6	17,413	2.1	17,183	2.3	20,727	2.6	18,919
Jiangxi	1.8	3,560	1.8	3,631	1.9	3,868	1.9	3,741	1.9	3,856
Tibet	0	0	0	0	0.0	318	0.0	103	0.0	114
Qinghai	0	106	0.1	74	0.1	102	0.0	80	0.0	114
Guangdong	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0
Hainan	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0
National Total	392.4	4,479,453	421	5,175,939	413.5	5,675,318	408,100	5,794,411	418.7	6,270,756
Source: China Agriculture Statistical Report										

Fresh Apple Production, Supply and Supply (PS&D) Table

PSD Table									
Country	**China, Peoples Republic of**								
Commodity	**Apples, Fresh** (HA)(1000 TREES)(MT)								
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Planted	1890300	1890300	1890300	1899000	1899000	1899000	0	0	1950000
Area Harvested	0	0	0	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	20400000	20400000	20400000	24480000	24480000	26059298	0	0	23000000
Non-Comm. Production	0	0	0	0	0	0	0	0	0
Production	20400000	20400000	20400000	24480000	24480000	26059298	0	0	23000000
Imports	30157	30157	30157	27500	27500	33671	0	0	50000
Total Supply	20430157	20430157	20430157	24507500	24507500	26092969	0	0	23050000
Fresh Dom. Consumption	15882070	15882070	15882070	18677500	18677500	18329920	0	0	15170000
Exports, Fresh	768087	768087	768087	860000	860000	970549	0	0	880000
For Processing	3780000	3780000	3780000	4970000	4970000	6792500	0	0	7000000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	20430157	20430157	20430157	24507500	24507500	26092969	0	0	23050000

Fresh Apple Trade Matrices

Import Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Apples, Fresh		
Time Period CY		Units:	MT
Imports from:	2005		**2006**
U.S.	20599	U.S.	11557
Others		Others	
Chile	9691	Chile	14526
New Zealand	2837	New Zealand	4796
Japan	77	Japan	135
	0	France	22
		South Korea	21
		Thailand	17
Total for Others	12605		19517
Others not Listed	0		0
Grand Total	33204		31074

Source: WTA, China Customs Data

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Apples, Fresh		
Time Period CY		Units:	MT
Exports for:	2005		**2006**
U.S.	23	U.S.	84
Others		Others	
Russia	124733	Russia	141232
Vietnam	97718	Indonesia	82204
Indonesia	87818	Philippines	75478
Philippines	60938	Vietnam	65029
Kazakhstan	60183	Thailand	57591
Thailand	58743	Kyrgyzstan	53152
Malaysia	47963	Malaysia	43180
Kyrgyzstan	36716	Kazakhstan	40627
Bangladesh	27870	Bangladesh	26686
Hong Kong	26754	Hong Kong	26180
Total for Others	629436		611359
Others not Listed	194529		192875
Grand Total	823988		804318

Source: WTA, China Customs Data

Apple Export Prices

Prices Table			
Country	China, Peoples Republic of		
Commodity	Apples, Fresh		
Prices in	US$	per uom	MT
Year	**2006**	**2007**	**% Change**
Jan	450	490	9%
Feb	400	480	20%
Mar	460	490	7%
Apr	510	510	0%
May	530	500	-6%
Jun	570	500	-12%
Jul	620	510	-18%
Aug	450	470	4%
Sep	390	460	18%
Oct	450	N/A	
Nov	550	N/A	
Dec	460	N/A	
Exchange Rate	7.5/1.00	Local Currency/US $	
Date of Quote	10/31/2007	MM/DD/YYYY	

Concentrated Apple Juice (CAJ) Production, Supply and Demand (PS&D) Table

PSD Table									
Country	China, Peoples Republic of								
Commodity	Apple Juice, Concentrated (MT)								
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Deliv. To Processors	3780000	3780000	3780000	4970000	4970000	4970000	0	0	0
Beginning Stocks	121047	121047	121047	1413	1413	1413	26513	26513	26513
Production	540000	540000	540000	710000	710000	970357	0	0	1000000
Imports	132	132	132	100	100	354	0	0	120
Total Supply	661179	661179	661179	711513	711513	972124	26513	26513	1026633
Exports	613766	613766	613766	635000	635000	895611	0	0	930000
Domestic Consumption	46000	46000	46000	50000	50000	50000	0	0	45000
Ending Stocks	1413	1413	1413	26513	26513	26513	0	0	51633
Total Distribution	661179	661179	661179	711513	711513	972124	0	0	1026633

CAJ Export Matrix and Prices

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Apple Juice, Concentrated		
Time Period		Units:	MT
Exports from:	2005		**2006**
U.S.	227282	U.S.	221960
Others		Others	
Germany	91221	Russia	92721
Netherlands	73430	Netherlands	82532
Japan	67469	Japan	68282
Russia	62031	Germany	63039
Australia	29616	Canada	29721
Canada	27164	Australia	28199
South Africa	9669	Ukraine	17461
U.K.	6978	South Africa	10491
Spain	6630	Spain	6128
Israel	6370	U.K.	5752
Total for Others	380578		404326
Others not Listed	41889		46341
Grand Total	649749		672627

Source: WTA, China Customs Data

Prices Table			
Country	China, Peoples Republic of		
Commodity	Apple Juice, Concentrated		
Prices in	US$	per uom	MT
Year	**2006**	**2007**	**% Change**
Jan	790	980	24%
Feb	820	990	21%
Mar	820	990	21%
Apr	830	1000	20%
May	850	1010	19%
Jun	860	1040	21%
Jul	860	1040	21%
Aug	830	1010	22%
Sep	920	1220	33%
Oct	950	N/A	
Nov	970	N/A	
Dec	970	N/A	
Exchange Rate	7.5/1.00	Local Currency/US $	
Date of Quote	10/31/2007	MM/DD/YYYY	

Fresh Pear Production, Supply and Demand (PS&D) Table

PSD Table									
Country	**China, Peoples Republic of**								
Commodity	**Pears, Fresh**		(HA)(1000 TREES)(MT)						
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007
Area Planted	1112200	1112200	1112200	1123000	1123000	1087200	0	0	1067200
Area Harvested	0	0	0	0	0	0	0	0	0
Bearing Trees	0	0	0	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0	0	0	0
Total Trees	0	0	0	0	0	0	0	0	0
Commercial Production	11323514	11323514	11323514	12450000	12450000	11986000	0	0	12580000
Non-Comm. Production	0	0	0	0	0	0	0	0	0
Production	11323514	11323514	11323514	12450000	12450000	11986000	0	0	12580000
Imports	24	24	24	18	18	16	0	0	14
Total Supply	11323538	11323538	11323538	12450018	12450018	11986016	0	0	12580014
Fresh Dom. Consumption	10281273	10281273	10281273	11242818	11242818	10772126	0	0	11210014
Exports, Fresh	362265	362265	362265	391200	391200	397890	0	0	420000
For Processing	680000	680000	680000	816000	816000	816000	0	0	950000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	11323538	11323538	11323538	12450018	12450018	11986016	0	0	12580014

Fresh Pear Export Matrix and Prices

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Pears, Fresh		
Time Period		Units:	MT
Exports for:	2005		**2006**
U.S.	0	U.S.	9206
Others		Others	
Indonesia	71988	Indonesia	71765
Vietnam	51002	Russia	47432
Malaysia	47997	Malaysia	43334
Hong Kong	46171	Hong Kong	37627
Russia	42866	Vietnam	36756
Thailand	27985	Thailand	33009
Singapore	12739	Singapore	15118
Netherlands	11200	Netherlands	13531
Canada	8509	Canada	13176
Philippines	8248	Philippines	10247
Total for Others	328705		321995
Others not Listed	39628		44097
Grand Total	368333		375298

Source: WTA, China Customs Data

Prices Table			
Country	China, Peoples Republic of		
Commodity	Pears, Fresh		
Prices in	US$	per uom	MT
Year	**2006**	**2007**	**% Change**
Jan	380	440	16%
Feb	360	430	19%
Mar	370	420	14%
Apr	380	400	5%
May	450	350	-22%
Jun	480	340	-29%
Jul	430	310	-28%
Aug	400	360	-10%
Sep	370	360	-3%
Oct	400	N/A	
Nov	390	N/A	
Dec	400	N/A	
Exchange Rate	7.5/1.00	Local Currency/US $	
Date of Quote	10/31/2007	MM/DD/YYYY	

Fresh Grape Production, Supply and Demand (PS&D) Table

PSD Table									
Country	China, Peoples Republic of								
Commodity	Grapes, Table, Fresh (HA)(MT)								
	2005	Revised		2006	Estimate		2007	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		06/2005	06/2005		06/2006	06/2006		06/2007	06/2007
Area Planted	408100	408100	408100	404000	404000	418700	0	0	443000
Area Harvested	0	0	0	0	0	0	0	0	0
Commercial Production	5794411	5794411	5794411	6020000	6020000	6270756	0	0	6900000
Non-Comm. Production	0	0	0	0	0	0	0	0	0
Production	5794411	5794411	5794411	6020000	6020000	6270756	0	0	6900000
Imports	53050	53050	53177	48000	48000	43900	0	0	40000
Total Supply	5847461	5847461	5847588	6068000	6068000	6314656	0	0	6940000
Fresh Dom. Consumption	4074461	4074461	4076476	4116000	4116000	4354094	0	0	4838000
Exports, Fresh	23000	23000	21112	27000	27000	35562	0	0	52000
For Processing	1750000	1750000	1750000	1925000	1925000	1925000	0	0	2050000
Withdrawal From Market	0	0	0	0	0	0	0	0	0
Total Distribution	5847461	5847461	5847588	6068000	6068000	6314656	0	0	6940000

Table Grape Trade Matrices

Import Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Grapes, Table, Fresh		
Time Period		Units:	MT
Imports for:	2005		**2006**
U.S.	21663	U.S.	19184
Others		Others	
Chile	34370	Chile	24638
New Zealand	1442	Peru	2123
Japan	15	New Zealand	59
Total for Others	35827		26820
Others not Listed	0		0
Grand Total	57490		46004

Source: WTA, China Customs Data

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Grapes, Table, Fresh		
Time Period		Units:	MT
Exports for:	2005		**2006**
U.S.	0	U.S.	0
Others		Others	
Russia	9317	Pakistan	7387
Pakistan	3613	Russia	6881
Vietnam	2531	Hong Kong	6121
Hong Kong	1976	Vietnam	4439
Malaysia	1591	Malaysia	3215
Thailand	730	Indonesia	2666
Indonesia	355	Thailand	1862
Philippines	234	Philippines	315
Sri Lanka	156	Bangladesh	302
Singapore	136	Sri Lanka	297
Total for Others	20639		33485
Others not Listed	618		808
Grand Total	21257		34293

Source: WTA, China Customs Data

Table Grape Export Prices

Prices Table			
Country	China, Peoples Republic of		
Commodity	Grapes, Table, Fresh		
Prices in	US$	per uom	MT
Year	**2006**	**2007**	**% Change**
Jan	400	640	60%
Feb	460	740	61%
Mar	320	600	88%
Apr	240	340	42%
May	430	590	37%
Jun	570	480	-16%
Jul	680	700	3%
Aug	600	690	15%
Sep	520	580	12%
Oct	550	N/A	
Nov	550	N/A	
Dec	630	N/A	
Exchange Rate	7.5/1.00	Local Currency/US $	
Date of Quote	10/31/2007	MM/DD/YYYY	