

# The Imported Fruit Market in China



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## **1. Introduction**

Fruit market in China can be divided into three different submarkets: fresh fruit, dried fruit and frozen fruit<sup>1</sup> markets. However, this report will focus on the fresh fruit market due to three main reasons:

- Quantities for frozen and dried fruits imported into China from the EU are very low or even non-existent. The value of fruit imported into China reached almost USD 7 billion, growing from 5.2 billion (+35%) in 2017, while value for imported dried and frozen fruit was below 300 million (each).
- The consumption of dried or frozen fruits in China is low and the market is not growing. On the other hand, fresh fruit consumption in China is growing steadily, especially for premium and imported fruits.
- Distribution channels work different for each market. E-commerce platforms, convenience stores and fruits shops are the main channels for fresh fruit, while frozen fruit is mainly sold in supermarkets and hypermarkets and dried fruits in convenience stores to be consumed as a snack.

Production of fresh fruit in China follows the same seasonality as EU producers, making local fruit production the main competitor for EU fruit exporters and leaving a narrow market niche for EU fruits, mainly in the premium segment. Fruit imports mainly come from countries located in the Southern hemisphere and neighbouring Southeast Asian countries (e.g. durian, lychee or longan), or certain fruits (e.g. cherries, oranges) from top global producers such as the US.

In addition to this geographic production limitation, there are also technical barriers from Chinese authorities to export fruit to China. Firstly, China needs to sign a bilateral agreement (export protocol) with the exporting country, which specifies the fruit species and other export requirements. After this agreement is signed, companies need to be approved and registered annually and follow the requirements on the protocol and by Chinese Customs to export to China.

Once the fruit arrives into China, it needs to be distributed to reach the final consumer. The vast majority of the imported fruit goes through wholesale markets to local distributors and then to retail, although some large platforms or hypermarkets take care of their own imports and fruits go directly from the port to their shelves. Fruit stores, E-commerce platforms and convenience stores are the fastest growing sales channels for fruit, E-commerce having the largest offer of imported fruit.

Main drivers for fruit consumption in China are appearance, flavour and price although country of origin and packaging affect consumers purchasing decision too.

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<sup>1</sup> List of EU countries approved to export frozen or dried fruit to China can be found on appendixes 1 and 2.

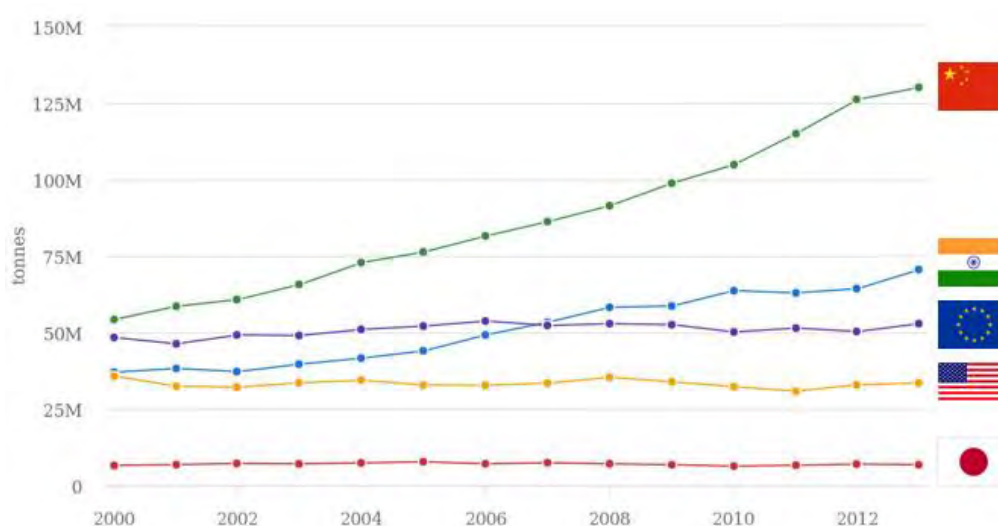
## 2. Market size

### 2.1 Consumption

Fresh fruit consumption in China is growing every year at a steady rate. According to the China Agricultural Outlook Report (2018-2027)<sup>2</sup> published by the Agricultural Information Institute of China, annual per capita consumption of fruit was estimated at 92.5 kg in 2017, a quantity that is expected to increase to 97.9 kg by 2020.

If we compare China's consumption to the largest economies, we have to rely on FAO's data published until 2013. Although it is "old" data, it still shows the evolution of China's fruit consumption and illustrates well where it stands as a player in the global market. China has experienced a 7% CAGR from 2000 to 2013, reaching a total consumption of 130 million tonnes. China is the world's main fruit consumer by a long margin. India, second, had a fruit supply of 70 million tonnes in 2013.

**Graph 1: Total fruit supply per year (tonnes)**

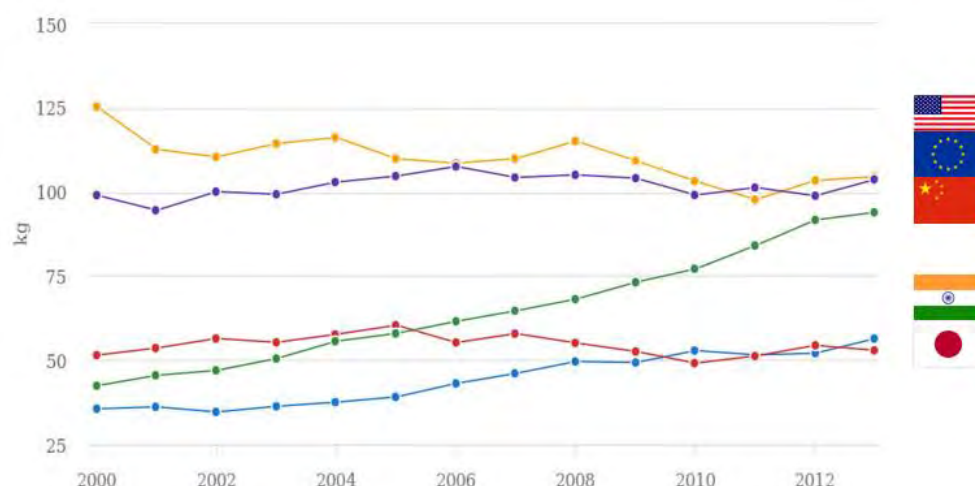


Source: FAOSTAT (Feb, 2019). Data available until 2013

Fruit supply per capita in China has also been increasing steadily and has almost reached that of USA and the EU.

**Graph 2: Fruit supply (kg/capita/year)**

<sup>2</sup> 2018-2027-China Agricultural Outlook-中国农业展望报告, <http://www.bookschina.com/7762500.htm>



Source: FAOSTAT (Feb, 2019). Data available until 2013

This growth in consumption is mainly because of higher income, preference for healthy products and larger fruit availability and diversity, which also influence fruit consumption trends (analysed in Section 4. *Drivers of fruit consumption in China*). Although Chinese culture has always included fruit on their diet, consumers have started to diversify the types and origins of the fruits, having year-round availability of most fruits. They also tend to consume fruits that are said to be more nutritious, fresher and with special characteristics.

Consumption of some traditional locally produced fruits –such as apples or pears- is decreasing (from 35 and 14 million tonnes to 27 and 11 million tonnes in 2017 and 2018, respectively)<sup>3</sup>, while other domestic produce such as mandarins, as well as the consumption of imported fruits is increasing at a relatively high rate (+35%, from 5,160 million tonnes in 2017 to 6,952 in 2018)<sup>4</sup>. Although China requires other countries to sign a protocol (or bilateral agreement) to export fruits to China, 17 and 10 new fruits from different origins were granted market access in 2017 and 2018 respectively. This reflects a clear interest on new imported fruits by China.

Thanks to the development of cold chain infrastructure, lengthening of production season and availability of newly-developed varieties, the offer of different fruits and fruit varieties has suffered a huge diversification.

## 2.2 Production

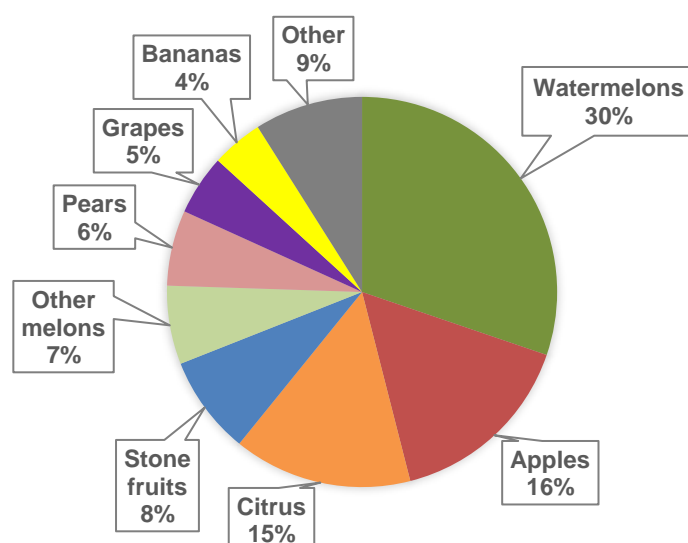
In 2017, China produced 262.2 million tonnes of fruit<sup>5</sup>. Most produced local fruits were watermelons, apples and citrus, accounting for 61% of the total fruit production in the country. China also produces, although in smaller quantities, stone fruits, other melons, pears, grapes and other fruits (mainly berries and tropical fruits).

<sup>3</sup> <https://www.indexmundi.com/agriculture/?country=cn&commodity=apples&graph=fresh-domestic-consumption>

<sup>4</sup> China Customs data

<sup>5</sup> FAOstat data

### China fruit production in 2017 (million tonnes)



Fruit	Million tonnes
Watermelons	79.3
Apples	41.4
Citrus	38.9
Stone fruits	21.4
Other melons	17.1
Pears	16.4
Grapes	13.1
Bananas	11.2
Other	23.5
<b>TOTAL</b>	<b>262.2</b>

Source: own elaboration from FAOstat data

We are going to analyse the Chinese production of those fruits that can be exported from some member states to China, since the local produce is the EU's main competitor.

### Citrus fruits<sup>6</sup>

- Orange

According to USDA Gain, China's orange production is forecasted to decrease 1% in the 2018-2019 season compared to 2017-2018, falling from 7.3 to 7.2 million tonnes. This reduction, caused by heavy rains during flowering, might not affect following years' production and should be considered by EU exporters when sizing the market.

- Mandarin

Because of the high demand, China has expanded its mandarin production, which is expected to reach 22 million tonnes in 2018-2019. This increase represents almost +4% from 2017-2018. However, it seems that the expansion of the planted mandarin trees might represent an oversupply in the future, which will probably saturate the market and lower the prices.

- Grapefruit

The grapefruit production in China for season 2018-2019 is expected to increase approximately 2% to 4.9 million tonnes compared to the previous season. It is important to note that Chinese grapefruit is different from those produced in EU countries, with a bigger size and thicker peel.

<sup>6</sup> 2018. Citrus Annual

[https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_12-14-2018.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_12-14-2018.pdf)





Chinese grapefruit vs. European grapefruit

- Lemon

China is one of the largest lemon producers in the world, after India and Mexico<sup>7</sup>. In 2017, China produced 2.3 million tonnes, up by 2.6% compared to 2016 according to FAOstat. Lemon production in China is expected to continue rising, encouraged by growing demand<sup>8</sup>.

### **Deciduous fruits<sup>9</sup>**

- Grape

Despite China attempts on increasing table grape production due to the high demand, production in 2018-2019 is expected to decrease 10% compared to previous year, caused by frost damage. In 2017-2018 season, production reached 10.5 million tonnes.

To extend the harvest season and make the production grow, many farmers have introduced new varieties to their crops, together with technologic improvements such as greenhouses.

- Apple

Apple production in China is forecasted to decrease approximately 25% in 2018-2019 compared to 2017-2018, going down from 41.4 to 31 million tonnes. According to FAOstat data, in 2017 China was the largest apple producer in the World and will continue in the first position despite the production decrease in 2018, as USA (the second largest producer in 2017) just produced 5 million tonnes.

Chinese apple production is moving from a dispersed system to a consolidated farming system, based on cooperatives and large private companies. Varieties produced are reduced, focusing on Fuji and Gala varieties.

- Pear

Production of pear in China in 2018-2019 is estimated to decrease around 20% compared to 2017-2018. While in 2017-2018, production reached 16.4 million tonnes, in 2018-2019 it was only 13.1 million tonnes. This reduction seems to be due two main reasons: farmers are starting to harvest either more profitable fruits (such as grapes) or crops requiring less labour effort, like corn.

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<sup>7</sup> <https://www.freshplaza.com/article/2194903/overview-global-lemon-market/>

<sup>8</sup> 2017. Citrus Annual

[https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_12-15-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_12-15-2017.pdf)

<sup>9</sup> 2018. Fresh Deciduous Fruit Annual

[https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_10-30-2018.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_10-30-2018.pdf)



### **Stone fruits<sup>10</sup>**

- Peach and nectarine

China's forecasts that peach and nectarine production in 2018-2019 will go down 6% compared to 2017-2018 (from 14.3 to 13.5 million tonnes). This reduction was caused by frosts during spring and might be reversed for next year. However, EU exporters should be ready to export, as consumption of high-quality products is increasing.

- Plum

According to FAOstat data, China produced 6.8 million tonnes of plums and sloes in 2017, which represents a 2.4% increase compared to 2017. China is the world's first producer of plums and sloes, accounting more than 57% of the global production.

### **Kiwifruit**

In 2017, although kiwifruit production went down 17%, from 2.4 to 2 million tonnes, China still produced 50% of the world's total. New Zealand produced 10% of the total in 2017, according to data published by FAOstat. Despite this drop on production, prices went down too, reportedly because of oversupply of standard quality kiwifruit<sup>11</sup>. However, this situation did not affect imports and prices of imported kiwifruits, normally of a higher quality (for example, Zespri sales increased 15% in 2017<sup>12</sup>).

## **2.3 Analysis of fruits imports per country**

China imports fruits because of three main reasons:

1. Seasonality
2. Climate conditions
3. Growing demand

Although new technologies are being applied to harvesting to extend the production season, there are still some periods of time in which China cannot produce certain types of fruits, such as citrus. Other fruits can only be grown in certain places due to geographic and climate conditions, such as some tropical fruits that can be produced in southern areas of Yunnan, Guaxi, Guangdong and Hainan provinces.

Also, there are some fruits that China produces, however, because of the growing demand outpaces an increased production, they still need to import. This is the case of stone fruits, grapes and citrus. There is also a special interest for premium foreign brands and new varieties.

The combined value of the three most imported fruit categories in China, i.e. tropical fruit, stone fruits and bananas and plantains, makes up to 62% of the total imports.

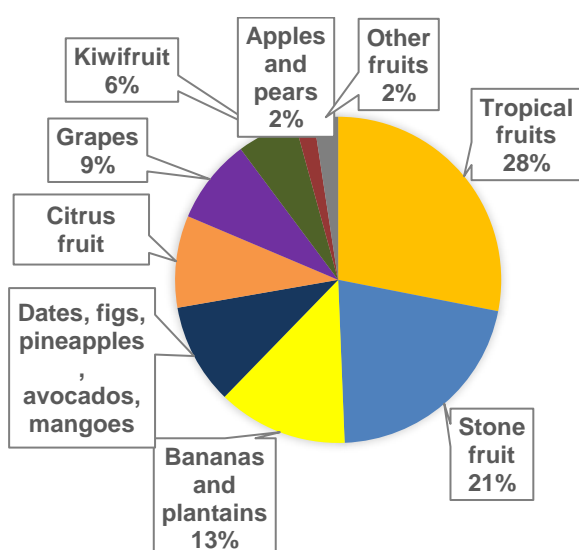
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<sup>10</sup> 2018. Stone Fruit Annual\_ [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_6-29-2018.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Stone%20Fruit%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_6-29-2018.pdf)

<sup>11</sup> <https://www.producereport.com/article/exclusive-analysis-obstacles-facing-chinas-world-leading-kiwifruit-industry-2018>

<sup>12</sup> <https://www.freshplaza.com/article/9075567/new-zealand-kiwifruit-continues-on-its-export-roll/>

## China fruit imports in 2018 (USD)



Source: China Customs

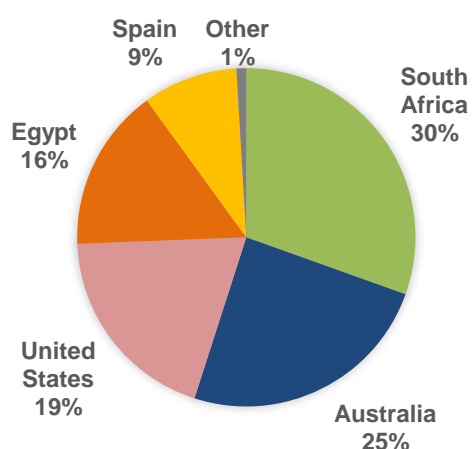
Fruit	Million USD	Growth vs 2017
Tropical fruits	1952.7	+36%
Stone fruit	1479.5	+64%
Bananas and plantains	896.8	+55%
Dates, figs, pineapples, avocados, mangoes	695.1	+63%
Citrus fruit	633.7	+15%
Grapes	586.2	-8%
Kiwifruit	411.3	+13%
Apples and pears	130.1	+2%
Other fruits	167.5	+22%
<b>TOTAL</b>	<b>6952.8</b>	<b>+35%</b>

### Citrus fruits

- Orange

Among the analysed fruits, orange is the only one that is imported into China approximately in similar quantities from countries in the Northern hemisphere + EU (45%) and countries in the Southern hemisphere and the equator (55%). This happens because China's orange production ends in January-February, while in some other countries, such as Spain, the production of some varieties (such as navelate) goes on until May. This difference opens an export window of 2-4 months, when most of the imports from the Northern hemisphere and EU take place.

The only EU exporter is Spain, whose orange exports to China in 2018 were valued almost USD 40 million. Although Cyprus and Italy are also approved to export oranges to China, there are no records of imports from these two countries in 2018 or 2017.

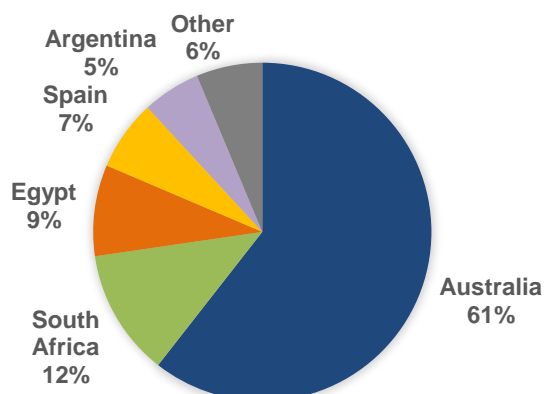


Country of origin	Million USD
South Africa	133.1
Australia	107.0
United States	84.8
Egypt	68.2
Spain	39.6
Other	4.1
<b>TOTAL</b>	<b>436.8</b>

Source: China Customs

- Mandarin

Mandarin imports into China come mainly from the Southern hemisphere (79%), being Australia the largest exporter (accounting for more than 60% of total exports). The main exporter of mandarins from the EU is Spain, whose exports in 2018 were valued USD 4.4 million. Cyprus is also approved to export mandarins to China but the value of their exports in 2018 was only USD 10,000.



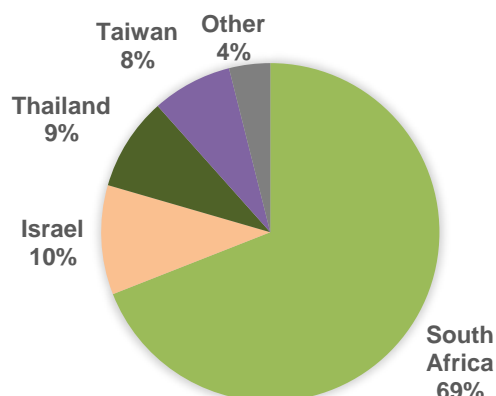
Country of origin	Million USD
Australia	40.1
South Africa	8.0
Egypt	5.8
Spain	4.4
Argentina	3.7
Other	4.2
<b>TOTAL</b>	<b>66.1</b>

Source: China Customs

- Grapefruit

Spain and Cyprus are the only two EU countries approved to export grapefruit to China. However, import records show that import value from both countries in 2018 was very low (USD 0.9 million for Spain and USD 0.4 million for Cyprus).

Almost 70% of total imports come from South Africa, followed by Israel (10%) and Thailand (9%).



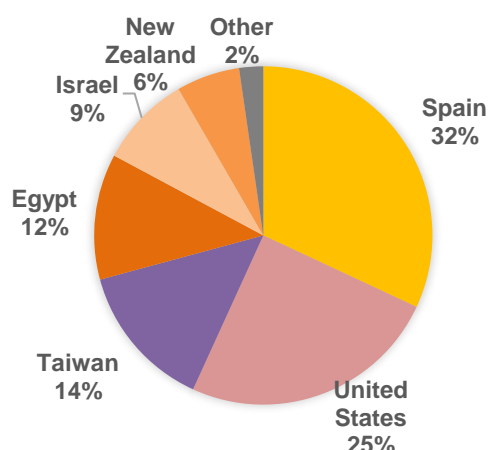
Country of origin	Million USD
South Africa	60.1
Israel	9.1
Thailand	7.8
Taiwan	6.7
Other	3.4
<b>TOTAL</b>	<b>87.0</b>

Source: China Customs

- Lemon

Lemon imports, together with pear, are the lowest among all fruits allowed to be exported from the EU. Spain is the largest exporter, with 32% of total exports (6.8 million USD), while there are no records of exports from Cyprus, the only other approved exporter from the EU.

Second and third top origins are USA (25%, 5.3 million USD) and Taiwan (14%, 3 million USD).



Country of origin	Million USD
Spain	6.8
United States	5.3
Taiwan	3.0
Egypt	2.6
Israel	1.9
New Zealand	1.3
Other	0.5
<b>TOTAL</b>	<b>21.4</b>

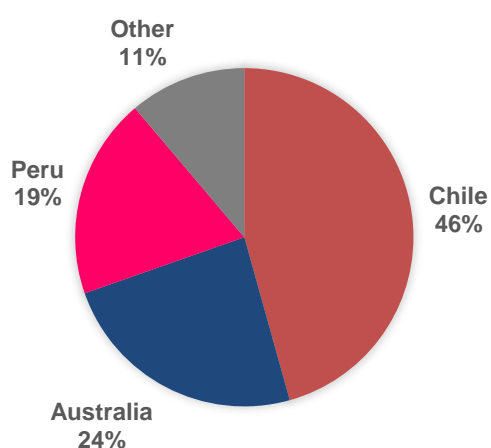
Source: China Customs

## Deciduous fruits

### • Grape

In 2018, China imports of grapes were valued USD 586 million. There were three main origin of these imports, all of them located on the Southern hemisphere, accounting for 89% of total grape imports this year.

Portugal and Spain got approved to export grapes to China at the end of 2018, therefore there are no import records yet. The only countries exporting grapes to China from the Northern hemisphere in 2018 were USA, India and Egypt, with less than 7% of combined market share.



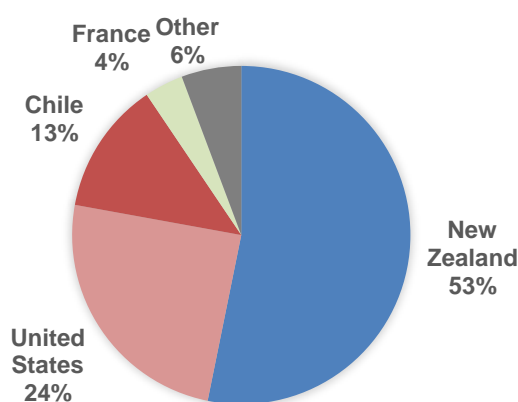
Country of origin	Million USD
Chile	267.7
Australia	140.4
Peru	112.5
Other	65.5
<b>TOTAL</b>	<b>586.2</b>

Source: China Customs

### • Apple

China's imports of apple in 2018 imports were valued 117 million USD, coming mainly from New Zealand (53%) and USA (24%).

There are only two countries from the EU approved to export apples to China: France and Poland. Imports from France were valued USD 4.4 million in 2018, representing 4% of total imports, while imports originating from Poland were only valued USD 300 thousand million (0.2%).

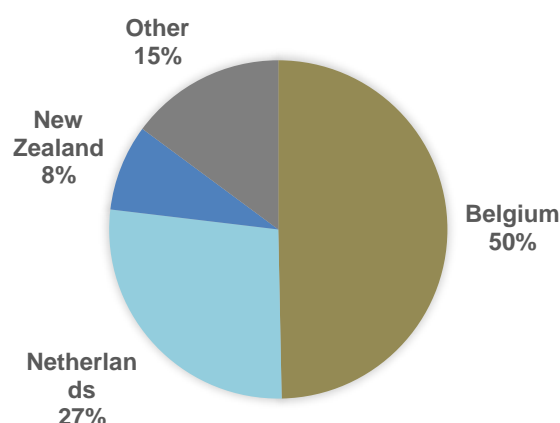


Country of origin	Million USD
New Zealand	62.4
United States	29.0
Chile	14.9
France	4.4
Other	6.7
<b>TOTAL</b>	<b>117.4</b>

Source: China Customs

- Pear

China imports of pear are the lowest among the fruits that can be exported from an EU country. However, it is the one of the two fruits (along with lemon) for which EU countries lead. Imports from Belgium and Netherlands represented three out of four euros worth of China's imports in 2018, totalling USD 6.3 and 3.4 million respectively.



Country of origin	Million USD
Belgium	6.3
Netherlands	3.4
New Zealand	1.0
Other	1.9
<b>TOTAL</b>	<b>12.7</b>

Source: China Customs

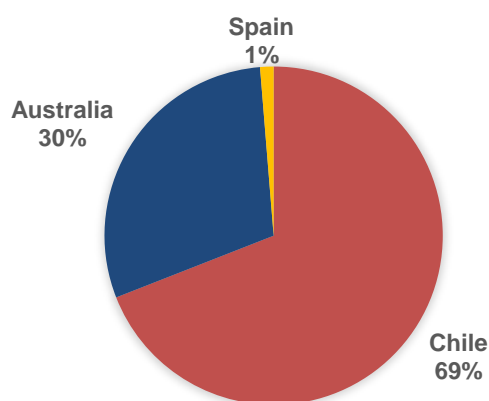
## Stone fruits

- Peach and nectarine

Despite growing demand for high quality peach and nectarine among Chinese consumers, exports to China are still relatively low, and mostly coming from only two countries: Chile 69% and Australia 30%. This is due to logistic difficulties and quarantine requirements. For example, Spanish peaches are

required 16-21 days of cold quarantine treatment, depending on the storage temperature, while peaches shelf life is around 2-3 weeks refrigerated and around 5 more days once at room temperature<sup>13</sup>.

Spain is the only EU country approved to export peach to China. In 2018, peach exports to China were valued USD 800,000, representing just 1% of the total imports.

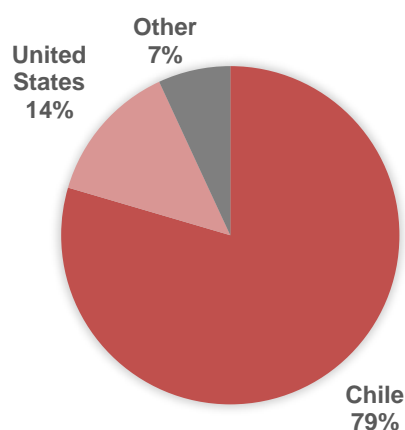


Country of origin	Million USD
Chile	40.4
Australia	17.3
Spain	0.8
<b>TOTAL</b>	<b>58.4</b>

*Source: China Customs*

- Plum

Plum imports into China are significantly dominated by Chile, an origin that accounts for almost 80% of total imports in 2018, valued USD 93.5 million. Second major exporter is United States (USD 15.9 million, 14%), followed by Spain (USD 4.9 million, 4%).



Country of origin	Million USD
Chile	93.5
United States	15.9
Other	8.1
<b>TOTAL</b>	<b>117.5</b>

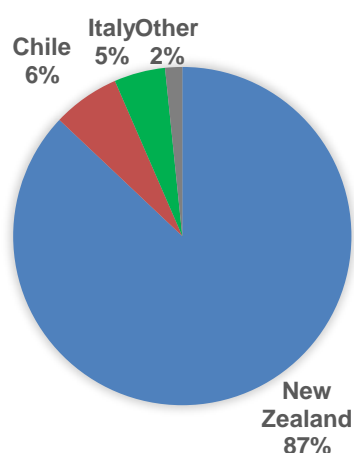
*Source: China Customs*

<sup>13</sup> [https://ivaluefood.com/downloads/Produce\\_Cheat\\_Sheet.pdf](https://ivaluefood.com/downloads/Produce_Cheat_Sheet.pdf)  
<https://food.unl.edu/food-storage-chart-cupboardpantry-refrigerator-and-freezer>

## Kiwifruit

As already mentioned in the production section, China is the first kiwifruit producer in the world. However, imports are growing steadily, around 16% CAGR in the 2015-2018 period, due to China's demand of high-quality kiwifruit. Most of the imports come from New Zealand (87%, valued USD 358 million).

France, Italy and Greece are the only EU countries approved to export kiwifruit to China. In 2018, imports from Italy were valued USD 20.1 million, representing 5% of the total, while imports from Greece were valued USD 3.6 million (0.9%) and France 3.1 million (0.8%).



Country of origin	Million USD
New Zealand	358.0
Chile	26.4
Italy	20.1
Other	6.7
<b>TOTAL</b>	<b>411.3</b>

Source: China Customs

## 2.4 Analysis of fruits imports per port

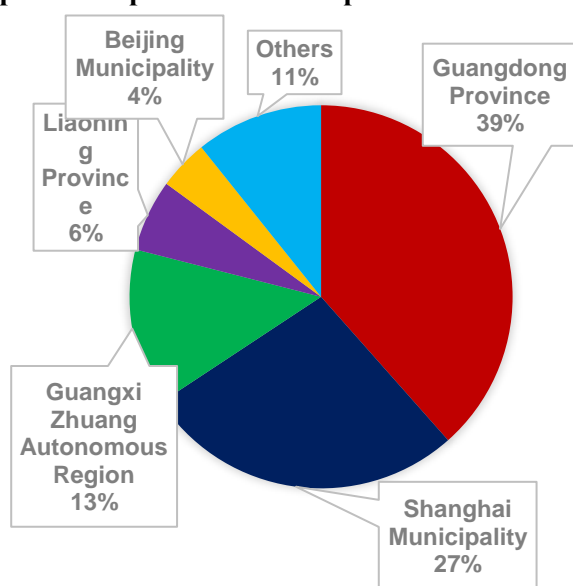
Fruits are imported into China through many different ports. Some ports have more developed logistic systems and cold chain is better preserved, therefore are used more frequently to import fresh products.

Guangdong port, located at the south of China, near Hong Kong, is the main entry port for fruits into China, accounting for 39% in terms of value of all fruit imports in 2018. There are some other regions where fruit imports are also important, like Shanghai (27% of total imports) and Guanxi (13%).

Guangdong province is the largest importer of tropical fruits (40%), stone fruits (63%), grapes (72%) and apples and pears (60%), while Shanghai is the main entry port for bananas and plantains (48%), citrus fruits (48%), dates, figs, pineapples, avocados and mangoes (25%) and kiwifruit (94%). Guanxi, Beijing and Liaoning, although also importing large quantities, the percentage they represent are relatively small compared to Guangdong and Shanghai.



### Top 5 China ports for fruit imports in 2018



Region	Million USD
Guangdong Province	2,674.2
Shanghai Municipality	1,894.6
Guangxi Zhuang Autonomous Region	922.6
Liaoning Province	421.7
Beijing Municipality	292.6
Others	747.2
<b>TOTAL</b>	<b>6952.8</b>

Source: China Customs

### 3. EU fruits in China

#### 3.1 Market access

China has different import restrictions and trade barriers depending on the type of F&B product. For exporting fresh, frozen and dried fruits to China, a bilateral agreement<sup>14</sup> is required. Additionally, companies and orchards (if applicable) must be authorised to export to China and batches need to comply with all other export requirements (cold treatment and quarantine, documents, labelling, among others).

#### Bilateral agreements (protocols)

Bilateral agreements (protocols) are negotiated between the relevant authorities of the country of origin and AQSIQ (now SAMR<sup>15</sup>) (General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China) who will evaluate the health status of the exporting country.

The assessment evaluates the laws and regulation, quality management control system and detection and monitoring of pests. After obtaining a positive in-situ evaluation, Chinese authorities will initiate negotiations to design the content of the protocol between the two countries, and also to discuss the format of sanitary and phytosanitary certificates. Protocols are signed for each fruit individually and specify the species approved. Therefore, protocols specifications and requirements may differ from one country to another, even if it applies to the same fruit.

Currently, there are 9 EU countries approved to export some kind of fresh<sup>16</sup> fruit to China:

- Belgium: 梨 (*Pyrus communis*; Pear)
- Cyprus: 柑橘 [橙 (*Citrus sinensis*; Orange), 柠檬 (*Citrus limon*; Lemon), 葡萄柚 (*Citrus paradisi*; Grapefruit), 桔橙 (*Citrus sinensis* × *Citrus reticulata*; Mandarins)]
- France: 苹果 (*Malus domestica*; Apple), 猕猴桃 (*Actinidia chinensis*, *Actinidia deliciosa*; Kiwi fruit)
- Greece: 猕猴桃 (*Actinidia chinensis*, *Actinidia deliciosa*; Kiwi fruit)
- Italy: 猕猴桃 (*Actinidia chinensis*, *Actinidia deliciosa*; Kiwi fruit); 柑橘 [橙 (*Citrus sinensis* cv. *Tarocco*, cv. *Sanguinello*, cv. *Moro*); Orange), 柠檬 (*Citrus limon* cv. *Femminello comune*; Lemon)]
- Netherlands: 梨 (*Pyrus communis*; Pear)
- Poland: 苹果 (*Malus domestica*; Apple)
- Portugal: 葡萄 (*Vitis vinifera*; Grape)<sup>17</sup>
- Spain: 柑橘 [桔 (*Citrus reticulata*; Mandarin), 橙 (*Citrus sinensis*; Orange), 葡萄柚 (*Citrus paradisi*; Grapefruit), 柠檬 (*Citrus limon*; Lemon)], 桃 (*Prunus persica*; Peach), 李 (*Prunus salicina*, *Prunus domestica*; Plum), 葡萄 (*Vitis vinifera*; Grape)<sup>18</sup>

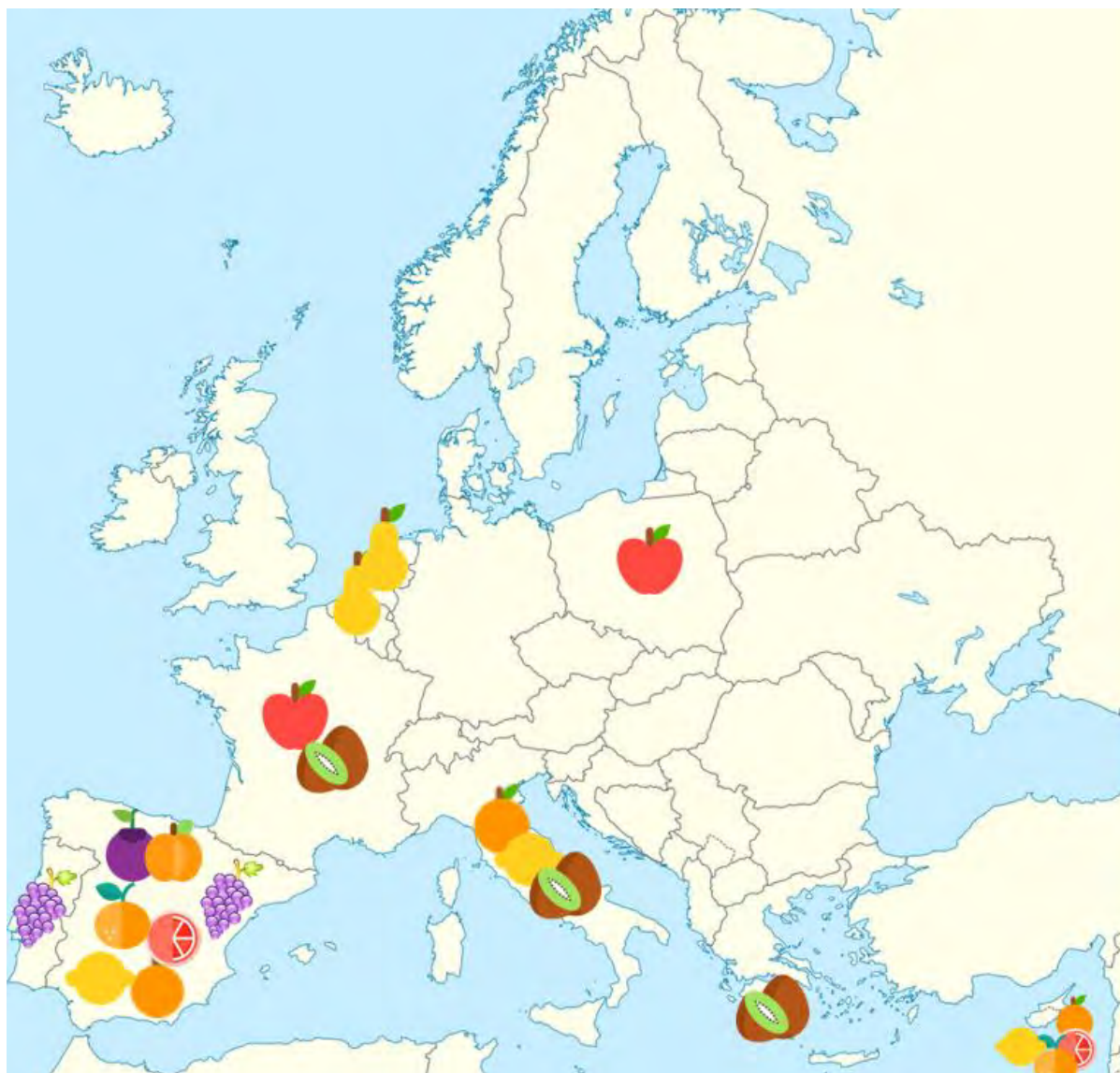
<sup>14</sup> AQSIQ. Mission. International Cooperation, <http://english.aqsiq.gov.cn/AboutAQSIQ/Mission/>

<sup>15</sup> State Administration for Market Regulation, <http://www.samr.gov.cn/>

<sup>16</sup> <http://www.customs.gov.cn/customs/jyvj/dzwjvj/qymd/zwjcp/2169866/index.html>; Latest update: 16/01/2019 | Checked on: 14/02/2019

<sup>17</sup> Approved but pending official publication

<sup>18</sup> Approved but pending official publication



*Source: Own elaboration based on AQSIQ and China Customs data*

### **Company registration**

Once the bilateral agreement has been signed, each company's orchards, packinghouses and cold storages must be registered by the domestic authorities in the member state recognised by AQSIQ. Additionally, AQSIQ and local authorities may audit the facilities before the first export season.

The registration information<sup>19</sup>, which must include name, address and registration number of the company, will be used by AQSIQ to trace back the products in case the export shipment does not comply with the protocol requirements.

Registered companies will be required to implement the good agricultural practices (GAP), including maintain phytosanitary condition of the orchard, clean-up of fallen fruit and implement the integrated pest management.

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<sup>19</sup> <http://www.customs.gov.cn/customs/jyzy/dzwjyzy/qymd/index.html>

## **Export compliance**

Fruits exported to China must comply with the requirements specified in the protocol. These requirements may vary between different countries and fruits. Some common aspects covered by the bilateral agreement are (but not limited to):

1. Pest management
2. Processing and packing
3. Labelling and packing mark
4. Entry ports
5. Containers and cold treatment sensors
6. Samples and inspection
7. Documents to submit to CIQ

### **1. Pest management**

Protocols specify the quarantine pests from which each fruit must be free and the guidelines that must be followed in order to prevent, control and treat them. Fruits must be also free of insects such as aphids or scale insects and free of fungal diseases.

Controlling, monitoring and treatment actions include hanging traps, establishing buffer zone around pest free places of production, removing fallen leaves, fallen fruits, diseased branches and diseased fruits, destroying overwintering sites of the insect or disease or applying fungicide to prevent postharvest rots, remove infested or deformed fruits, clean fruit surface, among others.

### **2. Processing and packing**

Processing and packing must be carried out under the supervision of the competent authority in the member state or a body appointed by them. Fruits must be washed, culled, sorted and graded to ensure that they are free from insects and mites, rotten fruits, deformed fruits, leaves, roots and soil.

Packing materials must be clean, sanitary and unused and vents (if any) must be covered and fruit that will be exported to China must be stored separately once packed to avoid re-infection.

### **3. Labelling and packing mark**

Each packing box must have the following information written both in Chinese and English: description of the product, country and place of origin (state, city or county), name and registered number of orchard and packinghouse. Additionally, each pallet (or packing box if pallets are not used) must be marked with “输往中华人民共和国” (for the People’s Republic of China)

### **4. Entry ports**

Sometimes protocols specify which ports are approved to import each type of fruit. For example, the protocol for Spanish citrus identifies the ports through which they can access China: Dalian, Tianjin, Beijing, Qingdao and Shanghai (although this list of ports was later expanded).

### **5. Containers and cold treatment sensors**

As an additional pest prevention system, fruits may be required to be stored in refrigerated containers while being transported to China. Temperature normally depends on the length of the cold treatment.

Containers must have sensors and temperature recorders that will save records of the cold treatment during transit. Sensors will be calibrated and located in specific places of the container and the fruit and

the container door will be sealed by an authorised person. Once the container arrives to China, an authorised Chinese officer will open it and check the cold treatment report.

Temperature and length of the cold treatment, container number and container seal number will be included in the phytosanitary certificate.

#### 6. Samples and inspection

Local authorities appointed by AQSIQ will inspect the fruit exported to China in a sample of 2% of the total cartons in the shipment. In some cases, this percentage will be reduced to 1% two years after the protocol is signed if no problems occur.

#### 7. Documents to submit to Chinese Customs

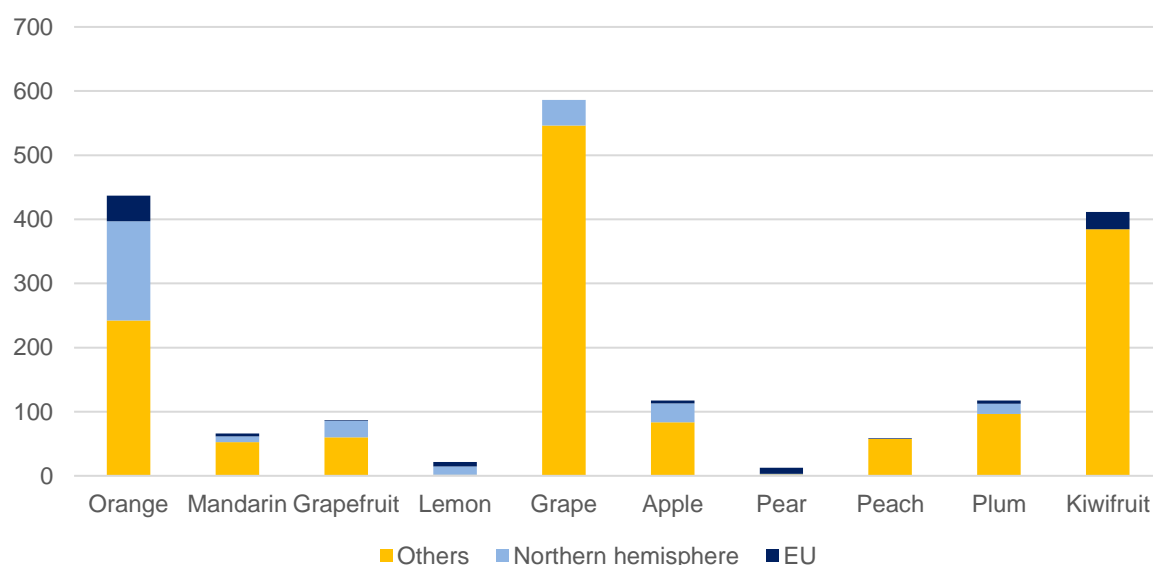
Once the fruit arrives to China, Customs will check:

- Phytosanitary Certificate
- Cold treatment report
- Record of calibration of fruit sensors
- Permit for Quarantine of Entry Animals and Plants
- Labelling and packing mark.

### 3.2 Performance

Regarding the performance of exports from the EU countries to China, it is important to distinguish the origin of imports: from the EU, from other countries located in the Northern hemisphere and others (mostly located along the equator or in the Southern hemisphere). Most of the fruit imported into China comes from the latter (80% of the total). However, because of fruit seasonality, main competitors for EU producers are China's domestic production and other countries located on the northern hemisphere. Imports from the Northern hemisphere (excluding those from the EU) represent 15% of total, while imports from the EU only account for 5%.

**Graph 3: China imports of fruits that can be exported from EU countries in 2017 (USD M)**



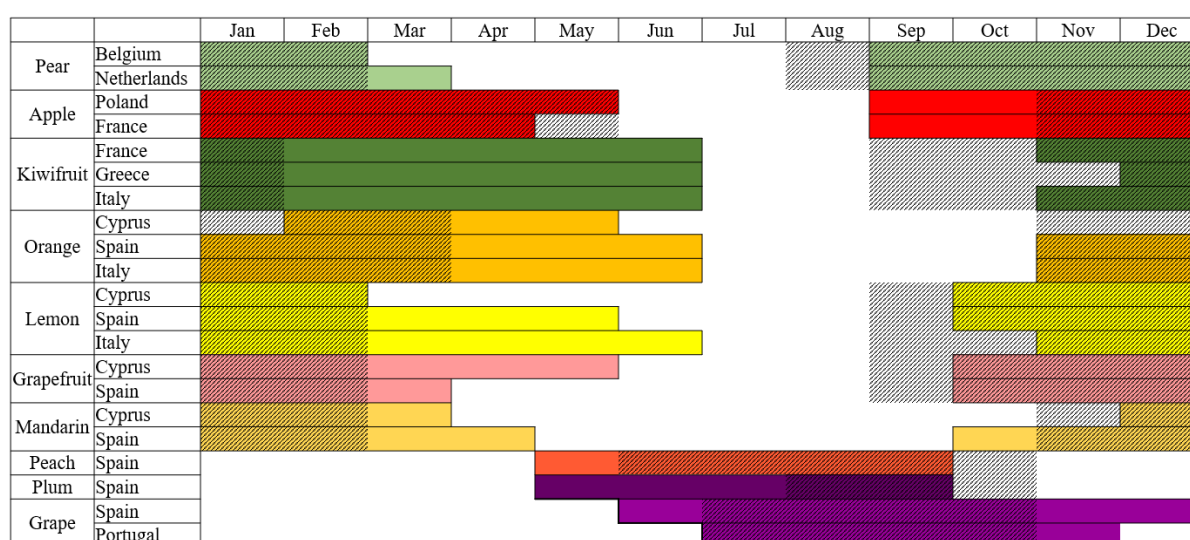
*Source: China Customs*

Before analysing performance per fruit depending on the sales point and origin, it is important to see the seasonality of each fruit, depending on the country from where it is exported.

If we compare EU and Chinese fruit seasonality, they are very similar to each other, which will make local production in China the main competitor for EU exporters. On the graphic below, we can see Chinese production (grey areas) over EU production (colourful areas). Production period of most of these fruits starts in early autumn and finishes before spring in China, while in Europe starts in mid-autumn and finishes at the beginning of summer.

Therefore, seasonality will affect greatly to the presence and performance of imported fruits in the Chinese market. Although it will depend on each fruit, spring will generally be the most profitable time for EU exporters. Import periodicity reported by Chinese Customs will be taken as a reference for consumption periodicity.

**Table 1: China vs. EU fruit production seasonality**



Source: Own elaboration based on different sources<sup>20</sup>

Due to the price volatility and fruit availability depending on the product seasonality and sales channel, analysing prices would require a nearly constant monitoring, which is out of the scope of this study.

<sup>20</sup> Cyprus: <http://www.groexport.com.cy/GroProducts.aspx?section=1>

<http://www.cypruscitrus.com/products/cid/1>

Spain: <https://www.agromatica.es/periodos-de-recoleccion-de-citricos/>

[http://www.ivia.gva.es/documents/161862582/161863536/calendarios\\_recoleccion\\_general.pdf/7896544e-cbe1-4509-ad8f-f717a02b815d](http://www.ivia.gva.es/documents/161862582/161863536/calendarios_recoleccion_general.pdf/7896544e-cbe1-4509-ad8f-f717a02b815d)

<http://www.ivia.gva.es/documents/161862582/161863606/El+melocotonero+en+Espa%C3%B1a+-+situaci%C3%B3n+y+perspectivas/8f1d4382-edff-4a32-8527-abba9514606e>

[http://ugtifica.cat/wp-content/uploads/calendario\\_recogida\\_2017.pdf](http://ugtifica.cat/wp-content/uploads/calendario_recogida_2017.pdf)

<https://www.nogalfruits.es/calendario-melocoton/>

<http://www.apoexpa.es/test/wp-content/uploads/2019/03/catalogo-uva.pdf>

Italy: [http://www.sunprod.it/prodotti\\_en.php#](http://www.sunprod.it/prodotti_en.php#)

Poland: <http://www.applex.pl/en/apples/>

Belgium, Netherlands, France, Greece, Italy:

[https://www.importpromotiondesk.de/fileadmin/user\\_upload/Publikationen/andere/IPD\\_Seasonal\\_calender\\_fruit\\_and\\_vegetables\\_final.pdf](https://www.importpromotiondesk.de/fileadmin/user_upload/Publikationen/andere/IPD_Seasonal_calender_fruit_and_vegetables_final.pdf)

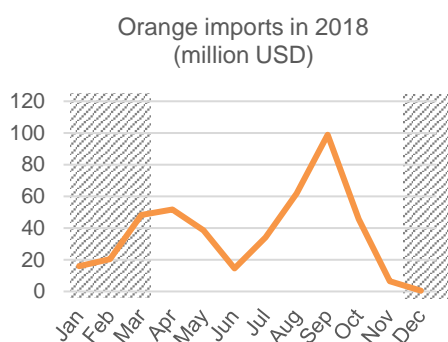
China: <https://wenku.baidu.com/view/7de7aca6ab00b52acfc789eb172ded630b1c98d8.html>

However, as it happens with most products, there is a common characteristic in imported fruit offer in the Chinese market: it is always much wider in E-commerce than in traditional retail.

Let's analyse China's imports of each of these fruits in 2018 (in grey China's production season):

### Citrus fruits

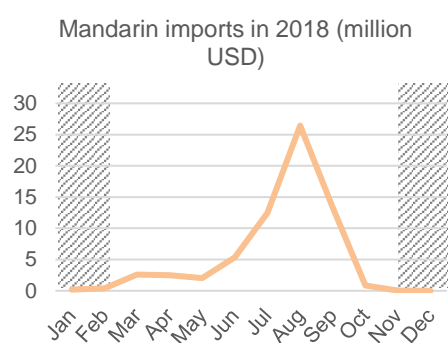
- Orange



Imported oranges can be found in the Chinese market mainly in spring and autumn, while winter is dominated by local production and there are low imports in June (too late for Northern hemisphere and early for Southern hemisphere).

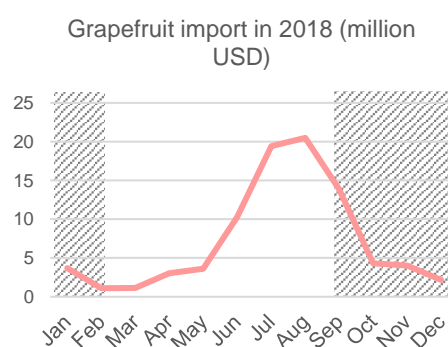
During springtime, most oranges will come from Northern hemisphere late producers, such as Spain, Egypt or Southern areas of USA, which will be the main competitors for other EU exporters. Oranges imported in summer and early autumn come from Australia and South Africa.

- Mandarin



Mandarin imports concentrate during summer, especially in August, but also in July and September, coming mainly from the Southern hemisphere (Australia). The few imports arriving to China in March, April and May come from Spain and Egypt.

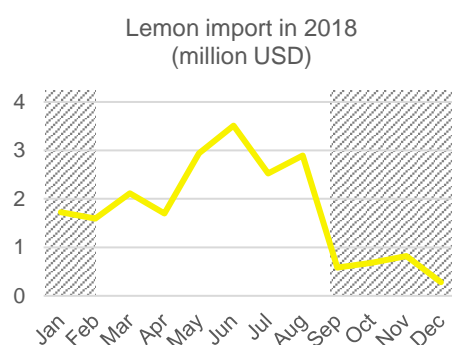
- Grapefruit



Grapefruit imports, same as it happens with mandarins, take place mainly during summer, coming from counter-seasonal countries such as South Africa or Australia. Some small quantities are also imported from Israel.



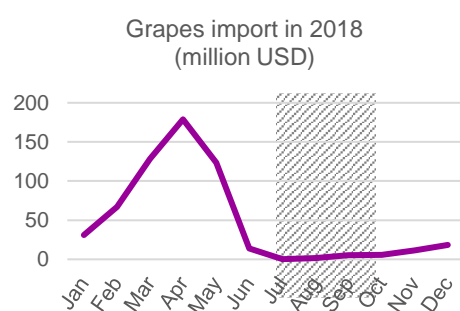
- Lemon



Lemon in China is mainly produced from September to November but can be stored for three months after collected. Therefore, imports and consumption of imported lemon concentrates during spring and summer.

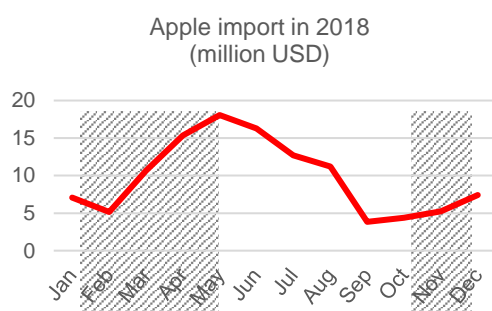
## Deciduous fruits

- Grape



China produces grape from July to October, while imports are highest March through May. Main origins for imported grapes are located in the Southern hemisphere.

- Apple



China's apple production goes from November to May, while imports, take place mainly during spring and summer.

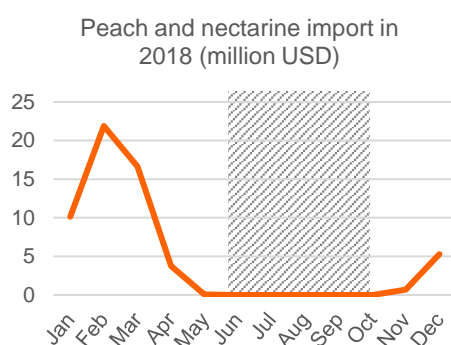
- Pear



Pear production in China extends from August to February. Imports are very irregular, being especially high on winter and spring, coinciding with Belgium and the Netherlands production season.

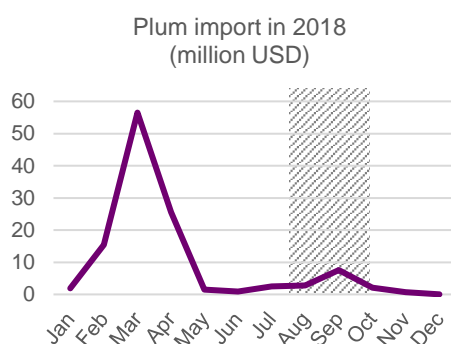
## Stone fruits

- Peach and nectarine



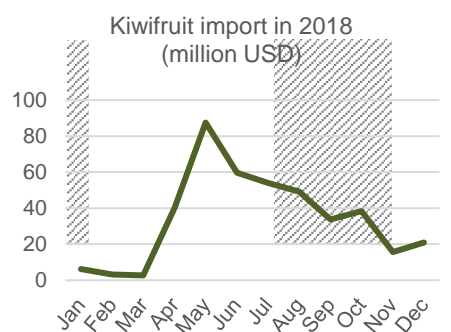
Peach and nectarine production in China goes from June to October, when imports start to grow. Imports, coming mainly from the Southern hemisphere, are highest in winter and beginning of spring, especially on February.

- Plum



China produces plum from August to October and consumption of imported plums concentrate between February and April. Main imports come from Chile, who benefits from their counter-seasonal production.

## Kiwifruit



Kiwifruit production in China goes from September to January. Imports, coming mainly from New Zealand, are highest in May, but are relatively high from April to October.

#### 4. Drivers of fruit consumption in China

Consumption trends in China are changing constantly and fast, due to an increasing middle-class population with a higher income who is looking for new products and is eager to try them<sup>21</sup>. This middle-class is gradually moving towards a more westernized lifestyle, including a higher demand of healthy products<sup>22</sup>.

However, although this trend might seem as an advantage for EU fruit producers and exporters, the reality is that the understanding of the added value of imported fruit is still a work in progress in many cases, and many consumers will choose a high-quality but cheaper locally produced fruit over an expensive imported one<sup>23</sup>. Investment in promotion and positioning is required from exporters, commonly by involving distributors to get a strong image that has an effect on consumers affecting their purchase decision (see 7.1 *Zespri study case*)<sup>24</sup>.

Chinese consumers are also looking for convenience, which is offered by E-commerce platforms. Consumers can buy fruits from any place (e.g. while commuting) and get the fruits delivered at home or their office within two hours in most tier 1 and tier 2 cities<sup>25</sup> (see 7.3 *Missfresh study case*).

If analysing what affects the decision of Chinese consumers when purchasing imported fruits, seven main factors have been identified:

- a) Appearance
- b) Flavour
- c) Price
- d) Country of origin
- e) Packaging
- f) Variety
- g) Season

##### **a. Appearance**

Chinese are very demanding regarding fruit appearance. Fruit must look perfect, sometimes being appearance as important as flavour (or even more). In case the product does not meet all these characteristics, even if the defect on the product surface is minimum and does not affect flavour, the fruit is perceived as a lower-quality. Main requirements on fruit appearance are:

- No spots or decolouration
- Perfect shape
- Big size/calibre

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<sup>21</sup> <https://www.mintel.com/press-centre/social-and-lifestyle/urban-chinese-consumers-today-place-more-value-in-having-an-enjoyable-job-and-enough-time-for-personal-life>

<sup>22</sup> <https://www.pwccn.com/en/retail-and-consumer/publications/global-consumer-insights-survey-2018-china-report.pdf>

<sup>23</sup> Consumer Study on China's Imported Food Products

<https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Consumer%20Study%20on%20China's%20Imported%20Food%20Products/Shanghai%20ATO/China%20-%20Peoples%20Republic%20of/3-1-2018.pdf>

<sup>24</sup> <https://www.mckinsey.com/industries/retail/our-insights/here-comes-the-modern-chinese-consumer>

<sup>25</sup> <http://ftp.nielseniag.com/cn/en/insights/news/2018/redefining-convenience-nielsen-report-reveals-six-factors-driving-chinese-and-global-consumers-quest-for-convenience0.html>

- Homogenous within the same shipment

In order to enlengthen the fruit shelf life and not take the risk of fruit ripening too fast and losing value, it is common that fruit is sold before it has ripened, and the consumer will have to wait several days after purchasing it before eating it. Chinese producers are also developing varieties with a longer shelf life to meet the market demand.

This situation is a challenge for EU exporters, that will have to deal with long transit times and quarantine process. Exporters would need to choose the most appropriate fruit variety to guarantee it will have enough shelf life once it enters the Chinese market.

This is also something to consider by member states when requesting market access for new fruits. As we have seen, many fruits with a bilateral protocol signed between a member state and China cannot really be exported since the transit time and quarantine is just too long for the fruit to reach consumers in a perfect state. As each protocol requires a significant negotiation period and they are usually approved in a sequence, member states should choose based on the actual market opportunity in China rather than the “need” in the home country, as market access for a fruit that cannot reach China in an excellent condition has no chance for success. We recommend to base these decisions on a profound analysis of the Chinese market and work with the industry associations at home to evaluate the possibilities of several fruits in terms of shelf life after cold treatment and long transport.



*Source: Gostore Beijing*

### **b. Flavour**

The second main requirement for imported fruits in China is flavour, which should be generally sweet. Fruits with high sugar content are favoured by most consumers.

This sweet flavour is linked to the previous requirement, as unripen fruit is less sweet than the ripen one. Exporters, specially importers and retailers, will have to deal with these two characteristics and find a balance between them.



*Source: Womai.com*

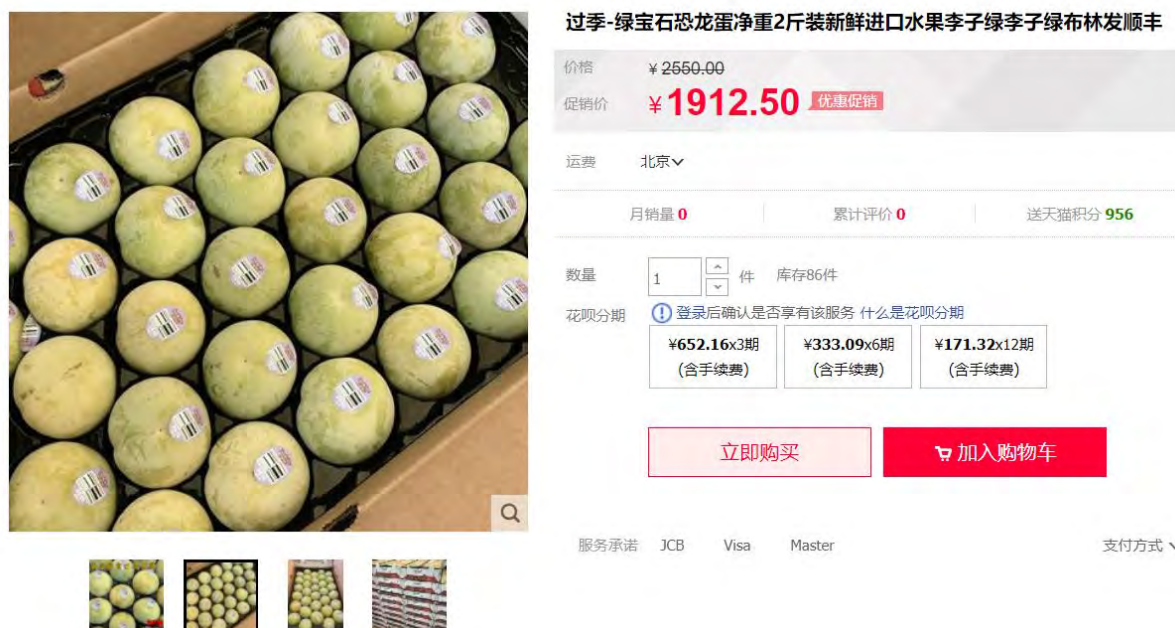
### **c. Price**

Although it depends on the type and origin, fruit is generally expensive in China. This situation is even more obvious when it comes to imported fruit, which are usually sold retail at about 2 to 3 times their retail price at home. As we have already mentioned, Chinese consumers demand good looking and tasty imported fruits and are willing to pay higher prices for them.

Prices are generally higher in traditional retail than in E-commerce platforms. The latter benefit from a shorter supply chain to offer more competitive prices. Also, because consumers can find a wide variety of products and can easily compare prices among them, many exporters are reducing their margins to increase their online sales.



On the other hand, some E-commerce platforms are developing a premium-product segment, where they can sell more expensive products and make a larger profit. For example, E-commerce platform Tmall offers plums out of season, selling at almost RMB 2,000 per kilo.



过季-绿宝石恐龙蛋净重2斤装新鲜进口水果李子绿李子绿布林发顺丰

价格 ¥2550.00

促销价 **¥1912.50** 优惠促销

运费 北京

月销量 0 累计评价 0 送天猫积分 956

数量 1 件 库存86件

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服务承诺 JCB Visa Master 支付方式

Source: Tmall.com

#### **d. Country of origin**

Generally speaking, Chinese consumers do not attach much importance to specific origins or brands, beyond being imported products. However, there are some countries and brands that have achieved a recognisable status, which has translated into enormous profit.

Some countries and brands have launched many seasonal marketing campaigns and have partnered with some E-commerce platforms and traditional retailers to increase their visibility and enhance their position in the market. For example, Zespri's kiwifruits and Sunkist's citrus are widely recognised among Chinese consumers, while other brands remain unknown. (see 7.1 Zespri study case and 7.2 Sunkist study case for more detailed information).



Source: Ole Supermarket Guangzhou

Another example are Chilean cherries, that have made an extensive promotion in many different E-commerce platforms (such as Jd.com and Womai) to increase consumer awareness of their country brand.



Source: Left: Womai.com / Right: Jd.com



### **e. Packaging**

Imported fruits are usually shipped to China in standard cardboard boxes, or, depending on the fragility of the fruit, they can be sent in plastic (e.g. blueberries) or wooden boxes (premium oranges). Once the fruits arrive to China, it is a common practice to re-package them.

There are two main ways of selling fruits regarding packaging. First one is bulk (1), normally in supermarkets and wet markets, where most of the fruit is local and very few are considered premium. The other way is to package it before selling, wrapped individually in transparent plastic wrap and then sold in a plastic bag after weighted (2); few units wrapped together in transparent plastic (3); or in plastic boxes (4). This packaging is more frequent in E-commerce, specialty stores, fruit shops, supermarkets and convenience stores. From an EU country perspective, fruit is normally packaged with excessive use of plastic, even using individual fruit foam nets between the fruit and the transparent plastic.



*Source: Top left: Walmart Beijing / Top right: April Gourmet Beijing  
Bottom left: Gostore Beijing / Bottom right: Pagoda Guangzhou*

For Premium fruits, it is very common to find fruit packaged as a gift. Chinese people give fruit as a present in two of the largest festivals in China: the Mid-autumn festival (second half of September) and Chinese New Year (January-February). Sales prior to these two festivities can represent a large business. EU exporters should explore the possibility of using a gift packaging, which can add value to their sales proposal.



Source: Left: Jd.com / Right: Xinfadi Beijing Wholesale market

#### **f. Variety**

Knowing which variety they are consuming does not represent a big difference to Chinese consumers, as long as the product has a good appearance and good flavour. It is also common that variety is not even recognised at the point of sales and the most common practice is to identify imported fruits by their country of origin, except in wholesale markets, where knowledge is much higher and the variety is always recognised.

However, consumers have started to demand new varieties, which they identify by different flavours, colours, and shapes (for example, finger or cylinder-shaped grapes). Seedless and easy-to-peel fruit varieties are also better valued by consumers<sup>26</sup>.

<sup>26</sup> 2018. Citrus Annual, [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual\\_Beijing\\_China%20-%20Peoples%20Republic%20of\\_12-14-2018.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual_Beijing_China%20-%20Peoples%20Republic%20of_12-14-2018.pdf)





Source: Benlai.com



Source: Tmall.com

### g. Season

Although seasonality does not have an impact on consumers purchase decision, it does affect fruit availability at the market.

Fruits will be available on the shops almost all year-round at the medium and high-end segment of the market. However, as it has already been shown, Chinese fruit production seasonality coincides mostly with EU production, which gives Southern hemisphere countries a clear advantage over EU producers, as they will produce fruit when China cannot.

## 5. Distribution channels for imported fruit in China

### 5.1 Brick-and-mortar retail

#### Wholesale markets



Source: Xinfadi Beijing Wholesale market

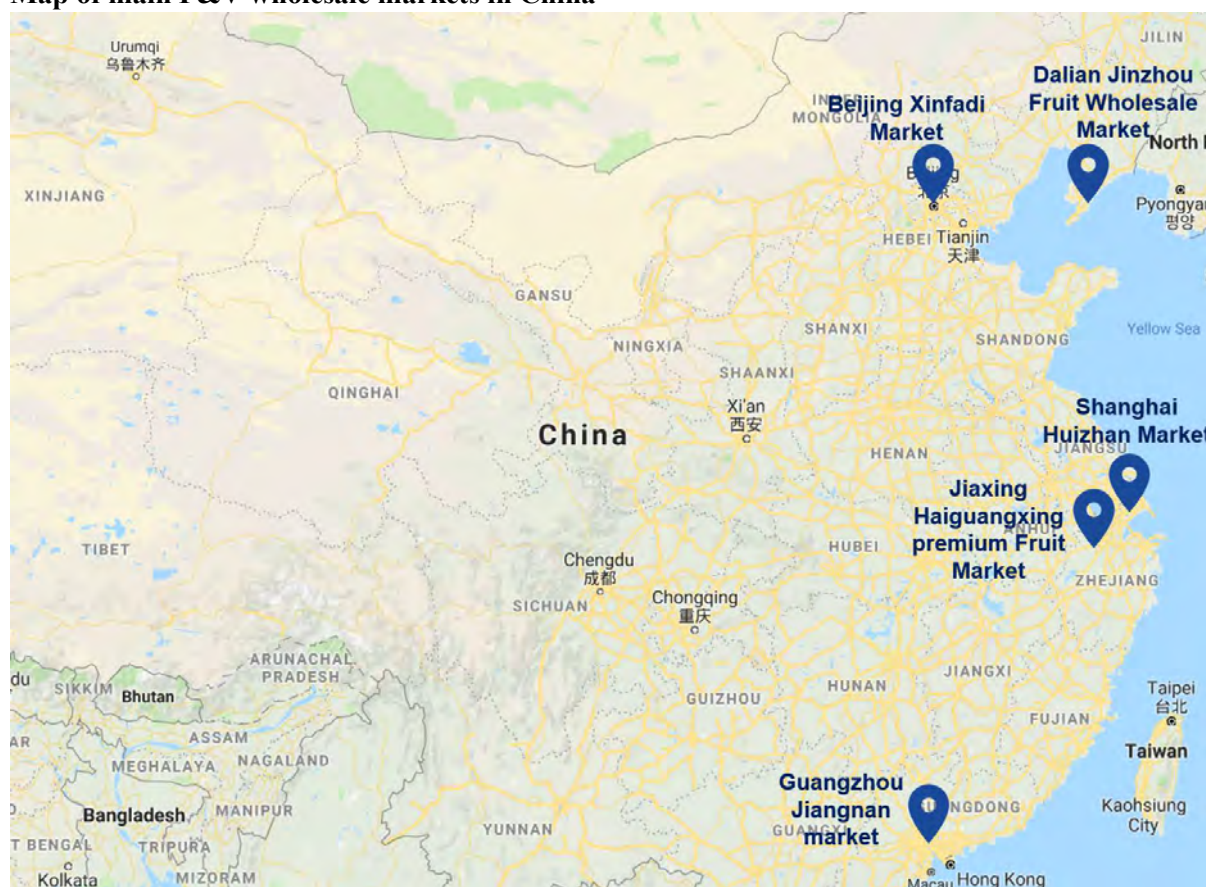
After fruit is imported, the first step in the Chinese distribution system is generally a wholesale market. The fruit is unloaded from cargo vessels and transported directly to the wholesale markets, where the importers have their own shops or areas to display the products. Regional distributors and retailers go to these markets to purchase the fruits, which will still be packed in the original packaging and can be stored in cold facilities to preserve the cold chain.

In these markets it is easy to find EU imported fruits, such as pear from Belgium and the Netherlands or apples from France.

There are wholesale markets in most cities of China, from first-tier cities to third- and fourth-tier cities, but the largest ones are located in Guangzhou (Jiangnan market), Shanghai (Jiaxing market and Huizhan market) and Beijing (Xinfadi market). There are also smaller wholesale markets located in T2 cities, such as Jinzhou Fruit Wholesale Market in Dalian.



### Map of main F&V wholesale markets in China



- Jiaxing Haiguangxing premium Fruit Market (JHPFM) 嘉兴海广星精品水果市场

This market opened on September 10, 2018 and is still in testing period. It is a project led by the former CEOs of the Huizhan and Jiaxing (former) markets in Shanghai and Jiangnan market in Guangzhou. The objective of this market is to become the largest wholesale fruit market in China.

One of the advantages of this market is that it can receive containers from the ports of Shanghai and Ningbo, the ones with the largest import capacity in the world.

- Guangzhou Jiangnan market 广州江南果菜批发市场

It is estimated that around 70 thousand containers per year access Chinese distribution channels through this market, almost 2 million tons. Historically, the great advantage of this market has been its proximity to Hong Kong, used as an important channel when the ports in mainland China are saturated, as for example in the weeks before the Chinese New Year (in January or February). In addition, it is located at the capital of one of the most developed provinces in China, which makes it a very important market itself.



- Shanghai Huizhan Market 上海辉展果蔬市场

This market is considered one of the main hubs as a regional F&V distributor. However, this could change due to the opening of Jiaxing market. It is expected that it will become an important local distribution point for the city of Shanghai, but it is still early to know how the two markets evolve and if some other type of segmentation will occur.



- Beijing Xinfadi Market 北京新发地市场

It is the largest wholesale market for agricultural products in Beijing. It is divided into different zones: fruits, vegetables, eggs, oil, aquatic products, among other product categories.

There are two areas dedicated to the sale of fruits:

1. International Fruit Trade Area. Area dedicated to importers and wholesalers. There is only imported fruit that is sold on pallets.
2. Cuixianyuan (always Fresh). Area dedicated to wholesalers and sellers. Imported and local products are mixed. The minimum purchase quantity is a box.





### Local supermarkets



*Source: Jingkelong supermarket Beijing*

Fruit available in local supermarkets in China, such as Jingkelong or Wumart, is in season and it's mostly locally produced. Consumers who purchase in local supermarkets are not much concerned about the origin of the fruit but are very price sensitive. It is possible to find imported fruits, but mostly limited



to those produced in tropical countries or in the southern hemisphere, such as bananas from Ecuador and kiwifruit from New Zealand.

Many local supermarkets in China are becoming large convenience stores, where people buy small food quantities to consume in 1-2 days' time. Therefore, most fruits are sold in smaller packaging, using a foam net per piece to protect the fruit and a plastic tray and cling film to wrap it all.



*Source: Jingkelong supermarket Beijing*

There are two different areas for fruit storage: one at room temperature and one cold storage. However, most of the fruit is not stored in cold facilities, except for those of a higher price or in smaller packaging.

### **Specialty stores**



*Source: April Gourmet Beijing*



Specialty stores are focused on providing high-quality and imported products to Chinese consumers. They are, therefore, among the brick-and-mortar retail, the ones with a larger percentage of imported fruit in their shelves. Approximately half of the fruit is imported, including, for example, grapes from USA, apples from New Zealand or oranges from Egypt.

They normally source from a distributor located in the wholesale market or directly from an importer. If well managed, cold chain can be preserved, as in specialty stores fruit is stored in refrigerated areas.

In those stores, such as April Gourmet, Cityshop, Olé or BLT, fruit is sold repackaged in plastic trays and cling film to wrap it all or in a plastic box and sometimes using a foam net per piece to protect the fruit.

## Hypermarkets



*Source: Walmart Beijing*

Hypermarkets such as Walmart, Carrefour or Auchan are suffering the impact of E-commerce and convenience stores in F&B consumption in China. However, Chinese people are still relying on hypermarkets to buy fresh products and hypermarkets have enlarged their fruit section. Imported fruit represent a small percentage and it is sourced through distributors.

Hypermarkets are investing in the development of cold chain and conditions are improving considerably but it is still interrupted frequently.

Most of the fruit is sold in bulk, although some imported fruit, or with a higher price, is normally packed in plastic boxes, such as pear from Belgium or kiwifruit from New Zealand.

### Convenience stores (CVS)



*Source: 7eleven Beijing*

Convenience stores, such as 7-eleven or Family Mart, although have been growing in general terms, they still have a reduced fruit section. Fruit is usually locally produced, and the place of origin is not mentioned on the label.

Fruits are sold in small quantities and either cut and mixed in a bowl for immediate consumption or are fruits “easy-to-eat” on the go (bananas, citrus and apples). Cold chain is preserved but it still needs to improve in some aspects, although it varies depending on the store chain or the store itself.



## Fruit shops



*Source: Gostore Beijing*

Traditional fruit shops are decreasing, favouring fresh sections in supermarkets and hypermarkets and chains such as Gostore or Pagoda. These chains have specialized in the fruit sector and base their success in a better, more diverse fruit offer and a more professional management, including cold chain.

Fruit chain stores source from distributors and are probably the best channel to improve the product and country image, along with E-commerce platforms. However, imported products still represent a small percentage of the total fruit sold.

Fruit is normally sold in bulk or repackaged in plastic trays and cling film to wrap it all or in a plastic box and sometimes using a foam net per piece to protect the fruit

## **Wet markets**



*Source: Beijing Chaoyang District morning market*

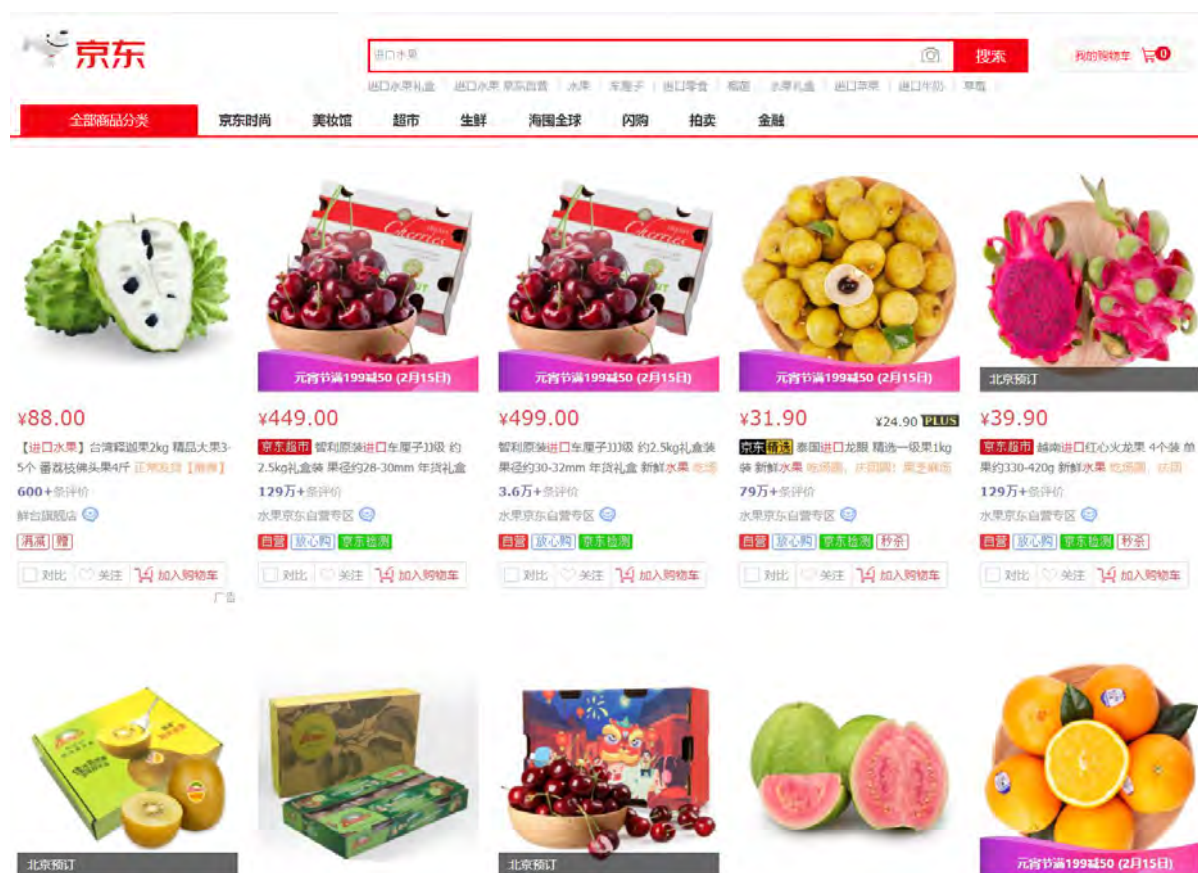
Wet markets, like the Beijing Chaoyang District morning market, are traditional markets which have not adapted to a modern image and infrastructure. Cold chain is not preserved.

These markets source daily from wholesale markets in the area. Large wet markets located in T1 cities sell imported fruits, although in a very small percentage and domestic produce is prevalent. Imported fruits are mainly tropical fruits, such as bananas; and kiwi fruits.

Prices are normally lower than in other points of sale but may increase due to bad weather conditions and to the high risk of not selling all their stock before the fruit rots.



## 5.2 E-commerce



Source: jd.com

Fruit sales at E-commerce platforms such as Jd.com, Tmall, Fields, Missfresh or Hema Fresh are growing even faster than in fruit chains.

According to iResearch 2018 China's Fresh Food E-commerce Consumption Report<sup>27</sup>, GMV of fresh food E-commerce market in China grew 59.7% in 2017 compared to 2016, from approximately 11.4 to 18.2 billion euros. Among those sales, fruits are the most popular product and represent 32% of the total purchase of fresh products, followed by dairy products (24.2%) and vegetables (12.8%).

Imported fruits are usually sold cheaper online than in upscale brick-and-mortar stores, as it is very easy for consumers to compare prices. E-commerce platforms are investing in developing a reliable cold chain, so the cost of delivering a fragile and refrigerated product is still high for a relatively low value. The high cost associated to cold chain logistics is also the reason why fresh food online purchases are concentrated in tier-1 and tier-2 cities, although gradually expanding to tier-3 cities too. According to iResearch, 41.4% of the fresh food online shoppers in China are in tier-1 cities (Beijing, Shanghai, Guangzhou and Shenzhen), and 40.4% of them are in tier-2 cities. They buy from importers in most cases, but they are starting to procure directly from large foreign suppliers such as Sunkist, Zespri or Dole.

<sup>27</sup> [http://www.iresearchchina.com/content/details8\\_44325.html](http://www.iresearchchina.com/content/details8_44325.html)



## 6. Differences between fruit retail in China and the EU

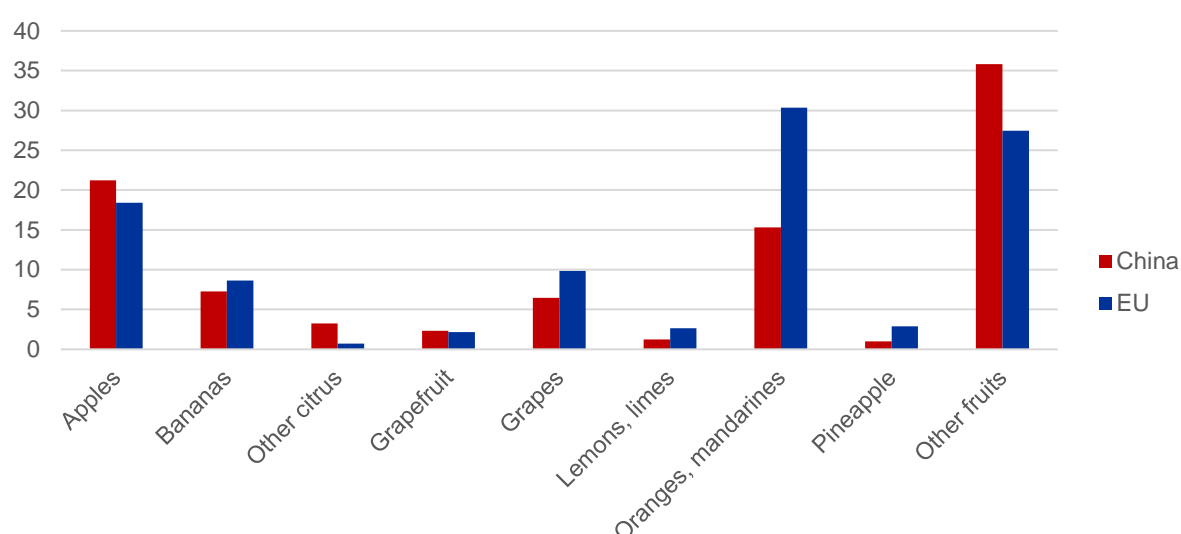
Regarding fruit retail in China, 11 aspects have been identified to be different from fruit retail in the EU.

### a. Fruits available on the shelves

According to FAO China fruit supply and production, China most consumed fruits are apples and oranges and mandarins, while consumption of grapes and bananas is also increasing. Other fruits, such as watermelon are also produced and consumed in high quantities.

On the other hand, in the EU countries, oranges and mandarins are consumed almost twice as much than any other fruit.

**Graph 4: Fruit supply quantity (kg/capita/yr) (2013)**



Source: FAOSTAT (Feb, 2019). Data available until 2013



Source: Left: Beijing Chaoyang District morning market | Right: Walmart Beijing

### b. Measurement method

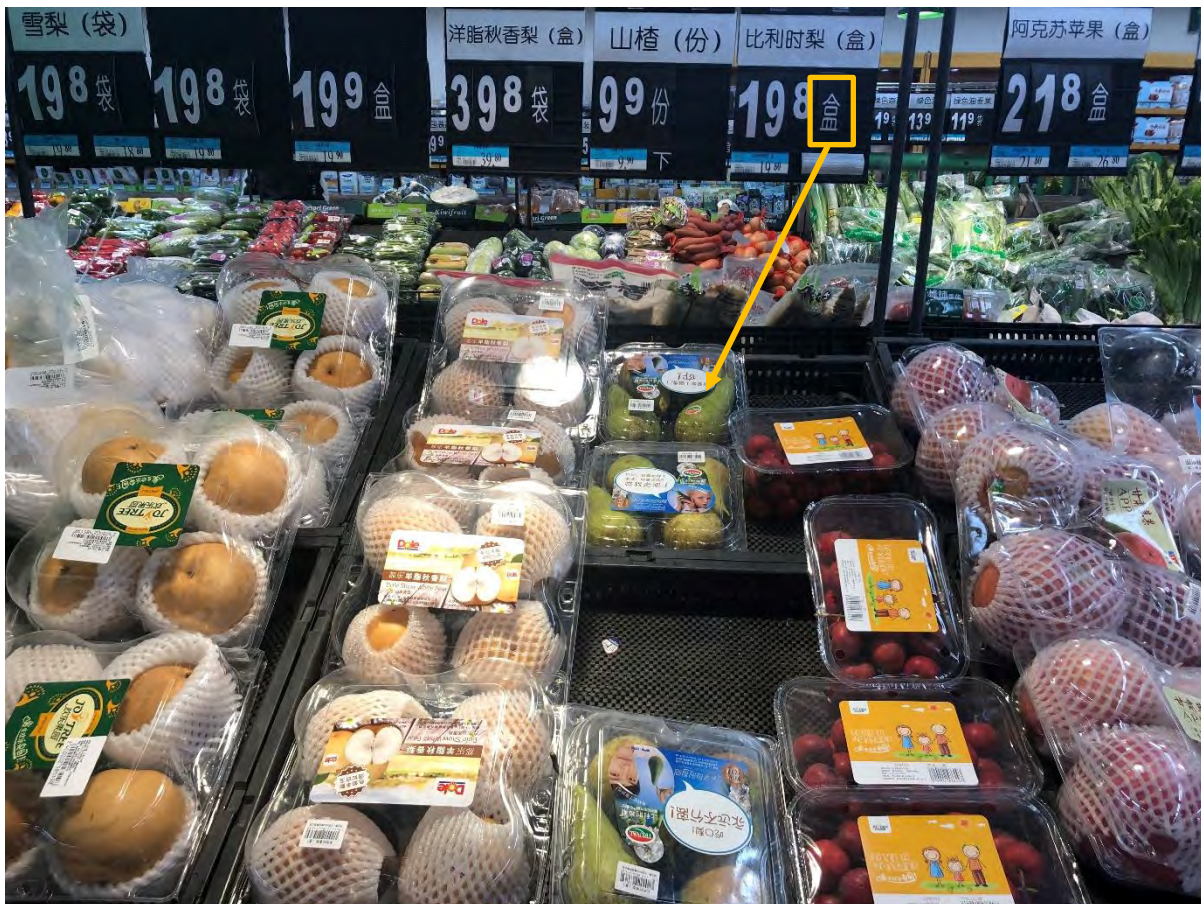
Measurement methods for fruits also vary. When buying bulk, the main difference between China and Europe is the weight unit. In China, most of the retailers use 斤 (jīn), equivalent to 500 grams, while in Europe, fruits are weighted by kilograms (in Chinese, 公斤 gōngjīn).



Other ways of measuring fruits, which are common both in China and Europe are by unit or by box, two most frequently used in China for imported or premium fruits.



Source: Left: Walmart Beijing / Right: Gostore Beijing  
元 (yuan): RMB



Source: Walmart Beijing  
盒 (he): box

### c. Packaging

As we have mentioned in the previous section, it is common both in Europe and China to buy fruit bulk using a small plastic bag, measuring fruits by weight or by units.

Europe is now moving towards an eco-friendlier way of packaging fresh products, using as less quantity



of plastic as possible whereas in China it is common to use one foam net, plastic tray and transparent plastic even just for a couple of pieces of fruit.



Source: April Gourmet Beijing

#### **d. Price vs Flavour vs Appearance**

These three aspects are analysed in 4. *Drivers for fruit consumption in China*. They are all important for consumers in China and Europe, but the balance is not the same in both. In China, appearance is essential, especially for imported fruits, and those fruits that show just some appearance issues are discarded for sale. Price is also important, but if fruits are not only tasty but also good-looking, consumers are willing to pay a higher price

In Europe, these three aspects have a more balanced relation, although price and flavour are normally more important than appearance. In fact, irregular sizes and shapes are sometimes associated to more “natural” fruits.



Source: Walmart Beijing

### e. Size/Calibre

In China, larger calibres are preferred over smaller ones. However, too large sizes represent problems too, as they do not meet specifications of the mechanized packaging (sometimes individual packaging) and requirements to be sold through E-commerce<sup>28</sup>.



Source: jd.com<sup>29</sup>



Source: jd.com<sup>30</sup>

### f. Fruits as a gift

Although rather unusual in Europe, giving fruits as a gift is a very common practice in China. As it was mentioned in 4. *Drivers of fruit consumption in China*, there are two main occasions when these sales are higher: the Mid-autumn festival (second half of September) and Chinese New Year (January-

<sup>28</sup><https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Citrus%20Annual%20Beijing%20China%20-%20%20Peoples%20Republic%20of%2012-14-2018.pdf>

<sup>29</sup> <https://item.jd.com/100002868710.html>

<sup>30</sup> <https://item.jd.com/18503673484.html>

February). However, exporters also need to keep in mind that if they want to take the opportunity of these sales peaks, timing is essential. If fruits arrive in China just before Chinese New Year, the distributor will probably succeed on his sales, but if the products arrive 2-3 days late, ports and stores will be closed, and the distributor will not be able to either clear the goods or sell them before they go bad.

As mentioned in 5. *Distribution channels for imported fruit in China*, when ports in China are saturated, as it happens before Chinese New Year, products also access Mainland China through Hong Kong ports. Importers benefit from the fact that importing into Hong Kong is very simple, logistics are highly developed, and it is easy to make business. Hong Kong importers have developed specific channels to re-export products to Mainland China, mainly through Guangzhou, to ensure the products arrive on time for festivities.

Many different packaging types are used, such as baskets or boxes. Exporters would also need to decide whether their products would be packaged from origin or will be repackaged once they arrive in China. Products that do not require cold chain are frequently repackaged once in China, but it will be difficult for most of the fruits. Boxes would be the most appropriate format for those EU exporters planning to develop a gift packaging to be used for their fruits from origin, as shown in the pictures below. Also, packaging the fruits in the country of origin will represent an added value characteristic specially for online platforms and will reduce the risk of cold chain breaches.



Source: Left: [jd.com](https://item.jd.com/3783729.html)<sup>31</sup> | Right: [Tmall.com](https://detail.tmall.com/item.htm?spm=a220m.1000858.1000725.21.1b9f5150y756GP&id=545571137861&areaId=11010.0&user_id=1973973133&cat_id=2&is_b=1&rn=350a75c4f20d19ce1430a0243431318b)<sup>32</sup>

#### **g. How do supermarkets buy?**

In China, the distribution system for imported fruits rely on wholesale markets. After being imported, most part of the fruits are directly transported to wholesale markets, where it is sold to distributors who will then sell it to supermarkets.

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<sup>31</sup> <https://item.jd.com/3783729.html>

<sup>32</sup> [https://detail.tmall.com/item.htm?spm=a220m.1000858.1000725.21.1b9f5150y756GP&id=545571137861&areaId=11010.0&user\\_id=1973973133&cat\\_id=2&is\\_b=1&rn=350a75c4f20d19ce1430a0243431318b](https://detail.tmall.com/item.htm?spm=a220m.1000858.1000725.21.1b9f5150y756GP&id=545571137861&areaId=11010.0&user_id=1973973133&cat_id=2&is_b=1&rn=350a75c4f20d19ce1430a0243431318b)



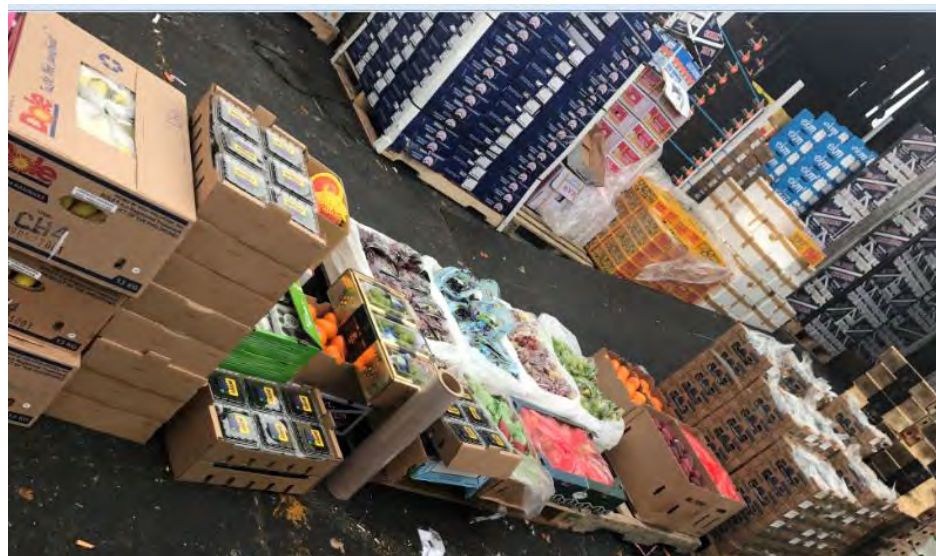


*Source: Shanghai Huizhan Market*

#### **h. Cold chain**

Opposite to Europe, cold chain in China is still not reliable and fails often. However, many E-commerce platforms (see 7.3 *Missfresh study case*) and retail chains are driving huge investments recently and it is improving fast, although still limited to some chains and platforms in certain cities.

Also, exporting the fruit with the final retail packaging and cooperating with a professional importer who can clear customs and transport fast the products to their temperature-controlled warehouse will reduce the possibilities of interrupting the cold chain. These are options that need to be explored by EU exporters.



*Source: Xinfadi Beijing Wholesale market*

#### **i. Perception about imported produce**

Chinese consumers have a positive perception of imported fruits, which are considered –and sold as– premium. Due to the low awareness of Chinese consumers of country brands, most of the fruits are promoted as “imported fruit”. Only in some specific fruits with a recognisable origin among consumers, the country is stated (e.g. pear from Belgium, apple from France or kiwifruit from New Zealand).

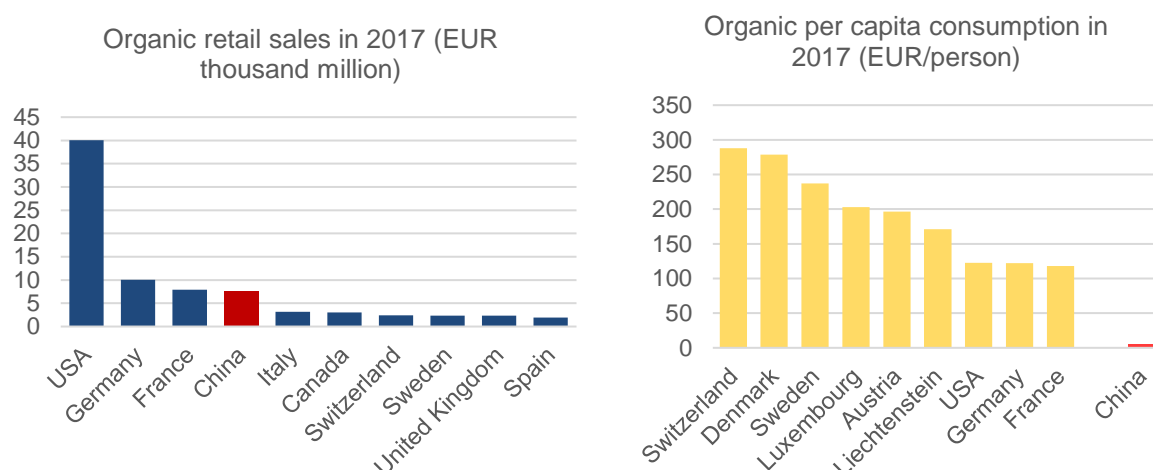
On the contrary, consumers in the EU generally prefer locally produced fruit over imported fruit. In the case there is not locally produce available, their second preferred option is normally another EU origin. In the event that the fruit does not come from the EU, the origin is usually not publicly advertised unless it is required to comply with regulations.



### j. Does organic matter?

Chinese consumers have a lower degree of recognition and trust in organic products than in the EU, where organic is an added value for fruits. However, they are getting progressively more interested, so their demand is rising fast and steady.

China is the fourth country in the world in organic products consumption (valued EUR 8 thousand million in 2017), but its consumption per capita is still very low. In 2017, per capita expense in organic products in China was only EUR 5.3, compared to EUR 278.4 in Denmark or EUR 237 in Sweden.



Source: Research Institute of Organic Agriculture (FiBL)<sup>33</sup>

China does not recognise foreign organic labels (products certified in their country of origin, except for New Zealand since mid-2017, after signing the The Mutual Recognition Arrangement for Certified Organic Products in November 2016<sup>34</sup>), which makes it compulsory for EU exporters to go through an organic certification process in China if they want to claim the organic nature of their products. In order to obtain the Organic Certification, exporters and producers need to undergo an exhaustive inspection of the product and every step of the fruit production.



China Organic Certificate

### k. The role of e-commerce

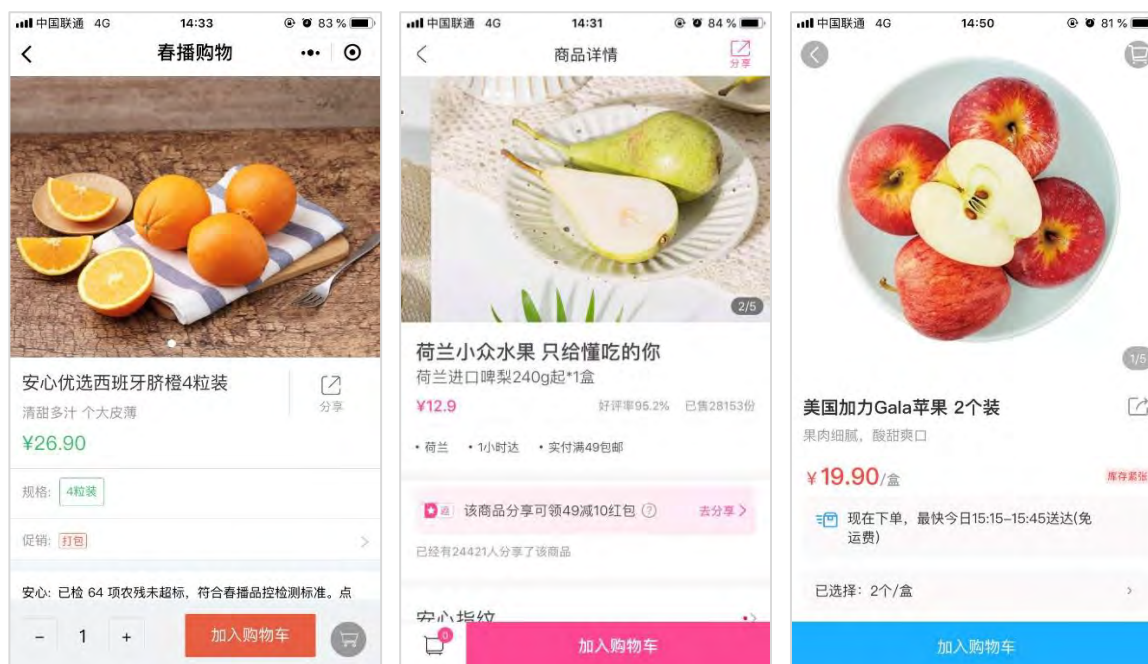
As it was already mentioned in 5. *Distribution channels for imported fruit in China*, E-commerce is one of the fastest growing sales channels in China and it is leading the development of cold chain for the appropriate distribution of fresh products. In 2017 gross revenue of E-commerce market in China

<sup>33</sup> <https://statistics.fibl.org/world/retail-sales-world.html>

<sup>34</sup> <https://www.mpi.govt.nz/news-and-resources/media-releases/new-zealands-organic-food-industry-to-benefit-from-new-arrangement-with-china/>  
[http://english.cnca.gov.cn/news/201612/t20161213\\_53011.shtml](http://english.cnca.gov.cn/news/201612/t20161213_53011.shtml)

was approximately EUR 806 thousand billion<sup>35</sup>, out of which EUR 18.2 billion were fresh produce<sup>36</sup>. On the other hand, E-commerce in the EU, although growing too, only reached a value of EUR 534 billion in 2017<sup>37</sup>.

Also, in China, mobile E-commerce is growing and facilitates faster and more frequent purchases, including fresh product purchases (*see 7.3 Missfresh study case*). According to Nielsen research, 84% of consumers in China used their mobile phone to buy in 2017 (up from 71% in 2015), while the percentage of consumers who use other devices to purchase online has steadily decreased an average of 14% during the same period<sup>38</sup>. In the EU, the number of consumers that used their phone to buy online in 2017 accounted only 50%<sup>39</sup>.



*Chunbo, Missfresh and Hema app selling fruits*

<sup>35</sup> [http://www.iresearchchina.com/content/details7\\_40913.html](http://www.iresearchchina.com/content/details7_40913.html)

<sup>36</sup> [http://www.iresearchchina.com/content/details8\\_44325.html](http://www.iresearchchina.com/content/details8_44325.html)

<sup>37</sup> Ecommerce Foundation. European B2C Ecommerce Report  
<https://www.ecommercewiki.org/reports/614/european-ecommerce-report-2018>

<sup>38</sup> Nielsen. What's Next for China's Connected Consumers.  
<https://www.nielsen.com/cn/en/insights/report/2018/nielsen-what-s-next-for-china-s-connected-consumers-a-roadmap-for-driving-digital-demand/#>

<sup>39</sup> Crimeo. Mobile Commerce Growth 2017, <https://www.criteo.com/insights/mobile-commerce-q4-2017/>

## 7. Case studies

### 7.1 Zespri study case

Zespri is undoubtedly the most recognized among the fruit brands in China. The brand was created in the 90s, when the Government of New Zealand, together with the industry, created an export monopoly that would use a common brand called Zespri.

In 2016, China became the largest market in the world for New Zealand producers, after reaching USD 446 million of turnover, representing an increase of 48% over the previous year. In 2018, their turnover in the country was 504, representing a 6% CAGR despite in 2017/2018 sales of New Zealand kiwifruit reduced by 11% because of a fall on supply. The country already represents one fifth of total billing.

Zespri is currently sold in 50 cities in China and is increasingly expanding to second and third tier cities (T2 and T3), opening a Beijing office and representative offices in Guangzhou, Xian and Chongqing. It has a total of 50 employees in the country, 90% of them national<sup>40</sup>.

Traditionally they have focused their efforts on the development of the brand "Zespri", globally known and that has been widely accepted in T1 cities where the knowledge of English and exposure to foreign brands is greater. However, as they expand into new T2 and T3 cities, the acceptance and recognition of the brand diminishes, so they are working on developing the brand 佳沛 (Jiā pèi) to connect with consumers in those cities<sup>41</sup>.



They have also focused on the digital development of the brand in the country. Thanks to their promotion efforts through social media and signing direct sales agreements with platforms (linked to succulent marketing expenses), in a few months they made E-commerce one of their main sales channels, representing 20% of their income in the country<sup>42</sup>.

In 2016, they reached the first online distribution agreement with Fruitday. This was also the first direct purchase of fruit from origin for this platform. This same year, they opened a flagship store on JD.com <http://zespri.jd.com/>.

<sup>40</sup> <https://www.zespri.com/companyinformation/newsroom/china-award>

<sup>41</sup> <https://www.stuff.co.nz/business/farming/96386288/zespri-looking-to-grow-its-presence-in-china>

<sup>42</sup> <https://www.stuff.co.nz/business/farming/96386288/zespri-looking-to-grow-its-presence-in-china>





However, marketing campaigns are not limited to digital marketing, they have developed a multiple channel promotion system, focused on both industry professionals and consumers.



Zespri advertisement at Huizhan 辉展 wholesale market in Shanghai. August 2017



Zespri promoting different kiwifruit varieties at Beijing Gustore fruit store. September 2017



Zespri mascot at Asia Fruit Logistica tradeshow in Hong Kong. September 2017.

This great brand recognition and solid development in the market also has some side effects. China is the world's leading producer of kiwifruit, and due to the work in progress that is China's enforcement



of laws that protect intellectual property, Zespri's trademark is the most falsified among fruits<sup>43</sup>. According to Dan Mathieson, CEO of the cooperative, during the first months of 2017, they managed to destroy more than two million counterfeit Zespri labels<sup>44</sup>. Also, at the end of 2018, Zespri sued for USD 30 million a person who allegedly planted SunGold kiwifruit in China, a variety whose plant rights belong to Zespri until 2037<sup>45</sup>.

Zespri is also looking to supply other Asian markets with kiwifruit produced in China, in order to guarantee whole-year supply. They estimate that it will take them five to ten years to do it<sup>46</sup>.

## 7.2 Sunkist study case

Sunkist is a not-for-profit marketing cooperative that gathers thousands of grower members in the USA, mainly from California and Arizona, producing oranges, lemons, limes, grapefruits, mandarins and tangelos/tangerines. It was founded in 1893 as a regional organization of California oranges, which has been expanding geographically and including more citrus among their growing citrus crop. In 1926 Sunkist logo was stamped for the first time on fresh oranges, becoming the first organization to brand and advertise a piece of fruit.

Nowadays, after becoming probably the most widely recognized brand in the citrus category, its business model has changed and includes the franchisee of its brand (or licensing) to producers around the world. Sunkist began licensing its trademark in the early 1950's and it is one of the reasons why Sunkist is one of the top 50 recognized brands in the world. Currently, Sunkist has licensees and distributors for licensed products in over 50 countries on five continents. Licensed products are now not limited to citrus fruits, but also include juice, baking mixes, vitamins, fruit drinks, carbonated beverages, frozen novelties, snacks, confections, and chilled jellies<sup>47</sup>.

Sunkist accessed Chinese market for the first time in 1934 and exited it in 1950. It was not until year 2000, when China become part of the WTO and allowed the import of citrus that they reentered. Now it is probably the only citrus brands that Chinese consumers recognize, and this success is shown in facts such as being the first US fruit being directly imported in areas so atypical for fruit imports such as Wuhan, in Hubei province (central China)<sup>48</sup>; or –on a less positive note- as being target of counterfeiters<sup>49</sup>.

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<sup>43</sup> <https://www.cnbc.com/video/2017/08/13/we-are-the-most-counterfeited-fruit-brand-in-china-zespri.html>

<sup>44</sup> <https://www.freshfruitportal.com/news/2017/02/23/china-counterfeit-zespri-kiwifruit-found-beijing/>

<sup>45</sup> <https://www.stuff.co.nz/business/farming/108370000/zespri-takes-case-against-person-who-allegedly-sent-gold-kiwifruit-plants-to-china>

<sup>46</sup> <http://supermarketnews.co.nz/zespri-moves-closer-to-chinese-based-production/>

<sup>47</sup> Jerry Siebert. Sunkist Case Study - Developing A Strategy for a Changing Production, Marketing, And Regulatory Environment, <https://ageconsearch.umn.edu/record/260222/files/03-Siebert.pdf>

<sup>48</sup> [http://www.xinhuanet.com/english/2018-02/07/c\\_136956490.htm](http://www.xinhuanet.com/english/2018-02/07/c_136956490.htm)

<sup>49</sup> <https://www.scmp.com/news/hong-kong/article/1496013/fake-fruit-gives-buyer-sour-taste>





Source: Left: Walmart Beijing / Right: April Gourmet Beijing



Source: Jiangnan market Guangzhou

In March 2018, Sunkist started a cooperation with Jd.com to make the E-commerce platform the first to make the full line of Sunkist US fruits available in China, both at their online platform and at their convenience store, 7Fresh, where consumers can purchase goods via a mobile app or right in the store<sup>50</sup>. It was the best-selling fruit brand on 2017's 618 shopping festival in JD.com.

<sup>50</sup> <https://www.producereport.com/article/jd-stocks-full-line-sunkist-products>



Source: Jd.com <https://mall.jd.com/index-1000125528.html>

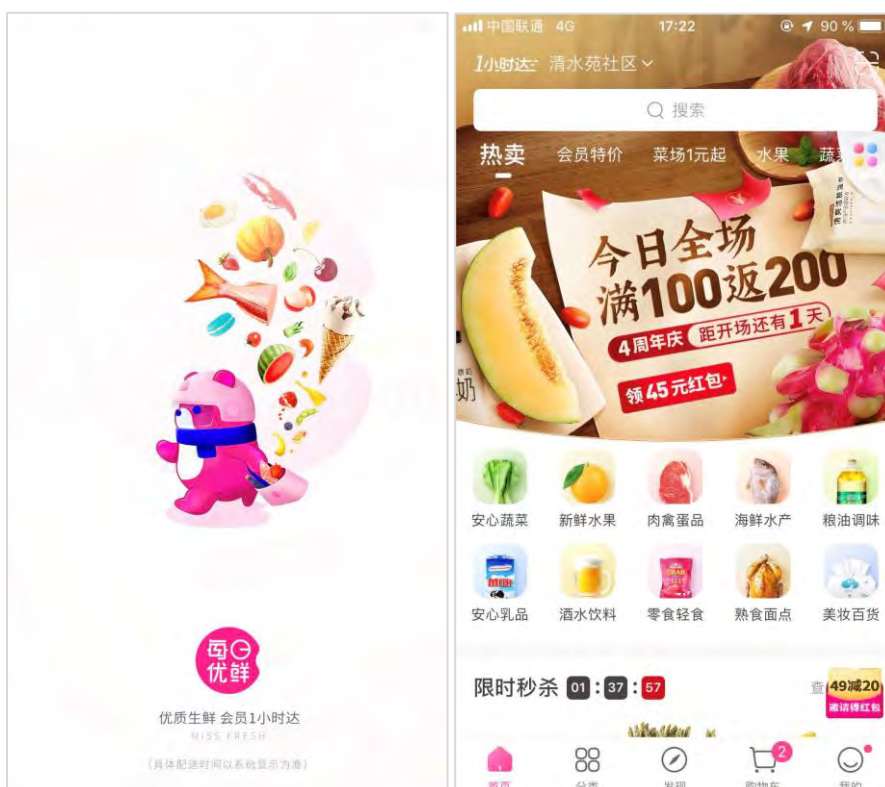
The current US-China trade dispute is taking a toll on the results of the brand. It has been reported year-on-year decrease in exports by 75%<sup>51</sup>, mainly due to the trade war.

### 7.3 Miss Fresh study case

Miss Fresh<sup>52</sup>, was founded in 2014 and it is a mobile e-commerce company, one of the Tencent Investment member enterprises dedicated to high quality fresh foods, such as fruit, meat, eggs, fish and seafood, vegetables or dairy products.

<sup>51</sup> <https://www.producebluebook.com/2019/03/15/plenty-of-california-navels-at-midseason/>

<sup>52</sup> <https://www.missfresh.cn/>



The founders of Miss Fresh are Mr Xu Zheng and Mr Zeng Bin. After starting the company, they procured angel financing of 5 million USD from GX Capital and Vision Plus Capital. Since then, they have been gaining financing rounds. On the last round, in September 2018, they raised USD 450 million from investors such as Goldman Sachs and Tencent Holdings Ltd<sup>53</sup>.

Miss Fresh's growth in the Chinese market is astonishing, being one of the leaders in the fresh product E-commerce distribution. Its revenue in 2018 was over RMB 10 billion (EUR 1.3 billion), growing more than triple from RMB 3 billion (EUR 400 million) in the previous year<sup>54</sup>.

Miss Fresh pioneered a two-level distribution storage system, which consists of Urban Storage Center and Community Mini warehouse. It built three Storage Centers to serve three Chinese major areas: one is in Beijing for the operations in North China, another is located in Shanghai for East China, and the third one is in Shenzhen for South China.

This storage system allows them to serve 20 different cities, from 1000 front-end mini-warehouses (Community Mini-warehouse) in 4 hubs, Beijing-Tianjin area, Jinan area, Shanghai area and Guangzhou-Shenzhen. They plan to build over 10,000 front-end warehouses to support the expansion to 100+ cities. Each front-end warehouse can deliver to consumers located within 3 km in less than two hours and less than one hour for those consumers that have acquired a member card.

With this distribution model, they can avoid the loss suffered by traditional fresh products providers in the transportation from the regional distribution centres to the final destination. Also, the front-end warehouses system reduces transportation time and, therefore, allows them to keep fresh products in peak conditions.

<sup>53</sup> <https://www.reuters.com/article/missfresh-fundraising/china-food-startup-miss-fresh-raises-450-mln-in-new-funding-round-idUSL3N1VS3R5>

<sup>54</sup> <https://equalocean.com/retail/20190222-miss-fresh-and-fresh-product-industry-chain>



To ensure the quality of the products they sell on their platform, they conduct tests to check the products compliance with Chinese standards and safety. The reports are included in the product page as an added value for food safety, available for all consumers to check.



Some of their values that explain their business model are the following<sup>55</sup>:

- Easy to choose: selected quality goods from over the world
- Easy to trust: every product's quality is safe and reliable
- Easy to reach: extremely convenient and on-demand

<sup>55</sup> Missfresh company presentation. Fresh Opportunities in China's Online Retail Space

## 8. Import duties

Seeking to reduce costs for business and encourage spending in a slowing economy which is also facing a fierce trade war with USA, the Chinese government is reducing taxes, including both import duties and VAT.

### VAT

In March 2018<sup>56</sup>, Government officials announced the first VAT rate cut, which went into effect on May 1st, 2018. After, on March 5<sup>th</sup>, 2019<sup>57</sup>, China announced the second VAT rates reduction coming into effect from April 1<sup>st</sup>, 2019. In the first cut, agricultural products VAT rate was lowered from 11% to 10%. Afterwards it went down to 9%.

This last drop represents approximately a 20% reduction during less than a one-year period. Additionally, the government has announced the possibility of reducing the number of VAT rates from three to two, which might further affect agricultural products VAT rate.

### Import duties

During 2018, China has announced three rounds of tariff cuts. First, on May 31<sup>st</sup>, 2018, taking effect from July 1<sup>st</sup>, 2018, the tariff rate for 1,449 categories of consumer goods coming from MFN<sup>58</sup> was reduced. In September, the government announced cuts on a further 1,585 items, starting from November 1<sup>st</sup>, 2018<sup>59</sup>.

Later, on December 24<sup>th</sup>, The Chinese Ministry of Finance released a statement lowering import tariffs on 706 types of products, beginning January 1, 2019<sup>60</sup>.

Fruit	HS Code	Import duty <sup>61</sup>	VAT
Apple (fresh)	080810	10%	9%
Apple (dried)	081330	25%	
Pear	080830	12%	
Kiwifruit	081050	20%	
Orange (fresh/dried)	080510	11%	
Mandarin (fresh/dried)	080521	12%	
Lemon (fresh/dried)	080550	11%	
Grapefruit (fresh/dried)	080540	12%	
Peaches/Nectarines	080930	10%	
Plums	080940	10%	
Grape (fresh)	080610	13%	
Grape (dried)	080620	12%	
Strawberry (frozen)	081110	30%	

<sup>56</sup> <http://www.chinatax.gov.cn/n810341/n810755/c3377945/content.html>

<sup>57</sup> <http://www.customs.gov.cn/customs/302249/mtjj35/2358822/index.html>

<sup>58</sup> [http://m.mof.gov.cn/czxw/201805/t20180531\\_2914284.htm?flyarg=1&flyarg=2](http://m.mof.gov.cn/czxw/201805/t20180531_2914284.htm?flyarg=1&flyarg=2)

<sup>59</sup> [http://www.gov.cn/premier/2018-09/26/content\\_5325538.htm](http://www.gov.cn/premier/2018-09/26/content_5325538.htm)

<sup>60</sup> [http://gss.mof.gov.cn/zhengwuxinxi/zhengcejiedu/201812/t20181224\\_3102373.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcejiedu/201812/t20181224_3102373.html)

<sup>61</sup> <http://www.customs.gov.cn/customs/302427/302442/shangpinshuily/index.html>

<b>Currant and mulberry (frozen)</b>	081120	30%	
<b>Fig, cherry and blueberry (frozen)</b>	081190	30%	



## **9. Recommendations for EU exporters**

Recommendations for EU exporters can be divided into what companies can do individually and what they can do as the industry as a whole.

### **Recommendations for individual companies**

- Best practices when shipping products to China

It is essential for companies to have a professional attitude towards the Chinese market and do not underestimate it.

It is important to take care of logistics and avoid bad practices when shipping fruits to China. Chinese authorities are very strict with the compliance of products with protocol requirements. Fruits that do not follow these requirements will be stopped at Chinese Customs and, most probably, destroyed.

Taking care of these details will have impact on the companies' business development in China especially at long and medium-term. It will also affect the perception of other exporters from the same country.

- Shipping the right product

Each EU exporter needs to evaluate their portfolio and select which product they should send to China, taking into account varieties and seasonality. Although, as we have already mentioned, Chinese consumers do not attach much importance to varieties when purchasing fruits, there are some varieties that will suffer less during transportation and their appearance will be less damaged.

Regarding seasonality, EU exporters need to check carefully which of their products will complement Chinese production. For example, oranges will sell better from March to May, when local production is over and countries from the Southern hemisphere have not started to export yet. If EU exporters need to compete with local produce in season, then they need to differentiate their product and brand and find the right sales channels.

- Packaging

We believe improving management and best practices comes before packaging and changing packaging is rarely a first step when exporting to China, but it is true that in some cases packaging can improve sales, especially packaging for gifts.

As we mentioned in epigraph 4. *Drivers of fruit consumption in China*, premium fruit exporters can benefit from packaging their fruits as a gift, especially for two festivities: the Mid-autumn festival (second half of September) and Chinese New Year (January-February).

- Trademark registration

Although there are few well-known fruit brands in China, it is important for exporters to register their trademark before it comes in contact with the Chinese market.

The most important thing EU exporters need to know is that China follows the “first to file” system, which grants exclusive rights of trademark use to the registrant who applies first and, as they have their own registration system, having their trademark registered abroad will not protect it in China. Those trademarks that access the market before being protected, are at risk of being registered by someone else and the exporter will most likely be asked a ransom to get the trademark rights back.

- Participate in industry tradeshow

There are many tradeshow focused on fresh produce and fruits in China. The most popular ones are listed on *10. Tradeshow*. Participating or visiting a tradeshow in China is a good start for EU exporters who want to get a first contact with the market and meet some potential clients.

- Get support on the ground

Apart from looking for clients, EU exporters should also consider getting support on the ground to help them manage contacts, develop the market, conduct on-site inspections, marketing, among many other tasks that are difficult or impossible to achieve from Europe. This support can be obtained from an agent, sales representative, partner, etc.

### **Recommendations for the industry**

- Collective trademark

Although it is recommended for individual companies to register their own trademark, a collective trademark would have more impact in Chinese consumers and would allow all exporters to concentrate their efforts on other matters, pulling resources together for the best cost-impact. It will require support from the country industry association to coordinate and help exporters on their promotion economic efforts.

Having a collective trademark not only means to create a logo that everyone will use, but to join efforts both in origin and in China. Exporting countries need to establish some quality control mechanism that guarantees the homogeneity of the product among the companies using the brand. Then, it is important to develop promotion activities and support structures, such as a website in China to present their product and country brand, a WeChat account (and possibly other social networks), brochure, obtaining market information, etc.

- Collective catalogue

Together with the creation of a collective trademark, the industry should create a collective product presentation and catalogue that all exporters would use during their negotiations with importers and promotion in China. This catalogue will be adapted to Chinese market and will gather the fruits main characteristics, seasonality, varieties, etc. and will offer a homogenised images of the products, benefiting all exporters equally.

- Buyers missions and delegations to China

In addition to participation in tradeshow, that can be done both by individual companies and by the whole industry, it is advisable for EU countries to organize Chinese buyers' missions to their countries or delegations to China for EU exporters. These activities would facilitate meaningful meetings between exporters and importers, distributors, retailers and E-commerce platforms.

- Seminars about EU fruits in China

There are two different activities that can be done. One would be focused on EU exporters: an expert on importing fruit into China would deliver a presentation on the Chinese market and exporting to China. The second would be focused on Chinese consumers and professionals: aimed to inform Chinese fruit professionals and consumers about the European fruits that can currently be imported in China, their characteristics and why they represent an excellent opportunity.

- Website and WeChat account

As mentioned in the section *Collective trademark*, it is important to develop support structures in China, such as a website hosted in China and a WeChat account. WeChat (similar to WhatsApp, but including many more features and possibilities) is China's leading social media platform, with more than 1 billion monthly active users<sup>62</sup>. It is used by many companies and industry associations for promotion and advertising (posts with pictures or videos, description and link), banners on the bottom of a message, or paying a Key Opinion Leader/famous WeChat blogger for a promotional post.

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<sup>62</sup> In 2017, WeChat accounted for 34% of the total mobile traffic in China (in comparison, Facebook makes up for only 14.1% of mobile traffic in North America). While WeChat's central role in the lives of younger consumers is well documented, the WeChat Impact Report 2018 showed that among consumers over 60-years-old, WeChat accounts for 50% of their data consumption. WeChat drove RMB333.9 billion of traditional consumption, covering travel, food, shopping and tourism.



## 10. Tradeshows

国际亚洲水果蔬菜展览会 Asia Fruit Logistica	
<b>Date</b>	September 4-6, 2019
<b>Venue</b>	AsiaWorld – Expo (Hong Kong)
<b>Periodicity</b>	Yearly
<b>Website</b>	<a href="http://www.asiafruitlogistica.com/en/">http://www.asiafruitlogistica.com/en/</a>
<b>Description</b>	<p>ASIA FRUIT LOGISTICA is the only annual fruit and vegetable tradeshow that focuses on fresh products and value chain for the whole Asian continent. This fact makes the tradeshow the most efficient platform in Asia to get an overview of the market and meet potential clients.</p> <p>In the 2018 edition, there were 826 companies exhibiting, representing 46 different countries and all continents. The number of national pavilions increased this year, with some 27 countries featured.</p> <p>13,500 trade visitors from over 70 different countries attended the tradeshow in 2018, 1/3 of visitors came from Mainland China.</p>

2019 世界水果博览会 2019 Guangzhou International Fruit Expo	
<b>Date</b>	June 27 -29, 2019
<b>Venue</b>	Guangzhou China Import & Export Fair Complex
<b>Periodicity</b>	Yearly
<b>Website</b>	<a href="http://www.fruit-expo.com/index.php?lang=en">http://www.fruit-expo.com/index.php?lang=en</a>
<b>Description</b>	<p>Hosted in Guangzhou, one of the biggest fruit trade hubs in Southeast Asia</p> <ul style="list-style-type: none"> <li>• 10,000 m<sup>2</sup> exhibition surface</li> <li>• +20,000 visitors in 2018 edition. Over 160 exhibitors gathered for the show, including Pagoda (the largest fruit chain store), JD.com (one of the largest e-</li> </ul>

	<p>commerce platforms), Great Sun Food (one of the largest fruit suppliers), Walmart (one of the largest retail store), etc.</p> <p>International pavilions from 6 countries (Thailand, Vietnam, Chile, India, Philippines, Greece), and independent exhibitors from Malaysia, Pakistan, Turkey, and Indonesia</p> <p>Supported by 208 Guangzhou-located foreign embassies and consulates of Indonesia, USA, Chile, Thailand, Argentina, Spain, Malaysia, Australia, Greece, and Vietnam and overseas professional associations, magazines, websites</p>
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<b>2019 第十二届亚洲果蔬博览会</b> <b>iFresh China Fruit &amp; Vegetable Expo</b>	
<b>Date</b>	June 5-7, 2019 – November 15-17, 2019
<b>Venue</b>	Shanghai Exhibition Center - National Exhibition and Convention Center (Shanghai)
<b>Periodicity</b>	Twice a year
<b>Website</b>	<a href="http://www.ifreshfair.com/">http://www.ifreshfair.com/</a>
<b>Description</b>	<p>The iFresh China Fruit &amp; Vegetable Expo is a professional trade fair held in mainland China for local and international producers, distributors, service providers and retailers of fresh fruits and vegetables. iFresh aims to create an appropriate and transparent business environment, based on mutual trust and win-win.</p> <p>The 2018 edition attracted more than 40,000, including the participation of government groups, enterprises and industry visitors from 37 countries and regions including the Netherlands, Italy, Japan, Spain, Turkey, France, Germany, South Korea and Hong Kong, Macao and Taiwan.</p>

<b>第 19 届广州国际食品展暨进口食品展览会</b> <b>The 19th China (Guangzhou) International Food Exhibitions and Import Food Exhibitions</b>	
<b>Date</b>	June 26-28, 2019
<b>Venue</b>	China Import and Export Fair Complex, Area B
<b>Periodicity</b>	Yearly

<b>Website</b>	<a href="http://www.ifechina.com/">http://www.ifechina.com/</a>
<b>Description</b>	IFE China is held in Guangzhou, starting 12 years ago. In 2018, the exhibition attracted more than 686 international exhibitors from 41 different countries (including France, Germany, Jordan, Russia, UK, Portugal, Belgium, Greece, Belarus, Indonesia, etc) and more than 130,000 visitors.

<b>中国(北京)国际果蔬展览会暨研讨会</b> <b>China International Fruit &amp; Vegetable Fair (China FVF)</b>	
<b>Date</b>	November 16-18, 2018
<b>Venue</b>	Beijing Exhibition Centre
<b>Periodicity</b>	Yearly
<b>Website</b>	<a href="http://www.chinafvf.com/">http://www.chinafvf.com/</a>
<b>Description</b>	<p>This convention+conference offers a platform where policy makers from China, embassy representatives from major produce trade nations, professional associations and industry executive get together, share information, exhibit new products, meet clients, social network, discuss solutions and make deals. China FVF is a modest sized but high-profile event. Business executives have their voices directly heard by the Chinese government inspection officials. They also get the latest updates in the entry-exit inspection procedures and policies.</p> <p>200+ exhibitors, 15,000+ professional audience, 1000+ brand, 20+ countries, including Australia, Chile, France, Japan, New Zealand, Peru, South Africa, Turkey, United States, Vietnam, etc.</p>

<b>2019 中国(上海)国际生鲜配送博览会</b> <b>2019 China (Shanghai)International Fresh Logistics Exhibition</b>	
<b>Date</b>	November 12-14, 2019
<b>Venue</b>	Shanghai New International Expo Centre
<b>Periodicity</b>	Yearly

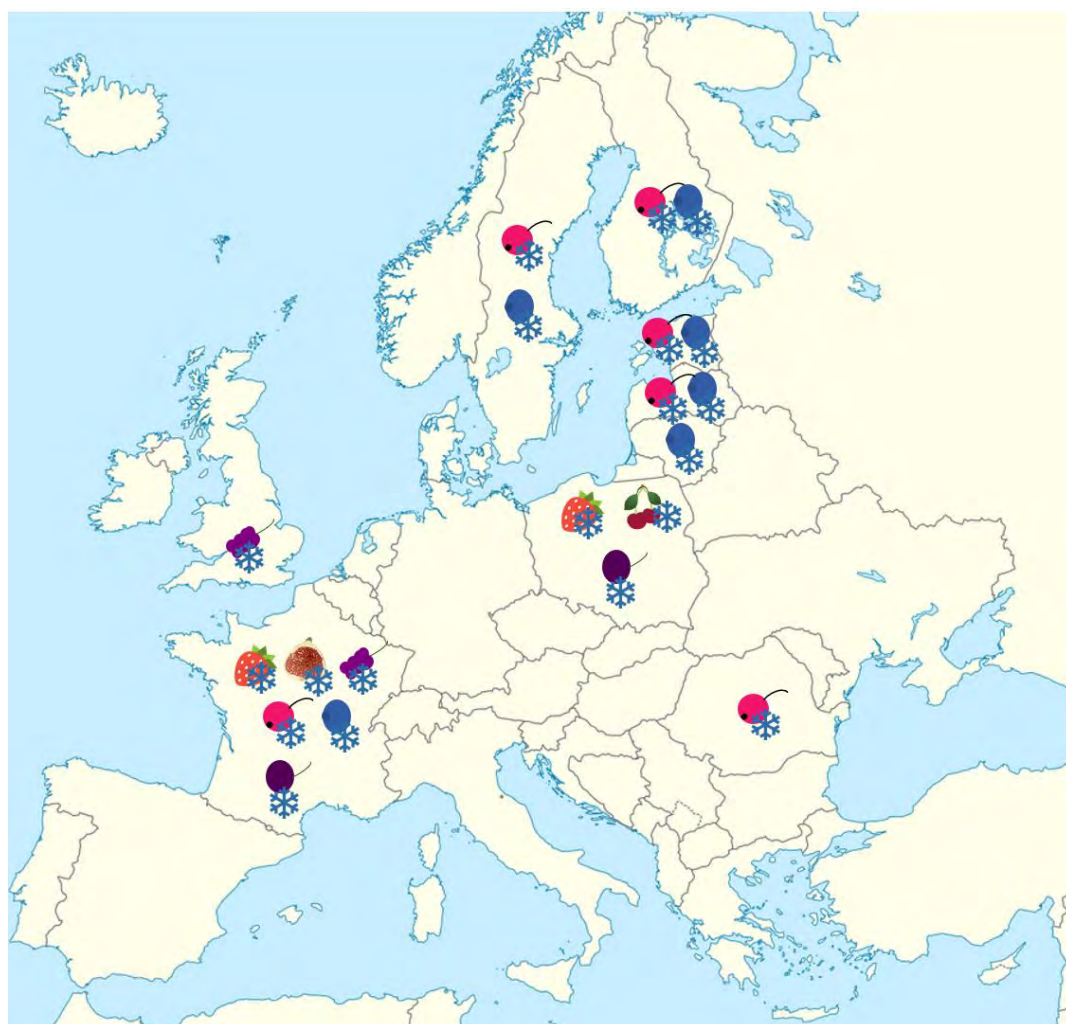


<b>Website</b>	<a href="http://www.chinallz.com">www.chinallz.com</a>
<b>Description</b>	The exhibition is aimed at creating the most direct and business opportunities for domestic, foreign manufacturers, distributors, retailers, experts and academics. In order to achieve the integration of supply and marketing and facilitate entry into the Chinese market. This year edition is expected to attract 60,000 visitors.

## 11. Appendixes

### 1. List of frozen EU fruit protocols<sup>63</sup>

- Estonia: 冷冻蓝莓 frozen blueberry/bilberry, 冷冻越橘 frozen lingonberry
- Finland: 冷冻蓝莓 frozen blueberry/bilberry, 冷冻越橘 frozen lingonberry
- France: 冷冻草莓 frozen strawberry, 冷冻穗醋栗 frozen currant, 冷冻桑椹 frozen mulberry, 冷冻无花果 frozen fig, 冷冻蓝莓 frozen blueberry/bilberry, 冷冻越橘 frozen lingonberry
- Latvia: 冷冻蓝莓 frozen blueberry/bilberry, 冷冻越橘 frozen lingonberry
- Lithuania: 冷冻蓝莓 frozen blueberry/bilberry
- Poland: 冷冻草莓 frozen strawberry, 冷冻穗醋栗 frozen currant, 冷冻樱桃 frozen cherry
- Romania: 冷冻越橘 frozen lingonberry
- Sweden: 冷冻蓝莓 frozen blueberry/bilberry, 冷冻越橘 frozen lingonberry
- United Kingdom: 冷冻桑椹 frozen mulberry

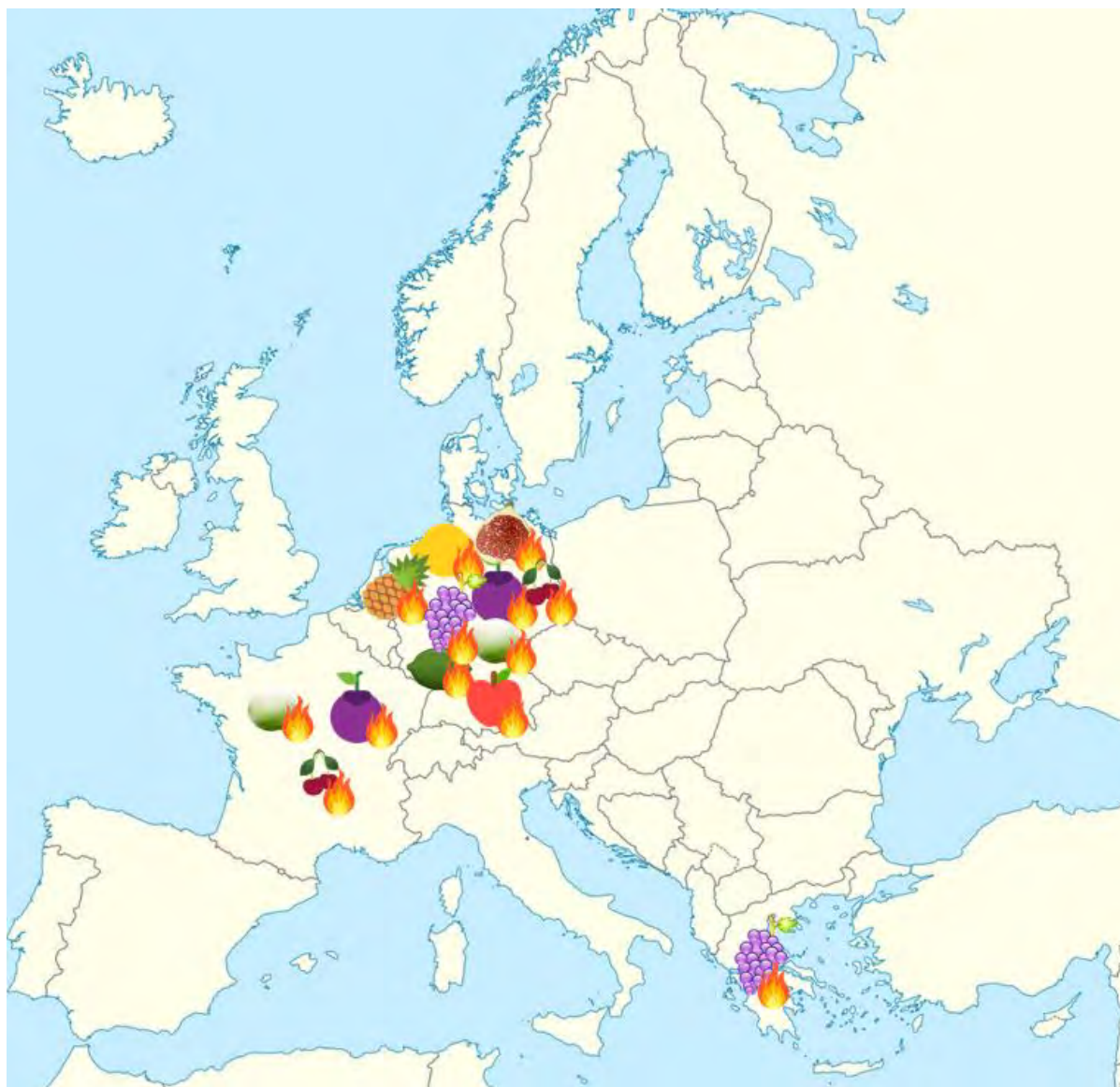


Source: Own elaboration based on AQSIQ and Customs data

<sup>63</sup> <http://www.customs.gov.cn/customs/jyjj/dzwjyj/qymd/zwjcp/2306293/index.html>. Latest update: 15/02/2019| Checked on: 25/02/2019

## 2. List of dried EU fruit protocols<sup>64</sup>

- Germany: 菠萝干 dried pineapple, 柠檬果干 dried lemon fruit, 酸橙干 dried lime, 干无花果 dried figs, 梅干 dried prune, 李干 dried plum, 樱桃干 dried cherry, 苹果干 dried apple, 葡萄干 dried grape
- France: 梅干 dried prune, 李干 dried plum, 樱桃干 dried cherry
- Greece: 葡萄干 dried grape



*Source: Own elaboration based on AQSIQ and Customs data*

<sup>64</sup>[http://114.255.252.130:61115/AP\\_NameListSearchZW.aspx?type=%E6%A4%8D%E7%89%A9%E6%BA%90%E6%80%A7%E9%A3%9F%E5%93%81](http://114.255.252.130:61115/AP_NameListSearchZW.aspx?type=%E6%A4%8D%E7%89%A9%E6%BA%90%E6%80%A7%E9%A3%9F%E5%93%81), Checked on: 14/02/2019



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- Individual Income Tax in China
- Tax Liability for Non-Resident Enterprises Engaging in Service Provision
- China Enterprise Income Tax
- Establishment and Operation of a Representative Office
- Establishment of a Foreign Invested Enterprise in China
- Repatriation and Reinvestment of the Assets of Foreign Invested Enterprise in China

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