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## China, Peoples Republic of

### Market Development Reports

### Shanghai Region Fruit and Vegetable Markets

### 2005

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**Report Highlights:**

China's accession to the WTO opened mainland markets to direct shipment of many fruits and vegetables. Shanghai has proven to be an outstanding market for exports direct from the U.S., with a massive consumer base and a logistics network that provides access to much of the rest of China.

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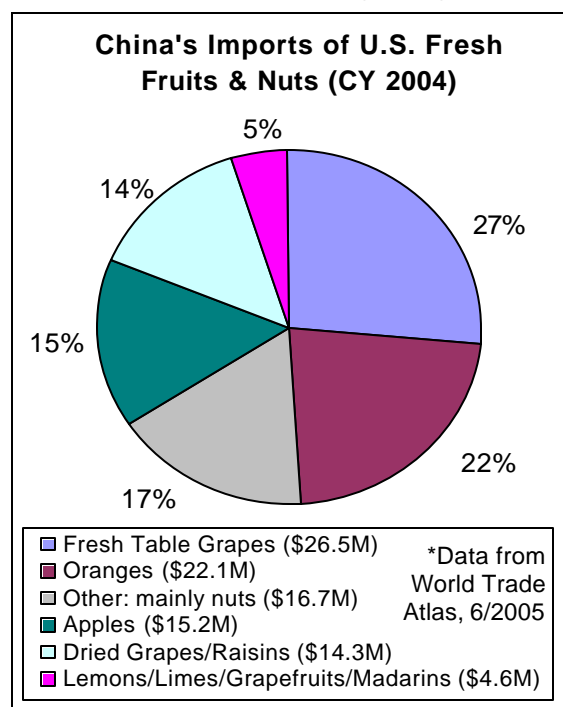
## Table of Contents

<b>Background: Produce Markets in China .....</b>	<b>3</b>
<b>Focus On Shanghai.....</b>	<b>3</b>
<i>Consumer Base .....</i>	<i>3</i>
<i>More Than Just A City.....</i>	<i>4</i>
<i>Logistics in the Yangtze River Delta.....</i>	<i>4</i>
<i>The Importance of WTO.....</i>	<i>5</i>
<b>Best Product Prospects.....</b>	<b>6</b>
<i>Fresh .....</i>	<i>6</i>
Great Grapes .....	6
Apples Are Back.....	6
Cherries Hit the Market .....	6
Citrus/Grapefruit .....	7
Organic Produce – The Wave of the Future? .....	7
<i>Frozen Vegetables &amp; Fruit .....</i>	<i>9</i>
Sweet Corn Dominates U.S. Frozen Vegetable Sales.....	9
Emerging Market in Frozen Blackberries/Raspberries Grows in YRD Cities.....	9
<b>Market Development in the Yangtze River Basin .....</b>	<b>10</b>
ATO Strengthens Product Knowledge .....	10
ATO Strengthens the Cold Chain .....	10
New Regulations for Imported Fruit .....	10
<b>Outlook for the Future .....</b>	<b>11</b>

## Background: Produce Markets in China

**Overview:** In a country where superlatives are the norm, China's fruit and vegetable production is no exception. Growing 50% of the world's total volume of vegetables and melons<sup>i</sup>, China's 700 million farmers make it the world's top fruit and vegetable producer. By the close of MY 2004-5, its farms, mostly small, family-run operations, will have grown an estimated 68% of the world's pears, 49% of its table grapes, 48% of its apples<sup>ii</sup>, 23% of its potatoes, and 13% of its citrus.<sup>iii</sup>

**Imports:** Despite such formidable production figures, China's heavily fragmented distribution infrastructure imposes serious limits. Produce quality and consistency continue to lag behind that of imported U.S. produce, which has found niche markets in high-end grocery stores, hotels, and in the corporate/holiday gift basket sector. In CY 2004 strong marketing campaigns and improved cold chain networks, combined with China's growing number of high-income consumers and international businesses, led to increased sales of U.S. fresh table grapes (\$26.5M), apples (\$15.2M), oranges (\$22.1M) and other citrus, along with frozen vegetables (\$12.8M, of which \$12.2M was frozen corn).<sup>iv</sup> Re-exports of U.S. products to China via Hong Kong accounted for another \$18.0M of fresh table grapes, \$14.0M of oranges, \$11.2M apples, and \$230,000 of frozen vegetables (including \$87,000 frozen peas and \$43,000 frozen corn).<sup>v</sup>



Overall, China imports very few types of vegetables: 85% of vegetable imports in 2004 were cassava root (mainly from Thailand), followed by relatively small quantities of dried legumes (7.5%) and frozen vegetables (4.5%). U.S. frozen strawberries are imported to Shandong Province and dehydrated for re-export to U.S. cereal companies.

**Exports:** Chinese fruit and vegetable exports to the U.S. focus primarily on fresh garlic, with 2004 exports totaling \$37.4M. Other significant exports to the U.S. in 2004 included: dried vegetables (\$66.2M, including \$9.7M of dried mushrooms and truffles), frozen vegetables (\$40.3M), and dried fruit (\$19.8M).<sup>vi</sup> Some of China's fruit and vegetable exports have encountered problems because of unacceptably high levels of chemical residues.

## Focus On Shanghai

### Consumer Base

According to official statistics, Shanghai's 18 million urban residents have the highest annual per capita disposable income in China (18,501 RMB in 2003). Annual per capita disposable incomes of other urban residents include: Beijing 17,116 RMB; Zhejiang 15,881 RMB; and Guangdong 14,053 RMB. (Jiangsu province, to the north of Shanghai ranks 7<sup>th</sup> at 11,237 RMB). It should be noted that the numbers for Guangdong and Zhejiang cover entire provinces, and so tend to underrepresent high income cities like Shenzhen and Guangzhou. In addition, the margin of error in these statistics (unreported income, for example) can be

quite large.

Shanghai's urban residents' annual per capita spending on vegetables ranks near the top for all of China (346 RMB), while the urban residents of Zhejiang Province, just south of Shanghai, rank second (336 RMB).

Shanghai's urban residents also spend more money per capita on dried and fresh fruit and melons (310 RMB) than any other urban area except Beijing (330 RMB). Zhejiang Province again follows Shanghai, ranking third at 281 RMB/capita.

Shanghainese are open to imported products. Based on China Customs data for 2004, Shanghai imported \$4.5 million in oranges, up 44% from 2003, as well as \$4.1 million in frozen corn (up 34%), \$620,000 in fresh table grapes (up 750%), \$390,000 in frozen blackberries/raspberries (up 115%), \$340,000 in apples (up 311%), and \$34,000 in cherries (a 17-fold increase over 2003).<sup>vii</sup> These strong percentage increases in dollar sales between 2003 and 2004 also reflect Shanghai's rising importance as an entry point for U.S. produce being shipped onward to other cities.

#### *More Than Just A City*

Shanghai is a good deal more than just a very, very large city (population: 20 million). It lies at the center of a web of development extending into Zhejiang and Jiangsu provinces. These provinces are now dotted with industrial boomtowns that have sprung up as rising costs in Shanghai drive manufacturers further afield. Forbes magazine recently rated two of these cities, Hangzhou and Wuxi, as the best places in China to do business. Both are within two hours' drive of Shanghai. All of these cities are bound to Shanghai by a common web of logistics and distribution infrastructure, and are collectively referred to as the **Yangtze River Delta (YRD)**. The YRD has a total urban population in excess of 200 million, with incomes well above China's average and an economy that accounts for somewhere between one quarter and one third of China's GDP. The residents of these cities share an exposure to Western foods, as well as a willingness to spend money on quality products. Increasingly, produce imports into Shanghai are being driven as much by demand from the cities of the YRD as by Shanghai itself.

#### *Logistics in the Yangtze River Delta*

Shanghai owes its position at the center of the YRD mainly to its logistics infrastructure. In 2004, Shanghai became the second largest port in the world in terms of cargo throughput, handling 379 million metric tons (MMT) of freight, behind only Singapore with 388 MMT.<sup>viii</sup> Shanghai is also the third largest container port in the world (TEU basis), following Hong Kong and Singapore. The first phase of Shanghai's Yangshan deepwater port project, under construction since 2002, will undergo trial operations in late 2005. This phase includes a 1,600-meter (5,250-foot) -long hydraulic dock, land reclamation, reinforcement of the foundation and dredging of navigable channels. A 32.5-kilometer (20-mile) bridge linking Shanghai to the massive Yangshan deepwater port was completed in May 2005. Phase one will allow the port to handle 2.2 million TEUs of containers a year. When the Yangshan port

**Table 1. Consumer Statistics**

Annual Per Capita Income of Urban Residents (2004)		
Region	RMB	\$US
Shanghai	18,501	2,237
Beijing	17,116	2,070
Zhejiang	15,881	1,920
Guangdong	14,953	1,808
Tianjin	12,280	1,485
Urban Average	10,128	1,225
Annual Per Capita Spending on Vegetables (Urban Residents)*		
Shanghai	346	42
Zhejiang	336	41
Guangdong	312	38
Liaoning	305	37
Yunnan	304	37
Urban Average	257	31
Annual Per Capita Spending on Fresh & Dried Fruit*		
Beijing	330	40
Shanghai	310	38
Zhejiang	281	34
Liaoning	244	30
Tianjin	240	29
Urban Average	190	23
*Excludes Tibet		
Source: China Statistical Yearbook, 2005		

is completed in 2020, its annual handling capacity will be 20 million TEUs. Clearly, Shanghai's logistical infrastructure will be a major factor in future development of the region. Other major ports in the YRD region include the Ports of Shanghai, Ningbo, Zhoushan, Zhangjiagang, and Nantong.

Infrastructure projects throughout the YRD highlight the development of regional distribution beyond the city of Shanghai. Yangzhou (population: 1.1 million) was recently connected to the main rail line that serves Shanghai and Nanjing (population: 4.9 million), and construction of the new Nanjing international airport near Yangzhou is underway. A new bridge being constructed in Yangzhou will decrease the road time to Shanghai from over 4



hours to less than 2½ hours, as well as connecting it directly to the port at Zhanjiagang. Another bridge recently now connects the port at Nantong (population 800,000) directly to Shanghai. The Hangzhou Bay Bridge project, scheduled for completion in 2009, will tie in to several major expressways in the YRD. With a total investment of 11.8 billion RMB (USD \$1.4 billion), the 36-km, 6-lane bridge will connect Jiaxing and Ningbo, decreasing travel times throughout the YRD. For example, the bridge will decrease travel time from Ningbo to Shanghai from five hours to two.

Despite the presence of port facilities throughout the YRD, Shanghai remains the main entry point for produce, particularly items bound for retail sale. Distributors from Hangzhou, Jiaxing, Nanjing, Wuxi and other nearby cities come to Shanghai to purchase fruit. Even major port cities such as Ningbo source most of their imported food through Shanghai, mainly because high throughput and the presence of experienced importer/distributors help to ensure lower cost and better quality. This is particularly important for high-value, short shelf-life products such as fresh cherries. Excellent local logistics makes transit from Shanghai to nearby cities relatively cheap and easy.

The superior logistics and distribution of Shanghai area has also made it the springboard to cities well beyond the YRD. Most major cities of the interior now play host to a community of four and five star hotels. At the same time, international retailers such as Carrefour, Metro, Lotus, Lianhua, Hualian, Auchan, Wal-Mart and others are rapidly expanding into these cities, in an effort to establish themselves to take advantage of the next wave of growth. Hotel demand is proving particularly important for fresh produce imports, as hoteliers in these cities place a premium on consistently high quality and are willing to pay for it. The increased number of both hotels and retailers is contributing to the development of distributors that specialize in handling imported and sensitive products.

### *The Importance of WTO*

Historically, Guangzhou was the primary avenue of entry for U.S. fruit into China, particularly products that face technical barriers to entry into the mainland. Cargoes were transshipped through Hong Kong, allowing them to evade technical barriers, as well as other conventions (such as taxes). Prior to WTO, it was not unusual for fruit transshipped through Hong Kong to be on sale in markets as far north or even farther than Beijing. On the downside, this meant that exporters worked through middlemen, who charged significant fees for their services, and could not be held accountable for the condition or quality of the product on

arrival in China. A large number of products shipped this way became subject to adulteration (to cut costs) or counterfeiting. While this 'gray market' channel remains an important avenue for some products, China's accession to the WTO has reduced many of the barriers faced by key commodities such as citrus, apples, cherries and grapes.

The impact of these agreements has been a surge in direct imports, particularly to ports that are closer to consumer markets in East and North China, such as Shanghai. Direct exports of fruit to mainland China have jumped from \$2 million in 1999 to over \$56 million in 2004. One major wholesaler of imported fruit speculates that the port of Shanghai will surpass Guangzhou in terms of fresh fruit imports in 5 years, in part due to the high transaction costs of transshipment from Hong Kong. In addition to extra charges, indirect imports now face tougher scrutiny at their point of entry. In an effort to address tax evasion and food safety concerns and halt the "gray" channel trading that goes through Hong Kong, China's quarantine officials have announced plans to strengthen checks of country-of-origin certificates and other documents.

### **Best Product Prospects**

#### *Fresh*

##### Great Grapes

Grapes currently dominate U.S. fresh fruit exports to China, vying with oranges for first place. The past year saw a dramatic jump in imports from \$6 million to \$21 million, with the current year posting \$20 million in imports through the month of August. Like citrus, grapes were a major beneficiary of China's entry into the WTO, with imports jumping from \$1.2 million in 1999 to nearly \$11 million in 2000, before stabilizing. The most recent jump in imports comes despite tough competition from domestic grapes and imports from New Zealand and Chile. Part of this success can be attributed to aggressive marketing on the part of the California Table Grape Commission and the introduction of novel new-to-market varieties of grape, to offset growing domestic production of the popular Red Globe variety. As with apples, the consistent quality and appearance of the U.S. product has also made it popular with retailers.

##### Apples Are Back

Despite China's emergence as a major apple producer and exporter, it continues to be an important importer of U.S. apples. Direct exports of U.S. apples to China doubled in 2004 to reach \$5.5 million, and have already passed \$7.7 million for the first 8 months of 2005. This comeback represents a near perfect case study in niche marketing in China. While the domestic apples are cheaper than imports and generally regarded as good, the quality is highly variable, and the appearance often leaves something to be desired. As a result, Washington State apples have been able to stake out a position in the high-end gift market where price is less of a factor than consistently outstanding appearance. Gift giving is an important part of doing business in China, and fruit baskets are given for a wide variety of occasions. As incomes have continued to rise, Chinese consumers are turning to imports as a means of adding to the cachet of a gift, in the process creating a good market for premium imports.

##### Cherries Hit the Market

Cherries are currently a small niche market, with import statistics varying wildly as to actual import numbers. World Trade Atlas registers \$1.5 million in imports of U.S. cherries in 2004 but only \$148,000 through September, 2005, while U.S. Customs data show no U.S. exports

to China in 2004, but \$270,000 in exports in 2005 through August. Some of the confusion may be attributed to the vagaries of transshipment through Hong Kong. The reality lays somewhere in between, but the quantity should certainly be higher in 2005, with imports fueled by a large number of retail and restaurant that brought U.S. cherries into completely new markets and venues (see below). Competition for the U.S. comes primarily from New Zealand (\$700,000 in 2004, up from only \$5,000 in 2003) and Chile (\$85,000 in 2004, down from \$107,000 in 2003 according to WTA). Sales of New Zealand-grown cherries have gained quickly in the YRD area because Southern Hemisphere cherries are harvested around January and February, in time for Chinese Spring Festival (Lunar New Year). Domestic cherries are available in Shanghai, but are generally tart varieties, lower in quality than those imported from the U.S., which are mainly the sweet Bing variety. Recent reports indicate that domestically-produced sweet cherries are becoming available, but the quality and quantities available remain unknown.

Imported cherries have found a strong niche as festival/holiday gifts in YRD cities. U.S.-grown cherries, typically harvested in June and July, are not available to Chinese consumers during the major Chinese holidays, suggesting that U.S. cherry growers will not be able to rely on holiday-related interest to spur sales. Despite this, fresh cherries have done extraordinarily well during ATO-sponsored activities, such as the 2004 Mall Promotion. Cherries were the hottest-selling item at that event, and the supplier had to restock several times before the promotion ended. All three ATOs in China also launched a major fresh fruit retail promotion in September, 2005. This event brought Washington State cherries to 32 stores in 11 cities, many of which had never carried imported cherries before.

One Chinese wholesaler imported approximately 288 cases of cherries from Washington State by air in June 2005, followed by a container (2,000 cases) in July 2005. Some of these cherries were intended for a July 2005 promotion at a popular Shanghainese-style chain restaurant. During the promotion, four new recipes using U.S. cherries were introduced in all six Shanghai outlets. Another portion of the cherries were sent to Wenzhou (population: 7.4 million), a famously wealthy city in Zhejiang Province that has previously shown minimal interest in imports. Anecdotal evidence from another large wholesaler of imported cherries suggests that both Wenzhou and Jinhua (population: 4.5 million) in Zhejiang Province consume a large amount of imported cherries, highlighting the importance of the emerging cities of the YRD as new engines for regional growth.

#### Citrus/Grapefruit

U.S. citrus was one of the first beneficiaries of China's entry into the WTO, and Shanghai has proven an excellent market, especially for less familiar products such as grapefruit. Exports to China have slipped in recent years however, largely as a result of small (storm damaged) U.S. crops. One-third of all U.S. grape fruit imported into China during 2004 came through Shanghai, with demand driven by international hotels and large hypermarket chains in the Shanghai area. One wholesaler of imported fruit explained that Florida grapefruit is preferred by Shanghai-area hotels because of its high juice content (hotel sales make up about 80% of his U.S. grapefruit business), whereas California grapefruit, well-known for its attractive exterior, is used more frequently for gift baskets. The HRI market is a substantial niche: Shanghai reportedly attracted a record high of almost 3.9 million visitors in 2004 (including 3.2 million foreign tourists), up 57% over its SARS-affected figure for 2003. HRI sales are an increasingly important element of demand for imported produce.<sup>ix</sup> As with apples, niche marketing, either in HRI or in the gift markets, has proven to be the key to market entry.

#### Organic Produce – The Wave of the Future?

Shanghai's high-income consumers are becoming aware of the attributes of organic produce, making it a good area for potential growth. Demand is being driven by two different factors. Expatriates and Chinese returning from overseas bring a strong awareness of organics and their value. At the same time, the continuous drumbeat of food safety scandals in the Chinese press has created an extremely high awareness of food quality issues, driving health-conscious consumers toward specially certified products such as organics and green food (see below) as a means of ensuring that their food meets basic standards of safety. California-based O-Store recently opened its first store in Shanghai, with long-term plans extending far beyond retail and into distribution of organics. China's new rules on production, processing, marketing and labeling of organic products, which took effect in April 2005, should help standardize the definition and labeling of organic food, making it easier for consumers to identify truly organic produce. At the same time, counterfeit labeling is possible, and enforcement of the new rules will be critical to maintaining consumer confidence in the organic certification process.

Many Chinese consumers are already aware of "Green Food," a term that was coined in China in the 1980s to identify foods grown under controlled conditions that limit the types and quantities of pesticides and fertilizers used. Even the highest grades of the Green Food standard (AA), however, do not meet widely accepted definitions for organic food. It is not clear if Chinese consumers are aware of the technical differences between standards for Green Food and organic food, and consumer education will be important in increasing sales of China's certified organic produce.

China is producing increasing amounts of its own organic produce both for export and for domestic consumption. The Nanjing-based Organic Food Development Center (OFDC), established in 1994 under China's State Environmental Protection Administration, officially acquired accreditation status under the International Federation of Organic Agriculture Movements (IFOAM) in February 2003, giving it the right to certify farms as organic in line with IFOAM's Basic Standards. Domestic demand remains small (estimated at 0.1% of total food sales), but is growing in urban centers where educated middle- and upper-income consumers have expressed concerns about the high level of chemicals in food.<sup>x</sup> The rise of organic farming in China has also been supported by government initiatives aimed at improving farmers' standards of living. Organic farms, centered in large-scale gardens along the east coast (Shandong, Jiangsu and Zhejiang provinces) and more isolated farms in very poor regions, are often touted more for their income-generating potential rather than their environmentally friendly aspects. This focus on economic benefits has led to skepticism about farmers' willingness to maintain the high standards required of organic farming. Despite these doubts, U.S. organic products imported into China will have to compete with locally grown, less expensive organic produce. As with niche markets in other sectors, prospects for exports of U.S. organic products are best among high-end urban consumers.

For more information on China's regulations on organic certification, labeling and other procedures, see GAIN reports CH5012 "Administrative Measures for Certification of Organic Products" and CH5049 "Implementation Rules for Organic Product Certification."

**China's new label for organic products**

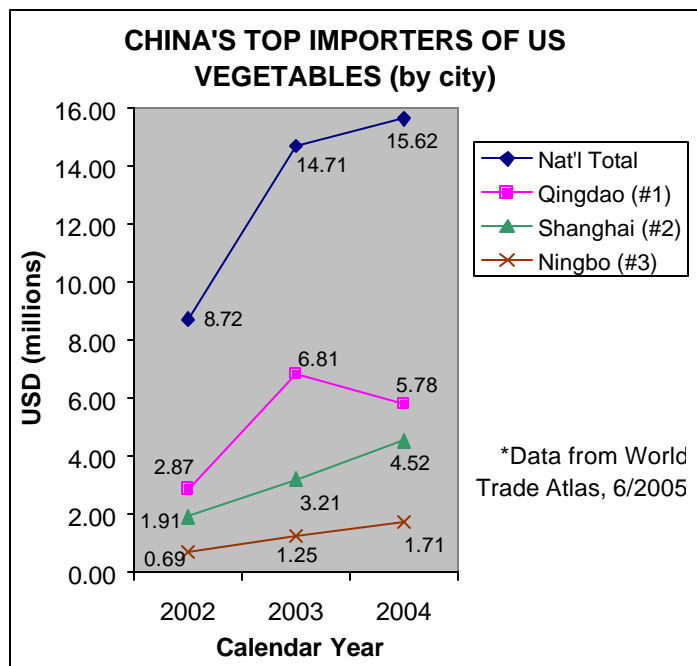




Frozen Vegetables & Fruit

Sweet Corn Dominates U.S. Frozen Vegetable Sales

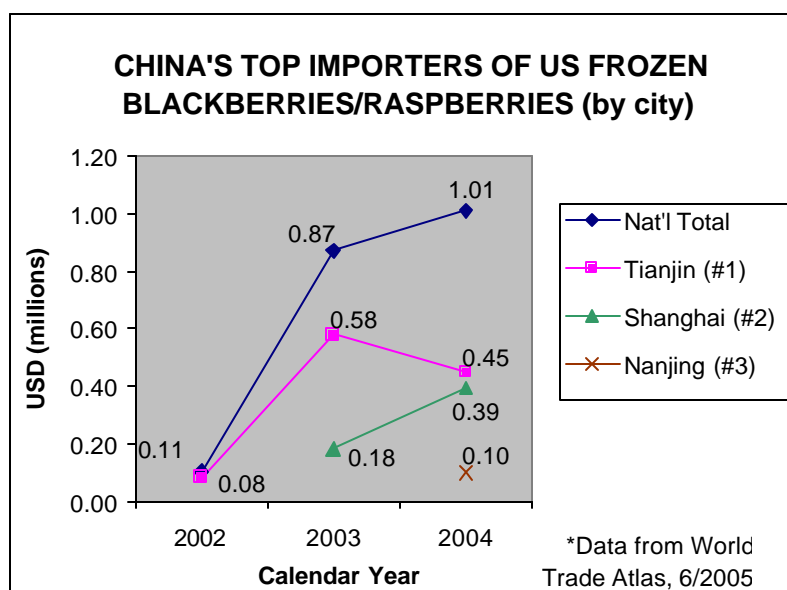
Shanghai was China's second largest importer of frozen vegetables from the U.S. in 2004 with \$4.5M (Qingdao ranked #1 at \$5.8M). The value of U.S. frozen vegetable exports to Shanghai jumped by 41% from 2003 to 2004.<sup>xi</sup> Almost 90% of Shanghai's vegetable imports were of U.S. frozen sweet corn (\$4.1M), with nearby Ningbo (population: 5.5 million), a second-tier city in the YRD, importing another \$1.4M. The total value of Ningbo's imports of U.S. frozen vegetables increased by 37% to \$1.7M in 2004, making it China's #3 importer of U.S. product.<sup>xii</sup> Although these are small figures by volume, they are likely to increase due to the region's rising incomes, improved port facilities, and a recent decline in vegetable output at Shanghai-area farms.



Frozen corn is commonly used in *songzi yumi*, a popular Chinese dish made with stir-fried sweet corn and pine nuts. Typically, the corn is shipped in bulk and re-packaged with small packets of pine nuts to make a ready-to-cook meal package. Corn is also often combined with local vegetables to make mixed-vegetable packages for export. The U.S. captured 93% of China's imported frozen corn market in 2004, down from the 2003 level of 96% (Australia gained slightly).<sup>xiii</sup>

Emerging Market in Frozen Blackberries/Raspberries Grows in YRD Cities

Frozen blackberries/ raspberries are also a promising market in the Yangtze River Delta. Shanghai's total imports of frozen U.S. blackberries/ raspberries reached almost \$400,000 in 2004. A substantial part of that demand may come from food processing concerns in nearby cities: China Customs data show that Nanjing, a medium-sized (4.9 million) city west of Shanghai along the Yangtze River imported \$100,000 in U.S. frozen blackberries/ raspberries in 2003.<sup>xiv</sup> At a June 2005 meeting with the purchasing manager for imported foods of a large joint-venture hypermarket chain with 9 stores in the YRD



area, Post learned of the chain's interest in importing frozen and pureed apricots, blueberries, cherries, and raspberries. This may represent another area for future growth.

### **Market Development in the Yangtze River Basin**

China is a challenging environment for market development, not least because of the underdeveloped nature of food distribution outside of heavily urbanized areas like the YRD. The challenges are exponentially greater for highly sensitive products such as fresh fruit and vegetables. For example, during a market development activity in Chengdu, ATO learned that frozen meat was changing ownership as much as five times before reaching the final seller. ATO's market development activities are designed to improve product quality by educating distributors and end users on proper handling.

#### ATO Strengthens Product Knowledge

Projects like ATO Shanghai's "Chef Seminar Series" held in Shenjiamen (April 2004), Chengdu (September 2004), Suzhou (September 2004), Wuxi (September 2004), Hangzhou (April 2005), Chongqing (September 2005), and Wuxi again (October, 2005), have helped to increase knowledge about the types and handling procedures for imported products, cooking methods, and provided recipes to chefs at up-scale hotels and restaurants outside Shanghai. ATO has learned that the success of a new product in China is often dependent on the way in which it is introduced. Having Chinese chefs learn about and adapt U.S. products to their own style helps to raise the profile of the product while ensuring that it is well adapted to local tastes. Individual cooperators like the U.S. Potato Board and the U.S. Meat Export Federation have also held their own chef-training programs in other inland cities. However, the lack of reliable and efficient distribution channels into interior areas continues to inhibit expansion of U.S. exports, especially of fresh fruit, into Western provinces such as Sichuan and Chongqing. A key obstacle is ensuring that quality is preserved through use of proper cold chain procedures.

#### ATO Strengthens the Cold Chain

Even though cold chain networks are growing across China, the country's lack of product-specific cold chain facilities has a serious impact on the quality and availability of imported product in interior markets. ATO has found that some high-end hotels in West China actually air freight fresh fruit and vegetables in from other parts of China to ensure quality. To address this problem, ATO has worked closely with the Emerging Markets Office on a series of Cold Chain projects. Phase I of ATO Shanghai's seminar series on cold chain distribution and logistics, held in June 2004, introduced best practices and information to local produce contacts. This initial conference was followed by a Phase II conference in April 2005, where audits of eight key cold logistics providers helped individual companies to address key weaknesses in their handling of temperature sensitive products. Further development of cold chain infrastructure beyond Shanghai will be crucial to expanding markets for U.S. produce in the more interior regions.

#### New Regulations for Imported Fruit

New regulations on imported fruit imposed by China's State General Administration for Quality, Supervision, Inspection, and Quarantine (AQSIQ) entered into force on July 5, 2005, and may affect short-term growth of U.S. export markets, as importers and distributors work through new requirements on obtaining import permits and inspection certificates. These rules affect mainly imports of fruit that enter China through gray channels, especially fruit (and specific varieties) from countries/regions not approved by AQSIQ. Shanghai has a history of comparatively strict enforcement of entry requirements. One Shanghai-based

importer commented that the new rules should have only limited impact on fruit imports coming into YRD ports, but a stronger effect on gray market imports through Hong Kong. Enforcement of the new regulations by local officials will also determine the impact of the new requirements. For more information on AQSIQ's regulations that entered into force on July 5, 2005, see GAIN report CH5004 "AQSIQ 2004 Decree 68 Fruit Entry Requirements Finalized (SPS/80)."

### Outlook for the Future

One large wholesaler in Shanghai recently commented that quality is the top concern among consumers of imported fruit, with price a close second. Closely associated with concerns about quality are those related to food safety. Over the past several years, the Chinese press has become more open about reporting food safety scandals than in the past. Papers carry news of new cases of food adulteration or counterfeiting (with serious health consequences) on a weekly basis. Many consumers, especially in urban areas where more processed foods are purchased, are seeking ways to ensure that the food they buy meets the highest safety standards.

This is good news for U.S. producers, as U.S. growers have the experience, technology, and control systems required to supply high-quality produce. Chinese consumers tend to hold imported products in high regard, in part because they recognize that imports must pass inspections both in the country of origin and again upon arrival in China. The quality of China's domestic fruit and vegetables is improving, however, so U.S. growers must work hard to differentiate their produce as higher quality and/or unique in order to develop a niche in China's large produce market. Several individual companies and U.S. grower associations have conducted trade missions to China to assess market potential for U.S. exports. Many have noted the increasing competition posed by China's growers in both third-country and domestic Chinese markets.

Despite these challenges, there is considerable potential for U.S. produce in the Shanghai area's retail and HRI sectors, particularly for fresh fruit. With a taste for fine food and a willingness to spend more of their growing income on imported goods, the YRD population is already consuming more U.S. frozen vegetables and fruit, as well as fresh fruit such as table grapes, citrus, apples, and cherries. Demand for imported U.S. fresh vegetables is more problematic, in part due to high transportation costs. At this point the impact of the recent revaluation of the Chinese Yuan on demand for U.S. produce is unclear. However, China's phytosanitary restrictions on import-eligible varieties of U.S. fruit and vegetables will continue to limit the number of different products that can be exported.

<sup>i</sup> GAIN Report CH5016 from FAO Beijing (2/17/2005)

<sup>ii</sup> PSD Official Statistics from FAS/USDA (as of June 6, 2005)

<sup>iii</sup> GAIN Report CH5016 from FAO Beijing (2/17/2005)

<sup>iv</sup> World Trade Atlas (as of June 2005)

<sup>v</sup> World Trade Atlas (as of June 2005)

<sup>vi</sup> World Trade Atlas (as of June 2005)

<sup>vii</sup> World Trade Atlas (as of June 2005)

<sup>viii</sup> "Shanghai Port world's 2nd in cargo throughput in 2004." People's Daily Online. Jan 12, 2005.

[http://english.people.com.cn/200501/12/eng20050112\\_170405.html](http://english.people.com.cn/200501/12/eng20050112_170405.html)

<sup>ix</sup> Shanghai Municipal Tourism Administrative Commission. <http://lyw.sh.gov.cn/en/sta/sta12.aspx>

<sup>x</sup> "Green Growth" in The Economist, Vol. XXXI, No. 13, June 20, 2005.

<sup>xi</sup> World Trade Atlas (as of June 2005)

<sup>xii</sup> World Trade Atlas (as of June 2005)

<sup>xiii</sup> World Trade Atlas (as of June 2005)

<sup>xiv</sup> World Trade Atlas (as of June 2005)