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Global Agricultural Information Network

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Fresh Fruit Market in North China

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Fresh Fruit

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Report Highlights:

Over the past five years, North China's imported fruit market has continued to boom as a result of an ever-growing number of direct shipments. Beijing has become the primary North China fresh fruit import distribution hub

General Information:

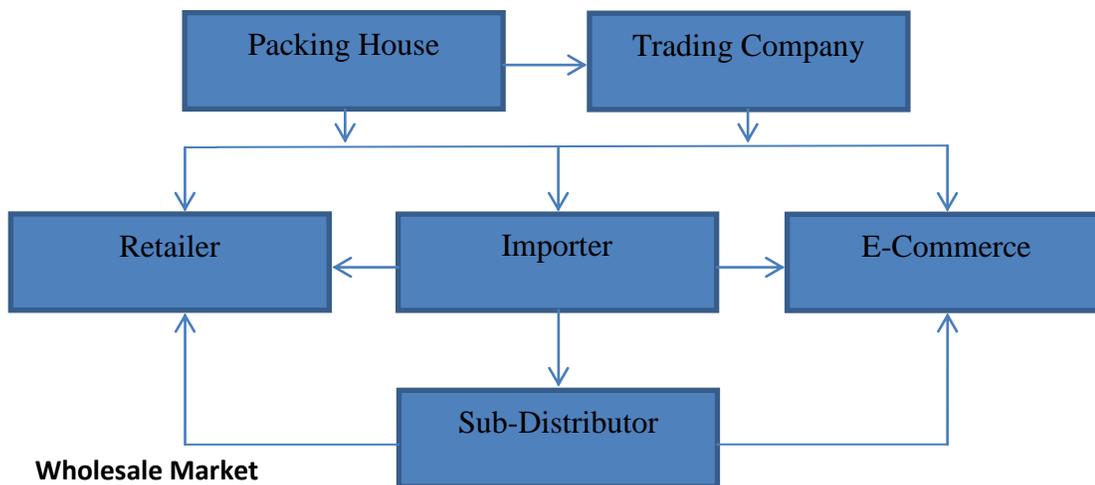
Industry Overview

Over the past five years, North China's imported fruit market has continued to boom as a result of an ever-growing number of direct shipments. In large part this is due to the rising cost of shipping via Hong Kong and other gray channels, increasing North China consumer demand, and high inland transportation costs. North China importers-distributors increasingly ship via Tianjin, Qingdao and Dalian ports directly. Beijing has become the primary North China fresh fruit import distribution hub including Tianjin and Hebei, Inner Mongolia, and Shanxi Provinces. Dalian is the second largest distribution hub in North China that includes Liaoning, Jilin, and Heilongjiang Provinces. Importers based in Shandong Province routinely source fresh fruit imports from and through Shanghai.

In 2013, U. S. fresh fruit exports to China totaled \$253 million with shipments to Tianjin, Beijing, Dalian, and Qingdao accounting for more than 10% based on value. In addition, the State of Washington shipped more than 300,000 boxes of cherry (5kg per box) to Beijing in 2014, up 100% over the previous year.

Distribution Channels

Tianjin, Qingdao and Dalian are the major fresh fruit import and importer bases in North China. However, given more timely and efficient customs clearance, better sea routes and geographical advantages, Guangzhou and Shanghai remain the predominant shipment destinations in China. Importers based in North China prefer Shanghai compared to Guangzhou given lower domestic transportation costs. For example, a 40-foot container shipped from Guangzhou to Beijing costs \$2,280 compared to \$1,400 for the same container from Shanghai to Beijing. According to local industry sources, Qingdao CIQ and Customs have established offices in Qingdao's largest wholesale market to expedite shipment clearance on-site as of December 26, 2014. While it is too early to tell, this should considerably improve and expand imported fresh fruit trading in Qingdao. In addition, the Central Government has recently approved the establishment of a Free Zone in Tianjin's Dong Jiang Port. Shipments arriving in Tianjin's Free Zone will be able to access and enjoy expedited clearance of shipments.



Beijing's Xin Fa Di wholesale market is the largest fresh fruit distribution market in North China. Distributors from Tianjin, Hebei, Shanxi, Liaoning and Inner-Mongolia Provinces source most of their imported fruit from this market. According to local industry sources, due to traffic congestion in Beijing, Beijing's Municipal Government plans to re-locate all large-scale wholesale markets outside the 5th Ring Road. In addition, ATO Beijing understands that with the development of Tianjin's Free Trade Zone, Tianjin may increasingly become the major distribution hub for much of North China's imported fruit.

Retail

The retail market is the primary destination and distribution channel for imported food products in China. Consumers in North China focus more on the size and appearance of products, and are likely to purchase large fruit with smooth and shiny skin. Larger apple and citrus sizes 72 are more popular in the North. High-end retail outlets in North China desire to work with direct importers to eliminate the middleman and secure fresher product to compete with other retail competitors. Free tastings, gift baskets/boxes, colorful displays, and nutritional information have all helped expand sales.

E-Commerce

E-commerce players in China focused on fresh products developed rapidly in 2014. In North China, consumers are able to source fresh product imports via tmall.com, jd.com, yhd.com, sfbest.com, womai.com, benlai.com and tootoo.com. Given the limitations of fresh product logistics, consumers in North China's second and third tier cities still have limited access to ordering fresh products online. However, the potential market is large and based on industry data, online fresh product sales revenues increased nearly 41% in 2013, reaching more than \$930 million. Industry forecasts predict that over the next five years e-commerce growth rates will increase by more than 100% and market size is likely to reach more than \$16 billion and account for greater than 15% of total fresh product market.

Marketing Tips

- 1) Work with reliable Chinese importers and retailers
- 2) Participate in key fresh fruit shows to meet importers (e.g. Asia Fruit Logistic Show in Hong Kong and PMA in the United States)
- 3) Provide promotional materials to Chinese partners such as gift packages and promotional videos that include production (farm to table) process
- 4) Contact related U.S. fruit cooperator representatives in China regularly
- 5) Note: Peak fresh fruit sales seasons in China are Spring and Mid-Autumn Festivals
- 6) Required documents for exporters: origin certification, phytosanitary health certification, packing list, bill of landing and invoice

