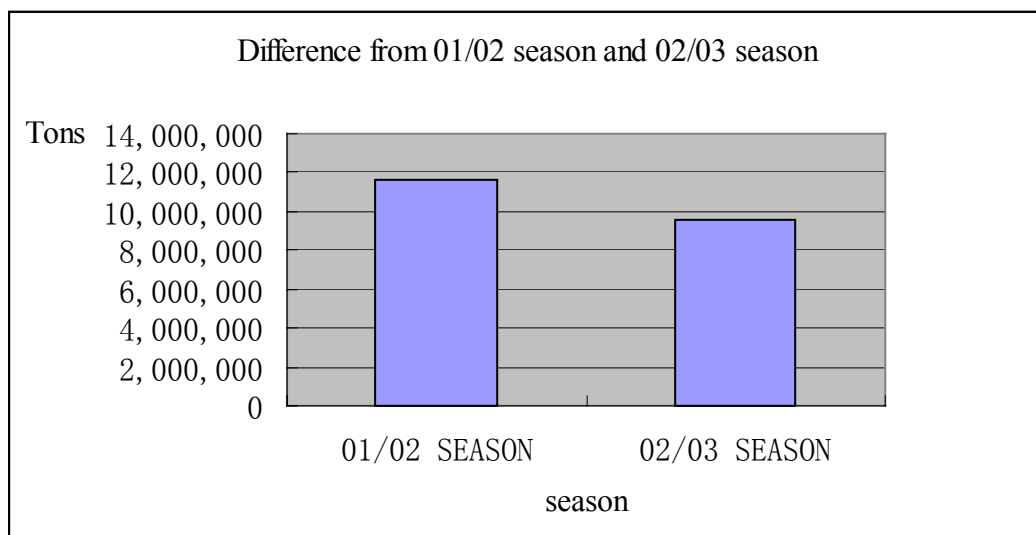


## Forecast for canned mandarin oranges 02/03

The production of canned mandarin oranges will be from Oct./02 to Feb./03 again. Our idea is:

1. Less output on Mandarin Oranges was early estimated.

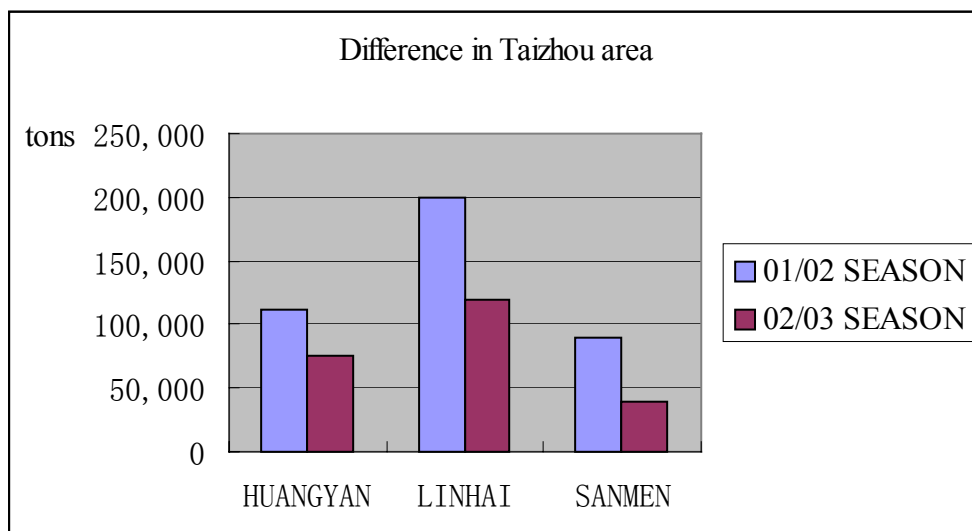
According to the meeting of China Fruit Marketing Association in mid Aug, 2002, we have learnt that total output of all kinds of fruits in China this year is 62,250,000 tons, less 6.5% than last year when is 66,580,000 tons. The reason of such reduction is caused by output for Mandarin Oranges which they estimated the total output of it would be about 9,600,000 tons, less 20% than last season which is 11,600,000 tons.



2. Production situation of Mandarin Oranges Satsuma in Zhejiang Province

The report from Zhejiang Mandarin Oranges Institute that total output of fresh Mandarin oranges this season would be about 1,100,000 tons in Zhejiang, this indicated that there would be down 33% than 1,648,000 tons of last season. Taizhou where is the main packing area is expected to reduce output this season to 400,000 tons, less 32% than last year which is 590,000 tons. The breakdown is:

	01/02 season	02/03 season	percentage of reduction
Huangyan	111,000 tons	75,000 tons	32.5%
Linhai	200,000 tons	120,000 tons	40%
Sanmen	90,000 tons	40,000 tons	55%



### 3. Analysis for reduction

- A. The temperature was high during the bud period, this caused floescence was earlier 10-15 days than previous season, made the diathesis of flower inferior.
- B. It always rained during floescence period, sunlight time was short, and this affected photosynthesis and made nutrition maladjusted, lost young fruitage seriously.
- C. This season is natural year when the Mandarin Orange is few.

### 4. Analysis of raw material of mandarin oranges used for packing canned products

The decline of total output certainly will affect the quantity and price of raw material, only Ningbo and Taizhou can supply raw material with good quality and suitable for packing canned products. The second choice is Hunan and Hubei. But, it learned that the output there was also down, 30% deduction is in Yichang of Hubei and 33% is in Changde of Hunan, and most of canneries centralize in above areas of this two Provinces. So raw material will compete drastically, this competition is from fresh mandarin oranges of domestic market, factories in different areas and factories in same area.

### 5. Price for canned Satsuma Mandarin Orange

Last season, the price of raw material increased from U\$0.12/kg to U\$ 0.78/kg, this made peasants store the raw material during early packing period, affecting the quantity few, but factory need a large of quantity to pack, this also would impact the price. We estimate many factories in Zhejiang will collect raw material from Hunan and Hubei in early Nov this season, and the price of raw material will increase quickly. Anyhow, the price of finished canned Mandarin oranges is much higher than the previous packing season. The rough estimation maybe U\$ 4.60 – U\$ 5.20/ctn FOB for 24/312g.