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Report Highlights:

Raisin production is expected to rebound by nearly 12 percent to 190,000 MT in MY 2023/24 from the previous year after the government of the People's Republic of China (PRC) removed Covid restrictions that disrupted the previous season's processing and harvesting. Raisin consumption will likely improve slowly despite the economic headwinds that are facing the PRC.

Production

PRC raisin production is forecast to rebound by nearly 12 percent to 190,000 metric tons (MT) in marketing year (MY) 2023/24 (August-July) compared to the previous year when Covid-related lockdowns in Turpan, the largest raisin growing area in China, negatively influenced fresh grape harvest and raisin processing operations. Fruit production, processing, and trade has returned to normal after the central government announced that it was lifting all Covid restrictions in December 2022. Turpan processors also reported that extreme summer 2023 temperatures during fruit development negatively impacted fresh grape quality, which may result in more grapes being diverted to processing. Generally, around 70 percent of the fresh grapes harvested in Turpan are processed into raisins and the remaining 30 percent are sold fresh. However, the share varies moderately each year depending on the demand and prices commanded from the fresh market as Thompson Seedless grapes, the dominant variety in Turpan, can be processed into raisins or consumed fresh.

Covid-related policies have disrupted raisin production, processing, and transportation for the past three years in Turpan, Xinjiang. The region produces more than 90 percent of the nation's total raisin supplies. In the map image, Turpan is shown in red and Xinjiang in orange. Turpan's grape planting area, which is currently estimated at 362,000 hectares, has expanded slowly over the past few years, according to local media reports. As a result, Turpan will likely see mild increases in grape production in years to come. According to PRC media, the MY 2023/24 grape production forecast is 1.4 million MT.



Turpan raisin processors indicate that the share of green raisins may increase to 65 percent of the total raisin crop this year as farmers put more lower quality grapes in drying facilities. Dark raisins will constitute the remaining 35 percent of raisin production. Green raisins, which are wind-dried in special drying houses, are unique to Turpan. This type of raisins is normally consumed as snacks and in home baking. China's exported raisins also fall in this category. Dark raisins, which are sun-dried on the ground, mostly go to the food processing sector. Industry sources report that modern raisin processing facilities are being developed with capabilities for cleaning, grading, and packaging. However, the quality of bulk raisins that are processed by many small factories in Turpan remains quite low.

Stocks

Post estimates around 20,000 MT of locally produced raisins were left unsold and remained in processors' warehouses when the market year began in August. Despite lower production in MY 2022/23, weak consumption and disrupted logistics due to Covid-related lockdowns kept raisin stocks at what industry members consider a "high level." The ending stocks will likely move even higher to 30,000 MT in MY 2023/24 given a significant rebound in production on top of weak demand.

Price

Raisin processing began in Turpan in early August. Wholesale prices of green raisins are unchanged from the previous year and are currently quoted at RMB 7-8 per kilogram (kg), or \$0.96-1.10/kg. Dark raisins, however, are sold much lower at RMB 3.5-6/kg (\$0.48-0.82/kg), compared to RMB 6-7/kg (\$0.82-0.96/kg) from the same time last year. Local processors attributed the lower prices to poor product quality. At the beginning of each season, raisin quality is unstable because farmers normally use low-quality grapes for processing but sell high quality grapes to the fresh market. Raisin prices generally increase in late September when both quantity and quality improve. Turpan raisin prices have declined for the past three years, mainly because of weak market demand and logistics disruptions during the pandemic.

The export price of Chinese raisins dropped dramatically to \$1,555 per MT in July 2023 from the high level of \$2,449 per MT in July 2022, according to customs statistics. The devaluation of local currency played a role in the declining quotations. The Chinese yuan has devaluated by 9 percent against U.S. dollar since January 2023.

Consumption

Raisin consumption is expected to improve slightly to 172,500 MT in MY 2023/24 (August-July) based on moderately improving demand from the food processing sector and E-commerce channels. The nation's economic recovery has fallen far behind expectations after the government removed the Covid-related restrictions in December 2022. The consumption of raisins, however, will continue to moderately rebound as the country emerges from COVID restrictions. Raisins have been the favorite dried fruit ingredient in the rapidly developing baking sector, so demand from the food industry for raisins will continue to grow. Meanwhile, home baking, which adopts raisins as a popular ingredient, has been boosted during the pandemic and will continue to develop among urban families. In addition, the consumer demand for raisins as a snack food will likely rise in the future along with the development of E-commerce that has expanded the market penetration of prepackaged food to more lower tier cities. The 3-year Covid policies have changed and intensified the consumer trend towards online shopping. The NBS statistics indicate that the online retail sales of food products increased by nearly 9 percent on year in the first seven months of 2023.

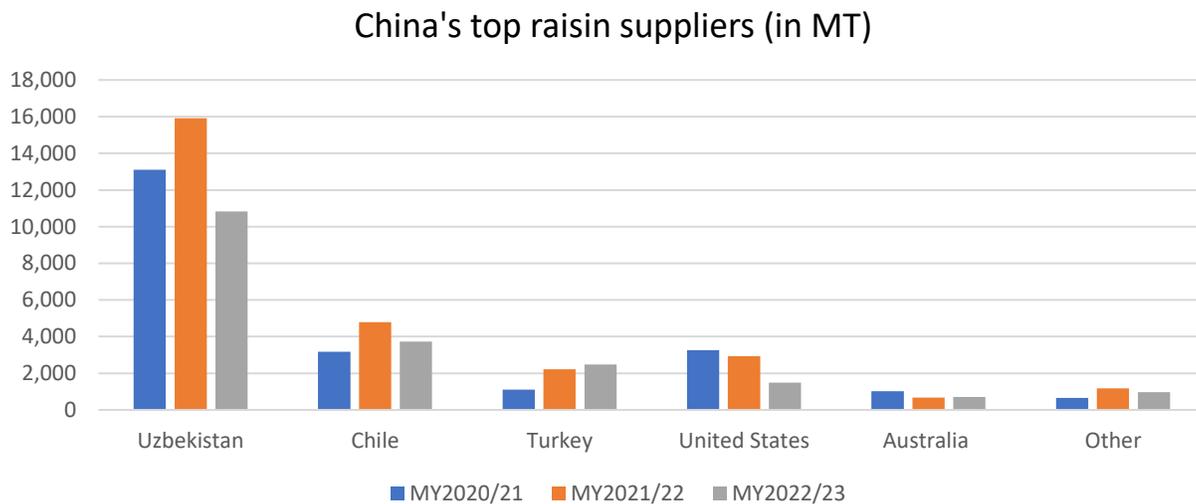
As a result of the dampened economic outlook buyers appear more price-sensitive among consumers who seek to purchase food products with better quality but lower price. The profit margins of agricultural and food processing entities declined by 33 percent in the first half of 2023, compared to the same period of 2022, according to statistics released by the National Bureau of Statistics (NBS). Wholesale dark raisin prices have dropped between 15-40 percent since this time last year encouraging domestic consumption by food processors. In addition, most food processors now prefer domestically produced raisins or cheaper imported products when sourcing raw materials and ingredients.

Trade

Imports

Raisin imports are forecast to further decline by 10 percent to 17,500 MT in MY 2023/24 (August-July), as more food manufacturers shift to sourcing cheaper local raw materials. Uzbekistan remained the largest raisin supplier to China, holding a 56-percent market share in MY 2022/23, followed by Chile and Turkey. The market share of the U.S. raisins keeps falling, mainly because of retaliatory tariffs (see Policy). According to customs statistics, the share of U.S. raisin imports dropped to 11 percent in MY 2022/23 from 20 percent in MY 2018/19. Post has revised downward the MY 2022/23 raisin import data in line with the customs statistics. The country's raisin imports dropped by nearly 30 percent during MY 2022/23 as consumption failed to recover as many people have expected, even with the removal of Covid restrictions.

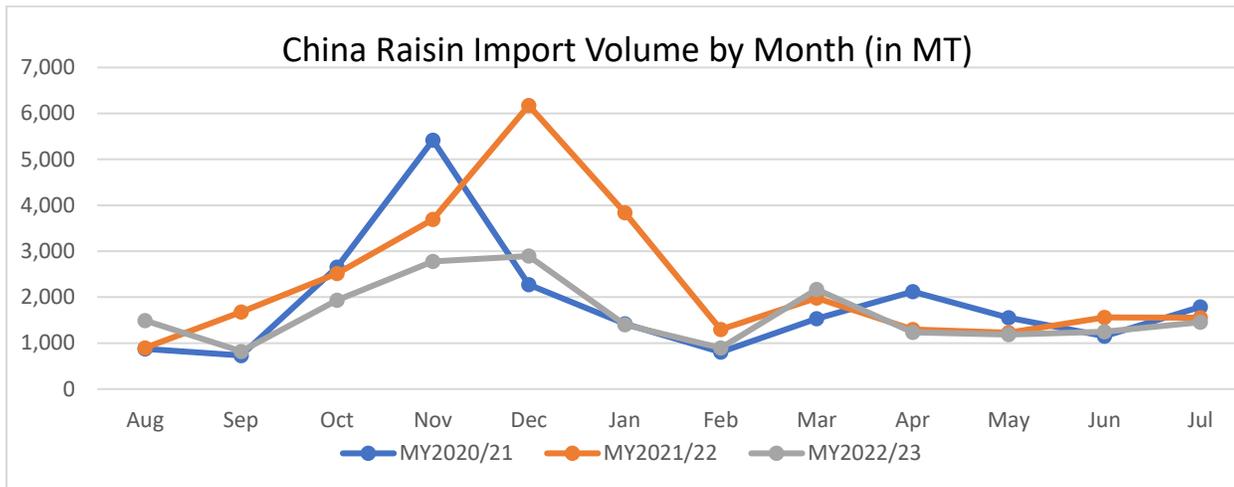
Chart 1. China: Top Raisin Suppliers by Marketing Year (in MT)



Source: Trade Data Monitor, LLC

China imports raisins all year round, but volumes peak during October-December in the lead up to the Lunar New Year.

Chart 2. China: Raisin Import Volume by Month (MT)

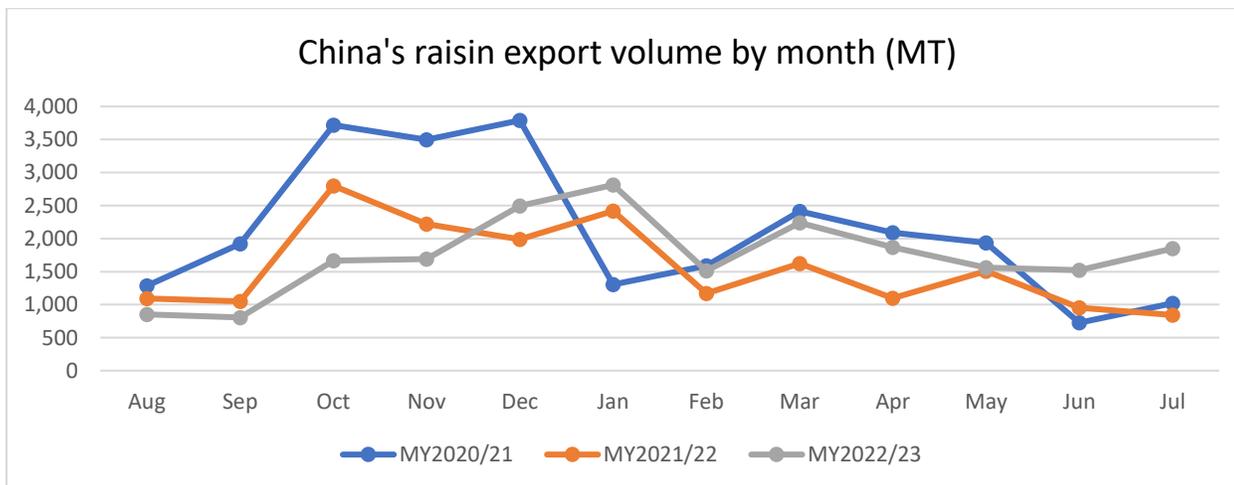


Source: Trade Data Monitor, LLC

Exports

China’s raisin exports are expected to continue rebounding to 25,000 MT in MY 2023/24, driven primarily by improved demand from the EU market, the largest buyer of Chinese raisins. The devaluated local currency against U.S. dollar is also a key factor supporting Chinese exports. Likewise, Middle Eastern countries, mainly the United Arab Emirates and Saudi Arabia, are likely to increase their purchases as well. China exports raisins throughout the year, but the peak falls in the fourth quarter.

China 3. China: Raisin Export Volume by Month (MT)



Source: Trade Data Monitor, LLC

Policy

A tariff exclusion process that allows importers to apply for an exclusion of PRC's retaliatory Section 301 tariffs against U.S. products, including raisins, has remained in place since March 2020 (see GAIN report [CH2020-0017](#)). However, the process does not apply to retaliatory Section 232 tariffs. In other words, U.S. raisins imports can be exempted from a 30 percent Section 301 tariff when importers file the necessary paperwork but are still subject to a 15 percent Section 232 tariff on top of MFN tariffs. See table below for detailed import tariffs on raisins, as well as value-added tax (VAT), with major trading partners.

Table 1. China: Import Tariff and VAT on Raisins with Major Trading Partners in 2023

Trade partner	Tariff (%)	VAT (%)
	Raisin (HS 08062000)	
Country/Region with FTA		
Chile	0	9
Australia	0	9
Country/Region with no FTA		
United States	25 (as of March 2, 2020) *	9
Uzbekistan	10	9
Turkey	10	9
Iran	10	9
South Africa	10	9
Afghanistan	10	9
Greece	10	9

Source: China Customs

Note: *Actual rate (includes MFN and China's Section 232 retaliatory tariffs) if Section 301 tariffs are exempted upon approval.

In accordance with Decree 248 (refer to [CH2021-0045](#)), all overseas food manufacturers, processors, and storage facilities must be registered with the [CIFER](#) system before exporting food products, including dried fruit (raisins) to the PRC. Decree 248 went into force on January 1, 2022.

Imported dried fruit (raisins) must comply with the Hygienic Standard for Dried Fruit (GB16325-2005) which provides hygienic requirements for processing, packaging, labeling, storage and transportation of dried fruit (see GAIN Report [CH2023-0054](#)). This mandatory standard has been implemented since October 1, 2005.

Marketing

The Raisin Administrative Committee (RAC) continues to be a registered Foreign Non-Governmental Organization in the PRC. For more information about RAC programming, contact their [in-country representatives](#).

Raisins have a long history of consumption in China and are often regarded as a healthy snack and food ingredient. Renowned for their sweet taste, health benefits and convenience, raisins are frequently coupled with tree nuts and portioned into small bags. This snack category is known as ‘daily nuts’ in China. Between 2017 and 2021, China mixed dried fruit and nuts market size grew from RMB 3.2 billion to RMB 11.5 billion. The market size dipped in 2022 to RMB 9.8 billion, likely due to the negative impacts of COVID, according to a market research company report. Despite this dip, the market remains highly competitive, with over 300 snack food entities actively producing “daily nuts” and more players continuing to enter this lucrative market.

As a food ingredient, raisins are heavily used whole, sliced, or pureed in the food processing sector in both traditional Chinese and western-style bakery products. Whether manufactured in factories or at home, raisins add a unique flavor to baked goods, including mooncakes, pastries, breads, and cookies. In addition to bakery items, middle-aged and elderly consumers use raisins as a natural food supplement. Specifically, red dates, walnuts, sesame seeds, and other Chinese herbs are blended with raisins to create a nutritious paste. The paste is cooked and consumed as a meal substitute or added to tea.

Raisins are also regularly incorporated in China’s daily intake through a wide range of foods, including breakfast cereals, salads, soup, congee, as well as in Bubble Milk Tea, a particularly popular item amongst younger generations.

Sales Channels

Raisins are sold through various channels, including offline retail outlets and e-Commerce platforms. Traditional channels include wholesale, hypermarkets, and wet markets. Raisins are also sold through snack specialty stores, supermarkets, community grocery stores, and convenient shops. E-Commerce platforms have experienced tremendous growth in the past three years, partly due to the profound impact of COVID-19 on consumer purchasing behavior. Hybrid sales channels (i.e., online-to-offline) have

become integral to building brand awareness for snack food companies looking to gain market share and diversify their clientele.

Trade-related activities in China are currently booming, as the country strives to recover from the pandemic. More trade shows and promotional events are being launched by all levels of government and by non-governmental trade associations. U.S. exporters are encouraged to consider these events to maintain customer relations and explore new business opportunities. Additionally, some industry groups report using livestreaming platforms can help reach a broader audience and increase awareness of the products and their attributes or benefits and help create a story around the product.

Dietary Guidance

Chinese consumers are notably turning to healthier food options. Southern Chinese regions have gained recognition for their healthy and light diet styles across China. In July 2023, the Guangdong Nutrition Society published and widely promote the South China Dietary Guide in accordance with China Dietary Guidelines 2022. This dietary guide emphasizes the consumption of diverse food ingredients including dried fruit. As a result, Post expects that raisin consumption will increase in the future to align with the growing trend toward healthier and natural food.

Table 2. China: Production, Supply, and Distribution

Raisins	2021/2022		2022/2023		2023/2024	
Market Begin Year	Aug 2021		Aug 2022		Aug 2023	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	20000	0	20000
Production	0	180000	0	170000	0	190000
Imports	0	27700	0	19500	0	17500
Total Supply	0	207700	0	209500	0	227500
Exports	0	18800	0	20900	0	25000
Domestic Consumption	0	168900	0	168600	0	172500
Ending Stocks	0	20000	0	20000	0	30000
Total Distribution	0	207700	0	209500	0	227500

Unit: metric ton

Attachments:

No Attachments