

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **China - Peoples Republic of**

## **Raisin Annual**

## **Annual**

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**Report Highlights:**

China's raisin production in MY2012/13 (October–September) is estimated at 150,000 metric tons (MT), a 50 percent recovery from 100,000MT in MY2011/12 when unfavorable weather conditions damaged crop prospects. China's production recovery in MY2012/13 is forecast to lower its import demand to 18,000 MT, a decrease of 18 percent from the previous year. Uzbekistan imports challenge the U.S. dominance in China's imported raisin market.

## **Commodities:**

### **Raisins**

## **Production:**

China's raisin production in MY2012/13 (October–September) is estimated at 150,000 metric tons (MT), a 50 percent recovery from 100,000MT in MY2011/12 when unfavorable weather conditions damaged crop prospects.

China is the world's largest green raisin producer, mainly due to the uniquely dry and hot climate in Turpan, Xinjiang Province. Farmers harvest fresh grapes from early July to mid September. Lower quality grapes (imperfectly shaped and over-matured) are usually used for raisin production. Thompson Seedless grapes are the most popular variety used for raisin production and table consumption and account for about 90 percent of Turpan's total acreage. Turpan's grapes are fully mature in July, but raisin grapes are harvested in August to increase the sugar content. Grapes are hung on vines in special drying houses for about 30 days. Those that remain on vines are air-dried and become green raisins, while those which fall off are sun-dried and become dark raisins. Industry contacts estimate China's green raisins account for 70-80 percent of total production, and dark raisins account for the remaining 20-30 percent.

China's raisin production faces challenges by increased opportunities for fresh grapes utilization for table and wine consumption. The local government in Turpan is expanding sales channels for table grapes and training farmers how to produce wine grapes. Moreover, farmers prefer selling table grapes over raisins due to higher profits.

Short domestic supplies of raisin grapes drove market prices up in MY2011/12. Farmers are hopeful that prices will remain high in MY2012/13, despite the expectation of normal production. For instance, local media in Turpan reported that green raisins are priced at RMB25/kg (US\$1.8/kg), more than 30 percent higher than the same period last year. Traders also noted that prices of green raisins increased to RMB40/kg (US\$2.9/lbs) in the second half of the marketing year, which is considerably higher than the average price of RMB13-14/kg (US\$0.94-1/lbs).

## **Consumption:**

Except re-exported raisins, imported U.S. raisins (see picture on the right) are usually consumed in two ways: as a snack food or bakery ingredient. Industry sources indicated that 30 percent of imported U.S. raisins are consumed as a snack food, while the remaining 70 percent is used as ingredients by the bakery sector.



The majority of Uzbekistan raisins are consumed as snack foods, but they have fewer applications in the bakery sector as their raisins are not destemmed (see right picture).



For snack food consumption, local traders noted that e-commerce sales increased rapidly, due to competitive prices and will surpass traditional supermarkets in the near future. E-commerce prices are usually 15-20 percent lower than supermarket prices.

For bakery consumption, the convenience shops, such as 7-11, are taking large market shares from the traditional cake and bread shops because of their rapidly developed outlets. Local Xinjiang green raisins are mostly consumed as snack foods, and dark raisins are mostly consumed by low-end bakery shops.

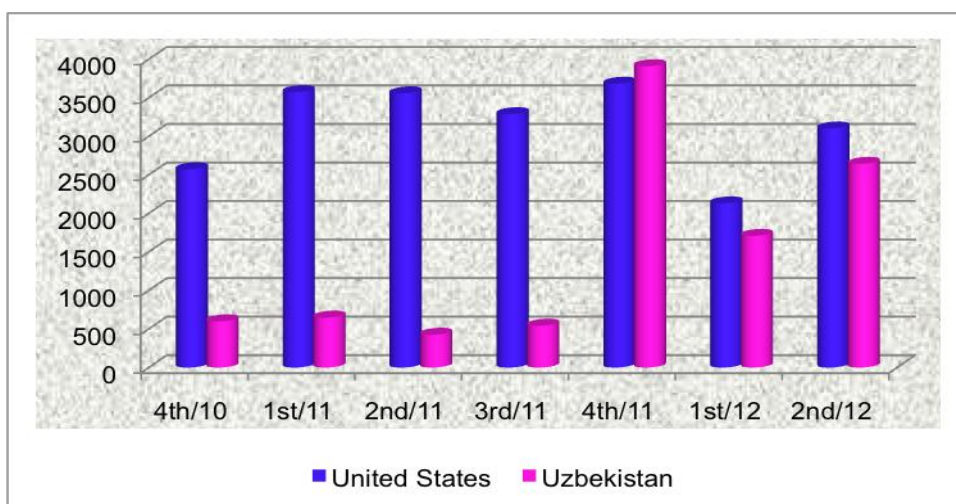
## Trade:

**Imports:** China's production recovery in MY2012/13 is forecast to lower its import demand (HS code: 080620) to 18,000 MT, a decrease of 18 percent from the previous year.

Uzbekistan imports challenge the U.S. dominance in China's imported raisin market. (Please see the chart below.) According to Chinese Customs, China's raisin imports increased by 53 percent to 18,535 MT in the first three quarters of MY2011/12 compared to the same period last year. U.S. raisins accounted for 48 percent, which is a significant decline from 80 percent during the same period in MY2010/11. Meanwhile, Uzbekistan accounted for 45 percent, a 31 percent increase from the same period.

China's industry attributes soaring Uzbekistan imports to three reasons: 1) the decline in Xinjiang's MY2011/12 raisin production; 2) Uzbekistan provides similar varieties to Xinjiang's popular black currant raisins; and 3) Uzbekistan's raisins are price competitive to those offered by the United States (the lead supplier). The average price for U.S. raisins was \$2,462/MT from January to June 2012, while Uzbekistan offered \$801/MT during the same period.

**China's raisin imports from the United States and Uzbekistan**  
**Source: China Customs**



**Note: This chart is measured in metric tons.**

## Exports:

China's raisin exports in MY2012/13 are forecast to reach 40,000 MT, a 33 percent increase from the MY2011/12 estimate of 30,000 MT.

To date, in MY 2011/12, China's exports have totaled 24,901 MT, representing a 38 percent decline from the previous year, due to smaller exportable supplies and high export prices. China's raisin export price amounted to \$2,400/MT (from January to June 2012), a 14 percent increase from the same period in 2011. Japan, the United Kingdom, Germany, Australia, Netherlands, and Poland are top buyers of Chinese raisins. To meet Japan's strict hygienic requirements, China's raisin exports to Japan are re-exports of U.S. origin raisins.

## Marketing:

The Pearl River Delta region has historically been China's trade hub for both imported and domestic dried fruit and tree nuts. The region boasts a mature distribution channel across the country on its numerous delta tributaries which allows traders, processors and packers easy access to dried fruit and tree nuts from China and abroad. U.S. dried fruit has been a dominant player in the last three decades; however, increased competition from South American producers raised price sensitivity issues that threaten market share. U.S. producer associations have been strongly advised by ATO Guangzhou to take action and manage this key market with greater trade servicing activities. In 2011, South China imported \$478,651-worth in U.S. raisins, a dramatic 200 percent drop compared with 2010.

Guangzhou Yi De Lu Wholesale market

Source from Internet

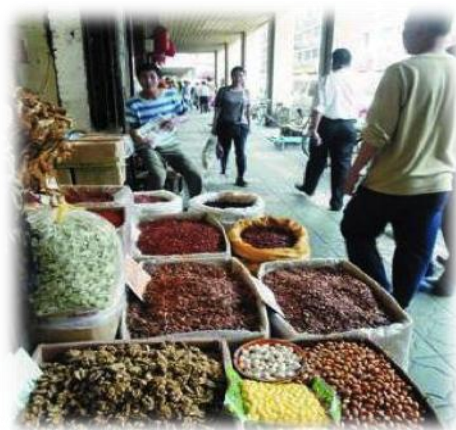


Wholesale market: Yidelu St. wholesale market

Guangzhou Ole Supermarket:  
Source from ATOGZ

As the largest dried fruit and tree nut supplier market in the world, Yidelu Street of old Guangzhou has over 2,000 shops across a 2-mile stretch. These wholesalers built the raisin market in China on the backs of their trading activities. Post recently interviewed some of the most influential shop owners and discovered that over 80 percent of raisins currently sold in Yidelu Street are domestic raisins from Xinjiang Province (Northwest China), and the remaining 20 percent are represented by South Africa, the United States, and Chile.

Price is the main factor for the recent switch from U.S. raisins to those produced in Xinjiang. According to reliable contacts, Xinjiang producers have been developing new brands and images for their raisins. Significant improvements to cleaning, drying techniques, and food safety controls in Xinjiang have caused traders, and other market players to notice. In contrast, California Raisin Committee has not organized any trader meetings or technical seminars to protect its market share or support loyal buyers.



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Turpan's green seedless raisins are the top traded variety in Yidelu Street. These raisins can now be prominently found in retail markets, food service, and bakery and confectionary products. In second-third tier cities across China, these can be found in wholesale markets or peddled by street vendors.

## Retail Sector

Retail consumers mainly purchase domestic raisins, while a small portion of imported raisins are primarily purchased in snack packages for first tier cities. In premier retail stores in first-tier cities, imported raisins are packed (in plastic bags, cans, or paper boxes) and marketed as healthy, tasty and convenient snack foods to middle-class consumers. China's hospitality industry has also helped overall raisin consumption as more hotels feature raisins in food service, bakery products, and mini-bar menus.

Besides the largest retail channels such as supermarkets/hypermarkets in big cities, independent food stores like gas station stores and convenient stores are new channels for U.S. raisins. Pricing varies among sales channels due to the distribution costs and entry fees. For instance, Xinjiang green raisins are sold in Huadu's Lotus supermarket (located in a second tier city and suburb of Guangzhou) at \$11.1 per kilogram, while the high-end Guangzhou Friendship store (located at the heart of the new Guangzhou city center) sells the same raisins for \$12.1 per kilogram. Imported raisins are much more expensive than their domestic counterparts. Ole Supermarket, the highest end supermarket in China, sells U.S. raisins at \$15.87 per kilogram in Guangzhou and \$17.46 per kg in Shenzhen.

Based on discussions with managers of five major national retail chains located in Shenzhen, ATO Guangzhou expects retail sales volumes to grow by 20 percent in 2013.

## On-line merchandise

Source: Guangzhou Friendship store  
online shopping website

Since 2007, China's on-line consumption entered a surge purchasing era with over 50 percent increases by netizens over the past five years. There are 33,440 million on-line buyers that spent an average of over \$317 in 2011. This emerging purchasing channel will soon reach consumers composed of a younger generation and white-collar office employers who enjoy the convenience, greater options, and better pricing from on-line purchasing. Group purchasing, a particular on-line promotion scheme, allows consumers to contact the factory or distributor directly. This scheme attracts and encourages netizens to purchase larger packages at wholesale prices. Given strong demand and intense competition with on-line stores, many retail stores have launched online shopping websites with free delivery and personal advisory services. The China Academy of Social Sciences estimates China's internet trading will reach \$21 million in 2013.

## Recommendations

Demand for high quality food products increased rapidly as well as the options available to consumers. U.S. raisins enjoy a high reputation and long trading history in China. Post





suggests the U.S. raisin industry work swiftly and closely with ATO/Guangzhou and traders in the Pearl River Delta to launch more promotional events to strengthen the bond with distributors and end users. This approach will reinforce the image of U.S. raisins and recognize the important trade relationships in South China that are the backbone of China's booming raisin market.

### Production, Supply and Demand Data Statistics:

<b>Raisins China</b>	<b>2010/2011</b>		<b>2011/2012</b>		<b>2012/2013</b>	
	<b>Market Year Begin: Oct 2010</b>		<b>Market Year Begin: Oct 2011</b>		<b>Market Year Begin: Oct 2011</b>	
	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Planted	0	33,300	0	33,400	0	33,800
Area Harvested	0	25,800	0	22,000	0	27,000
Beginning Stocks	0	0	0	0	0	
Production	0	135,000	0	100,000	0	150,000
Imports	0	16,109	0	22,000	0	18,000
Total Supply	0	151,109	0	122,000	0	168,000
Exports	0	49,566	0	30,000	0	40,000
Domestic Consumption	0	101,543	0	92,000	0	128,000
Ending Stocks	0	0	0	0	0	
Total Distribution	0	151,109	0	122,000	0	168,000