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Global Agricultural Information Network

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China - Peoples Republic of

Raisin Annual

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Report Highlights:

The Office of Agricultural Affairs forecasts that China's MY2013/14 raisin production will increase by 10 percent to 165,000 tons, due to good weather conditions in Turpan, Xinjiang. The United States remains the largest supplier to China, but Uzbekistan is gaining market share because of its price competitiveness. The majority of China's raisin exports to Japan are re-exports from the United States, according to trade sources.

Production:

The Office of Agricultural Affairs forecasts that China's MY2013/14 raisin production (October–September) will increase by 10 percent to 165,000 tons, due to good weather conditions in Turpan, Xinjiang (the largest producing area). The average yield for Turpan's grape production could also expand to 22.5 tons per hectare, which is nearly 15-20 percent higher than those from previous years. Larger-than-normal supplies of table grapes will contribute to Turpan's raisin production compared to previous years. Table grape sales were negatively impacted by the June riots in Pichan County in Turpan, according to trade sources.

China's total production consists of green raisins (at 60 percent) and dark raisins (40 percent). Green raisins are mainly produced by individual farmers in special drying houses; and dark raisins are being produced more in factories with sun-drying yards. China is applying agents in its raisin production to shorten the drying process by 15-20 days and help reduce browning.

China has yet to implement a standard on drying agent applications, which have caused food safety concerns among consumers. Quality control is also difficult to monitor because small scale farmers dominate China's raisin production. Sources note that Turpan is reportedly establishing a Raisin Processing Sector Association to help regulate raisin processing methods.

Consumption:

China's raisin consumption is steadily increasing with its nutrition well recognized by consumers and with growing demand from China's baking and confectionary sector. Xinjiang green raisins are largely sold as snack foods in local markets; and, dark raisins are often used as ingredients at low-end bakery shops. U.S. raisins have two separate uses: imported for re-exports to Japan; or further processed into China's bakery, dairy, and confectionery products.

Trade: Imports

OAA estimates that China's MY 2013/14 raisin imports will slightly increase to 22,000 tons.

China's MY 2012/13 raisin imports decreased by seven percent to 17,162 tons in the first three quarters, compared to the same period in MY2011/12, according to trade sources. The United States remains the largest raisin supplier to China, but its market share declined to 46 percent in the first three quarters of MY2012/13 (compared to 81 percent in MY2010/11). Meanwhile, Uzbekistan's market share increased to 45 percent in the first three quarters of MY2012/13 (from the 14 percent in MY2010/11). Uzbekistan raisins (mostly black currant raisins) are price competitive to those from the United States and sold through e-commerce as snack foods. During the first half of this year, the unit price for Uzbekistan raisins is \$751 per ton, compared to the unit price for U.S. raisins at \$2,590.

The import duty and value added tax remains unchanged. (Source: China's Customs)

	H.S. Code	Import Duty (%)		VAT (%)	
		2012	2013	2012	2013
Raisin	08062000	10	10	13	13

Trade: Exports

OAA estimates that China's MY2013/14 raisin exports reach 40,000 tons, a 10 percent increase from the MY2012/13 estimate, due to adequate domestic supplies competitive prices. To date, China's MY2012/13 exports totaled 27,344 tons, because of continued sales to Japan, China's largest market. [Note: The majority of China's exports to Japan are re-exports from the United States, according to trade sources.] The United Kingdom and Netherlands are other key buyers, accounting for 19 and percent of China's total raisin exports in the first three quarters of MY2012/13, respectively.



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South China's Raisin Market

In 2012, China imported \$29 million worth of U.S. raisins; over 28 percent enter through South China. China received 11,660 tons of U.S. raisins in cargos through 14 districts. There are five ports located in South China: Shenzhen, Jiangmen, Guangzhou, Huangpu, and Gongbei. South China import volume significantly expanded by 724.75 percent between 2011 and 2012.

Rapid growth in South China is contributed to purchases of three importers (Dongguan Sunshine Valley, Jiangmen Dachang and Jiangmen Great Eagle Trading) who increased their imports due to price increases for domestic raisins from Turpan, Xinjiang. The table notes that Guangzhou and Gongbei ports imports increased by 507.9 percent and 95.7 percent, respectively.

South China Import from United States Via District: All Districts							
Commodity: 08062000, Dried Grapes				Source: Global Trade Information Services, Inc			
District	United States Dollars			% Share			%Δ 12/11
	2010	2011	2012	2010	2011	2012	
Shenzhen	255443	150445	273340	1.26	0.54	0.94	81.69
Gongbei	138775	136045	266234	0.68	0.49	0.91	95.7
Jiangmen	0	146280	200847	0	0.53	0.69	37.3
Guangzhou	123152	9721	59094	0.61	0.03	0.2	507.9
Huangpu	126817	35703	36474	0.62	0.13	0.12	2.16
Total	644187	478194	835989	3.17	1.72	2.86	724.75

Yidelu Wholesale Market

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. Over 80 percent of raisins currently sold in Yidelu Street are domestically produced raisins from Xinjiang Province, and the remaining 20 percent are represented by three suppliers: South Africa, U.S. and Chile.

Price is the main factor for the recent switch from U.S. raisins to those produced in Xinjiang. According to the trade, Xinjiang producers have been aggressively marketing Turpan raisins with branding product images. They are actively carrying out marketing efforts and raising output levels to 500,000 ton per year. As a result of significant improvements to cleaning, drying techniques, and quality and food safety controls, Xinjiang Turpan raisins have impressed traders, and the market has taken notice.

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

Retail Sector & On-line merchandise

Retail consumers mainly purchase domestic raisins, while a small portion of imported raisins are primarily purchased in snack packages in first tier cities.

Guangzhou Yi De Lu Wholesale market

In

Source: Internet

are

premier retail stores in first-tier cities, imported raisins

packed in plastic bags, cans, or paper boxes, and are marketed as healthy, tasty and convenient snack

foods consumed by the middle-class. China's hospitality industry has also helped overall raisin

consumption as more hotels feature raisins in their food service, bakery products, and mini-bar menus.

On line purchases are an emerging channel in first and second tier cities where internet service is widely available. The younger generation and well educated middle class enjoy the convenience, greater options, and better pricing that comes with on-line purchasing. Group purchasing, an on-line purchase promotion scheme, allows consumers to directly contact the factory or distributor which attracts and encourages netizens to purchase large packages at wholesale prices. According to China Electronic Commerce Research Center, China's internet retail trading reached \$210 billion in 2012 with 64 percent growth compared to last year.

Marketing of U.S. raisins

In June and July 2013, the Raisin Administrative Committee (RAC) conducted bakery promotions with two large bakery chains with 86 stores in Xiamen, where the baking industry is developing most rapidly in South China. These promotions received a positive result of sales growth and consumer feedback.

RAC is planning to partner with local retailers on in-store promotions in Guangzhou this year, including Jusco, Lotus and Grand buy retail chains.

[Note: The next page includes the Production, Supply and Demand Table]

Production, Supply and Demand Table:

Raisins China	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	33,400	33,300	33,800	33,800	0	34,000
Area Harvested	22,000	22,000	27,000	27,000	0	27,500
Beginning Stocks	0	0	0	0	0	0
Production	100,000	100,000	150,000	150,000	0	165,000
Imports	22,000	22,993	18,000	21,000	0	22,000
Total Supply	122,000	122,993	168,000	171,000	0	187,000
Exports	30,000	29,471	40,000	37,000	0	40,000
Domestic Consumption	92,000	93,522	128,000	134,000	0	147,000
Ending Stocks	0	0		0	0	0
Total Distribution	122,000	122,993	168,000	171,000	0	187,000