

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## China - Peoples Republic of

**Post:** Beijing

### Asparagus (End of Year Report)

**Report Categories:**

Asparagus

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**Report Highlights:**

China's estimate for fresh asparagus production in MY2010 is lowered 16 percent to 210,000 metric tons (MT) based on lower acreage and unfavorable weather conditions. Rising labor costs for white asparagus has led farmers to plant more green asparagus (a less labor intensive crop). Due to declining production and rising prices for fresh asparagus, canned asparagus exports are also down 10 percent to 60,000 MT.

Production in 2011 is forecast at 240,000 MT, a 14 percent increase from this year based on predictions of favorable weather. Post will continue to monitor crop prospects.

## **Production:**

China's fresh asparagus production in MY2010 (January-December) is estimated at 210,000 metric tons (MT), a 16 percent decrease from the 250,000 MT estimate in MY2009. Lower-than-expected prices in MY2009 led farmers to plant less acreage for MY2010. Moreover, extremely cold weather conditions resulted in yield declines and harvest delays.

Production in MY2011 is forecast at 240,000 MT, a 14 percent increase from this year based on predictions of favorable weather. Post will continue to monitor the crop prospects during the upcoming harvest season (April-August) in China's largest producing provinces (Shanxi, Shandong, Hebei, Henan, and Fujian), which account for 80 percent of total production.

White asparagus accounts for 65 percent of total production, while green asparagus accounts for the rest. Reportedly, farmers are switching to producing green asparagus due to lower labor costs, since white asparagus requires intensive, skilled labor. For instance, since white asparagus grows underground, skilled laborers must first judge a crop's location before digging (see photo). While digging, unskilled laborers have often damaged premature asparagus, which can result in drastic declines in production. In addition, if a matured asparagus is not harvested at the appropriate time, the plant cannot be processed and will be discarded. Green asparagus, however, grows above ground and is much easier to manage and harvest.



The asparagus industry will unlikely expand acreage because of poor returns in recent years and high start-up costs relative to other vegetables. High costs for seeds and labor also add additional financial strain on the farmer, who will not see returns on their investment until the third planting year. Although asparagus is a multi-year crop that can be harvested up to 15 years, land conversion for this uncompetitive crop is highly expensive. The asparagus industry heavily relies on exports, which implies a greater market risk during times of global economic crisis.

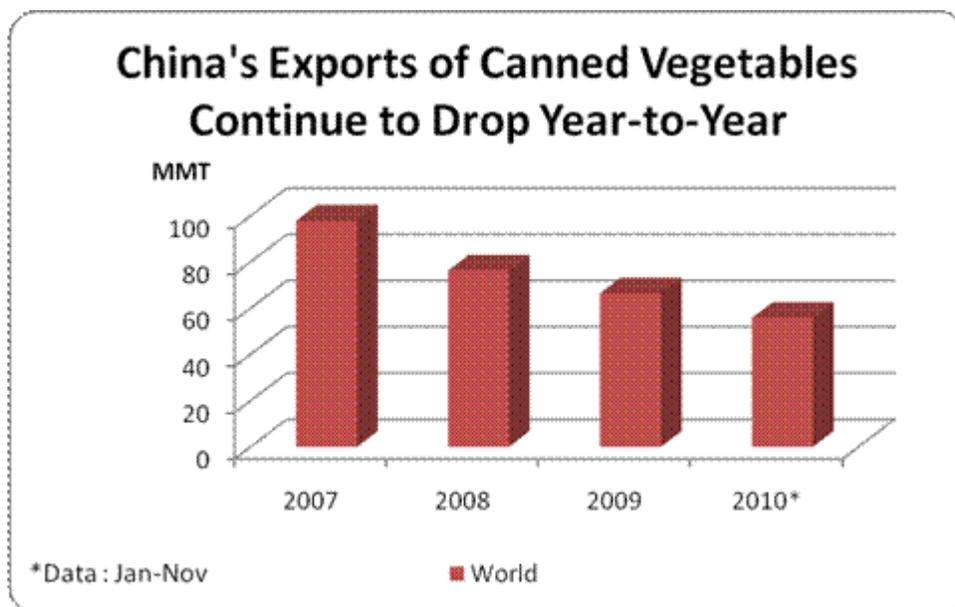
## **Consumption:**

Although the health benefits for asparagus are well recognized, consumers do not consider it an essential part of their diet. The higher price for asparagus compared to other vegetables limits its popularity as a commonly consumed vegetable. Furthermore, Chinese consumers are unfamiliar with how to use asparagus in cooked dishes. Nonetheless, industry still believes that China's domestic consumption will increase as more consumers recognize the health benefits. Reliable sources identify the Yangtze River Delta as the largest domestic

consuming region for fresh green asparagus. Shanghai has the highest per capita consumption of fresh asparagus, up to 100-150/MT per day during the peak season.

About 90 percent of China's white asparagus is processed (canned/jarred) for exports because Chinese consumers consider canned foods unhealthy.

### Trade:



China's canned/jarred asparagus exports (H.S. code: 200560) are forecast at 60,000 MT in MY2010, a ten percent decrease from MY2009, due to smaller production and slower-than-normal demand from the European market. Asparagus is very popular in Europe, but Europe's locally-produced asparagus is very expensive compared to Chinese asparagus products. Spain, Germany, the Netherlands, and France are major buyers of China's canned/jarred asparagus, accounting for close to 80 percent of China's total canned/jarred asparagus exports.

Exports of frozen green asparagus, however, increased by five percent to 34,500 MT in MY2010. Reliable sources revealed that Japan and Korea are the main recipients of China's processed vegetable products such as frozen green asparagus. With that said, in September 2009, Japan announced that Chinese asparagus products would be subject to intensive supervision and inspection for isocarbophos residues, meaning that 30 percent of Chinese asparagus products would be subject to inspection. In March 2010, Japan removed Chinese asparagus from its intensive supervision list and announced that Chinese asparagus be subject again to regular supervision.

### Policy:

The China-Peru Free Trade Agreement, which came into effect on March 2010, granted zero duty to Peru's fresh asparagus (H.S. code: 07092000) exports to China. Although Peru was granted zero duty, industry contacts

believe that Peruvian asparagus will not be price competitive due to high transportation costs within China. However, when supplies are low during the winter months, China typically imports a small amount of fresh asparagus from Peru and Thailand.

Within the first six months of 2010, China only imported 10 MT of fresh asparagus from Thailand, which was a 75 percent decrease from the same period in 2009 and mainly due to higher-than-normal prices. According to China Customs, the average import price of fresh asparagus from Thailand was \$1/kg, a 65 percent increase from the same period in 2009.

### **Marketing:**

As Chinese consumers become more health conscious, the opportunities for marketing asparagus are emerging. The health benefits for asparagus include:

- Anti-cancer agents
- The ability to strengthen immune systems
- A richness in folic acid, a vitamin especially beneficial to pregnant women as it can reduce the risk of birth defects
- Anti-aging properties

Western restaurants are a niche market for fresh white asparagus because, in China, it's well received by western consumers (especially by Europeans), millions of foreign visitors, and the rapidly growing expatriate community. Local media reported that certain western restaurants serve delicious asparagus dishes during the harvest season (April-August).

## Production, Supply and Demand Data Statistics :

Table 1. Fresh asparagus PS&D table

<b>PSD Table</b>						
<b>Country</b>	China					
<b>Commodity</b>	<b>Asparagus, Fresh</b>				(HA)(MT)	
	2009	Revised	2010	Estimate	2011	Forecast
	USDA Official [Old]	Post Estimate[New ]	USDA Official [Old]	Post Estimate[New ]	USDA Official [Old]	Post Estimate[New ]
<b>Market Year Begin</b>		01/2009		01/2010		01/2011
Area Planted	80000	70000	65000	72000	0	73000
Area Harvested	54000	55000	45000	55000	0	56000
TOTAL Production	25000 0	250000	20000 0	210000	0	240000
Imports, Fresh	0	41	0	20	0	50
TOTAL SUPPLY	25000 0	250041	20000 0	210020	0	240050
Exports, Fresh	100	100	200	120	0	150
Domestic Fresh Market	50000	48000	51000	45000	0	50000
For Processing	19990 0	201941	14880 0	164900	0	189900
TOTAL UTILIZATIO N	25000 0	250041	20000 0	210020	0	240050