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Global Agricultural Information Network

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Asparagus Annual 2009

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Asparagus

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Report Highlights:

Marketing year (MY) 2010 fresh asparagus production is forecast at 200,000 metric tons (MT), a 20 percent drop from last year on significant acreage decline. Farmers are expected to shift production to other crops because of continued low prices. However, MY 2010 canned/jarred and frozen asparagus exports are projected to rise to 84,000 MT and 33,000 MT due to strong demand from Europe, Japan, and South Korea.

Executive Summary: Marking year (MY) 2010 fresh asparagus production is forecast at 200,000 metric tons (MT), a 20 percent drop from last year based on significant acreage decline. Farmers are expected to shift production to other crops on expectations of continued low prices. MY 2008 and MY 2009 production estimates were also reduced because of weaker export demand (due to the effects of the global economic recession), which caused planted acreage to drop more dramatically than what was earlier projected. However, MY 2010 canned/jarred and frozen asparagus exports are projected to rise to 84,000 MT and 33,000 MT due to strong demand from Europe, Japan, and South Korea. Domestic consumption is believed to be relatively stable, and has been revised in the PSD table (for the last 3 years).

Production:

For MY 2010, China's fresh asparagus production is forecast at 200,000 metric tons (MT), a 20 percent drop from last year based on significant acreage decline. Domestic processing plants purchase the majority of China's fresh asparagus crop for export; however, in the last few years, processor purchases of fresh domestic asparagus have decreased. In MY 2009, more than 50 percent of canned/jarred asparagus processors and 60 percent of frozen asparagus processors suspended production, which caused farm gate prices to drop to extremely low levels (the lowest in 10 years) and significantly cut farm profit margins. Because of extremely low prices, for MY 2010 farmers are expected to shift acreage to other crops in lieu of asparagus, such as corn. MY 2008 and MY 2009 production estimates were also reduced on weaker export demand (due to the effects of the global economic recession), which caused planted acreage to drop more dramatically than what was earlier projected.

Seed quality continues to be a major constraint for China's asparagus production. F1 seeds generate higher yields and a better quality product, but are significantly more expensive than their F2 counterpart, which produces a lower yield and is prone to disease. F1 seeds cost about USD \$510 per lb (RMB \$8,000 per kg), while F2 seeds are USD \$26 per lb (RMB \$400 per kg). Industry sources indicate that F2 seeds are planted on 70 to 80 percent of China's total asparagus acreage. Such a high percentage is not just because of its lower price, but also due to swindling. Middle men have been known to sell F2 seeds that are labeled as the F1 variety. As a result, because it is difficult to visually differentiate between the seeds, a farmer does not know if he purchased the higher quality seed until harvest, or 2 to 3 years after planting. Such misrepresentation can be very expensive (and financially ruin some farmers) since green and white asparagus production requires a certain amount of seeds to be used per hectare. For example, one hectare of green asparagus requires 1,050 to 1,200 grams; while one hectare of white asparagus requires only 750 to 900 grams.

The harvest season for fresh asparagus is from April to August, but off-season greenhouse production allows asparagus to be available year round. Shanxi, Shandong, Hebei, Henan, and Fujian provinces are the largest asparagus producers, accounting for 80 percent of total production. Because of lower returns in the last few years, some farmers have used fewer inputs, such as fertilizers and pesticides. This asparagus has been marketed as "organic," although it should not necessarily be labeled as such since true organic products utilize only natural inputs.

Consumption:

Many Chinese generally do not purchase asparagus as it is not a traditional food. However, because many Chinese consumers are health-conscious, the vegetable has a lot of marketing potential. Unfortunately, there is a general lack of knowledge about its health benefits. Asparagus is rich in amino acids, protein, and vitamins that are believed to help prevent cancer, heart disease, and hypertension.



South China consumes more fresh green asparagus (see above picture) than North China. The vegetable is especially popular in cities like Shanghai, Nanjing, Hangzhou, Changsha, and Wuhan. Prices are much higher in the South due to less

developed cold chain infrastructure, which lowers the product's quality when it is transported from northern provinces (where it is predominantly produced). For example, in early August 2009, Beijing asparagus was priced at USD \$0.8 per lb (RMB \$12 per kg), while Shanghai prices were USD \$2.6 per lb (RMB \$38.5 per kg).

White asparagus (which occupies the largest percentage of production) is generally processed (canned/jarred) and exported to the European market. Green asparagus is sold fresh to local markets, but is also frozen/chilled and exported to Asia, such as Japan and South Korea. Some believe the share of green asparagus production will increase as more Chinese consumers learn about its health benefits. Because consumption is believed to be relatively stable, this trend has been revised in the PSD table (for the last 3 years) to illustrate less fluctuation.

Trade:

For MY 2010, China's white canned/jarred asparagus (H.S. code: 200560) exports are forecast to increase to 80,000 MT, as European import demand is expected to grow as the global economy improves. However, relatively less exportable supply (as compared to prior years) may cause export prices to rise over USD \$2.0 per kg, which is approximately 35 percent higher than last year, but still relatively less expensive than competing Peruvian imports. Such prices could benefit farmers, who may receive farm gate prices as high as USD \$0.3 to \$0.4 per lb (MY 2009 and MY 2008 average white asparagus prices were USD \$0.1 per lb and \$0.25 per lb). Spain, Germany, Netherlands, and France are major buyers of China's white canned/jarred asparagus, accounting for 80 percent of China's total canned/jarred asparagus exports in MY 2008.

In MY 2010, China's green frozen asparagus (H.S. code: 07108090) exports are forecast at 33,000 MT, a 10 percent increase from last year on strong demand from Japan and South Korea. Recently, Japan's Ministry of Health, Labor, and Welfare found excess residue of isocarbophos on Chinese frozen asparagus, and in September 2009 announced that 30 percent of Chinese asparagus products would be inspected for isocarbophos residue. There was no mention on when these inspections would end.

Marketing:

Supermarkets have begun marketing white canned/jarred asparagus, but it has not been well received. Surveys conducted in Beijing and Shanghai found that only a few retail chains sold canned/jarred asparagus. Although the Chinese industry plans to continue promoting processed asparagus, contacts indicated that demand is not expected to rise overnight since fresh green asparagus is generally more price competitive and available year round.

Other opportunities are also being explored in the domestic market. Shanxi industry contacts have conducted marketing campaigns such as cooking shows and restaurant and hotel promotions that utilize fresh asparagus in local foods. However, success has been minimal as the HRI sector has not continued buying asparagus due to a lack of demand.

Asparagus may become a more popular food if promotion efforts focus on its health and nutritional benefits. Such efforts should also educate consumers on how to utilize asparagus in traditional Chinese dishes, as many do not understand its cooking versatility.

Production, Supply and Demand Data Statistics :

Country	China
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Commodity	Asparagus, Fresh				(HA)(MT)	Forecast
	2008	Revised	2009	Estimate		
Market Year Begin	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
		01/2008		01/2009		01/2010
Area Planted	12000 0	115000	10000 0	80000	0	65000
Area Harvested	80000	77000	70000	54000	0	45000
TOTAL Production	35000 0	330000	30000 0	250000	0	200000
Imports, Fresh	0	0	0	0	0	0
TOTAL SUPPLY	35000 0	330000	30000 0	250000	0	200000
Exports, Fresh	700	200	800	100	0	200
Domestic Fresh Market	75000	48000	70000	50000	0	51000
For Processing	27430 0	280000	22920 0	199900	0	148800
TOTAL UTILIZATION	35000 0	330000	30000 0	250000	0	200000

Other Tables

Canned asparagus exports

Metric Tons						
H.S. 200560						
Country	1st Qtr 2008	2nd Qtr 2008	3rd Qtr 2008	4th Qtr 2008	1st Qtr 2009	2nd Qtr 2009
Spain	2,214	8,233	14,069	8,476	3,486	8,767
Germany	773	3,034	5,132	3,887	3,139	2,440
Netherlands	140	1,477	4,531	2,396	1,146	1,482
France	1,137	1,023	3,383	1,400	1,208	1,015
Denmark	453	341	743	919	556	470
Japan	109	331	517	277	101	285
Australia	142	310	522	504	300	264
United States	111	151	167	68	68	172
Others	1,629	1,949	3,520	2,227	1,861	1,473
Total	6,709	16,848	32,584	20,155	11,865	16,368

