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China - Peoples Republic of

Raisin Annual

China's Raisin Production Expected to Increase in MY2014/15

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Report Highlights:

The Office of Agricultural Affairs forecasts that China's MY2014/15 raisin production will increase by 9 percent to 180,000 tons. This increase is largely attributed to the surge of available grapes as a result of economic disruptions caused by incidents of social unrest in Xinjiang. In the first three quarters of MY2013/14, the United States remained the largest raisin supplier to China. In MY2013/14, the United Kingdom replaced Japan as the largest buyer of Chinese raisins due to a decline in Turkish raisins supply.

Production:

The Office of Agricultural Affairs (OAA) forecasts China's raisin production in MY2014/15 (October–September) at 180,000 metric tons (MT), a 9 percent increase from 165,000MT in MY2013/14. Turpan in Xinjiang Uygur Autonomous Region is China's largest raisin producing area, accounting for over 80 percent of China's total raisin production. Heavy frost in Turpan during April 2104, may decrease overall grape production. However, incidents of social unrest in the Xinjiang region during the first half of the year discouraged fresh grape dealers from visiting Xinjiang to purchase fresh grapes and negatively impacted sales. As a result, raisin producers are expecting more grapes will be available for raisin production in MY2014/15.

In Turpan, the peak season for raisin grape harvest is late August to early September with the new season raisins entering the market in late October. Industry sources estimate that the Thompson Seedless grape variety accounts for 85-90 percent of grape acreage in Turpan. Local farmers prefer this variety because Thompson Seedless is suitable for both table consumption and raisin production. Furthermore, local farmers have extensive experience with Thompson Seedless production.

China is the largest green raisin producer in the world but its dark raisin production is increasing given the strong demand from the domestic food processing sector. Green raisins once accounted for 80 percent of total production but have since declined to 60 percent of total production as a result of the increasing production of dark raisins. Green raisins are mainly produced by individual farmers in special drying houses; and dark raisins are produced more in factories with sun-drying yards.

Drying agents are widely used in green raisin production to shorten the number of drying days. Grape drying agents typically are alkaline liquid used to eliminate the epicuticular wax of grapes and to shorten the drying time for green raisin production by 15 -20 days. Without the drying agents, it would take 40-50 days for green raisins to dry. Drying agents can also be helpful in preventing the browning during the drying process. However, China does not have a standard for the application of drying agents' on raisins and this can raise food safety concerns among raisin consumers.

Although large investments are emerging in Xinjiang's raisin production, individual farmers still dominate raisin production, which makes it very difficult to control quality. Efforts to improve raisin quality by organizing raisin farmers to form associations have so far proven unsuccessful.

Consumption:

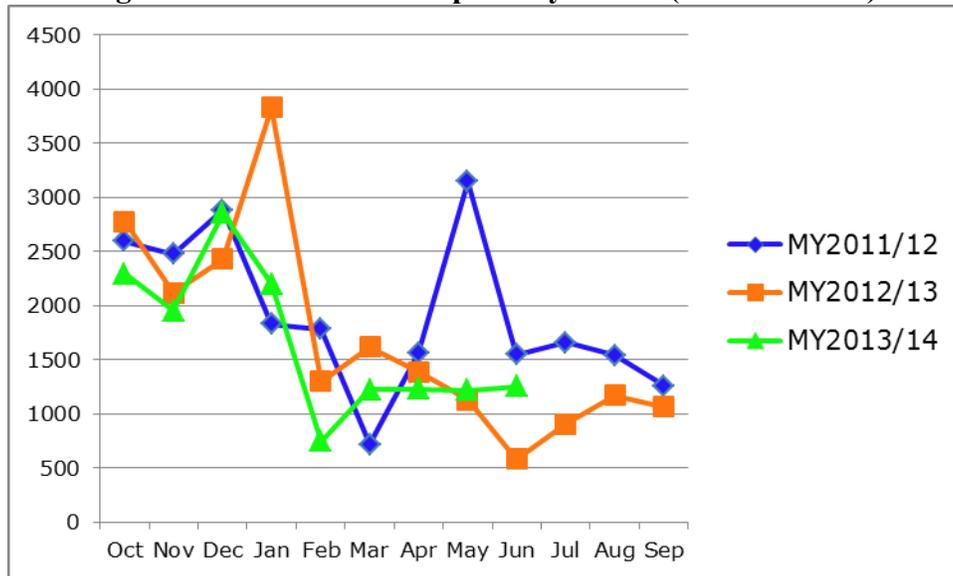
The majority of China's raisins are consumed domestically while 20 percent of total supply is exported.

In China, U.S. raisins are utilized for food processing such as in baked goods, dairy products, and confectionery products. Imported large U.S. raisins are usually consumed as snack food by consumers with relatively greater disposable income who are willing to pay premium prices for food they view as high quality. Domestic Xinjiang green raisins are mostly consumed as snack foods through wholesale markets and super markets, and dark raisins are mostly consumed by low-end bakery shops.

Trade:

OAA estimates that China’s raisin (HS code: 080620) imports for MY2014/15 at 17,500 MT, five percent decrease from the estimated 18,500 MT in MY2013/14 because of greater domestic production. China’s raisin imports are heaviest from October, the beginning of the marketing year through January as buyers prefer fresh products (see figure 1 below)

Figure 1. China’s raisin imports by month (in metric tons)



Source: China Customs Data

The United States continues to be the largest raisin supplier to China. According to China’s Customs statistics, China’s raisin imports totaled at 17,564 MT in the first 11 months of MY2013/14. This is a nine percent decrease from the same period of previous year due to a 25 percent decline in Chinese imports from Uzbekistan. Industry attributes the significant decline to the increase of domestic black raisins which compete with Uzbekistan raisins in the low end snack market. Conversely, Chinese imports of U.S. raisin totaled 9,636 MT, representing a four percent increase from the same period last year.

The import duty is listed below:

	H.S. Code	Import Duty (%)		VAT (%)	
		2013	2014	2013	2014
Raisin	08062000	10	10	13	13

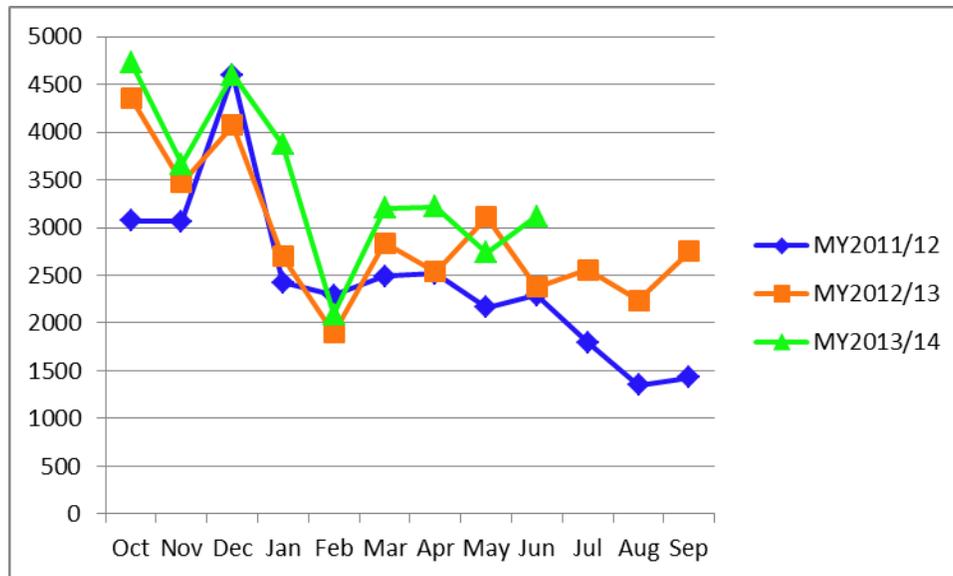
Source: China Customs Data

Trade: Exports

OAA forecasts China’s raisin exports for MY2014/15 at 38,000 MT, a slight decrease from the estimated 39,000 MT in MY2013/14. China’s total raisin exports in MY2013/14 are estimated to increase 12 percent because of the decline in raisin supplies from Turkey. However, as the Turkish raisin production recovers, industry sources believe China’s MY2014/15 total exports will normalize

and return to previous levels. China’s raisin exports flow all year around, with heaviest flow occurring in October to December (see figure 2 below).

Figure 2. China’s raisin exports by month (in metric tons)



Source: China Customs Data

The United Kingdom has replaced Japan as the largest buyer of Chinese raisins in the first three quarters in MY2013/14 as a result of the decline in Turkish raisins supply. Turkey was historically the largest raisin supplier to the United Kingdom but Turkey’s raisin production decreased approximately 20 percent in MY2013/14 because of poor weather conditions. Please refer to [GAIN Turkey Raisin Annual](#) for more information on Turkey’s raisin production in MY2013/14. In response to lower Turkish raisin supplies, English buyers have shifted to other raisin suppliers such as the United States and China. According to Global Trade Atlas, U.K raisin imports from the United States and China increased 69 percent and 118 percent respectively in the first two quarters of MY2013/14 compared to last year. Although official data is unavailable, industry sources indicate that the majority of China’s raisin exports to Japan are U.S. origin raisins that can meet Japan’s strict hygienic requirements. The U.S. raisins that are re-exported to Japan are processed and packaged in China’s tariff-free zones, mostly in Shandong Province.

Marketing:

South China’s Raisin Market

U.S. raisin sales are under pressure in the South China market as new varieties of dried fruits emerge in the market. Lower-priced raisins offered by South America and China’s Xinjiang province have impacted U.S. sales growth and U.S. market share.

Yidelu Wholesale Market

Yidelu is the largest dried fruit and tree nut supplier market in the world and has over 2,000 shops. Turpan green seedless raisins are the top traded variety of raisins traded in Yidelu. U.S. raisins can be found in some imported food stores in Yidelu but not in a large volume. Price is the main factor for the recent switch from U.S. raisins to those produced in Xinjiang. According to industry sources, Yidelu wholesale suppliers purchase U.S. raisin for \$3 per kilogram, about 25 percent higher than Turpan raisins. In addition to Xinjiang raisins, other raisins traded in Yidelu are from Uzbekistan, Chile, Turkey and South Africa.

Retail Sector & DIY purchase

Retail consumers mainly purchase domestic raisins, while a small portion of imported raisins are primarily purchased in snack package formats in first tier cities. In first-tier cities’ premier retail stores, imported raisins are packed in plastic bags, cans, or paper boxes, and are marketed to middle-class consumers as healthy, tasty and convenient snack foods.

As the China food processing industry faces numerous food safety concerns, homemade or Do-It-Yourself (DIY) foods or small high-end bakeries have become popular. Many of the DIY operations import premium ingredients to help ensure the product quality, and they generally purchase online for better pricing, greater options, and convenience.

Marketing of U.S. Raisins

Demand for high quality food products has increased rapidly as well as the options available to consumers. To remain competitive against domestic and foreign raisin suppliers, Post suggests U.S. raisin exporters continue to cooperate closely with the ATO Guangzhou in launching future promotional events to reinforce the image of U.S. raisins

Production, Supply and Demand Data Statistics:

Table 1: Production, Supply and Demand (PS&D) Table

Raisins China	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Aug 2012		Market Year Begin: Aug 2013		Market Year Begin: Aug 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	39,000	0	39,500		50,000
Area Harvested	0	39,000	0	39,500		50,000
Beginning Stocks	0	0	0	0		0
Production	150,000	150,000	165,000	165,000		180,000
Imports	20,900	20,299	25,000	17,800		17,000
Total Supply	170,900	170,299	190,000	182,800		197,000
Exports	32,500	34,883	35,000	39,000		38,000
Domestic Consumption	138,400	135,416	155,000	143,800		159,000
Ending Stocks	0	0	0	0		0
Total Distribution	170,900	170,299	190,000	182,800		197,000
HA, MT						

