

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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China - Peoples Republic of

Raisin Annual

2015

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Report Highlights:

China is the world's third largest producer of raisins behind the United States and Turkey. Post forecasts China's MY2015/16 raisin production at 190,000 tons, an increase of 5 percent over USDA's MY2014/15 official estimate. The increase is driven by the greater availability of fresh grapes for raisin production. China's raisin imports are forecast at 33,500 tons, an increase of 15 percent over MY2014/15, primarily due to the influx of low priced Uzbekistan raisins. Post forecasts China's exports at 20,000 metric tons, down 10 percent from the previous year.

Commodities:

Raisins

Production:

Post forecasts China's raisin production in the marketing year (MY) 2015/16 (August–July) at 190,000 metric tons (MT), a five percent increase from the previous marketing year. Nationwide weak economic performance has slowed the movement of grapes for the fresh market, so more grapes are expected to enter in the raisin sector. Unlike the previous season, Turpan in Xinjiang Uygur Autonomous Region, encountered little frost in spring, which has helped improve overall grape production. Turpan dominates the country's raisin production, with its volume accounting for more than 80 percent of China's total.

Turpan farmers prefer to plant Thompson Seedless because this grape variety is suitable for both fresh consumption and raisin production. Thompson Seedless variety is estimated to account for 85-90 percent of grape acreage in Turpan. Raisin production is heavily dependent on the fresh market movement. In other words, raisin production will increase when fresh market demand turns weak and vice versa. In Turpan, the peak season for grape harvest is from late August to early September and the new season raisins are available on the market beginning in late October.

China is still the largest green raisin producer in the world but its dark raisin production is increasing given strong demand from the domestic food processing industry. Green raisins once accounted for 80 percent of total production but its share has since declined to around 60 percent 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 normally produced in factories with sun-drying yards.

Drying agents, such as alkaline liquid, are widely used in green raisin production in order to shorten the drying process by 15-20 days. Otherwise, it takes 40-50 days for green raisins to dry. Drying agents also help prevent the browning on the raisins. However, in the absence of a national standard on the application of drying agents, such a practice has remained a food safety concern for raisin consumers.

Consumption:

Raisin consumption continues to grow, driven primarily by increased use of raisins as ingredients in the food processing industry, including bakeries (bread, cookies), confectionery, and yogurt products.

Green raisins produced in Xinjiang, are mainly consumed as a snack food. Dark raisins, including cheap imported ones are mostly used by low-end food processing plants. Imported raisins from the United States are consumed primarily by high income consumers and fancy hotels to serve at breakfast. Some US origin raisins are processed and packed for re-exports. Imported raisins, however, face competition from new products like dried cranberries.

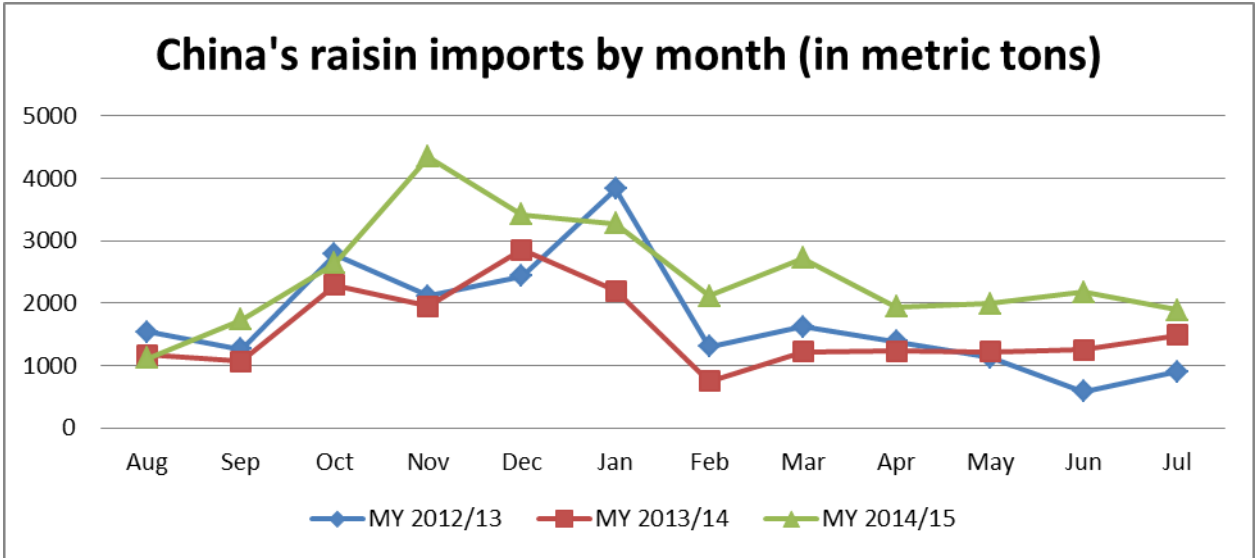
Trade:

Imports

Post forecasts China's raisin (HS code: 080620) imports for MY 2015/16 (August-July) at 33,500 MT, a 15 percent increase from the previous year, largely because of increased purchases of lower cost dark

raisins from Uzbekistan, which has replaced the United States as the largest raisin supplier to China. During MY 2014/15, cost and freight price for Uzbekistan raisins averaged \$810 per MT, compared with \$2,500 per MT for U.S. raisins. Post has revised China’s raisin imports up to 29,340 MT, as a result of the influx of raisins from Uzbekistan. China’s raisin imports from the U.S. have remained stable at around 10,000 MT over the past several years.

The heaviest import flow is between October and January (see table below).



Source: China Customs Data

The raisin import duty remains unchanged in 2015:

	H.S. Code	Import Duty (%)		VAT (%)	
		2014	2015	2014	2015
Raisin	08062000	10	10	13	13

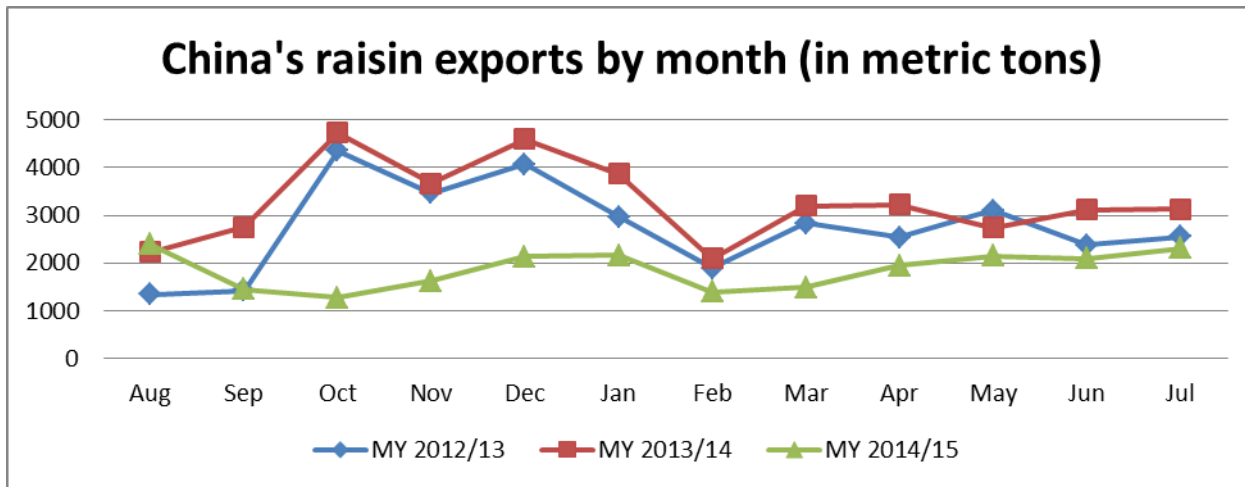
Source: China Customs Import and Export Tariff

Exports

Post forecasts China’s raisin exports for MY 2015/16 at 20,000 MT, a decrease of more than 10 percent from the previous year. Chinese raisins are likely to lose additional export opportunities in the world raisin trade as Turkey’s raisin prices continue to decline in the wake of improved production. Turkey is the world largest raisin exporter. Post has also revised China’s export number down sharply to 22,420 MT in MY 2014/15, as a result of a 35-percent rebound of raisin production in Turkey, which suffered from severe freeze and hail damage during MY 2013/14.

Japan was the largest buyer of Chinese raisins in MY 2014/15. China’s raisin exports to Japan are reportedly processed and re-packaged U.S. origin raisins that meet Japan’s hygienic requirements. Other export markets for Chinese raisins include the European Union Middle East.

China exports raisins all year around, but the heaviest flow occurs between October and December (see table below).



Source: China Customs Data

Marketing:

Bakery Sector

The bakery sector remains the largest market for U.S raisins in China. The Xinjiang region of China will supply a significant portion of raisins used by Chinese bakeries and producers in the region are making efforts to improve product quality. International and domestic bakery chains are expanding rapidly in first and second tier cities, and have shown a preference for using higher quality imported raisins.

Retail Sector & DIY purchase

Retail consumers mainly purchase domestic raisins, while a small portion of imported raisins are 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.

Production, Supply and Demand Data Statistics:

Raisins	2013/2014		2014/2015		2015/2016	
Market Begin Year	Aug 2013		Aug 2014		Aug 2015	
China	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	165000	165000	180000	180000	0	190000
Imports	18700	18700	20000	29340	0	33500
Total Supply	183700	183700	200000	209340	0	223500
Exports	39000	39300	35000	22420	0	20000

Domestic Consumption	144700	144400	165000	186920	0	203500
Ending Stocks	0	0	0	0	0	0
Total Distribution	183700	183700	200000	2093400	0	223500
(HA) ,(MT)						