

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

**Date:** 9/6/2016

**GAIN Report Number:** CH16048

## **China - Peoples Republic of**

### **Raisin Annual**

**2016**

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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 MY 2016/17 raisin production at 185,000 metric tons, a decrease of nearly 3 percent from the previous year, as more grapes in Turpan are expected to move to the fresh market on improved prices. China's raisin imports are forecast at 37,000 metric tons, an increase of 10 percent over MY 2015/16, primarily driven by imports of low priced Uzbekistan raisins. Post forecasts China's raisin exports at 25,000 metric tons, down 15 percent from the revised number in MY 2015/16.

**Commodities:**

## Raisins

### Author Defined:

#### Production

Post forecasts China's raisin production in marketing year (MY) 2016/17 (August – July) at 185,000 metric tons (MT), down nearly 3 percent from the previous year. In the Turpan region, higher fresh grape prices in MY 2016/17 are expected to divert more grapes to the fresh market. In 2016, dryer weather in Turpan has improved the overall grape quality by reducing the occurrence of pests and diseases. As a result, fresh grapes are priced 10 – 20 percent higher compared with MY 2015/16.

Turpan (shown in red) in the Xinjiang Uyghur Autonomous Region (shown in orange) dominates the country's raisin production, with its volume accounting for more than 80 percent of China's total. Thompson Seedless remains the dominant grape variety in Turpan, which takes up 85 – 90 percent of total grape acreage. Grape farmers prefer to plant Thompson Seedless because this variety is suitable for both fresh consumption and raisin processing. While majority of grapes in Turpan are traditionally processed into raisins (the cost of shipping fresh grapes to other parts of China is too high), the overall makeup of grape vs. raisin will change, following price movements.



Photo credit: Wikipedia

the

Other raisin producing areas in Xinjiang include Hami and the southern Xinjiang region. Together, these areas put out more than 95 percent of all raisins in Xinjiang. Gansu province and Inner Mongolia Autonomous Region produce limited quantities of raisins.

China remains the single 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. Although new season raisins begin supplying the market in mid-August, bulk volume is available on the market beginning in late September or early October

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 are widely used to shorten the green raisin production period, but chemical residues and dusts remain a food safety/hygiene concern. Approximately five kilos of fresh grapes produce one kilo of raisins.

The wholesale prices for dark raisins are currently quoted at RMB 10 (\$1.5) per kilo in Turpan. Green raisin prices vary significantly from RMB 13 (\$1.95) to 25 (\$3.76) per kilo based on grade and quality.

## Consumption

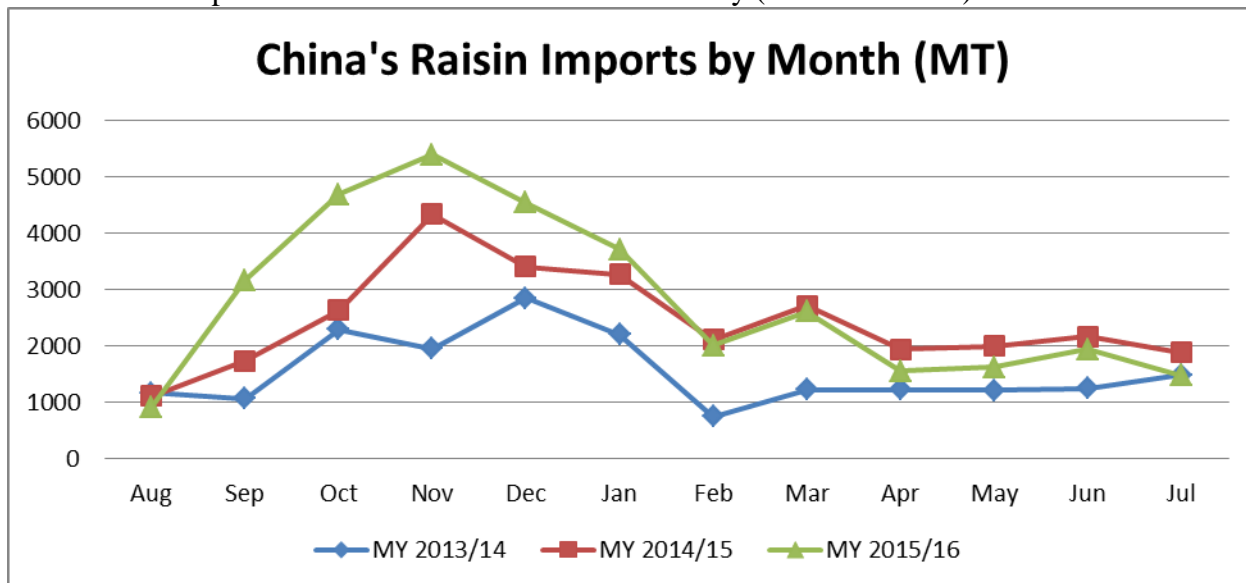
Chinese consumers prefer fresh fruit to processed fruit products. Domestic consumption of raisins as a snack is growing slowly. Reports indicate that per capita consumption of raisins in China is currently estimated at 80 grams (about 2.8 oz.), or one-tenth of the level in the United States. Raisin snack consumption in Xinjiang is much higher than any other part of China. Increasingly more raisins, however, are used as food ingredients by urban housewives (e.g., bread and cookies) and in the food processing industry (e.g., bakery goods, chocolates and ice cream). Imported raisins from the United States are consumed by high income consumers and in food service at luxury hotels. The preferred local flavor profile tends to favor Xinjiang raisins, as some locals report that imported Californian raisins taste “too sweet.” Most imported raisins, including those from Uzbekistan, are used in food processing such as the baking industry.

## Trade

### Imports

China’s raisin imports are likely to increase in MY 2016/17 (August – July) driven by the development of the domestic food processing industry. Uzbekistan has replaced the United States as China’s largest raisin supplier. Low price is the main reason that Uzbekistan raisins enjoy a larger market share in China. According to China Customs data, the Cost and Freight (C&F) price for Uzbekistan raisins averaged \$909 per MT in MY 2015/16, compared to \$2,666 per MT for U.S. raisins. Relaxed testing and shortened clearance time at the Uzbekistan/China border port also helps boost raisin imports from this country. The United States is the second largest raisin supplier to China but its share is declining slightly. Other minor suppliers of raisins to China include Chile and Turkey.

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



Source

: China Customs Data

The raisin import tariff and sales tax remain unchanged in 2016:

	H.S. Code	Import Tariff(%)		VAT (%)	
		2015	2016	2015	2016
Raisin	08062000	10	10	13	13

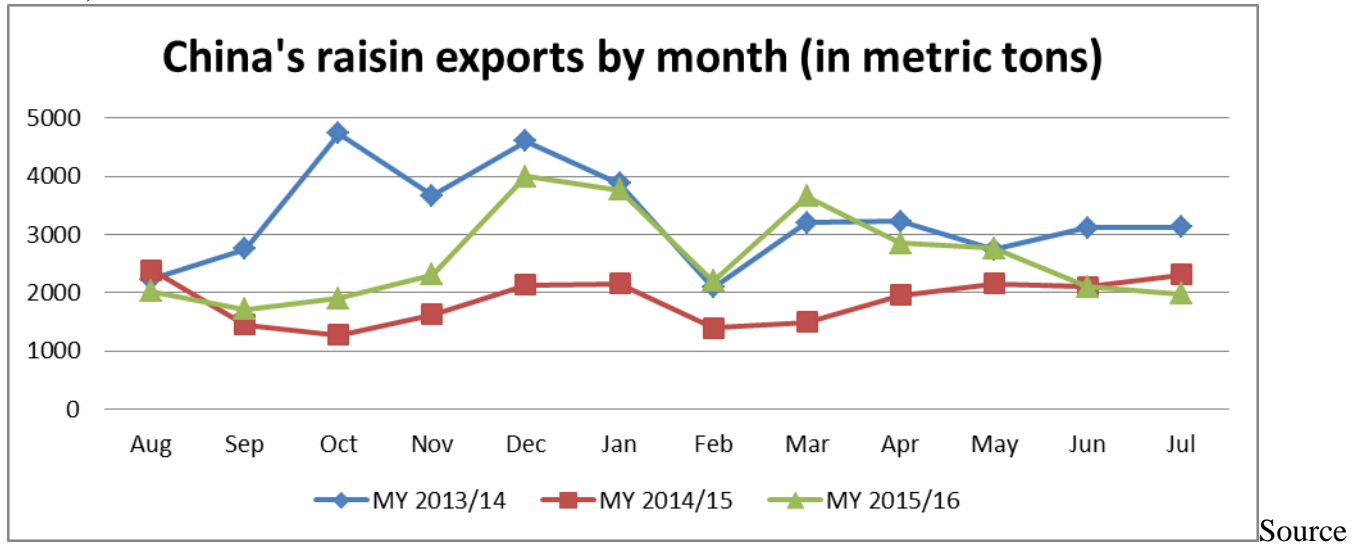
Source: China Customs Import and Export Tariff

### Exports

China mainly exports its raisins to Japan and the European countries. Turkey, the world's largest raisin exporter, is China's major competitor in the European market. During MY 2015/16, Turkey's raisin supplies dropped drastically due to damages to the fresh crop caused by severe frost and hail. As a result, China's raisin exports to Europe jumped by nearly 40 percent in MY 2015/16 (Post revised China's export number up in MY 2015/16 to 31,237 MT according to official statistics). With Turkey's raisin supplies rebounding to normal levels, China will probably lose part of its market share in Europe during MY 2016/17.

Japan is another major export market for Chinese raisins but the volume is gradually declining. Other export destinations include Australia and Middle East.

China exports raisins year round, but the highest levels occur in December and January (see table below).



### Marketing

Traditional retail markets for raisins exist throughout China where the Xinjiang-produced green raisin dominates over imports as a snack food due to its low cost and Chinese taste preference. According to Post's wholesaler contacts, many Chinese consumers think imported dark raisins are "too sweet" for snacks. Although imports struggle to gain traction in traditional retail markets, demand for high quality, imported dark raisins continues to grow in high-end retail outlets, e-commerce venues, and the baking industry.

In first-tier and second-tier cities' premier retail stores, imported raisins are packed in plastic bags, cans, or paper boxes, and are marketed to middle-class consumers as safe, healthy, and convenient snack foods. According to local retail contacts, in-store promotions and food festivals highlighting the consistent quality of imported U.S. raisins as a nutritious snack have been decidedly effective in increasing sales. A few of the high-end retailers, in collaboration with FAS Agricultural Trade Offices

(ATOs), have recently held American food festivals at luxury retail stores in Southern China. In the fourth quarter of 2016, ATO/Guangzhou and U.S. trade associations plan to hold additional American food festivals with several Chinese department stores in second-tier cities in Guangdong Province.

E-commerce is an emerging retail venue with enormous potential to reach shoppers around China. All major e-commerce retailers carry domestic and international raisin brands. On Amazon.cn, U.S. brands currently dominate the top two positions in terms of sales volume. This rapidly growing alternative to traditional retail outlets is reportedly driven by the popularity of Do-It-Yourself foods where middle-class consumers used premium imported ingredients to help ensure product quality. This trend is especially popular amongst new mothers and young couples who increasingly use social media to show off their home-made breads and cakes.

In China’s baking industry, adding raisins in bread, toast, or pastries is very popular. According to industry contacts, the U.S. dark raisin is the preferred option due to its size, color, and the resulting taste of the finished product. While Beijing, Shanghai, Guangzhou, and Shenzhen are the key markets for the baking sector, bakery chains continue to expand into second-tier cities.

**Tables**

**Production, Supply and Demand (PS&D) Table (volumes in metric tons)**

Raisins	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
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	180000	180000	190000	190000	0	185000
Imports	29339	29340	25000	33646	0	37000
Total Supply	209339	209340	215000	223646	0	222000
Exports	22400	22420	30000	31237	0	25000
Domestic Consumption	186939	186920	185000	192409	0	197000
Ending Stocks	0	0	0	0	0	0
Total Distribution	209339	209340	215000	223646	0	222000