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Strawberries (End of Year Report)

Report Categories:

Strawberries

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Report Highlights:

China's fresh strawberry production is estimated at 1.35 million metric tons (MMT) in MY2010, a 10 percent decrease from MY2009, mainly due to unfavorable weather conditions during harvest season. Frozen strawberry production in MY2010 is down 10 percent at 130,000 MT. China's exports of frozen strawberries will increase by nine percent to 105,000 MT in MY2010, mainly due to growing import demand in European markets. Imports of frozen strawberries remain virtually unchanged at 10,500 MT in MY2010.

Production in MY2011 is forecast at 1.750MMT, assuming normal weather conditions. Post will continue to closely monitor crop conditions during the current harvest season (Dec 2010 – June 2011) in Hebei, Shandong, and Liaoning provinces (the top three producers), which account for close to 60 percent of China's total strawberry production.

Production:

Strong returns in previous years encouraged farmers to expand acreage for fresh strawberry production by 16 percent and to decrease acreage used for processed strawberries by 15 percent, mainly due to unfavorable prices in 2009.

Despite China's acreage increase for fresh strawberries, production is estimated at 1.35 million metric tons (MMT) in MY 2010, a 10 percent decrease from 1.5 MMT in 2009, due to extremely cold weather conditions during early stages of the harvest season (Dec 2009 – June 2010). Industry contacts claim that the average strawberry yield decreased by 15-20 percent and that harvest for processing varieties were delayed by 15 days.

Production for frozen strawberries in MY2010 is estimated at 130,000 MT, a 10 percent decrease from 143,000 MT in MY2009, as a result of lower acreage and high prices for fresh supplies. Processors usually receive full-year orders before the new production season; but, due to the lower-than-expected production and high prices of processed strawberries, sales have drastically slowed down. Shandong province, mostly in the Yantai and Weifang areas, is the largest frozen strawberry producer in China, and accounts for more than 40 percent of the country's total frozen strawberry production.

Production in MY2011 is forecast to rebound assuming normal weather conditions. Post will continue to monitor crop conditions during the current harvest season (Dec 2010 – June 2011) in the Hebei, Shandong, and Liaoning provinces (the top three producers), which account for close to 60 percent of China's total strawberry production.

Varieties Grown in China

Field experts indicate that very few domestic varieties for strawberries currently exist in China because the country's breeding technology is still in its early stages. Due to China's low breeding technology for strawberries, imported varieties dominate China's fresh strawberry production. Japanese varieties such as Toynoka, Benihoppe Akihime, and Tochiotome are very popular for fresh consumption. The popularity of Japanese varieties can be attributed to their succulent and sweet taste, which is preferred by most Chinese consumers.

U.S. and European varieties such as Senga Sengana, All Star, American 13, and Totem dominate China's processing strawberry production. The high acidity and firmness make these varieties suitable for processing.

Prices:

Industry contacts stated that production costs increased 30 percent in MY2010, as a result of higher labor costs and price increases for fresh strawberries. Labor costs increased 15 percent largely due to China's new Labor Law and growing labor shortage. Farm gate prices for fresh strawberries in MY2010 significantly increased to \$0.20-0.27/lb (RMB3-4/kg) from \$0.07-0.14/lb (RMB1-2/kg) in the previous year.

Consumption:

Post estimates that 85 percent of China's fresh strawberries are locally consumed; the remaining 15 percent are delivered to processing facilities. Fresh strawberries are available on the local market between December and June, with the peak consumption period occurring from December to March when other domestically-grown fresh fruits are unavailable. With greater availability of fresh fruits in the south during winter months, industry sources noted that per capita consumption of fresh strawberries in the north is higher than the south. Although Northern China has a higher strawberry production than Southern China, inadequate cold chain facilities and logistics limit geographical distribution of this perishable fruit.

Industry contacts also noted that the domestic consumption of processed strawberries is expanding in strawberry-flavored foods such as jelly, jams, yoghurt, and ice cream, especially among young and female consumers. A recent survey showed that strawberry-flavored ice cream ranks third in terms of popularity, behind chocolate and vanilla. The use of processed strawberries in the bakery sector as a decorative feature has also become popular (see picture).



Source: www.shanghai100.cn

Trade:

Imports

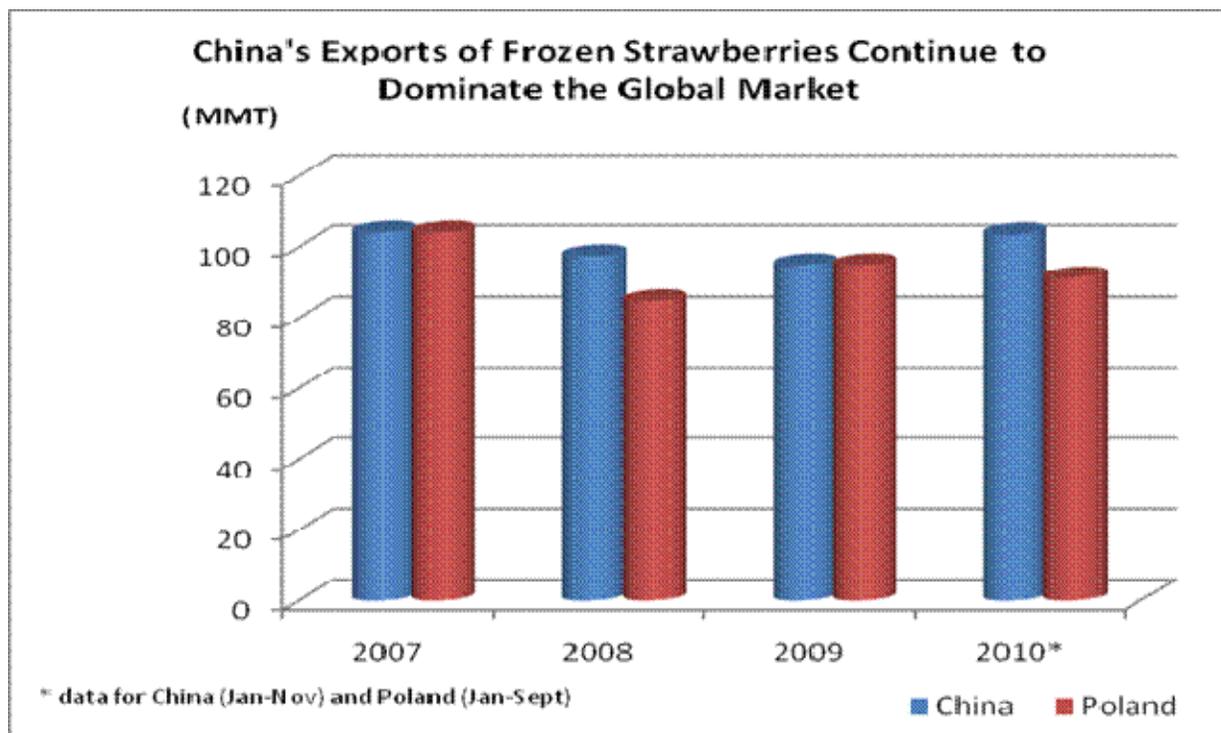
China does not grant official market access to any country for imports of fresh strawberries. Due to China's domestic supply shortage of fresh strawberries, the Chinese government decided to allow temporary market access from the United States during the 2008 Olympic Games. After the games ended, the Chinese government closed the market immediately. In 2010, China reduced the fresh strawberry import tariff to 14 percent from 15.5 percent, and reopened the import market for U.S. fresh strawberries during the Shanghai World Expo (May 1 to October 31, 2010). Imports of U.S. fresh strawberries were only used within the U.S. pavilion for that limited time.

China's imports of frozen strawberries in MY2010 are expected to increase four percent to 10,500 MT, due to low domestic production. Industry contacts indicated that the majority of imported frozen strawberries are processed into freeze-dried strawberries for re-export to Japan and European markets. Freeze-dried strawberries are a higher value-added product compared to other processed strawberry products such as jelly and juice.

Imports of Chilean frozen strawberries continue to dominate the Chinese market, which accounts for about 70 percent of imports in China during the first six months of 2010. The remaining 30 percent of the market share is divided between Morocco, Argentina, and Egypt. The major port for importing frozen strawberries

is Qingdao, which handles 93.55 percent of all frozen strawberry products from Chile, Morocco and Argentina. Imports of U.S. frozen strawberries are uncompetitive with other suppliers to China because of its relatively high price. The high quality and good flavor of U. S. fresh strawberries are known throughout most multinational five star hotels in Beijing and Shanghai.

Exports



(Source: World Trade Atlas)

Despite low domestic production in China, frozen strawberry (H.S. code 081110) exports in MY2010 are estimated to be 110,000 MT in MY2010, which is a 14 percent increase from 94,857 MT in MY2009. This increase is driven by additional import demand from the European market, which was caused by large production declines in Poland, the second largest strawberry supplier to the global market. Strawberry production in Poland is estimated to decrease 14 percent to 170,000 MT in MY2010 due to the country's worst flooding in over 140 years. (See [GAIN Poland](#) on the impact of Poland's flood on major crops).

As a result of decreased production for frozen strawberries in Poland, China's largest importer continues to be the Netherlands followed by Germany who replaced Japan as the second largest importer. Compared to the same period in 2009, exports to Germany and Russia increased 97 and 159 percent, respectively. Based on lower-than-normal domestic supplies in China and Poland, China's industry is expecting that export prices will return to favorable levels. According to China customs, the average export price for frozen strawberries during the first half MY2010 was \$840/MT, compared to similar periods in 2009 at \$980/MT and in 2008 at \$1,170/MT.

Fresh Strawberries

Although China is the largest fresh strawberry producer in the world, the export volume of fresh strawberry (H.S. code 081010) is very small. For instance, in 2009, China only exported 203 metric tons out of its total production of 1.5 million metric tons. Russia continues to be the largest buyer of China's fresh strawberries, accounting for 90 percent of China's fresh strawberry exports.

Marketing:

Due to the taste and high sugar content, fresh strawberries are very popular among Chinese consumers and highly popular during the gift-giving season (such as the Chinese New Year) as a healthy, delicious, and attractive fruit product.

The biggest challenge with regional production is supplying neighboring provinces under absolute deadlines. The short shelf-life for fresh strawberries (normally seven days), along with China's limited cold chain facilities and high transportation costs complicate the delivery of fresh strawberries to neighboring markets. Currently, Liaoning province supplies Shenyang and Dalian cities, Hebei province to Beijing and Tianjin, and Zhejiang province to Shanghai.

Organic Products

China produces organic fresh strawberries in the suburbs of Beijing, Shanghai, Chengdu and Dandong with prices ranging from \$5 to \$6.5 per kg. Customers can source products through mid-level retail outlets in Beijing, Shanghai, and Guangzhou. The demand for organic products is small but expected to increase. With incomes growing rapidly, affluent consumers continue to demand more healthy and fresh products.

Production, Supply and Demand Data Statistics :

Table 1. Fresh strawberry PS&D

PSD Table						
Country	China, Peoples Republic of					
Commodity	Strawberries, fresh				(HA)(MT)	
	2008	Revised	2009	Estimate	2010	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2009		01/2010		01/2011
Area planted	100,000	87,000	120,000	92,000	0	105,000
Area harvested	100,000	87,000	120,000	92,000	0	105,000
Production	1,500,000	1,500,000	1,800,000	1,350,000	0	1,750,000
Imports	0	0	0	0	0	0
Total supply	1,500,000	1,500,000	1,800,000	1,350,000	0	1,750,000
Exports, fresh	300	200	300	200	0	250
Fresh Dome. Consumption	1,274,700	1,274,800	1,529,700	1,146,800	0	1,486,750
For Processing	225,000	225,000	270,000	203,000	0	263,000
TOTAL distribution	1,500,000	1,500,000	1,800,000	1,350,000	0	1,750,000

Table 2. Frozen strawberry PS&D

PSD Table						
Country	China, Peoples Republic of					
Commodity	Strawberries, frozen				(MT)(MT, Net Weight)	
	2008	Revised	2009	Estimate	2010	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2009		01/2010		01/2011
Deliv. To Processors	159,000	159,000	167,000	145,000	0	167,000
Beginning Stocks	0	0	0	0	0	0
Production	143,000	143,000	150,000	130,000	0	150,000
Imports	11,500	10,567	11,500	10,500	0	11,000
TOTAL SUPPLY	154,500	153,567	161,500	140,500	0	161,000
Exports	115,000	94,857	110,000	110,000	0	110,500
Domestic Consumption	49,500	58,710	51,500	30,500	0	50,500
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	154,500	153,567	161,500	140,500	0	161,000