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Report Highlights:

China's raisin production is forecast to decline by nearly 6 percent on year to 170,000 MT in MY 2022/23 due to a lockdown in Turpan that put raisin processing on hold. The lockdown was enforced on August 10 at the start of the raisin processing season. Raisin imports are expected to rebound to 31,000 MT in MY 2022/23 driven by food processing demand as COVID-19 restrictions are expected to ease. Raisin exports will likely decline further driven by higher domestic prices.

Production

China's raisin production is forecast at 170,000 metric tons (MT) in marketing year (MY) 2022/23 (August-July), down nearly 6 percent from the previous year. The local city government of Turpan in the Xinjiang Uygur Autonomous Region (Xinjiang Province) enforced a city-wide lockdown beginning August 10 due to COVID-19 cases in the region. Local governments in Xinjiang Province have taken particularly strict lockdown measures when COVID-19 cases are identified. As a result, raisin processing activities, which began in early August, have been put on hold, according to traders in Turpan. Meanwhile, farmers are unable to harvest fresh grapes, some of which will probably be wasted if the lockdown lasts for an extended period. Turpan experienced persistent lockdowns during the summer of 2020, which led to a decline in production of more than 20 percent in MY 2020/21. China's raisin processing has been interrupted by COVID-19 and related control measures over the past 2 years, but raisin production is expected to return to pre-COVID levels, driven by a recovering food processing sector.

In recent years, the quality of China's domestic raisin production has continued to improve as local processors introduced modern processing facilities (for sorting, washing, sterilizing, etc.). There are more than 100 raisin processing facilities in Turpan, but most are quite small. Turpan produces primarily two types of raisins—green raisins and dark raisins. Green raisins, which are normally consumed as snacks, are wind-dried in special drying houses. Dark raisins, which are mainly used in food processing as an ingredient, are sun-dried on the ground. Currently, green raisins account for nearly 60 percent of the total raisin production in Turpan, and dark raisins hold the remaining 40 percent. China's exported raisins are mostly green raisins from Xinjiang.

Turpan, a prefecture-level city within the Xinjiang Uygur Autonomous Region (shown in red and Xinjiang in orange), produces more than 80 percent of the country's raisins. Because of its heat and sunshine, as well as rich water resources (melted snow water), the Turpan basin is known for its flavorful grapes. Currently, the basin contains approximately some 36,000 hectares of grape vines with an annual production of around 1.2 million MT (MMT). As the acreage has limited room to expand in Turpan, grape production is likely to see moderate gains in the foreseeable future. It is reported that approximately 70 percent of the fresh grapes in Turpan are processed into raisins. Although Turpan grows hundreds of grape varieties, Thompson Seedless is the dominant variety from which most raisins are processed. Thompson Seedless grapes are popular because this variety can be sold on the fresh market as well. Raisin production will be impacted when there is a sharp decline in grape production or the fresh market price strengthens.



Stocks

In MY 2021/22 (August-July), China's raisin production rebounded by more than 20 percent from MY 2020/21 when lockdowns in Turpan cut raisin production. In addition, China's raisin imports rebounded by 24 percent in MY 2021/22. However, recovery of domestic consumption could not catch up with the pace of the supply increase, especially during the second quarter of 2022, when lockdowns had negatively impacted the food processing sector. This caused MY 2021/22 ending stocks to reach 30,000 MT (see PS&D table). Post expects the food manufacturing industry to further recover in MY 2022/23. Stocks are primarily composed of locally produced raisins. Most imported raisins are typically more affordable compared to domestic raisins. For this reason, Post anticipates that MY 2022/23 stocks will be at the same level as MY 2021/22 as food processors select price competitive imported raisins over domestic stocks.

Price

When raisin processing season began in early August 2022, farm gate prices for dark raisins were quoted at RMB 6-7 (U.S. \$0.88-1.02) per kilo and green raisins were sold at RMB 7-8 (U.S. \$1.02-1.18) per kilo (1 kilo = 2.2 U.S. pounds), according to local raisin processors. The price levels were slightly lower than the previous year. Turpan processors indicate that at the beginning of the season raisin production is small and quality is unstable. Prices are expected to increase in late September or early October when raisin quantity and quality improve.

Raisin processing has been disrupted by the lockdown this year, which may lead to reduced production. Under these circumstances, processors are expecting a greater price increase in MY 2022/23. Prices of fresh grapes for processing purposes vary significantly due to quality. Local traders report that the farm gate price of processing grapes was as low as RMB1.5 (U.S. \$0.22) per kilo (1 kilo = 2.2 U.S. pounds), while grapes for fresh consumption were quoted at RMB 5 (U.S. \$0.73) per kilo (1 kilo = 2.2 U.S. pounds). In Turpan, five kilos of fresh grapes produce approximately a kilo of raisins.

Consumption

Raisin consumption is expected to rebound in MY 2022/23, driven by demand from the recovering food manufacturing and food service sectors. The outbreak of COVID-19 caused the growth rate of China's food manufacturing to drop 1.5 percent in 2020 from the pre-COVID growth of around 6 percent, according to statistics released by the Ministry of Industry and Information Technology. The growth rebounded to 7.7 percent in 2021 but slid again to 4.1 percent in the first half of 2022, when COVID-19 infections were reported in many cities around China. As a result of the strict lockdown policy, notably the lockdown in Shanghai from April to June 2022, many bakeries and restaurants ceased operation, negatively impacting the consumption of raisins, which are widely used in food processing and food

service. On the other hand, lockdown measures have supported consumers interest in home baking. Post expects raisin consumption driven by food processing to significantly improve in MY 2022/23 but still not return to the pre-COVID levels.

Consumption of snacking raisins seems to be growing, albeit at a slower volume compared to food processing sector. For example, some consumers are incorporating raisins instead of energy bars after gym workouts (see Marketing Section below for additional information about raisin consumption).

Marketing

The Raisin Administrative Committee (RAC) is a registered Foreign Non-Governmental Organization in China. For more information about RAC programming, contact their in-country representatives. See: <https://www.raisins.org/international-representatives/>

Consumers consider raisins to be a healthy product and easily stored at room temperature. In the retail and food service sectors, raisins are used to add color, improve taste, and as a versatile ingredient. In China, raisins are used whole, as puree, and sliced. Raisins are used in nut and dried fruit packs, bakery products, breakfast cereals, snack food, ice cream, cheese snacks, beverages, and salads.

The major areas of growth in the use of raisin products in China include the food processing sector, bakery products, snack products and at home baking. For example, raisins have recently appeared in processed food products such as raisin paste with Rum flavor and cheese snacks as well as in Chinese cuisine as toppings. In the bakery sector, raisins are used as a natural sweetener in traditional Chinese baked products such as mooncakes, Chinese cookies, and pastries. Raisins are also often mixed with various nuts and dried fruits in small retail packages, popularly known in China as “daily nuts” packets. Finally, with the COVID-19 pandemic a trend of “at home baking” emerged among China’s middleclass families and female professionals – with raisins being a popular ingredient.

Sales Channels

Raisins are available in traditional and online retail channels. E-commerce platforms also have expanded access to food service and ordinary consumers, allowing raisins to reach smaller cities and rural areas across China. Expanded product sales exist in these lesser served areas.

Opportunities for U.S. raisins include the positive reputation of U.S. raisins as a safe, flavorful and a high-quality ingredient. Trade shows and in-person events continue to be affected by COVID-19 lockdowns. Online, e-commerce and livestreaming platforms remain a popular avenue to showcase U.S. raisin products to a broad audience.

Nutritional guidelines

In May 2022, China’s Nutrition Society published dietary guidelines encouraging the consumption of “healthy snacks,” including dried fruit and nuts. In 2021, one of the largest snack food manufacturers in China reported sales revenue totaling \$154 million for “daily nuts” products, which include dried fruit as

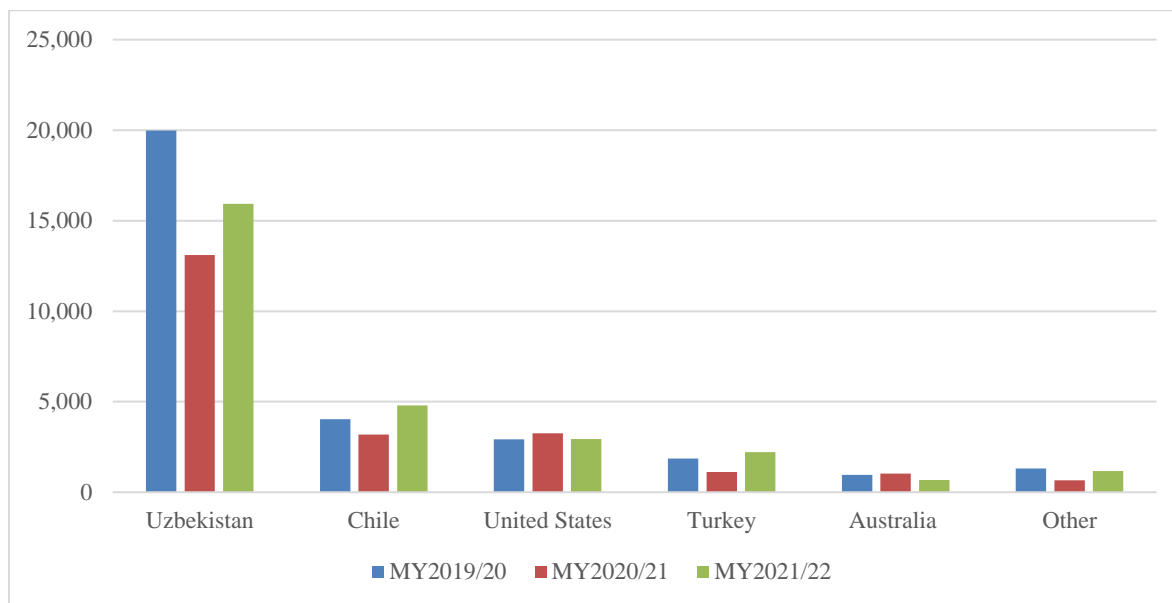
an ingredient. Post expects the popularity of “daily nuts” products to continue to grow over the coming years.

Trade

Imports

China’s raisin imports are expected to rebound by 10 percent to reach 31,000 MT in MY 2022/23 (August-July) from the revised figures for MY2021/22. Demand for high quality imported products is expected to increase as food manufacturing and food processing recovers from the disruptions caused by COVID-19. Following two consecutive years of declines since the outbreak of COVID-19 in early 2020, China’s raisin imports started to rebound in MY2021/22 (see Chart 1). Uzbekistan remained the largest raisin supplier, holding a market share of nearly 60 percent. Raisin imports from the United States, currently the third largest supplier, are recovering at a slower pace due to higher prices. Additionally, the market share of U.S. raisins has dropped sharply since 2018 when China began imposing retaliatory tariffs on U.S. products, including raisins (see Policy section below). Due to the higher price and more price sensitivity in the Chinese market, U.S. raisins are facing increased competition from lower priced raisin imports.

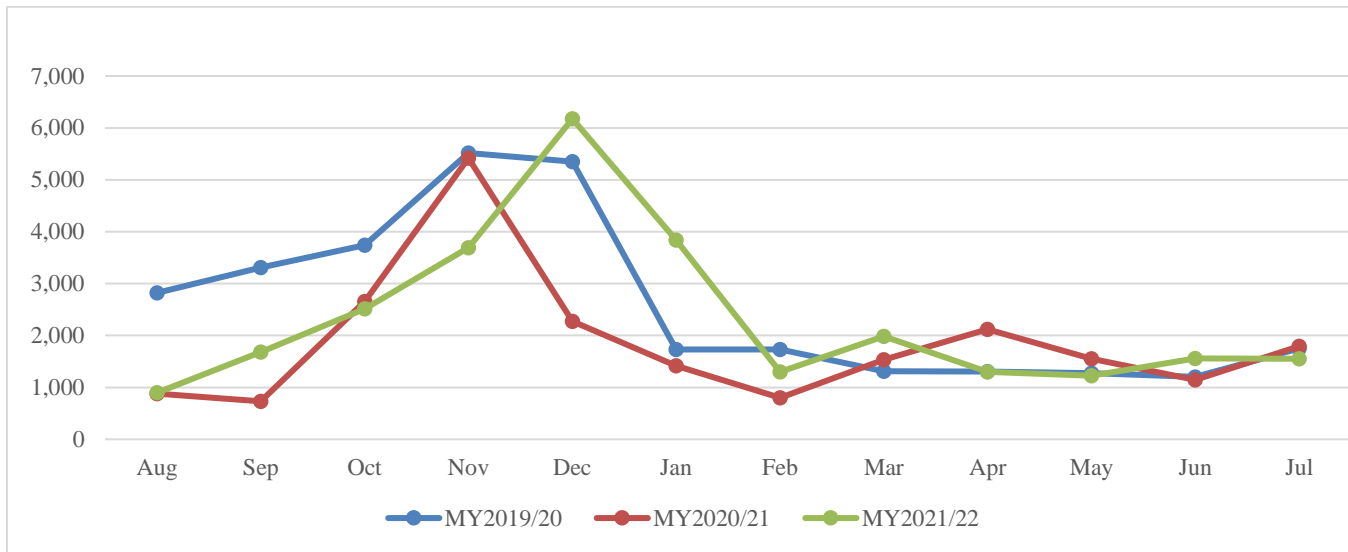
Chart 1. China: Top Raisin Suppliers by Marketing Year (in MT)



Source: China Customs

Food processors in China import raisins throughout the year, but volumes increase during October-December while processors prepare for the Lunar New Year holidays in January or February.

Chart 2. China: Raisin Import Volume by Month (MT)

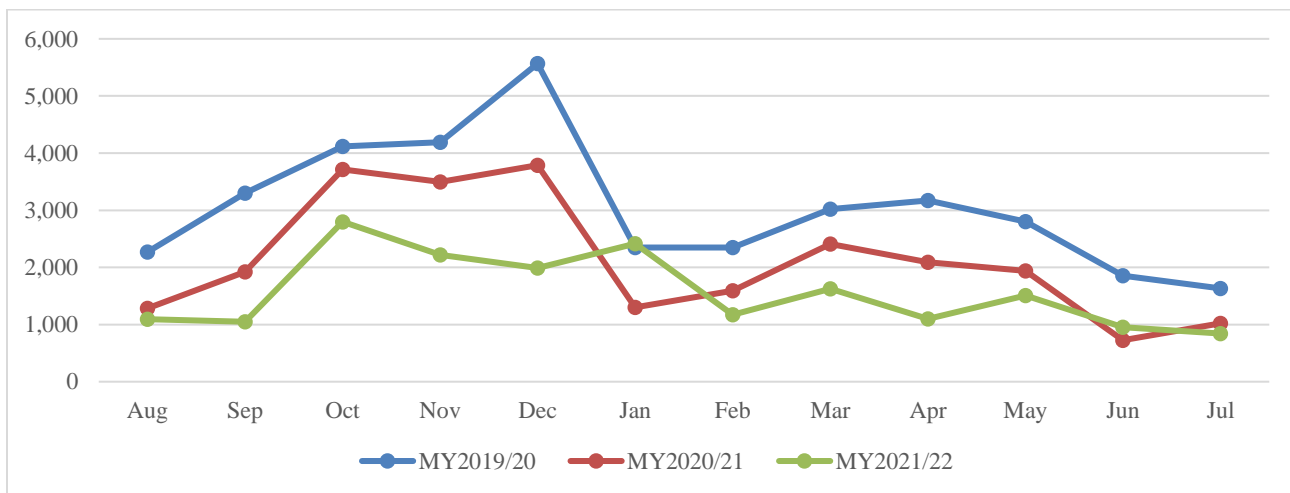


Source: China Customs

Exports

China’s raisin exports are expected to further decline by 15 percent to 16,000 MT in MY 2022/23 (August-July), as demand from major buyers, including European countries, remains weak in the wake of high inflation. In addition, Turkey, the world largest raisin supplier and competitor to China in the European market, is expected to export more raisins given a 15 percent increase in raisin production, according to a Turkish analyst. China exports raisins year-round but the peak normally falls in the fourth quarter of each year.

Chart 3. China: Raisin Export Volume by Month (MT)



Source: China Customs

In the first half of 2022, China’s top export destination for raisins was the United Arab Emirates at nearly 2,460 tons. Exports to the United States totaled 36 tons.

The Uyghur Forced Labor Prevention Act (UFLPA) was signed by President Biden on December 23, 2021 and became effective on June 21, 2022. The UFLPA creates a rebuttable presumption that goods entering the United States from the PRC, produced wholly or in part, in Xinjiang are made with forced labor, as well as certain goods made by entities elsewhere in the PRC that use forced labor by members of persecuted groups from Xinjiang.

For additional information on the UFLPA, including operational guidance for U.S. importers, please see <https://www.cbp.gov/trade/forced-labor/UFLPA>

Policy

The tariff exclusion process introduced by the State Council Tariff Commission (SCTC) in March 2020 (see GAIN report [CH2020-0017](#)) remains in effect. The program allows importers to apply for tariff exclusions from China’s Section 301 retaliatory tariffs on U.S. products, including raisins. However, the exclusion process does not apply to China’s retaliatory Section 232 tariffs. U.S. raisins are among certain agricultural products that are still subject to China’s Section 232 retaliatory tariffs. See table below for detailed import tariffs, as well as value-added tax (VAT), with major trading partners.

Table 1. China: Import Tariff and VAT on Raisins with Major Trading Partners in 2022

Trade partner	Tariff (%)	VAT (%)
	Raisin (HS 08062000)	
Country/Region with FTA		
Chile	0	9
Australia	0	9
Country/Region with no FTA		
United States	25 (as of March 2, 2020) *	9
Uzbekistan	10	9
Turkey	10	9
Iran	10	9

South Africa	10	9
Afghanistan	10	9
Greece	10	9

Source: China Customs

Note: *Actual rate (includes MFN and China’s Section 232 retaliatory tariffs) if Section 301 tariffs are exempted upon approval.

The Regulations on the Registration and Administration of Overseas Producers of Imported Food (GACC Decree 248) entered into force on January 1, 2022. Decree 248 requires that all overseas food (except food additive) manufacturers, processors, and storage facilities be registered with GACC before exporting food products to China. Dried fruit, including raisins, are governed by Decree 248 which requires the competent authority of the exporting country to recommend a list of facilities to be registered by GACC (refer to [CH2021-0045](#) for more details about Decree 248 and [CH2022-0064](#) for updated guidance on registration process).

Table 1. China: Production, Supply, and Distribution

Raisins	2020/2021		2021/2022		2022/2023	
Market Begin Year	Aug 2020		Aug 2021		Aug 2022	
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	30000
Production	0	150000	0	180000	0	170000
Imports	0	22300	0	27700	0	31000
Total Supply	0	172300	0	207700	0	231000
Exports	0	25300	0	18800	0	16000
Domestic Consumption	0	147000	0	158900	0	185000
Ending Stocks	0	0	0	30000	0	30000
Total Distribution	0	172300	0	207700	0	231000

Unit: metric ton

Attachments:

No Attachments