



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

**Small Fruits
in China**

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EXECUTIVE SUMMARY

The market for small fruits in China is demonstrating strong growth in terms of imported products, retail sales and consumer interest. Alongside rising disposable incomes and health consciousness, the appeal of small fruits such as cranberries, blueberries and cherries, is quickly gaining ground.

In 2014, China imported almost US\$570.0 million of fresh small fruits from the world, which was US\$481.3 million more than the value recorded in 2010, representing significant growth. As well, many other product categories wherein small fruits could be used, such as frozen and dried products, as well as processed foods, saw import values increase in 2014 over the previous year.

China was Canada’s second-largest export destination for fresh small fruit in 2014, following only the United States. Canada exported US\$10.0 million of fresh small fruits to China, with cherries (both sweet and sour) representing 98% of that total.

Retail sales of fresh cherries in China reached 56,000 tonnes in 2014, and are expected to grow to 76,800 tonnes by 2018. Volume sales of cranberries/blueberries are expected to grow from 5,600 to 8,600 tonnes over the 2014 to 2018 period. While currently representing just marginal proportions of overall fresh fruit sales in China, these two categories have each recorded stronger growth than any other fruit type since 2010, and are expected to continue doing so through to 2018.

The Chinese market saw the launch of 985 new products containing cherry, blueberry and/or cranberry within the 2011-2014 calendar years. An additional 65 products with these small fruits have already been launched within the first four months of 2015 across multiple product categories, illustrating their wide-ranging use value.

CONTENTS

- Executive Summary 1
- Trade Overview 2
 - Canadian Performance 2
 - Related Product Categories 3
- Retail Opportunities 4
- New Product Analysis 6
- New Product Examples 7
- For More Information 8
- Resources 8



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TRADE OVERVIEW

According to Global Trade Atlas (2015), China imported just under US\$570.0 million of fresh small fruits* from the world in 2014. This total marked an impressive increase over the US\$88.7 million recorded in 2010, and followed a compound annual growth rate (CAGR) of 59.2% over the 2010-2014 period. The best performing subcategory, comprised of cranberries, blueberries and bilberries, registered a significant CAGR of 394.0% over the same five-year period. The vast majority of China's fresh small fruit imports are supplied by Chile, which represented 81.6% of the market in 2014.

Canadian Performance

Canada exported US\$218.6 million of fresh small fruits to the world in 2014, with 81.4% going to the United States. China ranked as Canada's second-largest destination market, albeit with a significantly smaller proportion, receiving 4.7% or US\$10.2 million of fresh small fruit exports, followed by Hong Kong (4.1%).

Canadian exports of fresh small fruits to China grew by a remarkable CAGR of 587.0% from 2012 to 2014, and are characterized by cherries, blueberries, cranberries, bilberries and related species. Of these categories, fresh cherries represent the most significant export product by far, and were also the fastest growing over the last three years, with a CAGR of 1,619.1% to reach over US\$9.0 million in 2014.

The success being seen in the cherry categories is largely due to a Phytosanitary Arrangement between China and Canada that was finalized and signed in November 2014. Following a successful two-year trial period, this arrangement immediately granted permanent and normalized access for fresh cherry exports from British Columbia, Canada's largest cherry producer, to China. Both countries also signed an arrangement of intent to develop a similar agreement for exports of fresh Canadian blueberries to China, which would advance export opportunities for this product in the future (Government of Canada, 2014). While Canada exported over US\$12.5 million in frozen (wild and cultivated) blueberries to China in 2014, exports of fresh blueberries remain negligible due to market restrictions.

Canadian Exports of Fresh Small Fruits to China by Subcategory, US\$

Description	2012	2013	2014	% CAGR 2012-14	% Share 2014
Total fresh small fruits*	215,812	3,426,809	10,184,825	587.0	100.0
Fresh cherries	30,568	3,373,296	9,033,954	1,619.1	88.7
Fresh sour cherries	0	0	941,111	N/C	9.2
Fresh cranberries and bilberries	66,638	53,512	128,290	38.8	1.3
Fresh cultivated blueberries	0	0	70,925	N/C	0.7
Fresh wild blueberries	118,605	0	10,544	-70.2	0.1

Source: Global Trade Atlas, May 2015

CAGR = compound annual growth rate

*Note: For the purposes of this report, the following HS codes were used to define "fresh small fruits:" 080920, 080921, 080929, 081010, 081020, 081030, and 081040. Codes which had an export value of zero over the period are not itemized in the table above.



Related Product Categories

Chinese Imports of Select Small-Fruit-Related Product Categories in 2014

HS Code	Description	Total Import Value US\$	% Import Value Change 2014/13	Top Supplier % Share	Canada's % Share
Small Fruit Products (Other than Fresh)					
081110	Frozen strawberries	13,510,467	-12.5	Egypt 25.3	N/A
081120	Frozen raspberries, blackberries, currants, gooseberries, etc.	3,079,830	-73.3	New Zealand 23.8	19.2
081190	Frozen fruit and nuts, not elsewhere specified	95,279,377	11.2	Sweden 34.3	15.7
081210	Provisionally preserved cherries, not for immediate consumption	1,701,465	-25.6	Italy 61.0	N/A
081290	Other provisionally preserved fruit and nuts, not for immediate consumption	442,390	246.4	Thailand 77.6	N/A
081340	Other dried fruit, not elsewhere specified	63,096,255	-30.8	Thailand 80.8	0.01
081350	Mixtures of dried fruit and/or nuts, not elsewhere specified	465,467	24.6	Germany 40.7	N/A
Prepared Foods Containing Small Fruits					
200710	Homogenized fruit preparations (baby and dietetic food)	1,019,172	64.1	United States 25.7	0.75
200799	Jams, fruit jellies, marmalades, purees and pastes, not citrus	37,107,995	35.5	France 25.4	0.53
200860	Prepared/preserved cherries	1,478,715	59.1	United States 51.0	N/A
200880	Prepared/preserved strawberries	342,141	283.2	United States 55.7	N/A
200893	Prepared/preserved cranberries	12,127,169	74.1	United States 89.6	2.3
200897	Prepared/preserved fruit and nut mixtures	13,168,212	18.0	Philippines 75.9	0.02
200899	Prepared/preserved fruit and nuts, not elsewhere specified	83,803,999	43.6	South Korea 50.6	0.68
Fruit Juices					
200981	Cranberry juice	423,620	114.2	United States 75.4	1.1
200989	Juice of single fruit or vegetable, not elsewhere specified	21,763,080	27.3	United States 20.7	2.7
200990	Juice of mixed fruit and/or vegetables	41,764,030	79.7	United States 42.1	0.07

Source: Global Trade Atlas, May 2015



RETAIL OPPORTUNITIES

According to Euromonitor International, the Chinese market is seeing steady growth in volume sales of fresh fruit, largely due to burgeoning demand for fresher and healthier products. However, the preferred fruit categories are slowly changing, alongside increasing disposable incomes and rising standards of living. Imported fruit varieties are gaining popularity in China due to various promotions, and the development of cold chain logistics that are allowing for expanded access to fresh fruit via internet retail (2015-a).

Together, these trends have created an opportunistic environment for small fruits. The promoted health benefits and exotic appeal of cranberries, blueberries and cherries, for example, are encouraging consumers to look beyond the typically higher price of these products. While more traditional alternatives such as apples and bananas are still posting growth in terms of volume sales, they are already widely consumed across China, so expansion within these categories is limited. In contrast, Euromonitor International expects small fruit categories to continue registering strong sales growth, with cherries and cranberries/blueberries outperforming all other fruit categories, albeit from a comparatively marginal sales base (2015-b).

Some domestic companies are already taking action to capitalize on the opportunities within small fruit categories in China. For example, technology giant Legend Holdings announced a blueberry-specific investment plan in 2012 and has continued to support the industry. The company developed its own production base, which is greatly improving the supply of fresh blueberries within the Chinese market and contributing to overall sales growth (Euromonitor, 2015-b).

**Historic and Forecast Retail Volume Sales of Fresh Fruits in China by Category,
in Thousands of Tonnes and % Period Growth**

Category	2010	2014	2018 ^F	% CAGR 2010-14	% CAGR 2014-18 ^F
Total fresh fruit	137,804.2	151,523.6	167,336.9	2.4	2.5
Apples	20,825.8	22,072.4	23,196.8	1.5	1.2
Bananas	8,989.4	10,770.0	13,380.1	4.6	5.5
Cherries	15.0	56.0	75.8	39.0	7.8
Cranberries/blueberries	3.8	5.6	8.6	10.2	11.6
Grapefruit/pomelo	2,210.7	2,504.6	2,770.0	3.2	2.5
Grapes	5,018.1	5,555.2	6,240.3	2.6	3.0
Lemons and limes	21.5	24.5	29.0	3.3	4.5
Oranges, tangerines, mandarins	17,125.1	18,936.0	20,617.7	2.5	2.1
Peaches and nectarines	2,331.0	2,587.0	2,805.7	2.6	2.0
Pears and quinces	11,044.3	11,773.1	12,348.4	1.6	1.2
Pineapple	860.8	986.4	1,108.0	3.5	2.9
Plums	1,310.6	1,396.1	1,473.8	1.6	1.3
Strawberries	751.8	833.7	935.6	2.6	3.0
Other fruit	67,296.5	74,023.1	82,347.1	2.4	2.7

Source: Euromonitor, *Fruits in China*, April 2015

F = Forecast

CAGR = compound annual growth rate



Opportunities for small fruits can also be found as ingredients within other packaged food categories. The Chinese market has shown strong sales growth in several product areas related to small fruits over the 2010 to 2014 period, and this growth is expected to continue through 2018.

**Historic and Forecast Retail Value Sales of Select Packaged Food Categories in China,
in US\$ Millions (Fixed 2014 Exchange Rate) and % Period Growth**

Category	2010	2014	2018^F	% CAGR 2010-14	% CAGR 2014-18^F
Asian speciality drinks	244.1	610.1	1,030.2	25.7	14.0
Baby food	9,070.4	19,375.7	39,702.1	20.9	19.6
Bakery	19,494.2	31,932.1	47,325.3	13.1	10.3
Canned/preserved food	5,556.2	7,844.0	10,996.2	9.0	8.8
Chilled processed food	12,006.6	16,942.9	26,282.4	9.0	11.6
Concentrates	245.7	315.7	386.3	6.5	5.2
Confectionery	10,604.9	15,198.7	20,604.0	9.4	7.9
Dairy	28,143.6	46,680.7	72,908.2	13.5	11.8
Dried processed food	20,759.9	32,130.8	46,369.3	11.5	9.6
Frozen processed food	5,963.8	8,172.2	12,101.7	8.2	10.3
Ice cream	4,593.2	5,867.1	7,595.1	6.3	6.7
Juice	12,234.0	16,341.6	21,141.7	7.5	6.7
Sauces, dressings and condiments	8,524.3	12,030.1	16,741.7	9.0	8.6
Snack bars	15.5	35.9	57.7	23.3	12.5
Spreads	741.3	1,024.3	1,294.6	8.4	6.0
Sweet and savoury snacks	10,139.5	14,494.9	19,782.7	9.3	8.1

Source: Euromonitor, 2015

F = Forecast

CAGR = compound annual growth rate



NEW PRODUCT ANALYSIS

According to the Mintel Global New Products Database, there were 1,050 new food and drink product launches in the Chinese market containing small fruits (defined by the Canadian export categories analysed earlier in this report of blueberry, cherry, cranberry, and their variant ingredients) between January 2011 and April 2015.

Of the total launches, blueberry was the most commonly occurring small fruit ingredient, appearing in 726 or 69.1% of the products. This was followed by nearly identical incidences of cranberry (184 or 17.5%) and cherry (183 products, or 17.4%). Half (48.5%) of the launches were completely new products and 40.3% were new varieties or range extensions. The most commonly used claim was “no additives or preservatives,” which appeared on 15.1% of the total launches, followed by “low/no/reduced sugar” with 6.3%. Perhaps unsurprisingly, approximately 15% of the total launches were in the fruit snack product subcategory and 12.5% were nectars. However, small fruit ingredients were also common in the sweet biscuits/cookies, and cakes, pastries and sweet goods categories, demonstrating their diversity of use.

Number of New Product Launches Containing Small Fruits in China, by Year and Feature

Feature*	2011	2012	2013	2014	April 2015
Total launches	306	261	182	236	65
Small fruit breakdown					
Blueberry ingredients	221	191	116	166	32
Cranberry ingredients	51	36	32	39	26
Cherry ingredients	51	50	40	35	7
Top 3 launch types					
New variety/range extension	125	96	78	95	30
New product	158	144	88	93	27
New packaging	18	19	13	38	6
Top 5 claims					
No additives/preservatives	42	36	41	31	9
Low/no/reduced sugar	27	16	8	15	0
Halal	18	16	13	14	2
Vitamin/mineral fortified	15	7	3	11	2
Other functional	10	16	4	7	3
Top 5 subcategories					
Fruit snacks	33	44	32	33	13
Nectars	38	31	29	28	6
Sweet biscuits/cookies	18	28	8	19	11
Drinking yogurt and liquid cultured milk	28	12	7	10	2
Cakes, pastries and sweet goods	14	12	8	10	4
Top 5 companies					
Inner Mongolia Mengniu Dairy Group	13	5	3	5	0
Inner Mongolia Yili Industrial Group	10	2	8	5	1
Muming Foodstuff	3	11	0	4	0
Huaying Cherry Valley Food	0	1	6	4	0
Lvfengyuan Foods	11	0	0	0	0
Price range in US dollars					
\$0.15 - \$4.72	135	123	121	198	55
\$4.73 - \$9.30	13	14	15	25	6
\$9.31 - \$13.88	4	7	7	8	3

*Note: The features analyzed above were ranked based on 2014 data.



NEW PRODUCT EXAMPLES, 2015

Original Flavoured Blueberry and Hawthorn Snack



Company: Jin Ye Foods
Brand: Jin Ye / Jinyear
Subcategory: Fruit snacks
Launch type: New variety/range extension
Price in US\$: 2.41
Claims: No additives/preservatives; convenient packaging

Description: This snack product is processed using high-temperature sterilizing and steaming techniques to retain the colour, flavour, and taste of the blueberries. It has a sweet and sour profile.

Dried Cranberry and Milk Ice Cream



Company: Meiji
Brand: Meiji
Subcategory: Dairy-based frozen products
Launch type: New variety/range extension
Price in US\$: 6.62
Claims: N/A

Description: This ice cream product retails in a 390g package containing six units.

Apple and Blueberry Flavoured Lactobacillus Nutritional Cereal



Company: Engnice Nutritional Food
Brand: Engnice Guo Le Wei
Subcategory: Baby cereals
Launch type: New packaging
Price in US\$: 9.61
Claims: Other functional; low/no/reduced fat; babies and toddlers 0-4

Description: This product has a new triple fresh locking structure and package design that includes a scoop. The cereal contains fruit chunks and skimmed yogurt powder, and is said to improve appetite, while being smooth and colourful.

Blueberry Flavoured Crystal Rice Balls



Company: Sanquan Foods
Brand: Sanquan / San Quan Desserts and Ice Cream
Subcategory: Other frozen desserts
Launch type: New variety/range extension
Price in US\$: 2.41
Claims: No additives/preservatives

Description: These rice balls are filled with real blueberry and wrapped with lotus root starch pastry. They are free from colourings and ready to serve in just seven minutes.

Source for all: Mintel, 2015



FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in China**
www.tradecommissioner.gc.ca/cn
- **Find a Trade Commissioner**
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- ats-sea.agr.gc.ca

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