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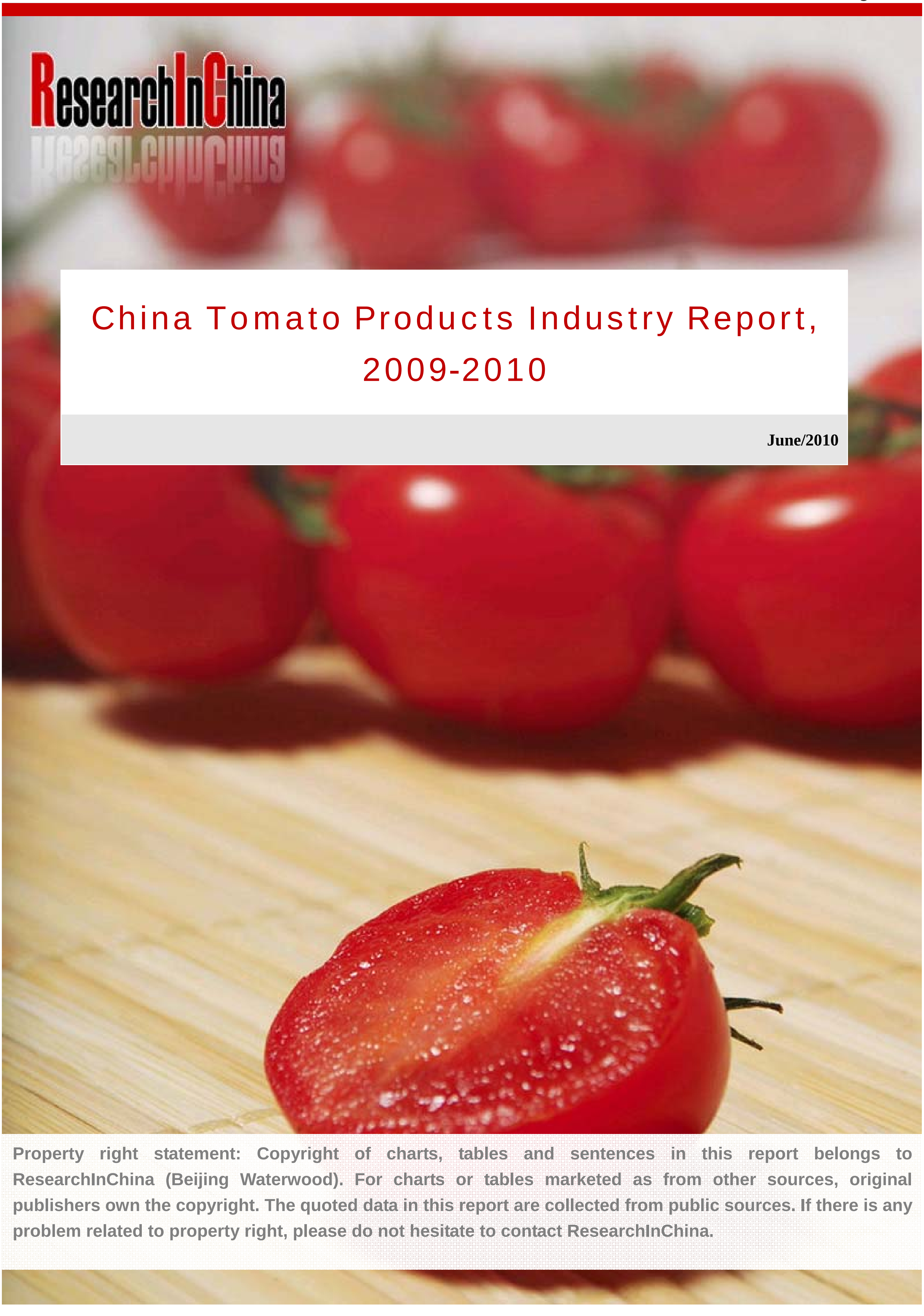


China Tomato Products Industry Report, 2009-2010

June/2010

3. Development of Tomato Products Industry in China

3.1 Status Quo

In general, the tomato products industry in China has developed rapidly, but it is still in the growth period at present. The output of processed tomatoes of China in 2009 reached ** million tons, occupying **% of the global total output, and the output of tomato products was approximately **million tons. Influenced by the domestic diet habit, the tomato products of China are mainly aimed at export, accounting for about 80% of the domestic total output, and the export share of tomato products in 2009 occupied nearly **% of the global total. However, the exported tomato products of China are mostly raw material grade products such as large packing raw sauce or OEM products which are of low added value. Furthermore, there was a serious dead stock of tomato products in 2009 owing to the largely increased output of tomato worldwide.

3.2 Output & Distribution

In 2009, the planted tomatoes for processing in China reached 11.9 hectares, of which, Xinjiang, Inner Mongolia, and Gansu are the major planting areas, occupying 64.7%, 24.4% and 8.4%, respectively; meanwhile, according to the statistics of WPTC, the output of processed tomato of China in 2009 was 8.65 million tons, of which, Xinjiang, Inner Mongolia, and Gansu accounted for respective **%, **% and **%.

Planting Area and Distribution of Tomatoes for Processing in China, 2009 (Unit: ha.)

Region	Planting Area	Proportion %
North Xinjiang	5.4	45.4%
South Xinjiang	2.3	19.3%
Inner Mongolia	2.9	24.4%
Gansu	1	8.4%
Other	0.3	2.5%

Source: ResearchInChina

Output Distribution of Tomatoes for Processing by Region in China, 2009

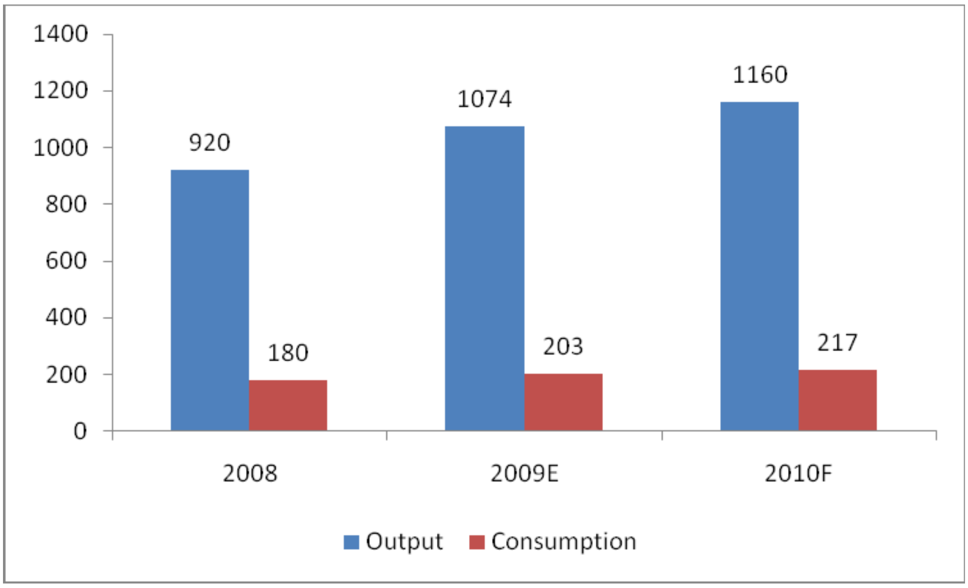
(Omitted)

Source: ResearchInChina

3.3 Supply & Demand

Generally speaking, the tomato products market sees abundant supply in China due to limited domestic demand. In 2009, the output of tomato products in China approximated 1.074 million tons, up 8% year on year; while the consumption approximated 203,000 tons, up 12.8% year on year; the rest products were mainly for export.

Supply & Demand Change of Tomato Products in China, 2008-2010 (Unit: 1,000 tons)



Source: ResearchInChina

3.4 Competition Pattern

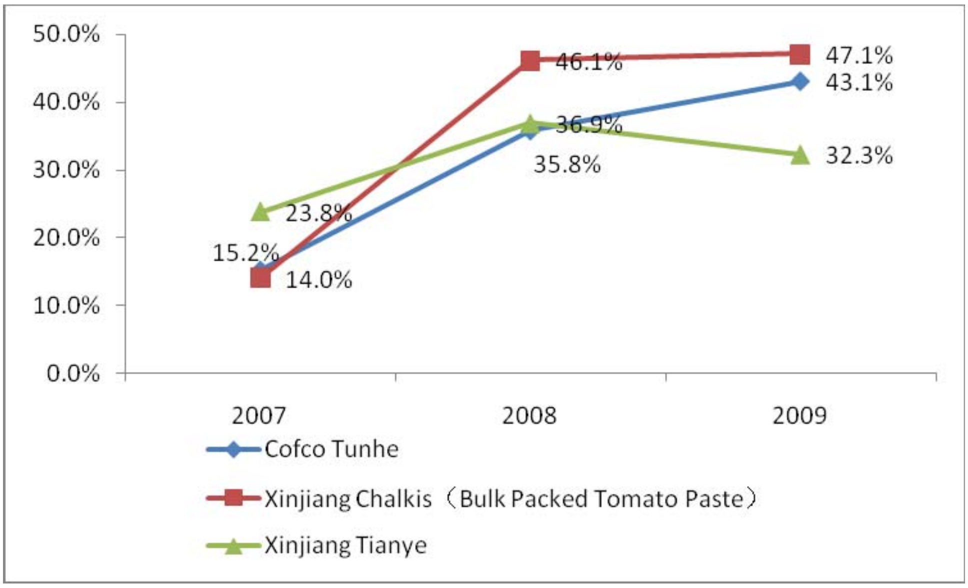
There are a total of 154 tomato processing plants in China, of which, about 62 are located in Xinjiang Uygur Autonomous Region in 2009, an increase of 26.5% comparing to that in 2008. The capacity of tomato ketchup in Xinjiang Uygur Autonomous Region in 2009 was 30,000-50,000 tons. However, the market concentration of tomato products in China is very higher, and it is mainly monopolized by COFCO Tunhe and Xinjiang Chalkis. In 2009, the output of the two flagship enterprises contributed to **% and **% respectively of the total in the country. Together with the one which features the third place, the collective output of the Top3 enterprises represented 78.7% of the total output in the country.

Output and Proportion of Chinese Tomato Manufacturers, 2009 (Unit: 1,000 tons)

(Omitted)

Source: ResearchInChina

Gross Profit Margin of Major Chinese Tomato Product Manufacturers, 2007-2009



Source: ResearchInChina

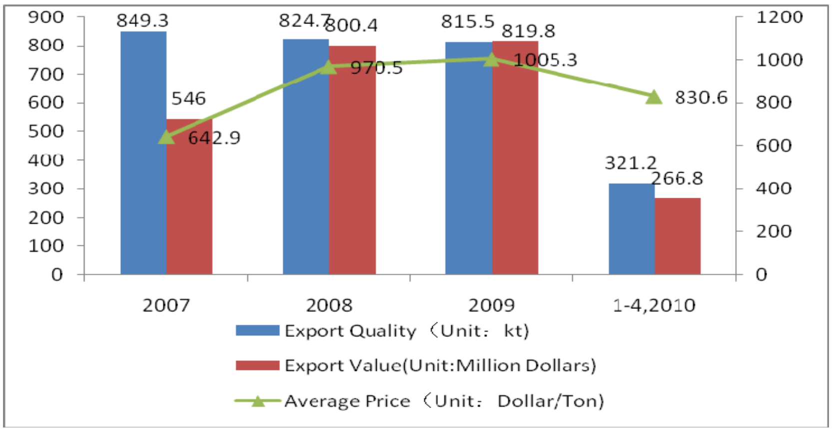
3.5 Import & Export

3.5.1 Export

China boasts tomato products manufacturer as well as exporter. During the period of 2007-2009, the export volume of tomato products in China occupies around 80%. In particular, Xinjiang is the main tomato products exporter in China, with the proportion of 50% or so. In addition, with the changing consumer structure in China, the proportion of domestic sales is increasing, while that for export is waning.

In 2009, the export volume of tomato products in China reached 815,500 tons, down 1.1% year on year; the export value realized US$850 million, up 2.4% year on year; the average export price touched US ＄1005.3/ton, up 3.6% year on year. However, the export price of tomato products slumped in 2010 resulting from the output hike of tomato worldwide. Between Jan. and Apr. in 2010, the average export price dropped down to US＄830.6 per ton.

Export Volume, Export Value and Average Price of Tomato Products in China, 2007-Apr.2010



Source: China Customs, ResearchInChina

In 2009, the China's tomato products exported over 150 countries. In particular, the export volume to Italy, Russian Federation and Nigeria accounted for 13%, 12.1% and 6.8% respectively.

According to the data from China Custom, the export volume of tinplate small-package tomato ketchup has increased in recent years. And the main importers include Africa and Centre Asia. Since 2005, China's export volume of tomato ketchup to Nigeria increased by 256.7% annually. In particular, it touched 55,000 tons, up 38% year on year.

Distribution of China-made Tomato Products in Overseas Market, 2009

(Omitted)

Source: China Customs, ResearchInChina

China's Export Volume of Tomato Sauce to Nigeria, 2005-2009 (ton)

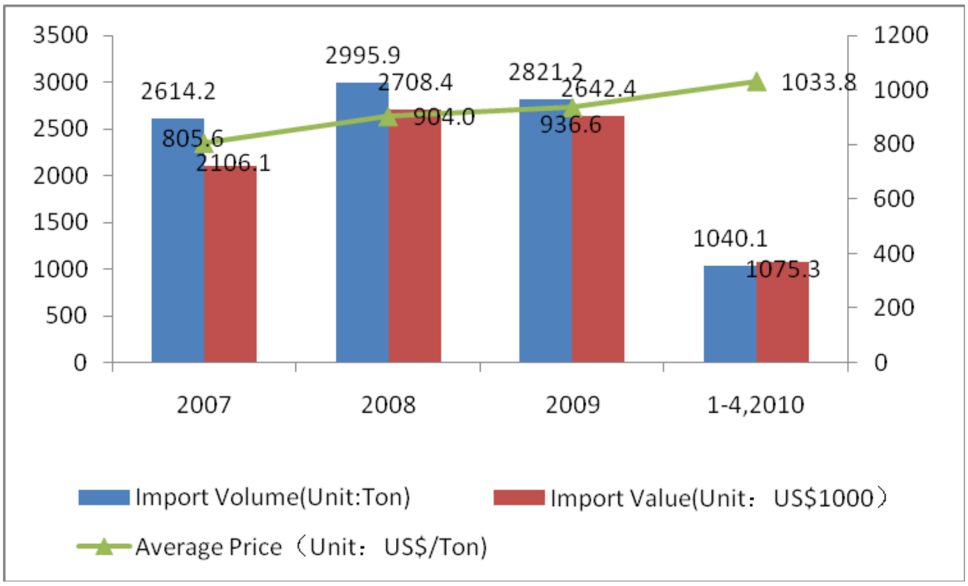
(Omitted)

Source: China Customs, ResearchInChina

3.5.2 Import

Due to the eating habits and abundant supply of tomato products, China's export volume of tomato products is not high. The average import price has increased year by year since 2007, but the growth rate is not high. Moreover, the imported tomato products are represented by deep-processing products like tomato sauce.

Import Volume, Import Value and Average Priceof China-Made Tomato Products,2007-Apr.2010



Source: China Customs, ResearchInChina

Italy and US are the main importers of tomato products for China. In 2009, the imported tomato volume from Italy and US contributed to **% and **% of the total import of the year respectively.

Import Sources and Shares of Tomato Products of China, 2009

(Omitted)

Source: China Customs, ResearchInChina

3.6 Strength & Weakness of Market Competition

3.6.1 Strength

3.6.1.1 Price

China has outstanding advantages in the cost of tomato products, so China's tomato products have strong price advantages in the international market.

In 2008, the purchase price of Chinese processing-used tomato was lower than that of Europe by **%, and **% lower than that of USA; combined with lower labor cost, the cost of Chinese tomato products was less than that of Europe by **%, and **% less than that of USA. Therefore, the average FOB price of Chinese tomato products was lower than that of Italy and USA by **% respectively.

Due to price advantages, China not only exports considerable tomato products to Italy and Russia, but also exports increasing quantity to Africa, Central Asia and other countries and regions. China’s shares in this market have been growing significantly.

Cost Comparison of Tomato Products from Italy, US and China, 2008 (Unit: US$/ton)

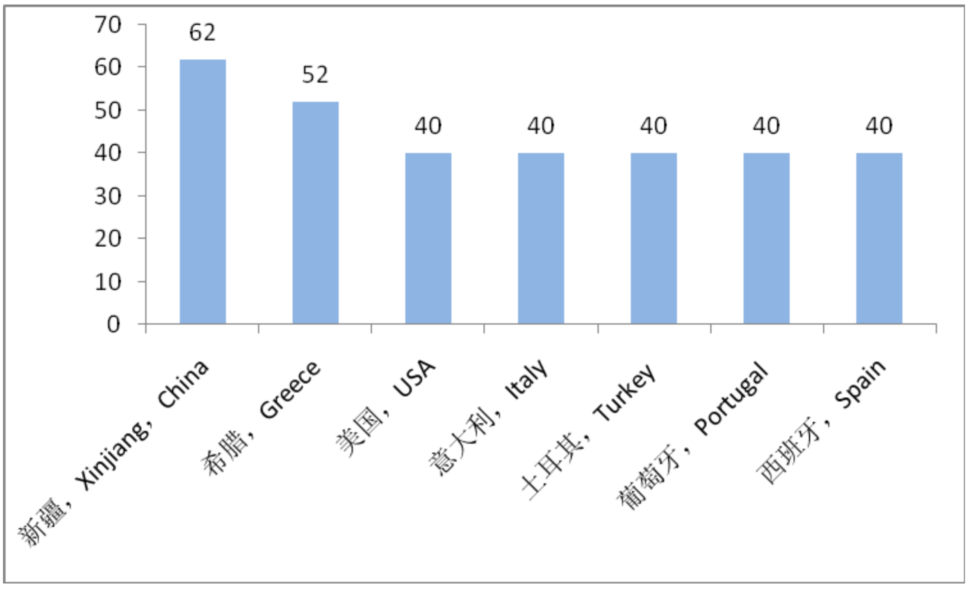
(Omitted)

Source: Tomatoland; ResearchInChina

3.6.1.2 Quality

In China, processing-used tomatoes are mainly planted in Xinjiang, Inner Mongolia and Gansu where exist long sunshine hours, great temperature difference between day and night, and dry air. Under such conditions, the content of tomato solids and lycopene is generally abundant. The content of lycopene reaches 62mg/100g, far higher than that of USA and European countries. At the same time, Chinese tomatoes are qualified in color, viscosity and content of mould, complying with the global standards, so Chinese tomatoes have strong competiveness.

Lycopene Contents by Country (Unit: mg/100g)



Source: National Bureau of Statistics of China, ResearchInChina

3.6.2 Weakness

3.6.2.1 Brand

China is a major producer and exporter of tomato products, but due to imperfect domestic consumption structure and brand-building, Chinese tomato products are mainly ketchup which is made by primary processing. Besides, China also makes some OEM products, and only a few brands export self-deep-processed products.

3.6.2.2 Domestic Consumption Scale

Restricted by the diet habits of residents, the overall consumption of tomato products is tiny in China. The current per capita consumption of tomato products in China is only 0.2 kg each year, while 20 kg/year or more in Europe and North America, and over 3 kg/year in Japan, Singapore, Hong Kong and other developed countries and regions.

Yearly Per Capital Consumption of Tomato Products: China & Other Countries (Unit: kg)

Countries and Regions	Per Capita Consumption
China	0.2
Europe and North America	20
Japan, Singapore, Hong Kong	3

Source: ResearchInChina

→ Related Reports

- ***China Soybean and Soybean Processing Industry Report, 2009***
  http://www.researchinchina.com/htmls/Report/2010/5856.html
- ***China Glyphosate Industry Report, 2009***
  http://www.researchinchina.com/htmls/Report/2009/5793.html
- ***China Fertilizer Market Report, 2008***
  http://www.researchinchina.com/htmls/Report/2008/5556.html
- ***China Corn and Corn Seed Industry Report, 2007-2008***
  http://www.researchinchina.com/htmls/Report/2008/5339.html
- ***China Tomato Processing Industry Report, 2007***
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