

The advent of cheaper Polish apples once meant the demise of China's prominent role in the Russian pome fruit market, but the northern giant's embargo on European produce now brings new opportunities to the socialist nation. As China's largest garlic, ginger and apple exporter, Shandong Goodfarmer has been in the Russian market for 10 years. At www.freshfruitportal.com, we caught up with the company's apple department general manager Lu Zuoqi, who discussed new possibilities for fruit and vegetable lines.

While Lu declined to specify annual export volumes to Russia, he revealed the market was of a considerable size for Goodfarmer, whose main exports to the country include garlic, ginger, onions, apples, pears, grapefruit and oranges.

He added that at the moment vegetable shipments exceeded fruit exports.

"I must say, Russia is an excellent market for us and takes up a considerable percentage of our total export volume. Goodfarmer as a brand has garnered quite some market recognition in Russia," he told www.freshfruitportal.com.


The border town of Manzhouli is tipped as a hub for the Sino-Russian produce trade. Photo: Wikimedia Commons

"We have many local business partners across high-end, medium and basic market segments as well as business relationships with the retail and wholesale markets."

For Lu, the Russian ban is a rare business opportunity for the entire Chinese produce industry.

Click [here for more from our extensive and ongoing coverage](#) of this issue that is reshaping fruit and vegetable trade flows across the globe.

"The decree was a surprise to many, there was no buffering time at all. With an entire year of the ban, the Russian produce market is bound to experience a shortage of supply in the coming year, which is a huge opportunity for the Chinese produce industry," the executive said.

"Someone in the industry told me there is a 700,000 [metric] ton gap just in the fruit segment, and reasonably, much of it will go to the Chinese market.

"Other markets, say Latin American countries - aside from being far from Russia - might not

have the sufficient supply volume. The Central Asian countries lack varieties with fruits."

Lu further explained how this would bring new changes to the market.

"For exporters with channels, they have a first-mover advantage in terms of clients and information, but other players without prior experience would still be looking out for entry point into the game.

"We must get ahead now."

He said this year's production volume was sufficient to deal with the surging market demand, but the problem now was logistics.

"Although market demand is surging, and we still have enough production volume to cope with it, we must focus on solving the logistical challenges of new varieties, including boosting transportation speed and reducing transaction times."

At the same time, Lu hoped Chinese produce companies would refrain from swarming into the export market, causing unnecessary and unhealthy competition.

Goodfarmer has been paying close attention to Russia and changes in international trade. Early in February this year, Goodfarmer's Russian partners already sensed changes in the market and readjusted their strategies accordingly by increasing their import volumes through Siberia.

"By April and May, clients had begun contacting us for new orders. Not only did they want an increase in the import volume, they also requested broadening of the scope of varieties, including persimmons, oranges and kiwifruit," Lu said.

Recently, Goodfarmers dispatched a team to study the land entry point on the Sino-Russian border.

"In June, we conducted a series of studies at Manzhouli, the land entry point on the Chinese and Russian border. We have been paying close attention to the changes in the situation.

"We expected large business opportunities from these changes, so we wanted to familiarize ourselves with the land transport time and cost."

While Russia has upped its push for the establishment of the proposed Eurasian Economic Union (EEU), which would increase trade significantly with Central Asian regions. However,

for Lu, the main export hub would continue to be Manzhouli port.

"The Korgas Port in Xinjiang is the main produce export point into Russia, especially for produce products coming from Western China.

"But if we consider the limited production volume in that area, we know Northern China would still be the main produce production region for the Russian market, which is connected to China through the port of Manzhouli."

In the past two years, Poland and Western Europe have increased their export to Russia, while fruit prices soared for Chinese produce. As a result, trade volume between Russia and China has experienced a drop.

"But the recent tension between Russia and the West has led many Russian companies to increase their imports from China, looking for increase in both volume and varieties," Lu said.

Lu added the price rise for Chinese produce was caused by spikes in transportation costs; a problem that still needs solving.

"Transporting fruits from China to Russia takes much time and cost, which places a significant constraint on the Sino-Russia produce trade and limits the competitiveness of the Chinese produce products on the international market.

"Usually, the land route takes over 20 days while the sea route takes up to 40 days."

Railway transportation capacity is quite limited between Russia and China, so land transportation relies heavily on heavy trucks.

"Now that the import ban is in place, the Russian produce industry would have no choice but to use this channel. It should be expected that Russia will make substantial plans to increase transportation efficiency."

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