

*The U.S. fresh blueberry industry achieved a milestone in May when it finally gained access to the Chinese market after many years of negotiations. However, successfully exporting to this demanding and distant market comes with numerous challenges, some of which are outside the industry's control. At FreshFruitPortal.com we spoke with industry actors in China, the U.S. and Chile to hear about the prospects for blueberry exports, and what it will take to gain a foothold in the market.*

For Sebastian Deng who heads up one of Shanghai's leading blueberry importers, Peng Sheng, there is indeed room and an opportunity for U.S. blueberries in China.

But he emphasized that in parallel with strong consumption growth over recent years - driven both by imports and domestic production - the market demands and requirements have also increased as more high-quality fruit has become available.

"If you ask me what the market is looking for, I would say that firstly it has to be a firm fruit, and then it has to have a good taste," he said.

A high Brix level is also crucial, but it's important to get the right balance between sweetness and a bit of acidity, he said. Appearances also matter hugely in China, even more so than the size of the fruit.

"The size isn't so important - if it's a medium-size 14 or 16-count fruit, that's fine in China - but the appearance has to be good, because local fruit from the north of China has very good bloom," he said.

As for the window the U.S. should aim for, Deng says the biggest opportunity for the country is late summer, around August and September. That is both when local supplies are past their peak in June and July and also when supplies from Peru are minimal.

Fruit from Peru, which has been ramping up shipments to China since it gained market access three years ago, begins to arrive in heavy volumes from around October.

Deng said the U.S. should be able to compete well with Peru fruit in late summer, as the Brix levels in the South American country's early fruit tends not to be high as later in its season.

However, while the U.S. could compete in terms of quality during the late summer period, it currently wouldn't be able to do so in terms of price. That's because the U.S. blueberries face a 75% tariff in China, whereas Peru is tariff-free thanks to a free trade agreement. Domestic supplies would also be considerably cheaper.

Such a high tariff would greatly limit exports, Deng said, but a lower rate - around 10% or 15% - would be workable.

"If they can do a good postharvest and with competitive prices, I think that there could be good volumes, because consumption in China is growing quickly," he said.

## **A different kind of blueberry business for the U.S.**

In the U.S. there is excitement over having opened such an important global market tempered by concerns over the high tariffs and the logistical aspects that could make getting the fruit there in good condition and quality a challenge.

Alicia Adler, Vice President of the North American Blueberry Council (NABC), said that organization has looked forward to introducing U.S. fresh blueberries to China for "a long time now".

"Despite China's growing blueberry production and increasing imports from other supplying regions in South America, there's ample opportunity for U.S. blueberries during the July through September market window, and I'm confident that Chinese consumers will enjoy the size and flavor that U.S. producers can provide," she said.

"The U.S. is home to some of the most sophisticated growing and exporting operations in the world, and our growers are well-positioned to meet the increasing market demand in China."

NABC is currently focused on supporting the industry's initial entry to the market while the U.S. Highbush Blueberry Council (USHBC) will develop marketing programs to raise awareness of U.S. blueberry availability at the wholesale distribution level.

She added that although U.S. agricultural exports still face higher tariffs than other global suppliers in China, the organization is hopeful that importer tariff exemption requests will continue to be promptly reviewed and approved by the Chinese government.

Meanwhile, Cort Brazelton, co-CEO of Fall Creek Farm and Nursery, said of the market access: "It is exciting, but it could have been more exciting five or ten years ago when there were windows of greater undersupply, particularly in the spring months, which could have been to the benefit of California and Southeastern states."

He therefore expects the biggest opportunity for U.S. blueberry growers to come in the

latter stages of the season. In addition to Chinese domestic supplies being lower then, the crop is vulnerable to adverse weather events which can impact quality.

"It seems there is an undersupply of quality fruit in August and September in China," he said.

However, logistical issues will likely be a challenge for an industry that is so heavily focused on the domestic U.S. market.

"It's going to be a challenge. Businesses, fields, infrastructure, packhouses, cooling facilities and varieties are generally designed for a domestic market, built around trucking and with naturally shorter shelf-life requirements. That does not directly transfer to a long-distance maritime export business," he said. "It's not cut and paste. And airfreight is simply going to be too expensive to allow anything at scale to happen.

"So this access is an opportunity for the industry, for those who want to dedicate the time and attention to managing the complexity of exports. This is something exporting countries distant from the market have had to develop over many years. The good news about China is anybody who delivers on quality will find a market that wants their product and is willing to pay for quality."

## **Lessons from Chile**

One of the most distant suppliers of fresh blueberries to China is Chile, which has gained a solid foothold in the market over its decade of exporting.

The country's biggest blueberry exporter to China is Prize, which last season sent half of all overseas shipments - some 2,000 metric tons - to the destination.

Alejandro García-Huidobro, the company's general manager and founder, said it is vital that the U.S. understands the unique market and its requirement of sweet and crunchy fruit of high quality and condition.

"Those who know Chinese consumers well understand that there the only way to be successful is by sending the best quality fruit and making the consumer repeat the purchase," he said.

"Blueberry penetration in China is one of the lowest in the world, which is why it is so important that we build the habit of consuming the best blueberries. In contrast to other

markets where blueberries are consumed mixed with other products or in preparations, in China the fruit is eaten by itself, without accompaniments, so the product must be good to please the end consumer," he said.

In addition, if sub-par blueberries are sent - such as fruit that is too acidic - that can have wide-reaching market impacts on demand and prices, he said.

Prize has made significant investments in packing capacity with high-quality machines, the latest generation cold chain technology in its packing facilities, on its production sites and in its breeding program, all of which have helped it to be successful in China.

Asked what advice he would give to U.S. blueberry companies looking to send fruit to China, García-Huidobro said: "I would tell them to only export if they have a very good distributor or retail partner in China, only the best quality and the best varieties, and to follow the demands of the Chinese consumers."

"As the U.S. season takes place during the same period as the Chinese season, they will have strong price competition. So if it's not a product that is truly superior in quality to the local Chinese product, it's probably not worth sending it."