

# WORLD GRAPE MARKET SUPPLY, DEMAND AND FORECAST

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## EXECUTIVE SUMMARY

In addition to their exquisite flavor, grapes are known for their incredible composition of beneficial nutrients. They are increasingly popular in diets around the world, not only for consumption as fresh fruit, but also in processed products such as wine, raisins, juice, jam, jelly and even canned foods.

Today, worldwide consumption of fresh grapes has reached 24.1 million tons. China is the largest consumer, with consumption of over 5 million tons in 2013, followed by India and the United States, with consumption of 2.09 million and 1.21 million tons respectively. Brazil is considered an important consumer in the Latin American region, with approximately 832,000 tons consumed in 2013.

However, grape consumption is not only on the rise in these traditional markets; there is clearly growing interest in this fruit in Southeast Asian markets. Thailand, Hong Kong, Malaysia, South Korea, Vietnam and Taiwan are increasingly showing preference for grapes. (China, India and Russia, despite being traditional grape consumers, are now considered potential markets for the largest exporters as well, given their growing demand for grapes, which still leaves ample room for expansion, and economic and social forecasts for these three large markets.

China's fresh grape imports have increased approximately 30% in the last six years, the population of India now has greater access to imported grapes at prices around USD 7.5 per kilo, and Russia represents a great opportunity to supply this market, given its prohibition on importing grapes from its regular suppliers.

On the supply side, over the last decade, worldwide grape production has seen an upward trend, with a volume of 24.9 million tons in 2013. This is the result of improved production yields, particularly favorable weather conditions in some countries and continuous improvements in grape cultivation techniques.

However, this growth was particularly driven by the emergence of new players in grape production and trade, such as South Africa and Peru. Although they already had market shares, the popularity of their products, especially due to their quality, and new trade agreements have contributed to their recognition as major exporters of grapes. This is especially true of Peru, which has had annual average growth of 32% over the last six years. This growth figure is significantly higher than that of other exporters.

During the last decade, a number of well-marked trends has been identified in relation to supply and demand in the grape market, including growing demand among consumers for seedless varieties of grapes, the development of new varieties through technology for the purpose of satisfying consumer preferences regarding the fruit's appearance, and an unusual drop in European grape production, providing an opportunity for large grape exporters and producers.

Lastly, there are good growth expectations for upcoming grape commercialization seasons, as larger shipments to major consumer markets are forecasted, especially to the Asian market, with emphasis on China and India. In the case of the former, nearly 280 thousand tons of table grapes are expected to be imported by the end of the 2014-2015 campaign.

Assuming a continued trend, it is estimated that seedless grape varieties will be in the greatest demand from traditional consumers, such as Europe and the United States. However, Asian markets will continue to prefer seeded grapes such as the Red Globe variety.

Given this positive outlook for the world grape market, we foresee greater robustness regarding international trade in grapes and, therefore, greater effort on the part of major supplier countries to establish new trade agreements that allow them to enter new markets.