

# Chinese onion harvest is almost over, and the surface area of yellow onion plantations declined

## Detail Introduction :

The onion harvest in Shandong and Henan is coming to an end in June. The harvest is expected to finish before the end of the month. This season the overall surface area of the red onion plantation expanded, while the overall surface area of yellow onions declined. One exporter from Shandong recently talked about the current conditions in onion production areas and the export market.

"The domestic market for onions is flooded as supply from various production areas enters simultaneously. The size and quality of onions are diverse. The market is lively. The current purchase price for 8cm red onions is around 0.75-0.80 yuan [0.11-0.12 USD] per 0.5 kg, while the purchase price of red onions is 0.35-0.40 yuan [0.05-0.06 USD] per 0.5 kg."

Although the purchase price of onions is rather low this year, traders with storage space are waiting for the conditions to improve. "There are several reasons for this situation. First, the profits were rather meager last year, and some traders made a financial loss. New traders cannot take risks, and old hands are switching to other products. Although the purchase price is rather low so that traders can stock their warehouses, considering the high storage costs, they are still not eager. Second, the harvests in various production areas were abundant this year. In addition, the overall surface area devoted to red onion plantation in Gansu, China's largest onion production area, expanded this season. The market supply is excessive, further dampening traders' eagerness for storage space."

"The harvest in Gansu is expected to finish in late June. These onions will create significant competition for the sales of onions from cold storage. In addition, the overall surface area of yellow onion plantation, which is the main onion variety for the export market, slightly declined. Although some traders are optimistic about the current market conditions of yellow onions, the high shipping fees create a serious obstacle for onion export, which makes traders reluctant to buy," explained the onion exporter.

The current FOB price of peeled onions from Qingdao is around 650 USD per ton, much lower than a year or two months ago. "The low price of onions improves their competitive market position, and since the onion export has been on hold for about a year, we have had quite a few inquiries from overseas clients in the last few weeks," said the onion exporter.

"The product value of yellow onions is rather low, and shipping fees have been rising since last year, so some onion exporters stopped exporting onions. "We still shipped a small volume of peeled onions to England and other European markets, but that also stopped because the shipping fees simply became too high," said the onion exporter. "The current shipping fee from Qingdao to Europe is 8,500-9,000 USD per container. Although the

shipping fees are coming down, the product value of onions is quite low, and the shipping fees have come down enough for profitable export."