

Our Export of Onions Remains Stagnant Because Shipping Rates Are Still Too High in Relation to the Value of the Product

Detail Introduction :

Onions from various production areas in Yunnan have recently entered the Chinese market one after another. The total production volume of Yunnan onions decreased this season and its purchase price is relatively high. Although costs are slowly coming down but are still much higher than the added value of the onions. That is why the volume of orders remains small. An onion exporter recently spoke about the current conditions for the production, and export of onions.

"The onion harvest in Yunnan started late this season because the weather conditions were unfavorable. In previous years, onions entered the market in large volumes in mid-March, but this season they only arrived in small volumes at the end of March," he explained. the exporter of onions. "In addition to the early season onions, the market is now also receiving the first mid-season onions. The market supply volume is growing, and visitors are buying larger volumes. However, the overall production volume decreased due to weather conditions, the price is quite high. The current price of purple and red onions is about 1.4 yuan [0.22 USD] per kg, while for yellow onions it's around 2.2 yuan [0.35 USD] per kg."



The current FOB export price is around USD 500 per ton. For many companies, the export of onions practically stopped when shipping costs skyrocketed. Some companies are still exporting to Eastern Europe and Russia, but that market has also closed now," according to the onion exporter. "There are many reasons for the sharp decline in onion export volume. The total area dedicated to onion plantations was reduced this season, the quality of the product was suboptimal, the yield was low, and the price of premium quality onions increased. In addition to the skyrocketing shipping rates and the high price of onions, exporters were also affected by the appreciation of the Chinese yuan. That is why there is practically no demand abroad. The volume of the order is extremely small."

"Shipping costs show a downward trend, but the decline is not that significant. Last month the shipping price between Qingdao and Rotterdam was USD12,500 per container. Now the price is USD10,500 per container added. . "The cost of shipping is still too high compared to the product value of onions. The cost and added are simply unmatched. Only when the cost of shipping drops below \$8,000 per container can we make a profit from the export of onions".

In addition to onions, this exporter also sells large volumes of ginger. "Last year it rained excessively, and there was a bumper harvest, some processing factories failed to filter the ginger that was affected by the heavy rain. As a result, there are some problems with the quality of the product. The overall quality of the product is not stable. It's very stable."

"The price has been stable. The current price for ginger exported to the Netherlands is USD 1,350-1,400 per ton. The price is unlikely to fluctuate much in the short term."

"Many Chinese exporters are unable to deliver their agricultural products to Eastern Europe or Russia due to the Russian invasion of Ukraine. Instead, exporters are looking for buyers near the ports where their products have been stranded. The pressure to clear congested ports and sell the products has pushed the price down. Many exporters are losing money," he added.