

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **South Africa - Republic of**

### **Raisin Annual**

#### **SOUTH AFRICAN RAISIN EXPORTS BOUNCE BACK AFTER DEVASTATING 2011 FLOODS**

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**Report Highlights:**

South African raisin exports (excluding currants) in 2012 are estimated at 26,500 MT, representing a 36 percent increase compared to 2011 on an anticipated bigger crop stimulated by good weather conditions.

Post revised 2011 raisin exports (excluding currants) at 19,516 MT, a 49 percent decline compared to 2010 export quantities on floods which occurred in late December 2010 through January and early February 2011 in the Lower Orange River production area.

## Executive Summary:

South Africa (SA) ranks as number two behind Chile in terms of raisin production in the Southern Hemisphere and it is regarded as a producer of high quality raisins for export market. About 70 percent of grapes for drying are grown in Northern Cape, along the Orange River (Lower: 12,003 Ha) and Upper (26,000 Ha) and in Namaqualand (1,319 Ha), with the remainder coming from some parts of Western Cape. The most widely grown grape cultivar for raisins is Thompson seedless at 7,188 Ha.

The Northern Cape Province weather is typically that of desert and semi-desert areas, characterized by high summer temperatures ranging from 33 degrees Celsius to 40 degrees Celsius with warm winter days and cooler nights and these weather conditions are ideal for seedless grapes, as they allow the fruit to ripen properly.

There are about 1,250 sultana-grape growers in the Northern Cape Province producing three raisin types, that is the: Sultana raisins, Golden raisins, Thompson seedless raisins and these raisin types rank among the best in the world.

**Figure 1. Map of Northern Cape**



Source: Goggle Maps

## Export season outlook 2012:

The 2012 export season is still ongoing, but Post estimates raisin exports (excluding currants) for MY 2011/12, beginning January 2012 at 26,500 MT on anticipated bigger crop stimulated by good weather conditions in producing regions. Between January to May, exports are at 10,800 MT, a 65 percent jump compared to the 2011 export volumes at the same period as reported in the GTA.

### **Export season outlook 2011:**

The 2011 export season was very challenging for South African raisins producers, on unfavorable weather conditions that occurred in The Lower Orange River production area of the Northern Cape. Floods which occurred in late December 2010, through January and early February 2011 on the Orange River production area, especially the lower areas of the region damaged vines, the fruit, infrastructure, and the soil since it was deprived of air killing micro – organisms in the process.

The floods were described as the worst in 23 years, with over 800 hectares of vineyards totally submerged under water when the Orange River broke its banks in January and February. The Thompson seedless variety was hit hard by these floods as it was just about to be harvested and a significant split damaged was caused to the fruit. The sultana's were not severely affected as they are harvested earlier than Thompson seedless. These factors lead to the lowest export quantities in 2011 since the last eight years. The raisins export quantities for 2011 were 19,516 MT, a 49 percent decline compared to 2010 export quantities on impact of these floods.

Note that the industry figures (19,516 MT) for 2011 raisin exports are slightly different from the GTA number (16,803 MT), but both numbers indicate a decrease in 2011 raisins exports. Post recognizes this difference and has decided to use the industry figure in the PSD with the expectation that the industry figures reflect the most current situation. However, the GTA table shows the individual markets for SA exports.

## Commodities:

### Raisins

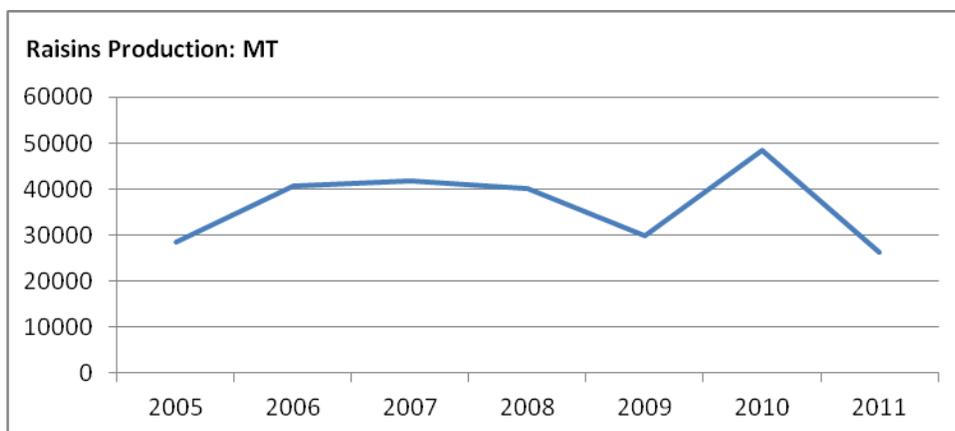
#### Production:

Post forecasts SA raisin production excluding currants at 40,000 MT for MY 2012/13, beginning January 2013 as more trees reach full bearing capacity. Post estimates South African raisin production excluding currants at 32,000 MT for MY 2011/12, beginning January 2012 on good weather conditions in the production regions.

Post revised SA raisin production excluding currants at 26,200 MT for MY 2010/11, beginning January 2011 on floods that occurred in Northern Cape as reported by the industry. The Lower Orange River production area was negatively affected by these floods which came just before harvest in late December 2010 through January till February 2011. The floods washed away produce, infrastructure and vineyards in this region. Although the Lower Orange River production was negatively affected by these floods, produce from other regions buffer the impact as grapes for raisins are also produced along the Upper Orange River, Namaqualand and from some parts of Western Cape.

All the different raisins cultivars were severely impacted by the floods, with Thompson seedless variety that is harvested at the end of the December month declining by 67 percent, sultana by 50 percent and Golden by 40 percent compared to the 2010 quantities.

**Figure 2. SA Raisin Production- 2004 – 2011**



Source: DFTS

#### Raisin production area

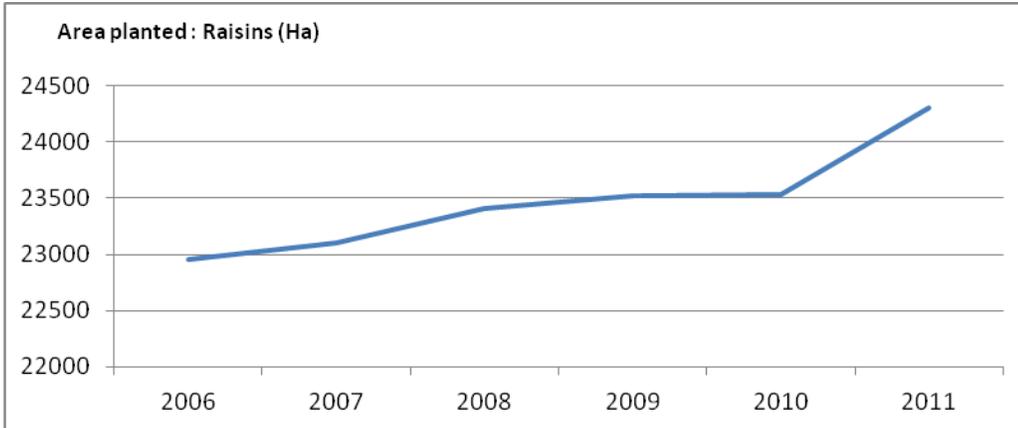
##### Area planted:

Post expects area planted to dry grapes to slightly increase on anticipated introduction of new seedless grape cultivars coupled with replacement of vines which were destroyed in the Lower Orange River production area during the 2011 floods.

Post revises 2011 area planted at 10,847 Ha as reported by the industry with the Thompson Seedless as the most planted cultivar at 31 percent. Like in all agricultural industries the cost of production has been

of concern to producers, the prices were offset by the 2008 recession with cost of establishing a hectare at R86,187 in 2008 jumping to R142,909 in 2009 at R148,710 in 2010 and at R151,817 in 2011.

**Figure 3. Area planted to raisins: 2006 - 2011**



Source: DFTS

Both local and exporting marketing of raisins is free from government intervention; however in case of exports the Phyto - sanitary requirements and quality standards must be adhered to. Raisins are exported to the United States of America duty free under the AGOA.

**Table 1. Tariff Rates, Dried Grapes**

Item	CD	Description	Unit	General	EU	EFTA	SADC
0806.20	6	Dried grapes	kg	10%	free	10%	free

Source: SCHEDULE 1 - Customs & Excise Tariff

Globally, food safety and lowering of chemical residue on fruit is under spotlight and the South African dried fruit industry is constantly on the lookout for alternative methods to manage pests and diseases.

### Consumption

Post forecasts 2013 local consumption for raisins at 7,000 MT on available supplies. Post estimates 2012 local consumption for raisins at 6,500 MT on anticipated bigger crop. The baking industry is still the largest consumer of raisins in South Africa for products like biscuits; cake; buns that are consumed during festive times like Christmas, Easter and Ramadan seasons. Sweet sultana are ideal for baking while the golden-yellow sultana is sweet-sour and well suited to salads and cooking. Raisins are widely consumed as snacks, and it is foreseen that their demand will continue to improve as the trend indicates that consumers' preferences are moving towards healthier and natural choices.

The flow of the local marketing chain is: from the producer (farmer) to the secondary processors then to retail and finally to the consumer. The price of locally sold raisins varies according to the size of the crop and quality. Producers and processors negotiate with each other on price for example if the crop is small, the price would be higher due to low supply. Raisins are graded as either industrial grade which

is sold locally through the secondary processor or directly to the retail or as superior grade which is exported.

**Table 2. Historical price trends: Raisins Producer Prices**

<b>Raisins type</b>	<b>2009 (Rands/ton)</b>	<b>2010 (Rands/ton)</b>	<b>2011 (Rands/ton)</b>
Golden	17,000	12,700	19,300
Thompson seedless	11,500	10,400	13,000
Other Raisins	11,500	8,800	16,000
Average	13,333	10,633	16,100

Source: DFPT

The 2011 prices closely resemble the 2009 prices, where the producer price increased a lot for South African raisins on a very low raisin crop in the Orange River region. The 2010 season was a very good season and the prices took a dip on market forces.

### **Stocks**

South African maximum raisins stock levels are usually at 6,000 MT. Secondary processors hold the stocks.

### **Trade**

There are eight countries competing for the world Raisin Market and these countries are: Australia, Chile, Greece, Iran, Mexico, South Africa, Turkey, and the United States. In the Southern hemisphere (Argentina, Chile and South Africa), fruit is harvested in February – March, with new crop product coming to market in late April or May. Greece, Turkey and the U.S. harvest crops in late August and September, with availability in the early fall.

### **Imports**

South Africa is not a big importer of raisins as it is able to satisfy its local demand. Imports do come in from the US and Turkey to fill the gap. Raisin imports fell sharply in 2010 on big crop that was experienced last year compared to 2009 small crop season. Post revised 2011 imports at 284 MT as reported in the GTA.

**Table 3. South Africa: Raisin Import Statistics**

South Africa Import Statistics Commodity: 080620, Grapes, Dried Year Ending: December
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Partner country	Unit	Quantity		
		2009	2010	2011
US	MT	1,059	500	0
Turkey	MT	1,503	355	244
Other not listed	MT	56	29	40
Grand total	MT	2,618	884	284

Source: GTA

### Exports

Post forecasts 2012/13 raisin exports at 28,000 MT on anticipated available supplies as the raisins are export orientated; meaning production is directly related to export. Post estimate 2011/12 at 26,500 MT, on available supplies stimulated by more trees on the full bearing capacity.

Post revised 2010/11 raisin exports at 19,516 MT as reported by the industry. This represents a 49 percent decline compared to 2010 export quantities on shortfall in supplies. Short supplies resulted from the floods that negatively affect the Northern Cape which is a main production area and reduced the crop by almost 50 percent compared to 2010 volumes.

The industry figure (19,516 MT) for 2011 raisin exports is slightly different from the GTA number (16,803 MT), but both numbers indicate a decrease in 2011 raisins exports. Post recognizes this difference and has decided to use the industry figure in the PSD with the expectation that the industry figures reflect the most current situation. However, the GTA table shows the individual markets for SA exports.

The 2011 industry reports show that Europe holds the biggest market share for South African raisins at 38 percent, followed by United Kingdom at 30 percent, then North America and Canada at 17 percent, the Far East at eight percent and Middle East at seven percent. South Africa has preferential trading agreements (PTAs) with the EU, EFTA countries and the AGOA with the US for fresh and dried table grapes. The US market under the AGOA significantly lowers the tariff barriers for South African dried grapes while South African exports of dried grapes face a higher tariff in Algeria (30 percent).

**Table 4. South African: Raisin export statistics**

South Africa Export Statistics				
Commodity: 080620, Grapes, Dried				
Year Ending: December				
Partner country	Unit	Quantity		
		2009	2010	2011

Canada	MT	3,723	11,400	3,422
Netherlands	MT	3,012	2,879	2,477
France	MT	2,318	2,581	1,824
United Kingdom	MT	2,036	2,684	1,419
Algeria	MT	2,440	3,811	963
United States	MT	1,765	5,575	762
Total	MT	15,294	28,930	10,867
Other not listed	MT	7,888	11,311	6,000
Grand total	MT	23,182	40,241	16,803

Source: GTA

**Table 5. Production, Supply and Demand Table**

Raisins Africa	South		2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013			
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post		
Area Planted	0	10,847	0	11,000		11,500	(HA)	
Area Harvested	0	9,856	0	9,900		10,300	(HA)	
Beginning Stocks	800	800	400	1,768		1,068	(MT)	
Production	27,000	26,200	30,000	32,000		40,000	(MT)	
Imports	100	284	100	300		200	(MT)	
Total Supply	27,900	27,284	30,500	34,068		41,268	(MT)	
Exports	22,000	19,516	25,000	26,500		28,000	(MT)	
Domestic Consumption	5,500	6,000	5,000	6,500		7,000	(MT)	
Ending Stocks	400	1,768	500	1,068		6,268	(MT)	
Total Distribution	27,900	27,284	30,500	34,068		41,268	(MT)	
TS=TD		0		0		0		