

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **South Africa - Republic of**

### **Raisin Annual**

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**Report Highlights:**

Favorable weather conditions for the January 2010 marketing year should drive raisin production up 61 percent to 48,328 MT. As a result, South Africa raisin exports have already reached 10,426 MT during the first quarter of 2010, which already exceeds South Africa's 2009 annual raisin exports. Marketing year 2009 raisin production was hampered by severe cold weather conditions that affected grapes along the Orange River during bloom.

**Executive Summary:**

South Africa's total raisins production, excluding currants, is estimated at 48,328 MT for marketing year beginning January 2010. This represents a sixty one percent increase compared to the previous year's production. This increase can be attributed to good weather conditions that prevailed in the Orange River region where the grapes for raisins are mainly grown. Sultanas recovered nicely increasing from 1,800 MT in CY 2009 to 7,269 MT for marketing year beginning in January 2010. All other raisins types like Golden and Thompson seedless nicely recovered contributing to a big crop for South African raisins for marketing year beginning 2010.

For marketing year beginning January 2009 South African's total production of raisin excluding the currants was 29,979 MT. CY 2009 was not a difficult production season, severe cold weather conditions that occurred during the blooming stage of grapes along the Orange River production area resulted in bad blossom and weak set of fruit hence the overall decrease in production for marketing year.

S.A.D. Foods, a subsidiary of Pioneer Foods, is South Africa's leading producer of sun dried fruit including raisins and Safari is their brand for raisins and all other dried fruit that they produce.

**Commodities:**

Raisins

**Production:****Raisin production area**

The factors affecting area planted for raisin grapes in South Africa range from production costs of establishing or maintaining the vineyard to challenges of rootstocks. The Agricultural Research Council is involved in the following various research programs that are aimed at improving the rootstock for raisin grape cultivars. The research programs include the following:

- Rootstock for Sultanina and other raisin grape cultivars under different climatic and soil conditions;
- Investigating the effectiveness of trellis systems and viticulture practices to optimize raisin grape production;
- Optimum plant spacing and trellising system for raisin grapes;
- Investigating the effectiveness of trellis systems and viticulture practices to optimize raisin grape production.

The South African Government, Deciduous Fruit Producers' Trust, Dried Fruit Technical Services and Winetech financially support the Research institute. The progress of research projects is evaluated on a regular basis by the technical committees of the different stake holders. Additionally, the South African Dried Fruit Technical Service which is an industry body has expanded its services to make provision for Consultative Services to raisin producers in order to enhance production and encourage the replant of old vines. Based on this information, Post forecasts an increase in production area.

### Cost of production for vineyards

For the 2009 production season, production costs for establishing a vineyard were calculated as R142, 909. The same costs for the 2008 production season were as low as R86, 187. The cost of maintaining the vineyards for the 2009 production season amounted to R38, 038, and the same costs were R19, 427 for the 2008 production season. For maintaining the vineyards, cost of production includes direct costs like fertilizer, herbicides, drying material, and labor. The price of these direct costs raised so much for the 2009 production season and it pushed the overall price of maintaining the vineyard to R38, 038. The increased cost of fertilizer and fuel being the main culprits

### Production

South African Grapes are grown in The Hex River Valley, Limpopo Region, Orange River, Berg River, Olifants region and Northern Province, Nylstroom, Marble Hall, and Groblersdal. The table below shows the grapes production areas.



About seventy percent of grapes for drying are grown in Northern Cape, along the Orange River (lower and upper) and in Namaqualand and in some parts of Western Cape. The Orange River area of the Northern Cape has about 21,000 hectares of irrigated vines. 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.

Thompson's seedless raisins, sultanas and golden sultanas are all made from the same fresh grapes, of which Sultana is the most important varietal. Grapes exposure to varying degrees of sunshine during drying gives the raisins their different colors, that is: the dark brown color for Thompson's seedless, the lighter brown color for sultana, and yellow color for golden sultana.

The Thompson's seedless raisins are the most popular raisin made from the sultana grape and processed by directly sun-drying them in the open air on cement slabs. Sultanas are dipped in a weak lye solution to speed up the drying process and then placed on drying-racks in partial shade, resulting is an amber-brown. Golden sultanas are obtained by lye dipping and sulphuring sultana grapes, prior to the drying process. The table below shows the raisins production as reported by industry for 2009 and 2010 and the forecast for 2011.

**Raisin production excluding currants**

Raisins	2009* 2008/09	2010* 2009/10	2011 ** 2010/2011
	Marketing year – Jan 2009	Marketing year – Jan 2010	Marketing year – Jan 2011
Sultana's	1,800	7,269	7,400
Golden	12,800	17,734	19,000
Thompson seedless	15,315	23,273	24,500
Raisin Muscat	64	52	100
Total	29,979	48,328	51,000

Source: Dried Fruit Technical Services

\*Estimate

\*\* Forecast

The anticipated increase for marketing year beginning January 2011 is due to more vines coming into full bearing and producing stage. The South African dried fruit industry has big plans for future raisin production, the industry is planning to expand its services to make provision for Consultative services to raisins producers in order to enhance production and encourage the replanting of old unproductive vineyards. Ageing vines has been a challenge since most of the vines farmers cultivate were established in the 1970s, old vines decrease yields when they reach their productive live and need to be replaced.

The South African dried fruit industry is placing huge emphasis on the acquisition of new and improved cultivars and the plan is to make these cultivars available to producers as soon as possible. Already there are four seedless grape cultivars that were planted last year for semi - commercial evaluation and there are three promising seedless grape cultivars that were imported and propagated through tissue culture techniques to be evaluated in semi – commercial quantities as well.

For marketing year beginning January 2010, the South African total raisins production excluding currants is estimated at 48,328 MT. This represents sixty one percent increase compared to the previous year (CY 2009). This increase is attributed to good weather conditions that occurred along the Orange River region where the grapes for drying are mainly grown. The Sultana recovered to almost the same quantity as was in 2008, Golden Sultana increased as well while the Thompson Seedless is still the most popular type made in South Africa.

For marketing year beginning January 2009, the South African total raisins production excluding currants was 29,979 MT. CY 2009 production season was a difficult year, severe cold weather condition that occurred during

the blooming stage of raisins along the Orange River production area resulted in bad blossom and weak set of fruit hence the overall decrease in production.

**Consumption:**

A stable tonnage of about 10,000 – 12,000 tons of raisins is usually consumed locally. Raisins are used as snacks, prominent ingredients in mixes, sauces and condiments, and in a wide variety of baked goods and confections. Sweet sultana are ideal for baking while the golden-yellow sultana is sweet-sour and well suited to salads and cooking. The baking industry is still the largest consumer of raisins in South Africa. Christmas, Easter and Ramadan seasons are the peak consumption periods for raisins. They are used in a variety of products such as biscuits; cake; buns that are consumed during these festive times. It is foreseen that the demand for dried fruit products such as raisins should continue to improve as the trend indicates that consumers’ preferences are moving towards healthier and natural choices. Raisins are seen as the ideal healthy "fast food" for snacking on the run which can be consumed on their own or with the either Cashews, Pecans, Walnuts or a mix of nuts for a perfect snack and in breakfast cereals.

The flow of the marketing chain locally is as follows: 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 be higher due to low supply.

Based on the quality of the production; raisins in South Africa can be marketed locally as industrial grade and this can be done through the secondary processor or directly to the retail sector. On the other hand, choice grade which is of superior standard can be exported. Raisins of various sizes are sold on the domestic market.

For marketing year beginning January 2009, the producer price increased a lot for South African raisins. Although the producer price for all raisins types increased, Golden Sultanas increased by as high as R6, 020 per ton. This increase was due a very low raisin crop in the Orange River region. The table below shows these trends:

**Historical price trends: Raisins Producer Prices**

<b>Raisins type</b>	<b>2008 (Rands/ton)</b>	<b>2009 (Rands/ton)</b>
Golden	10,980	17,000
Thompson seedless	7,300	11,500
Other Raisins	8,590	11,500
Average	8,957	13,333

Source: DFPT

**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 and Global Trade Atlas figures for the first quarter of marketing year beginning January 2010 show that only 613 MT of raisins have been imported. This is 25 percent down compared to imports at the same period for last year. The big crop harvested this year is likely influencing this change.

For marketing year beginning January 2009, South Africa imported about 2,618 MT of dried grapes and the main markets that these dried grapes were the Turkey and the US.

**South African Raisin Imports – (2008- 2009)**

<b>Imports (Jan – Dec) 080620, Grapes ; Dried (MT)</b>			
<b>Marketing Year</b>	<b>2008</b>	<b>Marketing Year</b>	<b>2009</b>
Turkey	22	Turkey	1,503
US	0	US	1,059
Total others	22	Total others	2,562
Others not listed	43	Others not listed	5,272
<b>Total</b>	<b>65</b>	<b>Total</b>	<b>2,618</b>

Source: GTA

**Exports**

Although South Africa rated as the 5th largest producer of raisins in the world, South Africa has always been in the niche position of being regarded as a producer of high quality raisins for export markets. Europe dominates the market share for raisins while exports are also sent to North America, Australia, Asia and Japan.

For marketing ending December 2010, a good export season is expected for South Africa raisin. The exports for the first quarter of 2010 have already reached 10,426 MT, which is more than what was exported at the same period for marketing year 2008/09. The export season is currently ongoing and post forecasts an increase in exports since so much has been exported for the first quarter.

For marketing year ending December 2009, South Africa exported 23,182 MT of raisin while for marketing year ending December 2008; the exports amounted to 38,747 MT. The substantially lower raisin crop in 2009 along with a stronger rand had a negative impact on raisin and other dried fruit product exports.

According to the industry, for marketing year ending December 2009, Europe dominated the export market, at 38 percent closely followed by the UK at 30 percent while 17 percent was shared between North America and Canada. About 8 percent went to the Far East while 7 percent went to the Middle East.

**South African raisins exports: Grapes; Dried**

Exports (Jan – Dec) Grapes ; Dried (MT)			
Marketing Year	2008	Marketing Year	2009
US	5,312	US	1,765
Canada	9,270	Canada	3,723
Netherlands	3,923	Netherlands	3,012
Algeria	1,761	Algeria	2,440
France	2,529	France	2,318
UK	3,418	UK	2,036
Total others	26,213	Total others	15,294
Others not listed	12,534	Others not listed	7,888
Total	38,747	Total	23,182

Source: GTA

**Stocks:**

South Africa's raisins stock levels are usually at 6,000 MT. Secondary processors hold the stocks.

**Policy:**

Both local and exporting marketing of raisins is free from government intervention; however in case of exports, the phytosanitary requirements and quality standards must be adhered to. Raisins are exported to the United States of America duty free under the AGOA. Globally, food safety and lowering of chemical residue on fruit is under spotlight and the South African dried fruit industry is constantly on the look out for alternative methods to manage pests and diseases.

The South African government embarked on a land reform program following the historic elections of 1994 to redistribute and return land to previously disenfranchised and displaced communities. The different commodities groups in South Africa have developed commodity strategies to play a meaningful role in this process; dried fruit industry is currently looking at a data base for small scale farmers, intergration of these farmers into existing industry structure and supports them to become fully commercial farmers. The industry’s focus is also on training; economic development; social development technical support research and development.

**Production, Supply and Demand Data Statistics:**

Raisins South Africa	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	9,160	9,160	9,160	0		9,200			9,300	(HA)

Area Harvested	8,620	8,620	8,500	0		8,700			9,000	(HA)
Beginning Stocks	2,000	4,010	2,000	2,000		6,000			0	(MT)
Production	40,30 0	29,99 5	29,97 9	39,00 0		48,32 8			51,00 0	(MT)
Imports	0	65	2,618	0		10			0	(MT)
Total Supply	42,30 0	34,07 0	34,59 7	41,00 0		54,33 8			51,00 0	(MT)
Exports	35,90 0	23,53 2	23,18 2	36,00 0		46,80 0			46,00 0	(MT)
Domestic Consumption	4,400	6,463	5,415	4,000		7,538			5,000	(MT)
Ending Stocks	2,000	4,075	6,000	1,000		0			0	(MT)
Total Distribution	42,30 0	34,07 0	34,59 7	41,00 0		54,33 8			51,00 0	(MT)
TS=TD		0	0			0			0	