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South Africa - Republic of

Raisin Annual

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Report Highlights:

Post forecasts South Africa's raisin production for MY 2011/12 at 32,565 MT as South African raisin producers slowly recover from flood damage which occurred in early 2011. As a result of flooding in December 2010 through February 2011, South African raisin production (excluding currants) is expected to fall 36 percent to 31,060 MT for MY 2010/11, beginning in January 2011. Post expects raisin exports to remain flat at 23,000MT for MY 2011/12 on strong domestic demand and the relative strength of the Rand.

Post is currently reviewing historical industry data and plans to propose revisions to the PSD at a later date.

Executive Summary:

South Africa (SA) ranks as the world's fifth largest producer of raisins and is regarded as a producer of high quality raisins for the export market. About 70 percent of grapes for drying are grown in the Northern Cape, along the Orange River (lower and upper). Other production areas include Namaqualand and some parts of the Western Cape. South Africa primarily produces three varieties of raisins: Sultanas raisins, Golden raisins, and Thompson Seedless raisins.

Post forecasts South Africa's raisin production for the Marketing Year (MY) 2011/12, beginning January 2012, at 32,565 MT (excluding currents) as South African raisin producers slowly recover from flood damage which occurred in early 2011. The floods were described as the worst in 23 years, when the Orange River broke its banks in January and left over 800 hectares of vineyards totally submerged including infrastructure. The Thompson seedless variety was hit hardest as the flooding occurred only days before harvest. The sultana variety was not as severely affected as they are harvested earlier than Thompson seedless.

Post expects South Africa's MY 2010/11, beginning in January 2011, raisin crop (excluding currants) to fall nearly 36 percent from flood damage that occurred in the Orange River production area, the largest production area for raisins in South Africa.

A good season for MY 2009/10, beginning in January 2010 was reported for South African raisins on good weather conditions that prevailed in the production area.

Commodities:
Raisins

Production:
Post forecasts South Africa's raisin production for the MY 2011/12 at 32,565 MT, as South African raisin producers slowly recover from flood damage which occurred in early 2011. Post forecast assumes a partial recovery to the flood affected area at an average yield of 5.4 MT/hectare. Reinvesting in new vines and infrastructure in the heavily flood damaged areas will be difficult as the cost of production for the MY 2011/12 crop is expected to increase, particularly for vine trellising. Additionally, many producers in the affected areas did not carry adequate crop insurance.

Post expects South African (SA) raisin production (excluding currants) to fall by 36 percent to 31,060 MT in the MY 2010/11, beginning January 2011, due to floods that occurred in the Upington area along the Orange River in the Northern Cape. The floods, described as the worst in 23 years, came just before the December 2010 harvest and ran through February 2011 and left over 800 hectares of vineyards totally submerged, including infrastructure. The floods damaged vineyards, infrastructure and left much of the soil deprived of oxygen for an extended period of time. The Thompson Seedless variety was most affected as harvest typically begins at the end of December. Thompson Seedless is the most popular variety among South African producers with 31 percent of total area planted.

Post revises SA raisin production (excluding currants) to 48,328 MT for MY 2009/10 beginning in January 2010 on favorable weather conditions. The 2010 SA raisin production season (excluding currants) was described as the largest ever and represented a 12 percent increase compared to 2009 production volumes.

Table 1. SA Raisin Production excluding Currants

Raisins	**2009/10**	**2010/2011***	**2011/12****
	MY: Jan 2010	MY: Jan 2011	MY: Jan 2012
Sultana's	7,269	8,000	8,500
Golden	17,734	12,000	12,500
Thompson seedless	23,273	11,000	11,500
Raisin Muscat	52	60	65
Total	48,328	31,060	32,565

Source: DFTS
***Estimate**
****Forecast**

Area planted:
Post expects area planted to raisins at 7,500 hectares for MY 2011/12 as producers recover from the impact of floods which destroyed young vines and infrastructure in the Orange River production area. The cost of production has been a concern among producers as the cost of establishing a hectare in 2008 was R86,187, and has now jumped to R148,710 in 2010.

Research and development:

South Africa's Agricultural Research Council, supported by South African Government, Deciduous Fruit Producers' Trust, Dried Fruit Technical Services (DFPT) and Winetech (the Wine Industry Network for Expertise and Technology) is involved in developing research programs aimed at improving the rootstock for raisin grape cultivars. The research programs include the following:

- Rootstock for Sultana 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 DFPT, which is an industry body for dried fruit, has expanded its services to provide consultative services to raisin producers to improve production techniques and encourage the replanting of old vines.

Consumption:

Post expects domestic consumption to fall nine percent to 10,065 MT in MY 2011/12 on tight available supplies and a reduction in carry-over stocks from the previous year. Raisins are graded as either industrial grade, which are sold locally through the secondary processors or directly to the retail, or as superior grade which are exported. Typically, a tonnage of about 10,000 – 12,000 MT of raisins is availed to the domestic market.

Post expects domestic consumption for raisins to remain relatively flat at 11,104 MT for MY 2010/11 despite the steep decline in production. The baking industry is the largest consumer of raisins in South Africa for products like biscuits, cakes, and buns that are consumed during the holiday period spanning Christmas, Easter and Ramadan. Sweet sultanas are ideal for baking while the golden-yellow sultana is sweet-sour and well suited for salads and cooking. Raisins are also widely consumed as a snack, and it is expected that domestic demand will remain strong as production returns to normal levels in three to four years.

Trade:

There are eight countries that dominate the global raisin export market namely: Australia, Chile, Greece, Iran, Mexico, South Africa, Turkey, and the United States. Countries in the Southern hemisphere, such as Argentina and Chile typically harvest in February – March, with new crop product coming to market in late April or May. Greece, Turkey and the U.S. harvest occurs in late August and September, with availability in the early fall.

Imports

South Africa is not a major importer of raisins as local production typically satisfies domestic demand. Periodically, raisin imports do come in from the United States and Turkey to fill the gap. Post conservatively forecasts raisin imports to reach 1,500 MT for MY 2011/12 and MY 2010/11, as the industry recovers from flood damage. Raisin imports were quiet during the MY 2009/10 season as domestic production met local requirements.

Table 2. South Africa: Raisins Import Statistics

South Africa Import Statistics Commodity: 080620, Grapes, Dried Year Ending: December				
Partner country	Unit	Quantity		
		2008	2009	2010
US	MT	0	1,059	500
Turkey	MT	22	1,503	355
Other not listed	MT	43	56	29
Grand total	MT	65	2,618	884

Source: GTA

Exports

Post expects exports to remain flat at 24,000 MT for MY 2011/12 on tight supplies and a resulting draw-down in ending stocks. Raisin exports should fall to 24,000 MT for MY 2010/11 on shortfalls in production which resulted from floods. As of May 2011, South African raisin exports are down 37 percent from the previous year at 6,529 MT. The relative strength of the Rand and strong domestic demand should place downward pressure on South African raisin exports until replanted production areas come into full fruit bearing potential.

Europe is the leading destination for South African raisins with a market share of nearly 50 percent. The Netherlands is the leading European importer with an individual share of approximately 10 percent. The United States and Canada are also major export destinations with more than 30 percent combined market share. Much of the remainder goes to the Middle East.

South Africa has preferential trading agreements (PTAs) with the EU and EFTA and is a beneficiary under AGOA with the US for fresh table grapes and raisins.

Table 3. South African: Raisins exports statistics

South Africa Export Statistics Commodity: 080620, Grapes, Dried Year Ending: December				
Partner country	Unit	Quantity		
		2008	2009	2010
Canada	MT	9,270	3,723	11,400
US	MT	5,312	1,765	5,575
Algeria	MT	1,761	2,440	3,811
Netherlands	MT	3,923	3,012	2,879
Germany	MT	4,285	1,190	2,708
Other not listed	MT	14,196	11,052	13,868
Grand total	MT	38,747	23,182	40,241

Source: GTA

Post revises 2009/10 export volumes for raisins at 38,468 MT based on industry reports on available exportable supplies. This represents a 60 percent increase in exports compared to the previous year, consistent with an increase in production as the raisins are export oriented on better export prices to buyers.

Industry figures for 2009/10 raisins exports are slightly different from the GTA numbers but both indicate an increase in exports on increased available supplies. Post recognizes this difference and has decided to use the industry figures in the PSD and in future reports.

Table 4. Production, Supply and Demand Table:

Raisins South Africa	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	0	8,872	0	8,900		7,500	(HA)
Area Harvested	0	8,872	0	5,785		6,030	(HA)
Beginning Stocks	1,000	3,500	500	3,044		500	(MT)
Production	43,000	48,328	45,000	31,060		32,565	(MT)
Imports	2,300	884	1,000	1,500		1,500	(MT)
Total Supply	46,300	52,712	46,500	35,604		34,565	(MT)
Exports	40,200	38,468	40,000	24,000		24,000	(MT)
Domestic Consumption	5,600	11,200	6,000	11,104		10,065	(MT)
Ending Stocks	500	3,044	500	500		500	(MT)
Total Distribution	46,300	52,712	46,500	35,604		34,565	(MT)
TS=TD		0		0		0	

Stocks:

Post anticipates ending stocks to dwindle in MY 2011/12 and MY 2010/11 on production shortfalls and strong domestic and foreign demand. Stocks should remain low for the foreseeable future until replanted vines reach their full fruit bearing potential, typically in three to four years.

Policy:

Both local and export marketing of raisins is free from government support. Raisins are exported to the United States of America duty free under the AGOA.

Table 5. 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