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Country: South Africa - Republic of

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Report Highlights:

Post forecasts that raisin production will rebound to normal levels and increase by 19 percent to 85,000 Metric Tons (MT) in the 2021/22 MY, based on normal weather conditions, an increase in area planted, new orchards coming into full production, an improvement in yields due to new varieties and production practices, wine grapes being diverted for raisin production, and adequate availability of irrigation water. The United States was the third largest market for South African raisin exports accounting for 9 percent of the total export market share in 2020. South African raisin exports enjoy duty free access to the United States under the African Growth and Opportunity Act (AGOA).

MY – Marketing Year (January to December)
MT – Metric Tons
Exchange Rate – 1US\$ = R14.83 as of July 26, 2021.

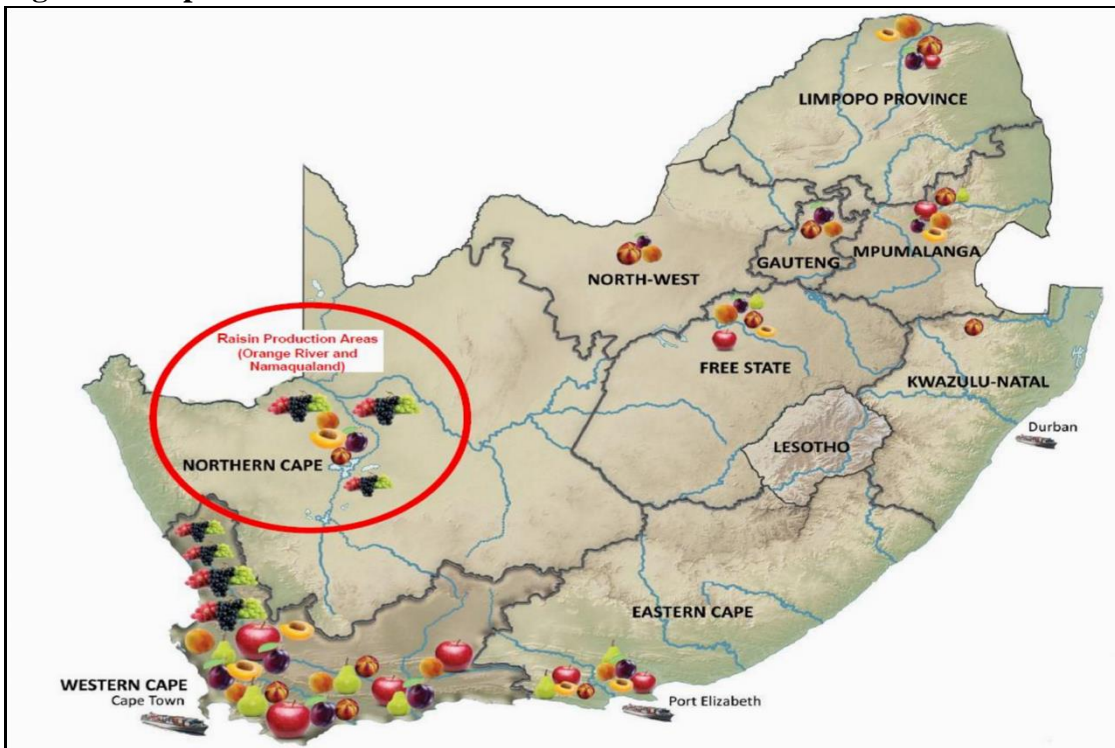
Sources:

Department of Agriculture, Land Reform and Rural Development - <https://www.dalrrd.gov.za/>
Raisins South Africa - <http://raisinsa.co.za/>
South African Revenue Services - <https://www.sars.gov.za/>

Background

Raisin production in South Africa is concentrated along the Orange River, in the Northern Cape Province, accounting for at least 90 percent of the total annual production. The Western Cape accounts for the remaining 10 percent of production. The Northern Cape Province is the main raisin production area, due to year-round availability of irrigation water from the Orange River and its ideal climate (dry and hot) for growing and sun-drying grapes. The Orange River is South Africa’s longest river spanning about 800 km (500 miles).

Figure 1: Map of Raisin Production Areas in South Africa



Source: HORTGRO

Similar to other agriculture commodities in South Africa, the raisin industry has a well-organized structure. [Raisins South Africa](http://raisinsa.co.za/) represents the interests of raisin growers through its efforts in providing technical and marketing research and leading development or transformation projects. There are about 1,000 raisin producers and seven raisin processors in South Africa. Growers are normally classified into

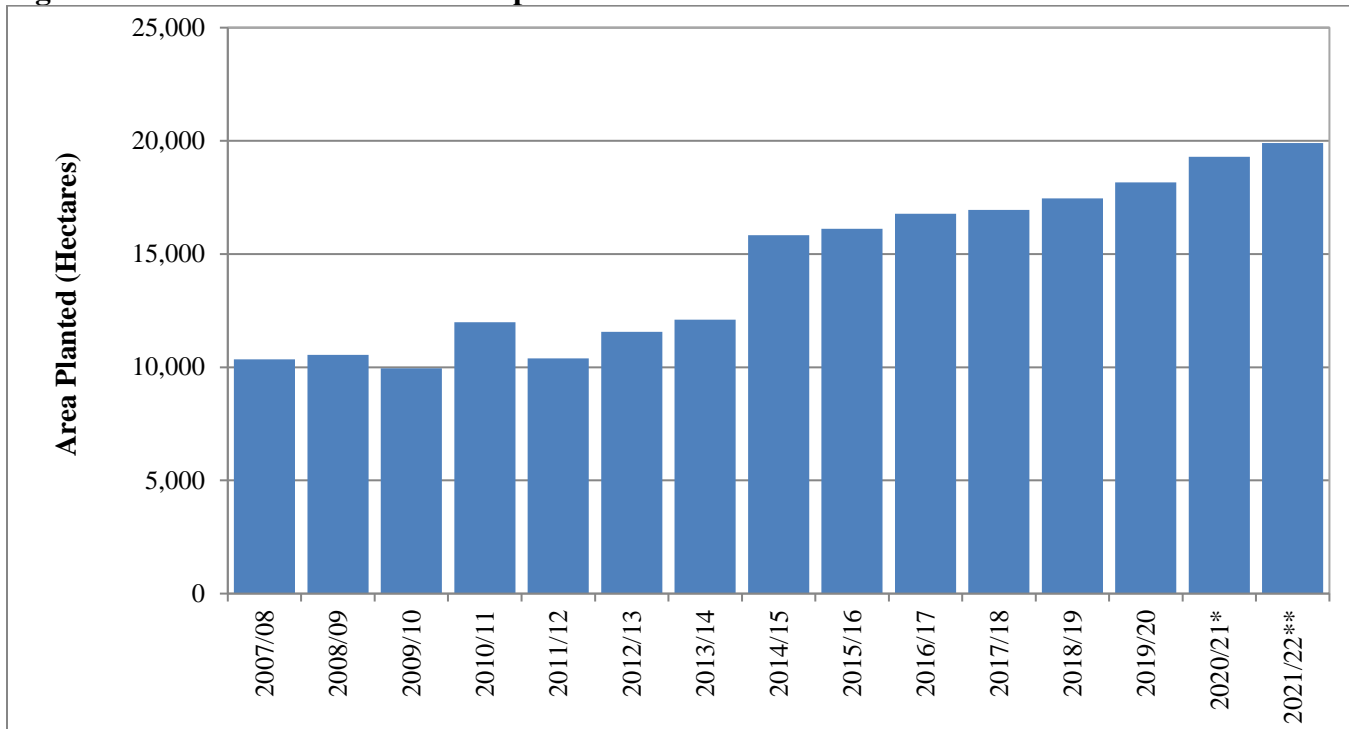
three categories: small-scale farmers with less than 40 hectares (99 acres), medium-scale farmers with 40-80 hectares (99-198 acres), and large-scale farmers with typically between 80-220 hectares (198-544 acres). The major raisin processors are the South African Dried Fruit Co-operative – SAD (owned by [Pioneer Foods](#)), [Carpe Diem Group](#), Fruit du Sud (owned by [BKB](#)), [Red Sun Raisins](#), [The Raisin Company](#), [Northern Cape Raisins](#), and Farmers Pride (owned by [Orange River Cellars](#)). South African processors currently have an annual capacity of between 90,000 to 100,000 MT. Investment in increasing processing capacity and efficiencies is becoming critical for the South African raisin sector, given the continued growth in production and that some processors are already operating at near full capacity. Hence, expansion of the existing processing facilities or development of new facilities is urgently required in South Africa to facilitate the growth in raisin production.

Area Planted

Post forecasts that the area planted to grapes for raisin production will continue growing and will increase by 3 percent to 19,900 hectares in the 2021/22 Marketing Year (MY), up from 19,300 hectares in the 2020/21 MY. This forecast is based on new areas being established, newly planted orchards coming into full production, and some land being diverted from other crops such as wine and table grapes. Some fresh table grape varieties are ideal for raisins, which provides the option for farmers to divert these grapes for raisin production, depending on the relative prices of fresh grapes versus raisins and for diversification purposes. In addition, wine grape producers have experienced financial challenges in recent years due to the relatively low price of wine grapes and the recent prohibition of liquor sales (including wine) during the national lockdowns implemented by the government allegedly to address the spread of COVID-19.

There is a growing trend of establishing pecan orchards in some raisin production areas in the Northern Cape, driven by suitable growing conditions, farmers diversifying their income, and the high returns from pecans. If this trend continues, it may result in competition for land and water allocation in some raisin-growing areas in the medium to long term. **Figure 2** shows that the area planted with raisin grapes almost doubled between the 2007/08 MY and 2021/22 MY.

Figure 2: Area Planted to Raisin Grapes in South Africa



*Estimate, ** Forecast

Source: HORTGRO, Raisins South Africa & Post Estimates

Production

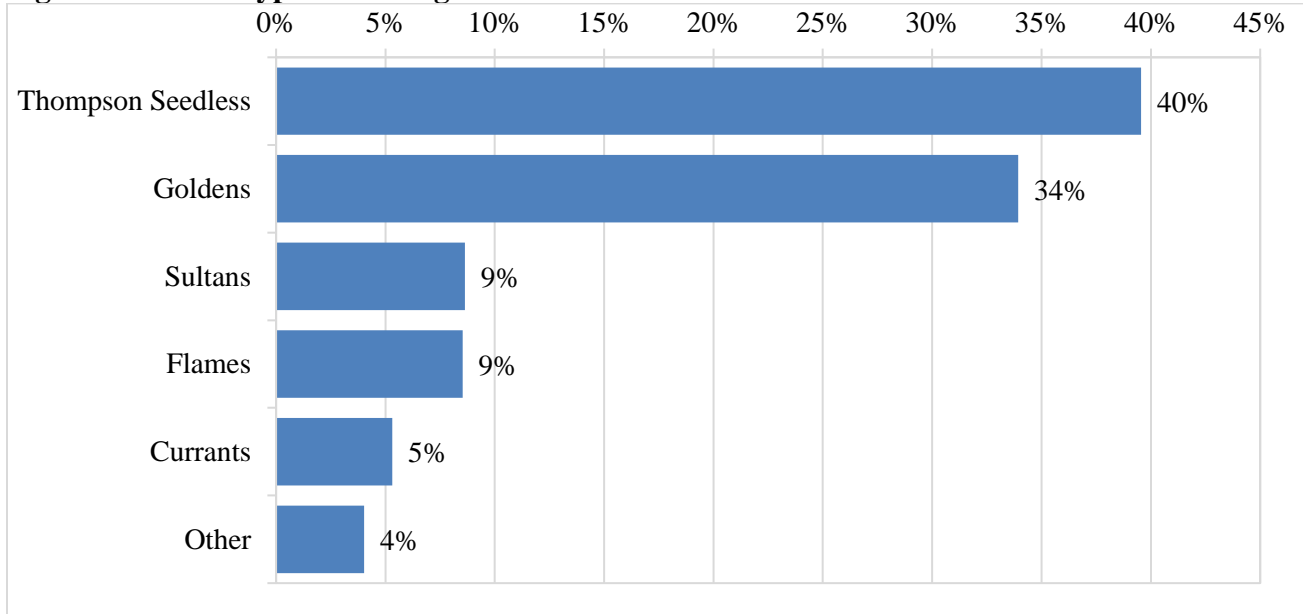
Post forecasts that raisin production will rebound to normal levels and increase by 19 percent to 85,000 Metric Tons (MT) in the 2021/22 MY, up from 71,493 MT in the 2020/21 MY. This is based on normal weather conditions, an increase in area planted, new orchards coming into full production, an improvement in yields due to new varieties and production practices, wine grapes being diverted for raisin production, and the adequate availability of irrigation water. In addition, raisin production areas are currently experiencing freezing weather, which is ideal as it kills insects and puts the vines into rest mode in preparation of the 2021/22 MY.

Post revised 2020/21 MY raisin production downward to 71,493 MT, based on updated industry data and the volume of raisin grapes that were damaged by rain in January 2021, as well as frost in some growing areas. The impact of COVID-19 on raisin production has been minimal because the main raisin growing region of the Northern Cape has one of the lowest infection rates in South Africa, and the industry has already completed harvesting and drying of the grapes in 2021. The wine industry and wine grape producers are under pressure from decreasing margins and lower prices, as well as the impact of lockdown measures implemented to address COVID-19. This has resulted in wine grapes being diverted to raisin production. Post's raisin production figures are based on dried raisin weights.

The Thompson Seedless raisin is the predominant cultivar produced in South Africa and accounted for 40 percent of the total production in the 2020/21 MY, followed by the Goldens (34 percent), Sultanas (9 percent), Flames (9 percent), and Currants (5 percent), as shown in **Figure 3**. Golden raisins are

usually sulfur-treated and dried using ventilation facilities, which is quite an expensive method. Sun drying is the most common method used in South Africa because it is cost effective and quicker, and the weather in the Northern Cape is suitable for producing the ideal quality of raisins. For example, the Thompson Seedless dark raisins usually take two weeks to dry in the sun under the normal weather conditions of 40-42°C and 7-8 percent humidity in the Orange River region.

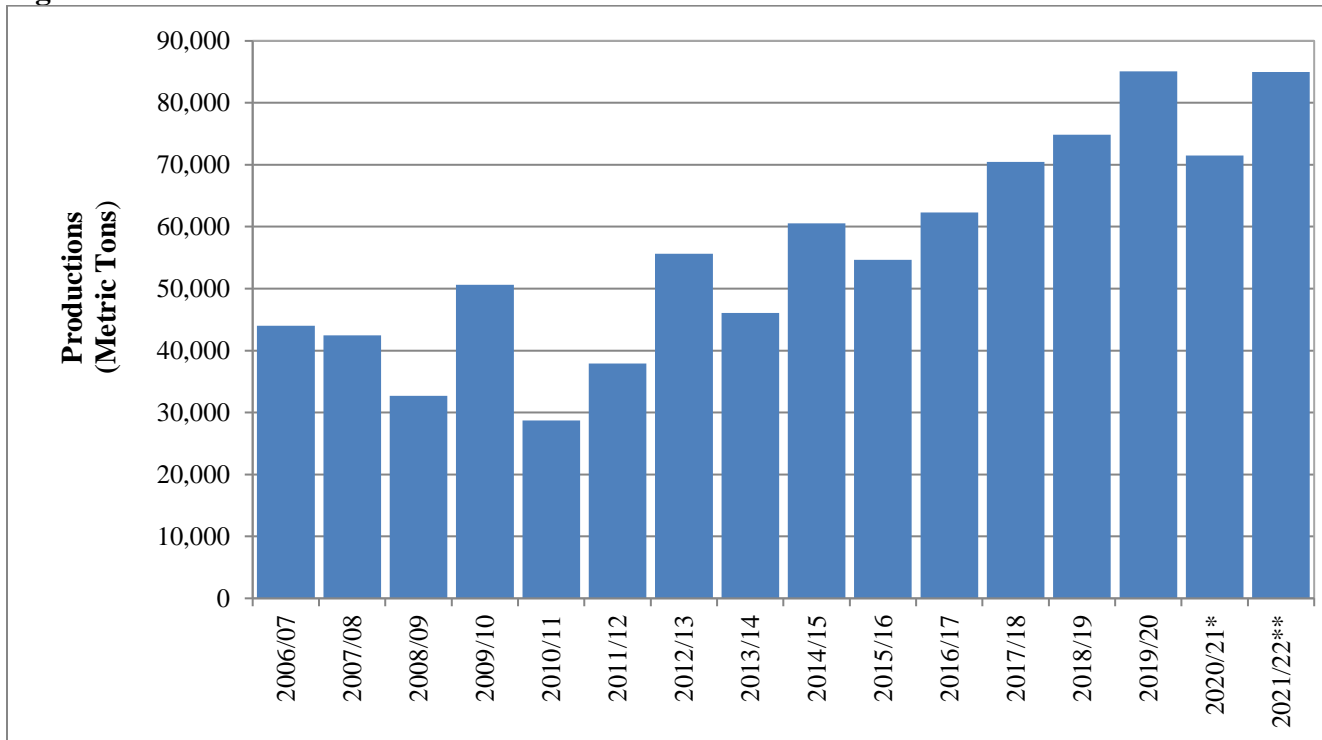
Figure 3: Raisin Type Percentage Share of Production



Source: Raisins SA

Figure 4 shows that raisin production has almost doubled since the 2006/07 MY. Growth in production over the last four seasons was mainly driven by increases in planted area, improvement in yields, growing demand from processors, and favorable prices for raisin grapes when compared to the wine industry. There is a growing trend of raisin producers striving to produce raisins without chemicals and some being certified organic. Currently, there is one main processor who only handles organic-certified raisins and growers. Some processors still have low volumes but are offering premium payments to encourage growers to produce raisins without chemicals and to seek organic certification.

Figure 4: Raisin Production in South Africa



*Estimate, ** Forecast

Source: Raisins South Africa & Post Estimates

Consumption

Post forecasts that the domestic consumption of raisins in South Africa will increase by 2 percent to 18,000 MT in the 2021/22 MY, up from 17,600 MT in the 2019/20 MY. This is based on the strong demand from the confectionary and baking industry, growth in the health snack food market, the rise in home baking and healthy snacking during the national lockdowns, marketing initiatives by the industry, and increased production. Post revised the 2020/21 MY domestic consumption of raisins downwards to 17,600 MT, based on revised industry figures and lower than expected production. **Table 1** shows the breakdown of raisin consumption in South Africa.

Table 1: Domestic Consumption of Raisins

	2016/17	2017/18	2018/19	2019/20*	2020/21**
Domestic Consumption	6,436	10,140	12,396	13,310	13,400
Other (Losses, Organic Waste, Feed, etc.)	4,229	4,490	5,105	4,290	4,600
Total Domestic Consumption	10,665	14,630	17,501	17,600	18,000

*Estimate, ** Forecast

Source: Raisins South Africa & Post Estimates

Raisins are considered affordable and are a popular healthy snack and baking ingredient in South Africa. The confectionary and baking industry is the largest consumer of raisins in South Africa for products like cookies, cakes, and buns that are consumed during festive times such as Christmas, Easter, and Ramadan. Sweet sultana raisins are ideal for baking, while the golden–yellow sultana

variety are sweet-sour and well-suited for salads and cooking. Post projects the demand for raisins as a snack will continue to grow as consumers' preferences are moving towards healthier and natural choices. **Table 2** shows some of the common raisin snacks sold in retail supermarkets in South Africa.

Table 2: Raisin Products in One South African Retail Supermarket

Thompson Seedless Raisins – 500 Grams	Peanuts & Raisins – 450 Grams
	
Price – R49.99 (US\$3.37)	Price – R49.99 (US\$3.37)

Source: [Woolworths](https://www.woolworths.co.za/)

Closing Stocks

South Africa usually has minimal or no closing stocks at the end of each marketing year, as raisin production is largely contracted and considered sold at the end of the season. Raisin producers always aim to sell all their produce to processors and packers within the season of their production. However, due to the rise in production and low global prices in 2019 and 2020, raisin processors started to carry over an increased amount of stock, reaching 17,576 MT in the 2019/20 MY. Post adjusted closing stocks downwards to 869 MT in the 2021/22 MY, and to 4,369 MT in the 2020/21 MY, based on the increase in exports and domestic consumption. These closing stocks will be held by processors. Closing stocks are expected to continue in the coming years due to the increase in production, until South Africa aggressively grows its export markets.

Exports

Post forecasts that raisin exports from South Africa will increase by 4 percent to 72,000 MT in the 2021/22 MY, up from 69,000 MT in the 2020/21 MY, based on the increase in production, and minimal impact of COVID-19 on supply chains, ports, and global demand. The 2020/21 MY exports were revised downwards to 69,000 MT, based on the pace of exports through May 2021 and shipping delays experienced by some exporters due to delays and shortages in the delivery of food grade shipping containers. The shortages and delays in shipping containers are being experienced globally largely due to the impact of COVID-19.

Europe remains South Africa’s largest foreign market for raisins, accounting for 64 percent of export market share. Germany is the largest single market for South African raisin exports and accounted for 33 percent of the total exports in 2020, followed by United Kingdom (10 percent), Canada (9 percent), United States (9 percent), Netherlands (9 percent), Algeria (8 percent), France (4 percent), and Denmark (2 percent). **Table 3** shows South Africa’s export markets for raisins. Notably, South Africa enjoys preferential market access to the European Union and United Kingdom as a party to the European Union and the Southern African Development Community Economic Partnership Agreement (EU-SADC EPA), and the UK and Southern African Customs Union (SACU) and Mozambique EPA, respectively.

South African raisin exports also enjoy duty-free access to the United States under the African Growth and Opportunity Act (AGOA). The United States is currently the fourth largest market for South African raisin exports, and industry is looking to expand exports to the U.S. market. Due to increased supply from the continued growth of raisin production, South Africa is placing more emphasis on expanding its export markets.

There are eight countries competing for majority shares of the global raisin market, namely, Australia, Chile, Greece, Iran, Mexico, South Africa, Turkey, and the United States. In the Southern Hemisphere (Argentina, Chile, and South Africa), fruit is largely harvested from January to March, with products coming to market from late April to May. Greece, Turkey, and the United States harvest their raisin grapes in late August and September, with availability beginning in September. Raisins can be stored for up to eighteen months, and in seasons where there is an oversupply or depressed prices, such as in the 2018/19 MY, processors can hold on to stock and wait for favorable prices. Global demand for raisins has largely been flat, and there is growing interest in pursuing a global generic marketing initiative to grow demand and address some negative media reports on the impact of raisin consumption to teeth decay.

Table 3: South Africa Raisin Exports

South Africa Exports to the World									
Commodity: 080620, Grapes, Dried (Including Raisins)									
Annual & YTD Series									
Partner Country	Unit	Calendar Year					January-May		
		2016	2017	2018	2019	2020	2020	2021	%Δ 2021/20
World	T	46,393	48,888	61,162	47,430	65,063	23,638	25,068	6.05
Germany	T	16,708	12,866	15,994	15,957	21,786	7,839	8,737	11.46
United Kingdom	T	3,279	2,849	3,898	2,702	6,505	1,613	3,223	99.81
Canada	T	4,443	4,061	4,521	3,460	5,769	1,707	1,929	13.01
United States	T	2,744	5,033	8,443	4,101	5,730	1,824	1,414	-22.48
Netherlands	T	3,534	5,116	4,856	3,971	5,713	1,567	2,495	59.22
Algeria	T	3,104	4,773	5,681	4,868	5,114	4,000	972	-75.7
France	T	2,822	3,440	3,116	2,788	2,633	952	761	-20.06
Denmark	T	597	871	1,390	1,123	1,132	422	621	47.16
Australia	T	1,411	1,699	1,140	321	1,110	253	369	45.85
Spain	T	281	558	1,625	470	895	269	218	-18.96
Sweden	T	907	267	341	508	890	293	490	67.24
Belgium	T	606	640	801	870	676	395	419	6.08

Brazil	T	583	399	1,144	216	666	179	18	-89.94
New Zealand	T	452	416	282	293	495	178	254	42.7
Switzerland	T	509	833	601	486	466	103	218	111.65
Finland	T	185	314	136	152	450	215	56	-73.95
Czech Republic	T	141	200	314	100	446	202	225	11.39
Portugal	T	286	416	369	364	409	35	130	271.43
United Arab Emirates	T	151	293	502	386	396	213	292	37.09
Ireland	T	0	0	78	60	320	120	140	16.67
Norway	T	374	320	597	279	278	48	151	214.58
China	T	93	231	927	492	243	71	90	26.76
Japan	T	221	218	560	333	215	125	73	-41.6
Turkey	T	17	162	163	0	188	0	235	0
Slovenia	T	131	145	40	140	180	60	40	-33.33
Botswana	T	70	91	126	201	169	48	112	133.33
Tunisia	T	54	18	105	55	166	81	48	-40.74
Lithuania	T	67	0	0	140	139	59	40	-32.2
Israel	T	155	359	365	217	120	24	48	100
Russia	T	274	174	62	56	113	54	19	-64.81
Ethiopia	T	211	163	144	378	108	0	112	0
Morocco	T	11	20	91	58	102	40	80	100
Malaysia	T	246	180	283	166	100	20	205	925
Latvia	T	0	0	47	40	100	60	40	-33.33

*Export figures through May 2021

Source: South African Revenue Services

Imports

South Africa is not a major importer of raisins, as it produces in excess of domestic demand. Namibia enjoys duty-free access based on its membership in the Southern African Customs Union (SACU) and is a traditional exporter of raisins to South Africa. However, in the past two years, imports from Turkey have grown due to the low price of Turkish raisins and an oversupply. U.S. raisin exports to South Africa are currently insignificant due to the adequate domestic supply and a 10 percent customs duty.

Table 4: South Africa Raisin Imports

South Africa Imports from the World									
Commodity: 080620, Grapes, Dried (Including Raisins)									
Annual & YTD Series									
Partner Country	Unit	Calendar Year					January-May		
		2016	2017	2018	2019	2020	2020	2021	%Δ 2021 vs 2020
World	T	657	732	1,345	1,163	1,126	849	1,686	98.59
Namibia	T	458	353	579	554	660	660	1,459	121.06
Turkey	T	0	347	639	473	438	188	225	19.68
Morocco	T	0	0	0	0	24	0	0	0
China	T	0	0	5	0	1	0	0	0

Uzbekistan	T	0	0	1	0	1	0	0	0
Iran	T	0	0	0	0	1	1	0	-100
Afghanistan	T	0	0	60	133	0	0	0	0
United States	T	95	1	0	2	0	0	0	0
United Arab Emirates	T	0	0	1	1	0	0	0	0
Unidentified	T	0	30	60	0	0	0	0	0
Tokelau	T	0	0	1	0	0	0	0	0
Australia	T	101	0	0	0	0	0	0	0
France	T	1	0	0	0	0	0	0	0
Chile	T	1	0	0	0	0	0	0	0
India	T	0	0	0	0	0	0	2	0

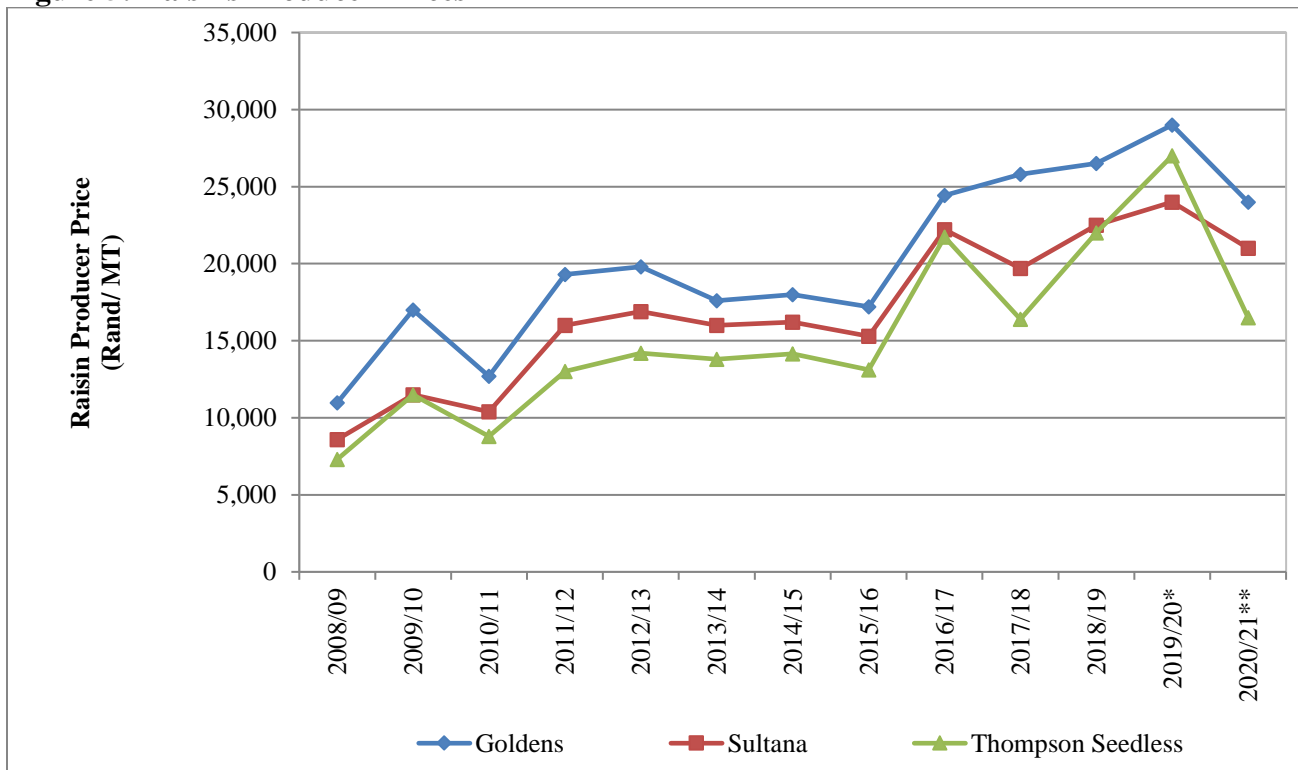
*Import figures through May 2021

Source: South African Revenue Services

Producer Prices

South African producer prices for raisins are sensitive to supply and demand factors, and the foreign exchange rate. Producers agree on price and supply contracts with raisin processors in advance of each season. The prices for surplus raisin production are open for negotiation between producers and processors each season. **Figure 5** shows the historic raisins producer prices since the 2007/08 MY.

Figure 5: Raisins Producer Prices



Source: Raisins South Africa

Exchange Rate – 1US\$ = R14.82 as of July 26, 2021

Table 5: Production, Supply, and Distribution (PSD) of Raisins in South Africa

Raisins Market Year Begins South Africa	2019/2020		2020/2021		2021/2022	
	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	18159	0	19300	0	19900
Area Harvested (HA)	0	16400	0	17000	0	17500
Beginning Stocks (MT)	0	13933	0	17576	0	4369
Production (MT)	0	85080	0	71493	0	85000
Imports (MT)	0	1126	0	1900	0	1500
Total Supply (MT)	0	100139	0	90969	0	90869
Exports (MT)	0	65063	0	69000	0	72000
Domestic Consumption (MT)	0	17501	0	17600	0	18000
Ending Stocks (MT)	0	17576	0	4369	0	869
Total Distribution (MT)	0	100139	0	90969	0	90869
(HA), (MT)						

Policies and Regulations:

Import Duties

Table 6 shows custom duties applicable to South African raisin imports. U.S. raisin exports face a 10 percent customs duty in South Africa. Under the EU-SADC EPA (as mentioned above), the EU's exports to South Africa are duty free.

Table 6: Tariff Rates, Dried Grapes

	Description	Unit	General	EU/ UK	EFTA	SADC	MERCOSUR	AfCFTA
0806.20	Dried grapes	kg	10%	free	10%	free	10%	8%

Source: South African Revenue Services (SARS) Customs schedule

Import Procedures, Quality Standards, and Labelling Regulations

The Department of Agriculture, Land Reform and Rural Development is responsible for regulating raisins in South Africa. The applicable procedures to be followed when importing plants and plant products into South Africa can be found at the following link:

<http://www.nda.agric.za/daoDev/sideMenu/plantHealth/docs/importProcedure.pdf>.

The regulations relating to the quality, packing, and marking of dried fruit intended for sale in South Africa can be found at the following link:

<https://www.dalrrd.gov.za/Branches/Agricultural-Production-Health-Food-Safety/Food-Safety-Quality-Assurance/Local-and-Import-Regulations/Processed-products>.

Post also publishes the [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report](#) and the [FAIRS Export Certificate Report](#) to assist U.S. exporters with the relevant regulations, certificates, permits, and procedures. The FAIRS reports are publicly available for download on the Global Agricultural Information Network (GAIN): <https://gain.fas.usda.gov/#/search>.

Price Support Policies

South Africa has no price support policies for raisin producers. South African has a mandatory statutory levy payable by raisin producers to provide financial support to Raisins South Africa for functions deemed essential to the industry, namely research, training, plant improvement, and development of the raisin industry.

U.S. African Growth and Opportunity Act (AGOA)

South African raisin exports enjoy duty-free access to the United States under the African Growth and Opportunity Act (AGOA), which was enacted on May 18, 2000 as Public Law 106 of the 200th Congress. AGOA has since been renewed through 2025. More information on AGOA can be found at the following link: <https://agoa.info/about-agoa.html>. The legislation significantly enhances market access to the United States for qualifying Sub-Saharan African (SSA) countries, including South Africa.

EU Economic Partnership Agreement (EPA)

The EU is South Africa's traditional export market for most agricultural products. South Africa is a party to a free trade agreement under the EU-SADC Economic Partnership Agreement (<https://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/>). The member states included in the EU-SADC EPA are Botswana, Lesotho, Mozambique, Namibia, South Africa, and Eswatini (formerly Swaziland). As a result, South Africa benefits from duty-free access for raisins under this agreement.

UK and Southern African Customs Union (SACU) and Mozambique EPA (SACUM-UK EPA)

South Africa's duty-free access to the United Kingdom (UK) continued after Brexit, based on the previous SADC-EU EPA arrangements. In 2019, the UK, Southern African Customs Union (SACU) member states (Botswana, Lesotho, Namibia, and South Africa) and Mozambique signed a new free trade agreement, the SACUM-UK EPA. This EPA became effective in January 2021. As a result, South Africa's duty-free access to the UK was not affected by Brexit and will not be affected in future.

Attachments:

No Attachments