

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **South Africa - Republic of**

### **Raisin Annual**

## **South African Raisin Production Expands Despite Depressed Global Prices**

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**Report Highlights:**

Post forecasts that raisin production will increase by 3 percent to 77,000 Metric Tons (MT) in the 2019/20 Marketing Year (MY), due to the rise in area planted, new orchards coming into full production, wine grapes being diverted for raisin production, normal weather conditions, and the continued availability of irrigation water. The United States is now the second largest market for South African raisin exports accounting for 14 percent of the total export market share. South African raisin exports enjoy duty free access to the United States under the African Growth Opportunity Act (AGOA).

## Commodities:

Raisins

MY – Marketing Year (January to December)

MT – Metric Tons

Exchange Rate – 1US\$ = R14.49

## Sources:

HORTGRO - <https://www.hortgro.co.za/>

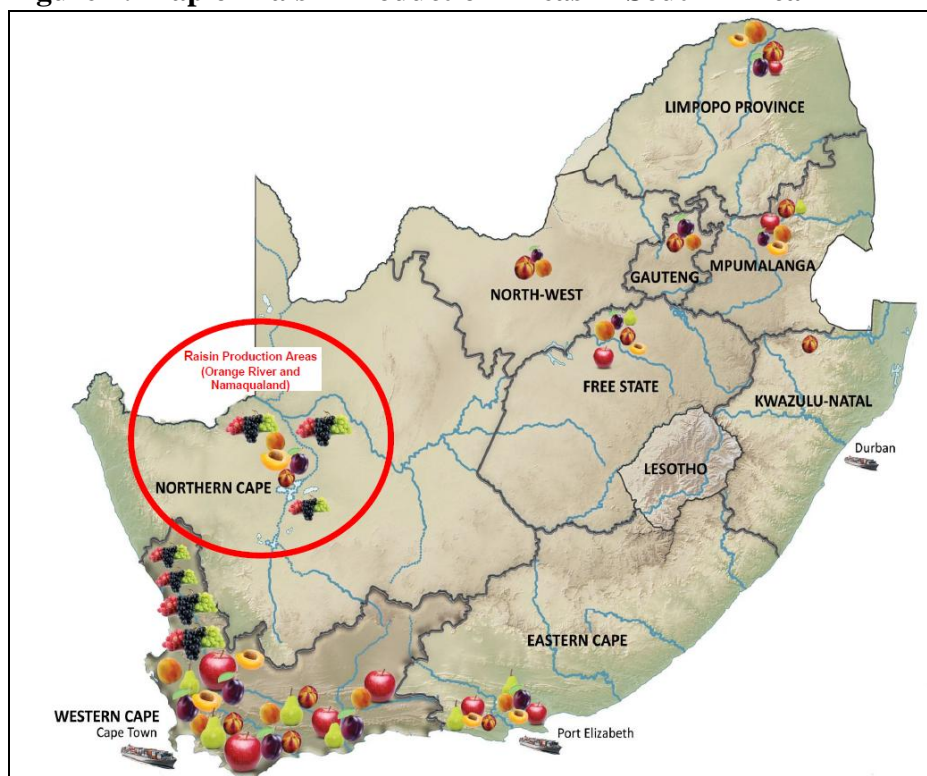
Raisins South Africa

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 the 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 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**



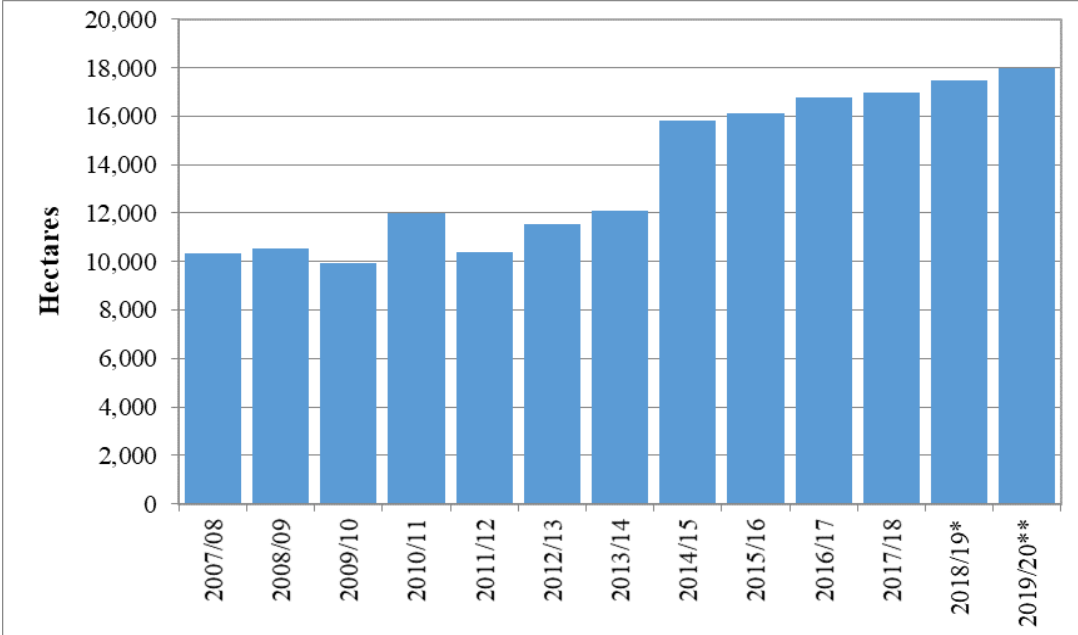
Source: HORTGRO

Similar to other agriculture commodities in South Africa, the raisin industry has a well-organized structure. Raisins South Africa 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, or above (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 a capacity of about 90,000 MT and are still investing in increasing their capacity.

**Area Planted**

Post forecasts that the area planted to grapes for raisin production will increase by 3 percent to 18,000 hectares in the 2019/20 Marketing Year (MY), from 17,500 hectares in the 2018/19 MY, based on new areas being established and some land being diverted from other crops such as wine and table grapes. This is due to the high prices being paid for raisin grapes relative to wine grapes and some farmers seeking to diversify from the high risks associated with table grape production. There is a growing trend of establishing pecan nut 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 long term. **Figure 2** shows that the area planted with raisin grapes has been growing since the 2007/08 MY.

**Figure 2: Area Planted to Raisin Grapes in South Africa**



\*Estimate, \*\* Forecast

Source: HORTGRO and Raisins South Africa

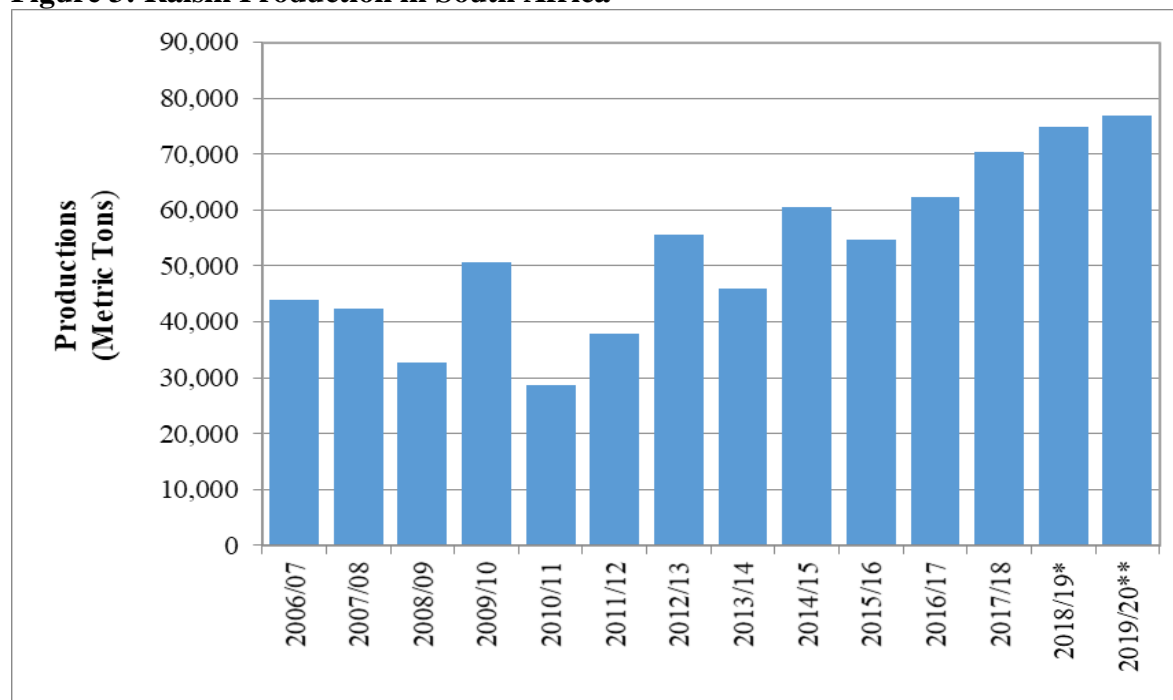
**Production**

Post forecasts that raisin production will increase by 3 percent to 77,000 Metric Tons (MT) in the 2019/20 MY, from 74,830 MT in the 2018/19 MY. This is due to the increase in area planted, new orchards coming into full production, wine grapes being diverted for raisin production, normal weather conditions, and the continued availability of irrigation water. The 2018/19 MY raisin production was slightly revised upwards to 74,830 MT, based on final industry data and higher than expected diversion of wine grapes to raisin production. The wine industry and wine grape producers are under pressure from decreasing margins and lower prices, which has significantly contributed to some grapes being diverted to raisin production. The raisin production figures are based on dried raisin weights.

The Thompson Seedless raisin is the predominant cultivar produced in South Africa, and accounted for 55 percent of the total production in the 2018/19 MY, followed by the Goldens (32 percent), Currants (7 percent), and Sultanas (6 percent). The Golden raisins are usually sulphur 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, 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** shows that raisin production has generally increased in the past decade. Growth in production over the last four seasons was mainly driven by increases in area planted, demand from processors and favorable prices for raisin grapes when compared to the wine industry.

**Figure 3: Raisin Production in South Africa**



\*Estimate, \*\* Forecast

Source: HORTGRO and Raisins South Africa

**Consumption**

Post forecasts that the domestic consumption of raisins in South Africa will increase by 3 percent to 15,100 MT in the 2019/20 MY, from 14,630 MT in the 2018/19 MY. This is based on the strong demand from the confectionary and baking industry, growth in the health snack food market, and increase in production.

The confectionary and baking industry is the largest consumer of raisins in South Africa for products like biscuits, cakes, and buns that are consumed during festive times such as Christmas, Easter and Ramadan. Sweet sultana are ideal for baking while the golden –yellow sultana are sweet-sour and well suited for salads and cooking. Raisins are also consumed as snacks, and it is foreseen that the demand for raisins as a snack will continue to improve as consumers' preferences are moving towards healthier and natural choices.

## **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, Post adjusted closing stocks to 1,600 MT in the 2018/19 MY, and 1,300 MT in the 2019/20 MY, based on the slow demand and depressed prices for Thomson raisins in the global market. These closing stocks will be held by processors.

## **Exports**

Post forecasts that raisin exports from South Africa will increase by 8 percent to 64,600 MT in the 2019/20 MY, from 59,000 MT in the 2018/19 MY, based on the increase in production and improved global demand. The 2018/19 MY exports were revised slightly downwards to 59,000 MT based on the slow demand and depressed global prices for Thompson raisins, and the pace of exports up to June 2019.

Europe remains South Africa's largest market for raisins accounting for 57 percent of the export market share. Germany is the largest single market for South African raisin exports and accounted for 26 percent of the total exports in 2018, followed by the United States (14 percent), Algeria (9 percent), Netherlands (8 percent), Canada (7 percent), United Kingdom (6 percent), France (5 percent), and Spain (3 percent). **Table 1** shows South Africa's export markets for raisins. Notably South Africa has a free trade agreement with the European Union (EU). South African raisin exports also enjoy duty free access to the United States under the African Growth Opportunity Act (AGOA).

There are eight countries competing for 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 late in 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 also address some negative media reports on the impact of raisin consumption to teeth decay.

**Table 1: South Africa Raisin Exports**

<b>South Africa Export Statistics</b>				
<b>Commodity: 080620, Grapes, Dried (Including Raisins)</b>				
<b>Year Ending: December</b>				
<b>Partner Country</b>	<b>Unit</b>	<b>Quantity</b>		
		<b>2016</b>	<b>2017</b>	<b>2018</b>
World	T	46,485	48,808	61,181
Germany	T	16,708	12,844	15,994
United States	T	2,744	4,972	8,443
Algeria	T	3,104	4,773	5,681
Netherlands	T	3,578	5,176	4,834
Canada	T	4,443	4,061	4,540
United Kingdom	T	3,279	2,849	3,898
France	T	2,822	3,440	3,138
Spain	T	281	558	1,625
Denmark	T	616	871	1,390
Brazil	T	583	399	1,144
Australia	T	1,411	1,699	1,140
China	T	93	231	927
Belgium	T	606	640	801
Switzerland	T	530	773	601
Norway	T	354	320	597
Japan	T	221	218	560
United Arab Emirates	T	151	293	502
Portugal	T	307	416	369
Israel	T	155	359	365
Sweden	T	914	267	341
Saudi Arabia	T	214	195	317
Czech Republic	T	141	200	314
Malaysia	T	246	180	283
New Zealand	T	452	416	282

Source: Global Trade Atlas (GTA)

## 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 the traditional exporter of raisins to South Africa. However, in the past two years imports from Turkey have been growing due to low prices of Turkish raisins and oversupply.

**Table 2: South Africa Raisin Imports**

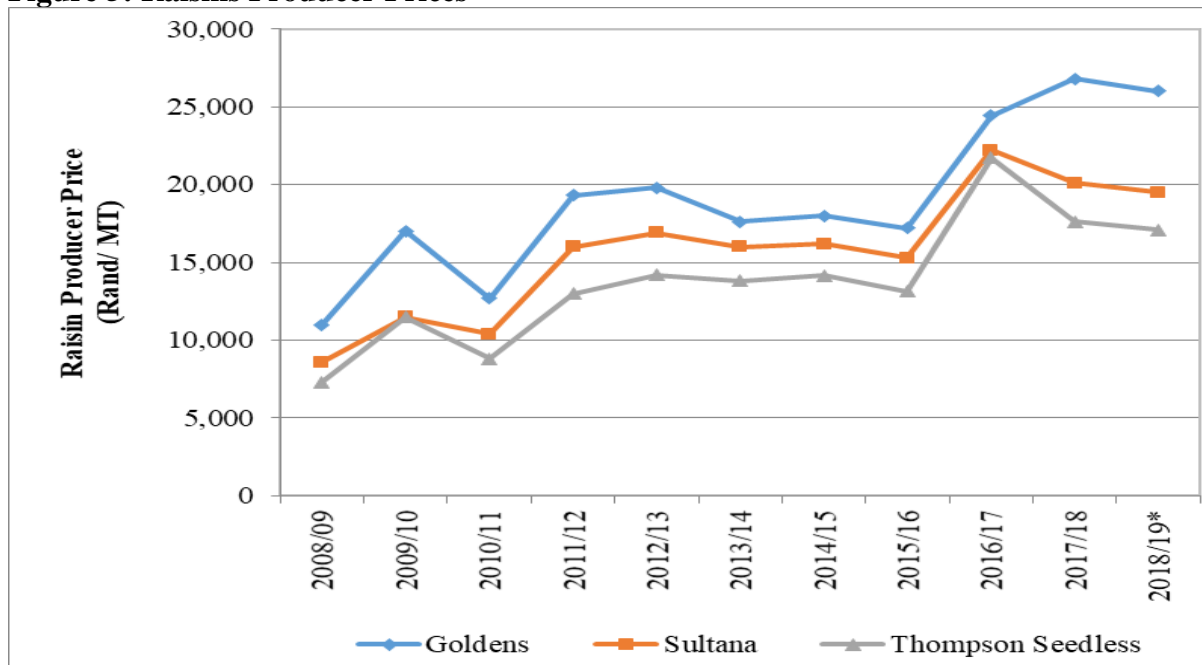
South Africa Import Statistics				
Commodity: 080620, Grapes, Dried (Including Raisins)				
Year Ending: December				
Partner Country	Unit	Quantity		
		2016	2017	2018
World	T	657	732	1,346
Turkey	T	0	347	639
Namibia	T	458	353	579
Afghanistan	T	0	0	60
United States	T	95	1	0
Australia	T	101	0	0

Source: GTA

### Producer Prices

The 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 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: HORTGRO

**Table 3: Production, Supply and Demand of Raisins in South Africa**

Raisins	2017/2018		2018/2019		2019/2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
South Africa						
Area Planted	0	17000	0	17500	0	18000
Area Harvested	0	15200	0	15900	0	16300

Beginning Stocks	0	0	0	0	0	2600
Production	70500	70500	73000	74830	0	77000
Imports	900	1346	1000	1400	0	1400
Total Supply	71400	71846	74000	76230	0	81000
Exports	58000	61181	60000	59000	0	64600
Domestic Consumption	13400	10665	14000	14630	0	15100
Ending Stocks	0	0	0	2600	0	1300
Total Distribution	71400	71846	74000	76230	0	81000
(HA) ,(MT)						

## Policies and Regulations:

### Import Duties

**Table 4** shows custom duties applicable to South African raisin imports. United States raisin exports face a 10 percent customs duty in South Africa. The European Union (EU) and South African Development Community (SADC) have a free trade agreement hence their exports into South Africa are duty free.

**Table 4: Tariff Rates, Dried Grapes**

	Description	Unit	General	EU	EFTA	SADC	MERCOSUR
0806.20	Dried grapes	kg	10%	free	10%	free	10%

Source: SARS Customs schedule

### Import Procedures, Quality Standards and Labelling Regulations

The Department of Agriculture, Forestry and Fisheries 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 on the following link, <http://www.nda.agric.za/doaDev/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 on the following link, [http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/localImportRegulations/gg37949\\_nn653%20APSA%20-%20Regulations%20re%20quality%20etc%20dried%20fruit%20in%20SA.pdf](http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/localImportRegulations/gg37949_nn653%20APSA%20-%20Regulations%20re%20quality%20etc%20dried%20fruit%20in%20SA.pdf).

### 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.