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Raisin Annual

South Africa's raisin supply and demand report

Approved By:
Justina Torry

Prepared By:
Wellington Sikuka

Report Highlights:
Post forecasts that the 2015/16 MY raisin production will decrease by thirteen percent to 55,000 MT, following the record level raisin production of 63,000 MT in the 2014/15 MY. The record production in the 2014/15 MY was mainly driven by excellent weather conditions, expansion of area planted and the diversion of wine grapes to raisins production as a result of lower prices for wine grapes.

Commodities:

Raisins

Production

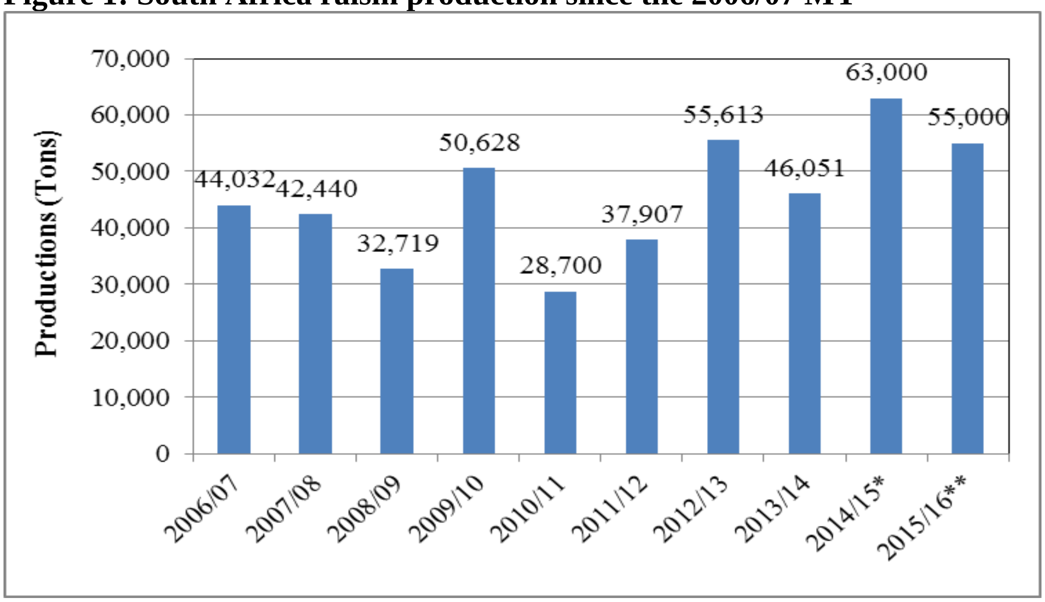
The 2014/15 MY production of raisins is estimated to reach a record level of 63,000 MT, based on excellent weather conditions, expansion of area planted and the diversion of wine grapes to raisins production as a result of lower prices for wine grapes. Post forecasts that the 2015/16 MY production of raisins will decrease by thirteen percent to 55,000 MT, based on normal weather conditions and no diversion of wine grapes to raisin production. The 2012/13 MY production of raisin remains unchanged at 46,051 MT based on final industry data. The production figures are based on the dried raisin weights.

Raisins are produced along South Africa's longest river, the Orange River in the Northern Cape Province, due to its ideal climate for drying raisins. Grapes used for the production of raisins are mainly produced further east of the Orange River, and are harvested later than table grapes, usually from January to March in order to maximize the sugar content in the grapes.

In the 2013/14 MY, the Thompson seedless were the most produced raisin cultivar in South Africa, accounting for 60 percent of total production followed by Goldens (27 percent), Sultans (8 percent) and Currants cultivars (5 percent). The Thompson seedless raisin is the cultivar of choice because it is suitable for various drying methods.

There are seven major raisin processors in South Africa, namely, Bokomo Foods, Red Sun Raisins, Carpe Diem Estate, The Raisin Company, Fruit du Sud, Northern Cape Raisins and Farmers Pride.

Figure 1: South Africa raisin production since the 2006/07 MY

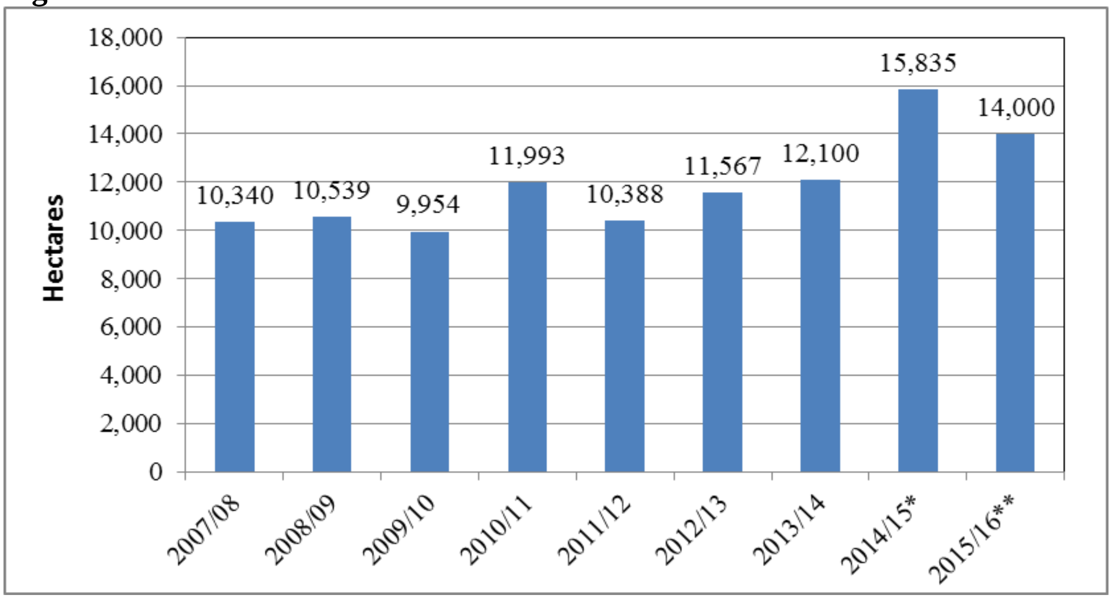


Source: HORTGRO
*Estimate, ** Forecast

Area Planted

The 2014/15 MY area planted to grapes for raisin production reached a peak of 15,835 hectares based on the increase in area planted to the Merbein seedless variety as well as the diversion of wine grapes to the raisin production. The Merbein Seedless variety which is becoming more attractive to producers as its production is evenly spread out during the season. Post forecasts that the 2015/16 MY area planted with raisins will decrease by twelve percent to 14,000 hectares as no diversion of wine grapes is anticipated. The 2013/14 MY area planted to raisns remains unchanged at 12,100 ha. **Figure 2** shows the trend in the area planted with grapes for raisin production since the 2007/08 MY.

Figure 2: South Africa Raisin Area Planted since 2008



Source: HORTGRO
*Estimate, ** Forecast

Consumption

Post forecasts that the South African consumption of raisins will remain flat at 13,200 MT in the 2015/16 MY, based on the available raisin crop and slow economic growth in South Africa. The 2014/15 MY domestic consumption of raisins was revised upwards to 13,200 MT based on the increase in production. The 2013/14 MY consumption of raisins remains unchanged at 12,191 MT.

The baking industry is still 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 more healthier and natural choices. However, domestic consumption of raisins in South Africa is largely influenced by available supply, prices, competition from fresh table grapes and consumers income growth.

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. Post forecasts that there will be no closing stocks in the 2015/16 MY and 2014/15 MY.

Exports

Post forecasts that South Africa`s raisin exports will decrease by sixteen percent to 42,000 MT in the 2015/16 MY, based on the decrease in production. Post estimates that raisin exports will be 50,000 MT in the 2014/15 MY based on the record level production, and the prevailing weaker rand dollar exchange rate. The 2013/14 MY raisin exports remain unchanged at 35,041 MY based on Global Trade Atlas (GTA) data.

Europe remains South Africa's largest market for raisins with almost 50 percent market share. Other important markets include Algeria (14 percent), Canada (13 percent) and the United States (6 percent). There are eight countries competing for the world raisin market, namely: Australia, Chile, Greece, Iran, Mexico, South Africa, Turkey and United States. In the Southern hemisphere (Argentina, Chile and South Africa), fruit is harvested from February to March, with new products coming to market in late April to May. Greece, Turkey and the United States harvest crops in late August and September, with availability from September.

Table 1: South Africa raisin exports

South Africa Export Statistics				
Commodity: 080620, Grapes, Dried (Including Raisins)				
Year Ending: December				
Partner Country	Unit	Quantity		
		2012	2013	2014
World	T	24,763	31,962	35,041
Algeria	T	3,316	3,203	4,967
Canada	T	3,880	4,052	4,525
Germany	T	2,638	3,919	4,364
Netherlands	T	3,010	3,794	3,957
France	T	2,356	2,625	2,273
Brazil	T	1,067	1,021	2,196
United States	T	804	3,535	2,139
United Kingdom	T	1,326	2,413	2,088
Switzerland	T	607	722	855
Australia	T	765	677	796
Sweden	T	92	117	694
Norway	T	72	352	545
New Zealand	T	629	435	514
Spain	T	71	327	506

Source: Global Trade Atlas (GTA)

Imports

South Africa is not a major importer of raisins as it produces in excess of domestic demand. Namibia, Turkey, EU and the United States are the traditional exporters of raisins to South Africa.

Table 2: South Africa raisin imports

South Africa Import Statistics				
Commodity: 080620, Grapes, Dried (Including Raisins)				
Year Ending: December				
Partner Country	**Unit**	**Quantity**		
		2012	**2013**	**2014**
World	T	136	30	151
Namibia	T	0	20	148
United States	T	20	0	2
Lesotho	T	0	0	1
Turkey	T	15	0	0
United Kingdom	T	22	0	0
Australia	T	15	0	0
France	T	20	0	0
Germany	T	43	0	0
India	T	1	10	0

Source: GTA

Producer prices

The producer prices for raisins are sensitive to supply and demand factors. Producers normally agree on price and supply contracts with raisin processors in advance, and this usually leads to financing challenges in the event that producers have more than the contracted stock. In years with high raisin production, producer raisin prices are usually low, while years with low production are usually accompanied by high raisin prices.

Table 3: Historical price trends: Raisins Producer Prices

Raisins Varieties	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
	R/Ton	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**
Goldens	7,850	10,980	17,000	12,700	19,300	19,800	17,600	18,000
Thompson Seedless	5,460	7,300	11,500	8,800	13,000	14,200	13,800	16,200
Other Raisins	6,180	8,590	11,500	10,400	16,000	16,900	16,000	14,150
Average	6,497	8,957	13,333	10,633	16,100	16,967	15,800	15,406

Source: HORTGRO

Policy

The applicable regulations when importing raisins into South Africa are as follows;

Procedures to be followed when importing plants and plant products into South Africa; http://www.nda.agric.za/doaDev/sideMenu/plantHealth/docs/importProcedure.pdf.

Agricultural product standards Act, 1990 (Act No. 119 of 1990) - Regulations relating to the quality, packing and marking of dried fruit intended for sale in the republic of South Africa; http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/localImportRegulations/gg37949_nn653%20APSA%20-%20Regulations%20re%20quality%20etc%20dried%20fruit%20in%20SA.pdf.

The Foodstuffs, Cosmetics and Disinfectants Act (54/1972); http://www.health.gov.za/docs/legislation/Act-541972.pdf .

South Africa is in the process of amending the regulations relating to the labeling and advertising of foods. The draft amended regulation is on the following link; http://www.health.gov.za/docs/legislation/R429of29May2014-draft-FL-Regs.pdf .

Tariff Rates

Table 4 shows custom duties applicable to South African raisin imports. United States raisin exports face a 10% customs tax.

Table 4: Tariff Rates, Dried Grapes

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

Source: SARS Customs schedule

Table 5: Production, Supply and Demand Tables

Raisins South Africa	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Jan 2014		Market Year Begin: Jan 2015		Market Year Begin: Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	12,100		15,835		14,000
Area Harvested	0	10,890		14,409		13,500
Beginning Stocks	0	1,030	0	0		0
Production	46,000	46,051	50,000	63,000		55,000
Imports	300	151	200	200		200
Total Supply	46,300	47,232	50,200	63,200		55,200
Exports	35,000	35,041	37,200	50,000		42,000
Domestic Consumption	11,300	12,191	13,000	13,200		13,200
Ending Stocks	0	0	0	0		0
Total Distribution	46,300	47,232	50,200	63,200		55,200
HA, MT						