USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 7/31/2017

GAIN Report Number:

South Africa - Republic of

Raisin Annual

South Africa's raisin supply and demand report

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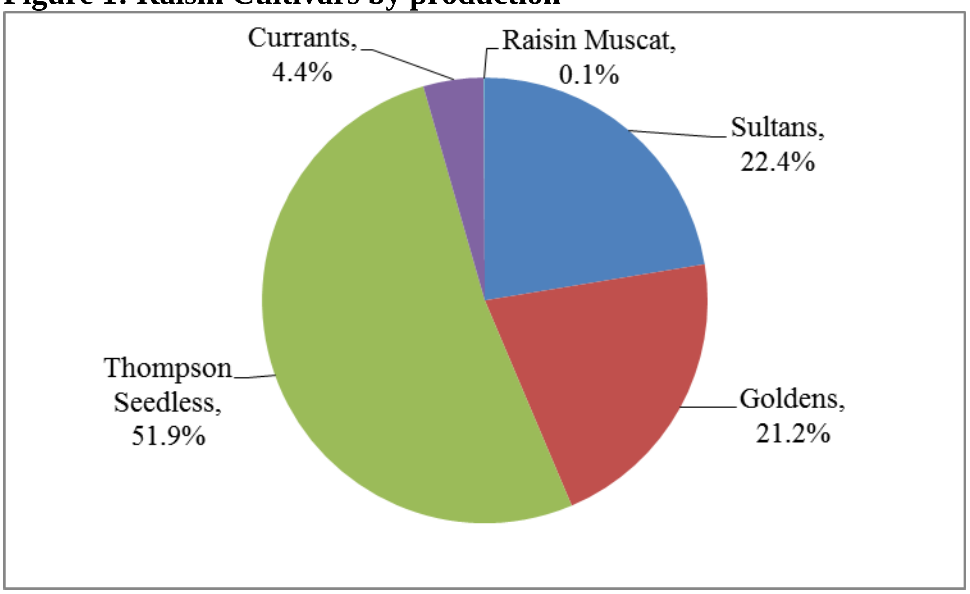
Report Highlights:
Post forecasts that raisin production will increase by one percent to 62,500 MT in the 2017/18 MY, from 62,000 MT in the 2016/17 MY, based on the increase in area planted, normal weather conditions and the availability of irrigation water as the catchment and source of the Orange river is from regions that received normal rainfall in 2016.

Commodities:
Raisins

Background

Raisins are mainly produced along the Orange River in the Northern Cape Province, due to its ideal climate for drying grapes and availability of irrigation water. The Orange river is South Africa's longest river. About 90 percent of raisin production in South Africa is from the Orange River region and 10 percent from Namaqualand region. The grapes used for the production of raisins are harvested later than table grapes, usually from January to March in order to maximize the sugar content in the grapes. **Figure 1** below shows the various cultivars of raisins produced in South Africa in 2016. Sun drying is the most common method used in South Africa because it is much cheaper, 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% humidity in the Orange River region. The Golden raisins are usually Sulphur treated and dried by ventilation facilities, which is quite an expensive method.

Figure 1: Raisin Cultivars by production



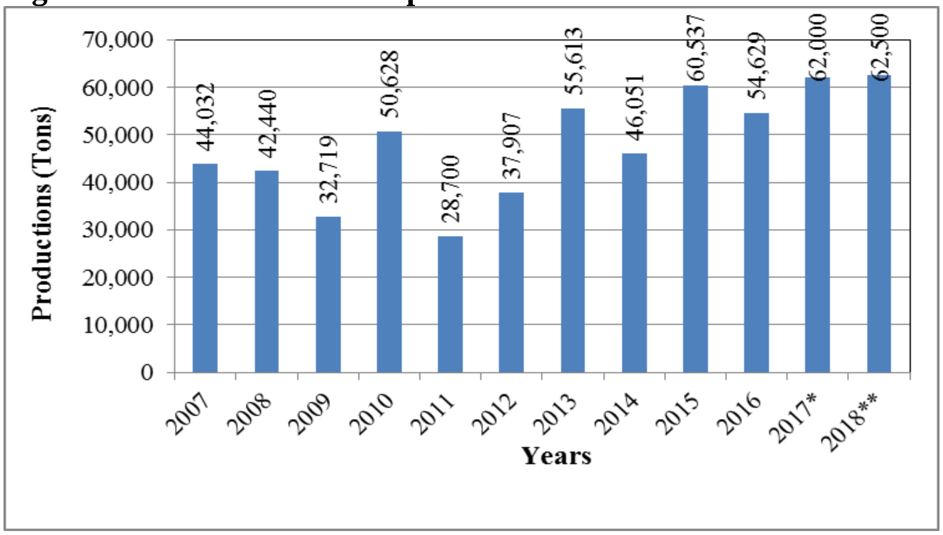
Source; HORTGRO

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.

Production

Post forecasts that raisin production will increase by about one percent to 62,500 MT in the 2017/18 MY, from 62,000 MT in the 2016/17 MY, based on the increase in area planted, normal weather conditions and the availability of irrigation water. The catchment and major source of irrigation water for the Orange river is from regions that received normal rainfall in 2016. The 2016/17 MY raisin production was revised upwards to 62,000 MT based on the lower than expected impact of the rain damage in January 2016 and diversion of some grapes to the wine cellars. The 2015/16 MY raisin production remains unchanged at 54,629 MT based on final industry data. The raisin production figures are based on the dried raisin weights.

Figure 2: South Africa raisin production since the 2006/07 MY

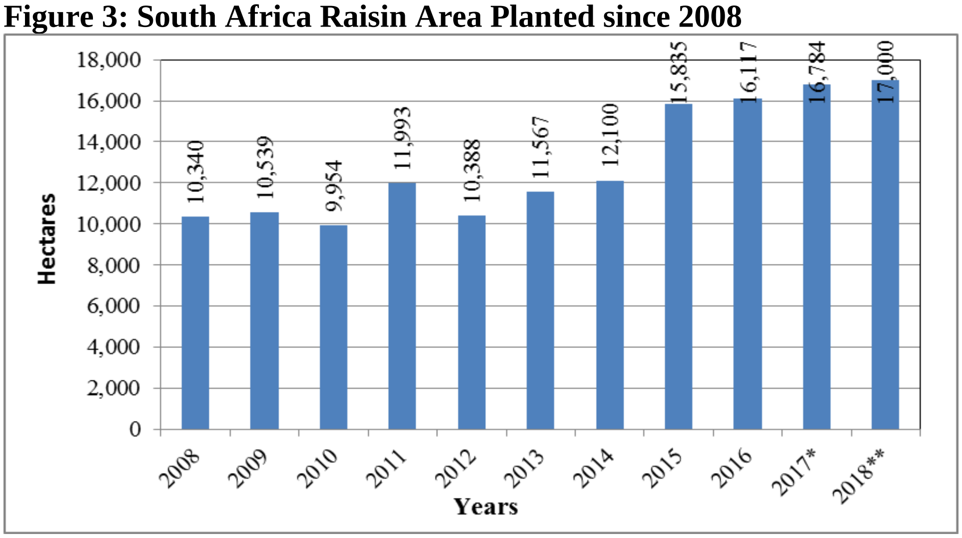


Source: HORTGRO, *Estimate, ** Forecast

Area Planted

The 2017/18 MY area planted to grapes for raisin production is forecast to increase by about one percent to 17,000 hectares, from 16,784 hectares in the 2016/17 MY, based on the increase in investment in the horticulture sector driven by higher export revenues, partially offset by the increases in establishment and production costs. **Figure 3** shows that the area planted with grapes for raisin production has been growing since the 2007/08 MY.

Figure 3: South Africa Raisin Area Planted since 2008



Source: HORTGRO, *Estimate, ** Forecast

Consumption

Post forecasts that the South African consumption of raisins will increase by two percent to 10,900 MT in the 2017/18 MY, from 10,676 MT in the 2016/17 MY, based on the available raisin production and a concerted effort by the industry to increase the domestic market. The 2015/16 MY domestic consumption of raisins remains unchanged at 8,893 MT, based on final and updated industry data.

The confectionary and 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 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 consumer 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 2017/18 MY and 2016/17 MY.

Exports

Post forecasts that South Africa`s raisin exports will increase by one percent to 52,800 MT in the 2017/18 MY, from 52,424 MT in the 2016/17 MY based on the increase in production. The 2015/16 MY exports were updated to 46,393 MT based on final Global Trade Atlas (GTA) data.

Europe remains South Africa's largest market for raisins accounting for almost 55 percent of the export market share. Other important export markets include Canada (10 percent) and the United States (6 percent). 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.

Table 1: South Africa raisin exports

South Africa Export Statistics
Commodity: 080620, Grapes, Dried (Including Raisins)
Year Ending: December

Partner Country	Unit	Quantity		
		2014	2015	2016
World	T	35,041	52,935	46,393
Germany	T	4,364	12,261	16,708
Canada	T	4,525	5,242	4,443
Netherlands	T	3,957	5,247	3,534
United Kingdom	T	2,088	2,361	3,279
Algeria	T	4,967	6,752	3,104
France	T	2,273	3,059	2,822
United States	T	2,139	4,829	2,744
Australia	T	796	616	1,411
Sweden	T	694	1,173	907
Belgium	T	494	1,349	606
Denmark	T	288	669	597
Brazil	T	2,196	1,622	583
Switzerland	T	855	478	509
New Zealand	T	514	297	452
Norway	T	545	521	374
Portugal	T	266	547	286
Spain	T	506	1,268	281
Russia	T	159	43	274
Malaysia	T	261	448	246
Japan	T	352	349	221
Saudi Arabia	T	0	80	214
Ethiopia	T	0	120	211
Italy	T	116	80	206
Finland	T	287	393	185
Egypt	T	74	201	164
Israel	T	262	77	155
United Arab Emirates	T	82	456	151
Namibia	T	116	78	146
Czech Republic	T	41	35	141
Slovenia	T	141	168	131

Source: Global Trade Atlas (GTA)

Imports

South Africa is not a major importer of raisins as it produces in excess of domestic demand. Namibia is the traditional exporter of minimal amounts 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**		
		2014	**2015**	**2016**
World	T	151	304	657
Namibia	T	148	264	458
Australia	T	0	0	101
United States	T	2	0	95

Source: GTA

Producer prices

The producer prices for raisins are sensitive to supply and demand factors, and the foreign exchange rate. 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.

Table 3: Historical price trends: Raisins Producer Prices

Raisins Varieties	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
	R/Ton	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**	**R/Ton**
Goldens	10,980	17,000	12,700	19,300	19,800	17,600	18,000	17,200	24,430
Thompson Seedless	7,300	11,500	8,800	13,000	14,200	13,800	14,150	13,120	21,730
Other Raisins	8,590	11,500	10,400	16,000	16,900	16,000	16,200	15,300	22,200
Average	8,957	13,333	10,633	16,100	16,967	15,800	15,406	14,762	22,440

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/index.php/shortcodes/2015-03-29-10-42-47/2015-04-30-09-10-23/2015-04-30-09-11-35/category/181-act

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/index.php/shortcodes/2015-03-29-10-42-47/2015-04-30-09-10-23/2015-04-30-09-11-35/category/36-documents-for-comment

Tariff Rates

Table 4 shows custom duties applicable to South African raisin imports. United States raisin exports face a 10% customs tax in South Africa. The EU and SADC have a free trade agreement hence their exports are duty free in South Arica.

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

Table 5: Production, Supply and Demand Tables

Raisins	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	16117	0	16784	0	17000
Area Harvested	0	13940	0	14900	0	15100
Beginning Stocks	0	0	0	0	0	0
Production	53000	54629	53000	62000	0	62500
Imports	300	657	300	1100	0	1200
Total Supply	53300	55286	53300	63100	0	63700
Exports	45000	46393	45000	52424	0	52800
Domestic Consumption	8300	8893	8300	10676	0	10900
Ending Stocks	0	0	0	0	0	0
Total Distribution	53300	55286	53300	63100	0	63700
(HA) ,(MT)						