

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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South Africa - Republic of

Raisin Annual

South Africa's raisin production forecasted to recover in the 2014/15 MY

Approved By:

Eric Wenberg

Prepared By:

Wellington Sikuka

Report Highlights:

Post forecasts that South Africa's raisin production will increase by nine percent to 50,000 MT in the 2014/15 MY, based on an increase in area planted and a recovery of grape vines after the 2013/14 MY's frost damage. As a result, exports are expected to increase by six percent to 37,200 in the 2014/15 MY.

Executive Summary

Post forecasts that South Africa's raisin production will increase by nine percent to 50,000 MT in the 2014/15 MY, based on an increase in area planted and a recovery of grape vines after the 2013/14 MY's frost damage. Due to frost damage, raisin production in the 2013/14 MY is estimated to decrease by 17 percent to 46,000 MT after 55,613 MT were produced in the 2012/13 MY. Post forecasts that the area planted with raisins will increase by five percent to 12,500 hectares in the 2014/15 MY due to the increase in the area planted of the Merbein seedless variety.

Post forecasts that the South African raisin exports will increase by six percent to 37,200 MT in the 2014/15 MY, based on an increase in raisin production and a favorable exchange rate. Post estimates that the South African raisin exports will decrease by 13 percent to 35,230 MT in the 2013/14 MY, due to the decrease in raisin production. In the 2012/13 MY, South Africa exported 40,613 MT.

Exchange Rate

1US\$ = R10.60

Sources

HORTGRO – www.hortgro.co.za

Dried Fruit Technical Services (DFTS) - <http://www.hortgro.co.za/portfolio/dfts/>

South African Revenue Services (SARS) - <http://www.sars.gov.za/ClientSegments/Customs-Excise/Pages/default.aspx>

South African Department of Agriculture Forestry and Fisheries (DAFF) - www.daff.gov.za

South African Department of Health (DoH) - <http://www.health.gov.za/fc.php>

Fresh fruit portal - <http://www.freshfruitportal.com>

Commodities:

Raisins

Production

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. Post forecasts that South Africa's raisin production will increase by nine percent to 50,000 MT in the 2014/15 MY, based on an increase in area planted and a recovery of grape vines after the 2013/14 MY's frost damage. Due to frost damage, raisins production in the 2013/14 MY is expected to decrease by 17 percent to 46,000 MT after 55,613 MT were produced in the 2012/13 MY. In the 2012/13 MY, weather conditions in the Northern Cape were ideal for raisin production, coupled with strong prices, resulting in the largest raisin production by South Africa in the past decade.

The Thompson seedless is the most produced raisin cultivar in South Africa, accounting for 55 percent of total production followed by Goldens (31 percent), Sultans (9 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



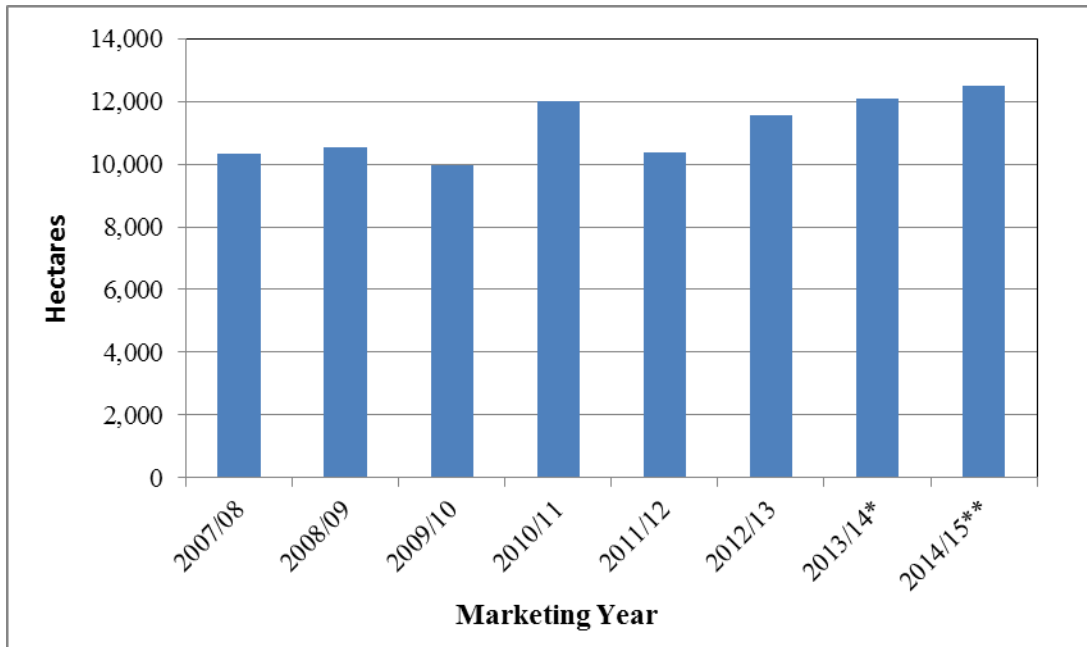
Source: HORTGRO

*Estimate, ** Forecast

Area Planted

Post forecasts that the area planted with raisins will increase by five percent to 12,500 hectares in the 2014/15 MY due to the increase in the area planted of the Merbein Seedless variety which is becoming more attractive to producers as its production is evenly spread out during the season. Post revised the 2012/13 MY area planted with raisins downwards to 11,567 hectares based on updated industry statistics. **Figure 2** shows that the area planted with raisins fluctuated within 9,900 to 12,500 hectares 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 domestic consumption of raisins will increase by eight percent to 13,000 MT in the 2014/15 MY, based on the increase in production and the associated decrease in raisin prices. The domestic consumption of raisins is estimated to decrease by 14 percent to 12,000 MT in the 2013/14 MY, after the peak 14,000 MT consumption in the 2012/13 MY, due to a decrease in raisin production which resulted in a lower quantity of raisins available for the local market after exports.

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 is 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. Due to a sharp increase in raisin production, South Africa had closing stocks of 1,030 MT at the end of the 2012/13 MY, largely held by processors. Post forecasts that as production returns to normal levels, there will be no closing stocks in the 2013/14 MY and 2014/15 MY.

Trade: Exports

Post forecasts that South Africa`s raisin exports will increase by six percent to 37,200 MT in the 2014/15 MY, based on an increase in raisin production and a favorable exchange rate. Post estimates that raisin exports will decrease by 13 percent to 35,230 MT in the 2013/14 MY, due to a decrease in raisin production. Post revised the 2012/13 MY raisin exports upwards to 40,613 MT based on updated industry export data.

Europe remains South Africa`s largest market for raisins with almost 50 percent market share. Other important markets include Canada (13 percent), United States (11 percent) and Algeria (10 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.

Imports

South Africa is not a major importer of raisins as it produces in excess of domestic demand. South African raisin imports were relatively low at 30 MT in the 2012/13 MY, due to peak domestic production. Imports are forecasted to return to normal levels of 200 MT in the 2013/14 MY and 2014/15 MY. Turkey and the United States are the traditional exporters of raisins to South Africa.

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 low, while years with low production are accompanied by high raisin prices.

Table 1: Historical price trends: Raisins Producer Prices

Raisins Varieties	2007	2008	2009	2010	2011	2012	2013
	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
Thompson Seedless	5,460	7,300	11,500	8,800	13,000	14,200	13,800
Other Raisins	6,180	8,590	11,500	10,400	16,000	16,900	16,000
Average	6,497	8,957	13,333	10,633	16,100	16,967	15,800

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/daoDev/sideMenu/plantHealth/docs/importProcedure.pdf>.

South Africa Importing Regulations;
<http://www.nda.agric.za/daoDev/sideMenu/plantHealth/regulations.htm>.

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 2 shows custom duties applicable to South African raisin imports.

Table 2: 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 3: Production, Supply and Demand Tables

Raisins South Africa	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	11,567	0	12,100		12,500
Area Harvested	0	10,410	0	10,890		11,250
Beginning Stocks	0	0	6,650	1,030		0
Production	55,600	55,613	45,000	46,000		50,000
Imports	100	30	100	200		200
Total Supply	55,700	55,643	51,750	47,230		50,200
Exports	35,000	40,613	33,000	35,230		37,200
Domestic Consumption	14,050	14,000	12,050	12,000		13,000
Ending Stocks	6,650	1,030	6,700	0		0
Total Distribution	55,700	55,643	51,750	47,230		50,200

HA, MT