

## REDSUN RAISIN REPORT #8 – 2019 SOUTH AFRICAN RAISIN CROP AUGUST 2019

### HIGHLIGHTS FROM THIS REPORT

**Redsun shipments from Cape Town harbour delayed**

**South African Raisin Export statistics**

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### **Redsun shipments from Cape Town harbour delayed**

The weather in Cape Town is causing delays in our shipping dates. There has also been some industrial action in Durban harbour (the biggest sea-port in Southern Africa and the port preceding Cape Town). The combination of these events caused delays of up to 3 weeks on some of our loads. Ships have been unable to call in at Cape Town due to the high seas, and have been obliged to sail past since they are already delayed by industrial action in Durban. For our shipments heading to the east, the delays are worse, due to industrial action involving “go-slows” at Durban and Coega. Redsun must then transfer the booking to the next available vessel. There have been occasions where weather and overbooking have caused unacceptable delays.

We wish to apologise for the inconvenience caused. We are issuing a shipping register to each of our customers twice a week (on Wednesdays and Fridays) in order to keep our customers informed of the shipping arrangements.

The factory is running on schedule with our orders. A single daily shift 6 days a week is keeping our delivery schedule on time. We do expect additional call offs to come after September when the pressure will be back in place to complete our orders before the year end.

### **South African Raisin Export statistics**

If we look at the raisin export volumes from South Africa as at 31 July 2019, as published by Raisins SA, we can see that South Africa in general is exporting lower than usual volumes at present. From a crop of 74,830mt, South Africa as a whole has exported 22,279mt through to the end of July 2019. There will have to be some pushing to get the volume of carryover stock within acceptable levels by 28 February 2020. This is the time that the South African processors traditionally start processing the new crop. Of the total exports, 57% is to Europe (excluding UK), with 17% to Africa and 16% to USA and Canada. 39% of the total volume exported are goldens. If we consider that :

1. The total production of goldens during the 2019 SA crop was 11,904mt,
2. The golden quantity exported already from SA this year is 8,832mt or 75% of this year's golden production, and
3. These figures do not take into account the domestic market sales,

It is clear that there will be very few goldens available to the market during the rest of 2019. Redsun is unfortunately sold out of goldens from crop 2019.

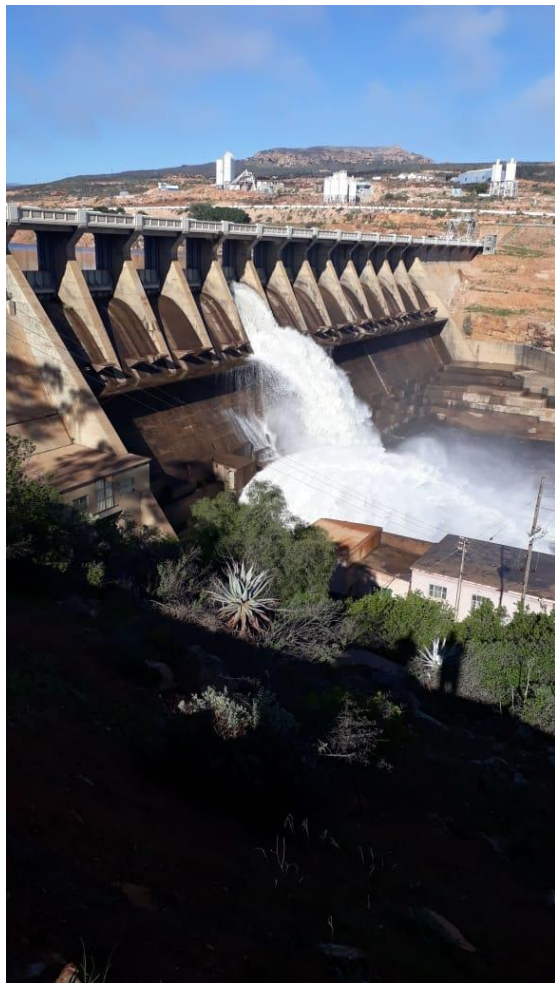
Farmers have been warned that they should expect a lower price for Thompson mediums coming from their 2020 crop. We can already record that many farmers have said they will revert back to using their

grapes to produce goldens during the 2020 crop. In fact, as often happens in free market systems, we may even see an over-correction and the number of goldens may exceed the “normal” 33% of the total South African crop.

### **Water supply for 2020 crop looks secure**

On the ground, farmers are pruning and getting their vineyards ready for the new crop. The “cold units” during winter have been at acceptable levels to produce a good crop. At present, we have night temperatures of 2°C moving to 31°C during the day. That wide variation of temperature will normally give a warning that frost is likely. The South African industry is always aware of frost damage until 10<sup>th</sup> October of each year. That is traditionally when the danger passes as we move deeper into Spring. Drought conditions in the surrounding region of the Lower Orange River basin remain intense. This is causing great distress to stock farmers occupying the land beyond the banks of the Orange River. However, the water reservoirs located higher up the Orange River have remained relatively full with the rain season still to come (we are in a summer rainfall region). As you know, all irrigation of the vines in the Northern Cape is drawn from the Orange River.

The Western Cape region look as though they will receive a second year of good water supply. The Clanwilliam dam has overflowed following a very good rain season. (this is a winter rainfall area).



### Clanwilliam Dam wall overflowing August 19

The photo enclosed represents a very welcome sight to raisin farmers in the Vredendal and Trawal region. This Clanwilliam dam is the reservoir located on the Olifants River, from which these raisin producing regions draw their irrigation.

On the same photograph, one can see the construction site established on the far bank of the reservoir. The wall that you see in the photograph will be lifted by 13metres over the next 5 years. That will cause an additional 5000m2 of arable land to come available down stream of the reservoir, due to the additional water reserves. Redsun estimates that 2000m2 of this land that will come available will be used for raisins. If we are correct, that should add 14,000mt of raisins to the existing volumes in South Africa after 8 years. (5 years to complete construction plus 3 years to maturity of vine)

### **www.redsun.co.za upgrade**

The website at Redsun has been changed. It has now been 10 years since we processed our first crop, and we have not done anything about adapting our website. The site continues to be developed, but it is already up. We have given a lot of attention to describing the specifications of each of our products. We will also greatly appreciate any comments or suggestions that you may have to assist us. Our address is [www.redsun.co.za](http://www.redsun.co.za). Please visit us.

### **Redsun SEDEX audit results available**

Redsun give a lot attention to food safety and quality. Another very important element of our existence at Redsun is the social and ethical conduct of everybody associated with our company. We also pride ourselves of being environmentally responsible. There is an ongoing program at Redsun to improve in all these areas. SEDEX provides Redsun with a useful measure to ensure we are moving in the right direction. We have recently undergone our latest third party audit under the SEDEX disciplines. Should any of our customers or service providers wish to have access to our SEDEX report on the SEDEX index, we will be happy to provide you with the required codes. Failing which, we will be happy to provide a copy of the report issued.

### **South African 2019 pecan crop**

The South African pecan crop is drawing to a close. The original crop estimate for 2019 was 22,500mt in shell. The final figures are not yet in, however, the crop was substantially smaller than originally estimated. Some figures coming in suggest 16,000mt could be the total 2019 pecan crop from South Africa. Strong demand from China has resulted in higher prices and limited availability.

South Africa is the third biggest producer of pecans in the world, after Mexico and USA. The future growth of production in South Africa is impressive with the growth figures, based on trees already in the ground, to reach 42,000mt in shell by 2022. At that time world production is expected to be at 430,000mt (source is INC congress Boca Raton May 2019). Redsun is currently involved in this industry in a small way involving the Chinese market, however, we anticipate a greater Redsun involvement within the next 12 months.

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