



Keimoes-Upington N14, 2km, Keimoes, Northern Cape, South Africa
PO Box 767, Keimoes, 8860, South Africa
Tel: +27 (0)54 337 8660
Email: info@redsuns.co.za © www.redsuns.co.za



REDSUN RAISIN REPORT #2 – 2019 SOUTH AFRICAN RAISIN CROP JANUARY- FEBRUARY 2019

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Update on the South African 2019 Raisin Crop

The 2019 South African raisin crop will be 7 -10 days later than is normal. The most common reason given is the long winter with cool temperatures leading directly into the hot South African summer. There was no “spring season”. The shock movement from the cool weather into the hot summer caused the vines to pause their development cycle. Most importantly, the slower ripening of the grapes is ensuring an even distribution of ripeness (or sugar development) throughout the bunches of grapes. Harvesting will start during the first week of February this year.

Although we anticipate this delay, the fruit will all be ripe and must be harvested by mid March, as per normal. That is a natural feature of grapes. The fruit will hang on the vines for this period, and thereafter must be harvested. Failing which the plant will start dropping fruit. These factors have nothing to do with climate change. These are normal features of grape vines. We start late, but the crop will all finish together.

The effect on the South African raisin industry this year, will be the volume of grapes to be dried is now compressed in fewer weeks than normal. That places pressure on the drying infrastructure. The pressure is also there from the volume of grape vines planted, without the corresponding development of the drying infrastructure. Some farmers are already using innovative systems for drying of their grapes. Here are two examples of the systems now in use. One using pallets and one using bales of hay.



Drying raisins on wooden pallets



Drying raisins on bales of hay.

If we continue to enjoy the hot dry weather that we have at present, it will make things a lot easier to dry higher volumes of grapes. Temperatures are at 43°C and the moisture content is low at 30%. As the days pass to February and March, the humidity will drop further to as low as 10%. Farmers are now able to dry Thompsons sun dried in 8-10 days. (normally 14 days)

There is a little rain forecasted for later in the week, but nothing serious. It will be about 5mm over the region.

Generally farmers are optimistic and looking forward to the season. The prices they will receive are very high, which is set by

1. the high international pricing of raisins, which has a direct influence on the pricing paid to farmers, and
2. The strong competition between processors to secure good quality farmer's stock raisins from the approximately 1000 South African raisin farmers.

Furthermore, farmers can see that they have good quality grapes which will result in good quality raisins. The crop size continues to be determined at around 68,000- 70,000mt for 2019.

More Table Grapes used to produce Raisins

A feature that will affect the 2019 South African raisin crop the increased volumes of jumbos and bolds that will be available. The challenges being experienced in the fresh grape industry, has resulted in more fresh grape farmers converting some of their grapes to raisins. Therefore, we could see between 13-15% of the SA crop being jumbos and bolds. (the 2018 crop was 10% jumbos and bolds).

The longer term effect of these challenges is that these fresh grape farmers will plant vineyards specifically for making raisins (medium size), as a long term security measure to diversify their product mix in their operations. That makes a lot of sense.

Redsun 2019 Raisin Crop objectives

Redsun is aiming at securing 12,500mt of farmer's stock from the 2019 crop. That should realise a packout of about 11,000 mt of raisins. This is within the present capacity of our factory at Keimoes.

If we look at the present contractual commitments of farmers who have indicated they will supply Redsun with their 2019 crop, we can see that

1. Redsun is 84% contracted towards our goal of 12,500mt
2. 63% is Thompson mediums,
3. 19% is golden mediums

This demonstrates the profile of the 2019 South African crop with 82% of the projected volume being between Thompson mediums and golden mediums.

Redsun now feels confident to start contracting a limited quantity of our new crop for prompt deliveries. Our factory is fully serviced and ready to go.

Currants

This is not good news. A strange pattern is developing along the Olifant's River valley where the currants are produced. Last year (2018 crop) there were 2,238mt of currants produced in South Africa. This was a little more than half the "normal" South African currant crop. We all understood the position due to the existence of a drought in the area.

There has been some good rains in the region, and there is sufficient water at present. However, we are hearing that the 2019 crop of currants could be even smaller than the crop of 2018. The news we are hearing is that there is doubt that the total crop will reach 2000mt. The currant is a very sensitive product that seems to drop fruit if there is any adverse weather condition. Farmers are telling us that they are losing confidence in the currant as a crop.

Due to the importance of the product, this is a concern to Redsun. We will do our best to motivate the farmers to continue producing currants. The prices of this year are at record levels for currants. However, if you cannot produce sufficient volumes, the high price will not make a difference. It will be better to use the land and water for normal Thompsons or flames.

Food Safety

Redsun takes food safety very seriously. Most importantly, we work with our farmers to ensure that only the correct products are sprayed onto the vines, at the right time and in the correct quantities. Our objective should be, ZERO RESIDUES on our raisins.

We need to introduce more of our farmers to “organic certification”. That takes time, and many farmers are anxious about the effect on their output volume and quality.

Redsun has started a “Food Safety Reward” for the farmers. We have done this on a trial basis using 500mt of Thompson medium choice. We are offering the farmer a premium on the price if he can deliver a product that is absolutely free of any residues. It is a process that Redsun will follow and independent laboratory tests will be used to verify that there are no residues. If that is the case, the farmer will be paid a “food safety bonus” per kg on the product that is free of residues. At the Redsun factory, this residue free product will be treated in the same way as we would treat organic material.

Our hope is that once a farmer becomes accustomed to producing a “residue free” raisin, the following step of organic certification will not be very difficult. We need to start somewhere to get more organic product produced in South Africa. Let us hope this trial for 2019 crop will work.

Please let us know if we can assist with any additional information.

Peter Kuilman

Peter@redsun.co.za