

# Overview of world grape market

Due to losses in Peru and the drought in South Africa, there is a possibility of shortages on the grape market. Although good harvests are expected in, for example, Namibia and the northern parts of South Africa, these are insufficient to compensate for the losses. This is evident in the higher prices that are being reported by, for instance, German importers. Prices are also higher in Spain, but there this is mainly due to the New Year's tradition in that country. Grapes play an important role in this.

## China expects larger harvest

In the 2017/2018 (May-June) season, production is expected to increase by 400 000 tonnes, amounting to 11,2 million tonnes. According to USDA figures, the total acreage amounts to 800 000 hectares, remaining stable for the third year in a row. This spells an end to the rapid expansion in that country. Over the past 16 years, acreage has grown by 500 000 hectares. Despite this increased production, exports dropped to 225 000 tonnes. Better management has resulted in improved quality of this fruit. This means prices are also better. This is why demand is declining in these price-sensitive markets in Asia. Imports are expected to keep climbing since the demand for grapes outside the Chinese season is also increasing. This will increase Southern Hemisphere imports. The country is expected to import 250 000 tonnes of grapes from countries like the US, South Africa, South Korea, India, Mexico, Chile and Peru. China has become an important export market for American grapes. This year, the export protocol for Australia was set in motion. This country is good for 40% of Chinese exports. It is also an important market for Indian grapes.

## Californian growers make up for shortages in Peru

Although traders are confident about the transition from the domestic to the import season, there is some cause for concern. The smaller volume of early grape varieties and the late start of the Chilean season should have boded well for Californian grapes. But, according to USDA figure, there was still a large volume of seedless white grapes in storage at the end of November. There is also a higher volume of red grapes in storage. The growers in California want to stretch the season to after the holiday season. One trader says it would be unusual for them not to be able to achieve this in the future. The season progressed well there, and the higher volumes of Californian grapes were able to make up for the shortages in Peru.

### **South Africa: Southern regions plagued by drought**

The drought was a factor for growers here. This month, the grape season in this country is in full swing. The expectation for regions in the north of this country remains positive. Good harvests are expected in the Orange River region and areas neighbouring Namibia. The picture in the south looks very different and, due to the drought, losses are being expected. Some growers are only irrigating their high-quality, high-value grapes, while others are thinning out their vineyards. The harvest in the Western Cape is expected to be 14% lower, at 287 000 tonnes. The problems caused by the drought will also still be a factor in the next season. A normal harvest of 344 000 tonnes is expected in the Orange River region.

### **Namibia positive over season**

In Namibia, the grape season started very well. This is good news for growers who had to end their previous season early. Temperatures have now soared to 40 degrees, but earlier it was ideal grape weather, with temperatures around the 30 degree-mark during the day, with cool nights. This was good news for the colouring of the grapes. The harvest did, however, start slightly late, but expectations remain positive.

Although Namibian grapes are still mainly destined for Europe and the UK, ever-increasing volumes are exported to Malaysia and Vietnam. Exporters are hoping for a profitable season because of the shortages on the market.

### **Peru is expecting smaller volumes**

This South American country has calculated a loss of 30% for the northern part of the country. In the south, the estimates are for 10% in the red. This information was collected by a trade association that advises a number of large players in the Peruvian grape industry. An especially large shortage, 38%, of the Red Globe from the north is expected. The cold weather has delayed the start of the season by about two weeks in both the north and the south of the country.

### **Chile: 'Old' varieties threatened by changes in the US**

Production in this country remains stable at 920 000 tonnes. Despite the huge amount of rain and enough cold hours, the yields are normal. Exports are running parallel to production. There have been

changes in recent years because their most important export market, the US, is investing in new varieties that have a better shelf-life. This means less space for Chilean grapes. According to one trader, growers who are still cultivating 'old' varieties such as the Thomson (sultanina), Superior, Perlette, and especially the Flam, are running a "big risk" because the American market is moving to other varieties.

### **Argentina: Growers shunning fresh market**

The difficult economic situation in this country has caused exporters to lose their position on the world market and has hampered investment in grape cultivation. The downward trend continues. Adding to this is that an increasing number of growers are opting out of the fresh market, preferring to process their grapes into raisins or wine. The grape harvest is expected to increase by almost 13%, with a volume of 45 000 tonnes. A year earlier this was still 40 000 tonnes. The rain has affected quality, but not volume. The figures have fallen in comparison to the historic volume of 100 000 tonnes.

Increasing amounts of land are being used for the production of raisins. The Flame Seedless, in particular, is being used for this. Other activities that producers are trying in order to make a living are wineries and grape juice production. This shift was especially apparent in 2016. Then, growers realised that it was more lucrative to harvest grapes as raisins, or process them into wine or juice. This trend continued in 2017. According to estimates, the San Juan province has 3 000 hectares of Flame Seedless, of which 95% are processed into raisins. This is a sharp contrast to its historic use as table grapes.

### **Brazil focuses on new varieties**

The harvest began at the end of September, beginning of October. A cold snap and rain just before harvesting was due to start, has resulted in issues with quality here-and-there. The threat of rains continues but, in general, quality is labelled as being 'good'. Europe remains this country's most important market, says a grower who has also invested in new varieties. The major buyers are Germany, Scandinavia, the Netherlands and Belgium. Their grapes are also exported to the Far and Middle East, the US, Canada and, closer by to Argentina. They are also sold on the domestic market.

### **Russia: More imports**

Russian imports have risen by 50% to 325 000 tonnes. This year, the country lifted its ban on Turkish products. This country has now resumed its traditional place on the market as Russia's largest supplier of grapes.

### **Turkey expects a loss**

The harvest has amounted to 2,1 million tonnes, a drop of 230 000 tonnes. This is due to frost and hail damage in the Aegean region. This is according to a USDA report. Despite the smaller volumes, exports will reach the 220 000 tonnes mark than to the border with Russia being opened again.

### **Spain preparing for their New Years tradition**

The Spanish grape season is over, expect for the white Aledo variety. This is the traditional Spanish New Year's grape. In the last week of December, demand for this grape rises dramatically as it is tradition to ring in the New Year by eating twelves of these grapes.

This year the weather did not have an influence on the harvest, as it did last year. The acreage for these grapes has, however, been under pressure in recent years.

On the one hand, supermarkets are putting pressure on prices because these grapes have a high production cost. They are, for instance, cultivated in bags to protect them from the unpredictable autumn weather. On the other hand, consumption of seedless grapes is increasing. This is making it more difficult for growers to sell their grapes at reasonable prices. This has resulted in an increased number of these varieties being planted and cultivation becoming focused on seedless varieties.

A trader says he sells more seedless varieties for the traditional New Year than seeded ones. Most grapes are imported from Brazil, Peru and South Africa. Prices are at the same level as last year.

### **Italy: heat wave was beneficial and detrimental**

The market is moving towards seedless varieties. In this, Italy is following the trend that is sweeping the world. In general, growers see the season increasingly overlap with those of the North African countries in May and June and in November, with South American countries. Northern Europe dictates which varieties are cultivated in order to remain current, says one trader.

The summer season for the Victoria grape was hit by a heatwave. In November, the Italian season ended in Canicatti, Sicily. There, growers benefited from the heat wave as better quality grapes were produced. Even though it coloured the grapes darker, which is often conceived by consumers as being over-ripe fruit. According to Italian growers, this is not true; the grapes are, in fact, tastier.

In Apulia, the season began in mid-July with the Cardinal and the Victoria. The Palieri and the Italia, cultivated in tunnels, followed. Consumption remained good until the beginning of October. Eastern

European countries are a good market for Italian grapes. Exports increase year-on-year, especially to Chechnia. Other export countries are France, the Netherlands, Lithuania and Poland. ouwen en Polen.

### **Germany: limited availability means higher prices**

The traders across the board are satisfied with the market. Retailers are doing a lot of advertising and the market remains relatively stable. There is, however, talk of a limited availability of grapes. Prices are clearly higher than they were a this time last year. The shipments from South Africa are currently 10-15% smaller than usual. Since the harvest in Peru was even worse (-50%), retailers from regions such as the Far East are also on the market for South African products.

From next week, prices for 4,5 kg white grapes are EUR 12,5-13,5 and EUR 13,5-15,00 for seedless red varieties. The prices for small packaging for both is the same; EUR 15-16,50 for 4,5 kg. The prices for small packages of Red Globes are higher - EUR 19,50-21 per 4,5 Kg. The large wave of supply from South Africa is due in the next few weeks. This will but a bit of a damper on prices. According to the traders, retailers should, however, not expect the same huge price reductions as last year.

### **Belgium: acceptable grape prices**

According to one Belgian trader, the quality of South African grapes is good at the moment. He thinks the volumes will gradually increase, which is normal for this time of year, according to tho him. Prices for loose grapes at around the EUR 14 level, which is acceptable, he says. The Belgian trader does, however, expect prices for these grapes to drop somewhat as supply increases. The demand for seedless grapes is also higher than for seeded varieties. The Sugar One is, according to this grape importer, the most popular grape variety in Belgium

### **Australia positive about season**

The rain, which caused problems for various other sectors, was welcomed by grape growers. The 40 to 50 mm of rain was refreshing for the vines. The harvest has just begun, and up to now, the results have been positive. There is also a positive attitude over the rest of the season. Growers are expecting good volumes and good quality. Exports are expected to set a new record. Last season (2016/2017), 106 841 tonnes of grapes, to the value of \$373 million were exported. Exporters are working on breaking into the Chinese market.

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