

# SA wine export volumes hold steady despite obstacles - WoSA

Wines of South Africa's (WoSA) latest report has revealed that despite a decline of 5% in wine export volumes, the South African wine industry remains focused on its road to recovery following the pandemic. Export value saw a 2.4% decline, with Rand per litre on a whole, showing marginal growth as producers navigate rising costs, shipping challenges and shortages in the supply of packaging goods.



A total volume of 368.8 million litres of wine left South Africa's shores in 2022, some 20 million litres less than in 2021. These exports totalled R9.9bn in value, down from R10.2bn in 2021. The decline can be attributed to shipping constraints at the port of Cape Town, in particular an extended period of adverse weather conditions, which prevented ships from docking during April 2022 as well as the two-week-long period of strikes by port workers in October.

The total price per litre increased by 2.2%, mainly supported by the 5.3% increase in bulk Rand per litre – a positive step in the direction of premiumisation for both packaged and bulk wine categories. Bulk wine exports equate to 62% of total export volumes, however, in terms of value contribution, packaged wine is by far the value leader at 77%.

## Global wine export market projections

The UK, South Africa's largest wine export market, where the perception and quality offering of South African wine has grown over the past decade, continued to show growth of 5% in volume. Higher priced bulk exports drove the volume growth with an 8% growth in Rand per litre being realised.

The Chinese market, which previously showed exponential growth for South African wine, has slowed down due to the extended extreme lockdown measures imposed by the Chinese government. This has brought much of the economy to a halt and led to an overall decline in wine consumption, which is reflected in the total export value decline of 26% and volumes of 38%.

In South Africa's second-largest market, Germany, a decline of 17% in value and 9% in volume could be attributed to a number of factors. These include rising inflation in Germany, and an increase in living costs – something that is also true of many other countries. There is an emerging culture of drinking local wines to support the local producers, coupled with a lack of tourism to South Africa, an area that has previously fostered long-standing relationships with consumers and the wines of South Africa. Fortunately, with global travel resuming it is expected that this will be revived.

## **Performance of exports into Africa**

The continent continues to provide significant opportunities for South African wine and there is support for the notion that the ratification and implementation of the African Continent Free Trade Agreement (AfCFTA) will create significant future opportunities exist in certain countries.

WoSA CEO, Siobhan Thompson comments: “The recovery of exports was hampered in 2022 by various factors out of the control of our producers. During the months of April and October, exports were directly impacted by the weather conditions and strike action in the port of Cape Town. Furthermore, the shortage of shipping containers, as well as packaging materials, caused additional challenges.”

She continues: “On a positive note, the image of South African wine continues to grow with South African wine being awarded various top accolades and ratings in a host of competitions and professional ratings. CapeWine2022, our premier industry showcasing, proved to be a major success and attracted top buyers, influencers and importers from around the globe and we hope to see the impact of this on exports going into 2023.”

“For the first time in several years, we are due to have a major presence at ProWein Germany in March 2023, in Hall 14, stand A70 to C80. Our producers can't wait to hop on planes and have face-to-face meetings with importers and buyers again. We expect 2023 to be a very successful year for South African wine exports.”

Rico Basson, MD of wine industry body, Vinpro states, “Our SA producers and exporters should be commended for the responsible manner with which they approached the marketing of wine during the past year. Our exporters remained focused and notwithstanding massive cost pressure, supply chain disruptions and the surplus stock did not follow a short-term approach to discount their product, which would have eroded the work that was done over the past few years to reposition SA wines.”

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