

SAWIS



World and Local Overview  
**2018**

# Editorial

Global wine production for 2018, excluding juice and must, increased with 12.5% to 27 900 million litres, compared to 24 800 million litres in 2017, according to the OIV.

The EU-28 area under vines is estimated at 3 312 million hectares, remaining stable between 2016 and 2017. The global area under vine has remained constant at 7.5 million hectares.

Global consumption has remained fairly constant at 24 400 million litres (+1.7%) in 2018.

South African total wine exports decreased with 6.5% in 2018, bulk wine -8.3% and -3.8% in packaged wine. Packaged wine exports in 2018 is 6.7% lower compared to 2014.

The still wine stock in South African as at the end of October 2018 is estimated at 296.8 million litres. The stock situation decreased with 95.7 million litres.

This publication provides information that will add to your knowledge of the South African wine industry. It also shows how South Africa compares with the rest of the world. The information covers a broad spectrum of local and international aspects such as wine production, consumption, exports and much more. We believe it will contribute to the continued prosperity of the South African wine industry.

Nadine Uren  
December 2018

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# Area under vines

## World (wine and table grapes)

Since the end of the European Union programme to regulate wine production in the EU, the rate of decline of European vineyards has significantly slowed.

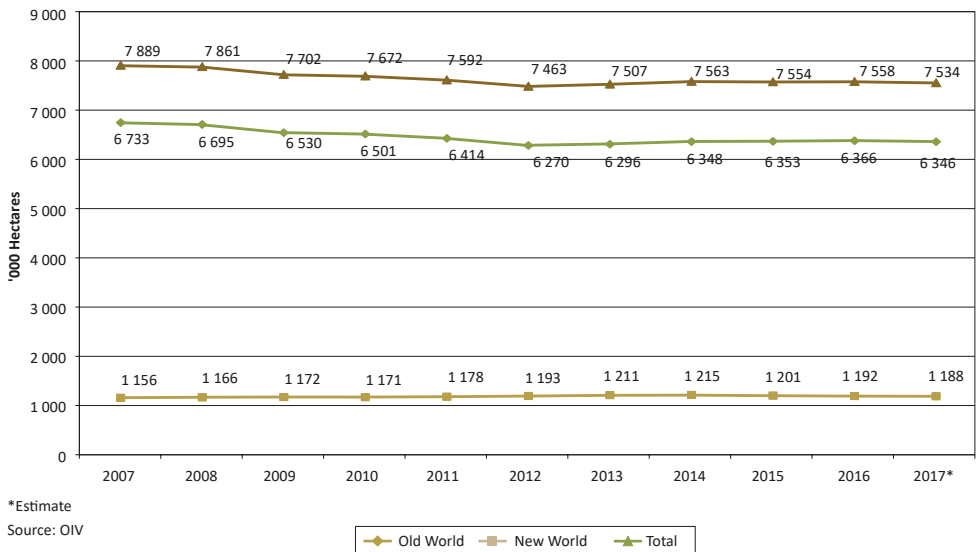
Total European vineyards in 2017 were 3 312 000 hectares.

Vineyard areas outside Europe appear to remain stable between 2016 and 2017.

New Zealand vineyards remained stable at 40 000 hectares, while Australia (145 000 hectares) should see their recent downturn slow.

Overall, the total worldwide area under vines is 7 534 000 hectares.

**WORLD AREA UNDER VINES (WINE AND TABLE GRAPES)**



# New World Countries

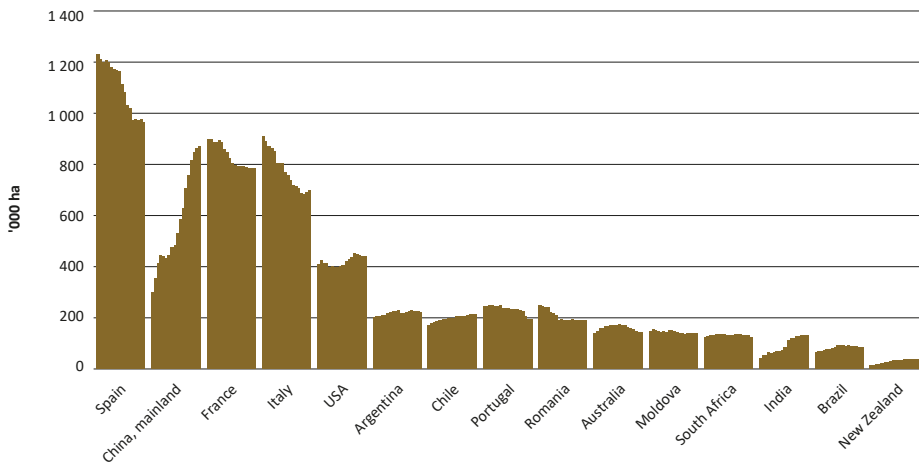
The area under wine grape vines in California decreased by 1 185 hectares to 194 285 hectares in 2017. Chardonnay and Cabernet Sauvignon are the leading wine grape varieties and represent 38.4% of the total area under vines.

South Africa's area under wine grape vines amount to 94 545 hectares in 2017. The leading wine grape varieties, Chenin blanc and Colombar, represent 30.5% of the total area under vines.

Sauvignon blanc is still the most planted variety in New Zealand, accounting for 76% of the white grape plantings and Pinot Noir account for 72% of the red grape plantings.

The area under vine in Argentina has increased to 222 000 hectares. Malbec, Cabernet Sauvignon and Shiraz are the leading wine grape varieties and represent 60.6% of the total area under vines.

**AREA UNDER VINES PER COUNTRY 2000 - 2017 ('000 ha)**



Source: OIV

## SOUTH AFRICA (excluding Sultana)

It is of great concern that since 2005 the industry has not been able to replace an annual 5%, about 5 000 ha, of existing vineyards.

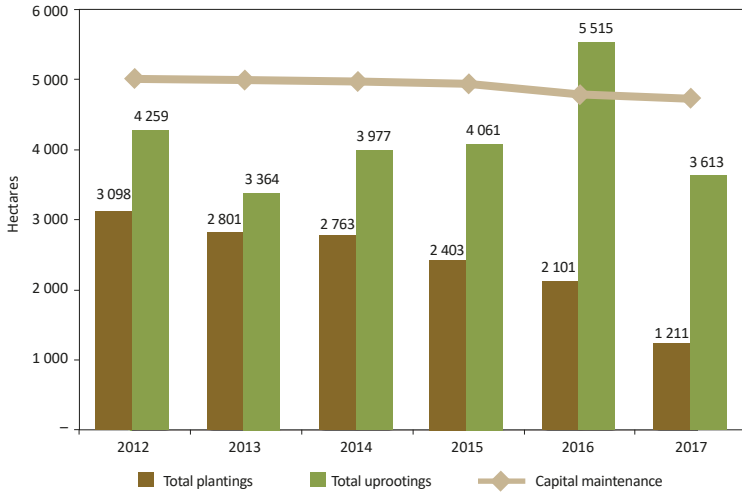
Total hectares for 2017 stand at 94 545 ha compared to 95 775 ha in 2016. This represents a decrease of 1 230 hectares. Until 2006 the total surface showed an annual increase; since then a steady decrease totaling 7 601 hectares.

Since 2008 white and red wine grape varieties remained relatively stable, with 55.2% white and 44.8% red.

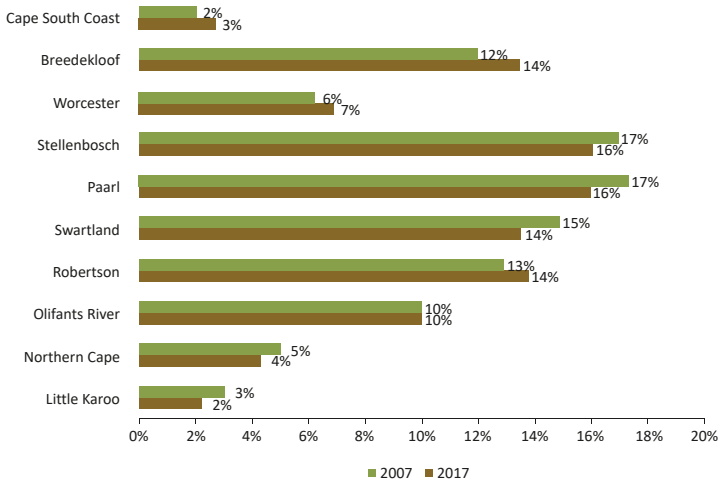
Individual wine grape varieties: Chenin blanc represents 18.6% of the total wine area and Cabernet Sauvignon 11.0%.

33% of vineyards are found in the Breedekloof, Little Karoo, Robertson and Cape South Coast regions and 46% in Swartland, Stellenbosch and Paarl regions.

## TOTAL PLANTINGS AND UPROOTINGS (2012 - 2017) – INDUSTRY



## DISTRIBUTION OF WINE GRAPE VINEYARDS (HA %) PER WINE REGION



# Production of Wine

## World

### WINE CROP (NOT INCLUDING JUICE AND MUST)

| Country/group                | 2009             | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016*          | 2017*          | 2018*          | "Growth rate 18/17" | Average % of total world production 2009 - 2018 |
|------------------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|---|
|                              | '000 hectolitres |                |                |                |                |                |                |                |                |                |                     | %   |
| Argentina                    | 12 135           | 16 250         | 15 473         | 11 780         | 14 984         | 15 197         | 13 358         | 9 400          | 11 800         | 14 500         | 22,9                | 5,0%  |
| Australia                    | 11 600           | 11 420         | 11 180         | 12 260         | 12 310         | 12 020         | 12 000         | 13 100         | 13 900         | 12 500         | -10,1               | 4,5%  |
| Brazil                       | 2 950            | 2 459          | 3 460          | 2 967          | 2 710          | 2 732          | 2 732          | 1 300          | 3 400          | 3 400          | 0,0                 | 1,0%  |
| Chile                        | 9 869            | 8 844          | 10 464         | 12 554         | 12 846         | 10 500         | 12 870         | 10 100         | 9 500          | 12 900         | 35,8                | 4,1%  |
| China                        | 12 000           | 13 000         | 13 200         | 13 810         | 11 780         | 11 178         | 11 178         | 11 400         | 11 400         | NA             | NA                  | 4,0%  |
| France                       | 45 558           | 44 381         | 50 757         | 41 548         | 42 004         | 46 804         | 47 373         | 45 200         | 36 600         | 46 400         | 26,8                | 16,6%   |
| Germany                      | 9 180            | 6 906          | 9 132          | 9 012          | 8 409          | 9 202          | 8 788          | 9 000          | 7 500          | 9 800          | 30,7                | 3,2%  |
| Greece                       | 3 600            | 2 950          | 2 750          | 3 115          | 3 343          | 2 900          | 2 650          | 2 600          | 2 600          | 2 200          | -15,4               | 1,1%  |
| Hungary                      | 3 400            | 1 762          | 2 750          | 1 776          | 2 666          | 2 400          | 2 600          | 2 500          | 2 500          | 3 400          | 36,0                | 1,0%  |
| Italy                        | 47 699           | 48 525         | 42 772         | 45 616         | 54 029         | 44 229         | 48 869         | 50 900         | 42 500         | 48 500         | 14,1                | 17,6%   |
| Portugal                     | 6 000            | 7 148          | 5 622          | 6 327          | 6 231          | 6 195          | 6 703          | 6 000          | 6 700          | 5 300          | -20,9               | 2,3%  |
| Romania                      | 5 600            | 3 287          | 4 058          | 3 311          | 5 113          | 3 750          | 4 069          | 3 300          | 4 300          | 5 200          | 20,9                | 1,6%  |
| Russia                       | 7 000            | 7 640          | 6 980          | 6 220          | 5 290          | 5 100          | 5 600          | 5 200          | 6 300          | 3 900          | -38,1               | 2,2%  |
| South Africa                 | 9 788            | 9 327          | 9 275          | 10 568         | 10 980         | 11 316         | 11 310         | 10 500         | 10 800         | 9 500          | -12,0               | 3,8%  |
| Spain                        | 32 506           | 35 353         | 33 397         | 31 123         | 45 308         | 39 500         | 37 700         | 39 700         | 32 500         | 40 900         | 25,8                | 13,7%   |
| USA                          | 20 620           | 20 887         | 19 140         | 21 650         | 23 590         | 23 100         | 21 700         | 23 700         | 23 300         | 23 900         | 2,6                 | 8,2%  |
| <b>Total top 16</b>          | <b>239 505</b>   | <b>234 348</b> | <b>240 410</b> | <b>233 637</b> | <b>261 593</b> | <b>246 123</b> | <b>249 500</b> | <b>243 900</b> | <b>225 600</b> | <b>242 300</b> | <b>7,4</b>          | <b>89,8%</b>                                    |
| <b>Other</b>                 | <b>28 495</b>    | <b>35 552</b>  | <b>27 393</b>  | <b>24 574</b>  | <b>30 625</b>  | <b>24 111</b>  | <b>26 165</b>  | <b>24 900</b>  | <b>21 100</b>  | <b>36 700</b>  | <b>73,9</b>         | <b>10,4%</b>                                    |
| <b>Total world</b>           | <b>268 000</b>   | <b>264 188</b> | <b>267 803</b> | <b>258 211</b> | <b>292 218</b> | <b>270 234</b> | <b>275 665</b> | <b>268 800</b> | <b>246 700</b> | <b>279 000</b> | <b>13,1</b>         | <b>100,0%</b>                                   |
| <b>Southern Hemisphere**</b> | <b>46 342</b>    | <b>47 690</b>  | <b>49 852</b>  | <b>50 129</b>  | <b>53 830</b>  | <b>51 765</b>  | <b>52 270</b>  | <b>44 400</b>  | <b>49 400</b>  | <b>52 800</b>  | <b>6,9</b>          | <b>18,5%</b>                                    |
| <b>New world***</b>          | <b>64 012</b>    | <b>65 110</b>  | <b>65 532</b>  | <b>68 812</b>  | <b>74 710</b>  | <b>72 133</b>  | <b>71 238</b>  | <b>66 800</b>  | <b>69 300</b>  | <b>73 300</b>  | <b>5,8</b>          | <b>25,7%</b>                                    |
| <b>EU****</b>                | <b>144 543</b>   | <b>140 338</b> | <b>144 430</b> | <b>136 741</b> | <b>159 324</b> | <b>148 830</b> | <b>152 083</b> | <b>153 400</b> | <b>128 400</b> | <b>153 100</b> | <b>19,2</b>         | <b>54,3%</b>                                    |

\* Estimate

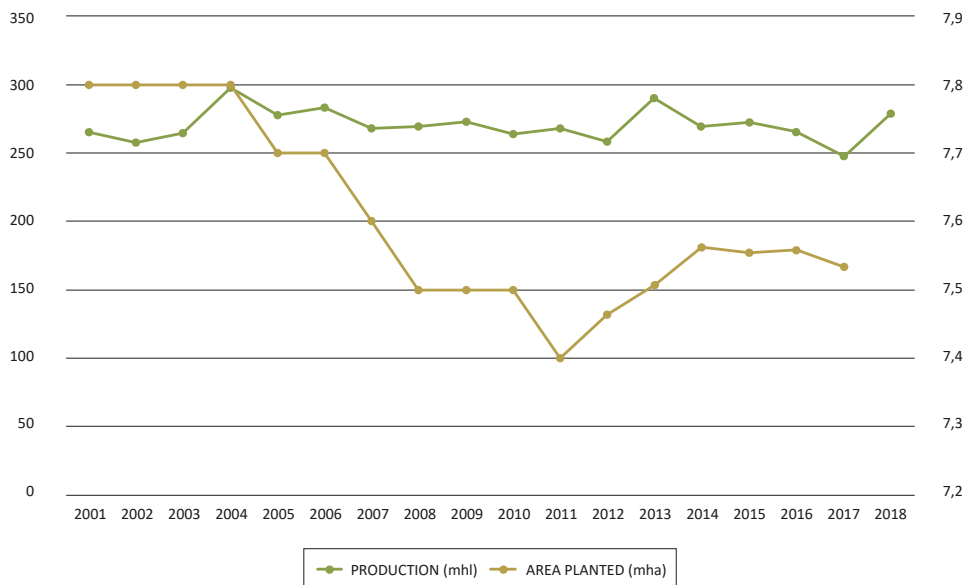
\*\* Argentina, Australia, Brazil, Chile and South Africa  
 \*\*\* Argentina, Australia, Chile, South Africa and the USA  
 \*\*\*\* France, Germany, Greece, Italy, Portugal and Spain

The world wine production for 2018 (excluding juice and musts) is estimated at 27 900 million litres (12.5% increase).

Italy (4 850 million litres) confirms its position as the leading world producer, followed by France (4 640 million litres) and Spain (4 090 million litres).

Europe represents 61% of global wine production, USA 9%, South America 10%, Asia 9%, North America 9%, Australasia 7% and Africa 4%.

## WORLD WINE PRODUCTION & AREA UNDER VINES



## Outside the EU

United States production increased with 2.6% to 2 390 million litres.

Production in South America has increased with 58% after low production levels in 2016 and 2017.

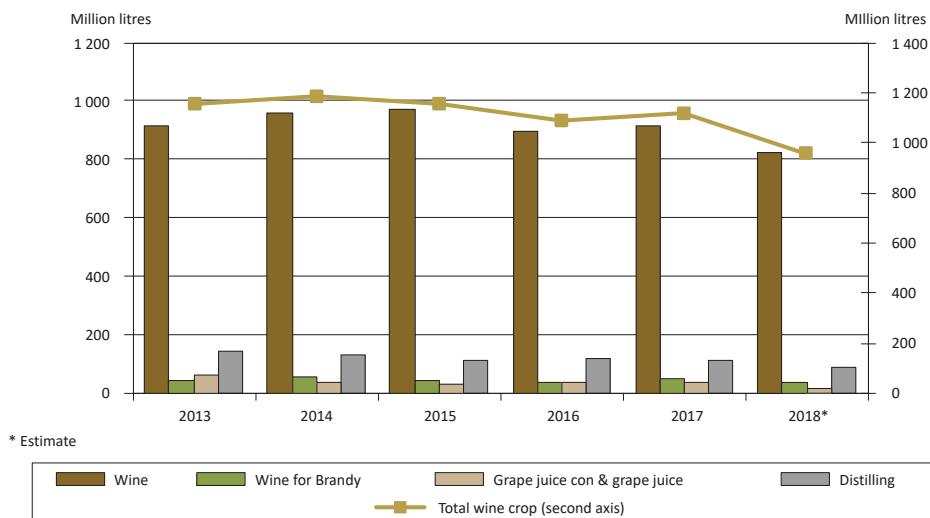
Brazil's production reached a sustained level of 3 400 million litres.

## South Africa

The total wine grape harvest decreased with 12.0% since 2017. The estimated wine grape harvest for 2018 (including juice and must) is 1 238 000 tons compared to 1 437 261 tons in 2017.

The estimated breakdown of the 2018 total wine crop is as follows: wine 822.8 million litres, wine for brandy 36.2 million litres, distilling wine 86.1 million litres, grape juice concentrate and grape juice 12.4 million litres. The import of distilling wine @10% alcohol/volume for 2018 is estimated to be a total of 66.5 million litres to meet domestic market requirements. This is a 46.9% increase compared to 2017.

## WINE CROP



|                                  | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|-------|
| Red varieties as % of grape crop | 33,9 | 33,1 | 31,6 | 34,1 | 31,9 | 32,2 | 33,6 | 32,5 | 32,3 | 32,0 | 33,7  |
| Natural red wine as % of wine    | 37,6 | 35,2 | 34,1 | 35,0 | 35,6 | 37,6 | 36,6 | 34,9 | 34,4 | 34,6 | 36,8  |

\* Estimate

## World consumption

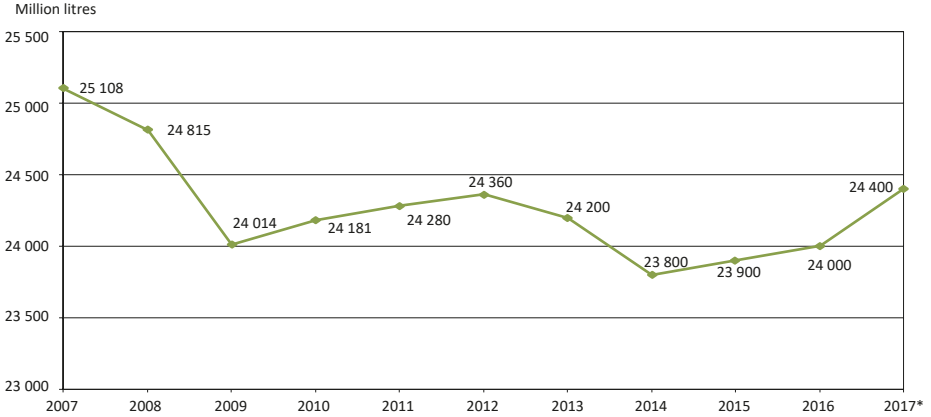
The United States, with consumption estimated at 3 260 million litres, confirmed its position as the top global consumer market.

A very moderate decrease in France to 2 700 million litres, and increases in Italy to 2 260 million litres, in Spain to 1 050 million litres and in Germany to 2 010 million litres.

The world wine consumption is estimated at 24 400 million litres, 1.7% more than in 2016.



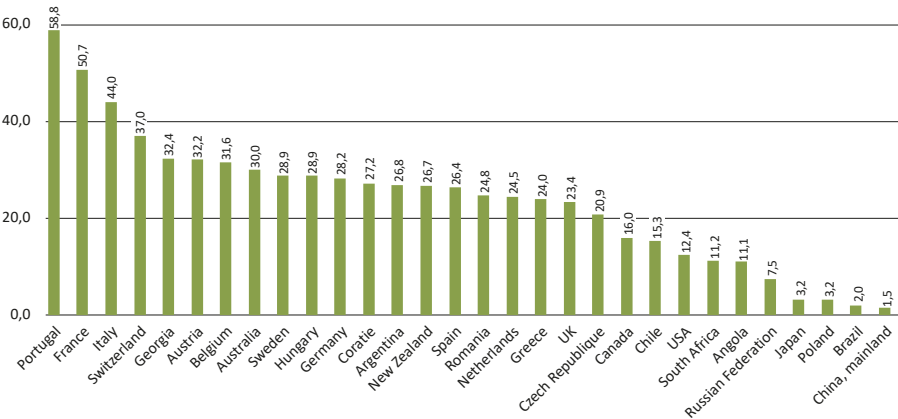
## WORLD CONSUMPTION



\*Estimate

Source: OIV

## 2017 WINE CONSUMPTION PER COUNTRY – LITRES PER CAPITA (+15 YEARS)



Source: OIV

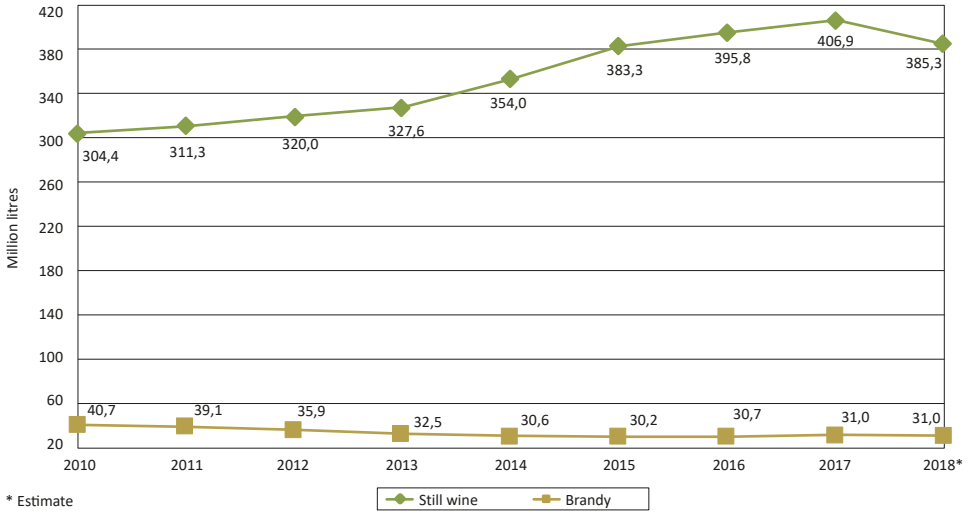
## SOUTH AFRICA Domestic sales

Domestic sales of still wine (including wine used in grape-based liquor and alcoholic fruit beverages) have increased to 385.3 million litres. Domestic sales of sparkling wine are estimated to amount to 9.0 million litres in 2018 and domestic sales of fortified wine to 33.4 million litres.

Domestic sales of brandy are expected to reach 31.0 million litres in 2018.

The twelve month trend up to the end of June 2018 indicates that all alcohol categories grew with +4.0%, wine -5.0%, whisky +4.0%, beer +3.0%, Ready-to-Drink (RTDs) products +6.0%, brandy +5.0% and white spirits +21.0%.

## DOMESTIC SALES



\* Estimate

## Domestic packaged wine information

By the end of 2017 total packaged wine sales increased from 387.8 million litres to 402.2 million litres (+3.7%)<sup>1</sup>.

Wine sold in glass containers continues to hold the largest share of the total packaging market and continues its increasing trend. In 2017 44.0% of still wine was packaged in glass containers, from which 63.4% in 750 ml.

Wine sold in Bag-in-Box reached 37.0% in 2017, with 5 litres containers being the most popular container. 15.4% is sold in plastic containers (62 million litres) with 45.4% and 46.4% in 1 litres and 5 litres respectively. Only 0.1% is packaged in foil bags and 3.6% in tetrapak.

Glass is the most popular form of package among private cellars and wholesalers. Bag-in-Box is the most popular form of packaging among producer cellars and is showing an increasing trend compared to the previous corresponding period.

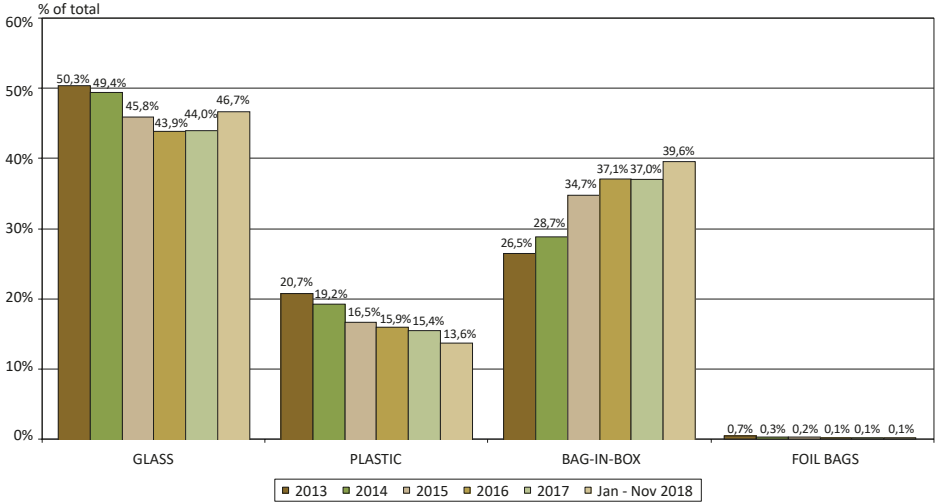
Bag-in-Box is also showing an increasing trend among wholesalers.

Wine sold in all sizes of foil bags amounted to 379 642 litres in 2017 and for the period until November 2018 decreased to 348 812 litres.

The total packaged wine sales for the period January to November 2018 were 377.9 million litres with no significant deviation from current packaging trends.

<sup>1</sup>This figure differs from the domestic sales figure in the previous section because not all role players participate.

## STILL WINE SALES BY TYPE OF CONTAINERS



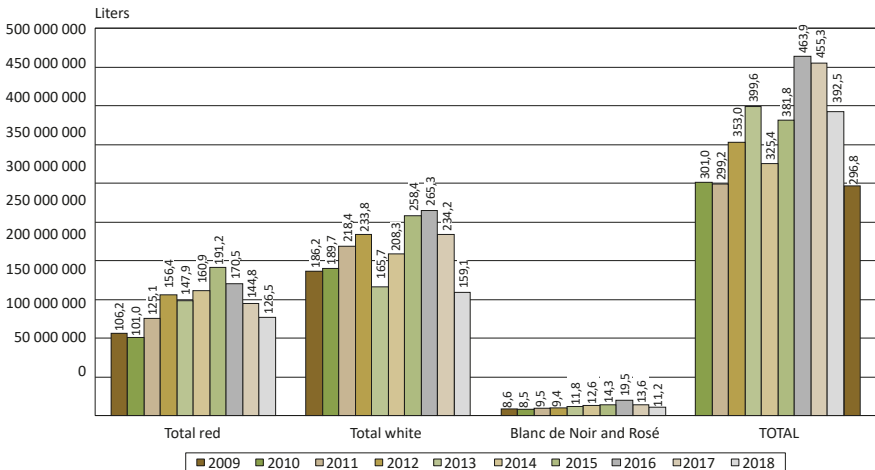
## Stock of wine

### WINE STOCK SITUATION AT PRIVATE AND PRODUCER CELLARS

|       | 31 December 2014 | 31 December 2015 | 31 December 2016 | 31 December 2017 | 31 December 2018* | Trend |       |
|-------|------------------|------------------|------------------|------------------|-------------------|-------|-------|
|       | Million litres   |                  |                  |                  |                   | 17/16 | 18/17 |
| Red   | 206,1            | 219,1            | 184,3            | 161,4            | 141,7             | 87,6  | 87,8  |
| White | 266,6            | 296,2            | 287,3            | 261,2            | 178,3             | 90,9  | 68,3  |
| Total | 488,3            | 531,8            | 492,8            | 437,5            | 332,7             | 88,8  | 76,0  |

\* Estimate

### STOCK SITUATION OF STILL WINE IN THE INDUSTRY – OCTOBER 2018 (TOTAL VOLUME)



The October 2018 survey at producer cellars and larger cellars found that there were 296.8 million litres of still wine stock of which 53.6% was white wine and 42.6% red wine. The total stock situation decreased by 95.7 million litres (24.4%) from 392.5 million litres in October 2017.

The stock situation of fortified wine, including spirits, has shown an increase of 33.0%. Sparkling wine decreased by 4.8% to 226 331 litres. Distilling wine increased from 1 099 397 litres in 2017 to 1 100 819 litres in 2018. The non-alcoholic component (grape juice concentrate and grape juice) decreased from 3 809 981 litres in 2017 to 550 613 litres in 2018.

From 2017 to 2018 the stock of red wine decreased with 12.6% (18.3 million litres) and stock of white wine decreased with 32.1% (75.1 million litres).

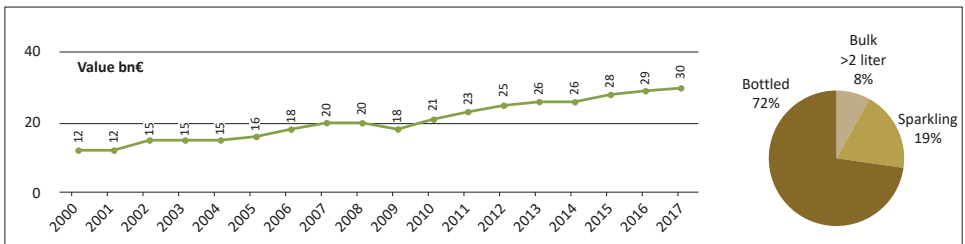
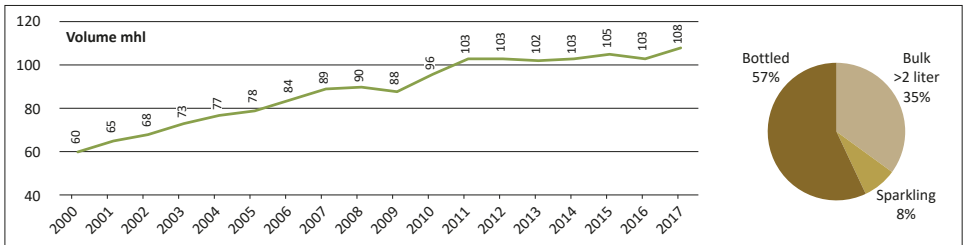
The contracted and bottled part of the total stock of still wine accounted for 98.4%, compared to 98.2% in 2017 and 93.6% in 2016. Contracted and bottled red wine accounted for 97.5% of the total red wine stock compared to 96.8% in 2017. Contracted and bottled white wine of the total white wine stock remained constant with 99.1% in 2017.

## Exports World

In 2017, the global market – considered here as the total exports of all countries – is estimated at 10 800 million litres in terms of volume (an increase of 3.4% compared with 2016), and 30.4bn EUR in terms of value (an increase of 4.8% compared with 2016).

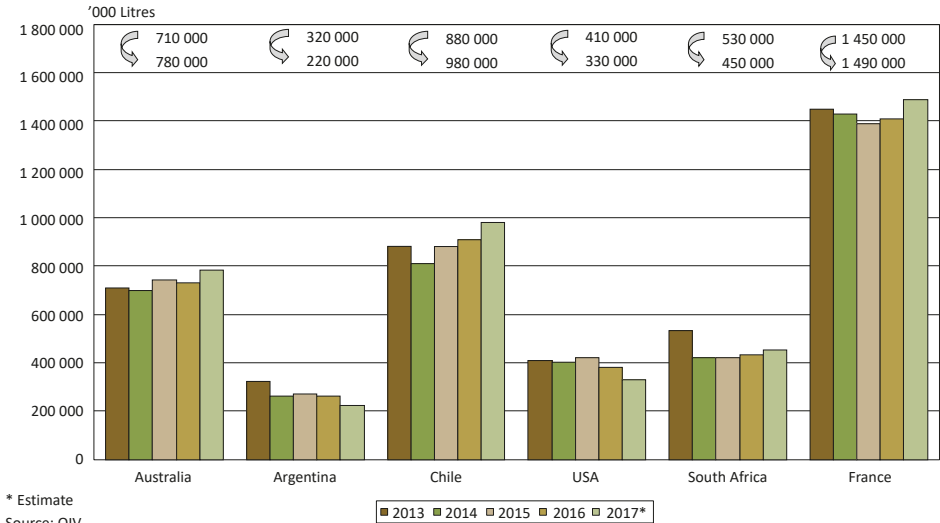
Spain remained the biggest exporter with 2 320 million litres and a global market share of 21%.

### TOTAL GLOBAL WINE EXPORTS

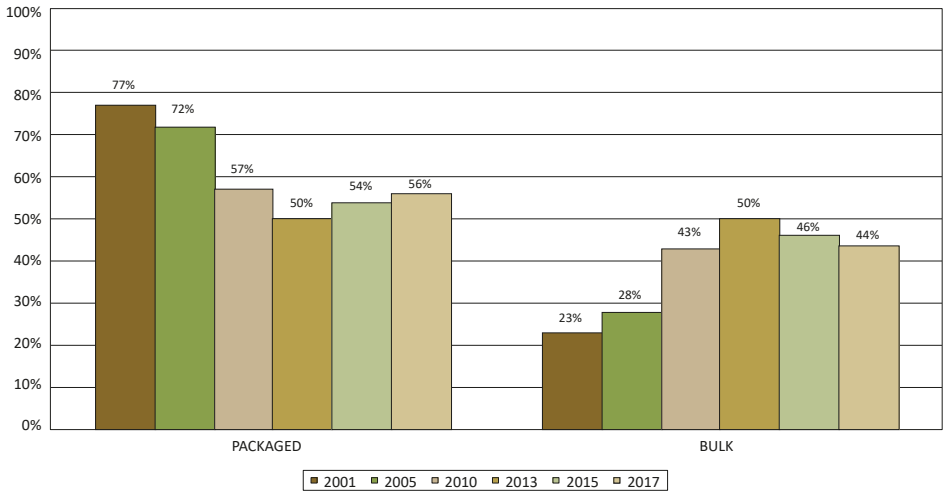


Source: OIV

## WINE EXPORTS – SELECTED COUNTRIES



## GLOBAL WINE EXPORT TRENDS – PACKAGED & BULK



## South Africa

In 2017, a total of 448.4 million litres of the wine produced was exported. It represents 48.8% of wine production. Exports decreased by 6.3% during the period of 2017 - 2018.

In 2018, a total of 420.2 million litres of the wine produced was exported. It represents 48.9% of wine production. Still wine exports as a percentage of wine production increased from 48.4% in 2017 to 50.4% in 2018.

Packaged exports has remained constant at 39.0%. In 2017 bulk wine exports represented 61.0% of wine exports and 59.8% in 2018, an decrease of 22.6 million litres.

The volume of packaged wine exported in 2018 to the Sweden, United Arab Emirates, Kenya, Zimbabwe and Uganda increased, while it decreased to UK, Germany, The Netherlands, USA and China.

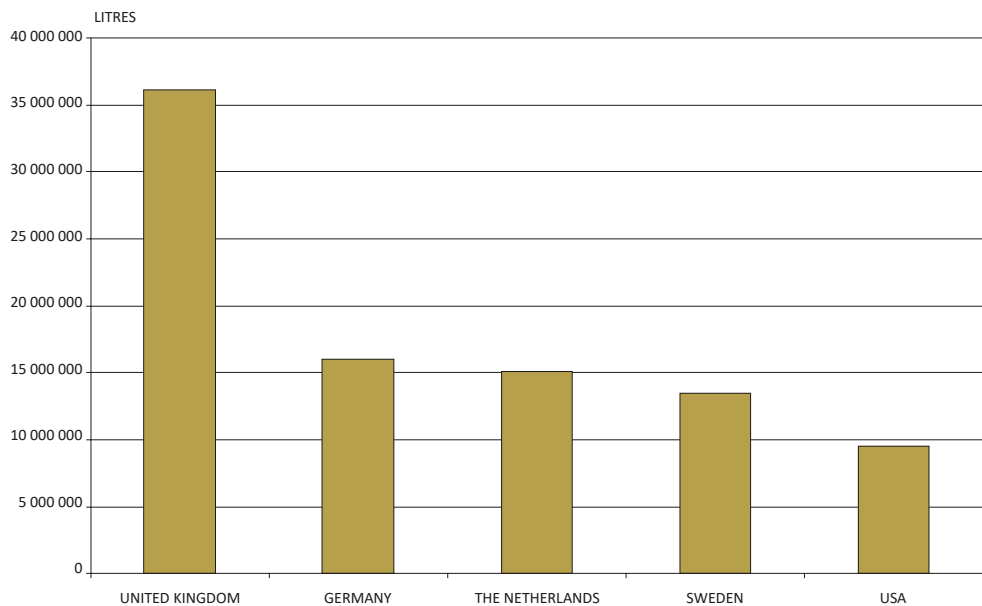
### Packaged Wine Exports

Globally 97.2% of South African glass packaging is exported in 750ml containers. 67.2% of Bag-In-Box packaging is exported in 3 litre containers.

| Top markets for glass - 2018 (%)      |             |                 |              |                      |             |                      |             |                 |             |
|---------------------------------------|-------------|-----------------|--------------|----------------------|-------------|----------------------|-------------|-----------------|-------------|
| <750ml                                |             | 750ml           |              | 1L                   |             | 1.5L                 |             | >5L             |             |
| RUSSIA                                | 20,1        | UK              | 24,2         | ZIMBABWE             | 40,9        | CANADA               | 35,2        | CHINA           | 50,6        |
| CHINA                                 | 11,2        | GERMANY         | 13,4         | CANADA               | 15,9        | USA                  | 14,3        | SWEDEN          | 19,2        |
| UK                                    | 9,5         | THE NETHERLANDS | 11,6         | GERMANY              | 15,2        | KENYA                | 8,7         | GERMANY         | 3,3         |
| NIGERIA                               | 8,5         | USA             | 6,8          | KENYA                | 8,9         | UGANDA               | 8,3         | THE NETHERLANDS | 2,3         |
| UNITES ARAB EMIRATES                  | 6,2         | CHINA           | 6,3          | UNITES ARAB EMIRATES | 3,5         | UK                   | 3,6         | UK              | 2,1         |
| <b>% OF TOTAL</b>                     | <b>0,70</b> |                 | <b>79,92</b> |                      | <b>0,25</b> |                      | <b>1,29</b> |                 | <b>0,05</b> |
|                                       |             |                 |              |                      |             |                      |             |                 |             |
| Top markets for bag-in-box - 2017 (%) |             |                 |              |                      |             |                      |             |                 |             |
| <3L                                   |             | 3L              |              | 4L                   |             | 5L                   |             | >5L             |             |
| UK                                    | 38,6        | SWEDEN          | 45,4         | UNITES ARAB EMIRATES | 0,6         | UNITES ARAB EMIRATES | 35,4        | UK              | 87,8        |
| JAPAN                                 | 15,8        | DENMARK         | 22,0         |                      |             | RUSSIA               | 34,1        | CANADA          | 4,8         |
| FINLAND                               | 14,0        | FINLAND         | 8,9          |                      |             | UGANDA               | 10,6        | THE NETHERLANDS | 0,6         |
| THE NETHERLANDS                       | 3,8         | UK              | 4,8          |                      |             | ZAMBIA               | 5,1         |                 |             |
| MAURITIUS                             | 3,2         | NORWAY          | 2,8          |                      |             | TANZANIA             | 4,8         |                 |             |
| <b>% OF TOTAL</b>                     | <b>1,55</b> |                 | <b>11,93</b> |                      | <b>1,35</b> |                      | <b>2,90</b> |                 | <b>0,01</b> |
|                                       |             |                 |              |                      |             |                      |             |                 |             |

Wine exports to African countries represent 4.8% of total wine exports in 2018, compared to 4.2% in 2017, 4.3% in 2016 and 5.2% in 2015.

## TOP 5 PACKAGED WINE EXPORT PER COUNTRY 2018



## SOMETHING DIFFERENT

### *The South African industry structure*

The number of wineries that crush grapes has decreased from 560 in 2007 to 546 in 2017, mainly due to producer cellar amalgamations.

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