ECONOMIC REALITIES FACING THE SA WINE INDUSTRY

INDUSTRY BREAKDOWN

WINE GRAPE PRODUCERS
- 76% < 500 tons

OF THE 2778 WINE GRAPE PRODUCERS

WINERIES
- 70% < R10 mn

OF THE 533 WINERIES

LOCAL SALES VS EXPORTS

Tons No of producers
- 1 – 100 1 113
- > 100 – 500 987
- > 500 – 1 000 341
- > 1 000 – 5 000 322
- > 5 000 – 10 000 11
- > 10 000 4

Turnover No of wineries
- <R10 mn 371
- >R10 mn to <R50 mn 103
- >R50 mn to <R170 mn 43
- >R170 mn to <R300 mn 8
- >R300 mn 8

More than 50% of producers and wineries have no bridging finance. (Vinpro survey)

EFFECT OF LOCKDOWN

South Africa’s Covid-19 restrictions started 26 March 2020, with serious implications for the wine industry

EXPORTS
5 WEEK BAN
- 26 March – 1 May 2020
- 319 m litres exported in 2020 (↓ 0.2%)
- Logistical challenges remain at Cape Town Port Terminal. Reputational damage and lack of confidence in being able to supply timeously, resulting in loss of listings.

LOCAL SALES
19 WEEK BAN
- 26 March 2020 – 1 February 2021 (intermittent)
- 312 m litres sold locally in 2020 (↓ 20%)

BUSINESSES & JOBS
- 80 wineries
- 350 wine grape producers
- 20 000 people

Are estimated to shut down or are at risk of losing their jobs over the next 18 months.

INCOME
- R8 bn* loss in direct sales
- R400 m* lost for every week domestic sales remained closed
- R3.7 bn lost in wine tourism revenue

*T includes wine tourism, but not potential recovery in wine sales

TAX & ILLICIT TRADE
- R3.0 bn* projected loss in tax (excise & other)
- Illicit trade had grown significantly

* Wine only

STOCK
- 650 m litres wine stock at end 2020
- 200 m litres uncontracted

Pressure on price, cellar capacity and taking in the 2021 wine grape crop.

Source: Vinpro and SAWIS, 1 April 2021. For more information visit www.sawis.co.za.