

Voluntary Report – Voluntary - Public Distribution

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Report Name: An Overview of the South African Wine Industry

Country: South Africa - Republic of

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Report Category: Wine

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Report Highlights:

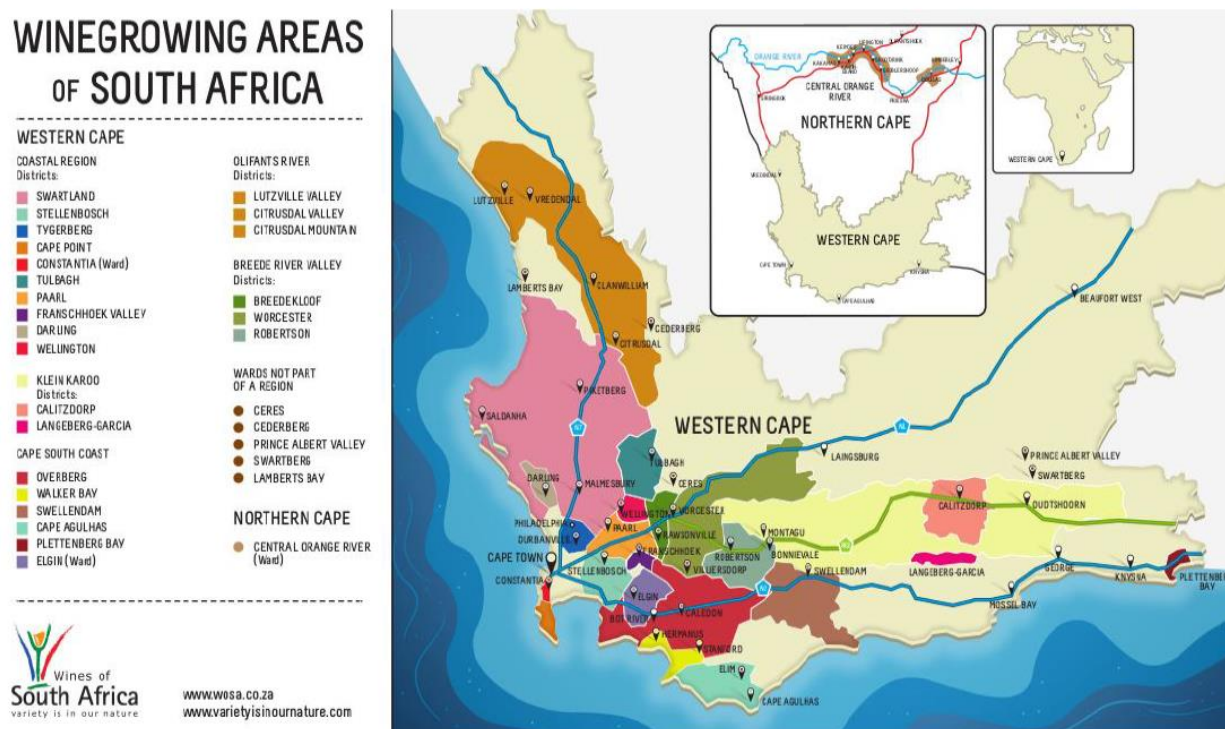
Wine grape production in 2025 is forecast to improve by five percent on favorable winter conditions, which will translate into a slight increase in wine production. Area planted to wine grapes is on a downward trend and, in 2025, is forecast to be at its lowest since 1997 as growers continue to face cash flow constraints. Reduced area coupled with adverse weather led to the lowest production in 2024 since 2002. Despite an estimated decrease in wine production in 2024, berry sizes were smaller and highly concentrated and resulted in improved wine quality. South Africa exports mostly white wine to the United States - which enters duty free under AGOA. Wine imports from the United States are minimal, accounting for only 0.3 percent and are subject to a 25 percent import tariff.

Background

The South African wine industry broadly covers the production of wine (still, fortified and sparkling), wine for brandy, distilling wine, brandy, grape juice and grape juice concentrate for use in wine and non-alcoholic products. The Western Cape and Northern Cape are the main wine producing provinces in South Africa, as shown in Figure 1. Wine grape vines are planted on 87,848 hectares (ha) with 55 percent of plantings consisting of white varieties and the remainder with red varieties.

The industry is made up of 2,350 wine grape producers and 522 wineries. About 71 percent of wineries are small, with each winery crushing between 1 and 500 tons of grapes. The number of wine grape producers is declining, dropping by an average of 3 percent per year from 3,596 grape producers since 2010. Wine cellars have also decreased by 9 percent from 573 in 2010. The decline is due to growers shifting towards more profitable enterprises, such as fruit and tree nut production, due to rising input costs. Table 1 shows the distribution of wineries by the size of grapes they crush per annum. Post contacts reported that about one fifth of wineries in South Africa are foreign owned with a fraction of those having U.S. investors.

Figure 1: Wine Producing Areas in South Africa



Source: *Wines of South Africa (WOSA)*

Table 1: Distribution of Wineries Based on Size in 2023.

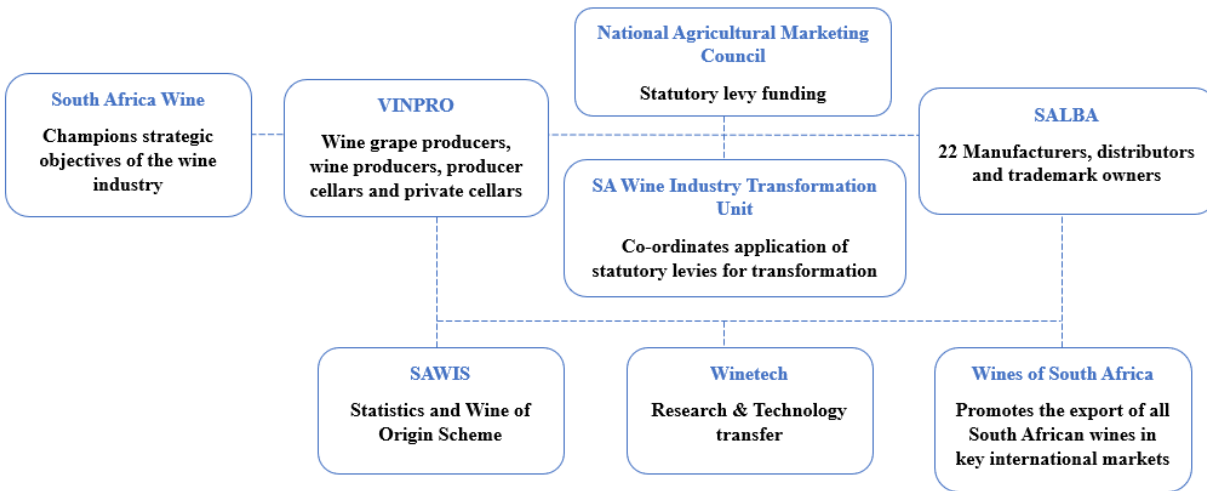
Categories (Tons wine grapes crushed)	Number of wine cellars	
	Total	Percentage
1 - 100	218	42%
>100 - 500	152	29%
> 500 - 1,000	40	8%
>1,000 - 5,000	65	12%
>5,000 - 10,000	14	3%
>10,000	33	6%
Total	522	100%

Source: Post using South African Wine Industry Information and Systems (SAWIS) data

Figure 2 shows the main organizations providing services and support to the South African wine industry. The National Agricultural Marketing Council (NAMC), a statutory body reporting to the Minister of Agriculture, Land Reform and Rural Development (DALRRD), monitors investments of statutory levies paid by wine industry players. South Africa Wine, a national body representing wine grape producers, cellar wine, wine related businesses and wholesalers launched operations in 2023. VINPRO represents wine producers, cellars and industry stakeholders on issues that have an impact on the profitability and sustainability of its members, and the industry as a whole, and provides technical expertise and specialized services ranging from soil science to viticulture, agricultural economics and transformation and development. The South African Liquor Brand Owners Association (SALBA) represents manufacturers and distributors of liquor products on issues of common interest e.g. lobbying government on regulatory matters.

The SA Wine Industry Transformation Unit (WITU) accelerates the development of the operational and financial capacity of wine farms and businesses owned by black people throughout the wine industry value chain. The Wine and Agricultural Ethical Trade Association oversees ethical trade programs for the South African wine industry. The Wines of South Africa (WOSA) represents producers of wine who export their products and is recognized by the government as an Export Council. The South African Wine Industry Information and Systems (SAWIS) supports the wine industry through the collection, analysis and dissemination of industry information, and the administration of the industry's Wine of Origin system. SA Brandy Foundation is contracted by SA Wine to ensure the category promotion of brandy.

Figure 2: Structure of the South African Wine Industry



Source: *FAS Pretoria using VINPRO information*

Figures 3 show a certified seal appearing on wine produced and packaged in South Africa certified by the Wine and Spirit Board. The seal serves as a guarantee of origin, vintage and variety as stated on the wine label. It also serves as a guarantee for sustainable production of wine along with traceability from the vineyard to final packaged wines.

Figure 3: Seal for Wine of Origin and Integrated Production of Wine



Sources: Wines of South Africa

Production area

Area under wine grape production is on a downward trend, dropping at an annual average of one percent since 2010 (see Figure 6). Post contacts reported that the 2023 vineyard area is at its lowest since 1997, with a larger portion of vines older than 20 years. Replanting of vineyards has slowed as only 9.5 percent of vineyards are 4 years and younger while the majority of vineyards (56 percent) are 16 years and older. Older vineyards tend to show effects of accumulated diseases

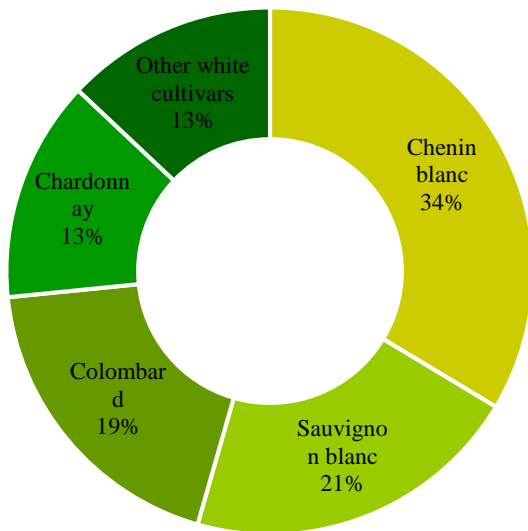
and perform poorly during sub-optimal weather conditions. Therefore, yields of older vines tend to be lower in comparison to younger vines.

Growers continue to face increases in the costs of labor, mechanization, and direct costs such as herbicides, pesticides, and fertilizer. Due to cash flow constraints, some growers are putting off replanting and expanding area planted to wine grapes. Instead, growers are shifting investments towards improving cultivation practices and technologies to achieve higher yields. Profitability in fruit production has attracted many growers in recent years, with Post contacts indicating that many have repurposed land for other high value crops.

Grape Production

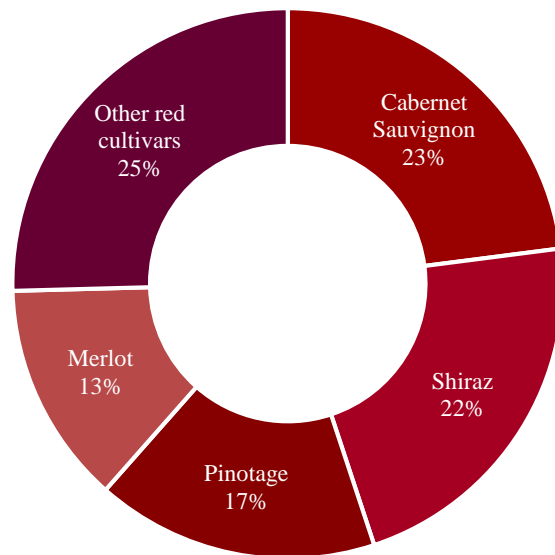
The choice of wine grape cultivar is increasingly influenced by a favorable price point and consumer trends. White wine grape is the most produced wine grape cultivar, making up 55 percent in 2023. Chenin blanc has been a dominant white cultivar planting due to good yields and hardiness in unfavorable weather conditions. However, recently, growers are moving more towards Chardonnay and Sauvignon blanc plantings on better price points, good yields, and sustainable local and international demand. Red cultivars only make up 45 percent of wine variety plantings, with Cabernet Sauvignon, Shiraz and Pinotage being the most planted of red varieties.

Figure 4: White Wine Cultivars: 2023



Source: *FAS Pretoria using SAWIS data*

Figure 5: Red Wine Cultivars: 2023



Source: *FAS Pretoria using SAWIS data*

The production of wine grapes in South Africa has been dropping at an annual average of one percent since 2010 to 1.18 million metric tons (MMT) in 2023 mirroring a drop in area planted (see figure 6). Figure 7 highlights production area and volumes for wine producing regions in South Africa in 2023.

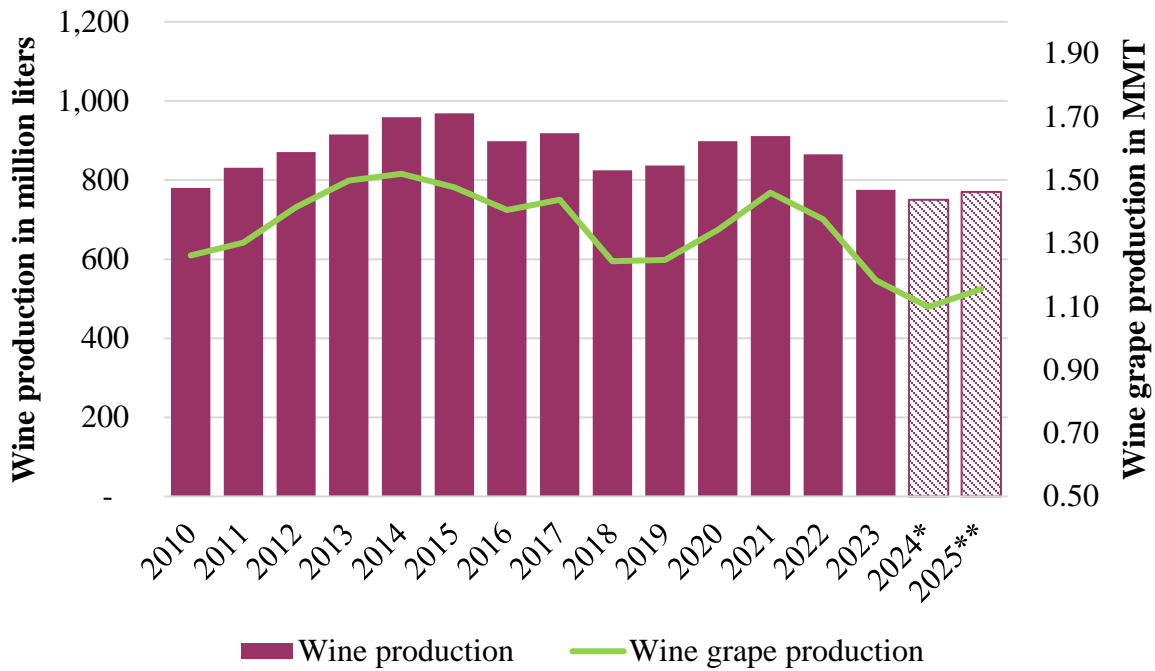
Post contacts forecast that table grape production in 2025 will improve by five percent from 2024. Growth is based on sufficient chill units and minimal frost damage during the winter of 2024. Several production regions in the Western Cape received record rainfall in winter ensuring sufficient water for irrigation. Post contacts also report that lower disease pressure and favorable growing conditions after the 2024 harvest are expected to support improved yields, enabling recovery from the prior season. Production for 2024 is estimated to have dropped by seven percent to 1.10 MMT, making it the lowest produced volume since 2002. The harvest was affected by high rainfall levels, floods, and significant frost damage during the Spring of 2023. Prolonged cool and wet spring conditions affected flowering, fruit set, and yield particularly of early cultivars such as Chardonnay, Pinotage and Chenin Blanc. However, later red cultivars are reported to have higher yields as the flowering period was not affected by the cool and windy spring conditions.

Grape production in 2023 dropped by 14 percent to 1.18 MMT as some growing regions experienced high disease pressure due to high rainfall and flooding that led to crop losses. The crop size was also impacted by erratic electricity supply as growers were unable to irrigate as required. The dip in production was further exacerbated by uprooted vineyards particularly in the Northern Cape, Olifants River and Swartland producing regions.

Wine Production

The production of wine in South Africa is mostly white wine (66 percent) mirroring wine grape production trends and consumer demand. Post forecasts that wine production will improve minimally by three percent in 2025 on expected improvement in wine grape production. Post estimates that wine production in 2024 dropped by three percent to 750 million liters on a decrease in wine grape production. While the quantity is estimated to have declined, Post contacts indicated that berry sizes were smaller and highly concentrated and will result in improved wine quality. South Africa produced 776 million liters of wine in 2023, dropping from 865 million liters in 2022 (a 10 percent decrease) largely based on a dip in wine grape production and wine sales.

Figure 8: South African Wine Grape and Wine Production



Source: FAS Pretoria using SAWIS data

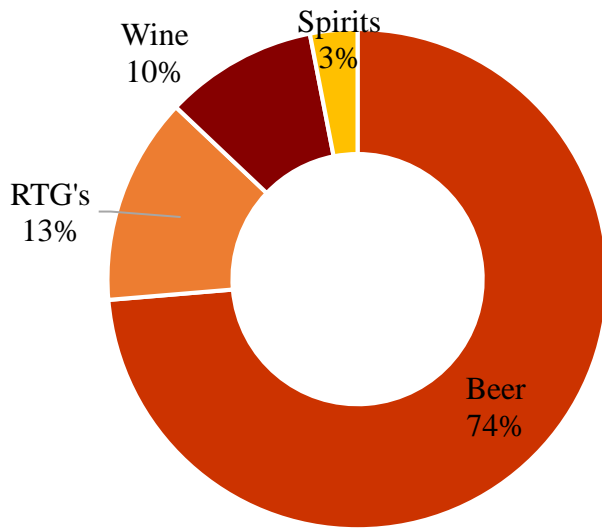
*Post Estimate

**Post Forecast

Domestic consumption

Beer is the preferred alcoholic beverage in South Africa, and at an annual consumption of 3.4 billion liters, it accounts for 74 percent of the total alcoholic beverage consumption, followed by Ready To Go (RTG's) alcoholic fruit beverages and spirit coolers at 13 percent. Wine consumption accounts for only about 10 percent of total alcoholic beverage consumption as shown in Figure 9. Per capita consumption of wine in South Africa is about 8 liters, which is lower than the United States (21 liters), Argentina (22 liters) and above 25 liters in most European Union Countries. Approximately 459 million liters of wine was sold in the domestic market in 2023, compared to 466 million liters in 2022. A two percent drop in wine consumption is attributed to inflationary pressure (see GAIN report [Food Inflation Surged to a 14-Year High in South Africa](#)).

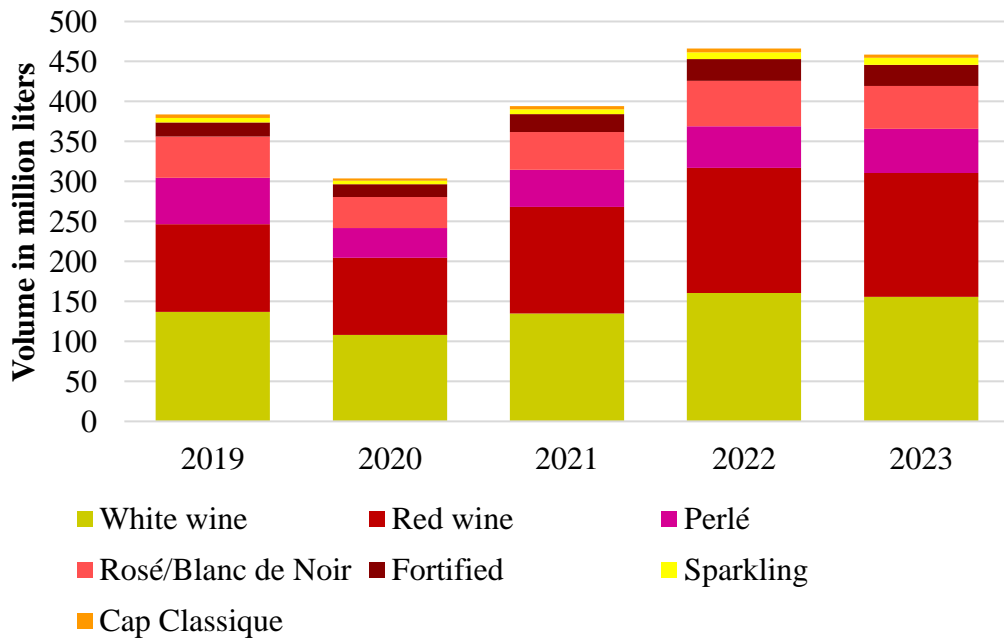
Figure 9: Alcoholic Beverage Consumption in South Africa in 2023



Source: *FAS Pretoria using SAWIS data*

At an aggregate, white and red wine categories are consumed at almost equal proportions; still white wine at 33.9 percent and red wine 33.8 percent (see Figure 10). South Africans largely consume dry red, natural sweet red, natural sweet white, white semi-sweet and dry white wine.

Figure 10: Wines Sold per Type in the Domestic Market



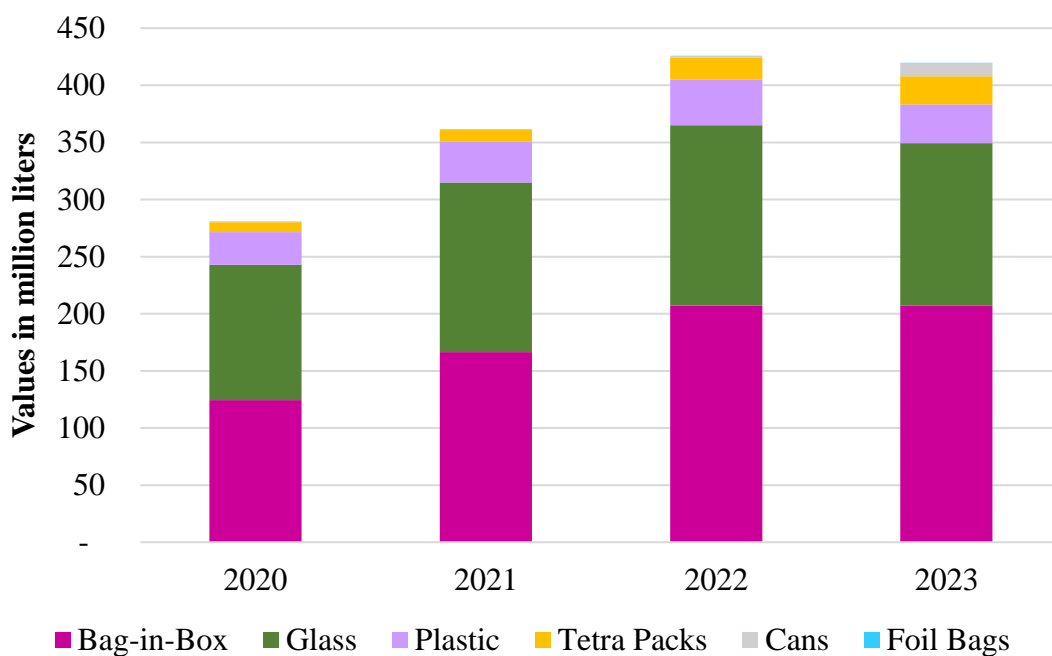
Source: *FAS Pretoria using SAWIS data*

Wines in South Africa are mostly sold in “bag in box” containers (49.4 percent), with half of these sales packaged in 5-liter bags. Bottles are the next most popular packaging type with use of 750 milliliter bottles, mostly used to serve customers in airplanes, used more commonly than standard size wine bottles. A more recent trend in South Africa is wine sold in cans.

Figure 11: South African Wine Packages



Figure 12: Types of Wine Containers for Packaged Still Wine



Source: *FAS Pretoria using SAWIS data*

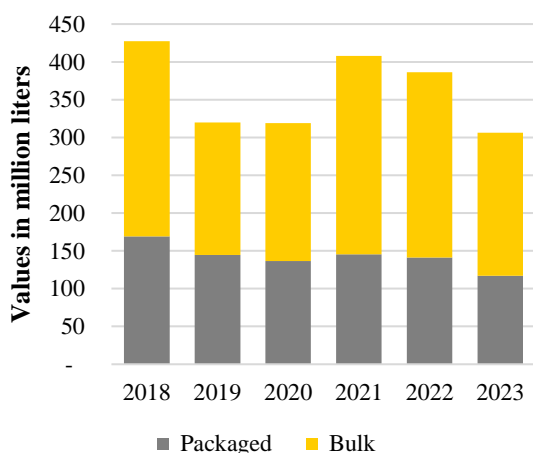
Wine tourism is an important driver of wine sales and generator of revenue for the wine industry in South Africa, contributing about 17 percent of total income of wine cellars that crush grapes. South Africa has 23 wine routes stretching across the Western Cape, Northern Cape and Kwa-Zulu Natal provinces. On-farm sales contribute significantly to domestic consumption and are reflected in the estimates above. The majority of these on-farm sales, both by the glass on farm consumption and direct bottle sales, occur within the Western Cape.

Wine Exports

Although the industry has been increasingly focused on the domestic market, nearly half of wine produced in South Africa is expected to be exported in 2024. South African wine exports have been declining, dropping at an annual average rate of 4 percent since 2014 on sustained domestic demand and a drop in production. In 2023, exports further shrunk by 20 percent to 349 million liters on lower production. Despite a drop in production, Post estimates that export volumes in 2024 will improve by two percent based on increased pace of exports so far this year. Improved import demand in Europe, a leading market for South African wines, is the primary driver of this growth.

South Africa exports most of its wine in bulk. The most exported wine is white wine, more particularly, Sauvignon Blanc, Chenin Blanc and Chardonnay, shadowing production volumes of white wine varieties. Most of the white wine in 2023 was destined to the United Kingdom (35 percent), Germany (16 percent) and Canada (8 percent). Red wines make up 32 percent of wine exports and include red blends, dry red, Shiraz and Pinotage. The U.K. is a leading market for red wine exports, accounting for a 24 percent share followed by Germany (17 percent), Denmark (7 percent), China (5 percent) and Belgium (5 percent).

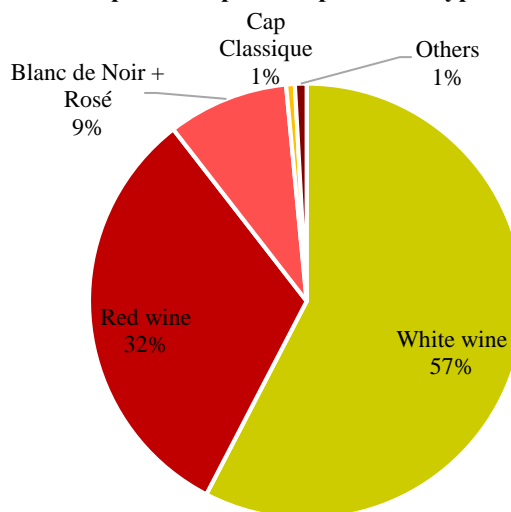
Figure 13: Packaged and Bulk Wine Exports: 2023



Source: FAS Pretoria using SAWIS data

The EU is South Africa's main market for wine exports, accounting for a 3-year average share of 62 percent, followed by the UK (23 percent 3-year average share). South Africa benefits from an annual quota allocation of 117 million liters with a 70:30 split between bottled and bulk wine under the SADC EU Economic Partnership Agreement. The UK grants South Africa duty free access for 73 million liters of wine with a 70:30 split between bottled and bulk wine. South Africa benefits from a duty-free access into the South African Customs Union, exporting to Namibia (6 percent or 21.3 million liters), followed by Botswana (2 percent or 6.8 million liters), Lesotho (1 percent or 3.5 million liters) and Eswatini (1 percent or 1.9 million liters). There has been remarkable growth in the portion of South African wine exports to other African countries, from 5 percent in 2003 to 18 percent in 2023.

Figure 14: Export Composition per Wine Type: 2023



Source: FAS Pretoria using SAWIS data

Table 2: South Africa Wine Exports

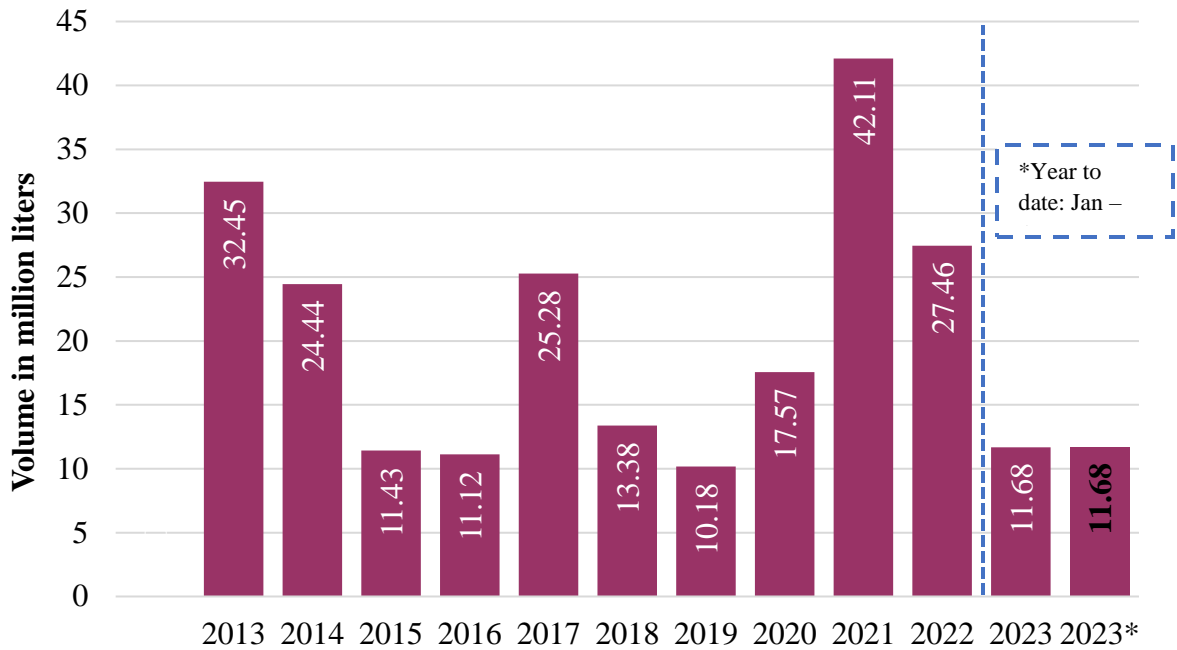
Commodity: 2204, Wine of Fresh Grapes, Including Fortified Wines; Grape Must (Having An Alcoholic Strength By Volume Exceeding 0.5% Vol.) Nesoi: Year Ending December

Figures in million liters						
Partner Country	2021	2022	2023	Year to date: January-August		
				2023	2024	% Change (2023-2024)
United Kingdom	90.11	96.89	93.12	56.95	55.54	-2%
Germany	96.02	58.20	44.63	27.78	27.67	0%
Namibia	27.34	19.65	21.30	13.12	13.41	2%
Netherlands	21.50	20.70	19.18	10.66	12.30	15%
Belgium	9.46	13.20	17.23	10.75	9.98	-7%
Canada	27.59	26.12	16.31	10.96	9.86	-10%
France	16.25	23.39	16.06	9.77	12.15	24%
Denmark	14.11	14.78	14.06	9.17	8.98	-2%
United States	42.11	27.46	11.68	8.63	7.93	-8%
Sweden	14.44	11.19	11.28	7.34	9.09	24%
Botswana	6.11	7.07	6.78	3.78	3.91	3%
China	13.30	8.13	6.63	5.41	2.50	-54%
Kenya	6.29	5.88	5.91	3.14	2.79	-11%
United Arab Emirates	4.01	5.15	4.58	2.65	3.08	16%
Tanzania	4.39	5.48	4.44	2.62	2.71	3%
Nigeria	6.32	5.80	4.03	2.68	2.96	10%
<i>Others</i>	<i>80.71</i>	<i>89.41</i>	<i>52.07</i>	<i>32.84</i>	<i>38.62</i>	<i>18%</i>
Total	480.04	438.51	349.30	218.25	223.48	2%

Source: FAS Pretoria using Trade Data Monitor, LLC. data

The United States is the 4th most important market for South African wine exports in value terms accounting for a 3-year average share of 8 percent. Post contacts report that in 2022 the United States was the second largest market for South African wine in value terms for consumer-oriented packaged wines, such as canned or bagged product, while many other destinations import in bulk for blending or packaging in market. South Africa benefits from duty-free access in the United States under AGOA. In 2021, exports to the United States jumped by 140 percent as more domestic supply was available for export after the easing of Covid 19 restrictions, which correlated with a shortfall in Australian supply to the United States.

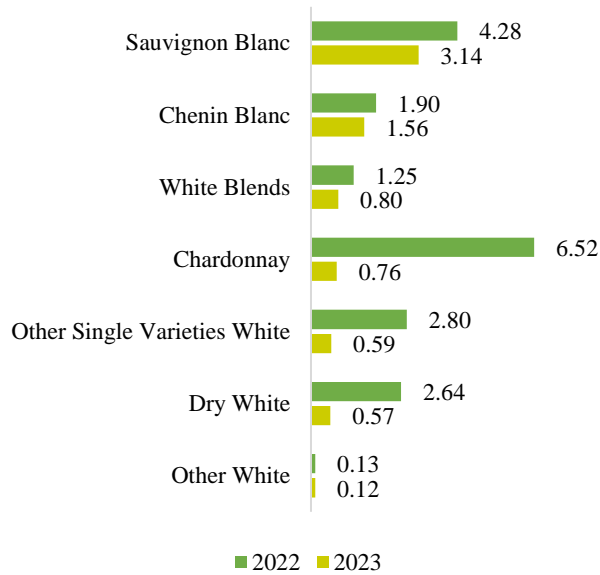
Figure 15: South Africa Exports of Wine to the US



Source: *FAS Pretoria using Trade Data Monitor, LLC. data*

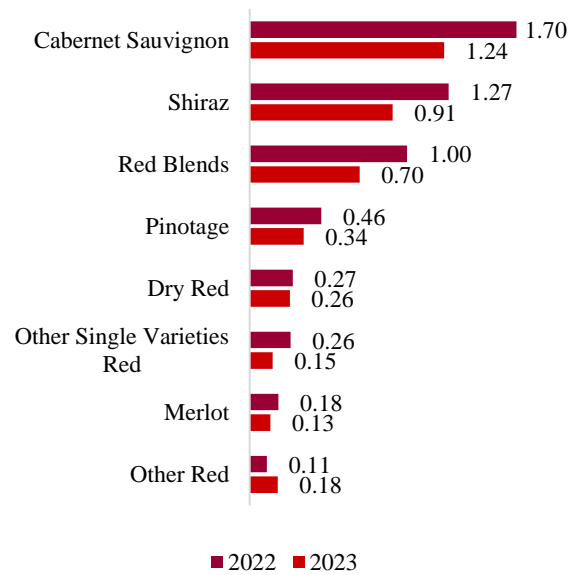
In 2023, 62 percent of wine exported to the United State was packaged, a notable shift from the prior years when the majority of wine exports were bulk. The most exported wine type is white wine (62 percent in 2023), particularly Sauvignon Blanc, Chenin Blanc, White Blends and Chardonnay (see figure 16). Red wine exports are mostly comprised of Cabernet Sauvignon, Shiraz, Red Blends, Pinotage and Dry Red (see figure 17). Other wine types exported by South Africa to the United States are Blanc de Noir & Rose (2 percent), Cap Classique (2 percent) and Sparkling wine (1 percent). Cap Classique is a term for sparkling wine made in South Africa as a response to South Africa’s acceptance of Champagne as a geographical indicator referring to wine from the Champagne region in France.

Figure 16: Composition of SA White Wine Exports to the US



Source: FAS Pretoria using SAWIS data

Figure 17: Composition of SA Red Wine Exports to the US



Source: FAS Pretoria using SAWIS data

Wine Imports

South Africa imported approximately 3.3 million liters of wine in 2023 increasing by three percent from 2022. Imports are mainly comprised of sparkling wine (64 percent) followed by packaged still wine (35 percent). European countries such as France and Italy are the main suppliers of wine to South Africa as their exports enter duty free.

Table 3: South Africa Wine Imports

Commodity: 2204, Wine of Fresh Grapes, Including Fortified Wines; Grape Must (Having An Alcoholic Strength By Volume Exceeding 0.5% Vol.) Nesoi: Year Ending December

Figures in '000 liters						
Partner Country	2021	2022	2023	January-August		
				2023	2024	% Change (2023-2024)
France	1,113.77	1,365.46	1,471.57	1,055.05	897.71	-15%
Italy	738.43	1,023.42	980.12	621.39	593.22	-5%
Portugal	214.07	336.30	334.75	210.33	265.63	26%
Spain	153.75	118.19	235.73	164.26	86.31	-47%
Argentina	25.00	22.38	50.11	43.66	1.52	-97%
Germany	58.70	36.60	48.89	43.28	46.80	8%
Australia	0.45	28.77	20.88	20.67	600.28	2804%
Chile	28.01	10.46	19.70	19.55	22.75	16%
Israel	19.64	12.41	17.97	15.00	1.54	-90%
United States	20.58	22.02	9.61	7.75	8.65	12%
New Zealand	1.03	13.85	9.30	5.79	10.04	74%
Others	132.79	232.26	105.77	96.77	210.10	117%
Total	2,506.24	3,222.11	3,304.40	2,303.50	2,744.53	19%

Source: *Post using Trade Data Monitor, LLC. data*

The USA ranks 10th on the list of wine suppliers to South Africa, accounting for a 0.3 percent share in the market. Imports from the United States contracted to 9,605 liters in 2023 compared to 22,016 liters in 2022. The United States continues to trade at a disadvantage in South Africa, in comparison to countries that have a free trade agreement, especially the European Union. Table 4 shows that United States wine exports (General column) face customs duties of up to 25 percent.

Table 4: Import Duties of Wine to South Africa, Unit – liters

HS Code	Description	General	EU/UK	EFTA *	SADC	MERCOSUR	AfCFTA
2204.1	Sparkling wine	25%	Free	25%	Free	25%	15%
2204.21.30	Grape must with fermentation prevented or arrested by the addition of alcohol	25%	Free	25%	Free	25%	15%
2204.21.40	Unfortified wine	25%	Free	25%	Free	25%	15%
2204.21.50	Fortified wine:	25%	Free	25%	Free	25%	15%
2204.29.30	Grape must with fermentation prevented or arrested by the addition of alcohol	25%	Free	25%	Free	25%	15%
2204.29.40	Unfortified wine	25%	Free	25%	Free	25%	15%
2204.29.50	Fortified wine	25%	Free	25%	Free	25%	15%
2204.3	Other grape must	25%	Free	25%	Free	25%	15%

Source: *South African Revenue Service (SARS)*

Updated on October 11, 2024

*European Free Trade Association

Policies and Regulations

Domestic Taxes on Wine

The South African Revenue Service imposes [additional taxes](#) on domestic wine produced in SACU through the excise tax. The excise tax increased by 7 percent in 2023. Table 5 shows the excise tax schedule since 2018.

Table 5: Exercise Duty Imposed on Domestically Produced Wine

Wine (rand/liter) Product	Date adjusted						
	2018-02-21	2019-02-20	2020-02-26	2021-02-24	2022-02-23	2023-02-22	2024-02-21
Sparkling wine	12.43	13.55	14.36	15.51	16.52	16.64	17.83
Still wine	3.91	4.20	4.39	4.74	4.96	5.20	5.57
Fortified wine	6.54	7.03	7.34	7.92	8.36	8.77	9.40

Source: *SAWIS and SARS*

The exchange rate is 17,33 South African Rand (ZAR) to one U.S. dollar (USD) as of October 3, 2024.

Export and Import Procedures

The Department of Agriculture, Land Reform and Rural Development (DALRRD) is responsible for the administration of regulations relating to the importation and exportation of wine in South Africa. Any liquor product intended for import needs an import certificate from the DALRRD. Application for an import certificate is done online on the following website, www.dawineonline.co.za. The following link provides the step-by-step guide for the importation of liquor products for sale in South Africa, [download](#). The following link provides the step-by-step guide for the exportation of liquor products from South Africa, [download](#).

Liquor Regulations

South African regulations define wine as a “liquor product.” Liquor regulations fall under three government departments: the Department of Agriculture, Land Reform and Rural Development (DALRRD), Department of Health and the Department of Trade, Industry and Competition (DTIC). DALRRD using the [Liquor Products Act No. 60 of 1989](#), regulates the import and export of liquor products by issuing certificates and ensuring compliance to the quality standards. DTIC using the [National Liquor Act No 59 of 2003](#) regulates the large scale manufacture and the distribution of liquor and requires all large scale manufacturers and distributors to be registered with the National Liquor Authority and also develops national liquor laws e.g. minimum drinking age. The Ministry of Health is responsible for the labelling and advertising of liquor products based on the [regulations relating to labelling and advertising](#).

Attachments:

No Attachments.