Consumer Countries/Markets

UK: Wine prices ´could rise by up to 30%´

Last year global wine production slumped to a 56-year low following the perfect storm of late-spring frosts coupled with summer heat waves in key wine producing regions like France, Italy and Spain. South Africa is having a tough time with the drought, so the bulk wine from the southern hemisphere isn’t going to fill the void from Europe in the short term. The price of supermarket staples like Prosecco, Pinot Grigio and entry-level Spanish reds could rise by up to 30% due to the frost-ravaged 2017 harvest. It all depends on how much of the increased cost of wine this year supermarkets will pass on to the consumer. The WSTA reports that the average amount spent on a bottle of wine from October to December last year was £5.74.

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Major Wine Producing Countries

Spanish wine industry in numbers

In terms of vineyard area, Spain has the highest amount in the world – almost one million hectares. The drier climate and poorer soils result in lower production levels, around 42 million hectolitres per year, below those of Italy and France. Spain wine industry has been characterised in the last years by two major features:
1. Less domestic consumption. Spain is no longer a great wine consuming country. Since the 1970s, the home market has been continuously dwindling, to such an extent that the present per capita wine consumption in Spain is 21 litres.
2. Pricing. The second characteristic of Spanish wine is its average prices. Almost half the wine production is sold at unbeatably low prices (in a normal vintage).
3. Importance of exports. Exports are increasingly important, and there is no sign of it slowing down. In 2016 and 2017, volumes did not increase, but total value did relevantly. More than two thirds of Spanish production, around 24 million hectolitres, find their way in foreign markets. The whole
production system is steered towards exports, at all price levels.

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**Natural / Physical Resources**

**WC ag to lose R5.9bn in 2017/2018**

The drought in the Western Cape has been widely covered by the media, with a strong focus on the possibility that Cape Town is the first global city where taps can run dry. The broader effect of the drought on agriculture in the province has, however, received less coverage. In a recent policy brief, The Bureau for Food and Agricultural Policy (BFAP), in collaboration with the Western Cape Department of Agriculture, explored the economic and financial impact of the drought on the economy of the province.

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