BI Daaglik - BI Daily

13 January 2016

The BI Daily is compiled and submitted by the SAWIS BI Team. The content is for the exclusive attention of SAWIS members and may contain information that is privileged and confidential. Any dissemination of this communication is strictly prohibited. If you have received the communication in error, please erase all copies of the message and its attachments. Articles in the BI Daily have as far as possible been interpreted, put into context, validated and confirmed. If you as recipient have any queries, comments or would like to submit an article, please direct them to Charles Whitehead (charles@sawis.co.za).

### Major Wine Producing Countries

#### Price Wars & Excessive Mass Production Threatens Chile’s Hold on the UK Wine Industry

Chile may very well lose its hold on the wine industry, thanks to persistent price wars and excessive mass production. Should Chile's hold on the British wine industry slip, this would further add to the country's economic and political woes.

The UK is Chile's largest export market.

Currently, Chile is the fourth largest exporter of wine in the world. It comes after France, Italy and Spain. It is currently considered to be the largest New World exporter of wine.

The United Kingdom currently receives 23% of Chile's wine exports. These figures make up 17% of all value sales, according to figures given by the winery.

[Click here to read more](#)

### Whatever Happened to Argentina’s Wine Boom?

Argentina is an important player in world wine. Recent OIV statistics tell us that Argentina is the fifth largest wine producer in the world (behind the USA and ahead of Australia) and the eighth largest consumer country. Just a few years ago it seemed like Argentina was poised to become the next New Zealand in terms of its export growth, especially in the U.S.

The boom had many causes. Perhaps the most important was the Argentine Peso Crisis of the early 2000s. The collapse of the peso and the opening of the economy to foreign investment was a painful transition for the people of Argentina, but it restored international competitiveness and encouraged foreign investment, both critical to the industry’s rise.

Like many European countries, wine consumption in Argentina is in long-term decline and the economic crisis made things worse for the domestic market, where inexpensive jug wines dominate.

Argentine producers found themselves with no choice but to focus on export markets for growth and that meant major investments to improve quality. The U.S. market was the prime target, a
different strategy than Chile, which developed more diversified export opportunities.

And then? Well, the boom didn’t turn to bust as many feared, but Argentina’s export growth has skidded to a stop. Exports to the U.S. have plateaued at about 13.2 million cases overall. Off-premises sale is a meager 0.3% growth rate over the previous 52 week and a 2.5% fall in sales revenues over the most recent four weeks.

Click here to read more