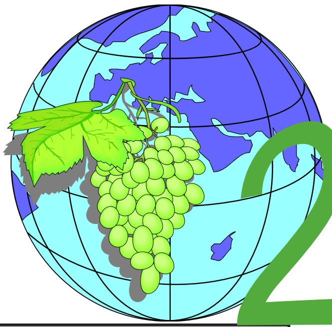
WORLD AND LOCAL INFORMATION



2003

I N THIS ISSUE...

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SAWIS

S A WYNBEDRYF-INLIGTING & -STELSELS
S A WINE INDUSTRY INFORMATION & SYSTEMS

Good day readers

*““**An investment in knowledge always pays the best interest”** Benjamin Franklin*

The global Wine Industry has changed substantially over the last couple of years, for example the shift from white wine to red wine, mainly attributed to the health benefits associated with red wine. New world wine countries Australia, Chile, Argentina, South Africa and the USA also increased their market share in terms of area under vine, wine production and exports. Since South Africa has been allowed back in the international community the South African wine industry has become a force to be reckoned with. Demand for South African wine in international countries is increasing, which can be seen by the phenomenal growth in export figures the last couple of years. Domestic consumption also increased during the last twenty years, and it seems that more South African's are enjoying a glass of wine. Valuable and up-to-date information surely assisted the South African Wine Industry to achieve these goals. In terms of production South Africa was ranked 9th in the world in 2001, with the 2003 harvest projected to be the largest harvest ever. It is furthermore projected that the industry will show further growth, especially in terms of exports, in the next couple of years.

This publication provides you with information that will add value to your knowledge on the South African wine industry. It also shows how South Africa is performing in comparison with the rest of the world. The information covers a wide spectrum of local and international aspects like packaging, sales, consumption, exports and much more. We believe it will contribute to the continued prosperity of the South African wine industry.

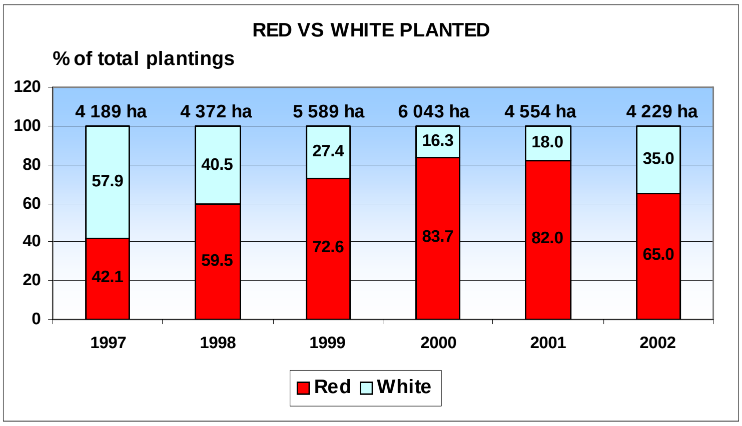
Sawis greetings till next year
Gerard

OCTOBER 2003

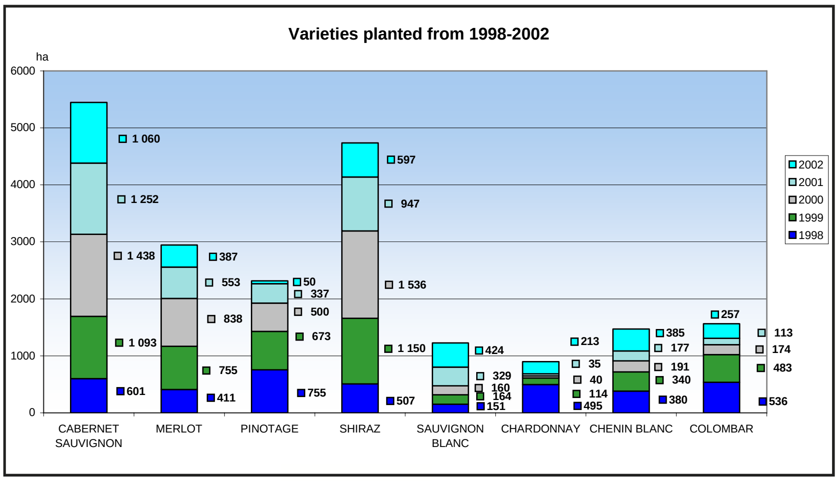
AREA UNDER VINES

SOUTH AFRICA

The total area under vines increased by 1 667 ha (1.57%) to 107 998 ha during 2002. About 35% of plantings during 2002 was white and 65% was red. In 2002 the plantings of red varieties, however, decreased by 26.6% compared to 2001.

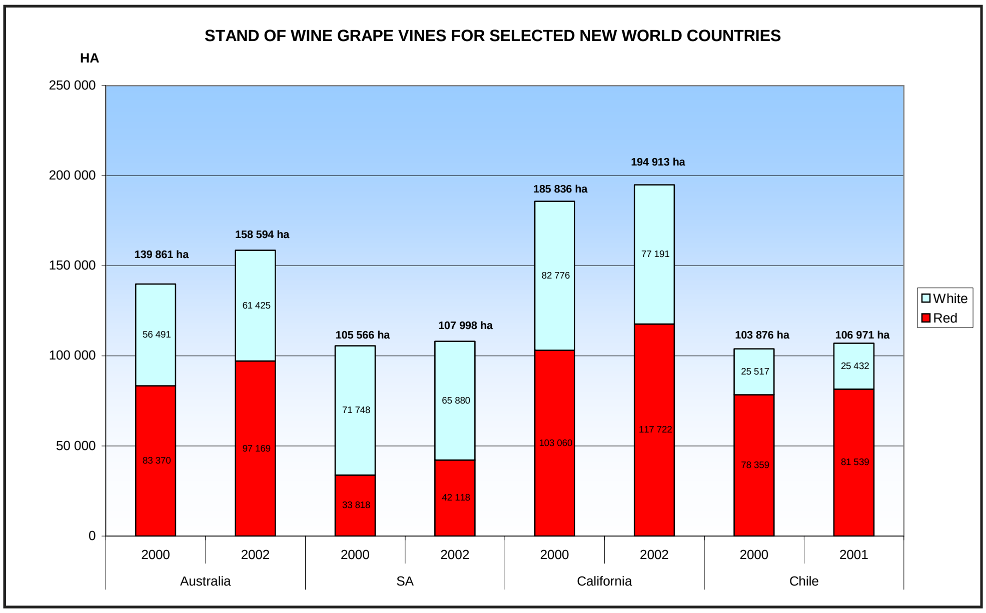


In 2002 the red varieties planted the most were Cabernet Sauvignon with 1 060 hectares and Shiraz with 597 hectares. The white varieties planted the most were Sauvignon Blanc with 424 hectares and Chenin Blanc with 385 hectares. From 1996 to 2001 there was an increase in the plantings of red varieties while in contrast, the plantings of white varieties showed a decline. In 2002 the plantings of red varieties, however, decreased by 26.6% compared to 2001, plantings of white varieties increased by 82% in 2002 compared to 2001.



NEW WORLD COUNTRIES

The stand of red wine grapes shows an increasing trend from 2000 to 2002 in Australia, South Africa and California and from 2000 to 2001 in Chile. In Australia 83 370 hectares of the total area under vine were red grapes in 2000 compared to 97 169 hectares in 2002, an increase of 16.6%. In South Africa red wine grapes were 33 818 hectares of the total area under vines in 2000 compared to 42 118 hectares in 2002, an increase of 24.5%. In California 103 060 hectares of the total area under vines were red wine grapes in 2000 compared to 117 722 hectares in 2002, an increase of 14.2%. In Chile red wine grapes were 78 359 hectares of the total area under vines in 2000 compared to 81 539 hectares in 2001, a 4% increase. Although California planted the most red wine grapes, 14 662 hectares according to volume, South Africa displayed the highest percentage growth (a 24.5% increase in the red wine grapes vineyard stand). The stand of white wine grapes increased from 2000 to 2002 in Australia with 4 934 hectares and decreased from 2000 to 2002 in California, South Africa and from 2000 to 2001 in Chile with 5 585 hectares, 5 868 hectares and 85 hectares, respectively. The latest figures available for selected New World countries show that South Africa, with 107 998 hectares, has the third biggest area under vines after California (194 913 hectares in 2002) and Australia (158 594 hectares in 2002). In 1998 South Africa was in second place after California.



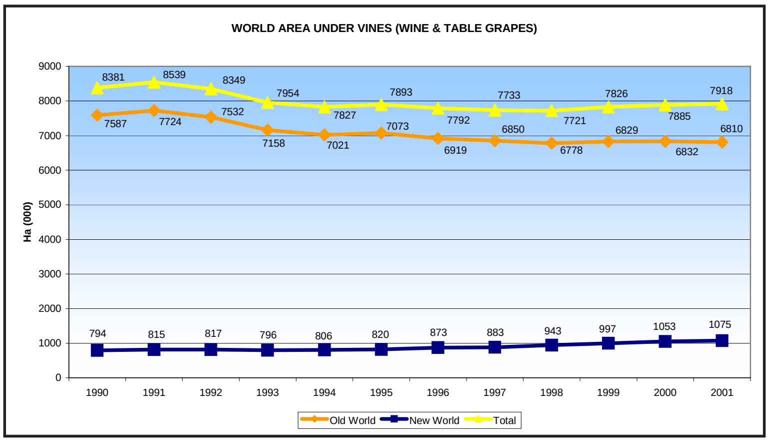
TOTAL VINEYARD STAND - COMPARISON BY VARIETY (HECTARES)

VARIETY	Australia				South Africa			
	2000	% of total	2002	% of total	2000	% of total	2002	% of total
RED								
Cabernet Sauvignon	25 886	18.5%	29 573	18.6%	8 824	8.4%	11 902	11.0%
Shiraz	31 209	22.3%	37 031	23.3%	5 631	5.3%	8 092	7.5%
Merlot	8 430	6.0%	10 101	6.4%	4 888	4.6%	6 332	5.9%
Pinotage					6 501	6.2%	6 912	6.4%
Ruby Cabernet	2 636	1.9%	2 817	1.8%	2 050	1.9%	2 393	2.2%
Pinot Noir	3 690	2.6%	4 414	2.8%	487	0.5%	536	0.5%
TOTAL	**83 370**	**59.6%**	**97 169**	**61.3%**	**33 818**	**32.0%**	**42 118**	**39.0%**
WHITE								
Chardonnay	17 908	12.8%	21 724	13.7%	6 067	5.7%	6 129	5.7%
Sauvignon Blanc	2 619	1.9%	2 914	1.8%	5 436	5.1%	6 450	6.0%
Semillon	6 281	4.5%	6 610	4.2%	1 029	1.0%	981	0.9%
TOTAL	**56 491**	**40.4%**	**61 425**	**38.7%**	**71 748**	**68.0%**	**65 880**	**61.0%**
GRAND TOTAL	**139 861**	**100.0%**	**158 594**	**100.0%**	**105 566**	**100.0%**	**107 998**	**100.0%**

VARIETY	California				Chile			
	2000	% of total	2002	% of total	2000	% of total	2001	% of total
RED								
Cabernet Sauvignon	22 405	12.1%	30 778	15.8%	35 967	34.6%	38 227	35.7%
Merlot	21 425	11.5%	21 137	10.8%	12 824	12.3%	12 887	12.0%
Ruby Cabernet	2 988	1.6%	3 280	1.7%				
Pinot Noir	6 890	3.7%	9 671	5.0%	1 613	1.6%	1 450	1.4%
TOTAL	**103 060**	**55.5%**	**117 722**	**60.4%**	**78 359**	**75.4%**	**81 539**	**76.2%**
WHITE								
Chardonnay	39 751	21.4%	39 991	20.5%	7 672	7.4%	7 567	7.1%
Sauvignon Blanc	4 415	2.4%	5 888	3.0%	6 662	6.4%	6 673	6.2%
TOTAL	**82 776**	**44.5%**	**77 191**	**39.6%**	**25 517**	**24.6%**	**25 432**	**23.8%**
GRAND TOTAL	**185 836**	**100.0%**	**194 913**	**100.0%**	**103 876**	**100.0%**	**106 971**	**100.0%**

WORLD

World-wide, after sustained growth until 1980, areas planted under vines started to decline. This decline continued at a fairly slow rate until 1998. At that time, with 7 721 000 ha, world area under vines hit its lowest level since 1950. In 2001 vineyards world-wide accounted for a total area under vines of 7 918 000 ha, an increase of 33 000 ha compared to 2000.



PRODUCTION OF WINE

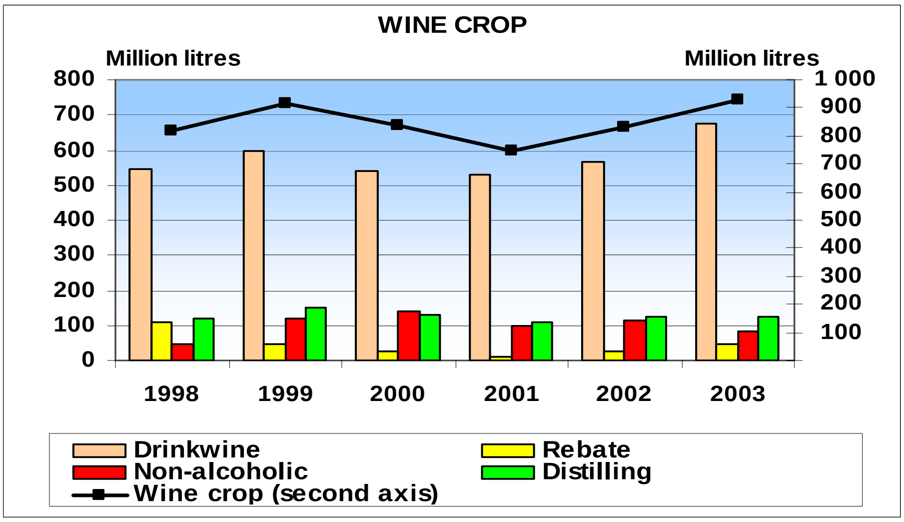
SOUTH AFRICA

The total 2002 wine crop was 834.2 million litres, approximately 88 million litres more than the 2001 wine crop. The 2003 wine crop is estimated at 955.6 million litres, 14.6% more than in 2002. The latest estimates show that the total drinkwine stock at cellars and co-operatives will be 357.6 million litres on 31 December 2003, compared to 221.5 million litres on 31 December 2002.

Red varieties again represent a larger percentage in both the grape and wine crop with a share of 28.2% and 32.1% respectively.

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Red varieties as % of grape crop	10.0	10.7	11.6	13.2	13.4	15.0	21.1	22.7	28.2
Natural red wine as % of drinkwine	12.7	13.1	15.1	15.2	16.3	21.0	25.2	27.9	32.1

During 2003 an estimated 73.6% of the crop was produced as drinkwine compared to 68% during 2002. Production of drinkwine increased from 567.2 million litres to 703.4 million litres, an increase of 24%. Production of rebate wine increased by an estimated 23.4 million litres (87.5%) while distilling wine decreased by an estimated 10.1 million litres (8.1%). However, an estimated 61.0 million litres @ 10% A/V of distilling wine was imported during 2003 to meet market demand. The production of juice for non-alcoholic purposes decreased with 28.1 million litres (24.4%).



WORLD

WINE CROP											
	1990	1996	1997	1998	1999	2000	2001	2002*	2003*	Growth rate 03/02	Average % of total world production 1996 - 2003
Country/group	'000 hectolitres									%	
France	65 529	57 047	53 561	52 671	60 435	57 541	55 338	51 966	47 320	-8.9%	20.4%
Italy	54 866	58 772	50 894	54 188	56 454	51 620	52 293	44 604	44 900	0.7%	19.4%
Spain	38 658	31 000	33 218	31 172	33 723	41 692	31 000	39 419	40 639	3.1%	13.2%
USA	15 791	17 415	17 660	20 504	19 050	23 300	22 275	23 500	20 000	-14.9%	7.7%
Argentina	14 036	12 681	13 500	12 673	15 888	12 538	15 835	12 695	17 100	34.7%	5.3%
Australia	4 446	6 734	6 174	7 415	8 511	8 064	10 350	11 740	10 270	-12.5%	3.2%
Germany	9 487	8 642	8 495	10 834	12 123	9 852	9 081	10 000	9 100	-9.0%	3.7%
South Africa	8 286	8 993	8 809	8 156	9 141	8 372	7 465	8 342	9 556	14.6%	3.2%
Portugal	11 372	9 712	6 124	3 750	7 859	6 694	7 681	6 649	7 214	8.5%	2.6%
Chile	3 978	3 878	4 549	5 475	4 807	6 419	6 891	5 400	5 650	4.6%	2.0%
China	900	3 000	3 200	3 550	5 200	5 750	5 750	5 750	5 750	0.0%	1.8%
Romania	5 900	7 663	6 688	5 002	6 054	5 456	5 456	5 456	5 456	0.0%	2.2%
Brazil		3 128	2 743	2 782	3 190	3 704	3 704	3 400	3 400	0.0%	1.2%
Greece	3 525	4 109	3 987	3 826	3 680	3 558	3 477	3 100	3 671	18.4%	1.4%
Hungary	5 472	4 188	4 472	4 334	3 339	3 000	3 000	3 000	3 000	0.0%	1.3%
Russia	2 800	2 550	2 230	2 180	2 903	2 903	2 903	2 903	2 903	0.0%	1.0%
Total top 16	245 046	239 512	226 304	228 512	252 357	250 463	242 499	237 924	235 929	-0.8%	89.7%
Other	32 620	31 019	34 990	27 854	24 814	25 429	25 429	25 429	25 429	0.0%	10.3%
Total world	277 666	270 531	261 294	256 366	277 171	275 892	267 928	263 353	261 358	-0.8%	100.0%
Southern Hemisphere**	30 746	32 286	33 032	33 719	38 347	35 393	40 541	38 177	42 576	11.5%	13.8%
New world***	46 537	49 701	50 692	54 223	57 397	58 693	62 816	61 677	62 576	1.5%	21.5%
EU****	183 437	169 282	156 279	156 441	174 274	170 957	158 870	155 738	152 844	-1.9%	60.7%

* Estimate

** Australia, Argentina, Chile and South Africa

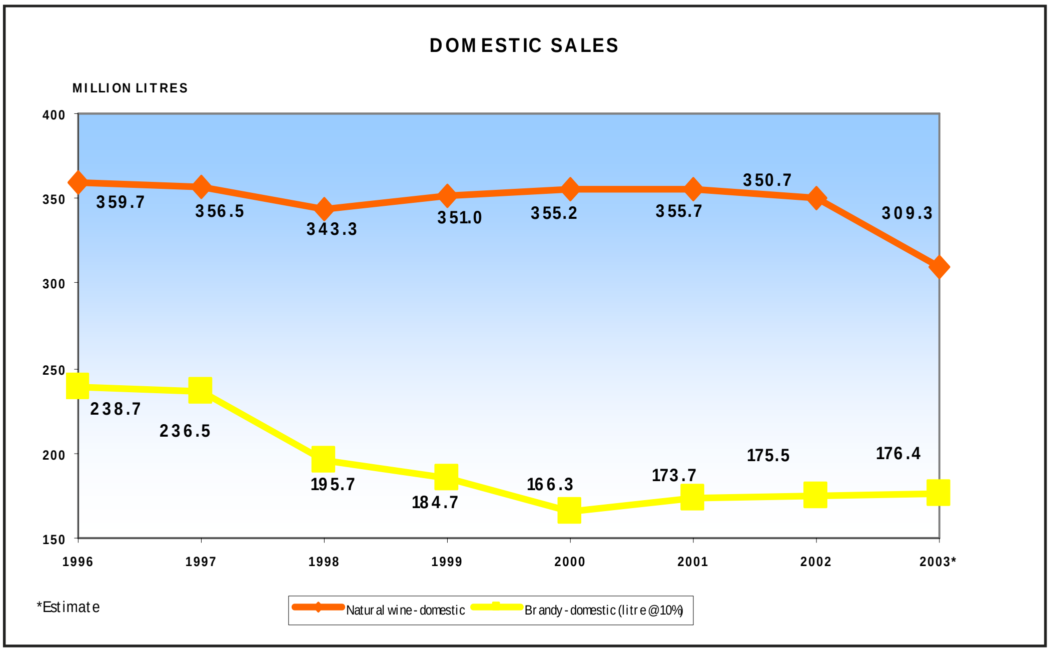
*** Australia, Argentina, Chile, South Africa and the USA

**** France, Italy, Spain, Portugal, Germany and Greece

DOMESTIC SALES

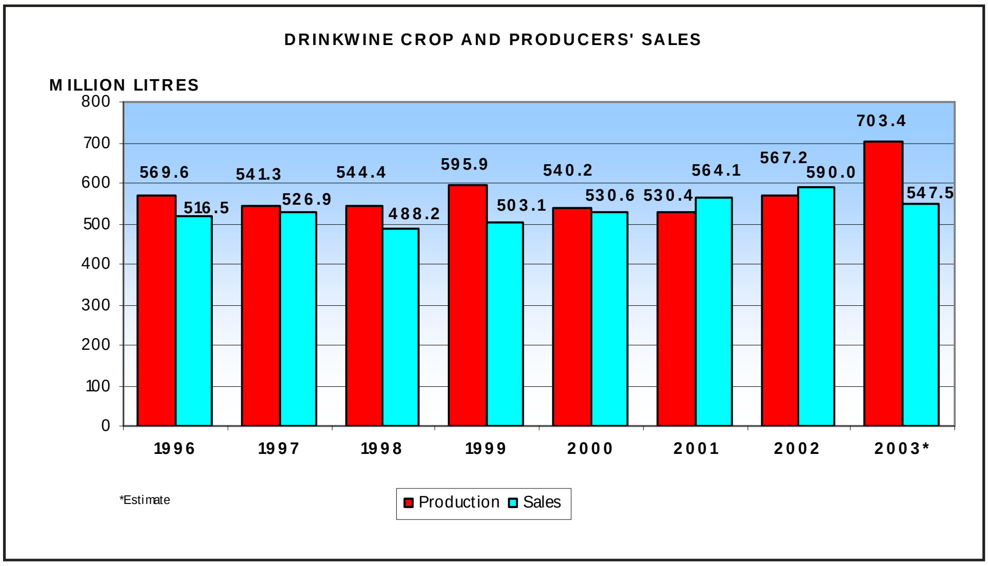
Domestic sales of natural wine decreased by 1.4% during 2002. Sales for the twelve month period from September 2002 to August 2003 decreased by 12.0%. It is estimated that domestic sales of natural wine will decrease by 11.8% in 2003 to 309.3 million litres.

Domestic sales of brandy increased by 1.0% during 2002. Sales for the twelve month period from August 2002 to July 2003 remained constant. Brandy sales is estimated to increase with 0.5% in 2003 to 176.4 million litres @ 10% alc/vol.



DRINKWINE CROP AND PRODUCERS' SALES

Production of drinkwine for 2003 is estimated to be approximately 155.9 million litres more than 2003 sales for drinkwine. Total sales of drinkwine by producers is estimated to decrease by 7.2% during 2003.



STOCK OF DRINKWINE

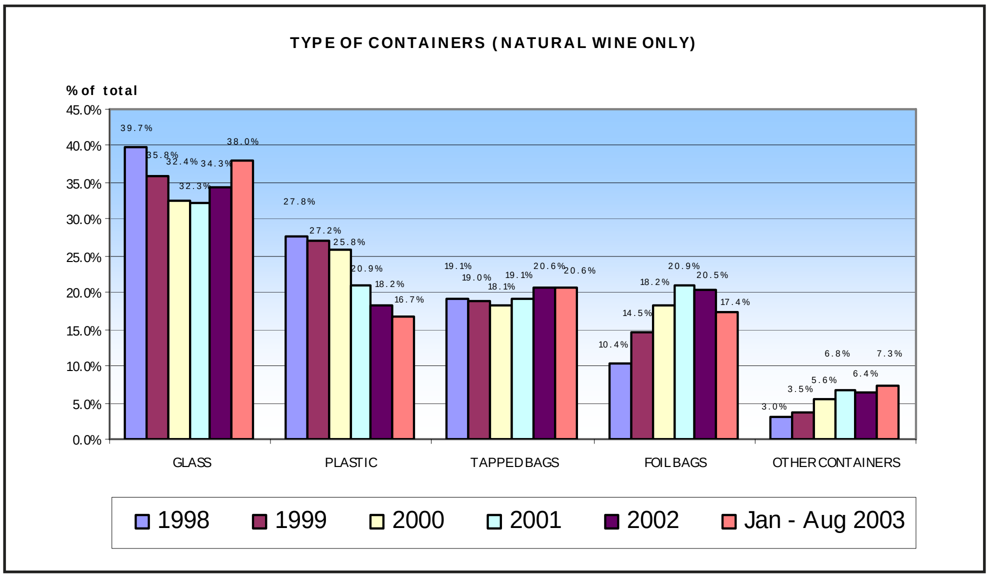
The situation with regard to drinkwine stock at farmers and co-ops on 31 December 1999 to 31 December 2003 was or is estimated to be as follows:

	31 December 1999	31 December 2000	31 December 2001	31 December 2002	31 December 2003*	02/01	03/02
	million litres					%+/-	%+/-
Total	315.6	290.5	248.4	221.5	357.6	-10.8	+61.4

*Estimate

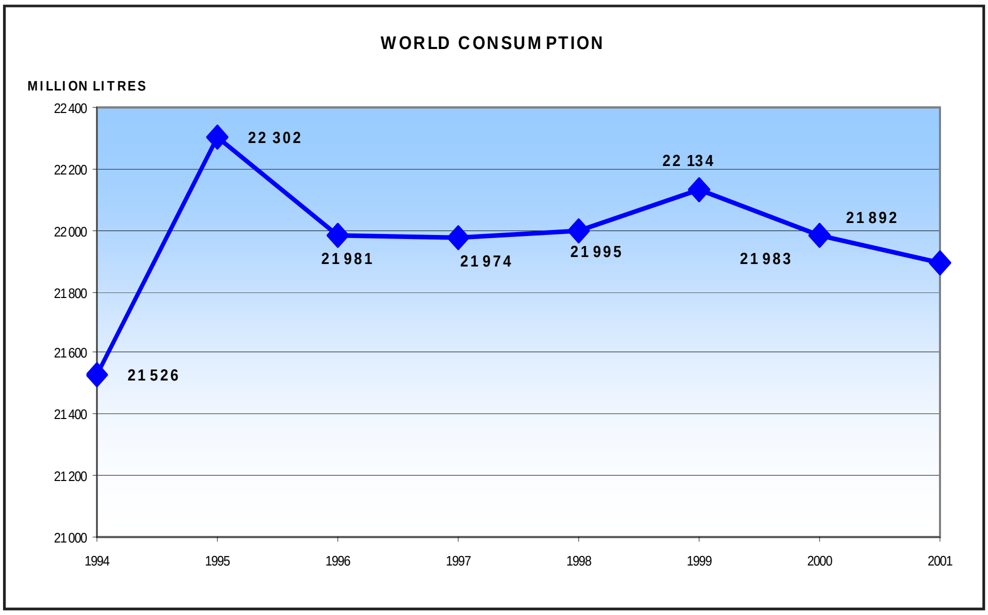
DOMESTIC PACKAGED WINE INFORMATION

In 2002 the total market for domestically sold packaged wine amounted to 322 353 106 litres of which glass, plastic, tapped bags and foil bags represented 34.3%, 18.2%, 20.6% and 20.5% respectively. In 1998 the total market for all types of containers was 299 198 419 litres. It increased by 7.7% from 1998 to 2002. The total market for glass containers amounted to 118 778 080 litres in 1998. From 1998 to 2002 this figure decreased by 7% to 110 446 669 litres. In 1998 the total market for plastic containers amounted to 83 140 095 litres. From 1998 to 2002 it decreased by 29.4% to 58 702 161 litres. The total market for tapped bags in 1998 amounted to 57 272 811 litres. From 1998 it increased by 16% to 66 445 873 litres in 2002. In 1998 the total market for foil bags amounted to 30 975 078 litres. From 1998 this figure increased by 113% to a total market figure of 66 074 385 litres in 2002.

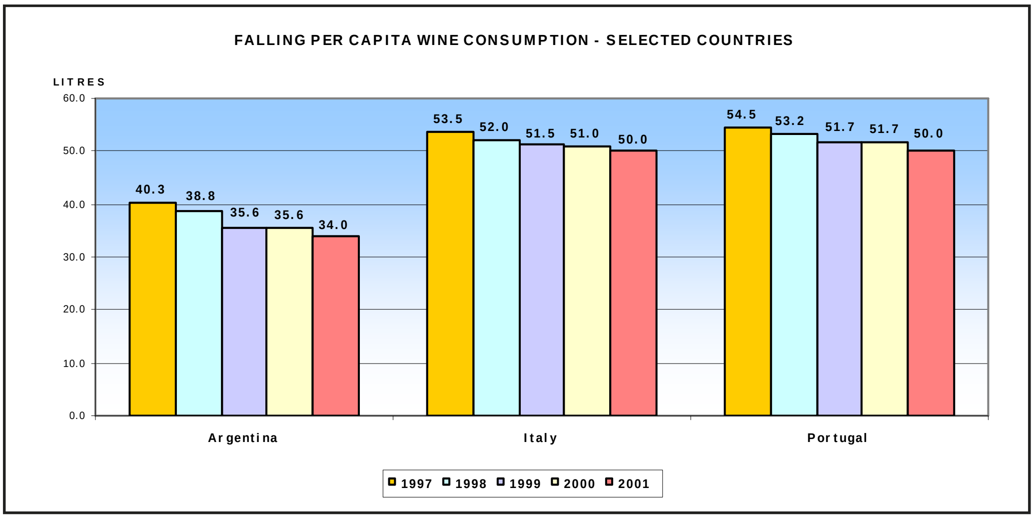


WORLD CONSUMPTION

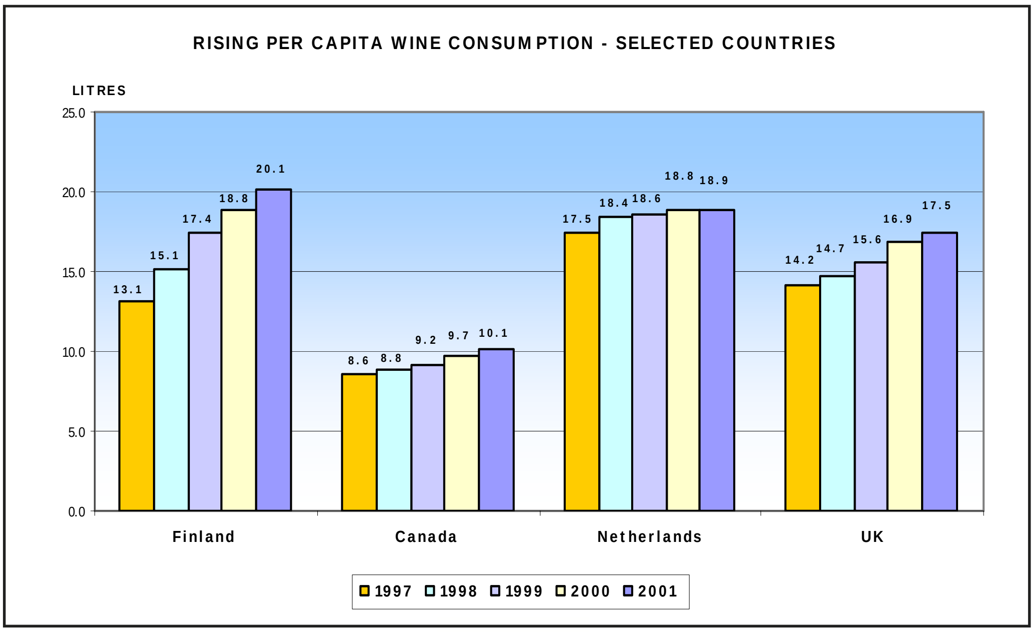
Since 1980, world-wide wine consumption fell steadily until 1985, then stabilized before continuing to fall until 1994. As was the case with production, it was around this period that a break in the pattern appeared, with world-wide consumption ceasing to fall and beginning to recover slowly. In 2001 there was a slight decrease (91 million litres) in world consumption reaching 21 892 million litres, or a 0.4% decrease compared to 2000.



Over the past 40 years, the wine-growing French and Italians have cut back consumption almost by half. French people, who used to drink an average of 100 litres a year in the 1960s, now drink 56.9 litres. Around the world, wine-growing countries are witnessing similar falls in consumption. In Italy, for example, the average amount of wine drunk in one year has fallen over the past 25 years from 108 litres to 50.0 litres. In Argentina wine consumption fell from an all time high of 91 litres in 1970 to 34.0 litres in 2001. A similar picture can be found in Chile where wine consumption has dropped from 68.0 litres per capita in 1962 to 16.0 litres per capita in 2001.



A reverse trend is visible in countries that are traditional beer or spirits consumers. Countries such as the Netherlands, Britain and Denmark - traditional beer consumers - consume more wine than ever. In the UK alcohol consumption has grown by 58.2% since 1970, the growth fuelled by wine. The British, Dutch, Irish and Belgians consume 8.0 litres of pure alcohol on average. Spirit-lovers in Japan and China, meanwhile, are turning increasingly to wine and beer. Japanese people drank an average of 6.5 litres of pure alcohol in 2001, of which 2.5 litres come from wine.



EXPORTS

SOUTH AFRICA

Compared to 2001, total exports of drinkwine increased by 22.8% to 217.7 million litres during 2002. Exports of packaged natural wine and bulk natural wine increased by 30.8% and 7.3% respectively. Packaged red wine showed the largest increase in exports with a 33.4% increase compared to the previous year, while packaged white wine increased by 26.1%. The exports of bulk red wine increased by 19%.

Compared to the corresponding previous period, total exports of drinkwine increased by 8.0% to 220.6 million litres during the twelve month period from October 2002 to September 2003. Packaged wine increased by 16.1% while bulk wine decreased by 9.0%. The export of bulk red increased by 7.5% and bulk white wine decreased by 20.1%. Packaged red and white wine showed an increase of 17.2% and 13.4% respectively, in comparison with the corresponding period of the previous year.

WORLD

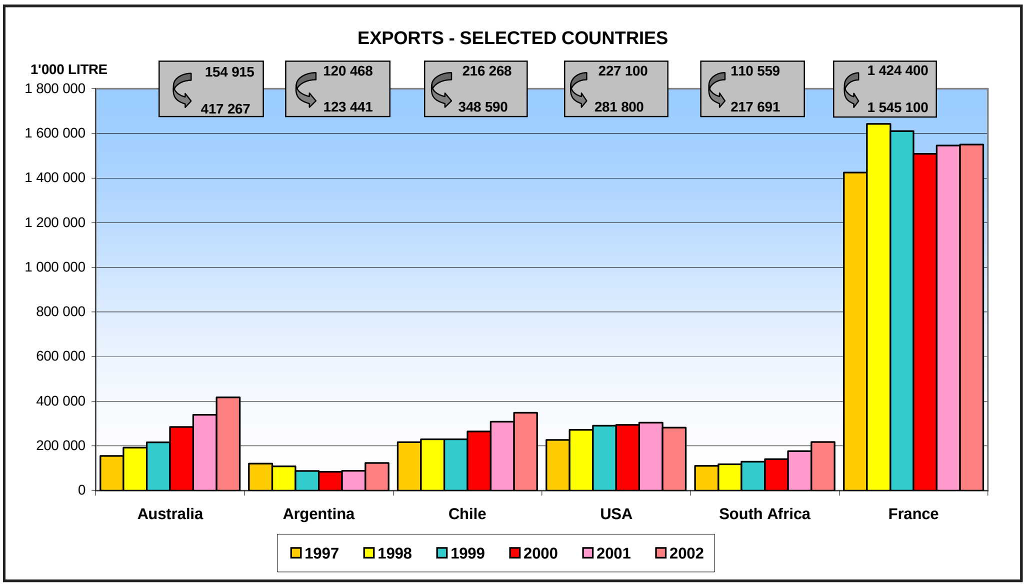
In the year ended July 2003, **Australian** wine exports again edged into record volumes and values for a twelve month period - reaching 517 million litres (up 22%). The value of the exports is $A 2.4 billion (up 19%). For the first time, the United States became Australia's number one overseas destination for wine, in value terms. Exports to the US were valued at A$ 858 million, while those to the UK were A$ 857 million. The UK remains Australia's largest overseas market in volume terms with 208 million litres shipped in the year ended July 2003.

In 2002 **Argentinian** exports was 123 440 869 litres, up 40% over 2001, due to high stocks, greater demand, and an increase in exporting wineries. Fine wines account for half the volume of Argentina's wine exports, while top export destinations include Paraguay, the United Kingdom and the United States.

The **Chilean wine** industry has experienced spectacular growth in the past few years. While the rest of the world could not find a destination for its surpluses, Chile increased its exports from 43 050 000 litres in 1990 to 348 589 906 litres in 2002. According to the trade office in Chile exports increased at an average between 12 and 15% per year. The growth in exports is a result of a world trend towards increased consumption of fine wines. As an exporting country Chile has comparative advantages in producing those wines, and foreign markets have become more receptive to wines from countries that are new exporters, which has caused a fundamental change in market distribution.

Beyond USA borders, demand for **Californian** wine continues to grow at a rapid pace. Major markets in Canada and Western Europe continue to show strong demand for Californian wines because of their track record for consistent high quality. More than 90 percent of the US wine exports come from California. In 2002, USA wine exports decreased by 7.3% in volume, but showed an increase of 1.3% in terms of value compared with the previous year. USA is the fourth leading wine producer in the world and holds a 4% share of the world export market.

French wine exports rose 0.7% in value terms in the first half of 2003 but volumes fell by almost 3%, a report from France's Foreign Trade Office shows. Values were maintained for Champagne exports in the first half of 2003. Still appellation wines (VQPRD), saw a 9.6% dip in volumes while values were down 0.3%. Only Bordeaux reds came out of the period satisfactorily thanks to shipments of the 2000 vintage, the report notes. All other producer regions recorded falls in exports that exceeded 10%, the exception being Languedoc-Roussillon wines. In contrast to table wines, exports of country wines (Vin de Pay) held up well. The first six months of 2003 saw strong growth in exports to the main markets for French wines, the UK, Switzerland and Italy. But trade with northern Europe, Japan, Canada and the US was in sharp decline.



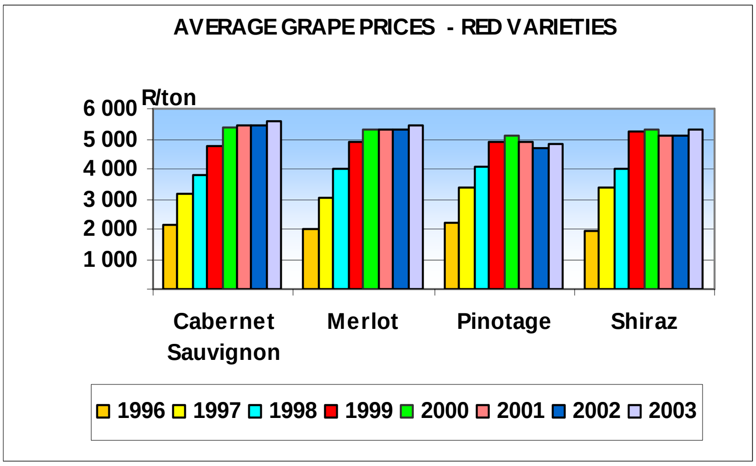
PRICES

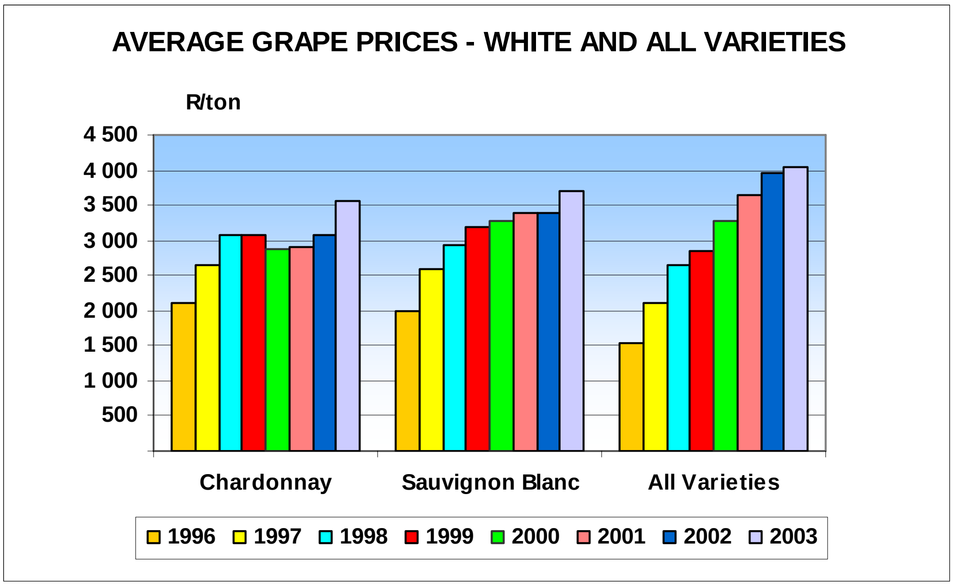
GRAPE PRICES - SOUTH AFRICA*

VARIëTEIT	2000	2001	2002	2003	% ± 2001/2000	% ± 2002/2001	% ± 2003/2002	2003 % van totale bedryf **
	R/TON							
Cabernet Sauvignon	5 393	5 423	5 458	5 605	0.56	0.65	2.69	30.08
Merlot	5 281	5 285	5 331	5 477	0.08	0.87	2.74	26.59
Pinotage	5 070	4 911	4 673	4 827	-3.14	-4.85	3.30	16.72
Cinsaut (noir)	2 347	2 302	2 521	2 753	-1.92	9.51	9.20	12.73
Pinot Noir	3 877	4 147	4 211	4 806	6.96	1.54	14.13	46.81
Shiraz	5 333	5 106	5 111	5 294	-4.26	0.10	3.58	25.15
Ander rooi	3 640	3 818	3 902	4 663	4.89	2.20	19.50	1.80
Chenin Blanc	1 088	1 074	1 093	1 735	-1.29	1.77	58.74	4.97
Sauvignon Blanc	3 278	3 399	3 380	3 705	3.69	-0.56	9.62	21.84
Chardonnay	2 875	2 896	3 075	3 567	0.73	6.18	16.00	14.34
Cape Riesling	1 413	1 354	1 396	1 614	-4.18	3.10	15.62	9.14
Colombar	826	667	738	1 111	-19.25	10.64	50.54	0.90
Hanepoot Wit	764	668	841	770	-12.57	25.90	-8.44	4.08
Semillon	1 915	1 829	1 837	2 480	-4.49	0.44	35.00	11.78
Ander wit	1 439	1 560	1 680	701	8.41	7.69	-58.27	2.16
Alle Variëteite	3 278	3 640	3 953	4 041	11.04	8.60	2.23	9.27

*Uitgesluit lewerings deur lede van koöperasies

** Hierdie persentasie verteenwoordig die druiwe wat in die betrokke variëteit/druiwegroep verhandel is, uitgedruk as persentasie van die totale druiwe van die variëteit/druiwegroep (ingesluit lewerings deur lede aan Koöps) gepars.





GRAPE PRICES - SELECTED COUNTRIES

	South Africa		California		Australia		New Zealand		Argentina	
	Average Grape Prices - R/Ton									
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Sauvignon Blanc	3 399	3 380	7 478	8 593	4 580	5 306	6 655	10 456	2 460	1223
Chardonnay	2 896	3 075	7 289	7 192	4 192	5 369	4 753	7 248	3 778	1217
Chenin Blanc	1 074	1 093	1 499	1 664	2 319	2 607	2 309	3 719	1 390	405
Colombar	667	738	1 111	1 211	1 664	2 230	-	-	-	-
Semillon	1 829	1 837	5 428	6 224	2 872	3 545	4 417	6 574	2 404	1143
Cabernet Sauvignon	5 423	5 458	9 210	10 804	5 499	5 935	6 552	9 623	4 409	1653
Merlot	5 285	5 331	8 676	9 046	4 638	4 654	7 098	9 822	4 349	1594
Pinotage	4 911	4 673	-	-	-		4 494	5 922	-	-
Pinot Noir	4 147	4 211	15 990	18 734	5 945	6 553	6 856	-	-	-
Pinot Noir (Sparkling wine)								5 216		
Pinot Noir (Tablewine)								13 434		
Shiraz	5 106	5 111	6 212	7 098	5 205	6 324	-	-	-	-

All prices converted to Rand by using the average year exchange rate for the various currencies

BULK PRICES - SOUTH AFRICA

During 2002 the bulk wine prices of quality red varieties decreased by an average of R0,17 per ℓ (2.2%) and that of other red varieties increased by R0,36 per ℓ (7.9%). On the other hand, the average prices of Sauvignon Blanc and Chardonnay increased R0,91 per ℓ and R0,68 per ℓ respectively and that of other white varieties increased by R0,54 per ℓ (39.2%). The average price of all bulk drinkwine was R0,70 per ℓ (30.6%) more than the previous year and the average price of rebate for brandy, and distilling wine R0,15 (13%) and R0,10 (16.4%) more respectively.

During the period January to July 2003 the average bulk wine prices for quality red varieties decreased (3.4%) compared to prices during the corresponding period in 2002, and other red varieties showed further increases (+15.2%) compared to the prices during the corresponding period in 2002. On the other hand, the average price of Sauvignon Blanc (+16.5%) and Chardonnay (+22.4%) increased further compared to the corresponding period in 2002. The average prices for all varieties increased by 34.1%.