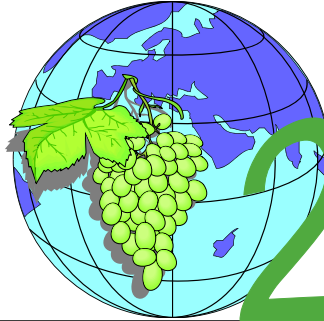


WORLD AND LOCAL INFORMATION



2004

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Good day readers

"There are no great limits to growth because there are no limits of human intelligence, imagination and wonder" Ronald Regan

Growth in the world wine market was driven in a large part by increasing consumer interest in the potential health benefits of red wine, hence the shift from white wine to red wine between 1998-2003. The latter period also experienced a trend towards more expensive and higher quality variants of wine. The ten new countries that have joined the European Union (EU) have also had an impact on the global wine industry, especially with regards to the growth of production potential. World production is estimated to increase by 7.8% in 2004, whereas world consumption has decreased by 1% in 2002. In terms of production South Africa was ranked 8th in the world in 2002, with the 2003 harvest increasing by 14.6% on 2002. Wine production in South Africa increased further with 5.5% estimated in 2004. Exports are forecasted to increase by 14.1% in 2004 and a further 11.2% in 2005.

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
Natalie

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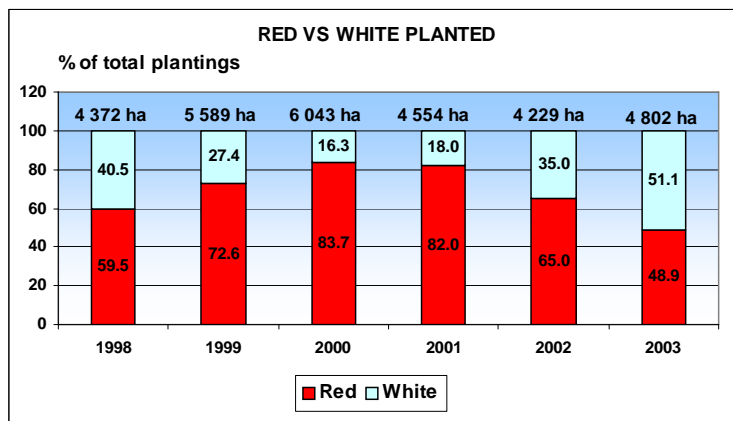


S A WYNBEDRYF-INLIGTING & -STELSLS
S A WINE INDUSTRY INFORMATION & SYSTEMS

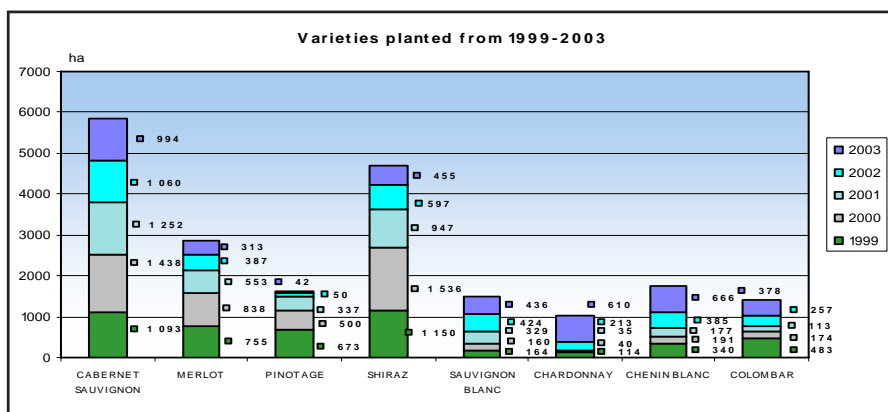
AREA UNDER VINES

SOUTH AFRICA

The total area under vines increased by 2 202 ha (2.04%) to 110 200 ha during 2003. About 51.1% of plantings during 2003 was white and 48.9% was red. In 2003 the plantings of red varieties decreased by 11.8% compared to 2002.

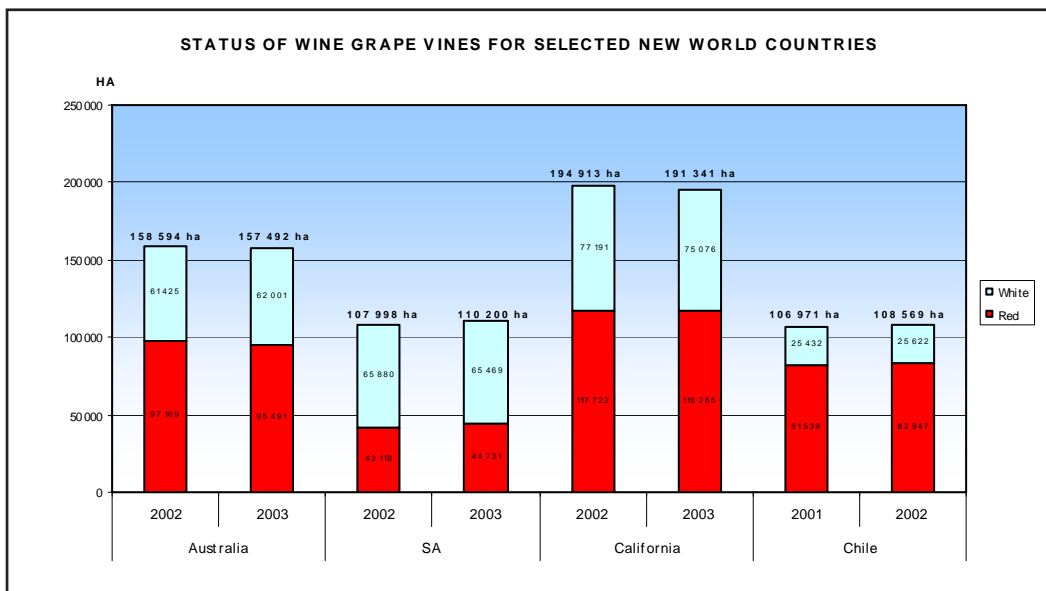


In 2003 the red varieties planted the most were Cabernet Sauvignon with 994 hectares and Shiraz with 455 hectares. The white varieties planted the most were Chenin Blanc with 666 hectares and Chardonnay with 610 hectares. From 1996 to 2001 there was an increase in the plantings of red varieties while in contrast, the plantings of white varieties showed a decline. In 2002 the plantings of red varieties, however, decreased by 26.6% and with a further 11.8% in 2003, plantings of white varieties increased by 58% in 2003 compared to 2002.



NEW WORLD COUNTRIES

The status of red wine grapes shows an increasing trend from 2000 to 2003 in South Africa and from 2000 to 2002 in Chile. In Australia 83 370 hectares of the total area under vine were red grapes in 2000 compared to 95 491 hectares in 2003, an increase of 14.5%, **but Australia and California have seen a decrease of 2.8% and 1.2% respectively in red wine status in 2003.** In South Africa red wine grapes were 33 818 hectares of the total area under vines in 2000 compared to 44 731 hectares in 2003, an increase of 32.3%. In California 103 060 hectares of the total area under vines were red wine grapes in 2000 compared to 116 265 hectares in 2003, an increase of 12.8%. In Chile red wine grapes were 78 359 hectares of the total area under vines in 2000 compared to 82 947 hectares in 2002, a 6% increase. Although California planted the most red wine grapes, 13 205 hectares according to volume, South Africa displayed the highest percentage growth (a 32.3% increase in the red wine grapes vineyard status). The status of white wine grapes in Australia increased with 5 510 hectares from 2000 to 2003, and in Chile from 2000 to 2002 with 105 hectares. The status of white wine grapes in California decreased 7 700 hectares from 2000 to 2003, and decreased in South Africa with 6 279 hectares from 2000 to 2003. The latest figures available for selected New World countries show that South Africa from 2000 to 2003, with 110 200 hectares, has the third biggest area under vines after California (191 341 hectares in 2003) and Australia (157 492 hectares in 2003). In 1998 South Africa was in second place after California.



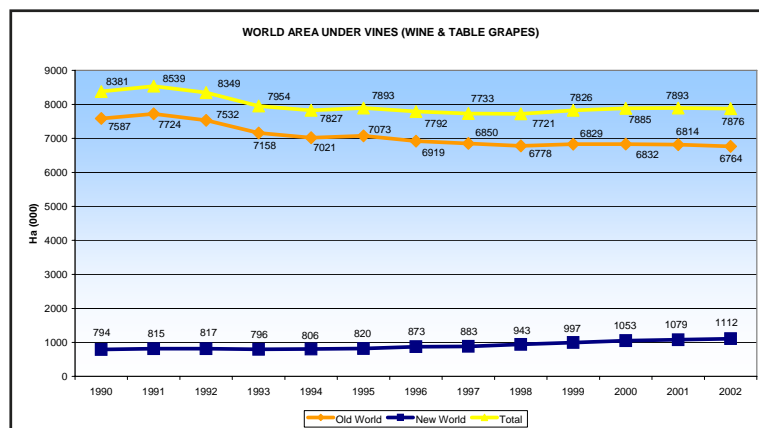
TOTAL VINEYARD STATUS - COMPARISON BY VARIETY (HECTARES)

VARIETY	Australia				South Africa			
	2002	% of total	2003	% of total	2002	% of total	2003	% of total
RED								
Cabernet Sauvignon	29 573	18.6%	28 871	18.3%	11 902	11.0%	13 160	11.9%
Shiraz	37 031	23.3%	37 016	23.5%	8 092	7.5%	8 724	7.9%
Merlot	10 101	6.4%	10 352	6.6%	6 332	5.9%	6 781	6.2%
Pinotage					6 912	6.4%	6 829	6.2%
Ruby Cabernet	2 817	1.8%	2 530	1.6%	2 393	2.2%	2 533	2.3%
Pinot Noir	4 414	2.8%	4 270	2.7%	536	0.5%	536	0.5%
TOTAL	97 169	61.3%	95 491	60.6%	42 118	39.0%	44 731	40.6%
WHITE								
Chardonnay	17 908	11.3%	24 138	15.3%	6 129	5.7%	6 689	6.1%
Sauvignon Blanc	2 619	1.7%	2 953	1.9%	6 450	6.0%	6 844	6.2%
Semillon	6 281	4.0%	6 283	4.0%	981	0.9%	997	0.9%
TOTAL	61 425	38.7%	62 001	39.4%	65 880	61.0%	65 469	59.4%
GRAND TOTAL	158 594	100.0%	157 492	100.0%	107 998	100.0%	110 200	100.0%

VARIETY	California				Chile			
	2002	% of total	2003	% of total	2001	% of total	2002	% of total
RED								
Cabernet Sauvignon	30 778	15.8%	30 437	15.9%	38 227	35.7%	39 261	36.2%
Merlot	21 137	10.8%	21 049	11.0%	12 887	12.0%	12 768	11.8%
Ruby Cabernet	3 280	1.7%	3 026	1.6%				
Pinot Noir	9 671	5.0%	9 700	5.1%	1 450	1.4%	1 434	1.3%
TOTAL	117 722	60.4%	75 076	39.2%	81 539	76.2%	82 947	76.4%
WHITE								
Chardonnay	39 991	20.5%	39 560	20.7%	7 567	7.1%	7 561	7.0%
Sauvignon Blanc	5 888	3.0%	6 200	3.2%	6 673	6.2%	7 041	6.5%
TOTAL	77 191	39.6%	116 265	60.8%	25 432	23.8%	25 622	23.6%
GRAND TOTAL	194 913	100.0%	191 341	100.0%	106 971	100.0%	108 569	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 2002 vineyards world-wide accounted for a total area under vines of 7 876 000 ha, a decrease of 17 000 ha compared to 2001.



PRODUCTION OF WINE

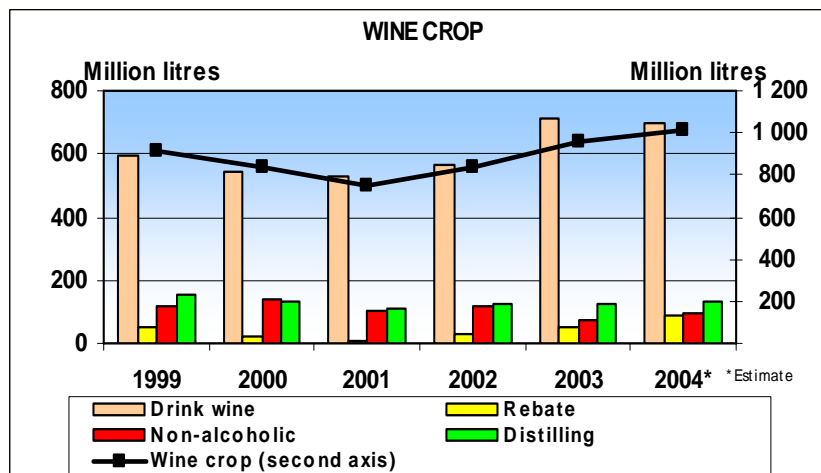
SOUTH AFRICA

The total 2003 wine crop was 956 million litres, approximately 122 million litres more than the 2002 wine crop. The 2004 wine crop is estimated at 1 008.7 million litres, 5.5% more than in 2003. The latest estimates show that the total drinkwine stock at cellars and co-operatives will be 417.2 million litres on 31 December 2004, compared to 356.8 million litres on 31 December 2003. Red varieties again represent a larger percentage in both the grape and wine crop with a share of 29.9% and 36.1% respectively.

	1996	1997	1998	1999	2000	2001	2002	2003	2004*
Red varieties as % of grape crop	10.7	11.6	13.2	13.4	15.0	21.1	22.7	28.2	29.9
Natural red wine as % of drinkwine	13.1	15.1	15.2	16.3	21.0	25.2	27.9	32.1	36.1

* Estimate

During 2004 an estimated 69.3% of the crop was produced as drinkwine compared to 74.5% during 2003. Production of drinkwine decreased from 712.7 million litres to 698.8 million litres, a decrease of 2%. Production of rebate wine increased by an estimated 34.9 million litres (69.1%) and distilling wine increased by an estimated 7.1 million litres (5.8%). According to the latest information available 36 million litres @ 10% alc/vol of distilling wine will be imported in 2004, of which 10 million litres @ 10% alc/vol is destined for utilisation in 2005. The imports are necessitated by the fact that the market requirements cannot be met domestically. For the same reason it is foreseen that an estimated 2,5 million litres of concentrate for sweetening will be imported in 2004 and in all probability the product will have to be imported in 2005 as well. The production of juice for non-alcoholic purposes increased with 24.5 million litres (34.7%).



WORLD

WINE CROP												
	1990	1996	1997	1998	1999	2000	2001	2002	2003	2004*	Growth rate 04/03	Average % of total world production 1996 - 2004
Country/group	'000 hectolitres										%	
France	65 529	57 047	53 561	52 671	60 435	57 541	58 240	55 380	47 350	57 000	20.4%	19.0%
Italy	54 866	58 772	50 894	54 188	56 454	51 620	51 300	52 290	44 090	49 000	11.1%	17.7%
Spain	38 658	31 000	33 218	31 172	33 723	41 692	31 130	30 940	36 000	34 700	-3.6%	12.0%
USA	15 791	17 415	17 660	20 504	19 050	23 300	23 800	23 000	23 500	20 000	-14.9%	8.5%
Australia	4 446	6 734	6 174	7 415	8 511	8 064	10 770	12 200	10 860	13 055	20.2%	3.8%
Argentina	14 036	12 681	13 500	12 673	15 888	12 538	12 150	15 840	11 800	11 800	0.0%	5.3%
China	900	3 000	3 200	3 550	5 200	5 750	10 800	11 200	11 200	11 200	0.0%	3.1%
South Africa	8 286	8 993	8 809	8 156	9 141	8 372	7 465	8 342	9 560	10 087	5.5%	3.5%
Germany	9 487	8 642	8 495	10 834	12 123	9 852	8 900	9 080	8 290	10 000	20.6%	3.8%
Portugal	11 372	9 712	6 124	3 750	7 859	6 694	7 020	6 710	6 800	7 500	10.3%	2.6%
Chile	3 978	3 878	4 549	5 475	4 807	6 419	6 000	5 650	5 750	5 750	0.0%	2.2%
Romania	5 900	7 663	6 688	5 002	6 054	5 456	5 460	5 090	5 460	5 460	0.0%	2.2%
Greece	3 525	4 109	3 987	3 826	3 680	3 558	4 600	4 280	4 200	4 200	0.0%	1.6%
Russia	2 800	2 500	2 230	2 180	2 903	2 903	3 000	3 510	4 100	4 100	0.0%	1.2%
Hungary	5 472	4 188	4 472	4 334	3 339	3 000	5 400	5 410	4 000	4 000	0.0%	1.7%
Brazil		3 128	2 743	2 782	3 190	3 704	3 000	3 200	3 250	3 250	0.0%	1.2%
Total top 16	245 046	239 512	226 304	228 512	252 357	250 463	108 365	252 122	236 210	251 102	8.7%	89.4%
Other	32 620	31 019	34 990	27 854	24 814	25 429	25 429	25 429	25 429	25 429	0.0%	10.6%
Total world	277 666	270 531	261 294	256 366	277 171	275 892	133 794	277 551	261 639	276 531	7.8%	100.0%
Southern Hemisphere**	30 746	32 286	33 032	33 719	38 347	35 393	36 385	42 032	37 970	40 692	7.7%	14.7%
New world***	46 537	49 701	50 692	54 223	57 397	58 693	60 185	65 032	61 470	60 692	5.3%	23.2%
EU****	183 437	169 282	149 227	156 441	166 574	166 200	161 190	160 030	149 540	163 500	11.4%	63.0%

* Estimate

** Australia, Argentina, Chile and South Africa

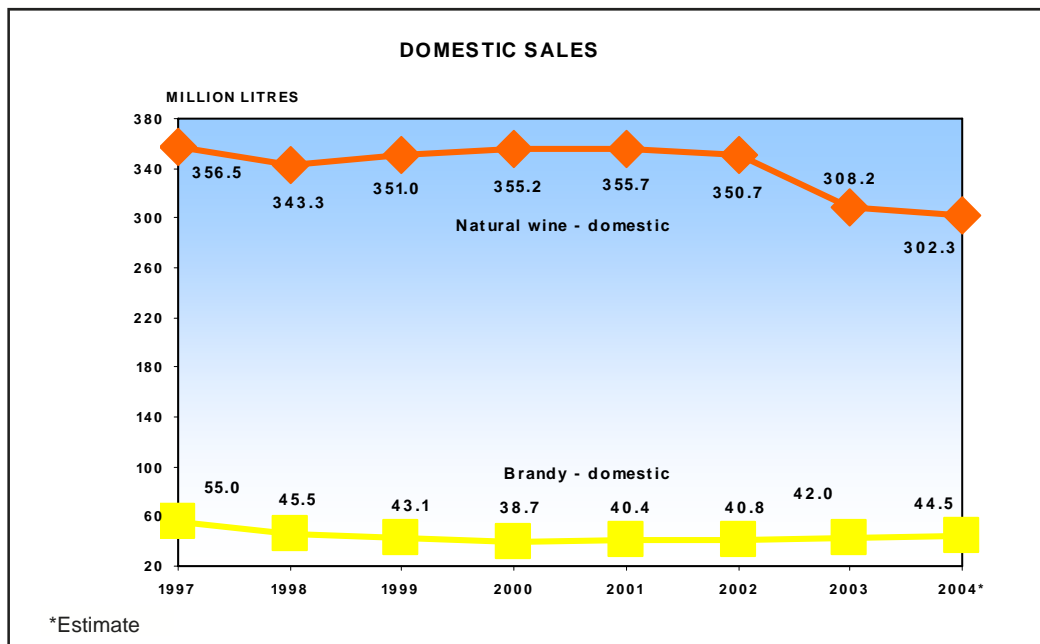
*** Australia, Argentina, Chile, South Africa and the USA

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

DOMESTIC SALES

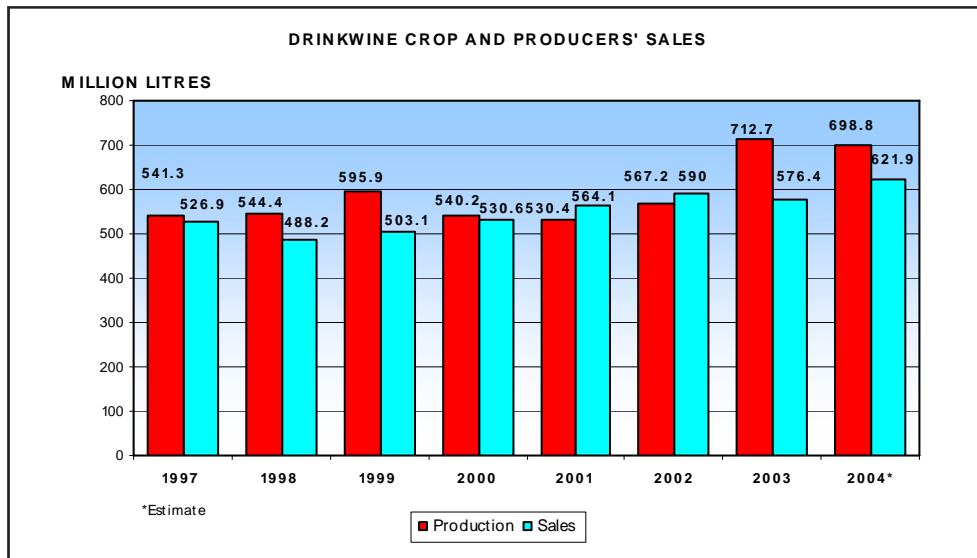
Domestic sales of natural wine decreased by 12.1% during 2003. Sales for the twelve month period from September 2003 to August 2004 decreased by 2%. It is estimated that domestic sales of natural wine will decrease by 1.9% in 2004 to 302.3 million litres.

Domestic sales of brandy increased by 3% during 2003. Sales for the twelve month period from September 2003 to August 2004 increased by 1.7%. Brandy sales is estimated to increase with 6% in 2004 to 44.5 million litres.



DRINKWINE CROP AND PRODUCERS' SALES

Production of drinkwine for 2004 is estimated to be approximately 76.9 million litres more than 2004 sales of drinkwine. Total sales of drinkwine by producers is estimated to increase by 7.9% during 2004.



STOCK OF DRINKWINE

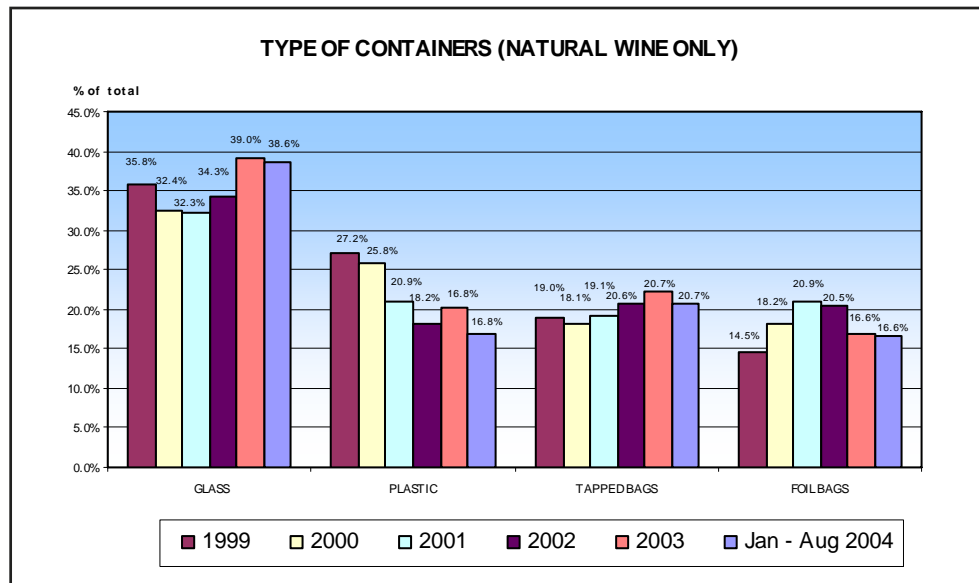
The situation with regard to drinkwine stock at private wine cellars and co-ops on 31 December 2000 to 31 December 2004 was or is estimated to be as follows:

	31 December 2000	31 December 2001	31 December 2002	31 December 2003	31 December 2004*	03/02 %+/-	04/03 %+/-
	million litres						
Total	290.5	242.3	214.3	356.8	417.2	66.5	16.9

*Estimate

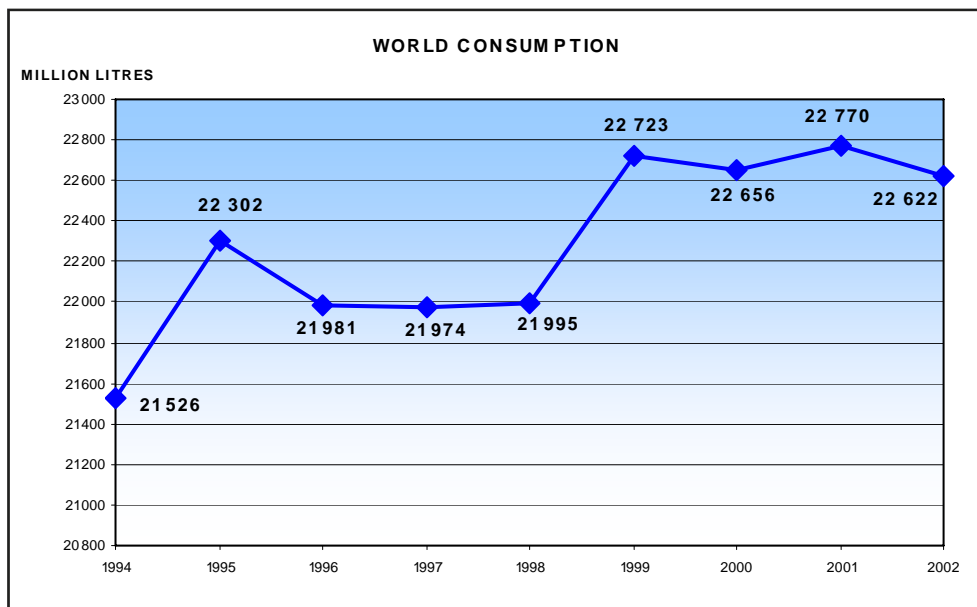
DOMESTIC PACKAGED WINE INFORMATION

In 2003 the total market for domestically sold packaged wine amounted to 286 852 068 litres of which glass, plastic, tapped bags and foil bags represented 39.0%, 16.8%, 20.7% and 16.6% respectively. In 1999 the total market for all types of containers was 308 862 293 litres. It decreased by 7.1% from 1999 to 2003. The total market for glass containers amounted to 110 654 219 litres in 1999. From 1999 to 2003 this figure increased by 1.1% to 111 878 850 litres. In 1999 the total market for plastic containers amounted to 83 908 397 litres. From 1999 to 2003 it decreased by 42.5% to 48 241 537 litres. The total market for tapped bags in 1999 amounted to 56 638 729 litres. From 1999 it increased by 5.1% to 59 529 859 litres in 2003. In 1999 the total market for foil bags amounted to 44 915 515 litres. From 1999 this figure increased by 5.8% to a total market figure of 47 527 622 litres in 2003.

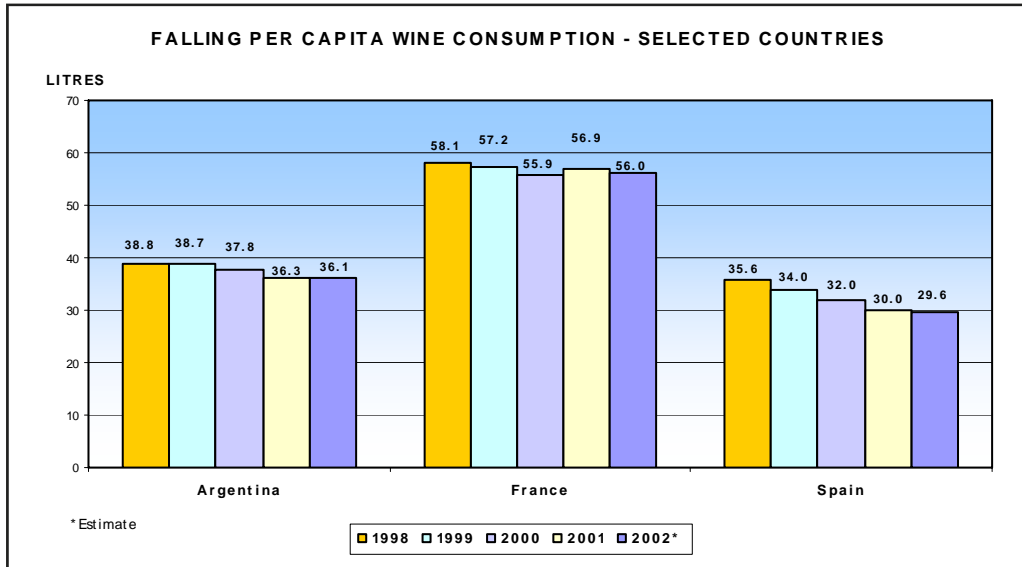


WORLD CONSUMPTION

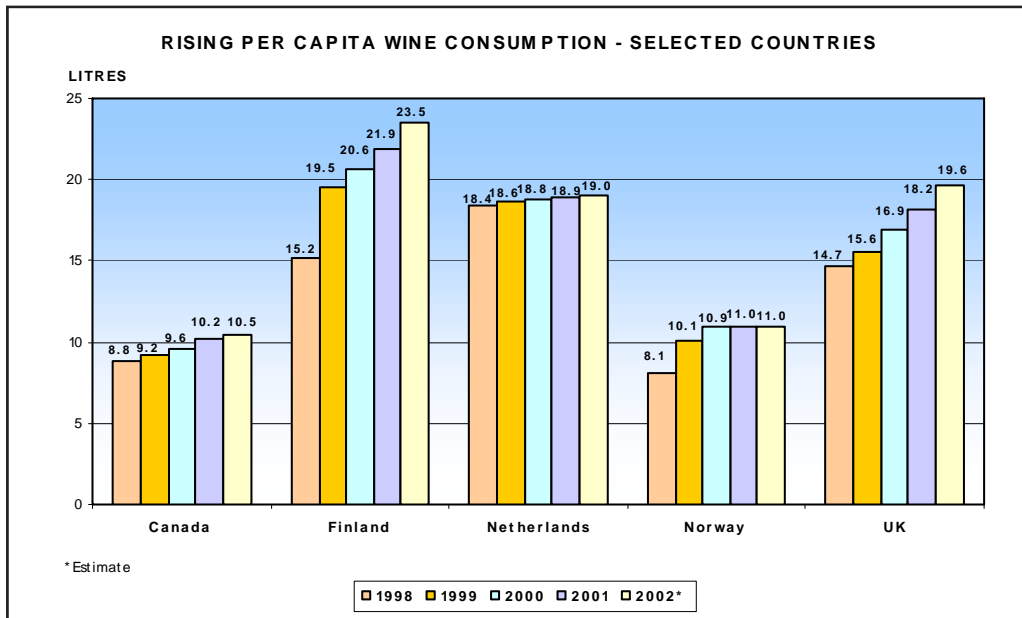
In 2002 there was a slight decrease (148 million litres) in world consumption reaching 22 622 million litres, or a 0.6% decrease compared to 2001. There have been changing patterns of consumption, with wine fitting increasingly easily into developing lifestyles, which also led to increased sales, including Australia and some Scandinavian countries. The story is very different for the Western European markets of Italy, France, Portugal and Spain, however, where younger consumers are moving away from traditional everyday wine drinking to more occasional consumption.



Combined volume sales of the above-mentioned countries fell for six consecutive years, down by a further 2.5% in 2003. This compares with an overall 0.3% decline in the total Western Europe region. The trend towards better quality products served to offset the decline in volume consumption witnessed in Western Europe towards the end of the 1998-2003 period. Indeed, total current value sales in the region increased by 19.4% in 2003. The growing consumer demand for more expensive, high quality variants of wine was most clearly visible in the markets of Scandinavia, the UK and Ireland, where sales grew both in volume and value in 2003. However, the improving scenario in Western Europe as a whole was also largely due to exchange rate factors and when considered in fixed rates, wine registered value growth of 2.5% over the period.



Worldwide consumption was 5 litres per capita in 1999 and is projected to shoot up nearly 20 per cent to 12.4 litres per capita by 2005. While the per-capita domestic wine consumption for "Old World" wine-producers like France and Italy continues to decrease, the Australian domestic wine market demonstrated a healthy 3 per cent year-on-year growth for 2002.



EXPORTS

SOUTH AFRICA

Compared to 2003, total exports of wine increased by 12% to 268.5 million litres during 2004. Exports of packaged natural wine and bulk natural wine increased by 14% and 8% respectively. The exports of bulk red wine showed the largest increase in exports with a 19.7% increase compared to the previous year. Packaged red wine increased by 14.1%, while packaged white wine increased by 11.9%.

Compared to the corresponding previous period, total exports of wine increased by 15.5% to 258.4 million litres during the twelve month period from September 2003 to August 2004. Packaged wine increased by 16.3% and bulk wine increased by 13.6%. The export of bulk red increased by 7.9% and bulk white wine increased by 14.4%.

According to the Production and market estimates 2005 - 2009, exports are forecasted to increase with 14.1% in 2004 and 11.2% in 2005.

WORLD

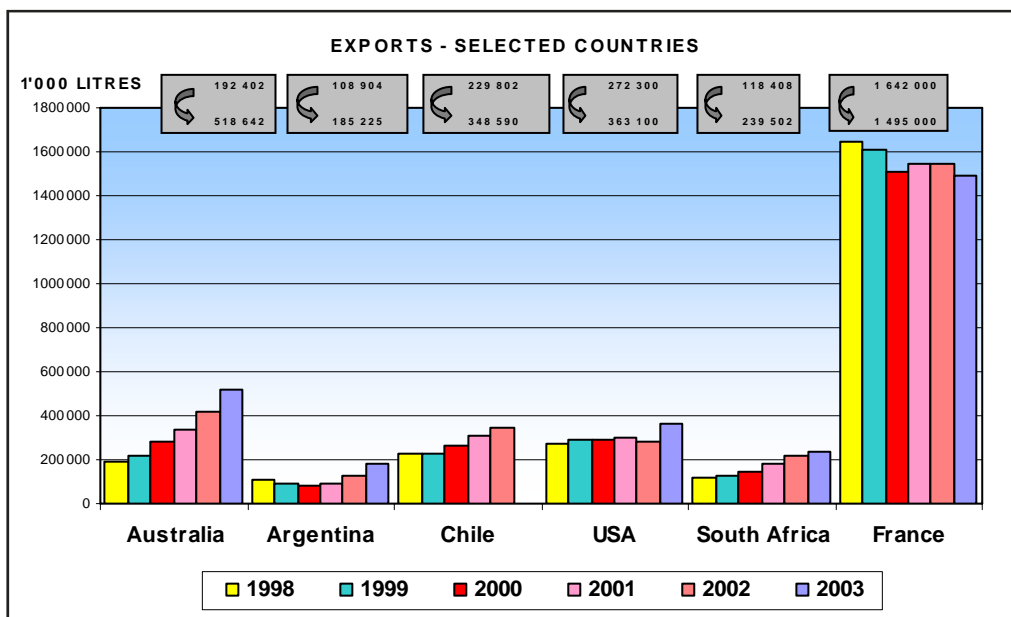
Exports of **Australian** wine rose year-on-year in July 2004, according to recent figures. The Australian Bureau of Statistics said that exports were up for July by 9.5% year-on-year, but fell by 8.6% against June in 2004. The quantity of wine shipped in July dropped compared to June, to 49.5 million litres while the value of those exports fell 14% to A\$208.3 million.

Exports of **Argentina's** wine and grape juice reached US\$26.7 million in July 2004, up 32.86% year-on-year, according to INV (Instituto Nacional de Vitivincultura). In the first seven months of 2004 wine and grape juice exports totalled US\$155.52 million, a 29% year-on-year increase.

The exports of **Chilean wine** continue with the tendency of growth reflected in recent months, what was confirmed with the figures of the month of September 2004 that showed an increase of 22,9% in volume amounting to 454.7 million litres and 24% in value.

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 per cent of the US wine exports come from California. In 2003, USA wine exports increased by 28.8% in volume, but showed an increase of 17.3% in terms of value compared with 2002. USA is the fourth leading wine producer in the world and holds a 4% share of the world export market.

French exports of wine and spirits dipped in the first half of 2004, according to press reports. Le Figaro (newspaper) said that wine and spirits exports fell in value by 1.9% to €3.4 billion. The value of international sales of Bordeaux wines fell by a massive 26%, the newspaper noted, with an 11% decrease in volume.



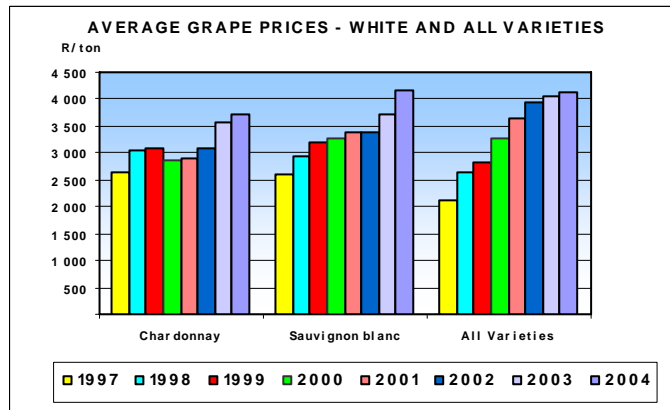
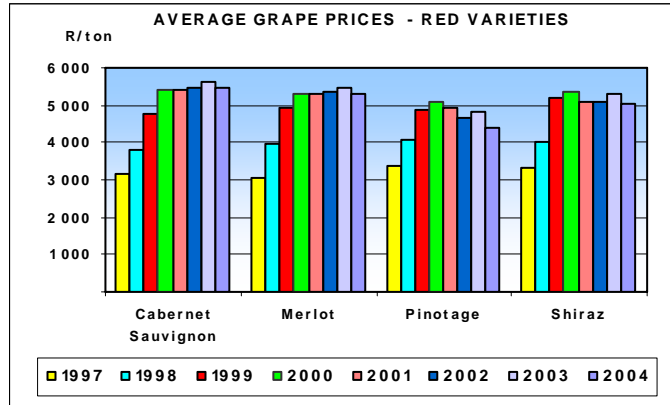
PRICES

GRAPE PRICES - SOUTH AFRICA*

VARIETY	1998		1999		2000		2001		2002		2003		2003/2002		2004		2004/2003	
	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops	Co-ops	Non Co-ops
Cabernet Sauvignon	4 565	3 810	4 610	4 793	5 109	5 333	4 849	5 423	4 442	5 458	3 987	5 605	3 987	5 605	-10.24	2.69	5 476	-2.30
Merlot	4 318	3 894	4 514	4 907	4 649	5 281	4 300	5 295	3 925	5 331	3 348	5 477	3 348	5 477	-14.70	2.74	5 327	-2.74
Pinotage	4 464	4 046	4 393	4 865	4 426	5 070	3 991	4 911	3 557	4 673	2 979	4 827	2 979	4 827	-16.25	3.30	4 376	-9.34
Cinsaut noir	1 976	1 741	2 154	2 168	2 163	2 347	2 257	2 302	2 736	2 521	2 746	2 753	2 746	2 753	0.37	9.20	2 757	0.15
Pinot Noir	2 400	2 933	2 724	3 457	2 311	3 877	3 140	4 147	2 892	4 211	2 971	4 806	2 971	4 806	2.73	14.13	5 191	8.01
Shiraz	4 153	4 009	4 625	5 208	4 533	5 333	4 159	5 106	3 674	5 111	3 319	5 294	3 319	5 294	-9.66	3.58	5 036	-4.87
Other red*	2 429	1 666	2 646	2 666	2 621	3 640	2 835	3 818	2 794	3 902	2 808	4 172	2 808	4 172	-6.66	6.92	4 231	1.41
Chenin Blanc	977	1 666	745	1 407	882	1 088	725	1 074	916	1 093	1 121	1 735	1 121	1 735	22.38	58.74	2 032	17.12
Sauvignon Blanc	2 071	2 944	1 695	3 190	1 828	3 278	1 713	3 399	1 841	3 380	1 894	3 705	1 894	3 705	2.88	9.62	4 166	12.44
Chardonnay	2 327	3 062	1 603	3 088	1 461	2 875	1 732	2 896	1 984	3 075	2 084	3 587	2 084	3 587	5.04	16.00	3 733	4.65
Cape Riesling	874	1 480	713	1 405	626	1 413	811	1 354	881	1 398	1 278	1 614	1 278	1 614	45.06	15.62	1 750	8.43
Colombar	891	1 238	694	1 211	595	826	639	867	801	738	1 006	1 111	1 006	1 111	25.59	50.54	1 079	-2.88
Harefoot White	888	1 138	694	1 174	518	764	585	868	799	841	1 062	770	1 062	770	32.92	-8.44	1 074	39.48
Semillon	1 066	1 937	998	2 156	830	1 915	970	1 929	1 230	1 837	1 592	2 480	1 592	2 480	29.43	35.00	2 587	4.31
Other white*	792	1 342	598	1 600	395	1 439	481	1 560	643	1 680	798	1 211	798	1 211	24.11	-27.92	1 142	-5.70
All Varieties	796	2 641	934	2 845	966	3 278	1 136	3 640	1 307	3 953	1 444	4 041	1 444	4 041	10.48	2.23	4 133	2.28

* Includes all red or white varieties not in this table.

** Co-ops estimated



GRAPE PRICES - SELECTED COUNTRIES

	South Africa*		California		Australia		New Zealand		Argentina	
	Average Grape Prices - R/Ton									
	2002	2003	2002	2003	2002	2003	2002	2003	2001	2002
Sauvignon Blanc	3 380	3 705	8 593	6 177	5 306	5 188	10 456	10 702	2 460	1223
Chardonnay	3 075	3 567	7 192	5 171	5 369	5 208	7 248	7 016	3 778	1217
Chenin Blanc	1 093	1 735	1 664	1 196	2 607	2 289	3 719	2 718	1 390	405
Colombar	738	1 111	1 211	871	2 230	1 818	-	-	-	-
Semillon	1 837	2 480	6 224	4 474	3 545	3 017	6 574	5 037	2 404	1143
Cabernet Sauvignon	5 458	5 605	10 804	7 767	5 935	4 751	9 623	8 897	4 409	1653
Merlot	5 331	5 477	9 046	6 503	4 654	4 245	9 822	8 486	4 349	1594
Pinotage	4 673	4 827	-	-	-	-	5 922	5 675	-	-
Pinot noir	4 211	4 806	18 734	13 468	6 553	6 264	-	-	-	-
Pinot noir (Sparkling wine)	-	-	-	-	-	-	5 216	4 618	-	-
Pinot noir (Tablewine)	-	-	-	-	-	-	13 434	12 470	-	-
Shiraz	5 106	5 294	7 098	7 381	6 324	4 938	10 253	10 699	-	-

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

*Excluding deliveries to co-ops by members

BULK PRICES - SOUTH AFRICA

During 2003 the bulk wine prices of quality red varieties decreased by an average of R0.18 per ℓ (2.7%) and that of other red varieties increased by R0,50 per ℓ (10.4%). On the other hand, the average prices of Sauvignon Blanc and Chardonnay increased R0.72 per ℓ and R0,74 per ℓ respectively and that of other white varieties increased by R0.67 per ℓ (34.7%). The average price of all bulk drink wine was R0,78 per ℓ (26.3%) more than the previous year and the average price of rebate for brandy, and distilling wine R0.56 (43.3%) and R0.30 (40.3%) more respectively.

During the period January to September 2004 the average bulk wine prices for Cabernet Sauvignon, Merlot, Shiraz and Pinotage decreased 10.2%, 10.3%, 14.0% and 16.8% respectively compared to prices during the corresponding period in 2003. Other red varieties showed a further decrease of 9.3% compared to the prices during the corresponding period in 2003. On the other hand, the average price of Sauvignon Blanc (+3.8%) and Chardonnay (+5%) increased further compared to the corresponding period in 2003. The average prices for all varieties decreased by 4.8%.

