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BI Daily

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SOUTH AFRICAN TRENDS

Sustainability a reality for wine industry

Generation Z, born between 1997 and 2012, are strongly driving environmental, social and governance (ESG) principles, with many people from this cohort refusing to support or work for companies that do not align with their values.

Pressure is not as high in South Africa, but producers should ready themselves for the change. "It is time to wake up and realise that ESG is no longer a pie in the sky idea. Failure to comply may, in future, lead to a loss in market access and result in increased costs, such as carbon taxes," Van Wyk warned.

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GLOBAL TRENDS

Why 2025 'will be a telling year in the wine industry'

Making the comment during a discussion with db last month, the industry veteran and former executive vice president for Jackson Family Wines outlined his views on the trading prospects in the year ahead, having said that the "primary headwind right now" is oversupply. "Whether it's California or Chile, we are clearly in surplus," he said, adding "And that is a function of consumer demand, which, since Covid, has changed significantly."

This trend, driven by unprecedented conditions, encouraged the wine industry to "make unsustainable projections of where growth was going to be, and wineries planned on that, making more wine, and taking on more grower contracts."

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Cruising to Better Wine Sales

American cruise lines are free of the US three-tier-system and can source their wines and spirits in international, duty-free, waters. This gives their beverage directors advantages such as buying directly from wine producers without having to pay the multi-tier markup that can lead to a bottle selling in a US retail outlet for nearly four times the ex-cellars price in Europe.

Whatever the wine, the prices at sea are not much lower than those in the typical US off- and on-trade tiers. Schmidt says that "Markup typically ranges from 150-300%, depending on the brand, region and exclusivity. It is generally higher than the markup on wine sold in restaurants and retail stores because of the additional costs associated with storing, transporting and serving wine on a cruise ship,"

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Drinks firms brace as Trump elected US president

As news breaks that Donald Trump will be moving into the White House in January, anxieties heighten in the boardrooms of Europe's big drinks groups.

A central plank of his Make America Great Again campaign, which led to Trump winning the presidency for a second time, has been the proposal to impose minimum 10% tariffs on all imports in a bid to make Americans buy from domestic producers. At a campaign event in the key state of Pennsylvania last week, he emphasised his promise to pass the "Trump reciprocal trade act" and said the European Union especially would have to "pay a big price" for not buying enough American exports.

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MAJOR WINE PRODUCING COUNTRIES

Flood Disaster in Spain Hits Wine Regions

A catastrophic flood, triggered by a local weather phenomenon called Dana with torrential rains, has claimed over 200 lives in Spain's Valencia region. Between October 23 and 29, rainfall reached up to 300 liters per square meter in some areas. In addition to Valencia, other Mediterranean regions were also hit, with no respite in sight as of November 4, and heavy rains continuing, most recently in parts of Catalonia.

The wine industry has been heavily impacted, with the Utiel-Requena vineyards and northern parts of DO Valencia among the hardest-hit areas. Floodwaters have submerged vineyards, and the long-term effects—including potential damage from standing water and subsequent infections—remain uncertain.

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