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BI Daily

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RSA TRENDS

Harvest expectation signals improvement for South African wine industry

The first harvest estimate for the 2025 South African winegrape crop is in, with viticulturists and producer cellars predicting an improvement on the previous year's record low yield. Early forecasts indicate an expected crop likely on par with the 2023 harvest of 1.183 million tonnes, the second smallest crop in the past two decades.

Dr Etienne Terblanche, head of Vinpro Consultation Services, attributed the improved outlook to moderate weather conditions and minimal disruption from extreme weather events. "The growing season has benefited from favourable winter rainfall patterns and moderate spring, which have supported even budding and healthy vine growth," he explained. "While the national vineyard area continues to shrink, the current conditions and producer resilience suggest a high-quality harvest across key cultivars."

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GLOBAL TRENDS

What proposed wine tariffs could mean for restaurants

How much a restaurant marks up wine may change if a proposed 25% tariff on European wines goes through. This, experts in the industry said, could cripple the independent scene and make the most profitable aspect of service non-existent as small businesses have to absorb the rising costs and/or pass along price increases to consumers.

Root broke down the ripple effect. First, he noted, the fees would be paid by the American companies buying the wine. A \$20 bottle sold wholesale would go up around \$30, and that's before it hits the menu. This isn't the first time a tariff has threatened the wine industry. In 2019 the U.S. imposed a

25% tariff on most wines with an alcohol content of 14% or less. The rule affected products from France, the United Kingdom, Germany, and Spain. In 2020 these tariffs expanded to include many large-format bottles and wine with an alcohol content above 14% — in essence, all imported wines from those European countries.

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Is the US Wine Market Through the Worst?

When the pandemic ended, consumers were predicted to party as if it was the end of Prohibition. US wine sales would boom. When that didn't happen, the explanation was that consumers were "de-stocking"—finishing all the wine they had bought during the pandemic but didn't drink because they had bought so much. And when "de-stocking" went on longer than most expected, well past the end of the pandemic, and sales still didn't return to normal, the industry finally acknowledged that sales were slumping.

This led to the next question: When would the US wine sales slump, which has lasted for almost two years, depending on whose data is being used, finally end? The bad news? Don't expect a V-shaped recovery, which economists use to describe a sharp rise back to a previous peak after a decline like the one the wine business has endured. Instead, the bottom could last for a significantly longer time, perhaps even several years. This is a U-shaped recovery, such as the one following the US's oil-shock recession from 1973 to 1975.

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Austria a World Leader in Environmentally Conscious Viticulture

Austria's wine country holds its own on the international market by focusing on the strengths of its decentralised structure and by prioritising environmentally conscious viticulture.

Some 10,000 wine producers collectively cultivate a vineyard area of approximately 44,210 hectares. The average size of these estates is relatively small, reflecting the fine-grained structure of the entire winegrowing landscape. Most are family-run businesses, where viticulture has been a tradition for generations, deeply rooted in nature. Many have committed to principles of environmental consciousness that integrate ecological, economic and social responsibility. To earn the 'Sustainable Austria' certification, wine estates must meet more than 380 defined requirements, covering everything from vineyard management to the weight of the bottles.

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MAJOR WINE PRODUCING COUNTRIES

Report reveals details of Australian wine's stock situation

The Australian Wine Production, Sales and Inventory Report 2024 was released yesterday by Wine Australia, providing the finer details of the balance between Australia's wine production and sales, and highlighting that the nation's small vintage had contributed to a 10 per cent reduction in inventory as of the end of the 2024 financial year.

In 2023-24, wine production reached just over one billion litres (equivalent to 116 million 9-litre cases)—an 8% increase compared with 2022-23, making it the second-smallest production reported

in 17 years, and 16% below the 10-year average of 1.24 billion litres. The overall increase of 8% compared with 2022–23 was made up of a 20% increase in white wine production, partly offset by a 2% decrease in red wine production. This saw white wine’s share of production increase from 46% to 51%—the first time in 12 years that the production of white wine has exceeded that of red wine in Australia.

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