

PRESS RELEASE: Wines of South Africa Export Report 2022

A Year of recovery whilst navigating obstacles

Despite a decline of 5% in export volumes, the South African wine industry remains focused on its road to recovery following the pandemic. It is positive to see that export value has only seen a 2.4% decline, with Rand per litre on a whole, showing marginal growth as producers navigate rising costs, shipping challenges and shortages in the supply of packaging goods.

A total volume of 368.8 million litres of wine left our shores in 2022, some 20 million litres less than in 2021. These exports totaled R9.9 billion Rand in value, down from R10.2 billion in 2021. The decline can mainly be attributed to shipping constraints at the port of Cape Town, in particular an extended period of adverse weather conditions, which prevented ships from docking during April 2022 as well as the two-week long period of strikes by port workers in October.

The total price per litre increased by 2.2%, mainly supported by the 5.3% increase in bulk Rand per litre – yet another positive step in the direction of premiumization for both packaged and bulk wine categories. Bulk wine exports equate for 62% of total export volumes, however in terms of value contribution, packaged wine is by far the value-leader at 77%.

The UK, South Africa's largest wine export market, where the perception and quality offering of South African wine has grown over the past decade, continued to show growth of 5% in volume. Higher priced bulk exports drove the volume growth with an 8% growth in Rand per litre being realized.

The Chinese market, which previously showed exponential growth for South African wine, has slowed down due to the extended extreme lockdown measures imposed by the Chinese government. This has brought much of the economy to a halt and led to an overall decline in wine consumption, which reflected in the total exports value decline of 26% and volumes of 38%.

In our second largest market, Germany, a decline of 17% in value and 9% in volume could be attributed to a number of factors. These include rising inflation in Germany, and an increase in living costs – something that is also true of many other countries. There is an emerging culture of drinking local wines to support the local producers, coupled with a lack of tourism to South Africa, an area that has previously fostered long-standing relationships with consumers and the wines of South Africa. Fortunately, with global travel resuming it is expected that this will be revived.

The performance of exports into Africa is noteworthy from both a volume and value perspective. The continent continues to provide significant opportunity for South African wine and there is support in the notion that the ratification and implementation of the African Continent Free Trade Agreement (AfCFTA) will create significant future opportunities exist in certain countries.

WoSA CEO, Siobhan Thompson comments, “The recovery of exports was hampered in 2022 by various factors out of the control of our producers. During the months of April and October exports were directly impacted by the weather conditions and strike action in the port of Cape Town. Furthermore, the shortage of shipping containers as well as packaging materials, caused additional challenges.”

She continues, “On a positive note, the image of South African wine continues to grow with South African wine being awarded various top accolades and ratings in a host of competitions and professional ratings. CapeWine2022, our premier industry showcasing, proved to be a major success and attracted top buyers, influencers and importers from around the globe and we hope to see the impact of this on exports going into 2023.”

“For the first time in several years we are due to have a major presence at ProWein Germany in March 2023, in Hall 14, stand A70 to C80. Our producers can’t wait to hop on planes and have face-to-face meetings with importers and buyers again. We expect 2023 to be a very successful year for South African wine exports.”

Rico Basson, MD of wine industry body, Vinpro states, “Our SA producers and exporters should be commended for the responsible manner with which they approached the marketing of wine during the past year. Our exporters remained focused and notwithstanding massive cost pressure, supply chain disruptions and surplus stock, did not follow a short term approach to discount their product, which would have eroded the work that was done over the past few years to reposition SA wines.”