

South African wine exports reach new records

By **Ryan White** on January, 20 2014 | Spirits & Tobacco



The South African wine industry has topped its previous export record, with volumes sold in 2013 reaching 525.7 million liters, a 26% increase on the previous high achieved in 2012.

Strong year-on-year growth occurred in established and newer markets. Sales to the UK, still the country's biggest export destination accounting for just over one-fifth of total volumes exported last

year, rose 21% to 111.2 million liters. Volumes to Germany, where South Africa is the biggest New World supplier, increased by 24% to 96.5 million liters, while exports to Russia were up 18% to 37.3 million liters.

The new CEO of Wines of South Africa (WOSA) Siobhan Thompson attributed the dramatic rise in exports to the country's bumper harvest in 2013 that had allowed South Africa to fill the gap created by the poor European harvest, as well as to the penetration of new markets.

"It is encouraging that strong gains were achieved in the UK and Germany, our two biggest markets, where packaged wines in particular showed very healthy growth. Packaged wines to the UK were up 31% and to Germany by 17%. At the same time, exports also grew across an increasingly broad range of other markets."

She said the substantial growth in Russian sales was partly the result of the shortfall in the European harvest, where in some cases yields were the lowest in 40 years. "This was also the reason South African sales to wine-producing countries such as France, Italy and Spain increased so dramatically. However, we see as significant the impressive growth in high potential markets such as the US, where we are confident of achieving long-term growth. "

She said exports to the US, a market of fast-growing importance to the country, increased by 37%, buoyed by improved distribution and ongoing positive media exposure. This included very favorable reviews in high-profile wine publications such as *Wine Spectator* and *The Wine Advocate*, and amongst the very influential blogger fraternity. The US is currently the world's biggest market for wines.

"South Africa is increasingly perceived as the source of interesting, original and well-made wines, able to appeal to Americans eager to expand their repertoire. This is a very good positioning from which to build our base, particularly as we target Millennials, who are especially eager to encounter new taste experiences."

Strong gains had also been achieved in Denmark, she said, where packaged sales were up by 21%. The country was also making good inroads in many of Africa's major economies as well as in Japan, Thailand and the United Arab Emirates.

White wine sales rose by almost 18% and reds by 22%. Sauvignon blanc, Cabernet Sauvignon, Shiraz, Pinotage and Merlot saw the biggest increase in volumes exported.

Thompson noted that while bulk volumes accounted for 65% of wines exported last year, up from 59% the previous year, this was largely a factor of the opportunistic buying on world markets prompted by the poor European harvest. It was also not a situation unique to South Africa, having impacted on other New World wine-producing countries as well.