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US-SA wine joint venture starts

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Cape Correspondent

CAPE TOWN — The first joint venture in the wine industry between the US and SA was opened by the US ambassador to SA, Eric M Bost, in Stellenbosch yesterday, with about 75% of winery Vilafonté's produce destined for the US market.

The joint venture was started with US investment and was being financed in SA, Mike Ratcliffe, director of Vilafonté and deputy chairman of the SA Wine Industry Trust, said yesterday.

The groundbreaking red wine project was a partnership between a group of "quality-driven" wine specialist from SA and the US.

Vilafonté is the first winery in SA to be focused on producing wine for the luxury market.

Its annual production is 3000 cases and its wines sell in SA for R250 a bottle, but could be priced higher in the US, Ratcliffe said.

Ratcliffe cautioned South African vintners not to underestimate the power and significance of the US market.

The fact that the US did not even represent 1% of the South African export market "shows there is a lot of untapped potential".

"It is not only one of the biggest wine markets in the world, but as a market placing the emphasis on quality wine instead of quantity, the US offers successful exporters and high-end brands — such as Vilafonté — a good return," he said.



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This could not be said for overtraded European markets, "where the mass volume discount culture seems to remain king".

Ratcliffe said that by strengthening the ties between US and South African wine cultures, both industries would feed off the uniqueness of each other and both.

"Looking at the global wine industry from a macro viewpoint, it is clear that the international wine industry is in a slump. Global oversupply is growing at an unprecedented rate and the so-called wine lake continues to deepen.

"The South African wine industry holds an extremely small volume share of total world wine production. Despite this, the local industry also finds itself in a position of oversupply symptomatic of low investment levels in international market development.

"A greater marketing focus on the world's largest economy, with the support of the Africa Growth and Opportunity Act, should pay handsomely," said Ratcliffe.

Bost also announced the formation of a trust, the US-SA Foundation, based in Washington.

The foundation's aim is to raise awareness of South African wine in the US through integrated fundraising and promotion.

Bost said the annual project would see up to 20 black wine apprentices spending three months a year in Virginia and California, working on wine farms and attending classes at vinicultural and viticultural institutions.

So far R4m had been raised and it was hoped that the project would assist in "expanding the horizons of previously disadvantaged persons".

