



## VINPRO BUSINESS NEWS COVID-19: LOCKDOWN PERIOD #1

### 29 MARCH 2020

1. Last week the South African wine and brandy industry managed to unlock the first of two material priorities, namely that production and storage/cellar activities of the 2020 harvest can be completed and is deemed an essential activity. This decision was met with great relief by all producers, wineries and relevant stakeholders. Whilst the harvest is almost complete ( $\pm 97\%$ ), there are still eight out of ten regions in the final stages, with  $\pm 35,000$  tons outstanding.
2. This week we continue our deliberations with National Government Departments with regard to the second priority, namely to try and lift the embargo on wine exports during the 21 days lockdown period. This will also include aspects of the transport of wine, which has been earmarked for exporting from the harbour, as well as finished goods in bonded warehouses that are ready for shipping. We have established a high level industry task team who will specifically guide the process – drawing on support from industry bodies, freight forwarders and international best practices – and model economic scenarios with regard to direct and indirect potential losses in the market and at farm level. We understand the financial realities at stake and are urgently attending to the matter. We would like to ask for some patience and collaboration to resolve this issue. It is very difficult to provide a timeframe at this stage, but we will keep you informed.
2. Whilst the ports are open (essential service), capacity is currently a HUGE CHALLENGE, combined with confusion/interpretation around essential and non-essential goods and preference given to imports. The embargo on wine exports means that wines *that are in containers and already in the harbour* cannot be shipped. According to the latest update Table Bay Harbour has less than the normal staff members on site, including teams in the container terminal. Only 60% of the gates are open and a limited number of vessels will be allowed to load and discharge cargo, with a challenge around categorising it into essential and non-essential goods, once it has been discharged.
3. As the liquor industry we will also continue to engage with Finance (SARS/Treasury) and look at possible dispensation measures, such as an extension/rebate on excise payments. The wine industry effectively does not have any sales during the lockdown and every week that exports will remain shut down, translates into a loss of just short of R200 million in FOB export revenue. Even more importantly, it translates into a loss of market share and future revenue streams. While we are not for one moment losing sight of the global pandemic, we are still of the opinion that some low-hanging fruit could still continue, without being reckless in dealing with COVID-19. Earlier today the Ministry of Finance also issued a media statement around the earlier announced **Tax Measurements**. [Read more.](#)
4. We have received several enquiries around labour, agri-workers, leave, UIF and a number of themes in this regard. As we enter a new work-week, we deem it relevant to

request all businesses to please practice due care in this regard. Although we believe every business entity is unique and already dealing with the matter, there might still be questions. Please follow this link and learn the latest via the [Q&A](#). Also visit the [website of the CAEO](#) (KAW – Kaapse Agri Werkgevers Organisasie); on the landing page you will find almost ten categories referring to **activities/themes** relevant during COVID-19. We trust this will provide the necessary guidance. As far as the **transport of agri-workers** are concerned it is also important to pay attention to the stipulated regulations. [Read more.](#)

5. The **business portal** of the DTI is up and running for the registration of business entities as rendering essential services. We have confirmation that a number of wine business entities have already registered without any trouble and the **certificates** were issued. We would like to encourage all business entities to register accordingly. [Read more](#) and follow the link in the post.
6. For ease of reference, we would like to once again include the link to the **permit** to perform essential services and/or to travel during the lockdown period. [Read more.](#)
7. Vinpro has also made contact with the **large agricultural financial institutions** to share the latest in the wine industry and to keep them informed as we go along. In this regard we would like to encourage all our members to stay in contact with their key business partners along the wine-value-chain. There are different business models in the industry (across producer cellars, private cellars, etc) and given the uniqueness of each, we trust that these confidential conversations are taking place.
8. Communication on both industry and global level is critical, especially during the COVID-19 crisis. Our **communication team** is currently working on external messages to not only inform our markets on a range of relevant themes, but also various stakeholders locally and globally. We would like to encourage you to use the central page for industry messaging at <https://www.wineland.co.za/covid-19-info/> and/or send through your feedback and enquiries to us at [info@vinpro.co.za](mailto:info@vinpro.co.za).

In closure, in the words of our President on the 23 March 2020.

In the days, weeks and months ahead, our resourcefulness and our unity as a nation will be tested as never before - with a call to action.

*"I call on all of us, one and all, to play our part. To be courageous, to be patient and above all, to show compassion. Let us never despair. For we are a nation at one and will surely prevail. May God protect our people"*

All the best with your endeavours,

**Christo Conradie**