

AGRICULTURE
VITICULTURE & WINE

1987

JAN - NOVEMBER

Sugar price rise likely to have ripple effect

Own Correspondent

2/1/87
Inflation received an early 1987 boost with the announcement of a 15 percent increase in the domestic price of sugar — expected to have a ripple effect on the prices of many food lines.

The increase, due to be sanctioned in today's Government Gazette, will lift the price of a 2,5 kg packet of white sugar by around 35c. The last price increase of 12,5 percent was in March.

The rise will further boost costs of the bakery, confectionery, cool drink, tinned fruit, ice cream, brewing and food processing industries after a year in which food prices rose, on average, by 22,9 percent.

The Government's 15 percent announcement applies only to prices of industrial sugar (retail and wholesale prices are not controlled) but a South African Sugar Association (SASA) spokesman estimated that retail prices on the

Reef could rise by about 14 percent.

The industrial price of white sugar rises by R115 a metric ton, from R758 to R873, while brown sugar increases by R99 a metric ton, from R698 to R797.

Mr Peter Sale, General Manager of SASA, said local prices were determined by the Government on a formula based on domestic costs.

He went on to say that although local consumers were in no way subsidising export prices and contracts, the increase would assist an industry which had experienced increasing difficulty in its export drive (the American Government recently removed SASA's export quota and allocated it to the Philippines).

Mr Sale says he hopes that increases will now take place in January and that future increases will be smaller. Consumers would probably prefer smaller more regular increases as these required were less of an adjustment.

Lower-income groups will be hard hit

Sugar price hike to raise cost of foods

PRICES of hundreds of food products are expected to increase within the next month as a result of the recently announced 15% hike in the price of sugar.

The chief executive of supermarkets at Checkers, Lionel Blakeman, yesterday predicted price increases ranging from 5% - 15% depending on the sugar content of the products.

Industries directly affected by the increase include tinned fruit, jam and cold-drink producers and confectioners.

"We will start feeling the effects of the sugar increase in February," Blakeman said, adding that prices would be kept down until their existing stocks were purchased.

THELMA TUCH

He said this increase was the first of a number of increases in the pipeline for 1987.

Jean Tatham, vice-president of the Housewives League, said lower income groups — dependent on sugar as a source of energy — would be particularly hard hit by the increase.

The Housewives League, she said, had little confidence in industry or the government to control food prices.

Peter Sale, general manager of the South African Sugar Association (Sasa), said the price increases had occurred only to keep in line with local production costs in an era of a 20% inflation rate.

The last increase in the price

of sugar was a 13,5% in March last year.

Sale said the sugar price increase had nothing to do with the US government's announcement in November last year that its approximate annual 35 000-ton sugar quota to SA would be dropped and diverted to the Philippines.

He said the hike was also unconnected with the inclusion of Sasa on the US classification of about 130 South African organisations as parastatal organisations and thereby targets of disinvestment.

Sasa, he said, was a private organisation and was in the process of appealing to the US to drop its name from such a list.

3 SUGAR

SASA

15%

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Sugar price up, so many products will cost more

3 Sugar

JOHANNESBURG. — Prices of several hundred food products are expected to bound ahead in the coming two months — spurred by the 15-percent rise in the price of sugar and rocketing prices for meat and meat products, beef and lamb in particular.

Supermarket chains say that industries directly affected by the sugar price rise include tinned fruit and vegetables, jams and other spreads, soft-drinks, confectionary, syrups and many other food-stuffs.

Mr Lionel Blakeman, chief executive of Checkers supermarkets, said: "We expect price increases ranging from five percent to more than 15 percent, depending on the sugar content of the various products."

"The impact of the sugar price rise will begin to be felt next month. Prices will remain as they are until old stock is cleared."

Pick 'n Pay, OK Bazaars and Checkers predict that the sugar price increase is only the first of many in 1987.

Mrs Jean Tatham, vice-president of the Housewives League, says she has little confidence in either the industry or the Government controlling food prices.

The lower income groups will be worst hit because sugar is their main source of energy, she says.

The South African Sugar Association (Sasa) says the price of sugar has been increased to keep in line with increases in local production costs against a background of 20-percent inflation.

The general manager of Sasa, Mr Peter Sale, said that the last price increase was in March last year, when the price was boosted by 13,5 percent.

He added that the latest increase was not connected with the announcement by the United States in November that its annual quota for imports from South Africa of 35 000 tons would be switched to the Philippines.

The increase was also not connected with the inclusion of Sasa on the US classification of about 132 South African organisations as parastatals and therefore legitimate targets under the new American disinvestment policies.

Sources in the industry say that supplies will dry up when drought-stricken farmers slaughter hungry stock.

AREA B: Durban and Port Elizabeth.

AREA A: Lower Tugela.

Superceding w.d. no: 292

425 - CORDAGE AND MATTING INDUSTRY, CERTAIN AREAS.

US sends back SA sugar

DURBAN — A 50 000-ton cargo of sugar has been returned to Durban after being barred from entering the United States.

This was confirmed yesterday by Mr Peter Sale, general manager of the South African Sugar Association.

He said the cargo had been refused entry in terms of recent US laws withdrawing the African sugar quota.

The sugar would be sold elsewhere, Mr Sale said. He would not comment further. — Sap

Announcing the latest 15% increase in the local market price, the SA Sugar Association (Sasa) concedes the price hike will aid the industry "which has encountered increased difficulty in its export activities."

In reality the domestic market is now contributing around 77% of the industry's total income — the result of the combined effect of sluggish world prices and the loss of some valuable export tonnage through sanctions.

The increase, effective from January 1, raises the industrial price of one metric ton of white sugar by R115 to R873. At the retail level, where there is no price control, sugar will sell over the counter at around R2,75 for a 2,5 kg bag.

If anything, it will serve to make the industry even more dependent on the local market while the threat of further sanctions clouds prospects for SA's international sugar sales. SA has already lost its high-priced US sugar quota to the Philippines, and exports to Canada came to a standstill with the total ban on agricultural imports from SA. Although other foreign markets appear relatively secure at this stage, Sasa officials maintain there's no telling what the future

holds.

Welcome for the sugar industry as it is, the latest price hike will not materially alter its fortunes as the end of the crushing season draws near. Sasa is quick to point out that 15% is below the inflation rate and is in line with the previous domestic increase last March.

The most obvious benefit for the industry will be the advantage it enjoys of two price increases in one season. The sugar season runs from March through to April.

Break even

But even so, Sasa GM Peter Sale expects the industry merely to break even this year without showing any appreciable return on capital. The main reason is that while the controlled domestic price covers the industry's costs plus a small return on investment, Sasa has had to sell sugar on the international market at below cost. The London market price for the year to date has averaged US6,3c/lb. In addition the rise in the value of the rand has meant lower rand receipts for sugar sold in dollars.

The net effect will be that the industry will once again not be in a position to make any meaningful contribution to the redemption of its R327m debt on previous export losses.

At this stage the industry is merely paying interest on loans. Capital repayments, unless otherwise decreed, are thus essentially contingent on a higher world sugar price. And for all their perennial optimism, most commentators believe that to be some way off. ■

SUGAR INDUSTRY ③ SUGAR

Help at home

Sanctions seem to have forced the sugar industry to admit finally that domestic sugar price increases are, to some extent at least, compensating for export losses.

FOR MAIL
9/1/87

New wine prices give farmers a fillip

Staff Reporter

WINE FARMERS are to be paid up to 19,5 percent more for their product this year but the impact on the consumer should be "slight", says KWV chairman Mr Pietman Hugo.

Steep increases in production costs had forced farmers to ask for more for their products, he said after the annual price determination sitting of the KWV board yesterday.

The new prices would determine the income of about 6 000 farmers in South Africa and their 50 000 workers, who had an estimated 300 000 dependents.

A larger degree of price differentiation for wines of different quality has been introduced.

The wholesaler may not necessarily pass on the increases to the consumer, Mr Hugo said.

The minimum price of "good wine" for part of the standard-priced wine production has been set at R47,50 a hectolitre as against R48,26 a hectolitre in 1986. This was a reduction of 1,6 percent.

STANDARD PRICE

"Good wine" is categorised as any wine not used for distilling purposes, while standard-priced wine is "good wine" intended for sale at the lower end of the scale, for example in 2l and 5l jugs or boxes.

● The minimum price of "good wine" for flavoured wine

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New wine prices

(Cont. from Page 1)

has been set at R47,50 a hectolitre as against R42,48 in 1986, an increase of 11,8 percent on the old price.

● The minimum price of other "good wine" has been set at R57,67 a hectolitre as against R48,26 in 1986, an increase of 19,5 percent — 7,1c for a 750ml bottle.

● The minimum price of distilling wine has been set at R37,33 a hectolitre at 10 percent alcohol by volume as against R31,24 in 1986, an increase of 19,5 percent — 6,1c a litre.

It was estimated that this year the equivalent of about 32,3 percent of the total wine crop would be required for brandy and other distilled products for the South African wine market.

The surplus, the amount of distilling wine which will be available for the production of a variety of spirits for export in 1987, is estimated at 16,3 percent of the total wine crop.

The wine farmer's share of the consumer price of his product had decreased from 30,3 percent to 22,3 percent since 1975 in the case of a bottle of standard wine and, in the case of a bottle of brandy, from 10,2 percent to 8,5 percent, Mr Hugo said.

"The cost of capital items has increased to such a degree that the farmer can hardly keep his assets in good shape or replace them," he said.

NEWS FOCUS

THE 19% increase announced by the KWV in mid-January, and affecting both wine destined for consumption as wine ("good wine") as well as distilling wine, more than ever reveals the shortcomings of industry price-fixing.

The KWV is empowered to determine and fix the minimum prices at which grapes or wine may be sold, and its authority is entrenched in several Acts of Parliament. The entire wine and spirits industry is compelled to operate under the KWV's aegis, and no one seriously questions the KWV's right to act in this regard or manages to circumvent its authority.

The annual price increase of just under 20% is certainly not excessive, taking into account inflation in the agricultural sector. Bearing in mind the fact that, in the past five years, the annualised rate of wine price increase has been below the inflation rate, it is not easy, at the outset, to condemn the KWV for the amount it has fixed upon.

But the story does not end there. This year, for the first time, the KWV introduced a new concept. Farmers will now be entitled to sell up to 20% of their crop at the 1986 minimum prices, so that only 80% of the 1987 crop will be disposed of at the new rate. At first impression this seems an inflation-saving idea, and some might even argue that it effectively drops the price increase to 16% rather 20%.

Wine farmers over a barrel

5/Day 30/1/87

(3)

Viticulture Wine

MICHAEL FRIDJHON

The reality will be somewhat different. The majority of wine farmers dispose of their harvest to the wholesale merchants, either directly or through their co-operatives.

The major wholesale-producing merchants are all part of the wine and spirit industry near-monopoly — the CWD (Cape Wine & Distillers Ltd). The CWD was formed in 1979, at the time of the liquor industry's "new dispensation" (the usual government euphemism for reshuffling a pack of cards to suit its most influential supporters) and comprises former competitors Stellenbosch Farmers Winery and the Oude Meester Group.

A 30% stake

It includes such important brands and producers as The Bergkelder, Nederburg, Zonnebloem, Autumn Harvest, Tassenberg, Monis, Fleur du Cap, Stellenryck Grunberger and Kupferberget. The CWD's wine and spirits turnover accounts for more than 80% of the industry's sales.

The KWV has a 30% stake in the

which can be sold at the 1986 price — unquestionably serves the merchants and not the farmers, because the wine farmers are compelled to sell to the wholesale merchants, unless they are among the countable number whose estates dispose of their entire crop in bottle and under the estate's label.

Since the wholesale merchants are a virtual monopoly reinforced by shareholdings and areas of influence will get the benefit of the portion of the crop sold at the old price. When the merchant's buyers visit the farms and the co-ops they will simply demand this 20% at the 1986 price as a condition for doing any business at all on the 1987 crop. And since there are virtually no other buyers of bulk wines, the farmers and co-ops will have to accede to this "request".

Near 20% inflation

This is not purely hypothesis: the industry has already announced its increases in the wholesale prices of its merchant's wines. While this is unlikely to be "the only increase" this year, it is interesting on account of the relatively low percentage increase on the high volume, low-priced wines, compared with the high in-

creases for the low volume premium wines.

The wholesale sector has explained a near 20% inflation since January 1986; it does not operate as a charity institution and yet the price increases for the high volume runs to less than 10%. Undoubtedly this subsidy is being funded by the portion of this year's crop which the merchants "anticipate" obtaining at last year's price.

It is true that the merchants are still holding some 1986 bulk wines — the result of over-buying on the false expectation that the flavoured wines market had taken off. But these purchases have now been funded by them — and have been lying in their cellars for some time — and cannot therefore be costed at 1986 prices.

You could argue that if the prices of the jug and jar wines were to be increased at the rate of inflation, it would frighten off consumers and make easier the further incursions by beer into the wine market. While this is undoubtedly true, the fact remains that we have the rather unedifying spectacle of the KWV screwing the wine farmers whose interests it is supposed to represent, in order to assist the wholesale merchants in maintaining their margins.

New liquor tax laws drafted ^{③ Vis culture + wine.}

Dispatch Correspondent
JOHANNESBURG — Draft regulations to combat tax evasion in the liquor industry — estimated to be as high as R100 million per year — have drawn mixed reaction from wine and beer producers.

The regulations —

amounting to a two-stage GST system — have been put to industry and may be introduced in March.

If approved the system will require wholesalers to impose part of the 12 per cent GST on the cost to retailers, who will then pass on the full 12 per cent to customers. Wholesalers and retail-

ers then both pay their share of the tax to the Receiver of Revenue.

The regulations, designed to reduce the temptation for retailers to discount prices by pocketing GST revenue, should have no effect on the final price the public will pay.

The South African Breweries' public affairs manager, Mr Gary May, said he was unhappy that the liquor industry had been singled out by government for experimentation with the new tax.

However, the Federated Hotel Association of South Africa (Fedhasa), which lobbied government for the regulations, said dishonest merchants were competing on the basis of pocketing tax.

Government spokesmen said retailers had given wholesalers an undertaking that they would not mark up prices — and pocket the extra — if the new system was implemented.

The Metro Cash and Carry's marketing director, Mr Brian Joseph, supported the regulations, saying they would allow honest merchants a more competitive position in the market.

WINE PROSPECTS (3) Viticulture

Quality crop

^{wine} F/M 30/1/87

Good rains early in the season indicate that this year's grape crop will produce fine results. KWV's GM planning, Edward Beukman, estimates the season will produce 8,44 Mhl of wine — an 8% increase on last year's 7,61 Mhl.

"Although the early rains resulted in a downy mildew problem, late December was drier and the south-easter cleared up the mildew," says Beukman. "As we go to harvest the picture is looking pretty good. Last year's crop was below average. This year, however, it looks as if we'll have an average crop."

International wine consultant and FM wine correspondent Michael Fridjhon adds: "The fact that the crop is smallish and the grapes in excellent condition are good indicators of quality, since you can't make a good wine from a large crop."

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(3) Viticulture wine F/M 30/1/87

"What is happening this year isn't in the interests of the volume business, but in the interests of the quality business which can sustain greater price increases.

"In the long term, there'll be a further swing away from standard price wines or 'cheapies,' and greater entrenchment in the quality wine market. It is also increasingly difficult to obtain prestige wines from Europe because of the exchange rate."

A crucial question is how badly SA's wine exports have been affected since the inclusion of viticultural products on the US blacklist last September. Understandably, it's a sensitive issue. "Marketing has become so sensitive we don't comment," says a KWV spokesman. "However, we're selling to more

than 26 countries and so far have never been stuck with a surplus. However, Canada was a substantial market for us and the total boycott is a serious blow.

"But the US market was negligible. The KWV entered this market in 1980 and it was still in the developmental stages. We lost a potential market which did not represent a significant share of our total exports. In any event, only 10%-14% of SA's total wine crop is exported."

Although SA holds only a 2,8% share of total international wine production, KWV figures rank SA seventh in the world in terms of total output. Italy is number one, with production of 70,2 Mhl.

Quality is one of the reasons for the suc-

cess of SA's export drive. "In the early Eighties there was a vast wine surplus internationally as well as in SA," notes the KWV source. "And even then we succeeded in selling our surplus. We don't foresee any problem now. There are alternative markets to exploit which we've neglected so far, and we're trying to expand existing markets."

And to what extent is re-labelling taking place? "It's possible to re-label cheap wine," Fridjhon says, "but there's no value in exporting this since SA's basic wine price is higher than either Spain's or Portugal's. In any case, most wine above standard price 'plonk' is sold with its name and provenance, so re-labelling is much more likely to happen with spirits."

SA SUGAR producers will enjoy increased earnings from exports because of an 80% increase in the

price of sugar on international markets in the last five months, says SA Sugar Association (SASA) general manager Peter Sale.

The London sugar price rose from a low of \$99 a ton on September 8 last year to a high of \$177 a ton on January 26.

And the general opinion of international sugar brokers is that the price could climb even higher during in the year, says Sale.

But he points out that SA gains from exports will also be offset by the recent strengthening of the rand against the dollar.

Sale says the world market operates largely on rumours and speculation. He attributes the latest surge in price to three factors

Sugar prices ^{30/11/87} looking ^{b/day} sweet ^(3 Sugar) ^(2/10)

STUART SUTTON

indicating a shortage on the world market:

- The USSR is rumoured to have imported a substantial amount of sugar this season;
- There is speculation this year's Cuban crop is the worst in 10 years; and,
- Brazil, one of the world's largest producers, has had an increase in domestic demand, leaving less for export.

Sale says the rise in the world price will not affect the local price. "The SA market acts in an independent manner," he says.

SAB debate: control of liquor?

CAPE TOWN — An increase in the number of liquor licences granted in the past two years meant that "a lot more people are chasing a limited growth market," the SA Breweries (SAB) Marketing Director, Mr Peter Savory, said at the Fedhasa conference yesterday.

"Another fundamental problem is that 25 brands comprise 70 per cent of the market.

"Everybody sells the same, so unless there is some innovative service, the only reason to buy at one outlet rather than another is price."

Mr Savory was taking part in a debate on whether controls on the sale of liquor were in the public interest "and, in fact, at all possible."

He said SAB believed in free competition and believed the liquor industry was over-regulated.

But he thought a distinction should be made between hotels and bottle stores.

The University of Cape Town Economics Professor, Mr Brian Kantor, who is a member of the Competition Board, said unrestricted competition was in the interest of the consumer and the strongest force to keep prices down.

He warned liquor retailers: "The climate of opinion in South Africa is running in favour of less control. You will have to learn to work in new markets." — Sapa

New GST system for liquor from May 1

CAPE TOWN — A new system of sales tax collection to combat tax evasion by wholesale and retail liquor vendors will become applicable on May 1, the Department of Finance has announced.

Registered vendors will in future have to pay sales tax on acquiring stocks. However, this will not alter the amount due in sales tax on liquor.

The tax paid on stocks, or "input tax", will be

See Post 3/10/10

credited against sales tax payable in respect of actual liquor sales, defined as "output tax".

The Minister of Finance, Mr Barend du Plessis, was empowered last year by an amendment to the Sales Tax Act to adopt alternative means of collecting tax to combat sales tax evasions

New regulations were published in the Government Gazette on Friday.

— Sapa

300 SFW

workers

on strike

Ev Post 5/3/87



Post Reporter

ABOUT 300 workers at the Stellenbosch Farmers' Winery plant in Struandale, Port Elizabeth, halted work yesterday as a national wage dispute affecting 5 000 workers gripped the liquor industry.

The dispute, which was not local, arose from a national wage disagreement between the South African Wine and Spirits Employers' Association and the National Union of Wine, Spirits and Allied Workers, which represents 5 000 workers in 82 liquor manufacturing plants.

Negotiations are taking place between the two bodies, and labour representatives yesterday reported back to workers, including those at the PE plant.

● Meanwhile, official confirmation of the strike at Murray and Roberts foundries in Port Elizabeth is expected today

3 Wine
13/3/87

SA wine crop estimated at 8,46 million hl — KWV

PAARL — With 62 percent harvested, the total South African wine crop for 1987 is estimated at about 8,46 million hl at 10 percent alcohol by volume, the KWV announced in Paarl yesterday. This is an increase of 11 percent compared with the 1986 crop of 7,62 million hectolitres at 10 percent when freak weather conditions resulted in a particularly low yield.

Although fungal diseases occurred widely and some wine-growing areas had droughts, the grapes were of good quality, the KWV said. — Sapa.

CAPE TOWN 29/1/88 +

KWV exports up 22%

PAARL. KWV has increased the value of commercial exports by 22%, according to its annual report.

The report which records a R257 m profit, has been circulated to members in advance of the KWV's AGM meeting in the Paarl Town Hall on May 12.

Full details will only be released to the press later this week.

In spite of boycotts, exchange rate fluctuations, tough international competition and an increase

in "anti-South African" activities, the KWV continues to operate dynamically in all accessible foreign markets, says the report.

Although this has led to a total boycott of SA wines in Canada, the US, Australia and New Zealand, the KWV has managed to increase its commercial exports by 22%.

While there had been a "disconcertingly low" inflation rate in most of the KWV's foreign markets, inflation at home had increased to almost 20%.

The report says the favourable export results of the past year are due mainly to the restructuring and rationalisation of the KWV's marketing organisation in the UK and Europe.

Some 6 300 wine farmers are now members of the giant group.

ARGUS 1/5/87

BUSINESS

AGRICULTURE

3 wine

Cape farmers sell 900 wine quotas

By TOM HOOD, Business Editor

THE new freedom of wine farmers to buy and sell quotas has definitely contributed to more efficient use of land, according to KWV, the industry's umbrella organisation representing 6 300 wine farmers.

Between May 1985, when the transfer of quotas was allowed, to the end of last year KWV handled more than 900 applications from farmers.

Of these, 687 involved quota transfers for 380 000 hectolitres.

This led to the creation of 113 new quota farms and to the complete cancellation of quotas on 230 farms.

More than 240 farmers also applied for the consolidation and joining of farms, leading to a drop of 334 in the number of quota farms.

"In this way the quota administration was improved and it ensured fixed quota volumes are used more effectively than previously," say the directors in their annual report.

As a result, farmers also benefited from the repayment of 93 percent of money provisionally forfeited last year because of over-production; compared with an 87 percent repayment in 1985.

For the third year running, the wine crop fell last year and was the smallest since 1981.

(3) Wine & Distillers

PAARL-BASED liquor co-operative KWV has had to make major structural changes to its long-term plans to ensure that its existing costly facilities for the maturation of fortified wines are not underutilised, the directors reveal in the annual report released in Cape Town.

The reason for this, they explain, are rapidly-changing consumer preferences which has led to a sharp fall-off in the demand for fortified wines.

The stage has now been reached where the KWV is handling volumes equal to only 12% of its fortified wine intake of 1970. Despite this decrease, the quality of KWV's natural wines has enabled the organisation to almost maintain its export volumes.

At the same time, the surplus cellar space left by the reduced fortified wine production has been effectively switched over to natural wines, which now form a significant part of the organisation's activities.

The directors report that the intake of natural wines has increased by 368% from 1970.

Although the foreign market was characterised last year by a further increase in anti-SA activities — including a total boycott of South African wines in Canada, the US, Australia and New Zealand — KWV was still able to report a 22% increase in the value of export earnings over 1986.

Neutralised

The directors attribute this mainly to the favourable exchange rate, despite the improvement in the strength of the rand towards the end of last year. They warn, however, that this favourable rate is rapidly being neutralised as a result of the low inflation rates in most foreign markets, on the one hand, and a high level of inflation domestically.

As to market conditions in SA for liquor products during 1986, the KWV expresses disappointment that the upsurge in consumer spending in the closing months of the year did not extend to this sector.

The performance of flavoured wines particularly was disappointing, and the high growth rate achieved in 1985 could not be maintained.

This trend, together with a decrease of about 3,2% in the sales of standard-priced wines, led to a 2,4% decrease in the sales of all natural wines.

High-priced red wines, however,

KWV hold export volumes

CHRIS CAIRNCROSS

showed a sales increase of 14,3%, while high- and medium-priced rose wines also showed encouraging growth.

The KWV observes that the tendency to enjoy sparkling wines at more than only the traditional festive occasions is continuing and sales of this product have increased by 12,2%.

In the spirits market, cheaper products enjoyed consumer preference. And the recovery of about 20% in the value of the rand also enabled importers to sell imported brandy and whisky at highly competitive prices once again.

Although the overall volume of good wine sold declined last year to 433 663-hectolitres from the 1985 volume of 469 788-hectolitres, the KWV remarks that the number of sales transactions at producer level actually increased from 1 329 000 to 1 556 000.

The past year has confirmed that the amendments introduced to the quota regulations in April 1985 — especially with regard to transfers — has definitely contributed already to a more efficient utilisation of production quotas by producers. The same applies to tillable land under vineyard.

From the time the changes to the quota regulations were introduced to the end of 1986, some 687 new applications for quota transfers — representing 380 139-hectolitres — were received by the KWV. This led to the creation of 113 new quota farms.

During the same period there were 241 applications for the consolidation and joining of farms, which led to the number of quota farms decreasing by 334.

INDUSTRY

KWV to launch R2,5m drive on SA market

KWV is to embark on an extensive publicity campaign to expand the SA market for wine and wine products.

It has made R2,5m available for the scheme. Industry sources say the move could be a direct result of an announcement that this year's wine crop is estimated at 857-million litres compared to last year's 762-million litres — a 12,8% increase.

Speaking at KWV's annual meeting in Paarl yesterday, chairman Pietman Hugo said all marketing bodies, such as wholesalers and individual marketing producers, would qualify for financial assistance.

"It has been internationally proven that the great wine countries of the world have been built on the basis of a strong domestic market. SA is no exception and the growth and development of the wine industry lies in the domestic market for its products ... particularly in the North."

He said total income of SA wine producers had increased from R148,5m in 1980 to R327m in 1986, an increase of 14,1% a year.

A limited increase in sales volumes had contributed to the total

CHRIS CAIRCROSS

producer income.

Until 1986, the board's policy had been to stimulate growth in the sales volumes of wine products by means of moderate price adjustments, which had been successful to a degree.

"Over this seven-year period, the price increase of good wine has been only 11,7% a year and that of distilling wine 9,0% a year, while production costs rose by about 15% a year and the cost of living by about 14,7% a year."

"The increase of 14,1% a year in producers' income since 1980 emphasises the importance of KWV's stabilising role, by achieving a continuous long-term growth in income, despite fluctuating crops," he said.

A profit of R25,7m in 1986, compared with R20,7m in 1985, was the organisation's fifth successive annual increase in profit.

With R17,5m to be paid to producers before the end of May, and the small surplus of 4,7% of the total crop taken into account, the total distilling wine payment for last year amounted to R33,11 a hectolitre.

'Illegal' SA *CAF Twp's* wine wins top award in France

BY RENEE MOODIE

A SOUTH AFRICAN wine — made from a cultivar brought into the country illegally — has been judged the best of 900 wines on display at the world's biggest wine exhibition.

Mr Danie de Wet of Robertson heard this week that his De Wetshof Chardonnay 1985 Superior had been awarded the Golden Vinexpo Trophy at a gala function in Bordeaux.

Yesterday at a press conference in Stellenbosch at the Bergkelder, of which Mr De Wet is a partner, he said he had heard officially on Tuesday that his wine had been named the best of 900 entries from 21 countries at the Vinexpo.

Of the wines entered, preliminary tastings resulted in 76 wines going to a panel of professional tasters at the Oenological Department at the University of Bordeaux. The wines were judged without labels.

A triumphant Mr De Wet said he was "very proud" that his wine had been chosen as the champion wine. "I am proud not only for myself and for Robertson, but also for the South African wine industry," he said.

Mr De Wet said he felt that farmers who had imported the Chardonnay cultivar illegally had now been vindicated.

The findings of a fact-finding inquiry conducted by Mr C F Klopper into the illegal importation of vines from Europe are still not available. It is believed the findings are still in translation and they have yet to be presented to the State President, Mr P W Botha.

Evidence before the inquiry — including Mr De Wet's — was that outdated and impractical regulations governing the importation of new strains of white wine cultivars had forced wine farmers to "smuggle" new varieties into the country.

Spokesmen for the wine's distributors said it was expected to be launched on the South African market in early August.



A TOAST TO SUCCESS . . . Mr Danie de Wet toasts the success of his 1985 Chardonnay with Mrs Rouxna O'Kennedy, public relations officer for the Bergkelder wine cellar in Stellenbosch. The wine was judged the best of 900 entries at the world's biggest wine exhibition in Bordeaux.

Picture: RICHARD BELL

Illegal vines: 'Undesirable' to prosecute

By LINDA GALLOWAY
Staff Reporter

THE prosecution of wine farmers who imported vine cultivars illegally or bought them for propagation could be an "embarrassment to the Government", says the report of the "chardonnay commission".

The report of the inquiry by Mr CF Klopper into the cultivar purity and illegal importation of certain vine propagating material was tabled in Parliament today.

It draws the conclusion that although the farmers contra-

vened regulations, prosecution would be undesirable and could have a negative effect on unity in the wine industry.

The commission investigated the importation of chardonnay, olasz riesling, pinot gris and auxerrois vine cultivars and also established that at least 20 other cultivars had been imported illegally.

The report said the commission had considerable evidence that the authorities were either aware of the illegal imports or should have been.

Accessories

The culpability of five farmers was specifically dealt with and only Dr Julius Laszlo of Distillers Corporation was exonerated.

Mr Peter Finlayson (Hamilton Russell Vineyards), Mr Danie de Wet (De Wetshof), Mr FJ Malan (Simonsig) and Mr Paul de Wet (Zandvliet) were found to have either contravened the Agricultural Pests Act or have been accessories to its contravention.

The commission believed they would "probably be found guilty" if criminally charged.

In 1985, farmers and nurserymen growing the illegal cultivars were ordered to destroy them, thus incurring losses of about R145 000.

The commission believed that the "auxerrois fiasco" material which was thought to be chardonnay but had turned out to be auxerrois and the resultant damage were the "real reasons" for the inquiry.

The report said the conclusions did not prevent those who

had suffered financially from instituting civil proceedings to recover their losses.

The recommendations of the commission were subject to the condition that the Directorate of Plant and Seed Control should in future act "diligently" against illegal importers and to publicise these cases so that perpetrators would "soon realise the game is not worth the candle".

The commission also believed that importers would in future "keep to the straight and narrow" because the Vine Improvement Board (VIB) had drawn up suggestions for speeding up the procedures for importation so that good propagating material would be available legally.

Concluding the report, Mr Klopper said the word chardonnay was French and meant "thistle".

"A thistle is always thorny and consequently difficult to handle, like the South African *wag-'n-bietjie*. In many respects the commission found the chardonnay grape a thorny problem that had to be handled carefully and at times with gloves," he said.

● Ironically, Robertson farmer Mr Danie de Wet, who supplied most of the illicit vine material, had his illegally-produced chardonnay wine judged the best in the world this year.

Farmers welcome wine probe finding

3 Wine

By CHRIS BATEMAN

FARMERS and the major wine co-operatives yesterday welcomed the recommendations of the "chardonnay commission" not to prosecute illegal importers of cultivars and to slash the quarantine time of new cultivars.

Describing the findings as "heartening", self-confessed Stellenbosch "smuggler" and former Springbok flank Jan "Boland" Coetzee said that if the A-G decided to prosecute there would be "no farmers left in the lands".

"They must rather wait until next winter if they want to put us in jail because this year's vintage is particularly good," he said.

Commission chairman Mr C F Klopper, a former Regional Court magistrate, instructed that his findings be forwarded to the Attorney-General but advised against prosecution, saying this could prove an "embarrassment to the government" and sow disunity in the wine industry.

The report, made by the "Commission of inquiry into cultivar purity and illegal importation of certain vine propagating material" and tabled in Parliament yesterday by the Deputy Minister of Agriculture, Dr Kraai van Niekerk, found that illegal imports took place as long as 13 years ago and that authorities were either aware of this or should have been.

Voluntary evidence

Announcing the findings, Dr Van Niekerk said about 90% of illegal importers had voluntarily come forward to give evidence because of the effective and tactful manner in which Mr Klopper had conducted the inquiry.

The fact-finding commission investigated the importation of chardonnay, olasz riesling, pinot gris and auxerrois vine cultivars and established that at least 20 other cultivars had been imported illegally.

Mr Klopper said that even if the process of importation was unnecessarily long and tedious (evidence was

that often a wine could only legally be made 20 to 27 years after a new cultivar had been imported), farmers had done very little to obtain permits.

They could have made positive suggestions to improve or shorten these procedures and had created "their own situation of necessity".

Mr Klopper said all the importers had undoubtedly benefited financially from importing the cultivars illegally, but it would be undesirable to prosecute them because of the many extenuating circumstances.

These included the fact that the authorities had treated the illegal imports with "laxity".

Farmers were honest with the commission and had come forward to testify and no evidence of any disease had been detected in the new cultivars. Their actions had resulted in South African wines once again becoming internationally competitive and had enabled the local industry to "make up some of the lost ground".

The commission launched the Vine Improvement Board which recommended a drastically shortened importation and quarantine procedure.

Dr Van Niekerk noted that the finding that "none of the imports, were accompanied by disease" was based on visual observation. Scientific tests would now be conducted, he said.

He said he viewed with concern the finding that the authorities had been lax, and "intensified action" and heavier penalties for transgressors would now be proposed by his department.

Union Wines marketing manager Mr Henry Kempen said that while the intentions of the old regulations were good, their application had rendered them farcical.

"The farmers went against the implementation of the rules, not the principle — there've been no diseases which surely proves this," he said.

● Robertson farmer Mr Danie de Wet, who supplied most of the illicit vines, had his illegally-produced chardonnay judged the best in the world this year.

Quality wine looks to black market to boost sales

CHP Times
26/9/87

3 Vil-ricella

INFORMED sources in the wine industry estimate there could be as many as 3 000 HP labels currently flooding the South African market — but there just aren't enough buyers for these noble wines.

According to Piet Uys, Stellenbosch Farmers Winery's marketing information manager, about 28 mℓ of corked wine were consumed last year compared to 25 mℓ in 1983.

"Nothing exciting has happened over the past five years," says Uys, who readily concedes the industry will have to take drastic steps to rationalize the plethora of labels carving up a declining industry.

KWV statistics show that consumption of natural wine on a per capita consumption basis has actually declined.

In 1970, for example, 160 mℓ were produced for consumption (8,75 ℓ per head) compared to about 273 mℓ in 1986 (8,29 ℓ per head).

The industry reached a low in 1978 when consumption dropped to 6,35 ℓ per head. Present consumption is about 10 ℓ per head (natural wine), which represents a 3-4% annual growth rate. HP wine makes up only about 10% of the figure.

Uys believes the static situation can be attributed to political unrest and a slowing down in the flavoured wine market.

Sales of HP wines from the major wholesalers (SFW, Gilbey's, Union Wine, Douglas Green of Paarl) have in fact declined over the past five years at the expense of those who are operating outside the major producers — the estates, co-ops and smaller wholesalers.

But Uys doesn't believe the market will make much progress until the wine industry as a whole can create a quality con-

SOUTH AFRICA'S high-price (HP) wine market has reached saturation point among white consumers and the industry is now preparing to tackle the huge, untapped black market in a bid to rejuvenate sales. ROB TAYLOR reports.

scious image, particularly among black consumers.

A major irritation is the presence of five-litre boxes produced by the co-

ops. Leading wholesalers believe they are downgrading the image of wine in the black market, which is the only real growth area left open locally to wine producers in South Africa.

"If you buy a can of beer in Houghton or Soweto the quality is the same," says Uys. "But that can't be said for some of the wine that is being sold in the townships."

Uys, nevertheless, discounts reports that South African HP wines have fallen behind Europe and America.

The quality is just as good, he maintains, and prices, if compared to the rest of the world, are still very competitive.

The success of Chardonnay has been welcomed by the industry.

Says Uys: "There is most certainly a place for Chardonnay within your traditional white cultivars like Riesling and Grand Cru. It's a different choice for the consumer and it will lead to further innovations in the industry."

Depending on the distributor, HP prices start from around R1,49 and steadily increase to a point (about R18) where they become a luxury many consumers cannot afford.

The major culprits are restaurants. Their mark-ups are exorbitant.

Comments Union Wine marketing manager Hen-

ry Kempen: "In many ways your so-called HP wines have become something of a luxury. The pricing at restaurants is frightening."

SFW marketing manager Christine Rudman cannot comprehend the reasoning of restaurateurs who persist in marking up wines by up to 400%.

"We have been saying for years that their mark-ups are far too high but, by and large, this warning has fallen on deaf ears. Now the time is right for them to listen," says Rudman.

However Rudman believes the image of premium wine is to a large extent built up around restaurants.

"If your wine is on the list, it actually says something about the quality, because 'cheapiers' don't appear on wine lists. It's very important to us from an image point of view and from a trial point of view."

In a static market, Rudman believes there is a strong consumer need for interesting and more diversified wines which is why even a market leader like Nederburg launches a number of new and special wines each year.

"It must be very confusing for the consumer out there," says Rudman.

"The new consumer does not know a helluva lot. He ends up buying something that looks familiar and which has a good reputation."

Despite this gloomy appraisal other wholesalers have reported handsome



AN EXPERT'S WORDS . . . SFW's marketing manager (wines) Christine Rudman says: "There are between 2 000 and 3 000 HP wines on the market and there just aren't enough people to accommodate all those labels."

profits.

Douglas Green of Paarl, for example, which operates only at the top end of the market, has made major inroads into the grocer's wine licence market which is now responsible for 25% of all HP wine sales. More than 500 000 cases move through the outlets annually.

One of the biggest problems facing distributors of HP wines is South Africa's paltry 10 ℓ a year per capita consumption. In France and Italy over 90 ℓ is consumed per person.

South Africa, says Douglas Green's marketing director Rainer Kloos, is following an international trend which has shown a decline in wine sales.

Kloos also believes there is enormous potential in the black consumer market, which is presently swamped by beer and spirits.

Union Wine has accordingly encouraged the mixing of soda water with their wines, a concept that has taken off at she-beens.

The Bergkelder, which is part of the Oude Meester Group, also reports continued growth in the HP sector.

Bergkelder's product manager, Ansias Londt, says there is a simple rule: the higher income the more wine drunk.

Because the harvest of grapes used for HP wine is so much smaller, Londt points out that production costs and ultimately the cost price, will be higher.

Figures supplied by Integrated Business Information Services for the year ending May 1987 show that the Nederburg range still leads the market with a share of 15,7%, followed by Bellingham 8,6%, Douglas Green of Paarl 8,5%. Bergkelder 5,7%, Grunberger 5,2%, Fleur de Cap 4,1%, Boschendal 3,9%, Kupferberger Auslese 1,8%, Zonnebloem 3,1%, Bertrams 0,7% and Alphen 0,7%.

Currently the HP market is broken up as follows: All red 24,6%, all white 65,2%, all rosé 5,5%, all blanc de noir 4,7%.

Advertising expenditure in all media in the same year according to Adindex, showed that Nederburg (R472 000), Bellingham (R402 000), St Morand (R323 000) and Boschendal (R306 000) were by far and away the biggest spenders.

MAGS 20/10/87

3 wine

COMPANIES

Kaapwyn plans to list SFW and Oude Meester

By MAGGIE ROWLEY

CAPE Wine and Distillers is seriously investigating listing its two main subsidiaries — Stellenbosch Farmers Winery Group and Oude Meester Group — separately on the Johannesburg Stock Exchange in "the very near future," says the chairman, Mr Owen Horwood.

At the annual meeting in Stellenbosch yesterday, Mr Horwood said the separate listings would not only enable the two companies to secure their place in the market in the long-term but would also enhance the "already healthy competition" between the two subsidiaries.

Both companies were previously listed separately, but were de-listed after a Government reorganisation of the liquor industry.

He said recent allegations of a monopolistic wine and distillers industry were "astounding".

Although the group's three main operating subsidiaries —

SFW, Oude Meester and Henry Tayler & Reis and their component companies — held a joint share of about 70 percent of the country's market for wines and spirits, each operated as a fully separate company in order to ensure maximum competition in the industry, Mr Horwood said.

"Each handles its own production, distribution, and marketing, has its own board and management and competes with each other and all other producers on the market."

POSITIVE

The group's policy of separate, competing companies ensured strong competition not only in the industry but also within the group. The listing of the two main subsidiaries would increase this competition.

Both Mr Horwood and the group's managing director, Mr P G Steyn attacked the Margo Commission's Report for failing to make positive recommendations with regard to

stocks and said that the group, along with others, would continue to make recommendations and push for changes in this area.

Mr Horwood said inflation gave rise to fictitious profits on machinery, equipment and stocks and taxation of these fictitious profits often pushed companies' taxation rates far beyond the nominal rate.

While the Commission's recommendations had provided for a reasonable measure of relief in respect of machinery, equipment and other fixed assets, it had failed to do so with stocks.

"The present system comes down hard on companies that are compelled to carry stocks for long periods."

"It is patently unfair that certain industrial sectors should have to shoulder a heavier tax burden simply because they are compelled to carry larger stocks for longer periods."

"I trust our taxation authori-

ties will, in considering the recommendations of the Margo Commission, pay pertinent attention to this problem, which is peculiar especially to industries like ours which use seasonal agricultural produce as their raw materials."

Mr Horwood said in spite of adverse conditions, the company had increased its exports for the year ending June 30.

"Our efforts are being hampered by large surpluses in foreign wine-producing countries, which are often put on to the international market at very low, subsidised prices."

"In addition negative international publicity and boycott actions against South Africa have also created substantial difficulties."

Exports had been increased by both the opening up of new markets and the expansion of existing markets.

"With the threat of sanctions the group is actively searching for new markets," he said.

KWV (3) *W. van der Merwe*

F/M 23/10/87

Tackling Transvaal

The KWV is spearheading a major new assault on the Transvaal market in an effort to boost flagging wine sales in the region.

And, in another move to protect its interests, it has strongly attacked certain aspects of the Margo Tax Commission relating to the wine industry.

The KWV's Pietman Hugo says there is potential for massive sales growth in the local market and describes the stagnant mar-

ket as "the single most serious problem facing the wine industry."

The marketing drive is being funded by a R2,5m grant from KWV's publicity support project for above-the-line brand publicity. It is backed by an investigation into alternative pricing systems and possible further price differentiation between standard-, medium- and high-priced wines.

At the same time a market research programme has been launched, aimed at arriving at a better understanding of the role of alcohol in general and wine in particular in everyday life, in order to identify marketing opportunities. Although the KWV is not directly involved in marketing wine in SA, it has played a limited role in helping to stimulate the market.

Hugo says the industry, and specifically the marketers, are still unable to make a real breakthrough in the northern markets. A "stark, unimaginative" increase in minimum prices, he claims, is not the solution and more price differentiation according to market demand is needed.

He contends there are few countries in the world with such potentially successful wine markets as SA. While per capita consumption is dropping in Italy and France, and threatening the industry in those countries, SA has an enormous, untapped market waiting to be exploited.

Hugo says in the past year natural wine sales decreased by 3,7%, mainly due to a 15,5% decrease in the medium-price market. The high- and standard-price markets are showing consistent, but marginal growth.

The R2,5m publicity contribution will be aimed at boosting the standard- and medium-price wines which currently account for 80% of sales, but get only 34% of total adspend. All marketers qualifying for the KWV's financial aid will, from next year, be subsidised on the evidence of their adspend on special products which fall within the KWV's specifications.

Hugo says decreasing sales of flavoured wines have "levelled out and stabilised," sales of fortified wines have grown by about 5%, while brandy and gin are showing a

AREA D: The Cape and Go

"favourable trend."

Producers' income from this year's wine crop was about R362m, representing an average annual increase of about 14,5% since 1984 — marginally higher than the 14% average increase in production costs.

Hugo meanwhile also added the KWV's voice to the growing chorus of protest against aspects of the Margo report. He rejects proposals that excise duties be used to counter alcohol abuse; that excise duty on natural wine be reintroduced and that the tax system on agricultural co-ops is satisfactory.

The KWV is "unhappy" with Margo's rejection of a KWV proposal that farmers be allowed to invest surplus funds tax-free until withdrawal. This would allow farmers to finance their own capital formation. The KWV also "noted with disappointment" Margo's view that excise duties be used to stop alcohol abuse.

"It is a serious misjudgement to allege that the extent of alcohol abuse can be controlled through taxes. An increase in taxes (on alcohol) and a consequential price rise

will deter consumers with moderate drinking habits rather than those who are guilty of abuse," Hugo argues.

The KWV also rejects proposals to reimpose excise duties on natural wine, based on the impression that the wine industry contributes proportionately less to State revenue than other industries. Hugo maintains this is not so. Taxes and duties from products of the vine contributed 58,8c/litre in taxes in 1986 compared to 57,4c/litre in the beer industry.

"While natural wine does not carry excise duty, the products of the wine industry nevertheless make their contribution to State income," he says.

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CAL TIME 13/11/87

Bayer farmers in row

By SHAUNA WESTCOTT
Supreme Court Reporter

A FUNGUS called *Oidium tuckeri* and a poison called Bayleton are at the centre of a R2,2-million row between Hex River Valley farmers and the giant multi-national pharmaceutical and chemical company Bayer, the Supreme Court heard yesterday.

The South African wing of Bayer is being sued for R111 589 by Mr Jacobus Viljoen, of the farm Millhurst near De Doorns, in a test case which will decide the further 13 suits pending against the company.

Mr Viljoen claims he lost this amount when Bayleton he sprayed on his grapes failed to curb the fungus — popularly known as powdery mildew — to which his 1983-84 harvest subsequently succumbed.

Bayer denies selling the Bayleton to Mr Viljoen, which is why the Western Province Co-operative — which supplied the Bayer product to some of the farmers — has been joined as a party to the suit.

Alternatively, Bayer denies liability, saying it should have been understood that Bayleton curbed powdery mildew only if it was "applied at the appropriate times, intervals and strengths and under proper conditions and by correct methods". It is described as "toxic to fish and wildlife".

The hearing continues. Mr Justice A P Burger presided. Mr J van der Berg and Mr W R Duminy, instructed by N E Visagie, appeared for Mr Viljoen. Mr W H R Schreiner SC, with Mr L Bowman and instructed by C K Friedlander Kleinman and Shandling, appeared for Bayer. Mr R van Riet and Mr W J Louw, instructed by Van der Spuy and Partners, appeared for the Co-op.

3/11/84
Poison
was tested
in one
area'

By SHAUNA WESTCOTT,
Supreme Court Reporter

A POISON called Bayleton — which is at the centre of a R2,2-million row between Hex River Valley farmers and multinational chemical and pharmaceutical company Bayer — is not registered for use on table grapes anywhere else in the world, the Supreme Court heard yesterday.

This was the evidence of Bayer development officer Mr Malcolm Gordon, who admitted in cross-examination that the only field tests conducted before Bayleton was registered for use on table grapes were done on 44 vines of one cultivar in one area in one season.

Mr Gordon was testifying in a test case brought against Bayer by Mr Jacobus Viljoen of the farm Millhurst near De Doorns.

Mr Viljoen is claiming damages of R111 589 from Bayer, the amount he claims he lost when Bayleton he sprayed on his grapes failed to control powdery mildew, which ravaged his 1983-84 harvest.

Another 13 suits, with claims totalling over R2 million, are pending.

The hearing continues.

Mr Justice A P Burger presided. Mr J van der Berg and Mr W R Duminy, instructed by NE Visagie, appeared for Mr Viljoen. Mr W H R Schreiner SC, with Mr L Bowman and instructed by C K Friedländer Kleinman and Shilling, appeared for Bayer. Mr R van der Spuy and Partners, appeared for the Western Province Co-operative.

VITICULTURE & WINE

~~FORGOTTEN~~

1989.

'Wine lake' due to price policy

THE wine "lake" that is building up in SA is partly the result of over-production caused by guaranteed minimum prices to producers, says Fedhasa executive director Fred Thermann.

He rejects wine industry claims that high prices in restaurants are behind poor wine sales. At the root of the problem, he believes, are the industry's minimum price policy and its failure to mount an imaginative marketing campaign.

"To appreciate what can be achieved," he says, "one only has to look at the phenomenal success of Appletiser, which captured the public imagination through creative marketing at a time when most competitors in the apple juice market were failing."

Wine farmers, notes Thermann, receive a floor price of between R1 500 and R1 800 a ton on certain premium wines compared with R600 to R900 in 1985. It is these premium wines, representing about three percent of the market, that are principally sold in hotels and restaurants and not the low priced wines which present the surplus and the problem. Wine production in 1988 amounted to 174,6m-l. Fedhasa, he says, has no quarrel with wine farmers, who deserve

prices of this magnitude for a product that compares with the best in the world. "We also understand the wine farmers' problems with increased costs.

"What we do have a problem with is the KWV's attacks on a part of the industry which represents a small part of total wine sales.

Only 298 restaurants hold full liquor licences, he says. Another 1 342 have wine and malt licences. "Wine's only competition in those establishments is beer and non-alcoholic beverages."

"It seems the KWV and the wine farmers need reminding that restaurants today will make net returns of between 5% and 7% on sales. Those that are less professionally run will make even less, break even or even go out of business.

"Naturally it is a question of what the market will accept and it would be foolish to price oneself out of the market."

Restaurant prices in SA have remained "ridiculously cheap" by world standards, and South Africans can buy the best wines for prices which are "laughable" compared with similar overseas establishments.

He defends wine mark-ups of 200% in five-star restaurants and 100% to 120% in one-star restau-

rants on grounds that overall running costs are high. "Fedhasa calculates that restaurant 'on-costs' such as rent, labour, power and equipment have increased faster than the consumer price index."

Food costs have also risen dramatically. Five years ago a restaurant worked on a food cost factor of 36% of sales.

"Today it is closer to 50%," he says.

For almost a decade restaurant margins — unlike other sectors of the economy — have not kept up with inflation.

"Had prices moved in line with car prices, for example, a steak would be costing R30,00, a luxury fish item R40,00 and an average bottle of red wine R25,00. Instead, restaurants have absorbed costs to the point where they are at best making a small profit.

THREE Middle Eastern delicacies — tahina, halva and Turkish delight — are now being made by Aviv Food Processors at a factory just north of Pretoria.

MD Brian Nathan says some 60% of output is exported, mainly to Britain. Most of the balance goes to the catering industry, supermarkets and health shops in SA.

Investment in the plant, which employs 108 people

Why SA's wine is so expensive

THE surcharge made by hotels and restaurants is only one of the problems confronting South Africa's wine industry in its attempt to expand the market.

Because there is a potential market which could easily take up the surplus — the vast but untapped black market to the north.

"If we could only get a piece of that market there would be no surplus," said John Platler, wine writer and farmer.

As anyone in the industry will tell you, the distinction between "good" wine and "distilling" wine made for purposes of estimating requirements and setting minimum prices is essentially an artificial one.

"There is no bad wine in South Africa, some are merely better than others," say industry spokesmen.

So while it is necessary to reserve some of the crop for distilling into brandy and other spirits and for strategic reserves in case of crop failure, all the wine produced in South Africa is potentially available to the market as wine.

Under-consumption

Critics contend that given the market for wine there is over-production, that the quota system guarantees survival for farmers and that it should be abolished to let market forces take over and deal with the problem.

Industry spokesmen say the problem is under-consumption, that as long as the wine is sold (barring what is kept in reserve) it cannot be a question of over-production.

Dealing with what is regarded as surplus then becomes a question of marketing — finding a gap on

international markets for wine products, or even grape products, because sales of natural grape juice are being expanded.

Traditionally, wine is drunk in the areas where it is produced.

South Africa is no exception.

KWV figures show that 40 percent of all wine is consumed in the Western Cape, 63 percent in the Cape Province overall, and 22 percent in the Transvaal.

Sophisticated

But per capita consumption figures are dropping, from 8,75 litres in 1970 to 8,06 litres in 1987. When sparkling wine and fortified wines are taken into consideration, per capita consumption has dropped from 11,43 litres to 9,72 in the same period.

This is in line with the rest of the world where public opinion trends are against liquor consumption.

But at the same time South Africa is 28th in the "league table" of wine drinkers compared with countries such as France (73,4 litres), Italy (73,3 litres) and Portugal (70,8 litres).

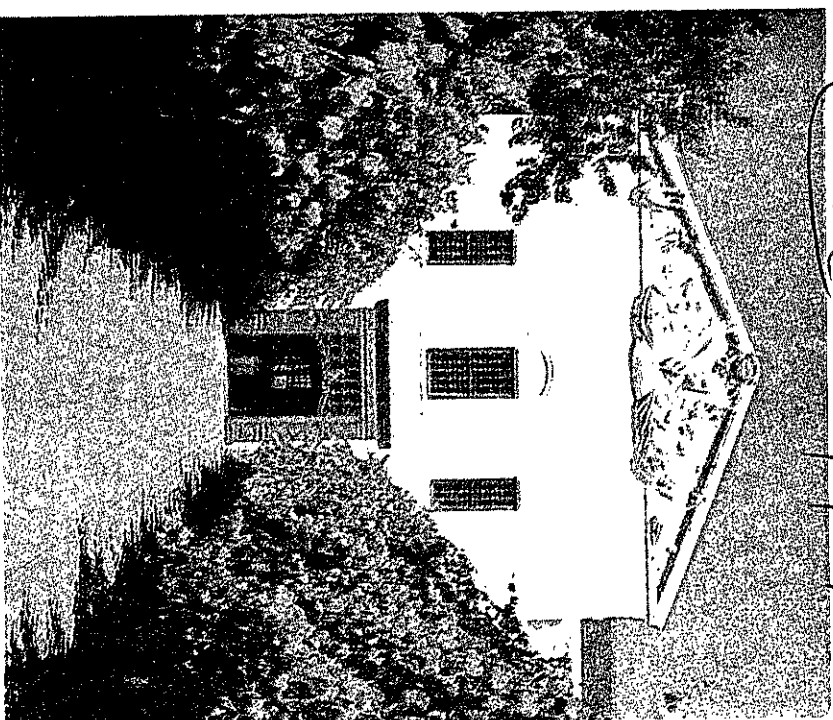
In its inability to capture a greater share of the liquor market, wine is subject to several special factors.

The immediate perception is of wine as a fairly sophisticated drink.

A daunting array of products is available to someone unfamiliar with the product: red, white and rosé, natural and fortified, dry, semi-dry and sweet, cultivars and vitages, estate and co-operative

Dave Hughes's 1989 *South African Wine Buyers Guide* lists about 1 800 wines.

Against this, it is relatively simple to drink brandy and coke, cane and orange or beer. They offer neither a chal-



WINE HQ: The main entrance to KWV's head office, La Corde, in Paarl, Main Street.

lenge nor the possibility of embarrassment.

Adding to the surplus is the pressure on the spirits market, of which brandy is by far the most important. Increased excise duties have pushed prices up, depressed demand, and shifted more wine into the surplus pool.

Meanwhile, the market for beer expands, from 13,72 litres per capita in 1970 to 51 litres in 1987.

Against this, wine also has the problem of its alcohol content and that in South Africa, essentially a hot and dry country, wine is not a thirst-quenching drink.

With wine at about 14 percent alcohol, a drinker would normally be far more intoxicated after four bottles of

BUSINESS Reporter DICK USHER, in the first of a two part series, investigates how wine, which starts off at the farm costing about 50 cents, ends up costing you R15 on the bill at a restaurant?

It's a question that's puzzled many diners and troubles the wine industry more than somewhat, because that same bottle of quite moderate wine could cost R3 to R5 if the baffled diner bought it from a liquor outlet.

At the top is the loading that many restaurants and hotels apply to their wine lists. This can start at a 100 percent surcharge on the price of a bottle (which the caterer normally buys wholesale for less than the retail price) rising in too many instances, to as high as 400 percent.

Once this surcharge is dealt with, one is left with your basic bottle of wine.

This starts off at the producer costing from 50 cents upwards, depending on the quality of the wine; better quality wines simply command a better than minimum price.

Mike Clark, manager for Hamilton Russel estate in Hermanns, estimated the cost of "dry goods" — bottle, cork, labels, lead capsule, paper mache sleeves — on a dozen bottles at R20, or about R1,75 each.

An ordinary bottle of "plonk" has now risen to R2,25 before wholesalers add on to cover transport costs, advertising, profits which could push the price to retailer up another 30 percent at least, making vin ordinaire at least R3,00 a bottle to the retailer.

Add on the retailer's profit of 25 to 30 percent and your low-priced bottle is now starting to come out at around R4,00 — before the restaurant's surcharge, whatever that may be, is added.

wine than on the equivalent eight beers.

Social and political factors also enter the equation.

Some opinions canvassed suggested that the rise of black political awareness, especially since 1976, had militated against alcohol consumption and drunkenness among the younger generation.

Macho market

It was also suggested that the dop system in use on nearly all farms until recently had, by being perceived as contributing to a moral and social degeneration of the community, generated resistance to wine among the young, both of which helped limit market growth.

Another factor which may have restricted extension of the wine market is what is seen as a marketing failure: that wine had been marketed as an alternative to beer rather than as a drink of occasion, that beer had successfully captured the "macho market" while in the virtually untapped black market wine was viewed as a somewhat effete drink.

To combat these problems the industry last year formed the Wine Foundation to promote and establish wine awareness and responsible wine consumption patterns among non-wine drinking communities.

At the same time, transporting wine to an "export" market such as the Transvaal adds costs and raises prices — further militating against it.

But, if there are all these factors militating against expanding wine consumption, shouldn't the quota system and minimum prices be abolished in favour of the free market?

Isn't the system merely supporting a group of farmers in a romantic way of life among beautiful scenery?

Yes, say the critics, claiming that the minimum price system gives the farmer unfair protection in the market place.

Wholesalers complain that if a farmer chose to go ahead and sell wine cheap, which he is allowed to do provided he sells above the minimum

price, he always has a fallback in that he can turn over anything he doesn't sell to KWV and get the minimum price for it.

But wholesalers on the other hand have no such protection.

It's well-known that SPW, for example, pays a premium on the minimum price to encourage better quality wine and the development of the industry.

This can be as much as R1 a litre depending on area and cultivar.

This raises their basic costs above those of the farmer or co-operative and they also have to carry marketing and distribution costs, hold stocks and advertise extensively.

Wholesalers complain that their advertising helps promote the industry as a whole but they do not have the protection of the minimum price system.

But industry spokesmen say the farmer deserves some protection against the risks of farming and the special costs of cultivating vines.

After an initial investment in vine stock it takes at least five years before wine can be produced. In the interim the farmer has to bear costs of labour, irrigation, fertiliser and cultivation before starting to get an income from his vines.

Furthermore, given the necessary initial investment, it would be unfair on the farmer to summarily abolish the minimum price guarantees, would lead to some going out of business and to unemployment.

The farms employ about 50 000 people with about 250 000 dependents.

And even the critics admit that since it was formed in 1915 to bring some order out of a chaotic free-for-all situation, KWV has ensured stability both on the farm and in the marketplace.

CHM - mips 12/4/87

Wine prices 'too high'

3 Wmi
By MEG BRITS

A LIQUOR industry cartel is responsible for the wine glut by keeping prices artificially high and cutting out market competition, Pick 'n Pay chief Mr Raymond Ackerman said yesterday.

He reacted to the KWV announcement of an unprecedented "lake of wine" which faces Cape wine farmers and marketing men this year.

Mr Ackerman said that since 1984, the number of wine licences granted to any one grocery chain had been limited to 36. This had been done to protect bottle stores and other retail outlets such as hotels, vertically integrated with the wine wholesalers.

The effect had been to limit competition and keep prices artificially high. This in turn led to reduced consumer demand and a wine glut.

Pick 'n Pay has 108 outlets but since 1984 has not been able to obtain one more than its quota of 36 grocery licences for wine.

If wine could be sold in these stores it would increase competition and demand, and force prices down.

Research figures show that total sales of natural wine in the past 18 months decreased from 216 million litres to 210m l.

However, the share of this market represented by sales from outlets with grocer's licences increased from 12,4% to 13,7% (or 28,8m l) from 1987 to 1988.

The grocers' market share of sales by sector in 1988 was 20,9% of high-priced

wine (5,4m l); 21,2% of sparkling wine (1,9m l); 19,1% of medium-priced wine (19,9m l) and 0,3% (1,6m l) of low-priced wine.

But Fedhasa executive director Mr Fred Thermann responded yesterday that grocers' licences had so far not succeeded in promoting the overall sale of wine.

"The pie is not getting any bigger. If grocers are showing an increase in market share it means they are taking sales away from the small retailer.

"If Mr Ackerman were to buy supplies at the same price as these retailers, the only way he could sell it more cheaply would be by cross-subsidisation from other products or by negotiating discriminatory discounts with wholesalers. The small retailer does not have these at his disposal."

Poor wine sales: 'KWV to blame'

CAM-10/13 1/3/89

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Staff Reporter

POOR sales of wine should be directly attributed to bad marketing on the part of KWV, the wine producers' co-operative, and not to prices charged in hotels and restaurants, a Fedhasa spokesman said yesterday.

Mr Fred Thermann, executive director of Fedhasa, said the hotel industry dismissed allegations by KWV and wine farmers that high wine prices in hotels and restaurants were the cause of poor wine sales and that profiteering is taking place.

Mr Thermann was replying to comments made earlier this month by the deputy chief executive of KWV, Mr Kobus van Niekerk, who also said wine farmers were receiving a steadily decreasing share of income from wine production.

Mr Thermann said hotels and restaurants operated in the free market and accordingly charged market-related

prices for wines. "It would soon be apparent to hoteliers and restaurateurs that if they were charging more for wine than the market would bear they would simply lose custom and would have to adjust their prices downward.

"On the other hand, if a customer doesn't choose to drink wine, perhaps because he has a poor image of the product and would rather have something else, the restaurateur can't even give it away."

He said poor sales of wine were a result of poor marketing efforts on the part of KWV, especially in the black market.

"KWV's comments have only served to place wine on a pedestal and have created a public perception that wine is an exclusive commodity."

And, he said, a wine "lake" was building up in South Africa because of guaranteed minimum prices to farmers and the quota system. By comparison with the tough competition which the restaurateur and

hotelier face, wine farmers and co-operative producers operate in a controlled environment which is virtually non-competitive.

However, he said, Fedhasa had no quarrel with the wine farmer, who is receiving a floor price of between R1 500 and R1 800 a ton on certain premium wines compared with between R600 and R900 in 1985.

"The farmer deserves to get prices of this magnitude for a product that compares with the best in the world."

But Fedhasa did have a problem with KWV's attacks on a part of the industry which represented a small part of total wine sales.

Wine production in 1988 amounted to 174 615 million litres. Premium-priced wines sold to licenced restaurants and hotels accounted for about 3% of the overall market. "We fail to understand how such a small share of the market could account for the problems of the wine market as a whole."

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'Serious further drain on cash resources'

Wine lake is getting much bigger — KWV

③ *with the notice*

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CAPE TOWN — The western Cape's 1989 distilling wine pool was expected to show massive surpluses — often described as a wine lake — of well over 42% in excess of demand, KWV chairman Pietman Hugo said yesterday.

He told the co-operative's annual meeting in Paarl that circumstances were serious with KWV facing another drain on its cash resources in order to finance distilling wine not sold on the domestic market. This, in turn, would place strains on KWV's profits with lower eventual payments made to producers.

The industry experienced its third largest crop in its history last year, amounting to 8,96-million hectolitres but, with the market "stagnating", large stock volumes had to be carried over to 1989, which KWV had to finance by withdrawing R11m from its own profits.

This situation was destined to be repeated and deteriorate even further. At

CHRIS CAIRNCROSS

this stage, it was apparent that 1989 would produce the biggest harvest ever, with KWV estimating the crop would top 9,4-million hectolitres — 4,8% more than the 1988 crop and 2,5% higher than official estimates made in January.

Standing

Hugo said in most circumstances this would reflect a sector in a healthy state. But conditions in the domestic market were totally unsatisfactory, with the outlook not favourable as far as volume growth was concerned.

Inhibiting factors included higher interest rates, higher excise duties and an expected higher inflation rate, which could all impact on consumer spending.

Due to the absence of any growth in the wine market, plus the higher stock carry-over from 1988, wine wholesalers had indicated they would cut back dras-

tically with regard to specific wines on their respective purchase lists for 1989.

Hugo said this development had caused considerable consternation within the industry because of the serious impact it could have on certain producers. It led to urgent discussions being held between KWV and wholesalers leading to a compromise and assurances that cut-backs would only be of a temporary nature.

As another step to offset the big accumulation of surpluses, KWV was also concentrating on improving the export performance of the wine and spirit industry, to which some of these surpluses were being diverted. The year had started off well with a growth of more than 26% experienced during the first two months.

As part of this effort, KWV was taking initial steps to bulk export natural wines as part of a strategy to increase the value of surplus products to the benefit of producers.

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81 Day 14/4/89

New dilemma for the KWV

WINE/PRODUCTION TRENDS

STATISTICS recently released by the International Wine Office (IWO) in Paris detail trends in wine production — and wine consumption — which must inevitably impact upon the industry in SA. The world's major wine producing countries are witnessing a decline in consumption, while production grows or — at best — remains static.

Italy is still the largest producer, though the French are the greatest consumers. The 1987 Italian crop yielded just over 75-million hectolitres — more than eight times the estimated vintage this year in the Cape. Italian domestic consumption has been falling over the past two decades; it is now nearly half of the national production.

This means that almost half the crop is surplus, as far as domestic wine consumption is concerned. This "surplus" is used up in the distillation of spirits, such as grappa; it is also exported in bulk, much to the chagrin of the southern French producers. Doubtless a substantial percentage contributes to the European "wine lake".

French production has remained more or less static, though consumption is down about 20% on the figures of 20 years ago. Per capita consumption figures are still an impressive 75l per year — eight times more than the average in SA. France, however, still produces a substantial surplus — some two-and-a-half times SA's total annual production. The French are also the world's leading wine exporters; at 13.2-million hectolitres their exports alone exceed SA's total production one-and-a-half times.

Tariff advantage

SA consumes only 25% to 30% of the Cape's annual production as wine: the surplus goes — in part — into fortified wines and brandy so that less than 50% is really surplus to the country's needs.

Some of this true surplus is foisted upon gin and vodka drinkers, since grape spirit enjoys a hidden tariff advantage compared with other sources of neutral spirit. The remaining over-production is marketed by the KWV abroad — "sold," as they so euphemistically put it, "in the international commodities markets".

But it is clear that trends in the world's wine markets do not favour the profitable disposal of such wine and alcohol abroad. It is a tribute to the KWV's ingenuity that it has been successful thus far in getting rid of SA's over-production. Faced with what is probably the Cape's largest ever crop, the KWV's is not an enviable task. The wholesale producing merchants — the most important domestic buyers — have already indicated that their purchases this year will be 20% to 30% down on previous vintages because of lower local demand.

But the lesson from the trends abroad, coupled with domestic statistics, leave one in little doubt as to where the local industry is going. The Cape's over-production will ultimately have to be addressed.

The country's wine farmers are all pinning their hopes in the Wine Foundation, an industry-funded operation aimed at producing a swing towards wine in the black market. If it succeeds, it will be the first major wine marketing success in an area, and to a people, without a history of viticulture.

MICHAEL FRIDJHON

DESPITE enormous advances made by the Cape wine industry through upgraded planting material and improved vinification techniques, a great deal of what has been gained appears to vanish somewhere between the barrel and the bottle.

The investment in viticulture and new wood is aimed at producing wines of greater substance, with flavour constituents that add richness and extra dimension to what is finally served as a mature wine.

There are no simple rules to ensure this kind of result: some clones of a particular cultivar perform better in certain soils and under specific climatic conditions than others; there is no perfect root stock; wood maturation is important for some cultivars, but not for others.

The wood debate itself is not one-dimensional: the tightness of the grain, how the wood was cured, the size of the barrel, the extent to which it has been charred — all these factors are important. But there is no standard formula by which a winery is ensured of the success that it seeks.

Limitless resources

When it comes to wine, progress can take decades — even generations. Vines must be at least 10 years old before their real potential can be assessed.

In order to differentiate the effect of vinification technique from climatic conditions, for example, any experiment must be conducted over several vintages. The wine itself must be allowed to age. This in itself can mean a waiting period of 20 or 30 years.

People who strive for perfection in the world of wine must have a lifetime ahead of them and limitless resources. This makes what is happening between the barrel and the bottle all the more bizarre.

After everything that is being done to enhance the flavour and finish of a wine, the "cleaning-up processes" that accompany bot-

Learn to live with sediment

③ Wine & viticulture.

WINE/VITICULTURE

tling are stripping away a great deal.

The big producers defend this by arguing that the average consumer would regard the presence of sediment — particularly in a young wine — as an inexcusable flaw. Since reputation achieved is always more valuable than any future goodwill that may be gained when a wine matures, they feel disinclined to risk what they have for what might be obtained.

Better, so they argue, to remove a little of the new richness than to antagonise the average consumer, who may not understand the harmlessness of sediment or tartrates.

In many cases this puts the quality control personnel in direct confrontation with the vintners, whose only concern is the perfection of wine they make and not the market which consumes.

Some of the smaller independent wineries have adopted what may seem to be a slightly anarchic approach: Rhebokskloof in Paarl released its 1989 Nouveau with a back label which informed consumers that the wine had received minimal handling and that excessive chilling would produce a harmless and tasteless precipitation.

This is very much the line employed by "boutique" wineries throughout the New World. It is now quite common in the US and Australia

to see bottles marked "unfiltered", almost as an assurance to purist wine drinkers that the product has been tampered with as little as possible.

Norma Rateliffe at Warwick may be less demonstrative in her approach, though in essence it boils down to the same thing. Her Cabernet is big, complex and unfiltered and she expects purchasers of wine of this quality to recognise that the appearance of sediment over the years is an inevitable consequence of quality wine maturation.

Patronising

New World wines are often sold in developing wine markets. There is obviously more at risk for a producer if such deposits are perceived by the average consumer as a "fault" in the wine.

But instead of perpetuating mediocrity by "stripping" away exactly those elements which elevate the wine, SA's major producers should be investing in explaining why it is necessary to have sediment in the very best wine.

The wine drinkers of the New World wine-producing countries have developed as fast as the industries that they support. It is both crass and patronising to assume that they cannot learn to live with a little sediment.

MICHAEL FRIDJHON

SA won't drown in its 'wine lake'

ARGUS 19/4/89

3/2/89

RECORDS are not always good news.

In this case it is the South African wine industry, with a record crop estimated at 9,4-million hectolitres, which is facing severe problems.

WINE

This was acknowledged by KWV chairman Pietman Hugo at the association's annual meeting in Paarl last week.

Among the immediate problems facing the industry are a stagnant local market, international sanctions against South African agricultural products, downward pressure on the brandy and spirits market and endlessly rising inflation which in turn cuts the spare cash consumers have to buy luxuries.

Wine has to be seen as a luxury and when times are hard luxuries have to be cut back.

But, industry spokesman hasten to point out, there is no possibility of the country drowning in a sea of surplus wine.

Apart from strategic stocks which are held against possible future shortages, nearly all wine produced is eventually sold — either on the internal market or internationally.

While critics complain that there is an over-production, the industry points out that this season has been an exceptionally good one.

"Weather is a factor we can't control and when conditions are right we get a good crop. Next season the weather could be awful and the crop could slump right back to the 7,5-million hectolitres we had in 1981 or 1986," said Theo Pegel, chief personnel and communications executive for KWV.

Quota

Allied to this are the improvements in stock and cultivation methods that the KWV's extension programme has promoted over the past 10 years, leading to better yields per hectare.

The crop is produced by about 6 000 farmers, either in the traditional Western Cape winelands or on irrigation schemes on the Olifants River on the west coast or the Orange River in the far north.

Each of these has a quota set by KWV which guarantees them a minimum price for their quota.

At the start of each season KWV estimates the expected crop and then determines requirements for "good" wine, which is turned into wine, and for "distilling" wine.

From here a further esti-

Following reports of a South African 'wine lake' and the reasons given on why wine starts off at 50c at the farm and ends up costing R15 in a restaurant, Business Reporter DICK USHER examines the state of the wine industry in the second of a two-part series.

mate determines the likely local demand for spirits, produced from the distilling wine, and what remains forms the surplus pool.

At the same time KWV sets a minimum price it will pay every farmer for their quota, paid after delivery as a "voorskot" for the season.

The surplus is then available to be sold on the international market as either bulk wine, or distilled spirits at various strengths, for either the liquor or chemical markets.

This is sold at prevailing world prices and, depending on these, the farmer then receives an "agterskot" for his surplus wine.

The good wine is marketed in various ways, either directly from one of about 70 estates, by co-operatives under their own labels, or by several wholesalers each of which has a range of labels.

Estates which produce, bottle and market their own wine contribute very little, if anything, to the pool of wine from which the surplus comes.

A troubled question is that of *belading*, trade jargon for minimum added value costs such as bottling, packaging and distribution, used by co-operatives and estates.

These are set by KWV and added to the set minimum bulk price.

Wholesalers claim that the co-ops can then sell wine without incurring marketing and distribution costs they have to bear.

A joint working group has been set up to tackle this problem.

The estates operate as economic units and although they have quotas and KWV would therefore be obliged to accept their wine at the minimum price if they turned it in, this rarely happens.

The vast bulk of the surplus comes from farmers who, secure in the possession of a quota, "grow grapes" rather than produce wine.

But, spokesman point out, the industry is against this type of farming and the extension programme and the co-operatives of which most farmers are members are encouraging farmers to improve their crop.

Because, it has to be borne in mind, nobody's going to get

rich at KWV minimum prices and wholesalers buy better quality wine from farmers at higher prices to blend into their own products.

"Nobody can farm on the minimum prices alone," said Mr Pegel.

One estimate is that the bottom five percent of farmers are practically bankrupt while the average middle-of-the-road wine farmer is not very wealthy but someone who works very hard to make a reasonable living.

Against this, critics contend that KWV acts as a mechanism which interferes with the free market mechanism and if there were no minimum prices, in what is essentially a closed shop, there would be no surplus.

To this KWV spokesmen retort that the problem of supply is an eternal one with agriculture.

"Wine farmers, like any other farmers, have to plan for a surplus in case there are problems with the weather or crop disease. It's the only way you can guarantee your crop," said Mr Pegel.

Surpluses

"And, although we have surpluses that have to be exported onto the world market, you could say that about any other product that's exported.

"South African exports range from gold, which is also surplus to domestic requirements, to fruit, textiles and almost anything else.

"Also, South Africa is not unique among wine-producing countries in having a surplus. Eventually about 20 percent of the crop goes on to the export market which in international terms is a reasonable surplus.

"And it's not as though wine farmers are continually seeking government support."

Maybe not, say critics, but the wine industry enjoys other benefits.

They point immediately to the lifting in 1982 of excise duties on natural wines as a form of government support for the industry which has given it an advantage over the other great alcoholic beverage, beer.

They also point out that wine may be sold in supermarkets, while other alcoholic beverages may not.

Brittle market in 'boutique' wines

THE 15th annual Nederburg Wine Auction revealed trends in the fine wine market which could have a considerable impact on the future evolution of the Cape wine industry.

Superficially, the sale was a success, with turnover reaching the R2,3m mark, compared with the R2m figure of 1988. Red wines averaged R323, compared with last year's R269, and white wines R127 (1988: R125). However, an examination of the actual lots sold shows that, for some of the country's smaller producers, the auction was not a profitable exercise.

A commonplace

Auctioneer Patrick Grubb was compelled on several occasions to reduce the quantity of wine in the various auction lots to make them digestible sizes for the retail and on-consumption trade. At previous auctions, this has happened perhaps once or twice during the course of the sale. At this year's auction, it became a commonplace event.

More embarrassingly — at least for the farms in question — some wines failed to reach reserve prices. Several well-known producers suffered the indignity of watching their wines sell at reserve, or perhaps a rand or two over the minimum price.

Clearly, the market for these "boutique" wines is not as buoyant as the overall statistics of the auction suggest.

There can be any number of possible explanations for the brittle nature of this market. The reserve prices were sufficiently high for nothing on offer to be thought of as "cheap".

If there are a limited number of buyers prepared to part with R20 plus per bottle for auction wine, it follows that they will spend their money on stock which sells. The auction is, after all, directed at licensees only: Nederburg auction wines must still pass through a retail licence before they get to the end consumer.

Boutique wines pitched at reserve prices so high — in comparison with the farm

WINE/NEDERBURG AUCTION

prices — that there is no justification for a retailer committing himself to the stock, which will inevitably struggle at the sale.

For the same reason, the auction works well for Nederburg. The wines it sells at the sale are specially prepared for the auction: they are labelled accordingly; the publicity which surrounds the Nederburg auction — itself funded by the Paarl winery — generates public demand for Nederburg auction wines. Some of this cachet rubs off on all the wines offered for sale at the auction. It obviously favours Nederburg as the largest investor (with more than 80% of the stock on auction) as the focus of the sale.

The smaller sellers are failing in their responsibilities if they think that the very fact of the auction will necessarily sell their wines — however good — at prices as high as their reserves.

Since the boom in the premium wine market over the past three years it has become customary for the Cape's wine farmers to assume that they can foist anything on the country's wine-drinkers, trading only on the presumed rarity of the goods in question.

They see the success of Nederburg's auction wines and the Bergkelder's Vinoteque arrangement and presume that they can expropriate a portion of the glory for themselves.

Marketing exercise

The Nederburg auction is a major marketing exercise. The Bergkelder tender is supported by a national advertising campaign. But the independent estates who appear at the Nederburg auction sail under their own flags.

If they have failed to provide a purchase motivation to buyers to share in their delusion, they will find themselves — as they did at the April auction — paddling around aimlessly on the turgid tide of a stagnant wine market.

MICHAEL FRIDJHON

LEISURE

By Day 26/1/87

Thelema worth watching

3 wine & viticulture

THE WINES from Gyles Webb's Thelema Mountain Vineyards have come to town. Their arrival may not have been heralded with the brassiest of the wine industry's fanfares, but then balloons and bunnies are neither in Webb's nature nor in his budget.

He chooses instead to let the wines speak for themselves. Gyles Webb is too authentic a person to wish otherwise. He came to wine through conviction, and along a not altogether glamorous route. Trained as an accountant, he chanced upon an excellent white Burgundy in the mid-Seventies and gave up bookkeeping to take up winemaking.

He completed his BSc degree in viticulture and oenology in 1979 and then worked a stint for Stellenbosch Farmers Winery. In the early Eighties he took himself off to the Napa Valley. To judge from the number of Americans I have met who remember him with fondness, he must have made an enormous impact there in the four months he spent at Joseph Heitz's winery.

His return to SA coincided with the purchase by his wife's family of the Thelema Farm. Situated at the top of Helshoogte, more or less across the road from Delaire, Thelema's vineyards are amongst the highest and coolest of the coastal region.

At the time of the purchase of the land there were no vines on the farm. Webb's planting programme has brought Chardonnay, Rhine Reisling, Sauvignon Blanc, Cabernet and Merlot to what seems to be premium viticul-

WINE/THELEMA MOUNTAIN VINEYARDS

tural terrain. The wines presently on the market — or due shortly — include Rhine Riesling, Sauvignon Blanc, Blanc Fumé and Chardonnay. The red wine release dates lie some time in the future.

In many ways the Thelema wines reflect the personality of the man responsible for creating them: Gyles Webb is diffident, dry and easily given to serious pronouncements. His wines are not obvious and they are clearly targeted at a sophisticated and serious wine drinker.

This "French" style of winemaking produces its best results with the French cultivars. While the Sauvignon Blanc is at present quite inacces-

sible, a couple of years in the bottle should go a long way to revealing its charms. The Blanc Fumé (wood matured Sauvignon Blanc) has already softened slightly as a result of the extra dimension given to it by the wood. This, too, has a long way to go, though clearly Webb used wood sparingly yet to great advantage.

The Chardonnay is certainly one of the finer examples produced in the Cape so far: wood and wine have already integrated well to produce a tightly knit, complex Burgundian style of wine. The as yet unreleased Cabernet has extraordinary colour and flavour. It is impossible at this stage to predict potential, given the youth of the vines and the immaturity of the wine itself. Nevertheless, there can be no doubt that Thelema will in time produce great Cabernet.

Thelema Mountain Vineyards is a small enterprise, without the kind of cash-flow that has almost become de rigeur in the Cape wine industry. There is no doubt about its potential, or the commitment of Gyles Webb to produce fine wine.

These early releases will need the patience of serious wine drinkers to be allowed to develop. As with Kanonkop, there may be some disappointments along the way. However, the farm itself and its synergy with the man responsible for producing the wine should ensure that, in time, some of SA's great wines come from Thelema.

MICHAEL FRIDJHON

LEISURE

Zonnebloem's red revolution

ZONNEBLOEM'S red wines are likely to be much in the news in the next few months.

During the past week, Stellenbosch Farmers' Winery (SFW) — proprietors of the brand — have conducted a series of seminars in which they have revealed a substantial change in winemaking policy at Zonnebloem, together with the investment necessary to produce and mature a new quality of wine. Several factors have played a role in the new direction of Zonnebloem red wine-making.

Relative stability in the red wine market from the mid-Seventies onwards made it possible for the merchant producers to acquire their grapes and wine on a more selective basis. This in turn encouraged a closer working relationship with the farmers who were regular suppliers to the wineries.

The trend — in the early Eighties — towards substantial vineyard renovation in many of SA's premium vineyards also involved SFW and their growers: SFW, for example, was prepared to commit expertise and technology to its regular grape suppliers. It encouraged them to plant the right cultivar in the right location and supplied them with often exceptional clonal material.

Invested

The result is that Zonnebloem now has a pool of better quality grapes coming into the winery.

The company has also invested substantially: while SFW may have lagged a little behind in the very necessary acquisition of new French oak barrels, by the early Eighties it began to make up lost ground.

Since SFW has always maintained a co-operation for brandy, once it recognised the importance of new wood for its quality red wines the necessary expertise was already on hand to buy the right wood for the job.

The promise of "new wood" has been something of an industry marketing hype for some years. There are people who claim that they can easily identify the maturation effect of Nevers oak from Alliers, for example. It is customary to hear Limousin spoken of somewhat dismissively when it comes to red wine maturation, while Tronçais has its own elite following.

WINE/SFW's WINEMAKING POLICY

The reality, however, is that the various oak forests of France produce wood with certain general characteristics specific to each forest. However, these features are not automatically there in every log cut in a particular region.

Wood impact

It is therefore not sufficient for a wine-maker to specify Nevers or Alliers oak. He must know what kind of wood impact he wishes to make on the wine. He can then determine the appropriate grain, the size of the barrel, the level of toasting.

The wider the grain, the quicker the effect of wooding, though this will be quite short-lived. A certain amount of toasting of the inside of the barrel enhances the extraction of wood flavours, and helps to reduce the astringency of young red wine.

This kind of know-how has been invaluable in bringing Zonnebloem's red wines back into the first division.

A vertical tasting at the winery, spanning five decades of Zonnebloem's Cabernet, showed not only the exceptional wines from the Forties and Fifties, but also how the as yet unreleased 1986 is back on course. Barrel samples of some of the 1988's suggest that wines of even greater intensity are in the pipeline.

It is almost too easy to attribute these changes to the new plantings, the substantial cellar investment and the use of new wood.

Commitment

At the heart of the matter, however, is a change in philosophy and commitment. The glib and easy wines of the Seventies are now, it would seem, a matter of the past.

Duimpe Bayly, Wouter Pienaar and Jan de Vaal are committed to making red wines that can be drunk into the next century. The remarkable 1945 and 1957 Zonnebloem Cabernets do great credit today to the men who made them.

A good red wine should after all outlive the man who made it.

MICHAEL FRIDJHON

WE USED to thank the Good Lord for big harvests and celebrate their arrival. But in an era of political price-rigging, abundance causes distress. The devilish objective, you must understand, is to have permanent scarcity because scarcity alone can sustain high prices, and it is the job of political interventions to make us all wealthy by granting us those.

Hey presto! As long as we all get paid more for producing less we can all look forward to a life of plenty.

Take wine as an example. The dreadful stuff is everywhere. It's a horrible embarrassment to producers, who keep having to increase the price to pay for this distillation and storage of unsaleable surpluses.

Even the KWV doesn't benefit any more. Bewailing the tragedy of a record harvest of 9.4-million hectolitres (how could God be so cruel?), its grief-stricken chairman Pietman Hugo told shareholders last week that R11m had to be "withdrawn from its own profits" to carry over large stocks. The 1989 distilling wine pool is expected to show a wicked surplus "well over 42% in excess of demand".

Searching desperately for a scapegoat to blame for the stagnating demand, Hugo identified higher interest rates, higher excise duties and an expected higher inflation rate as inhibiting factors. Someone should give him a mirror.

A whine about our wine

Wine Spectator SYMOND FISKE



13 Jan 28/4/89
Left to their own devices, all markets clear. That the domestic wine market hasn't cleared for many years is attributable solely to the fact that government has licensed the KWV to prevent it happening. The result is woefully to the detriment of most wine farmers and all consumers.

Note carefully that there are some short-term beneficiaries, apart from the directors and employees of KWV itself. These are the farmers who grow the worst quality and most tasteless grapes and the vintners who turn them into the tackiest, most unpalatable and insipid wines — the very ones who have done most to earn this country's natural and fortified wines such a down-market image overseas.

By putting an artificial bottom in the market, the KWV has raised the price of our worst plonk way above its natural level. So we keep getting more of it. To pay for the removal of that surplus and subsidise its producers, KWV is

forced to extract monopoly profits (which are tantamount to a consumer tax) from the willing buyers of what it calls the "good" wine. So we can't afford to drink so much of that.

To prevent the lake swelling to even more unmanageable proportions it restricts the planting of new vineyards by means of production quotas. These have two detrimental effects. First, they prevent those farmers who produce the best grapes and estate wines (i.e., the ones who salvage our reputation) from expanding production as fast as they and their customers would like.

Second, they encourage others to cut corners with the highest yielding, low cost cultivars to maximise their own margins from the "good" wine they are allowed to sell. That merely adds to the size of the lake while aggravating the marketing problem by spoiling its flavour.

Four years ago the KWV did make one tenta-

tive step towards an acknowledgement that markets might be better than its own gurus of allocating resources. It authorised the sale by private treaty (subject, of course, to a few of its own rules) of production quotas.

That does give the best producers a chance to expand their vineyards more or less logically. But it still demands a price penalty which is indefensible on moral as well as economic grounds. Why should the farmers who have a genuine market and a solution to the problems caused by the KWV be obliged to buy permission to implement their plans from the bozos without genuine markets who precipitated the problem in the first place?

What is needed is an end to the KWV's politically granted stranglehold. If Pietman Hugo and his chums were obliged to earn their keep by satisfying customers instead of dictating to them for a change, we would all be better off.

They might also ponder the fact that the market wouldn't be stagnant and that expectations of inflation, interest rates and excise duties wouldn't be so high if only the rest of the economy were rid of the myriad similar schemes designed to protect work-shy and competition-shy stagnators like themselves.

Can we drink to that?

□ Fiske is Editor of *Effective Farming* and of *Effektiewe Boedery, Maritzburg.*

POLICE SEIZE 'AWB' ITEMS IN UK RAID

Own Correspondent

LONDON — Racist material, some of it relating to the AWB, is being examined by British police after an early morning raid on a London shop run by a fascist right-wing movement. 8/10/89

The store, Cutdown, in Soho's Ridinghouse Street, was searched at the weekend by Marylebone Police Station detectives equipped with warrants.

They left with videos, tapes, books, clothing and documents. Possible charges under the Public Order Act are pending against the shop's managers, National Front splinter group Blood and Honour.

Cutdown has, over the past weeks, been selling — mainly to skinhead customers — a popular line of "Hang Nelson Mandela" T-shirts which depict the jailed ANC leader with a noose around his neck.

Others, priced at about R24, have the words "South Africa" and the distinctive swastika-like AWB emblem across the front. Some bear the slogan "AWB — We Do This For You".

Assistants in the shop said the shirts and AWB buttons were being made in Britain and were exported to the US and Europe, where they are sold in specialist shops dealing in Nazi memorabilia.

The AWB in SA has repeatedly denied involvement with Blood and Honour, which is regarded in the UK as a fanatical extremist group.

SFW to appeal against decision on Ben Nevis

Own Correspondent

DURBAN — Stellenbosch Farmers' Winery (SFW) is to apply for leave to appeal against a Natal Supreme Court Order prohibiting them from distributing one of their products, Ben Nevis whisky liqueur.

A company spokesman said that the application for leave to appeal would take "a day or two" to lodge. Once a decision was made, they would decide how to proceed. Consumers would be able to purchase Ben Nevis until the application had been heard and decided.

An application to interdict the distributors, Stellenbosch Winetrust, Stellenbosch Farmers' Winery Ltd, and Aroma Liquors (a bottlestore), was brought by Scotch whisky-maker Long John International Ltd.

In the Durban Supreme Court on Wednesday, Mr Justice Booysen ruled that the name Ben Nevis and term "Scotch whisky" could not be used for any spirit not made in Scotland. Ben Nevis was found to be a blend of Scotch and Cape-made whiskies. Mr Justice Booysen decided that it was neither a Scotch nor a liqueur.

NATAL UNREST DEATHS

Deaths from September 1987 to June 18:.....	795
Deaths reported by police yesterday:.....	0
TOTAL:.....	795

Costs Crunch for Wine

10/6 RKA 5 1/4/89 3 wine

By DICK USHER
Business Staff

THE Cape's 3 000 wine farmers are caught in a squeeze between swiftly rising costs and slow growth in sales.

While per capita consumption of wine and wine products such as fortified wine and brandy has dropped since 1970, total consumption has risen from 160-million litres to 270-million litres, leaving the industry increasingly dependent on exports for its economic health.

KWV's profits for 1988, announced this week, show a slight increase over 1987 from R274-million to R274-million and, one of the most important factors in maintaining profits

was a significant increase in exports.

KWV reported considerable success in developing new markets and, according to the annual report, exports picked up in the second quarter to grow 20 percent in rand terms for the year. Packaged products achieved a "noteworthy" growth of 33 percent.

Producers have already received R11.1-million for 1988 with a further R7.1-million now due making the full payment for 1988 R18.2-million against R18.1-million for 1987.

Mr Theo Pegel, chief personnel and communications executive for KWV, said wine was extremely important to the economy of the Cape. The 3 000 farmers employed about 50 000

people who in turn had about 250 000 dependents.

But several factors limited broadening the market base.

Overseas there was resistance to South African agricultural products generally, which also affected wine, while internally marketing was complicated by several problems specific to the product.

He said that growth was limited by the image of wine as being an esoteric drink, an image which grew out of the mystique of wine and the reverence with which the product was approached by many.

"It's too often spoken about in a complicated terminology which causes the uninited to shy away from trying it.

"But in the end wine is a drink that should be enjoyed.

"To complicate matters further, while beer is sold under a few brand names, wine has a huge range of 'brands', estate wines, co-operative wines and cultivars within the basic divisions of dry, semi-sweet and sweet wines.

Wine is also strongly area-based, with most wine being consumed in the area in which it is produced, again unlike beer which is brewed and sold locally.

"For wine, the Transvaal becomes an export market and because it's more expensive to get it there than it is to get it to Southampton it also faces a cost disadvantage in markets outside the Cape," said Mr Pegel.

These factors are reflected in the drop in annual per capita consumption of wine from 8.75 litres in 1970 to 8.06 in 1987.

(See Page 3)

Crunch for wine farmers

10/6 RKA 5 1/4/89

Fortified wine dropped from 2,50 litres to 1,46 litres a year and brandy from 0,50 litres to 0,48 litres over the same period.

An understanding of these factors led to KWV and the major wholesalers forming the Wine Foundation during 1988 to stimulate the market.

"It's a big initiative born out of the understanding that the future health of the industry is dependent on increasing the market.

"But another factor unique to wine is that, although it has been around for 6 000 years, it changes every year with each new crop of grapes.

"What comes off the vine depends on climatic factors, this is further complicated by the production process vintages differ year to year.

"These limitations make it difficult to broaden the market base and we need to help people feel comfortable with the variety and selection of wines."

farmers

Wine glut causes industry crisis

Staff Reporter

THE wine industry is stuck with an unprecedented glut of wine — and faces a marketing crisis as thousands more litres will have to be sold overseas.

The "lake of wine" has been caused by burgeoning crops from the winelands of the Cape for nearly a decade — topped by a predicted record crop of 9,4 million hectolitres for this year — "stagnant" local sales and large stock volumes which have had to be carried over from last year.

And according to Mr Pietman Hugo, chairman of KWV, the situation is certain to mean a multi-million-rand cash drain on the reserves of the KWV.

Cape Times 12/14/89 3 Wine 12
"In 1988 KWV had to apply R11m from its own profits as a result of a crop which proved larger than had been expected," Mr Hugo told shareholders at the annual general meeting of the KWV in Paarl yesterday.

KWV uses these funds to pay the farmers for the surplus distilling wine not sold on the local market.

"Indications are that this situation will repeat itself in 1989. This could place serious pressure on KWV's finances," he said.

The massive surplus would now have to be sold as industrial alcohol or grape juice.

According to Mr Ritzema de la Bat, KWV's chief executive, local sales of wine

were not increasing.

Wholesalers had overestimated demand last year and were sitting with "a build-up of products on their shelves". This has meant that they have cut back appreciably on orders for this year.

"Though we are already marketing overseas with some success, efforts will have to be much more aggressive," he said.

Mr Hugo said the wine industry was faced with several problems in selling its product locally.

Apart from an already glutted market, sales this year would also be hit by factors

To page 2

From page 1

Cape Times 12/14/89 3 Wine 12
KWV
such as higher interest rates, higher excise duties and an expected higher inflation rate which "could have a negative influence on consumers".

He told the meeting that KWV paid R124,4m to local wine farmers for products saleable in this country in the past financial year and R11m for distilling wine not sold on the local market.

It made a net profit for the year of R27,4m and transferred R9,1m to general reserves.

In an effort to boost local sales, it launched an intensive marketing campaign on the Reef last year to stimulate wine drinking, particularly by black people.

But, though its exports have risen and it has discovered a growing market for unfermented grape juice in this country and overseas, Mr Hugo said that the market for wine in South Africa was "stagnant" and that higher excise duties had hit sales of brandy and "wine-based spirits".

Mr Hugo said the wine farmer "has, as far as quality and size of the 1989 crop is concerned, a lot to be thankful for".

Wine row bubbles between hoteliers and KWV

By SHARON SOROUR
Staff Reporter

THE KWV and wine farmers have blamed the high mark-up on wines in hotels and restaurants on falling sales and virtual stagnation in the wine industry.

But Fedhasa has dismissed the allegation and blamed the overflow of wine in South Africa on over-production owing to guaranteed minimum prices.

Reacting to comments by KWV executive director Mr Kobus van Niekerk that wine farmers' share of income from wine production was falling steadily, Fedhasa executive director Mr Fred Thermann, said: "Our business is regulated by the public, which dictates pricing."

KWV's criticism of efforts by its customers to sell wine has harmed the image of wine more than attempts by the hotel, restaurant and retail liquor industry to create a market niche for wine as an alternative beverage.

PROMOTE

"KWV has a duty to promote and market generic wine and not create an image of a prestigious product."

However owner of Simonsig wine estate and KWV director Mr Frans Malan said: "The stagnant wine industry has shown little or no growth in the past three to four years in spite of the population growth and an effort is being made by the Wine Foundation to market generic wine."

"However, restaurant and hotel mark-ups on beer are much lower than they are on wine and this leads to weaker wine consumption."

"A wine farmer gets 45 cents a bottle for standard wines and 57 cents for quality wines, and 30 percent of the crop is sold as standard wine. Wine that retails at R3 a bottle increases to R9 or more in restaurants," he said.

Peninsula restaurant owners said the mark-up on wine in the Cape was reasonable. It ranged from 50 percent to 250 percent, but averaged nearer 100 percent.

Restaurant owners felt wine prices should be kept low as it was to accompany good food and not restrict the sale to a privileged group.

THE Pretoria-
Witwaters-
Vaal metro-
polis, with its high
concentration of
consumers, has be-
come the target of a
multi-million rand

sales drive recently
launched by the Wine
Foundation.
A major feature of the
responsible consumption

foundation's strategy is
an educational campaign
designed to promote the
responsible consumption

Sowetan 15 2 81

PWW is targeted by winemakers

③ Ukced fore > wine

By LEN MASEKO

of wine.

During the first phase
of the education pro-
gramme opinion-formers
from a variety of
communities will be
taken to the Western
Cape to see how wine is
made.

The itinerary also
includes a visit to the
established wine routes
and lessons on the Cape's
wine-oriented cuisine.

The Wine Foundation,
whose members include
the KWV and the five
major wine producer-
wholesalers, was formed
last year with a long-term
strategy to boost wine
sales. Its backers drew an
initial budget of about
R3 million for the whole
exercise.

hectares of vineyards
under cultivation and
produces between eight
to 10 million hectolitres
of wine a year.

The country's Wine of
Origin legislation has
divided the Cape
winelands into five
districts, each with its
own topography, micro-
climate and soil type.
Each region is further
divided into several
sections, making it 12
districts in all.

The majority of wine-
grape varieties cultivated
in South Africa are also
grown in other major
wine producing areas
such as France, Italy,
Germany, California and
several other places.

"Since Soweto and its
environs form a signifi-
cant portion of this area,
we chose to begin our
series of visits with some
of its higher profile
residents," Mr Pegel
says.

Through these visits,
the WF hopes to
establish a well-informed
responsible group of
consumers who will have
a "stabilising influence"
on the wine market in the
long-term.

The visit to the Cape
winelands is an eye-
opener for a first-time
venturer, who is intro-
duced to the intricacies of

approximately 110 000

Exposure

Mr Theo Pegel,
executive director of the
organisation, says: "The
VIP visits to the Cape
winelands organised by
the foundation to
introduce the country's
community leaders to
wine, its origins, history
and culture, are proving
very successful.

"By bringing opinion-
formers closer to wine
and exposing them to the
wide taste spectrum it
covers, we are managing
to develop a direct link
with their communities,"
he says.

With their biggest
markets concentrated
mainly in the Transvaal,
the WF is directing its
initial promotional
thrust in this region.

Hot yes — but wines will still be good

W/6 ARGUS
H2A9
3 wine

by SHARON SOROUR
Weekend Argus Reporter

CAPE winemakers predict a good grape harvest and quality wines this season, although some "flabby wines with no backbone" can be expected due to the sizzling summer temperatures.

The heat has led to the grapes ripening earlier and winemakers are picking grapes quickly to obtain optimum ripeness as different cultivars ripen at the same time.

"The sugar level of the grapes is very high and the acidity drops because they are ripening very quickly. This could result in a flabby wine with no backbone," said Mr Peter Ferreira, a winemaker at Clos Cabriere, Franschoek.

Although the Franschoek valley had had a dry season, the heat had not affected the harvesting of early-ripening grape varieties.

Good year

"This is an average year. Harvesting usually starts about February 7, and the heat is normal for this time of year. The sugar content in the grapes has risen dramatically over the past few days but the quality of the wine will not be affected," said Mr Walter Finlayson, winemaker of Blaauwklippen near Stellenbosch.

Klein Constantia Estate starts har-

vesting next week and winemaker Mr Ross Gower is expecting a good year.

"We have had to reduce the crop and we may have to start harvesting all the types of grapes at the same time, but the heat should not have affected the grapes," he said.

Drakenstein Co-operative in the Paarl Valley has been slightly affected by the heatwave.

Said winemaker Mr Kootjie Laubscher: "The situation is not critical, but the grapes may be affected later in the season."

The Malmesbury grape harvest has been slightly damaged by the heat.

Worst hit

"We have had grape-loss due to the damaging heat," said Swartland Co-operative winemaker Mr Albie van Vuuren, "but we have a lot of great-looking grapes and the quality of our wines should not be affected."

According to a spokesman at the Rooiberg Co-operative the intense heat has caused all the grapes to ripen at once.

The Uppington grape harvest has been one of the worst hit by the heat.

Said Orange River Co-operative winemaker Mr Blackie van Jaarsveld: "Heat led to the oxidising of the French grapes which will result in a lower quality wine. Rain has led to the Sultana grapes falling off their stalks and a lot of grapes have been lost."

WINE

7/2/89

News

KWV forecasts record crop

By DICK USHER
Business Staff

A RECORD wine crop of more than 9.1-million litres has been forecast by KWV for the 1989 season.

KWV expects the total crop to be marketed during the year.

It estimates that about 47 percent of the crop will be marketed domestically as wine, 30 percent as distilling wine and 21 percent exported.

The 9.1-million litre estimate made in January is slightly down from the December forecast of 9.4-million litres which has been reduced due to weather conditions since then.

Dr Ed Beukman, chief planning executive for KWV, said this week that the earlier estimate had been reduced after a very dry December.

DRYEST SUMMERS

"It was one of the driest summers we have had and especially in the non-irrigated areas the berries tend to be smaller and have not developed as much as expected," he said.

"But we still expect a record as the crop is in good condition."

But Dr Beukman dispelled suggestions that South Africa could end up with a "wine lake".

"The wine market is very carefully regulated both by limits on production and by planned marketing of the product.

"What is not used for wine domestically has many other uses.

DISTILLED

"Some is distilled for brandy, some distilled wine is used in fortified wines and for other spirits, some we have to keep in reserve in case of natural disaster which could severely affect production, and some is sold on the world market as commercial alcohol."

PFTAILING

The farmer gets a guaranteed price for wine of a minimum quality from KWV. High quality wines are sold on the free market at what the market can bear and the commercial alcohol sold on the world market is subject to ruling prices.

KWV announced in January that farmers would get 12 percent more for the major portion of their wine crop this year, an increase of 4,8 cents a bottle in the standard price category.

The new minimum prices are: 59,58 cents/litre for good wine for standard-priced wine, 47,67 cents/litre for distilling wine and a 15 percent increase for quality wines in the various categories according to quality.

STATIC MARKET

Dr Beukman warned that the wine industry, which supported about 300 000 employees and dependents, was caught between a static market and rising input costs.

It had followed a conservative pricing policy to try and stimulate demand.

"We are not trying to get consumers to drink more wine, but to persuade more people to drink it," he said.

The guaranteed price had risen only 12 percent, below the CPI, while many of the input costs such as labour and machinery were increasing faster than inflation.

Labour costs represent about 30 percent of farming costs, while the cost of implements has risen 17 percent a year since 1975.

Wine production, after hitting a previous high of 9.1-million litres in 1983, declined to 7,6-million litres in 1986 and has been increasing since then.

Chardonnay scandal prompts new clamps

③ viticulture + wine

S. Day 9/1/89

Stiffer penalties loom for cultivar smugglers

CAPE TOWN — Wine farmers who illegally import cultivars like Chardonnay — as some tried a few years ago — could face five years in jail and a R20 000 fine.

These much stiffer penalties are part of proposed legislation tabled in Parliament.

They are a direct consequence of the Chardonnay wine scandal and the findings of a commission of inquiry into contraband cultivars.

The Agricultural Pests Amendment Bill, tabled by Deputy Agricultural Minister Kraai van Niekerk, comes after recommendations by the Klopper Commission, which probed illegal

CHRIS CAIRNCROSS

importation of the Chardonnay cultivar.

Changes to the laws, according to a memorandum, are aimed at intensifying control over importation of propagating material to reduce the risk of introducing foreign agricultural pests.

Conviction

The Bill declares persons found in possession of controlled goods imported without a permit face on first conviction a fine not exceeding R20 000, jail not exceeding five years, or both.

The proposed legislation also provides that, in the case of a second or subsequent conviction, penalties can be increased to 10 years in jail and a R50 000 fine.

The Bill gives formal recognition to government's attempt to combat the red-billed quelea locust.

Swarms of this species last year ravaged large tracts of agricultural land.

The Bill also obliges users of land to report the presence of roosting or breeding locust swarms.

Government's policy of privatisation and less state interference is also reflected in the Bill.

AMC Trans 9/1/89 30/12

Illegal vines: New penalties

Political Staff

WINE farmers who in future attempt illegally to import vine cuttings such as Chardonnay — as some of their colleagues were found to have done two years ago — could face the prospect of a five-year prison term or a fine not exceeding R20 000.

These stiff penalties are embodied in new legislation tabled in Parliament and are a direct consequence of the "great Chardonnay wine scandal".

of 1985 and the findings of the commission of inquiry which was held soon afterwards.

The Agricultural Pests Amendment Bill, tabled by the Deputy Agricultural Minister, Mr Kraai van Niekerk, was provoked by the recommendations made by the Klopper Commission following its investigation of the illegal importation of Chardonnay vine cuttings, according to an accompanying memorandum.

The changes to the legislation, according to the memorandum, are aimed at intensifying the control over

the importation of propagating material, with a view to reducing the risk of introducing foreign agricultural pests into South Africa.

The bill declares that people found in possession of "controlled goods" which have been imported without a permit face the prospect, on a first conviction, of a fine not exceeding R20 000 or imprisonment not exceeding five years, or two both.

The legislation also provides that in the case of a second or subsequent conviction, the penalty will be increased to a prison sentence not exceeding

10 years or, in the case of a juristic person, to a fine not exceeding R50 000.

The bill gives formal recognition to the government's attempt to combat the red-billed quelea locust, swarms of which last year damaged large tracts of agricultural land, and places an obligation on users of land to report the presence of roosting or breeding locust swarms.

Government-declared policy of privatisation and less state interference is also reflected in the bill.

Wine is fine, but its packaging costs are not

By MICHAEL DOMAN *MS 454*
Staff Reporter *6/1/79*

NEVER judge a book by its cover, they say.

By the same token a good wine should not be judged by its packaging, but it's the way the popular Cape beverage is packed which is forcing wine prices to climb.

And KWV chairman Mr Pietman Hugo has called for more economical ways of packaging wine.

Mr Hugo said the wine industry has found itself selling glass and boxes instead of wine.

The share wine producers received from every rand spent on a bottle of wine had decreased by 20 percent since 1975, to only 25c a rand, he said.

The average price of an empty wine bottle was about 53c. Other costs were that of the cork (21.7c); body, back and neck label (5.1c); capsule (10.6c) and cardboard packaging (11.7c).

Mr Hugo said: "When transportation costs, to Johannesburg for example, are included, the total cost of packaging and transport is R1.47 — three times the price of the

wine, for which the wine farmers receive only 46c.

"The price of wines in restaurants has reached such a level that the producer's share is negligible.

"The consumer, who has to pay R10 or more for a bottle of wine in a restaurant or hotel, probably would not even notice the difference if the farmers gave the wine away free.

"The wine steward regularly receives more as a tip for serving the wine than the farmer gets for producing it."

Mr Hugo added that the quality

of South African wine packaging was outstanding. However, he warned that wine as an everyday product, to be enjoyed with a meal, would in future have to be packaged more economically.

"The difference in price between a bottle of wine with a neck and back label and cork, compared with one with only a body label and a screwcap, is already 26c a bottle.

"Once GST and the merchant's profit margin have been added, this difference was often also more than the producer price of the wine content.

11 Dec 15 19/89

3

Vittoria & wine

Wine auction exceeds expectations

THE results of the annual auction of the wines of the Cape Independent Winemaker's Guild (CIWG) held at Sotheby's/Stephen Welz & Co last Saturday exceeded the cautious predictions of my pre-sale review.

In a market whose hunger for quality wines far exceeds actual availability, the buyer's sense of sky is clearly a lot higher than mine. In this conservative approach at least I am consistent: in the past 10 years or so I have been more wrong than right about the probable pricing at the Nederburg Auction.

However, despite my track record at guesstimating prices at these prestigious events, I manage to price wines for conventional collectors' sales with satisfactory accuracy. Clearly I have a problem at assessing what the pre-auction hype will do for prices at high profile events.

Most of the qualities of fine wines are very subjectively measured: buyers tend to know what they should be seeking in a top wine. It is their interpretation of what they are tasting that accounts for the differences.

When your mouth is full of acid, tannin, toasted oak, fluid and residual grape pulp, your decision as to whether or not this young wine will arrive at a point of balance depends in part on your experience, in part on faith alone.

That is why pedigree is so important: it gives faith that extra — and often very necessary — nudge. If you know that you are tasting a barrel sample of a six-month-old Lafite Rothschild, you are more likely to expect the wine to turn out a masterpiece than a simple little Cabernet-Merlot blend of unknown provenance.

This where the hype has a role to play: it leads to a conviction that all high profile wine must be at least potentially good — and optimism functions much better on potential than on reality.

Buyers at collectors sales are purchasing known quantities for which there exist benchmark prices. They are less likely to be led into these realms by faith alone.

The Guild's sale is the greenhouse of the Cape Wine Industry: the wines that are offered represent the vanguard of experiment and achievement among the Cape's most adventurous young winemakers.

In some respects it is a little like a yearling auction: you are asked to buy on breed, and an estimate of potential.

Those who do well at this can look back over the years with some satisfaction: Kurt Amman's Rozendale appeared at the first Guild Auction in 1985 and fetched between R60 and R70 a case. Last week this excellent 1986 blend sold for an average of about R300 per case.

For every such success however, there is

always a failure, though inflation tends to mask the error of judgment: the really good wines, which deliver what they promise go up in value exponentially.

The best wines from last week's auction — in my opinion — were Chardomnay: Simonsig (approx R350 for 12), Glen Carlou (R290), Cabernet/Cabernet blends: Rustenberg 1984 (R360), Rosendal 1986 (R300), Kanonkop 1986 (R400), Delheim Grand Reserve 1984 Magnums (R7's each), Vriesenhof Kollista 1987 (R250). Other wines of

note: Lievland Noble Late harvest R200 for 12 x 375ml, Rustenberg 1984 Port (R180 for 6 x 750ml).

If you weren't at the sale, and you're willing to take a safe chance, buy some of these wines when they get into the shops during the course of the next few weeks. If the market is willing to offer premium prices for some quite unmemorable bottles, it will handsomely repay your investment in wines such as these.

MICHAEL FRIDHON

3 Viticulture & wine

(12)

B/Dam 15/11/89.

Wine giant throws down gauntlet to Cape farmer

CAPE TOWN — KWV has challenged wine farmer Tim Hamilton-Russell to confirm allegations about the wine industry attributed to him in a British newspaper or apologise for allegedly damaging the industry.

KWV's challenge comes after the Daily Telegraph quoted Hamilton-Russell as saying labour conditions in the industry were "morally indefensible" and that the Rural Foundation, established in 1982 to improve conditions, was cosmetic.

The row renewed more general debates about the plight of SA's farm labourers, who do not have the same statutory protection as industrial workers.

When the Daily Telegraph article, *Toiling in the Vineyards of Apartheid*, came to KWV officials' attention late last week, they boycotted a function at which Hamilton-Russell was awarded a prize for one of his wines.

They challenged the accuracy of his statements, arguing that the only reliable large-scale scientific surveys on farm labour conditions were those done by the Rural Foundation. It was suggested a motive was to improve his own wine export business at the expense of the rest of the industry.

LESLEY LAMBERT

When Hamilton-Russell said he had been misinterpreted on some issues, they challenged him to make a public statement.

The Rural Foundation tries to convince its members of the moral necessity and financial prudence of improving labourers' conditions.

Financed by 60 private companies, the Health Department and member farmers, the foundation has conducted surveys among members which have shown encouraging growth in the amount of capital invested in education, housing, community developments and pension schemes.

Guidelines

It is also establishing employment guidelines for a code of conduct.

It represents 20% of western Cape farmers, but only 10% of wine farmers and grape growers, according to its chief executive officer, Ockie Bosman.

Hamilton-Russell and three others have issued a declaration urging unilateral implementation of a programme of rights for black and coloured workers.

Wine industry fighting bac

BUSINESS DEPARTMENT

Wine

By DICK USHER
Business Staff

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Wt Mc 2/19/89

The wine industry is moving into the 1990s fighting back against the problems which have beset it in the past few years.

Its strategy unfolded at a three-day event arranged by KWV this week where officials of the organisation explained the industry's structure and problems to media representatives.

The event itself was one element of the plan, to increase media understanding of an industry which feels it is too often subjected to uninformed criticism.

Inherent to the strategy is reducing the surplus of production over domestic consumption, which in the 1988 season was 37,4 percent of the distilling wine pool.

Although this surplus, apart from buffer stocks, is all marketed, prices for the distilled products derived from wine are well below the wine floor price which affects income of all sectors in the industry.

As Mr Kobus van Niekerk, deputy chief executive of KWV said it was not possible to bring the people to wine, therefore wine had to be taken to the people.

To this end the Wine Foundation, an organisation representing producers and distributors established in 1988, has embarked on a major promotion campaign to expand the market for wine and find new customers.

Here there had been a swing away from sorghum beer to malt beer in the past two decades, said Mr Theo Pegel, chief personnel and communications executive.

The move, which had seen sorghum beer's market share drop from 49 percent to 33 percent while malt beer had grown from nine percent to 35 percent, was a natural one.

And as lifestyles changed, the foundation felt that people would add wine to their patterns of liquor consumption.

But research had shown a very low awareness of wine

(See page 3)

Wine industry plan for 1990s

Wt Mc 2/19/89
From page 11

in the market and a marketing campaign to overcome this had been devised.

Mr Pegel said that with 60 percent of the foundation's budget going into above-the-line advertising projects, follow-up surveys had shown a 40 percent awareness level in the target groups which he said was very successful.

There had also been positive perceptual movement in the 35-49 age group.

The 40 percent of budget that went into below-the-line promotional activities had, among other results, produced 966 minutes of wine exposure on television in the first half of 1989, compared with 692 minutes in 1988.

Export, the other area of possible expansion, poses severe difficulties for South African wine.

In traditional wine-drinking areas it is in competition with those areas' own products, while several markets have been closed by sanctions.

Because of sensitivity about South African products the wine industry does not have high-profile marketing campaigns but in 1988 exports increased by 20 percent in rand terms and KWV is confident that growth can be maintained.

Industry snubs wine farmer over labour remark

By GRAHAM LIZAMORE,
Agricultural Reporter

AA6u3 36/11/89
A LEADING wine farmer's remarks quoted in a British newspaper about the conditions of farm workers in the Western Cape has caused a furore among wine farmers.

Senior members of the KWV, the largest wine and grape producers' co-operative in the country, went so far as to boy-

20th a luncheon in honour of the Diners Club winemaker of the year, Mr Peter Finlayson, winemaker for the Hamilton-Russell Estate near Hermanus.

KWV members said yesterday remarks made by Mr Tim Hamilton-Russell, were unfair and would harm the wine industry, particularly the export of wine.

● Full report, page 5.



CAPE

Wine industry in ferment Over Cape farmer's attack

By GRAHAM LIZAMORE
Staff Reporter

THE Wine industry is seething after one of the Republic's top wine farmers allegedly attacked labour conditions and apartheid on Cape wine farms in a British newspaper.

The article, which appeared in the Daily Telegraph, quoted Mr Tim Hamilton-Russell, whose '86 Pinot Noir was judged the winner of this year's Diners Club Wine Maker of the Year Award this week.

Deeply resentful and angry senior KWV members turned down invitations to attend a Diners Club celebratory luncheon in honour of the Hamilton-Russell wine maker, Mr Peter Finlayson, at a Somerset West hotel yesterday.

Many Cape wine farmers are members of the giant KWV cooperative and the Rural Foundation.

Both organisations claim to be dedicated to improving conditions of farmworkers and in-

sist the article is unfair in the face of big strides made recently in the wine industry concerning wages and living conditions.

Sources in the KWV yesterday said they had turned down invitations to the luncheon because of the damage Mr Hamilton-Russell's remarks could do to the Cape wine industry.

Mr Piet Momberg, managing director of Edward Cavendish and Sons, a wine exporter based in Southampton, said Mr Hamilton-Russell's remarks would harm the marketing of South African wines.

No protection

Mr Hamilton-Russell, who owns the wine estate by the same name near Hermannus, was quoted in the Daily Telegraph last week as saying that many practices in the wine industry in the Cape were morally indefensible.

"Now is the time to make people aware of what has been going on in this backward system, and to commit ourselves

to changing it," he is quoted as saying.

In the article, Mr Hamilton-Russell allegedly says one of his main objections is that farm workers are excluded from the Basic Conditions of Employment Act.

The article said this meant that conditions of employment were dictated by individual farmers, including vineyard owners, leaving workers with virtually no statutory protection.

In a move to end apartheid and to improve workers' conditions, Mr Hamilton-Russell and three other English-speaking farmers had launched the Wine and Agricultural Commitment pledged to ending apartheid policies, the article said.

According to the article the Wine and Agricultural Commitment wants to be allowed to own agricultural land, to have freedom of association, to gain promotion on merit and to have a guaranteed wage.

Including Tim Hamilton-

Russell, the other farmers are Mr Stephen Barlow, whose family owns the Rustenberg and Schoongezicht vineyards; John Platter of Cios du Ciel vineyard and John Younghaus of the Haut Provence vineyard.

The article claims that these farmers pay at least double the wages of other vineyards and they guarantee trade union membership as well as standards of housing and medical expenses.

Good reasons

They have also undertaken to unilaterally apply the Basic Conditions of Employment Act covering holidays, the working week, sick pay and overtime.

"There are two very good reasons for making this public stand. For a start a well satisfied group of workers is going to be more productive and if we want to stand a chance of selling our wine abroad we must do something about changing our image," Mr Hamilton-Russell is quoted as saying.

At the moment the only country where South African wines are widely available is in Britain. The United States, Australia, New Zealand and Canada all ban the importation of South African wines, the article says.

Mr Hamilton-Russell denied this morning that he was ignoring progressive farmers but insisted that apartheid laws were still affecting the lives of coloured and black farm workers.

"I believe while the Rural Foundation is doing a very good job, it is not addressing itself to the problems of the absence of a minimum wage, or conditions of employment," he said.

He said both the KWV and the Rural Foundation should be looking at the pillars of the apartheid system such as the Group Areas Act and the Separate Amenities Act which prevent a coloured or black man of talent from owning his own wine farm.

30/12

Wine surplus could benefit consumers

Staff Reporter

CONSUMERS could benefit from the current wine surplus if wholesalers were able to boost sales on the sluggish local market, the KWV said today.

The benefit would be limited to the general white wine category and would not affect premium red or white wines, where cultivars such as Chardonnay and Sauvignon Blanc were still in short supply.

In a statement, the KWV said there was a possibility that consumers could benefit from a bumper crop but this would happen only if sales increased. The harvest this year was a record 9.4-million hectolitres, 0.3-million more than the previous record in 1983.

24% discount

KWV has agreed that if the total purchases of wine exceed wholesalers' 1988 purchases, the wholesalers will be offered a 24 percent discount on certain wines.

Every year, the KWV sets minimum prices on behalf of its 6 000 members. This year's account the bigger crop and market circumstances, according to the statement.

For good standard-priced wines, farmers will receive 59,58c a litre while the minimum for good higher-priced wines is set at 76,94c a litre.

Toerien play opens on Friday

IT WAS incorrectly reported in The Argus on Monday that the Piter Toerien production of Sarcophagus was to open at The Theatre on the Bay in Camps Bay on April 27. The play, which is being directed by John Whiteley and stars Jeremy Crutchley as Bessmering, will open this Friday, April 14. Low-price previews will be held tomorrow at 2 30 and 8 pm.

Wholesalers who sell more wine than last year will be offered the higher-priced wines at 59,58c a litre, which represents a discount of 24 percent. "If there is a growth in sales above last year it will come from the larger portion of the crop and the benefit will be passed on to the consumer by the industry," the KWV spokes-man said. The Wine Foundation, a joint effort by the KWV and wholesaler, had been actively promoting wine consumption to change local attitudes, particularly on the Witwatersrand. "Difficult times lie ahead for the KWV and the wine industry. Because of the sluggish market local wholesalers had been reducing provisional purchases, while at the same time government was requiring more revenue in the form of excise duties and increased GST.

News editor held after Natal bomb blast

THE news editor of a Natal newspaper has been detained last at the police single quarters in Durban. This was confirmed by police sources after a speech made by Minister of Law and Order Mr. Adriaan Vlok at a medal parade in Pretoria. In his speech Mr Vlok said that the news editor of a Durban newspaper, naming neither the person nor the newspaper, was recruited by the ANC during a "safari" with a group of journalists and clergymen to Lusaka. Mr Vlok said the person detained was a "trained terrorist" who among other things was linked to the weekend explosion. Possession had also been taken of a large amount of terrorist weapons which included parts to make a car bomb. "In exchange for committing terror deeds the terrorist alliance promised him so-called inner circle information which he would use in his newspaper.

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These people know the creation of a 'classless communist society' will only lead to the destruction of defenceless people. "Or is it that some of these people are only useful idiots in the hands of terrorists but who form part of the well-oiled gears of the communists' machine of violence?"

Exports needed to revitalise wine industry

By Dick Usher

CAPE TOWN — The Cape's 3 000 wine farmers are caught in a squeeze between swiftly rising costs and slow growth in sales.

While per capita consumption of wine and wine products such as fortified wine and brandy has dropped since 1970, total consumption has risen from 160 million litres to 270 million litres, leaving the industry increasingly dependent on exports for its economic health.

KWV said recently that one of the most important factors in maintaining profits was a significant increase in exports.

KWV reported considerable success in developing new markets and, according to the annual report, exports picked up in the second quarter to grow 20 percent in rand terms for the year. Packaged products achieved a "noteworthy" growth of 33 percent.

Producers have already received R11,1 million for 1988 with a further R7,1 million now due making the full payment for 1988 R18,2 million against R18,1 million for 1987.

Mr Theo Pegel, chief personnel executive for KWV, said wine was extremely important to the economy of the Cape. The 3 000 farmers employed about 50 000 people who in turn had about 250 000 dependents.

But several factors limited broadening the market base.

Overseas there was resistance to South African agricultural products generally, which also affected wine.

"To complicate matters further, while beer is sold under a few brand names, wine has a huge range of 'brands', estate wines, co-operative wines and cultivars within the basic divisions of dry,

semi-sweet and sweet wines."

Wine is also strongly area-based, with most wine being consumed in the area in which it is produced.

"For wine, the Transvaal becomes an export market and because it's more expensive to get it there than overseas it also faces a cost disadvantage in markets outside the Cape," said Mr Pegel.

These factors are reflected in the drop in annual per capita consumption of wine from 8,75 litres in 1970 to 8,06 litres in 1987.

Fortified wine dropped from 2,59 litres to 1,46 litres a year and brandy from 0,50 litres to 0,48 litres over the same period.

Meanwhile, costs had been rising on all fronts. Up to 30 percent of costs went into labour and farmers have been conscious of the need to improve living conditions for their workers.

VITICULTURE & WINE

~~1990~~ 1991

KWV uncorks 13 percent increase for wine farmers

3 viticon 14/11/91

ARGUS
The Argus Correspondent
JOHANNESBURG. — Wine farmers will get an average increase of 13,4 percent for their product in various quality categories this year, KWV has announced.

This means the minimum producer price has been increased from 79,8 cents a litre to 90,5 cents a litre. In effect, the increase will mean eight cents extra for every 750ml bottle from producers.

It was too early to gauge how much the increase will affect consumers.

The price of distilling wine has been increased by 11 percent, the KWV board announced yesterday after its 1991 price determination meeting.

KWV chairman Mr Pietman Hugo said the past year had been charac-

terised by a positive market environment for South African wine products, particularly overseas, where problems were even experienced in meeting the demand in certain categories.

The domestic market also showed renewed life and in real terms exceeded estimates.

For this reason, it is now possible to make a supplementary payment of R20,3-million for distilling wine products supplied during the year, the KWV said.

The total crop estimate for 1991 is 958 million litres, five million litres more than last year.

About 20 percent will be available for exports although a positive swing in the overseas market could mean more would be exported, the KWV said.

Be cautious with investment wines

③ wine + viticulture

31021 15/2/91

THE annual Bergkelder pre-release opened this year on February 1 and closes on March 28. The scheme enables collectors of Bergkelder wines to secure their requirements on a future basis, probably paying less (including money cost) to do so.

All Bergkelder wines are sold only through licensees. Private buyers wishing to subscribe to the pre-release (or the annual Tender which is held in August) must make arrangements with their wine merchants. By unwritten agreement retailers take only a nominal handling charge for such wines. After all, they are not at risk and are only required to perform the middleman function because of the vagaries of SA's liquor legislation.

It is hardly worth repeating my annual caveats about futures buying in the wine trade. Speculators must remember the bull market is probably over, and the wine industry can no longer speak of price rises running ahead of inflation. The Bergkelder underwrites the wines' quality: no one can guarantee the investment potential.

For this reason the pre-release should be used to secure stocks which might otherwise not be available once the remainder of the vintage finds its way into the trade. If you can beat inflation, and the GST cost of entry and exit, then you know you are working with a desirable commodity. However, don't expect to make a gracious living trading in this kind of wine.

This year's pre-release offers a greater volume

than previous years. There is slightly more than a 10% increase over the 1990 offer, but more than double the 1988 quantities. These extra volumes will have an impact on the rarity value of the wines. For this reason you can never be too cautious about wine's investment potential.

Among the bottled wines there are several excellent reds. Though light, the 1987 Goede Hoop Vintage Red is well rounded with good, claret-like fruit. The 1987 Meerlust Merlot is showing very good varietal character as well as the prospect of early drinking. The 1987 Allesverloren Shiraz has all the saddle-leather smokiness you would expect from the great red cultivar of the Rhone, though the tannins are still a little bitter.

Among the bottled Cabernets I was impressed with the 1987 Fleur du Cap and Stellenryck, the former soft and quite round, the latter with long-keeping structure. From the same vintage there was also an excellent La Motte Cabernet, a softer Le Bonheur, and a great ageing Alto.

Among the barrel wines, there was an extraordinary Meerlust Merlot 1988, the best Uitkyk Carlonet I have ever tasted (also 1989) and a very fine Alto Cabernet 1989. All these wines look very promising now. However, there is still some maturation time ahead, and the trauma of filtration and bottling.

MICHAEL FRIDJHON

'Sparkling future' for SA's wine industry

CPL TAPS
16/2/91
3 Wine

SPARKLING wines are what it's all about — and in keeping with the world-wide trend that recognises bubbly as an "any occasion" drink, South Africans are popping more corks than ever before.

Allan Mullins, Cape

SOUTH AFRICANS have introduced a sparkle to their drinking habits with sales of bubbly leaping in the past year, despite sobering economic times. DI MEEK examines the trend.

Wine Master and current chairman of the International Wine and Food Society (Cape) says: "The

concept of fizz for festive celebratory occasions only, is definitely out.

"People are drinking sparkling wines on the beach, at a braai, with bacon and eggs for breakfast, or pizza for lunch, as the perfect aperitif, or right throughout the meal."

In South Africa, increased sparkling wine sales are also being attributed to the improved image given the product, by the fairly recent introduction of quality methode champenoise wines.

Latest figures for off-consumption sales show that sales of sparkling wine were up by 12% to total about 7,7 million litres between July 1989 and June last year.

At a cost of R92,4 m to the consumer, this represented a 32% hike in value over the previous year, taking inflation into account.

New trend

Wine sales, meanwhile, remained stagnant during the same period. Harry Oppenheimer, a convert, has switched to drinking his own Bos-



BURSTING THE BUBBLE . . . The young and beautiful are turning to sparkling wine as THE drink of the '90s. Up-and-coming model Joanne Gallét of Mulligans, sets the style and the mood at Groot Constantia Tavern.

Picture: ANNE LAING

chendal methode champenoise. Achim von Arnim of Clos Cabriere — the only estate in the country that specialises in methode champenoise — says even top European businessmen are now proud to serve South African method champenoise, whereas before, French might have been obligatory.

Together, with other experts in the trade, Von Arnim believes it is these top-of-the-range products that are responsible for the new drinking trend being set by the younger upper-income groups.

"Sparkling wines suit modern lifestyles and aspirations. They symbolise status, they've got quality, they are impromptu — no corkscrew needed and they're wild and ex-

citing," Von Arnim said.

He added: "Just as Dom Perignon shouted out: 'Come quickly, I am tasting the stars,' when he first sipped champagne 300 years ago, the magic of this exciting wine continues to stimulate the palate and fascinate the imagination."

Continued growth

The biggest market sellers remained the relatively inexpensive carbonated sparkling wines — Cinzano Spumante, followed by Grand Mousseux vin deux, JC le Roux's "Ledomaine" and 5th Avenue Cold Duck.

In fact, Le Domaine has shown such phenomenal growth in the past few months, that it looks set to take the number one spot this year.

But production and sales have also continued to grow steadily at the top end of the market, most noticeably Villiera's "Tradition" and Clos Cabriere's "Pierre, Jourdan", both of which are made by the traditional methode champenoise.

Production of "Tradition" has shown a huge growth curve and is expected to climb from 30 to 50% of the estate's total wine production this year.

Villiera's Jeff Grier said: "People are drinking more bubbly, even though we are in the midst of a recession. This is despite it being considered a luxury and heavily taxed as such."

The improved status and quality of sparkling

□ To Page 18

P.T.O.

SA wine industry booming

□ From Page 17

wines has also wiped out the stigma that the glass of bubbly downed, while toasting the bride and groom is solely responsible for the following morning's hangover.

Allan Mullins agrees with John Platter's view that the best way to enjoy a long evening with the minimum after effect is to drink sparkling wine.

"The secret, though, is to drink a good sparkling wine, like a *methode champenoise*, and not to mix your drinks. A good *methode champenoise* will explode very aggressively in the mouth, awaken every sensation and tingle for a long time afterwards . . . and that is what makes it such an ideal aperitif.

"People are also discovering that they can carry on drinking a good sparkling wine right through the meal, as it will continue to enliven the palette with each new dish.

"Admittedly it does tend to get you light-headed more quickly because of the bubble but that's all part of the sensational affect it has on you," said Mullins.

Mullins believes the increasing popularity and current trend for regarding sparkling wines as an "any occasion" drink are aptly summed up by Madame Lily Bellinger who said: "I drink it when I'm happy and when I'm sad. Sometimes I drink it when I'm alone. When I have company I consider it obligatory. I trifle with it if I'm not hungry and drink it when I am. Otherwise I never touch it unless I'm thirsty."

'91 should be vintage year for SA wines

LESLEY LAMBERT

CAPE TOWN — The 1991 wine crop, currently being harvested, is expected to be the best vintage in many years, KWV chief production executive Charl Theron said yesterday. *Wine + viticulture*

The volume produced by KWV's 6 000 members during the harvesting season between December and March is likely to equal last season's bumper 953-million litre crop. *Bdam 19/2/91*

But the quality was far superior as a result of favourable climatic conditions, Theron said.

The crucial pre-harvesting climate was temperate, resulting in the development of good acid levels, particularly in the noble white varieties — Chardonnay and Sauvignon Blanc — which have become increasingly popular in SA.

These, and other varieties like Pinot Noir, Weisser Riesling and Chenin Blanc, are early ripeners and a marked change in weather now will have little effect on their quality, KWV viticulturalists report.

The new early clones of Cabernet Sauvignon and Pinotage have also been harvested, and like the white varieties, have also shown high acid levels which bodes well for their maturation potential.

The vineyards throughout the wine production areas are generally healthy, with only small occurrences of botrytis rot — which is normally put to good use in the production of noble late harvest wines.

Theron said improved viticultural practices and the availability of improved plant material in recent years had also contributed to the quality of the crop.

Wiese's Lanzerac may be a wine farm again

PEPKOR CE Christo Wiese confirmed yesterday he had bought the historical Cape wine farm, Lanzerac Estate, from Alpha Bank for a sum he was unwilling to disclose. Lanzerac Estate, which is 300 years old, was declared a national monument in 1975. It was a wine farm and manor house but a hotel has since been developed around the original homestead.

Wiese said he had bought the 28 ha estate in November but would not be moving in for "a couple of years".

He intended to develop it as a wine estate, but it would require a lot of work

3) Wine 40th 22 16-2
B1 Day 15/3/71

CHARLOTTE MATHEWS

before it could produce wine.

"I bought it because I wanted it," he said simply. "Yes, a historical old home does present more problems than a modern one, but it is far more beautiful."

Lanzerac Hotel manager DeWet Groenewald said the hotel occupied about 10 ha of the estate and he believed it would continue running under Wiese's ownership, though more as a guest house than a hotel.

If the hotel were restored into a private residence, it would have seven bedrooms,

two lounges, a study and dining rooms.

He said the hotel was fairly successful and was running at about 62% occupancy, which was better than in the past.

The hotel, which has changed hands several times, eventually landed up with Alpha Bank, which had come to an arrangement with former owner Attie Botha. It was then sold to Wiese.

An Alpha Bank spokesman would not say what the selling price was as he had been asked not to disclose it.

A Financial Mail report said Wiese had bought Lanzerac for about R14m.

WINE

③ wine + viticulture
FM 29/3/91.

THE OLD WAYS

While the past decade has seen considerable capex in the winelands, some of the Cape's leading estates have successfully resisted the trend. Two of The Bergkelder's key Pinotage producers, Meerendal and Jacobsdal, have made a virtue of traditional vinification methods.

In some respects SA wineries went hi-tech as early as the Fifties. Nederburg and Twee-jongegezellen introduced cold fermentation techniques for white wines in an endeavour to retain fruit and crispness. This change revolutionised Cape wines. Stainless steel superseded concrete tanks and ancient oak vats.

Fashions have a cyclical life all of their own. For more than a decade the Cape's coopers survived on the patronage of the brandy distillers, while the steel tank manufacturers enjoyed the boom. By the end of the Seventies, however, new wood vinification was on the increase. For the last 10 years, winemakers have been equally divided between stainless steel and oak.

In all this the open Cape concrete vat has all but been forgotten. On Meerendal and Jacobsdal, however, it has never been abandoned. Visiting these estates at harvest time should be an obligatory exercise for anyone thinking of investing in a state-of-the-art red wine cellar. Both Cornelius Dumas of Jacobsdal and Koos Starke of Meerendal provide eloquent evidence that the traditional ways are sometimes the best.

The grapes go from a simple destalker-crusher straight to the open fermenting vats. Colour extraction is achieved by the very manual operation of "punching down the cap." For those who have read this phrase in accounts of winemaking, the reality is always somewhat startling. Winery staff, working with flat oblong plates about 900 cm² attached to broomsticks, literally punch down the sea of grape skins floating on the top of the open vats. They balance on the two-brick wide catwalk between tanks.

Five to seven days after the harvest the mixture of juice and pulp is pressed and moved to closed containers. Sometimes there follows a secondary, malolactic fermentation. Nowadays, both estates age their red wines in small oak barrels for at least a year. For Pinotage, the preference is for second fill, rather than new wood.

Despite the traditional vinification, Jacobsdal and Meerendal Pinotage have changed over the years. The younger wood is evident on the Jacobsdal, whose 1984 and 1986 vintages are complex and intense, without undue heaviness.

Michael Fridjhon

Winemakers earn R600-m

1st (M&S) 6/14/91 (3) W. Hood

BY TOM HOOD
Business Editor

INCOME of wine farmers jumped by R155 million or 35 percent to an estimated R600 million last year.

And the Cape's wine producers can expect to put even more money in the bank this year as their marketing arm, KWV, gets ready to boost exports at higher prices as sanctions ease.

KWV will switch its export drive to selling branded wines at market-related prices — with additional premiums for quality — instead of exporting in bulk at lower prices.

More easily

KWV's directors said today: "The objective of earning the highest possible added value for wine products from exports will be achieved more easily in the new positive foreign political climate."

The directors say in the co-operators' annual report that producers' income showed an average increase of 15,8 percent since 1986.

Their income has grown almost fourfold from R149 million in the 10 years since 1980.

At the same time, KWV's profits jumped 43 percent to R50 million last year and increased almost ninefold from R5,1 million in 10 years.

The chairman, Mr. Plehman Hugo, and his co-directors say in planning for 1990 the board set itself the objective of addressing the backlog which developed in producer income in relation to the consumer price index.

"This planning took place under the cloud of a depressed economy which curbed private consumer spending and placed limits on price adjustments."

"Fortunately, exports can in future once again play a bigger role."

"The results of these efforts, combined with the normal wine purchases by domestic wholesalers, caused producer income to increase to such an extent in 1990 that the backlog was eliminated."

"This turn-about shows the vitality inherent in the industry in spite of the stagnation in the market which dominated the 1980s."

KWV discloses that last year it succeeded in marketing overseas the total volume of wine and wine products available for export. The marked increase in exports

was followed with a 43 percent surge in export turnover.

The changing attitude of foreign buyers to South African brands last year sparked a higher profile advertising and publicity programme in various countries.

"As political pressure eases further in foreign markets, KWV sees a great potential for further expansion of brand product exports."

The wine co-operative's management has drawn up action plans which will be implemented immediately. Sanctions are lifted in certain countries.

However, exports could be jeopardised by handicaps such as high inflation and high interest rates. A shortage of red wines, particularly Cabernet Sauvignon, caused concern in view of the expected sanction-free market.

The value of exports rose considerably last year, say KWV's directors, who do not reveal figures.

The export of natural white wine in bulk continued successfully and better

prices were realised.

"A significant number of new buyers were identified, new markets were entered and associations with an excellent long-term potential were formed. Besides improved terms of payment, a diversification of buyers was established."

Overall sales of natural wine grew by almost 2 percent, sparkling wine showed an 8 percent increase and brandy sales rose by 4,5 percent.

The share of wine spirit in the gin, vodka and liqueur market rose by 2 percent to 27,5 percent. Sales of gin and vodka showed growths of 7,3 and 19,2 percent increases.

The sale of grape juice concentrate increased by 43 percent in volume last year.

The sale of pure long-life juices increased by more than 30 percent.

● Only 2 percent of Western Cape farms still practise the "undesirable" tot system, says KWV, whose directors say they have stated repeatedly over the years that "the supply of wine during the working day in unacceptable".

GRM

OM TruTS 8/4/91

3/2/92

Frenchman invests in Cape wine

Staff Reporter

A LEADING French viticulturist, Mr Paul Bouchard, has invested in a South African syndicate that will produce wines made from Pinot Noir and Chardonnay grapes grown near Hermanus.

The syndicate, to be called Bouchard-Finlayson, includes Cape winemakers Mr Michael Clark and Mr Peter Finlayson, a past winner of the Diners Club award for Pinot Noir, the red grape variety of Burgundy.

Mr Bouchard's contribution to the syndicate is believed to be both financial and technical.

According to Mr Finlayson, the coastal climate around Hermanus, which is cooler than most of the country's other wine-producing areas, is similar to that of Burgundy.

This made it "ideal for a joint ven-

ture with one of Burgundy's longest established wine producers," he said.

Mr Bouchard represents the first major French wine family to invest in a South African vineyard. It is his first such investment outside France.

Mr Finlayson said the syndicate would "certainly make use of the Bouchard name" to market their wines, which would "continue in the Burgundy image".

The first vines were planted on the farm Hemel-en-Aarde, near Hermanus, in late December last year and Mr Finlayson said he hoped to be able to produce a Chardonnay wine by the middle of 1992.

The likely lifting of sanctions was "always at the back of the minds" of South African winemakers, and the French interest could open the way for future investments in the Cape wine industry, he added.

3 V/L culture

Business Report

Farmers applaud KWV payouts

Business Editor

HAPPY wine farmers applauded at the KWV general meeting in Paarl yesterday, when chairman Pietman Hugo announced that a further R37,8m would be paid this month to producers who supplied the distilling wine pool in 1990.

This follows a supplementary payment of R20,3m in January.

"It is also recommended that a further R6,1m be placed in the bonus stabilisation fund for future payment," said Hugo.

"Therefore the percentage of the net income which accrues to the producer from the 1990 net income stands at 87,6%."

He pointed out this meant that the total payment for the distilling wine pool in 1990 was 34% higher than in 1989. The estimated producer income for 1990 "amounts to about R600m for 1990. These figures speak louder than words."

Expected complaints from a group of farmers who have pointed out that KWV's agents in London also act for other wine producing countries, and that the wine estate Laborie and Douglas Green compete with KWV members in this country, did not materialise.

But one farmer, Danie Joubert, pointed out that part of the increased pay-out was due to inflation and to the

fact that production had gone up by 10%. Farmers' costs, he said, had also increased.

Members should therefore not be "too euphoric" about the results.

Hugo said KWV — which had lifted net income from R5,2m in 1980 to R50,1m in 1990 — had enjoyed another successful year.

These results were "attained under difficult domestic economic conditions and still unfavourable, although changing, foreign market conditions in 1990."

He said that sanctions had caused KWV to lose vital markets over a long period.

However, it had adapted its strategy to increase penetration of markets still available. It had established growing markets in the UK and Europe.

It was now preparing to launch new ranges of branded wines. It also provided "logistical assistance to producers who wish to enter the export market themselves".

It expected to become "an even bigger buyer of quality wines from producers and co-operatives to meet export demands. This programme has already started and will be further expanded.

"This includes the full range of products such as spirits, fortified and natural wines."

(6) Each process cheese manufacturer shall monthly present to the Board a return in which details are rendered regarding such process cheese manufacturer's production, exports, sales and stock of process cheese. *Spesiale heffings*.

(7) Each person specified in subclauses (1) to (5) shall monthly present to the Board a return in which details are rendered regarding levies and special levies on dairy products which are payable by such person to the Board in terms of sections 21 and 22 of the Scheme.

(8) If any person specified in subclauses (1) to (6) did not conclude transactions with regard to dairy products during a specific month, such person shall submit a nil return in respect of that month to the Board.

Manner in which returns have to be rendered

3. (1) Subject to the provisions of subclause (2), a return referred to in clause 2 shall—

(a) be furnished on the applicable form obtainable on request from the Board for this purpose;

(b) be entered in indelible ink on the form concerned; and

(c) be furnished to reach the Manager of the Board before or on the 15th day of the month first following the month to which the return concerned refers.

(2) The Board may on application grant permission that a computer print-out showing the relevant particulars referred to in clause 2 and 3 (1), be deemed to be the applicable form referred to in subclause (1) (a).

No. R. 1265

7 June 1991

WINE AND SPIRIT CONTROL ACT, 1970
(ACT No. 47 OF 1970)

1. TRANSPORT COSTS IN RESPECT OF GOOD WINE *(3) Viticulture + wine*

2. LEVY PAYABLE BY LICENCEES, DISTILLERS, WINEGROWERS AND CO-OPERATIVE SOCIETIES

It is hereby made known that the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt—

1. acting in terms of section 18 (8) (a) (iv) of the Wine and Spirit Control Act, 1970 (Act No. 47 of 1970), with the approval of the Minister of Agriculture, hereby prescribe that if wine referred to in section 14 is delivered during the year 1 February 1991 to 31 January 1992 by a winegrower or co-operative society at a place other than the place where such wine was produced or manufactured, or the railway station or siding nearest to such place, the transport costs set out in the table hereinafter, or the actual transport costs, whichever may be the highest in a particular case, shall be added to the price referred to in section 18 (8):

(6) Elke proseskaasvervaardiger moet maandeliks 'n opgawe by die Raad indien waarin besonderhede aangaande sodanige proseskaasvervaardiger se vervaardiging, uitvoere, verkope en voorraad van proseskaas verstrek word.

(7) Elke persoon in subklousule (1) tot (5) vermeld moet maandeliks 'n opgawe by die Raad indien waarin besonderhede verstrek word aangaande heffings en spesiale heffings op suiwelprodukte, wat ingevolge artikels 21 en 22 van die Skema deur sodanige persoon aan die Raad betaalbaar is.

(8) Indien enige persoon in subklousules (1) tot (6) vermeld, nie transaksies met betrekking tot suiwelprodukte gedurende 'n bepaalde maand aangegaan het nie, moet sodanige persoon 'n nul-opgawe ten opsigte van daardie maand aan die Raad verstrek.

Wyse waarop opgawes verstrek moet word

3. (1) Behoudens die bepalings van subklousule (2), moet 'n opgawe in klousule 2 bedoel—

(a) verstrek word op die toepaslike vorm wat vir dié doel op aanvraag van die Raad verkrygbaar is;

(b) in onuitwisbare ink op die betrokke vorm aange-teken word; en

(c) verstrek word om die Bestuurder van die Raad te bereik voor of op die 15de dag van die maand eersvolgende op die maand waarop die betrokke opgawe betrekking het.

(2) Die Raad kan op aansoek toestemming verleen dat 'n rekenaaruittrek waarop die tersaaklike besonderhede in klousule 2 en 3 (1) bedoel, verskyn, geag word die toepaslike vorm in subklousule (1) (a) bedoel, te wees.

No. R. 1265

7 Junie 1991

WET OP BEHEER OOR WYN EN SPIRITUS, 1970
(WET No. 47 VAN 1970)

1. VERVOERKOSTE TEN OPSIGTE VAN GOEIE-WYN

2. HEFFING BETAALBAAR DEUR LISENSIE-HOUERS, DISTILLEERDERS, WYNBOERE EN KOÖPERATIEWE VERENIGINGS

Hiermee word bekendgemaak dat die Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt—

1. handelende kragtens artikel 18 (8) (a) (iv) van die Wet op Beheer oor Wyn en Spiritus, 1970 (Wet No. 47 van 1970), met die goedkeuring van die Minister van Landbou, hierby voorskryf dat indien wyn in artikel 14 bedoel, gedurende die jaar 1 Februarie 1991 tot 1 Januarie 1992 deur 'n wynboer of koöperatiewe vereniging gelewer word op 'n ander plek as die plek waar sodanige wyn geproduseer of vervaardig is, of die naaste spoorwegstasie of -halte aan daardie plek, die vervoerkoste in die tabel hierna vermeld, of die werklike vervoerkoste, wat ookal in 'n bepaalde geval die hoogste is, bygevoeg moet word by die prys in artikel 18 (8) bedoel:

TABLE

Distance over which wine is transported	Transport costs
Up to and including 50 km	3,0c per litre.
Further than 50 km but not more than 300 km	3,0c per litre for the first 50 km, plus 0,06c per litre per kilometre for each kilometre further than 50 km.
Further than 300 km	18,0c per litre for the first 300 km, plus 0,0019c per litre per kilometre for each kilometre further than 300 km.

TABEL

Afstand waaroor wyn vervoer word	Vervoerkoste
Tot en met 50 km	3,0c per liter.
Verder as 50 km maar hoogstens 300 km	3,0c per liter vir die eerste 50 km, plus 0,06c per liter per kilometer verder as 50 km.
Verder as 300 km	18,0c per liter vir die eerste 300 km, plus 0,0019c per liter per kilometer vir elke kilometer verder as 300 km.

2. acting in terms of section 22 of the said Act, with the approval of the Minister of Agriculture, hereby determine in respect of the year 1 February 1991 to 31 January 1992 the tariff of the levy referred to in the said section, as set out in the tabel hereinafter, which levy shall be payable to the vereniging by—

2. handelende kragtens artikel 22 van genoemde Wet, met die goedkeuring van die Minister van Landbou, vir die jaar 1 Februarie 1991 tot 31 Januarie 1992 die tarief van die heffing bedoel in genoemde artikel bepaal het, soos in die tabel hierna vermeld, welke heffing betaalbaar is aan die Vereniging deur—

(a) every person licensed to deal in liquor and every distiller in respect of wine, described in section 14 of the said Act, purchased or acquired by him during the said year, from a winegrower or co-operative society; and
 (3) *virtuële wine*

(a) elke persoon wat gelisensieer is om in drank handel te dryf en elke distilleerder wat gedurende genoemde jaar wyn, soos omskryf in artikel 14 van genoemde Wet, van 'n wynboer of koöperatiewe vereniging koop of verkry; en

(b) every winegrower and co-operative society in respect of wine, described in section 14 of the said Act, sold by him during the said year to any person who is not licensed to deal in liquor or is not a distiller.

(b) elke wynboer en koöperatiewe vereniging wat gedurende genoemde jaar wyn, soos omskryf in artikel 14 van genoemde Wet, verkoop aan iemand wat nie gelisensieer is om in drank handel te dryf of nie 'n distilleerder is nie.

TABLE

Description	Levy
(a) in the case of unfortified wine, must and grape juice	R0,90 per hectolitre.
(b) in the case of fortified wine excluding added spirit contained therein	R0,90 per hectolitre.
(c) in the case of moskonfyt	R0,90 per hectolitre wine of a strength of 10 per cent alcohol by volume calculated according to the conversion tables prescribed under section 54 of the said Act.
(d) in the case of grapes.....	R6,30 per ton.

TABEL

Beskrywing	Heffing
(a) in geval van onversterkte wyn, mos en druïwesap	R0,90 per hektoliter.
(b) in geval van versterkte wyn, uitgesluit toegevoegde spiritus daarin aanwesig	R0,90 per hektoliter.
(c) in geval van moskonfyt	R0,90 per hektoliter wyn van 'n sterkte van 10 persent alkohol volgens volume bereken ooreenkomstig die omrekeningstabelle voorgeskryf ingevolge artikel 54 van genoemde Wet.
(d) in die geval van druïwe	R6,30 per ton.

Payment of the said levy in respect of any quantity of such wine shall be made as and when delivery takes place.

Betaling van genoemde heffing ten opsigte van enige hoeveelheid sodanige wyn, moet geskied soos en wanneer aflewering daarvan plaasvind.

S. W. JOUBERT,

Secretary: Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt.

S. W. JOUBERT,

Sekretaris: Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt.

Local vintners target Britain

B12041

KIN BENTLEY 10/5/91

LONDON — SA's wine producers, who launched a major marketing drive at a prestige wine-tasting yesterday, hope to quadruple UK sales to 1-million cases by the mid-1990s.

They believe success in Britain, seen as the world's major wine market, will lead to increased global interest in SA wines.

③ Wine & Viticulture
Yesterday 39 exhibitors from SA estates, producers and co-operatives took part in the wine-tasting, held under the auspices of the Cape Wine and Spirit Exporters' Association.

KWV marketing director Piet Momberg said he believed the marketing drive was well-timed. The UK market was keen to see more SA wines and buyers had visited SA already.

The response to about 900 invitations sent to major interests in the British trade was "overwhelming".

The biggest 'happy box' of them all

W/Argus
27/4/91

By ESANN van RENSBURG
Weekend Argus Reporter

SVI-1000

IT could be the biggest "happy box" of all ... five million litres of "good quality" white wine exported across the sea in huge steel tanks.

A spokesman for the KWV said this was part of an ongoing export programme.

There had been a slight drop in wine consumption on the domestic market which could be attributed to the general economic climate in South Africa, the spokesman said.

No details

"These exports are not necessarily related to the short-term fluctuations of the domestic market."

The organisation said its policy was not to disclose details of clients, specific markets or prices.

But it said previous bulk consignments were successfully shipped and the wine was used on the domestic markets of the countries to which they were sent.

The wine is normally sent to Cape Town harbour in railway tankers and transferred into stainless steel tanks on the ship.

There was no major wine surplus in South Africa, the spokesman said.

"The wine which is sold overseas forms part of the wine industry's export programme."

In its annual report, KWV said: "The domestic market was, as in 1989, characterised by a low economic growth rate and sustained high interest rates."

"The tight economic climate resulted in real private consumer spending decreasing by two percent compared to 1989."

The market increase in exports during 1989 was followed by a 42,8 percent increase in export turnover in 1990.

FM 26/4/91 ③ wine + viticulture

WINE FM 26/4/91 ③ wine + viticulture

CREAM OF THE CROP

In the first 50 years of Dutch occupation of the Cape, the Dutch East India Company reminded its servants on several occasions that the purpose of their settlement was to provide fresh food for their ships. The reason for these frequent injunctions was that agriculture was being neglected in favour of viticulture.

Wine farming has a vitality all of its own. It causes otherwise hard-nosed businessmen to invest huge amounts in wine estates — long after projects have passed any prospect of servicing their debt, they can still bleed the shrewdest proprietor dry.

New projects in the Cape, and the major renovations of old farms, are almost always such bottomless pits. It is rare to find an important estate redevelopment with an intelligent balance between income and expenditure.

Rhebokskloof — at the northern end of the Paarl Valley — appears to have found a sensible formula. The estate was purchased

in 1887 by Mervyn Key. Further acquisitions and consolidations gave him a total of 450 ha of which about half was suitable for viticulture. This is more than enough land to put a wine producer on to the production treadmill.

Key correctly calculated that pure wine farming would end in disaster. Since the warm dry climate of many of the vineyard blocks was ideally suited to table grapes, this export-orientated operation accounts for more than half the estate's viticulture. Rhebokskloof is one of a few Unifruco members whose grapes are not subject to individual consignment inspection — an indication of the quality of the viticulture.

A strong export table grape business is a boon to cash flow. The vineyards earn more money than even the most premium of wine grapes, and this cash is received much sooner. The base income that this provides frees up the operation to concentrate on a limited amount of quality wine production.

There were old Cabernet vines on the farm but other premium varieties were planted soon after acquisition. The first Chardonnay vintage is showing all the depth and substance of a classic Napa Valley wine. The first Cabernet was an instant sell-out when the Alphen Wine of the Month Club voted it the best Cabernet on the tasting.

Rhebokskloof's Grand Vin Blanc — which won the gold medal at last year's *Business Day* Wine Festival — and the fruity off-dry Bouquet Blanc are the two wines most readily available. A Beaujolais-style Gamay Noir and a wood-matured Blanc Fume sell in limited quantities.

With its sensible balance between table and wine grapes, between viticulture and sophisticated wine tourism, Rhebokskloof is set to make a name for itself in the western Cape.

Michael Fridjhon

LEISURE

Bouchard's stake rounds off the sanctions vintage

③ viticulture wine

By way 26/4/91

THE news that Paul Bouchard, president of Bouchard Aine & Fils in Burgundy, has invested in Peter Finlayson's winery near Hermanus, adds a new dimension to the premium wine market in SA.

In many ways this symbolises the end of sanctions for wine industry, with tangible benefits for consumers.

Throughout the most arduous era of sanctions, the Cape's wine producers continued to supply many of their traditional markets.

Those countries which closed their doors to South African consumer products had never been substantial importers of wine — Canada excepted. The prospect of the US, Australia and even Scandinavia opening up does not bring with it an export boom.

Significant volume increases are more likely to come from markets like Britain and Germany, where South African wines can now be publicised with less reticence.

Bouchard's investment will be important to this renewed export trade. His presence enhances the credibility of the Cape's premium wines.

The Cape's deluxe wine producers have made great progress since SA lost its foothold in Western Europe.

The wines that are now available for these markets will surprise many of the consumers who remember the South African wines of the 1970s. What is being produced at our boutique wineries today is of a quality which may unseat several of the more dominant New World wine producers.

Convincing

Bouchard's statement about SA and its vineyards provides a vital marketing message in this context. The Rothchilds and Moët did the same for Napa, and Roederer gave Tasmania immediate international credibility.

Such statements, however, are meaningless if the wines are not equal to their claims. A brief visit to the new Bouchard-Finlayson winery two weeks ago provided convincing proof that Paul Bouchard's decision to invest in the Cape is based on a real estimate of potential.

The wines that Finlayson has made this year are all results of cool climate viticulture. The grapes were bought in, mainly from experimental blocks in the Elgin region. There is an exceptional Pinot Noir, full-flavoured, packed with colour, fruit and intensity.

The Chardonnay is rich and powerful, a benchmark New World wine. The Sauvignon Blanc is unwooded, racy and crisp, very French in style. Bouchard, with whom I tasted the wines, was delighted with its length and finesse.

Finlayson will be making wines each year with Bouchard in Beaune. He will bring the knowledge of new techniques back to SA. The association will also provide access to world markets.

These two factors alone must be of enormous benefit to the Cape wine industry.

MICHAEL FRIDJHON

Staff Reporter

AN ocean tanker is to fill up with five million litres of KWV dry white wine next week.

The tanker Jo Hegg is due to leave Cape Town on Wednesday for an undisclosed European port.

The delicate South African co-operative wine will be pumped directly from rail trucks into the ship's stainless steel holds on Monday.

KWV's export marketing manager Mr Gawie Minnaar said it was a "very good quality wine" which would not be out of place in a cellar cask.

He said the carrier should not be confused with an oil tanker and to ensure the wine "trav-

Tanker
CAT-745 26/4/91
that can

hold its
3 1/2 crates
booze

els" well, previous cargo lists are checked.

Caustic soda is a good former cargo because the holds are easily cleaned, he said.

Mr Minnaar said the export table wine is available because of a drop in domestic consumption and one of these tankers will leave Cape Town every two months.

Curtis Mende 1967, 25; Siphon
Sindi Ntshontsho 1967
Ntshontsho 1968, 25; Mord
Mthunzi Siphon 1968, 2
1968, 7.

CRACK



③ wine + viticulture

Sharp lookout for return of Cape wines

By David Braun *Star*
Star Bureau 2/4/91

WASHINGTON — As North America prepares to lift sanctions against South Africa, at least one newspaper columnist is salivating at the prospect of being able to buy Cape wines again.

Wine writer Andrew Sharp of the Winnipeg Free Press in Canada this week said in response to a reader's question that it was not exactly certain when SA wines would be back on the shelves, but it was close at hand.

Both the US and Canadian governments were taking a fairly positive attitude to lifting sanctions on all South African products. Sources "off the record" suggest it

may all happen before 1992, he said.

When it did happen, people might be surprised with the South African wines of the '90s.

"1991 may be the first South African vintage in years that you may be able to buy in North America... and it should be a very good year for the revival," he said.

Mr Sharp said many changes had taken place to improve South African wine. Some referred to it as a new generation of wines and wine estates.

"There are, of course, still the huge co-ops like Stellenbosch and the KWV, but they too have spent a lot of money, time and energy on improvements and focusing on smaller, high-quality estate wines."

Bright under-

C

FM 12/4/91
EXPORTS ~~SECRET~~ (3) wine
circul for

A CASE OF DRINKS

There is great concern at KWV's Paarl headquarters. Dutch police and Customs officials have raided a KWV agent in the Netherlands in what a leading Dutch newspaper describes as a major scam involving SA wines and distilled liquors.

More than 50 Dutch law enforcement agents took part in the investigation at Wijn Expeditie Kantoor, a prominent wine distributing company — and an agent for KWV — in the town of Heesch.

KWV acting marketing chief Hermann Böhmer this week expressed his organization's concern over press reports about the investigation.

In a telephone call from the Dutch city Hertogenbosch, Netherlands Justice Department spokesman Jan Regelink told the *FM* that the investigation may take several months and no arrests have yet been made. He confirmed that allegations about tax evasion and false export documents were being investigated.

Wijn Expeditie Kantoor financial director Willem Theelen strongly denies any irregularities at his company. He adds that the investigation does not involve the KWV or any SA wines.

"We suspect the investigation entails some administration failures. As financial director I can tell you that we have been paying our taxes, March inclusive. I have asked the fiscus (treasury) for a declaration to this effect but have not received anything from them."

Company MD Hubert Remmen also confirms that the investigation has nothing to do with wines. "It involves the export of alcohol outside the Common Market," he says.

"This whole thing has been very unsympathetic to the KWV. We have apologised to them," says Theelen. *De Telegraaf's* report stated that the action of police and Customs officials had put an end to a major fraud involving SA wines and distilled liquors.

KWV's Böhmer says that after discussions with their agent it now seems clear that the investigation does not involve any KWV wines.

"We are waiting to see which way the allegations will lead. Other than the first report that appeared we know nothing about the matter," says Böhmer.

Eddie Botha

Users guide to the secrets behind t

Benders, blenders, i

Star 28/6/91.

③ Wine to the culture

Wine

Over the past decade, the quality of red wine market has expanded rapidly to meet a market it could hardly satisfy. Experimentation in the cellar of the vineyards has coincided with consumers being more critical and demanding of styles of wine produced.

The improvement in the quality of wines produced since the seventies has been dramatic. The big, earthy, soft, wines with little fruit, old wood, broad tannins and lots of alcohol made in the "dikvoet" style have been replaced by wines with a three-dimensional flavour; wood nuances, wonderful fruit and alcohol playing a complementary role alongside fruit, acid tannins and wood. Cellarmasters have recognized the need for oak barrels in which to mature their wine, and low yields to ensure quality.

These wines may be slightly dearer than those produced in the past, but the additional dimensions in flavour are well worth the price.

Annual production costs continue to rise, as most of the wine-making equipment is imported. Tim Hamilton Russell of Hamilton Russell Vineyard was the first to establish a price structure making boutique wine-making viable. The wooden barriques (225 litre vats) are one of the major costs that wineries producing premium wine incur. The question of how much an Estate can afford to invest in wooden barrels then becomes an exceedingly important decision, especially when one considers the value of the declining Rand. Albeit being expensive, these barrels are essential to the quality of the final product. Wooden barrels used for fermentation and maturation cost in the region of R1 800 and have a limited lifespan.

New wood influences the fermenting of maturing wine by enriching it with additional colours, flavours, tannins and nuances. Flavour and tanning imparted by wood ageing should complement rather than dominate the wine. French oak comes from Nevers, Alliers, Limousin, Vosges and Tronçais. American, Portuguese and Spanish oaks are also used.

Different woods impart different flavours to the wine. Cellarmasters are able to request lightly charred or heavily charred barrels from the barrel maker. A light toast will have a woody, vanilla aroma; the medium-toast has a delicately flavoured perfume and the Bordeaux medium-toast has a rich smell of chocolate!

In the earlier stages of wine-making in South Africa, wine farming — like all agricultural farming — was a living, and less of an art. In the same way as an artist will delight in having a range of colours on his palate, so winemakers have found themselves with more exciting natural ingredients to play with. I find the Cape Independent Winemakers Guild farms of particular interest. Quantities are small, so availability poses the biggest problem, but by-and-large, the quality produced can rival any wine made in the New World.

New clonal material is being made available to farmers, and experiments will continue to indicate which clones are suited to which soils, climatic conditions and locations. The experiment has begun and is in progress, and only time will tell of its outcome.

The Cape version of a Bordeaux blend was born in 1979. Many vintages later, the term is still tinged with confusion because the blends and the tastes continue to vary so radically even when made by the same winemaker. The planting of vines in Bordeaux are arranged to represent each variety's proportion in the blend. Here, blends are determined by the vintages, the ages of the vine available. Vinification methods vary from estate to estate, and play a vital role. They are usually Cabernet Sauvignon based, with faster maturing varieties, which will soften the wine sooner, included in the blend. To develop this new style of wine, the final product is improved by encouraging the best features in each variety to produce elegance, fruit and softer tannins.

Most of the credit-worthy blends show wonderful cassis, raspberry, prune, coffee and oak. Noteworthy examples are Warwick Trilogy, Kanonkop, Paul Sauer, Rustenberg Gold, Glen Carlou Les Trois, Rozendal, Groot Constantia Governors Reserve, Meerlust Rubicon, Vriesenhof Kallista, Welgemeend Estate Wine, Boschendal Grand Vin, l'Ormarins Optima and Overgaauw Tri Corda.

Anyone starting to take an interest in wine can be excused

Everybody has either heard about, sampled or indulged in alcohol. History reveals references to one brew or another dating back thousands of years. But do you know what you are drinking today? Or where your favourite tippie comes from. JULIET CULLINAN reports in a special survey for The Star.

for believing that it is made from Chardonnay and Cabernet Sauvignon alone. The popularity of the Shiraz is gaining, but the variety does not have the prestige of a Claret.

It can be said that there is no such thing as a typical South African Shiraz. The variety differs from region to region, but consistent characteristics do appear in certain areas.

Paarl and Stellenbosch produce a dry, peppery, herby eucalyptus flavour. Whilst the coastal region produces a sweeter, sweaty style. Consumers are often put off by the slightly earthy, acceptance nose termed the "Shiraz stink". This smell could be best described as the smell of a well-made compost heap — an earth pungent rotting flavour — but a clean rot! This smokey, peppery varietal character shows best when made in a lighter style. Shiraz wines made now are often too big and bold. The earlier maturing, earlier drinking Shiraz, depending on the estate, winemaking techniques and vintage, may reach their peaks between six to eight years.

I believe that Shiraz could have a great and wonderful future if the variety were introduced and promoted to the South African consumer. If not, I fear that the Shiraz grape will suffer the same fate as the Cinsaut, and Pinotage — plantings will decrease and varietal wines will not appear so readily on the market.

Chardonnays

Chardonnays have been a topic of conversation of cellarmasters, aficionados and interested wine lovers, who all scramble to read or taste this exclusive grape variety. Demand over the past decade has been excessive and supply until recently, limited. The Auxerrois variety was erroneously planted as Chardonnay in the early 1980's.

Since then the vines have

The Cape by-and-large avoided the early Californian style of big, buttery wines with masses of vanilla and too much alcohol on the nose and palate. Cape farmers were influenced by the steely Chablis style, which showed fruit and elegance, as well as the New World style, brimming with body, fruit, and complex yet delicate flavours.

Statistics show that premium wine is drunk by the higher income brackets in the Transvaal. Prices of these wines continue to rise. The cost of a single bottle of Chardonnay is rapidly becoming beyond the pocket of its consumer. The price of spirits, however, although rising on an annual basis is still within the financial boundaries of each household.

Brandy is the biggest selling alcoholic beverage, followed by whisky, vodka, cane and gin. Current trends indicate that brandy sales will continue to rise.

White spirits

Gin and vodka markets have seen a steady and constant growth over the past few years. When vodka was first released into the liquor market, it was warmly received by consumers and had an immediate and concerning effect on gin sales. The varied taste provided a new and exciting product. It is also a superb mixer.

There is little difference in the quality of different white spirits available for sale, as the distilling process results in a fairly standard product. The nature of the base spirit and the water used in diluting the spirit holds the edge in achieving quality. Brands achieve sales through different marketing campaigns and the strength of their advertising budget.

● Vodka — Smirnoff vodka is the market leader. Other examples include Red Square vodka, Count Pushkin, Stolichna (Rus-

**Cheers,
To our health, Salud,
Prosit, A votre sante,
L'chaim, Alla tuasalute,
Na zrowie, Viva,
Slainth is saol agat . . .**

been pulled out and Chardonnay vines were replanted or grafted at great cost to the farmer. We now have a variety of different Chardonnay clones, each resulting in different flavours and nuances.

Prices fetched for Chardonnays are high, and continue to rise, keeping abreast of the finest of the reds produced. Locally we will see a change in the Chardonnay profile and position on the market and there will be a far greater spectrum of style and prices available. Some styles will receive no wood maturation at all and will form the bottom end of the market.

Premium products will continue to use selective clones, fine woods and sophisticated methods of production. Hamilton Russell Vineyards 1989 Chardonnay produces a wine to match the richness and crisp elegance of the French counterparts.

Hamilton Russell achieves this subtle elegance because of their position as the most southerly of the vineyards and their proximity to the sea, which mediates the temperature and encourages a slow, steady ripening period in which all the flavours in the grape are encouraged to develop. These vines are among the oldest plantings in South Africa. Hamilton Russell vineyards have pre-empted the market and released a lightly wooded 1990 Chardonnay in addition to their Chardonnay Reserve 1989.

Other noteworthy Chardonnays in the Meursault-style (full-bodied and complex) are the Glen Carlou, Klein Constantia, Thelema, Simonsig, Backsberg, Boschendal, Louisvale, Stellenryck, Talana Hill, De Wetshof, and Vriesenhof. Lighter bodied Chardonnays, made in the Chablis-style include, among others, Rustenberg and Delheim.

sian vodka), Wisla vodka and Romanoff vodka, a fine pure vodka.

● Cane — Mainstay Cane is the largest selling single spirit brand in South Africa. Other examples include Seven Seas, Crystal Cane and Sundowner Cane, the first branded cane in South Africa.

● Gin — Churchills London Dry Gin, Gordons, Booth's Old Buck and Beefeater. Pink gin is a tot of gin with a few drops of Angostura-bitters.

Brandy

Brandy is a versatile and adaptable drink. Its grape base allows it to be mixed with a multitude of mixers, although it is mostly drunk with coke, soda and water.

There are not really bad styles of brandy produced in South Africa, as the brandy making process is so strictly controlled by the Department of Customs and Excise and the Brandy Board. Inferior brands, however, do find their way on to the shelves of the stores. These products meet with the minimum regulations stipulated.

Our brandies are distilled in the pot-still — as done for cognac, before undergoing maturation in wood for a minimum of three years.

When it comes to the selection and purchasing of any product, various factors influence our choice: the price plays a major role, but is offset against the quality of the spirit. The price of different brandies is the single biggest factor in determining quality. Advertising too, sways the purchaser.

Connoisseur VO brandy is regarded as one of the examples of success in the liquor industry. It is a well-marketed brand and enjoyed more widely than its competitors Bertrams VO and Martell VO.

Brandy producers market and distribute various styles of brandy, each with different characteristics and flavours geared to satisfy the needs of all consumers. Consistency in brands from year to year is imperative.

A vintage brandy can be either a 90 percent matured brandy or a blend of 50 percent rebate brandy and matured brandies.

The wine intended for distillation is approved by the Government Brandy Board before being distilled in a six-column continuous still. Thereafter, it is distilled in copper pot-stills in a double distillation process in which only the hearts are retained. This newly distilled brandy is colourless. The young brandies are matured in oak casks, prior to blending.

Brandy matures and improves only whilst stored in wooden barrels, and only really reaches its prime after 40 years. From the day that brandy is bottled, its condition becomes static.

Courvoisier has a wonderful aroma and a rich, full taste.

Bolls brandies are known for their rich, round rewarding taste.

Martell is made under close supervision from Martell, France.

Fruit brandy

Fruit brandies are often called eaux-de-vie or alcool blancs, as they capture the essence from which they are made. They are clear and fragrant with alcohol levels of 80-90 proof. They are not aged and usually bottled soon after distillation to preserve their fruity aroma. It is advisable to purchase only pure fruit spirits, as eaux-de-vie is delicate and does not travel well. They are drunk after-dinner, served cold in chilled glasses.

● Fruit brandies: Plum yellow (Mirabelle in France), greengage plums (Reine Claude), Alsatian blue plums (Quetsch, Zwetschgenwasser in Germany), sliva plums (Slivovitz or rakija), cherry (Kirsch in Alsace, Kirschwasser in Germany and Switzerland), raspberry (Franboise in France, Himbeergeist in Germany), pear (Poire Williams, eau-de-vie de poire in France, Birnenbrand and Williamsbirnenbrand in Germany), strawberry (Fraise in France, Himbeergeist in Germany), wild variety (Fraise de bois), blackberry (Mure sauvage), juniper berries (Genevrier), frambois (Baie d'alisier) and elderberries (Baie de sireai).

Liqueurs

A liqueur is created by adding flavouring to a high-proof distilled spirit. Eaux-de-vie's are created by fermenting the fruit and distilling the juice to create the spirit. Various fruits, spices or herbs are used to flavour liqueurs. The secret of a liqueur manufacture lies in the extracting of flavours, and blending of the ingredients prior to their ageing.

● Advocaat is a thick mixture of eggs and brandy made in Holland. It is low in alcohol. It is Holland's most exported drink.

● Ameretto is made from apricot stones, giving the liqueur its characteristic bitter, almond flavour.

There are many licorice flavoured liqueurs: Absinthe, Anisette, Anis Anesone, Pernod, Pastis and Ouzo.

● Creme de cassis is made from blackcurrants and has a peppermint flavour. The distilled spirit is clear, and colourings are added. It is called Kir when mixed with white wine and Kir Royale when mixed with Champagne.

● Creme de Noyaux is made from fruit stones which give it a bitter almond taste.

● Curacao is an orange-based liqueur.

● Kummel is flavoured with caraway, cumin and anise.

● Sloe Gin is made from the black, plum-like fruit of the blackthorn, which is seeped in gin.

● Triple Seo is made from white Curacao.

Some of the many orange-based liqueurs are Cointreau, Benedictine and Grand Marier. Other examples of liqueurs are Drambuie, Tia Maria and Kahlua (both coffee-based), Van der Hum (a South African liqueur made from narrijies and Ginger Liqueur).

Whisky

Scotland and Canada spell whisky without an "e". America and Ireland spell it with an "e".

Whisky is a spirit obtained by the distillation of a mash of ce-

ie bar counter

ixes and moonshine



real grains, saccharified by the distaste of malt. Scotch whisky is distilled and matured in Scotland and Irish Whiskey in Ireland. Scotch grain whiskies are lighter bodied and distilled from maize and matured similarly to malt whiskies. Malt whisky is made only from barley. The grain comes from Scotland or England, and sometimes it is imported from America or Europe. Malt whiskies give the blend its character and flavour. Grain whisky is a neutral spirit and is virtually tasteless. There are over 120 malt distilleries in Scotland today. Some sell their product as it is, others sell their single-malt whiskies to larger companies for blending with grain whisky.

Within each producing region in Scotland there are degrees of variation within taste, bouquet and colour which help create the hundred-plus bottled malts. The peat, distillation process and spring water contribute to their individuality. Four categories based on geographical location can be distinguished: Cambelltown Malts, Highland Malts, Islay Malts and Lowland Malts. The minimum ageing period in Scotland is three years. Whisky for the United States market must be a minimum of our years in the cask. Whisky is almost never aged more than fifteen years. It will not improve in the bottle.

Many single distillery malt whiskies are commercially available. Most have spent a great deal of time maturing in the casks. The finest are sold at eight, ten or twelve years old and are equal to the finest liqueurs. They are dry, and have 43 — 46 percent alcohol.

Irish whiskey

Irish Whiskey is distinguished by its exceptionally smooth and light taste. It is gently fla-

voured and aromatic and does not have the smokey taste of Scotch whiskies. The unique flavour can be attributed to its triple distillation. Irish distillers use a combination of pot and column stills to distill their product a third time.

Irish whiskies are made using a combination of Irish-grown barley with the addition of small amounts of oats. Wheat and rye are sometimes used in the blend.

Various types of Irish whiskey are produced by blending malt and grain whiskies before the last pot-still distillation, to ensure uniformity of flavour. Middleton in the south and Bushmill in the north are the only remaining distilleries in Ireland. Bushmill produces its blends on the Scottish principle of mixing malt and grain after they have been individually distilled.

Irish whiskey is reduced to 71 percent and is matured in oak for at least three years. In practice, they are aged for up to fifteen years. They are bottled at 80 percent proof.

In Ireland, different barrels of base whisky are blended together. In Scotland, a blender will buy whisky from different distillers and mix them according to his own recipe. The Irish believe that the art lies in the distilling as much as in the blending. Irish whiskies should be served with ice or with spring water. It is, of course, an essential ingredient in Irish Coffee. Well-known examples are Tullamor Dew, Jameson and John Power.

Blended Scotch whisky

These begin with a base of grain, and are produced in a continuous still. The major difference between the traditional

pot still and the Coffey still is efficiency. The Coffey still runs continuously and faster, producing more spirit in the same amount of time and is easier to operate than the pot still. Most grain whisky distillers are located in the south of Scotland.

The art of blended whiskey rests on the expertise of the head blender. He aims to combine malt and grain whiskies in balancing proportions to create a blend of consistent aroma, taste and colour. He can use up to fifty different malts to achieve the required blend. Most of these malts have to be bought in. The purchasing of these malts is done five to 10 years in advance, as allowances for maturation have to be made. The malt content is between 25-30 percent, with cheaper blends containing a higher proportion of grain whisky.

● Chivas Regal is one of the best Scotch blends in the world. It is a blend of 30 malt whiskies from over 100 distilleries. It is made at the Strathisla-Glenlivet distillery in Keith — the oldest operating distillery in the Highlands.

● Teacher's Highland Cream is a blend of 16 malts. Its distinctive flavour comes chiefly from the whisky made at the company's Ardmore distillery.

● Bells is the best selling Scotch in the UK and SA. The company was founded in Perth in 1825, and is one of the last of the great independent Scotch distilleries.

● Ballantine's whisky is blended from selected malts, each of which is 12 years old. It is a smoother, rounder, more mature taste, with lasting depth of flavour. It is sold in the distinctive octagonal bottle, and made using water from the fabled Loch Lomond in the Highlands.

● J&B uses only Speyside malts.

● The malt whisky from Lagavulin on Islay gives White Horse its characteristically peaty flavour.

● Three Ships is a distinguished blend of the finest imported Scotch malt whisky and matured South African whisky.

● Haig is Scotland's oldest whisky.

● Arberlour Glenlivet 10-year-old is made in Speyside (40 percent alcohol). It is a rich, smooth whisky with a lovely aroma, perfect as an after-dinner drink.

● Glenfiddich (Speyside — 40 percent alcohol). A delicate aroma of peat on the nose, with a well balanced palate, and a touch of sweetness on the after-taste. It is a superb example of a malted whisky.

● Glenlivet 12-year-old (Speyside — 43 percent alcohol). Delicious fruit on the nose with a slight trace of sweetness on the palate. It is extremely popular, widely available and always enjoyed.

● Glen Moray (Speyside — 40 percent alcohol). A fresh light-bodied whisky with a malty character on the palate and a clean aftertaste. A wonderful pre-dinner drink.

● Eradour (Highlands — 40 percent alcohol). Fruity and smokey on the nose with a smooth, malty flavour and a dryness on the aftertaste. This is Scotland's smallest distillery.

● Glenmorangie (Highlands — 40 percent alcohol). A beautiful fresh sweet nose, with a subtle hint of peat. It is a medium-bodied whisky with a sweet finish. It is the best selling malt in Scotland.

● Glenronach (Speyside — 43 percent alcohol). A smooth aroma with a balanced palate and a distinct aftertaste. Very sought after.

● Carhu (Speyside — 40 percent alcohol). An excellent bouquet, with a smooth mellow flavour and a very long aftertaste. It is a super after-dinner dram.

● Knockano (Speyside — 40 percent alcohol). A medium-bodied whisky with sugar almonds on the finish. The distillery bottles when they feel that the product is ready for drinking.

● Milton Duff (Speyside 43 percent alcohol). A fragrant bouquet with a well-matured aftertaste. Suitable as an after-dinner drink.

American whiskey

● Rye whiskey is made from a mash that is at least 51 percent rye. It is distilled and aged in new charred oak barrels.

● Corn whiskey is a mash of 80 percent corn, then distilled. Corn whiskey is legal moonshine. It is rarely aged. "Corn Likker" is a clear pungent and powerful spirit. The expression "White Lightning" is accurately applied to corn whiskey. The spirits appeal is limited to hardy devotees in southern states.

● Sour mash whiskey is the commonest American whiskey. Some of the fermented mash from a previous run of the still is used to help start the fermentation process in a new batch of mash, and rather like sour dough, it has an additional tang and depth to it.

● Bourbon whiskey is a specific type of whiskey using 51 percent corn and stored for two years minimum in new, charred oak barrels. Most Bourbons are aged for at least four years and are at 80-100 proof when bottled. Kentucky is the major source of Bourbon whiskey. As Bourbon is not blended it is equivalent to a single-malt Scotch whisky. Many Bourbons are made using a sour mash.

● Four Roses Tennessee whiskies are made with a sour mash that is charcoal mellowed and referred to as Tennessee whiskey. It has a smoother taste than Bourbon. The whiskey is aged in charred oak barrels. There are two distillers making Tennessee whiskey — Jack Daniels and George Dickel.

● Bottled-in-Bond is a phrase that guarantees quality. It is a straight whiskey — usually a Bourbon — that is the product of a single distiller within a single year. It is aged for four years.

● Blended whiskies must, by law, contain at least 20 percent 100 degrees proof straight whiskies. It is mixed with other whiskies of neutral spirits and bottled at 80 percent proof. These are usually lighter, and less expensive and are blended consistently in taste from year to year. Some blends are very badly made, so it is advisable to buy well known names. The skill of the blender is vital. American blenders are permitted to add up to 2.5 percent sherry to the blend, giving it colour but not affecting the taste.

Paarl wines do well in Chardonnay test

(3) wine + viticulture

Blom 7/6/91

MY LAST two articles covered the performance of the 1990 and 1989 Chardonnays available in Johannesburg's better wine stores. This week I deal with 1988s and the one 1987 still about, and then attempt some conclusions.

Several wines scored well on the sighted and blind tastings. The 1988 Boschendal was excellent: complex and buttery, the toasted oakiness harmonised with the citrus flavours of the varietal.

The French Macon Lugny from Louis Latour (introduced into the tasting as a fair value benchmark) also rated highly. The general consensus about the Macon Lugny confirms the panel's rigour and accuracy.

Another high score went to the Rietvallei. It was quite accessible, in the richer, fuller style associated with the warmer climate wines.

Most of the remaining 1988s were disappointing. The Bellingham was seriously oxidised. Unfortunately we did not have extra bottles to determine whether this was an isolated problem. The Groot Constantia, which had seemed so promising in its youth, had lost its fruit and vitality.

The industry's priciest wine, the 1988 Aan-de-Wagenweg, confirmed the scepticism expressed by most writers at the time of its release. It was badly structured, flat and fruitless, with not enough staying power to survive half an hour, once the bottle had been opened.

I differed with the panel only on the subject of the 1988 Blaauwklippen: I found it musty, softening out too quickly and not well structured. I recorded the same score on the sighted and on the blind tasting. The panel, however, liked the wine. I suppose I prefer my Chardonnays rather less brittle.

The only 1987 was the Le Bonheur, a wine which has never lived up to the hype of its release — its major attributes are "rarity" and a stiff price tag.

Cape Chardonnay has made real progress since the early days of the Gros Auxerrois scandal. On average the best wines appear to come from the slightly warmer regions.

Average

Paarl fared surprisingly well; the Constantia region surprisingly badly.

The most recent vintage (1990) shows producers beginning to cut corners. Clearly, less new wood is being used. Most of the Cape's Chardonnays are simply average quality table wines, worth perhaps R10 a bottle.

But there are also some exceptional wines. Increased production will force growers to be more selective, as long as consumers refuse to pay high prices for what is palpably junk. Wine drinkers cannot continue to subsidise experiments.

MICHAEL FRIDJHON

MARCIA KLEIN

SA WINE farmers might be earning a much lower return on their assets than their counterparts in other areas of agriculture, figures in Standard Bank's latest AgriReview show.

Figures for return on assets for the wine industry are substantially lower than those of the whole agricultural sector because capital values in the wine industry are disproportionately high, resulting in a lower return on assets.

In 1989, return on assets was 4,8% for the wine industry compared with 11% for the agricultural sector.

It says the wine industry occupies 100 000ha of land and is worked by 5 000 producers. It provides a livelihood to nearly 300 000 people. The industry's R450m turnover makes up 30% of the western Cape's horticultural earnings.

The area under vines in SA is "fairly small in terms of other wine producing countries", equivalent to 10% of the French and 6% of the Spanish vineyards.

AgriReview says SA ranks 19th in the world in these terms with about 1,2% of the world's vineyards. However, it ranks ninth in terms of production, producing 3% of world wine.

The wine crop has increased 30% over the past three years despite decreases in the quota recently due to cancellations. The increase in production was due to better production techniques, cultivars, more efficient use of inputs and better climatic conditions.

The industry has in recent years

Wine farmers getting short end of assets-return stick

8/Dec 4/4/91 (3) wine + viticulture
"been faced with overproduction and surpluses, increasing competition from other alcoholic beverages and decreasing market share".

KWV was established to control production and stabilise member's incomes. It does this by operating a minimum pricing system, a quota system and a surplus removal scheme.

It says KWV establishes prices at the beginning of the year, and all producers are allocated a production quota. It also builds up buffer stocks from its surplus declaration to ensure continuous supply.

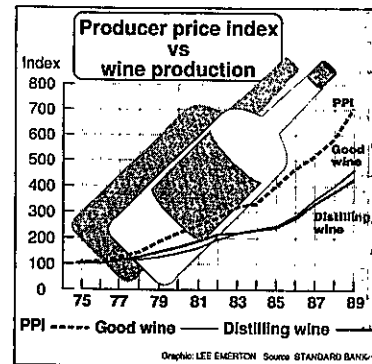
Criticism has been levelled at KWV for controlling and participating in the industry.

But due to KWV's minimum pricing policy, prices of better wines have showed a steady increase of about 12% over the past 15 years, the report says.

However, the CPI has increased by close to 14% a year over the same period, resulting in real price decreases in nine of the 15 years. This has left prices 21% lower in real terms than they were in 1975.

The minimum price for distilling wine — the proportion of crop that cannot be sold as good wine due to lack of demand — is also set.

It says the average annual increase in the producer minimum price of 11% is lower than for good wines,



with a decrease of 30% over the period taking inflation into account.

As wine production is a capital intensive, high input industry, the cost aspect of production is vital.

With rocketing oil prices and increased machinery and labour costs, the rate of increase of farm input costs has been greater than that of wine producer prices, especially those producers who get paid distilling wine prices for a large portion of their crop, AgriReview says.

The terms of trade, which measures how producer prices have increased in relation to input costs, has decreased by 33% from 1975 to 1989 for good wine, indicating how input costs have increased compared with producer prices.

DISCONTENT with the KWV's management of the wine industry has led to complaints being lodged with the Registrar of Co-operative Societies.

A group of independent wine farmers, led by Simonsig's Pieter Marlan, has listed a series of grievances which it believes provides proof that the KWV no longer fulfils the requirements of its charter.

While the registrar's initial response does not appear to encourage the farmers, there is no doubt they will persevere if only to draw attention publicly to what they believe is an iniquitous situation.

Essentially they have objected to the KWV's legally entrenched right to be both referee and player in the industry. They have noted that the KWV has access to all their confidential trading information, for local as well as export sales.

Since the KWV also handles the bulk of SA's wine exports, the wine farmers believe this privileged position can lead to abuse. The same applies to their role in the domestic side of the trade.

Since the 1979 realignment of the wine industry, the KWV has been a

Farmers

co-shareholder with Anton Rupert in the company which controls Distillers Corporation and Stellenbosch Farmers' Winery.

This means the organisation entrusted with policing the wine industry and ensuring a balanced relationship between wine farmers and wholesalers jointly controls production and wholesale companies which account for over 80% of SA's wine and spirits sales.

More specifically, the wine farmers allege, KWV is in breach of its charter by competing with the wine farmers it represents. The KWV's Paarl Estate of Laborie sells its produce on the local market, in direct competition with the independent wine estates.

Since the KWV has seemingly limitless amounts of capital, and in addition derives revenue from the levies it is entitled by law to impose on independent producers, the country's estate wine growers claim that

take on the KWV

Irrespective of how the Registrar of Co-operative Societies chooses to view these complaints, there is no doubt that the country's independent wine farmers have a right to feel aggrieved.

The KWV is both referee and player in the same game. It participates in the domestic and export markets, managing or supplying more than 80% of the industry's business.

The KWV is active in all the various policing infrastructures of the wine business; it fixes prices; it controls export policy; it operates the production and bottling equipment belonging to its members; it does have access to preferentially priced goods, to members' capital and to the confidential trading information of the independent farmers.

Whether or not this means that the KWV is guilty of the extremes of abuse implicit in the present allegations is a moot point.

The UK agent of one of the independent wine producers has written

to SA's UK ambassador to draw attention to what he believes is evidence of bad faith in the KWV's application to the export regulations.

The KWV's response is a carefully reasoned denial and there is no real way of establishing the veracity of either party's claims if there is no independent body of evidence.

The accusations are based on implication, with substantiation frequently circumstantial. The KWV may truly act with great propriety, and stand falsely accused of interfering in the industry it is charged to manage, but there is no way of knowing for certain.

Until the organisation either abandons its trading position, or invites government to take over its administrative functions, an air of suspicion will prevail.

As the KWV strengthens its commercial domination and records increased profits each year, it will never obtain the full credit for its efforts. No one will believe that its successes are entirely the result of good management just as long as the organisation enjoys the right to shift the goal posts at will.

3 wine + viticulture
Spain 1991

MICHAEL FRIDJHON

Wine farmers ^{3 times + available} see earnings rise 35%

By Tom Hood

CAPE TOWN — Income of wine farmers jumped by R155 million, or 35 per cent, to R600 million last year.

Producers can expect to put even more money in the bank this year, with marketing arm KWV getting ready to boost exports at higher prices as sanctions ease.

KWV will switch its export drive to selling branded wines at market-related prices — with additional premiums for quality — instead of exporting in bulk at lower prices.

KWV directors say: "The objective of earning the highest possible added value for wine products

from exports will be achieved much more easily in the new positive foreign political climate."

They say in the annual report that producers' income has shown an average increase of 15,3 per cent since 1986.

Their income has grown almost fourfold from R149 million in the 10 years since 1980.

KWV's profits jumped 43 per cent to R50 million last year and has increased almost ninefold from R5,1 million in 10 years.

Chairman Pietman Hugo and his co-directors say that in planning for 1990 the board set itself the objective of addressing the backlog which developed in producer in-

come in relation to the consumer price index.

"This planning took place under the cloud of a depressed economy, which curbed private consumer spending and placed limits on price adjustments.

"Fortunately, exports can in future once again play a bigger role.

"The results of these efforts, combined with the normal wine purchases by domestic wholesalers, caused producer income to increase to such an extent in 1990 that the backlog was eliminated."

Last year KWV succeeded in marketing overseas the total volume of wine and wine products available for export.

The changing attitude of foreign buyers to SA brands last year sparked a higher-profile advertising programme in various countries.

"As political pressure eases further in foreign markets, KWV sees a great potential for further expansion of brand-product exports."

However, exports could be jeopardised by handicaps such as high inflation and high interest rates.

The value of exports rose considerably last year, say KWV's directors, who do not reveal figures.

The export of natural white wine in bulk continued successfully and better prices were realised.

"A significant number of new buyers were identified, new markets were entered and associations with an excellent long-term potential were formed.

"Besides improved terms of payment, a di-

versification of buyers was established."

"Overall sales of natural wine grew by almost two percent, those of sparkling wine by eight percent and those of brandy by 4,5 percent.

The share of wine spirit in the gin, vodka and liqueur market rose by two percent to 27,5 per cent.

Sales of gin and vodka showed growth of 7,3 and 19,2 percent respectively.

The sale of grape juice concentrate increased by 43 percent in volume last year, partly brought about by the demand from the domestic fruit juice market which "exceeded all expectations".

The sale of pure long-life juices increased by more than 30 percent.

Only two percent of Western Cape farms still practise the tot system.

KWV directors say they have stated repeatedly over the years that "the supply of wine during the working day is unacceptable".

Probe into activities of KWV reopened

CAPE TOWN — New information submitted on KWV activities had caused the probe into the co-operative which controls the R590m wine industry to be reopened, Registrar of Co-operatives Louis du Toit said yesterday. *Biday 3/9/91*

The investigation arose from the submission earlier this year of a memorandum by a group of farmers called the Wine Task Group which claimed KWV had infringed its governing statute by competing unfairly with its members.

Farmers in the task group include owners of Simonsig, Vriesenhof, Lievland, Kanonkop and Zevenwacht estates.

Last week Du Toit said in an interview

LINDA ENSOR

that no contravention of the law by KWV had been discovered.

Issues raised by the group of farmers in their memorandum include the minimum price and quota systems and KWV's allegedly unfair competition with farmers on local and export markets. The farmers have asked that the quota system be scrapped for farmers and co-operatives that bottle and sell their own wine.

KWV says that some mechanism for maintaining the stability of the wine industry is necessary. *(3) wine + viticult.*

FW 11/10/91



Stroebel ... watching over 'endangered species'
 ② Wine + Viticulture

Market sources say Gilbeys' wine:spirit ratio is 20:80, and that Distillers' is 30:70. These ratios are important, as higher margins are achieved on spirits. That is why Distillers, with its product range consisting largely of spirit brand leaders like Oude Meester and Viceroy, has been more successful (see **Companies**). It is also why the decline of Mainstay, SFW's largest selling spirit brand by far, has had such a marked impact on profits.

As Rembrandt director Gys Steyn points out, Distillers, as its name and product portfolio indicate, is predominantly a spirits company, whereas SFW is predominantly a wine company, as its name and product portfolio reflect.

Steyn adds that the wine industry is labour-intensive, with 300 000 people depen-



SFW's Marlow ... no easy road to 'change'

dent on it for a living. Inflation, says Steyn, has had a particularly ravaging effect on such a labour-intensive industry.

Before inflation really took off the retail price of a bottle of the largest selling wine and of a bottle of beer were the same, about 20c.

Today the retail price of a bottle of popular wine is about 50% higher than that of a bottle of beer — about R3,50 for the wine as against R2,30 for beer, Steyn adds.

One of the problems is that SFW obviously has not succeeded in counteracting the weakening of Mainstay's position. Analysts point out that, whatever SFW has lost from this source, Gilbeys has gained, as Smirnoff vodka took over from where Mainstay left off.

So it must be asked, why has SFW taken so long to find a replacement for Mainstay?

Marlow says one reason is that SFW's management believes that tried-and-tested brands come back if they continue to be promoted. He says SFW still has faith in Mainstay and has for some time been optimistic that a swing back to it was imminent. SFW thus continues to spend in real terms as much today as it did five years ago on promoting Mainstay.

Marlow is convinced that chinks in the opposition's armour are beginning to show and that the market's preference for vodka will soon change back in favour of cane. But Marlow also points out that it takes time to develop a brand leader that will swing consumers away from their usual tipples to the one you are promoting — especially when the market is not growing at an adequate rate.

Spending on wine

In addition, he explains, SFW believed for many years that the wine market would grow at a similar pace to beer. This conviction led to large capex in wine equipment. He says that a business cannot be changed overnight from one which is dominated by wine to a spirits-orientated operation.

Understandably, he declines to discuss development plans for fear that it may help competitors. He also declines to divulge details of budgeted earnings. But redundancies caused by the closure of bottling plants and shrinking payroll have resulted in substantial savings. These should be evident in the current year's results.

The share price has doubled since last October when it traded at 110c. That suggests investors are expecting better results. However, there is no way of knowing at this stage, three months into the financial year,

Strong asset base but limited profit growth

Activities: Production, marketing and wholesale distribution of liquor products. Important brand names include Nederburg, Zonnebloem, Mainstay, Bell's, Mellow-Wood, Hunter's Gold and Monis.

Control: Rembrandt-KWV Investments (60%).

Chairman: D J Marlow; MD: F H Stroebel.

Capital structure: 140m ords. Market capitalisation: R294m.

Share market: Price: 210c. Yields: 5,5% on dividend; 13,3% on earnings; p:e ratio, 7,5; cover, 2,4. 12-month high, 250c; low, 110c.

Trading volume last quarter, 2m shares.

Year to June 30	'88	'89	'90	'91
ST debt (Rm)	30,7	26,8	39,5	26,5
LT debt (Rm)	35,9	34,9	56,1	54,2
Debt:equity ratio	0,16	0,13	0,19	0,15
Shareholders' interest	0,72	0,72	0,71	0,74
Int & leasing cover	14,1	17,2	19,8	11,0
Return on cap (%)	16,4	16,8	15,9	14,5
Turnover (Rm)	n/d	n/d	n/d	n/d
Pre-int profit (Rm)	90	106	110	106
Earnings (c)*	27,4	31,0	30,6	28,0
Dividends (c)	10,5	10,5	11,5	11,5
Net worth (c)	276	327	351	385

* After additional depreciation.

whether improved trade in SFW's important product lines will contribute to a recovery. If trading does not pick up, recovery is unlikely to be sustained.

Liquor interests play an important part in the Rembrandt portfolio. Rembrandt cannot be happy about the returns seen in recent years from its investment in SFW, but it remains unclear what it will take to achieve a full turnaround, or how long it will be in coming. Also unclear is the extent of managerial involvement that Rembrandt now has in the company.

In any event, Marlow cites a number of bull points for SFW. Its range of high-priced wines, particularly the Nederburg and Zonnebloem products, are doing exceptionally well. In the lower-priced natural wines, volumes are significantly higher, but the caveat is that thin margins result in a relatively low contribution from this source. This too could be a product of recession.

Marlow says opportunities have been identified and funds are being invested in these areas without abandoning the bread-winning brands. His final word is that he believes SFW's returns will continue to improve.

The recent share price increase is apparently echoing those sentiments. But the increase can be justified only in the long term if improved results have been generated from more profitable sales, and not just from short-term savings.

However, with the recession, a liquor market in which volumes are almost static and with competitors who will not yield market share without a fierce fight, Marlow's outlook at this stage may be based more on optimism than reality.

Gerald Hirshon

New Zonnebloem blend will enhance the label

WHITE wine drinkers bored with the veritable flood of Chardonnays could profitably look to several interesting blends available on the market.

Among these is the Zonnebloem Grand Soleil, which has seen the release of its second vintage, the 1990.

The maiden vintage was very well received, and the 1990 repeats the successful style. Chardonnay and Sauvignon have been fermented and matured in new, small Nevers oak barrels. A little unwooded Chenin Blanc is then added to the blend to soften the wine and give it extra complexity.

Grand Soleil is one of the country's most complex Chardonnay/Sauvignon Blanc blends. Its success is partly due to the rigour which has gone into the selection of the vineyard blocks on which the grapes are produced.

For most of the past decade Stellenbosch Farmers Winery — proprietor of Zonnebloem — has engaged in a massive programme to upgrade the vineyards and planting material of the independent farmers contracted to supplying the company.

The result is that the very best clones of Sauvignon Blanc and Chardonnay have been established in areas best suited to these varieties. The vineyards have been carefully prepared, with the kind of deep ploughing soil preparation not recognised as important until the 1980s.

This kind of care ensures that grapes packed with flavour components come into the cellars with acid and sugar levels in better balance than was previously thought possible. After a start like this, vinification is a relatively simple matter, providing the winery is prepared to invest in appropriate quality French oak barrels.

All in all, the Grand Soleil confirms that SFW's publicly stated commitment to upgrading the Zonnebloem range is much more than mere hype. Together with two excellent vintages of Zonnebloem Chardonnay, the Grand Soleil is evidence that there is a measurable determination to re-establish for Zonnebloem the reputation it enjoyed in the 1960s and 1970s.

At Nuy Co-op, two times winner of the Diners Club award Willem Linde has just released his latest vintage of the ever-popular Chant de Nuy. The 1991 vintage wine has undergone a slight name change (to Chant de Nuit) in order to comply with the perceived requirements of the wine industry prefects.

For several years the Chant de Nuy enjoyed a loyal and select following among those more adventurous wine drinkers who had discovered the Co-op at the foot of the Langeberge near Worcester.

Since the wine is only available from Nuy, some loyalty is required from buyers: there's no dropping in to the local off-licence to pick up a case. However, for R49 per dozen it's worth phoning (0231) 74994 and arranging a consolidation of a few cases.

Finally, there is a new blended white wine under Jan "Boland" Coetzee's Paradykloof label. The bouquet has the intensity and complexity normally associated with his Jupilles-wood matured chardonnay.

The palate is dry and peppery and the finish shows a sauvignon grassiness. The wine is set to retail for less than R10, making it among the best value white wines on the market today.

MICHAEL FRIDJOHN

LEISURE

AS the year starts winding down, SA's wine farmers can look back on 1991 with mixed feelings.

The end of sanctions brought many interested potential wine buyers, who looked and sampled and even occasionally bought, though not in the volumes the industry hoped to turn over. The 1991 vintage yielded wines of superb quality and often generous quantity — hardly the sort of crop to push up prices particularly as exports have not yet taken off. So the cellars are full, though at least with good wine.

The 1992 harvest begins in less than a month, and doubtless the wine farmers seek certainties amid these imponderables. Unfortunately for them, the vintage itself is now in the care of the weather, which is in the lap of the gods.

The Paris-Le Cap motor rally ends in Cape Town on about the January 19, just as the grape pickers set out to gather the early ripening varieties. Perhaps the influx of more than 4 000 overseas visitors associated with the rally will turn the potential export business into concrete orders. The local market is unlikely to pick up in time.

Gaps overseas for SA wines

It is hardly surprising that under these circumstances the newly constituted Douglas Green/Bellingham operation has relaunched the well-established Douglas Green range in a very smart new presentation. The bottles are taller, more elegant but also less traditional.

Douglas Green wines often come from the KWV; the new packaging may enable it to assess the importance of presentation to the export markets.

Some SA producers seem ideally positioned to profit from the export trade, even in quiet times. Twee Jongezellen's Nicky Krone has fulfilled a lifetime's ambition with the launch of his

methode champenoise. The wine has been made entirely without the addition of sulphur dioxide — a not-very-healthy additive — until now regarded as essential in bubbly production. The result is a sparkling wine which is actually finer and more elegant than many French Champagnes. Undoubtedly it will find a niche in export markets.

So will the latest vintage of Klein Constantia's Vin de Constance, 1987 Noble Late Harvest that emulates in every known respect the great 18th century dessert wines from Constantia. Cape Sauvignon Blancs have also come of age: several wines ranging in price from the Swartland

Co-op's prize-winning 1991 to Hamilton Russell's latest vintage have achieved that rare harmony of fruit and balance: flavour without the murderous acidity. Even in the French heartland of the Loire this is not an everyday occurrence and SA exports could profit from the gap.

Wine buyers in SA do not need to fear an impending drought. What they must take cognisance of, however, is that select items may go into short supply. Exports will take up much of what is well made and also effectively priced. Stock pressure is bound to create its own demand for such products.

MICHAEL FRIDJHON



FARM-AG

Farm-ag Limited

(Registration number 05/26632/06)

Preference dividend No 87

Notice is hereby given that a dividend in respect of the six months

Winemaker opposes terms ban

LINDA ENSOR

CAPE TOWN — The prohibition on the use of French place names and terms in the marketing of SA wines placed severe obstacles in the way of developing an export market, vineyard owner Timothy Hamilton Russell claimed yesterday.

He called for an amendment to the regulations issued in terms of the Wine Products Act.

Hermanus-based Hamilton Russell was fined R500 on each of two counts by a Paarl magistrate last week for the unauthorised use of French names such as Bordeaux and Burgundy to describe his wines in a newsletter, order form and other publications. The fines were conditionally suspended for four years.

Hamilton Russell said yesterday the legislation prohibited the use of 261 French terms, names and descriptions of towns, villages and areas connected with wine. The legislation emerged out of a 30-year-old agreement between the French and SA governments which allowed SA to export crayfish to France on condition that it prohibited the use of French terms in wine promotion.

Hamilton Russell said he believed the way the legislation was being interpreted and enforced went against the intention of the French government.

"Clearly the French government would not object

to a statement that the best red wines in the world are made in Burgundy — one of the prohibited names ..."

He added it was also never the intention to place a blanket ban on the names and descriptions when related to the selling and advertising of SA wines.

"The use of certain terms, without in any way wishing to pass off SA wines as French wines, are of great value in assisting producers to firstly export their wines, as well as to describe the quality of their wines in accordance with international norms and usages."

He quoted the phrase "Pinot Noir being the noble red grape of Burgundy".

SADF-Inkatha link to violence alleged

BILLY PADDOCK

INKATHA members who allegedly underwent secret SADF military intelligence training have been directly involved in violence, the Weekly Mail reports today.

According to the newspaper, five military intelligence trainees were being sought by police for their involvement in violence in Natal.

Apparently one has been linked to the murder earlier this year of tribal leader Chief Mhlabanzima Maphumulo. One of the men involved in his murder told the Natal Witness newspaper about his involvement. 8104 17/12/91

Since then he has been protected by ANC members who have worked out a deal with the police to ensure his safety. He has been providing information in tracking down others involved in the planning and killing of the chief.

The Weekly Mail will also publish fresh evidence of covert Military Intelligence involvement in political matters including court records showing that the front organisations that ran and equipped the secret training camps for Inkatha, and paid the salaries of the hit squad trainees, were a military intelligence front.

It will also provide details of other military intelligence fronts that have been involved in similar activities, and more evidence on an Israeli connection. The newspaper says it has evidence at least some of the Inkatha trainees involved in hit squads were trained in Israel.

Weekly Mail editor Anton Harber said he could not divulge further disclosures at this stage, but said this was not the last of the Weekly Mail's information on covert SADF operations involving Inkatha. He said the newspaper would reveal much more evidence in the new year.

French eye historic Cape buildings

LINDA ENSOR

CAPE TOWN — The French government has approached the Cape Town City Council to buy some historic buildings for an embassy and consulate.

The properties are in a block bounded by Hout, Bree, Shortmarket and Buitengracht streets. The French have offered R433 000 for the properties which are valued at R900 000, but has undertaken to spend at least R3m restoring and renovating the buildings.

The council's executive committee has recommended the council accept the proposal subject to the Cape Administrator's approval as the properties have been formally reserved for a parking garage. It has also recommended the properties be sold subject to the French government abiding by development guidelines for the properties.

One of the buildings, in an advanced state of decay, was built between 1788 and 1795 and modernised early in the 19th century.

If the French government took over the building it would have to carefully protect a vine claimed to be the oldest in Cape Town.

Two other buildings on the site were built in 1783 and later used as a funeral parlour before being expropriated by the council in the early 1980s.

The fourth building was built in the late 18th century and is in a structurally sound condition.

The council has recommended that the building be retained in its present state, but would be open to proposals which "imaginatively re-use the existing structure and spaces", say council guidelines.

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A further announcement in this regard will be made

Wine courses to merge

(3) Wine & Viticulture

STELLENBOSCH — The KWV's wine courses are to be merged into the Cape Wine Academy from January 1992, the KWV and Stellenbosch Farmers' Winery (SFW) said in a statement yesterday. *B1 Day*

KWV and SFW have in the past 12 years made an enormous contribution to promoting the industry through wine education, the statement said. *13/12/91.*

The academy, which has been completely funded by SFW since its inception, will now become an independent educational institute continuing the tradition of wine education.

Academy principal Phyllis Hands said the interest in wine courses and wine education continued to grow and an even broader spectrum of courses could be on offer. — Sapa.

LEISURE

Boschendal's new reason to celebrate

3 wine virtuosos

BOSCHENDAL's launch of a non-vintage Champagne method sparkling wine has turned out to be one of the major events in the premium wine market this Christmas.

While the rest of the industry is concentrating on conservative strategies, the Amfarns-owned estate appears to be moving in a new direction.

Boschendal is unquestionably SA's most successful wine estate. It outsells its nearest competitor by about a quarter of its production.

Moreover, the entire crop is sold as estate wine. In other words, there is no need to dispose of surpluses under secondary labels or as bulk wine. In the 15 years

in which it has been producing estate wines, Boschendal has come to be regarded as the primary force in the independent wine trade.

The estate's initial success depended on blended generic wines. It created the Blanc de Noir category and continues to dominate it. In the same way the Blanc de Blanc enjoys considerable brand status in its own right. These two products alone account for a substantial percentage of the farm's business.

By the mid-1980s it was clear that Boschendal needed to create some premium niche products. The Grand Vin Blanc was part of the

answer to this problem. With its unique packaging and the presence of good oak in the vinification, it gave the estate a platform from which to launch itself into the Chardonnay/Sauvignon Blanc era.

About two years later, the estate launched its vineyard wines — specific varietals from carefully chosen sites. The small quantities of Sauvignon Blanc, Rhine Riesling and Gewurztraminer are sold under the single vineyard label only when the quality justifies it.

The Grand Vin Blanc and vineyard wines pave the way for the limited release

Bordeaux blend — the Grand Vin — and the Chardonnay. Ultimately most wine producers in the Coastal Region are judged on the quality of one or both of these deluxe products.

Boschendal's earlier vineyard wines were unexceptional, though the more recent Chardonnays have become industry benchmarks. The 1988 was one of the top three wines at a recent Business Day tasting of current Chardonnays. The 1989 is equally impressive.

At a recent tasting of tank samples with cellar master Hilko Hegewisch, I was enormously impressed

with the 1991 Sauvignon Blanc. This is a wine which certainly justifies the estate's claims about the virtues of a cooler climate.

It is herbaceous, complex, tasty and wonderfully accessible.

The new style of the Grand Vin Blanc also shows a move towards the sophisticated wood and Sauvignon style more appropriate to its presentation.

It is against this background that Boschendal has launched its new, non-vintage bubbly under the name of Le Grand Pavillon. Priced to retail for less

than R20, it is positioned between the generic wines and the premium varietals. The wine is finely made and eminently drinkable. In a methode champenoise market where the average price has fallen about 20% in the past year, the pricing is not a sign of weakness but of strength.

Clearly Boschendal is closing the few gaps left in the range. A competitively priced premium bubbly will enhance the estate's deluxe image without adding an unsaleably expensive wine to the list. This is more than a marketing manoeuvre. In this economy it will give even a strong brand new life.

MICHAEL FRIDJHON

St George's starts brewing

GOOD news for Johannes-
burg beer drinkers is that
the first brew of Mitchell's
draught beers in the city
begins today.

St George's Brewery in
Ophirton will brew Bosun's
Bitter and Forester's
Draught along with its own
St George's Ale and Sher-
wood Porter.

From December 9 the lo-
cally brewed draughts will
be available at 137 outlets
in the PWV area. Mitchell's
draughts were previously
transported from the Cape
Town and Knysna brew-
eries by road.

St George's MD Peter
Brown said: "Our combined
production is now about
220 000 litres a month and
we are the single biggest
producer of draught beer
outside the SAB.

"Our problem is not sell-
ing, but producing enough
beer to meet demand."

SAB public affairs man-
ager Adrian Botha said the
company welcomed the
new beers onto the market.
"As long as they are of good
quality they can only do the
market good.

"The draught market is
small, but there is room for
micro-brewers. Castle
draught makes up about 1%
of SAB's market."



Your health . . . B W Myburgh samples the product of the Loopspruit vines.

Picture: Stephen Davimes

On the Transvaal veld, a wine estate is thriving

By Jacqueline Myburgh

Picture row upon row of dark green Chardonnay vines with tiny green berries about to bloom. Picture luminous green Chenin Blanc vines bearing small white star-like blossoms gleaming in the sunlight.

No, you're not in the wine-lands of eastern France or on the Stellenbosch Wine

Route. You're on Loopspruit wine estate, north-east of Pretoria and 10 km from Bronkhorstspuit, in Kwa-Ndebele.

Perhaps not a glamorous address, but nevertheless home of local wines which have been lauded by wine experts and which have received gold and bronze medals in national wine competitions.

B W Myburgh, wine-maker at this, the only wine estate in the Transvaal, says South African drinkers are prejudiced against wines not from the Cape.

He has been compelled, as a result, to create a curiously deceptive label for his wines. One reads: "Goldenes Fest, a well-balanced rich and fruity white wine grown and made by Loopspruit Es-

tate and bottled by Stellenbosch Bottling Co-op".

"Although the wine is made here, it is really bottled in the Cape," Mr Myburgh says.

Having previously made wine at Simonsig, Bergkelder, and Cango Co-op, the softly spoken Bolander was imported to work his magic with the Transvaal grapes at Loopspruit.

To his surprise, he found conditions here favourable for vine cultivation.

The white thatch farm buildings situated in the heart of the homeland are surrounded by 20,5 ha of thriving vines, ranging from Cabernet Sauvignon to Chardonnay. The first samples of red wine are lying in French oak and should be on the shelves next year.

New market for grape surplus

LINDA ENSOR

CAPE TOWN — Surplus grapes would no longer be turned into wine for bulk export from next year but would rather be sold as grape juice concentrate, KWV CE Ritzema de la Bat said yesterday.

Demand for grape juice concentrate has escalated, especially for use as a natural sweetening agent. KWV hopes to next year increase by 70% the sale of the concentrate, which has a higher return per unit.

Deputy CE Kobus Van Niekerk said there was a current supply shortage of Cabernet Sauvignon, although with 500 new hectares of the variety under cultivation this should be overcome soon.

In the early '80s there had been a decline in demand for Cabernet Sauvignon and in 1984 and 1985 new plantings were fewer than 100ha. *(Day 24/1/91)*

There had since been an upsurge in demand for red wine and substantial plantings of the cultivar since 1986 are likely to improve supplies in 1992/93.

Domestic prices of Cabernet Sauvignon are, however, unlikely to increase.

Van Niekerk projected a 5,4% annual growth in the consumption of premium red wines until 2010 and no growth in rosé wines and said the growth in exports of premium red wines as a percentage of total red wine was expected to increase to 38% from 19%. He forecast the growth in medium priced red wine to be about 5,1% annually. *(3 wine + viticulture)*

KWV has launched many new ranges of wines in the UK, mainly through supermarket chains to give it a broader penetration of the market. *(1988)*

Chief marketing executive Jannie Retief yesterday said that in the past KWV had been limited to the upper end of the medium range of wine and it was necessary to extend into the upper and lower ends of the market.

Retief said a representative of the Finnish government's wine monopoly would visit SA in November to taste the wines with a view to having them listed.

Gordon's Bay and Stenbosch. The inclusion of Atlantis, Paarl and Wellington is still to be investigated.

A constitutional committee is

The report says the level of standards will be one of the most crucial facing Capetonians, but the council will not be party to proposals which under the guise of assur-

The committee says the main work of the future form of local government should be high on the agenda for national negotiations as a prelude to local decisions.

Brits no longer find SA wine unpalatable

LONDON — SA is the flavour of the month, according to the UK wine industry, and major food chains are rushing to fill their shelves. *8/Day 17/9/91*

A report in the Sunday Times says supermarket giant Sainsbury's is introducing a SA wine to its extensive range and Tesco, which recently launched its first four, is topping up with another two next month.

Marks and Spencer's first two SA wines will be available this week, while Asda recently put

three on its shelves.

"Recession-hit retailers seem terrified of missing out on what might just end up as the next great wine trend," says the report.

And it comes as no surprise. SA wine makers, who produce a massive surplus each year, are keen to sell and the weak rand makes prices attractive.

Added to the impressive list of retail outlets are the bottle stores. One chain, Victoria Wine, de-

scribes SA as "one of our major areas for development".

Of the stores which have been quietly selling through the sanctions years, are Waitrose — which has added two to its range — and the Thresher and Wine Rack chains which are looking at market possibilities for next year.

Timing is at it's best now. Sanctions have gone, and added to this is the disastrous frost-bitten 1991 vintage from Europe — and price hikes over the past 18 months which show little sign of abating.

(3) wine + culture
Own Correspondent

PROPERTY

Strand timeshare selling well

Reported by
PETER GALLI

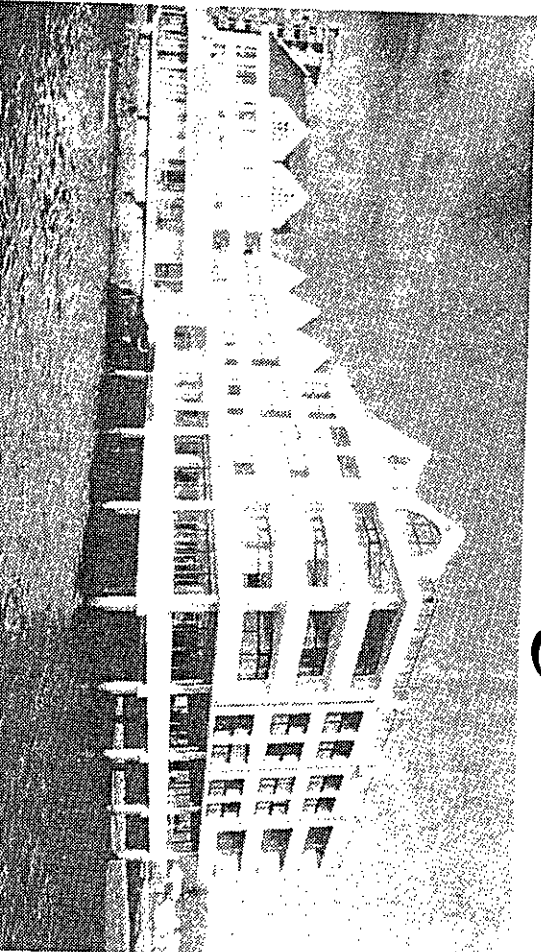
A LARGE number of the timeshare units at the new R30m Strand Pavilion resort have been sold, with the entire development expected to be sold out by April 1992, says Ovland Timesharing marketing director Richard Noyce.

The resort offers both timeshare and hotel units and is built 30m into False Bay, so that all the rooms offer sea views. The timeshare side is being marketed by Ovland Timesharing and the hotel part is being managed by Places.

Prices range from about R6 000 for a one bedroomed suite out of season to about R85 000 for a three-bedroomed penthouse in peak time, with levies varying from R365 a week to R745 a week.

The resort also offers a conference centre which, although geared for about 30 delegates, can accommodate up to 50 at a time. The centre is also managed by Places.

The resort has proved very popular, selling about R1m worth of timeshare a month, with sales of more than R18m to date. People who buy in the out-of-season flexi-period between the end of April and the end of November will be able, subject to availability, to swap their week for any other in that period. Located in Somerset in the western Cape.



Most of the timeshare units at the Cape's multimillion-rand Strand Pavilion resort have been sold.

Strand Pavilion is about 50km from Cape Town and offers 58 residential suites ranging in size from 35m² for a single unit to 114m² for a three-bedroomed penthouse.

The ground level has a 2 200m² shopping mall with boutiques and speciality stores. The resort is the brainchild of Strand devel-

oper Dave Venter and took some time to get through municipal, local authority and state negotiations before building could start. Permission has been given by the local council for the building of an Olympic-size, indoor heated pool next to the resort for residents and the local community.

Battle over

More local buyers invest in wine and fruit farms

MORE and more local buyers have been investing in wine and fruit farms in the Cape over the past two years, says Pam Golding Properties Boland division manager and company director Glynis Bricknell.

In an interview in Cape Town, she added this was a reversal of the situation previously where foreign buyers were buying many farms.

While many of the farms had "gone to rack and ruin" offshore investors had bought and upgraded them. The political situation was partly responsible for the reversal of this trend, with more local buyers in the market now than foreign ones, she said.

Pam Golding Properties agricultural agent Liebeno van der Merwe said some of the larger corporations were buying wine farms because of their status appeal and long-term potential, but the real investment lay in fruit farms, which offered an excellent yield.

People considering investing in wine farms were often more interested in the location and homestead than in the operation's profitability. The grape price was often insufficient to give the farmer a good profit. **R100-200/ha**

In contrast, prospective fruit farmers considered how much money could be made per hectare. Van der Merwe added there was a move back to bigger farms as the smaller farm was becoming less and less viable.

While demand outstrips supply for established, profitable and well run farms, there are a number of wine farms available in the Franschhoek area. One, Dieÿ's Dome, with a KWV quota of 245 tons, is for sale at R4,3m.

This includes a four-bedroomed homestead, a two-bedroomed cottage, a three-bedroomed manager's house, labourers' accommodation and a bottling and packing store. Another farm, Morelig, is on the market at R1,55m.

Old Cape wine farm to open doors to guests

8/10/91 8/8/91
CAPE TOWN — Constantia Uitsig, a wine farm nestling in the Constantiaberg, is opening its doors as a guesthouse.

The 17th-century farm is about 15 minutes drive from the centre of Cape Town and is being offered to businessmen and travellers as a bed and breakfast venue.

The farm is next to Buitenverwachting and in the neighbourhood of Groot Constantia. Eight separate Cape Dutch-style

② wine + viticulture
LINDA ENSOR

cottages have been built near the farmhouse. There is one family unit.

Wine-making has recently been revived on 170 acres of the farm with the maiden vintage expected by 1994, when a winery and cellar will have been built.

A restaurant is also planned.

Bl Day 29/7/9

Tourists are vital to boost wine exports

A RECENT tour of the German winelands together with an opportunity to look at the wine training offered by Lufthansa to its trainee cabin attendants, raised many issues of growing relevance to SA. Several of the most important German wine regions are as close to Frankfurt as Paarl and Stellenbosch are to Cape Town. An hour's drive takes you from the airport to the Rheingau and Rheinhessen, to Schloss Johannesburg and Kloster Eberbach. Another hour in the same direction brings you to the heart of the Mosel.

The importance of these wine regions over the centuries, together with the traditions which have grown up around each town, have created a powerful tourist momentum. This in turn creates an export market. Germany's premium wines sell because of the near universal respect in which they are held by experts. The less expensive, high volume sales result in part because wine drinkers have a tourist feel for the wine country.

As SA moves away from international isolation, the wine industry is looking to exports as the *deus ex machina* which will save the Cape from over-production. The hotel trade, already battered by Gulf war cancellations, prays for a travel boom.

SA's boutique wine producers will profit immediately from the end of sanctions: six export markets each buying a thousand cases from each of the country's top 50 wine farms will draw 20-30% of SA's premium wine volumes. If all this were to happen however, it would amount to only 1% of the country's annual wine consumption and less than a third of 1% of the Cape's wine harvest.

SA will begin to move large volumes of its surplus only if the wines are priced competitively and if there are core groups of consumers in each country with a tourist's happy memories of the Cape. We know that Paarl, Stellenbosch and Constantia have the most spectacular vineyards in the world. I suspect, however, that we are many years behind the professionalism I encountered in Germany.

The tours organised by the German Wine Institute are well managed. The tour guide was well-informed, fluent in English, amusing and gently self-deprecating. The German Wine Institute also offers week-long programmes for visitors who want to cover all the wine regions in a more in-depth way. These are surprisingly inexpensive and suggest that the organisers recognise the export benefit. Lufthansa's training programme was more thorough than anything offered to wine stewards in SA hotels. The course book would do credit to the best of our wine academies.

If SA wishes to capitalise on the end of sanctions, we have very little time in which to gear ourselves up for the modern world.

MICHAEL FRIDJHON

Will the trickle become a flood?

THE new South Africa needs exports and the first overseas foray for winemakers in the changed political climate was a large and well-attended tasting of Cape wines for trade and press in London.

The next was our appearance at Vinexpo, probably the largest wine show in the world, held in Bordeaux last month.

The buzz went around the huge hall — the South Africans had a stunning Sauvignon Blanc at their stand. The South Africans are back, people are talking to us and about us and before long Cape wines will again be found on tables around the world.

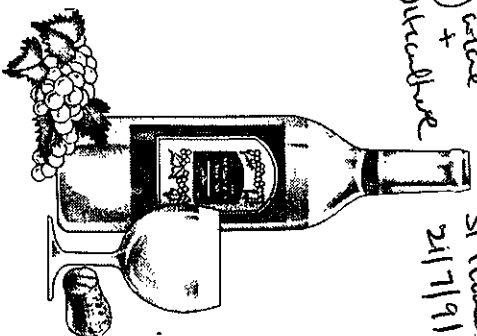
Our winemakers, cold-shouldered through no fault of their own, will respond eagerly and give of their best. But where does that leave us thirsty (and loyal) locals?

Wine producers will export only their best wines, but not only for reasons of prestige. At a cost of approximately R8 a bottle for transport, duties, VAT etc, it simply does not make financial sense to export a bottle in which the wine costs less than getting it to market.

The trouble is there is too little of the best, more so at the Cape, perhaps, because for too long the emphasis has been on quantity rather than quality — a trend being slowly reversed, thank goodness.

Those who buy wines like DeLheim's Grand Reserve or Simon's Chardonnay know only too well that to arrive four weeks

3 wine
+ ultralight
STC
21/7/91



Cape Wine Master IRINA VON HOLDT wonders what will happen to local prices if South African wine exports take off

after their release is to arrive too late. We are not alone, however.

FOR example, I was told at Moneix, a respected family firm in the Bordeaux area which part-owns fabled Chateaux Petrus (reputedly the most expensive red wine in the world), that only three cases are rationed to each of their best customers. For "customer", read major wholesaler.

With buyers chasing the same bottles there can only be one result — much higher prices for our top wines. The law of supply

TASTING NOTES: BOPELAAS SOET HANEPoot 1990

COLOUR: Good bright golden yellow. **NOSE:** Appealing freshness, delicate muscat that blossoms in the glass. Slightly raisiny. **PALATE:** The palate is a delicious surprise — light and silky sweet with firm acid (that is the surprise) giving the wine lovely balance and a long clean finish. Altogether a new-style Soet Hanepoot — elegant, light and very refined, must be served chilled which enhances its delicacy. Perks up guests beautifully and is the perfect in-between tippie — would be right at any time of the day in winter, and especially so in front of a roaring fire, but would also make a delicious summer liqueur after dinner.

and demand dictates that if there is a shortage the price goes up and, clearly, there will be an even greater shortage of our best wines than exists today.

Bear in mind too, that all costing until now has been calculated without the new markets.

Hard-pressed local consumers should not be called upon to subsidise exports, however. South Africans were dismayed to find that, at the height of the red wine shortage in the 70s, bottles of our red wine could be bought overseas at a third of what we were paying here, if we could find them.

On the other hand, perhaps we should do it as the Italians do — export oceans of ordinary wine at a good price and keep the best at home.

Price is a major factor in Europe, too, reeling under the impact of a liberated Eastern Europe. Europeans' educated palates are at present very cost-conscious and our wines

are perceived to be good value. But already there have been mutterings about the cost of our higher priced wines.

At this level they must compete with well-established names from among the best of the New World.

GRIOUSLY, a major retailer from the UK confided in me that ever since we had become politically sanitised his sales of Cape wine had dropped, which is an interesting commentary on the eccentricity of the British.

In the longer term, the impetus of export *must* stimulate the production of wines that will be better and better still — more wines, more jobs and more money for all, but that is still far down a very long road.

In the meantime, I shall tuck a few extra cases into my cellar — call it the "just in case" case. *Irina von Holdt will write a regular wine column for ERGO.*

THE scramble to replant the premium vineyards of the Cape has not proceeded without problems.

The financially debilitating Gros Auxerrois/Chardonnay scandal forced many wine farmers to replant vineyards twice within four years.

Some of the new varieties have proved to be commercially successful. However, the two great cultivar disappointments have been Rhine Riesling and Pinot Noir.

Despite world acknowledgement that the varieties are "noble", the wines they have yielded in the Cape do not command premium prices.

Supply, however small, exceeds demand. For the farmers who invested the same money to plant a hectare of Pinot Noir as they might have for a hectare of Cabernet, this outcome is hardly gratifying.

In the 10 years or so that the Cape has enjoyed access to Pinot Noir and Rhine Riesling, the cultivars have acquired a peculiarly negative reputation. Winemakers tend to offer wines produced from them with a slight diffidence, as if they are expecting a rebuff.

You often hear remarks like "it's quite good for a Rhine Riesling" or "it tastes better than it looks" (when discussing Pinot Noir).

There is no doubt that both these

Replanting has its problems

ALSO BY 9/17/91

MICHAEL FRIDJHON

varietals are not as easily handled as Cabernet or Chardonnay. This observation is not limited to the western Cape: California is still struggling with the scions of nobility, and so are the Australians.

Most wine experts recognise that Pinot Noir performs well on a stretch of the Cote d'Or that is never wider than 5km and is less than 30km in length.

Rhine Riesling has a slightly wider franchise. It makes excellent wine in most of the major areas of Germany and performs well in isolated pockets elsewhere — Alsace and Friuli, for example. Just the same, it is by no means the major varietal in any of these areas. It is as if time has taught the locals to weigh the virtues of its successes against the risks of its failures.

Both varietals share certain features. These may help to explain their performance in SA and direct the more perspicacious wine drinkers to the probable market leaders.

Both varietals succeed in Europe at the outermost limits of quality

(3) wine culture

wine production.

The best Pinot Noirs come from the northern, and therefore cooler, parts of the Cotes de Nuits.

Further north than that there is only Champagne, and there the Pinot Noir is made like a white wine, a blanc de noir where colour and grape maturity are less significant than they might be for a red wine.

Rhine Riesling also struggles in the cooler climate of Germany.

While both varietals produce their best vintages when the weather is unseasonably hot, such exceptional years are only warmer by comparison with the leaner, meaner ones.

Where the vintage is too hot, like the 1976 drought in Burgundy, the Pinot Noirs are too big, too clumsy and, ultimately, too flat. They have colour and alcohol without finesse. The really cool years are no better. In such vintages there is in-

sufficient sunlight to ripen the grapes. The result is harsh, green wine, bulging with stalky fruit but lacking roundness and refinement.

These are narrow limits within which to set a cultivar to perform. Cabernet manages to produce creditable wines from climatic regions which range from near desert conditions to those of Bordeaux.

Chardonnay is amazingly versatile. It is no wonder that wine growers around the world, having successfully transplanted these two cultivars, imagined that all the other leading varietals would be as easy.

Pinot Noir and Rhine Riesling need specific climatic and soil conditions, a package the French call "terroir". This combination of the right cultivar in the right place for the right sunshine and rainfall defines the success of Pinot Noir in a narrow and limited strip of Burgundy as accurately as it reflects the performance of Rhine Riesling in the top sites in Germany.

The New World must eliminate the also-rans of these more tempera-

mental varietals.

Hamilton Russell and Boucard-Finlayson in Hermannus can make good Pinot Noir. So will a few other growers whose Cabernets do not always get enough warmth to ripen properly.

Constantia's Rhine Rieslings, and perhaps a few of the Cape's mountain vineyards, will also perform creditably. So will those producers willing to gamble on a full, rich, noble late harvest, where the extra warmth and ripeness adds to the virtues of the wine.

It should come as no surprise to discover that Gunter Brozel's SA champion wine last year was a Rhine Riesling Noble Late Harvest modelled on a German Beerenauslese.

You cannot expect the varietal to produce delicate fragrant off-dry wines in most of the Cape's vineyards. Those who have planted Rhine Riesling must accept that it yields natural sweet wines in warmer climates.

Temperamental cultivars with great potential need extra attention. The French have learnt to use underripe Pinot Noir to make champagne.

The Cape needs to maximise the results from varietals which do not offer easy solutions.

LETTERS

THE COMPANY OF 1991 WILL MAKE UP THE DIFFERENCE



Beer – food of the Zulus

IN 1881 the Zulu king, Cetshwayo, was questioned before the Native Laws and Customs Commission:

Have you any law preventing people from drinking or selling beer made in your country?

No, that is the food of the Zulus; they drink it as the English drink coffee.

Does it not make them drunk? (3) *What +*

Some get drunk when they drink too much.

Are they punished? (2) *What +*

No, unless a man does something wrong when he is drunk.

Beer was not only "the food of the Zulus". Beer-drinking was common throughout African societies in South Africa. People brewed beer from the grain, corn or fruit of their plentiful lands.

The most common drink was made from sorghum or maize. This beer was known as utshwala (Nguni) or byalwa (Sotho). Brewing could take from four to 14 days. The final product was a thick, pink-coloured drink. It usually had a low alcoholic content, was refreshing and rich in nourishing vitamins. It was like a staple food rather than an alcoholic drink.

But there were many different kinds of drink and many ways of producing them. For example, in the Northern Transvaal people sometimes brewed strong drinks from marula berries or from the leaves of prickly pears. In the Western Transvaal a popular drink was made from honey. It was very strong.

Women were usually responsible for brewing beer.

Naboth Mokgatle, who grew up in Phokeng in the Rustenburg district, says in his book *The Autobiography of an Unknown South African*: "Every woman in my tribe is expected to know how to brew good and nourishing beer".

Drinking beer was strongly associated with manhood. Men were expected to be beer drinkers. An old Zulu saying, "utshwala buqinisa umzimba", means "beer strengthens the body".

Beer served a number of purposes. It could be used as a form of payment. For example, a herbalist could be given beer for protecting a farmer's crops.

Beer was also important at certain events because it helped to build friendly relationships with other people. At weddings the beer-party united the family members of marriage partners. Initiation, death and other important stages of life were associated with large beer-parties.

So it was not just drinking beer that was important. Rather, beer-drinks helped to strengthen bonds between people. – *Brewers, Beerhalls and Boycotts*, published by Ravan Press.

VITICULTURE & WINE

1992

SA image improves overseas . . .

KWV gears for higher exports

CAPE TOWN 9/4/91

3/11/700

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By AUDREY D'ANGELO
Business Editor

KWV — which lifted export sales by 42,8% in 1990 — has drawn up action plans to boost them further as perceptions of SA improve overseas, the directors say in the annual report.

And it expects export earnings to improve as changing circumstances make it possible to sell more branded wines overseas.

"Full-price branded wine exports will obviously earn considerably more revenue for the producer than bulk commodity exports."

KWV's annual meeting will be held in Paarl this morning. And there are likely to be fireworks, because some wine farmers have accused the giant co-operative of competing with its own members in the domestic market.

The annual report, issued yesterday, says KWV's own sales of brandy and other spirits to domestic wholesalers showed firm growth in the past year.

"This was brought about by the growth in the market and wholesalers replenishing their stocks.

"The producers' sales of good wine to wholesalers increased by 18,8% in 1990 whereas sales of natural wine to the retail sector and the public rose by about 2% over the period.

"The conclusion drawn from this is that the wholesalers' working stocks have increased, which could lead to reduced producer sales in 1991.

"This trend confirms the cyclical purchasing patterns of the wholesalers, which create problems for the industry both in terms of good wine production planning and an irregular cash flow."

Discussing improved prospects for exports the report says: "Following the changing attitude of foreign buyers with regard to SA brands, a start has already been made with the introduction of a higher profile advertising and publicity programme in various countries.

"As political pressure eases further in foreign markets, KWV sees a great potential for further expansion of brand product exports from SA.

"To make full use of these changing circumstances, several action plans were drawn up in the year under review and some

have already been successfully implemented."

However, the report warns, high inflation and interest rates "continue to jeopardise exports. Furthermore the shortage of red wines, particularly Cabernet Sauvignon, causes concern in view of the expected sanctions-free market."

Discussing the domestic market, the report says the unfavourable exchange rate of the rand to the £1 helped sales of SA brandy by pushing up the price of imported spirits.

"It became apparent that the consumer was more price conscious during hard economic times.

"The brandy market showed a reasonable growth for the second successive year. Brandy sales increased by 4,5%. Competition among the various brands is strong, particularly in the premium and standard price categories."

In addition to this, the report says, "overall sales of natural wine showed an increase of almost 2%. Sparkling wine continued its good sales of the previous year, with an increase of 8%. This, however, was from a relatively small base."

Inexpensive co-operative wine in the shops, now that wholesalers are pressing co-ops to stop trying to develop their own markets.

According to the co-ops, the wholesalers are moving to protect a market already eroded by a moribund economy. Thus co-op wine, usually cheaper but not necessarily of lesser quality than premium brand names or estate wines, could be out of reach for consumers unable to travel to the co-ops themselves.

Co-operatives form the backbone of the wine industry. Ranging in size from two to 175 farmer-members, there are about 70 in all — and together, they produce more than 80 percent of the annual crop. The bulk of this is sold to wholesalers, such as Stellenbosch Farmers' Winery (SFW) and Distillers.

But the recession of recent years has meant that, although improved production and know-how has expanded harvest volumes, the wine market has remained stagnant. People are drinking less wine — which means the wholesalers have been buying less.

As a result, some co-operative producers have been casting about for new markets for their wine, through bottle stores, restaurants and wine clubs. According to wine industry sources, wholesalers are thus finding themselves in direct competition in the marketplace with their major suppliers.

Big squeeze on co-ops in fight for wine sales

③ Wine + viticulture

W/Mar 23/10 - 29/10/92

As the recession bites, battle lines are being drawn in between wholesalers and co-operatives squabbling over market share. By GAYE DAVIS

A co-operative-based Cape winemaker, who would speak only on condition that neither his name nor that of his co-op be used, said: "It's not as if they (the major wholesalers) threaten you, but you get the message.

"The relationship between ourselves and the wholesaler is very bad. They don't want us to advertise our wines, or sell them in restaurants, or enter them in competitions. It's terrible, because then we can't assess the quality of the wine we're producing ourselves.

"But there's nothing we can do. I can't go against the big guys."

Edu Klarenbeek, manager of

Woodstock World of Wine which stocks the products of about 30 co-operatives and estates, said: "Co-ops are producing more wine and also better-quality wine. A lot of co-ops have their own winemakers, and they can produce wine more cheaply than a lot of the estates.

"The co-ops have come under a lot of pressure from the wholesalers. They were a direct threat, both price and quality-wise — so the wholesalers put the screws on. There's little the co-ops can do, because what they earn from selling to the wholesalers is their bread and butter."

Where does this leave the consumer? "In a bind," said Klarenbeek.

"He has to drive out to a co-op to get wine he might otherwise have been able to get off the shelf of his local bottle store."

SFW administrative director Andre Steyn said the company "definitely has no policy of penalising people who compete with us. Instead, he said, SFW was guided its purchases of bulk wine from co-ops by quality and style.

"We're in fierce competition with those in the marketplace, but at the same time, we're committed to buying the best-quality wine that we can for the consistency that is the trademark of our products. Sometimes we can only get that good-quality wine from people who are competing with us in the marketplace.

"It's obvious there are all sorts of perceptions of us ganging up on co-ops," he said. "But we're not. The perception has arisen through the fall-off in market share — with the result that we have cut back in buying from all of our producers."

According to Steyn, this gives rise to a vicious circle: the co-operative is then virtually forced to find another market for his good wine.

While the total wine market grew by 10 percent between 1984 and 1992 over the same period, wholesalers saw their market share decline from 82,5 percent to 65 percent, according to Cape Wine and Spirit Institute figures. But during the same

● To PAGE 21

Putting the squeeze on co-ops

From PAGE 19

period co-op wine sales soared by 200 percent.

"Co-ops more than doubled their sales during this period off a relatively small base," said Steyn. "It's a dramatic increase."

Because they can produce wine more cheaply than estates, where huge amounts are spent on wood-maturation and bottle-ageing, co-operatives have been able to pitch their products at the lower end of the price spectrum, which is where the wholesalers have been feeling the decline in sales most.

For the consumer, the entry of co-ops with low-priced, good-quality wines in the marketplace has been a boon. But traditionally, the wholesalers have been responsible for marketing wine, pumping money into advertising, brand-building and education. Their pique at co-ops selling directly to the public at lower prices and trading on the slip-stream created by the big, expensively promoted brand-names is perhaps understandable.

SFW's Steyn used the boxed-wine market as an example. It was initially developed by strong trademarks, such as Autumn Harvest, and a great deal of money was spent on promotions, packaging and the wine itself "to ensure consistent quality."

"In about 1992 there was a substantial increase in the 'good wine' price set by KWV, and this meant in

an increase in the price of boxed wines. It was also an opportunity for primary producers (such as co-ops) to come in at lower prices.

"Market share eroded significantly, yet the sector remained relatively stagnant for some time at sales of about 40-million litres a year," he said. "The result was that those in the market had to skimp on advertising, services, distribution and, inevitably, quality control. SFW has tried to hold the quality — at some disadvantage to ourselves."

However, a wine industry source said part of the blame lay with the wholesalers who spent "millions developing a sophisticated image for wine so that people would pay R30 for a bottle" — and neglected the lower end of the market. "Now the co-ops are coming in and hurting them," he said.

"These days co-ops are winning significant awards for their wines. The days of co-op wine being seen as inferior are over."

"The consumer can only benefit from this situation — but the farmers, who have labourers and their families dependent on them, are sitting between the devil and the deep blue sea. They're taking a hell of a risk if they get the screws put on them (by wholesalers) in the current economic climate."

Cape wine master Sue Brown, writing in a recent issue of *Wine of the Month Club News*, attributed the success of some co-ops in the mar-

ket to "their realisation that there was a need for value-for-money wines even in pre-recession days".

The question remaining, wrote Brown, was whether co-ops such as Swartland, which sells no wine to wholesalers but markets its entire crop itself, can retain their market share. "More co-op wines are appearing on the shelves, there is more aggressive marketing from the wholesalers and even down-trading by some estates in the use of second labels," she wrote.

SFW's Steyn believes some co-ops may be feeling the pinch: "The economy is showing no signs of coming out of the trough and trading conditions are very tough. Those who built their markets on price-cutting may yet burn their fingers."

Other co-ops are content to leave their marketing to those with the know-how — the wholesalers. Said Zakkie Bester, of De Wet Co-op: "Many people have problems with the attitude of the wholesalers — they're preventing a free-market system. It is so that, generally, producers are not happy with the actions of the wholesalers."

"I see it like this: the wholesaler is my marketer. I'm not geared to marketing my wines myself. It's up to us to produce the wine and up to the wholesaler to market it. We're looking for new markets, but the wholesaler must identify them."

Local wines set to crack major markets

STONES (BUS) 27/12/192
3 wine + viticulture

WHEN export barriers came tumbling down, the wine industry was largely ready.

On the one hand, while waiting and watching, winemakers and marketers learnt what overseas consumers wanted, but on the other were unprepared for the keen prices that buyers demanded.

In the UK 80% of all wine sold is under the £3 mark, and the British wine buyers who poured into this country in search of suitable wine were both expert and demanding.

At this price, a case of wine means virtually no profit, but at least staff are being employed and turnover maintained. With inflation running at around 15%, it is unlikely that these prices can be maintained.

Sanctions

KWV export marketing executive Piet Mornberg said that an export target of 1.3-million cases had been set for the industry this year.

Final figures were not yet available, but the target looked very achievable; other spokesmen

By IRINA VON HOLDT

nearly 1.8-million cases. Of particular interest is the speed with which this was achieved, coming off a modest base of 200,000 cases in 1985.

SA has the potential to improve on those figures as our wine production runs at well over double that of Australia. The shrill pro-sanctions voice from Australia is understandable, as it was that country which stood to benefit handsomely, and that included wine sales.

They are only too aware that at present they are in a "window period" before SA wine exports come fully on stream.

Sensitive

The US is a particularly enticing market, though it cannot compare in volume to that of the UK.

Total imports to the US are 20-million cases a year (against the UK's 60-million), mainly to the eastern states, which have only modest vineyard plantings compared with those of California. Exporters have been dismayed

at the complexity of the market and have said it is like dealing with 51 separate countries.

The KWV has had a measure of success in the US with its so-called "sexy" Springbok range, featuring labels with Springbok in the veld against a backdrop of Bushman-style painting. The wines are already in 25 states.

The Bergkelder is particularly pleased that last month it appointed the experienced and respected firm of Louis Roederer, the well-known champagne house, as agents to assist it in its re-entry into the complex US market.

In turn, it has a complex range of wines from 17 estates as well as its own-label products. The agreement may well have another spin-off at home — we may see more of the famous champagne on our shelves.

From Stellenbosch Farmers Winery, spokesman Richard Cole-shaw pointed out that in the US there was still some political sensitivity towards this country.

They had done unexpectedly well with the Nederburg range and had run out of stock, and the firm was considering airfreight-

ing wine to the US rather than being unable to supply at this sensitive stage.

SFW has for some years looked to the rest of Africa, and to Thailand, Singapore, Hong Kong and Japan, as well as more recently to Kenya and possibly soon to Zimbabwe.

While wine has been exported, ideas have been imported, and the SA consumer is benefiting.

Until the late 80s winemakers seemed to be trying to outdo one another to see who could make the longest lasting wine. Mouth-puckering tannins in the reds and over-oaking of the whites became the order of the day. Not so now. We are seeing a new generation of user-friendly wines, ready to drink almost as they hit the shelves: soft fruity and generous and no need to bequeath them to heirs, yet their makers claim that they will last.

To avoid any shortage of supply in the future, this year also sees the lifting of the quota system, so that now farmers can produce as much wine as they wish and there can be no excuse for lack of exports, barring political disaster.

JANCIS, Robinson's mid-December column in the London Financial Times focused on the reasons why winedrinkers have never had it so good. Wines are better, more accessible and more reasonably priced today, she argues, than ever before.

This probably holds true for all quality-wine drinkers who live and earn money in hard currency areas where excise on wines has not increased ahead of the rate of inflation. Unfortunately, this is not the case for South Africans.

Indisputably there are now more good wines about than ever before. Wine technology has improved in all of the world's major wine producing regions, and the Western Cape has been no exception. In the past two decades we have seen a vast improvement in the Cape's vineyards, in the quality of the planting material, in the treatment of the soils, in cellar equipment and in the judicious use of new French oak.

The competition between Old and New World winemakers has produced a host of benefits. Since this process has pretty much coincided with international pressure against alcohol abuse, wine consumers have sought out quality in preference to quantity. Wine growers now have the necessary incentive to make better wines: they know that lower yields will be compensated by higher revenue per litre. No one minds paying a premium for an improvement in quality so long as the increment in price is in line with the improvement in what has gone into the bottle.

SA wines fall behind in value for money

^③ wine + viticulture
b/Deur 31/1/92

The SA situation diverges substantially from this due to the skew of our weakened currency and the introduction of import surcharges. Local growers have been protected from the reality of international quality/price ratios. From the mid-1980s onwards the collapse of the rand sent the prices of imported wines into a spiral which frightened off many potential drinkers. Since this coincided with a considerable increase in local wine quality, wine aficionados were justified in concentrating their spending on Cape wines.

Vestiges

This led to a surge in demand for the best SA wines and, of course, higher prices. By then of course, rarity was its own and sufficient reason: no one thought to seek out good international value, because the status sector of the market had been usurped by the so-called "unobtainable" local wines. Then, in 1987 government introduced import surcharges, ostensibly as a short-term measure to protect our beleaguered exchange rates. Even dispensing with the argument that the weak rand was its own strongest disincentive to importers, the surcharge eliminated the

last vestiges of international competition from the local market.

The imports which continue to enter the SA market do so for a limited and discriminating audience who have long abandoned any respect for the buying power of the rand. In the meantime, the Cape wine farmers have priced their wines into the vacuum left by the spiralling cost of imports. Until local surpluses provided their own touchstone of reality, it was not uncommon to see Cape Methodes Champenoises sparkling wines selling at R30 a bottle, the price at which real French champagne sold until the introduction of the surcharges a couple of years ago.

These same surcharges have inflated the price expectations of the Cape's cabernet and chardonnay producers. They actually think that their young wines are worth more than R20,00 a bottle on release.

Now that we are able to trade again with most of the rest of the world, they are fast learning that these prices are unrealistic.

But in the meantime, their delusions have been supported by inflation-battered SA consumers, themselves the victims of the surcharge-crazed fiscus.

MICHAEL FRIDJHON

Vine imports 'could kill wine industry'

B/D/92

JONATHAN REES

6/1/92

PRETORIA — Government has issued an urgent warning about the illegal importation of vine plants, which it says could wreak havoc with SA's multimillion-rand wine and grape industry.

Killer viruses and bacteria in grapevine propagation material could damage up to 90% of the grape crop, or render soils useless for up to five years, says the Agriculture Department's directorate of plant and quality control.

Certain pests, if imported to SA, could force a 50% escalation in pesticide expenses, rendering viticulture unprofitable. The penalty for importing vine propagating materials is a R50 000 fine.

A spokesman for the directorate says that, although no lethal pests have been detected in SA recently, vigilance is essential as they can spread easily.

Among the pests most dangerous to the wine industry is tomato ring spot virus. It is impervious to most decontamination measures. Druifemot can damage between 60% and 90% of a grape crop, and even regular chemical spraying will not eliminate losses entirely.

The directorate says pesticide residue can affect grape exports, which have to comply with international requirements.

The problem with importing lethal crop diseases lies mainly with amateur gardeners and tourists, as most grape producers and plant breeders know the risks involved in importing vine propagation material.

Wine producer price

up 12,7% — KWV

(3) wine + viticulture
LINDA ENSOR

CAPE TOWN — The price farmers would receive for wine products had been increased by an average of 12,7%, KWV chairman Pietman Hugo said yesterday.

The average producer price for natural wine was up 10,9c a 750ml bottle.

Hugo said: "The minimum price which the wine farmer has received over the past 10 years has increased by an average of 12,7% a year. During this period the inflation rate has increased by an average of 14,6% a year and food prices by 14,7%."

The 1992 crop was expected to drop to an estimated 966-million litres from last year's 979-million litres. Of this, 78,3% was expected to be marketed domestically and the rest exported. *Monday 15/11/92*

He was pleased that a large number of estates, co-operatives and wholesalers had entered foreign markets during the past year, and said exports of quality branded products were expected to increase.

Although the sanctions era's largescale export of bulk wine to East European countries was over, new opportunities for grape juice were opening up.

UK wine sector finds SA products pricey

SA WINES are overpriced in the UK, leading British wine industry sources say.

A spokesman for the Wine Society, the UK's leading subscription retailer, said yesterday that Cape wines were highly regarded in the middle market, and that the taboo surrounding SA products was disappearing. However, SA wines faced stiff competition from Chilean, Australian, Californian and New Zealand exports.

"The feeling among the retail industry here is that SA wines tend to be highly priced for what they are," she said.

A Meerlust 1987 Cabernet Sauvignon

DARIUS SANAI

cost society members £10. A similar Bordeaux wine retailed at the same price, the spokesman said. SA chardonnays were retailing at £6-£9 a bottle, while a highly regarded French chablis of recent vintage often cost very little more.

A source at one of London's most exclusive independent wine stores said SA wines did not justify their prices.

Joanna Standen, spokesman for the Thresher group which owns the country's three leading chains of off-licence retail

stores, said SA wines would have fared better if they had become socially acceptable five years ago. Taking this into consideration, they were not doing too badly.

KWV spokesman Jannie Retief said yesterday the co-operative was "very pleased" with sales in the UK, which was now KWV's main export market.

"I dare any producer from any country to beat us on value for money," Retief said.

Highly placed sources said that not all British consumers yet "approved" of buying SA wines. Some retailers still refused to stock Cape wines.



CHEERS! ... Cellar master Newald Marais and laboratory assistant Marianne Heyns celebrate Nederburg's 200th harvest
Picture: AMBROSE PETERS

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A pressing occasion in history
St. James (Cm)
 19/11/92
 ② Wine Culture
 By JANICE HILLIER

ONE of South Africa's most famous wine-estates celebrated its 200th grape harvest with pomp and ceremony yesterday.

Nederburg — keeper of proud traditions and home of the Auction of Rare Cape Wines — held a traditional pressing of the harvest and a lunch under the oaks in front of the homestead to mark the historic occasion.

The estate traces its history back to 1792, when the Commissioner General at the Cape, Sebastian Nederburgh, granted a piece of land near present-day Paarl to a German immigrant, Mr Philip Wolvaart.

Before long, Mr Wolvaart had planted the first vines and in 1800 built the imposing homestead, now a national monument.

A succession of owners occupied the gabled house until 1937 when Mr Johann Georg Graue, a winemaker from Bremen, Germany, bought the estate and realised its potential.

Nederburg has since played a major role in the wine industry's development.

Among the 250 guests who raised their glasses to the 200th harvest yesterday morning were the Administrator of the Cape, Mr Kobus Meiring, the Minister of Home Affairs, Mr Gene Louw and winemaker Mr Günter Brözel.

Two wines chosen by cellar master Mr Newald Marais for the day's celebrations were Nederburg Weisser Riesling 1985 — SAA's wine of the month in November — and Nederburg Paarl Cabernet Sauvignon 1982, which is to be served on British Airways and Cathay Pacific flights later this year.

To commemorate the bicentenary, Struik Publishers have commissioned Phillida Simons to research and write a 250-page book on the winery. The book is to go on sale in September.

Fire threatens Cape wine estates

STELLENBOSCH — Forestry officials who had battled since early morning to stop a fire from destroying winelands near Stellenbosch saw their efforts go up in smoke when farm workers started to backburn at Delheim and Simonsberg farms shortly before midday yesterday.

District forestry officer Braam du Preez said firefighters who went to the top of Kanonkop to stop the blaze reaching the plantation saw smoke coming from the other side of the mountain.

"It seems someone on the other side panicked and decided to backburn to prevent the fire from reaching Delheim. This led to someone at Simonsberg, next door to Delheim, also starting a fire and now we fear a chain reaction from other farmers," he said.

Du Preez said this meant the people on

the mountain could be caught in a pincer movement of fire coming around the mountain and back into the plantation.

"We thought we were winning against this fire, but now things are getting out of hand. If the wind comes up we will have to get our men out of this area because they are our main concern."

The fire started on Rhodes Fruit Farms about midnight when an electricity pylon was blown down by wind and set grass alight. Du Preez said the fire had not reached winelands or orchards, but was racing along and up the mountain, threatening 200ha of plantation.

He said nature conservation firefighters had tried to stop the blaze but the vegetation was too dry and dense and firefighters were forced to retreat before 30m high flames. — Sapa.

Unionists win leave to appeal on kidnapping

A RAND Supreme Court judge yesterday granted trade unionists Jay Naidoo, Moses Mayekiso and Sydney Mafumadi leave to appeal to the Appellate Division against their conviction on a charge of kidnapping a security policeman in August 1990.

Cosatu general secretary Naidoo, assistant general secretary Mafumadi and Numsa general secretary Mayekiso were sentenced to fines of R2 000 each (or one year's imprisonment), plus a further one year's imprisonment suspended for three years after they were found guilty of kidnapping and assaulting Monge Maleka.

An appeal against conviction and sentence on both charges was heard in the Rand Supreme Court on Monday.

Judge R van Schalkwyk, with Judge J Labuschagne concurring, set aside their conviction on the assault charge, but upheld the conviction and entire sentence in respect of the kidnapping.

The judges also rejected an appeal by the State to impose a prison term for the kidnapping.

Yesterday both the State and counsel for the unionists applied for leave to appeal to the Appellate Division against the judges' decision on Monday.

The unionists apprehended Maleka after they caught him keeping the Cosatu head office in Johannesburg under surveillance.

They appealed on the basis that they had not known they were acting unlawfully.

SUSAN RUSSELL

Maleka had denied he was a policeman when caught with a two-way radio and taken into the Cosatu offices.

It was also argued that given the history of harassment and intimidation to which Cosatu, its affiliates and office bearers had been subjected, the three had a bona fide belief they were entitled to act as they had.

Naidoo, who was the only one of the three to testify before the magistrate who convicted them in October last year, also said they would not have arrested Maleka if they had known he was a policeman.

On Monday the judges set aside their conviction on the assault charge after finding that the State had not proved that Naidoo, Mafumadi or Mayekiso were present or involved in the assaults on Maleka while he was at the Cosatu offices.

The judges upheld the conviction of all three on the kidnapping, reasoning if they would not have arrested a policeman, they must have known that their action was unlawful.

The court upheld the sentence handed down by the magistrate for both convictions, effectively increasing the penalty imposed on the three for the kidnapping.

The court granted leave to appeal to the Appellate Division on the grounds that another court might come to a different conclusion on Naidoo's evidence.

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exercised, he said.

FM 27/3/92 (3) wine + viticulture

ers were not as substantial as they are, it might be altogether more useful to speak of the situation as downright panic-stricken.

The Nederburg sale offers from 10 000 cases of premium wine, with several small quantities from the boutiques who jump on the auction bandwagon; the bulk of the stock comes from Nederburg itself. The Nederburg white wines worth following include the 1989 Chardonnay, the Bin D218 (wooded Chardonnay/Sauvignon Blanc), the Bin D234 (beautifully wooded Sauvignon), the Nederburg Sauvignon Blanc natural sweet (a rich but not cloying dessert wine) and the 1988 Edelkeur.

Among the Nederburg reds, there is a small stock remaining of the legendary 1974 and 1976 Nederburg Auction Cabernets; also a new and interesting Cabernet, composed of different clonal material from the normal Nederburg wine and sold under the Bin R161 label. For collectors there is a presentation case of vertical vintages of Nederburg Cabernet from 1970 to 1981 — specially prepared for this year's 200th anniversary of the farm.

Wines worth pursuing from the other producers include: 1982 Bellingham Shiraz, 1984 Bertrams Robert Fuller Reserve, Blaauwklippen Cabernet 1980, Boplaas Reserve Port 1986, Buitenverwachting Noblesse 1987, Glen Carlou Chardonnay 1989, Groot Constantia Gouverneur's Reserve 1986, Kanonkop Cabernet 1980, Klein Constantia Chardonnay Reserve 1989, Sauvignon Blanc 1986 and Blanc de Blanc 1987, Rustenberg Cabernet 1978 and 1982, Warwick Trilogy 1986 and Weltevrede Oupa se Wingerd Red Muscadel 1986.

For those who want to do a little shopping at the Bergkelder Prerelease there are several interesting barrel wines. In particular, the 1990 Jacobsdal Pinotage and the 1990 Zandvliet Shiraz are worth chasing: both of these wines will be released later this year, thus eliminating the worst of the cost of holding futures. The Jacobsdal should cost under R13 a bottle (including VAT) and the Zandvliet less than R15. The Alto Cabernet 1990 is excellent wine but a prerelease price of around R30 a bottle will translate into more than R50 when the wine is released in about 1995.

There are several excellent choices among the bottled wines, including Allesverloren Shiraz 1988 (approximately R15 a bottle), Fleur du Cap Shiraz 1988 (R13), La Motte Cabernet 1988 (R19) and the 1988 Meerlust Rubicon (R24).

Both the Bergkelder Prerelease and the Nederburg Auction promise some excellent wines. The former brings its best value in the lesser priced reds that will be available for relatively early drinking: retail prices, at R14-R18, represent great buying even in the current market. The Nederburg Auction offers some superb wines this year; best buys here are probably the older wines. Expect to pay at least R50 for the great Nederburgs from the Seventies and less than half this for the more recent wines.

Michael Fridjhon

WINE FM 27/3/92
Worth a look (3) wine + viticulture

The fine wine market at the Cape is taking a little strain at the moment: luxury wine buying is not a priority even for well-to-do South Africans. Exports are managing to maintain a little growth but not in products destined for the top end of the business. There is no shortage of quality products from other New World countries available in Europe and America, at about half the price at which SA's premium wines will sell. Add to this the fact that many of the Cape vineyards planted in the Eighties are now coming into production, and you will appreciate that cellars are fuller than they might be under better economic circumstances.

It is into this kind of trading environment that the country's major de luxe wine sales take place in the next few weeks: the annual Bergkelder Prerelease closes at the end of March, and the Nederburg auction will be held next Saturday. It is perfectly accurate to describe the feeling in the market as slightly nervous. If the resources of the sell-

LEISURE

Wine industry's bridges with the world are being rebuilt steadily

(3) wine - viticulture
B1 Day 27/3/92

WHILE the referendum result heralds the real end of isolation in SA, the wine industry has been working since February 1990 to build new bridges and repair old ones.

At the height of the sanctions era, SA wines still found markets abroad, but with great difficulty, often clandestinely and hardly ever profitably. More importantly, while contacts were maintained they were often superficial, arms' length or simply mediated by political circumstances: most overseas producers were happy to export to SA, but not too many were prepared to take the risk and visit.

Now that sanctions are largely history, we should not forget those who came despite the risk of calumny: from Burgundy, Robert Drouchin and Paul Bouchard; from Tuscany, Piero Antinori; from Alsace, Jean Hugé; from Bordeaux, Paul Pontallier; from Australia, Len Evans and James Halliday; and from Britain, Pamela Vandyke Price. There are others, many of whom visited under a guise of general tourism or to attend symposiums.

Several visitors on this list took a business risk in coming to the Cape. Their visits were not low key and they were counted in a very public way, for they were the invited guests at the Nederburg Auction, delivering the address before the start of the sale. A few saw themselves as figureheads, there to say something suitably trite before the business of the day commenced. More recently, the guest speakers have helped to guide the SA wine industry into an alien world.

All this adds a great deal of significance to the man invited to open the Nederburg Auction this year. California's Robert Mondavi is one of the world's great wine personalities — the man who has placed American wine on the map.

His wines consistently achieve creditable results in whichever category they are entered, in whatever tasting is held. Such is the success of his business that he is now free to leave the day to day running of the vineyards and cellar to his sons, and to dedicate some of his time to being something of a wine ambassador.

Quality

Mondavi has been the American patron of the New World Wine Auction since its inception. He steadfastly believes contact between leading producers in the New World will enhance the quality and credibility of everyone's production.

His visit to the Cape coincides with that of another distinguished visitor. Baron Eric de Rothschild of Chateau Lafite will be in Somerset West next Tuesday to open the new winery and cellar at Vergelegen. The renovation and restoration of the estate made famous by Willem Adriaan van der Stel is a significant event, and it does seem appropriate that an international figure who bestrides the industry should perform the honours.

The men have much in common. They stand at the pinnacle of the wine business, Mondavi in the US and Baron de Rothschild in Bordeaux. They are both internationalists, concerned with more than the wines of their home regions. Mondavi is associated with Bordeaux via a joint venture with Rothschild's cousins at Mouton, and Eric de Rothschild is involved in vineyards and cellars elsewhere in the New World.

They also share the fact that they are in SA — and not for the first time — at a critical moment in this country's history. They represent what the future can hold if we grasp it with both hands. Notwithstanding the changes and adjustments we have to live with here, we have to remember we can only survive as players on an international stage.

□ The Cape Wine Masters will hold a symposium to assess the future for SA wine exports at the Mount Nelson Hotel, Cape Town, on April 7. A comparative tasting of Cape and New World wines is included. Cost and details can be obtained from Christine Rudman (02231) 73400.

MICHAEL FRIDJHON

Buyers came from all over the world - Canada, Germany, Holland, Taiwan, UK and Europe. A total of 321 buyers took part in the auction, and there were 146 successful purchasers.

Jo'burg consortium saves Zevenwacht wine estate

CAPE TOWN — Zevenwacht wine estate, under threat of liquidation, has been saved by a Johannesburg consortium in a R5,7m deal which gives it an 83% controlling share.

The consortium would discharge the liabilities of the estate and provide operating costs for future development.

Shareholders would continue to enjoy their rights and privileges including the acquisition of wine. Their shareholding would be reduced.

Zevenwacht wine estate chairman Gilbert Colyn, who previously held a 64%

interest in the estate — said yesterday all court actions, including one by Trust Bank, had been stopped.

The estate would continue to be administered and managed by him and the existing staff.

The restructuring of the estate's affairs had the support of all the financial institutions which had supported it in the past.

Colyn said staff were very happy and highly motivated and construction of a new dam had started yesterday.

Own Correspondent

810 am 7/14/92

Wine + Viticulture

810 am 7/14/92



Nederburg sale sees a decline in prices paid

3/20/92
7/4/92

LINDA ENSOR

③ wine + viticulture

PAARL wine prices fetched at the annual Nederburg auction at the weekend were significantly lower than last year's, with the slack demand being attributed to higher reserve prices and the high level of stock being held by the trade.

The excitement of the day came in the charity auction at the end when Douglas Green Bellingham's Graham Beck finally outbid Neethlinghof's Hans Schreiberin a neck and neck race for a magnum of Robert Mondavi Cabernet Reserve 1979.

Beck paid R230 000 in what was said to be the highest price yet paid in SA for a bottle of wine.

Other charity wines which came under veteran auctioneer Patrick Grubbs' hammer were an 1832 Madeira (R820), a 1942 Chateau Libertas (R12 000) a 1969 Nederburg Edelkeur (R1 000) and a 1955 Chateau Mouton Rothschild (R1 750).

The total take for the wine auction was R2,1m — only slightly above last year's R1,9m. This was despite the fact that there were 3 000 more cases on auction this year. A total of 11 179 cases of 121 rare wines from 33 estates, co-operatives and wineries were put on auction but many cases were passed with no bids being made.

Blocking effect

Wine consultant Dave Hughes told a Press conference after the auction that more lots were passed or had broken down in this year's auction than ever before with the auction results reflecting the state of the economy. He said the high reserve prices asked seemed to have had a blocking effect as those wines with lower reserve prices had sold very well.

The average price fetched for nine litres of white wine was R182, much lower than last year's R230. The average price for red was R322 (R376 last year). The average for all wines was about R255 (R292).

The Taiwanese were the most active buyers with the wholesale firm Far Live Trading spending R339 000, or 16% of the total sales for the day.

Exports picked up considerably, representing 24% of total sales (excluding Namibia), up from last year's 14%. Buyers came from all over the world including Belgium, Canada, Germany, Holland, Taiwan, UK and Europe. A total of 321 buyers took part in the auction, and there were 146 successful purchasers.

LEISURE

Quality wine set to lead the way

1310cy 24/4/92. ③ wine + viticulture

THE launch this week of Fleur du Cap's Merlot 1990 is significant not only for one of SA's best known wine ranges, but for the wine industry as a whole.

A drinkable wine of great structure and balance, the Fleur du Cap Merlot proves that not all good red wines need to be 10 years old before they can be enjoyed.

The Fleur du Cap range has undergone a considerable facelift in the past decade. Previously it was something of a portman-teau vehicle, with good commercial Rieslings, Steins, Pinotages and Cabernets. Only once in the 1970s did it offer drinkers a truly memorable wine — the 1970 Vintage Shiraz — one of the most complex and profound wines made with this varietal in the Cape. The rest was reason-

able value for money, with enough flavour not to disappoint and not enough guts really to impress.

The arrival of Dr Julius Laszlo at The Bergkelder in the late 1970s turned out to be a revolutionary experience not only for the mountain cellar but for the quality wine industry in the Cape.

Laszlo was the force behind the replanting of much of the Coastal Region and premium varietals like Sauvignon Blanc, Chardonnay and Merlot. He also introduced new wood vinification on a commercial scale. From about 1980 the changes in all The Bergkelder's ranges reflected his hand and established new criteria for the quality wine industry of the Cape.

The Fleur du Cap range gained greater marketing definition. The Bergkelder

chose to upgrade the Stelenryck name for its premium branded wines and make Fleur du Cap more affordable. It followed from this that while Fleur du Cap would be the beneficiary of the new technology in the Stellenbosch cellar, it would not be at the front of the queue when it came to getting new grapes and new wood.

Over the past five years or so the improvement in the Fleur du Cap wines has become visible. A higher percentage of new wood has given an altogether better structure to the Cabernet, the Fleur du Cap Chardonnay was the first merchant Chardonnay of real quality in the Cape; the Oak Collection, a bottling of different cuvees of Cabernet aged in new casks from different sources, showed the commitment to premi-

um wine vinification.

The newly released Merlot more than consolidates this positioning. It is perfectly balanced, with just the right harmony of wine and wood. Instantly quaffable, it has all the elements to help it age for several years, though there is no possible reason why it should have to wait to be drunk.

It differs, however, from many of the other early drinking red wines on the market because of its depth and complexity. This is not a simple, two dimensional wine; its depth and structure are appropriate to many wines which retail at 50% more. Nothing has been taken from the Merlot to make it fast and loose.

Many are asking enviously how this has been achieved. Since the wine is intended to retail at R13 to

R15 a bottle it should gain a fair share of the quality wine market, and there are obviously growers anxious to emulate its success. The answer seems to lie mainly in the grapes used; Merlot is an early developing varietal, comparable in status to many of the other premium cultivars, but showing its qualities sooner. Rigorous selection and decent vinification methods have done the rest, making the first release something of a benchmark wine.

The real test for the Fleur du Cap Merlot will come in future vintages, once the winery has shown how it copes with demand.

MICHAEL FRIDJHON



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New brandy cellar open

8/12 am 30/4/92
1200 LINDA ENSOR

CAPE TOWN — The new KWV brandy cellar in Worcester, with an annual distilling capacity of more than 27-million litres of quality wine for brandy, was opened officially yesterday. *③ wine & distill*

Said to be the biggest and most modern of its kind in the world, the R8m project took three years to complete. It was aimed at rationalising and revamping KWV's brandy distillation facilities at Worcester.

The cellar, open to visits by members of the public, has 120 Woudberg potstills (the copper vessels used to produce brandy) which were relocated from former KWV distilleries in Worcester, Stellenbosch and Montagu.

In addition there is a 2 500 litre potstill designed and manufactured by a leading French potstill firm. It is fully automated and computerised and has an annual wine distilling capacity of 540 000 litres, producing 70 000 litres of potstill brandy.

Cape nouveau roadshow trundles by ^{③ wine + viticulture} as usual

CAPE nouveau time has passed with the usual song-and-dance routine: the Paarl producers had their annual festival on top of the mountain, the other districts shunned joint promotions and a few adventurous retailers tried to give nouveau wines some extra shelf space. Considering the amount of effort invested in the nouveau wine concept, the results, judged by up-country standards, are hardly gratifying.

Nouveau wines are those made for immediate consumption and, traditionally, are released within two months of the vintage. In France, in the Beaujolais district — heart of nouveau territory — the September/October harvest is launched with much fanfare by the third week in November. The Beaujolais race to Paris (diners wait beyond midnight for the arrival of the new wine) has now been extended to most of the major cities of the Western world.

It is hardly surprising that in other regions, including the Cape, the marketing of nouveau wines is producer-driven. One of the problems confronting growers, however, is the suitability of varieties; another is that unless there are palpable bene-

fits for the wine drinker, there is little to motivate a serious interest in what must inevitably be thought of as "fashion" wines.

The traditional cultivar for nouveau red wine is the Gamay Noir to which the vineyards of the Beaujolais have been planted. The time-honoured vinification method is carbonic maceration in which whole bunches of grapes are fermented in a closed container thus yielding an intensely fruity, slightly petulant, immensely drinkable, quaffing wine.

In SA there are countable number of growers who have vineyards of Gamay Noir. At this stage only two have established a reputation for a Beaujolais look-alike nouveau wine. Buitenverwachting in Constantia makes an intensely coloured enormously drinkable wine under the trade name L'Arrivee. Fairview produces a slightly lighter, more accessible style, no less attractive and immensely popular.

Buitenverwachting's wine was released at the end of April, fully three weeks after the Fairview. Constantia is a cooler area and its wines are always later ripening than those of Paarl. Fairview's release coincided with the Paarl nouveau festival. In other words, the two major produc-

ers of Gamay Noir are not really in a position to participate in some publicity-oriented race.

Woolworths has offered a full range of nouveau wines, including the Gamay Noir produced at Fairview. The continued availability of the Jeunesse range suggests that the brand has found a franchise in the Woolworths stores. The white wine is certainly fragrant and accessible, an easy enough drink without any need to tie it to the nouveau bandwagon. The Pick 'n Pay Hypermarkets have offered a wide range of wines under the nouveau banner.

The essential problem appears to be that most of the producer-led promotional activity takes place in the Cape while the bulk of the quality wine market is in the Transvaal. Until demand for nouveau wines is big enough to justify the dedication of specific vineyards to the appropriate varieties, most of what is offered for sale as nouveau is really hastily made, easily forgotten undistinguished red, white and rosé wine.

The vineyards must come right, or the roadshow must spend a lot more time in the Transvaal justifying the merits of what is currently available to slightly cynical wine drinkers.

MICHAEL FRIDJHON

Cape specialists move into port, sparkling wine

WHILE South African winemakers exhaust their resources pursuing the best bordeaux blend or the finest chardonnay, a relatively small band of specialists have chosen to invest themselves in other areas of oenological expertise.

The Cape has only a countable number of producers committed to making sparkling wines which would be the envy of the French, or ports to rival the production of the Douro Valley.

Both these fields are vastly different though, surprisingly, several aspirant port makers have also tried their hand at *methode champenoise*.

For a start, champagne is associated with cool climates and port with the warmer regions of southern Europe. Reims and Epernay, the heart of French bubbly country, are just about on the northernmost latitude of quality wine production. The still wines from the region are often unacceptably acidic, lean, mean and abrasively harsh. The Douro on the other hand is almost arid.

The western Cape's climate lies somewhere between the two extremes: these are districts which tend towards a French climate — burgundy and bordeaux rather than champagne. Outside the coastal region, temperatures warm up considerably and you do not have to travel as far as the Klein Karoo to meet the conditions around the Douro.

By far the easier of the two ambitions is that of port. Not only is it possible to meet the conditions of soil and climate (what the French call 'terroir') but SA planted vineyards to the classic port varieties nearly half a century ago.

Moreover, the Cape has a highly developed fortified wine industry, so all the techniques and cellar expertise necessary to produce a port-style wine are available in abundance.

In the past five years we have seen a vast improvement in the quality of local port. As we go into winter it makes sense to list some of the better producers.

Investment

Allesverloren estate in the Swartland has been a front player for years. Recently it has had to share this position with Boplaas (the Reserve range) Overgaauw, Landskroon and perhaps Rustenburg. There are also impressive wines emerging from Blaauwklippen, Die Krans (in the Klein Karoo) Helderberg Co-op, Jonkheer and, so I've been told (though not yet tasted) L'Ormarins.

Methode champenoise on the other hand has seen a considerable investment in the past 10 years. The vineyards of chardonnay and pinot noir are only now coming into production and the wines released until now often suffered from insufficient ageing.

Climate also conspires against many of the producers. It is easy to get a high acid wine by harvesting the grapes too early. The advantage enjoyed by the champenoises is that their grapes have matured on the vines for most of the summer before they are picked. There is a maturity of fruit flavour with which the untimely harvesting of the Cape's production cannot compare.

That said, what is remarkable is how well the local *methode champenoise* producers have done in so little time: Boschendal, Buitenverwachting, Clos Cabriere, J C le Roux (pinot noir only), Pongracz, T J Krone Borealis and Villiers Tradition are all supplying creditable wines, the top cuvées of which compare in quality with a lot of the French wines.

In an endeavour to understand more about what they are doing, and also to launch the new term which henceforth describes the local champagne method (Cap Classique), the Cape's producers will be holding a champagne symposium at the Royal Swazi Sun from May 28 to 31.

Led by Comte Antoine de Jesse Charleval from the House of Taittinger, the long weekend roadshow promises to be something of a gala event. There are still places available and those interested in attending should contact Desre Segal at (011) 780-7444.

MICHAEL FRIDJHON

Chardonnay wines battle for survival

Blowing 1575192
(3) wine + viticulture

MICHAEL FRIDJHON

THE long predicted Chardonnay flood hit the market last year, carrying on its tide the pretensions of many of the country's premium producers.

Wines which had been on quota for the last five or six years were discounted. Producers who previously had not visited retailers engaged in "huisebesoek" like politicians contesting marginal constituencies. Brands which had never been able to justify even a Sauvignon Blanc suddenly offered "lightly wooded" Chardonnays.

For the past three years Louisvale has managed to maintain the presentation and lack of availability commensurate with a premium product. The small Stellenbosch property of Hans Froehling and Louis Stemmet has skirted many of these treacherous currents. Louisvale's success has been a matter of no envy to the wine industry. There have been no advertising campaigns nor extravagant claims.

There have been no backhanders to buyers or discounted promotions. In fact, except for sponsoring the musical score for the world premiers of the ballet Hamlet — which will take place in October — there has been none of the high profile activity associated with high flying wines.

Louisvale has admittedly enjoyed several advantages. Firstly, the wine has been vinified by Neil Ellis, one of the Cape's leading cellar-men. Ellis's own Chardonnay is regarded as one of the industry's benchmark wines.

Secondly, Louisvale's distinctive presentation sets it apart from the increasingly cluttered market. The strong purple/mauve shield set in the centre of an otherwise simple label is classy and memorable. When all has been said about the contents of the bottle it is wise to remember that even at the top end of the wine market it is packaging the sells.

Thirdly, Louisvale's plantings have so far not delivered grapes in excess of the

demand for the wine. This is a vital part of the equation. A premium product is only desirable as long as it is unobtainable. Greed kills the goose. The market will pay R300 a case for 1 000 cases. Double the production and you will fail to sell even half the wine at half price.

This is likely to be a problem for all the country's boutique Chardonnay producers, including Louisvale, from this year onwards. Vineyards are coming into production, and something must be done with the crop. There are three possibilities. The first is to take the extra production into the premium range. While this promises greater wealth, it inevitably leads to disaster since demand cannot sustain increased availability. The second is to sell off the surplus in bulk. This yields the least income but it preserves the rarity of the premium brand.

Reward

Thirdly, you can create a second label. The surplus production is sold at a more popular price while as much of the crop as possible is put into the deluxe range, perhaps with a view to export. This is the route that Louisvale has chosen to go. Later this year a second brand, lightly wooded, partly tank fermented, will be sold under the "Chavant" label.

This is always the riskiest road, but it offers the greatest reward. If Louisvale maintains strict control of the supplies of the premium wine, and pitches the Chavant price right, it could work.

In the meantime, the 1991 Louisvale premium Chardonnay has been released. It has great elegance, a good harmony of varietal fruit and oak butterscotch. It is drinking well now and it will certainly improve over the next few years. Better even than the 1990, it will sell well.

Which wine will open export treasure chest?

18 (Day) 22/9/92
THERE is some debate about which direction the SA wine industry should take in its export challenge.

The potential for profits is huge. But which wines should SA try to export? Should SA stick to traditional cultivars — like Cabernet Sauvignon and Chardonnay? Should it aim at the top end of the market, or go for the mass market?

KWV deputy CE Kobus van Niekerk says the co-operative is intent on exporting "all types" of wine, from the most exclusive to the most commonplace.

SA has traditionally been seen as an exporter of upmarket wines. Constantia wines were once favoured by the European nobility, being drunk by Napoleon, Frederick the Great and Metternich.

But SA Chardonnays have not, until recently, been judged to be of a standard with those coming out of Australia and New Zealand; and local Caber-

net Sauvignons, though rich, are traditionally heavier than their claret counterparts from Bordeaux.

Thus foreign tasters have sometimes shown a propensity for the only wine truly unique to SA — Pinotage. This wine was chosen by the London Sunday Times Wine Club as a recommended purchase.

But top SA producers insist they can produce traditional wines on a par with the world's best. Meerlust winemaker Giorgio dalla Cia says his Rubicon can compete with top vintage clarets.

Hamilton Russell vineyards owner Tim Hamilton Russell says his Burgundy showpieces — Pinot Noir and Chardonnay — can be as subtly exquisite as their French cousins.

Selling as they do for £7 a bottle in the UK, these wines are good arguments for SA exporting its top wines and undercutting French and Californian equivalents.

Franschhoek estate offer

③ Wine + Viticulture

PETER GALLI

AN R11m private share block development offering 17 investors an opportunity to own a share of the Boekenhoutskloof Wine and Fruit Estate has been launched by owners Grahame and Paul Tomes.

The farm, which dates back to 1704, is situated in the Franschhoek valley. For R635 000, each investor will gain ownership of a three-bedroomed, two-bathroomed Cape "Victorian" home, currently under construction on a 14,5ha portion of the 73ha farm. *8 Day 27/5/92*

"Included in the price is a share in two vineyards of 1,32ha and their total production of Chardonnay and other Franschhoek wines. The owners intend to plough the funds generated into the further development of the farm," says Pam Golding Properties agent Andrew Smith.

The wines will be made by Franschhoek Winery's Deon Truter and will be bottled under a Boekenhoutskloof Director's Reserve label.

In addition to the protection afforded by the Share Block Control Act, the development has the finan-

cial backing of Syfrets and Time Properties, which is also providing project management.

"In the light of the recent failure of some poorly managed property developments, this financing structure has been devised to ensure investor security," he says.

Deposits and building progress payments will be held in a trust account and will be released to the developer only on the satisfactory occupation of the home.

There will be no escalation clauses up to July, and buyers will not pay any levies until then.

General running and service costs, including wine production, have been estimated at R663 a month for each of the 17 units.

However, as the expenses are for "agricultural purposes", Smith says they should be tax deductible.

Buyers have traversing rights of the whole estate and six units have already been sold — three to offshore residents.

The shop window for wine producers

Monday 29/5/92

③ wine + culture

MICHAEL FRIDJHON

THE annual Business Day Wine Festival next week at the Volkswagen Conference Centre, Midrand, is probably the country's most important consumer wine event.

There are several such shows in SA, including one in the Cape and a couple in Natal, but the Business Day festival has the virtue, as far as the exhibitors are concerned, of speaking to the greatest number of potential buyers. The PWV accounts for well over 50% of the country's premium wine sales, despite the fact that per capita wine consumption is obviously higher in the Cape.

The Transvaal's role in lowering the level of the country's wine lake has been a matter of some controversy among statisticians lately. The official figures of the industry showed the PWV accounting for up to 70% of the deluxe wine trade. The wine estates working all the markets on their own, or through agents, have found that their Cape sales often exceed the depletions of their Transvaal agents. Is the PWV falling behind, or is there a significant change in purchasing patterns?

The answer to this question is highly relevant to shows like the Business Day festival: if the Transvaal's per capita consumption of premium wines has not altered significantly, and there is no evidence of a swing to any other kind of beverage, then what may be changing is the location of the wine purchase. The Liquor Act compels wholesalers to sell their wines to licensed outlets only. The retailers then mark up these purchases, and offer them for sale to the public.

These same purchasers are also free to buy their estate wines directly from the farms. In doing so they may pay a slight premium on the price the estate charges to the wholesale agent. However, even taking into account the cost of railage on small quantities, they will find themselves landing their wine for a lot less than its selling price in the average PWV bottle store.

Wine buyers have therefore taken to shopping directly from the farms. Many growers are more than happy to cut out their agents and their retailers and do the business themselves. After all, their primary concern is to move their stock. The bottle stores' share of the trade seems to have declined.

When they do deal with wholesalers it is usually at extended credit terms, mas-

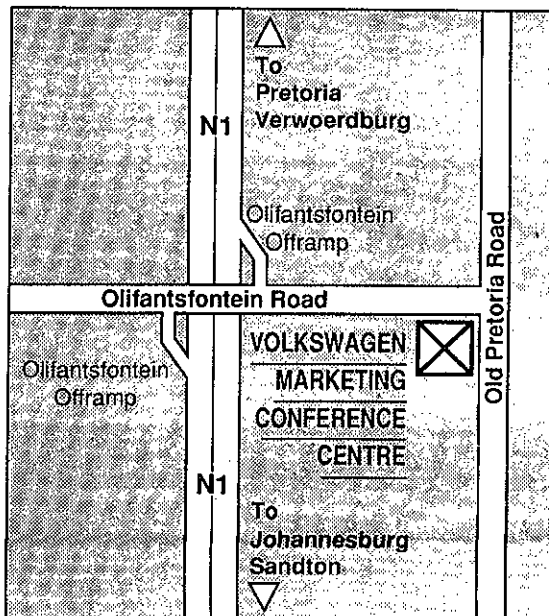
sive discounts and even bad debts. The situation has reached the point where lack of commitment is palpable and expedience characterises these trading relationships.

Wine festivals provide producers with a shop window for their wines. The less they do business with the retail trade, the more they need regional, consumer-orientated wine shows.

From the wine buyers' point of view, there is an almost infinite opportunity to taste and decide what to buy; there are also the advantages of dealing directly with producers, thus cutting out the margins of the retailers and wholesalers. These benefits feed on the problems of the licensed trade, and ultimately bring their own costs to wine drinkers.

The more a situation like this escalates, the more the average bottle store will do business only with producers who avoid the wine show and direct sale business. This must ultimately reduce range and consumer choice in licensed outlets.

The farms seeking to attract direct sales will have to work the wine show circuit all the more enthusiastically, having burnt their bridges with licencees. There will also be no place for fence-sitters — producers who want the retail and the trade business. But these problems lie in the future. In the meantime, this year's festival offers a vast choice of wines, the opportunity to buy directly from some of the farms, or to make a selection you can negotiate with your local off-licence supplier.



Graphic: FIONA KRISCH

Back estates offer superb wines at affordable prices

^{(3) Wine + viticulture}
^{B (Dany)}
^{5/6/92}
 IN BOOM times as much as in downturns there never seems to be a shortage of producers willing to accommodate the vanity of those who have more money than sense. It is easy enough to find wines which do not live up to their pretensions. It is an altogether more difficult task to find wines which turn out to be better than the price implied.

Over the years the Backs of Fairview and Backsberg have made their reputations and their living from exceeding the expectations of their customers. A recent review of the wines from both Paarl estates provides convincing evidence that success has not blunted their philosophy.

Charles Back at Fairview has a range of wines which sell off the farm for between R4 and R10 a bottle. At the lower end of the price scale, the regular labellings of Pinotage, Shiraz and Cabernet are surprisingly good value. They are obviously not the equal of the reserve range but they provide a good everyday drink at a remarkably affordable price.

The reserve range is really worth seeking out for special occasions, although even here the prices compare with the standard bottlings of many other producers. The Merlot Reserve is about as good a wine made from

this varietal available from any Cape estate. The current release is perhaps showing a little too much wood. When it harmonises in a year or so, it will certainly repay the cellaring.

Fairview Cabernet Reserve and the Fairview Charles Gerard Reserve Red are equally worth laying down. The former has a typically claret-like austerity; the latter a fullness and richness which seem to come from fattening up the Cabernets with a little Merlot.

Excellent 5/6/92

Other Fairview wines which impressed me at a recent tasting included the Charles Gerard Reserve white (Sauvignon and Semillon, but it tasted just like well-wooded Chardonnay), the Shiraz Reserve, and the 1992 Chardonnay on the way.

Among the Backsberg wines I tasted again recently I was happily surprised with how the Sauvignon Blanc had turned out. A harmony of tropical fruits with just the right hint of grassiness, I thought it was a gentle and accessible kind of wine. I was also impressed with the dry red: lots of delicate Pinotage-type fragrance, but soft and easy on the palate: able to withstand cellaring, but really for drinking straight away.

The Chardonnay also continues to be one of the Cape's benchmark wines: less wooded than some of the vintages of the mid-1980s, it is nevertheless perfectly integrated. There is just the right amount of lime fruit, enough vanilla/butterscotch to show that the French oak barrel maturation was more than a cursory pumping past the staves, and an excellent harmony in the bottle.

Finally the estate's flagship red, the Klein Babylonstoren Cabernet Merlot blend, remains one of Paarl's prestige wines. Most of the vintages have turned out well in the bottle: plenty of fruit layering the wood, and a structure that knits together.

It is easy with hindsight to identify a formula for success: Backsberg and Fairview provide superb quality at accessible prices, and win enough shows and awards for consumers not to be frightened off because the wines "seem so cheap".

Both properties are also firmly committed to their own retail trade, and price their wines more for sales off the farm than through licensed outlets. For those who are prepared to buy their wines by the case, and directly from the producer, it is difficult to imagine better, or more consistent value.

MICHAEL FRIDJHON

Industrialist acquires wine estate

JOHANNESBURG industrialist Harold Johnson has acquired Zevenwacht Wine Estate.

Resolutions to recapitalise the company were ratified at a recent shareholders' meeting.

Johnson's move has ended months of uncertainty over financial difficulty which stemmed from heavy capex and crippling interest rates.

Johnson injected "well in excess of R5m" into the estate and took responsibility for about R9m in debts.

3 minutes with the
GAVIN DU VENAGE

Johnson, who also owns Zevenwacht fruit and wine farm, said on Friday that he saw a "sound financial future" for the estate, which was one of the largest wine farms in SA, with a production capacity of 50 000 cases of wine a year. The operation would be completely restructured with a view to exporting, to Scandinavia in particular. He expected use of vacant land to triple production.

The superior taste of wood

BlDany 12/6/92

SEVERAL tastings at the recent wine symposium in Swaziland provided an opportunity to assess the performance of some well-known Cape wines. Hilko Hegewisch of Boschendal presented four vintages of the estate's Chardonnay starting with the 1988 and finishing with a 1991 pre-release sample.

The first two wines — 1988 and 1989 — had not been put through malolactic fermentation but they had been more extensively exposed to new French barrels. The 1990 and 1991 had been softened by the secondary fermentation. Less new wood, however, means a different kind of rounding and not as much of the butterscotch and vanilla that comes from toasted oak.

In the discussion which followed the tasting it was clear that the room was divided on the issue of the malolactic fermentation. Tasters seemed to prefer the complexity which comes with the conversion of malic to lactic acid. Hegewisch was quick to point out that the process suits only certain wines whose acidity and structure can afford the softening.

On the shift away from extensive new wood maturation, the feedback was less clear. The theoreticians speak about "fruit before oak", hoping to persuade buyers not to expect expensive French barrels. The truth is that a rich oakiness seems to have wider appeal in the marketplace.

However, more and more producers are cutting the cost of French barrels out of their winemaking process. The result is Chardonnays which are leaner, more lemony and less complex. This lighter wooding has affordability as its major virtue. Winemakers should not try to fool their customers: instead of terms like "lightly wooded" and "Chablis-style" to describe wines which have passed through old barrels on their way to the bottling line,

(3) wine + oakiness

they should simply offer these as regular cuvées. Then the wines which are properly oaked — at whatever this now costs — can honestly be sold as "reserve" wines.

The virtue of new wood on Chardonnay was made abundantly clear at various other tastings at the symposium. Pieter Ferreira's Chardonnay from Graham Beck's Madeba farm proved to be enormously popular. Despite the youth of the vines, the generous oaking gave the wine the kind of dimension and complexity the market has come to expect from this premium white varietal.

The same expensive truth resides in the world of red wine, and a vertical tasting of Stellenydk Cabernets helped to focus the winemakers on the inescapable fact. The vintages

presented by The Bergkelder's Dr Pierre Marais ranged from the 1982 through to the 1987.

Consensus seemed to have been reached on the 1984 and 1987, not that the 1986 or 1982 were in any way inadequate. The 1987 was obviously popular because of the softness of its fruit tannins, and how they had integrated with those of the wood. The 1984 was more concentrated, and the oak gave the wine a lasting dimension, rather than a light coat of vanilla which it might have shed after a couple of years in bottle.

The message to the Cape wine industry is clear. No one wants the wood to overwhelm the wine. However, if you want to sell your wines at premium prices, consumers require an investment in oak.

MICHAEL FRIDJHON

UK chain chooses Vinfruco as its wine of the month

LINDA ENSOR ^{(3) wine} + vthukhr

CAPE TOWN — Oak Village Vintage Reserve, produced by newly formed Vinfruco, has been chosen by UK supermarket chain Tesco as its June wine of the month.

Vinfruco was established about six months ago. *Biday 12/6/92*

Deciduous fruit exporter Unifruco is the major shareholder, and eight Stellenbosch wine estates are shareholders.

The shareholders include the Eersterivier Co-operative, Bottelary Co-operative, Welmoed Co-operative, De Helderberg Co-operative, Vriesenhof, Rustenberg, Overgaauw and Neil Ellis Wines.

The company was formed to enable the wine estates to benefit from Unifruco's international marketing and distribution infrastructure.

The chenin blanc, sauvignon blanc, pinotage and vintage reserve wines exported by Vinfruco are sold under the Oak Village label for between £3 and £4 in the UK.

Vinfruco marketing manager Fanie Augustyn said the vintage reserve which won the Tesco chain's wine of the month award was a blend of cabernet sauvignon, merlot and shiraz.

Augustyn said the wines were selling very well in the target markets of the UK, Benelux countries and Germany. It was hoped volumes would increase substantially in the next two years.

Most of the wine was sold through multiple grocers and independent liquor chain stores. Oak Village wines were due for more grocer's listings later this year.

A panel of winemakers from the member estates select the best wines and blend them according to specifications. They are also responsible for maintaining quality.

Augustyn said other estates were interested in joining the venture, but Vinfruco wanted to establish itself firmly in the marketplace before increasing the number of partners.

Chateau Libertas appeals with time

Blom 19/6/92.
CHATEAU Libertas celebrates its diamond jubilee next month.

There are not many SA brands that can claim more or less universal popularity for anything like half a century; in the wine industry, Chateau Libertas shares that distinction with only one or two products, all of which come from the same cellars at Stellenbosch Farmers' Winery.

Except for a brief period in the 1970s, Chateau Libertas's packaging has been virtually unaltered. The original label shows a more modest homestead and a few less trees and the layout has been amended to take account of the slightly different label size and easier purchase visibility. But all in all, it looks much like the product that Dr Windshaw launched in the 1930s as part of his campaign to make Cape reds softer and more accessible.

Consistency

Of course there have been changes in the blend. The varieties available to cellar-masters today differ considerably from the material with which Windshaw was obliged to work. In the 1930s there would have been Cabernet, Hermitage (Cinsaut) and some Pontac. There was no Merlot or Cabernet Franc; Pinotage was still very much in its infancy. Since the purpose of the blend was to produce a readily drinkable wine, full on the palate but not very heavy, consistency of varietal was less important than consistency in the final product.

Chateau Libertas changed over the years, but always maintained its positioning. It is interesting to note how well the various vintages have been true to the original philosophy, changing with maturity and blend, but not in first impression.

I was fortunate enough to taste some Chateau Libertas 1940 a few years ago. While the wine had obviously seen better days, it was still good, quite full in the mouth, and showing enough fruit to escape judgment as a relic.

More recently, at a wine symposium in Swaziland, I tasted the 1961, followed by

(3) wine + viticulture
the 1978, the 1982 and the current release of 1989. Each wine had its own personality, but each was clearly a member of the same family.

The 1989 was very forward, with a delicately spicy perfume, not unlike my impression of the Chateau Libertas of the late 1950s. It was clearly more supple than many other vintages at the time of release, but it was not unduly light or evanescent. It may be bowing to the pressure for early accessibility, but little except perhaps its long-term ageing potential has been compromised as a result.

The 1982 has already achieved almost legendary status. Winner of innumerable awards, it is the present wine-of-the-month on SAA. Fully ready to drink though not yet flattening out, it is tender rather than soft, and beautifully rounded.

The 1978 still showed a few angular edges, with the fruit on the nose almost pungently spicy.

The 1961 was quite extraordinary. I tasted from several bottles, and while there was variation from one to the other, all were consistently good. The colour was remarkable: dark, especially towards the centre and only lightly brick at the edge, there was no sign of undue ageing; the palate was rich and still in balance, and the fruit on the nose, complex and very much alive. This was a red wine to rival many a Bordeaux of the same era.

It remains an open question whether or not the vintages of the 1980s will match this kind of staying power. For most people, this is not exactly an issue of importance: who cellars wine today for 10 years, let alone three decades? It probably does not matter much. It follows that wines which can improve for this length of time were undoubtedly made from the best grapes, with the winemakers' minds firmly fixed on perfection, if not immortality.

The change is not so much the fault of the producers, as those who drink it: we want the instant gratification of wines which are "clever" in their youth and we must pay the price of their precociousness.

MICHAEL FRIDJHON

LOCAL FARMERS CAN NO LONGER PAY FOR HISTORIC WINE ESTATES

Foreign buyers snap up SA farms

SI Times [Cape metro] 21/6/92
3 wine + viticulture
By GLENDA NEVILL

BOLAND wine farms, long the exclusive preserve of generations of South African families, are being snapped up by overseas buyers for prices totalling tens of millions of rands.

The majority of buyers are German or Swiss with a smattering of American, British and French citizens investing.

South Africans increasingly cannot afford to buy the land, while many of the present owners do not have the large amounts of money needed to introduce new cultivars and replant their valuable hectares; estate agents active in the Boland said this week.

Comfortable

Another reason for the foreign activity is that since KWV lifted the grape quota system recently there is a greater incentive for the wine farms to increase production and break into new overseas markets.

But again this is extremely expensive and the foreign buyers have the advantage of the favourable exchange rate for foreign capital investments.

Some Americans, according to a reliable source, are currently investigating the viability of farming grapes for juice, rather than wine. They are apparently looking at setting up bottling plants in South Africa.

One wine industry source said that until a few years ago a farmer could produce 500 tons of grapes and live comfortably on the profits, but this was no longer possible.

At least 18 of the Boland's most prestigious wine farms were sold to foreigners in the past decade, including Buitenverwachting, Chamoni, Morgenhof, Neethlingshof, Rozendal and Dieu Donne, according to Mr Henry Hopkins, editor of KWV's Wynboer magazine.

Writing in the June issue of the magazine, Mr Hopkins said many new owners were spending large sums of money to restore historic Cape Dutch farmhouses, often at a cost of up to R1 800 per square metre.

Benefit

Franschhoek's prestigious wine farm La Provence was sold this month for an estimated R4,5m to an "Italian industrialist". Ex-owner Mr John Rudd was loath to disclose the name of the buyer, saying only that the valley would "benefit" from his presence.

Weltevrede, on the Stellenbosch/Paarl wine route, was recently sold for a reported R3,5m to the Chinese brothers Chu and Michael Man, who also bought the Arena nightclub on the Waterfront. According to a reliable source, plans are afoot to build an R80 million "yuppie" housing estate among the vines.

Mr John Wilmot of Pam Golding Properties said they had sold the "lion's share" of farms in the area — including Neethlingshof and La Terre de Luc.

"Prices, depending on the area, are about R100 000 per hectare and higher. South Africans can't keep up and the foreign buyers are giving the business a great cash injection," Mr Wilmot said.

Interest

Mr Dick Durr of Durr Realty said he received large numbers of inquiries from overseas businessmen interested in wine farms.

"I am currently dealing with a group of Germans who want to invest R175 million on farms in South Africa," Mr Durr said.

"They have expressed interest not only in wine farms but in game farms as well.

"Prices have escalated but the land is still sold at a viable price for foreigners and even some very wealthy people from Johannesburg."

The consensus among estate agents was that the new landowners were "uplifting" the farms and "doing the job properly".

Left in the hands of impoverished South Africans, some of the farms could only go "backwards" without a solid cash injection.

Local jobs have not been affected and South African managers generally ran the farms for absent owners.

The Bergkelder to auction selection of special releases

THE downturn in deluxe wine sales has taken a lot of optimism out of the Cape winelands: the days of selling wines simply because they were rare and about to go out of stock are over, at least for the time being.

The happy-go-lucky approach which has always characterised boutique wineries' wine marketing strategies has been replaced by a less casual air of concern. Export business is better than it was a few years ago, and demand for red wines (at the right price) is still quite strong. Just the same, winemakers and their backers are probably not sleeping as well as they did in the late '80s.

There are, of course, several producers whose sales are bucking the trend. Many are small, so even the least interest abroad can take any surplus local business out of their cellars. Some of the bigger estates are still meeting their budgets: demand may have softened, but they are still selling to the limit of their production. The difference might be merely a matter of cashflow. The year's stocks are sold in 11 or 12 months, instead of eight or nine months as in the past.

Notwithstanding these exceptions, the premium wine market is feeling the recession.

The Bergkelder, always at least one step ahead of its competitors, has scaled down the annual fine wine tender, substituting a special release scheme. This year's sale is made up of limited quantities of older fine wines replacing, at least temporarily, the much larger tender operation.

The range includes several oenological gems. Notable among these is a special 6l bottling of Julius Laszlo's exceptional Cellar Master's Choice from 1987, some 5l and 3l bottles of Alto Cabernet 1982, magnums of Cellar Master's Choice, Le Bonheur Cabernet 1984, Stellenryck Cabernet 1984, and Meerlust Rubicon 1984, as well as some fine bottlings of La Motte, L'Ormarins, Allesverloren and Jacobsdal.

The special release is distinguished from the curtailed tender by virtue of the smaller quantities, the first-come-first-served basis of sale and the fixed price at which the wines are offered to the trade. It has a greater chance of success in these economically straitened times. With its closing date set for the middle of September,

it is also destined to take a share of the buying power normally reserved for the annual auction of the Cape Independent Winemaker's Guild.

The special release might well benefit from changes in the arrangements for the guild auction. This year the sale will be held in Cape Town.

While much tasting and promotional activity is scheduled to coincide with the event, pre-publicity has been surprisingly underplayed. In times like these, especially with the venue change (and a local rather than a London auctioneer) the silence from the guild is almost shattering.

Those interested in finding out more about the new guild auction should contact Robin Grier at (02231) 92002. Certainly aficionados of wines from producers like Buitenverwachting, Kanonkop, Rustenberg, Villiera, Warwick, Vriesenhof, Thelema and Neil Ellis should make an effort to find out details of the actual wines on auction. They might do well to find out what arrangements have been made (if any) to accommodate telephone or commission bids for buyers who may not be in Cape Town on the big day.

MICHAEL FRIDJHON

(3) wine + viticulture

BIDAY 31/7/92.

New launches by Bellingham a sign of brand upgrade

THE recent launch of a number of new wines in the Bellingham range is a palpable sign that one of SA's oldest and best established brands is being substantially upgraded.

The Bellingham farm at Franschoek is the home of several of SA's most important dry wines. It launched the first dry Rosé in the late '40s, the ubiquitous Premier Grand Cru in the early '50s, the first commercial Shiraz later in the same decade, and of course the wine which came to dominate the semi-sweet wine market, the Bellingham Johannisberger.

The growth of the brand compelled Bellingham to seek their grapes from other growers. The Franschoek farm remained a flagship for the operation but the bulk of the wine came from elsewhere in the coastal region. Vinification and bottling were handled at the company's Wellington cellars and gradually Bellingham became more of a brand than a farm-produced wine.

This change in its status more or less coincided with the evolution of the estate wine trade. In the early '70s regulations were introduced clearly defining for the first time the claims a producer might make as to the provenance of a wine. Bellingham was by this stage so clearly in the branded wine sector there was no point in focusing on the Franschoek farm as the home of the name.

Later, Franschoek was to acquire particular viticultural significance and Bellingham took its place with other producers in the region.

In the mid-'80s Chardonnay and Gewurztraminer were planted at Bellingham. It is from these vineyards that the prestige wines in the Bellingham range have been produced. In a sense this means that the cycle has come full circle: the farm which was the cradle of one of SA's major quality wine brands is home to the grapes central to its image upgrade.

There is doubt about the seriousness of the endeavour: there is no point in launching a Chardonnay into the present SA market unless you have a statement to make. The Bellingham Chardonnay combines the typical citrus-/lime character of the varietal, with just enough wood to give it easy drinking harmony. The result is an accessible and balanced wine.

The Reserve wine is obviously the more substantial of the two: overwhelmed at present by the youthfulness of wood and varietal fruit, it will obviously marry in time to achieve a typical New World harmony. Vanilla from the wood, soft lemon from the Chardonnay, it is certainly one of the more honest Chardonnays available.

The Noble Late Harvest has a strong Gewurztraminer spiciness, forward fruit and an easy drinking balance; it is a less laid-back wine, though it has sufficient structure to acquire a bottle-mature character over the next three to five years.

On the strength of the flagship wines I decided to retaste the Johannisberger. I was impressed by a noticeable improvement in its quality so that it is now one of the Cape's best made off-dry drinking wines: clearly Bellingham is not simply trying to fool the market with a few special cuvées: the range has improved, and the current Chardonnay releases are merely good examples.

MICHAEL FRIDJHON

A 21-year-old foundation for excellence and exports

BIDAY 14/8/92

③ wine + viticulture

AN ENTIRE generation of SA wine drinkers will probably greet the news of the 21st anniversary of the Stellenbosch wine route with casual indifference. Publicists and public relations officers tend to hype otherwise unmemorable events and on the face of it, this may seem to be one of them.

However, for those whose memories stretch back to the pre-wine route era, much has changed: the launch of SA's first (and premier) wine route in 1971 is, in many respects, a watershed. It is impossible to understand the growth of the fine wine industry in the Cape without taking account of this key event.

Until the early 1970s only a handful of Cape farms actually bottled wine for sale to the public under the estate label. Wine consumption outside the predominantly jar-and-jug trade of the western Cape was limited to half a dozen powerful brands. In the PWV, wine was rarely consumed: it was far more common for restaurants to serve whisky and brandy with meals.

Two separate but not unrelated events changed all this: the first was the launch of the Stellenbosch wine route in 1971; the second was the promulgation of the wine of origin legis-

lation in 1973. Suddenly the SA public was made aware of the possibility of a wine sub-culture.

People learnt that Cabernet and Pinotage were grape types with their own distinctive personalities, that the area of origin might be significant in determining the quality of the wine, and that the most clearly demarcated area of origin was the estate itself. They also discovered on visiting the Cape that, in addition to the mountain and the sea, the region offered the recreational tourism of visiting a couple of the wine farms.

From a few thousand visitors in 1971, the Stellenbosch wine route now accommodates about 500 000 tourists annually. Its pioneer members, Simonsig, Spier and Delheim, have been joined by more than 20 producers. The amount of estate wine they sell has grown from several thousand cases annually to about 10% of the country's fine wine market.

When Frans Malan of Simonsig, Niel Joubert of Spier and Spatz Spierling of Delheim set about creating the route at the end of the 1960s, they encountered considerable opposition from the country's wholesale merchants. As owners of the national brands, the producing merchants obviously saw in the wine route a threat

which could undermine their dominance of the market.

When ordinary commercial intimidation tactics failed (other merchants bought their bulk from the very wine farms which now wanted to form their own wine route), the wholesalers tried to impose an annual ceiling on the volumes of estate wines which could be sold by the group. Even today, wine route members walk a tightrope between developing their own brands and "keeping sweet" with the wholesale merchants who are often their biggest customers at the bulk end of the trade.

The wine route is one of the Cape's major tourist attractions. The producers making up its membership have done more to upgrade the quality and image of SA wine, domestically and internationally, than any other group or organisation. Their pioneering work has made possible the creation of such vanguard organisations as the Cape Independent Winemakers' Guild, whose annual auction represents the best of the country's boutique wines. Without the foundation that they laid, SA would not now be enjoying the focus of international wine interest which has come with the end of the sanctions era.

MICHAEL FRIDJHON

Drinking's down, but SFW posts healthy earnings hike

CAPE TOWN — Stringent management of its assets and cash resources enabled Stellenbosch Farmers' Winery (SFW) to offset the estimated 5%-10% decline in domestic wine and spirit consumption, to post an 11% increase in attributable earnings in the year to end-June.

The results represented a marked turnaround from the 8,6% drop in earnings suffered the previous year.

Earnings a share before the additional depreciation rose to 42c (39,2c) and after the additional depreciation to 31c (28c). A final dividend of 8,5c (7,5c) brought the total to 12,5c, an 8,7% increase compared with the previous 11,5c which was maintained for two years.

No turnover figures are provided but given the 2,7% rise in trading profit to R108,7m (R105,8m) the turnover increase was likely to have been below inflation. Equity accounted earnings slipped to R1,9m (R3,7m).

SFW MD Frans Stroebel said there had

been significant down buying in wines and spirits towards lower margin, cheaper brands. Margins had also come under tremendous pressure due to the severe competition in the marketplace. He said the group was satisfied with the results in the prevailing economic climate.

The significant increase in exports, mainly wine, albeit off a small base, had given a boost to earnings. Competition with wines from Chile, Australia and the US had been tough.

SFW had focused on containing costs and improving its management of stocks and debtors which meant that short term debt and bank overdrafts could be reduced to R21,4m (R26,6m) and long term loans also fell slightly.

Stroebel said SFW was well placed for the upturn, but there would not be much growth if present conditions continued.

LINDA ENSOR

Modest individuals who make world class wines

BIDAY 21/8/92

③ wine + viticulture

SOME of the Cape's best red wine makers can be utterly self-deprecating about the role they play in turning the grape harvest into world class wine. Norma Ratcliffe at Warwick once said about her own lack of formal training that it was no disadvantage since her neighbours were more than helpful and "red wines make themselves, anyway".

Kevin Arnold, now at Rust-en-Vrede, echoed these sentiments at a recent tasting when he said his grapes contained all the qualities that go into the wine. "Maybe there's a little blending to do afterwards," he said. "All I do is handle the grapes as they come into the cellar."

This modesty belies the measure of his achievement. Arnold took over the winemaking at Rust-en-Vrede from Jannie Engelbrecht, the estate's proprietor and a man with an enviable reputation for his red wines. Strings of Superior seals, high prices at the Nederburg and Guild auctions, and a general shortage of supply all attested to his skills. Many wondered why he bothered to woo Arnold away from Delheim. Engelbrecht could certainly count himself in the same league, so the pundits argued.

In the few vintages that Arnold has

released since his arrival in 1987 there has been a distinct improvement in the Rust-en-Vrede wines. Part of this change may be ascribed to the added complexity of grapes from older vineyards. The remaining credit is due to cellarmaster Arnold.

Without compromising their structure, he has softened the wines and filled them out. The Tinta Barocca, selling from the farm for about R10 a bottle, has always been a little tough and unyielding. A touch of Merlot in the blend and a little fine tuning, and the current release becomes a well-balanced, easy drinking red. The same improvements can be found in the Cabernet and the Shiraz. The harsher alcohols and tannins have been replaced with a depth of fruit and plenty of finesse.

These features are most noteworthy in the estate's premium wine, sold simply as Rust-en-Vrede. A blend of Cabernet and Shiraz (Arnold does not believe the Cape should attempt to emulate Bordeaux slavishly), it is full and plummy, with a richness and structure that will see it into the 21st century.

Beyond Stellenbosch and most of the way across Paarl, the same impact of winemakers on the environ-

ment is discernible at Rhebokskloof. Since American John Reagh joined the estate just over a year ago, there has been a palpable improvement in Rhebokskloof wines.

His influence has thus far been felt more in the winery than in the vineyards: one year in viticultural terms is negligible. However, when it comes to what the French call "élevage" — bringing up the wine — a winemaker can achieve much in 12 months.

Notable at Rhebokskloof has been the change in the estate's single most important brand, the Grand Vin Blanc. Astute wood maturation and careful blending has produced a wine which collected a silver medal at this year's International Wine and Spirit Competition in London. It is much fuller on the palate, with wood and grape flavours layered well together.

Equally impressive is the newly released Pinotage, a 1991 wine softened by oaking yet still very full and intense on the nose and palate. This style of wine will elevate the image of the varietal locally and also help achieve international recognition for what is ultimately SA's only authentic domestic cultivar.

MICHAEL FRIDJHON

□ Fridjhon consults for the management of Rhebokskloof.

SA wine exports to UK show impressive surge

③ wine + viticulture LINDA ENSOR

CAPE TOWN— SA wine exports to Britain surged 157% in the first six months of this year compared with last year, with the sale of white wines rocketing by 258%.

Cape Wine & Spirit Exporters' Association chairman Jannie Retief said the increases reflected the growing interest in SA wines across all price categories and the expanded distribution of these wines throughout Britain.

"This is all the more impressive considering the stagnant state of wine sales in the UK," Retief said. "These are exciting times for the SA wine industry."

The association has set an export target of 1-million cases of SA wine to Britain by 1995.

White wine sales rose from 45 900 to 163 635 cases in the first half of the year, while red and rose wines increased 61,8% to 72 920 (45 079) despite a shortage of red wine. A total of 1 600 cases of sparkling wine was sold, which brought the total of sparkling, fortified wine and brandy sales to 269 339 cases. B10A4 31/8/92

Retief said SA winemakers were travelling widely to determine the style of wines suited to each market. This "look and learn" policy appeared to be paying dividends.

"Chenin Blanc is still our best seller, with Sauvignon Blanc in second place, Chardonnay making massive gains and Colombard doing well. Among red wines, the blends are still dominant, but Cabernet Sauvignon and Shiraz are doing very well, with Pinotage forging ahead strongly and more specialist varieties such as Pinot Noir much admired."

SA wines now on the gold standard

THE Veritas awards ceremony — a new high profile event combining the various regional bottled wine shows — was held in Cape Town last week.

The result of more than 750 submissions from most of the country's quality wine producers was a vast crop of medals — more than 600 in all. The bulk were bronze and silver, which carry recognition but no marketing rights. However, in terms of the new regulations, winners of gold and double gold awards are entitled to embellish their bottles with the Veritas seal.

This is a tightly controlled arrangement: medal-winning wines must be available in commercially saleable quantities.

Wines which average 16 or more points out of 20 earn gold medals; those which achieve this average from five out of the seven judges are awarded the coveted double gold seal.

This arrangement effectively replaces the old Wine of Origin Superior sticker. The Wine and Spirit Board is still responsible for the certification of wines with regard to origin, vintage and varietal: quality recognition now comes from the National Wine Show. Bottles bearing the Veritas stickers carry, if anything, a greater measure of approval than the much flawed superior system.

Wine drinkers who feel happier knowing that there is some externally obtained stamp of approval can feel more comfortable about the Veritas seals.

If the new arrangements show any real defects, they lie in the area of leniency of judging. About 20% of all submissions earned either a gold or a double gold. I would have thought there was room for greater rigour.

I was a member of the judging panel

which dealt with Chardonnay and Sauvignon Blanc. I know our average issue of gold medals was far lower than the overall results. For the Veritas awards to obtain the credibility the system had been so carefully devised to ensure, the judging panels must restrict the issue of gold stickers to wines of indisputable quality.

No one, however, would question the Rust-en-Vrede estate's claims to being the best producers on show this year. Every one of the 10 wines submitted by Jannie Engelbrecht and Kevin Arnold collected a medal: five were single golds and four were double golds — the greatest concentration of 24 carat wines among any of the Cape's producers.

Notable among the Rust-en-Vrede double golds were the 1989 Estate blend, the 1988 Cabernet, the 1987 Shiraz and the 1987 Cabernet. The estate has always focused on red wines (and now produces nothing else). It is good to see such dedication yield appropriate results.

Producers with a generous crop of double golds include Nederburg (nine out of more than 60 wines), Villiera (two out of six) Weltevrede (three out of six), Klein Constantia (three out of 10) and Rustenberg. Other products with impressive overall results include Backsberg, Bergsig, Buitenverwachting, Delheim, Douglas Green, Eersterivier, Fairview, Gilbeys, Kanonkop, KWV, La Motte, Meerlust, Mont Blois, Neethlingshof, Nuy, Roolberg, Simonsig, SFW, Vergenoegd and Warwick.

It may take time for the new National Wine Show to replace its predecessors in wine drinkers' minds, but it is undoubtedly the best national wine judging forum.

MICHAEL FRIDJHON

Winelands in the Boland

CONSIDERING the weight of his investment in South Africa, international banker and Cape wine-estate owner Hans-Joachim Schreiber might be a little nervy about SA's instability right now.

He staunchly claims he isn't, capping his disclaimer with a perfectly assured: "I've never been more confident than I am now."

His frame of reference, however, extends to grim 1940 when he was eight, enduring nightly air raids over Frankfurt; then post-war when he scavenged for food and sold black-market cigarettes to help feed his family.

Mr Schreiber bought his first Cape farm in 1981. Stellenzicht produced only grapes, but under his patronage the farm has been revamped and restocked with choice wine cultivars. It produced its first vintage two years ago.

Wine & Culture Catastrophe

He has had ample time to review the SA economy. For 30 years a key man in the hierarchy of Dresdner — the second-largest bank in Germany — Mr Schreiber's portfolio included the money market, forex and precious metals, hence the SA connection from the 1960s.

By the time he retired in 1981 — as a member of the bank's board — he had noted not only that "South Africa was almost permanently in a state of up and down and the crises were always resolved" but that "the country honoured its financial obligations to the letter".

His confidence, however, was tested by the political watershed of 1986 when "catastrophe was averted by consultation between blacks and whites. But the crisis could have turned into a Beirut or present-day Yugoslavia".

A year earlier Mr Schreiber had bought Neethlingshof estate near Stellenbosch from (now) ANC member and Independent MP for Fish Hoek Jannie Mornberg. The price has not been disclosed, but it is reputed to have been between R8-million and R10-million.

Prime

This purchase triggered foreign-investor interest in prime Cape properties. Yet another major capital-intensive restructuring and replanting programme followed. In five years it all paid off with Neethlingshof wines capturing national acclaim and the estate achieving champion status in 1990. From a planting capacity of 160 ha bearing 1 600 tons of grapes, his cellar is op-



HANS-JOACHIM SCHREIBER Happy in the winelands.

By SUE RYAN

erating to its legal extent, says Mr Schreiber. The estate is beginning to market its wines abroad with distributors signed up in England and Belgium, "but in the US it is still not fashionable to buy South Africa". But he is certain this will change once sanctions are lifted. Peripatetic Mr Schreiber has a home in Frankfurt, is a resident of Singapore (since 1982) and heads an international financial consultancy there. He visits SA six or seven times a year.

Standstill

He is not despondent about the SA scenario because "once the political details have been equitably settled, the problems will largely fall away". Not least, it appears, because of SA's creditworthiness.

"For the past seven years, since the debt standstill of 1985 and admittedly because it was forced to do so, SA has been methodically repaying debt and servicing interest — the only country to do so. I predict it now has the lowest foreign debt in the world. "I have no doubt that the major investors will all come flocking back to help fund the new South Africa," he says.

S/Times (Buss) 4/10/92

Blend is a benchmark wine for the SA industry

8/10/92
9/10/92
③ wine + viticulture

THE launch last week of the Cabernet Merlot blend from Klein Constantia was an event of some importance in the Cape wine industry. At a time when new releases are an almost daily occurrence, wines which force you to alter the way you think about an estate have some significance.

Klein Constantia was purchased by the Jooste family little more than 10 years ago. They acquired a property in the heart of what is SA's most important wine district. The farm was derelict, overgrown and disused. The estate on which the Cloetes had produced SA's most famous wine, known to Napoleon as Vin de Constance, was a rundown slum.

An intensive replanting programme under viticulturist Ernst le Roux had vineyards in production by 1986. Ross Gower crushed several different wines in the state-of-the-art wine cellar. The 1986 Sauvignon Blanc was SA's champion white wine that year. The next year Gower did one better — his 1986 Cabernet was the country's overall top wine, a feat he repeated in 1988 with his as yet unnamed Cabernet Merlot blend.

It is this wine which has finally come to the market as Klein Constan-

tia Marlbrook. It takes this name after a section of the farm named after John Churchill, the first Duke of Marlborough, and known in Europe as Marlbrook. Klein Constantia's 1988 Marlbrook is a beautifully structured, very elegant red wine.

It is remarkably quaffable now, and has all the elements to suggest that time will be good to it. The Cabernet fruit is slightly minty; the Merlot gives it texture.

Cabernet Merlot blends in the Cape tend to be either full and tannic or empty and evanescent. Ross Gower's achievement with this wine is to have arrived at a new definition for Cape "Bordeaux" blends. The wine is clearly "new world" in terms of fruit, yet its refinement and finesse place it clearly in the French style from the point of view of structure.

Klein Constantia has won prizes at the young wine shows for its red wines, though the estate's commercial reputation resides largely in its whites. Until now I have not been seduced by the farm's reds: the Cabernet is easy though not very striking; the Shiraz, which is very good, does not compare with the estate's white wines.

This is what adds to the achievement of the 1988 Marlbrook. It is

clearly a benchmark wine, not only for the farm but also for the country's quality wine industry. It joins the Sauvignon Blanc, the Chardonnay and the Vin de Constance as wines which have acquired brand status of their own. Just as today winemakers define a certain type of Sauvignon Blanc (intense with varietal fruit yet not harsh on the palate) as Klein Constantia style, it will be only a matter of time before the Marlbrook is spoken of in the same way.

Klein Constantia has risen to the top of the Cape wine industry in less than a decade. It has set an example of what can be achieved with dedication and intelligence if the soil and climate — the terroir — are correct.

As its neighbours at Buitenverwachting and Groot Constantia have corroborated, the region produces excellent red and white wines. Sauvignon Blanc, Gewurztraminer and Rhine Riesling are all known to do well. The Klein Constantia Marlbrook clearly differs from Buitenverwachting's Grand Vin and the Groot Constantia's Gouverneur's Reserve. It has achieved its own definition, adding to the reputation of the district, and it will undoubtedly sell out before Christmas is over.

MICHAEL FRIDJHON

Fine wine sale for tough times

AT A time when the economic climate is not contributing to the peace of mind — or the aspirations — of wine collectors, there are two news items of some consolation: firstly, SAA is selling off surplus stocks of wines selected for the first and business class sections of its international flights; secondly, a local entrepreneur has just opened the first vinotèque wine storage to cater for the needs of the PWV.

The SAA sale was an inevitable result of the airline's wine promotion policy: since the mid-1980s SAA has offered its passengers an increasingly sophisticated array of Cape wines, selected at an annual tasting by some of the world's best palates. Beginning with a wine-off-the-month for those in first class, the range soon extended to a monthly selection of at least four wines. Twelve such changes every year, with a little leftover stock from every month, and you have all the makings of a surplus goods sale five years down the line.

In other words, there is nothing wrong with the wines on offer — nothing that is, except that SAA cannot make use of them. The bulk of the stocks have been kept in a climate controlled environment at Kempton Park. Obviously some of the wines were sent to outstations for vicinaling of return flights. In the opinion of Peter Devereux, who is organising the auction for SAA, the selection has been

made on the basis of quality checked products. Those wines which have not withstood the test of time, for whatever reason, have been kept off the list.

Among the wines which may be worth chasing is a 1979 Rustenberg Cabernet (reserve price R300 a case), a 1981 Nederburg Paarl Cabernet (R120), a 1986 Baa-waklippen Zinfandel (R240), a 1980 Nederburg Paarl Cabernet (R300) and a 1974 Nederburg Baronne (R120). All these wines are available in reasonable quantities. There are many other lots ranging from five to 15 cases which may be worth seeking out.

Surpluses

The bargains, if there are to be any, will be in the white wines. Besides several Chardonnays — Van Loeveren 1989 and the Rietvallei 1988 — there are Sauvignon Blancs/Biancs/Fumés and Weisser Rieslings.

Judging from the surpluses, you can easily guess which varietals were not in great demand in the front of the plane.

The sale will be conducted at the Indaba Conference Centre north of Johannesburg on Saturday November 7. Those seeking catalogues or more information should contact (011) 978-5640 or fax (011) 978-5835.

Successful bidders, as well as those collectors who find that their storage space is neither sufficient nor good enough for their pur-

poses, will be pleased to learn that the PWV's first independent vinotèque has just opened at Albertskroon in the west of Johannesburg.

The branchchild of Al Joyce, proprietor of Roodepoort's Civic Theatre Restaurant, the St Vincent Vinotèque provides airconditioned, secure and insured storage for an annual fee of about R20. Existing capacity is limited to 400 000 cases, though there is a second stage planned for the project to bring total space up to 1-million cases.

Attached to the vinotèque is a tasting room, with the promise of an active wine club, lectures from experts, presentations from producers, and all the other fringe events that will make the facility so much more than simply a warehouse.

Those wine drinkers who prefer their wines properly matured, and cannot do them justice in their home environments, should seriously consider Joyce's operation.

There is one caveat, however: there is an unwritten rule which says that wine collections expand so as to fill the space available for their storage: one glance at the cavernous accommodation of the St Vincent Vinotèque should have a sobering effect on even the most compulsive of collectors, but this cannot be guaranteed. For more details call St Vincent Vinotèque at telephone (011) 673-4496.

MICHAEL FRIDJON
● See Page 17

Take a loop to the upstart in die noorde

THE famous Cape wine route has taken a surprising detour — through the Transvaal bushveld. Hidden about 30km north of Bronkhorstspuit, in kwaNdebele, lies Loopspruit, a small cellar producing withits, mampoer — and a respectable range of wines.

Cellarmaster BW Myburgh, a transplanted *kapenaar* who grew up in Bredasdorp and studied cellar technology at Stellenbosch University, is enthusiastic in his "heresy". The bushveld soil is good — perhaps too good he says, "Vines like to have to battle a bit" — and although hailstorms can be a problem, the vineyard is flourishing under drip irrigation. No fertiliser is needed but Myburgh does add some lime to the soil.

So far the estate's output has been only white wines (with the odd vin noir and pink sparkling wine thrown in), but Myburgh is to launch his first red wine within the next few weeks. The wine will be predominantly a chardonnay but he intends to market it as a simple, unpretentious "Dry Red".

There's no need for Stellenbosch Farmers Winery to sound the alarm bells yet, though. Loopspruit has only 20,5ha under vine, of which about 13ha is producing grapes. The remaining 7ha will start producing in the next three to four years.

Compared to the centuries-old Cape estates, Loopspruit is a young upstart from the north. The estate was established in 1969 by a retired policeman, Eric Olivier, who produced fortified wines for private consumption, with little available for sale to the public.

About six years ago, says Myburgh, the farm was incorporated into the homeland and the land is still owned by the kwaNdebele government. Loopspruit estate itself, however, is part of the kwaNdebele Agricultural Company (known by its Afrikaans acronym, KLM), which is run by the kwaNdebele National Development Corporation.

Transvaal wines may sound as alien as Cape meales but tradition is the only thing standing in the way of more grapes being grown in summer rainfall areas.

JULIA BEEFON visited the Loopspruit vineyard near Bronkhorstspuit.

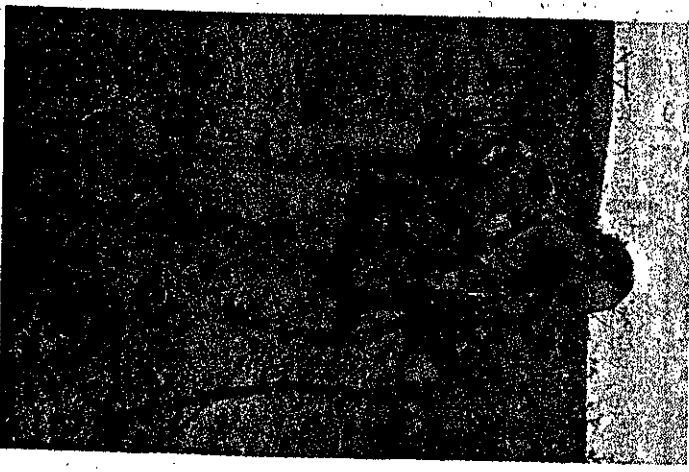
U/Med 23/10 - 29/10/92

The number of elegant buildings on the estate — sort of Cape Dutch meets the bosveld architecture — flatters to deceive. Loopspruit houses the KLM headquarters but the wine-making operation itself employs only about 20 people — Myburgh and a team of labourers who look after the vineyards, harvest the grapes in February/March and produce the wines.

Being such a small operation means Myburgh doubles as marketing manager, tour guide, PRO and everything else it takes to produce and sell the fruit of the vine.

The wines are made in the Loopspruit cellar but sent to Stellenbosch for bottling. The cases come back with "Produk van die Kaap" markings — which is proudly changed to "Produk van die Noorde". Labelling is done at the estate by hand to provide year-round work for the labourers. "The wine itself is the cheapest part of the product you buy," comments Myburgh. "Most of the cost is in the bottling and transportation."

The vineyards nestle close to the KLM buildings — an impossibly green counterpoint to the dry brown bushveld. The cellar itself is a mix of the old and the new. Spanking new stainless steel fermentation tanks co-exist with the more traditional wooden vats and concrete tanks. The higher costs of production of a red wine — at least 18 months' ageing, vats which cost



Cellarmaster BW Myburgh

more than R2,000 each — mean the new product will be more expensive than the R6,75 a bottle of the present wine range.

Cultivars, obtained from a nursery in Stellenbosch, include chardonnay, haneepoot, colunbar, chinon blanc and cinsaut. From these come dry white, dry pink, haneepoot, pink and white sparkling wines, red and white grape juice, with bits and the Muxandre.

"I call the Muxandre my swimming-pool wine," says Myburgh. "It's a dry white, very slightly sparkling wine that you can start drinking at 10am beside the pool and still be drinking at 9pm."

Being so far from the Cape means Myburgh

3 wine tulkeleline

does not send all of his wines to be certified. Two or three wines (the types vary each year) of each vintage are sent off.

Loopspruit is the only cellar in the country producing withits — moonshine made from the press juices from grape skins and pips which lives up to its "white lightning" billing.

In July the estate launched two varieties of mampoer (similar to schnapps). Peaches and apricots for the mampoer are not grown on the estate but on a farm 15km away.

Annual production is about 160 to 170 tons of grapes, which translates into about 10 000 cases of wine a year. Because of this small output, Myburgh tries to sell all his wine straight off the farm. Aside from in a couple of outlets in Bronkhorstspuit and Pretoria, you won't find Loopspruit's distinctive guineafowl logo at your local liquor store. Transport and delivery costs, retailers' mark-up and the availability of the wines mitigate against selling through liquor chains.

"Most people get to know about us by word of mouth," says Myburgh. "We've had a couple of radio spots on Radio Jacaranda but we don't do much advertising."

Visitors are welcome, though. At present about 800 to 1 000 people visit the estate a month, and Myburgh hopes to increase this to 2 000 to 2 500 a month.

To handle the proposed increase a new dining hall has just been completed. At present, for R30 visitors get a tour of the estate and cellar, a tasting glass, as much wine as they can drink and a traditional bosveld lunch of braatvleis, pap en souts and salad. Myburgh hopes to introduce more variety to the menu — such as picnic hampers and cheese (and wine, of course) lunches.

● To visit the estate, contact: Loopspruit Cellar, PO Box 855, Bronkhorstspuit 1020, tel (011) 791 7200.

SUPER-PALATE Christopher Murphy raised the glass of red wine to the Cape sunlight filtering into the cellar. Filigreed silvers of ruby light splattered the white lime wall.

Murphy sniffed, sipped, spat. His verdict? "Excellent! A most impressive range, but tell me one thing: what do you drink every day?"

The senior wine-buyer for the revered British retail chain, Marks and Spencer, had echoed the question of so many wine visitors to this country. The usual follow-up is the comment that many of our chardonnays and red wines are over-wooded and too tannic. It seems increasingly as if local opinion concurs with this. How do we find ourselves in this situation?

The 1980s saw revolutionary change in the South African wine industry. New cultivars appeared — sauvignon blanc, chardonnay, merlot, among others.

Wine-making techniques changed and improved immeasurably. Perhaps most significantly, it became common to mature quality wines in new French oak.

The outcome was that by the end of the 1980s South Africa was producing wines to rival the world's best.

As quality rose, prices spiralled upwards. With a recession looming it was inevitable that customers would react and the search was on for wines at affordable prices.

This coincided with a strong trend away from heavy, tannic wines. Negative political events and mounting stress made it less wise to store wines in cool cellars for a happier day 10 to 50 years hence when perfectly aged wines could be enjoyed in utopian circumstances.

So it was that the three forces of politics, economics and taste combined to force the consumer to look for a brand new quality in wine products. This is encapsulated in the wine buzzword for the 1990s — *drinkability*.

Some South African winemakers have reacted quickly. Select Devon Valley estate, Louisvale, are known for a strikingly good, high priced chardonnay. Owners Hans Froehling and Leon Stemmet read the economic signs and now big brother is joined by a great value, more accessible sibling, Chavant 1992. Consumers have voted with their pockets and a success story is born.

It's on everyone's lips: Drinkable and affordable

In the 1990s the consumers voted with their pockets — and taste buds. They wanted wines for more than just candle-lit dinners.

And they got it.

By ALLAN MULLINS

unwooded blend which is very reasonably priced and delightfully quaffable.

The story goes that even Boschendal's highly professional team have been taken by surprise and are battling to meet the ever-increasing demand.

The picture becomes clearer. Good drinkability at a fair price.

Popular Robertson wine-guru Danie De Wet

Antonij Rupert's Franschoek estate, L'Omarins, operates towards the top end of the wine spectrum.

It has recently released a faintly-wooded chardonnay called Grand Vin Blanc 1992. It's affordable and easily drinkable and already the results speak for themselves.

Chardonnay constitutes 50 percent of Boschendal's new Pavillon Blanc 1992. A soft,

was, as usual, ahead of the pack. Last year he bottled the Dewetshof Finesse 1991 — an unwooded, yet quite delicious chardonnay. A treat at little more than R10.

Neil Ellis is far too shrewd a winemaker to be left behind and his quality standards are always beyond reproach. At under R10 he offers an Inglewood red and white and for a little more a wonderfully rich unwooded chardonnay 1991, sold exclusively by Woolworths.

What about a red wine to rival the drinkability and value being found in so many white wines?

Meerlust red 1985 at around R15 fits the bill perfectly. Stellenbosch red wine aristocrats, Meerlust, bravely admit that the red is from a vintage not selected for their premium blend, Rubicon.

From the popular response it seems as if this move has been a successful one. Let's hope that it's repeated.

Apart from well-timed new releases there are many old favourites enjoying the trend to drinkability.

Familiarity has bred popularity in the case of Chateau Libertas. Born in 1932 this fine red wine doesn't show its 60 years and has never been in better condition.

There are many others. The reds include Nederberg, Baronne and Simonsig, Adelberg. Among the whites are La Gratitude, Swartland's white wines and, of course, Graec. The list seems set to grow.

I'm not saying that the serious, more expensive wines have had their day — far from it. There will always be times to appreciate the best that the vineyard, the grape and the winemaker can produce. The mistake is to relegate wine merely to candle-lit occasions.

Wine has a clear place in our everyday lives and needn't be more than fruity, friendly and, most of all, fun.

Cheers!
● Allan Mullins, a Cape wine master, is senior selector for wine at Woolworths

Wine may prove SA's best ambassador to US

BLDAY 5/11/92

(3) Wine + Viticulture

MEREDITH JENSEN

SINCE the lifting of the Comprehensive Anti-Apartheid Act last year, nearly 40 000 cases of SA's finest wines have been exported to the US, little short of the record 50 000 cases sold in 1983, before sanctions were enacted.

In fact, wine might be SA's best ambassador. While Americans have been slow to bring their chequebooks to this country, they have wasted no time in trying SA wines that have recently become available in the US, industry sources say.

KWV export marketing manager for the US Niel van Staden said he expected the number of cases to increase to 100 000 next season. "We have already placed our wines in 25 states and set up warehouses in New Jersey and Texas in order to supply smaller states which could not afford to buy full container loads," Van Staden said.

SA's wines were competitively priced for the US market, selling at between \$59,88 and \$155,88 a case, he said.

Nearly 75% of the wines shipped to the US were KWV wines. They included Groot Constantia, Vriesenhof, Neil Ellis Wines and Talana Hill. Van Staden said next season's shipments would include Boschendal's Pavillion Blanc, Sauvignon Blanc and Chardonnay. Independent wine producers such as Kanonkop, Lievland, Landskroon, Thelema Mountain Vineyards and Clos Cabriere were represented in the US by the Cape Town-based Natural Corporation.

US representative André Shearer said America could soon become SA's most important export market. "The past 18 months have been a whirlwind for us, from breaking through the first US barriers to attending luncheon with Ronald Reagan."

Natural Corporation Cape Town director Gary Shearer has been overseeing the export side of the business. "It is costing us a fortune at the moment because of the exchange rate," he said.

However, wine exports would most definitely generate forex earnings for SA soon.

In the past, KWV had been able to export a great deal of SA wine by moving inexpensive products in bulk to the middle-of-the-road market.

Shearer said Natural Corporation intended to deliver SA's top wines to America's premier markets.

"We have also decided to market a less expensive brand range, under a Kronendal or Oakhurst label, to appeal to a greater cross-section of the market."

Van Staden said KWV had started to market its wines under the Springbok label, a decision hotly contested by many wine makers. One source said: "This is a name which has been associated with an apartheid regime. The ANC has said it wants to stop using the name."

Daneel's winning Merlot a credit to the competition

Blony 6/11/92

THE 1992 Winemaker of the Year is Jean Daneel, formerly of Buitenverwachting but now en route to Morgenhof. Daneel won the coveted title for his 1991 Merlot Reserve, a wine of such depth and intensity that it led all the way through the preliminary judging as well as the final tasting.

Merlot is one of the first of the indisputably premium varieties to have been selected as the judging category for the award. In previous years Cabernet and Sauvignon Blanc have been chosen, though before virus-free clonal material was available, and while vineyards were still very young. Now the award has moved into top gear: internationally recognised cultivars from properly prepared vineyards will make up the bulk of the winners between now and the end of the century.

There is no doubt about the place of the 1991 Buitenverwachting Merlot Reserve in this constellation. One of five top-ranking Merlots that went through to the second round of the tasting, it would have been the envy

of many a producer in the Pomerol district of Bordeaux. Bigger, richer and perhaps more intensely wooded than its French counterparts, it has youthful appeal and wonderful ageing potential.

As one of the award's judges, I found myself judging wine style as much as the wine itself. Merlot can be vinified to produce a medium-bodied, easily accessible red wine, drinkable within a few years of the harvest and capable of ageing for about a decade. It can also make chunky, full-bodied keeping wines which need the best part of a decade before they start opening up. The judges, confronted with this choice, selected the style on which the competition itself could be favourably judged by anyone coming to a bottle of the winning wine at the turn of the century.

The whole selection process is veiled in secrecy: the wines are tasted blind and none of the tasters is told anything about the entrants. Only the winner is announced. There is no way of knowing which wine finished second or third, or which farms were represented in the final judging.

③ wine + viticulture

Most of the members of the tasting panel are reasonably familiar with SA's top Merlots. They try not to guess, during the selection process, whose wines are in the coded tasting glasses. If you spend your time trying to work out the origin of a specially prepared "show wine" you are unlikely to focus on the quality issues which are central to the award.

Few members of the panel were surprised by the outcome. Buitenverwachting's Merlot has been rated consistently as one of the industry's best. Its rivals have always been the Merlots from Villiera and Rust-en-Vrede (both wines of similar style and intensity) as well as the more delicate versions from Meerlust and Warwick. Any one of these wines could have brought the award home to another winemaker.

Jean Daneel's achievements with several cultivars over the past few years have earned him the respect and admiration of his peers in the Cape. No one is likely to begrudge him the award.

MICHAEL FRIDJHON

Malans of Simonsig put on 'national roadshow'

TWENTY-FIVE years in the estate wine business in SA is no mean achievement, and the Malan family of Simonsig mounted something of a national roadshow to celebrate the event.

When Frans Malan decided to "go it alone" in the '60s, he was one of a few pioneers who realised that without a label a wine farmer is always at the mercy of the wholesale merchants, who buy bulk wine and also grapes for their own brands.

There was really no one to turn to for advice. Rustenberg had been in the business in a quiet and unprovocative way for as long as anyone could remember; Sydney Back was about to set off along the same path. So too were Niel Joubert at Spier and Spatz Sperling at Delheim. There were no wine routes, no regional publicity associations, not even that many wine drinkers outside the Cape. Many thought the move foolhardy rather than courageous.

Those who counselled against the decision were soon vindicated: the wholesale merchants recognised the potential competition from the estate wine concept and duly advised Malan that if he persisted they would simply cease to buy any portion of his crop. From setting out to offer perhaps 10% of his production as Simonsig estate wine, Malan found himself having to dispose of the remainder in time for the next harvest,

and at a price high enough to stay in business.

History is the survivor's account of the battle, and Simonsig's strength and reputation today speak of the Malans' achievement. Together with his three sons — Francois, Pieter and Johan — Frans Malan weathered the stormy '70s to emerge as one of SA's most successful estate wine proprietors. Second only to Boschendal in terms of the size of the operation, Simonsig remains the country's quintessential independent producer.

As part of the silver jubilee, range labels have been upgraded and a few new wines released. The label changes are a vast improvement: distinctive without being garish, and more appropriate to the more up-market wines at the top of the range, they will doubtless help to repackage the estate's image.

So will some of the wines. For too many years Simonsig has languished as another "good value" producer whose best wines never achieve real recognition. Lately Johan Malan has turned out some show stoppers, coming within a point of winning Wine-maker of the Year at the International Wine and Spirit Competition in London. The new labels give these premium products the kind of presentation they deserve and need if they are to do business at the level that their quality dictates.

Among the new entries is a Bor-

deaux blend with the proprietary name of Tiara, presumably the crowning achievement of the red wine range. Still young (1990) and a little unyielding, it has excellent colour, a very good balance and perhaps enough fruit to show well in three to five years time. Produced from young, virus-free Cabernet and Merlot, the Tiara blend will also include a little Cabernet Franc once these vineyards are giving an adequate yield.

The other new release is priced at almost the other extreme — a white companion wine to the enormously successful red Adelberg. Marketed — not surprisingly — as Adelblanc, it is a harmonious blend of Chardonnay, Sauvignon Blanc and Colombard in roughly equal proportions. An easy and very pleasant drink, it should retail for less than R8 a bottle.

The Malans have contributed a great deal to the evolution of Cape wines. Frans Malan made the first methode champenoise (Cap Classique) sparkling wine; the estate sold Kerner, Chardonnay, Gewürztraminer and Weisser Riesling ahead of the pack. The Malans are fiercely independent — never a trait which helps win friends and influence people. Their jubilee year is as much a tribute to their success as a milestone for the Cape wine industry as a whole.

MICHAEL FRIDJHON

Malans of Simonsig put on 'national roadshow'

BIDA
13/11/92

TWENTY-FIVE years in the estate wine business in SA is no mean achievement, and the Malan family of Simonsig mounted something of a national roadshow to celebrate the event.

When Frans Malan decided to "go it alone" in the '60s, he was one of a few pioneers who realised that without a label a wine farmer is always at the mercy of the wholesale merchants, who buy bulk wine and also grapes for their own brands.

There was really no one to turn to for advice. Rustenberg had been in the business in a quiet and unprovocative way for as long as anyone could remember; Sydney Back was about to set off along the same path. So too were Niel Joubert at Spier and Spatz Sperling at Delheim. There were no wine routes, no regional publicity associations, not even that many wine drinkers outside the Cape. Many thought the move foolhardy rather than courageous.

Those who counselled against the decision were soon vindicated: the wholesale merchants recognised the potential competition from the estate wine concept and duly advised Malan that if he persisted they would simply cease to buy any portion of his crop. From setting out to offer perhaps 10% of his production as Simonsig estate wine, Malan found himself having to dispose of the remainder in time for the next harvest,

and at a price high enough to stay in business.

History is the survivor's account of the battle, and Simonsig's strength and reputation today speak of the Malans' achievement. Together with his three sons — Francois, Pieter and Johan — Frans Malan weathered the stormy '70s to emerge as one of SA's most successful estate wine proprietors. Second only to Boschendal in terms of the size of the operation, Simonsig remains the country's quintessential independent producer.

As part of the silver jubilee, range labels have been upgraded and a few new wines released. The label changes are a vast improvement: distinctive without being garish, and more appropriate to the more up-market wines at the top of the range, they will doubtless help to repackage the estate's image.

So will some of the wines. For too many years Simonsig has languished as another "good value" producer whose best wines never achieve real recognition. Lately Johan Malan has turned out some show stoppers, coming within a point of winning Wine-maker of the Year at the International Wine and Spirit Competition in London. The new labels give these premium products the kind of presentation they deserve and need if they are to do business at the level that their quality dictates.

Among the new entries is a Bor-

③ wine + with culture

deaux blend with the proprietary name of Tiara, presumably the crowning achievement of the red wine range. Still young (1990) and a little unyielding, it has excellent colour, a very good balance and perhaps enough fruit to show well in three to five years time. Produced from young, virus-free Cabernet and Merlot, the Tiara blend will also include a little Cabernet Franc once these vineyards are giving an adequate yield.

The other new release is priced at almost the other extreme — a white companion wine to the enormously successful red Adelberg. Marketed — not surprisingly — as Adelblanc, it is a harmonious blend of Chardonnay, Sauvignon Blanc and Colombar in roughly equal proportions. An easy and very pleasant drink, it should retail for less than R8 a bottle.

The Malans have contributed a great deal to the evolution of Cape wines. Frans Malan made the first methode champenoise (Cap Classique) sparkling wine; the estate sold Kerner, Chardonnay, Gewürztraminer and Weisser Riesling ahead of the pack. The Malans are fiercely independent — never a trait which helps win friends and influence people. Their jubilee year is as much a tribute to their success as a milestone for the Cape wine industry as a whole.

MICHAEL FRIDJHON

Zevenwacht on renaissance path

By Dan
20/11/92

33 wine + viticulture

THE Zevenwacht wine farm has had more than its fair share of the news in 1992, the only viticultural property in SA

with a broad spectrum of shareholders, its cash-flow difficulties inevitably attracted more publicity than those privately owned farms that experience the same hiccups.

A protracted campaign to obtain adequate financing may have left an air of doubt around an operation which has continuously supplied some of the best value wines in the country.

Happily for Zevenwacht, its shareholders and its followers, the decision by Johannesburg businessman Harold Johnson to obtain a controlling interest in the farm has brought an end to the uncertainties. Johnson's involvement is likely to en-

sure that the project enjoys sufficient funding to keep up the flow of competitively priced, good quality wine.

Zevenwacht was the creation of Cape Town architect Gilbert Colyn, the consolidation of the Langverwacht and Zevenfontein farms produced an operation capable of yielding more than 50 000 cases annually. Colyn opened the share register to the public with an arrangement not unlike the Californian Chalone Vineyards listing. A small parcel of shares entitled their owners to preferential pricing and early allocation of rare wines, a free invitation to tastings on the Reef and the right to attend the annual picnic on the farm.

For regular wine buyers, the discounts certainly justified the purchase price of the shares. More impor-

andly, since the average quality of Zevenwacht white wines was very good, the arrangement enabled them to buy excellent drinking wines at better than drinking wine prices.

A change in winemaker — from Neil Ellis to Eric Saayman — saw no discernible decline in wine quality. The whites are still very accessible, layered with fruit yet structured to survive several years in the bottle. The reds are slightly more variable: the Cabernet has a hint, almost eucalyptus-like bouquet which has its followers, but is not universally acclaimed. Something of this same curious fruit can be found in the Shiraz, though it is less in evidence and more in harmony with the varietal character. The Zevenwacht blend is beautifully balanced, perhaps a little too minny for my pal-

ate, but very drinkable just the same.

Zevenwacht is on the point of opening its own wine centre on the Reef at Wilbart, between Bedfordview, Edenvale and Germiston. The Cape Dutch style building is nearing completion and will provide a tasting and lecture venue for wine clubs and private groups. Given Zevenwacht's achievements in the past decade, Harold Johnson will have much upon which to consolidate and the wine centre is a symbol of this renaissance.

THE Chateau Libertas jubilee year seems destined to end with a flourish. SA's oldest (and probably most successful) premium red wine brand has celebrated its 60 years in the trade with a stunning vertical tasting from five different

MICHAEL FRIDJHON

SA wines toast of the British

AN increasing number of British consumers are discovering the delights of South African wines following some shrewd marketing by producers which has focused from the outset on the mid-price range. 22/11/92.

This is despite the UK recession, which is forcing some restaurants to close and survivors in many cases to offer discount vouchers with meals over a certain price.

There is considerable growth potential for the "new world" wines of South Africa, Australia, New Zealand and California, says a report in the influential London-based Financial Times.

It points out that many French wines have become over-priced and German wines have suffered from meagre-funded promotions.

New world wines, on the other hand, have been

promoted in the UK with a single-minded dedication "to put as many glasses in the hands of as many people as possible".

The Stellenbosch-based Cape Wine and Spirit Exporters' Association estimates that South African wine exports to Britain surged by 157 percent in the first half of this year compared with the corresponding period last year, while white wine sales jumped by 256 percent.

"Our winemakers are travelling widely to determine the style of wines most suited to each market. This 'look and listen' policy appears to be paying dividends," said association chairman Dr Jannie Retief.

He said members of the association had set an export target of one million cases of South African wine to Britain by 1995. In the first half of this year 269 339 cases were sold.

Old brands fighting back against new estate names

③ wine + viticulture

Bloom 27/11/92

THE early '70s saw the introduction of the Wine of Origin legislation and the beginning of the shift from branded to estate wines. Household names like Nederburg and Zonnebloem were superseded — at least in fashion terms — by countless new labels. Properties which had previously delivered their grapes to the cellars of the wholesale producing merchants started bottling a small volume, high profile portion of their harvest.

The past 20 years have seen a significant change to the profile of the Cape's quality wine industry as new producers and new varieties have garnered their share of wine drinkers' attention.

The rise of new names may have been a function of the growth of the quality wine market as a whole, but it has undoubtedly also been at the expense of the old brands. Once it became clear that the fight for the consumer's mind would have its winners and losers, it was only a matter of time before the Empire struck back.

For some time Stellenbosch Farmers Winery (SFW) — owners of such well known brands as Zonnebloem, Chateau Libertas and even Lanzerac — has been preparing its counter-offensive. Grape owners have been contracted into the process: new

vineyards have been carefully prepared and clonal material rigorously selected. A new wood cooperage — in association with a major French barrel manufacturer — has been developed. Production facilities have been upgraded to incorporate new vinification techniques and accommodate the extra wood ageing dimension. There have been packaging changes designed to reflect the new styles of wine emerging from SFW's cellars.

There has been evidence for some time that these investments have begun paying dividends.

Chateau Libertas was relaunched at the end of the '70s and by the early '80s showed qualities which set it in the upper reaches of top drinking value reds. The 1982 won a double gold at the national wineshow and was selected for the SAA first class cabin. The current release (1989) looks set to achieve similar results: it has enough balance, elegance and fruit to challenge drinking wines produced on SA's best known estates.

The recent relaunch of the Lanzerac red wine range with the release of a 1989 Pinotage provides further evidence of the vitality and new direction in SFW's cellars. This is the first red to come to the market under the Lanzerac label in 20 years. Once again, its hallmarks are an easy fruit, refinement and a ready accessibility. It probably will not last as long as the

legendary Lanzerac from the '60s, but this wine is for drinking.

The upgrade of Zonnebloem has been more far-reaching and sees the range in competition with top-selling wine estates. Already the reds have collected a crop of double gold and gold medals at the national wineshow (Veritas awards), the International Wine and Spirit Competition and the Monde Selection. The newly released 1988 Merlot will be in SAA's first class cabins next year, and many of the older wines will be available to the public through the SFW reserve cellar selection.

Achieving this kind of quality turnaround in a cellar with Zonnebloem's volumes has been time-consuming and expensive. The total cost of the upgrade programme will be about R20m. This covers the expense of vineyard and winery investment, including the creation of a wood maturation cellar capable of storing over 5 000 small barrels and several hundred larger vats. It does not include the extra time and labour that goes into hand-finishing the wines.

The benefits for wine drinkers are now evident. The new Merlot and Laureat (the Bordeaux blend) are impressive releases; the Reserve Collection 1982 reds — which should retail for around R25 each — certainly justify the expense.

MICHAEL FRIDJHON

Cape winelands drew on various influences to create its rich range of wines

Rich heritage of wine-making in Cape

STAL 30/11/92 (3) *Wine Heritage*
Legendary The reputation of Cape wines is such that while imprisoned Napoleon Bonaparte is said to have asked for it.

The arrival of Jan van Riebeeck at the Cape in 1652 heralded the beginning of wine-growing in South Africa.

In 1655 a shipment of grape vine cuttings, mainly from France, arrived in Table Bay and in 1659 the first wine was made by Jan van Riebeeck. However, it was not until Simon van der Stel arrived at the Cape that the quality of the wine started improving.

Van der Stel bought Groot Constantia, made it into a model wine estate, reorganised the local farming community by introducing crop quotas and established Stellenbosch, the first settlement inland from Cape Town.

After a period of neglect, Groot Constantia was bought by the Cloete family — descended from Jan van Riebeeck's undergardener — in the late 18th century and such was their success that the Constantia wines came to fill the glasses of the famous Frederick of Prussia imported it. Jane Austen mentions it and Napoleon Bonaparte, imprisoned on St Helena is known to have yearned for the sweet wines of Constantia.

The French Huguenots further expanded the art of viticulture, for on their arrival in the Cape in 1688, although they did not have direct winemaking experience, they brought with them their culture and knowledge of vineyard and cellar



Fairrest Cape ... Table Mountain views

Through

THE LOW bridge of land between Table Mountain and Lion's Head is known as Kloof Nek. Drive there from the city centre along Adderley Street towards the mountain, turning right at the end of Adderley Street into Wale Street, then taking the sixth turn left into Buitengracht, which becomes Kloof Nek Road.

Driving clockwise around the Kloof Nek traffic islands, take the fourth exit. Follow this road along the "lion's back" to Signal Hill, from where there are fine views in all directions.

Return to the city centre and turn right at the harbour end of Adderley Street, taking the fourth exit towards the airport. Follow Groote Schuur Hospital into the second-floor

The two right lanes veer and become the M3 towards zenberg. Immediately take the first exit towards Mostert's Mill.

On leaving drive down and turn into the right



...such as medical aid," he says.

Capital boost fails to stem Zevenwacht losses

ROBERT WICKS

CAPE TOWN — Despite significant injections of capital and attention to long term debt, the Zevenwacht Wine Estate — one of the largest in the country — incurred losses in excess of R2,08m in the 12 months to 30 June 1992.

The company and its two wholly owned subsidiaries produces red and white wines in the Stellenbosch district. To restore its position, directors have resolved to offer new shares to existing shareholders to enlarge the capital base and reduce interest-bearing debt.

Zevenwacht chairman Harold Johnson said sales of the estate's wines had been adversely affected by the poor economic climate.

No dividends on the ordinary shares were declared and no dividend was proposed.

Johnson said he did not anticipate a "quick turnaround in Zevenwacht's fortunes", but added that everything feasible was being done to ensure the long-term future of the farm.

Three new dams had been built, new vineyards were being established and wine-tasting facilities were being improved. The estate was also receiving favourable reaction from the export market. ③ wine + agriculture

31/07 2/2/92

mitted

Christmas ventures in Cape winelands

VISITORS to the Cape this Christmas will find more distractions in the winelands than ever before. This in itself is not extraordinary. However, in the midst of the worst recession this century, the faith which keeps people investing in projects as long term as wine is staggering.

First among these ventures is Vergelegen in Somerset West. Destined to be one of the Cape's great viticultural enterprises, it already boasts a spectacular wine cellar. The farm was originally developed by governor Willem Adriaan van der Stel nearly three centuries ago. Its homestead and slave quarters, the octagonal garden and the several thousand hectares of prime land invoked the envy and anger of the Free Burgher community. Van der Stel's shameless policy of self-aggrandisement led to his expulsion, and to several hundred years of relative obscurity for Vergelegen.

The 20th century has been kinder: Lady Florence Phillips acquired the farm after the South African War and set about restoring the homestead and developing the property's agricultural potential. Nevertheless, when Anglo American Farms bought Vergelegen in 1987 much work was required before it could challenge the viticultural claims of the Cape's other historical estates.

Five years later, extensive soil testing has determined the farm's best vineyards. The finest of the latest clonal material has been planted. Patrick Dillon, whose work in Bordeaux has earned him an international reputation, designed the state-of-the-art wine cellar. Much of the homestead has been redone and the Lady Florence tea garden was opened to the public.

The farm's first wines have also come to the market: cellar master Martin Meinert has released a Chardonnay, a Sauvignon

Blanc and a fruity off-dry blend (appropriately named Vin de Florence) under the Les Enfants de Vergelegen label and available in 750ml and 500ml bottles. Considering their pedigree, the wines have been competitively priced at R10-R20 a bottle, depending on varietal and pack size. All three are beautifully put together: well structured, complex, elegant and finely balanced.

The Vin de Florence is on sale only at the farm and this should provide a worthwhile incentive for a visit. Cellar tours are by appointment only, though the archaeological sites, the buildings and the tea garden are readily accessible.

Day trippers should also aim to visit the recently renovated De Leuwen Jagt in Suid Agter Paarl. It offers a big, perhaps overly oaked Chardonnay as well as good Muscadel and Cabernet. There is a very attractive underground cellar.

Also in the same area of origin is Rhebokskloof, with its *trompe l'oeil* murals in the wine cellar, its Victorian restaurant under the expert hand of Corrie Nel (formerly of Laborie) and some very good Chardonnay and Pinotage not readily available in the retail trade. In Wellington you can find Roger Jorgensen's Claridges wines, difficult to trace in Johannesburg and well worth the detour.

Travellers to Franschoek should include a stopover at Le Quartier Francais with its excellent restaurant and luxurious Auberge for those who would like to stay the night.

Stellenbosch boasts a fine array of farms, estates and restaurants. Notable among newcomers is Hazendal, recently opened to the public. Among the many restaurants, L'Auberge du Paysan on the road to Somerset West is one of the Cape's finest and most charming establishments.

MICHAEL FRIDJHON

Winbel slides deeper into the red

WINBEL and its listed subsidiaries have moved deeper into the red, today's published results for the year ended September 30 show.

Winbel's attributable loss after extraordinary items stood at R1,47m compared with a R114 000 profit reported last year. Its deficit a share was 3,4c compared with 0,7c loss a share reported last year.

Turnover dropped to R200,41m from R230,53m last year. Operating income plunged to R936 000 from R8,8m the previous year. Interest payments were substantially lower at R3,87m from R9,07m.

Directors blamed the low gold price, high interest rates, recession, labour unrest in the platinum mines, national stayaways and the month-long metal industries strike for the downturn in the group's traditional markets.

However, they said the restructuring of the group was complete and with greater emphasis on profit improvement, the group was looking forward to a return to profitability.

11/12/1992
EDWARD WEST

Rationalisation benefits should lead to a substantial improvement, they said.

The investment holding company controls 61% of Winhold which, in turn, controls 61% of engineering equipment company Inmins and 86% of polyethylene bag, sheeting and office furniture manufacturer Plastall.

Winhold's loss a share was 4,6c compared with 0,9c loss a share in 1991. The attributable loss was R2,42m. Operating profit was R757 000 compared with R8,66m in 1991. Outside shareholders' interest climbed to R15,11m from R1,81m.

The reduction of turnover in the Inmins group was attributed to closure and disposal of unprofitable operations, the low gold price, labour unrest, lower international demand for coal and the recession.

Financial restructuring at the end of May with a consortium of finan-

cial institutions strengthened shareholders' funds, lowered the interest burden and ensured financial stability. Inmins was now trading profitably, directors said.

Plastall reported losses equivalent to 17,9c a share compared with 10,6c profit in 1991. Turnover dropped to R55,9m from R64,18m. Losses before interest and tax amounted to R892 000 compared with a R3,33m profit in 1991.

A seven-week strike, stayaways, a month-long metal industries strike, the impact of the drought on the fertiliser bag market and a "dramatic" shrinkage of the office furniture market adversely affected results, directors said.

However, Plastall's turnover was expected to increase this year and with the spreading of fixed costs, the group's performance was expected to improve.

Management was concentrating on export opportunities and restructuring operations to ensure a return to profitability, the directors said.

Honouring a winemaker

81 DAY 18/12/92
 JULIUS Laszlo, who has headed The Bergkelder's winemaking team for more than a decade, retired recently but will remain part of the SA wine scene with at least one (as yet unannounced) project to keep him busy.

As the man who more or less singlehandedly catapulted SA winemaking into the international league, his absence will doubtless be felt by his erstwhile employers.

Laszlo's achievements have survived an initial period of experimentation to become an intrinsic part of the Cape wine scene. Neither his detractors nor his own intransigent personality can diminish them.

Laszlo arrived in SA in the mid-'70s, a political refugee from eastern Europe. As the former director of the Romanian Institute of Viticulture, he soon found employment at the Viticultural and Oenological Research Institute in Stellenbosch. In 1978 he joined Distillers Corporation/The Bergkelder and began implementing the changes which effectively re-launched the Cape wine industry.

In summary, these were: importa-

tion of premium varietals; clonal material selection; new French oak vinification; the shift in focus of the deluxe wine industry from German to French wine styles.

In retrospect, his recognition of the shortcomings of the Cape wines in the '70s did not amount to any great insights: nowhere except Germany (and perhaps Alsace and Friuli) are wines vinified solely for their unmediated fruit. All the other major wine industries were experimenting with — or had a tradition of — wood vinification. The only varietals for whose premium status there was widespread consent were the French noble cultivars. Identifying what kept Cape wines in the oenological backwoods probably took no more than half an hour's careful contemplation, and many of us had discussed these issues passionately for some time.

Implementing the changes took the rare combination of Laszlo's determination and Distillers' commitment to fund the venture. Anyone who has dealt with Laszlo will vouch for his resilience, the unyielding conviction with which he invests anything in which he believes.

② Wine + Viticulture

Planeloads of planting material were flown in. Some of these were smuggled past the authorities and became the subject of the famous Chardonnay inquiry. Laszlo and Distillers were not the only culprits: the obstructive bureaucracy at Plant and Seed Control left the farmers with little alternative. Suddenly the whole industry knew about — and wanted — Sauvignon Blanc, Chardonnay, Merlot, Cabernet Franc and healthy clone Cabernet Sauvignon.

The same is true of Laszlo's influence when it comes to French oak vinification. He was not the first to use the new barrels from the forests of Limousin, Alliers and Tronçais. He was, however, the first to commit the entire winemaking process to the oak, setting the example for the quality wine industry.

The Bergkelder has released, under the Cellarmaster's Choice label, a small quantity of a 1987 Cabernet selected by Laszlo. This wine epitomises his achievement, embodying as it does the advances of the past 15 years. It is expensive, but it does constitute a high point in Cape wine.

MICHAEL FRIDJHON

Cape of good hopes

3 viticulture & wine

EVERYONE assumed it was an April Fool's Day joke when the KVV, South Africa's controlling wine body, announced it was scrapping its notorious quota system earlier in the year. Grown wine producers wandered from barrel to barrel, shaking their heads in sheer disbelief; polemic-hardened critics were at a loss for words.

But the decision was for real. Two years after President de Klerk's explosive speech unbanning the African National Congress, the tide of reform was finally lapping at the citadel of the Afrikaner-dominated wine industry. Like the ruling National Party, the KVV is busy manoeuvring to retain power. Hence the sudden abolition of the quota system.

This historic (some might say pre-historic) piece of legislation gave the KVV statutory powers to decide who could plant grapes, and where they could do it. In essence, it was a classic bit of protectionism. As a farmers' trade union, the KVV is sustained by its members, and the quota system, like so much in South Africa, was designed to protect the interests of the white minority — in this instance, 6,000 grape growers.

The KVV's decision was not entirely based on expediency, though only a fool would argue that sanctions and international opprobrium played no part in the change of heart. By Afrikaner standards, there is a genuinely liberal spirit about the KVV these days. Marketing men understand that the old South Africa is on its last legs and are talking excitedly about the future.

Reforms aside, the KVV's grip on the industry is still too tight. In one sense, it does little to encourage quality wine production. A large part of the KVV's role is to deal with the annual grape surplus, selling it off as bulk wine, grape concentrate, or distilled spirit. Here, too, there is a good

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dose of protectionism. By fixing prices for minimum "good" wine and distilling wine, the system keeps its business bad wine growers churning out massive yields.

The minimum wine price should be abolished. In fact, there is currently talk of transferring all the KVV's administrative powers to the Department of Agriculture. This would leave the KVV free to concentrate on what it does best — making wine — rather than interfering in everyone else's business. It would also answer the charge that the KVV is both poacher and gamekeeper, something that rightly irritates competitors.

Abolishing the minimum wine price would, at the same time, introduce a much-needed element of competition into the South African wine industry. For a country that has been the skunk of the world these last 20 years, South Africa's wines are generally in remarkably good shape — modern, well-made, and full of interesting quirks. Legislation, it seems, has done far more damage to South African rugby than it has to the wine, but the industry still needs another 50 "dynamic estates".

Thus far, most of the hard work has been done by a small band of enlightened private producers, although there are also four or five co-operatives (particularly Swartland, Vinhuco, Vredendal, and the KVV itself) which are turning out some brilliant wines at the £2.99 end of the spectrum. Nevertheless, despite its long history — the Cape is the oldest wine-producing area in the New World — the modern South African wine industry is no more than 10 years old.

It is only in the last decade that new French barrels have been imported on a wide scale and that new, disease-resistant clones of Chardonnay, Pinot Noir, and Cabernet Sauvignon have become available.

Tim Atkin detects signs of a welcome change in South Africa's wine industry



Vines in the Constantia Valley south of Cape Town

—PHOTOGRAPH: MARK VAN NARDI

Given the bureaucratic and political handicaps, the South African wine business is in remarkably fine fettle. It is already producing brilliant Sauvignon Blancs, a handful of promising Chardonnays, unique Pinotages, one or two good stickies, and some very good red Bordeaux-style blends.

In a climate where investment is extremely hazardous and the future still uncertain, foreign

a few more vintages under their belt. However, it is my feeling that, politics permitting, South Africa could one day challenge Australia as the dominant New World producer. Its winemakers have a better understanding of British tastes than the Californians, they produce far more interesting wines than the Chileans, and they command a much greater range of styles than the New Zealanders.

For some readers, the time may not yet be right to drink South African wines. As someone who has been critical of vineyard labour practices in the past, it is a stand with which I have a certain amount of sympathy.

All I can report with regard to the Cape's more liberal producers is that the majority of the 42 private estates I visited treat their workers decently, given the constraints of a semi-feudal system. Conditions are certainly no worse than in Portugal or Chile, although they are still far from ideal. The work of the Rural Foundation has been extremely important in raising standards.

Where abuses continue (poor pay, the "dop" system, primitive housing) they tend to be in outlying agricultural areas like the Klein Karoo, away from the critical gaze of international opinion. Here, someone who provides his workers with electricity in their homes is considered avant garde.

Good labour relations make sense. Anyone who is serious about making great wine needs motivated, settled, and contented employees, not cheap casual labour from the nearest squatter camp. The extension of basic employment laws to agricultural workers this month will be a further advance.

But the biggest battle has already been won. In their hearts and minds, the best wine producers know there is only one way forward.

AGRICULTURE - VITICULTURE & WINE 1998

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SFW sales hit R1-bn as wine exports take off

ARL 20/10/93
TOM HOOD
Business Editor

3 wine
SUBSTANTIAL orders for South African wines have come from from Canada, New Zealand and Sweden, which recently lifted all trade sanctions, reported Stellenbosch Farmers Winery chairman Frans Davin today.

"The lifting of sanctions by almost all countries has boosted wine exports," he said at the company's annual meeting in Stellenbosch.

The abolition by KWV of the minimum price for quality wine for export was a step in the right direction and was lauded by all exporters.

This meant wine could be exported profitably — previously profits were negligible with the predetermined fixed price for quality wine.

When SFW called for tenders from producers and co-operatives for quality wine destined for export the tenders were oversubscribed tenfold.

Prices varied from 42c to 90c a litre as opposed to the current fixed price of 128c. SFW bought most of its export wine at 90c.

Sales increased by 13 percent to reach R1 billion for the first time.

Local sales hinder KVV

8/10/93 10/3/93

LINDA ENSOR

CAPE TOWN — The liquor producing and distributing co-operative KVV suffered from exceptionally poor trading conditions on the domestic market in the year to end-December and experienced a real decline in profit.

Net income of R55,5m (R55,1m) was generated despite the growth of about 50% in the export turnover of the co-operative's branded products and grape juice concentrate. *(Wine + Vodka)*

The growth in export turnover was largely neutralised by a drastic drop in sales of brandy and wine

spirits to domestic wholesalers who reduced stock levels considerably.

A KVV statement yesterday said that due to an underestimation of last year's distilling wine pool, an excess of R18,8m (R4,12 per hectolitre at 10% alcohol volume) was paid out.

The board would therefore recommend at the AGM this year that a bonus of R22,8m be paid out in April to the producers who contributed to the pool of wine for distilling purposes in 1992.

Limited expansion in wine market

PRETORIA — A static wine market which had kept producer prices under pressure had limited expansion in the industry. *BIDM 25/2/93*

However, the industry was in a position to handle any increased demand for wine products in the year ahead, according to a KWV presentation to the agriculture outlook conference which began at the CSIR today.

Since 1985 the real production value of wine had declined by 20% while the market for brandy had shown virtually no growth since 1975.

GERALD REILLY

The unchanging nature of the domestic wine market since 1985 had resulted in real producer prices falling and the area planted to wine grapes being stabilised at about 92 000ha.

The expectation was that wine harvests for at least the next three years would be around the 1-billion litre mark with a low of about 950-million litres. KWV said the real production value of wine harvests had increased by 9% between 1985 and 1991.

Wine till now / low

'Oil firms squeeze small operators'

S Times 28/11/93

PETROL companies have been accused of squeezing out small petrol stations in order to use their site quotas, allocated under the controversial Rationalisation Plan, for larger, more profitable petrol stations elsewhere.

Nearly 90 petrol stations were closed across the country during the last two years, and 131 new ones opened up. There are 4 500 petrol stations in SA.

Rod Crompton of the liquid fuels task group of the National Economic Forum says the closure of petrol stations should stop: "The Government should place a moratorium on these kinds of changes.

"There has been a chaotic expansion of refinery capacity in recent years, and petrol companies are doing all they can to get rid of fuel. We believe petrol stations are an area where

By CIARAN RYAN

small business has a role to play. You don't need big business to run them."

Former Trek petrol station operator Moosa Desai of Richmond, Natal, says oil companies are trying to close down smaller petrol stations before the new Government is in place, when the so-called Rat Plan is likely to be reviewed.

"I know of four petrol stations that have been closed on the grounds that they were uneconomical," says Mr Desai. "These were all profitable family-owned businesses; the oil companies need their site allocations under the Rat Plan to open bigger stations elsewhere."

The Department of Mineral and Energy Affairs denies that there is a campaign to close down smaller stations. "The decision to close a service station is

taken on the basis of economic considerations by the oil company concerned," says Piet Hugo, director-general of the Department of Mineral and Energy Affairs. "We are not prescriptive in this regard.

"It is true that oil companies are allowed a limited number of opportunities to erect service stations, resulting from the closure of uneconomical sites. This, however, should not be interpreted as a policy for promoting the replacement of smaller stations, but rather as an endeavour to provide petrol reselling facilities in areas where the need arises due to changing circumstances."

Aimed at limiting the number of petrol station sites, the Rationalisation Plan is one of a battery of legislative tools used by the Government to regulate the industry. Although oil companies are precluded from operating petrol stations,

they control the allocation of sites. Increasingly, the oil companies own the land, buildings and assets of petrol stations, but rent them to private operators.

Miss Sylvia Nicholson of Nicholson's Garage in Port Edward, Natal, says Caltex stopped supplying her with petrol in July.

"This is a family-owned business which was started 48 years ago. Although we are not getting petrol supplies, we have kept the garage open, with other garages in the area helping us out. This has meant a tremendous loss of income. Our petrol sales were only about R2 500 a month, but we need to sell petrol to attract other business, such as spares and workshop sales."

A Caltex spokesman denies that there is a campaign to build petrol stations as fast as possible in case the Rat Plan is changed next year.

UK plunges into SA wine

S Times (Buss)

By DON ROBERTSON

28/11/93

BRITISH wine drinkers are clamouring for SA's wines. Sales for the year are expected to rise by 50% compared with 1992 to about 1-million cases worth between R60-million and R75-million. Total exports from this country are expected to reach R100-million.

Exports in the first six months at 3.8-million litres or 421 700 cases were barely changed from the 1992 second half, according to the SA Wine and Spirit Exporters' Association. But in June exports surged to over 1-million litres and that trend has continued.

KWV marketing executive Piet Momberg says exports to Britain continued to rise and reached 6.4-million tons by September, the latest figures available.

He believes British sales this year will be a record, topping 9-million litres or 1-million cases. The British market has traditionally been the

most important for SA producers, taking about 50% of all exports.

Until 1990, KWV was the main exporter to the UK, but its products were largely restricted to the specialist trade. It was excluded from most grocery stores, which sell about 60% of the wines in that country.

Although there were no formal sanctions against SA, most grocery owners declined to display SA wines, says Mr Momberg. Since 1991 and following a successful wine campaign, this distribution sector was opened up and sales have increased sharply.

As a result, all SA wine makers are enjoying increased export sales.

A spokesman for Stellenbosch Farmers' Winery, Bennie Howard, says the group is extremely pleased with

increased sales in Britain as well as in Germany, Belgium, the Netherlands and Switzerland.

The group has been supplying wines to Denmark for over a year, but is hampered in its efforts to increase sales in Sweden and Norway because of a State liquor monopoly in those countries. New Zealand, a large importer in the past, has resumed sales of SA wine.

Mr Howard says SA's wines are competitively priced, although there is stiff competition from Chile and Bulgaria.

SA exports, however, are small in comparison with those from Australia, which sold 15-million litres in Britain in the first six months of this year. This was followed by Bulgaria with 11.6-million litres, Hungary with 3.9-million litres and the US with a similar amount.

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Wine estate workers dismissed after strike

By Diane Coetzee

THE future of more than 20 workers fired from the Lord Neethling Restaurant on the internationally-known Neethlingshof wine estate during the festive season remains in the balance.

General secretary of the Farmworkers Support Committee (FSC) Mr Grant Twigg said the organisation met with management on Tuesday.

"Neethlingshof management said they were not prepared to

discuss the issue of the fired workers at the meeting.

"They did, however, ask for a letter detailing our position to be sent to them so we are meeting our lawyers this week to draw that up," Twigg said.

Over 50 workers went on strike for three days on December 18 over demands around wages, Christmas bonuses and union recognition.

Tourists visiting the award-winning wine estate were greeted by toyi-toying workers.

One of their major demands was that the FSC be recognised as their representative union.

After police were called on December 20, management fired all the workers. Some returned to work in the following weeks.

Managing director of the Neethling restaurant, Mr Francois Theron, said management was not adverse to recognising a formal union with the necessary credentials and membership. He denied workers were badly treated or poorly paid.

① wine + vine + nature SOUTH 1611-201193

Early sign of vintage year

ONE week away from the start of the grape picking season, early analysis of the grapes by western Cape wine farmers points to the 1993 vintage being the best for some years.

Mr Riaan Kruger, director of the SA Wine and Spirit Exporters Association, said on Friday: "The wine farmers around Stellenbosch are getting very excited about the prospects for the crop we are about to bring in. Early indications from the grape analysis done so far indicates the crop is full of potential and the 1993 vintage could be the best for some years."

A spokesman for KWV said: "The crop is a little smaller this year. In 1992 the crop produced 1 000-million litres, compared to 933-million litres for this year."

He said the reason for this was some cloudy weather during the "fruit set" time of October and November and a cool/early summer that resulted in slower growth and fewer berries.

"But those same factors have given us a good acid and sugar balance in the grapes —

and the potential for a very good vintage."

A few hot days in January did a little damage to grapes in isolated patches, but this will not have a detrimental effect on the total quality, he added.

Mr Gunter Brozel, the expert German winemaker at the Neethlingshof Wine Estate in the Bottlerij Hills of Stellenbosch, says: "Late winter rains and coolish summer temperatures have helped maintain the underground water systems to feed the vines. This has helped us enormously." *③ wine - 10/11/93*

He said the grapes at the Neethlingshof Estate, which had some of the youngest vineyards in the country, looked "really excellent".

"But," he says, "we won't know exactly how good until we have done the final analysis — a taster with the ready-made wine."

By JEREMY WOODS

17/1/93

Wine farmers to receive higher prices

PAARL — Wine farmers will be paid ^{810,324} 8% ^{18/11/93} more for natural and distilling wine this year, KWV announced on Friday.

The minimum price of natural wine will increase by 7,5c/l to R1,28/l and that of distilling wine to 69c/l.

KWV chairman Pietman Hugo said the 11% inflation rate meant a real price decrease of about 3%. The minimum price

received by farmers had dropped in real terms by an average 2% a year during the past 10 years. ^{(3) Wine + Viticulture}

The 1993 wine crop is estimated at 933-million litres, compared with last year's record 1 000-million litre crop.

About 72% of the crop is expected to be marketed locally and the remainder will be exported as wine and spirits or processed into grape juice concentrate. — Sapa.

SA tops in grape concentrate

St. Times (8455) 24/1/93. *Wine + fruit*
THE grape juice that started running this week through the new KWV grape-concentration plant at Vredendal in the north-west Cape will establish South Africa as the No 1 producer of grape concentrate in the world.

Last year KWV sold 24-million litres of grape concentrate, about half of it to the world market.

This year the figure is

By JEREMY WOODS

expected to be at least 40-million litres, worth close to R134-million in grape concentrate before any added-on value such as packaging or labelling.

The estimated total world production of grape concentrate is 220-million litres, with a substantial portion of this, about 112-million litres, centred on the important US market.

"KWV is probably producing the best-quality concentrate available worldwide, which is one of the reasons we were accepted back into the US market within weeks of sanctions being lifted," says export marketing manager Gawie Minnaar.

Competing suppliers in Europe and South America, particularly Argentina, a major wine producer on the international stage, guarantee no more than 2% solids in their products.

"For US importers, KWV has the advantage of being a single, large volume producer with a concentrate that has no solids," says Mr Minnaar.

A quarter of all grapes produced in South Africa will go into grape-juice concentrate.

The potential of this world market is so big that KWV, the wine-exporting co-operative owned and run by the wine farmers of the Cape, has spent R90-million updating and building new high-technology plants to supply the dominant position it has established in this lucrative market.

An existing grape-concentration plant at Robertson has been significantly upgraded — increasing capacity to 150-million litres of grape juice, or 30-million litres of concentrate.

The new plant at Vredendal will shortly be followed by another at Upington for a total cost of R50-million.

Meanwhile, in a separate move, KWV has snapped up a 25% stake in Ceres Fruit

Juices, for R41-million.

Ceres, with its brand names Liqui-Fruit, Fruitree, and Ceres, is a large domestic user of grape-juice concentrate.

The sudden boom in the grape-concentrate market comes at a time when worldwide consumption of alcohol is declining as people become more health-conscious.

The growth of this market could render the contentious KWV minimum selling price for wine sales obsolete.

The difference between the two will narrow, and many wine farmers may prefer simply to sell their grapes rather than go through the lengthy maturation and bottling process to get good bottled wine.

Even in France wine consumption has dropped dramatically in recent years — from 115 to 75 litres a person.

"In one move we have diversified out of the highly controlled alcohol business into the fast-growing health-food

market," says Mr Minnaar.

By EDYTH BULBRING: Political Correspondent

GROOT CONSTANTIA, South Africa's most famous wine estate, may soon be removed from government control.

Like locking the pearl in a safe before serving the oyster, the move is aimed at conserving the Groot Constantia estate as part of the national heritage before a new government takes over.

Groot Constantia's vineyards and wine production falls under the control of the Groot Constantia Control Board, appointed by the white own-affairs Department of Agriculture in 1975.

The buildings and wine cellars are maintained by the Department of Local Government, Housing and Works, while the museums inside the old buildings are run by the Department of Education and Culture. With the dismantling of the tricameral system expected to begin this year, Groot Constantia would fall under the control of general affairs.

The government is also concerned that a new government would see the maintenance of Groot Constantia far down on its list of priorities in the face of other, more pressing, socio-economic concerns.

It also does not want to see Groot Constantia auctioned off to private businessmen, who would be

driven by a profit motive.

The recommendation has been made to the government in a report by the Groot Constantia Control Board and will be tabled in



NEGLECTED... a grave of the Cloete family

Picture: JACK LESTRADE

Last-minute move to save Constantia

STimes 31/1/93. 3 wine + viticulture

Parliament within two weeks. The Cabinet has discussed the report and a decision will be made soon.

It is believed the board will ask the government to

give control of Groot Constantia to a trust which will operate in terms of certain preconditions.

The conditions will ensure Groot Constantia will always be open to the public, the museums (housed in the homestead) and the old wine cellar will remain open. Tourists will still be able to enjoy a light meal with a carafe of wine and the neglected buildings will be maintained.

Under government control, any profit made by the estate has to be returned to the government coffers and cannot be used to maintain or renovate the buildings.

The nearly R3,5-million budgeted in 1988 for renovations is estimated to fall short on the kind of work needed for the upkeep of Groot Constantia. Experts estimate a further R1-million would be needed to complete the renovations.

The farm made a profit of R542 000 last year. Apart from vineyard replacements and cellar improvements, R580 000 was spent on items of a capital nature, the biggest being the

restoration of the so-called Bertrams cellar to equip it for wine sales and increased wine-tasting facilities.

The farm is expected to produce 900 tons of grapes at the end of the decade.

Revenue from wine sales increased by 13 per cent to over R4-million last year. If controlled by a trust, the profits made by the farm could be used to maintain the homestead and continued renovations instead of drawing on taxpayers' money.

Groot Constantia ranks in the top three tourist attractions in the Cape after the cable car and Kirstenbosch Gardens. It plays host to over 350 000 tourists a year.

Agriculture Minister Kraai van Niekirk confirmed this week that the government would make a decision on the future of Groot Constantia in the near future.

He said a compromise had to be worked out between removing the burden from the taxpayer and preserving Groot Constantia as a national heritage.

Fewer wines on auction

LINDA ENSOR

CAPE TOWN — The application of more stringent selection criteria and the tight economic climate will see fewer wines on offer at this year's Nederburg Auction in Paarl on April 3.

Compared with 1992 when 10 489 cases of 121 different wines were on offer, fetching a total of R2m, only 9 324 cases of 89 wines are on sale. *BIDA-1 1/2/93*

Strong overseas interest is expected when 30 of SA's premier estates, wineries and co-operative sellers offer their finest wines.

Two newcomers to the auction will be De Wetshof Estate with a Danie de Wet Chardonnay 1991 WO, named after the owner and award-winning winemaker, and Rhebokskloof with its maiden vintage Chardonnay 1991 WO.

Lost City not real ruin — Rosevear

THE Lost City was not about to crumble, Sun International MD Ken Rosevear said at the weekend.

Parts of the carefully constructed ruins of the exclusive resort have suffered real damage from heavy rains in Bophuthatswana only months after the glitzy official opening. *B10A-7 11/21/93*

But Rosevear said the cracked Royal Staircase, leaking swimming pool and damaged waterways were "normal" damage caused by earth shifts and ground movements. "It is merely buildings settling in," he said.

He could not give an estimate of the cost of repairing the damage, but said repairs would not cost SI anything.

"Repairs, which have been going on for the past two to three weeks, are a matter of insurance. The construction companies involved would carry the costs," he said.

Rosevear said media reports about the

STEPHANE BOTHMA

damage had created a "storm in a teacup". He denied faulty construction was to blame. And the rush to complete the R800m complex in time for the festive season had not been a factor. Damage caused by ground movement often happened with new buildings, he said.

Damaged underground pipes feeding the flowing lakes had to be replaced. All five damaged waterways would be back in operation this week, he said.

The pipes that had been damaged were being replaced by steel ones.

The only inconvenience to Lost City visitors was the closing of a part of the Royal Staircase leading down from the Palace Hotel to the Valley of the Waves.

"Only a section of the stairs is closed for repairs to foundations. Large crews are working around the clock to get everything back to normal," he said.

Visitors seek evidence of employers' role in violence

THE role of employers in engendering violence in SA will be investigated by the International Confederation of Free Trade Unions.

At a media conference in Johannesburg, ICFTU general secretary Enzo Friso said 50 trade union leaders from around the world would tour SA over the next few days, gathering information about employers' role in violence.

Cosatu general secretary Jay Naidoo said some companies, including multinationals, had attempted to undermine trade unions by hiring employees from opposing political factions during strike action.

This had precipitated violence in some instances, Naidoo said.

Frisco said if evidence of this could be obtained, union members of the mul-

ADRIAN HADLAND

tinational's home plants would be informed and urged to act.

Calling for the reimposition of sanctions was one option which could also be considered by the confederation, he said.

Friso said the 50 trade union leaders, assisted by Cosatu and Nactu representatives in terms of an agreement signed by the three organisations, would meet in Johannesburg soon to discuss their findings.

"We will discuss how best we can help at this particularly delicate moment to foster democratisation and fight violence in SA".

Naidoo said it was vital during the pre-election phase that unions be allowed to establish freedom of association.

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3 Wine + viticulture
**Funding plan for
Groot Constantia**

B/DAY
4/2/93
Political Staff

CAPE TOWN.— The state and taxpayers should be relieved of the financial responsibility for Groot Constantia, the wine estate's management board said yesterday.

"A sound financial future should be created for an integrated Groot Constantia which will allow viticulture to be proceeded with in a manner consistent with the status of the farm where the SA wine industry started," it said in its 1992 report, which was tabled in Parliament.

This would ensure also the restoration work to the cultural historic section was not only completed but adequately maintained in the future.

The board's decision to recommend the formation of a non-profit trust or company to take over control of Groot Constantia was strongly criticised last week by the SA National Civics Organisation (Sanco), which said it should remain under government control. Agriculture Minister Kraai van Niekerk has denied that there were any sinister plans behind the proposals.

The board favours the SA Cultural History Museum continuing activities at Groot Constantia.

"Groot Constantia should remain accessible to the public in the interests of all SA's peoples and should be so managed as to cater for the burgeoning tourist industry, while at the same time serving as a showcase for our country's wine industry," it said.

COMPANIES

Winery unable to prevent leaks

THE cost-cutting programme of Stellenbosch Farmers' Winery Group was unable to offset poor trading conditions in the six months to December, which saw a drop in earnings and dividends. *B1034 25/12/93*

Results published today show earnings a share, after additional depreciation, dropped 14,1% to 17,1c from the previous period's 19,9c, with the interim dividend being cut 12,5% to 3,5c (4c).

Trading profit decreased to R63,7m (R71,4m), and with lower net financing costs of R3,8m (R4,5m) gave a pre-tax profit of R59,9m (R66,9m). A reduced tax bill of R27,8m (R31,9m) resulted in after-tax profit of R32,1m (R55m). A sharp drop in equity accounted earnings to R177 000 (R1,1m) and an increase in income attributable to outside shareholders of R977 000 (R213 000), reduced net income before additional depreciation to R31,3m (R35,9m). Additional depreciation was lower at R7,3m (R8,1m), resulting in a 13,9% decline in attributable income to

MADDEN COLE

R24m (R27,8m), in spite of an improved turnover of R573,5m (R514,3m).

The surplus from adjustments made on July 1 1992, to the value of fixed assets, amounted to R16,4m and had been accounted for in non-distributable reserves.

Chairman F J Davin said as a result of the present economic conditions, consumer trends had shifted to the cheap cut-price sector of the market, resulting in a decline in demand for proprietary brands, the sector of the market in which the group had a major share. *(3) Wine & Agriculture*

He said deregulation had resulted in the expansion and proliferation of the retail sector, placing increased pressure on the distribution channels and structures used by the wholesale sector.

Trading conditions were expected to remain difficult and the group did not expect significant change during the remainder of the financial year.

SCHEDULE**Definitions** ② wine + viticulture

1. In this Schedule "the Regulations" means the regulations published by Government Notice No. R. 1699 of 22 September 1972, as amended by the regulations published by Government Notices Nos. R. 1420 of 13 August 1976, R. 2497 of 17 December 1976, R. 1986 of 29 September 1978, R. 785 of 12 April 1979, R. 263 of 13 February 1981, R. 2743 of 18 December 1981, R. 2193 of 7 October 1983, R. 27 of 6 January 1984, R. 2864 of 28 December 1984, R. 1268 of 12 June 1987, R. 121 of 27 January 1989, R. 2603 of 9 November 1990, R. 2506 of 25 October 1991 and R. 2821 of 29 November 1991.

Amendment of regulation 1 of the Regulations

2. Regulation 1 of the Regulations is hereby amended by—

(a) the insertion of the following definition after the definition of "distilling wine":

" 'farm' means one or more pieces of land, situated within the same district referred to in the regulations of the vereniging, on which grapes are produced for wine-making purposes and the boundaries of which are identified to the satisfaction of the vereniging;"; and

(b) the insertion of the following definition after the definition of "sample":

" 'utilisations' shall include any utilisation of any type of good wine to manufacture any other type of good wine or to transfer same to any other type of good wine or to distilling wine, on the premises on which such wine was produced, manufactured, received or stored;";

Substitution of regulation 2 of the Regulations

3. The following regulation is hereby substituted for regulation 2 of the Regulations:

"2. (1) Every wine-grower shall annually at the request of the vereniging render to the vereniging essentially in the form KC 1 particulars of the vines growing on his farm.

(2) If grapes are produced on a crop-sharing basis the particulars referred to in subregulation (1) shall be rendered by or on behalf of the wine-grower who granted the right to share in such crops."

Amendment of regulation 3 of the Regulations

4. Regulation 3 of the Regulations is hereby amended by the deletion of subregulation (4).

Substitution of regulation 4 of the Regulations

5. The following regulation is hereby substituted for regulation 4 of the Regulations:

"4. (1) An application by a wine-grower for a permit to produce grapes for wine-making purposes on a farm during a vintage year, shall be made annually to the vereniging essentially in the form KC 2 before such grapes are harvested.

BYLAE**Woordomskrywing**

1. In hierdie Bylae beteken "die Regulasies" die regulasies gepubliseer by Goewermentskennisgewing No. R. 1699 van 22 September 1972, soos gewysig deur die regulasies gepubliseer by Goewermentskennisgewings Nos. R. 1420 van 13 Augustus 1976, R. 2497 van 17 Desember 1976, R. 1986 van 29 September 1978, R. 785 van 12 April 1979, R. 263 van 13 Februarie 1981, R. 2743 van 18 Desember 1981, R. 2193 van 7 Oktober 1983, R. 27 van 6 Januarie 1984, R. 2864 van 28 Desember 1984, R. 1268 van 12 Junie 1987, R. 121 van 27 Januarie 1989, R. 2603 van 9 November 1990, R. 2506 van 25 Oktober 1991 en R. 2821 van 29 November 1991.

Wysiging van regulasie 1 van die Regulasies

2. Regulasie 1 van die Regulasies word hierby gewysig deur—

(a) die volgende omskrywing voor die omskrywing van "amptenaar" in te voeg:

" 'aanwendings' enige aanwending van enige tipe goeiewyn om enige ander tipe goeiewyn te vervaardig of om sodanige goeiewyn na enige ander tipe goeiewyn of na stookwyn oor te dra op die perseel waarop sodanige wyn geproduseer, vervaardig, ontvang of opgeberg is;"; en

(b) die volgende omskrywing na die omskrywing van "permit" in te voeg:

" 'plaas' een of meer stukke grond, geleë binne dieselfde distrik in die regulasies van die vereniging bedoel, waarop druiwe vir wynmaakdoeleindes geproduseer word en waarvan die grense tot bevrediging van die vereniging geïdentifiseer is;".

Vervanging van regulasie 2 van die Regulasies

3. Regulasie 2 van die Regulasies word hierby deur die volgende regulasie vervang:

"2. (1) Elke wynboer moet jaarliks op aanvraag deur die vereniging besonderhede van die wingerdstokke wat op sy plaas groei, wesenlik in die vorm KC 1 aan die vereniging verstrek.

(2) Indien druiwe op 'n plaas om 'n deel van die oes geproduseer word, moet die besonderhede in subregulasie (1) bedoel, deur of ten behoeve van die wynboer wat die reg verleen om in sodanige oes te deel, verstrek word."

Wysiging van regulasie 3 van die Regulasies

4. Regulasie 3 van die Regulasies word hierby gewysig deur subregulasie (4) te skrap.

Vervanging van regulasie 4 van die Regulasies

5. Regulasie 4 van die Regulasies word hierby deur die volgende regulasie vervang:

"4. (1) 'n Aansoek deur 'n wynboer om 'n permit om druiwe vir wynmaakdoeleindes op 'n plaas gedurende 'n oesjaar te produseer moet jaarliks, wesenlik in die vorm KC 2 by die vereniging gedoen word voordat sodanige druiwe geoes word.

(2) The vereniging may refuse to issue such a permit if it does not to its satisfaction have to its disposal the particulars of the applicants farm on which the grapes concerned are produced or the particulars referred to in regulation 2.

(3) A permit referred to in subregulation (1) shall be issued essentially in the form KC 4."

Deletion of regulation 4A of the Regulations

6. Regulation 4A of the Regulations is hereby deleted.

Deletion of regulation 5 of the Regulations

7. Regulation 5 of the Regulations is hereby deleted.

Substitution of regulation 6 of the Regulations

8. The following regulation is hereby substituted for regulation 6 of the Regulations:

"6. (1) Every wine-grower and co-operative society which possesses of a cellar or a premises which must be registered in terms of regulation 30 (2) shall in respect of each such cellar or premises keep a separate record in triplicate essentially in the form KC 5 in which he shall—

- (a) daily enter full particulars of all removals of each type of good wine; and
- (b) at the close of each month enter a summary of removals, utilisations and additions to his good wine stock during that month and any other information required in such form.

(2) (a) A copy of the record referred to in subregulation (1) shall, be furnished by the wine-grower or co-operative society to the vereniging and the local Controller of Customs and Excise respectively within 14 days after the end of each month; and

(b) a further copy shall be retained for a period of two years at the cellar or premises concerned.

(3) The vereniging may exempt a wine-grower or co-operative society for such a period as it deems fit from the monthly presentation of such a record if it is satisfied that such wine-grower or co-operative society has produced or manufactured wine solely for sale or disposal in bulk to a wholesale dealer or the vereniging.

(4) The vereniging may demand that a separate record referred to in subregulation (1) be kept in respect of bottled wine."

Amendment of regulation 7 of the Regulations

9. Regulation 7 of the Regulations is hereby amended by—

- (a) the substitution for subregulations (1), (2), (3) and (4) of the following subregulations:

"(1) Every wine-grower, co-operative society or bottler shall on the removal of any good wine from a premises or cellar referred to in regulation 30 (2) keep full particulars in respect of

(2) Die vereniging kan weier om so 'n permit uit te reik indien hy nie tot sy bevrediging oor die besonderhede van die aansoeker se plaas waarop die betrokke druiwe geproduseer word of die besonderhede in regulasie 2 bedoel, beskik nie.

(3) 'n Permit in subregulasie (1) bedoel, word wesenlik in die vorm KC 4 uitgereik."

Skraping van regulasie 4A van die Regulasies

6. Regulasie 4A van die Regulasies word hierby geskrap.

Skraping van regulasie 5 van die Regulasies

7. Regulasie 5 van die Regulasies word hierby geskrap.

Vervanging van regulasie 6 van die Regulasies

8. Regulasie 6 van die Regulasies word hierby deur die volgende regulasie vervang:

"6. (1) Elke wynboer en koöperatiewe vereniging wat oor 'n kelder, of perseel wat ingevolge regulasie 30 (2) geregistreer moet wees, beskik, moet ten opsigte van elke sodanige kelder of perseel, 'n afsonderlike rekord wesenlik in die vorm KC 5 in drievoud byhou, waarin hy—

- (a) daagliks volle besonderhede van alle verwyderings van elke tipe goeiewyn moet opteken; en
- (b) teen die einde van elke maand 'n opsomming van daardie maand se verwyderings, aanwendings en toevoegings tot sy goeiewynvoorraad en die ander inligting deur die betrokke vorm vereis, moet opteken.

(2) (a) 'n Afskrif van die rekord in subregulasie (1) bedoel, moet binne 14 dae na die einde van elke maand deur die wynboer of koöperatiewe vereniging aan onderskeidelik die vereniging en die plaaslike Kontroleur van Doeane en Aksyns verstrek word; en

(b) 'n verdere afskrif van sodanige rekord moet vir 'n tydperk van twee jaar by die betrokke kelder of perseel gehou word.

(3) Die vereniging kan 'n wynboer of koöperatiewe vereniging vir die tydperk wat hy goed mag vrystel van die maandelikse indiening van sodanige rekord indien hy oortuig is dat sodanige wynboer of koöperatiewe vereniging wyn geproduseer of vervaardig het slegs vir verkoop of van die handsetting in losmaat aan 'n groothandelaar of die vereniging.

(4) Die vereniging kan vereis dat 'n afsonderlike rekord soos in subregulasie (1) bedoel, bygehou moet word ten opsigte van verpakte wyn."

Wysiging van regulasie 7 van die Regulasies

9. Regulasie 7 van die Regulasies word hierby gewysig deur—

- (a) subregulasies (1), (2), (3) en (4) deur die volgende subregulasies te vervang:

"(1) Elke wynboer, koöperatiewe vereniging of botteleerder moet by die verwydering van enige goeiewyn vanaf 'n perseel of kelder in regulasie 30 (2) bedoel, volledige

the volume, type and vintage year thereof, type of containers wherein it is removed and the premises or place to which it has been removed, and in the case of a sale, also the selling price and buyer. (3) wine & distillate

(2) The particulars referred to in subregulation (1), shall be recorded—

- (a) essentially in the form KC 6;
- (b) in the case of the removal of bottled wine to persons not licensed to deal in liquor, essentially in the form KC 30; or
- (c) in any other form which the vereniging has consented to in writing.

(3) In the case where good wine is sold in terms of subregulation (1) to a *bona fide* farmer for use on his farm, a declaration confirming this fact shall be signed by such wine-grower or his assignee.

(4) A copy of the record referred to in subregulation (2) shall—

- (a) be retained for a period of at least two years on the premises or cellar from which the wine has been disposed, for inspection by the vereniging;
- (b) be dispatched monthly together with the form KC 5 to the vereniging and the Controller of Customs and Excise; and
- (c) be handed to the person removing the wine concerned in the case of a disposal of such wine,

by the wine-grower or co-operative society concerned.”;

- (b) the insertion of the following subregulation after subregulation (4):

“(5) Any amendment of particulars made on the record referred to in subregulation (2) shall be made on all copies thereof and the provisions of subregulation (4) are *mutatis mutandis* applicable to such corrected records as well as all cancelled or spoilt records, provided that the vereniging shall be notified forthwith of any lost or destroyed records.”;

- (c) the substitution for subregulation (6) of the following subregulation:

“(6) Good wine transferred from the premises where it has been produced or manufactured to a store registered by the vereniging, shall for purpose of this regulation be deemed to be a removal.”; and

- (d) by the deletion of subregulations (7) and (8).

besonderhede ten opsigte van die volume, tipe en oesjaar daarvan, tipe houers waarin dit verwyder word en die perseel of plek waarheen dit verwyder is, en in die geval van 'n verkoping, ook die verkoopprijs en koper, byhou.

(2) Die besonderhede in subregulasie (1) bedoel, moet geboekstaaf word—

- (a) wesenlik in die vorm KC 6;
- (b) in die geval van die verwydering van verpakte wyn aan persone wat nie gelisensieer is om in drank handel te dryf nie, wesenlik in die vorm KC 30; of
- (c) in enige ander vorm waartoe die vereniging skriftelik toegestem het.

(3) In die geval waar goeiewyn ingevolge subregulasie (1) aan 'n *bona fide*-boer verkoop word vir gebruik op sy plaas, moet 'n verklaring wat hierdie feit bevestig deur so 'n boer of sy gevolgmagtigde onderteken word.

(4) 'n Afskrif van die rekord in subregulasie (2) bedoel, moet deur die betrokke wynboer of kooperatiewe vereniging—

- (a) vir 'n tydperk van minstens twee jaar op die perseel of kelder vanwaar die wyn verwyder is, ten insae van die vereniging gehou word;
- (b) maandeliks, tesame met die vorm KC 5 aan onderskeidelik die vereniging en die plaaslike Kontroleur van Doeane- en Aksyns verstrek word; en
- (c) in die geval van 'n beskikking van sodanige wyn aan die persoon wat die betrokke wyn verwyder, oorhandig word.”;

- (b) die volgende subregulasie na subregulasie (4) in te voeg:

“(5) Enige wysiging van besonderhede wat op die rekord in subregulasie (2) bedoel, aangebring word, moet op alle afskrifte daarvan aangebring word, en die bepalings van subregulasie (4) is *mutatis mutandis* op sodanige gewysigde rekords asook alle gekanselleerde of bedorwe rekords van toepassing: Met dien verstande dat die vereniging onverwyld van enige verlore of vernietigde rekord in kennis gestel moet word.”;

- (c) subregulasie (6) deur die volgende subregulasie te vervang:

“(6) Goeiewyn wat van die perseel waar dit geproduseer of vervaardig is, oorgeplaas word na 'n opbergplek wat by die vereniging geregistreer is, word vir doeleindes van hierdie regulasie geag 'n verwydering te wees.”; en

- (d) deur subregulasies (7) en (8) te skrap.

Amendment of regulation 7A of the Regulations

10. Regulation 7A of the Regulations is hereby amended by the substitution for paragraph (b) of sub-regulation (1) of the following paragraph:

“(b) Such sample shall be placed in a bottle approved by the vereniging, and be sealed to the satisfaction of the vereniging and retained for a period of at least two months after such disposal and shall be handed to the vereniging on request.”

Amendment of regulation 9 of the Regulations

11. Regulation 9 of the Regulations is hereby amended by the insertion of the following subregulation after subregulation (2):

“(2A) A contract referred to in paragraph (c) of subregulation (1) shall not be of force or have any effect after 31 December of the year (as defined in section 1 of the Principal Act) in which such contract was executed.”

Amendment of regulation 11 of the Regulations

12. Regulation 11 of the Regulations is hereby amended by the substitution for subregulation (2) of the following subregulation:

“(2) Every wine-grower or co-operative society who so exports any good wine shall on request of the vereniging, within one month of the export thereof, submit to the vereniging proof of such export to the satisfaction of the vereniging including clearance documents required by the Department of Customs and Excise or the Reserve Bank.”

Substitution of regulation 12 of the Regulations

13. The following regulation is hereby substituted for regulation 12:

“(1) Every wine-grower, co-operative society or qualified applicant referred to in regulation 29A, who presses grapes of a particular vintage year produced or received by him for commercial purposes, shall on request of an officer furnish essentially in the form KC 10 full particulars of—

- (a) all good wine, distilling wine and spirit which he—
 - (i) produced or manufactured during that year; and
 - (ii) at the time of such request has in his possession or under his control and of the containers in which and the premises where it is stored;
- (b) all removals of such good wine produced during that year; and
- (c) all utilisations and blendings of good wine, distilling wine and spirit derived from those grapes.

(2) Save with the consent of the vereniging no person referred to in subregulation (1) may—

- (a) destroy any good wine produced or manufactured by him, or lees derived therefrom, or allow such wine or lees to be destroyed

Wysiging van regulasie 7A van die Regulasies

10. Regulasie 7A van die Regulasies word hierby gewysig deur paragraaf (b) van subregulasie (1) deur die volgende paragraaf te vervang:

“(b) Sodanige monster moet in 'n bottel deur die vereniging goedgekeur, geplaas en tot bevrediging van die vereniging verseël word en vir 'n tydperk van minstens twee maande na sodanige beskikking gehou en op aanvraag aan die vereniging oorhandig word.”

Wysiging van regulasie 9 van die Regulasies

11. Regulasie 9 van die Regulasies word hierby gewysig deur die volgende subregulasie na subregulasie (2) in te voeg:

“(2A) 'n Kontrak in paragraaf (c) van subregulasie (1) bedoel, sal nie van krag wees of enige gevolg hê na 31 Desember van die jaar (soos omskryf in artikel 1 van die Hoofwet) waarin sodanige kontrak verly is nie.”

Wysiging van regulasie 11 van die Regulasies

12. Regulasie 11 van die Regulasies word hierby gewysig deur subregulasie (2) deur die volgende subregulasie te vervang:

“(2) Elke wynboer of koöperatiewe vereniging wat enige goeiewyn aldus uitvoer moet, op versoek van die vereniging, binne een maand na die datum van uitvoer daarvan, bewyse van sodanige uitvoer tot bevrediging van die vereniging, met inbegrip van klaringsdokumente wat deur die Departement van Doeane en Aksyns of die Reserwebank vereis word, aan die vereniging verstrek.”

Vervanging van regulasie 12 van die Regulasies

13. Regulasie 12 van die Regulasies word hierby deur die volgende regulasie vervang:

“(1) Elke wynboer, koöperatiewe vereniging of bevoegde applikant bedoel in regulasie 29A wat druiwe van 'n bepaalde oesjaar, deur hom geproduseer of verkry vir kommersiële doeleindes, pars, moet op versoek van 'n amptenaar wesenlik in die vorm van KC 10 volle besonderhede verstrek van—

- (a) alle goeiewyn, stookwyn en spiritus wat hy—
 - (i) gedurende daardie jaar geproduseer of vervaardig het; en
 - (ii) ten tyde van sodanige versoek in sy besit of onder sy beheer het en van die houers waarin en die persele waar dit opgeberg word;
- (b) alle verwyderings van sodanige goeiewyn, wat in daardie jaar geproduseer is; en
- (c) alle aanwendings en vermengings van goeiewyn, stookwyn en spiritus wat van daardie druiwe afkomstig is.

(2) Behalwe met die toestemming van die vereniging mag geen persoon in subregulasie (1) bedoel—

- (a) enige goeiewyn deur hom geproduseer of vervaardig, of moer daarvan afkomstig, vernietig of toelaat dat sodanige wyn of moer

except under the supervision of an officer who may at any time determine the quantity and strength of any such wine or lees and take or cause to be taken samples thereof; and

- (b) add to or blend with any good wine, distilling wine or spirit produced or manufactured by him during the vintage year referred to in subregulation (1) or allow it to be added to or mixed with, any good wine, distilling wine or spirit produced or manufactured by him during any other vintage year until samples of the first-mentioned good wine, distilling wine or spirit have been taken by an officer or as directed by an officer, and the quantity thereof has been determined by an officer or as directed by an officer."

Deletion of regulation 13 of the Regulations

14. Regulation 13 of the Regulations is hereby deleted.

Deletion of regulation 18 of the Regulations

15. Regulation 18 of the Regulations is hereby deleted.

Deletion of regulation 19 of the Regulations

16. Regulation 19 of the Regulations is hereby deleted.

Substitution of regulation 21 of the Regulations

17. The following regulation is hereby substituted for regulation 21 of the Regulations:

"21. Every wine-grower or co-operative society which during any month distils or has in his possession or under his control any spirit or brandy, shall within 14 days after the close of such month render to the Vereniging a completed return essentially in the form KC 17 of the quantity of spirit or brandy distilled, used or removed by him during such month and of all stocks of spirit and brandy in his possession or under his control at the beginning and at the close of such month."

Amendment of regulation 22 of the Regulations

18. Regulation 22 of the Regulations is hereby amended by—

- (a) the substitution in subregulation (1) for the words preceding paragraph (a) of the following words:

"(1) Every wholesale dealer, distiller or other person licensed to deal in liquor while and so long as he has in his possession or under his control any good wine which he has received in bulk from a wine-grower or co-operative society or which he has manufactured from grapes received or produced by him, shall keep a record book in duplicate essentially in the form C 18, or in such other form as the Vereniging may authorise in writing from time to time in which he shall show—";

vernietig word nie, behalwe onder toesig van 'n amptenaar wat te eniger tyd die hoeveelheid en sterkte van enige sodanige wyn of moer mag bepaal en monsters daarvan mag neem of laat neem; en

- (b) enige goeiewyn, stookwyn of spiritus wat deur hom gedurende die oesjaar in subregulasie (1) bedoel, geproduseer of vervaardig is, byvoeg by of vermeng met, of toelaat dat dit bygevoeg word by of vermeng word met enige goeiewyn, stookwyn of spiritus wat gedurende 'n ander oesjaar deur hom geproduseer of vervaardig is nie voordat monsters van eersgenoemde goeiewyn, stookwyn of spiritus deur 'n amptenaar of soos deur 'n amptenaar beveel, geneem is en die hoeveelheid daarvan deur 'n amptenaar of soos deur 'n amptenaar beveel, bepaal is."

Skraping van regulasie 13 van die Regulasies

14. Regulasie 13 van die Regulasies word hierby geskrap.

Skraping van regulasie 18 van die Regulasies

15. Regulasie 18 van die Regulasies word hierby geskrap.

Skraping van regulasie 19 van die Regulasies

16. Regulasie 19 van die Regulasies word hierby geskrap.

Vervanging van regulasie 21 van die Regulasies

17. Regulasie 21 van die Regulasies word hierby deur die volgende regulasie vervang:

"21. Elke wynboer of koöperatiewe vereniging wat gedurende einge maand enige spiritus of brandewyn distilleer of in sy besit of onder sy beheer het, moet binne 14 dae na die end van sodanige maand 'n voltooide opgawe weselik in die vorm KC 17 aan die vereniging verstrek van die hoeveelheid spiritus of brandewyn deur hom gedurende sodanige maand gedistilleer, gebruik of verwyder en van alle voorrade spiritus en brandewyn in sy besit of onder sy beheer aan die begin en aan die end van sodanige maand."

Wysiging van regulasie 22 van die Regulasies

18. Regulasie 22 van die Regulasies word hierby gewysig deur—

- (a) in subregulasie (1) die woorde wat paragraaf (a) voorafgaan deur die volgende woorde te vervang:

"(1) Elke groothandelaar, distilleerder of ander gelisensieerde in drank terwyl en solank as wat hy enige goeiewyn in sy besit of onder sy beheer het wat hy in losmaat van 'n wynboer of koöperatiewe vereniging ontvang het of wat hy vervaardig het van druiwe wat hy verkry of geproduseer het, moet 'n rekordboek in duplikaat weselik in die vorm KC 18, of in sodanige ander vorm as wat die vereniging van tyd tot tyd skriftelik mag magtig, hou waarin hy moet aantoon—";

- (b) the substitution for paragraph (d) of subregulation (1) of the following paragraph:

“(d) particulars of removals and utilisations of all good wine by him during such month and particulars of the quantity of good wine in his possession or under his control at the close of such month.”; and

- (c) the substitution for subregulations (2) and (3) of the following subregulations:

“(2) A separate record book shall be kept by such wholesale dealer, distiller or other person licensed to deal in liquor in respect of each cellar or premises registered with the vereniging in terms of regulation 30 (1) and such record book shall be retained by the said person for a period of two years from the date of the last entry therein.

(3) Such wholesale dealer, distiller or other person licensed to deal in liquor shall within 15 days after the close of each month furnish the vereniging with one copy of such record.”.

Amendment of regulation 22A of the Regulations

19. Regulation 22A of the Regulations is hereby amended by—

- (a) the substitution for paragraph (d) of subregulation (1) of the following paragraph:

“(d) particulars of all removals and utilisations of all good wine by him during that calendar month in relation to each such person; and”; and

- (b) the substitution for subregulation (2) of the following subregulation:

“(2) The provisions of subregulations (1) and (3) apply *mutatis mutandis* to a person referred to in regulation 30 (1) and (2) and who possesses of a cellar or premises registered by the vereniging in terms of that regulation and who with the consent of the vereniging renders the services referred to in the definition of “bottler” in section 14 of the Principal Act to a wine-grower or co-operative society.”.

Amendment of regulation 23 of the Regulations

20. Regulation 23 of the Regulations is hereby amended by the substitution for subregulation (3) of the following subregulation:

“(3) Such returns shall be furnished to the vereniging within 15 days after the close of the month in which such grapes were received.”.

Amendment of regulation 25 of the Regulations

21. Regulation 25 of the Regulations is hereby amended by the substitution for subregulation (3) of the following subregulation:

“(3) When the strength of wine is relevant to the determination of the value thereof the vereniging shall in respect of every disposal referred to in subregulation (2) make up representative wine samples in accordance with the mass or volume

- (b) paragraaf (d) van subregulasie (1) deur die volgende paragraaf te vervang:

“(d) besonderhede van verwyderings en toepassings van alle goeiewyn deur hom gedurende sodanige maand en besonderhede van die hoeveelheid goeiewyn in sy besit of onder sy beheer aan die end van sodanige maand.”; en

- (c) subregulasies (2) en (3) deur die volgende subregulasies te vervang:

“(2) ’n Afsonderlike rekordboek moet deur sodanige groothandelaar, distilleerder of ander gelisenseerde in drank gehou word ten opsigte van elke kelder of perseel by die vereniging geregistreer ingevolge regulasie 30 (1) en sodanige rekordboek moet deur genoemde persone vir ’n tydperk van twee jaar van die datum van die laaste inskrywing daarin gehou word.

(3) Sodanige groothandelaar, distilleerder of ander gelisenseerde in drank moet binne 15 dae na die einde van elke maand een afskrif van sodanige rekord aan die vereniging verstrek.”.

Wysiging van regulasie 22A van die Regulasies

19. Regulasie 22A van die Regulasies word hierby gewysig deur—

- (a) paragraaf (d) van subregulasie (1) deur die volgende paragraaf te vervang:

“(d) besonderhede van alle verwyderings en toepassings van alle goeiewyn deur hom gedurende daardie kalendermaand met betrekking tot elke sodanige persoon; en”; en

- (b) subregulasie (2) deur die volgende subregulasie te vervang:

“(2) Die bepalings van subregulasies (1) en (3) is *mutatis mutandis* van toepassing op iemand in regulasie 30 (1) en (2) bedoel, en wat oor ’n kelder of perseel ingevolge daardie regulasie by die vereniging geregistreer, beskik en met die toestemming van die vereniging die dienste in die omskrywing van ‘bottleerder’ in artikel 14 van die Hoofwet bedoel, vir ’n wynboer of koöperatiewe vereniging verrig.”.

Wysiging van regulasie 23 van die Regulasies

20. Regulasie 23 van die Regulasies word hierby gewysig deur subregulasie (3) deur die volgende subregulasie te vervang:

“(3) Sodanige opgawes moet binne 15 dae na die end van die maand waarin sodanige druive ontvang is, aan die vereniging verstrek word.”.

Wysiging van regulasie 25 van die Regulasies

21. Regulasie 25 van die Regulasies word hierby gewysig deur subregulasie (3) deur die volgende subregulasie te vervang:

“(3) Wanneer die sterkte van wyn relevant is vir bepaling van die waarde daarvan moet die vereniging ten opsigte van elke beskikking in subregulasie (2) bedoel, verteenwoordigende wynmonsters opmaak ooreenkomstig die massa of

and type of wine as indicated in the record referred to in regulation 26 and the applicable KC 6 certificate referred to in regulation 7 and shall thereafter determine the alcohol by volume and relative density of such wine." ^{(3) wine + volume}

Substitution of regulation 28 of the Regulations

22. The following regulation is hereby substituted for regulation 28 of the Regulations:

"28. Any wholesale dealer or distiller who receives spirit or brandy from a wine-grower or co-operative society at a price which does not include the cost of distillation referred to in section 2 (4) (a) of the Principal Act shall to the satisfaction of the vereniging submit proof that such spirit or brandy has been redistilled by him after the receipt thereof."

Amendment of regulation 30 of the Regulations

23. Regulation 30 of the Regulations is hereby amended by—

- (a) the substitution for subregulations (3) and (4) of the following subregulation:

"(3) An application for the registration of a cellar or premises referred to in subregulations (1) and (2) shall be made in duplicate essentially in the form KC 20.

"(4) Save with the prior written consent of the vereniging—

- (a) no wine-grower, co-operative society or bottler may store any good wine, distilling wine or spirit in any other place or container than those specified in the application referred to in subregulation (3); and
- (b) no wine-grower or co-operative society may permit or allow that his premises or any of his apparatus, cellar accommodation, fustage or tanks be used wholly or partially by any other person."

Insertion of regulation 30A in the Regulations

24. The following regulation is hereby inserted after regulation 30 of the Regulations:

"30A. (1) Save with the prior written consent of the vereniging a wine-grower or co-operative society shall not permit any service to be rendered with regard to the production, storage, processing, distilling, stabilising, pasteurising, filtration, bottling or any other similar action of or in connection with is good wine, distilling wine or spirit.

(2) The vereniging shall consent to the rendering of such services only if it is convinced that—

- (a) good wine, distilling wine or spirit of such wine-grower or co-operative society will not be mixed with the good wine, distilling wine or spirit of any other person during the rendering of such service;
- (b) any minimum price referred to in the Principal Act will be maintained;

volume en tipe wyn soos aangedui in die rekord in regulasie 26 en die toepaslike KC 6-sertifikaat in regulasie 7 bedoel, en daarna die alkohol volgens volume en die relatiewe digtheid van sodanige wyn bepaal."

Vervanging van regulasie 28 van die Regulasies

22. Regulasie 28 van die Regulasies word hierby deur die volgende regulasie vervang:

"28. Enige groothandelaar en distilleerder wat spiritus of brandewyn van 'n wynboer of koöperatiewe vereniging ontvang teen 'n prys wat nie die koste van distillering soos in artikel 2 (4) (a) van die Hoofwet bedoel, insluit nie, moet tot bevrediging van die vereniging bewys lewer dat sodanige spiritus of brandewyn na ontvangs daarvan deur hom herdistilleer is."

Wysiging van regulasie 30 van die Regulasies

23. Regulasie 30 van die Regulasies word hierby gewysig deur—

- (a) subregulasies (3) en (4) deur die volgende subregulasies te vervang:

"(3) 'n Aansoek om die registrasie van 'n kelder of perseel in subregulasies (1) en (2) bedoel, moet in duplikaat wesenlik in die vorm KC 20 geskied.

(4) Behalwe met die voorafverkreë skriftelike toestemming van die vereniging mag—

- (a) geen wynboer, koöperatiewe vereniging of bottleerder enige goeiewyn, stookwyn of spiritus in enige ander plek of houer as dié gespesifiseer in die aansoek in subregulasie (3) bedoel, opberg nie; en
- (b) geen wynboer of koöperatiewe vereniging toestem of toelaat dat sy perseel of enige van sy apparaat, kelderruimte, vatwerk of tenke geheel of gedeeltelik deur enigiemand anders gebruik word nie."

Invoeging van regulasie 30A in die Regulasies

24. Die volgende regulasie word hierby na regulasie 30 van die Regulasies ingevoeg:

"30A. (1) Behalwe met die voorafverkreë toestemming van die vereniging, mag 'n wynboer of koöperatiewe vereniging nie enige diens met betrekking tot die produksie, opberging, verwerking, distillering, stabilisering, pasteurisering, filtrering, bottelering of enige ander soortgelyke handeling van of in verband met sy goeiewyn, stookwyn of spiritus laat verrig nie.

(2) Die vereniging verleen sy toestemming vir die lewering van sodanige dienste slegs indien hy oortuig is dat—

- (a) goeiewyn, stookwyn of spiritus van sodanige wynboer of koöperatiewe vereniging nie tydens die lewering van sodanige diens met die goeiewyn, stookwyn of spiritus van enige ander persoon vermeng sal raak nie;
- (b) enige minimum prys in die Hoofwet bedoel, gehandhaaf sal word;

- (c) the wine or spirit of such a wine-grower or co-operative society can be controlled satisfactorily; and ^{(3) Wine & Spirituifwet}
- (d) the quantity of wine or spirit produced or manufactured annually by such a wine-grower or co-operative society can be determined satisfactorily."

Substitution of regulation 31A of the Regulations

25. The following regulation is hereby substituted for regulation 31A of the Regulations:

"31A. Notwithstanding any provision to the contrary in these regulations, and without detracting from any prescribed form, the vereniging may—

- (a) require or authorise that the information and other particulars that are to be submitted or furnished to the vereniging in terms of these regulations on prescribed returns or forms be submitted or furnished in any other form or in any other manner; and
- (b) if it is convinced that the provisions of the Principal Act may be properly executed in any particular instance, exempt someone from compliance with a prohibition or prescription contained in these regulation on the conditions determined by the vereniging."

Amendment of the forms in the Schedule of the Regulations

26. The Schedule of the Regulations is hereby amended by—

- (a) the deletion of forms KC 1A and KC 1B and the substitution thereof by the attached form KC 1;
- (b) the substitution for forms KC 5, KC 6, KC 10, KC 20 and KC 23 respectively by the attached forms bearing the corresponding letters and numbers;
- (c) the deletion of forms KC 2A, KC 4A, KC 11, KC 14, KC 15, KC 27 and KC 28; and
- (d) the insertion of the attached form KC 6A after form KC 6.

(c) die wyn- of spiritusvoorraad van so 'n wynboer of koöperatiewe vereniging bevredigend gekontroleer kan word; en

(d) die hoeveelheid wyn of spiritus wat so 'n wynboer of koöperatiewe vereniging jaarliks produseer of vervaardig bevredigend bepaal kan word."

Vervanging van regulasie 31A van die Regulasies

25. Regulasie 31A van die Regulasies word hierby deur die volgende regulasie vervang:

"31A. Ondanks enige andersluidende bepalings in hierdie regulasies en sonder om afbreuk aan enige voorgeskrewe vorm te doen, kan die vereniging—

- (a) vereis of magtig dat die inligting en ander besonderhede wat ingevolge hierdie regulasies op voorgeskrewe vorms of opgawes aan die vereniging verstrek of verskaf moet word, in enige ander vorm of op enige ander wyse verstrek of verskaf moet word; en
- (b) indien hy oortuig is dat die bepalings van die Hoofwet in 'n bepaalde geval doeltreffend uitgevoer kan word, iemand, op die voorwaardes wat die vereniging bepaal, van die nakoming van 'n verbod of voorskrif vervat in hierdie regulasies vrystel."

Wysiging van die vorms in die Bylae van die Regulasies

26. Die Bylae van die Regulasies word hierby gewysig deur—

- (a) vorms KC 1A en KC 1B te skrap en te vervang deur die aangehegte vorm KC 1;
- (b) vorms KC 5, KC 6, KC 10, KC 20 en KC 23 onderskeidelik te vervang deur die aangehegte vorms met die ooreenstemmende letters en nommers;
- (c) vorms KC 2A, KC 4A, KC 11, KC 14, KC 15, KC 27 en KC 28 te skrap; en
- (d) die aangehegte vorm KC 6A na vorm KC 6 in te voeg.

Record sales of SA wine and fruit in UK

CHRIS BATEMAN

110m 21 31 93
310m + viticult
LONDON — SA wine and deciduous fruit sales in Britain rocketed to a record high last year — to 96% and 48% higher respectively than in 1991, figures reveal.

Wine volumes leapt from just more than 3-million litres in 1991 to 5.9-million litres last year. This flies in the face of an otherwise static 1992 UK wine market.

Deciduous fruit farmers in SA are also "over the moon" with their increase, achieved partly through hitting the market 10 days ahead of competitors last year.

From November 1992 to last month, their UK turnover was R108m compared to R70.5m over the same period in 1991.

Unifruco marketing GM Ronan Lennon said the pound's devaluation caused SA's rivals to divert to stronger-currency markets. This caused the volume of fruit on offer in the UK to drop, pushing prices up.

However, he pointed out that the EC had imposed a licence and quota system on the southern hemisphere's apples last week.

Outspan International GM Hans Hetteling said citrus sales to the UK were expected to be 10% higher this year.

Wines of SA spokesman Lucy Meager said Japan, the US, Holland, Denmark and Germany were the next target markets.

Success in the heart of the winelands

(Times Cape Metro) 7/3/93. 3 wine tucked fine

By JEREMY WOODS

DEEP in the heart of the Constantia winelands, beneath the shadows of the great Constantiaberg mountains, an exclusive food, wine and restaurant business is experiencing such rapid growth that there are plans to list it on the Johannesburg Stock Exchange.

Centred on the splendid buildings of Nova Constantia and the Constantia Uitsig wine estate, the business specialises in selling high-class food through its retail outlets — and its own wine through the Constantia Uitsig label.

In addition, foreign tourists are flocking to the area to rent the selection of luxurious Cape cottages available on the estate, offering privacy and tranquility.

The driving force behind this fast growing food and wine business is former merchant banker David McCay, and his wife Marlene, who bought Constantia Uitsig in 1988 and set about renovating the estate's historic buildings and replanting the vineyards.

"What we have in the Constantia Valley is a remarkable resource, namely the beauty of the valley. Everything we do is aimed at trying to protect that resource, but at the same time creating jobs for local people and bringing tourists and foreign currency into the area," says David McCay.

And his visitors book for the Cape cottages is certainly testimony to the attraction the estate has for foreign tourists. The cottages have been solidly booked for weeks by guests from all over Europe and America as well as Zimbabwe and other parts of Africa.

"They seem to love it here. They can walk or ride in the valley, or just have a lazy time by the pool and enjoy the atmosphere of the Constantia winelands. And it's all just a 15 minute drive from the centre of Cape Town," explains Mr McCay.

But bringing tourists into the area is only one part of what the McCay team want to achieve. The food and wine side of the business is



FROM BANKING TO THE WINELANDS... David and Marlene McCay on their wine estate, Uitsig

Picture: AMBROSE PETERS

just as important.

Currently, the retail outlets for food, much of it grown or prepared locally, are the Old Cape Farm Stall at High Constantia, and the popular coffee shop next to it, as well as the Constantia Uitsig Farm Stall, which is about to be enlarged and the newly-opened Constantia Uitsig restaurant.

"The whole thrust of the food retailing is aimed at excellence. We like to think that a place like the Old Cape Farm Stall is a sort of Harrods on the Constantia Valley," says Mr McCay.

Functions catering is also an important contributor to the whole food retailing operation,

as are the picnic ham-pers available for a quiet lunch under the trees next to Constantia Uitsig's own cricket pitch.

"The cricket pitch is another way the local community can get involved and enjoy what's going on here. They can come along, watch some very good games of cricket in ideal surroundings, and picnic if they want to," says David McCay, who admits to being a

cricket fanatic.

Not only does Constantia Uitsig have a cricket pitch it also has a very pretty Victorian cricket pavilion, lovingly built at enormous expense and proof perhaps of David McCay's love of the game.

"I often think of myself as head groundsman during a busy cricket season," he laughs, "as I seem to spend a lot of my time working on the wicket."

On the wine side, an extensive re-planting programme is in progress and once this has

been completed the estate will have forty hectares of vines which under full production will produce between 25 000 to 30 000 cases of wine. Cultivars include Chardonnay, Sauvignon Blanc, Cabernet and Merlot under the kindly and experienced care of viticulturist Andre Badenhorst, who also planned the replanting of next-door neighbours, Buitenverwachting.

Four years in, where does the business go from here? "As soon as the economy and stock market pick up, we will be going for a listing on the JSE. The opening of the Constantia Uitsig restaurant on Friday was an important milestone for us, and we have already asked a merchant bank to draw us up a prospective," says Mr McCay.

"I think its important that staff own shares in the business they help to build, and several friends have expressed interest in becoming shareholders. As soon as the conditions are right on the stock market we shall go for a full listing on the JSE."



REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

③ wine + viticulture

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

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Vol. 333

CAPE TOWN, 10 MARCH 1993

No. 14628

KAAPSTAD, 10 MAART 1993

STATE PRESIDENT'S OFFICE

KANTOOR VAN DIE STAATSPRESIDENT

No. 371. 10 March 1993

No. 371. 10 Maart 1993

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 11 of 1993: Liquor Products Amendment Act, 1993.

No. 11 van 1993: Wysigingswet op Drankprodukte, 1993.

ALGEMENE VERDUIDELIKENDE NOTA:

- [** **]** Woorde in vet druk tussen vierkantige hake dui skrapings uit bestaande verordenings aan.
- _____ Woorde met 'n volstreep daaronder, dui invoegings in bestaande verordenings aan.

WET

Tot wysiging van die Wet op Drankprodukte, 1989, ten einde voorsiening te maak vir die aanstelling, as lede van die Wyn- en Spiritusraad, van twee persone benoem deur die Landbounavorsingsraad, in plaas van twee beamptes; goedkeuring te verleen vir die produksie en verkoop van 'n drankprodukt wat verkry word deur die alkoholiese gisting van heuning; en die vereiste dat eksemplare van etikette wat op houers aangebring word, by die beherende amptenaar geliaseer word, af te skaf; en om voorsiening te maak vir aangeleenthede wat daarmee in verband staan.

*(Engelse teks deur die Staatspresident geteken.)
(Goedgekeur op 26 Februarie 1993.)*

DAAR WORD BEPAAL deur die Staatspresident en die Parlement van die Republiek van Suid-Afrika, soos volg:—

Wysiging van artikel 2 van Wet 60 van 1989

1. Artikel 2 van die Wet op Drankprodukte, 1989 (hieronder die Hoofwet
5 genoem), word hierby gewysig—
- (a) deur subparagraaf (iv) van paragraaf (a) van subartikel (2) deur die volgende subparagraaf te vervang:
- 10 “(iv) hoogstens twee **[beamptes aangestel]** persone deur die Landbounavorsingsraad benoem uit hoofde van hulle betrokkenheid by wyn- en wingerdkundige navorsing; en”;
- (b) deur paragraaf (d) van genoemde subartikel (2) deur die volgende paragraaf te vervang:
- 15 “(d) Wanneer dit nodig word, moet die Direkteur-generaal die liggame in subparagraawe (i), (ii) en (iv) van paragraaf (a) **[(i) en (ii)]** vermeld, skriftelik versoek om binne die tydperk in die versoek vermeld die toepaslike benoemings skriftelik aan hom voor te lê.”; en
- (c) deur subparagraaf (iv) van paragraaf (a) van subartikel (5) deur die volgende subparagraaf te vervang:
- 20 “(iv) indien, in die geval van 'n lid of 'n plaasvervangende lid wat deur 'n liggaam in subartikel (2)(a)(i), **[of]** (ii) of (iv) vermeld, benoem is, die betrokke liggaam die Direkteur-generaal skriftelik in kennis stel dat so 'n lid of plaasvervangende lid nie meer as benoemde van daardie liggaam in die raad sal dien nie.”.
- 25

Amendment of section 10 of Act 60 of 1989

2. Section 10 of the principal Act is hereby amended—

(a) by the substitution for paragraphs (a) and (b) of subsection (1) of the following paragraphs:

“(a) may sell, or produce for sale, for drinking purposes, a sacramental beverage specified in such notice **[for drinking purpose; or]**; 5

(b) may sell, or produce for sale, for drinking purposes, an alcoholic beverage obtained by the alcoholic fermentation of the juice of oranges together with cane sugar **[for drinking purposes] or;**” 10

(b) by the addition to the said subsection (1) of the following paragraph:

“(c) may sell, or produce for sale, for drinking purposes, an alcoholic beverage obtained by the alcoholic fermentation of honey.”; and 15

(c) by the substitution for the words preceding subparagraph (i) in paragraph (a) of subsection (3) of the following words:

“shall, in the case of an alcoholic beverage referred to in subsection (1)(b) or (c) be granted only if—”.

Repeal of section 13 of Act 60 of 1989 20

3. Section 13 of the principal Act is hereby repealed.

Amendment of section 23 of Act 60 of 1989

4. Section 23 of the principal Act is hereby amended by the substitution for paragraph (b) of subsection (1) of the following paragraph:

“(b) contravenes or fails to comply with a provision of section 5(3)(b), 6(3)(b), 7(3)(b), 8(3)(b), 9(3)(b) **[13(1), 13(1) as applied by 13(4)]** or 20(4);” 25

Short title

5. This Act shall be called the Liquor Products Amendment Act, 1993.

Wysiging van artikel 10 van Wet 60 van 1989

2. Artikel 10 van die Hoofwet word hierby gewysig—

(a) deur paragrawe (a) en (b) van subartikel (1) deur die volgende paragrawe te vervang:

5 “(a) ’n sakramentele drank in dié kennisgewing vermeld, vir drinkdoeleindes mag verkoop of **vir verkoop** mag produseer vir verkoop vir drinkdoeleindes; **of**

10 (b) ’n alkoholiese drank wat verkry is deur die alkoholiese gisting van die sap van lemoene tesame met rietsuiker, vir drinkdoeleindes mag verkoop of **vir verkoop** mag produseer vir verkoop vir drinkdoeleindes; of”;

(b) deur die volgende paragraaf by genoemde subartikel (1) te voeg:

15 “(c) ’n alkoholiese drank wat verkry is deur die alkoholiese gisting van heuning, vir drinkdoeleindes mag verkoop of mag produseer vir verkoop vir drinkdoeleindes.”; en

(c) deur die woorde wat in paragraaf (a) van subartikel (3) subparagraaf (i) voorafgaan, deur die volgende woorde te vervang:

 “word, in die geval van ’n alkoholiese drank in subartikel (1)(b) of (c) bedoel, slegs verleen indien—”.

20 Herroeping van artikel 13 van Wet 60 van 1989

3. Artikel 13 van die Hoofwet word hierby herroep.

Wysiging van artikel 23 van Wet 60 van 1989

4. Artikel 23 van die Hoofwet word hierby gewysig deur paragraaf (b) van subartikel (1) deur die volgende paragraaf te vervang:

25 “(b) ’n bepaling van artikel 5(3)(b), 6(3)(b), 7(3)(b), 8(3)(b), 9(3)(b) **[13(1), 13(1) soos toegepas by 13(4)]** of 20(4) oortree of versuim om daaraan te voldoen;”.

Kort titel

5. Hierdie Wet heet die Wysigingswet op Drankprodukte, 1993.

Wine club 'exclusivity' leads to declining retail service

MORE than a decade has passed since the introduction of wine courses aimed at making the retail trade more professional in its approach. In spite of this, there is only one Cape Wine Master in full-time employment in the retail sector, and he occupies a head office position more involved with buying than with selling.

There is no sign of this changing; the Institute of Cape Wine Masters may actually be tightening admission criteria to maintain the "exclusivity" of the "club".

The problem of "keeping newcomers out" is not limited to the Cape wine trade. There are many professional associations who admit new members at the rate of demise of the old guard, rather than in line with the quality of candidates at the annual intake. The UK Institute of Masters of Wine operated on this basis until the mid-'80s. A change in this policy opened up the intake without lowering standards. The Institute of Cape Wine Masters should learn from the UK example.

The problem of declining service in the retail trade is less easily addressed. As with all things, we get the wine shops we deserve. The majority offer a limited range of goods. In the last few years their mark-ups have increased. Licensees punt products on the basis of deals from wholesalers, rather than intrinsic quality. This is at least appropriate to their rudimentary product knowledge. They are kept in business by the apathy, ignorance or naiveté of their customers.

Johannesburg's smartest wine shops generally stock less than 20% of what is available. Most are now promoting "exclusive" bottlings of house-wines, usually at

prices which are more expensive than the same product sold under its regular cellar label. There is almost no one on the shop floors of Reef bottle stores who can talk with any authority about the taste, qualities or ageing potential of the wines in stock. Wine is a commodity, like baked beans or bacon: pack it right, merchandise it correctly, tell the customer what he wants to hear and get on with the next sale.

Retailers maintain that 80% of their wine turnover is achieved with 20% of the products in the shop. It is hardly worth risking unknown or undermarketed lines from small producers. There is a chicken-and-egg part of this scenario: buyers who want more esoteric wines purchase them directly from the farms. Retailers lose business and respond by increasing their mark-ups and decreasing the range in stock to generate more net rands from the residual trade. *BIDAM 19/3/93*

How does the serious wine buyer manage his shopping in these circumstances? If you know what you want, and it is a wine in general distribution, shop around on price. By and large, the grocery chains offer the best discounts, but with minimal service. If what you want is not readily available in the trade, contact the farms directly. (For phone and fax numbers consult the latest edition of John Platter's SA Wine Guide.) Pool your purchases with a few friends or colleagues. Railage is only cost efficient for quantities of five cases or more per supplier. With retailers' mark-ups now hovering at around 30%, you can save a great deal by buying on a direct basis.

MICHAEL FRIDJHON

NEWS IN BRIEF

BIDAY 26/3/93
Cabinet to act on labour law

THE Cabinet would decide next week on labour legislation for farm workers, Manpower Minister Leon Wessels said in a statement yesterday.

The SA Agricultural Union and Cosatu have failed to agree on what the legislation should be, and Wessels has said government will have to decide for them.

BIDAY 26/3/93 (2) wine + viticult
Transfer of Groot Constantia

INTRODUCING the Groot Constantia Trust Bill yesterday, Agriculture Minister Kraai van Niekerk told Parliament the measure authorised the formation of a non-profit trust which would take over the estate.

He said the historic estate was being transferred to the wine industry, thereby relieving the state of a financial responsibility.

BIDAY 26/3/93
Mandela meets delegations

ANC president Nelson Mandela met a visiting European Commission and Afro-Caribbean-Pacific Group delegation in Johannesburg yesterday. ANC spokesman Carl Niehaus said they held "general discussions about the political situation".

At a separate meeting immediately before, Mandela met Azapo president Prof Itumaleng Mosala. Both leaders said their talks, which were routine, had focused on "the unity of liberation movements".

BIDAY 26/3/93
Teacher cuts outlined

A TOTAL of 5 045 teachers were retrenched or retired early during 1992, House of Assembly Education and Culture Minister Piet Marais said in Parliament yesterday. He said 486 teachers who qualified at the end of 1992 — and were bursary holders — could not be employed as they were unable to obtain posts. However, 5 405 white student teachers had bursaries at present at a cost of R22,6m to the state.

REPORTS: Business Day Reporters, Political Staff, Sapa.

ray'

Interest on late VAT payments decreased

BIDAY 26/3/93 TIM COHEN

CAPE TOWN — Legislation was introduced in Parliament yesterday that decreases the rate of interest payable on late VAT payments by vendors from 1,5% a month to 1,2%.

The amount payable according to the Value-Added Tax Amendment Bill by Inland Revenue to vendors when refunds are due is to be 16% per annum, a reduction of 4%.

The legislation also empowers the Finance Minister to change the rates of interest from time to time, which may become necessary when prevailing interest rates in the financial sector increase or drop.

The laws comes into effect as from the beginning of the calendar month following the month during which the amending Act is promulgated.

The legislation also clarifies what VAT rate is applicable when the rate is changed, stating that according to the principle Act, liability arises on the date on which a supply of goods or services is made.

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Bulk wine exports opposed

CAPE TOWN - The bulk export of SA wine was damaging the reputation of good quality branded varieties. Stellenbosch Farmers' Winery (SFW) international agents unanimously agreed at a news conference yesterday.

The agents from the UK, Switzerland, Taiwan, Zimbabwe, Denmark, Hong Kong, Singapore, US, Mauritius and Holland are in SA to attend the Nederburg auction on Saturday.

"Bulk exports of cheap wine is bad news for SA wine," Dutch agent Otto Lenselink said.

The agents said SA wine was bottled in the importing country, and there was no guarantee standards were being maintained as it was often mixed with other cheap wines - despite being sold under an SA label.

They said the dumping of cheap SA wine on international markets was destroying the efforts of brand wine exporters to build up an export market for quality wines. This was happening at a time when SA wine was a

LINDA ENSOR

relatively new entrant on the international scene and had not had sufficient time to establish the reputation of its branded wines.

"It is ridiculous to imagine that it is possible to sell cheap, unknown co-operative wines in Europe," German buyer Ingo Mack said. "The only chance SA producers have to succeed is by selling good quality brand wines and investing a lot in advertising."

This was especially the case, Mack said, as wine consumption was declining in Europe, despite the huge surplus, and it was likely that only consumption of good wines would rise. He believed SA wine producers had to improve their marketing efforts dramatically.

SFW international affairs director Dick Coleshaw said the biggest danger facing the SA wine industry on the international market was for it to get the reputation of producing good, cheap, boring wine.

Businessman owes R24m

JOHANNESBURG businessman Louis Ernest Raubenheimer, who is liable for debts of more than R24m incurred by two of his companies, was provisionally sequestered in the Rand Supreme Court yesterday.

The application for Raubenheimer's sequestration was brought by Xeratech, which has a R5,4m claim against him.

Xeratech director Robert Peter van der Merwe said in an affidavit the claim was for goods sold and delivered to Raubenheimer's company, Integrated Visual Communications, under a dealership agreement.

Van der Merwe said Raubenheimer had furnished a statement

SUSAN RUSSELL

which put his assets at R7,2m as opposed to liabilities of R3m.

However, Raubenheimer had signed suretyships for IVC and another of his companies, Central Copier Systems, in respect of the Xeratech debt and R18m and R1m owed to Absa and Standard Bank respectively.

Both companies had been provisionally liquidated and Raubenheimer's shareholdings of about R900 000 were valueless.

It was quite clear from this, he added, that Raubenheimer's empire had collapsed and he was insolvent.

Free political prisoners call

MARIANNE MERTEN

THE ANC PWV region would launch a campaign for the release of political prisoners still in detention, regional peace desk coordinator Robert McBride said yesterday.

McBride told a news conference in Johannesburg there would be a march from Daveyton's Sinaba Stadium to Modderbee Prison tomorrow as part of a "massive campaign" to demand the release of the prisoners.

He also said 43 members of the ANC Phola Park branch, who were awaiting trial, had suspended their nine-day hunger strike after receiving official assurances that their complaints would be attended to.

The strike was a protest against allegedly abusive wardens and a lack of medical facilities.

Correctional Services spokesman W/O Rudi Potgieter said yesterday there were no prisoners on hunger strike at any prison.

He said the complaints at Modderbee were being dealt with by the prison head and the prisoners had indicated they were satisfied with how the matter was being handled.

Meanwhile, 23 political prisoners at Leeuwkop Prison said in a statement yesterday they were forced to apply for their release through the Office for Indemnity, six months after the record of understanding between government and the ANC.

This, they said, was contrary to the record of understanding. They demanded to be released at the end of this month.

STINW TELLS I PFANITS

Red wine sales slump hits Nederburg

CAPE TOWN — Slack bidding and disinterest in SA red wines turned in a lower than expected overall return at the annual Nederburg Auction in Paarl on Saturday. *BID DAY*

A high number of lots went unsold and there were fewer registered and successful buyers than last year.

Stellenbosch Farmers' Winery MD Frans Stroebel said he was satisfied with the outcome in prevailing circumstances in which too much wine was chasing too few rands.

He said he would not be surprised if overseas buyers bought less red wine as there was little overseas interest in old SA red wines.

Nederburg wine consultant Dave Hughes said old SA red wines were regarded as curiosities rather than as commercially viable propositions.

Compared with sales of R2,1m last year, only R1,5m worth of wine was

1493
Wine
LINDA ENSOR

auctioned on Saturday, a drop of 29% which Hughes attributed to the recession both in SA and overseas.

Prices also slumped, with the average of R176 per case down from last year's R201 or R224 and R256 respectively for a nine-litre case. A total of 8 611 cases of wine were bought of the 9 000 cases on sale.

Hughes said white and fortified wines maintained their prices but red wine prices did not fetch the same as last year, falling to an average of R223 (R300) a case.

Foreign buying was also down on last year. Whereas exports represented 24,21% of total sales last year, they were down to 20,63% on Saturday. The most active foreign buyers were those from Taiwan who bought 4,45%

of the total wine sold, Germany (4,17%), UK (3,6%) and Denmark (3,58%).

Top buyer was Shoprite/Checkers, which purchased 8,73% of the wine on auction.

The charity auction in aid of the Hospice Association of Southern Africa netted R76 000.

Neethlingshof owner Hans Joachim Schreiber paid R23 000 for a 300l barrel of Nederburg Paarl Cabernet Sauvignon 1992, as well as R9 000 on other items. Douglas Bellingham Green Madiba's Graham Beck bid R28 000 for a jeroboom of Bollinger Champagne 1970.

The Jooste family, which owns the Klein Constantia wine estate, paid R9 000 for a Groot Constantia wine dating back to 1791 which had been discovered in the cellars of the Duke of Northumberland.

FM 9/4/93. (3) wine + viticult

cork turned out to be far too porous. (10)

The cork on a bottle of good wine already costs as much as 65c to 70c, says Allan Jack, a partner in wine retailers Vaughan Johnson's. He says the French vineyards that produce the world's best-known quality wines have first choice of the cork supply. In the years ahead, whatever little they don't take will be snapped up by the better vineyards elsewhere, at a price.

While KWV, the country's largest wine exporter, and other wineries are planning to switch to new types of packaging, some are resisting the trend. Distillers Corp, which bottles a range of fine wines, says: "We will continue to use cork in the interest of quality."

But true wine buffs know that a cork adds nothing to a wine's quality; in fact, it's a screwtop that probably improves a wine. "A certain amount of air is trapped when a bottle is corked, but when a screwtop is used the bottle can be filled to the top, which means there's no air left to oxidise the contents," says Armin Hallermann, who for many years was the national chairman of the SA arm of the 745-year-old *Chaine des Rotisseurs* (brotherhood of spit roasters), the world's oldest gourmet society.

Hallerman does not agree with the theory that wine must breathe to mature. "Wine matures better without air being trapped in the bottle. I see no disadvantage in using screwtops, other than the lack of that satisfying *plop* when a cork is drawn, or that screwtops are not socially acceptable in certain circles. They have nylon seals that don't leak, they don't impart any flavours to wine and they don't allow any air to get in."

He may be thrown out of the society for the heresy, but he also has no fight with wine bottled in plastic, "provided that all the necessary precautions are taken during bottling and it is stored properly — not in sunlight."

The new order apparently already has started in the Cape. Wine that once was sold as box-wine is being sold in the bag, without the box. It looks like a pillow filled with wine, but it's a big seller. ■

WINE INDUSTRY (3) wine + viticult
Uncorking big changes (10)

The thought of using anything but a genuine cork to keep fine wines in their bottles is enough to make oenophiles pale. But they will have to get used to the idea. Not only are screwtops coming for fine wines, but also lightweight plastic bottles and cheaper labels. The reason: packaging costs are soaring. Bottling a good wine now costs more than the wine itself.

"It costs us R2 to bottle 750 ml of wine that we pay R1,28/l for," says Gary Baumgarten, who's in charge of KWV's quality control. "We're looking at cheaper ways of bottling wine — cheaper capsules (the foil at the top of the bottle), cheaper labels and even lightweight bottles. The wine industry is at the mercy of the packaging industry, which never takes a price hike of less than 20%." FM 9/4/93.

Screwtops are also in KWV's plans and a major factor is the growing shortage, and thus rising price, of cork. The only place with the right climate for producing high-quality cork is Spain and demand is outstripping the country's capacity for expansion. In the Cape, cork trees still line some of the roads, a reminder of an unsuccessful 17th century experiment to produce cork locally — the

TRAVEL ³ ~~2~~ ²¹⁵¹⁹³ ~~215193~~ ²¹⁵¹⁹³
Like Innisfree ^{FWM} ²¹⁵¹⁹³

Occasionally, someone has a vision of a kind of heaven on earth, the resources to create it, and then sets about producing it with great gusto and enthusiasm. Often, when it is done, the public are excluded. This time they're welcome.

When David and Marlene McCay bought Constantia Uitsig, an 80 ha private wine farm that lies on the slopes of the Constantiaberg in the heart of the beautiful Constantia Valley, it was run down. They have transformed it into a hostelry that boasts a restaurant that is rapidly achieving fame, a wine farm that will be producing its own wines within the next year, and a private cricket oval which has the feel of a traditional English village green — while enjoying one of the most spectacular vistas in the Cape Peninsula.

Nestled in a well-spread cove of ancient oaks is the beautifully restored homestead and 12 garden suites. The homestead comprises two luxury suites, an intimate lounge with fireplace which fronts on to an inviting bar area, and the Constantia Uitsig restaurant. The garden suites each have their own patio and private bathroom, underfloor heat-

³ ~~2~~ ²¹⁵¹⁹³ ~~215193~~ ²¹⁵¹⁹³
ing, mini-bar fridges, TV (with M-Net), telephone and tea and coffee facilities.

The restaurant seats 80. It is enveloped in a veranda area, with a glassed floor-to-ceiling outside wall which permits a framed view through the oaks. The view takes in the large natural riverbed which age has sculpted into a series of wide dams; across the patchwork of vineyards that make up Buitenverwachting, Klein Constantia and Groot Constantia farms; and up over the Constantiaberg range. Even for a jaded Capetonian, it is beautiful scenery. At night, the oaks are unobtrusively lit and impart a feeling of being in your own luxurious garden space.

Frank Swainston — formerly of Trattoria Fiorentina, Frank's and PD's in Johannesburg — is the restaurateur. Amid elegant but relaxing and unpretentious decor — shell-coloured with warm ambers, burnt yellows and contrasting deep bottle-green and burgundy — he has formulated a menu that complements the surroundings. It is based on Mediterranean/country cuisine which makes full use of garden-fresh ingredients and is widely varied, from light salads and pastas, to fresh limelish, wild duck, carpaccio and tripe.

The wine list is unusual. It includes a fine selection which cannot, however, be called comprehensive — if that means a full spread of wines from the many Cape estates and wine producers. But if you believe that there is little need to look beyond the produce of the Constantia valley, then it vaunts a selection that will satisfy even the most fastidious wine enthusiast.

Both the menu and the wine list present outstanding value at reasonable prices. It is part of the reason why booking is so heavy.

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The Constantia Uitsig cricket oval is the home-ground to the Western Province Colts team, which is sponsored by McCay (who played for Western Province in the Sixties and early Seventies). For those who wish to relax outside the homestead in the shade of the trees and enjoy the farming ambience of the place, Constantia Uitsig offers three types of quality picnic hampers (meat, cheese and vegetarian) at R35 per head.

For accommodation, contact (021) 794-6500; for restaurant reservations, (021) 794-4480.

Gerald Hirshon

New wine sale scheme to raise funds for estate

S Times (C/Memo) 23/5/93

By JEREMY WOODS

AN innovative scheme to raise funds for replanting, gives wine lovers a unique opportunity to buy a five year supply of fine red wine from the Diemersdal Estate in Durbanville, one of the best Cape wine estates. Diemarsdel red wine is not generally available in this country as over 90 percent of it is exported for overseas consumption.

for some 200 investors and wine lovers to put up R2 500 each for a share certificate that entitles them to five cases a year of Diemersdal best red wines for the next five years.

The price of the wine, which includes the estate's Cabernet Sauvignon, Shiraz, Pinotage and Private Collection,

averages out at just above R8 a bottle including VAT — and will remain the same until the end of the five years.

Diemersdal owner and winemaker Tienie Louw, a fourth generation wine farmer whose great-grandfather bought Diemersdal back in the 1920s, wants to raise R500 000 under the scheme for a replanting programme on the estate.

"We are selling our wine rather than borrowing from the bank, as one can never predict the future course of interest rates," he said on Friday.

"Since our wine is not available in bottle stores and most of it is sold overseas, I think this is a good opportunity for local people to try it at very reasonable prices."

Cheaper

The offer, an innovative way of raising cash for a wine farm, looks interesting for two reasons — the fact that the wine is usually not available here except to a few selected clients and that it is being sold for substantially less than the price they normally pay.

Diemersdal wines have received numerous local and international awards through the years, the latest being a gold medal for the estate's dry red at the International Wine and Spirits competition in London in 1990.

The origins of the Diemersdal Estate go back to 1698 when Hendrik

Edited by JEREMY WOODS



Sneewind received land from Simon van der Stel

for the planting of vineyards and wheat fields.



INNOVATION ... Diemersdal owner and winemaker Tienie Louw with one of the bottles on sale
Picture: AMBROSE PETERS

WINE EXPORTS
FM 28/5/93
Sailing into rougher seas

3 visit +
critical
1993

SA exported 2.3m cases of wine last year, 124% more than in 1991, and shipments are expected to soar again this year. This is despite the smaller crop that's expected — around 9m hl, or 10% less than the record 10m hl crop harvested last year.

The crop also is expected to be high quality and relatively disease free, according to the KWV. "Its sugar:acid ratio and the pH of the juice are particularly favourable. Both white and red wines promise excellent potential for development."

The UK is the biggest market for SA wines but the scope for expansion is still enormous. Last month the SA Wine & Spirit Exporters' Association hosted a tasting in London's Hyde Park Hotel, with 32 producers presenting 260 wines to 400 selected trade and media guests. The event was a precursor to the London Trade Wine Fair.

held at the Kensington Fair Grounds last week, where only 20 local producers — those fortunate enough to have booked space early — presented their wines.

Though exports continue to rise, the competition is stiffening because more local producers are trying their hand at exporting and the European crop last year was huge — some French winemakers reduced their prices by 40%. This has forced some exporters to cut prices, much to the chagrin of KWV, which wants prices maintained.

The KWV has identified £2,99 (R13,75) a bottle as the price most Brits regard as good-value-for-money wine. That works out to R165/case, which after the deduction of R24,75 profit for the retailer, R21,05 for the wholesaler, customs duty of R55,20, transport costs of R15 and insurance of R3,45,

FM 28/5/93 3 wine

TAKING A BREAK

Tony Koenderman is on leave. His Advertising & Marketing column will resume next week.

leaves R45,55 for the cellar, or exporter. But when prices are cut, that cut often comes out of the exporters' share. For example, the Golden Valley Cellar of Citrusdal collected R45/case on its export wine last year but is getting only R31/case now.

While competition is forcing down prices, the high cost of local packaging materials limits how much producers can cut prices.

BUSINESS & TECHNOLOGY

Jannie Retief, who is in charge of KWV's export drive, says a good glass bottle costs 38c in France. Here it is 80c. Cartons and dividers are up to three times more expensive in SA and a good cork costs nearly 80c here, which is almost as much as it costs to bottle and label wine in Europe.

Consol, which is protected by a 60% surcharge on imported bottles and thus controls the lion's share of the wine bottle market, acknowledges that wine bottles cost more in SA than they do in Europe, where it says a price war is forcing down prices. It claims that the economies of scale of the larger European market enables manufacturers to produce cheaper wine bottles. "More than 400m 750 ml green claret bottles are made every year in Europe, compared to about 18m in SA."

6.06.93 29/10/93
**Warning on
timber use**

MARIANNE MERTEN

THE Water Affairs and Forestry Department warned yesterday that at current levels of consumption SA's natural timber resources would be exhausted within 30 years.

It said about 30% of the population depended on wood as its primary energy source. It projected that from 2 000, about 8,3-million tons of firewood would be consumed every year.

For this reason, said Water Affairs and Forestry Minister Japie van Wyk, the department would move from promoting commercial timber growing to rural forestry extension schemes. This shift in emphasis was "a matter of necessity".

The department had identified more than 3 000 rural forestry projects to be implemented over the next decade. The success of the projects would, however, lie in community involvement and not with policymakers. (3) Timber

Cellarmaster holds key to Klein Constantia's success

IN THE few years since Duggie Jooste restored the Klein Constantia Estate it has produced several remarkable wines. The 1986 Sauvignon Blanc, the 1987 Blanc de Blanc, the 1987 Vin de Constance and the 1988 Marlbrook come most easily to mind.

The newly released 1991 Chardonnay is easily the equal of anything produced in the Cape that year and a considerable improvement on the beautifully made, though less complex, 1989. An array of wines of this order, covering several white varieties and enough reds to suggest considerable versatility, raises an inevitable question. What is the key to the estate's success: the Joostes' meticulous development programme or a genius of a winemaker?

The answer is best disclosed by the wines which have not matched these standards (though I have hardly ever been disappointed by any Klein Constantia release).

The declassified 1990 Dry Red is unimpressive even at its reduced price. I was never much enamoured with the 1986 Cabernet — I found it too light and evanescent — and while I preferred the 1986 Shiraz, I was not convinced of its greatness.

I had to wait until the release of the Cabernet Merlot blend — the 1988 Marlbrook — before I was comfortable about the estate's red wine potential.

Red wine is still an area of relative weakness. It seems that youngish vines and cool weather are not the perfect ingredients for red wine.

Despite this, winemaker Ross Gower gave the Marlbrook finesse and complexity. Working with a blend, he had greater scope than with a single varietal wine.

The Merlot fleshes out the Cabernet, achieving much the same result in the Marlbrook as it does in the Medoc. Only the ageing potential remains untested.

The white wines have unquestionable keeping qualities: the 1986 Sauvignon Blanc is still going strong, as is the 1987 Blanc de Blanc, a wine the estate chose to declassify because of the difficulty of the harvest.

The 1988 and 1989 Chardonnays still look pretty good, and there can be no doubt about the prospects for the recently released 1991. The 1992 Blanc de Blanc might seem a little disappointing; however, given the track record of the earlier vintage and the way the Klein Constantia whites unfold, I feel it will reward a few years of careful cellaring.

Klein Constantia is unquestionably superb terrain: it has the soils and the vineyards to make fine wines. The single varietal red wines lack richness and corpulence, but Gower's skills in the cellar optimise the results. All the white wines are benchmarks: all need extra maturation, and all gain complexity and dimension in the bottle.

It seems clear that despite the importance of soil and climate, the key to the farm's success lies with Gower. He achieves maximum personality and length from the white wines, and has assembled some pretty creditable reds. The combination of his knowledge of the vineyards and the increasing age of the vines pretty much guarantees the quality of most of the estate's future production. Klein Constantia is one of the Cape's finest estates, and still some way off realising its full potential.

MICHAEL FRIDJHON

2 wine + viticulture
B19197
B19197
B19197

British chain proposes toast to SA wines

B/Dcy 18/6/93

VICTORIA HOLDSWORTH

LONDON — Supermarket chain Tesco gave the SA wine industry a boost yesterday with a series of full-page colour adverts in major British newspapers.

"We went to SA looking for classic grapes. We unearthed a gold mine," the ads read. Beneath, are bottles of Cape Pinotage and Chenin Blanc priced at £2.59 — making SA table wines very good value.

"Believe it or not, SA has been producing some of the world's best wines for hundreds of years. We thought it was about time you had the opportunity to try them," the ads read.

The 400-store Tesco, which commands 12% of the British wine retail market, has been selling SA wines since 1991, when winemaker Marcia Waters visited SA.

"I found good value wines, good wine makers and a positive approach to exporting," she said. But what was lacking was customer awareness.

The wines on promotion are under Tesco's house label, considered a "big endorsement". The chain which stocks the widest selection of wines in the world.

③ Viticulture Wine

NEWS IN BRIEF

6/15/93 3016193
SA wine flows to UK

SA HAS become the fourth-largest non-EC country exporting wine to Britain, outstripping the US, Britain's central statistical office reported yesterday. *Wine*

The CSO said SA exported 151 456 cases of wine in the first three months of this year, compared to the US's 139 900. The top non-EC wine exporter to Britain was Australia (645 967 cases), followed by Bulgaria and Hungary.

Winemakers waging fierce export war

ST Times CC (Metro) 447193

By PATRICK McDOWELL

NOT so long ago, making and selling wine was a game for gentlemen who talked about bouquet, not shelf space in a supermarket.

No longer. From California and France to Australia, Chile and South Africa, winemakers are waging a fierce export war to win over a dwindling number of drinkers with changing tastes and recession-pinched wallets.

Quality still counts, but the new game is about marketing. Producers say survival in the next decade will go to those who understand pricing, packaging and public demand.

"My advise to the industry is to produce wine based on the need of the consumer, not on their wine cellars," said Timothy Wallace, a partner in California's Glen Ellen Winery. "Wine is a package product, like a car or stereo."

Buyers

Glen Ellen was one of 2 000 exhibitors from 42 countries in Bordeaux recently for the biennial Vinexpo, the world's largest professional wine and spirits show. They wooed buyers, sized up competitors, and took sober stock of an industry in crisis.

At 24.8 billion litres in 1990, wine consumption worldwide has fallen 4.5 billion litres, about 20 percent, in a decade.

Fewer people drink wine with meals, more abstain due to health concerns, and governments everywhere are raising taxes. Bountiful harvests have led to overstocked cellars and diving prices.

Throughout the 1980s,



THE WINE SIDE... The Hex River Valley's wine route offers much more than good prices. Visitors will experience good food, panoramic views and a different way of life

Picture: MARK VAN AARDT

the industry opened new markets in Asia, especially Japan, to counter falling demand at home. But many Japanese put a cork in the wine fan when their economy stalled.

To stay alive, producers are elbowing into

each other's turf. Long-time exporters France, Italy and Spain, who still dominate, are getting stiffer competition from places that once drank all they made.

California's exports soared 25 percent a year for the past six years,

while Australia's climbed 1 000 percent in 20 years. Chile has done even better.

"I think a lot of our winemakers are finally realizing that if they want to play ball, they have to get into the international market," said

Paul Molleman, international marketing director for the San Francisco-based Wine Institute.

If winemakers have it tough, wine drinkers can bask in prices that have fallen 40 percent for champagne, and choices from a bewildering ar-

ray of producers.

Who are they? Take Romania. Though the Romans planted vines there 2 000 years ago, vineyards suffered neglect after 1945 by Communist planners more interested in heavy industry.

The country has rediscovered wine as an export earner. Basil Zarnoveanu, director of a Bucharest-based trading company, Vinexport, hopes to carve out a special niche the same way Chile, Bulgaria and South Africa did.

First, he plans to target countries that are open-minded about odd-sounding labels. Most exporters cite Britain, Germany, Scandinavia, Japan, Canada and the United States.

Cash flow

Then, Romania will try to beat prices. Zarnoveanu figures Romania's unknown bottles could tempt buyers at £3 (about R15) in Britain, under the £5 (about 25) better-established competitors can fetch.

Cash flow should lead to better wine, more exports, decent market share and eventually higher prices, Zarnoveanu hopes.

Cultivating an image as the ordinary man's good wine, Glen Ellen pokes fun at snobs with a wine-appreciation book whose cover shows a couple sipping a glass of red through straws.

Others try snob appeal. Moldova, a tiny former Soviet republic, stresses its history as winemaker to Russia's czars.

"It helps identify the country," said Karin van Son, a sales agent for the republic. "Let's face it, most people don't even know where Moldova is."



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Winelands offer more than good wine

The Cape winelands have much more to offer than the advantage of buying wine at a good price.

Many of the estates and wine farms offer cellar tours offering visitors an opportunity to see the wine-making process. Others have built up complementary industries like cheese-making while some have beautiful gardens and historical exhibits where non-wine enthusiasts can wander around.

Several estates have excellent restaurants which offer a variety of fare from traditional Cape to sophisticated gourmet meals. In summer many offer light "alfresco" lunches.

While Constantia, Durbanville, Stellenbosch, Hermanus, Paarl and Franschhoek are the closest to Cape Town, you'll find excellent

routes further afield at the Swartland, Tulbagh, Robertson, Worcester and Olifants River routes.

Remember, though, that each area offers a different wine, depending on the area's temperature, soil types and climate.

Major wine routes are well signposted with ample information available at central information points.

Several offer an opportunity to taste before you buy and varied scenery en route.

Central wine route information centres are given where available.

Swartland Wine route information (0224) 21134
Alleevleioren, Memweg, Porterville, Riebeek, Swartland, Winkelhoek.
Tulbagh Wine Route (0238) 301 001
Tulbagh, Twee Jongegezellen, Theuniskraal, Drostyd, Oude Droostyd, Paddengang, Kloofzicht, Lemberg, Montpellier.

Stellenbosch Wine route information (0223) 4310
Aldo, Avontuur, Bergelder, Bertrams, Beyerstreek, Blauwklippen, Bodoga, Bonfoi, Bottery, Cios de Ciel, Cios Malverne, De Heldeberg, Delaire, Dalheim, Eerselrivier, Eikendal, Goshop, Hartenberg, Hazendal, Jacobbedal, Jordan, Kappicht, Kanonkop, Koelmeel, Koppmansbos, Le Bonheur, Liefland, Louisa, Meridul, Middelval, Morgenhof, Mulderbosch, Nurella, Naethinghof, Oude Nectar, Overstuw, Rosendal, Rust en Vrede, Rustenburg, Saksenburg, SFW, Simonig, Stellenzicht, Spier, Theleme, Uiterwyk, Vergemoed, Vloetenburg, Vredenhelm, Vrisesonhof, Warwick, Welmoed, Zovenwacht.

Robertson Wine route (0225) 3187
Agterkliphooge, Ashton, Bon Courage, Bonnievale, Cielvaux, De Westhof, Excelsior, Jonkers, Langewacht, Graham Beck, McGregor, Meerwag, Mon Don, Nardale, Rietvalle, Robertson, Roodzant, Rooiberg, Van Loveren, Weltevrede, Zandvliet, Wellington.

Wellington Wine Route information (0221) 34904
Bo-vlei, Onverwacht, Rustenburg/Claridge, Union Wine, Wamkarsvlei, Wellington Wynboere, Welvangas.

Paarl Wine Route information (0211) 22 605
Bakkersberg, Balcher, Bolandse, De Iuwelen Jacht, Fairview, Glen Carlou, KWV, Labore, Landskroon, Nardburg, Penderburg, Rhabokopel, Si-

mondium, Simonsvlei, Veenwoude, Villiers, Welgemoed, Windmeel, Zandvlei.
Franschhoek Vigneronas de Franschhoek (022) 32 3082
Ballingham, Boschdool, Chamonix, Cios Cahiere, Dieu Donne, Franschhoek, Vinyards, Haute Provance, L'Ormarie, La Bourgeois, La Bi, La Cote, La Couronne, La Mutte, Le Provance, Mountain Blush, Mount Excelior, Moreson, Hermannus/Walton Bay.
Hermannus Wine Route information (0223) 22595
Hamilton Russell, Bouchard-Finlayson, Constantia
Constantia wine route information 794 6128.
Buitenwagting, Groot Constantia, Klein Constantia
Durbanville
Durbanville Wine Route 913-1288.
Meerendal, Diermardal, Bloemendal, Altydgedacht, De Oude Welgemoed.
Olifants River
Wine Trust (0271) 29710
Cederberg, Gouevale, Kiewer, Kutzville, Spruitdijk, Trawel, Vloemulskip, Vredendal.

Worcester
Worcester Wine Route information centre (0231) 29710
Aan-de-dooms, Aulwants, Saksberg, Bergsig, Botha, Brandvlei, Breiland, De Doorns, De Wet, Du Toitkloof, Doudin, Groot Eiland, Langmatkop, Labrusum, Louisahoek, Marwids, Nuwehoop, Nuy Opat, Overhag, Romainvlei, Roodbosch, Slanghoek, Sietyn, Viltterdorp, Welboomvlei.

Robertson moves to boost sales

SI Times [C Metro]

12/12/93

ROBERTSON Winery has launched a R2-million bid to stimulate declining wine sales by selling its famous wines at lower prices in packaged cartons.

Mr Tim Rands, a director

By JEREMY WOODS

of Vinimark, who market the wines, this week said: "One of the most expensive components in marketing wine is the cost of the bottle."

(3) Viticulture & Wine

"For some four years now, there has been exhaustive research into wine sold in aseptic cartons. The research has shown there is no difference in the quality of bottled wine and that stored in cartons."

But, he added, marketing in cartons has led to substantial reductions in the price of the wine.

"We would expect savings of between 25 to 30 percent on our 500ml cartons of wine. This, we hope, will mean that people will drink more wine."

Mr Rands said selling wine in aseptic Vinipak cartons was developed because of the demand from the public.

"Consumers are used to buying drinks in cartons and it is only natural that they should want to extend this to wine. Once the general public is reassured that the quality of wine in a carton is as good as that of the bottled variety, sales will really take off."

A new carton manufacturing plant has been installed at the Robertson Winery at a cost of R2-million and will be paid for by the co-operatives that are part of the winery.

A contentious issue among the wine farmers is that they will not be able to advertise the wine they sell in cartons by its cultivar, as only bottles are eligible for quality certification.

"If we were allowed by law to indicate the cultivars, we would possibly have launched with Sauvignon Blanc, Chardonnay and Cabernet blends. This we feel would have gone a long way towards reassuring the consumer that aseptic packaging is not a mechanism for disposing of cheap wine, but rather a convenient way of presenting quality wines at affordable prices."

Internationally, aseptic carton is gaining increasing support after initial resistance by the consumer.

Sales in Europe and South America have shown the strongest growth. In Spain, the downward trend of wine consumption in 1984 was turned round by selling it in cartons.

From humble beginnings to being a major wine producer

WHEN Jan van Riebeeck produced the Cape's first wine on February 2, 1659 — albeit of dubious quality — little did he realise that he had started what was to become a burgeoning industry in the Western Cape.

But it was Simon van der Stel, Van Riebeeck's seventeenth-century successor, who with his first-hand knowledge of winemaking, improved the standards of Cape wine to a level which received favourable comment from the Dutch East India Company.

Van der Stel also moved further afield establishing vines at Stellenbosch, on the banks of the Eerste River. It was a colonist's town in which the production of wine was to play a major role in its development.

King of the whites

NO focus on wine would be complete without mention of Chardonnay.

This is a classic white wine grape variety relatively new to the Cape. Local wine has only been made from it since the early 1980s.

It is a wine which has been wood-matured and can vary widely in bouquet and on the palate, depending on where the vine was grown and by whom it was made.

Some Chardonnays are buttery with nose that resembles burnt toast, others are more subtle with lightish lemony hints.

It is a wine which lends itself to complexity and one which will happily complement red meat.

One of the reasons for it being more expensive than the average white wine is that it falls into the wood-matured category even though there are some which are not wooded.

A wine that is wood matured is transferred to a barrel after fermentation for maturation.

During the process it takes up flavours from the wood and usually develops a deeper colour.

Chardonnay and Pinot Noir make up the classic French blend used in Champagne.

Winemaking at the Cape received an unexpected boost when Louis XIV, king of France, revoked the Edict of Nantes which guaranteed religious tolerance to the French protestants.

Suitable

This led to 200 Huguenot farmers emigrating to the Cape between 1688 and 1690, many of whom had knowledge of winemaking and were quick to recognise how suitable local conditions were for growing vines. The new settlers were allotted farms in the area known today as Franschoek.

So expert were the new colonists at winemaking that when the wine supply to England dried up because of the French Revolution, the Cape's wine producers easily filled the vacuum.

③ wine + viticulture FM 23/7/93, Grape expectations?

For more than a year now the country's wine buffs, as well as throngs of Alan Gerson ill-wishers, have been predicting "the auction of the century". As the empire of the sometime decorator, wine importer, restaurateur and professional litigant crumbled, the vultures, Cassandras and augurs have been gathering in the wings to witness the end and to pick at the booty.

It has now been announced that the Trans-Africa Auctioneering Company, instructed by Boland Bank, will conduct a sale of some 3 500 cases of wine at Oakfield Farm, Muldersdrift, on September 10-11.

There are still heretics who hold that the auction will not take place. They remind their listeners that Gerson, who was not available for comment as the *FM* went to press, has an extraordinary capacity to emerge, apparently unscathed, from situations that would have brought ruin to men of lesser talent. They quote the restaurant impresario himself, relating how, in the early Eighties, the creditors of his wine wholesale company were forced to compensate him for assets seized against inadequately drafted security.

But Trans-Africa MD Christopher Prowling is in no doubt about the sale taking place. He has already clearly visualised the scene: two days of fun in the sun while he knocks down the wines and spirits at a rate of about 200 cases an hour. Prowling recognises that it will be a major wine event, bigger perhaps than any wine auction ever held in the Transvaal — and possibly the largest non-trade-only sale in the country's history.

He won't be drawn into any discussion about the erstwhile empire of the man who has consistently enjoyed the reputation of "least factorable debtor" on his suppliers' books. All he will say is that the wines have been collected from the various premises of Alan Gerson's restaurant business, a chain which, in its time, included Dentons, Herbert Baker, Wine Café, Fiddler, Les Marquis and a farm near Lanseria. The stocks are now being stored in a suitably temperature-controlled environment in downtown Johannesburg as the cataloguing details are finalised.

The bulk of the stock is obviously South African, including vast quantities of easy-drinking restaurant wines. Since the auction is to be conducted without reserves, these are likely to provide the best bargains. "Some people will pick up table wines for a few rands per case," avers Prowling.

There are also cases of spirits and a fair amount of rare malt whisky. "Corporate buyers will be able to buy unusual Christmas gifts for a pittance," trills Prowling.

Serious buyers will find a wide range of European wines: from superb Burgundies to

rare, single-vineyard Chiantis. Chateau d'Yquem, Corton Charlemagne, Leoville Lascases and Clos des Lambrays nestle between bottles of Van der Hum. Often there are only single examples of great wines. However, sometimes there are several cases, presumably the stock-in-trade of now-defunct Vintage Wines & Cigars.

Despite the difficulties of this year's Nederburg Auction, not to say the fact that the Cape Independent Winemakers Guild will have held its sale a week earlier (September 4), the Gerson auction — if it happens — is bound to be a success. If there's enough money around, the creditors will be more cheerful than is usually the case with this particular debtor; and if there isn't, then a lot of very fine wine could sell for a song.

□ Lynne Sherriff, who heads the UK office of Vinfruco (Unifruco's export wine division), has become the first South African to pass the UK Master of Wine exam. Sherriff, who already holds a Cape Wine Master certificate, completed the course in two years. In the past 12 months, she has also brought Vinfruco's exports past the 100 000-case mark — no mean achievement given the European recession. It was only in the past few years that Britain's wine education authorities amended the rules to permit non-residents with less than five years UK trade experience to sit the exam. Fewer than 20 candidates worldwide passed. *Michael Fridjhon*

Improved sales stem profit decline at SFW

LINDA ENSOR

CAPE TOWN — Improved sales volumes in the past six months helped stem the profit decline of Stellenbosch Farmers' Winery (SFW) which yesterday reported a 5,7% drop in earnings a share to 39,6c (42c) before additional depreciation in the year to end-June. *8/24/93*

However, the final dividend was maintained at 3,5c translating into a total dividend for the year of 12c (12,5c). After additional depreciation, earnings slipped to 29,4c (31c) a share. *19/8/93*

SFW MD Frans Stroebel said the results were better than anticipated. In spite of difficult trading conditions, the total dividend was down only 4% whereas the interim dividend had been 15% lower than in the previous year.

Turnover grew 13% to R1bn (R915m) but a dramatic fall in the operating margin to 9,7% (11,9%) resulted in a 8,2% slide in trading profit to R99,8m (R108,7m).

Lower finance charges and a lower tax rate stemmed the after-tax decline to less than 1% but this gain was reversed by the sharp fall in equity-accounted earnings. A net extraordinary item of R1,6m related to a combination of factors, including the R6,6m cost incurred as a result of rationalisations. *(3) Viticulture & Wine*

The group's interest bearing debt fell to R35,74m (R52,4m), with the reduction taking place mainly in bank overdrafts and other short term loans which were cut sharply to R5,7m (R21,4m). *(152)*

Wine exports headed for a record

PRETORIA— A record amount of more than a million cases of SA wines is expected to be exported to the UK this year if trends continue, according to SA Wine and Spirit Exporters Association chairman Jannie Retief. *By Day*

He said at the weekend the amount would be 40% up on last year's sales to the UK of a little more than 600 000 cases.

The spectacular performance of the SA wine industry was the result of the association's promotional work (more than R1m will be spent on promotions this year), a friendlier trading climate, the competitive quality of SA wines and the relaxation of sanctions.

Retief said worldwide SA wine exports would earn the country in excess of R100m in foreign exchange this year, an amount that was likely to continue growing in the future.

The market for SA wines in Europe was also growing, despite a number of adverse marketing factors. Exports to European and continental countries this

GERALD REILLY

year were expected to grow 20%.

Adverse factors included a residue of political discrimination against SA exports and a gloomy European economic environment with little, if any, growth in national economies.

Retief said the steady growth of exports to Scandinavian countries, which until recently were closed to SA exports, was also encouraging.

Association statistics showed UK buyers imported a record 1,05-million litres of SA wines in June.

In the six months to June, SA exports to the UK totalled 3,79-million litres.

Australia was the biggest wine seller in the first six months of 1993 with exports to the UK totalling 15,02-million litres — more than four times the SA figure.

Bulgaria was the second biggest seller with 11,6-million litres; Hungary followed with 3,99-million litres and the US with 3,92-million litres.

3. Viticulture & Wine

Here's to exports

At the same time that wine exports are rocketing, local sales have slowed because of the lingering recession and consumer resistance to higher prices. Exports to the UK, the biggest market for SA wines, are expected to be 1m cases this year, a 40% increase on last year.

In response to the stagnant local market, retail and producer prices are falling. The



Decreased demand . . . reds, whites and blues

Drop Inn group recently offered a 20% discount on the price of all wines with corks, and some showcase estates are slashing the price of fashionable varieties such as chardonnay and new-style blended reds.

Drop Inn MD Jonathan Miles says the discount campaign was more a new marketing strategy than a response to the state of the market, though he admits higher priced wines are suffering due to consumers buying down. The group's wine sales are marginally up on last year.

Specialist wine retailer Vaughan Johnson says there is a worldwide trend away from liquor consumption, due to the state of the economy and increased health consciousness, but, instead of customers switching to inferior wines they are buying better wines but drinking them slower.

Ironically, the decrease in sales comes at a time when some SA wines are reaching new peaks. Red wine expert Paul Pontallier, technical director of Chateau Margaux, one of France's premier wine producers, says the overall quality of some reds has improved considerably over the past three years.

Developing style

Pontallier, here recently as a judge for the prestigious Veritas awards, says SA's cabernet sauvignons, in particular, are developing the sort of style that characterises top-quality equivalent wines from other parts of the world.

Part of SA's problem is the wine industry's struggle to promote consumption among a rapidly growing population that prefers other types of alcohol. Wine production has increased by 56% in the past 15 years but per capita annual consumption has remained at

around 9l, according to the KWV, which represents most producers.

Nevertheless, producer income increased on average by 14% annually in 1979-1992 to R707,8m, due mainly to growth in the export of grape juice concentrate and value added to higher quality wines.

The success of the wine industry is vital to the western Cape where it contributes 25% to the horticultural income. It provides incomes for 4 731 farmers, 3 000 co-op cellar staff and 300 000 farm workers and their dependants.

Continued growth in exports is crucial to the success of the industry and there is room for growth. SA accounts for only 1,6% of the 60m cases of wine imported annually by Britain. Australia, by comparison, exports about five times more wine to Britain. Most of the major grocers, through which 60% of wine is sold in Britain, stock a limited range of SA wines compared with Australian products.

SA is also battling to get into the fashionable wine boutiques. One of Britain's leading retail wine chains, Odd Bins, listed

only four SA wines in its catalogue this year versus 160 from Australia, 21 from New Zealand and 50 from the US. ■

~~TEA~~

VITICULTURE & WINE — 1994

Shake-up faces wine industry

③ WINE ~~AFW~~ # 3
Minister of Agriculture

BRUCE CAMERON
Business Editor

THE wine industry is due for a major shake-up, with KWV set to relinquish its stranglehold on pricing.

This follows the recent announcement by the Competition Board that it is to investigate the entire liquor industry.

After years of dispute over pricing KWV now appears to be on the verge of surrendering the sole right to set the producers price good wine as well as the distilling wine price. This could result in wine

farmers receiving more for good-quality wine but less for "vin ordinaire".

Managing director of KWV Ritzema de la Bat refused to comment on negotiations underway between the wine wholesalers and KWV.

KWV has had to give way on setting the price of distilling wine for the spirits industry with wine farmers, unable to compete with cane spirit producers, having lost millions of rands.

Over the past three years wholesalers have moved away from using grape-distilling wine to more competitively

priced cane spirit.

In the past taxes have been increased on other spirits to give the wine industry the advantage, but this dropped away in the Eighties.

The minimum producers' price paid by wholesalers for good wine was last set in January 1993 at R1,28 a litre. Good wine is any wine which is sold as wine, whether it is plonk or award-winning. Wholesalers pay bonuses on top of the minimum price for varietals such as Chardonnay and Sauvignon Blanc.

Good wine prices are set by KWV and confirmed by the

The wholesalers, however, object to the KWV monopoly on price-setting, claiming they have to pay too much for "vin ordinaire".

The result, the wholesalers argue, is that they are forced to virtually subsidise lower-quality wine at a cost to producers of good-quality wine. At the same time they are losing market share at the lower end of the market because they cannot compete with producers undermining the legal minimum price retailing at a price below that the wholesalers are forced to pay the producers.

as KWV backs off

12/94
KWV argues that the wine wholesale industry is in the hands of about three major wholesalers and if a minimum price is not set the whole industry could be damaged by prices being forced lower.

It is understood, however, that under pressure KWV is now considering a compromise where the wholesalers will also have a say in setting the minimum price.

In the annual report of Stellenboch Farmers' Winery managing director Frans Stroebel confirmed that negotiations were under way with KWV on structural imbalances and con-

trol mechanisms. He said: "Substantial progress has been made in a number of areas."

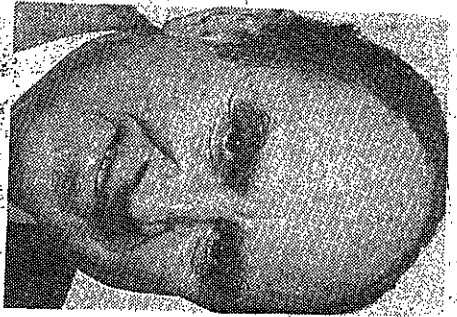
Mr Stroebel said SPW was continuing to lose market share in the standard and medium-priced natural wine categories because of producers who were able to retail wines at prices lower than the minimum price that wholesalers were obliged to pay.

He also said the recent government investigation into agricultural marketing by the Kasser Commission had excluded the wine industry, but it was pointed out that there

were similarities between the wine industry and the rest of the agricultural industry.

"Some of the basic principles of the new approach to agricultural marketing as set out by the committee are: freer market determination of prices; freedom of choice and association in marketing decisions; and greater representation of all interested parties (not just producers) in pricing structures."

Mr Stroebel said the "present fixing of prices for the various products of the wine by the KWV alone is in direct conflict with these principles."



Ritzema de la Bat

Earnings dip squeezes KWV

MARC HASENFUSS

Business Staff ARCT 23/94

③ WINE

KWV Investments — which has a 30-percent stake in Distillers Corporation and Stellenbosch Farmer's Winery — experienced a tough six months to end December, but managed to limit the decline in attributable income to under 4 percent at R25,8 million.

Directors said unfavourable economic and political conditions depressed consumer demand, inhibiting volume sales in the group's two associated companies.

In spite of the dip in profits, KWV Investments pegged the dividend payout at last year's 15,5c a share level.

The maintained dividend is not an indication of better full year prospects, rather a reflection of the group's healthy cash flow position.

As for the rest of the financial year, profit prospects are difficult to gauge.

Directors expect further pressure on their operating associate's turnover and margins in the second half, which could adversely affect KWV Investment's earnings for the full year.

However, they point out that SFW and Distillers are favourably positioned to take advantage of any economic upturn.

■ Associated Ore & Metal Corporation (Assore) more than doubled net income to R12,3 million in the half year to end December.

Directors attributed the strong showing to an increase in sales volumes in certain group products, the advantageous rand/dollar exchange rate and effective cost cutting measures.

They noted that prices for manganese ore, iron ore and ferro manganese remained stable while the prices for ferro chrome weakened under sustained pressure from low priced competition.

Assore's bottom line also received a boost from an increase in equity accounted earnings from Associated Manganese Mines (Assmang).

The dividend payout was lifted 50 percent to 150c a share, notwithstanding the fact that profits for the second half are unlikely to exceed profits recorded in the period under review.

■ Arthur Kelly, deputy chairman of finance house Sechold, announced his retirement yesterday to concentrate on his own business interests.

Mr Kelly said he had devoted the past nine years of his life to building the Sechold Group and now wanted to spend time assessing his options. "It is time for stepping back and reviewing my business career. I wish Sechold and Investec every success for the future."

Sechold recently took severe losses on the futures market and was subsequently snapped up by the acquisitive Investec at a fire sale price.

SFW hit by 14% drop in profits

DIFFICULT trading conditions, which squeezed profit margins, and a R13,7m write down of an investment in an associate company, hit Stellenbosch Farmers Winery in the year to June 30.

Although turnover rose by 18,8% to R1,2bn (R1bn), trading profit was 14,1% lower at R85,7m (R99,8m). Attributable income dipped to R23,5m (R39,4m) and earnings at share level were 37,3c (43,2) before additional depreciation and 26,6c (32,6c) after additional depreciation.

But the final dividend has been maintained at 8,5c a share, making an unchanged total pay-out of 12c for the year.

Chairman Frans Davin explains: "The company's positive cash flow of R44,2m (R18,1m) has improved substantially and the group is in a much stronger financial position."

He said that during difficult trading conditions price increases had been kept to a minimum to stimulate growth. This had affected margins and trading profit but "the company is favourably positioned to compete effectively and to benefit from an upturn in the economy."

The company's net asset value has risen to 472c (454c) a share.

KWV ups pay to farmers

KWV has increased the payment farmers will receive for good wine by 8.6% and for distilling wine by 5.8% (3) WINE

The price increase for natural wine is equivalent to 8.3c for a standard 750ml bottle, which brings the total price to 139c a litre. The new effective distilling price is 73c a litre. CT 7/12/94

KWV chairman Lourens Jonker said that, together with moderately increasing volumes in the various markets, these price increases should result in an estimated increase in income of about 7% to the primary industry in 1995. This was still well below the inflation rate.

Earnings

dip at KWV

CT 25/8/94
Deputy Business Editor

KWV Investments Ltd, which derives its income from its holdings in Stellenbosch Farmers' Winery and Distillers' Corporation, saw earnings slip marginally to 54,4c (54,5c) a share for the year to end June.

Each issued share of KWV represents one issued share of Distillers and one SFW share with the dividend income sourced from these two companies.

Dividend income stood unchanged at R23,1m due to the fact that although earnings at both SFW and Distillers dropped for the year, the dividends remained unchanged.

Administration costs were partially offset by a lower tax bill resulting in net income after tax of R22,83m (R22,87m).

A final dividend of 38,8c (39c) a share brings the total payout for the year to 54,3c (54,4c).

KWV Investments steady

EDWARD WEST

CAPE TOWN — KWV Investments, a company holding a 50% stake in Rembrandt-KWV Investments, had maintained earnings at 54,4c a share for the year to end-June, the company reported yesterday. *25/8/94*

Dividend income was the same as in the previous financial year at R23,1m, but administration costs were slightly higher at R262 000 (R211 000). Tax fell to R8 000 from R13 000. *Wine*

A final dividend of 38,3c (39c) was declared bringing the total payout for the year to 54,3c (54,5c).

UK consumption of SA wines beats expectations

LONDON — About a million cases of SA wine were sold in the UK last year — a target that the industry expected to reach only in 1995.

The growth in consumption of SA wines since 1990, when about 190 715 cases were sold, had been spectacular, Wines of SA director Rupert Pononsby said yesterday. In 1992 604 355 cases were sold — 96% more than 1991's 307 614 cases.

Consumption of SA wine in the UK had overtaken that of Chilean, Californian and New Zealand wine. However, it had not matched the figures for Australian wine.

By end-October 1993 7.2-million litres of SA wine had been imported into the UK compared with 4.5-million from New Zealand, 3.7-million from Chile and 34.3-million from Australia. Total UK wine imports amounted to 88.4-million litres.

Assuming an average price of £3.20 a bottle, SA wine exports to the UK last year would have earned about £40m.

Wines of SA, set up by KWV to market SA wines in the UK, represents 56 wine estates, co-operatives and private produc-

LINDA ENSOR

ers. Pononsby said the organisation, an associate of the SA Wine & Spirits Exporters' Association, was responsible for 90% of SA wine sales in the UK.

He believed Wines of SA's campaign to beat Australian sales had taken off. All major UK supermarkets now stocked SA wines. The emphasis this year would be on deepening consumer awareness of the quality and variety of SA wines.

Initially the average price of SA wines had tended to be high, but this had consolidated in the £2.99 to £3.49 range, Pononsby said. As SA wine production was about 70% white and 30% red, sales were still heavily weighted in favour of white wines. "White wines have been the major success story to date. SA's early adoption of cold fermentation technology in the early 1980s prepared it well for the removal of sanctions and the reopening of world trade."

Wine Magazine's awarding SA's Dieu Donne Vineyards its world Chardonnay trophy last year had heightened consumer awareness of SA wines, Pononsby said.

KWV lobbies against tax hike

816194
AMANDA VERMEULEN

WINE and spirits co-operative KWV was lobbying government against higher taxes on export alcoholic beverages, which would be "the kiss of death" to the export wine and spirits industry, marketing CE Jannie Retief said yesterday.

Retief said KWV would be particularly badly hit as it had 70% of the total wine and spirits export market. ANC consultants have recommended an increase of up to 100% on alcohol and tobacco to fund health plans.

There has been no indication to date on whether export alcohol could be hit.

"In our biggest market, the UK, which generates about R30m annually, 87% of wines are sold for less than £4. A tax on SA wine could push the

price over that level, with dire consequences." (3) Wine

Retief, who is also chairman of the Exporters Association, said key KWV management was in close contact with the government on the issue.

"The tax would reduce volumes in the export markets, which in turn would reduce income to the government from the industry."

At the Red Wine Symposium held in Cape Town this week, British Wine Master Liz Berry said SA was now in a tougher situation since the relaxation of import tariffs within the European Community.

"SA is now also competing with the Eastern Bloc countries and stands to

lose a great volume of sales if it does not keep the price under the £4 threshold."

Retief said KWV exports would grow an estimated 40% this year, mainly as a result of the recent change in the political situation.

"Before the election, we couldn't promote SA wines at all. Now with the new government in place, we are actively marketing and advertising our products."

He said that the Exporters' Association was experiencing financial problems in the overseas markets because of the high costs of promotion.

"The association is hoping that government will provide some financial assistance to increase the demand for SA wine and spirits."

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Business Report

FRIDAY, APRIL 22 1994

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13

KWV co-op to operate like private company

By ARI JACOBSON

KWV — SA's most influential co-operative — will consider becoming a private company, CE Ritzema de la Bat said after the AGM in Paarl yesterday. He said changes in the "rigid" co-operative legislation this year had "given the board more powers to make decisions". This meant KWV would in the future "be acting like a private company" allowing the board of directors to make pro-active decisions in tune with the changing face of SA. De la Bat said the full transformation into a private company with the issue of shares was an option being discussed.

However, he said, the tax benefits arising from a co-operative structure weighed against the implementation of a "shareholder structure". The AGM was the final good-bye to long-serving chairman Pietman Hugo who will be replaced by vice-chairman Lourens Jonker. Jammie le Roux is the new vice-chairman.

Hugo in his farewell address stressed "let it be said loud and clear — the maintenance of the minimum price system and the pooling of surplus products remain a safe entrenchment for stability and basic security in the wine industry". He pointed out that 1994 would be marked by "the

smallest wine crop in the last six years". This was in the wake of the 46% decline in KWV's net income from R55.5m in 1992 to R29.5m in 1993. The KWV board made the decision to distribute the full amount, after settling a deficit of R16.8m, and no reserve capital will be available this year. Hugo said the poor performance of the wine industry was brought on by lower wine sales in a "stagnating" domestic market and through declining exports.

In addition he pointed out that there was a "drastic reduction" in wine and spirit stockpiling in the wholesale market.

③ WINE CT 22/4/94
Looking at the export market, Hugo said that KWV exports of good wines was expected to rise by 40% this year. He said Denmark, in particular had shown an increasing interest in KWV products as had the other Scandinavian countries and Canadian demand had "exceeded all expectations".

Exports of grape juice concentrate, which were weak last year because of competition from European apples and pears, surged in the first two months of the year by 122%, Hugo said. "Shipments in March and orders in April indicate that these two months will also be considerably better than in 1993," he added.

ICE

Economy squeezes KWV Investments

Bill Day

CAPE TOWN — Earnings of KWV Investments, which holds a 30% interest in Distillers Corporation and Stellenbosch Farmers Winery (SFW), fell slightly to 61,4c (63,4c) a share in the six months to December 1993.

The interest in SFW and Distillers is held via Rembrandt-KWV (RKWV) Investments and the dividend from the two companies was paid to KWV Investments in full by RKWV.

Earnings a share were 3,5% lower than in the same period a year ago, but the interim dividend was held at 15,5c a share.

KWV Investments said sales by the associate companies were inhibited in the six months under review by tight economic conditions, political uncertainty and the weakening financial position of consumers.

Pre-tax income amounted to R6,498m (R6,509m), while tax fell to a slim R4 000 (R10 000). Equity accounted earnings slipped to R19,285m (R20,291m).

Reliable forecasts were impeded by unsettled economic and political conditions and pressure was being

EDWARD WEST

exerted on margins and sales volumes of the associate companies. This could have a negative effect on earnings for the full year.

However, the associate companies were in a position to benefit from an upswing in the economy, KWV Investments directors said.

JSE market analysts said yesterday the shares of KWV, Distillers and SFW were not highly marketable as they were tightly held and there were relatively few shares in issue.

Viticulture
They said SFW and to a lesser extent Distillers' earnings performance had been relatively flat over the past two years, but an expected economic improvement would reverse that.

Second-half earnings were expected to be in line with the first half, but an improvement was expected after that, they said.

An analyst said the future results of KWV Investments and its associates could be affected by factors including the deregulation of agriculture and increased taxes on alcoholic beverages.

Foreigners snap up SA wines

EDWARD WEST

CAPE TOWN — Overseas countries bought nearly half of the total value of wines sold at the weekend at the annual Nederburg auction in Paarl, proving that foreign interest in SA wines is still growing.

A total of 8 637 cases of wine were sold to overseas buyers, compared with 9 021 cases in 1993 and 10 489 in 1992. But the value of the wine sold climbed to R2,06m from R1,58m in 1993 (1992: R2,11m) because of higher average prices.

The biggest buyers at the auction were Denmark and Taiwan. Denmark bought 1 366 cases for R342 915, representing 36,04% of the total export sales. Taiwan bought 1 270 cases at R282 343, or 29,68% of export sales. Exports made up 46,61% of the day's total sales.

Three of the five top buyers were from overseas. Shoprite/Checkers was the third biggest buyer at the auction after Denmark and Taiwan. Buyers from Japan, Kenya, New Zealand, Canada and the US attended for the first time.

About 4 600 cases of red wine, 3 400 cases

of white wine and 500 cases of fortified wines produced by about 34 SA winemakers were sold.

Wine consultant Dave Hughes said the wines sold were selected for their taste and quality. Many winemakers who had submitted wines for the auction had been turned down. *(3) Wine & Viticulture*

Wines were sold for an average price of R238,63 a case, compared with R175,32 in 1993 and R201,29 in 1992. The average price of white wine rose sharply to R181,53 a case from R125,63 in 1993 and R124,57 in 1992. The average price of red wine was R291,85 a case, versus R217,57 at 1993's auction and R300,36 in 1992. The average price for fortified wine was R149,94, against R151,94 in 1993 and R150,66 in 1992.

Nederburg MD Ernst le Roux said the SA wine industry was still entering new world markets and advertising its premium quality wines at events such as the auction was an important part of selling the country's wines overseas.

Wine industry's export campaign is paying off

SA WINES are set to penetrate world markets more deeply and it is expected that more than 3-million cases will be sold this year, KWV marketing executive Johan le Roux Retief said at the weekend.

The value of 1993's total exports could exceed R200m, Retief said.

For the first time, the UK imported more than a million cases of SA wines — a 67% increase on the 1992 figure. European countries imported more than 500 000 cases.

The increase was even more impressive when viewed against the recent UK recession and overall UK wine sales, which crept up only 8% during 1993. *(S) Wine &*

Retief said constant promotion and marketing would ensure that exports continued to grow. This year's international sales effort was being supported by a budget for promotion and advertising of up to R3m. *Viticulture and Merlot.*

GERALD REILLY

Existing markets had to be expanded and potential new sales areas identified and exploited.

Retief said SA wines were being discovered in countries that had boycotted SA during the apartheid years, including Sweden, Canada, Malaysia, Australia and New Zealand.

However, in spite of the sales success last year and the expected substantial improvement this year, SA was still relatively unknown as a wine-producing country.

Constant promotion and marketing pressure was necessary to ensure continued export growth, as competition from new world wine producers was strong.

The most popular SA wines exported abroad included Chardonnay, Sauvignon Blanc, Cabernet Sauvignon and Merlot.

World salutes S A's wines

③ WINE
ARL 6/18/94

■ Like many other areas, the burying of apartheid has meant the birth of new opportunities — and nowhere more so than in the Cape's wine industry. Exports of Cape wines are taking off to the extent that South Africa is destined to become a world leader.

IRVING STEYN, Weekend Argus Reporter

SOUTH Africa's wine industry is making a spectacular international comeback with at least 50 countries taking orders from a nation which is no longer the polecat of the world community.

It was predicted that by the end of the century 11 million cases of top wines would be exported, representing 15 to 20 percent of production, chief marketing executive of KWV and chairman of the South African Wine and Spirits Exporters' Association Jannie Retief, said this week. This would make South Africa the largest new wine exporter in the world.

Many formerly hostile nations have welcomed South African custom, including the Scandinavian countries, Switzerland, Korea, Japan, Mexico and even Iceland in the frozen north.

But in spite of this, said Mr Retief, 80 percent of South African wines are exported to only six countries — England, Denmark, Holland, Germany, Switzerland and Canada.

In spite of this growing interest, South African wines were still relatively unknown throughout the world.

For instance in England — a major customer — South African wines amount to only a million cases a year compared with the total market of 60 million cases.

This, in fact, makes enormous the market potential considering that South Africa is the eighth largest wine producer in the world.

The cultivars in demand are going to dictate to a larger extent what South African wine farmers are going to produce. As an example, wine-lovers are demanding — in the reds — cabernet sauvignon and merlot, and in the whites, chardonnay and sauvignon blanc. Marketers, however, are also concentrating on the pinotage, which is uniquely South African.

Mr Retief is elated by the world attention and the prospect it brings.

"South Africa has everything going for it — we have value for money, quality wine — everything."



Cape wine sales have swept past countries such as Chile, Rumania and New Zealand and are looking at passing larger exporters such as Bulgaria and Australia.

The South African Wine and Spirit Exporters' Association (Sawsea), formed in the mid-1980s to lie virtually dormant until the early 1990s, came into its own with backing from KWV and provided smaller wineries with the necessary expertise to start trading on the international market.

It was clear that the best strategy to follow — especially in the highly-competitive British market — was to develop a strong, unified wine exporters' body to carve a niche there by way of a generic campaign.

The Exporters' Association's membership has increased dramatically to 96 wine-producing members.

In 1991 South Africa exported about 600 000 cases of wine, 190 000 of which went to Britain.

By last year the quantity had risen to 2,58 million cases internationally.

The drive for 1994 exports is topping 3,5 million cases.

KWV's marketing campaign in northern Europe is clearly highlighted

□ **FLYING HIGH:** At least one wine estate is going to fly the South African flag on its export wines. Rustenberg is placing a small flag in the form of a sticker on its wines exported to Britain, the Netherlands, Germany, Switzerland, the United States and Canada.

by its successes in Germany and the Nordic countries.

In Germany, KWV has had an outstanding working relationship since 1935 with Bremen-based Eggers & Franke. Sales in Germany have climbed steadily in the past few years and since the move in South Africa to full democracy, the acceptance of its wines has gathered momentum.

In Canada — KWV's biggest market prior to the mid-1980s — there is still a tremendous amount of interest in the Paarl brand, which is KWV's trade name there.

These wines and brandies received a resounding welcome in Canada and are available in all 10 provinces and the country's two territories.

Re-orders were made almost immediately.

As in several European countries and the USA, KWV also represents a large number of leading Cape and private producers through its Canadian marketing partner, Sainsbury & Co.

The innovative Springbok range of wines, identified by its Bushman painting label, marked KWV's re-entry into the USA, along with the KWV range.

KWV's fortified wines — and particularly its ports — have done extremely well, leading to orders elsewhere.

Challenge from wine co-ops

EDWARD WEST

CAPE TOWN — The formation of Cape Vineyards, representing five co-operatives and a wine estate in the Breede River valley, has brought a new flavour to SA's wine export market.

Cape Vineyards chairman Schalk van der Merwe said last week the company's aim was to export surplus wine from member co-operatives. Wine would also be bought for export from other co-operatives in the Cape.

He said the idea was born out of poor market conditions two years ago when wholesalers' orders for co-operative wine fell and contracts were cancelled.

This is the first time Cape co-operatives had come together to export wine outside the industry's traditional wine exporting bodies such as the KWV.

"KWV is not able to meet our needs any more." *BIDAY*

The co-operatives in the company — Du Toitskloof, Goudini, Merwida, Brandvlei and Badsberg, and the Bergsig wine estate — produce about 70 000 tons of wine a year. *27/9/94*

The company's mainly bulk wine exports, mostly to Canada, but also to the UK, Germany, Switzerland, the Netherlands and Hong Kong, were selling well.

"The main problem is a shortage of wine nationally for export because of the huge demand."

A house in Rawsonville has been converted into offices for the company. *(3 Wine)*

Van der Merwe said export demand was particularly strong for the noble cultivars such as pinotage and cabernet sauvignon, but less expensive wines such as chenin blanc and colombar were also being exported.

SA wine exports booming

APR 8 10 1994
JOHN VILJOEN

Business Staff

WINE

SOUTH Africa has overtaken California to become the third largest wine exporting nation, says KWV exports director Jannie Retief.

The bad news was that the industry faced "grave dangers" from rising bottling costs. Dr Retief told an export seminar in Cape Town yesterday.

In June, South African wine exports overtook those of California, leaving only Australia and Bulgaria as larger market players, he said.

All the major wine producing countries had surpluses. Italy's was 2½ times larger than the entire South African crop — "but we managed to export every single drop of our surplus".

One indication of increased exports was South African wines' bigger share of the United Kingdom market. Sales had increased 528 percent since 1990 and the industry's target of a million cases by 1995 was achieved two years early.

Hungary, New Zealand and Chile also lag behind South Africa.

Dr Retief said high bottling costs in the Western Cape were a cause of major concern.

This had led to bulk exports of wine, where producers chose to bottle their wine overseas, rising to 40 percent.

Dr Retief, who said he aimed to get this figure reduced, blamed the high input burden partly on a monopoly in bottle production. Bottles which cost R1 here cost 38c in Europe.

He urged exporters to make the most of the "novelty value" South African products such as wine enjoyed overseas.

Exporters should use "discovery products and discovery prices" to introduce overseas consumers to their products.

Parliament to push SA wines

By ANTHONY JOHNSON
Political Correspondent

PARLIAMENT is to embark on a project to help promote South African wines.

The Speaker of the National Assembly, Dr Frene Ginwala, told a banquet hosted by the Boland Chamber of Commerce that she was working on a proposal to provide a parliamentary label for a small number of specially cho-

sen wines.

She said she would be happy to receive any ideas from wine producers to the mutual benefit of farmers and Parliament.

"The challenge would be for the wine industry to put forward your best products each year and compete for the cachet that I believe a parliamentary label will provide," she said.

Dr Ginwala said the wine industry should target countries in

the European Union, noting that negotiations were being conducted towards a bilateral agreement on wine with the EU.

"This would be similar to existing agreement between the EU and wine-producing countries such as Bulgaria, Hungary and Australia," she said.

Such an agreement would mean SA would have to give up certain labels but would gain access to the European market.

③ WINE CT 11/1/94

Controls planned for wine exports

By GLYNNIS UNDERHILL

THE Department of Agriculture is planning to implement further quality controls on wine exported from South Africa in bulk and bottled in the country of destination.

An industry investigation has been launched after a random sample of local wine bottled and sold in Britain was recently pronounced to be "undrinkable".

Mr Andries Tromp of the Directorate of Plant and Quality Control said yesterday all export wines passed through the Department of Agriculture and the Wine and Spirits Board before leaving the country.

ET 19/10/94 Bottling problem

"It could be that the bottler doesn't painstakingly look after quality control like we do here," he said.

Controls would be implemented to ensure the quality of the bottled wine, he said.

Mr Hugo van der Merwe, the secretary of the Wine and Spirits Board,

said that there was "nothing wrong" with the wine that leaves South Africa.

A working group had been appointed to look into the control of bulk wine exports, he said.

Wines of South Africa director Mr Rupert Ponsonby said the mass import of large quantities of poor quality, cheap bulk wine could seriously damage the image of South African wine.

Threat to trade

He said wine exports to the UK were set to reach 1.5 million cases this year, a 50% rise over last year's 1 million cases.

But wine experts warned yesterday that the burgeoning trade was in danger of collapse if cheap bulk wines were allowed to dominate the market.

Mr Ponsonby said the monopoly in the South African glass industry had resulted in excessively high bottling costs so that it was cheaper for wine producers to export their wine in bulk and have it bottled overseas.

Liquor industry to come under renewed scrutiny

SI Times (Buss)

16/11/1974

By CIARAN RYAN

THE Competition Board plans to reopen an investigation into the liquor industry 15 years after the National Party government rubbished its recommendations to end vertical integration and cross-shareholdings between producers.

Pierre Brooks, chairman of the board, says complaints received range from KVV's statutory powers over the wine industry to the Rembrandt Group's vertical integration — it is a major producer of wines and spirits as well as a leading liquor retailer.

"From the complaints we have received, there is considerable unease about KVV's control of the wine industry and the fact that it sets minimum prices for wine farmers," says Mr Brooks. "There have also been complaints that South African Breweries has a monopoly in the beer market and a considerable stake in the wine and spirits market."

Hundreds of wine farmers are now marketing their wine direct to the trade, by-passing the KVV's minimum wine price of R1,28 a litre. The entry of agricultural co-operatives

into direct marketing of wine has further aggravated the wine market by forcing wine wholesalers and producers, who are obliged to purchase wine from the KVV, to scale down their operations.

Managing director of Douglas Green Bellingham, Tim Hutchinson, says there is growing dissatisfaction with KVV's role as a referee and shareholder in the industry.

"The KVV is the quasi-government controlling body in the wine and spirit industry, so it doesn't make sense for it to be a substantial shareholder in both Distillers Corporation and Stellenbosch Farmers Winery (SFW). This unhealthy control has resulted in inefficiencies in trading and has undermined the viability of the sector as a whole. Price increases have been decided in a cavalier fashion and simply passed on to consumers."

Mr Hutchinson says the 40% surcharge is self-defeating: "Scotch whisky is exempt from the surcharge, so of the total wines and spirits imported,

only 20% is subject to the surcharge. We are demanding the removal of this very discriminatory piece of legislation which would enable our major imported brands to compete on a more equitable basis."

Rembrandt and KVV own 60% of both Distillers Corporation and SFW, both of which are leading wholesalers and distributors of wines and spirits. KVV's statutory powers were conferred on it in 1924 and it avoided investigation by the Policy Implementation Committee on agricultural marketing last year because it is not classified as a control board, even though it has similar powers.

In 1979, the Competition Board recommended that beer and wine producers separate their interests and sell their liquor outlets. SAB sold its Solly Kramers stores but Distillers retained its Liquor Town and Western Province Cellars.

"It is very hard for competitors to get their products prominently displayed in these stores," says Mr Hutchinson. "This is clearly a restrictive practice and has been allowed to continue because of intensive lobbying."

③ Wine & Spirits

Wine farmers 'in financial straits'

ET 20/10/94 (3) WINE

By ARI JACOBSON

CERTAIN Stellenbosch wine farmers were in financial straits having suffered a 30% decline in production during the financial year to June 1994, said former Stellenbosch Farmers Winery (SFW) director Chris du Toit at its agm yesterday.

However the good news is that SFW chairman Frans Davin said after the agm that "everything is all right so far with the 1995 crop" — the previous crop was partially ruined when it failed to "set".

At the meeting Du Toit appealed to SFW to help support struggling farmers who were plagued by falling profits and rising costs in the year under review.

He suggested that SFW could buy up or invest in problematic wine farms and boost exports of high quality Stellenbosch wines to help lift farmers' incomes.

SFW is involved in among others the wholesale distribution of wines and spirits and to a lesser extent non-alcoholic beverages, — with cider and fruit juices making a satisfactory contribution to profits to June 1994.

Davin stressed that it was not SFW's policy to get involved in so-called primary production and added "we (SFW) have no intention of changing that policy".

As for increasing exports, he pointed out that "we can only sell what the overseas market is willing to take".

However SFW's export drive has been successful, with exports up about 40% in the year to June 1994 and already rising by some 25% in the first quarter of the new financial year.

In its annual report Davin said that "the export markets will be exploited and developed".

Davin also mentioned that a committee was looking into the fixing of minimum prices of quality wines, in conjunction with among others the wine farmers representative KWV.

He said that minimum prices allowed wine farmers and co-operative sellers to undercut SFW's market share by selling into the market at lower than the statutory prices.

Davin said that SFW paid "bonuses" for quality wines well above the minimum level and a long term free market solution should be sought.

Bottle shortage squeezes Cape wine industry

STILLER (Buss)

23/10/94

By JEREMY WOODS

THE high price of bottles is threatening the R3,5-billion a year wine industry at a time when demand for SA wine is peaking.

Not only are Cape wine farmers being hurt by the price — bottles here cost twice as much as they do in Europe — but there is also a shortage.

Jannie Retief, chairman of the SA Wine and Spirits Exporters' Association, said: "Cape wine farmers are caught in the pincers of high bottle costs and a shortage at a time when SA wine is experiencing tremendous demand. It's sad that we cannot supply owing to a shortage of bottles."

A locally made 750ml wine bottle costs about 90c. However, importing bottles is made prohibitive — even without an import tariff of 22,5% — by the high cost of transportation.

Mr Retief says that high bottle costs are making SA wine too expensive abroad and forcing producers to export in bulk and bottle in Europe.

"But that way we do not use our labour force in the Western Cape or add value to the product through packaging," he says.

Bottling abroad also poses problems for quality control, which affects the image of all SA wine. A number of bottles sold overseas as SA wine were recently brought back to the Cape and, after an expert tasting, were proclaimed "undrinkable plonk".

"Unless bottle costs are brought down South Africa will not be able to compete with imported wine on our home market once Gatt is implemented," lamented a wine estate owner.

"The Europeans can do it with their high wages structure, but for some reason we cannot."

Dave Spindler, managing director of Consol Glass — the major producer by far — said on Friday: "Our bottle price is not too expensive, the European price is too low."

"Demand for bottles here is a tiny percentage of the demand in Europe. Some 75-million are manufactured here compared with 8,5-billion in Europe. (193)

"The European glass industry has been involved in a huge price war on wine bottles in particular. This was prompted by recession in Britain and Germany. Capacity in Europe was recently expanded by a million tons."

A sudden upsurge in demand locally has led to a shortage of bottles which has been made worse by updating work on capital equipment.

"In the past 10 weeks two additional furnaces have been brought back into production which will bring a lot of additional capacity."

Mr Spindler said he expected the shortage situation to be resolved by December.

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LOURENS JONKER

Fm 24/6/94
The world in a wine glass

It seems appropriate that at a time when wine exports are reaching new heights, the man elected to chair the KWV has a passion for flying. Lourens Jonker (54), vice-chairman since 1990, takes over from Pietman Hugo (70) after nearly two decades.

The KWV represents about 4 700 producers, with a combined annual income of close on R700m, and handles about 70% of wine exports. The organisation still has statutory control of some aspects of wine production but deregulation in recent years has loosened its grip and allowed the development of a freer market. *(3) Wine & Viticulture*

The change of leadership coincides with growing confidence that within a few years SA will push its annual share of the lucrative UK wine market from 1m cases to the 5m-plus sold in the UK by archrival Australia. The 90-member SA Wine & Spirit Exporters' Association, spearheaded by the KWV, believes exports to Britain can be increased by 1m cases a year.

SA's total exports this year are forecast at 3,5m cases, but Jonker is aiming higher. He believes a target of 11m cases a year to Europe alone should be the short-term goal. "The priority for growth in the wine market is large-scale exports. If we look at export figures of countries such as Australia, the US and Chile, and the extent to which their exports have increased, we have the opportunity for similar achievements within the sanctions-free environment."

The key to success, says Jonker, will be concerted marketing. But he concedes that promotional costs are high, particularly due to the rand's weakness. Part of the solution may be a marketing pool to which export producers could contribute. A kitty of R5m would certainly boost the image of local wines overseas. *Fm 24/6/94*

Here at home, says Jonker, the KWV has a major socio-economic role to play. He points out that the industry comprises 5 000 small businesses on which 300 000 people depend for a living. The KWV supports this network through organisations such as the recently formed Small Farmers' Development Corp. *(3) Wine & Viticulture*

Jonker's tasks will not be made easier by the time he must devote to his own wine farm, Weltevrede, near Bonnievale, where his family has lived for three generations. But he is accustomed to challenges, not least of which was training as an air force pilot in 1957 and service as a citizen force flyer until 1984. Educated at Cape Town's Jan van Riebeeck High and Stellenbosch University, where he graduated with a BSc in agriculture, Jonker is a former mayor of Bonnievale, a director of companies and chairman of the Veritas Awards.

He also enjoys hiking, cycling, sailing, golf and, of course, sampling wine. He is married and has three children. ■



Jonker . . . marketing is the key

SA wine exporters call for govt funding

PRETORIA. — Funding South Africa's wine export drive was a critical problem, SA Wine and Spirit Exporters' Association chairman Jannie Retief said yesterday. **3 WINE**

Retief called on the government for further assistance.

"When we look at the millions of rands most opposition countries receive from their governments in support of their respective export drives, then obviously something needs to be done," he said.

"As exporters we have introduced a voluntary levy to help fund our activities. Together with the amount made

CT # 7/6/94
available by the authorities, that is not enough to cover the costs involved."

SA and New Zealand had the smallest pavilion at the Wine Trade Fair in London last week because the two countries did not have the funds, said Retief.

"A lack of funds inhibits any export drive. Such funding should be seen as an investment.

Retief said for the first time in three years European buyers at the fair had placed orders immediately.

"In the past year SA wine sales in Britain surpassed those of New Zealand, Chile and Hungary and we were almost level with California." — Sapa

Exchange rates

Wine crop small, but big on quality

ALIDE DASNOIS
Business Staff

③ WINE
ARLT 2/14/94

THE 1994 wine crop was the smallest in the past six years — but quality should compensate for the drop in grapes harvested, outgoing KWV chairman Pietman Hugo told the annual meeting in Paarl today.

"The 1994 crop will probably be remembered for a few outstanding white wines and fruity red wines with lots of character."

He estimated the crop would amount to 9 million hectolitres compared to 9,17 million in 1993.

He said wine and brandy sales should increase in 1994, but warned that sales growth could be undone by "ill judged" hikes in excise tax.

Tax on wine had already been lifted by 35 percent in 1993 and on brandy by eight percent.

"KWV appeals to a future government to deal with this matter responsibly."

Not only was the industry damaged by tax increases, but the government lost revenue.

Turning to exports, Mr Hugo said the recession was still dampening wine sales in Europe. But sales to Canada and Denmark were "exceeding all expectations".

Smaller markets in the Middle and Far East were doing well.

KWV's exports of good wine were expected to increase by 40 percent this year, he said.

Sales of grape juice concentrate rose 10 percent in the first two months of the year, thanks to a huge increase in foreign demand. Although local demand was lower than last year, sales of concentrate overseas were up 122 percent.

But Mr Hugo cautioned that competitors were very active and prices were unlikely to rise.

Mr Hugo was delivering his final address after 30 years on the board of KWV. He is likely to be succeeded by vice-chairman Lourens Jonker.

Winelands farmers apply for rezoning

③ WINE

ANDREA WEISS
Municipal Reporter

THE Boland's winelands are under pressure from farm owners who say they cannot make a living from grapes — and who want to use the land for projects as diverse as golf courses and piggeries.

Pressure to rezone farms on the fringes of the towns of Paarl and Stellenbosch is on the increase, raising concern that the tourist potential of the area will be damaged by the loss of scenic vineyards.

At this month's Western Cape Regional Services Council meeting there were three rezoning applications from wine farms in these areas.

The first application dealt with a request to extend a rezoning approval for a golf resort to be built on the farm Rhebokskloof, near Paarl.

The original application for a rezoning was turned down by the RSC in 1992 but this was subsequently overturned by the Administrator the following year. Soon afterwards the then owner of the estate went bankrupt and the project was shelved.

The RSC approved the extension until July 21, 1996 to the new owner, who wishes to reopen an investigation into the viability of a golf resort.

In a second application, the owner of Brandwacht outside Stellenbosch wants to move to more intensive agriculture and

keep 800 pigs on the farm. He can keep 200 without special permission.

An earlier application by the same owner to rezone the land for housing was previously turned down.

In his application the owner argues that the arable land on Brandwacht covers only 32 hectares, and that although viticulture used to be the primary activity, the vineyards have over the years become increasingly less profitable.

Vegetable and pig farming were stated as an alternative.

The application, which was published for objections, was shot down by 17 surrounding owners as well as the Stellenbosch municipality and the KWV, and a petition was circulated.

In this instance, the RSC rejected the application for a rezoning — in support of the view that the farm should be retained as a wine farm to enhance the character of Stellenbosch.

In a third rezoning application, the owner of Green Pastures outside Stellenbosch requested the right to build a five-room guesthouse because the 6 343 hectare property was "not viable as an agricultural unit".

This application was granted on condition that the guesthouse be unobtrusive and aesthetically complementary to buildings in the area.

Stricter quality control to be introduced

Some SA wine bottled abroad 'undrinkable'

Cape Town — South Africa, competing for a bigger cut in the world wine market, said yesterday that some of its bulk wine was so badly bottled abroad that it was undrinkable.

Recent tests on samples of bulk wine bottled overseas had come up with "an incredibly bad mix" with 10 out of 11 bottles found to be "virtually undrinkable", the head of the Wine and Spirits Exporters' Association reported.

The wines had been blended and bottled by monopolies in Scandinavia, Canada and Japan. Director Rian Kruger said all

the wines had been analysed and tasted before being shipped, but had subsequently been blended badly or exposed to the air before being corked.

"This was an anomaly, but we have to try and create a good image for South African wine and are considering stricter quality control," he said.

"We plan to force all bulk exporters to bring back samples of the bottled wine within six weeks of exporting bulk wine to ensure consistent quality."

Bulk wines made up about 15 million litres of the total 40 million litres exported an-

nually by South Africa and were destined "mainly for the lower price end of the market", Kruger said.

Some wine producers found it more profitable to export bulk wines than bottled wine, but Kruger said there had been a rapid increase in the number of small estates selling good-quality bottled wine abroad.

Britain remained the leading market for bottled South African wine, followed by Germany. Markets in Canada, Australia and New Zealand were growing at a faster rate, but from a smaller base. — Reuter.

Star 13/10/94

③ Wine

Distillers punts 'added value'³ WINE

Business Staff

DT 12/10/94

WINE and spirits group Distillers Corporation is anticipating a "fair" performance for the year to June 1995, even with the group's strategy of maintaining current price levels for products, MD Jan Scannell said at the agm yesterday.

In the annual report chairman Jan van Zyl mentioned that cheaper priced products had been launched onto the local market, competing for market share "purely on a price basis".

However, Van Zyl said that the group would stick to its intended policy of "adding value" rather than competing on price.

He pointed out that the group's exports of wine and spirits had increased: "The recovery of international economies should further stimulate exports."

Van Zyl warned that an "onslaught" of international competition on the local market could be expected. Local producers should focus on improved labour productivity, internationally comparable raw materials, top quality products and efficient production and delivery systems.

Van Zyl said that the group would remain focused on trademarks as well as research to ensure that new products were continuously developed.

Most exported wine 'is undrinkable'

CAPE TOWN — SA was exporting a growing volume of unbottled bulk wine primarily because of high bottling costs in SA, Wine and Spirits Exporters' Association chairman Jannie Retief said yesterday.

Retief was responding to reports that most of the wine exported from SA was of poor quality and that 10 out of 11 bottles exported in bulk were undrinkable.

He said it was "first prize" for wine producers to export bottled wine, which ensured control over price, image, quality and packaging for the exporter.

But the export of bulk wines was growing because wine could be bottled overseas at half the cost and there were markets, such as Canada, to blend bulk wines. Duties were also too high to warrant the import of bottles into SA.

BIDCey 13/10/97
EDWARD WEST

"We will seriously have to look at ways of reducing our input costs on wine because of the growing risk to the image of our wines abroad," he said.

The Wine and Spirits Board had an independent panel which tasted and chemically tested the quality of all wine exported, but it had no control over the quality or any changes or blending the exported bulk wine might undergo once it left SA.

Retief said the board was considering proposals for the compulsory monitoring of the quality of exported wine.

"The wine leaving SA is essentially of good quality — something must have happened overseas for those 10 bottles to be undrinkable," he said.

Cheap plonk no threat to our noble wines

DAVID BIGGS ③ WINE
Wine Correspondent

SOUTH AFRICAN wine authorities seem unduly worried by the fact that some inferior quality wines are being exported to Britain in bulk.

This week Stellenbosch Farmers' Winery managing director Frans Stroebel told a meeting of viticulturalists that some South African wine bottled in Britain was found by South African wine

tasters to be "virtually undrinkable". ARG 13/10/94

He said it was possible the South African wine was being mixed with cheap wine by overseas companies or that bottling companies were using inadequate equipment. Unless urgent attention was given to the problem, South Africa's reputation would suffer "tremendous harm".

But the local wine authorities forget that the British wine buyer is probably the best informed in

the world. Few English wine lovers are fooled into buying an inferior product for long.

There are cheap "plonks" from France and Germany, just as there are very expensive and noble wines from those same countries. And nobody expects to find a memorable and elegant wine in a £2.99 bottle.

The fact of the matter is South Africa is back in fashion and its wines are selling well.

Exports of SA's natural wines increase 118%

CAPE TOWN — SA's natural wine exports had risen to more than 2-million cases — growth of 118% over 1992/93's exports, Stellenbosch Farmers' Winery (SFW) chairman Frans Davin said yesterday.

At SFW's annual meeting, he said the group's bottled exports had risen 144% in the past financial year. Exports to New Zealand had more than doubled. Since the lifting of sanctions New Zealand had become its biggest market abroad.

More Nederburg sparkling wines were being sold in New Zealand than in SA.

Although the group exported some wines in bulk to save costs, most of its exports were made under the Nederburg and Zon-nbloem labels. 20/10/94

A committee representing the industry was working with KWV to find solutions to problems with the minimum fixed price system, he said. 3 Wine

In the group's annual report, released yesterday, he said difficult trading conditions had encouraged wine farmers and co-operative cellars to sell wine for less than the statutory minimum price. This had resulted in a contraction of the companies' market share.

Basic principles set out by the Kassier report on agricultural marketing — which

EDWARD WEST

was being translated into government policy — included freer determination of market prices, freedom of association in marketing and greater representation of interested parties.

"The present fixing of prices for the various products of the vine by the KWV alone is in direct conflict with these principles," the report said. "Although the KWV is not a control board, in this sense it acts like one."

At the meeting, farmer Chris du Toit asked Davin whether SFW might consider assisting Stellenbosch farmers who had suffered losses because of adverse weather, cost increases and the fact that minimum prices had not been lifted.

Davin replied that apart from on SFW's own farms, the board could not consider such a proposal.

SFW's sales for the current financial year were satisfactory, and ciders and fruit juice sales were continuing to grow. The group was considering an additional canning line.

Davin expected SFW's results for the year to end-June 1995 to improve over the past year's earnings of 37,3c a share before additional depreciation.

Vinfruco exports ^{(3) WINE} sky-rocket

CT20/10/94

Business Staff

VINFRUCO — the joint wine export company of the international marketing group of the deciduous fruit industry Unifruco and a group of Stellenbosch wine farmers — has increased wine exports by more than 600% over the past three years.

Unifruco spokesman Fred Meintjies said Vinfruco was one of the four largest wine exporters in South Africa.

The company was established in 1991 as a partnership between Unifruco, four co-operative cellars and four independent winemakers of Stellenbosch.

In its first year of operations, it exported 22 000 six-bottle cartons, while sales this year will total about 500 000 cartons or 2,25 million litres of wine.

The United Kingdom is the largest market but markets have been established in Holland, Ireland, Germany, Scandinavia and Canada.

The independent winemakers involved are Jan Boland Coetzee (Vriesenhof), Braam van Velden (Overgaauw), Neil Ellis (Neil Ellis Wines) and Etienne le Riche (Rustenberg). The four co-operative cellars are Eersterivier, De Helderberg, Bottelary and Koelenhof.

By ARI JACOBSON

Seagram's local arm launched

GLOBAL distilled spirits, wine and beverage group Seagram's, officially launched its SA subsidiary at a breakfast in the Cape yesterday.

Seagram's premium brands include Chivas Regal 12-year-old Scotch Whisky, Olmeca Tequila, Spiced Gold and Captain Morgan — which had previously been distributed in SA through Gilbey's Distillers.

Seagram's is controlled by the Bronfman brothers, with its affiliates and subsidiaries in some 36 countries and boasting a turnover, for the year to January 1994, of some \$6bn.

The international conglomerate also has major stakes in motion picture group Time Warner and chemicals group DuPont.

Speaking at the function yesterday, Seagram SA MD Peter Fleck said

that the group would carve a niche in premium imported brands and would also launch new brands on to the market. (2)(3) WINE
In the near term new brands would include Glen Grant Single Malt Scotch Whisky, Seagram's Extra Dry Gin and Absolut Vodka, he said.

Growing market

He said that SA was considered as a growing market — with consumption set to rise among its middle income earners. CT 3/11/94

Fleck also stressed that Seagram's would embark on a sharp drive to support those from socially disadvantaged backgrounds.

Tourism, wine could make SA, Australia friends

(3) WINE (2003)
By CHRIS BATEMAN

NEW tourism "packages" and wines could make South Africa and Western Australia lucrative trading partners in the international market, Mr Heny Cowan, Deputy Premier of Western Australia, said yesterday.

Speaking during a courtesy visit to Western Cape Premier Mr Hernus Kriel, the influential Perth-based politician said his government could also offer top grade expertise in marketing, food processing and post-harvest packaging.

Impressed by the Peninsula's tourism potential, he pleaded with Capetonians not to "empty all the money from European visitors pockets before they get to us".

He said that while Western Australia was fiercely competitive in all fields, tourism packages with South African destinations added to their Western Australian and Asian ones would be highly attractive to Europeans.

On the subject of local wines Mr Cowan said the whites were "first class".

● The major challenge facing the South African Tourism Board (Satour) was to meet the demands of black groups for the tourist industry to be made more representative.

The new executive director of Satour, Mr Mavuso Msimang, said Satour's legitimacy was being strongly challenged and the organisation would embark on an aggressive programme to develop black entrepreneurs within the industry.

Export prize for Simonsvlei

SIMONSVLEI Winery was awarded the prestigious President's Award for Export Achievement in the agriculture industry.

③ WINE
Rust-en-Vrede wine estate received a merit award in the same category.

CT 25/11/94
Rust-en-Vrede's manager and winemaker, Mr Kevin Arnold, accepted the award in Johannesburg last night as estate owner Springbok rugby team manager Mr Jannie Engelbrecht is on tour in the UK.

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Rust-en-Vrede's manager and winemaker, Mr Kevin Arnold, accepted the award in Johannesburg last night as estate owner Springbok rugby team manager Mr Jannie Engelbrecht is on tour in the UK.

Hi-tech bottling for export wine

③ WINE

By CLAIRE BISSEKER

SOUTH AFRICAN wine exports are set to become more competitive with the emergence of a domestic producer of cheap international-quality bottles which is challenging the local bottling monopoly.

Nampak subsidiary M B Glass had acquired world-class bottling technology to take on the virtual monopoly of Consol Glass and meet a dramatic surge in demand, a spokesman said.

Wine exported in the new bottles would be entitled to carry the European "e" mark and should enable SA wines to compete internationally on a level playing field.

M B Glass said the bottles would not cost more than standard wine bottles. CT 12/12/94

5-year shortage of quality wines seen

Business Staff

THE boom in SA wine exports has caused local and international shortages of quality wines, which producers expect to last for about five years.

Nederburg wine estate director Ernst le Roux said consumers had not yet been affected by general wine shortages, but selected wines such as pinotage, sauvignon blanc and chardonnay had become very expensive, with demand outstripping supply. But prices of standard wines should escape major price increases.

Voelgesang wine estate MD Jannie Malan expected shortages to last five years.

"Since the elections, overseas demand for good quality SA wines has boomed. Pinotage and sauvignon blanc grapes are unobtainable locally and abroad, and it takes five years to

③ WINE CT 29/12/94
produce wine from newly planted vines."

He said the demand was not a "flash in the pan". Consumers abroad had realised the "excellent" value for money offered by SA wines. SA was on the brink of becoming the world's leading wine producer and the industry had undergone a "drastic turnabout" since the years when price increases were below the inflation rate.

About 440 000 workers were employed on farms and in cellars. With better sales prospects, the industry was able to provide improved benefits for employees.

However, one of the biggest problems remained expensive packaging, which accounted for most of the price the consumer paid.

KWV chairman Lourens Jonker said recently at least 76% of the current harvest would be used for local wines.

Wine farmers set to cash in after five lean years

③ WINE BD 23/12/94

REVIEW/WINE

AS SA's wine drinkers tuck into their festive cheer, the country's wine farmers have much to celebrate at this year's end. After nearly five years of unremitting recession, with costs spiralling but the market resisting inflation-linked price increases, the tide has turned.

In the next six months most expect to claw back some of the lost ground. In February and March they will issue new prices which will certainly match the anticipated increase in costs.

Later in the year, they may well repeat the exercise as dwindling stocks and buoyant demand "leave them no alternative".

SA wine drinkers who are not prepared to jump on the roller coaster should be preparing themselves by seeking out a range of good value red and white wines.

This may not be all that easy. My standard suggestions for lower priced reds are still about: the Vriesenhof Paradyskloof range, the Avontuur, Ayon Rousse, the Robertson Co-op Cabernet and the Neil Ellis Inglewood red.

However, when it comes to finding good value whites most of the wines I regularly recommend are fast vanishing from stock: the Boschendal Pa-

villon Blanc, the McGregor Co-op Colombar and the Klein Constantia Blanc de Blanc.

The turnaround in the wine industry has been quite remarkable and could hardly have been predicted 18 months ago. At that time overstocks, increasing yields from new plantings and the stagnant local market all seemed to suggest that a crisis of epic proportions was unavoidable. Some of the change came from a much reduced 1994 harvest in the better wine-producing regions. Stellenbosch in particular saw yields decline by up to 40% on some varieties.

Overseas interest in Cape wines began growing faster than anyone anticipated, and buyers soon discovered that there was little available from the 1994 vintage. Together with some of the wholesale merchants, they moved in and shorted the market just as domestic demand began its post-election recovery.

The situation has now been further exacerbated by traders who anticipated a similar situation in 1995. Significant quantities in the better appellations have been sold forward, which will lead to a fair amount of scrabbling around by those who have not been in a position to buy ahead.

In addition, changes in legislation which will allow estates to buy

grapes from other growers for wines which will have to be sold under non-estate labels, are bound to aggravate the position. There is, after all, only a limited number of quality grape suppliers and most would acknowledge that they have never had it so good. (In the world of wine farming, this could be a first!)

There are nevertheless many other grape growers who will not experience the full impact of this boom, but they reside mainly outside the Coastal Region. They constitute a significant percentage of the country's producers, though few, if any, have been in the fine wine trade. In a good year the Cape produces just under 1 000-million litres of wine. Only about 25% of this is consumed as wine — the rest goes into bubbly, fortified wine, brandy and other spirits, and grape juice concentrate. Different market conditions regulate the market for suppliers on non-wine grape products.

What SA needs now is an initiative that helps the bulk of the country's grape growers to upgrade the quality of their yield. There are 700-million litres of potential table wine condemned to other, often industrial, uses, while a domestic and export market of about 300-million litres is struggling to find stock.

MICHAEL FRIDJHON

WINE SALES
Fm 15/4/94
Under pressure

The sheltered world of the SA wine industry — long insulated from market pressures — is finding that it can't raise prices so easily anymore. The dozens of new producers that have come on the market, flat domestic demand and a sudden increase in imports have combined to keep retail prices steady and force producers into a tough fight for market share. **(3) Wine & Viticulture**

Bennie Howard of SFW, which has the biggest share of the local market, says another 50 wine producers have entered the market in the past 10 years, but the market hasn't grown. According to the *KWV SA Wine Statistics for 1993, 1974* was the last time production (6m hl) was less than domestic sales (7m hl). Last year 9m hl was produced and only 7,3m hl sold locally.

Figures like this would have spelled trouble for many producers, had it not been for the end of sanctions and the huge boost this is giving to exports. For example, In 1991, SA exported just 190 000 cases of wine to the UK, its principal market, but will ship more than 1m cases this year.

But the surge in exports has not been enough to alleviate an oversupply on the local market. Wine retailers may still be selling the same number of bottles, but getting less for each bottle. One reason is the stiffer competition; another is the recent recession.

Says wine merchant Vaughan Johnson: "The recession taught people to be careful about how they spend their liquor rands. They're now searching for value; they're looking for wines that are drinkable immediately and don't need 10 years of cellaring. The days of the over-priced chardonnays and cabernets are dead. The market for white wines above R15 and reds above R25 has crumbled. They're looking for whites at R10 and reds at R15."

Howard says there has been a gradual decline of local sales of high-priced wines over the past five years — excluding sparkling wines that cost R70 and more per case at wholesale level. "Last year's total sales were 5% down on the 35m bottles sold the year before. It has become a highly competitive market. People are buying down in the high-price sector and they are buying less, but better, which is the worldwide trend."

Some producers foresaw this and planted new red wine cultivars that enable them to make what he defines as "soft, immediately drinkable wines."

Howard points out, however, that the high-price wine market is far from dead and cites last month's Nederburg auction. Prices were up on last year: white wine from R125,63/case to R181,53/case and red wine from R217,57/case to R291,85/case. But 46% of the 8 637 cases auctioned off were sold to overseas buyers.

It isn't a flood yet, but local wine producers now are increasingly competing against imports, notably from Australia, which is capitalising on the SA-Australia cricket series and has SA firmly in its sights. Robin Day, who opened the Nederburg Auction Creek, the biggest Australian wine producer, says his company exported 3 000 cases to SA

in three months, "but we're seeing how distribution progresses before we set targets." He notes that SA wines also are going into Australia. "Our wines are similar. Australian wines should do well here and SA wines should do well in Australia." But if this wine does do well here, it could create problems for local producers. Jacobs Creek already exports nearly 2m cases to 45 countries, and plans "to double the 1 400 ha we have under vines in the next five years to cope with our exports."

Johnson says Jacobs Creek's chardonnay, shiraz and cabernet sauvignon are competitively priced for the local market at around R17 a bottle off the shelf.

B J Lankwarden, a director of liquor im-

porters NMK Schulz, does not believe that imported wines will pose a threat to local wines. "Imports of Lebanese wines are static and imports from Portugal, which had the lion's share of the imported wine market, have diminished sharply. They priced themselves out of the market."

The bright spot for him is: "We're importing French and German wines in increasing quantities. Wines from Italy are coming into the market quite nicely. There is also improvement in the quantities of New World wines coming in from California, Australia, New Zealand and Chile. But when we talk of increasing quantities we're talking of increases of, at most, a few hundred cases per shipment. No big deal."

BUSINESS

SFW income falls as margins squeezed

STELLENBOSCH Farmers' Winery yesterday reported a 5,3% decrease in attributable income to R25,6m for the six months ending on December 31 1993 compared to the corresponding period last year. *WINE*
CT 24/2/94

The group said in its interim report that the decrease was mainly due to a reduction in margins to maintain volumes in the existing depressed economic situation.

"The decrease occurred despite the continued success of cost control measures introduced and effective asset management," the report said.

However, the balance sheet at the end of December reflects a sound position.

SFW said in order to assist in stimulating growth, price increases were modest in most categories with no increases in certain categories.

Although this would have a negative impact on margins and on the results of the second half of the year, it would place the group in a favourable position to take advantage of an upturn in the economy.

An unchanged interim dividend of 3,5c per ordinary share was declared. — Sapa

SFW
23/2/95
posts 6%
rise in ^③
WINE
income

TURNOVER realised by the Stellenbosch Farmers' Winery Group for the six months ending December 31, 1994, increased by 17,3%, SFW announced yesterday.

The interim dividend for the period was declared at 4c — 14,3% up from last year.

Attributable income increased by 6,8% to R28,5m.

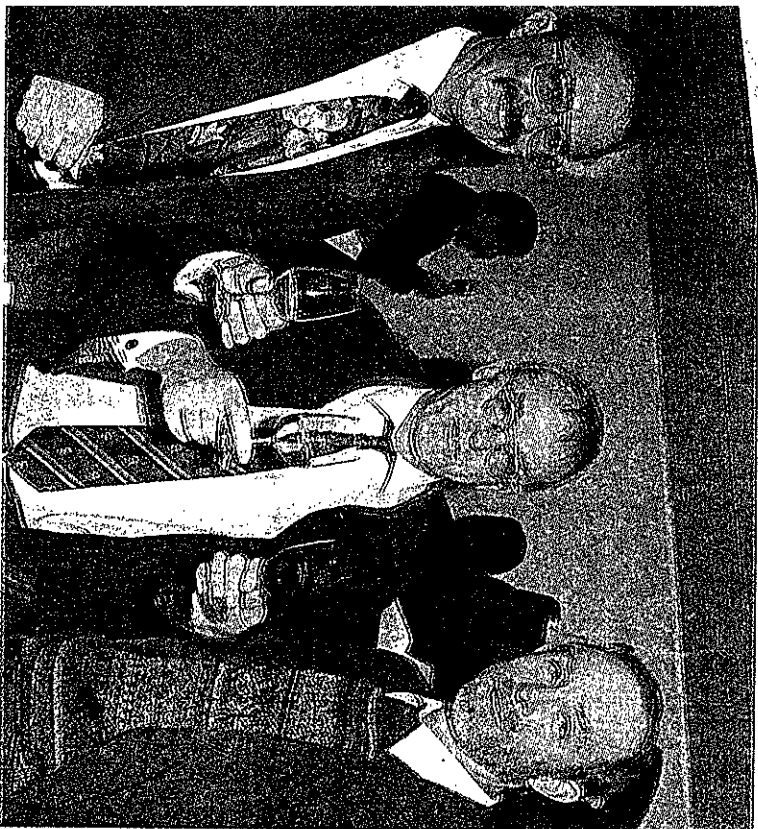
Chairman Frans Davin said the turnover was stimulated by price increases being kept substantially below the inflation rate last year.

"This resulted in lower profit margins. Market shares have however not only been maintained but, in certain instances, have increased," Davin said.

He said that due to tight management of working capital, the balance sheet at the end of December reflected a sound position.

"Sales are expected to continue improving during the second half of the financial year which, if realised, will result in an increase in earnings for the full financial year," Mr Davin said.

Sapa



WINEMAKERS . . . From left, Braam van Velden (Simonsig), Achim von Arnim (Clos abriere) and Etienne le Riche (Rustenberg Estate) Picture: JACK LESTRADE

SA wine sales are soaring overseas

STimes [Cimetro]

29/5/94

By JEREMY WOODS

THE positive political changes in South Africa is having "unprecedented" effects on the sales of Cape wines overseas, says the chairman of the South African Wine and Spirit Exporters' Association, Dr Jannie Retief.

"In the past three years local wines have been riding a wave of popularity abroad which now threatens to become a tidal wave," said Dr Retief.

"Now that overseas consumers realise the political process in this country cannot be reversed, our wine export sales should really take off."

Mr Retief has just returned from the London Wine Trade

Fair.

"The South African pavilion was inundated with callers. Wine buyers from Europe and particularly from Scandinavia placed orders immediately — and many of those were substantial.

"In the past year South African wine sales in Britain surpassed those of New Zealand, Chile and Hungary — and we were almost level with California."

"Now we will challenge Bulgaria and Australia in that market," said Mr Retief. "We passed our target of 1-million cases of wine a year to

Britain, and I intend proposing that we increase this target by 1 million cases a year, over the next few years."

Mr Retief said there is enough wine in South Africa to meet the needs of both the domestic market as well as exports, but funding the export drive is a critical problem.

"When we look at the millions our opposition receive from their governments in support of their respective export drives, something obviously needs to be done here."

Mr Retief said South Africa and New Zealand had the smallest pavillion at the London Wine Trade Fair. "A lack of funds will put the brakes on any export drive. It

should be seen as an investment in the future, both for creating jobs and earning export revenue for the country as a whole."

Meanwhile, growing world interest in South Africa's "specialty wines" could result in a wine drain says Mr Ross Gover, chairman of the Cape Independent Winemakers' Guild.

"Since the lifting of sanctions the Cape's top winemakers have been making their mark on overseas markets.

"This could result in a South African connoisseur finding it increasingly difficult to source rare vintages."

SA wine exports surge, says KWV

3 Day 117194

AMANDA VERMEULEN

SA'S wine industry could export 3,5-million cases this year, up 40% on output in 1993, KWV marketing director Jannie Retief said yesterday.

Retief said that exports had continued their surge since political changes swept SA.

In 1991 only 850 000 cases had been exported. (3) Wine

The UK, the biggest export market, had grown from 190 000 cases in 1990 to more than 1-million last year, with all the supermarket groups now stocking SA wines. (4) (5)

He said demand had increased to such a degree that SA wine sales had passed those of Chilean and New Zealand wines and were almost on a par with the Californian wines in terms of volumes sold.

He added that SA still faced strong competition from the Bulgarian and Australian wines, but a major marketing initiative to increase SA's market share was continuing.

Retief said SA's brandy exports were still growing but were small in comparison to sales of French cognac.

"We have an agreement with France that our brandy products can-

not be marketed as cognac.

"This is making it difficult for us to compete but we are trying to overcome this obstacle by developing new ranges and trademarks."

Retief, who is also the SA Wine and Spirit Exporters' Association chairman, said the recent excise increases announced in last month's Budget would hamper the export initiative.

He said the other major wine producing nations had an edge on SA because they received substantial financial support from their governments to market their products.

"When we look at the millions of rands the opposition receives from their governments, then obviously something needs to be done in SA."

Retief warned that the devaluation of the rand was also putting pressure on marketing budgets, adding that he hoped the government would provide more financing than was presently allocated.

"A lack of funds will put the brakes on any export drive. We need more government assistance to grow export revenues and assist in job creation," he said.

Wine exports sparkle as sales to Britain bubble

Weekend Argus Reporter

ALL is set for a boom in the wine industry which could see sales soaring by another million cases a year to Britain alone, on top of the magical million the industry achieved for the first time last year.

South African Wine and Spirit Exporters' Association chairman Jannie Retief said the aim was to increase exports to Britain alone by a million cases a year over the next few years.

While an export drive to Britain has been in operation since 1991 and was mainly directed at the wine trade, promotion now includes the consumer and there are high hopes in the industry that the one percent of South Africa's share of the British market will change dramatically.

Dr Retief, who has just returned from the London Wine Trade Fair, is in high spirits over the prospects, especially

after watching visitors who in the past studiously ignored the South African stand, stop and learn more about Cape wines.

"In the past buyers usually expressed interest, but always said they would contact us with orders," he said.

He had no doubt the change in attitude could be attributed to political changes.

"The South African pavilion, which catered for about 20 exporters, was inundated with callers, while wine buyers, notably from Europe and particularly from Scandinavia, placed orders immediately," Dr Retief said.

South Africa could now present a serious challenge to Bulgaria and Australia, having overtaken Chile, New Zealand and Hungary in the past year.

The South African wine industry was self-sufficient and had no government subsidy to help with the funding of ex-

port drives, and while there was enough wine to meet both the domestic and export demand, money for an export drive was scarce, he said.

"When we look at the millions of rands most of our opposition get from their governments for their export drives, then obviously something needs to be done in this country."

Dr Retief said his association had introduced a voluntary levy for this purpose, but it was not enough.

"A lack of funds will put the brakes on any export drive. It should be seen as an investment in the future, in terms of securing and expanding job-creation at the Cape, as well as export revenue earned from the country as a whole.

"We need further assistance from the government and all other interested parties," Dr Retief said.

ARU 416194



EXPORTS HONOURED ... Kobus Louw, manager of Simonsvlei Winery (centre), receives the President's Award for export achievement in the agriculture-industry division from State President Nelson Mandela, watched by the Minister for Trade and Industry, Trevor Manuel (left).

Bright prospects for wine exports

By **AUDREY D'ANGELO**
Business Editor

THE future of SA wine exports looks promising and could double over the next two or three years, says Kobus Louw, manager of Simonsvlei Winery.

"Our target for the future is to export 50% of our total harvest without limiting our supply to the local market." **CT 20/11/94**

Simonsvlei, which won the President's Award for Export Achievement in the agriculture-industry division, lifted exports as a percentage of total turnover from 1,5% in 1992 to 35% in 1994. Its premium wine is exported to 19 countries and demand is increasing.

"There are a number of reasons for our success," Louw explained. "We were prepared to invest large sums in the right equipment, even when times were tough. We stay in touch with the latest trends by visiting international wine shows as often as possible."

Louw said more than 40% of all SA wine exports went to the UK and Simonsvlei contributed at least 20% of this.

The winery launched a range of Reserve wines, aimed at international markets, in October.

WINE

Growing export success for Simonsvlei wines

LOUISE COOK

SIMONSVLEI winery in the Cape had this year boosted its exports of white and red wines to 35% of total turnover compared with 1,5% of total turnover two years ago, MD Kobus Louw said yesterday.

He said the winery had contributed 20% of all SA wine exported to the UK, the biggest importer of wine from this country.

“The future of SA wine exports looks very promising and could double over the next two or three years. Our target for the future is to export half of our total harvest,

without limiting our supply to the local market,” he said.

The winery's most important market is Europe and the UK. Wines are exported to 19 countries throughout the world, with the UK, Holland, Belgium and Germany the most important takers.

Louw attributed the success to a preparedness to invest large sums of money in the right equipment, innovative wine makers and attendance at international wine shows.

“Due to the high percentage of Simonsvlei's exports, it is vitally important to keep up with standards of markets abroad,” he said.

Value for money and effective export agents were necessary in ensuring export success, Louw said.

“Investment upgrading — including pneumatic bag presses, massed cooling and a new high-tech bottling plant — amounted to more than R5m,” he said.

The winery was the winner of this year's President's Award for Export Achievement.

WINE

2013/12/94

Zimbabwean vintner bottles SA pinotage

3 WINE
MICHAEL HARTNACK
2022/12/19/94

HARARE — Zimbabwean wine lovers will this Christmas quaff 20 000l of SA pinotage which made history last month when it became the first shipment of its kind to cross the Limpopo in a bulk tanker, for bottling under a Zimbabwean label.

"I should be surprised if it's not in bottles already," said Cairns Holdings MD Tim Johnson, who imported the shipment from co-operatives in the Robertson area to blend with local pinotage from Cairns's Mukuyu Winery near Marondera.

Despite red wine production of 150 000l a year, Mukuyu is unable to meet rising demand from Zimbabweans who are switching increasingly from beer and spirits, on doctors' orders.

Zimbabwe's fledgling wine industry, which produced its first drinkable reds in 1987, came of age this year when Mukuyu Winery's manager and winemaker Berthold Seitz put Zimbabwe's first 1 400 cases of pinot noir on the market.

Pinot noir is a notoriously tricky wine to make and vintners until recently believed Zimbabwe was incapable of producing anything above SA "bag in a box" standards.

"We would have no difficulty selling every drop of this in SA," one visiting SA retailer said on tasting the latest vintage. However, Zimbabwe's three wine producers want to prevent a "wine drought" which might cause customers to drift away.

African Distillers' Stapleford Winery and Phillips Central Cellars, which rank behind Mukuyu in output, recently launched six new vintages of their own, including merlots and cabernets, which are selling at record levels.

Prices are roughly 60% of comparable red wines imported from SA.

Zim bottling Cape wines

Own Correspondent

HARARE — This Christmas, Zimbabwean wine-lovers are quaffing 20 000 litres of South African pinotage — bottled under a Zimbabwean label. **WINE**

The shipment made history last month as the first to cross the Limpopo in a bulk tanker.

"I'd be surprised if it's not in the bottle already," said Cairn's Holdings managing director Mr Tim Johnson, who imported the wine from Robertson to blend with local pinotage from Cairn's Mukuyu winery near Marondera.

Despite red wine production now reaching 150 000 litres a year, Mukuyu is unable to meet rising demand from Zimbabweans, who are switching increasingly from beer and spirits on doctors' orders.

South African wines are the toast of Britain

Weekend Argus Foreign Service

~~1994~~ mark **WINE**

~~1994~~
LONDON. - South African wine im-
ports to Britain have almost doubled
in the past year and sales in 1994 are
heading towards the 1,75 million cases

Wines of South Africa has an-
nounced that imports are up 88 per-
cent in the first nine months of 1994,
continuing the phenomenal boom that
began with just 190 175 cases in 1990.

C

SA wines given new life by exports

DURBANVILLE wine farmers have traditionally sent the majority of their harvests to large co-ops like KWV and Nederburg, but this could change as demand for South African wine in the US and Europe increases.

WINE
Mrs Lieve Parker of Altygedacht has been handling the estate's exports for the past few years.

Foreign demand

LT20/9/94
"Our initial exports were to Belgium, but in recent months demand has come from Canada and Britain, with Tangiers and Algeria being looked into," she said.

"The European market has shown a marked interest in the chardonnay and pinotage," she added.

"Altygedacht currently sends 90% of its harvest to Nederburg, but should exports increase we will most certainly review that."

Reds

Mr Tienie Louw of the farm Diemersdal agreed, saying that should export demand increase he would definitely retain more than the 10% of annual crop bottled at present.

Concentrating mainly on reds, his wines are aimed at a higher price bracket.

"The pinotage has done particularly well," he said.

X

SFW has 80% of soaring cider market — brand chief

BIDew 16/8/94

STELLENBOSCH Farmers' Winery (SFW) dominated sales in the cider market, which rose roughly 65% to reach 58-million litres in the year to June, according to a report in the latest Drinks Magazine.

SFW national brand manager Rudolph du Toit said yesterday SFW's main cider brand, Hunters Gold, represented about 60% of local cider sales, with its other brand Crown ranked second with 20%.

Sales of cider and other alcoholic fruit beverages were expected to rise a further 65% to 76-million litres over the next year — dwarfed by the 2,2-billion litres of malt beer con-

BEATRIX PAYNE

sumed this year.

Du Toit would not disclose figures for Hunters Gold, though he did say: "It's enough to say we are happy about it."

"Over the next year we plan to maintain profit and are looking to Hunters taking 70% of the cider market," he said. ^{3 Wine}

The group markets Crown Premium Dry, which was launched in early 1992 and had overtaken sales of main rival Gilbey's Crossbow. It was reported that Crown's sales had risen more than 143% in the year to June.

Gilbeys group marketing director Blackie van Niekerk said the company — its Crossbow cider sales represented about 15% of the local market — intended to improve its market share

by 5% over the next year, "Over the long term we hope to secure roughly 40% of the local market."

He said the brand's growth had been curtailed by production problems, but after improving facilities and centralising production the group now hoped to provide more consistent supplies.

The can's design was also set for a facelift as part of the group's "aggressive" marketing strategy.

Du Toit said cider or apple-based alcoholic beverages had been well accepted by the local market and were seen as a healthier drink than beer.

The beverage had broad appeal among men and women of all race groups and was particularly popular among those drinkers aged 18 to 25.

APR 3/8/94
It's cheers for
SA wine sales

WINE
ALAN ROBINSON
The Argus Foreign Service

LONDON. — South Africa's transition has had an astonishing effect on its wine sales in Britain, with exports from January to May up 36 percent on the same period last year

Demand in both April and May exceeded one million litres for the first time, meaning that South African wine overtook imports from the United States and Hungary and widened the gap over New Zealand and Chile.

Dr Jannie Retief, chairman of the South African Wine and Spirit Exporters' Association, said: "Our wineries have really listened to the needs of the British wine buyers and we have risen to the quality/price challenge of the British market."

Premier SA wines for UK MPs

Own Correspondent

LONDON. — A selection of South Africa's premier wines are being enjoyed by British MPs who dine in the House of Commons's dining rooms.

The introduction of five wines, including a Rosé, a Chenin Blanc, a Chardonnay, a Cabernet-based blend and the

popular Pinotage followed SA's recent re-acceptance into the Commonwealth.

Catering services director Mrs Sue Harrison said the MPs had shown a great interest in the new wines.

The wines would be revised regularly to enable MPs to taste SA's wide variety.

Wines of SA director Mr Ru-

per Pert Ponsonby added: "SA's smooth and positive political transition has encouraged those previously holding back from South African products to try our wines."

"UK imports of South African wine topped one million cases at the end of last year, two years ahead of schedule,

and recent import figures show a healthy increase of 30% on last year's figures."

Wines being served at the House include the Drostdy Hof Chenin Blanc Steen 1992, Groot Constantia Chardonnay 1990, Boschendal Estate Blanc de Noir, Middelvlei Estate Pinotage 1989 and Groot Constantia Heerenrood 1988.

③ WINE

③

CT 7/7/94

Export of wine up

317 1944

By JEREMY WOODS

THE South African wine industry is planning to export some 3.5 million cases of wine in the current year — up some 40 percent on the previous year, says KWV marketing director Jannie Retief.

More than a million cases alone will be exported to the UK, the biggest export market, where most supermarket groups now sell South African wine.

The UK market, said Mr Retief, had grown from export sales of just 190 000 cases in 1990.

However, South Africa's wine export initiatives faced strong competition from other new world wine producers like Chile, Bulgaria, New Zealand and Australia.

Mr Retief said other major wine producers had a competitive edge on South Africa because of the export subsidies they received for selling their wine abroad.

Wineries unruffled by call for cabbages

CAPE TOWN — The wine industry was not likely to disappear from Stellenbosch to make way for vegetable and fruit farming, KWV said yesterday. **Biday 1516194**

It was reacting to a statement by Western Cape agriculture minister Lampie Fick, who said the Cape Flats' "vegetable pantry" would have to move to Stellenbosch because of pressure for housing on the flats.

KWV deputy CE Kobus van Niekerk said yesterday normal residential pressure would not affect land

Own Correspondent

with a high agricultural potential.

"Quality wine production is a particularly good earner of foreign exchange and is linked to certain microclimates and soil." This was why there were still estates in densely populated areas. **(3) Wine**

A spokesman for Stellenbosch Farmers' Winery said France had had vineyards for thousands of years which no amount of residential pressure had forced it to uproot.

Wine export drive

8/12/94 6/6/94
GERALD REILLY

PRETORIA — The SA Wine and Spirit Exporters' Association aimed to double sales to the UK this year to more than 2-million cases, despite powerful competition from other producing countries, chairman Jannie Retief said at the weekend.

He warned that government support in funding the export drive was critical. Those of competing countries, including Australia and France, were heavily government-supported.

However, Retief said, interest in SA wines had escalated this year in the UK and Europe. *Wine*

He added that in the past 12 months, SA wine sales in Britain had surpassed those of New Zealand, Chile and Hungary, "and we are almost level with California".

Business Editor

STELLENBOSCH Kooperatiewe Vrugtepakkers (SKV), which has been packing both deciduous and citrus fruit for the export market for 25 years, became an unlisted company, Stellenpak, on April 1.

Its financial and administrative manager, Charl van der Merwe, said it was able to accommodate new growers "without any major capital contribution on their part".

Although Somerset West, Stellenbosch, Paarl, Wellington and Rawsonville were its primary source of fruit it was already servicing growers as far afield as Heidelberg and Citrusdal.

It expected 10%

3 WINE
Co-op becomes unlisted company

29/4/94
growth per annum over the next five years "due to an ever increasing interest in fruit production for export purposes."

Van der Merwe said 115 former co-operative members were now shareholders in Stellenpak.

"We also pack now for about 50 people who are not shareholders, who will form a new co-operative."

Scandinavian market takes to KWV wines

PAARL — Denmark might soon be one of KWV's most important markets, outgoing chairman Pietman Hugo said at the co-operative's annual meeting yesterday. *Biday*

He said the worldwide recession was still affecting sales of SA wines in Europe, but Canadian shipments were exceeding all expectations. *22/4/94*

Scandinavia had also opened up to KWV wines and exports to Denmark had increased rapidly.

SA wine exports to Britain exceeded those by Chile and New Zealand, Hugo added. *(3) Wine*

KWV's exports of "good wine" were expected to rise 40% this year. He said export volume for the year under review had amounted to 65,5% of the distilling wine crop, compared with the estimate of 59,8%. This had caused a deficit of R16,8m in the distilling wine pool account.

The deficit had been financed from KWV's net income and should be considered an advance payment

of a portion of the pool bonus. The net income from the co-operative's own transactions had been R29,5m, compared with R55,5m in 1992.

Hugo said the main cause of the weaker results had been unfavourable conditions in the concentrate market. KWV's sales volumes of concentrate had been 18% lower than in 1992, although 36% more grape juice had been processed.

The abolition of the minimum price system was not a solution, he added. That system and the pooling of surplus products guaranteed stability and security in the industry.

Hugo said this year's crop had been exceptionally early and the smallest in six years, but winemakers had been thrilled by the quality.

Cautious optimism had remained despite the continuing economic recession and political unrest in 1993-94, he said. Wine and brandy sales were expected to increase this year. — Sapa.

SA wines have British market 'over a barrel'

ALAN ROBINSON

Weekend Argus Correspondent

LONDON. — Sales of South African wines are booming as never before in the United Kingdom, with exports last year bursting through the 1 million case barrier.

According to the SA Wine and Spirit Exporters' Association, sales increased in 1993 by an astonishing 67 percent after the extraordinary rise of 97 percent in 1992.

The association says it has reached its 1 million case target two years ahead of schedule. In 1991, only 190 000 cases were imported into Britain.

It says rocketing sales are due to quality improvement, market strategy, pricing levels, attractive white and red wines, more efficient distribu-

tion and the endorsement of South African wines in London recently by ANC leader Nelson Mandela.

Quite clearly, the latter reason — and the general acceptability once again of buying South African goods after years of boycotts, non-stocking and virtually non-existent advertising — are the main reasons for the surge.

Association chairman, Dr Jannie Retief, commented: "We are delighted by the reception that our wines have got in Britain and by these extremely encouraging import figures which have seen us comfortably overtake both Chile and New Zealand.

"We see the traditional wine producing countries and Australia as our competition and are looking forward during 1994 to introducing new wine drinkers to the delights of South African wines."

3 WINE

APR 26/2/94

Cider's new popularity helps SFW

CAPE TOWN — A growing predilection for cider boosted Stellenbosch Farmers' Winery (SFW) sales 17,6% to R674,55m (R573,45m) in the six months to December 1993. But although volumes were maintained, profit margins dropped 25,21%.

SFW group accountant Naas van Rooyen attributed healthy sales growth to certain products, particularly Hunters Gold and Crown ciders, which were popular among the younger set and women.

Today's published results showed trading profit down nearly 10% to R57,42m (R63,69m). The group attributed this mainly to a reduction in margins to maintain volumes in spite of cost-cutting and asset management measures.

EDWARD WEST

Financing income of R599 000 helped when compared with the R3,82m finance costs paid at the same time last year. Tax was static at R24,52m (R24,77m) and attributable income was 3,5% lower at R25,58m (R27,02m). Additional depreciation amounted to R7,7m (R7,29m).

Earnings before additional depreciation fell 2,86% to 23,8c (24,5c) a share while earnings after additional depreciation was 5,2% lower at 18,3c (19,3c) a share. The interim dividend was maintained at 3,5c.

Efforts to expand market share would continue to hurt margins in the second half, but would put the group in a strong position in an economic upturn, said Van Rooyen.

Wine & Cider

AGRICULTURE — OTHERS

VITICULTURE + WINE — 1986

JAN. — DEC.

rather better in 1986 than for some years. Several poor weather features have cut the 1986 crop estimate to 7,3m hl, less than last year's 8,3m hl and sharply below the record 9,1m hl of 1983.

Higher prices

Figures show that the average advance payment for distilling wine is R18,96/hl this year, against last year's R15,79/hl. The current R10,5m bonus amounts to R2,55/hl.

In the three years including 1985, the total volume of vine products exported increased by 10%. Natural wine exports led the way, moving up 50% over the period. The increase in value terms — not disclosed — probably increased even more on the back of the weak rand.

The year ahead provides a number of challenges. The KWV wants to stay on top of its export markets despite adverse political circumstances, and it wants South Africans to drink a greater amount of products of the vine.

FUN MAIL 30/5/86
KWV (3) VITI FWINE

Cheers for exports

Omnipotent Cape wine co-operative KWV has produced a happy report for calendar 1985. Most pleasing, perhaps, is that it shows a significant increase in wine exports to markets with specific and non-specific delistings of SA vine products.

The broad picture shows:

- A record R21m surplus, allowing a record bonus to farmers of R10,5m;
- Consistent growth over the past decade;
- Producer price increases regularly below inflation over the period; and
- Maintenance and improvement of product quality.

Although KWV recorded a volume surplus in its latest year, it is not regarded as an economic surplus. In any case, the so-called "wine lake" appears to have been drained, with the (non-perishable) volume surplus used only to smooth changes in domestic supply and demand.

If this reserve runs into surplus, KWV goes to the export markets and farmers are paid an appropriate agterskot thereafter.

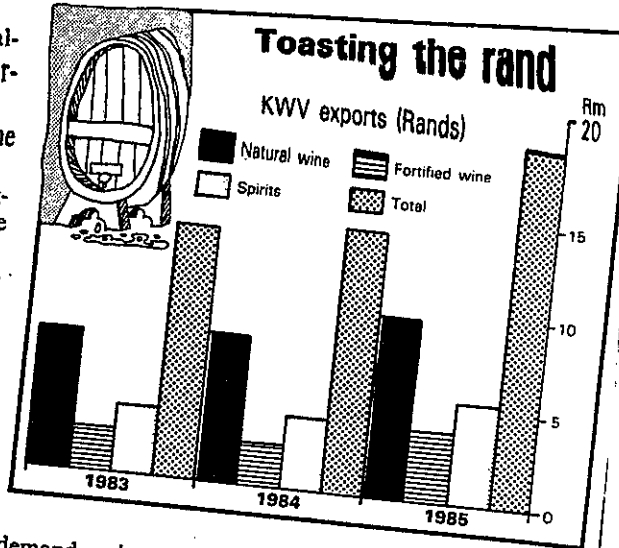
Model pricing

While many KWV critics have their points, particularly on alleged monopolistic powers, the co-operative's price mechanism nevertheless sets a model for the rest of SA agriculture.

Farmers are paid on a quota basis (a system which is often the target of severe criticism) for "good" wine and "distilling" wine.

All "good" quota wine is paid for at the minimum price, or more. However, the price of the distilling wine is reduced in line with the surplus for which there is no demand. Result: the greater the distilling wine surplus, the lower the average overall payment to farmers.

The farmers' incentive is then to produce either more good wine or secure more good wine quotas. However — common to all agriculture — there is always the weather. Thanks to its help, wine farmers will do



Input costs remain the major threat to all farmers, particularly from bottle-makers who have the KWV at their mercy.

In the interests of the free market, the mighty co-op may decide to break up its quota system still further. Already some quotas are transferable.

However, for many producers, the elusive first prize is to be rid of quotas altogether. ■

BUS DAY
3/1/86
**Wine industry
to investigate
co-op marketing**

LAWRENCE BEDFORD

PRODUCER marketing of wine is to be investigated by a special industry committee.

Problems with direct sales of low-price co-operative wines were highlighted earlier this year.

In May, traders told *Business Day* that the co-operatives were under pressure to withdraw products from shelves.

Most co-op wine is bought and blended into drinks marketed under the Cape Wine Distillers' (CWD) umbrella.

Co-ops, responsible for 85% of total wine production, distribute about 15% of their own good wines themselves.

At the time, the farmers' co-op association, the KWV, said it would not involve itself in the battle between members and major liquor groups trying to squeeze out own-labels.

Now, however, the KWV has announced that it has been decided to appoint a committee of representatives of the co-op association and the Cape Wine & Spirit Institute to investigate all aspects relating to the problem.

It has taken this step, it says, "in view of the unnecessary misunderstandings and tension which have developed among certain producers, producing wholesalers and even consumers about the matter".

Production this year of all wines — sparkling, fortified and natural — is expected to be nearly 306-million litres.

White wine exports turn sour for growers

Mr Manie Smit, chairman of the Wellington Growers' Association today told the one-man commission of inquiry that no one was considering civil action against farmers who sold them wrongly identified cuttings.

He said that he bought thousands of "Chardonnay" cuttings from Mr Danie De Wet, of Dewetshof.

Mr Smit said he believed all the farmers in the Wellington area destroyed the Auxerrois cuttings once they were identified.

Staff Reporter

SOUTH Africa's wine industry could experience a serious setback overseas after white wine, exported as superior Chardonnay, was discovered to be Auxerrois, a wine-grape not approved for cultivation here because of poor quality.

It is not certain how much "Chardonnay" was exported in 1985, but the mistake was discovered too late to correct, according to Dr Jacob Deist, director of the Oenological and Viticultural Research Institute (Ovri) at Nietvoorbij, Stellenbosch.

He was giving evidence at a commission of inquiry into the alleged unauthorised importation of Chardonnay, Orlaz Riesling, Pinot Gris and Auxerrois vines.

The commission, which began in Stellenbosch yesterday, is headed by a former president of the Regional Court, Mr Chris Klopper, who has a mandate from the State President to find out who imported the unauthorised material, in what quantities and where it was obtained.

He will also try to establish how it was brought into the country, how much was propagated, by whom, to whom the unauthorised material was sold and the identity of the original supplier.

Many farmers were sold large quantities of the illegally imported Auxerrois cultivar with a Chardonnay label and, Mr Klopper said, some decision would have to be made on who was responsible.

All clones brought into the country legally were first evaluated by the quarantine station at Ovri, said Dr Deist.

He said clones of cultivars readily available in South Africa were evaluated over six months for signs of exotic fungus or other diseases.

Cultivars not in use here were cultivated at the station for three years to evaluate the vine.

Wellington wine grape growers who bought millions of Auxerrois cuttings believing them to be the superior Chardonnay cultivar, had huge losses but will not take action against anyone.

9/11/85

CAPE/NATIONAL

3 viticulture

'KWV held back wine industry'

Staff Reporter

THE Chardonnay wine-grape cultivar imported to South Africa from 1920 was pronounced unsuitable in 1926 but no new Chardonnay clones or planting material were brought into the country until farmers smuggled it in.

Mr Danie de Wet, of De Wetshof Farm in Robertson, said South Africa's image on the international wine market was suffering because the country had not been able to supply quality wines due to the country's lack of noble cultivars.

Mr de Wet was giving evidence before a commission of inquiry at Stellenbosch into the alleged illegal importation of Chardonnay, Olaz Riesling, Pinot Gris and Auxerrois cultivars, and the varietal purity of the illegal material.

Cultivated

The inquiry is headed by Mr Chris Kloppers, retired president of the Northern Transvaal Regional Court, assisted by Professor Chris Orffer of the University of Stellenbosch.

Mr de Wet said he visited the Oenological and Viticultural Research Institute at Nietvoorbij in Stellenbosch in 1970 and it had been frustrating to see the many wine-grape cultivars which had been successfully cultivated there.

Nietvoorbij cannot supply farmers with material. There is a lengthy quarantine procedure with imported plant varieties and the material handed by the institute to nurseries and KWV for

cultivation before being available to farmers.

"KWV also could not give me material because it was not yet available.

"Officials at KWV responsible for cultivation of vines had no knowledge of wine-farming, absolutely no idea about selecting wines and no understanding of the background of classic wines," he said.

"They have since learnt a lot."

Mr de Wet said "the system" had held back the South African wine industry to a point where the cultivars available were "dull and stereotyped".

In September 1972 Mr de Wet smuggled material for seven white wine cultivars into the country, because "I realised that if we wanted a specific variety or clone, it would have to be through unofficial channels".

He had acquired Sauvignon Blanc material illegally from officials at Nietvoorbij in 1973 and until 1984 was the biggest single supplier of Sauvignon Blanc planting material to the industry.

He acquired "Chardonnay" material, later found to be Auxerrois, from Dr Julius Laszlo of Distillers Corporation, in 1977.

This material was cultivated and supplied to farmers and a small quantity exported as Chardonnay Superieur in 1984 and 1985.

Mr de Wet said he had never had any doubt that the vines were not Chardonnay until last March.

ARBUS 10/1/86

CAPE/NATIONAL

3 viticulture

'If jail is the price of Chardonnay I'll pay it'

Staff Reporter

STELLENBOSCH. — Admitting to smuggling wine-grape planting material into the country could result in a jail sentence, the chairman of the Chardonnay commission of inquiry told Bergkelder's chief cellarmaster.

If going to jail is the price I must pay for Chardonnay, I'll do it, Dr Julius Laszlo, said.

Dr Laszlo said the company could not take responsibility for illegally importing Chardonnay and other varieties of wine-grape cultivars because he had engineered it.

The commission, chaired by Mr Chris Kloppers, retired president of the Northern Transvaal Regional Court, is inquiring into the alleged illegal importation of Chardonnay, Olaz Riesling, Pinot Gris and Auxerrois cultivars, and the varietal purity of the illegal material.

ORGANISED SUPPLY

Mr Michiel le Roux, managing director of the Oudemester group, under which Bergkelder falls, earlier told the commission Dr Laszlo organised some of the best planting material from Europe's top viticultural institutes before he began working for Bergkelder.

However, the company would take the responsibility for importing the material because it was propagated under the direction of Dr Laszlo and Bergkelder.

Mr le Roux recommended to the commission that illegal material in the country be legalised and cultivars such as Auxerrois and Olaz Riesling be placed on the cultivar list to be used in the industry's best interests.

He said the future control of plant improvement would rest with a new body — the Wine-grape Improvement Association and Board.

(Proceeding)

CAPC Trip 10/1/86

Inquiry told of vine imports

3 viticulture

Staff Reporter

THE head of Quality Wine Production at the Distillers Corporation yesterday told a commission of inquiry into alleged illegal importation of vines that he was prepared to be prosecuted "if it was for the sake of Chardonnay wines".

Dr Julius Laszlo was replying to a question from Mr C F Klopper, who is conducting a fact-finding inquiry in Stellenbosch into the illegal

importation of vines from Europe.

Mr Klopper is receiving technical advice from Professor C J Orffer, of the University of Stellenbosch's Department of Viticulture.

Mr Michel Le Roux, managing director of the Oude Meester Group, under which the Distillers Corporation falls, told the commission that in past years a desire to bring only virus-free plant material into the country had led to an im-

porting system in which even the world's best imported plant material had to be checked for viruses for two or three years, and thereafter reviewed for about 12 years, and then cleansed for another three years.

This meant it could be up to twenty years before imported vines became available for commercial planting.

Co-operation

He said wines could be improved technologicaly only to a certain point, and then improvement could take place only by using better grapes.

The system made progress impossible and it could not be changed. Farmers and wine industry executives had either to accept that they would see no progress in their lifetimes or to take steps to initiate progress without official co-operation".

Plant material from which Chardonnay, Rhine Riesling, Merlot, Gewurztraminer and Pinot Gris wines had been made had all come into the country from the best European research institutes, outside official channels.

Auxerrois

He told the commission that Dr Laszlo had, as an immigrant with knowledge of European wine-making, obtained some of the best available overseas plants.

When Dr Laszlo joined the corporation it was agreed the material, thought at the time to be Chardonnay, would be planted on Mr Danie de Wet's farm at Robertson. Later it became apparent that the material was Auxerrois.

Mr Le Roux also said Distillers welcomed the inquiry as it was important for the wine industry that the official attitude towards importing and propagating of plant material should be changed.

State tax ^{Cont. Top} OVER ^{11/186} vine ^{3/1/1986} imports

Staff Reporter

THE president of the Western Cape Agricultural Union yesterday told the commission of inquiry into the alleged illegal importation of vines that he thought the Plant and Seed Control Directorate had been lax about the smuggling of vines. Mr F J. Malan, also a KWV director and wine farmer, told Mr C F Klopper — who is conducting the fact-finding inquiry in Stellenbosch — that the directorate (under the Department of Agricultural, Economics and Water Affairs) must have been aware that illegally imported cultivars were available.

If they had been on their toes, as they should have been if they wanted to protect the wine industry against new viruses and diseases, they would have investigated.

'Expose'

Mr Malan said it was necessary that the illegal importation and propagation of vines should be exposed, and those who were guilty should be punished.

He also said that the powers of the Plant and Seed Control Directorate should be extended to include the inspection of the genuineness of cultivars.

He told the commission that he had accepted 2 000 Chardonnay cuttings from Mr Danië de Wet of Dewetshof in 1981. By 1985 it had become apparent that the cuttings were not Chardonnay and he had to replant at a cost of R8 500.

'False'

At a KWV directors' meeting in April last year the question of the "false Chardonnay" was placed on the agenda. A committee was sent to the deputy director of the department who undertook to investigate.

Mr Malan said he later discussed the matter with Mr H F Smit, Chairman of the Wellington Nurseryman's Association, and undertook to make representations for a judicial commission of inquiry and these requests were made. He said farmers who had planted the "false Chardonnay" or Auxerrois, could not use the grapes for good wine production. Their vineyards had to be replanted at a cost of about R12 000 a hectare.

RRBab 14/1/86 3 V. K. K. K.

Rain worries for Cape grape farmers

Staff Reporter

WIDESPREAD rain over the Western Cape and Boland has left many grape farmers watching the clouds anxiously, fearing crop damage if the rain continues.

But news from the D F Malan Weather Bureau was comforting.

A spokesman expected the clouds and rain to begin clearing by this afternoon.

Many farmers in the Boland reported fairly light rain which would not affect their crops.

A spokesman for Simonsley Co-op Winery in Paarl said it was difficult to establish the effect at this stage, although it was a bad time of year for rain.

The grapes had ripened quickly because of the heat and were almost ready for harvest.

He expected table grape farmers to have more trouble than wine farmers, as table grapes tended to burst.

A vegetable farmer in the Philippi district said the rain was a "godsend" as they had to irrigate their crops in the summer and it would mean saving a day's water.

The heaviest rain fell over Cape Town with 34,5mm measured at Newlands and 32,6mm at Groote Schuur. The heaviest rain in the Boland fell at Somerset West (3,8mm) and Franschhoek (3,2mm).

D F Malan Airport reported that all flights were on schedule. However, a spokesman for South African Transport Services said all suburban trains were running 10 to 15 minutes late because of technical faults due to the rain.

ARGUS 15/1/86

3 VIK/CAULHUSE

CAPE

Wine up, but farmers

still battle

Staff Reporter.

AN increase in the price of wine will do little to relieve the burden on farmers, whose continued existence and viability is threatened by excessively rising costs, says KWV chairman Mr Pietman Hugo.

Mr Hugo yesterday announced a 13,6 percent rise in the minimum price to be paid to wine farmers for good wine and distilling wine.

The increase means consumers will pay 4,3c more for a 750ml bottle of wine.

The minimum price of good wine has been fixed at R48,26 a hectolitre compared to R42,48 in 1985.

The KWV estimates that 50,5 percent of the crop this season may be sold as good wine on the South African market in 1986.

The minimum price of distilling wine — 30 percent of the crop — has been fixed at R31,24 a hectolitre compared to R27,50 in 1985.

The price of good wine used for flavoured wines remains unchanged.

The amount of distilling wine available this year for spirits for the foreign market is estimated at 19,4 percent of the total wine crop.

This portion of the crop is supplied free to the KWV and a deferred bonus, depending on the income from it, is paid to farmers.

Mr Hugo said the increases were substantially lower than the expected increases in production and packaging costs.

The KWV board believed that through these increases the wine producer was making his contribution to the interests of the consumer. The board appealed to wholesalers and retailers to adjust their prices moderately.

Rising costs of packaging gave the wine farmer the impression that he no longer sold wine, but bottles, corks, cartons and labels.

In 1985 the price of corks rocketed by 95 percent, lead capsules by between 94,5 and 100 percent and some plastic capsules by 29,2 percent.

"The KWV feels strongly about increases in costs of production and packaging materials which counteract the efforts of farmers to keep wine prices down.

More for wine farmers

Call 712 16/1/26
3/1/1966

Staff Reporter

AN increase of 13.6 per cent in the minimum price to be paid to wine farmers for both good wine and distilling wine this year has been announced by the board of directors of KWV in Paarl.

Although these prices are subject to approval by the Deputy Minister of Agricultural Economics and Water Affairs, KWV must by law determine the minimum prices for wine to wholesalers before January 15 each year.

The chairman of the KWV board of directors, Mr Pietman Hugo, MP, said on Tuesday that the wine farmer's share in the final price of the product remained small and had decreased considerably in the past few years.

The price of glass bottles, corks, lead and plastic capsules had all rocketed and the exchange rates had also played a role.

Substantial

Mr Hugo warned that the escalation of production and other costs was threatening the continued existence and economic viability of the South African wine farmer.

Mr Mike Kovensky, national chairman of Fedhasa Liquor Affairs and managing director of the Aroma Group of liquor stores, agreed that prices had risen sharply in the past year and said he expected the increase that the producers would have to make to be substantial.

Because of the inflationary environment it was unfortunate that the price increases would have to be passed on to the consumer. He expected the prices of good wine or the so-called noble to rise dramatically, Mr Kovensky said.

CAPE Times
17/1/86

'Blind eye' ^{3 viticulture} to vine imports

Staff Reporter

WINE writer Mr John Platter yesterday told the commission of inquiry into the alleged illegal importation of vines that in 1982 the then-director of the Oenological and Viticultural Research Institute (OVRI) had told him the OVRI was aware that some plant material had come into the country unofficially.

Mr Platter, who also owns the wine farm De-laire, told Mr C.F. Klopper — who is conducting the commission of inquiry in Stellenbosch — that Dr Johan Burger, OVRI director, gave him "a distinct impression the administration was turning a blind eye for the time being until it could offer its own viable alternative of quarantined and virus-free Chardonnay clones".

Mr Klopper, who is receiving technical advice from Professor C.J. Orffer, of the University of Stellenbosch's Department of Viticulture, is investigating the varietal impurity and suspected unauthorized importation of the vine cultivars Chardonnay, Olaz Riesling, Pinot Gris and Auxerrois.

Convinced

Mr Platter said that in 1983 he obtained two consignments of Chardonnay vines from Mr A.J. Brink (4 300 vines) and Mr J.H. Barns (5 000 vines), both nurserymen of Wellington, and that the original propagation material came from Mr Danie de Wet of Dewets-hof Estate.

At the time he was convinced the vines were Chardonnay as wine made from the original propagating material had been given the "Wine of Origin Superior" classification by the Wine and Spirit Board.

However, it was later discovered the vines might be Auxerrois.

He said those who brought in the material which turned out to be Auxerrois could be accused of "lapses in detection", while officials in permitting the propagation of the material, could be accused of negligence.

The inquiry continues.

KWV joins 'profiteering' protest

*Wine Prices 3/11/66
18/1/66*

Wine prices furore

SYBRAND MOSTERT
Weekend Argus Reporter

Restaurant operators have re-labeled strongly to an attack on them this week for their "over-ambitious wine profiteering".

An article in the powerful KVV's publication Wynboer listed the high prices of wines in certain establishments com-

pared with the wholesale prices. In some cases profits were up to 400 percent.

But Mr Mike Kowensky, Fedhasa chairman for the Western Cape, retorted in an interview: "It's a lot of rot," he said. "Wine is one contributor to the gross layout of capital that an entrepreneur has to risk to make a profit. In any restaurant or hotel this includes the decor, food quality and service provided. The consumer wants packaging for the product, and this costs money."

"Unacceptable"

"A Fedhasa survey showed that the average mark-up throughout the country was 200 percent. I am surprised that hotels and restaurants have been able to maintain a reasonable mark-up if you look at the present inflationary environment and the tremendous rise of costs for refurbishment, maintenance and labour."

"I find it unacceptable to eat in a restaurant in which wine prices are out of proportion."

says wine writer Godfrey de Bruin. "And I would call a reasonable mark-up one of 100 percent."

"The wine-loving diner goes to a restaurant primarily for the food, and the wine is but an additive. Therefore in price it should be a grace note."

But, says KVV's chief marketing executive, Mr Kobus van Niekerk, "KWV is concerned at the discrepancy between profit margins on different alcoholic beverages."

In a survey conducted by this on the trade — most dis-

KWV last year, high markups were found on brandy, local liquors and higher quality wines. That prompted KWV to enter negotiations with Fedhasa (the Federated Hotel Association of South Africa) on attaining parity within the trade on prices charged.

"We have come to an agreement with Fedhasa in which we will constantly monitor prices as we find some profit margins — and the effect of

Mr Van Niekerk said. In two experiments conducted last year, a hotelier found that charging "realistic" prices for wine had increased sales 16-fold and had brought him a full diningroom at virtually every sitting.

A popular restaurant, under new management, drastically reduced its profit margin on wine and sold 4 891 bottles in six weeks instead of the usual 1 269.

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Capl. T. M. 18/1/89

'Competition' led to illegal vines

Staff Reporter

3/11-11/11/89

STRONG competition between wine producers rather than so-called deficiencies in official procedures had led to the alleged illegal importation of vines.

This was said by Dr Pan van Zyl, KWV's head of production, in evidence before Mr C F Klopper, who is conducting a fact-finding commission of inquiry in Stellenbosch into the alleged illegal importation of Chardonnay, Olaz Riesling, Pinot Gris and Auxerrois cultivars.

Dr Van Zyl said there had been much progress in providing improved cultivars to the industry but a relatively low percentage of this material had been used by nurserymen.

"With the strong competition between individuals and firms, motivation to be ahead of other people is understandable. To try to achieve this by bringing in materials secretly and unofficially, is however not acceptable, and can in any case only give a dubious advantage over the short term," he said.

Another reason for nurserymen not using official material could be the deliberate casting of suspicion on official material. This arose from professional differences or the higher cost of legal cultivars.

Many producers and nurserymen were beginning to realize that they found better quality material in their vineyards if using KWV-improved material. The inquiry continues.

③ VII. + WINE BUDDAY 7/2/86.

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Industry pins hopes on wine cultivars probe

and Klopper said he believed the list of "smugglers" might be even more extensive.

Two main issues emerged during the hearing as of primary concern to SA wine-makers.

These are the time lag and red tape involved in getting a new cultivar accredited and on the official wine list, and the questions now being raised over the entire wine-of-origin certification system.

What led to the appointment of an official inquiry was that some vines accorded Chardonnay origins by the De Wetshof estate were, in fact, Auxerrois.

Rhodes Fruit Farms (RFF) experienced a similar situation.

According to commission evidence, RFF decided the official importation process was too time-consuming and brought in plant material without official sanction during 1977.

About 3 000 "Chardonnay off-shoots" were obtained from a French research institute and brought into SA via Swaziland. The vines were subsequently discovered to be Auxerrois.

Amounts involved were miniscule in relation to total volume of quality white wine produced, but that some wine was sold under the wrong wine-of-origin label has aroused serious concern.

The thrust of evidence to date was that SA's wine industry had become the victim of a system that had caused it to lag seriously behind the international race towards achieving finer quality

white wines, particularly when compared with those produced by California and Australia.

Chardonnay has elsewhere been classified as the white wine jewel in any wine-growing country's crown.

At issue seemed to be that authorities had failed to obtain and propagate superior clones of Chardonnay for general industry distribution.

Wine growers criticised that the only legal and officially available Chardonnay plant material in SA was inferior, riddled with virus and leaf-roll — and that to use it would be a waste of time

What clearly frustrates the wine industry is the length of time it takes to get official sanction for any new cultivar.

and courting financial disaster.

Illegal importation aside, there seemed little doubt, given the tone of evidence submitted to the commission, that the industry view was that some form of effective control or monitoring system was necessary.

There must be checks to ensure that clones or cultivars brought into SA do not carry exotic fungus or other diseases that could spell disaster for the wine industry. Cultivars must also be properly verified to prevent inaccurate sourcing of origin.

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Hardiner Street. Tel: (031) 304-3721.

IN RPIFF
per M van der Walt
22 January 1986

2.17. culture
Mr De La Bat 26/2/86

Small wine crop — but no shortage

Finance Reporter

THE wine crop could be 13 percent lower than last year as a result of extraordinary climatic conditions, the general manager of KWV, Mr Ritzena de la Bat, said yesterday.

But there will be no shortage of good wine or wine for distilling. The surplus available for export by KWV will, however, be "drastically reduced."

Mr De La Bat said that, with 61 percent of this year's grape crop already harvested, KWV estimated that the total crop would be 7,15m hectolitres at 10 percent alcohol, compared with about 8,2m hectolitres last year.

He said the effect of the October gales and November heatwave had originally been underestimated.

It was only when the

pressing started that it was realized that the crop would be smaller this year.

The coastal area was most badly affected. The Malmesbury crop was expected to be 27 percent lower, the Paarl crop 28 percent lower and the Stellenbosch crop 29 percent lower.

In Worcester the crop would be only five percent lower and in Robertson it would be three percent higher than last year.

In Montagu it was expected to be seven percent higher.

Mr De La Bat said the crop was being harvested earlier than usual this year and was of good quality.

The sugar content was higher than last year and the acids quite high early in the season but the juice yield smaller than last year.

Kwazulu

wants to buy beer industry

African Affairs
Correspondent

ULUNDI—The Kwazulu Government has formally asked the South African Government to sell the sorghum beer interest of the Natalia Development Board to the Kwazulu Finance and Investment Corporation.

This was announced in the Legislative Assembly yesterday by the Chief Minister of the region, Chief Mangosuthu Buthelezi, when he tabled the 1985 annual report of the corporation.

Chief Buthelezi, who is also Minister of Economic Affairs of Kwazulu, said since black people were the largest consumers of sorghum beer it would clearly not be equitable to place the large sorghum beer industry, owned by the Natalia Development Board, in the hands of white-owned companies which were determined to control large portions of the industry.

If this was allowed to happen as a result of Government moves to privatise and rationalise the sorghum beer industry, black people would be denied the right to acquire an interest in the products they consumed and traded in.

Incentives

Chief Buthelezi also said Kwazulu had applied to the Government for industrial decentralisation incentives at Madadeni and Newcastle to be equalised so that industry could be attracted to Newcastle.

Newcastle had ample serviced industrial land available and there was little point in spending the money developing the infrastructure at Madadeni simply because the incentives to industrialists were higher there.

He said that industry in the region had created nearly 30 000 jobs by the end of January this year.

Chief Buthelezi said investments in industry in the region materially affected the livelihood of more than 200 000 people.

The Chief Minister said 8 700 people had jobs in 22 foreign-owned companies in Kwazulu and he invited the advocates of disinvestment to persuade these people that it was in their interest to lose their jobs in the interests of the struggle.

Chief Buthelezi said investment in industry in Kwazulu had now reached a total of R545 million.

SA products tickle UK taste buds

Wk ARGUS 5/1/86 (3 Vintages) (P)

Wine success

By DAVID BIGGS

Weekend Argus Reporter

AN aggressive marketing strategy has enabled the KWV to increase its liquor sales in Britain by 35 percent, in spite of considerable anti-South African feeling, according to Mr Kobus van Niekerk, KWV's chief marketing executive.

He said Britain was the fastest-growing wine market in the world and KWV was aiming its export drive specifically to capture a share of it. The country had a stable economy and the pound-rand exchange rate was favourable.

This year's unusually early grape harvest would enable South African producers to have the first 1986 wines of the season on sale in London.

Mr van Niekerk said: "London is definitely the wine centre of the world now and wines from the southern hemisphere are gaining in popularity."

The first shipment of 1986 Cape Nouveau Blanc wine was flown to London this week and is expected to be popular.

This light, fresh, young wine, made from Chenin Blanc grapes, was launched last year as an experiment to test the British market and all 3,000 cases were sold within eight weeks. This year more than double this quantity will be made available to British wine-lovers.

The new shipment will arrive in Britain a month earlier than last year because of the earlier harvest. It will be a full seven months before the first of this year's European wines reach the market.

Another highly successful promotion has been the introduction of a three-bottle "Taster-Pack" containing two white wines and one red. This sells in London for about R6,40 with a R3,20 discount voucher on the pack, redeemable on the next purchase of KWV wine.

Nederburg wine auction hits the R1-m mark

AM-Trade 14/4/86
3- Kil-rust-kare

By ANDREW DONALDSON

DESPITE selling slightly fewer cases than last year, the prestigious Nederburg Rare Wine Auction on Saturday netted a total income of more than R1-million — for the first time in its 12-year history.

Under the hammer of auctioneer Mr Patrick Grubb, some 9 517 cases of wine fetched R1 065 547, as opposed to last year's 9 541 cases fetching R891 725.

However, the charity items this year went under the hammer for far less than last year.

For the third year running, Johannesburg's self-styled liquor "king", Mr Bennie Goldberg, with a certain panache, bid the highest in this section, R8 500 for three bottles of rare 1964 Nederburg Port, the only port ever made by the estate's winemaker, Mr Gunter Brözel.

Last year, Mr Goldberg paid a record R20 000 for a bottle of 1940 Chateau Libertas and, the year before, some R16 000 for a bottle of 1811 Grande Fine Champagne Cognac.

The second-highest bid this year in the charity section was R1 650 by Mr Des di Carlofelice, of Maritzburg, for a bottle of Cockburns 1917 Vintage Port, one of five bottles left in the world.

The oldest item on auction, an 1840 Bual (a sweet wine from Madeira), was sold to Mr D Coutsourides, of Port Elizabeth, for R1 040.

With some 2 000 licencees, their entouragees, wine-makers and other dignitaries and celebrities present, the auction itself took place in an atmosphere of a grand, but noble, carnival.

For most of the day, the lawns outside the manor were ablaze with colour as chic women paraded while their menfolk were out-bidding one another in the auction hall.

Blue-aproned women dashed among rows of tables throughout the day, filling glasses with sparkling wine or grape juice as the lots fell.

Cornered in the back of the auction hall and asked about all sorts of "threats" to the wine industry — like increased production costs and reduced crops — Stellenbosch Farmers' Winery marketing manager Mr Dick Coleshaw smiled and replied: "This is not an industry dealing in cars or refrigerators where you'd have to sit down and decide on how much and when, if at all, a new purchase should be made.

"People will always be buying wines . . . look (at the sound of applause), there's our first million in turnover — ever."

Wine farmers over a barrel

Own Correspondent

(3) VITICULTURE & WINE . STAR 14/4/86

CAPE TOWN — The wine industry was reeling under the double blow of massive production cost increases and a poor crop, several top winemakers said here.

They said some farmers were facing financial ruin in the "toughest time ever".

This week the Stellenbosch Agricultural Society will hold a special meeting on the crisis. The meeting circular said the subject of discussion will be: "How is the Stellenbosch farmer going to survive?"

KWV chairman Mr Pietman Hugo said: "The excessive escalation of production and other costs is threatening the continued existence and economic viability of the wine farmer."

Financial experts connected to the wine industry said some farmers would certainly go under.

They said wine price increases during the past few years had done nothing to offset huge production cost increases and this year's reduced crop could be the final straw for such farmers.

And wine farmers were exceedingly gloomy about their prospects.

Former Springbok rugby player Mr Jannie Engelbrecht, of the Rust Vrede farm in the Lynedoch district, said wine prices had increased about 13 percent last year, while production costs were up about 30 percent.

He said many farmers, particularly those in Stellenbosch and surrounding areas, could face a crop reduction of about

30 percent.

He said: "These have all taken place in the last year and they are causing big problems for the wine industry."

Mr Engelbrecht also pointed out that the high rate of interest in recent years had added to the farmers' debt burden.

He said recent interest reductions had not helped much as they just meant the farmer was paying the interest on the bigger debt he had accumulated during the past few years.

Mr Engelbrecht said: "The wine industry is in the worst state it has ever been in."

AFFECTS ALL

"And, because the wine industry has always been a stable industry, when we have problems they affect everybody from the small farmers right through to the bigger ones."

A Stellenbosch auditor who does the books for several wine farmers put it bluntly: "They are very much in the s...t."

Mr Braam van Velden, of the Overgaauw farm in the Lynedoch district, detailed some of the production cost increases: "The type of tractor we use cost R4 000 in 1973. Now it costs about R28 000."

"The 45 ml cork, such as that used for red wine, went up from 14c to 25c last year. Lead capsules, which are placed over the bottle top, have gone up from 3c or 4c to 9c."

"Bottles have gone up from 34 or 35c to about 42c and the cost of imported herbi-

cides and fungicides about 30 percent."

KWV's Mr Hugo said: "These price increases leave the wine producer powerless, because he receives only 23,2c (35c a 750 ml glass bottle) from every rand paid by the consumer."

"The cost of the bottle in the consumer rand, on the other hand, runs at 20,8c (31c for a 750 ml glass bottle)."

Another problem Mr van Velden and others pointed out was that wealthy outsiders were prepared to pay higher prices for property in the Boland. That had inflated property prices and farmers had taken bank loans on the inflated prices.

Their farming profits were not substantial enough to meet loan payments and they ran into debt.

Other farmers said many of the big investors had burnt their fingers by investing heavily in equipment from overseas shortly before the rand plummeted.

Mr Chris Joubert, of Spier Estate, said the marketing of wine was another factor which was hammering independent wine farmers.

He accused certain institutions of forming monopolies which "leave the independents exposed".

He said the public was getting a good deal on wine today, adding that "wine is not as expensive as it should be".

An agricultural economist said some farmers would go under but "the average farmer was still financially sound".

3 KVV-1986

AGRICULTURE

Wage: R 19.85

R12 million KVV payout for Cape wine farmers

Wage: R 21.79

The Argus Correspondent

PAARL. — Cape wine farmers have been paid R12,5 million from KVV's record profits for last year, a drop of about R1 million or 8 percent from the total payments of R13,6 million made for the previous year.

But their earnings for 1986 could be hit by the loss of export markets, including a ban on KVV products by Canada, its biggest single export market.

This is disclosed in the annual report, where the directors say they are accepting with confidence the challenge to produce new initiatives in order to maintain the share of the international export markets for South African wines.

The export market environment last year was characterised by unfavourable political climates which coupled with government changes in certain

countries, directly led to boycotts particularly where State monopolies were in control, say the directors.

Typical examples were Finland and Sweden where KVV products were delisted as well as the liquor control boards of the Canadian provinces of Ontario, Manitoba, Newfoundland and Nova Scotia.

The KVV suffered "a particularly severe blow" by the delisting in Canada which had been the KVV's single biggest export market, where considerable success had been achieved over the past in marketing KVV products under the Paarl name.

"Vast sums of money were spent by the KVV over the past 50 years to market this brand name which ultimately resulted in the Paarl five-star brandy becoming the market leader.

"The real effects of the boycotts will only be felt during 1986 as virtually all the 1985 orders have already been placed and delivered."

KVV declined to estimate the value of lost exports and said it was not policy to disclose the value of exports.

While the prospects for 1986 were problematical, the directors said it was reassuring that the KVV's commercial exports increased by 31 percent last year, while the wine industry's total wine and spirit exports rose by 21 percent.

Among new projects launched last year was the new young wine, the KVV Cape Nouveau Blanc which was so well received in Britain that KVV's natural wine sales in that market were boosted by almost 10 percent.

R10,4 MILLION BONUS

The 1985 financial year showed a profit of R20,8 million, up from R18,5 million for 1984.

The record profit enabled the KVV to pay a bonus of R10,4 million (R9,5 million in 1984) to distilling wine producers.

Coupled with the supplementary payment of R2 million in January (R4 million a year ago), total payments to producers for 1985 amounted to R12,5 million.

While the poor economic climate and decline in consumer spending had a negative effect on local wine sales, natural wine sales rose by 3,7 percent to 279 million litres.

Against this sales of high-priced wines fell by 4,6 percent but sales of red wines and rosé wines and Blanc de Noir wines increased by 3 percent and 25,7 percent respectively.

5th FLOOR CASTRO HOUSE, PARKTOWN (011) 642-6677



THE KWV, South Africa's co-operative for wine farmers, has yet again announced a record surplus and bonus. And yet the local wine industry is in trouble. Extremely difficult times lie ahead for the country's 6 000 wine farmers. Their problems are manifold:

□ Contrary to early expectations, the 1986 wine crop will be sharply smaller than the past few years;

□ Rising production costs — well in excess of the annual increases in the minimum producer price of wine — are squeezing farmers' margins;

□ SA wine exports are coming under heightened political pressure in world markets; and

□ The industry continues to battle with government over the heavy taxes on products of the vine, particularly in comparison with other alcoholic beverages, such as beer.

KWV chief executive Ritzema de la Bat explains that much of the co-operative's success this year is due to the weakening of the rand, which boosted commercial exports considerably. In addition, the full surplus — the excess distilling wine after domestic demand has been met — has again been sold abroad on the commodity market.

The KWV's other major profit contributor is wholesale brandy, of which it supplies more than 50% to the local market.

The figures for 1985, released this week in Paarl, are excellent, with a record surplus of R20 869 000, of which R10 474 000 will be distributed to farmers as a bonus — also a record.

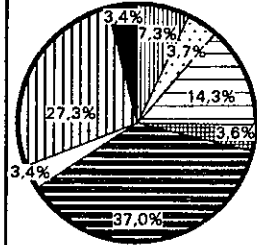
But De la Bat is under no illusions about the future, and says wine farmers desperately need all the help they can get.

The 1986 crop slump has taken almost everyone by surprise. The preceding season started idyllically, with a cold winter and well-spread rains. But unusual gales in October, followed by a November heat wave, hammered the young crops.

The total is now estimated at 7,2m hl at 10% alcohol. That's 13% lower than last year and a full 21% lower than the record crop of 9,1m hl in 1983.

"This is the biggest drop we have ever seen," says De la Bat. Some co-operative cellars in the coastal

TOTAL MARKET FOR ALCOHOLIC BEVERAGES IN THE RSA



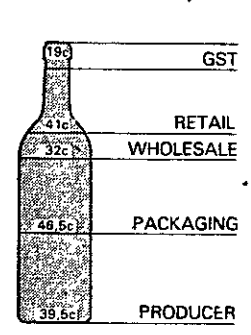
1984 (BASED ON ALCOHOL CONTENTS)

- GREY MARKET
- BRANDY
- FORTIFIED WINE
- NATURAL WINE
- WHISKY
- SORGHUM BEER
- CANE & GRAIN
- BEER



□ DE LA BAT ... "Biggest drop we have ever seen"

PRICE COMPOSITION: AN INEXPENSIVE 750ml BOTTLE OF WINE PRICED AT R1,78



BUD DAY
15/5/86
(3) VITI-WINE

Little cheer for SA wine farmers

What future for SA's wine industry? The answers may surprise many: bankruptcy for many smaller farmers, plastic bottles for cheap wine, a poor 1986 crop and increased political pressure on exports. Managing Editor NEIL JACOBSON examines the prospects

region are facing declines of as much as 47%. The districts of Paarl, Stellenbosch and Malmesbury are down by around 28% and 27%.

This, coupled with rising production costs, is likely to wipe out a fair number of farmers, particularly the smaller concerns. "The smaller farmer is simply being put out of business," says De la Bat. "There will be quite a few who will go overboard in the months ahead."

But the poor crop will not mean a wine shortage. The KWV maintains substantial buffer stocks for

precisely this sort of eventuality. "Buffering this will be tricky, but it can be done," says De la Bat.

The good news is that the crop should produce particularly interesting wines. The whites are likely to be full and fruity and high in acid, meaning a marked freshness in taste. High sugars will mean fullness in the reds, which will also be dark in colour. Overall, the wines should be excellent and are likely to age well.

As far as production costs are concerned, De la Bat is gloomy. "We're selling glass, not wine," he says — and indeed, as far as standard (low-priced) wines are concerned, the cost of the bottle is more than the farmer pockets for the wine. Premium wines, of course, are sold at premium prices.

De la Bat points out that increases in the minimum producer price of good wine have averaged at around 10% for the past 10 years, and at around 7% for distilling wine. That's way under inflation.

This year the producer price for good wine has been raised by 18.2%, one of the highest increases, and the industry is awaiting the effects with some trepidation.

All of this means that the industry is looking at cutting production costs, of which packaging is the major factor.

"I think we might end up in plastic, horrible as it sounds," says De la Bat, adding hastily that this would apply only to the cheap end of the market.

On the export front, apartheid is hurting SA wines. In some countries — such as Sweden, Finland and Canada — KWV products were officially delisted.

Particularly serious is Canada, which has been the KWV's biggest single export market. "Vast sums of money were spent by the KWV over the past 50 years to market this brand name which ultimately resulted in the Paarl five-star brandy becoming the market leader," says the latest annual report.

And it points out that the real effects of the boycotts will only be felt during 1986, as virtually all 1985 orders have already been placed and delivered.

But chief marketing executive Kobus van Niekerk remains optimistic. "In some markets, such as the UK, delisting from major chains actually helped by adding exclusivity value," he says. "It's actually led to more distribution outlets than before."

And despite the boycotts, wine exports showed a 27% increase in volume and a 33% increase in average value. Van Niekerk predicts further growth.

The domestic flavoured wine market has also shown sound growth. In fact, had it not been for this new sector the natural wine market would have decreased a few percentage points in real terms instead of growing 3.7% as it did.

Flavoured wine now sell around 30m l, but will need to increase to around 50m l before they have a real impact on the overall wine market.

Overall, the industry simply wants more people to drink more wine. Annual per capita consumption in SA runs at just under 10 l, compared with more than 90 l in Italy and France.

Kindly pass the corkscrew.

Getting SA wines through the mail

RICHARD WALKER

NEW YORK — Canadians who are denied SA wines may soon be able to buy them through a private mail order scheme in Ontario that has been designed to beat the ban imposed last year.

Exploiting a loophole in the regulations that still enables private orders to be placed with the government-controlled Liquor Board of Ontario, import agent Michael Sainsbury plans to bring in a large private shipment for distribution through a new organisation.

Known as the KWV Paarl Wine Lovers' Association, it is headed by Stanley Dick, a Toronto-based South African who imports speciality SA foodstuffs through his business, Protea Products.

Dick has already sent out 6 000 letters listing 14 wines and brandies with their price per case.

Liquor Board spokesman Chris Layton confirmed that private ordering of SA wines was still legal, but said he was unaware of the new association.

Noting that private orders were usually for a case or two, he cautioned: "If someone came in ordering several thousand cases, I don't know how that would be addressed."

Vine inquiry: Report due soon

Capt. Trips 7/18/86
Staff Reporter *3 v. l. r. 1/11*

THE REPORT of the commission of inquiry into the alleged illegal importation of vines is due to be completed in September and will be tabled in Parliament during the next session.

Mr C F Klopper, who is conducting the one-man inquiry, said in Stellenbosch yesterday he had completed seven of nine planned chapters and expected to have the Afrikaans version of the report finished by the end of September.

"Then it will have to be translated, printed and presented to the State President," he said.

Mr Klopper said the report would cover the origin of the investigation, which came about when it was discovered that an unofficially imported cultivar, thought to be Chardonnay, was found to be Auxerrois.

18 other cultivars

He said that evidence before the commission was that 18 other cultivars had been brought into the country illegally in addition to the four involved in his investigation.

Other aspects to be covered by his report include the overseas sources of the cultivars and a list of those who had imported cultivars, from where and in what quantities.

Mr Klopper said that customs legislation had been investigated, and was found not to contain a definition of the concept "importing".

The report will also contain recommendations on how illegal importing could be prevented, including the imposing of heavier penalties and the improvement of the importation procedure.

FARM DEBT

Fin Mail 15/8/86

Another safety net

Commercial banks — stung by having been left out of the government's farm debt consolidation schemes, although they are the largest contributors to the R11,5 billion farm debt mountain — are tightening the screws on their farmer debtors in the northern summer-grain area.

Farm debt to banks already amounts to R3,5 billion, against R2,34 billion to the Land Bank, R2,74 billion to farming co-ops, about R1 billion to other financial institutions and some R1,88 billion to other creditors.

Although banks are not directly sequestrating their farming clients, the fact that they are beginning to enforce credit limits has forced some smaller creditors to take action.

The reason for the concern was highlighted at a recent forced sale of 10 farms, totalling 14 000 ha, in the Petrusburg district where only five were bought in by other farmers, says Free State Agricultural Union GM Lulu de Jager. "Offers for the other farms did not even reach reserve prices. Farm prices have fallen dramatically."

The fall in farm values, which has also been reported in other areas, has sent tremors through the whole agricultural community and led to a joint initiative by the National Maize Producers' Organisation (Nampo) and the SA Agricultural Union (SAAU) to launch a special assistance scheme for debt-ridden farmers.

"Agriculture plays a central role in the economy as job creator, foreign exchange earner and supplier of food to the population and raw materials to industry," Volkskas agricultural economist Wikus Lighthelm tells the *FM*. "Government will, therefore, support viable schemes for the long-term survival of the industry. Agriculture also has strategic value in its vital socio-economic role as a generator for the platteland economy."

Four years of drought has added to the sector's structural problems. Although agriculture's debt:equity ratio is still a comfortable 26,5%, short-term debt has soared by 30% annually since 1980, against the 24,3% annual growth in total debt. "Short-term debt now amounts to 54,4% of the total — this is an alarming situation," adds Lighthelm.

At the same time some agricultural co-ops are also in deep financial trouble, possibly because they advanced credit too freely in the "good years."

The drought has created major cash-flow problems, and banks, co-ops and the Land Bank have been forced to carry farmers in the hope of eventual recovery. Although it is accepted that many will go under, the new

debt consolidation scheme will help ensure that the process is "orderly," says SAAU economist Dries Davel.

The scheme will complement the six- and 10-year debt consolidation schemes, which largely apply to co-op debts. Farmers who do not qualify for them may seek help under the new advisory scheme.

It will be a tool to help farmers consolidate their position. Local committees will be formed in most areas to arrange meetings between creditors and farmer debtors to try to arrive at an accommodation to forestall sequestration.

A curator can be appointed to sell certain assets, subject to creditors' acceptance of a specific arrangement in settlement of debts. This would give farmers a chance to recover in the next good season.

Forced sales could lead to the economic collapse of farming areas and have to be prevented "at any cost," says Davel. ■

15/8/86
SANCTIONS 1
Fin Mail
Cape concern

Comprehensive sanctions would clobber the Cape. The region's major industries — fruit, to arrive at an accommodation to forestall tourism and wine — are heavily dependent

tant.

Deciduous Fruit Board (DFB) GM Louis Kriel says two-thirds of the Board's business, worth some R600m a year, would be hit by fullscale sanctions. About 85% of exports go to the EEC, and the rest to some 24 countries in the Far East and North America.

But Kriel estimates that only 2,5% of DFB turnover would be affected by the sanctions package proposed by the six members of the Commonwealth group in London.

The fruit sector is the biggest employer in the Cape, accounting for some 250 000 jobs (95% black and coloured) in farming, canning and the dried fruit industries. Redundancies would be almost directly proportionate to market loss.

Kriel does not believe Cape fruit is a likely candidate for selective sanctions, but proposals could, of course, be expected from countries such as Australia which stand to gain. But if the Cape were shut out even in a small way, the consequences would be serious.

Product loyalty in the main markets is high, thanks to superb quality and the reliability of supplies. Ironically, but perhaps fortunately, Chile is Cape fruit's main competitor. New Zealand also stands to gain a fair piece of the action, but Australia has fallen back considerably in recent years because of an adverse forex position and quality problems which do not lend themselves to

CUTTING A SWATHE

The *FM* is regarded as "most essential" or "quite important" reading by 81% of its readership — or 78 000 people — according to the South African Business Research Evaluation (Sabre) report unveiled this week.

The Sabre research, commissioned by South African Associated Newspapers (Saan) at a cost of R120 000, is based on a sample of 2 000 white businessmen and women, all over 25 and working in top or middle management, the professions or technical occupations. They have a household income of over R2 000 a month and live in the PWV, Durban, Cape Town, Port Elizabeth and East London areas.

This sample, four times larger than that used by the All Media Products Survey (AMPS), represents 230 000 decision makers in business, or 7% of SA's white population. Included in the survey of their reading habits were 13 mass-circulation and 33 specialised trade publi-

cations. Saan MD Stephen Mulholland says the research shows the company's business publications remain a dominant and growing force in the field of business advertising. *Business Times* was read by 56% of the 230 000 target individuals, the *FM* was read by 42% and 13% read *Business Day*. Advertising placed in all three publications would reach 72% of the target.

The Sabre report also provides information on frequency of reading and the attitude of readers to the publications. The *FM*, for instance, is considered essential reading by 81% of the readership and 63% read every issue. *Business Times*, is read every week by 73% of buyers — or more than 94 000 people — and 77% regard it as essential reading. *Business Day* shows a 71% every-issue readership, and 82% say it is essential reading. These figures are based on "average issue readers" of each publication.

5019/86
(3) WINE SPAR

Wine industry in SA fares well

CAPE TOWN — The South African fortified wine industry has fared well in the past year in spite of the prolonged recession.

According to the latest national sales figures released by the Cape Wine and Spirit Institute and the Oude Meester Group, total sales for the industry for the year ended June 1986 amounted to R217,4 million. This encompassed a total volume of 44,6 million litres.

Sales increased by four per cent during the winter months.

Mr Kobus Smit, public relations manager of KWV, said that, in view of the recession and overall decrease in alcoholic beverages sales, fortified wines had performed well. — Sapa.

3 UNIT BUDGET
22/10/86

CHRIS CAIRNCROSS

TOTAL income of SA's wine producers is expected to approach R300m this year compared with last year's R258m, says KWV chairman Pietman Hugo.

This is despite the 1986 crop being about 8,5% smaller.

Hugo says the KWV is optimistic its profits will at least match last year's R20,7m. This means the April 1987 pay-out to producers in the distilling wine pool will equal this year's R10m bonus.

A further supplementary pay-out on the 1986 distilling pool is also likely during January.

Hugo says the smaller crop has resulted in a shift in income distribution between the various wine districts, with earnings expected to be considerably higher for producers in the Robertson, Orange River, Clifants River, Montagu and Worcester areas.

Less successful districts are Malmesbury, Paarl and Stellenbosch, where income declines will be 10,5%, 4,4% and 4,2% respectively.

Although the industry's earnings are up generally, farmers remain concerned at the poor level of demand from SA consumers.

Hugo says: "The market is stagnating and, to make it worse for

SA wine income expected to reach R300m

producers, input costs are rising rapidly."

The demand for natural wine has shown no increase for some time, and even flavoured wine, which has enjoyed rapid market growth over several years, suffered a decline in 1986 sales.

Only the sparkling wine market has shown any signs of strengthening, with marginal growth also reflected in the fortified and brandy markets.

Hugo stresses combined efforts of the entire wine industry are necessary to stimulate and expand the domestic market.

He says: "It is the only solution to the industry's problems."

The weakness in the market place has prevented farmers from making price adjustments to compensate, in part, for the high and escalating costs of farm inputs, which were indexed at about 23% this year.

The result is a continued erosion of profit margins, with the industry earning a net return on capital of between 6% to 7%, compared with last year's 11%.

Hugo says strong appeals have been made to the KWV to improve producer prices at all the district conferences held over the past two weeks to discuss the industry's affairs.

He indicates the KWV intends to respond sympathetically, but declines to elaborate on any possible price adjustments.

After careful evaluation over the past year, several changes are to be made to the wine-of-origin system, which has been in operation for about 13 years.

Some of these changes are likely to involve the restructuring of the Wine and Spirits Board, decentralising many of its functions to regional committees that will be given the freedom to act more autonomously.

The aim, too, is to introduce more flexibility into the regulations governing judging and marketing of wines.

SCHEDULE

The Schedule to Government Notice R. 2533 of 8 November 1985 is hereby amended by the substitution for the table therein of the following table:

BYLAE

Die Bylae by Goewermentskennisgewing R. 2533 van 8 November 1985 word hierby gewysig deur die tabel daarin deur die volgende tabel te vervang:

“TABLE/TABEL

**CLOSING DATES FOR NOTICES OF INTENDED DELIVERIES
SLUITINGSDATUMS VIR KENNISGEWINGS VAN VOORGENOME LEWERINGS**

Kind of deciduous fruit Soort sagtevrugte	Period during which deliveries are intended Tydperk waartydens lewerings beoog word	Closing dated for notices Sluitingsdatums vir kennisgewings
1	2	3
1. Apricots/Appelkose.....	21/10/1986—31/8/1987	17/10/1986
2. Apples/Appels.....	19/10/1986—31/8/1987	5/12/1986
3. Grapes/Druwe.....	19/10/1986—31/8/1987	14/11/1986
4. Nectarines/Nektariens.....	19/10/1986—31/8/1987	17/10/1986
5. Pears/Pere.....	19/10/1986—31/8/1987	5/12/1986
6. Peaches/Perskes.....	19/10/1986—31/8/1987	17/10/1986
7. Plums/Pruime.....	19/10/1986—31/8/1987	17/10/1986..”

No. R. 2231**24 October 1986**

WINE AND SPIRIT CONTROL ACT, 1970 (ACT 47 OF 1970) ⁽³⁾ VIT+WINE

PRICE AND PAYMENT ARRANGEMENTS WITH REGARD TO WINE: 1986/87.—PROPOSED AMENDMENT

I, Gert Jeremias Kotzé, Deputy Minister of Agricultural Economics, acting on behalf of the Minister of Agricultural Economics, under section 18 (1) (e) of the Wine and Spirit Control Act, 1970 (Act 47 of 1970), hereby make known that—

- (a) the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt has in terms of the said section submitted a statement to me in respect of the proposed amendment of clause 9 of the Schedule to Government Notice R. 1194 of 20 June 1986, in which the substitution for the said clause of the following clause is proposed:

“9. The interest which shall be added to any arrear payment of an amount (including interest) which is due in respect of wine—

- (a) purchased before or on 31 January 1986 shall be 18,0 per cent per annum, calculated on the total amount owing (including interest) from 1 October 1986 until the date of payment; and
- (b) of which payment should be made in the period referred to in clause 8, shall be 16,0 per cent per annum, calculated on the total amount owing (including interest) from the day following the date on which payment becomes due or 1 October 1986, whichever date shall be the latest, until the date of payment or until 31 January 1987, whichever date shall be the earlier.”; and

- (b) all interested persons may lodge with the Director-general of Agricultural Economics and Marketing, Private Bag X250, Pretoria, 0001, in writing any objections which they may have to the percentage in the proposed amendment referred to in paragraph (a), within a period of 14 days from the date of the publication of this notice.

G. J. KOTZÉ,

Deputy Minister of Agricultural Economics.

No. R. 2231**24 Oktober 1986**

WET OP BEHEER OOR WYN EN SPIRITUS, 1970 (WET 47 VAN 1970)

PRYS- EN BETALINGSREËLINGS MET BETREKKING TOT WYN: 1986/87.—VOORGESTELDE WYSIGING

Ek, Gert Jeremias Kotzé, Adjunk-minister van Landbou-ekonomie, handelende namens die Minister van Landbou-ekonomie kragtens artikel 18 (1) (e) van die Wet op Beheer oor Wyn en Spiritus, 1970 (Wet 47 van 1970), maak hierby bekend dat—

- (a) die Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt ingevolge genoemde artikel 'n staat aan my voorgelê het ten opsigte van die voorgename wysiging van klousule 9 van die Bylae by Goewermentskennisgewing R. 1194 van 20 Junie 1986, waarin die vervanging van genoemde klousule deur die volgende klousule voorgestel word:

“9. Die rente wat gevoeg moet word by enige agterstallige betalings van 'n bedrag (insluitende rente) wat verskuldig is ten opsigte van wyn—

- (a) aangekoop voor of op 31 Januarie 1986 is 18,0 persent per jaar, bereken op die totale bedrag verskuldig (insluitende rente) vanaf 1 Oktober 1986 tot die datum waarop betaling geskied; en
- (b) waarvan die betaling binne die tydperk in klousule 8 bedoel, gemaak moet word, is 16,0 persent per jaar, bereken op die totale bedrag verskuldig (insluitende rente) vanaf die dag wat volg op die datum waarop die betaling aldus opeisbaar word of 1 Oktober 1986, welke datum ook die laaste is, tot die datum waarop die betaling geskied of tot 31 Januarie 1987, watter datum ook die vroegste is.”; en

- (b) alle belanghebbendes wat besware teen die rentekoers in die voorgename wysiging in paragraaf (a) vermeld het, kan hul besware binne 'n tydperk van 14 dae vanaf die datum van die publikasie hiervan skriftelik by die Direkteur Generaal van Landbou-ekonomie en -bemarking, Privaatsak X250, Pretoria, 0001, inlewer.

G. J. KOTZÉ,

Adjunk-minister van Landbou-ekonomie.

BUSDA 20/12/86 3 viticulture

Flavoured wines aid market growth

FLAVOURED wines are likely to help overall growth of the wine market next year.

They are expected to add between 3% and 4% to the 250m litres sold in 1985.

"It is difficult to ignore them," says Stellenbosch Farmers' Winery (SFW) marketing director Dick Coleshaw. "They're showing phenomenal growth. Predicting sales for 1986 is like thinking of a number, doubling it and adding your age."

"We've given up trying to forecast and are looking at it on a quarterly basis."

But what of the rest of the market?

Little growth is anticipated in the high-priced sector, which accounts for between 10% and 11% of the total market, while medium and standard-priced products are expected to be down by between 1% and 2% on 1985.

The entire liquor market next year is expected to be characterised by down-trading.

Coleshaw believes there is likely to be a "shake-out" of the number of brands, particularly in the wine sector, which has about 3 000 labels from 75 estates and co-operatives.

Liquor tends to feel the effects of recession more slowly than other retail areas, but producer-wholesalers such as SFW have seen a drop in consumption.

Coleshaw says the spirit market began to decline from 1981.

"Spirits have been coming off ever since and we have noticed an acceler-

LAWRENCE BEDFORD

ated trend since early this year."

The difficult question is whether the decline is bottoming out. The spirit market in 1985, including whisky, amounted to about 70m litres.

Ivan Deacon, MD of Henry Tayler & Ries, SA's largest wholesaler, says the outlook for liquor imports is not favourable.

Pointing out that prices of imported whisky, liqueur and wines have increased by up to 100% compared with a year ago, he says: "If the value of our import bill should stay in the order of R100m, physical volumes will naturally be halved."

SA Brandy Foundation executive director James Starke says brandy increased its share of the total domestic spirit beverages market over the past year by almost 1,6%.

"We have no reason to believe that this situation will change during 1986. All things considered, we believe brandy will improve its position in 1986."

SA Breweries public affairs manager Gary May says the beer market expects no major changes in 1986. "You need dramatic happenings for dramatic changes and we don't see any in the pipeline."

Rebel Group MD Trevor Pearman says while the retail industry will be looking for cashflow next year, much will depend on the political scene.

VITICULTURE + WINE

1984

JANUARY — MAY

Export brandy 'quota' reduced

CAPE TOWN 17/1/86 (3) Wine

Staff Reporter

THE "quota" afforded to export brandy farmers for their 1984 harvest is to be reduced, the KWV has revealed in its minimum wine price fixing to the liquor wholesale trade for the year.

Farmers producing grapes for distilling purposes are to be paid 3,3 percent less in advance than in 1983 — or R12,89 per hl in 1984 compared to R13,33 per hl in 1983.

A KWV spokesman said yesterday this was

due to a decrease and stagnation in local sales of spirits and an increase in export sales.

The latest prices are subject to approval by the Minister of Agriculture.

The minimum price for good wine, or table wine, has been fixed at R38,63 per hl at 10 percent strength by volume as compared to R36,10 per hl in 1983.

This is an increase of seven percent compared to the 1983 price and

amounts to 1,9 cents per 750 ml bottle.

The minimum price for distilling wine has been fixed at R26,32 per hl at 10 percent strength by volume compared to R24,60 per hl in 1983.

This adjustment of 1,72 cents per litre is a seven percent increase on the 1983 price.

Buffer stocks

The portion of the distilling wine crop which is available for export, stock replenishment and buffer stocks has been fixed at 51 percent and is expressed as a portion of the total distilling wine crop.

This quantity of distilling wine is used by KWV in the production of a variety of export products, of which spirits form the main body.

The producers receive a deferred payment for these products, depending on the realization out of production, the spokesman said.

The reason for the increase in this portion of the distilling wine crop from 45,8 percent in 1983 to 51 percent in 1984 which is to be exported, is mainly due to a decrease and stagnation in local sales.

Excise duty

This was caused by the increase in 1981 of 23 percent in excise duty payable on spirits, as well as the increased imports of low priced whisky.

It is expected that production will only change marginally in 1984 compared to 1983.

The KWV spokesman said that these modest price increases in times of double-digit inflation, as well as ever-increasing pressure on the production costs of the wine farmer, would stabilize the price of wine in comparison with general retail price increases, and place it in a favourable position for 1984.

Wine ⁽³⁾ bibbers ^{2.14 & 4} still get ^{5.7 time} it cheap

Business Times Reporter

WINE lovers will be able to drink their way through 1984 at lower real cost than last year in spite of the latest price boost.

Increases in the prices of natural wine and distilling wine are below the inflation rate and follow 1983's trend.

KWV has raised the minimum price of wine to the wholesale trade by 7% compared with the 1983 price. But this amounts to only 1,9c a 750ml bottle. The increase last year was 9,7%. Both are below the rate of inflation. Distilling wine will cost 7% more compared with last year's 4,7% lift.

KWV says: "Producer prices are only increased once a year in January."

KWV determines the prices of wine for the liquor wholesale trade. But wholesale prices are fixed by Cape Wine and Spirit Institute, an independent body. Retailers fix their own prices.

KWV says the export outlook is more favourable than it was last year. "This is due to the favourable rand-dollar exchange rate, as well as comparative quality of our products. But the export market is still highly competitive because of overproduction in France, Italy and Spain."

The estimate of SA's 1984 crop is marginally lower than 1983's record. This means that producers will receive 3,3% less in advance money for distilling wine compared with last year.

Forecasts for wine consumption are optimistic. KWV says: "Indications are that sales of natural wine will show growth of 6% in 1984."

KWV says exports will be promoted because of stagnation in SA sales, caused by the increase in 1981 of 23% in excise duty on spirits, as well as increased imports of cheap whisky.

Vines ripped up to make way for fynbos

Environment Reporter
A HUGE vineyard of valuable cabernet wine vines is being ripped up on Paarl Mountain to make way for fynbos, in terms of a Supreme Court order.

The farmer uprooting the vines — which he planted illegally — says he is losing thousands of rands. But conservationists have applauded the order to return the land to fynbos.

Seeds will soon be sown and some fynbos could be re-established

by the end of winter on the site, which has been the centre of a lengthy legal wrangle.

Paarl Municipality, owners of the land, claimed that Mr Willa le Roux had established the vineyards bordering on the Paarl Mountain Nature Reserve illegally.

The view was upheld by the Supreme Court last month and he was ordered to remove the vineyards.

Mr le Roux, who lives at The Strand, said this week he had started removing the cabernet vines about three weeks before and had almost completed the task.

He estimates it cost him about R2 500 to remove the vines and would cost thousands more in lost harvests from the now mature vines.

A VICTORY

While Mr Le Roux maintains that the decision was unfair, conservationists have said they regard the decision as a victory.

Professor R C Bigalke, chairman of the scientific advisory council for the Paarl Mountain Nature Reserve said he felt "very pleased indeed" that the land had been given back for fynbos.

His committee planned to start sowing seeds from "pioneer" fynbos species such as bitou very soon and he hoped that some would have established themselves by the end of winter.

He said he regarded the venture as "pioneering" because he knew of no attempt to replant fynbos on vineyard land before.

PROBLEM

The problem of getting enough seed would have to be overcome and the degree in which the soil had been fertilised for the vineyards was also an unknown factor. Fynbos species tend to prefer poor rather than enriched soil.

He could not estimate how long it would be before mature species of fynbos re-established themselves and built up seedbeds. However, fynbos normally took about 15 years to form a mature stand following a fire, and he did not believe the time factor would be much different on Paarl Mountain.

Another 40 ha of municipal land adjoining the area has been planted with vines by a Paarl farming family, and the municipality also intends to take them to court.

Parliament and Politics

3 1/2 M

Parliament and Politics

Surplus wine destined for black throats?

HOUSE OF ASSEMBLY. — The wine farmer had to learn that he could not pour his lake of surplus wine down the throat of South Africa, Mr Graham McIntosh (PRP Maritzburg North) said yesterday.

He was opposing the second reading of the Wine and Spirits Amendment Bill providing for production and sale of flavoured wines.

He attacked the strong wine lobby in the government benches and said his party would be free to vote according to members' consciences.

"This adulteration is being done purely and simply to increase consumption and to swell the profits of the producer," he said.

The Sunday newspaper Rapport had let the cat out of the bag and it was clear the new wines were aimed at blacks — not traditional wine drinkers.

"A concerted effort is now to be made to change the drinking habits of 12 million sorghum beer



drinkers," Mr McIntosh said.

"It was an American idea where flavoured wine was used to convert beer and Coca-Cola drinkers.

"We will be subjected to campaigns which will give flavoured wines the semblance of harmless cool-drink and coloured and black teenagers will become the next target market."

Mr P B Hugo (NP Ceres) said he was speaking as a responsible wine farmer with a conscience.

The flavoured wine envisaged would still be a "natural agricultural product" and of high quality. They had been successfully marketed in other countries and he could not see why the South African consumer should be deprived of them.

He strongly rejected Mr McIntosh's assertion that the flavoured wines would be aimed at the black market but the total market. The debate was adjourned. — Sapa

CRC Times 23/8/84 3 Vill, culture.

KWV to probe quota, surpluses, pricing

KWV is to investigate the central mechanisms of the wine industry — the surplus declaration system, price determination and the quota system.

This was announced to the KWV's 6 000 members in a letter from the new chairman, Mr Pietman Hugo.

The Ceres member of Parliament, who is also a wine farmer in the Breede River Valley and one of the board's two directors for the Worcester district, succeeded Mr André du Toit in March.

Mr Hugo pointed out that a divergence of one percent in the crop estimate could cost KWV or

the producer more than R2,3m in the short term at the present price.

He reported that a decision had been taken to investigate the possibility of a differentiated minimum price system to create more flexibility.

Quota system

With the industry enjoying a surplus, KWV had decided to investigate the future application of the quota system, believing that this system should be increasingly related to market demand.

Mr Hugo has set himself the task of improving communication between KWV's director,

its management and its members.

Apart from the letter, the improvement has several features.

They include:

- Increased opportunities for discussion and question at the KWV general meeting on June 5;

- More time for questions and discussion at the meeting;

- District conferences in September and October to replace the annual conference of wine farmers;

- Visits to all districts by the KWV management;

- Report-back meetings.

KWV hits new high in the exports of its wines in 1983

ARGUS 5/6/84 3 wine

Argus Correspondent

PAARL. — Exports of KWV wines totalled R14.5-million last year — a 60 percent increase on the 1982 sales figure of R9-million.

On the local market sales increased during 1983 by 5,8 percent to 252-million litres against an increase of 4,3 percent during 1982.

The figures were given today by Mr F P Hugo, chairman of KWV in his annual report in the Paarl town hall.

Mr Hugo said KWV believed distribution of wine through wholesalers best served the interests of the industry.

Undisputed

He said co-operatives had the undisputed right to sell their products themselves, but he warned about the possible negative consequences of competing directly with their most important clients, the wholesale liquor trade.

Mr Hugo was giving the official view on the question of wine co-operatives selling their good wine on the open market in direct competition to the wholesale liquor trade.

About 83 percent of all natural wines were marketed by wholesalers who had invested more than R1 000-million in marketing and distribution centres and facilities, he said. Any entry into that market

City soon to pay 7,2 percent more for electricity

Municipal Reporter

A 7.2 PERCENT increase in electricity tariffs is on the cards for Cape Town from October 1.

City electrical engineer Mr Dennis Palser blames the increase on inflation.

He warned that if Escom raised its tariffs again before the beginning of next year, the council would have to put up its electricity charges too.

The utilities and works committee yesterday accepted the increases, which have still to be passed by the executive committee and full council.

They are:

- Domestic rate — service charge from R1,45 to R1,55 a month; energy charge from 5,63 cents to 6,04 cents a kw/h.
- General Rate — service charge from R1,45 to R1,55 a month. For the first 1 500 units a month from 9,70 cents to 10,40 cents a kw/h. Over 1 500 units a month from 7,40 cents to 7,93 cents a kw/h. Minimum monthly payment: service charge plus R4,13.
- Off-peak rate (during restricted period only) — service charge from R3,85 a month to R4,13 a month. Energy charge from 3,21 cents to 3,44 cents a kw/h. Minimum monthly payment: service charge plus R6,70.
- Larger user rate — service charge from R20 to R21,45 a month. Demand charge from R8,98 to R9,63 a kva a month. Energy charge from 3,21 cents to 3,44 cents a kw/h. Minimum monthly payment: service charge plus



President Ronald Reagan addressing a crowd in the main square of Ballyporeen in the south of Ireland. Ballyporeen is the home village of the President's ancestors.

(Handwritten notes and scribbles)

new high in the its wines in 1983



square of Ballyporeen in the
the President's ancestors.

1
Rijn

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- Larger user rate — service charge from R20 to R21,45 a month. Demand charge from R8,98 to R9,63 a kva a month. Energy charge from 3,21 cents to 3,44 cents a kw/h. Minimum monthly payment: service charge plus R850.

Food exempt from GST may be listed this week

By TOS WENTZEL
Political Correspondent

DETAILS of food that will be exempted from general sales tax may be announced this week.

The list has been drawn up after discussions between the internal revenue department and the Association of Chambers of Commerce (Assocom), the Federated Chamber of Industries, and the Afrikaanse Handel-sinstituit.

The Commissioner for Inland Revenue, Mr C F Schweppenhauser, said there had been technical difficulties with some of the definitions, but a list had now been submitted to the Minister of Finance, Mr Owen Horwood.

He hoped that details would be made known by the end of the week.

Discussions were continuing with Assocom, the FCI and others on how the new system of GST would be applied in practice.

When he announced the increase in GST to

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About 83 percent of all natural wines were marketed by wholesalers who had invested more than R1 000-million in marketing and distribution centres and facilities, he said.

Any entry into that market by producers would be regarded as direct competition.

KWV had, to safeguard the interests of wine farmers, acquired a direct interest in the larger distributing and marketing organisations. This indicated the direction of KWV policy, Mr Hugo said.

Timber workers go out on strike

Labour Reporter

ABOUT 90 workers, who are demanding recognition of their trade union, have gone on strike at a Kuils River timber factory.

The workers, who are employed at Boland Houtnywerbende, are all members of the General Workers' Union.

They downed tools late yesterday and were still refusing to work today, according to a GWU spokesman.

The managing director of the

VITICULTURE + WINE

1983

JAN. — DEC.

'Wine lake' blamed for Govt refusal to break monopoly

By MARTIN WELZ
Political Correspondant

A HUGE surplus — known as the 'wine lake' — lies behind the Government's refusal to dismantle the wine monopoly Cape Wine and Distillers (CWD).

The 'lake' has accumulated as a result of bad planning by KWV, the wine co-operative, and now its contents can no longer be disgorged and placed at realistic prices on world markets.

KWV owns 30% of CWD. Another reason for the Government's shock decision was that it was aimed at protecting financial interests close to the Government, and hiding the fact that consumers are required to pay more for yet another agricultural surplus.

The Government decision could also have a major impact on future developments in the South African economy, not only on the liquor trade, said Mr Andrew Savage, official Opposition spokesman on consumer affairs.

"It has shown the Government is not prepared to resist powerful political and financial pressure groups when it comes to preventing the formation of huge monopolies that are to the detriment of the consumer," Mr Savage said.

Minister of Industries, Commerce and Tourism Dawie de Villiers this week rejected the recommendation of the Monopolies Commission that the wine monopoly, formed by the KWV, the Rembrandt Group and South African Breweries with Government approval in 1979, should be dismantled as it was not in the public interest.

Dr de Villiers said it would not be fair to expect the companies to undo arrangements that had been made with

Cabinet approval.

Nearly one in 10 South African farmers is a wine farmer. Concentrated in the Western Cape, they form a powerful political lobby represented by 12 Members of Parliament.

KWV, the wine co-operative to which all wine farmers must belong, is obliged to take all the wine that farmers are unable to sell either on their own or to a local wine co-operative.

The KWV is supposed to fix production quotas for its members to control overproduction but, faced with local pressures on its board members, has been reluctant to strictly limit quotas, an industry source told the Sunday Express this week.

"Because of poor planning and marketing they have produced massive surpluses for years — commonly known as the Cape's 'wine lake' — which they have been unable to dispose of at economic prices on the international market."

The KWV does not publish figures for the amount of wine delivered to its cellars and refuses to discuss the extent of its surplus. Even the independent Cape Wine and Spirit Institute in Stellenbosch was unable to estimate figures when approached for comment this week.

Last year KWV announced half the crop delivered to it by members was used for the production of 'good' wine. The rest was used for distilling.

An indication of just how serious the surplus is emerged from the fact that farmers were paid for only half the distillery production.

The other half was described as a "surplus contribution percentage", for which they were not paid.

Informed sources said KWV had recently been obliged to sell a huge consignment, distilled to pure alcohol, at a substantial loss on the European commodity market where it had to compete with alcohols produced from cheaper crops.

But since 1979, when the wine monopoly was formed, wine prices on the South African market have risen at

double the inflation rate.

Wine producers faced a further drop in wine consumption by the white market as a result of the beer price war raging between the two major competing beer producers.

One of the producers was the Rembrandt Group's Continental Breweries. Both Rembrandt's brewery operation and KWV were being financed by Volkskas.

Informed sources told the Sunday Express this week that Volkskas had played a major role in putting together the CWD monopoly and in obtaining Government approval for the deal that saved its two clients from extreme financial embarrassment.

WINE

Costly surplus

(3) wine FM 14/1/83

This week the KWV meets to formulate its 1983 minimum price recommendations for good wine and distilling wine. It will also calculate the portion of the distilling wine crop that will not be saleable on the domestic market — the so-called surplus declaration.

The decisions will have to be weighed carefully. With harvesting due to start in less than a fortnight, there is promise that the 1983 crop will be even bigger than last year's 856 Ml, which was the biggest in history. Fieldmen at the Stellenbosch Oenological and Viticultural Research Institute say that, barring a major catastrophe, the harvest could be 3%-5% bigger.

The quality outlook is also promising. Hardly a week has passed in the last two months without 5 mm-8 mm of rain falling in the winelands. Cool ripening conditions will enhance the quality of the crop provided farmers can keep diseases like oidium and downy mildew under control. At this late stage of the growth cycle it's a fair bet that they can.

Unfortunately, the crop will be gathered amid deepening gloom on the economic front. Consumer pessimism is gathering, which means that good wine sales in 1983 may not even reach last year's estimated 230 Ml (an increase of about 10% on the previous year).

Regrettably, too, the expectation of depressed sales is unlikely to influence inflationary expectations of the Cape's 7 000 winegrowers who will press their representativeness on the KWV board to demand

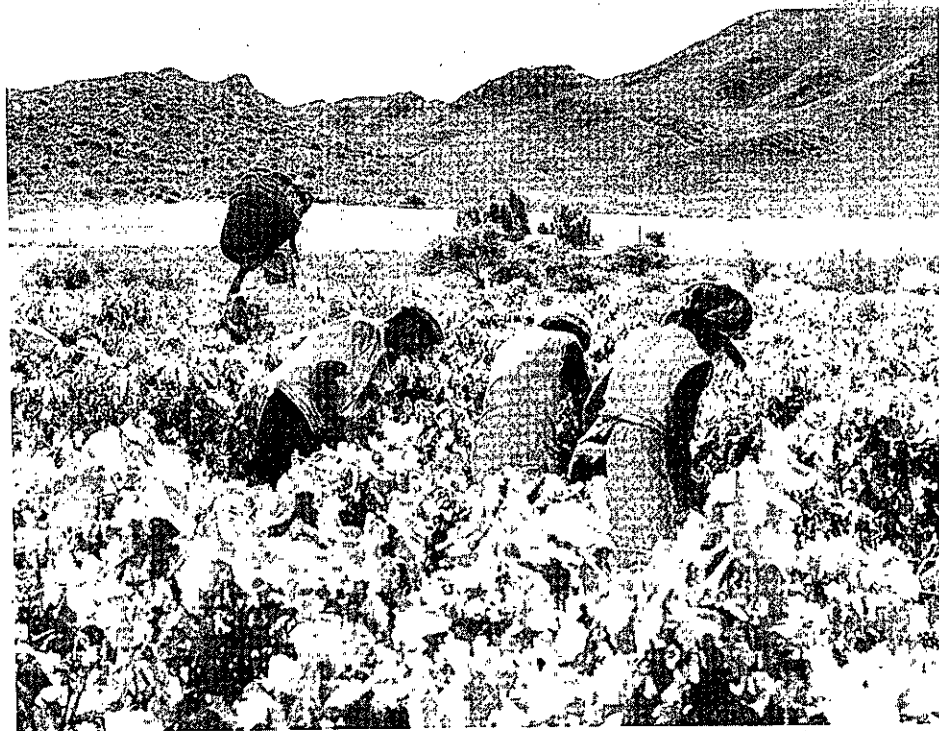
price increases sufficient at least to cover the cost of their farm inputs. If this is so, an average rise of about 15% would seem to be on the cards.

As in other sectors of agriculture where powerful lobbies prevail, primary producers in the wine industry pay scant heed to the laws of supply and demand. With powerful friends at court sensitive to their needs, there is clearly little need to respond to the relationship between prices and the volume of goods available for sale.

At least this is what the track record suggests. Last year, as a crop of 856 Ml was ripening and economic forecasts pointed to real gdp growth of about 1%, KWV lifted basic prices by 20% for good wine (wine drunk as such) and 15% for distilling wine. Consumption suffered and more than 55% of the total crop had to be consigned to the distilling wine pool and stored at great cost.

But for an eleventh-hour deal concluded late last year, when two shiploads of commodity alcohol were sold to an international broker, KWV would have had severe problems accommodating another 850 Ml crop. KWV will not disclose the volume of column-stilled alcohol sold in the deal, but the price is said to have been in excess of \$70/Hl (100 l). This was an extremely fortuitous deal given the world glut of farm alcohol at present.

Wholesale merchants suggest that KWV should try to limit this year's increase to 5% for good wine and to even less for distilling wine. This may enable the industry to sell a greater portion of the crop in the form of good wine at, say, R34/Hl, rather than see it burnt off into wine spirit at a *voorskot* price of R19/Hl. It makes sense.



Grape pickers ... working for another wine surplus

③ Wine
WINE FARMERS

Have another grape

Fm 11/2/83

Independent wine grape producers, whose deliveries to wholesale producing merchants have been pegged at 43 000 t for the third successive year, are to be given a measure of relief in terms of the Wine and Spirit Control Amendment Bill.

The Bill has been read a first time in Parliament and provides for a system of set-offs to apply to the quantity of grapes wholesale merchants take from independent producers.

This means deliveries in excess of a wholesale producing merchant's quota for a given year may be offset against the unused portion of his quota during the preceding year. Alternatively the unused portion of quotas may be allocated to him during the two subsequent years.

It is anticipated that the new equalisation system will bring flexibility to the hitherto rigid application of the Act's provisions. These relate to independent producers who are neither estate wine producers nor members of co-operative wineries.

Despite tireless lobbying the independent grape producers have failed to secure an increase in the 43 000 t quota.

The new Bill gives wholesale merchants three years to offset over- or under-deliveries. If, at the end of the three years, they fail to work off the excess, they will have to pay the KWV the full value of grapes in excess of their permissible intake over the period. The value will be determined by the minimum good wine price.

Independent producers, at their agm last

year, said 7 000 t-10 000 t of quality wine grapes were consigned to the distilling wine pool because of the then inflexible application of the quota system.

But towards the end of the 1982 pressing season KWV relented a bit. It allowed co-operatives to press about 3 000 t of surplus grapes. Wholesale merchants were then permitted to take delivery of the must. Even so, between 5m l and 7m l of potential good wine (wine to be consumed as such) ended up in the distilling wine pool.

COMPETITION

~~1027~~
③ wine

FM 18/2/83

What's sauce for the goose . . .

The Cabinet's rejection (albeit unofficial) of the Competition Board's (CB) recommendation that the powerful Cape Wine & Distillers (CWD), which dominates the wine and spirit industry, be broken up into its constituent parts is quite reprehensible. This issue can be seen as a major test of government's professed commitment to greater competition and the Cabinet's decision smacks of a surrender to special pleading. It undermines the credibility of CB chairman Dawie Mouton.

The irony is that the restrictive practices of CWD criticised by the CB were in fact set up by government in 1979 when it arbitrarily restructured the entire liquor industry.

The Cabinet's decision could have been motivated by the need to curry favour with the powerful wine lobby, which is represented by 12 Members of Parliament.

There has been a long history of government protection for this industry at the expense of the consumer. As a result, the output of wine and wine spirits has for years been rising more rapidly than demand. But government-controlled prices to local consumers have been rising, although growing surpluses have often had to be sold abroad at a loss. Last month prices of wine and wine spirits were again increased, although the surplus was 45,8% — the biggest in the history of the KWV.

Government has protected local wine sales against beer by maintaining a relatively high consumer price of beer through excise duties, at one stage more than 20 times

higher than excise on natural wines — in spite of its declared policy of encouraging consumption of liquor with low alcohol content such as beer. Under pressure from the wine lobby in 1981, it dropped all excise on natural wine while increasing excise on beer. Last year it made local brandy more competitive against imported Scotch whisky by adjusting the brandy excise rebate structure.

It has also tampered with liquor retailing through arbitrary control of the issuing of liquor licences. It gave Jani Pickard's Union Wine the means to survive competition from CWD by allowing his group to acquire an additional 75 bottle stores over and above its existing 42 outlets. This happened when it was forcing other groups to sell off their liquor stores and when it stopped the Premier Group, a new contender in liquor retailing with big growth plans, from adding to its nine outlets.

Its latest plans for liquor retailing should boost wine sales once more: a number of new licensed outlets are expected to be approved but many of them will be allowed to sell wine only.

To crown all this, it has now disregarded the spirit of the legislation it has passed to promote free competition. The FM would not blame Mouton if he walked out.

Of course, unscrambling the CWD omelette would probably have presented some thorny practical problems, to which the CB did not much address itself. But even if time were needed for a solution, at least the principle of the CB's decision could have been acknowledged.

Kiwi 'sticker' war on sale of SA wines

Own Correspondent

WELLINGTON — Anti-apartheid stickers are appearing on bottles of South African wine in liquor stores here.

The stickers, featuring a skull and crossbones with the slogan: "Danger: This is a product of apartheid", are the latest example of protest action against the sale of South African wines in New Zealand.

Responsibility is claimed by a new group, WOWSA (War on Wines of South Africa).

The group said the sticker "raids" on liquor stores were the start of a campaign of direct action which would end when South African wines were no longer on sale in Wellington.

HART

Mr Brian Hitchson, spokesman for a Christchurch-based firm which imports South African wines, said this was the first he had heard of WOWSA.

The firm had had problems with the HART

(Halt All Racist Tours) organisation in the past.

Liquor outlets had been picketed and police had been called in.

"Quite obviously if the protesters interfere with the rights of other people the police will be called in."

The protests had not affected the company's sales or trade with South Africa, he said.

OFF SHELVES

At least one other Wellington outlet has taken South African wines off its shelves.

The company's marketing manager, Mr Harry Wilson, said about six people had walked into the shop shortly before Christmas and said they objected to the sale of South African wine.

They were regular customers and still "popped in".

There was nothing to suggest they were connected to WOWSA.

The wines were being withdrawn, Mr Wilson said.

Specimen swop: is it mom or pop?

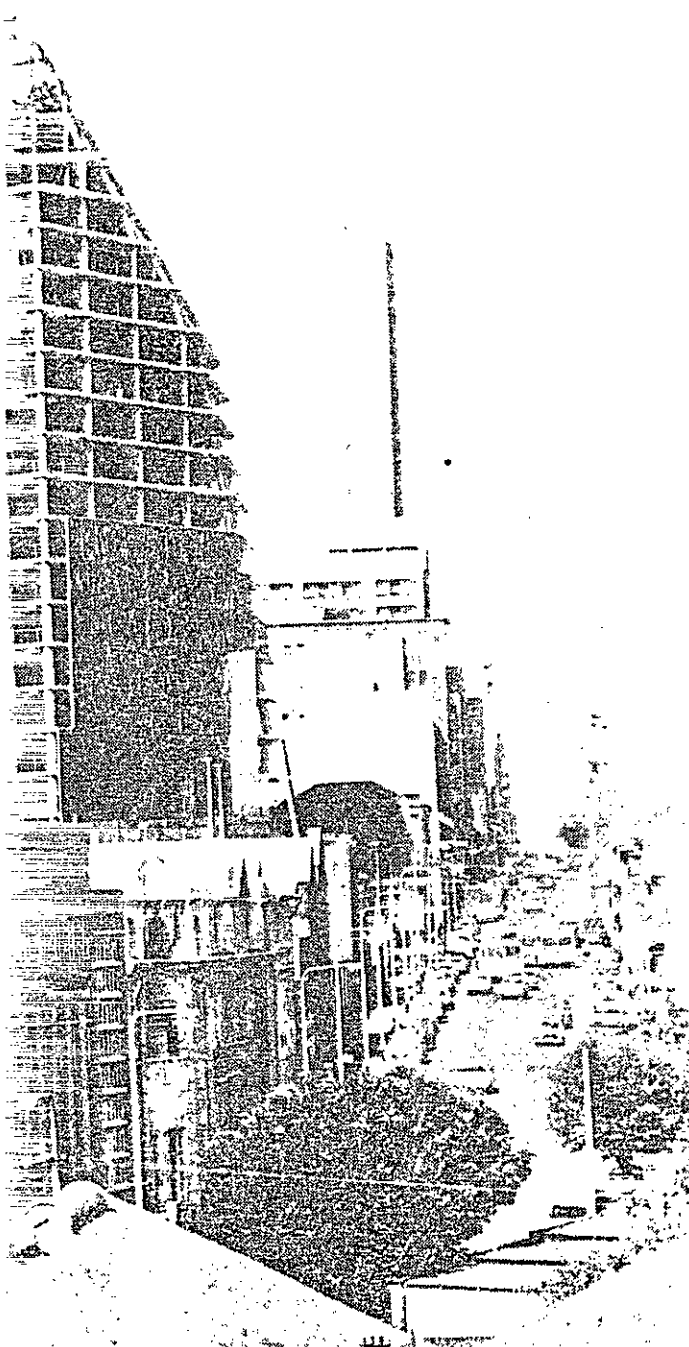
The Star's Africa News Service

NAIROBI — A father of two in Kenya's remote Moyale district expressed surprise and consternation when he received a report on a urine test which showed he was two months pregnant.

His wife later confessed that she had tripped on a stone, dropped the urine bottle and spilled the sample while taking it to the hospital for analysis.

Fearing her husband's wrath, she had made her own contribution to the advancement of urological research.

"He is my husband," she said later. "We are the same family. What difference does it make?"



It looks almost as if one of the ancient pyramids has been rebuilt in the centre of Johannesburg. But it's really the new Anglo-American Properties tower block which has risen near the new Stock Exchange. This view of the spectacular building is another picture in the series featured every Saturday. It focuses on the people and places that shape your city. We invite photographers to send in the "frozen moments" they have captured through the eye of their camera. Send the print to "Eye on Your City," The Star, Box 1014, Johannesburg 2000, or deliver the picture to the offices of The Star at 47 Sauer Street. Please attach a brief caption indicating where the picture was taken and the names of the people, if any. Only pictures taken in Johannesburg or adjacent municipalities will be considered.



Strike threat after

Cape Herald
Reporters

R10 'fine'

WORKERS at a Klapmuts brick factory have threatened to go on strike after their boss took R10 off each of their wages on Friday, "as punishment for stealing his grapes".

One of the employees of the company, Vlake Bricks, said. "He (the boss) lined us up, told us to tear open our pay envelopes and personally removed the R10.

"Those who refused to open their envelopes were instructed to hand back their pay."

All the workers at the plant, which reportedly

produces 100 000 bricks a day, are housed on company property. On Sunday most of the 38 men and women involved in the dispute said they were prepared to strike to force their boss, Mr Johan Faure, who is also the owner of the factory, to hand back their money.

One of the men said: "Mr Fourie's been going on about his grapes for a long time, always accusing us or the children of stealing.

"A few weeks ago he said he had sprayed the

crop with poison, and beware anyone who tried to steal.

"But that didn't help because on Friday at pay time, he called us all together and said he was sick and tired of 'this messing around' with his grapes.

"He said as punishment he was taking R10 off each of our wages. He then handed us our sealed envelopes, ordered us to open it and removed the money."

Another man said he and eight others had re-

fused to open their envelopes.

"Mr Faure then took back our pay, telling us we'd get it back once we agreed to hand over our R10."

A woman who worked in the factory asked. "Why should we be treated like animals? Our living quarters are bad enough and we can barely come out on what we get. R10 is a lot of money to us."

In a telephonic interview on Monday morning, Mr Faure said: "I don't have anything to say over the telephone. I would suggest that you come out here and have a look around to see the damage (skade) these workers are causing."

By ANDREW
DONALDSON

SOUTH AFRICA'S secret wine "lake" — the huge surplus behind the Government's refusal to dismantle the wine monopoly Cape Wine and Distillers (CWD) — could hold hundreds of millions of litres.

Mr Michael Fridjhon, a consultant to domestic and international liquor industries, believes the "lake" holds between 200 million and 300m litres.

And, he said, the consumer was going to subsidise the continued storage of massive amounts of wine in the form of liquor price increases.

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Secret SA wine

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The size of the wine "lake", some of which was used for distilling purposes, lay in the remainder, said Mr Fridjhon.

Although no figure for the amount of wine to be used for distilling purposes is yet available, an increase of 11% in the 1981 distilling figure of 350m litres puts the figure at about 370m, nearly all of which has no market value, according to Mr Fridjhon.

Wine 'lake' may now be 300m litres, says expert

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Staff Reporters

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S. Times
Booze
war
10/4/83
Action
call

By Michael Fridjhon

THE Board of Trade should be investigating why local brandy costs nearly twice as much as French brandy and some of the lesser-known Scotch whiskies, according to sources in the liquor industry.

Their reaction follows the announcement last month that the board is to conduct an investigation into the competitive position of spirits — specifically grape spirits — with a view to assessing whether the local industry needs more protection.

The heart of the problem is that South African brandy, duty-free, is too expensive, say the sources.

The price in bond of local proprietary brandies is more than the fob cost of most of the major whisky brands.

Even though customs and excise on the imported product is slightly higher than on local spirits, there is virtually no gap between whisky and brandy prices.

In many cases good-quality imported Scotch costs the retailer less than brandy.

The announcement of the inquiry was gazetted on March 11, and interested parties have until April 22 to submit depositions.

Sources point out, however, that it would be naive to suggest that the powerful wine-farming lobby, whose interests the inquiry is intended to protect, was unaware of this pending investigation. Accordingly, it is likely to have its case well prepared.

To an extent, the issue has already been decided. The terms of the investigation are to inquire into the competitive position of spirits, to assess protection for the local brandy industry and to recommend, if necessary, increased protection measures.

The board is not being asked to examine the wine and brandy industry in order to recommend how it might become more competitive.

Clearly, the Cape wine farmers are seen as the victims of Europe's exports, say the sources.

For some time the Cape wine farmers have been calling for some control on the import of whisky. Allegations that cheap Scotch is being "dumped" on the South African market abound.

South Africa's position in the top 10 importers of Scotch is not an achievement that warms the hearts of the wine lobby.

For many years it has been impossible to impose tariff barriers against the import

● To Page 3

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of whisky, as spirit duties are subject to Gatt agreements and thus cannot be increased without an identical increase on the local product.

The recent reaffirmation of the Gatt agreement by Dr Dawie de Villiers, Minister of Industries suggests the Government would not want to abolish this accord.

Nevertheless, there has been substantial pressure to restrict the import of whisky, but, the sources ask, how is this to be achieved if not by tariff controls?

Outside observers are doubtful that the Government will get the right answers.

'Disappointing' wines from big grape harvest

ARGUS 31/5/83

could not be harvested at optimum quality. 3 Wine good or bad quality years."

Staff Reporter
SOUTH AFRICA'S grape harvest this year is a record according to Dr J D Burger, director of the Oenological and Viticultural Research Institute at Stellenbosch.

But because of the large crop, some of the wines in the 1983 vintage will not be of particularly high quality.

At a Press conference at Nietvoorbij, he said indications were that white wines made from Chenin Blanc and Colombar were disappointing compared to earlier good years.

However, premium quality grapes such as Weisser Riesling, Sauvignon Blanc, Gewurtztraminer and Chardonnay had produced exceptionally interesting young wines which showed great promise.

Too soon

He said it was too soon to judge the red wines pressed this season, but indications were that they were rather thin and unbalanced.

Cinsaut, one of the most popular red varieties, was particularly disappointing, though early-ripening cultivars such as Pinotage might, in some cases, be better.

Stand out

Late varieties such as Cabernet had had difficulty producing enough sugar and in many cases

This year's total wine harvest is estimated to be four percent higher than last year's record crop.

"I do not agree with the commonly-held belief that in South Africa there is no difference in the quality of wines from one year to the next.

"Wine is more dependent on soil and climate than any other agricultural product. It is well known that, particularly in red wines, certain years stand out as being

Grape producers in other parts of the country had also experienced large crops.

Table grapes

The table grape harvest had been 10 percent higher than that of last year and the quality had been good. But prices had been disappointing, particularly on the overseas market.

About 70 percent of South Africa's table grapes are grown in the Hex River Valley.

Govt 'groping in dark for income from wine industry'

3 Wine

Argus Correspondent PAARL. — Good news of the record 1982 and 1983 wine crops announced by Dr Andre du Toit, chairman of KWV, at the annual meeting here today was tempered by his criticism of "excessive" excise duties on brandy and fortified wines.

It appeared that the Government was groping in the dark for potential income from the wine industry, said Dr du Toit.

Dr du Toit, who retires next March, said the record 1982 wine crop produced 8,93 million hectolitres — 8,3 percent more

than the previous record of 8,24 million hectolitres in 1980.

According to estimates the 1983 crop could produce 9,19 million hectolitres, or three percent more than the 1982 crop.

Excise duties

Accusing the Government of apparent ignorance of the amount of duty that the wine industry could absorb, Dr du Toit said brandy had been so severely curtailed by increasing excise duties that the average sales increase was a mere 0,2 percent from 1975 to 1980.

During 1981 brandy sales increased by 8,2 percent but dropped during 1982 following a 23 percent duty increase during August 1981.

The total sales volume for 1982 was 15,4 million litres, almost the same as the 14,9 million litres total during 1974.

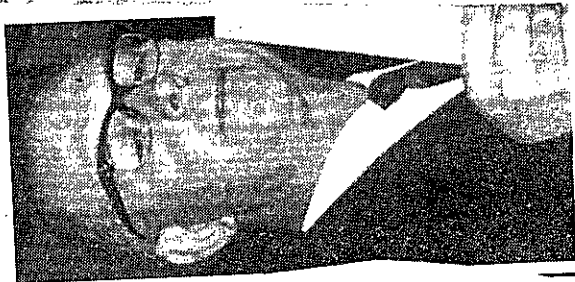
The irony of the situation, said Dr du Toit, was that in spite of the increase of 23 percent duty during 1981, the State income from brandy and spirits dropped during 1982 by R7-million. At worst, it seemed like very poor State planning.

Destabilising

The Government was the cause of a destabilising effect on the wine industry and its action was a major contributory factor towards the huge surplus declaration of 1983.

Brandy sales represented 26 percent of the total internal wine market.

Dealing with fortified wines, Dr du Toit said the decreasing internal sales since 1974 did not stop the Government from increasing excise duties by 15,8 percent in 1975, 13,7 percent in 1976 and 12 percent in 1979.



Dr Andre du Toit

THE EXECUTIVES

Vast US market may boost SA wine sales

W/E Marcus (bus.) 18/6/83

3 wire

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In this second of a series of interviews with chief executives of Cape-based quoted companies, **AUDREY d'ANGELO** meets the chairman of Cape Wine and Distillers.

EXPORTS of South African wines to the huge and lucrative American market will be stepped up this year, says Dr Andre du Toit, chairman of KWV and Cape Wine and Distillers.

He also believes there is a big potential for wine sales in the expanding market among blacks. And he is confident that sales of locally produced brandy, which have lost ground to imported Scotch whisky in the past two years, will increase sharply if the Government removes an extra 23 percent in excise duty imposed in 1981.

Freer market
Dr du Toit said in an interview this week: "The market among blacks is still almost untapped because the system made it difficult to sell our products in places like Soweto

"Now a freer market system is being developed in the black cities and they are adapting to the Western way of life, which includes wine with meals.

"We are still finding out about black tastes. They show a preference for sparkling and perle wines, and a ginger-flavoured wine is selling well in the Eastern Cape."

Discussing the continued existence of Cape Wine and Distillers, which controls 92 percent of supply and distribution of wine and spirits, Dr du Toit said he believed retail outlets should, ideally, be independent of producers.

He did not think the "tied house" system was suited to South Africa.

But Cape Wine and Distillers had been formed by KWV, Rembrandt and South African Breweries with Cabinet approval in 1979 to give badly needed stability to the liquor industry.

Dismantling it, as the Competitions Board rec-



Dr Andre du Toit ... "still finding out about blacks' tastes."

ommended, would place the wine and spirits industry in a weaker competitive position against the beer industry, in which South African Breweries had a complete monopoly.

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KWV and Rembrandt products had suffered in this way before the formation of Cape Wine when another wine producer owned a number of retail outlets.

excise duty because of the fall in brandy sales". Exports of South African wines to Europe and Britain had been made more difficult because of the tariff barriers erected by the European Economic Community to protect its own products.

They had encountered some hostility in the United States of America for political reasons.

But the main reason for disappointing sales in America in the past was an unsatisfactory distribution network.

Distribution in America had now been taken over by another firm, Global Enterprises, which was making "pleasing progress".

Dr du Toit was optimistic about future sales as a result of this.

"The American market is vast," he said.

To retire

Dr du Toit is due to retire in March next year but he says he has not given much thought to this yet — it is too far in the future.

"I shall not change my life-style and I shall stay on the farm, which is run by my son now."

"Perhaps my wife and

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Dr Andre du Toit... "still finding out about blacks' tastes."

ommended, would place the wine and spirits industry in a weaker competitive position against the beer industry, in which South African Breweries had a complete monopoly.

Store chains

He pointed out that it was SA Breweries, and not KWV, Rembrandt, or Cape Wine, which owned bottle store chains.

Any bottlestore owned by a producer would push its own products at the expense of others, which would not be dis-

played or promoted to the same extent.

KWV and Rembrandt products had suffered in this way before the formation of Cape Wine when another wine producer owned a number of retail outlets.

Discussing falling brandy sales, Dr du Toit said this was due to the fact that excise duty accounted for 47 percent of the price and made it possible for imported Scotch whisky to be sold more cheaply.

Sales had started falling when the Govern-

ment raised the excise duty by 23 percent in 1981.

Under the terms of the General Agreement on Tariffs and Trade brandy was given no protection against cheap brands of Scotch whisky sold in this country under house brand names at a lower price.

"Consumers have only a certain percentage of their income to spend on alcohol and if whisky is cheaper they buy it.

"The Inland Revenue has actually lost money as a result of this higher

Exports of South African wines to Europe and Britain had been made more difficult because of the tariff barriers erected by the European Economic Community to protect its own products. They had encountered some hostility in the United States of America for political reasons.

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"I shall not change my life-style and I shall stay on the farm, which is run by my son now."

"Perhaps my wife and I will spend more time at our holiday flat at The Strand."

Until his retirement he will continue to press for the reduction of excise duty on brandy. A Government committee was appointed earlier this year to inquire into the spirits industry.

University will render the candidate liable to disqualification and to possible exclusion from the

University

SA wine exporters to cash in on 'accident'

1964
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Agreement
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Argus Foreign Service BRUSSELS. — A new Common Market agreement is expected to boost South African wine imports to Europe.

The "uncorking" of South Africa's wine trade here has happened accidentally — as a result of a detailed wine trade deal between the European Economic Community and the United States.

South African wine exporters are expected to cash in on the deal, earning millions of rands from increased sales in Europe.

Imports of South African wine to Britain,

where Cape wines have always been popular, are expected to rise sharply within the next year. The increased imports in other European countries will be less marked, but still significant.

NEGOTIATIONS

After five years of negotiations between Washington and the EEC Commission in Brussels the 10 Common Market countries have agreed to remove some of their restrictions on wine imports from the rest of the world.

The EEC is to remove its legal ban on more than 100 additives and processes used for

strengthening and purifying wines in the United States.

In some cases the relaxation of Common Market rules will apply automatically to wine imported from other non-EEC countries, such as South Africa.

In other cases special exemptions have been made for United States wine which will not be granted to other exporters.

SIMILAR TREATMENT

But officials here are already expecting a chorus of requests for similar treatment from other non-EEC wine-producing countries.

Brussels and Washington officials have agreed

a list — running to several pages — of processes and additives for fortifying and purifying wine which will now be officially tolerated in European imports from across the Atlantic.

These include the purification of wine by irradiation, the addition of skimmed milk powder and the use of a host of acidic and metallurgical substances.

One Brussels official commented: "If you read down the list, it gives the lie to any notion you may have had that wine is made from grape juice and a little water and sugar."

Ironically the EEC rules on what can and

cannot be done to wine imports from the US.

The EEC countries sell 30 times more wine to America than they import. They have been reluctant to enforce restrictions on the small quantity of US wine exported to Europe and invite retaliation against French, Italian and German wine producers.

But one official said, he was sure the fine print of the US deal would make interesting reading for the South African government and wine producers.

man wine exports to America. Officials were reluctant to comment on the detailed implications of the US agreement for Cape wine producers.

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WINE WRANGLE

Peace plan turns sour

③ Viticulture & wine

Independent winegrowers association's seven-year struggle for increased quotas seemed close to success following the intervention of the Ministry of Agriculture. But unacceptable conditions imposed by the KWV may wreck the agreement.

The problem is KWV's insistence that the association should make a financial contribution to the distilling wine pool account.

The parties have been at loggerheads since 1976 when an amendment to the Wine and Spirit Control Act empowered KWV to regulate the tonnage of wine grapes independent producers could deliver to wholesale producing merchants. Repeated attempts by the association to obtain a natural growth inflator to their annual deliveries (pegged at 43 000 t for the past three years) have fallen on deaf ears.

But recently Minister of Agriculture Greyling Wentzel, "sick and tired" of the lingering feud, suggested the parties should adopt a compromise formula whereby annual deliveries of wine grapes would be linked to the anticipated demand for good wine in the current crop year. Slide-rule calculations by independent growers suggested that this would mean a growth rate of about 5%.

This, allied to a new legislative provision for a system of set-offs, had all the appearances of a settlement of the acrimonious dispute between the 120-odd independent growers (who are not estate wine producers or members of co-operative wine cellars) and KWV.

The amendment provides that deliveries in excess of a wholesale merchant's quota for a given year may be offset against the unused portion of his quota during the preceding year. Alternatively, the unused portion of quotas may be allocated to him during the two subsequent years. This will introduce an element of flexibility in the hitherto rigid system.

Now, according to the independent growers, KWV has jeopardised a settlement by its insistence that members of the association should make a financial contribution of R21/t to the distilling wine pool. This is the procedure applied to the 7 000-odd winegrowers who deliver grapes and/or wine to the country's 72 co-operative wine cellars.

This rankles with non-aligned growers, whose entire production is converted to good wine — wine to be consumed as such. Wholesale producing merchants, however, deduct a nominal R3/t for that portion of their deliveries which, inevitably, is unsuitable for the manufacture of potable wine. Under the present arrangement, wholesale merchants pay KWV for deliveries by inde-



Independent wine growers ... peace offer unpalatable

pendent growers and KWV then pays individual growers.

KWV's view is that if independent growers are to receive the benefit of growth in the good wine market, they should also make a contribution to the cost of bearing the distilling wine surplus while it persists. Independent growers see this as a penalty on efficiency. Neither are they impressed that they may get a portion of the R21/t impost back in the form of an *agterskot* if KWV is able to dispose of the surplus.

By all accounts, KWV is anxious to come to terms with independent growers — within a week or two if possible — so that the "settlement agreement" can be enshrined in law before the end of the current session of Parliament. The understanding of independent growers is that the compromise suggested by the Minister is merely an offer, not a firm directive, but that KWV is unlikely to submit to it without insisting on the distilling wine contribution.

Independent wine growers say a compromise suggestion has been put forward whereby wholesale producing merchants who buy the production of freelance producers should pay the distilling wine contribution. This suggestion, they say, is cynical because it would all but halt wine grape purchases by the trade.

The 1983 wine crop, the biggest ever at 1,3 Mt, and one of exceptional quality, has

left a bitter taste for independent growers. Because of the 43 000 t limit on their deliveries to the trade, and the exceptional yields experienced, they were left with 10 000 t of prime quality grapes which could not be purchased by merchants for conversion to good wine. It was delivered as distilling wine. Their plight was aggravated by the fact that 6 815 t of good wine grapes produced on farms belonging to wholesale merchants are included in the 43 000 t quota.

In effect, actual purchases by the trade from freelance growers amounted to only 34 000 t.

At the independent growers' agm in Stellenbosch this week, chairman Gert van der Merwe asked what had happened to Prime Minister P W Botha's Carlton and Good Hope pledges of dedication to the free market system. What, indeed?

3 Wine
5 Times

The wine lake deepens

9/10/83

By Barry Sergeant

WINE monopolist KWV is sitting on a massive lake of unsold liquor. By latest estimates, it has about 400-million litres of wine in storage.

South Africa's production for this year is expected to reach a record 919-million litres — a surplus of 45% on local demand. Last year the surplus was 34%.

Dave Hughes of Stellenbosch Farmers Winery says the exact stock figure is dif-

ficult to establish because KWV has been exporting some of its surplus wine.

An example is the recent deal concluded with Poland in which a small amount of distilling wine was sold to that country.

Sources in the industry believe that, because of the surplus, brandy prices should be allowed to fall.

This would make the drink more competitive against Scotch whisky and obviate the inquiry being

conducted into the imported product by the Board of Trade and Industry.

The sources also contend that wine prices should be dropping.

Asked to comment, Dr Ivan Deacon of Henry Tayler and Rles said: "Sales for this quarter on all alcoholic beverages except natural wine are down.

"This is in line with the economic climate. The pricing of wine and wine-derived drinks is not as simple

as supply and demand."

The argument is that liquor prices are not price-sensitive. Dr Deacon says wine is a long-term product, and deserves protection.

KWV sets statutory minimums for the price that it pays to its 7 000 wine-farming suppliers. The more the farmers produce, the more KWV has to spend on storing the surplus. The cost of this subsidy is passed on to consumers.

Dr Deacon says: "The way

that KWV has coped with the present market conditions is admirable."

South Africa is not the only country with too much wine. World production is approaching a record high of 38 000-million litres.

France, for example, has had a bumper crop, but prices will not fall. This is because of that country's appellation control system, which limits the production of good wine made in any one year.

WDM 12/11/83

Govt clamp on Scotch urged

CAPE TOWN. — Competing interests in the wine and spirits wholesale trade have taken the uncommon step of banding together to ask the Government to impose price-related controls on the import of Scotch.

In a joint submission to the Board of Trade and Industries, the Cape Wine and Spirit Institute, representing the major wholesale producing merchants and the South African Wine and Spirits Importers' Association (Winespin), have called for the introduction of an impost similar to the EEC's system of reference prices as a deterrent against dumping.

The Board of Trade was instructed by Dr Dawie de Villiers, the Industries Minister, in March to investigate complaints of unfair competition from keenly priced imports of largely non-proprietary brands of Scotch. Many of these retailed in recent price wars at levels on or below the price of SA-produced brandies.

Under normal trading conditions, Cape brandy is about 25% cheaper than most brands of Scotch.

EEC governments responded sharply to the announcement of the investigation and warned against steps to raise barriers against EEC wine and spirits exports.

They said the matter should not be viewed in isolation from the overall trading interests of South Africa and Europe.

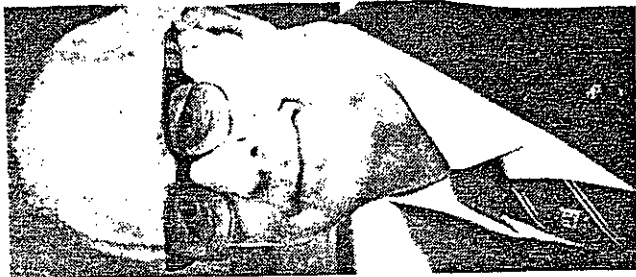
A report is not expected until early next year.

The Board of Trade is unlikely to take a favourable view of the joint submission of the two wholesale organisations. Although their members compete they also have interlocking interests. Most are both major importers and wholesale producing merchants.

Record year but all not rosy for wine industry,

Viki Culture and Wine!

AR645 15/11/83



Dr André du Toit

Tygerberg Bureau WINE production this year reached a record of 9.1-million hectolitres at 10 percent volume, thanks to abundant rains in 1982 and a relatively disease-free growing season, the chairman of the KWV, Dr André du Toit, said today.

He told the KWV's annual conference in Worcester this did not, however, make the picture of the South African wine market rosy. Like 1982, 1983 had been "an exceptional year", said Dr du Toit, who retires next year after 31 years with the KWV.

"For the second consecutive year the crop has considerably exceeded the estimated long-term average." But higher yield and surplus increase resulted in an expected increase of only three percent in the total payment to producers compared to last year.

In spite of an improvement in wine-product sales, an imbalance between production and demand remained. Because of its stabilising function, the KWV had to build up large stocks of spirits, but sales, especially of brandy, remained stagnant.

Dr du Toit said he regretted that "a semi-official opinion" after harvesting suggested that the 1983 crop could be inferior to previous years. "It is a great pity that such opinions are voiced prematurely. It has already been published in overseas wine journals and it could create problems for marketing overseas."

First signs

"The first signs of emergency sales of surplus are thus already with us. The sales of natural wine at unnaturally low prices on the South African market should be resisted. He called for "greater understanding and response from authorities" on taxation of brandy and fortified wine sales, the structure of which had "exceeded saturation point".

Concerned

"We are faced with fierce competition overseas and we cannot realistically expect to make significant break-throughs. Yet there is progress and we expect an increase of approximately 10 percent in 1983." Dr du Toit was concerned at the broadening of the price spectrum at which imported natural wines are being offered on the local market.

"Imported wines have a place in the Republic. It is good for the market and stimulates the consumer. During the past few months, however, imported wines were offered tax-paid to dealers and at lower prices than the prescribed minimum price for packaged wine applicable to all co-operatives.

Wine imports hard to swallow

No signs of Aus\$ devaluation

devaluation

SYDNEY. — Australia's Reserve Bank has defused speculation that a revaluation of the Australian dollar by between 3% and 4% is imminent. Speculators booked some \$700m to come into Australia on Thursday and Friday, expecting it would be worth much more after a weekend revaluation.

However, far from revaluing, the Reserve Bank lowered the trade weighted index (TWI), which measures the dollar's value against a basket of foreign currencies.

Speculators who bought the dollar at the end of last week burnt their fingers as a result of the Reserve Bank moves.

The recent battle between the Reserve Bank, seeking stabilisation, and the money market speculators, may be coming to an end.

The Prime Minister, Mr Bob Hawke, said on television this week the current means of setting the value of the Australian dollar was a "half-way house" between a fixed and floating rate, adding there were advantages in letting the value of the dollar be set by market forces.

Mr Hawke added "clearly any government has got to look at the range of considerations. That's being done. I can't say more than that."

The Australian Reserve Bank each morning sets the TWI rate based on the movement of the currencies in the basket against the Australian dollar. It then adds an arbitrary adjustment. The TWI is used by speculators and traders as the basis for making deals in foreign currencies. — Reuter.

By MICHAEL FRIDJHON

KWV has sent a senior staff member overseas to negotiate a deal — or at least reach an understanding — because of the steady growth of imported wines

This independent attempt to persuade European Common Market producers to curb shipments comes after four years in which continental wines have gained a modest foothold while our own wine surplus has increased.

KWV's emissary seems to have the unenviable mission of trying to get European producers, who for years have lived with a wine lake up to their ears, to control exports to South Africa without jeopardising our liquor sales to them.

The growth of wine imports over the past four years has so concerned the South African authorities that the KWV has sent a senior member of its staff abroad to attempt to negotiate a control which will not infringe the free trade rights of South African exporters.

Overseas wine accounts for less than 4% of the imported liquor bill and less than 1% of the total wine market.

The vast unsold domestic crop in the cellars of the South African producers does not help matters.

With this tiny volume of imports any protectionist response would be unreasonable. If all imports were forbidden less than 0,1% of this year's local wine crop would find a domestic market.



South African wines... protectionism would be unreasonable

Part of the reason that imported wines are gaining a foothold is that they compare favourably in quality and price with local produce.

Protests that European producers enjoy subsidies, giving them a price advantage, seem a little thin. Most imports come from economically self-sufficient areas and are sold as quality wines.

Included in their cost are shipping, handling, clearing and duties yet they still retail at prices moderately enough to undermine the confidence of local producers.

It seems almost too simplistic to blame success of overseas competition on the minimum price system policed by the KWV. While this inflates the cost of the wine, because no producer may sell for less than the stipulated minimum price, the raw material (or liquid) cost is actually a small percentage of the price of a bottle of wine.

Bottling and packaging account for more than R5 a case. Supplies of glass and cardboard are virtual monopolies — at best oligopolies — and prices for their products are sometimes twice those paid by overseas growers.

Marketing costs are also high. The organisation of producers means that wine prices suffer high mark-ups at wholesale level and there is generally too much fat in the whole business.

A recent survey shows that wines marketed by major wholesale merchants cost nearly twice as much as they would if purchased directly from the producing co-operatives.

Wholesale merchants buy in bulk from producers, such as the wine co-operatives, and generally pay little more than the minimum price of 36c a litre. The difference between their bottle price and that of the co-ops cannot be justified sim-

ply in the cost of packaging.

The co-ops and merchant wholesalers buy their bottles, boxes and labels from the same suppliers at probably the same prices. Both groups pay SATS to transport their bottled wine to the Transvaal at a standard rate.

All quality wines are bottled in the Cape so it is reasonable to assume that transport costs are the same for both suppliers.

Yet merchant/estate Pinotage costs 100% more than a co-op equivalent, Cabernet 88% more, Stein 87% more and even the ubiquitous Grand Cru 64% more.

Merchants must charge for their assurance of quality, advertising, marketing and sales force. These costs are not absorbed by the wholesaler. They are passed on to the consumer who usually believes that all table wines cost these prices.

The recent surge of low-price imports attacks exactly the inflated merchant/producer category rather than the low-priced co-op sphere of wine production.

European producers and exporters cannot blithely increase the fob prices of their wines to accommodate the fat within their own organisations. So quality wines comparable with our better brands are entering the market from abroad at prices that compete against local wines despite duties, transport costs and protectionist harassment.

Cutting out these imports will not attack the problems of the wine sector though there are hints that the 1984 Budget will attempt to do so.

AGRICULTURE — VITICULTURE & WINE

1982

JAN. — NOV.

KWV raises its prices for some wines

CAPK Times 15/1/82
3 wine

PAARL. — KWV last night announced an increase of 20 percent in the minimum producer price of good wine, and of 15 percent for distilling wine.

“Good wine” is a technical term meaning all wine produced for human consumption, both natural and fortified.

KWV said in a statement that the minimum price to be paid by the wholesale trade for good wine would increase from R30,39 per hectolitre to R36,47 per hectolitre — increasing the producer price by 4,56 cents per 750ml bottle to 27,35.

Distilling wine

The price of distilling wine is to rise from R23,50 per hectolitre to R27,03.

KWV said that since 1974/75 the wine industry had experienced difficulties, with a drop in sales. A new basis had to be laid for growth and part of this had been a cautious producer-price policy. In the period 1975-81 the minimum producer price of natural wine had risen by only eight percent a year, and of distilling wine by only 6,6 percent — considerably lower than the rate of inflation.

This policy had achieved renewed growth in sales and the present rate of growth, especially in the north of the country, augured well for the medi-

um and longer-term prospects of the industry, with greater balance between production and consumption.

Surplus

KWV also declared a surplus of 29,5 percent of the distilling wine crop, nine percent less than last year. This surplus distilling wine is made available for export, stock replenishment and for buffer stocks.

Also announced was a doubling of the premium paid by the wholesale trade for top-quality wines, from about three percent of the total paid last year for good wines.

“These premiums are an incentive for the production of really good wines and I think the new premium increase is a very important step in the direction of developing our best wines,” Dr Andre du Toit, chairman of KWV, said last night.

Small percentage

“The top wines produced by the main wine-producing countries like France and Germany are only a small percentage of their total production, but that small percentage is what gives them their reputation and prestige.

“The premium paid for our good wines are given to production of the best cultivars.” — Sapa

3 Viticulture & Wine

Move to break wine monopoly

Political Staff

THE Competitions Board has recommended termination of restrictive practices which resulted in a massive upheaval in the wine industry when Cape Wine was formed in 1979.

Lashing out at monopolies in the manufacture and marketing of alcoholic beverages, the board said that while South African Breweries' 100 percent holding in beer manufacture was a restriction on competition, little could be done to re-establish the slight degree of competition which existed before SAB took over Intercontinental Breweries in 1979.

The government has accepted one recommendation, as an interim measure, abolishing the existing bar on ownership or control of more than five retail liquor outlets.

The relaxation will not apply to those with interests in the wholesale trade until the government has considered the other recommendations.

Double standards

One member of the board, Mr A J Marais, refused to support their final recommendations, saying that the question would be asked why double standards were being applied through different approaches to the wine and beer industries.

In a minority report Mr Marais said that while no action was recommended to break the monopoly in the beer industry, where

SAB had a 100 percent holding, Cape Wine's 85 percent holding in the wine industry had led the board to assume that the company would abuse its power.

The board's recommendations to the government are apparently aimed at breaking the stranglehold achieved in the 1979 takeovers in the liquor industry. SAB had to give up its interests in Stellenbosch Farmers Winery (SFW) and Cape Wine was formed with SFW and Rembrandt as affiliated partners.

The board recommends that the restrictive practices resulting from the birth of Cape Wine should be terminated within a reasonable period.

It also recommends that the merger between the Oudemeeester group and SFW as affiliates of the holding company, Cape Wine and Distillers Ltd, should be terminated.

In his minority recommendations Mr Marais said the government should accept that two monopolistic situations existed — in the beer and wine industries.

● The board's call for a more realistic and simplified system of liquor licensing was welcomed last night by the KWV wine farmers' co-operative.

In a statement KWV said it was strongly opposed, however, to extension of grocers' licences to other alcoholic beverages such as beer.

"The justification for

the distribution of wine through grocers lies mainly in the strong connection between wine and food which no other alcoholic beverage can claim," the statement said.

The co-operative also supported the board's confirmation of the Cabinet decision of 1979 that there should be an "absolute separation" between the wholesale and retail trade.

However, it pointed out that to separate these two sectors without placing some form of restraint on the number of outlets in the hands of one party could be self defeating as a new power concentration at retail level could give rise to the "same and more severe malpractices" which the board would wish to eliminate.

The recommendation that Cape Wine be dissolved was rejected as "extreme".

KWV noted that in the case of SAB the board "obviously accepts a 100 percent monopoly, but in the case of the wine and spirit industry a 75 percent market share would appear to be sufficient to recommend dissolution".

the demand for wine in the past few years, the other...

WINE GRAPES

Quotas pegged

3 Wine FM 11/10/82
 For the third successive year, the KWV has recommended against an increase in the quota of wine grapes independent producers may deliver to wholesale producing merchants.

The merchants, dominated by CWD, in which KWV has a major stake, asked for an increase in the quota from 43 000 t to 48 700 t. The independent producers have repeatedly asked for a 5% inflator to be built into the quota to accommodate increased production and to enable merchants to meet the growing demand for special wines made from their grapes.

These pleas have been rejected by KWV, which has recommended to Agriculture Minister Greyling Wentzel that the 1983 quota remain pegged at 43 000 t. A notice to this effect will be published in the *Government Gazette* on October 8 when interested parties will be invited to lodge objections.

At their recent AGM, independent producers said 7 000 t- 10 000 t of noble cultivar grapes, including some high-quality steen, was consigned to the distilling wine pool because of the uncompromising way the restriction on grape deliveries to the merchants was applied. Towards the end of the 1982 pressing season, however, KWV relented to some extent and allowed co-ops to press surplus grapes, after which merchants were permitted to take delivery of the must. About 3 000 t was crushed in this way. Nevertheless, the grape equivalent of 5Ml-7Ml of quality good wine had to be dumped into the distilling wine pool.

It is understood, however, that KWV may agree in future to a more flexible working of the quota system, whereby short deliveries in a lean harvest will be credited to growers' overall entitlement in a fat season.

But in no circumstances is KWV pre-

pared to support an increase in the quota over 43 000 t.

Actual purchases of grapes since 1977, when the control system was promulgated, have been as in the table below.

Without an increase in the quota, the production problems of independent growers are going to become acute. The total statutory production quota attaching to the farms of such growers is about 90 000 t. This includes the farms owned or leased by wholesale producing merchants. If their grape deliveries are pegged at the present 43 000 t, it means they will be deprived of growth to an upper theoretical limit of about 47 000 t. (Few wine farms produce to the limits of their statutory quotas due to factors such as vineyard renewal and replacement).

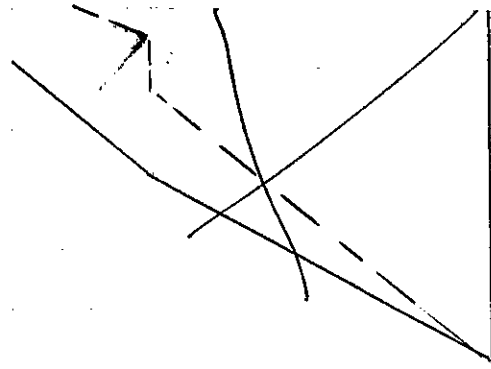
Independent growers' production in 1982 amounted to about 3.3% of the total wine crop, hardly a threat to the co-op movement which handled and processed about 85% of the crop. They are mostly progressive growers with the most advanced viticultural techniques, whose grapes are used mainly for the production of specialised wines. Growers say restrictions placed on them amount to crass oppression and violate all principles of the free enterprise ethic.

At their AGM, the growers complained they had no one to turn to in government to take up their case. When former Agriculture Minister Hendrik Schoeman made concessions on their behalf a few years ago, "all hell broke loose," the Minister told growers.

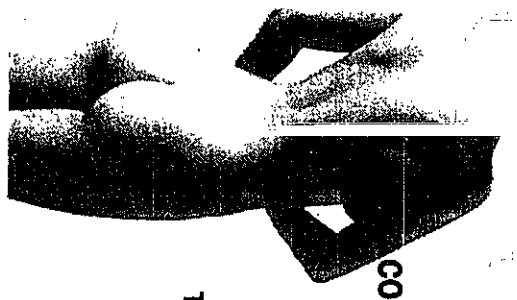
Another problem, say growers, is that most Members of Parliament in the wine growing areas are either directors of KWV or come under strong pressure from KWV members to support the co-ops' cause.

According to the Independent Grape Producers Association (about 130 members), an attempt is being made to persuade the MP for Helderberg, Constitution Affairs Minister Chris Heunis, to intercede on their behalf. A memorandum has been sent to Heunis and a response is awaited.

GRAPE PURCHASES	
Year	Tonnage
1977	22 574
1978	37 428
1979	40 274
1980	47 385
1981	47 385
1982	47 385



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CHERYL VANEESSON

TOP restaurateurs are adamant that if a meal is an insult to the culinary art, patrons are duty bound to complain.

Very nice. But how do you do this without looking like a slob out to offend the maitre d' — or embarrassing your friends.

Most people simply do not have the *savoir faire* to send back a meal.

But the six restaurateurs phoned by EVE felt differently — they believed their customers weren't that bashful.

Instead, they said they were a bit wary of the fastidious diner who scrutinises food with the gaze of an overzealous pathologist and dissects each bit with scientific curiosity.

On the whole, they said, complain by all means — but do it before the plate of food has been guzzled in toto.

"If criticism is fully justified, diners must not hesitate to send back a dish," said a spokesman for Zoo Lake Restaurant.

"But do not eat a whole steak or a full dish of food before complaining. This will not be accepted," he added.

Restaurateurs agree that food must be sent back after the first bite.

"A clean plate tells a different story," says Giovanni of Chez Andre, a French restaurant in the centre of Johannesburg.

He stresses that customers must complain, and says he hates those who prefer instead to give the restaurant black looks when they walk out.

"It's a bad thing to be too embarrassed to complain, and very stupid indeed to pay for a meal you did not enjoy," he says.

He thinks most people's palates are closed to new sensations, so they're incapable of appreciating foreign dishes.

Like the lady who complained that a sauce of cream, mustard and cognac tasted like mashed potato. Another restaurateur, who has

been in the profession for twenty years, says some people are foolhardy and don't know what they are ordering — "but when the dish arrives, they complain."

The couple, for instance, who asked what caviar was and, when told fish-eggs, asked for two.

The owner of Linger Longer and Scratch Daniels, Mr Ben Fihmalter, says the way in which people complain is very important. The staff must be approached politely.

"Don't bring a piece of cheese or a plate full of food at the waiter in order to get proper service," he says.

Heinz Mayer, the manager of the Carlton Hotel's Three Ships, says bad food must be sent back to the kitchen.

"It will be replaced. In ninety-nine percent of cases where customers complain after a meal, we offer sweets or coffee on the house."

For Robb Costance of Cock Robin, "customer satisfaction is the name of the game."

"I want to make sure customers are happy. It has never happened, but if a diner feels justified in asking for his money back, I'll consider it."

About sending back wine, restaurateurs feel much the same.

The Zoo Lake management have a safeguard against the indiscriminate sending back of wine.

"Expensive wine is tested on the spot with the host. If there is a disagreement, the wine is replaced," they said.

Having spoken to real life restaurateurs, it seems the figure of the maitre d' with his toy hauteur, ready to quell any diner impertinent enough to air his grievances, exists only in our imagination.

A friendly sympathetic fellow who honestly wishes to hear our opinions is more like it.

Therefore, as diners out, we must not hesitate to say what we feel, otherwise we'll get the restaurants we deserve — joyless establishments specialising in turnover rather than quality.

20M 27/5/82
Wine
Protectionism

leads to sour grapes

THE idea of imported wines being the most expensive bottles on the liquor store's shelves seems something of the past.

When comparing local and imported wine prices one should perhaps look at what the middle market is drinking.

The middle end of the European wine spectrum is not of course the Nuits St Georges and the Lafite Rothschilds at R20 to R50 a bottle. There are as few people in France prepared to lash out to that extent for their daily tipples as there are here.

And whereas everyone will avoid bulk plonk which sells under R1 a litre if they can help it, the respectable generic wines such as Bordeaux Blanc and Cotes du Rhone represent the daily drink of the French middle class.

Curiously, however, they seem more and more as if they are to become the daily drink of the South African middle classes too.

Walk down those liquor supermarket shelves and you will find French, German, Italian and Portuguese wines selling at R2,50 to R3,50 a bottle.

That's pretty much the selling price of South Africa's better known branded wines.

Yet these wines have travelled 10 000km with duty, excise and the new 10% surcharge — and as often as not an importer's or agent's commission.

Unless they are undrinkably bad they stand out as an indictment against the South African wine industry.

It would be almost too easy to accuse the wholesalers of unreasonably high profit taking. But a simple scrutiny of their financial results shows no unduly high profit margins and in general a better performance with spirits than with wines.

None of the great wine wholesaling enterprises grow their own wines to any measurable extent. They are dependent on contractors with independent farmers, their co-operatives or individual producers.

If South African table wines are more expensive than their European counterparts and if the wholesaler merchants aren't getting too rich along the way then the cause of the

relatively higher basic price must lie at farmer level.

The South African grape farmer is protectively law against the possibility of not making a profit: all wine and grape farmers must be affiliated to their national co-operative — the KWV.

The KWV was created with the express purpose of regulating the industry and is a quasi-governmental body with powers entrenched in various acts of parliament.

It determines who may farm grapes and who may not and in order to regulate the industry it fixes minimum price levels for grapes wines and spirits.

It goes without saying the moment you have an authorised minimum price the basic capitalist market regulator of supply-and-demand becomes irrelevant.

Why produce efficiently or take care over quality if a certain minimum price has been guaranteed?

And if the minimum price is to be paid against a certain volume you have produced why concern yourself with quality when your income is determined from the weight of your yield?

It is this system which has created the two major shortcomings of the South African wine industry: a surplus of unsaleable and insubstantial table wines and a shortage of premium quality wines.

The two grape varieties which predominate in the Cape vineyards are Steen (Chenin Blanc) for whites and Cinsaut (Hermilage) for reds.

Together they account for over 40% of total vineyard plantings. While it is true both can be used for the production of quality wines (Steen used to make Edelkeur and Premier Grand Cru) the majority of these plantings are intended to yield prolific volumes.

Wine is a product where, paradoxically, quality is generally in inverse proportion to quantity.

Varietals with high yields tend not to enjoy the same reputation as those which produce less. When a vine is forced to yield less, through rigorous pruning and a relative shortage of water, its crop is of infinitely better quality.

In other words most farmers cultivating Steen and Cinsaut are looking to the volume rather than to the quality.

Their rationale makes perfectly good economic sense. They are virtually guaranteed a minimum price of about 35c per litre of wine.

MICHAEL FRIDJOHN, well-known writer on wine, blows

the whistle on the South African wine industry. Blatant protectionism has, he says, resulted in local wines — of ten of indifferent quality — being as or more expensive than wines imported from Europe.

resources.

This in turn compels them to increase their levy (an integral part of the minimum wine price) so the minimum wine price itself becomes more inflated.

And the higher the minimum price becomes the more expensive all wines especially the popular table wines become.

Consumers then turn to alternative beverages such as beer whose prices have at least kept more in line with inflation.

The wine market declines — or at least does not grow at the rate that it should — so that further expense is incurred by organisations such as the wholesalers and the KWV in order to promote wine.

This marketing/pricing anomaly is not unique to the wine industry. It is a feature of South African agriculture.

There's something rotten with the state of our agriculture and the wine industry epitomises this.

All wine farmers in South Africa are affiliated to the KWV and all of them benefit from the quota system and the minimum good wine price.

The Wynboer — official publication of the KWV — has a regular car review section specifically directed at the luxury vehicle market. Since most Wynboer readers are wine farmers, unless advertisers have hopelessly misread the readership profile, we are clearly not looking at a financially disadvantaged group.

Yet wine farmers constantly demand protection. Like their colleagues in maize and dairy farming they have achieved a government protected domestic price for their product which is well above international rates despite the lower land and labour costs in South Africa.

It would seem as if an industry, such as wine farming, protected from the economic realities of supply-and-demand, has become so inefficient and uncompetitive that the farmers themselves are essentially correct when they advise that without requested increases, their businesses will become unviable: they've

never had to operate efficiently and competitively and it's too late now for them to learn.

If you take into account higher transport, duty and handling costs and the additional financing charges incurred in bulk overseas shipments, a quality imported wine at about R3 a bottle is nothing short of miraculous in the light of the South African experience.

Wines of this calibre leave Europe at R12 — R18 per case — not much more than the absolute cost price to the wine merchant of the cheapest case of South African wine delivered to Johannesburg.

Italians are still able to export wine for about 30% less and a French wine of approximately the same quality as our cheapest plonk could certainly leave France for about 25% less than the equivalent South African product.

This more than political problems, is what dooms the South African export effort. The cost of this export effort is borne partly by those companies big enough to participate in large scale export drives and partly by our discriminatory system of taxation which, by allowing tax benefits for exports, effectively subsidises the whole activity.

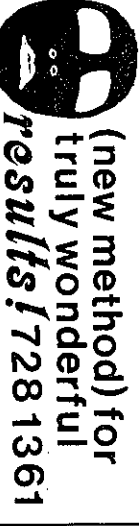
The situation is not likely to improve in the foreseeable future: the KWV rules the industry with the iron hand of the vested interest groups it represents.

Product innovations are limited to farms with existing quotas and then only under the strict control of the authorities. Prices have increased ahead of the inflation rate for the last few years and show no sign of slowing down.

When you next think of how nice it would be to drink wine as the French do — as a natural complement to the meal — it may be difficult to console yourself by noting that wine farmers here are the victims of their own greed.

Wine has been priced out of the popular beverage market and every bottle of wine sold subsidises an inefficient poverty-pleading farming community rich in political influence and German luxury cars.

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(Continued on Page 3, col 4)

Farmers are guaranteed a maximum price fixed by

the guaranteed price to the farmers leaves the producers unstimulated and uncompetitive.

In rate retailers say that

South Africa, Mr Swanepoel said.

the marketing price in

fix the farmer's price, not

farmer whose production costs are higher. We only

million is paid by the consumer and R140-million is levied by the State as excise duty.

Figures show that R140-million is invested in the industry by the producers. Their gross income is

R700-million — R600-million is used for distilled

wines — distilling wine for

brandy blending, white

spirits, gin, vodka, fortified

spirits and rebate wines.

COSTS

Like any other agricultural commodity the desirability of the product makes it expensive and this does not exclude the farmer whose production costs are higher. We only fix the farmer's price, not the marketing price in South Africa, Mr Swanepoel said.

QUOTAS

KWV, a co-operative with statutory authority to fix quotas and prices for the farmer, has to obtain the approval of the Minister of Agriculture before quotas and prices are fixed by the quota committee.

Figures show that R140-million is invested in the industry by the producers. Their gross income is R700-million — R600-million is used for distilled

percent of production is now used for distilled

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90-million litre wine surplus but price

to go up

By Glynnis Underhill

WHILE South Africa's wine industry is experiencing a 90-million litre surplus, the consumer will be hit by spiralling price increases in wine next month.

The wine-lake has been blamed on a 'monopolistic over-regulated industry' where 'free market forces have no effect.'

KWV, which represents 6 000 wine-growers in South Africa, has been accused by angry people in the trade of fixing quota and price control systems which have led to a wine surplus and a dip in consumption.

DECREASE

The decrease in demand for wine in South Africa started in 1976 and has been plunging steadily since. In 1975 the official consumption figure was 11 litres a head and the 1979 figure has dropped to 8.8 litres a head.

A spokesman for KWV, liaison manager Mr Chris Swanepoel, said that most of this wine surplus consisted of wine for distilling and not consumption.

Angry wine farmers are incensed that only a small percentage of the total wine production is drunk as natural wine both in South Africa and overseas. Out of 693-million litres produced, only 265-million litres are not used for distilling.

MARKET

'We have to look at the market and see what it can take. It could be the high prices but the trend among coloured people in the Cape, for example, previously our biggest market — has been towards more expensive drinks. The lower end of good wine section will be used in distilling if there is a lower rate of consumption,' Mr Swanepoel said.

Even farmers who have been upgrading their grapes will receive less if the wine is used for distilling purposes. Ames said 10 percent of production is now used for distilled wines — distilling wine for brandy blending.



GRAPE FARMING

3 Wine FM 11/6/82

Independents in ferment

Independent grape producers claim they have evidence that KWV is using its influence with co-operative wine cellars and with Cape Wine & Distillers to maintain a rigid ceiling on the quantity of grapes they may deliver direct to wholesale producing merchants.

There are about 200 independent wine grape producers who operate outside the co-operative winery movement on the one hand, and the estate producers on the other. Together, they are an elitist group of growers who practise progressive viticultural techniques for the production of specialised wines. The grapes they deliver to wholesale producing merchants in terms of long-term supply contracts carry a substantial premium on the minimum good wine price of R36,47/Hl.

In terms of the Wine and Spirits Control Act 1976 and on the recommendation of KWV, the Minister of Agriculture determines the tonnage of grapes that may be sold outside the co-op system. That quota is currently fixed at 43 000 t, which converts to about 27,3m l of wine at 20°.

KWV chairman Andre du Toit makes no secret of the fact that he dislikes the practice. He says if it is allowed to proliferate it will undermine the co-operative winery movement and destabilise KWV's system of careful production control. He says independent wine grape production and sales enable the wholesale merchants to pick the eyes out of the wine crop to produce quality wines, leaving the co-ops with the scraps.

The Association of Independent Wine Grape Producers counters that KWV and the Ministry of Agriculture have violated the spirit of the 1976 Control Act which was intended to "regulate" the volume of grapes sold to wholesalers, not to "restrict" it.

The association says that because of KWV's uncompromising attitude toward the independents, 3 000-4 000 t of this season's noble wine grapes had to be disposed of at distilling wine price (R27,03/Hl). Because of the bumper 1982 crop, the 43 000 t quota was exceeded by both the independent growers and by the wholesale producing merchants on their own farms.

Independent growers have a total production quota of 108 815 t. Farms owned by the wholesale merchants have a total quota of 14 045 t.

If the present delivery quota of 43 000 t is not increased to accommodate increments in production, independent growers will be forced into unacceptable alternatives — to become estate wine producers (requiring very heavy capital outlays), or to join a co-op winery. (The FM was told this week of at least one independent producer who was

turned down by four co-operatives. Unable to find a buyer for his grapes, he was forced to deliver to KWV at the distilling wine price).

The fixed quota regime is not only affecting the independent grape producers. It is inhibiting the ability of small wine houses like Union Wine to expand the volume and range of their quality wines (so-called hp wines).

Oftake from the 43 000 t entitlement is based pro rata among producing merchants on their historic purchases of grapes from independent producers.

Union Wine's problem is that it is having to work off a narrow base. Worse than that, it is unable to increase purchases of noble cultivar grapes, for which demand is most buoyant, because its cultivar mix was limited from the start.

Unlike Oude Meester and SFW, which maintain huge sales volumes for a wide range of light wines at all price levels, Union Wine based the development of its hp Bellingham range on the production of the Bellingham estate at Franschoek and on direct purchases of quality grapes from a handful of independent growers who concluded long-term supply contracts with the company. Worse still, the production of Bellingham estate is reckoned into Union

Wine's share of the 43 000 t quota.

Ordinarily, 43 000 t of shy-bearing cultivar grapes would be enough to supply the entire hp market in SA. But what really happens is that more than 50% of these deliveries comprise cultivars such as Steen, Cinsaut, Palomino and other heavy bearers, most of which are delivered to wineries belonging to Oude Meester and SFW, who take the lion's share of the 43 000 t of grapes.

In practice, this means Oude Meester and SFW may increase their intake of quality grapes by simply "negotiating" with their traditional suppliers to deliver less of the prolific cultivar grapes. In other words, within the constraints imposed by KWV, they have plenty of scope to increase supplies simply by varietal substitution. Union Wine, on the other hand, does not have that scope, because it has traditionally confined its purchases to quality cultivars.

Nor can the company overcome its problems by taking its requirements from the co-op cellars, many of which are heavily undersold on noble cultivars (with the exception of Riesling). Most hp lines are the products of careful blending by winemakers with a thorough knowledge of the viticultural pedigree of the grapes that go into the wine. Having established a quality label, they devote all their skills to maintaining quality standards.

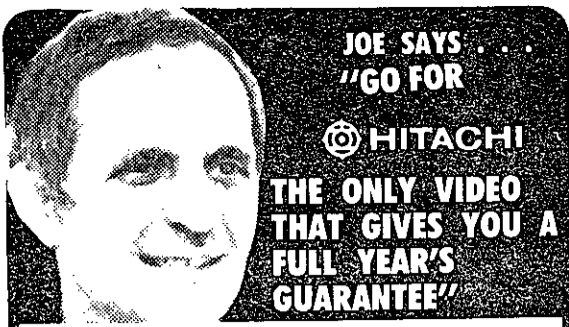
This is not readily accomplished when fermented good wine is bought from the co-ops, because such wine is usually made up of grapes delivered from any number of farms. The winemaker, therefore, has no control over events preceding the press and, in the view of many oenologists, this is crucial to the making of quality wine.

The restrictive system of grape purchases is also unfair to farmers, many of whom have restructured their vineyards to produce more quality cultivar grapes. Having chopped out heavy-bearing varieties to increase production of noble grapes, many are now faced with the prospect that, when installed capacity is brought to the limits of their farm quotas, the additional tonnages of grapes will have to be delivered to the KWV as distilling wine. This is because, in the case of those contracted to Union Wine, the company is unable to buy that additional tonnage.

Clearly, this is a penalty on initiative and enterprise because it forces independent growers into unacceptable alternatives — to become estate wine producers or to join the co-op movement. Neither alternative is acceptable to Union Wine's contracted grape producers. The new Minister of Agriculture should intervene to put an end to this iniquitous restriction.



Grape harvest . . . more restricted than regulated



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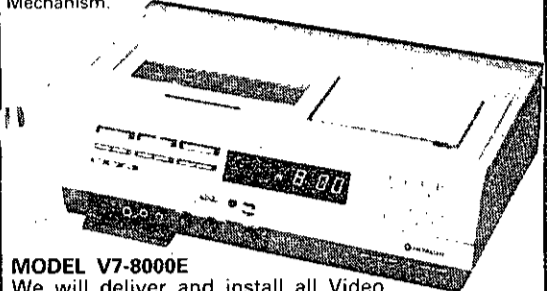
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③ Wine
Mercury
19/7/82

By Gavin Jack

NOT only does the KWV bear the father image, it is both the father and the mother of the South African wine industry. Like all good parents, it tends to be autocratic and it knows full well what is good for the family — even though quite a few of its members disagree with this; again just like most families.

It is probably so autocratic because its founder and first chairman, Mr C W H Kohler, was a very dominant personality and he ruled the 1 807 members with a rod of iron.

From the very first, he was totally jealous of the position of the KWV in the industry and strove to ensure that it remained in complete control.

Today, there are 8 000 members, and it would not be wrong to say that this vast increase was entirely due to that man of iron, C W H Kohler and the subsequent chairmen who followed in his footsteps.

The KWV arose in the first place because of over-protection. In fact, way back in 1904 there was a wine lake just as there is one today.

The Governor of the Cape appointed a commission to investigate the matter and five co-operatives were set up to control the situation.

But these just did not have the powers to control the state of affairs and it was not until 1917 that the same C W H Kohler, then chairman of the Paarl Farmers' Association, persuaded the Government that a centralised body was needed and that he was the man to head that body. This was the start of the KWV.

The basic principles he enunciated were that home market consumption should be laid down and controlled and then the balance exported.

Moreover, a fair price had to be given to the farmers, and, to enable them to do this, the constitution stipulated that all wine sold had to pass through the KWV and it in turn would compensate the farmers.

This worked reasonably well, although some farmers cheated and sold their produce for a better price outside the Co-operative.

So several more bites of legislation had to be undertaken and the farmers were soon dragooned into compliance with the laws.

There can be no doubt that the wine industry as a whole benefitted from this.

The main functions of the KWV have been described as follows:

To promote the interests of South African wines; to develop the export market; to encourage the production of quality wines; and to safeguard the interests of both the primary producer and the consumer of South African wines.

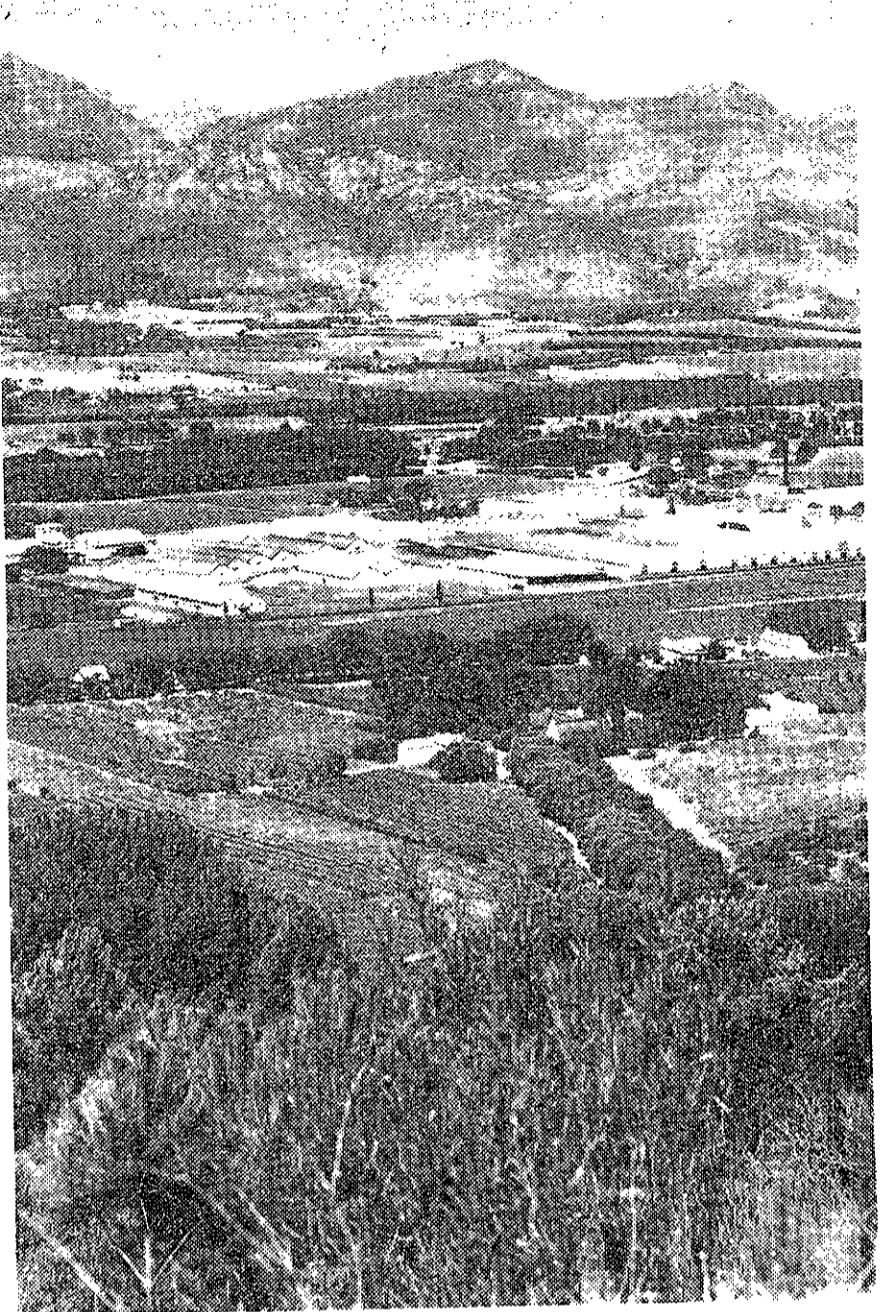
With those ends in view it has enabled South African wine growers to lay down stocks for maturation — an expensive business. Through their co-operative the wine farmers now have vast cellars and distilleries in Paarl, Stellenbosch, Worcester, Robertson and Montagu with a total capacity of 2 300 000 hectolitres — not a small figure by any means.

The wine farmers are represented on the KWV by a board of directors, elected by themselves in eight different districts.

Twelve directors are appointed from these eight different districts and they are all men of standing and highly thought of as viticulturists.

In the main, KWV is responsible for 80 percent of the wines exported from South Africa, although today some of the very big merchants are taking a greater and greater interest in exporting the wines they themselves make.

But even here, thanks to the new conglomeration which the KWV shares with two of the largest merchants, the merchants' endeavours to export their wines are fully backed by the trading organisation the KWV has established overseas in many countries.



PART of the vast complex cellar and distillery complex set up by KWV in the Cape winelands.

The KWV's sales overseas are generally made in bulk although certain of their more highly thought of wines are sold under the KWV label. But the bulk sales generally are made to merchants in other lands.

For example, most South African sherry sold in Great Britain is marketed under the name Cavendish.

As was said above, one of the main functions of the co-operative is to encourage the consumption of wines in South Africa itself. Hence the constant amount of moaning that it indulges in, that South Africans do not drink enough wine.

But to encourage the sale of wines the KWV run a whole series of tastings up and down the land in which a great number of South African estate and co-operative wines are on offer to the general public — generally for free.

The tastings are conducted by a team of very pretty and very well informed young women, who explain to the drinking public what any particular wine is all about, what the public can expect from this cultivar or from that one, and generally these tastings are a great success.

The KWV certainly has taken care of the interests of the farmer and is trying very hard to persuade the public to co-operate in its endeavour to raise the standard of wine

drinking.

It will continue to do so for the men and women down at the headquarters at Suider Paarl are very devoted people.

There are grumbles, of course. There always will be, coming from both the wine farmers and from the public, but there can be little doubt that the end result of the establishment of this co-operative has been a good one, and it can be cheerfully anticipated that it will continue to be good.



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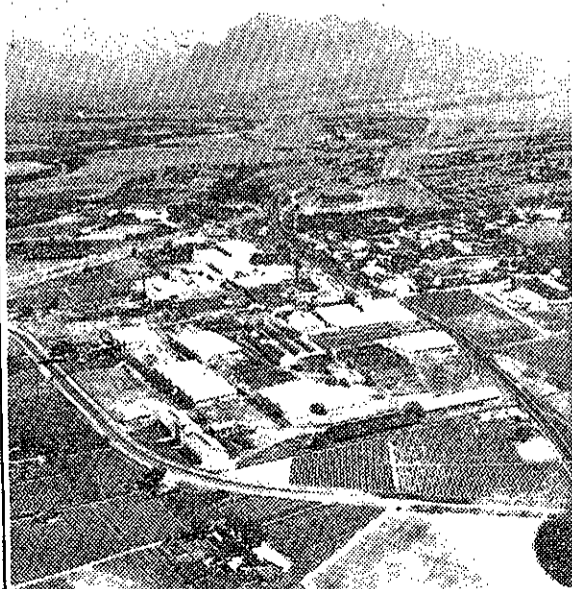
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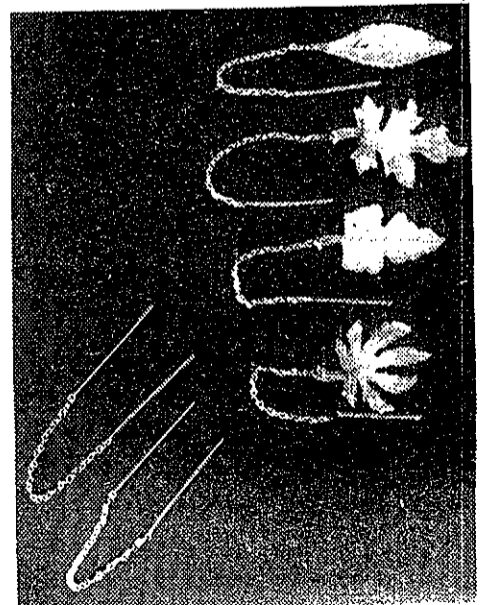
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Lone crusade in Hex River Valley

A YOUNG social worker — Mr Chris Botha of Worcester — has launched a lone crusade, backed by the Worcester Child and Family Care Society and the Hexvallei Community Development Committee, to improve social, work and living conditions for farm labourers in the Hex River Valley.

He and the Hexvallei Committee have realised, after being in operation for a year, that more resources — both human and financial — than are currently available will be needed for this mammoth task.

Anyone interested in the project, particularly farmers, is invited to attend a symposium at De Doorns Voorbereidingskool Hall at 2 pm on Monday January 25.

The aim of the symposium is to thrash out ideas for accumulating funds. Among the guest speakers will be Mr Piet Badenhorst, Deputy Minister of Internal Affairs.

To set the scene Mr Botha has released to The Argus a copy of a report he has drawn up, identifying the problems in the area.

Vineyard families live 'in squalor'

Argus 22/1/82

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AMID the orchards and vineyards of the Hex River Valley — probably the most densely populated farming area in South Africa — thousands of lives are lived out in deprivation, misery and ignorance.

This is the sad fact brought to light in a comprehensive report drawn up by a young social worker, Mr Chris Botha, who is dedicated to improving conditions for farm labourers in the valley.

Not only does he hope to serve the interests of the labourers with his task, but he is certain that the fruits of his labours will also be seen in improved productivity on the farms — an inevitable consequence, he feels, of a contented workforce.

Lack of sanitation is but one of the many concerns Mr Botha found with the housing of farm workers.

He says that on 83 of the 172 farms in the area there were shortcomings in the housing, judged on the standards laid down in health legislation.

According to the clinical medical officer these shortcomings are limited to broken windows, dirty walls and poor sanitation, and may, in nearly all cases, be attributed to the low living standard of the farm labourer as well as a lack of proper supervision by some farm owners.

Houses in the De Doorns municipal township are all, according to Mr Botha, overcrowded — most families consist of between eight and ten members.

There are six primary schools in the Valley, four of which provide education to standard four level, one to standard five and one to standard six.

Attendance figures show that few pupils progress as far as the highest standard, most reaching only standard three or four. The schools operate on a double-shift system.

Mr Botha wants the local schools to take more responsibility for the broad education of children, and suggests that teachers be better schooled in dealing with children from problem homes.

The report goes on to bemoan the lack of many facilities, such as libraries, transport and tele-phones; and reveals that a high percentage of chil-

Rape ro S-G quii

Argus Bureau

LONDON. — Mr Nicholas Fairbairn has resigned as Solicitor-General for Scotland as a result of the uproar over the Glasgow gang-rape.

Before resigning yesterday Mr Fairbairn apologised to the House of Commons, and in a letter of resignation to Prime Minister, Mrs Margaret Thatcher, admitted that he had made 'errors of judgment.'

Mr Fairbairn, already under the whip over his decision not to prosecute three youths who gang-

Lord Crown of fer diffi him, an decided to drop any case rape sh before th evidence, out refe

He sal psychiaf mining U ted that, ance woul risk of s this it wa would no proceed.

But the the centi, versy sai he was made to 'villain of' Dr Ray clared: 'A say there prosecutic have 'bee' would ha I had de gave an a woman's, and made finding.'

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POPULATION

The total population of the Valley is 11140

BUCKET

The total population of the municipal area...

coloured people and 2 303 blacks.

Mr Botha's chief concern is with the coloured people. One of the main problems, he has found, is over-crowding of small houses with large families.

At the root of this appears to be the high birth rate, because of a reluctance to use contraception.

Mr Botha says that in 1980 1 133 coloured babies were born in the Valley, compared with 132 white babies, and this figure seems to rise each year.

ILLEGITIMATE

The majority of these babies are illegitimate, which adds to the problem.

According to a clinical medical officer in the Valley teenage girls, between 16 and 17 years old, have an 'obsession' to bear a child.

The girls regard a baby as a status symbol — a means of gaining acceptance as adults.

Mr Botha has discovered that the men, too, are often to blame for women refusing to use contraceptives. They feel children add to their personal prestige, and fear that if their women use contraceptives they will be encouraged to be unfaithful.

PROJECT

Mr Botha recommends a large-scale family planning project be launched in the area. Those involved should have respect and patience with local superstitions and outmoded ideas, and a fine understanding of the needs of the people.

He is concerned, too, at the 'shocking' high infant mortality rate, caused mainly by gastro-enteritis.

In this, he feels, farmers could help improve the situation. Farmers' wives should control and encourage clinic attendance, and each farm should see that effective rubbish removal, washing and toilet facilities are available and made use of.

which includes 15 farms, 423 houses rely on the bucket system for their sanitation needs. The buckets are emptied twice a week. None of the houses in the township have indoor washing facilities, and the Municipality finds it a 'headache' to cope with refuse removals.

'Teenage girls have an obsession to bear a child.'

Mr Botha feels housing should not be regarded as merely shelter from the elements, but also plays a role in emotional security and the development of individual identity.

He advocates urgent improvements in housing in the valley, and suggests that the De Doorns municipality — which allegedly lacks funds — petition the Government for improved housing subsidies.

CRIME

There is a high incidence of crime in the area — mainly assaults, drunkenness, murder, rape and housebreaking — which Mr Botha ascribes to the poor socio-economic conditions for coloured labourers in the Valley.

He maintains there is a close connection between misuse of alcohol and crime and suggests that the institution of sport and recreational facilities would go a long way towards solving the problem.

Mr Botha estimates that the 'dop system' still operates on at least 50 percent of farms. Coloured community leaders in the area are deeply concerned about this fact, and some allege that alcohol is still issued to labourers as part of their wages on some farms.

children are malnourished or undernourished.

WAGES

Mr Botha was unable to obtain verifiable information on average wages, but says incomes seem to be adequate during the season. Out of season many families have no income at all, and are forced to look to the nearest towns for work, which is scarce.

He concludes his report with a formidable list of what needs to be done for the people in the area, and has appealed to farmers and their wives to assist wherever possible.

The Hex River Valley has found a good Samaritan; now all Mr Botha needs are the resources and co-operation to fulfil his task for the sake of more than 7 000 people.

FM 29/1/82
 Wine price (3) wine?
KWV showdown?

The board of the KWV may yet pay dearly for last week's price capitulation to militant winegrowers. In November last year growers put forward an uncompromising demand for a 25% increase in the price of both good wine and distilling wine. The board responded this month by announcing a 20% increase in the producer price of good wine from R30,39/Hl to R36,47. At the same time, the price of distilling wine is to be hoisted 15% from R23,50 to R27,03/Hl.

In effect, winegrowers will receive 31,9% more for the distilling wine portion of their crop because the "surplus" portion of the distilling wine crop has been reduced from 38,5% to 29,5%. It should be explained that the surplus declaration is not really a surplus at all, but an estimate of the percentage of the distilling wine crop that will not be sold on the domestic market this year. This means that 29,5% of the 1982 distilling wine crop will be "appropriated" by KWV and converted to products to be sold in foreign markets. Part of the proceeds flow



Grape harvesting ...
 replenishing the wine lake

back to farmers at a later stage in the form of an *agterskot*. Therefore, in the 1982 season distilling wine producers will receive R27,03/Hl less 29,5%, or a direct *roorskot* of R19,06/Hl.

This may be good news for the main body of 7 000 winegrowers who produce predominantly distilling wine and use their voting clout to get what they want. But is it good for wine? The outlook is not promising. By most informed expectations 1982 is to be a year of low real growth and high inflation. For a variety of reasons the vast body of consumers will see their disposable incomes deflated. In the run-up to the 1981 festive season the consumption of natural wine was growing at an annualised 12-15%. Total consumption for the year may well have exceeded 220 Ml. This growth could now be arrested as a result of sharp increases in producer prices at a time of surplus production. Indications are that the 1982 crop could well be another fat one, possibly up to 700 Ml, the fifth consecutive bumper harvest. If promising growth in the good wine market is interrupted, the distilling wine portion of the crop will once again be between 55% and 60% and add hugely to the distilling wine lake. At the KWV agm in June last year, chairman Andre du Toit said he expected the overall surplus to last another five years, with the gap between sales and production running to an upper limit of 100 Ml a year before closing around 1986 with an average crop of about 700 Ml. Last year 33% of the operating surplus of R10,6m was transferred to reserves to finance expansion of the KWV's storage capacity, then running close to 290 Ml.

Wholesale producing merchants are uncertain about the effect of the producer

price increases. Standard-price wines will cost 13% more on average, spirits about 8% more. But the price of middle standard wines sold in the bag-in-the-box has been increased 19%. This packaging innovation, which was almost exclusively the prime mover behind last year's revival in the wine market, does not carry a large margin for the wholesaler because of the high wastage factor (R1,50 on a 5 l container). Thus any increase in the cost of input has to be passed on. Glass jugs, on the other hand, are capable of 10-12 trips between winery and consumer. Jugged wine will therefore reflect a much smaller shelf price increase. Consumption of table wine could receive a minor boost in March if Finance Minister Horwood sticks to his undertaking to abolish existing excise duty of 3c/l. In a full year this would cost the Exchequer R6,5m, but can Horwood afford it?

(3) Wine ~~252~~ Jan 12/2/82
Cape Wine leaves Jan with sour taste...

Picbel chairman. Mr Jan Pickard, believes that the only thing Cape Wine succeeded in doing last March was "to demonstrate the lengths to which they would go in order to create monopolistic conditions in the wine industry."

Referring to the "unfortunate Union Wine bear squeeze" in the latest Picbel annual re-

port, Mr Pickard says the situation arose after the Kirsh group and Union Wine had reached an agreement to join forces and after Kirsh had made an offer for the Union Wine shares held by outside shareholders.

"During the days that followed it became obvious that some other party felt threatened by this of-

fer and tried to buy sufficient shares to with Kirsh."

block our arrangement Referring to CWD's alleged monopolistic tendencies, Mr Pickard said: "We believe healthy competition is one of the cornerstones of our free enterprise system and we cannot condemn strongly enough the groups whose efforts are directed against this."

Major changes took place within the Picbel group during the financial year to June 1981 which helped the group to record a substantial growth in earnings and double its dividend payment to 16c a share.

Mr Pickard agrees with the general opinion that the weaker rand, high interest

rates, the weaker gold price and the continuing high rate of inflation will all make 1982 a difficult year.

In view of the slower growth rate he believes that the increase in earnings during the current financial year will be at a slower rate than in 1981. — Aram Crotty.

* * *

The Cramer Company recently conducted a study to determine the job elements that influence employee motivation. Managers in several of the company's plants were asked to identify groups of employees with high and low quality output. Information was gathered from the foremen of the groups and from some of the employees. The general finding was that several factors associated with poor workmanship were also associated with a lower motivation level. This study suggests that, by improving these factors, a supervisor can improve the quality of output and the job satisfaction of his employees.

(F)

* * *

As today's supervisor well knows, many drastic changes are taking place in factory job patterns. Management is beginning to take a hard look at traditional job design to find ways to improve it. Social trends suggest that poor job motivation might lead to even more critical problems in the future. The trend toward increased education means that the work force will want to perform more meaningful and challenging jobs. Surveys have shown that the more education a worker has, the less satisfied he is with factory work. And attitudes toward authority are changing. Today's workers want to have a say in determining what they do and how they do it. Thus, it seems logical to expect that supervisors who try to reverse the trend toward oversimplifying tasks should have an advantage in holding employees in tight labor markets.

(E)

ARGUS 26/2/82 ~~11~~ 3 Wine

Moonlighting grape pickers are the toast of a Boland estate

THROUGHOUT the Boland, grape harvesting continues from dawn to dusk but on one Tulbagh estate the pickers are all asleep by day — they do their picking by night.

Using miners' lamps and working from 8.30 pm until dawn, the pickers of Twee Jonge Gezellen are enabling a significantly improved wine to be produced, according to the wine-maker, Mr Nick Krone.

Experiments over the past few years at the famous estate have shown that grapes picked in cool conditions produce a superior juice than those picked while the sun is shining.

'You know, we spend a whole year working hard to produce the best possible wine, it would be such a pity to spoil it in any way,' said Mr Krone.

A small quantity of grapes is being picked during the day to provide a comparison with the wine produced during the night-crushing.

Mr Krone said mechanical picking was done at night overseas but he had yet to hear of anyone else who had pickers working at night.

'The flavour lies close to the skin and when it is warm much of the best of the grape is lost to evaporation,' said Mr Krone.

'One of our biggest problems is oxidation when the grape is picked and this causes the loss of amino acids. By picking in the cool night air this is significantly reduced.'

Mr Krone said there were indications that the sugar content of grapes

was also altered during our workforce. We have a productivity has increased for piece work, had in the day to the detriment seven-man liaison team greatly and there is a real creased their shift's out of the juice. whose job it is to motivate our many part-time carnival atmosphere here put from 70 baskets, a shift to more than 100 not do this without the workers. He said his best because of the more pleasant harvesting conditions. complete co-operation of 'We have found our pickers, who were paid ant harvesting conditions.

(1) Premiums Treated as Business Expense	
01, Jan 1: Insurance Expense	300
Bank	
being payment of premium	
Income Statement	300
Insurance Expense	
being closing entry	
Years 02 and 03 - same as 01	
04, Jan 1: Insurance Expense	300
Bank	
Income Statement	300
Debtor (Insurance Company)	
Income from Life Policy	
being accrual of proceeds receivable	
Jan 2:	24 000
Income from Life Policy	
Income Statement	24 000
being closing entry	
Jan 2:	300
Income Statement	
Insurance Expense	
being closing entry	
Jan 31:	24 000
Bank	
Debtor (Insurance Company)	
being receipt of proceeds	

(2) Premiums Treated as an Asset

WINE ^{(3) Wine}
Keeping quotas

FM 5/3/82
The KWV remains strongly opposed to the removal of statutory control over the national wine production quota. The quota restricts entry to wine-growing, except through the purchase or inheritance of land which bears a production entitlement registered in the title deed.

KWV is presently engaged in its routine annual review of quotas, but senior officials say it is unlikely that the next general review, followed by a recommendation to the Minister of Agriculture to sanction expansion of the total quota, will take place for a number of years. Although some upmarket quality wines are fast running into short supply, it is unlikely that some sort of equilibrium between total demand and supply will be achieved much before 1986.

Total permissible plantings of wine grapes now amount to a theoretical crop of about 1 100 Ml, compared with a recent production run of about 700 Ml. The gap represents acreage planted but not yet in pro-

duction, portion of quota not yet utilised and quota-bearing land that has been withdrawn for dam and road construction, township development and so on.

According to senior officials at KWV, there is a theoretical possibility that the gap could, in fact, get bigger. More and more growers are beginning to respond to changes in the pattern of demand for wine and are ripping out heavy-bearing cultivars like Cinsaut and Palomino and substituting shy-bearing noble cultivars. The difference in yield/ha would be more than 20 t in some cases.

According to KWV's latest survey of plantings (at October 15 1980) there were 315.6m wine grape vines planted on about 105 000 ha. Chenin Blanc, which used to make up about 12% of plantings, has increased to 28% in the past 20 years. Cinsaut and Palomino plantings have declined by a similar percentage.

Because KWV refuses to grant new quotas on an ad hoc basis between formal five-yearly reviews, would-be growers planning to open up vineyards on land that does not bear a statutory entitlement are stymied unless they buy or hire land that has a quota. This is a harsh restriction that could be retarding quality development. There have been suggestions that KWV should consider introducing a split quota, one for heavy-bearing types that normally convert to distilling wine or are used to blend into standard price wines; and another for low-yielding grapes. KWV says this is unnecessary because any grower is free to plant cultivars of his own choice, so long as the volume of production does not exceed entitlement.

This remains largely an academic argument while the price differential between distilling wine and good wine is too small. But with more and more co-op wineries operating premium wine pools on behalf of wholesale producing merchants, an increasing number of growers are beginning to reap the benefits of up-grading their production.

Cheers, America!

③ Wine 5. Times 7/2/82

AMERICANS should soon be drinking Cape wines when almost a million litres flow into their bottle stores next month.

The R2-million deal is a major breakthrough for Stellenbosch Farmers Wineries, which clinched the deal this week to make South African wines more widely known in the United States.

Man-in-the-middle is confident importer Sam Scaravelli, who will act as South Africa's unofficial wine ambassador in America.

In South Africa to tie up the deal, Mr Scaravelli beamed with delight this week and raised his glass to toast the "excellent quality" of the four table wines he will distribute throughout the USA.

"Americans deserve South African wines," says the entrepreneur.

"The quality is outstanding and comparable to anything from other major wine producing countries."

"And besides that, you've got such a beautiful country with such wonderful people — I'm just so excited about the deal."

Slipping one of the wines at a luxury beachfront hotel in Cape Town this week, Mr Scaravelli said the American public was receptive to new products and the South African wines should generate a lot of excitement.

The deal with SFW is a breakthrough for Cape wines — previously only limited quantities of this country's wines have trickled into USA restaurants and homes.

And although Mr Scaravelli and SFW's export manager, Fiks Nel, are cautious about making predictions, they hope the tide will swell to a point where Cape wines grab a significant slice of the lucrative US market.

To pave the way for this possibility, Mr Scaravelli chose SFW's "Famous Four" wines — La Gratitude, Tasheimer, Chateau Libertas and Lanzerac Rose — and Americans should be enjoying them within two months.

Negotiations between SFW and Mr Scaravelli's family business, Centurion Wines and Spirits — based in

Cleveland, Ohio — began six months ago and the deal was clinched in Stellenbosch this week.

"We're thrilled that the Famous Four are going to be represented in the USA — their first export market, even though they have been our backbone for 50 years," says Mr Nel.

Mr Scaravelli's palate was first whetted to South African wines nine years ago when he drank a bottle of 1971 Oude Libertas Cabernet Sauvignon.

But more recently, he tested the Famous Four on the American public and delegates to a distillery congress

SA wine
will
sparkle
in the
States



Sam Scaravelli... "so excited"

By MIKE HEWITT

— and all of them were overwhelmingly enthusiastic in their response.

"Initially we will export 100 000 cases over a year, but with Americans on their way to drinking a billion gallons of wine a year by 1990, there is a positive future for imported wines, which already hold 30 per cent of the US market," says Mr Nel.

And although the Famous Four will be well within the reach of the average American consumer, he and Mr Scaravelli concede that many of the imported European wines will sell more cheaply than their South African competitors.

Pop producers run short of gas

Sunday Times Reporter THE nationwide shortage of soft drinks in bars, hotels and elsewhere will continue for a few weeks at least.

The president of the South African Federation of Soft Drink Manufacturers, Mr Hennie Viljoen, said there had been several major reasons for the shortage in the past few months.

The problem started in October when makers began stockpiling for the top-selling summer months and had to contend with a bottle shortage.

In addition, he said, manufacturers did not predict such high sales figures for February.

Then came the major problem... a shortage of carbon dioxide.

"There was an explosion at the Fedmis fertiliser factory at the Strand which cut the

Cape supplies of carbon dioxide.

"The gas had to be supplied from the Transvaal.

"Soon afterwards, two explosions — one in January and one in February — occurred at the Modderfontein chemical plant on the East Rand and carbon dioxide supplies had to be rationed," said Mr Viljoen.

He said the factory has temporarily closed its ammonia plant which supplies the soft drink industry with about 80 per cent of its carbon dioxide.

An industry spokesman says the soft-drink trade in South Africa is seriously considering other suppliers of carbon dioxide.

He says thought is being given to the possibility of the industry setting up its own carbon-dioxide producing plant.

WINE CROP (3) Wine FM 19/3/82

A real skintful

The Cape wine crop is heading for a double record. Volume looks set to exceed last year's all-time high of 7,1m hl and the quality, in the view of many, is the best in living memory.

But as cellar masters look for superlatives to describe the crop, a basic irony emerges — some co-operatives have reached the limit of their capacity to accommodate it.

Further, the 1982 bounty has regrettably arrived at the same time as the portents of a business downswing, to which the KWV responded earlier this year by raising the minimum price of good wine by 25% to R32,95c/hl. This should depress consumption and interrupt the promising growth trend that emerged last year.

An unacceptably high portion of the 1982 crop will therefore have to be burnt off as distilling wine.

Punitive interest rates and the physical limits to storage capacity will make it impossible to hold. And the pricing system will make it impossible to dispose of in the form of good wine.

In a more flexible pricing regime, it would have made sense to respond to a deepening recession by allowing good wine prices to drift below the statutory minimum of R32,95/hl. This would have been preferable to consigning wine unsaleable at that price to the stills at the minimum distilling price of R23,50. Clearly more farmers would be willing to sell at, say, R30/hl than see quality grapes burnt off at R23,50.

The prospect of a million-ton crop during a recession could have a number of consequences. As far as competition is possible in a minimum price regime, there is bound to be stiffer price competition between the co-op wineries and the wholesale producing merchants in the lower reaches of the natural wine market.

Price competition between the two sectors is limited by the system of statutory minimum add-ons to the minimum good wine price. Yet there is an area where the co-ops, with their built-in advantages over the wholesale merchants, could gain a strong position in the market.

The obvious zone for the co-ops to mount their onslaught is in plastic containers of 2,5l where the minimum add-on is 22c/l (excluding carton sleeve) or 27c/l (with carton sleeve). This compares with add-ons of 67c and 73c/l in respect of 750 ml cork-closed glass bottles of table wine.

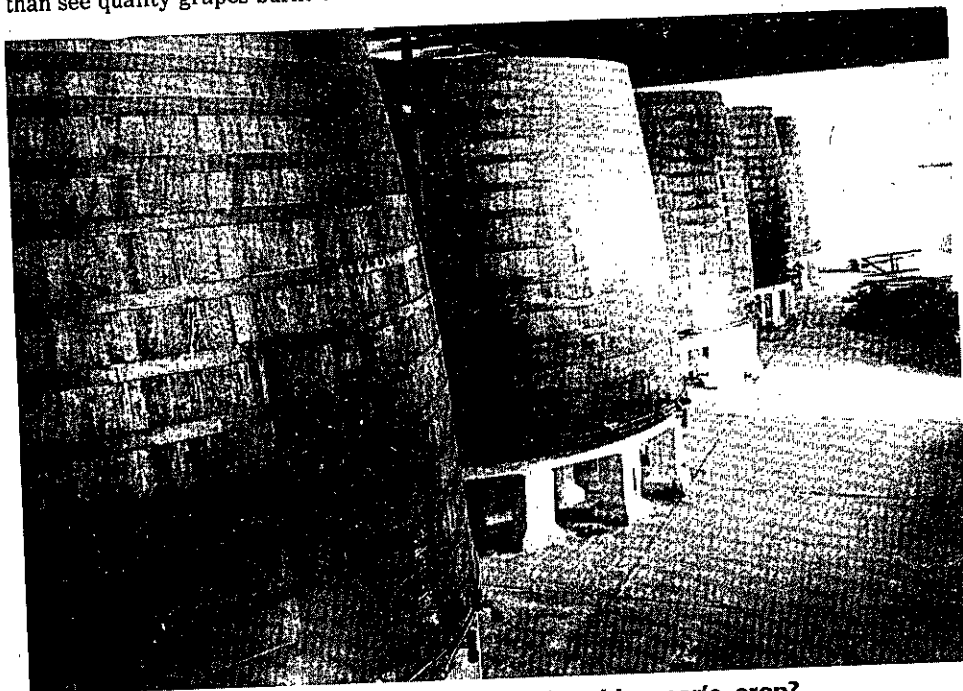
The notorious 25l plastic container, known as "swart varkie", will be outlawed from July 1 this year. With an add-on of a mere 21c/l, it was a great vehicle for moving vast volumes of plonk. Co-ops need something to replace it and the 2,5l plastic container with a low add-on seems the answer. In Stellenbosch there is talk that the co-ops have ordered millions of the containers.

Last year, verifiable direct sales of wine by the 72 co-op wineries was a highly respectable 21,8m l. (Estate wine producers

sold 4,5m l.) Sales by wholesale co-ops are not included in this figure and could add a few million litres more to the total.

If the recession drives more consumers to low-priced wines, it will interrupt what the wine industry regards as a highly encouraging trend. Sales figures show that while total natural wine disposal rose 13,7% from 184m l to 209m l last year, sales of low priced wines fell 26% from 84m l to 62m l.

At the same time, sales of medium-price wines rose 97% to 77m l — almost entirely due to the bag-in-the-box revolution. The growth of the Transvaal market was 69%, while that in the western Cape was 97%, reflecting, perhaps, higher disposable incomes and more refined taste among low-income consumers. (Of the 84m l of cheap wine consumed in 1980, 62m l was drunk in the western Cape; And 54m l of the 62m l consumed last year was accounted for by the same region).



Wine vats ... big enough for this year's crop?

X1

SFW and Oude Meester, which are both operating companies in Cape Wines and Distillers (CWD), won 33 medals each in the international wine and spirit competition held in England recently by the club Oenologique. This gives some indication of the acclaim South African wines are receiving abroad.

And this month, at the prestigious Bristol world wine fair, they will be presented with their medals as will the KWV, Gilheys, and Union Wines, all of whom won awards. But the big feature at this fair is that for the first time all these five member companies of the year-old Cape Wine Exporters' Association will be acting together internationally in full co-operation.

Each member will have its own stand but collectively the R38 000 exhibition area will be called "Cape Wines".

worked out for volumes which are paid for in foreign currency, providing a common definition of "export." These figures are expected to be available in the last quarter. The 50% growth rate in exports, which SFW predicts for this year, and the 100% annual growth rate which Oude Meester claims in its exports division, are reflected in the most recent table of total SA table wine exports, issued by the Oenological and Viticultural Research Institute:

- 1976: 1,26 million litres.
- 1977: 1,56 million litres.
- 1978: 2,82 million litres.
- 1979: 4,05 million litres.

In values, table wine exports have had a three-year growth of 221% with a 197 index of 100 and the 1979 figure at 321.

WINE

Red blue chip

3(wine)
18
4/7/80

With wine exports amounting to R10,3m last year and predictions — considered modest in some circles — that this figure will more than double in the next three years, South African wine exporters can look forward to years of plenty. That is, those who make the quota on both quantity and quality.

In the seventies, the grand old-timer of local wine exports, KWV, shifted over — fractionally as it may have been — to make room on the buoyant international market for other large exporting groups.

Internationally the demand for table wines has been increasing and this is where the "new" exporters have scored, especially in West Germany. This demand has, in fact, been termed the "blue chip" of the export industry. The standards set by South African wines are high. The prices are good in terms of their excellent quality, and true to good marketing practices, competition between the exporting companies runs high.

The competitive streak was illustrated rather well this week by Oude Meester's exports director, Louis Driel, who recently returned from a 34-day business trip to 26 countries. He said of his company's step-brother, Stellenbosch Farmers' Winery (SFW): "We may be somewhat in bed together internationally, but we're still fighting each other..."



Local grapes . . . Impressing overseas drinkers

This will be an example of how co-operation is possible, said Kriel, who admits that competition with fellow exporters is normal in the market situation, brother or no brother involved, but who would like to see forces combined in selective overseas markets where demands are not all that high.

But for the present this isn't a feasible proposition, since each company has its own marketing approach and employs its own overseas people to handle its selling campaigns which differ depending on the market.

Oude Meester, for example, has its own people based in Germany, the UK and the US and goes to much more expense in these countries than in any other, since these are the best markets. The people in these centres handle the marketing campaigns which, Kriel explained, were unlike any others.

"Wine is not something you can push down someone's throat. It's the most per-

sonal of all agricultural products — with a lot of romance attached." That was his personal marketing bit.

Each buyer liked to believe they had discovered "a new thing" in wine and the "slowly, slowly catchee monkey" policy was the one that worked best, he said.

Mr Peter Millin, assistant marketing manager of KWV and secretary of the exporters' association, made the point that the paleffe was the recommendation for SA wines abroad, neither medals nor marketing tricks. First taste of mouth, then word of mouth.

Low-key, classy wine-tasting sessions in the right atmosphere are on the marketing cards, none of the over-exposed mass market gimmickry for SA export wines, which reach tables in Lusaka and London, Blantyre and Bonn, Sao Paulo and Sydney. In fact local wines go to more than 30 countries the world over.

As for concealing the origin of local wines, the exporters are compelled by law to put the labels of origin — bus tickets as they're called in the business — on their products. This, according to one top exporting man was "stupid." A member of SFW's exporting team said his company had never encountered any international bias and had never had to conceal the fact that their wines came from this country.

South Africa at present produces 2,1% of the total world wine production and exports a very small percentage of this amount.

"Our export potential on the overseas markets has been pretty well exploited," said Mr Wally Walters, marketing manager of KWV which enjoyed unchallenged supremacy in the export market from its inception in the 1920s for 50 odd years.

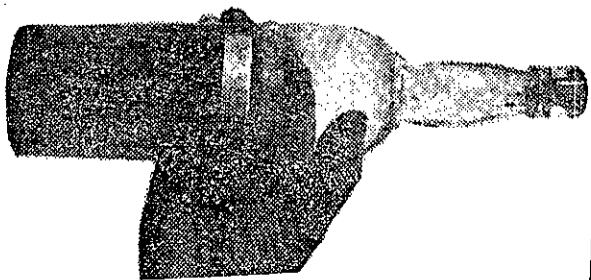
But the "newly initiated" exporters feel differently. "The wine industry has to become more export-oriented if it is to really benefit from the favourable position at the moment," Oude Meester's Kriel says.

The current export statistics of volume and value are at present being compiled by each member company of the exporter's association, which has appointed an auditing company to collate the figures and release these for the industry as a whole.

"We've all finally agreed on a pattern of pooling our figures with an independent auditing company." — again it was the forthright Kriel speaking. He added: "The major reason we don't want to publicise our figures is because at this time we (Oude Meester and the other competing companies) still don't trust each other that much..." The other companies gave more conservative reasons as to why figures could not be given.

Current figures of the five companies will be combined under various headings, including the type of product and the destination of the product. And it has been commonly agreed that figures will be

Grapevines! Witblits on Joobes Tradition



VINTAGE Witblits distilled in 1919 on Good Hope farm in the Stanford district.

AT the end of grape-harvesting time in March each year, a handful of Boland and Western Cape farmers lovingly carry on a centuries-old tradition which recently was saved from dying out.

The art of distilling witblits — or "mamooer", as Herman Charles Bosman and the Transvaalers, to the disgust of blue-blooded Boland snobs, would have it — was in earlier days practised on any farm of note. But now it is restricted to 113 legal licensees countrywide, with only 21 in the whole Cape Province.

They raised a special toast to the Minister of Finance, Mr Owen Horwood, last month when he announced that witblits and mamooer distillers — officially "agricultural distillers" — would be allowed to hand down their licences when they die or if their farms are expropriated.

The licensees state that farmers are allowed to distil 15 proof gallons a year of the potent spirits — literally "white and strong", and also called "Booehrandevyn" — for their own use from produce which must be grown on their farms.

ONLY GRAPES

The law stipulates that farmers in the Cape Province and SWA/Namibia must use only grapes for distilling, while in the Transvaal and Orange Free State licensees may also use citrus, apricots, apples, figs, peaches and pears.

No mention is made of prickly pears — a favourite witblits/mamooer base in years gone by in Graaff-Reinet district, and the source of a "damnlaker" witblits, according to Mr Gideon Odendaal, a witblits distiller of Fairview farm, near Buffeljagsrivier in the South West Cape.

Mr Odendaal — a youthful 71 — has a still ("reitel") made in 1894 by "C W Koch, Robertson" and for him witblits is the drink I enjoy and which I've been distilling all the years.

TRADITION

His first recollection of the process was as a 10-year-old boy "when it was just a thing which happened on the farm" and his son, Willie, 34, will carry on the tradition.

A still consists of a copper pot with a copper "helmet", leading into a "snake", or coil — immersed in water

Report:
Dirk van Zyl
Pictures:
Dana le Roux

"In Europe some distilleries have centuries of tradition behind them and we must also carry on making witblits, which you can call a liqueur if you want to," Frans added.

Mr Conradie, snr, ruefully tells of how, in the 1920s, after wine co-operatives had come into being, witblits stills were destroyed and the art began dying out.

"Two of the main reasons for people giving up distilling was their failure to renew their licences and because they stopped growing grapes on their farms," Mr Conradie said.

Officials with picks would destroy stills "so that they could not be repaired — they even sawed snakes into three pieces."

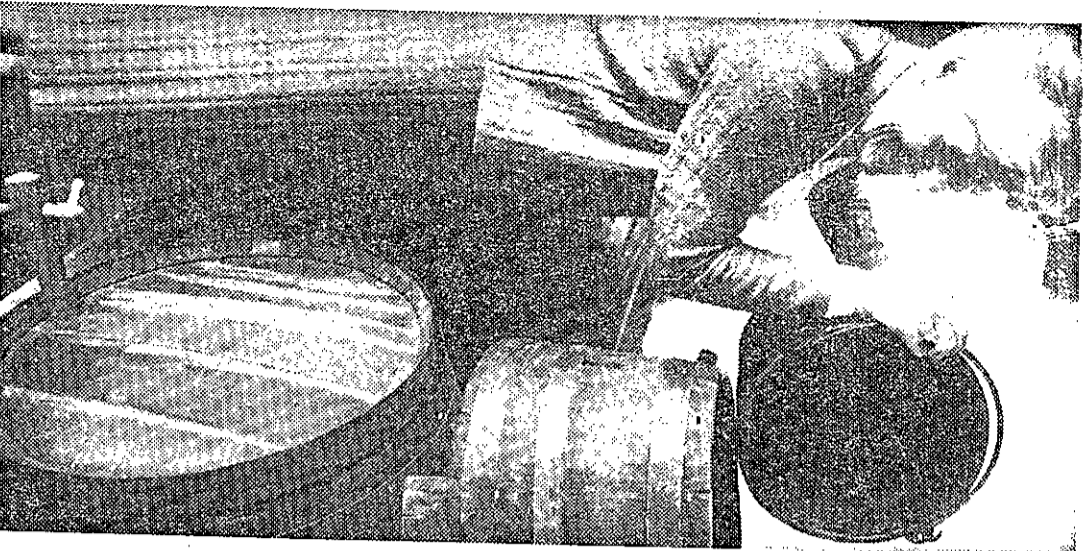
MAGNIFICENT

One still which survived is a magnificent 366-gallon (the average is 63 gallons) specimen in the Porterville district. Mr Conradie explained:

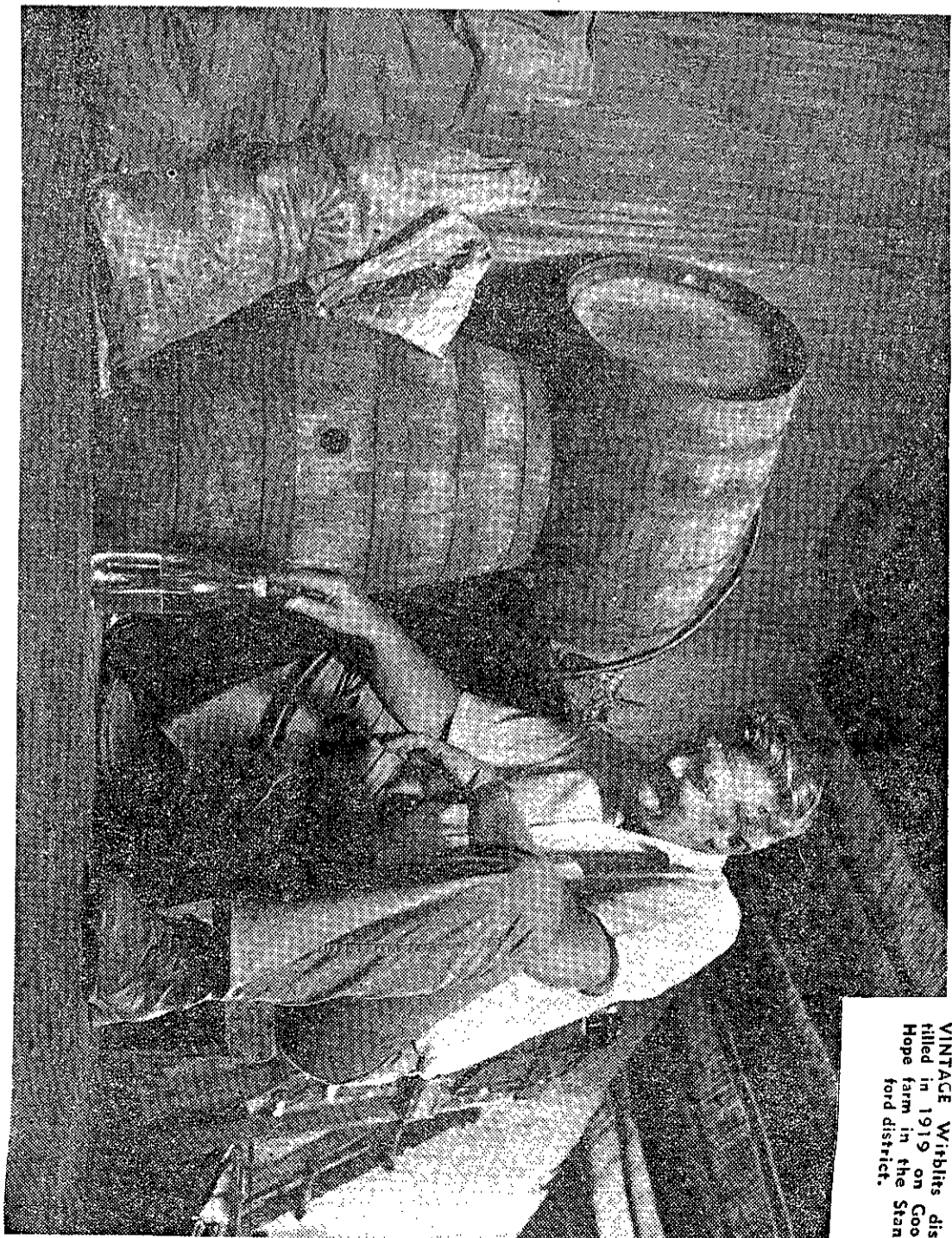
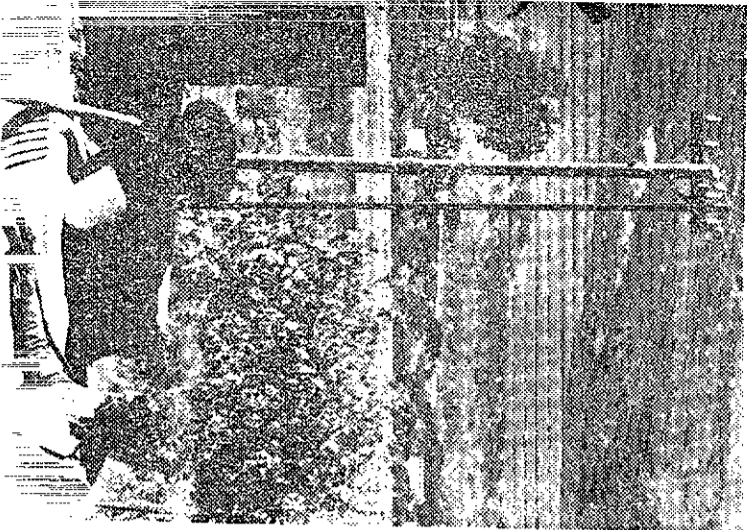
"When two officials drove up to the farm, with orders to destroy the still, the farmer told them: 'It's all right, you can fetch your picks.' When they returned, he stood 25 yards away and warned: 'But I suggest you ask my wife for the telephone and phone your boss to send someone to fetch your bodies.'"

The officials took to their heels and the still survived.

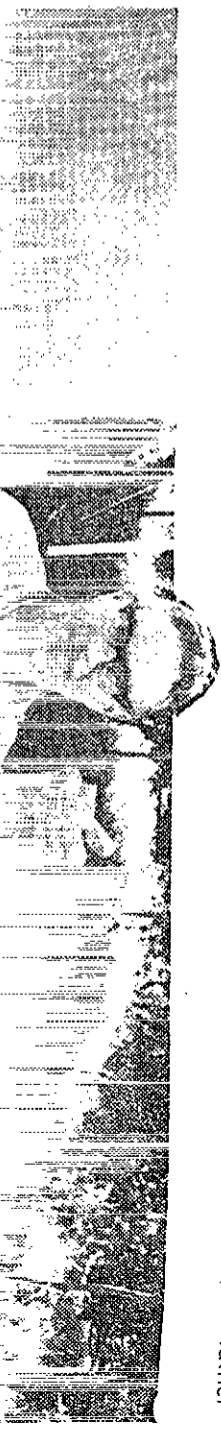
Mr Chris de Kock, 50, of Good Hope farm in the shadow of the Kleinrivier mountains in the Stanford district, is also the only remaining licensee in his area. Witblits has been distilled or the



THE curatrix of the Worcester open-air farm museum, Mrs Heloise Naude, pours witblits through a half keg into an oak vat in one of the museum's sheds.



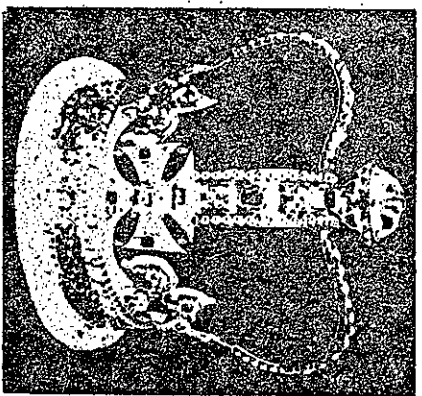
MR CHRIS DE KOCK, of Good Hope farm near Stanford, taps witblits from an oak vat also used by his father





THE withblits still on Koelfontein farm near Prince Alfred Hamlet. The owner, Mr Zulch Conradie — whose family have been farming there for the past 150 years — holds a pitchfork used to scoop grape skins out of the still's copper pot after the annual distilling process.

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LITTLE LEFT

The tradition will be carried on by his eldest son, Pieter. "One wants to retain it because it is something of which there is so little left," Mr de Kock said. He does not drink withblits himself but keeps a supply in an oak vat — also used by his father — "so I can give people who come to the farm a drop and so I can keep the labourers going on cold winter nights."

ORCHARD

His still has been built next to a lemon orchard just outside his lounge door and Mr Odendaal has developed his distilling process to such a fine art that "I can close the oven, come and sit in the lounge, look at my watch and I know when the container is full."

Slow, steady boiling is part of the secret and a bottle of withblits is distilled in 14 minutes. It is a clear colour, becoming brown if stored in oak vats, and has an alcohol content of 60 percent or more. Mr Odendaal's wife, Theresia, tells the story of a farmer who used to distil illegally and hide the withblits bottles in cauliflower heads "before delivering it to his willing "cauliflower" clients!

SENTIMENT

Mr Zulch Conradie, 67, of Koelfontein farm at the foot of the Gydo Pass near Prince Alfred Hamlet, remembers that "when I started knowing what's going on at the age of five, there was already a still in operation on the farm." Like Mr Odendaal, he is the only licensee in his district. The Conradies have been farming Koelfontein for 150 years and for the past 82 a special hanepoot vineyard has been used for the annual withblits distilling.

"I set aside a day at the end of March each year to distil my quota," Mr Conradie said. The main purpose is "to carry on the tradition," a sentiment forcefully echoed by his 38-year-old son, Frans.

NO TRACE

Mr de Kock tells the tale of a farmer in the Sandveld who was said to have distilled "a bit wildly." When police one day searched his farm, they could find no trace of the illegal spirits. But as they prepared to leave, they heard creaking in the branches of a huge bluegum tree, followed by a rain of withblits vats! According to the curatrix of the Worcester Open Air Farm Museum, Mrs Heloise Naudé, the Bree River Valley used to be "a mecca of brandy (withblits) distillers" and three houses dating to the turn of the century are known as "brandy houses."

The museum has a still — bought for R1 200 at an auction in Sutherland — at which distilling is regularly done for public display. Tipplers can buy a share of withblits by making a donation to the museum.

Britons go potty over chamber music

Weekend Argus Bureau

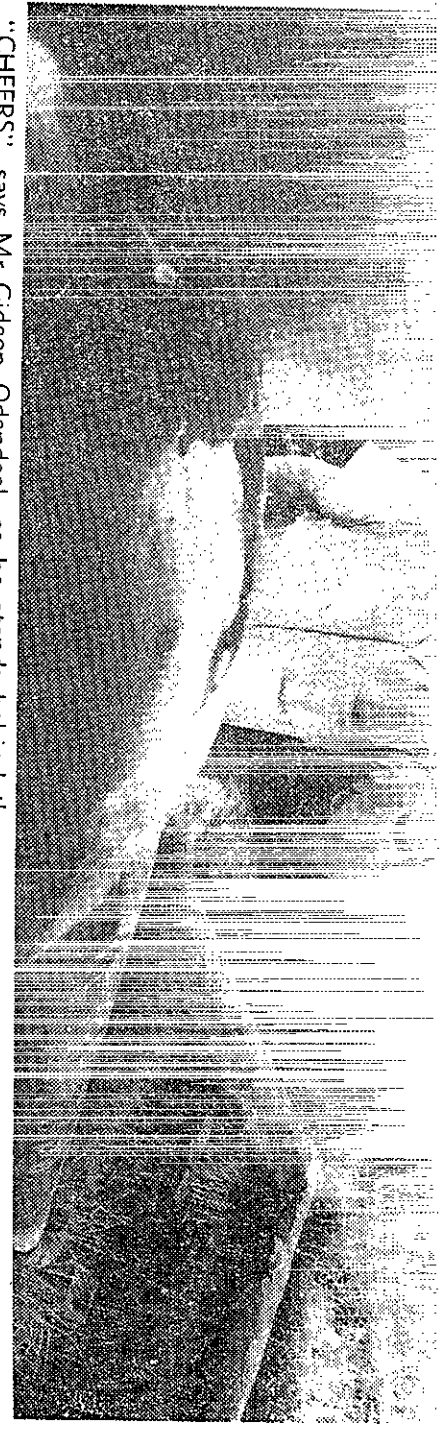
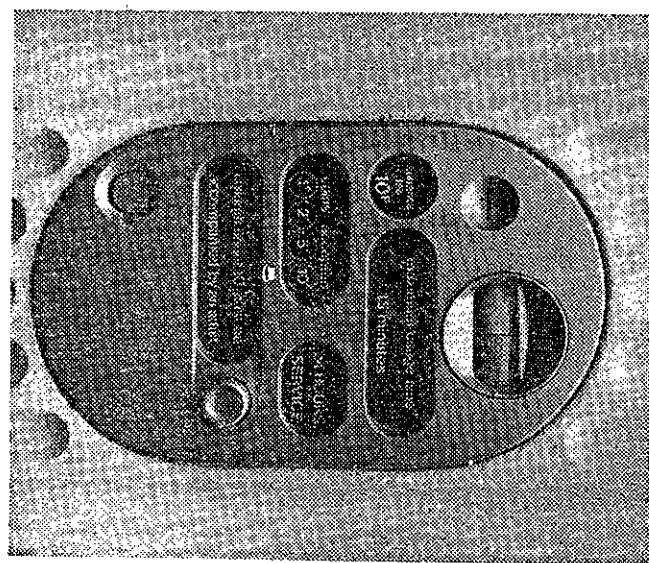
LONDON. — The popular new loo in Leicester Square plays music while you're doing what-ever you're doing. But don't be longer than 15 minutes over it.

For then the seat tips up and dives into a flushing chamber in the rear where water jets, brushes and detergents whirl around furiously until the cleansed and dried seat swings back and is ready to support the next customer.

However, new safety devices are said to avoid this danger to people using this loo which looks like an elongated telephone box and is made of vandal-proof concrete.

For an infra red detector and a weight tell-tale under the floor should ensure that the tipping up process will not work while a client is seeking relief.

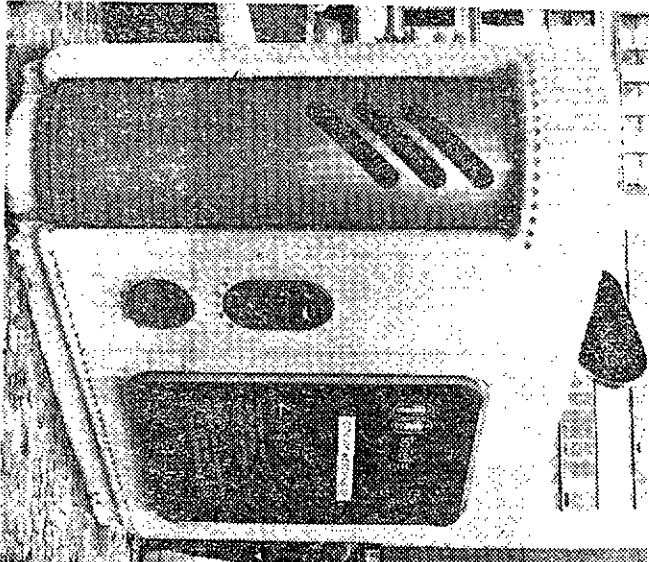
Another of these French-built loos is going up in Soho Square, and other councils in Britain are interested. Relief in Leicester Square costs 10 pence — about 18 cents.



"CHEERS", says Mr Gideon Odendaal, as he stands behind the "helmet" of the withblits still — built in 1894 — on his farm, Fairview, near Buffeljagsrivier.



EXPLAINING the "insides" of a withblits still at the Worcester open-air farm museum is a museum tour guide, Mrs Marlies Naudé.



Alexander Jones

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Cape Times 9/6/82
3 viticulturists + local

Good '82 wine crop, says KWV chairman

Industrial Reporter
THE 1982 wine crop "was apparently underestimated everywhere", the chairman of the KWV, Dr André du Toit, told the annual meeting in Paarl yesterday.

According to the latest estimates, the crop could amount to 8,56-million hectolitres, about 11

percent up on the previous year.

The good crop was attributed to a lower than average but exceptionally well-spread rainfall in 1981 and a lack of wet, humid periods conducive to diseases. There were almost no extremes such as strong winds or heat-waves which could have

caused losses. Statistics of the past four or five years showed a noticeable rise in yield per unit of vineyard, indicating more efficient farming practices, Dr Du Toit said.

"Although all our wine-producing districts have had good crops, the largest increases have been in the coastal region, where irrigation is very seldom used. Because the region is known for quality cultivars, the quality of this year's wine crop could be very interesting."

It was estimated that the recently-announced increases in the producer price of natural wine and distilling wine would provide producers with an income of R208-million from the 1982 crop, against the previous level of R160,7-million.

Dr Du Toit said the sharp increase in natural wine growth would have important implications for the wine farmer in years to come and urgent long-term planning was now under way.

Trends in different product categories in 1981 showed a further rise of 10,8 percent in natural wines. For the first time since 1975 fortified wines showed a moderate increase of 1,7 percent and for the first time since 1976 there was a gain in the brandy sector of almost 8 percent.

The increases were being threatened by the excise duty changes in August last year, however, and sales so far this year had levelled off.

3 Viticulture

Producer liquor outlets urged

Chief Reporter

MR JAN PICKARD, chairman of Union Wine, said yesterday that it was important that producers should be able to have their own outlets in the liquor market.

"It is difficult for the new producer to get on to the market," he said, "and for this reason small producers should be allowed to have a limited number of outlets."

Disagreed

While agreeing with most of the recommendations of the Competition Board, the aim of which is to end restrictive practices in the liquor industry, Mr Pickard said he differed on this particular issue.

The proposals of the Competition Board are contained in its 78-page report tabled in Parliament this week.

Mr Pickard said if the proposals were to be

acted on, they must be acted on in total, "as a package".

If wholesalers were to be deprived of bottlestores, then KWV must give up its stake in Cape Wine, which controlled the two major wine manufacturers, Stellenbosch Farmers' Winery and Oude Meester.

He agreed with the Competition Board that Cape Wine's control over SFW and Oude Meester be ended and that the merger be broken between these two groups, which at present constituted an undesirably dominant force in the liquor industry.

● The KWV, in a statement yesterday, welcomed the recommendation of the Competition Board that there should be a more realistic and simplified system of liquor licensing.

The recommendation, it said, agreed in broad terms with the standpoint that KWV had advanced over many years. KWV was, however, strongly opposed to the extension of grocers' licences to other alcoholic beverages such as beer.

'Justification'

"The justification for the distribution of wine through grocers lies mainly in the strong connection between wine and food, which no other alcoholic beverage can claim. KWV believes that

it is in the public interest that this principle be upheld.

"The Competition Board's confirmation of the cabinet decision of 1979 that there should be an absolute separation between the wholesale and retail trade accords with the principles that KWV and others have put forward for many years. KWV therefore supports this recommendation.

'Self-defeating'

"However, to separate these two sectors without placing some form of restraint on the number of outlets in the hands of one party could be self-defeating. A new power concentration at retail level could give rise to the same and more severe malpractices which the board would wish to eliminate by separating the wholesale and retail trades.

"The recommendation that Cape Wine and Distillers could be dissolved in spite of the fact that it came into being after being approved by the cabinet is extreme and is rejected.

"It is very clear that as stated in the minority report, double standards were applied here. In the case of the SA Breweries the board obviously accepts a 100 percent monopoly, but in the case of the wine and spirit industry a 75 percent market share would appear to be sufficient to recommend dissolution.

From page 1

calling on the Syrian troops to leave. They appealed to the Syrian commander in Beirut to get out of the city before the Israelis moved in to take on the Palestinians in their final stronghold.

'Not your war'

In effect the leaflets said: "This is not your war. We are after the Palestinian forces in the city which have led to a breakdown of security and which cause terrorism".

By last night there was no indication whether the Syrians would respond to this plea.

Reports from Beirut last night said there could be only one Israeli objective — to wipe out the PLO in the city, its heartland and headquarters.

Reports said residents in the city had reacted to the pamphlets with near-panic. The situation there had been growing tenser throughout the day and, one report said, by nightfall the latest Israeli moves had frightened some residents to the point of hysteria.

The pamphlets gave the Syrians "hours" to get out, but they did not say whether this was two or 10.

Reports from Beirut last night emphasized evidence that this time Israel intended to kill or capture the PLO commanders. All the best-known leaders — including Yasser Arafat — were said to be in Beirut.

Few ways out

With Israeli troops in control of southern Lebanon, shells from Israeli artillery making the main Damascus road hazardous and Israeli patrol boats offshore, there were few ways out for the Palestinians.

Palestinian commandos and gunmen from the various militias fired on the attacking Israeli aircraft without success, eyewitnesses said.

The Israeli authorities have admitted 45 of their forces killed and six missing since the fighting started on Sunday, and more than 300 wounded.

The PLO said there have been as many as 10 000 casualties in the fighting.

Press up ov

JOHANNESBURG Press leaders yesterday declared that they were proceeding with the establishment of a voluntary media council which would operate independently of any injunctive control by the State.

Members of the newspaper Press Union the Conference of Editors, founders of a council, said after a meeting yesterday to consider the Registration of Newspapers Amendment Bill now before Parliament that they were strongly opposed to the privatisation of statutory power assumed by the government to cancel registration of newspapers.

"We are making our representations to the Minister of Internal Affairs (Mr J C Heun) they said in their statement.

Unwanted duties

The bill before Parliament sought to vest media council powers and duties which it did not want, and which by impaired its voluntary basis and independent status, the statement said.

"To this we raise the strongest possible objection.

"We have not asked,

Press through

THE speed with which the Amendment Bill was passed made any detailed debate on the legislation, the Western Human Rights, said.

Lawyers for Human Rights, about 100 attorneys, Western Cape, said if the bill would receive the approval by the time Parliament meets.

The bill, which provides for the restriction of the press towards the middle of the year.

"The issues raised by the future of the press are a trend in government.

"The speed with which the bill is being pushed through Parliament, an analysis of the bill in the comment on the proposal.

"The bill itself appears to be a report of the Steyn Commission on Mass Media. A study by LHR questioned the situation in this field.

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'Keep calm,' Heunis tells wine industry

ARGUS 14/6/82

3 Witwatersrand

Political Correspondent
THE Minister of Internal Affairs, Mr J C Heunis, has advised the wine industry and wine farmers to stay calm about the Competitions Board's recent recommendations on restrictive practices.

The report recommends, among other things, that the KWV should sell its 50 percent interest in Cape Wine and that the merging of the Oude Meester Group and Stellenbosch Farmers' Winery as affiliates of Cape Wine must be ended.

Mr Heunis told the Paarl Farmers' Associa-

tion last night that it should be remembered that reports were not decisions.

The Cabinet would not adopt any viewpoint before the interested parties had had an opportunity of explaining their points of view.

The association has sent a telegram to the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, protesting against the fact that the Competitions Board had recommended that Cape Wine should disband while allowing a beer monopoly to continue.

'Govt must state excise duty plan'

Argus Correspondent
PAARL. — The State must give a clear indication of what the future pattern of excise duties on spirits will be, said Mr Willie Mostert of Weltevreden, Agter Paarl, in a Press statement after references to increasing duties in the annual report of the KWV.

Mr Mostert is chairman of the powerful South African Co-operative wine cellars association with 70 member co-operatives handling about 80 percent of the country's wine production. He is also chairman of the Paarl-based Boland Wine Co-operative with a membership of 100 leading Paarl Valley wine farmers.

PROTEST

Mr Mostert was commenting on the 23 percent increase in excise duties imposed in August last year which resulted in a mass protest meeting by one third of the KWV wine producers, and subsequent representations made to the Prime Minister, other Cabinet Ministers and heads of various Government departments.

"At the time the delegation was promised that the whole question of increased duties would be

reviewed in depth as soon as the country's economic climate was favourable," said Mr Mostert.

He was now, he said, bitterly disappointed that no reference was made in the last budget to the representations made by the wine farmers on the question of excise duties.

"The present heavy duty is causing a serious setback on brandy sales which have remained static since 1970," said Mr Mostert.

There was a world-wide drop in whisky sales but in South Africa whisky sales were increasing at the expense of brandy.

PROBLEM

The problem created for the wine industry by the high excise duties was a matter which could not be allowed to remain unsettled. It was a source of continuous concern to wine producers who were now demanding to know what was in store for the wine industry insofar as the future tendency and pattern of excise duties were concerned.

The whole question of excise duties had become a priority matter of South African wine producers as well as the directors of the KWV, said Mr Mostert.

WINE CROP ⁽³⁾ WINE Counting the cost

FM 25/6/82

Financing this year's bumper wine crop is going to stretch KWV's resources to the limit.

The size of the crop — 856m litres against last year's 773m litres — has caught KWV on the wrong foot, because it coincides with a reduction of about 25% in the portion of the distilling wine pool which KWV estimated would be unsaleable on the local market this year, the so-called "surplus" declaration.

In January this year, when KWV announced increased minimum producer prices — 20% on good wine and 15% on distilling wine — it also cut the anticipated surplus of the distilling wine pool from 38,5% to 29,5%. The "surplus" portion of the distilling wine crop is subject to a system of deferred payment, the so-called *agterskot*. It means that KWV in the current year will take in 29,5% of the distilling wine portion of the crop without paying for it. In practice it buys the distilling wine pool from the farmers at the minimum price of R27,03/HL, less 29,5%, a direct *voorskot* of R19,06/HL.

The deferred portion of farmers' entitlement is paid when the "surplus" is finally disposed of.

The problem that now confronts KWV as a result of the unexpectedly high crop is that it is going to have to pay the higher *voorskot* on a greatly increased portion of

the crop. The situation is exacerbated by the economic downturn and the high rate of inflation.

The extent of the KWV's financial squeeze will be determined by the portion of the 1982 crop that will be sold to wholesale producing merchants as good wine at the higher minimum price of R36,47/HL. According to the best available market estimates it is unlikely to go much over 330 ml — a very liberal estimate, given the expected downturn in the business cycle and increasingly tough competition from beer.

This would mean that the distilling wine pool would swell to a whopping 556 ml — 29,5% of which is notionally surplus to the requirements of the domestic market. This clearly is a massive miscalculation because that would require the trade to buy the equivalent (in the form of distilled wine spirit or rebate brandy) of 390 ml of distilling wine.

To finance a distilling wine pool of 556 ml at the minimum *voorskot* price of 19,06/l would require R105,6m. The portion of that outlay which KWV would recoup out of sales to the trade is not known because that would depend on market conditions in the difficult period ahead. It is understood, however, what KWV will be looking for something like R30m in Land Bank loans this year.

Because of KWV's legal obligation to take in all surplus production, the potential cost — now that Land Bank is to charge more market related rates of interest — is heavy. It explains, in part, why the board of KWV, which contains three members of parliament, has intensified its lobby campaign to check the market penetration of imported whisky at the expense of brandy and other spirits made from wine spirit.



Grape harvest . . . cash problem for the KWV

Staff Reporter

FOR the first time two KWV wines have come on to the local market — Laborie red and Blanc de Noir.

Although the wines will be bottled by KWV by special dispensation, they will not be sold as KWV wines, but as Laborie Estate wines — the Laborie Estate having been acquired by KWV in 1972.

The red is a blended wine of Cabernet Sauvignon, Cabernet Franc, Pinotage and Tinta Barrocas and will retail only from the Laborie wine shop at R30 a case.

The Blanc de Noir is a sparkling wine made from pinotage grapes.

^{ARGUS}
9/11/82
First KWV₃ wine
wines
on SA
market

The juice is separated from the husks immediately.

After fermentation and bottling, sugar is added to produce a secondary fermentation in the bottle which gives the sparkling effect.

Although there are several Blanc de Noir wines produced locally, the Laborie Blanc de Noir, which will retail at R42 a case, again only from the Laborie wine shop, is the first sparkling wine of this type to be marketed locally.

The Argus's wine expert, Simon Rappoport, said he had tasted the two wines in an atmosphere filled with cigarette smoke and cooking odours and was not prepared to give a qualitative opinion on their merits.

He found the red a very interesting blend and the Blanc de Noir was something different on the South African market.

3(wuz)

Hansard, 1980

AGRIC. - Wine

1-1-80 - 31-12-80

9/6/80

§ 3 (Wine)

Debate: Wine and Spirits Amendment Bill

See Hansard 17 cols 8521 - 8524

8/6/80

3 (Wine)

Wines + Spirits Amendment Bill
(Second Reading)

See Hansard 16 (ols. 7971-7982)

22/5/80

3(wine)

Wine + Spirits Amendment Bill

and Reading

See S. Hansard 9 cols 1912 - 1919

Cut tax on vine products

THE ASSEMBLY — The Government should consider reducing the excise tax on products of the vine, Mr Philip Myburgh (PPF, Wynberg) said yesterday.

Speaking in the second reading debate on the Part Appropriation Bill, Mr Myburgh said excise duty on those products was R150-million a year, which was astronomical.

Because of increased costs, farmers were going through extremely difficult times. The best time to reduce the excise tax was now. — Sapa.

Support
for wine
farmers

HOUSE OF ASSEMBLY.

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Speaking in the second reading debate on the Part Appropriation Bill, Mr Myburgh said excise duty on those products was R150 million a year, which was an astronomical amount.

Because of increased costs, farmers were going through extremely difficult times.

The best time to reduce the excise tax was now. This would enable farmers to provide housing on their farms for their workers and to plant new vineyards for the years to come.

Referring to the R17,5-million drought relief granted by the government to farmers in the north-western Cape, Mr Myburgh said it was once again a question of providing "too little too late."

He hoped the interest rates on the loans would be reasonable. — Sapa

R420 000

19/12/80
pours in at
3 10/12

Nederburg wine auction

SEVEN thousand eight hundred cases of wine were sold for R420 000 at the Nederburg auction on Saturday. Last year the sale brought in R487 000 for 7 295 cases.

The newly built Johan Graue Centre was commissioned to house the event permanently and industrialist Dr Anton Rupert attended for the first time.

Before the re-alignment in the wine industry involving Oudemeester, Stellenbosch Farmers' Wineries and the KWV, Dr Rupert's liquor interests were in competition with those of SFW, which owns Nederburg.

HIGHEST PRICES

Excluding wines sold for charity, the highest price paid was again for a 1976 Nederburg Edelkeur, this time at R215 for 12 half-bottles, compared with R265 last year.

Next highest was a 1977 vintage of the same wine at R210 for 12 half-bottles, followed by R410 for the only case of 1966 Zonnebloem Cabernet.

At the other end of the scale, Nederburg Private Bin D212 fetched the lowest price — R26 a case.

Generally, prices were lower than last year. Some wines such as Nederburg Kerner 1978, Nederburg Paarl Cabernet 1973 WOS, Nederburg Shiraz 1975 WOS and Eersterivier-Vallei Chenin Blanc 1978, fetched only their reserve prices.

DISTRIBUTION

Approximate distribution of wines was Transvaal 72 percent, Western Cape 10 percent, Natal five percent, SWA three percent, Eastern Cape two percent and Free State one percent.

Overseas buyers, mainly from West Germany, Britain and the USA, accounted for about seven percent.

The Child Welfare Organisations of Paarl and Stellenbosch benefited by R4 300 from the sale of five charity items.

Top price was R2 500 for a single half-bottle of 1791 sweet Constantia wine from the Duke of Northumberland's cellar.

It was given by Stellenbosch Farmers' Winery and was knocked down to Mr and Mrs Benny Goldberg, of Johannesburg.

Also from the SFW was a bottle of 1940 Chateau Libertas, which went to Mr Doug Catto of Johannesburg for R540.

Wednesday March 12 1980

CLASSIFIED ADVERTISEMENTS INSIDE

3 Wine

It's a race against time —
and money.

It's a pressing time for the wine farmers

By Laurence Hughes

It is 5 am, and already there is a hint that the day is going to be another scorcher. Wine farmer Cyril Back tugs on clothes, downs a quick cup of coffee and is out about his business.

Considering that he finished work the previous night at about 11 he appears remarkably fresh. But in any event there's no time to worry about lost sleep.

For this is the pressing season when for five or six weeks the normally tranquil winelands of the Western Cape are transformed into a scene of feverish activity.

Nature dictates its own timetable and when the grapes are full and mature no time can be lost harvesting them. Mr Back farms at Fairview, Suider Paarl, 230 morgen of sandy rocky soil which appears to an outsider incapable of producing anything. But vines love it, and Fairview's full-bodied red wines have won awards galore.

This year the crop is good although Mr Back, like farmers the world over, worries constantly about the weather and particularly the dry berg winds that can transform a crop into instant raisins if it is left too long.

That is why at barely first light the work begins. The pickers go out and stay out till almost sunset, working steadily through the rows of vines, filling up their

baskets, piling the harvest into trailers to be hauled away to the pressing plant.

It is hard, physical work out in the blazing sun with no shelter. The pickers are paid piece rates — about 7,5c a basket. Their work cards are punched for every load, and a hard worker can average about 60 baskets a day.

The Fairview scene is typical of any farm in the winelands. About 30 tons of grapes a day will be processed into wine during the next few weeks, and a good rule of thumb is that it takes about 1,5 kg of grapes to make a bottle of good wine.

Some 120 000 morgen of the Western Cape is under vines, yielding between six and 25 tons a hectare. It all adds up to a lake of red, white and rosé.

Wine farmers have a lifelong romance with their product and few of them, even at the height of the pressing season, will decline to show a casual visitor exactly what goes on.

Cyril Back is making wine for his 35th year running, and there is very little he doesn't know about it, although for the first time in his life he reckons to be taking things fairly easily thanks to his eldest son, Charles, who qualified in viticulture at Elsenburg

Agricultural College, near Stellenbosch.

Charles has been given his head this year, and is in charge of the cellar operation, although Mr Back keeps a fatherly eye on operations.

From the fields the grapes are brought in, two or three tons at a time and tipped into a hopper, to start their journey into the bottle. The first stage of the process is to remove the berries from the stalks, and there is an ingenious machine that does this perfectly.

The grapes, partly crushed, and their skins, go gurgling into open tanks — it is red wine being made at the moment — and the sugar level is measured. For two to three days the wine juice will slowly ferment with the skins while workmen constantly "tread" it with long wooden plungers. The days of jumping up and down on the stuff and crushing it with feet have long gone.

It is an anxious time, and the sugar level is watched constantly. A man is on duty in the cellar all night while the pressing goes on.

The next stage is for the wine to be drawn from the open tanks and piped into enclosed tanks where it will mature. The skins are then crushed separately in a hydraulic press and the

juice from them added to the enclosed tanks.

The entire process is carefully controlled. If the skins are squeezed too hard the tannin will effect the flavour of the wine. If they are not squeezed hard enough juice will be lost and farmers have to measure every drop in terms of rands and cents.

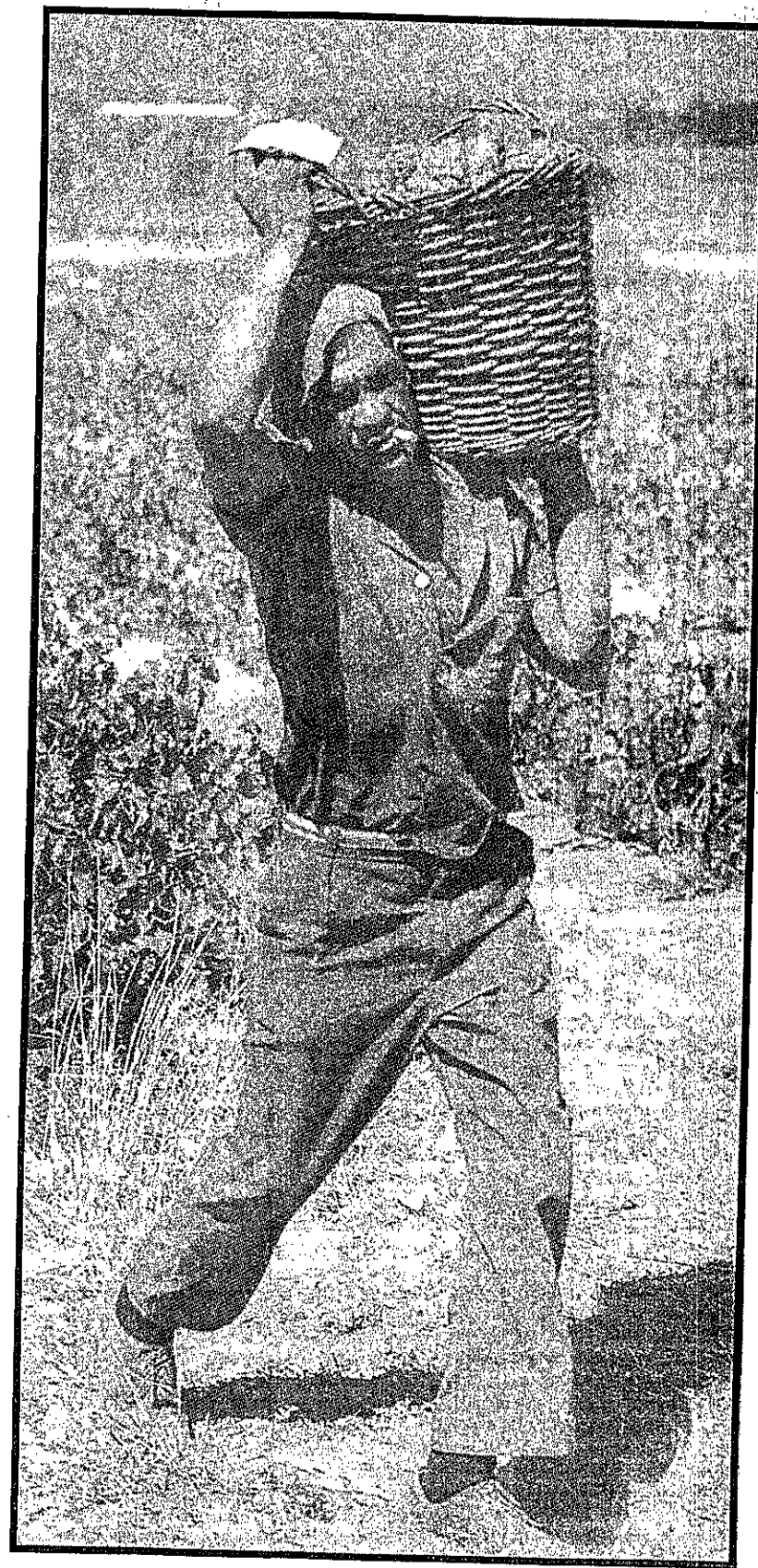
It is the measure of the good wine maker to know just when to stop.

It is not, however, simply a story of growing grapes, picking them, crushing them, filling up bottles and sending them off to the retail trade all done up in fancy labels.

Strict legislation ensures that the overall production of wine is limited, and in no year may more wine be produced on any farm than the quota determined by the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, or more familiarly, the KWV.

The KWV was founded in 1918 precisely because overproduction of wine meant that growers were being paid ridiculously low prices. They decided to form a central organisation to look after their interests.

One of the prime functions of the KWV is to dispose of "surplus" production, which is why the law prohibits the KWV from selling its products in



South Africa, and even from selling in other African territories south of the equator, except in special circumstances. The British Commonwealth conference in Lusaka last year was one such special instance.

The KWV also carefully controls the quality of the product. Farmers do not simply plant vines and reap the resultant harvest. They buy the root stock from KWV nurseries, where various types of vine from

abroad as well as local graftings, before they are released on to the market, are thoroughly checked to see they carry no disease.

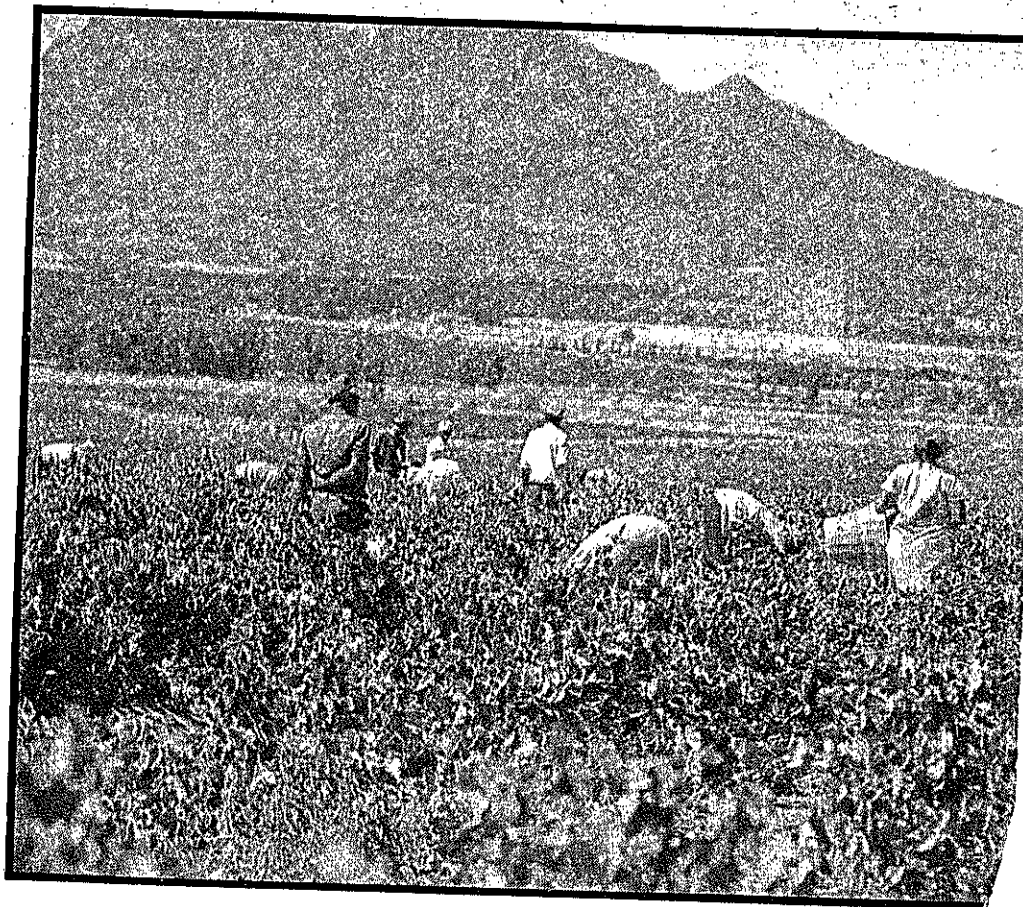
Jan van Riebeeck planted the first vines at the Cape in 1655, and on February 2 1659 wrote in his diary: "Today, praise be the Lord, wine was made for the first time from Cape grapes." By 1711 Constantia wines were becoming world famous, but nearly 200 years later, in 1885, the

dread disease phylloxera swept through the Cape vineyards and ruined hundreds of growers.

Quality control from root stock to bottle is designed to ensure that it never happens again.

Like all other things, too, when it comes to buying wine you pay your money and make your choice. But legislation, matured like its product over the years, has made it fairly hard to get away with a really bad bottle of wine.

Briefing



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Alwyn ^{Wine} takes aim at 'swart varkie' ¹⁸⁷

Political Staff

THE ASSEMBLY. — The Minister of Justice, Mr Alwyn Schiebusch, yesterday asked wine producers and dealers to take immediate steps to phase out the notorious "swart varkie" 20-litre wine container.

In a statement he said that although he did not intend proceeding with legislation to ban the "swart varkie" during the current session of Parliament, he would like to see the container disappear.

"I trust that those who market wine in this type of receptacle will take note of this."

He said a draft Bill was published in January which made provision for the prohibition of the marketing of wine under a wine farmer's licence in receptacles with a capacity of more than five litres.

The step was taken as a result of representations by the KWV and was supported by producing wholesalers and the Co-operative Wineries Committee. It was aimed at prohibiting the marketing of wine in the so-called "swart varkie".

The Minister said he had decided not to proceed with the legislation during the present session. It was necessary to investigate certain aspects further and the Department of Justice would shortly consult the interested parties.

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③ Wine
C.T. 9/4/80

Varkies on sale in face of squeals

Staff Reporter

SWARTVARKIES — wine in 20-litre containers — are still being sold in large quantities in spite of widespread protests last year, according to a press statement released on behalf of the University of the Western Cape.

The statement said a report released recently by the Institute of Social Development at UWC claimed that the sale of swartvarkies at Newtown, a township near Durbanville, was having a detrimental effect on socio-economic life there.

An investigation into socio-economic conditions, with particular emphasis on the misuse of liquor, had revealed the sale of swartvarkies, particularly in shebeens, was having "negative consequences" for the community.

Mr Wynand Louw, of the institute, had strongly recommended in the report that steps be taken at the highest possible level to have the marketing of swartvarkies stopped.

He had said that all communities affected by the marketing of liquor on such a scale should make representations to the authorities to have it stopped.

In interviews with social and community leaders in Newtown last year, the point had been repeatedly made that the availability of cheap liquor in swartvarkies had resulted in a sharp increase in drinking in the township.

"In March 1978 a co-operative wine-making concern opened a big liquor outlet near Newtown and started selling the 20-litre containers of wine at about R9. Shortly afterwards a Durbanville bottle-store followed suit.

A survey had showed that 93 percent of residents wanted the outlet near Newtown closed because of swartvarkies' "negative results". It could be safely assumed the community wanted swartvarkie sales from the Durbanville outlet stopped as well.

Not wholly blamed

The report had not wholly blamed swartvarkies for excessive drinking at Newtown, but strong criticism was aimed at dealers for making large quantities of cheap wine available to a community "part of whom have for socio-economic reasons developed a tendency to alcohol abuse".

The report had said the continued sale of swartvarkies for purely economic reasons, without taking into consideration its consequences, had been against stated policy guidelines laid down by the KWV.

That it was legal to sell swartvarkies was apparently due to the government's wishes to encourage drinking of unfortified wine instead of spirits. But it was doubted whether the authorities ever intended wine to be sold in such volumes.

Other findings included that in Newtown 67 percent earned less than the minimum income levels and that as many as 26 percent of residents spent more than R20 a month on liquor.

Eighty-two percent of respondents said they were drinking more since 1978 — when swartvarkies first went on sale in the area. Shebeeners bought them for R9 each and tapped 20 or more bottles of wine they sold for R1 each.

The only civic facilities available in Newtown were a civic hall and a library. Many of the homes there did not have water electricity or sanitation.

• The Minister of Justice, Mr Alwyn Schlebusch, asked wine producers and dealers last month to take immediate steps to phase out swartvarkies.

A draft bill was published in January making provision for prohibition of marketing of wine under a wine farmer's licence in receptacles of more than five litres. The step was taken as a result of representations by the KWV and was supported by producing wholesalers and the Co-operative Wineries Committee.

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Cape Wine issue 11 times ^{GT. 17/4/80} _{3-wine} over-subscribed

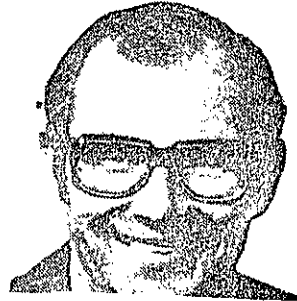
JOHANNESBURG. — Central Merchant Bank announced yesterday that the public issue of 14 000 000 Cape Wine and Distillers ordinary shares at 115c per share attracted applications totalling more than R175 m, representing about 152 m shares.

The total of 152 m was made up as follows:

Staff about 2,8 m, wine farmers about 18,9 m, public about 130,3 m.

The directors of Cape Wine and Distillers will decide a basis of allocation later this week.

It is expected that the shares will be listed on the Johannesburg Stock Exchange on 30 April. — Sapa



For two reasons the actual productivity of any group cannot be predicted perfectly. First, natural

Imperfect Predictability of Performance: Risk Bearing

ways, told to "maximize public welfare and benefit." (The agency might be a nonprofit corporation for hospitals, colleges, or the post office.) How is "maximize public welfare" interpreted? In our example, maximize the number on board? Or maximize the catch on the boat? Or the social total? Maximizing the catch on board would, as we have seen, result in marginal products on board that are less than on shore, thereby reducing the social total—a social waste.

The ambiguous goal "maximum public benefit and welfare" is sturdy and widespread, because its ambiguity permits the authorities wide latitude of interpretation and hence of measuring performance. It is commonly mandated for government authorities who control access to the television and radio electromagnetic spectrum, air space and state parks and beaches, airports, harbors, schools; it is even applied to federal forests, offshore oil, and federal land. Zoning commissions that control the use of land (such as how congested it can be) are similarly instructed to maximize public usefulness. But hardly any government authority is instructed to maximize profits: not the post office, or the water, electricity, gas, or bus company. All are instructed to "serve the public," or "break even"—with consequences that are now more explainable.

boat (which is the same as total rent since we assume the boat is costless to operate). He charges a fee of 2,8 fish per person for the right to be on board. With an average catch of 6,8 out of which each pays 2,8 and keeps four, only five persons will want to be on board. Now the 14-fish rent (social gain) goes to the government and is distributed however the government sees fit. It would appear that the only difference between this and the private-property control system is in who gets the 14-fish gain. The private owners, seeking personal profits, also achieved the maximum social output.

However, if our government agent takes life easier and doesn't charge the right fee, what will he lose? The loss is imposed on the public as a whole. But who in the public or government has an incentive as strong as a private owner to detect opportunism or shirking of prescribed duty? In contrast to the private owner, a political authority suffers less loss of potential personal wealth in being less attentive to nonownable gains. And if there is uncertainty about the potential catch on board, he would permit extra people on board if that made him more popular and enhanced his hold on political office. Or to make his personal life easier, the authority might allow too few on board because that permits shorter working hours for him (like closing on holidays and earlier in the afternoons) and not operating the boat as fully as would maximize profits. Soon we shall see how incentives and uncertainty about future potential production are critical influences on methods for coordinating and controlling joint production activity.

But when has a government agency been supposed to maximize profits? It is usually, or at-

LIQUOR

3 wine FM
(182) 23/5/80

Water of life

Although final returns are awaited from the co-ops and other gathering points, the 1980 wine crop could go as high as 6,8m hectolitres, nearly 10% up on last year.

This implies that a substantial volume of wine will be added to the unsold portion of last year's crop, reckoned to be about



Grapes . . . bumper crop adds to wine surplus

200 Ml. The estimated extent of the surplus will not be known until KWV announces the crop split, ie, that portion which will be converted to good wine (potable as such) and the portion that will be disposed of as distilling wine.

The higher the portion deemed to be distilling wine, so much gloomier the financial outlook for growers. If, as seems likely, the good wine portion of the crop is set at about 45%, selling at the minimum price of R27,63 per hectolitre, it means that the bulk of the crop will sell at R21,36c a hectolitre — less 39,1% which is deemed to be the portion of the distilling wine crop that will not be sold this year. Farmers will, in effect, get about R13 a hectolitre for the major part of the crop this year because the remaining R8 will only come to them in the form of an agterskot after disposal of the surplus.

Wine consumption is growing steadily, but the hoped-for "take-off" has yet to materialise. Marketing men anticipate this may occur in the second half of the year once Finance Minister Owen Horwood's budget concessions are translated into higher levels of disposable income.

Meanwhile, KWV is redoubling its ef-

orts to get rid of its rumoured wine lake.

In addition to efforts to dispose of wine spirit in international alcohol commodity markets, it is expected this year to boost sales by means of product renewal, in which it will doubtless be followed by local wholesale producing merchants.

The new product will be *eau de vie*, or grape spirit as it will be known on the home market because of the sensitivity of the French to foreign encroachment on their generic nomenclature.

Section 2(E) of the Wine and Spirits Amendment Bill, read a first time in Parliament this week, defines grape spirit as having been distilled under excise supervision at not lower than 75% and not higher than 92% of alcohol by volume in a continuous (column) still from pure wine, the produce of fresh grapes.

Enactment of the amendment will clear the way for KWV and other SA distillers to start producing domestic *eau de vie* which will go onto the market at the same strength as brandy, gin, cane etc — 43% of alcohol by volume.

According to KWV production men who have produced trial batches of the new tippie, *eau de vie* is a smooth, clean spirit with a distinctive grape character which can be taken neat or with mixers.

In Europe the *eau de vie* habit is well established. Known alst as *alcool blanc*, they are among the most seductive of after-dinner drinks, sometimes referred to by the French as *digestifa*.

Perfumed and very clean-tasting, they leave the palate fresh and are not as cloying as liqueurs. Technically, any spirit distilled from fresh fruit, including grapes, qualifies for the name *eau de vie*, such as Hungarian apricot brandy (Barack Palinka) or the dangerous Balkan slivovitz, derived from fresh plums. But in SA, with its current surplus production of wine, KWV has made pretty certain that non-grape fruits are excluded from the definitions in the Wine and Spirit Act.

Argus Grape 20/5/80

~~20/5/80~~

3rd wine

harvest 'above average'

Staff Reporter

STELLENBOSCH. — The 1980 grape harvest was 'above average' and should produce dessert wines of exceptional quality and dark full bodied dry reds, Stellenbosch Farmers' Winery said in its annual harvest report today.

Chief viticulturist Mr Abraham Kriel said the weather for the 15 months before harvesting was favourable.

At planting in 1978, there had been a sunny November and 41 mm of rain in December. This had provided sufficient moisture for dry land vineyards. During last year's harvesting season, rainfall was 30 percent above average enabling the tiny bunches in the eyes to develop to full maturity before winter dormancy.

QUANTITY

The quantity of the vintage is estimated to be the same as in 1979 in coastal areas.

The 1980 white wine harvest was of good quality inspite of a large crop. The physical condition was good but acids were lower.

The red wine crop is expected to produce wines deep in colour, full on taste but with less varietal character. The alcohol content would be relatively high but the wines round and soft on the palate.

Wine men have a sparkling year

PAARL. — The 1980 wine crop was expected to be 9,5% greater than the 1979 crop, the chairman of KWV, Dr Andre du Toit, said at the annual meeting in Paarl yesterday.

Favourable weather and the absence of widespread vine diseases had influenced the crop this season.

With favourable market trends, Dr Du Toit foresaw no insurmountable problems with the handling of his large 1980 crop.

On the export market conditions, he said that in its role as stabiliser of the wine industry, KWV was obliged to enter and develop the export market to dispose of surpluses.

This development was highly successful and had assured a perfect equilibrium for nearly 20 years.

The export market, however, represented an outlet for less than 20% of the total wine crop. The focal point of KWV's marketing efforts had been, and always would be, the local market.

He was glad to report, how-

ever, that the estimated value of total exports had increased from R5 700 000 to R7 200 000.

Exports of light wines increased by 30%.

Canada, with 54%, and Britain with 20%, were jointly responsible for nearly three quarters of total KWV exports.

On local market conditions, Dr Du Toit said 1979 could be said to have started a growth phase. The most encouraging aspect of the local market was the sale of unfortified wines.

According to excise returns, there was an increase of 7,6% of 13-million litres. The strongest growth was in high-priced wines which grew by 11,4%, followed by low-priced wines with 7,3% and medium-priced wines with 5,3%. The trend was continuing.

Sales at the beginning of 1980 showed an encouraging growth rate compared with 1979, especially in South West Africa, the Eastern Cape and the Northern Cape. This could be ascribed to a revival of the market among blacks, Dr Du Toit said. — Sapa.

X1

SFW and Oude Meester, which are both operating companies in Cape Wines and Distillers (CWD), won 33 medals each in the international wine and spirit competition held in England recently by the club Oenologique. This gives some indication of the acclaim South African wines are receiving abroad.

And this month, at the prestigious Bristol world wine fair, they will be presented with their medals as will the KWV, Gilheys, and Union Wines, all of whom won awards. But the big feature at this fair is that for the first time all these five member companies of the year-old Cape Wine Exporters' Association will be acting together internationally in full co-operation.

Each member will have its own stand but collectively the R38 000 exhibition area will be called "Cape Wines".

worked out for volumes which are paid for in foreign currency, providing a common definition of "export." These figures are expected to be available in the last quarter. The 50% growth rate in exports, which SFW predicts for this year, and the 100% annual growth rate which Oude Meester claims in its exports division, are reflected in the most recent table of total SA table wine exports, issued by the Oenological and Viticultural Research Institute:

- 1976: 1,26 million litres.
- 1977: 1,56 million litres.
- 1978: 2,82 million litres.
- 1979: 4,05 million litres.

In values, table wine exports have had a three-year growth of 221% with a 197 index of 100 and the 1979 figure at 321.

WINE

Red blue chip

With wine exports amounting to R10,3m last year and predictions — considered modest in some circles — that this figure will more than double in the next three years, South African wine exporters can look forward to years of plenty. That is, those who make the quota on both quantity and quality.

In the seventies, the grand old-timer of local wine exports, KWV, shifted over — fractionally as it may have been — to make room on the buoyant international market for other large exporting groups.

Internationally the demand for table wines has been increasing and this is where the "new" exporters have scored, especially in West Germany. This demand has, in fact, been termed the "blue chip" of the export industry. The standards set by South African wines are high. The prices are good in terms of their excellent quality, and true to good marketing practices, competition between the exporting companies runs high.

The competitive streak was illustrated rather well this week by Oude Meester's exports director, Louis Driel, who recently returned from a 34-day business trip to 26 countries. He said of his company's step-brother, Stellenbosch Farmers' Winery (SFW): "We may be somewhat in bed together internationally, but we're still fighting each other..."



Local grapes . . . Impressing overseas drinkers

This will be an example of how co-operation is possible, said Kriel, who admits that competition with fellow exporters is normal in the market situation, brother or no brother involved, but who would like to see forces combined in selective overseas markets where demands are not all that high.

But for the present this isn't a feasible proposition, since each company has its own marketing approach and employs its own overseas people to handle its selling campaigns which differ depending on the market.

Oude Meester, for example, has its own people based in Germany, the UK and the US and goes to much more expense in these countries than in any other, since these are the best markets. The people in these centres handle the marketing campaigns which, Kriel explained, were unlike any others.

"Wine is not something you can push down someone's throat. It's the most per-

sonal of all agricultural products — with a lot of romance attached." That was his personal marketing bit.

Each buyer liked to believe they had discovered "a new thing" in wine and the "slowly, slowly catchee monkey" policy was the one that worked best, he said.

Mr Peter Millin, assistant marketing manager of KWV and secretary of the exporters' association, made the point that the paleffe was the recommendation for SA wines abroad, neither medals nor marketing tricks. First taste of mouth, then word of mouth.

Low-key, classy wine-tasting sessions in the right atmosphere are on the marketing cards, none of the over-exposed mass market gimmickry for SA export wines, which reach tables in Lusaka and London, Blantyre and Bonn, Sao Paulo and Sydney. In fact local wines go to more than 30 countries the world over.

As for concealing the origin of local wines, the exporters are compelled by law to put the labels of origin — bus tickets as they're called in the business — on their products. This, according to one top exporting man was "stupid." A member of SFW's exporting team said his company had never encountered any international bias and had never had to conceal the fact that their wines came from this country.

South Africa at present produces 2,1% of the total world wine production and exports a very small percentage of this amount.

"Our export potential on the overseas markets has been pretty well exploited," said Mr Wally Walters, marketing manager of KWV which enjoyed unchallenged supremacy in the export market from its inception in the 1920s for 50 odd years.

But the "newly initiated" exporters feel differently. "The wine industry has to become more export-oriented if it is to really benefit from the favourable position at the moment," Oude Meester's Kriel says.

The current export statistics of volume and value are at present being compiled by each member company of the exporter's association, which has appointed an auditing company to collate the figures and release these for the industry as a whole.

"We've all finally agreed on a pattern of pooling our figures with an independent auditing company." — again it was the forthright Kriel speaking. He added: "The major reason we don't want to publicise our figures is because at this time we (Oude Meester and the other competing companies) still don't trust each other that much..." The other companies gave more conservative reasons as to why figures could not be given.

Current figures of the five companies will be combined under various headings, including the type of product and the destination of the product. And it has been commonly agreed that figures will be

Sparkling UK market ^{S-1 APR} for SA wine exports ^{17/7/80} 3 Wine ~~24~~

The Star Bureau

LONDON — South Africa is expected to supply the British market with about 200 000 cases of wine in 1981, compared with only 68 000 cases two years ago.

This forecast was made in a BBC radio interview by wine journalist Mr Mike Raymond.

Mr Raymond said South African wines were the best of the "new world" wines and were starting to be recognised for their quality.

In the view of consumers, the trade and the Press they provided exceptional value for money.

Mr Raymond's comments were endorsed later by Mr M R Stokes-Rees, senior KWV representative in Europe, who said that South African wine exports were doing very well.

"It's really only now that we have enough quality wines to export," he said.

"We have only been in the export of light wines,

as opposed to fortified wines, for the last five years.

"We couldn't have gone much faster than we are going at the moment purely because the quality wines were just not available, they were required for the home market."

Five major companies — KWV, Oudemeester, SXW, Bellingham and Gilbey's — have combined to take a stand at the World Wine Fair and Festival at Bristol to exhibit South African wines.



Entrance to the KWV head office at Paarl.

Wine industry ^{stave} looking to a ^{2 wine} rosy future ^{5/18/80}

The South African wine industry looks with confidence to its future.

By Pieter de Vos

Not without reason. With the ending of the beer war between Rembrandt and SA Breweries, marketing prospects have greatly improved.

Expressing his confidence in the future of the new wine group, Cape Wine and Distillers, in which KWV holds a 30 percent interest, Mr Ritze-ma de la Bat, KWV's general manager, sees the shares still underpriced with a dividend yield at about 5,2 percent.

Over the short term, he sees the price moving up to a level where it will show a yield of not more than 5 percent, and he expects to see the price showing further gains after the year-end when shareholders have had the opportunity to scrutinise the annual report.

PROMISE

At the moment, production capacity in the industry is still far in excess of consumption. According to KWV management, this holds out the promise that price rises might be held longer in check than

price rises among most other agricultural products.

On a recent KWV tour of South Africa's wine districts of the Western Cape, I was impressed by the urge among some to experiment with tastes still foreign to South African palates and the investments in modern technology worth many millions of rand.

To them, the wine market lies wide open for the introduction of new cultivars and new wines — with technology already on a par with that of many of the world's producers of foremost wines.

The black market is as yet a source of revenue which is virtually untapped, but it might become an important support for future growth. The KWV has started its first marketing campaign in Soweto, hoping to reach the higher income groups with its promotion of wine as an accompaniment for food.

SURPLUS

South Africa's wine farmers are protected by the KWV, which not only establishes a minimum price for their products, which they sell to the KWV or any other whole-

saler such as Oude Meester or Stellenbosch Farmers' Wineries, but also controls production capacity with the aim of keeping production and consumption in fairly equal balance.

A surplus is usually declared. This year's was successfully sold on overseas markets with the rest to be marketed later this year as a new drink on the South African market.

To be introduced by Oude Meester or Stellenbosch Farmers' Wineries, it will have an alcohol content on a level with that of brandy. According to industry sources, the price will be in the region of R5 a 750 ml bottle.

With most marketing attention focused on local markets, KWV exports are used mainly to get rid of surplus production on the local market.

KWV's "normal continuing exports" amount to about R6m a year with Britain and Canada the two most important markets. But other markets range from Western Europe to Australia, South America and the East.

Total industry exports are valued at about R10m annually.

WINE ³ wine A Solomon required

FM 24/10/80
Agriculture Minister Pietie du Plessis faces a severe test of judgment in a dispute between the KWV and the 130-strong Association of Independent Wine Grape Producers.

The latter is a body of mostly progressive farmers, who are not members of wine co-ops and who deliver grapes to the wholesale producing merchants in terms of long-standing supply contracts.

Their dispute with KWV, the central production control authority in the wine industry, centres on the co-op's refusal to increase the quota tonnage of wine grapes which may be delivered to the wholesale merchants. Growers say the quota, currently pegged at 42 000t, is inadequate and KWV's rigid attitude is in conflict with the spirit of the controlling legislation which is intended to "regulate" the quantity of grapes sold to wholesalers, not to "restrict" it.

Individual growers say KWV's refusal to expand the quota is an unwarranted incursion on their freedom of choice. Others say it is a restriction on competition and should be brought to the attention of the Competition Board.

KWV, on the other hand, says that if the practice of direct grape sales to wholesalers is allowed to proliferate, it will undermine the co-operative movement and destabilise the system of careful production control in the industry. By this is meant that the practice of direct sales has the potential to lure growers away from the co-ops and disrupt their viability.

The growers say their influence on the market is exaggerated. They number about 130 out of nearly 7 000 registered winegrowers. Their permissible quota of direct sales is 42 000 t out of a total estimated wine grape crop of about 1,3Mt in 1980. (One ton of grapes converts to 636 l of wine at 20°C.)

The background to the dispute has its

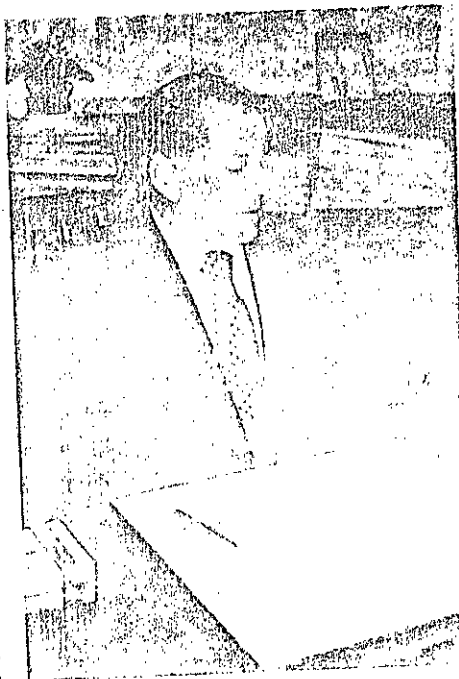
roots in the tight market for shy-bearing cultivars which arose in 1974, following enactment of the country's wine of origin legislation. Promulgation of the new regulations coincided with a short crop and a frantic scramble for noble cultivar grapes to meet heavy demand for fine wines.

The scramble for secured supplies of noble cultivar grapes repeated itself the following year and in 1976, when KWV influenced an amendment to the Wine and Spirit Control Act (No 69 of 1976) empowering the Minister of Agriculture, on the recommendation of the KWV, to regulate the tonnage of grapes that may change hands in this manner.

Although the practice of direct grape purchases from growers had been established for more than 50 years, it proliferated during this period as merchants paid up to R1 000/t for noble cultivar reds, about eight times the minimum price for good wine at the time.

The growers are not entirely opposed to the idea of a regulator, but they do resent imposition of a rigid quota which does not make provision for unforeseen increments in production. For example, hundreds of tons of noble cultivar grapes had to be absorbed by the KWV at the distilling wine price this year, because wholesale merchants bumped up against their limit. The independent growers plan to ask the minister to build a 7,6% inflator into the annual quota.

On the other hand, wholesale merchants point out that their 42 000 t quota does not consist entirely of shy-bearing cultivar grapes. Owing to historical factors, contractual arrangements include heavy-bearing varieties which, according to the KWV, made up more than 50% of grapes



Du Plessis . . . must distill the struggle out of wine production

delivered to the wholesale producing merchants this year.

What the KWV implies is that, if the original purpose of direct grape sales was to secure supplies of scarce cultivar grapes, independent producers have the potential to increase their deliveries of upper-end grapes by phasing out sales of heavy-bearing varieties (steen, cinsaut, palomino, and so on).

This point is taken by the independent producers, most of whom have indeed restructured their vineyards accordingly by chopping out junk cultivars. What they are demanding is flexible application of the quota regulations until new plantings have come on stream (two to three years lead time) and their deliveries are all in the good wine class.

Wynmark: SBW groot oorsese

Die tabel toon hoe die Suid-Afrikaanse wynbedryf se uitvoer in die eerste ses maande vanjaar teenoor die ooreenstemmende tydperk verlede jaar gestyg het. Die sifers is deur die Navorsingsinstituut vir Wynkunde en Wingerdbou op Stellenbosch verkat.

Soort wyn	Jan-Jun 1979	Jan-Jun 1980	Syging
Alle gebottelde wyn	1 548 000 l	2 278 000 l	47%
Massa-uitvoer	1 990 000 l	2 700 000 l	36%
Gebottelde wyne:			
Droë rooi			83%
Vonkelwyn			85%
Sjerte			15%
Brandewyn			31%
Massa-uitvoer:			
Droë rooi			31%
Getortfiseerde wyne			78%

RAPPORT gesê dat die transaksie reeds op papier beklank is, maar dat samesprekings vandeeweek gevoer gaan word. SBW het ook onlangs 'n bestelling vir 40 000 liter wyn van 'n ander oorsese maatskappy ontvang, wat in massa uitgevoer is en in die buiteland gebottel is. Die Suid-Afrikaanse wynbedryf gaan na verwagting vanjaar R17,5 miljoen se produkte uitvoer, wat spiritueel insluit. Verlede jaar het die totale uitvoer van die produkte R10,3 miljoen beloop, wat beteken dat die uitvoer vanjaar met 70 persent gestyg het. Die prestasie is behaal te midde van strawwe mededinging van uitvoerlande, soos Frankryk, Hongarye, Roemenië en Portugal.

Deur FLIP MEYER

Die Stellenbosse Boere-wynmakery het pas 'n groot deurtrek in die mark vir wynuitvoer gemaak deur 'n bestelling vir meer as 'n miljoen liter wyn van 'n groot Britse kleinhandelgroep te ontvang.

Na verneem word, is dit een van die grootste bestellings wat 'n Suid-Afrikaanse wynmaatskappy ooit ontvang het. Die geldwaarde van die bestelling is meer as R1,2 miljoen, wat meer as die totale jaarlikse aiset van

Suid-Afrikaanse tafelvyn

Vir SBW is dit 'n uitsonderlike prestasie as in ag geneem word dat daar strawwe mededinging in die Europese en Britse wynmark is.

Die Britse maatskappy wat die bestelling geplaas het, is Northwest Wineland, wat sowat 260 kleinhandelwinkels in Brittanje het. Die maatskappy het ook sekere ooreenkomste met groothandelaars in Brittanje. Mnr. Fiks Nel, internasionale verkoopbestuurder van SBW, sê dat dit die grootste bestelling is wat sy maatskappy nog ontvang het. Dit is ook 'n bestelling wat enig in sy soort is, aangesien die bekende Tassenberg nou vir die eerste keer in die buiteland bemark gaan word.

Die Tassenberg sal egter onder die Lanzerac-merk bemark word. Benaamdens die Tassenberg het die Britse maatskappy 'n bestelling vir 150 000 liter Zonnenbloem geplaas.

Die besturende direkteur van Northwest Wineland, mnr. Mike Clague, kom vandag in Kaapstad aan en sal vandeeweek finale reëlings met SBW se bestuur beklink. Hy sal ondermeer Stellenbosch en die Paarl besoek. Mnr. Nel het aan SAKK-

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Wine industry 'is in an expensive shambles'

3 wine

2 Times 15/2/81

CAPE GRAPE GROWERS INCENSED OVER 90-MILLION-LITRE 'WINE-LAKE'

By Vera Beljakova
SOUTH Africa's wine industry is "in an expensive shambles" and in dire need of new policies, say many industry insiders.

Anger is mounting that, because of industry problems, the 8 000-odd Cape Grape Growers are facing a surplus "wine-lake" of about 90-million litres. KWV counters that this is composed mostly of wine for distilling — not consumption — and has been diminishing since 1976.

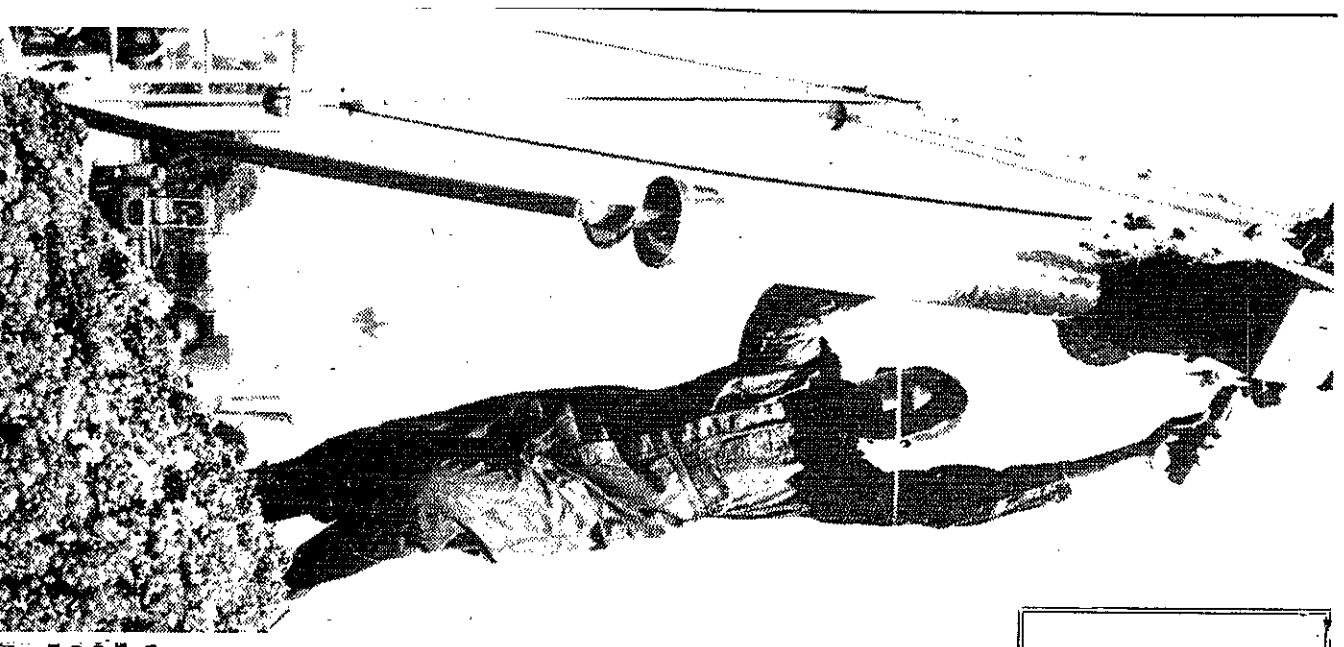
There is also fierce controversy over the fact that, of the total wine production of 693-million litres, only 265-million litres is drunk as natural wine both in South Africa and overseas.

Almost 50% of production is used for distilled wines — re-estate wine, distilling wine for gin, vodka, fortified spirits.

Farmers who have been upgrading their grapes are incensed that such a small percentage should be used for matured natural wines, on which income margins are far higher than for wine used for distilling.

The move will allow Alfa Sud to import more of its own grapes. Alfa Sud is a joint venture between Alfa Romeo and Nissan whereby the two companies will jointly build an assembly plant in southern Italy to produce 60 000 small cars annually using imported Nissan chassis and Alfa engines.

These grapes may have added to the wine-lake, the industry's "expensive mess"



the surplus was down to 8% but will rise to 38.5% in 1981.

"We feel confident that the surplus question is a short-term problem and by 1984 the industry will have found its equilibrium," says KWV. "Some years there is a glut and we export to France. Other years we need to import from France."

The obvious free-market solution would be to stop over-producing now. But KWV, mindful of the grape farmers' wellbeing, insists on continuing with its high quotas and increased prices for all grapes, say wine retailers inked by rising wine prices.

KWV explains that it takes four to five years for a plant to bear fruit. It is impossible to "order" a plant to stop bearing fruit — so long-term production

needs are reviewed every six to seven years.

Last time new quotas were granted was in 1970, when there was an upturn in consumption. "Besides," says KWV, "the quota system is subject to approval by the Minister of Agriculture."

Just so, say KWV critics, the whole subject is politically sensitive. Consumers feel that with a surplus wine should be cheap. But, unlike SA Breweries, KWV — through its subsidiaries and associates like SPW (Stellenbosch Farmers' Winery) — does not cut prices to get its bottles moving off the shelves.

Then, SAB has only nine labels to market compared with wine's 12 000. Retailers reply that if having fewer labels helps marketing, then wine

should reduce its number, too, so that prices can be cut.

Not so, answers KWV: "Our producer prices have not kept pace with production costs. But, because of better cultivars and technology, farmers have higher yields. While inflation has been galloping at 15% a year, we have upped prices by only a meagre 10%."

As prices have been increasing, retailers have noticed a relative drop in wine sales. The graph has barely moved for a decade and growth is only 13%, while beer soared by 40%.

It is also claimed that the lack of KWV's business acumen is underlined by its policy of pricing products up to five years ahead of demand rather than following market dictates. Wine's decelerating consumption is further aggravated

by declining sales to coloureds.

"The coloured now has more spending money than before and can afford fancy drinks like brandy or gin," explains KWV. "He is no longer a captive of the wine industry through lack of funds."

While SAB has been steaming ahead with beer sales, partly as a result of the company's long-range, black-consumer planning (initiated in the 50s), KWV has dragged its feet in conquering this massive outlet.

But since it started to woo the blacks only recently through SPW, it is making only a slight dent on that market, despite "phenomenal growth figures" — "which are calculated on a very small base".

A lot of over-production is exported, mostly at a loss.

Dr Innocenti was instrumental in bringing about the recent agreement between Alfa Romeo and Nissan whereby the two companies will jointly build an assembly plant in southern Italy to produce 60 000 small cars annually using imported Nissan chassis and Alfa engines.

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U C T

health pyramid concept. This health pyramid is analogous

to Stigler's interpretation of 'the division of limited by the extent of the market.' (2) In the vertical disintegration is favoured as the bene specialisation increase. Firms contract out the cost operations to other firms specialising in activities who are able to carry them out at a Similarly in the health pyramid, the larger the and the number of activities carried out, the more it is for each level to treat those which it can lower cost relative to other levels, because it staffed and equipped for a particular activity. outpatient department can treat general illness but it does so at a higher cost than a health centre is thus efficient for the hospital to 'contract' ment of general illness to health centres which specialise in general illness, and for the hospital to perform those activities - specialist treatment - to which it is best suited. Day Hospitals are not all the same size. It may be that a certain size of Day Hospital is more efficient than any other size, with the optimal size depending on various factors - for example, density of population, socio-economic status of the residents of the surrounding area. Since the survey sample was not large enough to allow inter-Day Hospital comparisons of waiting time and transport cost, no attempt was made to determine the optimal sized Day Hospital. The more important consideration is what the optimal degree of specialisation is - what level of treatment should the Day Hospitals provide and what should the outpatient departments provide?

As noted in section (I.2), ideally, the Day Hospitals should provide only general care, and outpatient departments only specialist care. This does not happen at the moment. It is estimated at Groote Schuur outpatient department that approximately fifty per cent of the patients treated there could be adequately treated at a Day Hospital. The figure at

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WINE ^{(3) Wine} Blow to producers

The 1981 wine crop, estimated in January this year to yield nearly 700m l, is expected to be 5% down on estimate because of recent storm damage.

According to KVV reckoning, crop expectations in the Worcester-Robertson-Montagu region are 20% down. The region yields about 24% of the total crop under normal conditions.

This is a double blow to producers in what is loosely termed the Breede River valley. Not only will their crop be 20% smaller; much of it, that may have been good enough to obtain good wine classification, may well have to be classed as distilling wine because quality has been affected.

In financial terms this means that affected producers will probably receive the minimum *voorskot* distilling wine price of R14,45/hectolitre for a larger portion of their crop than would otherwise have been the case - and on a smaller overall volume. By contrast, the pay-out for good wine is R30,39/hectolitre.

As it happened, the bad weather has hit hardest those farmers in the Breede River valley and the little Karoo who could least afford to have both a smaller crop and one whose quality was affected.

It is reliably understood, however, that the interdepartmental disaster relief committee headed by the Ministry of Agriculture may well decide to extend its relief formula to include farmers whose crops were adversely affected, in addition to obvious hard luck cases of growers who lost hundreds of hectares of productive orchards and vineyards in washaways.

Not to do so in the current atmosphere of widespread compassion for people af-

probably less

FM 20/2/81

currently exists would be removed, but Hospitals would be increased. The Day Hospitals are currently operating at full capacity and could not treat the increased

ected by the floods would be politically imprudent.

□ Meanwhile, Industries and Commerce Minister Dawie de Villiers has been asked to intervene in the longstanding dispute between the 200-strong association of independent wine grape producers and the KVV.

The move seems to have paid off because the association's quota of 42 000 t of grapes, which they may deliver direct to wholesale producing merchants (so bypassing the 72 wine co-op cellars), has been raised 1 000 t, grudgingly conceded by KVV.

De Villiers was brought into the dispute because the independent producers argued they were the victims of unfair trade practice.

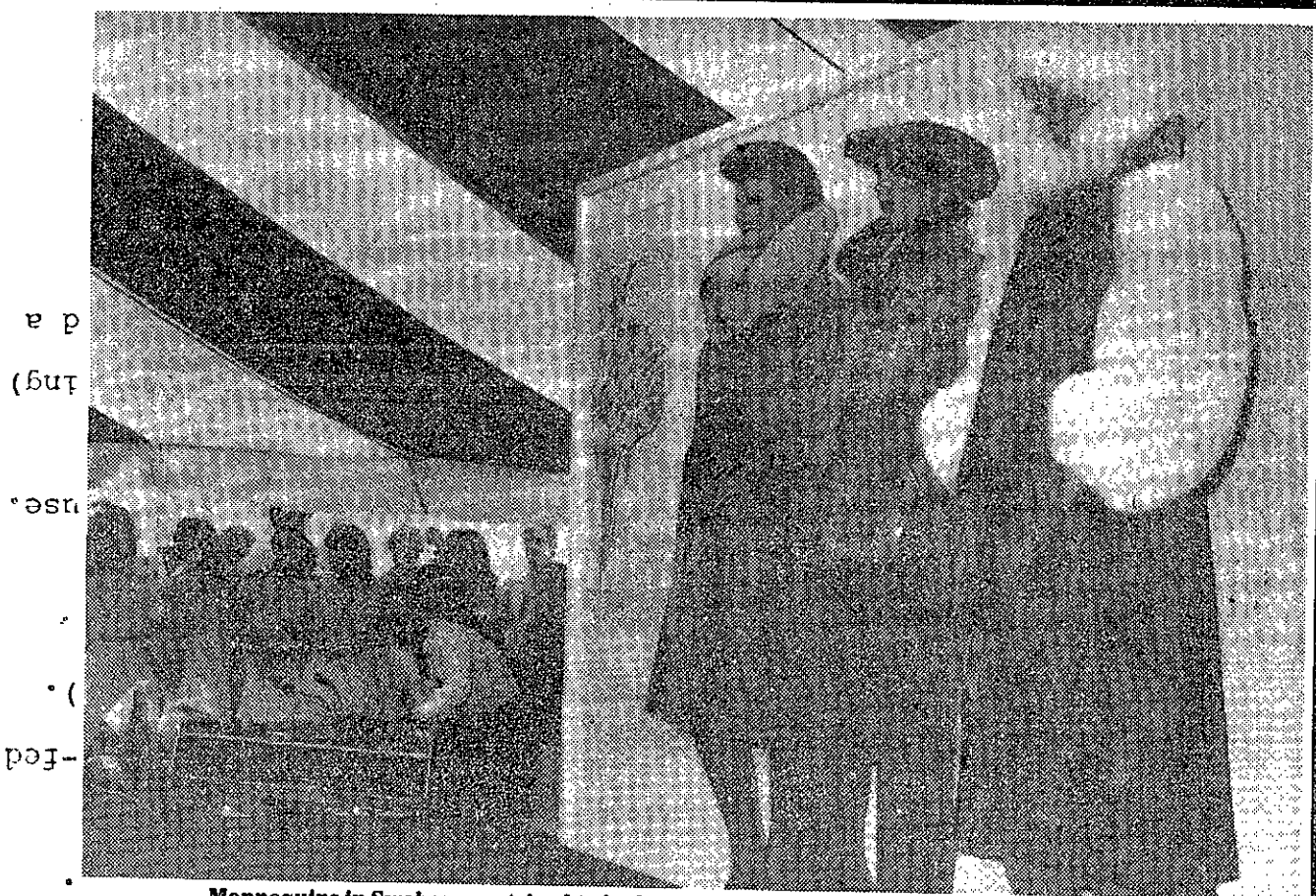
They told the minister KVV's attitude was in conflict with the industry's controlling legislation, in terms of which the KVV is assigned a regulating function, not a restrictive one. They added that KVV's refusal to expand the quota is an unwarranted incursion on their freedom of choice.

KVV's argument, on the other hand, is that if the longstanding practice of direct sales to wholesalers were allowed to proliferate, it would undermine the co-operative ethic and undermine the system of careful production control.

Independent growers reject this and say that KVV has, in any case, full control over production quotas, including the volume of grapes produced by wholesalers on company-owned farms. Independents say there are too many co-ops, many of which are not viable.

In South Africa, medical auxiliaries or 'second-class doctors' (5) are not acceptable to the Medical and Dental Council, but nurse physicians - nurses who receive additional training in the diagnosis and prescription of drugs - are. Nurse physicians are only able to cope with the more common diseases

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Mannequins in Swakara contrived to look cool and elegant, despite the sweltering heat, at a fashion show during the Nederburg wine auctions at Paarl on Saturday.

Rare Cape wines fetch record R560 000

The 1981 Nederburg auction on Saturday of rare Cape wines achieved a record turnover of more than R560 000 and a record price by a commercial (as opposed to a charity) bidder of R2 800 for a case of Nederburg Selected Cabernet 1962.

The record charity price is R2 500 paid for a half bottle of Constantia white, 1791, at the Nederburg charity auction last year.

The day-long auction on Saturday ended on a high note of excitement and loud applause from the large gathering of buyers when the last item on the list of 84 entries, three lots of the Nederburg Selected Cabernet, fetched R2 600 for the first lot, R2 800 for the second lot and R2 000 for the third. A lot is a case of 12 bottles — which works out at more than R205 a bottle for the 36 bottles.

Some 5 400 cases of wine were offered from 18 estates, co-operatives and wineries and consistently fetched twice — often many times more — the reserve price throughout the day. Red wines of any substantial age commanded particularly high prices; as also did the much-prized goldenhued Edelkeur.

Examples: R600 for a case of Zonnebloem Cabernet 1965, R300 for 12 half-bottles of Edelkeur 1976 (R25 for half a bottle), R900 for a case of Nederburg Selected Cabernet 1968 and R800 for a case of Johan Graue Estate Cabernet 1970.

By RHYS MEIER, who was the Daily Dispatch's reporter at the Nederburg auction at Paarl on Saturday.

Though the sponsors (Stellenbosch Farmers Winery) and the sellers were obviously elated by the result of the auction, some would-be buyers, such as East London hotelier Mr Ellis Kowarski, were dismayed by the level of the prices. The fear was expressed by some of those at the auction that it would set a pattern for wine sales that would push up prices all round.

Early in the afternoon, with the sale of lot 124, the R2 million total was passed for the seven annual Nederburg auctions so far, all of which have been conducted by Sotheby's Mr Patrick Grubb, who was presented with an engraved gavel to mark the occasion.

The auction was opened in the morning by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, who drew a laugh when the power for the public address system failed and he continued his address to the gathering of about 2 000 through a red and white bullhorn (loud hailer) which was handed to him.

Dr De Villiers emphasized that the object of the Nederburg auctions was to promote the image of South African wines and in this, he said, it had been

eminently successful.

At the first auction in 1975 there had been six participants. This year there were 18 and 72 different wines. Attendance grew to 2 300 last year and had to be restricted to 1 800 this year. It was a most important item on the wine and social calendar.

As the minister responsible for tourism he was prepared to consider favourably suggestions for current practices insofar as it appeared the wine industry was influenced by existing limitations. The government favoured the promotion of light, natural liquor on an orderly, responsible basis.

Saturday was a sweltering day at Paarl, with the temperature hovering around 34 C. But as one commentator put it, if Nederburg is not on your social calendar, you don't have a social calendar.

Outside the auction hall, the lawns were gay with huge marquees. Ambassadors and cabinet ministers rubbed shoulders with the rich and not so rich, overseas and local buyers and journalists. Wine flowed.

In one marquee was a fashion show in which mannequins contrived to look cool and elegant in Swakara, despite the heat.

Lunch was served in a series of large marquees, with a gourmet's buffet. The menu included 1 000 crayfish tails, 2 000 oysters and went all the way along to roast beef and ouma's apple pie. The guests were entertained by a traditional Western Cape band playing old favourites such as Daar Kom die Alibama.

Biggest burst of laughter on a memorable day came during the afternoon when a rough voice cut across Mr Grubb's cultured taking of bids to announce: "Will XYZ come urgently to Information. We need you badly. Everybody is dying for a drink and you've got the damn key."

Prize offering at the customary charity auction which followed the annual sale of wines at Nederburg on Saturday was five bottles streaked with mud.

They were found by Mr Lourens Muller, of Bonnievale, buried in the silt at Montagu after the recent Karoo flood. They were bought by Mr Stanley Goldberg of Johannesburg for R2 000.

The charity auction this year was in aid of the Karoo Floods Relief Fund and raised R7 200.

The contributions included six bottles of 1890 Cape port (labelled Pontac) and two bottles of 1935 vintage Cape sherry.

Second biggest bid — also by Mr Goldberg — was R1 300 for a bottle of Chateau Libertas 1941.

3-Wine

Transvaal biggest buyer at Nederburg

By Rhys Meler

The extent to which prices soared at the 1981 auction at Nederburg on Saturday of rare Cape wines is best illustrated by the fact that the record total return of R560 576 was paid for 2 524 fewer cases.

The 7 800 cases offered in 1980 were considered to have made the sale cumbersome. So the number was restricted this year. But the average price per case this year was nearly twice that paid last year — R106 compared with R57,44 last year.

Total turnover at the sale last year was R420 344, in 1979 R487 000, in 1978 R368 900, in 1977 R230 283, in 1976 R175 000 and in 1975 (the first year) R237 000.

Asked at the press conference after the sale had ended on Saturday, how they accounted for the sharp jump in prices, the chairman of Stellenbosch Farmers' Winery (sponsors of the auction), Mr L. Barth, said there had been a very positive attitude among buyers this year.

It was put to him that last year there had been some resistance, particularly among Transvaal buyers.

This year nearly 60 per cent of the total went to the Transvaal, close on 14 per cent to buyers in the Western Cape, 3,80 per cent to Eastern Cape

buyers, 3,20 to the Orange Free State, 6,41 per cent to Natal and 2,96 to South West Africa.

A little more than four per cent of the wine was bought by overseas buyers, with America taking 1,27 per cent and Britain 0,64 per cent.

Buyers from the USA, Britain, West Germany, Switzerland, New Zealand, Belgium, Uruguay and Paraguay attended the auction.

As always, top prices were paid for red wines. The record of R2 800 for a case of Nederburg Selected Cabernet 1962, has already been reported. But the demand for white wines was excellent, also. The golden-hued Nederburg Edelkeur was in great demand as always. The degree to which the prices paid exceeded the expectations of the sellers is proved by the fact that the reserve prices were vastly exceeded in all cases.

Never at any time during the long auction did the bidding start at the reserve price. It was always higher. And every case on offer at the auction was sold.

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, who opened the auction, drew attention to the offer of "wines from the muscadel cultivar" at the sale for the first time.

These were wines from a cultivar to which Jan van Riebeeck referred in his diary 322 years ago, he said.

They were the 1970 Vinkrivier red muscadel of the Rooiberg Co-op and the 1977 Muscat de Hambourg from the Weltevrede estate. Reserve price on the Muscat de Hambourg was R41; and it sold for R150.

It was noticeable at the sale that any wine, red or white, which could be laid down, was in demand. In all, 3 696 cases of white wine were sold at an average price of R96,29, with R360 the top price and R40 the lowest. Total paid for white wine was R355 917.

The number of cases of red wine sold was 1 583 with R2 800 the top price and R38 the lowest. The average price was R129,25 and the total paid for red wine was R204 659.

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SOURCE: Report of the Commission of Enquiry into Matters

Area	Cash	Kind	Total
Area 4	4,61	9,35	13,96
Area 3	6,85	4,56	11,40
		(R per week)	

Payment to Coloured farm workers in two areas, cash, kind and total, January-February, 1975 (R per week)

TABLE 20

payment by area, broken down into cash and kind:

Tough budget brings gloomy prospects

New tariffs may hit wine exports

S. Tribune 15/3/81

3 wine

74

Special Finance Correspondent

SALES of South African wine and spirits in Britain will be buffeted by the huge hikes in excise duties announced by chancellor of the Exchequer, Sir Geoffrey Howe, in his budget this week.

Although exports account for less than five percent of South Africa's wine production, Britain is our biggest foreign market. "The increases could have a material effect," on offtake in Britain, notes a senior executive of the KWV, which accounts for 95 percent of South Africa's fortified wine and spirits exports and 70 percent of foreign sales of light wines.

In what one British newspaper called a budget for "monks with

mortgages," Sir Geoffrey slapped an extra 22 cents on a bottle of wine and 45 cents on a bottle of sherry.

The increases "will restrict the sales growth rate of light wine," says Michael Stokes-Rees, MD of the South African Wine Farmers' Association, KWV's London affiliate. Stokes-Rees, who is currently visiting South Africa says light wine sales this year will not be much higher than the roughly 110 000 cases sold in 1980.

He points out, however, that last year's growth rate was 60 percent. Even without the tough budget that increase would not have been matched. As recently as 1974, South Africa sold only 8 000

cases of light wine in the UK.

The budget will probably hit fortified wine sales even harder. "We will find it very difficult to maintain existing levels," Stokes-Rees says. Offtake of South African fortified wines, mostly sherry, totalled around 350 000 cases last year, some 10 percent lower than 1979 levels. Stokes-Rees expects volumes to be about the same in 1981.

One consolation is that the excise duties will hit South Africa's competitors equally hard. South African light wines have a market share of less than one percent in Britain, and Spain sells about ten times as much sherry there as South

Africa.

Wine distributors are banking on tippers switching in greater numbers from whisky — which went up by over R1 a bottle in the budget — and other spirits to wine. This trend is one reason for the brighter outlook for natural wine than for fortified products.

Stokes-Rees hopes "we can maintain our market share and possibly improve it". But he faces some stiff hurdles, mainly the tariff barriers which have been put up since Britain joined the EEC. South African sherry used to enjoy a preferential duty about R2 a case lower than its competitors. Now, importers pay 50 cents a case less on Spanish sherry than on the South African product.

CWD explains buying of shares

JOHANNESBURG — Cape Wine and Distillers (CWD) launched its aggressive share buying spree this week to protect a pre-emptive right it had to the shares of Mr Jan Pickard, says the managing director, Mr Gys Steyn.

Breaking his silence for the first time since the drama began on Tuesday Mr Steyn said CWD paid an average of about R4 a share for Union Wine shares to "protect its rights".

Mr Jan Pickard, chairman of Union Wine, said he did not accept that this was the reason CWD opposed him.

"They just don't want us to be in liquor retailing", he said.

If CWD paid an average of only R4 a share, it must have withdrawn from the bidding long before the share price reached its high of R19 on Thursday morning as bears rushed to cover, virtually at any price.

Mr Steyn did not disclose how many shares CWD had obtained, or if its stake was big enough to stop the liquor retailing partnership.

He did stress, though, that CWD did not own retail liquor outlets, even though its main shareholders, Rembrandt and SA Breweries, did.

The Kirsh-Pickard camp is confident it has more than 75 per cent of Union Wine and 98 per cent of Picotel and that it cannot be blocked.

It is adamant that CWD's pre-emptive rights were not threatened by its proposed partnership in liquor retailing.

"Until January 1983, they have first rights to my shares, if I sell," said Mr Pickard, "but I haven't sold a single share in Union Wine, so what's all the fuss about?"

Market observers were mystified why, if it thought its pre-emptive rights were threatened by the proposed partnership, CWD did not go to the Supreme Court for an interdict, rather than launch an expensive counter-attack in the market. — DDC.

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Retnet, Gordonia and Vredendal, in which 87 farmers and 128
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Area 4 contains 24 magisterial districts, including

or magisterial districts were chosen as 'study districts'.

BD 21/3/81
3- wine

Days of wine and roses

By Neil Schnoor, Solly Kramer's wine consultant

The fairest Cape in all the world is at its most beautiful right now.

And from now until April, the winelands, too are at their best, the bloom of maturity on ripening grapes, dry sunny days, and the autumn colours of the countryside are beginning to show.

Harvesting of the crop will start soon, which means that wine lovers visiting the historic estates can see the grapes being picked, and then pressed.

Any visitor to the Cape who does not see the

winelands, has not experienced the soul of the province.

To see the winelands of Stellenbosch and Paarl properly, tourists can do no better than travel their chosen route themselves, but of course there are several tour operators on the Cape, who provide conducted bus trips round some of the more famous estates.

Forty-five minutes out of Cape Town, between Klipmuts and Simondium, is the award-winning Backsberg Estate.

We buy extensively from this estate, providing for the palate of expert wine lovers, and enthusiasts.

Although Backsberg is a sophisticated estate, it has retained the atmosphere of a traditional old Cape wine farm. Experts will meet you on arrival and guide you through the cellars, with closed circuit television providing information and illustrations on wine making.

And at the end of seeing how this estate produces some of South Africa's noblest wines, there is a small museum to visit. And staff encourage visitors to taste their product.

A few kilometres on lies one of the finest stately farmhouses in the winelands at Anglo-American's Boschendal Estate. Regal, white set up against a towering mountain range, it was built in 1812, by Paul de Villiers for his wife, Anna Louw. His descendants still head the company, which produces delicate white wines and full-bodied reds.

The Boschendal Manor House is open to the public and boasts one of the world's leading collections of Kraak porcelain.

In my mind, a visit to Boschendal is one of the great experiences of the Cape winelands.

Two lesser-known but equally historic estates, still in the Paarl area, and a short hop from Boschendal, are Fairview and Landskroon. Both produce wines of rare quality.

Until recently most of the wines from Fairview were exported. Seven years ago bottling on the estate was started for the first time, and the entire production that year was sold at the Nederburg Wine Auction. Landskroon is especially noted for its red wines. The Paarl winelands have many more estates worth visiting, the renowned Nederburg Estate, with its dozens of award-winning wines; Drakenstein, Groot Simonsvlei, Groot Drakenstein and many more.

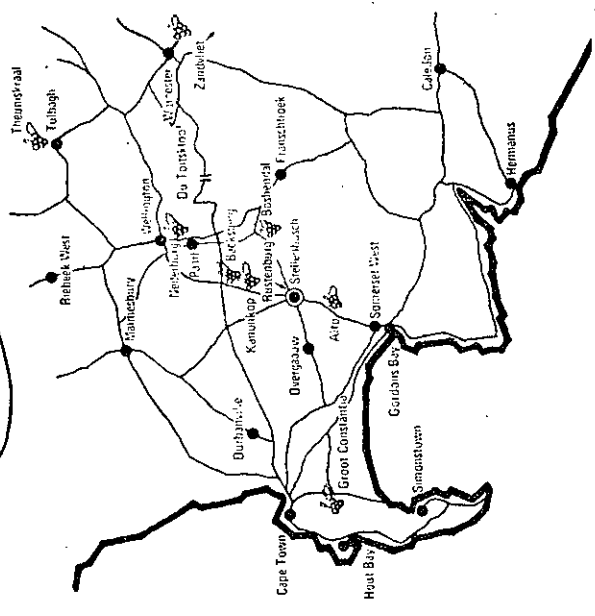
But without seeing the winelands of the Stellenbosch area, a real experience of the Cape winelands would be incomplete.

Lunch at Lanzerac is for any first-timer in the area a must. What wines, what beauty.

A good start to a day's tour of this area, is to visit Verdun, which is close to three other great wine farms, Neethlingshof, Overgaauw, and Uiterwyk.

Verdun was founded in 1970 and is especially known for its choice red wines. It also has perhaps the loveliest garden in the Stellenbosch area.

Almost next door is Neethlingshof. This farm



was allotted by Simon van der Stel to Barend Lubbe in 1699 and the beautiful homestead, built a century later, has been well preserved.

Overgaauw is named after the first woman to live there, Elizabeth Overgaauw. This farmhouse, is not in the classic Cape Dutch mould, but is nevertheless a large and beautifully maintained old home, surrounded by enormous ancient trees, and a colourful garden.

Uiterwyk is the last farm on the western border of the old Stellenbosch district. The farmhouse, still with its original yellowwood floors and ceilings, has been declared a national monument.

Before setting off for another "must" in this

area, Delheim, the wine lover should drop in on the Spier Estate. This farm, too, was one handed over by Governor Simon van der Stel, and the original title deed has been preserved.

Delheim wines are produced on the farm, Driesprong, at the foot of Kanonkop along the south-easterly slopes of Simonsberg.

Estate wines have been bottled at Driesprong since 1948, and the Delheim label is well known to connoisseurs.

Tourists should study maps of the area they wish to visit, and plan carefully in order to see as much as possible. Many estates offer their own tours, many offer lunch, but it's wise to telephone first and find out what is specifically offered on each estate.

Wine

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PAARL — The 1980 wine crop yielded a record 7-million hl which was 12.1 percent higher than the 1979 vintage. Dr A J du Toit, chairman of the KWV, said at the annual meeting in Paarl.

The crop has increased from 5.9-million hl in 1975 to 7-million hl in 1980.

Flood disasters had adversely affected the prospects for the 1981 vintage, he said. The flood disaster areas and the districts that were lashed by downpours yielded an estimated 24 percent of the total wine crop.

Losses there were estimated at 22 percent when the lower sugar content of the grapes was taken into consideration, Dr du Toit said.

The 1981 wine crop was estimated at 6.6-million hl which was 5.7 percent less than last year's record vintage.

The sale of wine in SA had increased by 20-million l. Referring to the sale of beer, he said there had been a 34 percent increase last year compared with 16 percent in 1979.

The stagnation in the sale of brandy was a matter that needed urgent attention, Dr du Toit said.

There had also been a drop in the wholesale demand for imported whiskey. — Sapa.

been characterized by low wages, protracted hours, and horrid working conditions. The families, and particularly the children of these workers have also suffered from the typical symptoms of chronic poverty--being undereducated, ill-fed, poorly housed, and lacking even the most rudimentary health and sanitary facilities. The tragedy is further compounded when it is realized that the v

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Mass meeting of wine farmers

Own Correspondent

Paarl

3/9/61

3 wine

PAARL. — Wine farmers worried about what they see as a weakening of their financial position over the past few years will hold a mass meeting on September 9 in the Showgrounds Hall at

The KWV has been in contact with the MINISTER of Finance, Mr Owen Horwood, but the wine farmers feel that a mass meeting will strengthen the hand of the KWV in handling the matter.

ET 8/19/81

Paarl wine farmers to hold mass meeting ^{sure}

HUNDREDS of wine farmers in the Paarl region are expected to attend a mass meeting today called to deal with what many in the industry claim to be its worst crisis since the KWV was founded more than half a century ago.

About 2 000 farmers have signed the petition requesting the meeting organized by a committee under the auspices of the Co-operative Wine Sellers. Directors of the KWV have also been invited to attend.

Smaller wine farmers, worst-hit by rising costs and poor sales growth, are at the

centre of the financial discontent which prompted the meeting, although the whole area is dependent on the industry.

With little opportunity to diversify into other agricultural production as is being done in areas such as Vredendal, Paarl's smaller farmers claim they face ruin under the prevailing conditions. Excise duty increases on sparkling and fortified wine and brandy in the national budget are cited by the farmers as the final straw in a long process which they believe has served to erode consumption.

2 000 protest over 'unjust duty'

By JOHN VAN DER LINDEN

ABOUT 2 000 wine farmers yesterday met in Paarl as a show of solidarity against the government's recent 23 per cent increase of excise duty on brandy and fortified wines.

A Nationalist MP, Mr Pietman Hugo, MP for Ceres, said the increased duty was "unjust", considering that the KWV had kept tight control over wine production and a firm hand on price escalation.

"If the government insists on taxing the wine surplus which is given free to the KWV, it can expect the farmers to retaliate," he said.

The meeting at the Boland Agricultural Showgrounds, was convened under the auspices of the KWK, (the Co-operative Wine Cellars Association) and formed part of the wine farmers' campaign to seek a better deal for their industry which many felt was in decline.

Angered by the "unjust taxation" several speakers criticized the government for its R77-million subsidy to non-viticultural produce and its monopoly in brewing sorghum beer, an alcoholic beverage which forms 82 per cent of all alcoholic beverages sold in the country and on which there is no excise duty.

The chairman of the meeting, Mr Kobus Malan, said the KWV was forced into calling the meeting when more than 1 000 farmers signed a petition.

Defence

Mr Poekels Bruwer, a prominent Robertson wine farmer, said the industry had reluctantly accepted the previous increase when told the money was needed for Defence purposes but this time it was unacceptable.

He said the minister might well decide to increase the excise duty on dry wine in his next budget.

Mr C Esterhuysen, of Montagu, reminded the meeting that although a delegation had last year called on the Minister of Agriculture to plough at least 15 per cent of the excise tax back into the wine industry, nothing had come of it and instead a further increase was imposed.

The State had a direct income from the industry which had so far never asked for any gifts or concessions, yet farmers in the north, who kept asking, were heavily subsidized.

Mr Danie Carinus, of Stellenbosch, also attacked the government for subsidizing other producers to the extent of R77-million to get rid of a surplus and said the minister was busy strangling the wine industry.

Mr Lambert Huysamer of Koekenaap, said high taxation had led to an unjustified low income for the farmers and they were unable to pay workers enough to keep them from flocking to the cities.

Mr Jannie Momberg, of Stellenbosch was given a loud ovation when he suggested that the matter be directly referred to the Prime Minister.

Mr Meiring said many of the wine farmers affected by the increase were deciduous fruit farmers as well, and they were already facing surplus production, export and water problems.

Cape Wine final 7,7c 3 (Wine)

CAPE Wine & Distillers had audited net pre-tax income of R65-million in the 15 months to June 30, 1981. As the Group was formed only on October 1, 1979, the only comparative figure available is for the six months to March 31 last year when pre-tax profit was R20 700 000.

In the period under review, tax took R25 500 000, leaving taxed profit at R39 500 000.

The final dividend is 7,7c, making 14,1c for the year after two interims of 3,9c and 2,5c.

The report contains no comment. — Sapa.

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tially significant effect on EPS will in turn affect the earnings yield and dividend cover ratios, as they are based upon the earnings figure, as well as the price earnings ratio.

Ratios such as return on total investment, and other profitability ratios, for example, the return on owners' equity, will also be affected by capitalising interest, but not to such a great extent. This is due to the fact that the total amount of the investment in assets is larger in amount than income, and accordingly, the amount of interest capitalised bears a smaller proportion to those assets than it does to income.⁵² The same survey also indicated that the ratios of investment turnover and the book value of the assets per share changed by less than 3% if interest were expensed rather than capitalised.⁵³

4.8 Consolidated Annual Financial Statements

4.8.1 Group Accounts

What happens to the interest that has been capitalised when consolidation takes place? If no practical guidelines exist, it is possible for management of the holding company, by virtue of their position of control, to manipulate the profits of the group by merely borrowing funds from outside the group, and then lending these funds to their subsidiary

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Wine grapes of wrath



'And I lie when I tell a labourer I have to work for him. I do have work, but I cannot pay him,' said another.

Better salaries cannot be paid, says Mr de Villiers, while the price of wine is so low and the farmer has to bear the brunt of increased excise duties.

HEARING a wine farmer say he lives just above the bread line may sound far-fetched, but when 2 000 others agree with him, it seems something is fermenting in South Africa's wine industry.

The gremlin has come in the form of excise duties which the Government has slapped on to brandy and fortified wine, and farmers now fear the next step may be to tax dry wines.

While wine farmers suffer, they say other agriculturalists around the country are smiling at the subsidies handed out by the authorities.

And the country's most popular drink, soft hum beer — which accounts for 82 percent of alcoholic consumption in South Africa — escapes the burden of excise duty while the Government has a monopoly on its production.

The Western Cape has become the stepchild of South Africa, says Noorder Paarl farmer, John de Villiers.

'We have a natural indigenous population and there is always talk about growth, but we've seen the least of it in the past few years.'

WINEMEN at the meeting in Paarl this week.

At the meeting, a farmer told me that of 8 000 wine farmers only about 200 were wealthy.

Excise duty increases had slashed profits and 'a good number' of farmers who used to earn between R30 000 and R40 000 a year, were now on the brink of bankruptcy.

Besides the taxes on wines, the farmers have been hit by escalating fuel, electricity and machinery cost increases.

A feature of Wednesday's mass meeting was the number of farmers who spoke of the need to increase their labourers' wages, which presently average R20 a week.

'I regard my labourers as tradesmen but I can't afford to pay them artisans' salaries,' said one farmer.

BY MIKE HEWITT

2 000 wine farmers from around the country flocked to a meeting in Paarl this week to protest the Government's recent 23 percent increase of excise duty on brandy and fortified wine.

It was an unprecedented show of strength by wine farmers and the Government will not be able to ignore their protests when a delegation meets the Prime Minister later this month.

Chairman of the Cooperative Wine Cellars Association, Mr Willie Mostert called it 'standing shoulder-to-shoulder in a demonstration of solidarity.'

Speaking in the wood-panelled study of his charming homestead, Estherdal, it is inconceivable to think that John de Villiers is anything but prosperous.

But the farm is stocked with Friesian cattle and batteries of hens, besides the thousands of vines under cultivation.

'If I lived solely off my wine farm, I would not be able to drink whisky,' he says.

'It is true that wine farmers are living just above the breadline. For every cent we get, the Government "our partner" gets four cents. We get just over 20c for a bottle of good wine which retails at around 10 times that price.'

Mr de Villiers was speaking after almost

In France and Italy, there is no tax on wine, but here — as in England — taxes are imposed first on liquor and cigarettes.

Mr de Villiers said wine farmers in the Western Cape found it difficult to diversify crops because of the shallowness of the soil.

Apple farmers reaped R12 000 per ha of crop, while the wine farmer received only R2 000 per ha under vines.

It also costs R12 500 to replace a hectare of vine, and 10 percent of a farm's vines must be replanted each year.

And following the latest excise duty increase on brandy, the Government is walking off with almost 43 percent of the retail price, commerce swallows 46 percent and the wine farmer is left with less than 12 percent — what one could call the dress of the vat.

Dregs of the vat!

S. Tribune
 By TONY SPENCER-SMITH
 13/9/81

Wine men to see PW over new excise duties

A BAD year in the wine industry used to mean the harvest was not up to scratch, but now it leaves a bitter taste, for wine farmers are living off the dregs of their labour and facing possible financial ruin.

Hearing a wine farmer say that he lives just above the breadline may sound far-fetched, but when 2 000 others agree with him, it seems something is fermenting in South Africa's wine industry.

Paarl wine farmer Koos Malan says this week's mass meeting of wine farmers in Paarl was unprecedented and was held to express the large-scale dissatisfaction of the farmers with the way the Government was treating the industry.

Mr Malan, who chaired the meeting attended by wine farmers from as far afield as Oudtshoorn and Koekenaap, is one of the delegates appointed at the meeting to thrash out the problems of the farmers with Prime Minister P. W. Botha.

In an interview after the meeting Mr Malan said the date of the meeting with Mr Botha had not yet been finalised, but it would probably take place this month.

He said the huge new excise duty hike on brandy and fortified wines imposed by the Government did not make sense and was the last straw in a long series of setbacks suffered by the farmers.

"Wine farming is one of the least profitable of all farming ventures." He said a misunderstanding appeared to have arisen between the producers and the Government.

The farmers had long negotiated with the Government only through the KWV, and now had the impression that the Government considered that whatever it did the KWV would moan anyway and, therefore, ignored it.

He warned that farmers could move increasingly to other crops, with serious long-term effects on South Africa as a wine-producing country.

"At a time of declining brandy and fortified wine sales, the Government imposed this huge excise duty increase.

"This was in the face of the restraint and responsibility being exercised by the farmers in an attempt not to push prices up to the point of serious consumer resistance.

"While the farmer is now getting only 6,5 cents



WINE farmers with a mission to meet the Prime Minister to protest at the Government's increase in excise duty on brandy and fortified wine. Delegates chosen at this week's meeting in Paarl are, from left: Mr Ponk van Zyl, Mr Danie Carinus, Mr Jannie Momberg, Mr Willie Mostert, Mr Poegels Bruwer and Mr Kobus Malan

more per bottle, of brandy, the Government is taking 51.6 cents more per bottle.

"So while the farmer gets only about 75 cents per bottle, the Government is now taking R2,70.

"We have decided the time has come to strengthen the hand of the KWV by fighting as a solid, united front. "We feel we have to protest ourselves, we've left the KWV in the lurch up to now."

Nationalist MP for Ceres Mr Pietman Hugo

while the Government had a monopoly on production.

"The Western Cape has become the stepchild of South Africa. "We have a natural indigenous population and there is always talk about growth, but we've seen the least of it in the past few years."

Speaking in the wood-panelled study of his charming homestead, Estherdal, it is inconceivable to think that John de Villiers is anything but prosperous.



QUOTE

Wine farmer John de Villiers... labourers being "throttled" because farmers have no money to improve their living standard.

— who is also vice-chairman of the KWV — said at the meeting that the increased duty was "unjust" and the Government could expect the farmers to be angry.

Noorder Paarl farmer John de Villiers said the country's most popular drink, sorghum beer — which accounted for 82 percent of alcoholic consumption in South Africa — escaped the burden of excise duty

But then, the farm has been in the family since the first De Villiers Huguenot settlers arrived in the Cape and brought with them their knowledge of viticulture.

In those days, Cape Governor Simon van der Stel was doing his best to promote the fledgling wine industry.

Also, the farm is stocked with Friesland cattle and batteries of hens, besides the thousands of vines under cultivation.

"If I lived solely off my wine farm, I would not be able to drink whisky," he says.

"It is true that wine farmers are living just above the breadline."

At the meeting, a farmer told me that of about 8 000 wine farmers, there were only about 200 who were wealthy.

Excise duty increases had slashed profits and "a good number" of farmers who used to earn between R30 000 and R40 000 a year were now on the brink of bankruptcy.

Besides the taxes on wines, the farmers have been hit by escalating fuel, electricity and machinery costs.

Perhaps a surprising feature of the meeting was the number of farmers who spoke of the need to increase their labourers' wages, which presently average R20 a week.

"I regard my labourers as tradesmen but I can't afford to pay them artisans' salaries," said one farmer.

"And I lie when I tell a labourer I have no work for him. I do have work, but I cannot pay him," said another.

John de Villiers takes up the cudgel: "Labourers should be paid as qualified agriculturalists. We want the money from excise duty to be given back to us, so that we can improve the labourers' standard of living... by building up their houses, installing electricity, building school and churches... but it is impossible to do it without any money."

Duty takes big bite of wine profits

Argus 14/9/81
3 wine

Argus Correspondent

PAARL. — While wine prices for 1981 as fixed by the KWV amounted to an increase of only 7c a bottle for producers, excise duty had recently increased by 51.6c a bottle, according to Mr Kobus Malan of Klein Drakenstein.

Mr Malan, a leading figure in the recent controversy regarding the heavy increase of excise duties on wines which resulted in a mass protest meeting of 1200 wine farmers from all parts of South Africa here last week, was asked by The Argus to substantiate the claims and wine farmers' dissatisfaction.

BREAKDOWN

From the retail price of R6,34c for a bottle of brandy under the new rate of excise duties, the wine farmer received only 74,8c a bottle, the State received R2,70c in duties, while the wholesale and retail trade took R2,89c.

'On the average farm in the Republic, about 36 ha of land are under vines. The net income from wine cultivation is about R700 a hectare. But interest on capital investment in land, machinery and equipment amounts to R640 a hectare — which leaves the average wine farmer with a net profit of only R6 a hectare,' Mr Malan said.

SMALL PROFIT

A 36 hectare farm, therefore, provided a net profit for wine of only R2160 a year, Mr Malan said. With this he had to maintain, feed, educate and provide for himself and his family.

Farms in the Paarl/Malmesbury area were slightly more fortunate as in this region the average amount of land under vines was 50 ha.

The KWV and the wine farmers had always carefully considered the important question of consu-

mer resistance to the steady increases in wine prices, and accordingly had accepted policies by which the wine farmers themselves carried a big percentage of inflation in production costs to keep wine prices for consumers as low as possible, said Mr Malan.

DISREGARDED

But the Government had completely disregarded this very important aspect with its recent increase in excise duties by 23,6 per cent.

Wine experts have estimated that sales of fortified wine will drop by 5 percent and brandy sales by 10 percent as a result of the price increases.

Mr Malan is to represent the Paarl area when a delegation of wine farmers interviews the Prime Minister, Mr P W Botha, soon.

Wine tax: PM is to reconsider

3 (wine)
2/10/31
THE Prime Minister, Mr P W Botha, has agreed to reconsider the recent increase in excise duty on fortified wines, following a meeting he had with a nine-man delegation of wine farmers this week.

The meeting followed last month's gathering in Paarl, where about 2 000 wine farmers met to protest against the government's recent 23 percent increase in excise duty on fortified wines and brandy.

The KWV said in a press release this week that the Prime Minister had received the delegation "extremely sympathetically".

He had undertaken to reconsider the excise duty increase as quickly as circumstances permitted.

PAARL has been adjudged South Africa's champion wine region. This was announced at today's championship wine show at Goodwood.

Paarl also took the title as the champion white wine region while Stellenbosch remains top as the red wine producing region.

Simonsvlei Co-op's Mr S G D Rossouw, is the cham-

Paarl champion wine producing region

3 wine *Aug 15/10/81*
pion co-operative winemaker as well as the SA champion.

Other awards were: Champion white table wine — Bottelary Co-op, champion red table wine— Faure and Faure;

Champion dry hane-poot — Louwshoek-Voor-sorg Co-op; Champion muscat fortified wine — Klawer Co-op; Champion non-muscat fortified wine — Allesverloren Land-goed.

Champion new or Scarce cultivar — Diemersdal Boerdery's cabernet Franc; Champion private producer winemaker — S S Back, Backsberg.

The show was opened by Mr Owen Horwood, Minister of Finance.

Farmers spell out demands to KWV

CAR-TIMES
18/11/81

3 Wine

Staff Reporter

MILITANT wine farmers confronted the KWV in Worcester yesterday, questioning the ability of its board of directors, calling for the legalization of shebeens and demanding a 25 percent increase in the producer price of wine.

The 200 farmers came well-prepared to the KWV's annual general meeting, as pre-elected spokesmen reeled off points of contention from typed speeches.

The association's chairman, Dr André du Toit, struggled to keep up with the flood of complaints and speeches from farmers from all over the Western Cape and the Boland.

Mr Franz Malan, of the Simonsig Estate near Stellenbosch, was their major spokesman. In his two lengthy speeches and in other speeches farmers spelt out their major demands and complaints.

These were that:

- Shebeens should be legalized to help promote wine drinking among black people, and apartheid should be dropped in liquor outlets to expose blacks to

the same advertising campaigns as whites.

- Legislation governing the sale of wine in hotels, restaurants and other outlets on Sundays should be relaxed to stimulate sales.

- External management consultants should be brought in to examine the economic, financial and managerial functioning of the KWV.

- The producer price of quality and distilling wine should be raised by 25 percent — seven cents a litre — to help farmers keep pace with rising inflation and production costs.

- The KWV should adopt a "more aggressive marketing approach" and hotels and restaurants should by law have at least one person on their staff with formal training in wine appreciation to arrest the decline into "the same old boring wine list being presented at every hotel from the Cape to the Limpopo".

- Wine farmers should be allowed to distill and sell their own brandy.

The farmers also said the directors of the KWV had too many outside interests and could not devote sufficient time to the association, and that money was being wasted through bureaucracy.

The members also demanded reasons for the abortive and, they claimed,

expensive, bid by a major KWV shareholder, Kaapwyn, to gain control of Union Wines earlier this year.

Dr Du Toit explained that Kaapwyn was attempting to gain a 30 percent holding so as to halt the formation of a huge retail/wholesale monopoly holding by Kirsch Industries and Union Wines.

One of the most bitter exchanges between a farmer and the chairman took place "in committee" and may not be quoted.

This was followed by an irate statement by a Mr Brouwer who said it was indicative of the gap between farmers and the KWV that while farmers were "planting pumpkins and tomatoes to stave off bankruptcy the directors and their wives were having jollifications in London".

Dr Du Toit said the KWV agreed fully with the farmers that shebeens should be legalized, apartheid dropped in bottle stores, Sunday liquor sales relaxed and the question of distilling licences investigated.

Management structures were constantly being examined and rationalized and the KWV was well aware of the needs for aggressive marketing techniques.

A motion of full confidence in the board of directors was unanimously approved.

WINK

1975 - 1976

Natal Mercury 24/4/75

How do our local wines

By JON
BEVERLEY

BRITAIN is putting the cork on South African wines, firstly by the recent increase in the wine tax and then by the expected import barriers arising from the European Common Market.

Can the local product withstand these moves?

More than half of our wine exports and sizeable quantity of our brandy goes to Britain. Scandinavia is another big market, also Canada, but total exports have been pretty stable in terms of quantity and value for the past 20 years.

Wine exports have been hovering between 100 000 and 200 000hl, brandy between 15 000 and 22 000hl with an average value of about R4m every year.

Exports come into focus when the R60m value of the annual South African wine crop is considered.

go down overseas?

When it comes to wine quality South Africans, even the wine marketers, are chauvinistic. Give us a good South African red anytime is the latest cry.

And that is the way it went at the two recent wine auctions at Paarl. Wine merchants, convinced that their customers would pay good prices for the scarcer wines bid up into the R20 region for some.

These expensive bottles should start appearing on the shelves of bottle stores soon — and the customers can now start looking at the German and French wine prices to see just what they are getting for their money.

Britons won't be seeing much of these auctioned wines — most South African wine, not all, is sold in Europe under the K.W.V. label which is not generally available to the South African public.

PRICE

So while the British Chancellor, Mr. Denis Healey, has put up the price of wine, by about 40 cents or 24 pence, from South Africa, and from anywhere else, how do our wines shape on the British wine cellar shelf next to French, German, Italian, Portuguese and less common shipments from Australia, California and North Africa?

For all the ballyhoo in South Africa they do not compare with the best wines. Call them good second or third growths.

The reason is not far to find. South African wines are consistent as a result of the steady climate and careful control in the cellar. They are pleasant to drink but not much of an adventure.

The makers of the best wines in France and Germany have to contend with atrocious weather. Perhaps once in a decade a superb combination of

weather, soil and grape will produce a wine that tastes superior to any other before.

The adventure comes in learning the distinguishing marks of such a great wine.

The Paarl auction gave a push to South Africa's new wine — Edelkeur, — described in the blurbs as "almost spiritual." New legislation allowing the sweetness of a wine to be higher than before and the courage of cellar masters made this possible.

SWEET

It's a straw - yellow and sweet wine, not with the cloying sweetness of a dessert wine, but extra sugar that is caught by harvesting the grapes very late and after they have developed the "noble rot." It is similar to the German Beere-nauselese (selected berries) the grapes being gathered by hand which makes it an expensive wine.

In France the Sauternes wine is similar. It is a richer relation of the popular late harvest wines.

To answer the question posed earlier. Our wines can compete very well with a similar quality from elsewhere on the British market.

Wine drinking is on the increase as the price of spirits rises. Mr. Healey has added 64 pence (or about R1) to the price of whisky and gin in his budget. It is not clear whether other spirits are affected as well.

But British wine bars are enjoying a revival. Money is being poured into them and various companies have announced extensive plans for expanding these facilities.

Social factors have made them more attractive to liberated women

and others who don't like British pubs with their plastic decorations and noisy discos. The old style pub has almost vanished.

Indeed the growing popularity of wine is linked almost with its character and its cheapness compared with spirits. Beer is often boozy and bright, full of the froth of a superficial life; a necessary cool draught in heated moments it is matched in this respect by a glass of cool white wine.

Vigorous marketing has put wine onto South African tables with something like 240m bottles sold last year and the Wine of Origin legislation has made wine labels honest and defined some good wines which have earned the wine of Origin Superior label.

But the South African fledgling with some 30 years' growth has to compete in Britain with growths of much more than 300 years from France and Germany. Even the French labelling system (appellations d'origine) has been in force since 1851.

Wines from the Continent have flowed into Britain except when wars have stopped exports and it is by no means easy to introduce and keep the South African wine label to the fore.

TRADITION

Wine drinkers have long memories, reinforced by tradition. It is not so very long ago (about 50 years) that South African wines reached the nadir from the peak of the Groot Constantia wines that swept the Continent in the early 1700s.

That fame was followed by the greed of the early Cape wine farmers who watered down the wines and the reputation as well.

It will be safe to say that South African wines make their way on price first and quality thereafter and Mr. Healey has made it just that more difficult to ensure our farmers continue to earn much-needed foreign exchange.

CUTS BY WINE GIANTS

10/5/73

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600

Mercury Correspondent

CAPE TOWN — Signs of consumer resistance to the higher-priced wines have forced liquor giants Stellenbosch Wine Trust and the Rembrandt Group to cut prices.

Stellenbosch has confined its price reductions to slashing the prices of six wines in its large Oude Libertas range while Rembrandt has cut the prices of most estate wines by 68c a case.

Stellenbosch lowered its prices by a hefty 28 to 37 percent in what may be an unprecedented move. The wines with the old prices (a case) to the trade in brackets are Rood R7 (R11.03); Riesling R7 (R9.78); Chenin Blanc R6 (R8.96);

Muscat d'Alexandrie Colombar and Clairette Blanche have all been reduced from R8.13 to R6 a case.

Both groups denied that the cutting was the start of a price war but indicated that there has been some resistance to wines in the top ranges with the consumers tending to buy down into the medium-priced ranges.

There is a healthy demand for wine generally and Stellenbosch is still being forced to ration red wine to merchants.

A Stellenbosch spokesman stressed that the price reductions in no way implied that the wine was of inferior quality.

3

Wine shake-out bubbling over

By GORDON KLING

THE year of the shake-out in the South African wine industry has arrived. This is the view of the KWV and all the main marketers, who agree that despite all the talk about the rarity of good red wines, there has been no growth in total natural wine consumption for the last two years.

An actual drop was recorded in 1974 and it's expected to get worse.

This is because of lower sales in the lower-priced "traditional" Coloured end of the market, which accounts for 90 per cent of all natural wine sales.

John Lapping, in charge of marketing at Stellenbosch Wine Trust (the giant of the industry comprising Stellenbosch Farmers Winery, Monis, Nederburg, Sedwick-Taylor and John Dwyer Holdings), points to a 45 per cent increase in the price of leading Lieberstein in the last 12 months as an example of the reason.

"There has been a high degree of consumer resistance to the price increases and at this level they're switching right out of natural wines."

This is backed up by Andre du Toit, KWV chair-

man, who told the annual meeting in Paarl this week that there is a strong indication that the relative position of wine products of the liquor market has become weaker.

Mr Lapping says the market for high quality wines remains good, but they account for less than 7 per cent of turnover and are relatively insignificant despite the great romance image attached to them.

"Sales of imported wines in this category advanced by more than 100 per cent last year, but this just doesn't matter when compared to what's happening in the vin ordinaire market."

Even the outlook for the better wines is somewhat clouded. John de Villiers, KWV's general manager, says export sales this year are unlikely to match last year's record because of large surpluses in Europe and harder economic times.

And both Stellenbosch and Anton Rupert's Distillers Corp have announced recent price cuts in their upper ranges (only the whites have been affected so far, but again, consumer resistance to high prices was cited as the reason for the cuts).

There is no possibility of a net fall in the better wines, however, and at least one group is considering expanding into the American market. Danie

Terblanche, managing director of Union Wine Corporation, says the company, known for its Bellingham range, has been unaffected by the drop in the cheap wine market since it declined to enter it.

Mr Terblanche sees rising costs posing a real threat to low-price wines and believes the greatest potential lies in blended wines in the medium price range, now almost non-existent in the market.

"Blendeds permit uniform quality and this is the direction we're moving in."

"Bellingham is negotiating for sales in America and if blended wine catches on here it could be a solution to a lot of problems, by keeping prices down."

A benefit to the consumer is that many of those sought-after cabernets and pinotages are going to be more freely available later this year.

The marketers acknowledge that fairly high stocks of unsold quality wine are overhanging the market at the retail end.

SWT has already taken most of its best reds off "allocation" standing and KWV says there will be better supplies of higher quality varieties this year.

Harder times in the industry have soured the always uneasy relations between the big marketers and KWV, because the

companies are straining profit structures to hold the line on low-price wine costs, while the farmers set the wholesale price for their wine.

Mr De Villiers at the KWV says the farmers' margin is not all that high and their price increases are not the only ones affecting the market.

"Prices have to be kept at a level to maintain the place of wine farming in agriculture in the Boland."

"We also have to provide incentives to farmers to expand production."

"The KWV's prices are advertised before final approval is granted by the Minister of Agriculture, and there have been no objections to our increases."

But it's no secret that the marketers are unhappy with the almost 50 per cent increase in the wine price charged them by the farmers over the past 18 months.

Lothar Barth, SWT managing director, says he appreciates that the farmers also have to contend with rising costs, but he criticises the "one price system" which means the minimum price guaranteed to the farmer applies to all wines from all areas.

Mr Barth diplomatically says: "The question does arise — are there farmers who can, if given the opportunity, produce at lower prices than the current minimum price?"

File 3
also 167
182

Wine taking a back seat to spirits

Weekend Argus Reporter
IF PRESENT trends continue, wine — one of the heritages of the Cape — will be taking a back seat to other alcoholic beverages. Sales for the last financial year show that although some wine sales increased they were led by sales of cane spirit and beer.

Sources in the wine industry claimed this week that inflation was forcing

consumers to buy the relatively cheaper spirits and beer.

It could be said that consumer resistance is forcing down the sales of wine but it is a passive resistance and not an active protest. People simply have to count their pennies more carefully and obviously, if they can find a cheaper substitute drink than wine, they will, a wine industry spokesman said.

The slower sales growth of wines might even turn into a decline. The only thing we can do is try to

foster a love of wine and encourage the drinking of wine. We are certainly not going to sit back and let our sales be eroded, the spokesman said.

The KWV has already expressed its concern about the low duty levied on imported whisky. The protection which brandy enjoyed over whisky in 1947 had been 240 percent. After the recent increase in excise duty it only amounted to 44 percent.

The spokesman said that three years ago a board of inquiry had been formed to investigate a number of

factors relating to the alcohol industry and one of the investigations concerned the production of wine alcohol as opposed to white spirits.

The board had said the production of white spirits could have serious social effects because it 'gave a kick without flavour.' The matter was not taken further at the time but, possibly, this would be looked into again in the light of a slow down in wine sales.

In the past year the sale of unfortified wine showed a decrease of 1,7 percent as compared to 1973. Fortified wine sales increased by 11,9 percent while brandy increased by 19,4 percent. These increases were much lower than projected increases.

In his latest report the chairman of the KWV, Dr Andre du Toit, said: 'Unfortunately large crops and low prices in Europe in contrast to increased local prices have resulted in us being confronted with intensified competition from abroad.'

This could mean that sales of exported wines could also take a dip — certainly in the coming year.

The spokesman said it was highly unlikely that the KWV could force a loading on the price of cane spirits.

Handwritten notes:
1. Wine
2. Cane spirit

Stellenbosch Wine

(3) Wine

profit up 45pc^{STAR} 17/6/75

Rammie Botha

Stellenbosch Wine Trust, which increased its taxed profit for the year ended March by 45 percent, expects further profit growth this year, says chairman, Mr W J Winshaw.

He points out, however, that inflation makes it difficult to predict how the consumer in South Africa is going to allocate his funds.

People are expected to spend more on liquor this year than last year, but with liquor prices 20 percent higher than in January this year, it is difficult to predict how the price increases will affect consumption.

Commenting on the slowdown in sales of natural wines, Mr Winshaw says he believes this is temporary.

The natural wine market in South Africa, of

which the low priced natural wines represent more than 90 percent, has shown phenomenal growth over the past 30 years. From 1945 consumption doubled every 10 years and 1975's consumption is about eight times that of 1945.

During the past financial year the company maintained its market share in all product categories and remains the leader in the local natural wine market.

WINE EXPORTS TO UK UP

3

Business Press 5/7/78
Weekend Argus Bureau

LONDON. — South Africa was the only major country supplying wine to Britain which showed an increase in shipments and their value in the first five months of the year, according to overseas trade statistics issued by the Department of Trade.

These show Britain's wine imports during May as being down 34 percent in volume and 27 percent in value against May last

year. The total value in May stood at R11.6-million.

But the five-month figures are even more depressing — in one sense — and so enhance the South African success.

Total wine imports in the period were down by 72 percent against the same period last year, and down in value by 19 percent, to R58-million.

Against this, imports of wine from South Africa rose by 23 percent in volume and close on 37

percent in value of R1.3-million.

West Germany was South Africa's closest rival in terms of percentages. German wine arrivals were down by nearly 4 percent in volume but up by nearly 7 percent in value to R61-million.

ALARM IN WINE INDUSTRY

W/E ARGUS 5/7/75

By Don Lilford

THE gathering momentum of the consumer backlash on expensive wines — particularly reds — is causing ripples of alarm over a wide spectrum of the wine industry in the Western Cape.

The prediction in some quarters is that unless merchants reduce their prices, they could be landed with large quantities of wine for which there is little public demand.

EXORBITANT

It is widely conceded that the boom times of six months ago, when many varieties of red wines were virtually unobtainable and people were prepared to pay exorbitant prices for them, are gone. Today there is no shortage of red wine, but this has not arrested the recent trend of consumers to favour the cheaper red wines and even to give preference to whites.

Against the background of falling sales of table wines, the following developments have taken place recently:

- In mid-May, two of the biggest merchants — Stellenbosch Farmers Winery and the Oude Meester group — announced substantial cuts in the price of certain wines. Some reductions amounted to 50 cents a bottle.

- Many wines, which until last week were only available on quota to dis-

tributors, are now available in quantity from merchants.

A spokesman close to the industry gave the following synopsis of how the red wine consumer backlash has built up.

When the red wine boom was approaching its zenith and cabernet was a magic word, people dived in and bought in quantity — not so much for consumption purposes but to store away.

Stock became depleted and there was the feeling in some quarters that merchants or distributors were holding back in the anticipation of higher prices. When large quantities of cabernet suddenly became available at the height of the boom when prices were at their peak, many consumers stopped and asked themselves why.

This, in my opinion, was the nudge that stopped them from rushing for red wine. Rather than pay the high prices, many of them decided to use the stocks they already had in their private cellars and a fair percentage converted back to white wines, which are cheaper than the red in the noble category.

Mr I. J. Sacks, chairman of a large organisation of liquor discount retailers in the Western Cape, agreed there has been a definite consumer resistance to high priced wines — both red and white.

This has not, however, been the result of merchants holding back stocks, he said. That, in my opinion, is simply not true.

3 J. H. H. H.

DISTILLING WINE SHORTAGE NOT YET SERIOUS

ARGUS
10/7/75

DISTILLING wine and spirit was not freely available but there was as yet no shortage on the market, Mr L. A. O. Barth, managing director, said after the annual meeting of the Stellenbosch Wine Trust.

Mr Barth said the establishment of a body consisting of Government officials, industrialists and

farmers to keep a watch on the scarce raw material available has helped prevent a serious shortage.

In the Western Cape an executive expansion programme was being undertaken. The research laboratory and office equipment was being enlarged in the Stellenbosch headquarters.

During the year, all the group's retail stores had been renamed Solly Kramer, and the second part of a retail project which was now under way was the conversion to stores with a 'supermarket and self-service flavour.'

Mr Barth said the major sources of cork were Spain and Portugal. Owing to the political situation, the latter country might constitute a 50 percent supply risk, although there was no indication at present of the cork supply being stopped.

No change had occurred since the annual report three months ago, and it was difficult to predict how the price increases would affect the consumption of various categories of liquor with differing price margins.

Joe Neppe

Sunday Times Extra

ESSOP TO OPPOS LONDON BOYCOTT

By HOWARD LAWRENCE

CALLS by British trade unions and anti-apartheid groups for a boycott of fresh and canned fruit and wines from South Africa have made the Suid Afrikaanse Landbou Werkers Unie, based in Beaufort West, decide to send Mr Solly Essop to London to explain that a boycott will do Blacks irreparable harm and increase Black poverty.

CALL

In a telephone interview from his Beaufort West home, Mr Essop, who is the independent CRC member for Bokkeveld, confirmed that he will be going to London to fight against the boycott and so fight for the wellbeing of Black farmworkers.

"I have nothing against people who are opposed to apartheid," Mr Essop said, "because I share the reasons people have all over the world for rejecting apartheid, but I am opposed totally to any activity which purports to be on behalf of Blacks in this country but which increases their suffering and poverty."

He had agreed with the appeal to him to put the farm labourers' case in London "because I know what a boycott will do to them, as I have been committed for many years to their plight."

Mr Essop was one of the people responsible for pressure on the Government which led to the Government abolishing the Master and Servants laws last year.

He has also been the prime mover in negotiations with the Agricultural

Unions in the Republic which led to the recent decision of the Boland Agricultural Union to radically change the conditions in which farm workers have worked and lived in the Republic.

"It must be realized," Mr Essop said, "that if a boycott of South African fruit and canned fruit were successful it would cause economic chaos in the agricultural set-up in this country, but the farmers will not be as seriously affected as the Black workers."

"A drop in exports because of a boycott would result in farmers not being able to keep up with changes they have decided on for their workers, especially in the Western Cape."

"It would lead to unemployment among a section of the Black community who cannot afford to be unemployed. It would lead to social chaos and widespread poverty," Mr Essop said.

He felt that anti-apartheid workers in Britain "surely do not want to increase the suffering of the Blacks, and this will be inevitable if they go ahead with their boycott call."

"We have fought for many years for drastic change in the status quo as it affects Black farm workers and in the past year we have made tremendous strides in get-

ting the Government and the farmers not only to acknowledge the evil of the old system insofar as Black farm labourers are concerned, but also to take action in this regard," Mr Essop said. "A boycott would only put us back in square one."

Boland farmers had agreed in principle recently, to pay farm workers a decent wage, to provide housing and recreational facilities, training and schools, "and this is more important to us than any boycott on their behalf by people overseas," Mr Essop said.

Mr Essop also slammed the Labour Party of Mr Sonny Leon for having made a call to British Trade Unions last year for a boycott of South African fruit and canned products.

"The Labour Party boycott call was the most irresponsible act any Black group in South Africa could have undertaken," Mr Essop said, "because it showed a callous disregard for the plight of the most oppressed group in South Africa — the farm workers."

On September 3, Mr Essop said, he and his group would be meeting the Agricultural Union for talks based on the union's recent agreement on workers conditions on the farms.

"My organization will also be writing a long

memorandum to the Labour Party of Britain and the Co-Op organizations who have decided not to handle South African

agricultural products. Explaining the harm a boycott will do to farm workers.

1 75A
2 Agriculture - Wine
4

Wine benefits as rand value falls

W/EARGUS (D.A.) 11/10/75 Financial Staff

DEVALUATION of the rand has enabled the South African Wine Farmers' Association to reverse the sterling price increases put on bulk wines in August due to the weakness of the pound.

The increases — a 'few pence a gallon' — were imposed on August 15 to offset the fall in the pound, which was reducing the rand revenues of the wine industry.

'Now we have been able to go back to the prices fixed in January, retain our competitive edge, be fair to consumers, and still give the growers in South Africa a bit more in terms of rands,' said Mr. Henry Damant of the association.

A spokesman for Gilbeys at Stellenbosch said he expected devaluation to give a further boost to South African wine exports to Britain, which were running 28.6 percent up by volume and 35.2 percent more in value after the first eight months of this year.

South African wine arrivals totalled 2.4 million litres in August to bring the total for the year to 6.5 million litres.

These figures show South African wines continuing to run against the falling trend of British wine imports, down nearly 14 percent by volume and 17 percent by value in the first eight months.

However, a spokesman for Stellenbosch Farmer's Winery did not foresee a

noticeable change in exports in the near future. He said there had been substantial cost increases locally and freight rates had also gone up.

German wine (up 4.5

percent in litres and 9 percent in value) and Spanish (up less than one percent in each case) are the only other wines showing increased sales to Britain.

① Agric - Wine
② 78 A

Agri - Wine

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Wine price staggeres customers

By a Staff Reporter

It's like the good old days all over again . . . I mean, five cents for a bottle of red wine!

It was all happening at the opening of a new bottle-store in Tokai this morning. Early starters queued at the doors before opening time, and when they were unlocked everyone surged forward — heading for the five cent specials.

The bulk of the crowd seemed to be housewives although there was many a suited businessman who just happened to be out that way today.

The special offer will run today, tomorrow and Saturday, but today's crowd was not taking any chances.

QUALITY

'Who cares about the quality. There is very little you can buy today for five cents, so I am making sure I get my three bottles,' said a Lakeside pensioner clutching his allocation.

Times are hard, and real bargains are hard to come by, so perhaps the ingenious naughtiness of two women could be overlooked. They arrived together at opening time, went in bought their three bottles each and returned to the car.

They sat for a while, had a cigarette, and then changed their cardigans, and repeated the performance — again, and again, each time emerging with another three bottles each.

When The Argus telephoned the store later this morning to speak to the manager, an assistant said: 'I'm sorry, he cannot come to the telephone. This place is like a mad-house. Good-bye.'

Staff
2/11/11

3-wine.

KWV chief ^{(3)-wine} says

wine sales at

Argus
18/11/76

a standstill

The Argus Correspondent

WORCESTER. — The wine industry, like many others, is experiencing a recession which, at present, eliminates any thought of progress, says Mr Andre du Toit, chairman of the KWV.

In his annual address to the conference of wine farmers Mr du Toit said rapidly rising costs and steep increases in excise duty had pushed up prices considerably during the past few years.

The tempo of sales, which had increased steadily during the past decade had now come to an standstill. The consumption of natural wines had dropped by seven percent

— more than 13-million litres — during the past two years.

Mr du Toit said that, under the present economic conditions the market would not recover quickly.

SHRUNK

At a time when markets shrunk due to reduced economic activity, it was peculiar that costs still rose, he said.

It was of great importance that everything possible should be done to increase the volume of sales and ensure a reasonable flow of money back into the industry.

He paid tribute to agriculture, saying farmers had done their share of earning foreign currency.

He said, while the total increase in the wine crop had been 2,9 percent this year, Worcester, the largest producer had suffered a drop of 4,5 percent.

Mr du Toit's address was read by Mr Pietman Hugo, the vice chairman, as Mr du Toit was unable to be present owing to illness.

R100m wine crop in 1975 — KWV

ARGUS 19/11/75 (Argus Wine)

The Argus Correspondent

WORCESTER. — In spite of the fact that the 1975 wine crop was nearly 17 percent larger than that of the previous season it was not a season without problems, but the 1975 wine crop should total R100-million.

Addressing the annual conference of wine growers at Worcester the chairman of the KWV, Dr Andre du Toit, said yesterday that although 1975 had seen a record crop the provision of sufficient supplies to liquor wholesalers had been a serious contention.

The highest increase in production was in the Oliphantsriver region which showed an increase of 41.8 percent, followed by Malmesbury, 20.5 percent, and Cape/Stellenbosch/Caledon, 19.5 percent.

The Oliphantsriver crop increased from 595 059 hl in 1974 to 850 209 hl this year. Worcester (17.4 percent) and Robertson (14.2 percent) were other areas that showed an appreciable increase.

LARGEST

Worcester is still the largest producer showing an increase from 1 176 432 hl to 1 381 170 hl.

Dr du Toit said it was remarkable that there were better crops in all the areas compared to last year.

Production in Paarl, which only showed a 3.8 percent increase, was disappointing but it had been hit by heat and wind.

The total amount of wine produced in 1975 was 5 900 000 hl.

The estimated production this year of distilling wine was 2 928 000 hl which was the largest ever in the history of the industry.

The demand for the industry's products on the local market was lower than last year and it could be expected that the market would remain stagnant for a considerable time.

Dr du Toit said on the overseas market there was a record export of R6 255 000 last year. As a result of enormous surpluses in Europe and other wine producing countries and the resultant drop in price the prospects for this year's exports were not promising.

It was, however, expected that sales would be better than anticipated — only R325 000 less than the 1974 figure.

The 1975 wine crop should total R100 000 000, a milestone in the industry's history, due to large crops and higher prices.

Deal with Wine Trust worth R54-million

Brewery becomes R1500-m colossus

SOUTH AFRICAN BREWERIES, which was founded 80 years ago to run a brewery in Johannesburg and one in Maritzburg, will firmly entrench itself as the colossus in the South African liquor industry once it has absorbed Stellenbosch Wine Trust in a R54-million deal.

Stelbos' shareholders have everything to gain from accepting SAB's terms to take them over, and will become firmly part of a group whose turnover next year should straddle the R1 500-million mark.

All directors and advisers recommend that Stelbos shareholders accept the 350-for-100 terms.

The official scheme of arrangement documents outline the following bull points for Stelbos shareholders:

- Dividends: Forecast dividends of 26c for Stelbos and 9.5c for SAB indicate that the Stelbos shareholder can expect an almost 28 per cent boost to his income.

- Earnings: The Stelbos shareholders stand to gain 9 per cent in earnings from the combined group. There has been some market concern that earnings of SAB will suffer from the acquisi-

shareholders gain 14.4 per cent in stock market terms.

- Net asset value: Based on the last balance sheets, there will be a 61 per cent appreciation. Taking into account assessments of the current values of the fixed property and plant of the SAB group, and the fixed property, plant and liquor licences of Stelbos, the gain is trimmed to 47.4 per cent.

SAB was once fully in control of Stelbos, but the Government ruled — on fears of a monopoly — that SAB had to divest part of its interest.

This stake was then wound down to 29 per cent.

The chairman of Stelbos, Mr W. Winshaw, tells shareholders in a letter that the strength of the SAB connection was the foundation for the success of Stelbos.

He adds that the anticipated growth in the liquor market will require substantial capital invest-

3

1) 182 SUN-TIMES (Bus Times) 2/12/75
2) Agric Wine

Plenty to mull over F.M. 9/7/76

With crops rising and consumption falling the wine industry may soon need some clear thinking.

At 590 MI the 1975 vintage was the biggest ever. Educated estimates of the 1976 crop are in the region of 600 MI. The consumption of natural wine sagged from 176,5 MI in 1974/75 to 169 MI in 1975/76 and expectations for 1976/77 are placed no higher than 166 MI.

Producers and wholesale merchants take different views but neither group fears that the industry is moving into chronic over-production which led to the establishment of the KWV in 1918.

One view is that the wholesale merchants may have over-stated their offtake requirements in previous years to meet the enormous surge in demand in the halcyon days of 1973 and 1974 when Transvalers were shipping pantechnicon loads of fine reds and whites northwards.

Possibly the heavy inventory position led to the slow-down in consumption, but stocks in the hands of producing merchants, wholesalers and some big retailers will soon be run down and re-

stocking will have to take place.

But the marketing expectations of the merchants suggest that the extent of such re-stocking may not be enough to avoid fairly substantial retentions of good wine, in particular by KWV.

Fortunately, producers' stocks of distilling wine are low, following two or three years of tight supply when it was necessary to import both rebate and distilling wine. This suggests that KWV could convert unsold stocks into distilling wine and build up a sizeable inventory for the future, especially rebate brandy.

The only hitch is that, because natural wine consumption continues to slide, a good deal of wine that would have been sold as such may now have to be turned into distilling wine.

But here again there's a snag. Sales of spirits will probably decline, too, as a result of Finance Minister Horwood's recent excise hike which raised the price of a bottle of brandy by 25,2c. And by all accounts the full extent of the tax hike has not yet worked its way through the market system.

So the demand for wine spirit will conceivably drop, while high interest rates and slack economic conditions will dictate that wholesale merchants maintain low inventory levels and let KWV shoulder as much of the cost of holding as possible.

The merchants blame pricing for the natural wine slump. The minimum price of good wine (set by KWV with the approval of the Minister of Agriculture) has risen 122% from R8,66/hl in 1970 to R19,25/hl in 1976. The CPI has risen only 75% in this period and the price of a bottle of low-price natural wine has gone up only 96% (from 27c to 53c in Cape Town).

Although the rise in the minimum price of good wine has clearly contributed to the fall in consumption of natural wine (bearing in mind that 90% of it is in the low-price bracket and that 80% is consumed by low-earning Coloureds and Whites in the Cape), a good deal of the price push must also be attributed to the rise in the price of glass by 175% since 1970 — and the cost of the bottle itself constitutes about 20% of the price.

Wholesale merchants have been studying the possibility of introducing a deposit system on bottles, but re-cycling has many problems. Bottles will have to be standardised to allow the fullest mea-

sure of interchangeability. But it could shave anything from 5c to 6c a bottle off costs and thereby enable a large body of tippers to come back into the market.

On the producer side one thing is certain: farmers will have to steel themselves to absorb a good deal more of their production cost increases than they have shown themselves willing to do. Otherwise, given a few more bumper crops and continuing slack economic conditions, they could find themselves adrift on a lake of wine.



More grapes for harvest . . . less going over the counter

VITICULTURAL

Y
WING

1977 + 1978

~~S WINE~~

~~JAN 1977 - SEPT 1977~~

The lower portion of the page is a large grid of graph paper. It features a vertical margin line on the right side, creating a narrow column. The grid consists of approximately 20 columns and 20 rows of small squares. The lines are faint and the grid is mostly empty.

Threat to grape industry

ARGUS 26/1/77

GRAPE and wine farmers were today urged to take urgent measures to combat the worst outbreak of downy mildew yet to threaten the Cape's multimillion rand grape industry.

Experts fear that this year's crop losses could be the highest to date. Serious outbreaks have been reported from several areas. Farmers in the Paarl, Stellenbosch, Somerset West and Durbanville areas fear they will lose up to a third of their crops.

high crop losses. Farmers must choose between huge crop losses and possible problems during the wine-making process, he said.

RESEARCH

Farmers should make it a 'standard practice' to spray their vineyards after every rainfall of 15 mm or more.

The disease has already spread as far as the Olifants River. In the Vredendal district it has assumed 'alarming proportions'. Damage to crops is expected to run into millions of rands.

The seriousness and extent of the disease has been attributed to the abnormal weather since November last year.

Action has been called for by the director of the Winegrowers' Institute at Stellenbosch, Dr Johan Burger. This year several areas are affected which have not been affected before.

PRECAUTIONARY

In a statement today Dr Burger said this season the downy mildew was also affecting larger grapes. In the past it was confined to the budding grapes.

He urged grape farmers to spray their crops during the initial stages and to use organic combatants after that.

These measures were only precautionary. Once the disease had taken, it would be virtually impossible to curb.

Dr Burger said the institute recommended spraying grapes until only two weeks before harvesting.

Farmers must make use of spraying rather than pollination, as it was more effective. These radical changes are urged because of the threat of unusually

3 - Wine

ARGUS 28/1/77

BOLAND VINEYARDS HIT HARD BY DOWNY MILDEW

The Argus Boland Bureau
STELLENBOSCH. — The vineyards around Stellenbosch, normally a lush green at this time of year, have taken on a sickly yellow appearance as downy mildew sweeps through small and large vineyards alike.

This is the Cape's worst plague of downy mildew. Farmers face vast losses.

In a four-hectare block of steen grapes on the farm Vlottenburg, Lynedoch, yesterday a dejected Mr Paul Roux pointed out where the blight had destroyed 80 percent of the young bunches.

PINOTAGE

The leaves all affected by the blight, were dying in the heat in spite of desperate efforts by Mr Roux to save the crop by spraying.

From a vantage point high above the valley vineyards could be seen stretching away on all sides — most of them showing signs of downy mildew.

On Vlottenburg all the Tinta das Barroccas, pino-

tage, pedro, cinsaut and steen are affected.

'Even my clairette blanche, which I have been treating regularly right from the beginning, has been hit,' a despondent Mr Roux said.

'It makes you sick when you have survived a snail epidemic in October, and hail damage a bit later.

'Just when you think that it might still be a good year you wake up

one morning and see these dirty oily yellow stains on the vine leaves.

'When you turn them over you see the grey fungus firmly entrenched, and you know you have big problems.'

The scourge strikes very quickly. After heavy dew or rain the downy mildew spores can sweep through an entire block of vineyard in hours.

3. - Wine

Chamber for purposes of labour recruitment.

At the Cape Times 28/11/77

total estimated to be 1 018 000 in 1972

ni of wc se mi

By GORDON KLING

THE WESTERN CAPE wine and table grape industry faces losses of more than R12 million as a result of the worst outbreak of downy mildew disease in South African history, which now also poses a serious threat to next season's crop.

A crash programme has been undertaken on a new spray which experts believe could prove totally effective against the scourge.

The Deciduous Fruit Board has cut an earlier buoyant estimate of the table grape crop by 25 percent and production of the worst hit, Waltham Cross, is down by more than half.

Damage to wine grapes has been even more severe and industry sources say a crop loss of about 12 percent, or R12 million is likely with all the implications this holds for the depressed farming sector.

The disease has threatened the quality of South African wine, because of the copper content in current sprays which affects the fermentation process, and this has necessitated costly additional processing.

Worst affected growing areas are Paarl, Stellenbosch and the Hex River Valley.

Vines weakened

A spokesman for the Oenological and Viticultural Research Institute at Stellenbosch yesterday explained that the disease created cause for concern on next year's crop as well because extensive leaf damage weakened the vines and reduced yields. It also provided a source for new infestations.

Farmers were having to apply the expensive spray 10 times this season, compared with three applications in the past. It was now too late to save infected vines but the programme had to be continued to contain losses next year.

For the first time in living memory the vines were still growing in late January and the new shoots had to be protected. This necessitated

III The Impact of Immigration

(a) Rhodesia

In Rhodesia it is in the agricultural sector been concentrated and here Clarke finds that African labourers were "probably lower in 1972 when foreign born Africans formed over one third employed (338 000) in Rhodesia agriculture, they were 135 dollars which worked out at a little more than three quarters (8,3 per cent) of the farm labour of less than \$10 a month. Clarke argues, and the Rhodesian Agricultural Union to restrictions on workers it would seem that he is right, that particularly during the 1940's and 50's had a sharp down wages particularly in the agricultural sector

But low wages is not the only economic problem there is also the growing unemployment. Despite a clear definition and measurement of unemployment in a developing country with a large subsistence sector that during the 1960's "one cannot escape the conclusion that unemployment or underemployment must have risen over he goes on to argue that "in the next ten years find it extremely difficult - if not impossible - to meet the rapidly growing supply of increasingly educated labour. During the period 1965 to 1974, during which time there was a net emigration of Africans from Rhodesia, the black population grew at an annual rate of 3,1 per cent. From evidence in Rhodesia the fallacy of believing that unemployment is necessary

s have rings of In 1972 those rings More than cash wage of the foreign migrants holding

Rhodesia: obtaining in a tes More- my will tions of ver net estimated ows with the 14-1979

1. Economic Development Programme for the Republic (Pretoria, n.d.). p.18. Report on Agricultural Census on Production 1974 No. 46 (Pretoria) p.vi.

2. D.G. Clarke, "Farm Worker's Wages & Conditions of Employment from the 1940's to the 1970's" The Rhodesian Science News (Vol.8 No. 7, July 1974) p.206.
3. Breytenbach op.cit. p.64.
4. Hawkins op.cit. p.211.

Continued on page 2

EDUCATION - Primary

EDUCATION - Secondary

Include material on "medium of instruction" here.

EDUCATION - Technical & Vocational

See also

MANPOWER - Apprentices
MANPOWER - Training

EDUCATION - University

Electrical machinery, manufacture of

MANUFACTURING - Iron, Steel, metallurgical

FIN. MAIL
WINE 18/2/77
3-Wine

Electricity

Still grapes a-plenty

Farmers in the Cape winelands are at a loss to quantify the effect of vine diseases such as downy mildew and oidium. In the two months before the 1977 harvest outbreaks have been more severe than most people can remember since 1969.

Electricity

State Enterprise

Employers' organisation

INDUSTRIES - organisations

ENERGY

Neither KWV nor Nietvoorbij, the wine and viticultural research institute at Stellenbosch, is prepared to advance a reliable estimate of crop damage. Nevertheless, the most reliable estimate expressed so far is that the 1977 crop will be down 5%-15% and that the diseases will have harmed red varieties more than whites.

General

Iron, Steel,

Engineering

ENVIRONMENT

Another factor is that, although most of the damage appears to have occurred in the Stellenbosch and Paarl districts, these areas contributed only 1,4m hl out of last year's total wine crop of 5,7m hl. Therefore it is possible that losses in these areas, where some farmers say they have lost up to 80%, could be more than offset by whopping production increases in disease-free areas such as Worcester, Robertson, Ceres/Tulbagh and Olifants River.

Material on pollution, problems established to problems.

Equal pay for equal work

INDUSTRIAL PRACTICES

Industries or industries.

F:

Family planning

Whatever happens, though, the diseases are unlikely to cause shortages. The wine industry's stock position is sound and offtake is unlikely to show rapid, unexpected growth this year because of stiff price increases at both producer and wholesale level — and considering the distinct possibility that Finance Minister Horwood may have to raise excise duty yet again.

Vital Statistics.

Farming

FINANCE - General

Material on banks, building insurance companies, lack enterprise, here.

FINANCE - Labour

Flats

See

SERVICES SECTOR - Accommodation

Food

See

AGRICULTURE - General and specific
MANUFACTURING - Food

Footwear

See

MANUFACTURING - Footwear

FOR IMMEDIATE RELEASE

MINISTRY OF AGRICULTURE

PRESS STATEMENT BY THE HONOURABLE J.J. MALAN
DEPUTY MINISTER OF AGRICULTURE

DAMAGE CAUSED TO VINEYARDS IN THE BOLAND BY DOWNEY MILDEW

The viticulture group of the N.P. caucus, consisting of M.P.'s and Senators from all the wine grape producing areas, under the chairmanship of Mr. W.C. Malan, M.P. for Paarl, conducted an interview with the Ministry of Agriculture on the 22nd February 1977.

The interview took place as a result of the exceptionally serious damage caused to vineyards in the Boland this year by downey mildew.

It is estimated that damage suffered by some farmers is so extensive that they lost up to 90% of their crops.

Anxiety was expressed about the financial implications these losses of income on sustained production will have for some farmers.

The group was received with sympathy by the Ministry.

A penetrating discussion of the extent of the damage was held and the rendering of assistance to individual farmers was considered.

The Minister has indicated that the present economic situation in the country has placed a restriction on the availability of funds but that he stands sympathetic towards those farmers who find themselves in difficulties as a result of the damage.

Although/....

Although the damage is extensive it is not regarded as a disaster situation in the light of losses regularly experienced in farming in our country. Special measures of assistance are, therefore, not regarded necessary. The normal schemes of the Land Bank and the Department of Agricultural Credit and Land Tenure to assist farmers are nevertheless still available and farmers can direct applications for assistance to these quarters. Such applications will be considered meritly and as sympathetic as possible.

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ISSUED BY THE DEPARTMENT OF INFORMATION
AT THE REQUEST OF THE MINISTRY OF AGRICULTURE

CAPE TOWN
23 February 1977

3-wine

No special aid for hard-hit wine farmers

Cape Times
24/2/77

Political Correspondent

THE Government has turned down a request by National Party parliamentarians from the Boland for special assistance to farmers whose grape crop has been damaged by downy mildew.

A deputation of MPs and Senators from the wine grape-producing areas met the Deputy Minister of Agriculture, Mr J J Malan, on Tuesday to appeal for State assistance to individual farmers.

Mr Malan said that while he was sympathetic, the present economic situation "placed a restriction on the availability of funds".

It is officially estimated that some farmers in the Boland lost up to 90 percent of their crop this year.

Although the damage was extensive, it was not regarded as "a disaster" in the light of losses regularly experienced in farming in the country. "Special measures of assistance are, therefore, not regarded necessary," Mr Malan said.

According to a statement issued by Mr Malan yesterday, the viticulture group of the Nationalist caucus expressed "anxiety" about the financial

Double blow for wine industry ^{9/27/1964}

Own Correspondent

STELLENBOSCH — Dr Andre du Toit, chairman of the KWV, has warned that the double blow of the increased tax on wine, and an unusually poor grape production year could have a serious effect on the natural wine market.

Dr du Toit was reacting to the Government's announcement of an increas-

ed 5,68c a litre tax on good wine.

Added to the KWV's own increase of 1,55c a litre at the beginning of the year, this gave a total 20 percent hike at wholesale level.

A spokesman for Stellenbosch Farmers' Winery pointed out that wine sales have been dropping steadily for the past three years. This latest increase

spelt another slump for the extremely price sensitive sales of good wine, while the market for spirits would probably remain static.

Many farmers, who stand to lose up to 30 percent of their income through losses due to the unseasonably bad weather and crop disease, now face the further prospect of

seeing their sales drop sharply.

In his statement which came after a KWV board meeting yesterday, Mr du Toit described the unexpected increase in excise tax on liquor as a shock for the wine industry.

He said the tax bears little relationship to the real value of the product.

(3) - Wine

R5-million aid to wine farmers

"religious" feeling is so continuing with this

ly picking quota. We had We also tried strict the beginning of the ad to pick a certain ot manage by the end of ; quota (and they would inished early could go ptionally well but ked on a Saturday yet. ork till full time ve an extra full day's e time. However, they o that perhaps delaying r it would make a

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I might add are more diligent in their work, too). We are also paying them higher wages if they pick from ladders and for this purpose we have had special light-framed ladders made in order that they can do a man's work. The tendency too has been to plant a smaller variety of citrus tree in order to beat the labour shortage and difficulty of picking huge trees from ladders. The smaller tree (and therefore more trees per hectare, the same amount of fruit per hectare and possibly a quicker return on investment in the earlier years) has gained world-wide acceptance and is already bearing the fruits of its recent application.

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We used to have a lot of tried piece-work and of supervision and harshne season we divided the amount of fruit per we Friday it would have to still be paid extra for off early. I am pleasa I would like to comment If they were running la than come in the next wages! The choice is have normally achieved the picking rate by 1/2 difference of R6-R10 pe

I have spoken to the Ge experience of their cho what the attitude is to continues to be success cared-for workers. We we used last year for a

There is currently appe interesting in itself. labour to the cities bu rural areas to any grea harvesting we are now e

diligent in their work, too). We are also paying them higher wages if they pick from ladders and for this purpose we have had special light-framed ladders made in order that they can do a man's work. The tendency too has been to plant a smaller variety of citrus tree in order to beat the labour shortage and difficulty of picking huge trees from ladders. The smaller tree (and therefore more trees per hectare, the same amount of fruit per hectare and possibly a quicker return on investment in the earlier years) has gained world-wide acceptance and is already bearing the fruits of its recent application.

The Argus Correspondent PAARL. — The KWV will pay out nearly R5-million in aid to wine farmers to make good losses resulting from bad weather and disease which cut grape crops in the Western Cape by an estimated 20 percent.

The announcement of the compensation, the highest bonus payable, was made by Dr Andre du Toit, chairman of KWV, when he presented his report at the annual meeting of KWV in Paarl today.

The payout means virtually no reserve funds will be available, and the directors of KWV, have called on the State to assist the industry. Dr Du Toit said the bad season followed a record which had produced the industry's largest distilling pool. The disastrous crop had coincided with considerable increases in production costs and an increase in excise duties which had affected the sale of natural wines.

Wine farmers also faced the prospect of reduced earnings from exports. Because of the anti-inflation manifesto, farmers could not recoup all their losses by raising prices, said Dr Du Toit. To alleviate the serious situation, KWV would also prune money spent on research and publicity.

KWV was also looking at ways to get help for producers to research causes and remedies for diseases such as downy mildew, and to grant grocery shops the right to sell natural wines to increase sales. Attempts to have the excise duties on wines reduced will also be made.

Dr Du Toit said the wine industry was aware of its responsibility to the State, but the State also had a responsibility to the industry and unnecessary restraints could and must be removed.

THE ARGUS, TUESDAY JUNE 7 1977

3 - Wine

Wine yield could be low again, farmers warned

THE possibility of a repeat of this year's disastrous wine crop has prompted the Oenological and Viticultural Research Institute to organise a series of urgent meetings for wine farmers.

Dr J. Burger, director of the institute, has warned that another poor grape crop could have serious economic results for the wine industry.

The grape crop recently harvested has been estimated to be at least 20 percent smaller than the previous crop.

Dr Burger said research showed that five factors played an important role in determining the size of the grape crop. These were the fertility of the buds, the weather during flowering, the moisture during summer, diseases such as downy mildew and factors such as strong winds.

Determined

The weather and diseases were the main reasons for the recent crop losses, he said.

COUNTRY FOCUS

But what really concerns us is that the fruitfulness of the buds which will produce the 1978 crop was already determined during the spring of 1976 and weather conditions at that time were not favourable.

Samples from vineyards in 30 areas show that the yield could be low next season.

The OVRI meetings have therefore been called to advise farmers how to adapt their pruning to cope with the reduced fruitfulness.

The first of the meetings will be in the Paarl Town Hall today at 2.30 pm. This will be followed by a meeting in the Worcester KWV Hall on Friday at 10 am and another at the Church Hall at Vredendal at 2.30 pm on June 14.

The OVRI has appealed to all wine farmers to attend the meetings.

7. PAUL ANDREWS (LEFT

A solid defender! And impressive in cover defence practice 'giving' that to block the wing from play the one-two with his Basic skills are good, times where, had he follow pass, he could have switched

WINE **Bottled bargains** *FIN MAIL 24/6/77*
3-WINE



Bottling 1977 vintage . . . the year of the Great Whites

The old adage about an ill wind, etc. may yet hold good for the 1977 wine crop. Knowledgeable wine drinkers like Somerset West's Rufus Kenny, who follows the fortunes of the unusual vintage with something like intense maternal concern, say 1977 will be the year of the Great Whites.

Adverse weather and wine diseases, he reckons, have substantially altered the relationship between the natural fruit acidity and the sugar content of the wine, bringing them into closer harmony. The result could be one of the finest vintages for white wines in living memory. This is no mere notion; his findings are based on first-hand samplings at a number of cellars.

For reds the prospects may be less promising. A seasoned wine buyer and

viticulturalist like SFW's Gert Niewoudt says adverse conditions in November last year and heavy rain during the press could render some pinotage unsuitable even for Tassenberg. The problem for co-operative and wholesale wine-makers alike is that, while pestilence hit vines over a wide area (even as far afield as Porterville and Picketberg) individual farms were affected worse than others.

For this reason, wine-makers are going to have to make up some skilful blends in order to maintain standards of palatability while some estate producers and

bottlers may find themselves in the cart because of their inability to blend the healthy with the sick.

Whatever the outcome, the truth about the 1977 crop will not be known until the first series of wine shows in September/October.

Meanwhile, there are substantial quantities of wine from earlier vintages available from Western Cape wine co-ops, most of which are eager to do business with consumers outside the wine-growing areas.

One of the best bargains available is a 1976 Cabernet from Tolle de Vries Bolandse Koop Wynkelders in Paarl. Even though it is very young for a Cabernet, Rufus Kenny says it is a "marvellous day-to-day drink which will develop to a really great red in three years' time." At R13 a case at the cellars it's a steal and railage at about 20c a bottle from Paarl to Johannesburg detracts little.

Christo Harrer, cellar master at Helderberg Co-op at Fircroft still has stocks of last year's fine Pinotage, while Manie Roussouw's Cinsaut from the Eerste River Co-op at Vlothenburg is much in demand from wine route ferrets.

Buyers who favour heavy bodied reds should direct inquiries to Malmesbury's Swartland Co-op, noted for its fine Pinotage and Cinsaut. Not far from there, at Perdeberg, Joseph Huskisson still has stocks of fine reds and delicate whites which have made him one of the top winemakers in the Boland.

The attraction of co-op wines remains their modest price which, along with the pride and care with which these wines are made, makes them great value for money. Prices, excluding railage, range from R6-R15 a case. Transportation from Johannesburg from the Paarl-Stellenbosch region adds about R2,50 to cost.

WHERE TO GET CO-OP WINES

- Aan-de-Doorns Ko-op Wynmakery, PO Box 235, Worcester
- Ashton Koop Wynkelder, PO Box 40 Ashton
- Bolandse Koop Wynkelders, PO Box 261, Paarl
- Boiha Koop Wynkelder, Botha, Dlat Worcester
- Bietelary Koop Wynmakery, PO Box 16 Koelenhof
- Cirrusdal Koop Wynkelders, PO Box 41 Cirrusdal
- De Doorns - Wynkelder (Ko-op), PO Box 129, De Doorns
- De Wet Ko-op Wynkelder, PO Box 16 De Wet
- Drakenstein Co-operative Winery, PO Box 19 Simondium
- Du Toitskloof Koop Wynkelder, PO Box 55, Rawsonville
- Merwida Koop Wynkelders, PO Box 4, Rawsonville
- Montagu Muskadel Boere Koop, PO Box 29, Montagu
- Die Nordale Koop Wynmakery, PO Box 105, Bonnievale
- Nuwehoop-Wynkelder Ko-op, PO Box 100, Rawsonville
- Oranjerivierwinkelders (Ko-op), PO Box 544, Uppington

- Perdeberg Wynboere Ko-op, PO Box 214 Paarl
- Porterville Ko-op Kelders, PO Box 52, Porterville
- Rietdier Wynkelder (Ko-op), PO Box 144, Montagu
- Die Robertson Ko-op Wynmakery, PO Box 37, Robertson
- Rooderzand Ko-op Wynmakery, PO Box 184, Robertson
- Eersterivier-Vallees Ko-op Wynkelder, PO Box 2, Vlothenburg
- Die Franschoekse Wynkelders Ko-op, PO Box 52, Franschoek
- Goudini Ko-op Wynkelder, PO Box 132, Rawsonville
- Groot Eiland Ko-op Wynkelder, PO Box 83, Rawsonville
- De Helderberg Ko-op Wijnmakerij, Fircroft
- Kango Koop Tabak-en-Wyn, PO Box 46, Oudtshoorn
- Ladsmith Ko-op, Wynmakery en Stokery, PO Box 56 Ladsmith
- Louwshoek Voorsorg Ko-op Wynkelder, Voorsorg, Worcester

- Mamrewag Wynkelder Ko-op, Mamrewag
- Merwaspoort Ko-op Wynmakery, PO Box 68 Bonnievale
- Rooibergse Koop Wynmakery, PO Box 82, Robertson
- Simonsvlei Ko-op Wynkelders, PO Box 586, Suider-Paarl
- Slanghoek Ko-op Wynkelder, PO Box 75 Rawsonville
- Soetwyn Boere Ko-op, PO Box 6 Montagu
- Spruitdriif Ko-op, Wynkelder, PO Box 129, Vredendal
- Stettyn-Wynkelders (Ko-op), Private Bag X911, Worcester
- Die Swartlandse Ko-op Wynery, PO Box 85, Malmesbury
- Die Van Riebeeck Wynboere Ko-op, PO Box 13, Riebeeck-Kasteel
- Vlothenburgwinkelder (Ko-op), PO Box 40, Vlothenburg
- Waboomsrivier Ko-op Wynkelder, PO Box 24, Broerivier
- Weimoed Ko-op Wynkelders, PO Box 23, Lynedoch
- Windmeul Ko-op Wynkelder, PO Box 2013, Windmeul

short passes to wing or the halves on either side of him in his build up. He tends to want to beat the man once too often.

N. Mercury 14/7/77

TO CIRCULARS
N. Mercury 14/7/77
**GOOD YEAR
FOR WINES**
AN OUTSTANDING vintage is expected in the Cape this year in spite of an outbreak of mildew and poor weather which have led to a reduction in the grape harvest of about 80 percent. White wines are expected to be particularly elegant and fruity with a distinctive aroma.

(3- Wine)

WINE EXPORTS

EEC puts in the cork

Not since 1861, when the Gladstone Government revoked preferential duties on Constantia wines from the Cape, have SA wine exporters to Britain been in a less favourable position.

Annual export trade of 80 000 - 90 000 hectolitres to Britain and Europe worth R4m R5m. is in jeopardy

FM 29/7/77

3 since

business brief

unless SA can negotiate more favourable treatment. For reasons known only to the EEC Commission, SA has failed to obtain compensatory treatment which, rightly or wrongly, it firmly believed would be forthcoming following the loss of imperial preference when Britain went into Europe in 1973.

On the strength of what seemed like reasonable assurances at the time, SA in 1972 adopted a system of delimitation of wines of origin (WO) in order to comply with the strict rules of the EEC's wine office in respect of third country imports. This move, it was expected, would help gain exemption from the EEC's system of reference prices (designed to protect European wines from competitive pricing systems of third nations).

However, despite unofficial acknowledgement of the acceptability of SA's WO system, and despite patient attempts by SA trade officials to establish when the EEC would deliver its side



Wine ... has the EEC got us over a barrel?

of the bargain, no concessions have been won.

This is particularly unfortunate because SA, perhaps naively, did not apply to GATT for compensatory treatment as a *quid pro quo* for the loss of UK preference in 1973.

SA wine exporters have not only been stripped of imperial preference; they now find themselves at a clear disadvantage to their three major competitors in EEC markets - Spain, Portugal and Cyprus - which receive distinct preferential treatment in spite of their third country

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status. SA wine exports to Britain are predominantly sherry and port types (about R3m worth in 1975). The handling, storage and distribution of these has required fixed investment of about R4m in the UK, while about R15m has been invested in production facilities in SA. Dismantling of barriers against European producers of fortified wines will clearly hit SA where it hurts most.

For a start, the EEC's so-called green rate of currency exchange applies to SA wines, whereas the products of Portugal and Spain are treated under the old IMF rates of exchange, which gives them an advantage of more than 30%.

Moreover 80% of SA's contractual preference of about 20c/litre has been run down since January 1 1973 and the last cut will be made in January next year. At the same time, however, Spain and Portugal are favoured with a customs duty reduction based on a certain quota of sherry and port.

Huge losses

The whole package of adverse trading influences for SA, and increasingly favourable conditions for Spain, Portugal and Cyprus, may, at a rough guess, place SA products at a total disadvantage of more than R1m/year on a volume of about 90 000 hectolitres. In order to hit back, SA exporters would have to lower UK selling prices 30%-40%. This would involve huge losses. Failure to match prices of European producers of fortified wines will almost certainly mean that SA sales volumes are going to suffer heavily in the years ahead, possibly by as much as 40 000-50 000 hectolitres a year.

From Brussels the *FM* learns that the key to preferential treatment being accorded to SA wines is formal recognition by the EEC Commission of our WO system. But recognition cannot be obtained simply because a third country asks for it. An EEC member country must put forward a formal request to the Commission on behalf of the third country concerned.

That no country seems willing to make formal application on SA's behalf is surely a clear signal to Pretoria that even vicarious association, such as recognition of SA's wine laws, between SA and the trading Club of Nine is politically unacceptable in Brussels.

What can the Republic do? Disruption of the wine trade with Britain (first established in 1805 during the Napoleonic wars) will not put Boland wine farmers out of business, but it could mean labour cutbacks.

There may be room for manoeuvre in the existing framework of Europe/SA liquor trades. According to official statistics, imports of liquor from EEC countries are around R15m-R18m/year with whisky the generic leader. This means

Wine exports are holding up

PAARL. — South African wine exports in the financial year ended June 30 were unaffected by the small crop because of adequate KWV back-up stocks, the KWV chairman, Mr Andre du Toit said yesterday.

Latest indications of the total crop showed it would be between 15 and 20 per cent lower than last year's due to adverse weather conditions and an outbreak of downy mildew.

The 1976 crop amounted to 5,98-million hectolitres, with a value of about R97-million. Of this about 200 000 hectolitres valued at R6,4-million was exported.

Mr Du Toit said producers could expect income to fall by about R6-million to R91-million because of the smaller crop, but net income might be more

seriously affected.

Because of the Anti-Inflation Manifesto, producers had been absorbing part of their cost increases while costs were also incurred in an effort to stave off the effects of the harsh weather conditions.

Asked about the possibility of labour cut-backs, Mr Du Toit said a single crop failure did not reduce overall demand for labour.

He foresaw difficulty in maintaining exports to traditional markets after the phasing out of the customs duty preference on South African wines to the UK.

The final phase came into effect on July 1, when the UK adopted the EEC's full common customs tariff on imports from third countries.

The EEC takes about 53,8 per

cent of South Africa's annual exports, of which the UK takes 51,7 per cent.

The Canadian market absorbs 32 per cent, but here, as elsewhere, competition was apparent from cheaper wines from Eastern Europe and North Africa.

On the marketing of wine both overseas and locally, Mr Du Toit said the KWV is constantly looking for new markets but no major breakthroughs are at present imminent.

Locally he would like to see an investigation by the Price Controller or the Board of Trade and Industries into the structure of wine retailing through hotels, which allowed too small a separation between so-called lower and high-priced wines.

The wholesale trade in wines could be seen as moving toward

a monopolistic practice.

Mr Du Toit said he would like to see the restriction on the granting of licences to non-traditional sources, such as groceries and supermarkets lifted.

Only about 30 to 40 such licenses had been granted because of the restriction that, of their total alcohol sales, less than 30 per cent must be table wine.

This prevented retailers in the Cape, particularly, from applying for licenses because wine was still the principle alcoholic drink there.

Mr Du Toit hoped there would be no increase in excise duties on wines in the next fiscal year because the big increase in March this year came at an unfortunate time for the industry. — Reuter.

RDM 23/8/77

③ WINE

Business Mail

Cold shoulder after patient bargaining bids

SA wine in trouble over EEC marketing

CAPE TOWN. — Not since 1861 when the Gladstone government revoked the preferential duties on Constantia wines have South African wine exporters to Britain been in a less favourable position.

An annual export trade of about 2-million gallons to Britain and Europe, worth up to R5-million, is in jeopardy unless South Africa can negotiate more favourable treatment than it has been accorded until now.

For reasons known only to the European Economic Community Commission, South Africa has failed to obtain compensatory treatment which, rightly or wrongly, it firmly believed would be forthcoming following the loss of Imperial preference when Britain went into Europe in 1973.

On the strength of what seemed like reasonable assurances at the time, South Africa in 1972 adopted a system of delimitation of wines of origin (WO) to comply with the strict rules of the EEC's wine office in

respect of third country imports.

It was led to believe that to gain exemption from EEC's system of reference prices (designed to protect European wines from competitive pricing systems of third nations) it would have to adopt a recognised designation of origin control system.

However, in spite of unofficial acknowledgement of the acceptability of the WO system, and patient attempts by trade officials to establish when EEC would deliver its end of the bargain, no concessions have been won. By now, and after five years, it must be dawning on South Africa that Europe may have no intention of delivering the goods.

This is particularly unfortunate because South Africa naively perhaps did not apply to

Gatt for compensatory treatment as a quid pro quo for the loss of British preference in 1973.

Wine exporters have not only been stripped of imperial preference, they now find themselves at a clear disadvantage to their three major competitors in EEC markets, Spain, Portugal and Cyprus, which receive distinct preferential treatment in spite of their third country status.

Wine exports to Britain are predominantly sherry and port types (about R3-million in 1975), the handling, storage and distribution of which has required fixed investment of about R4-million in Britain, while about R15-million has been invested in production facilities.

Dismantling of barriers against European producers of fortified wines will clearly hit

where it hurts most.

There are several examples of this. Because South Africa has failed to obtain official recognition of its WO system in Europe a number of negative influences are at work.

For a start, the EEC's so-called Green Rate of currency exchange applies to the wines, whereas the products of Portugal and Spain are treated under the old International Monetary Fund rates of exchange, which gives them an advantage of more than 30%.

Moreover, 80% of the contractual preference of about 20c a litre has been run down since January 1, 1973, and the last cut will be made in January next year. At the same time, however, Spain and Portugal are favoured with a customs duty reduction based on a certain quota of sherry and port.

The whole package of adverse trading influences for South Africa and increasingly favourable conditions for Spain, Portugal and Cyprus may, at a rough guess, place the products at a total disadvantage of more than R1-million a year on a volume of about 2-million gallons.

To hit back, exporters would have to lower British selling prices 30% to 40%, but this would involve huge losses.

After five years of negotiation, South Africa seems to have exhausted most of the options and alternatives available within the framework. From Brussels it is suggested that the key to preferential treatment being accorded to South African wines is formal recognition by the EEC commission of the WO system.

But recognition cannot be obtained simply because a third country asks for it. An EEC member country must put forward a formal request to the commission on behalf of the third country concerned.

That no country seems willing to make formal application on South Africa's behalf is surely a clear signal to Pretoria that even vicarious association, such as recognition of the wine laws between South Africa and the radius club of the Nine is

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Farmers foam at sale of beer

3- Wine

7. Mercury 15/9/77

Agricultural Correspondent

THE workings of Bantu Affairs Administration Boards and the sale of sorghum beer by them were criticised by delegates at the Natal Agricultural Union congress in Durban yesterday.

The sale of sorghum beer at the roadside was increasing drunkenness among Africans, claim farmers. They want its sale restricted and controlled.

Farmers at the congress accused the boards of being a "tax and drag on agriculture which provide no tangible benefit."

Discussing a resolution which called for the Bantu Affairs Administration Boards to provide more realistic and practical services to farmers, delegates said the boards spent more money collecting levies than they received. "They spend 40c to collect 2c" said one farmer.

Farmers at yesterday's congress deplored the fact that beer was being sold to Africans and said drunkenness was increasing at an alarming rate among farm workers.

Examples were given where tractor and heavy vehicles drivers transporting produce to market or to mills, were involved in serious accidents.

Speaking in defence of the Bantu Administration Boards, Mr. Tony Erskine, who is the NAU representative on the Port Natal Board, said the boards were necessary to control the influx of labour.

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RACE RELATIONS *FIN. MAIL*
23/9/77
Uncorking an idea *3-Wine*

After about a year of contemplating its social responsibility, and weighing up various methods of exercising it, Stellenbosch Farmers Winery (SFW), SA's largest wine house, is about to break new ground in the field of social relations.

It has approved in principle the setting up of a non-racial advisory board to regularly chew over problems of industrial, social, racial and consumer relations led to it by the company. The board -- which will have eight selected members, two from each official race group -- will also be expected to make

policy recommendations to SFW's management board and board of directors.

Two of the coloured people currently being approached to join the advisory board are Franklin Sonn, rector of the Cape Technical College in Bellville South and president of the 13 000-member Cape Professional Teachers' Association, and Adam Small, the playwright and poet.

An SFW spokesman says it has been decided that if this Stellenbosch "Turnhalle" turns out to be a success, two of its members may be invited to join the company's main board.

SFW, which employs a work-force of 4 500, has long been concerned at the fact that poorer people make up the backbone of the mass volume wine market (seven out of every 10 bottles of low priced wine sold comes from SFW).

The ravages of alcoholism and chronic poverty among coloured people in the Cape are well documented. One of the advisory board's top priorities could be a search for a role for SFW in solving this problem.

It may well be argued that a good deal of the money SFW sinks into sponsoring sporting events and promoting the arts could be diverted to the education of the poor. Certainly that is where the most desperate need is.

Kruger tells of high wine prices

RDM.
2/10/77

3-Wine

TABLE 32.		for Adults
Item		18 upwards
Food ¹		15,18 ²
Clothing ³		3,86
Fuel and light ⁴		3,44
Cleansing and Toilet ⁵		0,96
Transport ⁶		2,30
Tax ⁷		0,83
Housing Maintenance ⁸		0,83
Replacement of household effects ⁹		0,83
Rituals ⁹		4,58
Total without education		32,81
Education ¹⁰		7,67
Total with education		40,48

CAPE TOWN.—The price of wine in many hotels and restaurants is excessively high, the Minister of Justice, Mr Jimmy Kruger, said yesterday.

Opening the first South African Championship Wine Show at the Goodwood showgrounds, he said it was up to the Price Controller and not the Department of Justice to investigate complaints about exorbitant prices.

"Price control or price fixing does not fall under the Liquor Act and the Department of Justice," he said. "Complaints about exorbitant wine prices that are brought to the attention of the Liquor Board are referred to the Price Controller for investigation and action."

Mr Kruger said it was not true that the present system of liquor distribution meant that sales of unfortified wines were not as high as they might be.

The number of liquor distribution outlets had increased from 3 533 in 1963 to 6 431 today.

"In view of these figures no one has convinced me that we have a shortage of liquor distributing outlets or that anyone has difficulty obtaining liquor reasonably easily."

Those who advocate an increase in wine consumption should perhaps

concentrate on marketing action in provinces where it is relatively low.

"People who are not wine conscious might be reached by advertising."

Mr Kruger paid tribute to South African wine farmers for their achievements, particularly over the past two decades, in the unfortified wine.

"Some of us can remember the days when there was really only one brand of table wine available, and the dining saloons of our main line trains just about the only place where it could be obtained."

"Since those days wine production and the quality of our table wines have rapidly progressed. For this our wine farmers deserve our sincere appreciation."—Sapa

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3. Clarke and Ngok as follows:
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4. Ibid., p.74. It was assumed that individuals' fuel requirements are needed in the same proportion as their food requirements.
5. Ibid., p.75. It was assumed that individuals' cleansing requirements are needed in the same proportion as their clothing requirements.
6. Ibid., p.82; 7. Ibid., p.80; 8. Ibid., p.77; 9. Ibid., p.91;
10. Ibid., pp.84-5.

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re different. A weighted figure female to male is 2:1.

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Boozy milk shakes

B-Wine

pep up flagging

Cape wine earnings

HEARD of Happy Cow, the milk-shake flavoured wine-based aperitif? Or Regent, the mint-flavoured ditto? If not, you're missing out on the fastest-growing sector of the wine industry.

In the year to July consumption of these wine-based aperitifs totalled 32,4-million litres, marginally in excess of the 31,2-million litres for low-priced fortified wines and way ahead of the only 3,6-million litres for higher-priced fortified wines.

This is a relatively new product for the wine industry, and the market is very different from the traditional wine market.

Flavoured aperitifs are marketed in a way more reminiscent of soap powders or cigarettes.

Wine-based aperitifs were pioneered largely by the Oude Meester/Distillers

By MICHAEL
COULSON

Corporation branch of the Rembrandt group, although other producers have now entered the market as well.

To some extent these drinks fill a gap created by the legal inability to sell in South Africa ready-mixed drinks.

They have also made extensive inroads into the market for low-priced natural wines.

While they bear excise duty of R2,01 per nine litres, equivalent to 22,4c a bottle, which is considerably higher than the 7c a bottle for natural wines, this is still only a fraction of the R4,24 on whisky.

In times of economic recession these aperitifs, most of which retail in the Cape for little more than R1 a bottle, are an alternative for spirit drinkers.

But much of their growing demand seems to have been at the expense of cheap natural wines. Industry figures show that consumption of low-priced natural wines in the year to July was 104,7-million litres, well down from 125,2-million litres two years previously.

In addition to their spirit-like flavour, alcohol content has also helped the promotion of wine-based aperitifs. They average about 22 per cent alcohol by volume, about twice the level of the average dry wine.

In terms of cost per unit of alcohol, these aperitifs are one of the cheapest types of drink available.

Traditionalists and connoisseurs may also turn up their noses at these strange concoctions but with the steep drop in total natural wine sales, it's understandable that producers are competing to exploit this new demand.

Bad weather cuts crop by 20 percent

R20-m loss is major setback for wine trade — co-op chief

Argus

31/10/77

3-Wine

THIS year's poor climatic conditions coupled with the serious outbreak of downy mildew probably cost the South African wine industry more than R20-million, according to Mr J. S. Odendaal, chairman of the Co-operative Wine Cellars Committee.

Presenting his annual report at a recent congress in WORCESTER, he said the conditions had combined to cause a 20 percent drop in the wine crop.

In present circumstances the loss of R20-million was a serious setback for the wine industry.

The economic situation was further aggravating the position and analysis showed that sales of high-priced wines were stagnant while medium-priced wines were doing well.

SERIOUS DROP

There was, however, a serious drop in the sales of cheaper wines, which represented about 83 percent of the country's total sales.

This loss, he said, could not be made up by increases in the medium-priced market.

Mr Odendaal said he believed that if freer distribution of wine was not introduced fast enough, the co-operative wine cellars would have to try to market more of their products themselves.

Quality would have to be maintained and prices kept reasonable.

Preparations are already under way for the fourth annual auction of rare wines to be held at Nederburg Estate near PAARL on March 4 next year.

The first sale was held in 1975 after the memorable wine crop of that season had been harvested.

The event captured the public imagination and attracted international wine buyers to such an extent that it has become known as an exciting channel through which rare and superior wines can be marketed.

BEST WINES

The 1976 sale realised R170 000 and this year's sale realised R230 000. Next year's sale could well top the quarter-million rand mark.

South African winemakers consider the sales an important means of introducing the country's best wines to overseas buyers, although most of the wines are bought by local buyers.

Mr Patrick Grubb, the auctioneer from Sotheby's who has conducted the first three sales, is chairman of the Institute of Wine Masters and his comments at pre-sale tastings have become an important part of the event.

Several overseas visitors at the last sale described it as the finest of its kind they had seen anywhere in the world.

Mr Morris Fox has been appointed the new principal of the STILL BAY Primary School.

He will replace Mr Johan Serfontein, who retires at the end of this year.

Mr Fox began his teaching career at Jongensfontein and was later appointed principal of the Mid-delrivier School near Swellendam.

The fishing has been excellent at STILL BAY recently and good catches have been made.

During their 10-day holi-

day there, Mr and Mrs Andries Snyman of Newcastle in Natal caught 18 galjoen and no less than 600 haarders.

A new shop, called the Lionesses' Den, is to be opened in GRABOUW by wives of members of the local Lions Club.

The shop will sell anything members of the public wish to bring and will add 20 percent profit, which will go toward the building of a home for the aged at the town.

The shop will be open daily, but will close on Wednesday afternoons.

It will be situated next to the men's hairdresser in the town's main street.

Work has started on the renovation of the Apple Museum at GRABOUW.

International dinners are being held regularly to raise money for the renovation and more than R200 has been collected so far.

The next dinner will be an Israeli evening on November 19. Table bookings can be made by telephoning Mrs A. Post at Grabouw 336.

Pieter Esterhuizen and Rina Coetzee have been chosen as head boy and head girl of the Langenhoven High School at RIVERSDALE for 1978.

The announcement was made at the school's prize-giving function recently.

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- Sociology I meets at 11.15 a.m.
- African History I meets at 8.30 a.m. (this course cannot be taken by a first year student)
- Social Anthropology I meets at 8.30 a.m.

All-race advisory committee for SFW

Cape
Times
18/5/78

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AN ALL-RACE advisory committee has been formed to assist Stellenbosch Farmers Winery in satisfying the needs of all races when awarding grants, scholarships and bursaries.

Mr Piet Rossouw, personnel director of SFW, said the committee was established to help abolish what his company called "company paternalistic attitudes" when making these awards.

The Stellenbosch Farmers Winery sponsors many artistic, educational and sporting programmes such as the Nederburg awards for outstanding contributions to opera, ballet and music and the Oude Libertas Theatre.

Sports sponsorships include the SA Country Districts cricket tournament, the Mainstay national soccer knock-out competition and the Mainstay Sportsman of the Year award.

The company also sets aside more than R150 000 every year for study bursaries and scholarships.

The members of the committee are: Professor W P Esterhuysen, department of philosophy, Professor W J O Jeppe, department of political science - both of the University of Stellenbosch

- Mr S Mogotsi, a businessman from Pretoria, Professor S B Ngcobo of the University of Zululand and financial adviser to Chief Gatsha Buthelezi, Mr N Reddy, chairman of the Indian Council, Mr Adam Small, poet and social worker, Mr Franklin Sonn, leading educationist and Mr M R Varachia, president of the SA Cricket Union.

Oude Meester enters the ^{B-Wine} battle of the Boere blends

BY TONY KOENDERMAN

WITH import permits holding whisky imports down to 60 per cent of what they were, by volume, in 1975, South Africa's major distributors are engaged in a race to capture the market for locally blended and bottled whiskies.

The Oude Meester group was left standing when the Stellenbosch Farmers' Winery launched its highly successful Three Ships last year. However, it has struck back with two new products: its own local boere blend, and a whisky imported in casks and bottled locally.

Local blending and bottling results in considerable cost savings, and as import permits are based on value, not volume, this means distributors can provide more whisky for the money.

Last year, import permits were held to 70 per cent by value (about 60 per cent by volume) of 1975 imports, and so far this year, only 40 per cent has been allocated.

Oude Meester's local blend is called Macleans Gold Label. Like Three Ships, it is a blend of imported Scotch malt whisky and South African grain spirit. The difference is that Maclean's is made from 10-year-old whisky, whereas Three Ships is made from seven-year-old.

Peter Maclean, marketing manager of Oude Meester subsidiary William H. Maclean and Sons, reckons the potential market for whisky blends is not much more than 12 to 13 per cent of the total whisky market.

Since Three Ships has already captured 10 per cent of the market, Macleans is going to have to go all out to catch up.

Three Ships, produced by SFW subsidiary Rob-

ertson & Buxton, has done so well in the local market (500 000 litres sold in its first six months) that it is being exported to 11 countries, including Spain, New Zealand and Paraguay.

And why not? The world's best-selling whisky, Suntory, is made in Japan, and it started out in exactly the same way as Three Ships.

Oude Meester's other attack is through Alan Cameron & Son, which is responsible for marketing the locally bottled Scotch, Cameron, in four-year-old and 10-year-old varieties.

By importing in wood, the price of the 10-year-old, for instance, can be cut by R1,75 a bottle, says sales manager George Irons.

The total South African whisky market is about 10,8-million litres a year, worth some R100-million at retail level. Of this, Oude Meester, through Distillers Company, has more than 30 per cent, much of it held by a few leading brands such as White Horse (20 per cent) and Johnny Walker (8 per cent).

EXPORT WINE TRADE GROWS

CAPE TOWN — Union Wine is developing a substantial export trade, the chairman, Mr. Jan Pickard, announced at the annual meeting in Cape Town.

It appears that Union Wine has been quietly increasing its exports, following the establishment of key overseas contacts by its sales director, Mr. John Gainsford and the managing director, Mr. Danie Terblanche.

Currently, exports are being made to Europe, including the United Kingdom and Switzerland and the United States is a big prospective market, although U.S. labelling requirements are particularly stringent.

Exports to African States — Union Wine prefers not to identify the countries for obvious reasons — are booming and the group is currently looking at the Far East potential.

The wine is being shipped in containers (850 cases) and there is a ready demand, particularly for the dry whites such as Bellingham Premier Grand Cru.

"But we are exporting the full range of our unfortified wines," Mr. Gainsford says.

Pickard is delighted with the marketing inroads made locally by Bellingham.

EMPLOYMENT IN MINING: EDP "PROJECTIONS"

(thousands)

	1975	1981	Annual growth rate
eds	61	71	2,6
	8	10	4,2
	1	1	4,9
	552	701	4,0
	622	783	3,9

ression of rapid growth is compounded of course by base year - 1975 experienced the lowest level of em-mining sector since 1967.

ison with Plewman's 1981 figures is as follows: his 1980 are 761 000 (3 per cent rate of growth of domestic 775 000 (5 per cent rate of growth of domestic demand) e 774 165 and 790 875, respectively, when projected year at the 1970's projected employment growth rates. ure (based on 5 per cent domestic GDP growth) of 783 000 e middle of the range between Plewman's figures (however ttle fictitious because the EDP is using in service and at work figures. The relevant projected range using figures would be 799 000 and 816 000 above the EDP figure).

e EDP scenario for 1976-81 involves rates of growth far those assumed by Plewman - who is interested in decade assumes smoother progress. It is important to under- stand the grounds for the EDP's 'optimism' for the late 1970's. They report that the share of mining in real GDP dropped from an average of 11,3 per cent in 1961-65 to an average of 8,8 per cent in the 5 years 1971-75. They maintain that these are "strong indications, however, that it will rise over the programming period, at a rate of 5,8 per cent per annum. This growth should be concentrated mainly on entry into the export markets, particularly for iron ore and coal. The expected strengthening of the share of mining in the South African economy is mainly related to the development of the export projects at Saldanha Bay and Richard's Bay". (p.21, Economic Development Programme 1976-81, summary). In addition mention is made of energy problems which have created a renewed interest in South African coal

Agnesburg Wine

9/3/79

17/11/79

X

Bill to ^{STAR} 27/3/79
make wine
buying ^{13 Vitruv}
easier ^{(2) 30}
^{(3) 169}

Political Staff

CAPE TOWN — Wine can in future be more freely on sale in shops as a result of amendments to the Liquor Act which have been published.

The Liquor Amendment Bill drops a previous restriction on the sale of wine in shops in areas where the wine sales in the previous 12 months amounted to more than 30 percent of the total liquor sales.

This is likely to benefit especially shops in the Western Cape where wine sales are high.

The legislation provides not only for the freer allocation of grocers' wine licences but also allows holders of other liquor licences to open wine counters in shops which do not belong to them.

A special condition of a grocer's wine licence is that the licensee must at all times:

- Hold a general dealer's licence to deal in groceries and foodstuffs.
- Hold a liquor licence and carry on business in the district in which he carries on his business under his grocers wine licence.

'Blacks should be acquainted with wine'

CT. 7/6/79

~~United Wine~~
 3 (United Wine)
 (2)
 VITICULTURE Wine

Staff Reporter

BLACK PEOPLE should be granted every opportunity to become acquainted with wine as a beverage of moderation, Dr Andre du Toit, chairman of the KWV said this week.

Speaking at the sixty-first

annual general meeting of the KWV at Paarl, Dr Du Toit said that the swing of urban black consumers from sorghum beer, with its privileged distribution set-up, to other liquor types, as well as their social and economic progress, meant a completely new liquor distribution dispensation to black consumers. This was not only unavoidable but also highly desirable.

At a press conference after the meeting, Dr Du Toit said: "The approach of the Bantu Administration boards after many liquor distribution points were burnt down during riots, was tragic.

"It was as if they wanted to prove to the black people that they would not be able to burn down the new distribution points and subsequently built unsightly forts where liquor could be bought.

"Very little was done to present liquor to black people in a decent sophisticated way," Dr Du Toit said.

A Bonnivale wine producer, Mr Lourens Jonker, said at the meeting that the black wine market was of the utmost importance and that it should enjoy priority over trying to boost exports. He urged the directors to make a study of this.

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* 53

*** 28

e Medical Officer

e Medical Officer

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Operator

Medical

Personnel

PERSONNEL

Maintenance

Purchasing

SERVICES TO

30 Work Study, Method Study and Industrial Engineering
 26 Production Control
 23 Planning
 * 45 Cost Accounting, or Works Accounting
 * 51 Inspection, or Quality Control

Number of
 Films

CONTROL DEPARTMENTS

(Research by Joan Woodward into 59 firms in South Essex, England : "Organisation : Theory and Practice")

SPECIALIST DEPARTMENTS ASSOCIATED WITH PRODUCTION

S. 76

Sapa C.T. 619779

Union Wine

pays more *3-wine*

Union Wine announces that the group income before tax and minority for the year ended June amounted to R1 403 351 against R1 347 957 for the previous year, an increase of 4,1 percent.

Group income, after tax and minority increased from R800 962 in 1978 to R846 322, or an increase of 5,7 percent.

Union Wine Ltd, holding company of the group, has strengthened its holdings on the local as well as the export markets. Large capital expansions were undertaken during the past financial year to increase production capacity to meet the growing demand for the group's products.

The board has recommended that the dividend be increased from 5c to 5,5c with a dividend cover of 3,68.

Ltd.

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,33	1,10	0,21	1,80	1,59	0,13	0,10
1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	<u>9,75</u>	<u>4,44</u>	<u>14,76</u>	<u>10,70</u>	<u>10,33</u>	<u>8,25</u>	<u>4,61</u>	<u>5,01</u>
65	<u>42,19</u>	<u>32,93</u>	<u>55,30</u>	<u>47,72</u>	<u>43,12</u>	<u>40,90</u>	<u>13,55</u>	<u>14,21</u>
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

Wine giant controls 99,8% of sales in SA

By SIMON WILLSON
Financial Reporter

CAPE Wine and Distillers, the giant wine and spirits conglomerate formed by the recent deal between South Africa's two biggest liquor companies, now controls 99,8% of national unfortified wine sales.

In terms of accepted commercial practice, this degree of sales domination amounts to a watertight monopoly. It confines Cape Wine's competition to a puny 2% of national wine sales.

No formal estimate of Cape Wine's position in the South African wine market followed the deal, approved by the Cabinet earlier this week, which gave birth to the R180-million company and ended the beer war between the Republic's two liquor moguls, South African Breweries (SAB) and the Rembrandt group (Remgro).

The precise extent of Cape Wine's overwhelming control of the national wine market only became apparent this week when the Rand Daily Mail came into possession of a confidential market survey carried out in mid-1979.

The survey, commissioned by interests within the wine industry itself, measured statistically the market penetration of the major wine companies be-

fore the deal. If the survey's findings are extrapolated from July 1979, when the survey was carried out, to the present post-deal situation in the industry, the exact wine market control of Cape Wine can be calculated.

Three wine companies — Stellenbosch Farmers Winery (SFW, formerly an SAB subsidiary), Oudemeester (formerly a Remgro subsidiary) and KWV — each have a 30% stake in Cape Wine with the remainder of the company held by the public, private wine farmers getting preference.

The survey found that SFW accounted for 62,2% of annual national sales of all unfortified wine in 1979. Oudemeester accounted for 19,6% and the retailing co-operatives in the KWV organisation accounted for a further 18%, leaving only 2% of national sales to other companies.

The survey broke down the Cape Wine companies' sales in the three quality categories of South African wine. Cape Wine's position is equally strong in these fields.

- Fine, top-of-the-range, wines: SFW 37% of national sales in 1979, Oudemeester 18%, Gilbeys (a wholly-owned Remgro subsidiary) 9%.
- Middle range wines: Gilbeys

38%. SFW 30%, Oudemeester 27%.

• Low-quality, distilling, wines: SFW 74%, Oudemeester 11%.

The survey also detailed the market strengths of the companies in spirit sales.

• Cane spirit: SFW 73% of national sales in 1979, Oudemeester 9%.

• Gin: SFW 45%, Oudemeester 28%.

• Vodka: Gilbeys 60%.

• Brandy: Oudemeester 66%, SFW 24%.

• Whisky (manufactured under franchise): SFW 28%, Oudemeester 24%.

Yesterday Mr Johan Verheen, director of the Government-financed South African Co-ordinating Consumer Council, said his organisation had not been aware of the degree of market control exerted by Cape Wine.

"The so-called monopolies have been formed with the Government's knowledge and there may be benefits for the consumer from the deals between the liquor companies.

"In terms of rationalisation and greater efficiency in the liquor industry, the mergers could work to the advantage of the consumer," Mr Verheen said.

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,51	0,33	1,10	0,21	1,80	1,59	0,13	0,10
1-4	0,05	0,06	0,02	0,10	0,15	0,17	0,02	0,04
5-24	0,07	0,06	0,09	0,10	0,14	0,17	0,11	0,13
25-44	1,09	0,44	1,31	0,70	1,54	1,27	0,73	0,78
45-64	<u>9,75</u>	<u>4,44</u>	<u>14,76</u>	<u>10,70</u>	<u>10,33</u>	<u>8,25</u>	<u>4,61</u>	<u>5,01</u>
65	<u>42,19</u>	<u>32,93</u>	<u>55,30</u>	<u>47,72</u>	<u>43,12</u>	<u>40,90</u>	<u>13,55</u>	<u>14,21</u>
ALL	4,70	3,81	3,22	2,25	2,74	2,69	1,14	1,20
NO.	9752	7926	1135	804	3114	3140	2390	1921

	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	2,90	2,22	7,81	4,85	32,20	28,78	13,54	1,24
1-4	0,22	0,28	0,90	0,69	5,32	5,45	2,46	
5-24	0,05	0,06	0,17	0,11	0,21	0,23	0,18	
25-44	0,20	0,12	0,37	0,33	0,94	0,72	0,66	
45-64	1,46	0,92	3,33	1,85	4,88	2,14	2,75	
65+	<u>11,52</u>	<u>7,89</u>	<u>16,51</u>	<u>13,42</u>	<u>20,07</u>	<u>10,49</u>	<u>9,32</u>	
ALL	1,12	0,97	1,22	0,79	2,87	2,22	1,37	
NO.	2336	2019	430	282	3270	2588	2858	1951

wine

NO. 128 63 23 45

there. Operators will have to state what equipment they intend using, together with the CB 9 SA coding indicating that the set meets with SAPO and SABS specifications to operate on nine specified channels in the 27 Mhz frequency range.

Estimates of what the eventual CB market will be worth vary widely. One retailer is basing his predictions on the US market where apparently one out of every four Americans operates a set. In his view, this gives SA a potential of 500 000 sets at a value of R80m in the next 18-24 months, after which the market will be saturated. He also reckons that the market will be overtraded.

This view is shared by Wilfred Mole, MD of Multisource. "The biggest problem will be back-up service. Any opera-

tor getting shoddy treatment from his supplier will have his name dragged through the mud on the airwaves, so it's obviously an important factor."

Multisource, agents for the General Electric range of CB equipment, has booked firm orders of 24 000 units thus far in 1979. Mole sees the market potential as in the region of 200 000 units (at an average R150/set, giving a total of R30m).

Dion's audio equipment buyer, Bobby Pelsler, equates the CB situation with that of portable TV sets, where there was tremendous surge of impulse buying. "We've foreseen a situation where suppliers won't have enough stocks to go around so have ensured ample supplies as well as continuity."

So there you have it, good buddies. Keep those itchy thumbs off the pressle switches in the meantime and start queueing for a licence. You could be in for a longer wait than you thought.

AVIATION Forget 1973

269
10/1/79

Petrol price inflation could, once again, be good for aviation. It's early days yet, but independent domestic airline operators are optimistic that more people will fly. Not even price hikes on internal routes are likely to dissuade passengers, because they face higher fuel costs anyway.

profile



JAN PICKARD

Bull in a bottle store

Picbel chairman Jan "Bull" Pickard is a man who knows what it's like to be squeezed — and not only in the mauls of international rugby.

Now 51, Pickard is having to resort to all the basics he learned in the Springbok and Western Province second row as the war between SA's two liquor giants (SAB and Oude Meester) threatens to crush his Union Wine and Picardi Hotels subsidiaries.

At Newlands, Pickard was regarded as one of the roughest, toughest forwards in SA rugby history. But it was the speed with which he moved his 110 kg bulk that captured the imagination.

He continues to move fast. Pickard once told an acquaintance that the fact that he was so heavily borrowed (at the time his company owed about R60m) meant he slept easy at nights. His explanation: that sort of gearing meant his creditors were as anxious to see him succeed as he was. It was perhaps a bit flip, but characteristically frank.

A convinced Nationalist, Pickard has been at the centre of government affairs for some time. He was a founder member of the Association International — now revealed as a Department of Information front. Even now he believes unequivocally in some of the things Info tried to achieve.

One can't help but gain the impression from the engaging entrepre-

neur (that's his own description of himself) that life and business continue to be a scrum.

Though Pickard controls the last of the vertically integrated liquor groups (Union Wine is the fourth biggest liquor concern in SA) he rates himself as one of the "small boys," if only because of the monoliths against which he must compete.

For this reason he concedes he may well be ingested by SAB, with which he is currently locked into talks. But he stresses that the process of getting into bed with SAB could only take two forms — an outright takeover or a marketing agreement. He is not interested in selling a minority stake.

Principal reason is that Pickard has no faith in the lesser side of a partnership. As one of the founder members of the Oude Meester group, with Rembrandt's Anton Rupert, he found himself quickly dominated by the sheer size of the Rupert operation. Eventually, because of the pressures, he withdrew and in 1965 set out on his own. "They were too autocratic," he says, "and besides, two entrepreneurs can't work together."

Pickard grew quickly, borrowing heavily, but shrewdly, to build the empire that now includes Picardi Canners, Sagit, Logans Sports, Comair, Katz International, and Strelplay Investments. (In a costly Supreme Court action last year, Comair was com-

pelled to honour the sale of its major asset, Commercial Air Services, to its two senior executives.) Pickard concedes he is still highly geared, and that the group has been through several difficult years. Judging from the figures (group turnover last year was R351.9m, with net income attributable to ordinary shareholders only R630 000) things have been more than a little tight in recent times. But the Picbel boss believes earnings will be up this year.

Pickard has always been something of a paradox. As one Pickard-watcher puts it: "He's a rough diamond all right — but of the industrial rather than gemstone variety."

He married the daughter of Dr Eben Donges, former Minister of Finance and State President-designate at the time of his death some years ago. As a result, many business associates attributed Pickard's success to his connections. But, he says, "it was a liability for me to be married to the daughter of a Cabinet Minister and particularly the Minister of Finance."

Whether Pickard allows SAB to add his hotels to their present complement is subject to a number of matters. One would naturally be the Minister of Justice's permission. Another would be price.

According to Pickard, 10 times earnings (about R8m) for a deal with Union Wine would be "something to talk about," but he stresses he's not an anxious seller.

One thing bothers Pickard: what to do if he sells the companies he controls. Perhaps he'll go into politics, for which he professes an abiding interest.

If he did, his prime objective would be to bring English and Afrikaans speakers closer together "because that's still one of the biggest problems we have in this country."

pay for a wine or sugar quantity from a European producer.

"They were a revelation to us all."

On his return from Europe, Pagan described the new export potential as very exciting.

"Wines like mine are now competing for markets that, just a few years ago, would have been impossible to penetrate," he said.

"And there are strong signs that we are going to be very successful."

At home, Solly Kramer's chain of retail outlets has been experimenting successfully with mass wine tastings in Johannesburg.

Kramer's MD John Hooper said that all their previous tastings had been for small groups.

"We were habbergasted when we ended up with enough people to fill the ballroom at the Sunnyside Park Hotel more than four times over," he said.

The country's eccentric liquor laws forbade tasters to order what they liked, but preferences were indicated on tasting sheets — and collated for follow-ups by the chain's branch managers.

Only a little more than 10 years ago, almost all South African wine was drunk in the Cape.

Today, Transvaal drinkers alone consume 35% of the 140-million litres drunk each year — and selling for R266-million.

Another experimental development has become big wine business — the range of mini-bottles.

SA wines get acclaim at World fair

Sun. Express Bus.
2319179

3-wine

The marketing of South African wines is taking off in impressively new directions.

A range of estate-bottled South African wines, new to Britain, has been acclaimed by the trade and the UK Press as one of the great successes of the World Wine Fair held at Bristol.

An exciting export potential exists for the Cape wine industry, said the British newspapers.

The wines were exhibited for the first time in Europe by George Pagan of Pagan International, and chosen from a range of Stellenbosch wines produced on the Simonsberg Hills.

The range was made up from a selection of whites and reds from Spier and Simonsig and competed with wines from 30 other countries.

Fair director Ken Smith commented: "These South African wines left nobody in any doubt that they are going to be a major force to be reckoned with in the international trade. "They are of magnificent quality and prices at almost half what one would have to

CAPE WINE IS A TOP TIPPLE

BY DEREK TAYLOR

Stellenbosch Farmers' Wineries development of the screw-top 250ml wine bottle began with a request from South African Airways which was meant to speed up cabin service.

But once the little bottles took to the sky other inquiries poured in immediately. Despite SFW's dreadful name for the new size — the Wynette — it is now going well in Defence Force messes, hotel and liquor retail trades, with sales over 3-million units a year.

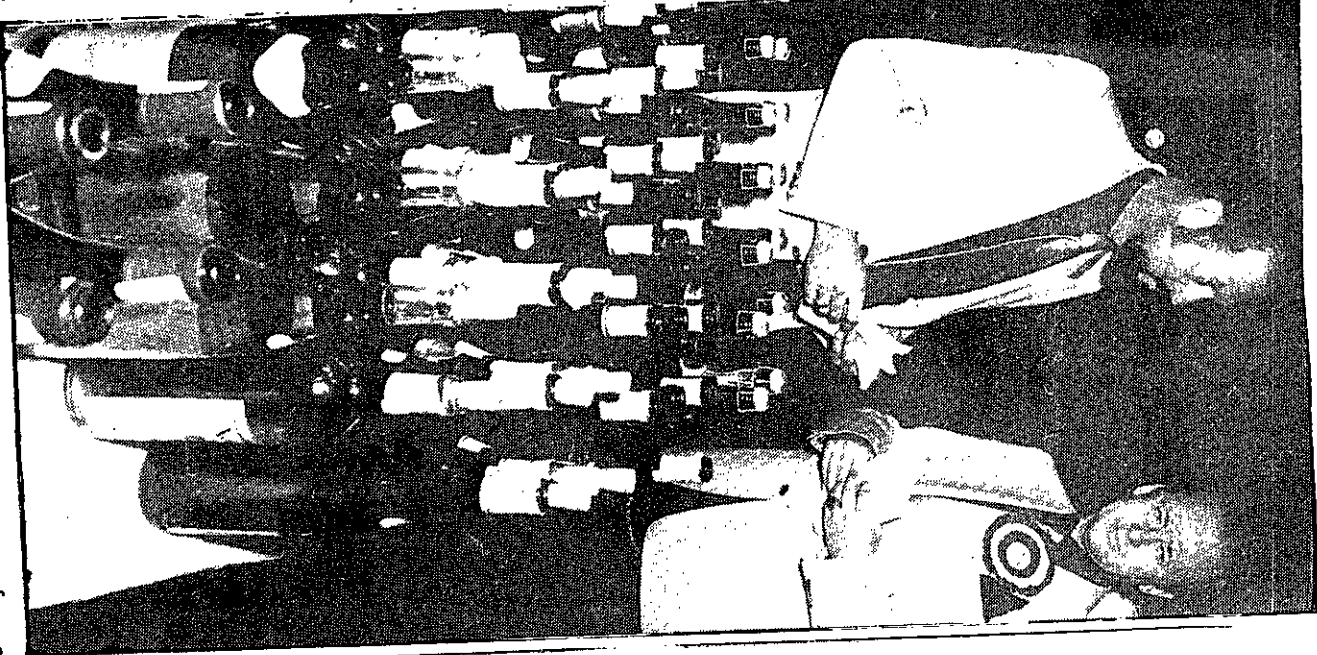
Zonnebloem, Nedenburg, Oude Libertas, Taskelder, Autumn Harvest, Kellerprinz and Vinotas Light are now all available in the 250 ml size.

SFW wine promotion manager Mike Broom says the new size is not only a success in its own right, but also doing a great job in promoting wine.

"It's a ready-made tasting kit for consumers trying a wine for the first time — and ideal for situations such as picnicking, camping, hiking," he says.

Broom lists the 250 ml size score:

- No corkscrew needed, great convenience advantages.
- The large selection enables people to try wines they haven't tasted before without waste and at low cost.
- SFW see the little bottles becoming a formidable order in bars — moving in on beers and spirits in women's bars, especially — and making inroads on unbranded wines sold by carafe or glass.



Two Solly Kramer executives prepare for a Johannesburg wine-tasting. Demand for tickets to these invitation-only affairs has mushroomed.

3(wine)

No. 2744

7 December 1979

WINE, OTHER FERMENTED BEVERAGES AND SPIRITS ACT, 1957 (ACT 25 OF 1957)

DEFINITION OF AREAS FOR THE PRODUCTION OR MANUFACTURE OF WINE OF ORIGIN.—BONNIEVALE

By virtue of the powers vested in me by section 22 of the Wine, Other Fermented Beverages and Spirits Act, 1957 (Act 25 of 1957), I, Hendrik Stephanus Johan Schoeman, Minister of Agriculture, hereby further amend Government Notice 351 of 5 March 1976, as amended by Government Notices 1367 of 13 August 1976, 395 of 18 March 1977, 977 of 3 June 1977, 1133 of 24 June 1977, R. 2573 of 23 December 1977, 325 of 24 February 1978, R. 1969 of 29 September 1978 and 2419 of 2 November 1979 by respectively inserting under columns 1, 2, 3 and 4 of the Schedule thereto, after the description of the area "Vaalharts", the particulars specified in the Schedule hereto.

H. S. J. SCHOEMAN, Minister of Agriculture.

No. 2744

7 Desember 1979

WET OP WYN, ANDER GEGISTE DRANK EN SPIRITUALIEË, 1957 (WET 25 VAN 1957)

OMSKRYWING VAN GEBIEDE VIR DIE PRODUKSIE OF VERVAARDIGING VAN WYN VAN OORSPRONG.—BONNIEVALE

Kragtens die bevoegdheid my verleen by artikel 22 van die Wet op Wyn, Ander Gegiste Drank en Spiritualieë, 1957 (Wet 25 van 1957), wysig ek, Hendrik Stephanus Johan Schoeman, Minister van Landbou, hierby Goewermentskenningsgewing 351 van 5 Maart 1976, soos gewysig deur Goewermentskenningsgewings 1367 van 13 Augustus 1976, 395 van 18 Maart 1977, 977 van 3 Junie 1977, 1133 van 24 Junie 1977, R. 2573 van 23 Desember 1977, 325 van 24 Februarie 1978, R. 1969 van 29 September 1978 en 2419 van 2 November 1979 verder deur onderskeidelik in kolomne 1, 2, 3 en 4 van die Bylae Jaarby na die omskrywing van die gebied "Vaalharts" die besonderhede in die Bylae hierby aangedui, in te voeg.

H. S. J. SCHOEMAN, Minister van Landbou.

SCHEDULE

Column 1	Column 2	Column 3	Column 4
14. Bonnievale	<p>That portion of the Divisional Council Areas of Robertson and Swellendam situate within the following boundaries:</p> <p>Beginning at the north-easternmost beacon of the land known as Bosjemansdrift; thence in a generally southerly direction along the easterly boundary of the said Bosjemansdrift to the easternmost beacon of the said Bosjemansdrift; thence in a generally easterly direction with the northerly and north-easterly boundaries of the land known as Jakkalshoek 178 and the land known as Sanddrift 220 to the secondary road which connects the Ashton-Swellendam main road with Drew Station; thence in a generally south-westerly direction with the said road to where the mentioned roads intersect the railway line between Bonnievale and Swellendam; thence in a generally south-easterly direction with the mentioned railway line to where the said railway line joins the easterly boundary of the land known as De Hoek; thence in a southerly direction with the eastern boundary and in a westerly direction along the southern boundary of the said De Hoek to the easternmost beacon of the land known as Wagenboomsheuvel C; thence in a south-westerly direction along the southern boundary of the said Wagenboomsheuvel C to the westernmost beacon of the said Wagenboomsheuvel C; thence in a north-westerly direction with an imaginary direct line drawn to connect the westernmost beacon of the said Wagenboomsheuvel C with the south-easterly corner of the land known as Gelukshoop 230; thence in a westerly direction along the southern boundary of the said Gelukshoop 230 and then in a northerly direction along the western boundary of the said Gelukshoop 230 to beacon 95 of Perdekop; thence in a generally westerly direction along the southern boundary of the farm Rietfontein 175 and the farm Angora 176 up to where it crosses the secondary road that connects the Bonnievale-Stormsvlei main road with the secondary road which follows the southern bank of the Breë River; thence in a north-westerly direction along the said road to where it joins the said southern bank secondary road; thence in a north-westerly direction along the said road to where it intersects the south-eastern boundary of the farm known as Wolvendrift; thence initially in a generally south-westerly and later in a north-westerly and eventually north-easterly direction along the boundaries of the said Wolvendrift to where it intersects the southern boundary of the farm known as Portion 29 of the farm Wolvendrift 125; thence along the said southern boundary in a generally south-easterly direction to the course of the Breë River which is also the eastern boundary of Portion 1 of the farm Wolvendrift 125; thence in a generally north-easterly direction along the western boundary of the said Wolvendrift 125 and then south-easterly along the north-eastern boundary of the said Wolvendrift 125 to the southernmost point of the farm Zandvliet 177; thence with the northern boundary of the farm Bonnievale AA in an easterly direction to the easternmost point of the said Bonnievale AA; thence in an easterly direction to the north-easternmost beacon of the land known as Bosjemansdrift, the point of beginning mentioned above</p> <p>[All indications in this description refer to the map SOUTH AFRICA 1: 50 000, Sheets 3319 DD Robertson (first edition), 3320 CC Montagu (second edition), 3419 BB Riviersonderend (first edition) and 3420 AA Stormvlei (first edition).]</p>	Date of publication hereof	Wine, except ginger wine, vermouth, wine apritif and wine cocktail.

BYLAE

Kolom 1	Kolom 2	Kolom 3	Kolom 4
14. Bonnievale	<p>Daardie gedeelte binne die Afdelingsraadgebiede van Robertson en Swellendam geleë binne die volgende grense:</p> <p>Begin by die noordoostelikste baken van die grond bekend as Bosjemansdrift; daarvandaan in 'n algemeen suidelike rigting met die oostelike grens van gemelde Bosjemansdrift tot by die oostelikste baken van gemelde Bosjemansdrift; daarvandaan in 'n algemeen oostelike rigting met die noordelike en noordoostelike grense van die grond bekend as Jakkalshoek 178 en die grond bekend as Sanddrift 220 tot by die sekondêre pad wat die Ashton-Swellendamhoofpad met Drewstasie verbind; daarvandaan in 'n algemeen suidwestelike rigting met genoemde pad tot waar genoemde pad die spoorlyn tussen Bonnievale en Swellendam sny; daarvandaan in 'n algemeen suidoostelike rigting met gemelde treinspoor tot waar gemelde treinspoor by die oostelike grens van die grond bekend as De Hoek aansluit; daarvandaan in 'n suidelike rigting met die oostelike grens en in 'n westelike rigting met die suidelike grens van gemelde De Hoek tot by die oostelikste baken van die grond bekend as Wagenboomsheuvel C; daarvandaan in 'n suidwestelike rigting met die suidelike grens van gemelde Wagenboomsheuvel C tot by die westelikste baken van gemelde Wagenboomsheuvel C; daarvandaan in 'n noordwestelike rigting met 'n denkbeeldige reguit lyn wat getrek word om die westelikste baken van gemelde Wagenboomsheuvel C te verbind met die suidoostelike hoek van die grond bekend as Gelukshoop 230; daarvandaan in 'n westelike rigting met die suidelike grens van gemelde Gelukshoop 230 en dan in 'n noordelike rigting met die westelike grens van gemelde Gelukshoop 230 tot by baken 95 op Perdekop; daarvandaan in 'n algemeen westelike rigting met die suidelike grens van die plaas Rietfontein 175 en die plaas Angora 176 tot waar dit die sekondêre pad wat die Bonnievale-Stormsvleihoofpad met die sekondêre pad wat die suideroewer van die Breërivier volg, verbind, kruis; dan in 'n noordwestelike rigting al met die gemelde pad langs tot waar dit by die genoemde suideroewer sekondêre pad aansluit; dan in 'n noordwestelike rigting al met gemelde pad langs tot waar dit die suidoostelike grens van die plaas bekend as Wolvendrift sny; dan in 'n algemeen suidwestelike en daarna noordwestelike en uiteindelik noordoostelike rigting al met die grense van gemelde Wolvendrift tot waar dit die suidelike grens van die plaas bekend as Gedeelte 29 van die plaas Wolvendrift 125 sny; dan met gemelde suidelike grens in 'n algemeen suidoostelike rigting tot by die loop van die Breërivier wat ook die oostelike grens van Gedeelte 1 van die plaas Wolvendrift 125 is; dan in 'n algemeen noordoostelike rigting met die westelike grens van die gemelde Wolvendrift 125 en dan suidoostelik met die noordoostelike grens van gemelde Wolvendrift 125 tot by die mees suidelike punt van die plaas Zandvliet 117; dan met die noordelike grens van die plaas Bonnievale AA in 'n oostelike rigting tot by die mees oostelike punt van gemelde Bonnievale AA; dan in 'n oostelike rigting tot by die noordoostelikste baken van die grond bekend as Bosjemansdrift, die beginpunt hierbo genoem</p> <p>[Alle aanduidings in hierdie beskrywing verwys na kaart SUID-AFRIKA 1: 50 000, Velle 3319 DD Robertson (eerste uitgawe), 3320 CC Montagu (tweede uitgawe), 3419 BB Riviersonderend (eerste uitgawe) en 3420 AA Stormvlei (eerste uitgawe).]</p>	Datum van publikasie hiervan	Wyn, uitgesonderd gemmerwyn, vermoet, wynaperatief en wynmengedrank.

3 (wine)

98 6794

No. R. 2871

28 December 1979

PRICES OF SOUTH AFRICAN WINE EXPORTED TO THE EUROPEAN ECONOMIC COMMUNITY

Under the powers vested in me by section 84E of the Marketing Act, 1968 (Act 59 of 1968), I, Hendrik Stephanus Johan Schoeman, Minister of Agriculture, hereby make known that I have imposed the prohibition set out in the Schedule hereto, in substitution of the prohibition published by Government Notice R. 139 of 26 January 1979.

H. S. J. SCHOEMAN, Minister of Agriculture.

SCHEDULE

1. In this Notice any word or expression to which a meaning has been assigned in the Marketing Act, 1968, shall have a corresponding meaning and—

“European Currency Unit” or “ECU” means the European Currency Unit at the exchange rates to be applied for the purposes of common agricultural policy as determined from time to time by the European Economic Community and published in the “Official Journal of the European Community”;

“specified country” means Belgium, Denmark, Federal Republic of Germany, France, Ireland, Italy, Luxembourg, The Netherlands and the United Kingdom of Great Britain and Northern Ireland.

No. R. 2871

28 Desember 1979

PRYSE VAN SUID-AFRIKAANSE WYN WAT NA EUROPESE EKONOMIESE GEMEENSAP UITGEVOER WORD

Kragtens die bevoegdheid my verleen by artikel 84E van die Bemarkingswet, 1968 (Wet 59 van 1968), maak ek, Hendrik Stephanus Johan Schoeman, Minister van Landbou, hierby bekend dat ek die verbod in die Bylae hiervan uiteengesit, opgelê het ter vervanging van die verbodsbepaling afgekondig by Goewermentekennissgewing R. 139 van 26 Januarie 1979.

H. S. J. SCHOEMAN, Minister van Landbou.

BYLAE

1. In hierdie Kennisgewing het 'n woord of uitdrukking waaraan in die Bemarkingswet, 1968, 'n betekenis geheg is, 'n ooreenstemmende betekenis en beteken—

“Europese Rekeneenheid” of “ERE” die Europese Rekeneenheid teen die wisselkoerse wat vir die doeleindes van die gemeenskaplike landboubeleid van toepassing is, soos van tyd tot tyd bepaal deur die Ekonomiese Gemeenskap en wat gepubliseer word in die “Publikasieblad van de Europese Gemeenschappen”;

“gespesifiseerde land”, België, Denemarke, Federale Republiek van Duitsland, Frankryk, Ierland, Italië, Luxemburg, Nederland en die Verenigde Koninkryk van Groot Britanje en Noord-Ierland.

No. 6794

GOVERNMENT GAZETTE, 28 DECEMBER 1979

4. This notice shall come into operation on the date of publication hereof and repeals Government Notice R. 139 of 26 January 1979 with effect from the same date.

4. Hierdie Kennisgewing tree in werking op die datum van publikasie hiervan en herroep die Kennisgewing R. 139 van 26 Januarie 1979 vanaf dieselfde datum.

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agriculture
Zwwe

GOVERNMENT NOTICES

DEPARTMENT OF AGRICULTURAL
TECHNICAL SERVICES

No. 2852 28 December 1979

WINE, OTHER FERMENTED BEVERAGES AND
SPIRITS ACT, 1957 (ACT 25 OF 1957)

DEFINITION OF AREAS FOR THE PRODUCTION
OR MANUFACTURE OF WINE OF ORIGIN. —
AAN-DE-DOORNS, HOOPSRIVIER AND SCHER-
PENHEUVEL

By virtue of the powers vested in me by section 22 of the Wine, Other Fermented Beverages and Spirits Act, 1957 (Act 25 of 1957), I, Hendrik Stephanus Johan Schoeman, Minister of Agriculture, hereby further amend Government Notice 351 of 5 March 1976, as amended by Government Notices 1367 of 13 August 1976, 395 of 18 March 1977, 977 of 3 June 1977, 1133 of 24 June 1977, R. 2573 of 23 December 1977, 325 of 24 February 1978, R. 1969 of 29 September 1978, 2419 of 2 November 1979 and 2744 of 7 December 1979 by respectively inserting under columns 1, 2, 3 and 4 of the Schedule thereto, after the description of the area "Bonnievale", the particulars specified in the Schedule hereto.

H. S. J. SCHOEMAN, Minister of Agriculture.

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN LANDBOU-
TEGNIESE
DIENSTE

No. 2852 28 Desember 1979

WET OP WYN, ANDER GEGISTE DRANK EN
SPIRITUALIEE, 1957 (WET 25 VAN 1957)

OMSKRYWING VAN GEBIEDE VIR DIE PRO-
DUKSIE OF VERVAARDIGING VAN WYN VAN
OORSPRONG. — AAN-DE-DOORNS, HOOPSRIVIER EN SCHERPENHEUVEL

Kragtens die bevoegdheid my verleen by artikel 22 van die Wet op Wyn, Ander Gegiste Drank en Spiritualiee, 1957 (Wet 25 van 1957), wysig ek, Hendrik Stephanus Johan Schoeman, Minister van Landbou, hierby Goewermentskennisgewing 351 van 5 Maart 1976, soos gewysig deur Goewermentskennisgewings 1367 van 13 Augustus 1976, 395 van 18 Maart 1977, 977 van 3 Junie 1977, 1133 van 24 Junie 1977, R. 2573 van 23 Desember 1977, 325 van 24 Februarie 1978, R. 1969 van 29 September 1978, 2419 van 2 November 1979 en 2744 van 7 Desember 1979 verder deur onderskeidelik in kolomne 1, 2, 3 en 4 van die Bylae daarby na die omskrywing van die gebied "Bonnievale" die besonderhede in die Bylae hierby aangedui, in te voeg.

H. S. J. SCHOEMAN, Minister van Landbou.