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AGRICULTURAL OUTLOOK CONFERENCE 1986

AGROCON LANVOKON '86

LANDBOUVOORUITSKOUINGSKONFERENSIE 1986

PRESENTED BY —

- Agricultural Economics Association of South Africa
- Co-ordinating Committee of Agricultural Marketing Boards
- Department of Agricultural Economics and Marketing
- Department of Agriculture and Water Supply
- National Marketing Council
- SA Agricultural Union

CSIR CONFERENCE CENTRE
Pretoria

10 AND 11 FEBRUARY 1986

AGRICULTURAL OUTLOOK 1986 X

WINE

1. EVALUATION OF THE 1985 PRODUCTION SEASON WITH THE PROJECTIONS MADE DURING AGROCON 1985

1.1 **Production**

At Agrocon '85 it was estimated that the 1985 wine crop could be approximately 8,8 million hl @ 10% A/V, i e about 3,3 % lower than the record 1983 crop. The total size of the 1985 wine crop is not available, but it is estimated that the crop will be approximately 8,260 million hl @ 10 % A/V, i e 8 % lower than the 1984 crop and 6,1 % lower than the initial crop forecast.

1.2 **Demand**

Total sales of wine products for 1985 are not available at this stage, but latest estimates of demand for 1985, compares with the projections made during Agrocon '85 as follows:

	AGROCON '85 PROJECTION 1985/1984 TENDENCY	PRESENT PROJECTION 1985/1984 TENDENCY
Natural wine	103,8	100,4
Fortified wine	97,4	95,0
Brandy	104,1	97,7
White spirits	111,6	93,1

From the above it follows that the expected growth in sales of wines did not realise during 1985.

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2. PRODUCTION AND GROSS VALUE

2.1 Production

The 1984/85 production was, considerably lower than the 1983/84 production, and the latest projection for the 1985 crop is approximately 8,26 million hl @ 10 % A/V, i e 8,0 % lower than the crop of 8,976 million hl @ 10 % during 1984.

Favourable climatic conditions prevailed at the start of the 1985/86 production season, namely a cold winter with evenly distributed rainfall. With the exception of a minority of vineyards in certain areas, budding percentage was satisfactory. The soil moisture capacity is high and the vineyards are free of diseases.

The preliminary estimated crop for 1986 will therefore be somewhat larger than the 1985 crop and could come near the long-term average crop. The preliminary estimate for the 1986 crop is approximately 8,6 million hl @ 10 %.

After a period of reasonably strong growth in production since 1976, as a result of quota extensions, expectations are that the growth in production will even out due to the limitations imposed by production quotas and will stabilise at a growth rate of about 0,5 % per annum.

The effect of technological development on the production of wine grapes cannot be under estimated. Development of improved planting material, new and improved trellising and irrigation systems, as well as changes in cultivation methods may result in a higher yield per hectare and consequently an increase in production. It is estimated that the influence of technology could bring about a 0,8% increase in the yearly production.

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2.2 **Gross value**

The gross value of the wine crop since 1975 is shown in table 2 of the statistical appendix. This value however, does not reflect the amount available to producers because production cost for wine making was not taken into account.

Since 1975 the monetary value of the wine crop showed an annual growth of 12,0 % to approximately R242,3 million during 1984.

The smaller wine crop of 1985, together with conservative price increases of 10 % for good wine and 4,5% for distilled wine, notwithstanding decrease in the declared surplus of distilled wine from 51,0% in 1984 to 42,6 % in 1985, may result in a gross value for 1985 of about R251 million. This represents an increase in gross value of 3,9 %. (Excluding any future bonuses).

It is estimated that the gross value of the 1986 crop may not increase substantially, as a result of the poor economic conditions, unless, as will be discussed later, the new flavoured wines are able to bring about a further breakthrough in the wine alcohol market.

2.3 **Production potential**

Figure 3 of the statistical appendix shows the production of wine from 1960 to 1985, and a projection of the potential production for 1986 and 1990, based on average crops in terms of production per hectare.

The production trend, although steadily evening out because of quota restrictions, will continue a modest upward trend up to 2000 with a projected average crop of about 10,2 million hl @ 10 % A/V.

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3. LOCAL AND EXPORT MARKETS FOR WINE PRODUCTS

3.1 Local Market

The sales of wine products from 1975 to 1984 with a projection for 1985 are shown in table 3 of the statistical appendix.

Sales and potential sales for wine products on the local market for the three years, 1984 to 1986 are as follows:

3.1.1 Natural wine

This market sector showed a continued growth since 1979, reaching 2,687 million hl during 1984.

This growth continued during the first half of 1984, but at a very slow pace and it is estimated that sales could amount to 2,698 million hl for the year.

Projections for 1986, in which economic indicators play a major role and where the horizontal extension of the market is not taken into account, show a further levelling off of the growth rate, with a rate of about 1,2 % to 2,730 million hl.

3.1.2 Fortified wine

Sales of fortified wines decreased since 1974 with an average of 5,4 % per annum to 465 428 hl during 1983.

Against all expectations the sales of fortified wines showed a relatively strong growth during 1984 of 2,9 % to 474 000 hl.

Estimates for 1985 indicate that the growth in sales may however, terminate with a decrease of about 5,0 % to 455 000 hl.

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Projections of sales for 1986 show that the necessary growth factors are still absent and a further drop in sales of about 5,7 % to 429 000 hl is expected.

3.1.3 **Sparkling wine**

Sales of sparkling wines showed a growth of 19,8% to 52 120 hl during 1984.

At present a growth rate of approximately 3,3 % to 53 860 hl is projected for 1985. During the first seven months of 1985 sales increased by 1,8% compared to the same period during 1984. This projection could thus be on the optimistic side.

Preliminary estimates for 1986 indicate a further growth of about 8,6 % to 58 470 hl.

3.1.4 **Brandy**

Sales of brandy are of major importance to the farmer in terms of market share because this product represents about 80 % of total wine spirits. Brandy sales generate more than 40 % of total income for the industry.

The strong decrease in sales during 1982, mainly as a result of a drastic increase in excise duty in August 1981, was checked during 1983. Sales increased during 1984, at a rate of 6,9 % to 16, 091 million litre AA.

During the latter few months however, sales of brandy, as in the case of other market sectors, started to decrease. It is thus expected that total sales for 1985 will show a decrease of approximately 2,3% to 15,720 million litre AA.

Preliminary projections indicate that this sector can decrease still further during 1986 with approxi-

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mately 3,0 %. This projection does however, not take into consideration the very unfavourable Rand exchange rate for overseas whisky exporters. This could have an positive effect on brandy sales during 1986.

3.1.5 **White spirits (Gin, Wodka and liqueur)**

Sales of white spirits increased during 1984 with 16,7 % to 7,431 million litre AA. The market share of wine spirits in this market sector declined simultaneously from 58 % in 1981 to 50,4 % in 1983 and 46,9 % in 1984.

During the first six months of 1985 a decrease of 3 % was experienced and the expectations are that a decrease of 6,4 % for the year is possible. The largest growth in this sector is, however, Vodka. The market share of wine spirits in the Vodka market is very small, thus resulting in a further declining market share to an estimated 40 % or even lower.

The decrease of wine spirits in the white spirits market may therefore amount to about 20,6 % for 1985.

The total market for white spirits, including cane spirits as such (cane) and Rum, but excluding whisky, amounts to about 13,5 million litre AA. The market share of wine spirits in the total market is about 25,9 % compared to the 73,7 % share of cane spirits. For 1986 it is estimated that the decrease in sales may continue with a decrease of approximately 4,7%.

3.1.6 **Per capita consumption of wine products on the local market.**

The per capita consumption of the different wine products are shown in table 4 and figures 4 and

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5 of the statistical appendix. From this it clearly follows that the increase in consumption are mainly the result of a strong growth in P C consumption of natural wine. The PC consumption of wine during 1984 was on the same level as 1976.

3.1.7 **Share of wine in the alcohol market**

Figures 6 and 7 of the statistical appendix give an indication of the share that wine products have in the total alcohol market during 1984 and a projection of the possible share during the year 2000.

It is clear form these figures that only natural wine of all wine products is expected to win market share, from 14 % in 1984 to an expected 16,3 % during the year 2000.

3.2 **Exports**

South Africa exports wine to about 30 countries. Table 5 of the statistical appendix shows the value of exports since 1975 to 1984.

The political unrest prevailing during 1985, caused a few countries to start boicott actions against South Africa's wine, resulting in a drop in export volumes.

3.3 **Total sales of wine products**

In figure 3 of the statistical appendix the total sales of wine products from 1960 to 1985 as well as an projection of potential sales during 1986 and 1990 are shown.

The projection of potential sales should however, not be seen in isolation, because of a lot of factors which could play an important role. The following are but two of the factors which could have an influence on total sales:

3.3.1 Projections, which were made in conjunction with experts from the wine industry, were made during a period when the South African economy was in a bad state. Projections are therefore more pessimistic than optimistic.

3.3.2 With the current cultivar composition, a maximum of 60 % of the wine crop can be processed into good wine. The projection of good wine sales, compared to the potential good wine production clearly shows that a balance between those two factors will be reached at a much earlier stage than the balance between total sales and total production.

3.3 **Substitution**

An analysis of the spirits segment of the alcohol market and more specifically the role of brandy in the segment, shows clearly that imported spirits, including whisky, are receiving increased protection against brandy, the reason being that custom tariffs can only be increased with a simultaneous increase in excise on brandy. This has various results.

- The excise duty on brandy increased by 792 % since 1947 whilst the increase in customs duty increased by only 240 %.

- The tariff benefit of 230 % experienced by brandy in 1947, declined progressively with every increase in excise to a mere 25,8 % in 1981. Figure 8 of the statistical appendix).

- Whisky imports increased progressively since 1968 with more than 12 % per annum to 9,079 million litre AA during 1984. This represents 56,4 % of brandy sales. During 1975 the corresponding

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figure was 28,4 %.

- As a result of the low value of the Rand against other currencies, imported whisky are at this stage in a very unfavourable price position. It is expected that this may cause substitution between brandy and whisky which will benefit sales of brandy.

4. Prices in the wine industry

4.1 Producer prices

Producer prices, as fixed annually during middle January, are shown in the following table for 1984 and 1985, as well as in table 6 and figure 9 of the statistical appendix.

Wine prices 1984 - 1986

	1984		1985		1986*	
	R/HL	TREND	R/HL	TREND	R/HL	TRENI
Minimum good wine price	38,63	107,0	42,48	110,0		
Distilled wine prices						
- Advanced price to producers	12,90	96,8	15,79	122,4		
- Price to Trade	26,32	107,0	27,50	104,5		

*1986 prices will be announced during middle January 1986.

As a result of the long-term and capital intensive production structure, the wine producer needs stabilisation of income in view of all prevailling circumstances.

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Consideration of producer prices especially in the present circumstances where production exceeds consumption, accordingly calls for careful investigation and cautious action in order not to hamper the longterm production structure which may lead to serious capital losses.

As in the case of other agricultural sectors, the wine producer is in a situation of ever rising costs. During the period of declining demand it was necessary to follow a bridging policy in relation to producer prices.

For the period 1975 - 1985 producer prices were adjusted.

- for good wine with about 9,9 % per annum

- for distilled wine (advance price to producers) with 6,3 % per annum.

- for distilled wine (trade) with 9,6 % per annum

- whilst the production cost for wine grapes increase with 13,9 % per annum.

- the combined index for farming requisites increased by 13,9 % per annum and the consumer price index by 12,8 % per annum.

As a result of the poor economic climate a conservative price policy was followed during 1984 and 1985 as can clearly be seen in the above table as well as table 6 of the statistical appendix.

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The decrease of the surplus declaration of distilled wine during 1985 resulted in an increase in the effective price which the farmer received, of 22,4%.

4.2 **Consumer Prices**

Affiliations are prohibited by die Liquor Act, 1977 between wholesaler and retailer, and consumer prices for the same product vary according to situation, type of outlet and competition between retailers.

In table 7 and figures 10 to 13 of the statistical appendix, the price combination of some of the lower priced wines is shown.

4.3 **Export prices**

Wine products are exported to about 30 countries which makes it difficult to give averange prices for export products. The value of exports is given in the statistical appendix for the last 10 years. (Table 5).

5. **FUTURE OF THE WINE INDUSTRY**

Whilst South Africa rates as 19th position in the world with regard to area under wine grapes, it is the 8th largest producer of wine with a production of about 9 million hectolitre. It is however, still relatively small compared with France and Italy whose production exceeds 70 million hectolitre.

The wine industry is particularly responsible for economic viability in eight different wine growing districts in the Western Cape and the northern wine producing regions. The socio-economic and social responsibility of the industry lies in the provision of a way of life for 6 000 wine farmers, 3 000 employees in wine co-operatives and 42 000 farm employees.

Including their dependents, about 300 000 people are dependent on the primary wine industry.

As a single farming enterprise, viticulture is responsible for 13,2 % of total horticultural production and is the fourth largest industry apart from the potatoes, vegetable and the total deciduous fruit industries.

The Western Cape, the contribution of the wine industry amounts to more than 30 % of total horticultural production, and 15 % of total agricultural production.

The low per capita consumption of wine in South Africa of about 9,9 litre compared to France, Italy and Portugal with more than 80 litre per capita, clearly shows that there is a large unexploited market potential. After being on the market for just more than a year, it seems as if flavoured wines might bring about a substantial broadening of the wine market.

With the cultivar directive for each KWV-district available (and according to information, the guidelines are being implemented where possible), it is expected that more market orientated production will take place.

Sales of flavoured wines, that have just recently had their first year on the market, have exceeded all expectations. As far as can be established, this new product did not gain market share at the expense of any other wine product and it seems to be a case of a new market being developed.

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In the short term, the Wine Industry is going through an extremely tough periode as a result of inter alia the following:

- Sales drop over a wide front of wine products, due mainly to the extremely weak economic situation in the R S A, and also the present political unrest that has a negative effect on the sales of alcoholic beverages;

- Production costs are rising continuously, and especially those production inputs with an import base, are going to be under increasing cost pressure. An indication of the influence of a few chemical pesticides on the cost structure of viticulture during 1984 and 1985, is given in table 8 of the statistical appendix.

- Exports are under extremely great pressure as a result of the boycott actions against the RSA mainly because of the political unrest situation in the RSA.

In the longer term, the situation must improve and the following are foreseen:

- Economic and political stability will be reached with the result that the virtually uncontrolled increases in production costs will be checked through both a drastic decline in the inflation rate, and a better exchange rate of the Rand against foreign currencies;

- Sales of wine products will increase to reach an average annual growth of 4 % to 4,5 %,

- Exports will return to normal.

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STATISTICAL APPENDIX X

W I N E

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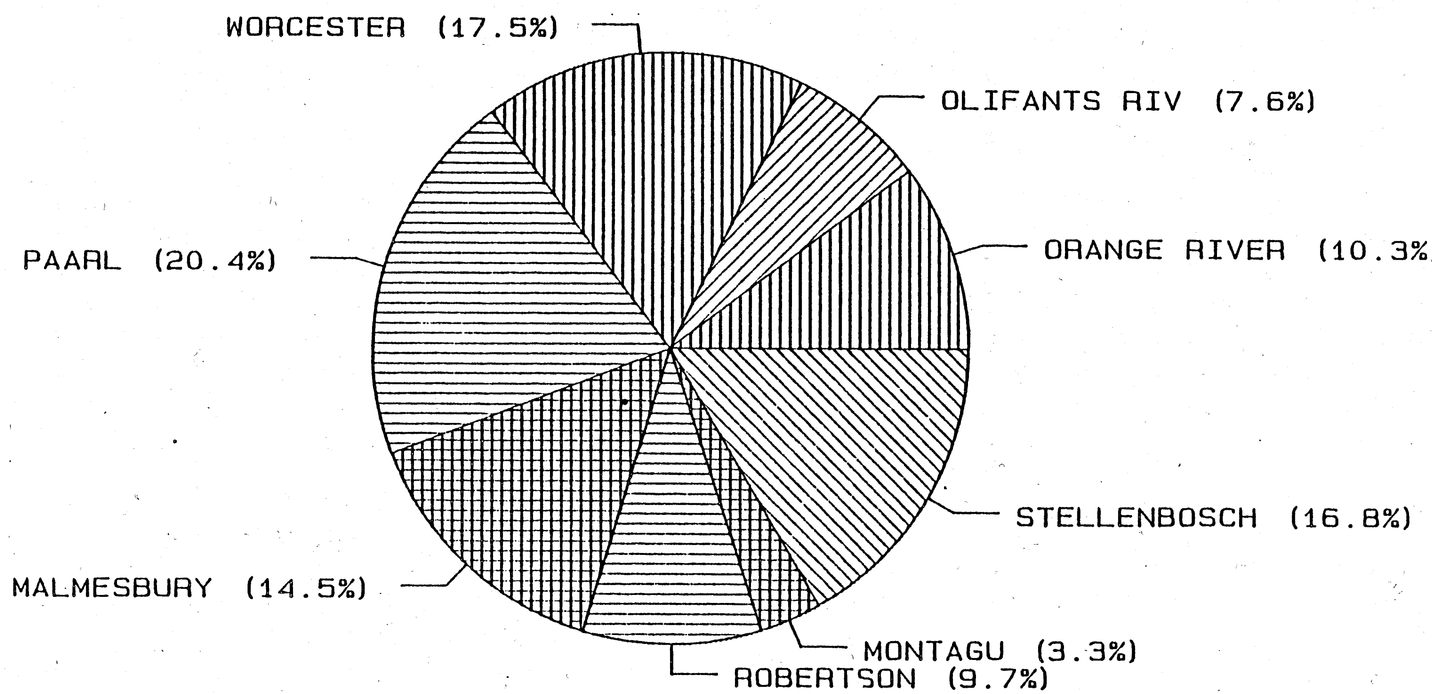
FIGURE 1: DISTRIBUTION OF WINE GRAPES PER K W V -DISTRICT

1984



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TOTAL: 92519.94

TABLE 1: PRODUCTION ACCORDING TO KWV DISTRICT,1976 - 1984

KWV DISTRICT	% OF TOTAL PRODUCTION								
	1976	1977	1978	1979	1980	1981	1982	1983	1984
ORANGE RIVER	7.3	7.9	8.7	8.6	9.3	9.1	9.1	7.5	8.8
OLIFANTS RIVER	12.0	12.9	13.0	12.1	13.8	14.9	13.4	10.7	14.1
MALMESBURY	7.7	7.9	8.6	6.5	6.9	6.0	7.7	8.3	8.1
MONTAGU	4.8	5.8	5.0	4.9	4.7	4.0	4.2	4.2	4.2
PAARL	14.9	14.2	14.1	14.6	14.2	16.4	15.1	15.7	14.3
ROBERTSON	15.4	15.9	14.3	15.8	15.9	13.1	14.3	15.7	14.8
STELLENBOSCH	12.7	10.1	12.9	12.8	11.9	12.6	13.7	14.1	12.5
WORCESTER	25.2	25.3	23.4	24.7	23.3	23.9	22.5	23.8	23.2
TOTAAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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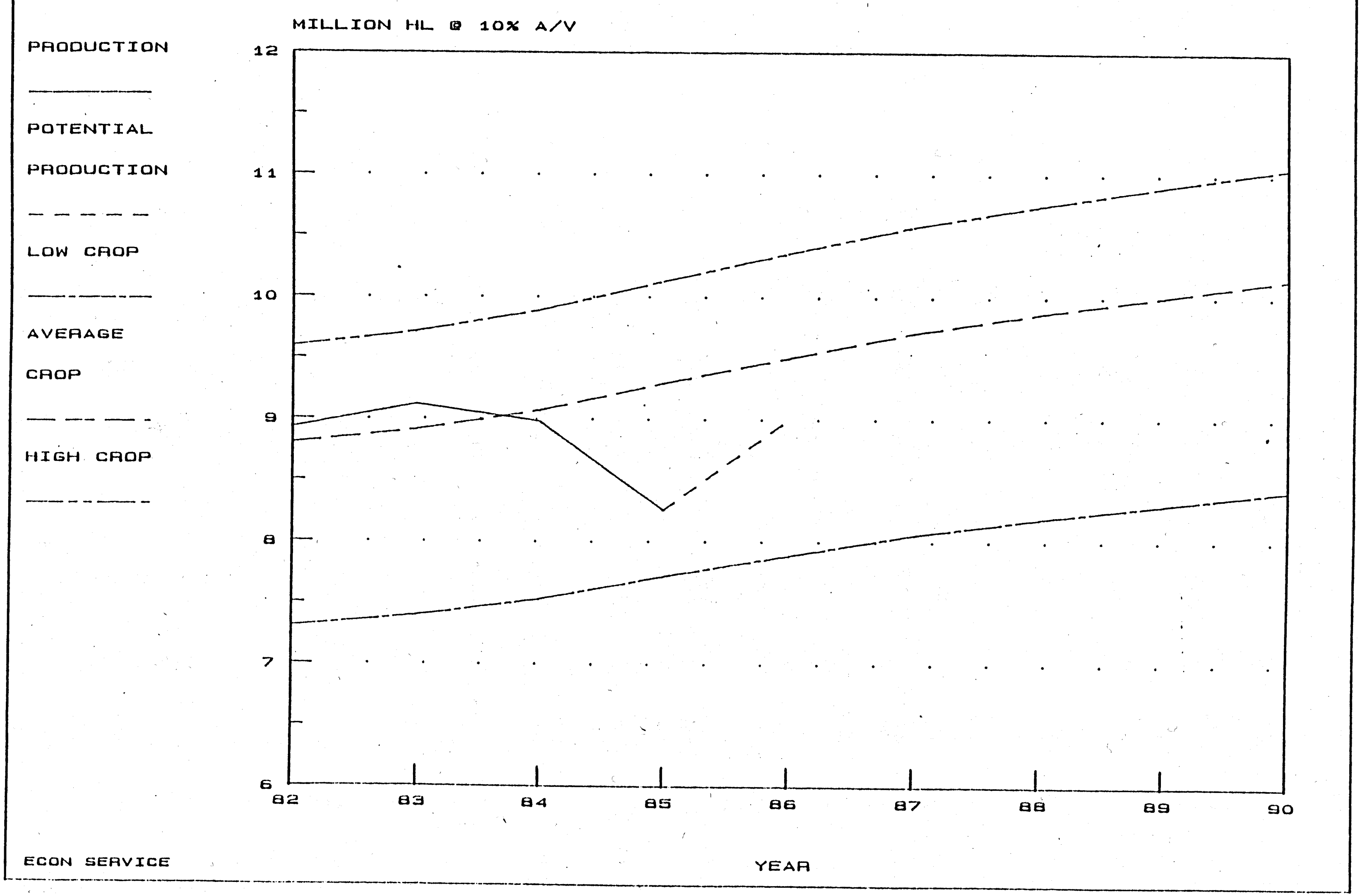
TABLE 2: PRODUCTION AND VALUE OF THE WINE CROP		
YEAR	PRODUCTION m hl	VALUE R m
1975	6.94	87.3
1976	6.93	101.0
1977	5.54	93.2
1978	7.16	105.5
1979	7.24	120.7
1980	8.24	148.5
1981	7.59	160.7
1982	8.93	213.0
1983	9.12	217.4
1984	8.96	242.1
1985	8.26	251.7*
1986	9.00	

* EXCUDING BONUSSES AND POSSIBLE BACK PAYMENTS STILL OUTSTANDING

FIGURE 2: PRODUCTION AND POTENTIAL PRODUCTION, 1982-1990



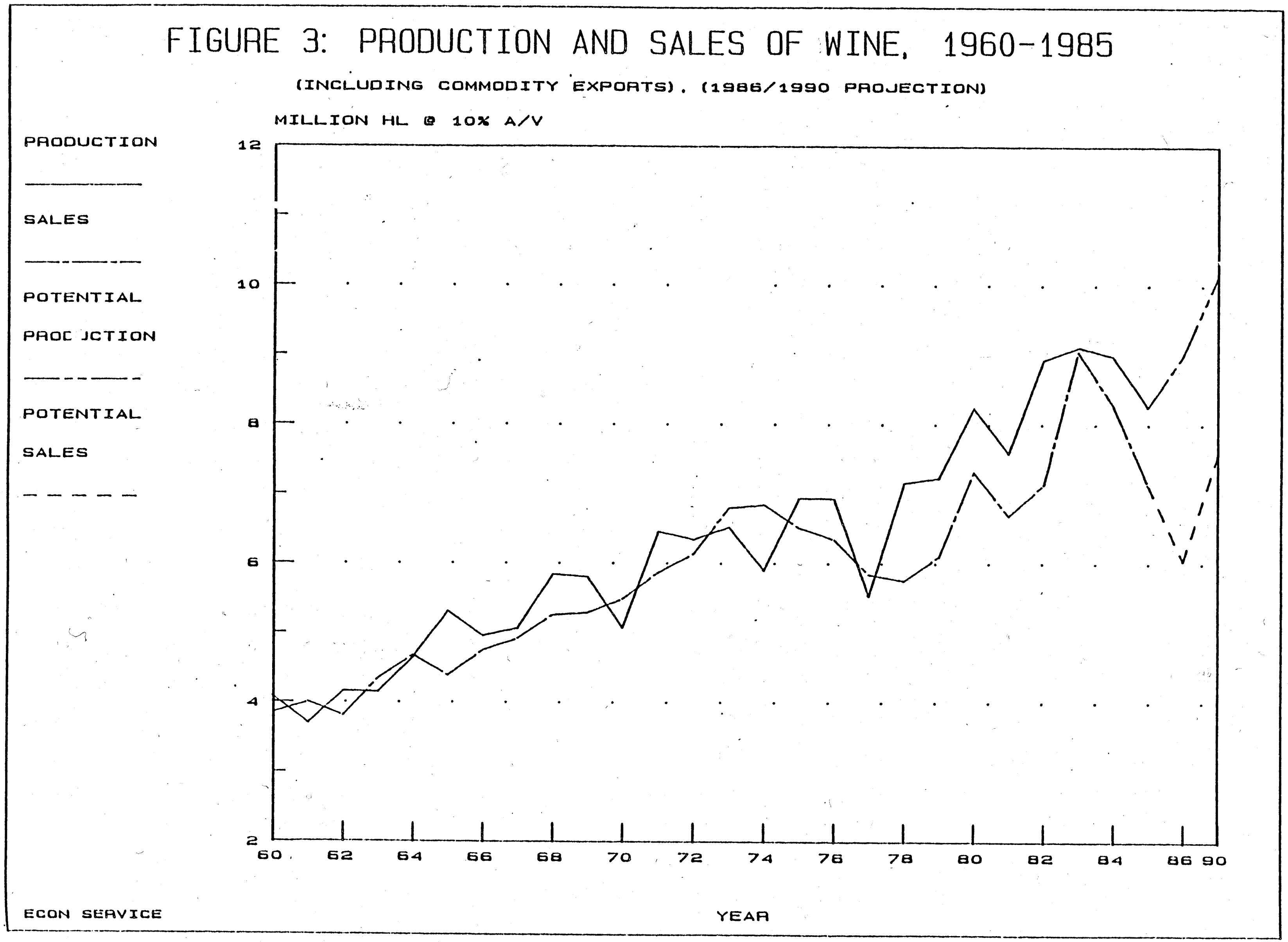


FIGURE 3: PRODUCTION AND SALES OF WINE, 1960-1985
(INCLUDING COMMODITY EXPORTS). (1986/1990 PROJECTION)
MILLION HL @ 10% A/V
PRODUCTION
SALES
POTENTIAL
PRODUCTION
POTENTIAL
SALES
12
10
8
6
4
2
60
62
64
66
68
70
72
74
76
78
80
82
84
86 90
ECON SERVICE
YEAR

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TABLE 3: DOMESTIC CONSUMPTION OF WINE PRODUCTS, 1975 - 1985					
YEAR	NATURAL WINE m HL	SPARKLING WINE '000 HL	FORTIFIED WINE '000 HL	BRANDY m L AA	GREYMARKET PRODUCTS m L AA
1975	1.859	27.4	717	16.122	0.295
1976	1.840	26.3	716	16.545	0.289
1977	1.719	28.3	661	15.496	0.697
1978	1.733	29.8	603	15.688	0.593
1979	1.864	29.9	552	15.681	0.708
1980	2.067	35.3	540	15.636	2.101
1981	2.288	42.6	549	16.882	4.351
1982	2.377	42.6	503	15.350	3.296
1983	2.523	43.5	465	15.057	3.197
1984	2.687	52.1	479	16.091	3.486
1985*	2.698	53.9	455	15.720	2.767

* PROJECTION

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TABLE 4: PC CONSUMPTION OF WINE PRODUCTS, 1975 - 1985							
	LITRE PC				LITRE AA PC		
JAAR	NATURAL WINE	SPARKLING WINE	FORTIFIED WINE	TOTAL WINE	BRANDY	GREY MARK PRODUCTS	TOTAL SPIRITS
1975	7.27	0.11	2.80	10.18	0.64	0.01	0.65
1976	7.05	0.10	2.74	9.89	0.64	0.01	0.65
1977	6.43	0.11	2.47	9.01	0.58	0.03	0.61
1978	6.35	0.11	2.21	8.67	0.57	0.02	0.59
1979	6.60	0.11	1.95	8.74	0.55	0.03	0.58
1980	7.12	0.12	1.86	9.09	0.54	0.07	0.61
1981	7.66	0.14	1.84	9.64	0.57	0.15	0.72
1982	7.60	0.14	1.64	9.38	0.50	0.11	0.61
1983	7.99	0.14	1.47	9.60	0.48	0.10	0.58
1984	8.26	0.16	1.47	9.89	0.49	0.11	0.60
1985	8.27	0.16	1.47	9.90	0.50	0.23	0.55

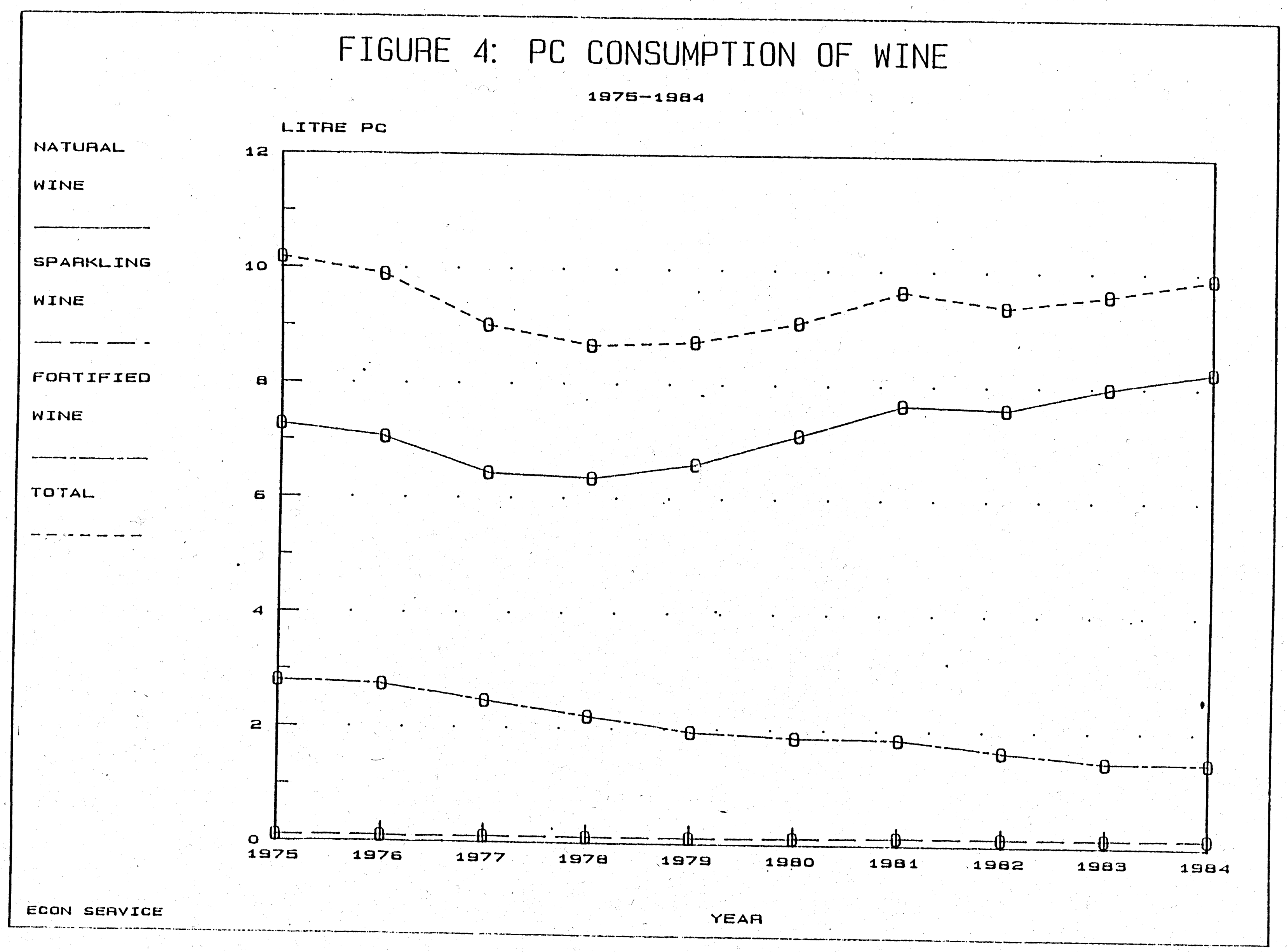

FIGURE 4: PC CONSUMPTION OF WINE
1975-1984
LITRE PC
NATURAL
WINE
SPARKLING
WINE
FORTIFIED
WINE
TOTAL
12
10
8
6
4
2
0
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
ECON SERVICE
YEAR

FIGURE 5: PC CONSUMPTION OF WINE SPIRITS

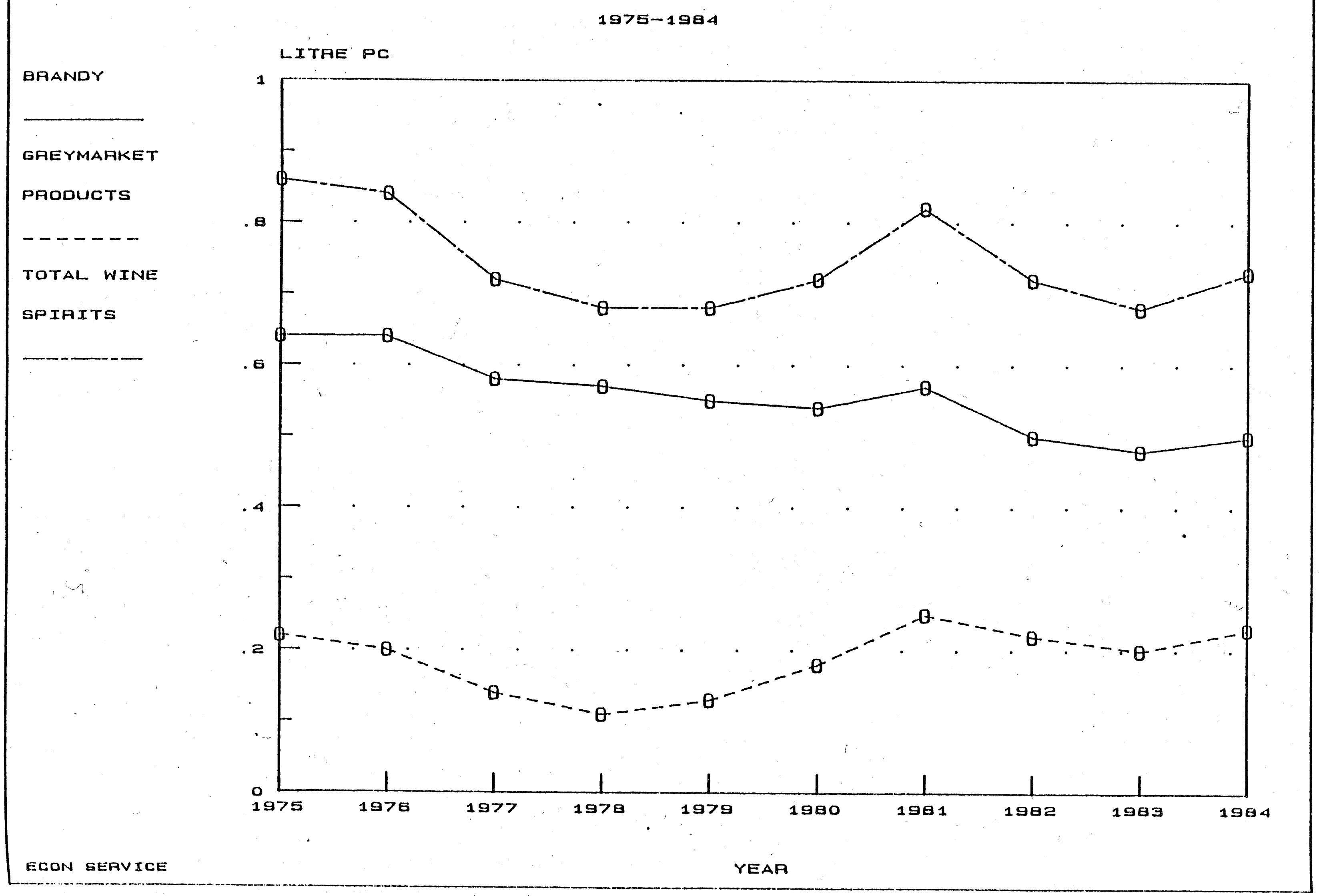

FIGURE 6: TOTAL MARKET FOR ALCOHOLIC BEVERAGES IN R S A, 1984

BASED ON ALCOHOL CONTENTS

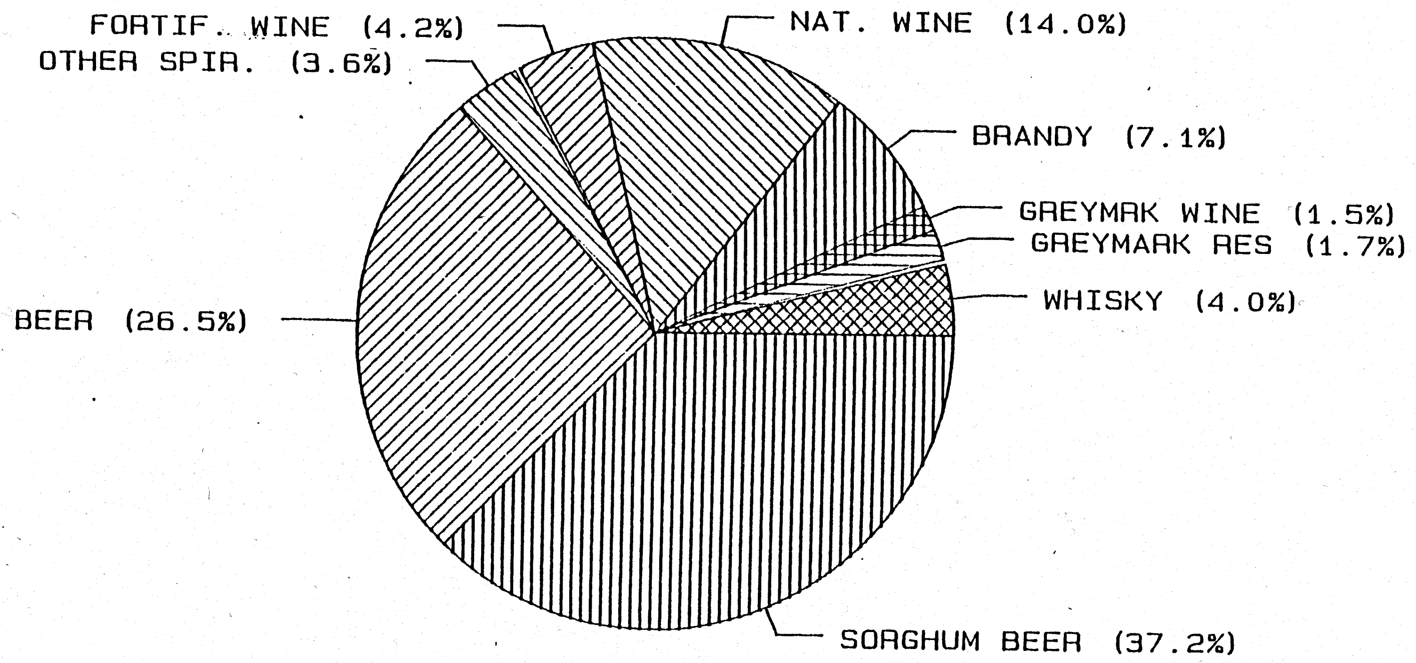

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FIGURE 7: TOTAL MARKET FOR ALCOHOLIC BEVERAGES IN R S A, 2000

BASED ON ALCOHOL CONTENTS

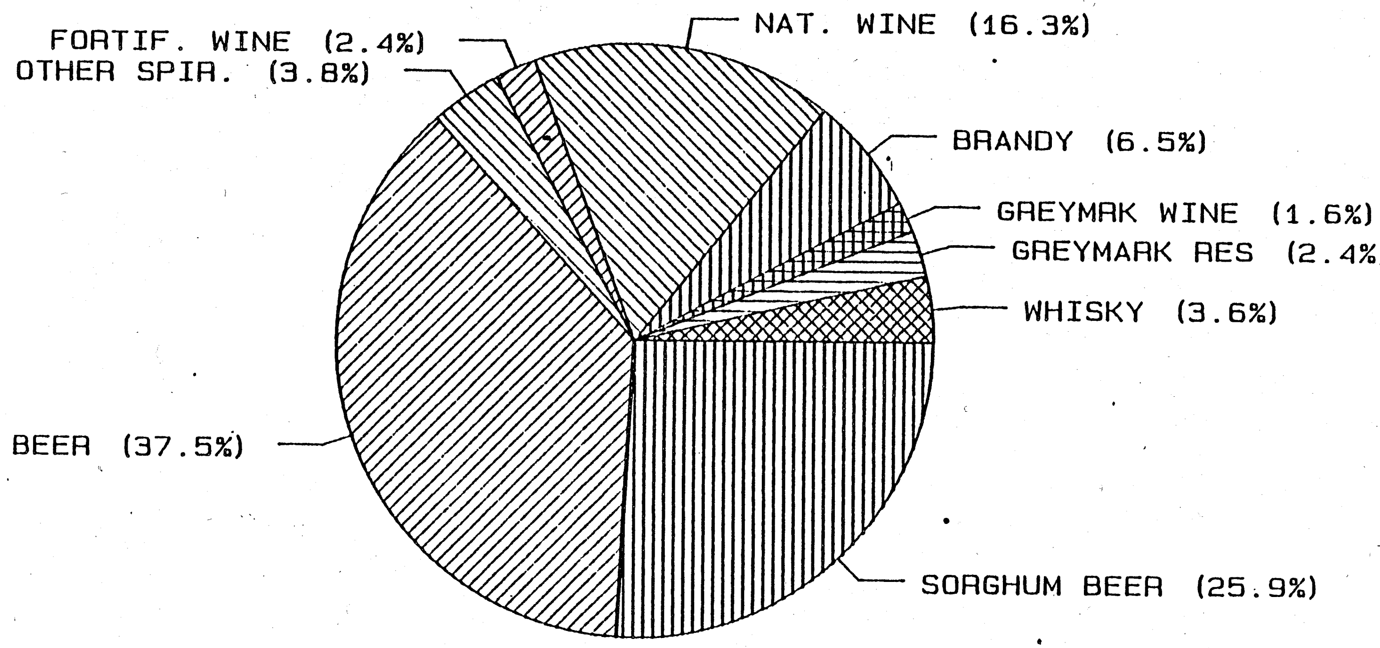

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TABLE 5: EXPORT VALUE OF WINE AND SPIRITUOUS LIQUOR, 1975 - 1984

YEAR	R MILLION
1975	7.01
1976	8.08
1977	6.53
1978	8.80
1979	11.70
1980	17.67
1981	11.84
1982	16.77
1983	18.80
1984	16.56

FIGURE 8: UNDERMINING OF THE TARIFF PROTECTION OF BRANDY

VERSUS IMPORTED WHISKY

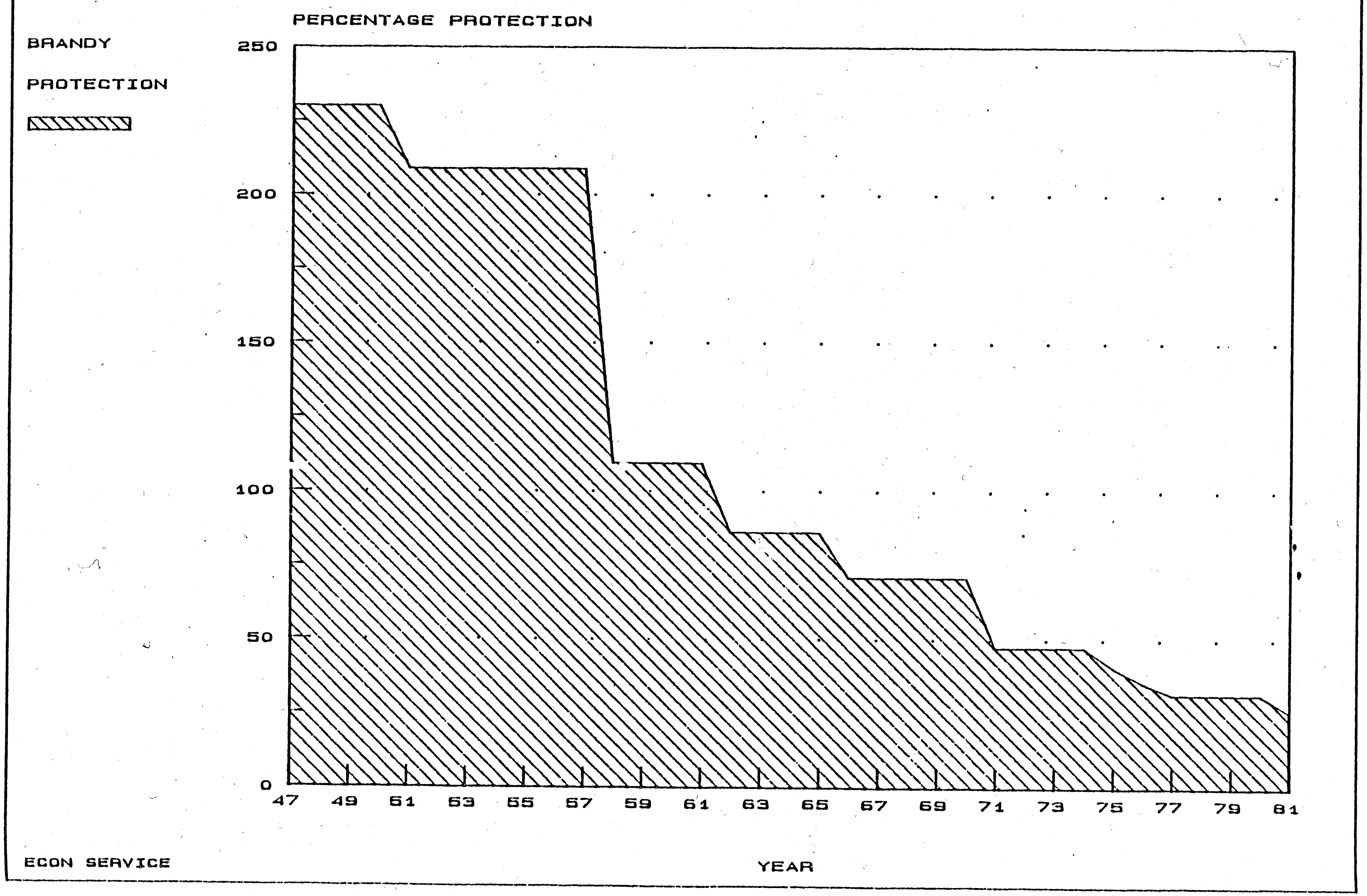


TABLE 6: PRODUCER PRICES AND COST NORMS, 1976 - 1985

ITEM	1976		1977		1978		1979		1980		1981		1982		1983		1984		1985	
	R	%	R	%	R	%	R	%	R	%	R	%	R	%	R	%	R	%	R	%
GOOD WINE	17.42	5.3	18.77	7.8	19.81	5.5	22.22	12.2	24.84	11.8	27.33	10.0	32.95	20.6	36.10	9.6	38.63	7.0	42.48	10.0
DISTILLING WINE ADVANCE PRICE TO PRODUCERS	9.31	8.5	10.45	12.2	10.43	-0.2	11.89	14.0	11.31	-4.9	12.56	11.1	16.57	31.9	13.33	-19.6	12.90	-3.2	15.79	22.4
DISTILLING WINE	12.17	10.6	13.57	11.5	14.58	7.4	16.35	12.1	18.57	13.6	20.43	10.0	23.50	15.0	24.60	4.8	26.32	7.0	27.50	4.5
PRODUCTION COST INCREASES		16.5		11.3		11.6		13.8		17.6		11.5		18.4		15.6		12.2		10.6
INCREASE IN FARMING REQUISITES 1)		15.6		12.7		13.3		14.9		22.9		11.4		13.7		17.4		9.0		8.8*
NATIONAL INFLATION RATE		13.5		11.1		10.9		13.2		13.8		15.2		14.7		10.1		11.6		15.0*

* PRELIMINARY

1) ABSTRACT OF AGRICULTURAL STATISTICS - DEPT OF AGRICULTURAL ECONOMICS AND MARKETING

FIGURE 9: PRODUCER PRICES AND COST NORMS

1975-1985

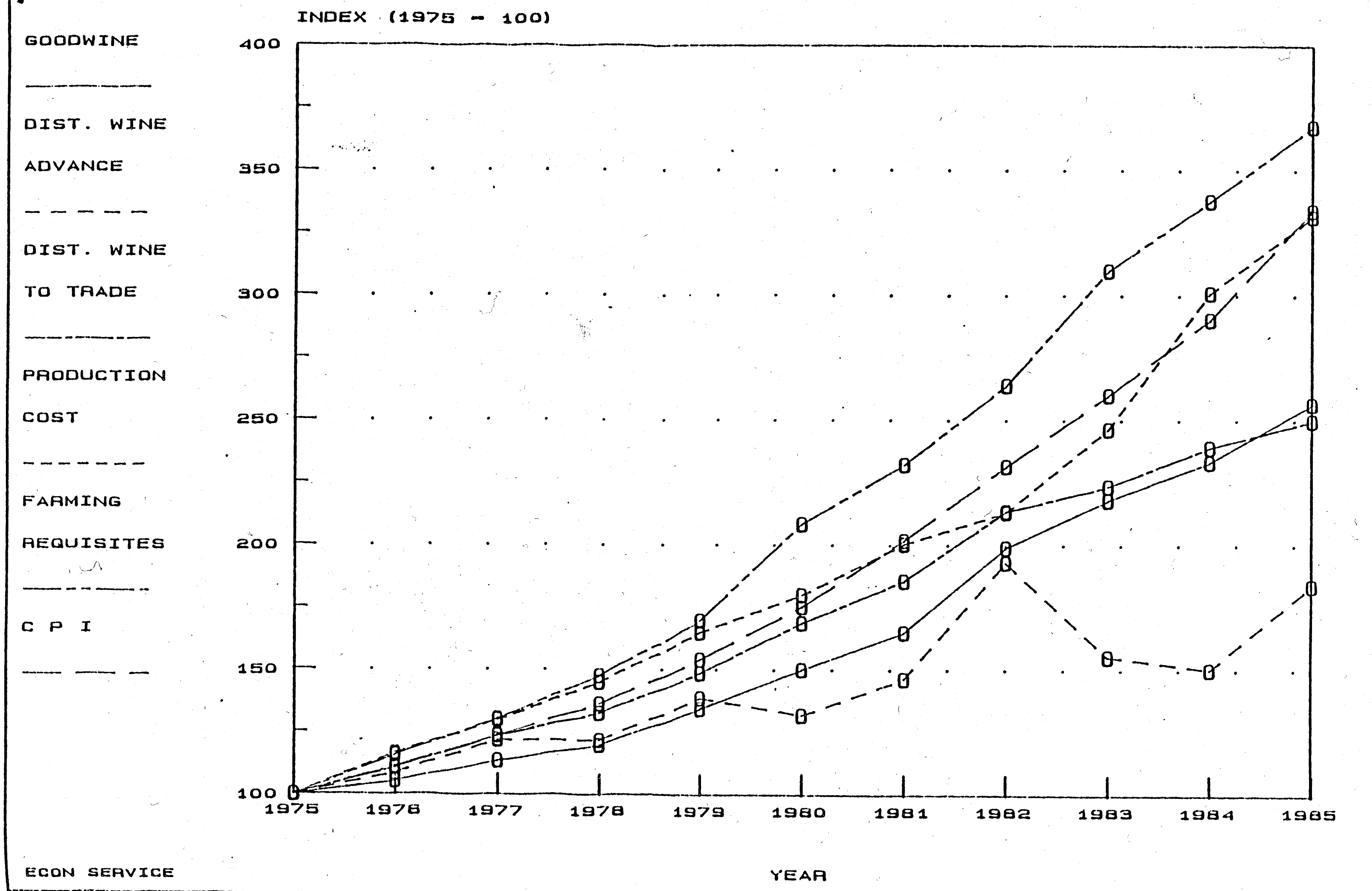


TABLE 7: THE PERCENTUAL SHARE OF THE DIFFERENT STAKEHOLDERS IN THE RECOMMENDED RETAIL PRICE OF WINE PRODUCTS IN THE WESTERN CAPE (%)

ITEM	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
1 NATURAL WINE											
PRODUCER PRICE	30.3	28.9	25.6	21.7	22.8	23.7	24.0	24.1	24.6	23.8	23.2
EXCISE DUTY	2.2	2.0	8.6	4.0	2.8	2.6	2.4	-	-	-	-
WHOLESALE	40.8	43.3	39.6	45.5	45.9	45.0	44.8	45.8	45.4	43.4	42.9
RETAIL	26.7	25.8	26.2	25.0	24.7	24.9	25.0	24.5	24.4	23.7	23.2
GST	-	-	-	3.8	3.8	3.8	3.8	5.6	5.6	9.1	10.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2 FORTIFIED WINE											
PRODUCER PRICE	28.8	26.9	26.0	24.4	23.9	24.9	25.8	25.7	25.3	24.4	23.4
EXCISE DUTY	15.5	15.2	15.0	13.3	11.0	10.2	9.3	7.9	7.4	6.5	5.8
WHOLESALE	27.2	29.3	30.3	30.7	33.8	33.7	33.6	33.9	34.9	34.1	34.5
RETAIL	28.5	28.6	28.7	27.8	27.5	27.4	27.5	26.9	26.8	25.9	25.6
GST	-	-	-	3.8	3.8	3.8	3.8	5.6	5.6	9.1	10.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
3 BRANDY											
PRODUCER PRICE	10.2	8.9	8.8	8.6	9.2	9.9	10.5	9.7	9.7	9.4	8.9
EXCISE DUTY	47.4	43.4	43.9	40.1	38.5	36.7	41.0	32.7	30.5	27.6	24.9
WHOLESALE	15.1	20.3	20.0	21.3	22.2	23.4	18.4	26.2	28.5	29.1	31.2
RETAIL	27.3	27.4	27.3	26.2	26.3	26.2	26.3	25.8	25.7	24.8	24.3
GST	-	-	-	3.8	3.8	3.8	3.8	5.6	5.6	9.1	10.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
4 GREYMARKET											
PRODUCER PRICE	9.3	8.3	8.2	8.2	8.7	9.6	9.8	9.2	9.1	8.9	8.7
EXCISE DUTY	50.9	46.2	46.6	43.3	40.8	39.9	45.1	36.6	34.7	31.9	29.7
WHOLESALE	12.4	18.3	17.9	18.5	20.5	20.4	15.0	22.8	24.9	25.3	26.5
RETAIL	27.4	27.2	27.3	26.2	26.2	26.3	26.3	25.8	25.7	24.8	24.4
GST	-	-	-	3.8	3.8	3.8	3.8	5.6	5.6	9.1	10.7
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

FIGURE 10: THE SHARE OF THE DIFFERENT STAKEHOLDERS

IN THE RECOMMENDED RETAIL PRICE OF NATURAL WINE

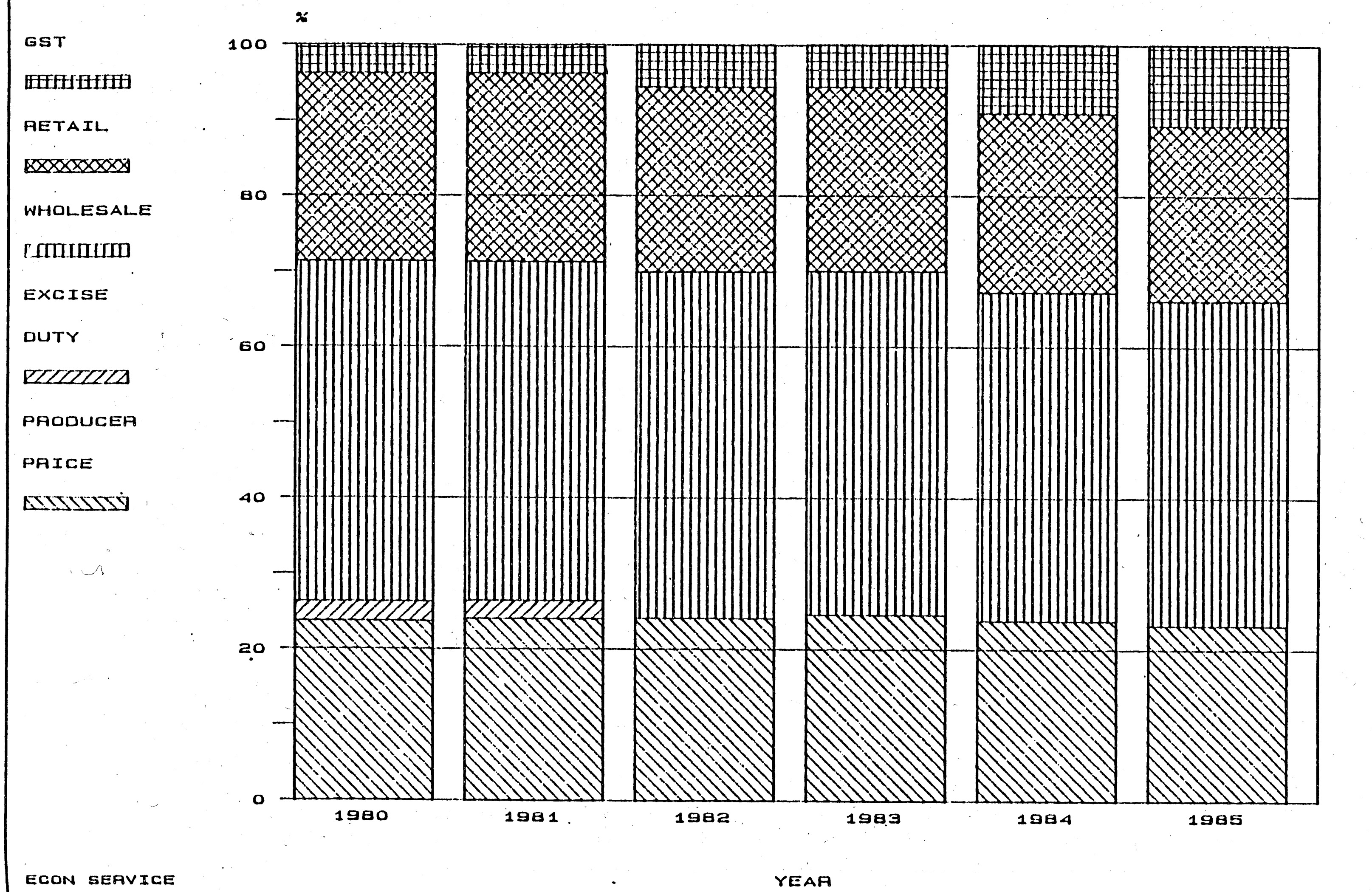


FIGURE 11: THE SHARE OF THE DIFFERENT STAKEHOLDERS

IN THE RECOMMENDED RETAIL PRICE OF FORTIFIED WINE

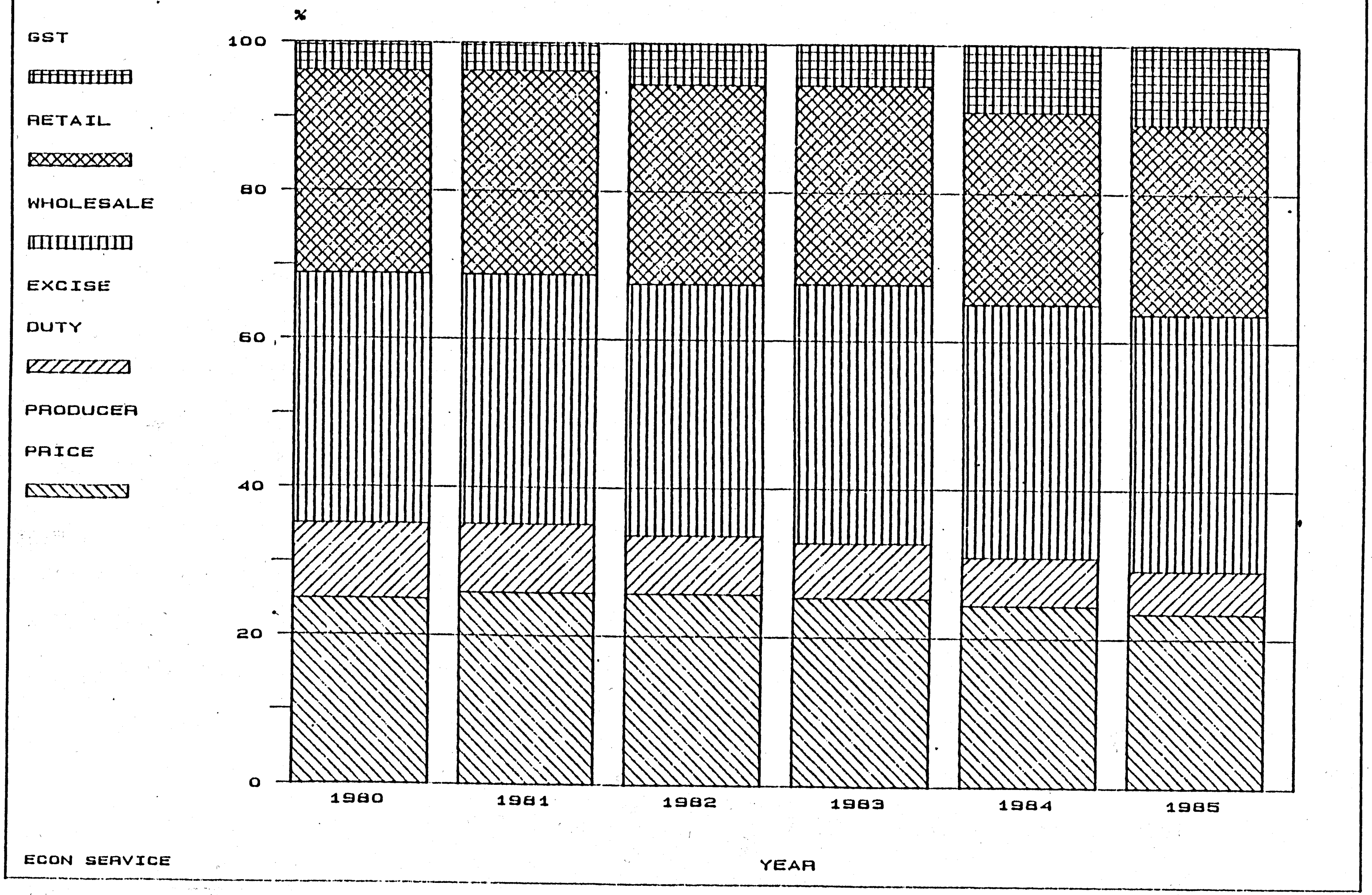
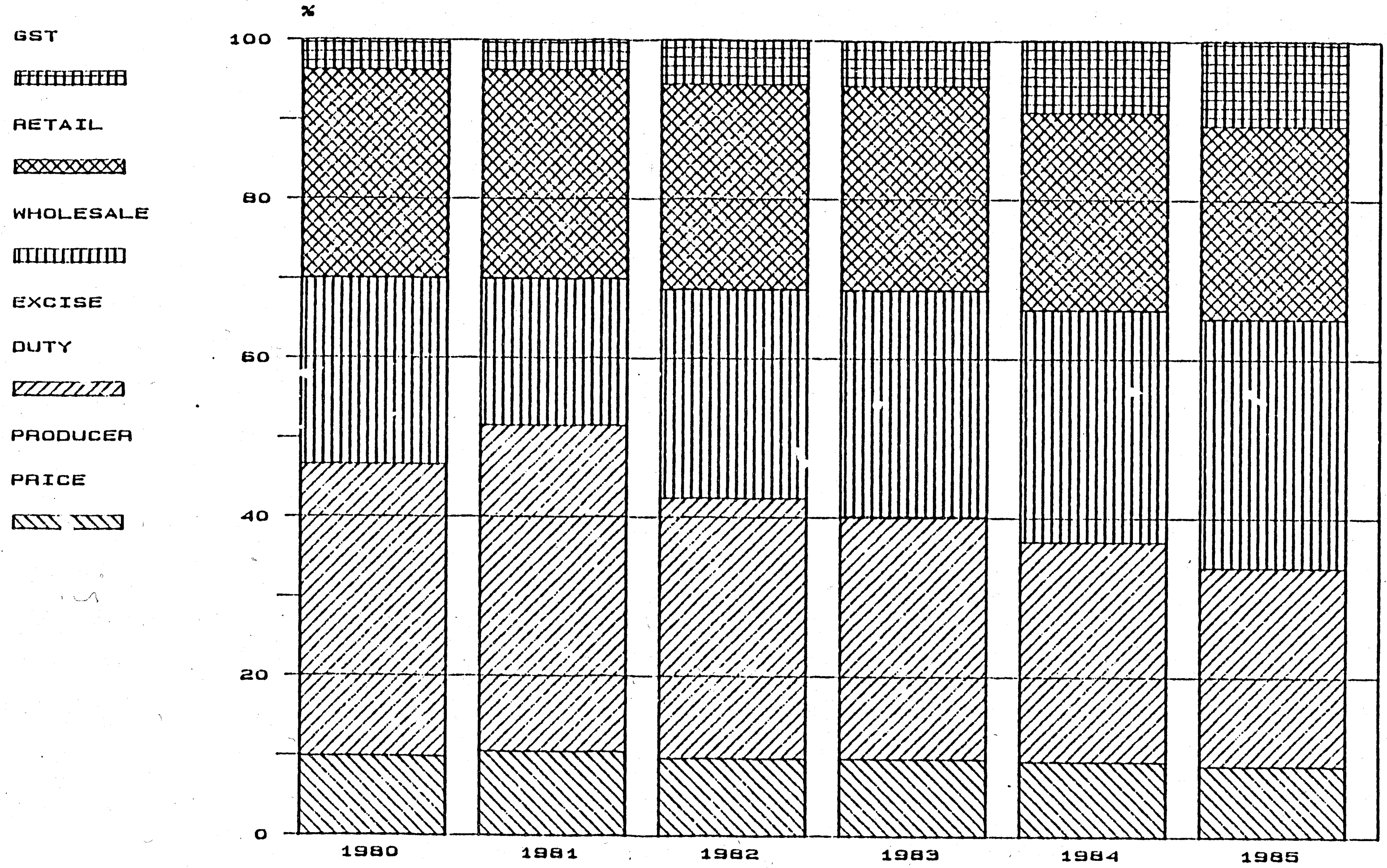


FIGURE 12: THE SHARE OF THE DIFFERENT STAKEHOLDERS

IN THE RECOMMENDED RETAIL PRICE OF BRANDY



ECON SERVICE

FIGURE 13: THE SHARE OF THE DIFFERENT STAKEHOLDERS

IN THE RECOMMENDED RETAIL PRICE OF GREY MARKET PRODUCTS

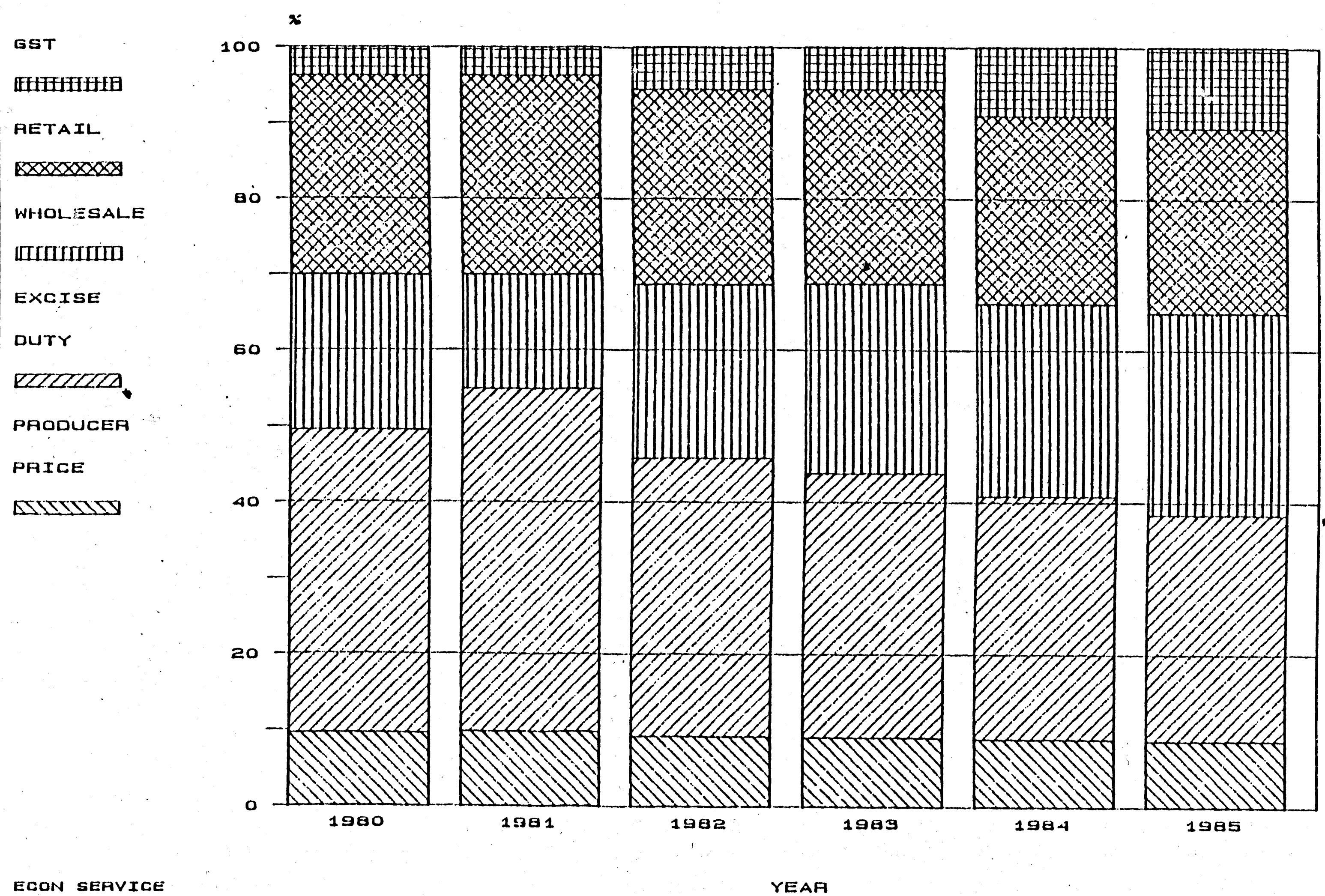


TABLE 8: CHANGE IN PRODUCTION COSTS, 1984-1985
(COST PER 40 HA FOR CHEMICAL PESTICIDES)

ITEM	R/40 HA 1984	R/40 HA 1985	TREND	CONTRIBUTION TO PRODUCTION COST
				%
COPPEROXY-CHLORIDE	1742.80	2318.80	133.1	1.23
SULPHER: FLO	1393.20	1950.00	140.0	1.04
AKAR	231.60	490.00	211.6	0.26
ROVRAL: FLO*	5599.20	6875.20	122.8	3.52

* ONLY WHEN BOTRYTIS IS A PROBLEM