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GENERAL AGREEMENT ON TARIFFS AND TRADE

Agriculture Committee

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SOUTH AFRICA

Information Supplied in Respect of WINE

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WINE

A. PRODUCTION: PRODUCTION MEASURES AND POLICIES

A.1. Statistical data on total volume of production: total acreage and average yield

A.2. Trends in production and estimates for 1970

(hectolitres)

	Production		
	1965	1966	1967
Wine for consumption as wine	2,135,899	1,654,441	1,881,909
Distilling wine	2,331,357	2,509,179	2,419,783
Total	4,467,256	4,163,620	4,301,692

Total acreage or units of production are not available for wine grapes as such and average yields can therefore not be furnished. Since 1947/48 the total production of wine has increased at an average rate of 3 per cent per annum and it is estimated that production will reach approximately 5,290,000 hectolitres in 1970.

A.3. Statistical data on carry-over stocks

Only normal trading stocks and stocks under maturation are carried forward from year to year by the private sector. Stocks of wine held at the end of the year were as follows:

(hectolitres)

1964	1,829,000
1965	2,262,000
1966	2,145,000

No stocks are held by the Government.

A.4. Factors which affect production

As far as factors affecting production are concerned it may be mentioned that in some localities urban development is encroaching on vineyard areas.

The general level of efficiency in South Africa viticulture is high and consequently no steep rise in the level of production is anticipated due to further scientific advances.

A.5. Policies and measures of the Government or other bodies likely to influence production

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B. PROTECTION AND SUPPORT MEASURES AND POLICIES

B.I. Internal support measures and policies

B.I.1. Inventory of the instruments of support

The South African wine industry is well organized particularly at the producers' level. This is mainly the result of a strong co-operative movement headed by a central co-operative, known as the K.W.V., which acts as a controlling body in terms of powers conferred upon it by legislation. In terms of these powers the K.W.V. annually fixes the minimum producers' pric price for wine for consumption as such (popularly referred to as good wine) as well as a nominal minimum producers' price for distilling wine. Unsold good wines are automatically classified as distilling wine. The nominal minimum producers' price for distilling wine is in effect the actual selling price of this type of wine to the local trade. In the case of distilling wine the K.W.V. annually declares a "percentage surplus", representing the anticipated excess of production over domestic demand, which has the effect of proportionately decreasing the above nominal minimum price to the producer. The surplus distilling wine is mainly exported by the K.W.V. in its processed forms. Depending on ultimate realizations the K.W.V. may in some years declare a bonus on distilling wine, which is also paid to producers.

The K.W.V. has further been empowered to fix production quotas to farmers. In 1964 existing quotas (57 per cent of which was then actually utilized in total) were increased by the allotment of provisional additional as well as new quotas, which are now in the process of being established as firm quotas on the basis of actual performance. It is estimated that by 1970 not more than 57 per cent of the total allotted quota will actually be utilized, rendering some 5,290,000 hectolitres of wine as indicated under heading A above. In general it can be said that the existence of wine production quotas has only played a limited role in restricting the production of wine.

B.I.2. Levels of guaranteed or support prices

(i) Wine for consumption as wine ("good wine")

MINIMUM PRODUCERS' PRICE

	($ per hectolitre)
1965	11.17
1966	11.07[a]
1967	11.07[a]

[a] After deduction of a levy of 10 cents per hectolitre to finance research and publicity.

(ii) Distilling wine

NOMINAL MINIMUM PRODUCERS' PRICE

($ per hectolitre)

1965	9.00 (15 per cent surplus declaration)
1966	9.00 (23 per cent surplus declaration)
1967	9.00 (24.5 per cent surplus declaration)

B.I.3. Amount of producer subsidies

See COM.AG/W/12, B.I.3.

B.I.4. Average returns to producers

In practice the average price realized by producers for wine for consumption as such is in excess of the above minimum price as the demand for some varietal wines or wines of quality exceeds supply. Actual average returns are not available.

Average returns to producers for distilling wine have been as follows:

($ per hectolitre)

1965	7.65
1966	7.30[a]
1967	6.74[a]

[a] After deduction of a levy of 5 cents per hectolitre to finance research and publicity.

As explained above the actual returns to producers for distilling wine are lower than the nominal minimum prices due to the declaration of a "surplus" by the K.W.V.

B.I.5. Method of determining returns for producers

See B.I.1.

B.II. Measures at the frontier

Exports of wine are in no way subsidized by the Government.

IMPORT DUTIES

Tariff heading		Rate of duty	
		M.f.n.	Pref.
22.05.10	Unfortified still wine of a f.o.b. price per gallon		
.10	Not exceeding 150¢	89¢ per gallon	
.20	Exceeding 150¢ but not exceeding 300¢	103¢ per gallon	
.30	Exceeding 300¢	117¢ per gallon	
22.05.20	Fortified still wine; grape-must	102¢ per gallon	
22.05.50	Sparkling wine		
.10	Champagne	235¢ per gallon	
.90	Other	190¢ per gallon	

C. CONSUMPTION AND INTERNAL PRICES

C.1. Statistical data on consumption

C.2. Trends in consumption and estimates for 1970

(hectolitres)

1965	1,501,276
1966	1,536,387
1967	1,724,743
1970 (estimate)	1,818,000

Since 1947 consumption has increased at an average annual rate of 3.5 per cent.

C.3. Retail and wholesale prices

Data giving a reliable indication of wholesale and retail prices of wine are not available.

C.4. Factors which condition the evolution of internal consumption

C.5. Policies and measures affecting consumption

No consumer subsidies are paid on wine. Some years ago the Government made a five-year grant of $28,000 per annum towards research and consumer education, but this grant expired in 1965. In order to promote the consumption of lighter table wines, a new category of wine and malt retail licences for grocers and supermarkets, which may be granted in areas where the sale of table wine comprises less than 30 per cent of total sales, was introduced two years ago. Eleven such licences have been granted.

D. INTERNATIONAL TRADE AND PRICES

D.1. Statistical data on the volume and value of exports and imports

EXPORTS

Q = hectolitres
V = dollars

Description	Destinations	1965		1966	
		Q	V	Q	V
Unfortified still wine	Denmark	649	12,421	432	7,067
	United Kingdom	6,063	137,361	6,386	171,265
	Belgium	779	7,946	308	4,519
	Netherlands	1,673	20,801	281	4,778
	Germany, F.R. of	6,750	61,894	4,637	61,506
	Switzerland	6,709	83,117	6,414	81,616
	Hong Kong	136	7,287	94	5,492
	Canada	1,433	76,089	2,985	136,462
	New Zealand	129	7,029	113	7,305
	Other	6,836	311,140	5,617	286,668
		31,157	725,085	27,267	766,678
Fortified still wine; grape-must	Sweden	3,982	85,989	250	6,419
	United Kingdom	115,285	3,868,126	92,645	2,915,140
	Netherlands	3,007	63,729	1,394	33,064
	Germany, F.R. of	7,595	149,617	4,181	96,132
	Canada	8,159	404,158	7,748	383,510
	New Zealand	1,645	48,145	882	27,387
	Ireland	821	34,205	1,439	50,501
	Other	7,577	294,064	5,562	265,931
		148,071	4,948,033	114,101	3,778,084
Sparkling wines	United Kingdom	65	5,632	121	11,238
	Hong Kong	36	3,052	11	900
	New Zealand	1,561	134,501	1,171	101,496
	Ireland	8	773	24	2,411
	Germany, F.R. of	12	1,163	15	1,527
	United States	6	606	15	1,585
	Other	1,290	116,916	1,424	127,800
		2,978	262,643	2,781	246,957

IMPORTS

Q = hectolitres
V = dollars

Description	Countries of origin	1965		1966	
		Q	V	Q	V
Unfortified still wine of a f.o.b. price per gallon not exceeding 150¢	Germany, F.R. of	16	763	-	-
	France	4	368	-	-
	Portugal	92	2,829	71	2,387
	Spain	66	2,302	50	1,228
	Italy	4	242	-	-
	Greece	2	73	5	174
	Other	2	48	-	-
		186	6,628	126	3,789
Unfortified still wine of a f.o.b. price per gallon exceeding 150¢ but not exceeding 300¢	Germany, F.R. of	76	5,807	94	9,379
	France	133	11,189	171	12,424
	Portugal	265	18,949	270	19,328
	Spain	56	4,201	6	477
	Italy	107	7,769	68	5,156
	Other	24	1,296	117	5,949
		661	49,211	726	52,713
Unfortified still wine of a f.o.b. price per gallon exceeding 300¢	Germany, F.R. of	327	28,962	261	39,029
	France	568	93,227	426	71,681
	Portugal	16	1,702	13	1,583
	Spain	23	2,955	6	836
	Italy	30	3,311	15	1,707
	Other	13	1,971	15	2,141
		977	132,128	736	116,977
Fortified still wine; grape-must	France	60,696	1,622,755	28	4,530
	Spain	118	20,899	83	16,093
	Italy	114	9,251	43	3,223
	Portugal	82	10,053	104	8,478
	Israel	17	1,152	16	1,092
	Other	66	7,077	5	694
		61,093	1,671,187	279	34,110

IMPORTS (cont'd)

Q = hectolitres
V = dollars

Description	Countries of origin	1965		1966	
		Q	V	Q	V
Champagne	France	360	124,963	334	115,983
	Other	8	1,239	4	510
		368	126,202	338	116,493
Sparkling wine, other than champagne	Germany, F.R. of	12	1,869	5	524
	France	4	577	3	977
	Spain	4	535	1	144
	Italy	9	867	1	209
	Other	4	43	-	-
		33	3,891	10	1,854

D.2. Levels of export prices prevailing in various markets

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D.3. Export aid measures and policies

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D.4. Bilateral agreements affecting imports or exports

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