

Keynote Address: 35th Nederburg Auction 12 September 2009

Department of Trade and Industry Director-General Mr. Tshediso Matona

~ Verbatim ~

The board and executive Management of Distell

Wine industry members

International visitors

Winemakers

Members of the media

Ladies and Gentlemen

I would like to express our sincere gratitude to Distell, as one of our registrants – one of our stakeholders, for having honoured us, the Department of Trade and Industry, and myself in particular, by making us part of this auspicious occasion. It's a beautiful occasion; I've read about it all of these years, and it is a special privilege to be able to be part of it today. It is a huge milestone - an achievement that is the fruit of many years of sweat, many years of experience, many years of growth, which comes with running of a business of this magnitude and which is the pride of our history of winemaking.

We celebrate with Distell, 350 years of winemaking in South Africa, as well as the 35th Nederburg international wine auction. I would like to congratulate Distell for growing from strength to strength and to eventually achieving this momentous and praise worthy milestone.

350 years of winemaking deserves celebration, so does 35 years of international wine auction. I look forward to a fine, fun day, and yes, indeed, it is going to be a fine day from what it looks like.

Distell is without doubt, one of the biggest manufacturers and distributors of liquor products in South Africa. As a leader in this industry, a number of smaller entities look up to you to be able to enter the market and to grow internationally. They also look up to you in regard to dealing with some of the challenges that face this industry because of your great position, Distell bears responsibility for leadership in the areas of combating alcohol abuse and advancing transformation and change in this industry.

We are pleased that as one of the big businesses in this industry Distell took a decision to develop a transformation charter in order to implement the legislation and the policy of Broad Based Black Economic Empowerment in the sector. Like in every sector in our society and our economy the wine and liquor industry is challenged to seek ways of reflecting our diversity as a nation and to facilitate the broadest possible access of our citizens' historical heritage and endowment of the industry. Therein also lays one of the powerful keys to further unlocking the economic potential of the industry. So your initiatives and activities on this front are commendable. We also note your programmes in implementing transformation policies, such as establishing a broad-based ownership model for your business through a share transaction involving your employees, your involvement in projects that encourage new entrants into the industry. All of that is appreciated. I would like to congratulate you and ask you to keep it up.

My encounter with your company was in the context which also displays your strategic acumen, your ability to recognise the need for partnership with government, especially in the negotiation and conclusion of trade arrangements in the area of wine and spirits, including intellectual property protection issues. As one of the South African negotiators of these agreements I can say without doubt that that experience was one of the most empowering, educating and growth experiences of my career. You will know that we have greater ambitions on this front as government to establish solid trade networks with the rest of the world, particularly in the emerging dynamic economies of the likes of Brazil, India, and China. As we advance on these fronts we would like to take along innovative and dynamic companies like yourselves, Distell.

The expansion of your company into foreign markets not only shows that growth in the market is still possible, but it is also testimony to the quality of our wines. More than that, you serve as a powerful tool to market our country's world class way of doing business. You are an ambassador of good corporate governance and the best values of our country in the area of business. It shows, and you represent this, our ability to compete with the best in the world and remain sustainable amid difficult market conditions such as what we are going through right now. This makes us proud as a nation. And that is why your industry is a significant contributor to our economy, to jobs, especially jobs for the disadvantaged communities as well as growth and revenue. And as you grow, and this industry grows along, its impact on the economy will even become greater.

It would be good if things ended there, however we know that this beautiful product, this world-class product – wine, and the liquor industry products in general – do have negative social effect. And therein comes in the role of government once more to ensure that the industry is run professionally and in accordance with the best social and ethical standards. In this regard, working with yourselves, we have put in place norms and standards and encourage leaders like yourselves to help uphold these in the industry. We also encourage diversity and entry into the industry, especially at the level of manufacturing.

This rational, for regulating the industry is not in opposition, and I repeat, is not in opposition with the industry, but seek to establish a conducive framework for this industry to operate in and for it to continue to grow. I believe that in this area there is scope for a partnership to grow, a partnership with civil society and all players in this industry in combating the negative social effects of alcohol consumption.

I believe that compared to the rest of the world that has got this industry, South African consumers of alcohol are on average naive as to the adverse effects of alcohol abuse. They call it binge drinking which is associated with some of the negative aspect of the use of your product, such as road accidents, and off course the economic costs that it comes with. We would like to encourage you, working with ourselves, to find additional, innovative ways in which we can change perceptions about the use of liquor and de-mystify the practice of binge drinking.

The availability of counterfeit wines for example, particularly here in the Western Cape and the Northern Cape, is another challenge. We need to get rid of players who still use abominable practises, like paying wages with liquor. We would like to work with you in eradicating these practices as they do not only harm consumers but also damage the image and credibility of legitimate products such as yours.

IN CLOSING

Let me say that our wine industry is the object of our national pride. 350 years of winemaking must be the object of international admiration and envy. 35 years of the Nederburg Wine Auction is proof of the staying power and reputation of this event and is another medal of pride. For Distell, and the industry in general, the potential for growth is evident. I would like to wish you well, your leadership, your customers, well. I would like to wish you prosperity and a fruitful future and more success in your business.

I would also like to congratulate you for having one of your wines Nederburg, being licensed by FIFA as the official wine for the FIFA World Cup that we will so proudly host in 2010 next year. As I spoke to the MD I said to him 'how did you pull it off?'. So we will discover through the course of the day as we taste your beautiful products.

We look forward to stronger partnerships with yourselves and in ensuring growth and development in the industry. And as you continue to celebrate, I leave you with this quote from H. Jackson Brown, Jr quoted in *P.S. I Love You*, and I quote:

If you know someone who tries to drown their sorrows, you might tell them sorrows know how to swim.

Ladies and gentlemen, thank you very much and enjoy the rest of your day.

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