Consumer Countries/Markets

A long term view of the German wine market

A falling population. A rising number of migrants from cultures that are hostile to alcohol. What does Germany’s demographic future mean for a country that is the world’s biggest import market?

Today, Germany’s population is 81m – but by 2060, it will have fallen to 67.6m. This will have major consequences for wine consumption. The wine merchants will see strong declines. That is the prognosis. Wine retailers will find it very difficult to maintain revenues if they cannot open up new consumer groups. The survey participants also predicted that online sales would grow very strongly. However, online wine sales are still in their infancy in Germany.

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Another way of importing to China

Any producer who wants to enter the Chinese market knows about the painful ‘tax thing’. Before sending any bottle to China, 48.2% tax – which includes VAT, sales tax and tariff – must be paid to the government, unless the producer happens to be one of the few lucky ones from either Oceania or Chile. Thanks to free trade agreements, wines from Chile and New Zealand currently enjoy zero tariff, a benefit Australian wines are expected to enjoy by 2019.

Some very interesting things are happening to distribution in China, however, and happening fast. Many retailers in China are now experimenting with a new scheme that allows them to sell imported wine subject to a 21% tax instead of the usual 48.2%. This is not by smuggling or parallel importation, but by utilising a government-sanctioned ‘cross-border scheme’.

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Global Trends - Wine Industry Key Elements
South Africa beverage industry calls for ‘effective anti-obesity solution’ in response to revised sugar tax proposal

With South Africa’s sugar tax put back until later this year, the Beverage Association of South Africa (BevSA) is calling on the government to involve all parties in developing ‘an effective anti-obesity solution’ rather than singling out the beverage category with ‘punitive taxes’.

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