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SOUTH AFRICA WINE

discover diversity in a glass

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SOUTH AFRICAN TRENDS

Treasury aims to alleviate SA's drinking problem — by raising excise tax on alcohol

Recent changes to the Liquor Products Act and wine sector regulations have prompted a review of the current excise tax framework for wine. With the new category of low-alcohol wine (0.5–4.5% alcohol by volume), concerns have arisen about using tax to address alcohol-related harms.

Without adjustments, low-alcohol wine could face the same excise rate as wine with 16.5% alcohol. The proposal is that low-alcohol wines would be taxed at the current rate (R4.96 per litre), wines with 4.5-9% alcohol at 1.4 times the rate (R6.94) and wines with 9-16.5% at 1.8 times the rate (R8.93). The Treasury also wants to adjust the rate for fortified wines (currently R8.36).
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GLOBAL TRENDS

Wine import taxes in the United Kingdom (are very different from the USA)

In the U.K., all alcoholic drinks are taxed based on their alcohol by volume (ABV), meaning that beverages with a higher alcoholic percentage are subject to higher rates. This idea came into effect in August 2023 (The new alcohol duty system), as previously there had been four separate taxes, covering beer, cider, spirits, wine and made-wine.

Note that the U.K. duty is a fixed cost, based on ABV, irrespective of the cost of the wine itself (cheap or expensive) — this is a very different thing from the U.S. import duties, which are a percentage of the cost of the wine (and are likely to stay that way: Four more years ... of a non-wine drinker in the White House).
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21% of Christmas parties will be alcohol-free this year

According to the research, the trend is being driven by sober parties being on the rise and for Gen Z, with 74% of respondents saying that health is their top reason for cutting back. To lean in towards the trend, workplaces are said to be responding with "fun, inclusive alternatives" such as "creative mocktails and artisanal sodas".

As if in contrast to this, companies aren't holding back this year, with 44% of parties catering to over 100 guests with a sharpened focus on "larger-than-life celebrations designed to make an impact—big budgets, bold entertainment, and Instagram-worthy venues". The nation's capital is also still leading as the primary place to celebrate too with 58% of bookings coming from London, as the city leads the charge in hosting experience-driven events. This also shows that companies are "pulling out all the stops to attract and retain young talent in today's competitive market".
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MAJOR WINE PRODUCING COUNTRIES

France will uproot 27,500 hectares of vineyards to combat oversupply crisis

In total, these vignerons will pull up 27,461ha of vineyards across the country. They will be paid €109.8m in compensation, on the proviso that they cannot replant vines on the land until 2029 at the earliest. The ministry revealed that 1,300 of the growers plan to 'completely stop their activity' and pursue new ventures instead. These total shutdown requests concern nearly 8,700ha.

Figures from the International Organisation of Vine and Wine (OIV) show that wine production outstripped demand by 10% in 2023. The government has therefore decided to reduce supply in a bid to stabilise prices. France currently has around 800,000 ha under vine, so the scheme will reduce the country's total hectarage by 3.43%.
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Germany Sits on Excessive Wine Stocks

Wine stocks in the cellars of German producers and distributors are on the rise. According to a recent report from the Federal Statistical Office (Destatis), wine inventories increased by 335,000 hl (+2.8%) compared to the previous year, reaching 12.4m hl as of July 31, 2024.

Of the wine stocks, white wine comprises 63%, while red wine (including rosé) makes up 37%. Sparkling wine accounts for 19% of the total inventory. Of this inventory, 97% originates from the European Union, with only 3% coming from non-EU countries. Most of the stocks are wines with protected designation of origin (65%). The reserves are split almost equally between producers (53%) and trading companies (47%).
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