
WINE INDUSTRY APPLICATION FOR THE AMENDMENT OF WINE EXPORT GENERIC PROMOTION STATUTORY LEVY

NAMC REQUESTING COMMENTS / INPUTS FROM INDUSTRY ROLE PLAYERS

On 20 June 2018, the Minister of Agriculture, Forestry and Fisheries received a request from the wine industry, in terms of the Marketing of Agricultural Products Act (MAP Act), Act No 47 of 1996, for the amendment of the wine export generic promotion statutory levy.

The applicants for the proposed amendment of the statutory levy are SALBA (South African Liquor Brand owners' Association), who represents wine traders and Vinpro, who represents wine grape producers and wine cellars. The applicants therefore, represents the payers of the wine statutory levy.

Currently, the following statutory measures are applicable in the wine industry and will expire on 31 December 2021:

- Registration;
- Records & Returns; and
- Levies
 - o Information levy;
 - o Research and development levy (R&D levy);
 - o Wine export generic promotion levy (export levy) [*proposed amendment*]; and
 - o Empowerment and transformation levy (Transformation levy).

The requested amendment is only applicable on the export levy and it is proposed that the amendment be implemented from 1 January 2019 and lapse on 31 December 2021.

Furthermore, WOSA (Wines of South Africa) will continue to be responsible for the implementation of the requested amendment of the export levy.

The purpose and objective of the export levy is to promote SA wines on selected export markets and to improve the efficiency of the export process and to increase the profit margin for the industry for each focus market.

Payment of the export levy currently in place (and due to expire 31 December 2021):

Bulk drinking wine	Packaged drinking wine
cents per litre	cents per litre
2018: 11,24	2018: 14,18
2019: 12,07	2019: 15,24
2020: 12,96	2020: 16,38
2021: 13,92	2021: 17,61

Previously, the export levy was on bulk drinking and packaged drinking wine. The wine industry requested that these two categories be re-named into two new categories namely certified- and uncertified wine. The industry agreed to migrate the levy on certified bulk wine to the same level as certified packaged wine by 2025, thus, in future distinction will be made between certified export wine and uncertified export wine. Certified wine, whether exported in bulk or packaged, has a value benefit from their status as a wine of origin.

The proposed amendment of the export levy (for period 1 January 2019 to expire 31 December 2021):

Bulk drinking wine		Packaged drinking wine	
It is proposed that bulk drinking wine be divided into two categories (uncertified and certified) and that the payment of the levy be as follows:		It is proposed that packaged drinking wine be divided into two categories (uncertified and certified) and that the payment of the levy be as follows:	
Uncertified bulk drinking wine	Certified bulk drinking wine	Uncertified packaged drinking wine	Certified packaged drinking wine
Remains unchanged	Proposed increase	Proposed reduction	Remains unchanged
cents per litre	cents per litre	cents per litre	cents per litre
2019: 12,07	2019: 12,34	2019: 12,07	2019: 15,24
2020: 21,96	2020: 13,54	2020: 12,96	2020: 16,38
2021: 13,92	2021: 14,87	2021: 13,92	2021: 17,61

The MAP Act stipulates that a statutory levy may not exceed 5% of the price realised for a specific agricultural product at the first point of sale. The maximum of 5% must be based on a guideline price calculated as the average price at the first point of sale over a period not exceeding three years. The proposed guideline price is calculated as 516,82 cents per litre and the proposed export levy will be approximately 2,6% of the guideline price and the total levies collected in the wine industry, will be, approximately 3,8% of the guideline price.

The NAMC believes that the continuation of the proposed statutory levy is consistent with the objectives of the MAP Act (as set out in section 2 of the Act).

Directly affected groups (e.g. wine producers, wine traders and exporters of drinking wine) in the wine industry are kindly requested to submit any comments, in writing, regarding the proposed amendment of the statutory levy, to Mathilda van der Walt (mathildavdw@namc.co.za and/or fax 086 552 1572) on or before 20 July 2018, to enable the NAMC to finalise its recommendation to the Minister in this regard.