

**Voluntary Report** – Voluntary - Public Distribution

**Date:** December 29,2020

**Report Number:** SF2020-0068

**Report Name:** No Ringing in the New Year for South Africans - Alcohol Banned Again

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Agriculture in the News, Beverages, Wine, Agriculture in the Economy, National Plan, Policy and Program Announcements

**Prepared By:** Laura Geller

**Approved By:** Laura Geller

**Report Highlights:**

On December 28, 2020, South African President Cyril Ramaphosa announced a total ban on the sale of alcohol from stores, restaurants and bars until January 15, 2021, except in the case of exports or for sanitizers. The prohibition is in response to surging cases of COVID-19 that are associated with a new, more infectious strain of the virus. This is the third time since March that the government has banned all alcohol sales. The South African alcohol industry is calling for a review of the ban, stating that there are other ways to address the spike in COVID cases.

**Background:** On December 28, 2020, South African President Cyril Ramaphosa announced a total ban on the sale of alcohol from stores, restaurants and bars until January 15, 2021. The prohibition is in response to surging cases of COVID-19 that are associated with a new, more infectious strain of the virus. The sale and distribution of alcohol was prohibited twice before this year to reduce the spread of COVID; March 27 to June 1, 2020 and July 12 to August 17, 2020.

### South African Industry Concerns

Another round of bans has the South African industry concerned about jobs and revenue, which the lagging South African economy needs. The previous bans caused an estimated loss of R25 billion (US\$1.4 billion) in revenue, with about 120,000 jobs lost since March 2020. The additional ban will only add to the economic losses. Retailers, bars and restaurants are also concerned about securing and safeguarding their current stock. During the previous bans, criminals targeted these establishments for their inventory. Businesses worry that they will see another rise in break-ins and thefts.

In addition, the industry is concerned about the entrenchment of illicit alcohol sales. Prior to COVID-19, the World Health Organization estimated that 24% of all alcohol consumed in South Africa was sold illicitly. The illegal manufacture and sale of alcohol poses compounded public health risks in addition to entrenched criminality. The industry has asked the government for a review of the ban, stating that limitations on alcohol sales can be imposed in a less damaging manner to jobs and the economy.

### U.S. Exports Suffered in 2020 Due to Bans

In 2019, U.S. exports of liquor products (beer, wine, and distilled spirits) to South Africa were about US\$21 million. However, between January and November 2020, U.S. exports to South Africa are down 48% from the same time last year as shown in **Table 1** below. This drop can be directly attributed to a lack of demand resulting from the alcohol bans.

**Table 1: South African Liquor Imports from United States**

Description	South Africa Liquor Imports From U.S.			January-November		
	2017	2018	2019	2019	2020	%Δ 2020/19
All	\$ 16,559,508	\$ 21,466,804	\$ 21,466,934	\$ 20,776,519	\$ 10,659,728	-48.69
Distilled Spirits	\$ 16,042,012	\$ 19,638,927	\$ 20,482,175	\$ 19,854,230	\$ 10,106,825	-49.09
Wine & Beer	\$ 517,497	\$ 1,827,877	\$ 984,760	\$ 922,288	\$ 552,903	-40.05

**Post comments:** The South African government will review the ban in two weeks to decide if it's still necessary to restrict alcohol sales to reduce cases of COVID. Notably, alcohol exports have not been prohibited, which will provide some relief to the South African wine industry. If the ban on alcohol continues, the economy will likely shed more jobs as restaurants and bars struggle to attract customers.

**Related GAIN Reports**

<b>Name of Report</b>	<b>Link</b>
South Africa Lifts Ban on Alcohol Sales and Distribution	<a href="#">Download</a>
Alcohol Restrictions Cause United States Exports of Distilled Spirits to Lag	<a href="#">Download</a>
Wine Industry at a Crossroads Due to Export and Domestic Sales Restrictions	<a href="#">Download</a>
Rebounding South African Wine Industry facing Rising Imports and Growing Stocks	<a href="#">Download</a>

**Attachments:**

No Attachments.