Brexit and the Italian wine trade

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@wstauk

What is the WSTA?

We campaign for a vibrant and sustainable wine and spirit industry helping to build a future in which all alcohol is produced, sold and enjoyed responsibly.

Find out how you can benefit:

www.wsta.co.uk

We represent over **140 wine businesses**, including…

- Producers
- Bottlers
- Importers
- Exporters
- Transporters
- Retailers

Supporting jobs from grape to glass…

Aim to cover…

- What lies ahead to October 2019 (and beyond?)
- Contingency planning
- The Italian wine sector in the UK

'It's an EU themed restaurant. We don't tell them what we want and they don't give it to us'

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Where are we now?

- 3 months after 29 March – **nothing has happened**
- Withdrawal Agreement & Political Declaration 1, 2 & 2.5 **failed**
- **A50 extended** (twice)
- **31 October** = the new no-deal default
- Civil Service ‘central planning assumption’ is **no longer no-deal**
- **New PM** – does the leadership contest matter?

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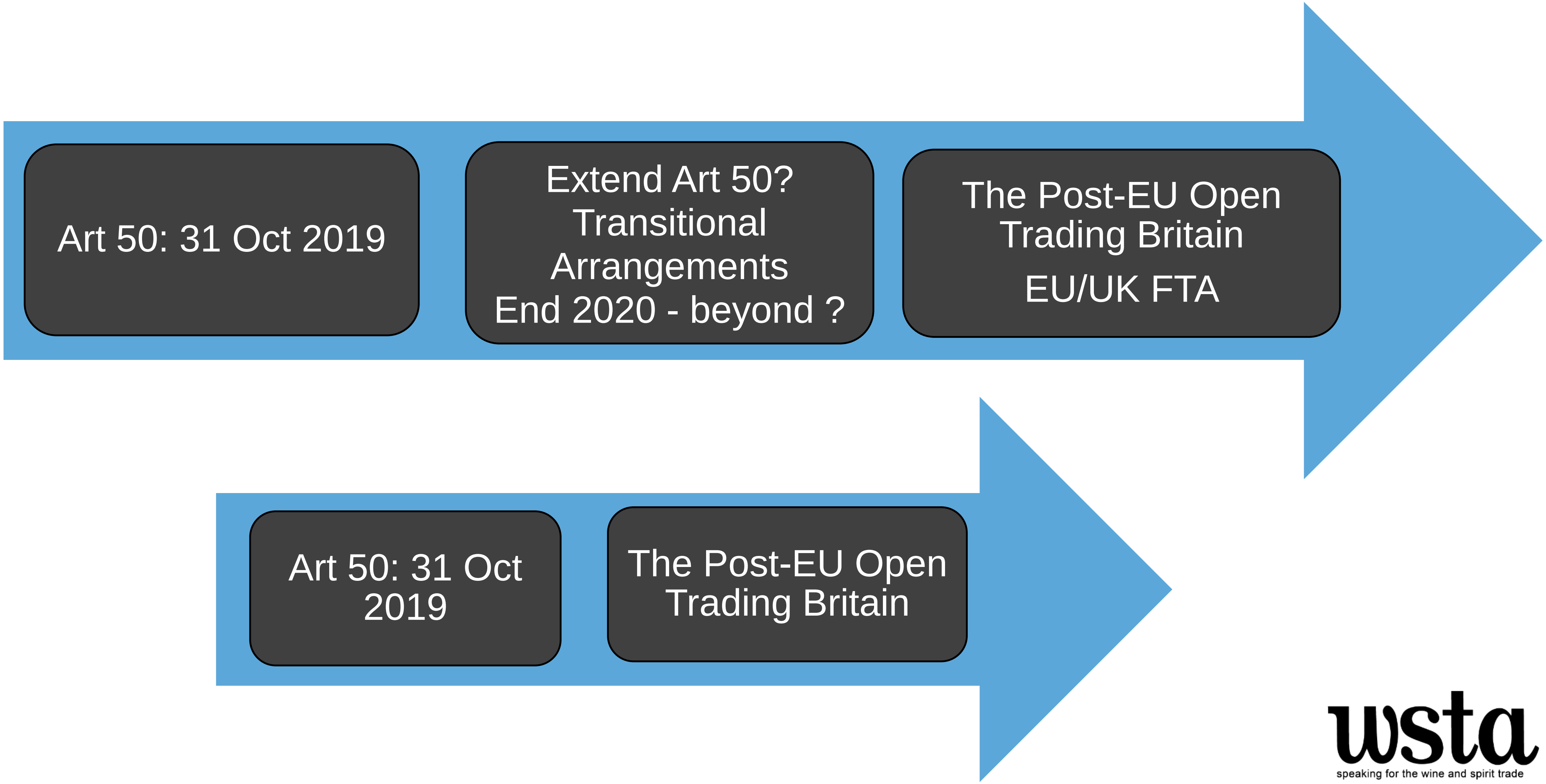
Where are we now?

- Poll of 160,00 Conservative part members announced 22 July – both have said prepared to leave without a deal, Johnson clear favourite

What then?

- Parliament sits until 25 July, back on 3 September (but only from 3-14) then back on 7 October
- Whoever is PM faces same problem as Theresa May
- How to square delivering Brexit with a Parliament opposed to no deal and opposed to (only) deal
- Little time to negotiate but with whom and with what mandate

Two potential outcomes to plan for…



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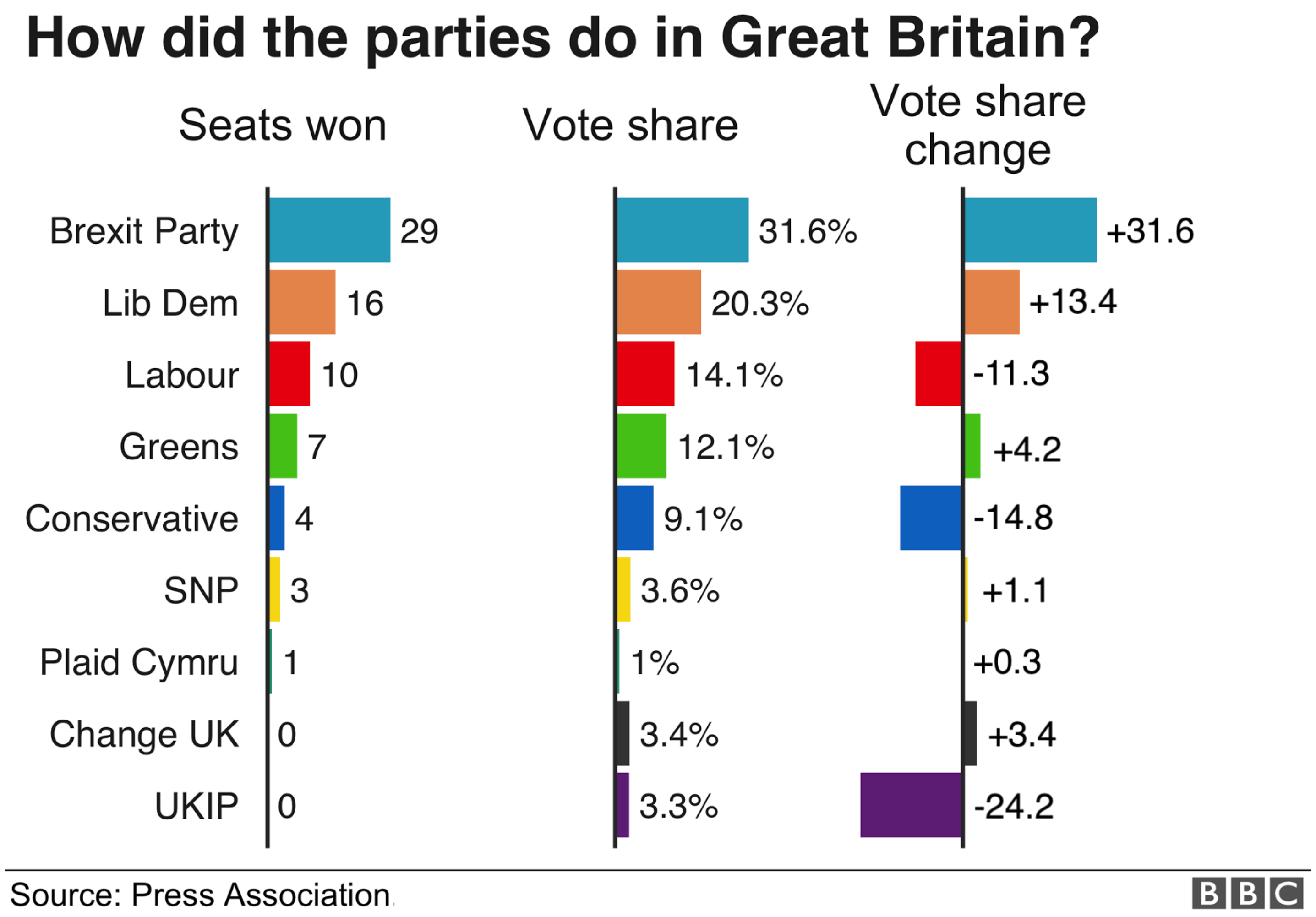
3rd Option -

Outcome of election far from clear…



Assumption:

- There is a significant risk of a non-negotiated exit from EU at 23:00 on 31 October 2019
- If so, there will be significant disruption to movement of goods to and from the EU27 in the months that follow
- Previously recommended to increase stock – but pre-Christmas, limited capacity

Helping the trade

World Wine Trade Group

VI-1s	Labelling	Tariffs	No-deal
No-deal required for all wine moving between EU and UK – huge cost.	No-deal need to relabel with UK or EU importer depending on market.	No-deal wine tariffs would be 7-10p per bottle under MFN EU WTO rates.	No-deal would mean major disruption to movement of goods.
WSTA received commitment for 9 month no-deal transition period.	WSTA campaign successful for UK labelling transition period.	WSTA successful campaign for zero tariffs in no-deal.	WSTA campaigned against. Parliament ruled out no-deal.

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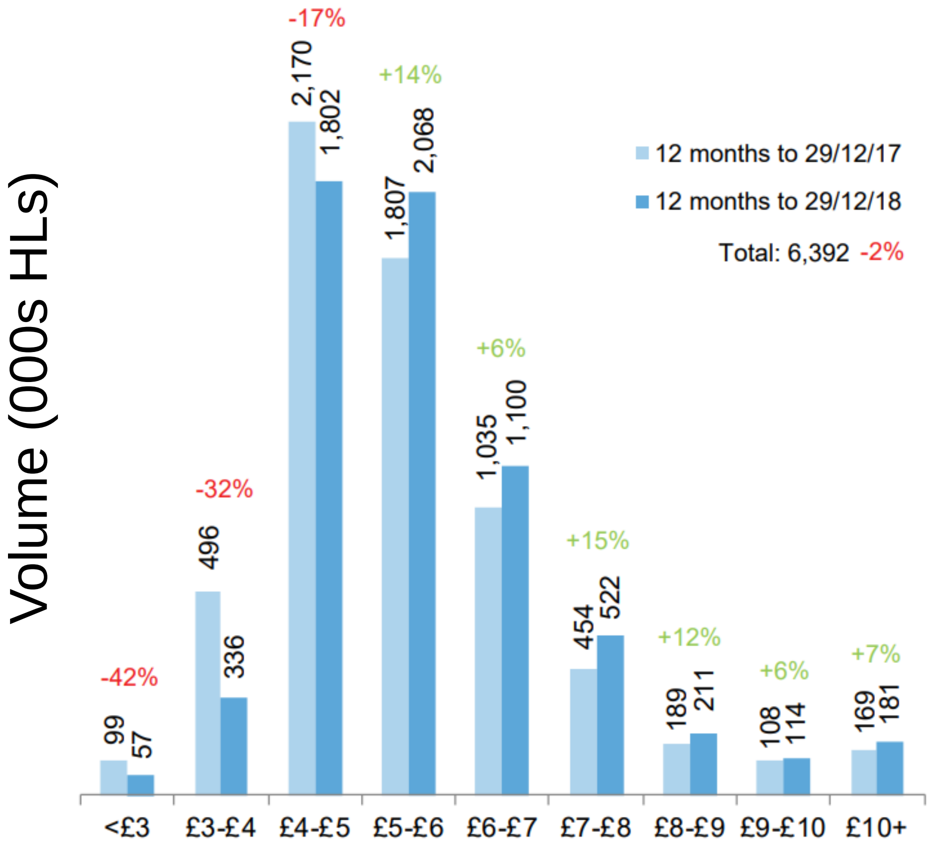
State of the industry

- Decreasing volume, increasing value in the off-trade
- Price points: £5+ all growing in volume and value
- Take duty into account - £2.23 + VAT (still)

Wine price points

75cl bottles, last 12 months



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Italian wine in the UK (off-trade)

Still wine (country of origin)

nielsen

Last 12 months (to 29/12/2018)

	Country of origin	000s hl	% change (YOY)	£m	% change (YOY)	price/L	% change (YOY)	price/75cl
1	Australia	1,606	-1	1,185	+2	£7.39	+3	£5.54
2	Italy	962	-7	696	-2	£7.24	+6	£5.43
3	USA	748	-2	580	0	£7.75	+2	£5.81
4	Chile	696	+2	513	+4	£7.37	+2	£5.53
5	France	688	-6	677	-1	£9.83	+5	£7.37
6	South Africa	639	-9	436	-5	£6.83	+4	£5.12
7	Spain	631	-7	469	-2	£7.43	+5	£5.57
8	New Zealand	518	+8	495	+7	£9.56	0	£7.17
9	Argentina	225	+5	193	+10	£8.53	+4	£6.40
10	Germany	93	-11	61	-8	£6.59	+4	£4.94

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Italian wine imports compared to rest of EU

Arrivals from EU in 2017

	Market	Hectolitres	Value £
1	Italy	2,826,023	615
2	France	1,529,765	878
3	Spain	1,036,560	193
4	Germany	638,097	124
5	Portugal	150,829	55
6	Belgium	59,200	16
7	Hungary	50,960	6
8	Romania	22,762	4
9	Bulgaria	17,287	2
10	Netherlands	17,132	10
Total		**6,701,655**	**1,978**

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In summary…

LOTS OF QUESTIONS

UNCERTAINTY

RATIONAL TO PREPARE FOR THE WORST

<u>BUT</u> THE UK IS STILL OPEN FOR BUSINESS

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Thank you!

Any Questions?

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