

## What George did to UK wine drinkers

22 Mar 2012 by Jancis Robinson

Yesterday the baby-faced George Osborne who, as the grandly titled Chancellor of the Exchequer, is in charge of our country's finances, presented his annual Budget. As soon as he announced there would be no change to duties on alcoholic drinks reporters, even those as assiduous and diligent as my colleagues on *The Financial Times*, announced that he had 'spared drinkers'.

If only that were true. He and the drinks trade knew that he had long ago put in place the so-called alcohol tax escalator which automatically increases tax on alcohol by two per cent above inflation.

Duty and VAT already account for half the price of an average bottle of wine in our blessed land. The latest duty rise, including VAT, equates to an increase of 11 pence on every 75 cl bottle of wine (and 41 pence more on a 70 cl bottle of spirits at 37.5% and an additional three pence on a pint of beer). These increases come into effect on Monday – so British wine lovers may like to stock up this weekend.

Accolade Wines EU, the renamed European bit of the old Constellation Brands and the UK's largest wine company, have just tweeted 'With the highest rate of wine duty in the EU, we and the rest of the industry are working with one hand tied behind our back.' There is certainly widespread weariness among the world's wine exporters with the UK as a market. We used to be seen as an important shop window and the place to be if you were launching something new and exciting. But now, with such high duties and such powerful major retailers who are able to call the shots and dictate prices and terms, wine salesmen are looking instead at other, more wine-friendly European markets and east to Asia, especially China.

The UK Wine & Spirit Association commented, 'The rate of alcohol taxation in the UK is now so out of step with our European neighbours that visitors to the London Olympics will face paying 50% more for an average bottle of wine (£4.89) than if the Games were being held in Paris (£3.26) and triple what they would pay in Madrid (£1.52).'

Poor us, say I.