

**Voluntary Report** – Voluntary - Public Distribution

**Date:** November 19,2020

**Report Number:** SF2020-0062

**Report Name:** South Africa Repeals the Contentious Regulations Relating to Health Messages on Container Labels of Alcoholic Beverages

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Agricultural Situation, Agriculture in the News, Agriculture in the Economy, Beverages, Wine

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**Report Highlights:**

In October 2020, South Africa published a notice repealing the regulations relating to health messages on container labels of alcoholic beverages (No. 1143). The repeal of this regulation was expected given the wide criticism and overwhelming comments from the domestic industry and international stakeholders including the United States. This repeal provides relief to the domestic industry and international trading partners, including U.S. exports of liquor products amounting to US\$17.4 million in 2019. However, Post expects that updated regulations will be proposed again in future, given the South African government mandate to address alcohol abuse and measures to reduce the dangers associated with the consumption of alcohol in South Africa.

## Background

On October 26, 2020, South Africa published a notice repealing the regulations relating to health messages on container labels of alcoholic beverages (No. 1143). This notice may be downloaded at the following link, [https://www.greengazette.co.za/notices/foodstuffs-cosmetics-and-disinfectants-act-54-1972-repeal-of-amendment-to-regulations-relating-to-health-messages-on-container-labels-of-alcoholic-beverages\\_20201026-GGN-43844-01143](https://www.greengazette.co.za/notices/foodstuffs-cosmetics-and-disinfectants-act-54-1972-repeal-of-amendment-to-regulations-relating-to-health-messages-on-container-labels-of-alcoholic-beverages_20201026-GGN-43844-01143). The purpose of the regulations relating to health messages on container labels of alcoholic beverages is to provide rules on the labelling of alcoholic beverages, and includes sections on health messages, language, prohibited statements, offences and penalties.

This repeal notice means that the contentious “[Regulations Relating to Health Messages on Container Labels of Alcohol Beverages](#) (No. 1458),” which were published in December 2017 and were scheduled to be implemented in December 2020, are no longer valid. This function will continue to be performed by the existing Regulations Relating to Health Messages on Container labels of Alcoholic Beverages (No. 764) which were published in August 2007.

South Africa is an important market for U.S. exports of wine, beer and distilled spirits. In 2019, U.S. exports of wine, beer and distilled spirits totalled US\$17.4 million. U.S. liquor exports account for between 3 – 7 percent of the total U.S. agricultural and related exports to South Africa as shown in **Table 1**. As a result, changes in regulations relating to health messages on container labels of alcoholic beverages could have had a potential impact on U.S. exports of liquor products.

**Table 1: United States Annual Exports of Liquor Products to South Africa**

	2015	2016	2017	2018	2019	2020*
U.S. Exports of Liquor Products to South Africa (US\$ million)	16.2	13.7	13.1	17.5	17.4	7.9
U.S. Exports of Agricultural & Related Products to South Africa (US\$ million)	241.8	353.6	397.8	362.8	398.3	258.1
% Liquor Products	7%	4%	3%	5%	4%	3%

\* Exports only up to September 2020.

Source: Trade Data Monitor

## Repeal of the Regulation was Expected

The repeal of the 2017 regulation was expected given the wide criticism and overwhelming comments from the domestic industry and international stakeholders including the United States. In addition, local industry associations such as the South African Liquor Brand Owners Association ([SALBA](#)) and the Beer Association of South Africa ([BASA](#)) publicly criticized the proposed regulations. As a result, the South African Department of Health held consultative meetings in 2018 and 2019 in response to the criticism and to address concerns raised from the public comments. FAS Pretoria was involved in these consultative meetings which were attended by officials from the Department of Health; Department of Trade, Industry and Competition (DTIC); SALBA, BASA and representatives from various liquor companies such as Distell and Anheuser-Busch.

Some of the key concerns raised about the regulation at the consultative meetings included; the lack of clarity on the definition of container, problematic wording of the seven health messages, and the impractical sizes of the health messages. Other concerns discussed at the consultative meeting included the alleged difficulties to comply with the proposed regulations and increased costs for manufactures especially small organizations. There was no clarity on how compliance to the regulations would be enforced and the effectiveness of rotating health labels to reduce alcohol abuse is questionable. Lastly there was a lack of scientific evidence to back the claims made by the proposed regulations.

At the last consultative meeting held in 2019, the Department of Health seemed to accept and concede to the concerns raised and solutions proposed by the domestic industry. Hence, the repeal of the proposed regulation was expected.

### **Way Forward:**

The repeal means that the existing regulations, which were published in August 2007, will continue to be applicable. However, Post expects that updated regulations will be proposed again in future. Over the past years, the South African government has introduced regulations targeting alcohol abuse and measures to reduce the dangers or effects associated with the consumption of alcohol in South Africa. As a result, it is expected that government will continue working on an update to the current regulation.

The repeal provides some relief that the Department of Health considered and accepted feedback provided by the domestic industry and other stakeholders, including the United States. During the consultative meetings attended by Post, the Department of Health conceded to most points raised by the industry and promised to take this into account when drafting updated regulations. As a result, Post expects that the following concerns and submissions which were accepted by the Department of Health will be considered or included when new regulations are drafted in future:

- The proposed regulations should be in compliance with the World Trade Organization Technical Barriers to Trade (WTO TBT) guidelines, and address concerns that other countries had submitted at the WTO TBT Committee.
- Provide scientific evidence to back up proposed changes and claims made by the regulations. For example, use scientific evidence to prove which health messages would be effective in communicating the dangers of alcohol abuse.

Post will continue monitoring the above and provide feedback if an updated regulation is published again.

**Related GAIN Reports:**

<b>Name of Report</b>	<b>Link</b>
Regulation amendment on container labels of alcoholic beverages	<a href="#">Download</a>
Proposed National Liquor Policy (Liquor Act 59 of 2003)	<a href="#">Download</a>
South Africa Lifts Ban on Alcohol Sales and Distribution	<a href="#">Download</a>
South Africa Again Suspends the Sale and Distribution of Liquor While Permitting Exports	<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.