# CHARLES SYDNEY

Courtier en Vins de Loire


In Muscadet, sixty vignerons have gone bankrupt since the harvest.

This is the result of several factors (not least the inept response to the spring frost in 2008), first of which is a massive loss of export markets in the face of a euro hit by an effective and deliberate devaluation of both the pound and the dollar.

It is also the warning of the coming meltdown of the market.

In just five years, the effect of duty increases, VAT rates and the pound's devaluation means that a £5.99 bottle will have gone from having 2.60 € (£1.74) of wine in 2006 to a risible 1.38 € (£1.21) in 2011***

In those same 5 years, tax on an average £4.32 bottle will have risen to 58% while the government minister drinking a bottle ten times as expensive is paying just 20.1% tax.

In that very same period, the average producer has held prices in the face of rising costs of manpower and dry goods.

Things are now critical and we are facing a situation where there are no obvious savings to be made – the bankruptcies in Muscadet are an illustration of how bad things are.

OK, enough ranting.

- The problem :

There will soon be no wine from independent European wineries at affordable prices on the UK market – a disaster for the wine drinking public and for the producers

- The solution :

Reduce the fixed duty per bottle and add a proportional tax on wine to compensate the government for any lost revenues. A straight £1.00 duty and an extra 10% sales tax on wine would mean 'only' 39.7% tax on a £6.00 bottle (and 25% on the minister's expensive claret)

Still not perfect, but it would give Joe Punter 2.00 euros' worth of wine in a £6 bottle… The government would retain its essential revenues - and Joe Average would be assured of getting some serious quality for his money.

I believe that it is upto us – producers, importers and the press – to ensure that the public should understand the inequity of the current system and to campaign for a fairer future.

Charle

*** Assuming a 40% margin (some firms work on less, especially on promotions which are usually but not always financed by their suppliers) and not including shipping costs, which would make it worse :

In 2006, duty was £1.32, VAT at 17.5% and the exchange rate on 17th October £1 = 1.49 €

- A £5.99 bottle would have been bought at £ 1.74 = 2.60 €

In 2010, duty is £1.69, VAT at 17.5% and the exchange rate on 17th October £1 = 1.14 €

- A £5.99 bottle would have been bought at £ 1.37 = 1.60 €

In 2011, expect duty at £1.79, VAT at 20% and the exchange rate as now £1 = 1.14 €

- A £5.99 bottle would have been bought at £ 1.21 = 1.38 €


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