

# Beer Association relieved to reopen trade after wave of bankruptcies

The Beer Association of South Africa (BASA) said it's relieved that the sale of alcohol may resume under Alert Level 2 of the lockdown, especially for restaurants, bars and taverns. "We can assure customers that we are ready to serve them under the strictest safety conditions, taking into account social distancing and health protocols," BASA CEO Patricia Pillay said.



BASA brings together the Craft Brewers Association, Heineken South Africa and South African Breweries in order to form a unified voice on issues affecting the beer industry.

## Thousands of business closures

The Association also welcomed government's consideration that protecting livelihoods is equally important as saving lives.

Many businesses in the beer industry have still not recovered from the first nine-week ban in place from 27 March to 31 May, including 8,000 licensed taverns and 30% of craft breweries that were bankrupted. The second ban, that came into effect on 13 July, forced an additional 15% of craft breweries and thousands more taverns to shut down permanently.

"This is a tragedy of epic proportions, especially since 54% taverns are owned by women supporting their families," Pillay

added.

In addition to jobs losses, the bans forced South African Breweries to [cancel R2.5bn in capital and infrastructure upgrades](#) this financial year; it is currently reviewing a R2.1bn planned spend for 2021. Heineken South Africa has also halted plans for a R6bn brewery expansion in KwaZulu-Natal, which would have created 400 new jobs.



## Alcohol ban dampens SAB and Heineken's investment ambitions

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"It is therefore critical that we do not ever have a repeat of the situation we had on 12 July 2020, where an immediate ban on the legal trade in alcohol was announced - without the industry being given any prior warning or opportunity to engage. This posed major logistical and operational challenges for beer manufacturers, distributors and retailers.

"The sudden announcement also placed a huge financial strain on businesses who had bought stock, which they were prevented from selling, which had to be subsequently discarded due to being expired," Pillay said.

"We appreciate however the challenges government is facing when it comes to fighting the Covid-19 pandemic. As responsible South Africans, we will continue to work with government to identify hospitals in need of support during the pandemic and will provide personal protective and other related equipment."

## Responsibility to help fight alcohol abuse

The beer industry, [along with the broader alcohol sector](#), recognised that they have has a responsibility to help fight alcohol abuse in communities.

"At the National Economic Development and Labour Council (Nedlac), we are working with government, labour and community on a social compact to address the underlying societal issues linked to alcohol abuse, and how South Africans' views and behaviour around alcohol consumption and abuse can be changed for the better.

"We are also committed to partnering with government to implement its Gender-Based Violence Masterplan. Furthermore, we support government's zero tolerance for drinking and driving campaign, as well as amendments to the legal blood-alcohol limit for drivers," Pillay said.



## Industry welcomes lifting of alcohol ban, will avail resources to fight Covid-19

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"We can, and we must, fight against alcohol abuse and its underlying causes. But we must also recognise that alcohol consumption and abuse does not stop just because the trade of alcohol is banned or restricted. The illicit black market has flourished over the past few months with people having continued to find ways to consume and abuse alcohol, often more recklessly and dangerously than before.

"We trust that the Nedlac process and our broader engagements will ensure that government and the alcohol industry moves forward together as partners," Pillay said.

The industry committed to play its part in cooperatively dealing with issues as they arise rather than having another ban summarily imposed. "Together, we can devise sustainable solutions that encourage citizens to responsibly exercise their choices, that prioritise lives during the Covid-19 pandemic and that safeguard livelihoods across the value chain," Pillay

concluded.

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