

## Level 3 liquor let-down looms, warns Sapics

Many South Africans are rejoicing over President Ramaphosa's latest announcement that the easing of the Covid-19 lockdown regulations will mean they can restock their liquor shelves and wine fridges. When SA moves down to lockdown level 3, alcohol sales will be permitted under specific conditions. But does this mean that your local liquor store will be fully stocked and ready to sell you your favourite tippie? Probably not, warns Sapics, The Professional Body for Supply Chain Management.



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"The catastrophic consequences of the hard lockdown and the alcohol ban are deep and far reaching and will not simply disappear when alcohol sales resume. Because supply chains and industries do not exist in isolation, the knock-on effects of lockdown regulations like the alcohol ban are enormous," comments Sapics president Keabetswe Mpane.

"The profound and potentially long-lasting impact of the alcohol ban serves as a perfect illustration of the length, complexity and inter-dependence of the links in supply chains; and the impact of supply chain management," she stresses.

"The alcohol industry is dependent on the products and services of a multitude of other participants in the economy. That wine on your table or the beer in your hand reached you via a sophisticated supply chain that includes vital role players from diverse industries, many of which you would not immediately link to your preferred alcoholic beverage. These include silica sand miners, glass manufacturers and transporters."

### Glass manufacturing curtailed

The South African glass industry has reportedly been broken by the alcohol ban. Both glass manufacturers and recyclers have been hard hit. Production of glass containers never stopped during the lockdown, and in level 4, the glass industry was allowed to manufacture to 100% production, under certain conditions. But, in reality, this was not feasible given that 85% of the glass produced is sold to the alcohol industry. "So, without alcohol sales, glass manufacturing was curtailed," explains Mpane.

"This in turn impacted other links in the supply chain, including the producers of the raw materials used to make glass."

These raw materials include silica sand, limestone, soda ash, feldspar, iron slag and cullet. "According to reports, the sole supplier of soda ash in Southern Africa lost 68% of its usual revenue in the first four weeks of lockdown," she says. Cullet is the glass that is recycled back into the industry. "Because of the alcohol ban and its impact on the glass container industry, demand for cullet dropped, and the local glass recycling industry is reportedly on the verge of collapse."

Others in the alcohol supply chain who have been hard hit by the alcohol ban include transporters. "While they may have been allowed to operate, if their main clients were alcohol producers, they had no work. The small distribution business that served your local liquor store may no longer be in operation, or may have had to scale down its operations," says Mpane.

"The government may be lifting the alcohol ban, but South Africans should be aware that the smooth flow of their favourite drinks into liquor stores will depend on supply chains and effective supply chain management," she concludes.

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