

Move over craft beer, craft gin is moving in

Industry has **expanded** from a handful of brands to 135 gins produced by 65 companies

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The rapid development of the craft gin industry, which in three years has expanded from a handful of brands to 135 gins produced by 65 companies, can be credited to hard-fought battles against repressive liquor legislation. This follows in the footsteps of the local craft beer sector.

Gin is liquor which derives its predominant flavour mainly from juniper berries, but there are hundreds of other supplementary flavours, including local inputs fynbos and rooibos.

The body of the drink is made up of alcohol from either barley, grapes, sugar cane, oranges or hops.

The concentration of craft gin brands in the Western Cape - 63% according to stats collected by South Africa's craft gin club The Gin Box - might also be because of officials' experience with licensing issues related to the wine industry in the province.

Roger Jorgensen, who owns Jorgensen's Distillery in Wellington and is known in the burgeoning industry as the "Godfather" of craft gin, paved the way for what is on its way to becoming a R1 billion a year industry.

Jorgensen said he and the late Sidney Back of Backsberg Wines waged war against "the national booze mafia" that had a hand in drafting legislation in the 1960s which outlawed anyone from distilling more than five litres of alcohol.

"We campaigned to allow private people to distil on the constitutional basis that your business is allowed to distil but not mine."

Jorgensen and Back were successful. Jorgensen received the first private distilling licence permitted since they were revoked in the 1960s.

He started distilling his own gin in the 1990s. It involves distilling a clear grain spirit - such as vodka - and infusing it with juniper berries. Inverroche, just outside Stilbaai, followed in 2011, adding fynbos infusions to the mix to create its own unique secondary flavours.

But before 2015 there were "less than a handful" of craft gins being distilled in the country, said Jean Buckham who founded The Gin Box. In the past three years the industry has "exploded", increasing South African gin production by about 1.75 million litres a year, according to 2014/15 figures from the SA Wine Industry Information and Systems, set against 2016/17 figures provided by the SA Liquor Brand Owners' Association.

The value of 2017's 1.75 million litre increase from 5.75 million litres in 2015 is about R300 million, with the value of total gin production at R1.3 billion.

Although the statistics don't differentiate between craft gin

and that made by big companies such as KVV, Jorgensen believes the craft gin manufacturers are "taking spend away from top-end [brands] produced by the big companies" and the increase in gin production is attributed to the exponential growth of small distillers.

The concentration of craft gins in the Western Cape is something Jorgensen attributed to Cape Town's "hipster movement", with people "getting arty and experimental", the plethora of fynbos that can be used to create different flavours to add to the required juniper, as well as a tradition of distilling emanating from centuries of winemaking.

He said when the law allowed small-scale distilling after 1994, farmers across the province dusted off their old stills.

"There was a lot of equipment and expertise based in the wine industry," he said, where farmers used to make their own brandy from their grapes.

Leigh Lisk, who co-owns the Hope on Hopkins Distillery in Cape Town, where he manufactures his own gins and distils under contract for other brands, said the wine industry means the Western Cape authorities are familiar with licensing alcohol manufacturers, making the process smoother.

"Traditionally, guys have gone through the Paarl and Stellenbosch office," said Lisk. "Liquor licences get held up elsewhere because they don't know what they are doing."

Shanna-Rae Wilby, distiller and co-owner of Time Anchor Distillers in Maboneng, Johannesburg, bears out this experience.

Wilby, who started in 2015, said Time Anchor Distillers was the first craft distiller in Joburg and when it applied for an excise number from the SA Revenue Service, officials in Gauteng had to go down to Cape Town for training.

"It wasn't easy," said Wilby.

"We didn't understand the paperwork and when we asked them, they said they did not know either. It's definitely a new challenge in Gauteng because we don't have the wineries."

The state of the local gin industry

The local craft gin sector is on its way to becoming a R1 billion per year industry

Brands	21
Distillers	44
Gin varieties	135
Total gin production	R1.3bn

Brands and distillers

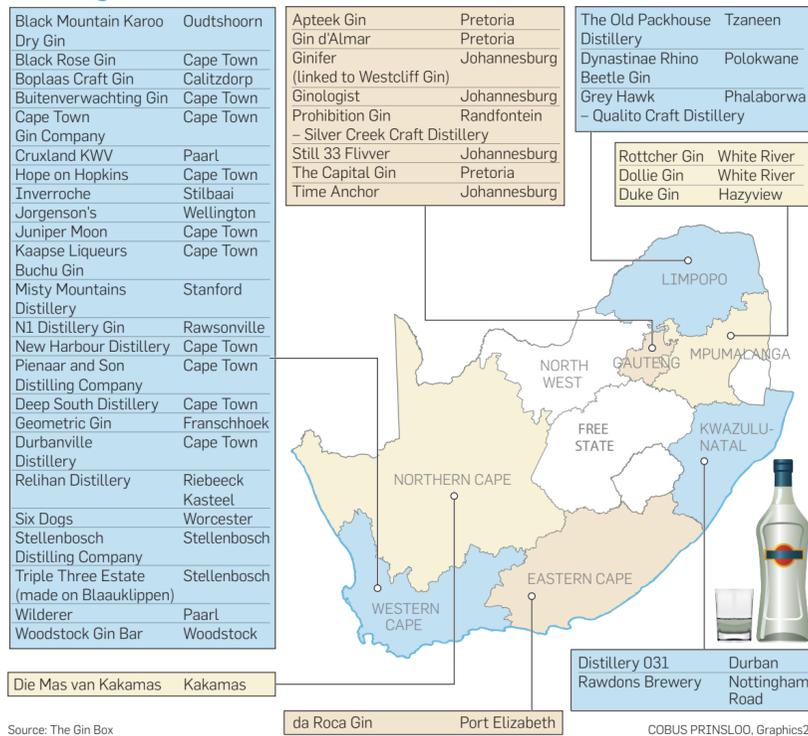
Eastern Cape	1	1.5%
Mpumalanga	1	2%
Northern Cape	1	1.5%
Limpopo	3	5%
Free State	2	3%
KwaZulu-Natal	4	6%
Gauteng	12	15%
Western Cape	41	63%
Total brands and distillers:	65	

Source: The Gin Box

The local gin industry exploded over the past three years, resulting in about 1.75 million litres increase in gin production. This is according to 2014/15 figures from the SA Wine Industry Information and Systems, set against 2016/17 figures provided by the SA Liquor Brand Owners' Association. The value of the increase, from 5.75 million litres in 2015 to 7.5 million litres last year, is worth about R300 million

COBUS PRINSLOO, Graphics24

Craft gin distillers



Source: The Gin Box

COBUS PRINSLOO, Graphics24

Hanging on a legal thread and long-forgotten rules

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The fledgling craft gin industry could be effectively knocked out by the SA Revenue Service (Sars), which might be moving to retroactively apply rules within legislation they themselves have ignored when granting excise licences.

Despite the loosening of law allowing for smaller distillers to enter the market following the breakdown of monopolies, there remain restrictive conditions that, if strictly applied, would make it difficult for small distillers.

These conditions are entrenched in a number of acts and with the rules of the Customs and Excise Act.

A source within the industry, who said he could not be named because of victimisation due to "political interests" benefiting from law, said when the Liquor Act was decentralised to include national law for mega distillers and provincial law for micro manufacturers of spirits, a lot of restrictive legislation was maintained. However, because of decentralisation of control from national to provincial authority, some of those regulations were not implemented.

These included a minimum size of 680 litres for a pot still, a minimum capacity of 901 litres an hour for a continuous still, as well as technicalities on piping and colour coding, among others regulations.

Although these have been largely ignored for two decades, correspondence from Sars in October indicates it is looking to enforce the regulations due to the proliferation of small stills.

"A year ago you could produce commercially from a 100-litre still, now suddenly they're clamping down," said the source, "yet those permits have been issued in the past years without any hiccup."

The trade and industry department is following a strategy to promote new entrants into the liquor-making market. In effect, small guys are being punished for being small, and the Sars Excise Act is where the guys are pulling the strings and making it very difficult.

Additionally, it was "practically impossible" to obtain a full list of rules and requirements from Sars, which simply said the documents were on their website which hosts a labyrinth of thousands of documents and amendments.

The lack of information meant craft distillers were bound

to be violating one or other regulation.

Roger Jorgensen, who was the first craft distiller after the relaxation of laws in 1994, said he'd "heard whispers on the grapevine" that Sars was reviewing licensing regulations, and a client who had applied for a licence to operate a distillery in the last four months had been declined because it was smaller than 680 litres.

"To retroactively enforce regulations after collecting excise duty after all these years, it would destroy the industry, no doubt about that," said Jorgensen.

He said that although he and the late Sidney Back of Backsberg Wines made significant inroads into the heavy-handed laws that gave a distilling monopoly to the Cape winegrowers cooperative, KVV, in the 1960s, there was still much in the law that favoured the big manufacturers.

One of the things Jorgensen is still fighting is the rule that spirits have to be 43% proof. He's pushing for distillers to be able to bottle at 38% proof.

"Gins sips a whole lot better at a lower proof. At higher proof it burns the mouth. But big producers make cheap stuff - meant to be mixed with coke - and are happy because their drink is not meant to be sipped, thus our craft gin is prevented from being as tasteful as it could be," said Jorgensen.

The only exceptions to the 43% rule were for potstill brandy and grappa, both made from grapes.

He said one of the difficulties was that the regulation of spirits is informed by the SA Liquor Brands Association (Salba). Although any liquor producer could be a member, the number of votes held depended on market share, so big companies easily outvoted craft distillers.

When questioned on this, Salba CEO Kurt Moore said: "I can't discuss that with you. We try to go with consensus in our decisions." Moore said the reason spirits were bottled at 43% proof was "mostly historical", but it could be changed, although Salba had no requests from members to recommend such a change.

A Sars spokesperson said the service was "at an advanced stage of reviewing the rules" on licensing stills. The proposed changes would be published for public comment, said the spokesperson, but not a date.

Sars said commissioner Tom Moyane had "a wide discretion to make rule changes".

Japanese gin takes on the world

Beam Suntory, whose brands include Jim Beam and Laphroaig, reckons drinkers in Europe are ready for a new tippie: Japanese gin made with cherry blossom and other exotic ingredients.

Roku, a premium gin made using six distinctly Japanese botanicals, has entered the UK market at £30 (R490) a bottle.

It's also available in more than 50 bars in London, Manchester, Liverpool, Glasgow and Edinburgh, with plans for expansion across the UK, where craft gin is doing a roaring trade.

Master distiller Kazuyuki Torii presented his creation this week to drinks specialists and anyone up for a large gin and tonic or two before lunchtime.

"We wanted to make something that was unusual, but not strange," Torii explained during the event, where attendees tasted five different types of gin before he presented the signature Roku gin and tonic, which was served with ice and six hand-cut slivers of fresh ginger. Roku, which means six in Japanese, is distilled in Osaka.

It is made with sakura flower, sakura leaf, yuzu peel, sencha tea, gyokuro tea and sansho pepper for a spicy finish.

Each Japanese ingredient has been harvested in accordance with the concept of shun, which means they are only harvested at peak flavour.

The hexagonal bottles feature one of the botanicals on each facet and the label is printed on traditional Japanese washi paper.

And the flavour? Roku is dangerously light and smooth, and smells of citrus with a hint of spice.

There are also eight traditional botanicals in the mix - juniper berries, coriander, angelica root, angelica seed, cardamom, cinnamon, bitter orange peel and lemon peel.

Suntory is hoping to build on the success of Japanese whiskies in the UK, where brands such as Suntory Hibiki, Hakushu and Yamazaki are finding favour in the home of scotch.

Olivia Williams, author of Gin Glorious Gin, said: "Novelty value and the distillery story are half the battle with launching a new gin. The struggle might be that I can't imagine what Japanese gin would taste like, and that could put gin fans off switching from their usual favourite. It feels like a leap in the dark."

Suntory traces its history to 1899, when founder Shinjiro Torii started producing sweet wines. The company started making whisky in 1923 and produced its first gin in 1936.

It was possible to get hold of Roku before now if you were willing to pay more than £60 a bottle, but this week's launch represents a new focus on the UK market.

Waitrose says it's the country's first supermarket to stock a Japanese gin.

It's not difficult to see why the UK would attract competition from overseas as the popularity of gin is surging - UK sales doubled in the past six years, according to the London-based Wine and Spirit Trade Association.

Consumers bought more than 47 million bottles in the 12 months to September, up from 40 million a year earlier, the association said.

A YouGov poll last year found that gin was the most popular spirit in the UK, with 29% of drinkers selecting it as their favourite.

Gin jumped to first from third place a year earlier, overtaking whisky (25%) and vodka (23%).

Roku is made in a unique process using four distinct types of pot stills, where the botanicals are distilled separately to extract the best flavour and maintain their individual characteristics.

For instance, the scent of cherry blossom is drawn out through vacuum distillation in stainless steel pot stills, and the deep flavour of yuzu is achieved in copper pot stills, Torii said.

Emma Reynolds, who stocks 40 varieties of Japanese whisky at her Tonkotsu Mare Street restaurant in London, said: "As successful global spirit brands go, the Japanese have set a precedent with whisky. There's no reason gin shouldn't follow." - **Bloomberg**

OPINION

Trade minister's liquor bill puts 1 500 jobs at risk

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Trade and Industry Minister Rob Davies is seeking permission from Cabinet to pass legislation - the Liquor Amendment Bill - which, according to a study jointly commissioned by his own department, is expected to cut more than 1 500 direct jobs and R1.2 billion in revenue from the country's economy.

The Liquor Amendment Bill proposes the restriction, or even a total ban, of alcohol advertising to try to stop alcohol abuse.

The trade and industry department commissioned an independent study of the bill. Conducted by research consultant firm Genesis Analytics, the study showed that even though some of the proposals in the bill might have limited health and social benefits in reducing alcohol harm, the negative consequences of the bill are significant.

The study projects a loss of 1 533 jobs in the alcohol industry, a loss of R400 million revenue for the advertising sector and a combined R800 million loss for SABC, e.tv and MultiChoice.

The bill proposes increasing the legal drinking age from 18 to 21, supposedly to try to curb the problem of underage drinking.

What has stunned most legal experts even more is the provision in the bill that holds owners/suppliers of alcoholic brands liable for damages caused by an intoxicated person.

Mngadi is chairman of SA Liquor Brand Owners' Association