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Germany Drops Planned 20% Increase in Sparkling Wine Tax

The reversal spares producers new costs after officials warned that a higher levy would deepen a sales crisis in wine markets

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The planned 20% increase in Germany’s sparkling wine tax will not go ahead, according to a statement issued on Wednesday, November 11, by the Rhineland-Palatinate Ministry of Agriculture, Viticulture, Environment and Forests.

Christine Schneider, the state’s wine minister, welcomed the decision and called it an important result for the wine industry and for Rhineland-Palatinate as a wine-producing region. The ministry said Schneider had opposed the federal government’s plans from an early stage and had argued that a higher tax would add pressure to a sector already dealing with weak sales and difficult market conditions.

“We made our opposition to this additional burden clear from the start, and we prevailed,” Schneider said in the statement. “The sparkling wine tax will not be increased. That is a good and important signal for our wine industry, which is already in an extremely difficult situation.”

The statement said Schneider had criticized the proposed tax increase because, in her view, it would have worsened the industry’s sales crisis without making a meaningful contribution to stabilizing the federal budget. She said wine growers, sparkling wine producers and the broader trade need dependable business conditions rather than new costs.

Rhineland-Palatinate is one of Germany’s most important wine regions, and the ministry framed the issue as more than a budget question. It said blocking the increase was also a signal about the competitiveness and long-term prospects of a sector that has both economic and cultural importance for the state.

The release did not say when the federal government formally dropped the proposal or whether the measure had been removed from a broader fiscal package. It also did not provide details on how much additional revenue Berlin had expected from the planned increase. The statement focused instead on the industry impact and on Schneider’s opposition to the measure.

For the drinks business, the decision removes the immediate prospect of higher tax pressure on sparkling wines sold in Germany, including domestic products and imported bottles. That could help producers, bottlers, importers and distributors plan prices and contracts with more certainty at a time when parts of the wine market are already under strain. It may also reduce the risk that additional tax costs would have been passed on to consumers through higher shelf prices in retail stores or on wine lists in restaurants and bars.

Sparkling wine occupies a sensitive part of the beverage market because it competes not only within wine but also with other alcoholic drinks in supermarkets, specialty retailers and hospitality venues. In that setting, even a relatively modest tax change can affect pricing, promotions and stock decisions. By ruling out the increase, the government’s latest move appears to preserve the current tax framework for now, giving the sector a clearer short-term outlook than it had while the proposal was still under discussion.

Schneider used the announcement to argue for a broader policy approach that avoids new burdens on producers. According to the ministry, she said anyone who wants to strengthen the wine industry should stop putting new obstacles in its way and should instead provide support and reliable conditions. She said the outcome showed the value of taking a clear position in defense of the sector’s interests.

The statement presented the reversal as a win not only for sparkling wine producers but for the wider wine economy in Rhineland-Palatinate, where still wine and sparkling wine production are closely tied to regional agriculture, processing and trade. Although the ministry did not outline any new support measures, its message was clear: in the state government’s view, the tax increase would have come at the wrong time for an industry already facing heavy pressure on sales and profitability.