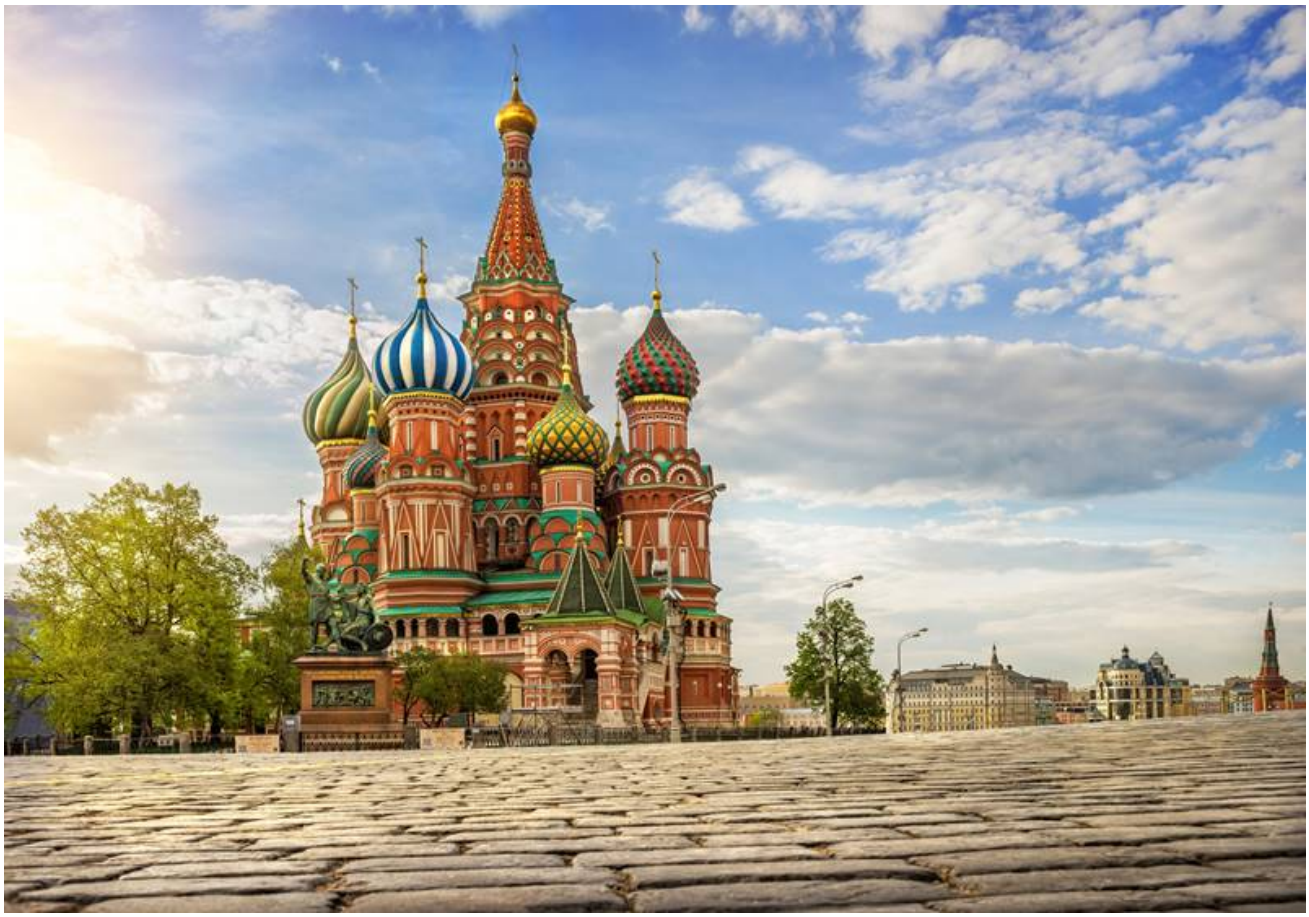
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Record-Breaking Alcohol Sales in Russia for 2024

Wine Market Grows Despite Tax Hikes on Low-Alcohol Drinks

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Alcohol sales in Russia reached historic levels during the first ten months of 2024, according to data from the national regulator Rosalkogoltobakkontrol (RATK). Nearly 2 billion liters of alcoholic beverages were sold during this period, marking the highest volume recorded since 2017. Vodka, still wine, and sparkling wine led consumer preferences, driving retail sales to new heights.

The report, published by the specialized outlet RBC Vino and based on RATK statistics, revealed that 1.84 billion liters of alcohol were sold between January and October 2024. This included a record-breaking 625 million liters of vodka, surpassing the previous high of 542 million liters sold in 2017.

The wine market also posted significant numbers. Sales of still wine reached 469 million liters, a 0.9% increase compared to the same period last year. Sparkling wine sales rose to 163 million liters, reflecting an annual growth of 10.9% and a cumulative increase of 61% since 2017. Domestic wine production kept pace, with 271 million liters of still wine and 134.7 million liters of sparkling wine produced in the first ten months of the year.

Other categories of alcoholic beverages saw notable growth as well. Sales of liqueurs, tinctures, and other strong spirits like whiskey, rum, and gin rose by 16.6% and 15.7%, respectively, with 132 million and 113 million liters sold. In contrast, products such as low-alcohol cocktails, fruit-based drinks, and grape-based beverages suffered significant declines, primarily due to a steep tax increase. On May 1, 2024, the excise tax on low-alcohol beverages quadrupled to 141 rubles per liter, impacting production profitability.

Economic experts attribute the overall rise in alcohol consumption to economic and social factors tied to the country's current circumstances. Alexey Kanevsky, chairman of the Economics Committee of Opora Rossii, noted that during times of crisis, consumers often turn to alcohol as a psychological coping mechanism. He also highlighted the availability of high-quality imported wines at competitive prices, driven by imports from countries such as France and Italy.

Despite increased domestic wine production, imported products continue to dominate the market, accounting for approximately 70% of sales. This dominance persists despite tariffs on wines from "unfriendly" countries rising from 12.5% to 20% in 2023. While local producers have called for tariffs to be raised to 200%, authorities have opted for a more gradual increase.

The trends in Russia's alcohol consumption reflect a mix of economic, fiscal, and social dynamics, as the market adjusts to changes in supply and regulatory conditions.