

RICHARD HOLDEN

Member of Parliament for North West Durham



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

25 February 2021

Dear Rishi,

We write to you in advance of the next Budget to urge you to support the UK's Beer and Pub industry amidst these extraordinary times. The Great British pub and the country's proud brewing heritage are cornerstones of national life. Beer is the nation's favourite alcoholic drink, has a naturally lower ABV than almost all other alcoholic beverages, and the UK's 2,000 breweries currently produce the widest range of beers ever available. Pubs are where communities are strengthened, friendships are made and families come together. The COVID-19 pandemic has highlighted our pubs crucial role at the heart of communities as social hubs for people from all walks of life, providing community support to those who need it most. From combatting social isolation and loneliness to increasing well-being and social connection. However, the devastating consequences of the pandemic, and the restrictions that have followed, have severely put at risk a key sector that provides 900,000 jobs and contributes £23bn to the economy.

The freeze on Beer Duty the Government put in place in the 2020 Budget was celebrated at the time and represented a very important step in the right direction, but we are now calling for a significant cut in Beer Duty over the course of this Parliament to support this vital sector. There is not a person, company or industry in the country that hasn't felt the impact of COVID-19, but the beer and pub industry whilst hit particularly hard remains a vital part of the UK economy and UK life. This is therefore both a short-term ask to ensure the sector can come through the pandemic, but a fundamental change we are asking of the Government; to reduce a tax that has been too high, for too long.

It is a shocking fact that Britain pays more in beer duty each year than France, Germany, Italy, Spain and Ireland **combined**. The average UK pint is taxed 11 times higher than the equivalent pint in Germany or Spain, which puts our brewing, hospitality and tourism sector at a significant disadvantage to our European friends, whilst further discouraging much needed investment in the industry. A recent Oxford Economics study puts brewing as the most highly taxed business sector in the UK. With over 80% of beer consumed in the UK also brewed here, a tax on the industry is a tax on an entire supply chain, from grain to glass, which supports so many jobs across the country. Beer is also the lowest strength alcoholic drink with an average strength of 4% abv with considerable investment in exciting new no and low alcohol beers to support increasing demand for these products. The Government should be looking to use the ongoing Alcohol Duty Review as a means of supporting brewers and pubs to boost this sector of the market.

Evidence from recent history, when the damaging Beer Duty escalator was in place, is extremely worrying. From 2008 to 2013, under the escalator, the UK lost 58,000 jobs and 5,000 local pubs closed, whilst the policy didn't even bring the anticipated revenues into Treasury. By contrast, cuts and freezes between 2013



HOUSE OF COMMONS

LONDON SW1A 0AA

and 2020 were beginning to bear fruit, with beer sales back in growth, jobs protected and created and confidence returning to the sector.

COVID-19 has derailed this progress, with two thirds of pubs unable to break even since reopening after lockdown, the industry and our communities face the possibility of losing these long-standing community assets for good. The knock-on impact on brewers is also substantial.

We commend the Treasury for the support provided to the country to date, but now ask the Treasury to go further for an industry that has already been heavily impacted by the pandemic. First and foremost, the Treasury should significantly cut Beer Duty, a tax that is extraordinarily high compared to other nations, and a cut called for by a large number of our constituents on a weekly basis.

We understand the financial challenges the public purse faces, and the tough decisions that you as Chancellor will have to make. However, this is a move that would be cheered by industry and pubgoers alike so now is the time to act, and we urge you to protect the Great British beer and pub sector - the beating heart of our communities - to ensure it will fully recover and help grow the economy once more.

Your Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Holden'.

Richard Holden MP