

Supporting the Irish drinks sector



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The impact of the crisis on the Irish drinks sector

The Irish drinks industry has joined the national effort to respond to the COVID-19 crisis in several ways. Efforts include producing sanitising products (or producing alcohol for such products) and making donations. The industry itself has been affected by the pandemic, with the global closure of the on-trade, as well as restrictions in supply to, many off-trade channels (e.g. multiple retailers), which has imposed severe commercial pressures on businesses in the Irish drinks industry; in some cases threatening their future viability. Our visitor attractions (which cumulatively attracted over 3 million visitors in 2019) have also had to close.

Phase 1 Actions to support the Irish drinks sector in the next 100 days

1. Continue and extend Government financial support:

Reduction in commercial rates on a pro-rata basis to reduction in turnover until full recovery. Greatly enhance state agency supports, e.g. Fáilte Ireland's domestic tourism campaign; Bord Bia marketing supports, etc.

2. Open on-trade sector: Without a strong on-trade, many suppliers in Ireland are suffering reduced revenue, profits and employment. Government should include the drinks industry in discussions on best practice in reopening, based on our international experience.

3. Facilitate the direct on-line sale of product to the end consumer, by micro/craft manufacturers, without minimum volume requirements: Develop the e-commerce capabilities of our craft sector, align Ireland with the majority of other European countries.

Phase 2 Actions to support the Irish drinks sector by end of 2020

- 1. Reduce Excise and VAT rates:** Excise decrease to EU average levels and reduction in hospitality VAT rate back to 9% to be extended to include alcohol drinks will support the drinks industry recovery.
- 2. Fully re-open on-trade sector:** Establish a hospitality forum for all stakeholders, including the drinks sector, to constantly share best practice and innovate in line with other countries, to maximise the opportunity to return to business as usual asap.
- 3. Do not proceed with new/additional regulation on the industry, whilst it tries to recover:** For example, the Public Health (Alcohol) Act 2018. Commitment to have much greater engagement and collaboration with the sector on regulatory initiatives.

Phase 3 Actions to support the Irish drinks sector by 2023

- 1. Return to our pre-existing €1.4 billion in exports:** Strengthen Irish Drinks Brands position in foreign markets to rebuild brand awareness and support marketing and sales opportunities, particularly through fully funded brand ambassador programmes. Increase funding to Bord Bia and Enterprise Ireland to support all marketing initiatives.
- 2. Ensure a strong, vibrant hospitality and tourism sector:** A substantial emphasis must be placed on securing the return of tourists from the USA, UK, Europe and the Far East.
- 3. Maintain a financially strong and sustainable sector:** Maintain supportive budgetary measures to help the sector survive and mitigate any long-term impacts. Introduce small business excise exemption for craft distillers and cider-makers, similar to the scheme which already exists for micro-breweries.

Impact of phased action on the Irish drinks sector

Ireland's alcohol industry is worth over €1.4 billion in exports, supports over 92,000 jobs and contributes over €2.3 billion in excise and VAT to the Exchequer annually. Our industry can only emerge strong from this crisis if both Government and industry stakeholders work together in a proactive and creative way to address arising challenges. The proposed actions will reinforce cooperation between the industry, and the Government and its agencies. This will lead to an agile and data-supported response that will help all actors and simultaneously, protect public health.

Long-term COVID-19 restrictions will completely change the environment in which these businesses operate. Without specific government supports, many businesses may not re-open and high levels of sectoral unemployment will continue.

‘The drinks industry has been severely impacted by Covid-19. From the global on-trade closing, to exports slowing and visitor centres closing, revenue streams are under severe pressure and it is vital that a range of supports and measures are put in place by Government, along with a flexible Roadmap for reopening, to support jobs, and to allow the sector to continue delivering for the Irish economy.’

Oliver Loomes

Managing Director, Diageo Ireland

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