

ABFI Pre-Budget 2018 Submission

About ABFI

The Alcohol Beverage Federation of Ireland (ABFI) represents 42 alcohol drinks manufacturers and distributors in Ireland, ranging from large companies such as Diageo, HEINEKEN and Irish Distillers to newer entrants, such as Carlow Craft Brewing and Dingle Distillery. Under the ABFI umbrella are the following trade associations: Irish Brewers Association; Irish Spirits Association; Irish Whiskey Association and the Irish Wine Association. ABFI is a sector association within Ibec.

Economic Contribution & Employment

The drinks industry is a major contributor to economic activity across the country. The drinks and related hospitality sector supports:

- 204,000 jobs across the regional and rural economy
- €4.3bn in wages every year
- €1bn spent on grains and dairy every year
- €1.1bn in total exports, and
- 12,000 farm families

Need for a “Brexit Budget”

The decision by the UK to leave the European Union has profound implications for the Irish drinks industry and the wider hospitality and tourism sectors. Already, the drinks industry is feeling the effects of Brexit. Sterling devaluation following the Brexit vote by on average 15%, has increased the price of Irish products in the UK market, led to a surge in cross border shopping and an increase in the cost of Ireland as a tourism destination. This is having a real impact. The number of British tourists to Ireland fell by 6.8% from January to May 2017, i.e. 90,000 less UK visitors.

ABFI is calling on the Government to deliver a ‘Brexit Budget’ for 2018 that protects Ireland’s drinks and hospitality industry against the risks of Brexit, while stimulating consumer spending and economic growth at home.

Our Ask: A 15% reduction in excise duty on all alcohol products

ABFI is calling on the Government to reverse the emergency increases on excise tax introduced in Budgets 2013 and 2014.

A 15% reduction in excise tax is necessary to protect jobs, encourage investment and put more money in people’s pocket

Ireland's alcohol excise taxes are very high by EU standards:

- Irish drinkers pay the second highest alcohol tax per person in the EU
- We pay more than double of what German drinkers pay
- Since 2011, tax increases have directly added 28c to the price of a pint
- The tax on a bottle of Irish whiskey in Ireland is €17.36, more than the price of the bottle in the USA

In less than 12 months (between December 2012 and October 2013) the government increased excise on beer by 44%, excise on spirits by 37% and excise on wine by 62%. These increases are not simply taxes upon alcohol. Excise is a tax on jobs, a tax on consumers, and a tax on tourism.

Ireland's drinks and hospitality sector is consistently ranked among our top tourist attractions but with a decline in the value of sterling, both are becoming expensive for people visiting Ireland. A decrease in excise would help to make Ireland more affordable as a tourist destination, and put more money back in the pockets of Irish consumers.

A reduction in excise will help to offset the negative impact of Brexit on the economy. It will also encourage tourism through an improvement in cost competitiveness, and reduce the attraction of cross-border shopping.

In 2016, excise receipts were €1.2075bn. A 15% reduction in excise would cost €181.1m without consideration of offsetting impacts. In addition, VAT is charged on the excise at 23% which increases the gross cost to an annual €222.8m.