



The Brewers of Europe

President

Mr Paolo Gentiloni
Member of the European Commission
Commissioner for Economy
Rue de la Loi / Wetstraat 200
B-1049 Brussels
Belgium

Nicosia, 27 April 2020

Dear Commissioner,

Re: Covid19 – alleviating tax measures to be promoted

The success of the European brewing sector and its significant contribution to the European economy at large, which was documented in a March 2020 report, is heavily reliant on on-trade sales through a hospitality sector that, until just six weeks ago, represented one third of overall sales and two thirds of overall value added for beer across Europe.

Many brewers have however currently had to suspend production, as long as the measures against the spread of the new coronavirus are maintained. The reason is the loss of income as a result of the collapse of volumes due to a complete shutdown of bars and restaurants. That leaves many brewers with off-trade retail stores, not their biggest market, as the only outlet. With the off-trade unable, in spite of some new online sales and delivery where logistically and economically viable, to make up for lost on-trade sales, it is to be feared that many breweries and pubs will never reopen again.

In a context where exports were also a growing characteristic of the European beer sector, sales abroad have dropped too, with only a few countries continuing to have an interest in Europe's beers and taking limited measures. In a post COVID19 recovery phase, trade will become even more important, as borders will have to be opened up to all goods to avoid countries introducing a de facto import ban to defend local interests.

The brewing sector herewith commends the European Commission for its decisiveness, guidance and assistance during this crisis and welcomes the measures, including fiscal, that national governments have already taken to help businesses.

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As the economy and society start to reopen, we plead that these measures be maintained for a longer time period as reduced purchasing powers, consumer unease about gatherings and new social distancing measures continue to impact the on-trade for months to come.

In addition, the brewing sector herewith invites the European Commission to promote amongst Member States the full use, to the maximum flexibility that European legislation permits, of:

- Urgent refunding, with minimal administrative burden, of excise duty on alcoholic drinks withdrawn from the market because their condition or age renders them unfit for human consumption.
- Reduced excise duties for smaller brewers.
- Reduced excise duties for low-alcoholic beer.
- Reduced VAT rates for sales to the on-trade hospitality sector.

The brewing sector has also taken its responsibility and set up many initiatives to help where possible. In addition to supporting the health response by making hand sanitisers, distributing food to hospitals and vulnerable persons, helping fund key research and delivering government public health messages, brewers have taken a series of steps to support the on-trade sector. To allow bars and pubs both to keep their heads above water and to prepare for the new reality, brewers have taken actions such as:

- Collecting full, perished beer kegs and other containers, so that they can be replaced upon reopening and presentation of vouchers, with fresh beer.
- Professional cleaning of beer lines and draft beer dispense systems, to ensure a safe, quality relaunch when businesses restart.
- Deferring and, where possible, waiving rent that operators are required to pay to breweries.
- Easing individual bars' current cashflow through 'pay-it-forward', digital platforms that allow customers to pay online now for beers that will only be consumed later in their chosen café, pub or brasserie.

The European brewing sector, in spite of the uncertain future that lies ahead, is keen to work together with policymakers to ensure a reasonably swift return to positive growth figures. However, this will require unprecedented support and it is only through creative and extensive use of the fiscal and policy levers outlined above that it will be possible to actively support and reinvigorate the on-trade, minimising outlet closures, job losses and falling tax revenues, whilst bringing direct benefits for the on-trade, the brewing sector on which it depends and the national budgets.

Yours sincerely,



Pavlos Photiades

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