



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, 12 June 2020

Subject: Covid19 – Reigniting the hospitality sector and the wider economy

Dear Commissioner,

In my letter on 27th April I emphasised the importance for brewers, with a third of Europe's beer destined for the hospitality sector, of bars, pubs and restaurants being able to reopen safely and sustainably as soon as possible, noting in particular the impact of the crisis on many smaller brewers, who lost their primary or only route to market.

While all Member States will soon have given the green light for hospitality to reopen and for people to reconnect with each other in public, that ecosystem, including breweries, will need further support to allow for economically and sustainably viable activities. That is to adequately make up for the losses incurred due to partial reopening under the new conditions and requirements.

A reduced hospitality VAT rate scheme, including on the service of beer, is paramount to sustainably support consumer demand, help rebuild the sector and generate government revenue. Beer sold through hospitality generates far greater overall tax revenues than alcohol sold through retail shops.

Prior to re-opening, brewers are taking back millions of kegs and bottles that are no longer suitable for consumption. Not all countries allow for excise duty to be claimed back on defunct brew. Such rebates, though, provide liquidity support to brewers, helping them face business disruptions because of the COVID-19 crisis and allowing them to finance their support of the hospitality sector.

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Equally, European brewers wish for national authorities to exploit to the full the flexibility in European excise tax legislation so as to ensure their tax policy stimulates their economic recovery, herewith supporting consumers and the whole brewery value chain. **Reduced excise duties for smaller brewers and reduced excise duty for low-alcoholic beer** are explicitly permitted by EU legislation and can be further utilised amongst Member States.

The Brewers of Europe herewith invites the European Commission to remind Member States of these schemes whilst acknowledging the role they can play in rebuilding the wider beer value chain. This has hitherto been underrepresented in valuable documents such as the 'EU Guidance for the progressive resuming of tourism services and for health protocols in hospitality establishments' or in the 'Protecting small and medium-sized businesses Package'.

Every job saved at the brewery means an additional 16 jobs saved in the wider economy and concomitant governmental revenues generated: 1 job in a brewery generates 2 in retail, 2 in supplies and agriculture and 12 in the hospitality sector.

Thank you for your attention and support.

Yours sincerely,



Pavlos Photiades

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