



Wine and Spirit Trade Association Manifesto

2017 General Election



Introduction

The UK is the world's largest exporter of spirits and the second largest importer of wine by volume and second largest by value. The industry's contribution to economic activity is often underestimated. Through distilleries, vineyards, bottling plants, logistic companies and retailers, the wine and spirit trade supports over 550,000 jobs in the UK, contributes £50bn in economic activity and pays more than £17.5bn in tax.

Despite its significant contribution the industry is facing a range of challenges, including an excessive duty regime that hits business ability to invest and grow, uncertainty over Brexit and future trade with the EU, and a strict regulatory regime that places significant burdens on producers and retailers. But there are opportunities for the industry too. There is the potential to continue the boom in British spirits exports and reach new export markets around the world. The industrial strategy provides the opportunity to support the industry at home to innovate and grow. Support for the industry's efforts to reduce alcohol harm through partnership working can help to continue the positive downward trends in harmful consumption. This manifesto outlines how each party can support the UK wine and spirit industry to meet these challenges and take advantage of the opportunities the industry faces.

To support the UK wine and spirit industry the WSTA calls on all parties to:

1. Provide certainty to business via a well-managed Brexit, including sufficient transitional arrangements and continue to work towards frictionless, tariff free trade with the EU;
2. Promote free trade with non-EU countries, working with the WSTA to develop the best deal for the wine and spirit trade and to promote British produce around the world;
3. Rebalance the excessively high duty burden on UK businesses and consumers by pledging to revise plans to increase wine and spirit duty by 26% (£1.9bn) over 5 years;
4. Support proven approaches to reducing alcohol harm through partnership working and self-regulation; and agree to a moratorium on further regulation;
5. Support the Great British wine and spirit industry by promoting sector deals, under an innovative industrial strategy: for wine and spirits, for food and drink and for British hospitality.

1. Ensuring a well-managed Brexit

The WSTA believes that ensuring a successful, smooth and well managed Brexit is crucial to the UK's wine and spirit industry which relies heavily - and very equally - on trade with and from the EU. There is currently £1.9bn of EU wine imported into the UK and £1.6bn of UK spirits exported to the EU, around half of the UK wine and spirit trade.

The next Government should therefore work to minimise disruption and to give business as much certainty as possible. The best way to achieve this is through a phased process making full use of implementation periods to adjust in a smooth and orderly way, making full use of the WSTA's industry knowledge, expertise and relationships (e.g. with European trade associations).

A 'cliff edge' Brexit, without the necessary infrastructure and mechanisms to facilitate trade with the EU, is probably the most significant non-currency related risk to wine and spirit businesses. It risks holding products up at the border and imposing significant additional costs on businesses importing and exporting from the EU. The WSTA believes that frictionless, tariff free trade between the UK and the EU will be the most beneficial outcome for all sides, especially business.



2. Securing international trade post Brexit

The WSTA believes that securing new trade agreements with other countries post-Brexit will be vital for British industry and that the new Government must be champions of free trade driving forward liberalisation bilaterally, as well as in wider groupings like the World Wine Trade Group.

The UK wine and spirit industry has an important role to play in delivering this agenda. Gin exports have seen rapid growth over recent years and have the potential to make a significant contribution to the UK's balance of payments. English wine too has significant export aspirations, with plans to increase exports tenfold by 2020. The WSTA stand ready to work with Government to ensure that bilateral agreements, including for wines and spirits, are mutually beneficial, while also safeguarding British business interests.

Government can and must play an important role in realising these ambitions. The "GREAT" campaign has been a success and we very much hope all political parties will commit to continuing to promote exports, but to go further by introducing a policy of routinely serving English wine, British gin and other British food and drinks at UK missions overseas and government hosted events and visits at home.

As well as recognising the role British businesses can play in expanding UK exports, the importance of maintaining inward flow of goods must not be overlooked. The UK is at the very heart of the world wine trade, importing over 99% of the wine consumed in the UK. Brexit - and a new trading agreement with the EU - provides the opportunity to stimulate trade with major wine producing countries by adopting new trade facilitation mechanisms, such as recognising mutual recognition of production standards. We call on all parties to commit to protecting British jobs that rely on imported products and commit to developing trade facilitation mechanisms to ensure the continuation - and enhancement - of trade flows between the UK and non-EU countries.



3. Reducing the wine and spirit industry's unfair tax burden at home

British wine and spirit businesses and consumers pay some of the most excessively high duty rates in the world. The Exchequer receives £4.1bn in wine duty and £3.3bn in spirits duty which accounts for 68% and 28% respectively of total wines and spirits duties collected by EU member states. This is short sighted, punitive and puts at risk the UK's wine and spirit industry's world leading position.

Yet UK wine and spirits duty rates continue to rise. Since 2007 wine duty has increased by 62% and spirits duty by 47%, and all alcohol products were hit with an above inflation rise in the March Budget this year, adding 8p to bottle wine and 28p to a bottle spirits.

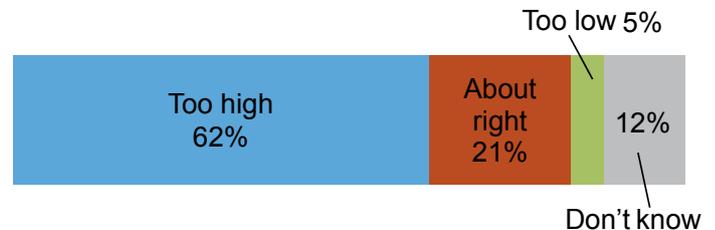
This regressive alcohol duty policy impedes investment, jobs and growth and hits consumers on the lowest incomes hardest. The WSTA is therefore calling on all political parties to call time on the Government's existing plans to raise wine and spirits duty by a further 26% over the lifetime of the next Parliament, which will cost wine and spirits consumers and businesses £1.9bn in additional duties.

Wine consumers and businesses paid...



£4.1bn in duty
+
£1.7bn in VAT

Consumers say tax on wine is...

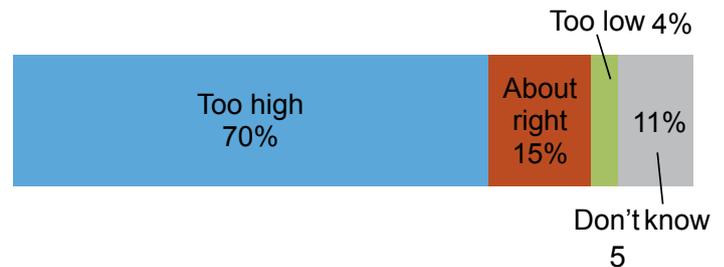


Spirit consumers and businesses paid...



£3.2bn in duty
+
£2bn in VAT

Consumers say tax on spirits is...



4. Supporting partnership working in a fit for purpose regulatory environment

The wine and spirit industry takes its responsibility in tackling alcohol related harm, crime and anti-social behaviour, and promoting the responsible consumption of alcohol, very seriously.

Its efforts through voluntary initiatives, self-regulation and partnership working, in addition to the effective use of existing licensing powers, has led to real progress in reducing alcohol related crime and harm. Alcohol consumption in the UK has declined by nearly a fifth since 2004 and more people than ever are drinking within the low risk guidelines. Alcohol related crime has declined by a third since 2004 and underage drinking is at its lowest recorded levels.

This has been achieved through voluntary industry efforts such as the voluntary Challenge 25 ID scheme and voluntary labelling products with unit and health information; the strict self-regulation of advertising, marketing and promotions through the Portman Group; and others partnership initiatives through schemes like Community Alcohol Partnerships, which are bringing together key stakeholders from retail and enforcement to tackle underage drinking. It is only through a continuation of these approaches, which are evidence based and are proven to work that further progress in reducing alcohol related harm will be made.

The existing licensing system provides enforcement agencies with adequate powers to deal with the issues, but many of which are under used. Therefore the WSTA is calling on all political parties to support a moratorium on new licensing regulations, which are burdensome, costly and ineffective, and focus instead on partnership initiatives that work.

↓ **18.1%** fall in consumption from 2004 to 2015

↑ **62%** of young people (11-15) have never tried alcohol (up from 38% in 1988)

↓ **8%** of young people drank alcohol in the last week (down from 25% in 2003)



5. Support Great British industries

The WSTA welcomes the development of a British Industrial Strategy and calls on all political parties to commit to retaining this initiative in Government. A modern industrial strategy is imperative for sectors such as the wine and spirit industry to improve productivity, deliver innovative product development and drive future growth, including maintaining its place as the hub of the international drinks industry.

Home-grown industries are booming, including the iconic British gin industry and emerging English wine sector, as well as other sectors, such as English and Welsh whisky; and an effective industrial strategy can help to them to reach their potential.

The WSTA believes that strong sector deals for the wine and spirit industry can ensure growth of the industry, drawing on the UK's innate innovation and industrial talents to meet a growing demand for machinery and materials that the industry is currently obliged to import. Furthermore, the WSTA believes there is great potential in two other sector deals, for which wine and spirits businesses are an integral part: one for the food and drink industry and one for hospitality. Co-ordinated action between Government and industry in these sectors could help to ensure that the UK continues to benefit from - and take greater advantage of - their huge contribution to a modern, thriving, and successful British economy.



Speaking for the wine and spirit trade

The WSTA represents over 300 companies producing, importing, exporting, transporting and selling wines and spirits in the United Kingdom.

WSTA members range from major retailers, brand owners and wholesalers to fine wine and spirit specialists, logistics and bottling companies.

We campaign for a vibrant and sustainable wine and spirit industry, helping to build a future in which alcohol is produced, sold and enjoyed responsibly.

 www.wsta.co.uk

 info@wsta.co.uk

 +44 (0)20 7089 3877

 @wstauk

 wstauk

The Wine and Spirit Trade Association
International House, 39-45 Bermondsey Street
London
SE1 3XF

Registered number: 410660 England Limited by Guarantee