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## Drinks Industry warns further tax increases will cause thousands more job losses

The drinks industry warns today that over 75,000 jobs will be lost if the Government proceeds with its current plan to increase taxes on alcohol over the next four years. The forecast is contained in economic research as part of the alcoholic drinks industry's Budget submission to the Treasury.

The drinks industry is urging the Government to abandon the 2% over inflation tax escalator on alcohol due to start in March and pledge no further increases in excise duty in this year's Budget.

Research by Oxford Economics examines the effects of last year's 17% leap in excise duty and the implications of the four year tax escalator scheduled to start this year.

Its 5 year impact study forecasts:

- A further 75,000 job losses in the drinks industry
- A drop in alcohol sales by over 11%
- Consumer prices up 17%
- Tax revenue from alcohol £1.6 billion lower than original Treasury estimates

The study shows tax increases have compounded the difficulties for an industry already facing record pub closures and thousands of job cuts in a deteriorating economic climate.

Against this backdrop the major drinks trade associations have agreed today's joint submission to the Treasury ahead of an expected meeting with the Chancellor next month.

A spokesman for the five trade associations said: "We urge the Government to reconsider before it is too late for thousands of wage earners and their families. Our industry is being hit just as hard as any other UK manufacturing and retail sector.

"We are not asking for a handout. We only ask the Chancellor to abandon further tax increases which will force more job losses."

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In March 2008 the Chancellor announced a 9% increase in alcohol duty and his intention to introduce a 4 year tax escalator, increasing duty rates by 2% above the rate of inflation from the time of the 2009 Budget.

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In November 2008 the Chancellor announced an 8% increase in alcohol duty (4% for spirits) - designed to offset a temporary reduction in VAT - which will remain in place once VAT returns to its standard rate in January 2010.

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