Europe's brewers call for a **sustainable tax regime** that recognises beer's positive impact throughout the value chain, from grain to glass.
With thousands of years of prestige and a bubbly future in innovation and diversity, beer is a vital European business.

We put more into beer

Beer is by far the most costly alcoholic beverage to produce, distribute and sell. Looked at in terms of pure alcohol, beer costs 2.5 times more to produce than spirits and 1.5 times more than wine, while distributing and retailing beer can be up to 3 times more expensive than wine and 8 times more than spirits.¹

¹ See the Europe Economics cost comparability study for full details: [LINK]

² Minimum excise duty as set by EU Council Directive 92/84/EEC.
Beer puts more into Europe

Beer is one of Europe's fastest growing agri-food exports, annual value up over 15% on two years ago, growing at more than twice the rate of EU agri-foods in general. Brewers also make a vital contribution to their local communities. Small and medium-sized brewers are major customers for farmers and suppliers in brewing regions, with the beer sector spending nearly €20 billion a year on goods and services. Brewers also spend over €1 billion annually on supporting grass roots sporting events, culture, arts and community events.

Meanwhile, governments across the EU raise nearly €42 billion in tax revenues generated by beer.3

Don't let tax take it out

In fact, lower rates often mean higher revenues: the government take from beer went down in nearly half the EU countries where excise duties were put up in 2008-20125. High rates in Nordic countries generate excessive levels of cross-border shopping for beer, adding up to a billion-euro tax loss. Similarly, the large 2013 increase in rates in Romania led to a sharp decline in beer consumption in 2014, translating not only into a loss of over 10% of jobs and value-added, but also a decrease of over 8% in government revenues3.

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3 The Contribution made by Beer to the European Economy - Europe Economics, January 2016.
4 iPaaS denotes income, payroll and social security contributions.
Simple can mean simplistic

The deceptively simple solution of taxing all alcoholic beverages on the percentage of alcohol by volume (ABV) overlooks the varying structures of the different drinks sectors, the integral role played by beer in Europe's economy and the fact that beer is so much more than alcohol.

Maintaining a tax differential between beer and higher strength drinks can help avoid distorting competition. Favouring higher strength beverages would reduce demand for beer, hitting local jobs and tax revenues, whilst undermining efforts to nudge consumers towards lower alcohol beverages.

Keeping excise down will keep the bars open

Beer is Europe's most popular alcoholic beverage, bringing people together in cafés, bars and pubs. Given the fragile economic recovery and the importance of the hospitality sector as a driver of growth and jobs, particularly amongst young people, policy makers need to ensure that beer tax regimes are supporting the value chain, not hindering it.