



The Brewers of Europe
President

Professor Mário Centeno – President of the Eurogroup
Mrs. Christine Lagarde – President of the European Central Bank
Dr. Ursula von der Leyen – President of the European Commission
Mr. Charles Michel – President of the European Council
Mr. David Sassoli – President of the European Parliament

23 March 2020

Dear Presidents,

The Brewers of Europe - the trade association representing the interests of Europe's brewing sector - wishes to express its sympathies and thoughts with the friends and families of those suffering as a result of COVID-19 and with the people working to care for the vulnerable and keep vital services running. Extraordinary strength, action and solidarity from all parts of society are required to combat this crisis.

In spite of the unprecedented impact on the on-trade, or hospitality, sector (e.g. the bars, pubs, restaurants, cafés, festivals and clubs serving beer) upon which our brewers depend to reach European consumers, The Brewers of Europe fully supports the extraordinary measures being taken to restrict the spread of the virus, such as shutting down the on-trade establishments mentioned above, to prevent social gatherings.

The Brewers of Europe also therefore urges you to keep the impact on the on-trade sector front-of-mind when considering and proposing measures to soften the negative economic effect on SMEs and their employees. The virtual elimination of the on-trade side of the EU beer market also has a knock-on effect on the wider supply chain, from the farmers, maltsters and can/bottle manufacturers to the distributors, drivers, warehouse workers and countless others connected to the trade. It is paramount to compensate for lost earnings and support those businesses during these exceptional times and to then help them getting back on their feet once the restrictions start to be loosened.

Key supportive measures for the on-trade sector and wider beer value chain include a combination of:-

- Supportive national fiscal policies, which include short term refunding of tax and social charge payments already made, postponement of new payments, and targeted reductions in VAT and excise over the medium term, to boost recovery and job creation;
- Minimum net salary compensation (e.g. of 90%), by governments, of employees facing technical unemployment;
- Grants and loans, including through the redirection of structural funds, putting the hospitality sector at the core of the new ECB economic stimulus program, plus exceptional state aid measures to compensate for lost earnings under Treaty Article 107(2)(b);
- Appropriate insurance compensation in the case of forced closure or loss of unused stock;
- The Coronavirus Response Investment Initiative granting liquidity loans with minimal bureaucratic hurdles at zero interest rate to avoid sound companies collapsing, with flexible repayment terms to allow companies to rebuild balance sheets before repayments.

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With brewery numbers doubling to over ten thousand during the last five years and thousands of new microbreweries opening as the beer sector continued its recovery from the 2008 economic crisis, research published in March 2020 was showing the significant and growing contribution of beer to Europe's society and economy. In 2018 the brewing sector generated in the EU over 2.3 million jobs, €55 billion in value added and €44 billion in government tax revenues. The full EU report on the contribution made by beer to the European economy is available on our website.

The biggest positive economic impact of beer comes from the importance to brewers of the two million businesses, predominantly SMEs and micro enterprises, that make up the on-trade sector. Even though just one third of beer is consumed in the on-trade:-

- The on-trade beer market was worth €76.1 billion in 2018 (compared to €41.3 billion for the off-trade, or retail, sector), representing 65% of the overall market;
- 1.7 (or 73%) of the 2.3 million jobs generated by beer are in the on-trade, a key source of employment for many young people, often as a first job experience;
- Value added impact from beer in the on-trade (€24.2 billion) was over four times that of the off-trade;
- In terms of government revenues generated by beer, the largest component is VAT (€13 billion) on beer sold in the on-trade.

Taking the appropriate exceptional measures can help minimise as much as possible the impact on the on-trade sector but also the other sectors, such as brewing, that depend on it. Doing so in a methodical, innovative and significant way will ultimately boost not just these sectors but also the contribution to the wider economy through jobs, value added and government revenues.

Thank you for your consideration of our letter and we stand at your disposal to support you in your efforts to combat the current crisis and ensure the European Union recovers, to be robust enough to focus on the other key priorities. Breweries have been taking the necessary precautions to limit the risk of further spreading of the virus, whilst some brewers are using their scientific expertise and technical capacity to support the authorities and health workers with combating the disease. Brewers also fully embrace the important responsibility they have in helping to support the bars, pubs and cafés of Europe when they regain their ability to operate.

For centuries, these unique hubs for social gatherings have helped shape local communities, culture and the way of life across the continent – without fast, effective intervention, many of these businesses will disappear altogether from the European map, dramatically and irreversibly changing society forever.

We hope that we can be in contact soon, virtually if necessary, to discuss further the opportunities to support the on-trade sector, the beer supply chain on which it depends and ultimately the wider economy.

Yours sincerely,



Pavlos Photiades

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