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George Eustice MP
Secretary of State for Environment, Food and Rural
Affairs
Seacole Building
2 Marsham Street
London
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18 August 2020

Dear George,

I am writing with regard to the announcement on 21 July that the UK Government has decided to reduce the threshold at which Small Brewers Duty Relief starts to taper from 5,000hl of annual production to 2,100hl. I wish to put on record my view that doing so will bring further damage and financial concerns for many craft breweries operating below 5,000hl levels not just in Scotland but across the UK.

As you will be aware, Small Breweries' Relief (SBR) exists to help smaller craft brewers compete in a marketplace dominated by large and global brewers. It is used by brewers to invest in their businesses, create new jobs and compete with global companies and allows smaller breweries who make less beer to pay a more proportionate amount of tax in a similar fashion to the support for lower earners and income tax.

It is beyond doubt that this relief has been in part responsible for the the boom in craft brewing and while there are different estimates of brewing's contribution to the economy, the brewing industry believe it is worth around £500m in turnover each year to the Scottish economy and supports over 8,000 jobs. Brewing is a strong heritage industry in Scotland and its also resurgent having reduced to almost single figure breweries in operation during the 90's. We now have over 130 breweries spread across the mainland and islands of Scotland and they have a collective ambition to grow this to £1bn by 2030, and in doing so create new jobs in both urban and rural areas. This will only be possible by putting in place support that allows for the nurture of smaller brewers and the Small Brewers Duty Relief is one such support mechanism that enables smaller brewers to get on the ladder and grow their businesses. The current relief offered for our craft brewers that produce up to 5,000 hectolitres (hl) a year (approximately 900,000 pints) means a 50% reduction in the duty they pay and allows them to focus on the growth and innovation in the formative years of operation.

I understand that a technical consultation detailing the new measures and new taper levels is planned for the autumn, there is no doubt that this will be to the detriment of fledgling brewers. This announcement, at a time when many breweries are struggling with the impact that the

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Covid-19 crisis has had for the hospitality sector, is nothing more than a kick in the teeth and there is real risk of small brewery closures as duty is a huge cost for brewers and directly impacts their cash flow. I strongly ask the UK Government to consider the appropriateness of such a move, especially at a time when so many within the sector are trying to keep their heads above the water as we negotiate the current economic crisis brought about by the virus, and of course the uncertainty that many will face as we head towards exit from the EU.

I would therefore very much welcome your thoughts on this matter, and implore you and your government to think again.

Yours sincerely,

A handwritten signature in black ink that reads "Fergus Ewing". The signature is written in a cursive style with a large loop under the 'F' and 'E'.

FERGUS EWING

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