



Campaign for Pubs

Promote, Support and Protect Pubs

Rt. Hon Rishi Sunak MP
Chancellor of the Exchequer
11 Downing Street
London
SW1A 2AA

28th October 2021

Dear Chancellor,

Urgent – unfair minimum 40 litre container restriction on draught duty relief

We are writing on behalf of the Campaign for Pubs and small independent brewers and cider makers and many pubs and publicans, to urge you to review and to drop the unfair 40 litre minimum container size restriction on draught duty relief.

This unnecessary limit discriminates against smaller UK brewers and cider makers and also therefore discriminates against pubs and bars that rely on these container sizes and champion these smaller UK producers. As you will already have noticed, the UK's many excellent craft brewers are up in arms about this, as are the many publicans who rely on their products and champion them.

We welcome the announcement of a draught duty relief on draught products, as a way of charging less duty on draught product. However with this unfair and unnecessary minimum in place, it is disastrous for the many wonderful small craft brewers up and down the UK and also small cider and perry producers who make high quality draught cider and perry, made with a high proportion of real fruit, which is very different from mass produced 'cider' made from syrup (producers of which, incidentally, will be the significant beneficiaries also of the cut to fruit flavored cider).

Draught duty relief should apply to ALL draught beer and cider - and not favour only large (often multi-national) breweries and associated pub companies. The proposed restriction on the new draught duty relief of 40 litre containers penalises small craft and cask brewers and cider makers who supply their drinks in smaller containers, including 20 or 30 litre kegs, which are very common for hugely popular craft keg beer and 36 pint casks, known as pins, which are offered by pubs that can't sell larger casks and allow many pubs to sell cask ale (real ale) when they might not be able to sell 72 pints, the next cask size up.

As you surely now realise, the 40 litre minimum container gives a huge – and anti-competitive - advantage to larger brewers, including global brewers and industrial 'cider' makers and represents tens of millions of pounds of tax relief to them per year, which is the wrong priority when it is smaller producers and individual pubs that have suffered most during the Covid pandemic, not huge corporations.

As you will now be aware, ironically, the container being held by the Prime Minister in the photo opportunity to support the draught duty announcement was a 30 litre keg, which would not benefit from draught duty relief under the current proposals! As well as being an embarrassing PR mistake, this also shows the absurdity of the minimum restriction, as you, the Prime Minister and advisers weren't aware that some of those kegs would qualify and some would not. It's a nonsense, clearly, all of them should qualify for draft duty relief as all are draught beer!

Campaign for Pubs, The Volunteer Arms, 5 Watson Street, Holgate, York YO24 4BH

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The 40 litre minimum will also further increase market dominance of large producers, who already account for the vast majority of draught products sold in pubs as well as owning thousands of pubs and restricting what draught products are sold in them. So this limit will also harm consumer choice. These huge producers also will be the main beneficiaries of other changes to alcohol duty announced, so to give them a further advantage over smaller producers through the new draft duty relief would be wrong and unfair.

The independent beer and cider sector should be supported and not discriminated against with an arbitrary and unfair cut-off, that excludes a considerable proportion of their trade and a very important part of pub sales. Smaller independent brewers of craft and cask beer have led the way with transforming the range and quality of British beer (including in pubs) over recent years and this should be celebrated, not penalised, as should smaller cider and perry producers, who make real (high juice) cider and perry made with real fruit as opposed to industrial 'cider' made with syrup.

This proposed measure (the above 40 litre container rule) appears to have been drawn direct from the macro-brewers anti-competitive playbook and without further explanation suggests that the Government has been unduly swayed by big beer lobbyists. It will do very little to reduce the cost to pub customers as well as restricting consumer choice. We yet again express our frustration that when it comes to beer and pub issues, this Government continually listens to the big brewers and pubcos and their representatives and not to the voice of publicans and independent producers. We urge you to change this in future.

The Government should instead make draught duty relief apply to all beer and cider/perry that is designed to be served draught dispensed and that should be the sole criteria to qualify for this relief, one that is already proposed). This would ensure that all brewers and cider makers that produce draught product would benefit. Any argument that this will somehow also then apply to draught beer and cider purchased in the off-trade for home use is frankly spurious, considering that the proportion of all draught beer produced for brewery/off-trade sale for home use is very small. In any case, it is smaller producers – brewers and cider makers – who do sell small quantities direct to consumers, so this is not a negative thing to be penalised (and in a way that grotesquely and disproportionately benefits global brewers, to the tune of tens of millions of pounds every year).

Having the draught duty relief applying to all draught beer also fits with your overall avowed ambition of simplifying the alcohol duty regime. Otherwise you create a perverse and bureaucratic system where brewers have to declare and pay different levels of duty on exactly the same product, merely because of the size of the container it is supplied in. This really doesn't make sense and creates unnecessary red tape, something that we presume you don't want.

There is also the added complication of wastage/sediment/ullage, which means that brewers pay less duty on draught beer than the actual volume of the container. So there is the real danger in imposing any minimum, that some containers may be just below the required quantity to quality, despite being in a container that if full, would do so. Again, this is unnecessary complication and red tape and the possibility of disputes with HMRC. Draught product is draught product, which is overwhelmingly consumed in the on-trade and therefore *all* of it should be subject to draught duty relief.

We therefore urge you to listen now to the voice of the UK's craft brewers, who have contributed so much to the UK beer scene in recent years, to the voice of small cider makers and to the voice of the many publicans who rely on these brewers and use smaller containers.

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We urge to implement your new, welcome, draught relief policy properly, in a way that doesn't discriminate against small independent producers or create red tape and bureaucracy.

So please make draught duty relief is what is surely should be: Alcohol duty relief on any and all draught product thus covering all draught product made by all the UK's draught beer and cider producers, of all sizes, to give a level playing field, as well as supporting all pubs regardless of who supplies them with draught product and in what size containers.

Yours sincerely,



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Brewer Coordinator, Campaign for Pubs
Founder, Brass Castle Brewery



Dawn Hopkins
Vice Chair, Campaign for Pubs
Licensee, The Rose, Norwich

cc Charlotte Nichols MP, Chair, All Party Parliamentary Pub Group
Mike Wood MP, Chair, All Party Parliamentary Beer Group