In short...

The Drinks Industry – A Key Contributor to the Irish Economy

The Drinks Industry in Ireland

- Supports over 61,000 full-time job equivalents directly, with several thousand more employed indirectly.
- Exports over €1.25 billion produce per annum.
- Generates in excess of €2 billion in tax receipts every year.

Taxes are Already High in Ireland

- Wine has the highest excise in the EU.
- Beer has the highest excise in the EU.
- Spirits have the 2nd highest excise in the EU.
- Cider has the 2nd highest excise in the EU.

Consumption is Falling

Despite mistaken speculation, per capita consumption of alcohol in Ireland is currently lower than the peak 2001 level.

Responsible Advertising

The Drinks Industry has very strict codes of practice relating to responsible advertising and an independent watchdog to police these codes.

This ensures no advertising to minors and no encouragement of irresponsible drinking (in fact the Drinks Industry proactively discourages this via MEAS).

Working Against Misuse

Consumed responsibly, alcohol can form part of a balanced and healthy lifestyle and can bring many social benefits.

The Drinks Industry gains nothing from the misuse of our products. The abuse of alcohol by a minority tarnishes our image, damages our profits and hurts the communities in which we operate.

However, we recognise there are problems surrounding underage drinking, excessive drinking and drink driving. To counteract these problems we:

- Continually invest in responsible trading programmes.
- We are currently investing €20m to fund consumer awareness campaign through MEAS under drinkaware.ie
- Fully support the stringent enforcement of the drink driving laws.
- Fully engage in Social Partnership through the Working Group on Alcohol Misuse.

An Agenda For Change

In partnership with legislators and other stakeholders, we hope to:

- Help avoid quick fix “solutions” and blunt instruments that will not reduce alcohol misuse.
- Instead lead a fact-based and evidence-driven approach to change.
- Implement a number of our policies, including the introduction of a mandatory age card to reduce underage drinking and strengthen legal sanctions against “secondary purchasers” of alcohol for minors.
**THE DRINKS INDUSTRY MATTERS**

**Myth**

The Drinks Industry is a drain on the Irish economy.

**Reality**

The alcohol market in Ireland generated €6.6 billion in 2006, of which approximately €2.2 billion comprised of excise and VAT. Our industry proudly supports over 61,000 full-time job equivalents across industry and accounts for €1.1 billion of inputs purchased from other sectors of the economy.

**Jobs**

Our industry provides 105,000 full or part-time jobs in over 10,000 on- and off-licensed outlets throughout Ireland.

**Manufacturing**

In a tough economic climate for manufacturing, the production of drinks in Ireland accounted for €2.9 billion in turnover in 2006. This represents 2.4% of total manufacturing in Ireland.

The Drinks Manufacturing sector in Ireland generates €256 million in wages and salaries annually. It directly employs about 4,500 jobs in the manufacturing economy.

**Inflation**

During 2007, alcohol prices rose by 2.6% compared to 4.9% across all other sectors, significantly contributing towards a reduction in the rate of inflation in Ireland.

**Trade**

Alcohol is a vital export for Ireland. Drinks exports total €1.3 billion. This represents 1.5% of total exports from Ireland.

Furthermore, for every Euro Ireland spends on purchasing alcoholic drink imports, it earns €1.79 on those it exports.

Domestic Irish producers account for a total of 64% of Ireland's domestic beer market, and 86% of the cider market. Support for the drinks industry is support for indigenous Irish business.

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**TAXES ARE ALREADY HIGH**

**Myth**

Taxes aren't high enough now and an increase in taxes will reduce misuse.

**Reality**

Ireland has one of the highest levels of taxation on alcohol in the European Union.

The Drinks Industry contributed €2.2 billion to the Exchequer in 2006. This represents:

- 19% total Irish Excise.
- 8% total Irish VAT.
- 5% total Irish Taxation Receipts.

**Beer and Wine**

Wine in Ireland has the highest excise in the EU. A total of 15 EU countries levy no excise on wine at all.

Beer in Ireland has the highest excise in EU. For the average pint of lager (costing €4.08), Irish drinkers pay €1.18. Of that, 47c is excise. This compares to about 46c in the UK, 12c in the Netherlands and 6c in France.

**Spirits and Cider**

Spirits and cider in Ireland have the 2nd highest excise in EU. For every bottle of spirits (costing about €23.50) Irish consumers buy, they pay about €15 in tax. That includes almost €11 in excise, compared to €2.40 in Cyprus.

To further demonstrate the excessive levels of taxation on alcohol in Ireland, a recent announcement by the EU to increase the levels of taxation on alcohol to a set-minimum, will have no impact in Ireland as Irish taxation levels are already well in excess of this set-minimum.

All the above points to high taxation on alcohol in Ireland compared to other EU countries. It is therefore evident that further increasing taxation on alcohol is not the way to drive down misuse of alcohol in Ireland. Increasing tax is a blunt instrument that unfairly penalises moderate consumers.

With easier movement of people and travel, it is increasingly easy to buy alcohol from abroad. Further increases in taxation of alcohol in Ireland will encourage this, and lead to a fall in domestic taxation receipts in Ireland.

Furthermore, recent research carried out in Scandinavia and published in the periodical, Addiction, clearly demonstrated that consumption of alcohol fell or remained flat following cuts in taxes on alcohol in Sweden and Finland.

In summary, despite having the highest tax regime on alcohol in Europe, our levels of consumption remains amongst the highest.
CONSUMPTION IS FALLING

Myth
Consumption of alcohol in Ireland is relentlessly increasing, and the resulting public disorder is out of control.

Reality
Until the turn of the millennium, the level of alcohol consumption in this country had been increasing for decades.

In the late 1990s and early 2000s, as the economy boomed and there was a demographic surge in the numbers of people between 18 and 30 (with a tendency to drink more than other demographic groups), that increase accelerated.

The birth of the Celtic Tiger led to dramatically increased disposable income, a more liberal society where values such as abstinence were no longer prevalent, and changes in work and commuting routines all contributed towards changing consumption patterns.

Currently however there is clear sociological and economic evidence that Irish society is maturing and the level of flux is dissipating. This is reflected in Irish statistics showing that during the 2003-2007 period there was a 13% decrease in offences relating to drunkenness, despite reports to the contrary.

While Ireland’s level of alcohol consumption remains high, every statistic points to an undeniable fact – per capita alcohol consumption has fallen since the peak of 2001. All the available evidence points to a continuation of this trend as our population ages.

RESPONSIBLE ADVERTISING

Myth
The Drinks Industry engages in irresponsible advertising, marketing and sponsorship.

Reality
The Drinks Industry has some of the toughest self-imposed advertising and sponsorship restrictions compared to any industry.

Codes
The Drinks Industry agreed to a series of codes in 2005 with the Department of Health and Children, to ensure our products are marketed in a responsible way and only to adults.

That codes stipulates that our advertising:
- Cannot be targeted at minors.
- Cannot feature anyone who appears under the age of 25.
- Cannot feature on any children’s programming.
- Cannot feature on any billboard close to a school.

In order to further update and strengthen the codes, the Drinks Industry has presented new proposals to the Department in 2008 that will, among other things, further restrict sponsorship of sports broadcasts.

Central Copy Clearance Ireland Ltd
As part of our determination to ensure responsible marketing, in 2003 we set up Central Copy Clearance Ireland Ltd (CCCI) as an independent organisation to provide a pre-vetting service for all advertising content of alcoholic drinks in Ireland. CCCI ensures that no media outlet in Ireland, whether print, broadcast, outdoor, cinema or the internet, will accept any advertising for any alcoholic drinks brand unless it carries a copy clearance number from CCCI.

This has resulted in the almost complete elimination of complaints about alcohol advertising content in this country.

This partnership approach represents the most effective way to ensure responsible promotion of alcohol. Young people are exposed to advertising at all times of the day and night. Watersheds often have no relation to the times children watch TV. Furthermore bans will not influence the advertising they see on foreign TV channels and on the internet.

Ultimately, advertising is about changing consumer choices, not stimulating increased consumption.
WORKING AGAINST MISUSE

MYTH

The Drinks Industry has a vested interest in alcohol misuse.

REALITY

No, we don’t.

The Drinks Industry gains nothing from the misuse of our products. The abuse of alcohol by a minority tarnishes our image, damages our profits and hurts the communities in which the Drinks Industry operates.

As Robert Madelin, the European Commission’s Director General for Health and Consumer Protection said on a recent visit to Ireland:

“In the long run, [the Drinks Industry] don’t make their money out of alcoholics and they don’t make their money on bingeing students. The Drinks Industry in Europe is going upmarket. It’s about quality, not volume.”

However, the Drinks Industry recognises there are problems surrounding underage drinking, excessive drinking and drink driving. Personal responsibility is key to tackling the problem and the role of parents cannot be over-emphasised.

The following are actions the Drinks Industry have taken to meet our responsibilities:

MEAS

The Drinks Industry has invested €20m in Mature Enjoyment of Alcohol in Society (MEAS). MEAS was established in August 2002 by the alcohol manufacturers, distributors and trade associations of Ireland as an independent not-for-profit company with no commercial purpose.

In order to reduce alcohol abuse and misuse, MEAS promotes the mature enjoyment of alcohol amongst consumers through drinkaware.ie and works in partnership with Government and other appropriate bodies.

Social Partnership

We have engaged fully with the Working Group on Alcohol, set up under Sustaining Progress and continue to progress the full implementation of all of the Group’s recommendations.

Responsible Trading

Training bar and off-licence staff in responsible serving practices is currently provided through the Responsible Serving of Alcohol (RSA) programme and the Responsible Trading in the Community (RTC) programme.

Labelling

In response to our consumers’ wishes, and the overwhelming benefit it would bring to the public good, we are already committed to introducing unit information on our labels and warnings of the dangers of alcohol consumption to pregnant women.

AN AGENDA FOR CHANGE

MYTH

The Drinks Industry works against change and blocks progress on combating alcohol misuse.

REALITY

The Drinks Industry wants an effective fact-based, evidence-led approach to tackling alcohol misuse.

The blunt instruments of advertising bans and tax hikes espoused by some will hurt an indigenous industry and penalise moderate, sensible drinkers. They will not, as international experience has clearly demonstrated, tackle misuse and address the problem Ireland has with alcohol.

The Drinks Industry proposes to further build on the work it and legislators have done in a spirit of partnership, work that is already delivering clear benefits. The Drinks Industry is committed to continuing contributing in a positive and proactive manner in this partnership with legislators, and indeed other stakeholders.

That is why we strongly believe:

🔹 In order to ensure maximum effectiveness in tackling alcohol misuse, the Government recognise the full range of successful initiatives already underway, and commit to a coordinated response to alcohol misuse.

🔹 The Government directly engage with the off-trade sector, to identify and agree measures to ensure the orderly and responsible sale and promotion of alcohol consistent with standards of best practice in other channels.

🔹 The requirement that licence renewal be subject to completion of an accredited responsible server programme should become mandatory.

🔹 Steps be made towards the introduction of appropriate licensing provisions to support a well-regulated night time economy.

🔹 A platform be created to facilitate police and night time stakeholders to manage the late night economy in local community areas.

🔹 In order to provide retailers with a greater ability to accurately ensure only those of legal purchasing age or above are able to purchase alcohol, the Government introduce as a matter of urgency, a mandatory form of identification for proof of age that includes robust authentication and security measures to discourage counterfeiting.

🔹 The strengthening of legal sanctions against the secondary purchasing of alcohol for minors be prioritised.