



# STATE OF SPIRITS

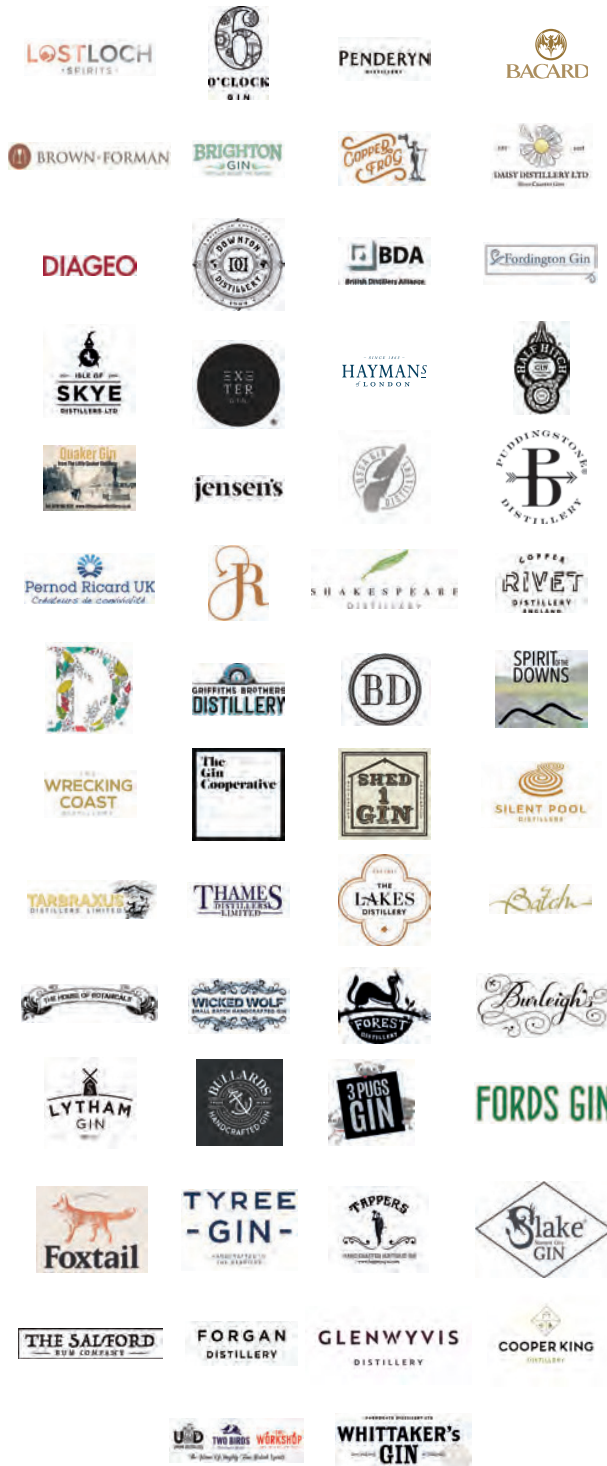
2023





The UK Spirits Alliance was formed in July 2019. It is a coalition of voices committed to working with government to create the best possible environment for the UK's rapidly growing spirits industry.

Its members and supporters include:



The House of Botanicals  
British Distillers Alliance  
Diageo UK  
Griffiths Brothers Distillery Ltd  
Bacardi Martini UK  
The Wrecking Coast Distillery  
Copper Rivet Distillery Surrey  
Copper Distillery Jensen's  
Bermondsey Gin Lussa Gin  
Pernod Ricard UK  
Badachro  
Silent Pool Distillery  
Tiree Whisky Company Ltd  
Craft Distilling Services Ltd  
Brown-Forman UK  
Wicked Wolf Exmoor Gin  
Forest Distillery Ltd  
Puddingstone Distillery  
The Gin Cooperative  
6 O'Clock Gin  
Spirit of the Downs  
The Lakes Distillery  
The Little Quaker Distillery  
Lost Loch Distillers  
Batch Brew  
Fordington Gin  
Copper Frog Distilling  
Shakespeare Distillery  
Penderyn Distillery Tarbraxus Distillers  
The Oxford Artisan Distillery  
Isle of Skye Distillers  
Whittaker's Gin Distillery  
Shed1 Distillery  
Salford Rum Company  
3 Pugs Gin  
Lytham Gin  
Tyree Gin  
Union Distillery  
Adnams  
Downton Distillery  
Slake Spirits  
Burleighs Gin  
Foxtail  
Fords Gin  
Bullards Gin  
Forgan Distillery  
Glenwyvis Distillery  
Cooper King Distillery

## SUPPORT SPIRITS, SUPPORT OUR ECONOMY

The number of distilleries in the UK has grown from 190 to 820 in the last seven years alone.

This growth extends right across the country from the Scottish Highlands to Cornwall, from Anglesey to the South East of England.

The effects of this investment and growth are felt right across the UK spirits supply chain, supporting levelling up across the UK with more jobs, more opportunities and more economic growth.

Continuing to create fertile conditions for growth will enable the industry to continue to flourish with new jobs and sustained investment - as well as providing growing, sustainable revenues for the Treasury.



**SUPPORTING  
OVER 446,000  
JOBS**



**CONTRIBUTING  
£13 BILLION TO  
THE ECONOMY**



**SPIRITS REVENUE  
HAS GROWN BY £1  
BILLION OVER THE  
LAST 5 YEARS - AN  
INCREASE OF 32%**



**NUMBER OF  
DISTILLERIES UP  
273% OVER THE  
LAST 5 YEARS**

## INVESTING IN GROWTH

The UK spirits industry has undergone a renaissance in recent years, underpinned by the industry's ability to invest in innovation.

We are calling on the Chancellor to freeze spirits duty at the Budget to ensure continued growth in the industry.

Previous spirits duty freezes helped create an ecosystem that has enabled the industry to adapt and invest heavily over the past five years. Our distilleries are investing in premium, as well as low-and no alcohol products, tailored to changing consumer demands and needs.

### THE TAX ON A BOTTLE OF SPIRITS ALREADY STANDS AT 70%



### Ensuring continued growth

The industry cannot continue to thrive unless we give it the support needed to continue innovating and growing. That is why we are asking the Chancellor to freeze duty at the Budget.

The level of tax on a bottle of spirits is 70%. UK spirits duty is currently 77% higher than the EU average and is higher in the UK than any other alcohol category. A freeze on duty will allow the industry to develop and adapt to changing markets, support the economy, and export more products across the world.

Spirits distillers expect their energy costs to rise over the next year. The Government has excluded spirits producers from the Energy Bill Relief scheme when other alcohol categories were included, despite the energy intensive nature of distilling. The Chancellor should therefore not place an additional burden on distillers by hiking excise duty at the Spring Budget, especially with a new alcohol duty system due to be implemented on 1 August.

We ask the Chancellor and the Treasury to freeze alcohol taxation to make the system fairer and ensure less discrimination between alcohol categories which will allow our industry to continue to deliver economic growth.

## OUR MEMBERS

The boom in distillery numbers across the UK tells the story of burgeoning SME growth within the spirits industry.

Spirits are some of the UK's most valuable exports, and our members are investing to support growth and jobs in their communities.

The UK Spirits Alliance supports distilleries in advocating to the Chancellor for a fairer deal for British spirits.



### 📍 CITY OF LONDON DISTILLERY

Sir Graham Brady MP, Nus Ghani MP and Sir Geoffrey Clifton Brown MP



### 📍 PENRHOS SPIRITS

Sir Bill Wiggin MP



### 📍 PAPILLON GIN

Mel Stride MP



### 📍 SLAKE SPIRITS

Sir Peter Bottomley MP



## SUPPORT HOSPITALITY

This Budget will take place under a time of economic strain for our world-famous hospitality industry.

### **Spirits are crucial to the growth of hospitality**

The industry as a whole is a major part of the UK economy, supporting over 10% of jobs in the UK, accounting for 6% of businesses and 5% of GDP.



Over the last 5 years, spirits have been the fastest growing category in the on-trade and now makes up a third of all alcohol sales in our bars and restaurants but make up only 20% of the units of alcohol consumed. Our pubs, bars and experience-led venues have been crucial areas of growth and success for the spirits industry as consumers not only choose higher quality products, but also a wider and more diverse range of experiences such as pop-ups and cultural events.

### **Supporting tourism, heritage, and tradition**

However, from supply chain issues to staff retention, the economic strain on hospitality remains acute. While spirits showed resilience over recent years as people continued to invest in premium British products, the industry has not been immune to the challenges faced over the last few years. We believe that it is vital the Government continues to support our world-famous hospitality businesses through this difficult period. British hospitality and produce rightly draws in millions of people from across the globe and is at the heart of our offering to tourists, and the culture, heritage and tradition of the people who live in the UK.

## FAIRNESS FOR CONSUMERS

Consumers across the UK are feeling the squeeze as inflation and the cost of living crisis impact consumer choice.

With businesses also feeling the pressure, it is important to protect both consumers and business owners from rising prices and further tax hikes. Recent duty freezes have helped to keep inflation down, and an increase in duty at this Budget could further fuel inflation at a time when consumers can least afford it.

### Protect Consumer Choice

Consumers across the UK are increasingly choosing to drink less but better. Spirits has been a national growth success story because the industry has invested heavily in responding to consumer trends to focus on quality ingredients and experiences.

This investment is dependent on a stable excise duty regime, which allows distilleries to innovate and plan for the future.

### Consumers don't discriminate, why should our tax system?

This Budget shouldn't penalise consumers for choosing one category

of alcohol over another or harm the renaissance that we are seeing in British spirits by increasing the disparity between alcohol categories.

At present, however, our tax system does. Spirits, including domestic products such as Scotch Whisky, are taxed 256% higher per unit than cider and 16% higher than wine.

Women in particular are more likely to consume spirits in hospitality settings. Current excise duty impacts the choice female consumers have, and hiking prices on spirits duty at the Budget would impact these choices.

Furthermore, consumers are becoming more conscious of the impact alcohol has on their health, and are switching to lower calorie and low/no ABV products. An average spirits drinker consumes roughly 2,000 fewer calories than an average beer drinker over the course of a month. Spirits producers can only respond to these changing consumer demands and develop these premium, lower-calorie and lower ABV products through investment.

At a time when British consumers are facing a rise in the cost of living and with mounting inflationary pressures, a rise in spirits duty could penalise consumers who responsibly enjoy a cocktail or gin and tonic in their local pub, restaurant or at home watching Netflix.



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**In order to continue the growth of our business, we need the Treasury to implement a stable duty regime which supports spirits producers like us. We urge the Government to back the spirits industry by ensuring that spirits is not treated any differently than other alcohol categories in the upcoming budget.**

**Chris Jaume, Co-Founder, Cooper King**



### BACK JOBS AND ECONOMIC GROWTH

We are at a critical juncture for both UK spirits and the hospitality industry more widely.

While we get on with the job of making the system fit for the 21st century, taking into account fundamental shifts in consumer trends, it is vital that we don't increase discrepancies in the system and add to the competitive disadvantage that spirits face.

Creating a simpler and fairer excise duty system is a goal we all share to ensure that we back British growth industries, maintain Britain's global reputation for world-class produce, and safeguard HMT revenue for the next generation.

With a new alcohol duty system due to be implemented on 1 August, creating greater divergences between alcohol categories or changing duty

rates would be a backward step and jeopardise the continued success of our growth industries. The performance of UK spirits has been underpinned by the investment and innovation of the industry which constantly adapts to consumer behaviour. This investment ecosystem is rooted in the stable duty system of recent years. With distillers creating highly skilled jobs and supply chains that run to all corners of the United Kingdom, the Government should embrace this national success story and continue to give this growth industry the confidence and support it needs to continue to invest for the future. The success of UK spirits will in turn continue to benefit the UK economy through jobs, the supply chain, tourism, investment and government revenues.

We ask the Chancellor and Government to continue to back us to be a partner for jobs and economic growth.





For more information please  
contact the UK Spirits Alliance on:

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 @spiritsalliance

<sup>1</sup> ONS, Business and Industry Statistics, January 2022

<sup>2</sup> Biggar Economics, Economic and Fiscal Impact of the UK Spirits Sector, October 2019

<sup>3</sup> HMRC Data

<sup>4</sup> Scotch Whisky Association analysis of Nielsen/CGA data, 2022

<sup>5</sup> ONS, Inflation and Price indices, December 2022

<sup>6</sup> Portman Group, UK Alcohol and Drinking Consumption, September 2022