

RFW 19

Ymateb gan : Cymdeithas Masnachu Gwin a Gwirod
Evidence from : The Wine and Spirit Trade Association

Introduction

The Wine and Spirit Trade Association (WSTA) is the UK organisation for the wine and spirit industry representing over 300 companies from major retailers, brand owners and wholesalers to fine wine and spirit specialists, logistics and bottling companies.

We campaign for a vibrant and sustainable wine and spirit industry, across the UK, helping to build a future in which alcohol is produced, sold and enjoyed responsibly.

The wine and spirit industry's contribution to the UK is often underestimated. Over 550,000 jobs are supported in the UK directly and through the wider supply chain. It contributes £50bn in economic activity and pays more than £17.5bn in tax.

The wine and spirit industry in Wales

The WSTA welcomes the National Assembly's Government's target to 'grow our food and drink industry and raise the profile of food and drink from Wales' as the Welsh wine and spirit industry is a growing and .

There are over 10 vineyards in Wales and over 20 different grape varieties that are grown and Welsh wines are contributing towards the 5m bottles of wine that are produced in the UK.

Welsh Whisky and Gin is also a booming industry, with now at least 13 distilleries in operation in Wales, over half of which came online in 2015 and 2016 Welsh spirits like those produced by Penderyn Distillery are now producing award winning gins and whiskies.

All of this has a knock on impact to the wider supply chain in Wales that includes bottling plants, which UK wide produce over 600m bottles of wine each year, glass manufacturers, coopers, logistics and transport companies, storage and bond facilities and farmers who cultivate grain, vines and botanicals which go into the products.

Additionally, In a report on the value of the industry by EY it found that over 6% of wine and spirits sales in the UK took place in Wales and around its borders, worth around £1.1bn the local economy.

With wines and spirits now accounting for over 35% of the value of what is sold in Welsh pubs, and 42% of the hospitality trade more widely, wines and spirits in Wales make a vital contribution to these key industries.

International recognition

Spirits are by far the largest UK food and drink export, worth around £5bn overall, with Whisky the largest food and drink export and Gin the 7th largest. The WSTA believes that Welsh produced spirits can enhance their international reputation and continue with the growth in exports we have seen recently.

There are a number of actions the Assembly could take to support this, including:

- Promoting a serve British policy, so that the Welsh Assembly and Welsh Government ensure that welsh products are always available at receptions and events;
- The WSTA have been working to promote British wines and spirits around the world including with Embassies and Government receptions in other countries. The WSTA would be open to working with the Welsh Assembly and producers to ensure that Welsh produce features at these events;
- The Assembly should promote access to export markets through trade deals in a post-Brexit world as this is vital to export growth;
- The Welsh Assembly should help protect the provenance of Welsh and British products which give our exporters an edge in international markets. For example support a British gin Geographical Indicator as exists currently for Scotch Whisky;
- Work with the WSTA and others to promote tourism to welsh vineyards and distilleries.

Innovation

The wine and spirit industry is highly dependent on a strong foundation of research and innovation. Both wine and spirits production are highly skilled and highly technical, including viticulture, vinification and distilling.

The WSTA welcomes a focus in investment on STEM fields which are important for creating a world-class wine and spirit industry and help drive innovation, product development and economic growth in the drinks category.

As a global industry, we acknowledge the importance of using R&D to continue attracting world class people, skills and foreign investment.

However, as an industry it also faces significant investment costs. Vines to produce welsh wine take around 7 years of growth before they can produce wines of the requisite quality, and whisky takes 3 years to mature. This means that businesses are required to outlay significant amounts before they see a return.

Additionally, Welsh wines and spirits are some of the most heavily taxed in the world. Each bottle of Welsh wine pays £2.16 in duty and each bottle of whisky or gin around £8. Because of the nature of duty this has to be paid up front, ties up businesses cash flow and provides a significant barrier for investment for welsh wine and spirit businesses.

Further to this, the Government plans to increase wine and spirits duties on welsh businesses and consumers by RPI every year of this Parliament, including for a second time this year, amounting to a cumulative increase of 18%.

There are a number of ways the Welsh Assembly could support the Welsh wine and spirits industry including:

- Support the WSTA's call for a spirits sector deal as part of the Government's Industrial Strategy, which would help to deliver the full potential of the industry;
- Call on the Government to drop planned duty rises in the November Budget and call for a review of its policy to increase duty by RPI inflation every year;
- Consider measures to support wine and spirit businesses obtain finance and support them with access to available grants or funds to support further investment;
- Work with the industry to provide support to people looking to train in the wine and spirits industry, potentially sponsoring them through wine and spirit education;

Environmental

While wine and spirit production can be a resource intensive industry, many producers are adopting innovative ways of reducing carbon emissions and waste. This includes using local grains as base materials, collection and use of rainwater, use of solar or wind energy, use of waste products as animal feed, use of recycled materials and so on.

Additionally, the growth of vineyards and the ecosystems that these sustain are a positive benefit to the Welsh Countryside. The WSTA is looking to ensure that the wine and spirit industry is not only environmentally sustainable, but also creates a positive impact on the environment in which it is located. Action to support the industry could include:

- Ensure continued support for Welsh vineyards in a post-brexite farming settlement;
- Consider measures that could support vineyards operating more flexibly so that they can diversify their offer;
- Work with the industry to help share best practice on environmental sustainability and signpost them to relevant Government initiatives.