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Sent: Monday, April 29, 2024 6:43 PM

To: Committee, ISR (REPS) <isr.reps@aph.gov.au>

Subject: Irish Whiskey Association submission to the House Standing Committee on Industry, Science and Resources Inquiry on Food and Beverage Manufacturing in Australia.

Irish Whiskey Association

Submission to the House Standing Committee on Industry, Science and Resources Inquiry on Food and Beverage Manufacturing in Australia

29 April 2024

My name is Eoin Ó Catháin, and I am writing this Submission to the House Standing Committee on Industry, Science and Resources Inquiry on Food and Beverage Manufacturing in Australia on behalf of the Irish Whiskey Association, of which I am the Director.

The Irish Whiskey Association is a trade association representing 95% of whiskey companies on the island of Ireland. We have a total of 48 members, ranging from well-known international brands to independent distillers. Our association represents 97% of Irish whiskey exports.

Irish whiskey was the fastest growing spirit category worldwide in the years 2010-2020. The growth of the category has continued since then, with total export value of Irish whiskey coming to €875 million in 2023. Our sector underpins the drinks exports of Ireland, making up 49% of the total value in this same year.

Our industry directly employs close to 10,000 people on the island of Ireland, in alcohol production, distillation, commerce and public affairs, and tourism. We further indirectly support many thousands more in the hospitality and tourism industries (over 160,000 people work in the hospitality sector in Ireland).

The drinks sector is a key player too in the vibrant agriculture sector in Ireland – each year, we purchase 300,000 tonnes of grain for whiskey production, and our sector is keen to further develop links with indigenous industries.

The story of the Irish drinks sector is one of success and is an example of how innovation and excellence should be consistently promoted to foster growth and ensure strong economic contribution at a local, national, and international level.

I would like to thank you for the opportunity to provide further information on the Irish experience, and I hope that this contribution will be further evidence to the strong and cordial relationship our two countries enjoy.

A full overview of Ireland's drinks sector can be found in the following publication which outlines our policy priorities for the five years ahead: <https://www.ibec.ie/drinksireland/news-insights-and-events/news/2023/11/28/policies-for-growth-of-the-irish-drinks-industry>

The Irish whiskey sector has experienced exponential growth in the past 30 years, in Ireland and all around the world. Irish whiskey was once exported all over the world, and was the largest producer of whiskey at the turn of the 20th century. However, in the 30 years that followed, geopolitical and economic turmoil at home (rebellions against British rule, declaration of Independence, civil war and

break-away from the British Empire and Commonwealth) along with social change in our largest market (prohibition in the USA) meant that the whiskey industry of Ireland went into rapid decline.

In 2010, there were just 4 working distilleries on the island of Ireland. However, a mixture of government promotion, private investment and a strong belief in free trade led to a “renaissance” of the sector, and the 50th distillery was opened last month in Belfast, Northern Ireland at the site of the Crumlin Road Gaol – a fitting symbol of Ireland’s evolution in the past 30 years.

Central to this growth was the recognition of Irish whiskey as a Product of Geographical Indication (GI) in the European Union (EU). This recognition was secured in 1989 and provides protection for Irish whiskey in around 70 markets worldwide – including Australia. This designation ensures that product bearing the name Irish whiskey – or imagery/wording which would suggest the same – must be produced on the island of Ireland and protects jobs and businesses in Ireland. GI recognition is further sought in other markets, and there are varying levels of protection for our products in over 120 countries worldwide.

Our whiskey must maintain a high standard – with regulations around the minimum aging period of whiskey, the use of flavourings and additives in our product, the distillation and maturing process along with consistency in labelling and consumer information. It is imperative that our sector interacts and coordinates with other whiskey producing countries worldwide to ensure that this standard is maintained, and we enjoy strong relationships with (for e.g.) the Scotch Whisky Association, the Kentucky Bourbon Industry and other associations worldwide through the World Spirits Alliance and spiritsEUROPE, trade associations with an international focus.

Irish whiskey, and other Irish drink GIs and products, are promoted by a strong network of Irish food board (Bord Bia) branches located around the world. Irish whiskey businesses are also supported through the work of Enterprise Ireland, the Irish Development Agency, and the Department of Foreign Affairs all around the world. This work can take many forms: organisation of trade missions, facilitation of business development/partnerships in target markets, market analysis reports and knowledge sharing, etc.

The Irish Whiskey Association was established in 2014 with the objective to increase the protection and promotion of Irish whiskey globally. The Association is funded by membership but works for the overall category. The investment made in protection has increased three-fold in recent years, with significant resources devoted to protecting the category’s integrity in every market (120+) in which we are sold. This work is essential in strengthening not only our brand, but in ensuring our consumers that they can expect a certain standard of quality, etc., when purchasing an Irish whiskey.

The Irish Whiskey Association regularly interacts with the Department of Agriculture, which holds the GI recognition, and the Department of Enterprise, Trade and Employment to ensure this standard is maintained and is recognised in all free trade agreements (FTAs) signed with third countries. As the GI extends also to Northern Ireland, the Association enjoys a strong relationship with our UK government counterparts also.

The value of the sector has too increased in these recent years. In 2022, the total export value of the Irish whiskey sector reached €1 billion euro; this fell slightly to €875 million in 2023 – but still makes up the biggest part of our total drinks exports (worth €1.8 billion in 2023).

In Australia, the total value of the Irish whiskey sector is €14,575,250 (as of 2023). This represents a 7% increase in the past 4 years, and we hope to continue our trajectory of growth here.

It should further be noted that this growth has occurred at a time when alcohol consumption in Ireland and around the world has significantly decreased. In Ireland, for example, alcohol consumption has reduced by 31% in the past 20 years. Looking at per capita consumption in 2023, there is now 30% of the population who has not consumed alcohol in the past 12 months (an increase from 25% five years ago). Heavy-episodic drinking and underage drinking has also declined, and the average age of first alcohol consumption has raised.

The value of our sector, however, has increased. It is a myth that the alcohol sector depends on heavy consumption of alcohol to succeed – due to the trend of premiumisation (the consumer opting for a more premium, often more expensive, product, even if reducing overall alcohol consumption) has meant that the overall value of our sector has gone up even as consumption has gone down. In short, people are drinking less, but drinking better.

We consistently advocate for a fair excise regime in Ireland. Now, the excise on alcohol is among the highest in Europe. With the dual pressures of inflation and its impact on the cost-of-living, along with a dent in consumer confidence post-COVID (as seen in the dip in our export value), we continue to advocate for price stability for our companies and consumers.

The support of government, and indeed the work of the wider industry, does not stop there. 30 of the member distilleries of the Association have decided to develop visitor experiences to complement their offerings to consumers. These visitor experiences welcomed over 800,000 visitors in 2023, and the contribution to the local economy is estimated at €40 million euro. Often, distilleries are in rural areas (82% of Irish Whiskey Association distillery experiences are located outside of Dublin and Belfast). Their contribution to the local economy in these areas cannot be under-estimated. These distilleries were in some cases financed by both public and private investment coordinated through Local Enterprise Offices and local government, both in the Republic and the North of Ireland.

Our sector continues to prepare for the green transition, and several of our distilleries are set to meet their carbon emission targets ahead of schedule. We published the first ever sustainability roadmap for the whiskey sector in Ireland in 2022 and presented this to our Minister for Agriculture Charlie McConalogue TD. This report can be found here: <https://www.ibec.ie/drinksireland/irish-whiskey/campaigns/irish-whiskey-sustainable-together>

This report was written with an eye to the government's carbon emission targets and was prepared as a response to these plans. We have coordinated with government departments with particular responsibility for this, and have also worked with Bord Bia (Irish Food Board) who have developed the "Origin Green" status to recognise agri-food businesses for their commitment to sustainability. This status is not easily achieved and a number of our whiskey companies have invested significantly to secure this recognition.

The support of government here has been essential – not only in the provision funding to facilitate this transition, along with the exemption of spirits drinks from certain policy proposals – including deposit return scheme and packaging re-use targets – recognising the unique nature of our business, the importance to our intellectual property and trademark rights, along with the threat of counterfeit and imitation brands. That said, many of our SMEs require further assistance, and the Irish Whiskey Association will seek to continue cooperating with government to secure the necessary funding to facilitate this.

The Irish Whiskey Association will continue to advocate for further government support and recognition in the years ahead. We were disappointed to see the Irish government push to introduce

health warning labels ahead of EU plans for a harmonised label, and we firmly believe this will make it harder for Irish drink companies to place product on the market, and complicate foreign investment and exports to our country. We firmly believe in uniform application of agreed policy, and in the integrity of the EU single market. We seek further investment in apprenticeships and training to formalise and develop the indigenous industry at home. Promotion of our product must continue in target markets – particularly in Africa, Asia and Australasia. We will rely on our government to continue support for this funding at EU level, particularly in this year of transition with EU elections in June and the convening of a new College of Commissioners (at EU level) following this.

It is important that this committee recognises the economic strength of the distilled spirits industry. This is a bet worth making – the Irish experience shows that a strong drinks sector can positively contribute to the wider economy and society.

I would further like to take this opportunity to invite you to visit Ireland for an exchange of best practice – a strong Australian spirits industry will push us to improve and to do better. Thank you in advance for your consideration of this submission.

Kind regards/Le gach dea-ghuí

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