



Rob Mitchell MP  
Member for McEwen  
Chair of House Standing Committee on Industry, Science  
and Resources  
Parliament House  
Canberra

26 April 2024

Dear Mr Mitchell

I write on behalf of the Australian British Chamber of Commerce (the Chamber) to make a submission to the current Inquiry into Food and Beverage Manufacturing in Australia by the House Standing Committee on Industry, Science and Resources.

The Chamber would like to share its knowledge of the UK Government's work to support the UK Scotch industry, which the Committee may wish to consider for our own fledgling spirits industry in Australia. We believe that this support has helped drive significant international investment and jobs growth in the UK's drinks industry.

The Chamber is the leading organisation facilitating trade and investment between Australia and the United Kingdom. We have over 300 members, both Australian and UK businesses operating in Australia, ranging from some of the largest to corporates and SMEs. Using our broad network, we foster growth and innovation for our members.

As you may be aware, the UK is the largest spirits exporter in the world. Accountancy firm Hazlewoods has reported that UK Drinks exports grew 13% from £8.3bn to £9.4bn between July 2022 and July 2023. And we note that 2022 is acknowledged as a peak year as markets recover from Covid. The UK continues to outperform pre-pandemic levels of scotch exports and the premiumisation of the drinks industry, with an emphasis on gin and whisky, has added jobs and investment to the UK economy. There are 67,000 jobs supported by the Scotch whisky industry in the UK.

Almost 90% of all Scotch whisky produced is exported, and it represents 26% of Scotland's goods exports and 2% of all of the UK's goods exports. Over the last decade, Scotch whisky distilleries are increasingly foreign-owned including major investment from France, Switzerland, Thailand and Australia.

While the UK has a strong history of spirits manufacturing, recent decisions made by the British government has had a profoundly positive impact on this sector's ability to grow.

The UK's spirits excise tax has stayed relatively flat over the last decade at £28.74 per litre – much lower than what it would have been if it had followed legislated annual increases to the excise indexed to inflation.

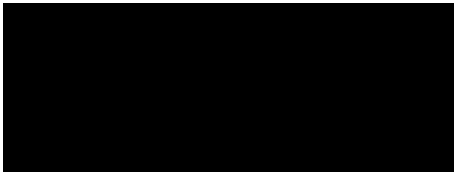
Like Australia, the UK's excise on spirits is indexed to inflation. However, the UK government put a freeze on scheduled increases between 2014 and 2023 – with an exception for 2015, where the duty was cut by 2%. During this time, the UK was consistently the world's biggest spirits exporter by trade value.

A UK Government review into the alcohol tax system has led to a change in the alcohol tax system, which now taxes all alcohol based on their alcohol strength. These changes recently came into force in August 2023 and lifted the UK's spirits excise tax to £31.64 per litre. However, in March 2024, the UK Chancellor announced the Government would extend a freeze on any duty increase until February 2025.

The Chamber would strongly encourage the Committee to examine the UK's support of the Scotch whiskey industry in its considerations.

Thank you for providing our Chamber the opportunity to submit to this important inquiry.

With kind regards



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