

'Protect our Pubs' campaign to seek tangible support from new government to help a sector that will struggle

More than 60% of pubs outside of Dublin remain closed

Campaign set to demonstrate the loss that would be felt should some pubs not reopen

Publican groups and drinks industry convene to seek VAT policy change to lessen the struggle for pubs, as reduced capacity and demand and zero tourism will leave some trading at a loss for the remainder of 2020 and early 2021

Cost of the temporary VAT reduction to 9% for on-licence serving of alcohol until end 2020 will be €143 million, according to a report by DCU Economist Tony Foley due to be published next week

Call for VAT reduction on on-trade alcohol is in line with the Minister for Finance's ambition for measures in the July stimulus programme to have an 'immediate' impact and 'genuinely have an effect' in 2020

Measure would provide immediate impact and comes as tourism chief cites 'catastrophic' impact on tourism industry which is central to drinks and hospitality sector

The Licensed Vintners Association (LVA), the Vintners Federation of Ireland (VFI), and the Ibec representative group Drinks Ireland is calling for a temporary reduction in the hospitality VAT rate; and extending it to apply to alcohol sales in the on-trade (pubs and bars), until 31 December 2020 and as part of the July stimulus programme promised.

The group, which collectively represents over 5,000 pubs in Ireland, has today launched 'Protect our Pubs' – a public campaign to highlight the important social and cultural role that the drinks and hospitality industry play in our communities and to demonstrate the loss that would be felt should some pubs not reopen due to Covid-19.

Approximately two in three Dublin pubs have reopened this week. Outside of Dublin, more than 60% of pubs remain closed. For the pubs that have, or intend to reopen, Government guidelines will mean a significant change in how they operate and how consumers experience the Irish pub.

Reduced capacity – with some operating at 50% capacity or less with time-limits on customer visits – and zero tourism will leave many vulnerable, struggling to meet costs and trading at a loss.

The outlook for pubs and hospitality businesses for 2020 and 2021 is harrowing. Over 70 percent of Ireland's tourism revenue comes from overseas visitors – this is currently lost as the country is effectively closed to tourists. This is exacerbating the situation for our drinks and hospitality industry which rely on tourism for custom in many parts of the country. Equally, our pubs drive and promote our tourism product as one of the most popular experiences for tourists, so need to be protected.

A reduction in the VAT rate on alcohol would support the reopening of pubs and the call comes following comments from Fáilte Ireland chief executive who said the pandemic's impact on tourism has been "catastrophic" and "dwarfs all previous crises", ahead of the Covid Committee today.

An important community hub

The majority of Ireland's pubs are small, family-owned businesses. In many communities, they act as social hubs, community centres and the only place to meet and socialise in rural communities. However, without significant financial supports to trade under these exceptional circumstances in the short-term, some of these businesses are at risk of permanent closure.

A reduction in the hospitality VAT rate, and extending it to apply to alcohol sales in the on-trade will provide pubs with immediate and tangible support to deal with the increased costs of re-opening and to maintain jobs until trade picks up again.

According to DCU Economist, Anthony Foley, such a measure would cost €143 million to implement, and would bring Ireland in line with other EU countries, which are using temporary reductions in VAT to provide immediate support to their drinks, hospitality, and tourism businesses in the midst of the Covid-19 crisis. A detailed report on the VAT rate on on-trade alcohol, authored by Economist Anthony Foley, is due to be published in the coming days.

'Protect Our Pubs' is calling on the new Government to protect these businesses and on the public to get behind this campaign to protect pubs throughout the country at [#NewGovProtectOurPubs](#).

Comment

Launching the campaign today, Vintners Federation of Ireland (VFI) Chief Executive, Pdraig Cribben said:

"The Covid-19 crisis has had a devastating impact on Ireland's drinks and hospitality industry. The financial burden on pubs as they adapt to the new measures of social distancing, reduced capacity, expenditure on perspex screens and PPE, is significant. For many, it will be too much, and they won't be in a position to re-open on 20 July.

"Ireland's pubs are part of the vibrant social and cultural fabric of our cities, towns and villages. They are where many of us convene to see friends, enjoy music or celebrate a significant milestone – something we have missed over the past three and a half months. 'Protect our Pubs' is a reminder to us all of the value of our local pub and a direct call to the new Government to support them to get back on their feet."

CEO of the Licensed Vintners Association (LVA), Donall O'Keeffe added:

"As our sector reopens over the coming months, it will do so under new and unique circumstances, completely at odds with what it previously meant to enjoy our culture and heritage in the pub. We have had to completely change our business model and the VAT model should change to reflect our new reality. Public support for our campaign to protect Ireland's pubs is crucial to ensure that the Government understands the gravity of the situation our industry is in."

Director of Drinks Ireland, Patricia Callan said: "Our new Taoiseach has vowed to reboot the economy with 'urgency and ambition' – the drinks and hospitality industry is one which requires urgent support and ambitious policy. A reduction and extension of the hospitality VAT rate to on-trade alcohol sales would tangibly deliver for the industry. Equally, it is in line **the Minister for Finance's ambition for measures in the July stimulus programme to have an immediate impact and effect in 2020.**"

The Protect Our Pubs campaign will run from today 2 July across the group's social channels – [@LVADublinPubs](#), [@VFIpubs](#) and [@DrinksIreland](#).