The GVA is grateful for the opportunity to comment on the Alcohol Etc (Scotland) Bill and fully supports the objective of reducing health harms and irresponsible behaviour.

Introduction

The GVA represents producers, brand owners, bottlers and importers of gin and vodka and associated products. Its role is to protect and promote these categories worldwide. Our 34 member companies represent approx. 90% of the sector. About half of all the UK’s gin and vodka is distilled in Scotland and nearly 80% is bottled north of the border. Some premium gin and vodka products are now specifically labelled as distilled in Scotland.

The GVA and its member companies have a long record of working in partnership at national and European levels across a range of issues.

Targeted approach. Given that it is a minority whose behaviour is at question, the aim of any intervention should first and foremost be to reduce misuse. The GVA does not support whole population measures such as minimum pricing or restrictions on availability as these will not deliver significant reductions in misuse.

1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol;

The GVA is strongly opposed, as a matter of principle, to the setting aside of competition rules. The Association would not support the introduction of a minimum pricing scheme which sets aside competition rules in the face of a health issue. The Scottish Government should be transparent and publish a full assessment of compatibility under UK and EU competition law.

Price is a blunt, inappropriate and ineffective instrument to deal with alcohol misuse. It is wrong to assume a linkage between price and harm. It is wrong to assume that an increase in price at the bottom of the price range will affect those who misuse alcohol beverages. International evidence suggests that those who misuse alcohol are least likely to change their behaviour because of price changes;

Raising the price of alcohol runs the risk of increasing the profit of fraudsters and encouraging counterfeit and illicit products – or even worse, contaminated alcohol.

SMEs in Scotland are the most likely to suffer loss in trade as a result of these measures. Minimum pricing may impact on sales of own label and cheapest on display products, (since these will be less competitive against higher
quality similarly priced products). The majority of these are produced by SMEs.

Major retailers’ own label / private label brands will continue to be purchased at the same price from suppliers. This could lead to retailers increasing their profits significantly, which is surely not the intention of the policy. Major retailers with these margins would also gain unfair advantage over brands.

2. The level at which such a proposed minimum price should be set and the justification for that level;

As a producer Trade Association, we cannot make comment on retailer prices and under that caveat, we are only adding limited input on certain retailer issues.

3. The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking;

Many studies have found that price increases have a very limited effect on per capita alcohol consumption, mostly because consumers switch to cheaper alcoholic beverages or purchase their drinks in cheaper venues (Gruenewald and Treno, 2000)1

Indeed, the analysis of alcohol sales data carried out by NHS Scotland for the Scottish Government demonstrates that sales of alcohol per person were higher in Scotland in 2005-2009 than in England and Wales despite the fact that unit price was higher in Scotland and despite the fact that price had been increasing over that period.2

It is also wrong to assume that an increase in price at the bottom of the price range will affect those who misuse alcohol beverages. International evidence suggests that those who misuse alcohol are least likely to change their behaviour because of price changes;

4. Possible alternatives to the introduction of a minimum alcohol sales price as an effective means of addressing the public health issues surrounding levels of alcohol consumption in Scotland;

The GVA position is that as a producer Trade Association, we cannot make comment on retailer prices.

There is already in place a robust regulatory framework to tackle alcohol misuse. It should be used effectively. There must be strict and consistent enforcement of the law on the sale of alcohol to those under the legal purchase age and those who are intoxicated. Measures such as ‘no proof, no sale’, ‘Challenge 21/25’ and ‘test purchasing’ when combined are powerful drivers of cultural change. Test purchasing should be carried out regularly and consistently to catch those selling in breach of the law. Equally, the police should step up action against anyone underage who tries to buy alcohol illegally.
To complement this, the GVA fully supports the training of all servers of alcohol, including casual bar and retail staff. Server training is recognised as being an effective measure in tackling alcohol misuse, especially when coupled with robust enforcement of the law on not serving underage or intoxicated consumers.

Whilst it is wrong to assume a linkage between price and harm, as responsible producers our member companies do not expect their products to be sold below the cost of duty plus VAT.

5. The advantages and disadvantages of introducing a social responsibility levy on on-sales and off-sales licence holders in Scotland (e.g. pubs, clubs, off licences shops etc);

We believe this is simply a new business tax which will unfairly punish all businesses in a given area.

6. The justification for empowering licensing boards to raise the legal alcohol purchase age in their area to 21;

There is inadequate enforcement of existing legislation preventing alcohol purchase by those under 18. Raising the legal purchasing age to 21 is unlikely to be any more effective in curbing alcohol misuse.

7. The role of promotional offers and promotional material in encouraging people to purchase more alcohol than they intended;

Alcohol consumption has been stable in Scotland over the past 5 years.

The aim of off-trade promotions by brand owners is not to increase overall alcohol sales but rather to differentiate their products and gain market share over competitors.

It is important to recognise that promotions are a very important tool and take many forms (i.e. on pack promotions such as a free glass or opportunity to enter a competition/prize draw, or opportunity to receive a money off voucher on a new brand when purchasing a bottle). We do not believe such promotions are irresponsible or lead to irresponsible consumption. An issue which has been receiving much attention is price-based promotions. The GVA are not opposed to appropriate price-based promotions. They are important in contributing towards brand awareness and introducing new products to the market. Without such mechanisms, established brands have an advantage and this can lead to market stagnation.

Bibliography