

**Welsh Assembly**

# **Inquiry into the Wine, Beer and Cider Industries**



**CAMPAIGN  
FOR  
REAL ALE**

**A Response from CAMRA,  
The Campaign for Real Ale  
February 2010**

## **1. Introduction**

1.1. CAMRA, the Campaign for Real Ale, is an independent consumer organisation which campaigns for real ale, pubs and consumer rights. Membership is open to all individuals and our membership is over 110,000 of which over 3,000 are from Wales. CAMRA is financed through membership subscriptions, sales of products such as books and clothing, from proceeds of beer festivals and other fundraising activities. CAMRA was established in 1971.

1.2. In Wales our members run a number of beer festivals each year including the Great Welsh Beer and Cider Festival in Cardiff at which the Champion Beer of Wales competition is held. Welsh beers also feature strongly at CAMRA's Great British Beer Festival held each August in London, with a dedicated Welsh Beer bar.

## **2. The Welsh Beer Market**

2.1. There has been a revival in the brewing sector in recent years with new breweries being set up. Today there are 42 breweries<sup>1</sup> in Wales as well as one large brewing complex in Magor owned by AB-InBev. There are more Welsh breweries than there have been for over 70 years. The number has doubled in the last three years<sup>2</sup>. There has also been a resurgence in Welsh cider producers and there are now 10 cider makers in Wales<sup>3</sup>.

2.2. The growth in the number of Welsh breweries has been helped by the introduction in 2002 by the Westminster government of a progressive beer duty which has enabled breweries to invest in their businesses.

2.3. The largest independent brewery in Wales is Brains which does have a substantial market in South Wales and beyond. Currently 80% of all Brains output is sold in Wales, although it is looking to sell more in markets in England. The only other long established brewery in Wales is Felinfoel (founded in 1830s) which has a market in West Wales and some free trade in the rest of Wales and England.

2.4. The majority of other Welsh breweries set up over the last twenty years are based in rural areas and bring much needed employment and finance to those areas. These brewers are also an aid to the tourist industry by adding local distinctiveness.

2.5. Breweries setting up in business in Wales have benefitted from initiatives from the former Welsh Development Agency who provided them with a business plan to develop their brewery. The Agency was abolished in 2006 and its functions absorbed into the Welsh Assembly. The Flexible Support for Business website offers a variety of support tools for businesses.

2.6. The introduction by the Assembly of Assembly Investment Grants (AIG) and Regional Selective Assistance (RSA) has gone some way to helping small

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<sup>1</sup> The 2010 Good Beer Guide published by CAMRA list 42 breweries in Wales. These are also listed in Appendix 1.

<sup>2</sup> The 2007 Good Beer Guide listed 21 breweries operating in Wales.

<sup>3</sup> Cider published by CAMRA 2009 isbn 978-1-85249-295-5.

breweries to develop. However we believe that the grants would be most effectively spent supporting the development of the independent Welsh brewing sector, as opposed to global brewers such as Interbrew who used a grant to open a new bottling line in 2003<sup>4</sup>.

- 2.7. Rhymney Brewery based in Merthyr and Conwy brewery based in Conwy have benefited from such grants. CAMRA would encourage the Assembly to channel more assistance to help establish new brewing businesses in areas that have been without local breweries for generations and to enable established breweries to expand their businesses.
- 2.8. The main ingredients for beer are malted barley and hops. There are currently very few active maltings in Wales, and a small proportion of the barley used is grown in Wales and malted in English maltings.
- 2.9. Whilst hops have not been grown commercially in Wales for many years at least two Welsh breweries (Penlon Cottage and Coles Family Brewery) do grow and use a small amount of their own hops. Penlon also are using locally grown and malted barley. We particularly welcome the recent announcement by Celt Experience Brewery based in Caerphilly that they have produced a beer the ingredients of which are sourced exclusively in Wales<sup>5</sup>.

### **3. Access to the Market – the Beer Tie**

- 3.1. The majority of beer produced by the Welsh independent brewing sector is in the form of draught real ale sold in the pub. However many potential outlets for Welsh brewers beers are blocked because many of these pubs are owned by large pub owning companies who let them under beer tie arrangements<sup>6</sup>.
- 3.2. 70% of pubs in the UK are subject to a ‘beer tie’ which restricts the range of beer that the pub is able to offer. Small Welsh brewers therefore only have access to 30% of the market, which represents a serious foreclosure and acts as a cap to growth for Welsh brewers. To help remedy this and to promote the development of the Welsh brewing sector, CAMRA is calling for reform of the beer tie to rebalance the relationship between tenants and pub companies and open up the market to small brewers and cider producers. In particular we are campaigning for the introduction of a guest beer right, so all pubs are able to offer one guest real ale or cider.
- 3.3. Whilst the Society of Independent Brewers (SIBA)<sup>7</sup> has managed to negotiate a direct delivery system<sup>8</sup> for some brewers to local pubs, this is an inadequate

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<sup>4</sup> Welsh Assembly Press Release “£43m Welsh Assembly grants to Businesses in Wales” 30<sup>th</sup> September 2003.

<sup>5</sup> <http://www.walesonline.co.uk/news/wales-news/2009/10/12/beer-is-100-welsh-91466-24906424/>

<sup>6</sup> In July 2009, CAMRA presented the Office of Fair Trading (OFT) with a super-complaint<sup>6</sup> urging it to investigate a number of problems in the market for beer sold in pubs. CAMRA believed that these problems seriously disadvantaged consumers in respect of price and choice. In October 2009 the OFT rejected CAMRA’s request, and in December CAMRA lodged with the Competition Appeal Tribunal (CAT) a legal document challenging the OFT’s decision. On 5<sup>th</sup> February 2010 the OFT announced that it would re-open its investigation and allow CAMRA and any other interested persons or groups the opportunity to make representations about the findings it reached in its response to the super-complaint. Please see <http://www.camra.org.uk/> for further information

<sup>7</sup> Society of Independent Brewers represents over 450 independent brewers in the UK. See [www.siba.co.uk](http://www.siba.co.uk)

solution to market foreclosure. There are still many brewers who find themselves excluded from a great number of the pubs in their natural treading area.

- 3.4. Because anti-competitive use of tie agreements by the large pub owning companies are severely restricting access to market for small brewers, CAMRA calls on the Welsh Assembly to request that the Office of Fair Trading carry out a specific competition examination of the Welsh Beer market with particular emphasis on the operation of the beer tie and the opportunities, or lack of, for Welsh brewers and cider makers to gain access to the market. The Welsh Assembly should further propose to the Office of Fair Trading that a guest beer right would be a suitable means of opening up the Welsh pub market.
- 4. Planning for more Prosperous Local Pubs**
  - 4.1. Free of tie pubs offer an opportunity for brewers to access the market and CAMRA is therefore concerned when pubs sold by pub companies are bought by developers for conversion to residential or other uses and thus local brewers are deprived of the opportunity of selling their beer to local people.
  - 4.2. CAMRA believes that change of use planning permission should not be given for conversion of pubs to other uses without full consultation with the local community and the pub being offered for sale as a pub on the open market for a reasonable time.
  - 4.3. The Assembly should use its powers to ensure that the planning process protects community assets such as pubs. A Ministerial Interim Planning Policy statement in 2005<sup>9</sup> amending the Planning Policy Wales March 2002 section 10.1.4 states “Corner shops in urban areas, village shops in rural areas as well as public houses and other individual outlets with a retail function which are not part of established centres, can play a vital economic and social role and their loss can be damaging to a local community. Their role needs to be taken into account in preparing development plans and in developing control bearing in mind also the policies for diversification of the local economy set out in section 2.3 and in Chapter 7.”
  - 4.4. Many pubs are being lost, being converted to other industrial uses or for residence. The Assembly should strengthen their Planning Policy Statement to enhance protection for well-run community pubs. In particular, we propose that a mandatory viability test should be applied before any change of use is granted. CAMRA has produced a public house viability test<sup>10</sup> which provides a model for conducting such a test and sets out a number of key criteria for establishing viability.
  - 4.5. CAMRA urges the Welsh Assembly to recommend that local planning authorities should adopt this viability test so that they have a tool to judge the viability of a pub when considering any application for change of use.

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<sup>8</sup> The SIBA Direct Delivery Scheme now involves 5 pub groups, 4,200 pubs, 1500 beer brands and 300 brewers. See [www.siba.co.uk](http://www.siba.co.uk)

<sup>9</sup> Ministerial Interim Planning Policy Statement 02/2005 Planning for Retailing and Town Centres.

<sup>10</sup> CAMRA Public House Viability Test See [www.camra.org.uk](http://www.camra.org.uk) Save our Pubs.

4.6. Current legislation allows developers to demolish a pub or to convert to certain other uses<sup>11</sup> without permission for change of use. They can then apply for a new use for a building to be built on the same land, side-stepping existing planning protection. This loophole should be closed.

## 5. Support for Community Pubs

5.1. The local pub plays a vital part in any community. A recent report from the Institute of Public Policy Research (ippr)<sup>12</sup> sets out the value of the community pub to society. Well-run pubs provide a safe environment for people to relax with a drink, and mix with people of other age groups and backgrounds.

5.2. In particular, community pubs provide a vital sales route for locally produced real ale which is threatened by the alarming rate of pub closures; currently 39 pubs are closing in the UK every week<sup>13</sup>. Supporting pubs will help to protect the small brewers' market.

5.3. The high rate of pub closures means that increasingly consumers are turning to the off-trade to purchase alcohol to drink at home. The off-trade is dominated by global brewers, and access to the off-trade market for small brewers is effectively impossible.

5.4. To support pubs, CAMRA proposes the introduction of mandatory rate relief for pubs acting as hubs of their local community. These pubs should be given 50% mandatory business rate relief as recognition of their value to society as a centre of a community.

5.5. In order to qualify as a centre of a community the following criteria could apply<sup>14</sup>:

- It should be a place in which social networks are significantly strengthened and extended
- Be a place in which people from different backgrounds mix and socialise to a significant extent
- Provide important local public services, such as a post office, general store, internet access, a pharmacy collection point or free use of its toilet facilities
- Have regular charitable fundraising taking place on its premises
- Be used for meetings of local groups
- Not cause significant problems of noise nuisance or crime

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<sup>11</sup> Pubs can be converted into shops, financial services offices and restaurants without planning permission.

<sup>12</sup> *Pubs and Places – The Social value of community pubs* by Rick Muir published by Institute of Public Policy Research 2009

<sup>13</sup> British Beer and Pub Association, Press release 4<sup>th</sup> February 2010.

<sup>14</sup> Rick Muir, Pubs and Place: The Social Value of Community Pubs, ippr Report 2009, p47

5.6. Additional business rate relief could be granted by the Assembly for those pubs and restaurants serving a significant percentage of locally sourced food and drink.

## 6. LocAle

6.1. In order for Welsh brewers and cider to prosper they need to be able to sell their products through pubs close to where they brew. CAMRA has been successful in encouraging pubs to stock such locally produced real ales through a LocAle publicity scheme provided free of charge to participating pubs.

6.2. Four branches in Wales<sup>15</sup> currently operate a LocAle scheme via which they accredit those pubs which regularly serve locally brewed real ale in good condition. The branches determine what is local but generally a twenty to thirty miles radius is taken.

6.3. Accredited pubs are awarded window stickers announcing that they serve locally brewed beers. The logos can also be used by the pubs in their advertising and promotional material.

6.4. CAMRA would welcome Assembly endorsement of this scheme. The LocAle scheme could be used as a tangible statement to boost the number of pubs selling locally brewed ale.

## 7. Promotion of Welsh Beer and Cider

7.1. Beers from Wales are beginning to gain prominence. CAMRA has held a Champion Beer of Wales competition since 1996 and winning brewers are proud to use the winning accolade in their promotional material. We would encourage the Assembly to ensure that all official events serve Welsh beer and cider alongside other food and drink products from Wales are served.

7.2. CAMRA congratulates the Assembly in launching their Wales True Taste Producers Food and Drink Awards which were established in 2002. These have helped raise the profile of brewers and cider makers in Wales.

7.3. Many of the Welsh brewers do use a “Made in Wales” logo with a dragon or flag marque on their products. The Association of Welsh Independent Brewers<sup>16</sup> are considering devising a made in Wales logo.

7.4. We would recommend that the Assembly develops a national Made in Wales logo that can be used by all food and drink producers in Wales. The “Red Tractor logo” and the European Union PDO and PGI<sup>17</sup> designations have had success in raising people’s awareness of locally produced food and drink with unique characteristics. But an Assembly driven “Made in Wales” designation would highlight those Welsh food and drink producers. It would add value to beers and ciders granted the designation and be attractive to consumers. Any scheme should have regard to avoiding the imposition of significant financial burden on small producers.

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<sup>15</sup> Vale of Clwyd, Abercylwyn, Gwent and Chester and South Clwyd branches.

<sup>16</sup> Association of Welsh Independent Brewers represents 32 brewers in Wales. <http://www.awib.org.uk>

<sup>17</sup> Council Regulation (EC) No 510/2006 20<sup>th</sup> March 2006

## **8. Conclusion**

8.1. We would urge the Assembly to build on the work that has already been done and to target further assistance to these sectors and ensure that there will be a thriving beer and cider industry in Wales for future generations.

8.2. To do this, we propose the following specific policy recommendations:

- The Assembly should draw up plans for their own “Made in Wales” designation for Welsh food and drink producers.
- The Assembly should request the Office of Fair Trading to examine the Beer market in Wales to discover whether the tied nature of the pub market restricts the access to market for Wales’s independent brewers and disadvantages the nation’s beer drinkers.
- The Assembly should examine extending mandatory business rate relief to pubs which act as centres of their community.
- The Assembly should use grant making powers to support small brewers and real cider producers
- The Assembly should formally endorse CAMRA’s LocAle scheme
- The Assembly should strengthen their Planning Policy Statement to enhance protection for well-run community pubs
- The Assembly and the Welsh government should seek to serve Welsh food and drink at official events

## **Need more information?**

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## **Appendix 1 Breweries in Wales**

### **SOUTH-EAST WALES**

Artisan, Cardiff  
[www.artisanbeer.co.uk](http://www.artisanbeer.co.uk)

Brains, Cardiff  
[www.sabrain.com](http://www.sabrain.com)

Bullmastiff, Cardiff

Carter's Brewery, Machen

Celt Experience, Caerphilly  
[www.theceltxperience.co.uk](http://www.theceltxperience.co.uk)

Dare Brewery, Aberdare  
[www.darebrewery.co.uk](http://www.darebrewery.co.uk)

Kingstone Brewery, Tintern  
[www.kingstonebrewery.co.uk](http://www.kingstonebrewery.co.uk)

Otley, Pontypridd  
[www.otleybrewing.co.uk](http://www.otleybrewing.co.uk)

Rhymney, Merthyr Tydfil  
[www.rhymneybreweryltd.com](http://www.rhymneybreweryltd.com)

Tudor Brewery, Abergavenny  
[www.tudorbrewery.co.uk](http://www.tudorbrewery.co.uk)

Vale of Glamorgan, Barry  
[www.vogbrewery.co.uk](http://www.vogbrewery.co.uk)

Warcop, St Brides Wentlooge  
[www.warcopales.com](http://www.warcopales.com)

### **SOUTH-WEST WALES**

Coles, Llanddarog  
[www.thebestpubinwales.co.uk](http://www.thebestpubinwales.co.uk)

Evan Evans, Llandeilo  
[www.evan-evans.com](http://www.evan-evans.com)

Felinfoel, Llanelli  
[www.felinfoel-brewery.com](http://www.felinfoel-brewery.com)

Gwaun Valley, Pontfaen

Bragdy Gwynant, Aberystwyth

Jacobi, Pumsaint  
[www.jacobibrewery.co.uk](http://www.jacobibrewery.co.uk)

Penlon Cottage, Llanarth  
[www.penlon.biz](http://www.penlon.biz)

Preseli, Tenby  
[www.preseli-brewery.co.uk](http://www.preseli-brewery.co.uk)

Swansea, Swansea

Tomos Watkin, Swansea  
[www.hurnsbeer.co.uk](http://www.hurnsbeer.co.uk)

## **MID WALES**

Breconshire, Brecon  
[www.breconshirebrewery.com](http://www.breconshirebrewery.com)

Bryncelyn, Ystadgynlais  
[www.bryncelynbrewery.org.uk](http://www.bryncelynbrewery.org.uk)

Gwynant, Aberystwyth

Heart of Wales, Llanwrtyd Wells  
[www.heartofwalesbrewery.co.uk](http://www.heartofwalesbrewery.co.uk)

Monty's, Hendomen, Montgomery  
[www.montysbrewery.co.uk](http://www.montysbrewery.co.uk)

Waen, Penstrowed  
[www.thewaenbrewery.co.uk](http://www.thewaenbrewery.co.uk)

## **NORTH WALES**

Conwy, Conwy  
[www.conwybrewery.co.uk](http://www.conwybrewery.co.uk)

Facer's, Flint  
[www.facers.co.uk](http://www.facers.co.uk)

Great Orme, Glan Conwy  
[www.greatormebrewery.co.uk](http://www.greatormebrewery.co.uk)

Jolly Brewer, Wrexham  
[www.jollybrewer.co.uk](http://www.jollybrewer.co.uk)

McGivern Ales, Wrexham

Bragdy'r Nant, Llanrwst Conwy  
[www.cwrnant.co.uk](http://www.cwrnant.co.uk)

North Wales Brewery, Conwy  
[www.northwalesbrewery.net](http://www.northwalesbrewery.net)

Plassey, Eytton  
[www.plasseybrewery.co.uk](http://www.plasseybrewery.co.uk)

Purple Moose, Porthmadog  
[www.purplemoose.co.uk](http://www.purplemoose.co.uk)

Sandstone, Wrexham  
[www.sandstonebrewery.co.uk](http://www.sandstonebrewery.co.uk)

Snowdonia, Waunfawr  
[www.snowdonia-park.co.uk](http://www.snowdonia-park.co.uk)