



Pubs consultation
 Consumer and Competition Policy
 Department for Business, Innovation and Skills
 3rd Floor, Orchard 2
 1 Victoria Street
 Westminster
 SW1H 0ET

14 June 2013

AB InBev submission: 'Pub companies and tenants – A Government consultation'

AB InBev is the leading global brewer and one of the world's top five consumer goods companies. We have a wide portfolio of beer and cider brands including Budweiser, Beck's, Stella Artois and Stella Artois Cidre. In the UK we employ around 1000 people across our breweries in Magor, Samlesbury and Richmond, and at our UK headquarters in Luton.

As a major brewer and supplier to pubs and bars around the country, we are grateful for the opportunity to respond to this consultation.

We support the Government's commitment to fair, transparent and lawful dealings with tenants, lessees and all other business partners. However, we do not believe that a statutory code underpinned by a new regulator is a necessary or appropriate way forward. We are particularly concerned that the additional regulatory burden will create significant costs for the pub sector and could lead to pub closures, business failure and reduced consumer choice.

Specifically, we would like to highlight that:

- **The tie offers entrepreneurs a low-cost, low-risk way of running their own pub.** The tie provides a wide range of support services and volume opportunity. The model ensures that both the pub company and the licensee have a mutual interest in the ongoing success of the business.
- **For consumers, the range of beers now available in the UK is wider than ever before.** The consultation recognises that the beer tie has no detrimental impact on competition and consumer choice.
- **Self-regulation is an effective, proportionate approach.** Under the current system, parties are protected from potential abuse and the level of support and respective obligations are fully transparent.
- **Historically the trend shows that free of tie pubs are more likely to close than tied pubs.** This trend is recognised by the impact assessment which highlights a 5% closure rate for free of tie pubs between 2010 and 2012, compared to a 3.4% rate for tied pubs. The current rate of pub closures already stands at 26 per week.

- **Failure to recognise the resilience and advantages of the tied pub will undermine the recent duty reduction on beer.** The recent beer duty cut was a very welcome step. It would be disappointing to see the Government pursue a move that risks undoing the positive impact of this cut and goes against the Government's own deregulatory and growth agenda, particularly in difficult economic times.

In summary, we are concerned that the Government's proposals threaten investment and create uncertainty at a time when our sector is ready to build on the first cut in beer duty for 40 years. Any further increase in red tape risks damaging the fragile recovery of this important British industry, undermining investment in much-loved community pubs and reducing choice for consumers.

We hope this submission is helpful to the Department as you develop your thinking.

Yours sincerely,

 Emma Reynolds
Corporate Affairs Director, UKI