

# Rural Development Sub-committee

RDC(3)-06-10 (p7, Paper to Note): 25 March 2010

## Inquiry into the Beer, Wine and Cider Industries in Wales

### Meeting with Professor Brian Morgan

On 4 March 2010 Members of the Committee met with Professor Brian Morgan for a background discussion relating to the Committee's inquiry into the beer, wine and cider industries ('the industries') in Wales. The following points emerged from the discussion:

- Investigation into the current state of the industries in Wales is hampered by a **lack of available data**. This point applies both to the size of the industries and their contribution to the economy;
- What data is available suggests **Wales has a small agricultural sector providing raw material to the industries** (for example: barley, hops, apples) compared to other agricultural sectors;
- **Sources which could be expected to provide information** on the industries but do not include: StatsWales<sup>1</sup>, Wales: The True Taste<sup>2</sup>, Flexible Support for Business,<sup>3</sup> and Farming Connect<sup>4</sup>.
- **Flexible Support for Business** ('FS4B' – the Welsh Government's business support service) is not able to provide sector specific guidance for the industries. What advice they are able to offer is focussed on compliance, not assistance.
- **HMRC in Wales** are not able to provide relevant advice and have little knowledge of the industries.
- **Wales is lacking in bonded warehouses<sup>5</sup>**, which could be integral to substantial development in the industries;
- **Some marketing and promotional support is available but this is not coordinated into a cohesive strategy for the industries;**
- **Wales: The True Taste is focussed on selling existing products rather than developing infrastructure** (e.g. – providing centralising distribution centres). It is not able to provide useful information, business support, infrastructure development or assist with the supply chain;
- **Examples of good practice** exist in Scotland (in terms of protecting regional produce) and England (where centralised 'hubs' are provided for small producers to assist with the supply of, for example, schools and hospitals);

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<sup>1</sup> [StatsWales](#) [Accessed 5 March 2010]

<sup>2</sup> [Wales: The True Taste](#) [Accessed 5 March 2010]

<sup>3</sup> [Flexible Support for Business](#) [Accessed 5 March 2010]

<sup>4</sup> [Farming Connect](#) [Accessed 5 March 2010]

<sup>5</sup> For an explanation of the role of bonded warehouses in the industries see the HMRC document [Excise Fraud in the Nineties](#) [Accessed 5 March 2010]



- **The wine industry in Wales is in a parlous state.** An example of good practice in England would be Camel Valley vineyard in Cornwall;
- **The beer industry in Wales offers great potential.** The profit margins are good, and some duty support is provided;
- **There is a lack of cider-making apples grown in Wales;**
- **Marketing is very important to business development (for example, Magners cider);**
- **Generally speaking, the industries in Wales have substantial potential for development.** Examples such as the whisky industry in Scotland and Baileys and Magners in Ireland show the impact that regional producers of beer, wine, cider and spirits can have on the economy.