



Written by [Bruce Walker](#) on November 4, 2012

France to Hike Tax on Beer by 160 Percent

Francois Hollande, the new socialist president of France, has a plan for solving his nation's economic woes: raising taxes. Having already promised much higher taxes on the rich, he is now going to impose a [160-percent increase in the tax on beer](#). The European Union has already seen the beer industry decline by six percent in production since 2008 and by eight percent in consumption. The new French tax will affect not only local breweries but also imported beer, which constitutes 30 percent of the beer sold in France.



The trade group for European beer producers, Brewers of Europe, has characterized the new tax as a “kick in the teeth.” Pierre-Olivier Bergeron, head of the group, declared, “This measure will affect all brewers, including small entrepreneurs. This is a very shortsighted approach by penalizing one sector.”

The [BBC investigated](#) the issue and interviewed some of those affected. Richard Wilson, who operates a British pub in Paris, commented,

This news is a bit catastrophic to be honest. The industry is already having problems. People are drinking at home more and the bar sector in France is diminishing quite considerably at the moment, so it's going to affect us quite badly I think. If the price of beer goes up even more, I think people will think twice about coming here for a mini-break.

Paul Plowman, who now lives in France, recalled the effect of taxes in Britain:

I was working in England when taxes went up there at the height of the recession and you were hearing something stupid like 50 pubs a week being shut. I do think this is a step towards something similar here.

Outside France, firms in Germany and Belgium are likely to suffer the most from the higher taxes. The loudest complaints have come from neighboring Belgium, more so even than from Holland or Germany, both major beer-producing nations. The tax hike will also be a blow to smaller firms and microbreweries — which operate on a narrower margin than large firms — and many may be forced out of business.

The new tax will affect British companies as well, as beer also represents a substantial part of the U.K.'s food and drink exports. As one British brewer remarked: “British companies export 28 million pints of beer to France every year and we need to keep the industry alive.” British brewers also noted that the increase of the cost of beer in France would reduce the number of British citizens traveling to France, which would have a ripple effect throughout French industries related to tourism.

The French president has stated that he hopes the new tax will raise €480 million to help in medical services and in care for the aged. Jacqueline Lariven, a spokeswoman for French brewers, says that the estimates are wrong on how much money the tax hike will bring in, and that the ultimate consequence will simply be higher prices for consumers in France.

Richard Yung, a socialist legislator in France, insists that the beer tax increase is intended to bring



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France in line with the tax rates on beer in other European nations:

At the moment, taxes on beer are low in France compared with other countries so we thought, why not?

We have been careful to make sure it will be big beer factories that are affected, not small ones.

Analysts have noted that taxes on alcohol and tobacco, so-called “sin taxes,” are often popular with politicians who can claim to be simultaneously raising revenue and reducing consumption of what they consider harmful products. This nanny-state policy is prevalent in America as well, as even large-sized soda drinks are now banned in New York City.

Although France is not noted for producing a large amount of beer, the products of its major wine industry are consumed throughout Europe. How would French vineyard owners react if Britain and Germany imposed a 160 percent higher tax on wine? The arguments — raising revenue and reducing consumption of a supposedly harmful product — are just the same for wine as for beer.

Opponents of sin taxes make an important point here: If men and women are free and responsible for their own actions, then government should not attempt to regulate their behavior through taxation.



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