

Trouble brewing?: Brexit challenge for Guinness supply chain

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Any post-Brexit border controls on the island of Ireland could end the free-flowing supply chain that makes Guinness a worldwide staple

With its brown-black hue and cascading creamy head, Guinness is Ireland's most iconic export.

But any post-Brexit border controls on the island of Ireland could end the free-flowing supply chain that makes the stout a staple at home and around the world.

Guinness has been brewed since 1778 Guinness at the St. James's Gate brewery, a vast brickwork complex on the banks of Dublin's River Liffey.

On any given weekday, pristine tankers—known as "silver bullets"—brimming with stout roar out of its gates and cross the invisible border to Northern Ireland.

They are bound for Belfast where the "Irish champagne" is packaged for international consumption.

"The Irish drinks market is completely an all-Ireland economy," Patricia Callan, director of the Alcohol Beverage Federation of Ireland told AFP in a Dublin pub roaring with trade.

"It happens on both sides of the border."

The road to Brexit

Both London and Dublin have pledged that no hard border infrastructure will interrupt trade between the Republic and the UK territory of Northern Ireland after Brexit.

But the UK and EU are locked in a stalemate over the "backstop"—the trading status for Northern Ireland "unless and until" an enduring accord is forged.



Guinness is a vital concern for the Irish beer export market—the eighth largest in Europe, valued at 273 million euros (\$309 million) in 2017

Little progress is being made and, as the March 29 divorce date approaches, the spectre of border checks is vexing the Irish drinks industry—which makes 23,000 [border crossings](#) yearly, according to Callan.

"Any delay at all to that, even an hour's delay, would work out at about a hundred euro per truck cost," she explained.

Guinness is owned by global drinks goliath Diageo, which with 2017 net sales in excess of £12 billion (\$15 billion, 14 billion euros) holds coffers likely capable of absorbing economic shock.

Around 35% of the company's beer including Guinness and other brands are produced at St James' Gate, according to 2014 figures. Three million pints of "the black stuff" are brewed here every day.

But Diageo chiefs have told how they sit at the top of a supply chain of hundreds of smaller more exposed companies providing the key ingredients with no thought for border crossings.

"For us having kind of a frictionless border where you can move people and goods is incredibly important," John Kennedy, the president of Diageo Europe, said last year.

"We'll figure that out as a big company, but then you add the [supply chain](#) of medium and small companies that we work with who multiply that number significantly—it could be a big burden if crossing the border became onerous for them."

Seamus Leheny of Northern Ireland's Freight Transport Association said Brexit turbulence could force Diageo to wind down its Northern Ireland plant.



John Fearon said he feared that any uptick in price could have already hard-up drinkers up in arms at his pub The Gap O' the North in Northern Ireland

"They're just treating it as business as usual but I know they're concerned," he said.

The Belfast plant is "without a doubt" in danger he said, explaining: "The contingency plan for dealing with a no deal Brexit is relocating some of your operations into the Republic."

Those remarks were echoed by Vince Cable, the leader of the anti-Brexit Liberal Democrats opposition party, at the start of November. He said Diageo brands like Guinness and Baileys face being "seriously disrupted".

"In an extreme scenario, where there is no deal or a very bad deal, you could see these favourite products drying up," he added.

Guinness is a vital concern for the Irish beer export market—the eighth largest in Europe, valued at 273 million euros (\$309 million) in 2017 according to October figures from the Irish Brewers' Association.

But Guinness bound for abroad could be doubly exposed to post-Brexit border checks, as after it is packed in Belfast it heads south once more to be shipped from Dublin port.

Trickle down costs?

While the business and political elites are trying to forecast shifting trade winds, it is the end consumer who could feel the pain of any trickle-down increase in costs.



Guinness has been brewed since 1778 Guinness at the St. James's Gate brewery in of Dublin

The prospect is unwelcome at The Gap O' the North, a rustic pub built into the verdant hillsides of Jonesborough, Northern Ireland.

On Friday evenings, Guinness flows freely in the woodwork surroundings of the fireplace-warmed bar—just half a kilometre away from the border on the roaring motorway link between Dublin and Belfast.

"This pub's known for a good pint of stout," veteran landlord John Fearon told AFP, peering out from under a tweed flatcap one October evening.

The 65-year-old publican said he feared that any uptick in price could have already hard-up drinkers up in arms.

"It's hard enough to get customers in here at the moment."

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