

- any impact that MUP may have on competition; BIS think MUP is very likely to be deemed illegal under EU competition and trade law (the ECJ has issued an opinion to that effect previously in relation to similar proposals for tobacco and I note that the Attorney General has written saying that whilst MUP may not necessarily be illegal it '*...carries a significant degree of legal risk*' and that any litigation related to MUP would be '*...complex and costly*').
- whether MUP might make it difficult to retain and build on the commitments that the major retailers have made to date to work with Government, not just the Alcohol Responsibility Deal but also in other critical areas such as voluntary agreements on food, waste, apprenticeships etc
- whether MUP will create any new costs or burdens (arising from having to follow a long minimum unit price list) on alcohol retailers, especially smaller shops, and if so whether these would be reasonable and proportionate to the benefits

There is also a risk that MUP will not deliver the outcomes that the Home Office expects. We certainly know from HMT data (based on changes in consumption as alcohol duty changes) that price is a factor in alcohol consumption but I am also aware that when research on MUP was published a couple of years ago there were doubts about some aspects of the methodology used. The Home Office estimates that MUP will result in a reduction in year 1 of just 2.9%. We must consider very carefully whether the costs and burdens that MUP will put on to retail business are proportionate to the benefit here.

We understand that work by the Cabinet Office Behavioural Insights Team also indicates that the two groups the Government most wants to drink less are perhaps the least likely to change consumption levels in reaction to what will be a relatively small price increase. People determined to drink to excess will in all likelihood either simply carry the price increase or will slightly adjust the ratio of pre-loaded consumption (off sales purchase) and more expensive drinks bought in pubs and clubs. Problem drinkers - by dint of their alcohol dependency - will most likely continue to consume at their usual level, often forgoing other spending choices to do so, up to the point where they simply do not have the money to spend at all. Whilst the cost impact of MUP on mild to moderate drinkers is likely to be small MUP may still be perceived as an irritant.

These points made, BIS is content for the Home Secretary to consult publicly on MUP, with the expectation that the consultation document will include questions that seek views on these issues.