



Wednesday 12 March 2008

## 9% duty rise condemned by whisky distillers

There was extreme dismay across the Scotch Whisky industry today following the Chancellor's decision to raise the duty on Scotch Whisky by a punitive nine per cent. Distillers said that the Chancellor had effectively abandoned government moves towards a fairer alcohol tax policy, worsening the duty discrimination against Scotch Whisky.

Gavin Hewitt, the SWA Chief Executive, said:

"Scottish distillers are astonished by the Chancellor's announcement. The government's own figures show that any duty increase on whisky is likely to reduce revenue at a time when public finances are tight.

"A tax rise is a blow to international competitiveness when the industry has been investing significantly to meet growing global demand for Scotch Whisky. It sets a damaging precedent that export markets may follow.

"Today's introduction of a two percent above inflation 'alcohol tax accelerator' in future Budgets abandons moves to a fairer alcohol duty system in the UK and reverses the Treasury's long held position that it must retain flexibility when setting alcohol duty rates."

The Budget will add 59 pence (excise tax and VAT) to the price of a bottle of Scotch Whisky and will push the tax burden on the final price of a typical bottle towards 75%.

Today's duty rise is the biggest on Scotch Whisky since 1991. Despite its importance to the domestic economy, UK excise duty on Scotch Whisky is now the fourth highest in the European Union.

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Note to Editors:

1. Scotch Whisky is one of the UK's leading industries and is of vital importance to both the Scottish and wider UK economy:
  - Industry exports contributed £2.5bn to the balance of trade in 2006, representing nearly 25% of UK and 67% of Scottish food and drink exports.
  - 65,000 jobs depend upon the industry, including among cereal suppliers, bottle and packaging manufacturers, transport and tourism providers.
  - In addition to annual expenditure of £1bn with UK suppliers, the industry has announced new capital investment in 2008/09 of around £400m in distilling, bottling and warehousing across Scotland.
  
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