news release

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India to face WTO over whisky duties

Scotch Whisky distillers today warmly welcomed the EU's decision to request World Trade Organisation (WTO) talks on India's failure to reform its discriminatory tax treatment of imported spirits and wines.

A recent EU investigation into the Indian regime found 'blatant violations' of WTO rules. The system unfairly distorts competition by subjecting Scotch Whisky and other imported spirits to a much higher tax burden - of up to 550% - than faced by Indian distillers.

Following further talks between the SWA and Indian Government officials in Delhi last week, Gavin Hewitt, the SWA Chief Executive, said:

"The EU's determination to ensure a level playing field for spirits and wines in India will be warmly welcomed by Scotch Whisky distillers, who continue to face a longstanding discriminatory tariff and tax regime that has been found to be in clear violation of WTO rules.

"It is time for India to implement its international commitments and allow fair access for Scotch Whisky, just as Indian spirit drinks have free access to the European market. We fully support referral of the matter to the WTO for formal consultations and hope that India will take this last opportunity to agree reform to its discriminatory duty arrangements for whisky, without the need for a dispute settlement panel being set up.

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Note to Editors:

WTO consultations aim to ensure international trade rules are respected. If an issue is referred for consultation, there is a formal 60 day dialogue between the parties aimed at resolving the dispute. If agreement cannot be reached, a Dispute Settlement Panel may be established, a body of trade experts who consider and rule on the merits of the case, making recommendations as to how a disputed measure can be made to conform with WTO rules.

An EU report in July 2006 concluded that several aspects of the Indian fiscal regime are contrary to WTO rules, including an 'Additional duty' (25%-150%) on imported spirits and wine which distorts competition by unfairly exceeding the taxation of local products.

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The EU report concluded that 'the Indian market has remained essentially closed for imported wines and spirits'. This followed a complaint in 2005 by EU spirits and wine producers, including the SWA.

WTO Dispute Panels have considered three cases in relation to the discriminatory taxation of spirit drinks. On each occasion - in Japan, Chile, and South Korea - the WTO ruled in favour of the industry's position.

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