



27th March 2007

SWA welcomes EU request for WTO ruling on tax discrimination in India

The Scotch Whisky Association (SWA) has welcomed the decision of the European Union to seek the establishment of a WTO dispute settlement panel to rule on India's discriminatory tax regime for imported spirits and wines. The EU has asked that its request be considered by the WTO at a meeting on 11 April.

The request follows an EU investigation that found the Indian fiscal regime for imported spirits and wines to be in 'blatant violation' of WTO rules and unfairly distorting competition. Of particular concern to Scotch Whisky distillers is the 'Additional Duty', which is levied on imports in a discriminatory manner and protects domestic producers contrary to WTO rules. When the high 'Basic Customs Duty' is added, imported spirits face an overall tariff burden of up to 550%.

Gavin Hewitt, the SWA Chief Executive, said:

"Scotch Whisky distillers have long campaigned for fair access to India. The EU's decision is welcome and sends a clear message to India that it must act now to reform its tax regime or face a dispute panel. We hope the Government of India will seize the opportunity and move to reform the system in the coming days in line with international rules."

In a statement, Peter Mandelson, the EU Trade Commissioner, said:

"India has maintained extremely high duties on imported spirits and wines for many years. They restrict European exports and are in clear breach of WTO rules. As we could not resolve our dispute in consultations, the EU sees no other way than to request the establishment of a WTO panel. We are of course not closing the door to an amicable solution - but the ball is now in India's court."

- ENDS -

For further information, please contact David Williamson at the SWA on 0131 222 9230 or 07730 496 151.