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India fails its WTO challenge on whisky tariffs

The Scotch Whisky Association (SWA) has urged the EU to launch WTO dispute settlement proceedings against India at the earliest opportunity, following its failure to reform the discriminatory tax treatment of imported spirits in today's Indian Budget.

An exhaustive EU investigation in 2006 found that the Indian fiscal regime for imported spirits and wines is in 'blatant violation' of WTO rules and urged early reform of the system, by today's Budget at the latest. Scotch Whisky continues to be subject to a high and discriminatory tariff and tax burden of up to 550% in India.

Gavin Hewitt, SWA Chief Executive, said:

"Regrettably, India has failed its WTO challenge and continues to deny consumers' choice and fair market access for Scotch Whisky and other imported spirits.

"Today's Budget was a last opportunity for India to reform the system. That opportunity has been missed and we are now urging the EU to take the matter to a WTO panel at the earliest opportunity. India's discriminatory tariff and tax regime for imported spirits must be reformed in line with international trade rules. "

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Note to Editors:

1. Access to India for EU spirits and wines is unfairly restricted by a discriminatory fiscal regime, with Scotch Whisky and other imported spirits subject to a tariff and tax burden of up to 550%. In contrast, Indian spirit drinks can be imported into the EU tariff free.
2. Following a complaint by the EU spirits and wine industries, including Scotch Whisky producers, a European Commission investigation of the Indian fiscal regime identified a number of clear violations of WTO rules which distorted competition in the spirits market.

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3. The EU referred the issue to the WTO for consultations in November 2006. With no steps taken by India to reform the system, a WTO dispute settlement panel - a body of trade experts - can be established to rule on the merits of the case. Its ruling is binding on the parties to the case.
4. The EU spirits industry has been successful on each of the three occasions on which discriminatory spirits taxation has been considered by a WTO panel - in relation to Japan, Chile and South Korea.
5. For further information, please contact David Williamson at the SWA on 0131 222 9230 or 07730 496 151.