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Whisky Producers Welcome Moves to Cut Philippines' Tax Discrimination

Moves by the EU today calling for the Philippines to dismantle its longstanding tax discrimination against imported spirits have been welcomed by Scotch Whisky producers.

Commission officials say the tax regime, which was introduced in 1997 and revised to further disadvantage imports in 2004, does not meet World Trade Organisation (WTO) rules as the tax on imported spirits is substantially greater than that levied on local producers.

The tax burden on Scotch Whisky amounts to between 11 and 43 times that applying to competing Filipino products depending on the retail price, leaving the EU to request WTO consultations with the Philippines on the tax treatment of all EU spirits.

Martin Bell, International Affairs Manager at The Scotch Whisky Association, welcoming the Commission's move, said: "The Philippines' excise regime is a clear violation of trade rules. It is disappointing that the Philippines' Government has not addressed this issue. We have raised our concerns over many years. We hope the EU/Philippines WTO consultations will lead to an early resolution and the introduction of a fully non-discriminatory tax system."

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The discriminatory regime has depressed Scotch Whisky exports to the country over the last five years. Shipments of Scotch fell by 42% between 2003 and 2008 reducing export values from £15m in 2003 to just £3m last year.

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Note to Editors:

1. For further information please contact Campbell Evans, t: 020 7629 4384 or m: 07768 002 262 at the SWA.
2. The EU's request for consultations with the Philippines today is the first step in the WTO dispute settlement process. If the parties cannot settle, the next step will be the establishment of a WTO dispute settlement 'panel'.