

8th February 2005

FREE WHISKY'S COMPETITIVE SPIRIT URGE DISTILLERS

- Scotch Whisky producers meet Treasury ahead of Budget -

The government should use the Budget to alleviate the costs of regulation and red tape on industry competitiveness, distillers told Treasury Ministers today as Scotch Whisky industry representatives met the Economic Secretary, John Healey MP, ahead of the 2005 Budget.

Welcoming government moves towards a fairer alcohol tax policy in recent years, The Scotch Whisky Association (SWA) presented its Budget submission and urged the Chancellor to go even further. Not only would such a step increase tax fairness, it would also support the competitiveness of a flagship UK industry at a time when it faces a range of new costs and regulation.

Duty stamps, corporation tax changes, and the impact of new environmental and labelling legislation, are all adding to the cost of business for UK distillers operating in a highly competitive international market.

Speaking after the meeting, Gavin Hewitt, the SWA's Chief Executive, said:

"The Chancellor has stated that spirits duty will be frozen until the end of this Parliament. We welcome that commitment but believe there is an opportunity in this year's Budget to be bolder.

"Distillers are investing in brands, technology and people, whilst fighting for fair access to emerging export markets. However, the high level of excise duty, and the cumulative weight of regulation, is holding back efforts to strengthen Scotch Whisky's competitiveness.

further information from: the scotch whisky association

“In Scotch Whisky, the UK has the productive, export-oriented and internationally renowned industry that government says it wishes to foster. We urge the Chancellor not only to continue his welcome policy of greater alcohol tax fairness but to recognise that increased costs and regulation make the case for a spirits duty cut more compelling than ever. Such a move would boost a flagship UK industry at home and abroad.”

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Note to editors:

The tax on a pub measure illustrates how the UK duty structure discriminates against Scotch Whisky. Consumers pay 27.38p on a pub measure of whisky (35ml) but only 17.63p and 20.43p on the same amount of alcohol served as beer (half pint) and wine (125ml) respectively.

In Budget 2004, the government re-stated that it “is committed to delivering a fairer balance in the burden of taxation falling on different alcoholic drinks and different types of drink producers.”

The SWA was represented at today’s meeting by Phillip Bowman (SWA Vice-Chairman and Chief Executive of Allied Domecq), Gavin Hewitt (SWA Chief Executive), and Campbell Evans (SWA Director of Government Affairs).

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