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INDIA URGED TO CUT 150% TARIFF ON SCOTCH WHISKY

A delegation from the Scotch Whisky Association (SWA) is in India this week to push for fairer access to what could be the industry's biggest market if the onerous 150% tariff on imported spirits was reduced.

Currently, 250 million cases of spirits are sold in India each year. Some 140m cases of that total are whisky, but only 1.5m cases are Scotch Whisky. Although progress has been made since 2000 when the tariff was 750%, there is still a great amount of untapped potential.

Gavin Hewitt, chief executive of the SWA, who is in India along with a number of directors from the trade body, said the country is a top priority for the Association.

Mr Hewitt explained:

“There is significant demand for Scotch Whisky, particularly from the aspirational middle class, but there are major barriers to trade to overcome. The key issue is the 150% tariff levied by the Indian Government which means a £10 bottle of Scotch Whisky becomes £25 before it even enters the distribution chain. As a result of the tariff many consumers are going through the grey market to buy whisky and too often this ends up being a bootleg of a premium brand of Scotch. This means that businesses, government revenue and consumers are all losing out.”

While in India, the SWA will be discussing progress on the Free Trade Agreement which is being negotiated with the European Union. If introduced, the agreement would reduce the tariff with the aim of bringing it into line with other markets, such as China where the levy is 10% or Brazil where it is 20%.

An event will also be held at the residence of High Commissioner Sir Richard Stagg in New Delhi to celebrate Scotch Whisky receiving the status of a product of 'geographical indication'. Earlier this year a decision was made to formally recognise Scotch Whisky as a product that can only be made in Scotland which means consumers in India now receive better protection from fake 'Scotch Whisky'.

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Mr Hewitt said:

“Scotch Whisky being granted GI status in India represents a major breakthrough as it means discerning consumers can have confidence in the quality and integrity of what they’re buying.”

The SWA is also holding a trade seminar in India on the Scotch Whisky Regulations 2009 which set out how Scotch Whisky must be produced, labelled, packaged and advertised.

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