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MINIMUM PRICING INEFFECTIVE AND ILLEGAL

A minimum unit price for alcohol set out in today's Scottish Government Bill is unlikely to reduce alcohol misuse, is probably illegal and threatens one of Scotland's key industries the Scotch Whisky Association (SWA) said.

The SWA noted that Scottish Government-commissioned research shows minimum pricing having no impact on the proportion of heavy drinkers. By violating European Union and international trade rules and encouraging copycat trade barriers the policy puts at risk Scotch Whisky exports worth more than £3.4 billion a year.

Minimum pricing on spirits has been ruled illegal by the European Court of Justice as it is seen as a barrier to trade which should not be used when other less trade restrictive means are available. Last week, the UK Government said minimum pricing was probably illegal.

The SWA said minimum pricing is a misguided policy when health problems and deaths as a result of alcohol misuse are already falling in Scotland. Alcohol related deaths have declined 15% in the last five years.

Gavin Hewitt, Chief Executive of the Scotch Whisky Association, said:

"The Scottish Government's fixation with minimum pricing as the solution to alcohol-related harm is misguided. The impact of recent legislation has not yet been fully felt and many other measures to address alcohol misuse remain untested.

"The Scotch Whisky industry agrees that Scotland's drinking culture has to change. We are working with the Scottish Government to deliver that. Minimum pricing is the wrong policy option. It will not achieve the objective of a more healthy, positive and responsible attitude to alcohol.

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“Claims that Scotch Whisky as a ‘premium product’ has nothing to fear from minimum pricing are misplaced. Within Scotland less affluent consumers who buy own-label Scotch Whisky will be hit, while the knock-on impact of copycat trade barriers overseas could lead to enormous damage in the industry’s exports markets.

“Only last week the UK Government confirmed that minimum pricing is probably illegal. A legal alternative would be to work with the UK Government on a UK basis to remove tax discrimination between different drinks and to introduce a ‘floor price’ for alcohol based on the revised duty rates and VAT.

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Notes to editors

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Legality concerns:

SWA believes minimum pricing breaches EU trade law and cannot be justified as proportionate and necessary as a public health measure when other less trade restrictive means, including tax or duty and other interventions are available. Minimum pricing on spirits was ruled illegal by the European Court of Justice in 1978. Article 34 of the EU Treaty and Article III of the rules governing world trade (GATT) require least trade restrictive measures to be used which has led to minimum pricing being ruled as a prohibited barrier to trade.

If other countries followed the Scottish precedent and used the public health exception to justify their policy, some £600m of Scotch Whisky exports could be lost.

Alcohol and health:

Alcohol related hospital discharges declined by 8.8% between 2007/8 and 2009/10. (MESAS report March 2011).

Per capita consumption in Scotland declined in 2010 compared with 2009.

Average alcohol prices are higher in Scotland than in England, yet consumption is greater in Scotland which raises doubts over the Government’s claim that higher prices will address alcohol misuse in Scotland.

Since 2006 male and female alcohol related deaths have declined, with some year-to-year fluctuations (General Register Office for Scotland, August 2011).

Alcohol related deaths have declined 15% in the last five years, and deaths in 2010 were the second lowest in the last decade.

Unfair taxation:

Scotch Whisky is taxed 250% higher than cider, 37% higher than beer and 30% higher than wine.

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