

UK FTA: Indian industry against reducing tariffs on Scotch below 'sustainable levels'

Says non-tariff barriers on Indian alcoholic beverages in UK should go

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Indian manufacturers of alcoholic beverages have asked the government not to reduce customs duties on whisky, wine and other spirits from the UK below a "sustainable level" under the bilateral free trade agreement being negotiated and to bring it down gradually over a time window.

In a letter to the Commerce & Industry Ministry, which has started the first round of FTA negotiations with the UK, the Confederation of Indian Alcoholic Beverage Companies has proposed that the UK should be asked to remove non-tariff barriers for Indian alcoholic products in the country, including the freedom to sell 'Indian Whisky' irrespective of whether it is made of wheat or molasses.

"We urge our government to ensure that Indian alcoholic beverage industry is permitted a truly level playing field by way of an effective customs duty that is reflective of the higher cost of



Domestic industry wants the condition of minimum 3 years maturation period for whisky as well as for rum removed

production driven by the regulatory restrictions and capital cost in India," per the letter addressed to the chief negotiator for India.

Equal opportunities

The association, which represents top companies such as Mohan Meakin, Sula Vineyards, Amrut Distilleries, Allied Blenders & Distillers and John Distilleries, also called for equal opportunities for export of Indian products to UK and measures to prevent dumping or predatory price exports to India.

Reduction of effective customs duty on Scotch whisky and spirits, at a high 150 per cent in India, is one of the

top demands of the UK in the FTA being negotiated as it is one of the top exporters of whisky to the country and believes that there is a lot of scope for growth.

India's total import of whisky from the world increased four times in the last ten years to £168 million in 2020 from £36.5 million in 2010 with Britain supplying whisky worth £110 million in 2019, according to a report compiled by the UK government. It is estimated that annual duties on UK whisky exports to India were £164 million in 2019.

According to suggestion made by CIABC, India's effective customs duty could

be brought down from the current 150 per cent to 100 per cent immediately while it could be reduced further to 75 per cent after five years and to 50 per cent after ten years.

To prevent dumping or exports at 'predatory prices', the association has proposed that a Minimum Assessable Value (MAV) be imposed so that no product is taxed below the minimum value even if it is priced lower.

The suggested MAV for white and brown spirit is \$5 per bottle (750ml) while for wines it is \$3.5 per bottle (750ml), the submission said. Bottled and bulk spirits may be treated as same for the purpose of tariff and MAV, it added.

At the same time, India must insist that the UK remove non-tariff barriers placed on Indian alcohol. "Allow Indian whiskies to sell in UK as 'Indian Whisky' irrespective of whether they are made from malt, grain spirits or molasses-based spirits," the CIABC letter stated.

The condition of minimum three years maturation period for whisky as well as for rum should also be removed, it said.