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India, Australia explore easing whiskey exports, form group

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A newly formed India-Australia joint working group is looking at the possibility of a mutual recognition agreement (MRA) that would help Indian whiskey makers tap into the Australian market, which has a significant Indian population and growth opportunity, two people aware of the development said.

India and Australia are working together on a solution for the smoother entry of Indian whiskey to the Australian market, two people aware of the development said. A newly formed India-Australia joint working group is considering the possibility of a mutual recognition agreement (MRA) in this respect.

Under Australia's rules, the spirit must be matured for two years before it can be labelled whiskey, a disadvantage for



Indian whiskey makers face market access challenges in Australia due to maturation period rules.

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potential liquor exporters from India, which has no such rule. Indian companies claim that spirits mature quicker in India due to its warmer climate, and the maturation rule limits access in a market which has a significant Indian population offering good growth opportunities. They claim that a two-year maturation in India will also cause a 10% loss due to evaporation.

“There is a difference in mat-

uration rate for whiskey that both countries follow, and that is an obstacle in trade. A joint working group has been formed to look into the issue and find a way out. Several stakeholders are part of the committee, including the ministry of food processing industries that is looking into the matter,” one of the two people said, requesting anonymity.

The group's formation comes seven months after Australia gained concessional duty access for its high-end wines under the India-Australia interim trade deal called Economic Cooperation and Partnership Agreement (ECTA) that took effect on 29 December. The Indian liquor industry is pushing for similar relaxations in the UK as well, where the minimum maturation period is three years.

India is particularly interested in market access for rum and whiskey, said an industry

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executive, the second person cited above. "It may be difficult for Australia to amend their maturation rule, but maturation equivalency is proved in the Indian climate. An MRA could be a solution. Easing of maturation rules in the UK, Canada, and Australia can open up big markets for our producers because there is a significant Indian diaspora in all these countries," the person added.

The formation of the working group comes after India, for the first time ever, opened up its alcoholic beverage market for foreign players under a free trade agreement with Australia last year. While large foreign firms are keen on access to India's fast-growing whiskey and wine market, the Indian liquor industry, too, wants a relaxation in non-tariff barriers. According to a side letter of ECTA signed by the trade ministers of India and Australia last



Indian liquor industry is seeking relaxation in non-tariff barriers. ISTOCK

year, market access for Indian spirits and whisky will be examined by a working group, which shall meet within six months of the agreement coming into force. "The parties shall consider issues relating to market access, including maturation rules for whisky and other alcoholic beverages...Both parties shall regularly review the progress of the working group through the subcommittee on trade in goods," it said.

The "Australian rule requir-

ing minimum maturation of two years for whiskey and one year for rum is a big hurdle that denies the majority of Indian liquor products access to the Australian market. We believe that these are legacy regulations, not backed up by scientific facts, and not relevant for products made in India where climatic conditions lead to a much more rapid maturation," said Vinod Giri, director-general of the Confederation of Indian Alcoholic Beverage Companies (CIABC). These matters could not be concluded in the early harvest deal in the absence of time needed for due process but were acknowledged as outstanding issues to be resolved through a working group later, he said.

According to CIABC, India is fast emerging as a producer of high-quality liquor, including single malt whiskies like Amrut, Rampur and Indian craft gin like Jaisalmer, etc.

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