CONFEDERATION OF INDIAN ALCOHOLIC BEVERAGE COMPANIES

Official Statement on the India-UK Free Trade Agreement (FTA)

Issued by: Confederation of Indian Alcoholic Beverage Companies (CIABC)

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While the **Confederation of Indian Alcoholic Beverage Companies (CIABC)** is awaiting further details on the India-UK FTA, the significant reduction in import duties on Scotch whisky and spirits—from 150% to 75% initially with a planned reduction to 40% over the next 10 years—is a mixed bag.

We are aware of the potential benefits this reduction could bring for Indian consumers, especially in terms of increased availability and affordability of imported spirits as well as to all India-based producers of blended whiskies where Scotch malt spirit forms a part of their blends leading to cost savings. However we must express our concerns regarding the impact this duty reduction may have on the domestic industry's premium category and above whisky brands due to the likely influx of lower-priced Scotch whiskies.

Moreover, the ripple effects of such reductions could extend beyond Scotch. If similar duty concessions are granted on other spirits including wines under future FTAs with wine-producing countries such as those in the EU, USA, Australia and New Zealand it could place undue pressure on domestically produced quality wine brands by opening the Indian market to lower-priced wine imports.

CIABC emphasises the urgent need to review and rationalise the differential and often discriminatory state-level levies imposed on Bottled-in-Origin (BIO) brands as compared to Indian Made Foreign Liquor (IMFL) brands—prevalent in states like Maharashtra, Kerala, West Bengal, Haryana, Delhi, Madhya Pradesh and Orissa. These levy structures create an unbalanced and unfair market landscape for Indian brands.

CIABC is committed to ensuring that the interests of the Indian alcoholic beverage sector are safeguarded both domestically and in international trade discussions. To this end, we urge the Government of India to address non-tariff barriers that hinder the access of Indian whiskies to key international markets such as the UK, Australia and EU. A more accessible market abroad can significantly boost the export potential of Indian whisky, rum, gin and vodka with the aim of achieving a $1 billion export target by 2030.

In light of the FTA's provisions, we also emphasise the need for a Minimum Import Price (MIP) clause to prevent the importation of low-cost low-quality bottled spirits **and bulk** and bottled wines while allowing nil MIP on the import of bulk Scotch used by domestic producers for IMFL production. CIABC believes this distinction would ensure fair competition, support domestic value addition and maintain the integrity of spirits and wines available to Indian consumers.

It is our earnest plea that Rules of Origin and Product Specific Rules negotiated under FTAs must be robust and not open to misuse through re-routing of third-country products. If an alcoholic beverage is a Geographical Indication (GI)-tagged product—such as Scotch Whisky, Irish Whiskey, Cognac, Champagne, Tequila etc—then the GI-linked country must be treated as the country of origin for tariff purposes regardless of where the shipment is coming from.

As India moves forward with the other FTA/BTA negotiations, CIABC remains committed to advocating for policies that strike a balance between global trade opportunities and the protection of our domestic industry. The India/ UK FTA represents an important milestone but it must pave the way for fair competition, sustainable growth and long-term benefits for all stakeholders involved.