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Whisky war brews in India-UK trade talks ahead of 5th round

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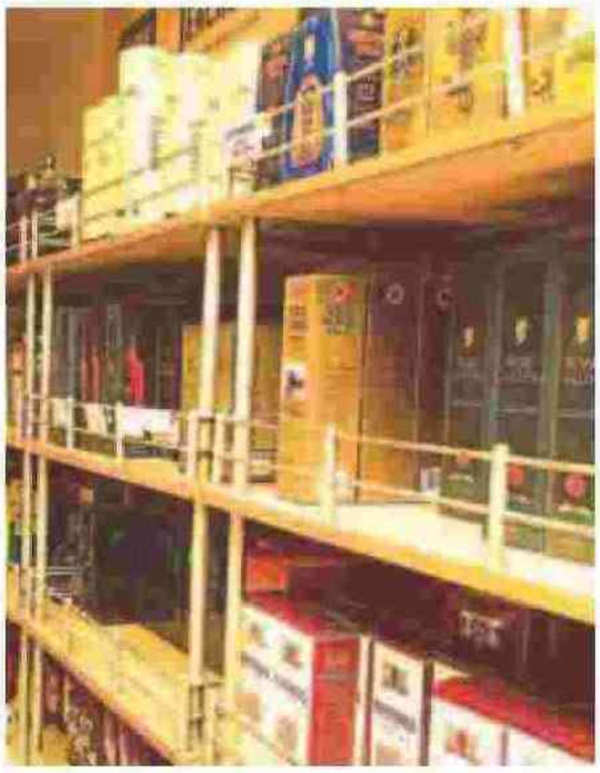
Amid the ongoing India-UK free trade agreement (FTA) negotiations, domestic alcohol makers have urged the government not to grant any concession on bulk scotch imports until the UK agrees to remove its minimum maturation requirement for Indian whisky exports.

The Confederation of Indian Alcoholic Beverage Companies (CIABC) argued that the minimum three-year maturation requirement is used by London to block whisky imports from India, one of the largest whisky producers in the world.

"India is a major whisky producing country and yet out of the 7 million cases of whisky exported from India every year, not even 10,000 make it to the UK.

"It is so because of the condition of minimum maturity which means 30% loss of the spirit due to evaporation which in turn makes Indian products just uncompetitive," Vinod Giri, director general of the confederation said.



India is a major producer of whisky. MINT

India and the UK have concluded the fourth round of Free Trade Agreement (FTA) negotiations, closing 11 out of 26 chapters and are set to begin the fifth from July.

Mint had earlier reported that reduction in import duty on Scotch whisky is among the UK's key demands in the negotiations. Scotch Whisky Association chief executive Mark Kent had said the three-year maturation rule has been a long-standing definition of whisky.

"For a whisky to be sold in the UK as whisky, it must be matured for a minimum of three years. A lot of Indian whisky is already being sold that meets this definition of whisky in the market. IMFL (Indian made) whisky that isn't matured can still be sold in the UK. So, it can be imported at a 0% tariff, but it just can't be described as whisky," Kent said.

CIABC maintains that the UK uses the condition of minimum three years maturity for whisky as a non-tariff barrier—to unfairly protect its own industry. The confederation said it costs 50-75% more to produce a product in India as compared to Scotland.

"Capital costs 8-10% in India compared to just 2-3% in Scotland. Evaporation losses are 10% every year in India compared to 1-2% in Scotland due to differences in climate conditions.

"If the cost difference is fundamental and beyond the control of industry then a level playing field must reflect that in tariff. We believe that the tariff should not go below 100% now and below 50% in foreseeable future," Giri added.

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