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Alcohol producers seek better market access in European Union

AGENCIES
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The Confederation of Indian Alcoholic Beverage Companies (CIABC) has sought better market access for Indian products in the European Union.

The apex body of Indian alcoholic beverage manufacturers has demanded that the EU remove the non-tariff barriers that prevent the vast majority of Indian products from being sold in the EU. The confederation's members include major Indian companies that manufacture and market their product ranges in India and abroad.

CIABC, which has been constantly raising its concerns with the government on the matter, has also reiterated that the trade deal with the EU on alcoholic beverages should be no different from the UK, negotiations for which are currently underway. "The most notable is the condition that for a product to qualify as a whisky, it must be matured for a period not less than three years, and brandy for one year," CIABC Director General Vinod Giri said in a press release.

"It has been highlighted several times, along with scientific substantiations, that such long maturation is not applicable in a warm Indian climate. We believe that it is effectively a non-tariff barrier since long maturation increases the cost of Indian products by 30-40 per cent as spirit evaporates 10-15 per cent every year under Indian climate (compared to 1-2 per cent in Europe) and the cost of capital deployed during maturation (8-10 per cent per annum in India compared to 2-3 per cent for Europe)," Giri added.

"We firmly believe that if the EU does not repeal the law pertaining to the maturation, any trade agreement will be one-sided, thus favouring only the EU and doing nothing for the Indian industry," he added.

Further, the CIABC representative added there should be a parity in terms of the EU and UK -- both tax-free trade between them, Besides, transportation cost between the EU and UK is very low due to geographical proximity.

"If the deals agreed upon are any different, one can expect the trade to start using the more favourable route without any incremental cost or control," Giri added.

Further, the CIABC noted that most trade agreements have "most favoured nation" status which would lead to other countries demanding parity if the agreements had any difference.

Citing an example of the India-Australia FTA, it explained if India offers greater concession to any other country, Australia would be entitled to claim parity. Hence, the deal offered to the EU on wines cannot be different from what has been offered to Australia, Giri noted.