



PRESS RELEASE

EU / India: EU Wine and Spirits exporters call for tariff concessions to take centre stage in free trade negotiations.

Brussels 20 October 2010. EU Wine (CEEV) and Spirits (CEPS) exporters have called on the European Commission to put tariff concessions high on the agenda during their free trade negotiations with India. The call was made at a joint meeting today between CEEV, CEPS and EU negotiators for the free trade agreement (FTA).

India's current tariff and taxation systems have created significant barriers for exports into the continent. India currently imposes a 150% customs duty on imported products; imports are subject to high levels of VAT (up to 75%) and excise duties can reach up to 200%.

The removal of tariff barriers would open up significant market development potential for EU exports such as wine and spirits argue CEEV and CEPS, who have called specifically for the progressive dismantling of the 150% Indian tariff on imported products over a reasonable transitional period.

Speaking at the meeting, José Ramón Fernández, Secretary General of CEEV, said: *"This must be possible through appropriate modalities that ensure at the same time to preserve the smooth development of the core market segments of the nascent domestic wine production and industry, and to create the conditions for a fair competition and level playing field for the EU products on the Indian market."*

Jamie Fortescue, Director General of CEPS, added: *"We do not aim to replace domestic products. At over 200 million cases, the Indian spirits market is already significant, and constitutes the largest whisky market in the world. Today spirits imports represent less than 1% of that market. There is plenty of room for both domestic and imported products. An increase in the market share of EU products will give Indian consumers greater choice between cheaper domestic products and higher end imported beverages."*

The EU/India summit, which will take place on 10 December, is expected to confirm the prospects for a successful deal on both sides' priorities and ambitions.

"Taking into account the importance of the EU Wines and Spirits export sectors for the EU balance of trade, a FTA with India without a significant improvement of the market access for wines and spirits through substantial tariff concessions would just be unconceivable", declared Lamberto V. Gancia, President of CEEV.

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Note to the Editors:

- **Wines and Spirits** lead together the EU foodstuffs exports agro-food being the very 1st Industry and exporting sector of the EU – with over 11 billion euros total export value (Eurostat 2009).
 - The **Comité Européen des Entreprises Vins (CEEV)** – “Comité Vins”, www.ceev.be) represents the wine industry and trade in the European Union: *still wines, aromatised wines, sparkling wines, liqueur wines and other vine products*. It brings together 24 national organisations. With more than 7.000 companies, mainly SMEs, and more than 200.000 direct jobs in the EU, its members produce and market the vast majority of quality European wines, with and without a geographical indication, and account for over 90% of European wine exports. With about 6 billion euros’ worth of exports every year, the wine sector makes a contribution of 3 billion euros to the EU balance of trade.
 - **The European Spirits Organisation - CEPS** is the representative body for the spirits industry at European level. Its membership comprises 31 national associations representing the industry in 27 countries, as well as a group of leading spirits producing companies. With €5.7bn exports annually, the European Spirits industry contributes 4.8 billion euros to the EU balance of trade, making it the EU’s largest agrifood contributor.
- **India - Market situation:**
 - currently a very small market (local production represents 86% of the –wine - market; the imported products are especially sold in international hotels), but dynamic (with a growth of 30% per year)
 - Total Western-style spirits market amounts to 200m cases. It represents a market share less than 1%
 - with 300 million consumers, India represents high potential of market development for imported products.
 - the main difficulty in exporting to India is its prohibitive and discriminatory tariffs and taxation system against imported products:
 - 150% of customs duty on imported products
 - high levels of VAT (up to 75%)
 - high levels of excise duties (up to 200%)

The consequence is the virtual exclusion from the market of imported products in the classic retail network.

- **EU / INDIA FTA Negotiations:** Engaged early 2010. The next EU/India summit will take place on December 10th 2010.