

Irish Whiskey Association

Submission to House of Commons International trade Committee regarding UK trade negotiations: Agreement with India

7 February 2021

1. The Irish Whiskey Association is the all-island representative body for the Irish whiskey industry and represents Irish whiskey distilleries, bonders and brand-owners in Northern Ireland.
2. The Irish Whiskey Association welcomes the commencement of UK-India trade negotiations.
3. Historically, sales of Irish whiskey have been negligible in India. But, over the past three years, sales of Irish whiskey have sky-rocketed with India set to have been Irish whiskey's fastest-growing market in 2021. Latest figures from show that the value of Irish whiskey exports to India for the first 10 months of 2021 were up 106% compared to the 12 month of 2020.
4. Given the broader Irish whiskey category's recent success in India, a number of Irish whiskey companies in Northern Ireland are now targeting the Indian market.
5. The Irish whiskey industry in Northern Ireland wish to take the opportunity of this submission to outline two priorities with respect to the UK-India trade negotiations.

Tariff reductions for whiskey

6. Despite recent growth, the overall opportunities for Irish whiskey export growth to India are constrained by the aggregate 150% import duty which India imposes on imported brown spirits. Any reductions to this exceptionally-high duty would have a substantial impact in supporting an increase in Irish whiskey exports from Northern Ireland to India. Note the 150% aggregate import duty comprises both the customs duty and the 'Agriculture, Infrastructure and Development Cess'.
7. **In term of UK-India trade negotiations, the Irish Whiskey Association would propose substantial tariff liberalization in order to reach a final rate of 0% for UK brown spirits categories (including Irish whiskey), with gradual elimination over 5 years. This should apply to both bottled and bulk imports.**

Rules-of-origin for Irish whiskey

8. The Irish whiskey industry has operated for centuries on a highly-integrated, all-island basis. More recently our all-island industry has been governed by the Irish whiskey geographic indication which is legally recognised, enforced and protected equally by the UK and EU. A

key feature of the Irish whiskey category is the predominance of blended whiskeys, with over 95% of all Irish whiskey sold globally in 2020 being blends.

9. These two pieces of context are inextricably linked through the long-standing practice of distilleries across the island buying whiskey from each other to blend, with over 10% of all Irish whiskey sold globally in 2020 being blends containing component whiskey from both Northern Ireland and Ireland.
10. The UK-Australia FTA, published in December 2021, contains rules-of-origin which grant UK originating status to Irish whiskey exported to Australia under customs heading 2208 where the final goods contain non-originating inputs which have undergone a change in tariff heading (CTH). This means that Irish whiskey exported from Northern Ireland can include new make grain spirit from Ireland (initially falling under heading 2207) which has subsequently been matured as Irish whiskey in Northern Ireland, becoming 2208. This was a welcome development.
11. The UK-Australia FTA also provides for a 10% tolerance of total value for non-originating inputs. This means that Irish whiskey exported from Northern Ireland can include new make or matured pot still or malt Irish whiskey to a certain level. This is welcome to an extent. However, our members in Northern Ireland believe a 10% threshold remains insufficient.
12. **In term of UK-India trade negotiations, the Irish Whiskey Association would request a minimum CTH rule-of-origin for customs heading 2208, similar to the change contained in the UK-Australia FTA.**
13. **However, in response to member feedback, we would ask that UK negotiators seek to go further in proposing inclusion of a product-specific rule in the UK-India FTA to allow any Irish whiskey exported from the Northern Ireland to India to have full UK originating status as long as all inputs, classed as either 2207 or 2208, are produced on the island of Ireland, in line with the all-island geographic indication.**

William Lavelle

Director

Irish Whiskey Association