

PRESS
RELEASE



European spirits producers firmly opposed to further tax discrimination on their products

Brussels, 8 September 2006.

The European Spirits Organisation – CEPS is disappointed and strongly opposed to the European Commission's proposal to increase the minimum rates of excise duty applied to alcohol and alcoholic beverages by 31%.

The Commission's proposal on the approximation of rates of excise duty applied to alcohol & alcoholic beverages, by seeking to raise the minimum excise rates in line with EU-wide inflation from 1993 to 2002, would widen the existing deep levels of unjustified excise discrimination levied against spirit drinks compared with other alcoholic beverages. This is particularly the case for spirits in relation to wine since the minimum rate of excise for wine remains at zero. The current excise rate for spirits is 550 Euros per hectolitre of pure alcohol and under the Commission's new proposal this figure would rise to 720 Euros. EU spirit drinks already shoulder a disproportionate level of 45 % of alcohol taxation through excise duty and VAT yet only account for some 20 % of overall EU alcohol consumption.

EU spirits producers judge any revalorisation of existing rates expressed as a percentage as automatically and disproportionately raising the tax burden on spirits. Moreover, the industry is concerned that no provision for an impact assessment has been included in the Commission's proposal. The proposed 31 % increase will fuel further instances of illicit production and fraud in those countries where current rates are lower with potentially harmful health consequences for consumers.

The spirits industry is now calling on the Council to keep EU minimum excise rates at their existing 1992 levels rather than institutionalising even greater discrimination against spirit drinks than is currently the case.

"We strongly oppose this increased discrimination against spirit drinks. The only fair and logical way to tax alcoholic beverages is in proportion to alcohol content. Whilst discrimination between categories continues and no maximum excise rate is introduced, the Commission's proposal can never result in the greater harmonisation of alcohol excise rates it is seeking to achieve," commented the European Spirits Organisation – CEPS Director General, Jamie Fortescue.

For more information:

Jamie Fortescue, Director General, the European Spirits Organisation – CEPS, +32 2 779 24 23

The European Spirits Organisation – CEPS is the representative body for the spirits industry at the European level. Its membership comprises 38 national associations representing the industry in 29 countries, as well as a group of leading spirits producing companies.