

**PRESS
RELEASE**



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European Spirits Producers applaud Turkey Spirits Tax Reform

Brussels, 1 July 2009 - An agreement between the EU and Turkey has significantly improved prospects for importers of spirits drinks in Turkey, a key emerging market for producers.

The deal signed in Brussels last night will require tax discrimination against imported spirits, including whisky, rum, liqueurs, brandy, gin and vodka, to be eliminated in three stages. Spirits are currently taxed at differential rates in Turkey and up until March this year the rates ranged from around YTL^[1] 35.85 per litre of pure alcohol for locally produced Raki to YTL 56.99 for liqueurs and YTL 70.92 for whisky and rum. The removal of discrimination against non-domestic spirit producers in Turkey has consequently been a longstanding priority for The European Spirits Organisation - CEPS.

News of the breakthrough on spirits tax reform, part of Turkey's EU membership talks, follows a 30 per cent reduction in the tax discrimination faced by whisky and rum in Turkey in April 2009, as well as smaller cuts for all other spirits (due to the slightly lower starting rates). Similar reductions will now take place in 2012 and 2015, and by 2018 there will be uniform taxation for all spirits.

Jamie Fortescue, Director General of the European Spirits Organisation said:

"The EU-Turkey agreement on spirits tax reform is a major boost. Removing discrimination is one of our top international priorities and we're delighted that spirit drinks will have the opportunity to compete on a level tax playing field in Turkey in the future.

"The fact that the Turkish authorities have already reduced the tax on spirits, and have agreed a timetable for a non-discriminatory tax rate to be introduced is very welcome news.

"The European Commission and European Council have worked hard on this long running issue, and we are grateful for their support."

^[1] 1 Euro = 2.155 Turkish New Lira (YTL) at today's exchange rate

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Notes to Editors:

1. EU spirit drinks exports to Turkey in 2007 were valued at €64 million (Eurostat data).
2. The European Spirits Organisation - CEPS is the representative body for the spirits industry at the European level. Its membership comprises 32 national associations representing the industry in 27 countries, as well as a group of leading spirits producing companies.

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