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SPIRITS INDUSTRY WELCOMES EU REQUEST FOR WTO PANEL ON PHILIPPINES TAX DISCRIMINATION

Brussels, 11 December 2009 – Following failed WTO consultations with the Philippines over their discriminatory tax regime for imported spirits, the European Spirits Organisation has welcomed the European Commission's decision to seek the establishment of a WTO dispute settlement panel. Imported spirits have little chance of competing in the Philippine market due to the high taxes imposed on them. Depending on the net retail price of the imported product, the tax charged on it can be up to 50 times more than the tax applied to local brands. The EU has asked that its request be considered by the WTO at a meeting on 21 December.

The problem has existed from as early as 1995, exacerbated by legislation introduced by the Philippine government in 1997 and 2004 resulting in an excise tax increase of 30% for locally-produced spirits and 50% for imported spirits. As a consequence EU exports experienced a spectacular decline with their value plummeting by almost €30 million; from €48 million in 2003 to €18 million in 2007^[1].

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

“Spirit producers are disappointed that the WTO consultations with the Philippines were unsuccessful. The decision of the EU to push ahead and request a panel is therefore welcome news. We hope the Philippines now take the necessary action to reform its tax system and align itself with international trade rules so that European spirits are able to compete in the market.”

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^[1] Source: Eurostat

Notes to Editors:

1. The European Spirits Organisation - CEPS is the representative body for the spirits industry at the European level. Its membership comprises 31 national associations representing the industry in 27 countries, as well as a group of leading spirits producing companies.
2. The establishment of a WTO panel is the 2nd stage in the dispute settlement process. 60 days are allocated for consultations and if no amicable solution is found, a panel is requested. This will be formed in around 20 days. For more information on the process see http://www.wto.org/english/thewto_e/whatis_e/tif_e/disp2_e.htm

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