



Wednesday 10th November 2010

MINIMUM PRICING REJECTED BY SCOTTISH PARLIAMENT

Today's decisive vote to reject minimum pricing by the Scottish Parliament has been warmly welcomed by Scotch Whisky distillers.

The Scotch Whisky Association (SWA) has consistently argued that minimum pricing would be illegal and ineffective in addressing misuse, whilst significantly damaging one of Scotland's key industries.

The Association calls on all parties now to work together on alternative UK tax-based measures to address concerns over the pricing of certain drinks. This can be achieved through early reform of the excise duty system and the introduction of a UK-wide ban on alcohol sales below tax.

Gavin Hewitt, SWA Chief Executive, said:

“The Scottish Parliament is to be congratulated. MSPs have looked carefully at the evidence rather than listening to the rhetoric on minimum pricing.

“Now that minimum pricing has been rejected, we call on all parties to come together to build consensus around alternative, more effective, legal tax-based measures to address alcohol misuse. Reform of the UK excise duty system so that all alcohol is taxed on a fair and responsible basis, according to alcohol content, offers that opportunity.”

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Note to Editors:

1. The proposed 45p a unit would have resulted in a minimum price of £12.60 for a 70cl bottle of Scotch Whisky (at 40% vol.). The current average price for Scotch Whisky in Scotland is £10.85.

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2. Analysis of a wide range of international studies suggests the average price elasticity of demand for spirit drinks is -0.80. This means that for every 10% rise in price, there will be an 8% reduction in sales.
3. Alcohol served as Scotch Whisky is already taxed some 250% higher than the same amount of alcohol served as cider, 37% higher than beer, and 30% higher than for wine. The excise duty on Scotch Whisky has been raised nearly 22% since 2008.
4. The UK Treasury is currently reviewing the alcohol taxation system, whilst the Home Office is consulting on the introduction of a ban on alcohol sales below cost.
5. In 2010, the SWA commissioned two separate studies of the revenue impact of excise duty reform based on up to date price elasticities. Reports by PricewaterhouseCoopers LLP and Optimal Economics both concluded that reform could deliver in excess of £1bn extra revenue every year.
6. For further information please contact Campbell Evans (0131 222 9231 and 07768 002 262) or David Williamson (0131 222 9230 and 07730 496 151) at the SWA.