



REVIEW OF THE BALANCE OF COMPETENCES BETWEEN THE UNITED KINGDOM AND THE EUROPEAN UNION: EU BUDGET

Overview

The Scotch Whisky Association (SWA) welcomes the opportunity to provide input to the UK government's Balance of Competences review.

The SWA is the industry's officially recognised representative body, responsible for protecting and promoting Scotch Whisky both at home and abroad.

Flexibility within Commission resourcing

We believe that there is insufficient flexibility of resourcing within the Commission to ensure that new priorities can be funded.

As the representative body for an industry which exports 90% of total production each year (65% of which goes to some 170 countries outside the EU), the Scotch Whisky Association dedicates a significant proportion of its operational budget to trade policy and market access work. The fact that the Commission has exclusive competence to handle virtually all aspects of international trade on behalf of Member States means that the Scotch Whisky industry depends heavily on the work of DG Trade and colleagues in the European External Action Service (EEAS) to secure optimal trading conditions in third country markets around the world.

With the assistance of DG Trade, the SWA and spiritsEUROPE (the umbrella trade association for the EU spirits industry) have taken four successful WTO dispute settlement cases against Japan, Korea, Chile and the Philippines for discriminating against Scotch Whisky and other EU spirits through their excise tax regimes. The industry continues to face significant trade barriers in many of its export markets, and there is no doubt that a number of these have an adverse impact on export performance. Regrettably, it seems that a lack of resource within DG Trade has led to a situation in which it is unwilling to take robust action on even the most egregious of these issues.

Adequate DG Trade resources to progress the many negotiations on Free Trade Agreements is also essential. FTAs have a significant impact on the ease with which we can access third country markets and the number of these negotiations has expanded dramatically in recent years.

We therefore believe there is a strong case for increasing the resource available to DG Trade both in personnel and cash terms. This would permit the Commission to continue to negotiate free trade agreements with other trading partners and at the same time tackle individual trade barriers in third countries.

In our view, this needs to be done rapidly by re-allocating resources from within the Administration lines of the existing EU Budget from lower priority Directorates-General, in order to provide a step-change in DG Trade resources. In the medium term, the establishment of some kind of contingency fund for priority areas such as external trade might be a viable alternative or additional solution.

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The UK Government should also be prepared, in recognition of the importance of trade and export growth to the UK, to second to DG Trade suitably qualified officials. If alterations in the current rules are needed to make this possible, the Government should press for them.

The Scotch Whisky Association
Edinburgh

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