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India Cuts Scotch Whisky Tariffs to 75% Under New U.K. Trade Pact

The agreement takes effect July 15 and gives British distillers wider access to India’s vast consumer market.

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The trade agreement between India and the United Kingdom takes effect on July 15, opening a new phase for bilateral commerce and bringing a sharp tariff cut for Scotch whisky, one of the most closely watched changes for the drinks industry.

Under the India-UK Comprehensive Economic and Trade Agreement, India will reduce its customs duty on Scotch whisky from 150% to 75% when the pact enters into force, according to details published by India Briefing based on the agreement and U.K. parliamentary research. The tariff is then scheduled to fall further to 40% over 10 years. The agreement also starts tariff reductions for gin and other British whisky under product-specific schedules.

The change matters for beverage companies because India is one of the world's largest consumer markets, and lower import duties could reshape pricing, distribution and brand strategy for Scotch and other British spirits. The shift may improve the competitiveness of imported products, but companies will still need to meet origin rules and customs requirements before they can claim the lower rates.

The agreement goes beyond spirits. It creates a broader legal framework for trade, investment, services, customs, digital trade, intellectual property, government procurement and professional mobility between the two countries. India Briefing said the pact will affect exporters, importers, manufacturers, service providers and investors with operations tied to both markets.

For goods trade, tariff relief does not apply automatically to every British export. Preferential treatment is limited to products that qualify as originating under the agreement's rules of origin. That means companies must show that goods were sufficiently made or processed in the U.K. under product-specific rules and must keep the required documentation or use self-certification where allowed.

That compliance issue is especially important for spirits producers and distributors. A lower headline tariff can improve market access on paper, but importers that fail to satisfy origin requirements or customs paperwork could still face India's normal most-favored-nation tariff. For drinks groups managing global supply chains, bottling arrangements and ingredient sourcing, those technical rules may become as important as the tariff cut itself.

India Briefing said some products will receive immediate duty reductions while others will move down gradually over several years. In addition to Scotch whisky, categories listed as benefiting from India's tariff commitments include chocolates, cosmetics,

biscuits, premium food products, selected medical devices, chemicals, industrial machinery and electrical equipment. British passenger vehicles are covered through tariff-rate quotas with phased reductions rather than a single across-the-board cut.

The agreement also includes customs facilitation measures intended to speed border procedures. According to India Briefing, these include simplified customs processes, self-certification of origin, greater digitalization and a commitment to release compliant goods within 48 hours when customs requirements have been met. For beverage importers working with time-sensitive shipments or complex distribution networks, faster clearance could help reduce administrative costs and improve supply chain planning.

The pact is expected to create openings across several sectors, including food and beverages, automotive manufacturing, cosmetics, engineering, financial services and technology. India Briefing said businesses with long-term plans in India may also benefit from wider regulatory cooperation and stronger legal certainty for cross-border operations.

For U.K. companies weighing how to approach the Indian market, the agreement may alter the balance between exporting directly and building a local presence. Lower tariffs can make direct shipments more attractive in the short term. But companies expecting sustained growth may still consider setting up Indian subsidiaries, appointing local distributors or developing manufacturing, assembly or logistics operations inside the country.

That question is likely to be relevant in spirits as well. A steep reduction in duties on Scotch may encourage more aggressive export plans by distillers and brand owners. At the same time, larger groups could revisit their route-to-market strategies in India as competition changes and imported brands seek broader reach beyond major urban centers.

The agreement also expands market access in services including financial services, telecommunications, environmental services, accounting, education and selected professional services. India Briefing noted that many of those commitments formalize existing access rather than create entirely new rights, but they provide greater

predictability for companies doing business in India.

One area not covered is standalone investment protection. India Briefing said the trade pact does not include an investor-state dispute settlement mechanism or a separate investment protection chapter. Businesses considering investments will need to watch negotiations on a separate bilateral investment treaty between India and the U.K.

The package also includes a Double Contribution Convention aimed at preventing employers and employees from paying social security contributions in both countries at the same time. Eligible workers temporarily assigned between India and the U.K. may continue contributing only to their home country’s system for up to three years if they meet the convention’s conditions.

For beverage exporters, however, the immediate focus is likely to remain on tariffs and execution. The reduction in duties on Scotch whisky marks one of the clearest commercial changes taking effect this week under the new accord. Whether that translates into lower shelf prices, higher volumes or stronger margins will depend on how producers, importers and distributors handle compliance, quotas where relevant, logistics costs and competition in one of the most important growth markets for premium spirits.