

minutes

Meeting: Cross Party Group on Scotch Whisky

Location: Online video call – MS Teams

Date Held: Tuesday 2 February 2021

Attendees: **MSPs:** Murdo Fraser, Gordon MacDonald, Rachael Hamilton, Colin Smith.
Other attendees: Ashley Atkins (Assistant to Edward Mountain MSP), Martin Bell (SWA), Blair Bowman, Kate Fry (Assistant to David Stewart (MSP) and Rhoda Grant MSP), Orchid Lui (Chinese Times), Steve Kerr (Caledonia Public Affairs) Graeme Littlejohn (SWA), Lindsay McGarvie (Edrington), Beatrice Morrice (SWA), Jon Potter (3W Insights), Ian Smith (Diageo), David Saer (Portman), David Williamson (Wm Grant).

Murdo Fraser MSP chaired the meeting.

The minutes from 11 November 2020 were agreed.

1. Trade in 2021

Graeme Littlejohn, SWA, provided information on the impact of COVID-19, Brexit and US tariffs on the Scotch Whisky industry. He explained that the export statistics for 2020 would be published on 12th February and that a drop of around 20-25% (£1 billion) is expected. He stated that a V shaped recovery was not likely and that it would take time to build back market share.

With regard to Brexit, the SWA was pleased a no deal was avoided however issues relating to certification, groupage (when more than one company's order is shipped with other orders) and labelling for products going to Northern Ireland are causing problems for companies.

He explained that the 25% tariff has resulted in a drop of around half a billion pounds in exports to the US. He stated that it was unfair for Scotch Whisky to be caught in an unrelated trade dispute and that the tariff should be removed as soon as possible. The UK government should quickly engage with Katherine Tai, the new US Trade Representative, who is expected to be confirmed by the Senate over coming weeks.

Martin Bell, SWA, provided information on the trade priorities for 2021. He welcomed the 'Continuity' Free Trade Agreements that were rolled over from EU agreements and underlined that there is an opportunity over the coming months for negotiations to begin on a mini trade deal with India, that could help reduce the 150% tariff for Scotch Whisky.

Action

He highlighted that Free Trade Agreements with Australia and New Zealand are likely to be concluded by the end of 2021. That they will be important as they will likely be the model for future UK trade agreements with other countries going forward.

He explained that other trade issues (tax discrimination, import certification, tariffs and compliance with WTO obligations) are worked on by the SWA and member companies to improve market access and thereby grow exports around the globe.

The group then discussed a range of specific issues relating to trade. These included:

- Confirmation that under the new Biden administration, the new US Trade Representative will be the Lead negotiator on the Airbus/Boeing dispute;
- As economies transition out of Covid restrictions, Scotch Whisky exports are resuming growth from the east, led by markets such as China, Australia and Taiwan, whose markets are reopening. However, the US remains the biggest challenge due to the Airbus tariff.
- The Scotch Whisky industry has worked with other sectors that are also hit by the US tariff and the SWA has repeatedly called for the tariff to be removed for all unrelated sectors caught in this trade dispute.
- The SWA is asking for a cut in excise in the UK Budget in March and any support that members could provide to help secure this would be welcomed.
- In terms of trade with EU markets following the end of the transition period, issues relating to groupage have arisen. On requests from Member States for new import documentation, the situation is being monitored as it is currently unclear if this is due to importers being careful or authorities actually requesting the information.
- Information on the Continuity Agreement with Japan was provided and confirmation was given that GI recognition was included, which helps to make it easier to protect Scotch Whisky there.

2. SWA update

Beatrice Morrice provided information on the SWA's new Sustainability Strategy that was launched in January. It includes a number of ambitious commitments that include reaching Net Zero by 2040 and for all packaging to be recyclable, reusable or compostable by 2025. Detailed information has been sent to all members and is also available on the SWA website.

Beatrice also highlighted that the Scotch Whisky Action Fund is open for new applications. Members are encouraged to share this information with local initiatives that may be interested in applying. More information is available from Foundation Scotland.

3. AOB

The convener thanked attendees and confirmed that it would be the last meeting of this Parliament. Beatrice thanked members of the group and the office bearers, Murdo Fraser, Gordon MacDonald, Liam McArthur and David Stewart for their support and

Members to highlight to local projects that the Scotch Whisky Action Fund is open for applications currently.

underlined that the group would seek to be reconstituted in the new Parliament following the election in May. The group passed on their best wishes to David Stewart MSP, who is not seeking re-election in May.

For more information please contact Beatrice Morrice: bmorrice@swa.org.uk