

minutes

Meeting: Cross Party Group on Scotch Whisky
Location: Committee Room 3 Scottish Parliament

Date Held: Wednesday 11 January 2017

Present: **MSPs:** Douglas Ross, Richard Lochhead, Murdo Fraser, Gordon MacDonald, Liam McArthur and Colin Smyth.

Other attendees: Susy Atkinson (Edrington), Blair Bowman, George Burgess (Scottish Government), Howell Davies (Interface), Campbell Evans (Atholl Crescent Consultants), Karen Freel (Perspectiva Consultants), Rosemary Gallagher (SWA), Annie Hill (Institute of Brewing and Distilling), Liam Hughes (SCDA), Orchid Lui (Chinese Times), Lauren McArthur (SWA), Beatrice Morrice (SWA), Gerry O'Donnell (Edrington), Alastair Ross (ABI), Devin Scobie (Caledonia Public Affairs), Neil Sinclair (Scottish Government), Ian Smith (Diageo), Gordon Swan (Golden Charter Ltd), David Williamson (SWA) and Alan Wolstenholme (SCDA).

Apologies: Jackie Baillie MSP, David Stewart MSP, and Andy Rosie (SEPA)

Douglas Ross MSP chaired the meeting and welcomed attendees.

Minutes

The minutes from the previous meeting, held 13 September 2016, were agreed.

1. Brexit

David Williamson (SWA) outlined the Scotch Whisky industry's Brexit priorities, including five key objectives:

- An open, liberal and ambitious trade policy.
- Robust legal protection of Scotch Whisky in the UK, EU and global markets.
- Business certainty and consistency (by transposing EU single market legislation of relevance to Scotch Whisky into UK law).
- Scoping out opportunities where distinct UK approach could benefit domestic industry (e.g. energy policy).
- Domestic tax and regulatory agenda that delivers a platform for international growth.

David also underlined that the Scotch Whisky industry - as a large exporter - would be a litmus test for the success of the UK's exit from the EU and highlighted the importance of 'grandfathering' trade benefits already secured, as well as securing new trade deals.

George Burgess (Deputy Director Deputy Director, EU & International Trade & Investment, Scottish Government) underlined that the Scottish

Action

Government had re-organised its teams internally to improve functionality in light of Brexit. He also stated that the Scottish Government does not support Brexit but that they are committed to exploring all options to protect Scotland's interests. The publication, *Scotland's Place in Europe*, was the first detailed plan to be published and covers five key interests, including protecting jobs. At the heart of the paper is a desire to retain membership of the single market and to avoid a 'hard' Brexit. The paper also calls for the further transfer of power to Scotland to allow the Scottish Government to protect the country's interests.

George stated that the Scottish Government remains committed to working with the Scotch Whisky sector and the SWA.

Gerry O'Donnell (Corporate Affairs Director, Edrington) introduced Edrington, noting that it is owned by the Robertson Trust which donates around £18 million to a wide range of causes across Scotland each year. He stated that businesses like certainty and a business context where economic action is encouraged and rewarded.

A general discussion followed that included:

- In the context of Brexit, membership of the EU Customs Union would not be the best outcome for the whisky industry as it constrains a country's ability to negotiate its own trade deals.
- Scotch Whisky had benefitted enormously from benefits secured through trade deals negotiated by the EU.
- New markets will be important for Scotch Whisky, in particular India and China, fast growing markets such as Vietnam, Nigeria and Angola and markets that could do with a boost including Australia and Thailand.
- Legal protection of Scotch Whisky is fundamental to the industry. It may need to be carried out in different ways in certain markets following Brexit but the SWA said robust protection of the Scotch Whisky GI would still be possible.
- There are challenges around the reliability of government export statistics.
- Free movement of people is important to the industry. One aspect of this is that it is an international business and colleagues across the globe need to be able to come to the UK to work without barriers.
- The Scotch Whisky industry works closely with industry bodies across Europe including SpiritsEurope.

2. Scotch Whisky Update

Beatrice Morrice (Scotch Whisky Association) provided an update on the Scotch Whisky industry.

She briefed members on current industry performance and investment trends underlining that exports to end of October 2016 were more positive in both volume and value. She stated that 14 distilleries had opened since 2013 and that several more will open in 2017. Major investments in existing distilleries are also continuing.

Beatrice also highlighted that the Scotch Whisky Action Fund will re-open for application shortly and run until mid-June 2017. MSPs and CPG members will be sent information on this so they can publicise it to local projects where relevant.

Members noted that a successful Action Fund event was held in Glasgow in November at which several projects that had received funding discussed what their initiative had achieved in relation to tackling alcohol misuse. The SWA is arranging a similar event for MSPs and researchers at the Scottish Parliament. More information on this will be circulated soon.

SWA

Members noted that the SWA's submission to HM Treasury in advance of the budget in March will be circulated to members soon and that information on a possible CPG visit will be discussed at the next meeting.

SWA

3. Any other business

Douglas Ross thanked attendees and members noted the dates for future meetings:

Tuesday 28 February 1-2pm, Committee Room 3
Tuesday 23 May 6-7pm, Committee Room 4.

For more information please contact Beatrice Morrice
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