

Scotland's National Drink Producers Fear Worst from Trump 2.0 Tariff Hike Threat

By Bill Magee

The \$9 billion (£7.1 bn) Scotch whisky industry and its 40,000 employees are holding their collective breath. As a 2nd Trump US administration looms and all this means in terms of well documented threats by the self-proclaimed teetotaler that would lead to quite catastrophic Transatlantic tariff hikes hitting sales of the amber nectar.



The Scotsman annual review of this key sector notes how Scotch producers are already reeling from UK Chancellor Rachel Reeves' inaugural budget Retail Price Index inflation rise on alcohol duty and all this means towards damaging not only the industry but also the entire Scots and UK economies.

Scotch Whisky Association CEO Mark Kent reacted by describing the increase as a hammer blow running counter to the Prime Minister's (Sir Keir Starmer) commitment to "back Scotch producers to the hilt... yet increases the tax discrimination of Scotland's national drink."

Global Premium Spirits Fresh Fears

Drinks International highlights how "The Donald's" re-election as US President is likely to lead to further tariffs being implemented on the global premium spirits industry.

During his first stint as POTUS he slapped retaliatory tariffs on the imports of Scotch whisky between October 2019 and March 2021 costing an estimated \$750 million (£600m) in exports, according to the SWA.

These tariffs are not due to be reviewed before June 2026 which seems a long way off but expect a Trump 2.0 early call on the issue in 2025. There are similar warnings for other spirits, beer and wine across the European Union.

In the run-up to the US election Trump warned of a mighty 20 per cent import tariff on foreign goods but also

domestically. Several American spirits brands have also expressed their concern that retaliatory tariffs would almost certainly be slammed on US products entering Europe.

Of course, following Brexit the UK is no longer a member of the EU, although the newly-elected Labour Government has made early overtures hinting at drawing closer to its European neighbours who before break-up were long time partners.

The EU remains a key trade partner despite now being outside the Single Market and Customs Union. In 2023 UK exports of goods and services to mainland European countries were \$450 billion (£356bn) representing 42 per cent of all British exports.

Although there are no tariffs on trade in goods with the EU, subject to certain conditions, other barriers to trade are now higher. Brexit has also led to changes in the way data on trade in goods with the EU is collected.



Scots Whisky Producers Do What They Do Best

Just how taxing such fresh pressures will have an impact on the sector remains to be seen. In the meantime whisky producers will continue to do what they've always done: building on commercial success now requiring an even greater emphasis on ensuring a product based on sustainability.

We're talking of ambitious net-zero targets whilst meeting consumer demand for Scotch with genuinely green credentials. Here and it may surprise some folks more used to a traditional market approach towards whisky but the industry is wisely moving with the digital times.

What hasn't changed is that a number of distilleries bottle and sell some of the whisky they distil for consumption as single or unblended offering. Also remaining a constant is that by far the greater part of production is applied to the famous blended Scotch whiskies sold all over the world based on specialisms taking many years to acquire.

The Scotch Whisky Experience folks cite a little-known fact, that a blend can consist of anything from 15 to 50

different single whiskies. Combined in proportions based on a unique formula secret to a blending company.

Whiskies from different distilleries have a character of their own with SWE pointing out that just as people have different temperaments often incompatible with one another, "some whiskies will not blend happily with certain others." Malts and grains in a blend must, therefore, be chosen to complement and enhance their respective flavours.

Blending is in no sense a dilution and the blender's task is to combine different single whiskies to produce a blend which brings out the best qualities of each of its constituent parts with such a combination of malt with malt or grain with grain known as "vatting".

On the question of temperament? Let's earnestly hope President Trump keeps his cool when it comes to the implementing new tariffs on Scotch.

Being Scots and the eternal optimist, I'll drink to that...

