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Here's hoping that teetotaler Trump doesn't serve up a Scotch hangover

“Today’s rain is tomorrow’s whisky,” goes the cheery old drinker’s proverb. Such optimism is being sorely tested as scotch finds itself on the rocks of not just a no-deal Brexit but also the threat that its US trade could evaporate, like the angel’s share.

Oddly enough, distillers appear largely philosophical about the news that single-malt scotch will be among a range of European goods subject to US import taxes from this Friday in what is partly, though not entirely, the latest round of Washington’s long-running trade dispute with the European Union over subsidies for Airbus.

The move will see Donald Trump slap punitive tariffs of 25% on imported single malts from Scotland and Northern Ireland. Blended scotch, the vast majority of the industry’s exports, is exempt. For the time being.

These are nervous times for Scotland’s national drink.

The first thing to bear in mind, is that this is an “America First” trade row. It is less about Airbus subsidies, and more about the Trump administration’s attack on the dumping of subsidised steel and aluminium in the US by China.

The US president Donald Trump’s tariffs on steel imports to America, formally introduced early last year, were initially imposed solely on China, but were expanded within a couple of months to take in the EU, Canada and Mexico.

In response, the EU and Mexico imposed a range of tariffs on US goods, including a 25% tax on all US whiskey imports. Canada slapped a 10% levy on the spirit. Mexico and Canada made their peace with Trump and the tariffs were lifted earlier this year. The EU, however, has not. US whiskey imports in the EU still attract a 25% duty.

The upshot is that US whiskey sales to Europe have plunged 21% in the past year, according to the Distilled Spirits Council, an American industry group. As Trump might tweet, it’s a no-brainer.

Total scotch whisky exports to America were worth more than £1bn last year. Single malts accounted for £344m of those sales, or 33%.

If you include blends, which could well be dragged into the row if it continues, the US accounts for 22% of scotch exports by value and 11% by volume. The EU accounts for 30% by value and 36% of volume.

In the absence of an immediate resolution, where does all this leave scotch? Looking forward, larger distillers — bearing in mind that the bulk of their volume-driven business is blended whisky — could absorb at least part of the cost of the tariffs.

It's also quite feasible that US consumers could absorb the extra cost themselves. Many Scottish single malts already sell for a premium, and those who consume it tend to be the cognoscenti who would happily stump up more to continue enjoying it.

Alternatively, they may switch to tariff-free Irish single-malt whiskey instead. Indeed, the evidence from US imports to the EU in the past year suggests switching to a less expensive tippie is the more likely scenario.

Meanwhile, smaller independent distillers in the premium single-malt market, operating on thinner margins, will find it harder to absorb a price hike — but again, people who buy and drink good malts aren't always basing their purchase on price.

The biggest losers, though, appear to be the US rye and bourbon distillers. Brown-Forman, which produces Jack Daniel's Tennessee whiskey, has lost \$125m (€113m) due to the EU tariffs. The company chief executive Lawson Whiting has called the EU levy a "targeted tariff at Brown-Forman". Meanwhile, the Distilled Spirits Council estimates the impact of this week's US tariffs could result in up to 78,000 American jobs being lost across the supply chain if the issue isn't resolved, and send a number of the nation's independent distillers to the wall.

Nervous times for the industry indeed. Still, as WC Fields remarked: "The best thing for a case of nerves is a case of scotch."