



Scotch Whisky's Economic Impact 2022

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scotch whisky
association

Foreword

The Scotch Whisky industry is a world-class exporter.

This much has been known about the industry since the mid-nineteenth century when the first pioneers of Scotch Whisky took what was, until then, a product of Scotland enjoyed in Britain and, through innovation, determination and an unmatched entrepreneurial spirit, turned it into a product enjoyed globally.

What has been less well understood is the significant, and growing, impact that the global reach of today's modern industry has on the Scottish and wider UK economy. Each bottle shipped from Scotland to over 180 global markets leaves behind a measurable impact on our economy - be it directly through the manufacturing process, indirectly through the industry's extensive UK supply chain, or induced.

In this report, we quantify the impact to Scotland, and wider UK, of the Scotch Whisky industry in 2022.

What we discover is that over the past turbulent five years, when the industry has faced retaliatory tariffs in the largest global market and we have all faced a global pandemic and the knock-on economic pressures, the Scotch Whisky industry has remained resilient and redoubled its commitment to provide employment, investment and opportunity in Scotland and beyond.

The numbers are impressive - a 29% increase in GVA since 2018 when we last took a snapshot of the industry's economic footprint; 24,000 more jobs supported across the UK than a decade ago; billions of investment in future growth.

But the numbers, so key to any economic impact assessment, only tell a small percentage of the story.

The real value of this iconic industry to our home shores is in the places and people that help to craft our national spirit.

The numbers in this report can be traced back to individual stories - a new career path, fresh innovation on our path to net-zero, a community sustained through long-term investment.

The sum total of this is, from rural and island communities to our urban centres, Scotch Whisky is an anchor for economic growth. Through turbulent times - past, present and to follow - with the right support from government it can continue to be for generations to come.



A handwritten signature in black ink, appearing to read 'Mark Kent'.

Mark Kent

Chief Executive
Scotch Whisky Association

Executive Summary

- In 2022, the Scotch Whisky industry, defined as the production and sales & distribution of Scotch Whisky, generated £7.1 billion Gross Value Added (GVA) (direct + indirect + induced) in the UK
- Out of this total, £5.3 billion was generated in Scotland
- The industry supported 66,000 jobs across the UK and 41,000 in Scotland
- The manufacturing of Scotch Whisky is highly productive and generated £6.3 billion GVA across the economy, of which £3.4 billion was directly generated by production

 **£7.1bn** GVA per year

 **66,000** jobs supported

 **£2bn** investment since 2018



Methodology

How we quantified Scotch Whisky's economic impact

The economic impact figures (GVA and employment) in this report are based on a global economic impact study conducted by Oxford Economics and the IWSR on behalf the World Spirits Alliance (WSA) dated November 2023.

The original study contains data for the UK spirits sector with a breakdown by production and downstream activities. In order to compile estimates for Scotch Whisky and a breakdown of impacts by nation (Scotland and the rest of the UK) the SWA used the following methodology. To arrive at the UK Scotch Whisky production estimates, the total Scotch Whisky output figures were considered to account for 82% of total spirits output. This assumption is based on Whisky and spirits manufacturers sales figures according to which Whisky sales represented 83% of total sales and Scotch Whisky sales representing 99% of UK Whisky volume consumed worldwide (IWSR).

According to the Scottish Annual Business Statistics (SABS), Scottish spirits represented 85% of total UK spirits turnover but 92% of GVA. The different GVA to output ratio was therefore accounted for to produce the Scotch Whisky estimates.

The Scotch Whisky direct production impacts for the rest of the UK (excl. Scotland) were based on employment share estimates. It was assumed that roughly 500 out of the 12,326 people directly employed by Scotch Whisky producers were employed outside Scotland. Given the direct Scotch Whisky production impact estimates for Scotland, data from the Scottish Use and Supply tables were used to produce estimates for direct and indirect impacts in Scotland.

To produce the downstream activity breakdown for Scotch Whisky and the regional breakdown for Scotland, the IWSR used sales figures from the IWSR, on-trade data from the CGA and off-trade data from Nielsen, both of which have a breakdown by UK nation.

Sources: UK Spirits economic impact figures from the country breakdown of Oxford Economics/IWSR's study of the "Global Spirits Economic Impact in a changing world" (Nov 2023); Export data were sourced from HMRC, UK Trade Info; GVA and Employment Multipliers for the Scotland breakdown were sourced from Scottish Government (2020) Supply, Use and Input-Output Tables 2019; Spirits excise duty data were obtained from HMRC, Alcohol Bulletin; Whisky and Spirits manufacturers' sales figures were obtained from the UK Manufacturers' Sales by Product Survey (Prodcum) 2022; UK on-trade data was obtained from CGA; Spirits and Scotch Whisky off-trade data were obtained from Nielsen; Spirits investment figures were sourced from the Annual Business Survey (ABS)



Export Growth

Exports of Scotch Whisky have increased by 31% between 2018 and 2022, to a record £6.2bn.

The growth of global exports directly links to the growth of industry GVA across the UK over the same period.

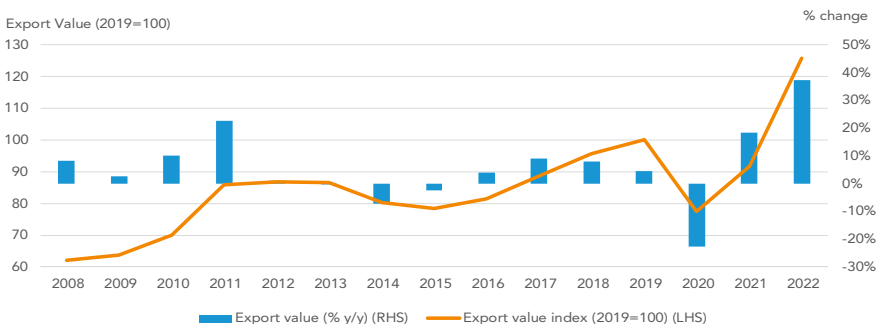
In 2022, Scotch Whisky exports accounted for:

77% of Scottish food % drink exports

26% of UK food % drink exports

2% of all UK good exports

Growth in Scotch Whisky exports, 2008-2022



Source: HMRC/SWA analysis

Gross Value Added



GVA indicates the size of our industry within the Scottish and UK economy, and the last five years has seen significant growth in the economic importance of Scotch Whisky.

The Scotch Whisky industry is estimated to have contributed £7.1 billion to the UK economy in GVA in 2022. This is a 29% increase when compared to the industry's GVA in 2018, and a 42% increase when compared to GVA in 2016.

£5.3 billion of this economic activity takes place in Scotland - 75% of the total GVA of the Scotch Whisky industry. This means that in 2022, 3% of Scotland's total GVA was contributed by the Scotch Whisky industry.

The significant contributing factors towards the increased GVA are increased spirit production (between 2018 and 2022 the maturing stock of Scotch Whisky increased by 10%); new distilleries and corresponding supply chain impacts (between 2018 and 2022, 10 new Scotch Whisky distilleries opened, taking the total to 148); and investment in energy efficiency, fuel and low-carbon technology to move the industry further towards the ambition of net-zero by 2045.



Case Study: Green investment

Completed in 2022, Bunnahabhain Distillery on Islay invested £6.5 million in a new biomass facility which is set to save more than 3500 tonnes of CO2 per year.

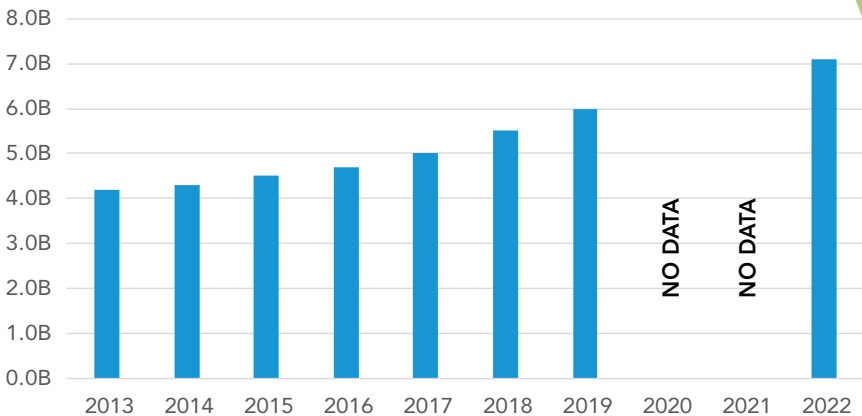
The Biomass Energy Centre will run entirely off of draff – a Scotch Whisky by-product – and forest biomass, wood chippings from low value timber felled on Islay, 15 miles away. Ash from the nutrient rich biomass fuel will then be used as natural fertiliser for the replanted forest, creating a circular model for sustainability.

The project puts the distillery on track to be Islay’s first net zero distillation process distillery.

Find out more about the initiative:



Scotch Whisky industry GVA across the UK, 2013-2022



Scotch Whisky Impact per Region

Direct Production GVA in Scotland

£442m (14%)
Central Scotland

£627m (19%)
Glasgow

£799m (25%)
Highlands & Islands

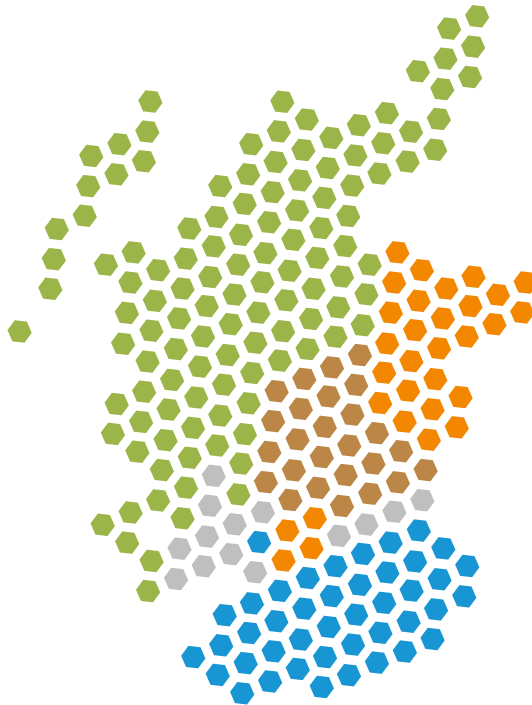
£244m (8%)
Lothian

£507m (16%)
Mid Scotland and Fife

£77m (2%)
North East Scotland

£160m (5%)
South Scotland

£379m (12%)
West Scotland



The GVA breakdown is based on Scottish spirits employment shares by region obtained from the Business Register and Employment Survey (BRES). These figures were used as an approximation for the employment shares of Scotch Whisky employees across Scotland.

86%

of Scots think
Scotch Whisky is
important to the
Scottish economy*



*Survation polled 1,064 Scots aged over 16 years of age
Fieldwork was undertaken between 9 October 2023 and 13 October 2023

Productivity

The Scotch Whisky industry is highly productive, having added approximately £273,000 per employee directly the UK economy in 2022.

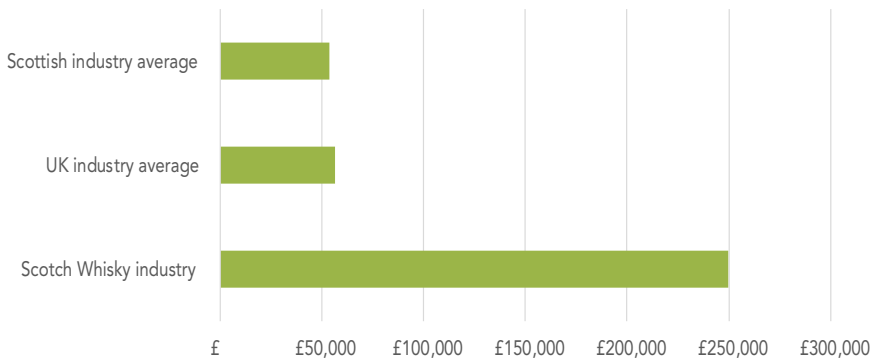
To provide a productivity comparison for different industries, this report uses 2019 national statistics for GVA per employee with 2019 serving as the last pre-pandemic base year.

For consistency, the tables show the productivity of the Scottish spirits sector (as a proxy for Scotch Whisky productivity) for 2019.

Scotland's most productive industries, 2019

Ranking	Sector	GVA per employee
1.	Energy (including renewables)	£279,277
2.	Scotch Whisky	£249,674
3.	Manufacture of Basic Pharmaceutical Products and Pharmaceutical Preparations	£213,387
4.	Water Transport	£202,250
5.	Mining Support Service Activities	£124,530
6.	Air Transport	£115,214
7.	Repair and Installation of Machinery and Equipment	£113,771
8.	Manufacture of Chemicals and Chemical Products	£105,720
9.	Manufacture of Coke and Refined Petroleum	£96,864
10.	Manufacture of Motor Vehicles, Trailers and Semi-Trailers	£92,625

Gross Value Added Per Head, 2019





Investment

The Scotch Whisky industry is a significant investor across the economy.

From new distilleries to maturation warehouses, visitor centres to low - carbon technologies, the industry invests hundreds of million annually in Scotland and across the supply chain.

Over the past five years, new CapX projects have totalled over £2 billion.

£2.1 billion

CapX investment between 2018-2022

Case Study: Distilling Community Spirit

“We’re part of the story of the island now,” Simon Erlanger, Managing Director of Isle of Harris Distillery says “When people talk about Harris they talk about Tweed, the beautiful landscape and they’re now also talking about the distillery.”

From starting in 2015 with £11m of investment from public and private sources and just 10 employees, the distillery now employs 2.5% of the entire island community, sustaining livelihoods after decades of population decline.

In September 2023, the distillery's first Scotch Whisky was released for sale, ensuring further interest in both island and industry.

Find out more about the distillery's journey:





Employment

Growth creates jobs.

The growth of the Scotch Whisky industry has enabled the creation of an additional 24,000 jobs across the UK over the past decade.

Of the 41,000 jobs now supported by the industry across Scotland, almost 39,000 flow directly from the production of Scotch Whisky. This primarily involves, but is not limited to, the distilling, rectifying and blending. The figure also includes other activities, such as sales and marketing.

Across the rest of the UK, the industry supports an additional 25,000 jobs. In 2022, supply chain companies supporting the production, sale and distribution of Scotch Whisky were based in 338 of 533 constituencies in England.

Case Study: Career Changer



Steven Morris, HSEQ Manager for Gordon & MacPhail, made the move from telecommunications in Warwickshire to a job in Elgin in the iconic Scotch Whisky industry.

Why did he make the move? "At the forefront of my decision were the challenge that the new role provided," Steven explained, "and the opportunity to work in the Scotch Whisky industry for the renowned independent bottlers and distillers Gordon & MacPhail. In addition, I was looking for the chance of a fresh start, a new culture to explore, its beautiful fauna and flora, countryside, and coastlines."

Find out more about the 'Spirited Careers' across the industry:





41,000

jobs based in Scotland

25,000

jobs based in rest of UK



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