



GS/DS

28 March 2017

Rt. Hon. David Mundell MP
Secretary of State for Scotland
1 Melville Crescent
EDINBURGH
EH3 7HW

Dear Mr Mundell

Scotch Whisky Industry and Brexit

GMB Scotland is the largest trades union in the Scottish drinks industry and we are the union for Scotland's whisky and spirits workers. You will be well aware that the whisky industry is a huge success story, not only for Scotland, but for the whole of the UK.

This industry supports over 40,000 jobs and has a remarkable multiplier effect where one whisky job supports nearly 3 more jobs in the wider economy. Around 7,000 of those jobs are in rural communities where decent work is often hard to find. Whisky is worth £5 billion to the UK economy and about £4 billion comes from exports.

Quite simply, we cannot do without this industry.

Our members are well aware that Brexit has potential implications for their industry and with it their jobs. Our concern has been informed by our discussion with others within the whisky industry in Scotland and by European partners, with whom we met in Brussels last week.

We appreciate that whisky is covered by WTO agreements and exports won't be subject to tariffs inside the EU. However, after Brexit we do believe there could be problems exporting whisky to important markets like Columbia, Mexico and South Korea because the trade agreements the UK has with those countries were brokered through the EU. Our discussions in Brussels have made clear to us that there is nothing automatic about the UK simply inheriting these agreements when we leave the EU.

GMB SCOTLAND – PROTECTING YOU AT WORK

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In February we wrote to you about a consultation we had recently undertaken with our members about the future of the whisky sector post- Brexit. It is very clear that our members do not believe the UK Government is giving the attention to the industry it deserves. In Brussels last week our representatives discussed the potential harm that could be done by customs barriers, diverging labelling regulation or by investment decisions around the bottling of other drinks which is currently done in Scotland. In the midst of this, it has not escaped our members' notice that the UK government was quick to reassure Nissan over its future, but hitherto little or nothing has been forthcoming to protect whisky.

We greatly appreciate that Nissan is important to Sunderland, the North East and the UK economy. Our figures suggest that Nissan directly employ 7,000 workers supporting about 28,000 jobs in the wider economy. Nissan's accounts say that 55% of production goes to Europe which is worth about £2.9 billion to the UK economy. That is significant but it is dwarfed by the Whisky sector in terms of value and jobs.

Our members understand that your Government wants to protect the jobs of Nissan workers but we do want to see parity for workers in the Scottish whisky industry. Whatever guarantees were given to Nissan we would like similar guarantees for our members in whisky in circumstances where the industry may be hit, in some markets, because of tariffs post Brexit.

Finally whilst we as a union do have concerns about Brexit we do believe there may be opportunities for the whisky industry too. Clearly the EU doesn't have trade deals with vital emerging markets like China and India at the moment. We are seeking assurances that the Government will prioritise whisky in any trade talks with China and India.

Whisky has been a success story for the Scottish economy. Thousands of our member jobs depend on it and we demand that your government takes action to protect our members livelihoods post- Brexit. We also want assurances that your Government will be doing all it can to ensure whisky sector can thrive, creating much needed new jobs by securing good deals with new markets.

Our workplace representatives from across the whisky sector would of course be happy to meet with you to discuss our concerns.

Yours sincerely



GARY SMITH
GMB SCOTLAND SECRETARY