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SCOTCH WHISKY IS A CORNERSTONE OF THE SCOTTISH ECONOMY

- New study reveals Scotch Whisky's massive economic impact across Scotland -

Figures released today (Sunday 30 May 2010) reveal that Scotch Whisky is worth £4 billion a year in added value to the Scottish economy - with the industry spending in excess of £1.1 billion annually on supplies produced north of the Border.

A new study - *The Economic Impact of Scotch Whisky Production in Scotland* - by Verso Economics, also reveals the industry's annual turnover in Scotland is now £6.4 billion and that after oil & gas the sector remains the country's leading manufactured export, with shipments of £3.1 billion a year.

The spending with Scottish suppliers, which includes £200 million on cereals, helps support 35,000 Scottish jobs, with the industry itself directly employing 10,300 people across the country.

The study, commissioned by The Scotch Whisky Association, also reveals:

- Spending with Scottish suppliers has increased by 61% since 2000
- Export value has grown by 42% since 2000 (from £2.2 billion)
- Capital spending of £355 million a year, of which nearly a third is invested in Scotland
- Scotch Whisky's economic impact is as significant as tourism - with employees adding twelve times more value per head
- Industry productivity at £262,000 per employee is six times the Scottish average
- One fifth of Scotch Whisky jobs are in the more fragile rural communities across the Highlands & Islands
- Scotch Whisky supports double the number of Scottish jobs than those in aerospace & defence, as well as a similar number to those employed in Scottish universities
- The majority of employment is found in Strathclyde (52%), Central Scotland & Fife (17%), Grampian (14%), and Lothian (11%)

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Welcoming the study's conclusions, Gavin Hewitt, SWA Chief Executive, said:

"Scotch Whisky's importance to Scotland is clear. The study confirms Scotch Whisky is a cornerstone of the Scottish economy, supporting 35,000 jobs and generating around £4 billion in added value. That economic impact benefits every corner of Scotland, with distillers spending over £1 billion across the supply chain.

"The new UK Government wants to support manufacturing and exporters, and build a fairer tax system. It could combine all three objectives by reforming an unfair duty regime which undermines the competitiveness of the Scotch Whisky industry. The alcohol duty structure is no longer fit for purpose, discriminating against Scotch Whisky at home and sending out the wrong message overseas.

"We are pleased the new Coalition Government has announced it will review alcohol taxation. The aim must be to put in place a fairer and more socially responsible regime where all alcohol is taxed according to content. With the right support, the Scotch Whisky industry can deliver even more to communities across Scotland."

Note to Editors:

1. 'The Economic Impact of Scotch Whisky Production in Scotland' has been prepared by Verso Economics (<http://www.versoeconomics.com/>) for The Scotch Whisky Association. The main findings, based on 2008 figures, are:

Economic Impact

- Scotch Whisky contributes £3.9 billion a year in Gross Valued Added (GVA) to the Scottish economy once industry spending across the supply chain is taken into account (and £2.7 billion in GVA to the economy directly)
- Over £1.1 billion is spent every year with Scottish suppliers, up 61% since 2000
- Four fifths of annual operating expenditure is in Scotland, including £200 million on cereals and £300 million on dry goods (bottles and packaging)
- Annual industry turnover in Scotland is £6.4 billion
- Capital spending of £355 million a year, of which £108 million is invested on capital items made in Scotland
- £464 million in income (salaries & wages) generated within the industry and over £1.6 billion across the supply chain



Employment

- 10,300 people directly employed by the industry in Scotland, up from 9,600 in 2000
- 20% of employment is in rural communities, largely across the Highlands & Islands
- 52% of jobs are in Strathclyde, with 17% in Central Scotland & Fife, and 11% in Lothian
- In total, 35,000 Scottish jobs rely on the continued success of Scotch Whisky
- Employee productivity at £262,000 per head is six times the Scottish average

Sector Comparisons

- Economic impact is as significant as the entire tourism sector and over 1.5 times the impact of Scottish creative industries (including TV, radio and publishing)
- Supports a similar number of jobs as Scotland's universities and double aerospace & defence employment levels
- Scotland's leading manufactured export (excluding oil & gas), with exports 9 times the value of textiles and 4.5 times larger than life sciences respectively

2. The full study can be downloaded from the SWA website at the following address:

<http://www.scotch-whisky.org.uk/swa/files/EconomicImpactReportMay2010.pdf>

3. For further information, please contact Campbell Evans (0131 222 9231 and 07768 002 262) or David Williamson (0131 222 9230 and 07730 496 151).