

Cross-Party Group on Scotch Whisky

21st June 2022 via teams, 18:00-19:00.

Minute

Present

MSPs

Rhoda Grant MSP

Gordon MacDonald MSP

Colin Smyth MSP

Invited guests

Non-MSP Group Members

Blair Bowman (Whisky Consultant)

Susanne Cameron-Nielsen (Scotch Whisky Association – Secretariat)

Annie Hill (International Centre for Brewing and Distilling)

Jenni Lang (Glenmorangie)

Orchid Liu (UK Chinese Times)

Euan Mitchell, Isle of Arran Distiller (Speaker)

Alan Park, SWA (Speaker)

Apologies

Jackie Baillie MSP

Murdo Fraser MSP

Rachael Hamilton MSP

Liam McArthur MSP

Jenni Minto MSP

Agenda item 1

Welcome, introduction and apologies

Gordon MacDonald MSP chaired the meeting and welcomed members to the meeting, noting apologies.

He also put on record the Cross Party Group's thanks to Ian Smith from Diageo for facilitating the group's visit to the Johnnie Walker Princess Street Experience last month, noting how much he had enjoyed this opportunity.

Agenda item 2

Approval of minutes of previous meeting on 24th February 2022.

The minutes were approved. (Proposer: Rhoda Grant MSP – Seconder: Gordon MacDonald MSP).

Agenda item 3

Growth of new/reopening of distilleries, Euan Mitchell, Managing Director, Isle of Arran Distillers

Euan Mitchell provided a presentation outlining the Isle of Arran Distiller's development and expansion into a second site on Arran (slides circulated to members).

Arran's history with Whisky goes back to 'Arran Water', the term for whisky distilled illicitly on the Isle of Arran, revered for its quality throughout Scotland during the heydays of smuggling in the late 18th and early 19th centuries. With arable land and excess barley, many farms had their own stills (from Campbeltown). Arran had three legal distilleries with the last one in Lagg closing around 1840-41.

Isle of Arran Distillers had the dream of bringing whisky back to Arran and in 1993 a water resource at Loch Na Davie in the hills above Lochranza was identified, determining the site for the new Arran distillery. The following year building works started and 2:29pm on the 29th of June 1995 the first spirits ran through the stills. August 1995 the distillery formally opened. In 1997 HM The Queen opens the visitor centre and 1998 saw Ewan Macgregor joining the team in enjoying the first legal dram on Arran for more than 160 years. The first expression of their 10-year old was released in 2006 and remains at the heart of the Arran range today. Named distillery of the year in 2007, James MacTaggart starts work as Master Distiller in June. In 2015 the first White Stag Tasting Panel is formed growing to 11,000 members today. In 2017 land is acquired in lag for their new sister site and on 19th March 2019 distillation begins. Currently plans are on the go to launch their new look Arran Single Malt in September and preparation on the go to mark their 25th year of distilling upcoming.

A key element for the company's vision was to ensure the distilleries were part of their communities and supporting local economies. Lochranza, built in traditional pagoda style, has earned its place in the community. For Lagg, the team were keen on not going down the traditional route. Architects designed the Lagg Distillery on the profile of Arran as seen from Ayr. Pre-Covid the Lochranza Visitor Centre attracted 100,000 visitors annually with the plan for Lagg to welcome around 50,000 annually (post-Covid). Lagg with its modern design is sensitively constructed in relation to the local environment, with a grass roof ensuring it melts

with the landscape. 2,000 apple trees have been planted on the land with potential for apple brandy production in future.

He highlighted key targets driving their focus, such as building the reputation of Arran as a first-class whisky destination post-pandemic (+100k visitors pre-covid to Lochranza) citing a unique visitor offering of un-peated single malt from the mountainous north of Arran and heavily-peated single malt in the rural south.

Their ambition is to build the total 'Arran' single malt portfolio to +250k cases (6x70cl) globally (+50 markets worldwide) acknowledging the growing thirst for spirits worldwide but also huge increase in competition (fight for shelf-space).

He also reflected on the Island location – inspiring & challenging at the same time! While their location inspires and draws visitors, ferry cancellations (e.g. 38% of sailings in April 2022 were cancelled) means no malt and no visitors able to come over, so infrastructure challenges key to address. The pandemic like in so many other sectors had also caused a shortage of tourism and hospitality staff.

Gordon MacDonald inquired as to the split between staycation/international visitors to which he estimated about 60% staycation and 40% overseas, with Dutch, Belgian, German, Chinese and Indian visitors especially well-represented. He highlighted how critical the visitor element was in building brand and customer base and the importance of strong marketing and storytelling in attracting people to their product.

Annie Hill enquired as to whether Arran experienced any concerns re water scarcity to which he responded that they had not had any huge concerns although efficiency and responsible use a constant.

Gordon MacDonald referenced the Supply Chain Inquiry that the Economy Committee had been taken forward and was keen to hear Isle of Arran Distillers' experience of these. Euan confirmed that was very much the case but with ever-changing shortages e.g. glass an issue a few months ago but had now moved on to real issues in sourcing cork. Reflecting on experiences of 2020, 2021 and 2022 so far, he expected it was going to get bumpier over coming months given the number of external challenges.

Gordon MacDonald on behalf of the Cross Party Group thanked Euan Mitchell for his presentation and discussion, which was very helpful and positive to hear not least in the context of the many developments and investments across the Scotch Whisky industry.

Agenda item 4

Scotch Whisky Protection, Alan Park, Director of Legal Affairs, Scotch Whisky Association

Gordon MacDonald welcomed Alan Park and highlighted how the work of the team had earned them the best Not For Profit Organisation Team of the Year at the World Trademark

Review Awards in Boston a few years ago – crucial work for the Scotch Whisky industry across the globe and he was looking forward to hearing more.

Alan Park opened his presentation (circulated to members) by cementing the importance of reputation in driving Scotch Whisky's success – with the amount of Scotch Whisky enjoyed globally, enjoyed as much as US, Canadian and Irish whiskies combined.

Alan spoke to how the Geographical Indication (GI) legal framework was key in securing and protecting this position through:

- UK Scotch Whisky Regulations 2009
- Scotch Whisky as a registered Geographical Indication in the UK and in many markets across the world
- Verification regime operated by UK Revenue & Customs

GI protection provides a depth and breadth of protection; a guarantee of provenance and quality which creates marketing exclusivity; crucial assistance from government and enforcement agencies; and helps support jobs and traditional skills (citing examples such as coopering and malting). Failure to protect Scotch Whisky would result in loss of sales; damage to reputation; and the risk of becoming generic and losing its association to place.

In addition to being guardians of the regulatory framework, the team's two other main areas of focus are stopping infringements and providing advice on compliance. At any point in time, the team is dealing with more than 60 outstanding court case across the globe, more than a hundred of investigations and many more trademark objections (examples provided from China where especially Mc/Mac prefixed names, use of 'Glen' and 'Highland' and Scottish place names accounted for a large share of objections).

Alan provided case study examples of direct misuse; indirect misuse and unfair competition; and trademark monitoring outcomes.

The importance of having a strong whisky definition in other markets was also highlighted as a key area of focus for the team in protecting category reputation; protecting consumers; and ensuring a level playing field.

Gordon MacDonald thanked him for the overview and asked about examples from Europe and the role of the EU. Within Europe Alan highlighted a number of cases from Italy and Spain, and would like to see more on enforcement from EU authorities.

Blair Bowman highlighted issues with NFTs and impact on IP which he was alerting brand owners too. Alan agreed it was an emerging area to watch for both negative and positive impacts (e.g. virtual distillery tours increasing accessibility.)

Gordon Macdonald thanked Alan for an enlightened presentation and helpful discussion.

Agenda item 5

Themes and work programme for future meetings

Recognising that not all MSP members were present it was agreed that the Secretariat would get feedback on themes and work programme via email.

Agenda item 6

Any other business

No other business was raised.

Meeting closed.

Next meeting and AGM on Thursday 22nd September, 13:00-14:00.