

Whisky-A-Go-No

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Readers musing on the above title may recall the famous Hollywood night club Whisky a Go-Go, where no doubt one could enjoy a fine malt – perhaps even a Scottish one (unless you happen to be price-sensitive, in which case the import duties might put you off purchasing a dram of the imported stuff there).

This notwithstanding, whilst the Brexit talks' procession between UK and EU negotiators lurches onto its seeming end-point this week, news that the UK government is allegedly scrabbling to do a “mini-deal” with the US prior to the change in American administration did make me turn my mind to all things whisky (the Scottish – preferably single-malt variety – that is). It would not be surprising if this turns out to be the case – the Trump and Johnson administrations are on good terms and share significant commonalities.

However, in practice, any such agreement is likely to be extremely limited. Specifically, it appears that the UK is attempting to convince the US to drop the punitive duties imposed on several UK exports – most notably Scotch whisky – as part of one of the ongoing Airbus-Boeing disputes at the WTO.

These have been imposed as a result of the WTO finding that the UK (amongst several other countries) illegally subsidised Airbus. This, it should be noted, is not a free trade agreement (FTA) – all standard (WTO) tariffs would remain, but the punitive tariffs permitted by the WTO because of this finding, would be dropped.

WTO rules mean that any FTA needs to involve the elimination of “substantially all” tariffs and duties, meaning that narrow sector-specific agreements are not allowed (although agreements that don't involve tariffs and duties, for example over mutual recognition, are permitted). The chances of such a complete agreement in the next month or so are essentially zero given the demise of the Trump administration and Democrat incumbent Joe Biden's well-known views on the matter.

There would thus be two benefits to the Johnson administration from dropping the tariffs. Firstly, some of the most high profile punitive tariffs are on Scottish products – most notably Whisky – a highly lucrative export for which a tariff of 25% on so-called Scotch whisky single-malt exports has been in place since October 2019 and has since resulted in a 30% decline in sales to the US.[\[1\]](#)

Firstly, convincing the US to drop these tariffs could be a PR coup for the Johnson administration when arguing against Scottish independence. Secondly, any agreement would be packaged by the Johnson administration and its supporters in the press as a “deal”, obfuscating the fact that such an agreement bears little resemblance to a true Free Trade Agreement (FTA).

Moreover, it will be sold as a benefit of leaving the EU, notwithstanding the fact that its overall economic importance is likely to be minimal, with the industry only directly employing 11,000 people in Scotland (with some further 40,000 jobs in the supply chain across the UK)[\[2\]](#) and accounting for about 1% of the UK economy[\[3\]](#) (although higher in Scotland, the spirits industry there still only accounts for about 3% of Scotland’s GDP[\[4\]](#)).

Of course, it is widely anticipated that Joe Biden’s incoming administration would be somewhat less amenable to doing a deal with the UK and is likely to prioritise rebuilding relations with the EU so the window of opportunity for Johnson is rapidly closing here. Indeed, Joe Biden has stated categorically that the US would not entertain any further trade deals (including with the UK) until it had boosted American competitiveness and the fortune of American workers.

So, if this move to get the US to remove its punitive tariffs on Scotch whisky and various other products comes off, would it really have any significant impact on Scottish public opinion on Boris Johnson and any purported ‘dividends’ of Brexit?

That Johnson has been a vociferous supporter of the UK fishing industry (half of which is based in Scotland) has not dented support for Scottish independence, with polls showing a rising proportion of Scots supporting leaving the UK. Indeed, a Savanta ComRes poll currently puts support for independence in Scotland at a record 58%.[\[5\]](#) With the Scottish National Party (SNP) on track to win a

majority in the Holyrood parliament in next year's elections[6], the prospect of another independence referendum becomes very real.

Such measures then, smack of desperation and subterfuge are unlikely to temper support for Scotland's separation from the UK. However, as 2020 recedes and the 'United Kingdom' is plunged into a brave new world of departure from the EU Single Market and Customs Union, we can expect the rhetoric on 'levelling up' and 'better together' in the *United Kingdom* to be ratcheted up to boiling point.

This could well involve further measures or funds allocated in Scotland to sweeten the impact of a hard Brexit on a pro-EU Scotland. Should the support for Scottish independence not be stymied by the time the Holyrood elections roll around on the 6th May next year[7], then the prospect emerges of a showdown as the constitutional gauntlet will be thrown down to the Conservative government in Westminster to give assent to a Holyrood independence referendum bill, should the SNP retain their majority.

So, it is clearly going to take more than political stunts around whisky or fishing to bring about a sea-change in attitudes towards the Johnson government in Scotland. Far from being a pleasant dram by the fire and a romp of the Gay Gordons in Scotland for Boris and his Westminster entourage, it is more likely to be a case of 'Whisky a Go-Go-Go'. I wait with baited (malted) breath at how this political drama plays out..

[1] <https://www.scotch-whisky.org.uk/insights/us-tariffs/>

[2] <https://www.scotch-whisky.org.uk/insights/us-tariffs/>

[3] With the Scotch whisky industry estimated to be worth £5.5bn whilst UK GDP in Q3 2020 was estimated at £490,861 million (see <https://www.ons.gov.uk/economy/grossdomesticproductgdp>)

[4] <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2018/10/11/Brewing-and-distilling-in-Scotland—economic-facts-and-figures>

[5] <https://www.thetimes.co.uk/article/support-for-scottish-independence-equals-all-time-high-according-to-new-poll-ffhq7dwq5>

[6] Indeed, the Savanta ComRes poll suggests that the SNP could win every constituency seat in the Scottish parliament except one. See <https://www.scotsman.com/news/politics/poll-shows-scottish-independence-support-surging-joint-record-levels-snp-set-majority-3070791>

[7] <https://www.parliament.scot/visitandlearn/96259.aspx>