Scottish craft beer and artisanal alcoholic (CBAA) drinks sector

SRUC

The Challenge

Scotland has a long history of distilling and brewing. Today there are approximately 120 craft breweries, and over 131 registered distilleries producing whisky and raw spirits. However, with a lack of an agreed definition and a paucity of adequate statistics, it is difficult to assess how to support future growth of the Scottish Craft Brewing and Artisanal Alcohol (CBAA) sector.

Policy Implication

Loss of entrepreneurial skills: The entrepreneurial and business development skills needed may be too generic for current brewers and distillers and may hamper growth. There is no assessment of how a skills gap impacts entry into distilling and brewing.

Fluctuations in supply and cost of inputs: Scottish agriculture has been intrinsically linked to brewing and spirit production by reliance on input. A new agricultural policy and fluctuations in GBP, may disrupt supply or increase the costs of raw material.

Uncertainty in trade deals: A range of negotiations would have to take place to re-establish trade deals with international partners, and the outcomes of these are highly uncertain. e.g. EU tariffs on beer and spirits are zero rated, though significant tariffs apply to other products such as barley, malt and machinery. There are significant non-tariff issues, e.g. Geographical Origin status.

Research

Using publicly available ONS data, we examined trends in output and suppliers of CBAA products based in Scotland. We examined recent developments in Scotland and the types of breweries/sprit producers which currently exist, emphasising the effect of CBAA on the rural economy and its links with other industries. Finally, we outlined trade in Scottish CBAA products and the potential impacts of Brexit on these sectors.

Results

Growth in CBAA is higher in Scotland than the rest of the UK, with micro-distilling and brewing driving this growth. There has been some growth from 2010 to 2017, with micro increasing by 185% (from 30 to 85 breweries) and for small breweries doubling from 5 to 10 (Fig.1). However, the lack of Scottish-specific data limits the level by which Scotland's beer and spirit production can be benchmarked.

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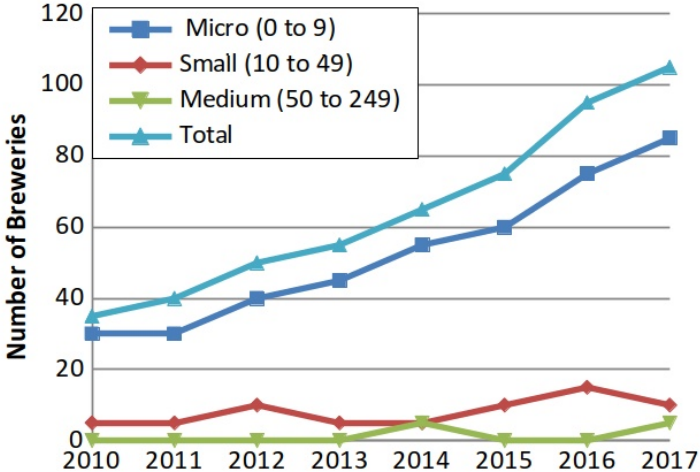

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About

The Land Economy, Environment and Society (LEES) Research Group is one of the largest groupings of economists and social scientists working in the rural, agricultural and land based sectors in the UK. Our vision is to be recognised as one of the leading centres for agricultural and wider rural economic and social research globally, benefiting the land use sector, the environment and rural communities.

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