



# Irish Whiskey Global

Irish Whiskey International  
Trade Report 2022



**Irish Whiskey Association**  
Drinks Ireland

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The Irish Whiskey Association is the representative voice within Drinks Ireland working to promote, protect and represent the Irish Whiskey category globally.

**[www.irishwhiskeyassociation.ie](http://www.irishwhiskeyassociation.ie)**  
**@IrishWhiskeyAsc**



# Foreword

**This is second annual Irish Whiskey Global report. The first report, issued in 2021, focused on how international trade policy is critical to supporting the Irish Whiskey industry's strategy of more growth in more markets, across more sales channels and among more consumer segments.**

The growth in exports of Irish Whiskey over the past decade has been greatly supported by international trade policy. The objectives of protecting Irish Whiskey exports and supporting further growth remain unwavering priorities for the Irish Whiskey Association.

However, in 2022, we saw how export trade should never be taken for granted. Exports to Ukraine and Russia – representing 7% of our total 2021 sales volume - have been impacted adversely in one way or another on foot of the ongoing invasion. This development, coupled with concerns about environmental and human rights situations in other countries, has sparked an increased debate on who we should trade with and the values that should underpin that trade. Some would go further and question the whole concept of international free trade.

For us in the Irish Whiskey industry, the responses are clear.

Firstly, when it comes to the whether we should trade at all, we know that free trade matters. Free trade generates jobs and investment. Across the island of Ireland, the growth in Irish Whiskey exports has created more quality jobs, brought more investment into more communities and led to more purchasing from Irish farmers. Free trade also strengthens consumer choice. Our export growth is opening-up the Irish Whiskey category to more global consumers; just as consumers at home on the island of Ireland can enjoy a rich diversity of consumer goods from our trading partners around the world.



Claire MacCarrick

Secondly, when it comes to who we should trade with, we believe that it's time to double-down on more free trade with positive partners.

Thirdly, when it comes to values, we believe that sustainability – environmental, social and economic – is critical to the future of rules-based international trade. Earlier this year, the Irish Whiskey Association published 'Sustainable Together', our new Irish Whiskey Sustainability Roadmap. This roadmap affirms our industry's commitment to meet our responsibilities to contribute to a sustainable future for our environment and climate; and for our people and places.

This Irish Whiskey Global report goes beyond the 2021 iteration. This report seeks to build on our roadmap by critically assessing how international trade can be sustainable. In addition, this report considers the issues of supply chains and protection.

Up until a few years ago, the words 'supply chain' belonged mainly to the jargon of purchasing managers and their suppliers. But after a short number of years during which

we saw Brexit, Covid-19, the blockage of the Suez Canal and the invasion of Ukraine; supply chains and broader value chains are now a topic for broader conversation; and not just within the business world. Within our own industry, the challenges impacting our supply chains and value chains are numerous as evidenced by the findings of our member survey which informs this report. Sharp cost increases and lengthened lead times pose significant risks for our members. The challenges are potentially set to worsen over coming months. Of particular concern is the sharp increases in the price of malts. It is only right therefore that this report focuses on supply chains.

For our industry, we wouldn't have exports of finished Irish Whiskey if we didn't have the imports of our supply chain inputs. We can't talk about the sustainability of our international trade unless we also consider the sustainability and resilience of our supply chains and value chains. This report explores the critical interrelationship between free trade, sustainability and supply chains and calls for sustainability and supply chains to be put at the heart of future international trade policy.

Protecting the integrity and high standards of the Irish Whiskey category, including through protection in international markets, is integral to fostering ongoing export growth. This report sets-out priorities for protection, including through international trade policy.

Throughout this report we set-out principles for policy, key actions for our association, as well as recommendations for our governmental partners. As our industry strives for more values-based trade, we depend on our governmental partners to continue to foster the conditions for continuing free trade and export growth. This is even more important given the highly globalised exposure of our shared economy across the island of Ireland.

As a single, integrated, all-island sector, the Irish Whiskey industry operates in two states: Ireland and Northern Ireland. We span two customs territories: the European Union and United Kingdom. We are governed from four capitals: Dublin, Belfast, London and Brussels.



William Lavelle

The Irish Whiskey Association is proud to work with all of our governmental partners and we wish to thank all those Ministers, Commissioners and officials in the various departments and agencies which support international trade, market access and export promotion. We also wish to thank all those many Parliamentarians who have supported us; as well as the many Ambassadors, High-Commissioners, Consul-Generals and diplomats in missions around the globe who have worked with us over the past year. Our industry has benefitted greatly from the passion, professionalism and effectiveness of all the governmental and political partners we have engaged with.

Finally, we wish to thank all the member companies of the Irish Whiskey Association, along with the members our International Trade Committee who inputted to the preparation of this report and to our broader policy agenda.

**Claire MacCarrick,**  
*Chair, International Trade Committee*

**William Lavelle**  
*Director*  
*Irish Whiskey Association*





# Executive Summary

**This report calls for more trade with positive partners; and for sustainability and supply chains to be put at the heart of future international trade policy.**

This is the second Irish Whiskey Global report. This report, like the first, addresses recent developments and future priorities for Irish Whiskey international trade policy, with a focus on market access and export growth. But this report also goes further. It considers the important role of both sustainability and supply chains in international trade policy, and the critical interrelationship between free trade, sustainability and supply chains.

## Irish Whiskey

2021 was a year of rebound for the Irish Whiskey industry with a record 14 million cases (168 million bottles) of Irish Whiskey sold around the world. Global sales of Irish Whiskey grew by over 21% in volume compared to 2020. This year looks set to be another outstanding year for export growth for Irish Whiskey. The growth of Irish Whiskey sales abroad is delivering for the island of Ireland at home, making a substantial contribution to our shared economy.

It's not all positive. The Russian invasion of Ukraine has resulted in a substantial decline in exports to Ukraine while Irish Whiskey exports to Russia have largely ceased. Russia and Ukraine cumulatively accounted for nearly 7% of all Irish Whiskey sales in 2021, leaving a likely hole in our global sales in 2022.

## Free Trade

The growth in exports of Irish Whiskey, including market access and diversification, has been greatly supported by free trade, and more is possible. In response to the Ukraine crisis and the increasing calls for alignment of international trade policy and ESG imperatives, this report calls for the

proactive expansion of free trade agreements with positive trading partners. But more free trade should responsibly and ambitiously balance and integrate commercial and other imperatives.

In progressing the global free trade agenda, this report calls for action on five fronts:

- **Reducing tariffs on Irish Whiskey – to grow exports and strengthen consumer choice**
- **Protecting cross-border supply chains in the all-island Irish Whiskey industry through supportive rules-of-origin**
- **Promoting sustainability through trade agreements**
- **Securing and enforcing level playing fields for Irish Whiskey in export markets**
- **Avoiding future trade disputes**

Key priorities for future tariff reduction include India, Kenya and the Mercosur bloc, while avoiding any repetition of recent trade disputes with the United States remains the top priority of Irish Whiskey international trade policy.

## Sustainability

As both production and worldwide sales of Irish Whiskey continue to increase, our industry is determined to work together to decrease our environmental impact, including the impact of our global footprint.

The Irish Whiskey Association believes that future international trade policy must responsibly and ambitiously balance and integrate commercial and sustainability imperatives. This report reviews recent international trade



developments, including key statements and new trade agreement chapters, with a view to identifying a set of principles to guide our industry's future approach.

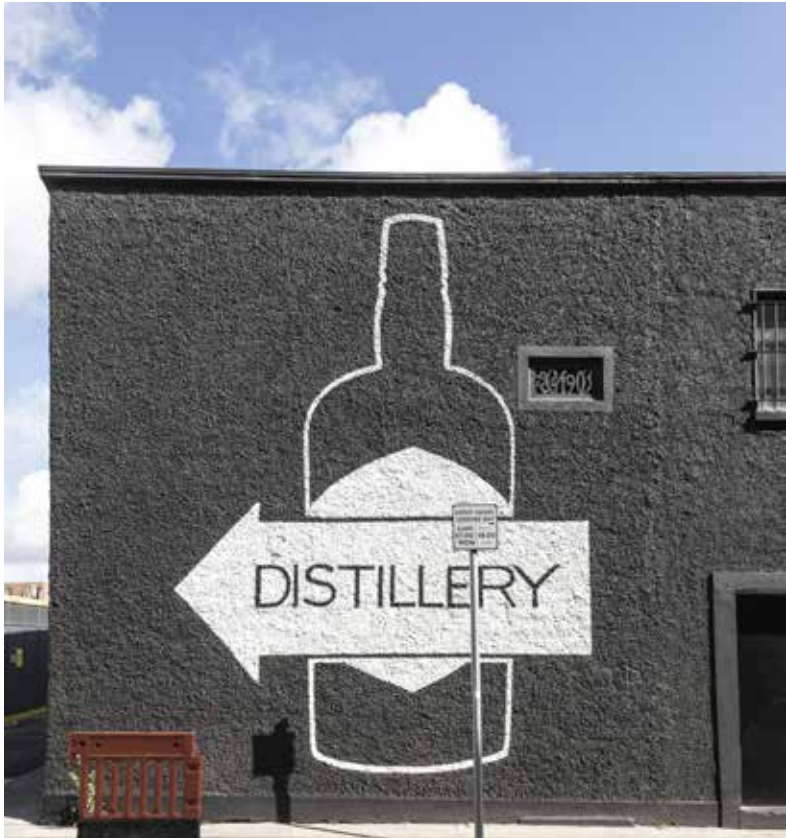
Building on our vision to make Ireland the home of the world's most sustainable distilleries and whiskey brands, the Irish Whiskey Association has identified five principles to guide how the Irish Whiskey industry should consider the mission of sustainability in terms of our international trade:

- **Championing sustainable systems through corporate social responsibility**
- **Reducing our carbon emissions in support of the Paris Agreement**
- **Strengthening our place in the circular economy through minimising the life-cycle environmental impact of our international supply chains**
- **Tackling ‘food fraud’ through Irish Whiskey protection**
- **Combating illicit trade in emerging markets**

**Supply Chains**

The Irish Whiskey industry operates a complex global value chain, including both domestic and international supply chains. While the Irish Whiskey industry is proud of our local sourcing we also need to be highly engaged and supportive of our international supply chains. This report considers potential supply chains vulnerabilities in the Irish Whiskey industry; and considers how we can better protect and future-proof our supply chains to ensure they are agile, resilient and sustainable.

This report outlines the findings of a member survey on supply chains and value chains conducted in September 2022. The survey identified serious member concerns regarding sharp increases in malt prices, as well as in relation to costs and delays in international shipping and access to ports. These findings are of a moment in time. It is expected that shipping costs will continue to fall from their post-Covid peak. But costs of energy and of certain other



inputs are set to see continuing increases. The survey points to how increased delays in lead times are impacting on production output and delaying the launch of new products.

In looking to build capacity across industry and Governments, the report makes the following recommendations:

- **The Irish Whiskey Association will enhance our capacity and guidance to better support our member companies to futureproof their supply chains, to implement sustainable sourcing policies and to embed a life-cycle approach to minimise the environmental impact of their supply chains.**

Government and state agencies should:

- **Enhance their policy framework and capacities to protect and support global supply chains and value chains including through their international trade policy agenda and bilateral engagement with trading partners**
- **Develop a more permanent capacity to review strategic shipping access to key global markets; and to advise and support exporters**
- **Seek to support the development or expansion of critical supply chain production on the island of Ireland, where practicable**
- **Provide the necessary supports to businesses to weather the current energy price storm, while investing to futureproof and decarbonise our energy systems**

**Protection**

Protecting the integrity and high standards of the Irish Whiskey category is integral to maintaining our remarkable growth trajectory. Critical to this is securing and enforcing the strongest legal protection for the category in order to protect Irish Whiskey producers from unfair competition in the marketplace and to ensure consumer protection.

In looking to further protect the Irish Whiskey category, the Irish Whiskey Association will work with governments and agencies, on all-island basis, to progress the following priorities:

- **Inclusion of GI protection in all future EU and UK trade agreements**
- **Working together with all stakeholders to register Irish Whiskey as a Certification Mark in the United States**
- **Lobbying of the US Alcohol Tax and Trade Bureau (TTB) to strengthen the protection afforded to Irish Whiskey in order to achieve protection similar to Scotch whisky**

- **Ensuring consistent interpretation of rules and regulations and a consistent approach to verification of Irish Whiskey across the island of Ireland**
- **Collaborative updating of the Irish Whiskey Labelling Guidelines**





# Irish Whiskey

**Ireland is the home of whiskey. But our industry has had a chequered history. In 2010, there were only four distilleries in operation, with sales of less than five million cases. But the decade that followed has proved to be a phenomenal one for the Irish whiskey industry – our Irish whiskey renaissance. Now, in 2022, Ireland is home to over 40 distilleries distilling approximately 110 million LPA of whiskey spirit every year. There are over 3.5 million casks of Irish whiskey maturing across the island and global sales have exceeded 14 million cases.**

Irish Whiskey is a protected Geographic Indication, meaning Irish Whiskey can only be distilled and matured on the island of Ireland. The growth of Irish Whiskey sales abroad is delivering for the island Ireland at home. The Irish Whiskey renaissance is creating jobs, attracting tourists, supporting local communities, increasing purchasing from Irish farmers and suppliers; and boosting exchequer revenues. Our industry now directly employs over 1,700 people across the island of Ireland, contributing approximately €700 million in gross value added to our shared economy.

## Rebound

2021 was a year of rebound for the Irish Whiskey industry with a record 14 million cases (168 million bottles) of Irish Whiskey sold around the world. Global sales of Irish Whiskey grew by over 21% in volume compared to 2020. This demonstrated the robustness of our category following the disruption of Covid-19. Sales growth was recorded across both established and emerging markets and across all price points. 2021 saw breakthrough growth for the Irish Whiskey category in a number of large and important markets, including India and China.

2022 looks set to be another outstanding year for export growth for Irish growth, with preliminary data suggesting a 38% increase in the value of exports in the first six month of 2022 compared to the same period in 2021.

But it's not all positive. The Russian invasion of Ukraine has resulted in a substantial decline in exports to Ukraine, which had been Irish Whiskey's fastest-growing market in Europe. Irish Whiskey exports to Russia, our second largest export market in 2021, have largely ceased as companies stopped selling into the Russian market. Russia and Ukraine cumulatively accounted for nearly 7% of all Irish Whiskey sales in 2021, leaving a likely hole in our global sales in 2022.

See overleaf for a map of our top 10 markets.

## Delivering for agriculture and rural communities

- 100,000 tonnes of Irish barley and malt purchased annually
- 400% increase in production of distilling grade malt in Ireland
- 350,000 tonnes of co-products (spent grain/pot ale) are reused as high-quality animal feed every year
- €412,756 gross value added per employee
- 460,000 paying visitors to rural distilleries before Covid
- €63 million spent in local communities by visitors to distilleries



# Top 10 Irish Whiskey markets 2021

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Source: The IWSR, 2022



# Trends driving growth

Millennials & Gen Z	Premiumisation	Market diversification	E-commerce
Across all markets, Irish Whiskey is attracting more and more new consumers every year, particularly among younger Millennials & Gen Z cohorts for whom Irish Whiskey is the 'spirit du jour'.	Globally, consumers are drinking less but drinking better. Irish Whiskey is recording increasing growth at higher-points, supported by increasing supply of aged-statement expressions.	Having been dominated for so long by sales in Europe and North America, Irish Whiskey is recording double and triple-digit growth in a range of emerging markets, from Australia to Africa and Asia.	Covid-19 sparked a significant consumer pivot to online ordering and delivery of Irish Whiskey. Many brands have invested in direct-to-consumer sales. These developments have changed the nature of selling permanently.



# Markets to Watch

In 2022, the Irish Whiskey Association conducted a Markets to Watch assessment. This identified 10 established and 10 emerging markets which are considered to be of interest in terms of future growth potential.

Top established markets

Top emerging markets

	UNITED STATES		CHINA/ HONG KONG
	GERMANY		ISRAEL
	POLAND		AUSTRIA
	GREAT BRITAIN		NIGERIA
	AUSTRALIA		NEW ZEALAND
	CANADA		TURKEY
	SWEDEN		SOUTH KOREA
	SOUTH AFRICA		INDIA
	THE NETHERLANDS		KENYA
	FRANCE		MEXICO



# Free Trade

**The Irish Whiskey Association calls for the proactive expansion of free trade agreements with positive trading partners, to foster the continuing growth of sustainable, rule-based, trade.**

With over 95% of Irish Whiskey being sold in markets outside of the island of Ireland, our industry depends on a supportive global trading environment. Central to this are the rule-based systems of multilateral trade, governed by the World Trade Organisation; and bilateral trade, governed by free trade agreements (FTA). The recent growth in exports of Irish Whiskey, including market access and diversification, has been greatly supported by both these systems:

- **79% of all Irish Whiskey exports are to markets with a 0% most-favoured-nation (MFN) tariff on whiskey**
- **Another 7% of Irish Whiskey exports are to markets with a 0% preferential tariff on Irish Whiskey as a result of a bilateral free trade agreement.**

With increasing geo-political tensions around the world and the ever-closer alignment of international trade policy and ESG imperatives, there is a growing focus on both the principles under which we trade and who we trade with.

The Irish Whiskey Association believes the response should be more trade, particularly with positive trading partners. In addition to expanding our trade, new market access opportunities would also help substitute the loss of export sales to Russia and Ukraine in 2022.

More free trade should responsibly and ambitiously balance and integrate commercial and other imperatives.

**In progressing the global free trade agenda, the Irish Whiskey Association calls for action on five fronts:**

- 1. Reducing tariffs on Irish Whiskey**
- 2. Protecting cross-border supply chains in the all-island Irish Whiskey industry through supportive rules-of-origin**
- 3. Promoting sustainability through trade agreements**
- 4. Securing and enforcing level playing fields for Irish Whiskey in export markets**
- 5. Avoiding future trade disputes**



## 1. Reducing tariffs on Irish Whiskey

Tariffs are a barrier to free trade. Tariffs can represent a substantial cost, making the pricing of Irish Whiskey uncompetitive compared to other non-tariffed spirits. Ultimately, tariffs end up being a charge on the final consumer and undermine consumer choice, particularly for those consumers interested in purchasing quality, international, premium produce. Unsurprisingly, over recent years, we have seen how Irish Whiskey sales have increased when tariffs were reduced in markets such as South Korea and South Africa; and when mark-ups were reduced in Canada. On the other hand, we have seen how sales of other spirits categories have declined when subjected to punitive tariffs during recent transatlantic trade disputes.

**Tariff reductions help grow exports and strengthen consumer choice.**

### Australia

The Irish Whiskey Association welcomes the elimination of Australian tariffs on Irish Whiskey as part of the new UK-Australia FTA. We hope the EU and Australia will finalise their separate FTA shortly, to include similar tariff elimination.

### India

The Irish Whiskey Association continues to call for a substantial liberalisation of the current 150% Indian tariff on Irish Whiskey as part of the proposed EU and UK trade agreements with India. India remains the largest whiskey market in the world and proved to be fastest-growing market for Irish Whiskey in 2021. The Irish Whiskey Association assesses India to be a leading growth priority for coming years but securing a liberalisation of the current tariffs (including the agriculture CESS charge) will be critical to facilitating future growth.

### Africa

Irish Whiskey has been one of the fastest-growing spirits exports to the continent of Africa, with over 40% growth in the past five years and 730,000 cases (c. 8.7 million bottles) sold in 2021. However, further growth may be constrained





by the persistence of substantial tariffs on spirits across a range of African markets. While up to 80% of goods have benefitted from tariff liberalisation under a range of economic partnership agreements (EPAs), the liberalisation of tariffs on spirits has not been provided for in a number of the EPAs.

One such market is Kenya. In our latest ‘Markets to Watch’ report for 2022/2023, the Irish Whiskey Association assessed Kenya as being the most accessible market for Irish Whiskey in East Africa, offering a gateway to other markets in the region. Irish Whiskey had faced a 25% tariff, but earlier this year this tariff was increased to 35%. This was a very disappointing development which represents a substantial new barrier to trade. The EU and Kenya earlier this year agreed to advance negotiations on an interim Economic Partnership Agreement. The Irish Whiskey Association is calling on the European Commission to seek elimination of the tariff on EU spirits exports to Kenya as part of the new trade negotiations. We call on both the EU and UK to seek similar tariff liberalisation across all African markets.

**Mercosur**

In 2019, the European Union and the Mercosur bloc of South American markets (i.e. Argentina, Brazil, Paraguay and Uruguay) initialled a proposed new free trade agreement. In July 2021, the Government of Ireland published the ‘Economic and Sustainability Impact Assessment for Ireland of the EU-Mercosur Trade Agreement’ which was prepared by the Implement Consulting Group. At a high-level, the assessment found that “overall, the EU-Mercosur Agreement is forecast to increase Ireland’s exports to Mercosur by 17% and imports by 12%. The increase in exports to Mercosur will be worth €1.2 billion in 2035”. More specifically the assessment found that “the Irish Whiskey industry would benefit from the application of the EU-Mercosur agreement. Demand is relatively price sensitive, and Irish Whiskey sales to Mercosur markets have been significantly limited by (existing) tariffs.” The tariff reduction on offer by the EU-Mercosur agreement would be very welcome and would support substantial future export growth.

**Asia**

In terms of supporting further market diversification for Irish Whiskey, the Irish Whiskey Association would support the expansion of free trade agreements to more Asian markets, such as Thailand, with a view to reducing tariffs on Irish Whiskey exports.

**Priority target markets for tariff reduction for Irish Whiskey**

- **Australia (for exports from the EU)**
- **Kenya**
- **Mercosur bloc (Argentina, Brazil, Paraguay, Uruguay)**
- **Thailand**

**2. Protecting cross-border supply chains in the all-island Irish Whiskey industry through supportive rules-of-origin**

FTAs can lead to reduced tariffs, but only for those goods deemed to qualify under the rules-of-origin set-out under each FTA. Rules-of-origin define how inputs and supply chains impact the final tariff classification of goods. Rules-of-origin form a critical intersection of FTA policy and supply chain policy.

One consequence of the United Kingdoms’ decision to leave the European Union is that Ireland and Northern Ireland now fall within different customs territories, including for the purposes of rules-of-origin. This is problematic for our integrated, all-island industry as the traditional form of rules-of-origin for spirits required all of the spirit drink being exported to be produced in the country which is the partner to an FTA. In real terms, this would mean that Irish Whiskey from Ireland, exported to an EU FTA partner would only qualify for any preferential tariff under the EU FTA if all



**William Lavelle, Director of the Irish Whiskey Association, with colleagues from spiritsEUROPE and the Distilled Spirits Council of the United States at Capitol Hill in Washington.**

of the Irish Whiskey was produced in the EU i.e. in Ireland. Similarly, Irish Whiskey from Northern Ireland, exported to a UK FTA partner would only qualify for any preferential tariff under the UK FTA if all of the Irish Whiskey was produced in the UK i.e. in Northern Ireland. As a sizeable volume of blended Irish Whiskey contains component whiskeys from both parts of the island, this traditional form of rules-of-origin would result in many Irish Whiskey exports losing out on the benefits of FTAs.

In response to Brexit, the policy of the Irish Whiskey Association has been to seek to avoid any divergence or disruption to our all-island industry, including in terms of rules-of-origin. We are committed to protecting our long-standing supply chains across the island of Ireland.

The Irish Whiskey Association wishes to acknowledge the constructive support of both EU and UK FTA negotiators in seeking to adapt rules-of-origin in future FTAs, starting with the respective FTAs with Australia. The Irish Whiskey Association will continue to lobby for rules-of-origin which protect and facilitate our long-standing supply chains across the island of Ireland, including in the ongoing EU and UK trade negotiations with India.



**UK – Australia FTA delivered historic reforms to rules-of-origin**

The UK-Australia FTA, agreed in December 2021, included a historic reform to rules-of-origin for whiskey. This change, which had been sought by the Irish Whiskey Association, allows for grain whiskey distilled in Ireland but matured in Northern Ireland to qualify for the 0% tariff for Irish Whiskey. This is particularly important as there is no grain whiskey distillery in Northern Ireland and many Northern Irish producers purchase grain whiskey from Ireland for inclusion in blends.



### 3. Promoting sustainability through trade agreements

Free trade should be sustainable trade. FTAs can play an important role in embedding sustainability, in all its forms, in international trade. The Irish Whiskey Association welcomes the inclusion of a range of new chapters on sustainability in recent or proposed EU and UK FTA’s covering environment, sustainable food systems (SFS) and trade and sustainable development (TSD).

This report contains a dedicated part on the Irish Whiskey industry’s assessment of sustainable international trade and supply chains.

### 4. Securing and enforcing level playing fields for Irish Whiskey in export markets

While FTA’s can reduce trade barriers between states, it is vital that FTAs also address barriers within states. So-called ‘behind the border’ barriers can have a disproportionate impact on the ability of companies to sell their goods in export markets.

Common issues identified by the Irish Whiskey industry include:

- Sub-national (state, provincial and local) levies and mark-ups which are applied discriminately to imported goods, including differentiation in treatment between imports from different states.
- Application of national definitions and standards for whiskey, including on chemical parameters, which diverge from internationally recognised norms, or which favour one whiskey category over others.
- Excessive or disproportionate restrictions on the sale and marketing (including online) of spirits.

**The Irish Whiskey Association calls for the recognition and protection of Irish Whiskey production and labelling practices in all international definitions of whiskey.**

Trade policy starts at home. In opposing country-specific rules in international markets, we must also oppose country-specific rules at home. In 2022, the Government of Ireland published the draft Public Health (Alcohol) (Labelling) Regulations 2022 which provides for certain warnings to be applied to labelling for all alcohol beverages sold in the Republic of Ireland to inform the public of the danger of

alcohol consumption and of a “direct link” between alcohol and “fatal cancers”. The Irish Whiskey Association supports the position of Drinks Ireland/Ibec in objecting to these draft regulations which we believe constitute a barrier to trade under EU law.

An agreement is only as good as its implementation. The Irish Whiskey Association welcomes the ever-increasing focus on implementation and effective enforcement of trade agreements, particularly in seeking to address ‘behind the border’ barriers.

The Irish Whiskey Association calls for a continuing focus on the enforcement of FTAs, including an enhanced effort via the EU-Canada CETA agreement and as part of UK-Canada FTA negotiations to seek to address outstanding concerns regarding discriminatory practices at Canadian provincial levels, particularly in terms of supports to craft producers.

However, the EU-Canada CETA agreement has led to overall increases in sales of Irish Whiskey in Canada and the Irish Whiskey Association calls on Dáil Éireann to ratify the CETA agreement.

### 5. Avoiding future trade disputes

While we strive for more expansive free trade, we must remain vigilant to the risk of future trade disputes which could set-back much of what has been achieved. In recent years, we saw how Trump-era trade disputes resulted in many international spirits categories being impacted by tariffs in relation to disputes centred on aircraft and steel/ aluminium. Over 99.9% of Irish Whiskey exports to the United States escaped US tariff during these disputes, but other categories, including Irish cream liqueur, Scotch and Bourbon, faced substantial impacts.

**Avoiding any repetition of recent trade disputes with the United States remains the top priority of Irish Whiskey international trade policy.**

The Irish Whiskey Association calls on all parties to work to avoid future trade disputes, particularly in terms of transatlantic trade. This applies to trade in both supply chain inputs and finished goods.





# Sustainability

**The Irish Whiskey industry is a predominantly export-orientated industry and - like other major spirits categories - our industry depends on complex international supply chains, both upstream and downstream.**

As both production and worldwide sales of Irish Whiskey continue to increase, our industry is determined to work together to decrease our environmental impact, including the impact of our global footprint.

**The Irish Whiskey Association believes that future international trade policy must responsibly and ambitiously balance and integrate commercial and sustainability imperatives.**

The Irish Whiskey Association has reviewed recent international trade developments, including key statements and new trade agreement chapters, with a view to identifying a set of principles to guide our industry's future approach.

The starting point for consideration of sustainability in international trade must be the 17 United Nations Sustainable Development Goals (SDGs) which were unanimously adopted by UN member states in September 2015. The SDGs include numerous trade-related goals, targets and indicators. Indeed, the SDGs highlight trade as a central and cost effective “means of implementation” of the 2030 Agenda for Sustainable Development as a whole. Goal 17 seeks to “strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development Trade” and to “promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization.”

Building on the SDGs, in December 2021, the World Trade Organisation agreed a ‘Ministerial Statement on Trade and Environmental Sustainability’.



The statement rightly recognises that:  
*“International trade and trade policy can and must support environmental and climate goals and promote more sustainable production and consumption, taking into account the importance of a just transition and making progress towards achieving the Sustainable Development Goals (SDGs).”*

The statement further commits to:  
*“Identify and compile best practices, as well as explore opportunities for voluntary actions and partnerships to ensure that trade and trade policies are supportive of and contribute to: (i) achieving a more resource-efficient circular economy; (ii) promoting sustainable supply chains and addressing the challenges and opportunities arising from the use of sustainability standards and related measures.”*

Further pointers for sustainability principles are contained in the many new chapters on sustainability in recent or proposed EU and UK FTA's covering environment, sustainable food systems (SFS) and trade and sustainable development (TSD).



William Lavelle, Director of Irish Whiskey Association; John Quinn, Chairman of Irish Whiskey Association; and Minister of State Pippa Hackett at the launch of the Irish Whiskey Sustainability Roadmap 2022.



**Building on our vision to make Ireland the home of the world’s most sustainable distilleries and whiskey brands, the Irish Whiskey Association has identified five principles to guide how the Irish Whiskey industry should consider the mission of sustainability in terms of our international trade:**

- 1. Championing sustainable systems through corporate social responsibility**
- 2. Reducing our carbon emissions in support of the Paris Agreement**
- 3. Strengthening our place in the circular economy through minimising the life-cycle environmental impact of our international supply chains**
- 4. Tackling food fraud through Irish Whiskey protection**
- 5. Combating illicit trade in developing markets**



# 1. Championing sustainable systems through corporate social responsibility

A critical emerging concept in international policymaking, including more recent EU FTAs, is that of ‘Sustainable Food Systems’. The SFS agenda seeks to ensure that food and drink production and consumption does not compromise future generations. The common definition of SFS is that “it is profitable throughout (economic sustainability); it has broad-based benefits for society (social sustainability); and it has a positive or neutral impact on the natural environment (environmental sustainability), including on climate change.”

More specifically, sustainable food and drink systems are ones which:

- support sustainable and regenerative agriculture
- minimise environmental and climate impacts of production, including on agricultural greenhouse gas emissions and biodiversity loss
- reduce food loss and waste

A supporting concept in recent international trade policy, including in numerous FTAs, is that of ‘corporate social responsibility’ (CSR). Trading enterprises are encouraged, with Governmental support, to voluntarily adopt sustainability policies and practices, including responsible supply chain management, consistent with internationally recognised standards. CSR provisions in FTAs also recognise the potential for ‘transparent, factual and non-misleading sustainability schemes’.

**The Irish Whiskey industry is committed to delivering sustainable systems through corporate social responsibility.**

Irish Whiskey producers already implement a range of CSR activities, including as part of both governmental and voluntary certification schemes. At an industry level, in May 2022, the Irish Whiskey Association published ‘Irish Whiskey: Sustainable Together’, the first-ever sectoral Sustainability Roadmap for the Irish Whiskey industry. The roadmap sets out our industry’s shared vision to work together to make Ireland the home of the world’s most sustainable distilleries and whiskey brands. The roadmap aligns with the UN Sustainable Development Goals and

seeks to actively support the targets set down in Climate Action Plans in both Ireland and Northern Ireland.

**The roadmap sets out three shared goals:**

**1. Reducing our environmental and carbon impact**

Our industry will take a target-focussed approach to reducing the direct environmental impact and carbon emissions of Irish Whiskey production, actively supporting the goal of Ireland reaching net-zero emissions by 2050 and sooner where possible.

**2. Strengthening our place in the regenerative and circular economy**

The Irish Whiskey industry will actively promote and implement sustainable sourcing, reuse and recycling, to minimise the life-cycle environmental impact of our inputs, products and co-product, and to maximise support for sustainable Irish farming.

**3. Delivering a positive impact for people and place**

The Irish Whiskey industry will positively impact the economic and social sustainability of the communities we work in, while empowering and supporting our workforce and consumers.

These goals are further defined in the roadmap with actions identified for businesses. The Irish Whiskey Association is actively supporting implementation, with a focus on fostering knowledge transfer and working in partnership with governmental and state agency partners. The Irish Whiskey Association will track and report on industry-level progress annually. Reporting will align with existing and future governmental standards and requirements, such as the EU ‘Code of Conduct on responsible food business and marketing practice’ and the UK’s legislative requirements to report annual energy use and greenhouse gas emissions.

Read the Irish Whiskey Sustainability Roadmap at [www.irishwhiskeyassociation.ie](http://www.irishwhiskeyassociation.ie)



**Our Sustainability Roadmap provides the vehicle by which the Irish Whiskey industry can deliver sustainable systems through corporate social responsibility.**





## 2. Reducing our carbon emissions in support of the Paris Agreement

Reducing greenhouse gas emissions and limiting global warming are among the most serious challenges on the sustainability agenda.

Earlier this year, the Intergovernmental Panel on Climate Change’s working group on reducing greenhouse gas emissions reported that *“Without a strengthening of policies, greenhouse gas emissions are projected to rise beyond 2025, leading to a median global warming of 3.2°C by 2100.”* This stark warning brings the challenge into focus.

International trade policy has sought to respond to this challenge by, in the first instance, aligning with the purpose and goals of the 2015 Paris Agreement adopted by COP21 i.e., the 21st session of the Conference of the Parties to the UN Framework Convention on Climate Change.

**In calling for expansion of free trade agreements to include more positive trading partners, the Irish Whiskey Association supports binding commitments in FTAs to ensure compliance with the Paris Agreement.**

In support of the Paris Agreement, climate legislation in both Ireland and Northern Ireland targets a net zero carbon economy across the island of Ireland no later than 2050.

‘Irish Whiskey: Sustainable Together’, our Sustainability Roadmap for the Irish Whiskey industry commits to reducing our environmental and carbon impact.

**Our roadmap supports a target-focussed approach to reducing the direct environmental impact and carbon emissions of Irish Whiskey production and actively supporting the goal of Ireland reaching net-zero emissions by 2050 and sooner where possible.**

Already many individual Irish Whiskey producers have announced ambitious plans. For example, Irish Distillers have announced plans for Midleton Distillery to become carbon neutral by 2026, using break-through emissions reducing technology.

An assessment by the Irish Whiskey Association, based on member data, has identified the main contributors of carbon emissions from Irish Whiskey production. This assessment is set-out in our Sustainability Roadmap. In order to meet our emissions reduction objectives, the Irish Whiskey industry will work to reduce our own scope 1 carbon emissions from distillery and bottling operations and scope 2 carbon emissions from energy supply. But we will also need to work with our suppliers and partners to reduce the high level of scope 3 emissions from across our supply chains and value chains, particularly in terms of both malt and grain supply and glass bottle supply.

### Addressing carbon leakage

An emerging development relevant to international trade are proposals, such as the **Carbon Border Adjustment Mechanism (CBAM)**, which aim to tackle carbon leakage by requiring payment of a price for the carbon used in the production of the imported goods from a third country.

While such proposals could prove to be an effective tool to fight carbon leakage and level the playing field, it is vital that any such proposals are designed to ensure **WTO compatibility and avoid retaliation from trading partners.**



Midleton Distillery - targeting to become carbon neutral by 2026

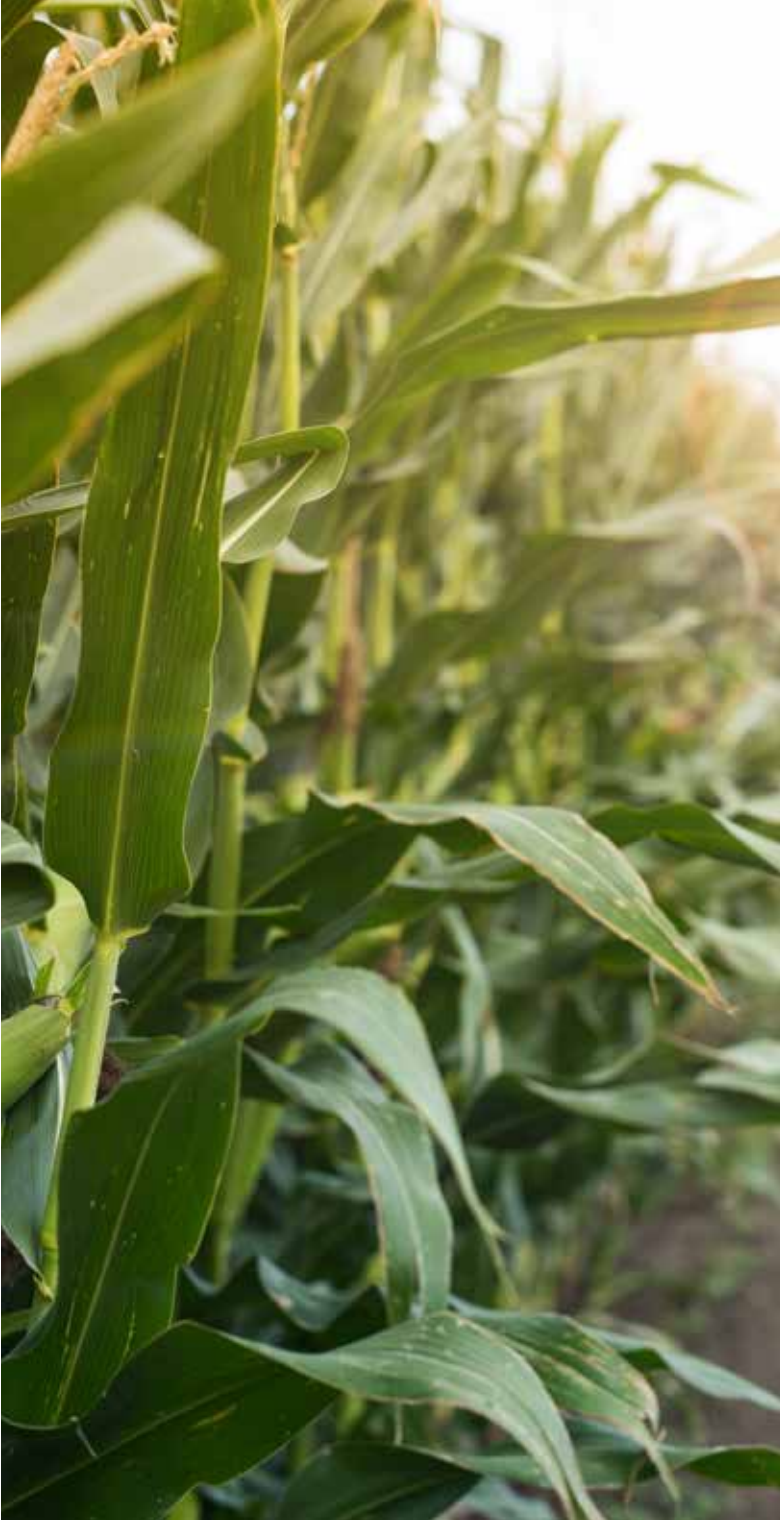


### 3. Strengthening our place in the circular economy through minimising the life-cycle environmental impact of our international supply chains

The increasing awareness and support for the circular economy is leading to a paradigm shift for the global economy, including for international trade and supply chains. International trade policy has an important role to play in supporting the transition towards a circular economy, including through promoting waste avoidance, reuse of products and greater resource efficiency.

‘Irish Whiskey: Sustainable Together’, our Sustainability Roadmap aligns closely with the emerging circular economy and natural resource management provisions of international trade policy. The roadmap commits to strengthening our place in the regenerative and circular economy. Central to this is promoting and implementing sustainable sourcing, reuse and recycling, and minimising the life-cycle environmental impact of our inputs, products and co-product.

The Irish Whiskey industry, like other major spirits categories, depends on complex international supply chains. Three of the most significant are maize, wooden casks and glass bottles. How we are minimising the life-cycle environmental impact of these inputs is discussed here.



#### Maize

The Irish Whiskey industry purchases over 100,000 tonnes of Irish barley and malt annually, while production of distilling grade malt in Ireland has increased 400% over the past decade. However, there is a requirement to import maize which is not grown in Ireland. But grains used in Irish Whiskey production, whether imported or exported, have a life beyond the distillery. Every year, over 350,000 tonnes of co-products from Irish Whiskey production (spent grain/pot ale) are reused to become high-quality animal feed, with bioenergy production likely to follow in coming years. This practice fully supports the SDGs and key sustainability policies to reduce food waste.

#### Wooden casks

Under the law and the rules of the Irish Whiskey Geographic Indication, Irish Whiskey must be aged for at least three years in wooden casks on the island of Ireland. The Irish Whiskey industry is a purchaser of wooden casks from the United States, Spain, Portugal and many other nations. However, in line with our commitment to minimise the life-cycle environmental impact of our inputs, the Irish Whiskey industry makes a significant contribution to the re-use of wooden casks, extending the life of all viable casks. For example, the Irish Whiskey industry purchases approximately 300,000 used casks from the US whiskey industry every year. Under US law, Bourbon whiskey must be matured in virgin (single use) American oak casks. The Irish Whiskey industry extends the lives of these casks.

#### Glass bottles

Glass bottles form an integral part of the brand and cultural heritage of premium spirits categories such as Irish Whiskey. Many Irish Whiskey brands have already introduced innovative lower weight glass bottles or bottles produced from recycled glass, produced in Europe. This supports reduced scope 3 carbon emissions and makes it more sustainable to bottle in Ireland than in non-European markets. Glass packaging is already highly recyclable, with the EU recycling rate of glass packaging currently at 76%. The industry-led platform Close the Glass Loop, to which spiritsEUROPE is a founding member, is pushing to increase this rate to 90% by 2030.



Many of our members have already acted to make their supply chains more sustainable. The Irish Whiskey Association member survey (detailed further in the Supply Chain part of this report) found that 78% of respondents have changed their suppliers for the reason of securing a more sustainable or resilient supply chain. Members reported changing suppliers to:

- **Reduce scope 3 emissions**
- **Produce lighter glass bottles**
- **Use recycled paper in labelling production**
- **Transition to recyclable secondary packaging**

**78%**  
**of Irish Whiskey Association members have reported changing their suppliers to secure a more sustainable or resilient supply chain.**

**Lambay Irish Whiskey Company & The Watershed Group – creating a 100% sustainable label using recycled fruit peels**

In 2021, Lambay Irish Whiskey Company set targets to use more sustainable packaging and bottle labels. The company worked with Irish-based The Watershed Group on an NPD project to create a 100% sustainable label for Lambay Single Malt Batch 01 using recycled fruit peels. Lambay Whiskey Single Malt - Batch 01 is the first release in 2022, limited to just 10,000 bottles. Batch 02 and Batch 03 will release in the following years.

*“What attracted us to The Watershed Group was their commitment towards using sustainable materials, our goals were therefore aligned, and we were delighted to work with them. While choosing this route may not always be the most cost-effective, we remain confident that consumers appreciate this approach, but both commercially and ethically we are aligned on our goals.”*

- Sabine Sheehan.  
Senior Brand Manager,  
Lambay Irish Whiskey Company



**Working with grain farmers on a more sustainable supply chain**

Many Irish Whiskey producers are partnering with Irish tillage farmers.

- Irish Distillers’ unique and accredited ‘Sustainable Green Spring Barley Scheme’ aims to support the long-term viability of the spring barley sector in Ireland by incentivising farmers to continually improve their sustainable practice.
- Clonakilty Distillery are sourcing 50% of their barley from the distillery’s own lands at Galley Head and from other local farms while supporting on-farm measures to support sustainability, including more eco-friendly ‘minimum tillage’ practices.
- Drinks Ireland and four of our member companies including Irish Distillers, William Grant & Sons and Diageo have entered an agreement with Teagasc, the Irish Government’s agricultural advisory service, to sponsor a new tillage programme as part of the Teagasc Signpost Farm initiative. This aims to engage with and educate Irish farmers to support the transition towards more sustainable farming systems.





Following on from both our Sustainability Roadmap and this report, the Irish Whiskey Association will enhance our capacity and guidance to support our member companies to embed a life-cycle approach to minimising the environmental impact of their supply chains. This will go hand-in-hand with futureproofing their supply chains to ensure resilience. This is discussed further in the next part of the report.

In addition, the Irish Whiskey Association will support our members to progress additional forward-looking actions set out in our Sustainability Roadmap, such as:

- Implementation of sustainable sourcing policies including requiring verifiable traceability and sustainability credentials for all imports of wooden casks, glass bottles, grain and malt.
- Ensuring that all primary and secondary packaging is 100% recyclable or reusable and increase the use of recycled material in primary and secondary packaging.

In relation to future government policy developments, the principle of reducing shipping of both empty and filled bottles should be factored into the consideration of new policies on glass bottle returns, including the proposed review of the EU Packaging and Waste Packaging Directive.

## 4. Tackling food fraud through Irish Whiskey protection

There is an increasing recognition in international trade policy that fraud may affect the safety of the agri-food chain, jeopardise the sustainability of food and drink systems and undermine fair commercial practice and consumer confidence.

The Irish Whiskey Association is committed to actively participating in the fight against agri-food fraud. Since 2018, the members of the Irish Whiskey Association have more than trebled their investment in our Association’s work in protecting the Irish Whiskey GI. This investment has enabled the Association to enhance the recognition and



**UAIS Irish whiskey from Ahascragh Distillery is sold in a 100% recycled glass bottle, with 100% recycled paper for the label, a sustainable wood stopper and a biodegradable vegetable-based seal.**

### EU proposals on corporate sustainability due diligence



In February 2022, the European Commission adopted a proposal for a Directive on corporate sustainability due diligence. The proposal aims to foster sustainable and responsible corporate behaviour throughout global value chains.

**The Irish Whiskey Associations welcomes the European Commission’s ambition to position the European economy and global supply chains as the most responsible and sustainable. However, we will continue to engage with colleagues in Ibec and spiritsEUROPE to lobby for improvements to the proposal.**

legal protection for Irish Whiskey in export markets. This is further discussed in more detail in the ‘Protection’ part of this report.

## 5. Combating illicit trade in developing markets

Not all trade is good. Around the globe, particularly in many developing countries, illicit trade in alcohol remains a serious challenge.

The trade in illicit alcohol is bad for consumers in that it carries risks to consumer health and denies consumers the quality they paid for. The trade in Illicit alcohol is bad for legitimate businesses in that it can damage the reputation of their drink categories and lead to unfair competition. The trade in illicit alcohol is bad for governments as it denies tax revenues to the exchequer while promoting criminality.

Illicit trade is increasingly being recognised as having a direct threat to the UN Sustainable Development Goals. For this reason, tackling illicit trade is now high on the agenda of the World Trade Organisation, OECD and the UN Conference on Trade and Development (UNCTAD).

In October 2021, a Ministerial Declaration to UNCTAD stated:

*‘Illicit trade creates a triple threat to the financing of development: crowding out legitimate economic activity, depriving Governments of revenue for investment in vital public services and increasing the costs of achieving the Sustainable Development Goals by eroding the progress already made. Therefore, there is a need to assist developing countries in addressing such challenges.’*

The global spirits industry is committed to rooting out illicit trade in alcohol.

In June 2022, the World Spirits Alliance published a new roadmap entitled ‘Countering Illicit Alcohol Trade Worldwide’. The report looked at the problems and root

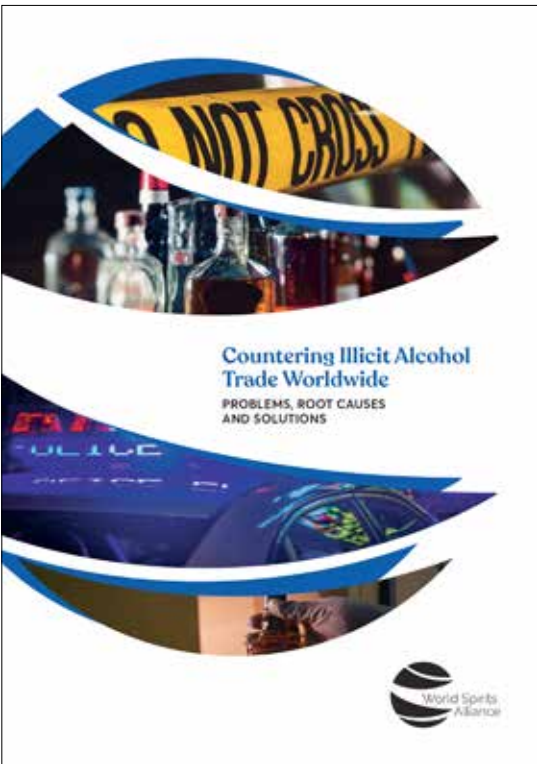
causes of illicit trade in alcohol; and profiled how our industry is working with partners in governments and the WTO to tackle illicit trade.

The report outlines a series of recommendations under three main headings:

- 1. Support and improve framework conditions for legal alcohol**
- 2. Punish and prevent illicit trade through robust controls and enforcement**
- 3. Inform and educate about the forms and dangers of illicit trade**

The Irish Whiskey Association and our members fully endorse the World Spirits Alliance roadmap, and we will support all efforts to tackle illicit trade.

Read the World Spirits Alliance roadmap at [www.worldspiritsalliance.com](http://www.worldspiritsalliance.com)





# Supply Chains

**The Irish Whiskey Association is committed to protecting and future-proofing our supply chains and value chains to ensure they are agile, resilient and sustainable.**

The Irish Whiskey industry operates a complex global value chain, including both domestic and international supply chains. While the Irish Whiskey industry is proud of our local sourcing we also need to be highly engaged and supportive of our international supply chains. Global sourcing has enhanced productivity across the island of Ireland, with specialised supply chains allowing firms in all sectors to focus on higher valued added activity. Supply chains have also played a part in promoting higher labour and environmental standards globally.

How we are minimising the life-cycle environmental impact of our inputs is discussed under the ‘Sustainability’ part of this report This part considers the resilience of our supply chains and relevant other parts of our value chain.

Given that many businesses are facing challenges in this area, the Irish Whiskey Association conducted a member survey in September 2022. This survey sought to provide a better understanding of our industry’s supply chains and value chains and the impact of current challenges. The survey was responded to by a majority of member companies, across large and small producers, accounting for over 94% of all Irish Whiskey production.



**Concerns regarding specific supply chains and value chains**  
The Irish Whiskey Association member survey identified the following eight issues of serious concern:

Costs and delays in international shipping (incl. access to ports)
Cost and supply of malts
Costs and supply of wooden casks
Costs and supply of paper/cardboard packaging
Costs and supply of glass bottles
Energy costs
Costs and supply of labels
Costs and supply of stoppers and bottle capsules

- The survey further found that:
- **Over 95% of all glass bottles used for Irish Whiskey are currently sourced in the UK or EU, with the UK being the largest source.**
  - **Glass bottle prices have increased for all companies, with average price increases in the region of 20-30% in 2022.**
  - **Lead times for delivery for glass bottles have increased for all companies, with the average additional time being approximately two months.**
  - **American oak barrel prices have increased for all companies, with average price increases in the region of 30%**
  - **58% of respondents cited increased lead times of more than one month for delivery of American oak barrels.**



# International shipping

**The Irish Whiskey Association member survey ranked costs and delays in international shipping, including access to ports, as one of the most serious matters of concern.**

The survey found that international shipping costs have increased for all companies, with average price increases in the region of 50-60% in 2022 compared to 2021. While costs are reported to have fallen from their post-Covid peak, high costs remains a challenge.

The survey also found that members are particularly concerned regarding:

- **Delays related to port congestion in the United States, Australia, China and across Africa.**
- **Congestion in Dublin and Belfast ports, impacting both supply chain imports and exports of Irish Whiskey.**
- **Logistics or internal market transport challenges in the United States resulting in knock-on delays to distribution.**

Substantial cost increases and delays in international shipping, coupled with international port capacity challenges, are leading to serious disruption and delays throughout the Irish Whiskey industry supply chain and value chain

Tackling port congestion will require an across-the-board commitment by governments to increase investment in port infrastructure, including in Dublin and Belfast ports. The response to the global shipping crisis is discussed further on in this report.



# Energy Costs

The increase in European energy costs in 2022 have impacted the Irish Whiskey industry through both increases in direct energy bills for producers, as well as contributing to increased costs right across our supply chains.

In terms of direct energy bills, the Irish Whiskey Association member survey found that

- 76% of respondents have experienced increases in excess of 25%
- 40% have experienced increases in excess of 50%
- 28% have experienced increases in excess of 75%

However, these increases were reported before the further substantial increases expected in Winter 2022, with members expecting energy bills in 2023 to be 200-300% higher than at the start of this year.

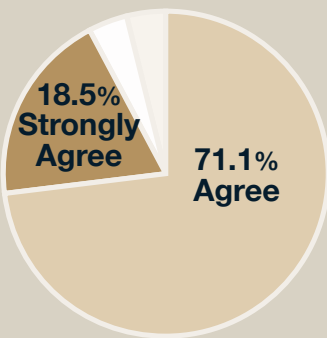
A number of member companies have reported having limited their energy cost increase as a result of ‘hedging’. However, many of these companies will face steep increases as hedged prices eventually give way to current market prices.

While there remains significant volatility, it is now likely that higher energy prices will become a structural feature of the European economy in the coming years.

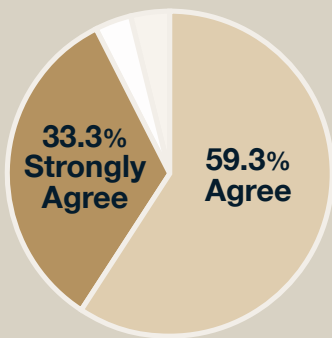
The Irish Whiskey Association welcomes recently-announced budget supports for businesses; and calls on governments to continue to provide the necessary supports to businesses across our supply chain to weather the current energy price storm. This should be matched by investment to futureproof and decarbonise our energy systems, including supports for businesses to be more energy efficient.



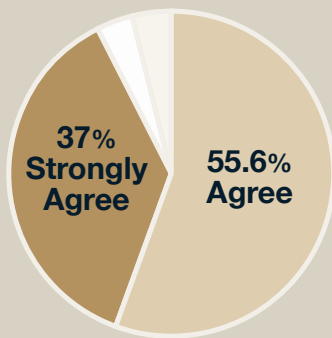
# Impact of supply chain challenges on production



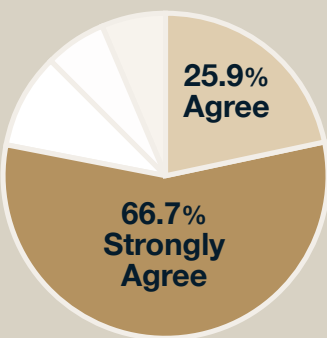
Increasing supply chain costs are a threat to our business viability



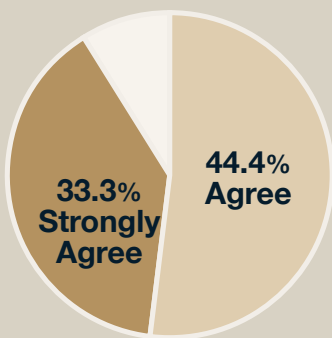
Increased delays in lead times for delivery of inputs have already had a negative impact on our production output over the PAST 12 months



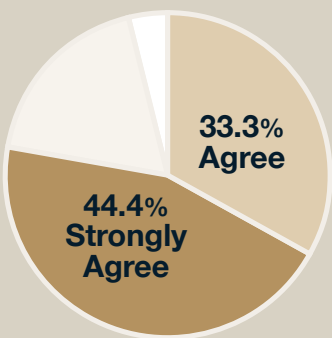
Increased delays in lead times for delivery of inputs have the potential to negatively impact on our production output over the NEXT 12 months



Increased delays in lead times for delivery of inputs have led our company to delay the launch of new products



Supply chain costs will likely increase further in the next 12 months



Supply chain lead-in times will likely increase further in the next 12 months

Source: Irish Whiskey Association member survey September 2022

## Supply Chain Challenges

The Irish Whiskey Association member survey found that:

- Over 92% of respondents agreed or strongly agreed that increased delays in lead times have negatively impacted on recent production output and will similarly impact future production output.
- Two-third of respondents cited increased delays in lead times for delivery of inputs as having led to delays in the launch of new products.
- Over 89% of respondents agreed or strongly agreed that increasing supply chain costs are a threat to their business viability.

The survey found that:

- Delays in supply of dry goods, including glass bottles, labels and packaging are adversely impacting production and run sizes; subsequently delaying supply of orders to the market.
- Some members have reported that 2022 production output will be constrained due to limitations in dry goods.
- Some members are reporting that limitations in dry goods have led to critically low or ‘out-of-stock’ levels in some markets
- To avoid running out of stock, some members have been ordering far greater quantities of dry goods than they would have previously, in turn creating additional cash flow pressures for businesses.

Notwithstanding this feedback, it is expected that the Irish Whiskey category will see substantial growth again in 2022. However, this growth may be less than what the market would otherwise demand. 2022 will also likely see less new expressions, including ‘halo brands’, being launched, which constrains valuable marketing opportunities for the category.

It is notable that the reported difficulties are being experienced equally by both large and small producers. However, it is likely that the serious impacts will be felt hardest by SME producers.

## Malt prices and supply

Our member survey, and subsequent feedback from members, has highlighted serious concerns regarding recent sharp increases in Irish malt prices, with prices up 70-100% over the course of the year.

This is the result of both the energy price crisis and the secondary impacts of the Ukraine invasion. These very large increases may substantially impact on planned Irish whiskey distilling output in 2022, particularly for SME producers.

## Future-proofing our supply chains

Agility, resilience and sustainability are all critical to future-proofing our supply chains.

When it comes to agility, the Irish Whiskey industry is not like the FMCG sector. As a geographic indication, Irish Whiskey production is rooted in the principle of traditionality. Irish Whiskey has a small number of defined inputs and a minimum three-year requirement for maturation. Agility is a challenge in long-run industries such as Irish Whiskey, but it doesn’t mean we shouldn’t strive to be agile

The findings of the Irish Whiskey Association member survey point to a growing agility in our industry. The survey found that 78% of respondents have changed their suppliers for the reason of securing a more sustainable or resilient supply chain. Members reported seeking to expand their base of suppliers, including in the areas of glass bottles, wooden casks and peated malt.

The biggest challenge in future-proofing our supply chains is to ensure resilience and avoid vulnerability, in turn minimising risk. Covid-19 and the incidents such as March 2021 Suez Canal blockage have led to an increasing recognition that supply chain risk arises at the intersection of vulnerability and exposure to unforeseen events.



Our member survey identified a range of concerns regarding our supply chains and value chains. The issues of international shipping and energy costs have been discussed already. A number of other potential supply chain vulnerabilities are discussed below.

Enhancing the resilience of supply chains also goes hand-in-hand with the objective of making supply chains more sustainable, in particular by promoting sustainability standards across global value chains. These can cover both environmental concerns and social concerns such as protecting human rights, including labour rights. More sustainable supply chains have generally proven to also be more resilient. International trade policy can contribute to this objective by promoting responsible business conduct and greater transparency and traceability in supply chains.



Teeling Small Batch is sold in bottles produced from 75% recycled glass.

Supply Chain	Potential vulnerabilities
American oak casks	Increased international demand from other spirits and wine categories for used American oak casks and potential future domestic regulatory developments could result in future supply shortages.
Dry goods	Existing delays in supply of dry goods, including glass bottle, labels and packaging are adversely impacting production and run sizes and subsequently delaying supply of orders to the market. The high level of dependence on a relatively small number of large glass bottle suppliers in the EU and UK also poses risks, exemplified by the subsequent impact on supply as result of a fire at one UK plant in September 2022.
Malts	The strong growth in demand from Irish Whiskey producers coupled with the limited number of malsters on the island of Ireland is leading to substantial cost increases. Increases are also being fuelled by the current energy crisis. Concerns over capacity and diversity raises the risk of future shortages. The lack of peat and specialist malting capacity requires a reliance by many producers on overseas maltsters.

## Building capacity

The Irish Whiskey Association believes these is a need across both industry and our stakeholders, including Government, to better understand and respond to supply chain and value chain challenges.

In response to the findings of our member survey, the Irish Whiskey Association will enhance our capacity to monitor supply chains to facilitate the future overall growth of the industry. We will enhance our capacity and guidance to better support our member companies to futureproof their supply chains to ensure resilience. This will include skills development in the areas of supply chain planning and risk assessment, customs, logistics and e-commerce. This will go hand-in-hand with supporting companies to implement sustainable sourcing policies and to embed a life-cycle approach to minimising the environmental impact of their supply chains, and to implement sustainable sourcing policies in line with our Sustainability Roadmap and this report.

The Irish Whiskey Association believes that governments should enhance their policy framework and capacities on this topic, including putting global supply chains and value chains firmly on their international trade policy agenda. This includes as part of:

- FTA negotiations where issues of tariffs, rules-of-origin, transit rules and sustainability can all be highly relevant to the effective function of international supply chains and value chains.
- Bilateral trade dialogues, such as the processes which each of the EU and UK have in place with the United States, where issues such as safeguarding supply chains and strategic access to ports could and should be discussed.

We welcome the commitment of the Government of Ireland to establish an Expert Group on Global Value Chains and Supply Chains, to identify global supply chain opportunities and threats.

However, it is important that government-level discourse on this matter is not confined solely to those high-value



sectors manufacturing semiconductors, pharma, MedTech, etc. While predominantly sourcing locally, food and drink sectors can also depend on overseas inputs while exporting globally. In seeking to protect these sectors’ international supply chains and value chains, governments can support both production at home and complementary local supply chains.

We believe governments could go even further, including in response to the global shipping crisis. On foot of the UK’s exit from the EU, governments worked in various ways to review and support strategic shipping capacity and access to key markets; and to advise and support export businesses. There may be an opportunity now for governments to develop a permanent capacity to monitor strategic shipping access to key global markets on an ongoing basis; to lobby and intervene with international trading partners where necessary; and to advise and support exporters.

Finally, governments and their agencies should seek to support the development or expansion of supply chain production on the island of Ireland, where practicable. For example, there is an ongoing need to expand and diversify malting production output on the island of Ireland. However, any such development should be seen as complementary to international supply chains and should eschew any sense of protectionism.



# Supply Chain - Summary of key recommendations

In looking to build capacity across industry and Governments, this report makes the following recommendations:

The Irish Whiskey Association will:

1. Enhance our capacity and guidance to better support our member companies to futureproof their supply chains, to implement sustainable sourcing policies and to embed a life-cycle approach to minimise the environmental impact of their supply chains.

Government and state agencies should:

1. Enhance their policy framework and capacities to protect and support global supply chains and value chains, including through their international trade policy agenda and bilateral engagement with trading partners
2. Develop a more permanent capacity to review strategic shipping access to key global markets; and to advise and support exporters.
3. Seek to support the development or expansion of supply chain production on the island of Ireland, where practicable.
4. Provide the necessary supports to businesses to weather the current energy price storm, while investing to futureproof and decarbonise our energy systems.



# Protection

**Protecting the integrity and high standards of the Irish Whiskey category is integral to maintaining our remarkable growth trajectory. Critical to this is securing and enforcing the strongest legal protection for the category in order to protect Irish Whiskey producers from unfair competition in the marketplace and to ensure consumer protection.**

Ensuring Irish Whiskey is protected from unfair competition is not just about intellectual property protection, it is also about protecting our cultural and heritage and employment in rural areas, where most of our distilleries are located.

As consumers seek products with authenticity and provenance, no spirit is better placed to deliver this than Irish Whiskey. Strong legal protection not only forms a solid foundation for the continued success and growth of the industry, but it also helps to protect the industry's reputation as being a quality product by ensuring that only whiskey which is made in accordance with the technical specification and laws of Ireland can be labelled as Irish Whiskey. This is further backed up by the Irish Whiskey Verification Scheme, which is implemented by the Revenue Commissioner in Ireland and HMRC in the UK; which ensures the authenticity and provenance of Irish Whiskey from grain to bottle.

It is vital that the Irish Whiskey Geographical Indication (GI) is protected in order to ensure the long-term interests of producers and consumers and since the formation of the Irish Whiskey Association protecting the Irish Whiskey category has always been a key priority and will remain so.

The Irish Whiskey Association's protection strategy has three main strands which are:

- Securing recognition and protection for Irish Whiskey in overseas markets
- Taking effective action against misleading products and trademarks
- Market Monitoring





## Protecting Irish Whiskey in overseas markets

Since 2018, the members of the Irish Whiskey Association have more than trebled their investment in our Association’s work in protecting the Irish Whiskey GI. This investment has enabled the Association to enhance the recognition and legal protection for Irish Whiskey in export markets. Taking steps to secure legal recognition in key overseas markets is only of value if the industry obtains legal protection in all markets where Irish Whiskey is to be sold now or in the future. Consequently, it is vitally important that legal protection is not only secured in important established markets but also in important emerging markets. Obtaining legal protection enables the Association to take effective efficient action in markets where transgressors could seek to benefit from the increasing popularity of the category.

The type of protection applied for depends on the legal instrument and framework available in each particular market to EU GIs. If a GI registration system is available this will always be preferable. As a registered (GI) Irish Whiskey is protected from misuse, imitation, evocation and any other practices liable to mislead consumers. If GI protection is not available applications may be made under the trademark system as a certification or collective trademark. Having protection such as these acts a deterrent for transgressors seeking to benefit from the reputation of the category. Furthermore, where there is specific protection taking action against infringements is much simpler, more cost effective and efficient. Where the category does not have specific protection, the brand’s reputation must be proved before the courts. It can also lead to difficulty in to tackling infringing products as you have to rely on general laws of unfair competition and consumer protection. This all adds costs and complexity to a case. If Irish Whiskey has protection this is not necessary as it’s already protected in national law.

In addition to the work of the Irish Whiskey Association, Irish Whiskey GI protection can also be furthered by way of the provision of new bilateral free trade agreements. Most recently, Irish Whiskey was granted GI protection in New Zealand for the first time in 2022 on foot of the new FTAs agreed with each of the UK and EU.

The Irish Whiskey Association has successfully secured further protection for Irish Whiskey in:

- Australia
- South Africa
- India
- Malaysia
- Mozambique
- Belarus
- Taiwan



**The Irish Whiskey Association calls for inclusion of GI protection in all future EU and UK trade agreements.**

## Strengthening protection in the United States

The United States remains by far the largest market for Irish Whiskey, accounting for over 41% of sales worldwide. As the world’s fastest-growing spirits category, infringers and other bad-actors continue to look for ways to trade-off of the goodwill and character of Irish Whiskey. This involves advertising, promoting, and selling spirits that purport to be Irish Whiskey, or are produced in Ireland when they are not.

Over the last three years alone, the Association has investigated over 40 different instances in which merchants in the United States sought to trade on the goodwill and reputation of the category to promote or sell their non-Irish Whiskey products.

In order to protect the reputation of Irish Whiskey in the United States it is necessary to strengthen the protection for the category.

- **The Irish Whiskey Association will work together with all stakeholders to register Irish Whiskey as a Certification Mark in the United States**

A certification mark for Irish Whiskey will certify that a spirit labelled “Irish Whiskey” originates from Ireland and is made according to the specific standards set out in the Irish Whiskey Act, the Irish Whiskey Product Specification, and Regulation (EU) No. 2019/787. Obtaining this type of legal protection will further enable the trade to prevent the advertising, promotion, and sale of spirits that are potentially misleading as to geographic origin or identity of goods sold.

- **The Irish Whiskey Association will lobby the US Alcohol Tax and Trade Bureau (TTB) to strengthen the protection afforded to Irish Whiskey in order to achieve protection similar to Scotch Whisky**

Strengthening the protection afforded in the TTB regulations would be hugely beneficial to the Irish Whiskey category and would deal with the upsurge of products that are labelled as ‘Irish Style Whiskey’ and which also use iconography which is associated with Ireland such as the harp or shamrock.

## Monitoring for infringements

The level and pace of infringements (including fake Irish Whiskeys) has increased considerably over the last number of years. This is undoubtedly due to the increase in sales, high quality reputation and success of the category. The Association is alerted to infringements through a number of channels, including by members, by lawyers in certain jurisdictions and by other trade associations.

The Association must continue with an effective approach and strategy to protecting Irish Whiskey. This means it cannot just concentrate on major and priority markets and ignore misuse elsewhere or minor infringements as this approach creates considerable risks. Acting now, as the industry starts to expand is vital. Failure to act from the outset, will generate difficulties in protecting Irish Whiskey as a recognised GI at a later date. If global protection is to be maintained for Irish Whiskey, the Association needs to work on a universal basis. Courts will not necessarily protect the description if the Association picks and chooses where and when it takes action.

Accordingly, over the last number of years, the Irish Whiskey Association decided to be more strategic in capturing infringements and has implemented a market monitoring strategy whereby it commissions online market monitoring of the categories most important markets or markets where the association has been alerted to infringements. This will also be expanded to include commissioning investigators on the ground in problematic markets. This is vitally important in order to ensure the continued success of the category.

## Protecting our home market

In order to have a strong export market it is imperative to have a strong domestic base. Over the last number of months, the Association has identified the need for education of labelling requirements.

In order to support members, the Irish Whiskey Association has developed an education programme for members and checklists. It is envisaged that these checklists would be an invaluable tool for members, detailing step by step the specific labelling requirements under EU and national legislation. The focus of this education programme will reflect the new requirements of EU Regulation 2019/787 (which is now in force) and adherence to the provisions of Regulation 1169/2011 and to the Product Specification.

The Irish Whiskey Association will continue to provide members with a service to review their labels prior to seeking approval from the statutory authorities.

**The Irish Whiskey Association will continue to build and enhance relationships with all relevant Government departments and state agencies on an all-island basis, as a collaborative approach to further protecting the Irish Whiskey category. This includes ensuring the best interests of the category are represented at national and EU level; and globally. It is imperative that we work together to ensure:**

- **Consistent interpretation of rules and regulations across the island of Ireland**
- **A consistent approach to the verification of Irish Whiskey on the island of Ireland**
- **Collaborative updating of the Irish Whiskey Labelling Guidelines**









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