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Scotch distilleries are halting production because unsold whisky stocks are rising.

Weak demand in the United States, France and China has left producers leaning on storage, tourism and restructuring.

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Scotch whisky makers across Scotland are slowing or stopping production as unsold stocks build up, forcing parts of the industry to rely more heavily on storage space, tourism income, and financial restructuring while they wait for demand to recover.

Several distilleries have paused their stills to avoid adding to what producers describe as a growing “whisky loch,” an industry term for a large glut of spirit sitting in warehouses. At Holyrood Distillery in Edinburgh, production remains on hold with no date set for restarting. Rob Carpenter, a co-founder of the business, said his sense from conversations across the trade is that the industry may now be operating at roughly a third of its usual level. That estimate is not an official figure from the Scotch Whisky Association, but it reflects how sharply activity appears to have slowed at some sites.

The pressure is also showing up in company finances. GlenWyvis, the community-owned distillery in the Highlands, said last week that it would seek administration after prolonged strain in the whisky market. In Fife, workers at Cameronbridge, Diageo’s largest distillery, began strike action on Monday in opposition to planned job cuts across the company’s Scottish operations.

The downturn follows a long expansion in Scotch demand that lasted for much of the past 15 years and accelerated during the pandemic. Producers increased output during that period as global sales rose and premium whisky attracted both drinkers and collectors. Now the market has cooled in several major destinations at the same time, leaving distillers with the problem of too much spirit maturing in casks and too little certainty about when buyers will return in stronger numbers.

Storage has become a visible sign of the imbalance. Near Kirkcaldy, Diageo’s Cluny maturation complex is being expanded on a 220-hectare site that was once an open-cast coal mine. When the project is completed, the campus will be able to hold almost 3 million casks of Scotch. That figure refers to storage capacity rather than the amount currently filled, but it shows the scale of the infrastructure needed in an industry where whisky must age for years before it can be sold.

By law, Scotch must mature in oak casks in Scotland for at least three years, and many higher-value bottlings are aged far longer. That delay between production and sale makes planning difficult even in stable conditions. When demand weakens, distillers cannot quickly unwind decisions made years earlier. When demand rises again, it can take years to rebuild stocks of older whisky.

Export data help explain the squeeze. Scotch exports are worth billions of pounds annually, but some of the industry’s biggest overseas markets have weakened. According to the Scotch Whisky Association, exports to the United States fell 15% after tariffs imposed by President Donald Trump in April 2025. Those duties were later removed this year, but the earlier hit had already damaged momentum. Demand in France, long one of the most important volume markets for Scotch, has also fallen. In China, growth has been weaker than many in the industry expected. Exports to India have risen strongly and helped offset part of the decline, but not enough to fully compensate for softer demand elsewhere.

Producers and analysts say the shift is not only about trade policy. Consumer behavior has also changed since the pandemic. Some buyers stocked up heavily when they were spending more time at home and had fewer options for leisure spending. At the same time, concerns about health, tighter household budgets, and higher prices have made many consumers more cautious about buying premium spirits.

Those broader pressures are affecting alcohol companies beyond Scotland. The Financial Times reported that five of the world’s largest publicly listed drinks groups are holding a record $22 billion worth of aging spirits. That total covers several categories and is not limited to Scotch whisky, but it points to a wider post-pandemic slowdown in the drinks business.

For smaller distilleries, the adjustment can be especially hard. Unlike large producers with broad global distribution and deep inventories, newer or independent operations often have fewer financial buffers. Holyrood has been partly protected by its location in the Scottish capital, where tourism provides another source of income. The distillery receives about 40,000 visitors a year, and tours now account for around half of its revenue. That business does not replace distillation, but it has helped cushion the impact of idle stills.

The contrast between producers with tourism income and those relying more directly on wholesale sales has become sharper this year. Distilleries that can sell visitor experiences, tastings, and branded merchandise have more ways to bring in cash while they wait for the market to improve. Others are more exposed to the long cycle of

maturing whisky and the cost of carrying inventory.

The current slump has revived memories of the 1980s, when Scotch faced weak demand and oversupply that led to many closures. Industry veterans say the present downturn is serious, but not necessarily permanent. They note that Scotch has gone through repeated cycles of overproduction and recovery, with periods of shortage often following periods of caution.

Even so, the near-term picture remains difficult. Dozens of Scotland’s 156 active distilleries are rumored to be for sale, according to people in the trade, and producers are making operational decisions based less on ambition than on preservation. The industry’s challenge now is not whether whisky can be made, but how long companies can afford to wait before global demand absorbs what is already aging in warehouses across Scotland.