Economy, Jobs and Fair Work Committee
Economic Impact of Leaving the European Union
Nourish Scotland

1. Nourish Scotland is a not-for-profit organisation campaigning for a fairer and more sustainable food system in Scotland and beyond. This written contribution to the Economy, Jobs, and Fair Work Committee’s consultation on the Economic Impact of Leaving the European Union discusses threats and opportunities for jobs, migration, and workers’ rights in the food system.

Key messages:

- Protecting and enhancing the rights and wellbeing of all people living in Scotland – this includes but is not limited to the interests of Scottish businesses – must be a primary objective of the Scottish Government in its negotiations with the UK Government, Brussels, and EU Member States.

- Scotland’s relationship with the EU raises high stakes with relation to jobs and workers’ rights in the food system;
  - Brexit may present a unique opportunity to fundamentally reform farming policy to address the social and economic crises of our agricultural sector.
  - The Scottish agricultural, food manufacturing, and hospitality sectors are heavily reliant on European labour. The ability of these sectors to employ EU workers should be maintained. European citizens living in the UK should retain the same rights to work, reside and access public services and welfare.

General comments on migration and workers’ rights

2. Nourish currently employs non-UK European citizens living in Scotland. We recognise the extremely valuable contribution European citizens make to Scotland and the rest of the UK and are alarmed by the near-xenophobic stance of the UK Government on EU migration issues. Scotland would lose out enormously if European citizens lost their right to live and work in Scotland, and Scottish people in Europe, post-Brexit.

3. We highlight the list of rights compiled by UNITE\(^1\) which are currently underpinned or supported by EU legislation and which, we agree, must be retained and continue to be enhanced post-Brexit: limits to the working week, guaranteed rest periods and minimum paid holiday entitlement; equal pay; anti-discrimination rights; health and safety at work; maternity and paternity rights; equal treatment for part-time, fixed-term and agency workers; information and consultation rights; the Transfer of Undertakings and Protection of Employment (TUPE) regulations, the right to written terms and conditions.

4. It is highly unlikely that Scotland would be able to retain full access to the single market without applying the same rules. Further, a diminution of employment rights would harm working people\(^3\). The Scottish Government
and Parliament should therefore take action to incorporate key EU social rights Directives – such as the Pregnant Workers, the Parental Leave and the Working Time Directives – into Scots Law.

**Reforming farming policy for more and better jobs in the agricultural sector**

5. Farming plays a bigger part in Scotland than many of us may realise. It occupies large amounts of land, contributes to our communities, and provides incomes for farmers as well as raw materials for our consumption and for Scotland’s food and drink industry. 68,000 people are employed directly in agriculture, farming supports 1 in 6 jobs in remote rural areas and there are 360,000 people employed in the food and drink industry in Scotland.

6. However, agriculture faces a social time bomb, with the average age among farmers 58 years; and an economic crisis. Farm incomes are at their lowest level since 2005 as the average farm business income (FBI) fell to £23,000 in 2014. In almost half of Scottish farms, this income is not enough to pay the farm owners and other unpaid labour (e.g. family members or business partners) the minimum agricultural wage. While some farms made good profits, one in five farm businesses made a loss in 2014. This dramatic situation is due to falling farm-gate prices for many crops and to decreasing CAP subsidies. When subsidy payments are excluded, the average FBI is a loss of £17,000 in 2014-15, and has been a loss for each of the last six years.

7. Westminster has guaranteed CAP payments until 2020, but the prospective devolution of subsidy money thereafter using the Barnett formula would be disastrous for Scottish farming with the available funds shrinking from 18% to around 8.5%. There is a pressing need to ensure that farm-gate prices are at a level which allows farmers to remain viable and reward the risks they take and the work they do.

8. Brexit may present a unique opportunity to fundamentally reform farming policy. If we leave the CAP, the long-term policy focus should not be on how to maintain direct payments and business-as-usual, but how to establish new policies that will solve the social, environmental, and economic challenges facing Scottish farming. Environment, climate change, and health should be the primary focus of agricultural support post-CAP. Income support for individual farmers should be a secondary goal, while a host of other supply-side measures should assist farmers to operate profitably, such as advice and training, support for co-operatives, shorter and fairer food supply chains, innovation, product differentiation and better marketing, farm diversification. The aim must be to make farming more economically viable, and therefore a more attractive career path for younger generations.

9. We want to highlight the risks associated with the possibility of Brexit leading to the ‘WTO model’, in which the UK would lose access to the Single Market and no free trade deal would be agreed between the UK and the EU. This scenario would likely be extremely damaging to Scottish farmers. In the WTO model, the UK would likely have low import tariffs,
leading to an increase in cheap food and agricultural imports, while Scottish exports to the EU would face relatively high tariffs. This Brexit outcome would be disastrous and is not acceptable in the light of the Scottish majority vote for continued EU membership.

**Protecting the rights and wellbeing of migrant workers in the food system**

10. The proportion of European citizens working in food production, manufacturing, and services is higher than in most other sectors (see table¹). This is significant for two main reasons.

<table>
<thead>
<tr>
<th>Table 9 Numbers employed in the UK by origin 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the UK</td>
</tr>
<tr>
<td>Number</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Crop, animal production, hunting</td>
</tr>
<tr>
<td>Manufacture of food products</td>
</tr>
<tr>
<td>Manufacture of beverages</td>
</tr>
<tr>
<td>Accommodation</td>
</tr>
<tr>
<td>Food and beverage service activities</td>
</tr>
<tr>
<td>Total employed in UK</td>
</tr>
</tbody>
</table>

11. First, future restrictions on freedom of movement between the UK and the rest of Europe may cause acute labour shortage in these sectors, as British people are not willing to do many of these jobs.

12. Second, the vast majority of these jobs are low-paid, low-skilled and insecure, and these sectors are also susceptible to forced labour. As research demonstrated that immigration policy and insecure immigration status can provide an environment conducive to exploitation by employers⁶, Brexit could have dramatic consequences unless attention is focused on those areas of the UK labour market where there are high risks of exploitation. Regulators such as the Scottish Agricultural Wages Board, the Gangmaster Licensing Authority, and the Groceries Code Adjudicator have crucial roles to play in enforcing rules and promoting fairness along food supply chains. Furthermore, and finally, the status of EU citizens living in the UK should be confirmed and the protection of their rights into the future should be guaranteed. “Where migrants lack any legal rights to residence, work and/or welfare due to their particular status, highly exploitative work may be one of the few options open to them if they are to meet their basic needs⁶⁄vi.

---

¹ UNITE the union, *Brexit on Our Terms*, October 2016
⁵ Food Research Collaboration, *Food, the UK and the EU: Brexit or Bremain?* 8 March 2016.