

Culture, Tourism, Europe and External Affairs Committee

Inquiry - Article 50: Preparedness

Written submission from the Scottish Salmon Producers' Organisation

The Scottish Salmon Producers' Organisation (SSPO) represents over 90% of salmon production in Scotland. Scottish salmon farming is worth £1.5 billion in economic contribution annually and Scottish salmon is the UK's most valuable food export, with overseas sales of over £600 million for 2017. The sector employs approximately 10,300 employees directly and indirectly, with c65% of these employees coming from the EU (excluding UK). In 2016, £390 million were spent by salmon farming companies on services and suppliers in Scotland alone.

There are a number of key Brexit issues we wish to be addressed satisfactorily. Scottish salmon's first priority is to ensure continued frictionless, tariff-free trade with the EU27 after Brexit. This is important for both imports and exports, from and to the EU27, those countries in the wider Customs Union and in the European Economic Area (EEA) and to other Third Countries with whom the EU has preferential trade agreements. This is important to allow our supply chain to function smoothly and to facilitate the importation of materials our sector needs to succeed, as well as ensuring our exports transit smoothly. Minimising friction, time, cost and bureaucracy at the border is important at and beyond Brexit, particularly as our products are of a highly perishable nature. Our sector also seeks clarity on any new migration and rights of residency/work rules as our workforce is highly dependent on foreign nationals, particularly from the EU/EEA. We wish to see an open and economically-advantageous immigration system put in place after the UK leaves the EU.

We also seek continued recognition and protection of our Protected Geographical Indication (PGI) status for 'Scottish Farmed Salmon' both in the UK under a proposed new UK GI Scheme and in the EU after Brexit. Other salmon farming sector priorities include the UK operating an independent and ambitious trade policy after EU exit and continuing European Structural and Investment Fund (ESIF)-type support for our local communities after exit.

We support efforts towards a negotiated outcome to Brexit; a 'no deal' scenario could cause our sector significant disruption and, whilst we are doing all we can to prepare for **all** outcomes, a transition/implementation period upon exit would be welcome.

SSPO and our member companies have been preparing for Brexit in a number of ways. Since the vote to leave the European Union in June 2016, SSPO has engaged with various stakeholders, Government officials and Ministers. We have monitored developments, sought feedback from our members and supply chain and provided information and views to Government.

Late last year we published a paper covering key Brexit themes for the Scottish salmon farming sector and outlining our preferred outcomes on a number of issues. This paper has formed the basis of our engagement work since its publication, albeit with a number of changes as a result of negotiations progressing and new issues arising. The paper is available here: <http://scottishsalmon.co.uk/wp-content/uploads/2017/10/SSPO-Brexit-Digital-12-10-17.pdf>

During 2018, we have stepped up our Brexit work and have dedicated 'in-house' resource to develop policy, support member companies' preparedness and monitor developments. As we approach the conclusion of the negotiating period, the industry is considering how it would handle **all** outcomes, including 'no deal'.

SSPO and our member companies have engaged with Ministers and Officials from both the UK and Scottish Governments. We have attended meetings with a number of Government departments on Brexit-related matters including DEFRA, DIT, DExEU, the Scotland Office and directorates and agencies including Marine Scotland and Food Standards Scotland. We have also met the European Commission's *Taskforce Article 50* in Brussels to discuss PGI after Brexit. We have taken part in a number of seminars and conferences which involved the subject of Brexit and there has been significant media engagement to highlight our views and our hopes for Brexit outcomes.

SSPO has contributed evidence to various Inquiries and Consultations. We provided written and oral evidence for the House of Commons Scottish Affairs Committee's '*Scotland and Brexit: Trade and Foreign Investment*' Inquiry and written evidence to the House of Commons Environment, Food and Rural Affairs Committee's '*Brexit: Trade in Food*' Inquiry. We have submitted a response to DEFRA's '*Sustainable Fisheries for Future Generation*' Consultation on post-Brexit fisheries management and are in the process of submitting responses to numerous other official Brexit and trade-related consultations.

Our Brexit Working Group is the focal point for our sector and discussions with our important supply chain. Notable concerns raised by the Group so far include border delays and additional certification requirements. One very clear request is that the process of issuing and approving Export Health Certificates (EHCs) should be streamlined and moved to an electronic system available 24/7 with appropriate and sufficient capacity for approval put in place.

SSPO is continuing to share and disseminate information and pass company/sector queries and requests on to officials. We are reviewing all available 'no deal' technical notices and making sure the sector is aware of their content and what steps may be needed to adapt to this outcome. This work will be developed and stepped up over the next few months to ensure all parts of the sector are prepared for all Brexit outcomes.

Our member companies will be making their own Brexit preparations though it will be difficult for them to plan for any specific outcome as the negotiation with the EU continues. Broadly speaking, we understand that our members are preparing in the following ways:

- **Skills:** Ensuring that existing teams are well-skilled and motivated to maximise workforce retention on Brexit. Companies will wish to ensure that vacancies are filled as well as they can be. They will be, as always, working with local communities to demonstrate the good range of jobs and careers the sector and supply chain offers.
- **Raw materials:** Much of the raw material that goes into fish feed is from global and non-EU sources and so there has been no identified need for farmers to secure supplies ahead of Brexit to minimise the risk of additional tariffs.
- **Transport:** The large part of the sector's exports go through Heathrow Airport and the Channel Tunnel. The lack of clarity over the procedures for future export via the EU remains a concern for us. Companies will be looking to alternate routes to market on

Brexit and will be having detailed discussions with transport providers and port operators. But they accept that there are likely to be border issues and delays on Brexit though we look to the UK Government and border agencies to ensure these are minimised.

- Ensuring that existing non-EU market relations remain strong: Scottish salmon is exported globally and a range of non-EU markets such as the US (our largest market after the EU) and China and other Asian markets are important. Members will be working to ensure their trading relationships in non-EU customer countries remain strong and will be eyeing growth in non-EU destinations.

We hope the above provides a useful summary of SSPO and the Scottish salmon industry's Brexit preparation work to date.