

European and External Relations Committee

The EU referendum and its implications for Scotland

Written submission from Macduff Shellfish

Macduff Shellfish is the largest processor of shellfish in Europe, specialising in scallops, *Nephrops*, crabs and whelk. The company is based in Mintlaw, Scotland. As a vertically-integrated company, Macduff is invested in both the harvesting and processing of wild shellfish, and owns Europe's largest scalloping fleet. As well as being an important employer in and around Mintlaw (employing in excess of 350 people in the area, and a further 150 people across our other sites and fishing fleet), Macduff strives to provide economic security for more remote Scottish communities, for instance through the purchase of and investment in Macduff's Stornoway fish processing plant. Through the direct purchase of shellfish for processing and onward sale, Macduff also provides economic security to hundreds of fishermen working in and around the Scottish coastline. As such, Macduff is attuned to the concerns of the wider fishing industry and has a critical interest in the impacts of Brexit. Macduff Shellfish is keen to work and engage with Scottish Government to ensure that Brexit does not detrimentally impact the significance and growth of the UK fishing industry, in terms of economic profitability, environmental sustainability and social responsibility.

Scotland's future relationship with the European Union

Macduff Shellfish has established an international reputation in providing the highest quality shellfish across the world. Of £77 million of global sales, 78% of our sales are to markets in and across Europe, worth an estimated £60 million (or £49 million excluding UK sales). Moreover, 79% of our employees originate from other European Member States. The European labour market is a vital resource to Macduff and our continued success will be dependent upon the future flow of European workers. In recent years, our business has expanded its capacity, employment levels, and profitability as a result of the European single market. As such, Macduff Shellfish considers it imperative that the UK retains access to the European single market in the future.

Macduff Shellfish also depends heavily upon global trade agreements that have been negotiated by the EU on behalf of Member States. Sales outside of Europe account for £17 million of sales annually. It is imperative for Macduff and the wider fishing industry that these agreements are renegotiated to the benefit of the UK in order to maintain and maximise global export opportunities for UK businesses.

The withdrawal process

The majority of fisheries legislation impacting the UK fishing sector is enacted in EU law and given effect in domestic law by the European Communities Act 1972. This includes legislation around sustainable levels of stock removal, technical guidelines on the use of gears and conservation measures, legislation on fisheries control and monitoring, in addition to legislation on the provision of data for science. In addition to the significant amount of resource required for fisheries negotiations, which are likely to be some of the most lengthy and complex, it will take a considerable amount

of time and resource to redraft EU legislation into some form of national legislation in partnership with stakeholders. Although we acknowledge that certain legislative frameworks will remain relatively unchanged and simply mirror existing systems, the review and redrafting of this legislation is likely to be one of the most complex tasks associated with Brexit.

With that in mind, Macduff Shellfish strongly urges Scottish government to give careful consideration to the distribution of resources and the need for significant investment in areas such as fisheries whereby the rapid enactment of Article 50 could result in a legislative gap if there is not the appropriate level of investment. A legislative gap in the field of fisheries could have a significant impact on the health of some of the UK's most economically valuable fish stocks if existing protection is removed and access is opened to all. For instance, there could be an influx of vessels targeting quota stocks or into key UK shellfish fisheries. Vessel displacement into open access fisheries is already a significant feature and risk to UK fisheries, and is leading to emergency stock protection measures around many parts of the UK coastline. This problem could be exacerbated if adequate national provisions are not in place upon the UK's departure from Europe.

Macduff Shellfish would strongly urge the Scottish Government, and indeed the UK government, to remain party to international agreements established to drive forwards the sustainable management of marine resources and environments to clear targets (such as Maximum Sustainable Yield) and within clear timeframes. Although Macduff Shellfish would urge for timeframes to be realistic to enable the collation of scientific evidence as required, agreements such as the Marine Strategy Framework Directive provide a critical driver for both UK Administrations and the fishing industry to work together and invest in understanding and working towards the long-term health of fish stocks. Without such agreements, there is a strong likelihood that the drive towards science-based sustainable management of fish stocks vital to the UK will be deprioritised across fisheries management agendas.

The domestic process for dealing with a withdrawal from the EU

Macduff Shellfish is extremely supportive of the Scottish Parliamentary Committee's early engagement with Scottish businesses and would urge that this level of engagement continues. In addition to engaging with overarching organisations representing groups of businesses and sectors, Macduff Shellfish would also urge Scottish Government to engage directly with key businesses from each sector at all stages of policy development and negotiation. Stakeholder committees should be formed to represent the UK's three key fishing sectors, demersal, pelagic and shellfish, and ensure that the interests of all sectors are accurately understood and represented. This will be critical to ensuring that businesses from all sectors have their views represented in the formulation of policy positions prior to and during Brexit negotiations.

In 2014, *Nephrops* and scallops were the second and third most valuable species landed into the UK by UK vessels, at an estimated £98 million and £58 million respectively, behind mackerel. Crabs comprised the UK's fifth most valuable landings at £44 million. The value of fish landings by Scottish vessels alone is estimated to be worth £517 million. As such, Macduff Shellfish considers that the Scottish Government has a key role to play in representing the interests of the entire

UK fishing sector. Although Scottish fisheries legislation is a devolved matter, Macduff Shellfish would urge Scottish Government to look for opportunities to align with other UK administrations, particularly where stocks are accessed at a UK level. For instance, some of the UK's most economically valuable shellfish stocks, such as crabs and scallops, are harvested by nomadic UK fishing fleets. Where this occurs, UK administrations should work together to align fisheries legislation for the sake of clarity, ease of compliance and to reduce excess burden and cost to industry that are operating around the entire UK coastline.

EU funding

At the present time, Macduff Shellfish, along with wider UK industry, depends heavily upon funding opportunities from the European Maritime and Fisheries Fund (EMFF) to provide financial support for a range of projects. These include vessel improvement projects, for instance to improve the safety and welfare of crew on-board vessels and improve data collection technologies, to larger-scale science projects on behalf of the wider sector. For instance, EMFF funding is currently being sought to assess the health of scallop stocks in the English Channel and develop a sustainable stock-based management regime. This resource provides an important funding stream for businesses of all sizes across the fishing sector looking to improve their operations and invest in the long-term health of stocks. If the UK withdraws from contributing to this fund, an equivalent national scheme should be established at the earliest opportunity.

As the UK's leading vertically-integrated shellfish producer, Macduff Shellfish looks forward to further engaging and working with Scottish Government on all of the above issues, and more detailed fisheries matters, prior to and during Brexit negotiations.