Dear Members,

I am looking forward to attending the committee on Thursday and welcome the decision to take evidence on this crucial issue during the recess.

I thought it would be helpful to highlight some emerging key issues ahead of the discussion, many of which will be highlighted by my colleagues also on the panel.

Before setting out some key priorities, it is worth setting a brief bit of context.

Scotland Food & Drink is the industry development body for the sector in Scotland. We are a collaborative partnership bringing together all the key trade associations and public sector agencies working in food and drink in Scotland to drive forward a single, agreed growth strategy for the sector. We are also a membership organisation with 360 members, the vast majority of whom are food and drink producers and manufacturers.

The food and drink industry in Scotland is a national success story. Driven by a culture of collaboration and having forged a new national identity and reputation for its produce, the industry has experienced unprecedented growth in recent years. The industry turnover has reached £14.3bn (2013) from £10bn in 2007. We are on track to reach our growth target of £16.5bn by 2017. A strong home market and a growing export presence are the building blocks of our success.

The EU referendum decision will represent a mixture of challenge and, potentially, opportunity. However, our underlying ambition and optimism for the sector remains. In 2017, we will be launching a new strategy for the sector, establishing a roadmap to 2030, building on the industry central role in Scotland’s economic growth story.

In saying that, there are critical issues in relation to Brexit to consider now.

These continue to emerge, and are multi-layered and complex. However, we have initially identified four key issues to consider. These are not exhaustive, but hopefully provide the committee with a sense of our thinking.
These issues are:

1. **Existing and future workforce** – firstly, it is critical to reassure existing EU workers that their rights to work will be maintained. Secondly, we must ensure any future UK/Scottish migration policy encourages EU nationals of all skills levels to work in the F&D industry. There are approximately 130,000 employees in the UK F&D workforce, who were not born in the UK (of a total 450,000 employed in the industry) and an estimated 39,000 (non-UK born) in Scotland. This is a particular concern for the primary sector (especially agriculture), who often rely on seasonal workers from the EU and beyond.

2. **Future trade agreements** - it is important that we secure ongoing access to the EU single market and prioritise FTAs with third country markets (with the Scotland Food & Drink export strategy highlighting these 8 key target markets). Work must be undertaken to explore access to existing FTAs applicable to the EU. Smooth operational/paperwork requirements for import/export of goods to/from the EU are of huge importance.

3. **Future of existing funding streams** - immediate concerns will centre around Common Agricultural Policy, however there are wider implications surrounding key funding streams for fisheries, research and structural funding. To stress the point on the CAP, farming - like fishing - is a critical foundation of Scotland's food and drink success. Future funding needs to be very carefully considered, albeit recognising that outside the EU there is an opportunity to think more innovatively on how support could be delivered to best assist farmers and the food and drink sector.

4. **Regulatory framework** – clarity is needed on how the complex web of EU food/farming/health-based regulations will be superseded by national arrangements.

I hope this note provides the committee with a helpful briefing on emerging issues from the perspective of the food and drink industry.

Your sincerely

James Withers  
Chief Executive

**Scotland Food & Drink**  
3, The Royal Highland Centre  
Inglisston  
Edinburgh  
EH28 8NB  
Tel: 0131 335 0940  
info@foodanddrink.scot  
Registered in Scotland No. 329083