



OFFICIAL REPORT
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Rural Economy and Connectivity Committee

Wednesday 10 February 2021

Session 5



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RURAL ECONOMY AND CONNECTIVITY COMMITTEE

5th Meeting 2021, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Maureen Watt (Aberdeen South and North Kincardine) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)
*John Finnie (Highlands and Islands) (Green)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Emma Harper (South Scotland) (SNP)
Richard Lyle (Uddingston and Bellshill) (SNP)
*Angus MacDonald (Falkirk East) (SNP)
*Mike Rumbles (North East Scotland) (LD)
*Colin Smyth (South Scotland) (Lab)
Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Andrew Charles (J Charles LLP)
Fergus Ewing (Cabinet Secretary for Rural Economy and Tourism)
Tom Gibson (Quality Meat Scotland)
Eddie Green (DFDS)
Michael Matheson (Cabinet Secretary for Transport, Infrastructure and Connectivity)
Ian McWatt (Food Standards Scotland)
Belinda Miller (Aberdeenshire Council)
Mike Park (Scottish White Fish Producers Association)
Dave Signorini (Scottish Government)
Georgina Wright (Mowi UK)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Virtual Meeting

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 10 February 2021

[The Convener opened the meeting at 08:45]

Climate Change Plan

The Convener (Edward Mountain): Good morning and welcome to the committee's fifth meeting in 2021. I ask everyone to ensure that their mobile phones are on silent. I have received apologies this morning from Richard Lyle and Stewart Stevenson.

This meeting will be conducted in a virtual format. Before we go any further, we will allow members to make declarations of interest for both evidence sessions. I will start by saying that I have an interest in a family farming partnership in Moray, which is especially relevant for the second evidence session. I believe that Peter Chapman and Jamie Halcro Johnston may want to make declarations.

Peter Chapman (North East Scotland) (Con): I declare that I have an interest in a farming partnership in Aberdeenshire.

Jamie Halcro Johnston (Highlands and Islands) (Con): I am a partner in a farming business in Orkney.

The Convener: Agenda item 1 is an evidence session on the climate change plan. This evidence session is on the Scottish Government's climate change plan, as set out in the document, "Update to the Climate Change Plan 2018–2032". We will first take evidence from the Cabinet Secretary for Transport, Infrastructure and Connectivity. We will have a short suspension after that and will then take evidence from the Cabinet Secretary for Rural Economy and Tourism. These are the last evidence sessions that this committee is holding to inform our response to the climate change plan update.

I welcome Michael Matheson, the Cabinet Secretary for Transport, Infrastructure and Connectivity, and Alison Irvine, the director of transport strategy and analysis Transport Scotland.

I invite the cabinet secretary to make an opening statement of up to three minutes..

The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson): Thank you, convener, and good morning. I am glad to be here today to discuss the

climate change plan update. Our commitment to ending Scotland's contribution to climate change is unwavering and is central to a green recovery from the Covid-19 pandemic. The climate change plan update shows transport measures are at the heart of those efforts.

Climate change targets agreed by Parliament are particularly stretching and transport remains Scotland's largest sectoral emitter. However, the transport measures in the climate change plan update provide a full package of action across transport modes to set us on the trajectory to our 2030 and 2045 targets. It includes significant new funding pledges, £120 million for zero-emission buses and £50 million for active freeways from the low carbon fund.

Achieving our targets will require widespread change. Transport is a derived demand where people live, work and learn, and access to goods and services is key to their need to travel. Many habits and behaviours are ingrained over long periods of time. It is therefore clear that behaviour change and demand management, alongside technological solutions, will be needed to meet our stretch targets.

Meeting the commitment will require action across sectors, reducing people's need to travel with more local access to goods and services, social connectivity and flexibility and remote working approaches. Such changes take collective effort from all of those in transport and beyond and will require solutions at national, regional and local level. That is why we continue to work with partners across local government, transport partnerships, public sector bodies and others to help to reduce emissions in Scotland's transport sector. Aligned with that, the feedback and views that emerge from the parliamentary scrutiny process will be welcome. They will assist the Government and will be considered carefully.

The climate change plan update is also consistent with the national transport strategy, which was informed by wide engagement and public consultation. It builds on the sustainable investment hierarchy aims of reducing travel by unsustainable modes, particularly addressing Scotland's predominance of private car use. In particular, the policy outcomes to reduce car kilometres by 20 per cent by 2030 is world beating. That demonstrates our level of ambition, but the collective need to achieve that should not be underestimated. We are aware that the Covid-19 pandemic is creating uncertainty for us all, and forecasting future transport trends and people's attitudes to different modes is particularly challenging at this time.

The national transport strategy vision for a fairer and greener transport system remains as relevant in guiding our actions through and out of this crisis

as it is for protecting the climate and supporting a green recovery. The climate emergency is such that we must maintain momentum and work towards helping to make sure that transport plays its part in ensuring that Scotland meets its net zero target.

I am more than happy to respond to questions from members.

The Convener: I remind everyone that short questions and short answers always go down well. The first questions are from Colin Smyth.

Colin Smyth (South Scotland) (Lab): Good morning. The committee heard a lot of evidence from stakeholders questioning whether the policies in the climate change plan update would be sufficient to meet the emissions target. In fact, there was almost universal agreement from stakeholders that, as the plan stood, it was unlikely to do so. Are you absolutely confident that the proposals will deliver a 41 per cent reduction between 2020 and 2032 in transport emissions, given the fact that there has been no meaningful reduction since the publication of your Government's first climate change plan 10 years ago?

Michael Matheson: I am very conscious of the challenges around making sure that we reduce transport emissions over the course of this climate change plan update period, and also in relation to our 2030 and 2045 targets.

I acknowledge that transport reductions have not been sufficient in recent years and over the past couple of decades. Private car use continues to be the dominant means by which people are travelling, which has a significant impact on transport emissions overall. I believe that the package that is set out in the transport elements of the climate change plan update represents a bold and ambitious set of measures that I believe can help to achieve the target of 41 per cent.

It will not be for transport on its own to achieve that. The transport side can provide a significant amount of the support and assistance that is needed to achieve that target. It also involves people changing their behaviours and businesses adapting their approaches. Cross-sectoral approaches will be necessary to achieve the targets.

There are some challenges for us. Given the uncertainty that has been created by the pandemic, particularly around travel demand and how that will shape the recovery, it is difficult for us to identify exactly the scale and nature of some of that change over the next couple of years. However, I genuinely believe that the range of measures that are set out in the climate change plan update from a transport perspective will help us to get to the target of 41 per cent, but doing that

will also require action across a number of other sectors.

Colin Smyth: The plan not only predicts that there will be a 41 per cent fall in transport emissions but that that will happen between 2020 and 2027, even before the most substantive policy—the 2030 ban on the sale of new petrol and diesel cars—takes effect, and that there will be no further reductions between 2028 and 2032. Can you explain why the prediction is for that substantive reduction to happen between 2020 and 2027?

Michael Matheson: There are a couple of factors in there. First, the TIMES modelling is just one element of the process that provides us with some evidence to judge and assess the progress that we are making. Part of the reason that a timeline has been set out is due to the nature of the way in which some of the new technology will be introduced that will help to support us in achieving the target. Some of it will come in quite a lumpy way—that is the best way that I can think of to describe it. What I mean is that it will not all come on stream at the same time. Different sectors will make use of it over different periods of time and on different timescales. That will create some uncertainty and some challenges. Therefore, it is difficult to expect a steady pattern of change over that 2020 to 2027 timeframe.

The other factor that I think is worth keeping in mind is that, although we are setting out our objectives within the 2020 to 2027 timeframe, if we reach our target by 2027, we will not simply say that we have reached our target and will go no further. Rather, doing that will allow us to look at pressing on beyond that target. That timeframe does not mean that, once we get to that particular point, no further progress will be made. I would expect further progress to be made, but I think that some of it will happen in a fairly inconsistent way over the course of the next six to seven years, because technology will be deployed in different transport sectors in different ways. That will have an impact on the overall figure that we can achieve in that timeframe.

Colin Smyth: The model in the report projects no further progress beyond 2028, so it is interesting to hear that there could be further progress.

In your opening comments, you raised the challenge of making predictions, given the uncertainty due to the pandemic. The climate change plan update does not predict any bounce-back in transport emissions in the years following the eventual lifting of coronavirus travel restrictions. Is it really realistic to think that there will be no bounce-back? If there is a bounce-back, what would such a rebound effect have on the likelihood of meeting that 2032 target?

Michael Matheson: It is worth keeping in mind that the TIMES modelling, which has been used for the purpose of the climate change plan update has been generated on the basis of pre-Covid levels of transport use. Clearly, during the course of the pandemic, there have been significant levels of uncertainty around the future demand for public transport, the scale and nature of which is still unclear and may remain unclear for some time.

We are trying to develop a range of policies that can help us try to mitigate some of the risks that could be associated with the possible bounce-back of emissions. Some of that was set out just last week in the strategic transport projects review phase 1 report, in relation to the prioritisation that we are giving to decarbonising a range of areas within the public transport sector and how we can enhance and improve alternatives to car use.

I will be open and honest with the committee. At this stage, there is a level of uncertainty about the shape of demand going forward, largely because of the changing patterns as a result of the pandemic.

Peter Chapman: Good morning, cabinet secretary. There are eight transport policy outcomes in the plan. What proportion of the 41 per cent fall in transport emissions will be delivered by the various parts of the plan? Do you have that level of detail to hand? If not, how can you be sure that you can deliver a 41 per cent reduction in emissions over the eight policy outcomes?

Michael Matheson: Good morning. The transport section in the climate change plan update takes the same approach that has been taken in relation to other sectors in the rest of the plan. It does not give a carbon footprint for each of the specific measures or interventions, given that there is a range of variables that could have an impact between now and 2030 and 2045—technology is a good example of an area in which that is the case.

09:00

I believe that the transport section provides a bold and credible package that can help us to achieve our net zero target, although, as I mentioned, the fact that there is still a significant level of uncertainty around future transport demand and what shape public transport will take in the future, following the societal and business changes that have taken place as a result of the pandemic, might have an impact on some of the measures that we are planning to take. However, the same approach has been taken with the transport measures and the way in which we have framed them as has been taken in other sections of the climate change plan update.

Peter Chapman: Basically, you are saying that you do not know what each part of the plan will deliver. I agree that it is a bold plan, but I struggle to see how you will ever be able to achieve it, given that no interim milestones have been set to monitor progress towards achieving the eight policy outcomes. It is all very well to have a bold plan, but the general public—and, indeed, the committee—need to be convinced that the necessary work has been done to enable the 41 per cent reduction in emissions to be achieved. We are struggling to see that that is the case—or, at least, I certainly am.

Michael Matheson: I recognise the challenge that you put to me. Let us take the setting of interim targets. The targets for 2030 and 2045 are statutory targets that Parliament has set and signed up to, and which the Government will have to work hard to deliver. I do not want to appear evasive, but the reality is that there is a range of significant factors that could influence the achievement of any of the targets.

I have already mentioned the issue of technology. Over the past few years, the number of new zero emission vehicles that have come on to the market has increased massively in a very short period. The car industry is investing billions in zero emission vehicles, and we expect that to continue in the years ahead. As that market expands and develops and greater use is made of zero-emission vehicles, not just for private use but in commercial fleets, that will have a significant impact in supporting us to achieve our targets. However, there is a level of uncertainty about the scale of that development and the timeframe in which it might take place. It will be partly down to technological advances. It is difficult to set interim targets when we do not know how much of that technology will have been developed and progressed to a stage at which it can be commercialised.

I recognise the point that you make, but we face significant challenges in being able to set interim targets when we do not know what will happen, because there is uncertainty about the scale and nature of some of the technology and how it might develop.

Peter Chapman: I recognise the uncertainty—we all do—but that is the challenge.

The fact that only two of the policy outcomes have been carried over from the 2018 version of the plan makes monitoring particularly difficult. If you keep moving the goalposts, it is very difficult to know how we are doing in getting towards the target. The lack of continuity of approach makes things difficult. Can we be sure that the eight policy outcomes will remain the same in future versions of the plan so that we can see how we are going?

Michael Matheson: I will not give a commitment that they will remain the same. The ultimate objective of achieving the targets for 2030 and 2045 will remain the same, given that they are based in statute, but I would expect matters to change again in the next climate change plan update, largely because progress will have been made and innovation will have helped us in achieving the targets. My view is different from Mr Chapman's. I expect our climate change plan update in 2024 to have a range of new policy initiatives that will help to speed us up and support us in meeting our targets, largely because the environment will have changed.

I cannot help but think that if I had come along with broadly the same targets as were in the previous climate change plan update in 2018, I would have been criticised for showing a lack of ambition. I will not commit to the idea that we should expect the policy objectives or the policies to remain the same all the way through, because some of those will have to adapt to the different environment in which we will be operating at the time. Things such as developments in technology might play a bigger part in helping us to achieve some of the targets.

The Convener: Before we move on to the next question, I would like to follow up on the points that you made in response to Peter Chapman, because I am a bit confused.

I would not criticise you for a lack of ambition. However, I am confused, because you have come up with a plan with lots of outcomes in it, but you do not know how much each outcome will deliver and you do not know when it will deliver it by. You are hoping that it will deliver the outcomes that you want, even though you have no way of measuring that. Consequently, if the outcomes are not delivered by an unspecified time in the future, how will you get back on target? To me, that is not a plan; it is an aspiration. Perhaps you can explain to me how we as a committee can understand that you are going to achieve your plan through milestones that are measurable against your overall aspiration of reducing emissions.

Michael Matheson: First, it is not the case that there are no timelines. The timelines are very clear and are based in statute. We need to achieve a 75 per cent reduction in emissions by 2030 and we have to get to our zero emissions target by 2045, and the policies and the approach that we take will have to support us in achieving those targets.

What makes things more challenging is the fact that some of the developments that we will be pursuing in some policy areas to assist us in achieving the targets are at the very edge of technological capability. That has been recognised by the Climate Change Committee. Some of the technology that will be necessary to assist us in

achieving the targets is not available at the moment, while some of it will come on stream and support us in the years ahead. It is extremely difficult for us to set interim targets on the basis that some of the associated timescales are uncertain at this stage. The end objective of getting to the targets that we need to reach by 2030 and 2045 remains the same. The approach that we have taken on transport in the climate change plan update is consistent with the approach that has been taken in other areas of policy across Government.

I recognise the point that you make about the challenge that that presents for our ability to assess the progress that we are making in some policy areas, but I have no doubt that if, over the next three or four years, we are not able to demonstrate that we have made progress in helping to deliver on the targets, parliamentary committees will challenge ministers. I am very clear that the plan is bold and ambitious but that it will deliver on the ultimate target. We will certainly look to see how we can demonstrate the progress that we are making, but there are areas of uncertainty around how that will be achieved, because some of the technology still needs to be developed to support us.

The Convener: I accept that there is a target that you are aiming for; I absolutely understand that. You have given us eight policy outcomes and you are saying to us that you are keeping your fingers crossed that the technology will come along to help you to deliver on the end targets, but that you have no way of monitoring whether the eight policy outcomes will deliver at the end of the day. Truthfully, if we were talking about a business plan that had been submitted for a business, I think that you would be asked some serious questions, and I am not hearing the answers to them.

Michael Matheson: We should keep in mind the fact that Parliament has set a statutory target of achieving a 75 per cent reduction in emissions by 2030. The Climate Change Committee and others have highlighted that, at this point, a target at such a level is a considerable stretch target, because of the limitations on the technology that is available to help us to achieve it. That is not to say that we cannot work to deliver on it, but we are pushing the boundaries.

Let us take the commitment to reduce the number of car kilometres by 20 per cent. We hope to set out the route map for that policy later this year, as transport recovers from the pandemic. That route map will set out how we intend to implement that policy and achieve the target. There are some areas of policy in the plan that will be developed and set out more clearly as we move forward with specific policies—the route

map on the 20 per cent reduction in car kilometres is an example of that—but there are some areas in which it will remain challenging for us to provide the evidence that you are looking for because of the associated technological challenges.

The Convener: My response to that is that it is fine to set a target, but if you do not have a plan for how to get there and you are relying—fingers crossed—on technology to deliver it, what will happen if you do not deliver it on time is that the parts of the industries that you feel have not delivered will be put under increased pressure to deliver without knowing how they are going to do it.

Angus MacDonald (Falkirk East) (SNP): Good morning, cabinet secretary. I want to look in a bit more detail at travel demand management. In your opening remarks, you mentioned that the draft CCPU includes one travel demand reduction policy outcome, which, as you have just mentioned, seeks to address our overreliance on cars and reduce the number of car kilometres by 20 per cent by 2030. It is clear that that will require the reversal of a decades-old trend in growing car use.

With that headline transport policy outcome in mind, can you give us a bit more detail on what that means in practice? What baseline will performance in achieving the target be measured against? Are all car trips included in the 20 per cent target?

Michael Matheson: The 20 per cent target covers all car journeys. Achieving it will involve a combination of carrot and stick. We will incentivise people to make better use of public transport and will ensure that public transport is decarbonised as much as it can be. We will also consider the use of measures such as workplace parking levies and low-emission zones, all of which have a part to play in helping us to change behaviour when it comes to the use of cars.

Alongside that, as I said, we will set out a route map—later this year, hopefully—that will provide a pathway for meeting that policy target. We will use the baseline from 2019—the pre-pandemic baseline—to assess whether a 20 per cent reduction has been achieved. I say that we hope to deliver the route map by the end of this year; the reason for the uncertainty is to do with the uncertainty around the use of public transport, and of transport in general, in the future. We need to take into account changes in work patterns and journey times and changes in the ways in which people use public transport, which might have changed permanently. We need to fully understand that in order to make sure that our route map is meaningful and can deliver on the objective.

09:15

Angus MacDonald: Can you give us any more details on the carrot-and-stick approach? How will we attract people to alternatives to car travel? How is that approach meant to make car use less attractive?

Michael Matheson: Not all of the approach sits within transport. A cross-sectoral approach will be required through, for example, policies such as the 20-minute neighbourhoods. Compared with what happened in the past, more individuals are working from home or working from home for part of the time, and we are prioritising public transport through policies to make it more attractive, such as bus prioritisation and increasing rail services. All those policies have a part to play in helping to support people in moving from single-occupant car use to public transport, or changing their travel patterns by working from home on a more regular basis.

There are a couple of other big policy areas that we do not control that might also have an influence here, such as fuel duty and vehicle excise duty, which could be deployed to alter behaviour around car use. In, I think, the latter part of last year, the Chancellor of the Exchequer highlighted that the UK Government was looking at a change in the way in which the existing fuel duty and vehicle excise duty systems operate to fit with its climate change objectives. Such factors could also be influential, or could support us, in meeting our 20 per cent reduction target.

We control some areas—for example, we have given councils powers to introduce workplace parking levies and low-emission zones, and to take action on public transport and so on—but there are some areas that are reserved to the UK Government that could have a direct impact. It is clear that the UK Government is already considering the possibility of changing the existing tax regime, which could have an impact on the target overall.

Angus MacDonald: That is helpful—thank you.

The Convener: The next questions come from the deputy convener, Maureen Watt.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): Good morning, cabinet secretary. As we take evidence, I cannot help thinking that the plan is predicated on people having alternative modes of transport to the car, which of course is not the case in rural areas. We have heard that a significant proportion of transport carbon emissions are produced during long car journeys. I do not know whether that is true, but in the north and the north-east where the car is the only mode of transport available and, presumably, we expect people to have electric cars in the future, they will still require decent

roads to travel on. Is there a contradiction between reducing car travel and emissions and expanding trunk road capacity?

Michael Matheson: I do not subscribe to the view that investment in road infrastructure in some way suggests that we are undermining or not supporting the approach to achieving our net zero targets. Good road infrastructure is critical to local communities and to our economy, so investment in road infrastructure will be required in future.

We have set out in our national transport strategy, and also in the infrastructure investment plan, which I published just last week, that we are prioritising investment in maintaining and upgrading existing infrastructure, which reflects the recommendations that were made by the Infrastructure Commission for Scotland, as well as the feedback that we received from the consultation on the national transport strategy. Priority has been given to the maintenance and upgrading of existing infrastructure.

We are not investing in more infrastructure simply to sustain uncontained growth in car use. Where we are making enhancements, some will be with a focus on safety because some road infrastructure improvements are about improving safety as well as improving connectivity.

We are trying to strike a balance between improving road connectivity, which is critical to communities and the economy, at the same time as focusing our broader investment on improving maintenance and the upgrading of existing infrastructure as well as trying to balance that with investing in areas such as active travel and public transport in a way that helps to sustain and grow a public transport network.

I do not subscribe to the idea that investing in roads undermines our climate change objectives. It will still be required to an extent but we have reprioritised the way in which we invest in the future, and that is reflected in the national transport strategy and also the infrastructure investment plan.

Maureen Watt: Let us take the A96 as an example. It has Inverness at one end, Aberdeen at the other and the larger towns in between, and people travel to work between those areas. How can people in rural areas contribute to reducing emissions, apart from getting electric vehicles?

Michael Matheson: You raise a good point. Very often, people in rural areas are more dependent on their cars because they do not have the opportunity or the option to make so much use of public transport. Bus services might be more limited and many might not have train connectivity. A big part of reducing emissions in rural areas is about supporting digital connectivity to help people who live in rural communities to work or run a

business from home. Good digital connectivity is important in helping to reduce the need for people to travel for the purposes of work, which is why our reaching 100 per cent programme is so important.

I recognise the combination of the lack of rural transport and the fact that people in rural communities are more dependent upon their cars. Digital connectivity is probably one of the other areas that can help people in rural areas to work from home or to run a business from home, which might reduce the need for them to commute for work purposes.

Jamie Halcro Johnston: I have a couple of supplementaries. The cabinet secretary and Maureen Watt covered some of my points about rural communities.

Given what he has said, can the cabinet secretary confirm that rural Scotland is unlikely to be part of meeting the target of a 20 per cent reduction in car kilometres? Also, given that the projects such as the dualling of the A9 and the A96 are likely to increase the number of car journeys, can he confirm that the Scottish Government is still committed to those projects, and to them being delivered in the original target timescales?

Michael Matheson: It would be foolish for us to think that the 20 per cent target would apply consistently across the whole of Scotland. That simply would not happen. The 20 per cent target is a national target and I would expect urban areas, and our major urban areas in particular, to be larger contributors towards that target than some of the rural communities for the very reasons that I have just outlined to Maureen Watt about the need for people who live in rural areas to be more dependent on their cars. If we were to attempt to apply the target consistently across all parts of the country, we would potentially disadvantage people who live within our rural communities, and that is not the objective of this target. So no, it is not that we expect rural communities to get to 20 per cent. It is a national target, and I would expect the majority or a significant portion of that target to come from the more urban communities where there is a greater concentration of car and vehicle use.

We remain committed to the A9 and A96 projects and also to the timeframe that we have set out for them. They are major infrastructure projects that will play a significant part in supporting the economies and the communities that are served by the A9 and the A96 while also helping to improve safety, which is a significant issue on both of these roads.

Mike Rumbles (North East Scotland) (LD): I have two questions on electric vehicles. My first question is about incentivisation. How exactly will

the Scottish Government incentivise the purchase of electric vehicles, because they are incredibly expensive?

Michael Matheson: You will be aware that we have had a programme in place for a number of years now to provide loans to support people to purchase electric vehicles because I agree that they remain expensive and out of reach of most households. Although we are seeing the price starting to reduce, and I believe that the car industry expects the price differential between electric and combustion engine vehicles to cross over in the next three or so years, the price remains high.

Our scheme is based on loans to help people to purchase an electric vehicle. We do not have the same levers in our approach to electric vehicles that are available in some Scandinavian countries, for example, largely because we do not control VAT or other taxes that are associated with vehicles. There are levers that could be used to help reduce the cost of electric vehicles and increase the number of people who are able to purchase them, but they are outwith our gift.

Alongside the continuing loan scheme is the roll-out of a charging network to remove one of the biggest barriers, alongside the cost, to purchasing an electric vehicle, which is range anxiety. We now have more than 1,500 public charging places across Scotland, which is one of the highest densities in the UK, but we still need to do more on that, we need to continue to roll out our public charging network, and we also need to encourage private sector investment in the charging network.

Mike Rumbles: Thanks for that, cabinet secretary. It is good to hear. I was not aware that the industry itself thinks that the price cross point might be three or so years away, so that is quite good news.

What you said about range anxiety in the latter part of your answer goes to the major part of my question. You said that we have 1,500 charging points across Scotland, but some of the evidence from previous witnesses suggests that it is not just about replacing petrol filling stations with electric charging points.

09:30

They argue that people have to take a different view, that they need to charge at home, so they would charge overnight, which would help because, as you are well aware, it takes much longer to charge an electric vehicle than to put petrol in the tank. My question is focused on that. It is great that we have 1,500 public charging points, but what about home charging points? It is relatively easy for people who live in houses, big houses, detached houses, semi-detached houses,

with a drive or whatever it is, but if you take the city of Edinburgh, where I am speaking from at the moment, we have a huge number of people living in flats. How will it be practical for them? I am just going by the evidence we have received from experts. If they think that this will happen and people will be charging at home, how will the Scottish Government enable flat dwellers in all the major cities and elsewhere throughout Scotland to access the same charging points as people who live in more affluent areas?

Michael Matheson: That is an important issue, and it is also a very reasonable issue to raise with me. If I can take a step back, Mr Rumbles, one of the challenges that we have with a greater roll-out of charging places, including domestic charging places, is the capacity of the network to deal with an ever-increasing demand for electric charging for vehicles at hubs and domestic dwelling places. Large parts of the grid infrastructure for Scotland and across the whole of the UK, are currently incapable of coping with a big surge in the number of vehicles that need to be charged at domestic dwellings.

Around two years ago, a joint project to identify the areas that we need to invest in to improve the grid infrastructure to provide greater capacity in charging infrastructure across the country was launched by the First Minister, along with the energy networks, SP Energy Networks and Scottish and Southern Electricity Networks. A couple of projects are already well advanced. SSEN is working on one in Lanarkshire that has resulted in it identifying areas within the local grid infrastructure that can sustain a big increase in charging infrastructure, then deploying charging infrastructure in those areas. The project has also identified areas that do not have the capacity and is looking at what has to be put in place to reinforce the grid. We are doing the same SSEN in rural Scotland, particularly in the west Highlands, by identifying the investment needed to reinforce the grid and provide the necessary charging infrastructure in those areas.

A good, practical example is that there are many bed and breakfasts on the west coast of Scotland, and I am sure in north-east Scotland, that will probably not have a charging facility for guests who may be using an electric vehicle and staying with them overnight. The grid infrastructure needs to be reinforced to support that. SSEN is looking at the measures that might be necessary, including introducing what they have described as pop-up charging infrastructure during the summer months to support tourists who need charging stations.

Specifically on charging in urban areas and tenement areas, the most effective means for us to support that is not going to be through everybody being able to charge their cars at

home, but by working with councils to create charging hubs, where people can park their car and charge it within their local neighbourhoods. We are taking forward a programme of work with counterparts in local authorities on how we can create hubs and identify areas where hubs can be created for individuals to park and charge their cars. We are encouraging local authorities to carry out this programme of work as part of their bids for the ChargePlace Scotland network that we have in place at the moment.

For example, my constituency has one of the biggest charging hubs in Scotland at Falkirk stadium. It is partly supported by solar energy. It is a community hub, close to town, where individuals can park their cars and charge them, and is intended to encourage people to make use of electric vehicles. There will not be just one type of solution. There will be a variety of solutions, at the same time as we are making sure the grid infrastructure can support the transition.

Mike Rumbles: I have one supplementary question, if the convener will indulge me. Cabinet secretary, your answers have been positive, productive, and helpful. It will cost local authorities a lot of money to set up these hubs and as we all know, our local authorities make the point that they are not funded to do a lot of the jobs that they are doing now. Will there be extra funding for local authorities to help them provide community hubs?

Michael Matheson: The approach that we have taken by and large so far in Scotland is through the ChargePlace Scotland network, creating a single network to make it easier for people who choose to charge their cars. One of the criticisms in other parts of the UK is that there is no consistent approach and you can end up needing three, four, five, or six different cards to charge your vehicle. We are trying to take a consistent approach to gearing up our public charging infrastructure to make it as easy as possible for people to charge their vehicle with a single system.

Of course, private charging facilities are also developing. I will not mention them, but a variety of companies are moving into that space. You will see us continuing to invest in supporting local authorities. We provide grants. Local authorities can make proposals for charging infrastructure, bid for the grants, and we will support them by providing the funding.

I think we will also see greater investment in private sector charging infrastructure. We are already engaging with a number of private sector companies, looking at how that could be rolled out, but trying to align it with the ChargePlace Scotland network, so that we do not get into a situation in which individuals end up with five, six, seven, or

eight different cards to charge their vehicles. We have time to work with them to do that.

However, we do not want rural Scotland to be disadvantaged by private sector investors who do not think they will get the same economic returns from investing in rural communities. We are working with the private sector to identify a way in which we could support some private sector investment in rural communities that may require a level of subsidy. We are trying to avoid creating areas that lose out on private sector investment through commercial decisions where the company just decides it is not financially viable for them. We are having that engagement just now.

I can say that the pattern will change as we go forward, with more private sector investment alongside public sector investment, but we want to be consistent and make it as simple and as straightforward as possible, while also making sure that our rural communities do not lose out.

Mike Rumbles: I found that very helpful, cabinet secretary. Convener, thanks very much, I have now finished my questions.

John Finnie (Highlands and Islands) (Green): You will note, convener, that one of the areas that I was going to ask about has been addressed, so I will ask for clarification of an earlier answer from the cabinet secretary to Mr Halcro Johnston's question on the dualling of the A9. I might have noted you incorrectly, cabinet secretary, but it was my long-standing and clear understanding that all safety issues had been engineered out of the road between Inverness and Perth, that the installation of average-speed cameras had removed all safety concerns and that any issues thereafter regarding collisions were a matter of driver error. I noted that you said that there are "significant" safety issues, which is a complete turnaround. Specifically in relation to that road, have I noted you wrong?

Michael Matheson: In fairness, my comments on safety were probably more targeted at the A96.

John Finnie: Were they not exclusively targeted at the A96? I want no unintended inference that there are safety issues with that stretch of the A9, when my understanding from your officials and everyone is that that has not been the case for some time, since the issues have been engineered out and we have the safety cameras. Are you talking about the A96, rather than both roads?

Michael Matheson: I am talking principally about the A96, where there continue to be safety concerns about key parts of the existing road infrastructure.

John Finnie: Okay—thank you for that clarification.

The update commits the Scottish Government to working with bus and freight operators to adopt zero-emission vehicles. How confident are you that those industries will be able to deliver within the timescale that is set in the plan update?

Michael Matheson: I am much more confident about the bus sector, because we already have well-tested electric buses in operation, and there are some hydrogen buses in operation. The challenge for the bus sector is the significant drop-off in patronage. We do not know what the recovery will be like, and the nature of the recovery will have an impact on the investment decisions that bus operators make. That is part of the reason why we have set out a considerable package as part of our low-carbon fund to invest £120 million of additional funding in supporting the transition to zero-emission buses.

There are greater challenges with moving heavy goods vehicles towards zero emission, due to the nature and scale of the issue and the maturity of the technology in that area. Freight will probably be more challenging, but developments are taking place. Many of the major HGV manufacturers are developing electric vehicles and electric traction systems. We are investing in the Michelin Scotland Innovation Parc in Dundee, which is looking at developing drive-chain mechanisms to support the heavy goods sector. We are also working with the University of St Andrews through the hydrogen accelerator to support that type of innovation and work.

Of the two areas that you have identified, I am more confident about the bus technology. The HGV technology is still in development, and the speed and nature of how that develops will have an impact on the transition to greater use of zero-emission HGVs.

John Finnie: I had a question about the fact that the growing popularity of sports utility vehicles has negated emissions reductions, although you largely answered that in response to Mr MacDonald.

I imagine that we share the view that, if we were an independent nation, we would have the full range of powers but, on the balance between carrots and sticks—to continue with that perhaps unfortunate metaphor—you seem to have a lot of carrots and a minimal number of sticks. How do you get the balance right between incentivising but not having industry sit back and say, “It’s okay, because we’re going to get Government cash at some point”?

You say that there are challenges with freight. The balance of course needs to involve encouraging, because we will need a mix of methods of conveying freight, but are we moving that balance and slightly tipping it towards rail,

where that is a better option for conveying significant amounts of freight? How do you get both of those balances right?

09:45

Michael Matheson: We will do that with difficulty, it is fair to say. Different people have different views on what the balance should be. I do not think that we have the balance right in supporting people to move towards zero-emission vehicles, for the reasons that I outlined. We have a loan scheme in place, but other measures could be taken that would make zero-emission vehicles more affordable. We have seen actions in other countries that have made a significant impact in encouraging people to use zero-emission cars—Norway is probably the most obvious example. The reason for that is that people do not pay VAT on electric vehicles, and there is also a significant cut on import tax on electric vehicles that come into the country.

We also need to invest in public transport. The scale of the investment that we have set out in the past couple of years in bus transport goes beyond any level of investment in prioritising buses in the past. We have £0.5 billion for bus prioritisation over the next couple of years, alongside record investment in helping to decarbonise the fleet. The objective is to make the bus a much more attractive and reliable option for people to use as an alternative form of transport.

Alongside that is the investment that we are making to decarbonise rail and to extend the rail network, from the recent opening of Kintore station through to investment in the re-establishment of the Levenmouth line. All of that supports people in making the transition to public transport and it helps to decarbonise the transport network.

Can we do more through having a bit of stick? Some of the measures that we are putting in place will play a part in that, such as the introduction and deployment of low-emission zones in our cities. We have also created the powers for councils to introduce workplace parking levies, if they see that as an important factor in helping to change behaviour. We have created some of the legislative framework that can provide some of the stick, alongside trying to develop some of the carrot, to incentivise and encourage people to make use of public transport and other forms of sustainable transport, including active travel.

The Convener: Before we move on, in one of our earlier sessions, we heard a suggestion that, rather than encourage hybrid vehicles, we should go straight to electric vehicles. Is that your belief, or do you think that hybrid vehicles are a way forward?

Michael Matheson: I understand the desire to move straight to electric vehicles, but hybrid vehicles still have a part to play. If the cost of electric vehicles came down markedly, there would be less need for hybrid vehicles, but I do not want to rule out hybrid vehicles. That is not in our interest, given the current cost associated with moving to purely electric vehicles.

The Convener: I think that Chris Stark made that comment when he gave evidence to the committee. I hope that I have not misquoted him, but I think that that is pretty much what he said.

The next questions are from Emma Harper.

Emma Harper (South Scotland) (SNP): I have questions on active and sustainable travel, cabinet secretary. You have mentioned investment in bus transport and decarbonisation of buses and rail. The Scottish Government has a long-standing policy to create modal shift from cars to public transport, and even to increase walking and cycling. I have a graph that shows that, between 2010 and 2019—which is pre-pandemic—the number of car journeys increased to more than 50 per cent of all journeys. What will the Scottish Government do to increase modal shift and reduce car use?

Michael Matheson: There are a number of factors. One is to make public transport more attractive and to encourage people to make use of it. Things such as the extension of the under-19s concessionary scheme can help to encourage young people to make use of buses. As I mentioned in my answer to Mr Finnie, the significant investment that we are making in bus prioritisation and decarbonising the fleet will play a big part in improving reliability.

Alongside that, we are making a record investment in active travel of £0.5 billion over the next four to five years. On top of that, there is £50 million for active freeways, which is again to support greater expansion of active travel infrastructure for people walking and cycling. The levels of investment in bus and active travel are way beyond any level of investment in those in recent years. That demonstrates an ambitious approach on our part to investing to support people to make the transition to making greater use of public transport or active travel methods.

Alongside that, we have schemes such as the e-bike loan scheme, which supports people who want to purchase an e-bike. Like electric cars, e-bikes are more expensive than normal bikes. The scheme supports people to make use of active travel if an e-bike can assist with that.

I hope that that explains the range of measures that we are taking that can all play their part in helping to make public transport more attractive, while supporting people to use other forms of

sustainable travel, including active travel, whether it be walking or cycling.

Emma Harper: You mentioned the e-bike loan scheme, which is great. Other members will talk about the impact of Covid, but I know of loads of people who have considered and purchased e-bikes. Does the scheme include cargo bikes? E-cargo bikes could be used for the last-mile delivery. Are they included?

Michael Matheson: Yes. Some schemes are already operating with support that has been provided for e-cargo bikes. There are a couple in my constituency, in Falkirk, there are some in Edinburgh and I believe that there are some in other parts of the country as well. E-cargo bikes have an important part to play.

There is also an opportunity for private sector investment. I do not see why some of the big delivery companies, and some of the big retail operators, could not look at the potential use of e-cargo bikes as a means to help to reduce car traffic on the roads and to have a much more sustainable form of delivery. We have been having discussions with logistics companies to encourage them to consider whether they could use electric vehicles or e-cargo bikes for what is often referred to as the last mile of delivery. We are keen to encourage that, and loan funding is available to businesses for moving towards cargo bikes.

We also provide funding of about £900,000 a year for local initiatives to purchase e-bikes. That is for local schemes such as sports hubs or environmental groups or for schools that want to purchase e-bikes. Such initiatives can apply for grants to create an e-bike hub in their facility to provide e-bikes that can be loaned out to individuals.

Emma Harper: I have one final quick question. You mentioned local authority charging hubs for electric cars. Might those include charging hubs for bikes, so that folk would be encouraged to cycle into town centres? They could then secure their bike and charge it at the same time.

Michael Matheson: Some of the new bike storage facilities that are being designed include charging facilities. As someone who has an e-bike, I know that one thing that is important to consider when you are looking to purchase an e-bike is how it is charged. There are a variety of models, but with some you can remove the battery and take it with you to charge quite readily, and with others the battery is built into the bike and you have to charge it on the bike.

I am very much of the view that, if you use an e-bike regularly to commute, you probably want an e-bike with a detachable battery that you can take with you to charge it more readily, rather than a whole bike that you have to bring inside for the

purpose of charging. However, the issue can be looked at as part of new bike storage facilities. That would probably be better suited to bikes where the battery is built in rather than those with detachable batteries. It depends, but my bike charge lasts about 70 miles. For most people, the charge lasts a considerable distance.

Jamie Halcro Johnston: Before I get on to my main questions, I want to briefly ask about ferries, which are a big issue for my region and for the island community that I come from. Your target is to increase the proportion of low-emission ferries in Scottish Government ownership to 30 per cent by 2032. Given that the Scottish Government purchased the three boats operating on the northern isles route in April 2018 and then two more freight ferries operating northern isles routes in 2019, none of which, as I understand it, are low emission, what is the current figure for the proportion of low-emission ferries owned by the Scottish Government and has that figure increased or decreased since the target was set? Also, is the new Glen Sannox included in your calculations? It is not operating, but it is officially launched.

Michael Matheson: It would be included within the target. I do not have that figure off the top of my head, but I am more than happy to get back to the committee with it.

Jamie Halcro Johnston: It would be interesting to know that, because I want to ensure that we are moving forward and not back on those issues.

Emma Harper alluded to my main questions, which are on the impact of Covid. You talked about locking in healthy green travel choices during the pandemic. How do you intend to do that? Could a simplified process be adopted for councils that want to make permanent the temporary spaces for people facilities?

Michael Matheson: The locking in of some of that was set out in the STPR2 phase 1 report, which was published last week. It sets out a range of priorities for investment that will help to support locking in some of the benefits around changing behaviour that we have gained during the pandemic.

On your specific point on the spaces for people programme and the £39 million that we provided to local authorities to deliver temporary active travel infrastructure, we are in discussions with local authorities on how to support them with translating some of that temporary infrastructure into permanent infrastructure. Under the temporary road orders that they use at present, they have a timeframe of about 18 months in which to operate the temporary infrastructure. To make it permanent, they would have to go through the full process of a traffic regulation order.

10:00

We have been reviewing that process to see whether it can be speeded up or simplified to assist councils in taking it forward. However, the big challenge is that a lot of the delay that is associated with TROs in relation to active travel infrastructure is around community consultation and the way in which objections are dealt with. We have to try to strike a balance between the need to maintain the right level of community consultation—I know that members would want to make sure that that happens—and the need for greater roll-out of active travel infrastructure.

We are trying to identify ways in which we can improve the process. Just last week, I had a discussion with my counterparts in Northern Ireland and Wales, who are experiencing the same difficulty. We exchanged views on how we could try to improve and speed up the process. We are working with local authorities to support them in making permanent the temporary infrastructure that is working and is proving valuable. We are also trying to identify ways in which we can improve and speed up the TRO process, because the lengthy delays that are associated with it can make it difficult for councils to put in place permanent infrastructure, which is inhibiting progress of the scale and level that some councils would like.

Jamie Halcro Johnston: I certainly agree that opinions differ on some infrastructure that has been put in place and that it is vital that scrutiny remains.

I had a meeting with ScotRail—as I am sure you have on many occasions—about the significant shifts in work and travel patterns, which are likely to have huge implications for public transport use. How do you intend to support and encourage a return to public transport as we exit travel restrictions? Are there other ways that you can promote it, such as flexible season tickets or encouraging more home working?

Michael Matheson: That is an important point. We have provided around £700 million to help to maintain and support transport operations during the pandemic so far. Recovery will be an important part of supporting the industry to come out of the pandemic.

Specifically on rail, ScotRail is already considering a range of ticketing options that could be deployed to incentivise people back on to rail and to provide greater flexibility, because work patterns may have changed. The existing flexipasses, which have time limits on their use, might no longer be suitable. For example, some tickets have to be used within a month, but people might need to use them over two months rather than one. We need to demonstrate flexibility in

responding to the changes in work patterns and travel behaviours.

In short, ScotRail is considering the options. Part of the issue is about incentivising people back on to public transport and trying to align with the change in people's working patterns. Some of that remains uncertain, but we need to address those issues.

The Convener: I think that Emma Harper wants to ask a supplementary question.

Emma Harper: That final wee supplementary was just the question from my previous section. I do not have any further questions.

The Convener: It seems that I caught you on the hop there, so I am sorry for misreading that.

We have come to the end of the session. I thank the cabinet secretary and Alison Irvine, who remained quietly in the background, for attending.

We will now have a 10-minute pause. We will reconvene at 10.15 for the next session, which is with the Cabinet Secretary for Rural Economy and Tourism.

10:04

Meeting suspended.

10:15

On resuming—

The Convener: I welcome members back to the meeting and I welcome the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing; John Kerr, head of the agricultural policy division; Dave Signorini, chief executive of Scottish Forestry; and Simon Fuller, deputy director of the rural and environmental science and analytical services for the Scottish Government.

Cabinet Secretary, would you like to make a three-minute opening statement?

The Cabinet Secretary for Rural Economy and Tourism (Fergus Ewing): Yes, thank you, convener. Thank you for the invitation to address the committee this morning and to provide more information on the climate change plan update.

The update is ambitious and rightly so. We know that we face the twin crises of climate change and biodiversity loss and we must do all that we can to address those, including in agriculture and with our land use.

I want to make it clear that Scotland's landscape and climate mean that our role and reputation as a globally renowned food producer should continue. Our challenge now is to do that as sustainably as possible and to build on the good work that is already being undertaken by many farmers,

making best practice everyone's practice. It will be challenging but it can be done. We can produce food in a way that cuts emissions and contributes to our environment and we can seize the opportunities that arise from doing so.

That, in short, convener, is our vision. I hope that other parties and all members will support it and the work that we are now doing to turn that vision into delivery and action.

The policies and the plans set out a route map, which will minimise emissions and enhance sustainability. That route map sets the direction of travel and we now have five farmer-led sectoral groups helping to determine and recommend how we get there. We have set out the macro approach and they will determine the micro, farm-level changes that will be needed.

A change of this scale can be effective only if we take people with us. Partnership is the key to achieving a just transition. Already, this co-development approach is making real progress. In less than a year, we have a practical set of recommended actions that can lower greenhouse gas emissions from the beef herd, enhance the environment and boost business profitability. The suckler beef programme board, which I co-chair with Jim Walker, is now working at pace to deliver those recommendations.

I have formed three further farmer-led groups on dairy, arable, hill farming and upland and, in addition, there is one existing industry leadership group from the pig sector. They are there to lead work in their various sectors. Each group is looking at research and evidence in Scotland and the UK as well as internationally. They are considering reports and looking at recommendations that others have already made and they are exploring how others are approaching these shared problems. They are engaging with wider stakeholders and agencies such as NatureScot. Crucially, they are listening to and learning from each other to produce recommendations that I hope will radically reform policy for farming and food production and how we support farmers and crofters in the future and focus their activity on producing food sustainably while also taking a whole-farm, low-carbon approach.

The update also sets out our proposals to change how land is used in Scotland. Expanding and sustainably managing our forests is crucial to achieving our climate targets. The targets are ambitious but I am confident that, with the public and private sectors working together, we can deliver.

We are matching ambition with action and funding. I am pleased that we have secured significant investment in the expansion of public

and private forestry and for native woodland creation, too, which is over 40 per cent of what we plant. However, the challenge of tackling climate change is made more acute because of the UK Government's £170 million reduction to the Scottish Government rural economy budget to 2025.

The climate change plan update sets out a clear vision and route map for addressing climate change in agriculture and land use. I look forward to members of the committee getting behind that effort and supporting a team Scotland approach.

Maureen Watt: Good morning, cabinet secretary. Some stakeholders we have heard from feel that, at the moment, there is a lack of clarity on what will be required in the future and a reliance on stakeholder groups without any direction-setting to them, and that there are non-specific commitments to explore, research and consult without a commitment to action.

Is the Government looking at a rural policy that is very different from the one that we have today? How does the Government, which should be looking at food security for its citizens, feel that food security can be maintained and guaranteed while also looking after our climate change commitments?

Fergus Ewing: The climate change plan update gives a clear vision, which underlies our instruction to the farmer-led groups. We have to tackle climate change and we have to farm sustainably while producing high-quality food. That will require radical change.

To answer Maureen Watt's question—yes, there will have to be change. However, it is my profound belief that if we are to achieve that change, as we must, it is essential that we get support and buy-in and that we persuade those who are working on the land, principally our farmers and crofters, to change. The best way to do that—and, arguably, the only way to do that—is to set out a series of practical actions that will deliver the goods on climate change so that farmers and crofters can have confidence that it is their peers, the experts and leading exponents of farming in each sector, who are driving that change, guided by and with the full support of experts from Scotland's Rural College, NatureScot and others, all working as a team. I am confident that we have the clarity that we need and we have very clear leadership indeed.

The last part of the question relates to food security. Some on the fringes argue that the only way to tackle climate change is to abandon livestock production altogether. That is absolutely not the way forward for Scotland, but let us take it at face value—let us assume that we did that. Would people want to stop eating meat? No, they

would not. They would simply buy meat which was imported from other countries, many of which do not observe the very high—and rightly so—animal welfare and hygiene standards and rules governing the operation of the supply chain, notably abattoirs and processors, that we have in Scotland and indeed throughout the UK.

I think that climate change and high-quality food production go hand in hand. If we were to imperil food production to pursue climate change, we would not achieve climate change; all we would achieve would be displacement, and possibly a higher overall carbon footprint if it is the case, as I believe it may be, that other countries do not operate as sustainably as we do or have the aspirations that we do.

Maureen Watt: Thank you. In the previous session with the transport secretary, we talked about interim targets to reach the emissions targets that have been set. Do you have any details and timescales for how rural policy needs to change in the coming years and how those changes will lead to concrete emissions reductions?

Fergus Ewing: The most important thing that we can do is to make haste and proceed with the implementation phase of the work.

I described the work of the farmer-led groups. We are starting with the work of the suckler beef group. We are indebted to the members of the group, led by Jim Walker and Clare Simonetta, who produced a report in fairly short order and published it late last October. It sets out a blueprint—or a greenprint, you might say—for how to tackle climate change. We are now in the course of working with officials to plan the delivery of that, which will be in three phases: enrolment, data gathering and then delivery of the actual programmes, which will involve changes in farming practice.

The key answer to Ms Watt's question is that we need to try to get on with it but—and I note the evidence from NFU Scotland on this—we also have to introduce the change in such a way that it is manageable and deliverable in practical terms so that we get buy-in. I note that the NFUS said that, at a time when the average farm is losing £9,000, it is difficult to ask them to incur additional expense. That is why, for example, we have the agricultural transformation programme and we have made offers totalling £18 million. We might come on to discuss that in more detail.

It is important that we strive to achieve the maximum possible practical reductions in emissions. It is the aim of the farmer-led groups to do so and to produce the practical, deliverable, radical changes in farming practice that will be

required. It will be a condition of obtaining future income support that farmers farm sustainably.

However—as I think Ms Watt will agree, with her innate knowledge of farming—to do that and to get farmers to support us, we need to take them with us on this journey and to have a practical debate with them. I would not turn up as a lawyer at the farm gate and say, “This is what you have to do tomorrow, Mr Farmer.” If I did that, I might well get an Anglo-Saxon reply involving a two-word epithet. That is not the way to do it. Winning hearts and minds is crucial to tackling climate change. That idea underlies the farmer-led groups and I think that that is why there is such enthusiasm in the farming community for these groups. I do not know whether you have taken evidence from any of them in the course of your inquiries or whether you might have an opportunity to do so. Perhaps time may not allow that but, if you did, you would get a real sense that this is an idea whose time has come.

Maureen Watt: Thanks for that. This is my final question. Listening to some, you would think that farmers are just waiting for some direction from you as to what they should be doing, whereas the reality is that a lot of farmers are already making changes on their farms themselves, as I heard recently at an NFU evening session. It was held in the north-east, but it had people from all over Scotland listening in.

There are lots of pilots going on—some of them commissioned by you—but when will we see the totality of all the examples and also when will you be looking at pilots that are already going on so that you can include the bottom-up approach as well as giving some direction and indeed some money?

Fergus Ewing: Of course, we have been supporting that work. For example, at the monitor farms, we have seen examples such as the Soil Regenerative Agriculture Group. We have seen the research done by ClimateXChange. Lots of work has been done, for example, in the arable sector, which is already making substantial progress in these areas. We have seen many farmers reach out and do their own soil tests and analysis and carbon audits. Some are way ahead of the game but others are behind the game, so we have to try to reach out to all of them.

Maureen Watt is absolutely right in her essential thesis that it is completely wrong to think that farmers are just waiting for some master plan to be handed to them so that they can then start running with it and delivering it. They are already doing great things and having successes—all over the country, different things and different pilots are going on.

On the timescale for delivery, I said in my previous answer that we wish to start with the suckler beef group. That is because a substantial part of the emissions come from methane from cows. It makes sense to start where there is the biggest challenge. However, the work done by ClimateXChange on the use of methane-inhibiting feed additives for dairy and beef cattle is just one of many examples of the good points that Ms Watt is making.

We will drive this forward as a Government if we are in a position to do so following the elections in May. If I am around then in this job, I will be driving this forward, as I am now, to make sure that we turn the action plan into delivery. Speed is of the essence here, as I believe many of your witnesses have opined.

10:30

Peter Chapman: Cabinet secretary, I was delighted to hear your very last statement. You said that speed is of the essence, and I could not agree more. We have taken evidence from various experts, and the consensus of opinion is that there is lack of leadership from you and the Government, and that there is a lack of urgency. My assessment is that industry is crying out for a plan.

We do have something: you mentioned the agricultural transformation fund, in which there is, I believe, £40 million. You said in your answer to Maureen Watt that £18 million has been spent. Can you expand a wee bit on how the rest will be spent, and on what you think a scaled-up version of the agricultural transformation fund would look like?

Fergus Ewing: Yes. I am delighted that we have made good progress with the agricultural transformation fund. As I said, £18 million has been the total cumulo of offers that have been issued. The agricultural transformation fund is intended to help farmers to make the transition to tackle climate change through investments that will reduce their emissions. There are a number of qualifying projects, details of which I can provide for the committee, if it so wishes.

I believe that there will need to be more such funding. We have worked quite well with stakeholders and the non-governmental organisations. I recently met several of them and we will continue to work with them. I am not quite sure whether members have fully caught up with the 200-page report that Jim Walker and Claire Simonetta have produced, or with the work that we are doing to take forward farmer-led groups. If members are able to make themselves fully aware of that work, they will see that leadership is exactly what we are providing.

We have the vision, we have the plan and we have the will. We have the farmers and crofters working with us, and we will succeed in delivery of the plan. I believe that it is the best—arguably, the only—way to deliver the change for Scotland.

Peter Chapman: I will go back to the balance in that fund. How and when will it be spent? Is the £40 million for the next year or the next 18 months? How far ahead does it go and when will we see more cash going into the fund? Can you expand a bit on the transformation fund?

Fergus Ewing: Yes. Offers under that fund have very recently been issued. It is an essential mechanism to aid the sector in the transition, as I have described. I have quite a lot of detail about progress of the fund, but I anticipate that, in fairly early course, additional rounds of that fund will be required. Mr Chapman is absolutely correct, on that.

I say simply as fact that the particular challenge that we face in managing the rural economy budget is that we were advised by the UK Government in late September or early October last year that there would be a reduction of £170 million in the overall funding that will be received for the rural economy between now and 2025. I recall that Mr Chapman and his party were supportive of us when we fought and successfully won the campaign for restoration of the convergence moneys, so I hope very much that we can take that united Scottish Parliament approach in my campaign to fight and win back that £170 million.

If we are to do all that we need to do to tackle climate change, we will need that money, which was withdrawn unilaterally, and without consultation, from the Scottish Government—and, incidentally, from the Welsh and Northern Irish Administrations as well. Funding is absolutely key, so I am afraid that I must make that point, although I hope that Mr Chapman will perhaps take this opportunity to confirm that the Scottish Conservatives will support us in that campaign.

Peter Chapman: My response is that I am not aware that there is a cut coming down the line. George Eustice was very specific, when he gave evidence to the committee not that long ago, that the funding would remain as it was. I suspect that if there are cuts coming down the line, we will support trying to achieve level funding.

I will move forward. The updated plan is not clear on how we will achieve a 24 per cent reduction in carbon emissions. It is an aspiration, but how will we achieve it? How does the cabinet secretary propose to monitor progress towards it? The plan is for a 24 per cent reduction for agriculture by 2032.

Fergus Ewing: That is a fair question. I think that the answer is in the report by Jim Walker and Claire Simonetta that was published last October. It has been on our website since about then, so I assume that Mr Chapman will have digested it.

In summary, I say that, essentially, a large number of measures will need to be used. I will run through some of them. I am not an expert on this; the farmer-led groups contain experts, which is why they are doing the work. The measures include carbon audits, animal health and welfare plans, soil analyses, forage analyses, manure analyses, biodiversity enhancements and continuing professional development. Those are some components of the recommendations.

It is clear that, in order to achieve the reductions, a series of practical and pragmatic actions will be required. Therefore, my vision is that the farmer-led groups will develop a suckler beef scheme that will set out requirements in guidelines. Farmers will be invited to join the scheme, for which they will receive financial support. Over time, they will be required to comply with the guidance. The length of the transitional period will be a matter of debate with farmers, the NFUS, tenant farmers, the beef and sheep associations and others so that we have buy-in about how the measures are introduced. That is for reasons that I alluded to earlier in relation to the evidence that the committee received from the NFUS.

It is all out there in the open, in the Walker report. The ways in which we can cut emissions have been guided by excellent scientific evidence from Scotland's Rural College, which has worked tirelessly to help us. NatureScot is also fully involved; I appreciate very much its leadership of, and participation in, programme boards and other farmer-led groups. This is a team Scotland effort. I am very confident that it will bear fruit and be successful. Therefore, it is a very exciting time to be the farming minister.

Peter Chapman: Thank you for that. You mentioned that science has a part to play. We are lucky to have SRUC, the James Hutton Institute, and various other world-class science institutes involved. Some of them are looking at gene editing as being important in achieving carbon cuts. If we can find crops that need less fertiliser, fewer sprays or less water, that is obviously a way forward. I believe that gene editing is a tool that we should look at very seriously, as I know the James Hutton Institute is. What is your opinion on that?

Fergus Ewing: I know that there are many ways in which use of fertiliser and pesticides can be reduced or, indeed, even eliminated by alternatives. I am not an expert on this, I should say. You are right that we have significant

expertise. I pay tribute to the work of the James Hutton Institute. I have obviously visited it, although not for some time because of lockdown. You are right that its participation in the groups is, of course, of benefit. Scotland is GM free; we believe that that is the correct approach. Of course, if Mr Chapman contributes his thoughts to the advisers and the suckler beef group, I am sure that they will give them due consideration.

Emma Harper: Good morning, cabinet secretary. You spoke earlier about the farmer-led stakeholder groups and the suckler beef climate group that includes Jim Walker and Claire Simonetta. It sounds as though many of our farmers are already innovators and are already making efficiencies and improvements. I have read a lot of SRUC research as well as Nuffield Farming Scholarship Trust and Monitor Farms information. I am interested to know when the dairy, high nature value farming and crofting groups, which I believe are in the pipeline, will be rolled out.

Fergus Ewing: I can confirm that groups have been set up. Jackie McCreery is chairing the dairy sector climate change group and the hill, upland and crofting group is co-chaired by Martin Kennedy, who is the incoming president of the NFUS, and Joyce Campbell, who is a well-known farmer and, of course, co-chaired the women in agriculture task force with me.

The hill, upland and crofting group's remit is to look at the opportunities and the challenges of having more forestry, agroforestry, croft woodland and peatland restoration. We are mindful of the need to do more on all those fronts. We have tasked the hill, upland and crofting group to consider those aspects and to consider a longer-term replacement for the less favoured area support scheme because, of course, that scheme is operated substantially in such areas. The dairy sector climate change group is chaired by Jackie McCreery. There is, of course, an animal scheme group that is chaired by Andrew Moore and there is a pig-meat industry leadership group that asked to have in its remit tackling climate change, such is its enthusiasm.

All those groups are up and running. I have asked them to come forward with recommendations as soon as possible—preferably, in the spring. I will give them a bit more time to see whether that is realistic or whether, in view of the complexity of some matters, more time is required. It is fair to say that such is the range and complexity of the issues that the hill, upland and crofting group is required to consider that it will almost certainly require more time.

I see two phases in going ahead with the plan—if, of course, it is supported by Scottish society as a whole. Broadly speaking, phase 1 will be data

gathering and phase 2 will be implementation. Increasingly, we will see farmers being rewarded for the work that they do. I believe that they do not get subsidies, but that the money is hard earned for their work. They will continue to get that support, which is, as we have heard from the NFUS, essential to sustain farming in Scotland, particularly in upland areas and on the islands.

Farmers will have to accept that there is conditionality—green strings will be attached. The method will be to produce guidelines and guidance on practices, and that farmers sign up to the practices and guidelines over time, with us working at all stages with the farming sector and its representatives.

Emma Harper: I have one more question for the cabinet secretary. In written evidence it was highlighted that the CCPU does not mention outcomes from the farming and food production future policy group. Will recommendations from that group be published?

10:45

Fergus Ewing: As the committee knows, that group was established as an independent group mandated by a parliamentary vote, and was specifically mandated to include representatives from the farming and food production sectors as well as environmental and land-management representatives. We cannot yet take account of outcomes from a report because the group has not produced its report. I believe that, given the industry involvement in the report—I do not want to mention names; obviously, we appointed industry representatives—it is inevitable that Covid and Brexit have had significant impacts on the group's work, because of difficulties that some members of the group have obviously had to deal with.

The report will be an independent report; it is not for me to direct or instruct the group, as I have said to the committee before. It is up to that group to determine when its report is ready for publication. However—this is the key point—we are not waiting for that. If we did wait for that, we would, I think, be quite fairly criticised.

I set up the suckler beef climate group over a year ago. We have seen its report and are now moving towards implementing it. We have set up four other groups; we are not hanging around and we are not waiting, procrastinating or delaying. We are getting on with it.

Now that Brexit has happened and, sadly, we have seen that there will be a £170 million cut, we must cut our cloth according to the budget that we have. Nonetheless, I am determined to do all that we can do to achieve the climate change targets.

We have a very clear vision and route map on how to do that, and we will get on with it.

The Convener: Before we move on to the next questions, which will be from Mike Rumbles, I respectfully say, cabinet secretary, that you are giving detailed answers but we do have a timeframe that we are working to. Succinct answers with the detail in them would be much appreciated.

Mike Rumbles: Good morning, cabinet secretary. My questions follow on from Peter Chapman's questions on the agricultural transformation programme. Initially, in the budget, there was an allocation of £40 million for this financial year, which ends in less than two months. I know that the NFUS has raised questions about how much has been spent and that you have kindly confirmed that £18 million of that fund has been spent to date. By my calculation, that leaves £22 million to be spent in this financial year.

I might be wrong, but it strikes me that the issue is one of two things. If the blockage is not the money, is it the number of people who are applying for the fund? Or is the blockage the powers that be not allocating the fund? What is it?

Fergus Ewing: Mr Rumbles asks a very fair question, and I am very happy to answer it.

I do not think that there is a blockage. Because of the lack of clarity and certainty prior to Brexit, I felt that it was prudent to be cautious in committing public money, just in case it turned out that we did not have, post-Brexit, what we would have had if we had remained in the EU. I am afraid to say that my caution has proved to be vindicated, because, as I have alluded—and I do not want to mention this again—the £170 million cut is a very substantial amount of money. I had to be cautious about how we proceeded in case it turned out that we did not have all the budget that we anticipated having when we set those limits.

The first tranche has been a great success, and an additional £8 million was made available on top of the original allocation of £10 million to cater for the demand. I should say that the grant letters have been sent out to 3,500 farmers and crofters, and acceptances have been received from the majority. The expected level of the grant is estimated to be slightly less than £18 million—that is, I think, always the case. We will report back to the committee as soon as matters become clearer.

The last point I will make—members might well come on to this, so I will not dwell on it—is that this is not the only thing that we have been doing. We have committed a great deal of money to the agri-environment climate scheme, which, as I mentioned, we might come on to, as well as to agroforestry, which has had considerable successes over recent times. I would not want

members to think that the agricultural transformation fund is the only means by which we are seeking to improve environmental sustainability improvement—it is not.

The work that farmers do in maintaining permanent grassland, of itself, contributes towards biodiversity—a fact that some of the NGOs recognise, I believe—and that is a very good thing. Some of the other work that is carried out by farmers and crofters also supports environmental improvements, not only what is funded through the agricultural transformation fund, which is intended for capital items. Nevertheless, I recognise that there will need to be more of that fund, and, if I am around after May, Mr Rumbles, I will get on with making sure that we proceed with further rounds as quickly as possible.

Mike Rumbles: I can confirm that I will not be around after May, so I will not be able to ask you any more questions about it.

You mentioned the agri-environment climate scheme, but I understand that it has not been fully open to new applicants since 2019. I really wanted to know if that was the case and, if so, why that is. I come back to the money. It cannot be an issue of money, because there is still £22 million unspent in the agricultural transformation programme—or am I misunderstanding this? I am just trying to get it right.

Fergus Ewing: My overall approach was to be cautious in committing public money until we were clear what the post-Brexit situation would be. I think that that was a sound, careful approach.

On a different point, we need to listen to and be guided by the farmer-led groups on what future capital expenditure will be required. We think that we have a very good handle on it, but we should not assume that we know all the answers. We will shortly have the benefit of that advice from most of the groups.

As far as the AECS is concerned, we were not able to take forward a 2020 round due to lack of funding certainty from the UK Government, but we did extend contracts in 2020 for a further year, ensuring that a further £6 million will be invested in 2021. That means that the land that is managed under the AECS in 2021 will not substantially change from the 1 million hectares managed in 2020. A further round of AECS funding was opened in January this year to support delivery of a wide range of environmental measures.

We are seeking to provide continued AECS support, but, because of the £170 million cut, we have had to be cautious in our approach. I am afraid that that is just the reality for those who are involved in managing budgets.

On a personal note, I am quite sure that I speak for everybody when I say that we will miss you after you have gone, Mr Rumbles.

Mike Rumbles: Thank you very much, cabinet secretary.

I know that time is short, so I will not pursue the money issue. I have only one other question. You said—quite rightly—in your introduction that a just transition must be achieved through co-operation and by taking people with you. I am interested to know what, in your view, a just transition in the agricultural sector will look like for both producers and consumers.

Fergus Ewing: If we are asking farmers and crofters to change what they do, the fundamental requirement is to take them with us. The worst possible thing would be for us to issue a diktat that was greeted with resentment, disbelief and arguments about the practicality of measures. The worst possible thing would be for us to get into the trenches with the very people whose support we need to deliver climate change.

What it looks like is a team operation. The transition will require us to make sure that the existing bespoke advice that is provided to individual farmers is extended, so there will be a need for more bespoke advice. Farmers and crofters will need assistance and advice on an individual level, I believe, and they will need time to adapt.

The first stage will be information gathering. Things like carbon testing, soil analysis and soil management will have to be routine. Ian Miller has stressed—quite rightly—in his evidence to you the importance of that. We have a lot of learning from his report and from work that the NGOs have done, and so on.

It will be a team effort, but it will take time. Any change in farming takes time. The farming cycle in itself requires long-term planning. I think that a transition of perhaps two to four years—probably nearer four than two—will be required, but we must try to front load the process and get in early with actions to reduce emissions. That is absolutely key. We are starting off with the suckler beef sector because, as I said earlier, that is where the biggest target is.

The last thing I would say is that, if we do achieve this, I think we can market beef in Scotland not only as quality Scottish beef but as pure beef. Increasingly, maybe, consumers will be attracted by that, and it might attract a premium in some markets.

The Convener: I almost got caught with my cup of coffee in my hand, but I was not, I hope. We will move on to the next questions, from Angus MacDonald.

Angus MacDonald: Good morning, cabinet secretary. Let us turn to low-carbon farming measures, regulation and conditionality. It is fair to say that conditionality has been broadly welcomed by all stakeholders, with both carbon audits and better understanding of the soil being raised in oral and written evidence to this committee. Given that the draft CCPU commits to bringing forward environmental conditionality, what will our system of conditionality look like? What conditions will be required, and will all farmers who receive public money be required to meet conditions?

The Convener: Cabinet secretary? I am not sure whether the cabinet secretary is still there or whether he has dropped off.

Angus MacDonald: I do not see him, convener.

The Convener: Me neither, which is a problem. I will briefly suspend the meeting to try to get the cabinet secretary back. I ask you to stay where you are, at your desks, but the meeting is now suspended until we can get the cabinet secretary back.

10:57

Meeting suspended.

10:59

On resuming—

The Convener: I welcome you all back—I hope that you are all back. The cabinet secretary is back. I think that there was a temporary problem with broadband. Cabinet secretary, I do not know whether you heard Angus MacDonald's question. If not, I will get him to repeat it.

Fergus Ewing: If he could repeat it, that would be helpful.

The Convener: I will give you a moment to consider it. Angus MacDonald, could you repeat your question?

Angus MacDonald: One word from me and the whole system grinds to a halt.

I was trying to turn to low-carbon farming measures, regulation and conditionality. It is fair to say that conditionality has been broadly welcomed by stakeholders, with both carbon audits and better understanding of the soil being raised in oral and written evidence to this committee. Given that the draft CCPU commits to bringing forward environmental conditionality, what will our system of conditionality look like? What conditions will be required, and will all farmers who receive public money be required to meet conditions?

Fergus Ewing: The system that I envisage will require farmers and crofters to meet environmental conditions and requirements in

order that we can tackle climate change and promote biodiversity. Increasingly, over a transitional period, we will move to a system in which income that is provided to farmers for what they do will be justified and earned but, yes, will be subject to conditionality. That is the general model.

In a previous answer, I alluded to seven of the ways in which in the beef sector will farm green. Each sector will have its own set of guidelines, and there will be overlap as well. There is mixed farming in many units; therefore, the groups are working together to get a holistic overall strategic approach. Many of the recommendations in the report by Jim Walker and Claire Simonetta apply to all farmers. In gathering the baseline data that is required to measure success, many of those who provided evidence pointed to the need to monitor and measure, and that is correct. The baseline data for a baseline record is an essential component of the overall implementation of the scheme.

As you know, convener, I could go on, more or less, for ever, but I will stop there, because I want to try to answer all the questions.

The Convener: Thank you, cabinet secretary. That saves me interrupting you.

Angus MacDonald: Thanks for that, cabinet secretary. You will be aware that the Climate Change Committee has urged the Scottish Government to develop a strong regulatory baseline and that stakeholders have highlighted potential compulsory elements, including the carbon audits and the soil testing that has been mentioned. Will the Scottish Government be reviewing and updating the current regulatory baseline that applies to all land management? In particular, is the Scottish Government warming more to compulsory soil testing?

Fergus Ewing: That is the direction of travel. I think that we will need to make some requirements mandatory. I want to do that in a way that secures maximum buy-in, but we need to give a clear lead and say that matters such as soil testing are essential ingredients of improving the environmental footprint of how we farm.

As Mr MacDonald will know, soil quality, management and drainage and things like liming are not new to farmers and crofters—they know more about them than I will ever learn from experts: that is a fact. Earlier this morning, I read Ian Miller's evidence. In the report from his group, as in the report from Jim Walker's group, everybody is in agreement about the main things that need to be done, which I read out earlier.

I think that we are on fairly common ground, but we will, therefore, need to move towards a model of the sort that the Environment, Climate Change and Land Reform Committee was postulating.

Angus MacDonald: That is helpful. Not everybody is on board, of course. There will be some stragglers who are not on board with soil testing. How are you communicating the message to farmers and crofters who are not on board, and how is that being monitored?

Fergus Ewing: I think that we need to do a bit of hand holding, providing advice and a bit of financial support. The NFUS was not alone in pointing to the pressures on farming at the moment. I am bound to reflect that meat exports have been reduced by a staggering 80 per cent following Brexit. It is not only the seafood sector that is facing financial pressures.

In asking farmers and crofters to do soil testing, I have to recognise that there may be a few who do not wish to. I think that it will be only a few, because most realise that it is required. For those who are not particularly willing, I hope that we can provide enough financial support for soil testing and so on to enable that to be done across the board in Scotland. It has to be done if we are to tackle the challenge of climate change—I do not think that there can be any dubiety about that—and leadership will be required from myself and from farming leaders.

It is immensely encouraging that we have contributions from people like Martin Kennedy, the incoming president of the NFUS, whose seal of approval is very encouraging. Equally, the imprimatur of other leaders of farming and crofting will help to reduce to a relatively small number those in their worlds who disagree. Nevertheless, it is a very good question.

Jamie Halcro Johnston: Good morning, cabinet secretary. The plan proposes further research, demonstration and exploration into a number of topics such as agri-tech, nitrogen use efficiency, precision farming, crop varieties and feed additives, but there is concern among stakeholders that there is a lack of clarity from the Scottish Government as to what actually is to be done. RSPB Scotland has said:

“Other proposed policies and proposals do not appear to actually add up to real proactive efforts to reduce emissions.”

Do you recognise those concerns and accept them? What will the Scottish Government do to drive uptake in low-carbon practices and translate the findings of these exercises into emissions reduction?

Fergus Ewing: A lot of good work has already been done. We have seen that across agriculture in peatland restoration, although that is a nascent sector at the moment. My colleague Roseanna Cunningham is dealing with that.

In the area of forestry, I hope that the RSPB agrees that we have made enormous progress

across the board in all types of species. In both productive and native species, we have made tremendous progress, effectively doubling our output. I think that we have already done a lot.

How will we ensure that, in practice, we get the necessary benefit of research and scientific advice? We are already doing it. The groups that I have set up have the relevant input from experts in those sectors, so we are already using that in practice. I mentioned the provision of advice, and the SRUC has an advice contract with the Scottish Government that it has had for several years, through which advice is provided to individual farmers. There is already a system of bespoke advice, which I envisage will be required. Of course, expert scientists and researchers will play a part in that.

I am absolutely confident that we will deliver on our objectives, and I look forward to working a lot more closely with all NGOs—particularly those that may not have fully understood from the report that I referred to, which was published last October, just how exciting the opportunities are.

Jamie Halcro Johnston: I will quote the NFUS:

“NFUS would encourage Scottish Government to ensure that the outcomes of this research are widely disseminated, clearly translated, and succinctly communicated to direct policy and inform practice on farm.”

It touches a little bit on the questions that Angus MacDonald asked. How will that be reported, and what barriers do you see to ensuring that that information is communicated to farmers and to crofters in a way that they can utilise and take forward? What monitoring of that will there be?

Fergus Ewing: That is a very fair question. I think that it is a team effort. We have a leadership role, but the NFUS has a leadership role and other stakeholders in the rural economy have that role as well. How will we disseminate it? We already have done, through the specialist agricultural press. The work that we are doing has been pretty well covered and promoted—not so much in the mainstream press, but that is perhaps to be expected. In the agricultural press, there has been very good coverage.

Once we get to the detail of the schemes, there will plainly be a requirement for us to engage—as we do continuously—with the NFUS, which I have met extremely regularly over the past five years. I agree entirely with what it has said. We need to disseminate what will be required, explain why it is required and provide practical support, both in finance and in advice, to help farmers and crofters to deliver. That is what we are aiming to do.

Jamie Halcro Johnston: That will be integrated into the support going forward once there is a plan on how support will be delivered.

Fergus Ewing: Yes, it will be, and we are working on said plan right now.

Jamie Halcro Johnston: Do you have any timescale for when that will be available?

Fergus Ewing: We are working very hard to implement it as quickly as we possibly can, mindful of the fact that I have to make sure that all schemes of financial assistance can be properly, swiftly and efficiently administered by the rural payments and inspections division payment system. We are working inter alia with the leaders. I do not want to mention the officials' names, but we are engaging very closely with several very senior colleagues in RPID about the practicalities of the administration of the scheme.

We already have records of beef cattle, and we have a database. We have delivered the beef efficiency scheme—ScotEID has records and is working very closely with us. In that scheme, which relies on applying a set of guidance, the guidance can be separate from the information technology and the computer system. Therefore, the ask of each beef farmer is to decide whether they wish to join the scheme; if they do, they have to sign up to the guidance. In applying the guidance, we recognise that a transitional period will be needed in which to adapt farming practices to it; however, over time, we will move to a system in which applying the guidance is mandatory rather than discretionary.

All of these things are subject to debate with the farming community, and rightly so. That debate is going on at the moment. It is the talk of the steamies at the moment precisely because, as Mr Halcro Johnston will know, farmers and crofters talk to each other all the time about what is going on. I am offering leadership, along with Jim Walker and others. I am confident that we have excellent teams of people leading the sectoral groups, and I think that we have the right plan—the right modus operandi—to get things done. At the end of the day, what motivates me is getting things done.

11:15

The Convener: Cabinet secretary, before we move on, I have a quick question. I am delighted to hear that it is not the payment system that is holding up change. Chris Stark was fairly condemning that a new policy would not be announced for four years. Do you refute his criticism or do you accept it?

Fergus Ewing: I have met Mr Stark and I must say that we had quite a cordial discussion. That was some time ago. I wonder whether he has perhaps had an opportunity to catch up fully with the exciting work that we are doing. We have achieved a lot in environmental improvement in the past five years, and my colleague Roseanna

Cunningham has been in the driving seat in much of it.

A bit more explicit acknowledgement of what farmers and crofters do would be helpful because people like Martin Kennedy have been in negotiation over biodiversity for years. The last thing I would say is that on forestry, for example, we have doubled our output. I am sure that Mr Stark will be delighted about that.

The Convener: Chris Stark's comment was about the fact that there would be no new agricultural scheme for four years. He acknowledged the work that farmers and crofters have been doing, but his criticism was about the four-year delay. Do you refute that and say that what you are doing is enough?

Fergus Ewing: I think that our approach is correct. Quite obviously, the agricultural transformation programme is a new scheme, so factually it is not quite correct. Rather than get embroiled in whether there is an extreme difference of view, I plan to continue to work with and engage with all the stakeholders so that they better understand what we are doing. I welcome this morning as an opportunity to set out my vision more clearly and at more length than I have had an opportunity to do before. I hope that Mr Stark is watching; if he is watching, Chris, I am keen to meet with you over a cup of coffee any time soon.

The Convener: I am sure that Chris Stark is watching and I am sure that he will bear your comments in mind.

Angus MacDonald: I will continue to look at the role of advice and training. Cabinet secretary, you will be aware that the Environment, Climate Change and Land Reform Committee's green recovery inquiry report also talked about the role of advice in a green recovery. The committee's recommendation was that

"additional resources be provided for enhancing advisory services to support a green recovery and transition to net-zero, including the provision of free advice for farmers, crofters and other land managers."

Earlier, you talked about the NFUS evidence that farms are losing on average £9,000 per annum. The CCPU has committed to realigning and enhancing advisory services to support the transition to net zero. What does that mean in practice? In particular, with regard to the cost to farmers and crofters, will it be free advice on farm, just like the good old days?

Fergus Ewing: I am not quite sure how far back I am asked to go to the good old days, Mr MacDonald, but perhaps I will leave that speculation for another time.

I envisage that the advice will be free. Free advice up to a certain value is currently available,

and that model should continue, particularly when we are asking farmers and crofters to do more and to do things differently and better.

What will the advice be? It will be advice on low-carbon practices. It will be wide-ranging interventions about precision farming, nitrogen use efficiency, optimisation of fertiliser use, improved manure management, and improvements to the efficiency of enteric fermentation in farm livestock. It will include knowledge transfer and advice on peatland preservation and restoration, and uptake of tree planting and agroforestry schemes. That is just a list that I have read from. Each one of those might not be appropriate to all, but all will be appropriate to some.

Angus MacDonald: Can you confirm that land managers will receive more bespoke advice? Are you planning to assess and address the skills and training of the advisers to ensure that the knowledge base among advisers is aligned to the net zero ambitions?

Fergus Ewing: The answer to the second question is yes. We obviously need to make sure that advisers are properly equipped to deliver effective advice. I should say that we have had quality farm advisory services for some considerable time, and I pay tribute to the advisers and to their ability to help farmers and crofters, as they have done. We are not at the starting line of the marathon: we are some way into it, albeit we have a long way to go to the finishing line.

To the first part of your question, I would want to make sure that advice is made available to a wide range. Plainly, landed estates and so on are slightly different from a humble croft and perhaps better able to access their own advice and choose to do so. Generally speaking, we want to be as helpful as possible to all, especially working farmers and crofters who are producing food for the country and sustaining our rural communities, such as in Mr MacDonald's native Hebrides.

Angus MacDonald: Indeed.

The Convener: I remind members that we are now halfway through the questions that people have indicated they might like to ask, and we are more than halfway through our allotted time. I am in your hands, cabinet secretary. If you want to give long answers, I am sure the meeting will be able to continue.

John Finnie: Good morning, cabinet secretary. You have touched on a couple of issues regarding forestry and I want to expand a little bit on them, please. Stakeholders have discussed the need for more nuanced policies for woodland creation, ensuring that the trees that are planted are of diverse types and in the right locations to ensure maximum carbon storage and biodiversity value. How will the Scottish Government ensure that new

woodlands not only deliver on hectares planted, but deliver multiple outcomes, including net carbon sequestration, biodiversity habitat, recreation and productive forest uses?

Fergus Ewing: I can say that we largely deliver on those multiple objectives. I absolutely recognise the importance of new native woodland, for example. In the period from April 2019 to 2020, we supported approximately 4,529 hectares of new native woodland out of a total of just 11,000. To answer Mr Finnie's question directly and shortly, convener, the Scottish Government has met the Scottish biodiversity strategy target for 3,000 to 5,000 hectares of new native woodland a year for the past three years. We expect that the number of native trees planted will increase as the amount of woodland creation increases. Therefore, we recognise that there are a variety of things that are important, as Mr Finnie points out.

John Finnie: Another issue highlighted by stakeholders was soil types and cultivation methods that require more research to ensure that woodland creation will deliver a net carbon benefit. Is that research being supported and what is the Scottish Government doing to ensure that new woodlands avoid adverse impacts on soils and have a net benefit as quickly as possible?

Fergus Ewing: I know that that is an important area and I have had meetings about this. Since it is a bit of a technical question, I will ask Dave Signorini to give a fuller answer.

Dave Signorini (Scottish Government): We absolutely acknowledge the need for research and guidance in this. We have an on-going programme of forest research—

The Convener: I am sorry, we are having problems with your sound. We will try to bring you in again without the picture. Could you try your answer again? If not, it might be for the cabinet secretary to expand his knowledge about agriculture.

Dave Signorini: I will try again. We absolutely acknowledge the importance of soil management and soil preparation in woodland creation. We have extensive guidance and we support a programme of research. Forest Research—the institute—is in the lead on that. Last month, it published a set of guidance notes around woodland creation, carbon and soil management. I can provide those links to the committee if required.

John Finnie: I thank Mr Signorini for his answers. I have a final brief question for the cabinet secretary. As with my previous questions, cabinet secretary, I want to put to you things that the committee has been told by stakeholders. You have highlighted that targets for native woodland creation lag behind the overall planting targets and

propose that half of new woodlands should be made up of native species. I know that you have commented on the progress that has been made. Is it the Scottish Government's intention to consider a new percentage target for native species?

Fergus Ewing: We already have a target for native woodland, which we have met. The amount of native woodland has varied over the past 10 to 15 years and previously it has been in the majority. I am aware that there needs to be a mix of applications for plantings. In other words, it is not possible under the forestry standards, which have been applicable for a quarter of a century, to have a monoculture. Some people perhaps think that current practices go back to the 1980s but that is not the case any longer. There are maximum limits in terms of productive species and percentages in any new application for planting. I think that we have a fair balance.

I also point out to Mr Finnie, and I am sure that he knows this, that we have higher levels of grant to encourage the plantation of native species, particularly in appropriate areas. We work with a variety of partners, such as NGOs in the woodlands sector, national parks and landowners, to have a balance, including native species. Of course, we also want to reduce our carbon footprint by reducing the huge reliance on imported wood in the UK. The UK imports massive amounts of wood, second only to China. It would improve our carbon footprint if we allow productive species in Scotland to be planted so that we can see the increasing use of wood in construction, for example, and supplant some of the imports from other countries with the enhanced carbon footprint that that of necessity entails.

Colin Smyth: I have a brief follow-up to John Finnie's question around the target. You said that we currently have a target for native species of between 3,000 and 5,000 hectares a year. That was obviously up until 2020. Given the fact that the overall target for the number of hectares of tree planting is going up and up, as a percentage of the overall number, the figure of 3,000 to 5,000 will by definition fall year on year. Surely you need to set a percentage target rather than stick to what is a very outdated target.

Fergus Ewing: The immediate challenge and focus has been to meet targets and get that job done, but Mr Smyth is quite correct. We have recently reset the target so that we increase the target from 12,000 to 18,000 hectares a year by 2025. It is quite right that, as we do that, we need to have a balance and I have already said that our approach is to have a balance. There is a phrase that is used quite a lot that really is applicable here—the right tree in the right place. Commercial species are appropriate in many locations but

most certainly not in others. I think that the silvicultural practice and professionalism of Scottish Forestry ensures that there is a balance. I absolutely accept that we want to do more in native woodland, we want to do more in natural regeneration, and we want to do more in native species, so we are working with a wide range of others to do precisely that over the next few years.

11:30

Convener, I will finish with this: the real challenge is how we meet the overall increased target of 18,000 hectares a year. That is the big question on which I am engaged with Scottish Forestry and Simon Hodgson at Forestry and Land Scotland, because we will need more nurseries, more foresters, more felling contractors and more young people coming in.

A skills summit that I asked for recently was held in November, and it resulted in a great number of increased opportunities for young people from the private sector. The public sector has committed to taking on 50 more young people. The practical challenges are where I would respectfully urge the committee to apply its focus, to allow us to meet the target of 18,000 hectares a year and, yes, native species will play a very substantial and growing part towards that target.

Colin Smyth: I do not think that anybody is suggesting that supporting native species in some way deflects from the overall target of 18,000 hectares a year. In fact, they should be complementing and be part of that, and not falling behind.

I move on to another question that we also asked organisations that gave evidence to the committee. It is about policies to ensure the effective management of existing woodlands that are not currently evidenced in the plans. What is the Scottish Government doing to ensure that existing carbon stores are protected in the long term? Are there any plans, for example, to improve the availability of grants for natural regeneration of trees, given the evidence that that is the best tool to help native woodlands adapt to climate change and to lock in carbon in the long term?

Fergus Ewing: We are supporting the effective management of woodlands through our regulatory activity and, as Mr Smyth rightly says, the forestry grant scheme. The forestry grant scheme already provides substantial additional support for the planting of native species in the Highlands or in certain areas in the central belt, for example. Scottish Forestry also ensures that existing woodlands are protected under the felling regulations. For example, any harvesting requires a felling permission for which there is then a

presumption that the land will be restocked, except in certain circumstances. Therefore the forestry grant scheme provides support for the management of existing woodlands for multiple benefits, especially in relation to biodiversity. Under the UK forestry standard for carbon benefits, all woodlands are also expected to be effectively managed for multiple outcomes. Current research suggests that the best way to absorb more carbon is by planting more woodlands, but the benefits of different woodland management types is something that we continue to look at as we build our evidence base on carbon.

Colin Smyth: The climate change plan updates the need for large-scale land use change and a wider integration between forestry and farming. However, the evidence that we have heard made it clear that even for agroforestry does appear to be insufficient. Are there any plans to improve agroforestry schemes beyond the farm and croft tree demonstrator network that is outlined in the plan?

Fergus Ewing: We have made great progress with agroforestry, and I could talk for a long time about exactly what we have done to do that. Far more farmers than in the past have availed themselves of agroforestry as an investment, a diversification, a shelter belt, flood alleviation plans, or for a variety of other purposes, and they can combine that with livestock production without reducing holding capacity, so a lot of work has already been done. However, I accept that we need to do more. I have therefore specifically tasked Scottish Forestry to do more on farming and crofting lands, to set up more croft woodland schemes, to work with communities where that is appropriate, and to increasingly work with farmers. I am particularly keen to see that the secure tenant farmer sector is enabled more effectively than they are currently to participate and benefit in agroforestry schemes where appropriate. I have tasked Scottish Forestry, along with the tenant farming commissioner, to work with a group of experts in order to deliver more schemes.

Yes, we do a lot at the moment and, yes, we have done much more in the past few years than previously, but we need to do more still. We need to see changing land uses, but the best way to do that is by working with the grain and working with people to identify the best land use in the best way in the best part of the country.

The Convener: At our previous meeting, stakeholders raised the fact that deer management is not included in the plan update. What are your views on that? Do you think that policies on deer management are needed? If so, what should those policies be?

Fergus Ewing: The climate change plan update is intended to cover a lot of things, but it is not meant to cover absolutely everything, otherwise it would incorporate just about all rural economy policies, which would make it pretty unreadable.

In our programme for government, we laid out our commitment to publishing a response to the report by the deer working group and recognised the important role of effective deer management in supporting a green recovery and climate change mitigation. Our response will cover all the group's recommendations, including those on upper limits for deer density and measuring deer impact.

I appreciate that that is a high-level, general answer. Much of this is on the cusp between my portfolio and Ms Cunningham's portfolio. We are committed to tackling the issue, which we recognise is a very serious and significant practical issue, both on the deer side—the Association of Deer Management Groups, gamekeepers and so on—and on the forestry side. There is a lot of expert knowledge on both sides, working together, which is the best way to get the best results.

The Convener: The specific issue for forestry is all to do with grazing pressure, which not only comes from deer but could come from hares and other species. We should never forget that, at one stage, the Forestry Commission encouraged its rangers to kill every capercaillie because of the damage that they did to trees. Do you think that the way forward is for there to be a balanced approach to habitat management, to ensure that biodiversity is maintained?

Fergus Ewing: Yes. You are right that all these things need to be balanced. Ms Cunningham and I both recognise that we should work with and listen very carefully to those involved—particularly those operate in the rural economy, day in, day out—to get that balanced view of biodiversity, species and forestry. I am aware that it is a very serious practical issue, with many aspects to it. I apologise if I cannot go into it all now; I do not want to use up the time, convener, given your earlier strictures.

The Convener: I am delighted with the generality, because each area will require different management practices that achieve different aims, so I respect your comments on that.

Maureen Watt: I will probe more deeply what you said, cabinet secretary, about increasing timber use in construction being one of the Scottish Government's key policy outcomes. Stakeholders have highlighted to us that that requires action across the supply chains on skills, and across sectors, from architecture to construction. What action is the Scottish Government taking to ensure both that there is systemic support for new timber building

techniques and materials, and that we have an industry in Scotland, given that a lot of the pre-construction offsite builds come from further south?

Fergus Ewing: This is a hugely important area, on which I have been involved in work with the industry and Confor. The private sector has a big role to play. The Wood for Good programme, which was launched in July last year, sets out the timber industry's campaign to promote the use of wood. Edinburgh Napier University has been at the fore in the area. With the Royal Incorporation of Architects in Scotland and Architecture and Design Scotland, we are supporting timber housing projects. We have many house builders in Scotland who routinely use wood, as Ms Watt will know, given their strength in the north-east and the north of Scotland.

It is fair to say that there is much more that we could do. I recently met with Zac Goldsmith, a UK Government minister, and urged him and his colleagues to look at how building regulations might better enable the use of wood for the construction of buildings of several storeys, which can be done using cross-lamination as a technique. Many of the key sawmilling and panel product businesses in Scotland are investing or looking to invest in this area. I do not want to go into details—that would not be for me to do—but I know that there are tremendous opportunities.

I will finish with this. I think that society as a whole is inspired by the idea of wood as a building material that can be used, perhaps not to replace concrete block entirely, but instead of concrete block. That could make a contribution to climate change mitigation. If we see the movement in Scotland that we have seen in other European countries, we will also see a decline in imported timber, the use in construction of a greater quantity of commercial species that are planted here, and the locking up of that carbon in buildings after the trees have been felled. The benefits for the climate of greater use of wood in construction are manifest. This is an area where there is huge potential for further growth and an appetite among the leading industries in Scotland to develop that market opportunity.

Maureen Watt: The Scottish Government has pledged £20 million to increase tree nursery capacity. Is there more that can be done to ensure smoother integration between planting grants and nursery supply?

Fergus Ewing: I have worked closely with the nursery sector—I spoke to the leader of the Confor nursery group, Rodney Shearer, not so long ago. The sector has risen to the challenge. It has to plan several years ahead in terms of how many seedlings it takes on—its commitment to that means that it is making a big investment. It has

been reassured by the constancy, if you like, of Scottish Government support and the clarity of the messaging, and it has responded, since 2016 in particular, by increasing its output. However, Ms Watt is correct: we have highlighted the £20 million because we think that more needs to be done if we are to move to the 18,000 hectare target.

We do not want all our nurseries to be in the same part of Scotland. Disease is the biggest challenge. If there is disease and it knocks out all the nurseries, we have—well, I do not want to use the word that was going through my mind, which was not very parliamentary. My point is that we need a variety of nurseries across Scotland and the UK. That is why there needs to be a smooth integration between planting grants and nursery supply.

Among those in the third sector and those in investment trusts who wish to reduce their carbon footprint, there is a lot of appetite for investing in woodland in Scotland. That will help us achieve our environmental targets and assist us in supporting opportunities for young people, which I am really excited about and keen to continue to drive forward.

Maureen Watt: In making the grants, are you ensuring diversity in the seedlings that are planted? Are you ensuring that the grants do not just support a monoculture?

Fergus Ewing: We work with the nursery sector to ensure that balance. I am not directly involved with that, but we have the targets that I referred to, which are published and give clarity to the sector about what is required.

Although I am no expert, I know that different nurseries plant different species because of the quality of their soil and the suitability of both the soil and the conditions for particular species. However, my overall answer is yes.

The Convener: Thank you, cabinet secretary. I trust that you can hear me. I disappeared for a while—whatever happened to your internet probably drifted down river to mine, but I am back now. Emma Harper will ask the next questions.

11:45

Emma Harper: I have a couple of questions about connecting and linking different sectors. We have heard evidence, particularly from Ruth Taylor from the NFUS, that better integration in accounting terms is needed to better recognise the efforts of farmers and crofters to restore peatlands, manage for nature and plant trees on their holdings. Regional land use partnerships have been widely accepted as a way of accelerating change. Five partnerships have been

created—I know that Dumfries and Galloway Council and Scottish Borders Council have a partnership in my region.

Cabinet secretary, can you help me gain a better appreciation of the importance of regional land use partnerships and the progress that is being made? What can be done by way of facilitation with the right tools and the right equipment so that land-use decisions can be made and strategic policy development can be achieved?

Fergus Ewing: Thank you for that question. I have alluded to my belief that, in general, farmers and crofters do not get the credit that they deserve for what they do, whether in relation to biodiversity or in other areas.

The partnerships have a role to play in bringing people together. They are being piloted in several areas of Scotland, including in the Cairngorms national park, where there are already groups such as Cairngorms Connect. We are not starting from a standing start. Discussion among local landowners and users and those who play a significant part in the rural economy is always a good thing and has been taking place informally for many years. Formalising the partnerships will give us more opportunities to explore what more can be done. They should not be seen as an enemy, a challenge or an encumbrance; they should be seen as an enabler, a facilitator and a way forward that will allow us to work together to achieve what are extremely challenging climate change targets. I do not directly lead that work, but I support it, and I think that it can play a very useful role.

Emma Harper: Our local NFUS branch has spoken very favourably of the regional land use partnership that has been created in Dumfries and Galloway. Are there other mechanisms that can be supported so that change can be managed? Are there other objectives that need to be looked at? Many people will need to work together so that we can connect the forestry folk, the farming folk and everybody across all sectors.

Fergus Ewing: A lot has been done, some of it at a very practical level. Sadly, that work has been curtailed because of lockdown restrictions. I have been at many agricultural shows, including the Royal Highland Show, where I visited the Forestry Commission—now Scottish Forestry—tent. I have seen the increase, even over the past five years, in the number of farmers who come along to have a look and a chat, asking, “Is this right for me and my farm?”, and who then follow that up.

Scottish Forestry has run a terrific scheme from one of its conservancies. An expert in silviculture goes round the farm with the farmer and then has a cup of tea in the farm kitchen and a chat about

whether agroforestry is suitable for that farm and what that would involve, including the financial side. It is a great scheme.

I would also like to see more assistance for smaller farmers and crofters who do not have access to large amounts of capital, perhaps through a funding scheme that would allow them to participate in agroforestry or crofting forestry. I would like to get them a bit more financial assistance, perhaps through bridging finance to pay the planting costs upfront, which could then be repaid within a relatively short period by forestry grants, when they become available.

We are starting to focus on removing the barriers for the smaller guys—the small farms and the crofters—to participate in agroforestry, but we could well do more of that in the years ahead.

Peter Chapman: Stakeholders have highlighted the need for a whole-food-system approach to enable agriculture to meet emissions reductions targets. That approach would involve procurement, local supply chains and diet. What is the Scottish Government doing to support a whole-food-system transition to net zero? Why have policies on procurement and diet not been included in the plan?

Fergus Ewing: As part of our good food nation vision, a diverse range of work on the food system is already going ahead in Scotland across health, social justice and environmental sustainability. I have been involved in encouraging the procurement of locally produced food in Scotland by schools and across the public sector, for example. In our good food nation vision, we have a great number of methods for seeing the food system transition to net zero.

As I said, not everything is mentioned in the climate change plan because we already have policies across the range of Scottish Government activity—in public health, for example—which aim to achieve our objectives.

Peter Chapman: The updated plan reaffirms commitments to the ambition to double the value of food and drink exports by 2030 to £30 billion. Has the Scottish Government mapped out a pathway to ambition 2030 that is compatible with statutory targets for the 75 per cent reduction in emissions by that date? It is very ambitious, but at the same time we have to meet climate change targets. Are the two things compatible?

Fergus Ewing: That is a fair question. I think that they are compatible. My vision is that we continue to be a producer of high-quality food across the spectrum. As you well know, Mr Chapman, we have centuries of expertise and experience, and real experts in every sector where we are active. The world needs food and we produce it. The aquaculture sector also can do

more in producing food that, arguably, has the lowest carbon footprint—namely, farmed fish.

I do not want to be negative or political, but our plan is a pre-Brexit plan. In the immediate aftermath of Brexit, we have seen massive disruption to our exports of seafood and food. I alluded to this earlier, but meat exports are down by a staggering 80 per cent in some areas, and some types of meat and fish are banned from export. I do not want to be negative because, as everybody knows, I am a positive chap by nature, but I cannot help but allude to the very practical issues that are causing massive problems for businesses right now in Scotland.

Forgive me, but my focus is not on 2030. My focus is on 2021. I am trying to get this boorach sorted out as much as I can, although many of the problems rest with the UK Government to sort out.

Peter Chapman: Can I just add—

The Convener: No, you cannot, Mr Chapman. I have to get the final question in. I ask the deputy convener to be as concise as possible, and the cabinet secretary to be even more concise.

Maureen Watt: The Environment, Climate Change and Land Reform Committee heard evidence on the protection of blue carbon hotspots in the marine environment, which may benefit from fisheries management steps such as the separation of mobile and static fishing gear. How will the Scottish Government ensure that the blue economy action plan reconciles the need to ensure protection of natural capital such as blue carbon and marine biodiversity hotspots with the socioeconomic priorities of fishing and coastal communities?

Fergus Ewing: We recognise in our future fisheries management strategy the overall need to fish sustainably and to transition to net zero goals. Our vision is to establish and grow the recognition of the blue economy as a natural capital asset in Scotland that significantly contributes to economy recovery. The blue economy action plan takes a holistic approach that sees environmental stewardship of the marine environment as key to sustainability.

I could say more, but I always endeavour to be concise, as the convener has just requested.

The Convener: I do not always agree with you, and I may not agree with that comment, either, but we will leave it there. Thank you very much.

The committee will consider our response to the climate change plan update in the coming weeks. I thank you and your team for attending the meeting to answer our questions.

European Union (Withdrawal) Act 2018

Plant Health (Place Of Destination) (Phytosanitary Conditions) Regulations 2021

11:56

The Convener: Item 2 is consideration of a UK statutory instrument. The papers for this item were issued to members yesterday morning. The instrument has been laid in the UK Parliament in relation to the European Union (Withdrawal) Act 2018.

The following issues are brought to our attention in the papers. The first is the limited amount of time available to the committee to consider the consent notification, and the second is the insufficient level of information contained in the original notification

Do members have any specific comments that they would like to make? I do not see any member wanting to make a comment. Do we therefore agree to write to the Scottish Government to confirm that the committee is content for consent to the UK SI referred to in the notification to be given? I ask members to put an N in the chat box if they disagree. On the basis there are no Ns, we are agreed, so that is what we will do.

I ask members to note that we are to go into private session now to allow us to consider the evidence that we have heard. I ask members to move to Teams.

11:58

Meeting continued in private.

12:17

Meeting suspended.

18:00

Meeting continued in public.

Post-Brexit Requirements (Impact on Exports and Supply Chains)

The Convener: Good evening, and welcome back to the committee's fifth meeting in 2021, which follows on from an earlier part of the meeting that took place this morning. I remind everyone to make sure that their mobile phones are on silent. The meeting is being conducted in virtual format. Apologies have been received from Stewart Stevenson and Richard Lyle. I believe that Mike Rumbles is unavoidably detained; he hopes to join us later.

Item 4 an evidence session on the impact of post-Brexit requirements on Scottish exports and supply chains. We will take evidence in a round-table format from a panel of stakeholders from across the food production and logistics sector.

I welcome Mike Park, chief executive, Scottish White Fish Producers Association; Ian McWatt, deputy chief executive and director of policy science and operations, Food Standards Scotland; Belinda Miller, head of economic development and protective services, Aberdeenshire Council; Eddie Green, head of cold chain, DFDS; Georgina Wright, head of sales, Mowi UK; Tom Gibson, director of market development, Quality Meat Scotland; and Andrew Charles, partner, J Charles LLP. James Cook was due to attend this evening but is unable to do so, unfortunately. He has submitted written evidence, which has been circulated to committee members.

It says in my notes that I will ask committee members to "kick off" discussions. I hope they are not going to kick off; I hope that they will introduce discussions on a few broad themes during the meeting. I will then invite witnesses to contribute their views. If you want to come in, you should type R in the chatbox and I will bring you in. Of course, the danger is that, if no one types R in the box, the last witness to look away will be the person who I call to speak. Therefore, the witnesses should either look away quickly or type an R in the box.

I want to try to bring in as many of you as possible, so the shorter that you can keep your answers, the more chance I will have to bring somebody else in, which means that you will not upset them.

Those are the rules of the game. The deputy convener, Maureen Watt, will introduce the first topic.

Maureen Watt: To set the context, will some of the witnesses give examples of what new non-tariff barriers they are experiencing? I direct that to Tom Gibson first, and then to Andrew Charles.

Tom Gibson (Quality Meat Scotland): In relation to non-tariff barriers, we have seen a fair few challenges with our exports. We know that there is a whole host of issues related to the export health certificate, that there are some new customs procedures that exporters must follow and that there are issues around rules of origin and so on. These are the main aspects that are giving us difficulties when we are exporting to the European Union under the new trade agreement.

Andrew Charles (J Charles LLP): We are experiencing everything. If you want to be a successful exporter, you need reliability, quality and consistency; you also need to be competitive. The Brexit agreement has smashed every single one of those principles out of the water. The forms are incredibly complicated and open to interpretation. Customs—the border control posts—can easily hold up lorries if they want to and if there is Government will to do that.

We have a huge certification problem, but the cost of that is an even bigger problem for the small to medium-sized exporters, who have been forgotten. The charges go from £150 to £220 per invoice transaction. That kills the ability of every single small exporter and knocks out of an awful lot of the medium-sized ones to pay premium prices on the market. We have a massive problem. It needs to be sorted and Government must put in a support package, particularly in relation to the certification charges, to try to get the competitiveness back in the market.

Maureen Watt: We will come back to specifics later. Belinda Miller, what role do local authorities play in meeting the new export requirements? How has the landscape changed for you in Aberdeenshire?

Belinda Miller (Aberdeenshire Council): We now need a team who is dedicated to working only on export health certificates. We are not involved in any other part of the set-up; we are just issuing export health certificates. At this point, we are dealing only with single load exports, because all the groupage—in other words, different loads from different companies—is being dealt with elsewhere. We are working Monday to Friday. Generally, the end of the week is the busier part. We are learning as we go, because there is a whole pile of new information that we must gather that we have not have to before.

Maureen Watt: In terms of your finance, resources and the level of readiness for 1 January, how has that gone? There has been money for local authorities to meet the changes. Have you

managed to access that? Were you as prepared as you could be? Have other problems come up that were not thought about?

Belinda Miller: We knew this was going to happen. Peterhead and Fraserburgh are key ports in Scotland, so we knew that there would be a significant amount of work for us in issuing export health certificates. We have probably been working on the issue for two years, and we have had a dedicated team on it since June 2020. The team members have discovered lots of things that they did not know until they put their heads down. That includes the need to inspect vessels—we inspected more than 296 vessels before 1 January. There was a significant amount of getting ready in terms of the paperwork, how the systems would work and how to interpret them. We did all that and the systems have been in place now since 1 January.

On accessing funding, each local authority got funding for Brexit preparedness. We utilised that for the dedicated team. However, in all honesty, staff time was the greatest resource. We did not necessarily need the financial funding to deal with the situation; we needed human resource to deal with it.

Maureen Watt: Does anyone else want to come in at this point?

The Convener: I see that Emma Harper would like to come in, so I am happy to bring her in at this stage, which may widen out the discussion. I also see that Ian McWatt wants to come in—I will come to you next.

Emma Harper: My question picks up on what Andrew Charles said about the paperwork and the process. I have received information from a local fisherman and a processor, West Coast Sea Products in Kirkcudbright. They said that there is a massive issue with VAT and that they had to register for VAT in France. Even though they can claim that back, that will take a whole month. They have had to freeze their scallops because they cannot ship them out. Is that issue for our queen and king scallop exporters in Kirkcudbright a widespread issue across other parts of the industry and across the rest of Scotland?

The Convener: We will go to Andrew Charles because that was directed at him, and then to Ian McWatt.

Andrew Charles: VAT has been a financial burden. We have had to set up accounts and lodge money in those accounts, because when you export now the money must be available for the VAT to be paid immediately—the cash has to be available to be drawn down by the haulier or the clearing company straight away. That has placed a burden on the companies that have to do that. It is a massive problem.

Whoever sat down and considered this to be a reasonable free export system has to question what has gone on. A system has been created that will destroy exporting. There is absolutely nothing easy about what industry is being asked to do. We were prepared, ready to go and had everything in place, but a lot of the stuff that we have been hit with has been open to interpretation and that has been different from one checkpoint to another. The haulage companies have been battered pillar to post trying to get our products through. It is incredibly difficult to understand how we have been led down this path with this agreement.

The Convener: I very much take your point. The committee is quite keen to find solutions as well, so we would love to hear the witnesses' solutions.

Ian McWatt (Food Standards Scotland): It is very interesting to hear Andrew Charles's comments. FSS recognises all that, as, indeed, we recognise some of the challenges that Belinda Miller from Aberdeenshire Council has articulated.

It is fair to say that this process is new for everyone, whether that be from the Government, local authority or industry side. The feedback that has been presented to us on the groupage export side of things is that we are facing unprecedented challenge as far as the number of issues that are holding up the certification process goes, which is principally around the information that has been supplied from the smaller to medium-sized enterprises. They have reported back to FSS that, essentially, a lot of their concerns are around not knowing what it was that they had to prepare for, right up until Christmas eve.

We have been working closely with industry to ensure that the requirements for certification are clearer, but—picking up on Andrew Charles's point around the design of the system—the simple fact is that we are a third country having to respond to the requirements of the European Union as far as certification components are concerned and, in doing so, I absolutely acknowledge that there is significant complexity in the system. The range of issues that we are finding that are slowing down the certification process is fully evidencing that.

The Convener: We will go to Georgina Wright and then Peter Chapman.

Georgina Wright (Mowi UK): I would like to quickly summarise the situation before and after 1 January. Previously, a CMR was required, which was effectively a delivery note. Now, the paperwork is the export health certificate, an export declaration, an import declaration, a transit document and a trailer seal. That number must be on all documentation. For organic food, on top of that, we require a certificate of inspection. For

exports, all that information must be loaded into the customs handling of import and export freight—CHIEF—system. For imports into Europe, the information must be loaded into the trade control and expert system—TRACES—and Conex. There is also a transit document registration. We have moved from a small pile of paper to an enormous pile of paper in the space of a month.

18:15

The Convener: Okay. I am going to change my mind, as I can do as convener. It is probably better for Eddie Green to come in at this point, and then we will go to Peter Chapman.

Eddie Green (DFDS): I echo what has just been said by Georgina Wright about complexity. Our job is to carry a lot of the fish out of Scotland. We have seen from the start an extremely complex system, a lot of unfamiliarity with it and a lot of the things that should jell together, such as state-operated French and British information technology systems, failing.

However, the situation has become much better in the past couple of weeks. The complexity has not gone away, but familiarity with it has improved. To pick up on Andrew Charles's point, the overriding issue is that the cost and the time to market have not gone away. That is the key thing about making the industry competitive. Our costs have rocketed and, of course, we have to pass those on to our customers.

I fully accept that it is necessary to adhere to them, but I feel that the application of some of the processes are very rigid. Given the amount of checking that is being done on the United Kingdom side compared with what is being done when the goods arrive in France, there may be some scope to relax some of the checks and maybe not certify or check every single consignment but certify the supplier. Georgina Wright might want to comment on that. She has had experience in exporting to the far east previously, and I think she might comment that it has been easier to export to the far east than it is to continental Europe right now.

The Convener: Before I go to Peter Chapman, could you clarify that point, to ensure that I understand it? Are you saying that the checks that are carried out when entering France or into Europe are much more stringent than goods coming into the UK?

Eddie Green: I did not actually say that, but that is the case currently because there is a time lapse or derogation for six months when goods can flow freely into the UK until 1 July, whereas everything is being checked at the border on entry to continental Europe. That is another issue.

My point is that we are taking truckloads of fish into France and, for the time being, some of them are receiving full turn-out and a full examination of the goods, while others are just having a cursory check, in as much as the seal of the truck is checked or the back doors are opened and the goods are looked at.

You should bear in mind that we are taking the same products from the same customers to the same destinations day in, day out. Therefore, it is important to consider how the rules are being applied in Scotland and across the UK—we are carrying fish from other parts of the UK as well—to ensure that we are not making it too difficult for ourselves to carry out all of those tasks.

Peter Chapman: My questions are about the issues at the Larkhall depot. Maybe Ian McWatt and Eddie Green could answer some of these questions.

Was Ian McWatt content that he had enough Food Standards Scotland staff at the various depots? Were they properly trained for the job that they needed to do? Does he believe that his staff were too particular? Eddie Green made the point that we are maybe being a bit too picky about what we are doing. Did Ian McWatt have enough staff, and were they well-enough trained? Will Eddie Green comment on how he felt the hub was working? I am pleased to hear that things are better now, but will you give us a feel for how things have moved on since the first week or so? Can Ian McWatt address those issues first, please?

Ian McWatt: Certainly. On whether we had enough staff, we as an organisation were preparing for resourcing the hubs as far back as 24 August, when FSS became involved in the matter. We employ a large number of veterinary personnel and environmental health officers in our organisation. In our discussions with the hubs, each considered its service demands, and each hub gave us an idea of what it expected the service demand to be. The Animal and Plant Health Agency had used detailed modelling to determine what the certification time period should be, and it suggested that 45 minutes to two hours per certificate would be required. In advance of that, we had access to the export health certification training system, which allowed us to make a determination and agree specific service requirements for each of the hubs.

From 31 December, we had 11 staff to service the three hubs. That was not what we had available and at our disposal. From day 1, I could have trebled the number of staff who were deployed to the hubs if that had been required but, in practice, that would have meant that staff would have been tripping over themselves. Although there was a lengthy period for some export

certificates to be completed, there was more than enough capacity, with the numbers of certificates that were going through. I could have deployed many more staff into the hubs if I had required to do so; the number of staff was not an issue. I was also pretty confident that the staff whom we put in were well experienced and suitably trained to undertake the role.

You asked whether we have been too picky. I think that there has been specific reference to some loads being pored over and some export certificates taking as long as 10 to 11 hours to complete. I go back to my previous reference to some of the challenges that our hub colleagues are finding across all three logistics hubs—I believe that local authority colleagues who are certifying directly to businesses are experiencing the same things. We are finding that there are missing supplier declarations. There are incorrect identification marks and labelling issues. There are incorrect batch numbers, incorrect net weights, incorrect commodity codes, errors in product schedules, incorrect importer details, incorrect approval numbers and incorrect trailer numbers, and incorrect destinations are being put on the supplied paperwork. Every single one of those errors or pieces of missing paperwork creates back pressure in the system. The logistics hubs have had a horrific task in trying to unpick that, trying to gain resolution to it, and trying to match up loads with the correct paperwork so they can be processed in a timely fashion.

It is absolutely not about being too picky. We have had issues coming out of France and Holland. Loads of fish sailed through—Eddie Green referred to this—on day 1 and were held up for six hours on the following day because the ink that was used on the stamp did not meet the importing officer's requirements.

A huge degree of inconsistency has surfaced from border controls in Holland and France. We are raising that with the European Commission through the Department for Environment, Food and Rural Affairs, which is the competent authority, in an attempt to achieve better consistency.

If it had not been for FSS staff going through some of the loads with a fine-tooth comb, loads would have been held up for much longer in continental Europe, and consignments would have been sent to landfill. My view was that it was much better and safer to try to resolve the issues and ensure that we were satisfied that export health certificates and supporting documentation were all absolutely correct to avoid any waste or delays at the border control points.

Peter Chapman: Are things getting better? Are you finding that the paperwork is now properly filled in and therefore your guys' jobs at the hubs

are now becoming a bit easier? I would like to think that that is the case. Is that true?

Ian McWatt: Things are getting better. As Eddie Green mentioned, we are seeing improvements but, to be honest, there is still some way to go. We are still seeing that around 25 to almost 50 per cent of certificates have to be reworked. I have already described the main reasons for that.

To support the industry further, FSS has managed to find money from my budget to support the hubs and the FSS transaction side by engaging the Scottish manufacturing advisory service. It is working through the hubs and with us to look at the processes and see whether there is any scope to improve the approach further. The Scottish Government has also provided funding for two Brexit advisers to work directly with Seafood Scotland.

I am looking at the issue very positively, but there is still some way to go and, obviously, we still need to await the outcome of direct discussions with the European Commission to address the irregular treatment of loads on the continent side.

Eddie Green: There is no exaggeration at all when Ian McWatt speaks; all the things that he said are true. All that we experienced with the chaos with paperwork from all directions led to our suspending our groupage service for 10 days, but that is back on track now, and I think that it is correct to say that things are much better. People are more educated and understand what needs to be done. That is certainly no criticism of anybody involved.

On being picky about the consignments, there has been a different level of control over goods that have been taken through Heathrow airport, for example, compared with those that have been taken through continental Europe. I am trying to share our experience in France in particular, where things have become easier. As I said, some loads are completely turned out and checked, whereas others go through quite quickly.

I take Ian McWatt's point about different countries applying the standards in different ways. We can get a different interpretation even between two border control points in different ports in France. We challenge those interpretations on a daily basis and get them ironed out. Things are coming closer together, but the situation has been quite extreme in the first few weeks.

Jamie Halcro Johnston: My question is on that topic, and I will direct it to Eddie Green again—apologies for that. You and Ian McWatt referred to issues that have been raised before, such as the wrong-coloured ink being used and blocks at different borders—I think that you mentioned France and Ian mentioned Holland. You talked

about inconsistency at different borders. How big has that issue been? How large was that part of the initial problems? There is only so much that can be done in this country if hauliers are being stopped by perhaps inexperienced border officers in France or other places. Are you hopeful that the importance of that issue has been put across to the French Government, for example, and that things are moving slightly more easily through Calais and Boulogne-sur-Mer?

Eddie Green: Absolutely.

The Convener: Let us go to Ian McWatt first and then I will come to you, Eddie. I ask you both to be relatively short because I want to get back to Maureen Watt for a couple more questions before we move to the next topic.

18:30

Ian McWatt: I also have an important point to make about costs, if time permits.

On the point that Jamie Halcro Johnston raises, what concerned us at the start was that, in some respects, the feedback loop was not quite there. It is only by working with the likes of DFDS and the hubs that we are now getting a feel for some of the challenges that hauliers have been facing on the other side of the straits. I would say that customs officers interpreting the rules in different ways was, and still is, a significant contributory factor both in Holland and in France.

For example, in Holland we found that a load was held up because we had not translated all the fish species into Dutch, but there is no requirement for that. A load was also held back because the certifying ink that the officer had signed in was of a different colour from the health stamp ink. There are no requirements there at all, so there is some funny business going on, and we are relaying that with urgency to DEFRA for it to discuss with the Commission. We are simply waiting on the response from that. There has been an initial commitment from DEFRA to look into that but—to be honest—I am waiting for the response to that.

The Convener: Could you make your point about costs quickly, Ian?

Ian McWatt: I want to make it clear that it is in everyone's interests to make groupage work. Estimates from Scottish local authorities indicated that, as a result of Brexit, the burden of certification on local authorities and business in Scotland would be between 150,000 and 250,000 certificates required annually. Previously, all certificates that local authorities were used to issuing would be for a single consignment from a small business that would then go to a third country, where a range of charges would be

applied. Equally, small businesses could also engage their own private veterinarian.

We have had a range of charges, as Andrew Charles referred to, that are much more expensive, ranging from £100 to £800 for one certificate. The whole purpose behind groupage—and this is why it is critically important that we make this work—is to reduce the burden on local authorities for certification. They simply do not have the resources to address this. Equally, the industry could not afford it. Grouping those together and having one or maybe two export health certificates for a group consignment drastically reduces the costs.

We are working on sending out our invoices to the hubs in the next week or so, and it will then become clear just what cost burden is passed on to industry. The green shoot in all of this is that we are getting better, but we really need to maintain momentum to ensure that groupage remains a success in Scotland.

Eddie Green: In the first couple of weeks, the issue was very much a lack of familiarity with the systems and rules almost being made up as they went by certain officers. Again, there are the examples of the colour of the ink used in stamps and whatever, even though what was there was all relevant and correct. We experienced the same and we went back to the different authorities saying, “No, these are the rules—it should not be this way.”

It has got a lot better. Our main port of entry is Boulogne, and we see a fairly consistent approach being taken there now, with the clearances going through fairly quickly every day. To reiterate the point that keeps coming up, the cost does not go away. The cost of doing all this is huge, and that message has to get through very loudly.

The Convener: Belinda Miller, could you clarify the costs involved? Are local authorities making more money and, therefore, will they be taking on more staff to speed up the process?

Belinda Miller: We had an agreed fee for non-EU exports before the transition of £79 per export health certificate. I was given delegated authority by the council to set a fee based on what we thought might be the volume and the cost. The only thing that the council has to do and should do is cover its cost. We are not here to make money out of business—certainly, that is the last thing that I, as the head of economic development, want the local authority to be seen to be doing.

We set a fee of £42 per export health certificate and our estimate is that, in the first month, it was definitely costing my team more to do each export health certificate than £42. As they have become more experienced and—to pick up what was said by others—as the businesses have become more

experienced, that cost is coming down. The errors have gone down and the efficiency has gone up.

We have decided to leave it until June before we see what the pattern of the number of EHCs that we have to issue is and what the true cost of that is. At the moment, I have around 8.5 full-time equivalent officers working on this from admin up to a team manager. We will need more staff because of the rota system—at the moment, we are limited in the number of people who can take leave and things like that. We will have to staff up a bit further if we get the pattern, so we will then make a call on the cost that we will apply to each export health certificate.

We are starting to see exports going up in volume. At the beginning of January, exports were down a lot because people were waiting to see how they were going. Already this month, we have had 92 certificates issued to go to Europe, whereas all of last month we only had 148, so we can see an increase happening. The catching sector is also changing every month. At the moment, it is pelagic time and a lot of fresh mackerel is being exported. That will move to frozen in a few weeks' time. The pattern has to be developed that will allow us to work out what the annual cost will be and how we will apply it to business.

Maureen Watt: In the interests of time, I will ask both my questions together, although they do not relate to each other particularly.

Georgina Wright, Mowi is a company that has product in Scotland and in Norway, which is also not in the EU. Is it much easier to export through Norway, and is that what Mowi is doing at the moment to the detriment of the trade from Scotland?

Can the panel see any benefits of the new trade agreement that can be gained from the new set-up? How does the panel feel about the advice from Boris Johnson, which was to set up companies in the EU? Is that seriously an option that could be available to any of you?

The Convener: That is a pretty wide question. Let us go to Georgina Wright first, and then I will look to see whether anyone wants to come in on the other question.

Georgina Wright: Scottish and Norwegian are two quite distinct origins—we must be very clear about that. Norway is part of the European Free Trade Association and, within that, it has a sanitary and phytosanitary agreement so, in exporting to the EU, it does have to do an export declaration and an import declaration. The majority of product goes through Sweden and Denmark, but the process is pretty streamlined and automated and online. There is not the mountains of paper that we are all having to deal

with. Interestingly, though, from 1 April, products of animal origin coming into the UK from Norway will require a paper health certificate. It will be interesting to see how that development goes.

To touch on the detriment of our product, it was our darkest hour when we were forced on the first Friday to cancel two trucks of Scottish origin going into a French retailer and to push the retailer towards product of Norwegian origin because we had no certainty that the Scottish product would arrive.

The Convener: There is always the fear that, if I could not find somebody to look away quickly enough, I would have to nominate somebody to talk. Belinda Miller, you popped up, and Tom Gibson, you might find yourself up next.

Belinda Miller: I just want to address the deputy convener's question on whether there is any upside to the additional processes that we are going through. The one upside that I can foresee, although it is definitely not present at the moment, is that, if Scotland's certification process is of excellence and we can get it absolutely right, the Scottish product itself will have an additional value to the consumer at the other end. Therefore, in the medium to longer term, there may be a higher value for product that has to go through the additional checks and balances. Speaking for the north-east certainly, and I am sure for the rest of Scotland, I can say that we have the best product. We want to be exporting the best product and, therefore, getting the best price for our businesses. If we can get to that stage, there may be a value in having the best and exporting the best and, therefore, economic development will follow from that point of view.

Tom Gibson: When I spoke to a range of exporting processors today, I certainly did not hear about any rays of hope about where we could expand our export business in the EU. What I heard about was the challenges that they face—and we have heard many of them so far this evening—and the complications, cost and delays in trading. There are other complications to do with the export certificates—there are still unanswered questions for DEFRA about export certification—that are causing challenges.

Our red meat processors are dealing with the challenges here and now in trying to export to the EU. Bear in mind that we are still suffering and in the midst of the Covid pandemic. That has had a massive impact on our red meat trade to the EU as well, and there have been complications for the processing sector in Scotland in trying to deal with those issues. At the minute, I am afraid that we are finding it difficult to find any green shoots or rays of hope when it comes to business with the EU.

John Finnie: Good evening, panel. I have been having some connectivity issues. If they continue, perhaps broadcasting could put me to audio only, which would benefit everyone.

Much of the ground that I was going to cover has already been touched on, but I want to ask a question to each panel member on disruption at the border. It is a fundamental question, which a couple of the panel members have already answered. Could the current difficulties in getting goods to the EU market be considered to be teething problems or are they more fundamental difficulties due to the terms of the new trade relationship between the EU and the UK? Are they teething problems or is something fundamentally wrong? Perhaps Mr Green will kick off on that, followed by other members, please.

Eddie Green: There were teething problems, but I think that the issues are here to stay. This year—2021—is in the digital age, but we have to take a paper health certificate with us all the way to France or wherever we are going. If there is something wrong with our paper certificate when we get to France, we have to send another one the next day, which means that the load could be held up. If the UK Government had agreed to go on to the electronic system that is operated in continental Europe, we could make those amendments electronically.

Some teething problems have largely gone away. Some problems are here to stay, but I think that there are some solutions as well. Lobbying needs to be done to get those solutions put in place. The system should be digitised; it is far too manual at the moment. I understand that every page of the health certificate has to be signed and rubber stamped, which does not seem to fit in this day and age. That is a really important consideration.

The Convener: We will go to Mike Park. Sorry, John—do you mind if I just keep the answers moving along?

John Finnie: I had a particular question, but on you go.

The Convener: No, you go for it. Sorry, I was just trying to stop everyone answering at the same time.

John Finnie: Thank you. I was conscious that Mr Charles had been very forthright in his view earlier. Mr Charles, do you think that there is a fundamental issue or are the teething problems surmountable?

18:45

Andrew Charles: I would say that there is definitely a fundamental issue. The deal is a very

bad deal and there is not much that we can do about it.

There are two streams. I am sure that the haulage companies and the departments will slowly grind towards making something reasonable happen, but if we want to get back to where we were, which was delivering quality product into Europe within 12 to 24 hours, something has to fundamentally change. That requires renegotiating with Europe a much more streamlined and better system.

If we rewind, we can see that none of what is happening now was necessary pre-Brexit. Basically, the EU is starting with a blank canvas. As a past partner, which was something new, we were negotiating for what we could get for exporting our product into the market.

Scotland—or Britain—has massively powerful levers here. We have a European fleet fishing and taking our British and Scottish asset and delivering it back into Europe with no scrutiny whatsoever and very little management. If every kilo that that European fleet caught was put under the scrutiny that fish exporters in Britain are having to undergo to transfer goods into Europe, there would be chaos. Surely there is a negotiation to be had there. That needs to be the solution. We need to get Government over there to negotiate a deal that makes for a far better and more streamlined system.

We have powerful levers to do that negotiation, and it will need an awful lot of courage from Government. The system that we have right here, right now is destroying our export industry. We will not stop, but the system is leading to a situation in which lorries are being filled with whole fish, with one certificate, heading into Europe. All the gross value added that provides great economic benefit for our fishing communities is being lost, and we are playing into the hands of the trucking industry. We were already losing about 60 per cent off our markets to trucking prior to Brexit, and that will get worse.

John Finnie: I think that we will be coming on to ask about elements of that. Can I bring in Mike Park, please?

Mike Park (Scottish White Fish Producers Association): Thanks for the question and the opportunity to answer it. A lot of what Andrew Charles said makes sense. There will be legacy issues regarding the cost of getting product to the continent and the time that that will take.

Unlike Mr Charles, I believe, without a shadow of a doubt, that all the powerful levers were traded away. At the end of the day, the system will become smoother. Things will be ironed out, but they will not be removed completely. The legacy issues of cost and time to market will be the

difference between now and what happened in the past. Those are certainly the main issues.

Andrew Charles is right: we have some levers regarding fish coming into the UK from foreign vessels and going directly to France, but that is because they are not selling it in the UK. They are just transshipping it to Europe.

We always thought that non-tariff barriers would be the French kicking off at the Channel. We knew that the system would not be great, but no one ever believed that it would be as bad as it is. In the fishing industry, we have a saying: “It all comes out at the cod end”. Maybe some would disagree with that, but at the end of the day we are now struggling for prices. We are now trying to get supply matched to demand. We have vessels tying up and we have vessels landing into Denmark. Loads of distortion has been created by the current method of getting product to the market.

John Finnie: Ms Wright, you used the phrase “darkest hour”. Are there brighter days ahead? Are there teething problems or fundamental problems?

Georgina Wright: They are fundamental problems. We are coping and we are exporting. We will not stop pushing to export our product, but it is taking huge resource in Scotland and France to move the product through. In essence, the new normal is not acceptable. The system is archaic and, as Eddie Green said, it needs to be streamlined.

John Finnie: Would anyone like to comment on reports that one of the implications of the present situation is doubt over the future viability of a number of companies? We have heard already about the increased haulage charges.

Tom Gibson: That is certainly a concern. We have businesses that export. At the minute, because of the groupage issues, some of our smaller exporters have no route to market for their EU customers and they are not planning to do anything soon. There are certainly concerns there.

There will also be concerns that businesses will contract some of their export ambitions because exporting will become too difficult. There have been teething problems, but I agree with the other panel members that the problem is systemic. This system was never designed for the situation we are in just now. It was really designed for sending containers halfway round the world.

An urgency is required here, because my real fear is that the problems will keep coming further down the line, fairly quickly. I mentioned earlier that, due to the loss of food service markets in Europe and the UK because of Covid, we are looking at reduced numbers of exports. In January, the red meat companies exported

probably only 25 per cent of what they exported last January.

If food service markets start to come back on as we come out of Covid, and the volumes start to increase, where will we get to at the ports when products are being distributed to France and Holland? The issues will just become exacerbated. There has to be some urgency in finding solutions.

Mike Park: The issues are systemic and fundamental. Let me take this back to the sea sector side. We have problems that are different from the shore sector's problems with getting the product to market. Our problem now is having enough fish to land to market to make a living for the fleet. Our situation is difficult and we have wider issues about lack of crew income and finding crew from non-UK sources, but if the processors cannot buy fish with confidence in getting that fish to the marketplace, everyone suffers. We all know that uncertainty is the devil of business, and unless you can remove the uncertainty from every link in the chain, we all have a problem.

One focus point that might change things is when Europe has to do the same as us. That point is approaching soon, and that might hold Europe's feet to the fire on working with the UK to solve some of the issues.

John Finnie: Would any of the panel members care to comment on the arrangement for the border between Scotland and the north of Ireland? Are there any implications for your operations?

Tom Gibson: We have a couple of exporters that have been challenged by that. There is a red meat company that supplies many of the main UK retailers that does a lot of its packing and processing over in Northern Ireland. It has additional challenges in getting product across to Northern Ireland and then bringing it back here. It also takes product into the Republic of Ireland for certain processes, and that gives rules of origin issues when it brings it back to the UK. The first couple of weeks were difficult, but things are a lot smoother now and that company is used to the process that it has to go through.

The issue comes back to the time and cost that the processes require. The product is getting through, but everything is slow and there is extra cost.

John Finnie: Are the arrangements for Cairnryan to Larne exactly the same as those for Dover to Calais?

Tom Gibson: There are slight differences in terms of export health certificates. Certain schemes are in place for Northern Ireland in which if you are a trusted trader, you can go over there without export health certificates and so on.

Further easements have been put in place to smooth the process for taking goods over to Northern Ireland, although there are other requirements if you do not have a trusted trader status. It is slightly easier in some terms, but there is still a lot of added complication and paperwork where there was not before.

The Convener: John, could I come in briefly and ask a question on that?

John Finnie: Yes, of course, convener. I was going to say that I am conscious of time and I am content to leave my questions there. A wide range of them were covered earlier.

The Convener: We are still importing quite a lot of goods into the UK, such as Irish beef. Are exporters into the UK facing the same problems that we face with our exports? Does anyone have knowledge of that? Tom Gibson, you are being very quiet. Eddie Green has offered to speak, so he has got you off the hook, Tom. I do not know whether that is a good thing or a bad thing.

Eddie Green: Currently, it is much easier for exporters—certainly those in continental Europe—to send their cargo to the UK. The health certificates are not being checked at the point of entry, and that is the challenge for us at the moment. When we enter continental Europe, everything is checked on the border. There is a six-month period in which that is not necessary for goods being imported into the UK. On 1 July, the situation will change dramatically, as everything will be checked at the point of entry. As was said earlier, when the situation is seen from the other side, there will perhaps be a different reaction from continental Europe. As it stands now, the process is much easier for continental Europe. There are very few barriers to export into the UK.

The Convener: Do you think that when exporters to the UK experience the difficulties that we are experiencing at the moment, there will be a fundamental change of opinion and a different way of dealing with things?

Eddie Green: I very much hope so. I cannot say that there will be, but I very much hope so. I know for sure that Dutch transport companies that bring meat into the UK refuse to take exports back, which they used to do. It takes too much time out of their schedule to be held up at the border when they go back into Holland or France, so they just go back empty—it makes more sense for them. That creates a distortion in the market, of course. That is their experience: it is easy to export into the UK but extremely difficult to export from the UK, so they do not do it.

Peter Chapman: I am interested to know how the catching sector is responding to all of this. We have heard of volumes in Peterhead being down considerably and the price of fish in the market

being down considerably. Where are we now? Are volumes coming back to more normal levels for the time of year and are prices beginning to improve? Is the fleet all at sea or are there still boats tied to the harbour wall? Where exactly is the catching sector at the moment, Mike Park?

Mike Park: Obviously, the catching sector is not just one métier; there are a number of métiers in there. The scallop sector is currently struggling with price and increasing fuel costs. The nephrops sector—the langoustine sector—is trundling along. It managed to empty its cool stores towards Christmas, so it is moving along, although obviously at lower levels of catches, because it has to be very careful. The white fish fleet is trying to get supply to meet demand, as I mentioned earlier. Demand from the continent is now weaker because of the uncertainty. We have a number of vessels tying up for refit and taking two or three weeks ashore, and we have a number of vessels now landing into Denmark.

One problem that we have not discussed is the catching sector's output from the total allowable catch. We now have significantly less fish to catch than we did previously. In fact, in Peterhead we will be short by about 4,000 to 5,000 tonnes of fish compared to where we were previously. When an industry is dealing with a finite resource in terms of the quota, and that is all that it can land, we have to watch that we do not land that to market for a lesser price than we could do if we held on to that quota until later on in the year.

We are trying to manage a very fickle situation, and an onshore situation aligned to that that is in itself fickle. We know that the income of the demersal sector last year was down a third from the previous year. That is a significant downturn, and there was significant downturn again in the level of income at the start of this year.

Going by the initial results, unless we can pull a rabbit out of the hat in the bilateral negotiations going on with the EU and Norway, the TAC will mean that we could have to consolidate up to 20 per cent of our fleet. It would just have to go missing—it would have to be taken out of the system because we would no longer have the opportunities to keep those boats at sea.

19:00

The problem with that is that the Scottish catching sector is made up of a number of small family businesses. When you have to sell up because you do not have enough quota to stay at sea and make money, the deepest pockets buy that quota, which means that things gravitate towards big business or whatever else. We start to lose that family infrastructure and we employ fewer people at the ports. We have to be very

careful about where we go from here in the catching sector.

Peter Chapman: You mentioned quota, which is obviously vitally important for the sector. Where are we with international quota swaps? We are still hoping that we will be able to get that system up and running again, as far as I am aware. Do you have any knowledge about how that negotiation is going? Can we start getting the international quota swaps back up and running any time soon?

Mike Park: There were two parts to that question. If you do not mind, I will tease them apart. One is that we have the on-going bilateral coastal state negotiations, with the Faroes, the EU and Norway. We are looking to try to trade some fish out of there and back into the country. Those negotiations are going on just now, and they probably will not be concluded until maybe the first or second week of March. Ordinarily, they are done by the end of the year.

The mechanism that you are talking about for international quota swaps is basically a mechanism between organisations in the UK and in Europe. We understand that that largely will shut down, and we will have very infrequent swapping between the EU and the UK.

I will explain for people who are listening. The problem that we have in the industry is that a lot of people cannot understand the complexity. The Government is saying that it got a 25 per cent increase in volume—it did not, it was an increase value—so everyone gets more. The reality is, in fact, that we used to take 60 to 70 per cent additional fish out of Europe—fish that Europe never caught but which we had to buy and lease and swap with it. That came into the sector, so in any year, we always dealt with 60 per cent more haddock or saith than we were allocated. That has gone now, and that is the problem that we now find ourselves in. About 20 per cent of our demersal sector does not have enough fishing opportunities to go past the first three months of this year. That is dire for the processing sector as well. Immediately you can see the issue that we have: the fish will just not be coming in, at a time when we should have been feeding off the sea of opportunity.

The Convener: I will bring in Emma Harper for a brief question that she wants to ask.

Emma Harper: It was a quick supplementary question for Tom Gibson, but it is probably for everyone to think about or comment on. We got a late submission from the Scottish Creel Fishermen's Federation. I know that James Cook was supposed to attend the meeting, but he apologised for not being able to take part. In his submission, he says that

“A pallet load can cost as much as £650 for documentation prior to reaching the market at Boulogne Sur Mer”

and he talks about

“Transport costs, wages and ferries ... waiting times at ferries”.

James Cook’s submission was basically asking who will pay for all those costs. Tom Gibson, you mentioned that increased documentation for the red meat sector added extra cost as well. Who pays for all of that? Is it the customer, the consumer or the fishermen? Who pays for it all?

The Convener: Hold on. That was a huge question, and you asked to ask a brief one. Could you direct it at the one person whom you would like to answer? I need to move on to the other sections, as we are halfway through our time.

I will get Peter Chapman to take over the next section from Jamie Halcro Johnston, who has dropped off the call.

Emma Harper: Apologies, convener. I did not intend it to be a massive question. I would appreciate Tom Gibson answering, because he was the one who made my mind go that way.

Tom Gibson: As we go through this process, companies that I have been speaking to are trying to work out how the cost structure will have to be rescheduled, if you like. My concern is that they will have to put an increase on the price to the end customer in the EU markets, which again will make us less competitive. There will then be potentially a reduction for farmers in the farm gate prices for beef and lamb. I think that the effect will be felt at both ends of the spectrum.

The Convener: Peter Chapman, will you lead off on the next section of questioning, as Jamie Halcro Johnston seems to have lost his wi-fi connection? If you are not happy to do it, I am very happy to do it for him.

Peter Chapman: That is fine, convener—I will do my best.

There are a lot of questions to ask about the IT systems. We have already heard quite a bit about the IT systems being difficult and clunky; we have also heard that it is important that we get rid of the paper and do it electronically. It is crucial that we make the system work a bit better. With the just-in-time supply chain that we have been used to, it was possible, in many cases, to get fish into Europe in less than 24 hours. Is that possible at all now, or have we lost that unless we can streamline the systems?

Andrew Charles, you might like to lead off on that, because you are right at the sharp end of the system. Do you think that we can get back to somewhere near where we used to be? What we need to do is find solutions, as the convener said.

When it comes to where the issues are, do you have solutions, so that we can find a way forward that allows the job to become sensible again?

Andrew Charles: I think that there are two routes. First, we need to work with the systems that we have to make them more streamlined, more cost-effective and as fast as possible. It is also important that we work to rebuild the relationship with our European trading partners. If we win over our European trading partners again and regain their confidence, they will direct the customs authorities to treat us a little bit better. If the customs and import authorities are on board and on our side, we can make this horrible system bearable.

On the other channel, there must be negotiation. We must get back to Europe and talk about having a trusted trading relationship, whereby we can fill lorries and get the fish directly to market as quickly as possible. That must be our goal, because the current situation is devastating. I do not mind telling anybody that my export business has not sold one kilo of fish since 21 December. I refuse to send any fish until somebody guarantees me 24-hour delivery or guaranteed delivery on frozen. At present, I have no guarantees from the haulage services that they can do that. There are many small processors like me, who will not export, because of the extra charges and the inability to guarantee delivery to their customers. I will reduce the size of my business and have fewer staff. I will think small. As Mike Park said, when it comes to the “sea of opportunity”, I scratch my head and wonder what that was all about.

At least the catching sector was lucky enough to have 10 golden years of profitability, whereas the processing sector—we did a presentation on this to the Scottish Government—which, on average, has a margin of about 2.5 to 3 per cent, has been dying. While the catching sector was growing and prospering, the processing sector was losing processors. At the back end of last year and into this year, five further processors have gone. Somehow or other, the processing sector will need a huge amount of support to get us through the exporting carbuncle that we are facing at the moment.

Peter Chapman: You must be concentrating on the home market at the moment, because you are not exporting anything. If you were exporting, would you be part of the groupage scheme? Because you could never fill up a lorry with your fish, you would have to send a part load. Is that how you would have to do it?

Andrew Charles: I have always been a small exporter. My customers buy small amounts of extremely high-quality product. I will give an example. I supply a company in Germany that I have dealt with for many years. My average price

to sell my product, which was monkfish, was £12 a kilo. With the certification charges, I now have to charge my German customer £19 a kilo. He will not buy; he will buy from Iceland, Norway or Denmark. He will never buy from me at that certification level.

If the Government is serious about pulling the small exporter back into the market, it must put in a certification support fund. I make a very good price for the fishermen. I might not buy huge volumes of fish, but I will bid on fish, which makes it expensive. There are many exporters like me. If you take people like me out of the process, the price of the product on the market will be much lower. The Scottish Government must put in a certification support fund, as that would immediately allow me to quote my customer a reasonable and fair market price and get back into the market.

There are solutions. The certification charge for exporters who export less than 250kg could be capped at £15 a certificate and a fund could be created to pay for the balance. At the end of the day, the money that is being raised on certification is going into the Government's coffers anyway.

The Convener: I would like to bring in Eddie Green on the transport issue, and then Belinda Miller on certification.

Eddie Green: To go back to Peter Chapman's original question, the just-in-time service has definitely not gone away. We have been delivering fish from Scotland into France the next day. Our cut-off times are earlier—we now need our orders to be in by 10 or 11 o'clock in the morning. On that basis, we can still deliver groupage and full loads into France by 10 o'clock the next day, which can meet up with onward connections across Europe. I would say that the overnight service into France is back to where it was, except that the cut-off time for receiving is now six or seven hours earlier. That is the extension that we see. It is important that I point that out.

Belinda Miller: To answer Peter Chapman's question, a lot of it will be down to knowing our customers. From our perspective, we are here as much as possible to be as efficient and as quick as possible to issue an export health certificate. If an export is going to a single destination in Europe, that is probably the easiest thing to do, because we are talking about one language and one set of paperwork. If an export is going through a number of countries, a more process-orientated approach is necessary, which takes slightly longer. For example, if an export was going to Spain, the documentation would need to be in French, Spanish and English and, as was mentioned earlier, every page would have to have annotations stamped on it.

In the past six weeks, we have found that the most important thing is that if we know that a business wants to get something by 10 o'clock in the morning and it tells us that it wants it by 10 o'clock in the morning, we will definitely be able to do that, but if it suddenly says, "I want it now," we just do not have the time. The amount of paperwork that requires to be printed off and checked and double-checked would not allow us to do that. There will always be a delay, as Eddie Green has just pointed out, but once we get to know our customers even better, we will probably be able to do things more quickly and more efficiently in the next few months.

19:15

The Convener: Ian McWatt, would you like to come in on that?

Ian McWatt: Yes. I support what Eddie Green said. We are now seeing day 1 for day 2 consignments happening more frequently, so it is absolutely possible.

It is important to note that there are issues with the IT systems, including the export health certificates online system. There are issues with consignment numbers, commodity codes and so forth with Her Majesty's Revenue and Customs. The overall message here is that we are dealing with clunky UK Government systems that we are trying our best to work around. Today, FSS met Scottish Government, Animal and Plant Health Agency and DEFRA officials to share with them the challenges that we are experiencing in the certification process. We were advised that a project is kicking off to resolve those and at least prioritise the challenges that exist with the certification process, so there are further green shoots to report.

The Convener: After we have heard from Georgina Wright and Andrew Charles, I will bring in Jamie Halcro Johnston, whose wi-fi has come back.

Georgina Wright: We have moved day 1 to day 2, but because the system and the procedures are so complex and disparate, there is so much room for error. Things are wobbly. We are not just talking about going into France; connections across Europe have to be met. Fundamentally, we are losing our logistical advantage. It is just over 500 miles from Larkhall to Boulogne, but it is close to 1,500 miles from Ålesund on the west coast of Norway, and the products are getting there at pretty much the same age and the same time. We really need to get back to a just-in-time operation and a much slicker system.

The Convener: I promised that I would come back to Andrew Charles. Perhaps you could develop the issue that you raised of difficulties that

are put there to slow things down. It sounds a bit like going with your passport and checking letter by letter rather than understanding the principle of what you are trying to do. It sounds as though it is a case of making sure that the paperwork is correct rather than what you are trying to do is correct.

Andrew Charles: As was mentioned earlier, we have to be absolutely meticulous with our certificates. All the i's must be dotted and the t's must be crossed. Everything has to be done perfectly. Reference was made to things having to be done six hours earlier. Where on earth do we get the hours in the day to allow that to happen? We start at 6 o'clock in the morning. We have to get the final product, along with information about volumes, species and so on, ready by 11 o'clock. As processors, we will not be able to do that, which immediately means that we will have to sell for the next day. Our product is now 24 hours older than it used to be. We would normally have sent away same-day product, but it is physically impossible to do that now if we are to do the paperwork correctly. Therefore, we are dealing with a product that is an extra 24 hours older.

I agree with DFDS. Given what it has been put through, I have to say that it has done a fantastic job in attempting to manage the situation. It is now getting same-day delivery, but the members I speak to find that although the fish arrives in Boulogne at 9 or 10 o'clock in the morning, it is then held up by checking by European officials, which means that it is just in time to miss the transfer to the next destination. Missing that next link means that the product is a further 24 hours older. We have lost 24 hours and then we lose another 24 hours, so we are two days' quality behind where we used to be. That is massively important, particularly if you are dealing with very specialist species, especially rays. It means that we lose the ability to trade.

The Convener: Jamie Halcro Johnston, I think that you are back in the meeting. Peter Chapman has taken your areas and you have been following the discussion, so I will let you go on from where you want.

Jamie Halcro Johnston: Yes, sorry about that. I would say that, as a Highlands and Islands MSP, I sometimes suffer from IT issues, but unfortunately I am in Edinburgh at the moment, so there is no real excuse there.

I wanted to follow up on some of the questions that have been asked. Hopefully I am not repeating anything that has been asked before. I was interested in the comments that Andrew Charles was making about paperwork and IT systems. I think that that was a question to which we knew the answer, but I wondered whether, if we had the e-systems or e-certificates that I think

that everybody wants to have as a bare minimum, how would that improve things like pre-population of information on those certificates? If the information were entered automatically, would the issues around paperwork still arise? Would that provide scope for an improvement? I know that the issues relate to health certificates rather than some of the other bits of the paperwork. Could Andrew Charles answer that? Also, could he say what discussions he has had with Government around the idea of a support fund to cover some of the costs of the certificates until the smoother system that everybody agrees that we need is in place?

Andrew Charles: Anything—any electronic system, any improvement, any way that we can speed up the process in order to reduce the 48-hour delay that we are experiencing with our fish—would be hugely welcome. If we can get back to next-day delivery by streamlining everything, we have a chance. That does not help with the cost that I spoke about, which knocks out all the small exporters that will not be able to bid in the market and make the premium prices our fishermen have been used to. We must drive very hard to streamline that process.

On our question about informing Government, there is a frustration. Two years ago, we told the Government that we would have massive problems. I cannot help feeling that we are missing not having a dedicated fisheries minister in Government. Had the concerns that we raised time and time again been taken seriously, we could have possibly been setting up systems in our negotiations with Europe a year and a half ago that would have avoided all this happening in the first place. It would have been helpful if, a year and a half ago, we had had systems in place that were streamlined and perhaps involved a trusted-trader arrangement. The French and other European boats are landing in Scotland and we want to sell our fish to Europe. There was a huge amount of vested interest in Europe and Scotland talking about having a good system, and I think that that has been a missed opportunity.

Jamie Halcro Johnston: You are talking about the UK Government, but have you mentioned the idea of a support fund to the Scottish Government?

Andrew Charles: Yes.

Jamie Halcro Johnston: Have you had any encouraging sounds?

Andrew Charles: None whatsoever. It is a bit like business rates. When people in the processing sector mention support, it falls on deaf ears. For some obscure reason, manufacturing is not taken seriously by Government. That is not

just the Scottish Government, it is the British Government as well.

Jamie Halcro Johnston: I will certainly note that, Andrew. I am very conscious of time, convener—I think that you want us to move fairly quickly.

What impact will the ban on the export of unpurified shellfish from the UK to the EU have on Scottish shellfish exporters? Who would like to respond to that?

The Convener: No one is raising a hand and no one is looking away very quickly. I am not sure who I will go to on that. Ian McWatt, could you come in on that to start with?

Ian McWatt: We are aware of the challenges around live bivalve mollusc exports and scallops. The position that the EU is taking on that is under current challenge. The UK Government's position on that is that it does not accept the Commission's view with regard to the restriction on the export of LBMs. I believe that that is being worked through and negotiated as we speak. I have nothing further to add, other than to say that the issue will have an impact. Until the matter is resolved with the EU, I do not see that there is much more that can be done.

Mike Park: The restriction is limited to bivalve molluscs. We do not tend to export many live scallops. That is not to say that there are not any exported, but we do not export many. I know that the restriction is devastating news for the mussel sector and some of the large mussel farms down in England and Wales but, hopefully, the Government can resolve the situation. We have seen the letter that George Eustice wrote to the European Commission setting out the Government's thoughts on the issue. We hope that the UK Government and the Commission can resolve the issue because, if they cannot, it will wipe out a small but necessary sector of the industry.

Peter Chapman: I was of the opinion that the restriction concerned only molluscs in class B waters. As all the waters around Scotland are class A, it should not be an issue as far as the Scottish fishing fleet is concerned. Am I correct in that assumption?

Ian McWatt: There are no shellfish from class B waters in Scotland being exported.

The Convener: It looks like that is a problem and it is a pity that we do not have James Cook to answer. He may be listening and he may be able to submit evidence for our information.

Colin Smyth has some questions he wants to lead off on.

Colin Smyth: The next questions are focused on the implications of post-Brexit requirements, specifically for supply chains, haulage and logistics. I am very conscious that a lot of the points have already been covered. We have talked a lot about problems associated with multiple consignments being loaded on to the same lorry and the lateness of the roll-out of processes. If anybody wants to expand on those points, I am sure that we would be quite happy to hear that.

Given that this is a Scottish Parliament committee, I would like to know about any specific issues around supply chains that are the responsibility of the Scottish Government rather than those that have arisen as a result of UK-wide processes. What could be done specifically through the Scottish Parliament and the Scottish Government to ease some of those supply-chain issues?

The Convener: Who would like to head off on that? It might be an Eddie Green issue, to start with.

Eddie Green: I can try, but I am not aware of anything that has been imposed by the Scottish Government that makes a difference to what is going on. It is a UK-wide thing.

Ian McWatt: I agree with Eddie Green. The Scottish Government and Food Standards Scotland have been working flat out to do what we can. A lot of the systems that we are talking about here are driven by the UK Government, and a lot of them is reserved.

19:30

We are working with APHA and DEFRA to resolve some of the systemic challenges that are fundamental to the process. It is worth reflecting that we are now a third country to the EU and we are subject to the processes that the EU expects and the IT systems that we are working with at the moment. All we are doing in Scotland is reflecting those challenges. I do not know whether you picked up the comment I made earlier about two Brexit advisers having been funded to work in Seafood Scotland by the Scottish Government. FSS has brought in SMAS to undertake a further independent review of all of the system transactions that have taken place in Scotland in the hope that we can identify any possibilities to streamline further.

Colin Smyth: That was specific support. So, is the work that the Scottish Government and the Scottish Parliament can do purely around support for companies to deal with the challenges? Obviously, we cannot change the mechanisms. Do any of our witnesses have any views on what additional support might be available?

Ian McWatt: The systems are clearly defined. The policy responsibility for them sits in DEFRA and APHA and we are simply contributing to that. Over and above the huge amount of support that we are providing with SMAS and Brexit advisers, and all the additional official time that is going in, we have loaded in additional support that we are not charging for to help the hubs. The issue is more about the support mechanism locally. I cannot think of much else.

Andrew Charles: I completely agree with Ian McWatt. This is a British structure, but I think that the Scottish Government could use it to do a huge amount to engage with Europe. For example, why can we not custom seal a lorry in Glasgow with a European customs seal and drive that lorry straight through to market? The Scottish Government could negotiate that kind of relationship, and it would be a good example of Scotland engaging with Europe. Has it attempted to do that?

We raised the fact that there were going to be problems a year and a half or two years ago. Although the system is a British one, and we have to work with it, has there been any discussion around coming up with an arrangement for Scotland? We need the Scottish Government to step up to the plate and try to devise systems that can get our industry back to where it was. I would be interested to hear from the haulage industry about whether it is feasible to have a system where a lorry could be European custom sealed and driven straight to market.

We have a blank canvas here. It is very rare to have a partner who has left the EU, so we are making new rules. The £70 import charge and the £50 British charge for exporting were just plucked out of the sky—they were just made up—so let us create the rules to get the industry back on track, because we really need that to happen. Given what is going on with Covid, the fact that we have an army of vets checking dead fish instead of giving people vaccinations is a really poor show for Government. We must learn to be more resourceful.

The Convener: Does anyone else want to come in on that? Raise your hand if you want to. Colin, you have frightened them all away. Do you have another question you want to ask?

Colin Smyth: I think that we are at a loss with regard to other means of help. Andrew Charles raised an important point. The rules of trading with the EU were never intended for a country that has such a huge level of trade with the EU. That is clearly one of the challenges that have been highlighted this evening. It is a valid point: can we find a way to manage processes that clearly were never designed for the scale of trade that we have with the rest of Europe?

Eddie Green: I want to support the point that Andrew Charles made. If you think of the sheer volume of fish that is going from Scotland into Boulogne and the checks that are being made in Scotland, if there was a closer co-operation between the authorities in Boulogne and Scotland some understanding and agreement could be made reached that would result in some of the everyday checks being taken away. We are moving fish and seafood for the same people every day to the same people—it is the same product—so it should be a simple and streamlined process. It would make everybody's life a little easier if that co-operation could increase.

The Convener: I am going to go to Belinda Miller. Aberdeenshire Council is going to waive all its charges, is that right? [*Laughter.*] No, sorry.

Belinda Miller: Good try. I suppose that I would not be allowed back in to see my team if I did not make a plea for thought to be given to where we are going to get the long-term qualified staff to do what needs to be done. Under the regulations, the process must involve a qualified vet or environmental health officer. The latter are not easy to come by. We do not have enough environmental health officers and we do not have enough coming through the education system, either. If I was putting in a plea for something it would be for more environmental health officers—because of Covid, as well as export certificates. We need more people skilled up and able to do that piece of work. I think that the Scottish Parliament and the Scottish Government has more influence over that than over some of the other elements.

Ian McWatt: There needs to be a little bit of a reality check, because the ability to change these rules is not necessarily entirely within our gift. They are laid down by the EU and are informed explicitly by the nature of the deal that has been negotiated by the UK Government. I hate to use the term, “the new normal”, but there are elements of what we are seeing now that we will simply have to adjust to. We will get better at processing and will become more effective and efficient with fewer mistakes throughout, but there are elements of the process that we will have limited opportunity to influence.

The Convener: Georgina Wright, you have kept very quiet on this. Can you think of areas where help could be given?

Georgina Wright: I agree with Andrew Charles. I do not see why there could not be an export lounge in Larkhall. That makes complete sense. The Scottish Government is communicating directly with the EU, but there also needs to be very strong co-operation between Scotland and the UK Government, because, fundamentally, the situation is the responsibility of the UK

Government and, specifically, DEFRA and APHA. There needs to be a greater push for a review of the interpretation of the standards. Ian McWatt has mentioned in previous meetings that the process is being handled through the supplier declaration. For everyone's benefit, I note that the supplier declaration is released each day, and, in it, we confirm that we are the same supplier that we were the day before and are exporting from the identical premises that we were exporting from the day before.

The push needs to continue because, fundamentally, we cannot accept the new normal as it is and we all need to keep pushing the Scottish Government and the UK Government and communicating with the EU to improve the current situation.

Colin Smyth: Thanks. Most of my points have already been covered.

Emma Harper: I will kick off on the next bunch of questions, which are about the support that is available from the UK Government and the Scottish Government. Our briefing paper says that, on 19 January 2021—which was 19 days after the end of the transition period—the UK Government announced financial support for fishing businesses that export to the EU. The support is worth £23 million and aims to

“support businesses most adversely affected by the COVID pandemic and the challenges of adjusting to new export requirements”.

I had to read that twice. We are talking about the impact of post-Brexit requirements on Scottish exports and supply chains. We know that there are challenges with Covid and with exiting the EU, which makes me wonder why we did not extend the exit transition period.

There has been funding from the Scottish Government and the UK Government. I am interested in your thoughts about support and whether additional support is required, for not just the seafood industry but the red meat industry.

The Convener: Everyone looked away very quickly there. I ask Tom Gibson to start.

Tom Gibson: Our processors are certainly looking for an element of support to help to cover some of the additional costs that they have incurred. The Scottish Association of Meat Wholesalers carried out a survey of export costs and additional costs to its members in January. It passed the numbers from that to the cabinet secretary for forwarding on to the UK Government. There are support elements out there that could be put towards things such as the extra £1 million of export health certificate costs that businesses have to incur, a lot of which is through private export health certificates.

As well as those areas, there are areas of lost business. For example, there is the export health certificate issue that means that we cannot export fresh mince. The company that has the biggest issue with that has lost a £1.5 million contract. Where do we get that back from? That has knock-on effects on the carcass balance. It raises the price of the other elements of the carcass and again makes the industry less competitive. The red meat industry has issues on a number of fronts and on which we could do with some support from the UK Government.

The Convener: I ask Mike Park if he wants to come in on that.

Mike Park: Can I pass on that for now? I am trying to get rid of one of my grandchildren for a second.

The Convener: Sort out your grandchildren, and then we will come back to you.

Andrew Charles has made some suggestions on that issue. Do you want to add any more to what you have said already, Mr Charles?

Andrew Charles: Interestingly, many businesses feel that they will not get any assistance whatsoever from the £23 million of funding that has been announced. For example, I will not get any assistance, because I have not exported, but I have lost out through no fault of my own.

Assistance on that would be greatly appreciated and it could come in many ways. Let us get rid of business rates and allow manufacturing businesses to drive forward over the next few years. The certification fund, by pulling the very valuable traders back into the market and giving the small and medium exporters the ability to get back into the market and re-engage with their customers, will have a massive impact after Covid starts to fade away.

19:45

Of course, Covid has had a huge impact on the industry, so support is needed there. There are a lot of invisible losses. It is about what we have not done, not what we are doing. It is about what we used to do compared with what we are doing now. That is all very provable, so it is not a question of just handing people a cheque for no reason. It is easy to ask how many kilos someone exported last year compared with this year.

You can find ways to support the processing sector and, my goodness, the processing sector, particularly the fish processing sector, will need a huge amount of support. We have a lot to look forward to, because we have one of the finest fishing fleets in the world. We have a great resource and we have great opportunity. It is just

so sad to see the GVA disappear into the backs of lorries and whole fish being taken away from our fishing communities. We are losing a massive opportunity.

It is frustrating, because we have been informing Government for the past 10 years about what needed to be done. We produced a plan for recovery, growth and expansion in our industry but, unfortunately, the fish processing sector has not really received the attention that it has desperately needed. However, let us hope that things are changing. Maybe Government will be a bit more focused and a lot more support will be heading our way in the near future.

The Convener: I have a question for Ian McWatt. I put Belinda Miller under pressure and suggested that she might waive all her invoices, which she denied. Is one way to provide support for you to waive all your invoices, or do you have a better idea?

Ian McWatt: Clearly, we are in a similar position to Aberdeenshire Council, in that we simply aim to cover costs. We are doing all that we can to lessen the impact, and we have quite positive numbers coming out. We can get the cost of one certificate down to about £20, if the process is consistent and is maintained in the same way. However, when we are adding in lots of hours because there is a need to ensure that information is correct and we have people having to sit on their hands waiting for corrections to be made, we have to recognise that somebody somewhere has to pay for that.

We are not profiteering, although there are examples of profiteering out there. As I mentioned, a price of £800 has been quoted for one export certificate by a veterinary certifier in the private sector. We are much less expensive than that, and we are interested only in covering our costs. To do anything other than that would place a further burden on the taxpayer.

Emma Harper: A lot of information has been covered already. I was interested in Andrew Charles's point about criteria for support that certain businesses cannot meet.

I am interested in our inshore fishermen and live exporters. Should the live exporters be put at the front of the queue when they are trying to get their produce to the European markets?

The Convener: That is probably for Ian McWatt or Eddie Green.

Ian McWatt: I think that it is more for Eddie Green.

Eddie Green: Was the question about whether we can put certain things at the front of the queue?

The Convener: Yes.

Eddie Green: As soon as the goods arrive, we get them out as quickly as we can, so it is difficult to say that some things can go faster than others. We take things as quickly as we can. Everything goes out the same day where possible and, most of the time, that is possible—it literally takes hours. If I am honest, I am slightly distracted by looking at the departure times of all the trucks from Larkhall this evening. I see that most of them are away by 6 o'clock, which is what we expect, and the groupage traders are a little bit later. The smaller consignments are a bit behind, but they will all be in France in the morning.

Emma Harper: We still do not have an equivalent of a protected geographical indication status for our beef, lamb and salmon. That might or might not be linked to getting the best produce to the European markets. Is that a concern if we are looking at supply chains and the best produce getting to the European markets?

The Convener: Salmon have been mentioned, so Georgina Wright might want to talk about that.

Georgina Wright: I am not fully up to speed on that. There was discussion about it pre-Brexit, but I have not caught up in the past month.

The Convener: That is fine. Mike Park or Tom Gibson might want to come in.

Tom Gibson: We had a worry about whether we could keep the EU PGIs and what would happen with them. The EU PGIs are still in place and are still recognised. We are still members of the EU scheme, so we will be proudly displaying the EU PGIs on our products. There is no requirement to take them off, because we are still part of the EU scheme.

The UK GI scheme that is being introduced was announced at the start of the year. Our understanding is that, if you have a PGI from the EU, that will be carried into the UK GIs. The UK GIs will be mandatory on 1 January 2024. In the meantime, it will be interesting to see how the UK Government markets that to the consumer, because we have absolutely no idea of that. We know what the logos look like, but the consumer has not seen them yet. We are speaking to our processors and retailers to say that the scheme is coming down the line but, because there is so much equity in the EU PGIs, we are advising our retailers and processors to continue to use them where possible.

The Convener: Maureen Watt has a question but, before she asks it, I will give everyone a warning of my final question. Given that we are where we are, what is one thing that could be done to make things better? That will be my final question, so I will give you all a moment to think

about it. While you are doing that, the deputy convener, Maureen Watt, has a quick question.

Maureen Watt: I am the deputy, so you have the last word, convener—that is fine.

We are in a perfect storm with Brexit and Covid, but is there an opportunity for organisations such as QMS and Seafish Scotland to help to expand the market? We hope that all the things that we have talked about will be ironed out and will settle down. When the tourism sector and the economies in Europe and in the UK start to open up again, what can Seafish Scotland and QMS do to start great export drives?

Tom Gibson: We have a lot lined up for when things get back to normal to try to drive market development and business. A number of elements in the Scotland Food & Drink recovery plan are QMS suggestions that will take us forward in the UK market and the export market. We are working with Scottish Development International on a virtual global food service summit to look at export business development in Europe and further afield.

Over the past two years, we have had great success in getting exports of Scotch beef to Japan and Canada. Over the five years from 2015 to 2020, the non-EU export business has risen by around 80 per cent. Part of that is because we were trying to build those markets with the threat of Brexit coming up.

The big issue now is with export trade shows, which we previously attended regularly. They keep getting postponed or pushed back because of Covid, so we are not as hopeful of seeing as many of them in future, but we think that the virtual approach will be a new opportunity for us. It will just be a different way of doing things. Rather than take processors to trade shows to meet potential customers, the big opportunity for us is to do the initial face-to-face meeting in the virtual environment and follow that up with specific in-market visits to potential importers, buyers and distributors.

We have potential new markets coming online. Again, things have slowed down with that but, potentially, we have the USA opening up for our processors this year. There are other countries. The issue of exporting beef to China has been kicking about for a while, although not much progress has been made on that, but there are other countries and markets that we can look to. We can do a lot in the UK, and we can do plenty in Europe once we get some of the issues ironed out, and there are some third-country markets out there in which we think Scotch beef, lamb and specially selected pork could do incredibly well.

Mike Park: The group that Maureen Watt referred to is called Seafood Scotland—Seafish is

the national body, which derives its money from a levy against the fish at first sale. It has always been restricted in what it can do in labelling product as Scottish or whatever, because of state-aid rules. We are moving away from state-aid rules so, perhaps nationally, Seafish can help to identify the product as well.

Seafood Scotland is doing a great job. Donna Fordyce, the new chief executive, is doing a tremendous job. With others, Seafood Scotland is working to invest in the future and trying to find new markets. As Tom Gibson said, it has been difficult, and a lot of trade shows have been cancelled, but there is huge optimism. In Scotland, we land and supply an extremely high-quality seafood product, and we hope that, in future, we can take that to market and expand the base that we currently supply.

The Convener: I will go to my final question, because we are coming up against the clock. Given that we are where we are, what one thing can we do to make things better?

Mike Park: From the breadth of the issues that we have discussed, there is one particular issue that makes the catching sector's life extremely difficult this year, which is having enough fish to land to market. We would dearly like to have the international quota swapping mechanism reinstated to allow us to suck fish out of Europe for our vessels to land to market. As Andrew Charles has mentioned twice, it is galling when we see foreign fishing vessels fishing in our waters, landing into our ports and trucking the fish immediately to Europe. That grinds us significantly.

If we could change one thing, we would reinstate the international mechanism whereby we can suck more fish into the UK for our vessels to land. In the absence of that, we will start to see a slow demise of the industry over the next five and a half years.

Ian McWatt: Obviously, I look at the issue through the lens of certification. For me, the one thing would be improved functionality of UK Government systems coupled to improvements in the accuracy and completeness of supplier paperwork.

Belinda Miller: Similarly to Ian McWatt, my comment is through the lens of the process. We would like clarity on the destinations when we get to Europe. We have talked about the difference in colours of stamps and ink. If we could have one system, that would speed up an awful lot of the processes at our end and, I would hope, in Europe.

Eddie Green: My point is almost exactly the same as Belinda Miller's. We should digitise the whole system, get rid of the paper and connect to

the systems in Europe. There is a huge amount of duplication of input right now. We put the data in for an export declaration and we have to repeat that for the import declaration on the other side. Streamlining the whole process so that we do not have to carry paper certificates from England to continental Europe and we have electronic certification would make things much easier.

20:00

Georgina Wright: Quite simply, I would streamline the system. The costs are spiralling and they need to get back under control. It is all about streamlining the system.

Tom Gibson: Scotch beef and lamb exports to the EU account for a high percentage—in the high 90s—of our exports. For us, it is about building a new relationship with the EU and improving engagement with it. We will not see resolution of a lot of the issues until we have a new relationship that fosters co-operation and there is a will on both sides to continue to trade positively.

Andrew Charles: We should very much simplify the process. We are crying out for a support fund on certification costs. I suppose that the biggest idea of all would be to rejoin the EU, but we might have to wait for an election for that one.

The Convener: Perfect—thank you for that.

Thank you all for joining us this evening and contributing to the evidence session. I am conscious that I started the committee meeting at 8 o'clock this morning and I am finishing it at 8 o'clock this evening, which is a long day for everyone. I thank all our witnesses for their evidence and all the committee members for helping me this evening to ensure that we got the best from our session, which I think we did. That concludes our committee business today.

Meeting closed at 20:01.

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