



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Affairs and Islands Committee

Wednesday 18 June 2025

Session 6



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RURAL AFFAIRS AND ISLANDS COMMITTEE

21st Meeting 2025, Session 6

CONVENER

*Finlay Carson (Galloway and West Dumfries) (Con)

DEPUTY CONVENER

*Beatrice Wishart (Shetland Islands) (LD)

COMMITTEE MEMBERS

*Tim Eagle (Highlands and Islands) (Con)
Rhoda Grant (Highlands and Islands) (Lab)
*Emma Harper (South Scotland) (SNP)
*Emma Roddick (Highlands and Islands) (SNP)
*Mark Ruskell (Mid Scotland and Fife) (Green)
*Evelyn Tweed (Stirling) (SNP)
*Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Jimmy Buchan (Scottish Seafood Association)
Jonnie Hall (NFU Scotland)
Jennifer Howie (Food Standards Scotland)
Patrick Hughes (Scottish Agricultural Organisation Society)
Stephen Kenyon (Agricultural Industries Confederation Scotland)
Elsbeth Macdonald (Scottish Fishermen's Federation)
James Park (Salmon Scotland)
David Thomson (Food and Drink Federation Scotland)
Scott Walker (Scottish Association of Meat Wholesalers, GB Potatoes)
Adam Wing (Seafood Scotland)

CLERK TO THE COMMITTEE

Emma Johnston

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Affairs and Islands Committee

Wednesday 18 June 2025

[The Convener opened the meeting at 09:14]

Decision on Taking Business in Private

The Convener (Finlay Carson): Welcome to the 21st meeting in 2025 of the Rural Affairs and Islands Committee. I ask everybody to ensure that their electronic devices are switched to silent. We have received apologies from Rhoda Grant.

Before we move to our first item of business, I note that members might have seen the Parliamentary Bureau motion lodged yesterday relating to Elena Whitham leaving the committee. I take this opportunity to thank Elena for her much-valued work on the committee in the time she has been here and to wish her luck on the committees that she will take her place on.

Our first agenda item is to agree to take item 4 at today's meeting in private and to agree to consider our stage 1 report on the Natural Environment (Scotland) Bill in private at item 5 and in future meetings.

Members indicated agreement.

Subordinate Legislation

Seed (Fees) (Scotland) Amendment Regulations 2025 (SSI 2025/154)

Marketing of Fruit Plant and Propagating Material (Scotland) Amendment Regulations 2025 (SSI 2025/155)

09:16

The Convener: Our next item of business is consideration of two negative instruments. Do any members wish to make any comments on the instruments?

Tim Eagle (Highlands and Islands) (Con): I am sorry, convener, but I will be slightly awkward. I have no issues with the seed fees instrument but, out of interest, do we happen to know the equivalent costs in other countries? There were no consultation responses, so I am just curious.

The Convener: No, but we could certainly try to find that out for you.

Tim Eagle: I just wondered whether the increase is fair. It is an increase of 6-point-something per cent, and I am always cautious of cost.

The Convener: I am not aware of the cost. However, given that we received no responses and nothing was highlighted in relation to its being an extraordinary cost, I would assume that it is line with those in other countries. It is certainly something that we can find out.

Tim Eagle: Thank you.

The Convener: There are no further comments on the instruments.

European Union-United Kingdom Co-operation Agreement

09:17

The Convener: Item 3 is an evidence session with industry stakeholders to discuss the recent EU-UK co-operation agreement.

We welcome to the meeting this morning Jimmy Buchan from the Scottish Seafood Association, Jonnie Hall from NFU Scotland, Jennifer Howie from Food Standards Scotland, Patrick Hughes from the Scottish Agricultural Organisation Society, Stephen Kenyon from the Agricultural Industries Confederation Scotland, Elspeth Macdonald from the Scottish Fishermen's Federation, James Park from Salmon Scotland, David Thomson from the Food and Drink Federation Scotland, Scott Walker from the Scottish Association of Meat Wholesalers and GB Potatoes, and Adam Wing from Seafood Scotland.

We have allocated about two hours for the discussion. We have quite a few questions to get through, so I ask everyone to be succinct in their questions and answers. Please indicate to me or the clerks if you wish to participate at any point. There is no expectation that you will comment on every question. If your point has already been made, you can simply indicate that that is the case. You also do not need to operate your microphones, as we have a gentleman here who will do that for you.

We will kick off with a nice, simple question, which is a general one about the situation that we are in at the moment. Given the issues that arose on the back of Brexit, how might this new EU-UK agreement affect the ability to export agriproducts and seafood products to the EU market, particularly considering the cost element?

Patrick Hughes (Scottish Agricultural Organisation Society): Good morning, and thank you for the invitation. I represent the seed potato export community. Generally, since Brexit, seed potatoes have been prohibited from entering the EU market, which is an approximately 20,000-tonne market for the seed industry. It is therefore simply good and welcome news that there is a possibility of coming back into it.

Jonnie Hall (NFU Scotland): I will make a very general comment to kick off. The trade and co-operation agreement, which is getting on for five years old now, was obviously sold as being tariff and quota free, but it was never going to be friction free. The issues around the sanitary and phytosanitary arrangements are evidence of that. They have caused additional costs and various issues in relation to trade flows from the UK and

Scotland into Europe, which have not been reciprocated the other way. It has been a one-way street in that respect.

Without going into the specific issues that Patrick Hughes and others might talk about, I note as a general opening comment that we have long argued that there needs to be something of a reset. Therefore, the agreement to reach an agreement—I stress that point—on 19 May was very much a welcome step. However, to use another cliché, the devil will be in the detail. We do not know the timing of when things will finally be sorted out or, indeed, what the entire scope of the new agreement will be. We are told that there will be various bits and pieces in there about SPS, plant protection products and other things such as organics, and that certain things—such as wider environmental regulations—will not be in scope.

Although it is an important and positive step, there is therefore still lots to play for. We will, no doubt, come back to some of those issues as we go through the morning.

The Convener: What role or involvement has the NFUS had in relation to the UK Government? Are you confident that it will result in a two-way frictionless agreement? At the moment, as you said, there appear to be more restrictions and requirements on exporting than there are on products coming back into the country. Are you confident that there will be a two-way frictionless agreement, and what is the involvement of the NFUS in ensuring that that is the case?

Jonnie Hall: I would argue that we have had limited involvement in processes so far.

On specifics, such as seed potatoes, we have lobbied the UK Government hard and have taken our argument across to the European Commission in Brussels over the past three or four years. Quite often, certainly at European Commission level, we were simply shown a shut door. That was very much the case.

However, the agreement to reach an agreement probably gives us renewed confidence that we can iron some of those things out and get the two-way flow of agrifood products on to an even footing, instead of it being all about checks when we are exporting to Europe while European product carries on coming into the UK in business as usual. We want to get that back into kilter.

Our involvement in some of those processes has been very much in conjunction with the other farming unions across the UK—although perhaps not so much with our colleagues in Northern Ireland, because they have been focused more on the Windsor framework and such things, and we have been looking at GB rather than UK issues. Nevertheless, we have worked with the other

farming unions, and we have co-ordinated a lot of that through our office in Brussels.

I would say that our involvement so far has been limited. Although we have had briefings from the Department for Environment Food and Rural Affairs, when it comes to what the detailed discussion will look like, I am still concerned that we might not have a seat at the table when it matters.

Scott Walker (Scottish Association of Meat Wholesalers, GB Potatoes): First, I fully endorse everything that Patrick Hughes said about potatoes.

I will also flag another point about potatoes at this stage, which we might discuss further. Before the political agreement was discussed, the UK Government put in a market access application to allow seed potatoes to be sold in Europe once more and, vice versa, for European seed potatoes to be sold into this country. My understanding is that that application is still going through the process just now. Given that we do not have an agreed timeline on the current agreement for the trade deal, we would ask that both of those routes be pursued, so that, if the wheels were to come off the trade agreement, we would still have the market access application route for seed.

With regard to meat, a few things happened as soon as we left Europe that we think will now be resolved. The first thing to highlight is that small meat producers used to consolidate loads that went to Europe. Overnight, that stopped, first, because of cost, and secondly—more importantly—because of the inspections that took place. If an issue with one of the loads was flagged up at the ports, it meant that the entire vehicle would be turned down. If, for example, an exporter had to export with another half a dozen companies, the risk was too great, so consolidation stopped overnight. Once the agreement comes into force, we expect that to start again, which will give smaller exporters a lot of opportunities, which is very good.

One problem for the big exporters was the cost of export health certificates and having vets sign them and, even more importantly, the delays in getting products to market. Whereas sending a truckload from Aberdeenshire to Birmingham or Frankfurt used to be seamless, all of a sudden, delays made it more difficult to meet the market requirements abroad. We expect such issues to be resolved, and we expect the agreement to be good news on both the meat and the potatoes side.

The Convener: The first hour of the meeting will probably be focused on the SPS agreement, and the second half will be on fisheries—I just wanted to make that clear.

The figures suggest that exports were down by about 21 per cent. Do you have any idea what the 21 per cent was attributed to? Was it generally small businesses that had concerns about batching loads? Are those businesses looking forward to resuming some of those exports? How much will we get back?

Scott Walker: It is difficult. The reduction was across the board; it was not only small businesses. On all sides, businesses had to pull back. For example, in certain export markets, it became difficult to supply in the timescale that was required. We will start to get that business back, but it takes time. Once you have lost business, you need to reclaim it and give suppliers the confidence that you can again consistently supply that market, which cannot be done overnight. There is a desire to sell back to Europe, which is the most important market for beef and sheep meat exports, and it is a hugely important part of the carcass balance. The market will come back.

I would not like to put a figure on the value and the time. The biggest problem that the meat industry will face is volume. In the time that we have been out of Europe, the volume of livestock in Scotland and the UK has declined. Despite the opportunity for us to sell abroad, we do not have the product that the marketplace wants.

James Park (Salmon Scotland): Thank you for giving me the time to contribute on behalf of Salmon Scotland. We are very supportive of the agreement. Obtaining an SPS agreement will remove a lot of the costs and bureaucracy that exporters currently face, such as physical checks, export health certificates and packaging interpretations. It will benefit not only exporters but European consumers. The Prime Minister's suggestion that the deal will be implemented at pace is welcome, but, as has already been highlighted, the devil will be in the detail.

Around two thirds of our exports go to Europe, which is our biggest market, so ensuring that we continue to supply European consumers is important. More broadly, lower costs help support the broader supply chain, which is very diverse and touches every constituency in Scotland. Lower bureaucracy and lower costs mean more incentive for investment in the sector.

09:30

David Thomson (Food and Drink Federation Scotland): I am speaking on behalf of food and drink manufacturers, which take all the excellent primary produce from Scotland that we have been talking about.

We think that an SPS deal is likely to reduce bureaucracy, costs and paperwork, so it is good in principle. However, as Jonnie Hall said, we do not

know the detail. The agreement goes much further than just SPS deals, because it seems to cover food safety and general consumer protection, regulations on live animals, regulations on pesticides, rules on organics and marketing standards—it is a wider range of regulation than a strict SPS deal would have.

We have potential concerns about the broader range of regulatory areas in which the UK has signalled that it would like to dynamically align with the European Union. If a high-quality deal is done that understands Scottish and UK businesses' needs, that is positive. At the moment, none of us knows the detail or what the impact will be.

There are live cases in which European regulation has gone further than the UK regulation, which would have a direct impact on Scottish businesses. Our sectors might be negatively impacted, depending on how the negotiations deal with the particular point of dynamic alignment and whether the UK has any say in on-going European regulation. We just do not know the detail. Our particular concern is that, going forward, we should have a say in areas in which European rules impact British businesses.

Tim Eagle: I want to come in on that very point. Presumably, most of us agree that the SPS agreement in itself is fine, but dynamic alignment is a risk. I guess that my question is this: what does that mean? What could the risks be of looking through the looking glass? What are the risks for businesses, farmers or your own members?

David Thomson: I can illustrate that with a real risk that exists. European legislation has introduced regulations for maximum residue levels for mycotoxins in oats and a range of other products. It means that a maximum residue level for mycotoxins is now in European regulation but not UK regulation. The mycotoxins that are in oats—T2 and HT2—are more prevalent in colder, wetter climates, such as Scotland and Ireland. If the European rules were brought into the UK as part of dynamic alignment, that would be of significant concern to oat millers, manufacturers and processors who use such oats, because the difficulty of testing for and finding that level of mycotoxin—the amount in oats is very small—would perhaps make such businesses unviable in Scotland. That is one piece of European regulation that, if applied directly to the UK, would have a negative effect.

That is one tiny bit of technical regulation on food safety, but lots and lots of food safety regulations are made in Europe all the time. The question is, first, how the UK Government will deal with that issue; and, secondly, how it will be able to significantly influence on-going European regulation that changes the standards for farming

or any food product. When we were in Europe, we had a direct seat at the table. What will happen with the new deal?

Jonnie Hall: To add to David Thomson's comments, in some contexts, the issue gets even more complicated than the alignment between the UK and Europe. I am thinking of precision breeding or gene editing, in particular, because the UK does not have an aligned system on that. England's Genetic Technology (Precision Breeding) Act 2023 is now in place, and it is now forging ahead on the implementation of gene-edited techniques. Europe is also moving in that direction but at a different pace. It calls them new genomic techniques—NGTs. Scotland is still in the starting blocks.

The situation gets even more complicated than in David Thomson's point about the UK and Europe. There is the potential for different levels of regulatory standards on things such as precision breeding and gene editing between Scotland, England and Brussels. Therefore—I know that this is a cliché, but it is one I have used a lot—how do you square that triangle? It is going to be interesting.

This committee and others in the Parliament have debated issues relating to the United Kingdom Internal Market Act 2020 and how they might play out. That all becomes quite important once we get into the nitty-gritty.

I also echo and support exactly what David said about having a seat at the table. This is about rules. We want to be able to share common rules in many areas—that is what alignment would look like—but we may not have any say in what those rules are. That has clearly got to be a risk for the agrifood sector of Scotland.

James Park: I agree with what David Thomson and Jonnie Hall have said: there is no contest on any of that. With Europe being our biggest market, to some degree we have to accept what rules it currently enforces, and that is what we do. We regularly try to influence Europe from the position that we are in at the moment. We should continue to have a warmer and more progressive relationship with the European Union and look to have influence in the future.

Elsbeth Macdonald (Scottish Fishermen's Federation): I know that we will come on to say more about fisheries. On the matter of the proposed discussions on an SPS agreement, we foresee some risks arising and, as Jonnie Hall said, the devil will be in the detail. We have questions about the extent of any potential dynamic alignment, how far back in the chain it could go and whether it could cut across the work on our fisheries management plans. A great deal of work on those has been happening across the

UK to determine how we want to manage our fisheries now, under the Fisheries Act 2020. There is a long way to go on that. Many of my members would be exercised about the prospect of the EU trying to loop the UK back into certain common fisheries policy requirements. We will all need to be vigilant and closely engaged in that work, and we hope that both Governments will fully engage with our industry on it.

Emma Harper (South Scotland) (SNP): Good morning to everybody. David Thomson mentioned costs, and I have just been thinking about those. Salmon Scotland has said that the cost to the industry of the UK leaving the EU is about £100 million a year. How many million pounds-worth of cost are we talking about here?

James Park: On average, 500 trucks of salmon go across the short straits to Europe each week, each of which currently has an associated export health certificate. Physical checks are also required, so that estimate of the annual costs is on the conservative side. Any delays will also reduce the product's shelf life for consumers. Due to the regular delays that have happened, a bit of reputation management has had to be involved as well. Our customers expect consignments to arrive on time. If that does not happen, they will look elsewhere for products. Therefore, a combination of factors has to be taken into account.

Jimmy Buchan (Scottish Seafood Association): I endorse what James Park said about costs. The staff that I have spoken to at pelagic factories have said that, of late, the additional cost has been upwards of £250,000 and has reached £500,000 per annum per business. That is quite a considerable cost, and it has to come off the top line.

If the new agreement is what we wish it to be, that will be good—but, at the moment, it is the unknown. We are all thinking that it will involve a reset to where we were previously. I am a bit sceptical; I think that it will not be that simple. I have a funny feeling that we will get a more frictionless border but it will not be free of friction.

The Convener: There will be a cost to the UK, because it will have to pay for aspects of the policy development for the EU rules. We often talk about the SPS regulations, the food hygiene regulations and the definition of “organic”. Could we go further and look at how our food and fisheries businesses in the UK operate financially and according to regulations? Could we look at workforce, how staff are employed and what the working environment is like? Could it end up becoming a big issue, because we are examining not only food standards but a lot more?

Jonnie Hall: You touched on a point that I was going to make in response to Emma Harper's

question. We can probably measure relatively easily the cost of things such as export health certificates and what that means in terms of pounds, shillings and pence. However, I go back to Scott Walker's earlier point that some of the real costs are what we have lost in terms of market, particularly in the past four or five years—whether it be red meat, seed potatoes or whatever. I suspect that we will never get a real handle on that.

As you rightly identified, if adopting new regulatory requirements or standards becomes an issue, there will always be some element of associated costs. We need to be mindful of that. When we go to any negotiation or have any influence in a process, whether we have a seat at the table or not, we need to understand the implications for the supply chain and—not least, from our point of view—for the primary producer, of adhering to regulatory requirements. That is not to say that we need to push back against regulatory requirements—far from it—but they always come at some cost to business somewhere, and we need to be mindful of that.

Adam Wing (Seafood Scotland): We estimated the cost per shipment to be in the region of £600. That meant that, essentially, the market became null and void for smaller businesses, because it was impossible for them to meet the cost when they were sending product via groupage. Scott Walker mentioned the risks in relation to groupage, whereby an issue with one consigner's product could affect a whole shipment. There was also a significant issue with the cost, which made the market inaccessible for many smaller businesses, and on that basis they largely ceased trading with the EU. That meant that some operators went out of business and others looked elsewhere, including further afield.

Mark Ruskell (Mid Scotland and Fife) (Green): I am interested in your various sectors' views on the proposed Rosyth-Dunkirk ferry. Could that be beneficial for trade? How might having an SPS agreement help with location of border control posts—or might it even make some of those posts irrelevant? Would it help with achieving frictionless trade? Would it help to get the case for the ferry over the line if the agreement were to be implemented?

Jimmy Buchan: I have always been a great advocate of our having a direct route into the EU from Scotland—never more so than when we see that there can be possible chokes or civil disruption at BCPs. All those things can create problems, especially when we are dealing with a time-sensitive or live product. We should always have a contingency—a plan B—because Scotland depends so much on live and fresh seafood getting to market on day 1, for delivery on day 2 or

day 3. That is vital. We should always be exploring new routes to market so that we are not held up. The industry that I champion and support should seriously consider that.

09:45

Patrick Hughes: I go back to Emma Harper's previous point, about lost market opportunity. For seed potatoes, we estimate that lost income is currently running at about £75 million over the past five years. That figure will continue to grow in the next few years, while the details of the agreement are being worked out. We still do not have access to that market and it will take time to build it up.

There will also be costs. We did not have to issue phytosanitary certification to the EU market previously, but growers will now have to do that.

It is probably more important to ensure that we have a system that is suitable and adequate to meet the demand when it moves forward. Our system for issuing phytosanitary certificates is dated and slow, and we now have an opportunity to make sure that it is fit for purpose.

Stephen Kenyon (Agricultural Industries Confederation Scotland): Good morning. AIC concurs with much of what has been said. The situation feels positive, but, as I said to Jonnie Hall earlier, the devil will be in the detail—everyone is saying that. They are also asking what an agreement would actually look like.

We have had some divergence in the existing rules, and I have heard from the guys at AIC that 30 plant protection products that are currently approved in GB are not approved in the EU, and there are 67 on the other side. That is the level of detail that needs sorting out.

Looking forward, we are also concerned about whether we will have a say in the rules, particularly in sectors such as animal feed. The UK always had a strong voice in Europe and put an awful lot of effort into those rules. Over the years, the EU would sometimes come up with suggestions that would have impacted Scotland adversely. For example, I remember that it wanted to lower cobalt levels in animal feed, which would have been detrimental, particularly to our sheep. We have a very specific market there that nobody else in Europe has, so they are not that concerned about such changes. We lobbied hard and got the levels changed, but that was when we had a seat at the table. If we do not have a strong seat at the table and a say in the rules that will be brought into play, there is a risk that those rules could be detrimental.

At the moment, we are aware of one specific example. The EU is considering lowering selenium levels in animal feed. We believe that that would

have a negative effect on livestock health and performance, but also on the subsequent flow of selenium into humans and therefore on human health. Scotland has a specific problem with selenium deficiency. The detail in all of that will be important.

Elena Whitham (Carrick, Cumnock and Doon Valley) (SNP): I apologise to everybody. I will need to nip out to another committee shortly, but I will come back.

I want to understand the level of investment that your sector, or your members, have made in supply chain infrastructure and technology, and how that has helped to reduce barriers to trade in the past few years. I am also interested in the impact that an SPS agreement might have on what your sector, or your members, plan to do in that investment space.

The Convener: Patrick Hughes, do you want to kick off? That is what happens when you nod.

Patrick Hughes: We have not had access to the market, but, in the seed potato sector, investment has been made, to a certain degree, in automation, automatic grading and optical graders, simply to reduce the workforce and make farms more efficient. That has probably been the main area of investment within businesses.

I have talked about the seed potato sector not having access to the EU market, but the sector has grown over the past number of years—because it has increased its market share in Egypt, for example—so it is still very important. There is a symbiotic relationship between the export markets and the home-grown seed that we need for UK production.

If we did not have those export markets, production would not necessarily reach critical mass to support the entire sector, and we would probably lose agronomic products, plant protection products and so on. A symbiotic relationship between a good, healthy home market and a good, healthy export market will be critical as we move forward.

James Park: I thank Elena Whitham for her question. With regard to investment, the agreement will be positive if it makes trade with Europe more efficient. Our members have a good history of investing in the farming process in Scotland, and the supply chain is also important. It goes beyond the UK-EU SPS agreement—investment in education and the workforce is important, too. In creating a business environment that encourages trade and makes processes more effective and efficient, the agreement would, in the view of our sector, be a positive thing.

Jimmy Buchan: There are two sides to the story. Remote access and automation are a huge

help, possibly for larger businesses that are dealing in volume, but we must remember that along our huge coastline we have many artisanal fishermen who employ good husbandry methods. It is the skill of the grower, the catcher and the producer that ensures that live crustaceans and the like are well looked after, well packed and sent onwards to market.

There are two huge variations in the seafood supply chain—one is very much industrialised, whereas the other is very much a niche sector. The latter is what makes Scotland unique. I therefore see two different sides to the question about investment. Investment should always be in people, because it is they who will drive the business.

Scott Walker: On the meat side, we have a business that operates on a very small margin, and all that Brexit did was bring in a huge amount of extra cost. People who used to look at developing markets and selling products abroad turned their attention to filling in the paperwork for sending the product abroad. The business had to take on a huge extra cost, which diverted money that could otherwise have been invested in the business to make it more efficient.

From speaking to some of the larger processors, we would expect that the teams that they have had to put together to comply with the paperwork regime could be either scaled back or disbanded, which would then free up cash for investment in the business.

People need long-term certainty, because, if they are going to invest in the meat business, that is not just for this year or next year but for the long term. Whether they are looking at the deal or the entire package, they are looking at what the environment for investment will be in Scotland.

Most of the large meat processors in Scotland have operations not only in Scotland but in the rest of the UK and outside the UK, so they will be looking at where the best place might be to invest for the future. They are willing to invest and they know that the demand is there, but the question is whether Scotland is an attractive environment in which to invest.

I go back to the issues that Patrick Hughes raised. The seed potato industry has been very resilient, and Patrick has been at the forefront of work such as diverting to Egypt as a key market. However, one thing to bear in mind is that that has involved different varieties of potatoes from those that are used in GB or across Europe.

With the agreement, you are effectively asking the industry to swerve back and look at growing varieties of potatoes that the European market will want, and that takes time. People are asking when the agreement will be put in place. At this moment

in time, no one is investing for the European market, because they do not know whether the agreement will be put in place three, six or 18 months from now. The sooner we have a timescale, the sooner we will have certainty and we will see investment on the seed potato side flowing into Scotland once more.

Jennifer Howie (Food Standards Scotland):

As a regulator, the perspective of FSS on investment is obviously a little different. When we left the EU, investment had to be made in the processes and systems that had to be put in place to undertake risk analysis with regard to the issues to which David Thomson alluded, such as contaminant levels in food, and to process market authorisations for animal feed, additives and so on.

As a result, significant expertise has built up in that respect. We anticipate that the proposed deal will have an impact on that, but we need to see the detail in order to know what it means. The implementation of any deal might be quite resource intensive, but, from the regulator's perspective, we had to put in significant investment from the public purse to deal with the consequences of EU exit.

Elsbeth Macdonald: I want to touch on the issue of investment and innovation. Jimmy Buchan spoke about seafood businesses, but I note the experience of some of the processors with whom I have some contact. In recent years, we have seen examples of significant investment in automation and in trying to find innovative ways of processing, but that has been focused more on trying to address labour shortage issues and how to deal with a situation in which products require quite a lot of manual processing—for example, considering how filleting can be automated. There has been considerable investment in some of the factories in the north-east to address that.

In another area, processors have been trying to find innovative solutions for processing small haddock, for example. That process would otherwise require a large workforce—if that workforce is no longer available, what might the technological solutions be? There has certainly been investment in innovation and automation on that front, which is also relevant.

The Convener: If you want to look at any positives that might have come out of Brexit, one might be that some of our businesses are leaner because they have needed to be more conscious of the cost of getting their products to Europe, given the various additional costs that we have heard about. If we have a more frictionless, or friction-free, trading agreement, would that mean that Scottish companies will be more competitive, as they are leaner as a result of having to tighten

their belts because of those additional costs? Will we be putting ourselves in a better position?

Jimmy Buchan: We are one of the most expensive countries in which to produce food, and that is because of the costs—not only the costs of employment but business rates and all the other hidden taxes that come with being in business. We therefore find ourselves very uncompetitive in a global market. You are right that business has become leaner, but we still struggle to become a profitable primary supply-chain industry, especially in seafood.

10:00

Scott Walker: I do not believe that Brexit was a driver for efficiency in the meat trade. Any meat business is always looking to drive efficiency. The best example that I can give is that when any business goes to a retailer and says, “The prices of production have gone up and we need to put through a price increase,” the first thing that the retailer will ask him is, “What are you putting in place to mitigate those increases?” They would expect a plan to have been put in place to reduce as many of those costs as possible. The marketplace drives its own efficiency, rather than it being driven by Brexit.

There is an opportunity to look at the regulatory regime in Scotland and the UK—we have had good discussions with Food Standards Scotland on that. How could that be modernised going forward? For instance, in the meat industry, we are essentially regulating the same way as we did 30, 40 or 50 years ago, but the industry has changed massively. Because of needs during Covid, a lot more flexibility was introduced, but, post-Covid, those sorts of flexibilities have been wound back again. There is the opportunity with artificial intelligence and new technology to look at different ways to not only maintain food safety but improve it. That can potentially be done at a lower cost and in a way that allows the regulator to better meet the commercial needs of business.

Patrick Hughes: We have a unique selling point when it comes to growing agricultural products such as seed potatoes, because we are further north, we are in a cooler climate, we have more daylight and there is less pressure from pests. We have a competitive advantage when it comes to our main competitors in the Netherlands, Germany and France. The caveat to all of that is our distance from the market. We have to ship products, whether that is from Grangemouth to Rotterdam and onward into Europe or whether it is through the short straits. That comes at an additional cost. As Scott Walker mentioned earlier, we will have to build from a zero base once again. Therefore, we will have to make sure that our unique selling points are well communicated,

because we have the added pressure of being further away from the marketplace.

The Convener: Thank you.

Beatrice Wishart (Shetland Islands) (LD): In relation to the SPS agreement, are there any specific products that might benefit more than others?

Jimmy Buchan: The live seafood market would be a clear winner if we could speed up the process of going through the BCPs into wider Europe. Seafood would definitely be a clear winner regarding the speed to market if the checks are taken away. Those are all things that restrict and frustrate the industry and, of course, the customer who is waiting to have the product on their shelves or in their restaurant. Seafood would be one of the clear beneficiaries of any new reset.

David Thomson: As we have already discussed in relation to seed potatoes, there are a couple of things that cannot be exported at the moment, including chilled meats. The biggest winner from the agreement will be fresh primary produce, because of the health checks and the need for the produce to be fresh. The reduction in time and paperwork will be critical, as will allowing chilled meats and sausages into Europe again in a way that has not been allowed under the current rules.

Tim Eagle: I want to follow up on Elena Whitham’s question, and my question is probably more for Jimmy Buchan than anyone else, although I would be interested in whether there is an agricultural product point of view on this, too. To what extent will processors in Scotland benefit from the deal? I note that there has been a 68 per cent reduction in landings into Scotland by foreign vessels. Will there be more products coming to UK processors and then shipped on to Europe because of the deal?

Jimmy Buchan: There is a risk with the deal because, at the end of the day, processors need raw material. It was anticipated from Brexit that there would be some sort of repatriation of more food—Elsbeth Macdonald would be better placed to comment on that—which would be an opportunity for the whole supply chain to grow. It now looks as though that will be thwarted.

If processors need to grow, there are only two ways for that to happen. We either value-add the products, ensuring that the economy grows through adding value to the raw material, or the same processor has to start importing raw material, which makes the market a bit more competitive—and we operate in a global market.

All things come with risks. The natural, obvious point on Brexit and a new deal was that there would have been more raw material, and

everyone, from sea to plate, would have been the beneficiaries of that. The dynamic is now changed. Business is very good at looking for new opportunities and new ways to grow and evolve.

James Park: There is certainly a positive, from the salmon perspective, when it comes to adding value to processing and the supply chain. Having a more cost-effective route into Europe would be a clear benefit, with further processing in Fort William or Rosyth, for instance. That would be really beneficial to the sector.

It is important to be in control of what we are in control of, given the current geopolitical volatility. Since 2019, salmon exports to Europe have increased by 18 per cent in volume; around £500 million-worth of salmon was going to the EU last year. The wider figure for fish and shellfish exports reduced by the best part of 30 per cent. Having a more efficient supply chain could revive some of the wider fishing exports and make that more competitive.

The Convener: I know that Patrick Hughes wants to come in, but, before we move on, I have a question for Jimmy Buchan. If we have freer access for processed Scottish product, could that result in an increase in the number of EU boats landing fish directly into Scotland rather than bypassing Scotland because of potential barriers to getting produce to the market on time?

Jimmy Buchan: That is a difficult question. It depends on the companies that are fishing the catch. Sometimes catches are landed into Scottish ports, but they bypass everything and go direct to the processor in Spain, France or elsewhere in Europe. Other vessels will tranship and go directly back into the EU to land the fish.

We get some EU vessels landing fish into Scottish ports, and the fish finds its way into the supply chain. By and large, however, our processors depend on raw material being landed around the coastline and supplying our communities with raw material to sell onwards.

Elsbeth Macdonald: I agree with Jimmy Buchan. It is very hard to say what might happen in the future. Those are business decisions for EU fishing vessels, which will have plenty of opportunity to catch fish in our waters—fish that our fleet, unfortunately, will not now be able to catch and provide to our domestic processors. That potential uplift in raw material, to which Jimmy alluded, would have been raw material that was available for Scottish processors. We do not know, and have no control over, what the EU fleet will do with the fish that they catch in the UK exclusive economic zone.

The Convener: We will come on to that shortly.

Patrick Hughes: I go back to a point raised by Tim Eagle and follow on from what Scott Walker said about variety development. We have a high-health planted area in Scotland, and we protect that. Therefore, anything that is grown from a seed potato has to originate in Scotland, whether through nuclear stock or grown using mini-tuber facilities before being planted into the ground. There is potentially an opportunity to bring in material for nuclear stock purposes and then grow new varieties that way. We have been restricted in our access to new varieties because of Brexit. Therefore, having new varieties and growing them in Scotland, from nuclear stock onwards, could be advantageous.

Adam Wing: James Park made a point about the decline in fish and shellfish exports to Europe since Brexit. He mentioned that the new deal presents an opportunity for those sectors. Many businesses went out of business as a result of costs—I mentioned the smaller companies that rely on Europe as a market. In addition, many businesses looked further afield to markets such as Asia and the middle east and North America. Given the customer bases that they have established and with the raw material that is coming in at a standstill, I do not hold out a lot of hope that they will return to Europe.

The deal presents an opportunity, but companies will have to make choices about whether to stick with the customers that they have found or return to Europe because, as Elspeth Macdonald and Jimmy Buchan pointed out, the raw material is at a standstill.

Jonnie Hall: I will make what might appear to be general point.

The discussion is entirely valid. We are looking at the agreement through the lens of the implications for the Scottish agrifood sector and fisheries sector and what it might mean for the UK, so as to see how we can get back to the pre-Brexit situation as best we can, because there are opportunities that we want to identify and bring to fruition. We have identified that there are risks, uncertainties and costs as well as other issues.

However, I am also mindful of the fact that the EU has moved. It is not just the UK Government or us who are pushing the agenda for closer integration. Last week, I was fortunate enough to meet the EU ambassador to the United Kingdom. He was in Scotland and I met him on a farm. We had a constructive conversation, a lot of which was about what we are discussing. With the big geopolitical events that are happening, there is clearly an appetite from the EU to make the deal work better and for closer integration.

Several times, the EU ambassador mentioned food security issues. We did not hear that from EU

ambassadors in recent years but it is now part of the political agenda and debate. There is now a will on lots of sides to make something happen and we need to capitalise on that. That is the point that I am trying to make. Yes, there will be a negotiation, but both sides want to get to a better place and we need collectively to ensure that Scotland's interests and the interests of individual sectors are taken into account and the unintended consequences of some things are thought through properly.

To go back to opening statements, I see the agreement as positive. We have to make the most of it but go in with our eyes open. The EU wants something out of it as well. It wants our product and closer integration.

The Convener: We move on to questions from Emma Harper.

Emma Harper: Scott Walker has already touched a wee bit on maintaining regulatory regimes, inspections, borders and working with Food Standards Scotland. That is part of what we need to do. What financial, regulatory or workforce support do the witnesses' businesses need to navigate changes resulting from the SPS agreement?

Scott Walker: I will go slightly wider than just the agreement, because I could draw on a good example.

All businesses need to deal with the regulations that come out of Europe. In essence, we would like to have a partnership with the UK Government and Scottish Government on how we deal with them, because the Governments negotiate with Europe and, ultimately, businesses have to implement the rules.

10:15

We have a set of rules coming out from Europe—the EU Deforestation Regulation—under which every country has to have a competent authority. We have been thwarted, rejected and ignored time after time when it comes to discussions with the UK Government. We need the UK Government to appoint a competent authority to ensure that the rules and regulations that we have here, in the UK, meet the requirements that Europe needs. Time and time again, the UK Government has thrown it back and said that it is up to business to come up with the rules. We have said to it, "We can come up with the rules, but you have to get them signed off by Europe." I use that as a live example, but there will be further examples in the regulatory regimes going forward. Business has knowledge and expertise, but we really need to work hand in hand with the Government.

Another example is Food Standards Scotland. I do not want to seem too supportive of it, but I will sing its praises just now. We have talked about the export health certificates that have to accompany every shipload that goes across to Europe. They are signed by private vets or, as is often the case in Scotland, vets who are employed by Food Standards Scotland. That piece of work will disappear when the new rules come into place. A lot of the private vets who are employed to do it are saying that they will not be needed and will look for employment elsewhere.

The big concern for the meat industry is that, if a lot of those people leave the industry before the rules come into place, we will not have enough people to physically sign the export health certificates. Therefore, what could be good news down the line could actually be a big stumbling block in the interim. That is why business, regulators and industry need to work together, because it is not in the country's interest if we cannot export. If we cannot export, we will not be able to employ; if we are not able to employ, we will not be paying tax and so on. Food Standards Scotland has indicated that it might have the capacity to fill any existing gaps. However, that issue is another example of the regulatory burden, which will change in due course.

To pick up Patrick Hughes's point about financial help, we are starting from zero when it comes to getting some sectors, such as seed potatoes, back into Europe. That is where collaboration could help. How do we promote our products across Europe? How do we bring European partners across to Scotland? They are interested in the certification process that shows the high health status of the seed potatoes that we have in Scotland. The Government should work with industry and Science and Advice for Scottish Agriculture, the regulatory body, to promote high health status and the regimes and practices that we have in place so that importers can fully understand them. That will be important going forward.

The Convener: Okay. Thanks.

That will be the last question on SPS before we move on to fishery quotas negotiations. If anybody would like to say any more, I will ensure that we get it on record.

Jennifer Howie: I just want to inform the committee that what has been set out in the common understanding document is under consideration by our board and senior management team today in Aberdeen. It is a coincidence that the two dates collided.

We have the rules as they are now. The requirements and certifications apply now. Part of the thinking will need to be around how we ensure

that we can deliver our statutory obligations but also how we plan for what the deal might bring in the future. Scotland will be well aware of the workforce challenges, because so many of our official veterinarians are EU nationals. If that resource pool is pulled away, it will be a stress on the system.

David Thomson: We expect there to be a significant burden on the civil service at UK and Scottish level with the implementation of any regulations, particularly if there is a quick timeline, which we all would want. I presume that there would also be a burden on the committee members and Parliament.

My aim in intervening in this part of the debate is to say that, as I said about dynamic alignment, we expect there to be lots of winners but there is the likelihood that some people will not do so well out of the deal. It is incumbent on Governments and Parliaments to keep an eye on that as the deal develops, as we get the detail and as we understand better which industries will be more directly impacted. That will be a continual process as potential new European regulation comes in.

Jimmy Buchan: I support what Jennifer Howie and David Thomson have said about how critical the deal is to the seafood supply chain. If there is any restriction on our side with vets or being able to move live crustacean and time-sensitive product, it will come at a cost to business in the short term and the long term. If we cannot supply our customers, we lose our customers. The easiest thing for customers to do is find an alternative solution if you do not supply them. There is huge pressure on politicians and officials to ensure that there is continuity in any further negotiations. It is important. People need to be protected, including those who are doing a critical job at the point of departure.

Stephen Kenyon: Before we finish this section, I want to touch on a few sectors that have not been mentioned. The fish feed sector has a large export business that is currently encumbered by export health certificates, so that would be freed up quite a lot. We estimate that that sector is worth more than £100 million a year.

There is also the seed sector in Scotland. Exporting seed has been a lot more challenging than once it was. Getting the certificates used to take four days, but it now takes up to eight weeks. A lot of the trade in animal feed, particularly into Ireland, has stopped because logistics and export health certificates are just too hard. We anticipate some of that becoming easier and less costly, and I hope that we will get back some of the lost trade.

Patrick Hughes: To go back to a point that I raised earlier, a requirement for additional phytosanitary certification will probably be

inevitable. The pressure will therefore be on plant health inspectors to issue certificates on a timely basis. We need to make sure that we have an adequate resource in certain areas in Scotland—certainly in the seed potato growing areas—to meet that demand and get product out of the door as quickly as possible.

Finally, I echo Scott Walker's point about how businesses that are going from a standing start will need market development support—it is crucial to ensure that we provide that in a collaborative manner.

James Park: I do not want to repeat what has just been said about a smooth transition, but I support that. On leaving the European Union, a huge amount of investment was made to set up the new regimes. There will be a certain amount of disruption when those regimes change. The overarching point is that it will create efficiencies, so support from the committee, the UK Government, the Scottish Government and officials to work at pace to iron out the devil in the detail would be very welcome indeed.

The Convener: If there are no other questions or comments on SPS, I intend to suspend for five minutes for a comfort break. When we resume we will move on to quota share and access agreements.

10:24

Meeting suspended.

10:33

On resuming—

The Convener: We will move on to questions that focus on quota shares and access agreements. What are your reactions to and main concerns about the extension to 2038 of the terms of the trade and co-operation agreement on access and quota shares? Some spokespeople have suggested that that was a complete capitulation. Perhaps Elspeth Macdonald can kick off.

Elspeth Macdonald: Indeed, convener—you have clearly read our public commentary on the deal on fisheries that was announced on the day of the summit, which was 19 May. It is pertinent and relevant that we have spent the past hour or so talking about the SPS agreement, given that the EU insisted on a deal on access to waters being nailed down and finalised before it would get to the common-understanding position of even having an agreement to have a discussion about an agreement on SPS. That tells its own story. Jonnie Hall said a few minutes ago that both sides want to get to a better place and the world has changed a bit, but the EU required the UK to

essentially pay for that agreement by giving up control of access to our waters for an absolutely staggering period.

In the earlier discussion, we touched on the fact that, had the original default provisions under the fisheries heading in the trade and co-operation agreement been allowed to come into play come 2026—we are currently in the adjustment period on access to waters and share of quota—we would have had more control over the EU's access to the UK EEZ. We could have had the ability to leverage a fairer share of the fishing opportunities in our own waters, and that would have provided more raw material for our own domestic processing fleet, which Jimmy Buchan talked about. However, that has now gone, at the stroke of a pen, and it is off the table.

Those who work in fisheries are not in the position of farmers, who can choose whether to rear more livestock; we are very heavily regulated by total allowable catches and quotas. The agreement on access in relation to fisheries was, therefore, devastatingly bad for our sector, and far worse than we had anticipated.

We had argued strongly to the UK Government that moving to the default position of annual negotiations, which is the international norm—albeit that what the TCA set out would still have meant that we had one hand tied behind our back, so it would not have been a coastal states relationship in the normal sense—would have given us leverage and the opportunity to have more catch in our own waters for our own fleet. That has gone, and that will not now be the case until 2038.

The Convener: What are the practical knock-on effects of that? I come to you again, Elspeth, then I will bring in Jimmy Buchan. Given that the agreement will stand until 2038, what is the situation going to look like in our coastal communities and our processing sector?

Elspeth Macdonald: That gives us little opportunity to improve things. We will not be able to increase the UK's share of the catch, other than perhaps through arrangements that we might have with coastal states such as Norway or the Faroe Islands. We are now locked into a very dysfunctional relationship with the EU for another 12 years—that will limit our fleet's ability to use its latent catching capacity, which will, in turn, limit the amount of raw material that goes into processors.

It is important to look at the arrangements not just in isolation but as part of the wider policy landscape on fisheries, where we see a great deal of other pressures on the fleet, including spatial exclusion from large areas of the sea for reasons of conservation or for the expansion of offshore

wind energy. Layering all those different policies and outcomes together makes it hard for our sector to see significant opportunities for growth in the short to medium term.

The Convener: What impact will the agreement have on individual negotiations with states outwith Europe, such as Norway and Iceland? Will it have an unintended impact on how those negotiations might take place?

Elspeth Macdonald: One of the clear benefits that came from the original TCA, and which has been retained, is that the UK now has its own seat at the international negotiating table. When we were in the EU, the EU negotiated on the UK's behalf, as it did for all other member states, and the UK was not at the international table. We are now at the table, and that allows us to have a very different and more normalised relationship with the Faroe Islands, Norway and other coastal states, as we call them. It is possibly difficult to say exactly what impact the 12-year agreement will have on those relationships as we move forward, but, as we try to maximise the opportunities that we have, it remains critically important that we have our own seat at the table, which must be retained.

The Convener: From your perspective, Jimmy, with reference to security and confidence on the processing side, is the agreement going to have an impact on your sector?

Jimmy Buchan: Without a doubt it will. One of the fears that we must configure in concerns whether the fishing community will continue to invest. Is someone who is in their 40s or 50s encouraged to invest in a future that will be put on hold for 12 years? The opportunity from more raw material coming to our shores from our own fleet will be restricted, and that is significant.

That said, we now have to consider how we add value to the product that is coming onshore, as I keep saying. We have to focus on that. As much as we might like to undo the deal, we have to focus on how we maximise the added value so that our communities thrive, the money feeds back into the fishing community and we can keep fishers at sea until such time as we might have a reset in the future.

The Convener: My next question is about the fishing industry's expectations for future negotiations and engagement with the UK Government. Elspeth, given how important the fishing sector is to Scotland, as part of the UK as a whole, what engagement have you had with Steve Reed from the UK Government? I understand that you have written to the Prime Minister on three occasions—twice before the deal and once after. What response have you had? What are your expectations for how things will move forward?

Elspeth Macdonald: It is interesting. We have had very little direct engagement with Steve Reed, although we have had lots of engagement with DEFRA. There are some very good officials in DEFRA on the fisheries side. I cannot fault them—they are really knowledgeable and skilled, and they are good people.

We have had a lot of contact with Daniel Zeichner, the Minister for Food Security and Rural Affairs, but we have not had a great deal of access to the Secretary of State for Environment, Food and Rural Affairs, other than when he has wanted to have a quick call about something. We have encouraged him to come to the north-east—or, indeed, any part of Scotland—to see what the Scottish fishing industry looks like. He has not yet been able to take up that invitation. That is not just a criticism in relation to Scotland. My colleagues south of the border feel the same, in that there is a lack of attention from the DEFRA secretary of state to fisheries matters.

I have, indeed, written to the Prime Minister three times, and I await a response to any of my letters.

The Convener: What role does the industry have in lobbying or working with the Scottish Government so that the Scottish Government makes the industry's position clear on future trade agreements?

Elspeth Macdonald: It was evident from the Scottish Government's reaction to the summit that it felt that it had not been sufficiently engaged. When the UK Government was elected about a year ago, the UK and Scottish Governments spoke about there being a reset of relationships between the Governments. It was all going to be better—they were going to work better together. We still hear that, but I do not know that we necessarily see or feel that.

Jimmy Buchan: It is difficult—engagement with the UK Government is challenging. We have direct lines with DEFRA, as Elspeth Macdonald said. We are somehow different, however, because, although we are very much tied to fisheries, our matters are really business matters. We can never really get a home where we can park our problems. That said, the Scottish Government has been very open and welcoming over the past few months, and we will use the opportunity to lobby in that way.

10:45

Adam Wing: To echo what has been said, I would say that engagement is strong at an official level. We work with some very decent people who are very capable in the work that they do.

We also have relatively good engagement with the Scotland Office and with the fisheries minister at DEFRA. However, it feels as if, at a ministerial level, people's hands are tied by the centre and they do not have the ability to make decisions within their portfolio and remit. It feels as if they are very much governed by the centre and they do not have much of a say in what goes on in their brief.

The Convener: Elspeth Macdonald, I know that you want to come back in. Maybe you could comment on where the engagement has failed and where the breakdown in communication has been. Ultimately, fishing is hugely important to Scotland, but it would appear that little recognition has been given to it as part of the trade deal. That would suggest that there has been a breakdown in communication. Where has it gone wrong?

Elspeth Macdonald: There has not been a breakdown in communication as such. The point that I wanted to add is that we have been engaging not only with ministers and officials in DEFRA but also with the Cabinet Office. We have had a number of meetings and opportunities to talk with Nick Thomas-Symonds, who has been leading on the overall brief in the Cabinet Office. As Adam Wing alluded, we have also kept the Secretary of State for Scotland completely in the loop.

There was certainly no reason why any of the key departments in the UK Government would have felt that they did not know what our position is—we made that very clear. Indeed, some of the feedback that I got from Steve Reed was that our position had been consistent and clear and that it had been heard. However, it is one thing to be heard and it is another thing for action to be taken in relation to what has been said.

There was no failure of communication. I think it was simply that the EU will always play hardball on access to UK waters for its fishing fleet because it is so highly dependent on it. It was evident from the "Common Understanding" statement that that had to be locked down before the EU would even get to the point of having an agreement to discuss other agreements.

It is an interesting document—it is peppered with language on things being of "mutual benefit" and on things being in "balance". However, the arrangement in fisheries is anything but of mutual benefit or in balance. Essentially, the EU fleet will take—probably even just at today's prices without any value added—about £6 billion-worth of fish from the UK EEZ over the next 12 years, while the Scottish fleet fishes very little in EU waters. That is not a balanced or equitable agreement.

The Convener: It sounds as though the UK Labour Government thought that that was a price

worth paying for additional concessions in the UK-EU deal.

Elsbeth Macdonald: That is certainly a conclusion that one could draw, convener.

The Convener: Okay. Thank you.

Tim Eagle: I want to raise an issue with you, Elspeth Macdonald—it is one that has been slightly covered. In an ideal world—which we do not live in, but if we had one—when we balance the need for a trading relationship around the world and particularly with Europe, what would that arrangement look like? You mentioned annual negotiations, but what might the quota have looked like?

Elsbeth Macdonald: Before the TCA was originally agreed, in 2020, we always said that there were three things that, in an ideal world, would be in a fisheries agreement. First, there would be full control over access to our waters, because that is what every independent coastal state has—apart from the UK.

Secondly, there would be a move towards a system in which the arrangement of fishing opportunities and quota shares is based on zonal attachment, which is essentially a scientific way of assessing where fish spend most of their time. Fish are not like cattle and sheep in fields; they move around. There are quite complex ways in which we can assess what a country's share of a particular fish stock might be—Professor Paul Fernandes in Scotland is particularly knowledgeable on that matter.

Thirdly, we would have regulatory autonomy, which is critically important. That would mean setting our own rules in our own waters—again, that is what every coastal state would expect to be able to do.

The Government has failed on the control of access to waters in relation to the EU; we can still control access to waters for other fleets, with the Norway and Faroe fleets being a case in point. We are not now in the position of having any sharing arrangement on fishing opportunities that is based on the principle of zonal attachment. We have regulatory autonomy, but—as I said in an earlier session—I am concerned about the discussions on dynamic alignment. That presents some risks if it is not carefully controlled and managed to ensure that it does not go too far upstream into primary production and does not start to suck the UK back into the confines of the common fisheries policy.

We absolutely recognise the importance of an SPS agreement to many businesses and to many sectors that are represented here today, and it will also be of significant value to many seafood businesses. I do not want anybody to be under

any illusion that we do not see the value of that. However, our beef with the agreement—if I can use that pun—is the fact that the price to be paid for it appears to have been giving away access to our waters for 12 years.

Evelyn Tweed (Stirling) (SNP): Are we fully utilising our quotas, and are there fleet sectors that could be developed to increase quota uptake?

Elsbeth Macdonald: That is an interesting question. When the TCA was agreed, back in 2020, under Boris Johnson, there was a transfer of quota to the UK. It was a strange mixture of things. There was a transfer of fish that we could catch but there was also quite a significant transfer of paper fish—that is, fish that our fleet and, I think, other parts of the UK fleet could not catch, as we do not have the right fleet structure to do so. We had that transfer of fish on paper, but those are stocks that are perhaps not of commercial value to the UK and that our fleet is not equipped to catch.

We have to catch what there is a market for—what the processors and the market want, whether that is the export market or the domestic market. Some stocks are commercially valuable, but some of the fish that were transferred back in 2020 will not have been caught, because there is no market for them or the fleet is not structured to catch them.

Jimmy Buchan: I will tell you about something that is happening in real time. We have an invasion of octopuses in the south-west approaches to the United Kingdom and they are eating all the crustaceans. Apparently, that happened once before, back in 1958, before I was born. We do not know whether this latest invasion will be a one-off or whether something new is happening, environmentally. The octopus invasion is now in the western English Channel, but it could transfer through the channel into the North Sea.

We have no control over such environmental risks. The crustacean fishermen—that is, creel fishermen—are having a really difficult time, because the octopuses are eating all the lobsters, crabs and scallops, while the trawl fishermen are having an absolute bonanza, because octopus is a very high-value species.

There are things that happen environmentally that are totally out of our control, and who is to say what tomorrow will bring? I thought that that would be worth mentioning, as it is happening in real time, right now.

Elsbeth Macdonald: To go back to Evelyn Tweed's question, another relevant point is that, although there will be fisheries that could be developed, there are sometimes regulatory barriers that mean that such development cannot happen as quickly as we would like it to.

Despite the impression that members might have from reading what is in some of the press, our fishing industry in the UK and in Scotland is highly regulated and controlled. Someone cannot just start a new fishery because they see an opportunity—regulatory arrangements are required to be met in order to do that. One thing that we need to think about, and which is relevant to the Parliament, is ensuring that the Scottish Government's fisheries policy landscape allows for exploration and sensible development of opportunities for new fisheries, so that they do not get bogged down in bureaucracy and regulation that is disabling rather than enabling.

Evelyn Tweed: Flexibility is the key, then.

Elsbeth Macdonald: Yes, and we will increasingly have to be flexible. We know that our planet and our climate are changing; Jimmy Buchan has just spoken about the octopuses that are coming into the south-west approaches. We see changes in the distribution of fish in our waters, yet we have a pretty rigid regulatory system for the stocks that we have had for the past 30, 40 or 50 years.

We need to ensure that we have a flexible fisheries management system that enables us to deal with the environmental changes that we see. For example, we increasingly see bluefin tuna off the west coast of Scotland—is that an opportunity that could be exploited through the development of a fishery? We need adaptive management to ensure that we are able to exploit those opportunities for the future.

The Convener: I want to be clear on this point. We have discussed the removal from the TCA of annual negotiations. Jimmy Buchan has suggested that we have environmental challenges as a result of climate change or whatever. Does the removal of annual negotiations put the industry at risk? Is the ability to be flexible and to address issues such as the one that Jimmy described being taken away under the new deal? We now have a multiyear deal. Will that come at a cost to the industry?

Elsbeth Macdonald: We will still sit down annually with the EU to talk about the total allowable catch and what we should be catching this year of stocks X, Y or Z. In some forums, we will do that with other partners, too. We will do it with Norway, and sometimes other countries such as Iceland and Greenland might be involved; it depends on the stock. However, those discussions in so far as they relate to the EU are now very much constrained to quite technical issues, and, as I said, they certainly do not enable the UK to leverage more.

It is fair to say that there are processes, whether they are EU-UK processes or just within the UK,

by which we can start to find other opportunities and build flexibility for the future, as well as looking at how we adapt to the changing climate. We currently have a structure called the specialised committee on fisheries, which was set up under the TCA. That is a forum to which many of the technical fisheries matters that are discussed between the UK and the EU are remitted in order that the committee can go away and find solutions. However, that process is very slow moving, and industry is completely shut out of it. We are not involved in those discussions—we hear about what is on the agenda and we get a very anodyne read-out of the meetings afterwards, but there is no proper, genuine stakeholder involvement in that process. That is a real constraint.

Jimmy Buchan: I can use my own career as an example of what we are saying about the need for flexibility. When I started fishing as a young lad, in 1976, there were great opportunities for catching a big range of white-fish species, including cod, haddock and whiting. Coming up to the millennium, when I was a skipper, I had to make a significant career change, and that was to stop fishing those species because there was growing pressure on them.

I had the flexibility within a Scottish fishery to change my method of fishing and concentrate on catching nephrops and langoustine. Because the flexibility was there, the industry was able to transfer across a fishery to enable the fishing—and the communities—to continue, and to protect the stocks that were under pressure. If the flexibility is there, it means that, as the environment changes, the fishermen and the communities will change with it. If we have a rigid system, that is when we would be facing catastrophic failure. That is putting it simply.

Evelyn Tweed: Jimmy, you mentioned an issue with octopuses coming into an area. How long has it taken for that to happen?

Jimmy Buchan: It has just happened this season, and it has happened very quickly. The octopuses are coming up from warmer waters, so does that mean that the south-west approaches are getting warmer? Alternatively, are the octopuses hungry and chasing food? Ultimately, it is the food chain that supplies the stocks: if there is no food, stocks will move elsewhere. It is either down to the water temperature or the food chain, or a combination of both. Is it a one-off? We do not know. Someone told me yesterday that it last happened in 1958, which is a considerable time ago. I think that we need time to see what is happening.

The Convener: Stephen Kenyon, did you want to come in?

Stephen Kenyon: I was going to say something very similar. The octopus issue was mentioned on the “Farming Today” programme. It has happened very quickly, and no one knows what has caused the situation. The octopuses have arrived in their droves and decimated the livelihoods of the crab and lobster fishermen, because they can get into the pots and eat the crabs.

11:00

Beatrice Wishart: To look at the agreement from another angle, what potential benefits might it bring? I am thinking of whether it improves exports to the EU and whether more EU vessels will land catches in Scottish ports and fish processors, which we heard about earlier. Do you have any thoughts on that?

Elsbeth Macdonald: As I said a moment ago, having an SPS agreement, depending on what it looks like—the devil will be in the detail—is potentially of benefit to both parties, but the price to be paid for that should not be giving up access to our waters for a period of 12 years.

As we said in the earlier session, I do not think that either Jimmy Buchan or I—or, indeed, Adam Wing—would have much sense of whether the EU fleet will change how it operates. Perhaps it will continue to land its fish in the EU, or it will land the catch in Scotland but the fish will be trucked straight to the EU and will not be processed here. I do not think that we have a sense of how, or if, that might change.

Jimmy Buchan: It is about the loss of the economic benefit to Scotland if those vessels continue to fish for 12 years. If that economic benefit does not come back to our Scottish shores, that is a lost opportunity.

I would like to see something that would encourage that raw material to come back, because we need it if we want to grow our sector. We need people to seek careers in seafood and processing, which are skilled jobs. We cannot have an industry that does not have a future—well, I am not saying that it does not have a future, but it has restrictions on it for 12 years. That does not encourage youths to seek jobs or careers and opportunities in the sector.

I would like to see encouragement for the raw material to come through our ports, even if it is just the landings—it would be even better if the fish was being processed in Scotland—but it is sad if that comes at the cost of our own fleet.

The Convener: In the earlier session, you said that it would be unlikely, if there was an increase in EU landings, that they would be processed in Scotland because the cost of doing business here means that there is not a level playing field.

Therefore, even though there might be some benefits from the change in the quota, it is not likely that processors in Scotland will immediately benefit from that.

Jimmy Buchan: A classic example is access to labour. EU countries will have access to a bigger labour pool and they will, therefore, be much more competitive in primary processing. Under the system that we have now adopted, if we need people to migrate here with the skills to do the job, it is hugely costly. We understand that the Government’s policy on that is to try to make things equal and fair for everyone, but, unfortunately, it makes us uncompetitive in a European and global market, and that is where our market is.

Elsbeth Macdonald: I have just one further point to make on that. Having the EU fleet continue to fish in our waters for another 12 years—who knows what might happen beyond that point—adds to the spatial pressure on our seas. As we routinely and consistently say to both the Scottish and UK Governments, in thinking about the spatial pressures on fishing, it is not just about the UK fleet or the Scottish fleet but about all the fleets that fish in our waters. We know that the EU fleet will be as exercised about many of the policies that are coming through now in UK and Scottish waters that will have a spatial constraint. That will increase pressure—conflict, potentially—between fleets as they are squeezed into smaller and perhaps less productive areas.

The Convener: Much of the work on adapting to or mitigating that spatial squeeze will be down to the Scottish Government. Are you comfortable that the Scottish Government is aware of the potential impact over 12 years with regard to offshore cabling and whatever? Are you actively lobbying the Scottish Government about that?

Elsbeth Macdonald: Yes, we are actively lobbying the Scottish Government about that, and the Scottish Government is considering the issue through the work that it is doing—for example, on the “Sectoral Marine Plan for Offshore Wind Energy”, which is currently out to consultation.

However, we keep making the point to Government that we cannot look at such issues through the lens of one policy—we have to layer everything together, whether it is conservation, subsea cables, offshore wind, oil and gas or aquaculture. We have to look all those things combined. I think that there is now an intention on the Government’s part to look at the cumulative spatial pressure, although industry already did some work on that, two or three years ago, which set out starkly what it might look like in the future.

Mark Ruskell: We have talked about the need for flexibility in responding to opportunities and the

need to look at processing. What are your thoughts on the UK Government's announcement of the £360 million fishing and coastal growth fund? Where should that fund be prioritised, and what will the outcome be?

Do you think that we could see an increase in the Scottish fleet or increased investment in processing? What discussions have you had about that already, and what do you anticipate or hope will come out of the fund?

Elspeth Macdonald: Thank you—that question is really relevant. On the day of the summit, when the common understanding and the arrangement that had been reached on fisheries was announced, the UK Government found money—rather like pulling a rabbit out of a hat—in order to say, “Here’s a £360 million fund for fishing and coastal growth.”

However, that £360 million will not appear in the current session of the UK Parliament; it will be £30 million a year over each of the 12 years. I asked Steve Reed whether he thought that future Governments would uphold the commitment that his Government had made in that regard should the Labour Government not be in office beyond the next general election. We have concerns that the £360 million may not materialise, depending on what decisions any future Government might make.

The key thing for us is for fishing to be the main target of that fund. We had a discussion yesterday with Daniel Zeichner, the Minister of State for the Department for Environment, Food and Rural Affairs, and with other fishing bodies across the UK. We were clear that the fund, whatever it looks like in the long term, has been made available in the context of the fishing deal with the EU, which is very much to the UK's disadvantage, so we want the scheme to be targeted at fishing and not at things that may be unrelated—there was mention of things like tourism, for example.

It is very important that the fisheries sector is the key beneficiary of that fund, and a lot of the things that we have talked about today will be in our thinking. The UK Government wants to have more detailed discussions with the industry about what the priorities would be. There will, I am sure, be different priorities in different parts of the country and in different parts of the fleet. Nevertheless, we want to engage with Government on how we make best use of the fund to help and support our industry.

Jimmy Buchan: To support what Elspeth Macdonald said, £360 million is a large sum of money, but it will filter down over 12 years. As I keep saying, the sector that I represent will be stuck with the quota for the next 12 years, so we should be focused on how we add value. We are

now the only sector that can add value to that limited resource.

Is the investment going in to ensure that the value from our fisheries, through the processing, is fed back to the fishermen so that they can remain in place while the transition goes through? We need to grow our economic activity in communities through investment in making ourselves more efficient. We all want cheap food—everyone wants it—but that will be driven through efficiency and reducing costs in labour-intensive roles, and therefore through innovation. Some of that money needs to go into making sure that our communities can thrive and not just survive.

Mark Ruskell: On the point about cost reduction, are you disappointed that there was not, in the agreement, something on free movement of labour? Presumably—as you have already indicated, I think—free movement of labour benefits you in terms of jobs in processing and other jobs?

Jimmy Buchan: Free movement of labour would have been an added bonus to the agreement, for sure. The one thing with which we all struggle—I am speaking not just about seafood businesses, but those across primary food production—is getting people to work in the industry.

I was at a committee meeting a few weeks ago at which I heard—I did not realise this—that the Scottish population is decreasing rapidly and we are, therefore, more and more dependent on migrants coming to live in our country to help us to grow the economy and fill the void by doing the jobs that our own people no longer see as desirable. I think that that is a lost opportunity.

Mark Ruskell: Elspeth, does your organisation have a view on that?

The Convener: Adam Wing wanted to come in.

Mark Ruskell: Oh—sorry. Go ahead, Adam.

Adam Wing: I just wanted to bolster the points that have already been made. The fund consists of £360 million over 12 years, which means £30 million per year. Given that £30 million 12 years ago would be worth £43.8 million today, the funding will go down every year in real terms, which is a significant worry.

Although there have been no details on the fund, DEFRA officials are actively engaging on it. It is encouraging that they are keen to make the fund work for the industry, and they are quite keen to learn from the previous fund that they managed with regard to the mistakes that were made—or perhaps not necessarily mistakes; they are keen to ensure that the money goes to the right places.

Elsbeth Macdonald: With regard to labour, parts of our fishing industry certainly struggle to get sufficient labour. It is quite a mixed bag across the country and the different fleet sectors.

We should bear in mind the pressures on Government policies around wider immigration, which are clearly pertinent to what is or is not in the common understanding. There is a concern about some of the UK Government's proposals in its white paper on immigration, and some of the language in that document is of concern.

I think that many of us around the table today who are involved in food production, whether it is primary production or processing, are in a similar position in that the workforce is an on-going concern. We struggle with the conflicting messages coming from a Government that says, "We're all about growing the economy" but does not give businesses the tools that are needed to do that.

The Convener: On that, the committee has previously, as part of our budget scrutiny, looked at the role of the marine directorate, and a concern was raised that the marine directorate did not appear to be focusing on exactly what you are talking about: growth, innovation and exploiting other fish stocks sustainably. For example, we have seen an increase in sea bass, and we know that the industry has benefited from an increasing quota for monkfish. There is a call for an octopus fishery in Shetland, and in my region there are on-going calls for work to be done to open up the cockle fisheries, which have, independently, been assessed as being worth between £3 million and £6 million to the local economy in Dumfries and Galloway.

There has been a delay with regard to fishing management plans, and I know that SFF is keen that the process is done right. However, given your call for that £360 million to be spent on fishing, do you think that the marine directorate is heading in the right direction? Does it have the right priorities to ensure that we can diversify our fishing industry and take advantage of other fish stocks?

Elsbeth Macdonald: The marine directorate probably has too many priorities, and it is quite hard for it to prioritise those priorities. That touches on some of the things that Jennifer Howie spoke about in the earlier session, such as the additional responsibilities that have come to Government from leaving the EU. We have very different functions and we cannot get away from those functions—they become responsibilities. There is also an ambitious programme of domestic policy—the Government would like to have a blue economy vision and action plan, for example.

11:15

We sometimes feel, therefore, that we are spinning plates, given the number of visions, strategies, consultations and action plans that we are dealing with. Those are all related, but it is sometimes hard to see how they all fit together. As is the case in many areas of Government, resources are under pressure, and the Government will not be able to do everything.

The Scottish Government certainly set out in the programme for government a number of things that it sees as marine directorate priorities, but that does not mean that the other things that are also priorities have gone away. The Government needs to map its priorities against its resources and be clear about what it is actually going to take forward, which it should do through consultation and engagement with industry.

Jimmy Buchan: To add to that, there are great opportunities in the coastal regions, and we need to ensure that, where the opportunities arise, the Government has the correct policies in place across its agenda to ensure that there is the right amount of affordable housing in those areas. Sometimes, it is not just that we cannot get people; it is that the attraction of tourism is driving prices up and bringing in white settlers, to use an expression—people are coming in with huge sums of money, buying up properties and using them as holiday homes. That is great for the tourism economy, but it comes at a cost to the local fishing communities, who can no longer attract people to come and seek employment opportunities and settle in an area, because of the lack of housing. It is important to join up other policies to benefit the marine side of the sector.

We have the richest fishing grounds in the world around our great coastline—across the islands, the west coast and the east coast. We should focus on ensuring that the whole supply chain, from sea to plate, is well advanced.

The Convener: That completes all the questions. I thank everybody for their contributions, which have been hugely helpful.

11:17

Meeting continued in private until 12:22.

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