

Scottish Affairs Select Committee - Scotland and Brexit: Trade and Foreign Investment Enquiry – FDF Scotland written submission

This submission is made by Food and Drink Federation (FDF) Scotland, the voice of the food and drink manufacturing in Scotland. FDF Scotland represents food and drink manufacturers from major global brands through to small and medium-sized enterprises in Scotland. We are part of the UK Food and Drink Federation (FDF) and members of the Scotland Food & Drink partnership.

The food and drink manufacturing industry is the largest manufacturing sector in Europe, the UK and Scotland. In Scotland, we account for 30% of the total manufacturing sector by turnover and employ 45,000 people.

What are Scotland's priorities for future trade relations with the EU? How could these be best met in a future UK-EU trade deal?

The most important thing is to get a good deal for the agri-food supply chain. Our sector is asking for frictionless borders, zero tariffs and the ability to use or adapt existing EU free trade agreements with other countries.

Food and drink - in particular agricultural produce – may command high tariffs, which would cause real difficulties with exported products like meat and dairy. This would make these products uncompetitive in export markets in Europe.

It is vital that future UK-EU trade deals ensure a smooth and frictionless approach to customs which minimises any tests and paperwork for business.

We do not believe in a 'bonfire of red tape' in relation to food safety and standards. The UK food industry must continue to uphold its reputation as one of the safest and most authentic supply chains in the world. This will require close alignment with EU food and feed law.

It is important that companies who are already exporting can continue to do so. The ability to adapt existing EU third country trade deals - for example to South Korea - will be important for many businesses who already take advantage of these deals either as part of a EU deal or directly with the third countries.

What opportunities will there be, following the UK's withdrawal from the EU, for increasing Scottish exports to non-EU nations? How can these opportunities be maximised?

There is likely to be opportunity here. Currently around 70% of Scotland's food exports (not including whisky) go to the EU. This is more diverse than the UK figure as a whole.

As a trade body, we want to grow exports as part of our plan to grow the industry to £30 billion by 2030. Creating a more diverse export profile beyond whisky and salmon has to be part of that growth.

We also need to be able to fulfil that growth. There is no point creating new deals to export if we do not have the capability to fulfil them. That means we will always have work to do

across the whole food and drink supply chain to ensure that new opportunities can be capitalised.

The challenge in Scotland is that 95% of food manufacturers are SMEs. Despite strong public-sector support for the industry from organisations like Scottish Development International and Scottish Enterprise/Highlands and Islands Enterprise we know that many businesses still view exporting as risky or complex.

Increasing capacity for exporting directly from Scotland could help improve links abroad e.g. at Rosyth Docks where we hear anecdotally that there is a shortage of refrigerated container plug in points. Another opportunity is Prestwick Airport in Ayrshire – this could become an exporting hub.

How well do the UK Government's trade priorities address those areas which are most important to Scotland?

In general, there is a positive alignment between UK and Scottish trade priorities, but in some areas Scotland has a naturally different set of priorities - for example in Scottish Salmon, Scotch Beef and Scotch Whisky.

In addition, as part of the Scotland Food & Drink Strategy, over the past 10 years Scotland has developed its own presence and marketing in targeted overseas markets. Scottish Development International has worked very effectively with businesses to make this happen and deserves enormous credit.

As we move forward we need this support to continue from the Scottish agencies, and we need flexibility and support from the UK Government to enhance this offer further.

What influence should the devolved administrations have over future UK trade policy, and how should this be provided for?

Scotland has slightly different priorities for food and drink trade - both in the products and in the target markets. We also have a partnership plan with Scottish Government - Ambition 2030 - which sets out our collective plans to grow the industry to £30 billion turnover by 2030

It is therefore important that governments are talking to each other and agreeing approaches which are supportive and complementary.

Part of the solution to this lies in both the Food Sector Council and in the development of a Food and Drink Sector Deal as part of the UK Government's Industrial Strategy. At UK level FDF is leading the sector deal bid, and we are working to ensure that both the Food Sector Council and the key areas of the sector deal have appropriate Scottish representation.

How do the UK and Scottish governments promote Scottish exports, the Scottish "brand", and foreign investment in Scotland, how well do they coordinate their activities, and how could this be improved?

There are existing examples of good practice - for example recent developments linking AHDB and Quality Meat Scotland in export markets seems like a step in the right direction but there is more that can be done.

Part of the opportunity of the exports element of the proposed Food and Drink Sector Deal is to put more effort in to relationships and to agree clear industry plans for export targets across the whole of the UK. This has to take into account national differentiation where it is the right thing to do in that market.

The Scottish food and drink 'brand' has focussed on showcasing Scottish products as being healthy, premium products with great provenance. Whilst this is true, there is also the opportunity to promote Scottish products abroad as being safe, authentic and of high quality.

It is vital to attract inward investment to ensure the continued success of the food and drink industry in Scotland.

We have great academic institutions in Scotland who specialise in food including Queen Margaret, Abertay and Aberdeen as well as world renowned research institutes at James Hutton and the Rowett Institute.