

10th June 2020

Dear XXXXX,

Scotland's foodservice wholesale businesses deliver food and drink to the country's hospitality and leisure sectors, as well as to key public sector locations including schools, hospitals and care homes. Retail wholesalers provide delivered services to the 5000 local convenience stores who are doing so much to keep Scotland fed.

Since the Covid-19 crisis many of our members, particularly those in foodservice have seen their businesses decimated. Some lost up to 90% of their business income overnight and they have been left with cash flow issues, unsold stock and growing customer debt.

The SWA's members' survey on the state of the Wholesale Market, which we've enclosed, shows that only 30% of foodservice based wholesalers think they have a better than 50% chance of surviving until the end of the year. The foodservice market is still down 69% on pre Covid figures.

We appreciate that the Scottish and UK Governments have had to build a business support framework at pace. However, it's clear to us that the lack of a focused Wholesaler Support Package represents a disastrous gap in provision. This leaves the majority of wholesalers without support and critical parts of the supply chain in some areas at risk.

Given the likely medium- and long-term impacts of the lockdown on hospitality/tourism and the on-trade as well as the need for a viable economic recovery plan, SWA calls upon both governments to provide:

- Continuation of the furlough scheme into 2021 for the tourism/hospitality supply chain, including wholesalers to give support until businesses achieve a viable level of trading
- Business rates relief for **all** businesses in the hospitality/tourism supply chain including food and drink wholesalers.
- Innovation grants and support to assist wholesalers to diversify their business in the short to medium term; to focus on building local food supply chains and green vehicle investment.
- Targeted support to assist wholesalers to maintain apprenticeships and youth employment.
- Facilitation of an ongoing dynamic partnership to reduce food stock waste, supply foodbanks and improve food security.

SWA members have joined FWD colleagues in lobbying the Chancellor to extend the UK Government's Business Rates Relief and the Hospitality, Retail and Leisure Grant to the food and drink wholesale sector. If successful, this would lead to Barnett consequential which would enable the Scottish Government to pass this support on to Scottish wholesalers.

We have been working closely with the Scottish Government and in particular with Fergus Ewing and his colleagues in the Food and Drink team. They have spent considerable time hearing first-hand from wholesalers. SWA welcomed the Pivotal Economic Resilience Fund however only 32% of eligible Scottish wholesale businesses have secured grant funding via

the PERF and the majority of those secured much less funding than they had required to maintain their businesses and protect jobs.

We know that of the 35% of eligible members that have been turned down, many are prudent, SME family run businesses. We know of wholesalers who are currently supplying customers based in the islands and rural areas, at substantial costs to themselves, who have been turned down. There are hundreds of jobs, many in rural areas, which are currently under threat as a result of these decisions.

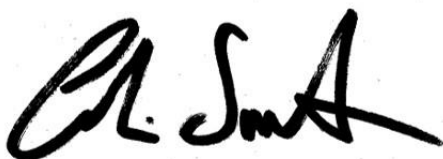
Without significant numbers of hospitality and tourism businesses reopening very soon, or ongoing financial Grants from Government(s), food and drink wholesalers will not survive!

Since our April survey, tough decisions on closure, redundancies or mothballing have been delayed by a couple of months, partly due to the furlough scheme, Bounce Back Loans and the possibility of PERF support. We know of one family owned business which has ploughed £100k into their business to keep going in recent weeks. There remains a desperate need for longer term support for foodservice wholesalers and their partners in the hospitality, tourism and leisure supply chains.

The Scottish Government's Routemap suggests pubs and restaurants can open outdoor spaces in Phase 2 and can open indoor spaces with physical distancing in Phase 3. However, even when those businesses are allowed to open, we know that the current 2 metre physical distancing requirements will mean many will choose not to open because their business will be unable to trade in a viable manner. SWA are committed to supporting the best possible public health approach but the Scottish and UK Governments must assist those businesses which will be hit hardest and longest.

We know that the Scottish Parliament is committed to maintaining the security of food supply to care homes, schools and others. You also appreciate the food and drink sector is a vital pillar to the ongoing success and growth of our tourism and hospitality industry, which represent such significant parts of the Scottish economy.

Please ensure there is assistance, including rates relief, for the whole supply chain and that Scotland's food and drink wholesale businesses are supported to survive this crisis. So that we can help rebuild the tourism and hospitality industry, quickly, when it reopens.



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