

Joint open letter from the Scottish food and drink industry

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

4 November 2020

Dear Prime Minister

As Scotland's leading food, drink, seafood and farming organisations, we are taking the unusual step of writing directly to you to highlight the perilous situation facing our sector with less than 60 days until the end of the Brexit transition period.

There are immediate steps that need to be taken by the UK Government to avoid enormous damage to our industry - one that has faced a multi-billion pound impact from the Covid-19 pandemic.

As you will be aware, food and drink is one of Scotland's fastest growing and globally recognised sectors, with a value of £15 billion per annum and employing 120,000 people in communities the length and breadth of Scotland. The sector is critical to Scotland's economy as one of the biggest employers, particularly in coastal and rural communities where businesses, large and small, are the lifeblood.

Covid-19 has had a devastating impact on many businesses across the industry and through the supply chain. The effective shutdown of export markets across the world has been compounded by the closure of huge swathes of the UK hospitality sector in 2020. The impact has been grave with the latest assessment being a £3 billion loss of revenue to industry this year alone, compounded by the additional operational costs incurred by those businesses.

Just as businesses thought they had weathered the worst of the storm and could chart a path to recovery, the second wave of the virus has now taken hold, with further deep restrictions across the UK and much of Europe. The timing of the second wave means the impact is likely to be even more severe given this is typically the most important trading period for many businesses, particularly our seafood, red meat and drink producers.

The end of the transition period and ever-increasing uncertainty on the terms of our new trading arrangement with the EU compounds these concerns. The EU is the destination of 70% of our food exports. It is also the largest market for Scotch whisky. Indeed, our food and drink exports are four times more important to the Scottish economy than to the English economy. Tariffs, border disruption for high value perishable goods, and certification costs are all far greater threats for the food and drink sector than they are for other sectors in the economy. And our food producers are extremely reliant on labour from the EU, such as the North East where over 70% of the workforce in seafood processing are EU nationals.

So what we do in the next 60 days is critical to the survival of many food, drink, farming, fishing and seafood businesses and the supply chain and jobs they support.

We recognise the enormity of the task facing the UK Government in negotiating new trade deals. As an industry in Scotland, we are committed to working with you to support this process. However, whilst new market opportunities may emerge in the future **the fallout from a No Deal would be catastrophic and we cannot emphasise strongly enough the need to avoid this outcome.**

We wrote to your Cabinet colleague George Eustice, Secretary of State at DEFRA, seven weeks ago, just as we had passed the 100 days to go milestone. We have yet to receive a substantive reply to our letter, or the offer of a meeting that was requested. Needless to say this is enormously disappointing and leaves us questioning the commitment to acknowledge, let alone address, our concerns.

In light of this, we now seek urgent action and assurances directly from you as follows:

1. As a top priority, the UK Government must negotiate **a six-month “grace period”** from the end of the transition period to allow businesses to adjust to the new rules. This was ultimately what the transition period was meant to do but there remains a number of unanswered questions around trading arrangements after 31 December. Most significantly, Brexit preparation planned for 2020 have been lost to a battle against a global pandemic. A six-month grace period would enable businesses to trade with the new rules but without fear of significant border disruption, enforcement action and loss of further revenue. Most critically for Scotland is the need for a six-month derogation from the requirement to produce export health certificates and other export certification including haulage permits. To be clear, there is no system available that can cope with the increased demand in EHCs likely to be required from 1 January.
2. A commitment to bring forward **a package of financial compensation** for producers, processors, manufacturers and distributors who encounter losses as a direct result of border or market disruption, initially for a 3-month period but to be reviewed thereafter. Clearly appropriate criteria would need to be defined and agreed but having this safety net, to cover instances outwith businesses control, would provide much reassurance and confidence to business at a time when they have never been more fragile.
3. **Finalise operational arrangements for enabling the smooth passage for seafood consignments across the Channel** (Operation Brock) and at other ports; and a commitment from the UK Government that its new procured ferry service capacity could be used for exporting seafood consignments if required. Given the nature and value of the seafood supply chain, which operates on a just-in-time model, it is vital that smooth transit continues in order to fulfil orders and retain customer confidence, especially in the face of current market disruption and fierce competition.

4. **Add food and drink sector roles to the Scottish Shortage Occupation List and support seasonal and remote workers** to facilitate the continuation of overseas labour where it is necessary to do so. Our sector is more reliant on overseas labour than any other sector and accounts for a greater proportion of our economy than the UK as a whole. Parts of the food sector are even more reliant, such as seafood processing and soft fruit. Whilst we will do all we can to look closer to home and promote our jobs to the local population, we must retain the ability to access labour from elsewhere which has served us well and loyally over the years. We ask you to include food and drink roles from the MAC's latest Shortage Occupations List review on the Scottish SOL in time for January 1st 2021, provide clarity on the future of the Seasonal Workers Pilot, and to consider taking forward the MAC's recommendation for a Remote areas pilot visa.

With less than 60 days until the UK enters into new historic trading arrangements, time is not on our side and there is an enormous task that lies ahead to get businesses ready and support them through the coming months. We are sure you do not underestimate the scale of this challenge and the unique combination of concerns facing our sector, the businesses within it and the people whose livelihoods depend upon it. It is vital that the UK Government stands ready and willing to support our industry in the months ahead and we urge your Government to agree to the measures we have articulated above.

We look forward to hearing from you at the earliest opportunity.

We are copying this letter to the Secretary of State for Scotland and the Secretary of State at DEFRA.

Yours sincerely

Scotland Food & Drink, James Withers, Chief Executive

Food and Drink Federation Scotland, David Thomson, Chief Executive

National Farmers' Union Scotland, Scott Walker, Chief Executive

Quality Meat Scotland, Alan Clarke, Chief Executive

Scottish Agricultural Organisation Society, Tim Bailey, Chief Executive

Scottish Association of Meat Wholesalers, Martin Morgan, Executive Manager

Scottish Bakers, Alasdair Smith, Chief Executive

Scottish Salmon Producers Organisation, Tavish Scott, Chief Executive Designate

Scottish Seafood Association, Jimmy Buchan, Chief Executive

Scottish Wholesale Association, Colin Smith, Chief Executive

Seafood Scotland, Donna Fordyce, Head of Seafood Scotland

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