

**Minutes of a Virtual Meeting of the Cross Party Group on Food held on
November 25th 2020**

Present

Gail Ross	MSP (Chair)
John Scott	MSP
Mark Ruskell	MSP
Dominic Goudie	FDF
James Withers	Scotland Food and Drink
Mary Lawton	CPG Secretariat
Cat Hay	FDFS
David Thomson	FDFS
Rachel Mirfattahi	Independent
Gerry McBride	Skills Development Scotland
David Watts	Aberdeen Uni
Christine Fraser	Food Training Scotland
Cate Devine	Journalist
Craig McCormack	Greencity
Ruth Watson	Keep Scotland the Brand
Colin Smith	Scottish Wholesalers Assn
Lesley Stanley	Consultant
John Whitehead	Food and Drink Exporters Assn
Lorna Dawson	SEFARI
Gillian Purdon	Food Standards Scotland
Mark Fitzpatrick	Glasgow Community Food Network
Janine Ballantyne	National Trust Scotland
Jon Wilkin	Abertay Uni/IFST
Uel Morton	Independent
Jackie McCabe	REHIS
Anna Gryka-MacPhail	Obesity Action Scotland
Kirsteen Shields	Edinburgh Uni
Liezel Tipper	MSD
Rebecca Knowles	Farmers For Stock-Free Farming
Sam Eccles	Farmers For Stock-free Farming
Caroline de Rouffignac	Scotland Food and Drink
Wendy Wrieden	Edinburgh Community Food
Ann Packard	Royal Society of Arts
Laura Wyness	Nutrition Research & Communication
Pat Abel	Transition Edinburgh South
Jim Fox	Coca Cola
Graeme Findlay	Scottish Qualifications Authority
Patrick Krause	Scottish Crofting Federation
Sally Wake	The Company Shop
Viv Collie	Vivid Ideas and Solutions
Beatrice Morrice	Scotch Whisky Assn
Josephine Heger	SRUC
Peter Finnie	SEPA
Claire Campbell	SEPA
Vicki White	SEPA
Callum Jamieson	Scottish Labour –Elaine Smith MSP

Lynne Stevenson
Martin Morgan
Moyra Burns
Robbie Landsburgh
Debbie McCreath

BDA Scotland
Scot Assn Meat Wholesalers
NHS Lothian
Scottish Salmon Producers Org
IBiolC

1. Apologies

These were received from Rhoda Grant, Brian Whittle, Maryanne McLeod, Liz Murray, Lindsay Jaacks, Ray Lorimer, Wendy Barrie, Bosse Dahlgren, Sue Whittle and Abi Morden.

2. Minutes of the Last Meeting

The minutes of the AGM on September 23rd 2020 were proposed by Gail Ross MSP and seconded by John Scott MSP.

3. Matters Arising

Mary Lawton reported that a letter had been sent to Cabinet Secretary for Communities and Local Government, raising the points made in that last meeting and on the chat box regarding Covid 19 and Food Insecurity.

4. Beyond Brexit

There were two speakers; Dominic Goudie, Head of International Trade, Food and Drink Federation and James Withers CEO Scotland Food and Drink. The slide presentations are attached.

Dominic Goudie (DG)-UK Food and Drink Manufacturing

DG set the scene by reviewing the ongoing challenges that are a backdrop to Brexit;

- 1) Obesity
- 2) Move to net zero
- 3) Attracting, training and retaining skilled workers, even more important after the end of free movement
- 4) Adoption of technology –automation and digital, may help with 3)
- 5) Trade -Competing overseas and attracting investment
- 6) Growth and efficiency of Agriculture -critical to food manufacturing.

Deal /No Deal

Unfortunately, there was still no decision on a Deal, it was hoped this would be forthcoming in next 7-14 days. Two critically important parts will be Tariffs and Rules of Origin.

Tariffs

Zero tariffs are of fundamental importance to the industry. A No Deal would mean 23% tariffs on average for agrifood going to Europe and 18% tariffs food coming from Europe. Given our reliance on ingredients that complement the use of UK-produced agricultural raw materials this would mean a £6 billion added cost for

industry leading to rising food prices and disruption. **DG** remained optimistic that this would be sorted.

Rules of origin

The other vital area was that of rules of origin. Rules that accompany the tariffs are essentially the conditions that must be met to use them. There was a very real scenario where some products may not meet these rules to access the preferential tariff. This was a real threat for many businesses.

Apart from these two points, the practicalities between Deal and No Deal were really very similar. There would be a whole raft of new certifications and processes, whatever the outcome. This included sanitary and phytosanitary requirements, physical, documentary and ID checks and specific Border posts for moving goods.

Guidance could be found on the [FDF website](#) and on the [EU Exit Food hub](#).

Areas of concern where there was currently no clarity included seed potatoes, organics and products of animal origin. Without an agreement some producers would not be able to trade and even with a Deal the EU has to agree access. Producers would not be able to access the EU market without prior permission. This problem includes the Northern Ireland /Ireland. If there was 6 months gap between the end of transition and approvals being granted this could lead to loss of business that would be hard to recover.

Trade Challenges

The difficulties are very much front loaded and need immediate attention from businesses.

- Reduced EU market access because of origin rules and increased trade friction from 1.1. 21
- Challenge around trade agreement continuity. [DIT clarified today](#) that Algeria, Bosnia, Herzegovina and Serbia agreements were unlikely this year and so we will revert to WTO terms
- Concern with future trade deals that food and drink is a bargaining chip
- Reduced negotiating power in trade deals. UK will have less leverage with US than it would if still in EU
- Global shift in demand due to Covid, disrupted supply chains and closure of hospitality
- Rise in unemployment and food prices, challenge for access to affordable food.

Trade Opportunities

DG said these were more difficult to come up with but suggested the following;

- Businesses have spent time interrogating their supply chains and adapting for challenges and where they have only traded with the EU before will gain experience of processes and requirements that will mean they are better equipped to trade with the rest of the world
- More bespoke, quicker trade deals done from scratch and including more of our specialist products. There could be first mover advantage over rivals

- Continuity deals such as with Canada and South Korea will need to be negotiated and can be improved
- Improve border controls and move to digital integrated solutions
- Untapped export potential –Fortunate to have Scotland Food and Drink

Driving Export Growth

The UK Food and Drink Sector Council commissioned a group to look at how to drive a return to long term export growth. There is a need for cooperation, coordination and collaboration. A 5 point plan for UK Government has been drawn up which includes the setting up of a specialist food and drink export body in England to address a significant gap. The body would collaborate as part of a new Food and Drink Export Council on an equal footing with its counterparts in the other 3 UK nations on a partnership basis alongside the 4 government leads from each nation. More in-market food and drink specialists are needed to secure and maintain market access for the industry and to help businesses take advantage of these opportunities. Covid has also fast-tracked a shift towards ecommerce and the UK food and drink industry needs to ensure it is ahead of the curve on this.

Future Export Opportunities

After the transition, there will be new trade deals with other countries such as Australia, New Zealand and USA and industry needs to look for the opportunities. EU is still a key market particularly given the short shelf life of many products in the industry so this remains a focus.

James Withers (JW) –Scotland Food and Drink Sector Plan

JW said that there were huge concerns over tariffs and that they would effectively shut down the market for Scotch lamb. The fallout from No Deal would be catastrophic and Scotland Food and Drink (SFD) and partners had written to George Eustice Secretary of State for DEFRA and then when no reply was received to the [Prime Minister seeking urgent action and assurances](#) and asking for a six month grace period given Covid. This included asking for derogation for health certificates and other export certification for that time period. Members of the Scottish Parliament's Culture Europe and External Affairs Committee (bar two) had also written to Michael Gove Minister for Cabinet Office along the same lines.

JW emphasised that there was no system that could cope with the increased demand for health certificates by 1 January which would mean lorries stuck in jams with seafood deteriorating.

The latest forecast was that due to the pandemic, the Scottish food and drink industry will have a loss of £2.8 billion in sales in 2020. To address this, SFD with partners had just published a plan [Recovering from Coronavirus and Fuelling Brexit Preparation](#) that runs until Spring 2023. This requires £15 million investment from Scottish Government (SG) which has made an initial commitment of £5 million to the programme this year. **JW** noted how important this £15 million funding was for food and drink which played such an important part in Scotland's economy. SFD and industry partners were committed to raising £3 million of private sector funding.

The Plan contains over 50 actions and is focussed on:

- 1) Stimulating demand in key markets
- 2) Supporting Businesses to capitalise on demand

JW reviewed the actions in the plan. He highlighted;

Scottish market

- Buy local campaign - upturn in local buying during pandemic
- Development of Local Directory –many businesses switched to direct selling to public when hospitality closed
- Drive tourism strategy–pandemic shown how closely food and tourism related

UK Market

In terms of Brexit-proofing, UK was an important market for Scotland with £3 of Scottish food sold to home market for every £1 sold overseas.

- New supplier development programmes with major retailers
- Joint posts in buying teams
- Events and campaigns

The International Market

Export remains an opportunity with 70% of our food exports going to the EU, so it is important to maintain those relationships. Already funded by SG, SDI and industry there were people on the ground working in 16 overseas important markets.

- Connect the success back down to primary producers by creating a farming and fishing international engagement programme
- New promotions and campaigns with campaigns with major customers

Business Support Services

- Export Advisory Service to hand hold through new landscape
- Market Intelligence Service- Covid could lead to fundamental restructure of markets
- Create a Scottish Food Academy Programme - stitch together all support available
- Programme of environmental and food waste support

New Industry –wide Support

- Develop collaborative farming/fishing supply chains so value of Scotland's brand captured and shared. SAOS is leading on this.
- Ecommerce sales with major retailers has doubled during Covid and not tailed off. A strategy to showcase Scottish foods on line to be established.
- Explore creation of overarching Scottish food and drink marque –strong story on provenance, safety and quality.

JW said that Ambition 2030 was still the long term plan and he remained optimistic about the future. Covid had shown the industry could be resilient and connections with tourism were crucial. Short term support was essential and also the building of programmes for medium term recovery. The current partnership model in Scotland worked well and a good basis to aid industry to recover.

Open Debate

John Scott, MSP (JS) asked about the 4 nation approach in the UK and how it fitted in with the Scottish Academy. **DG** said he hoped the proposals from the Food and Drink Sector Council (on which FDF and SFD sit) would be published in the next few weeks and he would share them.

ACTION DG/ML

The Group had looked at the successful bodies in Wales, Northern Ireland and Scotland and felt there should be an English version set up. These could then bring the Four Nations together on an equal footing with export leads, industry and governments able to collaborate and look for opportunities to work together and get value for money. **JW** noted that he was in favour of the idea. There would be strength in the four bodies working together on an equal basis. The Scottish Academy was more about direct business development, taking companies on their own journey from local through national to international markets.

JS asked if SFD worked with the Phil Prentice at the Scotland's Towns Partnership. **JW** said they were in contact and the plan was to build on their Scotland Loves Local campaign and take it a bit further in that local shops meant local food which leads to local jobs.

Mark Ruskell, MSP (MR) was struck by the forecasted £2.8 billion loss by food and drink companies in 2020 and Tesco's profit for 26 weeks to 29.8.20 was £551m, 28.7% up on 2019. He felt there was an inequality between the supply chain and the retailers. He wondered how some of the retailer value could be passed to the SFD work. **JW** said the retailers had been asked for financial support and Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism had written to 10 of the major supermarkets and also had one to one meetings. He noted that it was a brutally competitive market which was price driven. SFD worked with Tesco and **JW** thought that the way to achieve resilience in the food chain and greater profitability is in ensuring that business has a spread of customers including UK, international and local markets as well as hospitality.

MR asked about which food categories might see price rises and about the issue with organics. **DG** said this was hard to say as there were so many variables, not least Brexit and seasonality. At the start of the year as a nation we particularly rely on fruit and vegetables from Iberia and North Africa, so these could get caught up in border issues. Also any products that depend on products of animal origin or dairy could have issues and there could be sporadic shortages. In terms of food prices, it was likely there would be a push upwards, but this would land unevenly as products that would have been exported before could be put on the domestic market leading to price crashes. So it was a very uneven picture.

DG said for Organics there had been a huge push by bodies to highlight to Government that something needed to be done. The EU has a huge focus on organic production and it is vital that that this market is not closed to UK exporters with the UK's organic certification bodies not receiving the required recognition from

the EU. This problem was in the hands of the EU and the uncertain situation was very destabilizing for businesses.

Patrick Krause, Scottish Crofting Federation emphasised the importance of primary production and asked further about products of animal origin not being allowed into the European Market and for more information on the SFD Farming and Fishing programme (FFP). **DG** said animal origin products were in a similar situation to that of organics. These products rely on the UK being added as an approved 3rd country exporter. This is a simple task for the EU, but had not yet been done. If there was No Deal, we could face a scenario where these goods can no longer be moved into NI or the EU for anything up to 6 months. It was another example of the huge uncertainties and pressures that businesses were facing.

JW said the FFP was an idea built on the successful Irish model. They have people on the ground internationally building relationships and experts who look at these opportunities and see they can build supply chains. It was a collaborative approach and he was hoping there would be supply chains built from scratch right from the farm gate. It was also about changing mindset, not thinking about a commodities but how we can build a brand in a “race to the top”.

Jon Wilkin, Abertay Uni /IFST (JWi) asked about the skill set needed by the industry. Graduates thinking of going into industry often confused hospitality with the wider food and drink sector. He asked how the right graduates could be attracted.

JW agreed that skills and workforce pipelines were critical. He referred to the excellent work in schools by FDF. Industry needed people at all levels and also with a wide background such as engineers and life scientists. He asked how industry should engage with Abertay students and improve this link and showcase the attractive careers possible in food and drink. **JW** was happy to discuss this further.

ACTION: JW/JWi

DG added that he was aware of a shortage in the industry of skilled scientists and engineers and those companies often had to look abroad. He thought it important to build up links between industry and universities and showcase the opportunities in the sector. **Ann Packard, RSA (AP)** suggested that skills development could be delivered by MOOCs.

AP asked further about the agricultural challenges. **JW** said that the potential damage from Brexit was stark, particularly for the sheep industry and seed potatoes. Scotland is a world leader in plant health and important. He noted the work of the Agriculture Commission on trade and was waiting to see their recommendations and what this meant for food regulations and standards.

Martin Morgan, Scottish Assn Meat Wholesalers (MM) noted the mention of productivity in agriculture and asked when the SG proposals would be available and when the Academy would be up and running. **JW** did not know when the SG would publish their findings. It could be after the election. He said the Academy would start in January and there would be 3 business development parts for suppliers depending on whether they were relatively new or well established.

Ruth Watson, Keep Scotland the Brand (RW) asked about Scotland's protected names and the failure so far of agreement over geo-indicators (GIs). **RW** asked how this could be pushed forward and DEFRA held to account. **DG** said it was a role for trade bodies such as FDF who worked with lots of partners including NFU and AHDB to ensure the matter was not overlooked and it was also an issue for the Food and Drink Sector Council which had a key role in convening industry and Government. Its Export Group was currently drawing up a New International Action Plan (which had been delayed due to Covid) and GIs should play a central role. Previously trade responsibility had been delegated to Brussels but now Government realise they had to engage. **JW** agreed that GIs were a priority issue.

Colin Smith, Scottish Wholesalers Assn said the wholesale industry was the key to unlocking local markets and getting to hospitality and tourism. There were over 50 distributors ready to engage with the Recovery Plan and that the fund should extend to SWA members. **JW** agreed there were willing suppliers and customers and the SWA were vital in supply including ecommerce. **DG** noted the vital role of wholesalers of keeping people fed, especially during the pandemic.

Lesley Stanley, Independent Consultant in Toxicology (LS) said she was member of the Advisory Committee on Novel Foods and Processes at the FSA and their Committee on Carcinogenicity and gave an update on regulated products. The UK had adopted the wording of all the EU legislation on regulated products but was going to be applying it completely independently, which meant duplicating the entire process in house. In the light of this expected massive increase in workload, the FSA has beefed up its Committees but delays were anticipated. **LS** advised industry, particularly those with innovative products they wanted to get on the market, that they should get applications in as soon as possible. Applications should be made simultaneously to UK and EU and there was no guarantee the outcomes would be the same.

5. AOB

There was no AOB

6. Date of Next Meeting

The next meeting would be February 3rd 2021 at 6pm. This would be the last before the Group was disbanded before the election.