

Review of the EU-UK Trade and Cooperation Agreement

Brief for Constitution, Europe, External Affairs and Culture Committee meeting

Thursday 28 March 2024

Background

Scottish salmon production is a major contributor to the Scottish marine economy, with an economic contribution second only behind support for oil and gas¹.

Every year we harvest over 150,000 tonnes of Scottish salmon, making Scotland the third largest producer of Atlantic salmon globally. Beyond the domestic market, which remains the most important in terms of harvesting and added value further processing, exports are an integral part of the Scottish salmon supply chain, with exports directly reaching more than 50 markets every year.

Scottish salmon was the UK's biggest food export in 2023, according to official HMRC figures. Sales of the nutritious fish reached £581 million in the calendar year, with France and the US leading the global demand. Scottish salmon was exported to 54 countries, and sales outperformed all the UK's other main food exports including bakery goods, chocolate, cheese, cereals and lamb. Salmon is also the most popular fish among UK consumers, with sales of all salmon in UK retailers running at around £1.2 billion-a-year at retail.

The European Union is the most significant region for Scottish salmon exports in both value and volume terms, accounting for more than 60 per cent of our exports.

Efficient supply chains: critical for international competitiveness

In 2019, there were over 53,000 tonnes of Scottish salmon exported to the EU. In 2023, volumes were nearer 44,000 tonnes (a reduction of 9,600 tonnes) leading to a loss in export value to the EU in the region of £80-£100 million.

In advance of post-Brexit trade, the sector invested significantly in practices and resource so that exports to the EU could continue. Without this, the situation could be much worse. The investment made by companies and organisations has increased burden on what was a highly efficient and effective supply chain.

Facilitating improvements to the trade conditions with the EU will improve our international competitiveness and return some of the competitive advantage, reduce costs and increase efficiencies which will help underpin future development and success of the sector among our coastal and rural communities.

Existing challenges and solutions

- We ask the UK and EU to create a bespoke and mutually convenient **Sanitary and Phytosanitary (SPS) agreement** which returns efficiencies to supply chains on both sides of the Short Straits to help consumers and businesses in both territories. Salmon Scotland has been engaged with the SPS Certification Working Groupⁱⁱ to provide some key recommendations:

1. *Improve current systems to remove archaic bureaucracy, reducing time, error and costs;*
2. *Review requirements for inspection and certification;*

3. *Negotiate a form of mutual veterinary agreement with the EU which would ease problems trading food and feed between Great Britain (GB) and the EU and GB to NI, and from EU to GB when import controls take effect.*

- Competitive dis-advantage: there is still **significant paperwork and processes** which can lead to delays which may have knock-on impacts if consignments are delayed.
- The lack of a **new eCertification**, and issues with the current outdated system, is costing salmon farmers millions of pounds every year. Improving the certification programme should be an urgent priority for Defra.
- **Costs on imports** (processes and procedures) – the development and understanding of new processes and requirements for raw material and supply chain imports has been costly as well as time- and resource-consuming. The development of BCPs and their implementation for our feed suppliers has increased costs and risks to a regular supply.
- We are still challenged with exporting new, improved technology into the EU now that we are trading as a third country (bulk bins). The opportunity to **reduce packaging and increase efficiencies** and make use of domestic transport solutions to the EU would be beneficial for the supply chain to both producers and customers.
- **Sampling regimes**, which are not unwarranted, but the consistency and reporting on sampling can be disruptive and unclear.

Opportunities for developing the UK-EU relationship

- **Documentation alignment:** an effective and efficient system (electronic or otherwise) to integrate with the European Union to provide the relevant paperwork in a much more streamlined process.
- **Bulk exports:** improved technologies which are openly in use across the UK would benefit EU customers and consumers through reduced costs and environmental emissions via the use of larger bulk packaging. In an attempt to progress both UK and EU objectives to reduce emissions there is an opportunity to ask for a derogation or agreement between the UK and EU on processes and practices to allow product into EU. This would improve quality and reduce environmental/carbon impacts and would not necessitate EU regulatory change which can be cumbersome and length in enacting.
- **Sampling:** further improve the coordination and understanding between the EC & Member States' officials and feedback through UK channels.
- **CVO and SPS agreement:** an agreement across official channels from health professionals to allow product to access EU market.

ⁱ Scotland's Marine Economic Statistics 2021; Marine Directorate, Scottish Government – published December 2023 - <https://www.gov.scot/publications/scotlands-marine-economic-statistics-2021/pages/3/>

ⁱⁱ Minimising SPS Friction in EU Trade; A new process design for the new relationship with the EU; A paper from the SPS Certification Working Group <https://www.chilledfood.org/brexit/>