



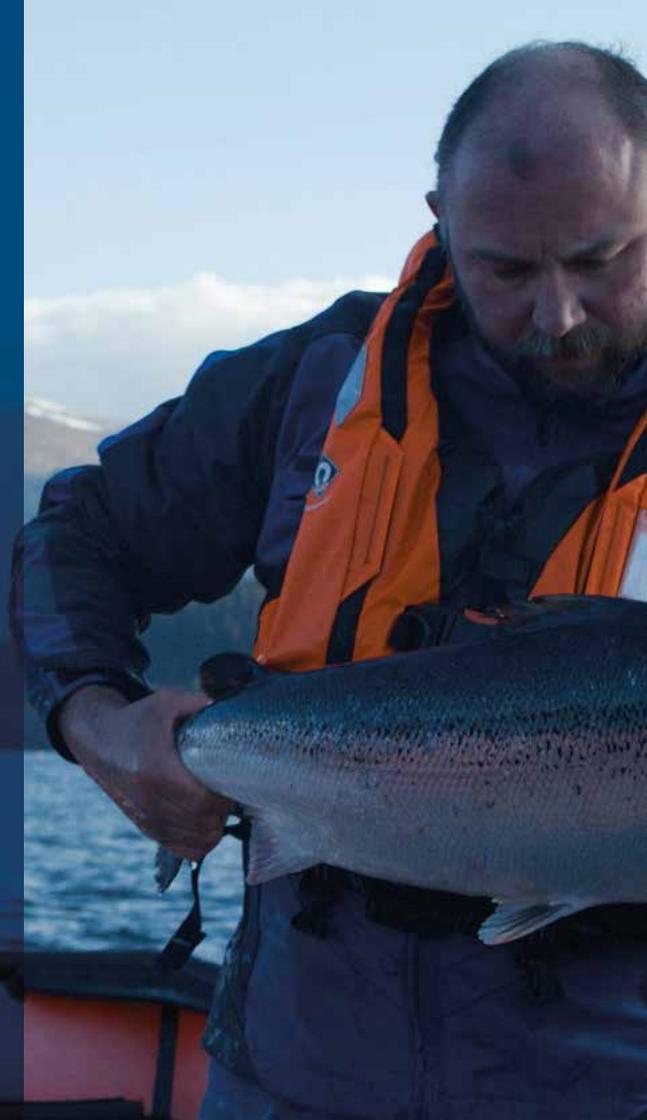
Scottish Salmon
PRODUCERS ORGANISATION

Securing A Positive
Outcome For Scottish
Salmon After Brexit

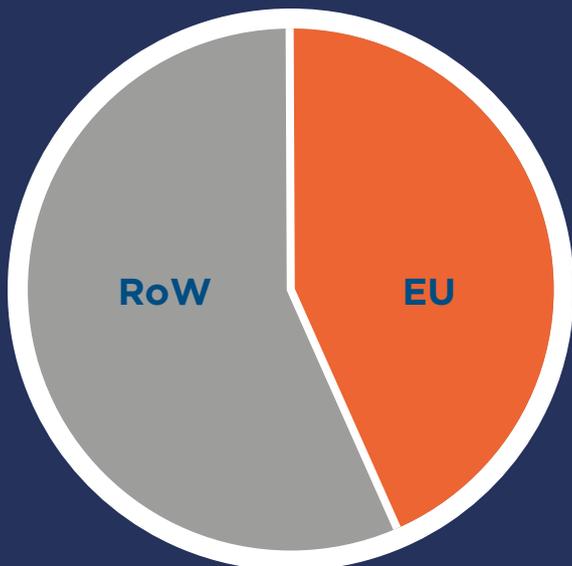


SCOTTISH FARMED SALMON

The Scottish salmon industry is worth £1.5bn and supports 8,800 jobs. Salmon is Scotland's top food export by value and is also currently the most valuable food export from the UK. In the first six months of 2017, companies reported an export value to the European Union of £149 million. This represents approximately 47% by volume and over 43% by value of total salmon exports from Scotland.



SCOTTISH FARMED SALMON - EXPORTS BY VALUE



RoW
57%
£201M

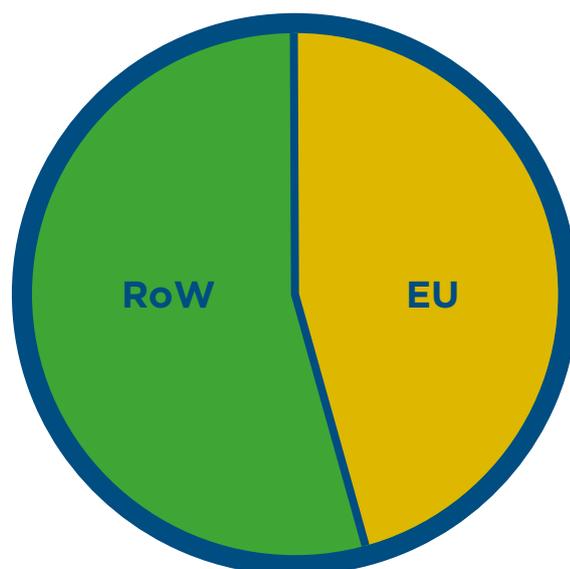
EU
43%
£149M

January to June 2017





SCOTTISH FARMED SALMON - EXPORTS BY VOLUME



RoW
53%
29K Tonnes

EU
47%
25K Tonnes

January to June 2017

Scottish salmon has enjoyed increasing global demand as a result of trends towards healthier eating and more environmentally efficient sources of protein production. We expect this trend to continue, and for our industry to meet growing demand from across the world with increasing, rather than decreasing, ease and efficiency.

Scottish farmed salmon is a premium quality, fresh, short-life product, which must be transported rapidly from the harvest station to reach the consumer in prime condition. This is successfully achieved by well-developed distribution systems.

All salmon farmers in Scotland make large scale investments in this capital-intensive business. Capital investment from Scottish companies in 2016* exceeded £63 million and this is planned to increase significantly, maintaining the country's competitive status in an international market.

After recent announcements by the Scottish and UK Governments on their respective approaches to the EU exit negotiations, Scottish Salmon has outlined four clear strategic themes which are vital to securing a positive outcome for the industry during and after the UK's exit from the EU.

*latest figures available

CUSTOMS ARRANGEMENTS

Following initial consultations, we offer our strong support for 'A highly streamlined customs arrangement between the UK and the EU' (Future Customs Arrangements – A Future Partnership Paper, HM Government)

We would stress continuation/alignment of the following, insofar as they are possible:

- alignment with EU Rules of Origin where appropriate
- standardisation of consignment documentation in line with the EU
- no, or minimal, impediments to market entry at marine ports, airports or other points of entry in to the EU

In addition to our support for the Government's headline positions, we would also argue for further improvements to the customs system.

We would encourage:

- greater use of technology and systems upgrades where appropriate
- reduction in paperwork (and avoidance of unnecessary duplication of paperwork following exit from the EU)
- flexibility of systems and regulations for any future trade agreements with non-EU countries
- adoption of fast-track customs mechanisms and frameworks, for example, Authorised Economic Operator (AEO) programmes
- any possible wider improvements (eg to transport infrastructure) to maintain and improve the speed of delivery to market





LEGAL AND REGULATORY CERTAINTY

Transition arrangements should be agreed to maintain the cross-border flow of goods in the short term, with plans agreed during this period to establish new processes for the future.

Any agreement between the UK and EU must ensure legal certainty and continuity. The agreement reached should, as a minimum, reflect and include:

- automatic 'inheritance', or otherwise, continuation of bi-lateral rights and obligations for the UK under existing International Trade Arrangements with Third Party (non-EU) countries
- clear and reliable legal redress and dispute resolution mechanisms for exporters and importers
- resolution of any difficulties brought about by the cessation of any intra-EU contract, carriage of goods or other relevant law pertaining to the UK on account of the UK's exit
- a definitive position on the jurisdiction of courts for exporters and importers, particularly for enforcement of contracts
- a clear and definitive position on arbitration mechanisms between the European Court of Justice and UK Courts
- continued harmonisation of UK and EU laws wherever this is mutually advantageous
- a commitment to mutual flexibility in response to future changes to domestic legislation and regulations in both jurisdictions (UK and EU)
- a broader commitment on both sides to enable economic growth and to facilitate future international trade agreements

We expect any eventual agreement and repatriation of powers to provide the optimal arrangements for operating and selling unimpeded and seamlessly across the UK market, which remains the most important market for Scottish salmon.

WORKFORCE AND COMMUNITIES

As an industry, we employ, directly and indirectly, around 8,800 people of whom we estimate up to 65% are non-UK citizens from the European Union. To ensure success in the primary and secondary production sectors, we employ both skilled and semi-skilled migrant workers. These 5,000 to 6,000 people live in Scotland and contribute economically, culturally and socially to local rural communities. This benefits the local economies and ensures their long-term viability.

A key component of the Single Market we enjoy is free movement of labour. This availability of labour to fill key roles helps to make Scottish salmon production the huge success it is today. It is, therefore, essential in any future trade agreement with the EU that our immigration policy reflects the need to safeguard these jobs and allows companies to recruit the people and skills they need.

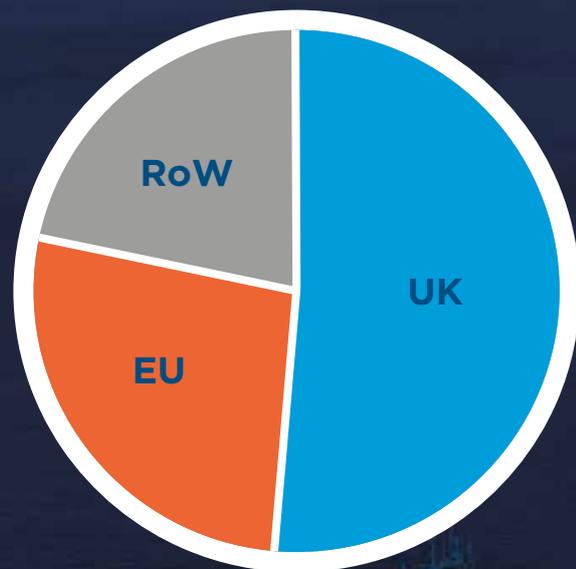
Additionally, the EU supports companies, communities and regions through policies such as the European Maritime and Fisheries Fund (EMFF) and the European Regional Development Fund (ERDF). After the UK exits the EU it is vital that the economies of these regions and communities are supported by the UK through similar means.

INTERNATIONAL TRADE POLICIES

We encourage local and national governments to improve the commercial environment for Scottish salmon. We have delivered consistently impressive domestic and export revenues and, in doing so, supported employment and local, regional and national economies. We believe that with the right support, tax, regulatory and international trade policies (with the EU and with new trade partners) we can continue to be a leading industry and export category.

On exit from the EU, we also wish to see the establishment of UK Protected Food Name (PFN) and Protected Geographical Indication (PGI) schemes which will replace and closely replicate the current EU systems. These will ensure long term label and product description protection in foreign markets.

SCOTTISH FARMED SALMON % MARKET VALUE



UK	EU	RoW
52%	25%	23%
£429M	£204M	£192M

Total Sales 2016



SUMMARY

Through our membership of Scotland Food & Drink and working directly with Scottish Government and UK Government, we will maintain regular dialogue and consultation to ensure a smooth transition period and the best possible deal for the continuing export success of Scottish salmon.

We seek:

- **Protection of our current EU export markets and frictionless, free and uninterrupted trade with our European partners during any transition period and after the UK exits the EU**
- **Opportunities for greater international trade**
- **Freedom and flexibility to pursue beneficial domestic policy-making and growth creation**
- **Access to people and skills where and when necessary to ensure a flourishing salmon sector**



Scottish Salmon
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