

Beyond Brexit – Future-proofing the Food and Drink industry in Scotland

Thanks Stephen. And it's a pleasure to be here among some of Scotland's finest businesses and products and the great folk who represent them. I loved the thinking of those who put the programme together for today, that just before we break to eat and drink and network, we've been offered a virtual Scottish lunch – with Karen serving a Scotch Whisky aperitif, my classic Scottish salmon course and Jim's choice of prime Scottish meats.

If today's programme were a menu in any part of the world, it would delight. Scotch Whisky, Scottish Salmon and Scotch Beef are known world-wide. Scottish fare is the real deal and a phenomenal success, with our great products known and valued not just here but in many, many markets abroad.

And they are particularly important to us in Scotland because they are some of our small number of really visible products. Scottish Salmon carries its origin in its very name and can be the showstopper on the table at party. It symbolises quality and provenance across the globe.

And Scottish Salmon's global reach, based on its quality and reputation gives me quiet confidence that the sector has a lot to be optimistic about. Despite the uncertainty of Brexit, Scottish Salmon has a bright future, full of opportunities.

2017 Value of exports

The UK's number 1 food export, Scottish salmon is prized across the world for its quality and provenance. It is enjoyed in more than 60 countries and generated overseas sales of over £600 million last year. Already the US accounts for around a third of exports. Demand from Asia and the Far East remains strong and worth nearly £100m. Sales in China alone stand at over £69 million – even more than sales of Scotch Whisky.

Access to markets

We are proud to be the first non-French product to be awarded the coveted "Label Rouge" accolade 27 years ago and have retained the prized status ever since. Access to new markets is improving all the time. We are fortunate that Scotch Whisky ambassadors work across the world and, where they prepare the ground for export, we find receptive consumers who view Scottish product as aspirational and of quality.

With more and better direct flight connections from Scotland, notably the Edinburgh Beijing route, we are confident of realising further market opportunities with our

salmon. And determined that the quality of our product ensures that Scottish salmon remains highly prized no matter what post-Brexit rules apply.

At home, the future is promising too, as the UK remains our largest market and salmon is now the UK shopper's favourite fish. A supportive home environment is important to our continued success here.

While I am still relatively new to this gem of an industry, I am enjoying being able to lay claim to representing the UK's number 1 food export, though the road ahead looks bumpy for salmon alongside other farmed foods. With commentators predicting increases in the cost of food production in post-Brexit UK and the uncertainties of the export process from March next year when the UK leaves the EU, these are just some of the challenges close to home that we face.

Like all sectors farming in the natural environment, salmon farmers face local, biological and climate related challenges. This year's incredible summer will have had a major impact on every farmed product. We heard immediately about wilting lettuces in challenging summer growing conditions earlier this year, though the effects of a warmer autumn surface sea temperature is only now beginning to be felt. And farmers will be working hard to manage the health of their fish in difficult and unpredictable circumstances.

Warmer weather changes the pattern of jellyfish movements, the likelihood of algal blooms and simply present a change from the cold conditions Atlantic salmon prefer and thrive in. And these changes will make the farming environment tougher than ever this year, with the impact on next year's production yet to be established.

There is only so much we can do about the immediate weather, and I don't want to be too gloomy - because there is a host of things the is doing to future-proof Scottish Salmon's success beyond Brexit.

I want to pick out a few things of focus for the sector to ensure the strength and resilience of our young industry and to grow to meet future demand.

We are absolutely clear that any future growth must be steady and sustainable. And the current consenting regime for Scottish aquaculture, including the planning system and other regulatory frameworks relevant to environmental protection, will be the over-riding factor that determines sustainable growth. Scottish salmon farmers work hard to farm in a way that protects the very same environment that they rely on to rear healthy and quality salmon.

The industry operates in a complex regulatory environment with statutory compliance points policed by the environmental regulator, SEPA, as well as Marine

Scotland Licensing. Levels of compliance with environmental consents are improving from a good base with the majority of salmon farming operations categorised by SEPA as “Good or Excellent”. But there is always more to be done.

Sustainable Growth through innovation

This is a sector that has been quick to embrace technological and innovative options. For example, the use of computerised feeding systems means that salmon receive the right amount of tailored feed, at the right times. This has reduced the amount of feed wasted at farms and also the environmental footprint of the sector. And, of course, less feed wasted is cost-effective too.

Ours is an industry that works with the biology and environment we have in Scotland. In what is thought to be a world first in aquaculture, the salmon farming sector has quite literally spawned a new industry to help find biological solutions to the age-old farming issue of parasites.

By successfully rearing a species of fish called Ballan Wrasse in hatcheries, companies now are able to put companion cleaner fish in farm pens to live alongside the salmon. These helpful companions pick off any naturally occurring sea lice to keep the farmed fish healthy. This is reducing reliance on medicine use and reducing its cost, reducing the environmental footprint of the sector, making salmon more sustainable and creating a welfare dividend aligned with the expectations of consumers of salmon.

This forward-looking constant innovation and evolution in farming practice is the sort of thing our Salmon farming industry can and will continue to do to future-proof itself. The sector continues to focus on continual improvement, tackle issues when they arise, adapt to change, and keep on embracing and driving technology & innovation.

But what else can be done to support this most local of Scottish sectors on a global playing field?

Communities, people, place

Scottish Salmon is farmed in some of the most remote locations in Scotland. From Unst to Arran. People farm fish, and so we are an industry reliant on a good stream of talented employees from farmers to veterinarians to environmental managers with great employability skills.

Over 10,000 jobs rely on the sector. Ours is an industry that supports and secures the most remote of communities. Not only in sponsorship and local funding but by

offering high quality careers that attract school leavers back to their home communities if they wish, after school or college is out. But to retain them, that takes decent infrastructure, reliable connectivity from decent broadband to reliable road and ferry links. Decent housing stock and local facilities in the rural communities that now rely on farming.

The Scottish salmon farming industry is a source of great pride for Scotland and we all want it to grow. Everyone is on the same side here – from regulators to our Government from who we get good support. So as important as physical infrastructure is, we also need to have the right culture and conversations to allow growth to happen.

We farm pretty much everything we eat. All our vegetables and meats are farmed. The oceans are the last place where we hunted and gathered. The oceans can't give us any more fish. There are 7bn people on this planet. We owe it to our oceans to ensure we are providing a sustainable additional alternative alongside catch fishing. And because we can, we should farm salmon in Scotland to the quality standard our consumers expect.

We can increase production to grow volume and value of our salmon, grow employment and continue to rejuvenate our rural communities, but we do need a conversation about putting the right conditions and culture in place to do it. We need a holistic approach to making that a reality. That means creating a team of local communities, planning officials, the companies, the regulators and the politicians, working together to grow the industry. At the moment, we have the desire - on all sides - to grow, but not the culture. It's nobody's fault - simply a learning point.

Planning permissions and environmental permits *should* be hard to get. They should offer a rigorous process for the good of all of us. But we would like these processes to be as clear and short as possible to create more investment certainty.

It's critical to us that we have local communities on board with our development, and we want them to be involved in shaping it.

So are we, as a sector, future-proof?

The industry is working hard to ensure that we are. Our close co-operation with other parts of the food and drink sector has served us well and we continue to collaborate and share ideas and strategies for our collective sustainable futures.

We will continue to signal the industry's needs and challenges to government and regulators and want to keep the conversation focussed on opportunity and growth, of possibility and excellence. Of stewardship and responsibility.

Scottish Salmon, our most local global sector

This industry is successful because it farms a great product. Indeed, if it didn't, nothing else I've spoken about would matter. International demand for Scottish salmon represents an export and economic success story and is an accolade for fish farmers in some of Scotland's most remote, rural areas. Their hard work rearing high-quality salmon is being recognised and applauded by retailers and restaurants around the world.

It makes Scottish Salmon one of Scotland's most local global sectors and if we can continue to evolve our home business environment and maintain meaningful engagement between everyone involved in managing, regulating and supporting our sector, the Scottish salmon industry is poised for further sustainable growth whatever Brexit brings.