

Scottish Affairs Committee

Oral evidence: [Fisheries and Scotland, HC 1180](#)

Thursday 22 April 2021

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Members present: Pete Wishart (Chair); Mhairi Black; Andrew Bowie; Deidre Brock; Wendy Chamberlain; Alberto Costa; Jon Cruddas; Sally-Ann Hart; John Lamont; Douglas Ross.

Questions 50 - 133

Witnesses

[I](#): Donna Fordyce, Chief Executive, Seafood Scotland; Elspeth Macdonald, Chief Executive, Scottish Fishermen's Federation; and Hamish Macdonell, Director of Strategic Engagement, Scottish Salmon Producers Organisation.

[II](#): David Duguid MP, Parliamentary Under Secretary of State, Scotland Office; and Nick Leake, Deputy Director and Head of Policy Division, Scotland Office.

Examination of Witnesses

Witnesses: Donna Fordyce, Elspeth Macdonald and Hamish Macdonell.

Q50 **Chair:** Welcome to the Scottish Affairs Committee and the second oral evidence in our short inquiry into fisheries in Scotland. We have a great array of guests for you this morning. We will let them introduce themselves and tell us who they represent.

Elspeth Macdonald: Good morning. I am Elspeth Macdonald, and I am chief executive of the Scottish Fishermen's Federation.

Hamish Macdonell: Good morning. My name is Hamish Macdonell, and I am the director of strategic engagement for the Scottish Salmon Producers Organisation.

Donna Fordyce: My name is Donna Fordyce, and I am chief executive of Seafood Scotland.

Q51 **Chair:** Thank you ever so much for those short and concise introductions. Let us get started. Can you all briefly describe exactly where we are now, what is going on with what were described as "teething problems" and whether we are any closer to finding practical solutions to them? Are we now looking at deep structural issues, rather than teething problems, affecting the Scottish fishing sector?

Donna Fordyce: Yes, a lot of the teething issues have been ironed out, so we are left with looking at these long-term structural issues. The Scottish Seafood Exports Taskforce was set up, which has been looking at the structural issues, what we need to be doing and what needs to be happening within the systems.

In the longer term, we need to make sure there is a digitised system. That has to happen. We had a good update at the last taskforce about the progress being made on that. However, it is still going to be another year away, and that is a long time. We need to try to see if we can push forward some of these changes. One big structural issue we have is the systems. They do not talk to each other and there is a lot of duplication of effort.

Bit by bit, there have been some changes, and more changes are being implemented in May. So there are some teething issues, but for the long-term structural issues it is going to be another year before we see any major progress.

Q52 **Chair:** Ms Macdonald, how do you feel about where we are and the situation? Are you confident that we are getting on top of some of the difficulties we have heard about in this Committee over the past few weeks and months? Will these become deep structural issues that seem almost impossible to get over?



Elspeth Macdonald: Donna has given a good summary of the situation with regard to the issues of exporting fish that arose at the beginning of this year. From the catching sector's perspective, we see structural issues around the settlement reached through the TCA and the fact that we now find ourselves with a five-year adjustment period that very significantly constrains what we had hoped to achieve as an independent coastal state and, indeed, what the Government had committed to deliver.

The structural problem we face, over and above those related to the logistics of moving fish to market, is the fact that, for this adjustment period, we are unable to have meaningful control of access to our waters and we are constrained in the quota shares that are set out. That is essentially the structural problem we face. For our demersal or white fish sector, it is particularly acute at the moment.

Q53 **Chair:** There is a phrase that we do not hear so often anymore. I am not sure we particularly used it, but it was invented by your predecessor, "the sea of opportunity." I heard you or one of your colleagues in the sector on TV the other night talking about the tide being "half out".

Do you feel a wee bit let down by this lofty rhetoric and this idea of a consequence-free expectation about leaving the EU? Are you confident therefore that the Government can now fix this situation that they have initiated for the sector?

Elspeth Macdonald: We had been clear from the outset when the TCA was agreed that it was a hugely disappointing outcome for the fishing sector and very much did not meet the ambitions the industry had or, indeed, the commitments the Government had made.

We are where we are for this five-year adjustment period. There is little scope to change much during this period. We now have to look ahead to the end of the adjustment period and to 2026, to work hard with the Government to identify opportunities to improve this poor arrangement and to see what we can do in the longer term that will deliver more of those benefits and give the sector a more promising future.

Q54 **Chair:** We are now hearing a sense of profound disappointment with the TCA and a sense that all the things that had been promised to you and your expectation of a successful outcome were not delivered.

Is there a sense among the sector that these things can be resolved now? I know you are working practically with the Government to ensure you are involved in all these negotiations and discussions, but are you getting the necessary access you feel you require to deal with some of these things?

Elspeth Macdonald: It is early days. The Government are still involved in negotiations with the EU and Norway in terms of fishing opportunities for this year.



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It is beneficial from the TCA, while we were deeply disappointed by the arrangements on access and quota shares, that we now have the ability for regulatory autonomy. We are now able to determine our own rules in our own waters. They must be non-discriminatory but there is now much greater scope for the UK to make its own arrangements. Indeed, there is considerable devolved competence in that regard. We want to work with both Governments to make sure we make maximum beneficial use of that.

Yes, it is early days. The officials involved in this work are still tied up in discussions with the EU and Norway for this year. But we certainly expect to have a good opportunity to work with them to look at what we can do in the longer term and to maximise the benefits from the powers the Fisheries Act will now give both the UK and the devolved Governments to determine our own management measures.

Q55 Chair: Mr Macdonell, Scottish salmon has been one of our great export stories over the past few years. How is all this impacting upon your particular sector and business? Is the European market still pretty much available to you? What difficulties are you encountering? What do you need to ensure that this incredible success story of Scottish salmon continues to develop and grow?

Hamish Macdonell: As the others have said, things have improved over the past two or three months from the state they were in at the start of January. A huge amount of effort has been put in by a lot of people to streamline the process as much as possible.

The problem is that we have gone as far as we can in trying to make this current system as efficient as it can be. We are getting salmon to Europe. The problem is that we are still getting salmon to Europe more slowly, at greater cost and with much more paperwork or bureaucracy than we did before. We are losing the advantage we had, which was getting the best salmon in the world to the European market more quickly than anybody else. Our members are doing absolutely all they can to keep hold of their customers, but the customers are being attracted by salmon from Norway, the Faroe Islands and Iceland because that competitive advantage we used to have is being eroded. It will continue to be eroded unless we can find ways of making the system more efficient than we already have done.

Q56 Chair: Because of the situation we find ourselves in with the increased red tape and bureaucracy, you are in danger of permanently losing some of your customers. Would that be a fair representation? What would you therefore need to make sure that is addressed and rectified?

Hamish Macdonell: There are a few things. The taskforce is looking into the issues of export health certificates and trying to streamline that. When you look at the system and the huge amount of extra paperwork, as Donna raised at the start, there is a big need for digitisation and electronic versions of the certificates being used. They are hugely



bureaucratic. There are delays being built into the system that were not there before.

One of our members raised the issue that the border post at the main market in Boulogne-sur-Mer is not open at the weekend. We are trying to push the UK Government to talk to the French and ask them to open it even for the Saturday and Sunday mornings. That would really help. At the moment, any trucks that are trying to get to the market at Boulogne-sur-Mer at the weekend have to go through other ports, which builds in extra delays.

There are things that can be done. We are working with the Government and with others to get those done and to try to soften some of those extra problems in the system. As yet, I would not say that our members have lost any major customers but it is always a threat if we cannot get that slightly better.

Q57 **John Lamont:** Have you seen any enthusiasm from the UK Government to reach an agreement with the EU on SPS equivalence, which would reduce checks on seafood exports? I go first to Elspeth Macdonald.

Elspeth Macdonald: Donna and Hamish are possibly better equipped to respond. It is probably more closely related to their territory.

Very early this year we had a lot of discussions with Defra around the issues that needed to be addressed. Certainly, we understood from those discussions that the Chief Veterinary Officer was leading discussions between the UK and the EU to look at these veterinary SPS issues.

Donna Fordyce: There is not enough emphasis being put on the SPS agreements at the moment. The UK Government were waiting on the import system being put in place, and then to have further negotiations.

But, again, all leverage has gone. We need to reduce the sanitary checks—that would really help us—but the leverage is that, for the imports coming in, only 1% will be checked as opposed to the 15% or 30% that we face going into Europe. There is no leverage for us to negotiate because they have the 1%. We would love to be doing 1% checks.

I know they discounted the Swiss model, but perhaps they could look at the New Zealand model. A lot more work needs to be done on what precedents have already been set. We know the EU will not set a new precedent with the UK, but there are a lot of precedents that have been set. We have highlighted that in the taskforce. Hopefully that will push forward some of that discussion.

Hamish Macdonell: To back up what Donna was saying, from speaking to our members, one big issue they have is the delays caused when they get the lorryloads to France and an awful lot of checks are taking place there. If we could move to a model like New Zealand has with the EU,



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where only a tiny proportion of the product is checked when it comes in, it would be massively beneficial for our members.

Your question was about the UK Government's enthusiasm for this. I cannot comment on that. I have not discussed this specifically with the UK Government. But from our members' point of view, if we could possibly get to a situation where we have the same kind of deal that New Zealand has with the EU, it would be hugely beneficial.

Q58 John Lamont: Can you describe what SPS equivalence achieves in terms of tangible benefits and getting your products to market more easily? How would it work in practice?

Hamish Macdonell: It is just a question of time. At each stage in the process at the moment, time has to be built in for the processing of EHCs, export declarations, customs checks and so on. The SPS checks at the EU border add time to that, because they are checking large amounts of the lorryloads that come through. If there was an agreement that only a small amount of those products were checked as they went into the EU, like the New Zealanders have, it would take out one of the blockages in the system that delay getting the products to market.

One of our member companies has deliberately brought forward by between six and eight hours the time when they need to bring their deliveries to the main hub at Larkhall to get them across to the continent. They need to factor in that extra six to eight hours to get the product to market because, if they do not, they have effectively lost a day to their competitors.

Our members are doing their utmost to try to work through these changes and are doing a good job at that, but anything that can be done on the other side to cut out some of those delays would be hugely beneficial.

Donna Fordyce: Our standards have not dropped since we left the EU. We are still maintaining the same standards. That should hold good stead. But, as Hamish said, companies are working in difficult and challenging circumstances to try to get the product earlier and to get that extra time.

It is the unknown quantity of how much time it takes to do the checks. We cannot just add on two hours because it could take four hours, six hours or eight hours extra in a queuing system, waiting to get the products checked. There is no guarantee that, once you get there, you will know what the time limit is going to be on your waiting.

Q59 Chair: We are hearing now about SPS equivalence and New Zealand-type arrangements. Surely that should have been considered and discussed when the TCA was being agreed in the first place. Is that what you would have expected the Government to look at?



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Donna Fordyce: We would have expected that to be a consideration, in looking at what checks other countries were doing, but we have no line of sight on the actual negotiations, so I cannot comment on that.

Q60 **Deidre Brock:** Good morning to all our witnesses today. It is good to have you here.

I noticed that Macduff Shellfish, a processor based in Peterhead, said, "One of the key burdens placed on imports of sea fish to the EU is the completion of catch certificates... At least seven countries which have a trade deal with the EU have, to a greater or lesser extent, agreed some form of easement of this requirement."

Are you optimistic that the EU might agree to a reduced requirement for catch certificates given that Scotland exports more live and chilled seafood than countries that do not require them?

Elspeth Macdonald: The exporters are the part of the chain that have to secure the catch certificates. You are correct in saying that a number of countries, we understand, have agreements with the EU whereby their own catch certificates are considered to be equivalent to the EU ones. These agreements, we understand, have been reached through bilateral discussions between those countries and the EU. Whether there is potential for the UK to go down that road in future with the EU is something for further negotiations. We are aware of at least seven such countries, ranging from Canada and New Zealand to Iceland and Norway, both those quite far from the EU and those closer, those involved in moving both fresh and frozen products. They are bilateral agreements to ensure that they are equivalent with the EU's requirements. The UK and the EU might want to pursue that in future.

Q61 **Deidre Brock:** I should put on the record that I am EFRA spokesperson for the SNP.

Could you explain the difference in approach given that the NFFO said that most of the trade from these countries includes shipments of containers of frozen products, not live or chilled? Why does that make a difference?

Elspeth Macdonald: It may not be simply about the difference between the type of commodity being traded and whether it is frozen or chilled because, for example, Norway will be sending not only frozen fish but fresh and chilled product into the EU. It is not commodity-specific, if you like.

Donna Fordyce: The complication with the UK is that we have a large number of species compared to other countries. While you may get frozen product coming in, it may be just one species. We could export up to 54 different species of product into the EU, so we are a lot more complex around the chilled and live. There is more complication around the different formats we put into that marketplace. It could be processed or semi-processed. There are a lot of different formats in which we send products into the EU.



Q62 Deidre Brock: Could this have been foreseen in the run-up to the TCA being agreed?

Donna Fordyce: It could have been, yes. It is difficult when we are so closely linked with the EU trade and others have not been. We have been tied up so much. We have such a huge reliance on the EU trade. We have worked hand in hand over all these years, and now we are trying to unpick that complex system. A lot of these deals have been negotiated over a large number of years. This has not taken six or 12 months to negotiate. It does take a long time. It shows that trying to get a deal in a short space of time does not work fully to get all of the detail we need to trade as frictionlessly as possible.

Q63 Deidre Brock: We have been hearing recently about added complications with export health certificates, particularly around mixed meat products. Do you feel the UK Government are doing enough to make those export health certificates simpler and less costly for businesses? What is your impression?

Donna Fordyce: They are trying to do some system changes to make it simpler, but it is not just up to us. It is a negotiation and an agreement being made with the EU around that health certification. While we can make some system changes that make it simpler for us to input the data, the negotiation about a simplified export health certificate would need to be with the agreement of the EU.

Q64 Deidre Brock: Do the UK Government have this at the forefront of their mind? Are they pushing on this one with Europe?

Donna Fordyce: We are not privy to what discussions are happening at UK level. We do not have line of sight on that, so we are not sure how much negotiation is going on at this stage.

Hamish Macdonell: As far as the export health certificate is concerned, the evidence we have through the taskforce is that efforts are being made to streamline it.

A big issue is that a lot of the paperwork arriving at the hubs to be certified is wrong. One reason is that there are so many pages to be filled out that there is more scope for mistakes to be made. If you have a 25-page document and you have to cross things out all the way through and something does not get crossed out that should have been, that mistake can lead to delays. Anything that can be done to simplify that in a much more straightforward manner would not just help in terms of time but would cut out a lot of the simple mistakes that are being made all the way through the process and then adding to the delays.

Q65 Deidre Brock: Were the producers in your sector aware that these complexities were going to happen on the back of Brexit? You seem to be suggesting that they were not prepared for it.



Hamish Macdonell: No, we were definitely prepared for it. All our members export not just to Europe but to other parts of the world. They are quite used to the complexities of the export health certificate system. The difference is that the volumes we export to Europe are so great and we did not have any export health certificates until the end of the year. There were obviously going to be kinks in the system. I would not like to say that all our members are doing it right, because there will still be occasional mistakes, but the mistakes can sometimes be made by the certifying officers or by others. If you have a document as big and as cumbersome as this, there is more scope for mistakes to be made.

Deidre Brock: That is a fair comment.

Q66 **Mhairi Black:** It is still good morning to the witnesses. Thanks very much for giving us your time. It is really informative.

My understanding of groupage is that it plays a major role in Scottish fishing in particular because small to medium-sized businesses will essentially share lorries for different consignments. A problem has arisen in that those individual consignments are all privy to different regulations or different paperwork, which is causing backlogs.

Could you talk us through whether my understanding is correct and also give an indication of the scale of the problem within your sector or your experience?

Elsbeth Macdonald: I am going to sound like a broken record and defer again to Donna and Hamish. That is not because I do not want to answer the question but simply because the responsibilities of my membership actually largely stop as soon as the fish hits the quayside. I have much less detailed knowledge of the practical issues related to groupage.

Donna Fordyce: Yes, the groupage situation is around these small to medium-sized companies that do not have a full lorryload of products that can go straight to market. To make that cost-effective, they bundle goods together in consignments of goods. There are three hubs in Scotland where they do the consolidation and put the products into market, mainly in Europe.

With the health certification, there is an advantage in that the lorry can go under one health certificate, but the complexity within the hubs has come about as they try to ensure every single consignment is correct. Back in the first week, groupage came to a complete and utter stop because the systems could not cope with the complexity. One of the main hubs deals with 3,500 consignments a day. Trying to logistically organise that was complex.

We are in a better place now, but some of the small to medium-sized companies have struggled. Some still are not sending anything. Some are sending up to 50%. There is complexity in the systems. They cannot guarantee day one for day two, so the customers are losing faith in being able to get their products when they need them.



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Also, there is a big cost to do that. That is one of the areas we are looking at. We have a working group as part of the taskforce to ask about the cost now to businesses trading into Europe post-Brexit. We are hoping to have in the next couple of weeks that true cost of trading. It is astronomical. Some of the costs are the same whether you are sending 10 tonnes or 10 kilograms. If you are sending larger consignments, it is more cost-effective at the moment, but for the smaller companies it is cost prohibitive. There is a concern that companies will be barred from trade because of the cost burden.

As more and more of the invoices come in from the first quarter, there is more realisation of how expensive it is. We cannot pass all these costs on to the customers or try to pass some of it back within the supply chain. It will be difficult to absorb all that cost. A lot of the resilience has already waned in small to medium-sized companies with the Covid situation. There is not a lot of cash going around the companies to try to buffer all these additional costs.

Q67 Mhairi Black: Have the Government recognised these concerns or, again, are you not privy to their plans?

Donna Fordyce: We continually had conversations in the Defra calls when they happened. They have now stopped, so there is no engagement with the industry now apart from the taskforce and any working groups that are ongoing.

That message is continually pushed through. The UK Government are aware of it because we are pushing it to Minister Prentis and Minister Duguid. They are aware of the cost issue. Minister Duguid's constituency has a large number of small companies, so they are very much aware of it. The response will be difficult because they cannot help with the cost burden on companies under state aid rules, but how else could we be helped? It is about system changes to pull out some of the additional costs that we can reduce.

Hamish Macdonell: Our members have been pretty lucky in this extent. Most of our members are pretty big—in fact, some of them are very big indeed—which means that the loads they are sending to the EU are generally either full lorryloads or more-than-full lorryloads if they are sending three or four lorries at a time.

A couple of niche, artisan, high-end members have suffered as a result of the delays to do with groupage, but the majority of our members have been okay. For those smaller ones, it has been a problem, but an awful lot of work has been put in through Food Standards Scotland and through the hubs to make sure the certification process for groupage is as fast as possible to make sure those who rely on groupage can get their fish to market.

As Donna says, the big thing for us is guaranteeing that day one for day two delivery. It is making sure that, when we say to a customer in



Europe that it is going to be there with them on a day, it is there. At the start of the year, in January and February, with groupage there was no way of guaranteeing that day one for day two. My understanding is that we are now getting day one for day two in groupage orders, at least with salmon in them, because of the hard work that has been put in, and I hope that will continue and get better.

Q68 Mhairi Black: Excellent. Are any of you aware of Defra's new suggested protocols for groupage? If you are, would they make things easier?

Hamish Macdonell: I am not aware of that, but it is not something we have been as centrally involved in as others have been simply because, for most of our members, it does not affect them.

Donna Fordyce: I am not aware of them, either.

Q69 Chair: This could be a daft question. What happens when there is no groupage? How do you then get your product to market? What arrangements do you have to make in the absence of that feature?

Donna Fordyce: Your local environmental health officer would sign your health certificate. Then you would have to organise your own transportation, but the costs would be astronomical because you may have to take out a whole lorryload or see if they have space. There would be all of the additional burden of costs. It would cost even more to send your product there.

The local health officers would not be able to cope with the volume. It is a concern for us that, now hospitality is opening up again, they will need to go back to their day jobs as well as signing these health certificates. They are starting to creak a bit with the volumes they are signing. Groupage deals with about 80% of the health certificates, and the local health officers deal with 20% and that is them at their maximum.

Q70 Chair: In the absence of groupage, it is left to individual producers to organise all the health certificate requirements and to organise all the transport. The impact on the environment alone of all these extra trucks heading off would surely become an issue in the future.

Donna Fordyce: Yes, it just would not happen. The cost would be prohibitive and there would not be enough transportation to do that.

Q71 Sally-Ann Hart: It is now good afternoon to the panel. Has the £23 million seafood disruption scheme been useful to the fishermen and has there been much take-up?

Donna Fordyce: For the processing sector, it has not been very useful. There was a small number of processors, and there was a large number of hoops that people had to go through to be eligible for it. They made their applications and then had funding for only 50% of their losses. Also, they were paid out only a couple of weeks ago. It was very poor. A lot of frustrated processors either have been ineligible or, with the timescales



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of paying out and once they had been paid out, did not realise they were going to get only 50%.

On the flipside, because there was not a huge number of applications, they opened up a scheme for the fishermen, which maybe Elspeth will touch on, and that was fantastic. It benefited the fleet, and all the fleet was able to get funding, but the processors feel very let down.

Elspeth Macdonald: As Donna said, the £23 million scheme was initially only available for exporters but was subsequently opened up for the catching sector. Indeed, a scheme was also put in place by the Scottish Government that some parts of the catching sector were eligible for.

That funding assistance for the catching sector was to help with the fixed costs of the vessels that they would have been incurring while they either were unable to fish or were constrained in their operations because of the issues with getting product to market. These schemes certainly would have been helpful.

It was not so helpful that there did not appear to be a great deal of joining up between them and there was some overlap. It was quite difficult for people in the industry to know where they were eligible and where they were not. The industry had to push both Governments to join those operations up a bit better and make it easier for businesses to understand where they could go.

While these schemes were indeed helpful, and it was certainly beneficial for the catching sector to get assistance with their fixed costs, fishermen would rather be fishing. They would rather have the opportunity to work and catch fish than to be taking public money, essentially, to help with their costs because they are not able to do what they want to do. Yes, absolutely, they were helpful, but we would rather be at sea catching fish.

Hamish Macdonell: As far as our members are concerned, the £23 million was not helpful at all simply because it was restricted to small and medium-sized businesses. Most of ours were far too big to qualify. Two of our members did qualify. One applied for the money and was then told that it was not eligible for it even though it thought it was, so it is now appealing to see whether it can access some of the funds. As yet, no salmon producers have managed to access the money, although one has tried.

To echo what Elspeth said, these schemes are great in principle and, if they help, that is super, but our members want to produce fish and get it to market. They want to thrive doing that. They are looking for anything that helps them do it better.

Q72 **Sally-Ann Hart:** How should the £100 million fund that has been announced be used to support Scottish catchers and processors and to rejuvenate or modernise the fishing industry?



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Hamish Macdonell: If it is aimed at the fishing industry to modernise the catching and processing, it probably would not affect most of our members. I reiterate the point that if there is money to be spent, we would like it to be spent on streamlining and making the processes more efficient so that we can keep hold of those customers we have in Europe. That is the most important thing for us.

Sally-Ann Hart: Are you talking about digitalisation of the system, cutting down on paperwork and so on?

Hamish Macdonell: That would be ideal, yes.

Donna Fordyce: We would like to see a more automated processing sector. At the moment, it is reliant on labour and a mainly eastern European workforce. We are uncompetitive with our productivity, so we need to see a real increase in the productivity levels within fish processing, fit-for-purpose processing facilities, automation, innovation and product development. If we are landing less fish, or less than we hoped for, we need to be adding as much value as we can to that fish before it leaves. We cannot just be sending unprocessed fish and trucking it to the continent. We need to be adding value here. We have key coastal communities that rely on the processing sector, and we need to embrace that. We also need the infrastructure to ensure that continues.

Elsbeth Macdonald: We have to understand the opportunities for the fleet in terms of what that £100 million fund can support. When it was announced, there was talk of scaling up the fleet to catch this new great bounty of fish, but the uplift in shares is very disappointing, modest at best, for those stocks where there has been a decent uplift. We have to understand the fishing opportunities for the fleet not just in the short term but at the end of this adjustment period from 2026 onwards and ensure that the fund is designed in a way that supports that as best it can.

It is also important to recognise that, in terms of wild-caught fisheries, Scotland is by far the biggest contributor in the UK. We are responsible for slightly in advance of 60% of total landings by both tonnage and value for the UK. It is important that the distribution of that fund across the UK recognises the huge importance and the significantly larger contribution that the Scottish industry makes.

Q73 **Chair:** Do we know who is going to get some of this £100 million? Do we know who qualifies, who is eligible and who has any sort of say about how this will be distributed? I am seeing lots of heads shaking. Does anybody want to tell me what is going on?

Donna Fordyce: We do not know. There was an announcement six months ago of £100 million, and that is all we know. We do not know any more. We know there is going to be this £100 million, but nothing more has been said about it. That is a frustration to the industry. The sooner



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we can get a bit more clarity on what that £100 million is going to be spent on, the better.

Chair: Fortuitously, the Minister may be able to answer that question following this session. I am sure the Committee will be keen to put that to him.

Q74 **Andrew Bowie:** I am going to direct my questions towards the Scottish Government's support for the industry but, to begin, at the outset of the session the Chair raised the situation for the catching sector and the oft-quoted "sea of opportunity." We have spoken about the five years and the vision in 2026.

What would be a good outcome for you and the members of your organisation in 2026? What would you be asking the UK Government to drive towards?

Elsbeth Macdonald: This takes us back to the priorities we had for the Brexit negotiations themselves, which were about the UK having proper and genuine control of access to our fishing waters, to our EEZ, about our having a far better sharing arrangement based on the resources in our waters, and about having annual negotiations with the EU as proper independent coastal states should, those negotiations determining access and opportunities for the year ahead. We had hoped for that from the TCA, but it is not what we have had, certainly for the adjustment period.

In future, we want to see a much more normalised coastal-state-to-coastal-state arrangement, as I described in terms of the type of arrangement that the EU has with others. Over the next period as we move towards that date in mid-2026, we need to work closely with the Government to understand the opportunities the TCA gives us to achieve that and also to understand where there may indeed be constraints, sanctions and penalties. Anybody who has looked even briefly at the TCA will see it is a pretty complicated beast. It is labyrinthine in its construction. We have to understand a great deal of it in detail to determine the opportunity for a much better settlement between the EU and the UK on fisheries in the longer term.

Q75 **Andrew Bowie:** It is probably safe to say, though, that your members would not be in favour of reverting to a relationship that looks more like membership of the common fisheries policy.

Elsbeth Macdonald: While the industry has been very disappointed by the outcome of the negotiations and where we find ourselves at the moment, the one positive note is the ability to determine our own management measures. While the industry has been hugely disappointed on many fronts, at least we have that provision that we did not have previously.

Q76 **Andrew Bowie:** There were rumours and I was made aware recently of discussions ongoing between specific regions in Europe, such as Boulogne-sur-Mer, which is a huge importer of Scottish seafood to the



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continent, in terms of easing access and making the process quicker for all concerned. Are you aware of those negotiations, and have they proceeded much further than the tentative talks that had happened a couple of months ago, or are you involved in them?

Donna Fordyce: I am not involved in them but I am aware of them. We were updated on the Defra calls, when they were happening, about the discussions that were taking place in the regions. They were also touched on in the taskforce, but we do not get regular updates now because the Defra calls do not happen. We were getting told what was happening on a regional basis, and some of it was down to the practicalities of what we could be doing to speed up the checks in each of the BCPs. Ultimately, the negotiations have to happen with the Commission as opposed to only in the member states.

Hamish Macdonell: I have nothing to add to what Donna said, I am afraid.

Q77 **Andrew Bowie:** Are you confident that the Commission is in listening mode?

Hamish Macdonell: That is difficult for us to answer because we are not in negotiations with the Commission. All we can do is pass things on to the Government and hope they go through.

Andrew Bowie: The Scottish Government has—

Chair: Andrew has frozen. We will come back to Andrew. I am pretty certain he will find a way to rejoin us and, in the meantime, we will move across to Douglas Ross. I can see you in your car there.

Q78 **Douglas Ross:** It is a slight worry. We have had a technical fault with someone at home and I am hoping to get my questions across in the middle of a carpark. Hopefully we will get through this.

Ms Fordyce, you mentioned an understandable concern that, as hospitality and tourism reopens, a number of council officers and local authority officers who have been signing certificates may be taken back to other jobs. A fund was set up from the UK Government to the Scottish Government to make sure councils had enough money and support to recruit additional staff for some of these purposes. Has that money been utilised effectively to diminish some of the concerns you have about the availability of staff from local authorities?

Donna Fordyce: It is not for me to comment on the Scottish Government's policy on spending the money, but I know they were offering support to the hubs. Some of the response was to try to bolster that support within the hubs.

Another issue we have is that there are just not enough qualified people available to employ, but I know the local authorities are looking to bolster the number of employees they have looking at this. Whether that money came from the Scottish Government I do not know, but I know there has



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been a recruitment drive in the local authorities to try to bolster that service. Food Standards Scotland has also bolstered the number of people it has put in place. The impression I got from the Scottish Government was that they would try to do what they can to make sure the system is supportive and that there are enough signing officers to prevent a hold-up. I do not know how that equates to that budget.

Q79 Douglas Ross: There is a concern that some of that funding did not go directly into the local authorities to recruit these staff way back at the start of the year and before. You are probably the first witness we have heard raising that concern, and it is a legitimate one for the Committee to look at going forward.

You have, understandably, spoken about the taskforce quite a lot today. Is enough done by the taskforce to feed back both your discussions and your actions to the sector as a whole, or is there a chance that we have a disconnect and that there is a lot of good work done within the taskforce but the industry as a whole does not fully engage with what is going on?

Donna Fordyce: There is more work that needs to be done. The taskforce has short-life working groups and we have only another three meetings. Again, there are minutes that come out of that, but there is no real communication. We discuss how potentially we could be communicating better to the industry. Normally that dissemination would have happened through the Defra meetings but, again, they have now stopped, so there is not that full engagement with the industry. I imagine that it is left to the likes of us, the Scottish Seafood Association, Elspeth and her members and the SSPO to disseminate some of that information to our members and the companies we work with.

Q80 Douglas Ross: Mr Macdonell, you mentioned how an improvement could be made through digitalisation of the paperwork. How would that work? There is a risk at the moment that, yes, the bureaucracy is burdensome but, if you try to bring in an IT system, it could create even greater challenges. Of course, ideally this would have been done long before we got to this stage.

How big a risk is it to continue with the system as it is and try to reduce the paperwork? Should we try to go digital, or should we do both at the same time?

Hamish Macdonell: My impression is that the work on the digitalisation of the EHCs has been going on for some time. Some pilot projects ran last year. Even going back two and a half years, there was discussion about the need to put the system on an electronic basis. The prep work has at least been started. Yes, it is a big job and there are risks with it, but if we can get to a stage where we do not have somebody missing out a box that they should have crossed out and that fish then getting stuck at a border control post in France and threatened with being sent back, it would help.



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There is an issue with the validity of the export stats that are being put out by HMRC. The figures for January were not just wrong but were very wrong. It is difficult for you as a Committee, and for anybody else, to assess the impacts of Brexit when we do not have a proper baseline on the stats. To give you an example, we sent about 5,000 tonnes of salmon in January. The Eurostat system, which records how much Scottish salmon goes into the EU, recorded about 4,700 tonnes. The HMRC figures say we sent only 80 tonnes, which is 3% of the amount that actually went there. There has been a big problem at the very least in January in the collation of the figures. Something happened in the way the figures were collected.

I do not know who is to blame or where the problem has come from, but unless we can get a proper baseline of how much fish is going into Europe, it is impossible to assess the impact of Brexit. From our own assessments and asking our own members for their figures, we believe we sent more salmon to Europe in January 2021 than we did in January 2020. If that is the case, it tends to change the perspective quite a lot.

We have been appealing and talking to HMRC about this for the last two or three months, because HMRC publishes the official export stats. We have been unable to make any headway. My appeal to the Committee today is that, if there is a chance of using your influence to make sure that baselining is correct and we know what we are doing in terms of accurate export statistics to Europe, it would be a great help.

Q81 Douglas Ross: That is an incredible statement. You are effectively saying that, somehow, HMRC has lost 97% of the salmon exported to the European Union. I am not saying there is salmon lying around somewhere, but the figure relating to that is not just a couple of percent. It is the vast majority.

Hamish Macdonell: It is a lot. I do not know what has happened. Our members have to import the statistics on to the system, otherwise they do not get export declarations. Somewhere between our members uploading the figures on to a system and their appearing them on the HMRC desk and getting published, the figures have gone awry. I would not like to say that this is HMRC's fault, but something has gone wrong and the figures have gone missing. If you as a Committee want to understand what is going on with Brexit, we need to get those figures right.

To put this in context, the February figures were much more as we would expect, but our concern is that we do not know whether those February figures include some from January that were pushed on or whether they are the accurate February figures and it was just a blip that happened in January. Until we know for sure what has happened, it is difficult to make any judgments.

Q82 Douglas Ross: You are being very kind in calling it just a blip. It sounds like more than that. Not only will this Committee be interested in it, but



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the respective parties represented within the Committee will be interested to get to the bottom of that. That was an extremely useful piece of evidence. Thank you.

Finally, Ms Macdonald, you were speaking about some of the positives from Brexit for your members through a greater regulatory authority and some of the devolved competencies coming back to Scotland, but could you give us more background on those two issues and how you feel they could benefit the industry here in Scotland?

Elspeth Macdonald: A feature that certainly the catching sector was keen to lose from the constraints of the common fisheries policy was the fact that we were not able to determine our own fisheries management measures. No longer part of the CFP, we are able to develop our own fisheries management arrangements.

Indeed, the Fisheries Act that went through Parliament at the tail end of last year is now the legislative basis for us to do that. That gives significant powers and responsibilities to all four Administrations of the UK for the things they will do separately within devolved competencies but also things they will do jointly, developing a joint fisheries statement for the UK, for example, which will set out the policy objectives in each part of the UK and how these will deliver the wider fisheries objectives that the Act contains. To a large extent, it sets out a good opportunity for the four constituent parts of the UK to determine the measures we feel are most appropriate for managing fisheries in our waters.

One way to do that will be through the development of the fisheries management plans that the Act makes provision for. This is quite an innovative approach. The Act is not too prescriptive and we were happy about that. We did not want a very prescriptive piece of legislation to determine fisheries management because, indeed, that is a large part of the problem with the CFP. The rules are too prescriptive, too inflexible and made too far away from the practical realities of fisheries management. To have this framework piece of legislation in the UK that gives considerable powers to the four Administrations to design fisheries management plans that are appropriate for our waters, appropriate for our fisheries and appropriate for the fluid and dynamic situations we see with natural biological resources is advantageous.

We should not underestimate how much work it is going to take to do this well, but the industry very much stands ready to work with the four Governments and to make sure we can manage our fisheries in the way we see fit and in the way that will give the best short-term and long-term outcomes. That is one of the key benefits.

Q83 Wendy Chamberlain: Donna Fordyce, at the start you talked about another year of digitalisation. In the evidence to Douglas Ross, we were talking about digitalisation. It is great to hear about the projects that are ongoing, but are the Scottish and UK Governments doing enough to further progress those electronic transmissions as much as possible? My



understanding is that we want to move bulk market export as quickly as possible, and indeed that might help with some of the groupage issues.

Donna Fordyce: I agree. More needs to be done to speed up that digitalisation of the systems if possible. We know there have been big steps made with all the teething problems. In the past three or four months, we have seen a big difference. If we could try to get something in the next six months, as opposed to in a year's time, it would make such a difference to the companies and to the cost saving.

Digitalisation cuts out not just room for error but also time. When the processors are processing wild-caught fish, they are in the market first thing in the morning. They buy that product, take it back to their factories and process it there and then, and it is away to the marketplace in France for the next morning. They would normally get the product out at 1 o'clock in the afternoon but the product has to leave at 11 o'clock in the morning and they have to have done all their paperwork at the same time. That all gives room for error. If everything could be duplicated and streamlined, the error count would be less. Also, it would give the companies more time to process more product.

The cost-benefit of that will perhaps allow more small and medium-sized companies to restart trading or increase trading and try to get back to normal levels. If they do not, that trade will be lost forever. They are losing that trade. How do they gain that back?

Q84 **Wendy Chamberlain:** Absolutely. I can see from a time perspective how having those processes working in parallel would help. You said it would be great if they could do more. What specific things would be helpful to the industry?

Donna Fordyce: Once food service opens up, we need to be pump priming the industry. We have the Marine Fund Scotland being launched at the moment but, again, that is only for a year. We need a commitment from the Governments that there will be a fiscal fund for more than one year. We cannot do strategic projects within one year. It is challenging to do that. Can we get a funding system that will stretch over more than one year and include large organisations?

We need a state aid policy. At the moment, we do not have a state aid policy. This is being worked on. The seafood sector had a de minimis issue previously within Europe, and we are hoping that will be resolved so we can fund more businesses to help them with business development. It is around that whole funding mechanism and making sure there is a state aid policy that is fit for purpose for the seafood sector and having that future fund available for the strategic investments that are needed not only to trade into Europe but also to look at other market opportunities and other sectors. How could we move more into retail? We are so heavily reliant on food service. How could we develop the resilience and spread the risk with the companies?



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Q85 Wendy Chamberlain: Yes, particularly, dare I say it, where some aspects of public appetite are going.

Ms Macdonald, in relation to the five-year adjustment period, you said that we are stuck. Are you looking for the same kind of strategic investment over that period so that, when we get to 2026, you are better placed?

Elsbeth Macdonald: Yes, I would agree with a lot of what Donna said. It is very difficult to make long-term funding commitments and long-term business development plans when you only have knowledge of a one-year funding scheme. I absolutely echo the point about the fact that we need longer-term strategic thinking around what that replacement fund looks like and, again, one that recognises the hugely disproportionate size of the industry in Scotland. More than 60% of all UK landings come from Scotland in terms of both tonnage and value. Whatever fund is determined across the UK must reflect that.

Q86 Wendy Chamberlain: Yes, it needs to be weighted accordingly. Mr Macdonell, do you have anything to add?

Hamish Macdonell: I have a small point to back up what Donna was saying about the certification. It is not possible to exaggerate the difficulties that sometimes come with having to use hard copies.

We had a truckload of salmon stopped at the border control post at Boulogne-sur-Mer. The customs people said that the certificate was wrong and they wanted a new hard copy. The original was signed in Shetland. The producer then had to get an assurance from the border control post that they could cope with an electronic version in the meantime, and they had to give an assurance that a new hard copy of the export health certificate would be put on the next plane from Shetland to the customs post in Boulogne-sur-Mer so they could tick it off.

If we do not have to rely on hard copies like that, such circumstances where there is a mistake can be readily rectified. A PDF of the certificate can be sent straight through and the lorry can go on its way. The insistence on hard copies is causing issues. If we can move to a digital electronic system, it will be massively beneficial.

Q87 Wendy Chamberlain: Moving on to the TCA and fisheries quota, I also have the TAC or total allowable catch. I am picking up that there has been an impact on Scotland in relation to the shares being applied by the UK and the EU. My understanding also is that we are in April and we do not as yet have a quota for this year agreed. What impact is that having, Ms Macdonald?

Elsbeth Macdonald: Yes, in terms of the TCA, we are disappointed by the adjustments in shares, particularly for some of the key white fish or demersal species in Scotland.



On the point you raise about this year and the TACs—it is all very confusing—last week the Secretary of State published provisional determinations for the UK to the end of this year. That was recognising that, while there are still negotiations under way between the UK and the EU for fishing opportunities for this year, and bearing in mind we are approaching the end of April, it was extremely difficult for businesses to plan. The provisional determinations published last week are aiming to help provide some certainty for businesses. It does make it extremely difficult for the industry when we do not yet have clarity about the actual position for the UK TACs. That is causing real challenges.

Q88 Wendy Chamberlain: May the provisional TACs be superseded if there is an actual agreement reached? Is there potentially certainty but still a degree of uncertainty?

Elspeth Macdonald: Yes, there may have to be further adjustments made depending on what agreements can be reached. The Secretary of State has tried to provide some clarity for the rest of the year, but that still may be subject to change.

Q89 Wendy Chamberlain: Finally, what should the UK Government be doing to prepare for post-2026?

Elspeth Macdonald: It is important for us to understand the prospects for a better settlement. The treaty is extremely complicated. There is some language in it that is quite difficult to interpret. It will need quite a lot of thought and a lot of cross-referencing to other provisions. We certainly want as a priority to make sure we understand the opportunities post-2026, and the consequences of taking advantage of some of these opportunities. We certainly see some pretty punitive sanctions and constraints that could be applied. First, we need to understand and be realistic about the prospects and then work with the Government to see what we need to do to secure these.

Chair: We have the Minister waiting. Can I thank all three of you for attending today and giving us such good evidence? We will probably revisit a lot of these issues, and certainly we want to bring up some of them with the Minister, who is now about to come in front of us. Thank you.

Examination of Witnesses

Witnesses: David Duguid MP and Nick Leake.

Q90 Chair: Minister Duguid, tell us who you are, what you represent and introduce any colleagues you have. I understand you want to make a short introductory statement.

David Duguid: I will make a short statement in a second. I am David Duguid, the Parliamentary Under Secretary of State at the Scotland Office, and I am joined today by Nick Leake, deputy director of policy here at the Scotland Office. I propose to bring him in as appropriate, but



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hopefully not too much. I will try to answer as many of your questions as I possibly can.

I want to affirm that the UK Government is ambitious for the fisheries sector in Scotland and across the UK. We want to support the industry to thrive and flourish as a leading fishing nation. Fisheries are, of course, a key sector in Scotland—you have heard me say that plenty of times before when I was on the Committee—and are a vital contributor to the Scottish economy and coastal communities.

The trade and co-operation agreement, the TCA, with the EU is a compromise. I have acknowledged since it was announced at the end of last year that the changes since the end of the transition period have been challenging and have had an adverse impact on some parts of the industry.

However, we secured significant wins for Scotland in the TCA. Scottish fishermen now have exclusive use of our 6 to 12-mile zone. We are now outside the deeply unsuitable and unhelpful, in a lot of ways, common fisheries policy. In the coming years, our quota share will increase steadily, 15% in this first year rising to 25% by 2025, with the opportunity to seek more from 2026 through annual negotiations. We know—I know—there is frustration in the industry at the situation, and that for some these opportunities do not go far enough fast enough, but there are reasons to be optimistic when we look towards the horizon.

Before the end of the transition period, the Prime Minister announced a £100 million fund to grow and develop the industry towards that horizon, and we are pleased that more information on that fund will be released shortly. The Government recognises that businesses involved in the export of highly perishable goods, such as live and fresh fish and shellfish, have been affected by border delays on both sides of the Channel. In response to the ongoing impact of Covid, as well as those export issues experienced by seafood export businesses across the whole UK earlier this year, we opened the seafood disruption support scheme, followed by the seafood response fund, to provide up to a further £23 million of financial support across the whole sector.

Many short-term issues have been resolved or are in the process of being resolved, but there are also issues that we understand will take a bit longer to resolve. That is why it is very important that we take the action now to make sure we get those issues resolved. That is why the UK Government have recognised this and have set up the Scottish Seafood Exports Taskforce, which I chair, drawing together expertise from stakeholders from all over Scotland, including catchers, processors, exporters, hauliers, Government agencies and, of course, the Scottish Government. To date the taskforce has met on five occasions. We have agreed a total of 23 actions so far: 11 of those have been completed and the remaining 12 are in process, and I am sure there will be more to come.



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Ministers and officials across UK Government are working closely with colleagues in the Scottish Government to drive forward policy developments arising from this taskforce and the tangible improvements they offer industry stakeholders. While I appreciate the stakeholders still have a number of outstanding concerns, we have seen an increase in exports since January through to February, so I think we can all agree that is good news.

Anyway, I have cut out some bits of that in the interests of saving time. Thank you, and I look forward to answering your questions.

Q91 **Chair:** Thank you ever so much, Minister, and thank you for your opening comments. It is good to see a former member of the Committee in such high office—not so much poacher turned gamekeeper, maybe fisher turned fishing boat captain. It is good to see you, and thank you for your time here on the Committee.

Can I take you back to December, when I think you said that tariffs would not be the end of the world? I think you also said that the impact is overstated. After all that has happened in past few months, is that still your view?

David Duguid: We ended up with an agreement with the EU in which there are no tariffs. In fact, it is the first trade agreement of its kind the EU has agreed with anyone anywhere around the world that has zero tariffs and zero quotas. I consider that a success of the deal. The comment you are referring to, I think it was earlier in the year—it was not so close to the end of the negotiations—when I was asked if tariffs would be a showstopper. My opinion at the time was that, if we had to apply tariffs to our seafood exports, it would not have been the end of the world and we could have continued to export—and I am sure everyone on the Committee would agree—our high-quality Scottish seafood produce.

Q92 **Chair:** Did you forget about the non-tariff barriers we were going to experience once this trade agreement was in place? Was that genuinely not even considered by the UK Government? We have seen the difficulties this has led to.

David Duguid: We always knew we were coming out of the single market and the customs union, so we knew there were going to be administrative changes, what you are referring to as non-tariff barriers. The question I answered to which you referred, and which I was quoted on, was specifically about financial tariffs, not about non-tariff barriers.

Q93 **Chair:** Again, all the difficulties that started to emerge in January were almost casually dismissed as teething problems, which I think greatly upset the sector. Are these still teething problems or have they started to become long-term structural problems?

David Duguid: I would not use the words “teething problems.” I am not sure I ever have, but in that context, I think there were some issues that were relatively easy to fix, once we got to the detail of the root causes



behind these issues. To give you a very quick example, there was an issue with the online coding system for species being exported that gave you the option of putting a whole monkfish or a monkfish fillet. It didn't give you the option of having monkfish cheeks or monkfish tails, so that was something. Once we realised that was an issue, bang, we could fix it very quickly. All credit to Defra and HMRC, who were able to make those remedies very, very quickly once they knew what was happening, and even more credit to the industry stakeholders, whom we continue to depend on for telling us what the issues are that need to be resolved.

I guess you could refer to those as teething problems, the ones that were relatively easy to fix, but of course as with any transition, any change process, the easy things to fix get fixed quite quickly, then what remains are the issues that are maybe of a longer-term nature, for whatever reason, whether it is technical, legislative or even political, that will take a bit longer to resolve, but action still needs to be taken right now. That is kind of the philosophy behind the taskforce, the recognition that we have longer-term issues to resolve, but we need to take the action now. We can't just keep kicking the can down the road.

Q94 Chair: We will want to get into some of the issues around the taskforce, and we have some detailed questions on that. When you were a member of this Committee, Minister, I remember when the fishing sector would sit opposite us and it was a "sea of opportunity." This was all consequence-free. We would be an independent coastal state and this was one of the big, big gains for Scotland from leaving the European Union. We don't hear much about the sea of opportunity anymore. Do you think all the expectations and opportunities around Brexit have not been realised and that these expectations would never have been realised? Do you think you should have been a bit more candid with the sector about what to expect when we left the EU?

David Duguid: The Government shared the ambition of the industry for that sea of opportunity. It was the industry. I think it was the Scottish Fishermen's Federation that coined the term "sea of opportunity" and, yes, I admit to having used it myself. It is a good tagline to have. I believe there is a sea of opportunity to be had. That said, I also acknowledge that the trade and co-operation agreement, with the adjustment period attached to it, such that EU vessels still have the access they had before for five and a half years and that the increase in quota is 25% rather than—well, pick a higher number—is not what we wanted it to be.

Compromises were made, as in any negotiation, but it is definitely a step towards that sea of opportunity. As I said earlier, we are an independent coastal state and we are out of the common fisheries policy, which is a huge result, a huge benefit to the industry. We can make our own rules now. We may come back to that later, but we are definitely moving in the right direction.

Q95 Chair: You obviously listened to this session and the other sessions that



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we have had. There is a profound sense of disappointment in the fishing sector just now. The reality has not met the expectation. There is a sense of being let down. Why should the fishing sector trust this Government any longer, given what has happened?

David Duguid: We are still working very closely with the industry, whether through the taskforce or Defra, through the various engagement sessions it has been having with the industry and stakeholders, or HMRC. We are working with the Scottish Government as well, and we are working together as much as we possibly can and we are collaborating as much as we can with the industry. As I said earlier, the industry knows what the issues are and the more information we get from the industry that allows us to be able to facilitate the improvement of the situation the better, but we continue to focus on working towards that brighter future.

Q96 **Chair:** I think we all know now that the industry is hurting, and is hurting quite badly, and it is looking to get these solutions in place for a situation we did not expect.

Lastly from me, I do not know if you heard the last session—I could see that you were there—and the evidence from Mr Macdonell about the figures from HMRC on the export statistics. Apparently, it has it wrong by 97%, if I heard that correctly. We have no idea how much fish is going into the European Union on the basis of this. Were you aware of this difficulty? What are you going to do to address this? Will you be rushing off to your colleagues in the Treasury to try to ensure that this is resolved?

David Duguid: We were made aware of that pretty much as soon as the Scottish Salmon Producers Organisation were made aware of it. They informed us. I think it came through one of the taskforce sessions. I am sorry, I am looking to Nick in case I am missing something there, but yes, and there is an investigation ongoing. HMRC is looking into where that discrepancy has come from. I believe there is a standard process by which an initial estimate is made and is then verified. There was a big discrepancy between the two, and I think the methodology is currently being reviewed. Nick, do you have anything to add?

Nick Leake: Yes, maybe just to note that it is a standard process. HMRC publishes provisional figures as quickly as possible, and they are subject to revision as a standard process. The Scottish Salmon Producers Organisation has raised what we would call a trade challenge, which led to this thing being investigated. I accept that, in this case, a significant revision would need to be made, but this is a standard process and so I am fairly confident that the correct figures will appear when the final figures are announced.

Q97 **Chair:** Thank goodness. How could you get something wrong by 97%? It is astounding and bewildering that this could emerge. It gives no sense or idea about what is happening in terms of fish exports to the European Union. Is there a possibility this could happen again?



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Nick Leake: The investigation is ongoing. I do not want to guess the outcome of it, but I am confident that it will be done properly and that the figures will be correct and therefore the methodology will be correct going forward. I don't think it is fair to say that this applies to all fisheries exports. This was a specific salmon—

David Duguid: No. As you have said, the magnitude of the discrepancy is rather unusual and is being investigated by HMRC as we speak. I think Hamish Macdonell said in the earlier session that it is not as if 97% of the salmon has disappeared. It has been exported, we have that value for it and it has not been lost, but it is very important to get the statistics right. I think Hamish himself said he was confident that eventually we will get to the right number, but I would agree it is not satisfactory that that size of discrepancy should occur. It is being looked at.

Q98 **John Lamont:** Good afternoon, Minister Duguid. Just a couple of points from me. I have another meeting to go to, so I will be relatively brief. Can you tell us a bit more about how the taskforce has engaged with industry and how it is interacting with different bits of the UK Government?

David Duguid: The taskforce, as I alluded to earlier, was set up and I think we had the first session in early February, but it was something we were kind of doing anyway. I and my officials were having not informal but sporadic engagement sessions with the industry, with the Scottish Seafood Association, Seafood Scotland and the Scottish Fishermen's Federation. Defra was also having its engagement sessions, and I am sure the Scottish Government were having their different sessions as well.

There was a request—made, I think, by Tavish Scott of the Scottish Salmon Producers Organisation in a Brexit taskforce meeting that he attended in late January—to have a Government-led taskforce basically to bring that all together and crystallise the process a bit more. It coincided with the phenomenon I was talking about earlier: a lot of the low-hanging fruit, a lot of the easy things to fix, were either being fixed or were in the process of being fixed and we were coming across more structural issues that needed a bit more thought, time and effort to resolve.

That is why we focused the taskforce on a time-limited basis. I think we have three more meetings to the end of May. The taskforce also focused on medium to long-term issues while the shorter-term issues were mostly being resolved more directly with Defra. I know when we talk about long-term issues it might sound like kicking the can down the road, but we are very much focused on tasks and actions. I mentioned the action log that we have.

The other focus, of course, is that the major source of input and expertise is from the industry itself. We have a core group of the likes of Hamish, Elspeth and Donna, who you have spoken to, as well as Jimmy Buchan



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and Elaine Whyte of the Inshore Fisheries Alliance, and then a few guest appearances. Food Standards Scotland is also in attendance. We have a core group in the taskforce, but they also work individually with their members to disseminate the information that we come up with and the actions.

Q99 John Lamont: Certainly the engagement I have had on behalf of businesses in my constituency with particularly Defra officials in the early part of this year was very, very positive and constructive. Do you think you have enough officials supporting the work of the taskforce and the other aspects of the challenges that the fishing sector is facing just now?

David Duguid: One of the reasons that it was agreed that the Scotland Office Minister would chair the session—like I said, I am not the guy who necessarily leads the activity, I just bring it all together—is that it means we can have Defra on one hand, the Scottish Government on the other. We have HMRC and the border development project team. We have officials from the Scotland Office, Defra, Treasury and the Scottish Government as well, so there is a lot of quite heavy horsepower support available to us.

Q100 Sally-Ann Hart: Good afternoon, Minister and Mr Leake. Looking at the financial support for fishermen and fish processors, how did you and the Scottish Government work strategically to ensure that the worst-affected businesses were helped by support schemes, such as the seafood disruption support scheme, in a timely manner?

David Duguid: That is a very good question. I think timeliness is probably the biggest issue we have heard from the industry. We focused on making sure, as you suggested in your question, that the most vulnerable producers were supported. We also made sure there were fixed and fair criteria to make sure those producers and exporters that were impacted, through no fault of their own, which was a key phrase in the criteria, were focused on as well. It was mainly set up by Defra with a bit of involvement from our own office.

There was quite a bit of engagement with the industry as well, not so much directly with the recipients or the potential recipients of the funds, but third-party organisations that were kind of out it. For example, one of the limits was you had to be an SME, so if you were a company over a certain number of employees, a certain high level of turnover, you were not eligible for the funds. We were working with some of those organisations who were not going to benefit from it to come up with a reasonable approach. Nick, would you add anything?

Nick Leake: Thank you, Minister. Briefly, the priority of the Government was always to keep exports moving. It is not that instead of keeping exports moving we set up these funds. The priority is to keep exports moving. We recognised that there had been some issues with trading conditions due to demand on the EU side, due to Covid significantly, but also due to some of these issues around the end of the transition period,



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so the scheme was specifically targeted at the most vulnerable businesses for that reason. But it is not that we took resources away from fixing the problems, the priority is to keep exports moving as far as possible.

David Duguid: That was very much happening at the time. At the time we were trying to develop the criteria for the fund, we were also working very hard with the industry to try to resolve those shorter-term issues that we talked about earlier.

Q101 **Sally-Ann Hart:** Just looking at the £100 million fund, we do not have any detail for that yet. Do you know when the detail is going to be published?

David Duguid: Very shortly, I am told. I don't know if we can say much more than that. I think there was an issue around making announcements during a pre-election period, which is encouraging. If that is the only reason we are not hearing about it, it suggests that technically we are in a good place to get that fund available. I think it was felt that it would have been inappropriate to announce it in the middle of an election period.

Q102 **Mhairi Black:** Thank you, Minister, for giving us your time. It is much appreciated. What discussions have the UK Government had with the EU about a New Zealand-style agreement, to reduce checks on exports?

David Duguid: I don't think we would be looking at any specific New Zealand model, for example. If we were looking at developing a bespoke system, it would be a system that works between the UK and the EU. I get the drift of your question. Those discussions are ongoing, and they have been ongoing for a long time now. The examples that were discussed earlier, including New Zealand, don't happen overnight; it takes several months, if not years, for two parties to agree on exactly how that works. I am not directly involved in these discussions, but I am told that those discussions are going well, because ultimately both sides of the equation benefit from a more efficient system.

Q103 **Mhairi Black:** Do you know when those discussions first began?

David Duguid: I think they would have begun during the trade agreement negotiations. In a lot of cases, what is going to happen after the end of the negotiations can't be discussed until the negotiations are complete. That is just a necessarily evil of these kinds of negotiations, like the specialised committees, for example, can't be created until the trade agreement is ratified by the European Commission.

Q104 **Mhairi Black:** In the previous session we heard from witnesses about plans to introduce checks on EU imports from April 2021, which obviously has been delayed until January 2022. At that session the feeling of the witnesses was that the Government were almost giving off a perception that they seemed reluctant to engage with the EU because, basically, the EU need to feel a bit of the pain that we are feeling as part of a



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negotiating tactic. Is that a fair representation of what has happened? If it is, what is the logic behind delaying it until January 2022?

David Duguid: Again, I am not in the negotiations. Even if I were, I probably would not give away the tactics. In terms of the delay or the extension of those requirements, what I can say is that the actual requirements for EU member state food exporters have not gone away. They are still required to provide us with the paperwork and all the data, it is just the time at which they have to provide that information has been extended. It is not just a laissez-faire, they can export anything they want, there are still those controls, but we can—as it is in our gift to do as an independent trading nation—make those allowances for a third country from which we import food.

The question often comes up of, “Well, why can’t we get the same sort of so-called grace period?” and the simple answer is because it is not in our gift. It is up to the EU, as a third country, as another party to the trade agreement, to decide whether it is going to allow that. There is a bit of back and forth, not just on this matter but on other matters. You will have heard the reports of disputes over vaccine component availability, seed potatoes and others. These discussions and negotiations are going on all the time, but I don’t know if I can comment. I could have a guess, but I don’t think it would be appropriate for me to decide what the negotiating tactics are.

Q105 **Deidre Brock:** Good afternoon, Minister. Following up on your answer to Ms Black, what did fishers, exporters and processors say to you when they were told that the UK Government had U-turned and unilaterally decided to delay the introduction of those EU import checks past April until October and then, as we know, to January 2022? I was told that they were assured by civil servants that the leverage those checks offered in discussions with the EU could be used to ease the problems they were experiencing with their exports. What was the feedback you got from the industry?

David Duguid: You are talking about a conversation that I was not involved with, between somebody in the fishing sector and a civil servant, so I can’t comment on that conversation.

Nick Leake: It wasn’t me either.

Q106 **Deidre Brock:** It is not something that you were aware was being suggested to people within the sector?

David Duguid: Obviously I am talking to members of the industry almost every day. I hear things like, “Why can’t we do this? Why can’t we do that? Why can’t we just tell all the European fishing boats to get out of our waters because we are an independent coastal state now?” It is not that simple. You sometimes hear things like, “Why can’t we use this as a negotiating tactic? It will make the other side do something different,” but the general answer is usually that it is a lot more complicated than



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that. There are downsides to our not being able to import food into our country as well.

Q107 **Deidre Brock:** Indeed, but don't you think that some sort of easement would have been useful for those people within the UK who are now experiencing so many export difficulties?

David Duguid: I have no doubt of that, it would be helpful, but it is in the gift of the EU to decide that. It is not for the UK Government to say, "We will tell the EU to give us this easement."

Q108 **Deidre Brock:** What leverage will you have with the EU if you don't have this for months and months and months? What are businesses supposed to do? Are they just supposed to suck it up or—

David Duguid: I don't know what you mean by "suck it up."

Deidre Brock: The difficulties they are having and the impact on our fishing communities and individual's lives, businesses, families.

David Duguid: But the easement that we have applied to these restrictions—like I said earlier, we are not taking away the need or the requirement for EU exporters to ensure those controls—is just on when they can provide the data and the paperwork. Whether that happens or not doesn't change the issues that our exporters are experiencing; it is two different directions.

Nick Leake: At the taskforce we have a representative from a north-east France trade body who was talking about the demand for high-quality seafood, Scottish particularly, but also UK, in that part of the world. It is not quite as black and white as, "These are our exporters, and the EU on the other side wants to stop our exporters from exporting." There are a lot of people in the EU that want to eat Scottish seafood and businesses that want to import Scottish seafood and sell it. There is quite a lot of pressure from those bodies and those individuals on French authorities and on EU authorities to make this work.

Q109 **Deidre Brock:** Indeed. I am well aware of how popular our seafood and other goods that we export are in Europe, which is why it surprises me that more thinking does not seem to have been done before now about setting in place things that could have made it easier, with the awareness that the Government must have had of the difficulties that might be experienced, in the way that they have, before we arrived at this point, where hundreds of millions of pounds have been lost in export.

David Duguid: Of course the Government were aware of these issues. In the negotiations for the trade and co-operation agreement, we tried to get an agreement in which we would have the easiest, most frictionless trade in both directions. We graciously, you might suggest, offered that to the EU side and they did not offer it back.

Q110 **Deidre Brock:** Apparently the UK Government doesn't appear prepared to accept that they now have third-country status and doesn't seem to



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want to play by the same sort of rules that third countries have to play by when they deal with Europe.

In effect we are still in the CFP, but we no longer have any say in setting the rules. I mentioned that our Scottish fishing communities are being damaged by this. Individuals, families and businesses face ruin because of the problems they are experiencing. They were promised a sea of opportunity, and what they got was an ocean of red tape.

Is there a secret plan in Whitehall to address this, and are you able to share it with us? We are hearing about taskforces and negotiations, but the impression I got from speaking to representatives and hearing from our representatives today is that people are looking for concrete solutions now. Their businesses are being affected now and it does not feel as if the UK Government are taking this as seriously as they should.

David Duguid: We are taking it very seriously. I would like to correct the record. You said we were effectively still in the CFP. We are very much not in the CFP. We are not confined by the rules of the CFP. We have a new Fisheries Act, which as Elspeth Macdonald said earlier, is far less prescriptive than the old CFP was. The Scottish Government have the ability to set their own rules, which previously applied only to the Scottish fleet but now apply to anyone that fishes in Scottish waters.

An example of this just the other week is where I think there was a Danish vessel fishing with four trawl nets, which have been banned in Scotland for some years, at the request of the industry, but previously applied only to Scottish boats. The Scottish Government, through Marine Scotland, have applied punitive measures to that Danish boat as a result, which would not have happened if we were still in the CFP.

Q111 **Deidre Brock:** Okay, but the deal does leave us still subject to EU rules. The ongoing negotiations, which Ms Macdonald was talking about, will tie us into the EU agenda. That is the CFP, isn't it? That is Norway and the Faroes, they all have to abide by CFP principles, as will we in the future.

David Duguid: No, Norway and the Faroes are not in the common fisheries policy, and neither is the UK now, so we do not have to apply those rules. We do not have to abide by CFP rules. It may take a lot of time for us to create our own rules for you to be able to see that divergence, and then there is an agreement in the TCA that it can't be discriminatory, so we can't just say, "This rule only applies to French boats or Spanish boats." It has to be the same rule that applies to everyone, but we now have the power to set those rules in our waters. We can do that.

Q112 **Deidre Brock:** We are still tied into a lot of CFP rules, but anyway. Ms Fordyce and Ms Macdonald commented about the need for longer-term strategic thinking with regard to funding for the industry. In what ways has the Scottish Government been consulted on or involved in setting the shape and the scope of that promised £100 million fisheries fund from the UK Government?



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David Duguid: I am not aware, because it is being set up by Defra. You would have to ask Defra what involvement it has had with the Scottish Government.

Q113 **Deidre Brock:** Are you saying you are not inputting into the details?

David Duguid: I have done at various times. One of the main sources of input I have wanted to make is to make sure that industry is engaged and that whatever the fund is applied for is fair across the whole United Kingdom. Something that would only work for the big white fish and pelagic boats in my constituency, for example, would not necessarily work for lobster fishermen in Cornwall. The overall objective is to support the UK fisheries and seafood sector and to help it grow and move towards that sea of opportunity.

Q114 **Deidre Brock:** Yes, the ocean of red tape. Ms Macdonald mentioned that she thought the funding must be proportionate to the size of the Scottish industry, because obviously 60% of the UK's catch is through Scotland. How much of that fund Scotland will receive. Will you be able to fight for Scotland's part of that? I am just thinking of Cornwall and how upset industries are down there by the problems that have been experienced because of Brexit and the impact on exports there. Of course there are many Conservative MPs in Cornwall who stand to be affected by a lot of that anger and dissatisfaction with what has happened since the end of the transition period. How much is Scotland going to get? Is it going to be proportionate to the size of our industry in the UK?

David Duguid: I would suggest, imagine and expect that because, as Elspeth Macdonald said, the Scottish industry—in terms of the amount of fish caught, at least—is about 60% of the UK's industry, the award of any funding will be proportionate.

Q115 **Deidre Brock:** So that is what you will be fighting for?

David Duguid: What it will be, as far as I know, is Scotland gets this much, Wales gets that much, England gets the rest. It is going to be a competition-based fund that will receive applications, and each application will be measured on its own merit.

Q116 **Deidre Brock:** I am going to move on to the EMFF funding, or the replacement fund. So far, I think Scotland has received £14 million for a single year allocation, and ordinarily I think our future funding, if we were still in Europe and getting EMFF money, would be £62 million over a set number of years. Can you tell us when we are going to get the rest of that money? Is it going to be equivalent to what we would expect from Europe?

David Duguid: The Scottish Government has had that £14 million for a while now and has yet to accept applications. I believe it is equivalent to what was received through the old EMFF. You mentioned the equivalent of what it would have been if we were still in the EU, but we are not in the EU anymore.



Q117 **Deidre Brock:** When are we going to hear about the rest of the money?

David Duguid: No, the £14 million is what was agreed. That was the manifesto commitment, to maintain the same amount, if not more, but not the £62 million you are talking about. The £14 million is equivalent to what was received under the EMFF.

Q118 **Deidre Brock:** Are you saying we shouldn't expect the equivalent of what we would have been getting if we were still in Europe?

David Duguid: We are not still in the EU.

Q119 **Andrew Bowie:** Good afternoon, Minister Duguid. A quick question: has anybody, in your extensive conversations with the fishing industry, expressed a desire to go back into the common fisheries policy?

David Duguid: Not that I can recall, no.

Q120 **Andrew Bowie:** That is not a surprise, because neither have they in the conversations that I have had with those in the industry. We now have a five-year period in which to try to improve the situation for Scottish fisheries. What would be a win from a Scotland Office perspective in terms of the negotiations in the run-in to 2026? What do you want to see?

David Duguid: That is a very good question, because at the start of this year, as Nick will attest to, what we set out to do in the Scotland Office was, "Let's get the industry together and determine, from a Scottish industry perspective—we are the Scotland Office, representing Scotland in the UK Government—what we need to do between now and 2026 to make sure we get the best of that opportunity in 2026." Unfortunately, events overtook us with the issues we have been having with exports, so the exports taskforce kind of became—with the same audience, if you like, the same stakeholders—focused on exports. As we come to the end of that taskforce, I hope we are going to be able to push that agenda. It is finding out from the industry, because they know better than I do, than you do, than any of my officials do about what the industry needs or where the industry needs to be in 2026.

Nick Leake: I think the question mostly related to exports to the EU, but of course there is the rest of the world as well. On behalf of Scottish industry, that is an important objective. DIT is significantly increasing its representation in Scotland to work with Scottish industry, and particularly the Scottish seafood industry, to increase our export opportunities around the world, outside of the EU as well as inside the EU.

Q121 **Andrew Bowie:** But of course you would both probably agree it is better done as a United Kingdom effort, with the clout that we have on the global stage than would otherwise be the case were we not in the United Kingdom. I am glad Minister Duguid mentioned exports, because obviously the Scottish Government have responsibility for health certification, et cetera, up here north of the border.



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In November 2020 there were warnings that the Scottish Government were well behind where they should have been in terms of recruitment of environmental health protection officers. Do you think this had an impact, a detrimental impact, on how ready we were in Scotland to deal with our exit from the EU and therefore had an impact on the fishing industry?

David Duguid: I am not sure I am able to comment on how well the Scottish Government prepared for the end of the transition period, but we did seek answers to what was being done to be prepared, what was being done with the £214.3 million that was provided to the Scottish Government to help prepare for the end of the transition period. That £214 million was not just for fish, by the way; it was overall. It was not just Barnett money either. I can't remember the exact number, but a certain amount of that was additional, over and above Barnett.

But whenever we asked the question, very often we got the answer, "We don't want Brexit, so why should we do anything?" kind of thing, but that is maybe a flippant point. I think it was about October/November 2020 that I met a selection of coastal local authorities around Scotland, basically in conjunction with the offer being made by Defra at the time for additional resources, additional environment health officers, and desperately seeking from them, "How many do you need? How many more do you need?" For whatever reason, there was a reluctance to ask for them.

Beyond that, I can't comment on what the Scottish Government's strategy was. In terms of being ready on day one, I think it was Jimmy Buchan who said it was the first day of school for everyone. No matter how prepared everyone thought they were, there was always going to be that doing something for the first time. We found issues that we did not expect, as well as those that we did expect.

Q122 **Andrew Bowie:** Regarding that situation with the lack of environmental health inspection officers, in the aftermath of that report coming out, Michael Gove and the UK Government wrote to the Scottish Government, I believe, offering to assist with recruitment and offering to do what it could to assist the Scottish Government to be as prepared as they could be to assist the industry when we left the EU in December. As far as you are aware, did the Scottish Government ever take up that offer?

David Duguid: From memory, the Scottish Government's response was that they were going to operate the centralised hub model, so they were not going to need so many environmental health officers. However, come those first days and weeks of January, it soon transpired that although the hub operators had estimated about an hour per truck to conduct the process that was described earlier—more eloquently than I could probably describe it—in some cases it was five, six, seven, eight hours per truck, particularly in the groupage situations. That was what led to the shutting down of accepting any groupage until they were able to get through that process and make the process work for groupage. I can only tell you what the gap was rather than what caused it.



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Q123 Wendy Chamberlain: Thank you for your time today, Minister. In the last session, Elspeth Macdonald confirmed that provisional catch limits were issued by the UK Government last week, but she also clarified that an agreement may still be reached between the EU and the UK. Is work still going on to reach an agreement, do you know, and what potentially is the situation for next year? I would suggest that waiting until April is not great for planning.

David Duguid: Those conversations are ongoing. That is about as much as I can tell you about that, but they are going on intensively because both sides want to come to an agreement. Of course, one of the reasons we were originally aiming for a March agreement—anyway, I think that has been extended to the end of this month, again at the EU's request to take a bit more time to come to an agreement—was partly because we did not get to the end of the TCA negotiations until December. What would normally take place between September and December in terms of the annual negotiations could not take place while the TCA negotiations were still taking place. Next year one would hope that—and I fully expect—the negotiations will start at a normal time, around about August/September, for the start to the bilateral discussions, and then the December council will be when the final EU-UK agreement is made.

Q124 Wendy Chamberlain: I suppose if negotiations for this year are still ongoing, there is a risk that those negotiations knock on to next year as well and we might be left in the same scenario.

Moving on, looking at the haddock quota that we had under the common fisheries policy, the 57% that the Government obtained during the Brexit deal was as a result of in-year quota swaps, a 5% cut in quota for that type of fish. Defra has previously said it could broker in-year transfers and purchase deals, but it has not said how it would do that. Is it going to do that, do you know? What conversations, if any, have the Scotland Office had with Defra in that regard?

David Duguid: I think it is fair to say it is usually top of the agenda between ourselves and Defra, because we are very aware of the importance of international transfers of stocks, particularly to the demersal whitefish fleet. It is not correct to say, as some have—you have not, but some have in the press and elsewhere—that the trade and co-operation agreement does not allow swaps. It absolutely does, but not in the same way as it used to be conducted. It enables annual swaps through annual negotiations, and it also enables in-year international transfers. It is also correct to say, however, that we do not have that process agreed yet because, as it stands now, it requires a specialised committee to be set up. That committee cannot be set up until the TCA is ratified by the EU. I think the extension I was talking about to the end of April, we have given them until the end of April to agree to ratify the deal.

Q125 Wendy Chamberlain: What you are saying is Defra can't say how and potentially challenge some of those statements that have been made



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until the TCA has been formally ratified?

David Duguid: One of the things we keep asking for, and the industry keeps asking for, is to investigate alternatives to having to do it through the specialised committees, because we now have situations where we have producer organisations in Peterhead talking to producer organisations in Rotterdam and they are desperate to swap fish, so we need a mechanism as soon as possible to make that happen.

Q126 **Wendy Chamberlain:** That work is ongoing. What work is happening in relation to the 2026 negotiations? Do you have negotiating positions already? What are your red lines? I would be very interested to hear that.

David Duguid: That is a very good question. It is what I was saying to Mr Bowie earlier, that the original intention at the start of this year was to pull together a stakeholder group to start working towards what we need 2026 to look like and then work our way back to what we need to do between now and then. That is a process. Fortunately, we have a little bit of time, but I am not going to take it for granted that we can leave it to the last minute. We need to be having those discussions at the soonest opportunity, but right now the industry, particularly on the exporting and processing side, has more immediate concerns, shall we say. I am very keen for that discussion to involve the whole sector and not just those with time on their hands at the moment.

Q127 **Wendy Chamberlain:** Obviously, what we do not want is for those immediate concerns to put the plans off-track so that we end up last minute come 2026.

David Duguid: No. I am confident. We have already seen a vast number of improvements in the system, both the immediate issues that we see are relatively simple to fix, and some of the longer-term ones, we have seen some action on those as well. I am confident that we are not going to be looking at these structural issues for the next five years. I am confident that we will be resolving a lot of these issues and having the conversations that you are suggesting very soon.

Q128 **Douglas Ross:** Good afternoon, Minister and Mr Leake. Minister, to follow on with the points that Mr Bowie originally raised and the comments from Donna Fordyce in our earlier session, there are concerns about the number of local council officials who can sign catch certificates, et cetera, as, for example, the hospitality and tourism industry reopens. Isn't it the case that the failure, earlier this year and at the tail end of last year, of the Scottish Government to fully utilise the funding that was made available by the UK Government to recruit more people to work in local authorities is a potential problem on the horizon for the industry?

David Duguid: It is always useful to have the benefit of hindsight in these things, but it does seem strange now to think of the assumption that somehow we could process and export the same amount of fish, if not more, with the same amount of environmental health officers. I think there was always a recognition from the industry. I am sure you, like me,



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were involved in those discussions with the industry all through the last year, if not longer, about these concerns, about not having enough environmental health officers to manage the work that they knew was coming. But we were always assured by the Scottish Government that this centralised hub model would solve the problem and they would not need so many more environmental health officers.

Q129 Douglas Ross: But the resources were made available by the UK Government. Indeed, even when that offer was not taken up, further support was offered, and that has not been accepted by the Scottish Government. Is that correct?

David Duguid: Yes, that is correct, certainly in terms of environmental health officers and operational vets, who can do the same job.

Nick Leake: Just to be fair to our colleagues in Food Standards Scotland, there were some OV's deployed by Defra in February to support that.

David Duguid: They did accept some, but it was a little bit later, yes.

Q130 Douglas Ross: Could I come back to the evidence we have received today that will rightly get the most attention, which is the situation with salmon exports being recorded in January? Minister, you said you were made aware when the producers' organisation got in touch with the Scotland Office. Was there no one within HMRC who thought, "We have certificates. We have confirmation that," according to Mr Macdonell, "5,000 tonnes of salmon were exported from the UK into Europe and 4,700 tonnes was accepted in Europe"? The difference there was very little, yet someone or some system in HMRC recorded only 80 tonnes. That is not possible. How could that happen?

David Duguid: As we said earlier, that is being looked into by HMRC as we speak. I think we first became aware of this when the stats came out that reported on January exports, so whenever that was—we recently had the February export figures. Again, the HMRC figures are showing an increase. I think the latest figures are looking a bit more representative. I am led to believe it is just the January figures, for whatever reason. I think it was using a different methodology or a new methodology, but I am not intimately involved with the investigation into it.

Q131 Douglas Ross: I understand that. An investigation is vital because this information is already within HMRC. That is what I struggle to understand. How can it come up with a figure of 80 tonnes for a month when it already had to accept and agree paperwork for 5,000 tonnes to be exported out to Europe?

David Duguid: I can't answer that, because we need to find out the outcome of the investigation that is ongoing and has been since we first became aware of the issue.

Q132 Douglas Ross: Finally, Mr Macdonell called it a blip. I think it is a massive bùmach. The whole thing is a mess. Do you agree it is more than



a blip? We have to get to the bottom of it, but how confident can we be that the February figures, and subsequent figures, will not just be catching up from the error in January? Or is the January situation in a silo and everything else beyond that is correct?

David Duguid: Nick, I don't know if you have more detail on this, but my understanding is that the February figures, although there is some question around them, have nothing like the 97% discrepancy that we saw in January.

Nick Leake: Honestly, I do not want to give you that answer yet, because they are still provisional figures. What we are confident of is that, when the final figures come out, they will be accurate, whether that is for January or February. Until we know what happened in January, I cannot promise you that it did not also happen in February, but we will sort it by the time these provisional figures become final.

Q133 **Douglas Ross:** Finally, if it is possible, could the Committee have sight of the investigation and the outcomes? This is obviously a critical piece of evidence we have received today, and I think it would be useful for full transparency. I understand Departments have certain guidelines, but given the interest in this issue, the Committee would be grateful if the Scotland Office could share what evidence it can with our Committee.

David Duguid: We can certainly ask HMRC for that, yes. If it is available, we will make sure we get it to the Committee.

Chair: Minister, thank you for coming along and attending at quite short notice. We all very much appreciate your evidence today. I think it just goes to show that, if we all stick in, we can all rise to ministerial office from this Committee.

David Duguid: Thanks. It has been a pleasure to be back in the Committee, even if it is on the other side of the table.

Chair: You will always be a friend of this Committee. Thank you very much, Minister Duguid.