



Environment, Food and Rural Affairs Committee

Oral evidence: Fisheries, HC 489

Wednesday 13 December 2017

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Written evidence from witnesses:

- [Macduff Shellfish \(Scotland\) Ltd \(FSH0244\)](#) (Panel 1)
- [UK Seafood Industry Alliance \(FSH0252\)](#) (Panel 2)
- [British Ports Association \(FSH0245\)](#) (Panel 2)
- [Grimsby Fish Dock Enterprises Ltd. \(FSH0211\)](#) (Panel 2)

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Members present: Neil Parish (Chair); Alan Brown; Paul Flynn; Mrs Sheryll Murray; David Simpson; Angela Smith; Julian Sturdy.

Questions 222–359

Panel 1

Witnesses: **Euan Beaton**, President, Macduff Shellfish (Scotland) Ltd; **Daniel Whittle**, Managing Director, Whitby Seafoods; **Jimmy Buchan**, Business Manager, Scottish Seafood Association, gave evidence.

Q222 Chair: Good morning, gentlemen. Thank you very much for coming to give evidence to our fisheries inquiry. Please introduce yourselves, and then we will start taking evidence. Good morning, Jimmy.

Jimmy Buchan: Good morning, Chair. I am Jimmy Buchan. I work for the Scottish Seafood Association. We have a national membership across Scotland, with 74 members. Some of them are ancillary members from industries like transport—logistics is important—or box-making, but the bulk of it is primary seafood processing. The bulk of them, again, are located in Aberdeenshire, but we do have members across the islands, in the Western Isles and the Northern Isles. We are quite spread.

Chair: There is a very wide spread, but it is right in the north, basically.

Jimmy Buchan: Basically, our HQ is in Peterhead, serving Fraserburgh, Aberdeen and Peterhead, but we have members in the Shetland Isles as well. We are very much focused on probably the primary processing of the fish, not so much the secondary processing.

Daniel Whittle: I am Daniel Whittle, Managing Director of a company called Whitby Seafoods and its sister company Kilkeel Seafoods. Whitby Seafoods is based in North Yorkshire, and Kilkeel Seafoods is based in Northern Ireland.

We focus almost entirely into the UK market, i.e. UK retail and UK food service. The majority of what we make is scampi, which are *Nephrops norvegicus* or langoustine. We supply from about 200 boats around the UK, Northern Ireland and the Republic of Ireland. We buy something like 4,000 tonnes of the 6,000 tonnes of scampi tails being landed in the UK. We are somewhat unusual in that 80% of our landings are caught by UK boats, and the entirety is sold within the UK.

Chair: The vast majority is sold within the UK.

Daniel Whittle: Yes.

Euan Beaton: I am Euan Beaton. I am President of Macduff Shellfish. We are a vertically integrated business. We own a fleet of scallop vessels, but we also process langoustine, brown crab, whelk and velvet crab. It is the complete opposite of Daniel here: 95% of our business is exported. We have a £75 million turnover and employ 475 people.

Chair: With the exports, is most of that to Europe?

Euan Beaton: It is split: 60% is within Europe and the remainder is exports outwith. We are exporting to 21 countries in total, with South Korea being one of our primary countries, and China as well.

Q223 **Chair:** Good. Welcome, again. Our first question is: what are the main risks and opportunities of Brexit for the fish-processing sector?

Jimmy Buchan: Very high in our priorities is access to labour. It is at a critical level now. We are finding it very hard to recruit even through agencies. In Grampian, we are 70% dependent on immigration labour. Whatever goes forward here, it is very important that there is access to people. Without people, the businesses just cannot operate.

We are of the opinion that, possibly post Brexit, we will have to look worldwide for markets. If we are going to compete in the world, we have to be competitive in the world. In being competitive, the biggest expenditure to our company will be raw material and labour. If we have to have a future in a global market, we must have access to a good workforce.

It is semi-skilled. In some cases, it is highly skilled, but there is a lot of semi-skilled work. You cannot just take people off the street and train them in a few months. Fish filleting is a skill—and it takes many years to get people to that level where you are getting the maximum production.

Q224 **Chair:** Is your labour force at the moment nearly all central and eastern European?

Jimmy Buchan: It would be, yes. In Grampian, it is 70% dependent on immigration labour. That is how critical we are at the moment.

Q225 **Chair:** How are you finding the availability of labour at the moment?

Jimmy Buchan: It is very hard—even using agencies. We are being told on the ground that, because European economies are growing, some of the Polish workers are now seeking to

return to their homeland to pursue a career back at home. We have had a change in the value of the pound, so it is no longer so attractive to come here and work. There are a lot of variables now coming in, and it is affecting how we can access labour.

It has been said to us, “Take people and train them.” We would gladly take people and train them. We are putting a facility in place in Peterhead for the opening of the new market, but our biggest problem is that we have to get people to train, and we cannot find them—whether they are home-grown or from immigration. Therefore, we may have to look elsewhere in the world for that skill set.

Chair: That is interesting.

Q226 Mrs Murray: Just very quickly, Jimmy, do you operate anything like apprenticeship schemes in fish hygiene and fish filleting? I can gut a fish, and I can fillet one, but I know there is a skill to it. It takes me ages. Do you run apprenticeship schemes?

Jimmy Buchan: It is a very good question you raise. Right now, we have an opportunity through the FLAG—the fisheries local action group—up in north-east Scotland. We have just had a grant approved to put a two-year pilot training facility into the new Peterhead market, which is some new infrastructure that is now being built. This is to go out and try to encourage people to seek a career in fish processing.

When we speak about a career, that career could be very wide-reaching. It is not just all about fish. We need marketing; we need engineers; we need IT. There is a raft of skills there that are involved with this.

Q227 Chair: Can you mechanise more?

Jimmy Buchan: Robotics and automation are definitely on our list, but, again, it means a huge investment in infrastructure. That may lead us to look at what the Government are going to offer in the way of enthusing business to look at that particular field.

Q228 Chair: You think they have a role to incentivise the move to more robotics and generally more equipment, basically.

Jimmy Buchan: Yes. Again, from my particular members, I am taking a delegation of six or maybe eight, depending on the final numbers, to Iceland in the new year to look at what they are doing, because they have already gone down that route. They had a workforce problem, and they have solved part of that problem with automation and robotics. We need to look at what other people are doing and how they have been successful.

Q229 Chair: Euan, can I bring you in? How do you see the export market in the future, especially the one going to Europe? I know you are a big exporter of fish.

Euan Beaton: It is going to be very challenging. We are going to be depending on what tariffs are levied against us and what the export tariffs and duties are going to be for our end consumer. The particular part of the landscape that is most concerning for us is our competitive peers in terms of countries such as Denmark, Belgium, Holland, France and the Republic of Ireland. They are all also fishing the same species as we are. Depending on what species and what levy, whether it is WTO rules that will apply to us, we could be looking at anything from a 20% to an 8% increase on our raw material and our end product sold to our customers.

That has to come from somewhere, so my main concern is that our competitive peers will sell their raw material into the market first, because they will automatically be cheaper because of the tariff—and we will always place second until we can compete on a level playing field.

Q230 Chair: You do not want a tariff set against you, basically.

Euan Beaton: That is correct. Wherever it sits, whether it is our consumer who has to pay that tariff or we have to pay that tariff, somewhere along the line, somebody has to pick up that bill. Ultimately, that will always come back to the fisherman. Ultimately, the cost of the raw material has to be adjusted.

Yes, we can increase the quota, but it is not always as simple as going and catching more. Generally, they would probably catch more if they could anyway. It is not just as simple as that.

Q231 Chair: Basically, you need a market at a good price for what you catch.

Euan Beaton: That is correct, yes. Yes, absolutely.

Q232 Chair: Otherwise you are chasing your tail, aren't you?

Euan Beaton: Yes, always.

Q233 Angela Smith: I have a very quick question for Mr Buchan. It is fascinating to hear what you have said about learning from Iceland, i.e. in terms of skills infrastructure. Of course, 30 or 40 years ago Iceland was learning from us in the Humber in terms of developing their own catching and fishing industries. Do you have any idea how long it has taken Iceland to develop that very modern infrastructure?

Jimmy Buchan: I presume it will be part of our fact-finding mission to see what they did two or three decades ago and why they had to start looking at automation. I am led to believe, from what I am being told by the people I am speaking with, that it was driven because of a labour-force problem. They had to start looking elsewhere.

Angela Smith: Yes. They were taking people from the Humber actively applying for the lifestyle.

Jimmy Buchan: My experience in this industry is that, yes, robotics and automation will play a significant role—there is no doubt about that—but there is no substitute for the human eye being able to be the final person in that process.

Chair: It is interesting. In Iceland, you will probably find out the things that were successful and the things that probably were not. It will probably be very useful for you in terms of some of the pitfalls as well as some of the successes.

Q234 Mrs Murray: I have a quick question for Mr Beaton. Do you see our negotiations as far as the trade in fish is concerned could be linked to other products that the EU perhaps wants to export to us rather than access to fishing opportunities?

Euan Beaton: Hopefully, that would be the route it would take. I would not want to bargain off one against the other. They are two separate items, in my opinion.

Can I just add a little on automation?

Chair: Yes, please do.

Euan Beaton: It is quite specific to whitefish commercial species, and pelagic fish as well. The research and development in automation of finfish—we will call it finfish, as that is probably easier—is far greater. It is multi-billions of dollars of business. The R&D that is spent on that is huge. In the shellfish industry, where we are, even though it is the second and third largest species caught and landed in the UK, the R&D is tiny as far as automation is concerned.

I know Daniel and I have trodden the same paths, if you like, in trying to develop this. We have had to develop any automation ourselves. There is far less encouragement for big robotics companies to learn our species, and they are very fickle and very difficult to handle. You have spikes that you are dealing with and moving objects. It can be very tricky.

Q235 Chair: There are also different shapes, I imagine. They do not come in a standard size, do they?

Euan Beaton: Everything is ocean-run. It just comes in all shapes and sizes, so labour is hugely important for us. 70% of staff in our factories are eastern European or southern European.

Q236 Chair: That is very interesting evidence. Like I said, this afternoon we are going to do our forward programme. I suspect one of the things we will do is look again at the labour situation generally across not only fish processing but food processing generally, availability for picking vegetables and farming and everything. We will be looking at that.

Daniel, did you want to make a point on this one?

Daniel Whittle: Yes. On the labour front, a key point about fish processing is that it is often in rural and far-flung places where there are not large populations. Often, the younger generation are moving away because there is more opportunity elsewhere.

I suppose we are slightly different both in Whitby and Kilkeel: 80% of our employees are UK nationals, but that is not representative of other businesses in Kilkeel. Even though we might say, “It is not a problem,” when it comes to recruitment in the future there is a smaller pool to choose from, because the other businesses that were using eastern European labour are now competing in the same pool.

I will echo what Euan said: if you are going to automate in our industry, you have to do it yourself. You talk about Iceland and it being highly automated. They lead the way in terms of machine manufacture for filleting fish and finfish processing, along with Norway. Being pushed to automate does have some spin-off benefits, I suppose.

Q237 Angela Smith: To all three of the panel, have you modelled the potential effects of no deal on the UK fish-processing sector?

Chair: Euan, you started to talk about tariffs, didn’t you? Have you given it some thought?

Euan Beaton: We have certainly given a lot of thought to what the implications are, but modelling it is very difficult. In our South Korean business for example, if WTO rules apply, there is a 20% tariff against whelk. That is worth £2.8 million of tariff that either he has to

pay or we have to pay; someone has to pick it up somewhere. That is just on one particular species. That accounts for 20% of our business.

Further out than that, we do not know exactly what the tariff could be on all our species, so we do not have an exact number.

Q238 Angela Smith: Is there anything you have thought through in terms of total liberalisation of trade, i.e. no tariffs at all? There are two sides to WTO: you can have a WTO scheme with tariffs or you can remove the tariffs altogether and just be totally liberalised.

Euan Beaton: That is where we are at the moment.

Angela Smith: We are within the single market, so we do have tariffs.

Euan Beaton: Well, there is a tariff in China that our customers do pick up. Of course, it is a relatively young market or a less established market, we will say. Only in the last five to 10 years have we been exporting to China, where there is an acceptance that they pick up that tariff at the moment. But with South Korea we have just spent the last five or six years reducing that tariff from 20% to zero. Our customer has only had the last year of zero tariff.

Chair: We are stealing Paul's question here at the moment.

Q239 Angela Smith: I would like to hear what the other two members of the panel think about this as well, but I would also like to ask about the 25% of plants that do not use domestically sourced products. I do not know whether this applies to you. Do you use domestically sourced product?

Daniel Whittle: We use both. We import squid, warm-water prawns and cod from other countries, and we also use locally caught domestic product. Our approach on anything imported is that, if there are tariffs, we try to pass it on as quickly as possible. That means the UK consumer pays at the end of the day. We are not sufficiently profitable to swallow 15% or 20% tariffs.

Q240 Angela Smith: Is some of the product you import from Norway or Iceland?

Daniel Whittle: Yes, the cod we buy would be.

Q241 Angela Smith: Much of that is then exported, I assume, tariff-free to the European Union. Is that the case?

Daniel Whittle: We would be buying goujons, effectively, i.e. pieces of already skinned and boned fish. We are coating it and selling it into UK retail.

Q242 Angela Smith: You do not export back into the European Union.

Daniel Whittle: No.

Q243 Angela Smith: Does any of you?

Jimmy Buchan: The bulk of our members would be buying fresh fish to process locally, coming from the markets of Fraserburgh, Peterhead, the Shetland Isles, Scrabster and Kinlochbervie. We are pulling the fish in from our own local fishing fleet, but export is very important. Our members definitely favour a free and frictionless border regardless, because that is the market they have been working into.

If we have to absorb tariffs, as Euan said earlier, we have an uncompetitive edge compared with other fishing nations like Denmark or even Norway, who are not in the EU but have a deal with the EU, and Ireland. These would then be competitors to us, and we would be disadvantaged if we had to pay a tariff to trade into that same market.

Daniel Whittle: Can I just make a point about the concept of exchanging fishing rights for access to the market? On day one, it would be unlikely that the UK could go and catch the entirety of the fish within its EEZ, but that is not to say the processing and fishing capability could not grow towards that with sufficient investment. Rather than making all the boats in the EU redundant on day one, you could in theory take this phased approach where we grow over years.

Chair: It is just how long, isn't it? That is the controversial bit.

Angela Smith: The damage is done then, yes.

Chair: Can we have Alan, please? We know Alan wants to ask a supplementary, and then we will have Paul. They have all but stolen Paul's and Sheryll's questions.

Q244 **Alan Brown:** I am going to touch on a point Paul was going to ask about. You have made the point about the South Korean market, where the tariffs have reduced from 20% to free trade—to zero. I assume that is because of a bilateral agreement the EU has reached with South Korea. Therefore, even that market is at risk in the future, depending on the UK's negotiation.

Jimmy Buchan: Yes, absolutely.

Q245 **Paul Flynn:** Your evidence this morning reflects all the evidence I believe we have had on this Committee from the food industry: that is, a Brexit nightmare of lost markets, threatened markets, higher costs, greater competition and lost labour, which no one has a practical way of replacing.

What are the advantages of Brexit to you? Are there any? We have not heard any. Every week, we hear that it was not as simple as, "There will be extra money for the health service."

Jimmy Buchan: It will all depend on the agreement at the end of the day, but the one big advantage to the members I represent would be access to more materials.

The split is 40% of the fish are caught by the UK and the remaining 60% are caught by other EU nations. That is the immediate advantage. But, as Daniel says, surely not from day one are we going to disadvantage our European counterparts. There is going to have to be a phased period where they slowly see less and the UK market can absorb that and grow. That would be obvious.

Of course, the other advantage is about whether we will have the opportunity to go and trade elsewhere in the world. If the agreements are that we can open up new markets worldwide, we have some great produce. It is world-class produce. There are opportunities there.

To do that, Government need to help the businesses to go to the trade fairs and to go and market that. The one thing I do see when I attend other trade fairs—I am sure Euan will agree with me—is that Norway is absolutely brilliant at promoting what it does in terms of catching fish. Helping the industry to find that global market will also be an important factor.



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Paul Flynn: I am aware of the relationship between the Icelanders and their fish industry, which is immensely important. They nearly lost all their trade to Germany overnight at one time because of a fish worm that was advertised on a German television programme, but they have a very good record of being innovative. You are saying that, as far as automation is concerned, they are ahead of us now.

You mentioned Government help a moment ago. What do you mean by that? If there is innovation, I cannot visualise exactly what the innovation would be on this in terms of automation. Automotons catching fish does not seem to be a practical possibility, but I am sure it is working somewhere.

Chair: I do not think they are catching them; they are gutting them.

Q246 **Paul Flynn:** Innovation must require major investment. In order to compete with the Icelanders, what sort of investment would you require? Should the Government pay for it?

Jimmy Buchan: For decades now, we have had EMFF grant funding, which is European monetary funding to help industry improve, innovate and remain competitive in the market. If we stop that—

Q247 **Paul Flynn:** We will stop that, surely.

Jimmy Buchan: I am sure the Government have then got to step in and say, “What are we going to do to help our industry remain competitive in the market?”

Q248 **Paul Flynn:** Could we have a frictionless move, as promised by Government, without staying in the EU? It is something that we talk about endlessly here. The Government have settled a political problem with some words, but is not the only way to ensure there are frictionless borders between Northern Ireland and the Republic of Ireland to stay in the EU? We have had an advisory referendum. Is it not time we had a confirmation referendum as the public realise what horrors they have voted for?

Jimmy Buchan: Unfortunately, I am just here to give evidence. I am not at the negotiating table. I am not in a position to give you an answer, though I know what answer I would like to give you.

Chair: Jimmy, that was a very good answer.

Jimmy Buchan: I am afraid I cannot give you that answer.

Q249 **Paul Flynn:** That is a shame. What of the langoustines going to Korea? Again, we have mentioned the possibility of tariffs. You mentioned 20% extra in tariffs. Is this not going to have a killer effect on the competitiveness of your industry and provide a great shock or a cliff edge, as it is described now? How are you going to get over that? We are only a couple of years away from this.

Euan Beaton: Yes, it certainly will have an effect. As I have said, over the last five or six years we have reversed from having a 20% tariff. It is on whelks, by the way, which are sea snails. That is all that is exported to South Korea, but, yes, it will definitely have an effect. Over the last two or three years, there have also been new markets that have opened in South Korea, Turkey and elsewhere.

Q250 Chair: I imagine you were not selling them much before, not in terms of tonnage.

Euan Beaton: We have been exporting to South Korea for 20 years.

Q251 Chair: Right. Is it building up?

Euan Beaton: Yes: every year it has increased year-on-year.

Q252 Paul Flynn: Will new tariffs and new bureaucracy create a time factor that might be a problem to you?

Euan Beaton: It is going to be a problem. I cannot sit here and say it will not be a problem. Someone somewhere has to pay for it down the line.

Q253 Paul Flynn: Who?

Euan Beaton: That is it. Daniel laboured on the fact that we do not have fat margins such that we can accept a 20% tariff. Whether it is the consumer who is going to have to swallow it or the fisherman at the end of the line who is going to have to accept that the prices we pay for the raw material are less, we have fixed costs; we are a low-margin producer.

Q254 Paul Flynn: Just to be practical, Boris Johnson has promised 150% of the money we get back from Europe to the Health Service. The Environment Minister has promised to pay 40% to farmers. That is 190% of any money we get back from the EU that has already been promised. Where is the help going to come from for you guys?

Chair: In fairness, Paul, Government have said that where the European money has come in, they will try to match that as we leave.

Paul Flynn: It will come from these magic money trees.

Chair: Yes, yes, but the processing side of it will be important.

Mrs Murray: That is your party.

Q255 Chair: That is your ask, is it, basically? Is there a role for Government grant in this? Is it one the industry can sort out through the price of the fish that is caught and the end consumer? Where do you see it? Is it a combination of all those things?

Euan Beaton: As far as the grant position is concerned, we have been barred from being able to apply for grant aid because of the size of our company.

Q256 Mrs Murray: Is that an EU rule?

Euan Beaton: It is an EU rule.

Q257 Mrs Murray: We have the potential, as the UK, to be able to gear any funding or tailor any funding to suit UK fishermen and fish merchants when we leave. Am I right?

Euan Beaton: Absolutely, yes. It is probably one of my largest asks that this is revisited, because we are a company of a size that cannot invest in innovation and perhaps we do not as much, because we cannot take that extra foot we would like to invest in automation.

Q258 Chair: The Secretary of State is very keen on productivity across the farming industry. This could help with productivity across the fishing industry, couldn't it?

It could help with the sale of the end product as well, so it is an interesting one.

Daniel Whittle: For me, if you are talking about increased fishing opportunity, as a processor, the more fish we have, the more we can process. For me, the priority would be about enabling the catching sector to be more efficient.

If we look at the fleet in Northern Ireland, it is generally 30-year-old boats. When you look over the border at the Republic of Ireland, they have these brand-new massive great boats with freezing on board. The standard is much higher, because the Government decided to support investment in newer and more efficient vessels. We are failing in terms of competition there.

Chair: There are opportunities. Alan wanted to come in quickly. I am conscious this was Paul's question. I do not know whether there are any other points you want to make, Paul.

Paul Flynn: I just have a final point. Do you gentleman think the problems of Brexit are certain and enormous and the advantages are entirely speculative?

Chair: That is what you call "leading the witnesses", I believe.

Q259 **Paul Flynn:** It is just a general point. Where are these extra staff coming from? Where are you going to get the new people? Nobody has any idea. The fruit will rot on the trees; the harvest will not be collected. No one seems to have an idea what alternative there is to European labour. A lot of it has gone already. How is it going to be replaced?

Daniel Whittle: For us, if we had 50% more volume, we would process it without a problem. Whether it is through increased productivity or exporting to be processed overseas, we would make it work.

Q260 **Paul Flynn:** Mr Buchan has his problems, doesn't he?

Jimmy Buchan: The world is your oyster. If the opportunity is there, businessmen are entrepreneurs and they will find the way and the means to find the market—but they need to have access to their raw materials.

For decades now, through contraction of the catching sector, the seafood industry in north-east Scotland has gone down and down. Official seafood figures for 2014 show that we are still a contracting industry in processing. Fish stocks are now increasing; infrastructure is going in at port to receive those fish; but the next bit in the chain is the processing. Without good processing and people coming in to that industry, there could be a problem where the industry stalls or slows down.

It is important that we get the message across to this Committee that Government have a part to play. We are willing to play that part and take the lead, but we need to be encouraged and enthused to do so.

Chair: We will take great note of that. Alan, you wanted a quick point. Sheryll, I do not know what is left of that particular question.

Q261 **Alan Brown:** To go back to the point you made, Chairman, about EMFF funding, obviously you are saying you would want the UK Government to replicate that. What kind of look-ahead do you need? If I am right, part of the upgrading at



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Peterhead Harbour has been through that funding. Therefore, that kind of infrastructure planning takes years. When do you start needing a look-ahead for the money the UK Government are going to put in so you can start to plan any necessary infrastructure upgrades?

Jimmy Buchan: Again, until we know what the rules and the deals are, this is very hard. We know what our ask is, but it is a question of whom we ask. It is great to be able to come here and give our take on what we think it needs, but, again, you are the people who can facilitate that and start to pave that route. We will definitely be there to support it, but we need—

Q262 **Chair:** That is the key. Whatever your asks are this morning, ask them, all of you. Like I said, that is what we will do. We will take the evidence and we will present it to Government. I cannot promise you the Government will take up every bit of it, but that is what you are here for this morning.

Jimmy Buchan: If I can just expand a wee bit on the processing, this is about the members I represent; it is not necessarily the views of my colleagues.

We have the living wage; we have pensions; we have the minimum wage; and we have business rates, which is a big thing up in Scotland. We are uncompetitive in the north-east of Scotland compared with the same businesses in the Humber. We are all selling into the same market. That is a local government issue, but until we all start working together for the good of the industry, rather than the good of the authority, we are never going to grow.

To be able to grow, we need to be enthused. Part of the thing that could come out of this Committee is to look at how we get local government to embrace the opportunity that we all see.

Q263 **Chair:** That is an interesting one. That is not necessarily Government, is it? We can certainly advise them, and business rates is always a big issue across lots of businesses. Daniel, Euan, do you want to make any comments on that or not? You are all right for now. We have many more questions.

Euan Beaton: On grant funding, Peterhead Harbour has probably taken five years in planning to get to that point, knowing there is a potential grant award to get. We know that does not exist at the moment for businesses like ours, which is a disadvantage. It does stop you investing or spending as much money as you could do in R&D.

Q264 **Chair:** It is the big infrastructure projects like a harbour or whatever that you think Government should provide, and then the industry can take up the rest and have some grants in between. Is that the way you see it?

Euan Beaton: Yes. If we knew there was potentially 20%, 30% or 40% grant funding available—and in some instances as high as 80%, in the west coast—you could start to build plans, plans that we do not perhaps exercise at the moment that we otherwise would if we knew that there was assistance of a sort and it is not a complete loss leader.

Q265 **Mrs Murray:** I am an optimist, so I see that there are great opportunities. It is mainly catching in my constituency; my fishermen tell me that they are optimistic. But in a mixed fishery, which most of the UK has, the British housewife is very reluctant to buy species she is not familiar with.

With the increased catching potential that the UK fleet will have, is there an opportunity to catch more species, like gurnard and red mullet? Do you see this as an opportunity for you to perhaps diversify into processing some of those species and growing the British market?

Daniel Whittle: You are suggesting that we try to break the UK consumer's love of cod and haddock, which seems to be what they love to eat. We see massive increases in hake in the UK catch. People are becoming increasingly aware, but it is not becoming a staple of UK retail. It is something you could only do over time. Certainly, on day one it would be very difficult.

Q266 Mrs Murray: Is there a potential for non-tariff barriers to provide you with opportunities to export more to other nations? We will be free to negotiate more trade agreements outside of the EU.

Daniel Whittle: That would be highly speculative.

Q267 Mrs Murray: Are you working towards that? Are you looking at that as a potential opportunity?

Daniel Whittle: We would need the Government to make clear what progress they are making before we make any plans to take it as any kind of strategy.

Jimmy Buchan: There are opportunities to export fresh produce by airfreight, for example.

Mrs Murray: Yes, exactly.

Jimmy Buchan: Would you, however, believe that there is not a holding fridge at an airport in Scotland? Everything has to be taken to Heathrow for airfreight, because fresh produce needs to be held there. Back in Scotland, there is a huge opportunity to install some sort of refrigeration so we can fly to Canada or America.

We are talking about six hours. Six hours after it is out of the water, it can be in another nation. That is the opportunity that I see, but for that to happen we need the onshore infrastructure and the logistics to be in place so that opportunity can happen.

Q268 Mrs Murray: Your message to those people who are pessimistic and say, "We cannot export fresh seafood," would be that we need to improve the infrastructure to enable us to do that.

Euan Beaton: I am also an optimist. It is always completely full; that is the only way I ever look. Regarding your constituent fishermen catching all these mixed species, there is always a market. It is always a question of price. Is there a tariff? There may be. Unfortunately, it comes back to what I said earlier. What price can the fishermen catch it for, for it to be viable?

In this country—that was the point in the question at the start—we eat to live. In Europe, and probably in probably in other parts of the world, they live to eat. There are two completely different cultures. To get out of cod and haddock is going to be difficult.

Q269 Chair: Is there a percentage of society now, probably especially in the south—I do not know whether it is so much in the north—that is beginning to get much more conscious of the fish they are eating?

Euan Beaton: No doubt, yes—absolutely.

Jimmy Buchan: Chair, I would just like to add something into that. I have been very much involved in a programme up in Scotland called Seafood in Schools. I am a great believer that education starts at a very young age. It is a two-pronged attack: you teach people about an industry and you teach people how to eat and cook food at a very basic age. That is really important.

The second thing is that a school is a state-aided facility. If a child gets a bad experience with a fish because it was a poor fish, you have lost that person for life. Therefore, there should be an emphasis on us using our own produce in schools rather than importing seafood from the other side of the world. Again, that is probably a debate for a whole other day. It can change, but it will take generations to do. It is not an instant change. I believe it starts in school, and there should be a bit of a focus on that.

Chair: Over the years, we have been doing a lot on farm food in a way and perhaps not so much on fish, but I am conscious that we have stolen question 7 on this one.

Q270 **Alan Brown:** I have a supplementary question about what you have mentioned, Jimmy. Obviously, it has been touched on today that business finds a way to reach markets, but you mentioned about there being no holding fridge at any Scottish airport. What are the barriers to that? If there is an opportunity for a Scottish airport to start facilitating exports directly, I would have thought it would happen. What are the actual barriers to that?

Chair: It is quantity, I suppose, is it?

Jimmy Buchan: I presume the airport has never thought of putting it in. If it is there, business will find it and use it.

Euan Beaton: Historically there has not been such a demand for airfreight as probably exists at the moment. There is such a good freight link between Glasgow and Heathrow that the infrastructure was not required before. It has changed: there is a lot more being exported to China, which is mainly airfreight. There is that demand. Demand will necessitate a fridge to be built.

Q271 **Alan Brown:** Obviously, Heathrow combine passenger flights with it as well. Does that not give them the competitive advantage?

Daniel Whittle: Certainly, in my experience in Ireland, if boats land at a port not very far from Dublin Airport, the fish can be in Dublin Airport in two hours. It goes on an overnight flight to China fresh, and within 24 hours it has landed on a plate.

Jimmy Buchan: As I say, it is much easier to come up with solutions than to solve them, but, for example, Prestwick Airport is logistically well placed. You have a huge coastal inshore fishery that could be feeding into an export market there; you have Northern Ireland just across the water; and there is the rest of Scotland. It is an opportunity.

Q272 **Chair:** I take it at the moment that the fish is taken by refrigerated lorry all the way from Scotland down to Heathrow, is it? Then it is flown out.

Daniel Whittle: Yes.

Jimmy Buchan: Yes.

Chair: From an environmental point of view, it seems crazy, let alone from an economic point of view. That is a very interesting point.

Q273 **David Simpson:** Gentlemen, I am sure you will take the opportunity to congratulate Northern Ireland on their deal yesterday.

Chair: They are waiting for their own at the moment.

Q274 **David Simpson:** In the press recently, we have heard a lot of, in my opinion, nonsense as regards the standard of food whenever we leave the European Union and all that. How can you guarantee to your customers and others that food standards will be upheld after we leave the European Union?

Chair: They will also possibly be improved.

David Simpson: Yes, they could be improved.

Jimmy Buchan: There are two fantastic experts here who can give that evidence, because they are doing it.

David Simpson: There are two experts. That is good.

Chair: You are experts now. It is always dangerous to be an expert.

David Simpson: Daniel, you work in Kilkeel.

Daniel Whittle: With seafood, it is about temperature a lot of the time and keeping temperature control. That is also known as quality, and you trade on it. I am not likely to just start letting quality standards disappear, because I will not get repeat business.

Q275 **David Simpson:** Earlier, the Chairman mentioned having the facilities and the infrastructure within the ports and different places. I understand there are some plans afoot in the Kilkeel area to do that.

Daniel Whittle: Absolutely, yes. Again, this is to facilitate the landing of pelagic fish. Currently, they are predominately landed into either Denmark or the Republic of Ireland. The harbour is not deep enough, so there is a £25 million plan to extend the harbour, which would bring a lot of processing jobs and opportunity to Kilkeel and Northern Ireland. It is very much about taking large pelagic vessels and processing locally.

Q276 **David Simpson:** Yes, in Kilkeel's position it is very hard to get some of the money the Tories are giving us, so we have to work hard in relation to it.

Euan Beaton: The question, or certainly the panic, around standards is more about us as a country importing. Our standard of materials being received will drop. Our customers all demand or certainly drive us to keep a standard, and we strive to achieve above the standard that our customers require of us—and indeed the British Retail Consortium standards are the ones we adhere to. There are unannounced audits: they will just walk in at any time, any day or any night. Those are the standards we will continue to operate at.

It is probably more a question for the Food Standards Agency: how are they going to monitor imported goods with these competing countries? America was one I read about, with their chicken and their beef and all those different issues. For us, generally speaking working with

a wild organic product, it is much easier. It is not easy; it is far from easy. But our standards are exceptionally high anyway.

Q277 David Simpson: I am sorry for cutting across you. Daniel, in relation to the comment you made earlier about the Republic of Ireland and the standard of boats there and other issues, is that simply because there has been substantial investment into that over the past number of years and Northern Ireland, for example, has lacked that investment?

Daniel Whittle: Yes, that is correct.

Q278 David Simpson: It is a question of catch-up for us, is it?

Daniel Whittle: The equivalent of Seafish in the Republic of Ireland has a remit to increase the productivity and profitability of the Irish fishing industry, so there has been a focus on allowing the boats to operate efficiently. A lot of that goes down to the type of boat you are fishing from.

To the point about the standards, we are already seeing a bit of a non-tariff barrier. There is a dispute about imports coming from Vietnam and India at the moment, and it smells of protectionism slightly. There may be individual processors who are doing something that is untoward, but it is a bit of a generalisation to say that the entirety of a country is cheating. It is important to have good standards and to do random testing and so on, but I am suspicious of it.

Chair: Are you?

David Simpson: That is interesting.

Q279 Chair: I imagine fish—I know fish species vary—to be a bit like poultry meat. I imagine that when it is chilled, if it is not frozen, it only has a limited time, and the fresher it is, the better. Of course, the key for processing—I am sure you do it—is to make sure you have the right dates for the fish, when it was landed and when it was caught, and to keep it very cool before it is sold.

I imagine that there is huge potential for risk there, and also quality issues. Can we do more? How can we be sure that fish that are being imported have the same standards?

Jimmy Buchan: As far as imports are concerned, it is not a field I am very strong on. But for all the fish being landed in the UK—I can vouch for this, certainly in Scotland—there is traceability all the way through from the vessel that caught it to it being sold at market. The MSC scheme is a chain of custody. Our standards in the UK are very high. They are above those of a lot of our competing nations in the world.

Going forward, post Brexit, our standards should not be lowered. If anything, we should try to maintain our standards and improve them. If we have got to go out into the world, we have to have that cutting edge. That cutting edge should be our standards, which we are already doing. As far as EU export numbers are concerned, post Brexit, again, if we can trade into the EU, we already have that standard there; we have our EU exporting numbers. All of that should be a transfer so there is no disruption to business, because the worst thing you could do would be to make us go and change all that. Small business will not be able to cope with it. While they would not want it, it would be easier for the bigger guys, who have

the resources to be able to function with that. For smaller traders, it would be a nightmare if we had to go and change all that legislation.

Q280 Julian Sturdy: I have a very quick question on something you said about adding quality and standards. How can the UK compete on line-caught fish—line-caught cod for example? We are seeing in retailers that can get a price uplift of 20%. How can the UK compete? Maybe you can just fill me in on that.

Jimmy Buchan: I would put it down to good marketing.

Julian Sturdy: We compete on line-caught fish against Iceland, Norway etc. as well as anyone else, then.

Euan Beaton: You are absolutely right. The price is always higher for a line-caught product. It would be a superior product as far as stress on the fish, how it has been handled and how it has been caught. It has not been bruised in a net; it has been taken on board and handled properly. That element is absolutely right.

The way for us to compete in that is probably to have different quota allocation. Perhaps there could be a pool of fish that is available for line-caught boats. The boats have to have the ability to go and target that species. At the moment there are very few line boats physically in the British fleet. If you made people aware that there is this potential quota available, the boats would certainly target it.

Q281 Chair: If we are going to see, which we should, increased quotas, there would be an argument, if line-catching was going on, to have a quota for them.

Euan Beaton: Yes.

Q282 Mrs Murray: We already have it for squid and mackerel, don't we?

Euan Beaton: Yes.

Q283 Julian Sturdy: Just for my information, at the moment the majority of line-caught fish is imported into the UK. What I am trying to get at here is that there is an opportunity for the UK to grow that top end of the market.

Jimmy Buchan: Absolutely, yes—but we need the quota to do it.

Q284 Chair: We have the Fisheries Minister coming next week, so we can ask him some of these questions.

Euan Beaton: Can I come back to the free borders, if you like? They are really important for the exporting of fresh fish particularly.

Jimmy, you will remember this. When I started the business with my mum and dad, we were a very small business. We needed a certificate of origin; we needed a health certificate with every consignment we dispatched. We had to run all over the county trying to get this piece of paper and get the vet to sign and stamp it. It was really difficult. God forbid that we go back to that set of circumstances again. We also do not want to be holding fresh fish up in Calais or Dover.

Chair: No—fish above all things.

Euan Beaton: It is really important to keep that free trade and movement open.



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Chair: We are very aware in this Committee that with food and fish there is a potential for it to go off.

Q285 **Angela Smith:** Jimmy and Euan, you have both made that point about free borders. The only way we are going to establish a free border in terms of your current marketplace and current exporting destinations is by staying within the single market. Is that the favoured option?

Jimmy Buchan: That is a question I could not answer. I am not at the negotiating table. That is a question for David Davis and his team to sort out. We have a wish. The wish is that we have a free and frictionless border—regardless of how we get there. It is important for business.

Chair: That is right. You need to be able to freely trade across the border.

Jimmy Buchan: If we are to trade with the rest of Europe, we cannot have our produce sitting in a car park waiting to leave the country. It is a fresh produce. It is spoiling hour by hour.

Q286 **Angela Smith:** There is a free-trade deal, the single market or WTO rules. Effectively, they are the three broad options. The free-trade deal does not necessarily deliver a frictionless border. That is the point, isn't it?

Chair: Yes, and that is going to be the same for meat products and across the piece. We would have thought in this day and age that we could have an electronic system, but that is what has to be agreed and put in place, doesn't it, Angela? That can be done: they call it a bespoke deal. It is about how we do this bespoke deal, I suspect.

Daniel Whittle: There is a point here specific to fish. Fish is different from meat. You raised the point about date codes and things like that. You cannot mess around with date codes in fish, because it stinks if it is old. That goes to Jimmy's point about frictionless borders. A consignment of meat could be held up for 24 or 48 hours and it might not be a problem.

Chair: It would not be the end of the world.

Daniel Whittle: It might be the difference between acceptance and rejection of a consignment of fish, and it is often very high-value.

Chair: It will be off.

Daniel Whittle: The cost could be significant.

Q287 **Mrs Murray:** Do you export outside of the EU at the moment? Do you have a problem with fish being held up?

Daniel Whittle: A small proportion of our product is processed by hand and exported to the Far East. Currently, we have a container held up in the destination country because of a tit-for-tat with the EU and the EU saying that the Vietnamese are not adhering to regulations, so they are finding faults with our exports.

Having said that, it is something we have done for many years without too much difficulty.

Mrs Murray: The hold-up was because the EU was causing a problem.

Daniel Whittle: Yes, they are saying, “New problems are being found with our exports, so we are going to start making life complicated for you.”

Chair: You raise an interesting point about tit-for-that. Of course it may become a problem when we are dealing with the EU again if there are tit-for-tat arguments. That is what we have to try to iron out.

Q288 Alan Brown: I wanted to return to labour now. We have already touched on potential issues in access to EU labour. On the turnover of staff, how long do EU migrant workers tend to stay in Scotland in the processing industry at the moment? What is that turnover? What effect are you seeing now?

Assuming the UK leaves the EU, ending free movement of labour, what is that likely to mean in terms of future labour short-falls? Obviously that affects Daniel and Euan more.

Jimmy Buchan: Again, because these guys are the direct employers, they would be able to give a much better answer.

Euan Beaton: There is always a movement in staff. 10% is probably the rule. Most of the time it is a control point that we watch and we monitor. It goes to the point that we are seeing a restriction in the amount of European people who are presenting themselves for employment as well. That has probably been emphasised since Brexit came out, with people not wanting to travel to Scotland.

However, 70% of our staff, as I mentioned, are European. Generally, they do not move. They have been here for years. We have had some of them for maybe 15 years. Some of them are mortgage-holders and have established a family. They have had children in this country and they have put down roots here.

Daniel Whittle: I would echo that. I know that certain species can be very seasonal in pelagic fisheries and things like that, where you are not processing the whole year round. There is a much shorter period. A number of processors would have an EU workforce. They are the same people: they come, they process through the season and then they return to their home country. I can see that being a bit of a problem if that is not feasible in the future.

Jimmy Buchan: I have a different slant to this, which relates back to the catching. We have a huge problem in attracting the right people to be fishermen. The industry became dependent on labour from the Philippines and such places to crew the boats. Due to border-control issues and the 12-mile limit, on the west coast it is very hard for a boat to be outside 12 miles. You have to be 60 or 80 miles off, and in a small boat, that is just unsafe.

That has created a problem where the boats fishing in the western waters have been displaced either into other areas to fish further offshore, which is much more dangerous, or even to the stage where two of these vessels have had to be sold. Therefore, one of the factories of one of my members in Prestwick is now having a raw-material problem, because he cannot get access.

This is the knock-on effect. The access to migration workers is having an effect at the coalface of the industry. It is now having the next effect. I have written to our Scottish Minister about this, and he has a great answer: “We are going to train people.” My question is: where are these people? If they were there, we would be training them.

I emphasise again: we must open up the market to be able to attract the right people who are willing to come and do the job. I have been a fisherman for 30 or 40 years. I know how difficult this job is, and it takes a certain kind of person who can do it. Not everyone can endure the cold hours working through the night, the unsociable hours, or the hard work.

Chair: It is wet and cold.

Jimmy Buchan: It takes a certain kind of person. I keep going back to this: if we are going to compete in the world, we have to have access to the people of the world to do that job.

Daniel Whittle: I would echo that. We have the same problem UK-wide. If there is to be any hope of catching increased fish from increased opportunity, there needs to be support on the crewing issue. There needs to be allowance of the concept of non-EEA job permits, whether temporary or full-time.

Q289 **Chair:** If you had more mechanisation, there is an argument that the job may not be quite so taxing, not quite so cold and not quite so wet. Is this an argument? If you had more mechanisation, could you get the labour you needed? Is it the concept of what people think they are going to be doing as well as what they are doing? Jimmy is shaking his head there.

Jimmy Buchan: Automation will play a part, I am sure; it always has. Robotics will play a part—I said it earlier on in giving my evidence—but there is no substitute for the human eye and the human hand. These are the guys who are operating in the factories. It takes a certain skill.

Daniel Whittle: Certainly, it is something you could work towards. If you are in control of your immigration policy, you can control the amount of permits. If there is no longer the need or we have increased efficiency on board boats, the amount of permits required for fishing would reduce—but there needs to be support.

The thing you have to understand about fishing boats is that they are very diverse and they tend to be quite small individual operators. Our supply comes from over 200 boats. They are not particularly co-ordinated, so the idea of them all getting together and finding a machine they can all benefit from is—

Chair: We will definitely put your points to Ministers. Alan, I am conscious I have interrupted your question.

Q290 **Alan Brown:** I just want to come back to a point you made, Chair, about access to non-EU workers on the west coast. I do not know whether you are aware that Brendan O'Hara raised this in the fishing debate on Thursday; he put that to the UK Minister. But from what you said about Fergus Ewing saying that we can train UK personnel to fill the slack, obviously you are a wee bit cynical about that.

What is it that Government and the processing industry can do, working together, to try to attract people? It is clearly an issue and you have touched on it. Do you have any suggestion as to what can be done to facilitate this?

Jimmy Buchan: Again, I had a meeting with the Scottish Fisheries Minister, Fergus Ewing, last week. He took ill and that meeting never took place, but my ask from him was that he needed to put a programme in place so we can go and train these people.

We have to spread the message. We have to go to schools; we have to go to colleges. We have to make fish processing a career. For three decades, it has been an industry of contraction. The perception is, “Do not get into fish processing; it is a dead duck.” I say the contrary: it is very much alive. Fish stocks are increasing; the fishing fleet is being renewed. Port infrastructure is going into place. We are missing a trick with seafood processing, because it is there and we need to grow it.

The only way we can do that is by collaboration and the will of both Governments, in Scotland and the United Kingdom, making it happen. That is why we are here today.

Daniel Whittle: You certainly could have more chance of a locally sourced crew, effectively, but you would need to be increasing the price of fish sufficiently.

Chair: It would mean you would have to pay more, basically.

Daniel Whittle: You would have to make it comparable to working offshore in oil. Currently, that kind of money is not splashing around the fishing industry. It is not a very nice job, but people will do it if it is £50,000 a year. They will say, “Yes, I might think about crewing.”

Chair: That is an interesting point you make: who is going to pick up the prices? If you can catch more fish and you can deliver more fish, those wages can be covered over a bigger amount, but otherwise if it is the same amount, it is going to impose a significant cost.

Q291 **Alan Brown:** Euan, I just want to go back to a point you made. A lot of the EU staff who work for your company have been here 10 or 15 years. Do they have any concerns at the moment about Brexit in terms of residence applications and what that means? We are now hearing the UK Government have made an outline agreement that is supposed to protect citizens’ rights, but, at the same time, for me, they are still saying that nothing is agreed until everything is agreed, so therefore that certainty is perhaps not there. How do your workers feel at the moment?

Euan Beaton: Absolutely, they are concerned. Right from the outset, they have voiced their concerns about what the future is for them. Are they safe? Will they be allowed to stay? There is a probably an element of that as well.

You found that mum came along, and then the cousins and the auntie and the mother of the auntie. That has now stopped. We are not seeing that same flow of the availability of relatives, who were coming for a long time. That has certainly all but stopped at the moment. Of course, they are concerned—and they are voicing their concerns, yes.

Q292 **Julian Sturdy:** My question follows on from that. It was touched on earlier. Jimmy, you touched on the currency situation. As we sit here today, are you struggling to attract labour into the industry? Is that becoming a bigger and bigger issue even before we leave the EU?

Jimmy Buchan: Certainly, for my members it is one of the things that is raised every time we have a meeting. There is a serious shortage of recruitment.

Q293 **Julian Sturdy:** That is brought up at every meeting you have with your members.

Jimmy Buchan: At every meeting I attend, they say they are struggling to attract people; they are short-staffed; they really are struggling to attract people.

On the logistics side, five or six members of our association are transport companies. They are equally having the same problems, as are the box-makers. There seems to be a shortage of labour right across our sector.

Q294 Julian Sturdy: Is it also at a higher skilled level as well?

Chair: It is a combination.

Jimmy Buchan: Certainly up in the north-east and Grampian area, we have been struggling against a very successful oil and gas sector, which has been able to attract people with great careers. We wish them well, but we are at the food-producing end of the sector.

Q295 Julian Sturdy: They pay more, as well.

Jimmy Buchan: They are paying more; conditions are better. Therefore, that is where we have a recruitment problem. I come back to the question around saying, “We will train more people.” We would if we could find them. They are simply not there—and therefore it is back to this argument. We need to open up access to workers from across the globe, in my opinion.

Q296 Julian Sturdy: Daniel, is that the case in your specific business?

Daniel Whittle: Not so much, no.

Chair: At the beginning, Julian, Daniel was saying that 75% to 80% of his workforce is home-grown.

Daniel Whittle: We are in two separate locations. They are both rural, I would say. Kilkeel is an hour and a half from Belfast and an hour and a half from Dublin. Whitby is an hour and a half from York, which is the nearest city. There is not a lot of population. We pay relatively well compared with other businesses, which helps us. There is also a big tradition. In Kilkeel, there is quite a tradition of fish processing and families who are used to it.

Having said that, around the harbour there are other businesses that are highly dependent on migrant labour and would be 80/20 the other way.

Q297 Julian Sturdy: Are they seeing shortages?

Daniel Whittle: Yes, and they would be very concerned about what they are going to do next.

Julian Sturdy: Euan, is that the case for you?

Euan Beaton: It is exactly the same. We are concerned.

Q298 Julian Sturdy: I want to drill down into this. Is it starting to bite already?

Euan Beaton: Yes, it is. Absolutely, it is, yes.

Julian Sturdy: That is just because of the possibility of it and the issues that arise from this.

Euan Beaton: Yes.



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Chair: When we had an Inquiry here about a year ago, the Ministers were saying, “What is the problem?” The problem was getting tighter then, but it has got tighter since. When we have perhaps another short inquiry in the spring—we still have to agree to it, but I suspect we will—we have to make sure we are in a situation where we can prove to Ministers very much that the situation is tight.

Are there any last points on your question? We probably stole most of it. Carry on.

Angela Smith: I will get over the slur on northern eating habits you indulged in earlier, Chair.

Chair: I did say not necessarily, but, yes, perhaps it was not terribly diplomatic. Yes, carry on.

Q299 **Angela Smith:** Chair, rather than asking a question, I am very interested in the trip that is taking place to Iceland and the work you are doing to look at how Iceland developed its infrastructure both in skills and investment in hard infrastructure—partly because it has so many close relationships with my hometown in the Humber. I also think it would be very relevant to this Committee if Mr Buchan could inform the Committee of the findings.

I do know that Iceland took many years to develop its capacity to where it is now. Initially, it had to depend on the infrastructure we had in the Humber particularly. It had to develop very close relationships with the Humber in order to take itself forward. I would really be interested, Chair, in having those findings fed into the Committee.

Chair: When are you going?

Jimmy Buchan: Hopefully on some dark afternoon in January when things are quiet.

Angela Smith: It will be dark.

Jimmy Buchan: It is a working programme; we are pulling it together. It is certainly something we are looking forward to doing.

Chair: As soon as you have done it, we would not mind seeing it. It does not have to be the works of Shakespeare; it can be lots of bullet points of things where you think we could really learn something and what you think the Government could do to help facilitate that. It would be really useful if we could get it into evidence then. We will be taking evidence all the way along, because we are expecting a Fish Bill very soon, and so therefore we can follow it with that as well.

Are there any last points? Gentlemen, thank you very much. That was very good. Thank you very much for making it all the way down to London to come and see us. We appreciate that. Thank you very much.

Panel 2

Witnesses: **Andrew Kuyk CBE**, Director General, UK Seafood Industry Alliance; **Mark Simmonds**, Policy Manager, British Ports Association; **Martyn Boyers**, Chief Executive, Grimsby Fish Dock Enterprises, gave evidence.

Q300 **Chair:** Just before I welcome you all, gentlemen, Angela just wanted to make a point.



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Angela Smith: I just want to make a declaration of interest. My uncle is a freeman of the Borough of Grimsby. It is a historic role, but it does involve a very small financial interest, as Mr Boyers will know, in some of the land of Grimsby docks, on Freeman Street.

Martyn Boyers: It is very small.

Angela Smith: It is very small, but I still need to put it on the table.

Q301 **Chair:** Angela, we respect that. It will be noted. Thank you very much.

Can I start with you, Martyn? That will give Andrew the chance to catch his breath. Introduce yourselves and we will fire away.

Martyn Boyers: Good morning. I am Martyn Boyers; I am Chief Executive of Grimsby Fish Dock Enterprises Ltd. It is a private company that runs Grimsby Fish Market. I have always worked and lived in Grimsby, and I have been in the fish business for some time. My father and grandfather were both fish processors.

I am involved in Seafish in various committees they are involved in. I am also involved in the Programme Monitoring Committee of the European Maritime and Fisheries Fund, which looks at funding for fisheries. I was also invited to attend as a stakeholder something that was put together by Defra through Mr Eustice, the Seafood 2040 vision, which was launched about three weeks ago in this place.

Mark Simmonds: Good morning. My name is Mark Simmonds. I am the Policy Manager at the British Ports Association. We represent over 100 port members across the whole of the UK, including 47 of the top 50 fishing ports by landings.

Andrew Kuyk: Good morning, Chair. I am Andrew Kuyk; I am here representing the UK Seafood Industry Alliance, which is a body bringing together members of two different trade associations, the one that is my day job, the Provision Trade Federation, and the Food and Drink Federation. The alliance has the fish processing and trading members of both organisations come together in this umbrella alliance, and I am representing the alliance here today. We are the processors and traders in fish and seafood products.

Q302 **Chair:** That is right. Andrew, you have had quite a lot to do with the Food and Drink Federation over the years, haven't you? That is how I have known you before in another place.

Andrew Kuyk: Yes, I have had a varied career. The main part of my career was in the UK Civil Service: the former MAFF, Defra and also postings in UKRep in Brussels and Paris. Then I had five years with the Food and Drink Federation, and I am now running the Provision Trade Federation. My roots in fish go back many years to the very earliest days in my career.

Q303 **Chair:** Thank you very much. The first question is quite a big question, but it is relatively straightforward. Will Brexit be a good or bad thing for trade in UK fish? Who wants to start? Mark, go on. You blinked. It is always dangerous to blink.

Mark Simmonds: It entirely depends on the deal that is negotiated with the EU, frankly. We certainly hope so. There are certain challenges that we need to overcome, but there is certainly potential.

Q304 Chair: Indeed, where do you see the pitfalls and opportunities?

Mark Simmonds: Some of the potential pitfalls are with the potential barriers that could be put up, particularly the non-tariff barriers at ports. A lot of fish leaves the UK on a lorry going through ferry ports. If those are now going into an EU port once we have left, they will be subjected to documentary checks at least and potentially also physical checks.

Chair: Yes—if we are not part of the customs union or we do not have anything in place to replace it properly, that could be an issue.

Mark Simmonds: Yes—some agreement.

Chair: It would be an issue especially for fish.

Mark Simmonds: Anything that holds up consignments at ports will cause problems, particularly at ferry ports, which are predicated on traffic flowing as quickly as possible. Our ferry ports are all exclusively EU-facing, so they are not really set up to deal with customs or port health checks or any other manner of checks that could be imposed.

Q305 Chair: Martyn, do you have a view?

Martyn Boyers: At Grimsby Fish Market, in the last 12 months, we have handled over 12,000 tonnes of fresh fish at auction. About 75% of that fish has come from Iceland, so we have a great association and relationship with Iceland. We are hoping that continues. From a Brexit point of view, we would like to think the trade rules allow Iceland to export fish in the manner they do at the moment. We also have a lot of landings of fresh fish and particularly shellfish. We have a lot of crabs and scallops from Macduff Shellfish, as it happens, landing through the port this year. We have got quite a diverse operation.

Grimsby Fish Market is also central to a very large processing capacity around the Humber, and there are about 4,500 jobs connected to fish processing. Grimsby Fish Market, and Grimsby itself, is just a hub for processing and fish activity.

I see Brexit, whatever the turnout, as an opportunity. There will be chances to do things. I also look at this from the point of view—this was mentioned before—of Iceland and the cod wars. Whether we won or lost, I am not too sure, but I do not see how whatever happens could be anything worse than what happened to Grimsby and Hull then—fleets were decimated.

Grimsby, the people, can adapt to whatever comes up. We will just deal with it.

Chair: There could be greater access to fish, all being well.

Martyn Boyers: All being well, yes.

Q306 Chair: Yes, all being well. Andrew, what is your view?

Andrew Kuyk: If we are talking specifically about trade, I would echo the point that it depends what you mean by Brexit. It will really depend critically on the nature of our future relationship with the EU. If we succeed in the Government's aim, which we would fully endorse, of a free and frictionless deal with the EU, certainly on the trade side there may not be much impact.

It is quite important to understand, though, that we are very much a deficit market for fish. It may sound odd: we are an island, we are surrounded by sea and fish are abundant in that sea, but we still import two-thirds of what we eat.

Chair: We export a lot of what we catch.

Andrew Kuyk: We have what I call the supply paradox: most of what we eat is imported; most of what we catch is exported. About 80% of our catch is exported. There is another asymmetry in this, which is that most of what we import comes from outside the EU, whereas most of what we export goes to the EU.

Again, there will be a differential effect. At the moment, in terms of what we get from outside the EU, some of that is governed by the EU's external tariff arrangements. Fish from Norway, for example, comes into the EU single market under the umbrella of Norway's EEA agreement.

Q307 Chair: Regarding Norway and EEA agreement with Europe, how much of that fish would come into the UK? Is it quite a lot?

Andrew Kuyk: Quite a lot of it, yes.

Q308 Chair: Is it 50% or not as much as that?

Andrew Kuyk: Do you mean of total Norwegian exports?

Chair: Yes.

Andrew Kuyk: It will not be as much as 50%, but it will be a significant proportion.

Chair: It will be 30% or something like that.

Q309 Mrs Murray: We could negotiate our own deal with Norway once we leave.

Andrew Kuyk: It very much depends on what the framework is. If we are in a close relationship with the EU, where we are more or less replicating the terms we have at the moment, we might either a) be constrained from doing that—because it might be a condition of that new regime that we were limited in some way in what we could do with third countries—or b) it might not be necessary, because we get good access to Norwegian fish at the moment. If that were to continue, there would not be a burning need to have our own free-standing deal.

There are different layers in all of this. There is another thing that is important to know about these basic relativities. Two-thirds of what we eat is imported and 80% of what we catch is exported, but it is also a question of the species. The so-called big five in terms of the UK market are cod, salmon, haddock, tuna and shrimps and prawns.

Clearly, the tuna, shrimps and prawns are things that cannot be caught in our waters. Nephrops is a subset of that, but here we are talking about warm-water prawns and some cold-water prawns from Canada and so on. That is different. Any increased opportunities for the UK fleet cannot apply to those, because they are not fish that are in EU waters at the moment.

In some of those other areas, the supplies of fish that are available in EU waters, let alone UK waters, are very short of the market demand. In whitefish, the total availability in EU waters

is something like 500,000 tonnes. The market demand in the EU is 3 million tonnes. Total EU cod TAC for everybody is only about 50% of UK consumption. Even if we somehow magically had control of absolutely everything, it would still fall far short of current market demand. It is important to understand those relativities.

Q310 Chair: Yes—we need to understand what we actually eat and how the fish market works. That is basically what you are saying. There is a big export market and a big import market.

Andrew Kuyk: Yes. The reason we export so much fish is because it is by and large species for which there is no ready market at the moment in the UK. These are pelagics such as herring and mackerel and some crabs and shellfish, which are eaten in the UK but are much more highly prized in some other European markets. Quite a lot of that is landed directly into those markets or exported live, and it also commands a higher price than people are prepared to pay in the UK. Lots of efforts have been made over the years to try to develop and broaden consumer tastes not just in terms of the market dynamic but in terms of relieving pressure on some of those other key stocks.

Chair: We will go on to talk a bit about that in a minute. That is a good start.

Q311 Angela Smith: It is the same question I asked the previous panel, but I will use a different word: “model”. Have you thought through the potential impact of a no-deal, “falling off the cliff edge” scenario? What would that do to the seafood-processing sector?

Martyn Boyers: We need to recognise there is a huge difference between the UK and the continent in the way fish is consumed, in that everything in this country is processed. If you go for fish and chips, it will be a piece that is filleted; there will be no bones in it; and it might be skinless as well. There is a huge demand for processed fish in the UK, and I cannot see that changing.

I also cannot see that the great British public are going to change their habits. There will always be a demand for fish and chips, for example. You could go into any of the—I do not know how many there are—10,000 fish-and-chip shops in the UK, and they will sell either cod or haddock. As Andrew alluded to, they are the main species and they will continue to be so. The habits of fish consumption are not going to change. In terms of fish processing, the fish needs to be processed.

There has been an expansion of fish processing in Iceland. You mentioned the crash in Iceland in the previous session. What really happened was that skill went to Iceland, but, after the financial crash in 2008, they then looked at how they could increase the value of fish in Iceland—and that was through processing. They increased it, and now it has reached a peak and fallen back a little, so they are looking to export fish. Processing fish is adding value.

Peterhead, Aberdeen, Grimsby on the Humber and the south-west around Brixham and Plymouth are significant areas of fish processing. I do not see that changing, because it has to be led by consumer demand. I believe the consumer demand is there, because fish is a good protein; it is healthy; it is well regarded. I cannot see there being any problem.

The only issue about it is going to be price. We could price ourselves out of the market. That is going to be the issue—but the demand will not change.

Mark Simmonds: As I have said before, no deal would likely cause significant disruption at roll-on roll-off ferry ports, at the likes of Dover, where there are currently no or very few checks. Depending on how long they had, they would suddenly have to change how they do things. A lot of fish goes out through those ports. I understand the WTO tariffs are around 10% on average for seafood, so that would have an impact. I am sure Andrew has a view on that.

But for ports it is non-tariff barriers, the checks at ro-ro ports, that would be very disruptive. That is not just in terms of seafood but in terms of trade in general, of which seafood is a part.

Andrew Kuyk: If by no deal you mean a situation where we revert to the infamous WTO rules, it is less dramatic for fish than it might be for some other foodstuffs. For the EU's common external tariff, for meat and dairy you are looking at tariffs of 40%, 50%, 60% or more. Ordinary industrial tariffs are in the low single figures: 5%, 6%, 7% or 8%. Things like meat and dairy are at the high end, and some can even go over 100%. Fish is somewhere in the middle, between about 5% and 25%.

If we are talking about no deal, we are talking about the EU tariff schedule applying to trade between the EU and us, because, in the short term, if we are lifting and shifting the EU's external tariff to become the UK's external tariff from day one, on day one you would then have those tariffs between us and the EU. For example, fish from Norway or Iceland at the moment comes to us tariff-free from the EU, but in the no-deal scenario it would pay 10% or 20% on day one, so it would face a barrier coming through the EU to us.

You then get a whole other set of issues that might arise. In that scenario, the UK Government could decide unilaterally to cut tariffs on those fish imports, either to the levels that they currently are or even to zero. At the moment, the European Union operates a system of so-called autonomous tariff quotas. It recognises that the EU as a whole is a deficit market. That two-thirds ratio applies to the European market as a whole, so in recognition of the fact that the EU market cannot be supplied by EU-caught fish, even though those tariff barriers are there in the schedule, autonomously—that is to say, it is a unilateral thing on the part of Europe—it lets in certain quantities at reduced tariff.

Now, the UK could operate its own ATQ system. The EU one would not apply to us under a no-deal scenario, but we could have a UK autonomous tariff quota system. In theory, we could also negotiate a UK-Norway or a UK-Iceland deal. The issues are going to be ones of timing on that, because of the nature of supply chains for fish, particularly for frozen fish.

I would certainly echo what Martin has said about the value added in processing. That is the economic engine of the industry in the UK: it is that added value from processing. The raw material is quite often a frozen block or a fillet. It has been pre-processed—i.e. headed and gutted or whatever—either at sea on a factory vessel or it has possibly gone to China or somewhere else, and it then comes in as a semi-finished raw material that we then add value to.

Q312 **Chair:** There is a higher tariff on that, though, isn't there?

Andrew Kuyk: There are different tariffs. That is why you cannot say there is a single tariff. You get what is called tariff escalation, in the jargon.

The other thing is that, if you are dealing with a frozen product, the supply chains are quite long. You would be ordering forward in January what you would be processing in the following six, nine or 12 months. If no deal is obvious some way out from when it happens, people would start thinking about ordering; the Government would start thinking about the tariff regime they might put in place unilaterally when that point was reached.

If, however, there was an expectation that there would be a deal and then at the last moment you had no deal, you would get a great crashing of gears. You would have people committed to supplies; you would have things in the pipeline; and you would then have to have what would effectively be emergency legislation to unilaterally change UK tariffs in the event of that.

Q313 Chair: In an ideal world, you would like to know either that there is going to be a good deal or that there is not going to be a good deal. You would like to know that in advance, but you are probably not the only one who wants to know that.

Andrew Kuyk: What business craves, above all, is certainty. Business will adapt to whatever hand it is dealt. Obviously, there is a strong preference to stay as close as we can to existing trade arrangements. Trade is a mutually beneficial activity. It is reciprocal; that is why it happens. There are benefits to buyers and sellers in a trade relationship.

The ideal will be this aspiration of a free and frictionless deal on trade, and we would ideally also like to see trade dealt with as part of food trade in general, separately from other issues related to fisheries, which we are not discussing here.

Q314 Angela Smith: I just want to ask one further question. I had to smile at what Martin said about skinless and boneless fish. My father fished in Iceland, and he could fillet a fish brilliantly. He would always fillet it, and there were no bones in it whatsoever. That was the standard, if you like. That is just an anecdote.

I wanted to raise a point about the supply chain and the tariffs. This is a question for all three panellists. It may well be that we get a deal or that we do not get a deal at all, either with tariffs or no tariffs. However, exporting our processed fish onwards into the European Union is also a question that has to be considered by the industry.

Has any of the panellists thought through the potential impact in terms of exporting our products processed from fish imported from Norway and Iceland in particular? What might the impact be on that either in a no-deal or a deal scenario?

Martyn Boyers: In Grimsby, we have a lot of fish that is imported. It comes into Grimsby and it is processed. Sometimes it is just repacked and it goes off into France and into Europe. Grimsby acts as a hub.

The principle is not going to change; it is the terms of engagement that are going to change. It is about what goes around it. The French and Spanish demand for fish is not going to change; the UK demand for fish is not going to change. It is what happens around that, what the rules are and what the costs are.

One of the things we have to bear in mind with all this, particularly from our point of view as Grimsby Fish Market, is that we are a private business. We are there to make money. Sometimes we talk about fish in a very sort of romantic way, but we must not forget that it is a business. It is about commercial fisheries. The fishermen have to make money; the

processors have to make money; we, the fish market, have to make money; and then the retailers have to make money. Everybody is taking a bit of something out of it all the way along.

When you have this sequence, every one of them is a buyer and a seller. That is why you will never get an agreement within this fish industry, because it is a sequence of buyers and sellers—who always disagree. Ultimately, as we go forward, the issues will be resolved, but it comes down to how much we will pay. If you go for fish and chips, and it is going to cost you £10, you will not bother. If it around £5 or £6, you will say, “That is all right.” Price is always going to be critical, and there is a cost involved.

Processing is a cost, and it is an added value. It turns it from being a whole fresh fish into an actual fillet, but that balance is going to be the difficult thing. What will be to cost of the rules of engagement that allow the trade to continue? If it gets too daft, people simply do not buy. It is not because they do not want to buy; they will not be able to afford to buy.

Angela Smith: They just will not be able to buy.

Chair: They will buy something else.

Martyn Boyers: At that point, they will buy something else. Fish is competing with other proteins. The cheapest protein is of course chicken, and we cannot compete with chicken. Fish always has to push its unique position and its health benefits.

That is why this Seafood 2040 vision is quite optimistic about the future. It looks at things we can do to change the way we eat; it looks at trying to get people to eat two portions of fish a week. On that basis, everybody would get a lift: the fishermen, the processors and all of us. If consumption goes up, we will all do better out of it—but that is balanced with the price of it, the value of it and what people are prepared to pay. That is the challenge.

Of course, we have just had inflation figures and so on; there is a squeeze. When people come to a choice between chicken and fish, if something is half the price they will say, “I will have that, then.” That is what will come out in the wash. The actual demand for it is not going to change a lot; it is how it will work.

Angela Smith: It is price and demand and how they interact.

Chair: Can we keep our answers a bit more concise? I am a bit conscious of time.

Andrew Kuyk: On the export side, we export some processed fish, but by and large we import raw material that we add value to to supply the domestic market. There is a trade in some exports of processed products, but the main exports—the UK catch—are primary raw materials. In a no-deal scenario, that would then face tariffs going into the EU.

Logistically, while we could send processed products to America or other places, you cannot really send the raw, live fish. The distances are too great. Our biggest trade is with our nearest neighbours, and particularly with a perishable product that is very important.

Chair: Yes—for obvious reasons.

Q315 **Angela Smith:** Very finally, Martyn, what is the balance between exports and selling on your processed fish into the UK market? What proportion goes to France?

Martyn Boyers: In Grimsby itself, I would say that 85% is processed for UK consumption. There are people selling into France. One of our major customers, who is Icelandic, has a company in Boulogne. Fish comes into Grimsby; we repack it; and it goes to Boulogne.

There are other people exporting and, as Andrew has mentioned, a lot of the fish that is processed goes to Europe. There is a big demand in France now for cod loins, which are pieces of skinless and boneless fish. They have got used to skinless and boneless fish as well. There is an opportunity to do the work. It is always going to come back to the fact that it is a trade and a commodity.

We must not forget that fish is highly traded. The two things people always ask you are, “What is the quality?”—and everybody says it is good—and, “How much is it?”

Andrew Kuyk: I think I am right in saying that fish is the most internationally traded food commodity.

Chair: I suppose it is. It is interesting how the price is so important.

Q316 **Mrs Murray:** First, the fishing industry gave me and my family a really good living for 23 and a half years, so I take on board exactly what you say about everybody needing to make something out of it.

I have picked up that it is really important to have a transition period in any negotiations after March 2019. Before I come to my question, Mr Kuyk, you have talked about exporting and how you could not export a fresh commodity, but is airfreight not increasing as far as sending shellfish to China and things like that are concerned?

We heard in the last session that it is really important to have chilling facilities at regional airports. What you have said is, “We do not do that.” That seems to be what I have picked up. Surely that is one thing you would like to correct. We do already export using airfreight.

Andrew Kuyk: We do. First, that area of trade is not the bit that my association represents. Yes, it does exist, but the bulk of that 80% of the UK catch that is exported is physically landed into France and Spain and so on. Yes, it is possible to airfreight fish, and I understand there is a growing market for premium shellfish—crabs and things—in China, but it is a relatively small thing. Again, it comes back to the fundamental thing: price. Are we going to be competitive?

Technically, yes, it is a possibility, but it is a minority of the current trade, and there would have to be a major re-engineering in order to do that in the volumes required to replace the direct landings.

Q317 **Mrs Murray:** Thank you very much. I just wanted a brief answer there, but it was something I did pick up on.

Is there scope to grow fisheries outside of the EU following Brexit? It is heartening to know that 85% of the fish in Grimsby, contrary to what is sometimes expressed, is for the domestic market. Would we have opportunities to look further afield than Europe? We are seeing an increase in exporting using airfreight and we have already picked up some very good deals last year as far as shellfish exports to China are

concerned. Will there be opportunities? At the moment, are you looking at this and thinking, “We can use this as an opportunity to grow the shellfish, whitefish and pelagic fish industries in the UK post Brexit?”

Martyn Boyers: There is opportunity. We need to look at the way the market operates at the moment. The market is consumer-led. Historically, people liked cod and haddock because their mum and dad liked cod and haddock. If it is supply-led, it might be different. There is an opportunity there.

Instead of UK fisheries exporting 400,000 or so tonnes of fish a year, we could keep that and not import so much. We can also improve on aquaculture. That has always been much maligned in the UK. There is an opportunity with aquaculture in the UK as well, where we can develop that. We need to look at the way fish gets to market and what people eat and consume.

Earlier on, other species were mentioned, but we also must remember that fish is seasonal. People have forgotten that, because supermarkets want to sell the same thing all the time. There is seasonality to fish. There are opportunities to bring in different fish and try something different. It will not happen next week or next year; it is a long-term thing. The way we have all been brought up and what we are used to is what we like. It is the big five, as was mentioned. It is about cod and haddock. It will be a long, long time before anybody gets away from that—but it is an opportunity. That does not mean to say we should not do it.

Mark Simmonds: I would just agree with what Martyn has said wholeheartedly. There is absolutely an opportunity to export more. Airfreight is not something my members would want to come here and encourage.

Mrs Murray: No, exactly.

Mark Simmonds: Obviously, that is high-value stuff. Most of the stuff that goes out through ports for export is going to Europe—a bit closer.

There is absolutely opportunity. It depends, of course, as everything does, on the deal we have. Presumably, going down the track we are on will allow us to reach out and take those opportunities. That is an upside.

Q318 **Mrs Murray:** I did try to help you a few years ago with my Private Member’s Bill, the Marine Navigation Act, making it easier for you to operate as a port. I do take on board that you would not want to see competition from airfreight too much.

Andrew Kuyk: I would echo the point. Airfreight is high value and low volume. I come back to basic relativities: we import two-thirds of consumption. If we had increased catching opportunities and increased supply, the most obvious thing to do with that would be import substitution—because the market is there. You would be landing into your own market. That would be far easier.

I am not anti-export, and I am not ruling it out, but if you take cod, for example, UK catches are less than 10% of current demand. If we were able to catch more cod, why would we seek to export that rather than increase supply to our own market?

Q319 **Chair:** Is there not an argument at the moment that we are inclined to export high-value cod and import lower value cod? That happens quite a lot, doesn’t it?

Martyn Boyers: It does.

Andrew Kuyk: However, that is a feature of what the consumer is prepared to pay. The whole point of trade is that you optimise your market. If you can get a higher price for something from somebody elsewhere, then you will do that, and that gives you your overall business proposition. However, if you are looking at the main drivers of the market, the big numbers are supplying the domestic market, where we are a deficit market.

Chair: Your argument would be, yes, look for export markets, but you also think there is a way to substitute quite a lot of imported fish, which leads us on to the next question. I am conscious of time—Angela, very quickly, please.

Q320 Angela Smith: There have been numerous campaigns over the years to change British eating habits, when it comes to fish. None of them have really proved successful. We have an enduring love of haddock in Grimsby but cod in most parts of the country. Martin said it would be very long term. We are talking decades, aren't we?

Martyn Boyers: The opportunity exists in that the fish that are exported are high value. If you look down in the south-west, you are looking at a lot of the turbot, brill, Dover soles. High-value stuff is being exported, the reason being that our European colleagues pay more money for the fish. It is as simple as that. However, if there is some constraint on trade and tariffs, that fish might not be sold abroad, and that means they would have to sell it into the UK.

Chair: Can we leave it there? I am conscious that is another question. One last point, please, and then I have to bring David in.

Mrs Murray: I have not got any more questions, but I want to offer you my apologies, because I do have a question in the Chamber, so I will have to leave. Apologies to the witnesses.

Chair: Thank you very much, Sheryll. Can I move on to David now, please? Thank you, Sheryll.

Q321 David Simpson: Chairman, there has been a lot of discussion, and maybe Andrew touched on this question, over a number of weeks and months in relation to trade agreements, such as bilateral trade agreements. Taking that into consideration, how dependent are your businesses on imports of fish from other EU countries? Is it important to get that in a trade agreement, because of the import of fish?

Martyn Boyers: For us in Grimsby, as I said earlier, 75% of our fish is imported from Iceland, which is a non-EU country. We also get fish from Northern Ireland. A lot of fish comes over to Grimsby from Northern Ireland as well, but obviously that is from within the UK. We also get fish from Scotland as well. I suppose we are one of Peterhead's biggest customers. A lot of fish comes down from Peterhead as well, for the auction. However, the main business with us is with Iceland. If that were curtailed, for whatever reason, we would struggle to continue. We would have to look at the job seriously and see what other alternatives we had.

Q322 David Simpson: That is fish coming in from Iceland, is it?

Martyn Boyers: That is fresh fish coming in from Iceland. It comes in by container.

Mark Simmonds: Most of our members are focused on the EU, but like I say we represent 100 ports and a lot of fishing ports, so there is quite a variety. Some of them are entirely focused on the EU, though.

Q323 David Simpson: Are you saying that, whilst the conversation has been had today in relation to WTO, the best option for you guys is a trade deal without going to the unknown of WTO?

Mark Simmonds: The British Ports Association's preferred option is a deal that secures the benefits that we currently enjoy from the customs union and the single market. We recognise it is Government policy to leave, but a lot of the external trade from our ports goes through roll-on roll-off ferry ports, and they do not have the infrastructure at the moment to deal with checks, whatever they might be. Something like 36 agencies can intervene at the border at the moment, and any kind of checks or barriers that are thrown up there will cause disruption.

Q324 David Simpson: Andrew, do you want to finish?

Andrew Kuyk: Yes, in fish nothing is quite as straightforward as it seems. A lot of the fish we import originates outside the EU, but physically it comes through EU channels, because its first point of entry into the single market could be through Rotterdam or ports in Germany. Also, as I described, a lot of what we import as raw material has gone through a first stage processing of some description, and that can also happen in another European country. A fish from Norway can go into Germany, have a first-stage processing operation in Germany and then come into the UK from Germany. It is not as simple as to say that, because it comes from outside the EU, a tariff barrier with the EU would be irrelevant. If it is coming in transit through the EU, the same is true for things going in the other direction. That interface with the EU is critical at the moment, even for non-EU fish.

We also have a lot fish, such as Alaska pollock, as the name suggests, coming from waters in North America. That, again, can be landed through Rotterdam. Your Committee is probably familiar with the Rotterdam effect. It does disguise the official trade statistics, which do not tell us the reality of the trade flows. Again, in fish it is quite misleading. If you interrogate the HMRC figures, you will find that China is a leading supplier of fish to the UK. It is not Chinese fish; it is possibly Russian fish or American fish that has gone to China for basic filleting and pre-preparation in a frozen block. The block comes from China; therefore, it is lodged in the figures as an import from China.

The pattern of trade flows is really quite complicated. It has been optimised to what the present situation is. If we faced a situation where there was dramatic change, those supply chains would reorganise. Instead of something coming via Rotterdam, this might be an opportunity for Grimsby or other British ports, but there is a capacity issue there. Have we got the physical capacity to scale up operations to deal with that? If it has gone through a first-stage processing somewhere else, have we got the physical capacity to build that in the UK? Would there be the business model? There are some fairly basic issues that colleagues from ports will understand only too well: cold storage, refrigeration capacity. Again, it is optimised to current trade flows. You would not have cold stores standing empty 300 days a year.

We know that there are examples of trade in the UK where fish is stored in Boulogne, for example, because there is capacity there. It does not matter. It is as simple as London to Sheffield, or something. Boulogne to here does not matter at the moment, but it will if you

change the trade regime and put in tariff barriers or non-tariff barriers. We are looking at the tariffs, but there is everything that goes with them: the health certification and, in terms of fish, the IUU regulation, catch certificates, and so on. That is another layer of complexity in the fish area that does not apply in some other areas.

Chair: Thank you. David, are you done? Angela quickly, please, and then I will move on.

Q325 **Angela Smith:** On trade and tariffs and non-tariff barriers, I am aware that Grimsby has asked for free trade status within a European Union deal.

Martyn Boyers: Some people, not me.

Q326 **Angela Smith:** Not you. I would like to hear about it, Martyn, because it has made big news in our region, of course. Could you outline the reasoning behind that? I find it quite an odd—

Martyn Boyers: I do not know the reasoning, because I was not involved in the announcement. There is no substance to it or justification for it at all, because we are a UK fishery. You cannot have Grimsby in isolation. We are part of the bigger thing. I do not go along with having us as a free trade port at all. That is not going to work.

However, Andrew was talking about fish coming in, and one of the things we need to be clear about is fresh fish, because you cannot delay fresh fish. If it is frozen, you have a bit of a chance, because you can cold-store it. However, with fresh fish you have had it, because the value will deteriorate rapidly, especially when you have shellfish: scallops, crab and lobster. You cannot hold it up. That is going to be the main issue.

Chair: Yes, that has come through to us really loud and clear, not only from you but from the other witnesses.

Martyn Boyers: We are the same. We are bringing in fresh fish. The organisation in Iceland, Fiskistofa, which is the Icelandic ministry, used to be on Grimsby Fish Market, but they changed the system—again, cost-cutting. They inspect the fish in Iceland before it comes. When it comes to us, it has already been customs checked, and they put a seal on the back of the container. When it arrives to us, if it has not got the seal intact, we do not open it. That has never happened. There is a system in place.

Mark Simmonds: On the free ports, our understanding is some of our members are keen on it, others, like Martyn, less so.

Q327 **Chair:** It is obviously quite controversial. It sounds a little bit like a nuclear free zone, but I do not know if it works quite in the same way.

Mark Simmonds: We understand it is off the table and it is not being considered until at least after a deal is agreed.

Chair: Thank you very much for that. Can I bring in Julian, now, please?

Q328 **Julian Sturdy:** I do not think we will get a straight answer to this question, given what you have just said, Andrew, but, Martyn, you talked about price being absolutely critical and touched on the fact that 70% of your fish comes from Iceland. Is there concern that fish prices might rise in the UK for consumers in the short term when we leave?

Martyn Boyers: It is an interesting thing about price, because if you are dealing in fresh fish, fresh fish is a very volatile market to trade in, and any of those people who deal in fresh fish will also have great difficulties on cash flow, because the price of fish goes up and down very much so. Frozen fish is more of a commodity, and there is a bit of stability, but the ebb and flow are more like an ebb and a flow. Fresh fish spikes. We have seen on the fish market in Grimsby, for haddock, anywhere between £1.50 a kilo up to £5 a kilo. A lot of that is down to supply and demand.

The basis of the fish market, and one of the things I advocate—and I would do, being in the fish market—is determining the price of fish. Grimsby always has been, and continues to be, a benchmark for the value of fresh fish on any given day. You have the fresh fish market, which goes up and down subject to what is available, and then frozen is a bit more of a stable market, and people process from more of a stable market and supply from a stable market. The price fluctuation is something that depends on the circumstances. For example, this week we have had all this bad weather. The price of fish dropped, because people could not get fresh fish into the shops, and so on. The week before it was at a record high.

Q329 Julian Sturdy: Why was it at a record high the week before?

Martyn Boyers: It was the opposite effect. The demand is constant, but the supply varies. The supply situation was low. There was not much fish from Iceland; they had a lot of high wind and bad weather up there. Fishing itself had gone down and up goes the price.

We have this movement in fresh fish, and it is volatile. It is very important that we maintain the auction markets in places like Peterhead, Grimsby, Brixham, Plymouth and Newlyn, because they determine the price of fish. That is always an issue, because there is a lot of pressure from supermarkets to keep the prices down. However, when you are dealing in a natural commodity that people go out and catch, the price fluctuates.

Q330 Julian Sturdy: What if we had tariffs coming in?

Martyn Boyers: I think they would be reflected. I do not know who would pick up the tab, but somewhere down the line somebody would end up paying for it.

Q331 Julian Sturdy: It could be the consumer.

Martyn Boyers: It could be the consumer. It could be us. It could be the Icelanders; it could be the Norwegians.

Q332 Chair: Andrew and Mark, do you have anything briefly please? I am conscious of time.

Andrew Kuyk: First, it has emerged from some of the things Martyn has said that the fresh fish market is different from the frozen commodity market, and that is less susceptible to these price fluctuations. There are different elements in price. Currency, latterly, has been quite an important factor, because as we are heavily dependent on imports, the devaluation of sterling effectively since the referendum has put price pressure on that. Some of that is absorbed within the chain; some of that is being passed on. At the moment tariffs are not a major issue, because although some tariffs do apply for some of the third country imports we do not have totally tariff-free—

Q333 Julian Sturdy: That is because a lot of it is coming into the EU.

Andrew Kyk: Yes, the Norwegian fish is not tariff-free into the EU, and I have talked about the autonomous tariff quotas. Some of those are to zero, some are not to zero. We also import some fish on which tariff is paid, but those have been stable and so factored in. An increase in tariffs will then add to the currency effect, because those are both going in the wrong direction: both are increasing the cost of the raw material. If we have a situation where we have new customs declaration certification requirements that do not exist at the moment, that is an added transaction cost we do not have. Estimates vary, but that could add between 5% and 10% of price—just those formalities that have to be gone through. Martyn has talked about the sealed container. That is one way of dealing with that. That is a very specific case, but if we are talking about an EU/UK deal, those sorts of streamlinings would have to be generalised, and there may or may not be a cost. All those cost pressures are going in one direction.

The other thing that has come out—I am not sure it is a direct answer to your question—is the seasonality. Fish is very globally traded. That diversity of supply, again, enables that year-round continuity. What consumers are looking for is a consistent product.

Chair: We will leave it there, because they are very good answers, but they are getting very long. Are you finished, Julian?

Julian Sturdy: Yes, that is fine.

Chair: Alan, please.

Alan Brown: What I was going to ask has been covered.

Chair: You are reasonably happy.

Alan Brown: I am happy to come back in later on.

Chair: Okay, I will go on to David then, please.

Q334 David Simpson: Is there an opportunity with Brexit for the UK market to improve itself as a world leader in sustainable fish? Are there opportunities there while it has a good reputation? Can it move forward again to go to that next level?

Martyn Boyers: The UK fisheries sector is in a good position. I do not think we should criticise it too much. There is far more traceability now within the systems than there ever used to be. The BRC, British Retail Consortium, accreditation was mentioned in the previous session. Lot of businesses have that, and we are one of those. We also have the Marine Stewardship Council accreditation.

Businesses are very conscious of the requirement to have traceability. Part of that traceability is to make sure the fish supply you are receiving is from a sustainable fishery. In the UK, most of the businesses do the job properly. I honestly do not think that is an issue. We can improve on it and become world leaders. I would be surprised if we were not one of the world leaders at the moment.

Q335 David Simpson: Absolutely. Mark, what do you think?

Mark Simmonds: I would agree with everything Martyn said.

Q336 David Simpson: Andrew, do you want to add anything?

Andrew Kuyk: Yes, briefly. I have been involved with the common fisheries policy on and off at various points in my career. It has had a chequered reputation. Latterly there have been big improvements, and a lot of those have been UK-driven. It has been UK Ministers who have been at the forefront, whether you are talking about IUU regulations, landing obligation or technical conservation measures. The UK has been very much at the leading edge of that, and the UK industry has been pioneering things to do with responsible sourcing, supply chains, traceability and so on.

There is potential for us to go even better, and people point to the other models, Norway and so on, where the sovereign control has given them a greater ability to set measures in accordance with the prevailing circumstances. Inevitably, in a European Union of multiple member states, political decisions are subject to an amount of compromise. There has been far too much compromise in the history of the common fisheries policy. It is a lot better today, but we are aware of the December quota setting and so on. That has not been exemplary.

Q337 **Chair:** David is happy today, because Northern Ireland has got a good amount, but he would not have been so happy in the past when it has been a lot less.

Andrew Kuyk: Yes. The UK does have an opportunity, depending on what happens. Again, this is separate from the trade thing. This is talking about the management of waters and the fish.

Q338 **Chair:** I suppose it is how we catch it as well. We were talking about line-caught fish. I know we are not going to go out and catch all the fish by line, but there could be potential there.

Andrew Kuyk: I would flip the question: if we do not get a good outcome on fish—and by that I do not necessarily mean a good economic outcome—and we get a situation where the perception is that the system is somehow not going to function because of political disagreements, such that there is a doubt in the consumer's mind about the sustainability of stocks as a result of a disorderly way forward, that will damage everybody. There are two sides of the same coin. Getting it wrong would reputationally damage everybody in the industry, whether catcher, whether processor; it would be bad for everybody. Getting it right is a great opportunity for us to be an exemplar and to be world leading in our sustainable management of the resource.

Q339 **Chair:** Thank you. Mark, do you have a comment?

Mark Simmonds: No.

Chair: David, you are done? Julian now, please, then Alan, then Angela.

Q340 **Julian Sturdy:** This is specifically a question to you, Martyn. You touched on—and it has been talked about throughout this session—that the value of fish decreases very quickly over time. Have you done any modelling within the business to estimate the financial problems that could be caused through hold-ups at customs, non-tariff barrier checks, et cetera?

Martyn Boyers: The only example I can give you is the fact that the fish we bring in from Iceland is basically on a ferry service. It arrives into Immingham on a Sunday afternoon and is brought by lorry to the fish market and we sort it, weigh it, unload it and put it on the fish

market on Monday morning. When that vessel has been delayed for whatever reason, and just lately it has broken down a few times, the fish on board is still on board. When it arrives a day late or two days late, we still have to handle the same fish. You can see the deterioration in the fish, because it is two days older and it is fresh fish.

One of the issues to be able to deal with is to understand that, if it is fresh fish, it does need to be dealt with straight away. If there were delays in the whole fish transport and logistics, fresh fish is never going to get better. It never improves. Do not let anybody tell you any different. It can only get worse.

Q341 Julian Sturdy: When that happened, and that was delayed for a couple of days, what happened on the market floor on Monday morning?

Martyn Boyers: Generally what happens is we carry on doing the same work, but the value of the fish goes down.

Q342 Julian Sturdy: The buyers were paying less.

Martyn Boyers: The buyers pay less, because it is not as good.

Q343 Chair: I suppose potentially it can go off.

Martyn Boyers: It takes quite a bit for it to go off, but the value goes down. The merchants do not pay as much because it is not as good quality. Also, because it is already a bit older it does not have any shelf life. It is not as valuable to them; that is why the value goes down.

Q344 Chair: The evidence we have taken this morning has really shown that getting things through borders and border posts, if there were such things, is very important, no more so than in fresh fish. Is there anything else anybody wants to add?

Andrew Kuyk: On your modelling point, it is difficult to model because this is unknown territory. It is not just what the UK puts in place; it is what our counterparts in other member states put in place. We could have frictionless on the Dover side, but if it is not frictionless on the Calais side, you still get the bottleneck. You need both halves of the equation.

Q345 Chair: Yes. We had a little problem with lambs and various things in the past, didn't we? That was through single market regulations, so it will be interesting.

Andrew Kuyk: Just as trade is two-way, borders are two-way as well.

Chair: We are conscious of that.

Q346 Alan Brown: I will just pick up on that. The UK Government has pledged to leave the single market and the customs union. Now they keep saying that, yes, we support having a free and frictionless trade border that mirrors the single market and the customs union. What does that look like?

Q347 Chair: That is a really simple question, that one, Alan. However, it is a very good one. Does anybody want to have a stab at that?

Martyn Boyers: My interpretation of it would be that we want it to carry on as it is. We are bringing in fish from Iceland, and that is not a problem. We are bringing in fish from Norway, and that is not a problem. We would like to think that whatever comes up in the agreements, the trade can continue. Being old enough to remember the original vote in 1973, it was about trade. We are a trading nation, and fish is a traded commodity. This is all about

doing business, and it is the conditions in which you do the business. Whatever it is we just need to deal with it and do it quickly, as far as fresh fish is concerned.

Q348 Chair: Andrew, I cannot believe you cannot say something on that one, but quickly, please.

Andrew Kuyk: That is an excellent question, and it goes really to the heart of much of this debate. Yes, we aspire to have something as close as possible to what we have got, but the European Union is a legal entity—it is a treaty-based thing—and also trade takes place within the wider multilateral framework of WTO. If we are a third country, that does change the rules under which we operate. If the EU offers us preferential terms, that is fine if it is within a trade agreement.

I do not want to go on too long, Chair, but the basic principle of WTO is that you treat people equally—most-favoured nation—unless you have a separate bilateral deal that derogates from that. The problem, it seems to me, is that if we are officially a third country—not in the single market and not in the customs union—yes, you can agree zero tariffs as part of a trade deal, but it is the cart and the horse. You have to have the trade deal for that to work in WTO terms. Then on procedures, as well, if we had a derogation from procedures that the EU applied to imports from America or elsewhere, you would have to make sure that, again, was watertight in terms of a trade deal so that it was not vulnerable to challenge by other third countries.

Q349 Chair: We are going to leave it there. That is a good point. Mark, do you want to make a point?.

Mark Simmonds: We have been discussing this with various government departments and agencies for the last year or 18 months, and what we have always been very clear about is that a frictionless border must mean no extra checks at the port. If there need to be checks, they need to happen somewhere else, otherwise they are going to disrupt the flow. Again, I am talking mostly about ferry ports.

Chair: That is so important. Whatever the rule, however it is done, it is how we can physically get trade in and out without it being held up. As you said, it is nowhere more important than with fresh fish. That has been brought home to us very loud and clear.

Q350 Alan Brown: This follows on directly from what Mark said there. If there is a new customs regime, are you saying at this moment in time the ports could not handle that? It would need to be, with this infrastructure, checks done elsewhere.

Mark Simmonds: We do not know what a new customs regime would look like, so it is hard to say whether they would be able to handle it.

Q351 Alan Brown: That is if it involved additional checks, compared with what happens now.

Mark Simmonds: With roll-on roll-off ferry ports, the model is that the ferry rolls up, the trucks drive off, and they are coming from Europe, so there are very few checks for the vast majority of lorries, so they just drive straight on through. There is no space to hold them up. Any delays there obviously cause problems and disrupt the flow. That is the issue. Whether they can handle it depends very much on what they are being asked to handle and what

checks would look like. Even a check that takes a minute, just looking in the back of a lorry, would be very disruptive once you add that on to 200 different trucks.

Andrew Kuyk: I am not trespassing on your territory, but there are different sorts of checks. Customs is one area. There is port health, border inspection posts. They are different. Again, at the moment, for intra-EU trade those are not necessary, but if we become a third country we may need to have those. The point you made, Chair, is that it is not just what the rules say on paper; it is the spirit in which they are implemented and enforced. If there is mutual co-operation, that is quite different. If people are going to insist on a much higher level of physical checking, or if the stamp is in the wrong place—

Q352 Chair: If you want to find a problem, you can almost manufacture one, can't you?

Andrew Kuyk: Absolutely.

Mark Simmonds: At the Port of Felixstowe, for example, which is a more globally facing port—it does containers—my understanding is that about 75% of the checks there are port health checks, rather than customs checks. That is a port that has space to do that, because it deals with trade outside the EU. Other ports, like Dover, for example, which are focused entirely on the EU, where a lot of our fish goes to and from, do not have that space to do that. Andrew is absolutely right: customs would potentially be disruptive, depending on what it is, but it is the other checks. As I said earlier, there are about 36 agencies that have the power to intervene at the border.

Martyn Boyers: The existing system, particularly with Iceland, as I said earlier, works okay. We get fish from Norway and it works okay. We get fish from Europe and it works okay. We just hope that whatever it is, it continues. It is just at the back of everybody's mind: when people are dealing with fresh, it is having the system in place that does allow a quicker movement of it. That is all.

Chair: Yes, down from veterinary right the way through—I think that point has been made.

Q353 Angela Smith: We have had no questions about labour to this panel, so may I change the question a little, Chair? I remember the cod wars perfectly well, but on the Humber we had petrochemicals, chemicals and men going out to the oil rigs as well. We had alternative sources of employment, but we still suffered. Is there still a shortage of labour supply in Grimsby? Findus, Ross and Birds Eye have gone. Is there a shortage of labour in Grimsby, and are you filling that with eastern Europeans, European Union workers? What is the situation likely to be in the future?

Martyn Boyers: On the Humber, there are 4,500 to 5,000 people employed in fishing. I do not think it is about the employment. In our industry, in fisheries, it is more about perception and allowing people to think that it is not a bad business to be in. We do ourselves down at times, and with our own staff in particular, we train people. We give them some sense of having a career and an opportunity. We look back on it: we used to have the old lumpers, and people thought, “If you do not get an education, you can always be a lumper.” We have to move past that and look at it as a proper occupation, with an opportunity. It is the perception. We do ourselves down about employment. I do not think there is a problem with employment—I really do not. There is an opportunity. However, the clear thing about working in fisheries, especially in Grimsby, is you have to be prepared to work. It is not for

the faint-hearted. You have to have a good attitude. That is the determining factor about employment.

Chair: That is a well-made point.

Andrew Kuyk: Broadening it slightly from Grimsby, the food industry as a whole, and that includes fish processing, is more heavily dependent on non-UK labour than many other industries. It is an issue for the food industry as a whole.

Angela Smith: Generally—yes.

Chair: Yes. We have been taking evidence from everywhere through the processing industry and have found that to be the case. We are aware of that.

Q354 **Angela Smith:** I take the point about attitude and everything else. I understand that. I will do the proper question now, Chair. Grimbarians never do what they are told—that is the problem.

If, following Brexit, the UK sees an increase in the number of fish landed into its ports, does business have the infrastructure available to meet demand? Are you equipped and ready in terms of skills?

Chair: Yes, because a lot of fish at the moment is being landed in European ports on our quota, isn't it? We may have solved that quota, I accept, but there are arguments about that. That could all change, couldn't it?

Martyn Boyers: Within the UK structure of fishing ports, there are a number of auctions, and there has been a consolidation of auctions over the years, so there are nowhere near as many as there used to be—there are only a few. But there are quite a number of places of landing, where you can land. They are called designated ports, which have all been approved. The capacity within the UK is okay. The actual infrastructure that is required to land vessels does need some attention, because you do need to invest in, for example, cranes, hoists, winches—that sort of thing. Also, you need chilled storage capacity, boxes and all those sorts of opportunities.

In Grimsby, where we are now, because we have seen a decline in landings historically—I will not bother you with that detail—we are well placed to increase capacity without any problem. We do not have to invest too much to take on a lot more. We could certainly do it. In other ports, like Peterhead, which is extremely busy, as was mentioned earlier they are spending a big amount of money on improving the port, so they will have a fantastic facility up there. Also, I mentioned earlier being involved in the European Maritime and Fisheries Fund. There is a vehicle by which people can obtain funding to support any development in infrastructure, and that is another important element in whatever we do post Brexit: to allow ports to be able to access funding to improve the facilities they provide to the fishermen. It is important to know that the ports sit fairly between catchers and processors. They do have a vital role, and as I mentioned earlier about the detail of the industry, we have also been working on a Responsible Fishing Ports and Harbours scheme, making sure that the fishing ports are accountable and that they do a proper job.

Q355 **Chair:** Are there any last points, Andrew or Mark?

Andrew Kuyk: By and large the capacity in businesses is optimised to the present situation. You have three phases. You have the landing, the auction, and then the processing. You will

not have idle processing capacity. You will not have empty cold stores, because why would you? You have that optimised to a given level of supply.

Q356 Chair: As we land more fish, you believe that the processors will pick that slack up, do you?

Andrew Kuyk: They would need to build extra production lines.

Q357 Chair: Providing the fish is being landed and there is demand and sale, you think the market will deliver?

Andrew Kuyk: It will take time. You would need investment, labour and skills. You would need time and money. You would need the investment, and to make the investment you would need to make the business case. You would need to be certain that you had a profitable market at the end of it. Chair, you will be very familiar with this: one of the economic features of agriculture and fishing is that, if you get abundant supply, price tends to come down.

Chair: Yes—or vice versa.

Andrew Kuyk: That is a dilemma. Yes, you might have more supply, but if that lowered the price, the economic case for investing in the capacity might not be there.

Chair: That is a fair point.

Mark Simmonds: Just to echo what Martyn said, we have recently done a survey of our fishing ports on their infrastructure. They are all very different, but it is absolutely essential that there is something to replace the European Maritime and Fisheries Fund.

Q358 Alan Brown: We have heard there are possible opportunities for catching and landing more fish. The UK Government are selling a post-Brexit nirvana. In terms of making the best of these opportunities, we have heard about the infrastructure upgrades that will be required. Have the Government been speaking to anybody about what infrastructure upgrades will be needed and what the cost will be, in light of the funds they might make available?

Martyn Boyers: We have had a number of discussions on this at the Programme Monitoring Committee of the European Maritime and Fisheries Fund when projects have come forward. There is a lot of opportunity for ports to improve, but only where there is going to be the trade to justify the business. You cannot do it just on the basis that you are going to do it. It is the chicken and egg scenario. You need the business first to justify spending the money to invest in the infrastructure.

Mark Simmonds: We have been in regular discussion with Defra, the MMO and Marine Scotland about the importance of the EMFF and the importance of a replacement fund. We have not heard an awful lot back about what might follow, if anything. My understanding is that there probably will be something—there will probably have to be something. However, we still do not really have much of a handle on what that is.

Q359 Alan Brown: When would you be looking to get more details on what that is going to look like?

Mark Simmonds: As soon as possible, because the EMFF goes until March 2019, and that is coming up quite soon. It would be as soon as possible.

Andrew Kuyk: Most of our engagement has been around the terms of trade, the tariff issues. We have raised the point about the ability of the processing sector to adapt to changes in supply, but we have not got into talking about how Government might or might not. Some of that is a commercial business response. The infrastructure is arguably something that is more public sector oriented, but how a business changes its business model to deal with a different supply situation is more of a commercial matter, although there are issues around skills and training, which might be a more general thing.

Mark Simmonds: The ports are private sector commercial entities as well.

Chair: Good point. Gentlemen, that was an excellent evidence session. We have had two very good panels this morning, and that will be very much part of our evidence that we will put forward in our report. Thank you very much. We now have two minutes before PMQs. Thank you very much.