



Submission to the Constitution, Europe, External Affairs and Culture Committee about the EU-UK Trade and Cooperation Agreement (TCA).

Executive Summary

This submission looks at the EU-UK Trade and Cooperation Agreement (TCA) with a specific focus on Scotland's food and drink sector. It explores the operational challenges faced by the sector, suggests potential resolutions, and explores opportunities for deepening the trade relationship between Scotland and the EU. Food and drink is vital to Scotland's economy, and the EU remains our largest export market. Therefore, addressing the sector's unique challenges post-TCA is crucial for sustaining growth and securing our vital contribution to the Scottish economy as well as communities which depend on food and drink production.

Impacts on Trade in Food and Drink with the EU

The TCA's provision for zero tariffs and quotas prevented immediate and significant trade barriers with the EU. However, the introduction of non-tariff barriers, such as customs checks and sanitary and phytosanitary (SPS) controls, has created logistical challenges and increased costs for Scottish exporters. The complexity of these new requirements has been particularly challenging for smaller producers, who are vital to the diversity and success of Scotland's food and drink sector.

Sectoral impacts have been significant and, unsurprisingly, have mostly affected goods which are both perishable and subject to further checks/compliance.

Seafood: experienced delays due to new export certification requirements, affecting freshness, delivery times and market value, impacting international competitiveness.

Meat and Dairy: Similar challenges have been faced by the meat and dairy sectors, with additional health certificates and checks leading to delays and increased costs.

We support comments made by QMS in their submission that: "For larger multi-site companies, exports have proved more resilient than for smaller exporters. This reflects the greater ability for larger exporters to consolidate a range of products from multiple sites into single export deliveries and to absorb the additional cost and time required for filling out paperwork. For smaller exporters sending smaller loads which need to be grouped with those of other firms, exports continue to face much greater disruption and cost, and some smaller firms have exported significantly less, or even stopped exports altogether due to the level of cost becoming prohibitive."

The challenge is often logistical, or bureaucratic, and is compounded by the need to understand new and often complex requirements. The burden falls on smaller businesses, and therefore acts as a bottleneck to growth and as a lever for

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consolidation which can be undesirable for food and drink products given the need to retain local characteristics to protect our brand and reputation, which is vital for continued demand for our high quality, premium products.

Challenges and Possible Solutions

Regulatory Divergence and SPS Controls: The UK's departure from the EU's regulatory framework has led to concerns over future alignment, particularly in areas such as food standards, labelling, and environmental regulations. Divergence in regulations could restrict access to the EU market and increase costs for producers adapting to meet different sets of standards. The imposition of SPS checks for goods entering the EU from Scotland has led to delays and increased costs. An agreement to streamline or reduce these checks, based on mutual standards recognition, could significantly ease the burden on Scottish exporters.

Customs and Trade Facilitation: The complexity of customs procedures has been a significant hurdle. Enhanced cooperation between the EU and UK to simplify customs processes and better support businesses in navigating these requirements would help and might require investment in training and digital solutions to streamline customs declarations to mitigate these issues.

Opportunities for Development

Environmental Sustainability: Scotland's food and drink sector is increasingly focused on sustainable production. The EU and Scotland could explore joint initiatives that recognise and promote environmental sustainability.

Trade friction: reducing non-tariff barriers and providing support/guidance is key.

Market Access and Promotion: Enhancing market access through targeted trade missions and promotional activities, such as [Naturally Scottish](#), can help Scottish producers expand their presence in the EU market.

Conclusion

We agree with the broad points made in other submissions to the committee including possible solutions such as simpler guidance including on customs and Rules of Origin, reducing trade friction, and avoiding divergence in standards.

Whilst the TCA provides a framework for Scotland's food and drink industry to continue its trade relations with the EU, and our resilient and adaptable industry is making the best of the current situation, we would like more to be done to reduce the ongoing challenges faced. Exploring opportunities for joint agreements will be key to ensuring our future success and growth. A focused approach on regulatory alignment, customs facilitation, and sustainability could forge a stronger and closer trade relationship between Scotland and the EU, benefiting our food and drink industry and contributing to the broader goals of economic resilience and environmental sustainability, and frictionless trade.