

SCOTLAND FOOD & DRINK

Scottish Government Budget Input 2025-26: Choosing the Right Path

Food and drink is a unique industry, with a critical, enduring and far-reaching impact on Scotland's communities, our economy and our journey towards sustainability. We must work together to deliver continued responsible growth.

An Enduring Contribution to Scotland

Food and drink has been the foundation of Scotland's economy and society for centuries. Having grown significantly in recent decades, we now produce the largest individual export food *and* drink products, by value, of the entire UK. We enjoy sustained annual sales of more than £15 billion (GVA of £5.4 billion). We have become Scotland's largest manufacturing sector, with major businesses thriving alongside micro businesses supporting even our most remote and rural communities. We have become Scotland's third-largest employment sector, with 128,000 people making a living from the vast network of businesses across the country. Notably, 14% of industry turnover goes on labour, funneling £2.24 billion directly into communities via wages, which is added to further by the contribution provided to the exchequer via taxes, business rates and duties.

An Unshakeable Connection to Scotland

Scotland's food and drink businesses are diverse and geographically widespread, encompassing agriculture, fishing, farming, crofting, processing, baking, distilling, brewing, advanced manufacturing, and more. There are roles available for people of all backgrounds, ages and skill levels. Food and drink businesses employ an average of 4,000 people per local authority area (range: 250 to 16,000).

The comparative advantage of food and drink to Scotland's economy stems from having businesses rooted deeply here. Our reputation is built on provenance, sustainability, and quality, from products such as Scotch whisky, Scotch lamb & beef, Scottish Salmon, Stornoway Black Pudding, Arbroath Smokies, Ayrshire Earlies or whole categories such as fish, seafood, spirits, beer, fruit, vegetables, meat, baked goods, cheese, milk, and other dairy. All these tell our story to the world. People visit Scotland to enjoy our food and drink and seek it out right across the globe. Food and drink businesses have an unshakeable connection to our landscape and culture. We are here for the long term, not to scale and leave.

Protecting Scotland's Environment

Food and drink production is inextricably linked to our environment, whether by farmers and fishers stewarding our landscapes and waterways, or businesses managing energy, waste and natural resources. 74% of Scotland's land is farmed or crofted and we recognise that the industry's future success depends on our ability to produce high quality food and drink sustainably. Becoming truly sustainable and strengthening all parts of our supply chains is crucial to Scotland reaching its potential as a food and drink producing nation.

Global Reach, Local Impact

We operate on two levels: globally, through exports and international supply chains, and locally, by supplying regional and UK markets. This dual focus strengthens local economies, enhances food security, and boosts tourism. Public procurement and infrastructure development can further amplify these local benefits, while continued support for exports will help maintain and protect Scotland's position as the UK's largest food and drink exporting nation.

Delivering Responsible Growth

In June 2023, the Scotland Food & Drink Partnership launched *Sustaining Scotland, Supplying the World*, a new strategy for responsible growth. Now in its second year of delivery, we have established strong foundations thanks to support from the partners, including Scottish Government. We have major delivery programmes in place focusing on market growth, policy and regulation, supply chain security, innovation and digital technology, people and skills, sustainability, and capital for growth.

These programmes are helping us achieve our missions of resilience, growth and sustainability. We are building resilience in our supply chains to support food security and expand production. We are working to attract and develop a new generation of skilled workers to enable growth. We are developing tools and services to reduce our carbon footprint. We are unlocking private financial investment to support future growth. We are looking to strengthen local, UK and international market access. As one example, Showcasing Scotland bought 100 buyers to Scotland to meet more than 100 suppliers, and generated +£150 million in future sales. We need to do more to create the conditions for growth, helping businesses achieve their full potential and building our global reputation further.

Our Budget Asks of Scottish Government

Scotland's food and drink industry is an enduring cornerstone of our economy, but we must choose the right path to deliver resilience, sustainability, and growth. We urge the Scottish Government to formally recognise our unique status: unlike other existing or emerging sectors, we underpin economic stability across both urban and rural communities, we deliver environmental sustainability, and we will continue to drive long-term, inclusive growth. Our asks:

1. Increase funding for the Agriculture and Rural Economy directorate, to enable Scotland to continue to produce sustainable, high quality food alongside supply chain and industry growth which brings significant additional value.
2. Explore broader government investment into food and drink. Following the NI tax rise on business, explore capital investment for growth (similar to FPMC) and/or expanded strategic activity in selected areas to deliver large returns.
3. Boost the buying power of procurement across our public services, unleashing Scotland's ability to buy and serve local produce on the public plate.
4. Formally consider and respond to our forthcoming report: *Facing the Future: A Food and Drink Industry Policy Prospectus for Scotland - Levers for Resilience, Growth and Sustainability*, to be published in November 2024.

By working together, we can sustain Scotland and supply the world.