

FDF Scotland responds to the call for views on the Scottish Government's announcement of a National Strategy For Economic Transformation.

FDF Scotland is pleased to have the opportunity to input into Scotland's National Strategy for Economic Transformation. A strong partnership between the Scottish Government and businesses will be vital for us to collectively meet some of the economic and environmental challenges facing Scotland. The following document sets out some considerations specifically relating to Scottish food and drink manufacturing for the Advisory council to consider when making recommendations.

- **Size** - 95% of food and drink manufacturers in Scotland are either small or medium-sized businesses. For a just transition to net-zero in food and drink production, many small-scale interventions will be needed. We understand this is not the case for most of the other sectors e.g. oil and gas.
- **Support and funding** - FDF members in Scotland appreciate the public sector support available to our industry but would really welcome a simplification of the funding and support landscape to maximise the uptake of funding and support. Too often funds have timescales or minimum funding that mean funds do not align with food and drink producer needs. A long-term view of funds with continuity between financial years would be welcomed.
- **Decarbonising electricity** Decarbonising the electricity used by the sector is largely dependent on how the national electricity grid decarbonises together with increasing use of on-site renewables to generate electricity, whereas decarbonising emissions from heat use will be much more dependent on the actions taken by the sector and the decarbonised energy sources available.
- **Decarbonising heat** - Our report¹ on decarbonisation of heat in food and drink production concluded that it is technically possible to decarbonise the emissions from heat from food and drink manufacturing. We ask for investment in hydrogen and electricity heat generation and infrastructure to ensure Scotland's food and drink manufacturers make a just transition to low carbon heat. In tandem, energy transition funding needs to be applicable to our small and medium-sized food and drink manufacturers to help achieve Scotland's net zero target. FDF is calling for a fund be set up for the food and drink sector in a similar way to that for UK steel and for Green Distilleries or to ring-fence part of this challenge fund for food and drink.
- **Food and Drink collaboration** - Continue to support the Scotland Food & Drink recovery plan for the next two years to allow future growth through stimulating demand in Scotland, across the UK and internationally; and supporting businesses to capitalise on new opportunities at home and abroad.
- **Attracting talent and driving entrepreneurship** The current labour shortages in the food and drink industry are not going to disappear. We ask for continued funding of initiatives such as "A Future in Food", to support a pipeline of highly skilled recruits to enable food and drink companies to grow and prosper. Education policies need to support career development through apprenticeships, further and higher education and other development opportunities.

¹ <https://www.fdf.org.uk/publicgeneral/fdf-slr-report-decarbonising-heat-to-net-zero.pdf>

The Food and Drink Manufacturing Industry

Food and Drink Federation (FDF) Scotland represents the food and drink manufacturing industry in Scotland. We are Scotland's largest manufacturing sector, accounting for 31 per cent of total manufacturing turnover². Our gross value added to the economy is £3.9 billion, representing 32 per cent of Scottish manufacturing value added³. We have 1,385 food and drink manufacturing businesses, employing 47,000 people, which represents 26 per cent of the Scottish manufacturing workforce⁴. In 2018, manufactured food and drink exports from Scotland increased by 8 per cent to £7.0billion⁵.

The following Associations actively work with the Food and Drink Federation:

ABIM	Association of Bakery Ingredient Manufacturers
BCA	British Coffee Association
BCUK	Breakfast Cereals UK
BOBMA	British Oats and Barley Millers Association
BSIA	British Starch Industry Association
BSNA	British Specialist Nutrition Association
CIMA	Cereal Ingredient Manufacturers' Association
EMMA	European Malt Product Manufacturers' Association
FCPPA	Frozen and Chilled Potato Processors Association
FOB	Federation of Bakers
GFIA	Gluten Free Industry Association
PPA	Potato Processors Association
SA	Salt Association
SNACMA	Snack, Nut and Crisp Manufacturers' Association
SSA	Seasoning and Spice Association
UKAPY	UK Association of Producers of Yeast
UKTIA	United Kingdom Tea & Infusions Association Ltd

FDF also delivers specialist sector groups for members:

Biscuit, Cake, Chocolate and Confectionery Group (BCCC)
Frozen Food Group
Ice Cream Committee
Meat Group
Organic Group
Seafood Industry Alliance

² Source: Scottish Annual Business Statistics.

³ Source: Scottish Annual Business Statistics.

⁴ Source: Scottish Annual Business Statistics.

⁵ Source: Exports Statistics Scotland. Figures include tobacco manufacturing.