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Scottish Government  
St Andrew's House  
Regent Road  
EH1 3DG

Via email to: [FirstMinister@gov.scot](mailto:FirstMinister@gov.scot)

2 September 2022

Dear First Minister,

The economic crisis is being driven by the war in Ukraine and some businesses may need short term support from your Government to make longer term investments that increase the resilience of our food and drink manufacturing industry in Scotland. I have set out some examples below.

However, the Scottish Government can avoid pushing food prices even higher by its own actions, specifically:



**Public Health policy will increase food prices** - Pause all plans for restricting the promotion and marketing of food high in fat, salt or sugar (HFSS). By the government's own admission, this policy has the direct aim of increasing the cost of certain food and reducing sales. Plans in the current consultation will remove avenues for promoting healthier options within categories.

As an alternative focus, we would be keen to work with the Scottish Government and other relevant parties in Scotland to trial positive behaviour change promotional interventions, building on the success of similar [pilot projects](#) in England. The Reformulation for Health Programme – funded by Scottish Government – would be an excellent vehicle for delivering such a project as it has already enabled hundreds of millions of calories from Scottish-manufactured products.



**Stop plans that mean illegal littering increases the cost of food for everyone** - The food and drink industry wants a better recycling and re-use system for food and drink packaging - one that's affordable for shoppers, and which is also good for the environment. Right now, we're on the brink of getting a system that's neither.

Current proposals for Extended Producer Responsibility (EPR), are going to cost shoppers more at the tills - an extra £60 to every household's annual shopping bill – the equivalent of 12 days of food and non-alcoholic drink for the lowest income families.

And in Scotland, this figure will be even higher if the Scottish Government decides that food producers should be hit with a hefty bill for the illegal behaviour of those who drop litter – something that was not consulted on in the Litter Strategy refresh.



**Short-term energy crisis support for food and drink** - As fixed term contracts expire, bills are increasing in some cases by 400-500%. Energy price rises are driving food inflation. Food producers are doing all they can to cut costs and avoid passing on the costs to retailers and shoppers – finding energy efficiencies wherever possible.

Some manufacturers are self-disconnecting from the grid, switching to diesel generators and frantically trying to find alternative renewable energy sources but as one manufacturer said “we need some help from somewhere to bridge the gap between now and building some renewable capacity on site”

There was a recommendation from the Food Security Taskforce that they should meet later in 2022 – we urge this meeting is expedited with energy costs the focus of the agenda. This would be a useful forum to discuss food cost and security and review options including potential government supported loan schemes/grants. This should take place in weeks not months.



**Invest in chemical recycling infrastructure to drive a more Circular Economy** - Scotland has the opportunity to lead the way on reprocessing plastics by investing in chemical recycling. Chemical recycling offers the potential to recycle a much broader range of plastic packaging materials than traditional mechanical recycling. This should be included as part of Scotland’s circular economy route map and will help to keep valuable materials in Scotland as local authority kerbside collections begin to collect food grade flexible plastics and film which can be challenging to recycle mechanically.

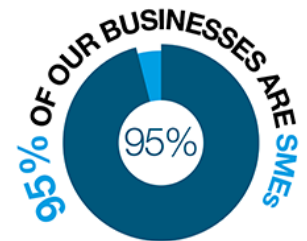
OUR INDUSTRY HAS A  
TURNOVER OF

**£10.4bn,**  
ACCOUNTING  
FOR **30%** OF  
TOTAL SCOTTISH  
MANUFACTURING



**Invest in Carbon Dioxide production and Circular Economy –** Concern remains within the sector regarding the supply and availability of Food Grade CO<sub>2</sub>. There is currently only one plant (in England) producing food grade CO<sub>2</sub>.

The Scottish food and drink supply chain uses around 30,000t per annum. SAOS and the Enterprise Network have been working with Dry Ice Scotland who produce Food Grade CO<sub>2</sub> from their Anaerobic Digestion plant (10,000t per annum) and are currently working with a major distillery to develop an installation to extract Food Grade CO<sub>2</sub>. Volumes could be over 40,000t per annum. There is potential for the government to provide investment (perhaps through the SNIB) to provide a new source of Food Grade CO<sub>2</sub> and significantly enhance the resilience of the Scottish food and drink sector that depends so heavily on having a regular supply of a critical input.



**Commit to longer-term funding to improve food and drink productivity –** FDF Scotland’s Scottish Government funded A Future in Food, Reformulation for Health and Strategic Net Zero Response programmes are supporting food and drink producers to ensure they have the correct skills in place, to make their products healthier and to reach net zero. Providing longer-term funding to these projects will support the industry to become more productive and resilient, enabling future growth.



**Scottish Government working with our closest neighbours on policy that enables our industry to invest and grow** - It is critical that the reserved and devolved aspects of regulation are thought through in a way that supports business to invest in Scotland and trade seamlessly with the other nations in the UK. We welcome the Scottish Government’s recognition of the interaction between reserved and devolved powers in VAT and elements of product standards, product labelling and consumer protection – elements which require joint approaches with UK administrations to take forward action where appropriate.

Policy in every government department has an impact on the food and drink industry. We would welcome the opportunity to provide the cabinet with an overview of the key areas where Scottish Government can unlock growth and productivity in the vital Scottish food and drink industry.

I would like to extend an invitation to our Scottish Parliamentary Reception which takes place on 13 September 2022 from 6-8pm in the Garden Lobby. The event will focus on how we can work together to support the food and drink industry on its net zero journey.

Yours sincerely,



**David Thomson**  
CEO, FDF Scotland

cc Mairi Gougeon MSP, Cabinet Secretary for Rural Affairs and Islands

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