

**CABINET SECRETARY MEETING WITH MR [REDACTED], HENDRIX
GENETICS: REJECTION BY NORWAY OF SCOTTISH DERIVED SALMON OVA:
TUESDAY 5 JUNE, 3.30-4.15PM: T3,25: SCOTTISH PARLIAMENT**

**Annex A
Biography**

Background

- 2015 – Present: Managing Director, Hendrix Genetics, Netherlands
- 2013-2015: Managing Director, Landcatch Natural Selection Ltd, Ormsary, Argyll
- 2012-2013: Committee Member, Farm Animal Welfare Committee (FAWC)
- 2011-2012: General Manager, Landcatch Natural Selection Ltd, Ormsary, Argyll

European Maritime Fisheries Fund

- The European Maritime Fisheries Fund (EMFF) is administered by the European Commission for the period **2014-2020**, based around 4 key pillars:
 - ❖ **Smart, Green Fisheries**
 - ❖ **Smart, Green Aquaculture**
 - ❖ **Sustainable and Inclusive Territorial Development**
 - ❖ **Integrated Maritime Policy**
- In Scotland, support will aim to deliver on sustainable economic growth in the sea fisheries and aquaculture sectors with particular focus on projects that:
 - ❖ Supports the delivery of the CFP reform priorities
 - ❖ Supports technical innovation, including improved selectivity
 - ❖ Supports the inshore sector
 - ❖ Supports sustainable aquaculture growth.
 - ❖ Supports scientific knowledge, training, safety and advice.
 - ❖ Delivers greater coherence and transparency in the supply chain.
 - ❖ Creates or improves the access to markets for Scottish seafood products.
 - ❖ Delivers sustainable diversification or complementary activity.
- Scotland negotiated an increased share of the UK allocation, and has largest part of the fund, up from 40% to 46% which is worth **€107m**. If funding continues at the 16/17 level, the total value could be up to **£128m**.

Application process

- EMFF applications are made via the online application system, a link to the system & guidance can be found at www.gov.scot/EMFF.

Assessment of Applications

- Applications are assessed by the EMFF team for eligibility and by policy leads for policy fit. Projects are then considered by The Project Assessment Committee whose role is to make recommendations to the Cabinet Secretary.

Scottish Aquaculture Innovation Centre

- The Scottish Aquaculture Innovation Centre (SAIC) helps the Scottish aquaculture sector to tackle challenges and accelerate growth.

Background

- The Scottish Government provided £11 million to SAIC at University of Stirling, with a further £6.9 million of EU funds being invested in aquaculture projects. SAIC is pivotal in connecting industry with academia, knowledge exchange, and funding.
- SAIC has facilitated 16 collaborative projects with a combined investment of £17.9m since it was set up in 2014. This amounts to £3.60 generated for every £1 of public money.

Priorities

Projects that:

- Address environmental and health challenges, particularly sea lice and gill health
- Develop feeds that optimise fish health and nutrition
- Unlock additional capacity for aquaculture development through innovative, evidence-based approaches
- Establish a reliable supply of mollusc spat.

Who can apply

- Any company active within Scottish aquaculture or a related sector (including those headquartered overseas but have operations in Scotland), and is willing to contribute resources to the project is eligible to apply.
- In collaboration with an industry partner, any recognised Scottish higher education institution (HEI) or research institute can also apply.

How to Apply

- The first step is to submit a short Expression of Interest (Eoi) form, available to download from http://scottishaquaculture.com/scottish_aquaculture_projects/how-to-apply/

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Annex F

Correspondence from [REDACTED]

17/04/2018

Dear [REDACTED]

- With reference to your letter dated 15th March, I would be very interested to meet with you to discuss how we can extract something positive from the current impasse with Norway.
- Given the definitive decision from Norway to prevent the import of salmon eggs from Scotland, which I remain firmly of the belief is illegal and anti-competitive, we have had to accept that continuation of the Landcatch pedigree breeding programme in Scotland is uneconomic.
- Landcatch Natural Selection has suffered a significant financial loss through the termination of this operation, and the historical loss of many millions of pounds investment from both private and public funds. I am sure you will agree that this is not a good story for the Scottish industry, but I want to be pragmatic about the situation and rather than make life difficult in continuing to fight a lost battle I am keen to seek ways to restructure and develop our business in Argyll.
- Given the fact that Scottish Government has been unable to challenge the Norwegian government, I do wonder if we can source government funding to invest in key sustainable developments in our Argyll operations.
- We have already engaged with the Scottish Salmon Company to assist with the development of their Native Hebridean brand using the Argyll facility, but can see great opportunities to incorporate new technologies and energy efficient systems at Ormsary that would maintain the Landcatch business in a profitable state (thereby preserving local rural employment) and also promote this collaborative Scottish initiative in a very positive light.
- Please can you suggest some possible dates through May and June when it might be convenient to meet and discuss these ideas in more detail?
- I look forward to hearing from you.

Yours

[REDACTED]

Value of Scottish Aquaculture 2017

- New research has revealed that fish and shellfish farming contributes £620 million to the national economy every year.
- The industry now supports more than 12,000 jobs and Scottish aquaculture production has increased by a third in the ten years to 2015, from 142,000 to 188,000 tonnes, according to the Scottish Government and Highlands and Islands Enterprise (HIE) commissioned study.
- Atlantic salmon production accounts for 90% of all economic impact, supporting 10,340 full-time equivalent jobs and generating £540 million in gross value added (GVA). The contribution of other fish and shellfish species like trout, mussels and oysters is also considered as part of the study.

Value of UK exports of fresh Atlantic salmon at an all-time high

- In 2017, 92,000 tonnes of fresh Atlantic salmon worth £600m was exported from the UK, representing a 35 per cent increase in value and 26 per cent increase in volume from 2016.
- The top three export destinations remain the US, France and China.
- The EU remains the biggest single regional market, importing £282m or 47% of the UK's salmon exports by value in 2017. The EU's share of the UK's salmon exports is increasing – in 2014, 34 per cent of UK salmon exports by value went to the EU.
- East Asian markets continue to gain significance, with Japan, Taiwan and Vietnam together importing £26m of salmon in 2017, a 63% increase from £16m in 2016.

Sea Lice Figures

- These are the lowest since 2013. January's figure was approximately 0.8 average adult females per fish

Salmon mortality and survival to harvest

- The percentage of fish not harvested has fluctuated over the last 5 years, however it is recognised that mortality (currently around 15-20%) as a part of this has increased in the last couple of years.
- The farmed fish health framework makes a commitment to reduce marine mortality and also commits to the future collation of mortality information by cause to inform strategic fish health priorities - it is recognised that different ways of recording mortality and figures held by different organisations has resulted in confusion, and we are working to address this.

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Annex G
Key Stats

Salmon Escapes

	TOTAL	TOTAL	TOTAL	TOTAL
Year	Atlantic salmon	Rainbow trout	Other **	All Species
2015	16,005(5)	2,091(1)	0(0)	18,096(6)
2016*	311,566(6)	200(1)	0(0)	311,766(7)
2017	28,614(5)	216(1)	776(2)	29,606(8)
2018	22,774	5,400		28,174

From: [REDACTED]
Sent: 11 March 2019 15:23:31
To: Public Engagement Unit
Cc: Cabinet Secretary for the Rural Economy, [REDACTED]
Subject: FW: The Rural Economy - Renewables and Crippling Non-Domestic Rates

For MACCS please.

Suggested AO ? [REDACTED]
[REDACTED]

Private Secretary
Cabinet Secretary for the Rural Economy
2N.08
St Andrews House
[REDACTED]

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient.

Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See

www.lobbying.scot<<http://www.lobbying.scot/>>

From: Ewing F (Fergus), MSP <Fergus.Ewing.msp@parliament.scot>

Sent: 10 March 2019 17:41

To: Cabinet Secretary for the Rural Economy <CabSecRE@gov.scot>

Subject: Fwd: The Rural Economy - Renewables and Crippling Non-Domestic Rates
Macs

I will want to check that this is a pretty strong response

F

Sent from my iPad

Begin forwarded message:

From: [REDACTED]

Date: 10 March 2019 at 16:48:52 GMT

To: "Russell MW (Michael), MSP"

<Michael.Russell.msp@parliament.scot<mailto:Michael.Russell.msp@parliament.scot>>

Cc: "Ewing F (Fergus), MSP"

<Fergus.Ewing.msp@parliament.scot<mailto:Fergus.Ewing.msp@parliament.scot>>,
[REDACTED]

Subject: RE: The Rural Economy - Renewables and Crippling Non-Domestic Rates

Dear Michael,

I have no idea what Scottish Ministers did or did not do to challenge the Norwegian's ban on Landcatch egg imports, by last year it was no longer my battle, however the consequence of the illegal ban and the lack of any determined support from the Scottish Government was the destruction of something very valuable to Scotland, that represented the life's work of a number of your constituents. I never had a reply from Fergus to my letter of last March.

I have asked for your support and that of Scottish Ministers on a number of issues of significance to our business. Oftentimes this has brought positive and immediate results, which we of course recognise as being the great benefit of an engaged Scottish Government, other times and particularly in relation to the salmon industry, I

suspect our message has been drowned out by the Norwegian lobby efforts and their Siren promise of inward investment.

We are not the ones in power in Government, do you suppose I should cease bringing these matters to your attention for fear of offending the powerful ? The sense of shared purpose for a better Scotland that first enthused us and characterised this Government, has grown a little thin in some areas, especially where the hard choices of Government might be criticised. I am not your political opponent, I [REDACTED] are just trying hard to keep things going at Ormsary, against an increasing head wind.

Perhaps we can sit down together at a convenient moment to consider, I don't think email is conducive to progress.

Aye

[REDACTED]
From: Russell MW (Michael), MSP

<Michael.Russell.msp@parliament.scot<mailto:Michael.Russell.msp@parliament.scot>>

Sent: 10 March 2019 15:45

To: [REDACTED]

Cc: Ewing F (Fergus), MSP

<Fergus.Ewing.msp@parliament.scot<mailto:Fergus.Ewing.msp@parliament.scot>>; [REDACTED]

Subject: Re: The Rural Economy - Renewables and Crippling Non-Domestic Rates

Dear [REDACTED]

I will let Fergus answer this, as it is within his remit. But for the purposes of the record let me make it clear the accusation that the Government in general, or any of its ministers in particular, couldn't or wouldn't ?summon the energy? to attempt to protect and support Scottish business (rural or urban) is untrue and offensive.

It is also not conducive to having any sort of positive discussion.

Regards

Michael

From: [REDACTED]

Date: Friday, 8 March 2019 at 15:44

To: "Russell MW (Michael), MSP"

<Michael.Russell.msp@parliament.scot<mailto:Michael.Russell.msp@parliament.scot>>

Cc: "Ewing F (Fergus), MSP"

<Fergus.Ewing.msp@parliament.scot<mailto:Fergus.Ewing.msp@parliament.scot>>

Subject: The Rural Economy - Renewables and Crippling Non-Domestic Rates

Dear Michael,

Thank you for your note, and indeed I have been in direct communication with Fergus. I appreciate Brexit is placing incredible demands on government at present. Just under a year ago I wrote to Fergus, I attach a copy of my private letter. At that time you had suggested that you had been a ?strong supporter? of Landcatch, and you had pointed out that Landcatch had been a victim of the illegal acts of the Norwegian Government, as if that excused the fact that these illegal acts went (and continue to be) unchallenged by our own Government, and you suggested in some way it should have been for the Dutch Government to intercede on behalf of a wholly Scottish Company.

I will leave the politics of nationalism to the politicians, and whilst I hope that both you and Fergus could only wish for Landcatch and our own businesses in Argyll to

prosper and develop the indigenous wealth creation which underpins the long term socio-economic opportunity in our fragile rural communities, your comments below and recent statements from Fergus give me pause for thought.

Scottish Non-domestic Rates and the associated valuation process, is a matter entirely for the Scottish Government. That is why the large business supplement burden is double the rate in Scotland (2.6p / %) compared to the rest of the UK (1.3p / %). The impending problem of excessively high rateable valuations on small hydro in Scotland was highlighted to me by concerned Scottish Government officials, some time before John Swinney removed the existing reliefs in 2016. So the responsibility for these excessive rates and the consequent removal of significant cash and investment from our rural economy lies at the door of the Scottish Government. This is not about the principle of paying taxes, it is about our Government actually understanding what a fair and commercially sustainable rate of tax should be for small hydro, and recognising the damaging consequences when they get it so badly wrong, and then fail to move to fix it quickly.

To quote Adam Smith ?? There is no art which one government sooner learns of another than that of draining money from the pockets of the people.?

The continuing issues with the Scottish Farm Payments system, again lie with the Scottish Government.

I had drawn a line under this Scottish Government's abject failure to defend Landcatch from the dubious tactics of the Norwegian salmon industry and the blatantly unlawful actions of their government. Having written privately in stark terms to Fergus at that time, I had hoped that that Scottish Government might recognise the significant economic injury inflicted on Landcatch; despite assurances to the contrary the subsequent lack of any support from the Scottish Government has been disappointing, a pretty hollow ring to Scottish Government support for the owners of Landcatch. This continued lack of support from our own Government is a particularly bitter pill to swallow, given the recent comments from Fergus (or his press officer). ?Welcoming the news, Cabinet Secretary for the Rural Economy Fergus Ewing said: ?AquaGen's investment speaks volumes of the confidence from the sector of doing business in Scotland and supports the aims of Scotland's 10 Year Farmed Fish Health Framework, helping to improve the security of Scotland's ova supply.?? <https://salmonbusiness.com/aquagen-signs-deal-to-buy-scottish-sea-farmsfreshwater-hatchery/>

Aquagen being one of the companies who had most to gain by destroying the Scottish competition from Landcatch, and were undoubtedly instrumental in the Norwegian ban of Landcatch salmon ova. That this foreign company should now be publicly lauded for their actions by Fergus, expunging from the record what Landcatch and indigenous Scottish science had established over 34 years, whilst confirming the critical strategic need for an indigenous producer of salmon eggs (now exclusively controlled by Norway). The irony is not lost, that this same Scottish Government could not even summon the energy to raise the matter of the Norwegian egg ban with either the UK Government or Brussels, when previous Scottish Governments had successfully joined forces with London, Dublin and Brussels to bring the illegal and uncompetitive salmon ?dumping? activities of Norway to a halt. The price collapse triggered by Norwegian state sponsored dumping, effectively killed off the independent and non-Norwegian salmon farming sector in Scotland and Ireland.

The Norwegian dominated Scottish Salmon Producers Organisation (SSPO) recently announced their intention to alter the Scottish Code of Practice, to allow the import of

Norwegian Smolts into Scotland to then be passed off as 'Scottish Salmon', as Scottish produce continues to sell at a premium over Norwegian. The SSPO intend that such imports of live Norwegian salmon should only require a 'risk assessment' by the receiving (Norwegian owned) customer, an absurdly flawed bio-security selfcertification

policy that risks the import of further Norwegian disease, a threat capable of destroying Scotland's entire salmon industry. The Norwegian salmon companies in Scotland have long been abusing the terms of the Protected Geographical Indicator (PGI) and the associated French Label Rouge, previously our own attempts to have the Scottish Government look into the matter, resulted in the then Minister's officials breaching all confidence and to brief the Norwegian controlled SSPO. Again matters entirely in the Scottish Government's remit.

That the European Commission and other parties are again taking a close interest in the lawfulness or otherwise of Norwegian salmon companies operating in Scotland, should come as no surprise; the Norwegian salmon industry has a long track record of scant regard for the law - fully backed by the Norwegian Government. That Norwegian interests should risk bringing the whole rotten edifice of 'Scottish Salmon' crashing down, and with it the risk of collateral damage to the integrity and provenance of the wider Scottish Food and Drink brand, should be of an immediate concern to our Government and our food and farming industry.

I have covered a number of points, but my principle concern is that whilst it will always be politically expedient to push the blame elsewhere, our business and that of Landcatch has been (and continue to be) badly damaged by issues which in part or whole, are matters that are the principle responsibility of our Scottish Government today.

For the sake of our business and dependant community, I hope that you as our MSP and the Scottish Government will be able to address and resolve these issues, and for the sake of Scotland's wider food and drink brand and industry, our Scottish Government will recognise the dangers of posed by the further subjugation of the Scottish salmon industry and the Scottish food brand to the Norwegian commercial interest.

Aye

[REDACTED]

From: Russell MW (Michael), MSP

<Michael.Russell.msp@parliament.scot<mailto:Michael.Russell.msp@parliament.scot>>

Sent: 26 February 2019 11:39

To: [REDACTED]

Ewing F (Fergus), MSP

<Fergus.Ewing.msp@parliament.scot<mailto:Fergus.Ewing.msp@parliament.scot>>

Cc: [REDACTED]