

# Scottish Nephrops Working Group report

## Scottish Government response

## **Ministerial foreword**

The economic significance of our langoustine industry is immense, with nephrops being one of the most valuable stocks landed in Scotland. As the nephrops industry recovers from the challenges of both coronavirus (COVID-19) and Brexit, we want to help work towards the ambition of delivering a premium Scottish product whilst also addressing the climate and biodiversity crisis, ensuring a sustainable and resilient sector contributing to a greener, fairer Scotland.

That is why we established the Scottish Nephrops Working Group (the Group) in Autumn 2020 and I would like to thank everyone who gave their time, knowledge and expertise. I would also like to acknowledge the key role of Seafood Scotland in facilitating the group and its ongoing role in providing coordinated support across the industry.

We have already awarded £799,855 under the Marine Fund Scotland (MFS) to support the delivery of many of the recommendations in the report.

To parallel this important work and address the impacts of Brexit, we are developing a new strategy for seafood to help revitalise the sector in line with a sustainable and natural capital approach. Our local food strategy consultation and the development of a “Sustainably Scottish” brand will help to support and grow Scottish seafood as a premium quality sustainable low-carbon food close to home as well as internationally.

I welcome this report and the Programme Board with Scottish Government attendance. This will provide the mechanism for experts to work together with the industry to prioritise and deliver the recommendations in the report and I look forward to seeing the results of that work.

**Mairi Gougeon, Cabinet Secretary for Rural Affairs and Islands**

## Background

The Group was established in Autumn 2020 to help the sector respond to the challenges arising from EU Exit and the COVID-19 pandemic.

The working group was independently chaired by Uel Morton and included Seafood Scotland (facilitator), three catching organisations and three processors: West of Scotland Fish Producers Organisation, Western Isles Fishermen's Association, Scottish Fishermen's Organisation Ltd, DR Collin, Camalltaidh Ltd and Whitby Seafoods. The Scottish Government also had input.

The objectives of the Group are detailed below.

- Investigating and understanding the causes and scale of recent economic challenges faced by the nephrops sector.
- Defining a long-term, strategic vision and identifying long term remedies that will facilitate, promote, and protect a sustained economic recovery throughout the nephrops supply chain.
- Drive the sector forward, particularly to optimise additional markets and sales opportunities, and generate more value for offshore, inshore and onshore interests to maintain and create thriving Scottish coastal communities.
- Determining how the sector can contribute to the Scottish Government's inclusive economic growth agenda and Scotland's climate change ambitions.
- Firmly establishing, growing and promoting Scotland's position as the global leader in the producer of high-quality langoustine and scampi.

The Group published its [report](#) on 6 September 2021. The report describes its vision of *Working to develop a profitable, sustainable, and equitable supply chain, to position Scottish quality langoustine as the number one choice globally* and sets out a range of recommendations to achieve this ambition. The report groups the recommendations into eight themes and each is categorised as either short-medium (S-M) term or medium-long (M-L) term.

This paper sets out the Scottish Government's response to the recommendations.

## **1. Recovering markets**

- 1.1. Segment and describe the existing market for Scottish nephrops (S-M)
  - 1.2. Scottish nephrops-targeted marketing campaign in France, Italy, and Spain including retail in-store promotions (S-M)
  - 1.3. Organise in-market visits including Meet the Buyer programmes for active fishermen and processors to key existing markets (S-M)
  - 1.4. Financially-supported attendance at trade shows with bespoke nephrops activity (S-M)
  - 1.5. Programme of learning journeys to Scotland for buyers, customers, and influencers (S-M)
  - 1.6. Investigate feasibility of measures to better balance supply and demand (S-M)
  - 1.7. Develop marketing collateral to promote premiumisation of Scottish nephrops to buyers and consumers (M-L)
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## Scottish Government response

We recognise the huge negative impact that Brexit had on the seafood sector. It is therefore of importance to support the fishing and onshore industries to grow sustainably, and build and maintain access to markets including near to home. Whilst many of the actions in this area will be for the industry themselves to take forward, through our management of Scotland's sea fisheries and the FFM Strategy we aim to put in place the right conditions to manage nephrops fishing in a sustainable and responsible way and ensure that consumers know that at the point of purchase. We will also work with the fishing industry to identify and support opportunities for diversification in the future.

We and our enterprise agencies are working intensively with many of our key seafood exporters to help them recover and rebuild their exports in Europe and other key markets. [The joint industry and Scottish Government recovery plan](#) to help the farming, fishing, food and drink sector recover from Brexit and COVID-19 includes a number of actions designed to stimulate demand in key markets, and help producers meet that demand. A number of these will benefit the nephrops sector, including those set out below.

- Funding two in-market specialist posts to deliver short term assistance to exporters dealing with the post-Brexit processes and routes to market.
- Providing £1m in funding to set up the Knowledge Bank, a collaborative research and market insight service free to access for all Scottish food and drink businesses which will play a pivotal role in helping Scottish food and drink businesses, of all sizes and across all sectors, use market insight and intelligence to help differentiate their offerings in the global marketplace.
- Facilitating new regional showcase trade events to bring together more suppliers and buyers to drive local sales, encouraging Scottish retailers to offer locally sourced seafood.
- Delivering a programme in partnership with key retailers and food service customers to increase listings of Scottish products in Scottish outlets.
- Facilitating a series of virtual meet the buyer events.
- Delivering a programme of in-market specialist webinars to understand the current market operating environment and emerging opportunities.
- Supporting new inwards missions of buyers to Scotland.
- Building a farming and fishing international engagement programme, taking producers directly to meet potential customers, with supply chain development support to exploit opportunities.
- Creating new posts inside buying teams of the major UK retailers and food service companies to broker more sourcing of Scottish produce.

## **2. Developing new markets**

- 2.1. Gather marketing intelligence on new markets including consumer profiles, consumption trends, logistics, in country logistics and trade barriers (S-M)
  - 2.2. Understand the market opportunities ensuring product specification is correct and if necessary, develop new products (with financially supported activities such as learning journeys, trade shows, meet the buyer events) (S-M)
  - 2.3. Further develop retail markets to de-risk the heavy reliance on food service markets (M-L)
  - 2.4. Initiate new product development projects for adding value to waste market opportunities (S-M)
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### **Scottish Government response**

We support the focus of these recommendations, particularly around ensuring efficiency in the supply chain by reducing waste by-products and making effective use of them through new market opportunities.

Scottish Development International's (SDI) food and drink in-market specialists in Europe and in our key priority markets are working with our companies to uncover and identify new opportunities, as well as feedback any insights and trends in their markets to the seafood sector. SDI works closely with Seafood Scotland to help promote our seafood overseas to new buyers and customers.

We will continue to press the UK Government to negotiate new trade deals which protect the interests of the fishing industry and help deliver positive outcomes for Scotland including low carbon routes to market.

Closer to home we have set out a clear commitment to develop the domestic markets for our seafood, with the launch of the Good Food Nation Bill, and the Local Food Strategy, both of which aim to put Scottish seafood at the fore of consumers purchasing within Scotland, and delivering more economic benefits to local coastal and island communities. The Sustainably Scottish brand will further enhance consumer awareness of the true quality and assurance that they can rely on in purchasing Scottish seafood.

See also our response under section 1: Recovering markets.

### **3. Improving efficiency**

- 3.1. Further investigation with industry alongside, for example Fisheries Innovation Scotland and Seafish, into research projects on automation within all parts of supply chain to support efficiency (S-M)
  - 3.2. Develop measures to allow adoption and investment of fuel efficiency savings onboard vessels (S-M)
  - 3.3. Develop a research project with active fishermen to explore onboard efficiencies (M-L)
  - 3.4. Initiate a study into process mapping of the supply chain to identify further efficiencies (M-L)
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### **Scottish Government response**

Key to improving efficiency across sectors is the Scottish Government's commitment to a Just Transition to Net Zero by 2045, and we have already committed to a Circular Economy Bill to reduce waste.

The Scottish fishing industry is well known for its innovation and adaptation. We have seen many improvements to fishing operations over the years and welcome the commitment of this report to further work to improve efficiencies both on board and within the supply chain. Automation is just one example of that.

The Scottish Government has and will continue to provide support to the industry to innovate and improve their operations. For instance, funding provided to the industry-led project GITAG has helped fishers to test new gear.

There is clearly a significant role for the industry themselves here and we would encourage sharing of information about what has and hasn't worked in the past, along with collaborative work to progress further innovation and change.

#### **4. Improving product quality**

- 4.1. Undertake a detailed analysis of competitors and their quality offering (S-M)
  - 4.2. Develop insight (market research) support programme to assist suppliers in understanding customers' specific requirements and define country specifications (S-M)
  - 4.3. Industry to consider how seasonality adversely affects quality (S-M)
  - 4.4. Develop a standardised product quality framework which results in accreditation and in addition give guidance on good practice for all parts of the supply chain (M-L)
  - 4.5. Design and deliver training to support product quality improvement (S-M)
  - 4.6. Develop a Scottish quality mark for nephrops underpinned by a Quality Assurance Scheme (M-L)
  - 4.7. Process innovation to improve product quality and reduce cost as the product passes through the supply chain (M-L)
  - 4.8. Engage key partners to evaluate and undertake fishing gear research to improve product quality, good practice and implement consistent size standards (M-L)
  - 4.9. Encourage improvement of handling, packing, and chilling on vessels (M-L)
  - 4.10. Investigate new, standardised, innovative sustainable packaging (M-L)
  - 4.11. Standardise processes to ensure greater consistency in the use of sulphites and research other methods of maintaining product quality other than sulphites (S-M)
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## **Scottish Government response**

Whilst Scotland is home to the finest nephrops, today's consumer is rightly concerned about the provenance and sustainable origin of the seafood they eat, and the quality of the product is intrinsically linked to this. It is important that the seafood sector is at the forefront of environmentally sustainable and low-carbon fishing practices and that this can be easily recognised by those buying Scottish products.

Our FFM Strategy recognises the importance of managing our fisheries in a sustainable and responsible way. We want to work in partnership with our stakeholders to identify where improvements to our management can be made, including the introduction of additional technical measures to reduce unwanted catch and reduce discarding through our Future Catching Policy. Improving standards in this way will help improve the quality of the nephrops catch and also help demonstrate that the fishing methods we employ are consistent with a high quality sustainable product. This in turn can help with accreditation and marketing of products.

In addition, our local food strategy consultation and the development of a "Sustainably Scottish" brand will support Scottish seafood to grow in recognition as a sustainable low-carbon food. All of these will help to deliver transformation to the sector, improving economic outputs and delivering in line with our commitment to a 10 year Economic transformation, Blue Economy Vision and our Net Zero commitment.

Delivering accountability, improving our knowledge and understanding, and increasing our data set, are key strands of work under our Inshore Modernisation programme and FFM Strategy. These policies will not only deliver improvements in our decision making and overall management, but will also help with accountability for retailers and the consumer.

## **5. Investment and innovation programme**

- 5.1. Identify funding for vessel modernisation and renewal in the inshore fleet (M-L)
  - 5.2. Encourage new entrants into vessel ownership (S-M)
  - 5.3. Encourage vessel and processor improvements to aid quality and efficiency through future funding schemes (S-M)
  - 5.4. Review logistics and infrastructure throughout the supply chain to improve product quality (S-M)
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## **Scottish Government response**

As part of the FFM Strategy we are taking forward work to encourage new entrants into the seafood sector, carrying out research into the barriers facing new entrants including specific equalities groups such as women, and will consider what further actions may be required.

The MFS has supported new entrants to secure their positions in the fishing industry; for instance, to assist young fishers to purchase their first fishing boat (or share in a fishing boat). The MFS has also supported new entrants by providing grant support to Seafish to deliver training in Scotland. To date, we have awarded over £140k for three applications for young fishers and vessel improvements and are considering a further 18 applications.

One of the aims of our FFM Strategy is to “seek to recognise the important role that all parts of society make to the fishing industry, and to promote involvement across all genders and equalities groups in a positive and inclusive way”. We have recently commissioned research that will provide us with a comprehensive insight into the challenges and opportunities which the Scottish fishing industry presents for women.

Our FFM Strategy also has a strong focus on safety at sea, and many of the entry requirements to the fishing industry are related to the completion of basic safety certificates. The organisation Seafish has a dedicated programme of events and courses designed to support people of any gender, age or background to enter into the fishing industry. They are able to provide advice and guidance on options, including grants and funding, which will be specific to individual circumstances.

The Scottish Government has been working with the Scottish fishing industry through the Scottish Fishing Safety Group (SFSG) to improve safety for all fishers. The SFSG has recently secured £140k of Scottish Government funding to pay for Seafish to deliver free safety training for fishing vessel crews. This will be match funded by the Maritime and Coastguard Agency (MCA), to realise total funding of £280,000 through to March 2022.

See also our response under section 3: Improving efficiency.

## **6. Demonstrating environmental sustainability**

- 6.1. Continue following current advice and regulations to manage stocks sustainably (S-M)
  - 6.2. Work with others to support progress towards Independent Environmental certification including supporting continued development of Fisheries Improvement Project (FIP) (M-L)
  - 6.3. Encourage implementation of how to modify fishing gear to reduce environmental impact (M-L)
  - 6.4. Explore measures to ensure 100% of product landed is fully utilised, pursuing a zero waste strategy (M-L)
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## Scottish Government response

The Scottish Government follows an evidence based approach to fisheries management, and is committed to using the best available scientific advice in order to make management decisions, particularly around fishing opportunities and sustainability measures. Our co-management approach ensures that we work closely with the fishing industry and others to take the right management decisions to protect the marine environment and fish stocks as well as socio-economic interests.

Although FIPs are an industry-led initiative, the Scottish Government seeks to support the FIP process, and to provide expertise and knowledge as required. In addition, the development of a Sustainably Scottish brand will help set Scottish nephrops apart from other marques.

Our FFM Strategy affirms our commitment to working in partnership with our stakeholders to understand the impact that fishing has on climate change and marine biodiversity and to take positive and proactive action to deliver on our commitments to net zero.

Our Inshore Modernisation Programme and rollout of Remote Electronic Monitoring to key parts of the fishing fleet will enrich our data set and knowledge, helping us to make more informed management decisions in the future. It will also help to improve compliance with rules and regulations and ensure that we have the right tools in place to deliver effective deterrents and enforcement action.

The [cooperation agreement](#) with the Scottish Green Party includes plans to introduce Highly Protected Marine Areas (HPMAs) and to consult on a cap on inshore fishing activity. Delivering a step change in marine protection to achieve good environmental status in our waters has required us to consider measures across the marine environment and fisheries which will help to mitigate biodiversity loss and respond to the climate emergency. We recognise marine industries and individual fishers will be concerned about the impact on their activity which is why we will undertake extensive public engagement and consultation to help understand these impacts as well as considering the social and economic impacts. Considering a just transition programme for affected marine industries will be part of our next steps.

## **7. Improving data management**

- 7.1. Build on existing technology to enable automatic data transfer through supply chain (S-M)
  - 7.2. Review how blockchain technology could enhance the competitive position of Scottish nephrops through improved traceability and provenance (S-M)
  - 7.3. Develop a market portal with information on landing and sales data to improve transparency and increase trust (S-M)
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### **Scottish Government response**

As part of its fisheries data collection programme, Marine Scotland invests approximately £700k annually on data collection to help ensure the sustainability of the Scottish Nephrops fishery. This programme covers research vessel surveys of stocks using underwater cameras to count burrows on the seabed, sampling at markets of the landed catch and the deployment of scientific observers at sea on the vessels targeting Nephrops. The data collected is used to generate independent advice on sustainable catch limits.

A key theme of our FFM Strategy is the importance of collaboration and cooperation. One of the ways we want to do this is by increasing our openness and transparency around data, improving our evidence base and taking account of the range of knowledge that exists, in particular valuing the knowledge of fishers and others who work at sea, and using this to help boost our understanding of the marine environment. We would encourage a similar approach from our stakeholders, in how they engage and in the behaviours they adopt with regards to transparency.

## **8. Delivering change**

- 8.1. Establish a Programme board to oversee the strategy and the programme of recommendations
  - 8.2. Within the Programme Board appoint a champion for each strategy and for delivery of the recommendations prioritised by industry
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### **Scottish Government response**

We welcome the collaborative approach recommended in the report. Collaboration is already a key part of our fisheries management approach, with a commitment to co-management contained within our FFM Strategy.

As this work moves forward, we see the potential for lessons to be drawn from the nephrops industry that might be transferable to wider parts of the seafood sector and would form part of recommendations in the seafood strategy to be published in 2022.

## **Conclusion**

We are committed to working together towards a sustainable future for the nephrops industry and the seafood sector as a whole. The delivery of a globally recognised premium product which is sustainably sourced, and delivers a valuable economic input to a future low carbon economy is of the utmost importance to Scottish Government. We will do all we can to help the sector achieve these aims.

We would like to reiterate our thanks to everyone involved in delivering these detailed proposals.

We welcome the recommendations laid out in the report and, while many are for industry to lead on, we recognise the role Scottish Government can play and look forward to working with the Programme Board to take them forward.





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