

Submission

Date: 17 December 2025

To: Scottish Government

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Draft Circular Economy Strategy

1. NFU Scotland (NFUS) is the leading agricultural organisation in Scotland. Representing more than 9,000 farmers, growers and crofters, our members provide and support thousands of jobs and deliver significant economic, social and environmental benefits across Scotland.
2. Agriculture is the lynchpin of rural Scotland and is an important part of Scotland's booming food and drink industry. Scottish agriculture generates a gross output of £3.3 billion annually. The farming and crofting sector is committed to sustainable food production, enhancing biodiversity and helping to tackle climate change.
3. NFUS understands and accepts the need to shift away from a 'take, make, dispose' economy to one where we keep materials in use and adhere to principles of the waste hierarchy. The industry has repeatedly stated its commitment to leading the way on climate change and becoming more sustainable. However, we urge policymakers to be mindful of the unintended consequences that some proposals would have on farm businesses, as well as the barriers that are currently in place to promote and foster innovation.
4. Many farming and crofting businesses are currently operating in extremely inequitable supply chains which can leave them vulnerable to many external influences. This is true in general, but at no time more so than the present where the rising costs of feed, fuel and fertiliser are leading to many businesses struggling to survive. It is because of this that NFUS strongly calls for a circular economy which has specific benefits for the agriculture sector, which already has a strong track record in this area.

1. **Question 1:** To what extent do you agree with the vision and outcomes for the strategy?

Overall, NFUS supports a transition to a circular economy, and believes that Scotland's farmers and crofters are already demonstrating their commitment to this ambition. However, we would like to see a strategy which has specific benefit for the agricultural industry. Proposals which foster innovation, promote collaboration, and improve overall business viability are crucial to achieving a circular economy, as well as a sustainable and profitable farming sector. We would also like the unintended consequences and sector-specific impacts of proposals to be considered to ensure the proposals are not detrimental or risk the viability of this vital sector.

An example which may have negative unintended consequences for the agriculture sector is in relation to single-use packaging for fruit and vegetables. While we appreciate the need to reduce single-use packaging, and its impacts on the environment, we have concerns for the fruit and vegetable sector in Scotland if any such ban was extended to these products.

At present, plastic is the preferred option for soft fruits because it is cheap, lightweight and durable. Angus Soft Fruits Ltd (ASF) a, leading supplier of berries to UK and European retailers, has discovered a number of issues with non-plastic options. Firstly, with moisture – as fruit is picked outdoors (in all weathers), then stored in fridges, this can produce condensation. There can also be juice from the fruit itself. This can cause non-plastic packaging (e.g. pulp or cartonboard) to lose its integrity. Producer organisations like ASF must put fruit quality and waste prevention first, since an increase in waste also increases carbon footprint, reduces sustainability, as well as profits.

There are some potentially viable cartonboard options being designed, for example, cartonboard with a plastic lining, and a plastic film lid to protect against moisture and keep visibility of the fruit. But according to ASF, these cost about 4x more than fully plastic punnets. As well as this, despite the extra cost and effort, this would not eliminate plastic altogether.

NFUS believes there are opportunities for biodegradable and compostable packaging as an alternative to single-use plastic packaging in the fruit and vegetable sector. For example, NFUS is aware of potato starch being used to create wrapping where previously this would be single-use plastic. Potato starch is a by-product of the potato sector and whilst fully biodegradable, is unlikely to be considered recyclable under EPR and will attract higher fee rates than many other types of packaging. This decision stifles innovation and hinders the government's circular economy ambitions.

We believe the experience from ASF – an organisation which is actively looking into alternatives and trialling different options – highlights the immense challenges involved in transitioning away from plastic products, at a time when the soft fruit sector in Scotland is facing additional pressures, such as, the recent hot and dry weather, labour shortages and rising input costs. Further investment and support are undoubtedly required if the Scottish Government wishes to remove plastic packaging from supply chains while continuing to support our vital domestic fruit and vegetable industry.

2. Question 2: Do you have any comments on the vision?

As above.

Question 3: Do you have any comments on the outcomes?

No.

Policy Mechanisms:

- Business support
- Behaviour change
- Place-based approaches
- Procurement
- Skills and education
- Circular economy data
- Policy alignment and systems thinking

3. Question 4: To what extent do you agree with the policy mechanisms identified?

We strongly believe there needs to be policy coherence and a joined-up approach to the circular economy. This will avoid unintended consequences on certain sectors. It is imperative that different policy aims do not lead to contradictions and artificial market drivers.

For example, many of our members are concerned about the impacts of the rise in industrial scale anaerobic digestion plants, which take materials such as straw and draff as feedstock – materials which already have uses in agriculture. With AD plant operators benefitting from government subsidies, there is a concern that this incentivises the production of materials to produce “green” energy, rather than the intention to use genuine waste products, for which there is no other use.

4. Question 5: Do you have any comments on the policy mechanisms identified?

No.

5. Question 6: Do you have any comments on the associated plans and priorities?

No.

6. Question 7: To what extent do you agree with the priority sectors identified?

We are content with the priority sectors, we would be keen to understand how Scottish Government will engage with industry and sectors to support the priority sectors.

7. Question 8: Do you have any comments on the priority sectors identified?

No.

8. **Question 8a:** Do you have any comments on the plans and priorities for the built environment?

N/A.

9. **Question 8b:** Do you have any comments on the plans and priorities for the Net Zero Scotland's Net Zero target should recognise that agriculture and food production rely on natural processes and will always produce some greenhouse gas emissions. There must be a balance between ensuring Scotland continues producing high-quality and sustainable food and reducing greenhouse gas emissions through a Just Transition. The sector has made significant progress in reducing its emissions, and further efforts to increase efficiencies within the production line should also be recognised.

10. **Question 8c:** Do you have any comments on the plans and priorities for textiles?

No.

11. **Question 8d:** Do you have any comments on the plans and priorities for the transport?

No.

12. **Question 8e:** Do you have any comments on the plans and priorities for the food system?

Not beyond answer to question 7 at this stage.

13. **Question 9:** Do you have any comments on the proposed approach to product stewardship?

No.

14. **Question 10:** Are there any changes or additions that you would like to suggest in relation to the Circular Economy Monitoring and Indicator Framework to ensure it is fit for purpose?

No.

15. **Question 10a:** Do you have any comments in relation to the indicators proposed for outcome "The economic value derived from material use is maximised without increasing our environmental impacts"?

No.

16. **Question 10b:** Do you have any comments in relation to the indicators proposed for outcome "The Scottish economy is more resilient to disruptions in global supply of materials, including critical raw materials"?

We would encourage any investment in domestic supply chains which bolsters food security, resilience and efficiency. It is important that Scottish Government works holistically to avoid unintended consequences.

17. Question 10c: Do you have any comments in relation to the indicators proposed for outcome “Business and entrepreneurs have opportunities to develop circular economy innovations”?

No.

18. Question 10d: Do you have any comments in relation to the indicators proposed for outcome “Non-renewable resource extraction is minimised and renewable resource use is sustainable”?

No,

19. Question 10e: Do you have any comments in relation to the indicators proposed for outcome “The negative environmental impact of our production, consumption and disposal is minimised”?

In terms of production, we would like to emphasise Scottish farming’s strong track record when it comes to minimising food waste on farm. A 2019 WRAP report¹ estimated just 3.2% of all food harvested is then wasted. The amount of surplus food – that is material that was at risk of becoming waste, but goes instead for redistribution, animal feed, or to become bio-based materials – is estimated at 4.0% of all food harvested. This is in comparison to food waste at the household and consumer level, which is estimated to be 61%².

While 4% of food waste is very low, the sector is always looking to improve. There may be a variety of reasons for food wastage on farm. For example, the agriculture industry is facing acute labour shortages; this is impacting the operation and viability of our members’ businesses. This includes food in fields unable to be picked and thus being wasted.

A change in consumer and retailer standards is necessary to prevent food waste. We believe that supermarkets and retailers must play their part in boosting the resilience of and providing certainty to domestic producers. Scotland’s farmers and crofters produce food to extremely high welfare, environmental and safety standards. The threat of cheaper imports, undercutting local domestic production due to lower standards, and off-shoring emissions, will threaten the viability of farm businesses, public health and wider Government ambitions for rural communities and economies.

In terms of disposal, many of our members, especially those in remote rural and island areas, struggle to access recycling services due to a combination of factors such as logistical issues and high transport costs.

Reports from our members state that commercial plastics sent for recycling end up in landfill due to lack of processing infrastructure. This disincentivises farming businesses, who have to pay for their waste disposal, from accessing recycling services. It is clear that a more coherent system throughout the country, with greater alignment between household and commercial recycling services, would bring great benefit in building trust in services and improving recycling rates.

We would also like to see further funding and support options available for the private sector for re-use and recycling projects.

20. Question 10f: Do you have any comments in relation to the indicators proposed for outcome “The negative impacts experienced internationally from production, consumption and disposal are reduced”?

We strongly believe that a UK-wide approach is crucial to the success of circular economy proposals. Implementing restrictions or bans on a Scotland-only basis would cause confusion at various points in the supply chain which, for the agricultural industry, can cover all parts of the UK and beyond. There will be a greater chance of success if there is alignment with the other nations of the UK.

21. Question 10g: Do you have any comments in relation to the indicators proposed for outcome “People and communities engage in and benefit from circular activities in a fair and inclusive way”?

NFUS would like to see further funding and support for farmers and crofters on remote island communities to dispose of their waste as it is not commercially viable on its own.

22. Question 10h: Do you have any comments in relation to the indicators proposed for outcome “Circular behaviours are the norm across business and society”?

No.

23. Question 11: Please provide any further information or evidence that should be considered in the accompanying Equalities Impact Assessment

N/A

24. Question 12: Please provide any further information or evidence that should be considered in the accompanying Fairer Scotland Assessment

N/A

25. Question 13: Please provide any further information or evidence that should be considered in the accompanying Island Communities Impact Assessment

N/A

26. Question 14: Please provide any further information or evidence that should be considered in the accompanying Business and Regulatory Impact Assessment

N/A

27. Question 15: Please provide any further information or evidence that should be considered in the accompanying Consumer Duty Impact Assessment

N/A

28. Question 16: Please provide any further information or evidence that should be considered in the Child Rights and Wellbeing Impact Assessment

N/A

29. Question 17: Do you have any views on whether there are likely to be any positive or negative environmental impacts from the draft Environment Strategy that have not been identified in the Strategic Environmental Assessment?

Scotland's farmers and crofters are already demonstrating their commitment to ambitions set out in Environment Strategy and the Draft Climate Change Plan 2026-2040.

Farmers and crofters should be fully incentivised and fairly rewarded for active land management, habitat creation, peatland restoration, species recovery, and other nature-based actions. These measures must be pragmatic, evidence-based and workable on active farms and crofts.

Scaling up nature-based solutions should be done with an integrated approach and one that prioritises delivering mutually beneficial outcomes (economic, environmental and social) without affecting agricultural business viability.

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